

A decorative horizontal brushstroke in white and gold, sweeping across the upper middle of the slide.

Media Briefing

14 January, 2015

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



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- **CADES in 2014**
 - CADES – the background
 - 2014 funding programme review
 - Estimated net position at the end of 2014
- **CADES in 2015**
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 - 2015 funding programme presentation
- **Appendices**
 - CADES organisation chart
 - Debt transfer process
 - Resource detailed breakdown
 - Statutory and administrative regulation
 - Key figures

- €18.2 billion raised on international financial capital markets
- 14 operations carried out
- 2 largest Eurobond issue achieved in CADES' history
 - €5 billion each
 - 5- and 10-year maturity
 - €6.5 to €7.0 billion of demand/ issue
- Memorandum of Understanding signed with Bank of China for bond issue in renminbi



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

In € billion

	2013	2014	2015
CADES annual amortisation objective	12.4	12.7	13.1
CADES assumed debt	7.7	10.0	10.0
ACOSS* overdraft ceiling	29.5	34.5	36.3

SSFA***

Social security general system (excl. FSV****)				
Revenues		324.0	332.7	338.1
Expenses		336.5	344.3	348.6
Deficit	General system	-12.5	-11.7	-10.5
	FSV	-2.9	-3.7	-2.9

Financing Act

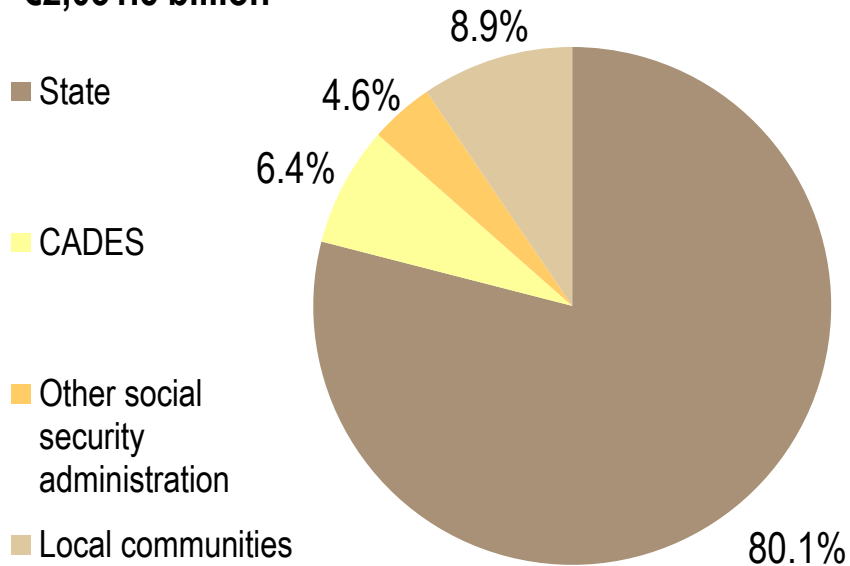
AFT**	62.1	69.2	72.9
<i>State negotiable debt net change ceiling over one year</i>			

State				
Revenues		226.8	228.0	225.8
Expenses		298.7	310.6	300.2
Deficit		-71.9	-82.6	-74.4

*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):
€2,031.5 billion***



* Data INSEE, December 2014

Total 2014 French GDP: €2,134 billion*

**Social debt amortised by CADES since 1996:
€96.7 billion**
→ corresponding to 4.5% of 2014 French GDP

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

→ corresponding to 1% of 2014 French GDP



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

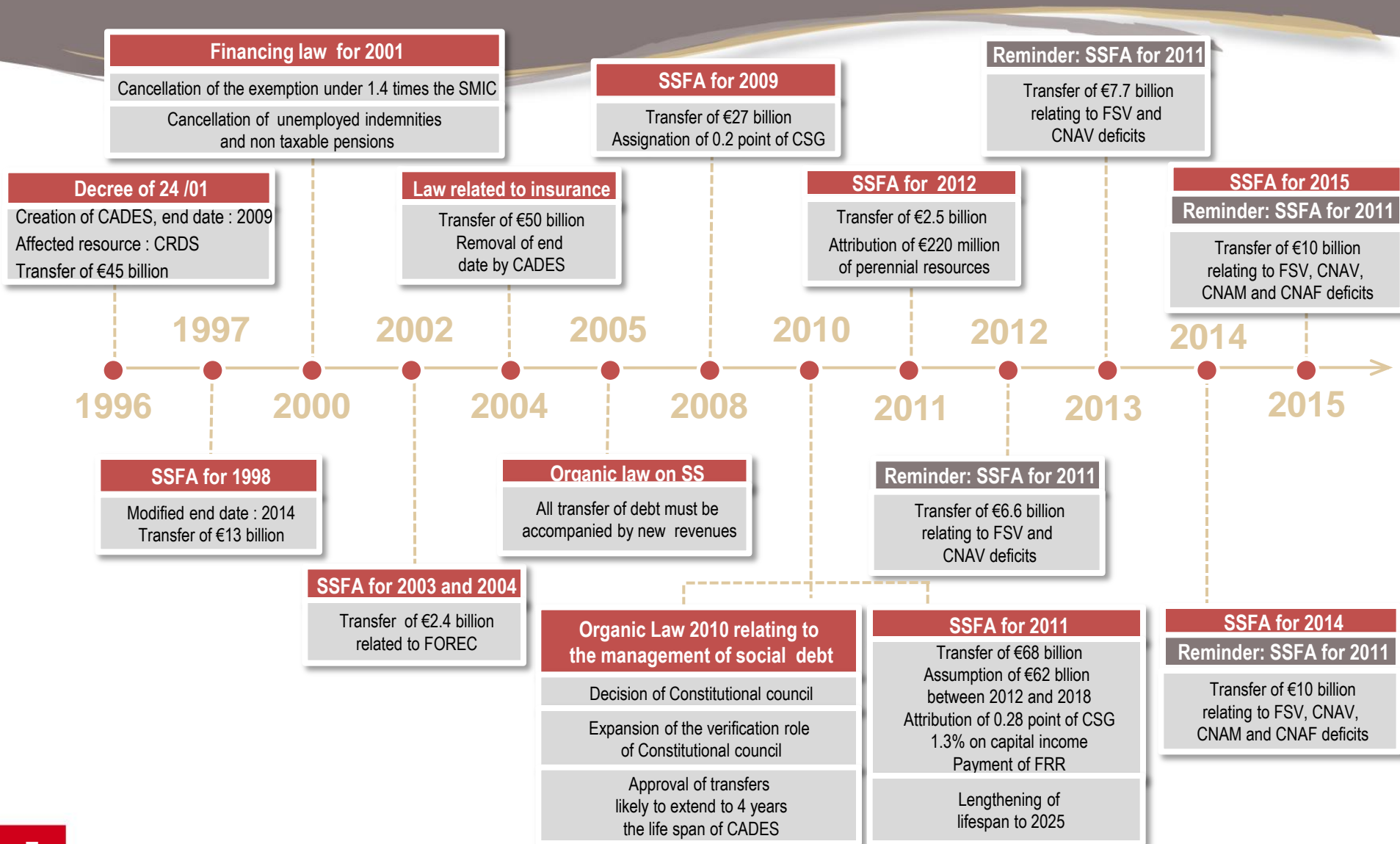
- Established in 1996 by Government ordinance n°96-50 dated 24 January 1996
- Owned and controlled by French State (administrative public body statute)
- Regular fiscal income defined and secured by law
- Well defined regulations

Mission: to amortise French social debt

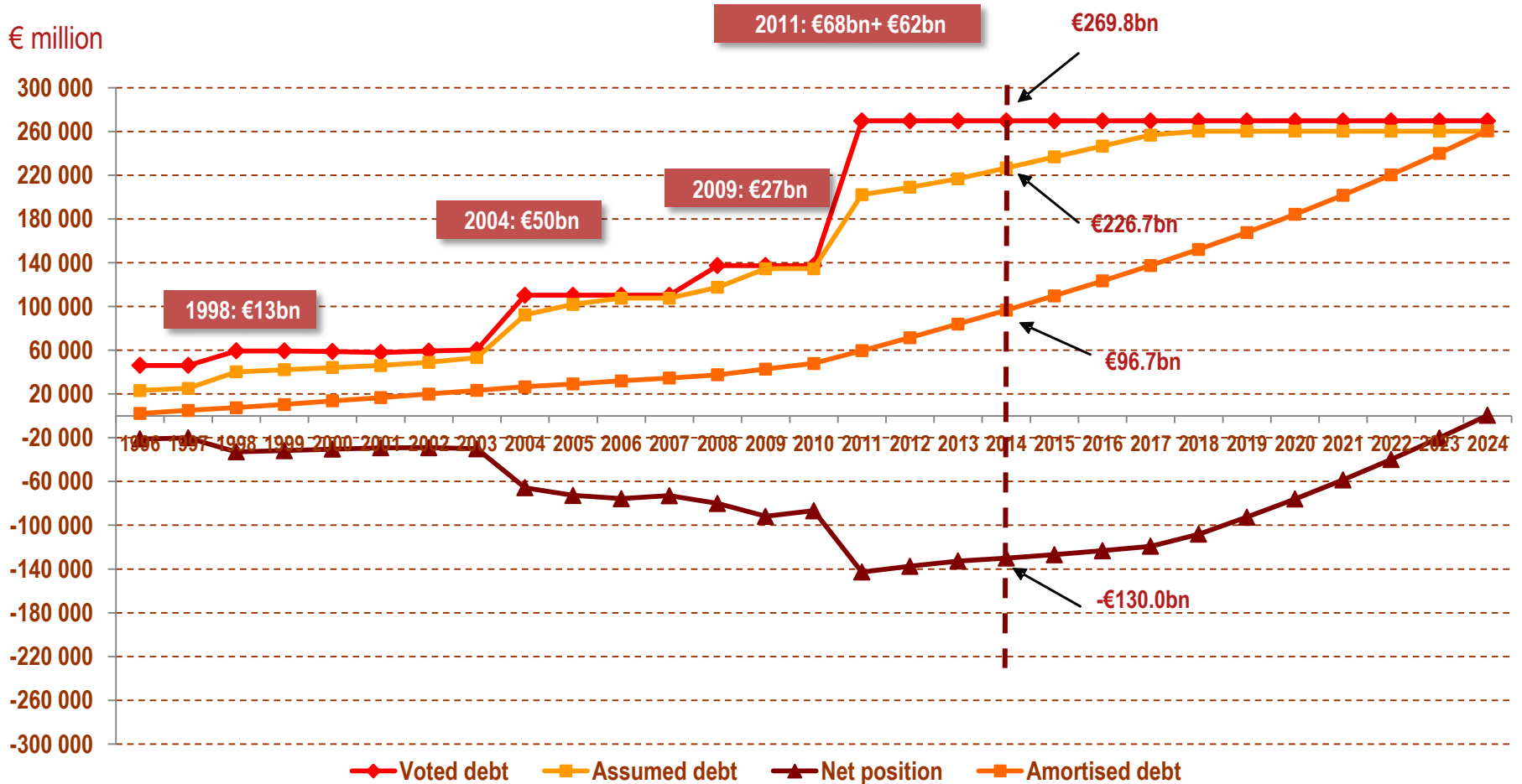


Key stages from 1996

€227 billion assumed by CADES since its creation



Aggregated debt and net position at end of 2014



Compared net position

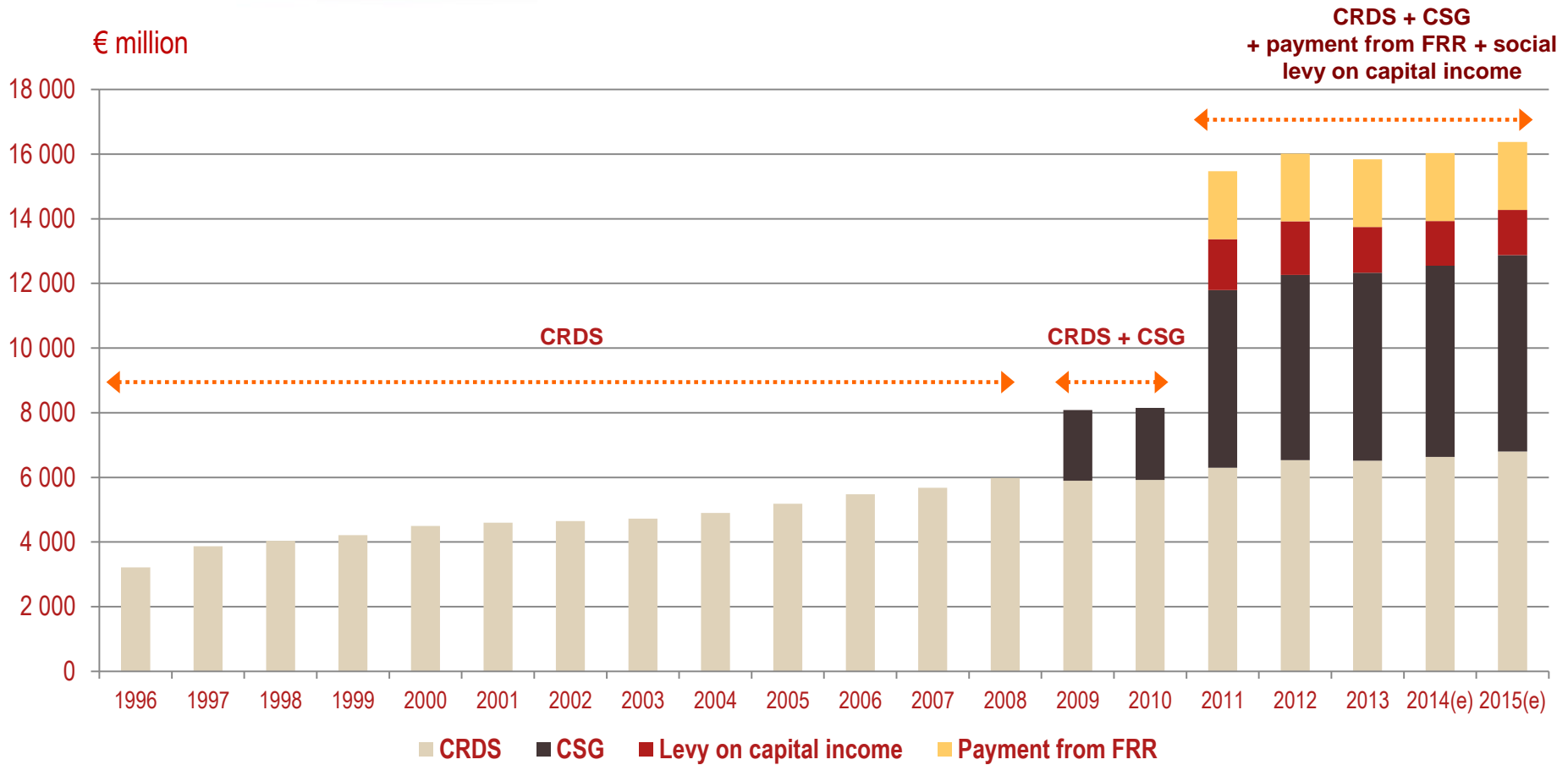
In € billion	At the end of 2013	At the end of 2014
Total debt voted	269.8	269.8
Debt assumed	216.7	226.7
Total resources collected (i)	125.2	141.1
Amortised principal	84.0	96.7
Interest paid	41.2	44.4
Net position	132.7	130.0

Annual amortisation objective voted in 2015 SSFA: €13.1 billion

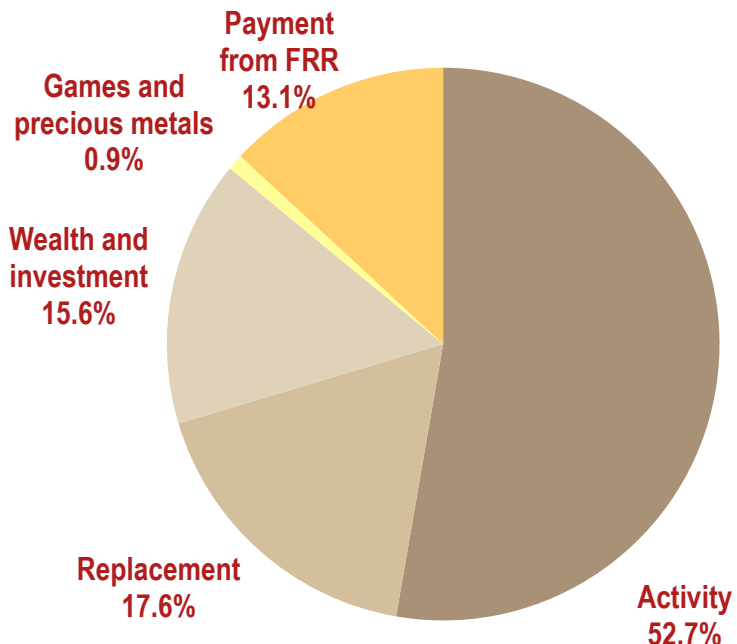
Source : CADES

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

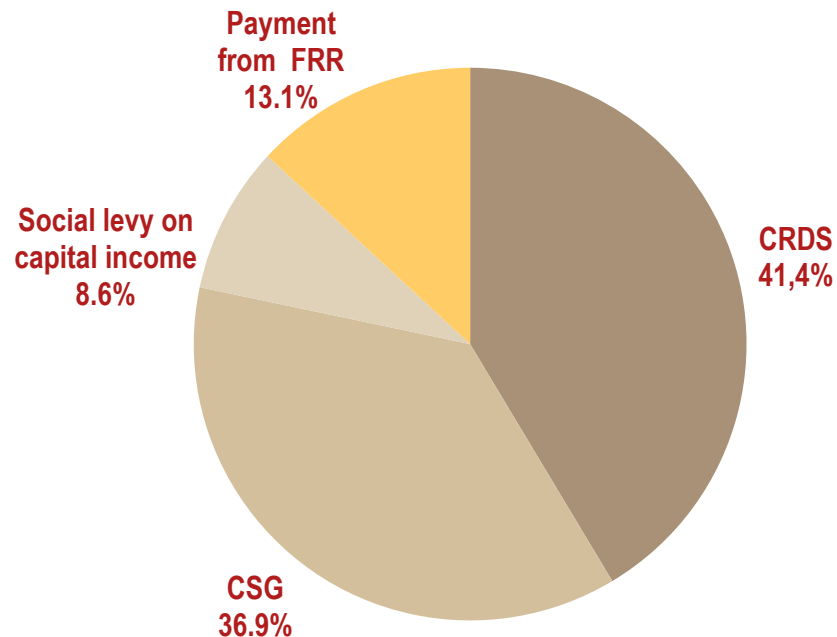
Evolution of income, 1996 - 2015



Breakdown of resource by type of tax



Breakdown of resource by nature of tax



Total estimated resources for 2015 : €16.4 billion

In € billion	2013	2014
Euro benchmarks	5.0	10.0
Tap of existing issues	3.2	1.5
Inflation-linked bonds	0.5	-
US Dollar benchmarks	5.5	5.8
Other currency benchmarks	0.4	0.8
Other bonds and private placements	0.5	0.1
TOTAL medium- and long-term	15.1	18.2
Outstanding short-term securities (as at 12/31)	10.8	5.6
TOTAL	25.9	23.8

Global Commercial Paper Programme

€ 60 billion programme

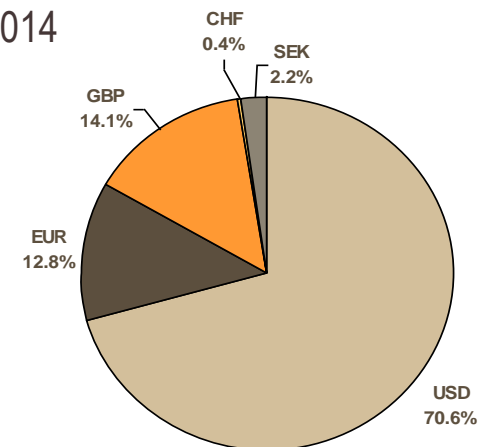
- Euro Commercial Paper Programme (ECP)
 - ✓ All OECD currencies
 - ✓ Outstanding : €5.05bn*

- USD Commercial Paper Programme (USCP)
 - ✓ Currencies: US\$
 - ✓ Outstanding: \$0.38bn*

Alternative sources of funding

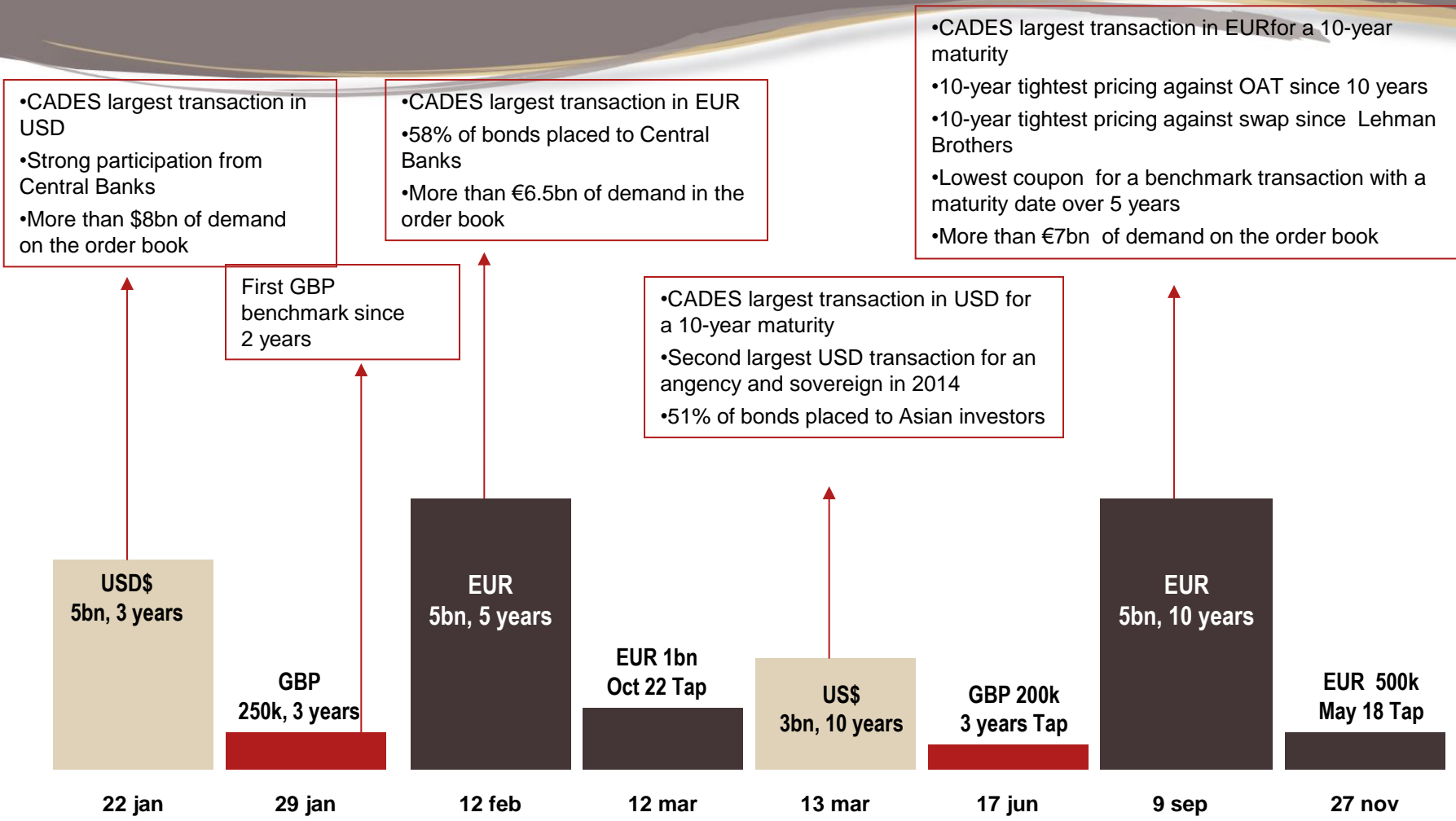
- Treasury bill (BT) programme of € 15.0bn
 - ✓ Outstanding: €0.9bn*
- Bilateral CP lines

- € 12.6bn issued in 2014



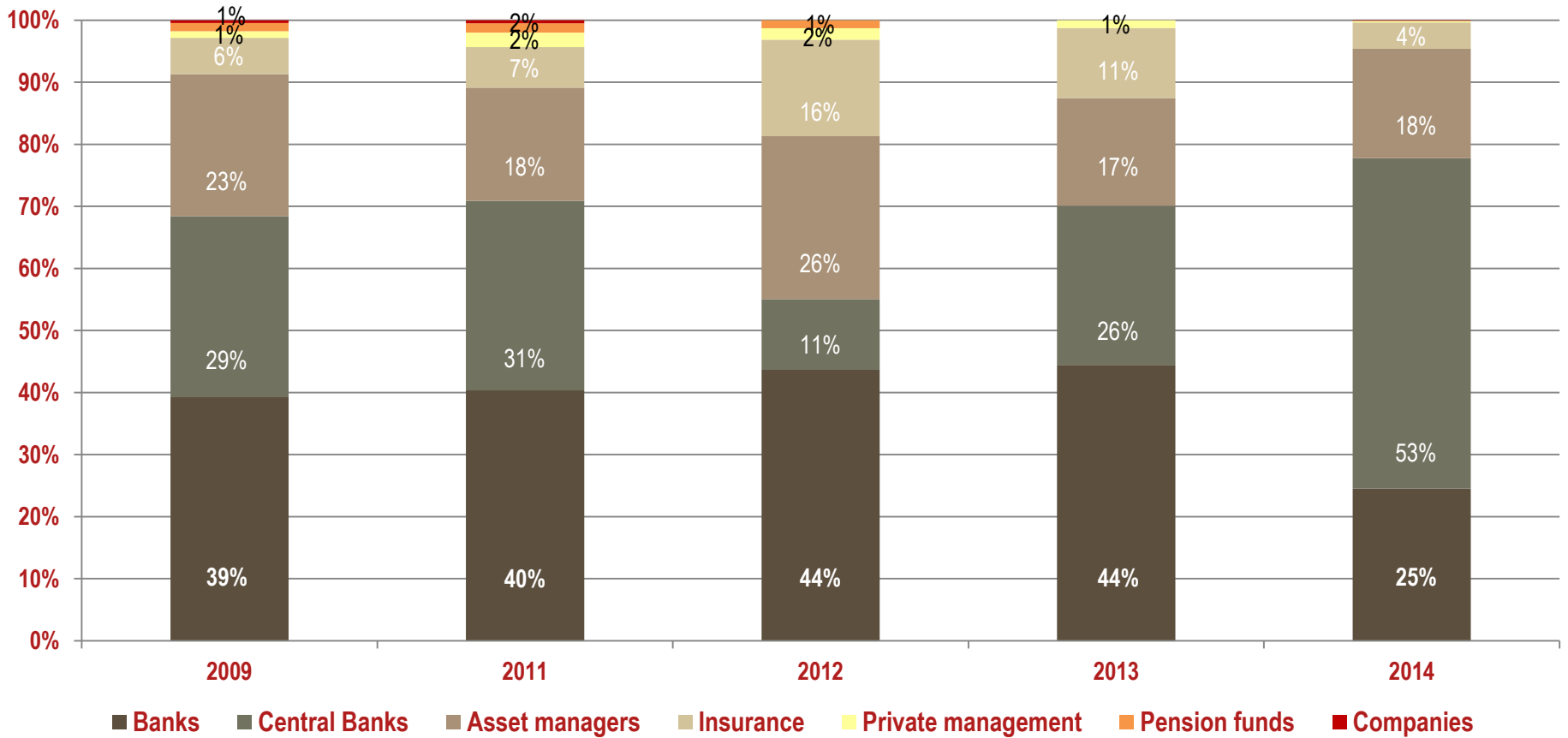
* As at 12/31/2014

2014 programme execution

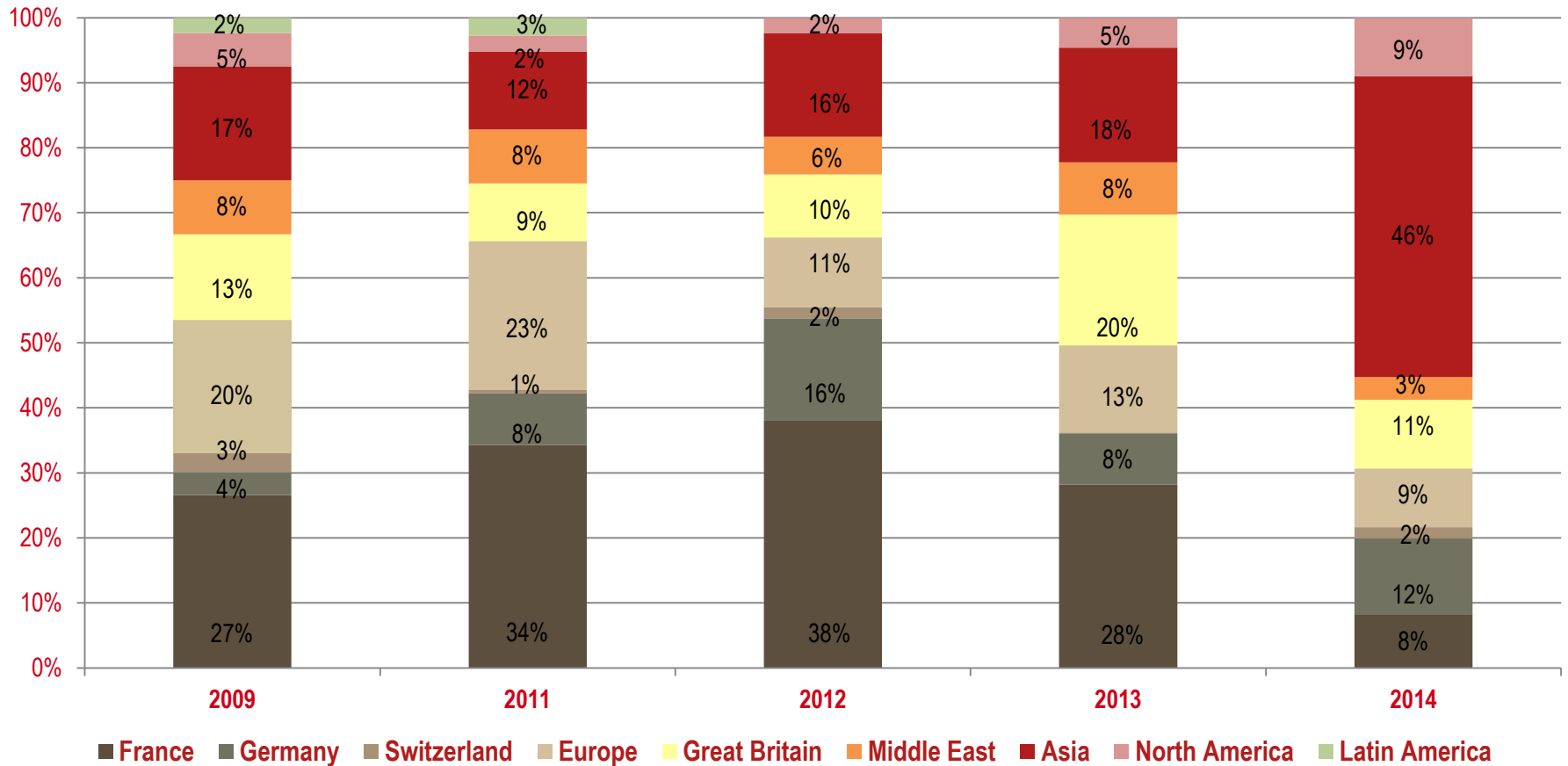


Total amount raised in 2014 (including private placements) : EUR 18.2 bn

Changes in investor demand by investor type

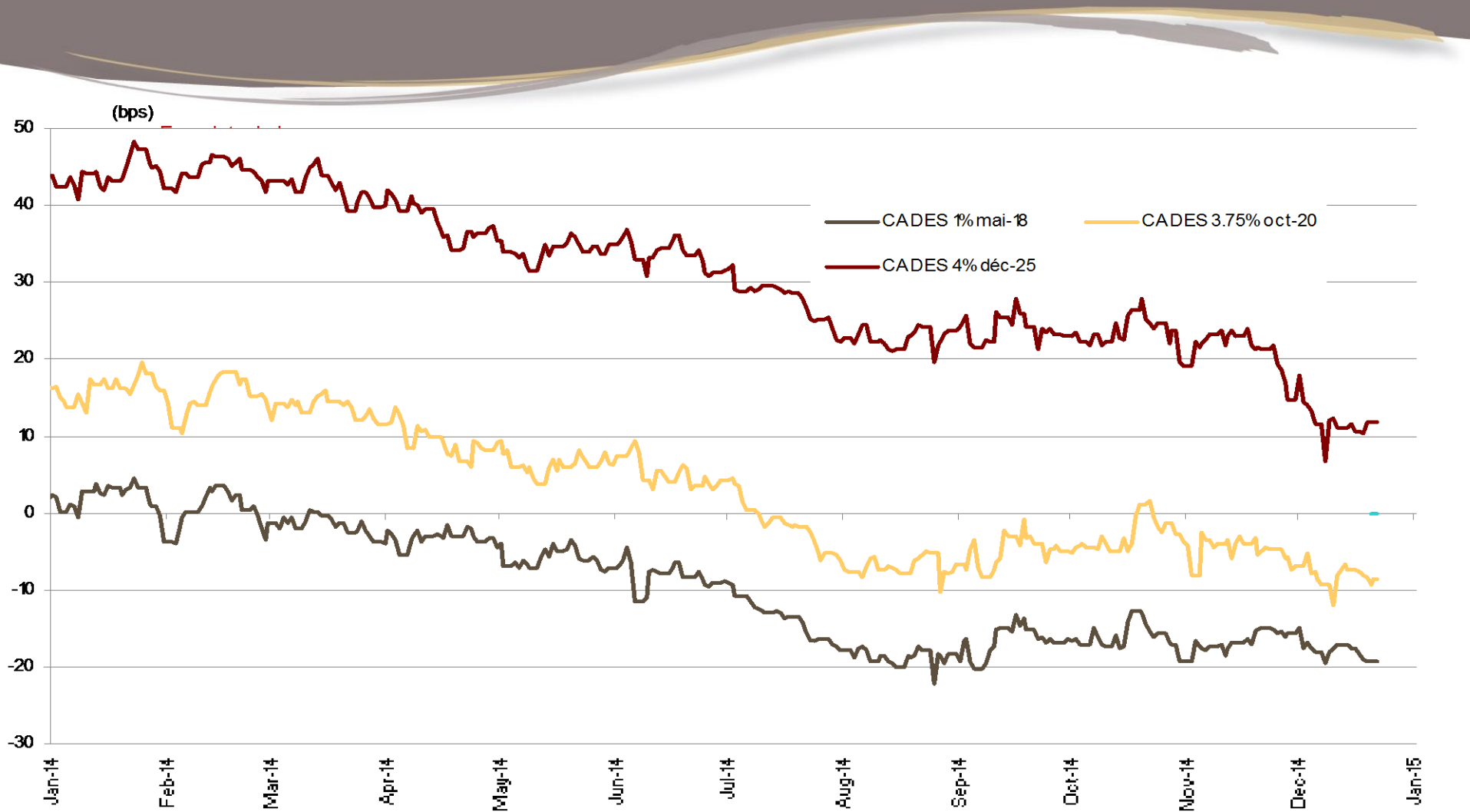


Changes in investor demand by region



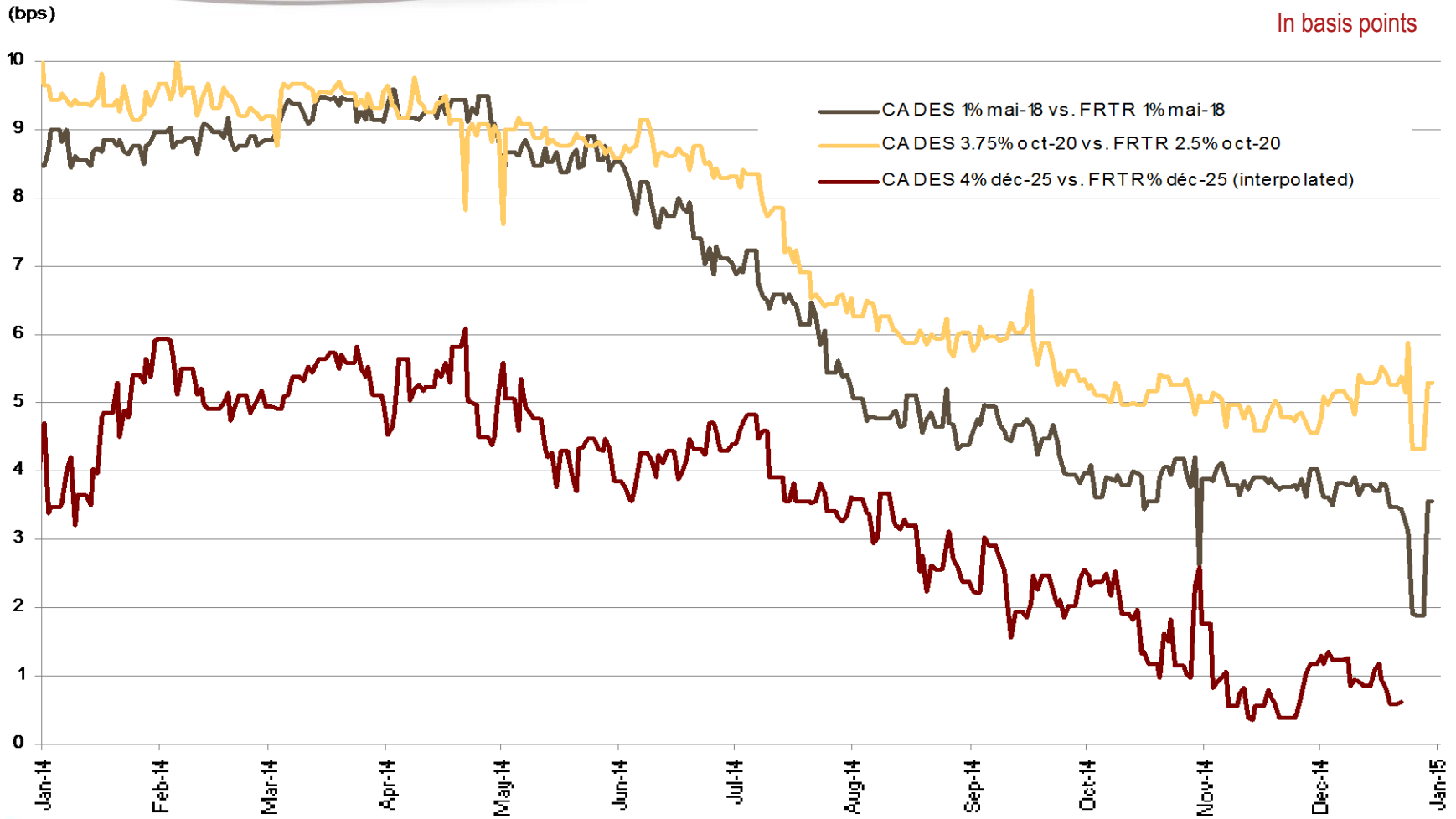


Yield CADES vs. swap



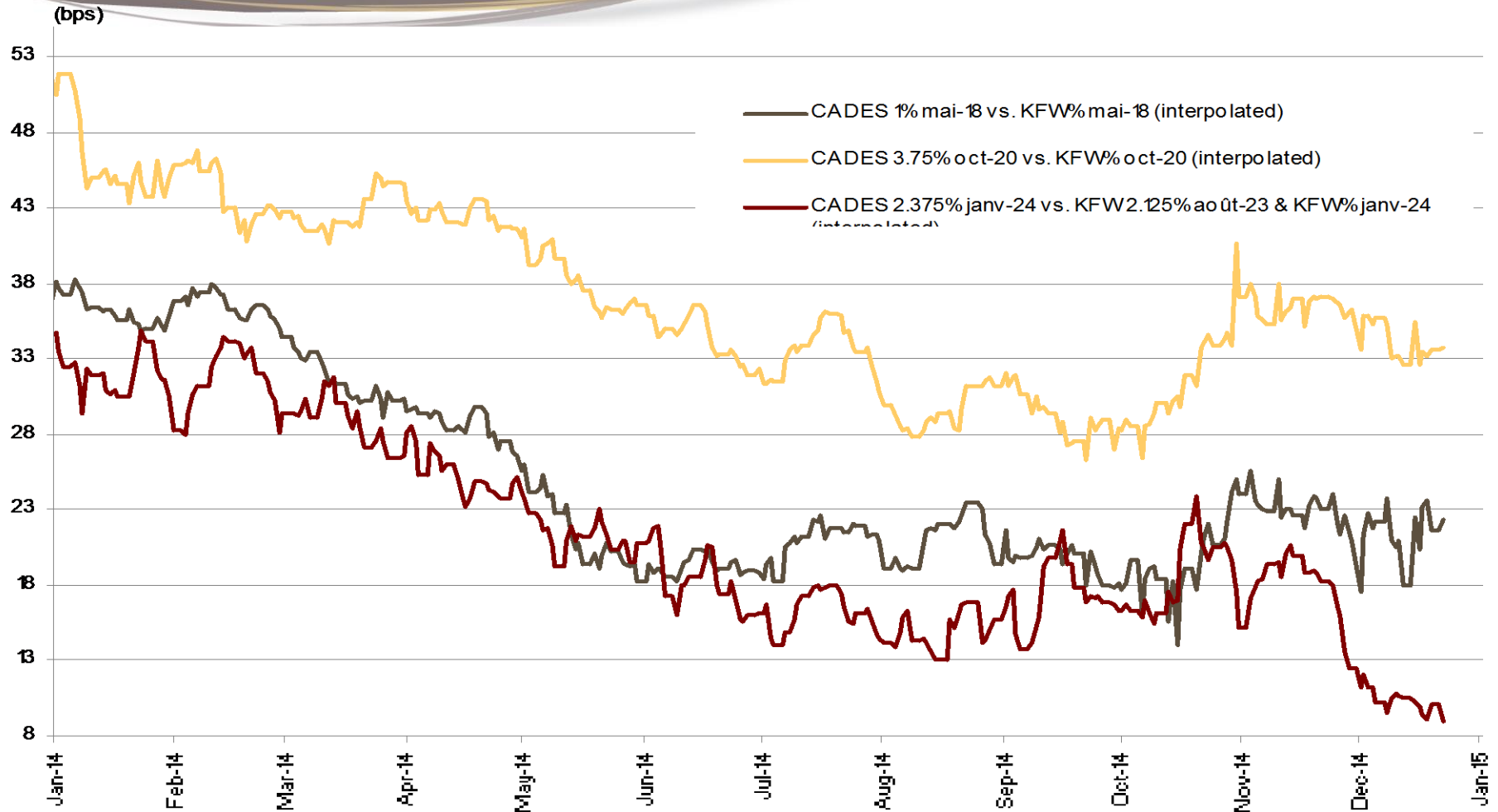


Yield CADES vs. OAT



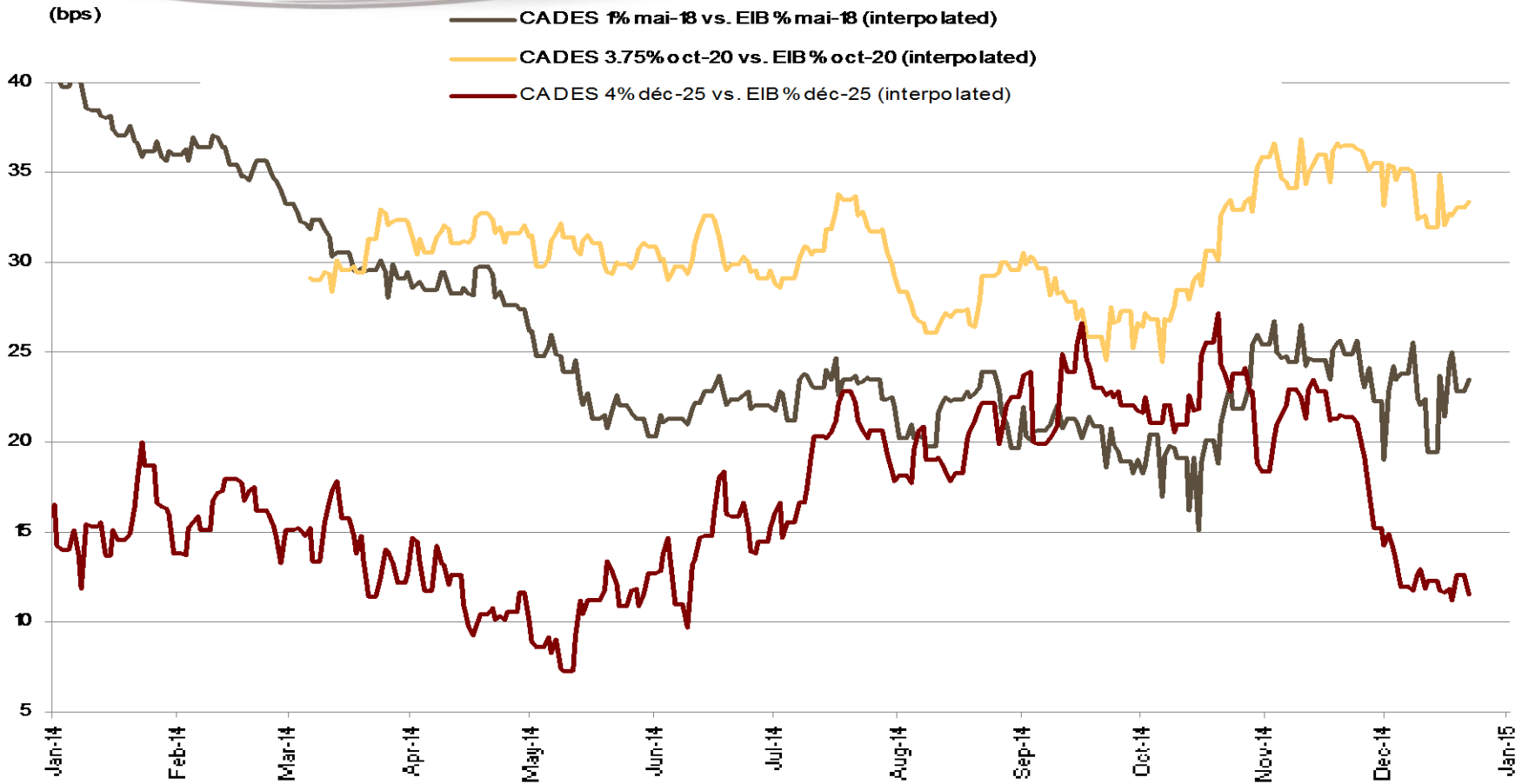


Yield CADES vs. KFW (Z-SWP)



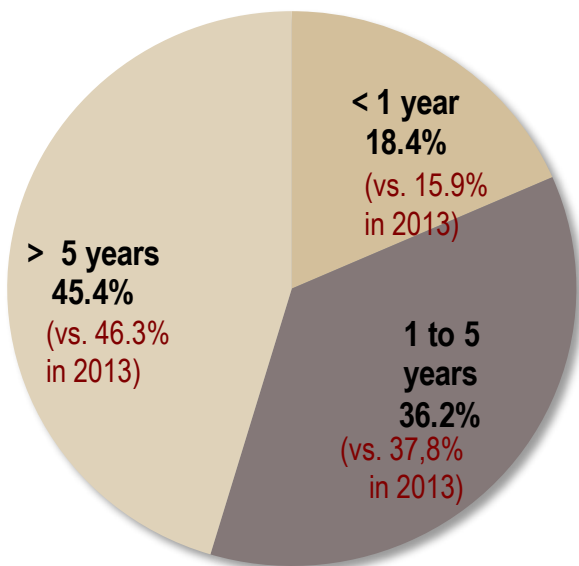


Yield CADES vs. EIB (Z-SWP)

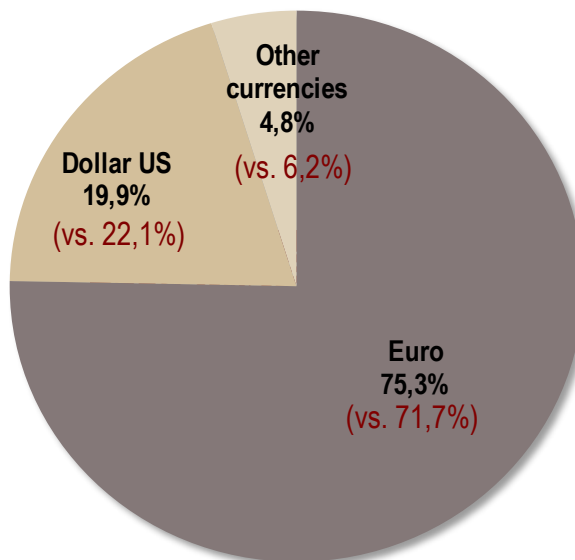


Breakdown of debt outstanding as at 31.12.2014 (€130.0 billion)

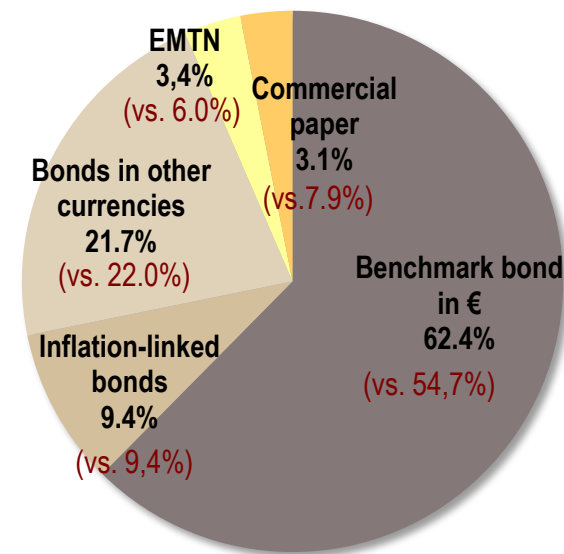
By maturity



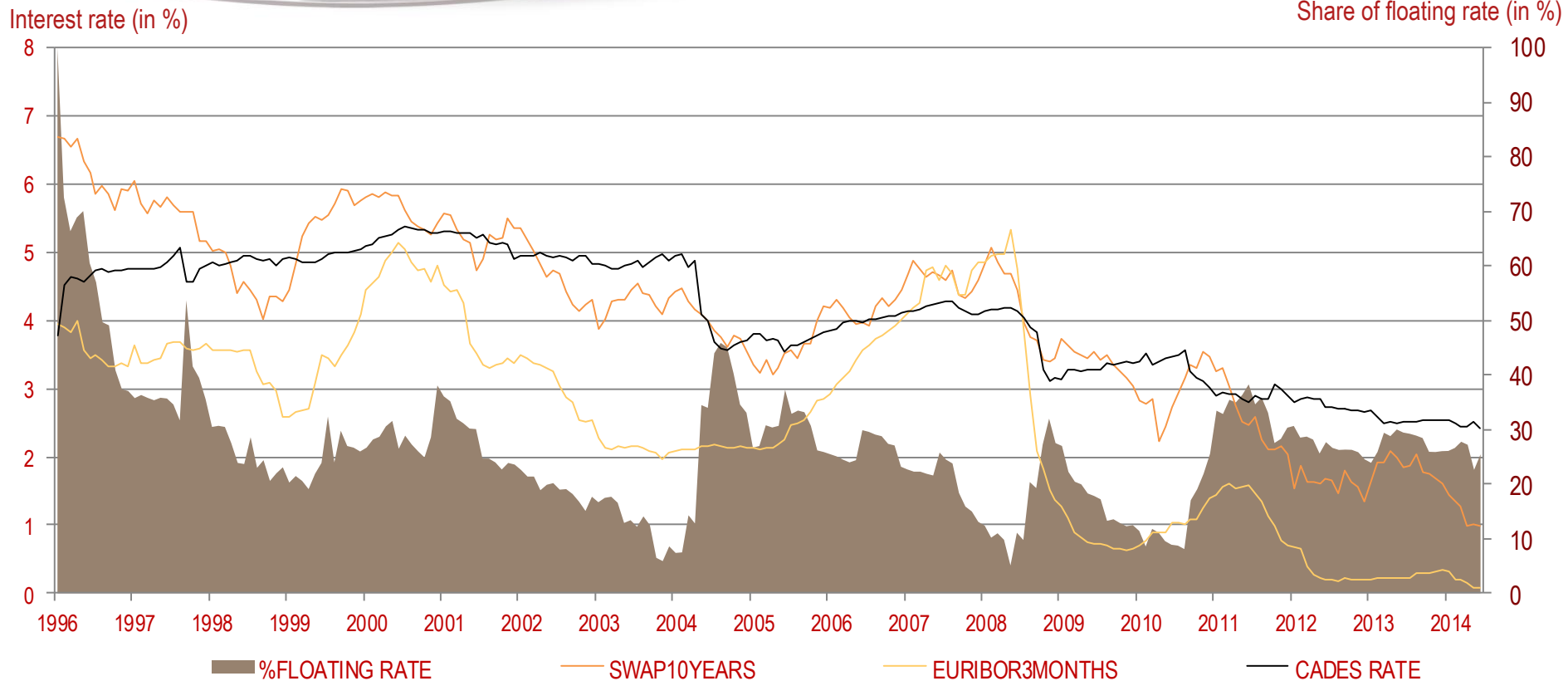
By currency



By instrument type



Evolution of refinancing rate



Refinancing rate of 2.42% as at 31/12/14



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- In 2015, debt transfer of €10.0bn 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

Funding needs for 2015

In € billion

Transfer of debt	10.0
CP maturities	6.0
MLT maturities	19.6
Payment of interest	3.2

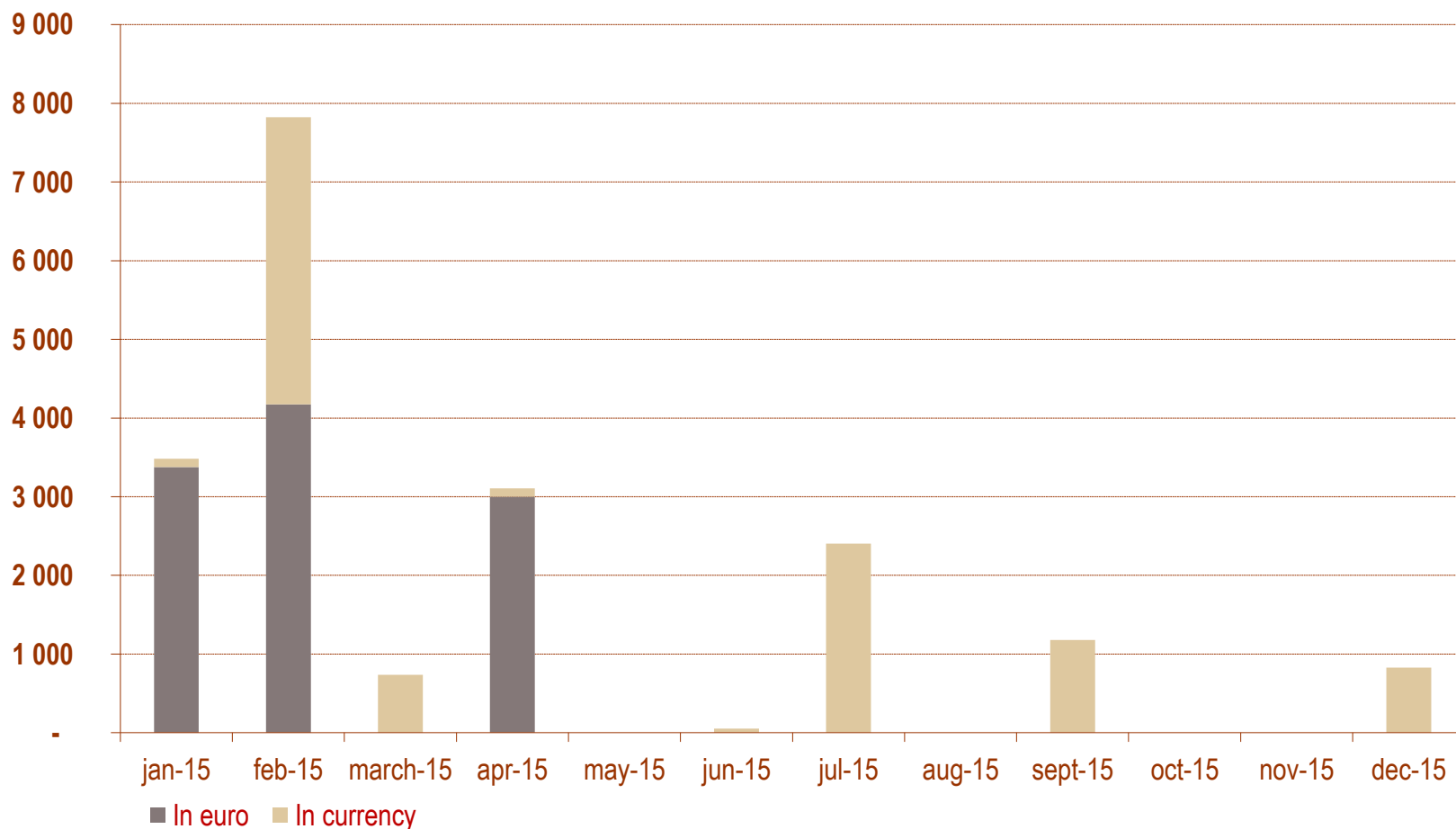
Resource	16.4
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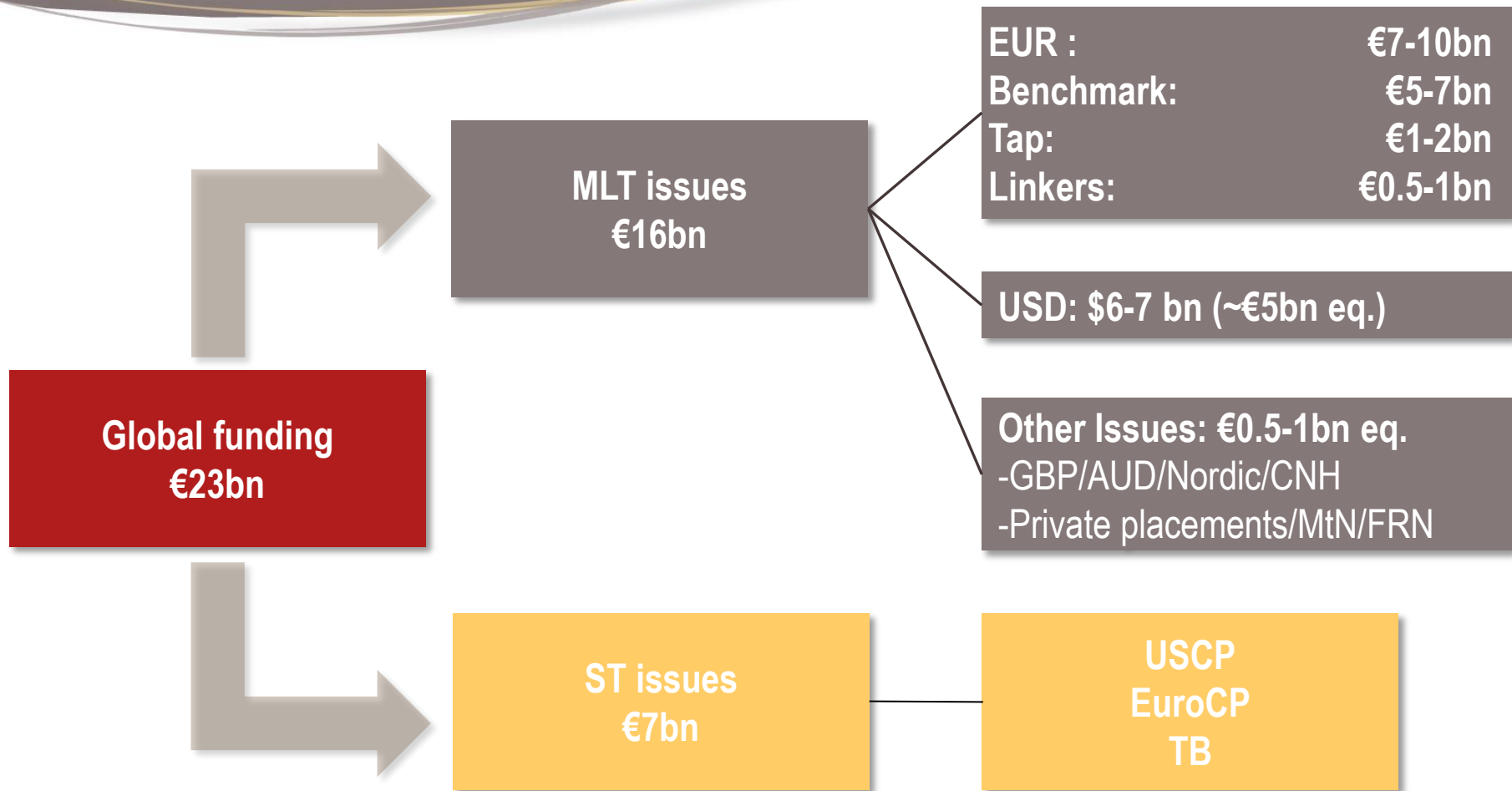
Financing need	22.4
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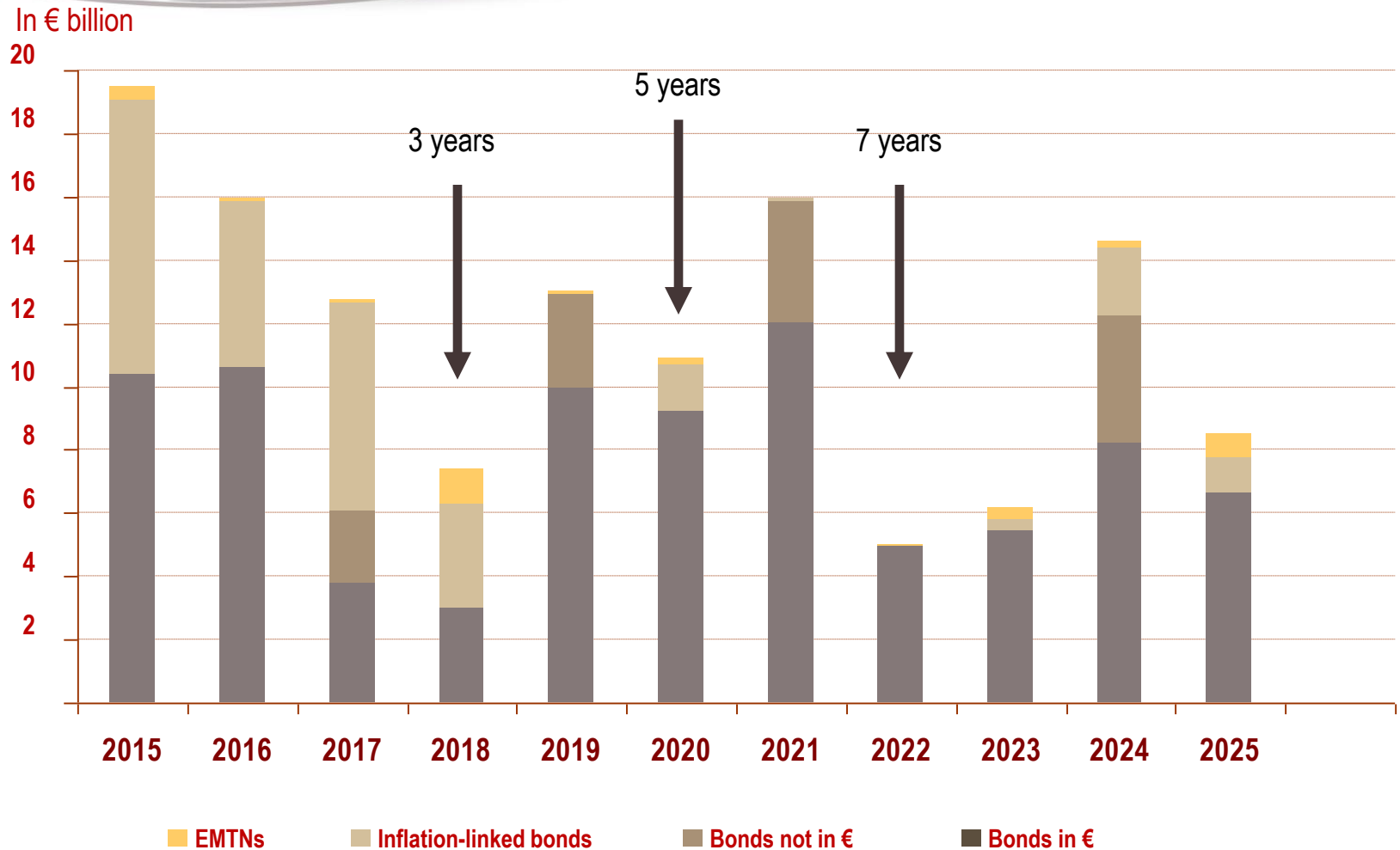
2015 schedule of mid- and long-term debt

€ million





Maturity of mid- and long-term bonds



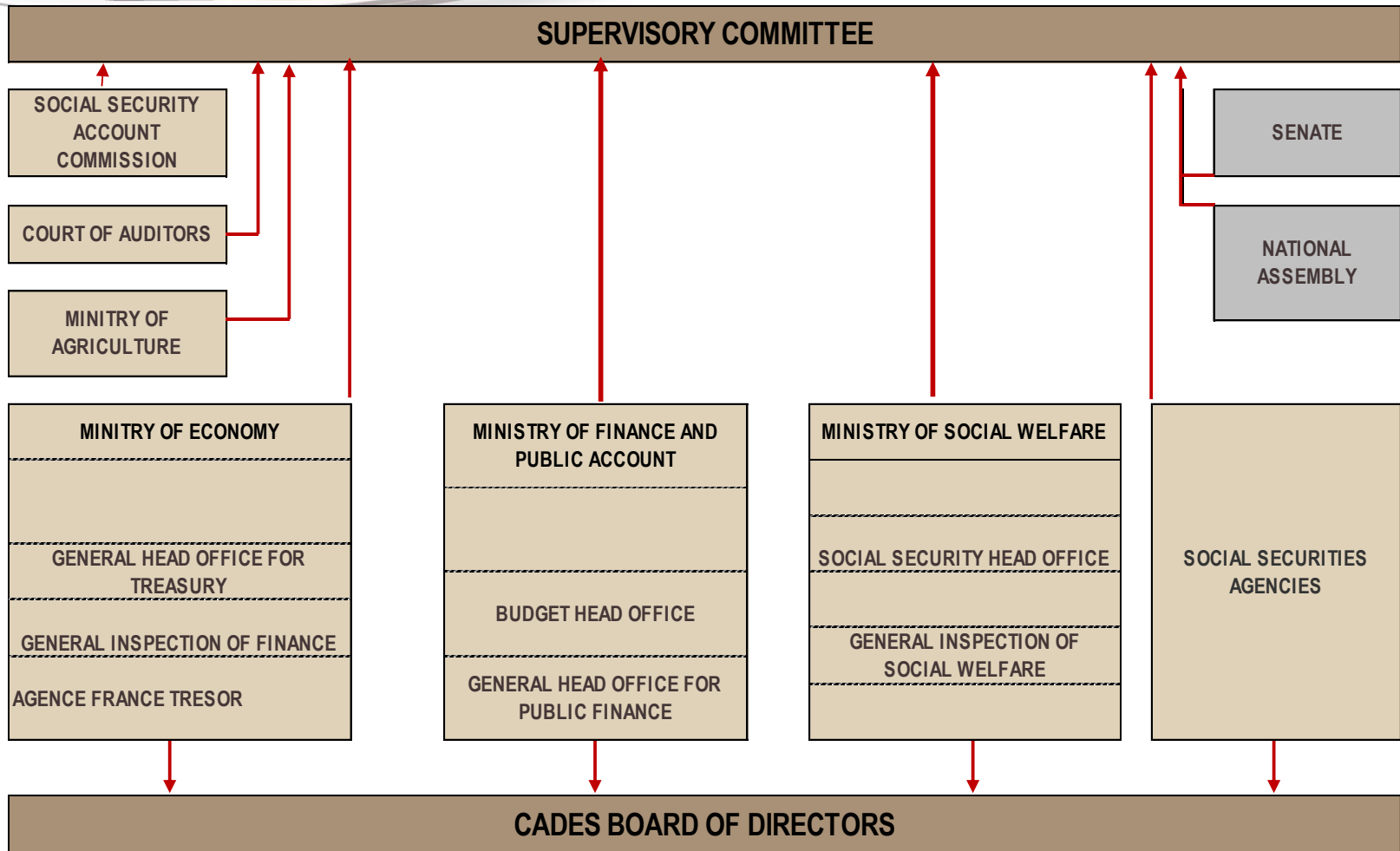
Evolution of financing programme since 2003





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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)			
William GARDEY	Chairman of the Board	Yves LAQUEILLE	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			
Olivier THOUVENIN	Deputy Director of Public Accountancy Head Office	Pierre FAROUILH	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
Jonathan BOSREDON	Vice-Director of Social Security	Amandine GIRAUD	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:



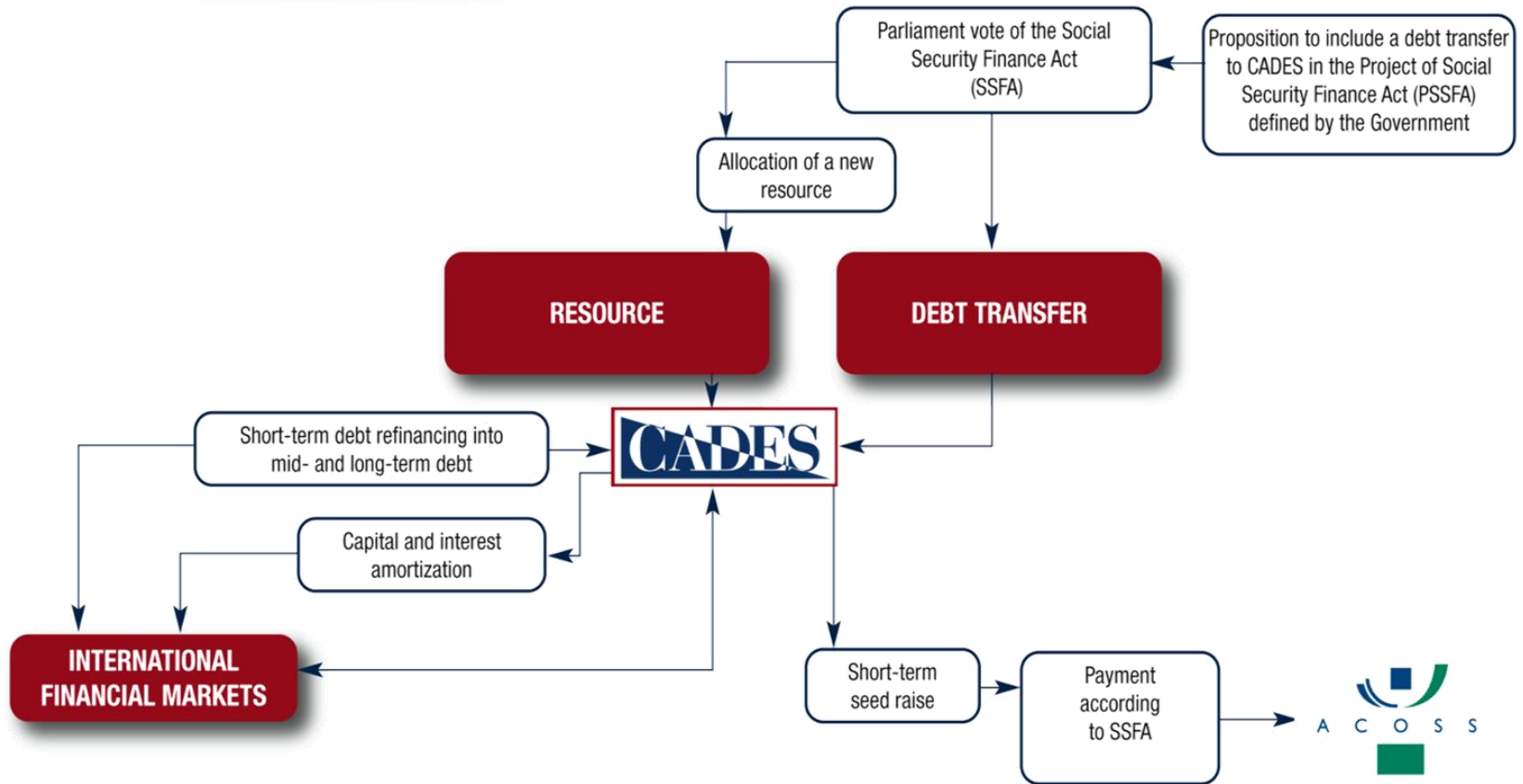
Mr Yves DAUDIGNY
Senator of Aisne



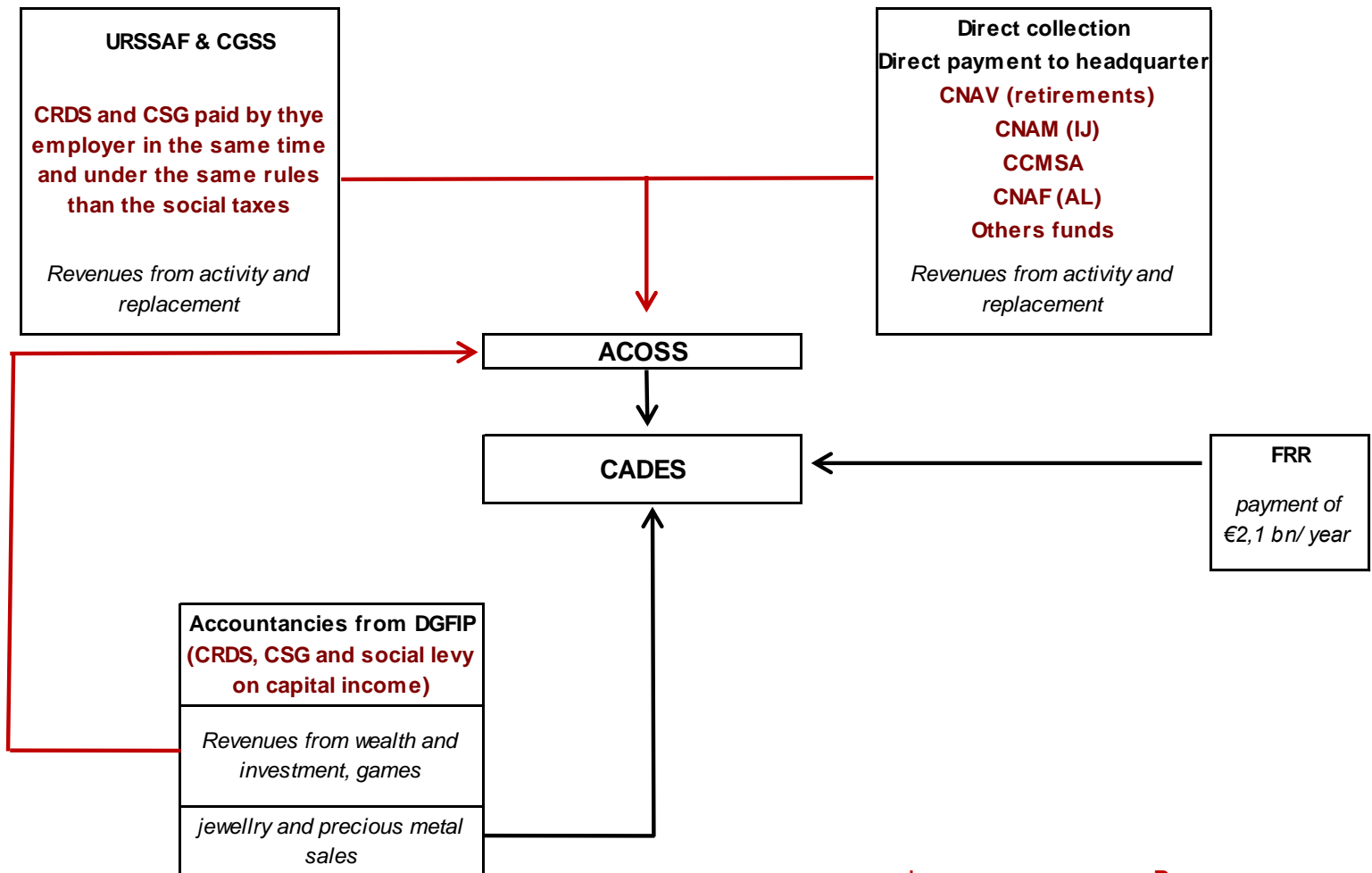
Mr Jean-Pierre CAFFET
Senator of Paris



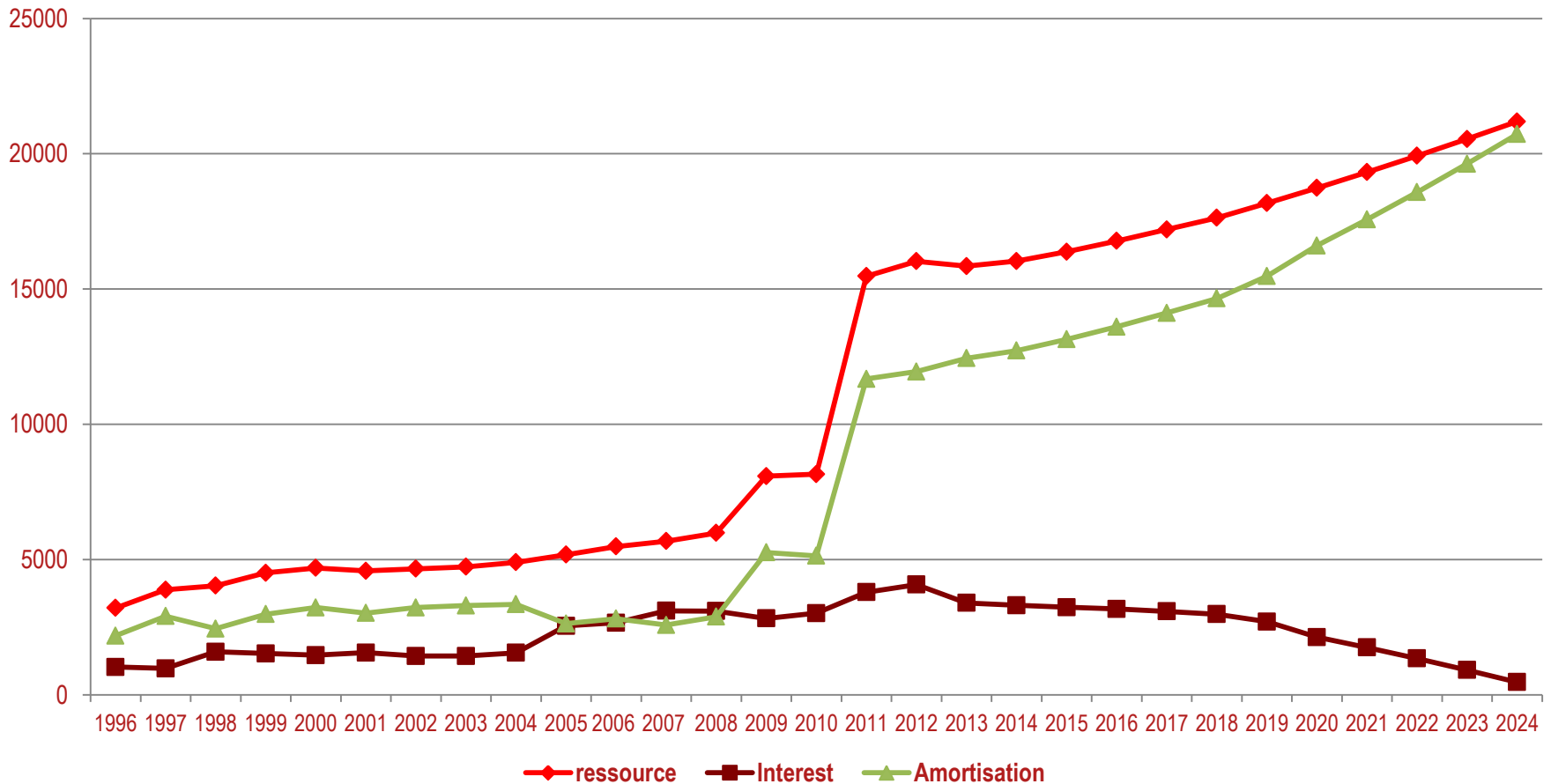
CADES debt transfer process



CADES resource payment circuit



In € million



- Creation of CADES (Ordinance n°96-50 of 24 January 1996)
 - Administrative public body statute (decree 53-1227 from 10 December 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 1 August 2001 + article on annual financing laws balance)
 - Additional resources for every debt transfer in order not to increase CADES' life span (Organic law of 2 August 2005)
 - Quality of resources (organic law n°2010-1380 of 13 Nov 2010 related to social debt management approved by the constitutional council – Decision 2010-620DC of 16 December 2010)



Key figures

In € million

	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)
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	7 719			2 100				269 833	216 745	3 399	13 742	15 842	12 443	-132 739	84 006	12 443
2014 (est)	10 000			2 100				269 833	226 745	3 309	13 932	16 032	12 723	-130 016	96 729	12 723
2015 (est)	10 000			2 100				269 833	236 745	3 235	14 273	16 373	13 138	-126 878	109 867	13 138
Total	234 137	457	2 380	29 400	0	0	23 380	269 833	260 354	66 151	317 338	346 738	254 189	20 234	280 588	280 588



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