

**SECOND SUPPLEMENT DATED 19 NOVEMBER 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 Second supplement (the “**Second Supplement**”) is supplemental to, and should be read in conjunction with, the Base Prospectus dated 8 June 2018 as supplemented by the First Supplement to the Base Prospectus dated 17 September 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 and 18-436 on 17 September 2018 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) updating sections B.5 and B.16 in the English and French versions of the Summary of the Programme; and
- (ii) updating the section entitled “Recent Developments”.

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 21 November 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 (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


SUMMARY OF THE PROGRAMME.....	4
RÉSUMÉ EN FRANÇAIS DU PROGRAMME (FRENCH SUMMARY OF THE PROGRAMME)	6
RECENT DEVELOPMENTS	8
PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE SECOND SUPPLEMENT	9

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.5 is deleted and replaced by the following:

B.5	A description of the Issuer’s Group and the Issuer’s position within the Group	<p>Caisse Française de Financement Local is a wholly owned subsidiary of SFIL. The Issuer was sold to SFIL by Dexia Credit Local as of 31 January 2013.</p> <p>SFIL is a credit institution approved by the French Resolution and Prudential Control Authority (<i>Autorité de Contrôle Prudential et de Résolution</i>). Its shareholders are the French State (75%), Caisse des Dépôts et Consignations (20%) and La Banque Postale (5%).</p> <p>On 15 November 2018, the French Ministry for the Economy and Finance and Caisse des Dépôts et Consignations announced that they have entered into discussions on the transfer of control of SFIL to Caisse des Dépôts et Consignations.</p> <p>Caisse Française de Financement Local’s business consists in refinancing loans to the public sector in the framework of two missions entrusted by the French State, via the issuance of covered bonds. SFIL’s role is to provide support for the activities of Caisse Française de Financement Local as a servicer, as defined by the regulations that apply to <i>sociétés de crédit foncier</i>, in particular within the meaning of Article L.513-15 of the French <i>Code monétaire et financier</i>.</p> <p>SFIL and Caisse Française de Financement Local are part of the organization of the public sector structure created in 2013 and dedicated to the financing of local governments and public healthcare institutions in France. This structure, which the French State has described as a “public bank for local authorities”, is based on a three-pronged organization:</p> <ul style="list-style-type: none"> commercial activities developed by La Banque Postale, refinancing activities conducted by Caisse Française de Financement Local, including large export credit, operational functions in support of the above performed under the responsibility of SFIL. <div style="text-align: center;"> <p>The diagram illustrates the three-pronged organization of the public sector structure. It shows the flow from the French Local Public Sector to SFIL (Service provider) and Caisse Française de Financement Local. SFIL is involved in the origination of French local public sector loans and refinancing via issuance of covered bonds. Caisse Française de Financement Local is involved in the refinancing via issuance of covered bonds. The diagram also shows a 'Transfer True Sale' from La Banque Postale to Caisse Française de Financement Local. Covered bond investors are shown at the end of the flow.</p> </div> <p>Since 2015, Caisse Française de Financement Local may grant loans to SFIL in order to refinance the export credit purchased from commercial banks active</p>
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		<p>in this market. The system will function as follow:</p> <ul style="list-style-type: none"> • SFIL will contribute to the financial proposal made by one or more banks in the banking syndicate granting the buyer credit covered by the export credit insurance guaranteed by the State. Then, these banks will sell all or part of the loans (and the attached rights) to SFIL and will keep at least the share of the export credit not covered by the insurance (usually 5%). • Caisse Française de Financement Local will grant a loan to SFIL to enable it to refinance the acquired export credit. This refinancing loan will benefit from a 100% guarantee by the French State, referred to as an “enhanced guarantee”. Loans granted by Caisse Française de Financement Local to SFIL to refinance the purchased export credits will thus constitute exposures that are totally guaranteed by the French State and eligible for the cover pool of a <i>société de crédit foncier</i>. These loans will also comply with the European CRR regulation (article 129, which specifies the assets authorized for inclusion in a cover pool to ensure that the covered bonds will benefit from the best prudential treatment). 
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- The item B.16 is deleted and replaced by the following:


B.16	Extent to which the Issuer is directly or indirectly owned or controlled	<p>Caisse Française de Financement Local is a wholly owned subsidiary of SFIL. SFIL shareholders are the French State (75%), Caisse des Dépôts et Consignations (20%) and La Banque Postale (5%). The French State assumes the role of reference shareholder in dealings with regulatory authorities, thereby underlining its commitment with regard to oversight and the taking of strategic decisions, as well as its determination to ensure the continuity of SFIL’s financial transactions, whenever required.</p> <p>On 15 November 2018, the French Ministry for the Economy and Finance and Caisse des Dépôts et Consignations announced that they have entered into discussions on the transfer of control of SFIL to Caisse des Dépôts et Consignations.</p>
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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 30 to 55 of the Base Prospectus is amended as follows:

- The item B.5 is deleted and replaced by the following:

B.5	Description du Groupe de l'Émetteur et de la position de l'Émetteur au sein du Groupe	<p>Caisse Française de Financement Local est une filiale détenue à 100% par SFIL. L'Émetteur a été cédé à SFIL par Dexia Credit Local le 31 janvier 2013.</p> <p>SFIL est un établissement de crédit agréé par l'Autorité de Contrôle Prudentiel et de Résolution. SFIL est détenu à hauteur de 75% par l'Etat français, de 20% par la Caisse des Dépôts et Consignations et de 5% par la Banque Postale.</p> <p>Le 15 novembre 2018, le Ministre de l'Economie et des Finances et la Caisse des Dépôts et Consignations ont annoncé avoir engagé des discussions en vue de transférer le contrôle de SFIL à la Caisse des Dépôts et Consignations.</p> <p>L'activité de la Caisse Française de Financement Local consiste à refinancer des prêts au secteur public dans le cadre de deux missions confiées par l'Etat français, via l'émission d'obligations foncières. Le rôle de SFIL consiste à assister la Caisse Française de Financement Local en qualité d'établissement support, tel que défini par la réglementation applicable aux sociétés de crédit foncier, notamment au sens de l'Article L.513-15 du Code monétaire et financier.</p> <p>SFIL et la Caisse Française de Financement Local font partie de la structure publique dédiée au financement des collectivités territoriales et des établissements publics de santé en France, mise en place en 2013. Cette structure, que l'Etat français a décrit comme une « banque publique des collectivités territoriales », est basée sur une organisation tripartite :</p> <ul style="list-style-type: none"> - activités commerciales développées par La Banque Postale, - activités de refinancement conduites par la Caisse Française de Financement Local, comprenant les crédits export importants, - fonctions opérationnelles en support des activités sus-mentionnées sous la responsabilité de SFIL. <div style="text-align: center;"> <p>The diagram shows SFIL at the top center, with a box above it stating 'Origination de prêts au secteur public local en France' and a box to its right stating 'Refinancement via des émissions d'obligations sécurisées'. Below SFIL is a box labeled 'Fourniture de services'. At the bottom, three boxes are arranged horizontally: 'Secteur public local français', 'LA BANQUE POSTALE', and 'Caisse Française de Financement Local'. Arrows indicate a flow from the public sector to La Banque Postale, and from La Banque Postale to Caisse Française de Financement Local. A double-headed arrow connects the public sector and Caisse Française de Financement Local. Below these boxes is the text « True Sale ». To the right of Caisse Française de Financement Local is a box for 'Investisseurs covered bond', with an arrow pointing from Caisse Française de Financement Local to it.</p> </div> <p>Depuis 2015, la Caisse de Française de Financement Local peut accorder des prêts à SFIL pour le refinancement de ses crédits export achetés aux banques commerciales actives sur ce marché. Le fonctionnement du dispositif sera le suivant:</p> <ul style="list-style-type: none"> - SFIL contribuera à la proposition financière élaborée par une ou plusieurs banques du syndicat bancaire accordant le crédit-acheteur couvert par une
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		<p>assurance-crédit à l'exportation bénéficiant de la garantie de l'État ; ces banques lui céderont ensuite tout ou partie du crédit (et les droits attachés) et conserveront <i>a minima</i> la part du crédit export qui ne bénéficie pas de l'assurance (généralement 5 %) ;</p> <p>– la Caisse Française de Financement Local accordera un prêt à SFIL permettant à cette dernière de refinancer le crédit export acquis; ce prêt de refinancement bénéficiera d'une garantie à 100 % de l'État français, dite « garantie rehaussée ». Les crédits de refinancement export accordés par la Caisse Française de Financement Local constitueront donc des expositions totalement garanties par l'État, éligibles au pool de couverture d'une société de crédit foncier. Ces prêts seront aussi conformes à la réglementation européenne CRR (article 129 décrivant les actifs autorisés dans un pool de couverture pour que les obligations foncières bénéficient d'un traitement prudentiel favorable).</p> 
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- The item B.16 is deleted and replaced by the following:

B.16	Entité(s) ou personne(s) détenant ou contrôlant directement ou indirectement l'Émetteur	<p>Caisse Française de Financement Local est une filiale détenue à 100% par SFIL.</p> <p>Les actionnaires de SFIL sont l'Etat français (75%), la Caisse des Dépôts et Consignations (20%) et La Banque Postale (5%). L'Etat français remplit le rôle d'actionnaire de référence dans les échanges avec les autorités de régulation, ce qui souligne son engagement en matière de supervision et de prises de décisions stratégiques, ainsi que sa volonté d'assurer la continuité des opérations financières de SFIL en cas de besoin.</p> <p>Le 15 novembre 2018, le Ministre de l'Economie et des Finances et la Caisse des Dépôts et Consignations ont annoncé avoir engagé des discussions en vue de transférer le contrôle de SFIL à la Caisse des Dépôts et Consignations.</p>
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RECENT DEVELOPMENTS

The following paragraphs are included at the end of the section entitled “**Recent Developments**”, on page 150 of the Base Prospectus as follows:

The French government has entered into discussions with Caisse des Dépôts et Consignations regarding the transfer of control of SFIL, the parent company of CAFFIL, to CDC. SFIL published the following press release on 15 November 2018:

Press release dated 15 November 2018

The French government has entered into discussions with Caisse des Dépôts (CDC) regarding the transfer of control of SFIL to CDC

The French Ministry for the Economy and Finance and CDC announced that they have entered into discussions on the transfer of control of SFIL to CDC. For SFIL, the public development bank created in 2013, this change in controlling shareholder would mark a new phase in its young history promoting local investment and exports.

SFIL takes pride in its proven success, which for several years has been reflected by its excellent creditworthiness recognized in financial markets, a strengthened balance sheet, leadership positions in its two business activities and sustained profitability going forward. The bank is pleased to contribute to the establishment of a major public financial unit within the CDC group, which has served the public interest and the economic development of our country and territories for more than two centuries.

SFIL, the seventh largest French bank and largest issuer of public-sector covered bonds in Europe, would complement this major public-sector finance division by contributing its extensive and effective access to financial markets.

SFIL’s teams appreciate the importance of the missions they have been entrusted with and will continue to fulfill them with the same level of high professional standards and commitment that enabled the company to successfully establish itself as a major driving force behind the competitiveness of our economy and territories.

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**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 19 November 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. 18-524 on 19 November 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.