

**FIRST SUPPLEMENT DATED 13 APRIL 2017
TO THE BASE PROSPECTUS DATED 27 SEPTEMBER 2016**



**SFIL
€ 5,000,000,000
Euro Medium Term Note Programme**

This First supplement (the “**First Supplement**”) is supplemental to, and should be read in conjunction with, the Base Prospectus dated 27 September 2016, prepared in relation to the € 5,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) of SFIL (the “**Issuer**”). The Base Prospectus as supplemented constitutes a base prospectus for the purpose of the Directive 2003/71/EC as amended (the “**Prospectus Directive**”). The *Autorité des marchés financiers* (the “**AMF**”) has granted visa No.16-449 on 27 September 2016 to the Base Prospectus.

Application has been made for approval of the First Supplement to the AMF in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive.

This First Supplement constitutes a supplement to the Base Prospectus and has been prepared pursuant to Article 16.1 of the Prospectus Directive and Article 212-25 of the *Règlement Général* of the AMF for the following purposes:

- (i) incorporating by reference the information contained in the *Rapport financier annuel* 2016 in French language of the Issuer filed with the AMF, which includes the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2016 and the related statutory auditors' report (the “**2016 Financial Report**”);
- (ii) updating sections B.12 and B.13 in the English and French versions of the Summary of the Programme;
- (iii) updating the section entitled “Description of the Issuer”;
- (iv) updating the section entitled “Recent Developments”; and
- (v) updating the section entitled “General Information” of the Base Prospectus.

Save as disclosed in this First Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is material in the context of the Programme since the publication of the Base Prospectus.

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

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

To the extent applicable, and provided that the conditions of Article 212-25 I of the *Règlement Général* of the AMF are fulfilled, investors who have already agreed to purchase or subscribe for *Obligations Foncières* to be issued under the Programme before this First Supplement is published, have the right,

according to Article 212-25 II of the *Règlement Général* of the AMF, to withdraw their acceptances within a time limit of minimum two working days after publication of this First Supplement. This right to withdraw shall expire by close of business on 18 April 2017.

Copies of this First Supplement (a) may be obtained, free of charge, at the registered office of the Issuer (1 à 3, rue du Passeur de Boulogne, 92130 Issy-les-Moulineaux, France) during normal business hours, (b) will be available on the website of the AMF (www.amf-france.org) and on the website of the Issuer (www.caffil.fr) and (c) will be available during normal business hours at the specified office of the Fiscal Agent (Banque Internationale à Luxembourg, société anonyme 69, route d'Esch, L-1470 Luxembourg, Grand-Duchy of Luxembourg) so long as any of the *Obligations Foncières* issued under the Programme are outstanding.

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SUMMARY OF THE PROGRAMME

The section entitled “**Summary of the Programme**” on pages 6 to 29 of the Base Prospectus is amended as follows:

- The item B.12 is deleted and replaced by the following:

| B.12 | Selected historical key financial information | <p>Selected historical key financial information (IFRS Consolidated):</p> <p>Comparative annual financial data - In EUR millions</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: center;">31/12/2015</th> <th style="width: 25%; text-align: center;">31/12/2016</th> </tr> </thead> <tbody> <tr> <td>Total Balance Sheet</td> <td style="text-align: center;">83,683</td> <td style="text-align: center;">78,937</td> </tr> <tr> <td>Debt Securities</td> <td style="text-align: center;">57,740</td> <td style="text-align: center;">57,681</td> </tr> <tr> <td>Equity</td> <td style="text-align: center;">1,385</td> <td style="text-align: center;">1,388</td> </tr> <tr> <td>Net Banking Income</td> <td style="text-align: center;">86</td> <td style="text-align: center;">139</td> </tr> <tr> <td>Net Income</td> <td style="text-align: center;">(59)</td> <td style="text-align: center;">18</td> </tr> </tbody> </table> <p>Statements of no significant or material adverse change</p> <p>There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published).</p> <p>There has no material adverse change in the prospects of the Issuer since 31 December 2016 (being the end of the last financial period for which audited financial statements have been published).</p> | | 31/12/2015 | 31/12/2016 | Total Balance Sheet | 83,683 | 78,937 | Debt Securities | 57,740 | 57,681 | Equity | 1,385 | 1,388 | Net Banking Income | 86 | 139 | Net Income | (59) | 18 |
|---------------------|--|---|--|------------|------------|---------------------|--------|--------|-----------------|--------|--------|--------|-------|-------|--------------------|----|-----|------------|------|----|
| | 31/12/2015 | 31/12/2016 | | | | | | | | | | | | | | | | | | |
| Total Balance Sheet | 83,683 | 78,937 | | | | | | | | | | | | | | | | | | |
| Debt Securities | 57,740 | 57,681 | | | | | | | | | | | | | | | | | | |
| Equity | 1,385 | 1,388 | | | | | | | | | | | | | | | | | | |
| Net Banking Income | 86 | 139 | | | | | | | | | | | | | | | | | | |
| Net Income | (59) | 18 | | | | | | | | | | | | | | | | | | |

- The item B.13 is deleted and replaced by the following:

| | | |
|-------------|---|---|
| B.13 | Recent material events relevant to the evaluation of the Issuer's solvency | <p>Not applicable, as at the date of this Base Prospectus and to the best of the Issuer's knowledge, there have not been any recent events which are to a material extent relevant to the evaluation of the Issuer's solvency since 31 December 2016.</p> |
|-------------|---|---|

**RÉSUMÉ EN FRANÇAIS DU PROGRAMME
(FRENCH SUMMARY OF THE PROGRAMME)**

The section entitled “**Résumé en Français du Programme (French Summary of the Programme)**” on pages 30 to 55 of the Base Prospectus is amended as follows:

- The item B.12 is deleted and replaced by the following:

| B.12 | Informations financières historiques clés sélectionnées : | <p>Informations financières historiques clés sélectionnées (consolidés IFRS) :</p> <p>Données financières annuelles comparées - En millions d’euros</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 25%; text-align: center;">31/12/2015</th> <th style="width: 25%; text-align: center;">31/12/2016</th> </tr> </thead> <tbody> <tr> <td>Total du Bilan</td> <td style="text-align: center;">83.683</td> <td style="text-align: center;">78.937</td> </tr> <tr> <td>Dettes représentées par un Titre</td> <td style="text-align: center;">57.740</td> <td style="text-align: center;">57.681</td> </tr> <tr> <td>Capitaux Propres</td> <td style="text-align: center;">1.385</td> <td style="text-align: center;">1.388</td> </tr> <tr> <td>Produit Net Bancaire</td> <td style="text-align: center;">86</td> <td style="text-align: center;">139</td> </tr> <tr> <td>Résultat Net</td> <td style="text-align: center;">(59)</td> <td style="text-align: center;">18</td> </tr> </tbody> </table> <p><i>Déclarations relatives à l’absence de changement significatif ou de changement défavorable significatif</i></p> <p>Il ne s’est produit aucun changement significatif dans la situation financière ou commerciale de l’Emetteur ou du Groupe depuis le 31 décembre 2016 (date de clôture de la dernière période comptable pour laquelle des états financiers audités ont été publiés).</p> <p>Il ne s’est produit aucun changement défavorable significatif dans les perspectives de l’Emetteur depuis le 31 décembre 2016 (date de clôture de la dernière période comptable pour laquelle des états financiers audités ont été publiés).</p> | | 31/12/2015 | 31/12/2016 | Total du Bilan | 83.683 | 78.937 | Dettes représentées par un Titre | 57.740 | 57.681 | Capitaux Propres | 1.385 | 1.388 | Produit Net Bancaire | 86 | 139 | Résultat Net | (59) | 18 |
|----------------------------------|--|--|--|------------|------------|----------------|--------|--------|----------------------------------|--------|--------|------------------|-------|-------|----------------------|----|-----|--------------|------|----|
| | 31/12/2015 | 31/12/2016 | | | | | | | | | | | | | | | | | | |
| Total du Bilan | 83.683 | 78.937 | | | | | | | | | | | | | | | | | | |
| Dettes représentées par un Titre | 57.740 | 57.681 | | | | | | | | | | | | | | | | | | |
| Capitaux Propres | 1.385 | 1.388 | | | | | | | | | | | | | | | | | | |
| Produit Net Bancaire | 86 | 139 | | | | | | | | | | | | | | | | | | |
| Résultat Net | (59) | 18 | | | | | | | | | | | | | | | | | | |

- The item B.13 is deleted and replaced by the following:

| | | |
|-------------|--|--|
| B.13 | Evénement récent présentant un intérêt significatif pour l’évaluation de la solvabilité de l’Emetteur | <p>Sans objet, à la date du Prospectus de Base et à la meilleure connaissance de l’Emetteur, il ne s’est produit aucun événement récent qui présente un intérêt significatif pour l’évaluation de la solvabilité de l’Emetteur depuis le 31 décembre 2016.</p> |
|-------------|--|--|

INFORMATION INCORPORATED BY REFERENCE

The section entitled “**Information incorporated by reference**” on pages 75 to 77 of the Base Prospectus is deleted in its entirety and replaced by the following:

“This Base Prospectus should be read and construed in conjunction with the sections referred to in the table below included in:

- the *Rapport financier* 2015 in French language of the Issuer filed with the AMF, which includes the consolidated financial statements of the Issuer for the period ended 31 December 2015 and the related statutory auditors' report (the "**2015 Financial Report**"); and
- the *Rapport financier annuel* 2016 in French language of the Issuer filed with the AMF, which includes the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2016 and the related statutory auditors' report (the "**2016 Financial Report**");

which have been previously published or are published simultaneously with this Base Prospectus and shall be incorporated in, and form part of, this Base Prospectus.

Such information shall be deemed to be incorporated in, and form part of this Base Prospectus, save that any statement contained in the information which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

This Base Prospectus, the 2015 Financial Report and the 2016 Financial Report will be available on the websites of the Issuer (www.sfil.fr) and the AMF (www.amf-france.org). The Final Terms related to the Notes admitted to trading on any Regulated Market in the EEA will be published on the website of the AMF at (www.amf-france.org). This Base Prospectus, the 2015 Financial Report and the 2016 Financial Report will also be available during usual business hours on any weekday (except Saturdays, Sundays and public holidays) for inspection and collection free of charge, at the specified office of the Fiscal Agent so long as any of the Notes are outstanding.

The free English translations of the 2015 Financial Report and the 2016 Financial Report are available on, and may be obtained without charge from, the website of the Issuer (www.sfil.fr).

For the purposes of the Prospectus Directive, the information incorporated by reference in this Base Prospectus is set out in the following cross-reference table:

| Annex XI of the European Regulation 809/2004/EC of 29 April 2004 | Page / Paragraph |
|--|-------------------------|
| 8. PROFIT FORECASTS OR ESTIMATES | |
| If an issuer chooses to include a profit forecast or a profit estimate the registration document must contain the information items 8.1 and 8.2: | |
| 8.1 A statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate. There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; be readily understandable by investors; be specific and precise; and not relate to the general accuracy of the estimates underlying the forecast. | N/A |
| 8.2 A report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors the forecast or estimate has been properly compiled on the basis stated and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the issuer. | N/A |
| 8.3 The profit forecast or estimate must be prepared on a basis comparable with the historical financial information. | N/A |

| 11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES | Pages of the 2016 Financial Report | Pages of the 2015 Financial Report |
|---|--|---|
| <p><u>11.1 Historical Financial Information</u></p> <p>Audited historical financial information covering the latest 2 financial years</p> <p>the consolidated balance sheet</p> <p>the income statement;</p> <p>Statement of net profit and gains and losses recognised directly in equity capital;</p> <p>Statement of changes in equity capital;</p> <p>Cash Flow statement;</p> <p>Notes to the consolidated financial statements.</p> | <p>p.65</p> <p>p.66</p> <p>p.66</p> <p>p.67</p> <p>p.68</p> <p>p.69 to 100</p> | <p>p.51</p> <p>p.52</p> <p>p.52</p> <p>p.53</p> <p>p.54</p> <p>p.55 to 86</p> |
| <p><u>11.2 Financial statements</u></p> <p>If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.</p> | <p>p.65 to 100</p> | <p>p.51 to 86</p> |
| <p><u>11.3 Auditing of historical annual financial information</u></p> <p>A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.</p> <p>An indication of other information in the registration document which has been audited by the auditors.</p> | <p>p.101 and 120</p> <p>p.62 and 123 to 126</p> | <p>p. 87 and 108</p> <p>p.87 and 108</p> |
| <p>Where financial data in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is unaudited.</p> | <p>N/A</p> | <p>N/A</p> |
| <p><u>11.4 Age of latest financial information</u></p> | | |
| <p>The last year of audited financial information may not be older than 18 months from the date of the registration document.</p> | <p>p.103 to 119 of the 2016 Financial Report</p> | |
| <p><u>11.5 Interim and other financial information</u></p> | | |
| <p>If the issuer has published quarterly or half yearly financial information since the date of its last audited financial statements, these must be included in the registration document. If the quarterly or half yearly financial information has been reviewed or audited the audit or review report must also be included. If the quarterly or half yearly financial information is unaudited or has not been reviewed state that fact.</p> | <p>N/A</p> | |
| <p>If the registration document is dated more than nine months after the end of the last audited financial year, it must contain interim financial information, covering at least the first six months of the financial year. If the interim financial information is unaudited state that- fact.</p> | <p>N/A</p> | |
| <p>The interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the years end balance sheet.</p> | | |

Any information not listed in the cross-reference list but included in the documents incorporated by reference is given for information purposes only.”

DESCRIPTION OF THE ISSUER

The section entitled “**Description of the Issuer**” on pages 116 to 129 of the Base Prospectus is amended as follow:

- 1) The last four paragraphs below the heading “**(i) Refinancing of local public sector loans**” and immediately above the heading “**(ii) Partnership with La Banque Postale and servicing and financing provided to Caisse Française de Financement Local**” are deleted in their entirety and replaced by the following:

“In 2013 and 2014, SFIL, altogether with La Banque Postale, was a significant lender to the French local public sector with 3.3 billion Euros in 2013 and 4.1 billion Euros in 2014. In 2015, SFIL continued to play a major role as lender to the French local public sector and increased its activity with over 5 billion Euros in new loans.

In 2016, 4.0 billion Euros in new loans have been granted by SFIL and La Banque Postale to the French local public sector entities.

Since the creation of SFIL in 2013, new loans are granted exclusively to French local public sector borrowers. Through its subsidiary Caisse Française de Financement Local, SFIL also holds loans and bonds to public sector entities that were originated before 2013 with non-French counterparts. As of 31 Decembre 2016, 84% of the assets of SFIL, measured by principal amount, are assets with French counterparts, 9% with Italian, 2% with Swiss counterparts, 1% with British and 4% with other countries.

During 2016, 97% of the recurring net banking income of SFIL comes from interest income on public sector assets.”

- 2) The fourth paragraph below the heading “**(ii) Partnership with La Banque Postale and servicing and financing provided to Caisse Française de Financement Local**” is deleted in its entirety and replaced by the following:

“During 2016, 3% of the recurring net banking income of SFIL on a consolidated basis consisted of fees earned for the services provided to La Banque Postale.”

- 3) The paragraphs below the heading “**(iv). Sensitivity reduction**” are deleted in their entirety and replaced by the following:

“Through its subsidiary Caisse Française de Financement Local, SFIL holds structured loans considered as sensitive that were granted to French customers of Dexia Credit Local. Certain of these customers initiated legal proceedings against Dexia Credit Local, Caisse Française de Financement Local and/or SFIL.

The policy applied by SFIL since its creation at the beginning of 2013 made it possible to effect a significant reduction in the size of the portfolio of sensitive structured loans.

Two support funds created by the French government in 2013 and 2014 allow local authorities and public hospitals eligible for this arrangement to finance the cost of doing away with their structured loans. These funds were fully operational as of 2015. In the second half of 2015, notifications of the amounts of assistance provided by the funds began to be sent to local authorities and public hospitals that had requested such help. This made it possible to maintain a sustained pace of sensitivity reduction and resulted in a major decrease in the number of law suits.

1.6 billion Euros of sensitive structured loans were transformed into fixed rate loans in 2016, compared with 1.7 billion Euros in 2015, via 198 operations, (250 operations in 2015). 156 borrowers reported the complete elimination of sensitive loans(versus 223 previous year).

Operations to reduce loan sensitivity were accompanied by the setup of new loans for a total of 0.5 billion Euros in 2016.

Looking forward to the end of 2017 and taking into account EUR 0.7 billion that represents outstanding loans for which the customers chose to maintain their sensitive loan temporarily, while having the option of receiving aid from the local government support fund if the structured component of their loan becomes activated (system for helping pay interest at a degraded rate provided for by the support fund doctrine), and only taking into account the sensitivity reduction operations undertaken before 31 December 2016, the outstanding amount of SFIL's sensitive structured loans will have decreased by at least 84% compared with the amount recorded when SFIL was created. The initial inventory of 8.5 billion Euros in sensitive loans will be pushed down to a maximum of 1.4 billion Euros at the end of 2017.

Lastly, 181 borrowers cancelled their litigation proceedings. On 31 December 2016, there were 39 proceedings before the courts.”

- 4) The paragraphs below the heading “**2.3. Recent Evolutions**” are deleted in their entirety and replaced by the following:

“We present below three key figures of SFIL as of 31 December 2016:

- SFIL had 78.9 billion Euros consolidated balance sheet assets;
- SFIL had a CET1 Ratio of 24.2% (Basel III phased-in); and
- 362 employees were working for SFIL.

During 2016, SFIL fully accomplished its fundamental missions, which involve (i) refinancing, via its subsidiary Caisse Française de Financement Local, loans granted by La Banque Postale to eligible local authorities and public healthcare facilities, (ii) supplying specialized services to La Banque Postale and Caisse Française de Financement Local, (iii) implementing a policy to reduce the sensitivity of the portfolio of structured loans, and (iv) refinancing major export contracts.

SFIL successfully issued in October 2016 a first Euro benchmark transaction for Eur 1.0 billion. This transaction confirmed the establishment of SFIL as a new issuer in the French agency segment. This positioning was also confirmed in January 2017 with SFIL being added in the list of European agencies that are bought by the European Central Bank for its Public Sector Purchase Program (PSPP).”

- 5) The paragraphs below the heading “**6. Legal and Arbitration Proceedings**” are deleted in their entirety and replaced by the following:

“As of 31 December 2016, three court cases were pending before the Cour d’appel de Versailles. At the same time, 178 borrowers who had raised claims before the courts reached a settlement agreement with SFIL, Caisse Française de Financement Local and Dexia Credit Local, thereby putting an end to their litigation.

The amounts of specific and collective impairments (which amount EUR 106 million as of 31 December 2016 take into account an estimation of this risk and the support from the funds these borrowers could benefit from.”

RECENT DEVELOPMENTS

The paragraph of the section entitled “**Recent Developments**” on page 130 of the Base Prospectus shall be deleted and replaced as follows:

“The number of clients who sued Dexia Crédit Local and/or SFIL and/or Caisse Française de Financement Local for loans on the balance sheet of Caisse Française de Financement Local stood at 38 on 29 March 2017, compared with 131 on 31 December 2015.”

GENERAL INFORMATION

The section “**General Information**” on page 202 to 203 of the Base Prospectus is amended as follows:

- 1) The paragraph under the heading “**4. Significant change**” shall be deleted and replaced as follows:

“There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2016 (being the date of its last published audited consolidated financial statements).”;

- 2) The paragraph under the heading “**5. Material adverse change**” shall be deleted and replaced as follows:

“There has been no material adverse change in the prospects of the Issuer since 31 December 2016 (being the date of its last published audited consolidated financial statements).”;

- 3) Item (v) under the heading “**7. Documents available**” shall be deleted and replaced as follows:

“(v) the annual audited consolidated financial statements of the Issuer for the financial years ended 31 December 2015 and 2016.”; and

- 4) The paragraph under the heading “**8. Auditors**” shall be deleted and replaced as follows:

Mazars (Exaltis – 61, rue Henri Regnault, 92075 La Défense, France) and Deloitte & Associés (185, avenue Charles de Gaulle, 92524 Neuilly-sur-Seine, France) have audited and rendered an unqualified audit report on the consolidated financial statements of the Issuer for the year ended 31 December 2015 and on the consolidated financial statements of the Issuer for the year ended 31 December 2016. The French auditors carry out their duties in accordance with the principles of *Compagnie Nationale des Commissaires aux Comptes* (CNCC).

PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE FIRST SUPPLEMENT

I hereby certify, having taken all reasonable care to ensure that such is the case, that, to the best of my knowledge, the information contained in this First Supplement is in accordance with the facts and contains no omission likely to affect its import.

SFIL

1-3, rue du Passeur de Boulogne
92130 Issy-les-Moulineaux
France

Represented by Philippe Mills
Président Directeur Général (Chairman of the Board of Directors and Managing Director)

Dated 13 April 2017



Autorité des marchés financiers

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (“AMF”), in particular Articles 212-31 to 212-33, the AMF has granted to this First Supplement the visa no. 17-163 on 13 April 2017. This document and the Base Prospectus may only be used for the purposes of a financial transaction if completed by Final Terms. It was prepared by the Issuer and its signatories assume responsibility for it.

In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has approved the appropriateness of the transaction or authenticated the accounting and financial information presented herein.

This visa has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.