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2022: €38 billion in mid- and long-term bonds issued by CADES on international markets

2023: The indicative mid- and long-term financing program will amount to €25 billion

The Caisse d'Amortissement de la Dette Sociale (CADES), the French state-backed agency in charge of financing and amortising French social debt, reviews its activity during 2022, and announces its indicative funding programme for 2023.

"In 26 years, CADES has refinanced and amortised €224 billion, representing nearly two-thirds of the social security debt assumed since its creation in 1996. In 2022, our program continued to raise strong interest from international investors, particularly ESG investors, looking for quality assets with a strong social impact." said Jean-Louis Rey, Chairman of the CADES' Board of Directors.

€38.1 billion of mid- and long-term debt issued on international markets in 2022

In 2022, CADES completed a mid- and long-term programme totalling €38.1 billion, thus becoming the world's largest issuer of social bonds for the year.

This programme is part of the assumption by CADES of €136 billion of social debt, which was voted by the French Parliament in July 2020, and which included an initial transfer of €20 billion in the second half of 2020, followed by transfers of €40 billion in 2021 and 2022.

Over the year, CADES carried out a programme including:

- Nine social benchmark issuances (6 benchmark issues in euros and 3 in dollars) for a total amount of €36 billion, with maturities ranging from 3 to 10 years; and
- Three diversification bonds (tap issues, private placements) for a total amount of €2.1 billion.

The social issuance programme has generated strong interest from international financial markets, and in particular from ESG investors who subscribed up to 53% of the issues offered by CADES during the year, according to the estimate from banks that led the placements.

In the short-term segment, CADES has been active, issuing commercial paper on the international monetary markets up to €23.7 billion over the year 2022.

In accordance with the decree published on January 11, 2022¹, CADES will have paid, as of December 31, 2022, €40 billion to ACOSS as part of the debt assumption operations (the last payment will be made on December 20, 2022).

By that date, CADES will have amortised €224 billion out of the €360 billion of social debt assumed since its inception (including the €40 billion taken over in 2022).

Finally, during the course of 2022, CADES published, in accordance with the social framework put in place

¹ <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000044930951>

in August 2020 and its transparency commitments, the allocation and performance reports for social bond issuances carried out in 2020 and 2021.

In 2023, an indicative funding programme of €30 billion including €25 billion of mid- and long-term issuance

The CADES amortisation objective voted by French Parliament as part of the Social Security Financing Act for 2023 has been set at €17.7 billion for 2023. A decree will specify the dates and tranches relating to the assumption of €28 billion by CADES in 2023. The balance of the €136 billion takeover, i.e. €8 billion, related to the 2023 deficits, may be subject to a debt takeover in 2024. To finance the debt assumption operations, the indicative funding programme for 2023 could include up to €25 billion of benchmark bonds denominated in euros and dollars and diversification bonds in the form of taps on existing bonds and bonds denominated in other currencies.

The financing will be supplemented by the issuance, in the short-term segment, of commercial papers by CADES.

About CADES

In 1996, the French government set up the Caisse d'Amortissement de la Dette Sociale with a mission to amortise French social debt by issuing debt securities on international financial markets in a diverse range of currencies.

To enable CADES to carry out its mission, the French population pays regular taxes which contribute to the payment of interest and amortisation of social debt.

Supervised jointly by the Minister of the Economy, Finance and Industrial and Digital Sovereignty and by the Minister of Health and Prevention, CADES operates under the control of the French Parliament and the Constitutional Council.

CADES is well integrated into the French social system, having strong joint governance, co-chaired by a Board of Directors and a Supervisory Committee, which includes notably four members of French Parliament.

Backed by the French Parliament, CADES is one of the most significant institutions involved in the control and reduction of French social debt by using efficient and proven amortization and financing mechanisms.

Since 1 October 2017, teams from CADES and AFT, the French state debt management office, have merged to create a centre of excellence for issuing French public debt. In this regard, CADES has transferred operational responsibility for all its funding activities to AFT. CADES is maintained as an independent entity guaranteeing the effectiveness of the principle of confinement and amortization of social debt, retaining the prerogatives of its Executive Chairman, the board of directors and its supervisory committee. AFT operates on behalf of and for CADES, making its staff available when appropriate.

All information regarding CADES and its bond issues is available on www.cades.fr

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