

Paris, March 30, 2017

Press release

In 2016, SFIL reported positive results that continue to grow strongly thanks to its robust business model and the success of the program to reduce the sensitivity of high-risk structured loans.

- Current income..... EUR 45.3 million
- Net income..... EUR 18.4 million
- CET 1 Solvency ratio..... 24.2% as of 12/31/2016

These results reflect the successful sensitivity reduction policy, which resulted in reversals of provisions and of doubtful and disputed debt, as well as in an improvement in the group's financing conditions and the recording of new assets, which supported the net banking income.

Fully operational and profitable since mid 2015, SFIL has posted six quarters of positive current income, demonstrating the strength of its model. The three missions assigned to SFIL by the French State (its reference shareholder) upon its creation in February 2013, - financing the French local public sector, to ensure the success of the program to reduce the sensitivity of high-risk credits, and to establish CAFFIL, the SFIL subsidiary that issues covered bonds, as one of the key issuers of *obligations foncières* in Europe - have all been fully met.

The SFIL/LBP system, the premier financier of the French local public sector since 2015

The system that SFIL created with La Banque Postale is again the leader in 2016, with 4 billion in loans to the local public sector, in line with its strategic plan. An excellent performance in a context that is increasingly competitive, due to abundant liquidity.

SFIL emerged from its past legacy by successfully achieving, in a methodical and consultative manner, its temporary mission of reducing the sensitivity of high-risk loans. Most of the sensitivity reduction has been accomplished and the sensitive loans no longer pose a macro-economic risk, neither for SFIL, nor for the local governments.

CAFFIL: EUR 21 billion raised since 2013

CAFFIL is a recognized and sought after issuer, with more than EUR 21 billion raised since 2013, and three "Best Euro issuer" awards conferred on it by the international financial press. Today, SFIL is renowned by investors as well as by the BCE as a French public agency, due to its PSPP purchase program, which diversifies and optimizes its financing sources. Through it, in October 2016 SFIL completed an inaugural issue of EUR 1 billion with a maturity of 8 years maturity, which was a great success in terms of funding level and diversification of its investor base, which was already quite

broad. Two thirds of the investors in this SFIL issue had never before invested in CAFFIL. The SFIL group now has four sources of financing (covered bonds , liquidity provided by minority shareholders, CP issuance and EMTN issuance by SFIL. This financing arsenal affords SFIL with all of the strength and diversification required to meet all of its needs.

Refinancing of export credits: Operations totalling EUR 650 million financed in 2016

2016 also saw growth in the export credit activity, the second public policy mission assigned to SFIL by the State. In June, 2016, SFIL financed its first export operation: the construction and delivery of two cruise ships by St. Nazaire Shipyards, sold to the American cruise line, Royal Caribbean. This initial success was confirmed by a second operation for General Electric in the energy sector, with a public borrower in Tunisia. In total, in 2016, EUR 650 million worth of operations were financed "at exceptional financing conditions", Mrs. de Bilbao, CEO of GE France noted at the Bercy Export Finance meeting last March.

An ambitious strategic plan to continue profitability

Finally, the strategic plan, #Horizon 2021, unanimously approved by the shareholders in May of 2016, is reinforcing SFIL's position as a public development bank that offsets the persistent shortcomings in the local public sector and in French exports.

SFIL has a triple goal for the next five years.

- To maintain its leadership position acquired with LBP for long term financing of the local public sector, with a market share of 20-25%.
- To be a major player in export financing, by financing one third of the new export credits guaranteed by the State.
- To continue profitability by following rigorous management as defined in the strategic plan, which calls for:
 - following the rationalization efforts already made, by lowering operating costs by almost 7.5% between 2016 and 2018;
 - Simplification of the IT system, which, starting in 2018, will lead to the reduction of the costs of information technology, while at the same time reducing operational risk;
 - Continuing the large digital transformation program launched by the bank in 2016 and which is a powerful tool for optimizing the quality of the service offered to the partners and for strengthening the efficiency of internal operations.

"SFIL was fully operational and profitable in mid2015. It emerged from the Dexia legacy by successfully managing its temporary mission of reducing the sensitivity of loans in the public sector, in a very short time frame. With the surge in export credit, the diversification of its financing and the adoption of its 2016-2021 strategic plan, SFIL has laid the foundation for its future development in the service of the French economy" emphasizes Phillipe Mills, Chairman and Chief Executive Officer of SFIL.

Read the 2016 annual financial report at www.sfil.fr

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