



Paris, 5<sup>th</sup> of April 2016

## Press Release

### Successful new bond issue by CAFFIL with a volume of EUR 1.25 billion and a 10 year maturity

**The new covered bond transaction of Caisse de Française de Financement Local (CAFFIL) has been launched in a context of favorable market conditions. Investor demand was strong and diversified for this transaction in benchmark size with a maturity of 10 years, a maturity segment very rarely used since the beginning of the year.**

The primary covered bond market re-opened in the beginning of the week, after a ten day break for Easter, following a very active first quarter of the year. CAFFIL was able to take advantage of the return of traditional covered bond investors to the market, supported by attractive spreads against French government bonds, and to propose a long and scarce maturity to investors.

The issue, whose size has been set at EUR 1.25 billion, was largely oversubscribed with an order book of EUR 2.5 billion, a remarkable size for a French issuer for this maturity segment. The order book built up rapidly after the announcement of the deal and quickly reached an amount in excess of the projected size of the transaction.

The final order book included more than 80 end investors. In terms of distribution, investors are mostly based in Germany and Austria (39%) and in France (31%), with in addition a significant presence of Benelux investors (8%), Asian investors (6%), Nordic countries (6%) and the UK (5%). By type of investors, the book is well diversified: central banks including the euro-system accounted for 37% of the order book with insurance companies at 27%; treasuries of commercial banks (23%) and asset managers (13%) also provided very strong support for the transaction.

This spread of this transaction includes a moderate new issue premium. The issue carries a coupon of 0.625%, with the yield corresponding to a spread of 14 basis points (+ 0.14%) above the 6-months swap curve and 26 basis points above the interpolated OAT yield.

After the transaction launched early in January, which proposed two issues with different maturities (6 and 15 years), the maturity of this new issue is at the very heart of its funding needs (medium and long term). CAFFIL is the only French covered bond issuer to be regularly present with this 10 year difficult maturity.

*«This new issue confirms that traditional covered bond investors are back and illustrates the investors confidence in CAFFIL and its parent company SFIL, a French state owned development bank. After today's successful issue, CAFFIL has executed about half of its annual funding program, with a long average maturity, that will enable it to finance loans to the French public sector as part of the two missions that SFIL group has been entrusted with by the French State: the refinancing of loans to French local authorities and public health care institutions originated by its partner La Banque Postale, and the refinancing of large French export loans benefitting from a State guarantee at the service of banks active in this sector.»*, explains Philippe Mills, Chairman and CEO of SFIL and Chairman of the Supervisory Board of CAFFIL.

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