The City of Paris launched its inaugural Climate bond

The City of Paris issued its inaugural Climate bond for € 300 million with a May 2031 maturity. The funds raised by the bond will finance Energy-Climate Projects categories which contribute to fight against climate change and energy transition in line with the European Energy and Climate Plan and the Paris “Climate & Energy Plan 3x25 for 2020”.

This trade is the first Climate bond launched by a French local authority, and is part of the City's annual funding programme voted in the 2015 budget.

Credit Agricole CIB, HSBC and Societe Generale CIB acted as joint lead managers on the issue. The success of the transaction testifies of the attractiveness of the City of Paris signature and of the current appetite from investors for green labeled products. The funding conditions reflect these elements with an annual re-offer yield of 1.807% representing a spread of +30bp above the OAT May 2031, as well as the final amount of the orderbook in excess of € 450 million for a transaction announced from the outset as € 300 million maximum.

These financial elements are also a testimony of the confidence granted by the financial rating agencies, Standard & Poor’s and Fitch, and the extra-financial one Vigéo. The latter ranked the City of Paris leader of the 29 local authorities it analyses on the environmental and social performances.

The City of Paris committed to provide investors with an annual report on the projects funded by the proceeds of the transaction.

The distribution is granular with more than 30 investors involved and made of high quality accounts. Mainly supported by its domestic investors (83%), the City of Paris managed to diversify its investor base to international institutional accounts, in particular to Benelux (9%), Switzerland (3%) and Nordics (3%). Insurers and pension funds bought the lion’s share of the trade (51%), followed by asset managers (49%).

Main terms:

Rating: AA / AA (neg/neg) by S&P and Fitch
Nominal amount: EUR 300,000,000
Settlement date: 18th November 2015
Maturity: 25th May 2031
Coupon: 1.750%
Re-offer spread: OAT +30bp