

SECOND SUPPLEMENT DATED 9 JANUARY 2015  
TO THE BASE PROSPECTUS DATED 23 JUNE 2014



**CAISSE FRANÇAISE DE FINANCEMENT LOCAL**  
**Euro 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 23 June 2014 as supplemented by the First Supplement to the Base Prospectus dated 4 September 2014 prepared in relation to the €75,000,000,000 Euro Medium Term Note Programme of Caisse Française de Financement Local (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.°14-317 on 23 June 2014 to the Base Prospectus and visa No.°14-482 on 4 September 2014 to the First Supplement.

Application has been made for approval of the Second 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 Second 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) amending the section entitled "Risk Factors";
- (ii) incorporating by reference the information contained in the French language version of the activity report of the Issuer for the period ended 30 September 2014 (the “**30 September 2014 Activity Report**”);
- (iii) updating the section B.12 and B.17 Selected historical key financial information in the English and French versions of the Summary of the Programme;
- (iv) reflecting the downgrade of the credit rating of the *Obligations Foncières* of the Issuer from AA+ to AA by Fitch Ratings;
- (v) incorporating the reference to the new registered office of the Issuer;
- (vi) updating the section entitled “Business Overview”;
- (vii) updating the section entitled “Recent Developments”;
- (viii) updating the section entitled “General Information” of the Base Prospectus.

Save as disclosed in this Second 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 Second Supplement.

To the extent that there is any inconsistency between (a) any statement in this Second 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 Second 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 Second Supplement. This right to withdraw shall expire by close of business on 13 January 2015.

Copies of this Second 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](http://www.amf-france.org)) 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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## **RISK FACTORS**

The section “Risk Factors” on pages 49 to 65 of the Base Prospectus is amended as follow:

The first sentence of the first paragraph below the risk factor entitled “**2. Geographic concentration risk in its Cover Pool**” is deleted and replaced as follow:

“As of 30 September 2014, more than 75% of the Cover Pool, measured by principal amount of the assets, was concentrated in France.”

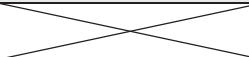
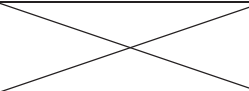
## DOCUMENTS INCORPORATED BY REFERENCE

The section entitled “Documents incorporated by reference” on pages 66 to 68 of the Base Prospectus is hereby supplemented as follows:

The Base Prospectus should also be read and construed in conjunction with the sections set out in the cross-reference tables below from the French language version of the activity report of the Issuer for the period ended 30 September 2014 (the “**30 September 2014 Activity Report**”). The 30 September 2014 Activity Report is published on the website of the Issuer (<http://www.caissefrancaisedefinancementlocal.fr>).

The 30 September 2014 Activity Report has been filed with the AMF.

For information purposes only, the English translation of the 30 September 2014 Activity Report is published on, and may be obtained without charge from (i) the registered office of the Issuer and (ii) the website of the Issuer (<http://www.caissefrancaisedefinancementlocal.fr>).

INFORMATION INCORPORATED BY REFERENCE	30 September 2014 Activity Report
<b><u>Historical Financial Information</u></b>	
– the IFRS balance sheet;	N/A
– the French GAAP balance sheet	N/A
– the IFRS income statement;	N/A
– the French GAAP income statement	N/A
– in the case of an admission of securities to trading on a regulated market only, a IFRS cash flow statement;	N/A
– in the case of an admission of securities to trading on a regulated market only, a French GAAP cash flow statement	N/A
– the accounting policies and IFRS explanatory notes;	N/A
– the accounting policies and French GAAP explanatory notes;	N/A
– the management report;	Pages 2-26
– the coverage ratio	Pages 14
<b><u>Auditing of historical annual financial information</u></b>	
A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the	N/A

<b>INFORMATION INCORPORATED BY REFERENCE</b>	<b>30 September 2014 Activity Report</b>
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.	
An indication of other information in the registration document which has been audited by the auditors.	N/A

*Any other information not listed above but contained in such document is incorporated by reference for information purposes only.*

## SUMMARY OF THE PROGRAMME

The section entitled “Summary of the Programme” on pages 5 to 25 of the Base Prospectus is amended as follows:

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

<b>B.12</b>	<b>Selected historical key financial information</b>	<p>The tables below set out summary information extracted from the Issuer's audited statement of financial position as at 31 December 2012 and 31 December 2013, and from the Issuer's statement of financial position reviewed by the auditors as at 30 June 2014:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Millions euros</th> <th colspan="2" style="text-align: center;">As of December 31</th> <th style="text-align: center;">As of June 30</th> </tr> <tr> <th></th> <th style="text-align: center;">2012</th> <th style="text-align: center;">2013</th> <th style="text-align: center;">2014</th> </tr> </thead> <tbody> <tr> <td>Core shareholders' equity <i>(excluding unrealized gains &amp; losses)</i></td> <td style="text-align: right;">1,530</td> <td style="text-align: right;">1,533</td> <td style="text-align: right;">1,475</td> </tr> <tr> <td>Financial debt</td> <td style="text-align: right;">73,877</td> <td style="text-align: right;">66,449</td> <td style="text-align: right;">65,758</td> </tr> <tr> <td>- privileged debt</td> <td style="text-align: right;">66,257</td> <td style="text-align: right;">59,675</td> <td style="text-align: right;">59,559</td> </tr> <tr> <td>- non privileged debt</td> <td style="text-align: right;">7,620</td> <td style="text-align: right;">6,774</td> <td style="text-align: right;">6,199</td> </tr> <tr> <td>Balance sheet total</td> <td style="text-align: right;">92,169</td> <td style="text-align: right;">80,017</td> <td style="text-align: right;">80,944</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Millions euros</th> <th colspan="2" style="text-align: center;">Fiscal year</th> <th style="text-align: center;">1st half</th> </tr> <tr> <th></th> <th style="text-align: center;">2012</th> <th style="text-align: center;">2013</th> <th style="text-align: center;">2014</th> </tr> </thead> <tbody> <tr> <td>Net banking income</td> <td style="text-align: right;">257</td> <td style="text-align: right;">242</td> <td style="text-align: right;">-1</td> </tr> <tr> <td>Operating income</td> <td style="text-align: right;">138</td> <td style="text-align: right;">-15</td> <td style="text-align: right;">-89</td> </tr> <tr> <td>Net income</td> <td style="text-align: right;">91</td> <td style="text-align: right;">3</td> <td style="text-align: right;">-58</td> </tr> </tbody> </table> <p>The financial statements as of 31 December 2012 have been restated. Caisse Française de Financement Local, within the framework of a review of its valuation methods, has corrected the fair value of certain assets and liabilities hedged by derivatives in hedging relations. According to IAS 8, the company restated its financial statements and notes published for 2012.</p> <p>As of 30 September 2014, the outstanding amount of privileged debt in swapped value is stable compared to 31 December 2013. The outstanding amount of non-privileged debt decreased by 6.6% compared to 31 December 2013. Those amounts are extracted from the Issuer's activity report as of 30 September 2014 not audited nor reviewed by the auditors.</p> <p>Except as disclosed below, there has been no material adverse change in the prospects of the Issuer since 31 December 2013 and there has been no significant change in financial or trading position of the Issuer since 30 June 2014.</p> <p>The number of clients who sued Dexia Credit Local and/or Société de Financement Local and/or Caisse Française de Financement Local for loans on the balance sheet of Caisse Française de Financement Local stood at 211 on 1st January 2015, compared with 207 on 30 June 2014.</p>	Millions euros	As of December 31		As of June 30		2012	2013	2014	Core shareholders' equity <i>(excluding unrealized gains &amp; losses)</i>	1,530	1,533	1,475	Financial debt	73,877	66,449	65,758	- privileged debt	66,257	59,675	59,559	- non privileged debt	7,620	6,774	6,199	Balance sheet total	92,169	80,017	80,944	Millions euros	Fiscal year		1st half		2012	2013	2014	Net banking income	257	242	-1	Operating income	138	-15	-89	Net income	91	3	-58
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- In item B.17, the first paragraph is deleted and replaced by the following:

“*Obligations Foncières* to be issued under the Programme are expected to be rated AA+ by Standard & Poor's Rating Services (“**S&P**”) and/or AA by Fitch Ratings (“**Fitch**”) and/or Aaa by Moody's Investors Services, Inc. (“**Moody's**”), which are established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit ratings agencies (the “**CRA Regulation**”), as amended by Regulation (EU) No. 513/2011, and included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the European

Securities and Markets Authority's website ([www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)) as of the date of the Base Prospectus as supplemented on 9 January 2015.”



**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 26 to 46 of the Base Prospectus is amended as follows:

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

<b>B.12</b>	<b>Informations financières sélectionnées</b>	<p>Les tableaux ci-dessous présentent un résumé des informations extraites du bilan audité de l'Émetteur au 31 décembre 2012 et au 31 décembre 2013, ainsi que du bilan au 30 juin 2014 revu par les auditeurs :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: left;">Millions d'euros</th> <th colspan="2" style="text-align: center;">Au 31 décembre</th> <th style="text-align: center;">Au 30 juin</th> </tr> <tr> <th style="text-align: center;">2012</th> <th style="text-align: center;">2013</th> <th style="text-align: center;">2014</th> </tr> </thead> <tbody> <tr> <td>Fonds propres de base (à l'exclusion des gains ou pertes latents ou différés)</td> <td style="text-align: right;">1,530</td> <td style="text-align: right;">1,533</td> <td style="text-align: right;">1,475</td> </tr> <tr> <td>Dettes financières</td> <td style="text-align: right;">73,877</td> <td style="text-align: right;">66,449</td> <td style="text-align: right;">65,758</td> </tr> <tr> <td>- Dette privilégiée</td> <td style="text-align: right;">66,257</td> <td style="text-align: right;">59,675</td> <td style="text-align: right;">59,559</td> </tr> <tr> <td>- Dette non privilégiée</td> <td style="text-align: right;">7,620</td> <td style="text-align: right;">6,774</td> <td style="text-align: right;">6,199</td> </tr> <tr> <td>Total du bilan</td> <td style="text-align: right;">92,169</td> <td style="text-align: right;">80,017</td> <td style="text-align: right;">80,944</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2" style="text-align: left;">Millions d'euros</th> <th colspan="2" style="text-align: center;">Exercice</th> <th style="text-align: center;">1er semestre</th> </tr> <tr> <th style="text-align: center;">2012</th> <th style="text-align: center;">2013</th> <th style="text-align: center;">2014</th> </tr> </thead> <tbody> <tr> <td>Produit net bancaire</td> <td style="text-align: right;">257</td> <td style="text-align: right;">242</td> <td style="text-align: right;">-1</td> </tr> <tr> <td>Résultat d'exploitation</td> <td style="text-align: right;">138</td> <td style="text-align: right;">-15</td> <td style="text-align: right;">-89</td> </tr> <tr> <td>Résultat net</td> <td style="text-align: right;">91</td> <td style="text-align: right;">3</td> <td style="text-align: right;">-58</td> </tr> </tbody> </table> <p>Les chiffres au 31 décembre 2012 ont été retraités. La Caisse de Financement Local, dans le cadre de la revue de sa méthodologie de valorisation, a corrigé la juste valeur de certains actifs et passifs couverts par des dérivés dans le cadre d'une relation de couverture. Conformément à la norme IAS8, la société a procédé au retraitement des comptes et annexes publiés pour l'exercice 2012.</p> <p>Au 30 septembre 2014, l'encours des dettes privilégiées en valeur swappée est stable par rapport au 31 décembre 2013. L'encours des dettes non privilégiées a baissé de 6,6% par rapport au 31 décembre 2013. Ces informations proviennent du rapport d'activité de l'Émetteur au 30 septembre 2014 non audité non revu par les Commissaires aux comptes.</p> <p>A l'exception de ce qui est spécifié ci-dessous, depuis le 31 décembre 2013, aucune détérioration significative n'a eu de répercussion sur les perspectives de l'Émetteur et aucun changement significatif de la situation financière ou commerciale de l'Émetteur n'est survenu depuis le 30 juin 2014.</p> <p>Le nombre de client qui ont poursuivi Dexia Crédit Local et/ou Société de Financement Local et/ou Caisse Française de Financement Local en raison de prêts figurant au bilan de la Caisse Française de Financement Local s'élevait à 211 le 1<sup>er</sup> janvier 2015, comparé à 207 au 30 juin 2014.</p>	Millions d'euros	Au 31 décembre		Au 30 juin	2012	2013	2014	Fonds propres de base (à l'exclusion des gains ou pertes latents ou différés)	1,530	1,533	1,475	Dettes financières	73,877	66,449	65,758	- Dette privilégiée	66,257	59,675	59,559	- Dette non privilégiée	7,620	6,774	6,199	Total du bilan	92,169	80,017	80,944	Millions d'euros	Exercice		1er semestre	2012	2013	2014	Produit net bancaire	257	242	-1	Résultat d'exploitation	138	-15	-89	Résultat net	91	3	-58
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- In item B.17, the first paragraph is deleted and replaced by the following:

"Les Obligations Foncières émises en vertu du Programme devraient être notées AA+ par Standard & Poor's Rating Services (« **S&P** ») et/ou AA par Fitch Ratings (« **Fitch** ») et/ou Aaa par Moody's Investors Services, Inc. (« **Moody's** »), qui sont des agences de notation établies dans l'Union Européenne et enregistrées conformément au Règlement (CE) No. 1060/2009 relatif aux agences de notation (le « **Règlement CRA** »), tel que modifié par le Règlement (UE) No. 513/2011, et qui apparaissent dans la liste des agences de notation enregistrées publiée par l'Autorité Européenne des Marchés Financiers (*European Securities and Market Authority*) sur

son site Internet [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) à la date du Prospectus de Base tel que complété le 9 janvier 2015."

## CREDIT RATINGS ASSIGNED TO THE *OBLIGATIONS FONCIERES*

- 1) The first sentence of the eleventh paragraph of the cover page of the Base Prospectus shall be replaced as follows:

“It is expected that the *Obligations Foncières* issued under the Programme will be rated AA+ by Standard & Poor’s Rating Services (“**S&P**”), and/or AA by Fitch Ratings (“**Fitch**”), and/or Aaa by Moody’s Investors Services, Inc. (“**Moody’s**”).”

- 2) The first sentence of item 3 entitled “Ratings” of the Part B of the section entitled “Form of Final Terms 1” on page 149 of the Base Prospectus shall be replaced as follows:

“[Applicable

*Obligations Foncières* to be issued under the Programme are expected to be rated AA+ by S&P and/or AA by Fitch and/or Aaa by Moody’s]”

- 3) The first sentence of item 2 entitled “Ratings” of the Part B of the section entitled “Form of Final Terms 2” on page 168 of the Base Prospectus shall be replaced as follows:

“[Applicable

*Obligations Foncières* to be issued under the Programme are expected to be rated AA+ by S&P and/or AA by Fitch and/or Aaa by Moody’s]”

- 4) The first sentence of item 1 entitled “Ratings” of the Part B of the section entitled “Form of Final Terms 3” on page 185 of the Base Prospectus shall be replaced as follows:

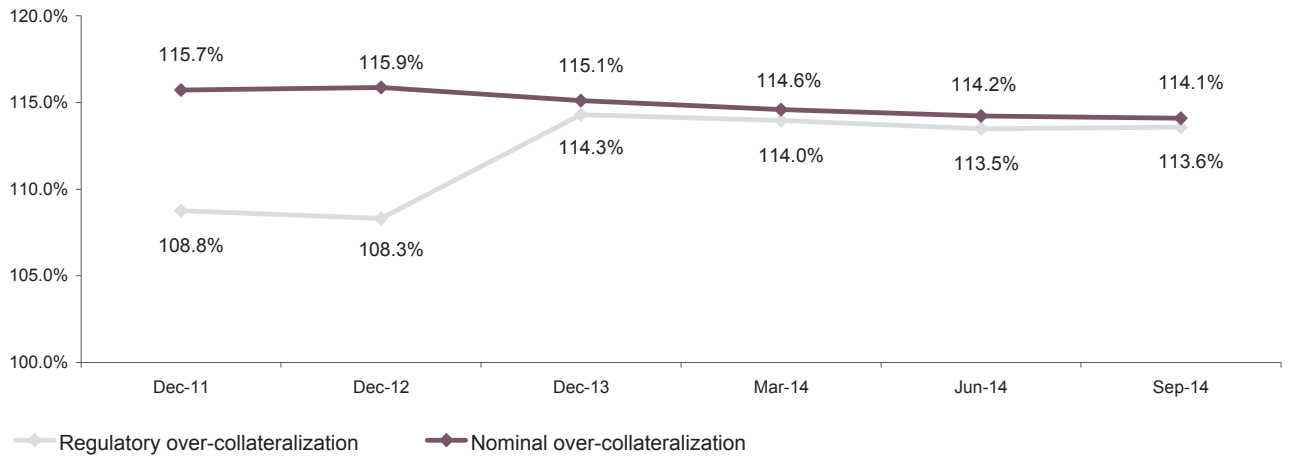
“[Applicable

*Obligations Foncières* to be issued under the Programme are expected to be rated AA+ by S&P and/or AA by Fitch and/or Aaa by Moody’s]”

## BUSINESS OVERVIEW

The section “Business Overview” on pages 115 to 118 of the Base Prospectus is amended as follow:

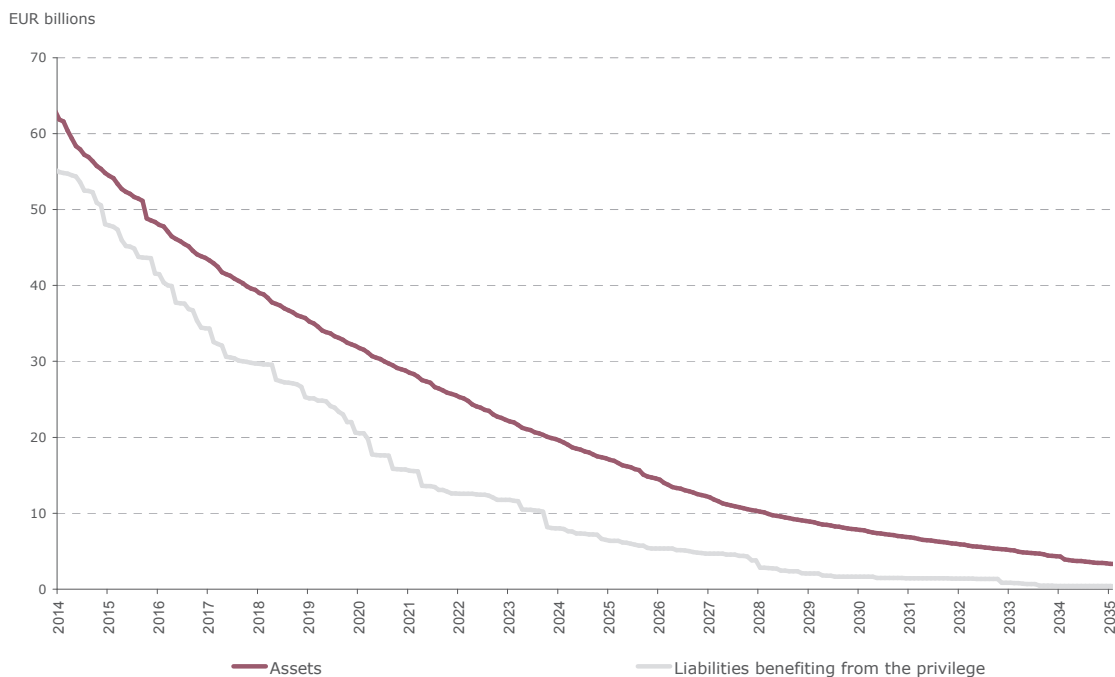
- 1) The first graph below the title “**Over-collateralization ratio**” is deleted in its entirety and replaced by the following:



- 2) The sentence above the second graph below the title “**Over-collateralization ratio**” is deleted in its entirety and replaced by the following:

“The following graph on over-collateralization presents amortization curves of the assets and the issues benefiting from the legal privilege as of 30 September 2014.”;

- 3) The second graph below the title “**Over-collateralization ratio**” is deleted in its entirety and replaced by the following:



- 4) The first graph below the title “**Hedging interest rate risk**” is deleted in its entirety and replaced by the following:

		<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>	<b>Limit</b>
<b>Fixed Rate</b>	<b>4Q 2013</b>	12.2	16.5	3.2	<b>31.0</b>
	<b>1Q 2014</b>	13.4	13.5	13.1	<b>31.0</b>
	<b>2Q 2014</b>	12.1	12.9	11.5	<b>31.0</b>
	<b>3Q 2014</b>	10.2	10.6	9.7	<b>31.0</b>
<b>Monetary</b>	<b>4Q 2013</b>	(0.3)	2.9	(4.7)	<b>9.0</b>
	<b>1Q 2014</b>	0.8	1.0	0.5	<b>9.0</b>
	<b>2Q 2014</b>	0.9	1.2	0.7	<b>9.0</b>
	<b>3Q 2014</b>	0.5	2.2	(0.6)	<b>9.0</b>
<b>Total</b>	<b>4Q 2013</b>	11.9	19.5	(1.5)	<b>40.0</b>
	<b>1Q 2014</b>	14.2	14.5	13.6	<b>40.0</b>
	<b>2Q 2014</b>	13.0	13.6	12.4	<b>40.0</b>
	<b>3Q 2014</b>	10.7	11.8	10.0	<b>40.0</b>

- 5) The text below the section entitled “**Outlook for the year 2014**” is deleted in its entirety and replaced by the following:

“Caisse Française de Financement Local completed its entire annual bond issuance program in the first nine months of 2014. It has the cash required to carry out current operations in the last quarter: quarterly acquisition, from La Banque Postale, of loans to local governments and French public hospitals, and granting of new loans to customers concerned by operations to reduce the sensitivity of structured loans.”

## RECENT DEVELOPMENTS

The section entitled “Recent Developments”, which has been included on page 130 of the Base Prospectus by virtue of the First Supplement is amended as follow:

- 1) the subsection entitled “**2. Litigation**” is deleted in its entirety and replaced by the following:

### “**2. Litigation and Governmental Measures**”

In its portfolio, Caisse Française de Financement Local has structured loans considered as sensitive, which had been granted to French customers by Dexia Credit Local. Some of these customers sued Dexia Credit Local, Caisse Française de Financement Local and/or Société de Financement Local, contesting the contractual interest rate. As of 1st January 2015, the number of customers having brought suit was 211 as compared with 207 on 30 June 2014. Amongst those 211 clients, 7 have signed a compromise agreement in accordance with the requirements of the support fund (*fonds de soutien*) created by the 2014 finance law n°2013-1278 of 29 December 2013 (*loi n°2013-1278 du 29 décembre 2013 de finances pour 2014*).

A limited number of cases were judged in initial hearings.

Following the suit brought against Dexia Credit Local by the Département de la Seine-Saint-Denis, three legal decisions were handed down on February 8, 2013, by the Tribunal de Grande Instance de Nanterre.

It was a question of three structured loans representing a total capital of EUR 178 million. The Tribunal de Grande Instance de Nanterre rejected the claims of the Département de la Seine-Saint-Denis, which sought to have the three disputed loan agreements canceled and asked for compensation and damages. In particular, the Tribunal considered that these loans were not of a speculative character, that the Département was competent to sign these loan agreements, and that Dexia Credit Local acted in the respect of its duty to inform and advise the Département. The Tribunal de Grande Instance de Nanterre however estimated that the faxes which had preceded the signing of the agreements could be qualified as “loan agreements”, and that the lack of mention of the annual percentage rate of charge (*Taux Effectif Global – TEG*) implied the application of an official interest rate (*taux légal*). Dexia Credit Local appealed this decision on April 4, 2013 and proceedings are underway. Since the loans subject to the litigation were recorded on its balance sheet, Caisse Française de Financement Local decided to intervene voluntarily in the proceedings that oppose the Département de la Seine-Saint-Denis and Dexia Credit Local. Such voluntary intervention should enable Caisse Française de Financement Local to defend its interests by taking part in the proceedings.

Since the February 2013 legal decisions concerning the Département de la Seine-Saint-Denis, decisions were handed down by the Tribunal de Grande Instance (TGI) of Nanterre in the suits brought by four municipalities against Dexia Credit Local (and Caisse Française de Financement Local, which intervened voluntarily in the proceedings in order to defend its interests). These decisions concerned structured loans marketed by Dexia Credit Local and recognized on the balance sheet of Caisse Française de Financement Local, with total initial capital of EUR 98 million. As in the February 2013 decisions, the Tribunal's decision did not address the core issue (validity of the agreement, failure to provide adequate information, advice and warning, etc.), but it was motivated by the formal absence in the fax which had preceded the signing of the loan agreement of the annual rate of charge (TEG) or intermediary data with which to calculate the TEG. This item led the Tribunal to decide to apply the official interest rate (*taux légal*) instead of the contractual rate. Dexia Credit Local and Caisse Française de Financement Local have appealed these decisions.

In order to find a permanent and comprehensive solution for the problem of the most sensitive structured loans contracted by local governments, and in compliance with its press releases dated June 18, and July 16, 2013, the French government took the following measures.

- the creation of a multi-year support fund endowed with significant resources enabling local governments to finance the unwinding of structured loans; a similar system is currently being set up for public healthcare facilities;
- legislative measures targeting a legal basis to secure loan agreements in effect with local governments.

The multi-year support fund was created by the 2014 law of Finances voted in December 2013. It is endowed with EUR 1.5 billion and has a life span of 15 years maximum (EUR 100 million per year). It is managed by a new administrative department created by the State, the *Service de pilotage du dispositif de sortie des emprunts à risque*.

The framework in which the fund is working has been described in the decree of application dated April 29, 2014, in the *arrêté* dated November 4, 2014 and in the guidelines for using the funds, approved by the *Conseil national d'orientation et de suivi* (CNOS) on November 13, 2014. The main features of this framework are the following:

- Eligible customers: local governments and groups of such holding the most sensitive loans;
- Amount of aid: it is defined by several criteria, as the financial situation of the client and the share of eligible contracts in the total debt of this client; the maximum amount of aid will be 45% of the indemnity to be paid by the client to the bank (maximum rate of aid being granted to clients with the worst financial situation);
- Use of the aid received by local governments: it will be paid by equal parts over a period of 14 years and will compensate a part of the early reimbursement indemnity; exceptionally and for a limited time, aid could be granted to pay for a portion of the interest on the loan in question (which would not be redeemed in that case);
- Renunciation by the entities that benefit from the fund of current or future litigation on the loans benefiting from the fund, formalized in an agreement signed with the bank ;

- Management of the fund ensured by the State, with a committee of orientation and supervision (CNOS) bringing together representatives of the State, local governments and qualified individuals;
- The funds come from the banks for 60% of the amount and from the State for the remaining part.

Caisse Française de Financement Local has committed to contribute to the fund dedicated to local governments for EUR 10 million per year for 15 years, as well as to the planned arrangements for public hospitals for a total amount of EUR 18 million. All of these contributions have been recorded in the Company's accounts.

New legislative provisions targeting a legal basis to secure loan agreements in effect with local governments were specified, and they take into account the comments of the Conseil constitutionnel at the end of December 2013. Legislation to secure structured loan agreements with public sector entities was adopted by the National Assembly on July 10, 2014, and passed by the Senate on July 17, 2014. The Conseil constitutionnel validated this legislation on July 24, 2014 and it took effect on July 30, 2014.

It should be recalled that to prepare its financial statements for 2013, Caisse Française de Financement Local had worked on the hypothesis that the legislation designed to help solve the problem of structured loans, which the French government had proposed, in particular the legislation to secure structured loan agreements with public sector entities, would be passed and put into effect in 2014. The same was true for the preparation of the half-year accounts as of June 30, 2014. With the passing of legislation to secure structured loan agreements with public sector entities on July 30, 2014, the residual legal risks were considerably reduced and their financial impact when the financial statements were drawn up was thought to be minimal.”

2) A new sub-section 3 shall be added as follow:

**“3. Extension of the current activity of Caisse Française de Financement Local and its mother company Société de Financement Local**

Caisse Française de Financement Local and its mother company Sfil have started to work on a project of extension of their current activity to a new public service assignment: the refinancing of export credits. The loans financed by Caisse Française de Financement Local *via obligations foncières* would benefit from an unconditional and irrevocable 100% guarantee delivered by Coface, the French Export Credit Agency, on behalf and with the guarantee of the French state and would therefore count as public sector exposures under the French law for *sociétés de crédit foncier*.

This project could be launched within the course of 2015, once the necessary authorisations have been obtained. If implemented, this new activity would neither alter the Issuer's risk profile nor its strong public sector anchoring.”



### **ISSUER'S NEW REGISTERED OFFICE**

Each reference in the Base Prospectus to “La Défense 2 -1, passerelle des Reflets – 92 913 La Défense Cedex – France” is replaced by the reference to “1 à 3, rue du Passeur de Boulogne - 92130 Issy-les-Moulineaux - France” which is the new registered office of the Issuer.

## GENERAL INFORMATION

The section “General Information” on page 187 of the Base Prospectus is amended as follow:

The paragraph (4) shall be deleted and replaced as follows:

“(4) Except as discussed in the section entitled "*Selected Financial Information – Legal and arbitration proceedings – Customer Litigation*" and in the subsection “2. *Litigation and Governmental Measures*” of the section entitled “*Recent Development*” above, the Issuer is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceeding which are pending or threatened of which the Issuer is aware) during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.”

The paragraph (8) (c) shall be deleted and replaced as follows:

“(c) the audited annual accounts of the Issuer for the financial years ended 31 December 2012 and 31 December 2013, the activity report as of 31 March 2014, the financial report as of 30 June 2014 and the activity report as of September 2014 incorporated by reference or otherwise in this Base Prospectus;”

**PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE SECOND  
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 Second Supplement is in accordance with the facts and contains no omission likely to affect its import.

**Caisse Française de Financement Local**  
1 à 3, rue du Passeur de Boulogne  
92130 Issy-les-Moulineaux  
France

Duly represented by:  
Gilles Gallerne *Président du Directoire*  
Duly authorised  
on 9 January 2015



***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 Second Supplement the visa no. 15-016 on 9 January 2015. 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 verified the accounting and financial data set out in it. 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.