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Press Release

CAFFIL issues EUR 1 billion with a maturity of 7 years for its fourth public bond transaction of the year

Caisse Française de Financement Local (CAFFIL) launched today its 4th covered bond public issue of the year, with a benchmark size and a spread of 5 basis points above the swap curve.

In a context of a reopening of the covered bond market, after abundant supply in the 3rd quarter had led to increasing new issue premiums and a widening of secondary spreads, the new CAFFIL transaction was executed quickly and met solid and diversified demand.

The chosen maturity, a little bit above 7 years, reflects the objective of CAFFIL to achieve a close fit between the maturities of assets and liabilities. After transactions with maturities of 20 years and 8 years launched earlier this year and the 10-year issue launched in September, the new point on the public issuance curve allows CAFFIL to achieve an average maturity of 10 years for all new issues launched this year, including private placements. This average maturity is representative of the average maturity of loans refinanced by CAFFIL.

The transaction with a benchmark size of EUR 1 billion carries a coupon 0.625% with the yield corresponding to a spread of 5 basis points (+0.05%) over the 6-months mid-swap rate and 20.5 basis points over the interpolated OAT curve.

The order book is made up of close to 50 investors, mainly based in France (60% of allocations), in Germany and Austria (18%), but also in Asia (8%) and Scandinavia (7%).

Central Banks, including the Eurosystem, represented 66% of allocations. In addition, bank treasuries, with a share of 16% also provided strong support for the transaction. Asset managers, with a share of 15%, and insurance companies, with a share of 3%, provided the remaining orders.

« This transaction was executed smoothly and brings together a wide range of CAFFIL's traditional investors, in addition to the support provided by the Eurosystem. CAFFIL, a regular and a reference issuer on European covered bond markets, has raised EUR 5.8 billion in funding since the beginning of the year, at competitive conditions and with funding volumes and maturities adapted to the missions its mother company SFIL has been entrusted with by the French State: refinancing of loans to French local authorities and public health care establishments originated by 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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