

Negotiable Medium Term Notes
(Negotiable European Medium Term Notes - NEU MTN-)¹
Not guaranteed programme
Information Memorandum

Name of the Programme:	SFIL, NEU MTN
Name of the Issuer:	SFIL
Type of Programme:	NEU MTN
Programme size:	EUR 500,000,000
Guarantor	None
Rating(s) of the Programme:	Not rated
Arranger:	SFIL
Issuing and Paying Agent:	NATIXIS
Dealers:	BNP Paribas, Crédit Agricole Corporate And Investment Bank, Natixis, Société Générale, BRED Banque Populaire, ING BANK N.V
Date of the Information Memorandum	21 July 2017
Update by Amendment (if appropriate)	None / Sans objet

Drawn up pursuant to articles L 213-1A to L 213-4-1 of the French monetary and financial code

A copy of the information memorandum is sent to :

BANQUE DE FRANCE
Direction générale de la stabilité financière et des opérations (DGSO)
Direction de la mise en œuvre de la politique monétaire (DMPM)
21-1134 Service des Titres de Créances Négociables (STCN)
39, rue Croix des Petits Champs
75049 PARIS CEDEX 01

Avertissement : cette documentation financière étant rédigée dans une langue usuelle en matière financière autre que le français, l'émetteur invite l'investisseur, le cas échéant, à recourir à une traduction en français de cette documentation.

Translation :

Warning : as this information memorandum is issued in a customary language in the financial sphere other than French, the issuer invites the investor, when appropriate, to resort to a French translation of this documentation.

The Banque de France invites investors to read the general terms and conditions for the use of information related to negotiable debt securities :

<https://www.banque-france.fr/en/monetary-policy/monitoring-and-development-market-financing/commercial-paper-and-medium-term-note-market-neu-cp-neu-mtn>

¹ Trade name of the notes defined in article D.213-1 of the French monetary and financial code

I. DESCRIPTION OF THE ISSUANCE PROGRAMME

Articles D. 213-9, 1° and D. 213-11 of the French *monetary and financial code* and Article 6 of the Order of 30 May 2016 and all subsequent amendments.

1.1 Name of the Programme: **SFIL, NEU MTN**

1.2 Type of programme: NEU MTN

1.3 Name of the Issuer: SFIL

1.4 Type of Issuer: Financial Institution (credit institution)

1.5 Purpose of the Programme

In order to meet the general Corporate purposes of SFIL (the "Issuer") and its subsidiary, the Issuer will issue from time to time NEU MTN

1.6 Programme size (maximum outstanding amount) in Euro:

The maximum outstanding amount of NEU MTN issued under the Programme shall be Euro 500,000,000 or its equivalent value at the date of issue in any other authorized currencies.

1.7 Form of the notes:

The NEU MTN are Negotiable Debt Securities issued in bearer form and recorded in the books of authorised intermediaries (book entry system) in accordance with applicable French laws and regulations.

1.8 Yield basis:

The remuneration of the NEU MTN is unrestricted.

However, the Issuer commits himself informing the *Banque de France* when remuneration is related to an index or varies pursuant to a clause of adjustment which does not relate to a usual rate of the interbank market, monetary or bond.

The Program also allows the *issuance of NEU MTN whose* remuneration can be related to a formula of indexing which does not guarantee the refunding of the capital in their term, including when a credit event occurs.

The confirmation of the Issuer relative to such an issue will explicitly mention the formula of refunding and the fact that part or all of the capital of the NEU MTN *whose* issued under this Programme is not guaranteed.

The NEU MTN may be issued at par or a price other than par, and may comprise a redemption premium. They may also be issued under the form a of zero coupon or provide for a single coupon.

In the case of an issue of NEU MTN embedding a possibility of early redemption, extension or repurchase, the conditions of remuneration of such Medium term notes

will be set out when the said Medium term notes will be initially issued and shall not be further modified, including when such extension or repurchase will be exercised.

1.9

Currencies of issues :

The NEU MTN are issued in Euro or in any other currency authorized by laws and regulations in force in France at the time of the issue

1.10

Maturity :

The term (maturity date) of the NEU MTN shall be determined in accordance with laws and regulations applicable in France, which imply that, at the date hereof, the term of the NEU MTN shall not be shorter than one year (365 days or 366 days in a leap year). The NEU MTN may be redeemed before maturity in accordance with the laws and regulations applicable in France.

The NEU MTN issued under the Programme may carry one or more embedded possibility(ies) of extension of the term (hold by either the Issuer or the holder, or linked to one or several events not related to either the Issuer or the holder).

The NEU MTN issued under the Programme may also carry one or more embedded possibility(ies) of repurchase before the term (hold by either the Issuer or the holder, or linked to one or several events not related to either the Issuer or the holder).

A possibility of early redemption, extension or repurchase of the Medium-term notes, if any, shall be explicitly specified in the confirmation form of any related issuance of Medium-term notes.

In any case, the overall maturity of any NEU MTN embedded with one or several of such clauses, shall always - all possibilities of early redemption, extension or repurchase included - conforms to laws and regulations in force in France at the time of the issue.

1.11

Minimum issuance amount:

The NEU MTN shall be issued for a nominal amount at least equal to Euro 200,000 or its equivalent in other currencies at the date of issue.

1.12

Minimum denomination of the notes:

By virtue of regulation (Article D 213-11 of the French monetary and financial code), the legal minimum face value of the commercial paper within the framework of this programme is 200 000 euros or the equivalent in the currencies selected at the time of issuance.

1.13

Status of the notes:

The NEU MTN shall constitute direct, unsecured and unsubordinated obligations of the Issuer, ranking at least *pari passu* with all other current and future direct, unsecured, unguaranteed and unsubordinated indebtedness of the Issuer.

1.14

Governing law that applies to the Programme :

The NEU MTN issued under the Programme shall be governed and construed under accordance with French law.

All potential disputes related to the issuance of the NEU MTN shall be governed and construed according to French law.

1.15

Listing of the Notes/Admission to trading on a regulated market:

Yes, All, or part only, of the NEU MTN issued under the Programme may be admitted to trading on Euronext Paris in accordance with Directive 2003/71/EC of the European Parliament and of the Council dated 4 november 2003. You can verify whether an issue of NEU MTN is admitted to trading on Euronext Paris on the website of Euronext Paris (<https://www.euronext.com/>).

1.16 Settlement system:

The NEU MTN will be issued in Euroclear France.

1.17 Rating of the Programme:

Not rated

1.18 Guarantor :

None

1.19 Issuing and Paying Agent (IPA):

The Issuer has appointed NATIXIS as its Issuing and Paying Agent in relation to the Programme.

1.20 Arranger :

SFIL

1.21 Placement method

The NEU MTN will be placed by the following Dealers: BNP Paribas, Credit Agricole Corporate & Investment Bank, Natixis, BRED Banque Populaire, ING BANK N.V and Société Générale.

The Issuer may however elect to replace the Dealers or appoint other Dealers; an updated list of such Dealers shall be disclosed to investors upon request to the Issuer.

1.22 Selling Restrictions:

General selling restrictions

The Issuer, each Dealer, any initial subscriber or any further holder of the NEU MTN issued under the Programme shall not take any action that would allow a public offering of the NEU MTN or the possession or distribution of the Information Memorandum or any other document relating to the NEU MTN in any jurisdiction where it is unlawful for such documents to be distributed and shall not offer, sell or deliver, whether directly or indirectly, the NEU MTN in any jurisdiction where such action is unlawful.

The Issuer, each Dealer, any initial subscriber has agreed, and any further holder of the NEU MTN will be deemed to have represented and agreed on the date on which he purchases the Medium-term notes, to comply with all applicable laws and regulations in force in the jurisdiction in which it offers or sells the NEU MTN or hold or distribute the Information Memorandum and to obtain any consent, approval or permission required for the offer or sale by it of NEU MTN under the laws and regulations in force in any jurisdiction to which it is subject or in which it will make such offers or sales and neither the Issuer, nor any Dealer nor any subscriber nor any initial subscriber nor any further holder shall have responsibility therefore or in respect thereof.

France

The Issuer, each Dealer, any initial subscriber has represented and agreed, and any further holder of the NEU MTN will be deemed to have represented and agreed on the date on which he purchases the Medium-term notes, *to comply with applicable laws and regulations in force regarding the offer, the placement or the re-sale of the NEU MTN or the distribution of documents with respect thereto, in France*

United States

The NEU MTN have not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), or any other laws or regulations of any state of the United States of America, and may not be offered or sold within the United States of America, or to, or for the account or benefit of, U.S. persons (as defined in accordance with Regulation S under the Securities Act).

Any initial subscriber, any Dealer and any further holder of the NEU MTN has represented and agreed, that it has not offered, sold, or delivered, and will not offer, sell or deliver, whether directly or indirectly, any NEU MTN within the United States of America or to, or for the account or benefit of, any U.S. person (i) as part of their distribution at any time and (ii) otherwise until the day immediately following 40 days after the later of (y) the day on which such NEU MTN are offered and (z) the issue date of such NEU MTN (the "Distribution Compliance Period"). In addition, until 40 days after the commencement of the offering of the Medium-term notes, an offer or sale of NEU MTN within the United States by an initial subscriber or any further holder of the Medium-term notes, whether or not participating in the offering, may violate the registration requirements of the Securities Act.

Any initial subscriber, any Dealer and any further holder of the NEU MTN has also agreed that it will send to each distributor, initial subscriber or person to which it sells NEU MTN during the 40-day period (as referred to here above) a notice setting out the selling and offering restrictions of the NEU MTN in the United States of America or to, or for the account or benefit of, US persons.

The NEU MTN will be offered and sold only outside the United States to persons other than US persons (as defined in accordance with Regulation S under the Securities Act).

1.23 Taxation:

The Issuer is not bound to indemnify any holder of the NEU MTN in case of taxes which are payable under French law or any other foreign law in respect of the principal of, or the interest on the Medium-term notes, except for any stamp or registration taxes payable by the Issuer under French law.

1.24 Involvement of national authorities :

Banque de France

1.25 Contact details of the person in charge of the programme:

The person in charge of the Programme :

Gonzague Veillas
Head of Funding and Treasury
SFIL
1-3 rue du passeur de Boulogne
92130 Issy les Moulineaux - France
Tél : + 33.(0)1.30.13.39.09
mail address : gonzague.veillas@sfil.fr

The person in charge of the update of the Programme is :
Legal Department- Capital Market
SFIL

1-3 rue du passeur de Boulogne
92130 Issy les Moulineaux – France
Tél : + 33.(0)1.73.28.86.91/+ 33.(0)1.73.28.89.77
Mail address : DJMF@SFIL.FR

1.26 Additional information on the Programme:

Optionnal²

1.27 Language of the information memorandum which prevails

The English language shall prevail.

² Optionnal : information not required by French regulation

II. DESCRIPTION OF THE ISSUER

Article D. 213-9, 2° of the French *monetary and financial code* and Article 7, 3° of the Order of 30 May 2016 and subsequent amendments

2.1 Legal name: SFIL

2.2 Legal form/status, governing law of the issuer and competent:

SFIL is a limited liability company (*société anonyme*) with a Board of Directors, as governed by the French Code de Commerce, the French *Monetary and Financial Code* and the French law n° 83-675 dated July, 26, 1983 (*démocratisation du secteur public*).

Any action against the Issuer may be brought before any competent court in the department of Hauts-de-Seine, France.

2.3 Date of incorporation:

29/12/1999

2.4 Registered office or equivalent and main administrative office :

SFIL

1-3, rue du Passeur de Boulogne

92130 Issy-les-Moulineaux, France

Phone : +33 (1) 73 28 90 90

2.5 Registration number, place of registration :

The company is registered in the *Registre du Commerce et des Sociétés* de Nanterre with Registration Number 428 782 585

2.6 Issuer's mission summary:

The company is a credit institution, licensed by the Autorité de Contrôle Prudentiel and which purpose is to perform, on a regular basis, any banking operations within the meaning of article L-311-1 of the French *Monetary and Financial Code* , and this in connection with the granting of credits to the French local public sector.

In order to reach its purpose, the company will be able, within the framework of conditions laid out by the current French banking and financial regulation, to procure all adequate resources.

2.7 Brief description of current activities:

SFIL carries out four missions:

- refinancing, within a strictly defined framework, loans initially

granted by La Banque Postale to eligible French local governments and public hospitals(1) via the issue of obligations foncières by Caisse Française de Financement Local (CAFFIL);

- refinancing large export credit contracts;
- providing specialized services rendered by SFIL to La Banque Postale and CAFFIL

allowing for the proper operation of the scheme;

- reducing the sensitivity of certain structured loans contained in the assets on the balance sheet of CAFFIL, in line with the objectives defined by the State in terms of the management of public finances and respecting SFIL's strategic interests

Detailed information about the Issuer's business activity can be found on pages 8 to 10 of the 2016 Financial Report of SFIL.

Capital: As at the date hereof, SFIL's issued share capital amounts to 130,000,150 euros divided into 9 285 725 shares of 14 euros of nominal value. The shares are divided into two categories:

2.8

- 7 428 580 ordinary shares, and
- 1 857 145 preference shares issued pursuant to the provisions of Articles L. 228-11 of the French Code de Commerce whose rights and obligations are set out in the Articles of Association of SFIL

2.8.1 Amount of capital subscribed and fully paid:

The capital is fully paid-up

2.8.2 Amount of capital subscribed and not fully paid-up:

Not applicable

2.9 List of main shareholders:

As at the date hereof, the shareholders of SFIL are:

- The French Government, through the Agence des Participations de l'Etat, up to 75%, i.e. 6 964 293 ordinary shares,
- Caisse des Dépôts et Consignations, up to 20%, i.e. 1 857 145 preference shares, and
- La Banque Postale, up to 5%, i.e. 464 287 ordinary shares.

2.10 Regulated markets on which the shares or debt securities of the issuer are listed:

The shares of SFIL are not listed on any Stock Exchange.

Notes under Euro Medium Term Notes Programme are listed on Euronext Paris

2.11 Composition of governing bodies and supervisory bodies

SFIL is managed by

Chantal Lory, *Présidente du Conseil d'Administration*
Philippe Mills, *Directeur Général*
François Laugier, *Directeur Général Adjoint*

The following Board of Directors:

Chantal Lory, *Présidente du Conseil d'Administration*
Philippe Mills, *Directeur Général*
Jean-Pierre Balligand
Serge Bayard
Catherine Boyaval
Pascal Cardineaud
Delphine de Chaisemartin
Lorraine Coudel
Patrick Galland
Frederic Guillemin
Catherine (Cathy) Kopp
L'Etat représenté par Jérôme Reboul

Françoise de Panafieu
Antoine Saintoyant
Pierre Sorbets

2.12 Accounting method for consolidated accounts(or failing that, for the annual accounts)::

SFIL's consolidated financial statements have been prepared in accordance with all IFRS regulations published and endorsed by the EU up to the accounts closing.

The consolidated financial statements are stated in millions of euros (EUR) unless otherwise specified. They are compliant with CNC Recommendation 2009 R04 published on July 2, 2009.

2.13 Accounting year:

Starting on 1/01, ending on 31/12

2.13.1 Date of the annual shareholders meeting which has ruled the accounts of the previous year:

31/05/2017

2.14 Fiscal year

Starting on 1/01, ending on 31/12.

2.15 Auditors of the Issuer, who have audited the Issuer's annual accounts

2.A.15.1 Auditors

Principal Statutory Auditors :

MAZARS

Exaltis - 61 rue Henri Regnault
92075 La Défense Cedex
Represented by
Virginie Chauvin, Associée
Anne Veaute, Associée

DELOITTE & ASSOCIES

185, Avenue Charles de Gaulle
92524 Neuilly-sur-Seine
Represented by
José-Luis Garcia, Associé
Charlotte Vandeputte, Associée

Substitute Statutory Auditors :

Franck Boyer, Associé

BEAS

Represented by Mireille Berthelot,
Associée

2.A.15.2 Auditors report on the accuracy of the accounting and

financial information

The 2015 financial statements of SFIL have been certified by the statutory auditors on 30 March 2016.

The report of the statutory auditors on the 2015 financial statements can be found on page 108 of the 2015 Financial Report of SFIL.

The 2015 consolidated financial statements of SFIL have been certified by the statutory auditors on 30 March 2016.

The report of the statutory auditors on the 2014 consolidated financial statements can be found on page 87 of the 2014 Financial Report of SFIL.

The 2016 financial statements of SFIL have been certified by the statutory auditors on 29 March 2017.

The report of the statutory auditors on the 2016 financial statements can be found on page 120 of the 2016 Financial Report of SFIL.

The 2016 consolidated financial statements of SFIL have been certified by the statutory auditors on 29 March 2017

The report of the statutory auditors on the 2016 consolidated financial statements can be found on page 100 of the 2016 Financial Report of SFIL.

2.16 Other equivalent programmes of the Issuer

A Euro Medium Term Notes ("EMTN") Programme established on 27th September 2016 for a maximum global amount of EUR 5 billion.

2.17 Ratings of the Issuer

Rated.

The Issuer is rated by the following rating agencies: Moody's, Standard & Poor's and Fitch.

2.18 Additional information on the Issuer

As of December 31, 2016, 178 borrowers signed a financial settlement agreement with SFIL, Caisse Française de Financement Local and Dexia Credit Local, thereby putting an end to legal litigation.

At the same time, the number of borrowers who had brought lawsuits totalled 39, down from 131 as of December 31, 2015 and 210 as of December 31, 2014. Among these 39 suits, 9 cases have been tried in first instance

- the calculation and sensitivity limit for net present value using time bucket, by distinguishing four buckets of distinct risks on the yield curve in order to limit risk between points far from one another on the curve within each bucket;

- the calculation and absolute value sensitivity limit for net present value using time buckets, by distinguishing four buckets of distinct risks on the yield curve in order to limit risk between points far from one another

on the curve within each bucket. CAFFIL's limits Directional interest rate risk Total sensitivity < EUR 25 million Sloping risk Time bucket sensitivity < EUR 10 million Time bucket sensitivity in present value < EUR 20 million

- For the parent company SFIL, the limit is expressed on the fixed rate gap, and it is null reflecting its strategy of perfect micro-hedge management. Note should be taken that all of these indicators are currently calculated from a static viewpoint.

- As concerns the basis risk linked to a possible difference in the backing of uses and resources indexed on Euribor but on different periods, monitoring at this stage is limited to index gaps.

Liquidity risk can be defined as the risk that the institution may not be able to find

the necessary liquidity to cover the financing needs related to its activity.

In terms of liquidity, the SFIL Group's activity is centered almost entirely on the management of its subsidiary CAFFIL, a société de crédit foncier.

As a result, the Group's requirements are mainly of three types:

- financing of assets (EUR 47 billion in loans, EUR 7.5 billion in securities, and 3.7 billion in cash deposited with the Banque de France) on CAFFIL's balance sheet to cover the obligations foncières it issues;
- financing of liquidity needs related to respect of regulatory ratios and over-collateralization required by the rating agencies for CAFFIL;
- financing of the cash collateral of hedging derivatives intermediated by SFIL between CAFFIL and the market (EUR 1.7 billion, i.e. EUR 2.3 billion of cash collateral paid and 0.6 billion of cash collateral received).

The sources of financing used, other than the entity's equity (EUR 1.4 billion), are as follows:

- privileged debt, i.e. the obligations foncières issued by CAFFIL (EUR 50.4 billion) and cash collateral received by CAFFIL (EUR 1.3 billion);
- the credit agreements signed in 2013 between SFIL and its shareholders: the financing provided by Caisse des dépôts et consignations and LBP totalled EUR 6.8 billion as of December 31, 2016;
- the short-term debt securities issued by SFIL totaling EUR 0.6 billion as of December 31, 2016;
- the EMTN issued by SFIL since October 2016 totalling EUR 1 billion as of December 31, 2016.

In addition, the SFIL Group has a large number of assets held by CAFFIL, which are directly eligible for refinancing by the central bank. These securities can be made available through European Central Bank refinancing opera-Management report I 1 Consolidated financial statements in accordance with IFRS Annual financial statements in accordance with French GAAP Shareholders' Meeting General information May 31, 2017 and 5 were judged in the court of appeals. All of these rulings dismissed all the claims of the borrowers except for one case concerning a vanilla loan which gave rise to the in solidum conviction of Dexia Credit Local and Caisse Française de Financement Local, which appealed the decision.

In order to find a permanent and comprehensive solution for the problem of the most sensitive structured loans contracted by French local governments and public hospitals, the French State took the following measures:

- support funds for local governments and other public sector entities endowed with EUR 3.0 billion for 15 years maximum: between September 2015 and late April 2016, a nationwide service was provided to the governments, which submitted an application to the support fund with notifications of assistance. The borrowers have three months to come to an agreement after receiving notification; and
- support funds for public hospitals endowed with EUR 400 million for 10 years.

In this context, 2016 was characterized by maintaining a high level of activities:

- 198 operations to reduce loan sensitivity (156 customers with loan sensitivity entirely eliminated) in 2016, versus 250 operations (223 customers with loan sensitivity entirely eliminated) in 2015;
- the volume of loans with reduced sensitivity stood at EUR 1.6 billion in 2016, compared with EUR 1.7 billion in 2015.

The number of lawsuits has significantly dropped. As of December 31, 2016, there remained 39 customers who had brought suit against one or more structured loan agreements from CAFFIL. Thus, since the creation of SFIL, a negotiated settlement has been found with 181 borrowers. Based on the transactions completed as of December 31, 2016, after deduction of outstanding loans, for which the customers chose to keep the sensitive loan temporarily while still having the possibility of receiving assistance from the fund in the event the structured component of their loan would become active (assistance in paying lower interest rates provided for by the support fund), sensitive outstanding assets at the end of 2017 should stand at EUR 1.4 billion maximum (a decrease of more than EUR 7 billion since December 31, 2012, i.e. 84%) for 236 customers (a decrease of 73%). Finally, 91 % of the borrowers who initially had outstanding assets in EUR/CHF do not have them anymore.

Therefore, SFIL successfully realized its sensitivity reduction operation within the limited timeframe imposed by the two schemes (funds for local governments and other public sector entities and support funds of public hospitals for the securitisation of their outstanding assets).

III	CERTIFICATION OF INFORMATION FOR THE ISSUER
	Article D. 213-9, 4° of the French monetary and financial code and subsequent amendments .
3.1	Person responsible for the <i>Information Memorandum</i> concerning the NEU MTN
3.2	Declaration of the person responsible for the <i>Information Memorandum</i> concerning the NEU MTN To my knowledge, the information contained in this Information Memorandum, including the French summary, is accurate and precise and does not contain misrepresentation which would make it misleading
3.3	 Mr. Philippe Mills Chief Executive Officer Executed in Issy les Moulineaux, on 21 July 2017

APPENDICES

APPENDIX I Rating of the programme

None

APPENDIX II Documents available to the shareholders annual general meeting or the equivalent body³.

SFIL 2016 Financial Report: <http://sfil.fr/en/infos-financieres/publications/>

SFIL 2015 Financial Report: <http://sfil.fr/en/infos-financieres/publications/>

APPENDIX III Amendment, if appropriate, under electronic and paper form (signed)

None

³ Further to articles D.213-9 of the French monetary and financial code and L.232-23 of the French commercial code, financial information mentioned in Article D213-9 of the French monetary and financial code should be made available to any person upon request.