

**FIRST SUPPLEMENT DATED 17 SEPTEMBER 2019
TO THE BASE PROSPECTUS DATED 7 JUNE 2019**



**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 7 June 2019, 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**”) and in accordance with Article 46 of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). The *Autorité des marchés financiers* (the “**AMF**”) has granted visa No.19-252 on 7 June 2019 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 2019 (the “**30 June 2019 Financial Report**”);
- (ii) updating section B.12 in the English and French versions of the Summary of the Programme;
- (iii) amending the section entitled "Documents Incorporated by Reference";
- (iv) updating the section entitled “Business Overview”;
- (v) updating the section entitled “Selected Financial Information”;
- (vi) updating the section entitled “Recent Developments”; and
- (vii) 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 2019.

Copies of this First Supplement (a) may be obtained, free of charge, at the registered office of the Issuer (1 à 3, rue du Passeur de Boulogne 92130 Issy-les-Moulineaux, France) during normal business hours, (b) will be available on the website of the AMF (www.amf-france.org) and (c) will be available during normal business hours at the specified office of the Fiscal Agent (Banque Internationale à Luxembourg, société anonyme 69, route d'Esch, L-1470 Luxembourg, Grand-Duchy of Luxembourg) so long as any of the *Obligations Foncières* issued under the Programme are outstanding.

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SUMMARY OF THE PROGRAMME

The section entitled “Summary of the Programme” on pages 5 to 30 of the Base Prospectus is amended as follows:

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

B.12	Selected historical key financial information	<p>The tables below set out summary information extracted from the Issuer's audited statement of financial position established under IFRS as adopted by the European Union as at 31 December 2017 and 31 December 2018 and from the Issuer's statement of financial position reviewed by the auditors as at 30 June 2018 and 30 June 2019:</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 2017¹ 2018² (Audited)</th> <th colspan="2" style="text-align: center;">As of 30 June 2018 2019 (Limited review)</th> </tr> </thead> <tbody> <tr> <td>Core shareholders' equity <i>(excluding net result through equity)</i></td> <td style="text-align: right;">1,480</td> <td style="text-align: right;">1,459</td> <td style="text-align: right;">1,440</td> <td style="text-align: right;">1,436</td> </tr> <tr> <td>Financial debt</td> <td style="text-align: right;">58,406</td> <td style="text-align: right;">59,897</td> <td style="text-align: right;">61,022</td> <td style="text-align: right;">62,374</td> </tr> <tr> <td>- privileged debt</td> <td style="text-align: right;">53,585</td> <td style="text-align: right;">54,956</td> <td style="text-align: right;">55,871</td> <td style="text-align: right;">57,114</td> </tr> <tr> <td>- non privileged debt</td> <td style="text-align: right;">4,821</td> <td style="text-align: right;">4,941</td> <td style="text-align: right;">5,151</td> <td style="text-align: right;">5,260</td> </tr> <tr> <td>Balance sheet total</td> <td style="text-align: right;">68,777</td> <td style="text-align: right;">69,056</td> <td style="text-align: right;">70,528</td> <td style="text-align: right;">72,665</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;">2017</th> <th style="text-align: center;">2018</th> <th style="text-align: center;">2018</th> <th style="text-align: center;">2019</th> </tr> </thead> <tbody> <tr> <td>Net banking income</td> <td style="text-align: right;">156</td> <td style="text-align: right;">171</td> <td style="text-align: right;">111</td> <td style="text-align: right;">79</td> </tr> <tr> <td>Operating income</td> <td style="text-align: right;">73</td> <td style="text-align: right;">66</td> <td style="text-align: right;">60</td> <td style="text-align: right;">25</td> </tr> <tr> <td>Net income</td> <td style="text-align: right;">41</td> <td style="text-align: right;">62</td> <td style="text-align: right;">43</td> <td style="text-align: right;">18</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: center;">As of 1 January 2018² (Audited)</th> </tr> </thead> <tbody> <tr> <td>Core shareholders' equity <i>(excluding net result through equity)</i></td> <td style="text-align: right;">1,447</td> </tr> <tr> <td>Financial debt</td> <td style="text-align: right;">58,405</td> </tr> <tr> <td>- privileged debt</td> <td style="text-align: right;">53,584</td> </tr> <tr> <td>- non privileged debt</td> <td style="text-align: right;">4,821</td> </tr> <tr> <td>Balance sheet total</td> <td style="text-align: right;">68,832</td> </tr> </tbody> </table> <p>¹ IAS 39 applicable</p> <p>² IFRS 9 applicable. IFRS 9 came into force on 1st 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 CAFFIL has chosen to continue to apply IAS 39 pending the entry into force of the future macro-hedging standard</p> <p>As of 30 June 2019, the outstanding amount of privileged debt in swapped value increased by EUR 0.9 billion (+1.8% compared to 31 December 2018). The outstanding amount of non-privileged debt amounted at EUR 5.3 billion, and increasing by 7.2% compared to 31 December 2018. Those amounts are extracted from the Issuer's management report and financial statements as of 30 June 2019, established under IFRS as adopted by the European Union and reviewed by the auditors.</p> <p>There has been no significant change in the financial or trading position of the Issuer since 30 June 2019 nor any material adverse change in the prospects of the Issuer since 31</p>	EUR millions	As of 31 December 2017 ¹ 2018 ² (Audited)		As of 30 June 2018 2019 (Limited review)		Core shareholders' equity <i>(excluding net result through equity)</i>	1,480	1,459	1,440	1,436	Financial debt	58,406	59,897	61,022	62,374	- privileged debt	53,585	54,956	55,871	57,114	- non privileged debt	4,821	4,941	5,151	5,260	Balance sheet total	68,777	69,056	70,528	72,665	EUR millions	Fiscal year		1st half			2017	2018	2018	2019	Net banking income	156	171	111	79	Operating income	73	66	60	25	Net income	41	62	43	18	EUR millions	As of 1 January 2018 ² (Audited)	Core shareholders' equity <i>(excluding net result through equity)</i>	1,447	Financial debt	58,405	- privileged debt	53,584	- non privileged debt	4,821	Balance sheet total	68,832
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	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 16 on 30 June 2019.
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**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 31 to 57 of the Base Prospectus is amended as follows:

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

B.12	Informations financières sélectionnées	<p>Les tableaux ci-dessous présentent un résumé des informations extraites des comptes annuels audités de l'Émetteur au 31 décembre 2017 et au 31 décembre 2018, ainsi que des comptes semestriels au 30 juin 2018 et au 30 juin 2019 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 2017³ 2018⁴ (Auditées)</th> <th colspan="2" style="text-align: center;">Au 30 juin 2018 2019 (Revue limitée)</th> </tr> </thead> <tbody> <tr> <td>Fonds propres de base (à l'exclusion des gains ou pertes comptabilisés directement en capitaux propres)</td> <td style="text-align: right;">1 480</td> <td style="text-align: right;">1 459</td> <td style="text-align: right;">1 440</td> <td style="text-align: right;">1 436</td> </tr> <tr> <td>Dettes financières</td> <td style="text-align: right;">58 406</td> <td style="text-align: right;">59 897</td> <td style="text-align: right;">61 022</td> <td style="text-align: right;">62 374</td> </tr> <tr> <td>- Dette privilégiée</td> <td style="text-align: right;">53 585</td> <td style="text-align: right;">54 956</td> <td style="text-align: right;">55 871</td> <td style="text-align: right;">57 114</td> </tr> <tr> <td>- Dette non privilégiée</td> <td style="text-align: right;">4 821</td> <td style="text-align: right;">4 941</td> <td style="text-align: right;">5 151</td> <td style="text-align: right;">5 260</td> </tr> <tr> <td>Total du bilan</td> <td style="text-align: right;">68 777</td> <td style="text-align: right;">69 056</td> <td style="text-align: right;">70 528</td> <td style="text-align: right;">72 665</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 2017 2018</th> <th colspan="2" style="text-align: center;">1^{er} semestre 2018 2019</th> </tr> </thead> <tbody> <tr> <td>Produit net bancaire</td> <td style="text-align: right;">156</td> <td style="text-align: right;">171</td> <td style="text-align: right;">111</td> <td style="text-align: right;">79</td> </tr> <tr> <td>Résultat d'exploitation</td> <td style="text-align: right;">73</td> <td style="text-align: right;">66</td> <td style="text-align: right;">60</td> <td style="text-align: right;">25</td> </tr> <tr> <td>Résultat net</td> <td style="text-align: right;">41</td> <td style="text-align: right;">62</td> <td style="text-align: right;">43</td> <td style="text-align: right;">18</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: center;">Au 1^{er} janvier 2018⁴ (Auditées)</th> </tr> </thead> <tbody> <tr> <td>Fonds propres de base (à l'exclusion des gains ou pertes comptabilisés directement en capitaux propres)</td> <td style="text-align: right;">1 447</td> </tr> <tr> <td>Dettes financières</td> <td style="text-align: right;">58 405</td> </tr> <tr> <td>- Dette privilégiée</td> <td style="text-align: right;">53 584</td> </tr> <tr> <td>- Dette non privilégiée</td> <td style="text-align: right;">4 821</td> </tr> <tr> <td>Total du bilan</td> <td style="text-align: right;">68 832</td> </tr> </tbody> </table> <p style="text-align: right; margin-right: 20px;">³ Norme IAS 39</p>	(EUR million)	Au 31 décembre 2017 ³ 2018 ⁴ (Auditées)		Au 30 juin 2018 2019 (Revue limitée)		Fonds propres de base (à l'exclusion des gains ou pertes comptabilisés directement en capitaux propres)	1 480	1 459	1 440	1 436	Dettes financières	58 406	59 897	61 022	62 374	- Dette privilégiée	53 585	54 956	55 871	57 114	- Dette non privilégiée	4 821	4 941	5 151	5 260	Total du bilan	68 777	69 056	70 528	72 665	(EUR million)	Exercice 2017 2018		1 ^{er} semestre 2018 2019		Produit net bancaire	156	171	111	79	Résultat d'exploitation	73	66	60	25	Résultat net	41	62	43	18	EUR millions	Au 1 ^{er} janvier 2018 ⁴ (Auditées)	Fonds propres de base (à l'exclusion des gains ou pertes comptabilisés directement en capitaux propres)	1 447	Dettes financières	58 405	- Dette privilégiée	53 584	- Dette non privilégiée	4 821	Total du bilan	68 832
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Applicable.

⁴ Norme IFRS 9 Applicable. La norme comptable IFRS9 est entrée en application le 1er 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 CAFFIL 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.

Au 30 juin 2019, l'encours des dettes privilégiées en valeur swappée a augmenté de EUR 0,9 milliard (+1,8% par rapport à décembre 2018). L'encours des dettes non privilégiées s'élève à EUR 5,3 milliards, en hausse de 7,2% par rapport à décembre 2018. 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 2019, établis selon le référentiel IFRS tel qu'adopté par l'Union Européenne.

		<p>Il ne s'est produit aucun changement significatif dans la situation financière ou commerciale de l'Emetteur depuis le 30 juin 2019 ni aucun changement défavorable significatif dans les perspectives de l'Emetteur depuis le 31 décembre 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 16 au 30 juin 2019.</p>
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DOCUMENTS INCORPORATED BY REFERENCE

The section entitled “Documents incorporated by reference” on pages 85 to 88 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 2019 (the “**30 June 2019 Financial Report**”). The 30 June 2019 Financial Report is published on the website of the Issuer (<http://www.caissefrancaisedefinancementlocal.fr>).

The 30 June 2019 Financial Report has been filed with the AMF.

For information purposes only, the English translation of the 30 June 2019 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 Annex XI of the European regulation 809/2004/EC of 29 April 2004	30 June 2019 Financial Report
<u>11.1 Historical Financial Information</u>	
– the IFRS balance sheet;	Page 38
– the French GAAP balance sheet	Page 68
– the IFRS income statement;	Page 39
– the French GAAP income statement	Page 69
– in the case of an admission of securities to trading on a regulated market only, a IFRS cash flow statement;	Page 42
– in the case of an admission of securities to trading on a regulated market only, a French GAAP cash flow statement	Page 71
– the accounting policies and IFRS explanatory notes;	Pages 43 to 63
– the accounting policies and French GAAP explanatory notes;	Pages 72 to 82
– the prudential ratios;	Pages 3 and 20
– the coverage ratio	Pages 3 and 18
<u>11.2 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 37 to 66 Pages 67 to 85
<u>11.3 Auditing of historical annual financial information</u>	
11.3.1 A statement that the historical financial information has been	IFRS Auditors’ reports

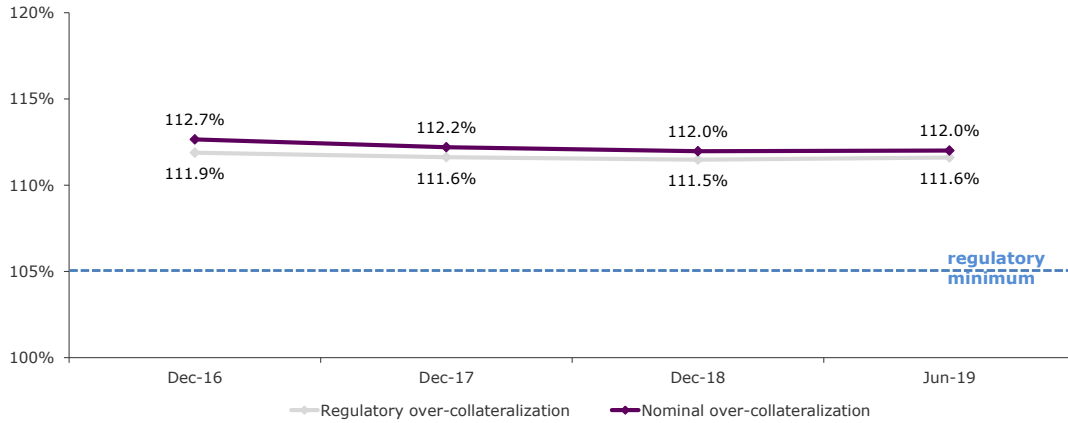
INFORMATION INCORPORATED BY REFERENCE Annex XI of the European regulation 809/2004/EC of 29 April 2004	30 June 2019 Financial Report
audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.	(limited review) Pages 65 to 66 French GAAP Auditors' reports (limited review) Pages 84 to 85
11.3.2 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 139 to 144 of the Base Prospectus is amended as follows:

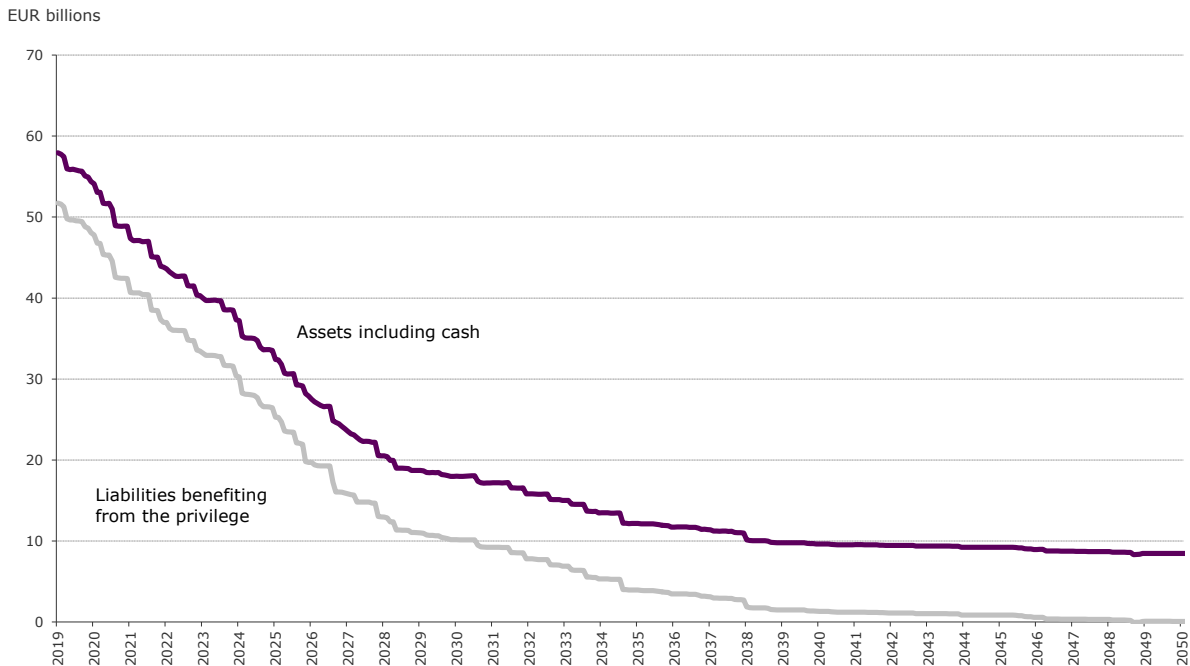
- 1) The first graph below the title “**Over-collateralization ratio**” is deleted in its entirety and replaced by the following:



- 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 liabilities benefiting from the legal *privilège* as of 30 June 2019.”;

- 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	6/30/2018	9/30/2018	12/31/2018	3/31/2019	6/30/2019
Sensitivity	(25)/25	1.7	(2.0)	0.9	(0.2)	(0.1)

- 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	6/30/2018	9/30/2018	12/31/2018	3/31/2019	6/30/2019
Short term	(10)/10	(4.3)	(5.5)	(5.8)	(5.5)	(5.7)
Medium term	(10)/10	(1.0)	(4.9)	0.0	(3.5)	(5.6)
Long term	(10)/10	4.6	4.6	2.5	5.3	6.7
Very long term	(10)/10	2.4	3.8	4.3	3.6	4.4

Risk of slope between two close points on the rate curve						
Sum of sensitivities in absolute value						
EUR millions	Limit	6/30/2018	9/30/2018	12/31/2018	3/31/2019	6/30/2019
Short term	20	8.8	10.3	9.2	15.0	9.3
Medium term	20	14.4	9.9	10.0	9.8	13.3
Long term	20	8.7	13.0	12.9	8.9	6.8
Very long term	20	10.8	14.1	13.3	12.8	8.0

- 6) The section entitled “**Outlook for 2019**” is deleted in its entirety and replaced by the following:

“**Outlook for 2019**”

In 2019, Caisse Française de Financement Local and its parent company SFIL will aim to maintain their position as the recognized leader for their two activities entrusted by the French State:

- financing loans to French local government entities and public hospitals, within the framework of the system established with La Banque Postale;
- supporting French exporters by refinancing large export credits guaranteed by the State.

The implementation of the extension of the large export credit activity to projects of strategic interest for France is expected to come on stream in the near future. The SFIL group will be in a position, subject to receipt of the necessary authorizations, to participate in the first transactions in 2020.

To cover its financing requirements, in 2019 Caisse Française de Financement Local plans to issue between EUR 4 and 5 billion of *obligations foncières* with a long-dated average maturity, adapted to the profile of the assets financed. It will carry out this program mainly through a number of benchmark issues in euros and private placements adapted to the needs of its broad investor base. Meanwhile, as part of the implementation of the SFIL Group’s social and environmental policy, following the success of the first social bond issuance executed in February 2019 and in order to diversify its sources of financing, CAFFIL plans to continue its work in order to issue a “green” thematic bond in the near future. SFIL group plans to be a regular issuer of “green” and “social” thematic bonds in the future in order to refinance public sector assets.

Moreover, from a macroeconomic perspective, as in 2018, two important factors will be monitored closely in the second half of 2019:

- the degree of market volatility in an environment impacted by the Brexit process; the geopolitical environment, and particularly trade tensions between the United States, China and Europe; the budget situation in Italy; and the possible reintroduction of unconventional monetary policies by the European Central Bank in order to spur growth;
- changes in the regulatory environment, particularly the proposed European harmonization of national covered bond frameworks and its transposition into national law.

Lastly, the assessment of the project transfer to CDC of the control of SFIL, Caisse Française de Financement Local's parent company, announced by the State and CDC on 15 November 2018, will continue over the second half of 2019."

SELECTED FINANCIAL INFORMATION

The section entitled “**Selected Financial Information**”, on pages 155 to 158 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 30 June 2019, the Caisse Française de Financement Local had a shareholders’ equity of EUR 1,436 million (compared to EUR 1,459 million as of 31 December 2018).

Its financial debt amounted to EUR 62,374 million (compared to EUR 59,897 million as of 31 December 2018). It was comprised of debt benefiting from the legal privilege* totalling EUR 57,114 million (compared to EUR 54,956 million as of 31 December 2018) and debt not benefiting from this privilege** totalling EUR 5,260 million (compared to EUR 4,941 million as of 31 December 2018).

* *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	
	2017 ⁵	2018 ⁶	2018	2019
	(Audited)		(Limited review)	
Core shareholders’ equity <i>(excluding net result through equity)</i>	1,480	1,459	1,440	1,436
Financial debt	58,406	59,897	61,022	62,374
- privileged debt	53,585	54,956	55,871	57,114
- non privileged debt	4,821	4,941	5,151	5,260
Balance sheet total	68,777	69,056	70,528	72,665

EUR millions	As of 1 January 2018 ⁶
	(Audited)
Core shareholders’ equity <i>(excluding net result through equity)</i>	1,447
Financial debt	58,405
- privileged debt	53,584
- non privileged debt	4,821
Balance sheet total	68,832

⁵ IAS 39 applicable

⁶ IFRS 9 applicable. IFRS 9 came into force on 1st 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 CAFFIL has chosen to continue to apply IAS 39 pending the entry into force of the future macro-hedging standard

Net banking income for the first half of 2019 amounted to EUR 79 million (compared to EUR 111 million in H1 2018). Net income for the first half of 2019 amounted to EUR +18 million (compared to EUR +43 million in H1 2018).

EUR millions	Fiscal year		1st half	
	2017	2018	2018	2019
Net banking income	156	171	111	79
Operating income	73	66	60	25
Net income	41	62	43	18

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

Income was strongly influenced by the following factors that should be mentioned in the 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 on financial assets at fair value through net income and is restated under non-recurring items.

En EUR millions	H1 2018	H1 2019
Fair value adjustment of non SPPI financial assets	12	11

- adjustments in fair value concerning hedges. The application of certain accounting standards or methods (see below) is a source of volatility in Net banking income as shown in the table below.

En EUR millions	H1 2018	H1 2019
Fair value adjustments on hedging	10	(10)

For the record, since 2013, fair value adjustments have an effect on existing hedging transactions the Company uses to cover its interest rate and foreign exchange risks. These adjustments impacted asymmetrically the hedged item and its hedging derivative, although the Company applies strict financial hedging rules, and this factor was therefore the cause of major changes in Net banking income. It concerns mainly:

- fair value adjustments introduced by the standard IFRS 13: Credit Valuation Adjustment / Debit Valuation Adjustment (CVA / DVA);
- adjustment of fair value of derivatives that hedge the foreign exchange risk related to export credit refinancing loans denominated in USD, which in 2018, could not be formally documented as hedging derivatives before the foreign currency loans are recorded on the Company's balance sheet.

These adjustments in the accounting value are recorded in the income statement mainly in the item Net result on financial assets at fair value through net income.

- certain annual taxes and contributions fully recognized as from the first quarter in accordance with IFRIC 21. The linearization of these charges over the year is shown in the table below.

En EUR millions	H1 2018	H1 2019
linearization of IFRIC 21 expenses	(4)	(3)

Restated for the non-recurring items mentioned above, net banking income for the year fell from EUR 89 million in the first half of 2018 to EUR 78 million in the first half 2019, a decrease of EUR 11 million. Net income for the half year fell by EUR 12 million, from EUR 32 million to EUR 20 million.

As of 30 June 2019, the outstanding amount of privileged debt in swapped value increased by EUR 0.9 billion (+1.8%) compared to 31 December 2018. The outstanding amount of non-privileged debt amounted at EUR 5.3 billion, increasing by 7.2% compared to 31 December 2018. Those amounts are extracted from the Issuer's management report as of 30 June 2019.

- 2) The section entitled “**Sensitivity reduction and decrease in 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.

Sensitive loans and reduction in loan sensitivity

The most structured loans according to the Gissler classification (categories 3E, 4E and 5E as well as “not in the charter” loans) may be classified as “sensitive”. As of 30 June 2019, they now represent only EUR 0.9 billion (1.6% of the cover pool) compared with EUR 8.5 billion on SFIL’s inception at the end of 2012, i.e. a fall of more than 89%. The number of customers holding sensitive loans fell over the same period from 879 to 190.

Given the transactions of reduction in loan sensitivity already signed, the sensitive structured loans outstanding will decrease to a maximum amount of EUR 0.9 billion by end 2019 and to EUR 0.5 billion for local communities only. On this same basis, sensitive loans with a rate exceeding 5% will amount by end 2019 to less than EUR 0.1 billion and concern 24 customers, i.e. 0.2% of the cover pool and 0.2% of French local public sector customers. The scope of sensitive structured loans is therefore extremely limited and the associated risk is no longer material for Caisse Française de Financement Local.

Legal risk

In terms of lawsuits, as of 30 June 2019 the number of borrowers who had brought suit with respect to structured loans was 16 compared with 18 at 31 December 2018 and has decreased steadily since the end of 2014 (210 at 31 December 2014). Since SFIL's creation, 207 borrowers have dropped their claims against the Group.

In the last two years, there were two rulings, on 28 March 2018 and 26 June 2019, under which the Court of Cassation confirmed the validity of the structured loans recorded on CAFFIL's balance sheet. All in all, since the entry into force on 30 July 2014 of the law on securing structured loan contracts signed by public sector entities, 42 court decisions on the merits have confirmed the validity of such contracts. However, CAFFIL was found to be liable in three proceedings, two of which are still pending.

As of 30 June 2019, there were no other lawsuits or disputes between SFIL or Caisse Française de Financement Local and its borrowers that were considered significant.

- 3) The section entitled “**Tax risk**” is deleted in its entirety and replaced by the following:

Tax risk

As a reminder, in 2015 the French tax authorities conducted an audit of the income reported and taxes paid by CAFFIL, SFIL’s subsidiary, for 2012 and 2013. Following this audit, the tax authorities expressed their disagreement with the tax treatment in Ireland of the income of the former Dexia Municipal Agency branch (former name of CAFFIL) in Dublin, which was closed in 2013, and the deductibility of the provisions for doubtful loans. To safeguard its rights to the

contested reassessments, in 2017 the tax authorities initiated an audit procedure relating to the consequences of the previous audit, i.e. cancellation of the loss at the end of 2013, of the taxable income for the 2014 to 2016 fiscal years. The two points of disagreement expressed in connection with the 2015 audit were upheld following this tax audit. To cover the risk of an unfavorable outcome, Caisse Française de Financement Local had set up a provision for taxes. However, since 2016 Caisse Française de Financement Local has contested the tax authorities' position on the income of the former branch in Ireland and has presented its arguments through the appeal procedures provided by law.

At the end of 2018, the tax authorities levied the adjustments related to the 2012 and 2013 audits. However, it reduced the amount of the reassessment relating to the add-back of the income of the former branch in Ireland, but upheld the principle of taxation of this income in France. Caisse Française de Financement Local paid this adjustment and reversed the relevant provisions. It kept in its accounts the amount of the provision set aside for the sums not yet paid. There were no changes in this case during the first half of 2019.

RECENT DEVELOPMENTS

The paragraph below the title “**Recent Developments**”, on page 162 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 315 million between 31 December 2018 and 10 September 2019.

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 16 on 30 June 2019.

On 28 May 2019, the Issuer's shareholders' meeting has approved the payment of a dividend of EUR 3.00 per share representing a total dividend of EUR 40,500,000. The dividend has been paid on 6 June 2019.”

GENERAL INFORMATION

The section “General Information” on page 211 to 213 of the Base Prospectus is amended as follows:

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

“There has been no significant change in the financial or trading position of the Issuer since 30 June 2019 and there has been no material adverse change in the prospects of the Issuer since 31 December 2018.”; and

- 2) The paragraph (6) (c) shall be deleted and replaced as follows:

“(c) the audited annual accounts of the Issuer for the financial years ended 31 December 2017 and 31 December 2018 incorporated by reference or otherwise in this Base Prospectus and the 30 June 2019 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 2019



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. 19-444 on 17 September 2019. 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.