

**SECOND SUPPLEMENT DATED 10 APRIL 2018
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 Second supplement (the “**Second Supplement**”) is supplemental to, and should be read in conjunction with, the Base Prospectus dated 9 June 2017 as supplemented by the First Supplement to the Base Prospectus dated 8 September 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 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.17-267 on 9 June 2017 to the Base Prospectus and visa no. 17-467 on 8 September 2017 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) 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 2017 and the related audit reports (the “**2017 Annual Report**”);
- (ii) updating the disclaimers;
- (iii) updating sections A.2, B.10, B.12 and D.2 in the English and French versions of the Summary of the Programme;
- (iv) updating the section entitled “Conditions Attached to the Consent of the Issuer to Use the Prospectus”;
- (v) updating the section entitled “Risk Factors”;
- (vi) updating the section entitled “Documents Incorporated by Reference”;
- (vii) updating the section entitled “Business Overview”;
- (viii) updating the section entitled “Trend Information”;
- (ix) updating the section entitled “Major Shareholders”;
- (x) updating the section entitled “Selected Financial Information”;
- (xi) updating the section entitled “Recent Developments”;
- (xii) updating the section “Form of Final Terms 1”;
- (xiii) updating the section “Form of Final Terms 2”;
- (xiv) updating the section “Form of Final Terms 3”;

(xv) 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 12 April 2018.

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) and on the website of the Issuer (<http://www.caissefrancaisedefinancementlocal.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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DISCLAIMERS

The disclaimers of the Base Prospectus are amended as follows:

- On page 2 of the Base Prospectus, the two following paragraphs shall be inserted between the fourth and the fifth paragraphs:

“MiFID II product governance / target market – The Final Terms in respect of any *Obligations Foncières* may include a legend entitled “MiFID II product governance” which will outline the target market assessment in respect of the *Obligations Foncières*, taking into account the five (5) categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority (“ESMA”) on 5 February 2018 and which channels for distribution of the *Obligations Foncières* are appropriate. Any person subsequently selling or recommending the *Obligations Foncières* (a “distributor” as defined in MiFID II) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the *Obligations Foncières* (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any *Obligations Foncières* is a manufacturer as defined in MiFID II in respect of such *Obligations Foncières*, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules. For the avoidance of doubt, the Issuer is not a MiFID regulated entity and does not qualify as a distributor or a manufacturer under MiFID Product Governance Rules.”

SUMMARY OF THE PROGRAMME

The section entitled “Summary of the Programme” on pages 5 to 27 of the Base Prospectus is amended as follows:

- On page 5, paragraph (2) (b) of item A.2 is amended as follows:

| | | |
|------------|---|--|
| A.2 | Information regarding consent by the Issuer to the use of the Prospectus | (b) complies with the restrictions set out under “Subscription and Sale” in this Base Prospectus which would apply as if it were a Dealer and takes into account the relevant manufacturer’s target market assessment and distribution channels identified under the “MiFID II product governance” legend set out in the relevant Final Terms; |
|------------|---|--|

- 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 2016 and 31 December 2017 do not contain any qualification. |
|-------------|---|---|

- 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 2016 and 31 December 2017:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">EUR millions</th> <th style="text-align: right;">31/12/2016</th> <th style="text-align: right;">31/12/2017</th> </tr> </thead> <tbody> <tr> <td>Core shareholders’ equity <i>(excluding gains & losses through equity)</i></td> <td style="text-align: right;">1,438</td> <td style="text-align: right;">1,480</td> </tr> <tr> <td>Financial debt</td> <td style="text-align: right;">62,598</td> <td style="text-align: right;">58,406</td> </tr> <tr> <td>- privileged debt</td> <td style="text-align: right;">57,373</td> <td style="text-align: right;">53,585</td> </tr> <tr> <td>- non privileged debt</td> <td style="text-align: right;">5,225</td> <td style="text-align: right;">4,821</td> </tr> <tr> <td>Balance sheet total</td> <td style="text-align: right;">75,107</td> <td style="text-align: right;">68,777</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">EUR millions</th> <th style="text-align: right;">Fiscal Year 2016</th> <th style="text-align: right;">Fiscal Year 2017</th> </tr> </thead> <tbody> <tr> <td>Net banking income</td> <td style="text-align: right;">119</td> <td style="text-align: right;">156</td> </tr> <tr> <td>Operating income</td> <td style="text-align: right;">39</td> <td style="text-align: right;">73</td> </tr> <tr> <td>Net income</td> <td style="text-align: right;">10</td> <td style="text-align: right;">41</td> </tr> </tbody> </table> <p>As of 31 December 2017, the outstanding amount of privileged debt in swapped value decreased by EUR 2.0 billion (-3.7% compared to 31 December 2016). The outstanding amount of non-privileged debt amounted at EUR 4.8 billion, decreasing by 7.7% compared to 31 December 2016. Those amounts are extracted from the Issuer’s management report and audited annual accounts as of 31</p> | EUR millions | 31/12/2016 | 31/12/2017 | Core shareholders’ equity <i>(excluding gains & losses through equity)</i> | 1,438 | 1,480 | Financial debt | 62,598 | 58,406 | - privileged debt | 57,373 | 53,585 | - non privileged debt | 5,225 | 4,821 | Balance sheet total | 75,107 | 68,777 | EUR millions | Fiscal Year 2016 | Fiscal Year 2017 | Net banking income | 119 | 156 | Operating income | 39 | 73 | Net income | 10 | 41 |
|---|--|--|--------------|------------|------------|---|-------|-------|----------------|--------|--------|-------------------|--------|--------|-----------------------|-------|-------|---------------------|--------|--------|--------------|---------------------|---------------------|--------------------|-----|-----|------------------|----|----|------------|----|----|
| EUR millions | 31/12/2016 | 31/12/2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Core shareholders’ equity <i>(excluding gains & losses through equity)</i> | 1,438 | 1,480 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Financial debt | 62,598 | 58,406 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - privileged debt | 57,373 | 53,585 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - non privileged debt | 5,225 | 4,821 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance sheet total | 75,107 | 68,777 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUR millions | Fiscal Year 2016 | Fiscal Year 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net banking income | 119 | 156 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Operating income | 39 | 73 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net income | 10 | 41 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | <p>December 2017, established under IFRS as adopted by the European Union.</p> <p>There has been no material adverse change in the prospects of the Issuer since 31 December 2017 and there has been no significant change in the financial or trading position of the Issuer since 31 December 2017.</p> <p>The number of clients who sued Dexia Crédit Local and/or SFIL and/or Caisse Française de Financement Local for structured loans on the balance sheet of Caisse Française de Financement Local stood at 23 on 29 March 2018, compared with 25 on 31 December 2017.</p> |
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- In item D.2, the risk factor entitled “- Geographic concentration risk in its Cover Pool;” is deleted in its entirety and replaced by the following:

| | | |
|------------|---|--|
| D.2 | Key information on the key risks that are specific to the Issuer or its industry | <p>More than 86% of the Cover Pool (excluding replacement assets and cash) is located in France. Such national concentration may over affect the cover pool should the country experiences substantial changes in financial, economic or fiscal conditions. In addition Caffil has certain large exposure in certain other geographic areas such as Italy (9.2%) and Switzerland (1.7%).</p> |
|------------|---|--|

**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:

- On page 28, paragraph (2) (b) of item A.2 is amended as follows:

| | | |
|------------|--|--|
| A.2 | Information relative au consentement de l'Émetteur concernant l'utilisation du Prospectus | (b) qui respecte les restrictions énoncées dans la partie intitulée " <i>Subscription and Sale</i> " du présent Prospectus de Base qui s'appliquent comme s'il s'agissait d'un Agent Placeur et prend en compte l'évaluation du marché cible concerné réalisée par le producteur ainsi que les canaux de distribution identifiés dans le paragraphe « <i>MiFID II product governance</i> » des Conditions Définitives concernées ; |
|------------|--|--|

- 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 2016 et le 31 décembre 2017 ne contiennent pas de réserve. |
|-------------|--|--|

- 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 2016 et au 31 décembre 2017 :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">(Millions d'euros)</th> <th style="text-align: right;">31/12/2016</th> <th style="text-align: right;">31/12/2017</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;">1 438</td> <td style="text-align: right;">1 480</td> </tr> <tr> <td>Dettes financières</td> <td style="text-align: right;">62 598</td> <td style="text-align: right;">58 406</td> </tr> <tr> <td>- Dette privilégiée</td> <td style="text-align: right;">57 373</td> <td style="text-align: right;">53 585</td> </tr> <tr> <td>- Dette non privilégiée</td> <td style="text-align: right;">5 225</td> <td style="text-align: right;">4 821</td> </tr> <tr> <td>Total du bilan</td> <td style="text-align: right;">75 107</td> <td style="text-align: right;">68 777</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 style="text-align: right;">Exercice 2016</th> <th style="text-align: right;">Exercice 2017</th> </tr> </thead> <tbody> <tr> <td>Produit net bancaire</td> <td style="text-align: right;">119</td> <td style="text-align: right;">156</td> </tr> <tr> <td>Résultat d'exploitation</td> <td style="text-align: right;">39</td> <td style="text-align: right;">73</td> </tr> <tr> <td>Résultat net</td> <td style="text-align: right;">10</td> <td style="text-align: right;">41</td> </tr> </tbody> </table> <p>Au 31 décembre 2017, l'encours des dettes privilégiées en valeur swappée a diminué de EUR 2,0 milliard (-3,7% par rapport à décembre 2016). L'encours des dettes non privilégiées s'élève à EUR 4,8 milliards, en baisse de 7,7% par rapport à décembre 2016. Ces informations proviennent du rapport de gestion et des comptes</p> | (Millions d'euros) | 31/12/2016 | 31/12/2017 | Fonds propres de base (à l'exclusion des gains ou pertes latents ou différés) | 1 438 | 1 480 | Dettes financières | 62 598 | 58 406 | - Dette privilégiée | 57 373 | 53 585 | - Dette non privilégiée | 5 225 | 4 821 | Total du bilan | 75 107 | 68 777 | (Millions d'euros) | Exercice 2016 | Exercice 2017 | Produit net bancaire | 119 | 156 | Résultat d'exploitation | 39 | 73 | Résultat net | 10 | 41 |
|--|---|---|--------------------|------------|------------|--|-------|-------|--------------------|--------|--------|---------------------|--------|--------|-------------------------|-------|-------|----------------|--------|--------|--------------------|---------------|---------------|----------------------|-----|-----|-------------------------|----|----|--------------|----|----|
| (Millions d'euros) | 31/12/2016 | 31/12/2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fonds propres de base (à l'exclusion des gains ou pertes latents ou différés) | 1 438 | 1 480 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dettes financières | 62 598 | 58 406 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - Dette privilégiée | 57 373 | 53 585 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| - Dette non privilégiée | 5 225 | 4 821 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total du bilan | 75 107 | 68 777 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Millions d'euros) | Exercice 2016 | Exercice 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Produit net bancaire | 119 | 156 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Résultat d'exploitation | 39 | 73 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Résultat net | 10 | 41 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| | | <p>annuels audités de l'Émetteur au 31 décembre 2017, établis selon le référentiel IFRS tel qu'adopté par l'Union Européenne.</p> <p>Aucune détérioration significative n'a eu de répercussions sur les perspectives de l'Émetteur depuis le 31 décembre 2017 et aucun changement significatif de la situation financière ou commerciale de l'Émetteur n'est survenu depuis le 31 décembre 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 structurés figurant au bilan de la Caisse Française de Financement Local s'élevait à 23 le 29 mars 2018, contre 25 au 31 décembre 2017.</p> |
|--|--|--|

- In item D.2, the risk factor entitled “-Risque de concentration géographique sur son Pool de Couverture ;” is deleted in its entirety and replaced by the following:

| | | |
|------------|--|--|
| D.2 | Informations clés sur les principaux risques propres à l'Émetteur ou à son exploitation et son activité | <p>Plus de 86% du Pool de Couverture (à l'exception des valeurs de remplacement et de la trésorerie) est situé en France. Une telle concentration nationale pourrait avoir un impact d'autant plus fort sur le Pool de Couverture si le pays en question connaissait des modifications substantielles des conditions financières, économiques et fiscales. De plus, Caffil dispose d'une forte exposition dans d'autres zones géographiques comme l'Italie (9,2%) et la Suisse (1,7%).</p> |
|------------|--|--|

**CONDITIONS ATTACHED TO THE CONSENT OF THE ISSUER TO USE THE
PROSPECTUS**

The section entitled “Conditions Attached to the Consent of the Issuer to Use the Prospectus” on pages 52 to 53 of the Base Prospectus is amended as follows:

- On page 52 of the Base Prospectus, paragraph (2) (b) is amended as follows:

“(b) complies with the restrictions set out under “*Subscription and Sale*” in this Base Prospectus which would apply as if it were a Dealer and takes into account the relevant manufacturer’s target market assessment and distribution channels identified under the “MiFID II product governance” legend set out in the relevant Final Terms;”

RISK FACTORS

The section "Risk Factors" on pages 54 to 72 of the Base Prospectus is amended as follows:

- 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 2017, more than 86% 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 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 2017, they represented respectively 9.2%, and 1.7% of the Cover Pool excluding replacement assets and cash."

- The risk factor entitled "*Reform and regulation of "benchmarks"*" is included on page 72:

"2.12 The regulation and reform of "benchmarks" may adversely affect the value of *Obligations Foncières* linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks", (including EURIBOR and LIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any *Obligations Foncières* linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (the "Benchmarks Regulation") was published in the Official Journal of the EU on 29th June 2016 and applies from 1st January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any *Obligations Foncières* linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks" (including EURIBOR and LIBOR): (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international

or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any *Obligations Foncières* linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any *Obligations Foncières* linked to or referencing a "benchmark".

- The risk factor entitled "*Future discontinuance of LIBOR may adversely affect the value of Floating Rate Obligations Foncières which reference LIBOR*" is included on page 72:

“2.13 Future discontinuance of LIBOR may adversely affect the value of Floating Rate *Obligations Foncières* which reference LIBOR

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate *Obligations Foncières* which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such *Obligations Foncières*. Depending on the manner in which the LIBOR rate is to be determined under the Terms and Conditions, this may (i) if ISDA Determination or FBF Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate *Obligations Foncières* which reference LIBOR.”

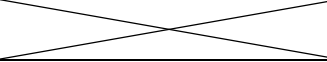
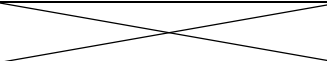
DOCUMENTS INCORPORATED BY REFERENCE

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 annual financial report of the Issuer incorporating its audited annual accounts for the period ended 31 December 2017 and the related audit report (the “**2017 Annual Report**”). The 2017 Annual Report is published on the website of the Issuer (<http://www.caissefrancaisedefinancementlocal.fr>).

The 2017 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), (ii) the website of the Issuer (<http://www.caissefrancaisedefinancementlocal.fr>) and/or (iii) the offices of each Paying Agent set out at the end of the Base Prospectus during normal business hours.

| INFORMATION INCORPORATED BY REFERENCE | 2017 Annual Report |
|---|---|
| <u>Historical Financial Information</u> |  |
| – the IFRS balance sheet; | Page 63 |
| – the French GAAP balance sheet | Page 99 |
| – the IFRS income statement; | Page 64 |
| – the French GAAP income statement | Page 100 |
| – in the case of an admission of securities to trading on a regulated market only, a IFRS cash flow statement; | Page 66 |
| – in the case of an admission of securities to trading on a regulated market only, a French GAAP cash flow statement | Page 102 |
| – the accounting policies and IFRS explanatory notes; | Pages 67 to 97 |
| – the accounting policies and French GAAP explanatory notes; | Pages 103 to 116 |
| – the management report; | Pages 5 to 54 |
| – the coverage ratio | Page 121 |
| <u>Financial statements</u> | |
| If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document. | Pages 63 to 98 Pages 99 to 120 |
| <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 | IFRS Auditors’ reports Page 98 French GAAP Auditors’ |

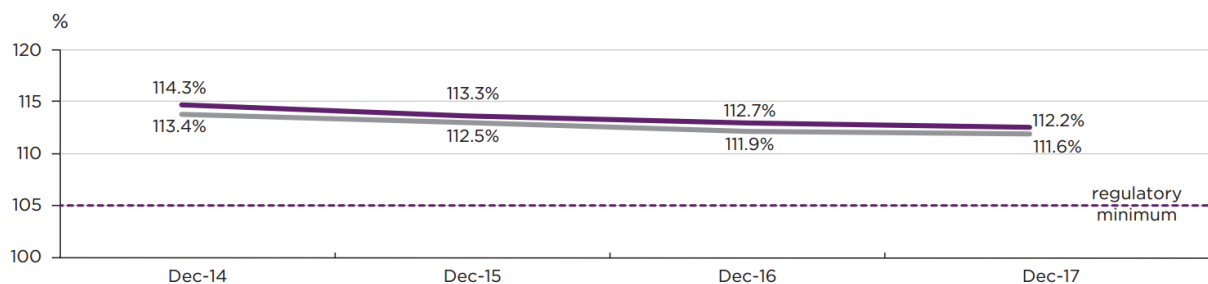
| INFORMATION INCORPORATED BY REFERENCE | 2017 Annual Report |
|---|-----------------------------|
| disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given. | reports Pages 117 to 120 |
| An indication of other information in the registration document which has been audited by the auditors. | Pages 53, 122 |

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 follows:

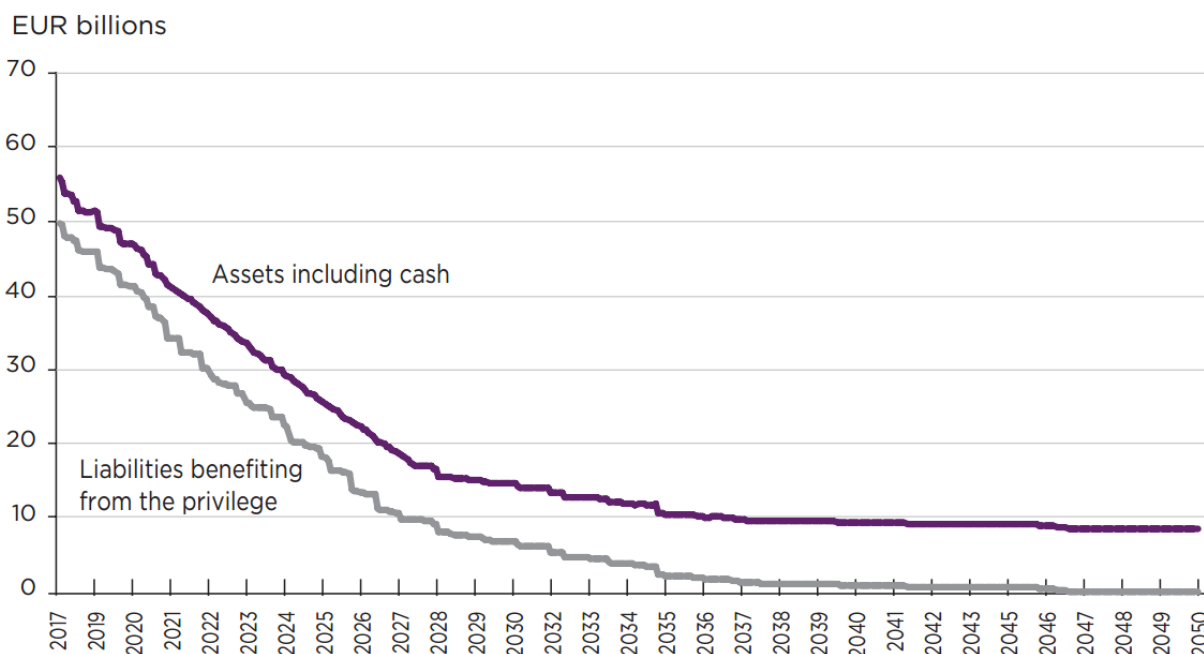
- 1) The first graph below the title “**Over-collateralization ratio**” is deleted in its entirety and replaced by the following:



- 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 *privilège* as of 31 December 2017.”;

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



4) The section entitled “**1. Definition**” below the title “**Hedging interest rate risk**” is deleted in its entirety and replaced by the following:

“1. Definition

Interest rate structural risk is defined as the risk of loss incurred in the event of a change in interest rates that would lead to a loss in value of balance sheet and off-balance sheet transactions, excluding any trading portfolio transactions. Since Caisse Française de Financement Local does not have a trading portfolio, it is not concerned by this exception.

There are three different types of interest rate risk:

- the fixed interest rate risk that results from the difference in volume and maturity between fixed rate assets and liabilities, or adjustable rate assets and liabilities for which the interest rate has subsequently been fixed. This risk can result in yield curve parallel shifts, steepening, flattening or rotation;
- the basis risk that results from the gap that may exist in the matching of assets and liabilities indexed on variable rates of different types or index tenors;
- the fixing risk that results, for each index, from the gap between the adjustment dates applied to all the variable rate balance sheet and off-balance sheet items linked to the same tenor.

These risks are generally hedged using derivatives.

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

“2. Hedging strategy

To limit its impact, interest rate risk is hedged in two stages by Caisse Française de Financement Local:

- In the first stage, all the assets and the liabilities benefiting from the *privilège* 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 over a sliding period of maximum 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. The residual risk is managed using macro-hedges with a management horizon of one week.

These hedges can be entered into either directly on the market by Caisse Française de Financement Local, or through SFIL, which in turn hedges its resulting position in the market.

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 Eonia 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.”.

- 6) The section entitled “**3. Limits on interest rate risk**” is deleted in its entirety and replaced by the following:

“3. Limits on interest rate risk

The sensitivity of residual positions in fixed rates and variable rates fixed for a determined period of time that remain after the two levels of hedging is monitored on a monthly basis. Limits provide a framework for this sensitivity and are designed to reduce the impact on the value of balance sheet items in the event of a shift in the yield curve or a move in sloping/rotation. They are calibrated so as not to lose more than 6% of equity (i.e. EUR 80 million) with a quantile of 99% calculated based on 2007-2017 historical data.

The net present value (NPV) sensitivity indicators are calculated for a rate shock of 100 x +1 basis point (bp), aiming to limit losses in value in the event of:

- a parallel yield curve shift (limit of EUR 25 million for a shock of 100 x 1bp) to limit the fixed rate or directional rate risk;
- sloping/rotation of the interest rate curve:
 - net present value sensitivity calculation and limiting by time bucket, using four buckets of distinct risks on the yield curve in order to limit risk between distant points on the curve (limit per bucket of EUR 10 million for a shock of 100 x 1bp);
 - net present value sensitivity calculation and limiting by time bucket, using four buckets of distinct risks on the yield curve in order to limit risk between near points on the curve, within each bucket (limit per bucket of EUR 20 million for a shock of 100 x 1bp).

Limiting directional risk

The measurement of sensitivity at the end of each quarter is presented below.

| Directional risk | | | | | | |
|-------------------------|-------------|--------------|--------------|--------------|------------|------------|
| Total sensitivity | | | | | | |
| EUR millions | Limit | 12/31/2016 | 3/31/2017 | 6/30/2017 | 9/30/2017 | 12/31/2017 |
| SENSITIVITY | 25.0 | (0.5) | (0.1) | (1.6) | 1.0 | 1.5 |

Measurement of the slope/rotation risk

The quarter-end sensitivity measurements are presented below.

| Risk of slope between two distant points on the rate curve | | | | | | |
|---|-------------|------------|-----------|-----------|-----------|------------|
| Sum of sensitivities | | | | | | |
| EUR millions | Limit | 12/31/2016 | 3/31/2017 | 6/30/2017 | 9/30/2017 | 12/31/2017 |
| Short term | 10.0 | (0.9) | 0.1 | 0.4 | (1.7) | 0.2 |
| Medium term | 10.0 | 0.3 | 2.0 | (4.5) | (2.4) | (4.6) |
| Long term | 10.0 | 0.1 | (2.6) | 1.5 | 3.8 | 3.1 |
| Very long term | 10.0 | 0.1 | 0.4 | 1.1 | 1.3 | 2.7 |

| Risk of slope between two close points on the rate curve | | | | | | |
|---|-------------|------------|-----------|-----------|-----------|------------|
| Sum of sensitivities in absolute value | | | | | | |
| EUR millions | Limit | 12/31/2016 | 3/31/2017 | 6/30/2017 | 9/30/2017 | 12/31/2017 |
| Short term | 20.0 | 4.4 | 3.3 | 7.8 | 10.2 | 11.6 |
| Medium term | 20.0 | 4.3 | 5.1 | 12.4 | 10.9 | 14.8 |
| Long term | 20.0 | 8.1 | 4.9 | 3.5 | 7.1 | 3.6 |
| Very long term | 20.0 | 5.9 | 5.3 | 5.6 | 6.5 | 6.9 |

”

7) The section entitled “**Outlook for 2017**” is deleted in its entirety and replaced by the following:

“Outlook for 2018

In 2018, Caisse Française de Financement Local and its parent company SFIL will aim to:

- maintain their role as a major player in the market for loans to French local governments and public hospitals, within the framework of the system established with La Banque Postale;
- continue their key role as refinancer of partner banks of French exporters, for large export credits.

The bulk of the sensitivity reduction work has been completed and by end-2018 the most at-risk outstandings, i.e. those indexed on EUR/CHF, will be reduced to a marginal level. This activity, which generally involves granting new loans to the local government entities concerned, will now be scaled down. In addition, the already very significant reduction in the number of lawsuits issued in the year ended December 31, 2017, is expected to continue in 2018.

In addition, as announced on March 8, 2018, SFIL’s refinancing export credit system may be expanded to loans designed to finance projects considered strategic for France without necessarily having to be linked to an underlying export. These projects will benefit from a new guarantee of the French State, and may be refinanced by Caisse Française de Financement Local through an enhanced guarantee arrangement.

In 2018, new loans will be included in Caisse Française de Financement Local's cover pool representing exposures to the French local public sector and the French State.

To cover its financing requirements, in 2018 Caisse Française de Financement Local plans to issue between EUR 4 billion and EUR 6 billion of *obligations foncières* with a long average maturity, adapted to the profile of the assets financed. Its program will mainly be carried out through a number of benchmark issues in euros and private placements adapted to the needs of its broad investor base.

Lastly, from a macro-economic point of view, as in 2017, two significant background issues will be closely monitored in 2018:

- developments in the regulatory environment;
- market volatility in a context influenced by the perspectives for a quantitative easing exit strategy announced by the European Central Bank, the provisions linked to Brexit and the geopolitical environment.”.

TREND INFORMATION

The paragraph of the section entitled “**Trend Information**” on page 129 of the Base Prospectus shall be deleted and replaced as follows:

There has been no material adverse change in the prospects of the Issuer since 31 December 2017.”

MAJOR SHAREHOLDERS

The first sentence below the title “**Amount of the capital**” of the section entitled “**Major Shareholders**” on page 134 of the Base Prospectus shall be deleted and replaced as follows:

“Share capital currently stands at EUR 1,350,000,000 represented by 13,500,000 nominative shares.”

SELECTED FINANCIAL INFORMATION

The section entitled “Selected Financial Information”, on pages 135 to 137 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 2017, the Caisse Française de Financement Local had a shareholders’ equity (excluding gains & losses through equity) of EUR 1,480 million (compared to EUR 1,438 million as of 31 December 2016).

Its financial debt amounted to EUR 58,406 million (compared to EUR 62,598 million as of 31 December 2016). It was comprised of debt benefiting from the legal *privilège** totalling EUR 53,585 million (compared to EUR 57,373 million as of 31 December 2016) and debt not benefiting from this *privilège*** totalling EUR 4,821 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 | 31/12/2016 | 31/12/2017 |
|--|------------|------------|
| Core shareholders’ equity (excluding gains & losses through equity) | 1,438 | 1,480 |
| Financial debt | 62,598 | 58,406 |
| - privileged debt | 57,373 | 53,585 |
| - non privileged debt | 5,225 | 4,821 |
| Balance sheet total | 75,107 | 68,777 |

Net banking income for the year ended on 31 December 2017 amounted to EUR 156 million (compared to EUR 119 million in 2016). Net income for the year ended on 31 December 2017 amounted to EUR +41 million (compared to EUR +10 million in 2016).

| EUR millions | Fiscal Year 2016 | Fiscal Year 2017 |
|--------------------|---------------------|---------------------|
| Net banking income | 119 | 156 |
| Operating income | 39 | 73 |
| Net income | 10 | 41 |

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 hedges. The application of these changes in accounting standards or methods is a source of volatility in Net banking income. The impact of these adjustments was significantly negative in 2016 (EUR -37 million) and

2017 (EUR -37 million).

- the effect of changes in the income tax rate: in 2017, Caisse Française de Financement Local has taken note of the reduction in corporate income tax to 25% as of 2022. To this end, it reduced its deferred tax assets and recorded a non-recurring expense of EUR -2 million in its accounts. For the record, in 2016, Caisse Française de Financement Local also took into account legislative measures reducing the tax rate to 28% from 2020, and recorded a non-recurring expense of EUR -14 million.

Excluding non-recurring items indicated above, Net banking income increased from EUR +156 million in 2016 to EUR +193 million euros in 2017, and Net income increased from EUR +48 million in 2016 to EUR +67 million in 2017.

As of 31 December 2017, the outstanding amount of privileged debt in swapped value decreased by EUR 2.0 billion (-3.7%) compared to 31 December 2016. The outstanding amount of non-privileged debt amounted at EUR 4.8 billion, decreasing by 7.7% compared to 31 December 2016. Those amounts are extracted from the Issuer's management report as of 31 December 2017.”;

- 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 2016 and 31 December 2017. The last one dated 29 March 2018 can be found on page 98 of the Issuer's Annual Financial Report 2017.”;

- 3) The section entitled “**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 Crédit Local before the acquisition of Caisse Française de Financement Local by SFIL. Certain of these customers initiated legal proceedings against Dexia Crédit Local, Caisse Française de Financement Local and/or SFIL.

Reduction in loan sensitivity

Proactive sensitivity reduction measures, the use of support funds and, to a lesser extent, the maturing of certain loans made it possible to reduce the number of sensitive customers by 653 between SFIL's launch and 31 December 2017. The number of customers holding sensitive loans decreased from 879 to 226, and the outstanding sensitive loans dropped from EUR 8.5 billion to EUR 1.4 billion (2.5% of the cover pool), i.e. a decrease of more than 83%.

This decrease includes EUR 0.5 billion that represents outstanding loans for which the customers chose to maintain their sensitive loan temporarily, while having the option of receiving aid from the local government support fund if the structured component of their loan becomes activated (system for helping pay interest at a degraded rate provided for by the support fund doctrine). The loans concerned by this option mainly correspond to loans with an interest rate based on leverage and which are, at this time, most often at fixed rates because the structured component is not or has never been activated.

Based on transactions already entered into, total sensitive structured loans will be reduced to EUR 1.2 billion by the end of 2018, of which a maximum of EUR 0.6 billion relating solely to local government entities. On the same basis, by end-2018, sensitive loans with an activated structured component and a rate exceeding 5% will amount to less than EUR 0.2 billion and will concern 34 customers, i.e. 0.4% of the cover pool and 0.2% of customers in the French local public sector.

Significant decrease in the number of lawsuits

As of 31 December 2017, the number of borrowers in litigation for structured loans was 25, compared with 39 as of 31 December 2016. Since SFIL's creation, 198 borrowers have dropped their claims against the Group. Since the entry into force on 30 July 2014 of the law on the securing of structured loan contracts taken out by common law legal entities, the Nanterre Court of First Instance, the Nanterre Commercial Court and the Versailles Court of Appeal have handed down 31 court decisions ruling in favor of Dexia Crédit Local, SFIL and Caisse Française de Financement Local. Only one unfavorable decision, concerning a single non-structured loan, has been handed down, being noted this is a first-instance judgment which is not yet final. Caisse Française de Financement Local, SFIL and Dexia Crédit Local have appealed this decision.

As of 31 December 2017, there were no other significant lawsuits or disputes between Caisse Française de Financement Local and its borrowers.

Fiscal risk

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 safeguard its rights to the disputed adjustment, in 2017 the tax authority initiated a verification procedure relating to the consequences of its previous assessment of taxable income for the 2014 to 2016 fiscal years. The two points of disagreement resulting from the 2015 assessment still held following this tax audit. There were no other new developments. 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. Neither the discussions that took place with the tax authorities nor the new tax audit called into question the assumptions used to calculate the amount provisioned in the accounts.

- 4) This section entitled “**Debt securities issued since 1st January 2017**” is deleted in its entirety and replaced by the following:

“Debt securities issued since 1st January 2018

Between 1st January 2018 and 29th March 2018, the Caisse Française de Financement Local has issued debt securities issued in the form of *obligations foncières* and other resources benefiting from the *privilège* for an amount of EUR 1,872 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) increased by an amount of EUR 111 million between 31 December 2017 and 29 March 2018.”

- The following sentence shall be added at the end of the section entitled “Recent Developments”, on page 140 of the Base Prospectus:

“The number of clients who sued Dexia Crédit Local and/or SFIL and/or Caisse Française de Financement Local for structured loans on the balance sheet of Caisse Française de Financement Local stood at 23 on 29 March 2018, compared with 25 on 31 December 2017.”

FORM OF FINAL TERMS 1

The section entitled “Form of Final Terms 1” on pages 148 to 162 of the Base Prospectus is amended as follows:

- On page 148 of the Base Prospectus, the following paragraphs (along with the footnotes included below) is inserted under the paragraph entitled “Prohibition of Sales to EEA Retail Investors”:

“¹**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the *Obligations Foncières*, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018, has led to the conclusion that: (i) the target market for the *Obligations Foncières* is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**MIFID II**”)] [MiFID II]; and (ii) all channels for distribution of the *Obligations Foncières* to eligible counterparties and professional clients are appropriate. [**Consider any negative target market**²] Any person subsequently offering, selling or recommending the *Obligations Foncières* (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the *Obligations Foncières* (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

OR

³**MIFID II product governance / Retail investors, professional investors and ECPs** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the *Obligations Foncières*, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018, has led to the conclusion that: (i) the target market for the *Obligations Foncières* is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, “**MIFID II**”)] [MiFID II]; **EITHER**⁴ [and (ii) all channels for distribution of the *Obligations Foncières* are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services]⁵ **OR**⁶ [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the *Obligations Foncières* to retail clients are appropriate - investment advice[, / and] portfolio management[, / and] [non-advised sales] [and pure execution services] [, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]⁷. [**Consider any negative**

¹ Legend to be included on front of the Final Terms if following the ICMA 1 “all bonds to all professionals” target market approach.

² ICMA 1 and ICMA 2 approaches envisage that a negative target market will be unlikely. Note that a programme which only envisages vanilla issuance is unlikely to require a negative target market placeholder. If a negative target market is deemed necessary, wording along the following lines could be included: “The target market assessment indicates that *Obligations Foncières* are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested].”

³ Legend to be included on front of the Final Terms if following the ICMA 2 approach.

⁴ Include for bonds that are not ESMA complex.

⁵ The relevant channels for distribution shall be identified and chosen by the relevant Manufacturer(s).

⁶ Include for certain ESMA complex bonds. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the *Obligations Foncières* constitute “complex” products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.

⁷ The relevant channels for distribution shall be identified and chosen by the relevant Manufacturer(s).

*target market*⁸] Any person subsequently offering, selling or recommending the *Obligations Foncières* (a “**distributor**”) should take into consideration the manufacturer[‘s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the *Obligations Foncières* (by either adopting or refining the manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels[, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable]⁹.]”

- On page 160, Part B, item 9 is deleted and replaced by :

“9. [Floating Rate Obligations Foncières only - HISTORIC INTEREST RATES

(i) Details of historic [LIBOR/EURIBOR/EONIA/CMS Rate/ TEC10] rates can be obtained from [•].

(ii) [Benchmarks: Amounts payable under the *Obligations Foncières* will be calculated by reference to [LIBOR/EURIBOR/EONIA/CMS Rate] which is provided by [•]. [As at [•],[•] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/2011) (the “**Benchmarks Regulation**”).] [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [•] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]”

⁸ ICMA 1 and ICMA 2 approaches envisage that a negative target market will be unlikely. Note that a programme which only envisages vanilla issuance is unlikely to require a negative target market placeholder. If a negative target market is deemed necessary, wording along the following lines could be included: “The target market assessment indicates that *Obligations Foncières* are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested].”

⁹ If the *Obligations Foncières* constitute “complex” products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II. If there are advised sales, a determination of suitability will be necessary.

FORM OF FINAL TERMS 2

The section entitled “Form of Final Terms 2” on pages 163 to 181 of the Base Prospectus is amended as follows:

- On page 163 of the Base Prospectus, the following paragraph (along with the footnotes included below) is inserted under the paragraph entitled “Prohibition of Sales to EEA Retail Investors”:

“¹**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the *Obligations Foncières*, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018, has led to the conclusion that: (i) the target market for the *Obligations Foncières* is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]²[MiFID II]; and (ii) all channels for distribution of the *Obligations Foncières* to eligible counterparties and professional clients are appropriate. [**Consider any negative target market**²] Any person subsequently offering, selling or recommending the *Obligations Foncières* (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the *Obligations Foncières* (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]”

- On page 179, Part B, item 8 is deleted and replaced by :

“8. [*Floating Rate Obligations Foncières only* - **HISTORIC INTEREST RATES**

(i) Details of historic [LIBOR/EURIBOR/EONIA/CMS Rate/ TEC10] rates can be obtained from [•].

(ii) [Benchmarks: Amounts payable under the *Obligations Foncières* will be calculated by reference to [LIBOR/EURIBOR/EONIA/CMS Rate] which is provided by [•]. [As at [•],[•] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmarks Regulation (Regulation (EU) 2016/2011) (the “**Benchmarks Regulation**”).] [As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that [•] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]”

¹ Legend to be included on front of the Final Terms if following the ICMA 1 “all bonds to all professionals” target market approach.

² ICMA 1 and ICMA 2 approaches envisage that a negative target market will be unlikely. Note that a programme which only envisages vanilla issuance is unlikely to require a negative target market placeholder. If a negative target market is deemed necessary, wording along the following lines could be included: “The target market assessment indicates that *Obligations Foncières* are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested].”

FORM OF FINAL TERMS 3

The section entitled “Form of Final Terms 3” on pages 182 to 197 of the Base Prospectus is amended as follows:

- On page 182 of the Base Prospectus, the following paragraphs (along with the footnotes included below) is inserted under the paragraph entitled “Prohibition of Sales to EEA Retail Investors”:

“¹**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the *Obligations Foncières*, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018, has led to the conclusion that: (i) the target market for the *Obligations Foncières* is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]²[MiFID II]; and (ii) all channels for distribution of the *Obligations Foncières* to eligible counterparties and professional clients are appropriate. [**Consider any negative target market**²] Any person subsequently offering, selling or recommending the *Obligations Foncières* (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the *Obligations Foncières* (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]”

¹ Legend to be included on front of the Final Terms if following the ICMA 1 “all bonds to all professionals” target market approach.

² ICMA 1 and ICMA 2 approaches envisage that a negative target market will be unlikely. Note that a programme which only envisages vanilla issuance is unlikely to require a negative target market placeholder. If a negative target market is deemed necessary, wording along the following lines could be included: “The target market assessment indicates that *Obligations Foncières* are incompatible with the needs, characteristic and objectives of clients which are [fully risk averse/have no risk tolerance or are seeking on-demand full repayment of the amounts invested].”

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 31 December 2017 nor any material adverse change in the prospects of the Issuer since 31 December 2017.”;

- 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 2016 and 31 December 2017 incorporated by reference or otherwise in this Base Prospectus;” and

- 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 2016. Deloitte & Associés and Ernst & Young et Autres (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 year ended 31 December 2017.”.

- 5) The paragraph (16) shall be added as follows:

“(16) Benchmarks

Amounts payable under the *Obligations Foncières* may be calculated by reference to one or more “benchmarks” for the purposes of Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 (the “**Benchmarks Regulation**”). In this case, a statement will be included in the applicable Final Terms as to whether or not the relevant administrator of the “benchmark” is included in ESMA’s register of administrators under Article 36 of the Benchmarks Regulation.”

**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 10 April 2018



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. 18-125 on 10 April 2018. 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.