



Paris, 23rd of November 2016

Press Release

Last public transaction of the year for CAFFIL: EUR 500 million with a maturity of 15 years

Caisse Française de Financement Local (CAFFIL) today executed the fourth public benchmark transaction of the year 2016. Investor demand for the transaction was strong and well diversified, paving the way for a quick execution following the announcement of the deal in the morning. The long maturity is in line with the profile of CAFFIL, providing long dated funding to the French local public sector.

This last public *benchmark* transaction of the year for CAFFIL with a volume of EUR 500 million has a maturity of 15 years. This new transaction comes on top of the dual tranche transaction launched in January (EUR 1 billion with a maturity of 6 years and EUR 500 million with a maturity of 15 years), the transaction of the month of April (EUR 1.25 billion with a maturity of 10 years) and the transaction launched in June (EUR 1 billion and a maturity of 9 years).

With a good level of oversubscription (1.2x), the order book counts more than 20 end investors, mainly based in France (40%) and Germany and Austria (43%), complemented by a significant presence of investors from the Benelux countries (12%), from the UK (2%), from Switzerland (2%) and from Asia (1%). Central banks including the Eurosystem represented 45% and insurance companies represented 40% of allocations. Asset managers (9%) and bank treasuries (6%) have also provided a strong backing to the transaction.

This spread of this new issue includes a moderate new issue premium. The coupon was set at 1.125%, with the yield corresponding to a spread of 17 basis points (+ 0.17%) above the 6-months swap curve and just 1 basis point above the OAT yield curve.

CAFFIL is the main European issuer of covered bonds secured by loans to public sector entities.

"With the issue executed today, CAFFIL confirms once again its unique positioning as a regular issuer for maturities longer than market average. CAFFIL raised close to EUR 6 billion this year with an average maturity over 10 years; it is perfectly in line with its target 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. After the successful first bond issue launched by SFIL last month, today's issue demonstrate the efficiency of the French organization for refinancing the public sector based on SFIL/CAFFIL." explains Philippe Mills, Chairman and CEO of SFIL and Chairman of the Supervisory Board of CAFFIL.

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