Paris, 3rd of January 2017

Press Release

Very good start to the year for CAFFIL with a public transaction with a volume of EUR 1.5 billion and a maturity of 10 years

As every year, Caisse Française de Financement Local (CAFFIL) executed its first bond issue of the year during the first days of January. The bond issue launched today is a public benchmark transaction with a maturity of 10 years and a volume of EUR 1.5 billion, the largest volume ever launched by CAFFIL. The 10 year maturity, a maturity used four times over the last three years, creates an important new reference point on the CAFFIL issuance curve, confirming the status as a specialist for the long maturity segment. These long maturities reflect the mission to provide long-term financing to the French public sector entrusted to CAFFIL and to its parent company SFIL.

The order book quickly exceeded a volume above EUR 2 billion with a participation of 67 final investors mainly located in France (48%) and Germany and Austria (30%), with a significant presence of investors based in the Benelux countries (9%), the United Kingdom (4%), Asia (4%) and Switzerland (3%). Central banks, including the Eurosystem, accounted for 50% of allocations and banks accounted for 31%. Asset managers (11%) and insurers (8%) provided strong support for the transaction.

The new issue was launched with a limited new issue premium. The transaction carries a coupon of 0.75% and the yield corresponds to a spread of +8 basis points (+ 0.08%) above the 6-month swap rate and of only 1.5 basis points above the OAT of equivalent maturity.

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.

"The outstanding size of the issue executed today, at the start of this new year, is an evidence of the investor's trust in CAFFIL signature. Its long maturity reflects the unique positioning of the company among covered bond issuers, and its capacity to raise funding with a maturity which is commensurate with the one of the financings granted to the French local public sector. Since SFIL's creation in 2013, 60% of the amount of public issues of CAFFIL had a maturity above or equal to 10 years." explains Philippe Mills, Chairman and CEO of SFIL and Chairman of the Supervisory Board of CAFFIL.

CAFFIL :
« Best Euro Covered Bond Issuer » - *The Covered Bond Report* – June 2016.
« Best Euro Covered Bond Issuer » - *The Cover* - September 2016
« Best Covered Bond Issuer » - *CMD Portal* – December 2016

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