

Paris, September 11<sup>th</sup>, 2020

## Natixis structurer for CADES's inaugural social bond issue, attracting unprecedented investor interest

Natixis was structurer and bookrunner for the French *Caisse d'amortissement de la dette sociale's* (CADES, a public administrative agency created for the purpose of repaying social debt) first bond issue since the start of the health crisis, marking the launch of its social bond program. This is the largest social bond ever issued, standing at €5 billion, with an unparalleled order book for CADES of close to €16 bn.

This 10-year €5 billion issue, completed on September 9<sup>th</sup>, met with considerable investor success, with an order book at closing of almost €16 billion (€15.7 billion) from 270 French and international investors. CADES is set to become one of the main quasi-sovereign issuers on the primary market over the years ahead.

Given the current health, social and economic crisis, the French Parliament voted on July 23<sup>rd</sup>, 2020 to approve a further debt transfer to CADES and to extend the amortization of the social debt out to 2033. CADES developed a social bond framework to tackle this new situation.

Alain Gallois, Global Head of Investment Banking, Corporate & Investment Banking at Natixis said: *"For an issuer with an inherently social purpose such as CADES, this program is designed to offer investors greater transparency and reporting, as these standards become increasingly familiar for them and as part of an ongoing bond of trust. The remarkable success of this transaction truly reflects investors' confidence in CADES as an issuer, and this trust will clearly be enhanced by this new social bond program. After Natixis structured Unédic's historic inaugural social bond, this latest success further testifies to our social bond expertise with public sector issuers."*

The proceeds from CADES's social bond issues will be used to finance and/or refinance the French Social Security deficit. This deficit may be due to (i) decreased inflows as a result of the economic environment, or deferred contributions or exemptions to support economic activity and employment and/or (ii) increased spending caused by the materialization of certain social risks, increased take-up of programs and benefits, or the expansion of entitlements.

This issuance framework was developed in accordance with the Social Bond Principles issued by the International Capital Market Association (ICMA), with a second party opinion from ESG agency VigeoEiris, which ruled that the framework was in line with the best social bond market practices. The agency thus awarded its highest score, rating both the contribution to sustainable development and the issuer's ESG performance as advanced. CADES pledges to follow best practices on the market, and communicate transparently on the use of proceeds, the evaluation and selection procedure, proceeds management and reporting.

Orith Azoulay, Global Head of Green and Sustainable Finance, Corporate & Investment Banking at Natixis said: *"CADES plays a crucial role in this crisis, supporting the French Social Security system's financial viability and operating continuity. This issuance framework as well as future impact reports will demonstrate to investors how effective these mechanisms are in fostering solidarity and cushioning the effects of the crisis, and will also highlight the redistribution role that is the very purpose of the Social Security system and hence CADES. The entire French population is covered by Social Security benefits, but they focus first and foremost on the most vulnerable and are a central component in France's roadmap for attaining the sustainable development goals related to ending poverty, ensuring healthy lives and reducing inequality. Natixis is extremely honored to support CADES in this new stage in its funding."*

**About Natixis**

Natixis is a French multinational financial services firm specialized in asset & wealth management, corporate & investment banking, insurance and payments. A subsidiary of Groupe BPCE, the second-largest banking group in France through its two retail banking networks, Banque Populaire and Caisse d'Epargne, Natixis counts nearly 16,000 employees across 38 countries. Its clients include corporations, financial institutions, sovereign and supranational organizations, as well as the customers of Groupe BPCE's networks. Listed on the Paris stock exchange, Natixis has a solid financial base with a CET1 capital under Basel 3<sup>(1)</sup> of €11.6 billion, a Basel 3 CET1 Ratio<sup>(1)</sup> of 11.2% and quality long-term ratings (Standard & Poor's: A+ / Moody's: A1 / Fitch Ratings: A+).

<sup>(1)</sup> Based on CRR-CRD4 rules as reported on June 26, 2013, including the Danish compromise - without phase-in  
*Figures as at 30 June 2020*

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