

**SECOND SUPPLEMENT DATED 23 FEBRUARY 2024
TO THE BASE PROSPECTUS DATED 12 JUNE 2023**



CAISSE FRANÇAISE DE FINANCEMENT LOCAL

(société de crédit foncier duly licensed as a French specialised credit institution)

€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 2023 which was approved by the *Autorité des marchés financiers* (the “**AMF**”) under number No. 23-212 on 12 June 2023 (the “**Base Prospectus**”), as supplemented by the first supplement dated 22 September 2023 which was approved by the AMF under number No. 23-406 on 22 September 2023 (the “**Previous Supplement**”), prepared in relation to the €75,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) of Caisse Française de Financement Local (the “**Issuer**”, “**Caisse Française de Financement Local**” or “**CAFFIL**”). The Base Prospectus as supplemented by the Previous Supplement and this Second Supplement 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 this 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 purpose of updating the Base Prospectus, as supplemented by the Previous Supplement, following the publication of the press release dated 20 February 2024 relating to the financial performance of CAFFIL.

With this respect, the following sections of the Base Prospectus, as supplemented by the Previous Supplement, shall be updated and amended:

- i. the section entitled “Recent Development”; and
- ii. the section entitled “General Information”.

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, as supplemented by the Previous Supplement.

Unless the context otherwise requires, terms defined in the Base Prospectus, as supplemented by the Previous Supplement, 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 or any statement incorporated by reference in the Base Prospectus, as supplemented by this Previous Supplement, by this Second Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, as supplemented by the Previous Supplement, 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 (2) working days after publication of this Second Supplement. This right to withdraw shall expire by close of business on 27 February 2024, 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 shall be (a) published on the websites of the AMF (www.amf-france.org) and of the Issuer (<https://caissefrancaisedefinancementlocal.fr>) and (b) available for inspection and obtainable, upon request and free of charge, during usual business hours, on any weekday at the registered office of the Issuer (112-114 avenue Emile Zola, 75015 Paris, France).

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RECENT DEVELOPMENTS

The section entitled “Recent Developments” on page 148 of the Base Prospectus, as supplemented by the Previous Supplement, is amended as follows:

- The following press release dated 20 February 2024 relating to the financial performance of CAFFIL is included before the last paragraph of the section on page 148 of the Base Prospectus, as supplemented by the Previous Supplement:

"Press release

Paris, 20 February 2024

2023 RESULTS ^{(1) (2)}

The financial statements of Caffil³ for the year ended 31 December 2023 were approved by the Management Board on 14 February 14 2024 and presented to the Supervisory Board on 15 February 2024.

Activity

In 2023, despite the combined effect of higher financing costs, in a context of significant volatility on the financial markets, and the full-year impact of 2022 production strongly constrained by the usury rate on the local public sector, Caffil's financial performance remained solid.

Export credit refinancing

2023 was a record year since the launch of this activity in terms of the number of contracts signed, the amounts committed and the number of exporters supported. Sfil signed 6 contracts that we have refinanced or have committed to refinance, for EUR 5.0 billion, vs EUR 0.7 billion in 2022. These transactions enabled EUR 7.3 billion in export contracts to be set up, involving 10 exporters, 5 of whom benefited from our Group refinancing scheme for the first time.

¹ The data presented below is taken from Caffil's financial statements prepared under French GAAP, except where otherwise stated.

² In some cases, rounded sums do not add up the sum of rounded amounts disclosed in this document.

³ Caffil is a “société de crédit foncier” (a covered bond issuer), fully controlled by Sfil.

Since the activity was launched in 2015, our Group supported 16 exporters in 28 transactions for a total amount of EUR 16.1 billion, enabling the conclusion of EUR 28 billion in export contracts.

Loans to local public sector refinancing

In 2023, we acquired or refinanced EUR 3.4 billion in loans originated by La Banque Postale and Banque des Territoires, partners of the Sfil group. This amount is down on 2022 (EUR 4.8 billion), due to lower volumes originated in 2022, which were constrained by the usury rate over the period.

The share of thematic loans was significant in 2023. They accounted for 42% of loans acquired (EUR 1.4 billion) and broke down as follows:

- EUR 0.8 billion in green loans to local authorities
- EUR 0.4 billion in loans to hospitals
- EUR 0.2 billion in social loans to local authorities.

Launched at the end of 2022, social loans to local authorities have met with strong demand: a total of EUR 0.7 billion has been granted to 169 clients since then.

Issuance of covered bonds

In 2023, the covered bond market was driven by the rapid normalization of monetary policies by the main central banks (Federal Reserve and European Central Bank) in response to inflation, combined with a significant increase in issued volumes on the primary market. In concrete terms, this led to a shortening of the maturities sought by issuers on the primary market, and to a general consolidation of spreads against swaps, maintaining a good overall level of investor demand.

In this context, we achieved a total issue volume of EUR 3.6 billion over an overall average life of 7.5 years with:

- EUR 3.0 billion on the primary public market, by calling on the market 4 times ;
- EUR 0.2 billion through a tap on an existing benchmark issue;
- EUR 0.5 billion in the private placement segment.

In particular, we issued a green bond for EUR 0.8 billion in October 2023 and a social bond for EUR 0.5 billion in November 2023. As a result, sustainable issues will account for 35% of financing raised in 2023.

Covered bonds that we have issued benefit from the "European Covered Bond (Premium)" label.

Key accounting figures

Income statement

EUR million	2023	2022
Interest margin	179	226
Net commissions	(3)	(3)

Impairment and gains on disposals of placement securities	7	(4)
Net banking income	183	219
General expenses	(110)	(110)
Gross operating income	75	109
Cost of risk	2	6
Operating income	77	115
Gains or losses on fixed assets	-	(3)
Income tax	(11)	(24)
Net income	66	88

The 2023 result stands at EUR 66 million, down EUR 22 million from 2022. This change is mainly due to lower net banking income (EUR 183 million versus EUR 219 million in 2022). In 2022, net banking income included EUR +14 million in non-recurring income on the sale of loans. It also included upfront compensation of EUR +16 million (vs EUR +9 million in 2023). This compensation resulted from the termination of interest-rate hedges as part of the policy of naturally matching fixed-rate assets and liabilities. Adjusted for these items, the decline in net banking income was more limited (EUR -11 million), despite higher financing costs, in a context of a disrupted market environment, as well as the full-year impact of the usury rate which had strongly constrained, in 2022, the production of loans to the local public sector.

General expenses stood at EUR 110 million, a 2022.

Cost of risk, in reversal of EUR 2 million, reflects the excellent quality of our balance sheet assets.

Balance sheet

Caffil's balance sheet total amounted to EUR 65.0 billion at the end of 2023.

The vast majority of assets are held in the cover pool. The outstanding cover pool stands at EUR 61.2 billion, up 2.3% on December 31, 2022.

The EUR 57.4 billion in public sector loans and securities outstanding at the end of 2023 constitutes the main part of the hedging portfolio. Doubtful and impaired loans amounted to EUR 0.1 billion, or 0.2% of total assets.

EUR billion	2023	2022
Loans and bonds to the public sector	57.4	57.5
<i>of which local public sector</i>	49.0	50.3
<i>of which large export credits refinancing</i>	7.8	6.6

<i>of which cash investment in bonds</i>	0.6	0.6
Banque de France cash deposit	1.1	1.8
Exposure to credit institutions	2.8	0.5
ASSETS IN THE COVER POOL	61.2	59.8

At the end of 2023, our outstanding covered bonds amounted to EUR 53.2 billion, up from EUR 52.9 billion at the end of 2022. The net balance of privileged liabilities consists of cash collateral received from derivative counterparties (EUR 0.1 billion at the end of 2023 as at the end of 2022).

In accordance with regulations applicable to *sociétés de crédit foncier*, we maintain a privileged liabilities coverage ratio of over 105%, which stood at 113.8%⁴ at 31 December 2023.

In accordance with regulations applicable to sociétés de crédit foncier, we maintain a maximum weighted average life gap between assets eligible for the over-collateralization ratio and privileged liabilities of 1.5 years. At 31 December 2023, it stood at 0.6 years.

Other information

The rating of the covered bonds issued by Caffil, which benefit from the highest credit quality level, remained unchanged in 2023.

	Moody's	DBRS	Standard & Poor's
Long-term rating	Aaa	AAA	AA+
Outlook	-	-	Negative
Last update	October 2023	October 2023	November 2023

Contacts

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⁴ Information in the validation process by the specific controller at the date of publication of this press release.

Appendix: French GAAP financial statements⁵

Assets		
<i>EUR million</i>	2023	2022
Central banks	1,053	1,808
Government and public securities	2,889	3,049
Loans and advances to banks	8,016	6,705
Loans and advances to customers	46,238	47,346
Bonds and other fixed income securities	4,186	2,237
Other assets	93	109
Accruals and other assets	2,497	2,236
TOTAL ASSETS	64,973	63,490

Liabilities		
<i>EUR million</i>	2023	2022
Due to banks	6,926	6,210
Debt securities	53,751	53,337
Other liabilities	162	169
Accruals and other liabilities	2,622	2,240
Provisions	28	34
Equity	1,483	1,500
<i>Share capital</i>	1,350	1,350
<i>Reserves and retained earnings</i>	67	62
<i>Net income</i>	66	88
TOTAL LIABILITIES	64,973	63,490

⁵ The audit procedures carried out by the Statutory Auditors were in progress at the date of publication of this press release.

Income statement

<i>EUR million</i>	2023	2022
Interest income	2,815	1,145
Interest expense	(2,636)	(918)
Commission income	0	-
Commission expense	(3)	(3)
Net gains (losses) on held for trading portfolio	(0)	0
Net gains (losses) on placement portfolio	7	(4)
Other banking income and expense	0	0
Net banking income	183	219
General operating expenses	(110)	(110)
Gross operating income	75	109
Cost of risk	2	6
Income from operations	77	115
Gains or losses on fixed assets	-	(3)
Income before non-recurring items and taxes	77	112
Income tax	(11)	(24)
NET INCOME	66	88
Basic earnings per share	4.91	6.52
Diluted earnings per share	4.91	6.52

"

- The following paragraph is included after the press release dated 20 February 2024 relating to the financial performance of CAFFIL:

"Figures and financial information provided in the Second Supplement are based on the financial statements of CAFFIL prepared under French GAAP for the fiscal year ended on 31 December 2023 and approved by CAFFIL's Executive Board of Directors on 14 February 2024. Such figures and financial information are both (a) comparable with the historical financial information of the Issuer included in the Base Prospectus, as supplemented by the Previous Supplement, and (b) consistent with the Issuer's accounting policies."

- The last paragraph of the section on page 148 of the Base Prospectus, as supplemented by the Previous Supplement, is deleted and replaced as follows:

"The Issuer's debt securities (*Obligations Foncières* and registered covered bonds) increased by an amount of EUR 1.456 million between 30 June 2023 and 20 February 2024."

GENERAL INFORMATION

The section entitled "**General Information**" on pages 209 to 213 of the Base Prospectus, as supplemented by the Previous Supplement, is amended as follows:

- The paragraph entitled "(2) Corporate authorisations" on page 209 is deleted and replaced as follows:

"The Issuer has obtained all necessary consents, approvals and authorisations in France in connection with the updating of the Programme.

Any drawdown of *Obligations Foncières* under the Programme, to the extent that such *Obligations Foncières* constitute *obligations*, requires the prior authorisation of the Executive Board (*Directoire*) of the Issuer.

For this purpose, on 21 December 2023, the Executive Board (*Directoire*) of the Issuer authorised the issue of *obligations foncières* under the Programme up to an aggregate maximum amount of €4,700,000,000 for the period from 1 January 2024 to 31 December 2024 and delegated the power to realise such issues to Mrs. Herdile Guérin, in her capacity as *Présidente du Directoire* of the Issuer and to Mr. Olivier Eudes, in his capacity as *Directeur Général* of the Issuer, each of them having the capacity to act separately, the power to decide the issue of *obligations foncières* and to determine their final terms and conditions subject to the conditions set forth therein."

- The paragraph entitled "(4) Significant change in the Issuer's financial position or financial performance" on page 210 is deleted and replaced as follows:

"There has been no significant change in the financial position or financial performance of the Issuer since 31 December 2023 (being the date of its last financial period for which selected financial information has been published through the press release dated 20 February 2024 included in the Second Supplement)."

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
112-114 avenue Emile Zola
75015 Paris
France

Duly represented by:
Olivier Eudes
Directeur Général
Duly authorised
on 23 February 2024



This Second Supplement to the Base Prospectus, as supplemented by the Previous Supplement, has been approved on 23 February 2024 by the *Autorité des marchés financiers* (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 in the Base Prospectus, as supplemented by the Previous Supplement and this Second Supplement, is complete, coherent and comprehensible within the meaning of Regulation (EU) 2017/1129.

This approval should not be considered as a favourable opinion on the Issuer and on the quality of the *Obligations Foncières* described in this Second Supplement. Investors should make their own assessment of the opportunity to invest in such *Obligations Foncières*.

This Second Supplement to the Base Prospectus, as supplemented by the Previous Supplement, obtained the following approval number: 24-046.