

**FIRST SUPPLEMENT DATED 8 SEPTEMBER 2017
TO THE BASE PROSPECTUS DATED 9 JUNE 2017**



**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 first supplement (the “**First Supplement**”) is supplemental to, and should be read in conjunction with, the Base Prospectus dated 9 June 2017, 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 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.17-267 on 9 June 2017 to the Base Prospectus.

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

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

- (i) incorporating by reference the information contained in the French language version of the half-year financial report of the Issuer for the period ended 30 June 2017 (the “**30 June 2017 Financial Report**”);
- (ii) updating sections B.12 and D.2 in the English and French versions of the Summary of the Programme;
- (iii) amending the section entitled "Risk Factors";
- (iv) amending the section entitled "Documents Incorporated by Reference";
- (v) updating the section entitled “Business Overview”;
- (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 First Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is material in the context of the Programme since the publication of the Base Prospectus.

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

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

To the extent applicable, and provided that the conditions of Article 212-25 I of the *Règlement Général* of the AMF are fulfilled, investors who have already agreed to purchase or subscribe for *Obligations Foncières* to be issued under the Programme before this First Supplement is published, have the right, according to Article 212-25 II of the *Règlement Général* of the AMF, to withdraw their acceptances within a time limit of minimum two working days after publication of this First Supplement. This right to withdraw shall expire by close of business on 12 September 2017.

Copies of this First Supplement (a) may be obtained, free of charge, at the registered office of the Issuer (1 à 3, rue du Passeur de Boulogne 92130 Issy-les-Moulineaux, France) during normal business hours, (b) will be available on the website of the AMF (www.amf-france.org) and (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.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 2015 and 31 December 2016 and from the Issuer's statement of financial position reviewed by the auditors as at 30 June 2016 and 30 June 2017:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">EUR millions</th> <th colspan="2" style="text-align: center;">As of 31 December</th> <th colspan="2" style="text-align: center;">As of 30 June</th> </tr> <tr> <th></th> <th style="text-align: center;">2015</th> <th style="text-align: center;">2016</th> <th style="text-align: center;">2016</th> <th style="text-align: center;">2017</th> </tr> </thead> <tbody> <tr> <td>Core shareholders' equity <i>(excluding unrealized gains & losses)</i></td> <td style="text-align: right;">1 428</td> <td style="text-align: right;">1 438</td> <td style="text-align: right;">1 429</td> <td style="text-align: right;">1 461</td> </tr> <tr> <td>Financial debt</td> <td style="text-align: right;">64 059</td> <td style="text-align: right;">62 598</td> <td style="text-align: right;">66 104</td> <td style="text-align: right;">62 237</td> </tr> <tr> <td>- privileged debt</td> <td style="text-align: right;">58 539</td> <td style="text-align: right;">57 373</td> <td style="text-align: right;">60 618</td> <td style="text-align: right;">57 103</td> </tr> <tr> <td>- non privileged debt</td> <td style="text-align: right;">5 520</td> <td style="text-align: right;">5 225</td> <td style="text-align: right;">5 486</td> <td style="text-align: right;">5 134</td> </tr> <tr> <td>Balance sheet total</td> <td style="text-align: right;">79 061</td> <td style="text-align: right;">75 107</td> <td style="text-align: right;">81 693</td> <td style="text-align: right;">73 362</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">EUR millions</th> <th colspan="2" style="text-align: center;">Fiscal year</th> <th colspan="2" style="text-align: center;">1st half</th> </tr> <tr> <th></th> <th style="text-align: center;">2015</th> <th style="text-align: center;">2016</th> <th style="text-align: center;">2016</th> <th style="text-align: center;">2017</th> </tr> </thead> <tbody> <tr> <td>Net banking income</td> <td style="text-align: right;">55</td> <td style="text-align: right;">119</td> <td style="text-align: right;">50</td> <td style="text-align: right;">92</td> </tr> <tr> <td>Operating income</td> <td style="text-align: right;">-55</td> <td style="text-align: right;">39</td> <td style="text-align: right;">3</td> <td style="text-align: right;">39</td> </tr> <tr> <td>Net income</td> <td style="text-align: right;">-76</td> <td style="text-align: right;">10</td> <td style="text-align: right;">1</td> <td style="text-align: right;">23</td> </tr> </tbody> </table> <p>As of 30 June 2017, the outstanding amount of privileged debt in swapped value increased by EUR 1.1 billion (+2.2% compared to 31 December 2016). The outstanding amount of non-privileged debt amounted at EUR 5.1 billion, decreasing by 1.7% compared to 31 December 2016. Those amounts are extracted from the Issuer's management report and financial statements as of 30 June 2017, established under IFRS as adopted by the European Union and reviewed by the auditors.</p> <p>Since 31 December 2016, there has been no material adverse change in the prospects of the Issuer and there has been no significant change in the financial or trading position of the Issuer since 30 June 2017.</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 33 on 5 September 2017, compared with 39 on 31 December 2016.</p>	EUR millions	As of 31 December		As of 30 June			2015	2016	2016	2017	Core shareholders' equity <i>(excluding unrealized gains & losses)</i>	1 428	1 438	1 429	1 461	Financial debt	64 059	62 598	66 104	62 237	- privileged debt	58 539	57 373	60 618	57 103	- non privileged debt	5 520	5 225	5 486	5 134	Balance sheet total	79 061	75 107	81 693	73 362	EUR millions	Fiscal year		1st half			2015	2016	2016	2017	Net banking income	55	119	50	92	Operating income	-55	39	3	39	Net income	-76	10	1	23
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- In item D.2, the first sentence after the title “- Geographic concentration risk in its Cover Pool;” is deleted in its entirety and replaced by the following:

“More than 85% of the Cover Pool (excluding replacement assets and cash) is located in France.”

and 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 (9.2%) and Switzerland (1.8%).”

**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 51 of the Base Prospectus is amended as follows:

- 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 comptes annuels audités établis selon le référentiel IFRS tel qu’adopté par l’Union européenne de l’Émetteur au 31 décembre 2015 et au 31 décembre 2016, ainsi que des comptes semestriels au 30 juin 2016 et au 30 juin 2017 qui ont fait l’objet d’un examen limité par les commissaires aux comptes :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">(EUR million)</th> <th colspan="2" style="text-align: center;">Au 31 décembre</th> <th colspan="2" style="text-align: center;">Au 30 juin</th> </tr> <tr> <th></th> <th style="text-align: center;">2015</th> <th style="text-align: center;">2016</th> <th style="text-align: center;">2016</th> <th style="text-align: center;">2017</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;">1 428</td> <td style="text-align: right;">1 438</td> <td style="text-align: right;">1 429</td> <td style="text-align: right;">1 461</td> </tr> <tr> <td>Dettes financières</td> <td style="text-align: right;">64 059</td> <td style="text-align: right;">62 598</td> <td style="text-align: right;">66 104</td> <td style="text-align: right;">62 237</td> </tr> <tr> <td>- Dette privilégiée</td> <td style="text-align: right;">58 539</td> <td style="text-align: right;">57 373</td> <td style="text-align: right;">60 618</td> <td style="text-align: right;">57 103</td> </tr> <tr> <td>- Dette non privilégiée</td> <td style="text-align: right;">5 520</td> <td style="text-align: right;">5 225</td> <td style="text-align: right;">5 486</td> <td style="text-align: right;">5 134</td> </tr> <tr> <td>Total du bilan</td> <td style="text-align: right;">79 061</td> <td style="text-align: right;">75 107</td> <td style="text-align: right;">81 693</td> <td style="text-align: right;">73 362</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">(EUR million)</th> <th colspan="2" style="text-align: center;">Exercice</th> <th colspan="2" style="text-align: center;">1st half</th> </tr> <tr> <th></th> <th style="text-align: center;">2015</th> <th style="text-align: center;">2016</th> <th style="text-align: center;">2016</th> <th style="text-align: center;">2017</th> </tr> </thead> <tbody> <tr> <td>Produit net bancaire</td> <td style="text-align: right;">55</td> <td style="text-align: right;">119</td> <td style="text-align: right;">50</td> <td style="text-align: right;">92</td> </tr> <tr> <td>Résultat d'exploitation</td> <td style="text-align: right;">-55</td> <td style="text-align: right;">39</td> <td style="text-align: right;">3</td> <td style="text-align: right;">39</td> </tr> <tr> <td>Résultat net</td> <td style="text-align: right;">-76</td> <td style="text-align: right;">10</td> <td style="text-align: right;">1</td> <td style="text-align: right;">23</td> </tr> </tbody> </table> <p>Au 30 juin 2017, l’encours des dettes privilégiées en valeur swappée a augmenté de EUR 1,1 milliard (+2,2% par rapport à décembre 2016). L’encours des dettes non privilégiées s’élève à EUR 5,1 milliards, en baisse de 1,7% par rapport à décembre 2016. Ces informations proviennent du rapport de gestion et des comptes semestriels (ayant fait l’objet d’un examen limité de la part des commissaires aux comptes) de l’Émetteur au 30 juin 2017, établis selon le référentiel IFRS tel qu’adopté par l’Union Européenne.</p> <p>Depuis le 31 décembre 2016, aucune détérioration significative n’a eu de répercussions 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 2017.</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 33 le 5 septembre 2017, comparé à 39 au 31 décembre 2016.</p>	(EUR million)	Au 31 décembre		Au 30 juin			2015	2016	2016	2017	Fonds propres de base (à l'exclusion des gains ou pertes latents ou différés)	1 428	1 438	1 429	1 461	Dettes financières	64 059	62 598	66 104	62 237	- Dette privilégiée	58 539	57 373	60 618	57 103	- Dette non privilégiée	5 520	5 225	5 486	5 134	Total du bilan	79 061	75 107	81 693	73 362	(EUR million)	Exercice		1 st half			2015	2016	2016	2017	Produit net bancaire	55	119	50	92	Résultat d'exploitation	-55	39	3	39	Résultat net	-76	10	1	23
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- The item D.2 the first sentence after the title “-Risque de concentration géographique sur son Pool de Couverture ;” is deleted in its entirety and replaced by the following:

“Plus de 85% du Pool de Couverture (à l’exception des valeurs de remplacement et de la trésorerie) est situé en France.”

and 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 (9,2%) et la Suisse (1,8%).”.

RISK FACTORS

The section “Risk Factors” on pages 54 to 72 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 June 2017, more than 85% of the Cover Pool (excluding replacement assets and cash), measured by principal amount of the assets, was concentrated in France.”.

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 follow:

“Furthermore, Caisse Française de Financement Local holds a significant amount of assets representing lending to borrowers in Italy and Switzerland. As of 30 June 2017, they represented respectively 9.2%, and 1.8% of the Cover Pool excluding replacement assets and cash.”.

DOCUMENTS INCORPORATED BY REFERENCE

The section entitled “Documents incorporated by reference” on pages 73 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 half-year financial report of the Issuer for the period ended 30 June 2017 (the “**30 June 2017 Financial Report**”). The 30 June 2017 Financial Report is published on the website of the Issuer (<http://www.caissefrancaisedefinancementlocal.fr>).

The 30 June 2017 Financial Report has been filed with the AMF.

For information purposes only, the English translation of the 30 June 2017 Financial 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	30 June 2017 Financial Report
<u>Historical Financial Information</u>	
– the IFRS balance sheet;	Page 30
– the French GAAP balance sheet	Page 62
– the IFRS income statement;	Page 31
– the French GAAP income statement	Page 63
– in the case of an admission of securities to trading on a regulated market only, a IFRS cash flow statement;	Page 33
– in the case of an admission of securities to trading on a regulated market only, a French GAAP cash flow statement	Page 65
– the accounting policies and IFRS explanatory notes;	Pages 34-57
– the accounting policies and French GAAP explanatory notes;	Pages 66-77
– the management report;	Pages 4-28
– the coverage ratio	Pages 14-15

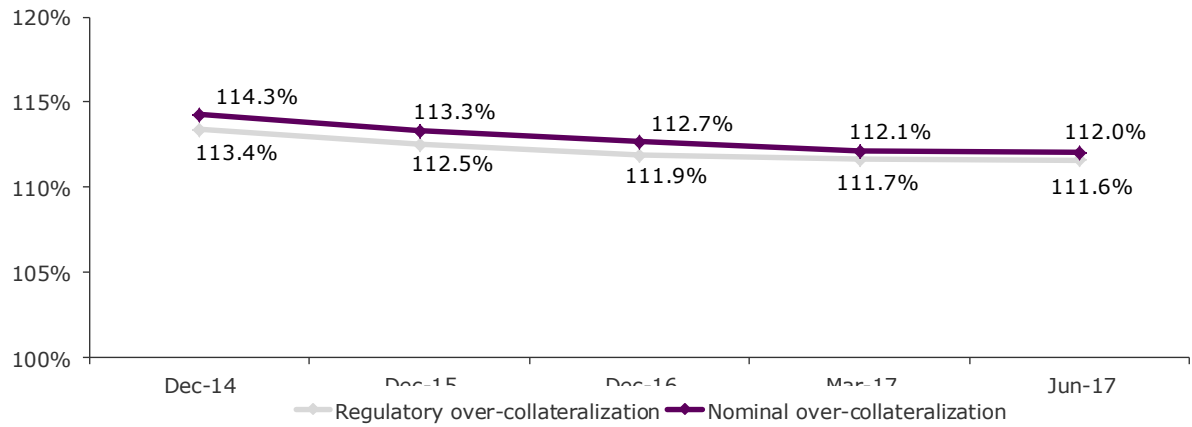
INFORMATION INCORPORATED BY REFERENCE	30 June 2017 Financial Report
<u>Auditing of historical annual financial information</u>	X
A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.	<p>IFRS Auditors' reports (limited review report) Pages 59-60</p> <p>French GAAP Auditors' reports (limited review report) Pages 79-80</p>
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.

BUSINESS OVERVIEW

The section “Business Overview” on pages 121 to 128 of the Base Prospectus is amended as follow:

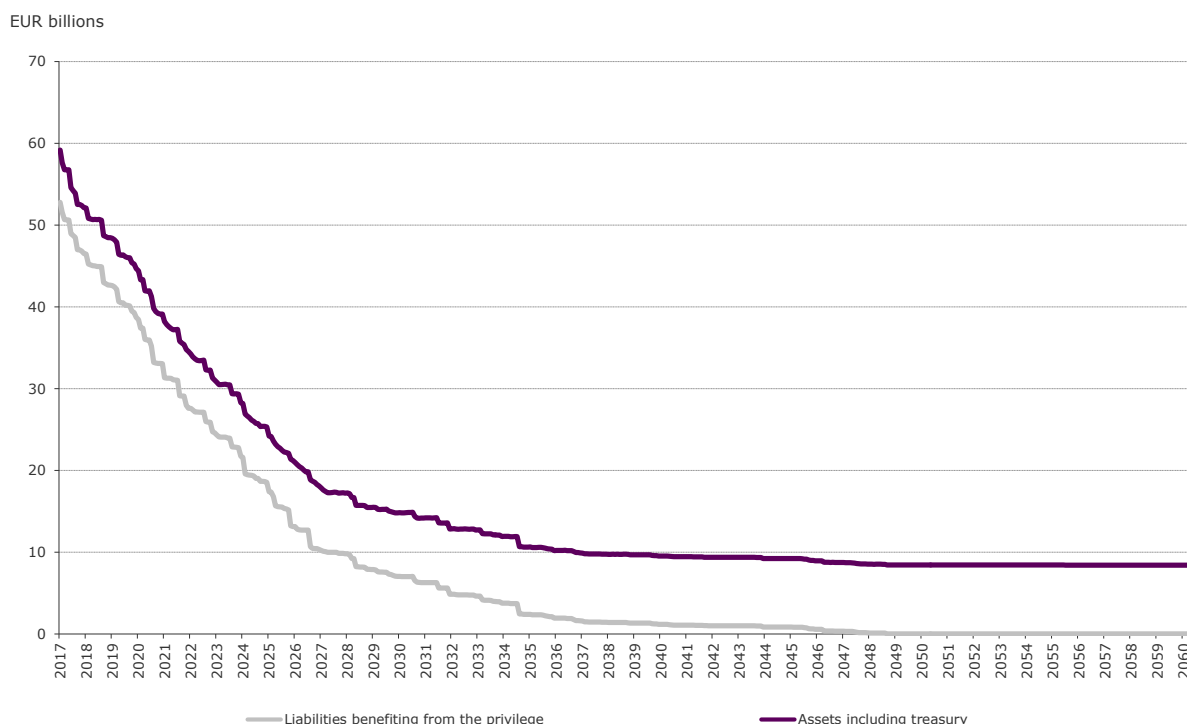
- 1) The first graph below the title “**Over-collateralization ratio**” is deleted in its entirety and replaced by the following:



- 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 30 June 2017.”;

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



- 4) 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	9/30/2016	12/31/2016	3/31/2017	6/30/2017
Sensitivity	25.0	-5.6	-0.5	-0.1	-1.6

- 5) 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	9/30/2016	12/31/2016	3/31/2017	6/30/2017
Short term	10.0	-1.9	-0.9	0.1	0.4
Medium term	10.0	-2.3	0.3	2.0	-4.5
Long term	10.0	-2.6	0.1	-2.6	1.5
Very long term	10.0	1.2	0.1	0.4	1.1

- 6) 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	9/30/2016	12/31/2016	3/31/2017	6/30/2017
Short term	20.0	2.6	4.4	3.3	7.8
Medium term	20.0	12.1	4.3	5.1	12.4
Long term	20.0	11.0	8.1	4.9	3.5
Very long term	20.0	7.4	5.9	5.3	5.6

7) The section entitled “**Outlook for 2017**” 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.

The bulk of the loan sensitivity activity has been carried out and the riskiest contracts, those indexed to EUR/CHF currencies, should decrease to a minimum by the end of 2017. The important reduction in the number of legal proceedings as of 30 June 2017 (more than 80% down since the creation of SFIL) should pursue its reducing trend during the second half of the year. 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.

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 approximately EUR 6.0 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.”.

SELECTED FINANCIAL INFORMATION

The section entitled “Selected Financial Information”, on pages 135 to 137 of the Base Prospectus is amended as follow:

- 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 30 June 2017, the Caisse Française de Financement Local had a shareholders’ equity of EUR 1,461 million (compared to EUR 1,438 million as of 31 December 2016).

Its financial debt amounted to EUR 62,237 million (compared to EUR 62,598 million as of 31 December 2016). It was comprised of debt benefiting from the legal *privilège** totalling EUR 57,103 million (compared to EUR 57,373 million as of 31 December 2016) and debt not benefiting from this *privilège*** totalling EUR 5,134 million (compared to EUR 5,225 million as of 31 December 2016).

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

** financing received from its shareholder

EUR millions	As of 31 December		As of 30 June	
	2015	2016	2016	2017
Core shareholders’ equity (excluding unrealized gains & losses)	1 428	1 438	1 429	1 461
Financial debt	64 059	62 598	66 104	62 237
- privileged debt	58 539	57 373	60 618	57 103
- non privileged debt	5 520	5 225	5 486	5 134
Balance sheet total	79 061	75 107	81 693	73 362

Net banking income for the first half of 2017 amounted to EUR 92 million (compared to EUR 50 million in 2016). Net income for the first half of 2017 amounted to EUR +23 million (compared to EUR +1 million in 2016).

EUR millions	Fiscal year		1st half	
	2015	2016	2016	2017
Net banking income	55	119	50	92
Operating income	-55	39	3	39
Net income	-76	10	1	23

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

Income was strongly influenced by the following factor 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 the first half of 2016 (EUR -44 million) and in 2016 (EUR -37 million) and slightly negative in the first half of 2017 (EUR -6 million).

With non-recurrent items removed, Net banking income increased from EUR +94 million in the first half of 2016 to EUR +98 million euros in the same period of 2017, and Net income slightly decreased from EUR 32 million in 2016 to EUR +30 million in 2017.

As of 30 June 2017, the outstanding amount of privileged debt in swapped value increased by EUR 1.1 billion (+2.2%) compared to 31 December 2016. The outstanding amount of non-privileged debt amounted at EUR 5.1 billion, decreasing by 1.7% compared to 31 December 2016. Those amounts are extracted from the Issuer's management report as of 30 June 2017.

2) The section untitled "**Litigation related to structured loans**" 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.

Reduction in outstanding sensitive structured loans

For the record, SFIL's application of its policy to reduce the sensitivity of the structured loans of Caisse Française de Financement Local was particularly effective in 2015 and 2016. Consequently, most of the sensitive structured loan problems have been solved. As announced at the end of 2016, the efforts to reduce the sensitivity of the outstanding loans have continued at a slower pace since the beginning of 2017.

Since the beginning of 2013, outstanding sensitive loans have been reduced by 82%, from EUR 8.5 billion to EUR 1.5 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;
- 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 0.6 billion.

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 95% of local governments and hospitals which had such loans.

On the basis of the operations conducted at the end of June 2017 with an effective date after 30 June 2017, 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 for 232 customers (a decrease of at least EUR 7.1 billion since 31 December 2012, or 84%).

Significant decrease in the number of lawsuits

As of 30 June 2017, 179 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 33 as of 5 September 2017, 36 as of 30 June 2017, 39 as of 31 December 2016 and 131 as of 31 December 2015.

Since the entry into effect on 30 July 2014, of the law on securing structured loan contracts signed by public sector entities, 27 legal decisions in favor of Dexia Credit Local and Caisse Française de Financement (including two decisions made in the context of an interlocutory proceeding) were rendered by the Tribunal de grande instance de Nanterre, the Tribunal de commerce de Nanterre and the Cour d'appel de Versailles, and only two decisions, relating to fixed-rate loans, were in whole or in part unsatisfactory, being noted these are first-instance judgments which are not yet final.”

- 3) The paragraph below the title “**Tax assessment**” is deleted in its entirety and replaced by the following:

“For the record, in 2015, French tax authorities investigated the income declared and the tax paid for 2012 and 2013. Following the tax assessment, the tax authorities expressed their disagreement with the tax treatment of the following two points: the taxation in Ireland of the income from the Dublin branch of Dexia Municipal Agency, which was closed in 2013, and the deductibility of provisions for non-performing loans.

In order to take into account the risk of an unfavorable outcome in these proceedings, Caisse Française de Financement Local recorded a provision for additional income tax in the amount of EUR 38 million in its 2015 IFRS financial statements. However, Caisse Française de Financement Local does not agree with the position of the tax authorities and started an appeal in 2016 within the framework of legal recourse allowed by current tax regulations. In 2016, discussions with tax authorities did not result in a change in the assumptions used to calculate the amount set aside in the IFRS accounts. No new developments have occurred in 2017.”.

- 4) The paragraph below the title “**Debt securities issued since 1st January 2017**” is deleted in its entirety and replaced by the following:

“Between 1st January 2017 and 5th September 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 5 186 million.”.

RECENT DEVELOPMENTS

The first sentence in the section entitled “Recent Developments”, on page 140 of the Base Prospectus 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 € 599 million between 31 December 2016 and 5 September 2017.”.

GENERAL INFORMATION

The section “General Information” on page 198 to 199 of the Base Prospectus is amended as follows:

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

“There has been no significant change in the financial or trading position of the Issuer since 30 June 2017 nor any material adverse change in the prospects of the Issuer since 31 December 2016.”;

- 2) 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 and the 30 June 2017 Financial Report incorporated by reference or otherwise in this Base Prospectus;”; and

- 3) The paragraph (14) 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 and have rendered a limited review report on each of the IFRS and French GAAP semi-annual accounts for the period ended 30 June 2017.”.

PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE FIRST SUPPLEMENT

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

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 8 September 2017



Autorité des marchés financiers

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (“AMF”), in particular Articles 212-31 to 212-33, the AMF has granted to this First Supplement the visa no. 17-467 on 8 September 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.