



# Press conference

January 15, 2014

Patrice RACT MADOUX - Chairman of CADES  
Philippe NOËL - Head of Capital Markets

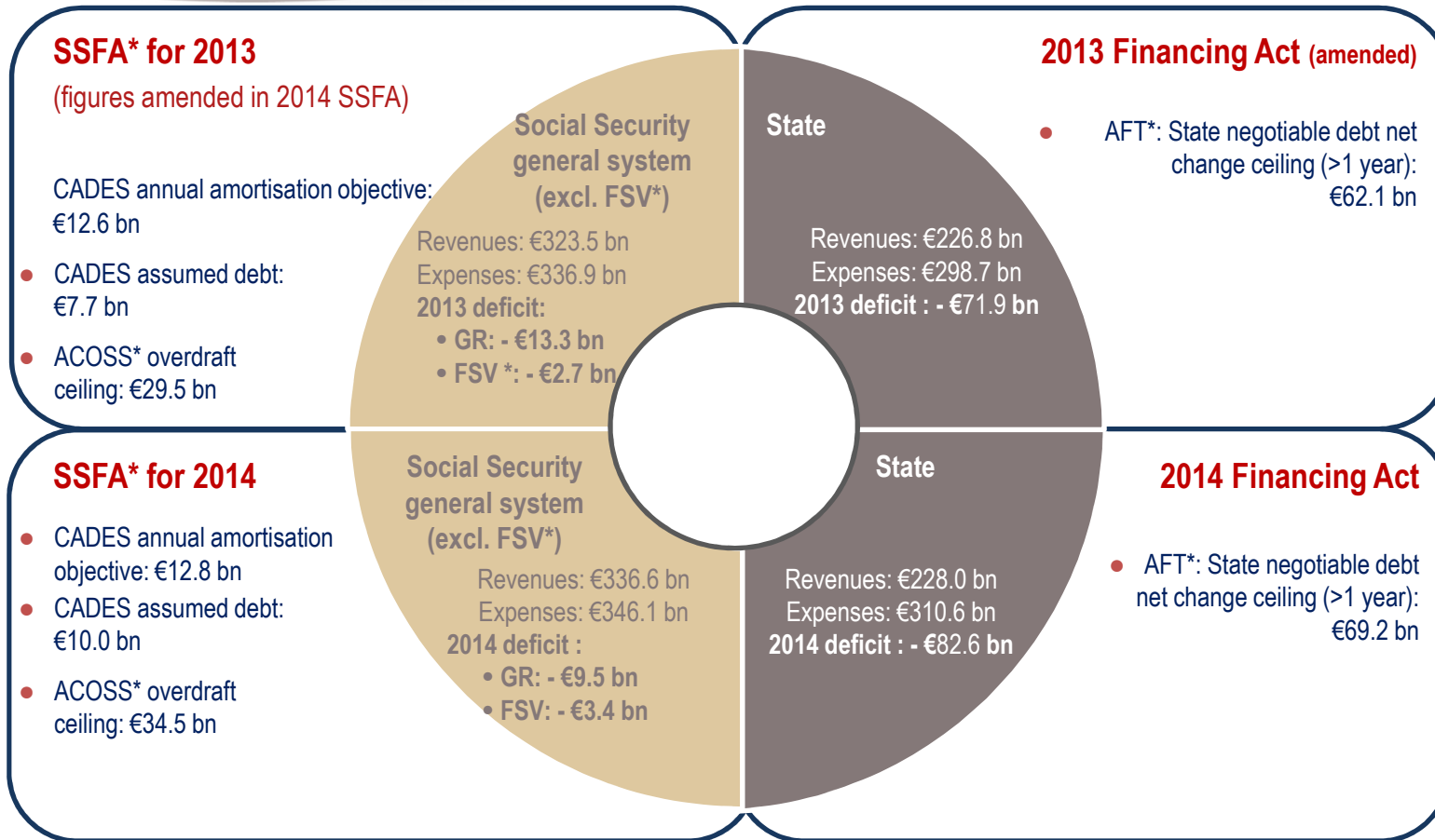


# CONTENT

- **CADES in 2013**
  - Background on CADES
  - 2013 funding programme review
  - Estimated net position at the end of 2013
- **CADES in 2014**
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  - 2014 funding programme presentation
- **Appendices**
  - CADES organisation chart
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  - Resource detailed breakdown
  - Statutory and administrative regulation text
  - Key figures



# Two budgets, two deficits, two agencies One French public debt



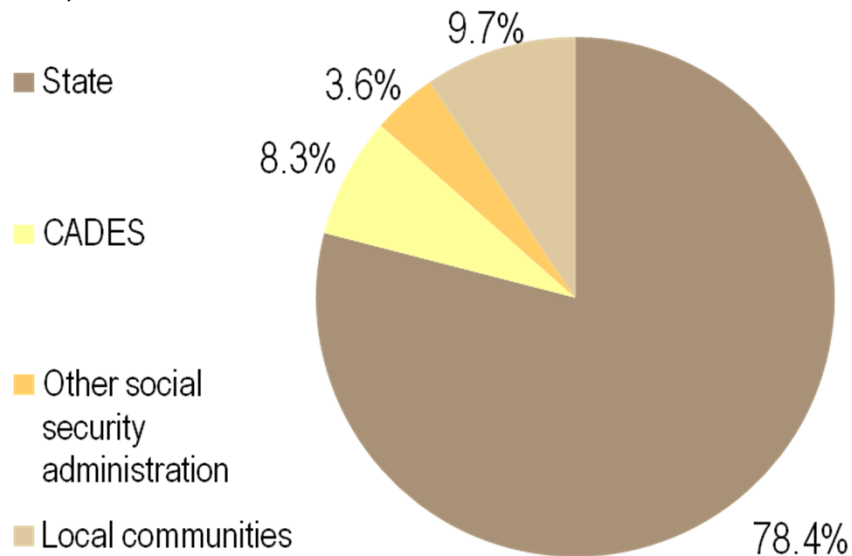
ACOSS: Agence Centrale des Organismes de Sécurité Sociale  
AFT: Agence France Trésor

SSFA: Social Security Financing Act  
FSV : Fonds de Solidarité Vieillesse



# Distribution of French public debt

**Total French public debt** (under Maastricht terms) :  
**€1,931 billion\***



\* Data Cour des Comptes, January 2014

**Total 2013 French GDP: €2,067 billion\***

**Social debt amortised by CADES since 1996:**  
**€84.1 billion**

**→ corresponding to 4% of 2013 French GDP**

**Interest saved on Amortised debt:**  
**circa €20 billion**

**→ corresponding to 1% of 2013 French GDP**



**Reduction of French public debt  
to more than 5 points of GDP**



## CADES highlights

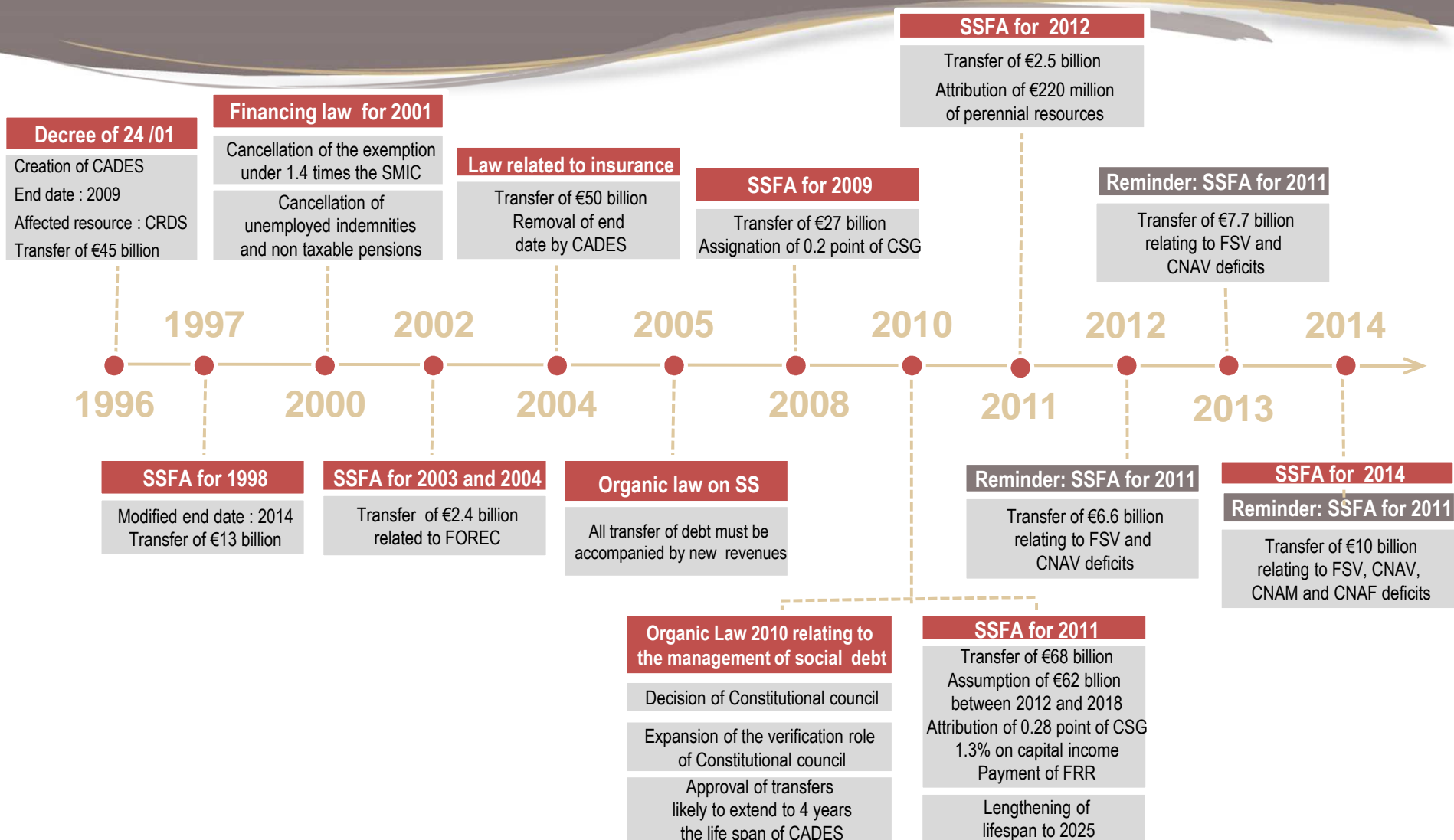
- Established in 1996 by Government ordinance n°96-50 dated 24 January 24 1996
- Owned and controlled by French State (administrative public body statute)
- Regular fiscal income defined and secured by law
- Well defined regulations

**Mission:** to amortise French social debt



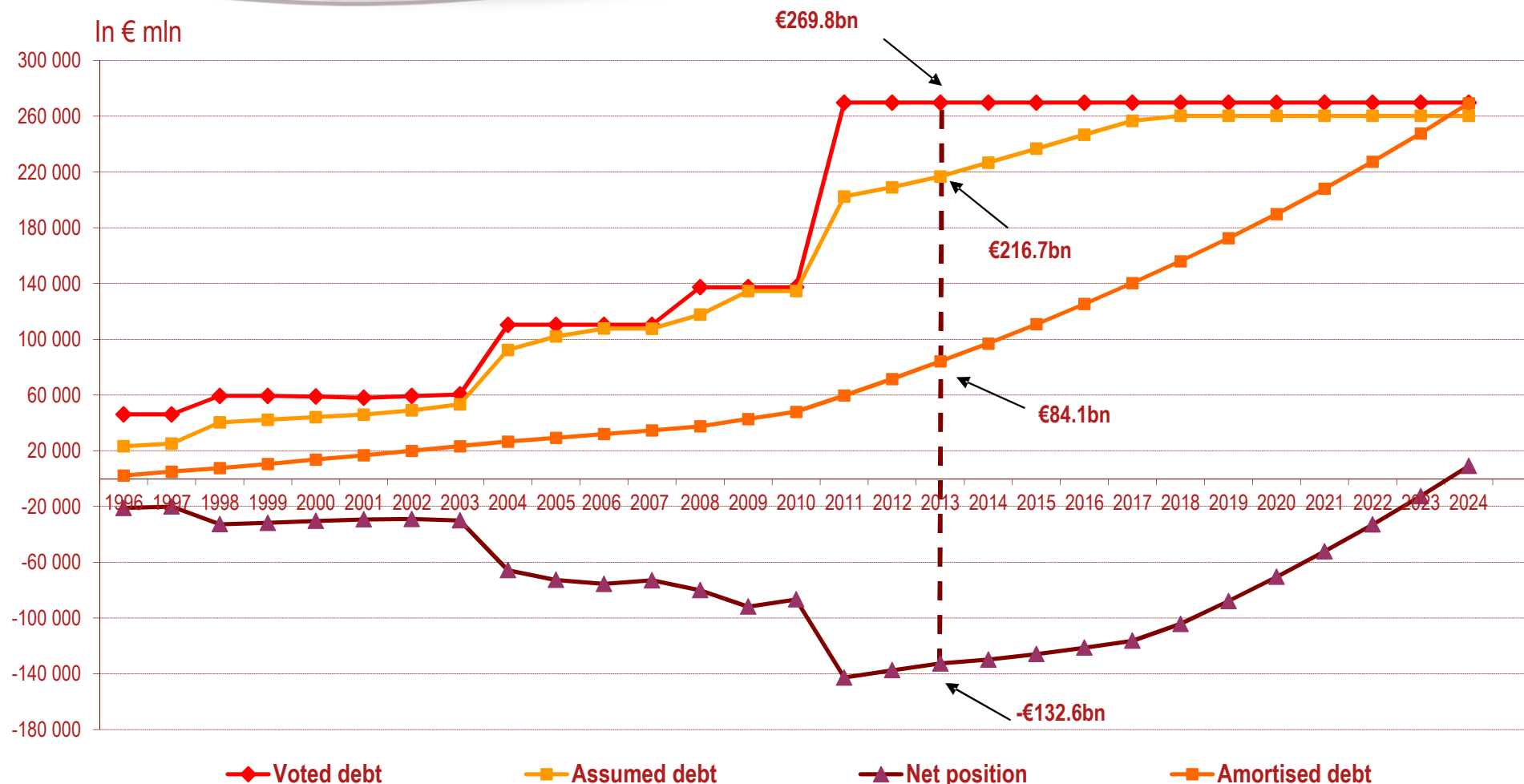
# Key stages from 1996

€217 billion assumed by CADES since its creation





# Voted, assumed and aggregated amortised debt and net position after assumed debt at the end of 2013





## Compared net position

	At the end of 2012	At the end of 2013
Total debt voted	269.8	269.8
Debt assumed	209.0	216.7
Total resources collected (i)	109.3	125.2
Amortised principal	71.7	84.1
Interest paid	37.6	41.1
Net position	137.3	132.6

**Annual amortisation objective voted in 2014 SSFA: €12.8 billion**

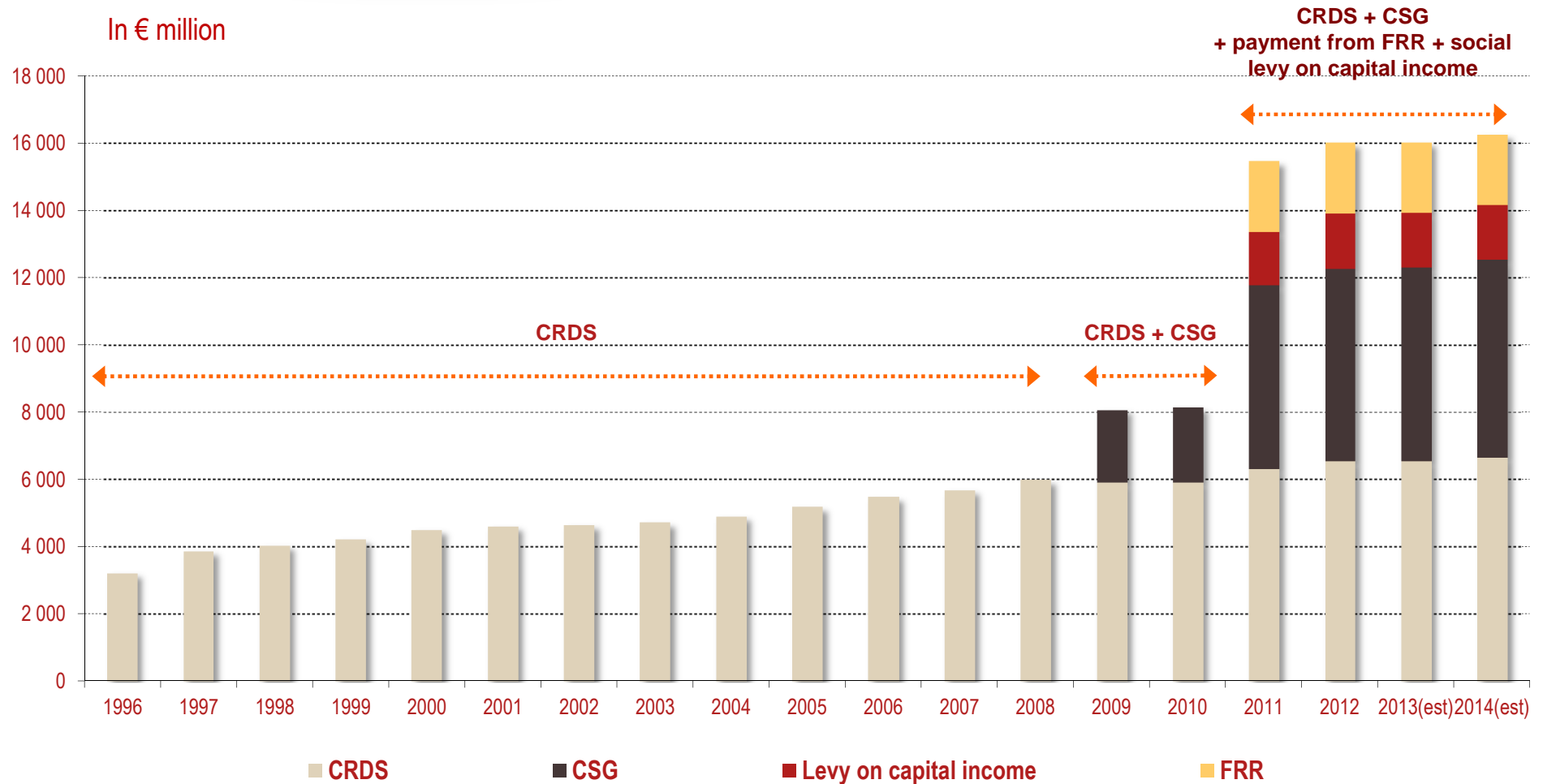
Source : CADES

(i) Including €0.5bn for total disposal of real estate assets

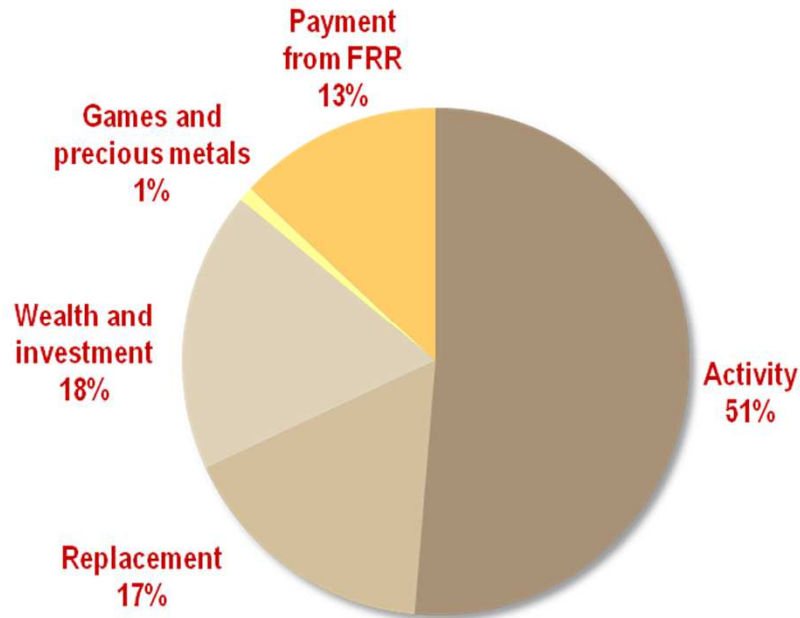




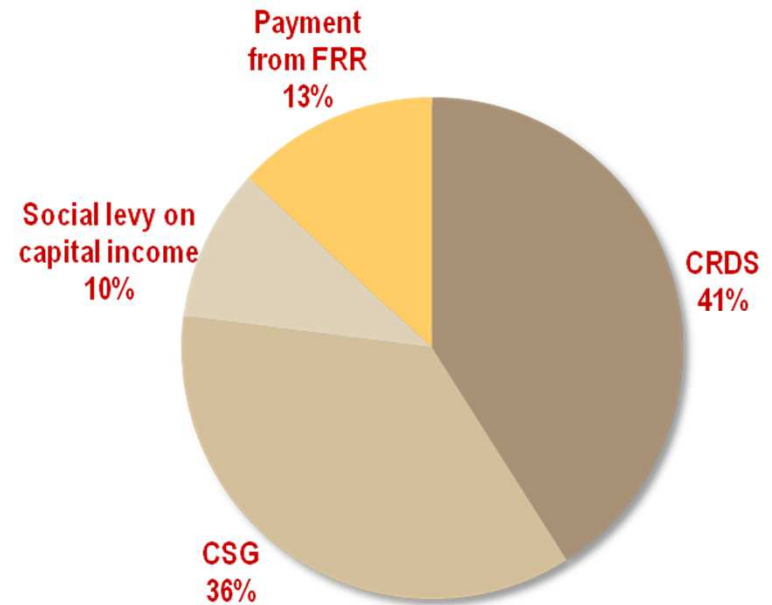
# Evolution of income between 1996 and 2014



### Breakdown of resource by type of tax



### Breakdown of resource by nature of tax



Total estimated revised resources for 2013 : €16.0 billion



# Programme of funding 2013

In € billion

**Carried-out**

(x) Number of operations carried out:

Euro benchmarks	5.0	(2) at 5 – and 10-year maturity
Tap of existing issues	3.2	(9)
Inflation-linked bonds	0.5	(1)
US Dollar benchmarks	5.5	(3) at 3-, 5- and 7- year maturity
Other currency benchmarks	0.4	(1)
Other bonds and private placements	0.5	(5)
<b>TOTAL medium- and long-term</b>	<b>15.1</b>	
Outstanding short-term securities (as at 12/31/13)	10.8	
<b>TOTAL</b>	<b>25.9</b>	



# Bonds issued in 2013

Core currencies	€	CADES	CADES	CADES	CADES	CADES	CADES					
		EUR 2.5 bn 1.000% due May 2018 Mar 2013 BNP Paribas, Crédit Suisse, HSBC, Natixis	Tap of EUR 250 mn 2.500% due Oct 2022 Apr 2013 Natixis, Société Générale	Tap of EUR 250 mn 4.000% due Dec 2025 Apr 2013 BNP Paribas	Tap of EUR 250 mn 4.125% due Apr 2023 Apr 2013 HSBC	EUR 2.5 bn 2.375% due Jan 2024 Jun 2013 Crédit Agricole, Crédit Suisse, Natixis, Société Générale	Tap of EUR 600 mn 4.000% due Dec 2025 Jul 2013 BNP Paribas, Crédit Agricole	Tap of EUR 300 mn 2.500% due Oct 2022 Aug 2013 BNP Paribas	Tap of EUR 400 mn 2.500% due Oct 2022 Sept 2013 BNP Paribas, Crédit Agricole	Tap of EUR 250 mn 3.625% due Aug 2025 Nov 2013 Morgan Stanley	Tap of EUR 500 m 1.5% July 2024 Nov 2013 Société Générale	Tap of EUR 750 m 2.375% due Jan 2024 Nov 2013 BNP, Natixis, Société Générale
Alternative currencies	\$	CADES	CADES	CADES								
		USD 3.5 bn 1.375% due Jan 2018 Jan 2013 Daiwa, Deutsche Bank, Goldman Sachs, RBS	USD 1 bn 2.000% due Apr 2020 Apr 2013 BAML, Barclays, Citigroup	USD 2.75 bn 1.250% due Sept 16 Sept 13 Barclays, BNP Paribas, HSBC, JP Morgan								
		NOK	AUD	CADES	CADES							
NOK 1 bn 4.250% due Dec 2025 Feb 2013 Barclays	AUD 300 mn 5.335% due Mar 2023 Mar 2013 Deutsche Bank	NOK 2 bn 4.080% due Sept 2023 Sept 13 Deutsche Bank										



# Short-term programmes

## Global CP Programme

A € 60 billion programme

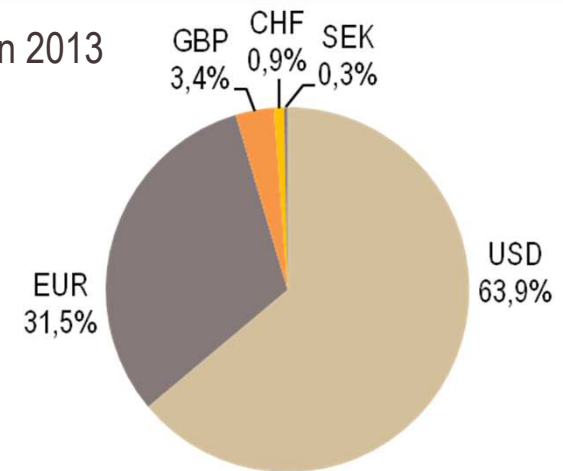
- Euro Commercial Paper Programme (ECP)
  - ✓ All OECD currencies
  - ✓ Outstanding : €8.4 bn\*

- USD Commercial Paper Programme (USCP)
  - ✓ Currencies: USD
  - ✓ Outstanding: \$3.1 bn\*

## Alternative sources of funding

- Treasury bill (BT) programme of € 15.0 bn
  - ✓ Outstanding: €0.9 bn\*
- Bilateral CP lines

- € 23,7 bn issued in 2013



\* As at 12/31/2013

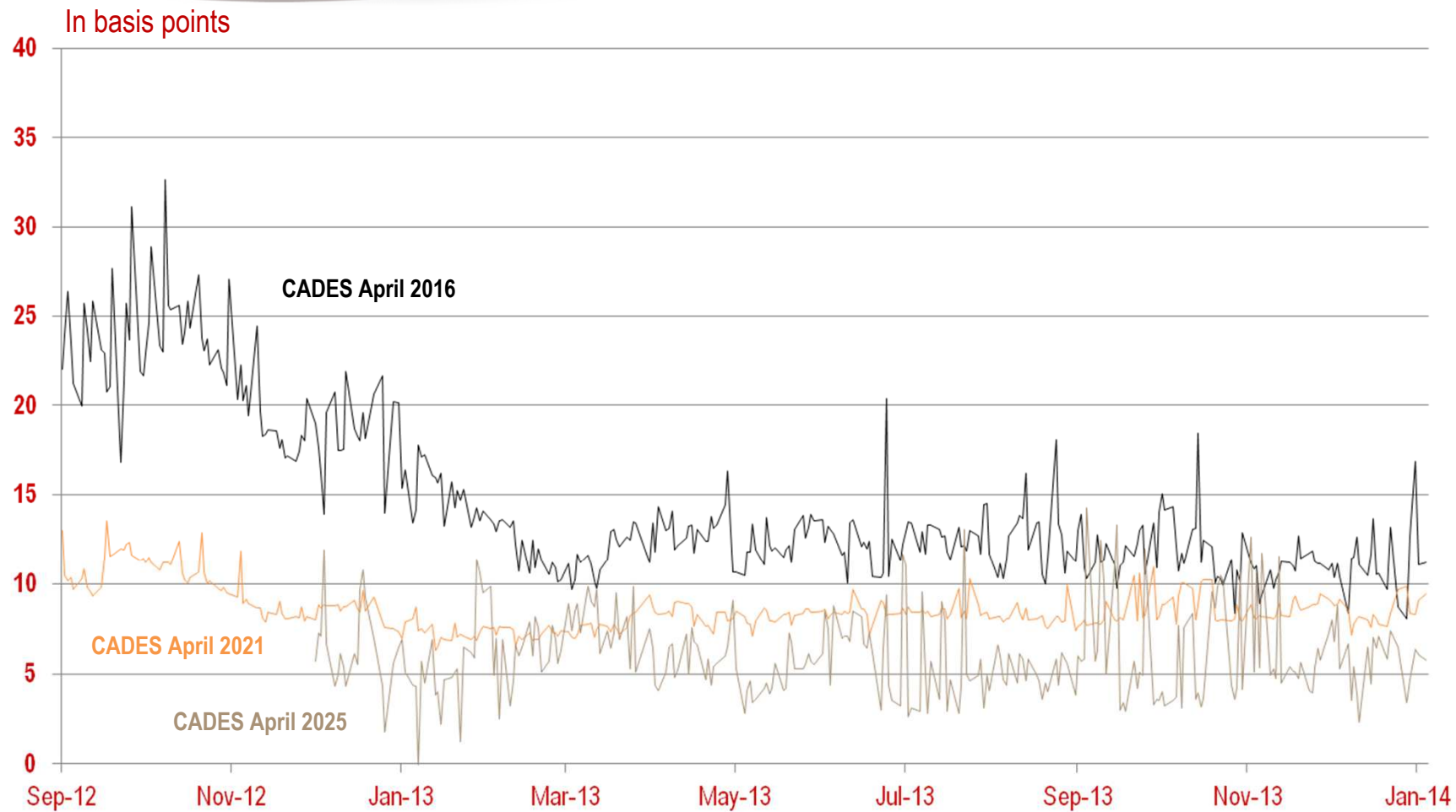


# Spread France vs. Germany



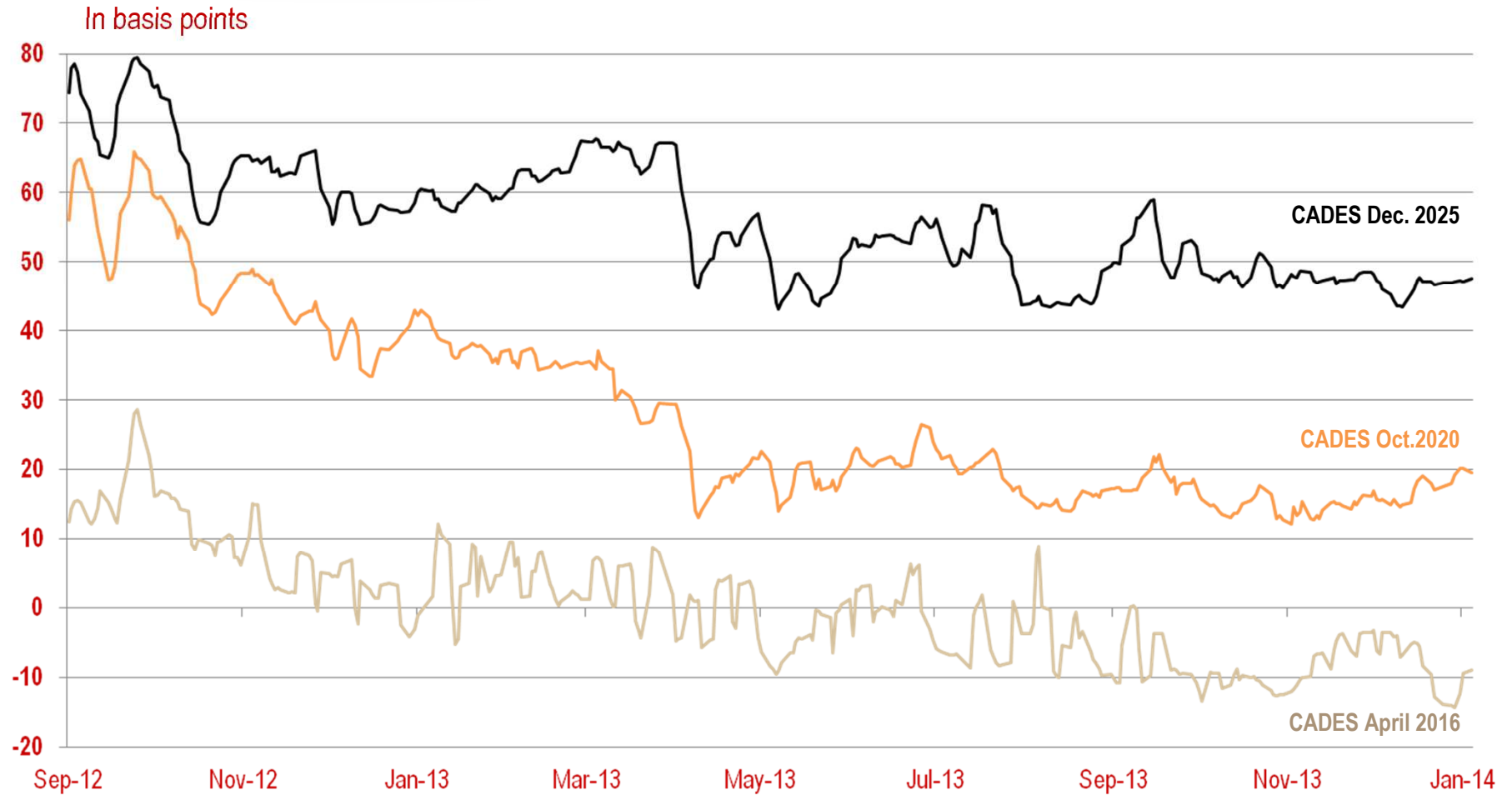


# CADES vs. OAT





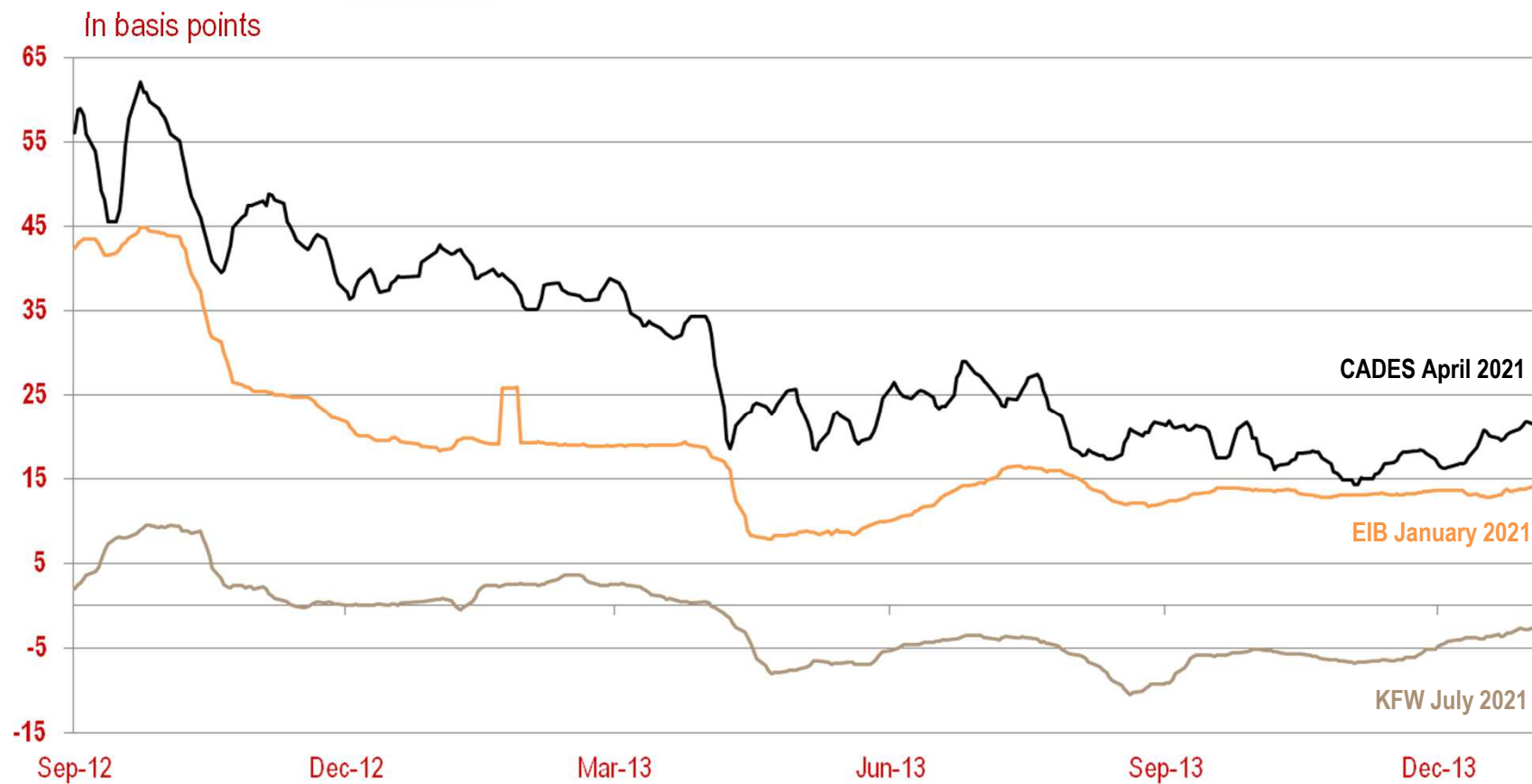
# CADES vs. swap





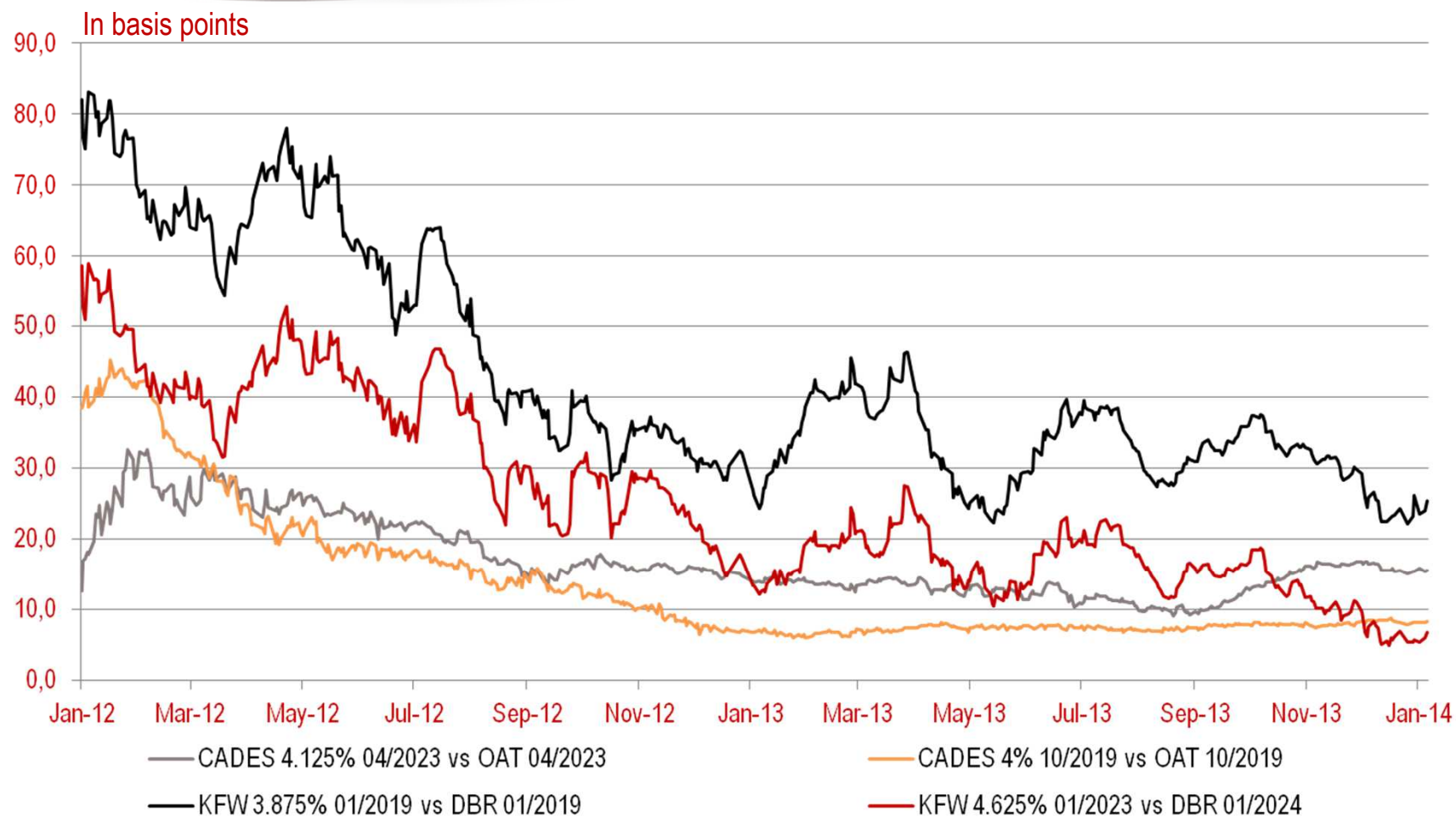


# Yield CADES vs. EIB vs. KFW (ASWP)



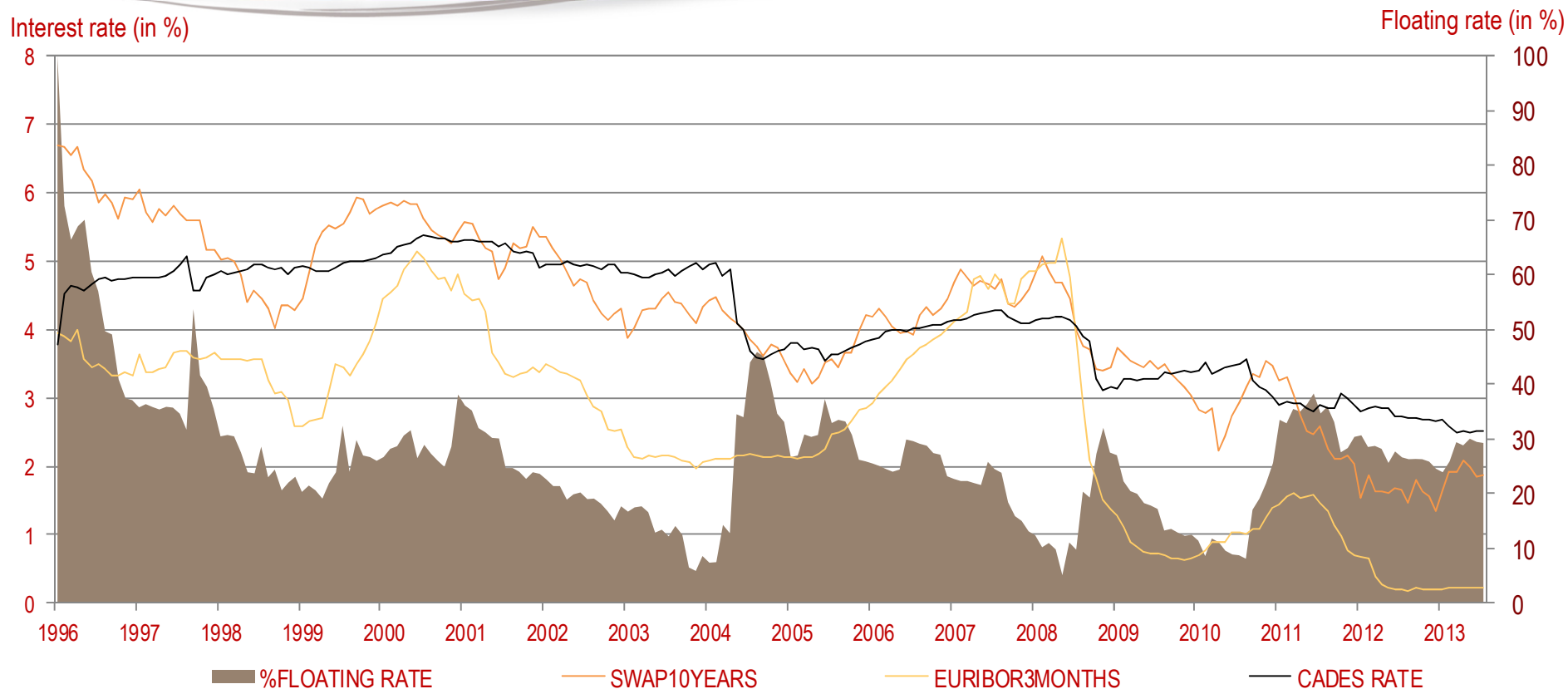


# Yield CADES OAT vs. KFW Bund





# Evolution of refinancing rate

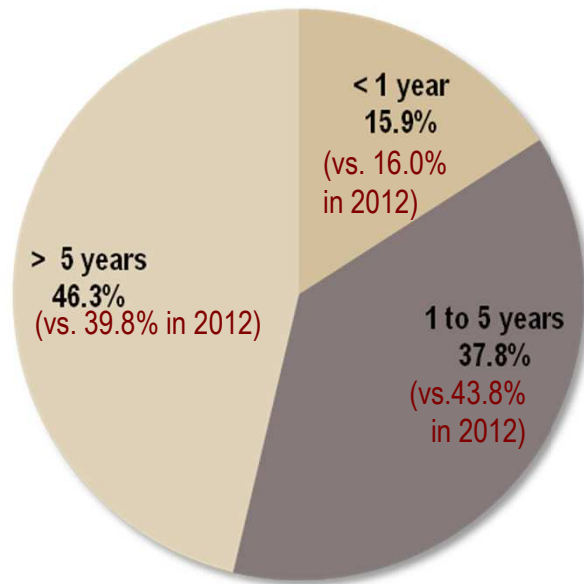


A refinancing rate of 2.52% as at 12/31/13

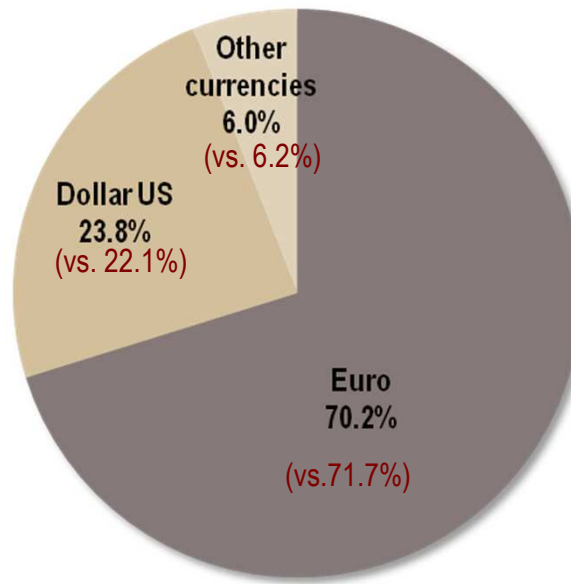


# Breakdown of debt outstanding as at 31.12.2013 (€132.6 billion)

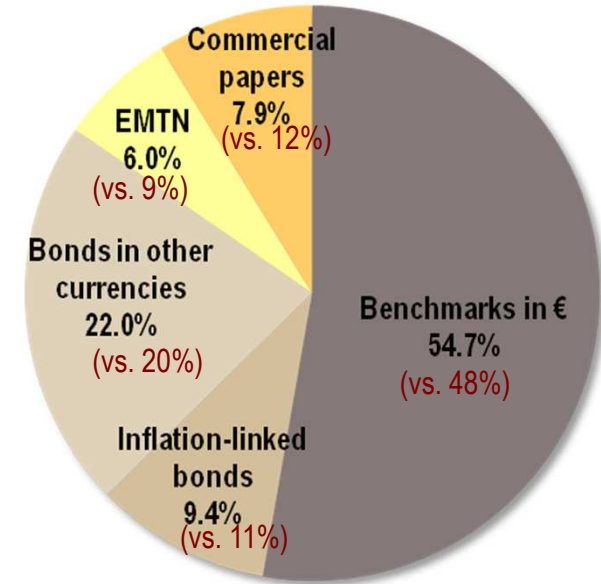
### By maturity



### By currency



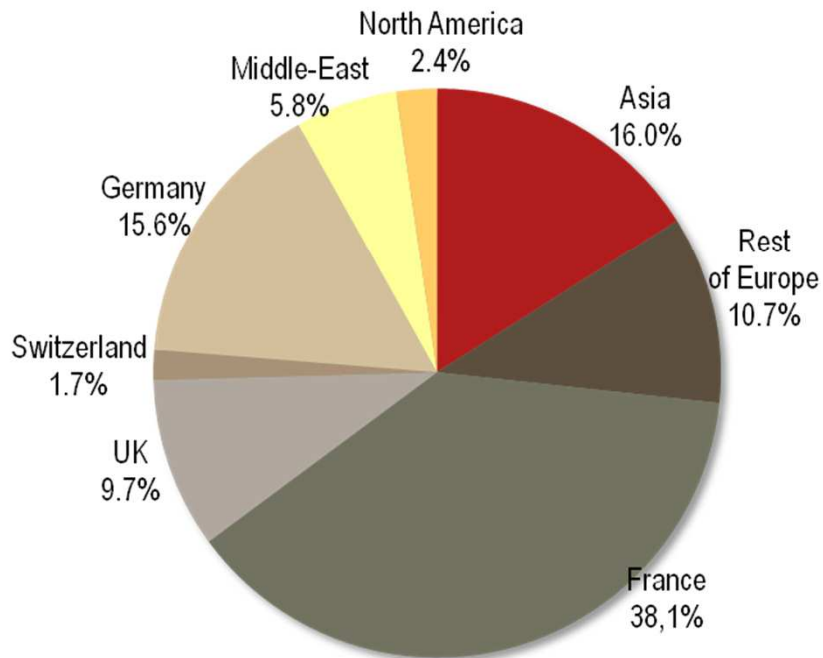
### By instrument type



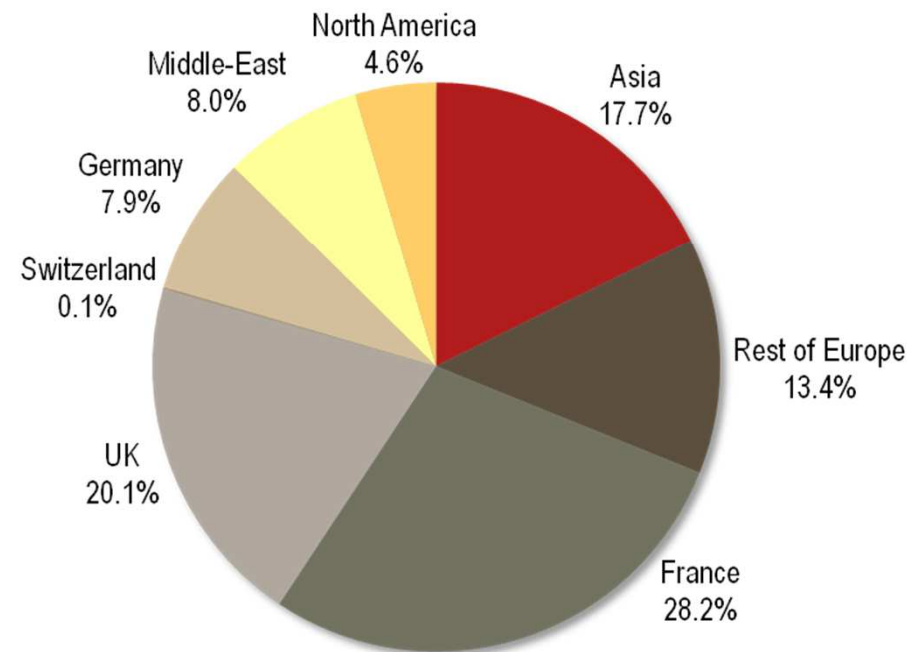


# Changes in investor demand by region

2012 programme  
(€30.2 bn)



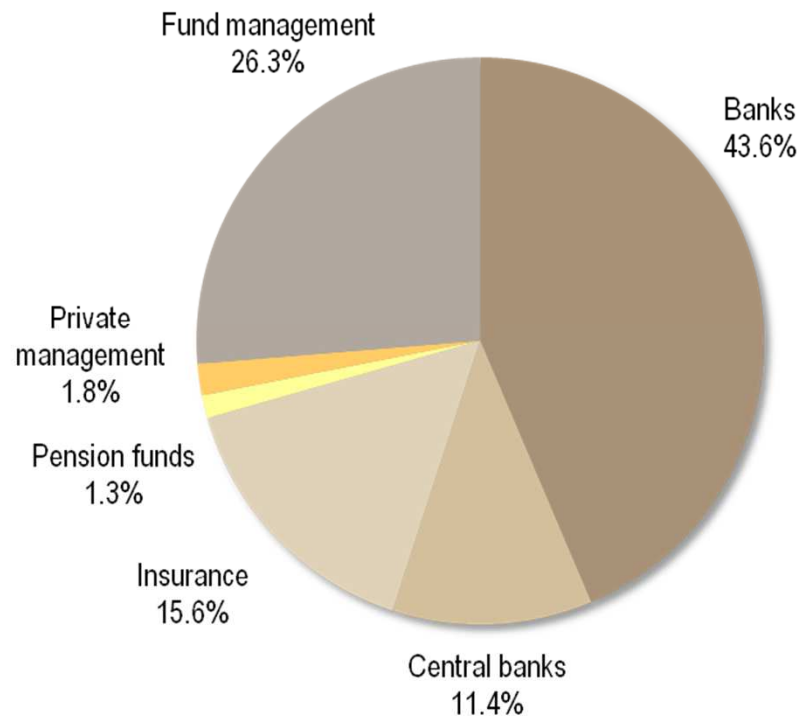
2013 programme  
(€15.1 bn)



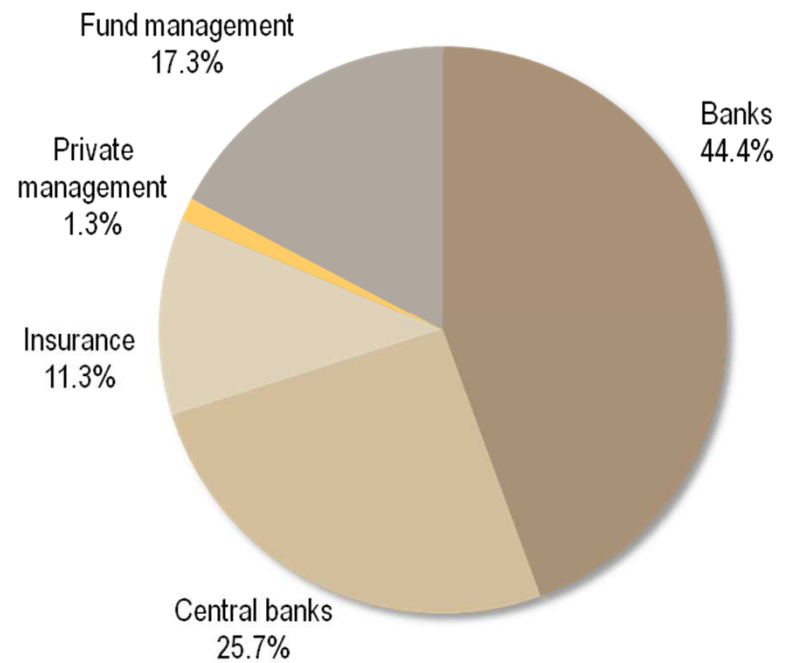


# Changes in investor demand by investor type

**2012 programme**  
(€30.2 bn)



**2013 programme**  
(€15.1 bn)





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## Voted measures for 2014

- In 2014, debt transfer of €10.0 bn corresponding to:
  - Deficits from the retirement funds of the general social security system (CNAV\*) and from the FSV\*
  - Part of the deficits from health and family agencies

\*CNAV : Caisse Nationale d'Assurance Vieillesse - FSV : Fonds de Solidarité Vieillesse



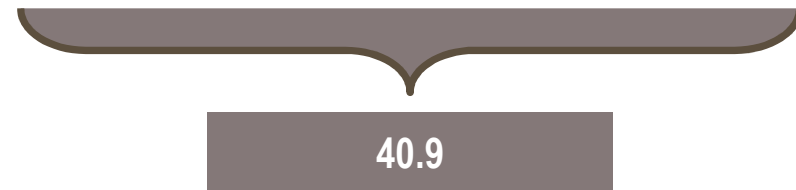


# Estimation of funding needs for 2014

In € billion

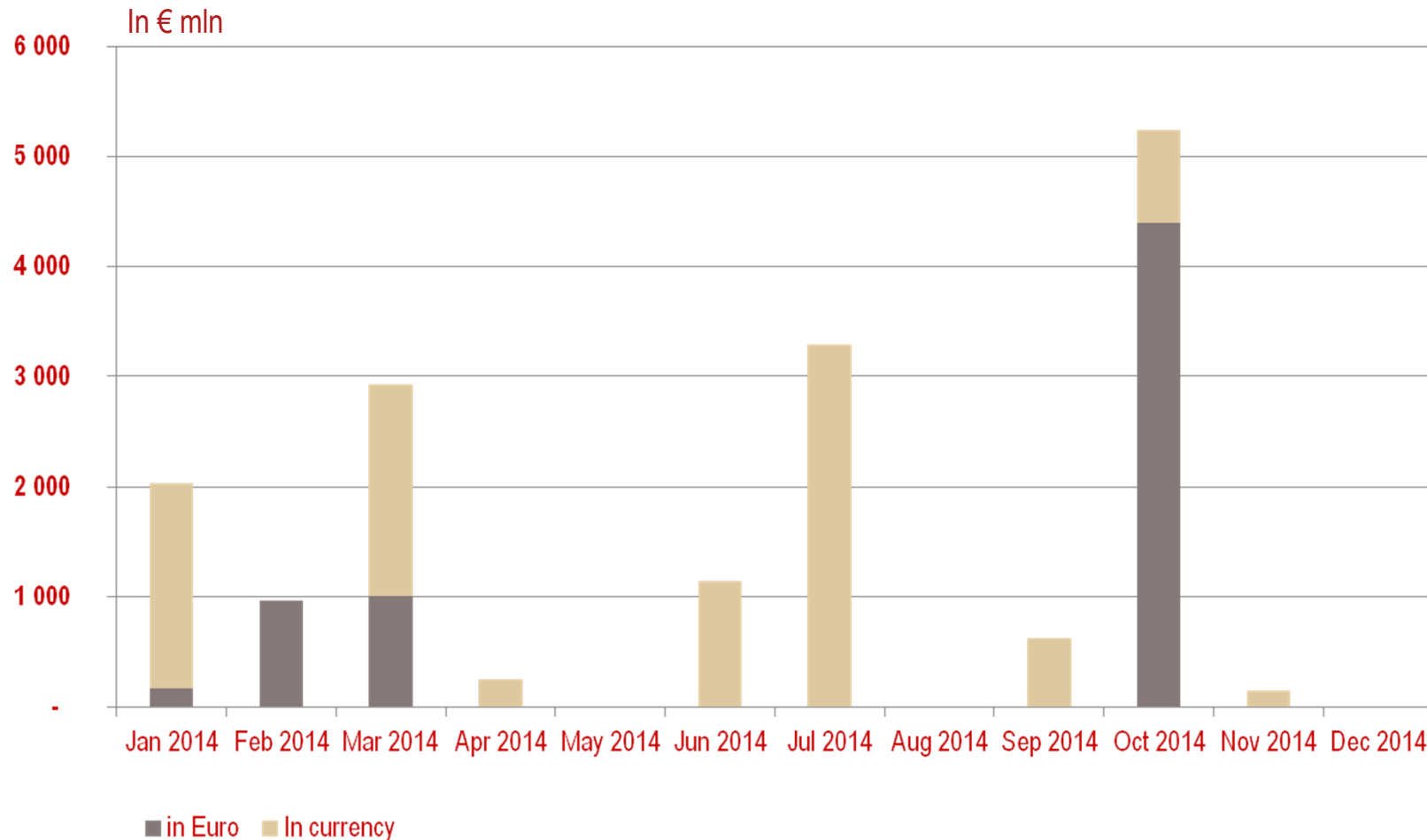
Transfer of debt	10.0
CP maturities	10.8
MLT maturities	16.6
Payment of interests	3.5

Resource	16.3
Financing need	24.6



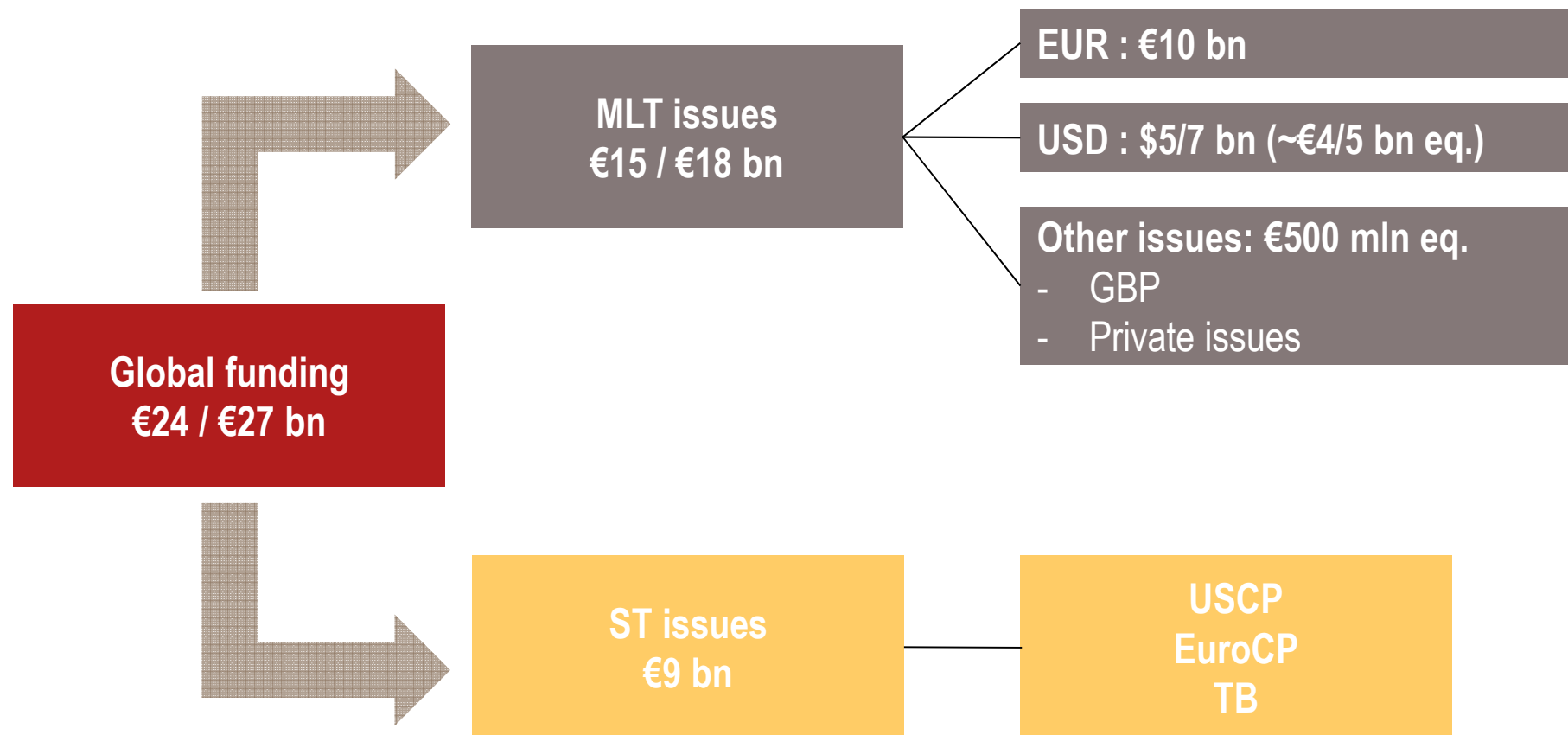


# 2014 schedule of mid- and long-term debt





# 2014 indicative funding programme



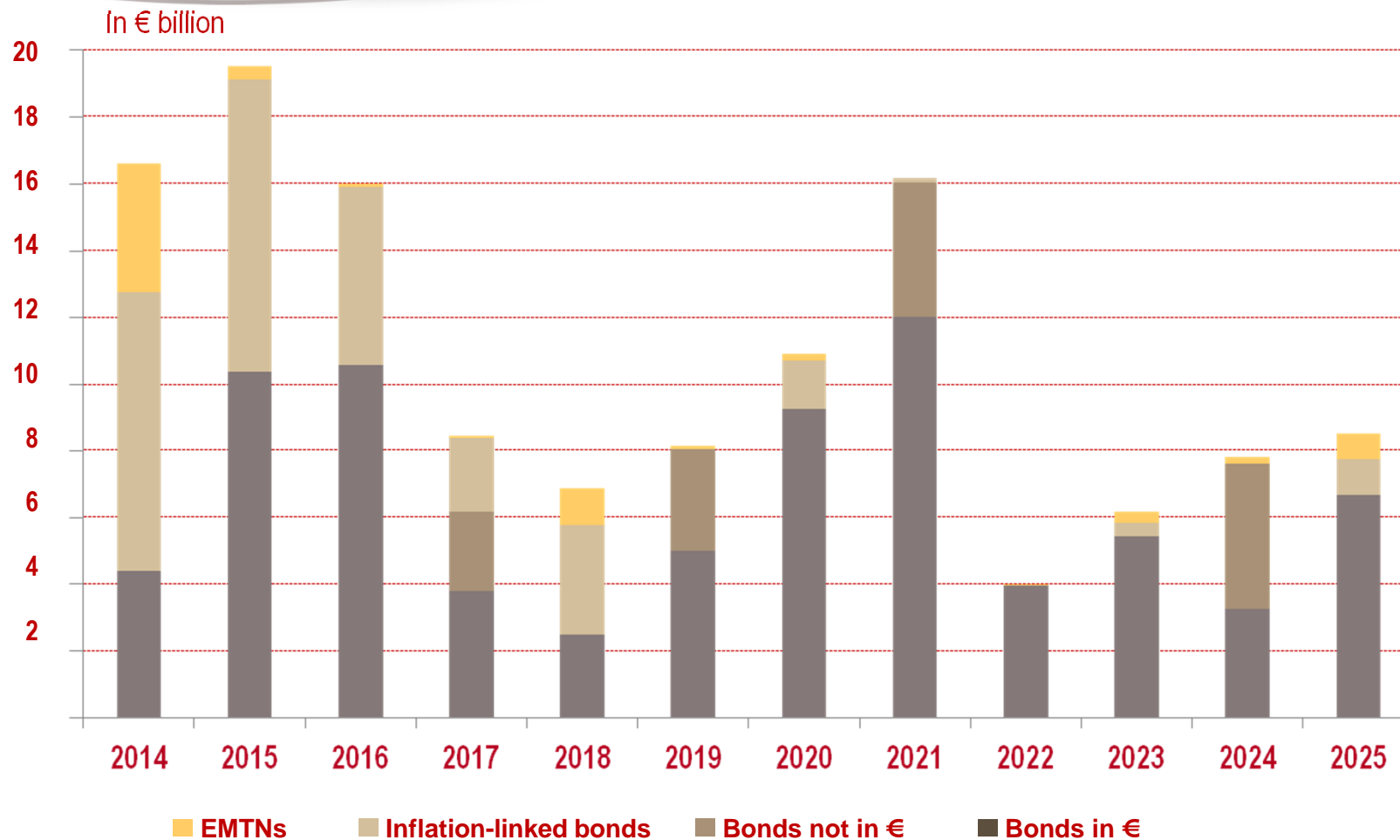


# 2014 indicative funding programme

In € billion

Euro benchmarks	6
Tap of existing issues	2 - 3
Inflation-linked bonds	1
USD benchmarks	4 - 5
Other currency benchmarks	1 - 2
Other bonds and private placement	1
<b>TOTAL medium and long-term</b>	<b>15 - 18</b>
Short-term outstanding (est 12/31/13)	9
<b>TOTAL</b>	<b>24 - 27</b>

# Maturity of mid- and long-term bonds

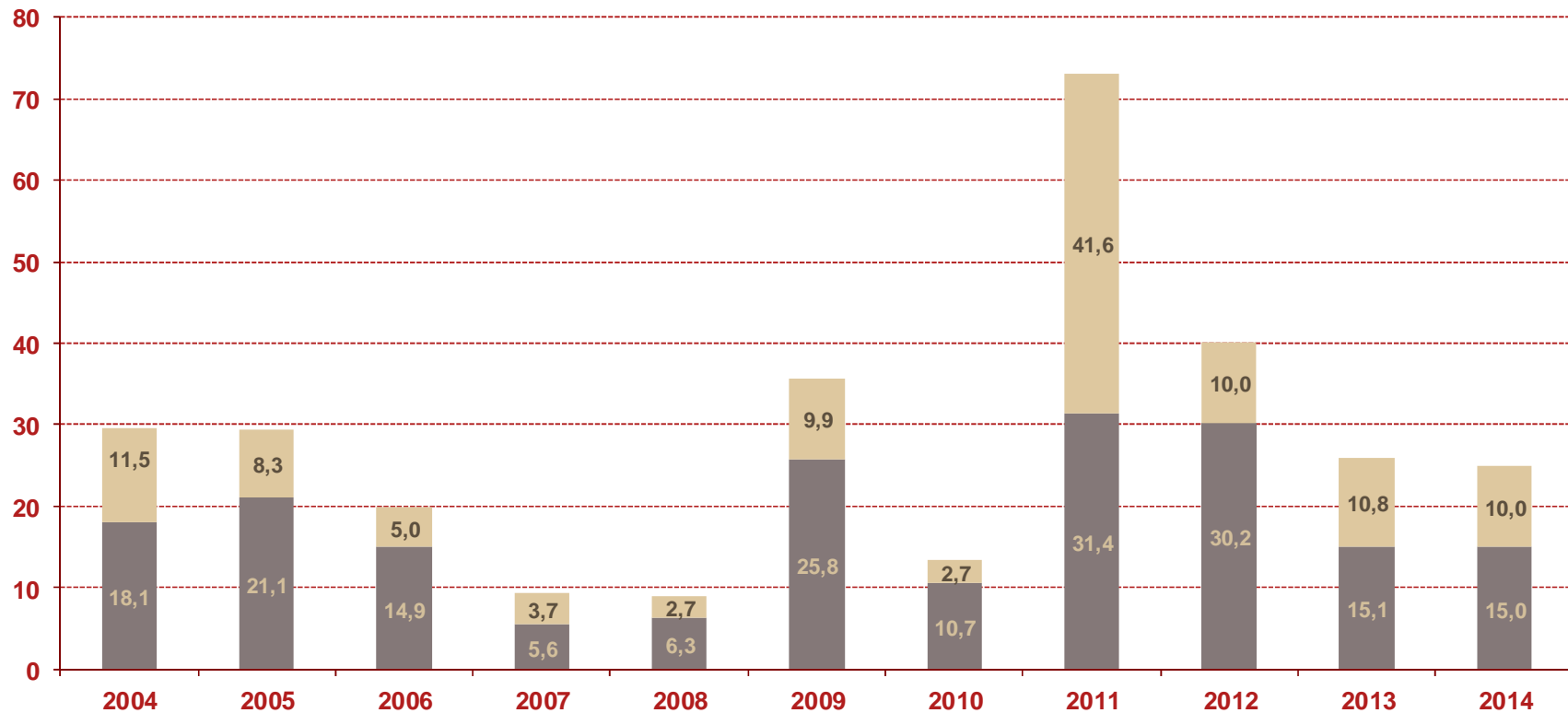




# Evolution of financing programme since 2004

- Short-term issues
- Mid- and long-term issues

In € billion



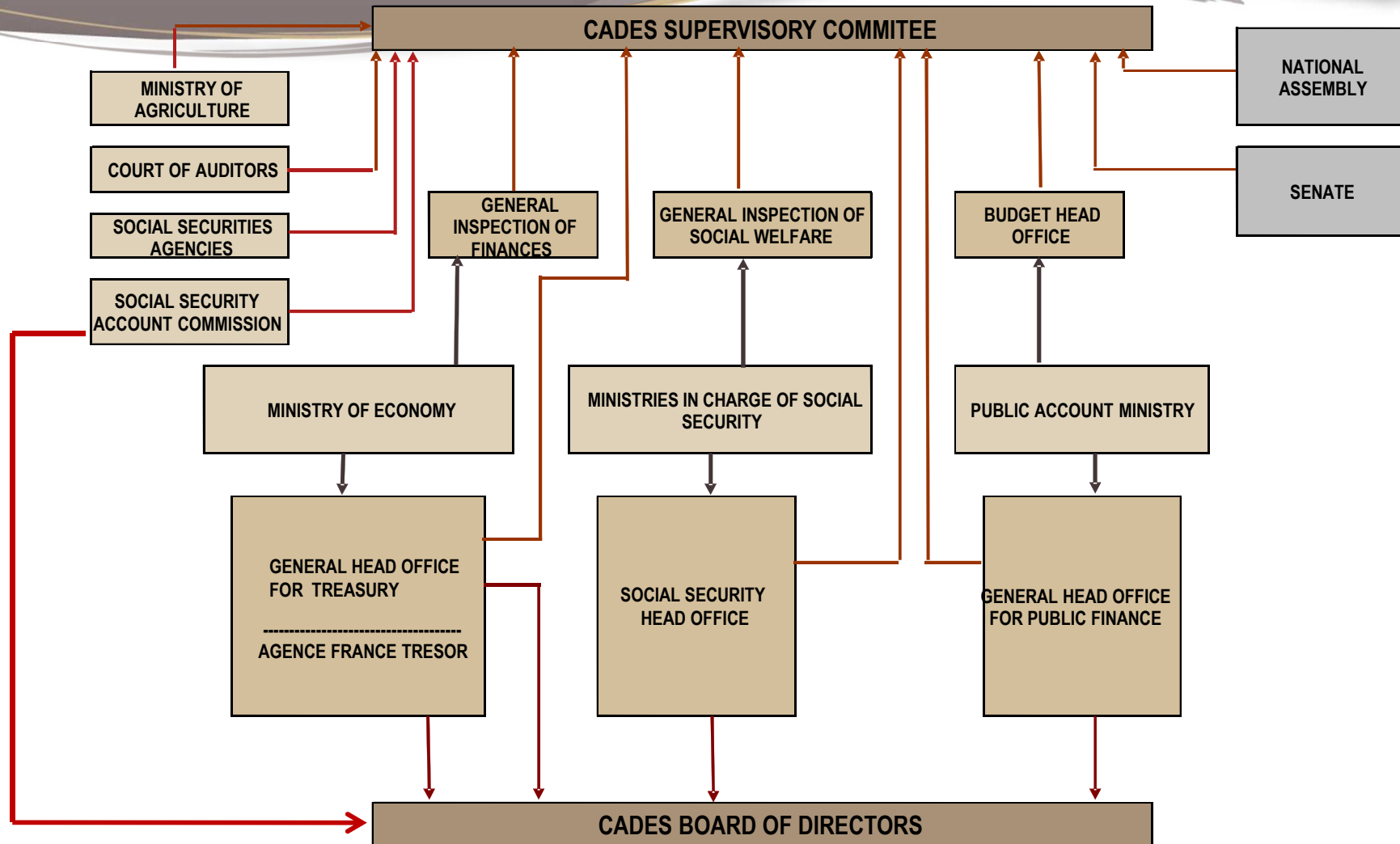


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# A tightly controlled organisation







# CADES Board of Directors

Chairman of the Board of Directors			
Patrice RACT MADOUX			
Full Members		Alternate Members	
Central Agency of Social Security (ACOSS)			
Jean-Eudes TESSON	Chairman of the Board	Jean-Claude GUERY	Member of the Board
Pierre-Yves CHANU	Vice –Chairman of the Board	Serge CIGANA	Member of the Board
National Fund of Health Insurance for Employees (CNAM)			
Michel REGEREAU	Chairman of the Board	Jean-Marc LAMERE	Vice-Chairman of the Board
National Insurance Fund for Employees (CNAV)			
Gérard RIVIERE	Chairman of the Board	Pierre BURBAN	Vice-Chairman of the Board
National Fund for Family Allowances (CNAF)			
Jean-Louis DEROUSSEN	Chairman of the Board	Jean-Marie ATTARD	Vice-Chairman of the Board
National Fund of the Social System of Independents (RSI)			
Gérard QUEVILLON	Chairman of the Board	Louis GRASSI	Vice-Chairman of the Board
Central Fund of Agricultural Mutual Assistance (MSA)			
Gérard PELHATE	Chairman of the Board	Jean-François BELLIARD	Senior Vice-Chairman of the Board
Representatives of the Minister of Economy and Finance			
Emmanuel BRETIN	Deputy Director – General Head Office for Treasury	Olivier VAZEILLE	Office Manager – Treasury Department
Ambroise FAYOLLE	Chief Executive - Agence France Trésor	Maya ATIG	Deputy Chief Executive - Agence France Trésor
Representatives of the Minister of the Budget			
François TANGUY	Deputy Director of Public Accountancy Head Office	Grégory BERTHELOT	Office Manager of Public Accountancy Head Office
Representatives of the Minister for Social Security			
Thomas FATOME	Director of Social Security	Jean-François CHADELAT	General Inspector of Social Affairs
Arnaud JULLIAN	Vice-Director of Social Security	Nicolas AGNOUX	Deputy Vice-Director of Social Security
Representatives of the Supervisory Board of the Reserve Fund for Pensions (FRR)			
Valérie CORMAN	Director	Emilie MARTINEZ	Deputy Director



# French parliamentary members of CADES Supervisory Committee

- Members of National Assembly:



**Mrs. Valérie RABAULT** (Chairman)  
Deputy of Tarn-et-Garonne



**Mr Bernard ACCOYER**  
Deputy of Haute-Savoie

- Members of Senate:



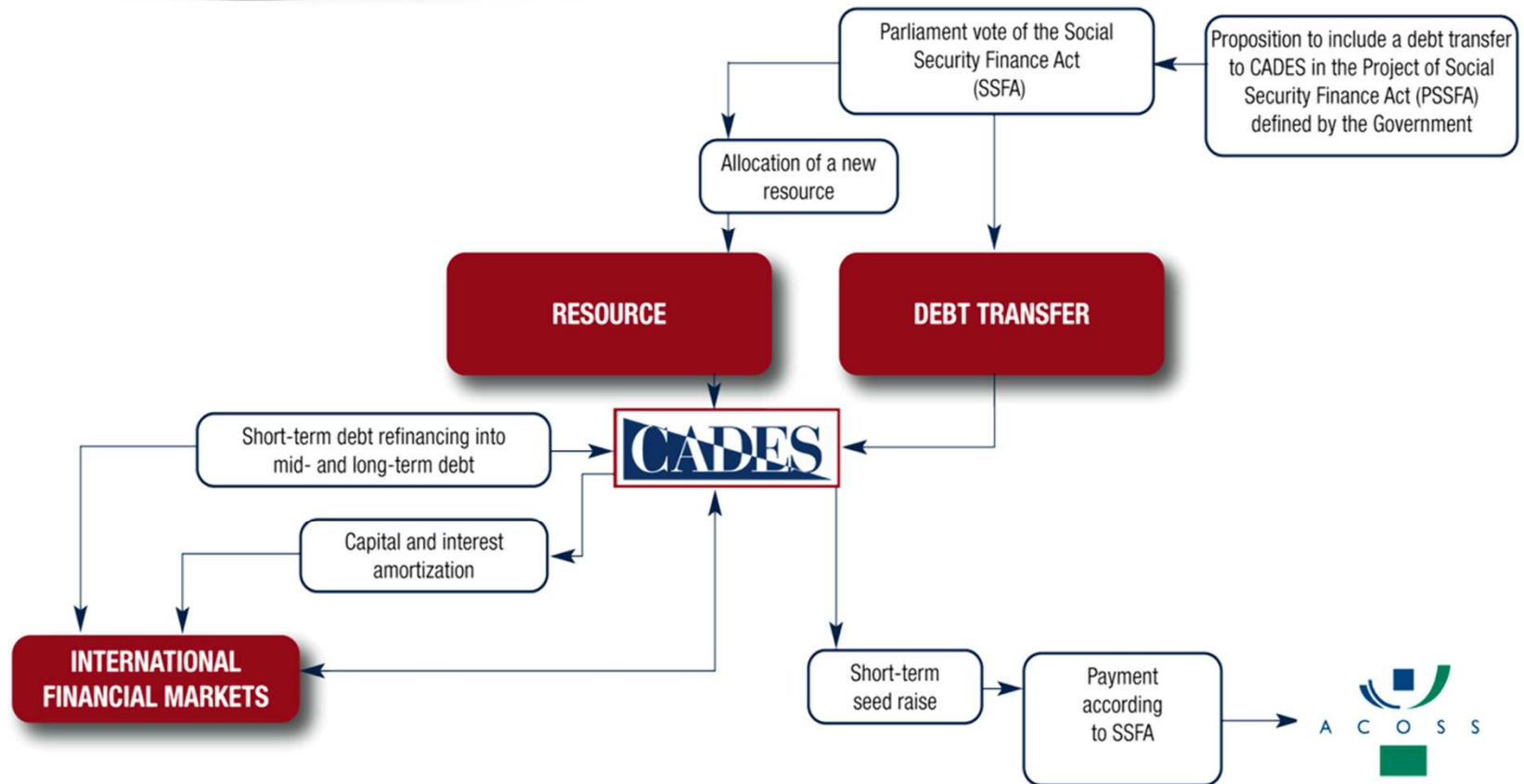
**Mr Yves DAUDIGNY**  
Senator of Aisne



**Mr Jean-Pierre CAFFET**  
Senator of Paris



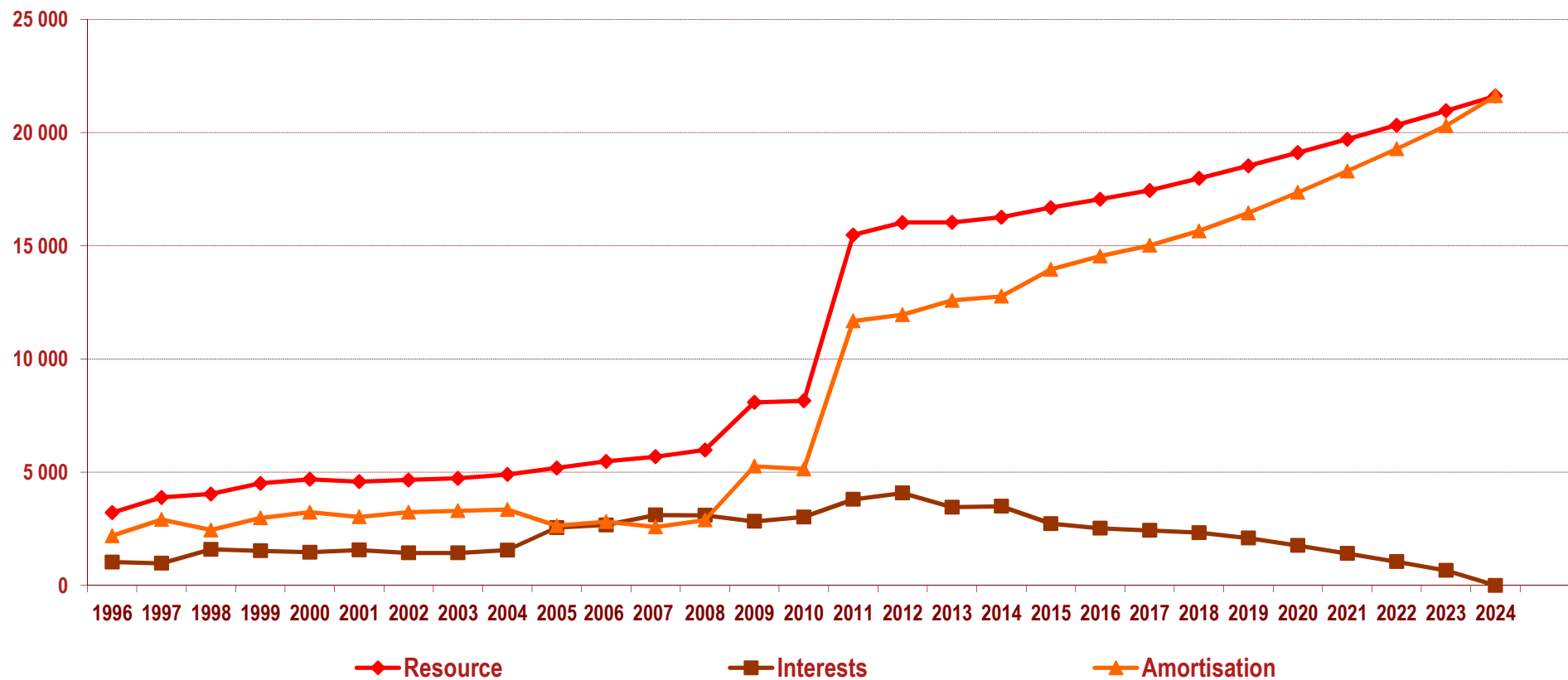
# CADES debt transfer process





# Breakdown of resources between amortisation and interest

In € million





# Statutory and administrative regulation

- Creation of CADES (Ordinance n°96-50 of January 24th 1996)
  - Administrative public body statute (decree 53-1227 from December 10th 1953)
  - Creation of an exclusive and allocated resource (chapter 2 of ordinance n°96-50)
  - Guarantee of resource (article 7 of ordinance n°96-50)
- Increase of CADES' legislative protection
  - Guarantee of liquidity (Organic law n°2001-692 related to financing laws of August 1st 2001 + article on annual financing laws balance)
  - Additional resources for every debt transfer in order not to increase CADES' life span (Organic law of August 2nd 2005)
  - Quality of resources (organic law n°2010-1380 of Nov. 13th 2010 related to social debt management approved by the constitutional council – Decision 2010-620DC of December 16th 2010)



# Key figures

	Payment expressed as amount carried forward	CANAM payment	payment unser SSFA	Assets FRR	Govt off balance sheet	SS off balance sheet	Govt payment	Voted debt	Assumed debt	Payment of interest/borrowings	Resources (CRDS+ CSG+real estate)	Resources (CRDS+ CSG+real estate+ assets FRR)	Result	Net situation	estimate of aggregate amortised debt (8) + (12)	estimate of annual amortised debt
	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	(9)	(10)		(11)	(12)	(13)	(14)
					24 773											
1996	20 886	457			22 867		1 906	46 116	23 249	1 027	3 211	3 211	-179	-21 065	2 184	2 184
1997					20 962		1 906	46 116	25 154	976	3 883	3 883	1 001	-20 063	5 091	2 907
1998	13 263				19 056		1 906	59 379	40 323	1 590	4 034	4 034	538	-32 788	7 535	2 444
1999					17 150		1 906	59 379	42 228	1 524	4 504	4 504	1 074	-31 713	10 515	2 980
2000					14 818		1 906	58 952	44 134	1 462	4 688	4 688	1 138	-30 393	13 741	3 226
2001					12 000		1 852	57 986	45 986	1 560	4 581	4 581	1 169	-29 224	16 762	3 021
2002					9 000	1 283	3 000	59 269	48 986	1 433	4 660	4 660	227	-28 997	19 989	3 227
2003			1 283		6 000	1 097	3 000	60 366	53 269	1 432	4 728	4 728	-987	-29 984	23 285	3 296
2004	35 000		1 097		3 000	15 000	3 000	110 366	92 366	1 554	4 899	4 899	-752	-65 736	26 630	3 345
2005	6 610					6 700	3 000	110 366	101 976	2 548	5 181	5 181	-367	-72 713	29 263	2 633
2006	5 700							110 366	107 676	2 664	5 479	5 479	2 815	-75 598	32 078	2 815
2007	-65							110 366	107 611	3 103	5 681	5 681	2 578	-72 955	34 656	2 578
2008	10 000							137 366	117 611	3 095	5 980	5 980	2 885	-80 070	37 541	2 885
2009	17 000							137 366	134 611	2 822	8 082	8 082	5 260	-91 810	42 801	5 260
2010								137 366	134 611	3 016	8 151	8 151	5 135	-86 675	47 936	5 135
2011	67 767			2 100				269 833	202 378	3 794	13 372	15 472	11 678	-142 764	59 614	11 678
2012	6 648			2 100				269 833	209 026	4 075	13 924	16 024	11 949	-137 463	71 563	11 949
2013 (est)	7 719			2 100				269 833	216 745	3 450	13 930	16 030	12 580	-132 602	84 143	12 580
2014 (est)	10 000			2 100				269 833	226 745	3 495	14 162	16 262	12 767	-129 835	96 910	12 767
Total	200 528	457	2 380	8 400	0	0	23 380	269 833	226 745	44 620	133 130	141 530	70 511	-129 835	96 910	96 910



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