

INFORMATION ON SFIL GROUP'S SOCIAL BOND



ALLOCATION AND IMPACT REPORTING FEBRUARY 2020



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SUMMARY OF SFIL GROUP SOCIAL NOTE FRAMEWORK

SFIL Group Social Note Framework in line with the ICMA Social Bond Principles

Use of proceeds	<ul style="list-style-type: none"> Net proceeds of the social bond issues will be used to finance in whole or in part the Health Loan portfolio consisting in all existing and future public hospital loans originated by SFIL Group since 2013.
Process for Asset Selection and Evaluation	<ul style="list-style-type: none"> Resources allocated to public hospitals are defined by the Regional Health Agencies - SFIL's public mission consists in refinancing those loans Healthcare Added Value of each public hospital is an internal indicator to help direct financing to hospitals that add value to the public healthcare offer – it is a key decision factor for the credit committee
Management of proceeds	<ul style="list-style-type: none"> The total outstanding amount of Social Notes is always lower than the size of the Health Loan Portfolio
Reporting	<p>Will be available within one year from the date of each social bond issuance</p> <ul style="list-style-type: none"> Allocation reporting: amount of proceeds allocated, number of loans, average lifetime Impact reporting: number of places and beds, number of stays

January 2019



"Sustainalytics considers that SFIL's Eligible Health Loan Portfolio will have a positive social impact and provide meaningful support to France's healthcare system in accordance with France's National Healthcare Strategy 2018-2022."

"Sustainalytics considers that SFIL is well positioned to issue social bonds and that the SFIL Group Social Bond Framework is credible, robust and aligns with the four pillars of the Social Bonds Principles."

January 2019

EUR 1 BILLION 8 YEAR SOCIAL BOND TRANSACTION

- 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 recognition** by market participants

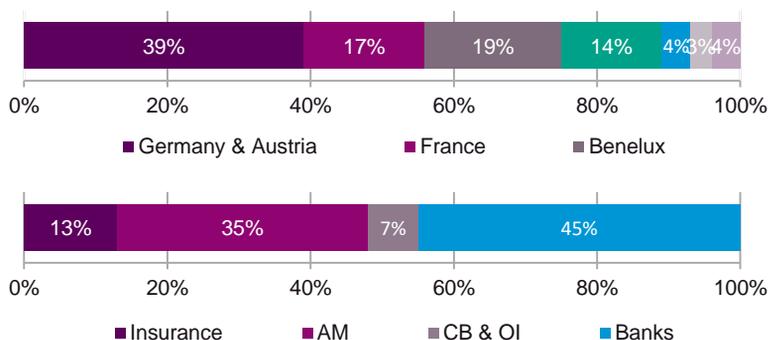


- This transaction marks the **first social covered bond out of France**, the first social bond by a **French public issuer** and the first European social bond **exclusively financing public hospitals**
- Strong investor demand, the orderbook above **EUR 2.6 billion after only two hours**, participation of **over 110 investors**, more than one third of the transaction has been allocated to **investors with a strong commitment to sustainable investment**

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



DEFINITION OF SFIL GROUP'S HEALTHCARE LOAN PORTFOLIO

Definition of the Health Loan Portfolio as per SFIL Group's Social Bond framework

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 public hospital loans originated 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, poorly supported, or extremely expensive, complex and long-term treatments,
- Research to continually improve care and develop new treatments, and
- Training of doctors, midwives, pharmacists, dentists, healthcare executives, nurses, etc.

It is important to note that French law specifically requires public hospitals to provide support to vulnerable populations:

- 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. In addition, public hospitals provide administrative help and assistance to ensure full access to public services (article L. 6111-1-1)
- Provision of healthcare services across all territories in France, including the most isolated territories (article L. 6112-2)

OVERVIEW OF FRENCH PUBLIC HOSPITALS

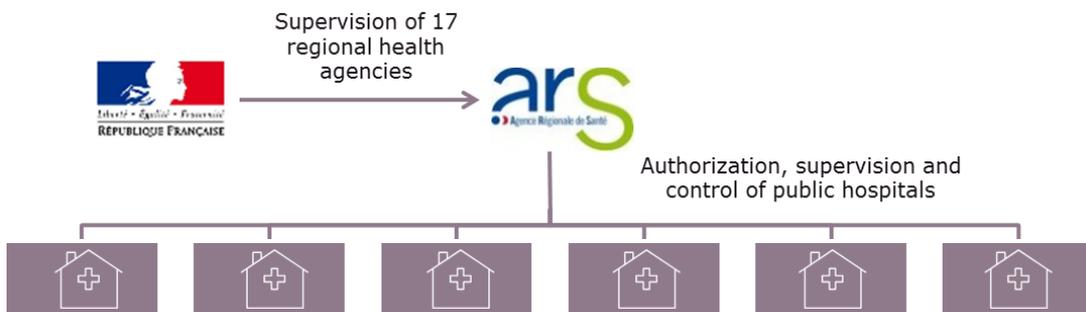
France counts a little more than **3000 hospitals in total offering around 400 000 hospital beds**. The public hospital sector consists of more than **800 separate legal entities operating through close to 1400 different hospital units**.

Public hospitals are set up **under public law with financial and administrative autonomy** under the **control of the State**. Between 2013 and 2017, the number of public hospitals has declined steadily as hospitals have merged to create bigger entities. This decrease mainly concerned long-term care facilities, as well as local hospitals.

The number of hospital admissions continues to decline each year and in all disciplines, because of the ageing of the population. On the other hand, part-time hospitalization capacity has grown to 75,000 places in 2017.

The **regional health agencies** (Agences Régionales de Santé - ARS) are in charge of developing the healthcare system in each region with responsibilities including :

- Authorization of the **creation and of the activity** of all hospitals in the region
- Regular **controls of the operations** of all healthcare establishments
- Ensuring that adequate health services are available **across the territory**
- Ensuring the access to medical services for people in situation of hardship



The effectiveness of the French public hospital system **compares favorably to European peers** based on standard indicators and has **improved over recent years**.

The French social health insurance provides quasi-universal coverage, with 99.9% of the population covered in 2017 - **only 1% of the French population** reported some unmet needs for medical care for financial reasons, geographic reasons or waiting times, much lower than the **EU average of 3.2%**.

In France, 78% of health expenditure is publicly funded, which is similar to the EU average. Because complementary private health insurance plays a more important role than in other countries, the share of direct out-of-pocket payments by households is the lowest among EU countries.

Source: OECD « State of Health in the EU, France - Country Health Profile 2019 »
 Source: DREES « Les établissements de santé, édition 2019 »,

ALLOCATION REPORTING

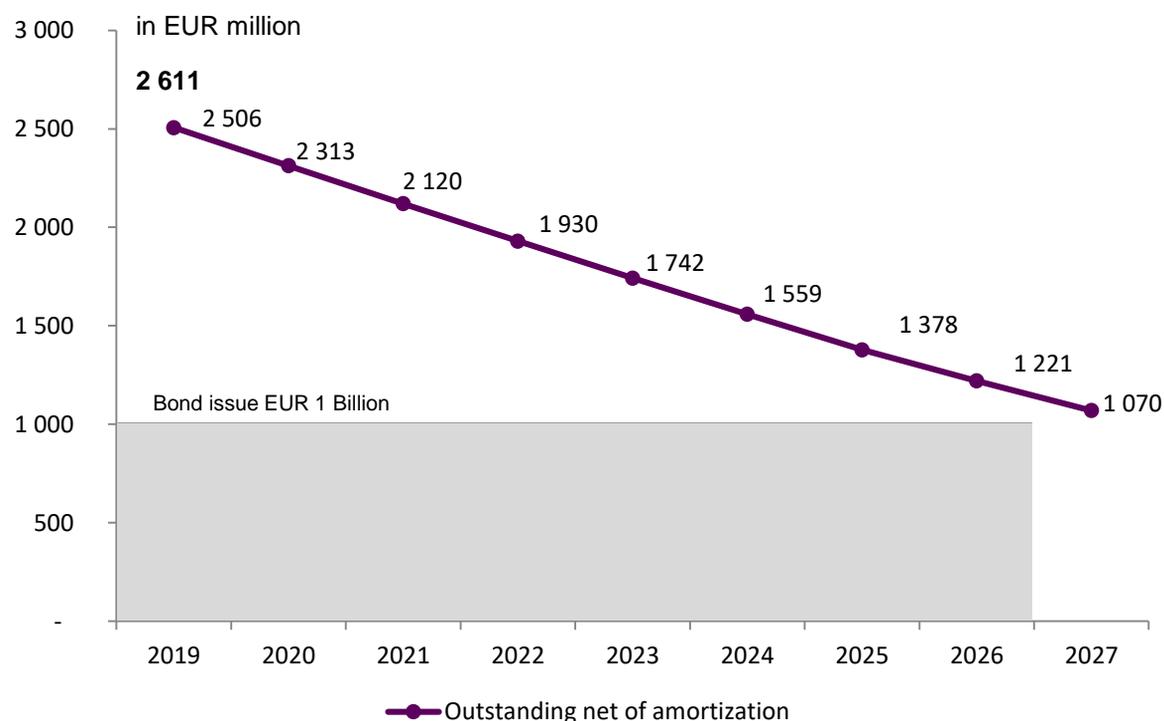
Outstanding social bond as of June 30th, 2019

Issuer	ISIN code	Social Bond Principles category	Total amount outstanding (EUR m)	Final Terms
CAFFIL	FR0013403433	Healthcare Bond	1,000	https://caissefrancaisedefinancementlocal.fr/en/investor/issuances/

Outstanding loans to French public hospitals as of June 30th, 2019

Portfolio name	Total amount outstanding (EUR m)	Eligibility for social bond ¹	Allocated amount ²	Number of loans in the eligible portfolio
Health Loan Portfolio	2,611	100%	100%	624

Outstanding and estimated amortization of the Health Loan Portfolio as of June 30th, 2019



(1) This is the share of the total portfolio that is financed by SFIL Group

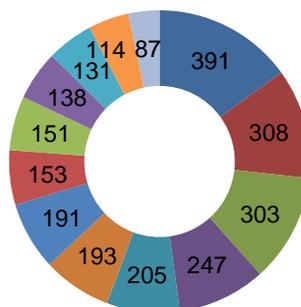
(2) This represents the amount of social bond proceeds that has been allocated to the portfolio

(3) Based on either the expected economic life or financial life of the portfolio

ALLOCATION REPORTING

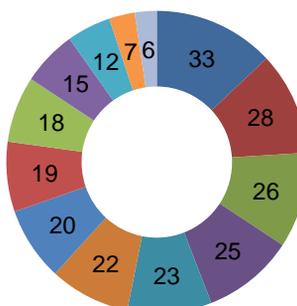
Outstanding amounts by region in EUR million

- Total outstanding amount as of June 30th, 2019 : **EUR 2,611m**



Number of public hospitals financed by region

- Overall number of public hospitals financed : **254**
- SFIL Group public hospitals financing **covers the entire French territory** : all regions are covered and **91 departments are covered**



Outstanding volume of loans to French public hospitals produced since 2013

- SFIL Group provides **between EUR 400 m and EUR 600 m** of loans to French public hospitals each year

2013	94 544 078
2014	357 750 393
2015	426 717 941
2016	637 041 910
2017	451 136 715
2018	492 479 093
2019 (until June 30 th)	151 819 276
Total général	2 611 489 406

EXTERNAL VERIFICATION

Caisse Française de Financement Local

Société Anonyme

1 – 3 rue du Pasteur de Boulogne
92130 Issy-les-Moulineaux

**Attestation of one of the statutory auditors
of Caisse Française de Financement Local on
the information related to outstanding loans
granted to public health institutions as of
June 30, 2019, refinanced by Social Bonds
issued by Caisse Française de Financement
Local on February 19, 2019**

Caisse Française de Financement Local

Société Anonyme

1 – 3 rue du Pasteur de Boulogne
92130 Issy-les-Moulineaux

Attestation of one of the statutory auditors of Caisse Française de Financement Local on the information related to outstanding loans granted to public health institutions as of June 30, 2019, refinanced by Social Bonds issued by Caisse Française de Financement Local on February 19, 2019

To the Chairman of the Management Board,

In our capacity as statutory auditor of Caisse Française de Financement Local and at your request, we have prepared this attestation on the information related to outstanding loans granted to public health institutions as of June 30, 2019, refinanced by Social Bonds issued by Caisse Française de Financement Local on February 19, 2019, contained in the enclosed document and prepared for the purposes of the annual allocation report prepared pursuant to the definitive terms and conditions of the issue of February 15, 2019.

This document, prepared for information purposes for the holders of the Social Bonds, shows outstanding loans to public health institutions of €2,611,489,406 as of June 30, 2019, refinanced by Social Bonds issued by Caisse Française de Financement Local on February 19, 2019 in the amount of €1,000,000,000.

This information was prepared under your responsibility.



Our role is to issue an attestation on this information.

Our procedures, which constitute neither an audit nor a review, were performed in accordance with the professional guidance issued by the French Institute of statutory auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. Our work consisted in the following procedures, performed using sample testing or other selection methods:

- obtaining an understanding of the procedures implemented by Caisse Française de Financement Local to prepare the information presented in the enclosed document;
- performing the necessary reconciliations between the management data that is the source of the information and the accounting books and records and verifying it agrees with the trial balance as of June 30, 2019;
- verifying the consistency of headings contained in the management base and/or the accounting books and records with the nature of borrowers, that is public health institutions;
- verifying for a sample of contracts that loans were granted to public health institutions.

Based on our procedures, we have no comments on the information presented in the enclosed document related to outstanding loans granted to public health institutions as of June 30, 2019, refinanced by Social Bonds issued by Caisse Française de Financement Local on February 19, 2019.

This attestation was prepared for your attention in the context described in the first paragraph and must not be used, distributed or referred to for any other purpose. Our procedures for the purposes of this attestation are not intended to replace any inquiries or procedures that a third party recipient of this attestation could otherwise carry out and we do not issue an opinion on the adequacy of our procedures for their own requirements.

This attestation is governed by French law. The French courts have exclusive jurisdiction in relation to any dispute, claim or difference which may arise out of or in connection with our engagement letter or this attestation, or any related issues. Each party irrevocably waives any right it may have to object to an action being brought in any of those Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

Paris-La Défense, February 12, 2020

One of the statutory auditors

Deloitte & Associés



Sylvie Bourguignon

Allocation reporting

to be verified by the statutory auditors of
Caisse Française de Financement Local

As required by SFIL Group social note framework dated January 2019 (Part 4.2. External Verification) to which the Final terms of the bond refer, the allocation of the Social Bond net proceeds to the Health Loan Portfolio has to be verified by the external auditors on an annual basis, starting within one year after issuance and until full allocation of the Social Bond proceeds.

ALLOCATION REPORTING

Outstanding social bond as of June 30th, 2019

Issuer	ISIN code	Social Bond Principles category	Total amount outstanding (EUR m)	Final Terms
CAFFIL	FR0013403433	Healthcare Bond	1,000	https://caissefrancaisedefinancementlocal.fr/en/investor/issuances/

Outstanding loans to French public hospitals as of June 30th, 2019

Portfolio name	Total amount outstanding (EUR m)	Eligibility for social bond ¹	Allocated amount ²	Number of loans in the eligible portfolio
Health Loan Portfolio	2,611	100%	100%	624

(1) This is the share of the total portfolio that is financed by SFIL Group

(2) This represents the amount of social bond proceeds that has been allocated to the portfolio

I, Gilles Gallerne, chairman of the Executive board of Caisse Française de Financement Local, hereby certify that the net proceeds of the social notes issued on February 15, 2019 have been allocated as presented above.

Issy-Les-Moulineaux, February 12, 2020



Gilles GALLERNE

IMPACT REPORTING INDICATORS AND ADDITIONAL PORTFOLIO INFORMATION

Definition of indicators on public hospitals

▪ **Number of Public Hospitals**

One legal entity may operate several different hospital sites. The figures provided in this document will refer to the number of legal entities. For instance Assistance Publique – Hôpitaux de Paris (AP-HP), which operates several units, accounts for one hospital.

▪ **Capacity of hospitals**

For full hospitalisation (more than 1 day), the measure is the **number of beds**, while for partial hospitalisation (day hospitalisation, overnight hospitalisation, outpatient care) the measure is expressed in **number of places** (total number of patients that can be handled)

▪ **Medical specialty**

- MCO (médecine, chirurgie, obstétrique et odontologie) - Medicine, Surgery, Obstetrics
- SSR (soins de suite et de réadaptation) - follow-up and Rehabilitation Care
- PSY: psychiatry
- Other activities including elderly care

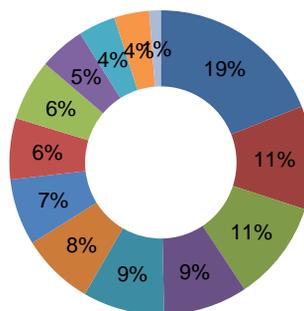
▪ **Activity of the hospitals**

It is measured via the number of stays, i.e. the number of hospital admissions. A stay can be related to full hospitalisation (if the length is more than 1 day, or partial hospitalisation). The stay is classified in MCO, SSR, PSY based on the predominant type of service provided

IMPACT REPORTING INDICATORS AND ADDITIONAL PORTFOLIO INFORMATION

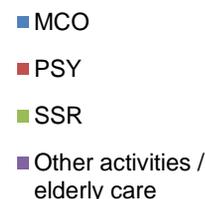
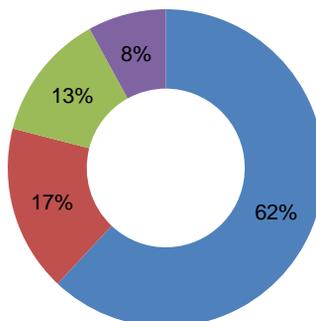
Breakdown of beds and places by region*

- Overall number of beds and places : **171,479**
- Scope: SFIL's Health Loan Portfolio*- MCO, PSY, SSR and other activities / elderly care specialties



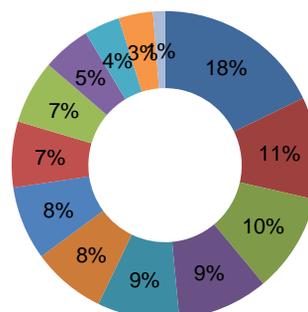
Breakdown of beds and places by specialty*

- Overall number of beds and places : **171,479**
- Scope: SFIL's Health Loan Portfolio* - MCO, PSY, SSR and other activities / elderly care specialties
- More than 60%** of beds and places are dedicated to the main specialty, MCO



Breakdown of stays in public hospitals by region*

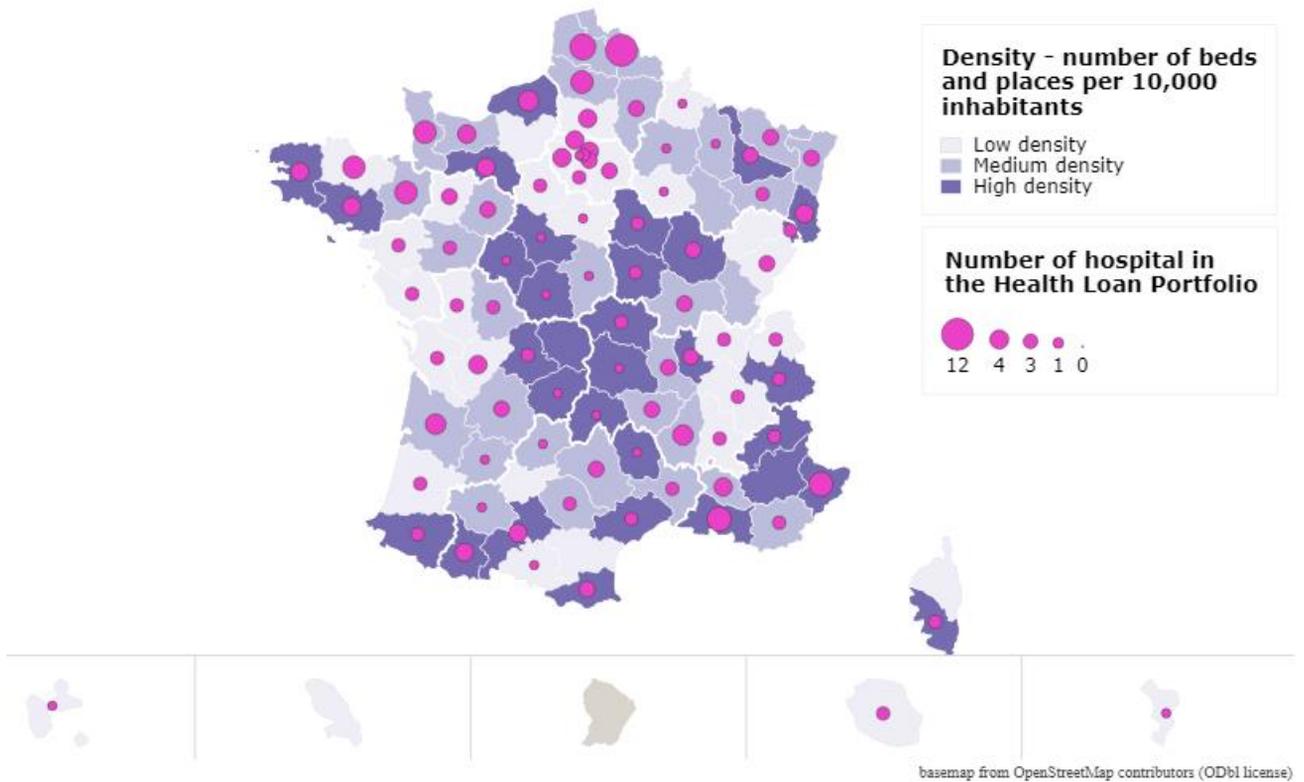
- Overall number of stays : **9,045,883****
- Scope: SFIL's Health Loan Portfolio* - MCO, PSY and SSR specialties



* Available Information covers 97% of the health loan portfolio
 ** full and partial hospitalisation including stays of less than 24 hours

IMPACT REPORTING INDICATORS AND ADDITIONAL PORTFOLIO INFORMATION

Geographic distribution of the Health Loan Portfolio



Source: DREES « Les établissements de santé, édition 2019 », based on estimate on the population as of 1 January 2017
 Map made with Khartis

- The graph shows the distribution of the 254 public hospitals in the health loan portfolio per department
- The colour code of the Département reflects the density of beds and places per inhabitants: Where the density is low, there are few beds and places per inhabitants.
- SFIL is financing public hospitals **across all the French territory**. SFIL's lending covers almost all French departments
- Overall, available hospital facilities per habitant vary from a department to another. However, there are **no systematic regional imbalances**.

- Low density: where there are less than 66 beds and places per 10,000 inhabitants (i.e. the 33rd percentile)
- Medium density: where there are between 66 and 75 beds and places per 10,000 inhabitants
- High density: where there are 75 and more beds and places per 10,000 inhabitants

IMPACT REPORTING INDICATORS AND ADDITIONAL PORTFOLIO INFORMATION

Additional portfolio information on the Healthcare Added Value : How is it calculated?

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, SFIL performs a two-step credit analysis:

- The Financial analysis of the public hospital
- The extra-financial analysis of the public hospital

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

For that purpose, SFIL has developed an internal proprietary scoring methodology. This methodology allows to calculate a **HAV-score** of each public hospital in the following medical specialties: Medicine, Surgery, Obstetrics ("MCO"), Psychiatrics ("PSY"), Follow-up and Rehabilitation Care ("SSR"), and Elderly care ("PPA"). The objective is to define for each of these medical specialties the social *importance* of the public hospital in its geographical area.

Approaches according to specialty can be characterized as follows:

- **Medicine, Surgery, Obstetrics** : The indicators are based on market share (focus on larger entities within a *Département*) and on the rate of population growth – available capacities is not a key indicator as patients will be ready to use capacities in neighboring departments, i.e. this activity has less of a local focus
- **Psychiatrics**: Market share within a department and available capacities within a department as this activity has a local focus
- **Elderly care**: Available capacities in the department, this is an activity with a local focus that needs to be easy to reach for patients
- **Follow-up and Rehabilitation Care**: Occupation rates as indicator to avoid financing overcapacities

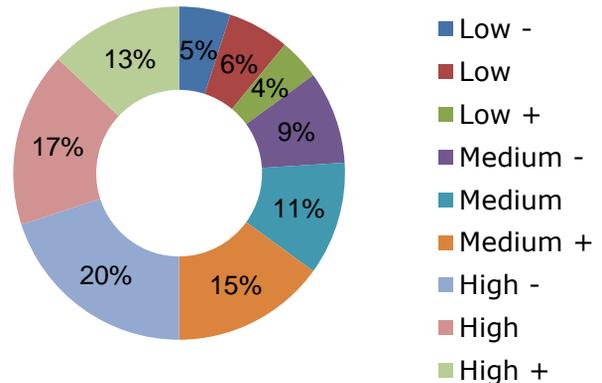
The final HAV score consists in a combination for a given public hospital of its HAV scores in the different medical specialties: MCO, PSY, SSR and PPA. The final scores are sorted as follow: High+, High, High-, Medium+, Medium, Medium-, Low+, Low, or Low-

A high score is highly regarded. Nevertheless, SFIL provides the financing to hospitals with low score if needed.

IMPACT REPORTING INDICATORS AND ADDITIONAL PORTFOLIO INFORMATION

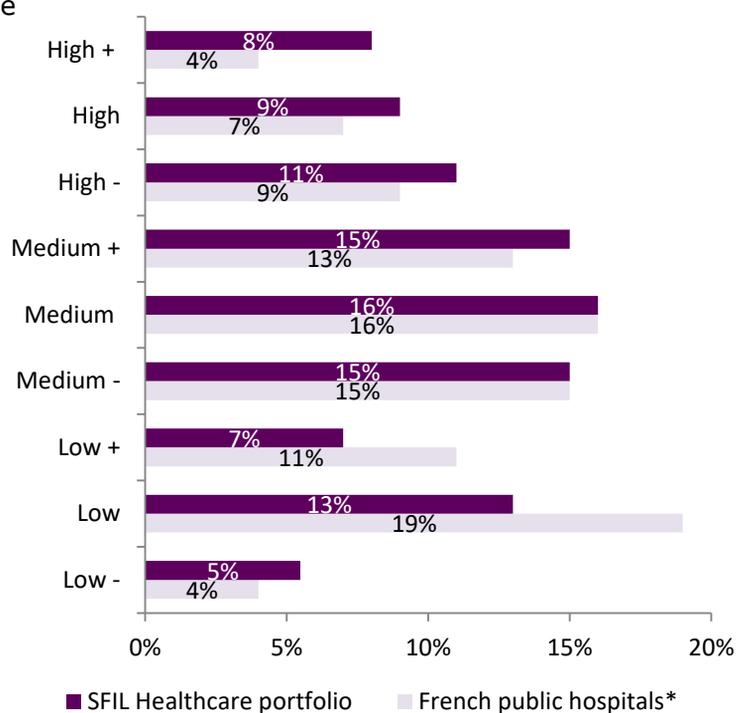
Distribution of the health loan portfolio volume by HAV score

- The HAV score is an important factor for the credit decision, but each every loan needs to be analyzed on a case by case basis
- 50% of the health loan portfolio volume has a **High HAV score**
- Only 15% of the health loan portfolio has a low HAV score



Distribution by HAV score : Comparison of the French public hospitals in the health loan portfolio vs. Estimated French public hospitals

- SFIL analyses the HAV of the whole French public hospitals sector
- Overall number of public hospitals in the health loan portfolio: 254
- 28% of public hospitals in the health loan portfolio has a **High HAV score**



IMPACT REPORTING INDICATORS AND ADDITIONAL PORTFOLIO INFORMATION

Additional portfolio information on the Healthcare Added Value : How can it be interpreted?

Even if the HAV of any hospital is an important decision factor before SFIL finances or extends a loan to any French Public Hospital, **there is no minimum threshold**.

The HAV is an indicator that is used to direct financing where it provides high additional value and to avoid financing overcapacities.

However, the HAV is an analysis of the situation of the hospital and not of the specific investment project. For example, the HAV could be relatively low due to high available capacities for activities like Psychiatrics ("PSY"), Follow-up and Rehabilitation Care ("SSR"), and Elderly care. A specific investment could concern other activities not linked to these factors, for example the necessary modernization of maternity ward.

All French public hospitals execute the public policy missions defined in the French law on public healthcare to provide healthcare services to all the population in France (metropolitan territory and overseas territories), including (but not limited to) vulnerable populations:

- 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. In addition, public hospitals provide administrative help and assistance to ensure full access to public services
- People in the most isolated territories

For this reason, the HAV score is an important factor for the credit decision, but each loan needs to be analyzed on a case by case basis.

IMPACT REPORTING INDICATORS AND ADDITIONAL PORTFOLIO INFORMATION

Average Health Added Value (HAV) score of the health loan portfolio by region

Average HAV score



- Looking at HAV score on a region basis, the difference between a region to another is relatively limited
- Overall, the average HAV score of the health loan portfolio by region is **at least medium or better**

EXAMPLE OF PUBLIC HOSPITALS FINANCED BY SFIL

Centre Hospitalier de Soins de Longue Durée du Territoire de Belfort (CHSLD90)

- Construction of 5 new buildings on an area of 23,800 m² to replace the current structure
- The project is supported by the Departmental Council of Territoire de Belfort
- Loan granted by SFIL in 2017
- The new structure should be fully operational by March 2020

Location	Bavilliers, 90800 Territoire de Belfort
Total project cost	EUR 52,5 m TTC
% refinanced by the social bond	19%
Area	23,800 m ²
Capacity	390 beds and 20 places



EXAMPLE OF PUBLIC HOSPITALS FINANCED BY SFIL

Centre Hospitalier Universitaire de Reims

As part of the ongoing restructuring of its hospital assets, the Reims University Hospital has launched on a major real estate project, worth more than €400 million to modernize its surgical and medical care offer by 2028.

The new Reims Hospital meets several objectives:

1. To adapt to the new needs of patients, in particular through :
 - a cutting-edge technical platform,
 - the development of outpatient care
 - improved hospital comfort,
2. Meeting the expectations and aspirations of health professionals :
 - in particular by reducing arduousness thanks to optimized circuits,
 - Thanks to shared and automated logistics,
 - Via widespread use of IT
 - by providing an appropriate framework for the development of health care techniques and practices.

Location	Reims, 51100, Marne
Total project cost	EUR 400 m TTC
Project completion	2028



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This document contains statements about the use of proceeds for Social Bonds, which can not be deemed to be complete or exhaustive. These statements are only indicative terms and have no contractual value. For the avoidance of doubt, references to Social Bonds herein should be construed as any securities to be issued by SFIL and/or CAISSE FRANÇAISE DE FINANCEMENT LOCAL in line and in accordance with the SFIL Group Social Note Framework.

SFIL and/or CAISSE FRANÇAISE DE FINANCEMENT LOCAL has and undertakes no obligation to update, modify or amend this document or the statements contained herein to reflect actual changes in assumptions or changes in factors affecting these statements or to otherwise notify any addressee if any information, opinion, projection, forecast or estimate set forth herein changes or subsequently becomes inaccurate.

All the information contained in this presentation are also subject to the Disclaimer contained in the [SFIL Group Social Note Framework]/[SFIL Group Green Bond Framework]. Please see this document attached to this presentation.

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