



CAISSE D'AMORTISSEMENT DE LA DETTE SOCIALE
an administrative public agency (*établissement public national à caractère administratif*) established in France
EURO 65,000,000,000
Global Medium Term Note Programme

*Under the Global Medium Term Note Programme described in this Base Prospectus (the "**Programme**"), Caisse d'Amortissement de la Dette Sociale ("**CADES**" or the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 65,000,000,000 (or the equivalent in other currencies).*

*This Base Prospectus (together with any supplements thereto) constitutes a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 as may be amended from time to time (the "**Prospectus Regulation**"). This Base Prospectus has been approved by the Autorité des marchés financiers (the "**AMF**") in France in its capacity as competent authority under the Prospectus Regulation and pursuant to the French Code monétaire et financier, and received the AMF approval no. 20-415 on 19 August 2020. The AMF has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Application may be made to the regulated market of Euronext in Paris ("**Euronext Paris**") during the period of twelve (12) months from the date of approval of this Base Prospectus by the AMF for Notes issued under the Programme to be admitted to trading on Euronext Paris and/or to the listing authority of any other Member State of the European Economic Area (the "**EEA**") or in the United Kingdom (the "**UK**") for Notes issued under the Programme to be admitted to trading on a Regulated Market (as defined below). Euronext Paris is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended ("**MiFID II**") (a "**Regulated Market**"). However, unlisted Notes may be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading on Euronext Paris (or on any other stock exchange), or unlisted.*

*The Notes will be issued in Series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series of Notes in bearer form will, if so specified in the relevant Final Terms, be represented on issue by a temporary global note (each a "**temporary Global Note**"), and will be sold to non-U.S. persons outside of the United States and its possessions. Interests in temporary Global Notes generally will be exchangeable for interests in permanent global notes (each a "**permanent Global Note**" and, together with the temporary Global Notes, the "**Global Notes**"), or if so stated in the relevant Final Terms, definitive Notes ("**Definitive Notes**"), after the date falling 40 days after the relevant issue date of the relevant Tranche (as defined in "Overview of the Programme - Method of Issue") of Notes upon certification as to non-U.S. beneficial ownership. Interests in permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under "Summary of Provisions Relating to the Notes while in Global Form". If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("**NGN**") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking SA ("**Clearstream**"). Global Notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream (the "**Common Depositary**").*

*The Notes of each Series to be issued in registered form ("**Registered Notes**") will be represented by registered certificates (each, a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Notes issued in global form and sold to non-U.S. persons in an "offshore transaction" within the meaning of Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**") ("**Unrestricted Notes**") will initially be represented by a permanent registered global certificate (each an "**Unrestricted Global Certificate**") without interest coupons, which may be deposited on the relevant issue date (a) in the case of a Series intended to be cleared through Euroclear and/or Clearstream, with a common depositary on behalf of Euroclear and Clearstream, (b) if such Unrestricted Global Certificate is to be held under the New Safekeeping Structure (the "**NSS**") with a Common Safekeeper for Euroclear and Clearstream or (c) with a custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company ("**DTC**") or (d) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, DTC, Euroclear and/or Clearstream, or delivered outside a clearing system, as agreed between the Issuer and the Dealer. Registered Notes sold in the United States to "qualified institutional buyers" ("**QIBs**") within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act that are also "qualified purchasers" ("**QPs**") as defined in Section 2(a)(51) of the United States Investment Company Act of 1940 (the "**Investment Company Act**") ("**Restricted Notes**") will initially be represented by a permanent registered global certificate (each a "**Restricted Global Certificate**" and, together with the Unrestricted Global Certificate, the "**Global Certificates**") without interest coupons, which may be deposited on the relevant issue date with a Custodian for, and registered in the name of Cede & Co. as nominee for DTC. The provisions governing*

the exchange of interests in Global Notes for other Global Notes and definitive Notes and the exchange of interests in each Global Certificate for definitive Registered Notes are described in “Overview of Provisions Relating to the Notes while in Global Form”.

The Issuer has been assigned a rating of Aa2 (stable outlook) and P-1 by Moody’s France S.A.S. (“**Moody’s**”) and AA (negative outlook) and F1+ by Fitch Ratings Ireland Limited (“**Fitch**”), in respect of its long-term debt and short-term debt, respectively. Obligations rated “Aa” by Moody’s are judged to be of high quality and are subject to very low credit risk. The modifier “1” indicates that the obligation ranks in the higher end of this rating category. Issuers (or supporting institutions) given a rating of P-1 (Prime-1) have a superior ability to repay short-term debt obligations. As defined by Fitch, an “AA” rating indicates a very high credit quality and denotes expectations of very low default risk. It indicates very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events. An “F1” rating is the highest short-term credit quality. It indicates the strongest intrinsic capacity for timely payment of financial commitments. The modifier “+” denotes an exceptionally strong credit feature.

Each of Moody’s France S.A.S. and Fitch Ratings Ireland Limited is established in the European Union and is registered under Regulation (EU) No. 1060/2009 as amended by Regulation (EU) No. 513/2011 (the “**CRA Regulation**”). As such, as of the date of this Base Prospectus, each of Moody’s France S.A.S. and Fitch Ratings Ireland Limited is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (“**ESMA**”) (www.esma.europa.eu). Tranches of Notes (“**Tranches**”) issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Notes. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. Where Notes are rated by a credit rating agency registered under the CRA Regulation, such credit rating agency will appear on the list of registered credit rating agencies published on the website of ESMA (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning credit rating agency without notice.

The Base Prospectus shall be valid for admission to trading of Notes on a Regulated Market for twelve (12) months after its approval by the AMF, until 19 August 2021, provided that it shall be completed by any supplement pursuant to Article 23 of the Prospectus Regulation, following the occurrence of a significant new factor, a material mistake or a material inaccuracy relating to the information included (including information incorporated by reference) in this Base Prospectus which may affect the assessment of the Notes. After such date, the Base Prospectus will expire and the obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will no longer apply.

Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Base Prospectus.

Arranger and Dealer
BNP PARIBAS

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IMPORTANT NOTICES

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation and for the purpose of giving all necessary information with regard to the Issuer and the Notes which, according to the particular nature of the Issuer and the Notes, is material to any investors for making an informed assessment of the assets and liabilities, profit and losses, financial position, and prospects of the Issuer, the rights attaching to the Notes and the reasons for the issuance and its impact on the Issuer.

The Issuer (the “**Responsible Person**”) accepts responsibility for the information contained in this Base Prospectus (including, for the avoidance of doubt, any free translations included in this Base Prospectus). To the best knowledge of the Issuer, the information contained or incorporated by reference in this Base Prospectus is in accordance with the facts and this Base Prospectus makes no omission likely to affect the import of such information.

In this Base Prospectus “**Arranger**” and “**Permanent Dealer**” means BNP Paribas, and “**Dealer**” means any Permanent Dealer or any further dealer appointed in connection with the Programme or with any specific issue of Notes.

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area or in the United Kingdom (each, a “**Relevant State**”) will be made pursuant to an exemption under the Prospectus Regulation, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State and (in either case) published, all in accordance with the Prospectus Regulation, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. The expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any Dealer or the Arranger. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, any Dealer and the Arranger to inform themselves about and to observe any such

restrictions. This Base Prospectus may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Base Prospectus and other offering material relating to the Notes, see “Subscription and Sale”, “Transfer Restrictions” and “Certain ERISA Considerations”. No action has been or will be taken to permit a public offering of the Notes in any jurisdiction where any act would be required for that purpose.

The Issuer has not been and will not be registered under the Investment Company Act. The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes may include Notes in bearer form that are subject to U.S. tax law requirements. Notes may not be offered, sold or, in the case of bearer notes, delivered within the United States or to, or for the account or benefit of U.S. persons, except in transactions exempt from the registration requirements of the Securities Act. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see “Subscription and Sale”.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and, in the case of Registered Notes, within the United States to QIBs that are also QPs in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Base Prospectus, see “Subscription and Sale”, “Transfer Restrictions” and “Certain ERISA Considerations”.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE ACCURACY OR THE ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER AND BUSINESS ADVISER AS TO TAX, LEGAL, BUSINESS AND RELATED MATTERS CONCERNING THE PURCHASE OF NOTES.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealer to subscribe for, or purchase, any Notes. This Base Prospectus is intended only to provide information to assist potential investors in deciding whether or not to subscribe for or purchase Notes in accordance with the terms and conditions specified by the Dealer. The Notes may not be offered or sold, directly or indirectly, and this Base Prospectus may not be circulated, in any jurisdiction except in accordance with the legal requirements applicable to such jurisdiction.

Neither the Arranger nor the Dealer has separately verified the information contained in this Base Prospectus. To the fullest extent permitted by law, neither the Arranger nor the Dealer makes any representation, express or implied, or accepts any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger or the Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and the Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealer that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine

for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. Neither the Arranger nor the Dealer undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Arranger or the Dealer.

In connection with the issue of any Tranche, the Dealer (if any) named as the stabilising manager (the “Stabilising Manager”) (or any person acting on behalf of any Stabilising Manager) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or any person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

FORWARD-LOOKING STATEMENTS

This Base Prospectus includes “forward-looking statements” (as such is defined in the Private Securities Litigation Reform Act of 1995) within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The words “anticipate”, “believe”, “expect”, “plan”, “intend”, “targets”, “aims”, “estimate”, “project”, “will”, “would”, “may”, “could”, “continue” and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Base Prospectus, including, without limitation, those regarding the Issuer’s financial position, business strategy, management plans and objectives for future operations, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer’s actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Issuer’s present and future business strategies and the environment in which the Issuer expects to operate in the future.

Factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”. Forward-looking statements speak only as of the date of this Base Prospectus and the Issuer expressly disclaims any obligation or undertaking to publicly update or revise any forward-looking statements in this Base Prospectus to reflect any change in the Issuer’s expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, the Issuer cannot give any assurance that projected results or events will be achieved and the Issuer cautions investors not to place undue reliance on these statements.

ENFORCEABILITY OF JUDGMENTS IN FRANCE AND SEIZURE OF ASSETS

The Issuer is an administrative national public agency (*établissement public national à caractère administratif*) established under the laws of France. The directors and executive officers of the Issuer are, and will continue to be, non-residents of the United States and substantially all of the assets of the Issuer and such persons are located outside the United States. Although the Issuer has appointed an agent for service of process in the United States, the Issuer has been advised that there is a doubt that a foreign judgment based upon U.S. federal or state securities laws would be enforced in France. The Issuer has also been advised that there is a doubt that a lawsuit based upon U.S. federal or state securities laws could be brought in an original action in France.

The United States and France are not party to a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws, enforceable in the United States, would not directly be recognised or enforceable in France. A party in whose favour such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*). Enforcement in France of such U.S. judgment could be obtained following proper (i.e., non-*ex parte*) proceedings if the civil court is satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French court of the merits of the foreign judgment):

- the dispute is clearly connected to the country in which the judgment was rendered (the United States) and the French courts did not have exclusive jurisdiction over the matter;
- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case;
- such U.S. judgment is not tainted with fraud; and
- such U.S. judgment does not conflict with a French judgment or a foreign judgment which has become effective in France and there are no proceedings pending before French courts at the time enforcement of the judgment is sought and having the same or similar subject matter as such U.S. judgment.

In addition, the discovery process under actions filed in the United States could be adversely affected under certain circumstances by French criminal law No. 68-678 of 26 July 1968, as modified by French law No. 80-538 of 16 July 1980 (relating to communication of documents and information of an economic, commercial, industrial, financial or technical nature to foreign authorities or persons), which could prohibit or restrict obtaining evidence in France or from French persons in connection with a judicial or administrative U.S. action. Similarly, French data protection rules (law No. 78-17 of 6 January 1978 on data processing, data files and individual liberties, as modified by law No. 2004-801 of 6 August 2004) can limit under certain circumstances the possibility of obtaining information in France or from French persons in connection with a judicial or administrative U.S. action in a discovery context.

Furthermore, if an original action is brought in France, French courts may refuse to apply the designated law if its application contravenes French international public policy. Further, in an action brought in France on the basis of U.S. federal or state securities laws, French courts may not have the requisite power to grant all the remedies sought.

As with all French public entities, the assets of CADES situated in France may not be seized. Noteholders will therefore have no recourse to such assets. In addition, to the extent the Issuer has any assets outside France, such assets may be protected by immunity from execution if allocated to sovereign activities (though such privilege does not extend to assets allocated to commercial activities). In any case, the right to immunity (if any) will be governed by the law of the place where the assets (if any) are situated. No guarantee is given that the Issuer will at any time have any assets outside France or that any such assets will not be subject to immunity.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “euro”, “EUR” and “€” are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty Establishing the European Community, as amended and to “U.S.\$”, “USD”, “U.S. dollars” and “\$” are to dollars of the United States of America being the legal currency for the time being of the United States of America.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any Notes are “restricted securities” as defined in Rule 144(a)(3) under the Securities Act, the Issuer will during any period that it is neither subject to section 13 or 15(d) of the United States Securities and Exchange Act of 1934 (the “**Exchange Act**”), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder furnish, upon request, to any holder or beneficial owner of such restricted securities or any prospective purchaser designated by any such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

FINANCIAL STATEMENTS

The financial statements of the Issuer for the two years ended 31 December 2018 and 31 December 2019, English language translations of which (together with the audit reports thereon) contained in this Base Prospectus, English language translations of which also are contained herein, are presented on the basis of French generally accepted accounting principles (“**GAAP**”) in a format that is specific to French credit institution and financial institutions. These financial statements comply with the regulations of the French Accounting Regulation Committee (*Comité de la Réglementation Comptable* or CRC) and the French Banking and Financial Regulatory Committee (*Comité de la Réglementation Bancaire et Financière* or CRBF) (which recently has been merged into the *Autorité de Contrôle Prudentiel*). Significant differences in GAAP may exist between different jurisdictions, including between French GAAP and United States GAAP. Significant differences may also exist between French GAAP and International Financial Reporting Standards as adopted by the European Union (“**IFRS**”). The Issuer has not quantified the impact of these differences. Investors should be aware that these differences may be material in the interpretation of the financial statements and financial information contained herein and should consult their own professional advisors for an explanation of the differences between French GAAP, on the one hand, and U.S. GAAP and IFRS, on the other hand. See “Risk Factors” for a discussion for certain considerations relating to the presentation of financial information by the Issuer on the basis of French GAAP.

PROSPECTUS SUPPLEMENT

If at any time during the duration of the Programme the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to Article 23 of the Prospectus Regulation in France, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or a further base prospectus which shall constitute a supplement to this Base Prospectus as required by Article 23 of the Prospectus Regulation or a replacement base prospectus for use in connection with any subsequent offer of Notes.

The Issuer shall submit such supplement to this Base Prospectus or replacement base prospectus to the AMF for approval.

The Issuer has given an undertaking to any Dealer that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Base Prospectus is material to an investor for making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the rights attaching to the Notes, the reasons for the issuance and its impact on the Issuer, the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to any Dealer such number of copies of such supplement hereto as any Dealer may reasonably request.

In accordance with and pursuant to Article 23.2 of the Prospectus Regulation, where the Notes are offered to the public, investors who have already agreed to purchase or subscribe for Notes before any supplement

is published have the right, exercisable within two working days after the publication of such supplement, to withdraw their acceptance provided that the significant new factor, material mistake or material inaccuracy referred to in Article 23.1 of the Prospectus Regulation arose before the final closing of the offer to the public and the delivery of the Notes. The period may be extended by the Issuer or, if any, the relevant Authorised Offeror(s). The final date of the right of withdrawal shall be stated in the supplement.

On 19 August 2021, this Base Prospectus, as supplemented (as the case may be), will expire and the obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will no longer apply.

GENERAL DESCRIPTION OF THE PROGRAMME

This overview is a general description of the Programme for the purposes of Article 25.1(b) of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Notes will be issued on such terms as shall be agreed between the Issuer and the relevant Dealer(s) and will be subject to the Terms and Conditions of the Notes.

All capitalised terms used and not defined in this section are defined in the Conditions.

Issuer:	CAISSE D'AMORTISSEMENT DE LA DETTE SOCIALE (CADES)
Description:	Global Medium Term Note Programme
Legal Entity Identifier ("LEI"):	969500P04DQJS4BPM574
Website of the Issuer:	www.cades.fr
Size:	Up to Euro 65,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger:	BNP Paribas
Dealer:	BNP Paribas
	The Issuer may from time to time terminate the appointment of the dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to " Permanent Dealers " are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to " Dealers " are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Fiscal Agent, Principal Paying Agent, Transfer Agent and Calculation Agent:	Citibank N.A., London Branch
Paris Paying Agent:	Citibank Europe plc, French Branch
Registrar:	Citigroup Global Markets Europe AG
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a " Series ") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a " Tranche ") on the same or different issue dates with no

minimum size. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the “**Final Terms**”).

Issue Price: Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

Offer Price: If, as at the date of the Final Terms for a particular offer of Notes, the Offer Price cannot be determined, a description of the method of determining such Offer Price and the process for its disclosure will be included in the relevant Final Terms.

Form of Notes: The Notes may be issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) only. Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “– Selling Restrictions” below), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “**Global Certificates**”. Registered Notes sold in an “offshore transaction” within the meaning of Regulation S will initially be represented by an Unrestricted Global Certificate. Registered Notes sold in the United States to QIBs that are also QPs will initially be represented by a Restricted Global Certificate.

Clearing Systems: Clearstream, Euroclear for bearer notes, Clearstream, Euroclear and/or DTC for Registered Notes and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.

Initial Delivery of Notes: On or before the issue date for each Tranche, if the relevant Global Note is a NGN or the relevant Global Certificate is held under the NSS, the Global Note or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not held under the NSS, the

Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Currencies:

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers.

Maturities:

Subject to compliance with all relevant laws, regulations and directives, a maximum of 30 years.

Specified Denomination(s):

Definitive Notes will be in such denominations as may be specified in the relevant Final Terms save that (i) the minimum denomination of each Note admitted to trading on a European Economic Area (“EEA”) or in a United Kingdom (“UK”) exchange and/or offered to the public in a state member of the EEA or in the UK in circumstances that require the publication of a prospectus under the Prospectus Regulation will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, (ii) unless otherwise permitted by then current laws and regulations, Notes which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (“FSMA”) will have a minimum denomination of £100,000 (or its equivalent in other currencies) and (iii) in the case of any Notes to be sold in the United States to QIBs that are also QPs, the minimum specified denomination shall be U.S.\$200,000.

Fixed Rate Notes:

Fixed interest will be payable in arrears on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes:

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement

incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or

(ii) by reference to the London Interbank Offered Rate (“LIBOR”), London Interbank Bid Rate (“LIBID”), London Interbank Mean Rate (“LIMEAN”), Secured Overnight Financing Rate (“SOFR”) or Euro Interbank Offered Rate (“EURIBOR”), as adjusted for any applicable Margin.

Interest periods will be specified in the relevant Final Terms.

Zero Coupon Notes:

Zero Coupon Notes may be issued at their nominal amount or at a discount/premium to it and will not bear interest.

Interest Periods and Interest Rates:

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The minimum interest rate shall not be less than zero. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

Final Redemption:

The terms and conditions of the Notes will specify the basis for calculating the final redemption amounts payable. Unless permitted by then current laws and regulations, Notes which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Redemption by Instalments:

The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

Optional Redemption:

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.

Status of Notes:

Notes will constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and will rank *pari passu* among themselves all as described in “Terms and Conditions of the Notes – Status”.

Negative Pledge:	See “Terms and Conditions of the Notes – Negative Pledge”.
Cross Default:	None
Ratings:	The Issuer has been assigned a rating of Aa2 (stable outlook) and P-1 by Moody’s France S.A.S. (“ Moody’s ”) and AA (negative outlook) and F1+ by Fitch Ratings Ireland Limited (“ Fitch ”), in respect of its long-term and short-term debt, respectively. Tranches of Notes issued under the Programme may be rated or unrated. Each of Moody’s and Fitch is established in the European Union and registered under Regulation (EU) No. 1060/2009 as amended by Regulation (EU) No. 513/2011 (the “ CRA Regulation ”). As such, as of the date of this Base Prospectus, each of Moody’s and Fitch is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority (“ ESMA ”) (www.esma.europa.eu). Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Notes. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union or in the United Kingdom and registered under the CRA Regulation will be disclosed in the Final Terms. Where Notes are rated by a credit rating agency registered under the CRA Regulation, such credit rating agency will appear on the list of registered credit rating agencies published on the website of ESMA (www.esma.europa.eu). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency without notice.
Early Redemption:	Except as provided in “– Optional Redemption” above, Notes will not be redeemable at the option of the Issuer prior to maturity. See “Terms and Conditions of the Notes – Redemption, Purchase and Options”.
Withholding Tax:	All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes will be made free and clear of French withholding taxes unless required by applicable law or regulation. In the event of any such withholding, the Issuer shall not, nor shall it be required to, pay any additional amount in respect of any such withholding, all as described in “Terms and Conditions of the Notes – Taxation”.
ERISA Considerations:	Unless otherwise provided in the applicable Final Terms, the Notes (other than with respect to a Note that by its terms does not require the principal to be repaid in full in the specified currency) may be purchased by an “employee

benefit plan” as defined in and subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), a “plan” as defined in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or any entity whose underlying assets include, for ERISA purposes, the assets of any such employee benefit plan or plan, subject to certain conditions. See “Certain ERISA Considerations”.

Governing Law:

English.

Listing and Admission to Trading:

Notes issued under the Programme may be admitted to trading on the regulated market of Euronext Paris (“Euronext Paris”) and/or any other Regulated Market (as defined below) in any Member State of the EEA or the UK and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed between the Issuer and the relevant Dealer, or may be unlisted, in each case as specified in the relevant Final Terms.

**Redenomination,
Renominalisation and/or
Consolidation:**

Notes denominated in a currency of a country that subsequently participates in the third stage of European Economic and Monetary Union may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro. See “Terms and Conditions of the Notes - Form, Denomination, Title and Remuneration” and “- Further Issues and Consolidation”. Any further provisions applicable to any such redenomination, renominalisation and/or consolidation will be as specified in the relevant Final Terms.

Selling Restrictions:

The United States, the Public Offer Selling Restriction under the Prospectus Regulation, the United Kingdom, France, Japan and Canada. See “Subscription and Sale”.

The Issuer is Category 2 for the purposes of Regulation S under the Securities Act, as amended.

Sales will only be made in the United States to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act that are also “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act).

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of section 4701 of the Code) (the “D Rules”) unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of section 4701 of the Code) (the

“C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Transfer Restrictions:

There are restrictions on the transfer of Notes sold to non-U.S. persons in offshore transactions pursuant to Regulation S under the Securities Act prior to the expiration of the relevant distribution compliance period and on the transfer of Registered Notes sold in the United States to QIBs that are also QPs (as defined in Section 2(a)(51) of the Investment Company Act) pursuant to Rule 144A under the Securities Act. If so indicated in the Final Terms, there are restrictions on the transfer of Notes held in bearer form. See “Transfer Restrictions” and “Certain ERISA Considerations”.

RISK FACTORS

Prospective investors should consider carefully the risks set forth below and the other information contained in this Base Prospectus prior to making any investment decision with respect to the Notes. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes and may be material for the purpose of assessing the risks associated with the Issuer and the Notes issued under the Programme. All of these factors are contingencies which may or may not occur.

The Issuer believes that the factors described below represent the principal inherent risks in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

In each sub-category below, the Issuer sets out first the most material risks, in its assessment, taking into account the expected magnitude of their negative impact and the probability of their occurrence, in accordance with Article 16 of the Prospectus Regulation.

Terms used but not defined in this section will have the same meaning given to them in section "Terms and Conditions of the Notes".

1. Risk Factors relating to the Issuer

1.1 Market risks

Counterparty risk

Counterparty risk represents the Issuer's exposure to incur a loss in the event of non-performance by a counterparty. CADES is exposed to the credit risk and default risk of its banking counterparties when dealing in over-the-counter derivative contracts. CADES limits its exposure to risk of default by its counterparties by dealing solely with reputable financial institutions and regularly monitoring their credit ratings. This risk is also managed by requiring its counterparties to execute a guarantee agreement with margin calls. However, the credit quality of a financial counterparty can change rapidly, and a high credit rating cannot eliminate the risk of a rapid deterioration of its financial position. As a result, CADES' policy in relation to the selection and monitoring of its counterparties is unable to entirely eliminate exposure to a risk of default.

In the event that one of its counterparties is unable to honour its obligations under derivative contracts entered into with CADES, there is a risk that issuances of Notes under the Programme will be inadequately hedged and that CADES will suffer replacement losses. Defaults of counterparties may impact CADES financially and could have an adverse effect on CADES' debt investments. The failure of a counterparty to make a payment or a transfer as expected and when due may have an adverse effect on the financial condition of the Issuer.

Interest rate risks

CADES is exposed to fluctuations in market interest rates given the substantial amount of net debt that it has to finance through the financial markets. Adverse movements in interest-rate levels may impact the Issuer's cost of future debt financing or refinancing and therefore have a negative effect on the financial condition of CADES. In order to reduce the effects of the fluctuations in market interest rates, CADES has implemented hedging arrangements by means of interest rate derivatives giving rise to margin calls.

As at 31 December 2019, the breakdown of CADES' debt by interest rate type is as follows: 84 per cent. of the debt bears fixed rates, 8 per cent. floating rates and 8 per cent. rates indexed to inflation. In addition, the amount of margin calls paid and received, as at 31 December 2019, for interest rate and foreign exchange

derivatives can be found in the balance sheet section (please refer to Note 3 on page F-21 and Note 7 on page F-28 of this Base Prospectus). As a result, interest rate risk hedging generates a moderate liquidity risk concerning the margin calls and a credit risk with the banks counterparties to the swaps. Consideration of CADES' exposure to interest rate risk may also take into account that a potential increase of interest rates in a growth environment would imply additional revenues for CADES.

Exchange rate risk

CADES is exposed to the risk of losses on capital borrowed in currencies other than Euro. As at 31 December 2019, CADES' debt profile, broken down by currency, was as follows: 80.1 per cent. of CADES' tradable debt was Euro-denominated, 17.6 per cent. was U.S. Dollar-denominated, and 2.3 per cent. was denominated in other currencies.

CADES maintains a programme of hedging arrangements in respect of its issues of debt instruments denominated in currencies other than Euro by means of derivatives in order to manage exchange rate risk. CADES's general policy is to systematically hedge foreign currency debt issuances through micro-hedging swaps, which exchange future foreign currency cash flows for future euro cash flows.

As at 31 December 2019, the amount of margin calls paid and received for interest rate and foreign exchange derivatives can be found in the balance sheet section (please refer to Note 3 on page F-21 and Note 7 on page F-28 of this Base Prospectus).

This policy generates a moderate liquidity risk concerning the margin calls, as CADES is only exposed to margin calls rather than directly to movements in exchange rates, and a credit risk with the banks counterparties to the swaps.

1.2 Operational risks

The revenues of CADES from the social security taxes it receives may vary

CADES' revenue sources are set out in French social security laws and mainly derive from CRDS and CSG payments which are primarily based on the salaries of French taxpayers (*masse salariale*) (see the section entitled "Sources of Revenue" on page 74 below). Tax receipts from the CRDS are closely correlated with France's nominal gross domestic product ("GDP"). For the year ended 31 December 2019, CADES received Euro 18,257 billion distributed as follows: CRDS 41.5 per cent., CSG 47 per cent. and Retirement Reserve Fund (Fonds de Réserve pour les Retraites ("FRR")) payment 11.5 per cent. These revenue sources and the levels at which they are set are controlled by social security laws and may be subject to change. Further information on the sources of revenues of CADES can be found in the section entitled "Sources of Revenue" on page 74 below. Any material reductions or changes in these revenue sources may negatively impact the Issuer's net income and cash flow and impede the Issuer's ability to make payments in respect of the Notes.

Risk in connection with the status of the Issuer

As a French public entity (établissement public national administratif), the Issuer is not subject to private law enforcement procedures (voies d'exécution de droit privé) in accordance with the general principle that assets of public entities cannot be seized under French law. However, the Government has specific prerogatives pursuant to Article 1 of Act no. 80-539 of 16 July 1980 on periodic penalty payments imposed in administrative proceeding and the enforcement of judgments by legal persons under public law and Decree no. 2008-479 of 20 May 2008 relating to the enforcement of fines against the public authorities, authorising it to require the Issuer to automatically authorise the payment of sums of money where these are due pursuant to a final court judgment and the amount has been set by decision of the court. This special scheme may have an impact, both in terms of enforcement and timing, on any potential recourse of the Noteholders against the Issuer.

1.3 Risk relating to the COVID-19 epidemic

The COVID-19 epidemic creates an uncertain situation for CADES, which has accordingly deployed all available resources to maintain its activities in the context of this health crisis and taken the necessary measures to protect the health of its employees and other stakeholders.

CADES has striven in particular to implement the most appropriate measures and initiatives needed to pursue its business, in accordance with government decisions. It will fully maintain and apply its internal control and IT security procedures throughout the crisis. The solutions it has introduced meet all requirements as regards procedural security and transaction reliability.

However, given the pandemic's impact, at the date of the Board of Directors' approval of the 2019 financial statements CADES believes that this health crisis could have a negative impact, albeit moderate at this stage, on the amount of resources allocated to it in respect of 2020. At the same time, it is not aware of any material uncertainty that could call into question its mission of amortising the social security debt transferred to it.

Nevertheless, uncertainty persists as to how long the epidemic will last and what its impact on CADES will be; this impact will become easier to gauge as the situation evolves.

Further information can be found in the section entitled "Recent Developments" on page 86.

2. Risk Factors relating to the Notes

Factors which the Issuer believes are specific to the Notes and material for an informed investment decision with respect to investing in the Notes issued under the Programme are described below. In each category below the Issuer sets out the material risks in descending order of importance, taking into account the negative impact of such risks and the probability of their occurrence.

2.1 Risks relating to all Series of Notes

Credit risk

An investment in the Notes involves a credit risk on the Issuer. Since the Notes are unsubordinated and unsecured obligations of the Issuer, benefiting from no direct recourse to any assets or guarantees, the Noteholders can only rely on the ability of the Issuer to pay any amount due under the Notes. The value of the Notes will depend on the creditworthiness of the Issuer (as may be impacted by the risks related to the Issuer as described above). If the creditworthiness of the Issuer deteriorates, the potential impact on the Noteholders could be significant: a deterioration in creditworthiness could give rise to negative repercussions on the Noteholders because (i) the Issuer may not be able to fulfil all or part of its payment obligations under the Notes, (ii) the value of the Notes may decrease and (iii) investors may lose all or part of their investment.

Changes of law may occur in the future that will impact the conditions of the Notes

The Terms and Conditions of the Notes are governed by English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decisions or change to English (or any other relevant) law after the date of this Base Prospectus. Any such decision or change could be unfavourable to creditors' rights, including those of the Noteholders. If any change in law were unfavourable to the Issuer or the Noteholders, it could have an adverse or a significant adverse effect on the market value of the Notes (depending on the nature of the change) and could potentially have negative repercussions on the Noteholders' investment in the Notes. The risk of changes in law is higher for Notes with longer maturities.

Modification of the Terms and Conditions

Condition 11 (*Meeting of Noteholders and Modifications*) of the Terms and Conditions contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the

relevant meeting and Noteholders who voted in a manner contrary to the majority. The general meeting may deliberate on any proposal relating to the modification of the terms and conditions of the Notes including any proposal, whether for arbitration or settlement, relating to rights in dispute or which were the subject of judicial decisions as more fully described in Condition 11 (*Meeting of Noteholders and Modification*). If a proposal is duly adopted through a general meeting and such modification were to impair or limit the rights of the Noteholders, this may have a negative impact on the market value of the Notes.

Recognition of English law judgments at the end of the Transition Period

In accordance with Condition 16 (Governing Law and Jurisdiction) of the Terms and Conditions, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law and Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any of the above. On 31 January 2020, the UK withdrew from the European Union under the “Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community” dated 19 October 2019 (the “**Withdrawal Agreement**”). The Withdrawal Agreement instituted a transition period, ending on 31 December 2020 (the “**Transition Period**”). Further to the Withdrawal Agreement, at the end of the Transition Period the provisions of Regulation (EU) No 1215/2012 (the “**Brussels Recast Regulation**”), which is the formal reciprocal regime on jurisdiction and judgments currently applied in the EU, will no longer apply in the UK. As a consequence, persons enforcing a judgment obtained before English courts (such as the Noteholders) will no longer automatically be able to benefit from the recognition of such judgment in EU courts (including France) under such Regulation, subject to a new regime being agreed.

The Hague Convention is an international convention which requires contracting states to recognise and respect exclusive jurisdiction clauses in favour of other contracting states and to enforce related judgments. On 28 December 2018, the UK lodged its instrument of accession to the Hague Convention on Choice of Court Agreement 2005 (the “**Hague Convention**”) meaning that the Hague Convention would become applicable in the UK as of or shortly after the United Kingdom leaves the European Union. On 31 January 2020, the Government of the UK withdrew such instrument of accession to the Hague Convention and declared that the UK intends to deposit a new instrument of accession at the appropriate time prior to the termination of the Transition Period to ensure the seamless continuity of the application of the Hague Convention in the UK. Subject to such timely accession, as France is already a party to the Hague Convention, judgments handed down by a UK court should be recognised and enforced under this Convention in France. However, the scope of the Hague Convention is limited to contracts containing exclusive jurisdiction clauses and there is no assurance that such judgments will be recognised on exactly the same terms and in the same conditions as under the Brussels Recast Regulation which could have a negative impact on the Noteholders and the success of any claim placed against the Issuer.

2.2 Risks related to the market generally

Market value of the Notes

Application may be made to list and admit any Series of Notes issued under the Programme to trading on Euronext Paris and/or on any other Regulated Market or any other stock exchanges. Therefore, the market value of the Notes may be affected by the creditworthiness of the Issuer and a number of additional factors. If the financial situation of the Issuer deteriorates, it may not be able to fulfil all or part of its payment obligations under the Notes, and investors may lose all or part of their investment.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, and factors affecting capital markets in general Euronext Paris and/or any other Regulated Market or the stock exchanges on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Noteholder.

Risks related to the secondary market

The trading market for debt securities may be volatile and may be adversely impacted by many events

The Programme allows for Notes to be listed and admitted to trading on Euronext Paris and/or any other regulated market in any Member State of the EEA or in the UK. However, the Notes may have no established trading market when issued and there can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be very liquid. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. This may have a negative impact on the liquidity of the Notes and result in low trading volumes. The degree of liquidity of the Notes may negatively impact the price at which an investor can dispose of the Notes where the investor is seeking to achieve a sale within a short timeframe. In such circumstances, the impact of this risk on the Noteholder would be high because Notes would likely have to be resold at a discount to the nominal value of the Notes. Furthermore, if additional and competing products are introduced in the markets, this may adversely affect the market value of the Notes.

The market for debt securities issued by issuers is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. Events in France, Europe or elsewhere may cause market volatility which could adversely affect the price of Notes.

The Issuer is entitled to buy the Notes, as described in Condition 6(e) (*Purchases*), and the Issuer may issue further Notes, as described in Condition 13 (*Further Issues and Consolidation*). Such transactions may adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (for example, due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls which could adversely affect an applicable exchange rate. The Issuer does not have any control over the factors that generally affect these risks, such as economic, financial and political events and the supply and demand for applicable currencies. In recent years, exchange rates between certain currencies have been volatile, and could continue to be volatile in the future. However, past fluctuations between currencies are not necessarily indicative of future fluctuations. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. If such risk were to materialise, the Noteholders whose financial activities are carried out or dependent principally in a currency or currency unit other than the relevant Specified Currency could be very negatively impacted as they might receive less interest or principal than expected, or at worst, no interest or principal.

2.3 Risks related to the structure and the characteristics of a particular issue of Notes

The Programme allows for the issuance of a wide range of Notes with varying structures and features. Such structures and features may present particular risks for potential investors. A description of the most material risks associated with such structures and features is set out below.

Interest rate risks

Risks related to Fixed Rate Notes

Condition 5(a) allows for the issuance of Notes that pay a fixed rate of interest to Noteholders. Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. While the nominal interest rate of a fixed interest rate note is fixed during the life of such a note or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such note changes in the opposite direction. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Noteholders should be aware that movements of the market interest rate can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell Notes during the period in which the market interest rate exceeds the fixed rate of the Notes. Any such volatility may have a significant adverse effect on the price of the Notes and cause Noteholders who sell Notes on the secondary market to lose part of their initial investment.

Risks related to Floating Rate Notes

Condition 5(b) allows for the issuance of Notes that pay a floating rate of interest to Noteholders. Investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. The market value of Floating Rate Notes may be volatile if changes, particularly short-term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate. Any such volatility may negatively impact the yield of Floating Rate Notes and give rise to reinvestment risk.

If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Risks related to Notes which are linked to "benchmarks"

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing "benchmarks"

Pursuant to Condition 5(b)(iii), the applicable Final Terms for a Series of Floating Rate Notes may specify that the Rate of Interest for such Notes will be determined by reference to "benchmarks". Indices which are deemed to be "benchmarks" (including EURIBOR and LIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, to be subject to revised calculation methods or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes (including the value and/or liquidity thereof and/or the return thereon) linked to or referencing such a "benchmark".

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and has been in force since 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a direct impact on any Notes linked to or referencing a "benchmark", in particular:

an index which is a "benchmark" could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or registration or, if based in a non-EU jurisdiction, the administrator is not recognised as equivalent or recognised or endorsed and the transitional provisions do not apply; and

if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing the rate or level or otherwise affecting the volatility of the published rate or level of the "benchmark".

Either of the above could potentially lead to the Notes being de-listed, adjusted or redeemed early or otherwise impacted depending on the particular "benchmark" and the applicable terms of the Notes or have other adverse effects or unforeseen consequences.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to such "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmarks" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Investors should be aware that, if a benchmark were discontinued or otherwise unavailable, the rate of interest on Notes which are linked to or which reference such benchmark will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which a benchmark is to be determined under the Terms and Conditions, this may (i) if ISDA Determination applies, be relying upon the provision by reference banks of offered quotations for the relevant benchmark which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied for the immediately preceding Interest Period for which the benchmark was available. Any of the foregoing could have a material adverse effect on the value or liquidity of, and return on, any Notes linked to or referencing a "benchmark".

Future discontinuance of LIBOR and other benchmarks may adversely affect the value of Notes

Pursuant to Condition 5(b)(iii)(B), the applicable Final Terms for a Series of Floating Rate Notes may specify that the Rate of Interest for such Notes will be determined by reference to LIBOR.

On 27 July 2017, the Chief Executive of the UK Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that it intends to stop persuading or compelling panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR in its current form (or at all) after 2021 cannot and will not be guaranteed. In a further speech on 12 July 2018, the Chief Executive Officer of the FCA,

emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions of outstanding Notes of any Series, or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to Notes whose interest rates are linked to LIBOR) depending on the specific provisions of the relevant terms and conditions applicable to the Notes. Any such consequences could have a material adverse effect on the liquidity and value of and return on any such Notes.

Other interbank offered rates such as EURIBOR (together with LIBOR, the "**IBORs**") suffer from similar weaknesses to LIBOR and as a result may be discontinued or be subject to changes in their administration.

Changes to the administration of an IBOR or the emergence of alternatives to an IBOR, may cause such IBOR to perform differently than in the past, or there could be other consequences which cannot be predicted. The discontinuation of an IBOR or changes to its administration could require changes to the way in which the Rate of Interest is calculated in respect of any Notes referencing or linked to such IBOR. The development of alternatives to an IBOR may result in Notes linked to or referencing such IBOR performing differently than would otherwise have been the case if the alternatives to such IBOR had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Notes linked to or referencing such IBOR.

Whilst alternatives to certain IBORs for use in the bond market (including SONIA (for Sterling LIBOR) and rates that may be derived from SONIA) are being developed, in the absence of any legislative measures, outstanding notes linked to or referencing an IBOR will only transition away from such IBOR in accordance with their particular terms and conditions.

Occurrence of a Benchmark Event

Where Screen Rate Determination is used as the method to calculate the Rate of Interest in respect of Notes linked to or referencing a "benchmark" pursuant to Condition 5(b)(iii)(B), certain fallback arrangements set out in Condition 5(b)(iii)(B) will apply if a Benchmark Event occurs, including if an inter-bank offered rate (such as LIBOR or EURIBOR) or other relevant reference rate, and/or any page on which such benchmark may be published, becomes unavailable or is discontinued. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a replacement rate and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as may be determined by a Reference Rate Determination Agent (as defined in the Condition 5(b)(iii)(B)).

No consent of the Noteholders shall be required in connection with effecting any successor or replacement benchmark. In addition, no consent of the Noteholders shall be required in connection with any other related adjustments and/or amendments to the Terms and Conditions of such Notes which are made in order to give effect to any successor or replacement rate.

In certain circumstances, the ultimate fallback for a particular Interest Period, including where no successor rate or alternative rate (as applicable) is determined, may be that the rate of interest for such Interest Period be based on the last available relevant rate. This ultimate fallback may result in the effective application of a fixed rate to Notes linked to or referencing a "benchmark". In addition, due to the uncertainty concerning the availability of replacement rates and the involvement of a Reference Rate Determination Agent, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Any replacement rate may have no or very limited trading history and accordingly its general evolution and/or interaction with other relevant market forces or elements may be difficult to determine or measure. In addition, a replacement rate may perform differently from the discontinued benchmark. This could

significantly affect the performance of an alternative rate compared to the historical and expected performance of the relevant benchmark. There can be no assurance that any adjustment factor applied to any Series of Notes will adequately compensate for this impact. This could in turn impact the rate of interest on, and trading value of, the affected Notes. Moreover, any holders of such Notes that enter into hedging instruments based on the relevant Screen Page may find their hedges to be ineffective, and they may incur costs replacing such hedges with instruments tied to the replacement rate.

Any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Notes linked to or referencing a "benchmark" or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes linked to or referencing a "benchmark". Investors should note that any Reference Rate Determination Agent will have discretion to adjust the replacement rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected consequences and due to the particular circumstances of each Noteholder, any such adjustment may be unfavourable to Noteholders.

SOFR is a relatively new market index that may be used as a reference rate for Floating Rate Notes and, as the related market continues to develop, there may be an adverse effect on the return on or value of the Notes.

The rate of interest on the Notes may be calculated on the basis of the SOFR. Because SOFR is an overnight funding rate, interest on SOFR-based Notes with interest periods longer than overnight will be calculated on the basis of either the arithmetic mean of SOFR over the relevant interest period, or compounding during the relevant interest period, except during a specified period near the end of each interest payment date during which SOFR will be fixed. As a consequence of this calculation methods, the amount of interest payable on each interest payment date will only be known a short period of time prior to the relevant interest payment date. Investors therefore will not know in advance the interest amount which will be payable on such Notes.

SOFR is a new rate. The NY Federal Reserve began to publish SOFR in April 2018. Although the NY Federal Reserve has published historical indicative SOFR information going back to 2014, such prepublication historical data inherently involves assumptions, estimates and approximations. Investors should not rely on any historical changes or trends in SOFR as an indicator of the future performance of SOFR. Since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in other benchmark or market rates. As a result, the return on and value of SOFR-linked Notes may fluctuate more than floating rate debt securities that are linked to less volatile rates.

Because SOFR is a relatively new market index, SOFR-linked Notes will likely have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to SOFR may evolve over time, and trading prices of SOFR-linked Notes may be lower than those of later-issued SOFR-linked debt securities as a result. Similarly, if SOFR does not prove to be widely used in securities like the Notes, the trading price of SOFR-linked Notes may be lower than those of notes linked to rates that are more widely used. Investors may not be able to sell SOFR-linked Notes at all or may not be able to sell such Notes at prices that will provide a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

The NY Federal Reserve notes on its publication page for SOFR that use of SOFR is subject to important limitations, including that the NY Federal Reserve may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time without notice. There can be no guarantee that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the Notes. If the manner in which SOFR is calculated is changed or if SOFR is discontinued, that change or discontinuance may result in a reduction or elimination of the amount of interest payable on SOFR-linked Notes and a reduction in the trading prices of such Notes.

Risks related to Zero Coupon Notes

Condition 5(c) allows the Issuer to issue Zero Coupon Notes. Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Notes than on the prices of ordinary Notes in the event that discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Notes can suffer higher price losses than other Notes having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk.

Zero Coupon Notes may be issued at an issue price that is greater than their principal amount and redeemed at their principal amount at their maturity. In this case, investors will receive less than their original investment and the yield on their Notes will be negative.

In similar market conditions the holders of Zero Coupon Notes could be subject to higher losses on their investments than the holders of other instruments such as Fixed Rate Notes or Floating Rate Notes. Any such volatility may have an adverse effect on the value of the Notes.

Early redemption risks

Any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes as provided for in Condition 6(c) (Redemption at the Option of the Issuer), could cause the yield received by Noteholders to be considerably less than anticipated

As provided for in Condition 6(c) (*Redemption at the Option of the Issuer*), the Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. Such right of early redemption, if provided in the relevant Final Terms relating to a particular issue of Notes, could cause the expected yield in respect of the Notes to be considerably less than anticipated. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

A partial redemption at the option of the Issuer or a redemption at the option of the Noteholders may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised.

As provided for in Condition 6(c) (*Redemption at the Option of the Issuer*) and in Condition 6(d) (*Redemption at the Option of Noteholders*), the Final Terms for a particular issue may provide for early redemption at the option of the Issuer or at the option of the Noteholders. Depending on the number of Notes of the same Series in respect of which a partial redemption of the Notes at the option of the Noteholders or at the option of the Issuer is made, any trading market in respect of those Notes in respect of which such option is not exercised may become illiquid, which, depending on the extent of the illiquidity, may have a direct and significant impact on any remaining Noteholders seeking to dispose of their Notes. In such circumstances, the market value of the Notes in respect of which such option is not exercised may be negatively affected and Noteholders may lose part of their investment.

The Issuer shall not pay any additional amounts in case of withholding

As provided for in Condition 8 (*Taxation*), in the event of any withholding or deduction for reason of French taxes required by applicable law on any payments made by the Issuer under the Notes, the Issuer shall not, nor shall it be required to, pay any additional amounts in respect of any such withholding or deduction nor shall the Issuer be entitled or obliged to redeem any such Notes. Accordingly, if any such withholding or deduction were to apply to payments made by the Issuer under the Notes, Noteholders may receive less than the full amount due under such Notes, and the market value of such Notes may be negatively affected. As a result, Noteholders could lose part of their investment in the Notes.

CONSENT TO USE THE BASE PROSPECTUS

In the context of any offer of Notes from time to time in France and/or Luxembourg (the “Public Offer Jurisdiction”) that is not within an exemption from the requirement to publish a prospectus under the Prospectus Regulation, (a “Public Offer”), the Issuer consents to the use of this Base Prospectus as supplemented in connection with a Public Offer of any Notes during the offer period specified in the relevant Final Terms (as defined in “Overview of the Programme”) (the “Offer Period”) and in the Public Offer Jurisdiction by:

(1) subject to conditions set out in the relevant Final Terms, any financial intermediary designated in such Final Terms including any Managers as designated and defined therein; or

(2) if so specified in the relevant Final Terms, any financial intermediary which satisfies the following conditions: (a) acts in accordance with all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the “Rules”), from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the Notes by any person and disclosure to any potential investor; (b) complies with the restrictions set out under “Subscription and Sale” in this Base Prospectus which would apply as if it were a Dealer; (c) ensures that any fee (and any commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Notes is fully and clearly disclosed to investors or potential investors; (d) holds all licences, consents, approvals and permissions required in connection with solicitation of interests in, or offers or sales of, the Notes under the Rules; (e) retains investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested, make such records available to the Dealer and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the Dealer in order to enable the Issuer and/or the Dealer to comply with anti-money laundering, anti-bribery and “know your client” rules applying to the Issuer and/or the Dealer; (f) does not, directly or indirectly, cause the Issuer or the Dealer to breach any Rule or any requirement to obtain or make any filing, authorisation or consent in any jurisdiction; and (g) satisfies any further conditions specified in the relevant Final Terms (in each case an “Authorised Offeror”).

For the avoidance of doubt, neither the Dealer nor the Issuer shall have any obligation to ensure that an Authorised Offeror complies with applicable laws and regulations and shall therefore have no liability in this respect.

The Issuer accepts responsibility, in the Public Offer Jurisdiction, for the content of this Base Prospectus in relation to any person (an “Investor”) in such Public Offer Jurisdiction to whom an offer of any Notes is made by any Authorised Offeror and where the offer is made during the period for which that consent is given. However, neither the Dealer nor the Issuer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such offer. The consent referred to above relates to Offer Periods occurring within 12 months from the date of this Base Prospectus.

In the event the Final Terms designate Authorised Offeror(s) to whom the Issuer has given its consent to use this Base Prospectus during an Offer Period, the Issuer may also give consent to additional Authorised Offerors after the date of the relevant Final Terms and, if it does so, it will publish any new information in relation to such Authorised Offerors who are unknown at the time of the approval of this Base Prospectus or the filing of the relevant Final Terms on the Issuer’s website (www.cades.fr).

If the Final Terms specify that any Authorised Offeror(s) may use this Base Prospectus during the Offer Period, any such Authorised Offeror is required, for the duration of the relevant Offer Period, to publish on its website that it is using the Base Prospectus for the relevant Public Offer with the consent of the Issuer and in accordance with the conditions attached thereto.

Other than as set out above, neither the Issuer nor the Dealer has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use this Base Prospectus in connection with its offer of any Notes. Any such offers are not made on behalf of the Issuer or by the Dealer or Authorised Offerors and neither the Issuer nor the Dealer or Authorised Offerors has any responsibility or liability for the actions of any person making such offers.

An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price allocations and settlement arrangements (the “Terms and Conditions of the Public Offer”). The Issuer will not be a party to any such arrangements with Investors (other than the Dealer) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Public Offer shall be provided to Investors by that Authorised Offeror at the time of the Public Offer. Neither the Issuer nor the Dealer or other Authorised Offerors has any responsibility or liability for such information.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the *Commission de surveillance du secteur financier* (the “CSSF”) and the AMF shall be incorporated by reference in, and form part of, this Base Prospectus. Only the sections referred to below shall be deemed as incorporated by reference in, and form part of, this Base Prospectus:

- (i) the terms and conditions of the notes contained in pages 27 to 45 of the base prospectus of CADES dated 18 June 2012 approved by the CSSF (the “**2012 GMTN Conditions**”) (https://cades.fr/pdf/docref/fr/GMTN_juin_2012.pdf);
- (ii) the terms and conditions of the notes contained in pages 35 to 54 of the base prospectus of CADES dated 10 June 2013 approved by the CSSF (the “**2013 GMTN Conditions**”) (https://www.cades.fr/pdf/docref/fr/GMTN_Prospectus_2013.pdf);
- (iii) the terms and conditions of the notes contained in pages 35 to 54 of the base prospectus of CADES dated 10 June 2014 approved by the CSSF (the “**2014 GMTN Conditions**”) (https://cades.fr/pdf/docref/fr/Prosp_Base_GNTM_2014.pdf); and
- (iv) the terms and conditions of the notes contained in pages 28 to 47 of the base prospectus of CADES dated 2 June 2015 approved by the CSSF (the “**2015 GMTN Conditions**”) (https://cades.fr/pdf/docref/fr/prosp_base_GMTN_2015.pdf); and
- (v) the terms and conditions of the notes contained in pages 45 to 66 of the base prospectus of CADES dated 15 June 2016 which received visa no.16-250 from the AMF (the “**2016 GMTN Conditions**”) (https://cades.fr/pdf/docref/fr/prosp_base_GMTN_2016.PDF);
- (vi) the terms and conditions of the notes contained in pages 51 to 71 of the base prospectus of CADES dated 11 September 2017 which received visa no.17-472 from the AMF (the “**2017 GMTN Conditions**”) (https://cades.fr/pdf/docref/fr/prosp_base_GMTN_2017.pdf); and
- (vii) the terms and conditions of the notes contained in pages 52 to 72 of the base prospectus of CADES dated 4 July 2018 which received visa no.18-285 from the AMF (the “**2018 GMTN Conditions**”) (https://cades.fr/pdf/docref/fr/CADES_GMTN_Update_2018.pdf); and
- (viii) the terms and conditions of the notes contained in pages 54 to 76 of the base prospectus of CADES dated 1 July 2019 which received visa no.19-305 from the AMF (the “**2019 GMTN Conditions**”) (https://cades.fr/pdf/docref/fr/prosp_base_GMTN_2019.pdf) and, together with the 2012 GMTN Conditions, the 2013 GMTN Conditions, the 2014 GMTN Conditions, the 2015 GMTN Conditions, the 2016 GMTN Conditions, the 2017 GMTN Condition and the 2018 GMTN Conditions, the “**Previous GMTN Conditions**”).

The Previous GMTN Conditions are incorporated by reference in this Base Prospectus for the purpose only of further issues of Notes to be assimilated (*assimilées*) and form a single series with Notes already issued with the relevant Previous GMTN Conditions.

Only the sections of the above-listed base prospectuses shall be deemed as incorporated by reference in, and form part of, this Base Prospectus. Non-incorporated parts of the above-listed base prospectuses of the Issuer dated 1 July 2019, 4 July 2018, 11 September 2017, 15 June 2016, 2 June 2015, 10 June 2014, 10 June 2013 and 18 June 2012 respectively, are either not relevant for investors or covered elsewhere in this Base Prospectus.

For as long as any Notes are outstanding, this Base Prospectus, any supplement to the Base Prospectus and all documents incorporated by reference in this Base Prospectus will be available, free of charge, (i) on the website of the Issuer (<https://www.cades.fr/index.php/en/financial-information/reference-documents>) and (ii) at the specified office of the Fiscal Agent and the Paying Agents set out at the end of this Base Prospectus

during normal business hours. The Base Prospectus and any supplement to the Base Prospectus will also be available on the website of the AMF (www.amf-france.org).

The information on the website of the Issuer does not form part of this Base Prospectus (unless that information is incorporated by reference into this Base Prospectus) and has not been scrutinised or approved by the competent authority.

SELECTED FINANCIAL INFORMATION OF THE ISSUER

The financial information set forth below shows CADES' audited historical financial information as of and for the years ended 31 December 2019, 2018 and 2017. The information set forth below should be read in conjunction with the audited financial statements of CADES and "Description of Issuer" included elsewhere in this Base Prospectus.

NET DEBT AT REPAYMENT VALUE

(in millions of Euros)	
At 31 December 2019	89,496
At 31 December 2018	105,801
At 31 December 2017	120,941

NET INCOME

(in millions of Euros)	For the period ended 31 December		
	2019	2018	2017
Net Profit	16,253	15,444	15,044
Primarily reflecting the following items:			
CRDS and CSG net revenue	16,157	15,551	15,106
Social levies on income from property and investments net of expenses	1	2	1
Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites – FRR</i>)	2,100	2,100	2,100
Estimation changes and error adjustments	0	-	0
Interest expenses	(2,002)	(2,207)	(2,160)
General operating charges	(3)	(3)	(3)

The table above distinguishes between interest expenses and general operating charges.

The reports relating to the financial years 2017, 2018 and 2019 included general operating charges, for the respective amounts of EUR 3 million, EUR 3 million and EUR 3 million, in interest expenses.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions (the “Conditions”) that shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. In the case of any Tranche of Notes which are being (a) offered to the public in a member state (other than pursuant to one or more of the exemptions set out under the Prospectus Regulation) or (b) admitted to trading on a regulated market in a member state, the relevant Final Terms shall not amend or replace any information in this Base Prospectus. The full text of these Conditions together with the relevant provisions of Part A of the Final Terms (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an amended and restated agency agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 19 August 2020 between the Issuer, Citibank N.A., London Branch as fiscal agent, principal paying agent, transfer agent and calculation agent, and the other agents named in it and with the benefit of an amended and restated deed of covenant (as amended or supplemented as at the Issue Date, the “**Deed of Covenant**”) dated 19 August 2020 executed by the Issuer in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Registrar**”, the “**Transfer Agent**” and the “**Calculation Agent(s)**”, together the “**Agents**”. The Noteholders (as defined below), the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these terms and conditions (the “**Conditions**”), “**Tranche**” means Notes which are identical in all respects.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection by Noteholders at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agent.

1 Form, Denomination and Title and Redenomination

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon.

Registered Notes may be issued either in the same Specified Denomination or in a minimum Specified Denomination and integral multiples thereof or of a lower specified integral multiple.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Instalment Note, or a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes, in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

The Issuer may (if so specified in the relevant Final Terms), on any Interest Payment Date, without the consent of the holder of any Note, and, if applicable, Receipt, Coupon or Talon, by giving at least thirty (30) days’ notice in accordance with Condition 14 and on or after the date on which the European member state in whose national currency the Notes are denominated has become a participating member state in the single currency of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community, as amended from time to time (the “**Treaty**”)), or events have occurred which have substantially the same effect, redenominate all, but not some only, of the Notes of any Series into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the “**Redenomination Date**”.

Unless otherwise specified in the relevant Final Terms, the redenomination of the Notes pursuant to Condition 1 shall be made by converting the principal amount of each Note from the relevant national currency into Euro using the fixed relevant national currency Euro conversion rate established by the Council of the European Union pursuant to applicable regulations of the Treaty and rounding the resultant figure to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the Notes so determined shall be notified to Noteholders in accordance with Condition 14. Any balance remaining from the redenomination with a denomination higher than Euro 0.01 shall be paid by way of cash adjustment rounded to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). Such cash adjustment will be payable in Euro on the Redenomination Date in the manner notified to Noteholders by the Issuer.

Upon redenomination of the Notes, any reference in the relevant Final Terms to the relevant national currency shall be construed as a reference to Euro.

Unless otherwise specified in the relevant Final Terms, the Issuer may, with the prior approval of the redenomination agent and the consolidation agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 13, without the consent of the holder of any Note, Receipt, Coupon or Talon, make any changes or additions to this Condition or Condition 13 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated euromarket debt obligations and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest

error, be binding on the holders of Notes, Receipts, Coupons and Talons and shall be notified to Noteholders in accordance with Condition 14 as soon as practicable thereafter.

Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Receipt, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.

2 No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (e) **Transfer Free of Charge:** Transfers of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(c), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

3 Status

The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves and, save for those preferred by mandatory provisions of French law and subject to Condition 4, equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

4 Negative Pledge

The Issuer undertakes that, so long as any Notes or Coupons remain outstanding (as defined below), it shall not create on any of its present or future assets or revenues any mortgage, pledge or other encumbrance to secure any Publicly Issued External Financial Indebtedness of the Issuer, unless the Issuer's obligations under the Notes or, if applicable, Receipts and Coupons shall also be secured by such mortgage, pledge or other encumbrance equally and rateably therewith.

In this Condition only:

“**outstanding**” means, all the Notes issued other than (a) those that have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid to the Fiscal Agent as provided in the Agency Agreement and remain available for payment against presentation and surrender of Notes, Certificates, Receipts and/or Coupons, as the case may be, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in the Conditions, (e) those mutilated or defaced Bearer Notes that have been surrendered in exchange for replacement Notes, (f) (for the purpose only of determining how many Notes are outstanding and without prejudice to their status for any other purpose) those Bearer Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Notes have been issued, (g) so long as the Notes are represented by a temporary Global Note, any such temporary Global Note to the extent that it shall have been exchanged for a permanent Global Note and so long as the Notes are represented by a Global Note, any such Global Note to the extent that it shall have been exchanged for one or more Definitive Notes, in either case pursuant to its provisions.

“**Publicly Issued External Financial Indebtedness**” means any present or future marketable indebtedness represented by bonds, notes or any other publicly issued debt securities (i) which are expressed or denominated in a currency other than euro or which are, at the option of the person entitled to payment thereof, payable in a currency other than euro and (ii) which are, or are capable of being, traded or listed on any stock exchange or over-the-counter or other similar securities market.

5 Interest and other Calculations

(a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate *per annum* (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f).

(b) **Interest on Floating Rate Notes:**

(i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate *per annum* (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon

(y) the Designated Maturity is a period specified hereon and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes (other than where SOFR has been specified as the relevant Reference Rate)

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate *per annum*) for the Reference Rate (being either LIBOR, LIBID, LIMEAN or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR, LIBID or LIMEAN or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and the Calculation Agent determines that fewer than three Reference Banks are providing offered quotations, the Rate of Interest shall be the arithmetic mean of the rates *per annum* (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at the Relevant Screen Page Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Relevant Inter-Bank Market, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or

Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin, Rate Multiplier or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin, Rate Multiplier or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

If sub-paragraph (x)(2) applies and fewer than two Reference Banks are providing offered quotations, the Rate of Interest shall be the arithmetic mean of the rates *per annum* (expressed as a percentage) as communicated to the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(b), by leading banks in the Relevant Inter-Bank Market, as determined by the Calculation Agent.

If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be calculated on the basis of the last Reference Rate available on the Screen Page as determined by the Calculation Agent, except that if the Issuer determines that the absence of quotation is due to the occurrence of a Benchmark Event, then the Reference Rate will be determined in accordance with paragraph (z) below.

- (z) Notwithstanding paragraph (y) above, if the Issuer determines at any time prior to any Interest Determination Date that a Benchmark Event has occurred in relation to the Reference Rate, the Calculation Agent will use, as a substitute for the Reference Rate, the alternative reference rate selected by the central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) in the Relevant Inter-Bank Market that is consistent with industry accepted standards, provided that if the Calculation Agent notifies the Issuer that it is unable to determine such an alternative, the Issuer will as soon as reasonably practicable (and in any event before the business day (determined with reference to the business day convention applicable to the manner in which the Rate of Interest is to be determined in the relevant Final Terms) prior to the applicable Interest Determination Date) appoint an agent (the “**Reference Rate Determination Agent**”), which will determine whether a substitute or successor rate for the purposes of determining the Reference Rate on each Interest Determination Date falling on such date or thereafter that is substantially comparable to the Reference Rate is available. If the Reference Rate Determination Agent determines that there is an industry accepted successor rate, the Reference Rate Determination Agent will notify the Issuer of such successor rate to be used by the Calculation Agent to determine the Rate of Interest. If the Reference Rate Determination Agent or the Calculation Agent has determined a substitute or successor rate in accordance with the foregoing (such rate, the “**Replacement Reference Rate**”), for the purposes of determining the Reference Rate on each Interest Determination Date falling on or after such determination, (i) the Reference Rate Determination Agent or the Calculation Agent (in both cases, after consultation with the Issuer), as applicable, will also determine any method for obtaining the

Replacement Reference Rate, including any adjustment factor needed to make such Replacement Reference Rate comparable to the Reference Rate, in each case acting in good faith and in a commercially reasonable manner that is consistent with industry-accepted practices for such Replacement Reference Rates; (ii) references to the Reference Rate in these Terms and Conditions will be deemed to be references to the relevant Replacement Reference Rate, including any alternative method for determining such rates as described in (i) above; (iii) the Reference Rate Determination Agent or the Calculation Agent will notify the Issuer of the foregoing as soon as reasonably practicable; and (iv) the Issuer will give notice to the Noteholders, the Calculation Agent, the Fiscal Agent and the Paying Agents specifying the Replacement Reference Rate, as well as the details described in (i) above as soon as reasonably practicable but in any event no later than 5:00 p.m. in the Relevant Inter-Bank Market on the business day prior to the applicable Interest Determination Date.

The determination of the Replacement Reference Rate and the other matters referred to above by the Reference Rate Determination Agent or the Calculation Agent will (in the absence of manifest error) be final and binding on the Issuer, the Calculation Agent, the Fiscal Agent, the Paying Agents and the Noteholders, unless the Issuer, the Calculation Agent or the Reference Rate Determination Agent determines at a later date that the Replacement Reference Rate is no longer substantially comparable to the Reference Rate or does not constitute an industry accepted successor rate, in which case the Issuer shall appoint or re-appoint a Reference Rate Determination Agent, as the case may be (which may or may not be the same entity as the original Reference Rate Determination Agent or the Calculation Agent) for the purpose of confirming the Replacement Reference Rate or determining a substitute Replacement Reference Rate in an identical manner as described in this paragraph (iii). If the Replacement Reference Rate Determination Agent or the Calculation Agent is unable to or otherwise does not determine a substitute Replacement Reference Rate, then the Replacement Reference Rate will remain unchanged.

For the avoidance of doubt, each Noteholder shall be deemed to have accepted the Replacement Reference Rate or such other changes pursuant to this paragraph (z).

If on the applicable Interest Determination Date there is more than one industry accepted substitute rate for the Reference Rate available, the Reference Rate Determination Agent will determine the applicable Replacement Reference Rate as being such rate which is, in the opinion of the Reference Rate Determination Agent, taking into account market practice, as close as possible to the Reference Rate on an economic basis.

Notwithstanding any other provision of this paragraph (z), if a Reference Rate Determination Agent is appointed by the Issuer and such agent is unable to or otherwise does not determine for any Interest Determination Date a Replacement Reference Rate, the Issuer may decide that no Replacement Reference Rate or any other successor, replacement or alternative benchmark or screen rate will be adopted and the Reference Rate for the relevant Interest Period in such case will be equal to the last Reference Rate available on the relevant Screen Page as determined by the Calculation Agent.

The Reference Rate Determination Agent may be (a) a leading bank, broker-dealer or benchmark agent in the principal financial centre of the Specified Currency as appointed by the Issuer, (b) the Issuer or (c) such other entity that the Issuer in its sole and absolute discretion determines to be competent to carry out such role.

For the purposes of this paragraph (z):

"Benchmark Event" means, with respect to a Reference Rate:

- a) the Reference Rate ceasing to exist or be published;
- b) the later of (i) the making of a public statement by the administrator of the Reference Rate that it will, on or before a specified date, cease publishing the Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Reference Rate) and (ii) the date falling six (6) months prior to the specified date referred to in (b)(i);
- c) the making of a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate has been permanently or indefinitely discontinued;
- d) the later of (i) the making of a public statement by the supervisor of the administrator of the Reference Rate that the Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six (6) months prior to the specified date referred to in (d)(i);
- e) the making of a public statement by the supervisor of the administrator of the Reference Rate that means the Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six (6) months;
- f) it has or will prior to the next Interest Determination Date, become unlawful for the Issuer, the party responsible for determining the Rate of Interest (being the Calculation Agent or such other party specified in the applicable Final Terms, as applicable), or any Paying Agent to calculate any payments due to be made to any Noteholder using the Reference Rate (including, without limitation, under the Benchmarks Regulation (EU) 2016/1011, if applicable); or
- g) that a decision to withdraw the authorisation or registration pursuant to article 35 of the Benchmarks Regulation (Regulation (EU) 2016/2011) of any benchmark administrator previously authorised to publish such Reference Rate has been adopted; and

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Business Centre specified in the relevant Final Terms or, if none is specified, the local time in the Business Centre at which it is customary to determine the relevant Rate of Interest.

(C) Provisions specific to SOFR as Reference Rate

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and SOFR is specified in the

relevant Final Terms as the Reference Rate, the Rate of Interest for each Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the Margin (if any) will, subject as provided below, be calculated by the Calculation Agent on the SOFR Interest Determination Date as follows, with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, 0.00005 being rounded upwards:

- (1) if SOFR Arithmetic Mean is specified as applicable in the relevant Final Terms, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be the arithmetic mean of the SOFR rates for each day during such Interest Accrual Period; or
- (2) if SOFR Lockout Compound is specified as applicable in the relevant Final Terms, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be USD-SOFR-LOCKOUT-COMPOUND; or
- (3) if SOFR Lookback Compound is specified as applicable in the relevant Final Terms, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be USD-SOFR-LOOKBACK-COMPOUND; or
- (4) if SOFR Shift Compound is specified as applicable in the relevant Final Terms, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be USD-SOFR-SHIFT-COMPOUND; or
- (5) if SOFR Compound is specified as applicable in the relevant Final Terms, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be USD-SOFR-COMPOUND:

where:

"USD-SOFR-LOCKOUT-COMPOUND" means the rate of return of a daily compound interest investment (with the SOFR as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the U.S. Government Securities Business Day following each SOFR Rate Cut-Off Date, as follows:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{SOFR}_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

"d" means the number of calendar days in the relevant Interest Accrual Period;

"d₀", for any Interest Accrual Period, means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"i" means a series of whole numbers from one to d₀, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Interest Accrual Period;

"n_i" for any U.S. Government Securities Business Day "i" in the relevant Interest Accrual Period, means the number of

calendar days from, and including, such U.S. Government Securities Business Day "i" up to, but excluding, the following U.S. Government Securities Business Day ("i+1");

"**SOFR_i**" means for any U.S. Government Securities Business Day "i" that is a SOFR Interest Reset Date, the SOFR in respect of this SOFR Interest Reset Date;

"**SOFR Rate Cut-Off Date**" means the date that is the second U.S. Government Securities Business Day prior to the Interest Payment Date in respect of the relevant Interest Accrual Period or such other date specified in the Final Terms;

"**SOFR Interest Reset Date**" means each U.S. Government Securities Business Day in the relevant Interest Accrual Period; provided, however, that the SOFR with respect to each SOFR Interest Reset Date in the period from and including, the SOFR Rate Cut-Off Date to, but excluding, the corresponding Interest Payment Date of an Interest Accrual Period, will be the SOFR with respect to the SOFR Interest Reset Date coinciding with the SOFR Rate Cut-Off Date for such Interest Accrual Period;

"**USD-SOFR-LOOKBACK-COMPOUND**" means the rate of return of a daily compound interest investment (with the SOFR as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the U.S. Government Securities Business Day following each SOFR Interest Determination Date, as follows:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{SOFR}_{i-p\text{USGSBD}} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

"**d**" means the number of calendar days in the relevant Interest Accrual Period;

"**d₀**", for any Interest Accrual Period, means the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period;

"**i**" means a series of whole numbers from one to d₀, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant Interest Accrual Period;

"**SOFR Interest Determination Date**" means, in respect of each Interest Accrual Period, the date "p" U.S. Government Securities Business Days before each Interest Payment Date;

"**n_i**" for any U.S. Government Securities Business Day "i" in the relevant Interest Accrual Period, means the number of calendar days from, and including, such U.S. Government Securities Business Day "i" up to, but excluding, the

following U.S. Government Securities Business Day ("i+1");

"p" means in relation to any Interest Accrual Period, the number of U.S. Government Securities Business Days included in the SOFR Observation Look-Back Period;

"SOFR_{i-pUSGSBD}" means, for any U.S. Government Securities Business Day "i" in the relevant Interest Accrual Period, the SOFR in respect of the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to that day "i";

"SOFR Observation Look-Back Period" is as specified in the Final Terms;

"USD-SOFR-SHIFT-COMPOUND" means the rate of return of a daily compound interest investment (with the SOFR as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the U.S. Government Securities Business Day following each SOFR Interest Determination Date, as follows:

$$\left[\prod_{r=1}^{d_0} \left(1 + \frac{\text{SOFR}_r \times n_r}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

"d" means the number of calendar days in the relevant SOFR Observation Period;

"d₀", for any SOFR Observation Period, means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

"i" means a series of whole numbers from one to d₀, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant SOFR Observation Period;

"SOFR Interest Determination Date" means, in respect of each Interest Accrual Period, the date "p" U.S. Government Securities Business Days before each Interest Payment Date;

"n_i" for any U.S. Government Securities Business Day "i" in the relevant SOFR Observation Period, means the number of calendar days from, and including, such U.S. Government Securities Business Day "i" to, but excluding, the following U.S. Government Securities Business Day ("i+1");

"SOFR Observation Period" in respect of each Interest Accrual Period, means the period from, and including, the date "p" U.S. Government Securities Business Days preceding the first date in such Interest Accrual Period to, but excluding, the date "p" U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Accrual Period (or the date falling "p" U.S.

Government Securities Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"**p**" means in relation to any Interest Accrual Period, the number of U.S. Government Securities Business Days included in the SOFR Observation Look-Back Period;

"**SOFR_i**" for any U.S. Government Securities Business Day "i" in the relevant SOFR Observation Period, is equal to SOFR in respect of that day "i";

"**SOFR Observation Look-Back Period**" is as specified in the Final Terms;

"**USD-SOFR-COMPOUND**" means the rate of return of a daily compound interest investment (with the SOFR as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the U.S. Government Securities Business Day following each SOFR Interest Determination Date, as follows:

$$\left(\frac{\text{SOFR Index}_{\text{End}}}{\text{SOFR Index}_{\text{Start}}} - 1 \right) \times \left(\frac{360}{d_c} \right)$$

where:

"**Observation Period**" means, in respect of such Interest Period, the period from, and including, the date which is five U.S. Government Securities Business Days preceding the first date of such Interest Period to, but excluding, the date which is five U.S. Government Securities Business Days preceding the Interest Payment Date for such Interest Period (or in the final Interest Period, the Maturity Date).

"**SOFR IndexStart**" means the SOFR Index value on the day which is five U.S. Government Securities Business Days preceding the first date of such Interest Period.

"**SOFR IndexEnd**" means the SOFR Index value on the day which is five U.S. Government Securities Business Days preceding the Interest Payment Date relating to such Interest Period (or in the final Interest Period, the Maturity Date).

"**dc**" means the number of calendar days in the Observation Period relating to such Interest Period.

"**SOFR Administrator**" means the Federal Reserve Bank of New York ("**NY Fed**") as administrator of SOFR (or a successor administrator of SOFR)

"**SOFR Index**" in relation to any U.S. Government Securities Business Day shall be the value published by the SOFR Administrator on its website (on or about 3:00 p.m. (New York Time) on such U.S. Government Securities Business Day (the "**SOFR Index Determination Time**"). Currently, the SOFR Administrator publishes the SOFR Index on its website at <https://apps.newyorkfed.org/markets/autorates/sofr-avg-ind>. In the event that the value originally published by the SOFR Administrator on or about 3:00 p.m. (New York Time) on any U.S. Government Securities Business Day is

subsequently corrected and such corrected value is published by the SOFR Administrator on the original date of publication, then such corrected value, instead of the value that was originally published, shall be deemed the SOFR Index as of the SOFR Index Determination Time in relation to such U.S. Government Securities Business Day.

For the purpose of Condition 5(iii)(C)(1), Condition 5(iii)(C)(2) Condition 5(iii)(C)(3) and Condition 5(iii)(C)(4):

If the Calculation Agent or another entity appointed by the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

In connection with the implementation of a Benchmark Replacement, the Calculation Agent or another entity appointed by the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time.

If a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, any determination, decision or election that may be made by the Calculation Agent or another entity appointed by the Issuer pursuant to this Condition 5(iii)(C), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection: (i) will be conclusive and binding absent manifest error, (ii) will be made in the sole discretion of the Calculation Agent or another entity appointed by the Issuer, as applicable and (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

where:

"Benchmark" means, initially, SOFR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the SOFR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement;

"Benchmark Replacement" means the first alternative set forth in the order presented in clause (3) of the definition of "SOFR" that can be determined by the Issuer or another entity appointed by the Issuer as of the Benchmark Replacement Date;

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the Issuer or another entity appointed by the Issuer as of the Benchmark Replacement Date:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- (3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Calculation Agent or another entity appointed by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Calculation Agent or another entity appointed by the Issuer decide may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Calculation Agent or another entity appointed by the Issuer decide that adoption of any portion of such market practice is not administratively feasible or if the Calculation Agent or another entity appointed by the Issuer determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Calculation Agent or another entity appointed by the Issuer determine is reasonably necessary);

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (1) in the case of paragraph (1) or (2) of the definition of "Benchmark Transition Event", the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (2) in the case of paragraph (3) of the definition of "Benchmark Transition Event", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (1) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component),

permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component);

- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark (or such component), which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor;

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"Reference Time" with respect to any determination of the Benchmark means (i) if the Benchmark is SOFR, the SOFR Determination Time and (ii) if the Benchmark is not SOFR, the time determined by the Calculation Agent or another entity appointed by the Issuer after giving effect to the Benchmark Replacement Conforming Changes;

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto;

"SOFR" means, with respect to any U.S. Government Securities Business Day:

- (1) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day as such rate appears on the SOFR Administrator's Website at 3:00 p.m. (New York time) on the immediately following U.S. Government Securities Business Day (the **"SOFR Determination Time"**);
- (2) if the rate specified in (1) above does not so appear, and unless both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, the Secured

Overnight Financing Rate as published in respect of the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

- (3) if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred:
- (X) the sum of (a) the alternate rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable corresponding tenor and (b) the Benchmark Replacement Adjustment;
 - (Y) the sum of (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
 - (Z) the sum of (a) the alternate rate of interest that has been selected by the Calculation Agent or another entity appointed by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

"SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York or the website of any successor administrator of SOFR;

"U.S. Government Securities Business Day or USGSBD" means any day except for a Saturday, Sunday or a day on which Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities; and

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

Any substitution of the SOFR, as specified above, will remain effective for the remaining term to maturity of the Notes and shall be published by the Issuer in accordance with Condition 14.

For the purpose of Condition 5(iii)(C)(5):

SOFR Index Unavailable:

If a SOFR IndexStart or SOFR IndexEnd is not published on the associated Interest Determination Date and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to SOFR Index or SOFR, "SOFR Compound" means, for the applicable Interest Period for which such index is not available, the rate of return on a daily compounded interest investment calculated by the Calculation Agent in accordance with the formula for SOFR Averages, and definitions required for such formula, published on the SOFR Administrator's website at <https://www.newyorkfed.org/markets/treasury-repo-reference-rates-information>.

For the purposes of this provision, references in the SOFR Averages compounding formula and related definitions to "calculation period" shall be replaced with "Observation Period" and the words "that is, 30-, 90-, or 180-calendar days" shall be removed. If the daily SOFR ("SOFR_i") does not so appear for any day, "i" in the Observation Period, SOFR_i for such day "i" shall be SOFR published in respect of the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator's website.

Effect of a Benchmark Transition Event:

If the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time.

Any determination, decision or election that may be made by the Issuer pursuant to this section, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- (1) will be conclusive and binding absent manifest error;
- (2) will be made in the sole discretion of the Issuer; and
- (3) notwithstanding anything to the contrary in the documentation relating to the Notes described herein, shall become effective without consent from the holders of the Notes or any other party.

"Benchmark" means, initially, SOFR Index; provided that if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR Index (or the published daily SOFR used in the calculation thereof) then "Benchmark" means the applicable Benchmark Replacement for the SOFR Index; and provided further that if the Issuer determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark (or the daily published component used in the calculation thereof), then "Benchmark" means the applicable Benchmark Replacement for the then-current Benchmark.

"Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date.

- (1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (b) the Benchmark Replacement Adjustment;
- (2) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
- (3) the sum of: (a) the alternate rate of interest that has been selected by the Issuer as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

Provided that, if a Benchmark Replacement Date has occurred with regard to the daily published component used in the calculation of a Benchmark, but not with regard to the Benchmark itself, “Benchmark Replacement” means the references to the alternatives determined in accordance with clauses (1), (2) or (3) above for such daily published components.

“**Benchmark Replacement Adjustment**” means the first alternative set forth in the order below that can be determined by the Issuer as of the Benchmark Replacement Date:

(1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

(3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (or the daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time.

“**Benchmark Replacement Conforming Changes**” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer determines is reasonably necessary); provided that, for the avoidance of doubt, if a Benchmark Replacement Date has occurred with regard to the daily published component used in the calculation of a Benchmark, but not with regard to the Benchmark itself, “**Benchmark Replacement Conforming Changes**” shall also mean that the Issuer may calculate the Benchmark Replacement for such Benchmark in accordance with the formula for and method of calculating such Benchmark last in effect prior to Benchmark Replacement Date affecting such component, substituting the affected component with the relevant Benchmark Replacement for such component.

“**Benchmark Replacement Date**” means the earliest to occur of the following events with respect to the then-current Benchmark (or the daily published component used in the calculation thereof):

(1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the later of (x) the date of the public statement or publication of information referenced therein and (y) the first date on which such Benchmark (or such component) is no longer representative per such statement or publication.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time

in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark (or the daily published component used in the calculation thereof):

(1) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing (A) that such Benchmark (or its component) is no longer, or as of a specified future date will no longer be, capable of being representative, or is non-representative, of the underlying market and economic reality that such Benchmark (or its component) is intended to measure as required by applicable law or regulation and as determined by the regulatory supervisor in accordance with applicable law or regulation and (B) that the intention of that statement or publication is to engage contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts.

“**ISDA Fallback Adjustment**” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark (or the daily published component used in the calculation thereof).

“**ISDA Fallback Rate**” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (or the daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

“**Reference Time**” with respect to any determination of the Benchmark (or the daily published component used in the calculation thereof) means (1) if the Benchmark is SOFR Index, the SOFR Index Determination Time, and (2) if the Benchmark is not SOFR Index, the time determined by the Issuer after giving effect to the Benchmark Replacement Conforming Changes.

“**Relevant Governmental Body**” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“**Unadjusted Benchmark Replacement**” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(D) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate *per annum* (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (d) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 9).
- (e) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:**
- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be. The Minimum Rate of Interest, including, for the avoidance of doubt, as a result of application of any Margin, shall not be less than zero.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant shall be rounded

up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country[ies] of such currency.

- (f) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (g) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (h) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the TARGET system is operating (a “**TARGET Business Day**”) and/or
- (iii) in the case of a currency and/or one or more Business Centres (as specified in the Final Terms), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “**Actual/365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366
- (iv) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30

- (vii) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30

- (viii) if “**Actual/Actual-ICMA**” is specified hereon:

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s)

“Euro-zone” means the region comprising member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended

“Interest Accrual Period” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro

“Interest Period” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series. *Investors should consult the Issuer should they require a copy of the 2006 ISDA Definitions.*

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon

“**Reference Banks**” means the principal offices of four major banks in the Relevant Inter-Bank Market, as selected by the Issuer in consultation with the Issuer or as specified in the relevant Final Terms

“**Reference Rate**” means LIBOR, LIBID, LIMEAN, SOFR, EURIBOR (or such other Reference Rate as may be specified in the relevant Final Terms) specified in the relevant Final Terms for the purposes of calculating the Reference Rate in respect of Floating Rate Notes

“**Relevant Inter-Bank Market**” means the inter-bank market specified as such hereon

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service)

“**Relevant Screen Page Time**” means the screen page time specified as such hereon

“**Specified Currency**” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (i) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid; however, should no such successor have been appointed by the Issuer within 30 days of receipt of a notice of resignation, the Calculation Agent may itself make such appointment.

6 Redemption, Purchase and Options

- (a) **Redemption by Instalments and Final Redemption:**
- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.
- (b) **Early Redemption:**
- (i) Zero Coupon Notes:
- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 6(c) or Condition 6(d) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate *per annum* (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or Condition 6(d) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(d).
- Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.
- (ii) Other Notes: The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or Condition 6(d) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount.
- (c) **Redemption at the Option of the Issuer:** If Call Option is specified as being applicable in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon, redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount (which may be the Early Redemption Amount (as described in Condition 6(b) above)) together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (d) **Redemption at the Option of Noteholders:** If Put Option is specified as being applicable in the relevant Final Terms, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon, redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount (which may be the Early Redemption Amount (as described in Condition 6(b) above)) together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or the Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or the Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (e) **Purchases:** The Issuer may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.
- (f) **Cancellation:** All Notes purchased by or on behalf of the Issuer shall be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (g) **Compulsory Sale:** The Issuer may compel any beneficial owner of Notes initially sold pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") to sell its interest in such Notes, or may sell such interest on behalf of such beneficial owner, if such beneficial owner is a U.S. person that is not a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and also a qualified purchaser (as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940).

7 Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a

Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) **Registered Notes:**

- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of the Transfer Agent or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or of the Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

- (d) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agent and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agent and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least one major European city, and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

- (f) **Unmatured Coupons and Receipts and unexchanged Talons:**
- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
 - (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (v) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
 - (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Financial Centres" hereon and:
- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign

exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8 Taxation

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall not pay, nor be required to pay, any additional amounts in respect of any such withholding or deduction.

9 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

10 Events of Default

If any of the following events (“**Events of Default**”) occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable, unless such event of default shall have been remedied prior to the receipt of such notice by the Fiscal Agent:

- (a) **Non-Payment:** default is made for more than thirty (30) days in the payment on the due date of interest or principal in respect of any of the Notes; or
- (b) **Breach of Other Obligations:** the Issuer defaults in the due performance and observance of any other provision contained in the Notes and such default (if capable of remedy) remains unremedied for ninety (90) days after written notice thereof shall have been given to the Issuer at the specified office of the Fiscal Agent by any Noteholder; or
- (c) **Dissolution, etc.:** the Issuer is dissolved or ceases to be an *établissement public* prior to the repayment in full of the Notes or the payment in full of all sums due under the Notes unless its activities and debts are validly transferred to another *établissement public* or assumed by the French State.

11 Meeting of Noteholders and Modifications

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined below) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification of Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

In this Condition:

“**Extraordinary Resolution**” means a resolution passed at (a) a meeting of Noteholders duly convened and held in accordance with the Agency Agreement by a majority of at least 75 per cent of the votes cast, (b) by a Written Resolution or (c) by an Electronic Consent;

“**Electronic Consent**” means approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding; and

“**Written Resolution**” means a resolution in writing signed by the holders of not less than 75 per cent in nominal amount of the Notes outstanding.

12 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues and Consolidation

- (a) The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to “Issue Date” shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.
- (b) The Issuer may also from time to time without the consent of the holders of the Notes or, if applicable, Receipts or Coupons of any Series, consolidate the Notes with the Notes of one or more other series issued by it provided that, in respect of all periods subsequent to such consolidation, the Notes of all such other Series are denominated in the same currency as such Notes (irrespective of the currency in which any Notes of such other series were originally issued) and otherwise have the same terms and conditions as such Notes. Notice of any such consolidation will be given to the Noteholders in accordance with Condition 14.

With effect from their consolidation, the Notes and the Notes of such other Series will (if listed prior to such consolidation) be listed on at least one European stock exchange on which either such Notes or the Notes of such other Series were listed immediately prior to consolidation.

The Issuer shall in dealing with the holders of such Notes following a consolidation pursuant to this Condition 13 have regard to the interests of the holders and on the holders of the Notes of such other Series, taken together as a class, and shall treat them alike.

14 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing provided that so long as the Notes are admitted to trading on a regulated market, such notices are also published in accordance with the rules of such regulated market. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*) and (i) so long as the Notes are listed on the official list of the Luxembourg Stock Exchange, published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*), or (ii) so long as the Notes are listed and admitted to trading on Euronext Paris, in a leading daily financial newspaper of general circulation in France (which is expected to be *Les Echos*) or in accordance with Articles 221-3 and 221-4 of the *Règlement Général* of the AMF. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

15 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

16 Governing Law and Jurisdiction

- (a) **Governing Law:** The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (“**Proceedings**”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not). The State and Federal courts presiding in the City and County of New York are also to have jurisdiction to settle any claim brought by Noteholders in connection with the offering by the Issuer of the Notes in the United States (“**U.S. Proceedings**”). The Issuer irrevocably submits to the jurisdiction of such courts in the City and County of New York over U.S. Proceedings and waives any objection to U.S. Proceedings in such courts whether on the ground of venue or on the ground that the U.S. Proceedings have been brought in an inconvenient forum. The Issuer irrevocably and unconditionally agrees not to claim any immunity from proceedings brought by any Noteholder against it in relation to the Notes and to ensure that no such claim is made on its behalf, consents generally to the issue of any process in connection with those proceedings.
- (c) **Service of Process:** The Issuer irrevocably appoints TMF Global Services (UK) Limited whose address at the date hereof is 6 St Andrew Street, 5th Floor, London EC4A 3AE, United Kingdom as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. The Issuer also irrevocably appoints CT Corporation System whose address at the date hereof is 111 Eighth Avenue, 13th Floor, New York, NY 10011 as its agent in New York to receive, for and on its behalf, service of process in any U.S. Proceedings. Such service shall be deemed completed on delivery to the relevant process agent (whether or not it is forwarded to and received by the Issuer). If for any reason the relevant process agent ceases to be able to act as such or no longer has an address in London or, as the case may be, in New York, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

If the Global Notes or the Global Certificates are stated in the applicable Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes, which are issued in CGN form, and Global Certificates, which are not held under the NSS, may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream (the “**Common Depository**”) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Notes in the name of a nominee for DTC and delivery of the relevant Global Certificate to the Custodian for DTC, DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, DTC or any other permitted clearing system (“**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, DTC or any such Alternative Clearing System (as the case may be) for its share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, DTC or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3 Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (a) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable, in whole, but not in part, for the Definitive Notes defined and described below; and
- (b) otherwise, in whole or in part, upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

- (a) if the permanent Global Note is held on behalf of Euroclear or Clearstream or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (b) if principal in respect of any Notes is not paid when due by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only.

A Noteholder that holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Permanent Global Certificates

- (a) Unrestricted Global Certificates

If the Final Terms state that the Notes are to be represented by an Unrestricted Global Certificate on issue, the provisions described below will apply in respect of transfers of Notes held in Euroclear or Clearstream, DTC or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in whole but not in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so;
- (ii) if principal in respect of any Notes is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) or 3.3(ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

(b) Restricted Global Certificates

If the Final Terms state that the Restricted Notes are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in DTC. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of DTC, but will limit the circumstances in which the Notes may be withdrawn from DTC. Transfers of the holding of Notes represented by that Restricted Global Certificate pursuant to Condition 2(b) may only be made:

- (i) in whole but not in part, if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to that Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and this Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or
- (ii) in whole or in part, with the Issuer's consent,

provided that, in the case of any transfer pursuant to (i) above, the relevant Registered Noteholder has given the Registrar no less than 30 days' notice at its specified office of the Registered Noteholder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out in "Transfer Restrictions".

3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any Notes is not paid when due.

3.5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver or procure the delivery of a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered pro rata in the records of the relevant clearing system. Global Notes and Definitive Notes will be delivered outside the United States and its possessions. In this Base Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

4 Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is an overview of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

If the Global Note is a NGN or if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “business day” set out in Condition 7(h) (*Non-Business Days*).

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9).

4.3 Meetings

The holder of a permanent Global Note and of Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder’s holding, whether or not represented by a Global Certificate.

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Fiscal Agent for endorsement in the relevant schedule of such permanent Global Note or in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the register of the certificate holders, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, DTC or any other clearing system (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is a NGN or where the Global Certificate is held under the NSS, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

4.8 NGN nominal amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

4.9 Events of Default

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note or Registered Notes represented

by a Global Certificate may elect for direct enforcement rights against the Issuer under the terms of an amended and restated deed of covenant executed as a deed by the Issuer on 19 August 2020 (the “**Deed of Covenant**”) to come into effect in relation to the whole or a part of such Global Note or one or more Registered Notes in favour of the persons entitled to such part of such Global Note or such Registered Notes, as the case may be, as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note or, as the case may be, the Global Certificate and the corresponding entry in the register kept by the Registrar will become void as to the specified portion or Registered Notes, as the case may be. However, no such election may be made in respect of Notes represented by a Global Certificate unless the transfer of the whole or a part of the holding of Notes represented by that Global Certificate shall have been improperly withheld or refused.

4.10 Notices

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that, (i) so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, notices shall also be published either on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a leading newspaper having general circulation in Luxembourg (which is expected to be *the Luxemburger Wort*), or (ii) so long as the Notes are listed and admitted to trading on Euronext Paris and the rules of that exchange so require, notices shall also be published in a leading daily financial newspaper of general circulation in France (which is expected to be *Les Echos*) or in accordance with Articles 221-3 and 221-4 of the *Règlement Général* of the AMF.

4.11 Record Date

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, and notwithstanding any provisions of the Terms and Conditions of the Notes as set out in this Base Prospectus, “**Record Date**” shall mean the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive, except 25 December and 1 January.

4.12 Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of, any nominee for a clearing system, then:

- (a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an “**Electronic Consent**” as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons, Talons and Receipts whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to such Global Note and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder

as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, DTC or any other relevant alternative clearing system (the “relevant clearing system”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print-out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

“Written Resolution” means a resolution in writing signed by the holders of not less than 75 per cent. in nominal amount of the Notes outstanding.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer for its general financing purposes.

DESCRIPTION OF ISSUER

OVERVIEW

The *Caisse d'Amortissement de la Dette Sociale* is an administrative public agency (*établissement public national à caractère administratif*) created by a specific statute and owned and controlled by the French State. CADES is responsible for financing and repaying a portion of the accumulated debt of France's social security system. CADES finances this debt by borrowing primarily in the debt capital markets and using the proceeds of social security taxes imposed on French taxpayers' earnings to service interest payments and repay principal on the amounts borrowed.

CADES was established in 1996 as part of a series of measures to reform the French social security system with the aim of repaying the debt it accumulated between 1994 and 1996. The French State has since transferred additional social security debt to CADES on several occasions, and, pursuant to the 2011 Social Security Financing Act dated 20 December 2010 (*loi de financement de la sécurité sociale pour 2011*), has transferred a total of Euro 123.3 billion of social security debt to CADES between 2011 and 2018. The French State has also from time to time increased the revenue base of social security taxes to provide CADES with the necessary revenue to service such additional indebtedness. Since 2005, the French State has been legally required to match any increase in the social security debt it transfers to CADES with increased resources for CADES. See "Historical Evolution of Debt and Resources" below.

As at 31 December 2019, the cumulative amount of social security debt transferred to CADES totalled Euro 260.5 billion, of which, as of that date, CADES had repaid Euro 171.4 billion and Euro 89.1 billion was outstanding, and had paid interest for an amount equal to Euro 55.8 billion. As at 31 December 2018, the cumulative amount of social security debt transferred to CADES totalled Euro 260.5 billion, of which, as of that date, CADES had repaid Euro 155.2 billion and Euro 105.3 billion was outstanding, and had paid interest for an amount equal to Euro 53.8 billion.

CADES' principal sources of revenue are allocated to it by law and paid automatically in part on a daily basis and in part on an annual basis. They are (i) a specifically earmarked social security levy (the *contribution au remboursement de la dette sociale* or "CRDS"), and (ii) a portion of another social security tax (the *contribution sociale généralisée* or "CSG"), both of which are allocated to CADES on a permanent basis until CADES' purpose has been fulfilled. Pursuant to the 2011 Social Security Financing Act, CADES will receive an additional annual cash transfer of Euro 2.1 billion from the French Pension Fund (*Fonds de Réserve pour les Retraités* or "FRR") from 2011 through 2024. In accordance with Article 24 paragraph V of the 2016 Social Security Funding Act N°2015-1702 dated 21 December 2015, the allocation to CADES of an additional tax revenue equal to 1.3 per cent. of the taxes raised by the French capital and investment tax (*prélèvements sociaux sur les revenus du patrimoine et des produits de placement*, the "Levy Tax") was abolished and replaced by an increase in CADES' CSG allocation from 0.48 per cent. to 0.60 per cent. with effect from 1 January 2016. Pursuant to the 2020 Acts (as defined in the "Recent Developments" section below), the payments of FRR have been extended beyond 2024 and, from 2025 to 2033, the FRR (unless depleted) will contribute Euro 1.45 billion a year to CADES' income. In addition, the fraction of the CSG allocated to CADES will be 0.45 per cent as from 2024. See "Sources of Revenue" below.

Pursuant to the 2012 Social Security Act, the French state has transferred to CADES approximately EUR 2.466 billion of social security debt consisting of *Mutualité Sociale Agricole* (the Social System for the Agricultural Sector) deficits. This transfer will be amortised using additional financing sources allocated to CADES by the 2012 Social Security Financing Act, which increases the taxable assessment base for the CRDS from 97 per cent. to 98.25 per cent., with effect from 1 January 2012.

CADES' registered office is located at 139 rue de Bercy, 75012 Paris – France and its telephone number is +33 1 40 04 15 57.

PURPOSE AND AUTHORITY

CADES was established by the French State by order n° 96-50, dated 24 January 1996 (*ordonnance n° 96-50 relative au remboursement de la dette sociale* or the "CADES Law") as an administrative public agency (*établissement public national à caractère administratif*). CADES' main purpose, as set out in Article 2 of the CADES Law, is to repay a portion of the cumulative debt of the French central social security administration (*Agence centrale des organismes de sécurité sociale* or "ACOSS"). CADES was originally intended to have a duration through 2009 only. Its existence was subsequently extended to 2014, and finally extended until such date as CADES' purpose has been fulfilled and its outstanding debt has been repaid. Pursuant to the Annex 8 of the 2020 Social Security Financing Act, CADES debt repayment deadline was estimated to be 2024. Pursuant to the 2020 Acts dated 7 August 2020, the amortization date of the debt carried by CADES has been extended to December 31, 2033. While CADES is an entity separate from the French State, it is nonetheless subject to its control and supervision. In addition, CADES' solvency and liquidity are largely dependent on the French State (see "Strengths" below).

As a public administrative agency, CADES is not required to comply with the French law corporate governance regime.

HISTORICAL EVOLUTION OF DEBT AND RESOURCES

At its establishment in 1996, CADES was responsible for Euro 44.7 billion of social security debt transferred to it by ACOSS and the French State. Further transfers of social security debt were made to CADES in 1998 (Euro 13.3 billion) and 2003 (Euro 1.3 billion). From 2004 to 2006, the French health insurance system transferred an additional Euro 48.4 billion of debt to CADES, and the French State increased the taxable assessment base for the CRDS from 95 per cent. to 97 per cent. of taxable income of French taxpayers. This additional debt was transferred to CADES as follows: Euro 36.1 billion in 2004, Euro 6.6 billion in 2005 and Euro 5.7 billion in 2006. Since 2005, the French State has been legally required by Organic Law n° 2005-881 on social security funding dated 2 August 2005 (*loi organique n° 2005 – 881 du 2 août 2005 relative aux lois de financement de la sécurité sociale*) to match any increase in the social security debt it transfers to CADES with increased resources for CADES.

Pursuant to the 2009 Social Security Financing Act dated 17 December 2008 (*loi n° 2008 – 1330 du 17 décembre 2008 de financement de la sécurité sociale pour 2009*), the cumulative deficits of the French health insurance system as at 31 December 2008 (Euro 8.9 billion), the French old-age pension system (Euro 14.1 billion) and the *Fonds de Solidarité Vieillesse* (Euro 4 billion) were financed by transfers from CADES to ACOSS. The transfers were made in three instalments, the first in December 2008 for Euro 10 billion, the second in February 2009 for Euro 10 billion, and the balance of Euro 7 billion in March 2009. CADES financed the transfers by issuing debt securities in the capital markets.

Pursuant to the 2011 Social Security Financing Act, the French State has transferred additional debt to CADES in two steps:

- (i) Euro 61.275 billion of social security debt, consisting of the deficits relating to 2009, 2010 and 2011, were transferred to CADES during 2011; and
- (ii) a total of Euro 62 billion in anticipated deficits for the pension system has been transferred to CADES in a series of transfers between 2011 and 2016 (together, the "**2011 Social Security Financing Act Transfer**"). CADES has also received an extension in its debt repayment deadline from 2021 to 2025.

On January 2012, the taxable assessment base for the CRDS increased from 97 per cent. to 98.25 per cent. of taxable income of French taxpayers.

Pursuant to Article 26 of the 2016 Social Security Funding Act N°2015-1702 dated 21 December 2016, CADES took over in 2016 all the remaining deficits (€23.6 billion of debt) taken in accordance with Article 9 of the Social Security Act for 2011.

These debts will be amortized using financing sources allocated to CADES by the 2016 Social Security Financing Act, including:

- (i) the CRDS at a rate of 0.5 per cent. (which is expected to provide approximately Euro 7 billion per year);
- (ii) an increase in CADES' CSG allocation from 0.48 per cent. to 0.60 per cent. (which is expected to provide approximately Euro 7.7 billion per year) which is replacing the abolition of the allocation to CADES of the Levy Tax in accordance with Article 24 paragraph V of the 2016 Social Security Funding Act N°2015-1702 dated 21 December 2015; and
- (iii) an annual cash transfer of Euro 2.1 billion from the FRR from 2011 through 2024.

Under the Social Security Financing Act 2019 (Law No 2018-1203), the financing of cumulative deficits of social security as of 31 December 2018 will be covered by payments made by CADES to ACOSS between 2020 and 2022 for a maximum amount of Euro 15 billion.

The law for the financing of the social security for 2020 (*loi de financement de la sécurité sociale pour 2020*) (*loi n°2019-1446*) repeals the provisions relating to the debt assumption for a maximum amount of 15 billion euros and the transfer of revenues associated with, which had been adopted in the law for the financing of the social security for 2019.

In accordance with the 2005 Organic Law on Social Security, in addition to the CRDS (*contribution au remboursement de la dette sociale*) and the fraction (0.60%) of the CSG (*contribution sociale généralisée*) it already receives, CADES will benefit from increasing resources of CSG (0.71% in 2020, 0.83% in 2021 and 0.93% from 2022). The new resource level will enable CADES to amortise all its debt within the same time frame as before.

Pursuant to the 2012 Social Security Act, the French state transferred on 24 December 2011 to CADES Euro 2.466 billion of social security debt consisting of *Mutualité Sociale Agricole* (the Social System for the Agricultural Sector) deficits. This transfer was amortised using additional financing sources allocated to CADES by the 2012 Social Security Financing Act, which increased the taxable assessment base for the CRDS from 97 per cent. to 98.25 per cent., with effect from 1 January 2012.

CADES was assigned an annual debt repayment target under the 2006 Social Security Financing Act dated 19 December 2005 (*loi n° 2005 – 1579 du 19 décembre 2005 de financement de la sécurité sociale pour 2006*) and has met this target each year since. CADES has been assigned new debt repayment targets in connection with the 2011 Social Security Financing Act Transfer.

Pursuant to the 2020 Acts dated 7 August 2020, the amortization date of the debt carried by CADES has been extended to 2033. In addition, payments of FRR have been extended beyond 2024 and (unless depleted) will contribute Euro 1.45 billion a year from 2025 to 2033 to CADES' income and the fraction of the CSG allocated to CADES will be 0.45 per cent as from 2024. The 2020 Acts also provide for a debt assumption of Euro 136 billion by CADES. Further information on the 2020 Acts is available in the "*Recent Developments*" section.

STRENGTHS

State support for solvency and liquidity

CADES' status as an administrative public agency entitles it to State support in respect of its solvency and liquidity. Pursuant to the CADES Law, in the event that CADES is unable to meet its financial commitments, the French Government would be required by law to submit to Parliament the necessary measures to ensure that principal and interest on CADES' debt is paid on the scheduled payment dates.

Solvency

In the event CADES fails to meet its payment obligations under its bonds or notes, the French Government has a legal obligation to ensure its solvency. Law No. 80-539 of 16 July 1980 on the execution of judgments on public

entities (*loi n°80-539 du 16 juillet 1980 relative aux astreintes prononcées en matière administrative et à l'exécution des jugements par les personnes morales de droit public* or the “**Law of 1980**”), which applies to all national public agencies, provides that in case of default, a public supervisory authority (in the case of CADES, the Minister in charge of Economy and Finance and the Minister in charge of Social Security) must approve the sums for which the public agency is held liable by court order and provide the agency with new resources.

Court-ordered reorganisation and liquidation proceedings do not apply to public agencies such as CADES. The French Commercial Code excludes public agencies from its sphere of application, including with respect to court-ordered reorganisation and liquidation of businesses. Furthermore, France’s Supreme Court (*Cour de cassation*) has ruled out the application of insolvency proceedings whenever an entity’s bylaws contain provisions rooted in public law.

If an administrative public agency, such as CADES, were dissolved, its assets and liabilities as a whole would be transferred to the authority responsible for its creation. Thus, the French State would be required to service CADES' debt directly upon its dissolution.

Liquidity

French law also ensures that CADES has sufficient liquidity. Since the 2007 Budget Act, the granting of these cash advances has been modernised, simplified and explicitly provided for in the "balance article" of the Budget Act. Liquidity is now being assured by the government debt redemption fund or directly by Agence France Trésor, through the purchase of commercial paper.

Resources linked to the payroll

Part of CADES' revenue (i.e., CRDS and CSG) is based on the salaries of French taxpayers (*masse salariale*), which are subject to withholding at source by the French State. The CRDS and CSG are also levied on certain other revenues, which are not necessarily subject to withholding at source but are nonetheless subject to reporting (see "Sources of Revenue" and "Risk Factors – The revenues of CADES from the social security taxes it receives may vary").

CADES has met its debt repayment targets

Each year since 2005, pursuant to the social security financing law (*loi de financement de la sécurité sociale*) for the relevant year, the French Parliament assigns to CADES a target for the amount of debt to be repaid by CADES. CADES has met this target each year.

SOURCES OF REVENUE

CADES' principal sources of revenue are two specifically earmarked social security levies collected by the French State: (i) the CRDS which was introduced in 1996 and (ii) the CSG which was introduced in 2009. In connection with the 2011 Social Security Financing Act Transfer, CADES will receive an additional annual cash transfer of Euro 2.1 billion from the FRR from 2011 through 2024 and a portion of the revenues raised by the Levy Tax. The 2020 Acts have extended the payments of FRR beyond 2024. From 2025 to 2033, the FRR (unless depleted) will contribute Euro 1.45 billion a year to CADES' income. The allocation to CADES in respect of the Levy Tax was abolished in 2016 pursuant to Article 24 paragraph V of the 2016 Social Security Funding Act N°2015-1702 dated 21 December 2015 and replaced by an increase in CADES' CSG allocation from 0.48 per cent. to 0.60 per cent. Pursuant to the 2020 Acts, from 2024, the fraction of the CSG allocated to CADES will be 0.45 per cent.

For the year ended 31 December 2019, CADES received Euro 18.257 billion distributed as follows: CRDS 41.5 per cent., CSG 47 per cent. and FRR payment 11.5 per cent. For the year ended 31 December 2018, CADES received Euro 17.653 billion distributed as follows: CRDS 41.9 per cent., CSG 46.2 per cent. and FRR payment 11.9 per cent.

CRDS

The CRDS levy is a broad-based tax on all earned and unearned (investment and other) income of French individuals. The CRDS revenue is allocated exclusively to CADES. The CADES Law provides that the CRDS is to be deducted from the income of individuals until the French social security debt has been paid off.

The 2011 Social Security Financing Act capped individuals' CRDS taxable income to four times the annual threshold amount (*plafond annuel de la sécurité sociale*). The CRDS is currently assessed at a rate of 0.5 per cent. per annum on 98.25 per cent. of the earned income of individuals up to the applicable cap and at a rate of 0.5 per cent. per annum on 100 per cent. of the earned income of individuals on anything earned above that cap.

The CRDS is paid to CADES (i) in part on a daily basis by ACOSS acting as collector of the CRDS with respect to income from gambling activities, jewellery sales, investment revenues (including capital gains), wages and replacement revenues, which include financial support paid in case of unemployment, maternity leave, work related sickness, accidents at work and pension income and (ii) in part annually by the French Treasury (*le Trésor*) acting as collector of the CRDS deducted from property revenues (*revenus du patrimoine*).

The French State passes on CRDS collection costs to CADES. These costs are currently fixed at (i) 0.5 per cent. of the CRDS levied on gambling activities, jewellery sales, investment revenues (including capital gains), wages and replacement revenues and (ii) 4.1 per cent. of the CRDS deducted from property revenues (*revenus du patrimoine*).

The table below sets out the breakdown of sectors from which the CRDS levy is derived for the years ended 31 December 2018 and 2019.

	CRDS (in per cent.)	
	2018	2019
Wages	64.1	63.7
Replacement revenues	24.3	24.6
Property revenues	4.3	4.3
Investment revenues	5.1	5.2
Gambling activities	2.1	2.1
Jewellery sales	0.1	0.1

Source: CADES.

CSG

The CSG, like the CRDS, is mainly collected through payroll deductions from French taxpayers' earned income, and has experienced historical growth similar to the CRDS. The portion of the CSG allocated to CADES was, through 2010, 0.2 per cent. of the income from which the CSG is deducted. Pursuant to the 2011 Social Security Financing Act, the portion of the CSG allocated to CADES increased to 0.48 per cent. of the income from which the CSG is deducted (except for CSG assessed on gambling activities, for which the percentage allocated to CADES increased to 0.28 per cent.). Pursuant to the 2016 Social Security Funding Act N°2015-1702 dated 21 December 2015, CADES' CSG allocation increased to 0.60 per cent following the abolition of the allocation of the Levy Tax to CADES. Pursuant to the 2020 Acts, from 2024, the fraction of the CSG allocated to CADES will be 0.45 per cent.

As with the CRDS, the CSG is paid to CADES (i) in part on a daily basis by ACOSS acting as collector of the CSG with respect to income from gambling activities, jewellery sales, investment revenues (including capital gains), wages and replacement revenues, which include financial support paid in case of unemployment, maternity leave, work related sickness, accidents at work and pension income and (ii) in part annually by the French Treasury (*le Trésor*) acting as collector of the CSG deducted from property revenues (*revenus du patrimoine*).

As with the CRDS, the CSG collection costs are borne by CADES. These collection costs are equal in percentage terms to those of the CRDS.

The following table describes the breakdown of CSG levy by sectors for the years ended 31 December 2018 and 2019.

	<i>CSG (in per cent.)</i>	
	2018	2019
Wages	69.3	68
Replacement revenues	20.4	21.9
Property revenues	4.6	4.5
Investment revenues	5.6	5.5
Gambling activities	0.1	0.1

Source: CADES

FRR

Pursuant to the 2011 Social Security Financing Act and Organic Law No. 2010-1380 on social security debt, it is provided that CADES will receive an additional annual cash transfer of Euro 2.1 billion from the FRR from 2011 through 2024. The 2020 Acts extend the payments of FRR beyond 2024. From 2025 to 2033, the FRR (unless depleted) will contribute Euro 1.45 billion a year to CADES' income.

Selected Financial Statement Data

The table below sets out selected financial data of CADES for the years ended 31 December 2018 and 2019.

For the year ended 31 December (in Euro billion) (audited)		
	2018	2019
Revenues (CRDS, CSG and FRR) after charges	17.653	18.257
Net interest expense (on capital markets borrowings) plus general operating charges	(2.210)	2.005
Total available for principal repayments on debt	15.444	16.252

Source: CADES

THE SOCIAL SECURITY DEBT

The total social security debt transferred to CADES by the French Parliament consisted of Euro 44.8 billion in 1996, Euro 13.3 billion in 1998, Euro 1.3 billion in 2003, Euro 48.4 billion from 2004 to 2006, Euro 10 billion in 2008 and Euro 17 billion in 2009. In addition, a further Euro 2,466 billion was transferred on 24 December 2011 pursuant to the 2012 Social Security Act and a total of Euro 123.3 billion has been transferred between 2011 and 2017 pursuant to the 2011 Social Security Financing Act.

The table below sets out the aggregate amount of social security debt transferred to CADES, or that will be transferred to CADES, by the various social security funds and organisations since CADES' creation through 2019. As at 31 December 2019, the total debt that had been transferred to CADES since its creation was Euro 260.5 billion, the debt repaid was Euro 171.4 billion, and the residual year end deficit, which is the difference between the debt transferred and the debt repaid, was Euro 89.1 billion.

In 2005, 2006 and 2007, ACOSS reimbursed Euro 1.7 billion, Euro 0.3 billion and Euro 0.1 billion respectively to CADES in relation to amounts overpaid by CADES in the respective previous years. In 2009 ACOSS reimbursed Euro 0.1 billion to CADES in relation to an amount overpaid the same year.

Transfer of the social security debt to CADES since its creation (in Euro billion)

Entity Making Transfer	1996	1998	2003	2004	2005	2006	2007	2008	2009	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total By Entity
ACOSS	20.9	13.3		35	8.3	6.0		10	17	67.8	6.7	7.7	10	10	23.6	0	0	0	234.2
					-1.7	-0.3	-0.1												
French Government	23.4																		23.4
CANAM	0.5																		0.5
FOREC			1.3	1.1															2.4
Total By Year	44.8	13.3	1.3	36.1	6.6	5.7	-0.1	10	17	67.8	6.7	7.7	10	10	23.6	0	0	0	260.5

CANAM: *Caisse Nationale d'Assurance Maladie et Maternité des Travailleurs non salariés des professions non agricoles*

FOREC: *Fonds de Financement de la réforme des cotisations patronales de Sécurité Sociale*

Source: CADES.

CADES' BORROWING PROGRAMME

In order to finance the social security debt that has been transferred to it, CADES borrows funds principally through debt capital markets issuances, and then repays those borrowings over time with the revenues it receives from the CRDS, the CSG and the FRR.

CADES' borrowing programme consists of issuances of bonds or notes to qualified investors, and/or loans granted by financial institutions.

The aggregate principal amount outstanding of Notes under the Euro 65,000,000,000 Global Medium Term Note Programme as of 31 May 2020 was Euro 67,878 billion.

Specific debt securities issuance programmes

In addition to the Euro 65,000,000,000 Global Medium Term Notes Programme described in this Base Prospectus, as at 31 May 2020, CADES had the following debt issuance programmes:

- a Euro 25 billion Negotiable European Commercial Paper previously French domestic treasury bills (*billets de trésorerie*) programme, under which an aggregate principal amount of Euro 0.020 billion was outstanding;
- a Euro 60 billion global commercial paper programme, issued in USD in the United States of America and in multiple currencies in the international markets, under which an aggregate principal amount of approximately Euro 10,229 billion had been issued and was outstanding;
- a Euro 10 billion French negotiable debt securities (*bons à moyen terme négociables*) programme, under which an aggregate principal amount of Euro 0.264 billion had been issued and was outstanding; and
- a Euro 130 billion Debt Issuance Programme, governed by French law, under which an aggregate principal amount of Euro 15,286 billion had been issued and was outstanding.

During 2019, CADES raised Euro 3.0 billion in medium- and long-term debt issues under the programmes described above.

Other borrowing capacities and facilities

As of 31 May 2020, CADES' borrowing programme also consisted of:

- a standalone bond / note issuance capacity for a maximum amount of Euro 35 billion, of which an aggregate principal amount of Euro 4,998 billion had been issued and was outstanding; and
- back-up credit facilities for an amount of Euro 1,200 billion.

CADES' borrowing programme is carried out according to principles of dynamic management of the debt portfolio and using a range of capital market instruments. CADES has no fixed issuance schedule and is flexible in the methods by which it raises funds, including using the short term markets, for example under its commercial paper programme. CADES uses a range of financial instruments, including Euro and US commercial paper, bond issues, and MTN programmes. In addition, CADES enters into, foreign exchange transactions, interest rate swaps or options, securities lending, and the borrowing of bonds and other debt securities issued by the French State or of CADES' own bonds and other debt securities. CADES also carries out debt repurchases and exchanges.

Allocation of Resources

In accordance with the CADES Law, the resources of CADES must be allocated to payments due on the borrowings incurred by CADES (including any securities issued by CADES). CADES aims to keep excess cash to a minimum.

DEBT ISSUANCE PROFILE

The following information gives an indication of the profile of CADES' existing capital markets debt.

Medium and Long Term Debt by currencies and instruments

The table below sets out the profile of CADES' debt in terms of different currencies and debt instruments as at 31 December 2019.

Bonds in Euro	Bonds in other currencies	Inflation linked bonds/notes	MTN private placements	Commercial paper
69.4%	19.5%	7.8%	3.3%	0%

Source: CADES

CADES' debt by currency

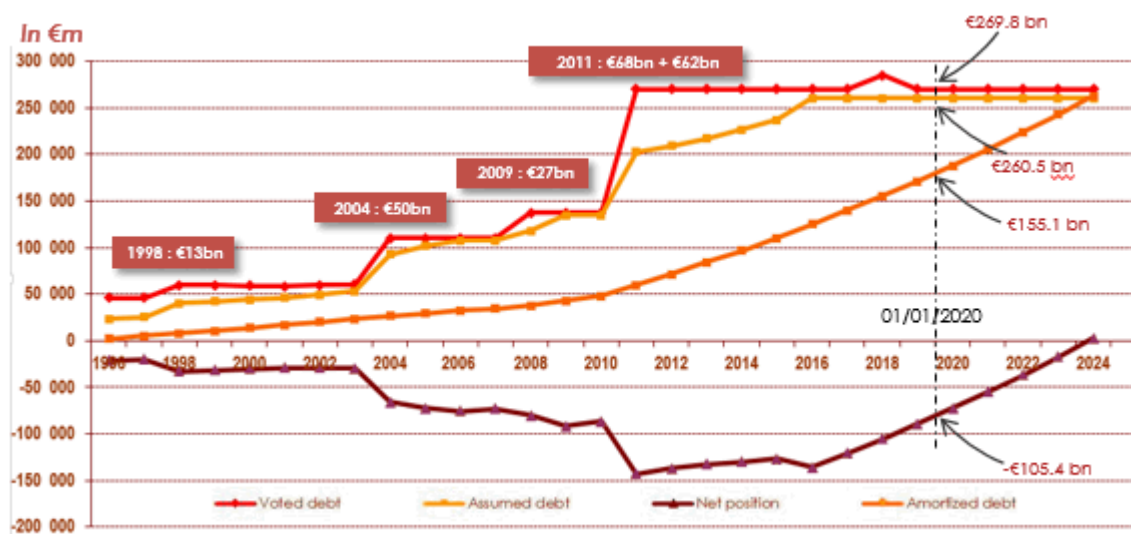
As at 31 December 2018, CADES' debt profile, broken down by currency, was as follows: 77.2 per cent. of CADES' tradable debt was Euro-denominated, 20.2 per cent. was U.S. Dollar-denominated, and 2.6 per cent. was denominated in other currencies. As at 31 December 2019, CADES' debt profile, broken down by currency, was as follows: 80.1 per cent. of CADES' tradable debt was Euro-denominated, 17.6 per cent. was U.S. Dollar-denominated, and 2.3 per cent. was denominated in other currencies.

CADES' debt by maturity

As at 31 December 2018, CADES' debt by maturity was as follows: 18 per cent. of CADES' debt had a maturity shorter than one year, 59 per cent. had a maturity between one and five years and 23 per cent. had a maturity longer than five years. As at 31 December 2019, CADES' debt by maturity was as follows: 22.1 per cent. of CADES' debt had a maturity shorter than one year, 67.5 per cent. had a maturity between one and five years and 10.4 per cent. had a maturity longer than five years.

Debt Assumption and Amortisation Profile

The following chart below sets out as at 31 December 2019 CADES' voted, assumed and amortised debt after debt assumption and an estimate of such voted, assumed and amortised debt until 2024.



In millions of Euros

Source: CADES

"voted debt" ("*dette votée*") means that the French Parliament has voted the transfer of such debt to CADES.

"assumed debt" ("*dette reprise*") means that such debt has been transferred to CADES.

"amortised debt" ("*dette amortie*") means that such debt has been repaid by CADES.

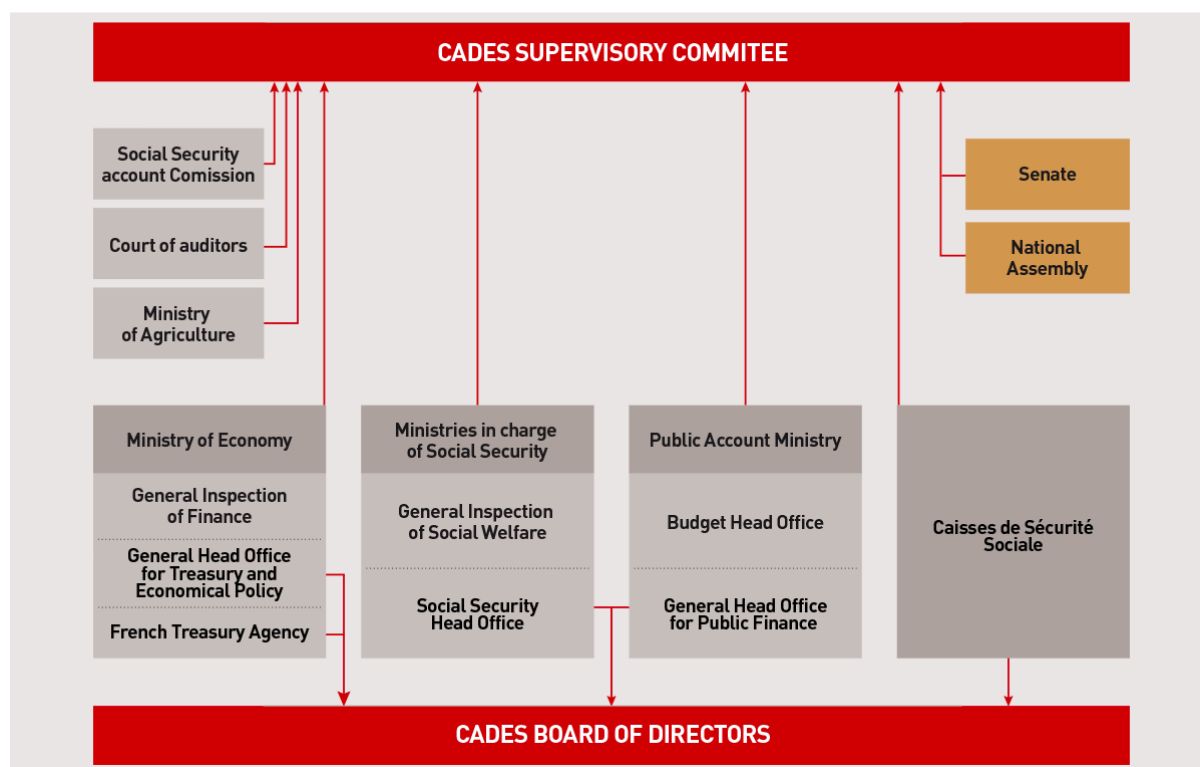
"net position" ("*situation nette*") means the difference between the assumed debt and the amortised debt.

ORGANISATIONAL STRUCTURE

The CADES Law sets out the organisational and operating rules of CADES. As a French administrative public agency, CADES is under the control and authority of, the French State. It is directly under the dual authority of the Minister in charge of Economy and Finance and the Minister in charge of Social Security. CADES has no shareholders.

CADES' management structure consists of (i) a board of directors (*conseil d'administration*) (the "Board of Directors") responsible for the management of CADES and oversight of CADES' budget and financial statements and (ii) a supervisory committee (*comité de surveillance*) (the "Supervisory Committee"), which gives its views on the annual report and whom the Board of Directors may consult for any issue. The contact address of the members of the Board of Directors and the Supervisory Committee is 139 rue de Bercy, 75012 Paris.

The chart below provides a brief overview of the relations between, *inter alia*, the Board of Directors and the Supervisory Committee.



The Board of Directors

According to the CADES Law, the Board of Directors is composed of fourteen members. The members of CADES' Board of Directors are appointed by decree by the applicable ministries. These directors may also be revoked using the same method. The Chairman is appointed by a decree signed by the President of the Republic of France and the Prime Minister on the joint recommendation of the Minister of Economy and Finances and the Minister in charge of Social Security. The last presidential decree appointing a new Chairman of the Board of Directors, Mr Jean-Louis Rey, was published on 31 May 2020.

The address for the members of the Board of Directors is 139 rue de Bercy, 75012 Paris, France.

At the date hereof, the members of the Board of Directors, nominated by decrees, are as follows:

Chairman Jean-Louis Rey

The chairman of the board of directors of the *Agence Centrale des Organismes de Sécurité Sociale*, currently Jean-Eudes Tesson or his deputy, currently Philippe Gendillou.

The vice-chairman of the board of directors of the *Agence Centrale des Organismes de Sécurité Sociale*, currently Pierre-Yves Chanu, or his deputy, currently Serge Cigana.

The chairman of the board of the *Caisse Nationale de l'Assurance Maladie*, currently Fabrice Gombert, or his deputy, the vice-chairman, currently Yves Laqueille.

The chairman of the board of the *Caisse Nationale d'Assurance Vieillesse*, currently Gérard Riviere or his deputy, the vice-chairman, currently Pierre Burban.

The chairman of the board of the *Caisse Nationale des Allocations Familiales*, currently Isabelle Sancerni or her deputy, the vice-chairman, currently Jean-Marie Attard.

The chairman of the board of the *Caisse centrale de mutualité sociale agricole*, currently Pascal Cormery or his deputy, the vice-chairman of this board, currently Thierry Manten.

Members of the Board of Directors representing the Minister of the Economy and Finances Adrien Perret, Deputy Director at the Treasury, or his deputy Thierry Grignon,

Gabriel Cumenge, Deputy Director at the Treasury, or his deputy Arnaud Delaunay,

Members of the Board of Directors representing the Minister in charge of Social Security Frank Von Lennep, Social Security Director, or his deputy Morgan Delaye,

Marianne Kermoal-Berthome, Deputy Director of Social Security, or her deputy Pierre Prady.

Member of the Board of Directors representing the Minister in charge of the budget Bastien Llorca, or his deputy Valérie Petillon-Boisselier.

Member of the Board of Directors representing the supervisory board of the Fonds de Réserve pour les Retraites Philippe Soubirous, or his deputy Philippe Pihet.

The Board of Directors oversees CADES' borrowing programme. The Board of Directors has the capacity, pursuant to Article 5-II of the CADES Law, to delegate to the Chairman any power to implement the borrowing programme by deciding any issuance or borrowing. On 6 July 2017, the Board of Directors of CADES authorised the entry into a mandate with the Agence France Trésor (the "AFT") pursuant to the decree n°96-353 dated 24 April 1996 as amended by decree n°2017-869 dated 9 May 2017. This mandate delegates to the AFT the operational responsibility of financing activities of CADES and in particular the implementation of the borrowing programme. The latest borrowing programme of CADES was duly authorised pursuant to a resolution of the Board of Directors dated 29 November 2017.

The Supervisory Committee

The Supervisory Committee reviews and comments on CADES' annual report and may assist the Board of Directors on any matter at the request of the Board of Directors, according to the CADES Law.

The Supervisory Committee is composed of four members of Parliament, including two deputies and two senators, the chairmen of national social security funds (*Caisses nationales de sécurité sociale*), the general secretary of the social security accounting commission, and representatives of ministries and members of the boards of directors of national entities of the general regime of the French social security system and of the *Caisse nationale d'assurance maladie et maternité des travailleurs non salariés des professions non agricoles*.

At the date hereof, the members of the Supervisory Committee are:

- Dominique Da Silva, Deputy, nominated by the *Président* of the National Assembly (*Assemblée Nationale*);
- Véronique Louwagie, Deputy, nominated by the *Président* of the National Assembly (*Assemblée Nationale*);
- Jean-Noël Cardoux, Senator, nominated by the *Président* of the French Senate (*Sénat*);
- Antoine Lefevre, Senator, nominated by the *Président* of the French Senate (*Sénat*);
- Amélie Verdier, nominated by the Ministry of the Economy and Finances;
- Odile Renaud-Basso, nominated by the Ministry of the Economy and Finances or her deputy Adrien Perret;

- Bastien Llorca, nominated by the Ministry of the Economy and Finances or his deputy Valérie Pétilion-Boisselier;
- Marianne Kermoal-Berthome, nominated by the Ministry in charge of Social Security or her deputy Pierre Prady;
- Frank Von Lennep, nominated by the Ministry in charge of Social Security;
- Morgan Delaye, nominated by the Ministry in charge of Social Security;
- Pierre-Louis Bras, member of the *Inspection Générale des Affaires Sociales* or his deputy Jean-Philippe Vinquant;
- Jean-Pierre Laboueix, general secretary of the accounting committee for social security;
- Fabrice Gombert, chairman of the CNAM or his deputy Yves Laqueille;
- Gérard Riviere, chairman of the CNAV or his deputy Pierre Burban;
- Isabelle Sancerni, chairwoman of the CNAF or her deputy Jean-Marie Attard;
- Jean-Eudes Tesson, chairman of the ACOSS or his deputy Pierre-Yves Chanu; and
- Florence Sautejeau, chairwoman of the commission in charge of accidents at work and occupational diseases.

Conflicts

There are no potential conflicts of interest between any duties owed by any of the members of the Board of Directors or the Supervisory Committee towards CADES and their private interests and/or other duties.

Control and Supervision

Owing to its administrative public agency status, CADES is subject to the supervision of the French Government and to the same budgetary and accounting rules as the French State. In particular, Decree No. 62-1587 of 29 December 1962 on the general regulation of public accounting rules (*décret n°62-1587 du 29 décembre 1962 portant règlement général sur la comptabilité publique*) (as amended by Decree No. 2012-1246 of 7 November 2012 relating to public budget and accounting management (*décret n°2012-1246 du 7 novembre 2012 relatif à la gestion budgétaire et comptable publique*)) stipulates that collections and disbursements must be carried out by a Government accountant under the control of the French state audit office (*Cour des Comptes*). CADES also publishes its accounts in accordance with standard accounting methods used by French banks and finance companies (see "Presentation of Financial Information" below).

Certain decisions of the Board of Directors require approval of the Minister in charge of Economy and Finance and the Minister in charge of Social Security before they become effective, including decisions related to the budget and financial accounts. In addition, CADES' borrowing programme requires the approval of the Minister in charge of Economy and Finance in accordance with Article 5.I of the CADES Law.

Implementation of an Audit Committee

Since the beginning of 2018, an Audit Committee has been set up to comply with governance best practice. The Committee, consisting of four members and chaired by Yves Laqueille, vice-chairman of the board of the *Caisse Nationale de l'Assurance Maladie*, will report to the Board of Directors with an opinion on the interim and annual results, as well as internal control and risk management.

Risk Management

CADES faces various market risks, in particular interest rate risks, exchange rate risks and counterparty risks as described below.

Counterparty risk

CADES manages counterparty risk by requiring that a new counterparty can be accepted only if it executes a guarantee agreement with margins calls with CADES.

Exchange rate risk

CADES maintains a programme of hedging arrangements in respect of its issues of debt instruments denominated in currencies other than Euro by means of derivatives in order to avoid exchange rate risk.

Interest rate risks

CADES seeks to manage interest rate exposure through a combination of instruments, including interest rate swaps, and by issuing debt instruments with a variety of interest rate bases.

Auditing CADES' management operations

CADES' management operations are subject to a periodic audit by the French state audit office (*Cour des Comptes*) pursuant to Decree No. 62-1587 of 29 December 1962 on the general regulation of public accounting rules (*décret no. 62-1587 du 29 décembre 1962 portant règlement général sur la comptabilité publique*) (as amended by Decree No. 2012-1246 of 7 November 2012 relating to public budget and accounting management (*décret n°2012-1246 du 7 novembre 2012 relatif à la gestion budgétaire et comptable publique*)).

In addition, market transactions are subject to internal audit rules established by the Board of Directors. CADES' internal audit process consists of three elements:

- Determination by the Board of Directors of the maximum interest rate risks, foreign exchange risks, liquidity risks, and counterparty risks that can be taken by CADES in its market operations;
- A daily report concerning the transactions carried out by CADES to be given to the Chairman; and
- A monthly report summarising the transactions carried out during the relevant period, as well as CADES' position in relation to the risk limits fixed by the Board of Directors given to all members of the Board of Directors.

In addition to this internal audit, a statutory auditor firm reports semi-annually to the board of directors to express an opinion on financial statements. KPMG conducts this audit. They have been appointed in August 2016 for a period of 6 years.

PRESENTATION OF FINANCIAL INFORMATION

As a French public entity (*établissement public national administratif*), the Issuer is not subject to the same accounting rules as a corporate issuer, but to the supervision of the French Government and to the same budgetary and accounting rules as the French State.

However, CADES publishes its accounts in accordance with standard accounting methods used by French banks and finance companies, in particular Regulation No. 2014-07 of 26 November 2014 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables – ANC*) relating to the financial statements of banking sector companies. Accounting procedures and principles are subject to a statutory auditors review but CADES is also subject to financial audits conducted by the Government Audit Office.

In addition to this, the French National Accounting Board, in its opinion CNC 99-04, has decided that CADES could present certain transactions in a manner specific to it. Accordingly, in its profit and loss account, CADES records operating income and expenses, which are mainly composed of the revenue drawn from the CRDS and CSG and from property transactions, and payments to the State and social security funding organisations.

On top of this, the accounts are subject to the chart of accounts applicable to administrative public undertakings in accordance to common nomenclature under control of the Government Audit Office.

On 1 April 2020, CADES restated accounts relating to the year ended 31 December 2019 which were approved by the Board of Directors and are publicly available.

Financial Information of the Issuer

The information set forth below should be read in conjunction with the audited financial statements of CADES included elsewhere in this Base Prospectus.

Balance Sheet

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
ASSETS			
Cash in hand, balances with central banks and post office banks (Note 1)	3,056.63	2,263.29	3,174.15
Treasury bills and other bills eligible for refinancing with central banks (Note 1)	-	-	1,000.00
Loans and advances to credit institutions (Note 1)			
- Repayable at sight	0.03	0.21	0.05
- Repayable at term	-	-	-
Intangible assets (Note 2)	-	-	-
Tangible assets (Note 2)	-	-	0.06
Other assets (Note 3)	312.21	450.32	1,243.91
Prepayments and accrued income (Note 4)	2,703.07	2,364.06	1,980.09
TOTAL ASSETS	6,071.94	5,077.88	7,398.26
LIABILITIES & RESERVES			
Amounts owed to credit institutions (Note 5)			
- Payable at sight	-	-	-
- Payable at term	1,003.37	1,003.37	1,003.37
Debts evidenced by securities (Note 6)			
- Negotiable debt instruments	398.90	265.17	7,521.51
- Bonds and similar instruments	91,646.61	107,694.03	117,155.77
- Other debts evidenced by securities	-	-	-
Other liabilities (Note 7)	1,214.55	447.61	220.30
Accruals and deferred income (Note 8)	814.28	933.32	2,173.59
Sub-total – Liabilities	95,077.71	110,343.49	128,074.55
Provisions (Note 8a)	87.01	80.17	113.26
Property endowment	181.22	181.22	181.22
Retained earnings	(105,527.00)	(120,970.77)	(136,014.76)
Profit for the period	16,252.99	15,443.77	15,043.99
Sub-total – Reserves	(89,092.79)	(105,345.78)	(120,789.54)
TOTAL LIABILITIES AND RESERVES	6,071.94	5,077.88	7,398.26

Profit and Loss Account

Period (€ millions)	ended 31 December 2019	31 December 2018	31 December 2017
Interest receivable and similar income (Note 9)	613.69	874.54	1,024.97
- From transactions with credit institutions	28.28	188.81	225.32
- From bonds and other fixed income securities	-	-	-
- Other interest receivable and similar income	585.41	685.73	799.65
Interest payable and similar charges (Note 10)	(2,607.54)	(3,058.41)	(3,154.33)
- On transactions with credit institutions	(41.30)	(44.34)	(42.36)
- On bonds and other fixed income securities	(2,566.24)	(3,014.07)	(3,111.97)
Fees payable (Note 10)	(7.97)	(22.78)	(30.93)
Gains and losses on trading securities (Note 11)	-	-	-
- Net profit (loss) on foreign exchange transactions	-	-	-
Gains and losses on investment securities (Note 11a)	-	-	-
- Net profit (loss) on investment securities	-	-	-
Exchange rate gains and losses on management operations (Note 11b)	-	-	-
Other operating income – banking	0.28	-	-
Other operating charges – banking	(0.01)	(0.02)	(0.02)
NET BANKING INCOME	(2,001.55)	(2,206.67)	(2,160.30)
General operating charges (Note 13)	(3.33)	(2.91)	(2.78)
- Staff costs	(0.98)	(1.08)	(1.09)
- Other administrative expenses	(2.35)	(1.83)	(1.69)
Depreciation and impairment provisions - intangible and tangible assets	-	(0.01)	(0.02)
Other operating income	18,442.96	17,816.86	17,380.97
- Income relating to CRDS and CSG (Notes 12a and 12.1a)	16,340.37	15,631.70	15,262.46
- Income relating to social levies on income from property and investments (Note 12.2a)	(0.80)	(1.90)	(3.60)
- Income from Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites – FRR</i>) (Note 12.3)	2,100.00	2,100.00	2,100.00
- Income from property (Note 13a)	0.13	0.14	0.15
- Provisions reversed for receivables (Notes 12a and 12.1a)	0.09	79.50	14.79
- Other provisions reversed for receivables	3.17	7.41	7.17
Other operating charges	(185.10)	(163.47)	(173.98)
- Charges relating to CRDS and CSG (Notes 12a and 12.1a)	(159.86)	(155.10)	(150.34)
- Charges relating to social levies on income from property and investments (Note 12.2a)	-	0.01	0.02
- Payments to the State (Note 14)	-	-	-
- Provision for sundry liabilities (Note 14)	(2.30)	(1.57)	-
- Provision for receivables (Notes 12a, 12.1a and 12.2a)	(22.95)	(6.79)	(23.57)
- Charges related to property (Note 13a)	-	(0.02)	(0.09)
GROSS OPERATING PROFIT	16,252.98	15,443.80	15,043.89
OPERATING PROFIT	16,252.98	15,443.80	15,043.89
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	16,252.98	15,443.80	15,043.89
- Exceptional income (Note 15)	0.01	(0.03)	0.10
NET PROFIT FOR THE PERIOD	16,252.99	15,443.77	15,043.99

Cash Flow Statements of the Issuer

The cash flow table for the years ended 31 December 2019, 31 December 2018 and 31 December 2017 below is based on the audited financial statements of the Issuer for the years ending 31 December 2019, 31 December 2018 and 31 December 2017 and the method of calculation and the calculations themselves have been approved by the auditors of the Issuer.

Cash flow (€ millions)	Period ended	31 December 2019	31 December 2018	31 December 2017
Net banking income		(2,002)	(2,207)	(2,160)
Inflation premiums		55	188	118
Provisions for financial instruments		-	-	-
Amortisation of premiums and balancing payments		(54)	(47)	(51)
Change in accrued interest		(30)	4	(96)
Net cash from (used in) banking activities	(A)	(2,031)	(2,063)	(2,189)
Net operating income		18,254	17,650	17,204
(Increase) decrease in accrued income from CRDS and CSG		24	(131)	(93)
(Increase)/decrease in accruals on social levies		-	-	-
(Increase)/decrease in deferred expenses		57	(49)	(28)
Unearned income		-	-	-
Provisions – sundry allocations or reversals		30	(33)	15
Net cash from (used in) operating activities	(B)	18,365	17,437	17,098
Net cash from (used in) banking and operating activities	(C=A+B)	16,334	15,374	14,909
Net cash from (used in) financing activities	(D)	(15,541)	(17,285)	(16,371)
Debt assumed	(E)	-	-	-
Net cash flow for the year	(C+D+E)	793	(1,911)	(1,463)

RECENT DEVELOPMENTS

Since 1 January 2020, CADES has issued the following debt instruments:

- On 13 January 2020, CADES tapped its existing EURO 0.125% 25 October 2023 for EUR 0.75bn.
- On 11 March 2020, CADES tapped its existing EURO 0.125% 25 November 2022 for EUR 0.25bn.
- On 19 February 2020, CADES issued a bond with the maturity date of 26 February 2023 for CNH 1bn.
- On 18 March 2020, CADES issued a bond with the maturity date of 25 March 2023 for USD 0.1bn.
- On 19 May 2020, CADES issued a bond with maturity 19 May 2023 for USD 3bn.

The presidential decree dated 29 May 2020 has renewed the mandate of Jean-Louis Rey as Chairman of the Board of Directors of CADES for a period of three years.

On 27 May 2020, the Minister of Solidarity and Health (*Ministre des Solidarités et de la Santé*) and the Minister of Action and Public Accounts (*Ministre de l'Action et des Comptes Publics*) presented organic and regular bills to the French parliament relating to social security debt and autonomy. The bills were presented in response to the magnitude of the current economic shock stemming from the Covid-19 pandemic and the projected social security deficits that have been incurred and continue to be incurred as a result.

The organic act no. 2020-991 (*Loi organique n° 2020-991 relative à la dette sociale et à l'autonomie*) and the regular act no. 2020-992 (*Loi n° 2020-992 relative à la dette sociale et à l'autonomie*) were enacted on 7 August 2020 (the "**2020 Acts**").

The 2020 Acts have important implications on CADES:

- The 2020 Acts provide for a debt assumption of Euro 136 billion by CADES. This debt transfer covers a maximum of Euro 31 billion of past deficits from 2016 to 2019, a maximum of Euro 13 billion payment in support of health insurance to cover hospital debt servicing and a provisional ceiling of Euro 92 billion for projected deficits for the financial years 2020 to 2023.
- The amortization date of the debt carried by CADES is extended to 2033.
- The amortization of CADES' debt still relies on the traditional CSG and CRDS resources (the fraction of the CSG allocated to CADES being 0.45 per cent. from 2024) and the payments of FRR extended beyond 2024. From 2025 to 2033, the FRR (unless depleted) will contribute Euro 1.45 billion a year to CADES' income.
- In addition, the 2020 Acts include an article providing for the submission to Parliament, no later than 15 September 2020, of a report on the creation of a new branch of social security to support the autonomy of elderly and disabled people.

TAXATION

The statements herein regarding taxation are based on laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions as of the date of this Base Prospectus, and may be subject to change, potentially with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the U.S. federal or French tax consequences, as well as to the consequences under the tax laws of the country of which they are resident for tax purposes, of any investment in or ownership and disposal of the Notes and receiving payments of interest, principal and/or other amounts under the Notes.

UNITED STATES TAXATION

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes that are properly treated as debt for U.S. federal income tax purposes by a U.S. Holder (as defined below). This summary does not address the material U.S. federal income tax consequences of every type of Note which may be issued under the Programme and a supplement to this Base Prospectus may contain additional or modified disclosure concerning certain U.S. federal income tax consequences relevant to such type of Note as appropriate, including Notes whose terms do not require full repayment of principal in certain circumstances. This summary deals only with purchasers of Notes that are U.S. Holders and that will hold the Notes as capital assets. This summary does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, non-U.S. or other tax laws (including estate or gift tax, the alternative minimum tax or the net investment income tax). This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Notes as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons required to accelerate the recognition of any items of gross income with respect to the Notes as a result of such income being recognized on applicable financial statements, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Notes in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar). Moreover, this summary deals only with Notes with a term of 30 years or less.

As used herein, the term “U.S. Holder” means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Notes will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities or arrangements treated as partnerships for U.S. federal income tax purposes should consult their tax adviser concerning the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of Notes by the partnership.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Code.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING, AND DISPOSING OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Payments of Interest

General

Interest on a Note, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a “foreign currency”), other than interest on a “Discount Note” that is not “qualified stated interest” (each as defined below under “Original Issue Discount — General”), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on such holder’s method of accounting for U.S. federal income tax purposes. Interest paid by the Issuer on the Notes and OID, if any, accrued with respect to the Notes (as described below under “Original Issue Discount”) generally will constitute income from sources outside the United States and generally will be treated as “passive category income” for U.S. foreign tax credit purposes. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Notes.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Notes issued with OID.

A Note, other than a Note with a term of one year or less (a “Short-Term Note”) will be treated as issued with OID (a “Discount Note”) if the excess of the Note’s “stated redemption price at maturity” over its issue price is equal to or more than a *de minimis* amount (0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an “instalment obligation”) will be treated as a Discount Note if the excess of the Note’s stated redemption price at maturity over its issue price is equal to or greater than 0.25 per cent. of the Note’s stated redemption price at maturity multiplied by the weighted average maturity of the Note. A Note’s weighted average maturity is the sum of the following amounts determined for each payment on a Note (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Note’s stated redemption price at maturity. Generally, the issue price of a Note will be the first price at which a substantial amount of Notes included in the issue of which the Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. The stated redemption price at maturity of a Note is the total of all payments provided by the Note that are not payments of “qualified stated interest”. A qualified stated interest payment generally is any one of a series of stated interest payments on a Note that are unconditionally payable at least annually during

the entire term of the Note at a single fixed rate (with certain exceptions for certain first or final interest payments), or a variable rate (in the circumstances described below under “Variable Interest Rate Notes”), applied to the outstanding principal amount of the Note. Solely for the purposes of determining whether a Note has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Note, and the U.S. Holder will be deemed to exercise any put option that has the effect of increasing the yield on the Note.

U.S. Holders of Discount Notes must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Notes. The amount of OID includible in income by a U.S. Holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder owns the Discount Note. The daily portion is determined by allocating to each day in any “accrual period” a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note’s adjusted issue price at the beginning of the accrual period and the Discount Note’s yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The “adjusted issue price” of a Discount Note at the beginning of any accrual period is the issue price of the Note increased by (x) the amount of accrued OID for each prior accrual period (without regard to “acquisition premium” as described below) and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being “**acquisition premium**”) and that does not make the election described below under “Election to Treat All Interest as Original Issue Discount”, is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder’s adjusted basis in the Note immediately after its purchase over the Note’s adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note’s adjusted issue price.

Short-Term Notes

In general, an individual or other cash basis U.S. Holder of a Short-Term Note is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but should be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Notes on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Notes will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Note are included in the Short-Term Note’s stated redemption price at maturity. A U.S. Holder may elect to

determine OID on a Short-Term Note as if the Short-Term Note had been originally issued to the U.S. Holder at the U.S. Holder's purchase price for the Short-Term Note. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the U.S. Internal Revenue Service (the "IRS").

Market Discount

A Note, other than a Short-Term Note, generally will be treated as purchased at a market discount (a "**Market Discount Note**") if the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price", exceeds the amount for which the U.S. Holder purchased the Note by at least 0.25 per cent. of the Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity (or, in the case of a Note that is an instalment obligation, the Note's weighted average maturity). If this excess is not sufficient to cause the Note to be a Market Discount Note, then the excess constitutes "*de minimis* market discount". For this purpose, the "revised issue price" of a Note generally equals its issue price, increased by the amount of any OID that has accrued on the Note and decreased by the amount of any payments previously made on the Note that were not qualified stated interest payments.

Any gain recognised on the sale or retirement of a Market Discount Note (including any payment on a Note that is not qualified stated interest) generally will be treated as ordinary income to the extent of the accrued market discount on the Note. Alternatively, a U.S. Holder of a Market Discount Note may avoid such treatment by electing to include market discount in income currently over the life of the Note. This election will apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS.

A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently may be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Note. Such interest is deductible when paid or incurred to the extent of income from the Note for the year. If the interest expense exceeds such income, such excess is currently deductible only to the extent that such excess exceeds the portion of the market discount allocable to the days during the taxable year on which such Note was held by the U.S. Holder.

Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Note with respect to which it is made and is irrevocable.

Variable Interest Rate Notes

Notes that provide for interest at variable rates ("**Variable Interest Rate Notes**") generally will bear interest at a "qualified floating rate" (as defined below) and thus will be treated as "variable rate debt instruments" under Treasury regulations governing accrual of OID. A Variable Interest Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Note by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A "qualified floating rate" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Note is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable

rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Note (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Note's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate.

An "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Note will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Note's term. A "qualified inverse floating rate" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Note provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "current value" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument", then any stated interest on the Note which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" will generally not be treated as having been issued with OID unless the Variable Interest Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) equal to or in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Note arising from "true" discount is allocated to an accrual period using the constant yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note.

In general, any other Variable Interest Rate Note that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual

of OID and qualified stated interest on the Variable Interest Rate Note. Such a Variable Interest Rate Note must be converted into an “equivalent” fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Note with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Note’s issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Note is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Note. In the case of a Variable Interest Rate Note that qualifies as a “variable rate debt instrument” and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Note provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Note as of the Variable Interest Rate Note’s issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Note is converted into an “equivalent” fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the “equivalent” fixed rate debt instrument by applying the general OID rules to the “equivalent” fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Note will account for the OID and qualified stated interest as if the U.S. Holder held the “equivalent” fixed rate debt instrument. In each accrual period, appropriate adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the “equivalent” fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Note during the accrual period.

If a Variable Interest Rate Note, such as a Note the payments on which are determined by reference to an index, does not qualify as a “variable rate debt instrument”, then the Variable Interest Rate Note will be treated as a contingent payment debt obligation. See “Contingent Payment Debt Instruments” below for a discussion of the U.S. federal income tax treatment of such Notes.

Notes Purchased at a Premium

A U.S. Holder that purchases a Note for an amount in excess of its principal amount, or for a Discount Note, its stated redemption price at maturity, may elect to treat the excess as “amortisable bond premium”, in which case the amount required to be included in the U.S. Holder’s income each year with respect to interest on the Note will be reduced by the amount of amortisable bond premium allocable (based on the Note’s yield to maturity) to that year. Any election to amortise bond premium will apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also Election to Treat All Interest as Original Issue Discount”.

Benchmark Events

If a Benchmark Event occurs, it is possible that the Benchmark Event will result in a deemed exchange of old notes for new notes, which may be taxable to U.S. Holders, or may affect the calculation of OID. Proposed Treasury regulations provide additional circumstances under which the replacement of a benchmark rate would not be treated as a deemed exchange and would not affect the calculation of OID, provided certain conditions are met. It cannot be determined at this time whether the final Treasury

regulations on this issue will contain the same standards as the proposed Treasury regulations. U.S. Holders should consult with their tax advisers regarding the potential consequences of a Reference Rate Adjustment.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant-yield method described above under “Original Issue Discount — General”, with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described above under “Notes Purchased at a Premium”) or acquisition premium. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under “Market Discount” to include market discount in income currently over the life of all debt instruments with market discount that are acquired on or after the first day of the first taxable year to which the election applies. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Contingent Payment Debt Instruments

Certain Series or Tranches of Notes may be treated as “contingent payment debt instruments” for U.S. federal income tax purposes (“**Contingent Notes**”). Under applicable U.S. Treasury Regulations, interest on Contingent Notes will be treated as OID, and must be accrued on a constant-yield basis based on a yield to maturity that reflects the rate at which the Issuer would issue a comparable fixed-rate non-exchangeable instrument (the “**comparable yield**”), in accordance with a projected payment schedule. This projected payment schedule must include each non-contingent payment on the Contingent Notes and an estimated amount for each contingent payment, and must produce the comparable yield.

The Issuer is required to provide to holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments on Contingent Notes. This schedule must produce the comparable yield.

THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE WILL NOT BE DETERMINED FOR ANY PURPOSE OTHER THAN FOR THE DETERMINATION OF INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF CONTINGENT NOTES FOR UNITED STATES FEDERAL INCOME TAX PURPOSES AND WILL NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE TO THE HOLDERS OF THE NOTES.

The use of the comparable yield and the calculation of the projected payment schedule will be based upon a number of assumptions and estimates and will not be a prediction, representation or guarantee of the actual amounts of interest that may be paid to a U.S. Holder or the actual yield of the Contingent Notes. A U.S. Holder will generally be bound by the comparable yield and the projected payment schedule determined by the Issuer, unless the U.S. Holder determines its own comparable yield and projected payment schedule and explicitly discloses such schedule to the IRS, and explains to the IRS the reason for preparing its own schedule. The Issuer’s determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

A U.S. Holder of a Contingent Note will generally be required to include OID in income pursuant to the rules discussed in the third paragraph under “Original Issue Discount – General” above, applied to the projected payment schedule. The “adjusted issue price” of a Contingent Note at the beginning of any accrual period is the issue price of the Note increased by the amount of accrued OID for each prior accrual period, and decreased by the projected amount of any payments on the Note. No additional income will be recognised upon the receipt of payments of stated interest in amounts equal to the annual payments included in the projected payment schedule described above. Any differences between actual payments received by the U.S. Holder on the Notes in a taxable year and the projected amount of those payments will be accounted

for as additional interest (in the case of a positive adjustment) or as an offset to interest income in respect of the Note (in the case of a negative adjustment), for the taxable year in which the actual payment is made. If the negative adjustment for any taxable year exceeds the amount of OID on the Contingent Note for that year, the excess will be treated as an ordinary loss, but only to the extent the U.S. Holder's total OID inclusions on the Contingent Note exceed the total amount of any ordinary loss in respect of the Contingent Note claimed by the U.S. Holder under this rule in prior taxable years. Any negative adjustment that is not allowed as an ordinary loss for the taxable year is carried forward to the next taxable year, and is taken into account in determining whether the U.S. Holder has a net positive or negative adjustment for that year. However, any negative adjustment that is carried forward to a taxable year in which the Contingent Note is sold, exchanged or retired, to the extent not applied to OID accrued for such year, reduces the U.S. Holder's amount realised on the sale, or retirement.

Sale or Retirement of Notes

Notes other than Contingent Notes

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and the U.S. Holder's adjusted tax basis of the Note. A U.S. Holder's adjusted tax basis in a Note generally will be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Note, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium or acquisition premium applied to reduce interest on the Note. The amount realised does not include the amount attributable to accrued but unpaid qualified stated interest, which will be taxable as interest income to the extent not previously included in income. Except to the extent described above under "Original Issue Discount — Market Discount" or "Original Issue Discount — Short-Term Notes" or attributable to changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Notes exceeds one year. Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source.

Contingent Notes

Gain from the sale or retirement of a Contingent Note will be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss will be ordinary loss to the extent that the U.S. Holder's total interest inclusions to the date of sale or retirement exceed the total net negative adjustments that the U.S. Holder took into account as ordinary loss, and any further loss will be capital loss. Gain or loss realised by a U.S. Holder on the sale or retirement of a Contingent Note will generally be non-U.S. source.

A U.S. Holder's tax basis in a Contingent Note will generally be equal to its cost, increased by the amount of interest previously accrued with respect to the Note (determined without regard to any positive or negative adjustments reflecting the difference between actual payments and projected payments), increased or decreased by the amount of any positive or negative adjustment that the Holder is required to make to account for the difference between the Holder's purchase price for the Note and the adjusted issue price of the Note at the time of the purchase, and decreased by the amount of any projected payments scheduled to be made on the Note to the U.S. Holder through such date (without regard to the actual amount paid).

Foreign Currency Notes

Interest

If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) denominated in, or determined by reference to, a foreign currency, the accrual basis U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID

OID for each accrual period on a Discount Note that is denominated in, or determined by reference to, a foreign currency, will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Note or a sale or retirement of the Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount

Market discount on a Note that is denominated in, or determined by reference to, a foreign currency, will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the sale or retirement of the Note, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Note that is denominated in, or determined by reference to, a foreign currency, will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income (or OID) in units of the foreign currency. On the date bond premium offsets interest income (or OID), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Notes were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a market loss when the Note matures.

Foreign Currency Contingent Notes

Special rules apply to determine the accrual of OID, and the amount, timing, source and character of any gain or loss on a Contingent Note that is denominated in, or determined by reference to, a foreign currency (a “**Foreign Currency Contingent Note**”). The rules applicable to Foreign Currency Contingent Notes are complex, and U.S. Holders are urged to consult their tax advisers concerning the application of these rules.

Under these rules, a U.S. Holder of a Foreign Currency Contingent Note will generally be required to accrue OID in the foreign currency in which the Foreign Currency Contingent Note is denominated (i) at a yield at which the Issuer would issue a fixed rate debt instrument denominated in the same foreign currency with terms and conditions similar to those of the Foreign Currency Contingent Note, and (ii) in accordance with a projected payment schedule determined by the Issuer, under rules similar to those described above under “Contingent Payment Debt Instruments”. The amount of OID on a Foreign Currency Contingent Note that accrues in any accrual period will be the product of the comparable yield of the Foreign Currency Contingent Note (adjusted to reflect the length of the accrual period) and the adjusted issue price of the Foreign Currency Contingent Note. The adjusted issue price of a Foreign Currency Contingent Note will generally be determined under the rules described above, and will be denominated in the foreign currency of the Foreign Currency Contingent Note.

OID on a Foreign Currency Contingent Note will be translated into U.S. dollars under translation rules similar to those described above under “Foreign Currency Notes — Interest”. Any positive adjustment (i.e., the excess of actual payments over projected payments) in respect of a Foreign Currency Contingent Note for a taxable year will be translated into U.S. dollars at the spot rate on the last day of the taxable year in which the adjustment is taken into account, or if earlier, the date on which the Foreign Currency Contingent Note is disposed of. The amount of any negative adjustment on a Foreign Currency Contingent Note (i.e. the excess of projected payments over actual payments) that is offset against accrued but unpaid OID will be translated into U.S. dollars at the same rate at which the OID was accrued. To the extent a net negative adjustment exceeds the amount of accrued but unpaid OID, the negative adjustment will be treated as offsetting OID that has accrued and been paid on the Foreign Currency Contingent Note, and will be translated into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Note was issued. Any net negative adjustment carry forward will be carried forward in the relevant foreign currency.

Sale or Retirement

Notes other than Foreign Currency Contingent Notes. As discussed above under “Sale or Retirement of Notes”, a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Note equal to the difference between the amount realised on the sale or retirement and its tax basis in the Note. A U.S. Holder’s tax basis in a Note that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects).

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement, or the settlement date for the sale, in the case of Notes traded on an established securities market, as defined in the applicable Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder’s purchase price for the Note (as adjusted for amortised bond premium, if any) (i) on the date of sale or retirement and (ii) on the date on which the U.S. Holder acquired the Note. Any such exchange rate gain or

loss will be realised only to the extent of total gain or loss realised on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest).

Foreign Currency Contingent Notes. Upon a sale or retirement of a Foreign Currency Contingent Note, a U.S. Holder will generally recognize taxable gain or loss equal to the difference between the amount realized on the sale or retirement and the U.S. Holder's tax basis in the Foreign Currency Contingent Note, both translated into U.S. dollars as described below. A U.S. Holder's tax basis in a Foreign Currency Contingent Note will equal (i) the cost thereof (translated into U.S. dollars at the spot rate on the issue date), (ii) increased by the amount of OID previously accrued on the Foreign Currency Contingent Note (disregarding any positive or negative adjustments and translated into U.S. dollars using the exchange rate applicable to such OID) and (iii) decreased by the projected amount of all prior payments in respect of the Foreign Currency Contingent Note. The U.S. dollar amount of the projected payments described in clause (iii) of the preceding sentence is determined by (i) first allocating the payments to the most recently accrued OID to which prior amounts have not already been allocated and translating those amounts into U.S. dollars at the rate at which the OID was accrued and (ii) then allocating any remaining amount to principal and translating such amount into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Note was acquired by the U.S. Holder. For this purpose, any accrued OID reduced by a negative adjustment carry forward will be treated as principal.

The amount realized by a U.S. Holder upon the sale or retirement of a Foreign Currency Contingent Note will equal the amount of cash and the fair market value (determined in foreign currency) of any property received. If a U.S. Holder holds a Foreign Currency Contingent Note until its scheduled maturity, the U.S. dollar equivalent of the amount realized will be determined by separating such amount realized into principal and one or more OID components, based on the principal and OID comprising the U.S. Holder's basis, with the amount realized allocated first to OID (and allocated to the most recently accrued amounts first) and any remaining amounts allocated to principal. The U.S. dollar equivalent of the amount realized upon a sale or unscheduled retirement of a Foreign Currency Contingent Note will be determined in a similar manner, but will first be allocated to principal and then any accrued OID (and will be allocated to the earliest accrued amounts first). Each component of the amount realized will be translated into U.S. dollars using the exchange rate used with respect to the corresponding principal or accrued OID. The amount of any gain realized upon a sale or unscheduled retirement of a Foreign Currency Contingent Note will be equal to the excess of the amount realized over the holder's tax basis, both expressed in foreign currency, and will be translated into U.S. dollars using the spot rate on the payment date. Gain from the sale or retirement of a Foreign Currency Contingent Note will generally be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss will be ordinary loss to the extent that the U.S. Holder's total OID inclusions to the date of sale or retirement exceed the total net negative adjustments that the U.S. Holder took into account as ordinary loss, and any further loss will be capital loss. Gain or loss realized by a U.S. Holder on the sale or retirement of a Foreign Currency Contingent Note will generally be non-U.S. source. Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or retirement of Foreign Currency Contingent Notes.

A U.S. Holder will also recognize U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the receipt of foreign currency in respect of a Foreign Currency Contingent Note if the exchange rate in effect on the date the payment is received differs from the rate applicable to the principal or accrued OID to which such payment relates.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or retirement of a Note will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting

In general, payments of interest and accruals of OID on, and the proceeds of a sale or retirement of, the Notes, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable U.S. Treasury Regulations. Backup withholding will apply to these payments, including payments of accrued OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with all applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and may entitle it to a refund, provided the required information is timely furnished to the IRS.

U.S. Holders should consult their tax advisers regarding any reporting obligations they have as a result of their acquisition, ownership or disposition of the Notes. Failure to comply with these reporting or filing obligations could result in the imposition of substantial penalties.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, if the Notes are denominated in a foreign currency, a U.S. Holder may be required to treat a foreign currency exchange loss from the Notes as a reportable transaction if this loss exceeds the relevant threshold in the regulations (U.S.\$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. A penalty in the amount of U.S.\$10,000 in the case of a natural person and U.S.\$50,000 in all other cases is generally imposed on any taxpayer that fails to timely file an information return with the IRS with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

Foreign Financial Asset Reporting

U.S. taxpayers that own certain foreign financial assets, including debt of non-U.S. entities, with an aggregate value in excess of U.S.\$50,000 at the end of the taxable year or U.S.\$75,000 at any time during the taxable year (or, for certain individuals living outside of the United States and married individuals filing joint returns, certain higher thresholds) may be required to file an information report with respect to such assets with their tax returns. The Notes are expected to constitute foreign financial assets subject to these requirements unless the Notes are held in an account at a financial institution (in which case the account may be reportable if maintained by a foreign financial institution). U.S. Holders should consult their tax advisors regarding the application of the rules relating to foreign financial asset reporting.

France

The general descriptions below are intended as a basic summary of certain French withholding tax consequences in relation to the purchase, ownership and disposal of the Notes under French law by a holder of Notes who does not concurrently hold shares of the Issuer. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

Payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French General Tax Code unless such payments are made outside France in certain non-cooperative States or territories (*Etats ou territoires non coopératifs*) within the meaning of Article 238-0 A, 2 and 2 bis 1° of the French General Tax Code (i.e. excluding the non-cooperative states or territories set forth in article 238-0 A, 2 bis 2° of the French General Tax Code) (a "Non-Cooperative State" or "Non-Coopertaive States"). If such payments under the Notes are made in

certain Non-Cooperative States, a 75 per cent. withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French General Tax Code. The list of Non-Cooperative States is published by a ministerial decree and is updated at least once a year. Furthermore, according to Article 238 A of the French General Tax Code, interest and other revenues on the Notes are not deductible from the taxable income of the Issuer if they are paid or accrued to persons domiciled or established in a non-cooperative State or territory within the meaning of article 238-0 A of the French General Tax Code or paid on a bank account opened in a financial institution established in such a non-cooperative State or territory within the meaning of article 238-0 A of the French General Tax Code (the “**Deductibility Exclusion**”). Under certain conditions, any such non-deductible interest and other revenues may be re-characterised as constructive dividends pursuant to Articles 109 *et seq.* of the French General Tax Code, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French General Tax Code, at a rate of (i) 12.8 per cent. for payments benefiting individuals who are not French tax residents, (ii) 28 per cent. for fiscal years opened on or after January 1, 2020 (to be reduced to 26.5% for fiscal years opened on or after January 1, 2021 and 25% for fiscal years opened on or after January 1, 2022) for payments benefiting legal persons which are not French tax residents, or (iii) 75 per cent. for payments made outside France in certain non-cooperative States or territories within the meaning of article 238-0 A, 2 and 2 bis 1° of the French General Tax Code (i.e. excluding the non-cooperative states or territories set forth in article 238-0 A, 2 bis 2° of the French General Tax Code) (subject to certain exceptions and the more favourable provisions of any applicable double tax treaty). Notwithstanding the foregoing, neither the 75 per cent. withholding tax nor, to the extent the relevant interest or revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion (and therefore the withholding tax set out under Article 119 *bis* 2 of the French General Tax Code which may apply as a result of the Deductibility Exclusion) will apply if the Issuer can prove that the principal purpose and effect of a particular issue of Notes were not that of allowing the payments of interest or other revenues to be made in a non-cooperative State or territory (the “**Exception**”). Pursuant to the *Bulletin Officiel des Finances Publiques Impôts* BOI-INT-DG-20-50 dated February 11, 2014, n°550 and 990, an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of such issue of Notes, if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L.411.1 of the French Monetary and Financial Code which is not exempt from the obligation to publish a prospectus or pursuant to an equivalent offer made in a State other than a Non-Cooperative State. For this purpose, an “equivalent offer” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a French or foreign regulated market or multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities delivery and payments systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

Where the paying agent (*établissement payeur*) is established in France, pursuant to Article 125 A of the French General Tax Code, subject to certain limited exceptions, interest and assimilated revenues received by French tax resident individuals are subject to a 12.8 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social

contributions (CSG, CRDS and solidarity levy) are also levied at source at an aggregate rate of 17.2 per cent. on interest and assimilated revenues paid to French tax resident individuals.

CERTAIN ERISA CONSIDERATIONS

Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and Section 4975 of the Code prohibit certain transactions involving the assets of employee benefit plans that are subject to Title I of ERISA and other plans that are subject to Section 4975 of the Code, as well as other entities or arrangements whose underlying assets are treated as assets of such plans for purposes of ERISA (collectively, “Plans”) and persons having certain relationships to such Plans (referred to as “parties in interest” within the meaning of ERISA or “disqualified persons” within the meaning of Section 4975 of the Code), unless a statutory or administrative exemption applies to the transaction. In particular, a sale or exchange of property or an extension of credit between a Plan and a party in interest or disqualified person may constitute a prohibited transaction under ERISA or Section 4975 of the Code. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes or other liabilities under ERISA and/or the Code, and the transaction may need to be rescinded or otherwise corrected.

The Issuer, directly or through its affiliates, may be considered a party in interest or a disqualified person with respect to many Plans, and the acquisition, holding or disposition of a Note by any Plan could result in a prohibited transaction, unless the Notes are acquired, held or disposed of pursuant to and in accordance with an applicable exemption. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may apply depending in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which that decision is made. Included among these exemptions are Prohibited Transaction Class Exemption (“PTCE”) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a “qualified professional asset manager”), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 95-60 (relating to investments by insurance company general accounts), PTCE 96-23 (relating to transactions determined by an in-house asset manager) and Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (for transactions with certain service providers). There can be no assurance that any of these class exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to state or other laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before purchasing Notes.

Any Plan fiduciary that proposes to cause a Plan to purchase Notes should consult with its counsel regarding the applicability of the fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code to such an investment, and to confirm that such investment will not constitute or result in a prohibited transaction or any other violation of an applicable requirement of ERISA or the Code.

The sale of Notes to a Plan is in no respect a representation by us that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan. There is little guidance that can be used to predict when or if the Department of Labor or a court would view a security as an equity interest for purposes of Section 3(42) of ERISA and a regulation promulgated by the US Department of Labor at 29 C.F.R. Section 2510.3 101 (collectively, the “**Plan Asset Regulation**”) rather than as indebtedness, and it is possible that the Department of Labor could contend, and that a court could hold, that any of the Notes are equity interests for purposes of the Plan Asset Regulation.

None of the Issuer, the Registrar, the Agents, the Dealer, the Arranger, or any of their respective affiliates (each, a “**Transaction Party**”, and collectively, the “**Transaction Parties**”) is undertaking to provide

impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any of Notes by any Plan.

In addition each purchaser of the Notes that is a Plan, including any fiduciary purchasing the Notes on behalf of a Plan or who represents the Plan with respect to such purchase, will be deemed to have represented by its purchase of the Notes that: none of the Transaction Parties has provided advice with respect to the acquisition of the Notes by the Plan.

SUBSCRIPTION AND SALE

OVERVIEW OF DEALER AGREEMENT

Subject to the terms and conditions contained in an amended and restated dealer agreement dated 19 August 2020 (the “**Dealer Agreement**”) between the Issuer, the Dealer and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Dealer. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the Permanent Dealer. However, the Issuer has reserved the right to sell Notes directly on its own behalf to any Dealer that is not a Permanent Dealer. The Notes may also be sold by the Issuer through the Dealer, acting as agent of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally or severally and not jointly underwritten by two or more Dealers.

The Issuer will pay the Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain expenses incurred in connection with the establishment of the Programme and the Dealer for certain of its activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealer against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealer to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Delivery of the Notes may be made against payment therefor or free of payment on or about a date that will occur more than three business days after the date of pricing of the Notes, which will be specified in the Final Terms. Pursuant to Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes may initially settle on or about a date which will occur more than three business days after the date of pricing of the Notes to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes, who wish to trade Notes on the date of pricing or the next succeeding business day should consult their own advisor.

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) and regulations thereunder.

The Notes will be issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of section 4701 of the Code) (the “**D Rules**”) or in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of section 4701 of the Code) (the “**C Rules**”) or other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”).

The Permanent Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it has not and will not offer or

sell or, in the case of Notes sold in bearer form, deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the lead manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Registered Notes within the United States in reliance on Rule 144A only to persons whom they reasonably believe are QIBs that are also QPs who can represent that (a) they are QPs who are QIBs within the meaning of Rule 144A; (b) they are not broker-dealers that own and invest on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers; (c) they are not a participant-directed employee plan, such as a 401(k) plan; (d) they are acting for their own account, or the account of another QIB that is a QP; (e) they are not formed for the purpose of investing in the Issuer; (f) each account for which they are purchasing will hold and transfer not less than the minimum denomination of the Notes at any time; (g) Issuer may receive a list of participants holding positions in its securities from one or more book entry depositories; and (h) they will provide notice of the transfer restrictions set forth in this Base Prospectus to any subsequent transferees.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB that is also a QP (a “**QIB/QP**”) to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Base Prospectus by any non-U.S. person outside the United States or by any QIB/QP in the United States to any U.S. person or to any other person within the United States, other than any QIB/QP and those persons, if any, retained to advise such non-U.S. person or QIB/QP with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB/QP and those persons, if any, retained to advise such non-U.S. person or QIB/QP, is prohibited.

Public Offer Selling Restriction under the Prospectus Regulation

If the applicable Final Terms in respect of any Notes specifies the “Prohibition of Sales to EEA and UK Retail Investors” as ‘Not Applicable’, in relation to each Member State of the European Union and the United Kingdom (each a “**Relevant State**”), each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant

State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129.

Prohibition of Sales to EEA and UK Retail Investors

In respect of Notes for which in the applicable Final Terms it is specified that the "Prohibition of Sales to EEA and UK Retail Investors" is "Applicable", the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or in the UK.

For the purposes of this provision:

- 1) the expression "**retail investor**" means a person who is one (or more) of the following:
 - a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - b) a customer within the meaning of Directive 2016/97/EU (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - c) not a qualified investor as defined in the Prospectus Regulation; and
- 2) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes that have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is

reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only offered or sold and will only offer or sell, directly or indirectly, Notes to qualified investors (*investisseurs qualifiés*) in France as defined in Article L.411-2 1° of the French *Code monétaire et financier* and that it has only distributed or caused to be distributed and will only distribute or cause to be distributed to such qualified investors in France, this Base Prospectus or any other offering material relating to the Notes; and
- (b) Materialised Notes may only be issued outside of France.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Canada

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus or any applicable supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (“NI 33-105”), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

GENERAL

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in a supplement to this Base Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms, in all cases at its own expense.

CLEARANCE AND SETTLEMENT

Book-Entry Ownership

Bearer Notes

The Issuer may make applications to Euroclear and/or Clearstream for acceptance in their respective book-entry systems of any Series of Bearer Notes. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note in bearer form without coupons may be deposited with a common depository for Euroclear and/or Clearstream or an Alternative Clearing System as agreed between the Issuer and the Dealer. Transfers of interests in such temporary Global Notes or permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Euroclear and Clearstream or, if appropriate, the Alternative Clearing System.

Registered Notes

The Issuer may make applications to DTC, Euroclear and/or Clearstream for acceptance in their respective book-entry systems of the Notes to be represented by an Unrestricted Global Certificate. Each Unrestricted Global Certificate deposited with a common depository for, and registered in the name of, a nominee of Euroclear and/or Clearstream will have an ISIN and a Common Code.

In addition, the Issuer, and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant, may make application to DTC for acceptance in its book-entry settlement system of the Registered Notes represented by a Restricted Global Certificate and/or Unrestricted Global Certificate. Each such Restricted Global Certificate and/or Unrestricted Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Global Certificate, as set out under "Transfer Restrictions". In certain circumstances, as described below in "Transfers of Registered Notes", transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the Custodian, with whom the Restricted Global Certificates and/or Unrestricted Global Certificates are deposited, and DTC, will electronically record the nominal amount of the Restricted Notes or Unrestricted Notes held within the DTC system. Investors may hold their beneficial interests in a Restricted Global Certificate or Unrestricted Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of the principal of, and interest on, each Restricted Global Certificate or Unrestricted Global Certificate registered in the name of DTC's nominee will be to, or to the order of, its nominee as the registered owner of such Restricted Global Certificate or Unrestricted Global Certificate, as applicable. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Restricted Global Certificate or Unrestricted Global Certificate, as applicable, as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Certificate or Unrestricted Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. Neither the Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating, to or payments made on account of ownership interests in any Restricted Global Certificate or Unrestricted Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate, in amounts specified in the applicable Final Terms, and, in the case of Notes initially represented by a Restricted Global Certificate, in a minimum amount of U.S.\$200,000 (or its equivalent rounded upwards as agreed between the Issuer and the Dealer) in certain limited circumstances described below.

Payments through DTC

Payments in U.S. dollars of principal and interest in respect of a Restricted Global Certificate and/or Unrestricted Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than U.S. dollars in respect of Notes evidenced by a Restricted Global Certificate or Unrestricted Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Paying Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Paying Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the Company by the Paying Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York city after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York city prior to the relevant payment date, to receive that payment in such currency. The Paying Agent will convert amounts in such currency into U.S. dollars and deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment that did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

Transfers of Registered Notes

Transfers of interests in Global Certificates within Euroclear, Clearstream and DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate and/or Unrestricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate or Unrestricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

In the case of Registered Notes to be cleared through Euroclear, Clearstream and/or DTC, transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through a Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the distribution compliance period (as used in "Subscription and Sale") relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by any Transfer Agent of a written certificate from DTC, Euroclear or Clearstream, as the case may be (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor, and any person acting on its behalf, reasonably believes is a QIB that is also a QP in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through DTC, Euroclear or Clearstream by the holder of an interest in the Unrestricted Global Certificate to the Fiscal Agent of details of that account at DTC to be credited with the relevant interest in the Restricted Global

Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at DTC, Euroclear or Clearstream, as the case may be, and DTC to be credited and debited, respectively, with an interest in each relevant Global Certificate.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under “Transfer Restrictions”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Fiscal Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, on the other, transfers of interests in the relevant Global Certificates will be effected through the Fiscal Agent, the Custodian, the Registrar and any applicable Transfer Agent receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Fiscal Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see “Transfer Restrictions”.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates and/or Unrestricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Certificates or Unrestricted Global Certificates, as applicable, are credited and only in respect of such portion of the aggregate nominal amount of the relevant Restricted Global Certificates or Unrestricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates or Unrestricted Global Certificates for exchange for Individual Certificates (which will, in the case of Restricted Notes, bear the legend indicated under “Transfer Restrictions — Restricted Notes” of this Base Prospectus).

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the state of New York, a “banking organisation” under the laws of the state of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers,

dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Although Euroclear, Clearstream and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer, nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by Euroclear, Clearstream or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Global Certificate is lodged with DTC or the Custodian, Notes represented by Individual Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream or DTC.

Individual Certificates

Registration of title to Registered Notes in a name other than a depository or its nominee for Clearstream and Euroclear or for DTC will be permitted only (i) in the case of Restricted Global Certificates in the circumstances set forth in “Overview of Provisions Relating to the Notes while in Global Form—Exchange—Permanent Global Certificates—Restricted Global Certificates” or (ii) in the case of Unrestricted Global Certificates in the circumstances set forth in “Overview of Provisions Relating to the Notes while in Global Form—Exchange—Permanent Global Certificates—Unrestricted Global Certificates”. In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

- (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates; and
- (ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends indicated under “Transfer Restrictions — Restricted Notes” of this Base Prospectus.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the U.S. secondary market generally are required to settle within three business days (“T+3”), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is three business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+3, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is three business days prior to the relevant Issue Date should consult their own adviser.

TRANSFER RESTRICTIONS

Restricted Notes

Each purchaser of Restricted Notes (or a beneficial interest therein), by accepting delivery of this Base Prospectus and the Restricted Notes, will be deemed to have represented, agreed and acknowledged that:

1. it (a) is a QIB that is also a QP, (b) is not a broker-dealer that owns and invests on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers, (c) is not a participant-directed employee plan, such as a 401(k) plan, (d) is acquiring such Restricted Notes for its own account, or for the account of one or more QIBs that are also QPs, (e) was not formed for the purpose of investing in the Restricted Notes or the Issuer, and (f) is aware, and each beneficial owner of the Restricted Notes has been advised, that the sale of the Restricted Notes to it is being made in reliance on Rule 144A;
2. it will, along with each account for which it is purchasing, (a) hold and transfer beneficial interests in the Restricted Notes in a principal amount that is not less than U.S.\$200,000 and (b) provide notice of the transfer restrictions to any subsequent transferees. In addition, it understands that the Issuer may receive a list of participants holding positions in the Restricted Notes from one or more book-entry depositories.
3. (i) the Restricted Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB that is also a QP purchasing for its own account or for the account of one or more QIBs that are also QPs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (d) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any State of the United States and (ii) it will, and each subsequent holder of the Restricted Notes is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions on the Restricted Notes, which purchaser shall be deemed to make the same representations contained herein. It understands that the Issuer has not been registered under the Investment Company Act.
4. It understands that the Issuer has the power under the Agency Agreement and Condition 6 to compel any beneficial owner of Restricted Notes that is a U.S. person and is not a QIB and also a QP to sell its interest in the Restricted Notes, or may sell such interest on behalf of such owner. The Issuer has the right to refuse to honour the transfer of an interest in the Restricted Notes to a U.S. person who is not a QIB and a QP. Any purported transfer of the Restricted Notes to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void *ab initio*.
5. Except as otherwise provided in a supplement to the Base Prospectus, and other than with respect to a Note which by its terms does not require the principal to be repaid in full in the specified currency, that either (a) it is not an employee benefit plan subject to Title I of ERISA, a “plan” as defined in and subject to Section 4975 of the Code, or an entity or arrangement whose assets are treated under ERISA as assets of any such employee benefit plan or plan (each a “**Plan**”), or a governmental, church or other employee benefit plan which is subject to any Similar Law, or (b) its purchase, holding and disposition of a Restricted Note does not and will not constitute or result in (i) a prohibited transaction under ERISA or Section 4975 of the Code unless an exemption is available with respect to such transactions and all the conditions of such exemption have been satisfied, or (ii) in the case of a governmental, church or other employee benefit plan, any violation of Similar Law.

Except as otherwise provided in a supplement to the Base Prospectus, and with respect to a Note which by its terms does not require the principal to be repaid in full in the specified currency, by its purchase and holding of the Notes, each purchaser and each transferee, including any fiduciary purchasing on behalf of a plan, will be deemed to have represented and agreed that (1) it is not an "employee benefit plan" as described in Section 3(3) of ERISA and subject to Title I of ERISA, or a "plan" as defined in and subject to Section 4975 of the Code, or an entity whose assets are treated as assets of any such employee benefit plan or plan (any of the foregoing, a "**Benefit Plan Investor**"), and (2) if at any time the purchaser or transferee will be an employee benefit plan that is not a Benefit Plan Investor and that is subject to any Similar Law, the purchase, holding and disposition of the Notes does not and will not constitute or result in a violation of any Similar Law. Any purported purchase or transfer of the Notes that does not comply with the foregoing shall be null and void *ab initio*.

6. Each purchaser of the Notes that is a Plan, including any fiduciary purchasing the Notes on behalf of a Plan or who represents the Plan with respect to such purchase, will be deemed to have represented by its purchase of the Notes that: (1) none of the Transaction Parties has provided or will provide advice with respect to the acquisition of the Notes by the Plan; (2) with respect to the purchase of Notes, the Plan is represented by a Fiduciary that is independent of the transaction parties for purposes of United States Department of Labor regulation Section 29 C.F.R. 2510.3-21(c)(1) (the "**Plan Fiduciary**"); (3) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including without limitation the acquisition by the Plan of the Notes; (4) the Plan Fiduciary is a "fiduciary" with respect to the Plan within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the Plan's acquisition of the Notes; (5) none of the Transaction Parties has exercised any authority to cause the Plan to invest in the Notes or to negotiate the terms of the Plan's investment in the Notes; and (6) the Plan Fiduciary has been informed by the Transaction Parties that none of the Transaction Parties has undertaken or will undertake to provide impartial investment advice or has given or will give advice in a fiduciary capacity in connection with the Plan's acquisition of the Notes. The Plan Fiduciary acknowledges (i) the existence and nature of the Transaction Parties' fees, compensation arrangements and/or financial interests in the Plan's acquisition of the Notes and (ii) that no Transaction Party receives a fee or other compensation from the plan for the provision of investment advice.
7. The Restricted Notes, unless the Issuer determines otherwise in accordance with applicable law, will bear a legend in or substantially in the following form:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**").

THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (A "**QIB**") WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT THAT IS ALSO A QUALIFIED PURCHASER (A "**QP**") WITHIN THE MEANING OF SECTION 2(a)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940 THAT (A) IS NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S.\$25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS, (B) IS NOT A PARTICIPANT-DIRECTED

EMPLOYEE PLAN, SUCH AS A 401(K) PLAN, (C) WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER OF THIS NOTE, (D) IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS THAT ARE ALSO QPS AS TO WHICH IT EXERCISES SOLE INVESTMENT DISCRETION, IN A PRINCIPAL AMOUNT THAT IS NOT LESS THAN U.S.\$200,000, (E) HAS BEEN MADE AWARE, AND HAS ADVISED ANY BENEFICIAL OWNERS HOLDING THROUGH IT, THAT THE TRANSFER OF THE NOTES IS BEING MADE IN RELIANCE ON RULE 144A; (F) UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE RESTRICTED NOTES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES AND (G) WILL PROVIDE NOTICE OF THESE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREE, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE NOTES IN RESPECT HEREOF OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR REALES OF THIS NOTE. ANY RESALE OR OTHER TRANSFER OF THIS NOTE (OR BENEFICIAL INTEREST HEREIN) WHICH IS NOT MADE IN COMPLIANCE WITH THE RESTRICTIONS SET FORTH HEREIN WILL BE OF NO FORCE OR EFFECT, WILL BE VOID *AB INITIO*, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OF THIS NOTE, THE PAYING AGENT OR ANY INTERMEDIARY. THE ISSUER HAS THE RIGHT UNDER THE AGENCY AGREEMENT TO COMPEL ANY BENEFICIAL OWNER THAT IS A U.S. PERSON AND IS NOT A QIB AND A QP TO SELL ITS INTEREST IN THIS NOTE, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH BENEFICIAL OWNER. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THIS NOTE TO A U.S. PERSON WHO IS NOT A QIB AND A QP. THE ISSUER MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB AND A QP.

EXCEPT AS OTHERWISE PROVIDED IN A SUPPLEMENT TO THE BASE PROSPECTUS, AND OTHER THAN WITH RESPECT TO A NOTE WHICH BY ITS TERMS DOES NOT REQUIRE THE PRINCIPAL TO BE REPAID IN FULL IN THE SPECIFIED CURRENCY, BY ITS PURCHASE AND HOLDING OF THIS NOTE, EACH PURCHASER AND EACH TRANSFEREE, INCLUDING ANY FIDUCIARY PURCHASING ON BEHALF OF A PLAN, WILL BE DEEMED TO HAVE REPRESENTED AND AGREED EITHER THAT (1) IT IS NOT AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”), OR A “**PLAN**” AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), OR AN ENTITY OR ARRANGEMENT WHOSE ASSETS ARE TREATED UNDER ERISA AS ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN (SUCH ENTITY, COLLECTIVELY WITH AN EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA AND A “**PLAN**” UNDER THE CODE, A “**PLAN**”), OR A GOVERNMENTAL, CHURCH OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“**SIMILAR LAW**”), OR (2) ITS PURCHASE, HOLDING AND DISPOSITION OF THE NOTES DOES NOT

AND WILL NOT CONSTITUTE OR RESULT IN (I) A PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE UNLESS AN EXEMPTION IS AVAILABLE WITH RESPECT TO SUCH TRANSACTIONS AND ALL THE CONDITIONS OF SUCH EXEMPTION HAVE BEEN SATISFIED, OR (II) IN THE CASE OF A GOVERNMENTAL, CHURCH OR OTHER EMPLOYEE BENEFIT PLAN, ANY VIOLATION OF SIMILAR LAW.

EXCEPT AS OTHERWISE PROVIDED IN A SUPPLEMENT TO THE BASE PROSPECTUS, AND WITH RESPECT TO A NOTE WHICH BY ITS TERMS DOES NOT REQUIRE THE PRINCIPAL TO BE REPAID IN FULL IN THE SPECIFIED CURRENCY, BY ITS PURCHASE AND HOLDING OF THE NOTES, EACH PURCHASER AND EACH TRANSFEREE, INCLUDING ANY FIDUCIARY PURCHASING ON BEHALF OF A PLAN, WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT (1) IT IS NOT AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF ERISA AND SUBJECT TO TITLE I OF ERISA, OR A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE CODE, OR AN ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**"), AND (2) IF AT ANY TIME THE PURCHASER OR TRANSFEREE WILL BE AN EMPLOYEE BENEFIT PLAN THAT IS NOT A BENEFIT PLAN INVESTOR AND THAT IS SUBJECT TO ANY SIMILAR LAW, THE PURCHASE, HOLDING AND DISPOSITION OF THE NOTES DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THE NOTES THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

EACH PURCHASER OF THE NOTES THAT IS A PLAN, INCLUDING ANY FIDUCIARY PURCHASING THE NOTES ON BEHALF OF A PLAN OR WHO REPRESENTS THE PLAN WITH RESPECT TO SUCH PURCHASE, WILL BE DEEMED TO HAVE REPRESENTED BY ITS PURCHASE OF THE NOTES THAT: (1) NONE OF THE TRANSACTION PARTIES HAS PROVIDED OR WILL PROVIDE ADVICE WITH RESPECT TO THE ACQUISITION OF THE NOTES BY THE PLAN; (2) WITH RESPECT TO THE PURCHASE OF NOTES, THE PLAN IS REPRESENTED BY A FIDUCIARY THAT IS INDEPENDENT OF THE TRANSACTION PARTIES FOR PURPOSES OF UNITED STATES DEPARTMENT OF LABOR REGULATION SECTION 29 C.F.R. 2510.3-21(C)(1) (THE "**PLAN FIDUCIARY**"); (3) THE PLAN FIDUCIARY IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH RESPECT TO PARTICULAR TRANSACTIONS AND INVESTMENT STRATEGIES, INCLUDING WITHOUT LIMITATION THE ACQUISITION BY THE PLAN OF THE NOTES; (4) THE PLAN FIDUCIARY IS A "FIDUCIARY" WITH RESPECT TO THE PLAN WITHIN THE MEANING OF SECTION 3(21) OF ERISA, SECTION 4975 OF THE CODE, OR BOTH, AND IS RESPONSIBLE FOR EXERCISING INDEPENDENT JUDGMENT IN EVALUATING THE PLAN'S ACQUISITION OF THE NOTES; (5) NONE OF THE TRANSACTION PARTIES HAS EXERCISED ANY AUTHORITY TO CAUSE THE PLAN TO INVEST IN THE NOTES OR TO NEGOTIATE THE TERMS OF THE PLAN'S INVESTMENT IN THE NOTES; AND (6) THE PLAN FIDUCIARY HAS BEEN INFORMED BY THE TRANSACTION PARTIES THAT NONE OF THE TRANSACTION PARTIES HAS UNDERTAKEN OR WILL UNDERTAKE TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR HAS GIVEN OR WILL GIVE ADVICE IN A FIDUCIARY CAPACITY IN CONNECTION WITH THE PLAN'S ACQUISITION OF THE NOTES. THE PLAN FIDUCIARY ACKNOWLEDGES (I) THE EXISTENCE AND NATURE OF THE TRANSACTION PARTIES' FEES, COMPENSATION ARRANGEMENTS AND/OR FINANCIAL INTERESTS IN THE PLAN'S ACQUISITION OF THE NOTES AND (II) THAT NO TRANSACTION PARTY RECEIVES A FEE OR OTHER COMPENSATION FROM THE PLAN FOR THE PROVISION OF INVESTMENT ADVICE.

[THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT (“OID”) FOR U.S. FEDERAL INCOME TAX PURPOSES. YOU CAN CONTACT [NAME/TITLE OF REPRESENTATIVE OF ISSUER] AT [ADDRESS/TELEPHONE NUMBER OF SUCH REPRESENTATIVE] TO RECEIVE INFORMATION NECESSARY TO PROPERLY ACCOUNT FOR OID ON THE NOTE]¹

[THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT (“OID”) FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE HAS OID OF [currency][amount] PER EACH [currency][amount] OF PRINCIPAL AMOUNT OF THIS NOTE; THE ISSUE PRICE OF THIS NOTE IS [currency][amount]; THE ISSUE DATE IS [date]; AND THE YIELD TO MATURITY (COMPOUNDED [semi-annually]) IS [yield].]² [THE COMPARABLE YIELD IS: [yield] AND THE PROJECTED PAYMENT SCHEDULE IS AS FOLLOWS: [table]]³

8. It understands that the Issuer, the Registrar, the Dealer and its affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Restricted Notes is no longer accurate, it shall promptly notify the Issuer and the Dealer. If it is acquiring any Notes for the account of one or more QIBs that are also QPs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
9. It understands that the Restricted Notes will be represented by a Restricted Global Certificate. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate or as the case may be, Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Unrestricted Notes

Each purchaser of Unrestricted Notes outside the United States (or beneficial interest therein) and each subsequent purchaser of such Unrestricted Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Unrestricted Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) It is, or at the time Unrestricted Notes are purchased will be, the beneficial owner of such Unrestricted Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.
- (ii) It understands that such Unrestricted Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Unrestricted Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believes is a QIB that is also a QP purchasing for its own account, or for the account of one or more QIBs each of which is also a QP in a principal amount of not less than U.S.\$ 100,000 in a transaction that meets

¹Include if Notes have OID and Issuer wants to designate a representative to provide OID information to investors

²Include if Notes have OID and Issuer wants to provide the OID information in the legend

³Include in addition to the text associated with the prior footnote if Issuer has chosen to include OID information in the legend and the Notes are contingent payment debt instruments for US federal income tax purposes

the requirements of Rule 144A and takes delivery in the form of a Restricted Note or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

- (iii) Except as otherwise provided in a supplement to the Base Prospectus, and other than with respect to a Note which by its terms does not require the principal to be repaid in full in the specified currency, that either (a) it is not an employee benefit plan subject to Title I of ERISA, a “plan” as defined in and subject to Section 4975 of the Code, or an entity or arrangement whose assets are treated under ERISA as assets of any such employee benefit plan or plan (each a “**Plan**”), or a governmental, church or other employee benefit plan which is subject to any Similar Law, or (b) its purchase, holding and disposition of an Unrestricted Note does not and will not constitute or result in (i) a prohibited transaction under ERISA or Section 4975 of the Code unless an exemption is available with respect to such transactions and all the conditions of such exemption have been satisfied, or (ii) in the case of a governmental, church or other employee benefit plan, any violation of Similar Law.

Except as otherwise provided in a supplement to the Base Prospectus, and with respect to a Note which by its terms does not require the principal to be repaid in full in the specified currency, by its purchase and holding of the Notes, each purchaser and each transferee, including any fiduciary purchasing on behalf of a plan, will be deemed to have represented and agreed that (1) it is not an "employee benefit plan" as described in Section 3(3) of ERISA and subject to Title I of ERISA, or a "plan" as defined in and subject to Section 4975 of the Code, or an entity whose assets are treated as assets of any such employee benefit plan or plan (any of the foregoing, a "**Benefit Plan Investor**"), and (2) if at any time the purchaser or transferee will be an employee benefit plan that is not a Benefit Plan Investor and that is subject to any Similar Law, the purchase, holding and disposition of the Notes does not and will not constitute or result in a violation of any Similar Law. Any purported purchase or transfer of the Notes that does not comply with the foregoing shall be null and void *ab initio*.

- (iv) Each purchaser of the Notes that is a Plan, including any fiduciary purchasing the Notes on behalf of a Plan or who represents the Plan with respect to such purchase, will be deemed to have represented by its purchase of the Notes that: (1) none of the Transaction Parties has provided or will provide advice with respect to the acquisition of the Notes by the Plan; (2) with respect to the purchase of Notes, the Plan is represented by a Fiduciary that is independent of the transaction parties for purposes of United States Department of Labor regulation Section 29 C.F.R. 2510.3-21(c)(1) (the "**Plan Fiduciary**"); (3) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including without limitation the acquisition by the Plan of the Notes; (4) the Plan Fiduciary is a “fiduciary” with respect to the Plan within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, and is responsible for exercising independent judgment in evaluating the Plan’s acquisition of the Notes; (5) none of the Transaction Parties has exercised any authority to cause the Plan to invest in the Notes or to negotiate the terms of the Plan’s investment in the Notes; and (6) the Plan Fiduciary has been informed by the Transaction Parties that none of the Transaction Parties has undertaken or will undertake to provide impartial investment advice or has given or will give advice in a fiduciary capacity in connection with the Plan’s acquisition of the Notes. The Plan Fiduciary acknowledges (i) the existence and nature of the Transaction Parties' fees, compensation arrangements and/or financial interests in the Plan's acquisition of the Notes and (ii) that no Transaction Party receives a fee or other compensation from the plan for the provision of investment advice.
- (v) It understands that the Unrestricted Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend in or substantially in the following form:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY

SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”).

THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT IN A TRANSACTION THAT WILL NOT CAUSE THE ISSUER TO BECOME REQUIRED TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT.

EXCEPT AS OTHERWISE PROVIDED IN A SUPPLEMENT TO THE BASE PROSPECTUS, AND OTHER THAN WITH RESPECT TO A NOTE WHICH BY ITS TERMS DOES NOT REQUIRE THE PRINCIPAL TO BE REPAYED IN FULL IN THE SPECIFIED CURRENCY, BY ITS PURCHASE AND HOLDING OF THIS NOTE, EACH PURCHASER AND EACH TRANSFEREE, INCLUDING ANY FIDUCIARY PURCHASING ON BEHALF OF A PLAN, WILL BE DEEMED TO HAVE REPRESENTED AND AGREED, EITHER THAT (1) IT IS NOT AN EMPLOYEE BENEFIT PLAN SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”), OR A “**PLAN**” AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “**CODE**”), OR AN ENTITY OR ARRANGEMENT WHOSE ASSETS ARE TREATED UNDER ERISA AS ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN (SUCH ENTITY, COLLECTIVELY WITH AN EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA AND A “**PLAN**” UNDER THE CODE, A “**PLAN**”), OR A GOVERNMENTAL, CHURCH OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“**SIMILAR LAW**”), OR (2) ITS PURCHASE, HOLDING AND DISPOSITION OF THE NOTES DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN (I) A PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE UNLESS AN EXEMPTION IS AVAILABLE WITH RESPECT TO SUCH TRANSACTIONS AND ALL THE CONDITIONS OF SUCH EXEMPTION HAVE BEEN SATISFIED, OR (II) IN THE CASE OF A GOVERNMENTAL, CHURCH OR OTHER EMPLOYEE BENEFIT PLAN, ANY VIOLATION OF SIMILAR LAW.

EXCEPT AS OTHERWISE PROVIDED IN A SUPPLEMENT TO THE BASE PROSPECTUS, AND WITH RESPECT TO A NOTE WHICH BY ITS TERMS DOES NOT REQUIRE THE PRINCIPAL TO BE REPAYED IN FULL IN THE SPECIFIED CURRENCY, BY ITS PURCHASE AND HOLDING OF THE NOTES, EACH PURCHASER AND EACH TRANSFEREE, INCLUDING ANY FIDUCIARY PURCHASING ON BEHALF OF A PLAN, WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT (1) IT IS NOT AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF ERISA AND SUBJECT TO TITLE I OF ERISA, OR A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE CODE, OR AN ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN (ANY OF THE FOREGOING, A "**BENEFIT PLAN INVESTOR**"), AND (2) IF AT ANY TIME THE PURCHASER OR TRANSFEREE WILL BE AN EMPLOYEE BENEFIT PLAN THAT IS NOT A BENEFIT PLAN INVESTOR AND THAT IS SUBJECT TO ANY SIMILAR LAW, THE PURCHASE, HOLDING AND DISPOSITION OF THE NOTES DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SIMILAR LAW. ANY PURPORTED PURCHASE OR TRANSFER OF THE NOTES THAT DOES NOT COMPLY WITH THE FOREGOING SHALL BE NULL AND VOID *AB INITIO*.

EACH PURCHASER OF THE NOTES THAT IS A PLAN, INCLUDING ANY FIDUCIARY PURCHASING THE NOTES ON BEHALF OF A PLAN OR WHO REPRESENTS THE PLAN WITH RESPECT TO SUCH PURCHASE, WILL BE DEEMED TO HAVE REPRESENTED BY ITS PURCHASE OF THE NOTES THAT: (1) NONE OF THE TRANSACTION PARTIES HAS PROVIDED OR WILL PROVIDE ADVICE WITH RESPECT TO THE ACQUISITION OF THE NOTES BY THE PLAN; (2) WITH RESPECT TO THE PURCHASE OF NOTES, THE PLAN IS REPRESENTED BY A FIDUCIARY THAT IS INDEPENDENT OF THE TRANSACTION PARTIES FOR PURPOSES OF UNITED STATES DEPARTMENT OF LABOR REGULATION SECTION 29 C.F.R. 2510.3-21(C)(1) (THE "**PLAN FIDUCIARY**"); (3) THE PLAN FIDUCIARY IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH RESPECT TO PARTICULAR TRANSACTIONS AND INVESTMENT STRATEGIES, INCLUDING WITHOUT LIMITATION THE ACQUISITION BY THE PLAN OF THE NOTES; (4) THE PLAN FIDUCIARY IS A "FIDUCIARY" WITH RESPECT TO THE PLAN WITHIN THE MEANING OF SECTION 3(21) OF ERISA, SECTION 4975 OF THE CODE, OR BOTH, AND IS RESPONSIBLE FOR EXERCISING INDEPENDENT JUDGMENT IN EVALUATING THE PLAN'S ACQUISITION OF THE NOTES; (5) NONE OF THE TRANSACTION PARTIES HAS EXERCISED ANY AUTHORITY TO CAUSE THE PLAN TO INVEST IN THE NOTES OR TO NEGOTIATE THE TERMS OF THE PLAN'S INVESTMENT IN THE NOTES; AND (6) THE PLAN FIDUCIARY HAS BEEN INFORMED BY THE TRANSACTION PARTIES THAT NONE OF THE TRANSACTION PARTIES HAS UNDERTAKEN OR WILL UNDERTAKE TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR HAS GIVEN OR WILL GIVE ADVICE IN A FIDUCIARY CAPACITY IN CONNECTION WITH THE PLAN'S ACQUISITION OF THE NOTES. THE PLAN FIDUCIARY ACKNOWLEDGES (I) THE EXISTENCE AND NATURE OF THE TRANSACTION PARTIES' FEES, COMPENSATION ARRANGEMENTS AND/OR FINANCIAL INTERESTS IN THE PLAN'S ACQUISITION OF THE NOTES AND (II) THAT NO TRANSACTION PARTY RECEIVES A FEE OR OTHER COMPENSATION FROM THE PLAN FOR THE PROVISION OF INVESTMENT ADVICE.

[THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("**OID**") FOR U.S. FEDERAL INCOME TAX PURPOSES. YOU CAN CONTACT [NAME/TITLE OF REPRESENTATIVE OF ISSUER] AT [ADDRESS/TELEPHONE NUMBER OF SUCH REPRESENTATIVE] TO RECEIVE INFORMATION NECESSARY TO PROPERLY ACCOUNT FOR OID ON THE NOTE]⁴

[THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("**OID**") FOR U.S. FEDERAL INCOME TAX PURPOSES. THIS NOTE HAS OID OF [currency][amount] PER EACH [currency][amount] OF PRINCIPAL AMOUNT OF THIS NOTE; THE ISSUE PRICE OF THIS NOTE IS [currency][amount]; THE ISSUE DATE IS [date]; AND THE YIELD TO MATURITY (COMPOUNDED [semi-annually]) IS [yield].]⁵ [THE COMPARABLE YIELD IS: [yield] AND THE PROJECTED PAYMENT SCHEDULE IS AS FOLLOWS: [table]]⁶

- (vi) It understands that the Issuer, the Registrar, the Dealer and its affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Notes is no longer accurate, it shall promptly notify the Issuer and the Dealer. If it

⁴Include if Notes have OID and Issuer wants to designate a representative to provide OID information to investors

⁵Include if Notes have OID and Issuer wants to provide the OID information in the legend

⁶Include in addition to the text associated with the prior footnote if Issuer has chosen to include OID information in the legend and the Notes are contingent payment debt instruments for US federal income tax purposes

is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the above acknowledgements, representations and agreements on behalf of each account.

- (vii) It understands that the Unrestricted Notes will be represented by an Unrestricted Global Certificate, or as the case may be, a Global Note. Prior to the expiration of the distribution compliance period, before any interest in an Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

The Issuer reserves the right to refuse to register a transfer of Notes that is not conducted in accordance with the applicable selling and transfer restrictions.

**FORM OF FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF NOTES
WITH A DENOMINATION OF LESS THAN €100,000 TO BE ADMITTED TO TRADING
ON AN EEA OR UK REGULATED MARKET (OTHER THAN A REGULATED
MARKET, OR SPECIFIC SEGMENT OF A REGULATED MARKET, TO WHICH ONLY
QUALIFIED INVESTORS HAVE ACCESS) AND/OR OFFERED TO THE PUBLIC ON A
NON-EXEMPT BASIS IN THE EEA OR IN THE UK**

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [●]

CAISSE D'AMORTISSEMENT DE LA DETTE SOCIALE

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the Euro 65,000,000,000

Legal Entity Identifier (LEI): 969500P04DQJS4BPM574

Global Medium Term Note Programme

A summary of the individual issue is annexed to the final terms.

[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA") or in the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); (ii) a customer within the meaning of Directive 2016/97/EU (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Regulation (EU) 2017/1129. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

[[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 has led to the conclusion that: (i) the target market for the Notes are eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

OR

[MIFID II PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ECPs TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 has led to

the conclusion that: (i) the target market for the Notes are eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); *EITHER* [and (ii) all channels for distribution of the Notes are appropriate], including investment advice, portfolio management, non-advised sales and pure execution services]]⁷ *OR* [(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice⁸ [and] portfolio management [and] [non-advised sales] [and pure execution services], subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [Consider any negative target market]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]]⁹

Any person making or intending to make an offer of the Notes may only do so:

- (i) in those Public Offer Jurisdictions mentioned in Paragraph 9 of Part B below, provided such person is [an Authorised Offeror] (as such term is defined in the Base Prospectus) and that such offer is made during the Offer Period specified for such purpose therein and any conditions relevant to the use of the Base Prospectus are complied with; or
- (ii) otherwise]¹⁰ in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 19 August 2020 which received approval number. 20-415 from the *Autorité des marchés financiers* (the "AMF") on 19 August 2020 (the "Base Prospectus") [and the supplement[s] to the Base Prospectus dated [●] [and [●]] which received approval number [●] [and [●]] from the AMF respectively] and] which [together with the Base Prospectus] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented] in order to obtain all the relevant information. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is] [are] available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]]. [A summary of the individual issue is annexed to these Final Terms.]

⁷ Include for Notes that are not ESMA complex.

⁸ Include for Notes that are ESMA complex.

⁹ Legend to be included following completion of the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018.

¹⁰ Include this wording where a non-exempt offer of Notes is anticipated.

(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date).

Terms used herein shall be deemed to be defined as such for the purposes of the [2012 GMTN Conditions]/[2013 GMTN Conditions]/[2014 GMTN Conditions]/[2015 GMTN Conditions]/[2016 GMTN Conditions]/[2017 GMTN Conditions]/[2018 GMTN Conditions]/[2019 Conditions] (the “**Conditions**”) incorporated by reference in the base prospectus dated 19 August 2020 which received approval number 20-415 from the *Autorité des marchés financiers* (the “**AMF**”) on 19 August 2020 (the “**Base Prospectus**”) [and the supplement[s] thereto dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented] in order to obtain all the relevant information. The Base Prospectus [and the supplement[s] to the Base Prospectus] are available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]]. [A summary of this individual issue is annexed to these Final Terms.]

The Base Prospectus, any Supplements to the Base Prospectus [and these Final Terms] will also be published on the website of the AMF at www.amf-france.org.

(Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.)

- | | | |
|---|--|---|
| 1 | (i) Series Number: | [●] |
| | (ii) Tranche Number: | [●] |
| | (iii) Date on which the Notes become fungible: | [Not Applicable/ The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the existing [insert issue amount] Notes due [insert maturity date] (the “ Existing Notes ”) issued by the Issuer on [insert issue date] /Issue Date/Exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 19 below [which is expected to occur on or about [●] (the “ Exchange Date ”)]] |
| 2 | Specified Currency or Currencies: | [●] |
| 3 | Aggregate Nominal Amount: | |
| | (i) Series: | [●] |
| | (ii) Tranche: | [●] |
| 4 | Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from (insert date) (if applicable)] |
| 5 | (i) Specified Denominations: | [●] |
| | (ii) Calculation Amount: | [●] |
| 6 | (i) Issue Date: | [●] |
| | (ii) Interest Commencement Date: | [Issue Date/Not Applicable] |
| 7 | Maturity Date: | <i>(specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year) (Maximum maturity of the Notes is 30 years)</i> |

- 8 Interest Basis: [[●] per cent. Fixed Rate]
[+/- ● per cent. Floating Rate]
[Zero Coupon]
- (Further particulars specified in paragraph [13]/[14]/[15] below)
- 9 Redemption Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount per Calculation Amount]
[Instalment]
- 10 Change of Interest Basis: Not Applicable
- 11 Put/Call Options: [Investor Put]
[Issuer Call]
[Not Applicable]
(Further particulars specified in paragraph [16]/[17] below)
- 12 [Date [Board] approval for issuance of [●] [and [●], respectively]/[Not Applicable] Notes obtained: (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 13 **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(Condition 5(a)) (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[s] of Interest: [●] per cent. *per annum* payable on each Interest Payment Date
- (ii) Interest Payment Date[s]: [●] in each year
- (iii) Fixed Coupon Amount[s]: [●] per Calculation Amount
- (iv) Broken Amount[s]: [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/ [Not Applicable]
- (v) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)]
(Condition 5(h)) [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual (ICMA)]
- (vi) [Determination Dates: [●] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)/Not Applicable]
(Condition 5(h))
- 14 **Floating Rate Note Provisions** [Applicable/Not Applicable]
(Condition 5(b)) (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period[s]: [●], subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention set out in (v) below is specified to be Not Applicable]]

- (ii) Specified Interest Payment Dates: [●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention set out in (v) below is specified to be Not Applicable]]
- (iii) First Interest Payment Date [●]
- (iv) Interest Period Date: [Not Applicable]/[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention set out in (v) below is specified to be Not Applicable]]
(*Not applicable unless different from Interest Payment Date*)
- (v) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]/[Not applicable]
(Condition 5(b))
- (vi) Business Centre[s]: [●]
(Condition 5(h))
- (vii) Manner in which the Rate[s] of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate[s] of Interest and/or Interest Amount[s] (if not the Agent): [●] [Not Applicable]
- (ix) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [●] Month [LIBOR/EURIBOR/LIBID/LIMEAN/SOFR]
- Interest Determination Date: [●]
[U.S. Government Securities Business Day(s) (*if SOFR*)]
[(Second London business day prior to the start of each Interest Period (if LIBOR, LIBID or LIMEAN) (other than Sterling or euro LIBOR, LIBID or LIMEAN))]
[First day of each Interest Period (if Sterling LIBOR, LIBID or LIMEAN)]
[Second day on which the TARGET2 System is open prior to the start of each Interest Period (if EURIBOR or euro LIBOR, LIBID or LIMEAN)]
- Relevant Screen Page: [●]
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
(*In the case of SOFR, delete this paragraph*)
- Relevant Screen Page Time: [11.00 a.m. [(London time), (in the case of LIBOR, LIBID or LIMEAN)] [(Brussels time) (in the case of EURIBOR)] [OTHER]]
(*In the case of SOFR, delete this paragraph*)

– Relevant Inter-Bank Market:	[London inter-bank market (in the case of LIBOR, LIBID or LIMEAN)], [EURO-zone inter-bank market (in the case of EURIBOR)] [OTHER] <i>(In the case of SOFR, delete this paragraph)</i>
– [SOFR Observation Look-Back Period:	[[●] U.S. Government Securities Business Days <i>(specify)</i> / Not Applicable] <i>(only applicable in the case of SOFR)</i>
–[SOFR Rate of Interest Determination:	[SOFR Arithmetic Mean / SOFR Lockout Compound / SOFR Lookback Compound / SOFR Shift Compound/ SOFR Compound]] <i>(only applicable in the case of SOFR)</i>
– [SOFR Rate Cut-Off Date:	The day that is the [second / [●]] U.S. Government Securities Business Day prior to the Interest Payment Date in relation to the relevant Interest Accrual Period.] <i>(only applicable in the case of SOFR)</i>
(x) ISDA Determination:	[Applicable/Not Applicable]
– Floating Rate Option:	[●]
– Designated Maturity:	[●]
– Reset Date:	[●]
– ISDA Definitions:	2006
(xi) Linear Interpolation	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
– Applicable Maturity:	[●]
(xii) Margin[s]:	[+/-][●] per cent. <i>per annum</i>
(xiii) Rate Multiplier:	[Not Applicable: [●]]
(xiv) Minimum Rate of Interest:	[[Zero / [●] per cent. <i>per annum</i>]
(xv) Maximum Rate of Interest:	[●] per cent. <i>per annum</i> /[Not Applicable]
(xvi) Day Count Fraction:	[Actual/Actual]
(Condition 5(h))	[Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360], [360/360] or [Bond Basis] [30E/360] or [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA]
15 Zero Coupon Note Provisions (Conditions 5(c) and 6(b))	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Amortisation Yield:	[●] per cent. <i>per annum</i>

(ii) Day Count Fraction in relation to [Actual/Actual]
 Early Redemption: [Actual/Actual – ISDA]
 [Actual/365 (Fixed)]
 [Actual/365 (Sterling)]
 [Actual/360]
 [30/360], [360/360] or [Bond Basis]
 [30E/360] or [Eurobond Basis]
 [30E/360 (ISDA)]
 [Actual/Actual-ICMA]

PROVISIONS RELATING TO REDEMPTION

- 16 Call Option** [Applicable/Not Applicable]
(Condition 6(c)) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date[s]: [•]
 (ii) Optional Redemption Amount[s] of [•] per Calculation Amount[, Condition 6(b) applies] each Note:
 (iii) If redeemable in part:
 (a) Minimum Redemption Amount: [•] per Calculation Amount/[Not Applicable]
 (b) Maximum Redemption Amount: [•] per Calculation Amount/[Not Applicable]
 (iv) Notice period (if not as set out in [•]/[Not Applicable] Conditions):
- 17 Put Option** [Applicable/Not Applicable]
(Condition 6(d)) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date[s]: [•]
 (ii) Optional Redemption Amount[s] of [•] per Calculation Amount[, Condition 6(b) applies] each Note and method, if any, of calculation of such amount[s]:
 (iii) Notice period (if not as set out in [•]/[Not Applicable] Conditions):
- 18 Early Redemption Amount** [•]
(Early Redemption Amount(s) payable in respect of Zero Coupon Notes and each Note on event of default or on redemption at the option of the Issuer or at the option of the Noteholders)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 19 Form of Notes** [Bearer Notes:
 [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
 [Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]]

[Registered Notes:

[Regulation S Global Note (U.S.\$/€ [●] nominal amount) registered in the name of a nominee for a common depository for Euroclear and Clearstream/a common safekeeper for Euroclear and Clearstream (that is, held under the NSS)]

[Rule 144A Global Note (U.S.\$ [●] nominal amount) registered in the name of a nominee for DTC]]

- 20 **New Global Note** [Yes] [No]
- 21 **Financial Centre[s]** [●]
(Condition 7(h))
- 22 **Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature)** [Yes/No]
- 23 **Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made (Condition 6(a))** [Not Applicable][
(i) Instalment Amount[s]: [●]

(ii) Instalment Date[s]: [●]

(iii) Minimum Instalment Amount: [●]

(iv) Maximum Instalment Amount: [●]]
- 24 **Redenomination, renominalisation and reconventioning provisions** [Not applicable/The provisions in Condition 1 apply]
- 25 **Prohibition of Sales to EEA and UK Retail Investors** [Applicable / Not Applicable]
(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified)
- 26 **Consolidated provisions** [Not applicable/The provisions in Condition 13(b) apply]

THIRD PARTY INFORMATION

[(*Relevant third party information*) has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of CAISSE D'AMORTISSEMENT DE LA DETTE SOCIALE:

By:

Duly authorised

PART B – OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

(i) Listing and admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be listed on [Euronext Paris/ the official list of the Luxembourg Stock Exchange/[●]] and admitted to trading on [Euronext Paris/ the regulated market of the Luxembourg Stock Exchange/[●]] with effect from [●]./[Not Applicable]

(ii) Regulated markets or equivalent [The Existing Notes are listed on [Euronext Paris/the official list markets on which, to the knowledge of of the Luxembourg Stock Exchange/[●]] and were admitted to the Issuer, securities of the same class of trading on [Euronext Paris/the regulated market of the the securities to be offered or admitted to Luxembourg Stock Exchange/[●]] with effect from [●]] [Not trading are already admitted to trading: Applicable].

(iii) Estimate of total expenses related to [●] admission to trading:

2 RATINGS

Ratings: [The Notes to be issued [have been]/[are expected to be] rated:
[Moody's: [●]] [Not Applicable]
[Fitch: [●]] [Not Applicable]
[[Other]: [●]] [Not Applicable]

(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating. A brief explanation of the meaning of the rating should also be included.)

(Insert one (or more) of the following options, as applicable):
[Each of (insert credit rating agency/ies) is established in the European Union and registered under Regulation (EU) No. 1060/2009 as amended by Regulation (EU) No. 513/2011 (the “**CRA Regulation**”). As such, each of (insert credit rating agency/ies) is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation (www.esma.europa.eu).]¹¹

¹¹It is important to liaise with the Issuer and/or the relevant credit rating agencies to determine (i) the specific legal entity which will issue the credit ratings, and (ii) the status of any application which has been made to the relevant competent authority by that entity. It is recommended that these enquiries are made at an early stage to allow sufficient time for the information to be obtained.

[(Insert credit rating agency/ies) [is]/[are] established in the European Union and [has]/[have each] applied for registration under Regulation (EC) No. 1060/2009 as amended by Regulation (EU) No. 513/2011 (the “**CRA Regulation**”), although the result of such application has not yet been determined. Once the application has been successful, each of (insert credit rating agency/ies) will be included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation (www.esma.europa.eu).]

[(Insert credit rating agency/ies) [is]/[are] not established in the European Union and [has]/[have] not applied for registration under Regulation (EC) No. 1060/2009 as amended by Regulation (EU) No. 513/2011 (the “**CRA Regulation**”). As such, none of (insert credit rating agency/ies) is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation (www.esma.europa.eu)]

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

[“So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer, including conflicting interests.”] (Amend as appropriate if there are other interests) [(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 23 of the Prospectus Regulation.)]

4 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i)] Reasons for the offer:

[●]

(See (“Use of Proceeds”) wording in the Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

[(ii)] Estimated net proceeds:

[●]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii)] Estimated total expenses of the Issue:

[●][The expenses will need to be broken into each principal intended use and presented by order of priority of such uses.

(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]

5 Fixed Rate Notes only – YIELD

Indication of yield:

[[●] per cent. *per annum*] [Not Applicable]

6 *Floating Rate Notes only* - PERFORMANCE OF RATES

- (i) [Performance of rates: [Details of historic [LIBOR/LIBID/LIMEAN/SOFR or EURIBOR] rates can be obtained, [but not] free of charge, from [Reuters] /Bloomberg/give details of electronic means of obtaining the details of performance.] [Not Applicable]
- (ii) Benchmarks: Amounts payable under the Notes will be calculated by reference to [•] which is provided by [•]. As at [•],[•] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). [As far as the Issuer is aware the transitional provisions in Article 51 of the Benchmark Regulation apply, such that [•] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]]/[Not Applicable]

7 OPERATIONAL INFORMATION

- (i) ISIN: [•]
- (ii) Common Code: [•]
- (iii) Any clearing system[s] other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number[s]: [Not Applicable/Euroclear France/(give name(s) and number(s)and address(es))]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of initial Paying Agent[s]: [•]
- (vi) Names and addresses of additional Paying Agent[s] (if any): [•]
- (vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)]*[include this text for registered notes]* and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee

of one of the ICSDs acting as common safekeeper)]*[include this text for registered notes]*. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8 TERMS AND CONDITIONS OF THE OFFER

Offer Price: [Issue Price/*other*]

[Method of determining the Offer Price and the process for its disclosure:] [Not Applicable/*specify*]

[Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser:] [Not Applicable/*specify*]

Conditions to which the offer is subject: [Not Applicable/*describe conditions*]

Time Period/Description of the application process: [Not Applicable/*describe*]

Description of possibility to reduce subscriptions and manner for refunding amount paid in excess by applicants: [Not Applicable/*describe*]

Details of the minimum and/or maximum amount of the application: [Not Applicable/*give details*]

Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/*give details*]

Manner in and date on which results of the offer are to be made public: [Not Applicable/*describe*]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/*describe procedure*]

Process for notifying to applicants of the amount allotted and an indication whether dealing may begin before notification is made: [Not Applicable/*describe process*]

Amount of any expenses and taxes charged to the subscriber or purchaser: [Not Applicable/*give amounts*]
(If the Issuer is subject to MiFID II and PRIIPs such that it is required to disclose information relating to cash and charges, include that information)

Name[s] and address[es], to the extent known to the Issuer, of the placers in the various countries where the offer takes place: [None/*provide*]

9 DISTRIBUTION

- (i) Method of distribution: [Syndicated]/[Non syndicated]
- (ii) If syndicated:
- (A) Names and addresses of Managers and underwriting commitments: [Not Applicable/(give names, addresses and underwriting commitments)]
- (B) Date of Subscription Agreement: [●]
- (C) Stabilising Manager[s] (if any): [Not Applicable/(give name)]
- (iii) If non-syndicated, name and address of Dealer: [Not Applicable/(give name and address)]
- (iv) Total commission and concession: [●] per cent. of the Aggregate Nominal Amount
- (v) Transfer Restrictions: Reg. S Compliance Category 2; [C Rules]/[D Rules]/[TEFRA not applicable]

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission.)

There are restrictions on the sale and transfer of Notes and the distribution of offering materials in the United States. The Notes have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any State or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (within the meaning of Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes will be offered and sold to non-U.S. persons outside the United States in reliance on Regulation S and within the United States only to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) who are also “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act) in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. (See “Subscription and Sale” and “Transfer Restrictions” in the Base Prospectus).

(vi) Public Offer:

[Not Applicable] [An offer of the Notes may be made by the Managers [and (*specify, if applicable*)] [and any other Authorised Offeror] other than pursuant to Article 1(4) of the Prospectus Regulation in [*specify relevant state(s) – which must be jurisdictions where the Base Prospectus and any supplements have been passported*] “**Public Offer** Jurisdictions” during the period from (*specify date*) until (*specify date*) (“**Offer Period**”)]

[ISSUE SPECIFIC SUMMARY]

[Issue specific summary to be inserted and completed, as the case may be, and annexed to the final terms of the notes having a denomination of less than €100,000]

**FORM OF FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF NOTES
WITH A DENOMINATION OF AT LEAST €100,000 TO BE ADMITTED TO TRADING
ON AN EEA OR UK REGULATED MARKET**

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

Final Terms dated [●]

CAISSE D'AMORTISSEMENT DE LA DETTE SOCIALE

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the Euro 65,000,000,000

Legal Entity Identifier (LEI): 969500P04DQJS4BPM574

Global Medium Term Note Programme

[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA") or in the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("MiFID II"); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 has led to the conclusion that: (i) the target market for the Notes are eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 19 August 2020 which received approval number 20-415 from the *Autorité des marchés financiers* (the "AMF") on 19 August 2020 (the "**Base Prospectus**") [and the supplement[s] to the Base Prospectus dated [●] [and [●]] which received approval number [●] [and [●]] from the AMF respectively] and which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented] in order to obtain all the relevant information. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is] [are] available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date).

Terms used herein shall be deemed to be defined as such for the purposes of the [2012 GMTN Conditions]/[2013 GMTN Conditions]/[2014 GMTN Conditions]/[2015 GMTN Conditions]/[2016 GMTN Conditions]/[2017 GMTN Conditions]/[2018 GMTN Conditions]/[2019 Conditions] (the “**Conditions**”) incorporated by reference in the base prospectus dated 19 August 2020 which received approval number 20-415 from the *Autorité des marchés financiers* (the “**AMF**”) on 19 August 2020 (the “**Base Prospectus**”) [and the supplement[s] thereto dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. The expression “**Prospectus Regulation**” means Regulation (EU) 2017/1129. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented] in order to obtain all the relevant information. The Base Prospectuses [and the supplement[s] to the Base Prospectuses] are available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

The Base Prospectus, any Supplements to the Base Prospectus [and these Final Terms] will also be published on the website of the AMF at www.amf-france.org.

(Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms)

- 1 (i) Series Number: [●]
(ii) Tranche Number: [●]
(iii) Date on which the Notes become fungible: [Not Applicable/ The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the existing [*insert issue amount*] Notes due [*insert maturity date*] (the “**Existing Notes**”) issued by the Issuer on [*insert issue date*] /Issue Date/Exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 19 below [which is expected to occur on or about [●] (the “**Exchange Date**”)]]
- 2 Specified Currency or Currencies: [●]
- 3 Aggregate Nominal Amount of Notes:
 - (i) Series: [●]
 - (ii) Tranche: [●]
- 4 Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from (*insert date*) (*if applicable*)]
- 5 (i) Specified Denominations: [●]¹²
[[●] [and integral multiples of [●] in excess thereof up to and including [●]. No notes in definitive form will be issued with a denomination above [●]].
(ii) Calculation Amount: [●]
- 6 (i) Issue Date: [●]

¹²If the specified denominations is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), the following sample wording should be followed: “[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No notes in definitive form will be issued with a denomination above [€199,000]”

- (ii) Interest Commencement Date: [Issue Date/Not Applicable]
- 7 Maturity Date: *(Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year) (Maximum maturity of the Notes is 30 years)*
- 8 Interest Basis: [[●] per cent. Fixed Rate]
[+/- • per cent. Floating Rate]
[Zero Coupon] (Further particulars specified in paragraph [13]/[14]/[15] below)
- 9 Redemption Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount per Calculation Amount]
[Instalment]
- 10 Change of Interest Basis: Not Applicable
- 11 Put/Call Options: [Investor Put]
[Issuer Call] [Not Applicable]
[(further particulars specified in paragraph [15]/[16] below)]
- 12 [Date [Board] approval for issuance of [●] [and [●], respectively]] [Not Applicable] Notes obtained: *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 13 **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(Condition 5 (a)) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[s] of Interest: [●] per cent. *per annum* in arrear on each Interest Payment Date
- (ii) Interest Payment Date[s]: [●] in each year
- (iii) Fixed Coupon Amount[s]: [●] per Calculation Amount
- (iv) Broken Amount[s]: [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/ [Not Applicable]
- (v) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)]
(Condition 5(h)) [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
[(Actual/Actual (ICMA))]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
- (vii) [Determination Dates: [●] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*] [Not Applicable]
(Condition 5(h))
- 14 **Floating Rate Note Provisions** [Applicable/Not Applicable]
(Condition 5(h)) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Interest Period[s]: [●], subject to adjustment in accordance with the Business Day Convention set out in (v) below/,not subject to any adjustment[, as the Business Day Convention set out in (v) below is specified to be Not Applicable]]
- (ii) Specified Interest Payment Dates: [●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention set out in (v) below is specified to be Not Applicable]]
- (iii) First Interest Payment Date: [●]
- (iv) Interest Period Date: [Not Applicable]/[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment[, as the Business Day Convention set out in (v) below is specified to be Not Applicable]]
(*Not applicable unless different from the Interest Payment Date*)
- (v) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] [Not Applicable]
(Condition 5(b))
- (vi) Business Centre[s]: [●]
(Condition 5(h))
- (vii) Manner in which the Rate[s] of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate[s] of Interest and/or Interest Amount[s] (if not the [Agent]): [●]/[Not applicable]
- (ix) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [●] Month [LIBOR/EURIBOR/LIBID/LIMEAN/SOFR]
- Interest Determination Date: [●]
[U.S. Government Securities Business Day(s) (*if SOFR*)]
[(Second London business day prior to the start of each Interest Period (if LIBOR, LIBID or LIMEAN) (other than Sterling or euro LIBOR, LIBID or LIMEAN))]
[First day of each Interest Period (if Sterling LIBOR, LIBID or LIMEAN)]
[Second day on which the TARGET2 System is open prior to the start of each Interest Period (if EURIBOR or euro LIBOR, LIBID or LIMEAN)]
- Relevant Screen Page: [●]
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
(*In the case of SOFR, delete this paragraph*)
- Relevant Screen Page Time: [11.00 a.m. [(London time),(in the case of LIBOR, LIBID or LIMEAN)] [(Brussels time) (in the case of EURIBOR)] [OTHER]]

	<i>(In the case of SOFR, delete this paragraph)</i>
– Relevant Inter-Bank Market:	[London inter-bank market (in the case of LIBOR, LIBID or LIMEAN)], [EURO-zone inter-bank market (in the case of EURIBOR)] [OTHER] <i>(In the case of SOFR, delete this paragraph)</i>
– [SOFR Observation Look-Back Period:	[[●] U.S. Government Securities Business Days (specify) / Not Applicable] <i>(only applicable in the case of SOFR)</i>
–[SOFR Rate of Interest Determination:	[SOFR Arithmetic Mean / SOFR Lockout Compound / SOFR Lookback Compound / SOFR Shift Compound / SOFR Compound]] <i>(only applicable in the case of SOFR)</i>
– [SOFR Rate Cut-Off Date:	The day that is the [second / [●]] U.S. Government Securities Business Day prior to the Interest Payment Date in relation to the relevant Interest Accrual Period.] <i>(only applicable in the case of SOFR)</i>
(x) ISDA Determination:	[Applicable/Not Applicable]
– Floating Rate Option:	[●]
– Designated Maturity:	[●]
– Reset Date:	[●]
– ISDA Definitions:	2006
(xi) Linear Interpolation	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
– Applicable Maturity:	[●]
(xii) Margin[s]:	[+/-][●] per cent. <i>per annum</i>
(xiii) Rate Multiplier:	[Not Applicable: [●]]
(xiv) Minimum Rate of Interest:	[Zero/[●] per cent. <i>per annum</i>]
(xv) Maximum Rate of Interest:	[●] per cent. <i>per annum</i> /[Not Applicable]
(xvi) Day Count Fraction:	[Actual/Actual]
(Condition 5(h))	[Actual/Actual – ISDA] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360], [360/360] or [Bond Basis] [30E/360] or [Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual-ICMA]
15 Zero Coupon Note Provisions (Conditions 5(c) and 6(b))	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Amortisation Yield:	[●] per cent. <i>per annum</i>

(ii) Day Count Fraction in relation to [Actual/Actual]
 Early Redemption: [Actual/Actual – ISDA]
 [Actual/365 (Fixed)]
 [Actual/365 (Sterling)]
 [Actual/360]
 [30/360], [360/360] or [Bond Basis]
 [30E/360] or [Eurobond Basis]
 [30E/360 (ISDA)]
 [Actual/Actual-ICMA]

PROVISIONS RELATING TO REDEMPTION

16 Call Option [Applicable/Not Applicable]
(Condition 6(c)) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date[s]: [●]
- (ii) Optional Redemption Amount[s] of [●] per Calculation Amount[, Condition 6(b) applies] each Note:
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●] per Calculation Amount/[Not Applicable]
- (b) Maximum Redemption Amount: [●] per Calculation Amount/[Not Applicable]
- (iv) Notice period (if not as set out in [●] [Not Applicable] Conditions):

17 Put Option [Applicable/Not Applicable]
(Condition 6(d)) *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date[s]: [●]
- (ii) Optional Redemption Amount[s] of [●] per Calculation Amount[, Condition 6(b) applies] each Note:
- (iii) Notice period (if not as set out in [●]/[Not Applicable] Conditions):

18 Early Redemption Amount [●]
(Early Redemption Amount(s) payable in respect of Zero Coupon Notes and each Note on event of default or on redemption at the option of the Issuer or at the option of the Noteholders)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19 Form of Notes [Bearer Notes:
 [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]¹³

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]]

[Registered Notes:

[Regulation S Global Note (U.S.\$/€ [●] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream/a common safekeeper for Euroclear and Clearstream (that is, held under the NSS)]

[Rule 144A Global Note (U.S.\$ [●] nominal amount) registered in the name of a nominee for DTC]]

- 20 **New Global Note** [Yes] [No]
- 21 **Financial Centre[s]** [●]
(Condition 7(h))
- 22 **Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature)** [Yes/No]
- 23 **Details relating to Instalment Notes: Amount of each instalment, date on which each payment is to be made (Condition 6(a))** [Not Applicable]]
- (i) Instalment Amount[s]: []
- (ii) Instalment Date[s]: []
- (iii) Minimum Instalment Amount: []
- (iv) Maximum Instalment Amount: []
- 24 **Prohibition of Sales to EEA and UK Retail Investors** [Applicable / Not Applicable]
(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified)

THIRD PARTY INFORMATION

[(Relevant third party information) has been extracted from (specify source). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (specify source), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

¹³The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denominations of the Notes in paragraph 5 includes language that reflects the circumstances referred to in Note 9 above (for example Specified Denominations of €100,000 and multiples of €1,000).

Signed on behalf of CAISSE D'AMORTISSEMENT DE LA DETTE SOCIALE:

By:

Duly authorised

PART B – OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

(i) Listing and admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be listed on [Euronext Paris/ the official list of the Luxembourg Stock Exchange/[●]] and admitted to trading on [Euronext Paris/ the regulated market of the Luxembourg Stock Exchange/[●]] with effect from [●]. /[Not Applicable]
(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)

(ii) Regulated markets or equivalent [The Existing Notes are listed on [Euronext Paris/the official list markets on which, to the knowledge of of the Luxembourg Stock Exchange/[●]] and were admitted to the Issuer, securities of the same class of trading on [Euronext Paris/the regulated market of the the securities to be offered or admitted to Luxembourg Stock Exchange/[●]] with effect from [●]] [Not trading are already admitted to trading: Applicable].

(iii) Estimate of total expenses related to [●]
admission to trading:

2 RATINGS

Ratings: [The Notes to be issued [have been]/[are expected to be] rated:
[Moody's: [●]][Not Applicable]
[Fitch: [●]][Not Applicable]
[[Other]: [●]][Not Applicable]

(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

(Insert one (or more) of the following options, as applicable):
[Each of *(insert credit rating agency/ies)* is established in the European Union and registered under Regulation (EU) No. 1060/2009, as amended by Regulation (EU) No. 513/2011 (the “CRA Regulation”). As such, each of *(insert credit rating agency/ies)* is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation (www.esma.europa.eu).]¹⁴

¹⁴It is important to liaise with the Issuer and/or the relevant credit rating agencies to determine (i) the specific legal entity which will issue the credit ratings, and (ii) the status of any application which has been made to the relevant competent authority by that entity. It is recommended that these enquiries are made at an early stage to allow sufficient time for the information to be obtained.

[(Insert credit rating agency/ies) [is]/[are] established in the European Union and [has]/[have each] applied for registration under Regulation (EC) No. 1060/2009, as amended by Regulation (EU) No. 513/2011 (the “**CRA Regulation**”), although the result of such application has not yet been determined. Once the application has been successful, each of (insert credit rating agency/ies) will be included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation (www.esma.europa.eu).]

[(Insert credit rating agency/ies) [is]/[are] not established in the European Union and [has]/[have] not applied for registration under Regulation (EC) No. 1060/2009, as amended by Regulation (EU) No. 513/2011 (the “**CRA Regulation**”). As such, none of (insert credit rating agency/ies) is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation (www.esma.europa.eu)]

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

Need to include a description of any interest, including a conflict of interest, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

[“So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer, including conflicting interests.”] (Amend as appropriate if there are other interests)

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 23 of the Prospectus Regulation.)]

4 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer

[●]

(See [“Use of Proceeds”] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]

[(ii) Estimated net proceeds:

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii) Estimated total expenses:

[●]. *[The expenses will need to be broken into each principal intended use and presented by order of priority of such uses.]*

(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]

5 **Fixed Rate Notes only – YIELD**

Indication of yield: [[•] per cent. *per annum*] Calculated as [*include details of method of calculation in summary form*] on the Issue Date.
As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6 **Floating Rate Notes only – PERFORMANCE OF RATES**

(i) Performance of rate: [Details of historic [LIBOR/LIBID/LIMEAN/SOFR or EURIBOR] rates can be obtained, [but not] free of charge, from [Reuters/Bloomberg/give details of electronic means of obtaining the details of performance].] [Not Applicable]

(ii) Benchmarks: Amounts payable under the Notes will be calculated by reference to [•] which is provided by [•]. As at [•],[•] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). [As far as the Issuer is aware the transitional provisions in Article 51 of the Benchmark Regulation apply, such that [•] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]/[Not Applicable]

7 **OPERATIONAL INFORMATION**

(i) Unrestricted Notes [Applicable]/[Not Applicable]

(ii) ISIN: [•]

(iii) Common Code: [•]

(iv) [CUSIP] [•]/[Not Applicable]

(v) Restricted Notes [Applicable] / [Not Applicable]

(vi) ISIN: [•]/[Not Applicable]

(vii) CUSIP: [•]/[Not Applicable]

(viii) Any clearing system[s] other than Euroclear Bank SA/NV and/or Clearstream Banking, S.A. and/or DTC and the relevant identification number[s]: [Not Applicable/Euroclear France/(*give name(s) and number(s)*)(*and address(es)*)]

(ix) Delivery: [Delivery [against/free of] payment in respect of the Unrestricted Notes]
[Delivery [against/free of] payment in respect of the Restricted Notes]

- (x) Names and addresses of initial Paying Agent[s]: [●]
- (xi) Names and addresses of additional Paying Agent[s] (if any): [●]
- (xii) Names and addresses of relevant Dealer(s): [●]
- (xiii) Date of the [Dealer Accession Letter/Subscription Agreement] [●]
- (xiv) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)][*include this text for registered notes*] and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] /

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,][*include this text for registered notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8 DISTRIBUTION

- (i) Method of distribution [Syndicated]/[Not syndicated]
- (ii) If syndicated:
 - (A) Names of Managers: [Not Applicable/(*give names, addresses and underwriting commitments*)]
 - (B) Date of Subscription Agreement [●]
 - (C) Stabilising Manager[s] (if any): [Not Applicable/(*give name and address*)]
- (iii) If non-syndicated, name of Dealer: [Not Applicable/(*give name*)]
- (iv) Transfer Restrictions: Reg. S Compliance Category 2; [C Rules]/[D Rules]/[TEFRA not applicable]

There are restrictions on the sale and transfer of Notes and the distribution of offering materials in the United States. The

Notes have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any State or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (within the meaning of Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes will be offered and sold to non-U.S. persons outside the United States in reliance on Regulation S and within the United States only to “qualified institutional buyers” (as defined in Rule 144A under the Securities Act) who are also “qualified purchasers” (as defined in Section 2(a)(51) of the Investment Company Act) in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. (See “*Subscription and Sale*” and “*Transfer Restrictions*” in the Base Prospectus).

GENERAL INFORMATION

- (1) The Issuer has obtained all necessary consents, approvals and authorisations in France in connection with the update of the Programme and the issue of Notes. The issue of Notes under the Programme was authorised pursuant to a resolution of the *Conseil d'Administration* of the Issuer dated 29 November 2017 authorising the Issuer's borrowing programme and delegating all powers to issue such Notes to its chairman and the approval of the Issuer's borrowing programme by the Minister of Economy and Finance on 15 December 2017.
- (2) This Base Prospectus has been approved by the AMF in France in its capacity as competent authority under the Prospectus Regulation. The AMF has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.
- (3) The Base Prospectus shall be valid for admission to trading of Notes on a Regulated Market for twelve (12) months after its approval by the AMF, until 18 August 2021, provided that it shall be completed by any supplement pursuant to Article 23 of the Prospectus Regulation, following the occurrence of a significant new factor, a material mistake or a material inaccuracy relating to the information included (including information incorporated by reference) in this Base Prospectus which may affect the assessment of the Notes. After such date, the Base Prospectus will expire and the obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will no longer apply.
- (4) There has been no significant change in the financial position or financial performance of the Issuer since 31 December 2019 and no material adverse change in the prospects of the Issuer since 31 December 2019. As of the date of this Base Prospectus, the Issuer has not published interim financial statements since 31 December 2019, including with respect to the impact of Covid-19 on the Issuer.
- (5) The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer.
- (6) Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code of 1986, as amended".
- (7) The Notes have been accepted for clearance through the Euroclear and Clearstream systems (which are the entities in charge of keeping the records). In addition, the Issuer may make an application for any Notes to be accepted for trading in book-entry form by DTC. Acceptance by DTC of such Notes will be confirmed in the relevant Final Terms. The Common Code, the International Securities Identification Number ("ISIN"), the Committee on the Uniform Security Identification Procedure ("CUSIP") number and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream is 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041. The address of any alternative clearing system will be specified in the applicable Final Terms.

The Legal Entity Identifier ("LEI") of the Issuer is 969500P04DQJS4BPM574.

- (8) There are no material contracts entered into other than in the ordinary course of the Issuer's business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.
- (9) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions.
- (10) The following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection by Noteholders at the specified offices of the Fiscal Agent and, except in respect of the document mentioned in (ii) below, on the website of the Issuer (www.cades.fr):
 - (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Global Certificates, the Coupons, the Receipts and the Talons);
 - (ii) the Deed of Covenant;
 - (iii) the audited financial statements of the Issuer for the financial years ended 31 December 2018 and 31 December 2019;
 - (iv) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area or in the United Kingdom nor offered in the European Economic Area or in the United Kingdom in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity);
 - (v) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus; and
 - (vi) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is reproduced or referred to in this Base Prospectus.

This Base Prospectus, any supplement thereto that may be published from time to time and, so long as Notes are listed and admitted to trading on Euronext Paris and/or any other such Regulated Market in accordance with the Prospectus Regulation, the Final Terms relating to such Notes will be available on the websites of the AMF (www.amf-france.org) and/or any other such Regulated Market, as the case may be.

- (11) This Base Prospectus has received approval number 20-415 from the AMF on 19 August 2020. Notes issued under the Programme may be listed and admitted to trading on Euronext Paris, or any other regulated market. Unlisted Notes may also be issued. The applicable Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading and, if so, the relevant stock exchange.
- (12) Copies of the annual financial statements for the last two financial years and of the latest semi-annual financial statements of the Issuer (and all reports, if any, relating to any review thereof as referred to in paragraph 14 below) may be obtained, copies of the Ordinance which established the Issuer and the Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours and on the website of the Issuer (<https://www.cades.fr/index.php/fr/informations-financieres/documents-de-reference>), so long as any of the Notes is outstanding. Copies of this Base Prospectus, any addendum or supplement hereto and any Final Terms will be obtainable free of charge, at the office of the Paris Paying Agent and on the AMF website. See also "Description of the Issuer – Presentation of financial information".

- (13) Each time the Issuer sends an annual or other periodic report to the holders of Restricted Notes, the Issuer will include a reminder that: (a) each holder of Restricted Notes is required to be a QIB and a QP that can make the representations set forth in “Transfer Restrictions - Restricted Notes”, (b) the Restricted Notes can only be transferred to another QIB that is also a QP which is capable of making the same representations, and (c) the Issuer has the right to force any holder of Restricted Notes that is not a QIB and a QP to sell or redeem its Restricted Notes.
- (14) The Issuer’s public accountant (*Contrôleur budgétaire et comptable ministériel*) is responsible for the preparation of its statutory accounts and financial statements. Such accounts and financial statements are also approved by the Minister in charge of Economy, Finance and Industry and the Minister of Employment and Solidarity and are controlled periodically by the French state audit office (*Cour des Comptes*), which has authority to accept or reject the accounts presented. The Issuer has, in relation to its 2018 and 2019 annual financial statements, requested respectively KPMG Audit of Tour EQHO, 2 Avenue Gambetta, 92066 Paris La Défense, France and KPMG S.A. of Tour EQHO, 2 Avenue Gambetta, CS 60055, 92066 Paris La Défense Cedex, France, to carry out a contractual audit of such financial statements restated in the form appearing in the section entitled “Financial Statements of the Issuer”. The reports issued by KPMG Audit and KPMG S.A. in respect of such financial statements are also included in the section entitled “Financial Statements of the Issuer”. KPMG Audit and KPMG S.A. are members of the *Compagnie Nationale des Commissaires aux Comptes*. KPMG S.A. has been appointed as a statutory auditor firm in August 2016 for a period of 6 years. The statutory auditor firm reports semi-annually to the Board of Directors to express an opinion on financial statements.
- (15) The yield is calculated at the Issue Date on the basis of the Issue Price and the rate of interest applicable to the Notes. It is not an indication of future yield. The yield, if applicable, and the Issue Price of the relevant Notes will be stated in the Final Terms of the Notes.
- (16) If, as at the date of the Final Terms for a particular offer of Notes, the Offer Price cannot be determined, a description of the method of determining such Offer Price and the process for its disclosure will be included in the relevant Final Terms.
- (17) The CADES Law is available on the CADES website (www.cades.fr)
- (18) Unless indicated otherwise in the applicable Final Terms, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “**EEA**”) or in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014, (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK may be unlawful under the PRIIPs Regulation.
- (19) MiFID II product governance / target market – The Final Terms in respect of any Notes will include a legend entitled “MiFID II Product Governance” which will outline the determination of the type of clients in the context of the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration such determination; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the

purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor any Dealer nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

- (20) Amounts payable under the Floating Rate Notes may be calculated by reference to one or more "benchmarks" for the purposes of the Benchmarks Regulation. In this case, a statement will be included in the applicable Final Terms as to whether or not the relevant administrator of the "benchmark" is included in the ESMA's register of administrators under Article 36 of the Benchmarks Regulation.

**PERSON RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE
PROSPECTUS**

In the name of the Issuer

The Issuer hereby declares that, to the best of its knowledge, the information contained or incorporated by reference in this Base Prospectus is in accordance with the facts and that this Base Prospectus makes no omission likely to affect its import.

Caisse d'Amortissement de la Dette Sociale represented by the Agence France Trésor

139 rue de Bercy
75012 Paris
France

Directeur général adjoint

Cyril ROUSSEAU

Paris, on 19 August 2020

APPROVAL FROM THE AUTORITÉ DES MARCHÉS FINANCIERS



Autorité des marchés financiers

This Base Prospectus has been approved by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129.

The AMF has approved this Base Prospectus after having verified that the information it contains is complete, coherent and comprehensible in accordance with Regulation (EU) 2017/1129.

This approval should not be considered as a favourable opinion on the Issuer and on the quality of the Notes described in this Base Prospectus. Investors should make their own assessment of the opportunity to invest in such Notes.

The Base Prospectus has been approved on 19 August 2020 and is valid until 18 August 2021 and shall during this period, in accordance with Article 23 of Regulation (EU) 2017/1129, be completed by a supplement to the Base Prospectus in the event of new material facts or substantial errors or inaccuracies. The Base Prospectus has been given the following approval number: 20-415.

ANNUAL STATEMENTS 2018

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GENERAL INFORMATION

1. MISSION STATEMENT

Order No. 96-50 dated 24 January 1996¹⁵ established the Social Security Debt Repayment Fund (*Caisse d'Amortissement de la Dette Sociale – CADES*) on 1 January 1996. CADES is an administrative public agency (*Etablissement Public à Caractère Administratif – EPA*) supervised by the French Minister of the Economy and Finance and the Minister in charge of Social Security.

CADES' mission is to:

- Amortize the social security debt transferred to it, i.e. the cumulative deficits of the Central Agency of Social Security Bodies (*Agence Centrale des Organismes de Sécurité Sociale – ACOSS*); and
- Make payments to various social security funds and organisations.

CADES' mandate has been extended beyond 31 January 2014 as decided initially to until such date as the social security debt transferred to it has been fully extinguished.

In the furtherance of its mission, CADES receives the proceeds of a special tax known as the social security debt repayment contribution (*Contribution pour le Remboursement de la Dette Sociale – CRDS*), introduced in Chapter 2 of the aforementioned Order. It also received the proceeds from the sale of property assets owned and leased by the national agencies falling under the basic social security scheme and ACOSS.

Since 2009, a 0.2% portion of the supplementary social security contribution (*Contribution Sociale Généralisée – CSG*) had been paid to CADES. From 2011 this portion was increased to 0.48% for CSG on all taxable employment income, unemployment and similar benefits, income from property and investments; and to 0.28% for profits from gaming.

Starting in 2011, two new resources have been allocated to CADES:

- a 1.3% share of the social levies on income from property and investments;
- an annual payment of €2.1 billion from the Retirement Reserve Fund (*Fonds de Réserve pour les Retraites – FRR*) until 2024 inclusive.

As of 1 January 2016, the portion of the CSG allocated to CADES increased:

- from 0.48% to 0.60% on all taxable employment income, unemployment and similar benefits, and income from property and investments, replacing the payment of 1.3% of social levies on income from property and investments;
- from 0.28% to 0.30% on profits from gaming.

¹⁵ As modified by Social Security Finance Act No. 97-1164 of 19 December 1997, Act No. 98-1194 of 23 December 1998, the 2000, 2001, 2002, 2004 and 2006 Finance Acts, the 2002, 2003, 2004, 2006, 2008, 2010 and 2013 Social Security Finance Acts, Act No. 2001-152 of 19 February 2001 relating to employee savings, Act No. 2003-721 of 1 August 2003 relating to economic initiative, Act No. 2004-810 of 13 August 2004 relating to health insurance, Organic Law No. 2005-881 of 2 August 2005, Act No. 2005-1720 of 30 December 2005, Act No. 2006-437 of 14 April 2006, Act No. 2008-1249 of 1 December 2008, Order No. 2009-80 of 22 January 2009, Act No. 2009-1646 of 24 December 2009, Act No. 2010-476 of 12 May 2010, Organic Law No. 2010-1380 of 13 November 2010, Act No. 2010-1594 of 20 December 2010, Act No. 2010-1657 of 29 December 2010, Act No. 2010-1658 of 29 December 2010, Act No. 2011-900 of 29 July 2011, Act No. 2011-1906 of 21 December 2011, Act No. 2012-354 of 14 March 2012, Act No. 2012-958 of 16 August 2012, Act No. 2014-40 of 20 January 2014, Act No. 2014-1554 of 22 December 2014, Act No. 2014-1655 of 29 December 2014, Act No. 2015-994 of 17 August 2015, Act No. 2015-1702 of 21 December 2015, Order No. 2018-470 of 12 June 2018, Act No. 2018-699 of 3 August 2018 and Act No. 2018-1203 of 22 December 2018.

CADES is authorised to borrow funds, in particular via public offerings and the issuance of negotiable debt securities.

Moreover, CADES benefits from repayments of receivables from foreign social security agencies to the national health insurance fund for salaried workers (*Caisse Nationale d'Assurance Maladie- CNAM*).

Lastly, in accordance with Act No. 2004-810 of 13 August 2004, any future surpluses generated by the health insurance branch of the French social security system will be allocated to CADES. The Social Security Finance Act will define the terms under which this transfer will take place.

2. ORGANIZATION OF THE AGENCY

CADES is overseen by a Board of Directors and a Supervisory Board.

The composition of the Board of Directors was altered by Decree No. 2011-458 of 26 April 2011, Act No. 2018-699 of 3 August 2018 and Order No. 2018-470 of 12 June 2018. It now comprises a majority of representatives of social security bodies, whereas it was previously composed solely of government representatives.

It is governed by the provisions of Decree No. 2012-1246 dated 7 November 2012 relating to public budget and accounting management (GBCP), subject to the legal provisions and regulations specific to CADES (aforementioned Order of 24 January 1996, and Decree No. 96-353 dated 24 April 1996).

Pursuant to these provisions, financial and accounting transactions fall under the responsibility of Mr. Jean-Louis Rey, the Authorising Officer of CADES and Chairman of the Board of Directors, appointed as from 15 May 2017, and the Accounting Officer Mrs. Christine Buhl, Finance ministry budgetary and accounting auditor.

Decree No. 2015-1764 of 24 December 2015 relating to the application of public budget and accounting management rules to the Public Debt Fund (*Caisse de la dette publique - CDP*) and the Social Security Debt Repayment Fund (*Caisse d'amortissement de la dette sociale - CADES*) exempts CADES from the application of budgetary accounting in commitment authorisations and limited payment appropriations, and from submission to budgetary audit procedures, as of 1 January 2016.

CADES' annual budget is drawn up by 30 November of the previous year by the Board of Directors and sent to the ministers who supervise the agency.

Financing is limited to appropriated funds, excluding expenses related to the repayment of loans, financial management costs, and assessment and collection charges.

The Board of Directors reviews and signs off the accounts drawn up by the Accounting Officer. The annual financial statements are forwarded to the supervisory ministers for approval, prior to submission to the Government Audit Office (*Cour des Comptes*).

Accounting procedures and principles are subject to a contractual, independent audit and audits carried out by the Government Audit Office.

On 1 September 2017, CADES signed an agency agreement with Agence France Trésor (AFT), representing the State, entrusting it with operational responsibility for its financing activities and managing social security debt repayment. Under this agreement, CADES makes its contractual employees available to AFT. On 22 November 2018, the General Treasury Department (DGT) and CADES signed an agreement setting the conditions for determining the remuneration by CADES of the DGT's services in respect of the activities that AFT carries out under the agency agreement.

The terms of this merger provide that CADES and AFT remain distinct, independent legal entities, debts remain separate and the State's and CADES' respective financing programmes continue unchanged.

CADES' accounting will also remain separate from that of AFT. In an internal memorandum of 5 June 2018, the State accounting department reaffirmed that transactions that AFT carries out on behalf of CADES will not be reproduced in AFT's financial statements but will continue to be recorded in those of CADES.

Accounting transactions are recorded by CADES in an information system managed using software that is shared by the Authorising Officer and the Accounting Officer. The system is networked and features a single database. Authorisations for displaying and processing data have been clearly defined so as to ensure the separation of duties between the Authorising Officer and the Accounting Officer.

3. GENERAL PROVISIONS FOR RECORDING ACCOUNTING AND FINANCIAL TRANSACTIONS

Accounting framework

Article 7 of Decree No. 96-353 of 24 April 1996, relating to CADES, calls for the adoption of a special chart of accounts drawn up in accordance with the standard chart of accounts for administrative public agencies (Instruction M 9-1 from the Public Finances Directorate, replaced by the public agencies' common nomenclature since 1 January 2016).

This chart of accounts being modelled on the general chart of accounts, it was found to be poorly suited to CADES' activity. Consequently, the Board of Directors decided on 10 October 1996 to adopt the chart of accounts used by credit institutions (PCEC).

Consequently, both the transactions and the annual financial statements submitted by the Accounting Officer are presented in accordance with standards specific to credit institutions. In addition, separate financial statements are drawn up in accordance with the regulatory standards of public agencies, for submission to audit organisations.

This specific accounting framework was recommended by an independent consulting firm and approved by the Authorising Officer, the Accounting Officer, the General Directorate of Public Accounting (now the DGFIP) and the French Accounting Standards Board (*Conseil National de la Comptabilité – CNC*) (Opinion No. 99-04, plenary session of 18 March 1999).

Transactions executed by the Accounting Officer

Transactions executed by CADES' Accounting Officer differ from those traditionally executed by Accounting Officers at other administrative public agencies.

Due to CADES' status as a market participant, specific structures have been set up in conformity with the agency's mission. For example, financing transactions are distinguished from administrative transactions.

1. Financing transactions

The administrative workflow of financing transactions reflects the existence of Front Office, Middle Office and Back Office services.

The Front Office is responsible for transactions in the financial, interest rate and currency markets, in accordance with defined limits and procedures. These routine transactions relate to financing, investment and the management of interest rate and foreign exchange exposures.

A sequentially numbered ticket is issued for each transaction, describing its main features, and validated by the Front Office. The Back Office then verifies and validates the ticket before forwarding it to the Accounting Officer.

The Middle Office gathers information on cash positions, draws up forecasts, provides repayment schedules, and performs a first-level plausibility check of Front Office transactions.

The Back Office records and validates the transactions processed by the Front Office after verifying that formal presentation and threshold requirements are met. The Back Office monitors risk, produces reports and liaises with the Accounting Departments.

The Accounting Officer then records transaction tickets as income or expenses.

2. Administrative transactions

Performance of the administrative section of the budget is done in compliance with the provisions of the Decree No. 2012-1246 dated 7 November 2012 relating to public budget and accounting management (GBCP), subject to the provisions of the aforementioned Decree No. 2015-1764. Administrative expenses are evidenced by payment orders and income by receipt orders, accompanied by the appropriate supporting vouchers and documents.

After due completion of the control procedures described in Articles 19 and 20 relating to the aforementioned GBCP, items of expenditure and income are recognised in the accounts and the amounts are paid or collected.

3. Cash movements

CADES has opened a euro-denominated deposit account in the books of SCBCM Finances that is listed in the register of government accounts.

In the books of CADES, entries to the debit of this account record expenses falling within the administrative budget. Only the Accounting Officer may authorize these payments. Since 1 January 2014 entries to the credit of this account record solely revenue from CRDS levies on sales of gems and precious metals paid over by the Public Finances Directorate network. This takes the form of daily transfers from the Public Finances Directorate departmental (DDFIP) and regional (DRFIP) offices.

Since 1 September 2005, CADES has had its own remunerated account with the Banque de France that is distinct from the dedicated Treasury account. Movements to this account comprise all euro-denominated financial transactions completed by CADES and all CRDS and CSG revenue paid over by ACOSS. Once again, only the Accounting Officer may authorize expenditures.

The balance on the deposit account is transferred to CADES' own account at the end of each month.

In addition, CADES has opened foreign currency accounts with foreign financial institutions in New York and London.

These are intended to be zero-balance accounts. They record all transactions related to CADES issues in currencies other than the euro and their transformation into euro-denominated structures on the international markets.

Due to management constraints attributable primarily to the time lag between the European, Asian, American and Australian markets, CADES has been dispensed from applying the provision of the decree relating to the GBCP, which states that only public accounting officers may authorize transactions affecting

the financial accounts. Accordingly, solely the Authorising Officer's Back Office carries out the movements on CADES' foreign currency accounts.

FINANCIAL HIGHLIGHTS

NET DEBT AT REPAYMENT VALUE

(€ millions)

At 31 December 2018	105,801
At 31 December 2017	120,941
At 31 December 2016	135,694

Period ended	31 December 2018	31 December 2017	31 December 2016
NET PROFIT	15,444	15,044	14,426
Primarily reflecting the following items:			
CRDS and CSG revenue	15,551	15,106	14,662
Social levies on income from property and investments net of expenses	2	1	-3
Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites – FRR</i>)	2,100	2,100	2,100
Estimation changes and error adjustments	-	-	-
Interest expenses	-2,207	-2,160	-2,330
General operating charges	-3	-3	-3

The table above distinguishes between interest expenses and general operating charges.

BALANCE SHEET

At (€ millions)	31 December 2018	31 December 2017	31 December 2016
ASSETS			
Cash in hand, balances with central banks and post office banks (Note 1)	2,263.29	3,174.15	1,636.81
Treasury bills and other bills eligible for refinancing with central banks (Note 1)	-	1,000.00	4,000.00
Loans and advances to credit institutions (Note 1)			
- Repayable at sight	0.21	0.05	0.03
- Repayable at term	-	-	-
Intangible assets (Note 2)	-	-	-
Tangible assets (Note 2)	-	0.06	0.08
Other assets (Note 3)	450.32	1,243.91	167.13
Prepayments and accrued income (Note 4)	2,364.06	1,980.09	6,824.83
TOTAL ASSETS	5,077.88	7,398.26	12,628.88
LIABILITIES & RESERVES			
Amounts owed to credit institutions (Note 5)			
- Payable at sight	-	-	-
- Payable at term	1,003.37	1,003.37	1,003.37
Debts evidenced by securities (Note 6)			
- Negotiable debt instruments	265.17	7,521.51	14,093.80
- Bonds and similar instruments	107,694.03	117,155.77	126,673.50
- Other debts evidenced by securities	-	-	-
Other liabilities (Note 7)	447.61	220.30	5,329.78
Accruals and deferred income (Note 8)	933.32	2,173.59	1,263.56
Sub-total – Liabilities	110,343.49	128,074.55	148,364.01
Provisions (Note 8a)	80.17	113.26	98.40
Property endowment	181.22	181.22	181.22
Retained earnings	(120,970.77)	(136,014.76)	(150,441.15)
Profit for the period	15,443.77	15,043.99	14,426.39
Sub-total – Reserves	(105,345.78)	(120,789.54)	(135,833.53)
TOTAL LIABILITIES AND RESERVES	5,077.88	7,398.26	12,628.88

PROFIT AND LOSS ACCOUNT

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
Interest receivable and similar income (Note 9)	874.54	1,024.97	1,086.12
- From transactions with credit institutions	188.81	225.32	160.33
- From bonds and other fixed income securities	-	-	-
- Other interest receivable and similar income	685.73	799.65	925.79
Interest payable and similar charges (Note 10)	(3,058.41)	(3,154.33)	(3,378.43)
- On transactions with credit institutions	(44.34)	(42.36)	(40.79)
- On bonds and other fixed income securities	(3,014.07)	(3,111.97)	(3,337.64)
Fees payable (Note 10)	(22.78)	(30.93)	(37.66)
Gains and losses on trading securities (Note 11)	-	-	-
- Net profit (loss) on foreign exchange transactions	-	-	-
Gains and losses on investment securities (Note 11a)	-	-	-
- Net profit (loss) on investment securities	-	-	-
Exchange rate gains and losses on management operations (Note 11b)	-	-	-
Other operating income – banking	-	-	-
Other operating charges – banking	(0.02)	(0.02)	(0.02)
NET BANKING INCOME	(2,206.67)	(2,160.30)	(2,329.99)
General operating charges (Note 13)	(2.91)	(2.78)	(2.92)
- Staff costs	(1.08)	(1.09)	(1.11)
- Other administrative expenses	(1.83)	(1.69)	(1.81)
Depreciation and impairment provisions (intangible and tangible assets)	(0.01)	(0.02)	(0.02)
Other operating income	17,816.86	17,380.97	16,933.24
Income relating to CRDS and CSG (Notes 12a and 12.1a)	15,631.70	15,262.46	14,811.43
Income relating to social levies on income from property and investments (Note 12.2a)	(1.90)	(3.60)	(15.28)
Income from Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites – FRR</i>) (Note 12.3)	2,100.00	2,100.00	2,100.00
Income from property (Note 13a)	0.14	0.15	0.20
Provisions reversed for receivables (Notes 12a and 12.1a)	79.50	14.79	14.90
Other provisions reversed for receivables	7.41	7.17	21.99
Other operating charges	(163.47)	(173.98)	(173.95)
Charges relating to CRDS and CSG (Notes 12a and 12.1a)	(155.10)	(150.34)	(150.72)
Charges relating to social levies on income from property and investments (Note 12.2a)	0.01	0.02	(0.58)
Payments to the State (Note 14)	-	-	-
Provision for sundry liabilities (Note 14)	(1.57)	-	-
Provision for receivables (Notes 12a, 12.1a and 12.2a)	(6.79)	(23.57)	(22.65)
Charges related to property (Note 13a)	(0.02)	(0.09)	-
GROSS OPERATING PROFIT	15,443.80	15,043.89	14,426.36
OPERATING PROFIT	15,443.80	15,043.89	14,426.36
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	15,443.80	15,043.89	14,426.36
- Exceptional income (Note 15)	(0.03)	0.10	0.03

NET PROFIT FOR THE PERIOD	15,443.77	15,043.99	14,426.39
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CASH FLOW STATEMENT

Cash flow (€ millions)	Period ended	31 December 2018	31 December 2017	31 December 2016
Net banking income		(2,207)	(2,160)	(2,330)
Inflation premiums		188	118	42
Provisions for financial instruments		-	-	-
Amortisation of premiums and balancing payments		(47)	(51)	64
Change in accrued interest		4	(96)	320
Net cash from (used in) banking activities	(A)	(2,063)	(2,189)	(2,672)
Net operating income		17,650	17,204	16,756
(Increase) decrease in accrued income from CRDS and CSG		(131)	(93)	79
(Increase)/decrease in accruals on social levies		-	-	3
(Increase)/decrease in deferred expenses		(49)	(28)	10
Unearned income		-	-	-
Provisions – sundry allocations or reversals		(33)	15	22
Net cash from (used in) operating activities	(B)	17,437	17,098	16,668
Net cash from (used in) banking and operating activities	(C=A+B)	15,374	14,909	13,996
Net cash from (used in) financing activities	(D)	(17,285)	(16,371)	3,464
Debt assumed	(E)	-	-	(23,609)
Net cash flow for the year	(C+D+E)	(1,911)	(1,463)	(6,149)

The cash flow statement takes into account the following items:

A – net cash from (used in) banking activities

This is net banking income (debts plus income from derivatives and cash instruments) less income and expenses with no effect on the cash position (provisions, amortisation of issuance and redemption premiums, accrued interest, revaluation of index-linked bonds, etc.).

B – net cash from (used in) operating activities

This is the operating profit or loss (mainly income from CRDS and CSG, social levies on income from property and investments and from the FRR) less income and expenses with no effect on the cash position (accrued income or deferred expenses).

C – net cash from (used in) banking and operating activities

This consists of net cash from (used in) banking and operating activities (C = A + B).

D – net cash from (used in) financing activities

These are the cash flows resulting from debt issuance and debt repayment during the period.

E – social security debt assumed

Social security debt assumed represents the disbursements made during the period by CADES in respect of debt assumed from social security funding organisations.

The net change in cash and cash equivalents reflects the following cash flows:

- net cash from (used in) banking and operating activities (C);
- net cash from (used in) financing activities (D); and
- social security debt assumed (E).

OFF-BALANCE SHEET COMMITMENTS

At (€ millions) (notes 16-18)	31 December 2018	31 December 2017	31 December 2016
COMMITMENTS GIVEN (note 18)			
Financing commitments			
Payments to various social security bodies (Article 4.IV of Order 96-50 of 24 January 1996)	-	-	-
– Assumption of debt provided for by the 2019 Social Security Finance Act	15,000.00-	-	-
Financing commitments given: acquired under repurchase agreements, currency purchases, treasury bills	-	-	-
COMMITMENTS RECEIVED (note 18)			
Financing commitments			
- From credit institutions: credit lines	700.00	700.00	700.00
- From credit institutions: credit lines in treasury bills	-	-	-
- Financing commitments received: borrowings	-	-	-
- Financing commitments received: commercial paper and lent under repurchase agreements	-	-	-
- Financing commitments received: payments from the Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites</i>)	12,600.00	14,700.00	16,800.00

NOTES TO THE FINANCIAL STATEMENTS

HIGHLIGHTS OF THE YEAR ENDED 31 DECEMBER 2018

- **Social security debts assumed**

No assumption of social security debt was carried out in 2018. The 2019 Social Security Finance Act No. 2018-1203 of 22 December 2018 provided for the transfer to CADES from 2020 to 2022 of €15 billion of ACOSS' residual cumulative debt. This amount was recognised off-balance sheet under commitments given. The Act increases the resources allocated to CADES in the future, raising the portion of CSG allocated to CADES from 0.60% to 0.71% in 2020, from 0.71% to 0.83% in 2021 and to 0.93% in 2022.

- **Financing transactions**

Issues (excluding commercial paper)

CADES borrowed €2.88 billion:

- one new issue under the UK programme in USD for an amount of €1.63 billion;
- two new issues under the French programme in EUR for an amount of €1.25 billion.

Redemptions (excluding commercial paper)

CADES reimbursed €13.84 billion at maturity:

- seven issues made under the French programme (three in EUR, two in GBP, one in CAD and one in USD), for an amount of €5.78 billion;
- three issues made under the UK programme in USD for an amount of €8.06 billion.

- **Credit lines**

Commitments received as at 31 December 2018 comprise:

- four activation agreements for credit lines enabling CADES to add funds directly to its euro-denominated deposit account held with Banque de France, totalling €700 million and cancellable by the counterparties at 15 to 30 days' notice.

- **ACCOUNTING POLICIES AND METHODS**

1. Basis of valuation and presentation

The accounting policies adopted by CADES meet two requirements.

Given that the activity of CADES is essentially financial, the financial statements are prepared in accordance with accounting regulations applicable to credit institutions and financial institutions as well as with generally accepted accounting principles in France. In particular, CADES has applied the accrual concept and the prudence concept.

The presentation of the financial statements complies with Regulation No. 2014-07 of 26 November 2014 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables – ANC*) relating to the financial statements of banking sector companies. In its opinion CNC 99-04, the French National Accounting Board (*Conseil National de la Comptabilité – CNC*) decided that CADES could present certain transactions in a manner specific to it. Accordingly, in its profit and loss account, CADES records operating income and expenses, which are mainly composed of the revenue drawn from the CRDS and CSG and from property transactions, and payments to the State and social security funding organisations.

These accounts are then aggregated to comply with the chart of accounts applicable to administrative public undertakings in accordance with the requirements of Instruction M9-1, replaced by the public agencies' common nomenclature on 1 January 2016, before being submitted to the Government Audit Office.

2. Specific characteristics of CADES

CADES has been tasked with paying down the debt transferred to it. The profit or loss therefore measures its capacity to reduce its own debt, and corresponds to the resources allocated to it less the financial costs relating to its debt with third parties.

The profit and loss account should be interpreted in light of the specific mission entrusted to CADES, the sole purpose of which is to extinguish a debt over its scheduled term.

3. Debts assumed from social security funding organisations

The payments CADES makes in respect of debts assumed from social security funding organisations in accordance with the social security deficit funding acts are recognised against the profit and loss account brought forward.

When CADES' payments to the social security bodies as determined on the basis of the provisional deficits are greater than the deficits subsequently established, an adjustment may be made in CADES' favour. These adjustments are recognised against the profit and loss account brought forward at the time of the payment.

Debts assumed in accordance with legal stipulations but for which payments have not yet been made to the organisations are recorded as off-balance sheet commitments.

4. CADES' resources

4.1 Contribution to the repayment of the social security debt

- Revenue explicitly allocated to CADES

The social security debt repayment contribution (CRDS) defined by Order No. 96-50 of 24 January 1996 was explicitly created to provide resources to CADES. Article 6 of said Order states that “the proceeds of the contributions created in respect of Chapter 2 of said Order on repayment of the social security debt shall be allocated to Caisse d'Amortissement de la Dette Sociale”.

- A broad-based tax

The tax is levied on multiple sources of income. One can distinguish between:

- On the one hand, employment income and unemployment and similar benefits: salaried income, redundancy payments and retirement indemnities (under certain conditions), retirement and disability pensions, health and maternity benefits, housing benefits, family allowances, and child-minding benefits, etc., and
- On the other hand, income from property, from investments, from the sale of precious metals, gems, objets d'art, collectors' items and antiques, and from gaming.

Contributions assessed on the sales of precious metals and gems are collected by the State's financial agencies (DGFIP and DGDDI) before being paid over to CADES.

Contributions assessed on employment income, unemployment and similar benefits as well as income from property, investments and gaming are paid over daily by ACOSS to CADES as and when they are collected by the central agency.

- Collection costs borne by CADES

Article 8 of the Order of 24 January 1996 stipulates that CADES shall bear assessment and collection costs. These costs consist of a flat amount defined jointly by the Minister of the Economy and Finance and the Minister in charge of Social Security.

Collection agencies deduct a 0.5% withholding from the contribution paid over to CADES.

CRDS contributions levied on income from property entered in the tax assessment register mainly by the offices of the DGFIP (*Direction Générale des Finances Publiques* or Public Finances Directorate) are paid over to CADES on the basis of register entries and not the amounts actually collected. In return, a 4.1% withholding is applied to the sums paid over to CADES to cover assessment and collection costs (0.5%) and the cost of tax reductions and bad debts (3.6%), as provided for by Article 1641 of France's General Tax Code (*Code Général des Impôts*).

Amounts collected by CADES in respect of the CRDS are reported under "Other operating income" in the profit and loss account. Assessment and collection costs are recorded under "Other operating charges".

- Accrual basis accounting

CADES applies the accruals principle in accordance with accounting standards applicable to credit institutions and Articles L.114-5 and D.114-4-4 of the Social Security Code establishing the principle whereby social security agencies shall maintain accounting records on a receivable-payable basis.

Accordingly, CRDS contributions paid to collecting agencies are included in the accounts for the period regardless of the date on which these amounts were actually collected. So as to be able to recognise this income and deferred income at the balance sheet date, CADES accrues this income on the basis of a notification provided by the collecting agencies indicating amounts assessed for the period not collected at the balance sheet date and CRDS contributions not yet collected by ACOSS.

Regarding the collection of the CRDS contributions, note that at no time does CADES act as primary collector; all the resources to which it is entitled are remitted by third parties, first and foremost ACOSS, followed by the offices of the DGFIP (*Direction Générale des Finances Publiques* or Public Finances Directorate).

CADES' responsibility is confined to verifying that the sums transferred agree to the accounting vouchers raised. The primary collecting agencies are responsible for transferring the funds, for verifying the tax base,

for adjusting tax bases when applicable and for recovering past dues, in return for which these agencies receive a remuneration equivalent to 0.5% of the sums collected.

Accordingly, CADES' responsibility at revenue level is limited to substantive verifications of the accounting vouchers produced by the collecting agencies.

4.2 Supplementary social security contribution

Act No. 2008-1330 on the funding of the social security system for 2009 extended the mission of CADES by entrusting to it an additional €27 billion of debt in respect of the health insurance deficit (€14.1 billion), old age pension deficit (€8.8 billion) and senior citizens' solidarity fund (€4 billion).

In accordance with the Organic Law of 2 August 2005, the French Parliament voted an increase in resources so as not to extend the life of CADES. These new resources correspond to a portion of the supplementary social security contribution (*Contribution Sociale Généralisée – CSG*). Since 2009, this has been paid to CADES at the rate of 0.2%. From 2011 it was increased to 0.48% and then from 1 January 2016 to 0.60% for CSG on all taxable employment income, unemployment and similar benefits, and income from property and investments; while CSG on profits from gaming was increased from 1 January 2016 to 0.30%.

This is a broad-based tax levied on employment income, unemployment and similar benefits as well as income from property, investments and gaming.

The difference in tax base between the CRDS and CSG mainly concerns revenue from the sale of precious metals and gems, from gaming and from family benefits.

The payment circuits and methods of accounting for the CSG are the same as for the CRDS.

4.3 Social levies on income from property and investments

Act No. 2010-1594 of 20 December 2010 allocated to CADES, starting in 2011, a 1.3% share of the social levies on the income from property and investments referred to in Articles 245-14 and 245-15 of the Social Security Code. The rate for these levies is set at 5.4% as from 1 January 2012.

With effect from 1 January 2016, the payment of 1.3% of social levies on income from property and investments was replaced by an increase of 0.12% in the portion of the CSG paid to CADES.

4.4 Resources from the Retirement Reserve Fund

Under the 2011 Social Security Funding Act (*Loi de Financement de la Sécurité Sociale – LFSS*) 2010-1594 of 20 December 2010, the Retirement Reserve Fund (*Fonds de Réserve pour les Retraites – FRR*) is required to pay CADES a total of €29.4 billion in yearly instalments of €2.1 billion no later than 31 October each year, with effect from 1 January 2011 until 2024. The two institutions concerned will draw up an agreement setting out the timing and terms and conditions governing these payments.

The annual income of €2.1 billion to be paid by the FRR as from 2011 is recognised under income for the period.

FRR's commitment to pay amounts for subsequent years is recognised in off-balance sheet items under "Other commitments received – Retirement Reserve Fund".

5. Private rental property

CADES has sold all the property transferred on 1 January 2000 to CADES in application of Article 9 of Order No. 96-50 of 24 January 1996 and recorded under "Property endowment" as a component of reserves.

Acting on behalf of CADES, CNAV managed the residual rights and obligations related to this property until the expiration of the agreement between the two parties on 31 December 2006.

Signed in December 1999, this agreement empowered CNAV to do all that was necessary in connection with the administration of the properties.

Since 1 January 2007, disputes and claims have been managed internally by CADES.

CADES' Accounting Officer records expenses and revenue on the basis of the supporting documents submitted by the Authorising Officer.

6. Transactions denominated in foreign currencies

Foreign currency transactions are recorded on a multi-currency basis and are measured in accordance with the following principles:

- Foreign currency transactions involving balance sheet and off-balance sheet items are measured in euro at the rate of exchange ruling on the balance sheet date.
- The rates used at 31 December 2018, which correspond to the reference rates communicated by the European Central Bank, are indicated in the table below:

USD:	1.1450	SEK:	10.2548	GBP:	0.89453
AUD:	1.6220	NOK:	9.9483	MXN:	22.4921
CHF:	1.1269	NZD:	1.7056	HKD:	8.9675
CAD:	1.5605	TRY:	6.0588	JPY:	125.85
ZAR:	16.4594	SGD:	1.5591	CNY:	7.8751

- Foreign currency income and charges are translated into euro at the exchange rate ruling on the date when they were recognised in the profit and loss account.
- Realised and unrealised foreign exchange gains and losses are recognised in the profit and loss account as operating income from banking transactions or operating charges on banking transactions.

7. Repurchase agreements with securities delivered

Only securities issued or guaranteed by the State may be used as security by CADES in repurchase agreements entered into to invest its cash balances.

Securities received under these agreements are reported under loans and advances to credit institutions.

8. Tangible and intangible fixed assets

Fixed assets are accounted for under the historical cost convention. Tangible fixed assets are depreciated and intangible fixed assets amortised over their estimated useful life.

Tangible fixed assets consist mainly of office equipment and computer equipment.

Intangible fixed assets include software.

9. Bonds

Bonds issued by CADES are reported as a liability in the balance sheet at their nominal value (if redeemed at par) plus accrued interest. Foreign currency bonds are translated into euro at the exchange rate prevailing on the balance sheet date.

Bonds indexed to inflation (French consumer price index excluding tobacco for all households in Metropolitan France) are measured by reference to a predefined inflation benchmark on the balance sheet date, resulting in the recognition of a redemption premium that is reported as a liability.

Inflation benchmarks:

CPI as at 31 December 2018:	103.36613
Cadesi 2019 index:	1.19130
Cadesi 2021 index:	1.08509
Cadesi 2024 index:	1.06405

When bonds are issued at a premium, this premium is accounted for as deferred charges and is therefore reported under prepayments and accrued income in the balance sheet. These charges are recognised to the profit and loss account over the life of the bonds under banking operating charges.

When bonds are issued at a discount, this discount is accounted for as deferred income. This income is recognised to the profit and loss account over the life of the bonds under banking operating income.

All costs relating to bond issues are charged to the profit and loss account on the date of issue and reported under “fees paid”.

10. Interest rate and currency swaps

Commitments in respect of transactions involving forward financial instruments, entered into for the purpose of hedging interest rate and currency exposure, are reported as off-balance sheet commitments at the contract's nominal value. Accounting principles applied differ according to the nature of these instruments and management intention at inception.

Transactions consist mainly of interest rate swaps and currency swaps entered into for hedging purposes. Interest rate swaps are entered into in compliance with the risk management policy defined by the Board of Directors. Currency swaps are entered into only for the purpose of hedging CADES' foreign exchange exposures.

Income and charges arising on forward financial instruments entered into for the purpose of hedging or managing the global interest rate exposure are recognised to profit or loss *pro rata temporis*.

Gains and losses on hedging designed to reduce the risk resulting from a particular asset or liability are taken to profit or loss and included under interest receivable and similar income or interest payable and similar charges to match income or charges recognised in respect of the hedged item.

As regards balancing cash payments arising from swaps entered into to hedge a debt instrument on inception, the portion covering issuance costs in respect of the underlying instrument is taken to profit and loss when the cash payment is recognised. This accounting method fairly reflects the asset value of issues transformed by entering into swaps involving cash payments and results in the amount equivalent to the issuance costs being recognised to profit and loss *pro rata temporis*.

11. Provisions

No general provisions for liabilities and charges are recognised by CADES. When appropriate, provisions in respect of identified risks are set aside in accordance with applicable accounting principles.

12. Taxation

CADES is not assessed to business taxes (corporation tax, value added tax and local business tax) or to apprenticeship tax. The only tax it pays is the payroll tax.

Note that profits on the sale of property transferred by the social security agencies did not give rise to the payment of corporation tax.

13. Counterparty risk

CADES may be exposed to counterparty risk on two types of transactions: investment transactions and forward market transactions.

For both types of transactions and with all of its counterparties, CADES has signed forward market agreements modelled on the master agreement drawn up by the French Banking Association (*Fédération Bancaire Française – FBF*) providing for daily or weekly margin calls depending on the counterparty and the agreement in place.

1. Investment transactions

CADES may invest its cash balances mainly in securities issued or guaranteed by the State either under repurchase agreements or through outright securities purchases.

In the case of repurchase agreements, in exchange for the loan extended to a counterparty, CADES receives full ownership of a government security (OAT or BTF) or government-guaranteed security over the term of the repurchase agreement. Most repurchase agreements are negotiated with French Treasury bond dealers (*Spécialiste en Valeurs du Trésor – SVT*) or with counterparties with a minimum double-A long-term rating.

Daily margin calls enable CADES to significantly reduce its counterparty risk on repurchase agreements.

2. Forward market transactions

To manage its interest rate risk and eliminate currency and/or structural risk, CADES enters into transactions in the forward markets involving instruments such as interest rate swaps, currency swaps and asset swaps.

By carrying out daily or weekly margin calls, CADES significantly reduces the residual risk of counterparty default on these instruments.

14. Transactions involving investment securities

The portfolio of investment securities, which consists of fixed income government securities, is reported in the balance sheet under treasury bills and other bills eligible for refinancing with central banks.

Securities are reported in the balance sheet at their acquisition cost. Interest income is reported under interest receivable and similar income from bonds and other fixed income securities.

Unrealised losses give rise to a provision for impairment determined by reference to the most recent quoted price. These provisions are determined individually.

Provisions for impairment set aside and reversed and gains and losses on the sale of investment securities are reported in the profit and loss account under gains and losses on investment securities.

NOTES

BALANCE SHEET

At 31 December 2018, the balance sheet showed total assets of €5.07 billion for total debt of €110.34 billion resulting in negative reserves of €105.35 billion.

ASSETS

Note 1: Treasury and interbank transactions

At (€ millions)	31 December 2018	31 December 2017	31 December 2016
CENTRAL BANKS	2,263.29	3,174.15	1,636.81
Central banks	2,263.29	3,174.15	1,636.81
TREASURY BILLS AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS	-	1,000.00	4,000.00
Government securities with a maturity of less than 3 months	-	1,000.00	4,000.00
Accrued interest	-	-	-
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	0.21	0.05	0.03
Repayable at sight	0.21	0.05	0.03
Debit balances on ordinary accounts	0.21	0.05	0.03
Securities received under open repurchase agreements	-	-	-
Accrued interest	-	-	-
Repayable at term	-	-	-
Securities received under term repurchase agreements with a maturity of less than 3 months	-	-	-
Of which: Treasury bills	-	-	-
Bonds	-	-	-
Own securities	-	-	-
Accrued interest	-	-	-
Total	2,263.50	4,174.20	5,636.84

NB. Balances with central banks correspond to the euro-denominated account held by CADES with Banque de France.

Note 2: Intangible and tangible fixed assets

(€ millions)	Gross value at 1 January 2018	Acquisitions	Disposal s	Gross value at 31 December 2018	Amortisation and depreciation	Net book value at 31 December 2018	Net book value at 31 December 2017	Net book value 31 December 2016
Intangible assets	0.18	-	0.06	0.12	0.12	-	-	-
Software	0.18	-	0.06	0.12	0.12	-	-	-
Other	-	-	-	-	-	-	-	-
Tangible assets	0.37	-	0.35	0.02	0.02	-	0.06	0.08
Sundry equipment	0.37	-	0.35	0.02	0.02	-	0.06	0.08

Total	0.55	-	0.41	0.14	0.14	-	0.06	0.08
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Intangible and tangible assets reflect the value of the software and equipment acquired by CADES, net of related amortisation and depreciation. CADES had total fixed assets of €554,557.22 at 1 January 2018. Following its move to the offices of Agence France Trésor on 10 September 2018, CADES sold fixed assets in the amount of €411,224.92. At 31 December 2018, the gross amount of its residual fixed assets came to €144,027.10, of which €139,193.64 had already been depreciated or amortised and €4,833.46 was still to be depreciated or amortised.

Note 3: Other assets

At (€ millions)	31 December 2018	31 December 2017	31 December 2016
SUNDRY DEBTORS	428.32	1,243.91	167.13
Deposits paid by way of initial margins	210.98	1,072.07	1.41
- <i>Deposits</i>	210.87	1,072.04	0.02
- <i>Accrued interest</i>	0.10	0.03	1.39
Outstanding CRDS and CSG contributions and social levies to be collected	217.34	171.84	165.72
- <i>Gross amounts receivable</i>	646.38	646.30	653.42
- <i>Provisions</i>	(429.04)	(474.46)	(487.70)
Other debtors in respect of financial transactions	-	-	-
Other debtors in respect of operating charges	-	-	-
Other sundry debtors – CNAV	-	-	-
- <i>Gross amounts receivable</i>	22.13	0.26	0.41
- <i>Provisions</i>	(0.13)	(0.26)	(0.41)
Total	428.32	1,243.91	167.13

Other assets comprise:

- outstanding CRDS and CSG contributions and social levies to be collected by ACOSS amounting to €217.34 million. Provisions totalling €429.04 million have been deducted from the gross amounts receivable of €646.38 million.
- a gross amount receivable of €22 million, consisting mainly of the balance of damages and interest claimed from a buyer who reneged on a commitment to purchase a group of buildings. This amount was provisioned in full at 31 December 2018.

Movements in provisions against outstanding CRDS and CSG contributions and social levies to be collected and in respect of sundry debtors are detailed in the table below:

At (€ millions)	31 December 2018	31 December 2017	31 December 2016
Provisions brought forward	474.72	488.11	487.94
Impact of accounting method changes	-	-	-
Provisions set aside – property	-	-	-
Provisions set aside – CRDS and CSG contributions and social levies	3.18	1.55	14.68
Provisions reversed – property	(0.13)	(0.15)	(0.20)
Provisions reversed – CRDS and CSG contributions and social levies	(48.60)	(14.79)	(14.31)

Provisions carried forward	429.17	474.72	488.11
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Note 4: Prepayments and accrued income

At (€ millions)	31 December 2018	31 December 2017	31 December 2016
ACCRUED INCOME	1,770.49	1,694.48	1,662.65
On forward interest rate instruments	8.91	8.22	7.32
On forward currency instruments	189.86	246.02	308.04
On CRDS and CSG revenues	1,571.46	1,440.24	1,347.26
On revenue from social levies on income from property and investments	-	-	0.03
On property sales	-	-	-
Other accrued income	0.26	-	-
CONTINGENT LOSSES AND LOSSES TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS	8.72	14.54	21.44
DEFERRED CHARGES	133.49	180.79	215.00
Issuance premiums on bonds and EMTN	133.49	180.79	215.00
Other deferred charges	-	-	-
PREPAYMENTS	0.02	19.23	17.11
Prepaid administrative expenses	0.02	0.02	0.02
Prepaid interest on negotiable debt instruments	-	19.21	17.09
Prepaid interest on bonds	-	-	-
Other prepayments	-	-	-
OTHER	451.34	71.05	4,908.63
Currency adjustment accounts	451.33	70.95	4,908.63
Property rental adjustment account	-	-	-
Sundry	0.01	0.10	-
Total	2,364.06	1,980.09	6,824.83

Prepayments and accrued income consist of transactions affecting the profit and loss account independently of the date on which the corresponding income is paid or collected. They include:

- accrued income relating to CRDS and CSG for €1,571.46 million, interest rate financial instruments for €8.91 million and foreign currency financial instruments for €189.86 million;
- issuance premiums on bonds and EMTN amounting to €133.49 million to be recognised in profit and loss over time;
- prepayments of operating charges amounting to €0.02 million;
- foreign currency adjustment accounts amounting to €451.34 million, being technical accounts used to recognise to profit and loss adjustments arising on the measurement of off-balance sheet commitments.

LIABILITIES AND RESERVES

In respect of liabilities, a distinction is made between CADES' reserves and its other liabilities.

Reserves, which consist of the profit and loss account brought forward (€-120,970.77 million), the profit or loss for the year (€15,443.77 million) and the property endowment (€181.22 million), came to €-105,345.78 million.

The profit and loss account brought forward broke down as follows:

Reference text	Debt transferred to CADES (€ millions)
Order No. 96-50 of 24 January 1996	(20,885.52)
Act No. 97-1164 of 19 December 1997	(13,263.06)
Act No. 2004-810 of 13 August 2004	(47,310.00)
Act No. 2008-1330 of 17 December 2008	(27,000.00)
Act No. 2010-1594 of 20 December 2010	(65,300.00)
Act No. 2011-1906 of 21 December 2011	(2,466.64)
Decree No. 2012-329 of 7 March 2012	(6,648.05)
Decree No. 2013-482 of 7 June 2013	(7,718.57)
Decree No. 2014-97 of 3 February 2014	(10,000.00)
Decree No. 2015-170 of 13 February 2015	(10,000.00)
Decree No. 2016-170 of 13 February 2016	(23,609.05)
Payment from ACOSS by way of an adjustment of the deficits from 1999 to 2006	64.72
Accumulated profits generated by CADES between 1996 and 2017 and impact of previous accounting method changes	113,165.40
Profit and loss account brought forward	(120,970.77)

Liabilities, which amounted to €110,343.49 million at 31 December 2018, consist mainly of debts to credit institutions amounting to €1,003.37 million, debts evidenced by securities totalling €107,959.20 million, guarantee deposits received and others totalling €447.61 million and accruals and deferred income totalling €933.32 million.

Note 5: Treasury and interbank transactions

At (€ millions)	31 December 2018				31 December 2018	31 December 2017	31 December 2016
	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Total	Total
AMOUNTS OWED TO CENTRAL BANKS							
Amounts owed to credit institutions	4.14	1.23	151.00	847.00	1,003.37	1,003.37	1,003.37
At sight	-	-	-	-	-	-	-
Credit balances on ordinary accounts	-	-	-	-	-	-	-
At term	4.14	1.23	151.00	847.00	1,003.37	1,003.37	1,003.37
Securities given under repurchase agreements	-	-	-	-	-	-	-
Accounts and deposits	-	-	151.00	847.00	998.00	998.00	998.00
Of which: Euro	-	-	151.00	847.00	998.00	998.00	998.00

Other currencies	-	-	-	-	-	-	-
Accrued interest	4.14	1.23	-	-	5.37	5.37	5.37
Total	4.14	1.23	151.00	847.00	1,003.37	1,003.37	1,003.37

Note 6: Debts evidenced by securities

At	31 December 2018					31 December 2018	31 December 2016
(€ millions)	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Total	Total
NEGOTIABLE DEBT INSTRUMENTS	1.07	0.10	-	264.00	265.17	7,521.51	14,093.80
Treasury bills denominated in euro	-	-	-	-	-	-	-
Treasury bills denominated in other currencies	-	-	-	-	-	-	-
BMTN denominated in euro	-	-	-	264.00	264.00	264.00	264.00
Commercial paper denominated in euro	-	-	-	-	-	50.00	529.00
Commercial paper denominated in other currencies	-	-	-	-	-	7,205.87	13,299.16
Other negotiable debt instruments denominated in foreign currencies	-	-	-	-	-	-	-
Accrued interest	1.07	0.10	-	-	1.17	1.64	1.64
BONDS	4,599.69	15,668.47	63,924.71	23,501.16	107,694.03	117,155.77	126,673.50
Bonds and EMTN denominated in euro	200.00	12,859.11	49,135.98	19,837.66	82,032.75	84,695.09	86,627.13
Bonds and EMTN denominated in other currencies	3,615.72	2,639.84	14,788.73	3,663.50	24,707.79	31,446.46	38,863.55
Accrued interest	783.97	169.52	-	-	953.49	1,014.22	1,182.82
Total	4,600.76	15,668.57	63,924.71	23,765.16	107,959.20	124,677.28	140,767.30

A euro issue for €200 million with a €100 million tap maturing on 20 December 2025 is subject to early redemption at the counterparty's option from 2021.

Debts evidenced by securities are analysed below:

Debts evidenced by securities totalled €107,959.20 million and comprise negotiable debt securities totalling €265.17 million and bonds and similar instruments totalling €107,694.03 million.

Bonds and similar instruments are issued under a borrowing programme approved by the Minister of the Economy on 15 December 2017, and may be stand-alone or part of the following programmes:

- a French issuance programme for which the maximum amount of outstandings is €130 billion;
- a UK issuance programme for which the maximum amount of outstandings is €65 billion;

- a US commercial paper issuance programme for which the maximum amount of outstandings is €60 billion;
- a French medium-term negotiable debt security (NEU MTN) issuance programme for which the maximum amount of outstandings is €10 billion;
- a French short-term negotiable debt security (NEU CP) issuance programme for which the maximum amount of outstandings is €20 billion;
- an Australian issuance programme for which the maximum amount of outstandings is €6 billion.

All in all, at 31 December 2018 debts evidenced by securities maturing within one year totalled €20,269.33 million and by those maturing in more than five years €23,765.16 million, compared with €21,766.13 million and €33,615.21 million, respectively, at 31 December 2017. Debt due to mature at between one and five years decreased from €69,295.94 million at 31 December 2017 to €63,924.71 million at 31 December 2018.

The tables below detail borrowings (in millions) by programme.

Programme	Issue date	Maturity date	Nominal value (issue currency)	Currency	Nominal interest rate	ISIN
Stand-alone	09/12/2004	25/07/2019	2,400	EUR	CADESI 1.85%	FR0010137554
	21/12/2004	25/10/2019	5,000	EUR	4.00%	FR0010143743
	27/05/2005	25/10/2020	4,000	EUR	3.75%	FR0010198036
	28/11/2011	25/04/2022	151	EUR	4.00%	-
	29/07/2011	19/12/2025	615	EUR	3.914%	-
	25/11/2011	19/12/2025	232	EUR	4.50%	-
NEU MTN	02/05/2012	02/05/2025	50	EUR	Formula-based variable rate	FR0120634516
	10/05/2012	19/12/2025	214	EUR	Formula-based variable rate	FR0120634581
UK	28/01/2016	28/01/2019	3,500	USD	1.50%	XS1353166108
	24/10/2017	24/09/2019	3,000	USD	1.75%	XS1705860267
	13/01/2017	13/01/2020	2,250	USD	0.01875%	XS1548793402
	17/04/2013	17/04/2020	1,000	USD	2.00%	US12802DAG16
	28/07/2015	28/07/2020	3,000	USD	1.88%	XS1266786810
	29/01/2018	29/01/2021	2,000	USD	2.375%	XS1760094034
	22/03/2016	22/03/2021	3,250	USD	2.000%	XS1383509160
	12/02/2015	12/02/2022	3,500	USD	1.875%	XSI 188127788
20/03/2014	20/03/2024	3,000	USD	3.375%	XS1046806821	
FR	05/03/2013	05/03/2019	200	EUR	3-month EURIBOR + 0.18%	FR0011435261
	11/02/2016	07/03/2019	500	GBP	1.000%	FR0013113099
	20/02/2014	25/05/2019	5,000	EUR	1.125%	FR0011746247
	28/11/2016	28/11/2019	22.6	USD	8.000%	FR0013220415
	10/06/2009	25/04/2020	4,250	EUR	4.250%	FR0010767566
	02/07/2010	02/07/2020	200	EUR	3-month EURIBOR + 0.23%	FR0010917534
	25/10/2004	25/07/2020	1,000	EUR	Max[0;((1+TEC100-1%)^0.25)-1]	FR0010120436
	03/02/2016	25/11/2020	4,500	EUR	0.050%	FR0013109006
	26/10/2010	26/10/2020	1,000	USD	3.00%	FR0010956565
	21/04/2009	21/04/2021	200	CHF	3.00%	CH0100525382
	29/06/2010	25/04/2021	5,750	EUR	3.375%	FR0010915660
	10/02/2011	25/07/2021	3,255	EUR	CADESI 1.50%	FR0011003672
	25/07/2006	25/10/2021	6,280	EUR	4.375%	FR0010347989
	20/06/2012	20/06/2022	50	EUR	Formula-based variable rate	FR0011270644
	26/09/2012	25/10/2022	4,950	EUR	2.50%	FR0011333186
	01/02/2017	25/11/2022	4,000	EUR	0.125%	FR0013235165
	22/03/2013	22/03/2023	420	AUD	5.335%	FR0011449776
	19/04/2011	19/04/2023	200	CHF	2.375%	CH0127860192
18/04/2011	25/04/2023	5,424	EUR	4.125%	FR0011037001	
23/01/2015	25/05/2023	3,850	EUR	0.500%	FR0012467991	

Borrowings (in millions) by programme

	18/09/2013	18/09/2023	2,000	NOK	4.080%	FR0011565449
	20/06/2018	25/10/2023	1,000	EUR	0.125%	FR0013344181
	29/11/2013	29/11/2023	50	EUR	Formula-based variable rate	FR0011627827
	18/12/2013	18/12/2023	50	EUR	Formula-based variable rate	FR0011649169
	19/06/2013	25/01/2024	3,250	EUR	2.375%	FR0011521319
	14/02/2014	14/02/2024	145	AUD	5%	FR0011737709
	27/02/2012	27/02/2024	153	EUR	Formula-based variable rate	FR0011202514
	02/07/2012	02/07/2024	60	EUR	Formula-based variable rate	FR0011277383
	09/02/2012	25/07/2024	3,250	EUR	CADESI 1.50%	FR0011198787
	16/09/2014	25/11/2024	5,500	EUR	1.375%	FR0012159812
	21/09/2016	21/12/2024	160	EUR	0.120%	FR0013201928
	18/02/2015	18/02/2025	100	EUR	Formula-based variable rate	FR0012538114
	19/12/2014	19/06/2025	125	AUD	3.750%	FR0012398998
	27/06/2012	27/06/2025	194	EUR	3.202%	FR0011276427
	18/08/2011	18/08/2025	812.5	EUR	3.625%	FR0011092261
	15/11/2011	15/11/2025	800	NOK	4.70%	FR0011142215
	01/12/2011	01/12/2025	800	NOK	5.12%	FR0011153097
	09/03/2011	09/12/2025	150	CHF	2.50%	CH0124739902
	15/03/2012	15/12/2025	1,000	NOK	4.95%	FR0011213958
	01/02/2012	15/12/2025	5,850	EUR	4.00%	FR0011192392
	14/02/2013	15/12/2025	1,000	NOK	4.25%	FR0011421759
	12/07/2011	19/12/2025	800	NOK	4.80%	FR0011074178
	27/06/2012	19/12/2025	2,000	NOK	4.84%	FR0011276732
	01/04/2011	20/12/2025	300	EUR	3.80%	FR0011027929
	21/06/2012	21/12/2025	1,000	NOK	4.52%	FR0011271527

Note 6a: Analysis of transactions in euro and foreign currencies before and after hedging

This note analyses the effect of hedging transactions on the initial debt and breaks down interest rates before and after hedging. It provides both accounting and financial information related to the value and hedging of instruments at maturity.

(in millions of euros)	Initial debt		Hedging transactions		Final debt	
	Foreign currencies	Euros	Foreign currencies	Euros	Foreign currencies	Euros
Euro-denominated debt		83,295		24,712		108,007
Foreign currency-denominated debt		Value in euros at 31 December 2018		Value in euros at 31 December 2018		
CHF	550	488	(550)	(488)	-	-
GBP	500	559	(500)	(559)	-	-
JPY	-	-	-	-	-	-
USD	25,523	22,290	(25,523)	(22,290)	-	-
HKD	-	-	-	-	-	-
SEK	-	-	-	-	-	-
AUD	690	425	(690)	(425)	-	-
NOK	9,400	945	(9,400)	(945)	-	-
NZD	-	-	-	-	-	-
CNY	-	-	-	-	-	-
CAD	-	-	-	(259)	-	-
MXN	-	-	-	-	-	-
Sub-total foreign currencies		24,708		(24,708)		-
Total		108,003		4		108,007

The table above provides a breakdown of the initial nominal debt by issuance currency. Since all transactions in foreign currencies have been hedged, the debt of CADES is synthetically entirely in euro. Hedging transactions have enabled CADES to eliminate the impact of exchange rate fluctuations on its debt.

The table below shows the breakdown of CADES' debt by interest rate type. Hedging impacts the initial breakdown, such that in the final analysis, 78%⁽¹⁾ of the debt bears fixed rates, 13% floating rates and 9% rates indexed to inflation.

Breakdown of debt in euro and foreign currencies before and after hedging

(€ millions)	Initial debt				Hedging transactions			Final debt		
	Foreign currencies	Euros	Total	%	Foreign currencies	Euros	Foreign currencies	Euros	Total	%
Fixed rates										
Negotiable debt instruments	-	-	-		-	-	-	-	-	
Bonds, EMTN and BMTN	24,707.80	70,683.50	95,391.30		(24,707.80)	12,371.36	-	83,054.86	83,054.86	
Private placements	-	998.00	998.00		-	-	-	998.00	998.00	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total fixed rates	24,707.80	71,681.50	96,389.30	89.25	(24,707.80)	12,371.36	-	84,052.86	84,052.86	77.82
Floating rates										
Negotiable debt instruments	-	-	-		-	-	-	-	-	
Bonds, EMTN and BMTN	-	1,764.00	1,764.00		-	12,340.86	-	14,104.86	14,104.86	
Private placements	-	-	-		-	-	-	-	-	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total floating rates	-	1,764.00	1,764.00	1.63	-	12,340.86	-	14,104.86	14,104.86	13.06
Indexed rates										
Bonds	-	9,849.24	9,849.24		-	-	-	9,849.24	9,849.24	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total indexed rates	-	9,849.24	9,849.24	9.12	-	-	-	9,849.24	9,849.24	9.12
Total	24,707.80	83,294.74	108,001.54	100.00	-	4.43	-	108,006.97	108,006.97	100.00

- (1) Based on market rates at 31 December 2018, the swap cancellation options held by counterparties were significantly out of the money, making the likelihood of a reversion to a variable rate virtually nil.

Note 7: Other liabilities

At (€ millions)	31 December 2018	31 December 2017	31 December 2016
DEPOSITS RECEIVED BY WAY OF INITIAL MARGINS	268.34	58.81	5,145.35
- Deposits	268.30	58.54	5,145.35
- Accrued interest	0.04	0.27	0.00
OTHER CREDITORS IN RESPECT OF FINANCIAL TRANSACTIONS	-	-	0.10
OTHER CREDITORS IN RESPECT OF OPERATING CHARGES	179.27	161.49	184.33
Payments to the State	-	-	-
Tax	-	-	-
Social security	-	-	-
Trade creditors	-	0.04	0.03
Sundry creditors – ACOSS	179.27	161.45	184.30
Other sundry creditors	-	-	-
Total	447.61	220.30	5,329.78

Other liabilities correspond mainly to:

- Deposits received by way of initial margins in respect of contracts on forward markets and repurchase agreements put in place to hedge counterparty risk, amounting to €268.34 million at 31 December 2018;
- The credit balance with ACOSS amounting to €179.27 million, consisting of taxpayer credit notes received from ACOSS.

Note 8: Accruals and deferred income

At (€ millions)	31 December 2018	31 December 2017	31 December 2016
ACCRUALS	47.77	21.10	21.88
Accruals on forward interest rate instruments	32.43	6.58	6.24
Accruals on forward currency instruments	4.82	4.80	6.94
Fees payable in respect of market transactions	0.00	0.00	0.00
Accruals in respect of operating charges	0.89	0.40	0.25
Accruals in respect of CRDS and CSG collection costs	8.51	7.64	7.33
Accruals in respect of revenue from social levies on income from property and investments	-	-	-
Other accruals	1.12	1.68	1.12
CONTINGENT GAINS AND GAINS TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS	20.25	28.97	40.86
UNEARNED INCOME	398.93	494.56	596.40
Issuance premiums on bonds	398.93	494.53	595.74
On government securities	-	-	-
On foreign currency transactions	-	0.03	0.66
Other unearned income	-	-	-
OTHER	466.37	1,628.96	604.42
Currency adjustment accounts	455.76	1,605.23	597.46
Sundry	10.60	23.73	6.96
TOTAL	933.32	2,173.59	1,263.56

Accruals and deferred income consist of transactions affecting the profit and loss account independently of the date on which the corresponding income is paid or collected.

They include notably:

- Accrued expenses in respect of interest rate swaps amounting to €32.43 million, forward currency transactions for €4.82 million, and CRDS and CSG for €8.51 million;
- Balancing cash payments on currency swaps amounting to €20.25 million that are to be spread;
- Unearned income, corresponding to premiums on bond issues (€398.93 million);
- Currency adjustment accounts amounting to €455.76 million, being technical accounts used to recognise to profit and loss adjustments arising on the measurement of off-balance sheet commitments.

Note 8a: Provision accounts

Provisions for liabilities and charges include provisions for:

- redundancy indemnities;
- remuneration of days saved by CADES employees;
- the consequences of the European Court of Justice's Judgment of 26 February 2015 concerning the reimbursement by CADES of CRDS, CSG and social levy overpayments (see Note 14);
- the reduction of CSG and CRDS income.

At (€ millions)	31 December 2017	Set aside	Reversed	31 December 2018
Provisions	113.26	5.22	38.32	80.17
Provision for redundancy indemnities	0.30	-	0.01	0.29
Provision for time savings account	0.01	0.02	-	0.04
Provision for remuneration	-	0.02	-	0.02
Provision for liabilities	-	-	-	-
Ruyter judgment	13.85	1.57	7.41	8.01
Reduction of CSG and CRDS income	99.10	3.61	30.90	71.81
Total	113.26	5.22	38.32	80.17

PROFIT AND LOSS ACCOUNT

In arriving at the profit for the period, net banking income is reported separately from other operating income and charges.

(€ millions)

Net banking income	(2,206.67)
Exceptional income items	(0.03)
Other operating income and charges	<u>17,650.47</u>
Gross operating profit and net profit for the period	15,443.77

A specific mission has been entrusted to CADES, which is to extinguish a debt over its scheduled term. The profit for the year measures its capacity to reduce its own debt.

Net banking income

Net banking income consists of the cost of debt, the income generated from cash positions and the net profit or loss on financial transactions.

Note 9: Banking income

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
INTEREST RECEIVABLE AND SIMILAR INCOME FROM TRANSACTIONS WITH CREDIT INSTITUTIONS	188.81	225.32	160.33
Interest receivable – Demand loans and advances and open repurchase agreements	-	0.01	-
Interest from ordinary accounts in debit	-	0.01	-
Interest from loans	-	-	-
Interest from securities delivered under open repurchase agreements	-	-	-
Interest receivable – Term loans, advances and repurchase agreements	-	-	-
Interest from loans denominated in euro	-	-	-
Interest from loans denominated in foreign currencies	-	-	-
Interest from securities delivered under repurchase agreements	-	-	-
Other interest receivable	188.81	225.31	160.33
INTEREST RECEIVABLE AND SIMILAR INCOME FROM BONDS AND OTHER FIXED INCOME SECURITIES	-	-	-
Interest from fixed income securities	-	-	-
Interest from government securities	-	-	-
OTHER INTEREST RECEIVABLE AND SIMILAR INCOME	685.73	799.65	925.79
Amortisation of premiums on issue	95.60	101.20	109.77
Net profit on hedging transactions	590.13	698.45	816.02
Profit on repurchase of own securities	-	-	-
Total	874.54	1,024.97	1,086.12

Banking income, which amounted to €874.54 million, consists mainly of:

- Net profit on hedging transactions amounting to €590.13 million;
- Interest receivable and similar income from transactions with credit institutions amounting to €188.81 million; and
- The amortisation of bond premiums on issue amounting to €95.60 million.

Note 10: Cost of debt

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
INTEREST PAYABLE AND SIMILAR CHARGES ON TRANSACTIONS WITH CREDIT INSTITUTIONS	44.34	42.36	40.79
Interest payable - Demand loans and open repurchase agreements	0.00	0.00	0.06
Interest on ordinary accounts in credit	0.00	0.00	0.04
Interest on overnight loans	-	-	-
Interest on securities delivered under open repurchase agreements	-	-	0.02
Interest payable – Term loans and repurchase agreements	40.55	40.55	40.65
Interest on CDC loan (transfer of debt)	-	-	-
Interest on multi-currency credit	-	-	-
Interest on securities delivered under repurchase agreements	-	-	0.10
Interest on private placements	40.55	40.55	40.55
Other interest payable and similar charges	3.79	1.81	0.08
INTEREST PAYABLE AND SIMILAR CHARGES ON BONDS AND OTHER FIXED INCOME SECURITIES	3,014.07	3,111.97	3,337.64
Interest on debts evidenced by certificates	3,014.07	3,111.97	3,337.64
Interest on negotiable debt instruments denominated in euros	3.82	6.54	7.76
Interest on negotiable debt instruments denominated in other currencies	142.20	137.74	77.37
Interest on bonds and equivalent securities denominated in euros	2,045.93	2,158.13	2,363.06
Interest on bonds and equivalent securities denominated in other currencies	577.19	628.94	781.22
Other charges on debt evidenced by securities	244.93	180.62	108.23
Other interest payable and similar charges	-	-	-
FEES PAYABLE	22.78	30.93	37.66
Fees on term loans with credit institutions	20.28	22.50	22.29
Fees on negotiable debt instruments issued	-	-	-
Fees on bonds	2.47	8.39	15.32
Other fees on securities transactions	0.03	0.04	0.05
Other fees	-	-	-
TOTAL	3,081.19	3,185.26	3,416.09

Interest payable and similar charges on CADES' debt, which amounted to €3,081.19 million, decreased by 3% from 31 December 2017 and consists of:

- Charges amounting to €3,014.07 million in respect of debts;
- Interest amounting to €44.34 million on transactions with credit institutions, consisting of interest on private placements, securities delivered under repurchase agreements and margin calls; and
- Fees amounting to €22.78 million.

The decrease in interest and similar charges payable compared with 31 December 2017 was related mainly to the reduced borrowing cost.

Note 11: Gains and losses on trading securities

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
NET GAIN (LOSS) ON FOREIGN EXCHANGE TRANSACTIONS	-	-	-
Other foreign exchange transactions	-	-	-
TOTAL	-	-	-

In accordance with the requirements of Regulation No. 2014-07 of 26 November 2014 on the presentation of financial statements issued by the French Accounting Standards Committee (*l'Autorité des Normes Comptables*), gains and losses on instruments used to hedge interest rate and currency risks are reported under interest receivable and similar income or interest payable and similar charges (see Note 9). The net profit on foreign exchange transactions comprises solely gains and losses determined on the periodic measurement of foreign currency accounts that have not been hedged.

Note 11a: Gains and losses on investment securities and equivalent

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
Gains (losses) on investment securities and equivalent	-	-	-
Net gain (loss) on investment securities	-	-	-

Note 11b: Exchange rate gains and losses on management operations

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
Exchange rate gains and losses on management operations	-	-	-
Exchange rate gains on foreign-currency invoices	-	-	-
Exchange rate losses on foreign-currency invoices	-	-	-

Other operating income and charges

Other operating income and charges consist mainly of specific income and charges dealt with by Order No. 96-50 of 24 January 1996 (CRDS contributions, CSG, social levies on income from property and investments, payments from the Retirement Reserve Fund, property asset sales and payments to the State and social security funding organisations), general operating charges and depreciation, amortisation and impairment charges on non-current assets.

Note 12: CRDS revenues

The table below details revenue allocated to CADES under Article 6 of Order No. 96-50 of 24 January 1996 after deducting assessment and collection costs and losses on outstanding CRDS contributions (write-offs, waivers, cancellations and debt forgiveness).

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
NET CRDS REVENUES (Article 6)	7,347.32	7,168.36	6,942.78
CRDS contributions levied on wages and salaries	6,487.03	6,354.68	6,161.54
CRDS contributions levied on property assets	320.09	299.77	301.81
CRDS contributions levied on investment income	377.27	352.84	327.24
CRDS contributions levied on sales of gems and precious metals	5.77	5.36	4.23
CRDS contributions on gaming proceeds	157.16	155.71	147.96
CRDS exemption offsets (travel vouchers and voluntary community services)	-	-	-

CRDS revenues, net of collection costs, amounted to €7,347.32 million.

CRDS levied on wages and salaries (which is mainly collected by ACOSS) represents 88.29% of the total. CRDS collected by the offices of the Public Finances Directorate and levied mainly on capital (property and investment income) represented 9.49%. CRDS on gaming profits and the sale of precious metals represented 2.22%.

Note 12a

The table below provides a breakdown of income and charges relating to the CRDS at 31 December 2018.

CRDS REVENUES (€ millions)	(I)	CRDS COSTS	(II)	Net revenues (I-II)
CRDS levied on wages and salaries	6,545.83	Write-offs, waivers, cancellation and debt forgiveness	26.24	6,487.03
		Assessment and collection costs	32.56	
CRDS levied on property assets	333.79	Assessment and collection costs	13.70	320.09
CRDS levied on investment income	379.17	Assessment and collection costs	1.90	377.27
CRDS levied on sales of gems and precious metals	5.80	Assessment and collection costs	0.03	5.77
CRDS levied on gaming proceeds	157.95	Assessment and collection costs	0.79	157.16
CRDS exemption offsets (travel vouchers and voluntary community services)	-		-	-
Reversal of provisions on outstanding CRDS to be collected	44.44	Provisions on outstanding CRDS to be collected	2.81	41.63
Total	7,466.98	Total	78.03	7,388.95

Note 12.1: CSG revenues

Supplementary social security contributions (*Contribution Sociale Généralisée – CSG*) are a resource allocated to CADES at the rate of 0.60% since 1 January 2016 for CSG on income from employment, unemployment and other similar benefits and on taxable income from property and investments, and at 0.30% for CSG on profits from gaming.

The tax base is the same as for the CRDS, with the exception that no contributions are levied on the sale of gems and precious metals.

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
NET CSG REVENUES (Article 6)	8,129.29	7,943.76	7,717.93
CSG contributions levied on wages and salaries	7,288.66	7,151.30	6,956.92
CSG contributions levied on property assets	378.05	359.16	358.60
CSG contributions levied on investment income	452.90	423.73	393.46
CSG contributions on gaming proceeds	9.68	9.57	8.95
CSG exemption offsets	-	-	-

CSG revenues, net of collection costs, amounted to €8,129.29 million.

CSG levied on wages and salaries (which is collected mainly by ACOSS) represents 89.78% of the total. The remaining CSG is levied mainly on income from investments and from property (10.22%).

Note 12.1a

The table below provides a breakdown of income and charges relating to the CSG at 31 December 2018.

CSG REVENUES (€ millions)	(I)	CSG COSTS	(II)	Net revenues (I-II)
CSG levied on wages and salaries	7,350.00	Write-offs, waivers, cancellation and debt forgiveness	24.76	7,288.66
		Assessment and collection costs	36.59	
CSG levied on property assets	394.25	Assessment and collection costs	16.20	378.05
CSG levied on investment income	455.17	Assessment and collection costs	2.27	452.90
CSG levied on gaming proceeds	9.73	Assessment and collection costs	0.05	9.68
CSG exemption offsets	-		-	-
Reversal of provisions on outstanding CSG to be collected	35.06	Provisions on outstanding CSG to be collected	3.98	31.08
TOTAL	8,244.21	TOTAL	83.85	8,160.36

Note 12.2: Social levies on income from property and investments

Social levies on income from property and investments were a source of revenue allocated to CADES since 1 January 2011 under Act No. 2010-1594 of 20 December 2010 (Articles 245-14 and 245-15 of the Social Security Code). Since 1 January 2016, CADES no longer receives the 1.3% portion of these levies, but an additional 0.12% of CSG.

The following table essentially shows adjustments in 2018 to payments recognised in 2015.

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
NET REVENUE FROM SOCIAL LEVIES	(1.89)	(3.58)	(15.86)
On income from property	-	-	(7.52)
On income from investments	(1.89)	(3.58)	(8.34)

Note 12.2a

The following table shows the breakdown of revenue and costs associated with social levies on income from property and investments recognised in 2018.

REVENUES FROM SOCIAL LEVIES (€ millions)	(I)	COSTS RELATING TO SOCIAL LEVIES	(II)	Net revenues (I-II)
Social levies on income from property	-	Assessment and collection costs	-	-
		Write-offs, waivers, cancellation and debt forgiveness	-	
Social levies on income from investments	(1.90)	Assessment and collection costs	(0.01)	(1.89)
Reversal of provisions on outstanding amounts to be collected	-	Provisions on outstanding amounts to be collected	-	-
TOTAL	(1.90)	TOTAL	(0.01)	(1.89)

Note 12.3: Payments by the Retirement Reserve Fund (FRR)

The Retirement Reserve Fund paid €2.10 billion on 25 April 2018.

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
REVENUE FROM THE RETIREMENT RESERVE FUND	2,100.00	2,100.00	2,100.00
Revenue for the year	2,100.00	2,100.00	2,100.00

Note 13: General operating charges

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
STAFF COSTS	1.08	1.09	1.11
Wages and salaries	0.75	0.79	0.84
Social security charges	0.31	0.30	0.33
Time savings account	0.02	-	-
Sundry charges	-	-	(0.06)
OTHER ADMINISTRATIVE EXPENSES	1.83	1.69	1.81
Taxes and duties	0.09	0.10	0.11
External services	1.74	1.59	1.70
TOTAL	2.91	2.78	2.92

General operating charges correspond to expenditure falling within the scope of the administrative budget. They do not include the acquisition and the amortisation and depreciation of fixed assets (see Note 2). They increased by 3% compared with 31 December 2017.

List of staff positions at 31 December 2018

Non-civil servant employees:

- 1 senior front office manager (grade A)
- 1 assistant front office manager (grade A)
- 1 asset and liabilities matching strategist (grade A)
- 1 senior back office manager (grade A)
- 1 assistant back office manager (grade A)
- 1 bilingual executive secretary (grade B)
- 1 internal control officer (grade A), until 30 June 2018

Civil servants:

- 1 general office manager (grade A)
- 1 administrative manager (grade A)

CADES has made available non-civil servant public sector workers to AFT since 1 September 2017 and has accordingly paid the corresponding salaries, employer charges and payroll taxes, which have then been reimbursed annually by the French General Treasury Department (DGT). In accordance with the terms of the financial agreement signed on 22 November 2018 by CADES and the DGT, these salaries are then rebilled to CADES.

CADES administrative costs came to €1.74 million in 2018 and comprised mainly:

- statutory auditors' fees for the statutory audit of the 2018 financial statements, of which €24,2000 was paid in 2018;
- operating costs paid by the Ministry for the Economy and Finance in respect of activities carried out by AFT on behalf of CADES, *prorata temporis* for 2018.

Note 13a: Property assets and property management

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
REVENUES FROM PROPERTY ASSETS	0.14	0.15	0.20
Exceptional income	0.01	-	-
Provisions reversed	0.13	0.15	0.20
CHARGES ON PROPERTY ASSETS	0.02	0.09	-
External services	0.02	0.01	-
Exceptional charges	-	0.08	-

All the properties transferred to CADES on 1 January 2000 were sold over the next three years. Since 2007, CADES has managed the run-off of the last properties and of disputes.

Note 14: Other non-banking operating charges

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
Payments to the State	-	-	-
Provision for sundry liabilities	-	-	-
Ruyter judgment	1.57	-	-
Reduction of CSG and CRDS income	-	-	-
TOTAL	1.57	-	-

In the Judgment of 26 February 2015, the European Court of Justice confirmed the non-taxability of property income received in France by tax non-residents, and granted them entitlement to the full reimbursement of sums unduly deducted since 2012 in respect of CRDS, CSG and social levies. In 2018, the provision for the related risk amounted to €1.57 million.

Note 14a: Other operating income

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
Other reversals of provisions for sundry charges	-	-	-
Other reversals of provisions for sundry liabilities	7.41	7.17	21.99
Ruyter judgment	-	-	-
TOTAL	7.41	7.17	21.99

Note 15: Exceptional income and charges

Period ended (€ millions)	31 December 2018	31 December 2017	31 December 2016
Statutory limitation of debt – administrative budget	0.01	0.01	-
Statutory limitation of debt – financing budget	-	0.09	-
Other exceptional income (impact of ACOSS changes)	-	-	0.03
Other exceptional charges (impact of ACOSS changes)	-	-	-
Other exceptional charges	(0.04)	-	-
TOTAL	(0.04)	0.10	0.03

OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments distinguish between commitments given and commitments received and are analysed between loan commitments, guarantee obligations and guarantees on securities. Certain commitments are not recorded on the face of the accounts, being commitments in respect of currency transactions and forward financial instruments. Information regarding these commitments is provided in Notes 16 and 17 below.

Note 16: Currency transactions

At (€ millions)	31 December 2017		31 December 2018		31 December 2019	
	Currencies to be received	Currencies to be delivered	Currencies to be received	Currencies to be delivered	Currencies to be received	Currencies to be delivered
FORWARD TRANSACTIONS	18,937.76	-	24,707.79	-	38,652.33	-
Financing in foreign currency						
Hedging transactions over the counter						-
Forward exchange against euros	133.73	-	-	-	7,205.87	-
Up to 1 year	133.73	-	-	-	7,205.87	-
From 1 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Currency swaps against euros	18,804.03	-	24,707.79	-	31,446.46	-
Up to 1 year	6,453.62	-	6,255.56	-	9,394.40	-
From 1 to 5 years	11,383.84	-	14,788.73	-	17,846.62	-
Over 5 years	966.57	-	3,663.50	-	4,205.44	-
FORWARD TRANSACTIONS						
Foreign currency financing commitments received	-	-	-	-	-	-
Hedging transactions over the counter	-	-	-	-	-	-
Forward exchange against euros	-	-	-	-	-	-
Up to 1 year	-	-	-	-	-	-
From 1 to 5 years	-	-	-	-	-	-
Currency swaps against euros	-	-	-	-	-	-
Up to 1 year	-	-	-	-	-	-
From 1 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-

Forward exchange contracts against euro correspond to forward purchases entered into for the purpose of hedging commercial paper denominated in foreign currencies. There were no forward exchange outstandings at 31 December 2018.

The decrease in currency swap outstandings against euro between 1 January 2017 and 31 December 2018 is attributable to the decrease in foreign currency issue outstandings, with repayments on these issues (the equivalent of €9.74 billion) exceeding total new issuance (the equivalent of €1.63 billion).

Note 17: Forward financial instruments

At (€ millions)	31 December 2018	31 December 2017	31 December 2016
INTEREST RATE INSTRUMENTS			
Organised markets and equivalents	-	-	-
Firm transactions entered into for hedging purposes	-	-	-
Euro Bobl futures contracts (5 years)	-	-	-
Euro Bund futures contracts (10 years)	-	-	-
Other firm transactions	-	-	-
Options entered into for hedging purposes	-	-	-
Other options	-	-	-
Over the counter	13,310.67	5,423.23	2,506.54
Firm transactions entered into for hedging purposes			
Interest rate swaps in euro	13,310.67	5,423.23	2,506.54
Micro hedging	13,310.67	5,423.23	2,506.54
- Up to 1 year	-	279.84	45.70
- From 1 to 5 years	8,220.17	1,250.00	1,279.84
- Over 5 years	5,090.50	3,893.39	1,181.00
Macro hedging	-	-	-
- Up to 1 year	-	-	-
- From 1 to 5 years	-	-	-
- Over 5 years	-	-	-
Isolated positions	-	-	-
- Up to 1 year	-	-	-
- From 1 to 5 years	-	-	-
- Over 5 years	-	-	-
Currency swaps	-	-	-
Micro hedging	-	-	-
- Up to 1 year	-	-	-
- From 1 to 5 years	-	-	-
- Over 5 years	-	-	-

At 31 December 2018, interest rate instruments entered into by CADES comprised swaps amounting to €13,310.67 million entered into for micro hedging purposes.

All swaps cancellable by counterparties matured in 2018. CADES entered into these swaps, under which it received three-month Euribor less a haircut and paid a fixed rate, in 2007 and 2008. Counterparties could cancel these swaps six months after inception and then every three months.

These cancellable swaps, which qualify as micro hedges, were used to transform CADES' adjustable rate structured transactions into fixed rate transactions for at least six months. Each swap was therefore systematically backed to a swap already held in portfolio by CADES. If these swaps had been cancelled, CADES would have reverted to its initial refinancing level.

These swaps were authorised by the Board of Directors on 28 November 2007. They were designated as micro hedges (Category b, pursuant to Article 2522-1 of Regulation No. 2014-07 of 26 November 2014 relating to the financial statements of banking sector companies).

To reduce CADES' exposure to a possible increase in interest rates, on 29 November 2017 the Board of Directors authorised it to convert some of its variable rate hedges of existing borrowings into fixed rate hedges and to hedge new borrowings exclusively in fixed rates.

Note 18: Other off-balance sheet commitments

At (€ millions)	31 December 2018	31 December 2017	31 December 2016
FINANCING COMMITMENTS			
Commitments received			
<i>From credit institutions</i>			
- Back-up credit lines	700.00	700.00	700.00
- Multi-currency credit lines	-	-	-
- Credit lines in treasury bills	-	-	-
- Other credit lines	-	-	-
<i>Sundry</i>			
- Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites</i>)	12,600.00	14,700.00	16,800.00
- Borrowings	-	-	-
- Commercial paper and securities lent under repurchase agreements	-	-	-
Commitments given			
Payments to the State	-	-	-
Payments to social security agencies	-	-	-
- Assumption of debt provided for by the 2019 Social Security Finance Act	15,000	-	-
Financing commitments given under repurchase agreements, currency purchases and treasury bills	-	-	-

Commitments received consist of:

- Four activation agreements for credit lines enabling CADES to add funds directly to its euro-denominated deposit account held with Banque de France, totalling €700 million and cancellable by the counterparties at 15 to 30 days' notice;
- A total of €12.60 billion in payments from the Retirement Reserve Fund, corresponding to the annual payments of €2.10 billion for the period from 2018 to 2024, pursuant to the 2011 Social Security Funding Act No. 2010-1594 of 20 December 2010.

Commitments given consist of the assumption of debt provided for by the 2019 Social Security Finance Act No. 2018-1253 of 22 December 2018, which amended Order No. 96-50 of 24 January 1996. Article 27 of the Act stipulates that the deficits of the various social security branches for the financial years from 2014 to 2018 be covered by transfers from CADES to ACOSS, for up to a maximum of €15 billion, between 2020 and 2022.

This duly increases CADES' future resources, as follows:

- in 2020, the portion of CSG allocated to CADES will increase from 0.60% to 0.71%;
- in 2021, this portion will increase from 0.71% to 0.83%;
- and in 2022, it will increase to 0.93%.

It is stipulated that this transfer of resources made available by forecast surpluses have no impact for French taxpayers.

The amounts and payment dates corresponding to the transfers will be set by decree.

Note 19: Abridged statements

BALANCE SHEET

At (€ millions)	31 December 2018
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD FROM 1 JANUARY 2018	-(120,970.77)
PROFIT FOR THE YEAR ENDED 31 DECEMBER 2018	15,443.77
PROPERTY ENDOWMENT	181.22
DEBT REMAINING TO BE REPAID AT 31 DECEMBER 2018	(105,345.78)
Represented by:	
Liabilities towards third parties	
- Borrowings falling due within 1 year	20,274.70
- Borrowings falling due after 1 year	88,687.87
- Other creditors, accruals and unearned income	1,380.92
Less assets held by CADES	
- Financial investments	2,263.50
- Other debtors, prepayments and accrued income	2,734.22

PROFIT AND LOSS ACCOUNT

Period ended (€ millions)	31 December 2018
NET REVENUE FROM CRDS, CSG AND SOCIAL LEVIES	15,554.83
ESTIMATION CHANGES AND ERROR ADJUSTMENTS	-
NET REVENUE FROM RETIREMENT RESERVE FUND (FRR)	2,100.00
NET REVENUE FROM PROPERTY	0.12
Interest payable and similar charges	(3,058.41)
Fees	(22.80)
Interest receivable and similar income	874.54
NET FINANCIAL CHARGES	(2,206.67)
Operating charges	(2.92)
OPERATING PROFIT	15,445.37
Provision for sundry liabilities	(1.57)
Exceptional income	(0.03)
NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2018	15,443.77

OTHER INFORMATION

The table below provides information on market value, comparing the debt at repayment value as at 31 December 2018 with the debt at market value.

Debt at repayment value as at closing date comprises the following elements:

- (a) The nominal value of fixed rate, variable rate and adjustable rate borrowings in euros.
- (b) The nominal value of the fixed rate, variable rate and adjustable rate euro legs of basis swaps representing perfect transformation of foreign currency-denominated borrowings into euro-denominated borrowings.
- (c) The accrued nominal value of inflation indexed bonds as at 31 December 2018.
- (d) Interest accrued but not yet due is excluded from debt at repayment value.

Debt at repayment value at maturity comprises the following elements:

- (a) The nominal value of fixed rate, variable rate and adjustable rate borrowings in euro.
- (b) The nominal value of the fixed rate, variable rate and adjustable rate euro legs of swaps representing perfect transformation of foreign currency-denominated borrowings into euro-denominated borrowings.
- (c) The projected nominal value at maturity of inflation indexed bonds.
- (d) The market value of swaps used for macro hedging.

Debt at market value comprises the following elements:

- (a) The value of the fixed rate bonds and inflation indexed bonds based on the average market price on 31 December 2018.
- (b) The value of unlisted securities issued by CADES obtained using the CADES zero-coupon curve as at 31 December 2018. Options embedded in certain of these securities are valued using an internal model based on standard valuation software developed and marketed by an independent service provider.
- (c) The value of derivatives used to transform part of the debt through micro hedging. Options embedded in certain of these instruments are valued using the same internal model.
- (d) The value of derivatives used for macro hedging.
- (e) The present value at 31 December 2018 of collateral, repurchase agreements and bank balances.

(in millions of euros)	DEBT AT REPAYMENT VALUE		DEBT AT MARKET VALUE	MARKET VALUE OF HEDGING TRANSACTIONS
	AT MATURITY	AT 31 DECEMBER 2018	AT 31 DECEMBER 2018	AT 31 DECEMBER 2018
UP TO 1 YEAR	17,319.78	17,313.96	17,675.32	(186.43)
FROM 1 TO 5 YEARS	64,175.43	64,109.78	68,541.60	(108.01)
OVER 5 YEARS	24,570.20	24,377.15	27,834.76	344.99
SWAPS	-	-	-	-
TOTAL	106,065.40	105,800.90	114,051.68	50.55
REVISABLE RATES	11,898.79	11,898.79	11,926.98	(198.12)
INDEXED RATES	10,113.75	9,849.24	10,561.00	-
FIXED RATES	84,052.86	84,052.86	91,563.70	248.67
SWAPS	-	-	-	-
TOTAL	106,065.40	105,800.90	114,051.67	50.55

Compared with the previous financial year, at 31 December 2018 there had been an increase in the proportion of short and medium-term debt and a decrease in that of long-term debt, as shown by the table below:

Debt	31 December 2018	31 December 2017	31 December 2016
Short-term (under 1 year)	16.36%	13.23%	18.93%
Medium-term	60.59%	58.32%	49.68%
Long-term (over 5 years)	23.04%	28.45%	31.39%

As regards the breakdown between issues denominated in euro and other currencies, in the year ended 31 December 2018 the proportion of euro-denominated debt increased from the previous year, as shown by the table below:

Debt	31 December 2018	31 December 2017	31 December 2016
In foreign currencies	22.88%	31.81%	35.08%
In euros	77.12%	68.19%	64.92%

Lastly, the post-hedging book-value-debt breakdown relative to 2017 below shows an increase in the proportion of fixed rate issues and, to a lesser extent, indexed rate issues, as well as a marked decrease in that of revisable rate issues:

Debt	31 December 2018	31 December 2017	31 December 2016
Revisable rate	11.25%	28.11%	36.65%
Indexed rate	9.31%	7.99%	8.69%
Fixed rate	79.44%	63.90%	54.66%

Explanation of variances between market value and repayment value of debt:

The difference between the market value of the debt and its repayment value is explained by the following factors:

- The market value of fixed rate loans increased because of the decline in interest rates;
- Market value factors in the present value of future coupons whereas the repayment value excludes coupons; and
- Gains and losses on macro hedging swaps impact market value one way or the other.

The above information covers a significant part of CADES' main activity, which is to repay in the best possible conditions the debt it raises on the financial markets.

**CADES statutory auditor's report on the financial statements
for the year ended 31 December 2018**

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

CADES

Registered office: 139 Rue de Bercy 75012 Paris

Statutory auditor's report on the financial statements

For the year ended 31 December 2018

To the Conseil d'administration of CADES

Opinion

In compliance with the engagement entrusted to us by your Conseil d'administration, we have audited the accompanying financial statements of CADES for the year ended 31 December 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2018 and of the results of its operations for the year then ended in accordance with French accounting principles in accordance with the "Plan Comptable des Etablissements de Crédit", which applies to CADES by reason of notice no. 99-04 of the Conseil National de la Comptabilité.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditor Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1st January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to the matter set out in paragraph 4 of the accounting principles and methods and in the Note 12 which specify the applicable accounting treatment of the social security debt repayment contribution (CRDS), the social security contribution (CSG), and the social levies on income from property and investments.

Regarding the collection of the CRDS contributions, note that at no time does CADES act as primary collector; all the resources to which it is entitled are remitted by third parties, first and foremost ACOSS, followed by the offices of the DGFIP (Direction Générale des Finances Publiques or Public Finances Directorate). CADES' responsibility is confined to verifying that the sums transferred agree to the accounting vouchers raised.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

We determined that there were not Key Audit Matters to communicate in our report.

Verification of the Management Report of the Conseil d'administration

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of CADES by the Conseil d'administration held on 7th October 2016.

As at 31 December 2018, KPMG SA was in the 2th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Conseil d'administration

Statutory Auditor Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of CADES or the quality of management of the affairs of CADES.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee /includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, on the 4 April 2019

The statutory auditors

French original signed by

Hubert de Vaumas

Associé

ANNUAL STATEMENTS 2019

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KPMG S.A.
Siège social
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

Téléphone : +33 (0)1 55 68 68 68
Télécopie : +33 (0)1 55 68 73 00
Site internet : www.kpmg.

CADES

Statutory auditor's report on the financial statements

For the year ended 31 December 2019

CADES

139 rue de Bercy – 75012 Paris

This report contains 44 pages

Reference: HV-202-001

KPMG S.A.,
a French limited liability entity and a member firm
of the KPMG Network of independent member
firms
affiliated with KPMG International Cooperative, a
Swiss entity.

Société anonyme d'expertise
comptable et de commissariat aux
comptes à directoire et conseil de
surveillance.
Inscrite au Tableau de l'Ordre à Paris
sous le n° 14-30080101 et à la
Compagnie Régionale
des Commissaires aux Comptes de
Versailles.

Headquarters:
KPMG S.A.
Tour Eqho
2 avenue Gambetta
92066 Paris la Défense Cedex
Capital : 5 497 100 €.
Code APE 6920Z
775 726 417 R.C.S. Nanterre TVA
Union Européenne
FR 77 775 726 417



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Siège social
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

Téléphone : +33 (0)1 55 68 68 68
Télécopie : +33 (0)1 55 68 73 00
Site internet : www.kpmg.

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

CADES

Registered office: 139 rue de Bercy - 75012 Paris

Statutory auditor's report on the financial statements

For the year ended 31 December 2019

To the Conseil d'administration of CADES

Opinion

In compliance with the engagement entrusted to us by your Conseil d'administration, we have audited the accompanying financial statements of CADES for the year ended 31 December 2019. These accounts were approved by the Conseil d'administration on 1st April 2020 on the basis of information available at that date in the context of the health crisis linked to Covid-19.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2019 and of the results of its operations for the year then ended in accordance with French accounting principles in accordance with the "Plan Comptable des Etablissements de Crédit", which applies to CADES by reason of notice no. 99-04 of the Conseil National de la Comptabilité.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditor Responsibilities for the Audit of the Financial Statements*" section of our report.

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775 726 417 R.C.S. Nanterre TVA
Union Européenne
FR 77 775 726 417-40743155

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1st January 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to the matter set out in paragraph 3 and 5 of the accounting principles and methods and in the Note 12 which specify the applicable accounting treatment of the social security debt repayment contribution (CRDS), the social security contribution (CSG), and the social levies on income from property and investments.

Regarding the collection of the CRDS contributions, note that at no time does CADES act as primary collector; all the resources to which it is entitled are remitted by third parties, first and foremost ACOSS, followed by the offices of the DGFIP (Direction Générale des Finances Publiques or Public Finances Directorate). CADES' responsibility is confined to verifying that the sums transferred agree to the accounting vouchers raised.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

We determined that there were not Key Audit Matters to communicate in our report.

Verification of the Management Report of the Conseil d'administration

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors with respect to the financial position and the financial statements.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of CADES by the Conseil d'administration held on 7th October 2016.

As at 31 December 2019, KPMG SA was in the 4th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Conseil d'administration

Statutory Auditor Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of CADES or the quality of management of the affairs of CADES.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, on the 2 avril 2020

The statutory auditors

French original signed by

Hubert de Vaumas
Associé

BALANCE SHEET

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
ASSETS			
Cash in hand, balances with central banks and post office banks (Note 1)	3,056.63	2,263.29	3,174.15
Treasury bills and other bills eligible for refinancing with central banks (Note 1)	-	-	1,000.00
Loans and advances to credit institutions (Note 1)			
- Repayable at sight	0.03	0.21	0.05
- Repayable at term	-	-	-
Intangible assets (Note 2)	-	-	-
Tangible assets (Note 2)	-	-	0.06
Other assets (Note 3)	312.21	450.32	1,243.91
Prepayments and accrued income (Note 4)	2,703.07	2,364.06	1,980.09
TOTAL ASSETS	6,071.94	5,077.88	7,398.26
LIABILITIES & RESERVES			
Amounts owed to credit institutions (Note 5)			
- Payable at sight	-	-	-
- Payable at term	1,003.37	1,003.37	1,003.37
Debts evidenced by securities (Note 6)			
- Negotiable debt instruments	398.90	265.17	7,521.51
- Bonds and similar instruments	91,646.61	107,694.03	117,155.77
- Other debts evidenced by securities	-	-	-
Other liabilities (Note 7)	1,214.55	447.61	220.30
Accruals and deferred income (Note 8)	814.28	933.32	2,173.59
Sub-total – Liabilities	95,077.71	110,343.49	128,074.55
Provisions (Note 8a)	87.01	80.17	113.26
Property endowment	181.22	181.22	181.22
Retained earnings	(105,527.00)	(120,970.77)	(136,014.76)
Profit for the period	16,252.99	15,443.77	15,043.99
Sub-total – Reserves	(89,092.79)	(105,345.78)	(120,789.54)
TOTAL LIABILITIES AND RESERVES	6,071.94	5,077.88	7,398.26

PROFIT AND LOSS ACCOUNT

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
Interest receivable and similar income (Note 9)	613.69	874.54	1,024.97
- From transactions with credit institutions	28.28	188.81	225.32
- From bonds and other fixed income securities	-	-	-
- Other interest receivable and similar income	585.41	685.73	799.65
Interest payable and similar charges (Note 10)	(2,607.54)	(3,058.41)	(3,154.33)
- On transactions with credit institutions	(41.30)	(44.34)	(42.36)
- On bonds and other fixed income securities	(2,566.24)	(3,014.07)	(3,111.97)
Fees payable (Note 10)	(7.97)	(22.78)	(30.93)
Gains and losses on trading securities (Note 11)	-	-	-
- Net profit (loss) on foreign exchange transactions	-	-	-
Gains and losses on investment securities (Note 11a)	-	-	-
- Net profit (loss) on investment securities	-	-	-
Exchange rate gains and losses on management operations (Note 11b)	-	-	-
Other operating income – banking	0.28	-	-
Other operating charges – banking	(0.01)	(0.02)	(0.02)
NET BANKING INCOME	(2,001.55)	(2,206.67)	(2,160.30)
General operating charges (Note 13)	(3.33)	(2.91)	(2.78)
- Staff costs	(0.98)	(1.08)	(1.09)
- Other administrative charges	(2.35)	(1.83)	(1.69)
Depreciation and impairment provisions on intangible and tangible assets	-	(0.01)	(0.02)
Other operating income	18,442.96	17,816.86	17,380.97
- Income relating to CRDS and CSG (Notes 12a and 12.1a)	16,340.37	15,631.70	15,262.46
- Income relating to social levies on income from property and investments (Note 12.2a)	(0.80)	(1.90)	(3.60)
- Income from the Retirement Reserve Fund (Fonds de Réserve pour les Retraites – FRR) (Note 12.3)	2,100.00	2,100.00	2,100.00
- Income from property (Note 13a)	0.13	0.14	0.15
- Provisions reversed for receivables (Notes 12a, 12.1a and 12.2a)	0.09	79.50	14.79
- Other provisions reversed for receivables (Note 14a)	3.17	7.41	7.17
Other operating charges	(185.10)	(163.47)	(173.98)
- Charges relating to CRDS and CSG (Notes 12a and 12.1a)	(159.86)	(155.10)	(150.34)
- Charges relating to social levies on income from property and investments (Note 12.2a)	-	0.01	0.02
- Payments to the State (Note 14)	-	-	-
- Provision for sundry liabilities (Note 14)	(2.30)	(1.57)	-
- Provision for receivables (Notes 12a, 12.1a and 12.2a)	(22.95)	(6.79)	(23.57)
- Charges related to property (Note 13a)	-	(0.02)	(0.09)

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
Estimation changes and error adjustments	-	-	-
GROSS OPERATING PROFIT	16,252.98	15,443.80	15,043.89
OPERATING PROFIT	16,252.98	15,443.80	15,043.89
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	16,252.98	15,443.80	15,043.89
- Exceptional income (Note 15)	0.01	(0.03)	0.10
NET PROFIT FOR THE PERIOD	16,252.99	15,443.77	15,043.99

CASH FLOW STATEMENT

Cash flow (€ millions)	Period ended	31 December 2019	31 December 2018	31 December 2017
Net banking income		(2,002)	(2,207)	(2,160)
Inflation premiums		55	188	118
Provisions for financial instruments		-	-	-
Amortisation of premiums and balancing payments		(54)	(47)	(51)
Change in accrued interest		(30)	4	(96)
Net cash from (used in) banking activities	(A)	(2,031)	(2,063)	(2,189)
Net operating income		18,254	17,650	17,204
(Increase) decrease in accrued income from CRDS and CSG		24	(131)	(93)
(Increase)/decrease in accruals on social levies		-	-	-
(Increase)/decrease in deferred expenses		57	(49)	(28)
Unearned income		-	-	-
Provisions – sundry allocations or reversals		30	(33)	15
Net cash from (used in) operating activities	(B)	18,365	17,437	17,098
Net cash from (used in) banking and operating activities	(C=A+B)	16,334	15,374	14,909
Net cash from (used in) financing activities	(D)	(15,541)	(17,285)	(16,371)
Debt assumed	(E)	-	-	-
Net cash flow for the year	(C+D+E)	793	(1,911)	(1,463)

The cash flow statement takes into account the following items:

- A – net cash from (used in) banking activities

This is net banking income (debts plus income from derivatives and cash instruments) less income and expenses with no effect on the cash position (provisions, amortisation of issuance and redemption premiums, accrued interest, revaluation of index-linked bonds, etc.).

- B – net cash from (used in) operating activities

This is the operating profit or loss (mainly income from CRDS and CSG, social levies on income from property and investments and from the FRR) less income and expenses with no effect on the cash position (accrued income or deferred expenses).

- C – net cash from (used in) banking and operating activities

This consists of net cash from (used in) banking and operating activities (C = A + B).

- D – net cash from (used in) financing activities

These are the cash flows resulting from debt issuance and debt repayment during the period.

- E – social security debt assumed

Social security debt assumed represents the disbursements made during the period by CADES in respect of debt assumed from social security funding organisations.

The net change in cash and cash equivalents reflects the following cash flows:

- net cash from (used in) banking and operating activities (C);
- net cash from (used in) financing activities (D); and
- social security debt assumed (E).

OFF-BALANCE SHEET COMMITMENTS

At (€ millions) (notes 16-18)	31 December 2019	31 December 2018	31 December 2017
COMMITMENTS GIVEN (note 18)			
Financing commitments			
- Payments to various social security bodies (Article 4.IV of Order No. 96-50 of 24 January 1996)	-	-	-
- Assumption of debt provided for by the 2019 Social Security Finance Act	-	15,000.00	-
- Financing commitments given: acquired under repurchase agreements, currency purchases, treasury bills	-	-	-
COMMITMENTS RECEIVED (note 18)			
Financing commitments			
- From credit institutions: credit lines	1,200.00	700.00	700.00
- From credit institutions: credit lines in treasury bills	-	-	-
- Financing commitments received: borrowings	-	-	-
- Financing commitments received: commercial paper and lent under repurchase agreements	-	-	-
- Financing commitments received: payments from the Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites</i>)	10,500.00	12,600.00	14,700.00

NOTES TO THE FINANCIAL STATEMENTS

HIGHLIGHTS OF THE YEAR ENDED 31 DECEMBER 2019

- **Social security debts assumed**

No assumption of social security debt was carried out in 2019.

The 2020 Social Security Finance Act No. 2019-1446 of 24 December 2019 cancelled the assumption of ACOSS' residual cumulative debt of €15 billion as well as the increase in the CSG allocated to CADES by the 2019 Social Security Finance Act.

- **Financing transactions**

- **Issues (excluding commercial paper)**

CADES borrowed €3 billion under the French programme in EUR.

- **Redemptions (excluding commercial paper)**

CADES reimbursed €19.06 billion at maturity:

- 14 issues made under the French programme (12 in EUR, one in GBP and one in USD) for an amount of €13.28 billion;
- two issues made under the UK programme in USD for an amount of €5.78 billion.

- **Credit lines**

Commitments received as at 31 December 2019 comprise:

- five activation agreements for credit lines enabling CADES to add funds directly to its euro-denominated deposit account held with Banque de France, totalling €1.2 billion and cancellable by the counterparties at 15 to 30 days' notice.

- **Bank accounts**

- Effective 1 April 2019, the transaction account that CADES holds with Banque de France was merged with the State's regulated client account to pool CADES' cash with that of the State over the course of the year.
- CADES closed three foreign currency accounts (DKK, TRY and ZAR) in the first half of 2019. It now has 14 foreign currency accounts.

ACCOUNTING POLICIES AND METHODS

1. Basis of valuation and presentation

The accounting policies adopted by CADES meet two requirements.

Given that the activity of CADES is essentially financial, the financial statements are prepared in accordance with accounting regulations applicable to credit institutions and financial institutions as well as with generally accepted accounting principles in France. In particular, CADES has applied the accrual concept and the prudence concept.

The presentation of the financial statements complies with Regulation No. 2014-07 of 26 November 2014 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables – ANC*) relating to the financial statements of banking sector companies. In its opinion CNC 99-04, the French National Accounting Board decided that CADES could present certain transactions in a manner specific to it. Accordingly, in its profit and loss account, CADES records operating income and expenses, which are mainly composed of the revenue drawn from the CRDS and CSG and from property transactions, and payments to the State and social security funding organisations.

These accounts are then aggregated to comply with the chart of accounts applicable to administrative public undertakings in accordance with the requirements of Instruction M9-1, replaced by the public agencies' common nomenclature on 1 January 2016, before being submitted to the Government Audit Office.

2. Specific characteristics of CADES

CADES has been tasked with paying down the debt transferred to it. The profit or loss therefore measures its capacity to reduce its own debt, and corresponds to the resources allocated to it less the financial costs relating to its debt with third parties.

The profit and loss account should be interpreted in light of the specific mission entrusted to CADES, the sole purpose of which is to extinguish a debt over its scheduled term.

3. Debts assumed from social security funding organisations

The payments CADES makes in respect of debts assumed from social security funding organisations in accordance with the social security deficit funding acts are recognised against the profit and loss account brought forward.

When CADES' payments to the social security bodies as determined on the basis of the provisional deficits are greater than the deficits subsequently established, an adjustment may be made in CADES' favour. These adjustments are recognised against the profit and loss account brought forward at the time of the payment.

Debts assumed in accordance with legal stipulations but for which payments have not yet been made to the organisations are recorded as off-balance sheet commitments.

4. CADES' resources

4.1 Contribution to the repayment of the social security debt

- Revenue explicitly allocated to CADES

The social security debt repayment contribution (CRDS) defined by Order No. 96-50 of 24 January 1996 was explicitly created to provide resources to CADES. Article 6 of said Order states that “the proceeds of the contributions created in respect of Chapter 2 of said Order on repayment of the social security debt shall be allocated to Caisse d'Amortissement de la Dette Sociale”.

- A broad-based tax

The tax is levied on multiple sources of income. One can distinguish between:

- On the one hand, employment income and unemployment and similar benefits: salaried income, redundancy payments and retirement indemnities (under certain conditions), retirement and disability pensions, health and maternity benefits, housing benefits, family allowances and child-minding benefits, etc., and
- On the other hand, income from property, from investments, from the sale of precious metals, gems, objets d'art, collectors' items and antiques, and from gaming.

Contributions assessed on the sales of precious metals and gems are collected by the State's financial agencies (DGFIP and DGDDI) before being paid over to CADES.

Contributions assessed on employment income, unemployment and similar benefits as well as income from property, investments and gaming are paid over daily by ACOSS to CADES as and when they are collected by the central agency.

- Collection costs borne by CADES

Article 8 of the Order of 24 January 1996 stipulates that CADES shall bear assessment and collection costs. These costs consist of a flat amount defined jointly by the Minister of the Economy and Finance and the Minister of Social Security.

Collection agencies deduct a 0.5% withholding from the contribution paid over to CADES.

CRDS contributions levied on income from property entered in the tax assessment register mainly by the offices of the DGFIP (*Direction Générale des Finances Publiques* or Directorate General of Public Finances) are paid over to CADES on the basis of register entries and not the amounts actually collected. In return, a 4.1% withholding is applied to the sums paid over to CADES to cover assessment and collection costs (0.5%) and the cost of tax reductions and bad debts (3.6%), as provided for by Article 1641 of France's General Tax Code (*Code Général des Impôts*).

Amounts collected by CADES in respect of the CRDS are reported under "Other operating income" in the profit and loss account. Assessment and collection costs are recorded under "Other operating charges".

- Accrual basis accounting

CADES applies the accruals principle in accordance with accounting standards applicable to credit institutions and Articles L.114-5 and D.114-4-4 of the Social Security Code establishing the principle whereby social security agencies shall maintain accounting records on a receivable-payable basis.

Accordingly, CRDS contributions paid to collecting agencies are included in the accounts for the period regardless of the date on which these amounts were actually collected. So as to be able to recognise this income and deferred income at the balance sheet date, CADES accrues this income on the basis of a notification provided by the collecting agencies indicating amounts assessed for the period not collected at the balance sheet date and CRDS contributions not yet collected by ACOSS. Provisions against outstanding CRDS contributions are notified to CADES by ACOSS. These provisions are calculated on a statistical basis applying an annual rate determined by reference to an ageing analysis of the receivables. They are deducted from gross amounts receivable as reported in the balance sheet.

Regarding the collection of the CRDS contributions, note that at no time does CADES act as primary collector; all the resources to which it is entitled are remitted by third parties, first and foremost ACOSS, followed by the offices of the DGFIP.

CADES' responsibility is confined to verifying that the sums transferred agree to the accounting vouchers raised. The primary collecting agencies are responsible for transferring the funds, for verifying the tax base, for adjusting tax bases when applicable and for recovering past dues, in return for which these agencies receive a remuneration equivalent to 0.5% of the sums collected.

Accordingly, CADES' responsibility at revenue level is limited to substantive verifications of the accounting vouchers produced by the collecting agencies.

4.2 - Supplementary social security contribution

The 2009 Social Security Funding Act No. 2008-1330 extended the mission of CADES by entrusting to it an additional €27 billion of debt in respect of the health insurance deficit (€14.1 billion), old age pension deficit (€8.8 billion) and senior citizens' solidarity fund (€4 billion).

In accordance with the Organic Law of 2 August 2005, the French Parliament voted an increase in resources so as not to extend the life of CADES. These new resources correspond to a portion of the supplementary social security contribution (*Contribution Sociale Généralisée – CSG*). Since 2009, this has been paid to CADES at the rate of 0.2%. From 2011 it was increased to 0.48% and then from 1 January 2016 to 0.60% for CSG on all taxable employment income, unemployment and similar benefits, and income from property and investments; while CSG on profits from gaming was increased from 1 January 2016 to 0.30%.

This is a broad-based tax levied on employment income, unemployment and similar benefits as well as income from property, investments and gaming.

The difference in tax base between the CRDS and CSG mainly concerns revenue from the sale of precious metals and gems, from gaming and from family benefits.

The payment circuits and methods of accounting for the CSG are the same as for the CRDS.

4.3 - Social levies on income from property and investments

Act No. 2010-1594 of 20 December 2010 allocated to CADES, starting in 2011, a 1.3% share of the social levies on the income from property and investments referred to in Articles 245-14 and 245-15 of the Social Security Code. The rate for these levies is set at 5.4% as from 1 January 2012.

With effect from 1 January 2016, the payment of 1.3% of social levies on income from property and investments was replaced by an increase of 0.12% in the portion of the CSG paid to CADES.

4.4 - Resources from the Retirement Reserve Fund

Under the 2011 Social Security Funding Act (*Loi de Financement de la Sécurité Sociale – LFSS*) No. 2010-1594 of 20 December 2010, the Retirement Reserve Fund (*Fonds de Réserve pour les Retraites – FRR*) is required to pay CADES a total of €29.4 billion in yearly instalments of €2.1 billion no later than 31 October each year, with effect from 1 January 2011 until 2024. The two institutions concerned have an agreement setting out the timing and terms and conditions governing these payments.

The annual income of €2.1 billion to be paid by the FRR as from 2011 is recognised under income for the period.

FRR's commitment to pay amounts for subsequent years is recognised in off-balance sheet items under "Other commitments received – Retirement Reserve Fund".

5. Private rental property

CADES has sold all the property transferred to it on 1 January 2000 in application of Article 9 of Order No. 96-50 of 24 January 1996 and recorded under "Property endowment" as a component of reserves.

Acting on behalf of CADES, CNAV managed the residual rights and obligations related to this property until the expiration of the agreement between the two parties on 31 December 2006.

Signed in December 1999, this agreement empowered CNAV to do all that was necessary in connection with the administration of the properties.

Since 1 January 2007, CADES manages disputes and claims internally.

CADES' Accounting Officer records expenses and revenue on the basis of the supporting documents submitted by the Authorising Officer.

At 30 June 2019, CADES had settled all disputes and claims.

6. Transactions denominated in foreign currencies

Foreign currency transactions are recorded on a multi-currency basis and are measured in accordance with the following principles:

- Foreign currency transactions involving balance sheet and off-balance sheet items are measured in euro at the rate of exchange ruling on the balance sheet date.
- The rates used at 31 December 2019, which correspond to the reference rates communicated by the European Central Bank, are indicated in the table below:

USD:	1.1234	SEK:	10.4468	GBP:	0.85080
AUD:	1.5995	NOK:	9.8638	MXN:	21.2202
CHF:	1.0854	NZD:	1.6653	HKD:	8.7473
CAD:	1.4598	TRY:	6.6843	JPY:	121.94
ZAR:	15.7773	SGD:	1.5111	CNY:	7.8205

- Foreign currency income and charges are translated into euro at the exchange rate ruling on the date when they were recognised in the profit and loss account.
- Realised and unrealised foreign exchange gains and losses are recognised in the profit and loss account as operating income from banking transactions or operating charges on banking transactions.

7. Repurchase agreements with securities delivered

Only securities issued or guaranteed by the State may be used as security by CADES in repurchase agreements entered into to invest its cash balances.

Securities received under these agreements are reported under loans and advances to credit institutions.

8. Tangible and intangible fixed assets

Fixed assets are accounted for under the historical cost convention. Tangible fixed assets are depreciated and intangible fixed assets amortised over their estimated useful life.

Tangible fixed assets consist mainly of office equipment and computer hardware. Intangible fixed assets consist of software

9. Bonds

Bonds issued by CADES are reported as a liability in the balance sheet at their nominal value (if redeemed at par) plus accrued interest. Foreign currency bonds are translated into euro at the exchange rate prevailing on the balance sheet date.

Bonds indexed to inflation (French consumer price index excluding tobacco for all households in Metropolitan France) are measured by reference to a predefined inflation benchmark on the balance sheet date, resulting in the recognition of a redemption premium that is reported as a liability.

Inflation benchmarks:

CPI at 31 December 2019:	103.99161
Cadesi 2019 index:	1.19130
Cadesi 2021 index:	1.08509
Cadesi 2024 index:	1.06405

When bonds are issued at a premium, this premium is accounted for as deferred charges and is therefore reported under prepayments and accrued income in the balance sheet. These charges are recognised to the profit and loss account over the life of the bonds under banking operating charges.

When bonds are issued at a discount, this discount is accounted for as deferred income. This income is recognised to the profit and loss account over the life of the bonds under banking operating income.

All costs relating to bond issues are charged to the profit and loss account on the date of issue and reported under “fees paid”.

10. Interest rate and currency swaps

Commitments in respect of transactions involving forward financial instruments, entered into for the purpose of hedging interest rate and currency exposure, are reported as off-balance sheet commitments at the contract’s nominal value. Accounting principles applied differ according to the nature of these instruments and management intention at inception.

Transactions consist mainly of interest rate swaps and currency swaps entered into for hedging purposes. Interest rate swaps are entered into in compliance with the risk management policy defined by the Board of Directors. Currency swaps are entered into only for the purpose of hedging CADES’ foreign exchange exposures.

Income and charges arising on forward financial instruments entered into for the purpose of hedging or managing the global interest rate exposure are recognised to profit or loss *pro rata temporis*.

Gains and losses on hedging designed to reduce the risk resulting from a particular asset or liability are taken to profit or loss and included under interest receivable and similar income or interest payable and similar charges to match income or charges recognised in respect of the hedged item.

As regards balancing cash payments arising from swaps entered into to hedge a debt instrument on inception, the portion covering issuance costs in respect of the underlying instrument is taken to profit and loss when the cash payment is recognised. This accounting method fairly reflects the asset value of issues transformed by entering into swaps involving cash payments and results in the amount equivalent to the issuance costs being recognised to profit and loss *pro rata temporis*.

11. Provisions

No general provisions for liabilities and charges are recognised by CADES. When appropriate, provisions in respect of identified risks are set aside in accordance with applicable accounting principles.

12. Taxation

CADES is not assessed to business taxes (corporation tax, value added tax and local business tax) or to apprenticeship tax. The only tax it pays is the payroll tax.

Note that profits on the sale of property transferred by the social security agencies did not give rise to the payment of corporation tax.

13. Counterparty risk

CADES may be exposed to counterparty risk on two types of transactions: investment transactions and forward market transactions.

For both types of transactions and with all of its counterparties, CADES has signed AFB or FBF forward market agreements providing for daily or weekly margin calls depending on the counterparty and the agreement in place.

1. Investment transactions

CADES may invest its cash balances in securities issued or guaranteed by the State either under repurchase agreements with delivered securities or through outright securities purchases.

In the case of repurchase agreements with delivered securities, in exchange for the loan extended to the counterparty, CADES receives full ownership of a government security (OAT or BTF) or government-guaranteed security over the term of the repurchase agreement. Most repurchase agreements are negotiated with French Treasury bond dealers (*Spécialiste en Valeurs du Trésor – SVT*) or with counterparties with a minimum double-A long-term rating.

Daily margin calls enable CADES to significantly reduce its counterparty risk on these repurchase agreements.

2. Forward market transactions

To manage its interest rate risk and eliminate currency and/or structural risk, CADES enters into transactions in the forward markets involving instruments such as interest rate swaps, currency swaps and asset swaps.

CADES uses daily or weekly margin calls to minimise the residual risk on these instruments in the event of counterparty default.

14. Transactions involving investment securities

The portfolio of investment securities, which consists of fixed income government securities, is reported in the balance sheet under treasury bills and other bills eligible for refinancing with central banks.

Securities are reported in the balance sheet at their acquisition cost. Interest income is reported under interest receivable and similar income from bonds and other fixed income securities.

Unrealised losses give rise to a provision for impairment determined by reference to the most recent quoted price. These provisions are determined individually.

Provisions for impairment set aside and reversed and gains and losses on the sale of investment securities are reported in the profit and loss account under gains and losses on investment securities.

15. New IBOR reform

A fundamental reform of the “IBOR” interest rate benchmark indices is underway in the markets. There is some uncertainty as to the timetabling and the transition methods that will be used to replace the existing IBOR benchmark rates with alternative rates.

The IBOR rates continue to be used as benchmark rates for the financial markets and to value financial instruments that mature after these rates’ expected expiry dates.

In CADES’ view, the current structure of the market justifies the continued use of hedge accounting at 31 December 2019.

CADES has undertaken an analysis to take into account the potential repercussions of these index changes.

NOTES
BALANCE SHEET

At 31 December 2019, the balance sheet showed total assets of €6.07 billion for total debt of €95.077 billion, resulting in negative reserves of €89.092 billion.

ASSETS

Note 1: Treasury and interbank transactions

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
CENTRAL BANKS	3,056.63	2,263.29	3,174.15
Central banks	3,056.63	2,263.29	3,174.15
TREASURY BILLS AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS	-	-	1,000.00
Government securities with a maturity of less than 3 months	-	-	1,000.00
Accrued interest	-	-	-
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	0.03	0.21	0.05
Repayable at sight	0.03	0.21	0.05
Debit balances on ordinary accounts	0.03	0.21	0.05
Securities received under open repurchase agreements	-	-	-
Accrued interest	-	-	-
Repayable at term	-	-	-
Securities received under term repurchase agreements with a maturity of less than 3 months	-	-	-
Of which: Treasury bills	-	-	-
Bonds	-	-	-
Own securities	-	-	-
Accrued interest	-	-	-
Total	3,056.66	2,263.50	4,174.20

NB. On 31 December 2019, the balance on CADES' transaction account with Banque de France was transferred to the euro-denominated deposit account to exclude it from the sweeping of the State's dedicated account with the Banque de France. The "central banks" line item shows the cash balance at 31 December 2019.

Note 2: Intangible and tangible fixed assets

(€ millions)	Gross value at 1 January 2019	Acquisitions	Disposals	Gross value at 31 December 2019	Amortisation and depreciation	Net book value at 31 December 2019	Net book value at 31 December 2018	Net book value at 31 December 2017
Intangible assets	0.12	-	-	0.12	0.12	-	-	-
Software	0.12	-	-	0.12	0.12	-	-	-
Other	-	-	-	-	-	-	-	-
Tangible assets	0.02	-	-	0.02	0.02	-	-	0.06
Sundry equipment	0.02	-	-	0.02	0.02	-	-	0.06
Total	0.14	-	-	0.14	0.14	-	-	0.06

Intangible and tangible assets reflect the value of the software and equipment acquired by CADES, net of related amortisation and depreciation.

Note 3: Other assets

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
SUNDRY DEBTORS	312.21	450.32	1,243.91
Deposits paid by way of initial margins	205.56	210.98	1,072.07
- Deposits	205.09	210.87	1,072.04
- Accrued interest	0.47	0.10	0.03
Outstanding CRDS and CSG contributions and social levies to be collected	106.65	217.34	171.84
- Gross amounts receivable	550.85	646.38	646.30
- Provisions	(444.20)	(429.04)	(474.46)
Other debtors in respect of financial transactions	-	-	-
Other debtors in respect of operating charges	-	-	-
Other sundry debtors – CNAV	-	22.00	-
- Gross amounts receivable	-	22.13	0.26
- Provisions	-	(0.13)	(0.26)
Total	312.21	450.32	1,243.91

Other assets comprise:

- deposits paid by way of initial margins for €205.56 million; and
- outstanding CRDS and CSG contributions and social levies to be collected by ACOSS amounting to €106.65 million. Provisions totalling €444.20 million have been deducted from the gross amounts receivable of €550.85 million.

Movements in provisions against outstanding CRDS and CSG contributions and social levies to be collected and in respect of sundry debtors are detailed in the table below:

Note 4: Prepayments and accrued income

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
PROVISIONS BROUGHT FORWARD	429.17	474.72	488.11
Impact of accounting method changes	-	-	-
Provisions set aside – property	-	-	-
Provisions set aside – CRDS and CSG contributions and social levies	15.25	3.18	1.55
Provisions reversed – property	(0.13)	(0.13)	(0.15)
Provisions reversed – CRDS and CSG contributions and social levies	(0.09)	(48.60)	(14.79)
PROVISIONS CARRIED FORWARD	444.20	429.17	474.72

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
ACCRUED INCOME	1,712.61	1,770.49	1,694.48
On forward interest rate instruments	8.07	8.91	8.22
On forward currency instruments	156.94	89.86	246.02
On CRDS and CSG revenues	1,547.60	1,571.46	1,440.24
On revenue from social levies on income from property and investments	-	-	-
On property sales	-	-	-
Other accrued income	-	0.26	-
CONTINGENT LOSSES AND LOSSES TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS	76.74	8.72	14.54
DEFERRED CHARGES	87.13	133.49	180.79
Issuance premiums on bonds and EMTN	87.13	133.49	180.79

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
Other deferred charges	-	-	-
PREPAYMENTS	0.15	0.02	19.23
Prepaid administrative expenses	0.02	0.02	0.02
Prepaid interest on negotiable debt instruments	0.13	-	19.21
Prepaid interest on bonds	-	-	-
Other prepayments	-	-	-
OTHER	896.44	451.34	71.05
Currency adjustment accounts	896.44	451.33	70.95
Property rental adjustment account	-	-	-
Sundry	-	0.01	0.10
Total	2,703.07	2,364.06	1,980.09

Prepayments and accrued income consist of transactions affecting the profit and loss account independently of the date on which the corresponding income is paid or collected. They include:

- adjustment accounts amounting to €896.44 million, being technical accounts used to recognise to profit and loss adjustments arising on the measurement of off-balance sheet commitments.

LIABILITIES AND RESERVES

In respect of liabilities, a distinction is made between CADES' reserves and its other liabilities.

Reserves, which consist of the profit and loss account brought forward (€-105,527 million), the profit or loss for the year (€16,252.99 million) and the property endowment (€181.22 million), came to €-89,092.79 million.

The profit and loss account brought forward broke down as follows:

REFERENCE TEXT	DEBT TRANSFERRED TO CADES (€ millions)
Order No. 96-50 of 24 January 1996	(20,885.52)
Act No. 97-1164 of 19 December 1997	(13,263.06)
Act No. 2004-810 of 13 August 2004	(47,310.00)
Act No. 2008-1330 of 17 December 2008	(27,000.00)
Act No. 2010-1594 of 20 December 2010	(65,300.00)
Act No. 2011-1906 of 21 December 2011	(2,466.64)
Decree No. 2012-329 of 7 March 2012	(6,648.05)
Decree No. 2013-482 of 7 June 2013	(7,718.57)
Decree No. 2014-97 of 3 February 2014	(10,000.00)
Decree No. 2015-170 of 13 February 2015	(10,000.00)
Decree No. 2016-170 of 13 February 2016	(23,609.05)
Payment from ACOSS by way of an adjustment of the deficits from 1999 to 2006	64.72
Accumulated profits generated by CADES between 1996 and 2017 and impact of previous accounting method changes	128,609.17
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD	(105,527.00)

Liabilities, which amounted to €95,077.71 million at 31 December 2019, consist mainly of debts to credit institutions amounting to €1,003.37 million, debts evidenced by securities totalling €92,045.51 million, initial margins received and others totalling €1,214.55 million and accruals and deferred income totalling €814.28 million.

Note 5: Treasury and interbank transactions

At	31 December 2019				31 December 2019	31 December 2018	31 December 2017
(€ millions)	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Total	Total
AMOUNTS OWED TO CENTRAL BANKS							
Amounts owed to credit institutions	4.14	1.23	151.00	847.00	1,003.37	1,003.37	1,003.37
At sight	-	-	-	-	-	-	-
Credit balances on ordinary accounts	-	-	-	-	-	-	-
At term	4.14	1.23	151.00	847.00	1,003.37	1,003.37	1,003.37
Securities given under repurchase agreements	-	-	-	-	-	-	-
Accounts and deposits	-	-	151.00	847.00	998.00	998.00	998.00
Of which: Euro	-	-	151.00	847.00	998.00	998.00	998.00
Other currencies	-	-	-	-	-	-	-
Accrued interest	4.14	1.23	-	-	5.37	5.37	5.37
Total	4.14	1.23	151.00	847.00	1,003.37	1,003.37	1,003.37

Note 6: Debts evidenced by securities

At	31 December 2019				31 December 2019	31 December 2018	31 December 2017
(€ millions)	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Total	Total
NEGOTIABLE DEBT INSTRUMENTS							
Treasury bills denominated in euro	134.80	0.10	-	264.00	398.90	265.17	7,521.51
Treasury bills denominated in other currencies	-	-	-	-	-	-	-
BMTN denominated in euro	-	-	-	264.00	264.00	264.00	264.00
Commercial paper denominated in euro	-	-	-	-	-	-	50.00
Commercial paper denominated in other currencies	133.73	-	-	-	133.73	-	7,205.87
Other negotiable debt instruments denominated in foreign currencies	-	-	-	-	-	-	-
Accrued interest	1.07	0.10	-	-	1.17	1.17	1.64
BONDS	2,696.54	18,533.73	62,193.27	8,223.07	91,646.61	107,694.03	117,155.77
Bonds and EMTN denominated in euro	-	13,950.00	50,809.43	7,256.50	72,015.93	82,032.75	84,695.09
Bonds and EMTN denominated in other currencies	2,002.85	4,450.77	11,383.84	966.57	18,804.03	24,707.79	31,446.46
Accrued interest	693.69	132.96	-	-	826.65	953.49	1,014.22
Total	2,831.34	18,533.83	62,193.27	8,487.07	92,045.51	107,959.20	124,677.28

A euro issue for €200 million with a €100 million tap maturing on 20 December 2025 is subject to early redemption at the counterparty's option from 2021.

DEBTS EVIDENCED BY SECURITIES ARE ANALYSED BELOW:

Debts evidenced by securities totalled €92,045.51 million and comprise negotiable debt securities totalling €398.90 million and bonds and similar instruments totalling €91,646.61 million.

Bonds and similar instruments are issued under a borrowing programme approved by the Minister of the Economy on 15 December 2017, and may be stand-alone or part of the following programmes:

- a French issuance programme for which the maximum amount of outstandings is €130 billion;

- a UK issuance programme for which the maximum amount of outstandings is €65 billion;
- a New York commercial paper issuance programme for which the maximum amount of outstandings is
- €60 billion;
- a French medium-term note (NEU MTN) issuance programme for which the maximum amount of outstandings is €10 billion;
- a French short-term note (NEU CP) issuance programme for which the maximum amount of outstandings is €20 billion;
- an Australian issuance programme for which the maximum amount of outstandings is AUD 6 billion.

All in all, at 31 December 2019 debts evidenced by securities maturing within one year totalled €21,365.17 million and by those maturing in more than five years €8,487.07 million, compared with €20,269.33 million and

€23,765.16 million, respectively, at 31 December 2018. Debt due to mature at between one and five years fell from €63,924.71 million at 31 December 2018 to €62,193.27 million at 31 December 2019.

The table below details borrowings (in millions) by programme.

Programme	Issue date	Maturity date	Nominal value (issue currency)	Currency	Nominal interest rate	ISIN
Stand-alone	27/05/2005	25/10/2020	4,000	EUR	3.75%	FR0010198036
	28/11/2011	25/04/2022	151	EUR	4.00%	-
	29/07/2011	19/12/2025	615	EUR	3.914%	-
	25/11/2011	19/12/2025	232	EUR	4.50%	-
NEU MTN	02/05/2012	02/05/2025	50	EUR	3.1975%	FR0120634516
	10/05/2012	19/12/2025	214	EUR	Max. (Min. [7%; EURCMS10yr. +0.45%]; 0%)	FR0120634581 (1)
UK	13/01/2017	13/01/2020	2,250	USD	1.875%	XSI548793402
	17/04/2013	17/04/2020	1,000	USD	2.00%	US12802DAG16
	28/07/2015	28/07/2020	3,000	USD	1.875%	XSI266786810
	29/01/2018	29/01/2021	2,000	USD	2.375%	XSI760094034
	22/03/2016	22/03/2021	3,250	USD	2.000%	XSI383509160
	12/02/2015	12/02/2022	3,500	USD	1.875%	XSI 188127788
	20/03/2014	20/03/2024	3,000	USD	3.375%	XSI046806821
	10/06/2009	25/04/2020	4,250	EUR	4.250%	FR0010767566
	02/07/2010	02/07/2020	200	EUR	3-month EURIBOR + 0.23%	FR0010917534
	25/10/2004	25/07/2020	1,000	EUR	Max.[0;((1+TEC100-1%)^0.25)-1]	FR0010120436 (1)
	03/02/2016	25/11/2020	4,500	EUR	0.050%	FR0013109006
	26/10/2010	26/10/2020	1,000	USD	3.00%	FR0010956565
	21/04/2009	21/04/2021	200	CHF	3.00%	CH0100525382
	29/06/2010	25/04/2021	5,750	EUR	3.375%	FR0010915660
	10/02/2011	25/07/2021	3,255	EUR	CADESI 1.50%	FR0011003672
	25/07/2006	25/10/2021	6,280	EUR	4.375%	FR0010347989
	20/06/2012	20/06/2022	50	EUR	Max. (Min. [7%; EURCMS10yr. +0.26%];	FR0011270644 (1)

Programme	Issue date	Maturity date	Nominal value (issue currency)	Currency	Nominal interest rate	ISIN
FR					0%)	
	26/09/2012	25/10/2022	4,950	EUR	2.50%	FR0011333186
	01/02/2017	25/11/2022	4,000	EUR	0.125%	FR0013235165
	22/03/2013	22/03/2023	420	AUD	5.335%	FR0011449776
	19/04/2011	19/04/2023	200	CHF	2.375%	CH0127860192
	18/04/2011	25/04/2023	5,424	EUR	4.125%	FR0011037001
	23/01/2015	25/05/2023	4,350	EUR	0.500%	FR0012467991
	18/09/2013	18/09/2023	2,000	NOK	4.080%	FR0011565449
	20/06/2018	25/10/2023	3,750	EUR	0.125%	FR0013344181
	29/11/2013	29/11/2023	50	EUR	if EURCMS10yr. =< 2.3625%, rate= EURCMS10yr.+1% with 2% floor; if EURCMS10yr.> 2.3625%, rate=5.725%-CMS10yr.with 1.25% floor	FR0011627827 (1)
	18/12/2013	18/12/2023	50	EUR	Min. (Max. [2%; EURCMS10yr. +1%]; Max [0.5%; 5.812%-EURCMS10yr.])	FR0011649169 (1)
	19/06/2013	25/01/2024	3,250	EUR	2.375%	FR0011521319
	14/02/2014	14/02/2024	145	AUD	5%	FR0011737709
	27/02/2012	27/02/2024	153	EUR	Max. (Min. [7%; EURCMS10yr. +0.30%]; 0%)	FR0011202514 (1)
	02/07/2012	02/07/2024	60	EUR	Max. (Min. [7%; EURCMS10yr. +0.36%]; 0%)	FR0011277383 (1)
	09/02/2012	25/07/2024	3,250	EUR	CADESI 1.50%	FR0011198787
	16/09/2014	25/11/2024	5,500	EUR	1.375%	FR0012159812
	21/09/2016	21/12/2024	160	EUR	0.120%	FR0013201928
	18/02/2015	18/02/2025	100	EUR	3-month EURIBOR	FR0012538114
	19/12/2014	19/06/2025	125	AUD	3.750%	FR0012398998
	27/06/2012	27/06/2025	194	EUR	3.202%	FR0011276427
	18/08/2011	18/08/2025	812.5	EUR	3.625%	FR0011092261
	15/11/2011	15/11/2025	800	NOK	4.70%	FR0011142215
	01/12/2011	01/12/2025	800	NOK	5.12%	FR0011153097
	09/03/2011	09/12/2025	150	CHF	2.50%	CH0124739902
	15/03/2012	15/12/2025	1,000	NOK	4.95%	FR0011213958
	01/02/2012	15/12/2025	5,850	EUR	4.00%	FR0011192392
	14/02/2013	15/12/2025	1,000	NOK	4.25%	FR0011421759
	12/07/2011	19/12/2025	800	NOK	4.80%	FR0011074178
	27/06/2012	19/12/2025	2,000	NOK	4.84%	FR0011276732
01/04/2011	20/12/2025	300	EUR	3.80%	FR0011027929 (2)	
21/06/2012	21/12/2025	1,000	NOK	4.52%	FR0011271527	

- 1) *These transactions were converted by micro-hedge swaps into variable- or fixed-rate borrowings.*
- 2) *Investors can redeem this this bond from 2021.*

This note analyses the effect of hedging transactions on the initial debt and breaks down interest rates before and after hedging. It provides both accounting and financial information related to the value and hedging of instruments at maturity.

Note 6a: Analysis of transactions in euro and foreign currencies before and after hedging

(in millions of euros)	Initial debt		Hedging transactions		Final debt	
	Foreign currencies	Euros	Foreign currencies	Euros	Foreign currencies	Euros
EURO-DENOMINATED DEBT		73,278		18,384		91,662
FOREIGN CURRENCY-DENOMINATED DEBT		Value in euros at 31 December 2019		Value in euros at 31 December 2019		
CHF	550	507	(550)	(507)	-	-
GBP	-	-	-	-	-	-
JPY	-	-	-	-	-	-
USD	19,080	16,984	(19,080)	(16,984)	-	-
HKD	-	-	-	-	-	-
SEK	-	-	-	-	-	-
AUD	790	494	(790)	(494)	-	-
NOK	9,400	953	(9,400)	(953)	-	-
NZD	-	-	-	-	-	-
CNY	-	-	-	-	-	-
CAD	-	-	-	-	-	-
MXN	-	-	-	-	-	-
Sub-total foreign currencies		18,938		(18,938)		-
TOTAL		92,216		(554)		91,662

The table above provides a breakdown of the initial nominal debt by issuance currency. Since all transactions in foreign currencies have been hedged, the debt of CADES is synthetically entirely in euro. Hedging transactions have enabled CADES to eliminate the impact of exchange rate fluctuations on its debt.

The table below shows the breakdown of CADES' debt by interest rate type. Hedging impacts the initial breakdown, such that in the final analysis, 84%(1) of the debt bears fixed rates, 8% floating rates and 8% rates indexed to inflation.

Breakdown of debt in euro and foreign currencies before and after hedging

(€ millions)	Initial debt				Hedging transactions			Final debt		
	Foreign currencies	Euros	Total	%	Foreign currencies	Euros	Foreign currencies	Euros	Total	%
FIXED RATES										
Negotiable debt instruments	-	-	-		-	-	-	-	-	
Bonds, EMTN and BMTN	18,804.03	63,683.50	82,487.53		(18,804.03)	12,371.36	-	76,054.86	76,054.86	
Private placements	-	998.00	998.00		-	-	-	998.00	998.00	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total fixed rates	18,804.03	64,681.50	83,485.53	90.53	(18,804.03)	12,371.36	-	77,052.86	77,052.86	84.06
FLOATING RATES										
Negotiable debt instruments	133.73	-	133.73		(133.73)	132.88	-	132.88	132.88	
Bonds, EMTN and BMTN	-	1,564.00	1,564.00		-	5,879.94	-	7,443.94	7,443.94	
Private placements	-	-	-		-	-	-	-	-	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total floating rates	133.73	1,564.00	1,697.73	1.84	(133.73)	6,012.82	-	7,576.82	7,576.82	8.27
INDEXED RATES										
Bonds	-	7,032.43	7,032.43		-	-	-	7,032.43	7,032.43	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total indexed rates	-	7,032.43	7,032.43	7.63	-	-	-	7,032.43	7,032.43	7.67
TOTAL	18,937.76	73,277.93	92,214.70	100.00	(18,937.76)	-	553.58	-	91,662.11	91,662.11

Note 7: Other liabilities

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
DEPOSITS RECEIVED BY WAY OF INITIAL MARGINS	1,095.32	268.34	58.81
- Deposits	1,095.24	268.30	58.54
- Accrued interest	0.08	0.04	0.27
OTHER CREDITORS IN RESPECT OF FINANCIAL TRANSACTIONS	-	-	-
OTHER CREDITORS IN RESPECT OF OPERATING CHARGES	119.23	179.27	161.49
Payments to the State	-	-	-
Tax	-	-	-
Social security	-	-	-
Trade creditors	-	-	0.04
Sundry creditors – ACOSS	119.23	179.27	161.45
Other sundry creditors	-	-	-
Total	1,214.55	447.61	220.30

Other liabilities correspond mainly to:

- Deposits received by way of initial margins in respect of contracts on forward markets and repurchase agreements put in place to hedge counterparty risk, amounting to €1,095.32 million at 31 December 2019; and
- The credit balance with ACOSS amounting to €119.23 million, consisting of taxpayer credit notes received from ACOSS.

Note 8: Accruals and deferred income

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
ACCRUALS	49.19	47.77	21.10
Accruals on forward interest rate instruments	35.05	32.43	6.58
Accruals on forward currency instruments	4.45	4.82	4.80
Fees payable in respect of market transactions	-	-	-
Accruals in respect of operating charges	1.22	0.89	0.40
Accruals in respect of CRDS and CSG collection costs	8.40	8.51	7.64
Accruals in respect of revenue from social levies on income from property and investments	-	-	-
Other accruals	0.06	1.12	1.68
CONTINGENT GAINS AND GAINS TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS	10.70	20.25	28.97
UNEARNED INCOME	331.40	398.93	494.56
Issuance premiums on bonds	331.40	398.93	494.53
On government securities	-	-	-
On foreign currency transactions	-	-	0.03
Other unearned income	-	-	-
OTHER	422.99	466.37	1,628.96
Currency adjustment accounts	343.87	455.76	1,605.23
Sundry	79.12	10.60	23.73
TOTAL	814.28	933.32	2,173.59

Accruals and deferred income consist of transactions affecting the profit and loss account independently of the date on which the corresponding income is paid or collected.

They include notably:

- Accruals in respect of interest rate swaps for €35.05 million, forward currency transactions for €4.45 million, and CRDS and CSG for €8.40 million;
- Balancing cash payments on currency swaps amounting to €10.70 million that are to be spread;
- Unearned income, corresponding to premiums on bond issues (€331.40 million);
- Currency adjustment accounts amounting to €343.87 million, being technical accounts used to recognise to profit and loss adjustments arising on the measurement of off-balance sheet commitments.

Note 8a: Provision accounts

Provisions for liabilities and charges include provisions for:

- redundancy indemnities;
- remuneration of days saved by CADES employees;
- the consequences of the European Court of Justice's Judgment of 26 February 2015 concerning the reimbursement by CADES of CRDS, CSG and social levy overpayments (see Note 14);
- provisions for liabilities and charges in respect of CSG and CRDS.

PROFIT AND LOSS ACCOUNT

At (€ millions)	31 December 2018	Set aside	Reversed	31 December 2019
Provisions	80.17	10.02	3.18	87.01
Provision for redundancy indemnities	0.29	-	-	0.29
Provision for time savings account	0.04	0.01	-	0.05
Provision for remuneration	0.02	0.01	-	0.03
Provision for liabilities	-	-	-	-
Ruyter judgment	8.01	2.30	2.92	7.39
CSG and CRDS provisions	71.81	7.70	0.26	79.25
Total	80.17	10.02	3.18	87.01

In arriving at the profit for the period, net banking income is reported separately from other operating income and charges.

(€ millions)

Net banking income	(2,001.55)
Exceptional income items	-
Other operating income and charges	<u>18,254.54</u>
Gross operating profit and net profit for the period	<u>16,252.99</u>

A specific mission has been entrusted to CADES, which is to extinguish a debt over its scheduled term. The profit for the year measures its capacity to reduce its own debt.

NET BANKING INCOME

Net banking income consists of the cost of debt, the income generated from cash positions and the net profit or loss on financial transactions.

Note 9: Banking income

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
INTEREST RECEIVABLE AND SIMILAR INCOME FROM TRANSACTIONS WITH CREDIT INSTITUTIONS	28.28	188.81	225.32
Interest receivable – Demand loans and advances and open repurchase agreements	-	-	0.01
Interest from ordinary accounts in debit	-	-	0.01
Interest from loans	-	-	-
Interest from securities delivered under open repurchase agreements	-	-	-
Interest receivable – Term loans, advances and repurchase agreements	-	-	-
Interest from loans denominated in euro	-	-	-
Interest from loans denominated in foreign currencies	-	-	-
Interest from securities delivered under repurchase agreements	-	-	-
Other interest receivable	28.28	188.81	225.31
INTEREST RECEIVABLE AND SIMILAR INCOME FROM BONDS AND OTHER FIXED INCOME SECURITIES	-	-	-
Interest from fixed income securities	-	-	-
Interest from government securities	-	-	-
OTHER INTEREST RECEIVABLE AND SIMILAR INCOME	585.41	685.73	799.65
Amortisation of premiums on issue	93.21	95.60	101.20
Net profit on hedging transactions	492.20	590.13	698.45
Profit on repurchase of own securities	-	-	-
Total	613.69	874.54	1,024.97

Banking income, which amounted to €613.69 million, consists mainly of:

- Net profit on hedging transactions amounting to €492.20 million;
- Interest receivable and similar income from transactions with credit institutions amounting to €28.28 million; and
- The amortisation of bond premiums on issue amounting to €93.21 million.

Note 10: Cost of debt

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
INTEREST PAYABLE AND SIMILAR CHARGES ON TRANSACTIONS WITH CREDIT INSTITUTIONS	41.30	44.34	42.36
Interest payable - Demand loans and repurchase agreements	-	-	-
Interest on ordinary accounts in credit	-	-	-
Interest on overnight loans	-	-	-
Interest on securities delivered under repurchase agreements	-	-	-
Interest payable – Term loans and repurchase agreements	40.55	40.55	40.55
Interest on CDC loan (transfer of debt)	-	-	-
Interest on multi-currency credit	-	-	-
Interest on securities delivered under repurchase agreements	-	-	-
Interest on private placements	40.55	40.55	40.55

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
Other interest payable and similar charges	0.75	3.79	1.81
INTEREST PAYABLE AND SIMILAR CHARGES ON BONDS AND OTHER FIXED INCOME SECURITIES	2,566.24	3,014.07	3,111.97
Interest on debts evidenced by certificates	2,566.24	3,014.07	3,111.97
Interest on negotiable debt instruments denominated in euros	4.40	3.82	6.54
Interest on negotiable debt instruments denominated in other currencies	19.57	142.20	137.74
Interest on bonds and equivalent securities denominated in euros	1,938.22	2,045.93	2,158.13
Interest on bonds and equivalent securities denominated in other currencies	502.35	577.19	628.94
Other charges on debt evidenced by securities	101.70	244.93	180.62
Other interest payable and similar charges	-	-	-
FEES PAYABLE	7.97	22.78	30.93
Fees on term loans with credit institutions	4.95	20.28	22.50
Fees on negotiable debt instruments issued	-	-	-
Fees on bonds	3.00	2.47	8.39
Other fees on securities transactions	0.02	0.03	0.04
Other fees	-	-	-
TOTAL	2,615.51	3,081.19	3,185.26

Interest payable and similar charges on CADES' debt, which amounted to €2,615.51 million, decreased by 15% from 31 December 2018 and consists of

- Charges amounting to €2,566.24 million in respect of debts;
- Interest amounting to €41.30 million on transactions with credit institutions, consisting of interest on private placements and margin calls; and
- Fees amounting to €7.97 million.

The decrease in interest and similar charges payable compared with 31 December 2018 was related mainly to the decrease in the amount of debt.

Note 11: Gains and losses on trading securities

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
NET GAIN (LOSS) ON FOREIGN EXCHANGE TRANSACTIONS	-	-	-
Other foreign exchange transactions	-	-	-
TOTAL	-	-	-

In accordance with the requirements of Regulation No. 2014-07 of 26 November 2014 on the presentation of financial statements issued by the French Accounting Standards Authority, gains and losses on instruments used to hedge interest rate and currency risks are reported under interest receivable and similar income or interest payable and similar charges (see Note 9). The net profit on foreign exchange transactions comprises solely gains and losses determined on the periodic measurement of foreign currency accounts that have not been hedged

Note 11a: Gains and losses on investment securities and equivalent

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
GAINS (LOSSES) ON INVESTMENT SECURITIES AND EQUIVALENT	-	-	-
Net gain (loss) on investment securities	-	-	-

Note 11b: Exchange rate gains and losses on management operations

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
EXCHANGE RATE GAINS AND LOSSES ON MANAGEMENT OPERATIONS	-	-	-
Exchange rate gains on foreign-currency invoices	-	-	-
Exchange rate losses on foreign-currency invoices	-	-	-

OTHER OPERATING INCOME AND CHARGES

Other operating income and charges consist mainly of specific income and charges dealt with by Order No. 96-50 of 24 January 1996 (CRDS contributions, CSG, social levies on income from property and investments, payments from the Retirement Reserve Fund, property asset sales and payments to the State and social security funding organisations), general operating charges and depreciation, amortisation and impairment charges on non-current assets.

Note 12: CRDS revenues

The table below details revenue allocated to CADES under Article 6 of Order No. 96-50 of 24 January 1996 after deducting assessment and collection costs and losses on outstanding CRDS contributions (write-offs, waivers, cancellations and debt forgiveness).

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
NET CRDS REVENUES (Article 6)	7,597.14	7,347.32	7,168.36
CRDS contributions levied on wages and salaries	6,706.69	6,487.03	6,354.68
CRDS contributions levied on property assets	327.23	320.09	299.77
CRDS contributions levied on investment income	390.75	377.27	352.84
CRDS contributions levied on sales of gems and precious metals	4.91	5.77	5.36
CRDS contributions on gaming proceeds	167.56	157.16	155.71
CRDS exemption offsets (travel vouchers and voluntary community services)	-	-	-

CRDS revenues, net of collection costs, amounted to €7,596.14 million.

CRDS levied on wages and salaries (which is mainly collected by ACOSS) represents 88.28% of the total. CRDS collected by the offices of the Directorate General of Public Finances and levied mainly on capital (property and investment income) represented 9.45%. CRDS on gaming profits and the sale of precious metals represented 2.27%.

Note 12a

The table below provides a breakdown of income and charges relating to the CRDS at 31 December 2019.

CRDS REVENUES (€ millions)	(I)	CRDS COSTS	(II)	Net revenues (I-II)
CRDS levied on wages and salaries	6,766.26	Write-offs, waivers, cancellation and debt forgiveness	25.51	6,706.69
		Assessment and collection costs	34.06	
CRDS levied on property assets	341.29	Assessment and collection costs	14.06	327.23
CRDS levied on investment income	392.71	Assessment and collection costs	1.96	390.75
CRDS levied on sales of gems and precious metals	4.93	Assessment and collection costs	0.02	4.91
CRDS levied on gaming proceeds	168.40	Assessment and collection costs	0.84	167.56
CRDS exemption offsets (travel vouchers and voluntary community services)	-		-	-
Reversal of provisions on outstanding CRDS to be collected	0.09	Provisions on outstanding CRDS to be collected	17.01	16.92
Total	7,673.68	Total	93.46	7,580.22

Note 12.1: CSG revenues

Supplementary social security contributions (*Contribution Sociale Généralisée – CSG*) are a resource allocated to CADES at the rate of 0.60% since 1 January 2016 for CSG on income from employment, unemployment and other similar benefits and on taxable income from property and investments, and at 0.30% for CSG on gaming proceeds.

The tax base is similar to that of the CRDS, with the exception that no contributions are levied on the sale of gems and precious metals.

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
NET CSG REVENUES (Article 6)	8,583.37	8,129.29	7,943.76
CSG contributions levied on wages and salaries	7,713.47	7,288.66	7,151.30
CSG contributions levied on property assets	390.58	378.05	359.16
CSG contributions levied on investment income	468.96	452.90	423.73
CSG contributions on gaming proceeds	10.36	9.68	9.57
CSG exemption offsets	-	-	-

CSG revenues, net of collection costs, amounted to €8,583.37 million.

CSG levied on wages and salaries (which is collected mainly by ACOSS) represents 90% of the total. The remaining CSG is levied on income from investments and from property (10%).

E RETIREMENT RESERVE FUND (FRR)

The Retirement Reserve Fund paid €2.10 billion on 25 April 2019.

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
REVENUE FROM THE RETIREMENT RESERVE FUND	2,100.00	2,100.00	2,100.00
Revenue for the year	2,100.00	2,100.00	2,100.00

Note 13: General operating charges

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
STAFF COSTS	0.98	1.08	1.09
Wages and salaries	0.69	0.75	0.79
Social security charges	0.28	0.31	0.30
Time savings account	0.01	0.02	-
Sundry charges	-	-	-
OTHER ADMINISTRATIVE EXPENSES	2.35	1.83	1.69
Taxes and duties	0.09	0.09	0.10
External services	2.26	1.74	1.59
TOTAL	3.33	2.91	2.78

General operating charges correspond to expenditure falling within the scope of the administrative budget. They do not include the acquisition and the amortisation and depreciation of fixed assets (see Note 2). They increased by 14% compared with 31 December 2018, mainly on account of IT developments (change of valuation software).

LIST OF STAFF POSITIONS AT 31 DECEMBER 2019

Non-civil servant public sector employees:

- 1 senior front office manager (grade A)
- 1 assistant front office manager (grade A)
- 1 asset and liabilities matching strategist (grade A)
- 1 senior back office manager (grade A)
- 1 assistant back office manager (grade A)
- 1 bilingual executive secretary (grade B)

Civil servant employees:

- 1 general office manager (grade A)
- 1 administrative manager (grade A)

CADES has made available non-civil servant public sector employees to AFT since 1 September 2017 and has accordingly paid the corresponding salaries, employer charges and payroll taxes, which have then been reimbursed annually by the Directorate General of the Treasury. In accordance with the terms of the services framework agreement signed on 1 September 2017 by CADES and the DGT, these salaries are then rebilled to CADES. CADES' administrative expenses came to €2.35 million in 2019 and comprised mainly:

- statutory auditors' fees for the statutory audit of the 2019 financial statements in the amount of €48,000;
- operating costs paid directly by the Ministry of the Economy and Finance in respect of activities carried out by AFT on behalf of CADES, in accordance with the financial agreement of 22 November 2018.

Note 13a: Property assets and property management

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
REVENUE FROM PROPERTY ASSETS	0.13	0.14	0.15
Exceptional income	-	0.01	-
Provisions reversed	0.13	0.13	0.15
CHARGES ON PROPERTY ASSETS	-	0.02	0.09
External services	-	0.02	0.01
Exceptional charges	-	-	0.08

All the properties transferred to CADES on 1 January 2000 were sold over the next three years. Since 2007, CADES has managed the run-off of the last properties, in particular the related disputes.

Note 14: Other non-banking operating charges

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
Payments to the State	-	-	-
Provision for sundry liabilities			
Ruyter judgment	2.30	1.57	-
Reduction of CSG and CRDS income	-	-	-
TOTAL	2.30	1.57	-

In the Judgment of 26 February 2015, the European Court of Justice confirmed the non-taxability of property income received in France by tax non-residents, and granted them entitlement to the full reimbursement of sums unduly deducted since 2012 in respect of CRDS, CSG and social levies. In 2019, the provision for the related liability amounted to €2.30 million.

Note 14a: Other operating income

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
Other reversals of provisions for sundry charges	0.25	-	-
Other reversals of provisions for sundry liabilities	2.92	7.41	7.17
Ruyter judgment			
TOTAL	3.17	7.41	7.17

Note 15: Exceptional income and charges

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
Statutory limitation of debt – administrative budget	-	0.01	0.01
Statutory limitation of debt – financing budget	-	-	0.09
Other exceptional income (impact of ACOSS changes)	-	-	-
Other exceptional charges (impact of ACOSS changes)	-	-	-
Other exceptional charges	0.01	(0.04)	-
Other exceptional income			
TOTAL	0.01	(0.03)	0.10

OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments distinguish between commitments given and commitments received and are analysed between loan commitments, guarantee obligations and guarantees on securities. Certain commitments are not recorded on the face of the accounts, being commitments in respect of currency transactions and forward financial instruments. Information regarding these commitments is provided in Notes 16 and 17 below.

Note 16: Currency transactions

At (€ millions)	31 December 2019		30 December 2018		31 December 2017	
	Currencies to be received	Currencies to be delivered	Currencies to be received	Currencies to be delivered	Currencies to be received	Currencies to be delivered
FORWARD TRANSACTIONS	18,937.76	-	24,707.79	-	38,652.33	-
Financing in foreign currency						
Hedging transactions over the counter						
Forward exchange against euros	133.73	-	-	-	7,205.87	-
Up to 1 year	133.73	-	-	-	7,205.87	-
From 1 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Currency swaps against euros	18,804.03	-	24,707.79	-	31,446.46	-
Up to 1 year	6,453.62	-	6,255.56	-	9,394.40	-
From 1 to 5 years	11,383.84	-	14,788.73	-	17,846.62	-
Over 5 years	966.57	-	3,663.50	-	4,205.44	-
FORWARD TRANSACTIONS						
Foreign currency financing commitments received	-	-	-	-	-	-
Hedging transactions over the counter						
Forward exchange against euros	-	-	-	-	-	-
Up to 1 year	-	-	-	-	-	-
From 1 to 5 years	-	-	-	-	-	-
Currency swaps against euros	-	-	-	-	-	-
Up to 1 year	-	-	-	-	-	-
From 1 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-

Forward exchange contracts against euro correspond to forward purchases entered into for the purpose of hedging commercial paper denominated in foreign currencies. Forward exchange outstandings at 31 December 2019 came to €133.73 million.

The decrease in currency swap outstandings against euro is attributable to the decrease in foreign currency issue outstandings, no issue of this type having been made in 2019.

Note 17: Forward financial instruments

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
INTEREST RATE INSTRUMENTS			
Organised markets and equivalents			
Firm transactions entered into for hedging purposes	-	-	-
Euro Bobl futures contracts (5 years)	-	-	-
Euro Bund futures contracts (10 years)	-	-	-
Other firm transactions	-	-	-
Options entered into for hedging purposes	-	-	-
Other options	-	-	-
Over the counter	13,310.67	13,310.67	5,423.23
Firm transactions entered into for hedging purposes			
Interest rate swaps in euro	13,310.67	13,310.67	5,423.23
Micro hedging	13,310.67	13,310.67	5,423.23
- Up to 1 year	200.00	-	279.84
- From 1 to 5 years	10,799.34	8,220.17	1,250.00
- Over 5 years	2,311.33	5,090.50	3,893.39

At 31 December 2019, interest rate instruments entered into by CADES comprised swaps amounting to €13,310.67 million entered into for micro hedging purposes.

Note 18: Other off-balance sheet commitments

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
FINANCING COMMITMENTS			
Commitments received			
From credit institutions			
- Back-up credit lines	1,200.00	700.00	700.00
- Multi-currency credit lines	-	-	-
- Credit lines in treasury bills	-	-	-
- Other credit lines	-	-	-
Sundry			
- Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites</i>)	10,500.00	12,600.00	14,700.00
- Borrowings	-	-	-
- Commercial paper and securities lent under repurchase agreements	-	-	-
Commitments given			
Payments to the State	-	-	-
Payments to social security agencies	-	-	-
- Assumption of debt provided for by the 2019 Social Security Finance Act	-	15,000	-
Financing commitments given under repurchase agreements, currency purchases and treasury bills	-	-	-

Commitments received consist of:

- Five activation agreements for credit lines enabling CADES to add funds directly to its euro-denominated deposit account held with Banque de France, totalling €1.2 billion and cancellable by the counterparties at 15 to 30 days' notice; and
- A total of €10.50 billion in payments from the Retirement Reserve Fund, corresponding to the annual payments of €2.10 billion for the period from 2018 to 2024, pursuant to the 2011 Social Security Funding Act No. 2010- 1594 of 20 December 2010.

Note 19: Abridged statements

BALANCE SHEET

At (€ millions)	31 December 2019
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD FROM 1 JANUARY 2019	(105,527.00)
PROFIT FOR THE YEAR ENDED 31 DECEMBER 2019	16,252.99
PROPERTY ENDOWMENT	181.22
DEBT REMAINING TO BE REPAYED AT 31 DECEMBER 2019	(89,092.79)
Represented by:	
Liabilities towards third parties	
- Borrowings falling due within 1 year	21,370.54
- Borrowings falling due after 1 year	71,678.34
- Other creditors, accruals and unearned income	2,028.83
Less assets held by CADES	
- Financial investments	3,056.66
- Other debtors, prepayments and accrued income	2,928.26

PROFIT AND LOSS ACCOUNT

Period ended (€ millions)	31 December 2019
NET REVENUE FROM CRDS, CSG AND SOCIAL LEVIES	16,159.77
ESTIMATION CHANGES AND ERROR ADJUSTMENTS	-
NET REVENUE FROM RETIREMENT RESERVE FUND (FRR)	2,100.00
NET REVENUE FROM PROPERTY	0.13
Interest payable and similar charges	(2,607.54)
Fees	(7.98)
Interest receivable and similar income	613.98
NET FINANCIAL CHARGES	(2,001.55)
Operating charges	(3.08)
OPERATING PROFIT	16,255.28
Provision for sundry liabilities	(2.30)
Exceptional income (charges)	0.01
NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2019	16,252.99

OTHER INFORMATION

The table below provides information on market value, comparing the debt at repayment value as at 31 December 2019 with the debt at market value.

Debt at repayment value as at closing date comprises the following elements:

- a. The nominal value of fixed rate, variable rate and adjustable rate borrowings in euros.
- b. The nominal value of the fixed rate, variable rate and adjustable rate euro legs of basis swaps representing perfect transformation of foreign currency-denominated borrowings into euro-denominated borrowings.
- c. The accrued nominal value of inflation indexed bonds as at 31 December 2019.
- d. Interest accrued but not yet due is excluded from debt at repayment value.

Debt at repayment value at maturity comprises the following elements:

- a. The nominal value of fixed rate, variable rate and adjustable rate borrowings in euro.
- b. The nominal value of the fixed rate, variable rate and adjustable rate euro legs of swaps representing perfect transformation of foreign currency-denominated borrowings into euro-denominated borrowings.
- c. The projected nominal value at maturity of inflation indexed bonds.
- d. The market value of swaps used for macro hedging.

Debt at market value comprises the following elements:

- a. The value of the fixed rate bonds and inflation indexed bonds based on the average market price on 31 December 2019.
- b. The value of unlisted securities issued by CADES obtained using the CADES zero-coupon curve as at 31 December 2019. Options embedded in certain of these securities are valued using an internal model based on standard valuation software developed and marketed by an independent service provider.
- c. The value of derivatives used to transform part of the debt through micro hedging. Options embedded in certain of these instruments are valued using the same internal model.
- d. The value of derivatives used for macro hedging.
- e. The present value at 31 December 2019 of collateral, repurchase agreements and bank balances.

	At maturity	At 31 December 2019	At 31 December 2019	At 31 December 2019
UP TO 1 YEAR	18,260.30	18,260.30	18,633.17	168.70
FROM 1 TO 5 YEARS	61,896.22	61,692.47	66,157.47	810.88
OVER 5 YEARS	9,542.83	9,542.83	11,605.83	(172.16)

	At maturity	At 31 December 2019	At 31 December 2019	At 31 December 2019
SWAPS	-	-	-	-
TOTAL	89,699.35	89,495.60	96,396.47	807.42
REVISABLE RATES	5,410.30	5,410.30	5,404.81	175.05
INDEXED RATES	7,236.18	7,032.43	7,678.85	-
FIXED RATES	77,052.86	77,052.86	83,312.81	632.37
SWAPS	-	-	-	-
TOTAL	89,699.35	89,495.60	96,396.47	807.42

Compared with the previous financial year, at 31 December 2019 there had been an increase in the proportion of short- and medium-term debt and a decrease in that of long-term debt, as shown by the table below:

DEBT	At 31 December 2019	At 31 December 2018	At 31 December 2017
Short-term (under 1 year)	20.40%	16.36%	13.23%
Medium-term	68.93%	60.59%	58.32%
Long-term (over 5 years)	10.66%	23.04%	28.45%

As regards the breakdown between issues denominated in euro and other currencies, in the year ended 31 December 2019 the proportion of euro-denominated debt increased slightly from 31 December 2018, as shown by the table below:

DEBT	At 31 December 2019	At 31 December 2018	At 31 December 2017
In foreign currencies	20.06%	22.88%	31.81%
In euros	79.94%	77.12%	68.19%

Lastly, the post-hedging book-value-debt breakdown relative to 31 December 2018 below shows an increase in the proportion of fixed rate issues and a continued decrease in that of revisable and indexed rate issues:

DEBT	At 31 December 2019	At 31 December 2018	At 31 December 2017
Revisable rate	6.05%	11.25%	28.11%
Indexed rate	7.86%	9.31%	7.99%
Fixed rate	86.10%	79.44%	63.90%

Explanation of variances between market value and repayment value of debt:

The difference between the market value of the debt and its repayment value is explained by the following factors:

- The market value of fixed rate loans increased because of the decline in interest rates;
- Market value factors in the present value of future coupons whereas the repayment value excludes coupons; and
- Gains and losses on macro hedging swaps impact market value one way or the other.

The above information covers a significant part of CADES' main activity, which is to repay in the best possible conditions the debt it raises on the financial markets.

POST-BALANCE SHEET DATE EVENTS

The COVID-19 epidemic creates an uncertain situation for CADES, which has accordingly deployed all available resources to maintain its activities in the context of this health crisis and taken the necessary measures to protect the health of its employees and other stakeholders.

CADES has striven in particular to implement the most appropriate measures and initiatives needed to pursue its business, in accordance with government decisions. It will fully maintain and apply its internal control and IT security procedures throughout the crisis. The solutions it has introduced meet all requirements as regards procedural security and transaction reliability.

This event occurred after the end of the 2019 financial year, has no direct relation to any situation prevailing at the year-end and has no impact on the financial statements for the year ended 31 December 2019.

However, given the pandemic's impact, at the date of the Board of Directors' approval of the 2019 financial statements CADES believes that this health crisis could have a negative impact on the amount of resources allocated to it in respect of 2020. At the same time, it is not aware of any material uncertainty that could call into question its mission of amortising the social security debt transferred to it.

Nevertheless, uncertainty persists as to how long the epidemic will last and what its impact on CADES will be; this impact will become easier to gauge as the situation evolves.

ISSUER

Caisse d'Amortissement de la Dette Sociale
The Legal Entity Identifier: 969500P04DQJS4BPM574

139 rue de Bercy
75012 Paris
France

ARRANGER AND DEALER

BNP PARIBAS
□ 16, boulevard des Italiens
75009 Paris
France

**FISCAL AGENT, PRINCIPAL PAYING AGENT,
TRANSFER AGENT AND CALCULATION AGENT**

Citibank N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London, E14 5LB
United Kingdom

PARIS PAYING AGENT

Citibank Europe plc, French Branch
21-25 rue Balzac
75406 Paris Cedex 08
France

REGISTRAR

Citigroup Global Markets Europe AG
Reuterweg 16
60323 Frankfurt
Germany

LUXEMBOURG LISTING AGENT

KBL European Private Bankers S.A.
Boulevard Royal 43
L-2955 Luxembourg

AUDITORS

To the Issuer

KPMG AUDIT S.A.
1, cours Valmy
92923 Paris La Défense Cedex
France

LEGAL ADVISERS

To the Issuer

as to English, French and U.S. law

Clifford Chance Europe LLP
1 rue d'Astorg
CS 60058
75377 Paris Cedex 08
France

To the Arranger and Dealer

as to English, French and U.S. law

Linklaters LLP
25 rue de Marignan
75008 Paris
France