

Paris - December 7, 2021

**2021:  
€39.4 billion in mid- and long-term bonds issued by CADES on  
international markets**

**2022:  
The indicative mid- and long-term financing program will  
amount to €40 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 2021, and announces its indicative funding programme for 2022.**

*"While the health context linked to the Covid-19 epidemic continues to weigh heavily on social security finances, CADES is paramount in the amortisation of social debt in France. In 2021, our financing and amortisation mechanisms have once again demonstrated their effectiveness by enabling the assumption of 40 billion euros of additional social debt. On the strength of this proven efficiency and the confidence that investors have placed in us, we remain strongly committed to pursuing the mission entrusted to us by French Parliament to absorb these social deficits and ensure the long-term viability of our welfare system,"* **said Jean-Louis Rey, Chairman of the CADES' Board of Directors.**

**€39.4 billion of mid- and long-term debt issued on international markets in 2021**

In 2021, CADES completed a mid- and long-term programme totalling €39.4 billion, thus becoming once again a leading debt issuer in Europe.

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.

Over the year, CADES carried out a programme including:

- ten social bonds (4 benchmark issues in euros, 5 in dollars and 1 in sterling) for a total amount of €36 billion, with maturities ranging from 3 to 10 years; and
- seven diversification bonds (tap issues, private placements) for a total amount of €3.4 billion.

The average maturity of the outstanding debt is 3.87 years, compared to 2.95 years in 2019, with an average financing rate of 0.61% at 30/11/2021, compared to 1.44% at 31/12/2020 and 1.99% at 31/12/2019.

This social issuance programme has generated strong interest from international financial markets, who actively seek to strengthen their investments in social assets, a trend that became more pronounced during the health crisis. ESG investors in particular largely subscribed to the issues proposed by CADES over the course of the year, up to 45% according to the estimate from banks that led the placements.

In the short-term segment, CADES has issued commercial paper on the international monetary markets at an average rate of -0.617%, for an expected outstanding amount of €11.6 billion at the end of 2021.

In accordance with the decree published on January 19, 2021<sup>1</sup>, CADES will have paid, as at December 31, 2021, €40 billion, as part of the debt assumption operations scheduled before the end of 2021, i.e. €1.3 billion to CNRACL<sup>2</sup> and €38.7 billion to ACOSS for (the last payment will be made on December 20, 2021).

By that date, CADES will have amortised and refinanced €205 billion out of the €320.5 billion of social debt assumed since its inception (including the €40 billion taken over in 2021).

### **In 2022, a mid- and long-term indicative funding programme of €40 billion**

The CADES amortisation objective voted by French Parliament as part of the Social Security Financing Act for 2022 has been set at 18.3 billion euros for 2022, representing an unprecedented amount since its inception (€17.4 billion in 2021 and €16.7 billion in 2020).

In this context, given the amount of social debt assumed by CADES as voted by French Parliament, an amount equivalent to that of 2021, CADES plans to issue €40 billion in mid- and long-term bonds in 2022. A decree will specify the dates and tranches for the payment of the €40 billion euros as part of the debt assumption operations scheduled for 2022.

This indicative funding programme for 2022 could include up to €35 billion of benchmark bonds denominated in euros, dollars or sterling, which would be issued under social bond format.

It will be supplemented by the issuance of diversification bonds for an amount up to €7 billion, in the form of taps on existing bonds, French-inflation indexed bonds, bonds denominated in non-strategic currencies or private placements.

In the short-term segment, CADES plans to issue commercial papers for an average outstanding amount equivalent to that of 2021.

### **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 the Recovery and by the Minister for Solidarity and Health, 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 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.

<sup>1</sup> <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000043015195>

<sup>2</sup> CNRACL : Caisse nationale de retraites des agents des collectivités locales

All information regarding CADES and its bond issues is available on [www.cades.fr](http://www.cades.fr).

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