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Press Release

Great success for CAFFIL's new bond issue with a volume of EUR 0.75 billion and a maturity of 10 years (third public benchmark transaction of the year)

This transaction is part of the EUR 6 billion issuance program for 2017 of Caisse Française de Financement Local (CAFFIL), which is almost entirely completed with an average maturity of more than 11 years in line with asset-liability profile. CAFFIL has chosen a long maturity for its new public offering after the 10-year transaction issued in January (EUR 1.5 billion) and the 7-year and 15-year dual tranche transaction issued in May (EUR 1.75 billion).

CAFFIL took advantage of favorable market conditions to execute a solid transaction that met the needs of its diversified investor base. The quality and size of the order book (oversubscription by a factor of 2.6, nearly EUR 2 billion of orders from 66 investors) underline the confidence in the credit quality of CAFFIL.

Investors are mainly located in Germany and Austria (54%) and France (21%), with a significant participation from Asian investors (11%), Italy (5%), Benelux (4%) and Nordic investors (3%). Central banks - including the Eurosystem - accounted for 45% of allocations followed by banks with 37%. Asset managers (9%) and insurers (9%) also provided significant support for the transaction.

The new issue carries a coupon of 0.75% and was executed, for the first time, at slightly better financial conditions than the secondary market, and thus without new issue premium. The yield corresponds to a spread of -2 basis points (-0.02%) against the 6-month swap rate, which is the tightest ever among the 10 year issues launched by CAFFIL, and it is 13 basis points above the OAT of equivalent maturity.

Since SFIL's creation in 2013, almost 60% of CAFFIL's public issues of obligations foncières (or EUR 15 billion) had a maturity above or equal to 10 years, which is a confirmation that it is a specialist for the long-term maturity segment.

"We had the confirmation throughout 2017 of the investor's trust in CAFFIL's signature, as regular and reference issuer on the European covered bond market. This last public issue of the year of CAFFIL met a very strong and diversified investor demand, and was executed at excellent financial conditions; it reflects SFIL group's commitment to raise long-term financing at the best possible financial conditions for the benefit of French local public sector and exporters, to fulfill the missions assigned by the French State.", explains Philippe Mills, CEO of SFIL and Chairman of the Supervisory Board of CAFFIL.

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

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