

**FIRST SUPPLEMENT DATED 17 SEPTEMBER 2018  
TO THE BASE PROSPECTUS DATED 8 JUNE 2018**



**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 8 June 2018, 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.18-234 on 8 June 2018 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 2018 (the “**30 June 2018 Financial Report**”);
- (ii) updating the rating to include DBRS Ratings Limited as rating agency and to withdraw, as from 1 January 2019, Fitch France SAS;
- (iii) updating section B.12 in the English and French versions of the Summary of the Programme;
- (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 19 September 2018.

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](http://www.amf-france.org)) and (c) will be available during normal business hours at the specified office of the Fiscal Agent (Banque Internationale à Luxembourg, société anonyme 69, route d'Esch, L-1470 Luxembourg, Grand-Duchy of Luxembourg) so long as any of the *Obligations Foncières* issued under the Programme are outstanding.

## TABLE OF CONTENTS

RATING.....	4
SUMMARY OF THE PROGRAMME.....	8
RÉSUMÉ EN FRANÇAIS DU PROGRAMME (FRENCH SUMMARY OF THE PROGRAMME) .....	10
DOCUMENTS INCORPORATED BY REFERENCE.....	12
BUSINESS OVERVIEW.....	13
SELECTED FINANCIAL INFORMATION.....	16
RECENT DEVELOPMENTS .....	20
GENERAL INFORMATION.....	21
PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE FIRST SUPPLEMENT.....	22

## RATING

The following sections of the Base Prospectus are amended to include DBRS Ratings Limited as rating agency. Please note that any references below to Fitch Ratings shall be withdrawn as from 1 January 2019.

- On the first page of the Base Prospectus, the eighth paragraph is deleted and amended as follows:

“It is expected that the *Obligations Foncières* issued under the Programme will be rated AA+ by Standard & Poor’s Rating Services (“**S&P**”) and/or AA by Fitch Ratings (“**Fitch**”) and/or Aaa by Moody’s Investors Services, Inc. (“**Moody’s**”) and/or AAA by DBRS Ratings Limited (“**DBRS**”). The *Obligations Foncières* shall no longer be rated by Fitch as from 1<sup>st</sup> January 2019. The rating (if any) will be specified in the relevant Final Terms. The credit ratings included or referred to in this Base Prospectus or in any Final Terms have been issued by S&P, Fitch, Moody’s and/or DBRS, which are established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit ratings agencies, as amended (the “**CRA Regulation**”), and included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority’s website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) as of the date of this Base Prospectus. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.”

- On page 11 of the Base Prospectus, item B.17 is deleted and replaced by the following:

<b>B.17</b>	<b>Credit ratings assigned to the Issuer or its debt securities</b>	<p><i>Obligations Foncières</i> to be issued under the Programme are expected to be rated AA+ by Standard &amp; Poor’s Rating Services (“<b>S&amp;P</b>”) and/or AA by Fitch Ratings (“<b>Fitch</b>”) and/or Aaa by Moody’s Investors Services, Inc. (“<b>Moody’s</b>”) and/or AAA by DBRS Ratings Limited (“<b>DBRS</b>”), which are established in the European Union and registered under Regulation (EC) No. 1060/2009 on credit ratings agencies, as amended (the “<b>CRA Regulation</b>”), and included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the European Securities and Markets Authority’s website (<a href="https://www.esma.europa.eu/supervision/credit-rating-agencies/risk">https://www.esma.europa.eu/supervision/credit-rating-agencies/risk</a>) as of the date of the Base Prospectus. The <i>Obligations Foncières</i> shall no longer be rated by Fitch as from 1<sup>st</sup> January 2019.</p> <p>The rating will be specified in the Final Terms.</p> <p>A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p> <p><b>Issue specific summary:</b></p> <p>Credit ratings: [Not Applicable/The <i>Obligations Foncières</i> to be issued are expected to be rated:</p> <p style="margin-left: 100px;">[S &amp; P: [●]]</p> <p style="margin-left: 100px;">[Moody's: [●]]</p> <p style="margin-left: 100px;">[Fitch: [●]]</p> <p style="margin-left: 100px;">[DBRS: [●]]</p>
-------------	---	---

[Other: [●]]

- On pages 36 and 37 of the Base Prospectus, item B.17 is deleted and replaced by the following:

<b>B.17</b>	<b>Notation assignée à l'Émetteur ou à ses titres d'emprunt</b>	<p>Les Obligations Foncières émises en vertu du Programme devraient être notées AA+ par Standard &amp; Poor's Rating Services (« <b>S&amp;P</b> ») et/ou AA par Fitch Ratings (« <b>Fitch</b> ») et/ou Aaa par Moody's Investors Services, Inc. (« <b>Moody's</b> ») et/ou AAA par DBRS Ratings Limited (« <b>DBRS</b> »), qui sont des agences de notation établies dans l'Union Européenne et enregistrées conformément au Règlement (CE) No. 1060/2009 relatif aux agences de notation, tel que modifié (le « <b>Règlement CRA</b> »), et qui apparaissent dans la liste des agences de notation enregistrées publiée par l'Autorité Européenne des Marchés Financiers (<i>European Securities and Markets Authority</i>) sur son site Internet <a href="https://www.esma.europa.eu/supervision/credit-rating-agencies/risk">https://www.esma.europa.eu/supervision/credit-rating-agencies/risk</a> à la date du Prospectus de Base. Les Obligations Foncières ne seront plus notées par Fitch à compter du 1<sup>er</sup> janvier 2019.</p> <p>Les notations seront spécifiées dans les Conditions Définitives correspondantes.</p> <p>Une notation ne constitue pas une recommandation d'achat, de vente ou de détention d'Obligations Foncières et peut à tout moment être suspendue, abaissée ou faire l'objet d'un retrait par l'agence de notation concernée.</p>
		<p><b>Résumé spécifique à l'émission :</b></p> <p>Notation de crédit : [Sans objet/Les Obligations Foncières qui seront émises devraient être notées :</p> <p>[S &amp; P : [●]]</p> <p>[Moody's : [●]]</p> <p>[Fitch : [●]]</p> <p>[DBRS: [●]]</p> <p>[Autre: [●]]</p>

- On page 127 of the Base Prospectus, footnotes 5 and 6 are deleted and replaced by the following:

<sup>5</sup> highest level of credit quality (or Step 1): AAA to AA- for Fitch Ratings Ltd., Aaa to Aa3 for Moody's Investors Services, Inc., AAA to AA- for Standard and Poor's Ratings Services or AAA to AA low for DBRS Ratings Limited.

<sup>6</sup> second-highest level of credit quality (or Step 2): A+ to A- for Fitch Ratings Ltd., A1 to A3 for Moody's Investors Services, Inc., A+ to A- for Standard and Poor's Ratings Services or A high to A low for DBRS Ratings Limited.”

- On page 171 of the Base Prospectus, item 3 is deleted and replaced by the following:

### 3. RATINGS

Ratings: [Not Applicable. The *Obligations Foncières* are not rated.] /  
 [Applicable:

*Obligations Foncières* to be issued under the Programme are expected to be rated [AA+] by S&P [and/or [AA] by Fitch] and/or [Aaa] by Moody's and/or [AAA] by DBRS] [The *Obligations Foncières* shall no longer be rated by Fitch as from 1<sup>st</sup> January 2019.]

[S & P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[DBRS: [●]]

[Other: [●]]

[[Each of [S&P] [and/,] [Moody's] [and/,] [Fitch] [and/,] [DBRS] [and] [●] is established in the European Union and is registered under Regulation (EU) N° 1060/2009 (as amended) (the "**CRA Regulation**"). [[Each of [S&P] [and/,] [Moody's] [and/,] [Fitch] [and/,] [DBRS] [and] [●] is included in the list of credit rating agencies published by the European Security and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>).]

*(The above disclosure should reflect the rating allocated to Obligations Foncières of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

- On page 193 of the Base Prospectus, item 2 is deleted and replaced by the following:

## 2. RATINGS

Ratings:

[Not Applicable. The *Obligations Foncières* are not rated.] /

[Applicable

*Obligations Foncières* to be issued under the Programme are expected to be rated [AA+] by S&P [and/or [AA] by Fitch] and/or [Aaa] by Moody's and/or [AAA] by DBRS] [The *Obligations Foncières* shall no longer be rated by Fitch as from 1<sup>st</sup> January 2019.]

[S & P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[DBRS: [●]]

[Other: [●]]

[[Each of [S&P] [and/,] [Moody's] [and/,] [Fitch] [and/,] [DBRS] [and] [●] is established in the European Union and is registered under Regulation (EU) N° 1060/2009 (as amended) (the "**CRA Regulation**"). [[Each of [S&P] [and/,] [Moody's] [and/,] [Fitch] [and/,] [DBRS] [and] [●] is included in the list of credit rating agencies published by the European Security and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>).]

[[Each of [●],[●] and] [●] is established in the European Union and registered under Regulation (EC) No 1060/2009.]

[[None of [●],[●] and] [●] is [not] established in the European Union [nor has/and has not] applied for registration under Regulation (EC) No 1060/2009.]

*(The above disclosure should reflect the rating allocated to Obligations*

*Foncières of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)]*

## SUMMARY OF THE PROGRAMME

The section entitled “Summary of the Programme” on pages 5 to 29 of the Base Prospectus is amended as follows:

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

<b>B.12</b>	<b>Selected historical key financial information</b>	<p>The tables below set out summary information extracted from the Issuer's audited statement of financial position established under IFRS as adopted by the European Union as at 31 December 2016 and 31 December 2017 and from the Issuer's statement of financial position reviewed by the auditors as at 30 June 2017 and 30 June 2018:</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 2016<sup>1</sup>      2017<sup>1</sup> (Audited)</th> <th colspan="2" style="text-align: center;">As of 30 June 2017<sup>1</sup>      2018<sup>2</sup> (Limited review)</th> </tr> </thead> <tbody> <tr> <td>Core shareholders' equity <i>(excluding gains &amp; losses through equity)</i></td> <td style="text-align: right;">1,438</td> <td style="text-align: right;">1,480</td> <td style="text-align: right;">1,461</td> <td style="text-align: right;">1,440</td> </tr> <tr> <td>Financial debt</td> <td style="text-align: right;">62,598</td> <td style="text-align: right;">58,406</td> <td style="text-align: right;">62,237</td> <td style="text-align: right;">61,022</td> </tr> <tr> <td>- privileged debt</td> <td style="text-align: right;">57,373</td> <td style="text-align: right;">53,585</td> <td style="text-align: right;">57,103</td> <td style="text-align: right;">55,871</td> </tr> <tr> <td>- non privileged debt</td> <td style="text-align: right;">5,225</td> <td style="text-align: right;">4,821</td> <td style="text-align: right;">5,134</td> <td style="text-align: right;">5,151</td> </tr> <tr> <td>Balance sheet total</td> <td style="text-align: right;">75,107</td> <td style="text-align: right;">68,777</td> <td style="text-align: right;">73,362</td> <td style="text-align: right;">70,528</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;">2016</th> <th style="text-align: center;">2017</th> <th style="text-align: center;">2017</th> <th style="text-align: center;">2018</th> </tr> </thead> <tbody> <tr> <td>Net banking income</td> <td style="text-align: right;">119</td> <td style="text-align: right;">156</td> <td style="text-align: right;">92</td> <td style="text-align: right;">111</td> </tr> <tr> <td>Operating income</td> <td style="text-align: right;">39</td> <td style="text-align: right;">73</td> <td style="text-align: right;">39</td> <td style="text-align: right;">60</td> </tr> <tr> <td>Net income</td> <td style="text-align: right;">10</td> <td style="text-align: right;">41</td> <td style="text-align: right;">23</td> <td style="text-align: right;">43</td> </tr> </tbody> </table> <p>As of 30 June 2018, the outstanding amount of privileged debt in swapped value increased by EUR 2.1 billion (+4.2% compared to 31 December 2017). The outstanding amount of non-privileged debt amounted at EUR 5.2 billion, and increasing by 6.9% compared to 31 December 2017. Those amounts are extracted from the Issuer's management report and financial statements as of 30 June 2018, established under IFRS as adopted by the European Union and reviewed by the auditors.</p> <p>The first-time application of IFRS 9 had a limited impact on Caisse Française de Financement Local's equity. Accordingly, as of 1<sup>st</sup> January, income of EUR 77 million before corporate income tax (EUR 50 million after tax) was recognized in equity, which led, all other things being equal and after prudential adjustments, to an 126-basis point increase in the fully loaded CET1 ratio. Most of this impact relates to the classification and measurement component, which represented income before corporate income tax of EUR 86 million, while the provisioning component represented a charge before corporate income tax of EUR 9 million. In addition, Caisse Française de Financement Local decided not to use the option of spreading over time the impact on prudential capital associated with the standard's first-time application and relating to the provisioning component.</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</p>	EUR millions	As of 31 December 2016 <sup>1</sup> 2017 <sup>1</sup> (Audited)		As of 30 June 2017 <sup>1</sup> 2018 <sup>2</sup> (Limited review)		Core shareholders' equity <i>(excluding gains &amp; losses through equity)</i>	1,438	1,480	1,461	1,440	Financial debt	62,598	58,406	62,237	61,022	- privileged debt	57,373	53,585	57,103	55,871	- non privileged debt	5,225	4,821	5,134	5,151	Balance sheet total	75,107	68,777	73,362	70,528	EUR millions	Fiscal year		1st half			2016	2017	2017	2018	Net banking income	119	156	92	111	Operating income	39	73	39	60	Net income	10	41	23	43
EUR millions	As of 31 December 2016 <sup>1</sup> 2017 <sup>1</sup> (Audited)		As of 30 June 2017 <sup>1</sup> 2018 <sup>2</sup> (Limited review)																																																						
Core shareholders' equity <i>(excluding gains &amp; losses through equity)</i>	1,438	1,480	1,461	1,440																																																					
Financial debt	62,598	58,406	62,237	61,022																																																					
- privileged debt	57,373	53,585	57,103	55,871																																																					
- non privileged debt	5,225	4,821	5,134	5,151																																																					
Balance sheet total	75,107	68,777	73,362	70,528																																																					
EUR millions	Fiscal year		1st half																																																						
	2016	2017	2017	2018																																																					
Net banking income	119	156	92	111																																																					
Operating income	39	73	39	60																																																					
Net income	10	41	23	43																																																					

<sup>1</sup> IAS 39 applicable.

<sup>2</sup> IFRS 9 applicable. IFRS 9 came into force on 1<sup>st</sup> January 2018. It includes three main components: the classification and measurement of financial instruments, the provisioning of loans, securities and financing commitments, and hedge accounting, for which Caisse Française de Financement Local has chosen to continue to apply IAS 39 pending the entry into force of the future macro-hedging standard.



		Issuer since 30 June 2018.
--	--	----------------------------

		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 19 on 7 September 2018 compared with 25 on 31 December 2017.
--	--	---

**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 30 to 55 of the Base Prospectus is amended as follows:

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

<b>B.12</b>	<b>Informations financières sélectionnées</b>	<p>Les tableaux ci-dessous présentent un résumé des informations extraites des comptes annuels audités de l'Émetteur au 31 décembre 2016 et au 31 décembre 2017, ainsi que des comptes semestriels au 30 juin 2017 et au 30 juin 2018 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 2016<sup>3</sup>      2017<sup>3</sup> (Auditées)</th> <th colspan="2" style="text-align: center;">Au 30 juin 2017<sup>3</sup>      2018<sup>4</sup> (Revue limitée)</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> <td style="text-align: right;">1 461</td> <td style="text-align: right;">1 440</td> </tr> <tr> <td>Dettes financières</td> <td style="text-align: right;">62 598</td> <td style="text-align: right;">58 406</td> <td style="text-align: right;">62 237</td> <td style="text-align: right;">61 022</td> </tr> <tr> <td>- Dette privilégiée</td> <td style="text-align: right;">57 373</td> <td style="text-align: right;">53 585</td> <td style="text-align: right;">57 103</td> <td style="text-align: right;">55 871</td> </tr> <tr> <td>- Dette non privilégiée</td> <td style="text-align: right;">5 225</td> <td style="text-align: right;">4 821</td> <td style="text-align: right;">5 134</td> <td style="text-align: right;">5 151</td> </tr> <tr> <td>Total du bilan</td> <td style="text-align: right;">75 107</td> <td style="text-align: right;">68 777</td> <td style="text-align: right;">73 362</td> <td style="text-align: right;">70 528</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 2016      2017</th> <th colspan="2" style="text-align: center;">1<sup>er</sup> semestre 2016      2018</th> </tr> </thead> <tbody> <tr> <td>Produit net bancaire</td> <td style="text-align: right;">119</td> <td style="text-align: right;">156</td> <td style="text-align: right;">92</td> <td style="text-align: right;">111</td> </tr> <tr> <td>Résultat d'exploitation</td> <td style="text-align: right;">39</td> <td style="text-align: right;">73</td> <td style="text-align: right;">39</td> <td style="text-align: right;">60</td> </tr> <tr> <td>Résultat net</td> <td style="text-align: right;">10</td> <td style="text-align: right;">41</td> <td style="text-align: right;">23</td> <td style="text-align: right;">43</td> </tr> </tbody> </table> <p>Au 30 juin 2018, l'encours des dettes privilégiées en valeur swappée a augmenté de EUR 2,1 milliard (+4,2% par rapport à décembre 2017). L'encours des dettes non privilégiées s'élève à EUR 5,2 milliards, en hausse de 6,9% par rapport à décembre 2017. 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 2018, établis selon le référentiel IFRS tel qu'adopté par l'Union Européenne.</p> <p>La première application de la norme IFRS 9 a eu un impact limité sur les fonds propres de la Caisse Française de Financement Local. Ainsi au 1<sup>er</sup> janvier, un produit de EUR 77 millions avant application de l'Impôt sur les sociétés (soit un produit de EUR 50 millions après application de cet impôt) a été enregistré au sein des fonds propres comptables ce qui a conduit, toutes choses égales par ailleurs et après retraitements prudentiels, à une augmentation du ratio CET1 (<i>fully loaded</i>) de 126 points de base. L'essentiel de cet effet est lié au volet classement et évaluation qui représente un produit avant application de l'Impôt sur les sociétés de EUR 86 millions, tandis que le volet provisionnement représente une charge avant application de l'Impôts sur les sociétés de EUR 9 millions. De plus, la Caisse Française de Financement Local a décidé de ne pas opter pour la possibilité d'étaler</p>	(EUR million)	Au 31 décembre 2016 <sup>3</sup> 2017 <sup>3</sup> (Auditées)		Au 30 juin 2017 <sup>3</sup> 2018 <sup>4</sup> (Revue limitée)		Fonds propres de base (à l'exclusion des gains ou pertes latents ou différés)	1 438	1 480	1 461	1 440	Dettes financières	62 598	58 406	62 237	61 022	- Dette privilégiée	57 373	53 585	57 103	55 871	- Dette non privilégiée	5 225	4 821	5 134	5 151	Total du bilan	75 107	68 777	73 362	70 528	(EUR million)	Exercice 2016      2017		1 <sup>er</sup> semestre 2016      2018		Produit net bancaire	119	156	92	111	Résultat d'exploitation	39	73	39	60	Résultat net	10	41	23	43
(EUR million)	Au 31 décembre 2016 <sup>3</sup> 2017 <sup>3</sup> (Auditées)		Au 30 juin 2017 <sup>3</sup> 2018 <sup>4</sup> (Revue limitée)																																																	
Fonds propres de base (à l'exclusion des gains ou pertes latents ou différés)	1 438	1 480	1 461	1 440																																																
Dettes financières	62 598	58 406	62 237	61 022																																																
- Dette privilégiée	57 373	53 585	57 103	55 871																																																
- Dette non privilégiée	5 225	4 821	5 134	5 151																																																
Total du bilan	75 107	68 777	73 362	70 528																																																
(EUR million)	Exercice 2016      2017		1 <sup>er</sup> semestre 2016      2018																																																	
Produit net bancaire	119	156	92	111																																																
Résultat d'exploitation	39	73	39	60																																																
Résultat net	10	41	23	43																																																

3 Norme IAS 39 applicable.

4 Norme IFRS 9 applicable. La norme comptable IFRS9 est entrée en application le 1<sup>er</sup> janvier 2018. Elle comporte trois volets principaux : la classification et l'évaluation des instruments financiers, le provisionnement des prêts, titres et engagement de financement et la comptabilité de couverture pour laquelle la Caisse Française de Financement Local a choisi de continuer à appliquer la norme IAS 39 dans l'attente de l'entrée en vigueur de la future norme relative à la macro-couverture.

	<p>dans le temps l'impact sur les fonds propres prudentiels associé à la première application de la norme et relatif au volet provisionnement.</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 30 juin 2018.</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 19 le 7 septembre 2018 contre 25 au 31 Décembre 2017.</p>
--	--

## DOCUMENTS INCORPORATED BY REFERENCE

The section entitled “Documents incorporated by reference” on pages 79 to 82 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 2018 (the “**30 June 2018 Financial Report**”). The 30 June 2017 Financial Report is published on the website of the Issuer (<http://www.caissefrancaisedefinancementlocal.fr>).

The 30 June 2018 Financial Report has been filed with the AMF.

For information purposes only, the English translation of the 30 June 2018 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>).

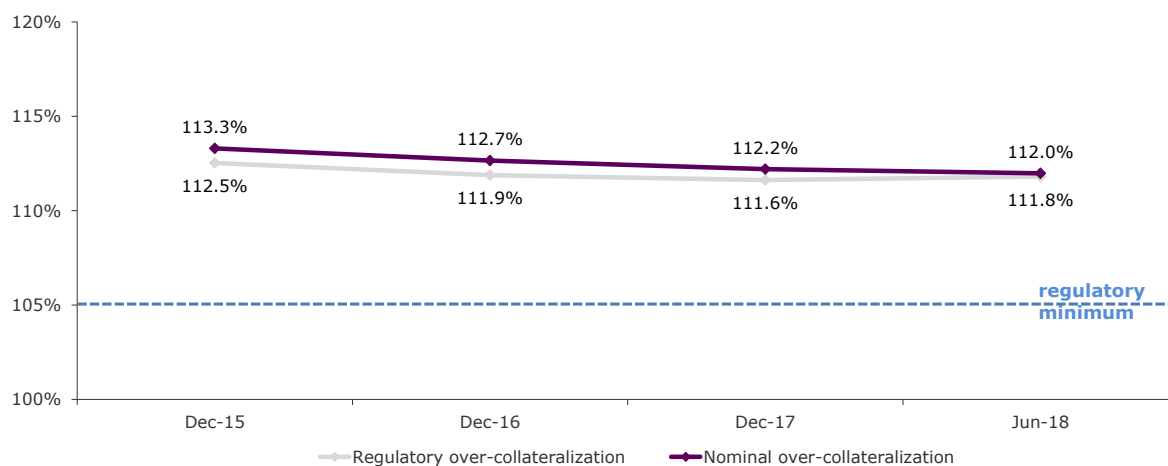
INFORMATION INCORPORATED BY REFERENCE	30 June 2018 Financial Report
<b><u>Historical Financial Information</u></b>	<del>XXXXXXXXXX</del>
– the IFRS balance sheet;	Page 36
– the French GAAP balance sheet	Page 72
– the IFRS income statement;	Page 37
– the French GAAP income statement	Page 73
– in the case of an admission of securities to trading on a regulated market only, a IFRS cash flow statement;	Page 39
– in the case of an admission of securities to trading on a regulated market only, a French GAAP cash flow statement	Page 75
– the accounting policies and IFRS explanatory notes;	Pages 40-67
– the accounting policies and French GAAP explanatory notes;	Pages 76-86
– the management report;	Pages 4-32
– the coverage ratio	Pages 33-34
<b><u>Auditing of historical annual financial information</u></b>	<del>XXXXXXXXXX</del>
A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.	IFRS Auditors’ reports (limited review report) Pages 69-70  French GAAP Auditors’ reports (limited review report) Pages 88-89
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 130 to 134 of the Base Prospectus is amended as follow:

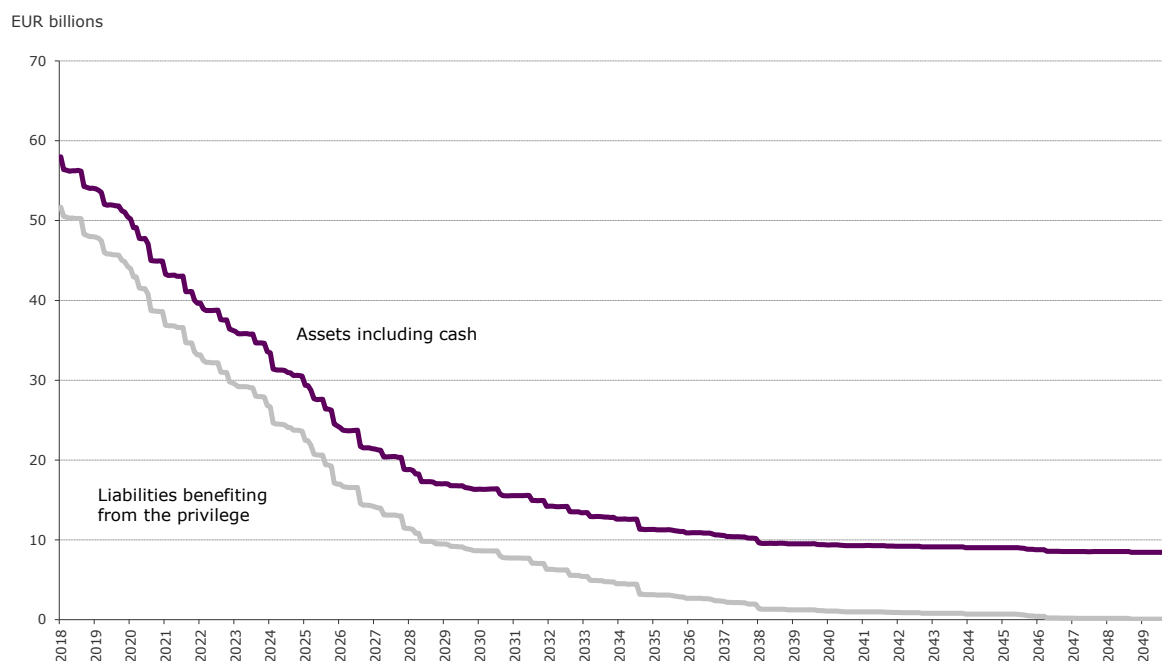
- 1) The first graph below the title “**Over-collateralization ratio**” is deleted in its entirety and replaced by the following:



- 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 liabilities benefiting from the legal *privilege* as of 30 June 2018.”;

- 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	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018
<b>Sensitivity</b>	<b>(25)/25</b>	<b>(1.6)</b>	<b>1.0</b>	<b>1.5</b>	<b>(1.5)</b>	<b>1.7</b>

- 5) The two tables below the sub-title “Measurement of the slope/rotation risk” are deleted in their entirety and replaced by the following:

**Risk of slope between two distant points on the rate curve**

Sum of sensitivities

EUR millions	Limit	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018
Short term	<b>(10)/10</b>	<b>0.4</b>	<b>(1.7)</b>	<b>0.2</b>	<b>(7.1)</b>	<b>(4.3)</b>
Medium term	<b>(10)/10</b>	<b>(4.5)</b>	<b>(2.4)</b>	<b>(4.6)</b>	<b>(2.1)</b>	<b>(1.0)</b>
Long term	<b>(10)/10</b>	<b>1.5</b>	<b>3.8</b>	<b>3.1</b>	<b>5.6</b>	<b>4.6</b>
Very long term	<b>(10)/10</b>	<b>1.1</b>	<b>1.3</b>	<b>2.7</b>	<b>2.0</b>	<b>2.4</b>

**Risk of slope between two close points on the rate curve**

Sum of sensitivities in absolute value

EUR millions	Limit	6/30/2017	9/30/2017	12/31/2017	3/31/2018	6/30/2018
Short term	<b>20</b>	<b>7.8</b>	<b>10.2</b>	<b>11.6</b>	<b>11.5</b>	<b>8.8</b>
Medium term	<b>20</b>	<b>12.4</b>	<b>10.9</b>	<b>14.8</b>	<b>4.6</b>	<b>14.4</b>
Long term	<b>20</b>	<b>3.5</b>	<b>7.1</b>	<b>3.6</b>	<b>7.9</b>	<b>8.7</b>
Very long term	<b>20</b>	<b>5.6</b>	<b>6.5</b>	<b>6.9</b>	<b>10.5</b>	<b>10.8</b>

- 6) The section entitled “**Outlook for 2018**” 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 5 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. In addition, as part of the diversification of its financing sources, Caisse Française de Financement Local

plans to launch a social covered bond-themed issue in the second half of 2018.

In the first half of 2018, SFIL and Caisse Française de Financement Local reviewed their credit rating situation and decided to appoint the international rating agency DBRS. At the end of its analysis process, DBRS assigned SFIL an AA (high) rating, i.e. only one notch below that of SFIL's reference shareholder, the French State (AAA), and assigned Caisse Française de Financement Local's covered bond issues the highest possible rating, AAA.

SFIL and CAFFIL also have decided to no longer apply for a rating from Fitch beyond the end of 2018. As a result, from 2019 onwards, the financial rating agencies retained by the SFIL Group for its issuance activity will now be Moody's, Standard & Poor's and DBRS.

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

- developments in the regulatory environment (including the harmonization of the European legal framework for covered bonds);
- 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.

## SELECTED FINANCIAL INFORMATION

The section entitled “Selected Financial Information”, on pages 144 to 146 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 2018, the Caisse Française de Financement Local had a shareholders’ equity of EUR 1,440 million (compared to EUR 1,480 million as of 31 December 2017).

Its financial debt amounted to EUR 61,022 million (compared to EUR 58,406 million as of 31 December 2017). It was comprised of debt benefiting from the legal privilege\* totalling EUR 55,871 million (compared to EUR 53,585 million as of 31 December 2017) and debt not benefiting from this privilege\*\* totalling EUR 5,151 million (compared to EUR 4,821 million as of 31 December 2017).

\* *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	
	2016	2017	2017	2018
Core shareholders’ equity (excluding gains & losses through equity)	1,438	1,480	1,461	1,440
Financial debt	62,598	58,406	62,237	61,022
- privileged debt	57,373	53,585	57,103	55,871
- non privileged debt	5,225	4,821	5,134	5,151
Balance sheet total	75,107	68,777	73,362	70,528

Net banking income for the first half of 2018 amounted to EUR 111 million (compared to EUR 92 million in H1 2017). Net income for the first half of 2018 amounted to EUR +43 million (compared to EUR +23 million in H1 2017).

EUR millions	Fiscal year		1st half	
	2016	2017	2017	2018
Net banking income	119	156	92	111
Operating income	39	73	39	60
Net income	10	41	23	43

*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.*

### Impacts associated with the first-time application of IFRS 9 and expected impacts on future results

The first-time application of IFRS 9 to Caisse Française de Financement Local's transactions as of January 1, 2018 had a limited impact on equity as regards the new provisioning methods, but a more significant impact from the classification and measurement standpoint.

The following table shows the breakdown of financial assets by recognition method.



EUR millions	01/01/2018
Financial assets non SPPI recognized at fair value through net income	6,951
Financial assets SPPI recognized at fair value through OCI	200
Financial assets SPPI recognized at amortized cost	52,744
<b>TOTAL</b>	<b>59,895</b>

The following table shows the impact on equity and the CET1 ratio, of the first-time application of IFRS 9, all other things being equal.

<b>impacts linked to the first time application of IFRS 9 on equity</b>	01/01/2018
EUR millions	
Classification and measurement	86
Impairment	(9)
Hedge accounting	-
<b>TOTAL before tax</b>	<b>77</b>
<b>TOTAL after tax</b>	<b>50</b>

<b>Impact linked to the first time application of IFRS 9 on the CET 1 ratio (fully loaded) after prudential restatement (basis point)</b>	01/01/2018
<b>TOTAL</b>	<b>126</b>

Lastly, IFRS 9 has an impact on future results due mainly to changes in the fair value of non-SPPI financial assets, which leads to increased income volatility. This standard therefore increases net banking income volatility in a way unrelated to Caisse Française de Financement Local's activity, as its business model involves holding all loans until maturity. Caisse Française de Financement Local therefore decided to isolate this impact within so-called non-recurring items in order to restate it in the analysis of the Company's performance.

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

- the change in the fair value of financial assets classified as non-SPPI under IFRS 9. This impact is recognized in the income statement under Net result of assets at fair value and is restated under Non-recurring items. This impact amounted to EUR +12 million as of 30 June 2018.
- 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), in 2017 (EUR -37 million) and positive in the first half of 2018 (EUR +10 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.
- certain taxes and annual contributions fully recognized as from the first quarter in accordance with IFRIC 21. The straight-line recognition of these charges over the year amounted to EUR -4 million as of 30 June 2018 and EUR -4 million as of 30 June 2017.

With non-recurrent items removed, Net banking income increased from EUR +98 million in the first half of 2017 to EUR +89 million euros in the same period of 2018, and Net income increased from EUR +30 million in S1 2017 to EUR +32 million in S1 2018.

As of 30 June 2018, the outstanding amount of privileged debt in swapped value increased by EUR 2.1 billion (+4.2%) compared to 31 December 2017. The outstanding amount of non-privileged debt amounted at EUR 5.2 billion, increasing by 6.9% compared to 31 December 2017. Those amounts are extracted from the Issuer's management report as of 30 June 2018.

- 2) The section untitled “**Reduction in loan sensitivity**” is deleted in its entirety and replaced by the following:

#### **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 667 between SFIL's launch and June 30, 2018 (212 customers as of June 30, 2018, against 879 clients at SFIL's launch). At the same time, the outstanding sensitive loans dropped from EUR 8.5 billion to EUR 1.2 billion (2.2% of the cover pool), i.e. a decrease of near 86%. In addition, at the end of June 2018, more than 94% of the borrowers with loans indexed on EUR/CHF saw loan sensitivity disappear completely, and of this number, 96% were small local governments and hospitals. These decrease include EUR 0.4 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.

Lastly, based on transactions as of 30 June 2018 entered into, total sensitive structured loans will be reduced to EUR 1.1 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 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 public sector.

- 3) The section untitled “**Significant decrease in the number of lawsuits**” is deleted in its entirety and replaced by the following:

#### **Significant decrease in the number of lawsuits**

As of June 30, 2018, the number of borrowers in litigation for structured loans was 20, compared with 25 as of December 31, 2017. Since SFIL's creation, 203 borrowers have dropped their claims against the Group.

Since the entry into force on July 30, 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, the Versailles Court of Appeal and the Court of Cassation have handed down 35 court decisions, regarding structured loans, ruling in favor of Dexia Crédit Local, SFIL and Caisse Française de Financement Local. The Court of Cassation has confirmed, by a judgment on March 28, 2018, the analysis of the Court of Appeal and the validity of structured loans concerned. 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 June 30, 2018, there were no other significant lawsuits or disputes between Caisse Française de Financement Local and its borrowers.

4) The paragraph below the title “**Debt securities issued since 1st January 2018**” is deleted in its entirety and replaced by the following:

“Between 1st January 2018 and 7 September 2018, 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 4,574 million.”.

## RECENT DEVELOPMENTS

The paragraph below the title “**Recent Developments**”, on page 150 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 950 million between 31 December 2017 and 7 September 2018.

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 19 on 7 September 2018, compared with 25 on 31 December 2017.

On 28 May 2018, the Issuer's shareholders' meeting has approved the payment of a dividend of EUR 3.70 per share representing a total dividend of EUR 49,950,000. The dividend has been paid on 6 June 2018.”

## GENERAL INFORMATION

The section “General Information” on page 197 to 199 of the Base Prospectus is amended as follows:

- 1) The first paragraph of paragraph (2) shall be deleted and replaced as follows to correct a mistake in the Base Prospectus:

“The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the updating of the Programme. The *Directoire* of the Issuer has authorised the update of the Programme on 26 April 2018.”;

- 2) 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 2018 and there has been no material adverse change in the prospects of the Issuer since 31 December 2017.”; and

- 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 the 30 June 2018 Financial Report incorporated by reference or otherwise in this Base Prospectus;”.

## 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 17 September 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 First Supplement the visa no. 18-436 on 17 September 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 approved the appropriateness of the transaction or authenticated the accounting and financial information presented herein.

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.