THIRD PROSPECTUS SUPPLEMENT DATED 5 MAY 2021 TO THE BASE PROSPECTUS DATED 19 AUGUST 2020

CAISSE D'AMORTISSEMENT DE LA DETTE SOCIALE

Établissement public national administratif (*French national public entity*)

(*Established in Paris, France*)

EURO 65,000,000,000

GLOBAL MEDIUM TERM NOTE PROGRAMME

This third prospectus supplement (the "**Supplement**") which has obtained approval number n°21-135 on 5 May 2021 from the *Autorité des marchés financiers* (the "**AMF**") is supplemental to and must be read in conjunction with the base prospectus dated 19 August 2020 which has been granted approval number n°20-415 on 19 August 2020 by the AMF (the "**Base Prospectus**") as supplemented by a first supplement thereto dated 3 September 2020 which has been granted approval number n°20-438 on 3 September 2020 and a second supplement dated 12 October 2021 which has been granted approval number n°20-502 on 12 October 2021 by the AMF, prepared by the *Caisse d'Amortissement de la Dette Sociale* ("**CADES**" or the "**Issuer**") with respect to the Euro 65,000,000,000 Global Medium Term Note Programme (the "**Programme**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

The Base Prospectus as supplemented constitutes a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 of the European Parliament and of the European Council of 14 June 2017, as amended (the "**Prospectus Regulation**"). This Supplement has been prepared in accordance with Article 23 of the Prospectus Regulation. Application has been made for approval of this Supplement to the AMF in its capacity as competent authority under the Prospectus Regulation.

This Supplement has been produced for the purposes of (i) making various changes to the Base Prospectus related to Brexit, (ii) amending the Risk Factors section, (iii) amending the description of the Issuer section, (iii) amending the General Information section and (iv) incorporating the audited annual financial statements of the Issuer as at and for the period ended 31 December 2020.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is material in the context of the Programme since the publication of the Base Prospectus. To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in the Base Prospectus, the statements in this Supplement will prevail.

Copies of the Base Prospectus and this Supplement 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 will be available without charge (i) on the website of the AMF (www.amf-france.org) and (ii) on the website of the Issuer (https://www.cades.fr/index.php/en/financial-information/reference-documents).

To the extent applicable and in accordance with Article 23.2 of the Prospectus Regulation, investors who have already agreed to purchase or subscribe for Notes to be issued under the Programme before this Supplement is published, have the right, exercisable within three working days after the publication of this Supplement, to withdraw their acceptances, provided that the significant new factor, material mistake or material inaccuracy referred to in this Supplement arose or was noted before the closing of the offer period or the delivery of the Notes, whichever occurs first. That offer period may be extended by the Issuer. This right to withdrawal shall expire by close of business on 10 May 2021. Investors may contact the Authorised Offerors should they wish to exercise the right to withdrawal.

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CHANGES RELATED TO BREXIT

On 1 January 2021, the transition period came to an end and the United Kingdom officially withdrew from the European Union. Various changes, set out below, are made to the Base Prospectus as a result.

- The second paragraph of the cover page of the Base Prospectus is deleted and replaced by the following paragraph:

"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") 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 ("**EU 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."

- Paragraph six of the cover page of the Base Prospectus is deleted and replaced by the following paragraph:

"Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be (1) issued or endorsed by a credit rating agency established in the EEA and registered or certified under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**EU CRA Regulation**"), or by a credit rating agency which is certified under the EU CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom ("**UK**") by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**") or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the Final Terms. The list of credit rating agencies registered in accordance with the EU CRA Regulation is published on the European Securities and Markets Authority's website (the "**ESMA**") (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs). As of the date of the Base Prospectus, Moody's and Fitch are established in the European Union and registered under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation. 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. 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 fourth paragraph of the "Important Notice" section on page 1 of the Base Prospectus is deleted and replaced by the following paragraph:

"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 (each, a "**Member**

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 Member 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 Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member 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 Member 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."

- The paragraph entitled "Specified Denomination(s)" in the "General Description of the Programme" section on page 9 of the Base Prospectus is deleted and replaced by the following paragraph:

"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**") exchange and/or offered to the public in a state member of the EEA 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."

- The paragraph entitled "Ratings" in the "General Description of the Programme" section on page 11 of the Base Prospectus is deleted and replaced by the following paragraph:

"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. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Notes. The list of credit rating agencies registered in accordance with the EU CRA Regulation is published on the European Securities and Markets Authority's website (the "**ESMA**") (http://www.esma.europa.eu/page/Listregistered- and-certified-CRAs). As of the date of the Base Prospectus, Moody's and Fitch are established in the European Union and registered under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation or (1) the rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation. The relevant Final Terms will specify whether or not such credit ratings are (1) issued or endorsed by a credit rating agency established in the European Union, and registered under the EU CRA Regulation, or by a credit rating agency which is certified under the EU CRA Regulation and/or (2) issued or endorsed by a credit rating agency established in UK and registered UK CRA Regulation or by a credit rating agency which is certified under the UK CRA Regulation will be disclosed in the Final Terms. The list of credit rating agencies registered in accordance with the EU CRA Regulation is published by the ESMA on its website (http://www.esma.europa.eu/page/List-6 registered-and-certified-CRAs). 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."

- The paragraph entitled "Listing and Admission to Trading" in the "General Description of the Programme" section on page 12 of the Base Prospectus is deleted and replaced by the following paragraph:

"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 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."

- The reference to the United Kingdom in the sub-paragraph "Risk relating to the secondary market" in the "Risk Factors" section on page 18 of the Base Prospectus is deleted.

- The paragraphs entitled "Public Offer Selling Restriction under the Prospectus Regulation" in the "Subscription and Sale" section on page 105 of the Base Prospectus and "Prohibition of Sales to EEA and UK Retail Investors" in the "Subscription and Sale" section on page 106 of the Base Prospectus, are deleted and replaced by the following:

"Prohibition of Sales to EEA Retail Investors

If the applicable Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Applicable", each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant 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 applicable Final Terms in relation thereto to any retail investor in the European Economic Area.

1) For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or

ii) a customer within the meaning Directive (EU) 2016/97 ("**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II

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 the Notes.

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 Retail Investors" as "Not Applicable", in relation to each Member State of the European Union (each a "**Member 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 Member State except that it may make an offer of such Notes to the public in that Member 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 Member 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 Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member 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 Member 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."

- The following selling restrictions are added to the "Subscription and Sale" section on page 87 of the Base Prospectus and the existing heading "United Kingdom" on page 106 of the Base Prospectus is re-named "Additional United Kingdom restrictions":

"Prohibition of sales to UK Retail Investors

If the applicable Final Terms in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Applicable", 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 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 United Kingdom. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA;

(b) The expression an "**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.

Public Offer Selling Restriction under the UK Prospectus Regulation

If the applicable Final Terms in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors as "Not Applicable", 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 the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to section 86 of the FSMA (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the UK Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the UK Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, 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 Public Offer;

(b) at any time to any legal entity which is a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA) in the United Kingdom 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 section 86 of the FSMA,

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 section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes 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 for the Notes."

- The reference to UK is removed of the title of the section "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" and the paragraphs preceding Part A on page 122-123 of the Base Prospectus are deleted and replaced with the following:

"[**PROHIBITION OF SALES TO EEA 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**"). 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 (as amended "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**EU Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

[PROHIBITION OF SALES TO 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 United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[EU 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, "EU **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 EU 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.]

[UK MIFIR 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 (in accordance with the FCA's policy statement entitled "*Brexit our approach to EU non-legislative materials*"), has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); 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 the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") 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

[EU **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, "EU **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]] 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 advice[,/ and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under EU 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 1 The Final Terms may be asked requested from the Calculation Agent and are available on the AMF website. 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].]]

[**UK MIFIR 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 (in accordance with the FCA's policy statement entitled "*Brexit our approach to EU non-legislative materials*"), has led to the conclusion that: (i) the target market for the Notes is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018

("**EUWA**"), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**") and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); **EITHER** [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] **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 advice[,/ and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under COBS, 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 the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") 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 COBS, as applicable]

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

i. in [those Non-exempt Offer Jurisdictions mentioned in Paragraphs 40 and 41 below], provided such person is a Dealer, Manager or Authorised Offeror (as such term is defined in the Base Prospectus) and that such offer is made during the Offer Period specified in that paragraph and that any conditions relevant to the use of the Base Prospectus are complied with; or

ii. otherwise] in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to [either of] Article 3 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**")] [or] [section 85 of the FSMA] or to supplement a prospectus pursuant to [either of] [Article 23 of the Prospectus Regulation] [or] [Article 23 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK 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, as amended."

- The paragraph entitled "Prohibition of Sales to EEA and UK Retail Investors" in the "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 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" section on page 129 of the Base Prospectus and in the "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 regulated market and the legends in relation to the PRIIPs Regulation and MiFID II Product Governance" section on page 144 of the Base Prospectus are renamed "Prohibition of Sales to the EEA" and references to the UK in those paragraphs are be deleted.

- A new paragraph "Prohibition of Sales to UK Retail Investors" is inserted in the "Pro Forma Final Terms for use in connection with issues of securities with a denomination of less than €100,000 to be admitted to trading on an EU regulated market and/or offered to the public in the European Economic Area" section on page 129 of the Base Prospectus and in the "Pro Forma Final Terms for use in connection with issues of securities with a denomination of at least €100,000 to be admitted to trading on an EU regulated market" section on page 144 of the Base Prospectus:

Prohibition of Sales to UK Retail Investors:	[Applicable / Not Applicable]
	(*If the Notes clearly do not constitute "packaged" products under the UK PRIIPs Regulation, "Not Applicable" should be*

specified. If the Notes may constitute "packaged" products under the UK PRIIPs Regulation and no KID will be prepared, "Applicable" should be specified)

- The sub-paragraph entitled "2. Rating" of the paragraph "PART B - OTHER INFORMATION" in the "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 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" section on page 131 of the Base Prospectus and in the "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 and the legends in relation to the PRIIPs Regulation and MiFID II Product Governance" section on page 146 of the Base Prospectus are deleted and replaced as follows:

"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 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):

[[*Insert credit rating agency*] is established in the European Union, is registered under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**")]/[[*Insert credit rating agency*] is certified under the EU CRA Regulation.] The list of credit rating agencies registered or certified in accordance with the EU CRA Regulation is published on the European Securities and Markets Authority's website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs).]

[[*Insert credit rating agency*] is [not] established in the European Union [nor has/and has not] applied for registration under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**")[.][, but is endorsed by [*insert credit rating agency*] which is established in the European Union, registered under the EU CRA Regulation and is included in the list of credit rating agencies registered in accordance with the EU CRA Regulation published on the European Securities and Markets Authority's website (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs).].

[[The rating [*insert credit rating agency*] has given to the Notes is endorsed by a credit rating agency which is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").]

[[*Insert credit rating agency*] has been certified under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").]"

- The reference to UK is removed of the titled of the section "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 and the legends in relation to the PRIIPs Regulation and MiFID II Product Governance" on page 138 of the Base Prospectus the legends related to PRIIPS and MiFID are deleted and replaced by the following:

"**PROHIBITION OF SALES TO EEA 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**"). 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 (as amended, the "**EU MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**EU Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO 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 United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

EU 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 is eligible counterparties and professional clients only, each as defined in "EU **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 EU 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.

UK MIFIR 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 (in accordance with the FCA's policy statement entitled "*Brexit our approach to EU non-legislative materials*"), has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution 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 the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") 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."

- Sub-paragraph (iv) of paragraph (10) in the "General Information" section on page 152 of the Base Prospectus is deleted and replaced by the following paragraph:

  "(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 nor offered in the European Economic Area 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);"

- Paragraph (18) in the "General Information" section on page 153 of the Base Prospectus, is deleted and replaced by the following paragraph:

  "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**"). 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 has been prepared and therefore offering or selling the Notes or otherwise making them available to retail investors in the EEA may be unlawful under the PRIIPs Regulation."

MODIFICATION OF THE RISK FACTORS SECTION

- The paragraph entitled "Interest rate risks" on page 14 of the Base Prospectus is deleted and replaced as follows:

"CADES is exposed to fluctuations in market interest rates given the substantial amount of net debt that it has to finance through the financial market. 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 2020, the breakdown of CADES' debt by interest rate type is as follows: 90,1 per cent. of the debt bears fixed rates, 2,4 per cent. floating rates and 7,5 per cents rates indexed to inflation. In addition, the amount of margin calls paid and received, as 31 December 2020, for interest rate foreign exchange derivatives can be found in the balance sheet section (please refer to Note 3 on page 20 and Note 7 on page 26 of of the annual financial statements for the year ended 30 December 2020 set out in full in the Base Prospectus immediately following page F – 43). As results, 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 a growth environment would imply additional revenues for CADES".

- The paragraph entitled "Exchange rate risk" on page 15 of the Base Prospectus is deleted and replaced as follows:

"CADES is exposed to the risk of losses on capital borrowed in currencies other than Euro. As at 31 December 2020, CADES' debt profile, broken down by currency, was as follows: 77.8 per cent. of CADES' tradable debt was Euro-denominated, 19.7 per cent. was U.S. Dollar denominated, and 2.5 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. CADE'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 2020, the amount of margin calls paid and received for interest rate and foreign exchange derivatives can be found in the balances sheet section (please refer to Note 3 on page 20 and Note 7 on page 26 of the annual financial statements for the year ended 30 December 2020 set out in full in the Base Prospectus immediately following page F – 43).

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."

- The paragraph entitled "The revenues of CADES from the social security taxes it receives may vary" on page 15 of the Base Prospectus is deleted and replaced as follows:

"CADES' revenues 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 2020, CADES received Euro 17,6 billion distributed as follows: CRDS 41.2 per cent., CSG 46.9 per cent. and Retirement Reserve Fund (*Fond de Réserve pour les Retraites* ("**FRR**") payment 11.9 per cent. These revenue sources and the levels are 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"

- The third paragraph of the sub-paragraph entitled "1.3 Risks relating to the COVID-19 epidemic" on page 16 of the Base Prospectus is deleted and replaced by the following paragraph:

"As of the date of the Board of Directors' approval of the 2020 financial statements, CADES considers that the health crisis has a negative impact, albeit moderate, on the amount of resources allocated to it, as described in the paragraphs contained in "Health crisis related to COVID-19" on page 12 of the annual financial statements for the year ended 30 December 2020 set out in full in the Base Prospectus immediately following page F – 43 and the paragraph entitled "Debts assumed from social security funding organisations" on page 11 of the annual financial statements for the year ended 30 December 2020 set out in full in the Base Prospectus immediately following page F – 43, on the amount of resources allocated to it. 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."

DESCRIPTION OF THE ISSUER

The last paragraph of the section "Recents Developments" within the section "Description of the Issuer" on pages 87 of the Base Prospectus is deleted and replaced as follows:

"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. This report was submitted to the government on 14 September 2020 and article 32 of the Law n° 2020-1576 dated 14 December 2020 *de financement de la sécurité sociale pour 2021* details the missions and resources of the *Caisse Nationale de Solidarité pour l'Autonomie*, the governance of the branch, as well as the conditions for controlling the autonomy risk."

MODIFICATION OF THE GENERAL INFORMATION SECTION

Paragraph 4 of the section entitled "General Information" on page 151 of the Base Prospectus is deemed to be replaced as follows:

"Except as disclosed in this Base Prospectus, there has been no significant change in the financial position or financial performance of the Issuer since 31 December 2020 and no material adverse change in the prospects of the Issuer since 31 December 2020, including with respect to the impact of Covid-19 on the Issuer."

ANNUAL FINANCIAL STATEMENTS

The following audited financial statements are incorporated in the Base Prospectus immediately following page F – 43. These annual financial statements have been prepared by CADES and have been audited by KPMG Audit

CADES

Statutory auditor's report on the financial statements

For the year ended 31 December 2020
CADES
139 rue de Bercy - 75012 Paris
This report contains 6 pages
Reference : HV 211-001

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 2020

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 2020.

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 2020 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 2020 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 ou in paragraph 4 of the accounting principles and methods and note 12, which specify the applicable accounting treatment of the social security debt repayment contribution (CRDS), the social security contribution (CSG), and social levies on income from property and investments. It should be noted that CADES does not at any time act as a primary collector, all of the resources are received from the collecting agencies. CRDS revenues, CSG revenues, revenues from social security levies on wealth and investment income, accrued revenues, deferred revenues, receivables and provisions are based on notifications sent to CADES by the ACOSS and the "Direction Générale des Finances Publiques or Public Finances Directorate" (DGFIP), which are the collecting agencies. As a result, CADES' authority over revenues is limited to a formal accounting verification of the documents produced by the collecting agencies

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, 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 no key audit issues to 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.

Format of presentation of the financial statements intended to be included in the Annual Financial Report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier).

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 2020, 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 applicable to CADES under CNC notice 99-04 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 25 mars 2021

The statutory auditors

French original signed by

Hubert de Vaumas
Associé

CONTENTS

GENERAL INFORMATION

1. MISSION STATEMENT

Order No. 96-50 dated 24 January 1996[1] 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:

- Amortise 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 until such date as the social security debt transferred to it has been fully extinguished. Laws No. 2020-991 and 2020-992 of 7 August 2020 extended CADES' life until 31 December 2033 by transferring it an additional debt of €136 billion.

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 Section 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, and income from property and investments, and to 0.28% for profits from gaming.

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, which will be reduced to 0.45% from 1 January 2024; and
- from 0.28% to 0.30% on profits from gaming.

Starting in 2011, a further two new resources were 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.

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.

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[1] As modified by Social Security Finance Act No. 97-1164 of 19 December 1997, Act No. 98-1194 of 23 December 1998, Act No. 2004-810 of 13 August 2004 relating to health insurance, Organic Law No. 2005-881 of 2 August 2005, 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. 2018-699 of 3 August 2018, Act No. 2018-1203 of 22 December 2018, Order No. 2019-770 of 17 July 2019, Order No. 2019-1067 of 21 October 2019, Act No. 2019-1446 of 24 December 2019, Act No. 2019-1479 of 28 December 2019, Act No. 2020-991 of 7 August 2020, Act No. 2020-992 of 7 August 2020 and Act No. 2020-1576 of 14 December 2020.

2. ORGANISATION 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 on 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 Directorate General of the Treasury (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 Directorate General of Public Finances, 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, recommended by an independent consulting firm, is approved by the Authorising Officer, the Accounting Officer, the Directorate General of Public Accounting (now the DGFIP) and the French National Accounting 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. It monitors risk and produces reports.

The Back Office records and validates the transactions processed by the Front Office after verifying that formal presentation and threshold requirements are met. It 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 Directorate General of Public Finances network. This takes the form of daily transfers from the Directorate General of Public Finances departmental (DDFIP) and regional (DRFIP) offices.

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. This account shows 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 CADES' transaction account with Banque de France is transferred at the end of the year to the euro-denominated deposit account to exclude it from the sweeping of the State's dedicated account with the Banque de France.

In addition, until 1 November 2020 CADES held foreign currency accounts with foreign financial institutions in New York and London. As a result of Brexit, the accounts opened with the foreign financial institutions in New York were transferred to the Luxembourg financial institution.
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 authorise 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 2020	**93,763**
At 31 December 2019	**89,496**
At 31 December 2018	**105,801**
At 31 December 2017	**120,941**

Period ended	**31 December 2020**	**31 December 2019**	**31 December 2018**
NET PROFIT	**16,089**	**16,253**	**15,444**
Primarily reflecting the following items:			
CRDS and CSG revenue	**15,528**	**16,157**	**15,551**
Social levies on income from property and investments net of expenses	**1**	**1**	**2**
Retirement Reserve Fund (*Fonds de Réserve pour les Retraites – FRR*)	**2,100**	**2,100**	**2,100**
Estimation changes and error adjustments	**-**	**-**	**-**
Interest expenses	**(1,539)**	**(2,002)**	**(2,207)**
General operating charges	**(2)**	**(3)**	**(3)**

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

BALANCE SHEET

At (€ millions)	31 December 2020	31 December 2019	31 December 2018
ASSETS			
Cash in hand, balances with central banks and post office banks (Note 1)	9,910.82	3,056.63	2,263.29
Treasury bills and other bills eligible for refinancing with central banks (Note 1)	-	-	-
Loans and advances to credit institutions (Note 1)			
- Repayable at sight	0.09	0.03	0.21
- Repayable at term	-	-	-
Intangible assets (Note 2)	-	-	-
Tangible assets (Note 2)	-	-	-
Other assets (Note 3)	1,866.50	312.21	450.32
Prepayments and accrued income (Note 4)	2,067.64	2,703.07	2,364.06
TOTAL ASSETS	**13,845.05**	**6,071.94**	**5,077.88**
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	10,489.27	398.90	265.17
- Bonds and similar instruments	92,545.62	91,646.61	107,694.03
- Other debts evidenced by securities	-	-	-
Other liabilities (Note 7)	354.75	1,214.55	447.61
Accruals and deferred income (Note 8)	2,381.14	814.28	933.32
Sub-total – Liabilities	**106,774.15**	**95,077.71**	**110,343.49**
Provisions (Note 8a)	75.02	87.01	80.17
Property endowment	181.22	181.22	181.22
Retained earnings	(109,274.01)	(105,527.00)	(120,970.77)
Profit for the period	16,088.65	16,252.99	15,443.77
Sub-total – Reserves	**(93,004.14)**	**(89,092.79)**	**(105,345.78)**
TOTAL LIABILITIES AND RESERVES	**13,845.05**	**6,071.94**	**5,077.88**

PROFIT AND LOSS ACCOUNT

Period ended (€ millions)	31 December 2020	31 December 2019	31 December 2018
Interest receivable and similar income (Note 9)	**555.40**	**613.69**	**874.54**
- From transactions with credit institutions	78.86	28.28	188.81
- From bonds and other fixed income securities	-	-	-
- Other interest receivable and similar income	476.54	585.41	685.73
Interest payable and similar charges (Note 10)	**(2,067.08)**	**(2,607.54)**	**(3,058.41)**
- On transactions with credit institutions	(43.77)	(41.30)	(44.34)
- On bonds and other fixed income securities	(2,023.31)	(2,566.24)	(3,014.07)
Fees payable (Note 10)	**(27.01)**	**(7.97)**	**(22.78)**
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	**0.01**	**0.28**	-
Other operating charges – banking	**(0.01)**	**(0.01)**	**(0.02)**
NET BANKING INCOME	**(1,538.69)**	**(2,001.55)**	**(2,206.67)**
General operating charges (Note 13)	**(1.73)**	**(3.33)**	**(2.91)**
- Staff costs	(0.95)	(0.98)	(1.08)
- Other administrative charges	(0.78)	(2.35)	(1.83)
Depreciation and impairment provisions on intangible and tangible assets	-	-	**(0.01)**
Other operating income	**17,994.39**	**18,442.96**	**17,816.86**
- Income relating to CRDS and CSG (Notes 12a and 12.1a)	15,882.52	16,340.37	15,631.70
- Income relating to social levies on income from property and investments (Note 12.2a)	(0.97)	(0.80)	(1.90)
- 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
- Provisions reversed for receivables (Notes 12a, 12.1a and 12.2a)	9.87	0.09	79.50
- Other provisions reversed for receivables (Note 14a)	2.97	3.17	7.41
Other operating charges	**(365.35)**	**(185.10)**	**(163.47)**
- Charges relating to CRDS and CSG (Notes 12a and 12.1a)	(143.49)	(159.86)	(155.10)
- Charges relating to social levies on income from property and investments (Note 12.2a)	-	-	0.01
- 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)	(221.86)	(22.95)	(6.79)
- Charges related to property (Note 13a)	-	-	(0.02)
Estimation changes and error adjustments	-	-	-
GROSS OPERATING PROFIT	**16,088.61**	**16,252.98**	**15,443.80**
OPERATING PROFIT	16,088.61	16,252.98	15,443.80
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**16,088.61**	**16,252.98**	**15,443.80**
- Exceptional income (Note 15)	0.04	0.01	(0,03)
NET PROFIT FOR THE PERIOD	**16,088.65**	**16,252.99**	**15,443.77**

CASH FLOW STATEMENT

Cash flow (€ millions)	Period ended	31 December 2020	31 December 2019	31 December 2018
Net banking income		**(1,539)**	**(2,002)**	**(2,207)**
Inflation premiums		(16)	55	188
Provisions for financial instruments		-	-	-
Amortisation of premiums and balancing payments		(83)	(54)	(47)
Change in accrued interest		(219)	(30)	4
Net cash from (used in) banking activities	**(A)**	**(1,856)**	**(2,031)**	**(2,063)**
Net operating income		**17,627**	**18,254**	**17,650**
(Increase) decrease in accrued income from CRDS and CSG		(127)	24	(131)
(Increase)/decrease in accruals on social levies		-	-	-
(Increase)/decrease in deferred expenses		(348)	57	(49)
Unearned income		-	-	-
Provisions – sundry allocations or reversals		209	30	(33)
Net cash from (used in) operating activities	**(B)**	**17,362**	**18,365**	**17,437**
Net cash from (used in) banking and operating activities	**(C=A+B)**	**15,506**	**16,334**	**15,374**
Net cash from (used in) financing activities	**(D)**	**11,349**	**(15,541)**	**(17,285)**
Debt assumed	**(E)**	**(20,000)**	**-**	**-**
Net cash flow for the year	**(C+D+E)**	**6,854**	**793**	**(1,911)**

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 2020	31 December 2019	31 December 2018
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	116,000.00	-	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	1,200.00	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 (*Fonds de Réserve pour les Retraites*)	21,450.00	10,500.00	12,600.00

NOTES TO THE FINANCIAL STATEMENTS

HIGHLIGHTS OF THE YEAR ENDED 31 DECEMBER 2020

- **<u>Debts assumed from social security funding organisations</u>**

➢ Law No. 2020-992 of 7 August 2020 on the social security debt and autonomy

Pursuant to Law No. 2020-992 of 7 August 2020 on the social security debt and autonomy, an additional €136 billion of debt will be transferred to CADES between 1 January 2020 and 1 January 2024, corresponding to:

- €31 billion of cumulative deficits at 31 December 2019 of the health insurance branch of the basic scheme, the old age solidarity fund, the old age branch of the non-farm workers scheme and the local authorities national pension fund (*Caisse nationale de retraites des agents des collectivités locales* – CNRACL);
- €92 billion for the future deficits from 2020-2023 of the health insurance, old age and family branches of the basic scheme, the old age solidarity fund and the old age branch of the non-farm workers scheme;
- €13 billion to assume a third of hospitals' debt.

Moreover, the aforementioned law extended the life of CADES, initially scheduled to end in 2024, until 31 December 2033, and allocated the following resources to it in the future:

- 0.5 points of CRDS maintained until its duties are acquitted;
- 0.6 points of CSG maintained until 2023, then 0.45 points from 2024 to 2033;
- an annual payment from the FRR of €2.1 billion until 2024, then €1.45 billion from 2025 to 2033.

The total amount of payments made in respect of CADES' assumption of debts may not exceed €40 billion a year. The dates and amounts of these payments are set by decree.

➢ Debts assumed in 2020

Pursuant to Decree No. 2020-1074 of 19 August 2020 on the transfer to the Social Security Debt Repayment Fund of the deficits of the general scheme, the old age solidarity fund and the central social mutual fund (*Caisse centrale de mutualité sociale*), CADES assumed €20 billion of social security debt in the second half of 2020, corresponding to:

- €16,415,097,668.55 in respect of deficits of ACOSS,
- €3,584,902,331.53 in respect of deficits of the agricultural central social mutual fund (*Caisse centrale de mutualité sociale agricole*).

In accordance with the accounting policies and methods set out in Note 3, "Debts assumed from social security funding organisations", these payments of €20 billion made in 2020 were recognised against the profit and loss account brought forward. The assumption of debts provided for by the aforementioned law and not yet paid to the organisations, which came to €116 billion at 31 December 2020, was recognised as an off-balance sheet commitment.

➢ Post-balance sheet date event related to debts assumed from social security funding organisations

Decree No. 2021-40 of 19 January 2021 set the assumption of debts for the 2021 financial year at €40 billion, corresponding to:

- €11 billion for past-year deficits,
- €5 billion for hospitals' debt,
- €24 billion for forecast deficits.

- **Health crisis related to COVID-19**

  - **CADES' organisation**

Over the 2020 financial year, CADES deployed all available resources to maintain its activities in the context of the COVID-19 health crisis. It strove in particular to implement the most appropriate measures and initiatives needed to pursue its business, in accordance with government decisions.

It has fully maintained and applied 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.

  - **Effects of the health crisis on CADES' resources**

The health crisis has impacted the amount of CRDS and CSG revenue, mainly on wages and salaries, because of the extensive use of short-time working (see Note 12 *et seq*.).

Meanwhile, as the State has granted companies an extension for the payment of their CSG and CRDS salary contributions, subject to certain conditions, gross CSG and CRDS receivables and related provisions increased significantly in 2020 (see Note 3).

- **Financing transactions**

  - **Issues (excluding commercial paper)**

CADES borrowed €23 billion:

- Three issues made under the UK programme in USD, for an amount of €8.69 billion;
- Five issues made under the French programme in EUR, for an amount of €14.00 billion;
- Two issues made under the French programme in CNY, for an amount of €222.09 million;
- One issue made under the French programme in USD, for an amount of €91.41 million.

  - **Redemptions (excluding commercial paper)**

CADES reimbursed €20.29 billion at maturity:

- Five issues made under the French programme, for an amount of €13.95 billion;
- Three issues made under the UK programme in USD, for an amount of €5.56 billion;
- One issue made under the French programme, for an amount of €715.77 million.

- **Credit lines**

Commitments received as at 31 December 2020 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, depending on the counterparty.

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 collected by collecting agencies are included in the accounts for the period regardless of the date on which these amounts were actually collected.
To be able to recognise this accrued income and deferred income at the balance sheet date, CADES accrues 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 and, for receivables arising from payment extensions granted as a result of the COVID-19 health crisis, factoring in the likelihood that they will be collected based on current economic circumstances. The provisions 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 - <u>Supplementary social security contribution</u>

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).

Pursuant to the Organic Law of 2 August 2005, the French Parliament voted to increase CADES' resources so as not to extend its life. 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 - <u>Social levies on income from property and investments</u>

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 - <u>Resources from the Retirement Reserve Fund</u>

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. Law No. 2020-992 of 7 August 2020 on the social security debt and autonomy provided for an additional annual payment of €1.45 billion from 2025 to 2033. The two institutions concerned have an agreement setting out the timing and terms and conditions governing these payments.

This annual resource paid by the FRR 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 2020, 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 2020, which correspond to the reference rates communicated by the European Central Bank, are indicated in the table below:

USD:	1.2271	SEK:	10.0343	GBP:	0.89903
AUD:	1.5896	NOK:	10.4703	MXN:	24.4160
CHF:	1.0802	NZD:	1.6984	HKD:	9.5142
CAD:	1.5633	TRY:	9.1131	JPY:	126.49
ZAR:	18.0219	SGD:	1.6218	CNY:	8.0225

- 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 2020:	103.075161
Cadesi 2021 index:	1.08914
Cadesi 2024 index:	1.06802

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 transitioning 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.

The changes in benchmark indices do not call into question CADES' continued use of hedge accounting at 31 December 2020.

CADES has undertaken an analysis to take into account the potential repercussions of these index changes.

NOTES

BALANCE SHEET

At 31 December 2020, the balance sheet showed total assets of €13,845.05 million for total debt of €106,774.15 million, resulting in negative reserves of €93,004.14 million.

ASSETS

Note 1: Treasury and interbank transactions

At (€ millions)	31 December 2020	31 December 2019	31 December 2018
CENTRAL BANKS	**9,910.82**	**3,056.63**	**2,263.29**
Central banks	9,910.82	3,056.63	2,263.29
TREASURY BILLS AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS	-	-	-
Government securities with a maturity of less than 3 months	-	-	-
Accrued interest	-	-	-
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	**0.09**	**0.03**	**0.21**
Repayable at sight	**0.09**	**0.03**	**0.21**
Debit balances on ordinary accounts	0.09	0.03	0.21
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	**9,910.91**	**3,056.66**	**2,263.50**

NB. On 31 December 2020, 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 2020.

Note 2: Intangible and tangible fixed assets

(€ millions)	Gross value at 1 January 2020	Acquisitions	Disposals	Gross value at 31 December 2020	Amortisation and depreciation	Net book value at 31 December 2020	Net book value at 31 December 2019	Net book value at 31 December 2018
Intangible assets	**0.12**	-	-	**0.12**	**0.12**	-	-	-
Software	0.12	-	-	0.12	0.12	-	-	-
Other	-	-	-	-	-	-	-	-
Tangible assets	**0.02**	-	-	**0.02**	**0.02**	-	-	-
Sundry equipment	0.02	-	-	0.02	0.02	-	-	-
Total	**0.14**	-	-	**0.14**	**0.14**	-	-	-

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 2020	31 December 2019	31 December 2018
SUNDRY DEBTORS	**1,866.50**	**312.21**	**450.32**
Deposits paid by way of initial margins	1,533.37	205.56	210.98
- Deposits	1,533.27	205.09	210.87
- Accrued interest	0.10	0.47	0.10
Outstanding CRDS and CSG contributions and social levies to be collected	333.13	106.65	217.34
- Gross amounts receivable	998.36	550.85	646.38
- Provisions	(665.24)	(444.20)	(429.04)
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
- Provisions	-	-	(0.13)
Total	**1,866.50**	**312.21**	**450.32**

Other assets comprise:

- deposits paid by way of initial margins for €1,533.27 million; and
- outstanding CRDS and CSG contributions and social levies to be collected by ACOSS amounting to €333.13 million. Provisions totalling €665.24 million have been deducted from the gross amounts receivable of €998.36 million.

The €447.51 million increase in gross amounts receivable corresponds mainly to the deferral of CSG and CRDS salary contributions granted by the State.

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 2020	31 December 2019	31 December 2018
PROVISIONS BROUGHT FORWARD	**444.20**	**429.17**	**474.72**
Impact of accounting method changes	-	-	-
Provisions set aside – property	-	-	-
Provisions set aside – CRDS and CSG contributions and social levies	221.26	15.25	3.18
Provisions reversed – property	-	(0.13)	(0.13)
Provisions reversed – CRDS and CSG contributions and social levies	(0.22)	(0.09)	(48.60)
PROVISIONS CARRIED FORWARD	**665.24**	**444.20**	**429.17**

Note 4: Prepayments and accrued income

At (€ millions)	31 December 2020	31 December 2019	31 December 2018
ACCRUED INCOME	**1,845.98**	**1,712.61**	**1,770.49**
On forward interest rate instruments	6.83	8.07	8.91
On forward currency instruments	163.99	156.94	189.86
On CRDS and CSG revenues	1,674.35	1,547.60	1,571.46
On revenue from social levies on income from property and investments	-	-	-
On property sales	-	-	-
Other accrued income	0.81	-	0.26
CONTINGENT LOSSES AND LOSSES TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS	**4.76**	**6.74**	**8.72**
DEFERRED CHARGES	**98.79**	**87.13**	**133.49**
Issuance premiums on bonds and EMTN	98.79	87.13	133.49
Other deferred charges	-	-	-
PREPAYMENTS	**7.99**	**0.15**	**0.02**
Prepaid administrative expenses	0.01	0.02	0.02
Prepaid interest on negotiable debt instruments	7.97	0.13	-
Prepaid interest on bonds	-	-	-
Other prepayments	-	-	-
OTHER	**110.12**	**896.44**	**451.34**
Currency adjustment accounts	110.11	896.44	451.33
Property rental adjustment account	-	-	-
Sundry	-	-	0.01
Total	**2,067.64**	**2,703.07**	**2,364.06**

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 €1,674.35 million, interest rate financial instruments for €6.83 million and foreign currency financial instruments for €163.99 million;
- issuance premiums on bonds and EMTN amounting to €98.79 million to be recognised in profit and loss over time;
- prepayments amounting to €7.99 million, which consist mainly of prepaid interest on the issue of negotiable debt instruments;
- foreign currency adjustment accounts amounting to €110.12 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 (€-109,274.01 million), the profit or loss for the year (€16,088.65 million) and the property endowment (€181.22 million), came to €-93,004.14 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)
Decree No. 2020-1074 of 19 August 2020	(20,000.00)
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 2019 and impact of previous accounting method changes	144,862.16
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD	**(109,274.01)**

Liabilities, which amounted to €106,774.15 million at 31 December 2020, consist mainly of debts to credit institutions amounting to €1,003.37 million, debts evidenced by securities totalling €103,034.89 million, initial margins received and others totalling €354.75 million and accruals and deferred income totalling €2,381.14 million.

Note 5: Treasury and interbank transactions

At		**31 December 2020**		**31 December 2020**	**31 December 2019**	**31 December 2018**	
(€ 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**	**-**	**998.00**	**1,003.37**	**1,003.37**	**1,003.37**
At sight	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Credit balances on ordinary accounts	-	-	-	-	-	-	-
At term	**4.14**	**1.23**	**-**	**998.00**	**1,003.37**	**1,003.37**	**1,003.37**
Securities given under repurchase agreements	-	-	-	-	-	-	-
Accounts and deposits	-	-	-	998.00	998.00	998.00	998.00
Of which: Euro	-	-	-	998.00	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**	**-**	**998.00**	**1,003.37**	**1,003.37**	**1,003.37**

Note 6: Debts evidenced by securities

At		2020			31 December	31 December 2019	31 December 2018
(€ 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	**7,229.13**	**2,996.13**	**264.00**	**-**	**10,489.27**	**398.90**	**265.17**
Treasury bills denominated in euro	19.93	-	-	-	19.93	-	-
Treasury bills denominated in other currencies	-	-	-	-	-	-	-
BMTN denominated in euro	-	-	264.00	-	264.00	264.00	264.00
Commercial paper denominated in euro	300.00	-	-	-	300.00	-	-
Commercial paper denominated in other currencies	6,908.16	2,996.09	-	-	9,904.25	133.73	-
Other negotiable debt instruments denominated in foreign currencies	-	-	-	-	-	-	-
Accrued interest	1.05	0.04	-	-	1.09	1.17	1.17
BONDS	**4,809.85**	**15,865.62**	**56,425.36**	**15,444.78**	**92,545.62**	**91,646.61**	**107,694.03**
Bonds and EMTN denominated in euro	-	15,575.15	43,474.55	13,000.00	72,049.70	72,015.93	82,032.75
Bonds and EMTN denominated in other currencies	4,278.38	185.15	12,950.81	2,444.78	19,859.12	18,804.03	24,707.79
Accrued interest	531.47	105.33	-	-	636.80	826.65	953.49
Total	**12,038.98**	**18,861.75**	**56,689.36**	**15,444.78**	**103,034.89**	**92,045.51**	**107,959.20**

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 €103,034.89 million and comprise negotiable debt securities totalling €10,489.27 million and bonds and similar instruments totalling €92,545.62 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 2020 debts evidenced by securities maturing within one year totalled €30,900.73 million and by those maturing in more than five years €15,444.78 million, compared with €21,365.17 million and €8,487.07 million, respectively, at 31 December 2019. Debts due to mature at between one and five years fell from €62,193.27 million at 31 December 2019 to €56,689.36 million at 31 December 2020.

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	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						
	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
	19/05/2020	19/05/2023	3,000	USD	0.375%	US12802DAK28
	20/03/2014	20/03/2024	3,000	USD	3.375%	XS1046806821
	23/09/2020	23/09/2025	4,000	USD	0.375%	XS2233264550
	21/10/2020	21/10/1930	3,000	USD	1.000%	XS2247546711
FR	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%]; 0%)	FR0011270644 (1)
	26/09/2012	25/10/2022	4,950	EUR	2.50%	FR0011333186
	01/02/2017	25/11/2022	4,000	EUR	0.125%	FR0013235165
	26/02/2020	26/02/2023	1,000	CNY	2.300%	FR0013487469
	22/03/2013	22/03/2023	420	AUD	5.335%	FR0011449776
	25/03/2020	25/03/2023	100	USD	0.800%	FR0013499852
	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
	27/11/2020	27/11/2023	700	CNY	2.600%	FR0014000SJ7
	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
	02/12/2020	25/02/2026	3,000	EUR	0.00%	FR0014000UG9
	06/10/2020	25/02/2028	5,000	EUR	0.00%	FR00140002P5
	16/09/2020	25/11/1930	5,000	EUR	0.00%	FR0013534559

1) *These indexed transactions are hedged by perfect offset swaps and marked to market at variable or fixed rates.*
2) *Investors can redeem this this bond from 2021.*

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			**73,631**		**31,439**		**105,070**
FOREIGN CURRENCY-DENOMINATED DEBT			**Value in euros at 31 December 2020**		**Value in euros at 31 December 2020**		
CHF	a	550	509	(550)	(509)	-	-
GBP	b	-	-	-	-	-	-
JPY	c	-	-	-	-	-	-
USD	d	34,003	27,710	(34,003)	(27,710)	-	-
HKD	e	-	-	-	-	-	-
SEK	f	-	-	-	-	-	-
AUD	g	690	434	(690)	(434)	-	-
NOK		9,400	898	(9,400)	(898)	-	-
NZD	i	-	-	-	-	-	-
CNY	j	1,700	212	(1,700)	(212)	-	-
CAD	k	-	-	-	-	-	-
MXN	k	-	-	-	-	-	-
Sub-total foreign currencies	l		**29,763**		**(29,763)**		**-**
TOTAL	m		**103,394**		**1,676**		**105,070**

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, 83% of the debt bears fixed rates, 10% variable rates and 7% 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	-	-	-		-	264.00	-	264.00	64.00	
Bonds, EMTN and BMTN	19,859.13	64,933.50	84,792.63		(19,859.13)	20,909.91	-	85,843 .41	85,843.41	
Private placements	-	998.00	998.00		-	-	-	998.00	998.00	
Macro hedging swaps	-	-	-		-	-	-	-		
Total fixed rates	**19,859.13**	**65,931.50**	**85,790.63**	**82.97**	**(19,859.13)**	**21,173.91**	**-**	**87,105.41**	**87,105.41**	**82.90**
VARIABLE RATES										
Negotiable debt instruments	9,904.25	583.93	10,488.18		(9,904.25)	10,265.26	-	10,849.19	10,849.19	
Bonds, EMTN and BMTN	-	100.00	100.00		-	-	-	100.00	100.00	
Private placements	-	-	-		-	-	-	-	-	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total variable rates	**9,904.25**	**683.93**	**10,588.18**	**10.24**	**(9,904.25)**	**10,265.26**	**-**	**10,949.19**	**10,949.19**	**10.42**
INDEXED RATES										
Bonds	-	7,016.20	7,016.20		-	-	-	7,016.20	7,01620	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total indexed rates	**-**	**7,016.20**	**7,016.20**	**6.79**	**-**	**-**	**-**	**7,016.20**	**7,01620**	**6.68**
TOTAL	**29,763.37**	**73,631.63**	**103,394.00**	**100.00**	**(29,763.37)**	**1,675.79**	**-**	**105,07080**	**105,070.8**	**100.00**

Note 7: Other liabilities

At (€ millions)	31 December 2020	31 December 2019	31 December 2018	31 December 2017
DEPOSITS RECEIVED BY WAY OF INITIAL MARGINS	**136.69**	**1,095.32**	**268.34**	**58.81**
- Deposits	136.18	1,095.24	268.30	58.54
- Accrued interest	0.51	0.08	0.04	0.27
OTHER CREDITORS IN RESPECT OF FINANCIAL TRANSACTIONS	**-**	**-**	**-**	**-**
OTHER CREDITORS IN RESPECT OF OPERATING CHARGES	**218.06**	**119.23**	**179.27**	**161.49**
Payments to the State	-	-	-	-
Tax	-	-	-	-
Social security	-	-	-	-
Trade creditors	0.01	-	-	0.04
Sundry creditors – ACOSS	218.05	119.23	179.27	161.45
Other sundry creditors	-	-	-	-
Total	**354.75**	**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 €136.69 million at 31 December 2020; and
- The credit balance with ACOSS amounting to €218.06 million, consisting of taxpayer credit notes received from ACOSS.

Note 8: Accruals and deferred income

At (€ millions)	31 December 2020	31 December 2019	31 December 2018
ACCRUALS	**47.40**	**49.19**	**47.77**
Accruals on forward interest rate instruments	32.53	35.05	32.43
Accruals on forward currency instruments	4.21	4.45	4.82
Fees payable in respect of market transactions	0.00	-	0.00
Accruals in respect of operating charges	1.45	1.22	0.89
Accruals in respect of CRDS and CSG collection costs	9.21	8.40	8.51
Accruals in respect of revenue from social levies on income from property and investments	-	-	-
Other accruals	0.01	0.06	1.12
CONTINGENT GAINS AND GAINS TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS	**36.29**	**10.70**	**20.25**
UNEARNED INCOME	**422.08**	**331.40**	**398.93**
Issuance premiums on bonds	421.92	331.40	398.93
On government securities	-	-	-
On foreign currency transactions	0.16	-	-
Other unearned income	-	-	-
OTHER	**1,875.37**	**422.99**	**466.37**
Currency adjustment accounts	1,844.11	343.87	455.76
Sundry	31.25	79.12	10.60
TOTAL	**2,381.14**	**814.28**	**933.32**

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 €32.53 million, forward currency transactions for €4.21 million, and CRDS and CSG for €9.21 million;
- Balancing cash payments on currency swaps amounting to €36.29 million that are to be spread;
- Unearned income corresponding to premiums on bond issues, amounting to €421.92 million;
- Currency adjustment accounts amounting to €1,844.11 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.

At (€ millions)	31 December 2019	Set aside	Reversed	31 December 2020
Provisions	**87.01**	**0.64**	**12.64**	**75.02**
Provision for redundancy indemnities	0.29	0.01	-	0.30
Provision for time savings account	0.05	0.01	0.01	0.06
Provision for remuneration	0.03	0.01	0.01	0.03
Provision for liabilities	-	-	-	-
Ruyter judgment	7.39	-	2.98	4.41
CSG and CRDS provisions	79.25	0.61	9.64	70.22
Total	**87.01**	**0.64**	**12.64**	**75.02**

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	(1,538.69)
Exceptional income items	-
Other operating income and charges	17,627.34
Gross operating profit and net profit for the period	16,088.65

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 2020**	**31 December 2019**	**31 December 2018**
INTEREST RECEIVABLE AND SIMILAR INCOME FROM TRANSACTIONS WITH CREDIT INSTITUTIONS	**78.86**	**28.28**	**188.81**
Interest receivable – Demand loans and advances and open repurchase agreements	**-**	**-**	**-**
Interest from ordinary accounts in debit	-	-	-
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	**78.86**	**28.28**	**188.81**
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	**476.54**	**585.41**	**685.73**
Amortisation of premiums on issue	102.01	93.21	95.60
Net profit on hedging transactions	374.53	492.20	590.13
Profit on repurchase of own securities	-	-	-
Total	**555.40**	**613.69**	**874.54**

Banking income, which amounted to €555.40 million, consists mainly of:

- Net profit on hedging transactions amounting to €374.53 million;
- Interest receivable and similar income from transactions with credit institutions amounting to €78.86 million; and
- The amortisation of bond premiums on issue amounting to €102.01 million.

Note 10: Cost of debt

Period ended (€ millions)	31 December 2020	31 December 2019	31 December 2018
INTEREST PAYABLE AND SIMILAR CHARGES ON TRANSACTIONS WITH CREDIT INSTITUTIONS	**43.77**	**41.30**	**44.34**
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
Other interest payable and similar charges	**3.22**	**0.75**	**3.79**
INTEREST PAYABLE AND SIMILAR CHARGES ON BONDS AND OTHER FIXED INCOME SECURITIES	**2,023.31**	**2,566.24**	**3,014.07**
Interest on debts evidenced by certificates	**2,023.31**	**2,566.24**	**3,014.07**
Interest on negotiable debt instruments denominated in euros	2.67	4.40	3.82
Interest on negotiable debt instruments denominated in other currencies	35.29	19.57	142.20
Interest on bonds and equivalent securities denominated in euros	1,573.66	1,938.22	2,045.93
Interest on bonds and equivalent securities denominated in other currencies	391.74	502.35	577.19
Other charges on debt evidenced by securities	19.95	101.70	244.93
Other interest payable and similar charges	**-**	**-**	**-**
FEES PAYABLE	**27.01**	**7.97**	**22.78**
Fees on term loans with credit institutions	0.03	4.95	20.28
Fees on negotiable debt instruments issued	-	-	-
Fees on bonds	26.96	3.00	2.47
Other fees on securities transactions	0.02	0.02	0.03
Other fees	-	-	-
TOTAL	**2,094.09**	**2,615.51**	**3,081.19**

Interest payable and similar charges on CADES' debt, which amounted to €2,094.09 million, decreased by 20% from 31 December 2019 and consists of:

- Charges amounting to €2,023.31 million in respect of debts;
- Interest amounting to €43.77 million on transactions with credit institutions, consisting of interest on private placements and margin calls; and
- Fees amounting to €27.01 million.

The decrease in interest and similar charges payable compared with 31 December 2020 was related to favourable market conditions.

Note 11: Gains and losses on trading securities

Period ended (€ millions)	31 December 2020	31 December 2019	31 December 2018
NET GAIN (LOSS) ON FOREIGN EXCHANGE TRANSACTIONS	**-**	**-**	**-**
Other foreign exchange transactions	-	-	-

Note 11a: Gains and losses on investment securities and equivalent

Period ended (€ millions)	31 December 2020	31 December 2019	31 December 2018
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 2020	31 December 2019	31 December 2018
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 2020	31 December 2019	31 December 2018
NET CRDS REVENUES (Article 6)	**7,357.42**	**7,597.14**	**7,347.32**
CRDS contributions levied on wages and salaries	6,548.68	6,706.69	6,487.03
CRDS contributions levied on property assets	324.55	327.23	320.09
CRDS contributions levied on investment income	349.44	390.75	377.27
CRDS contributions levied on sales of gems and precious metals	4.22	4.91	5.77
CRDS contributions on gaming proceeds	130.53	167.56	157.16
CRDS exemption offsets (travel vouchers and voluntary community services)	-	-	-

CRDS revenues, net of collection costs, amounted to €7,357.42 million.

CRDS levied on wages and salaries (which is mainly collected by ACOSS) represented 89% 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 9.16%. CRDS on gaming profits and the sale of precious metals represented 1.83%.

Note 12a

The table below provides a breakdown of income and charges relating to the CRDS at 31 December 2020.

CRDS REVENUES (€ millions)	(I)	CRDS COSTS	(II)	Net revenues (I-II)
CRDS levied on wages and salaries	6,600.17	Write-offs, waivers, cancellation and debt forgiveness	19.46	**6,548.68**
		Assessment and collection costs	32.03	
CRDS levied on property assets	338.41	Assessment and collection costs	13.85	**324.56**
CRDS levied on investment income	351.19	Assessment and collection costs	1.76	**349.43**
CRDS levied on sales of gems and precious metals	4.24	Assessment and collection costs	0.02	**4.22**
CRDS levied on gaming proceeds	131.19	Assessment and collection costs	0.66	**130.53**
CRDS exemption offsets (travel vouchers and voluntary community services)	-		-	-
Reversal of provisions on outstanding CRDS to be collected	4.60	Provisions on outstanding CRDS to be collected	98.00	**(93.40)**
Total	**7,429.80**	**Total**	**165.78**	**7,264.02**

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 taxable employment income, unemployment and similar benefits, and income from property and investments, and at 0.30% for CSG on profits from gaming.

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 2020	31 December 2019	31 December 2018
NET CSG REVENUES (Article 6)	**8,381.62**	**8,583.37**	**8,129.29**
CSG contributions levied on wages and salaries	7,562.95	7,713.47	7,288.66
CSG contributions levied on property assets	389.88	390.58	378.05
CSG contributions levied on investment income	419.41	468.96	452.90
CSG contributions on gaming proceeds	9.38	10.36	9.68
CSG exemption offsets	-	-	-

CSG revenues, net of collection costs, amounted to €8,381.62 million.

CSG levied on wages and salaries (which is collected mainly by ACOSS) represented 90.2% of the total. The remaining CSG is levied on income from investments and from property (9.8%).

Note 12.1a

The table below provides a breakdown of income and charges relating to the CSG at 31 December 2020.

CSG REVENUES (€ millions)	(I)	CSG COSTS	(II)	Net revenues (I-II)
CSG levied on wages and salaries	7,619.83	Write-offs, waivers, cancellation and debt forgiveness	20.08	**7,562.95**
		Assessment and collection costs	36.80	
CSG levied on property assets	406.54	Assessment and collection costs	16.67	**389.87**
CSG levied on investment income	421.52	Assessment and collection costs	2.11	**419.41**
CSG levied on gaming proceeds	9.43	Assessment and collection costs	0.05	**9.38**
CSG exemption offsets	-		-	**-**
Reversal of provisions on outstanding CSG to be collected	5.27	Provisions on outstanding CSG to be collected	123.86	**(118.59)**
TOTAL	**8,462.59**	**TOTAL**	**199.57**	**8,263.02**

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 from 1 January 2011 under Act No. 2010-1594 of 20 December 2010 (pursuant to 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 made in 2020 to payments recognised in 2015.

Period ended (€ millions)	31 December 2020	31 December 2019	31 December 2018
NET REVENUE FROM SOCIAL LEVIES	**(0.96)**	**(0.80)**	**(1.89)**
On income from property	-	-	-
On income from investments	(0.96)	(0.80)	(1.89)

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 2020.

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	(0.97)	Assessment and collection costs	-	**(0.97)**
Reversal of provisions on outstanding amounts to be collected	-	Provisions on outstanding amounts to be collected	-	-
TOTAL	**(0.97)**	**TOTAL**	**-**	**(0.97)**

Note 12.3: Payments by the Retirement Reserve Fund (FRR)

The Retirement Reserve Fund paid €2.10 billion on 29 April 2020.

Period ended (€ millions)	31 December 2020	31 December 2019	31 December 2018
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 2020	31 December 2019	31 December 2018
STAFF COSTS	**0.95**	**0.98**	**1.08**
Wages and salaries	0.68	0.69	0.75
Social security charges	0.26	0.28	0.31
Time savings account	0.01	0.01	0.02
Sundry charges	-	-	-
OTHER ADMINISTRATIVE EXPENSES	**0.78**	**2.35**	**1.83**
Taxes and duties	0.08	0.09	0.09
External services	0.70	2.26	1.74
TOTAL	**1.73**	**3.33**	**2.91**

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 fell by 48.05% compared with 31 December 2019, on account of the rebilling of staff provision charges.

List of staff positions at 31 December 2020

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 €0.78 million for 2020 and comprised mainly:
- statutory auditors' fees for the statutory audit of the 2020 financial statements in the amount of €58,000;
- operating costs paid directly by the Ministry of the Economy, Finance and the Recovery 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 2020	31 December 2019	31 December 2018
REVENUE FROM PROPERTY ASSETS	**-**	**0.13**	**0.14**
Exceptional income	-	-	0.01
Provisions reversed	-	0.13	0.13
CHARGES ON PROPERTY ASSETS	**-**	**-**	**0.02**
External services	-	-	0.02
Exceptional charges	-	-	-

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 2020	31 December 2019	31 December 2018
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.

Note 14a: Other operating income

Period ended (€ millions)	31 December 2020	31 December 2019	31 December 2018
Other reversals of provisions for sundry charges	(0.01)	0.25	-
Other reversals of provisions for sundry liabilities Ruyter judgment	2.98	2.92	7.41
TOTAL	**2.97**	**3.17**	**7.41**

Note 15: Exceptional income and charges

Period ended (€ millions)	31 December 2020	31 December 2019	31 December 2018
Statutory limitation of debt – administrative budget	-	-	0.01
Statutory limitation of debt – financing budget	-	-	-
Other exceptional income (impact of ACOSS changes) Other exceptional charges (impact of ACOSS changes)	-	-	-
Other exceptional charges	-	-	(0.04)
Other exceptional income	0.04	0.01	-
TOTAL	**0.04**	**0.01**	**(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

(€ millions)	At 31 December 2020 Currencies to be received	At 31 December 2020 Currencies to be delivered	At 31 December 2019 Currencies to be received	At 31 December 2019 Currencies to be delivered	At 31 December 2019 Currencies to be received	At 31 December 2019 Currencies to be delivered
FORWARD TRANSACTIONS **Financing in foreign currency**	**29,763.38**	-	**18,937.76**	-	**24,707.79**	-
Hedging transactions over the counter						
Forward exchange against euros	**9,904.25**	-	**133.73**	-	-	-
Up to 1 year	9,904.25	-	133.73	-	-	-
From 1 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Currency swaps against euros	**19,859.13**	-	**18,804.03**	-	**24,707.79**	-
Up to 1 year	4,463.53	-	6,453.62	-	6,255.56	-
From 1 to 5 years	12,950.81	-	11,383.84	-	14,788.73	-
Over 5 years	2,444.79	-	966.57	-	[illegible]	-
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 2020 came to €9,904.25 million.
The increase in outstandings of currency swaps against euro is attributable to the increase in foreign currency issue outstandings.

Note 17: Forward financial instruments

At (€ millions)	31 December 2020	31 December 2019	31 December 2018
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	**12,110.67**	**13,310.67**	**13,310.67**
Firm transactions entered into for hedging purposes			
Interest rate swaps in euro	**12,110.67**	**13,310.67**	**13,310.67**
Micro hedging	12,110.67	13,310.67	13,310.67
- Up to 1 year	2,932.42	200.00	-
- From 1 to 5 years	9,178.25	10,799.34	8,220.17
- Over 5 years	-	2,311.33	5,090.50

At 31 December 2020, interest rate instruments entered into by CADES comprised swaps amounting to €12,110.67 million entered into for micro hedging purposes.

Note 18: Other off-balance sheet commitments

At (€ millions)	31 December 2020	31 December 2019	31 December 2018
FINANCING COMMITMENTS			
Commitments received			
From credit institutions			
- Back-up credit lines	1,200.00	1,000.00	700.00
- Multi-currency credit lines	-	-	-
- Credit lines in treasury bills	-	-	-
- Other credit lines	-	-	-
Sundry			
- Retirement Reserve Fund (*Fonds de Réserve pour les Retraites*)	21,450.00	10,500.00	12,600.00
- 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 2020 Social Security Finance Act	116,000.00	-	15,000.00
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, depending on the counterparty; and
- A total of €21.45 billion in payments from the Retirement Reserve Fund, corresponding to the annual payments of €2.10 billion for the period from 2018 to 2024 (2011 Social Security Funding Act No. 2010-1594 of 20 December 2010) and €1.45 billion for the period from 2025 to 2033 (Law No. 2020-992 of 7 August 2020 on the social security debt and autonomy).

Note 19: Abridged statements

BALANCE SHEET

At **(€ millions)**	**31 December 2020**
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD FROM 1 JANUARY 2020	**(109,274.01)**
PROFIT FOR THE YEAR ENDED 31 DECEMBER 2020	**16,088.65**
PROPERTY ENDOWMENT	**181.22**
DEBT REMAINING TO BE REPAID AT 31 DECEMBER 2020	**(93,004.14)**
Represented by:	
Liabilities towards third parties	
- Borrowings falling due within 1 year	**30,906.12**
- Borrowings falling due after 1 year	**73,132.15**
- Other creditors. accruals and unearned income	**2,735.92**
Less assets held by CADES	
- Financial investments	**9,910.91**
- Other debtors, prepayments and accrued income	**3,859.12**

PROFIT AND LOSS ACCOUNT

Period **(€ millions)**	**ended**	**31 December 2020**
NET REVENUE FROM CRDS, CSG AND SOCIAL LEVIES		**15,529.04**
ESTIMATION CHANGES AND ERROR ADJUSTMENTS		**-**
NET REVENUE FROM RETIREMENT RESERVE FUND (FRR)		**2,100.00**
NET REVENUE FROM PROPERTY		**-**
Interest payable and similar charges		(2,067.08)
Fees		(27.03)
Interest receivable and similar income		555.41
NET FINANCIAL CHARGES		**(1,538.70)**
Operating charges		**(1.73)**
OPERATING PROFIT		**16,088.61**
Provision for sundry liabilities		**-**
Exceptional income (charges)		**0.04**
NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2020		**16,088.65**

OTHER INFORMATION

The tables below provides information on market value, comparing the debt at repayment value as at 31 December 2020 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 2020.

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 2020.

b. The value of unlisted securities issued by CADES obtained using the CADES zero-coupon curve as at 31 December 2020. 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 2020 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 2020	At 31 December 2020	At 31 December 2020
UP TO 1 YEAR	19,822.68	19,808.08	20,331.84	781.70
FROM 1 TO 5 YEARS	58,480,67	58,404.54	62,887.86	435.86
OVER 5 YEARS	15,550.80	15,550.80	16,688.39	145.75
SWAPS	-	-	-	-
TOTAL	**93,854.15**	**93,763.42**	**99,908.09**	**1,363.31**
VARIABLE RATE	2,282.64	2,282.43	3,092.08	758.77
INDEXED RATE	7,106.72	7,016.20	7,409.02	-
FIXED RATE	84,464.79	84,464.79	89,406.99	604.54
SWAPS	-	-	-	-
TOTAL	**93,854.15**	**93,763.42**	**99,908.09**	**1,363.31**

Compared with the previous financial year, at 31 December 2020 there had been an increase in the proportion of short- and long-term repayment-value debt and a decrease in that of medium-term debt, as shown by the table below:

DEBT	**31 December 2020**	**31 December 2019**	**31 December 2018**
Short-term (under 1 year)	21.13%	20.40%	16.36%
Medium-term	62.29%	68.93%	60.59%
Long-term (over 5 years)	16.59%	10.66%	23.04%

As regards the breakdown between issues denominated in euro and other currencies, in the year ended 31 December 2020 the proportion of euro-denominated debt decreased substantially from 31 December 2019, as shown by the table below:

DEBT	**31 December 2020**	**31 December 2019**	**31 December 2018**
In foreign currencies	29.92%	20.06%	22.88%
In euros	70.08%	79.94%	77.12%

The post-hedging repayment-value-debt breakdown below shows a further increase in the proportion of fixed rate issues and stability in that of indexed rate issues:

DEBT	**31 December 2020**	**31 December 2019**	**31 December 2018**
Variable rate	2.43%	6.05%	11.25%
Indexed rate	7.48%	7.86%	9.31%
Fixed rate	90.08%	86.10%	79.44%

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 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

Decree No. 2021-40 of 19 January 2021 set the assumption of debts for the 2021 financial year. They come to €40 billion and break down as follows:

- €11 billion for past-year deficits,
- €5 billion for hospitals' debt,
- €24 billion for forecast deficits.

The undersigned Authorising Officer, Mr. Jean-Louis Rey, hereby certifies that these statements record the accounting entries for which he is responsible and the orders sent to the Accounting Officer, pursuant to Articles 24 and 32 of Decree No. 2012-1246 dated 7 November 2012 relating to public budget and accounting management.

Paris, on

The Authorising Officer

PERSONS RESPONSIBILE FOR THE INFORMATION GIVEN IN THIS SUPPLEMENT

Declaration by persons responsible for this Supplement

To the best of the knowledge of the Issuer, the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

In Paris, on 5 May 2021

AMF AUTORITÉ DES MARCHÉS FINANCIERS

This Supplement to the Base Prospectus has been approved on 5 May 2021 by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129.

The AMF has approved this Supplement after having verified that the information contained in the Base Prospectus is complete, coherent and comprehensible within the meaning of Regulation (EU) 2017/1129.

This approval is not a favourable opinion on the Issuer and on the quality of the Securities described in this Supplement.

This Supplement to the Base Prospectus obtained the following approval number: 21-135.