Paris, 5th of January 2016

Press Release

First public transaction of the year for CAFFIL with a EUR 1.5 billion dual tranche transaction

Caisse Française de Financement Local (CAFFIL) has today executed its first public covered bond transaction of the year, consisting of two tranches in benchmark size offering maturities of 6 and 15 years with a total volume of EUR 1.5 billion.

The first covered bond transactions of the year were launched in a difficult market context. The transaction issued by CAFFIL was the only one offering a maturity above 5 years and the only one backed by public sector assets. The transaction was announced, quickly executed and met with strong and diversified investor demand.

For the first time, the subsidiary of French State bank SFIL has chosen to simultaneously offer two new bond issues with different maturities, corresponding to its asset-liability matching requirements, and meeting the needs of a diverse investor base.

The 6-year maturity tranche (April 2022) has a benchmark size of EUR 1.0 billion and carries a coupon of 0.50%, with the yield corresponding to a spread of 7 basis points (+ 0.07%) above the 6-months swap curve and 25 basis points above the interpolated OAT yield. The order book of this tranche comprises around 50 final investors. In terms of distribution, investors were mainly located in France (42%), in Germany and Austria (39%) and in the UK (10%). By type of investor, the book is well diversified with 45% allocated to central banks and official institutions, 40% to bank treasuries, 10% to asset managers and 5% to insurers.

The 15-year maturity tranche (January 2031) has a size of EUR 0.5 billion, considered as benchmark for this type of very long maturity. It carries a coupon 1.50% with the yield corresponding to a spread of 25 basis points (+0.25%) over the 6-months mid-swap rate and 8 basis points over the interpolated OAT curve. The order book of this tranche is made up of close to 30 investors, mainly based in France (45% of allocations) and in Germany and Austria (47%). The order book was well diversified with insurance companies representing 44% and central banks, including the Eurosystem, representing 40% of allocations. Asset managers, with a share of 6% and bank treasuries, with a share of 10%, also provided a good support to the transaction.

The success of this first transaction of the year, for a large amount and a maturity that fits its needs (medium and long refinancing), confirms CAFFIL's ability 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, via Coface, at the service of banks active in this sector.

« This dual issue is a great Première for CAFFIL. It is also an unusual type of transaction on the covered bond market and it is usually dedicated to the best signatures. Its success illustrates the investors confidence in SFIL and CAFFIL, and is a good start for the 2016 issuance program of CAFFIL. The institution will be a regular and reference issuer on the European covered bond market with a target of about EUR 7 billion in 2016, fitting the needs that result from the missions that SFIL, its parent company, has been entrusted with by the French State. » explains Philippe Mills, Chairman and CEO of SFIL and Chairman of the Supervisory Board of CAFFIL.

Investor Contact:
Ralf Berninger – +33 1 7328 8807
ralf.berninger@sfil.fr
Press contact:
Christine Lair – +33 1 7102 9626
christine.lair@sfil.fr