



Paris, 19<sup>th</sup> of June 2018

## Press release

### Very solid demand for the new public issue of CAFFIL, a EUR 500 million 20-year covered bond

**For its third public issue of the year, Caisse Française de Financement Local (CAFFIL) opted for a maturity of 20 years, very long and rarely offered on the covered bond market. The selected duration and size, EUR 500 million, match the maturity needs in terms of funding of its long term credits granted to French local governments and public hospitals as well as its refinancing loans for large French export contracts.**

In a primary covered bond market that remained stable after ECB announcements and in spite of the volatility of interest rates due to the international environment, CAFFIL decided to launch today its third issue for this year, with a maturity of 20 years, after the issue proposed in January with two different maturities, 8 and 15 years, and the 10-year issue of last April, that already met with a broad demand.

CAFFIL conducted this morning a solid transaction, and benefited from current market conditions that remain highly favorable. The issue received a very positive response, with a particularly large oversubscription rate (x2) for such a long maturity. The order book reached EUR 1 billion for 55 investors.

With a maturity of 20 years and a size of EUR 500 million, the transaction offers an interest rate of 1.50% which corresponds to a spread over the 6-month swap rate of +14 basis points (+ 0.14%) and 26 basis points over the interpolated OAT curve.

In terms of distribution, investors are mainly located in Germany and Austria (62%) and in France (21%), but also in Italy (6%), in the Nordic countries (5%), in Switzerland (3%), in the United Kingdom (2%) and in Benelux (1%). By type of investor, the order book is well diversified with insurers for 45%, due to long maturity of the issue, bank treasuries accounting for 27% and asset managers for 18%. Central banks and official institutions represent only 10% of the book, a level that reflects the very long maturity but also the continuing reduction of the level of participation of the ECB in new covered bond issues.

This is the second time since January 2015 that CAFFIL issues a 20-year transaction. With close to 60% of issuance with a maturity of 10 years or above, CAFFIL once again confirms its unique ability to attract a diversified investor base for long and very long maturities.

*"This transaction is a great success; it was met by a particularly strong and diversified demand for a long dated transaction with a rare maturity confirming the confidence of investors in CAFFIL and its specific status as specialist for long maturities in the covered bond space. We are now very advanced with our 2018 issuance program, at levels that remain remarkably attractive, in a year marked by the announced end of QE in Europe. These attractive conditions will be to the benefit of the funding provided to the French public sector within the two missions entrusted to us by the State: our group has become the main provider of liquidity for large French export credits guaranteed by the State, and remains the leader in financing French local authorities, with its partner La Banque Postale", underlines Philippe Mills, CEO of SFIL and Chairman of the Supervisory Board of CAFFIL.*

## **About bonds issued by SFIL and CAFFIL**

CAFFIL is the main European issuer of covered bonds secured by loans to public sector entities. Its bond issues provide the adequate funding to cover the needs associated with 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 ("enhanced guarantee"), as a refinancing platform at the service of banks active in this sector.

Bonds issued by CAFFIL and SFIL are both eligible to the purchase programs from the European Central Bank (PSPP and CBPP), and are classified in the best liquidity categories for regulatory ratios. Bonds issued by CAFFIL comply with the *ECBC Covered bond label* and have a hard bullet structure.

### **CAFFIL :**

« **Best Euro Covered Bond Issuer** » - *The Covered Bond Report* – juin 2016.

« **Best Euro Covered Bond Issuer** » - *The Cover* - septembre 2016

« **Best Covered Bond Issuer** » - *CMD Portal* – décembre 2016 et décembre 2017

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