



Caisse d'Amortissement de la Dette Sociale

n°44 The news letter

January 2021



Jean-Louis REY
Chairman of the Board

2020 KEY FIGURES

- **€ 23.0 billion**
long-term debt raised including 18.9 billion social bonds issued at an average maturity of 8.3 years and at an average financing rate of -0.33%.
- **€ 23.2 billion**
short-term debt raised at an average rate of -0.498%
- **€ 15.9 billion**
of estimated social debt amortised⁽¹⁾
- Refinancing rate of the remaining debt stock at 31/12/2020: **1.44%**

⁽¹⁾ Estimate at 12.31.2020 pending final closure

Dear Madam, dear Sir,

2020 was marked by the health crisis linked to the Covid-19 epidemic. This crisis weighed heavily on France's social finances, making it necessary for French Parliament to vote in July for CADES to take over 136 billion euros in social debt, and to extend our lifespan to 2033, in order to secure the financial situation of our social security system and thus guarantee its operational continuity.

This key role which has been entrusted to us, and which will help to contribute to the absorption of the consequences of this crisis, is based on the efficiency of our funding mechanisms which have enabled CADES every year, since its inception, to amortize the nation's social debt.

If the crisis temporarily affected the overall amount of our resources which should be lower this year than our initial forecasts, these missing revenues should not negatively impact the general functioning of our mechanisms and will be partly recovered in 2021.

At the end of 2020, we should therefore amortize around 187.3 billion euros of social debt out of 280.5 billion euros assumed since our inception (including the €20 billion taken over in 2020 as part of the resumption of 136 billion euros voted this summer).

In 2020, we carried out a financing program that led us to refinance 23 billion euros of social debt on the international financial markets. This program was characterized in particular by the establishment of a social bond program, responding to the strong demand from investors to strengthen their social investments and ultimately resulted in a significant mobilization of these investors, in particular from those looking to fulfil ESG criteria.

In 2021, with 40 billion additional debt assumed as part of the resumption carried out this year, we will remain very active on the financial markets with an indicative mid- and long-term financing program envisaged of 40 billion euros. This program should be very diversified, integrating all types of instruments (benchmark bonds, taps, inflation-linked bonds, private placement), in various currencies (euro, dollar, sterling, other currencies) and with maturities from 2 to 10 years. The total contribution of this program of social bond issues is expected to be 35 billion euros.

We are ready, with the confidence that investors place in us, to fulfill the mission entrusted to us by French Parliament and achieve the objectives that have been set.

My best wishes to everyone for the new year 2021.

CADES' COMEBACK AS A MAJOR EUROPEAN DEBT ISSUER

Details of the 2020 and 2021 funding programs

In € billion	Carried out in 2020	Estimate 2021
Bonds in euros	14.0	18-23
• Benchmark bonds	13.0	15-20
• Taps	1.0	3-8
• Inflation-linked bonds	-	
Benchmark bonds in dollars	8.7	14-18
Benchmark bonds in other currencies	-	2-4
Others bonds and private placements	0.3	1-2
TOTAL MID- AND LONG-TERM	23.0	35-40
Short-term issues	23.2	30

LAUNCH OF A SOCIAL BONDS PROGRAM IN H2 2020

Why?

- An unprecedented global macroeconomic situation generating strong deficits in Social Security regimes in France in 2020;
- A greater demand from investors to increase their allocation to social investments;
- CADES is, by nature, a social issuer.

How?

- Implementation of a framework document built in alignment with the Social Bond Principles (ICMA 2020);
- A Second-Party Opinion delivered by Vigeo Eiris;
- A commitment from CADES to follow best practices and communicate transparently on:

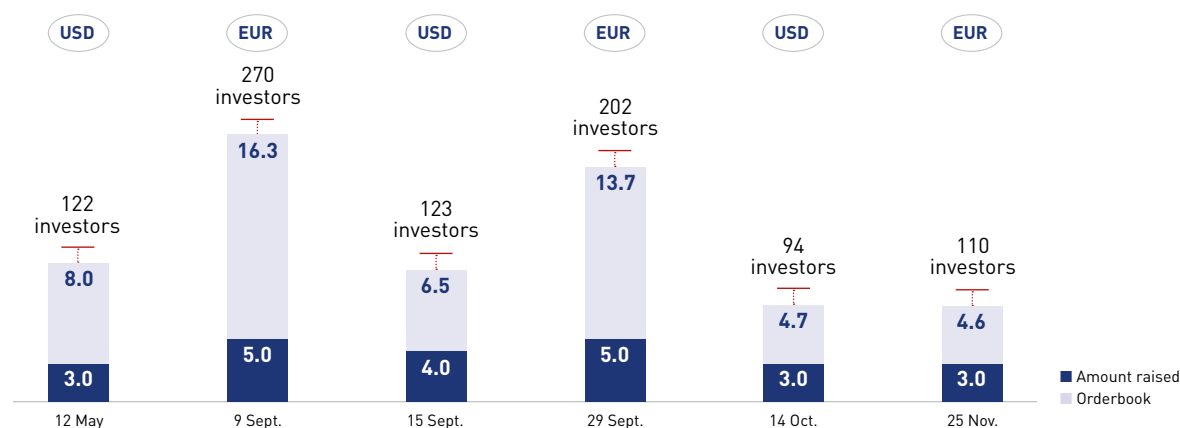
- Use of proceeds,
- Selection and assessment of eligible deficits,
- Fund management,
- Reporting with the publication of an impact report

What success to date?

- Mobilization of investors in social bonds issued by CADES;
- Attracted a marked interest in particular from ESG investors, who have comprised an average 53.6% of the take up of social bonds;
- The 2020 program incorporated 18.9 billion euros of social bonds, which should increase to around 35 billion euros in 2021.

A RECORD INVESTORS' MOBILIZATION IN 2020

Execution details of the 2020 financing program



BREAKING NEWS

CADES started its 2021 funding program with two record transactions:

- on the US market, a US\$ 5 billion social bond, a record high for a 10-year bond from a foreign agency in this market. Very strong demand was recorded with an orderbook of 10 billion US dollars for more than 130 orders (40% from ESG investors);
- on the sterling market, a £1.5 billion social bond, the first social bond issued in this currency, and the largest sterling issue ever carried out by CADES since its inception.

INFORMATION ABOUT CADES

Geneviève GAUTHEY

Head of Administration department
Tel: +33(0)1 40 04 15 41
genevieve.gauthey@caedes.fr

Magali CLAVIER

Assistant to the Chairman and webmaster
Tel: +33(0)1 40 04 15 57

www.cades.fr

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Ministère de l'Economie et des Finances

139 rue de Bercy, 75012 Paris, France

Website: <http://www.cades.fr>

Director of Publication
Jean-Louis REY

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