

**THIRD SUPPLEMENT DATED 3 APRIL 2017
TO THE BASE PROSPECTUS DATED 10 JUNE 2016**



**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 Third supplement (the “**Third Supplement**”) is supplemental to, and should be read in conjunction with, the Base Prospectus dated 10 June 2016 as supplemented by the First Supplement to the Base Prospectus dated 12 September 2016 and the Second Supplement dated 9 December 2016, prepared in relation to the €75,000,000,000 Euro Medium Term Note Programme (the “**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.16-240 on 10 June 2016 to the Base Prospectus, visa no. 16-425 on 12 September 2016 to the First Supplement and visa no. 16-573 on 9 December 2016 to the Second Supplement.

Application has been made for approval of the Third 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 Third 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 Annual Report in French language relating to the Issuer, incorporating its audited annual accounts for the period ended 31 December 2016 and the related audit reports (the “**2016 Annual Report**”);
- (ii) updating sections B.10, B.12 and D.2 in the English and French versions of the Summary of the Programme;
- (iii) updating the section entitled “Risk Factors”;
- (iv) updating the section entitled “Business Overview”;
- (v) updating the section entitled “Trend Information”;
- (vi) updating the section entitled “Selected Financial Information”;
- (vii) updating the section entitled “Recent Developments”; and
- (viii) updating the section entitled “General Information” of the Base Prospectus.

Save as disclosed in this Third 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 Third Supplement.

To the extent that there is any inconsistency between (a) any statement in this Third 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 Third 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 Third Supplement. This right to withdraw shall expire by close of business on 5 April 2017.

Copies of this Third 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 5 to 27 of the Base Prospectus is amended as follows:

- The item B.10 is deleted and replaced by the following:

B.10	Qualifications in the auditors’ report	Statutory auditors’ reports on the audited annual accounts established under IFRS as adopted by the European Union and on the audited annual accounts established under French GAAP for the periods ended 31 December 2014, 31 December 2015 and 31 December 2016 do not contain any qualification.
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- The item B.12 is deleted and replaced by the following:

B.12	Selected historical key financial information	<p>The tables below set out summary information extracted from the Issuer's audited statement of financial position established under IFRS as adopted by the European Union as at 31 December 2014, 31 December 2015 and 31 December 2016:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Millions euros</th> <th colspan="3" style="text-align: center;">As of December 31</th> </tr> <tr> <th></th> <th style="text-align: center;">2014</th> <th style="text-align: center;">2015</th> <th style="text-align: center;">2016</th> </tr> </thead> <tbody> <tr> <td>Core shareholders’ equity <i>(excluding unrealized gains & losses)</i></td> <td style="text-align: right;">1,504</td> <td style="text-align: right;">1,428</td> <td style="text-align: right;">1,438</td> </tr> <tr> <td>Financial debt</td> <td style="text-align: right;">67,080</td> <td style="text-align: right;">64,059</td> <td style="text-align: right;">62,598</td> </tr> <tr> <td>- privileged debt</td> <td style="text-align: right;">60,852</td> <td style="text-align: right;">58,539</td> <td style="text-align: right;">57,373</td> </tr> <tr> <td>- non privileged debt</td> <td style="text-align: right;">6,228</td> <td style="text-align: right;">5,520</td> <td style="text-align: right;">5,225</td> </tr> <tr> <td>Balance sheet total</td> <td style="text-align: right;">83,926</td> <td style="text-align: right;">79,061</td> <td style="text-align: right;">75,107</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="3" style="text-align: center;">Fiscal year</th> </tr> <tr> <th></th> <th style="text-align: center;">2014</th> <th style="text-align: center;">2015</th> <th style="text-align: center;">2016</th> </tr> </thead> <tbody> <tr> <td>Net banking income</td> <td style="text-align: right;">69</td> <td style="text-align: right;">55</td> <td style="text-align: right;">119</td> </tr> <tr> <td>Operating income</td> <td style="text-align: right;">-42</td> <td style="text-align: right;">-55</td> <td style="text-align: right;">39</td> </tr> <tr> <td>Net income</td> <td style="text-align: right;">-29</td> <td style="text-align: right;">-76</td> <td style="text-align: right;">10</td> </tr> </tbody> </table> <p>As of 31 December 2016, the outstanding amount of privileged debt in swapped value decreased by EUR 1.3 billion (-2.6% compared to 31 December 2015). The outstanding amount of non-privileged debt amounted at EUR 5.2 billion, decreasing by 5.3% compared to 31 December 2015. Those amounts are extracted from the Issuer’s management report and audited annual accounts as of 31 December 2016, established under IFRS as adopted by the European Union.</p> <p>There has been no significant change in the financial or trading position of the Issuer 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> <p>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.</p>	Millions euros	As of December 31				2014	2015	2016	Core shareholders’ equity <i>(excluding unrealized gains & losses)</i>	1,504	1,428	1,438	Financial debt	67,080	64,059	62,598	- privileged debt	60,852	58,539	57,373	- non privileged debt	6,228	5,520	5,225	Balance sheet total	83,926	79,061	75,107	Millions euros	Fiscal year				2014	2015	2016	Net banking income	69	55	119	Operating income	-42	-55	39	Net income	-29	-76	10
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- In item D.2, the third sentence after the title “- Geographic concentration risk in its Cover Pool;” is deleted in its entirety and replaced by the following:

“In addition Caffil has certain large exposure in certain other geographic areas such as Italy (9.5%) and Switzerland (1.9%).”.

**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 28 to 53 of the Base Prospectus is amended as follows:

- The item B.10 is deleted and replaced by the following:

B.10	Réserves contenues dans le rapport des Commissaires aux comptes	Les rapports des commissaires aux comptes, sur les états financiers annuels audités établis selon le référentiel IFRS tel qu’adopté dans l’Union européenne et sur les états financiers annuels audités selon le référentiel français pour les périodes s’achevant le 31 décembre 2014, le 31 décembre 2015 et le 31 décembre 2016 ne contiennent pas de réserve.
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- The item B.12 is deleted and replaced by the following:

B.12	Informations financières sélectionnées	<p>Les tableaux ci-dessous présentent un résumé des informations extraites des états financiers audités de l’Émetteur établi selon le référentiel IFRS tel qu’adopté dans l’Union européenne au 31 décembre 2013, 31 décembre 2014 et au 31 décembre 2015 :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Millions d'euros</th> <th colspan="3" style="text-align: center;">Au 31 décembre</th> </tr> <tr> <th></th> <th style="text-align: center;">2014</th> <th style="text-align: center;">2015</th> <th style="text-align: center;">2016</th> </tr> </thead> <tbody> <tr> <td>Fonds propres de base <i>(à l'exclusion des gains ou pertes latents ou différés)</i></td> <td style="text-align: right;">1.504</td> <td style="text-align: right;">1.428</td> <td style="text-align: right;">1.438</td> </tr> <tr> <td>Dettes financières</td> <td style="text-align: right;">67.080</td> <td style="text-align: right;">64.059</td> <td style="text-align: right;">62.598</td> </tr> <tr> <td>- Dette privilégiée</td> <td style="text-align: right;">60.852</td> <td style="text-align: right;">58.539</td> <td style="text-align: right;">57.373</td> </tr> <tr> <td>- Dette non privilégiée</td> <td style="text-align: right;">6.228</td> <td style="text-align: right;">5.520</td> <td style="text-align: right;">5.225</td> </tr> <tr> <td>Total du bilan</td> <td style="text-align: right;">83.926</td> <td style="text-align: right;">79.061</td> <td style="text-align: right;">75.107</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Millions d'euros</th> <th colspan="3" style="text-align: center;">Exercice</th> </tr> <tr> <th></th> <th style="text-align: center;">2014</th> <th style="text-align: center;">2015</th> <th style="text-align: center;">2016</th> </tr> </thead> <tbody> <tr> <td>Produit net bancaire</td> <td style="text-align: right;">69</td> <td style="text-align: right;">55</td> <td style="text-align: right;">119</td> </tr> <tr> <td>Résultat d'exploitation</td> <td style="text-align: right;">-42</td> <td style="text-align: right;">-55</td> <td style="text-align: right;">39</td> </tr> <tr> <td>Résultat net</td> <td style="text-align: right;">-29</td> <td style="text-align: right;">-76</td> <td style="text-align: right;">10</td> </tr> </tbody> </table> <p>Au 31 décembre 2016, l’encours des dettes privilégiées en valeur swappée a diminué de EUR 1,3 milliard (-2,6% par rapport à décembre 2015). L’encours des dettes non privilégiées s’élève à EUR 5,2 milliards, en baisse de 5,3% par rapport à décembre 2015. Ces informations proviennent du rapport de gestion et des comptes annuels audités de l’Émetteur au 31 décembre 2016, établis selon le référentiel IFRS tel qu’adopté par l’Union Européenne.</p> <p>Il ne s’est produit aucun changement significatif dans la situation financière ou commerciale de l’Émetteur 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’Émetteur depuis le 31 décembre 2016 (date de clôture de la dernière période comptable pour laquelle des états financiers audités ont été publiés).</p> <p>Le nombre de clients qui ont poursuivi Dexia Crédit Local et/ou Société de Financement Local et/ou Caisse Française de Financement Local en raison des prêts figurant au bilan de la Caisse Française de Financement Local s’élevait à 38 le 29 mars 2017, comparé à 131 au 31 décembre 2015.</p>	Millions d'euros	Au 31 décembre				2014	2015	2016	Fonds propres de base <i>(à l'exclusion des gains ou pertes latents ou différés)</i>	1.504	1.428	1.438	Dettes financières	67.080	64.059	62.598	- Dette privilégiée	60.852	58.539	57.373	- Dette non privilégiée	6.228	5.520	5.225	Total du bilan	83.926	79.061	75.107	Millions d'euros	Exercice				2014	2015	2016	Produit net bancaire	69	55	119	Résultat d'exploitation	-42	-55	39	Résultat net	-29	-76	10
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- In item D.2, the third sentence after the title “-Risque de concentration géographique sur son Pool de Couverture;” is deleted in its entirety and replaced by the following:

“De plus, Caffil dispose d’une forte exposition dans d’autres zones géographiques comme l’Italie (9,5%) et la Suisse (1,9%).”.

RISK FACTORS

The section “Risk Factors” on pages 54 to 71 of the Base Prospectus is amended as follows:

- 1) 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 follows:

“As of 31 December 2016, more than 84% of the Cover Pool (excluding replacement assets and cash), measured by principal amount of the assets, was concentrated in France.”; and

- 2) The first two sentences of the second paragraph below the risk factor entitled “**2. Geographic concentration risk in its Cover Pool**” are deleted and replaced as follows:

“Furthermore, Caisse Française de Financement Local holds a significant amount of assets representing lending to borrowers in Italy and Switzerland. As of 31 December 2016, they represented respectively 9.5%, and 1.9% of the Cover Pool excluding replacement assets and cash.”.


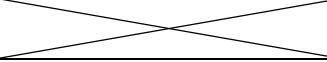
DOCUMENTS INCORPORATED BY REFERENCE

The section entitled “Documents incorporated by reference” on pages 72 to 75 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 annual financial report of the Issuer for the financial year ended 31 December 2016 (the “**2016 Annual Report**”). The 2016 Annual Report is published on the website of the Issuer (<http://www.caffil.fr>).

The 2016 Annual Report has been filed with the AMF.

For information purposes only, the English translation of the Annual Report is published on, and may be obtained without charge from (i) the registered office of the Issuer (1 à 3, rue du Passeur de Boulogne, 92130 Issy-les-Moulineaux, France) and (ii) the website of the Issuer (<http://www.caissefrancaisedefinancementlocal.fr>).

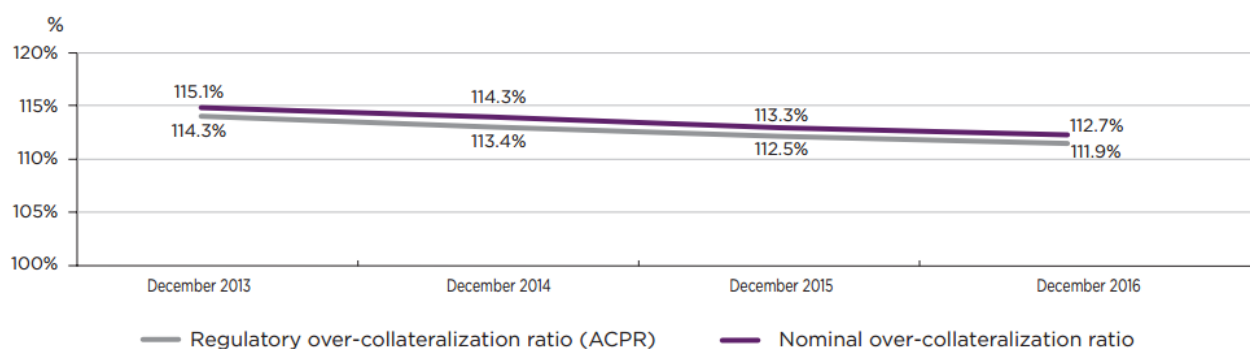
INFORMATION INCORPORATED BY REFERENCE	2016 Annual Report
<u>Historical Financial Information</u>	
– the IFRS balance sheet;	Page 43
– the French GAAP balance sheet	Page 77
– the IFRS income statement;	Page 44
– the French GAAP income statement	Page 78
– in the case of an admission of securities to trading on a regulated market only, a IFRS cash flow statement;	Page 46
– in the case of an admission of securities to trading on a regulated market only, a French GAAP cash flow statement	Page 80
– the accounting policies and IFRS explanatory notes;	Pages 47 to 75
– the accounting policies and French GAAP explanatory notes;	Pages 81 to 95
– the management report;	Pages 5 to 41
– the coverage ratio	Page 98
<u>Auditing of historical annual financial information</u>	
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.	IFRS Auditors’ reports Page 76 French GAAP Auditors’ reports Page 96-97
An indication of other information in the registration document which has been audited by the auditors.	Pages 41, 126 and 127

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

BUSINESS OVERVIEW

The section “Business Overview” on pages 123 to 128 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:

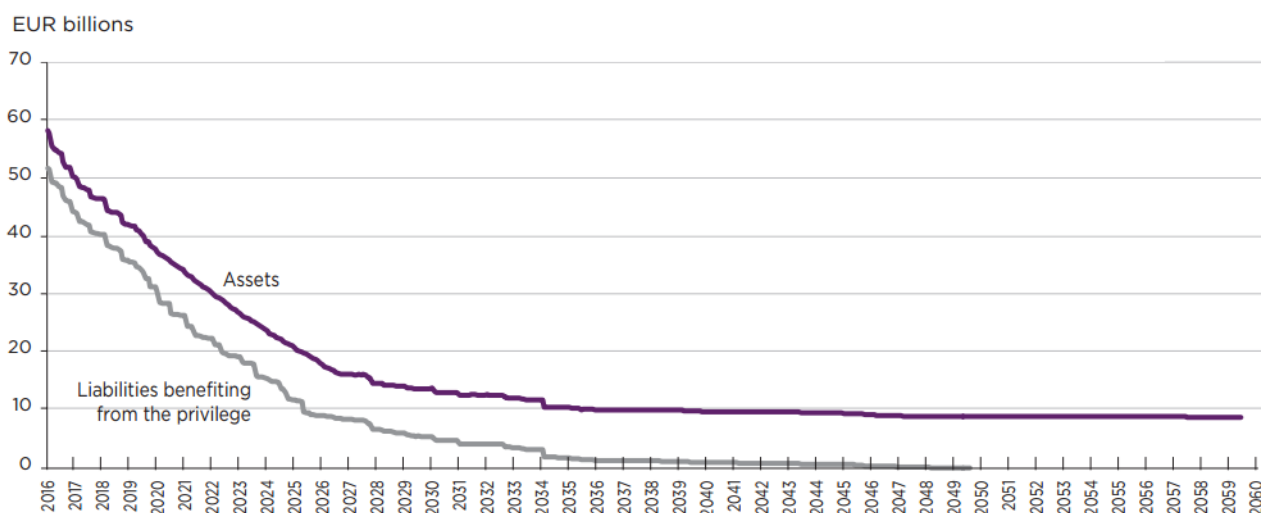


- 2) The sentence above the second graph below the title “**Over-collateralization ratio**” is deleted in its entirety and replaced by the following:

“The following graph on over-collateralization presents amortization curves of the assets and the issues benefiting from the legal privilege as of 31 December 2016.”;

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

Amortization of assets and liabilities as of December 31, 2016



- 4) The section entitled “**2. Hedging strategy**” is deleted in its entirety and replaced by the following:

“2. Hedging strategy

The policy applied by Caisse Française de Financement Local makes it possible to be protected from interest rate risk because any acquisition of assets or issue of liabilities is systematically hedged in a variable rate from the beginning.

There are two stages in the hedging process of interest rate risk.

- In the first stage, all the assets and the liabilities benefiting from the privilege which do not

naturally have a floating rate are hedged against Euribor until maturity as soon as they are recorded on the balance sheet. In practice, acquisitions of loan portfolios (in which the unit amount is generally small) are usually macro-hedged. Loans granted individually or bond issues can be micro or macro-hedged. Hedging of assets and liabilities is more often obtained in using new interest rate swaps, but the same effect can also be obtained whenever possible by the cancelation of swaps of opposite direction.

- In the second stage, Euribor lending and borrowing flows (naturally or after hedges) are swapped against Eonia generally over a sliding period of two years in order to eliminate the basis risk generated by differences in the tenor (Euribor 1, 3, 6 or 12 months) and the fixing risk due to refixing dates of reference indices that differ for the assets and the liabilities.

Non-privileged debt is not concerned by these hedging operations. In fact, debt contracted by Caisse Française de Financement Local with its shareholder to finance over-collateralization is borrowed either directly with a monetary index and does not need to be swapped, or with a Euribor index and thus finances assets also indexed on Euribor. Short-term debt owed the Banque de France with a fixed rate (if any) is not hedged, but finances fixed rate assets.”

- 5) The table below the sub-title “limiting directional risk” is deleted in its entirety and replaced by the following:

Directional risk					
Total sensitivity					
EUR millions	Limit	3/31/2016	6/30/2016	9/30/2016	12/31/2016
SENSITIVITY	25.0	0.6	(3.7)	(5.6)	(0.5)

- 6) The first table below the sub-title “limiting the slope risk” is deleted in its entirety and replaced by the following:

Risk of slope between two distant points on the rate curve					
Sum of sensitivities					
EUR millions	Limit	3/31/2016	6/30/2016	9/30/2016	12/31/2016
Short term	10.0	0.0	(1.5)	(1.9)	(0.9)
Medium term	10.0	1.0	(1.8)	(2.3)	0.3
Long term	10.0	(0.7)	(0.5)	(2.6)	0.1
Very long term	10.0	0.3	0.1	1.2	0.1

- 7) The second table below the sub-title “limiting the slope risk” is deleted in its entirety and replaced by the following:

Risk of slope between two close points on the rate curve					
Sum of sensitivities in absolute value					
EUR millions	Limit	3/31/2016	6/30/2016	9/30/2016	12/31/2016
Short term	20.0	4.8	4.5	2.6	4.4
Medium term	20.0	10.7	14.5	12.1	4.3
Long term	20.0	5.8	10.7	11.0	8.1
Very long term	20.0	6.5	6.4	7.4	5.9

8) The section entitled “**Outlook for the year 2016**” is deleted in its entirety and replaced by the following:

“Outlook for 2017

In 2017, Caisse Française de Financement Local and its parent company SFIL aim to:

- maintain their role as a major player in the market for loans to French local governments and public hospitals within the partnership with La Banque Postale (leader in this market in 2015 and 2016);
- enhance their role in refinancing banks that work with French exporters for their large export credits.

In addition to these two responsibilities entrusted by the French State, within an operating framework approved by the European Commission, there is also the objective to reduce the volume of sensitive structured loans (already decreased by 80% since the beginning of 2013). This activity is generally accompanied by new loans granted to the local governments concerned and will continue at a slower pace than in 2015 and 2016, now that the notices of assistance for the support funds have been disclosed and most of the sensitive structured loan problems have been solved.

Caisse Française de Financement Local will thus see new loans enter its portfolio of assets in 2017. They will represent exposures on the French local public sector and the French State.

To cover its financing needs, Caisse Française de Financement Local plans to issue between EUR 6.0 billion and EUR 7.0 billion of *obligations foncières* in 2017 with a long average maturity adapted to the profile of the new assets. Its program will mainly be developed through several benchmark issues in euros and private placements adapted to the needs of its large investor base.”.

TREND INFORMATION

The paragraph of the section entitled “**Trend Information**” on page 132 of the Base Prospectus shall be deleted and replaced as follows:

“Except as disclosed in this Base Prospectus as supplemented, there has been no material adverse change in the prospects of the Issuer since 31 December 2016.”

SELECTED FINANCIAL INFORMATION

The section entitled “Selected Financial Information”, on pages 138 to 141 of the Base Prospectus is amended as follows:

- 1) The section below the title “SELECTED FINANCIAL INFORMATION” and above the title “**Auditing of historical annual financial information**” is deleted in its entirety and replaced by the following:

“As of 31 December 2016, the Caisse Française de Financement Local had a shareholders’ equity of EUR 1,438 million (compared to EUR 1,428 million as of 31 December 2015).

Its financial debt amounted to EUR 62,598 million (compared to EUR 64,059 million as of 31 December 2015). It was comprised of debt benefiting from the legal privilege* totalling EUR 57,373 million (compared to EUR 58,539 million as of 31 December 2015) and debt not benefiting from this privilege** totalling EUR 5,225 million (compared to EUR 5,520 million as of 31 December 2015).

* *obligations foncières*, registered covered bonds and collateral received in cash

** financing received from its shareholder

Euro millions	As of 31 December		
	2014	2015	2016
Core shareholders’ equity (excluding unrealized gains & losses)	1,504	1,428	1,428
Financial debt	67,080	64,059	62,598
- privileged debt	60,852	58,539	57,373
- non privileged debt	6,228	5,520	5,225
Balance sheet total	83,926	79,061	75,107

Net banking income for the year ended on 31 December 2016 amounted to EUR 119 million (compared to EUR 55 million in 2015). Net income for the year ended on 31 December 2016 amounted to EUR +10 million (compared to EUR -76 million in 2015).

Euro millions	Fiscal year		
	2014	2015	2016
Net banking income	69	55	119
Operating income	-42	-55	39
Net income	-29	-76	10

Figures shown in the tables above are extracted from the Caisse Française de Financement Local audited annual financial statements and were established under IFRS, as adopted by the European Union.

Income was strongly influenced by the following factors that should be mentioned in this analysis:

- adjustments in fair value concerning interest rate risk hedges: the application of these changes in accounting standards or methods is a source of volatility in net banking income. The impact was significantly negative in 2014 (EUR -24 million), 2015 (EUR -36 million) and 2016 (EUR -37 million).
- the contribution to the support funds created by the French State to solve the problem of sensitive structured loans. The commitment was totally covered by provisions once Caisse Française de Financement Local decided to contribute to the public hospitals support fund in 2014 and 2015; the impact on the Cost of risk was EUR 18 million in 2014, EUR 20 million in 2015 and zero in 2016.

- the provision covering the risk of additional tax to pay within the framework of the tax assessment. This provision was increased in the 2015 financial statements by EUR 38 million and its amount was maintained for 2016.
- the effect of changes in the income tax rate: Caisse Française de Financement Local has taken note of the reduction in corporate income tax to 28% as of 2020. To this end, it reduced its deferred tax assets and recorded a non-recurrent expense of EUR -14 million in its 2016 accounts.

With non-recurrent items removed, Net banking income increased from EUR +91 million in 2015 to EUR+156 million in 2016, and Net income increased sharply from EUR -1 million to EUR +48 million in 2016.

As of 31 December 2016, the outstanding amount of privileged debt in swapped value decreased by EUR 1.3 billion (-2.6%) compared to 31 December 2015. The outstanding amount of non-privileged debt amounted at EUR 5.2 billion, decreasing by 5.3% compared to 31 December 2015. Those amounts are extracted from the Issuer’s management report as of 31 December 2016.”;

- 2) The paragraph below the title “**Auditing of historical annual financial information**” is deleted in its entirety and replaced by the following:

“The statutory auditors of Caisse Française de Financement Local have prepared reports on the financial statements established under IFRS as adopted in the European Union for the periods ended 31 December 2014, 31 December 2015 and 31 December 2016. The last one dated 28 March 2017 can be found on page 76 of the Issuer’s Annual Report 2016.”;

- 3) The section entitled “**Litigation related to structured loans**” as amended by the Second Supplement is deleted in its entirety and replaced by the following:

“Sensitivity reduction and decrease in litigation related to structured loans”

Caisse Française de Financement Local has, in its portfolio, some structured loans considered as sensitive which had been granted to French clients by Dexia Credit Local before the acquisition of Caisse Française de Financement Local by SFIL. Certain of these customers initiated legal proceedings against Dexia Credit Local, Caisse Française de Financement Local and/or SFIL.

In 2016, the outstanding sensitive structured loans and the number of legal proceedings decreased significantly. As of December 31, 2016, 80% of these loans were no longer sensitive.

Reduction in outstanding sensitive structured loans

SFIL’s application of its policy to reduce the sensitivity of the structured loans of Caisse Française de Financement Local was particularly effective in 2016, with a volume of EUR 1.6 billion in sensitive loans transformed into fixed rate contracts, representing approximately EUR 5.0 billion since the beginning of 2013.

Since the beginning of 2013, outstanding sensitive loans have been reduced by 80%, from EUR 8.5 billion to EUR 1.7 billion, as the result of the following:

- proactive operations conducted by SFIL to reduce loan sensitivity with the help of the support funds, including the operations already accomplished with a post-closing value date;

- the natural amortization of the loans; and
- the use by certain customers of the derogatory mechanism of the support funds. In point of fact, 83 customers chose to keep their structured loans temporarily while still having the opportunity to benefit from the assistance of the support fund for local governments in the event that the structured component of their loan would be activated (assistance in paying interest at a degraded rate as anticipated by the rules governing the support fund). The outstanding loans for these customers represent EUR 0.7 billion.

At the same time, 605 customers (69%) definitively moved out of the category of sensitive customers. The reduction in sensitivity was even more marked for the customers with the most sensitive exposure; more than 91% of borrowers with loans initially indexed on EUR/CHF no longer have any, and among them 94% of local governments and hospitals which had such loans. On the basis of the operations conducted at the end of 2016 with an effective date after December 31, 2016, and subsequent to the deduction of outstanding loans benefiting from assistance in paying degraded coupons. Outstanding sensitive loans will be at most EUR 1.4 billion by the end of 2017 (a decrease of at least EUR 7.1 billion since December 31, 2012, or 84%) for 236 customers.

Significant decrease in the number of lawsuits

As of December 31, 2016, 178 borrowers who had brought lawsuits 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 suit 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 and 5 were judged in the court of appeal. 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.”; and

- 4) The section entitled “**Debt securities issued since 1st January 2016**” included by the Second Supplement is deleted in its entirety and replaced by the following:

“Debt securities issued since 1st January 2017

Between 1st January 2017 and 29th March 2017, the Caisse Française de Financement Local has issued debt securities issued in the form of *obligations foncières* and other resources benefiting from the privilege for an amount of EUR 1,975 million.”.

RECENT DEVELOPMENTS

The sentence in the section entitled “**Recent Developments**”, on page 145 of the Base Prospectus as amended by the Second Supplement is deleted in its entirety and replaced by the following:

“The Issuer's debt securities (*Obligations Foncières* and registered covered bonds) decreased by an amount of € 1,511 million between 31 December 2015 and 29 March 2017.”

GENERAL INFORMATION

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

- 1) The paragraph (3) shall be deleted and replaced as follows:

“Except as disclosed in this Base Prospectus as supplemented, there has been no significant change in the financial or trading position of the Issuer since 31 December 2016 nor any material adverse change in the prospects of the Issuer since 31 December 2016.”;

- 2) 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*”, 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.”;

- 3) 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 2015 and 31 December 2016 incorporated by reference or otherwise in this Base Prospectus;”;

- 4) The paragraph (13) shall be deleted and replaced as follows:

“(13) Deloitte & Associés and Mazars (both entities regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux comptes*) have audited the financial statements of the Issuer for the years ended 31 December 2015 and 2016.”.

PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE THIRD 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 Third 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 3 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 Third Supplement the visa no. 17-128 on 3 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 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.