

SECOND SUPPLEMENT DATED 6 OCTOBER 2020
TO THE BASE PROSPECTUS DATED 12 JUNE 2020



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

This second supplement (the “**Second Supplement**”) is supplemental to, and should be read in conjunction with, the base prospectus dated 12 June 2020 which was approved by the *Autorité des marchés financiers* (the “**AMF**”) under number No. 20-253 on 12 June 2020, as supplemented by the first supplement to the Base Prospectus dated 11 September 2020 which was approved by the AMF under number No. 20-452 on 11 September 2020 (the “**First Supplement**” and, together, the “**Base Prospectus**”), as prepared in relation to the €75,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) of Caisse Française de Financement Local (the “**Issuer**” or “**CAFFIL**”). The Base Prospectus as supplemented constitutes a base prospectus for the purpose of Article 8 of Regulation (EU) 2017/1129 of the European Parliament and of the Council dated 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the “**Prospectus Regulation**”).

Application has been made for approval of the Second Supplement to the AMF in its capacity as competent authority pursuant to the Prospectus Regulation. This Second Supplement has been prepared pursuant to Article 23 of the Prospectus Regulation for the following purposes: (i) incorporating by reference the information contained in the amended version of the *Rapport financier semestriel 2020* in French language of the Issuer filed with the AMF (the “**Amended 2020 Half-Year Report**”). This Amended 2020 Half-Year Report includes only one modification compared to the version published on September 10, 2020. On page 68, the wording of the statutory auditors' report has been adjusted in order to specify that the half-year financial statements are condensed and presented in accordance with IAS 34 dedicated to interim financial reporting, (ii) updating the Base Prospectus regarding the Material Contracts section, (iii) updating the Base Prospectus following the publication of the press release dated 30 September 2020 relating to the signing of an agreement for the transfer of majority of SFIL's capital to Caisse des Dépôts et Consignations (“**CDC**”) and (iv) updating the Base Prospectus following the change of the Statutory Auditors.

With this respect, the following sections shall be updated and amended:

- i. updating the section entitled “Risk Factors”;
- ii. updating the section entitled “Documents incorporated by reference”;
- iii. updating the section entitled “Business Overview”;
- iv. updating the section entitled “Organisational Structure”;
- v. updating the section entitled “Material Contracts”;
- vi. updating the section entitled “Recent Developments”;
- vii. updating the section entitled “General Information”; and
- viii. updating the football team of the Base Prospectus.

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

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Second Supplement.

To the extent that there is any inconsistency between (a) any statement in this Second Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

In accordance with Article 23.2 of the Prospectus Regulation and to the extent applicable, investors who have already agreed to purchase or subscribe for *Obligations Foncières* to be issued under the Programme before this Second Supplement is published have the right to withdraw their acceptances within a time limit of minimum two working days after publication of this Second Supplement. This right to withdraw shall expire by close of business on 8 October 2020, provided that the *Obligations Foncières* had not yet been delivered to the investors at the time when the significant new factor, material mistake or material inaccuracy arose or was noted. Investors may notify the Issuer should they wish to exercise the right of withdrawal.

Copies of this Second Supplement (a) may be obtained, free of charge, at the registered office of the Issuer (1-3, rue du Passeur de Boulogne 92130 Issy-les-Moulineaux, France) during normal business hours and (b) will be available on the website of the AMF (www.amf-france.org) and of the Issuer (www.caffil.fr) so long as any of the *Obligations Foncières* issued under the Programme are outstanding.

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RISK FACTORS

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

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

“3.1 Credit rating of Caisse Française de Financement Local's *Obligations foncières* may be affected by the credit rating of SFIL, CDC and the French State

In the rating agencies' methodologies, the credit rating of a covered bond programme is linked to the credit rating attributed to the Issuer's parent. The rating criteria for Caisse Française de Financement Local include both the financial health of its parent, SFIL, as well as the strength of parental support. The credit rating of SFIL is closely linked to the credit rating of the French State due to its shareholding structure. The shareholding of SFIL renders it indirectly dependent on the situation of the French State, the shares of SFIL being currently fully owned by the Caisse des Dépôts et Consignations (“**CDC**”) with the exception of one share held by the French State.

The shareholding structure of SFIL, parent company of Caisse Française de Financement Local changed in 2020. On September 30, the State, CDC and La Banque Postale (“**LBP**”) announced the finalization of the acquisition by CDC (that held a 20% stake to date) of all of the SFIL shares held by LBP (i.e. 5%) and of all of the shares held by the State (i.e. 75%), with the exception of one ordinary share that the State retained in accordance with the terms of the agreement announced on 9 October 2019 and 4 March 2020. CDC is the new SFIL's reference shareholder. The State will continue to have a seat on SFIL's Board of Directors by means of a non-voting director, in view of the public interest missions entrusted to SFIL.

SFIL's shareholding structure is still fully public. Its shareholders will ensure that SFIL's financial solidity is preserved and its economic base protected and will continue to provide it with the necessary support, in accordance with the applicable regulations. CDC, SFIL's new reference shareholder, confirmed its commitment in a letter of support, completed by a letter of support from the State, in the context of SFIL's continuing status as a State-owned development bank.

As of 30 September 2020, Moody's France SAS (“**Moody's**”), S&P Global Ratings Europe Limited (“**S&P**”) and DBRS Ratings Limited or any entity that is part of DBRS and any successor to the relevant rating activity (“**DBRS**”) assigned the following ratings to the French State, CDC, SFIL and CAFFIL's *Obligations foncières*.

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

CAFFIL	AA+	Aaa	AAA
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Deteriorating economic conditions, such as those that could result from the Covid-19 crisis, can lead to a downgrade of the credit rating of the French State, CDC and SFIL. Decreases in the credit rating of SFIL or the French State may cause a decrease in the credit rating of Caisse Française de Financement Local's *obligations foncières*, or a requirement that Caisse Française de Financement Local obtain funding in order to achieve a higher level of overcollateralisation. A variety of factors may make obtaining such higher level of overcollateralisation impossible for Caisse Française de Financement Local in the event of a downgrade of SFIL. If the credit rating of Caisse Française de Financement Local's *obligations foncières* were reduced due to these factors, such downgrade may adversely affect the value of Caisse Française de Financement Local's outstanding *obligations foncières*, including the *Obligations Foncières*, increase Caisse Française de Financement Local's cost of borrowing and adversely affect Caisse Française de Financement Local's ability to issue new *obligations foncières*.”

DOCUMENTS INCORPORATED BY REFERENCE

The section entitled “**Documents Incorporated by reference**” on pages 47 to 50 of the Base Prospectus is amended as follows:

- The paragraph (a) inserted by the First Supplement is deleted and replaced as follows for the purposes of incorporating by reference the Amended 2020 Half-Year Report of the Issuer. This Amended 2020 Half-Year Report includes only one modification compared to the version published on September 10, 2020. On page 68, the wording of the statutory auditors' report has been adjusted in order to specify that the half-year financial statements are condensed and presented in accordance with IAS 34 dedicated to interim financial reporting:

“(a) the Half-Year Report in the French language relating to Caisse Française de Financement Local for the period ended 30 June 2020 (the “**2020 Half-Year Report**”; https://caissefrancaisedefinancementlocal.fr/wp-content/uploads/2020/09/Rapport_financier-semestriel_2020_vdef2.pdf)”

The cross-reference table relating to the 2020 Half-Year Report inserted by the First Supplement shall remain unchanged.

¹ For information purposes only, the English translation of the 2020 Half-Year Report is published on the website of the Issuer (www.caffil.fr) and may be obtained without charge at the registered office of the Issuer.

BUSINESS OVERVIEW

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

- The last sentence of sub-section entitled “**Outlook for 2020**” is amended as follows:
“Lastly, the transfer of control of SFIL to CDC, pursuant to the agreement signed on March 4, 2020, was effective on September 30, 2020.”

ORGANISATIONAL STRUCTURE

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

- The sub-paragraph “**Shareholding structure of the Issuer**” is deleted and replaced as follows:

“Caisse Française de Financement Local and its parent company SFIL are key elements in the financing of local governments and public hospitals in France. The organization, introduced by the French State in 2013, is based on a commercial activity developed by La Banque Postale with refinancing provided by Caisse Française de Financement Local.

Since 2015, the French State has entrusted SFIL and Caisse Française de Financement Local with a second mission that is the responsibility to refinance large export credits with the guarantee of the State. The objective is to enable large export credits, as well as French local governments and public hospitals to benefit from optimal financing conditions through a high rating and irreproachable risk management.

SFIL is also the institution managing Caisse Française de Financement Local, in accordance with article L.513-15 of the Monetary and Financial Code.

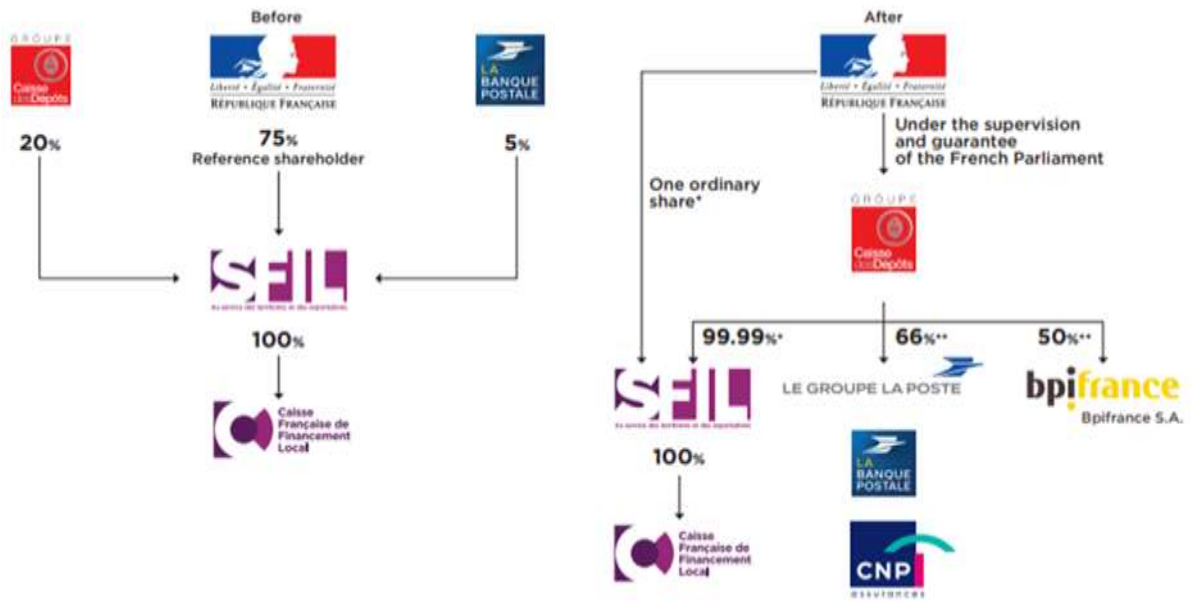
The shareholding structure of SFIL, parent company of Caisse Française de Financement Local, changed in 2020. On September 30, 2020, the State, CDC and LBP announced the finalization of the acquisition by CDC (that held a 20% stake to date) of all of the SFIL shares held by LBP (i.e. 5%) and of all of the SFIL shares held by the State (i.e. 75%), with the exception of one ordinary share that the State retained in accordance with the terms of the agreement announced on 9 October 2019 and 4 March 2020. CDC is SFIL's new reference shareholder. The State will continue to have a seat on SFIL's Board of Directors by means of a non-voting director, in view of the public interest missions entrusted to SFIL.

This operation enables the public financial institutions to continue to serve the French territory, by grouping them within a large public financial group, formed around CDC and La Poste.

SFIL's shareholding structure is still fully public. Its shareholders will ensure that SFIL's financial solidity is preserved and its economic base protected, and will continue to provide it with the necessary support, in accordance with the applicable regulations. CDC, SFIL's new reference shareholder, confirmed its commitment in a letter of support, completed by a letter of support from the State, in the context of SFIL's continuing status as a State-owned development bank.

This commitment, made with the *Autorité de contrôle prudentiel et de résolution*, underlines its involvement to ensure oversight and to influence strategic decisions, as well as its determination to ensure Caisse Française de Financement Local's and SFIL's ongoing financial transactions and to comply with regulatory requirements, if so required.

Shareholding structure of the Issuer before and after September 30, 2020



*The Caisse des Dépôts holds all the SFIL shares with the exception of one ordinary share retained by the French State.

**The French State holds 50% of the capital of Bpifrance S.A (through EPIC Bpifrance) and 34% of La Poste's capital.

”

MATERIAL CONTRACTS

The section “**Material Contracts**” on pages 134 and 135 of the Base Prospectus is amended as follows:

- The following sub-section is added after the sub-section entitled “**Tax consolidation arrangement with SFIL**”:

“Refinancing master agreement with SFIL (*Convention-cadre de refinancement SFIL-CAFFIL / Crédit Export*)

- The Issuer and SFIL have entered into a refinancing master agreement on 29 June 2016. Such agreement sets out the general terms relating to any refinancing by CAFFIL of export loans acquired by SFIL from export banks in its export refinancing activity. The purpose of this master agreement is to govern any export loan refinancing between SFIL and CAFFIL.”

RECENT DEVELOPMENTS

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

- The ninth and tenth paragraphs inserted by the First Supplement are amended as follows:

“Implementation of the transfer to the CDC of the control of SFIL, in accordance with the agreement signed on 4 March 2020 was effective on September 30, 2020. This operation contributes to the ongoing streamlining of the organization of public financial institutions in the service of France's regions, by merging them into a major public financing hub, structured around the CDC and La Poste.

The Issuer's debt securities (*Obligations Foncières* and registered covered bonds) increased by an amount of EUR 646 million between 31 December 2019 and 30 September 2020.”

- The following paragraph and press release are inserted after the tenth paragraph:

“KPMG SA and PricewaterhouseCoopers Audit are Auditors to the Issuer since September 30, 2020.

Press release dated 30 September 2020

Finalization of the transfer of SFIL to the Group Caisse des Dépôts

The French Republic, Caisse des Dépôts and La Banque Postale announced today that they have finalized the transfer of the majority of SFIL's share capital to Caisse des Dépôts, in accordance with and under the same conditions as the agreements between SFIL's shareholders dated March 4th, 2020 and October 9th, 2019.

SFIL will continue to be fully publicly owned: under the agreement, its shareholders will continue to ensure that its financial strength is preserved and its economic base protected, while providing the necessary support in accordance with applicable regulations. Based on the public policy missions entrusted to SFIL - the financing of the local public sector and the refinancing of large export contracts - the French Government will continue to be represented on the board of directors via a censor (non-voting director).

Created in February 2013, SFIL became in 2015 the leading lender to French local authorities and public hospitals in partnership with La Banque Postale (LBP) with EUR 32 billion in long-term loans provided. The excellence of this SFIL/LBP partnership, renewed in anticipation, is an additional strength for the new large public financial group. The support mechanism for French exporters of the new large public financial group will also be strengthened by SFIL's crucial role in financing large export contracts. Thanks to its deep and efficient access to financial markets that is being used to serve the French economy, SFIL has become the first liquidity provider in this market segment (EUR 8.1 billion in financings granted since 2016).

"SFIL and its teams are pleased to join Caisse des Dépôts Group to contribute to the success of the new major public financial group. SFIL is a valuable complementary tool for Caisse des Dépôts Group, particularly with its extremely well performing financing platform, which has maintained an access to financial markets at excellent conditions despite the instability caused by the pandemic and economic crisis. This resilience is a strong characteristic of public development banks. Thanks to its green bond and social bond issuance, SFIL's financing capacities will fully contribute to the "France Relance" plan for the success of the economic recovery and the ecological transition of the French territories", commented Philippe Mills, CEO of SFIL.

Press contact: christine.lair@sfil.fr or Relations.Presse@SFIL.FR

More information at sfil.fr”

GENERAL INFORMATION

The section “**General Information**” on pages 188 to 192 of the Base Prospectus is amended as follows:

- The following sub-paragraph is inserted after the fourth sub-paragraph of the paragraph entitled “(12) **Auditors**”:

“KPMG SA and PricewaterhouseCoopers Audit are Auditors to the Issuer since September 30, 2020.”

FOOTBALL TEAM

The football team on pages 194 to 196 of the Base Prospectus is amended as follows:

- The identities of the Auditors to the Issuer are deleted and replaced as follows:

Auditors to the Issuer

Until September 29, 2020

Ernst & Young et Autres
Paris La Défense
1-2 Place des Saisons
92400 Courbevoie
France

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense
France

Since September 30, 2020

KPMG SA
Tour Egho, 2, avenue Gambetta
92066 Paris-La-Défense Cedex
France

PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly sur Seine
France

**PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE SECOND
SUPPLEMENT**

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

Caisse Française de Financement Local
1 à 3, rue du Passeur de Boulogne
92130 Issy-les-Moulineaux
France

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



This Second Supplement has been approved on 6 October 2020 by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129.

The AMF has approved this Second Supplement after having verified that the information it contains is complete, coherent and comprehensible within the meaning of Regulation (EU) 2017/1129.

This approval is not a favourable opinion on the Issuer described in this Second Supplement.

The Second Supplement has the following approval number: 20-494.