MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of the manufacturers' product approval process, the target market assessment in respect of the *Obligations Foncières*, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018, has led to the conclusion that: (i) the target market for the *Obligations Foncières* is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**") and (ii) all channels for distribution of the *Obligations Foncières* to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the *Obligations Foncières* (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the *Obligations Foncières* (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Final Terms dated 17 May 2018

CAISSE FRANÇAISE DE FINANCEMENT LOCAL
(the "Issuer")

Euro 75,000,000,000
Euro Medium Term Note Programme
for the issue of *Obligations Foncières*
Due from one month from the date of the original issue

SERIES NO: 2016-2
TRANCHE NO: 2

Euro 150,000,000 1.50 per cent. *Obligations Foncières* due 13 January 2031
to be assimilated (*assimilées*) and form a single series with the existing Euro 500,000,000 1.50 per cent. *Obligations Foncières* due 13 January 2031 issued on 13 January 2016

Issue Price: 101.976 per cent. of the Aggregate Nominal Amount of the Tranche plus an mount corresponding to accrued interest at a rate of 0.530136986 per cent. of such Aggregate Nominal Amount for the period from and including 13 January 2018 to but excluding 22 May 2018

Manager

BANCO SANTANDER, S.A.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**"), which are the 2015 EMTN Previous Conditions which are incorporated by reference in the Base Prospectus dated 9 June 2017.

This document constitutes the Final Terms of the *Obligations Foncières* described herein for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 9 June 2017 which received visa n°17-267 from the *Autorité des marchés financiers* (the "**AMF**") on 9 June 2017 and the supplements to the Base Prospectus dated 8 September 2017 and 10 April 2018 which received respectively visa n°17-467 from the AMF on 8 September 2017 and visa n°18-125 from the AMF on 10 April 2018 (the "**Supplements**") which together constitute a base prospectus for the purposes of the Prospectus Directive, including the 2015 EMTN Previous Conditions which are incorporated by reference in the Base Prospectus. Full information on the Issuer and the offer of the *Obligations Foncières* is only available on the basis of the combination of these Final Terms, the 2015 EMTN Previous Conditions, the Base Prospectus dated 9 June 2017 as so supplemented. The Base Prospectus is available for viewing at the office of the Fiscal Agent or each of the Paying Agents and on the website of the AMF (www.amf-france.org), on the website of the Issuer (www.caffil.fr) and copies may be obtained from Caisse Française de Financement Local, 1 à 3, rue du Passeur de Boulogne, 92 130 Issy-les-Moulineaux, France.

1	Issuer:		Caisse Française de Financement Local
2	(i)	Series Number:	2016-2
	(ii)	Tranche Number:	2
	(iii)	Date on which the *Obligations Foncières* become fungible	The *Obligations Foncières* will be assimilated (*assimilées*) and form a single series with the existing Euro 500,000,000 1.50 per cent. *Obligations Foncières* due 13 January 2031 issued by the Issuer on 13 January 2016 (the "**Existing *Obligations Foncières***") as from the Issue Date of this Tranche.
3	Specified Currency or Currencies:		Euro ("**€**")
4	Aggregate Nominal Amount:		
	(i)	Series:	€650,000,000
	(ii)	Tranche:	€150,000,000
5	Issue Price:		101.976 per cent. of the Aggregate Nominal Amount of the Tranche plus an amount corresponding to accrued interest at a rate of 0.530136986 per cent. of such Aggregate Nominal Amount for the period from and including 13 January 2018 to, but excluding, the Issue Date.
6	Specified Denomination:		€100,000
7	(i)	Issue Date:	22 May 2018
	(ii)	Interest Commencement Date:	13 January 2018

8	Maturity Date:	13 January 2031
9	Interest Basis:	1.50 per cent. per annum Fixed Rate
10	Redemption Basis:	Subject to any purchase and cancellation or early redemption, the *Obligations Foncières* will be redeemed on the Maturity Date at 100 per cent. of their nominal amount
11	Change of Interest Basis:	Not Applicable
12	Call Options:	Not Applicable
13	(i) Status of the *Obligations Foncières*:	*Obligations Foncières*
	(ii) Date of the corporate authorisation for issuance of *Obligations Foncières* obtained:	Decision of the *Directoire* of Caisse Française de Financement Local dated 8 March 2018 authorising the issue of the *Obligations Foncières* up to a maximum amount of EUR 1,000,000,000 for a period of 1 April 2018 until 30 June 2018 and delegating to Mr Gilles Gallerne, Mr Romain Bailly, Mr Patrick Galland and Mr Olivier Eudes the power to decide the terms and conditions of the *Obligations Foncières* and to sign and execute all documents in relation to the issue of the *Obligations Foncières*.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	**Fixed Rate *Obligation Foncière* Provisions**		Applicable
	(i)	Rate of Interest:	1.50 per cent. *per annum* payable annually in arrear
	(ii)	Interest Payment Dates:	13 January in each year commencing on 13 January 2019.
	(iii)	Fixed Coupon Amount:	€1,500 per *Obligation Foncière* in nominal amount
	(iv)	Broken Amount:	Not Applicable
	(v)	Day Count Fraction (Condition 5(a)):	Actual/Actual (ICMA)
	(vi)	Determination Dates (Condition 5(a)):	13 January in each year
	(vii)	Business Day Convention:	Not Applicable
	(viii)	Business Centre(s):	Not Applicable
15	**Floating Rate Provisions**		Not Applicable
16	**Zero Coupon *Obligation Foncière* Provisions**		Not Applicable
17	**Inflation Linked Interest *Obligation Foncière* Provisions**		Not Applicable
18	**Index Formula**		Not Applicable
19	**Underlying Formula**		Not Applicable

20	**CPI Formula**	Not Applicable
21	**HICP Formula**	Not Applicable

PROVISIONS RELATING TO REDEMPTION

22	**Call Option**	Not Applicable
23	**Final Redemption Amount of each *Obligation Foncière***	€100,000 per *Obligation Foncière* of €100,000 Specified Denomination
	Inflation Linked *Obligations Foncières* – Provisions relating to the Final Redemption Amount:	Not Applicable
24	**Early Redemption Amount**	
	Early Redemption for taxation reasons:	Not Applicable
	Inflation Linked *Obligations Foncières* – Provisions relating to the Early Redemption Amount:	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE *OBLIGATIONS FONCIÈRES*

25	Form of *Obligations Foncières:*	Dematerialised *Obligations Foncières*
	(i) Form of Dematerialised *Obligations Foncières:*	Bearer dematerialised form (*au porteur)*
	(ii) Registration Agent:	Not Applicable
	(iii) Temporary Global Certificate:	Not Applicable
	(iv) Applicable TEFRA exemption:	Not Applicable
26	Financial Centre(s) (Condition 7(h)) or other special provisions relating to Payment Dates:	TARGET
	(i) Adjusted Payment Date (Condition 7(h)):	The next following business day
27	Talons for future Coupons to be attached to definitive Materialised *Obligations Foncières* (and dates on which such Talons mature):	Not Applicable
28	Redenomination, renominalisation and reconventioning provisions:	Not Applicable
29	Consolidation provisions:	Not Applicable
30	Representation of holders of *Obligations Foncières Masse* (Condition 10):	Contractual *Masse* shall apply Name and address of the Representative: MASSQUOTE S.A.S.U. RCS 529 065 880 Nanterre 7 bis rue de Neuilly F-92110 Clichy France Mailing address : 33, rue Anna Jacquin 92100 Boulogne Billancourt

France
Represented by its Chairman

Name and address of the alternate Representative:
Gilbert Labachotte
8 Boulevard Jourdan
75014 Paris
France

The Representative will receive a remuneration of €400 (VAT excluded) per year.

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on the Regulated Market of Euronext Paris and on the Regulated Market of the Luxembourg Stock Exchange of the *Obligations Foncières* described herein pursuant to the Euro 75,000,000,000 Euro Medium Term Note Programme of Caisse Française de Financement Local.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

Duly represented by:

Caisse Française de Financement Local
1-3 rue du Passeur de Boulogne
92130 Issy-Les-Moulineaux
Romain Bailly
Directeur Général membre du directoire

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Listing and admission to trading:	Application has been made by the Issuer (or on its behalf) for the *Obligations Foncières* to be admitted to trading on the Regulated Market of Euronext Paris and on the Regulated Market of the Luxembourg Stock Exchange with effect from the Issue Date. The Existing Obligations Foncières are already admitted to trading on the Regulated Market of Euronext Paris and on the Regulated Market of the Luxembourg Stock Exchange.
(ii) Estimate of total expenses related to admission to trading:	€9,750

2. RATINGS

Ratings:	Applicable The *Obligations Foncières* to be issued are expected to be rated: S&P: AA+ Moody's: Aaa Fitch: AA Each of S&P, Moody's and Fitch is established in the European Union and is registered under Regulation (EU) N° 1060/2009 (as amended) (the "**CRA Regulation**"). Each of S&P, Moody's and Fitch is included in the list of credit rating agencies published by the European Security and Markets Authority on its website (www.esma.europa.eu/supervision/credit-rating-agencies/risk).

3. SPECIFIC CONTROLLER

The specific controller (*contrôleur spécifique*) of the Issuer has certified that the value of the assets of the Issuer will be greater than the value of its liabilities benefiting from the *privilège* defined in Article L.513-11 of the French Monetary and Financial Code, after settlement of this issue and of the issues which have been the subject of previous *attestations* and that the coverage ratio of the Issuer is compliant with the minimum overcollateral ratio specified in Article R.513-8 of the French Monetary and Financial Code.

4. NOTIFICATION

The *Autorité des marchés financiers* in France has provided the *Commission de surveillance du secteur financier* with a certificate of approval attesting that the Base Prospectus and the Supplements have been drawn up in accordance with the Prospectus Directive.

5. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Managers in connection with the issue of *Obligations Foncières*, so far as the Issuer is aware, no person involved in the offer of the *Obligations Foncières* has an interest material to the offer. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

6. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) Reasons for the offer:	The net proceeds of the issue of the *Obligations Foncières* will be used for the Issuer's general corporate purposes.
(ii) Estimated net proceeds:	€ 152,964,000 plus accrued interest for the period from 13 January 2018 (inclusive) to the Issue Date (exclusive) in the amount of € 795,205.48 in respect of this Tranche.
(iii) Estimated total expenses:	€9,750

7. YIELD

Indication of yield:	1.329 per cent. *per annum* Calculated as per the ICMA method, which determines the effective interest rate of the *Obligations Foncières* taking into account accrued interest on a daily basis on the Issue Date. As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

8. DISTRIBUTION

(i) Method of distribution:	Non-Syndicated
(ii) If syndicated:	
(A) Names of Managers:	Not applicable
(B) Stabilising Manager(s) if any:	Not Applicable
(iii) If non-syndicated, name of Managers:	Banco Santander, S.A.
(iv) US Selling Restrictions (Categories of potential investors to which the *Obligations Foncières* are offered):	Reg. S Compliance Category 1 applies to the *Obligations Foncières.* TEFRA not applicable
(v) Prohibition of Sales to EEA Retail Investors:	Not Applicable ("Not Applicable" means that the *Obligations Foncières* do not constitute "packaged" products.)

9. OPERATIONAL INFORMATION

ISIN:	FR0013088432
Common Code:	134450711

Depositaries:	
(i) Euroclear France to act as Central Depositary:	Yes
(ii) Common Depositary for Euroclear Bank S.A./N.V. and Clearstream, Luxembourg:	No
Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	Not Applicable
Delivery:	Delivery against payment
Name and address of the Calculation Agent:	Not Applicable
Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
The aggregate principal amount of *Obligations Foncières* issued has been translated into Euro at the rate of [*currency*] per Euro 1.00, producing a sum of:	Not Applicable