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Press Release

Caisse Française de Financement Local (CAFFIL) issues the first public covered bonds with a maturity of 20 years in 2015

The first public issue of Obligations Foncières (covered bonds) in 2015 of Caisse Française de Financement Local (Caffil) has been launched on January 15th 2015. This transaction with a volume of EUR 500 million has a maturity of 20 years, which is a very long maturity for the covered bond market. The success of this transaction completes the public benchmark curve of Caffil, following the 5, 7, 10 and 15 year benchmark issued since Caffil was set-up in early 2013.

Caffil is the first French covered bond issuer to launch a 20 year benchmark transaction in recent years.

Execution of the transaction has been swift: the order book, consisting of around 20 real money investors, quickly reached EUR 800 million, i.e. an oversubscription by a factor of 1.6; much higher than the average oversubscription for covered bond transactions in 2015.

The transaction was launched with a coupon of 1.25%, which translates into a spread of 19 basis points (+0.19%) over the 6-months swap curve and 4 basis points over the OAT-curve.

Investors were mainly based in Germany (52%) and France (45%). Central Banks represented 27% of allocations, an extremely high level for this maturity segment linked to covered bond purchase program of the European Central Bank. Insurance companies have provided extremely strong support to the transaction with 60% of allocations of this transaction offering a balance between yield and duration for one of the most solid issuers in the market. Asset Managers represented the remaining 13% of allocation, a very high level for this maturity segment.

This transaction will allow to refinance at very favorable conditions the most long dated loans to French local authorities and public hospitals originated by La Banque Postale within the structure put in place by the State in the beginning of the year 2013.

« This very successful transaction confirms that Caffil is amongst the best established issuers in the long maturity segment of the European covered bond market, offering for the investor a combination of the security provided by the status as Société de Crédit Foncier (rated Aaa, AA+, AA) and the strength of its shareholders. Thus, this is a very favorable start to the year 2015 during which Caffil plans to issue between EUR 4,5 to 5,5 billion. », states Philippe Mills, CEO of Société de Financement Local (Sfil) and Chairman of the Supervisory Board of Caisse Française de Financement Local.

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