

Base Prospectus dated 19 June 2019



CAISSE D'AMORTISSEMENT DE LA DETTE SOCIALE

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

(Established in Paris, France)

Euro 130,000,000,000

DEBT ISSUANCE PROGRAMME

Under the Debt Issuance Programme (the "**Programme**"), described in this base prospectus (the "**Base Prospectus**"), *Caisse d'Amortissement de la Dette Sociale* (the "**Issuer**" or "**CADES**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt instruments (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 130,000,000,000 (or the equivalent in other currencies) unless the amount of the Programme is increased following the date hereof.

Application may be made (i) to the regulated market of NYSE Euronext in Paris ("**Euronext Paris**") during the period of twelve (12) months from the date of this Base Prospectus for Notes issued under the Programme to be admitted to trading on Euronext Paris and/or (ii) to the listing authority of any other Member State of the European Economic Area ("**EEA**") for Notes issued under the Programme to be admitted to trading on a Regulated Market (as defined below) in such Member State. Euronext Paris is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended ("**MiFID II**") (a "**Regulated Market**"). The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

This Base Prospectus has been submitted to the *Autorité des Marchés Financiers* (the "**AMF**") and has received from AMF visa n° 19-276 on 19 June 2019.

Notes shall be governed by French law and may be issued either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**") as more fully described herein. Dematerialised Notes will at all times be in book entry form in compliance with Article L.211-3 of the French *Code monétaire et financier*. No physical document of title will be issued in respect of the Dematerialised Notes.

The Issuer has been assigned a rating of Aa2 (positive outlook) and P-1 by Moody's France S.A.S. ("**Moody's**"), and AA (stable outlook) and F1+ by Fitch France S.A.S. ("**Fitch**"), in respect of its long-term and short-term debt, respectively. As at the date of the Base Prospectus, each of such credit rating agencies is established in the European Union and is registered under Regulation (EU) No 1060/2009, as amended by Regulation (EU) No. 513/2011 (the "**CRA Regulation**") and is included in the list of credit rating agencies published by the European Securities and Market Authority on its website (www.esma.com) in accordance with the 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. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning credit rating agency. Furthermore, the Issuer may at any time reduce the number of credit rating agencies from which it requests credit ratings.

The price and the amount of the relevant Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer based on their prevailing market conditions at the time of the issue of

such Notes and will be set out in the relevant Final Terms. Notes will be in such denomination(s) as may be specified in the relevant Final Terms, save that the minimum denomination of each Note listed and admitted to trading on a Regulated Market or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 and, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date, or such 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.

This Base Prospectus and the Final Terms related to Notes offered to the public and/or listed and admitted to trading on Euronext Paris will be published on the websites of the AMF (www.amf-france.org), and the Issuer (www.cades.fr) / http://cades.fr/index.php?option=com_content&view=article&id=40&Itemid=137&lang=fr).

This Base Prospectus (together with any Supplements hereto (each a "**Supplement**" and together the "**Supplements**") comprises a prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**") and for the purpose of giving information with regard to CADES and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

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

The Notes have not been registered under the U.S. Securities Act of 1933 or under any other applicable securities laws and may include Materialised Notes in bearer form that are subject to U.S. tax law requirements. Therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person unless the offer or sale would qualify for registration exemption from the U.S. Securities Act of 1933 and the securities laws of any other applicable jurisdiction. Accordingly, the Notes may only be offered outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933. Prospective purchasers are hereby notified that the seller of the Notes will be relying on the exemptions from provisions of Section 5 of the U.S. Securities Act of 1933 provided by Regulation S.

This Base Prospectus is being provided for informational use in connection with consideration of a purchase of the Notes to qualified purchasers in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Its use for any other purpose is not authorised. In the United States this Base Prospectus is confidential, and may not be distributed or copies made of it without the Issuer's prior written consent other than to people whom investors may have retained to advise them in connection with any offering.

Neither the U.S. Securities and Exchange Commission (the "**SEC**") nor any other securities commission, governmental agency or regulatory authority, has approved or disapproved of the Notes or determined if this Base Prospectus is truthful or complete. Any representation to the contrary is a criminal offence.

Neither this Base Prospectus nor any Final Terms constitute, and neither this Base Prospectus nor any Final Terms may be used for the purposes of, an offer, invitation or solicitation by anyone in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorised or to any person to whom it is unlawful to make such offer, invitation or solicitation and no action is being taken to permit an offering of the Notes or the distribution of this Base Prospectus or any Final Terms in any jurisdiction where such action is required.

No Dealer has separately verified the information contained in this Base Prospectus. No Dealer makes any representation, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness at any time of any of the information in this Base Prospectus or any Final Terms. Neither this Base Prospectus nor any Final Terms nor any other financial statements are intended to provide the basis of any credit or other evaluation and neither this Base Prospectus, nor any Final Terms nor any other financial statements should be considered as a recommendation by the Issuer or any Dealer that any recipient of this Base Prospectus and/or any Final Terms and/or any such other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and/or any Final Terms and its purchase of Notes should be based upon such investigation, as it deems necessary. No Dealer undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any Dealer.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) – The relevant Final Terms in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"). The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a). Any such legend included on the relevant Final Terms will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

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SUMMARY (ENGLISH VERSION)

Summaries are made up of disclosure requirements known as "Elements" the communication of which is required by Annex XXII of the Regulation EC No 809/2004 of 29 April 2004 as amended by Commission Delegated Regulation (EU) n°486/2012 of 30 March 2012 and Commission Delegated Regulation (EU) n°862/2012 of 4 June 2012. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information is given regarding the Element. In this case a short description of the Elements is included in the summary with the mention "Not Applicable".

This summary is provided for purposes of the issue by CADES of Notes of a denomination of less than €100,000 which are offered to the public or admitted to trading on a Regulated Market of the European Economic Area. The issue specific summary relating to this type of Notes will be annexed to the relevant Final Terms and will comprise (i) the information below with respect to the summary of the Base Prospectus and (ii) the information included in the issue specific summary attached to the relevant Final Terms.

Capitalised words and expressions used in the following summary shall have the meaning ascribed to them in the Terms and Conditions of this Base Prospectus or elsewhere in the Base Prospectus, as the case may be.

| Section A - Introduction and warnings | | |
|---------------------------------------|----------------------|--|
| A.1 | Introduction: | <p>Please note that:</p> <ul style="list-style-type: none"> • this summary should be read as an introduction to the Base Prospectus; • any decision to invest in the securities should be based on consideration of the Base Prospectus as a whole by the investor; • where a claim relating to the information contained in this Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated; and • civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such securities. |
| A.2 | Consent: | <p>In the context of the offer of the Notes from time to time in France and/or Luxembourg (the "Public Offer Jurisdictions") which is not made within an exemption from the requirement to publish a prospectus under the Prospectus Directive, as amended (a "Public Offer"), the Issuer consents to the use of this Base Prospectus as so supplemented in connection with a Public Offer of any Notes during the offer period specified in the relevant Final Terms (the "Offer Period") and in the Public Offer Jurisdiction(s) specified in the relevant Final Terms by:</p> <ul style="list-style-type: none"> (i) subject to the conditions set out in the relevant Final Terms, any financial intermediary designated in such Final Terms; or (ii) if so specified in the relevant Final Terms, any financial intermediary which satisfies the following conditions: (a) acts in accordance with all |

Section A - Introduction and warnings

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

For the avoidance of doubt, neither the Dealer nor the Issuer shall have any obligation to ensure that an Authorised Offeror complies with applicable laws and regulations and shall therefore have no liability in this respect. If the Issuer appoints additional financial intermediaries after the date of the relevant Final Terms it shall publish details of them on its website (www.cades.fr).

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

Any Authorised Offeror who wishes to use this Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period, to publish on its website that it is using the Base Prospectus for such Public Offer in accordance with the consent of the Issuer and in accordance with the conditions attached thereto.

An Investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an Investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price allocations and settlement arrangements (the "Terms and Conditions of the Public Offer"). The Issuer will not be a party to any such arrangements with Investors (other than the Dealer) in connection with the offer or sale of the Notes and, accordingly,

| Section A - Introduction and warnings | | |
|---------------------------------------|--|---|
| | | this Base Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Public Offer shall be provided to Investors by that Authorised Offeror at the time of the Public Offer. Neither the Issuer nor the Dealer or other Authorised Offerors has any responsibility or liability for such information. |

| Section B – Issuer | | | | |
|--------------------|---|---|-------------------------------|-------------------------------|
| B.1 | Legal name and commercial name of the Issuer: | Caisse d'Amortissement de la Dette Sociale (" CADES " or the " Issuer "). | | |
| B.2 | Domicile and legal form of the Issuer, legislation under which the Issuer operates and its country of incorporation: | <p>CADES was established by the French State by order n° 96-50, dated 24 January 1996 (<i>ordonnance n° 96-50 relative au remboursement de la dette sociale</i>) as an administrative public agency (<i>établissement public national à caractère administratif</i>).</p> <p>CADES' registered office is located at 139 rue de Bercy, 75012 Paris – France and its telephone number is +33 1 40 04 15 57.</p> | | |
| B.4b | Known trends: | Not Applicable. There are no known trends affecting the Issuer and the industries in which it operates. | | |
| B.5 | The group and the Issuer's position within the group: | Not Applicable. CADES does not form part of any group. | | |
| B.9 | Profit Forecast: | Not Applicable. The Issuer does not provide profit forecasts or estimates in the Base Prospectus or any documents incorporated by reference in the Base Prospectus. | | |
| B.10 | Audit Report Qualifications: | <p>Regarding the annual financial statements of CADES for the year ended 31 December 2017, the auditors, without qualifying their opinion, drew attention to the fact that the role of CADES in connection to the revenues of the social security debt repayment contribution (CRDS), the social security contribution (CSG) and levy tax on capital income only consists in ensuring that the amounts included in the supports provided by the collectors are properly recorded.</p> <p>The auditor's report with respect to the financial statements as of and for the year ended 31 December 2018 contains the same observation.</p> | | |
| B.12 | Selected historical key financial information | (in millions of euros) | As at 31 December 2018 | As at 31 December 2017 |
| | | Treasury bills and other bills eligible for refinancing with central banks | - | 1,000.00 |
| | | Total assets and liabilities | 5,077.88 | 7,398.26 |

| Section B – Issuer | | | | |
|--------------------|---|--|--------------|--------------|
| | | Sub-total – Debts | 110,343.49 | 128,074.55 |
| | | Sub-total – Reserves | (105,345.78) | (120,789.54) |
| | | Net profit for the period | 15,443.77 | 15,043.99 |
| | | <p>There has been no material adverse change in the prospects of the Issuer since 31 December 2018.</p> <p>There has been no significant changes in the financial or trading position of the Issuer since 31 December 2018.</p> | | |
| B.13 | Recent events | <p>Under the Social Security Financing Act 2019 (Law No 2018-1203), the financing of cumulative deficits of social security as of 31 December 2018 will be covered by payments made by CADES to ACOSS between 2020 and 2022 for a maximum amount of 15 billion euros.</p> <p>In accordance with the 2005 Organic Law on Social Security, in addition to the CRDS (<i>contribution au remboursement de la dette sociale</i>) and the fraction (0.60%) of the CSG (<i>contribution sociale généralisée</i>) it already receives, CADES will benefit from increasing resources of CSG (0.71% in 2020, 0.83% in 2021 and 0.93% from 2022). The new resource level will enable CADES to amortize all its debt within the same time frame as before.</p> <p>Save as stated above, there have been no recent events which the Issuer considers materially relevant to the evaluation of its solvency.</p> | | |
| B.14 | Dependence upon other entities within the group: | Not applicable. CADES does not form part of any group. | | |
| B.15 | The issuer's principal activities: | CADES is responsible for financing and repaying a portion of the accumulated debt of France's social security system. CADES finances this debt by borrowing primarily in the debt capital markets and using the proceeds of social security taxes imposed on French taxpayers' earnings to service interest payments and repay principal on the amounts borrowed. | | |
| B.16 | Controlling persons: | As a French administrative public agency, CADES is separate from, but under the control and authority of, the French State as it is directly under the dual authority of the Minister in charge of the Economy, Finance and Industry and the Minister in charge of Social Security. Certain decisions of the Board of Directors require approval of the Minister in charge of the Economy, Finance and Industry and the Minister in charge of Social Security before they become effective, including decisions related to the budget, financial accounts, and management agreements. | | |
| B.17 | Credit ratings: | <p>As at the date of the Base Prospectus, the Issuer's long-term and short-term debt has been respectively rated (i) Aa2 (positive outlook) and P-1 by Moody's France S.A.S. ("Moody's") and (ii) AA (stable outlook) and F1+ by Fitch France S.A.S. ("Fitch").</p> <p>As at the date of the Base Prospectus, each of such credit rating agencies is established in the European Union and is registered under Regulation (EU) No. 1060/2009, as amended by Regulation (EU) No. 513/2011 (the "CRA Regulation"), and is included in the list of credit rating agencies published by the European Securities and Market Authority on its website (www.esma.com) in accordance with the CRA Regulation.</p> | | |

| Section B – Issuer | |
|--------------------|--|
| | <p>Notes issued pursuant to the Programme may be rated or unrated. The rating of Notes (if any) will be specified in the relevant Final Terms.</p> <p>Where an issue of Notes is rated, its rating will not necessarily be the same as the rating assigned to Notes issued under the Programme.</p> <p>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.</p> |

| Section C - The Notes | |
|-----------------------|--|
| C.1 | <p>Type and class of the Notes, ISIN number and Common code:</p> <p>The Notes will constitute <i>obligations</i> under French law.</p> <p>The Notes will be issued in series (each a "Series") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche") on the same or different issue dates with no minimum issue size. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the final terms to this Base Prospectus (the "Final Terms").</p> <p>Notes may be issued as Dematerialised Notes or Materialised Notes.</p> <p>Dematerialised Notes may, at the option of the Issuer, be issued either (i) in bearer dematerialised form (<i>au porteur</i>) inscribed as from the issue date in the books of Euroclear France which shall credit the accounts of Account Holders including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and the depository bank for Clearstream Banking SA ("Clearstream") or (ii) in registered dematerialised form (<i>au nominatif</i>) and, in such case, at the option of the relevant Noteholder, in either <i>au nominatif pur</i> or <i>au nominatif administré</i> form. No physical documents of title will be issued in respect of Dematerialised Notes. Dematerialised Notes will at all times be in book entry form in compliance with Articles L.211-3 <i>et seq.</i> of the <i>Code monétaire et financier</i>.</p> <p>Materialised Notes will be in bearer materialised form only. A Temporary Global Certificate will be issued initially in respect of each Tranche of Materialised Notes. Such Temporary Global Certificate will be exchanged for Definitive Materialised Notes with, where applicable, coupons for interest attached on a date expected to be on or after the 40th calendar day after the issue date of the Notes (subject to postponement) upon certification as to non-US beneficial ownership as more fully described herein.</p> <p>The relevant security identification number(s) (ISIN) in respect of each Tranche of Notes will be specified in the applicable Final Terms.</p> <p>The relevant Common Code in respect of each Tranche of Notes will be specified in the applicable Final Terms.</p> |
| C.2 | <p>Currencies:</p> <p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued, without limitation, in Australian dollars (AUD), Canadian dollars (CAD), euro (EUR), Hong Kong dollars (HKD), Japanese yen (JPY), New Zealand dollars (NZD), Norwegian krone (NOK), pounds</p> |

| Section C - The Notes | | |
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| | | sterling (GBP), Swedish krone (SEK), Swiss francs (CHF), U.S. dollars (USD), Singapore dollars (SGD), Mexican peso (MXN), Chinese renminbi (CNY) and in any other currency as may be agreed between the Issuer and the relevant Dealers. |
| C.5 | Free transferability: | Not Applicable. Except for certain provisions which restrict the Notes from being offered, sold or otherwise transferred in various jurisdictions, there are no transferability restrictions. |
| C.8 | The rights attached to the Notes, ranking, and limitation to these rights: | <p><i>Status of the Notes:</i> The Notes and, if applicable, any Receipts and Coupons constitute (subject to negative pledge provisions) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> among themselves and, save for those preferred by mandatory provisions of French law and subject to negative pledge provisions, equally with all other present or future unsecured and unsubordinated obligations of the Issuer.</p> <p><i>Negative Pledge:</i> The Issuer undertakes that, so long as any of the Notes or, if applicable, Receipts or Coupons remain outstanding, it shall not create on any of its present or future assets or revenues any mortgage, pledge or other encumbrance to secure any Publicly Issued External Financial Indebtedness of the Issuer unless the Issuer's obligations under the Notes or, if applicable, Receipts and Coupons shall also be secured by such mortgage, pledge or other encumbrance equally and rateably therewith.</p> <p>"Publicly Issued External Financial Indebtedness" means any present or future marketable indebtedness represented by bonds, Notes or any other publicly issued debt securities (i) which are expressed or denominated in a currency other than euro or which are, at the option of the person entitled to payment thereof, payable in a currency other than euro and (ii) which are, or are capable of being, traded or listed on any stock exchange or over-the-counter or other similar securities market.</p> <p><i>Events of Default:</i> The Notes shall become due and payable at their principal amount together with accrued interest thereon following the occurrence of an event of default in respect of the Notes. The events of default in respect of the Notes include, in particular, an interest or principal payment default, a default in the performance of any other obligation of the Issuer under the Notes and some additional events affecting the Issuer. However, the terms and conditions of the Notes do not contain a cross-default provision.</p> <p><i>Withholding tax:</i> All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law, in which case the Issuer shall pay no additional amounts.</p> <p><i>Governing law:</i> The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, French law.</p> |
| C.9 | Interest, Redemption and Representation: | <p>See Element C.8 for the rights attaching to the Notes, ranking and limitations.</p> <p><i>Fixed Rate Notes:</i> Fixed interest at the rate specified in the relevant Final Terms will be payable in arrears on the date in each year specified in the relevant Final Terms.</p> |

Section C - The Notes

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

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 or, as the case may be, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., or the relevant FBF (*Fédération Bancaire Française*) definitions incorporated among others in the *Additifs Techniques* to the FBF Master-Agreement relating to transactions on forward financial instruments, or
- (ii) by reference to LIBOR, LIBID, LIMEAN, EURIBOR, CMS or TEC (or such other Reference Rate as may be specified in the relevant Final Terms) as adjusted for any applicable margin.

Inflation Linked Notes: Inflation Linked Notes may be issued by the Issuer where the principal and/or interest in respect of such Notes will be calculated by reference to an inflation index ratio derived from either (i) the consumer price index (excluding tobacco) for all households in metropolitan France, as calculated and published monthly by the *Institut National de la Statistique et des Etudes Economiques* (the "**CPI**") or (ii) the harmonized index of consumer prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat (the "**HICP**") (each an "**Inflation Index Ratio**").

FX Linked Notes: FX Linked Notes may be issued by the Issuer where the principal and/or interest in respect of such Notes will be calculated by reference to an exchange rate between certain currencies.

Nominal Interest Rate / Zero Coupon Notes: Notes may be interest-bearing or non-interest bearing. The minimum rate of interest, including for the avoidance of doubt any margin, shall not be less than zero. Interest (if any) may accrue at a fixed or floating rate or a combination thereof and may vary during the lifetime of the relevant Series. Zero Coupon Notes may be issued at their nominal amount or at a discount/premium to it and will not bear interest.

Date from which interest becomes payable and the due dates for interest: In respect of each Tranche of Notes bearing interest, the date from which interest becomes payable and due dates for interest will be indicated in the applicable Final Terms.

Maturity Date: Notes will have maturities as specified in the applicable Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Redemption: Notes may be redeemed at par or at such other Redemption Amount (detailed in a formula or otherwise) as may be specified in the relevant Final Terms.

Early Redemption: The Final Terms issued in respect of each Tranche of Notes will indicate either that the Notes of that Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments or following an Event of Default), or that such Notes will be redeemable prior to such stated maturity at the option of the Issuer and/or the holders of such Notes upon giving irrevocable notice to the relevant Noteholders or the Issuer, as the case may be, within the time limits set out in the Final Terms, on a date

Section C - The Notes

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| | | <p>or dates specified prior to such stated maturity and at a price or prices and at such other terms as may be indicated in the relevant Final Terms.</p> <p><i>Automatic Early Redemption:</i> In the case of FX Linked Redemption Notes, if specified in the relevant Final Terms and if the Calculation Agent determines that an automatic early redemption event occurs, the Notes shall be redeemed at the automatic early redemption amount as specified in the relevant Final Terms.</p> <p><i>Partial Redemption:</i> The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.</p> <p><i>Yield:</i> In respect of Fixed Rate Notes or Zero Coupon Notes, the yield of the Notes will be specified in the relevant Final Terms.</p> <p><i>Representative of the Noteholders:</i> Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a <i>masse</i> (in each case, the "Masse"). The names and addresses of the initial Representative of the Masse and its alternate will be set out in the relevant Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all Tranches in such Series.</p> |
| C.10 | Derivative component in interest payment: | Other than Inflation Linked Notes and FX Linked Notes, Notes issued under the Programme do not contain any derivative components. Inflation Linked Notes are linked to the CPI or the HICP, as outlined in C.9, above. FX Linked Notes are linked to an exchange rate between certain currencies, as outlined in C.9 above. |
| C.11 | Listing and admission to trading: | Notes issued under the Programme may be admitted to trading on Euronext Paris and/or any other Regulated Market 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. |
| C.15 | Description of how the value of investment is affected by the value of the underlying instrument: | <p>Inflation Linked Notes are debt securities which do not provide for predetermined principal and/or interest payments. Principal and/or interest amounts will be dependent upon the performance of the CPI or the HICP, as outlined in C.9, above. The amount of principal and/or interest payable by the Issuer may vary. Noteholders may receive no interest. However, if the nominal amount to be repaid at maturity is below par, the Inflation Linked Notes will be redeemed at par.</p> <p>FX Linked Notes are debt securities which do not provide for predetermined principal and/or interest payments. Principal and/or interest amounts will be dependent upon the variations of an exchange rate between certain currencies, as outlined in C.9, above. The amount of principal and/or interest payable by the Issuer may vary. Noteholders may receive no interest, and FX Linked Redemption Notes may, in certain circumstances, be redeemed below par.</p> |
| C.16 | Derivative Notes – Maturity – Exercise date / | Notes will have maturities as specified in the applicable Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. |

| Section C - The Notes | | |
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| | Final reference date: | The exercise date or the final reference date will be specified in the applicable Final Terms. |
| C.17 | Derivative Notes – Settlement procedure: | Notes issued under the Programme as Dematerialised Notes have been accepted for clearance through Euroclear France as central depository. Notes issued under the Programme as Materialised Bearer Notes will be represented initially upon issue by Temporary Global Certificates and have been accepted for clearance through Clearstream, Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer. |
| C.18 | Return on Derivative Notes: | Inflation Linked Notes and FX Linked Notes are not ordinary debt securities and the return and/or interest and/or redemption amount (as the case may be) may be linked to the value or performance of an underlying, as set out in Elements C.9 and C.15 above. |
| C.19 | Derivative Notes – Exercise price / Final reference price | The Exercise price and Final reference price will be specified in the applicable Final Terms. |
| C.20 | Derivative Notes - Type of the underlying and where the information on the underlying can be found | In the case of Inflation Linked Notes, the underlying will be either the CPI or the HICP, as outlined in C.9 above. Details of the source from which information about the CPI or the HICP, as the case may be, can be obtained, will be specified in the applicable Final Terms. In the case of FX Linked Notes, the underlying will be an exchange rate between certain currencies, as outlined in C.9 above. Details of the source from which information about such exchange rate can be obtained will be specified in the applicable Final Terms. |
| C.21 | Market where the securities will be traded and for which the Base Prospectus has been published | See Element C.11 for an indication of market where securities will be traded and for which a prospectus in respect of the Notes has been published. |

| Section D - Risks | | |
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| D.2 | Key risks specific to the Issuer: | There are certain factors that may affect the ability of the Issuer to fulfil its obligations under the Notes: <ul style="list-style-type: none"> • Payment risks: credit risk in relation to CADES is limited, because of the fact that the State is ultimately responsible for the solvency of CADES and because of the allocation of resources to CADES by the government; • The revenues of CADES from the social security taxes it receives may vary: CADES' revenue sources (the CRDS and the CSG) are mainly based on the salaries of French taxpayers (<i>masse salariale</i>). Tax receipts from the CRDS are closely correlated with France's nominal gross domestic product; and |

| Section D - Risks | | |
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| | | <ul style="list-style-type: none"> • The Issuer faces various market risks, such as counterparty risk and interest rate risks, as well as exchange rate risks. • The Issuer faces risks related to its financial statements. |
| D.3 | Key risks specific to the Notes: | <p>There are certain factors that are material for the purpose of assessing the market risks associated with the Notes.</p> <ul style="list-style-type: none"> • The Notes may not be a suitable investment for all investors: each potential investor should determine the suitability of investing in the Notes in light of its own circumstances. In addition, some Notes are complex financial instruments and a potential investor should not invest in such Notes unless it has the expertise to evaluate specific risks in relation thereto; • None of the Issuer, any Dealer or any of their affiliates has or assumes any responsibility for the lawfulness of the acquisition of the Notes by a prospective investor, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it; • The trading market for debt securities may be volatile and may be adversely impacted by many events, such as economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries; • An active trading market for the Notes may not develop and there can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained; • Any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield received by any Noteholders to be considerably less than anticipated, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder, in which case part of the capital invested by such Noteholder may be lost; • The Notes may be subject to restrictions on transfer which may adversely affect their value, and in particular restrictions on transfer in relation to U.S. Securities laws or the laws of any other relevant country; • The Notes contain limited events of default (in particular, there is no cross-default of the Issuer's other obligations); • A Noteholder's actual yield on the Notes may be reduced from the stated yield due to transaction costs incurred when the Notes are purchased or sold (including transaction fees and commissions), which may significantly reduce or even exclude the profit potential of the Notes; • A Noteholder's effective yield on the Notes may be diminished due to the tax impact on that Noteholder of its investment in the Notes, if payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes are subject to taxation in the Noteholder's home jurisdiction or in other jurisdictions in which it is required to pay taxes; |

Section D - Risks

- Investors will not be able to calculate in advance their rate of return on Floating Rate Notes, as investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, due to varying interest income;
- The Issuer's ability to convert the interest rate of Fixed to Floating Rate Notes may affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing;
- Zero Coupon Notes are subject to higher price fluctuations than Notes giving rise to interest payments because duration on Zero Coupon Notes is usually higher;
- Zero Coupon Notes may be issued at an issue price that is greater than their principal amount and redeemed at their principal amount at their maturity. In this case, investors will receive less than their original investment and the yield on their Notes will be negative;
- Foreign currency bonds expose investors to foreign-exchange risk as well as to issuer risk;
- Structured Notes may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor could lose all or a substantial portion of the principal of its Notes;
- The value of Inflation Linked Notes is subject to fluctuations and volatility in the underlying relevant inflation ratio. In particular, if the value of the relevant index calculated at any time prior to the maturity date is lower than the value of the relevant index at the time of the issue of the Notes or at the time of purchase by the Noteholders, then the amount of interest payable by the Issuer and/or the principal of Inflation Linked Notes may vary. Noteholders may receive no interest. However, if the nominal amount to be repaid at maturity is below par, the Inflation Linked Notes will be redeemed at par.
- Some Notes may be FX Linked Notes, where the interest rate, automatic early redemption and/or maturity redemption amount shall be determined depending on the currency exchange rate between specified currencies or where in respect of the Instruments in certain currency, all or some of which interest and/or redemption payments shall be made in another currency or, if applicable, any other currencies. The investor in such Notes will be exposed to the performance of and the market in, such underlying or underlyings. Noteholders may receive no interest, and FX Linked Redemption Notes may, if applicable and in certain circumstances, be redeemed below par;
- The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to such "benchmarks". LIBOR, EURIBOR and other indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Future discontinuance of benchmarks may adversely affect the value of Notes;

| Section D - Risks | | |
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| | | <ul style="list-style-type: none"> • The Notes may be subject to exchange rate risks, in particular if an investor's financial activities are denominated principally in a currency or currency unit other than the Specified Currency and if that exchange rates significantly change; • The Notes are subject to interest rate risks being that subsequent changes in market interest rates may adversely affect the value of the Notes; • Holdings of less than the minimum Specified Denomination may be affected if the Notes are traded in denominations that are not integral multiples of the Specified Denomination, in which case the holder of such notes will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more specified denominations; • Taxes, charges and duties may be payable in respect of purchases of the Notes, in accordance with laws and practices of the country where the Notes are transferred or the laws and practices of other jurisdictions; • The Issuer shall not pay any additional amounts in respect of Grossing-Up in case of withholding or deduction for reason of French taxes required by applicable law on any payments made by the Issuer under the Notes; • The decision of the majority of Noteholders taken during meetings called to consider matters affecting their interest generally may bind all holders of the Notes; • The Notes may be affected by changes in law and no assurance can be given as to the impact of any possible judicial decisions or change to French (or any other relevant) law after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes; • The credit ratings assigned to the Notes may not reflect all the potential impact of all risks related to structure, market, and other factors that may affect the value of the Notes; and • Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and out of the PRC. There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes. Renminbi Notes issued under the Programme may only be held in Euroclear France, Euroclear and Clearstream. Investment in Renminbi Notes is subject to exchange rate risks, interest rate risks and currency risks. Developments in other markets may adversely affect the market price of any Renminbi Notes. The Issuer may make payments of interest and principal in U.S. dollars in certain circumstances for Renminbi Notes. Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws. |
| D.6 | Risk warning: | Potential investors in Inflation Linked Notes should be aware that such Notes are debt securities which do not provide for predetermined interest and/or principal payments. Principal and/or interest amounts will be dependent upon the performance of the CPI or the HICP, as described in C.9, above. The |

| Section D - Risks | | |
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| | | <p>amount of principal and/or interest payable by the Issuer may vary and Noteholders may receive no interest. However, if the nominal amount to be repaid at maturity is below par, the Inflation Linked Notes will be redeemed at par.</p> <p>Potential investors in FX Linked Notes should be aware that such Notes are debt securities which do not provide for predetermined interest and/or principal payments. Principal and/or interest amounts will be dependent upon the variations of an exchange rate between certain currencies, as outlined in C.9, above. The amount of principal and/or interest payable by the Issuer may vary. Noteholders may receive no interest, and FX Linked Redemption Notes may, if applicable and in certain circumstances, be redeemed below par.</p> |

| Section E - Offer | | |
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| E.2b | Reasons for the Offer and Use and Proceeds: | The net proceeds from the issue of the Notes will be used for the general financing purposes of the Issuer. |
| E.3 | Terms and Conditions of the Offer: | <p>The relevant Final Terms will specify the terms and conditions of the offer applicable to each Tranche of Notes.</p> <p>Other than as set out in section A.2 above, neither the Issuer nor any of the Dealers has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use the Base Prospectus in connection with its offer of any Notes. Any such offers are not made on behalf of the Issuer or by any of the Dealers or Authorised Offerors and none of the Issuer or any of the Dealers or Authorised Offerors has any responsibility or liability for the actions of any person making such offers.</p> |
| E.4 | Interests Material to the Issue: | Interest and any potential conflicting ones that is material to the issue/offer of Notes will be described in the relevant Final Terms. |
| E.7 | Estimated Expenses: | Estimated expenses charged to the investor by the Issuer or the offeror will be specified in the relevant Final Terms. |

TRADUCTION EN FRANCAIS DU RÉSUMÉ

Les résumés sont composés des informations requises appelées « Éléments » dont la communication est requise par l'Annexe XXII du Règlement européen n°809/2004 du 29 avril 2004 telle que modifiée par le Règlement délégué (UE) n°486/2012 du 30 mars 2012 et le Règlement délégué (UE) n°862/2012 du 4 juin 2012. Ces éléments sont numérotés dans les sections A à E (A.1 –E.7).

Le présent résumé contient l'ensemble des Eléments qui doivent être inclus dans un résumé pour ce type de titres et d'Emetteur. L'insertion de certains Eléments n'étant pas obligatoire, il est possible qu'il y ait des sauts de la numérotation dans la séquence des Eléments.

Même si l'insertion dans le résumé d'un Elément peut être requise en raison du type de titres et d'Emetteur, il est possible qu'aucune information pertinente ne puisse être donnée concernant cet Elément. Dans ce cas, une brève description de l'Elément est insérée dans le résumé accompagnée de la mention "Sans objet".

Ce résumé est fourni dans le cadre d'une émission par la CADES de Titres ayant une valeur nominale unitaire inférieure à 100.000 euros qui sont offerts au public ou admis à la négociation sur un marché réglementé de l'Espace Economique Européen. Le résumé spécifique à ce type d'émission de Titres figurera en annexe des Conditions Définitives applicables et comprendra (i) les informations relatives au résumé du Prospectus de Base et (ii) les informations contenues dans le résumé de l'émission figurant en annexe des Conditions Définitives applicables.

Les mots et expressions commençant par une majuscule dans le résumé qui suit auront la signification du terme en langue anglaise correspondant qui lui est attribuée dans les Modalités des Titres du présent Prospectus de Base (Base Prospectus) ou le cas échéant dans toute autre partie du Prospectus de Base.

| Section A - Introduction et avertissements | | |
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| A.1 | Introduction : | <p>Veillez noter que :</p> <ul style="list-style-type: none">le présent résumé doit être lu comme une introduction au Prospectus de Base ;que toute décision d'investir dans les titres doit être fondée sur un examen exhaustif du Prospectus de Base par l'investisseur ;lorsqu'une action en responsabilité concernant l'information contenue dans le Prospectus de Base est intentée devant un tribunal, l'investisseur plaignant peut, selon la législation nationale de l'État Membre dans lequel l'action est intentée, avoir à supporter les frais de traduction du Prospectus de Base avant le début de la procédure judiciaire ; etla responsabilité civile n'est attribuée qu'aux personnes qui ont présenté le résumé, y compris sa traduction, mais uniquement si le contenu du résumé est trompeur, inexact ou contradictoire par rapport aux autres parties du Prospectus de Base ou s'il ne fournit pas, lu en combinaison avec les autres parties du Prospectus de Base, les informations clés permettant d'aider les investisseurs lorsqu'ils envisagent d'investir dans ces titres. |
| A.2 | Consentement : | <p>Dans le cadre d'une offre des Titres en France et/ ou au Luxembourg (le « Pays de l'Offre au Public »), faite à l'occasion et ne bénéficiant pas de l'exemption à l'obligation d'établir un prospectus en vertu de la Directive Prospectus, telle que modifiée (une « Offre au Public »), l'Émetteur consent à l'utilisation du présent Prospectus de Base tel que mis à jour par d'éventuels suppléments, dans le cadre d'une Offre au Public de tous Titres durant la période d'offre précisée dans les Conditions Définitives applicables (la « Période d'Offre ») et dans le Pays de l'Offre au Public précisé dans les Conditions Définitives applicables par :</p> |

Section A - Introduction et avertissements

- (i) sous réserve des conditions posées dans les Conditions Définitives applicables, tout intermédiaire financier désigné dans ces Conditions Définitives ; ou
- (ii) si les Conditions Définitives applicables le prévoient, tout intermédiaire financier qui satisfait aux conditions suivantes : (a) il agit en accord avec toute loi, règle, réglementation et recommandation applicable de toute autorité réglementaire pertinente (les « **Règles** »), y compris, sans que cette liste ne soit exhaustive, et dans chaque cas, les Règles relatives aussi bien au caractère approprié et adéquat de tout investissement dans les Titres par toute personne qu'à la diffusion à tout investisseur potentiel ; (b) il se conforme aux restrictions exposées à la section « *Subscription and Sale* » du présent Prospectus de Base, qui s'appliqueront comme s'il était un Agent Placeur ; (c) qui reconnaît et accepte le marché cible et les canaux de distribution identifiés au paragraphe « MiFID II product governance » indiquée dans les Conditions Définitives ; (d) il s'assure que tout frais (et toute autre commission ou profit de toute nature) reçu ou payé par cet intermédiaire financier en lien avec l'offre ou la vente des Titres est pleinement et clairement porté à la connaissance des investisseurs ou des investisseurs potentiels ; (e) il détient toutes les licences, accords, autorisations et permis requis pour démarcher, offrir ou vendre les Titres en accord avec les Règles ; (f) conserve les registres d'identification des investisseurs pour une période au moins égale au minimum requis par les Règles applicables et, si la demande devait lui en être faite, mettrait ces registres à la disposition de l'Agent Placeur et de l'Émetteur ou directement à celle des autorités compétentes ayant juridiction sur l'Émetteur et/ou l'Agent Placeur, afin de mettre l'Émetteur et/ou l'Agent Placeur en mesure de respecter les règles anti-blanchiment, anti-corruption et de « *know your client* » qui s'appliquent à l'Émetteur et/ou à l'Agent Placeur ; (g) ne fait pas enfreindre à l'Émetteur ou à l'Agent Placeur, directement ou indirectement, toute Règle ou toute exigence d'obtenir ou de déposer des autorisations ou des consentements dans toute juridiction; et (h) satisfait à toute condition additionnelle précisée dans les Conditions Définitives applicables (dans chaque cas, un « **Offrant Autorisé** »).

Afin d'éviter tout doute, ni l'Agent Placeur ni l'Émetteur n'ont quelque obligation que ce soit de s'assurer qu'un Offrant Autorisé se conforme à toutes les lois et réglementations en vigueur et ils n'encourent donc aucune responsabilité à cet égard. Si l'Émetteur désigne des intermédiaires financiers supplémentaires après la date des Conditions Définitives applicables, il devra publier les informations sur son site Internet (www.cades.fr).

L'Émetteur assume, dans le(s) Pays de l'Offre au Public spécifié(s) dans les Conditions Définitives, la responsabilité du contenu du Prospectus de Base vis-à-vis de toute personne (un « **Investisseur** ») de ce(s) Pays de l'Offre au Public à qui une offre de tout Titre est faite par tout Offrant Autorisé lorsque cette offre est faite durant la période pour laquelle ce consentement est donné. Cependant, ni l'Agent Placeur ni l'Émetteur n'ont une quelconque responsabilité pour tout agissement de tout Offrant Autorisé, en ce compris le respect par un Offrant Autorisé des règles de conduite professionnelle applicables ou des autres exigences réglementaires ou des autres exigences en matière de droit boursier qui se rapportent à cette offre. Le consentement mentionné ci-dessus vaut pour les Périodes d'Offre (le cas échéant) qui auront lieu dans les 12 mois de la date du présent Prospectus de Base.

Tout Offrant Autorisé qui souhaite utiliser ce Prospectus de Base dans le cadre d'une Offre au Public est tenu, pour la durée de l'Offre au Public

| Section A - Introduction et avertissements | | |
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| | | <p>en question, de publier sur son site internet qu'il utilise le Prospectus de Base dans le cadre de cette Offre au Public avec le consentement de l'Émetteur et conformément aux conditions ci-précisées.</p> <p>Un Investisseur (<i>Investor</i>) qui souhaite acquérir ou qui acquiert de quelconques Titres auprès d'un Offrant Autorisé (<i>Authorised Offeror</i>) pourra le faire, et les offres et ventes des Titres à un Investisseur par un Offrant Autorisé seront effectuées conformément aux modalités et autres accords conclus entre cet Offrant Autorisé et cet Investisseur y compris, s'agissant du prix, de l'allocation, des accords de règlement (les « Modalités et Conditions de l'Offre au Public »). L'Émetteur ne sera pas partie à ces accords avec les Investisseurs (autres que l'Agent Placeur (<i>Dealer</i>)) en ce qui concerne l'offre ou la vente des Titres et, en conséquence, le Prospectus de Base et toutes Conditions Définitives ne contiendront pas ces informations. Les Modalités et Conditions de l'Offre au Public seront fournies aux Investisseurs par ledit Offrant Autorisé au moment de l'Offre au Public. Ni l'Émetteur ni l'Agent Placeur ou d'autres Offrants Autorisés ne sauraient être tenus responsables pour cette information.</p> |

| Section B – Emetteur | | |
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| B.1 | Raison sociale et nom commercial de l'Émetteur : | Caisse d'Amortissement de la Dette Sociale ("CADES" ou l'"Émetteur"). |
| B.2 | Siège social et forme juridique de l'Émetteur, la législation régissant son activité ainsi que son pays d'origine : | <p>La CADES est un établissement public national à caractère administratif créé par l'ordonnance n° 96-50 relative au remboursement de la dette sociale.</p> <p>Le siège social de la CADES est situé au 139 rue de Bercy, 75012 Paris – France et son numéro de téléphone est +33 1 40 04 15 57.</p> |
| B.4b | Tendances : | Sans Objet. Il n'existe pas de tendances connues ayant des répercussions sur l'Émetteur et ses secteurs d'activité. |
| B.5 | Le groupe et la position de l'Émetteur au sein du groupe : | Sans Objet. La CADES ne fait partie d'aucun groupe. |
| B.9 | Prévision de bénéfice : | Sans Objet. L'Émetteur ne fournit pas de prévision ou d'estimation sur les bénéfices dans le Prospectus de Base ni dans aucun des documents incorporés par référence dans le Prospectus de Base. |
| B.10 | Réserves du rapport d'audit : | Concernant les comptes annuels arrêtés au 31 décembre 2017, les commissaires aux comptes, sans émettre de réserves, ont attiré l'attention sur le fait que les compétences de la CADES en matière de recettes liées à la contribution pour le remboursement de la dette sociale (CRDS), la contribution sociale généralisée (CSG) et les prélèvements sociaux sur les revenus du patrimoine et des produits de placement se limitent à une |

| Section B – Emetteur | | | | |
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| | | <p>vérification comptable formelle des pièces produits par les organismes recouvreurs.</p> <p>Le rapport des commissaires aux comptes concernant les comptes annuels arrêtés au 31 décembre 2018 contient la même observation.</p> | | |
| B.12 | Informations financières historiques clés sélectionnées : | <i>(en millions d'euros)</i> | Au 31 décembre 2018 | Au 31 décembre 2017 |
| | | Bons du Trésor et autres bons éligibles pour le refinancement auprès des banques centrales | - | 1.000,00 |
| | | Total actifs et passifs | 5.077,88 | 7.398,26 |
| | | Sous-total - Dettes | 110.343,49 | 128.074,55 |
| | | Sous-total - Réserves | (105.345,78) | (120.789,54) |
| | | Résultat net pour la période | 15.443,77 | 15.043,99 |
| | | <p>Il ne s'est produit aucune détérioration significative de nature à avoir des répercussions sur les perspectives de l'Emetteur depuis le 31 décembre 2018.</p> <p>Aucun changement significatif de la situation financière ou commerciale de l'Emetteur n'est survenu depuis le 31 décembre 2018.</p> | | |
| B.13 | Événements récents : | <p>En application de la loi de financement de la sécurité sociale pour 2019 (loi n° 2018-1203), le financement des déficits cumulés de la sécurité sociale au 31 décembre 2018 sera couvert par les versements effectués par la CADES à l'ACOSS entre 2020 et 2022 pour un montant maximum de 15 milliards d'euros.</p> <p>Conformément à la loi organique de 2005 relative aux lois de financement de la sécurité sociale, en complément de la CRDS (contribution au remboursement de la dette sociale) et de la fraction (0,60%) de la CSG (contribution sociale généralisée) qu'elle reçoit déjà, la CADES bénéficiera d'une part croissante de CSG (0,71% en 2020, 0,83% en 2021 et 0,93% à partir de 2022). Ce nouveau niveau de ressources permettra à la CADES d'amortir l'ensemble de sa dette dans les mêmes délais qu'auparavant.</p> <p>A l'exception de ce qui est décrit ci-dessus, l'Émetteur estime qu'aucun événement récent ayant une incidence pour l'évaluation de sa solvabilité n'est intervenu.</p> | | |
| B.14 | Dépendance à l'égard des autres entités du groupe : | <p>Sans objet. La CADES ne fait partie d'aucun groupe.</p> | | |

| Section B – Emetteur | | |
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| B.15 | Activités principales de l'Emetteur : | La CADES a pour mission de financer et de rembourser une partie de la dette accumulée par le système français de sécurité sociale. La CADES finance cette dette en empruntant principalement sur les marchés obligataires et en utilisant les ressources tirées des prélèvements sociaux, afin de payer les intérêts d'emprunt et d'assurer le remboursement du principal des montants empruntés. |
| B.16 | Contrôle : | En tant qu'établissement public à caractère administratif, la CADES est séparée, mais sous le contrôle et l'autorité de, l'État français, étant placée sous la tutelle conjointe du ministre de l'Economie, des Finances et de l'Industrie et du ministre chargé de la Sécurité Sociale. Certaines délibérations du Conseil d'Administration sont soumises à l'approbation du ministre de l'Economie, des Finances et de l'Industrie et du ministre chargé de la Sécurité Sociale avant de prendre effet, notamment les délibérations portant sur le budget et sur le compte financier, ainsi que les accords de gestion. |
| B.17 | Notations : | <p>A la date du Prospectus de Base, la dette long terme et court terme de Émetteur a été, respectivement, notée (i) Aa2 (perspective positive) et P-1 par Moody's France S.A.S. (« Moody's ») et (ii) AA (perspective stable) et F1+ par Fitch France S.A.S. (« Fitch »).</p> <p>A la date du Prospectus de Base, chacune de ces agences de notation de crédit est établie dans l'Union Européenne et est enregistrée conformément au Règlement (UE) No. 1060/2009, tel que modifié par le Règlement (UE) No. 513/2011 (le « Règlement ANC ») et est inclus dans la liste des agences de notation de crédit publiée par l'Autorité Européenne des Marchés Financiers (<i>European Securities and Market Authority</i>) sur son site internet (www.esma.com) conformément au Règlement ANC. Les Titres émis sous le Programme peuvent être notés ou non notés. La notation des Titres (le cas échéant) sera spécifiée dans les Conditions Définitives applicables. Lorsqu'une émission de Titres est notée, sa notation ne sera pas nécessairement la même que celle des Titres émis sous le Programme. Une notation n'est pas une recommandation d'acheter, de vendre ou de conserver des titres et peut faire l'objet d'une suspension, changement ou retrait à tout moment par l'agence de notation de crédit ayant alloué la notation à tout moment et sans notification.</p> |

| Section C - Les Titres | | |
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| C.1 | Nature et catégories des Titres, numéro ISIN et Code Commun : | <p>Les Titres constitueront des obligations de droit français.</p> <p>Les Titres seront émis par série (chacune une "Série") ayant une ou plusieurs date(s) d'émission et présentant des conditions identiques (ou identiques à part le premier paiement des intérêts), les Titres de chaque série étant censés être interchangeables avec les autres Titres de cette Série. Chaque Série pourra être émise par tranches (chacune une "Tranche") à des dates similaires ou différentes et, ce, sans contrainte de volume minimal d'émission. Les conditions spécifiques de chaque Tranche (qui pourraient avoir des modalités supplémentaires et, sauf en ce qui concerne la date d'émission, le prix d'émission, le premier paiement d'intérêts et la valeur nominale de la Tranche, seront identiques aux conditions des autres Tranches de la même Série) seront fixées dans les conditions définitives à ce Prospectus de Base (les "Conditions Définitives").</p> <p>Les Titres pourront être émis en tant que Titres Dématérialisés (<i>Dematerialised Notes</i>) ou en tant que Titres Matérialisés (<i>Materialised Notes</i>).</p> |

| Section C - Les Titres | | |
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| | | <p>Les Titres Dématérialisés peuvent, au choix de l'Émetteur, être émis soit (i) au porteur inscrits à leur date d'émission dans les livres d'Euroclear France qui créditera les comptes des Titulaires de Compte (<i>Account Holders</i>), y compris Euroclear Bank S.A./N.V., en sa qualité d'opérateur du Système Euroclear (« Euroclear ») et la banque dépositaire pour Clearstream Banking SA (« Clearstream ») soit (ii) au nominatif et, dans cette hypothèse, au choix du Détenteur de Titre concerné, soit au nominatif pur soit au nominatif administré. Aucun titre physique ne sera émis en relation avec les Titres Dématérialisés. Les Titres Dématérialisés seront inscrits en compte conformément aux articles L.211-3 et suivants du Code monétaire et financier.</p> <p>Les Titres Matérialisés seront exclusivement au porteur. Un Certificat Global Temporaire (<i>Temporary Global Certificate</i>) sera émis à l'origine en relation avec chaque Tranche de Titres Matérialisés. Ce Certificat Global Temporaire sera échangé contre les Titres Matérialisés Définitifs (<i>Definitive Materialised Notes</i>) et, le cas échéant, des coupons pour les intérêts dus à une date censée être le ou après le 40^{ème} jour suivant la date d'émission des Titres (sous réserve de report) sur certification de l'absence de détention par des ressortissants des Etats-Unis telle que décrite plus amplement ci-après.</p> <p>Le numéro d'identification ISIN applicable conformément à chaque Tranche de Titres sera spécifié dans les Conditions Définitives applicables.</p> <p>Le Code Commun applicable conformément à chaque Tranche de Titres sera spécifié dans les Conditions Définitives applicables.</p> |
| C.2 | Devises : | <p>Sous réserve de la conformité aux lois, réglementations et directives applicables, les Titres pourront être émis, sans limitation, couronnes norvégiennes (NOK), couronnes suédoises (SEK), dollars américains (USD), dollars australiens (AUD), dollars canadiens (CAD), dollars de Hong Kong (HKD), dollars néo-zélandais (NZD), euros (EUR), francs suisses (CHF), livres sterling (GBP), yens japonais (JPY), dollars singapouriens (SGD), pesos mexicains (MXN) et renminbi chinois (CNY), dans toute autre monnaie convenue d'un commun accord entre l'Émetteur et les Agents Placeurs concernés.</p> |
| C.5 | Restrictions imposées à la libre négociabilité : | <p>Sans objet. A l'exception de certaines dispositions qui limitent la possibilité d'offrir, de vendre ou de transférer de toute autre manière les Titres dans différents pays, il n'existe pas de restrictions à la libre négociabilité des Titres.</p> |
| C.8 | Les droits attachés aux Titres, rang et restrictions à ces droits : | <p><i>Statut des Titres:</i> Les Titres et, le cas échéant, les Reçus (<i>Receipts</i>) et Coupons (<i>Coupons</i>) constituent (sous réserve des stipulations relatives au maintien de l'emprunt à son rang (<i>negative pledge</i>)) des engagements directs, inconditionnels, non subordonnés et non assortis de sûretés de l'Émetteur et doivent à tout moment être au même rang et sans préférence entre eux et, sous réserve des exceptions impératives du droit français et des stipulations relatives au maintien de l'emprunt à son rang (<i>negative pledge</i>), au même rang que tous autres engagements, présents ou futurs, non subordonnés et non assortis de sûretés de l'Émetteur.</p> <p><i>Maintien de l'emprunt à son rang:</i> Aussi longtemps que des Titres ou, le cas échéant, des Reçus ou Coupons attachés aux Titres seront en circulation, l'Émetteur ne constituera pas, sur l'un de ses actifs ou revenus présents ou futurs, d'hypothèque, de gage ou tout autre type de sûreté aux fins de garantir tout Endettement Financier Extérieur Rendu Public (<i>Publicly Issued External Financial Indebtedness</i>) de l'Émetteur, à moins que les engagements de l'Émetteur en vertu des Titres ou, le cas échéant, des Reçus</p> |

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| | | <p>ou Coupons, soient également garantis par cette hypothèque, ce gage ou tout autre type de sûretés de rang au moins égal et proportionnel.</p> <p>"Endettement Financier Extérieur Rendu Public" désigne tout endettement négociable présent ou futur représenté par des obligations, des Titres ou tous autres titres de créance émis dans le public (i) qui sont libellés dans une devise autre que l'euro ou qui sont, au choix de la personne fondée à recevoir ces paiements, payables dans une devise autre que l'euro et (ii) qui sont, ou qui peuvent être, cotés ou négociés sur toute bourse de valeur ou de gré à gré ou tout autre marché des titres similaire.</p> <p><i>Cas de Défaut:</i> Les Titres seront remboursables à leur valeur nominale à laquelle s'ajoutent les intérêts courus, en cas de survenance d'un cas de défaut relatif aux Titres. Les cas de défaut relatifs aux Titres incluent notamment, un défaut au titre du paiement du principal ou des intérêts, un défaut dans l'exécution de toute autre obligation de l'Émetteur au titre des Titres et certains événements supplémentaires affectant l'Émetteur. Cependant, les modalités des Titres ne contiennent pas de clause de défaut croisé.</p> <p><i>Retenue à la source:</i> Tous les paiements de principal et des intérêts effectués par ou pour le compte de l'Émetteur se rapportant aux Titres ne seront pas soumis à une retenue à la source ou à une déduction d'impôts, taxes, droits, ou charges gouvernementales d'une quelconque nature que ce soit, imposée, prélevée, collectée, retenue ou fixée par la France ou en France ou toute autre autorité française ayant le pouvoir de prélever l'impôt, à moins que cette retenue à la source ou déduction ne soit imposée par la loi, auquel cas l'Émetteur ne paiera aucun montant additionnel.</p> <p><i>Droit applicable:</i> Les Titres et toutes questions découlant de ou liés aux Titres sont régis et doivent être interprétés conformément au droit français.</p> |
| C.9 | Intérêts, Remboursement et Représentation : | <p>Voir l'Élément C.8 pour les droits attachés aux Titres, le rang et les restrictions à ces droits.</p> <p><i>Titres à Taux Fixe (Fixed Rate Notes) :</i> Les coupons fixes dont le taux sera spécifié dans les Conditions Définitives applicables seront payables à terme échu à la date ou aux dates de chaque année prévues par les Conditions Définitives.</p> <p><i>Titres à Taux Variable (Floating Rate Notes) :</i> Les Titres à Taux Variable porteront intérêt déterminé de façon différente pour chaque Tranche, comme suit :</p> <p>(i) sur la même base que le taux variable applicable à une opération d'échange de taux d'intérêt notionnel dans la Devise Prévues (<i>Specified Currency</i>) concernée, conclue conformément à une convention cadre FBF et à l'Additif Technique – Échange de conditions d'Intérêt ou de Devises y afférent ou conformément à un contrat incluant les Définitions ISDA 2000 ou, selon le cas, 2006 telles que publiées par la <i>International Swaps and Derivatives Association, Inc.</i> ; ou</p> <p>(ii) par référence au LIBOR, LIBID, LIMEAN, EURIBOR, CMS ou TEC (ou toute autre référence prévue dans les Conditions Définitives applicables), tels qu'ajustés des marges applicables.</p> <p><i>Titres Indexés sur l'Inflation (Inflation Linked Notes) :</i> L'Émetteur pourra émettre des Titres Indexés sur l'Inflation dont le principal et/ou les intérêts</p> |

Section C - Les Titres

seront calculés par référence à un ratio de l'indice d'inflation, déterminé grâce à (i) l'indice des prix à la consommation (hors tabac) des ménages en France métropolitaine tel que calculé et publié mensuellement par l'Institut National de la Statistique et des Etudes Economiques (le "**CPI**") ; ou (ii) l'indice harmonisé des prix à la consommation mesurant le taux d'inflation dans l'Union Monétaire Européenne (hors tabac), tel que calculé et publié mensuellement par Eurostat (le "**HICP**") (chacun, un "**Ratio de l'Indice d'Inflation**").

Titres Indexés sur Taux de Change (FX Linked Notes) : L'Émetteur pourra émettre des Titres Indexés sur Taux de Change dont le principal et/ou les intérêts seront calculés par référence à un taux de change entre certaines devises.

Taux d'intérêt nominal / Titres à Coupon Zéro (Zero Coupon Notes) : Les Titres porteront ou non intérêt. Le taux d'intérêt minimum, y compris pour éviter toute ambiguïté toute marge, ne pourra pas être inférieur à zéro. Le taux d'intérêt (s'il y a lieu) sera fixe ou variable ou une combinaison des deux et pourra varier pendant la durée de la Tranche concernée. Les Titres à Coupon Zéro seront émis à leur valeur nominale ou à escompte/avec une prime et ne porteront pas intérêt.

Date d'entrée en jouissance et date d'échéance des intérêts : Les Conditions Définitives applicables indiqueront pour chaque Tranche de Titres portant intérêts, les dates d'exigibilité et d'échéance des intérêts.

Date d'échéance : Les échéances des Titres seront indiquées dans les Conditions Définitives applicables, sous réserve du respect des exigences légales et/ou réglementaires et/ou d'une banque centrale applicables.

Montant de Remboursement Final : Les Titres peuvent être remboursés au pair ou à un autre Montant de Remboursement (*Redemption Amount*) (détaillé dans une formule ou autrement) conformément aux Conditions Définitives applicables.

Remboursement Anticipé: Les Conditions Définitives applicables à chaque Tranche concernée indiqueront si les Titres de cette Tranche ne peuvent pas être remboursés avant leur date de maturité prévue (autrement que par versements échelonnés ou suite à un Cas de Défaut (*Event of Default*)), ou que ces Titres seront remboursables avant la date de maturité prévue à la discrétion de l'Émetteur et/ou des titulaires de ces Titres en notifiant irrévocablement ce remboursement aux Porteurs concernés ou à l'Émetteur, selon le cas, dans les délais indiqués dans les Conditions Définitives, à une date ou à des dates antérieures à cette date de maturité prévue et à un prix ou à des prix tels qu'indiqués dans les Conditions Définitives applicables.

Remboursement Automatique Anticipé (Automatic Early Redemption) : Dans le cas de Titres dont le Remboursement est Indexé sur Taux de Change (*FX Linked Redemption Notes*), si spécifié comme étant applicable dans les Conditions Définitives applicables et si l'Agent de Calcul estime que survient un évènement de remboursement automatique anticipé, les Titres seront remboursés au montant de remboursement automatique anticipé tel que spécifié dans les Conditions Définitives applicables.

Remboursement Partiel : les Conditions Définitives émises dans le cadre de toute émission de Titres qui sont remboursables en deux ou plusieurs versements échelonnés indiqueront les dates auxquelles, et les montants auxquels, de tels Titres seront remboursés.

| Section C - Les Titres | | |
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| | | <p><i>Rendement:</i> Concernant les Titres à Taux Fixe ou les Titres à Coupon Zéro, le rendement des Titres sera indiqué dans les Conditions Définitives concernées.</p> <p><i>Représentant des Porteurs de Titres :</i> Les Porteurs de Titres seront, pour toutes les Tranches d'une même Série, automatiquement groupés pour la défense de leurs intérêts communs en une masse (dans chaque cas, la "Masse"). Les noms et adresses du Représentant titulaire de la Masse et du Représentant suppléant des Porteurs de Titres seront indiqués dans les Conditions Définitives concernées. Le Représentant nommé pour la première Tranche de toute Série de Titres sera le Représentant de la Masse unique de l'ensemble des Tranches de cette Série.</p> |
| C.10 | Composante dérivée dans le paiement d'intérêts : | A l'exception des Titres Indexés sur l'Inflation et des Titres Indexés sur Taux de Change, les Titres émis dans le cadre du Programme ne sont liés à aucun instrument dérivé. Les Titres Indexés sur l'Inflation sont liés au CPI ou au HCIP, tel que décrit au paragraphe C.9, ci-dessus. Les Titres Indexés sur Taux de Change sont indexés sur un taux de change entre certaines devises, tel que décrit au paragraphe C.9 ci-dessus. |
| C.11 | Cotation et admission à la négociation : | Les Titres émis dans le cadre du Programme pourront être admis à la négociation sur Euronext Paris et/ou tout autre Marché Réglementé de tout Etat Membre de l'Espace Economique Européen et/ou toutes autorités de cotation et/ou tous systèmes de cotation qui seront convenus d'un commun accord entre l'Émetteur et l'Agent Placeur concerné, ou pourront ne pas faire l'objet d'une cotation, dans chaque hypothèse tel qu'indiqué dans les Conditions Définitives concernées. |
| C.15 | Description de l'impact de la valeur sous-jacent sur la valeur de l'investissement : | <p>Les Titres Indexés sur l'Inflation sont des titres de créance dont le montant du principal et/ou des intérêts n'est pas prédéterminé. Les montants dus au titre du principal et/ou des intérêts seront dépendants de la performance du CPI ou du HCIP, tel que décrit au paragraphe C.9 ci-dessus. Le montant du principal et/ou des intérêts dus par l'Émetteur pourra varier. Les Porteurs pourraient ne pas recevoir d'intérêt. Toutefois, si le principal dû à la date d'échéance est inférieur au pair, les Titres Indexés sur l'Inflation seront remboursés au pair.</p> <p>Les Titres Indexés sur Taux de Change sont des titres de créance dont le montant du principal et/ou des intérêts n'est pas prédéterminé. Les montants dus au titre du principal et/ou des intérêts seront dépendants des fluctuations d'un taux de change entre certaines devises sous-jacent, tel que décrit au paragraphe C.9 ci-dessus. Le montant du principal et/ou des intérêts dus par l'Émetteur pourra varier. Les Porteurs pourraient ne pas recevoir d'intérêt et les Titres dont le Remboursement est Indexé sur Taux de Change pourraient, dans certains cas, être remboursés en dessous du pair.</p> |
| C.16 | Titres Dérivés-Échéance – Date d'exercice / Date finale de référence : | <p>Les échéances des Titres seront indiquées dans les Conditions Définitives applicables, sous réserve du respect des exigences légales et/ou réglementaires et/ou d'une banque centrale applicables.</p> <p>La date d'exercice ou la date finale de référence sera spécifiée dans les Conditions Définitives applicables.</p> |
| C.17 | Procédure de règlement des Titres Dérivés : | <p>Les Titres émis dans le cadre du Programme sous forme de Titres Dématérialisés seront déposés auprès d'Euroclear France en tant que dépositaire central.</p> <p>Les Titres émis dans le cadre du Programme sous forme de Titres Matérialisés au Porteur seront initialement émis sous la forme de Certificats</p> |

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| | | Globaux Temporaires et seront déposés auprès de Clearstream, Euroclear ou tout autre système de compensation convenu par l'Émetteur, l'Agent Financier et l'Agent Placeur concerné. |
| C.18 | Produit des Titres Dérivés : | Les Titres Indexés sur l'Inflation et les Titres Indexés sur Taux de Change ne constituent pas des titres de créance ordinaires et le produit et/ou les intérêts et/ou le montant de remboursement (selon le cas) peut être indexé sur la valeur ou le rendement d'un sous-jacent, tel que décrit aux Éléments C.9 et C.15 ci-dessus. |
| C.19 | Titres Dérivés – Prix d'exercice / Prix de référence final : | Le prix d'exercice / Le prix de référence final sera spécifié dans les Conditions Définitives applicables. |
| C.20 | Titres Dérivés - Type de sous-jacent utilisé et où trouver les informations à ce sujet : | Concernant les Titres Indexés sur l'Inflation, le sous-jacent utilisé sera le CPI ou le HICP, tel que décrit en C.9 ci-dessus. Les détails relatifs à la source auprès de laquelle des informations sur le CPI ou le HICP, selon le cas, peuvent être obtenues, seront précisés dans les Conditions Définitives applicables. Concernant les Titres Indexés sur un Taux de Change, le sous-jacent utilisé sera un taux de change entre certaines devises, tel que décrit en C.9 ci-dessus. Les détails relatifs à la source auprès de laquelle des informations sur le taux de change sous-jacent peuvent être obtenues, seront précisés dans les Conditions Définitives applicables. |
| C.21 | Marché sur lequel les Titres seront négociés et à l'intention duquel le Prospectus de Base est publié : | Pour des indicateurs sur le marché où les valeurs seront négociées et pour lequel un prospectus relatif aux Titres a été publié, veuillez consulter l'Élément C.11. |

| Section D - Risques | | |
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| D.2 | Principaux risques propres à l'Émetteur : | <p>Il existe certains facteurs pouvant affecter la capacité de l'Émetteur à remplir ses obligations au titre des Titres:</p> <ul style="list-style-type: none"> • Risques de paiement : le risque de crédit relatif à la CADES est limité, en raison du fait que l'Etat est responsable en dernier recours de la solvabilité de la CADES et en raison de l'allocation des ressources à la CADES par le gouvernement ; • Les recettes tirées par la CADES des prélèvements sociaux pourraient varier : les sources des recettes de la CADES (la CRDS et la CSG) reposent principalement sur la masse salariale. Les produits de la CRDS sont étroitement corrélés au produit intérieur brut français ; et • L'Émetteur fait face à des risques de marché divers tels que le risque de contrepartie et les risques de taux d'intérêt, ainsi que des risques de change ; • L'Émetteur fait face à des risques liés à ses états financiers. |

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| D.3 | Principaux risques propres aux Titres : | <p>Il existe certains facteurs qui sont significatifs en ce qui concerne l'évaluation des risques de marché associés aux Titres :</p> <ul style="list-style-type: none"> • Les Titres pourraient ne pas représenter un investissement adapté à tous les investisseurs : chaque investisseur potentiel devra établir le caractère approprié et adapté d'un investissement dans les Titres au regard de sa propre situation. En outre, certains Titres sont des instruments financiers complexes et un investisseur potentiel ne devrait pas investir dans de tels Titres sauf si cet investisseur dispose de l'expertise permettant d'évaluer les risques spécifiques y étant liés ; • Ni l'Emetteur, ni aucun Agent Placeur ou l'une de leurs filiales ou succursales n'engagera sa responsabilité en ce qui concerne la légalité de l'acquisition des Titres par un investisseur potentiel, au regard des lois de son pays d'immatriculation ou du pays dans lequel il exerce ses activités (si différent), ou pour la conformité par cet investisseur potentiel avec toute loi ou règlement lui étant applicable ; • Le marché obligataire peut s'avérer volatile et pourrait être pénalisé par de nombreux événements, tels que la conjoncture économique et les conditions de marché et, à des degrés divers, les taux d'intérêts, les taux de change et les taux d'inflation dans d'autres pays européens industrialisés ; • Le marché des Titres est susceptible de rester atone et il n'existe pas de certitude qu'un marché actif pour les Titres se développera, ou, si un tel marché se développe, que celui-ci se maintiendra ; • Tout remboursement anticipé sur option de l'Emetteur, s'il est prévu dans les Conditions Définitives d'une émission particulière de Titres, pourrait conduire à ce que le rendement obtenu par les Porteurs de Titres soit nettement inférieur à ce qu'ils avaient initialement anticipé, et le montant facial des Titres remboursés pourrait être inférieur au prix d'achat des Titres payé par le Porteur de Titres, auquel cas une partie du capital investi par ce Porteur pourrait être perdu ; • Le transfert des Titres pourrait faire l'objet de restrictions qui pourraient impacter négativement leur valeur, et notamment des restrictions liées à la législation américaine sur les valeurs mobilières ou les lois de tout autre pays ; • Les Titres contiennent des cas de défaut limités (il n'existe notamment pas de clause de défaut croisé avec les autres obligations de l'Emetteur) ; • Le rendement réel des Titres pour un Porteur peut être moins élevé que le rendement affiché, en raison des coûts de transaction supportés lorsque les Titres sont achetés ou vendus (y compris les frais de transaction et commissions), qui pourraient réduire significativement ou même exclure tout profit potentiel sur les Titres ; • Le rendement effectif des Titres pour un Porteur peut être diminué en raison des conséquences fiscales pour le Porteur sur son investissement dans les Titres, si les paiements d'intérêts sur les Titres, ou les gains réalisés par le Porteur du Titre au titre de la vente ou du rachat des Titres sont soumis à une imposition dans le pays d'origine du Porteur ou d'autres pays dans lesquels il est tenu de payer des taxes ; |

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| | <ul style="list-style-type: none">• Les investisseurs ne pourront pas calculer par avance leur taux de retour sur les Titres à Taux Variable, dans la mesure où les investisseurs ne peuvent pas déterminer le rendement final des Titres à Taux Variables au moment où ils les achètent, en raison de la variabilité des revenus des intérêts;• La possibilité ouverte à l'Emetteur de convertir le Taux Fixe des Titres en Taux Variable pourrait affecter le marché secondaire et la valeur de marché des Titres, dans la mesure où l'Emetteur pourrait convertir le taux à un moment où cela aurait pour résultat un coût global d'emprunt inférieur ;• Les Titres à Coupon Zéro sont soumis à des fluctuations de prix plus importantes que les obligations donnant lieu à paiement d'intérêts, car leur duration est en générale plus élevée ;• Les Titres à Coupon Zéro peuvent être émis à un prix d'émission supérieur à leur montant nominal et remboursés à leur montant nominal à leur échéance. Dans ce cas, les investisseurs recevront moins que leur investissement initial et le rendement sur leurs Titres sera négatif ;• Les obligations libellées en devises étrangères exposent les investisseurs à des risques de taux de change ainsi qu'à des risques liés à l'Emetteur ;• Les investissements dans les Titres Structurés présentent des risques significatifs, qui ne se rencontrent pas pour des investissements similaires dans des obligations classiques, notamment le risque que le taux d'intérêt en résultant sera inférieur à celui du titre d'une obligation classique au même moment et/ou qu'un investisseur pourrait perdre tout ou partie du principal des Titres ;• La valeur des Titres Indexés sur l'Inflation est soumise aux fluctuations et à la volatilité du ratio d'inflation sous-jacent applicable. En particulier, si la valeur de l'indice applicable calculée à tout moment avant la date d'échéance est inférieure à la valeur de l'indice applicable au moment de l'émission des Titres ou au moment de l'achat par le Porteur concerné, le montant d'intérêts du par l'Emetteur et/ou le principal des Titres Indexés sur l'Inflation pourrait varier. Les Porteurs pourraient ne percevoir aucun intérêt. Cependant, si le montant nominal dû à la date d'échéance est inférieur au pair, les Titres Indexés sur l'Inflation seront remboursés au pair ;• Certains Titres peuvent être des Titres Indexés sur Taux de Change, pour lesquels le taux d'intérêt, le montant de remboursement automatique anticipé et/ou le montant de remboursement à l'échéance sera déterminé par référence au taux de change entre des devises déterminées ou pour lesquels, pour des Titres dans une certaine devise, la totalité ou certains des paiements d'intérêts et/ou de montants de remboursement doivent être faits dans une autre devise ou, le cas échéant, toutes autres devises. L'investisseur dans de tels Titres sera exposé au rendement et au marché de ce ou ces sous-jacent(s). Les Porteurs pourraient ne pas recevoir d'intérêt et les Titres dont le Remboursement est Indexé sur Taux de Change pourraient, dans certains cas, être remboursés en dessous du pair ;• La réglementation et la réforme des indices de références ("benchmarks") pourraient avoir un impact défavorable sur la valeur |
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Section D - Risques

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| | <p>des Titres lorsqu'elle est liée à ces indices de référence. LIBOR, EURIBOR et d'autres indices de références considérés comme des "benchmarks" font l'objet de réglementation nationale et internationale récente et de projets de réformes. Ces réformes pourraient affecter la performance des benchmarks, provoquer leur disparition totale, ou avoir des conséquences non prévisibles. La disparition d'indices de référence pourrait avoir une incidence défavorable sur la valeur des Titres ;</p> <ul style="list-style-type: none">• Les Titres peuvent être sujets à des risques sur taux de change, notamment si les activités financières d'un investisseur sont libellées principalement dans une devise ou unité monétaire autre que la Devise Spécifiée et si ces taux de change changent significativement ;• Les Titres sont sujets à des risques de taux d'intérêt, des changements sur les marchés de taux d'intérêt pouvant affecter négativement la valeur des Titres ;• Les détentions inférieures à la Valeur Nominale Indiquée pourraient être affectées si les Titres sont négociés à des valeurs qui ne sont pas des multiples entiers de la Valeur Nominale Indiquée, auquel cas le porteur de tels titres ne recevra pas de Titre définitif à l'égard de cette détention et devra acheter un montant en principal de Titres de sorte que son montant détenu s'élève à l'une ou plus des valeurs nominales indiquées ;• Des taxes, frais et charges pourraient être exigibles à l'occasion de l'acquisition des Titres, conformément aux législations et pratiques du pays où les Titres sont transférés ou les législations et pratiques des autres pays ;• L'Emetteur ne paiera aucun montant additionnel lié aux majorations fiscales en cas de déduction ou retenue à la source au titre de l'impôt français requise par la législation applicable aux paiements effectués par l'Emetteur au titre des Titres ;• La décision de la majorité des Porteurs de Titres prise lors des assemblées convoquées afin d'examiner des questions affectant leurs intérêts en général peut contraindre la totalité des Porteurs de Titres ;• Les Titres pourraient être affectés par des changements législatifs et aucune assurance ne peut être donnée quant aux conséquences d'éventuelles décisions judiciaires ou d'une modification de la législation française (ou toute autre législation applicable) postérieure à la date du Prospectus de Base, et aucune assurance ne peut être donnée quant à l'impact négatif potentiel qu'un tel changement pourrait avoir sur la capacité de l'Émetteur à effectuer des paiements au titre des Titres ;• Les notations de crédit attribuées aux Titres peuvent ne pas refléter l'impact potentiel des risques liés à la structure, au marché, et aux autres facteurs qui pourraient affecter la valeur des Titres ; et• Le renminbi n'est pas librement convertible; il existe des restrictions importantes sur les versements en renminbi dans et à l'extérieur de la République Populaire de Chine. Il n'y a qu'une disponibilité limitée du renminbi en dehors de la République Populaire de Chine, ce qui peut affecter la liquidité des Titres libellés en renminbi (les "Titres Renminbi") et la capacité de l'émetteur de transférer des renminbis à |
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| Section D - Risques | | |
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| | | <p>l'extérieur de la République Populaire de Chine pour procéder aux paiements au titre des Titres Renminbi. Les Titres Renminbi émis en vertu du programme ne peuvent être détenus qu'en Euroclear France, Euroclear et Clearstream. L'investissement en Titres Renminbi est soumis aux risques de taux de change, aux risques de taux d'intérêt et aux risques de contrôle des changes. Les évolutions d'autres marchés peuvent nuire à la valeur des Titres Renminbi. L'émetteur pourra procéder à des paiements au titre des intérêts et du capital en dollars américains dans certaines circonstances pour des Titres Renminbi. Les gains réalisés sur la cession de Titres libellés en Renminbi peuvent être soumis à l'impôt sur le revenu en vertu des lois fiscales de la République Populaire de Chine.</p> |
| D.6 | Avertissement sur les risques : | <p>Les investisseurs potentiels dans les Titres Indexés sur l'Inflation sont avertis que ces Titres sont des titres de créance qui ne prévoient pas des paiements d'intérêts et/ou du principal prédéterminés. Les montants du principal et/ou d'intérêts dépendront du rendement du Ratio d'Indice d'Inflation, tel que décrit en C.9 ci-dessus. Le montant du principal et/ou des intérêts dû par l'Émetteur peut varier et les Porteurs peuvent ne percevoir aucun intérêt. Toutefois, si le principal dû à la date d'échéance est inférieur au pair, les Titres Indexés sur l'Inflation seront remboursés au pair.</p> <p>Les investisseurs potentiels dans les Titres Indexés sur Taux de Change sont avertis que ces Titres sont des titres de créance qui ne prévoient pas des paiements d'intérêts et/ou du principal prédéterminés. Les montants du principal et/ou d'intérêts dépendront des fluctuations du taux de change sous-jacent applicable, tel que décrit en C.9 ci-dessus. Le montant du principal et/ou des intérêts dû par l'Émetteur peut varier et les Porteurs peuvent ne percevoir aucun intérêt et le montant de remboursement pourra, le cas échéant et dans certains cas, être inférieur au pair.</p> |

| Section E - Offre | | |
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| E.2b | Raison de l'Offre et Utilisation des Produits : | Le produit net de l'émission de Titres sera utilisé pour les besoins généraux de financement de l'Émetteur. |
| E.3 | Modalités et Conditions de l'Offre : | <p>Les Conditions Définitives concernées préciseront les modalités et conditions de l'offre applicables à chaque Tranche de Titres.</p> <p>A l'exception des stipulations de la section A.2 ci-dessus, ni l'Émetteur ni aucun des Agents Placeurs n'a autorisé une personne à faire une Offre au Public en aucune circonstance et aucune personne n'est autorisée à utiliser le Prospectus de Base dans le cadre de ses offres de Titres. Ces offres ne sont pas faites au nom de l'Émetteur ni par aucun des Agents Placeurs ou des Etablissements Autorisés et ni l'Émetteur ni aucun des Agents Placeurs ou des Etablissements Autorisés n'est responsable des actes de toute personne procédant à ces offres.</p> |
| E.4 | Intérêts déterminants pour l'Emission : | L'intérêt et les éventuels intérêts conflictuels pouvant influencer sensiblement sur l'émission/l'offre des Titres concernés seront décrits dans les Conditions Définitives applicables. |

Section E - Offre

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| E.7 | Estimation des Dépenses : | Une estimation des dépenses facturées à l'investisseur par l'Emetteur ou l'offreur sera incluse dans les Conditions Définitives applicables. |
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RISK FACTORS

Caisse d'Amortissement de la Dette Sociale (the "Issuer" or "CADES") believes that the following factors ("Risk factors relating to the Issuer") may affect its ability to fulfil its obligations under debt instruments (the "Notes") issued under the debt issuance programme, described in this base prospectus (the "Programme"). All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below ("Risk factors relating to the Notes").

The Issuer believes that the factors (although not exhaustive) described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. The risks described below are not the only risks an investor faces. Additional risks and uncertainties not currently known to the Issuer or that it currently believes to be immaterial could also have a material impact on the risks relating to holding the Notes. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and in the Final Terms and reach their own views prior to making any investment decision. In particular, investors should make their own assessment as to the risks associated with the Notes prior to investing in Notes issued under the Programme.

The Issuer believes that Notes should only be purchased by investors who are, or who are purchasing under the guidance of, financial institutions or other professional investors that are in a position to understand the special risks that an investment in the Notes involves.

Risk Factors relating to the Issuer

Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme

Payment risks

There is a risk that the Issuer cannot pay the amounts due in respect of the Notes if it is lacking in funds. However, since the State is ultimately responsible for the solvency of CADES (see "Description of CADES – 6. Solvency" and "7. Liquidity" below) and because of the allocation of resources to CADES by the government (see "Description of CADES - Source of Funds" below), credit risk in relation to CADES is limited.

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

CADES' revenue sources (the CRDS and the CSG) are mainly based on the salaries of French taxpayers (*masse salariale*). Tax receipts from the CRDS are closely correlated with France's nominal gross domestic product ("**GDP**"). For the year ended 31 December 2018, CADES received Euro 17,653 billion distributed as follows: CRDS 41.9 per cent., CSG 46.2 per cent. and Retirement Reserve Fund (*Fonds de Réserve pour les Retraites*) ("**FRR**") payment 11.9 per cent. For the year ended 31 December 2017, CADES received Euro 17.207 billion distributed as follows: CRDS 41.7 per cent., CSG 46.1 per cent. and FRR payment 12.2 per cent.

Noteholders face an enforcement risk

The Issuer, as a national public entity (*établissement public national administratif*) is not subject to private-law enforcement procedures (*voies d'exécution de droit privé*) in accordance with the general principle which states that assets of public entities cannot be seized under French law. See "Description of Issuer – Strengths".

The Issuer faces a limited insolvency risk

The administrative public agency status of the Issuer limits very significantly the insolvency risks of the Issuer as it entitles it to state support in respect of its solvency and liquidity. See "Description of Issuer – Strengths".

The Issuer faces various market risks

CADES faces interest rate risks and counterparty risks, as described below.

Counterparty risk may result mainly from the exposure of CADES to the credit risk of banking counterparties when dealing in over-the-counter derivative contracts, and the risk of default of such counterparties. See "Description of Issuer – Risk Management – Counterparty risk".

Interest rate risks may result from CADES' exposure to fluctuations in market interest rates. See "Description of Issuer – Risk Management – Interest rate risks".

Exchange rate risk: CADES maintains a programme of hedging arrangements in respect of its issues of debt instruments denominated in currencies other than Euro by means of derivatives in order to avoid exchange rate risk. See "Risk Factors - The Notes may be subject to exchange rate risks" and "Description of Issuer – Risk Management – Interest rate risks".

The Issuer faces risks related to its financial statements

Owing to its administrative public agency status, the Issuer is not subject to the same accounting rules as a corporate issuer, but to the supervision of the French Government and to the same budgetary and accounting rules as the French State. However, CADES also publishes its accounts in accordance with standard accounting methods used by French banks and finance companies.

In addition, CADES is subject to specific financial audits, which are not the same as audits carried out for corporate issuers. Accounting procedures and principles are subject to a contractual, independent audit but CADES is also subject to financial audits conducted by the government, in accordance with the Order of 19 May 2009; and audits carried out by the Government Audit Office.

When making their financial assessment of the Issuer, the investors need to take those accounting specificities into account.

Risk Factors relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor should determine the suitability of investing in the Notes in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to meaningfully evaluate the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes that are complex financial instruments unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform

under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

None of the Issuer, any Dealer or any of their affiliates has or assumes any responsibility for the lawfulness of the acquisition of the Notes

None of the Issuer, any Dealer or any of their affiliates has or assumes any responsibility for the lawfulness of the acquisition of the Notes by a prospective investor, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

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

The market for debt securities issued by issuers is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

An active trading market for the Notes may not develop

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. The Issuer is entitled to buy the Notes, as described in Condition 5(g) (*Purchases*), and the Issuer may issue further Notes, as described in Condition 12 (*Further Issues and Consolidation*). Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

Any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes as provided for in Condition 5(c) (Redemption at the Option of the Issuer and Exercise of Issuer's Options), could cause the yield received by Noteholders to be considerably less than anticipated

As provided for in Condition 5(c) (*Redemption at the Option of the Issuer and Exercise of Issuer's Options*), the Final Terms for a particular issue of Notes may provide for early redemption at the option of the Issuer. As a consequence, the yields received upon redemption may be lower than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. As a consequence, part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

The Notes may be subject to restrictions on transfer which may adversely affect their value

The Notes have not been and will not be registered under the Securities Act or any United States state securities laws and the Issuer has not undertaken to effect any exchange offer for the Notes in the future. The Notes may not be offered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable United States state securities laws, or pursuant to an effective registration statement. The Notes and the Agency Agreement will contain provisions that will restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions, under the Securities Act in transactions that will not cause the Issuer to become required to be registered as an investment company under the Investment Company Act. Furthermore, the Issuer has not registered the Notes under any country's securities laws. Investors must ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "Subscription and Sale"

The Notes contain limited events of default

The holder of any Note may only give notice that such Note is immediately due and repayable in a limited number of events. Such events of default do not include, for example, a cross-default of the Issuer's other debt obligations.

A Noteholder's actual yield on the Notes may be reduced from the stated yield due to transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions generally charge their clients either a fixed minimum or a pro-rata commission, depending on the order value. Noteholders should take into account that, to the extent that additional parties, whether domestic or foreign, are involved in executing an order, including but not limited to domestic dealers or brokers in foreign markets, they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

A Noteholder's effective yield on the Notes may be diminished due to the tax impact on that Noteholder of its investment in the Notes

Payments of principal or interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in the Noteholder's home jurisdiction or in other jurisdictions in which it is required to pay taxes. The general tax impact on Noteholders in France is described under "Taxation" below; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. The Issuer advises all investors to contact their own tax advisors for advice on the individual tax impact of an investment in the Notes.

Investors will not be able to calculate in advance their rate of return on Floating Rate Notes

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

The Issuer's ability to convert the interest rate of Fixed to Floating Rate Notes may affect the secondary market and the market value of the Notes

Fixed to Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes, since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed to Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Risks related to Zero Coupon Notes

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

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

Foreign currency bonds expose investors to foreign-exchange risk as well as to issuer risk

As purchasers of foreign currency bonds, investors are exposed to the risk of changing foreign exchange rates. Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency, regardless of other market forces. Noteholders may risk losing their entire investment if exchange rates of the relevant currency do not move in the anticipated direction. This risk is in addition to any performance risk that relates to the issuer or the type of Note being issued.

Structured Notes may entail significant risks not associated with similar investments in a conventional debt security

An investment in Notes the premium and/or the interest on or principal of which is determined by reference to the value of one or more currencies, commodities, interest rates or other indices or formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor could lose all or a substantial portion of the principal of its Notes. Neither the current nor the historical value of the relevant currencies, commodities, interest rates or other indices or formulae should be taken as an indication of future performance of such currencies, commodities, interest rates or other indices or formulae during the term of any Note.

The value of Inflation Linked Notes is subject to fluctuations and volatility in the underlying relevant inflation ratio

Inflation Linked Notes are debt securities which do not provide for predetermined interest payments and/or in respect of which the principal is indexed. Interest amounts and/or principal will be dependent upon the performance of either (i) the consumer price index (excluding tobacco) for all households in metropolitan France (the "**CPI**"), as calculated and published monthly by the *Institut National de la Statistique et des Etudes Economiques* ("**INSEE**") or (ii) the harmonised index of consumer prices excluding tobacco, or the relevant successor index, measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat (the "**HCIP**") (each an "**Inflation Index**" and together, the "**Inflation Indices**"). If the value of the relevant index calculated at any time prior to the maturity date is lower than the value of the relevant index at the time of the issue of the Notes or at the time of purchase by the Noteholders, then the amount of interest payable by the Issuer and/or the principal of Inflation Linked Notes may vary. Noteholders may receive no interest. However, if the nominal amount to be repaid at maturity is below par, the Inflation Linked Notes will be redeemed at par.

Neither the current nor the historical levels of any of the Inflation Indices should be taken as an indication of future performance of such index during the term of any Inflation Linked Notes.

Inflation Linked Notes are not in any way sponsored, endorsed, sold or promoted by the INSEE or Eurostat, as the case may be, and the INSEE or Eurostat makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of any of the Inflation Indices and/or the figure at which such indices stand at any particular time. The Inflation Indices are determined, composed and calculated by the INSEE or Eurostat, as the case may be, without regard to the Issuer or the Notes. The INSEE or Eurostat, as the case may be, is not responsible for or has not participated in the determination of the timing of, prices of, or quantities of the Inflation Linked Notes to be issued or in the determination or calculation of the interest payable under such Notes.

None of the Issuer, the Dealer(s) or any of their respective affiliates makes any representation as to the Inflation Indices. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Inflation Indices that is or may be material in the context of Inflation Linked Notes. The issue of Inflation Linked Notes will not create any obligation on the part of any such persons to disclose to the Noteholder or any other party such information (whether or not confidential).

The value of FX Linked Notes is subject to fluctuations and volatility in the underlying exchange rates

The Issuer may issue FX Linked Notes where the Final Redemption Amount, automatic early redemption or interest payable are dependent upon movements in currency exchange rates or are payable in one or more

currencies which may be different from the currency in which the Notes are denominated. Accordingly, an investment in FX Linked Notes may bear similar market risks to a direct foreign exchange investment and investors should take advice accordingly. An investment in FX Linked Notes will entail significant risks not associated with a conventional debt security. FX Linked Redemption Notes may be redeemable by the Issuer by payment of or below the par value amount and/or by the physical delivery of specified amount of one or more currencies and/or by payment of an amount determined by reference to the value of the currency/currencies. Interest payable on FX Linked Interest Notes may be calculated by reference to the value of one or more currencies.

Potential investors in any FX Linked Notes should be aware that depending on the terms of the FX Linked Notes (i) they may receive no or a limited amount of interest, (ii) payments or delivery of any specified assets may occur at a different time than expected and (iii) except in the case of principally protected Notes, they may lose all or a substantial portion of their investment if the currency exchange rates do not move in the anticipated direction. In addition, the movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations. If the Final Redemption Amount or interest payable are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the currency exchange rates on the Final Redemption Amount or interest payable will be magnified. Fluctuations in exchange rates of the relevant currency will affect the value of FX Linked Notes. Furthermore, investors who intend to convert gains or losses from the redemption or sale of FX Linked Notes into their home currency may be affected by fluctuations in exchange rates between their home currency and the specified currency of the Notes. Currency values may be affected by complex political and economic factors, including governmental action to fix or support the value of a currency, regardless of other market forces.

The Notes may be subject to exchange rate risks

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The Notes are subject to interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. While the nominal interest rate of a fixed interest rate note is fixed during the life of such a note or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such note changes in the opposite direction. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Noteholders should be aware that movements of the market interest rate can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell Notes during the period in which the market interest rate exceeds the fixed rate of the Notes

Holdings of less than the minimum Specified Denomination may be affected if the Notes are traded in denominations that are not integral multiples of the Specified Denomination

To the extent permitted by the applicable law(s) and in relation to any issue of Notes that have a denomination consisting of a minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the Specified Denomination (or its equivalent) that are not integral multiples of the Specified Denomination (or its equivalent). In such a case, a Noteholder that, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Taxes, charges and duties may be payable in respect of purchases of the Notes

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or the laws and practices of other jurisdictions. In some jurisdictions, official statements of the tax authorities or court decisions may not be available for financial instruments such as the Notes. Potential investors are advised not to rely exclusively upon the tax summary contained in this Base Prospectus and to ask for their own tax adviser's advice on their individual tax liabilities with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of potential investors.

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

As provided for in Condition 7, in the event of any withholding or deduction for reason of French taxes required by applicable law on any payments made by the Issuer under the Notes, the Issuer shall not, nor shall it be required to, pay any additional amounts in respect of any such withholding or deduction nor shall the Issuer be entitled or obliged to redeem any such Notes.

The decision of the majority of Noteholders may bind all holders of the Notes

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The general meeting may deliberate on any proposal relating to the modification of the terms and conditions of the Notes including any proposal, whether for arbitration or settlement, relating to rights in dispute or which were the subject of judicial decisions as more fully described in Condition 10.

The Notes may be affected by changes in law

The Notes are governed by French law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decisions or change to French (or any other relevant) law after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

The credit ratings assigned to the Notes may not reflect all factors that could affect the value of the Notes

One or more independent credit rating agency may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. **A credit rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of repayment and may be revised, suspended or withdrawn by the credit rating agency at any time.**

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

Interest rates and indices which are deemed to be "benchmarks" (including EURIBOR and LIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, to be subject to revised calculation

methods or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes (including the value and/or liquidity thereof and/or the return thereon) linked to or referencing such a "benchmark".

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

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

- (i) an index which is a "benchmark" could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or registration or, if based in a non-EU jurisdiction, the administrator is not recognised as equivalent or recognised or endorsed and the transitional provisions do not apply; and
- (ii) if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing the rate or level or otherwise affecting the volatility of the published rate or level of the "benchmark".

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

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

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

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

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Notes linked to or referencing a "benchmark".

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

On 27 July 2017, the Chief Executive of the UK Financial Conduct Authority (the "**FCA**"), which regulates LIBOR, announced that it intends to stop persuading or compelling panel banks to submit rates for the

calculation of LIBOR to the administrator of LIBOR after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR in its current form (or at all) after 2021 cannot and will not be guaranteed. In a further speech on 12 July 2018, the Chief Executive Officer of the FCA, emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions of outstanding Notes of any Series, or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to Notes whose interest rates are linked to LIBOR) depending on the specific provisions of the relevant terms and conditions applicable to the Notes. Any such consequences could have a material adverse effect on the liquidity and value of and return on any such Notes.

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

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

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

The occurrence of a Benchmark Event could have a material adverse effect on the value of and return on any Notes linked to or referencing such "benchmarks"

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if an inter-bank offered rate (such as LIBOR or EURIBOR) or other relevant reference rate, and/or any page on which such benchmark may be published, becomes unavailable or is discontinued. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a replacement rate and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as may be determined by a Reference Rate Determination Agent (as defined in the Conditions) and without the consent of the Noteholders.

In certain circumstances, the ultimate fallback for a particular Interest Period, including where no successor rate or alternative rate (as applicable) is determined, may be that the rate of interest for such Interest Period be based on the last available relevant rate.

This ultimate fallback may result in the effective application of a fixed rate to Notes linked to or referencing a "benchmark". In addition, due to the uncertainty concerning the availability of replacement rates and the involvement of a Reference Rate Determination Agent, the relevant fallback provisions may not operate as intended at the relevant time.

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

Any replacement rate may have no or very limited trading history and accordingly its general evolution and/or interaction with other relevant market forces or elements may be difficult to determine or measure. In addition, a replacement rate may perform differently from the discontinued benchmark. This could significantly affect the performance of an alternative rate compared to the historical and expected performance of the relevant benchmark. There can be no assurance that any adjustment factor applied to any Series of Notes will adequately compensate for this impact. This could in turn impact the rate of interest on, and trading value of, the affected Notes. Moreover, any holders of such Notes that enter into hedging instruments based on the relevant Screen Page may find their hedges to be ineffective, and they may incur costs replacing such hedges with instruments tied to the replacement rate.

Any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Notes linked to or referencing a "benchmark" or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes linked to or referencing a "benchmark". Investors should note that any Reference Rate Determination Agent will have discretion to adjust the replacement rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected consequences and there can be no assurance that, due to the particular circumstances of each Noteholder, any such adjustment will be favourable to each Noteholder.

Investors should consider all of these matters when making their investment decision with respect to the relevant Notes linked to or referencing such "benchmarks".

Specific Risks Factors relating to Renminbi-dominated Notes

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors, including the following:

Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes.

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi by foreign investors into the PRC for the settlement of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are being developed.

Although Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People's Bank of China ("**PBoC**") in 2018, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes.

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBoC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), including but not limited to Hong Kong and are in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the "**Settlement Arrangements**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion

services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in the Renminbi Notes is subject to exchange rate risks.

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. Recently, the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

Investment in the Renminbi Notes is subject to currency risk.

If the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on the Renminbi Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Issuer shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

Investment in the Renminbi Notes is subject to interest rate risks.

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of the Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of the Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

Payments with respect to the Renminbi Notes may be made only in the manner designated in the Renminbi Notes.

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by global certificates held with the common depository for Clearstream Banking S.A. and Euroclear Bank SA/NV or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong, (ii) for so long as the Renminbi Notes are represented by global certificates lodged with a sub-custodian for or registered with the CMU, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures or/, (iii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws.

Under the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. The *PRC Enterprise Income Tax Law* levies EIT at the rate of 20 per cent. of the PRC-sourced gains derived by such non-PRC resident enterprise or individual Holder from the transfer of Renminbi Notes but its implementation rules have reduced the EIT rate to 10 per cent. The *PRC Individual Income Tax Law* levies IIT at a rate of 20 per cent. of the PRC-sourced gains derived by such non-PRC resident or individual Holder from the transfer of Renminbi Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and thus become subject to EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Holders who are residents of Hong Kong, including enterprise Holders and individual Holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

Therefore, if enterprise or individual Holders which are non-PRC residents are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Renminbi Notes may be materially and adversely affected.

CONSENT TO THE USE OF THE BASE PROSPECTUS

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

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

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

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

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

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

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

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

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

GENERAL DESCRIPTION OF THE PROGRAMME

The following is qualified in its entirety by the remainder of this Base Prospectus.

- Issuer:** Caisse d'Amortissement de la Dette Sociale
- Description:** Debt Issuance Programme
- Programme Size:** Up to euro 130,000,000,000 aggregate principal amount of Notes outstanding at any one time (or the equivalent in other currencies calculated as set out below).

The euro equivalent of the aggregate principal amount of Notes outstanding at any one time and denominated in a currency other than euro shall be determined on the basis of the official rate of exchange published by the European Central Bank which normally takes place each Business Day at 2.15 p.m. (CET time) on the European Central Bank's website (Statistics page) of euro for the relevant currency at any time selected by the Issuer during the five-day period ending on the date of agreement to issue such Notes.

For the purpose of the above calculation, the principal amount of Notes issued at a premium or at a discount shall equal their principal amount or, in the case of Notes the redemption amount of which is a variable amount, and if at such time such amount is calculable, their Redemption Amount (failing which their principal amount) or, in the case of Notes issued at a discount and if defined and provided for in the Terms and Conditions of such Notes, their Amortised Face Amount as at such time. The principal amount of partly-paid Notes as at any time shall equal the amount of subscription moneys paid up as at such time.

- Dealers:** There are no Dealers appointed permanently in respect of the Programme. The Issuer may from time to time appoint one or more dealers in respect of any Tranches of Notes. References in this Base Prospectus to "Dealers" are to all persons appointed as a dealer in respect of any Tranches.

Only credit institutions and investment firms incorporated in a member state of the European Union and which are authorised to lead-manage bond issues in such member state may act as Dealers in respect of non-syndicated issues of Notes denominated in euro and as lead manager of syndicated issues of Notes denominated in euro.

- Fiscal Agent and Principal Paying Agent:** Citibank, N.A., London branch

- Paris Paying Agent:** Citibank Europe Plc, Paris branch

- Method of Issue:** The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates with no minimum issue size. The specific terms of each Tranche (which, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the final terms to this Base Prospectus (the "**Final Terms**").

- Redenomination:** Notes issued in the currency of any Member State of the EU which participates in EMU may be redenominated into euro pursuant to the provisions of "**Terms and Conditions of the Notes – Form, Denomination, Title and Redenomination**" below (see also "**Consolidation**" below).

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| Issue Price: | Notes may be issued at their nominal amount or at a premium over, or a discount to, their nominal amount and either on a fully-paid or partly-paid basis. The issue price of partly-paid Notes will be payable in two or more instalments. |
| Form of Notes: | <p>Notes may be issued in dematerialised form ("Dematerialised Notes") or in materialised form ("Materialised Notes").</p> <p>Title to Dematerialised Notes will be evidenced in accordance with Article L.211-3 of the French <i>Code monétaire et financier</i> by book entries (<i>inscriptions en compte</i>). No physical document of title (including <i>certificats représentatifs</i> pursuant to Article R.211-7 of the French <i>Code monétaire et financier</i>) will be issued in respect of the Dematerialised Notes.</p> <p>Dematerialised Notes are issued, at the option of the Issuer, either (i) in bearer dematerialised form (<i>au porteur</i>), which will be inscribed as from the issue date in the books of Euroclear France which shall credit the accounts of Account Holders including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and the depositary bank for Clearstream Banking SA ("Clearstream"), or (ii) in registered dematerialised form (<i>au nominatif</i>) and, in such case, at the option of the relevant Noteholders in either administered registered form (<i>au nominatif administré</i>) inscribed in the books of an Account Holder or in fully registered form (<i>au nominatif pur</i>) inscribed in an account in the books of Euroclear France maintained by the Issuer or the registration agent designated in the relevant Final Terms acting on behalf of the Issuer (the "Registration Agent").</p> <p>Materialised Notes will be in bearer materialised form only. A Temporary Global Certificate will be issued initially in respect of each Tranche of Materialised Notes. Such Temporary Global Certificate will be exchanged for Definitive Materialised Notes with, where applicable, coupons for interest attached on a date expected to be on or after the 40th calendar day after the issue date of the Notes (subject to postponement) upon certification as to non-US beneficial ownership as more fully described herein.</p> <p>Temporary Global Certificates will (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, be deposited on the issue date with a common depositary on behalf of Euroclear and/or Clearstream and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer. Materialised Notes may only be issued outside France.</p> |
| Clearing Systems: | Euroclear France as central depositary in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer. |
| Initial Delivery of Dematerialised Notes: | One Paris business day before the issue date of each Tranche of Dematerialised Notes, the <i>lettre comptable</i> relating to such Tranche shall be deposited with Euroclear France as central depositary. |
| Initial Delivery of Materialised Notes: | On or before the issue date for each Tranche of Materialised Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depositary for Euroclear and Clearstream or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer. |
| Currencies: | Subject to compliance with all relevant laws, regulations and directives, Notes may be issued, without limitation, in Australian dollars (AUD), Canadian dollars (CAD), euro (EUR), Hong Kong dollars (HKD), Japanese yen (JPY), New Zealand |

dollars (NZD), Norwegian krone (NOK), pounds sterling (GBP), Swedish krone (SEK), Swiss francs (CHF), U.S. dollars (USD), Singapore dollars (SGD), Mexican peso (MXN), Chinese renminbi (CNY) and in any other currency as may be agreed between the Issuer and the relevant Dealers. In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "U.S.\$", "USD" and "U.S. dollars" are to the currency of the United States of America, references to "euro", "EUR" or "€" are to the single currency of the participating Member States of the European Union, references to "£", "pounds sterling" and "GBP" are to the lawful currency of the United Kingdom, references to "NOK" and "Norwegian Krone" are to the lawful currency of Norway, references to "CAD" and "Canadian dollars" are to the lawful currency of Canada, references to "AUD" and "Australian dollars" are to the lawful currency of the Commonwealth of Australia, references to "HKD" and "Hong Kong dollars" are to the lawful currency of Hong Kong, references to "JPY" and "Japanese yen" are to the lawful currency of Japan, references to "NZD" and "New Zealand dollars" are to the lawful currency of New Zealand, references to "SEK" and "Swedish krone" are to the lawful currency of Sweden, references to "CHF" and "Swiss francs" are to the lawful currency of Switzerland, references to "SGD" and "Singapore dollars" are to the lawful currency of Singapore and references to "MXN" and "Mexican peso" are to the lawful currency of Mexico and references to "CNY" and "Renminbi" are to the lawful currency of the People's Republic of China, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan (the "PRC").

Maturities: Subject to compliance with all relevant laws, regulations and directives, any maturity.

Denomination: Definitive Notes will be in such denominations as may be agreed between the Issuer and the relevant Dealer and specified in the relevant Final Terms, to the extent permitted by then current laws, regulations and directives.

Notes in respect of which the proceeds are to be accepted by the Issuer in the United Kingdom, having a maturity of less than one year, shall (a) have a redemption value of not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than sterling), and (b) provide that no part of any such Note may be transferred unless the redemption value of that part is not less than £100,000 (or such equivalent amount).

Fixed Interest Rate Notes: Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes: Floating Rate Notes will bear interest at a rate set separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 or, as the case may be, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., or the relevant FBF (*Fédération Bancaire Française*) definitions incorporated among others in the *Additifs Techniques* to the FBF Master-Agreement relating to transactions on forward financial instruments, or
- (ii) by reference to LIBOR, LIBID, LIMEAN, EURIBOR, CMS or TEC (or such other Reference Rate as may be specified in the relevant Final Terms) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

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| Fixed to Floating Rate Notes: | Fixed interest will be payable until conversion to floating rate of interest (as indicated in the relevant Final Terms) at which point floating rate interest will be payable. |
| Zero Coupon Notes: | Zero Coupon Notes will be offered and sold at a discount/premium to their nominal amount and will not bear interest other than in the case of late payment. |
| Interest Periods and Interest Rates: | The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The minimum interest rate shall not be less than zero. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms. |
| Inflation Linked Notes: | Payments of principal and/or interest in respect of Inflation Linked Notes will be calculated by reference to an inflation index ratio derived from either (i) the consumer price index (excluding tobacco) for all households in metropolitan France, as calculated and published monthly by the <i>Institut National de la Statistique et des Etudes Economiques</i> or (ii) the harmonized index of consumer prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat. |
| FX Linked Notes: | Payments of principal and/or interest in respect of FX Linked Notes will be calculated by reference to an exchange rate between certain currencies. |
| Redemption: | <p>The Final Terms issued in respect of each Tranche of Notes will indicate either that the Notes of that Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments (see below) or following an Event of Default), or that such Notes will be redeemable prior to such stated maturity at the option of the Issuer and/or the holders of such Notes upon giving irrevocable notice to the relevant Noteholders or the Issuer, as the case may be, within the time limits set out in the Final Terms, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be indicated in the relevant Final Terms.</p> <p>The relevant Final Terms may provide that the Notes may be redeemed in two or more instalments in such amounts and on such dates as may be indicated in such Final Terms.</p> <p>Notes in respect of which the proceeds are to be accepted by the Issuer in the United Kingdom having a maturity of less than one year, shall (a) have a redemption value of not less than £100,000 (or an amount of equivalent value denominated wholly or partly in a currency other than sterling), and (b) provide that no part of any such Note may be transferred unless the redemption value of that part is not less than £100,000 (or such equivalent amount).</p> |
| Redemption by Instalments: | The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed. |
| Automatic Early Redemption: | In the case of FX Linked Redemption Notes, if specified in the relevant Final Terms and if the Calculation Agent determines that an automatic early redemption event occurs, the Notes shall be redeemed at the automatic early redemption amount as specified in the relevant Final Terms. |
| Status of Notes: | The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves all as described in " Terms and Conditions of the Notes – Status ". |
| Negative Pledge: | The terms and conditions of the Notes will contain a negative pledge provision as described in " Terms and Conditions of the Notes – Negative Pledge ". |

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| Cross-Default: | The terms and conditions of the Notes will not contain a cross-default provision. |
| Ratings: | The Issuer has been assigned a rating of Aa2 (positive outlook) and P-1 by Moody's France S.A.S. (" Moody's "), and AA (stable outlook) and F1+ by Fitch France S.A.S. (" Fitch ") in respect of its long-term and short-term debt, respectively. Tranches of Notes (as defined in "General Description of the Programme") 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 security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning credit rating agency. |
| Withholding Tax: | All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. A more detailed description of the tax regime applicable in France to the Notes is contained in the section "Taxation". |
| Consolidation: | Notes of one Series may be consolidated with those of another Series, all as described in " Terms and Conditions of the Notes – Further Issues and Consolidation ". |
| Governing Law: | French law. |
| Listing: | Notes issued under the Programme may be admitted to trading on the regulated market of NYSE Euronext in 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. |
| Selling Restrictions: | United States, European Economic Area, United Kingdom, France, Japan, the Netherlands, Hong Kong, The People's Republic of China (excluding Hong Kong, Macau and Taiwan) and Singapore. See " Subscription and Sale ". The Issuer is Category 2 for the purposes of Regulation S under the Securities Act. Materialised Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the " D Rules ") unless (i) the relevant Final Terms state that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(c) (the " C Rules ") or (ii) the Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 (" TEFRA "), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable. Dematerialised Notes do not require compliance with the TEFRA Rules. |

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the *Autorité des Marchés Financiers* (the "AMF") shall be incorporated in, and form part of, this Base Prospectus:

- (i) the terms and conditions of the notes contained in pages 27 to 44 of the base prospectus of the Issuer dated 26 October 2005 which received visa n°05-741 from the AMF on 26 October 2005 (the "**2005 EMTN Conditions**");
- (ii) the terms and conditions of the notes contained in pages 27 to 44 of the base prospectus of the Issuer dated 8 June 2006 which received visa n°06-187 from the AMF on 8 June 2006 (the "**2006 EMTN Conditions**");
- (iii) the terms and conditions of the notes contained in pages 26 to 44 of the base prospectus of the Issuer dated 27 June 2007 which received visa n°07-222 from the AMF on 27 June 2007 (the "**2007 EMTN Conditions**");
- (iv) the terms and conditions of the notes contained in pages 26 to 44 of the base prospectus of the Issuer dated 22 May 2008 which received visa n°08-104 from the AMF on 22 May 2008 (the "**2008 EMTN Conditions**");
- (v) the terms and conditions of the notes contained in pages 27 to 45 of the base prospectus of the Issuer dated 27 May 2009 which received visa n°09-162 from the AMF on 27 May 2009 (the "**2009 EMTN Conditions**");
- (vi) the terms and conditions of the notes contained in pages 30 to 48 of the base prospectus of the Issuer dated 28 May 2010 which received visa n°10-156 from the AMF on 28 May 2010 (the "**2010 EMTN Conditions**");
- (vii) the terms and conditions of the notes contained in pages 33 to 50 of the base prospectus of the Issuer dated 30 May 2011 which received visa n°11-193 from the AMF on 30 May 2011 (the "**2011 EMTN Conditions**");
- (viii) the terms and conditions of the notes contained in pages 32 to 49 of the base prospectus of the Issuer dated 31 May 2012 which received visa n°12-237 on 31 May 2012 (the "**2012 EMTN Conditions**");
- (ix) the terms and conditions of the notes contained in pages 43 to 80 of the base prospectus of the Issuer dated 3 June 2013 which received visa n°13-257 on 3 June 2013 (the "**2013 EMTN Conditions**");
- (x) the terms and conditions of the notes contained in pages 40 to 75 of the base prospectus of the Issuer dated 10 June 2014 which received visa n° 14-283 from the AMF on 10 June 2014 (the "**2014 EMTN Conditions**");
- (xi) the terms and conditions of the notes contained in pages 37 to 74 of the base prospectus of the Issuer dated 8 June 2015 which received visa n° 15-259 from the AMF on 8 June 2015 (the "**2015 EMTN Conditions**");
- (xii) the terms and conditions of the notes contained in pages 38 to 75 of the base prospectus of the Issuer dated 1 June 2016 which received visa n° 16-221 from the AMF on 1 June 2016 (the "**2016 EMTN Conditions**");
- (xiii) the terms and conditions of the notes contained in pages 41 to 79 of the base prospectus of the Issuer dated 8 September 2017 which received visa n° 17-465 from the AMF on 8 September 2017 (the "**2017 EMTN Conditions**"); and
- (xiv) the terms and conditions of the notes contained in pages 47 to 84 of the base prospectus of the Issuer dated 31 May 2018 which received visa n° 18-216 from the AMF on 31 May 2018 (the "**2018 EMTN Conditions**" and, together with the 2017 EMTN Conditions, the 2016 EMTN Conditions, the 2015 EMTN Conditions, the 2014 EMTN Conditions, the 2013 EMTN Conditions, the 2012 EMTN Conditions, the 2011 EMTN Conditions, the 2010 EMTN Conditions, the 2009

EMTN Conditions, the 2008 EMTN Conditions, the 2007 EMTN Conditions, the 2006 EMTN Conditions and the 2005 EMTN Conditions, the "**EMTN Previous Conditions**").

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

Non-incorporated parts of the above-listed base prospectuses of the Issuer dated 31 May 2018, 8 September 2017, 1 June 2016, 8 June 2015, 10 June 2014, 3 June 2013, 31 May 2012, 30 May 2011, 28 May 2010, 27 May 2009, 22 May 2008, 27 June 2007, 8 June 2006 and 26 October 2005, respectively, are not relevant for investors.

The Issuer will, at the specified office of each Paying Agent for the time being during normal business hours, make available, free of charge, a copy of any or all of the documents incorporated by reference herein. All documents incorporated by reference in this Base Prospectus will also be available on the website of the AMF (www.amf-france.org) and on the website of the Issuer (www.cades.fr / http://cades.fr/index.php?option=com_content&view=article&id=40&Itemid=137&lang=fr).

The table below sets out the relevant page references for the terms and conditions contained in the base prospectuses relating to the Programme.

| Terms and Conditions Incorporated by Reference | Reference |
|---|------------------|
| Base Prospectus dated 31 May 2018 | Pages 47 to 84 |
| Base Prospectus dated 8 September 2017 | Pages 41 to 79 |
| Base Prospectus dated 1 June 2016 | Pages 38 to 75 |
| Base Prospectus dated 8 June 2015 | Pages 37 to 74 |
| Base Prospectus dated 10 June 2014 | Pages 40 to 75 |
| Base Prospectus dated 3 June 2013 | Pages 43 to 80 |
| Base Prospectus dated 31 May 2012 | Pages 32 to 49 |
| Base Prospectus dated 30 May 2011 | Pages 33 to 50 |
| Base Prospectus dated 28 May 2010 | Pages 30 to 48 |
| Base Prospectus dated 27 May 2009 | Pages 27 to 45 |
| Base Prospectus dated 22 May 2008 | Pages 26 to 44 |
| Base Prospectus dated 27 June 2007 | Pages 26 to 44 |
| Base Prospectus dated 8 June 2006 | Pages 27 to 44 |
| Base Prospectus dated 26 October 2005 | Pages 27 to 44 |

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes. In the case of any Tranche of Notes which are being (a) offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in article 3.2 of the Prospectus Directive) or (b) admitted to trading on a regulated market in a Member State, the relevant Final Terms shall not amend or replace any information in this Base Prospectus. In the case of Dematerialised Notes, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed by the relevant Final Terms. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms or (ii) these terms and conditions as so completed shall be endorsed on or attached to Definitive Materialised Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. References in the Conditions to the "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are the subject of an agency agreement dated 19 June 2019 between the Issuer, Citibank N.A, London, as, *inter alia*, fiscal agent and the other parties named in it (as amended and/or supplemented and/or restated as at the date of issue of the Notes (the "**Issue Date**"), the "**Agency Agreement**"). The fiscal agent, the paying agent(s), the redenomination agent, the consolidation agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Redenomination Agent**", the "**Consolidation Agent**", and the "Calculation Agent(s)". The Noteholders (as defined below) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

Copies of the Agency Agreement are available for inspection at the specified offices of each of the Paying Agents. The material provisions of the Agency Agreement are incorporated in the Base Prospectus.

In these Conditions, references to "day" or "days" are to calendar days unless the context otherwise specifies.

1. FORM, DENOMINATION, TITLE AND REDENOMINATION

- (a) **Form:** Notes may be issued either as Dematerialised Notes or Materialised Notes.
- (i) Title to Dematerialised Notes will be evidenced in accordance with Articles L.211-3 *et seq.* of the *Code monétaire et financier* by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Dematerialised Notes.
- Dematerialised Notes are issued, at the option of the Issuer, either (i) in bearer dematerialised form (*au porteur*), which will be inscribed in the books of Euroclear France which shall credit the accounts of Account Holders, or (ii) in registered dematerialised form (*au nominatif*) and, in such case, at the option of the relevant Noteholders in either administered registered form (*au nominatif administré*) inscribed in the books of an Account Holder or in fully registered form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Issuer or the registration agent designated in the relevant Final Terms acting on behalf of the Issuer (the "**Registration Agent**").
- (ii) Materialised Notes are issued in bearer form. Materialised Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.
- (iii) In accordance with Articles L.211-3 *et seq.* of the *Code monétaire et financier*, securities (such as the Notes) which are governed by French law and are in materialised form must be issued outside the French territory.
- (b) **Denomination(s):** Notes shall be issued in Specified Denomination(s) as indicated in the relevant Final Terms. Dematerialised Notes shall be issued in one Specified Denomination only.

(c) **Title:**

- (i) Title to Dematerialised Notes in bearer dematerialised form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised Notes in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Issuer or the Registration Agent.
- (ii) Title to Definitive Materialised Notes having, where appropriate, Coupons, Receipt(s) and/or a Talon attached thereto on issue shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
- (iv) In these Conditions, "**holder of Notes**", "**holder of any Note**" or "**Noteholder**" means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any Definitive Materialised Note and the Receipts, Coupons ("**Receipholder**" and "**Couponholder**" being construed accordingly), or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

(d) **Redenomination:**

- (i) The Issuer may (if so specified in the relevant Final Terms), on any Interest Payment Date, without the consent of the holder of any Note, and, if applicable, Receipt, Coupon or Talon, by giving at least thirty (30) calendar days' notice in accordance with Condition 13 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating Member State in the single currency of the European Economic and Monetary Union (as provided in the Treaty establishing the European Community, as amended from time to time (the "**Treaty**")), or events have occurred which have substantially the same effect, redenominate all, but not some only, of the Notes of any Series into Euro and adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the "**Redenomination Date**".
- (ii) The redenomination of the Notes pursuant to Condition 1(d)(i) shall be made by converting the principal amount of each Note from the relevant national currency into Euro using the fixed relevant national currency Euro conversion rate established by the Council of the European Union pursuant to applicable regulations of the Treaty and rounding the resultant figure to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the Notes so determined shall be notified to Noteholders in accordance with Condition 13. Any balance remaining from the redenomination with a denomination higher than Euro 0.01 shall be paid by way of cash adjustment rounded to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). Such cash adjustment will be payable in Euro on the Redenomination Date in the manner notified to Noteholders by the Issuer.
- (iii) Upon redenomination of the Notes, any reference in the relevant Final Terms to the relevant national currency shall be construed as a reference to Euro.
- (iv) The Issuer may, with the prior approval of the Redenomination Agent and the Consolidation Agent, in connection with any redenomination pursuant to this Condition

or any consolidation pursuant to Condition 12, without the consent of the holder of any Note, Receipt, Coupon or Talon, make any changes or additions to this Condition or Condition 12 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre of the country of the Specified Currency, interest accrual basis or benchmark), taking into account market practice in respect of redenominated euromarket debt obligations and which it believes are not prejudicial to the interests of such holders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of Notes, Receipts, Coupons and Talons and shall be notified to Noteholders in accordance with Condition 13 as soon as practicable thereafter.

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

2. STATUS

The Notes and, if applicable, any Receipts and Coupons constitute (subject to Condition 3) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* among themselves and, save for those preferred by mandatory provisions of French law and subject to Condition 3, equally with all other present or future unsecured and unsubordinated obligations of the Issuer.

3. NEGATIVE PLEDGE

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

"outstanding" means, in relation to Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption, and any interest payable after such date) have been duly paid as provided in Condition 6, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in the Conditions, (e) in the case of Definitive Materialised Notes (i) those mutilated or defaced Definitive Materialised Notes that have been surrendered in exchange for replacement Definitive Materialised Notes, (ii) (for the purpose only of determining how many such Definitive Materialised Notes are outstanding and without prejudice to their status for any other purpose) those Definitive Materialised Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Definitive Materialised Notes have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more Definitive Materialised Notes, pursuant to its provisions.

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

4. INTEREST AND OTHER CALCULATIONS

(a) **Interest on Fixed Rate Notes:**

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

(b) **Interest on Floating Rate Notes, Inflation Linked Interest Notes and FX Linked Interest Notes:**

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

(ii) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day. Notwithstanding the foregoing, where the applicable Final Terms specify that the relevant Business Day Convention is to be applied on an "unadjusted" basis, the Interest Amount payable on any date shall not be affected by the application of that Business Day Convention.

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

(iv) **ISDA and FBF Definitions:** ISDA Definitions or FBF Definitions and *Additifs techniques* may be requested to the Calculation Agent, free of charge.

(A) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that

would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (1) the Floating Rate Option is as specified in the relevant Final Terms;
- (2) the Designated Maturity is a period specified in the relevant Final Terms; and
- (3) the relevant Reset Date is the first calendar day of that Interest Accrual Period.

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

(B) *FBF Determination for Floating Rate Notes*

Where FBF Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Agent as a rate equal to the relevant FBF Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (B), "FBF Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Agent under a swap transaction (*Échange*) made pursuant to an FBF master agreement (*convention cadre FBF*) and the Interest and Currency Technical Annex (*Échange de conditions d'Intérêt ou de Devises – Additif Technique*) (the "FBF Definitions") and under which:

- (1) the Floating Rate is as specified in the relevant Final Terms, and
- (2) the Floating Rate Determination Date is as specified in the relevant Final Terms

For the purposes of this sub-paragraph (B), "Floating Rate", "Agent" and "Floating Rate Determination Date" are translations of the French terms "*Taux Variable*", "*Agent*" and "*Date de Détermination du Taux Variable*", respectively, which have the meanings given to those terms in the FBF *Additifs techniques*, and "FBF" means *the Fédération Bancaire Française*.

(C) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (1) if the source for the Rate of Interest in respect of Floating Rate Notes is a Screen Page, subject as provided below, the Rate of Interest shall be:
 - (I) the Relevant Rate (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
 - (II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date.
- (2) If the Screen Page is not available or if sub-paragraph (1)(I) applies and no Relevant Rate appears on the Screen Page, or if sub-paragraph (1)(II) applies and the Calculation Agent determines that fewer than three

Reference Banks are quoting Relevant Rates, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Reference Rate) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the Euro-Zone (as selected by the Calculation Agent) (the "**Principal Financial Centre**") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration.

If fewer than two Reference Banks are quoting Relevant Rates, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period commencing on the Effective Date for a period equivalent to the Specified Duration by leading banks in the Principal Financial Centre, as determined by the Calculation Agent.

If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be calculated on the basis of the last Relevant Rate available on the Screen Page as determined by the Calculation Agent, except that if the Issuer determines that the absence of quotation is due the occurrence of a Benchmark Event, then the Relevant Rate will be determined in accordance with paragraph (3) below.

If the source for the Floating Rate is Reference Banks or if sub-paragraph (1)(1)(I) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (1)(1)(II) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Business Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent.

- (3) Notwithstanding paragraph (2) above, if the Issuer determines at any time prior to any Interest Determination Date that a Benchmark Event has occurred in relation to the Reference Rate, the Calculation Agent will use, as a substitute for the Reference Rate, the alternative reference rate selected by the central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) in the Principal Financial Centre that is consistent with industry accepted standards, provided that if the Calculation Agent notifies the Issuer that it is unable to determine such an alternative, the Issuer will as soon as reasonably practicable (and in any event before the business day (determined with reference to the business day convention applicable to the manner in which the Rate of Interest is to be determined in the relevant Final Terms) prior to the applicable Interest Determination Date) appoint an agent (the "**Reference Rate Determination Agent**"), which will determine whether a substitute or successor rate for the purposes of determining the Relevant Rate on each Interest Determination Date falling on such date or thereafter that is substantially comparable to the Reference Rate is available. If the Reference Rate Determination Agent determines that there is an industry accepted successor rate, the Reference Rate Determination Agent will notify the Issuer of such

successor rate to be used by the Calculation Agent to determine the Rate of Interest. If the Reference Rate Determination Agent or the Calculation Agent has determined a substitute or successor rate in accordance with the foregoing (such rate, the “**Replacement Reference Rate**”), for the purposes of determining the Relevant Rate on each Interest Determination Date falling on or after such determination, (i) the Reference Rate Determination Agent or the Calculation Agent (in both cases, after consultation with the Issuer), as applicable, will also determine any method for obtaining the Replacement Reference Rate, including any adjustment factor needed to make such Replacement Reference Rate comparable to the Reference Rate, in each case acting in good faith and in a commercially reasonable manner that is consistent with industry-accepted practices for such Replacement Reference Rates; (ii) references to the Reference Rate in these Terms and Conditions will be deemed to be references to the relevant Replacement Reference Rate, including any alternative method for determining such rates as described in (i) above; (iii) the Reference Rate Determination Agent or the Calculation Agent will notify the Issuer of the foregoing as soon as reasonably practicable; and (iv) the Issuer will give notice to the Noteholders, the Calculation Agent, the Fiscal Agent and the Paying Agents specifying the Replacement Reference Rate, as well as the details described in (i) above as soon as reasonably practicable but in any event no later than 5:00 p.m. in the Principal Financial Centre on the business day prior to the applicable Interest Determination Date.

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

For the avoidance of doubt, each Noteholder shall be deemed to have accepted the Replacement Reference Rate or such other changes pursuant to this paragraph (3).

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

Notwithstanding any other provision of this paragraph (3), if a Reference Rate Determination Agent is appointed by the Issuer and such agent is unable to or otherwise does not determine for any Interest Determination Date a Replacement Reference Rate, the Issuer may decide that no Replacement Reference Rate or any other successor, replacement or alternative benchmark or screen rate will be adopted and the Relevant

Rate for the relevant Interest Period in such case will be equal to the last Relevant Rate available on the relevant Screen Page as determined by the Calculation Agent.

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

For the purposes of this paragraph (3), "**Benchmark Event**" means, with respect to a Reference Rate:

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

(c) **Interests of Fixed to Floating Rate Notes**

Each Fixed to Floating Rate Note bears interest at a rate (i) that the Issuer may decide to convert at the date specified in the relevant Final Terms from a Fixed Rate to a Floating Rate (among the types of Floating Rate Notes mentioned in paragraph (b)(iii) above) or (ii) which shall be automatically converted from a Fixed Rate to a Floating Rate at the date specified in the relevant Final Terms.

(d) **Rate of Interest on Zero Coupon Note**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)).

(e) **Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the relevant Final Terms.

(f) **Inflation Linked Interest Notes**

If the relevant Final Terms specify that the Notes are Inflation Linked Interest Notes, the Rate of Interest and the Interest Amount with respect to the relevant Interest Period shall be determined by reference to the CPI (as defined below) or the HICP (as defined below), as the case may be, in a manner as specified in these Conditions, the relevant additional terms for the Inflation Linked Interest Notes set out in Condition 16 and the relevant Final Terms.

(g) **FX Linked Interest Notes**

If the relevant Final Terms specify that the Notes are FX Linked Interest Notes, the Rate of Interest and the Interest Amount with respect to the relevant Interest Period shall be determined by reference to the rate of exchange of a single currency or basket of currencies, as the case may be, in a manner as specified in these Conditions, the relevant additional terms for the FX Linked Interest Notes set out in Condition 17 and the relevant Final Terms.

(h) **Accrual of Interest**

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 until, and including, whichever is the earlier of (i) the day on which all sums due in respect of the Notes are received by or on behalf of the relevant holder and (ii) the day of receipt by or on behalf of Euroclear France of all sums due in respect of the Notes (the "Relevant Date")

(i) **Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding**

(i) If any Margin or Rate Multiplier is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph;

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be. The Minimum Rate of Interest, including for the avoidance of doubt any margin, shall not be less than zero;

(iii) For the purposes of any calculations required pursuant to these Conditions, (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be

rounded down to the nearest yen. For these purposes "unit" means, the lowest amount of such currency that is available as legal tender in the countries of such currency.

(j) **Calculations**

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(k) **Determination and Publication of Rates of Interest, Interest Amounts, Final Optional Redemption Amounts, Early Redemption Amounts, Redemption Amounts and Instalment Amounts**

As soon as practicable after the Relevant Time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quote or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain any quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules applicable to such exchange or other relevant authority so require, such exchange or the relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of an Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(l) **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Amortised Face Amount" means the amount determined as described in paragraph 5(b) of the Terms and Conditions of the Notes.

"Business Centre" means, with respect to any Floating Rate to be determined in accordance with a screen rate determination on an Interest Determination Date, the business centre as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Reference Rate is most closely connected, (which, in the case of EURIBOR, shall be the Euro-zone).

"Business Day" means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency (which, in the case of Renminbi, shall be Hong Kong) and/or
- (ii) in the case of euro, a day on which the Target System is operating (a "TARGET Business Day") and/or
- (iii) in the case of a currency and/or one Business Centre a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre or, if no currency is specified, generally in each of the Business Centres.

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

- (i) if "**Actual/365**" or "**Actual/Actual-ISDA**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if "**Actual/365 (Fixed)**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365
- (iii) if "**Actual/360**" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360
- (iv) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)) and
- (v) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)
- (vi) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (vii) if "**Actual/Actual-ICMA**" is specified in the relevant Final Terms,
 - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the

number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

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

where:

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"Determination Date" means the date specified as such in the relevant Final Terms or, if none is so specified, the Interest Payment Date.

"Effective Date" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"Euro-Zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Amount" means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the relevant Final Terms.

"Interest Determination Date" means, with respect to a Rate of Interest or an Interest Accrual Period or the interest amount in relation to Renminbi Notes, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two TARGET Business Days for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is Euro or (iii) the day falling two Business Days in the city specified in the relevant Final Terms for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is not Euro.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"Interest Period Date" means each Interest Payment Date.

"Specified Interest Payment Date" means each Interest Payment Date.

"ISDA Definitions" means the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.).

"Screen Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Markets 3000. ("**Reuters**") and Bridge/Telerate ("**Telerate**")) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or

sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

"Rate of Interest" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the relevant Final Terms.

"Reference Banks" means the institutions specified as such in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Reference Rate (which, if EURIBOR is the relevant Reference Rate, shall be the Euro-zone).

"Reference Rate" means LIBOR, LIBID, LIMEAN, EURIBOR, CMS or TEC (or such other Reference Rate as may be specified in the relevant Final Terms) specified in the relevant Final Terms for the purposes of calculating the Relevant Rate in respect of Floating Rate Notes.

"Relevant Rate" means the Reference Rate for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Reference Rate) equal to the Specified Duration commencing on the Effective Date.

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Business Centre specified in the relevant Final Terms or, if none is specified, the local time in the Business Centre at which it is customary to determine the relevant Rate of Interest and for this purpose "local time" means, with respect to Europe and the Euro-zone as a Business Centre, 11.00 hours, Brussels Time.

"Representative Amount" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such in the relevant Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

"Specified Currency" means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated.

"Specified Duration" means, with respect to any Floating Rate to be determined on in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the relevant Final Terms or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(b).

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

(m) **Calculation Agent and Reference Banks**

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Business Centre and one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined in Condition 3 "Negative Pledge" above). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Business Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office).

(n) **Renminbi Notes**

Notwithstanding the foregoing, each Renminbi Note which is a Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate per annum equal to the Rate of Interest. For the purposes of calculating the amount of interest, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month in which case it shall be brought forward to the immediately preceding Business Day. Interest will be payable in arrear on each Interest Payment Date. The Renminbi Rate Calculation Agent will, as soon as practicable after 11.00 a.m. (Hong Kong time) on each Interest Determination Date, calculate the amount of interest payable per Specified Denomination for the relevant Interest Period. The determination of the amount of interest payable per Specified Denomination by the Renminbi Rate Calculation Agent shall (in the absence of manifest error and after confirmation by the Issuer) be final and binding upon all parties. The Renminbi Rate Calculation Agent will cause the amount of interest payable per Specified Denomination for each Interest Period and the relevant Interest Payment Date to be notified to each of the Paying Agents and to be notified to Noteholders as soon as possible after their determination but in no event later than the fourth (4th) Business Day thereafter. The amount of interest payable per Specified Denomination and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest per Specified Denomination shall nevertheless continue to be calculated as previously by the Renminbi Rate Calculation Agent in accordance with this provision but no publication of the amount of interest payable per Specified Denomination so calculated need be made. Unless otherwise agreed in the relevant Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to the Specified Denomination, multiplying such product by the actual number of calendar days in the relevant Interest Period or, as applicable, other period concerned and dividing it by three hundred and sixty-five (365), and rounding the resultant figure to the nearest Renminbi sub-unit, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

5. **REDEMPTION, PURCHASE AND OPTIONS**

(a) **Redemption by Instalments and Final Redemption**

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms (i) at its Final Redemption Amount (which is its nominal amount), or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount, or, (ii) in the case of (a) Inflation Linked Redemption Notes, the redemption amount as shall be determined in accordance with the Final Terms and Condition 16(b)(i) (*Final Redemption Amount of Inflation Linked Notes*) and (b) FX Linked Redemption Notes, the redemption amount as shall be determined in accordance with the Final Terms and Condition 17.

(b) **Early Redemption**

(i) ***Zero Coupon Notes***

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note that does not bear interest prior to the Maturity Date, the Early Redemption Amount of which is not determined pursuant to Condition 16(b)(ii) below, upon it

becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note.

- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Redemption Amount payable in respect of any such Note upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(h).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.

(ii) **Other Notes:**

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above and Condition 16(b)(ii) (*Early Redemption Amount of Inflation Linked Notes*) below), upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount.

(c) **Redemption at the Option of the Issuer and Exercise of Issuer's Options**

If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date at the relevant Optional Redemption Amount on the Issuer's giving not less than 5 nor more than 90 calendar days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date at the Optional Redemption Amount plus accrued interest (if any) to such date).

- (i) In the case of a partial redemption or a partial exercise of an Issuer's option in respect of Materialised Notes, the notice to holders of such Materialised Notes shall also contain the number of the Definitive Materialised Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange requirements.
- (ii) In the case of a partial redemption of or a partial exercise of an Issuer's option in respect of Dematerialised Notes, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in a Series in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that will be fully redeemed and those Dematerialised Notes of any Series that will not be redeemed shall be made in accordance with Article R.213-16 of the French *Code monétaire et financier* and the provisions of the relevant Final Terms, subject to compliance with any other applicable laws and stock exchange requirements.

(d) **Redemption at the Option of Noteholders and Exercise of Noteholders' Options**

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date specified in the relevant Put Option Notice at the relevant Optional Redemption Amount together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 5(d), the holder of a Note must, not less than 15 nor more than 30 calendar days before the relevant Optional Redemption Date, in the case of Dematerialised Notes, transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Paris Paying Agent specified in the Put Option Notice, in the case of a Materialised Note, deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto, and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited or transferred shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited or transferred, with a duly completed Put Option Notice in accordance with this Condition 5(d), may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing or transferring Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing or transferring Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 5(d), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(e) **Automatic Early Redemption for FX Linked Notes**

If the relevant Final Terms specify that automatic early redemption applies with respect to FX Linked Redemption Notes, in the case that the Calculation Agent determines, in accordance with Condition 17(d)(i) (*FX Linked Automatic Early Redemption*) that an Automatic Early Redemption Event occurs, the Notes shall be redeemed at the Automatic Early Redemption Amount as specified in the relevant Final Terms on the Automatic Early Redemption Date.

(f) **Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the relevant Final Terms.

(g) **Purchases**

The Issuer may, pursuant to the relevant rules, at any time purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Notes so purchased by the Issuer may be held and resold in accordance with Article L.213-1 A of the French *Code monétaire et financier*, for the purpose of enhancing the liquidity of the Notes, provided that the Issuer will not be entitled to hold the Notes for a period exceeding one (1) year from their purchase date, in accordance with Article D.213-1-A of the French *Code monétaire et financier*.

(h) **Cancellation**

All Notes purchased by or on behalf of the Issuer must, save as provided in paragraph 5(g) (*Purchases*) above, be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France, and, in the case of Materialised Notes by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6. **PAYMENTS AND TALONS**

(a) **Dematerialised Notes:**

Payments of principal and interest in respect of Dematerialised Notes shall (in the case of Dematerialised Notes in bearer dematerialised form or administered registered form) be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the Noteholders and, (in the case of Dematerialised Notes in fully registered form), to an account denominated in the relevant currency with a bank designated by the Noteholders. All payments validly made to such Account Holders will be an effective discharge of the Issuer in respect of such payments.

(b) **Materialised Notes:**

(i) ***Method of payment***

Subject as provided below, payments in a Specified Currency will be made by credit or transfer to an account denominated in the relevant Specified Currency, or to which the Specified Currency may be credited or transferred (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is euro, shall be any country in the Euro-zone, and, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively).

(ii) ***Presentation and surrender of Definitive Materialised Notes and Coupons***

Payments of principal in respect of Definitive Materialised Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of partial payment of any sum due, annotation) of such Notes, and payments of interest in respect of Definitive Materialised Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, annotation) of the relevant Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive form should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon before 1 January of the fourth year following the date on which such amount fell due but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any Definitive Materialised Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against presentation and surrender (if appropriate) of the relevant Definitive Materialised Note.

(c) **Payments in the United States**

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

(d) **Payments subject to Fiscal Laws**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents**

The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent and the Consolidation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent and the Consolidation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or, if applicable, Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Calculation Agent, the Redenomination Agent or the Consolidation Agent and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) a Paying Agent having a specified office in Paris for so long as the Notes are listed on the Euronext Paris and the rules applicable to such Exchange so require and (v) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Notes denominated in U.S. dollars in the circumstances described in paragraph 6(c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 13.

(f) **Non-Business Days**

If any date for payment in respect of any Note or, if applicable, Coupon is not a business day, the Noteholder or, if applicable, Couponholder shall not be entitled to payment until the next following business day, nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as "Financial Centres" in the relevant Final Terms and (C) (i) in the case of a payment in a currency other than Euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in Euro, which is a TARGET Business Day.

(g) **Alternative Payment in U.S. Dollar**

Notwithstanding any other provision in these Conditions, if an Inconvertibility, Non-transferability or Illiquidity (each as defined below) occurs, or if Renminbi is otherwise not available to the Issuer

as a result of circumstances beyond its control and such unavailability has been confirmed by a Renminbi Dealer, following which the Issuer is unable to satisfy payments of principal or interest (in whole or in part) in respect of Renminbi Notes, the Issuer on giving not less than five (5) nor more than thirty (30) calendar days irrevocable notice in accordance with Condition 13 "Notices" to the Noteholders prior to the due date for payment, shall be entitled to satisfy its obligations in respect of any such payment by making any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. dollar Equivalent of any such Renminbi denominated amount.

In such event, payments of the U.S. Dollar Equivalent of the relevant principal or interest in respect of the Notes shall be made by transfer to the U.S. dollar account of the relevant Account Holders for the benefit of the Noteholders. For the avoidance of doubt, any payment made under such circumstances of the U.S. Dollar Equivalent will constitute valid payment, and will not constitute a default in respect of the Notes within the meaning of Condition 9.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6(g) by the Renminbi Rate Calculation Agent, will (in the absence of manifest error) be binding on the Issuer, the Paying Agents and all Noteholders.

These provisions may be supplemented in the relevant Final Terms.

For the purpose of this Condition 6(g):

"Governmental Authority" means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

"Illiquidity" means that the general Renminbi exchange market in Hong Kong becomes illiquid, other than as a result of an event of Inconvertibility or Non-transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers.

"Inconvertibility" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Renminbi Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted on or after the Issue Date of such Renminbi Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

"Non-transferability" means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted on or after the Issue Date of the relevant Renminbi Notes and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

"Renminbi Dealer" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer.

"Renminbi Note" means a Note denominated in Renminbi.

"Renminbi Rate Calculation Agent" means the agent appointed from time to time by the Issuer for the determination of the Renminbi Spot Rate or identified as such in the relevant Final Terms.

"Renminbi Rate Calculation Business Days" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City.

"Renminbi Rate Calculation Date" means the day which is two Renminbi Rate Calculation Business Days before the due date for payment of the relevant Renminbi amount under the Conditions.

"Renminbi Spot Rate" for a Renminbi Rate Calculation Date means the spot U.S. dollar/CNY exchange rate for the purchase of U.S. dollars with CNY in the over-the-counter Renminbi exchange market in Hong Kong for settlement on the relevant due date for payment, as determined by the Renminbi Rate Calculation Agent at or around 11.00 a.m. (Hong Kong time) on such Renminbi Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Renminbi Rate Calculation Agent will determine the Renminbi Spot Rate at or around 11:00 a.m. (Hong Kong time) on the Renminbi Rate Calculation Date as the most recently available U.S. dollar/CNY official fixing rate for settlement on the relevant due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

"U.S. Dollar Equivalent" means the relevant Renminbi amount converted into US dollars using the Renminbi Spot Rate for the relevant Renminbi Rate Calculation Date, as calculated by the Renminbi Rate Calculation Agent.

7. **TAXATION**

1. All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

2. All payments of principal and interest in respect of the Notes and, if applicable, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law, in which case the Issuer shall pay no additional amounts.

8. **PRESCRIPTION**

Claims against the Issuer for payment of principal, interest or any other amounts in respect of the Notes and, if applicable, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within four years after the 1 January following the appropriate Relevant Date in respect of them (in accordance with the Law n°68-1250 dated 31 December 1968).

9. **EVENTS OF DEFAULT**

If any of the following events (hereinafter referred to as an "**Event of Default**") shall occur and be continuing:

- (a) there is a default in the payment of any principal or default for more than thirty (30) calendar days in the payment of any interest due and payable on or in respect of any Note; or
- (b) the Issuer defaults in the due performance and observance of any other provision contained in the Notes and such default (if capable of remedy) remains unremedied for ninety (90) calendar days after written notice thereof shall have been given to the Issuer at the specified office of the Fiscal Agent by any Noteholder; or
- (c) the Issuer is dissolved or ceases to be an *établissement public* prior to the repayment in full of the Notes or the payment in full of all sums due under the Notes unless its activities

and debts are validly transferred to another *établissement public* or assumed by the French State,

then the Representative (as defined in Condition 10), upon request of any Noteholder, or in the absence of a Representative, any Noteholder may, upon written notice to the Fiscal Agent, before all defaults shall have been remedied, cause all the Notes (but not some only) held by such Noteholder to become immediately due and payable, whereupon the Notes shall become immediately due and payable at their Early Redemption Amount, without any other formality.

10. MEETING OF NOTEHOLDERS AND MODIFICATIONS

Meetings of Noteholders:

- (a) Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the "**Masse**").

If the relevant Final Terms specify "Full *Masse*", the Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *Masse* and the provisions of the French Code of Commerce relating to the *Masse* shall apply.

If the relevant Final Terms specify "Contractual *Masse*", the *Masse* will be governed by the provisions of the French Code of Commerce with the exception of Articles L.228-48, L.228-59, L.228-65 II, R.228-63, R.228-67 and R.228-69 subject to the following provisions:

(i) ***Legal Personality***

The *Masse* will be a separate legal entity and will act in part through a representative (the **Representative** """) and in part through a general meeting of the Noteholders (the **General Meeting**").

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

(ii) ***Representative***

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- (i) the Issuer, the members of its Board of Directors (*Conseil d'administration*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or
- (ii) companies having ten (10) per cent. or more of their share capital held by the Issuer; or
- (iii) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The names and addresses of the initial Representative of the *Masse* and its alternate will be set out in the relevant Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single *Masse* of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the initial Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

(iii) ***Powers of Representative***

The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative may not be involved in the management of the affairs of the Issuer.

(iv) ***General Meeting***

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published as provided under Condition 13.

Each Noteholder has the right to participate in a General Meeting in person or by proxy, by correspondence and, in accordance with Article L. 228-61 of the French *Code de commerce*, in the case of Dematerialised Notes only, by videoconference or by any other means of telecommunication allowing the identification of participating Noteholders, as provided *mutatis mutandis* by Article R. 225-97 of the French *Code de commerce*. Each Note carries the right to one vote or, in the case of Notes issued with more than one Specified Denomination, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

(v) ***Powers of the General Meetings***

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in dispute or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase amounts payable by Noteholders, nor establish any unequal treatment between the Noteholders nor decide to convert Notes into shares.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least a fifth of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes held by Noteholders attending such General Meetings or represented thereat.

In accordance with Article R.228-71 of the French Code de commerce, the right of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Euroclear France Account Holder of the name of such Noteholder as of

0:00, Paris time, on the second business day in Paris preceding the date set for the meeting of the relevant general assembly.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 13.

(vi) ***Written resolution and electronic consent***

Pursuant to Article L. 228-46-1 of the French *Code de commerce*, the Issuer shall be entitled in lieu of the holding of a General Meeting to seek approval of a resolution from the Noteholders by way of a Written Resolution (as defined below). Subject to the following sentence a Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders. Approval of a Written Resolution may also be given by way of electronic communication allowing the identification of Noteholders ("**Electronic Consent**").

Notice seeking the approval of a Written Resolution (including by way of Electronic Consent) will be published as provided under Condition 13 not less than 15 calendar days prior to the date fixed for the passing of such Written Resolution (the "**Written Resolution Date**"). Notices seeking the approval of a Written Resolution will contain the procedure to be followed by the Noteholders who wish to express their approval or rejection of such proposed Written Resolution. Noteholders expressing their approval or rejection before the Written Resolution Date will undertake not to disclose of their Notes until after the Written Resolution Date.

For the purpose hereof, a "**Written Resolution**" means a resolution in writing signed by the holders of not less than 75 per cent. in nominal amount of the Notes outstanding.

(vii) ***Information to Noteholders***

Each Noteholder or representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents and at any other place specified in the notice of the General Meeting.

(viii) ***Expenses***

The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(ix) ***Single Masse***

The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 12, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all such Series.

(b) **Modification of Agency Agreement:**

The Issuer shall only permit any modification (including for the purposes of giving effect to the provisions of Conditions 1(d) and 12) of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

11. **REPLACEMENT OF DEFINITIVE MATERIALISED NOTES, RECEIPTS, COUPONS AND TALONS**

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

12. **FURTHER ISSUES AND CONSOLIDATION**

The Issuer may from time to time without the consent of the Noteholders or, if applicable, Receiptholders or Couponholders create and issue further Notes ranking *pari passu* with the Notes and having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly. Such further Notes shall be consolidated (*assimilables*) with the Notes as regards their financial service.

The Issuer may also from time to time without the consent of the holders of the Notes or, if applicable, Receipts or Coupons of any Series, consolidate the Notes with the Notes of one or more other series issued by it provided that, in respect of all periods subsequent to such consolidation, the Notes of all such other Series are denominated in the same currency as such Notes (irrespective of the currency in which any Notes of such other series were originally issued) and otherwise have the same terms and conditions as such Notes. Notice of any such consolidation will be given to the Noteholders in accordance with Condition 13.

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

The Issuer shall in dealing with the holders of such Notes following a consolidation pursuant to this Condition 12 have regard to the interests of the holders and the holders of the Notes of such other Series, taken together as a class, and shall treat them alike.

13. **NOTICES**

- (a) Notices from the Issuer to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth Business Day (being a day other than a Saturday or a Sunday) after the mailing, or, (ii) at the option of the Issuer, they are published in a leading daily financial newspaper of general circulation in Europe (which is expected to be the Financial Times); provided that, so long as such Notes are listed on any stock exchange(s) and the rules applicable to such stock exchange so require, notices shall be valid if published in a daily financial newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes is/are listed, which in the case of the Paris Stock Exchange, is expected to be Les Echos.
- (b) Notices to the holders of Materialised Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published in a daily leading financial newspaper of general circulation in Europe (which is expected to be the Financial Times) and so long as such Notes are listed on any stock exchange and the applicable rules to that stock exchange so require, in a leading daily financial newspaper with general circulation in the city/ies

where the stock exchange(s) on which such Notes are listed, which in the case of the Paris Stock Exchange, is expected to be Les Echos.

- (c) If any such publication is not practicable, notice shall be validly given if published in a leading daily financial newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Notes in accordance with this Condition.
- (d) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) (*au porteur* or *au nominatif*) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication as required by Conditions 13(a), (b) or (c), above; except that (i) so long as such Notes are listed on any stock exchange(s) and the applicable rules to that stock exchange so require, notices shall also be published in a daily financial newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes are listed and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 10 shall also be published in a leading financial newspaper of general circulation in Europe.

14. **METHOD OF PUBLICATION OF THE BASE PROSPECTUS AND THE FINAL TERMS**

The Base Prospectus and any Supplement related to Notes listed and admitted to trading on any regulated market will always be published on the websites of (a) the AMF (www.amf-france.org) and (b) CADES (www.cades.fr) / http://cades.fr/index.php?option=com_content&view=article&id=40&Itemid=137&lang=fr).

The Final Terms related to Notes offered to the public and/or listed and admitted to trading on Euronext Paris will always be published on the websites of (a) the AMF (www.amf-france.org) and (b) CADES (www.cades.fr).

In addition, should the Notes be listed and admitted to trading on a regulated market other than Euronext Paris, the Final Terms related to those Notes will provide whether this Base Prospectus and the relevant Final Terms will be published on the website of (x) such regulated market or (y) the competent authority of the Member State in the EEA where such regulated market is situated.

A copy of the Base Prospectus may be sent free of charge by CADES to any person who requests one.

15. **GOVERNING LAW AND JURISDICTION**

(a) **Governing Law**

The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, French law.

(b) **French courts**

The courts of France have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Notes.

16. **INFLATION LINKED NOTES**

(a) **Rate of Interest for Inflation Linked Notes**

If the relevant Final Terms specify that the Notes are Inflation Linked Interest Notes, the Rate of Interest and the Interest Amount with respect to the relevant Interest Period shall be determined in accordance with the following provisions:

(i) **Consumer Price Index (CPI)**

Where the consumer price index excluding tobacco for all households in metropolitan France, as calculated and published by the *Institut National de la Statistique et des Etudes Economiques* (the "INSEE") ("CPI") is specified as the Index in the relevant Final Terms, this Condition 16(a)(i) shall apply. Terms defined herein shall have the meanings set out below only when this Condition 16(a)(i) shall apply.

The Rate of Interest in respect of Inflation Linked Interest Notes indexed to the CPI (the "**CPI Linked Interest**") will be determined by the Calculation Agent on the following basis:

- (A) On the fifth Business Day before each Interest Payment Date (for the purpose of this Condition 16(a)(i), an "**Interest Determination Date**") the Calculation Agent will calculate the Inflation Index Ratio.

For the purpose of this Condition 16(a)(i), the "**Inflation Index Ratio**" or "**IIR**" is the ratio between (i) the CPI Daily Inflation Reference Index (as defined below) applicable upon any Interest Payment Date or the redemption date, as the case may be and (ii) the base reference defined as the CPI Daily Inflation Reference Index (as defined below) (the "**Base Reference**") applicable on the date specified in the applicable Final Terms. The IIR will be rounded if necessary to five significant figures (with halves being rounded up).

"**CPI Daily Inflation Reference Index**" means (A) in relation to the first calendar day of any given month, the CPI Monthly Reference Index of the third month preceding such month, and (B) in relation to a calendar day (D) (other than the first calendar day) in any given month (M), the linear interpolation of the CPI Monthly Reference Index pertaining respectively to the third month preceding such month (M — 3) and the second month preceding such month (M — 2) calculated in accordance with the following formula:

CPI Daily Inflation Reference Index=

$$\text{CPI Monthly Reference Index}_{M-3} + \frac{D-1}{ND_M} \times (\text{CPI Monthly Reference Index}_{M-2} - \text{CPI Monthly Reference Index}_{M-3})$$

With:

"**ND_M**": number of calendar days in the relevant month M and, in the case of payment of principal and interest, shall be equal to 31;

"**D**": actual day of payment in the relevant month M and, in the case of payment of principal and interest, shall be equal to 25;

"**CPI Monthly Reference Index_{M-2}**": price index of month M-2;

"**CPI Monthly Reference Index_{M-3}**": price index of month M-3.

The CPI Daily Inflation Reference Index will be rounded if necessary to five significant figures (with halves being rounded up).

For information purposes, such CPI Daily Inflation Reference Index appears on the *Agence Française du Trésor* Reuters page OATINFLATION01 or on

Bloomberg TRESOR <GO> pages and on the website www.aft.gouv.fr. In the case of doubt in the interpretation of the methods used to calculate the Inflation Index Ratio, such methods shall be interpreted by reference to the procedures selected by the French Treasury (*Trésor*) for its *obligations assimilables du Trésor indexées sur l'inflation*.

"**CPI Monthly Reference Index**" refers to the definitive consumer price index excluding tobacco for all households in metropolitan France, as calculated and published monthly by the INSEE as such index may be adjusted or replaced from time to time as provided herein.

- (B) The calculation method described in (C) below is based on the recommendation issued by the French Bond Association (*Comité de Normalisation Obligataire* — *www.cnofrance.org*) in its December 2010 Paper entitled "Inflation Indexed Notes" (*Obligations et autres instruments de taux d'intérêt en euro, Normes et usages des marchés de capitaux — Chapitre II: Les obligations indexées sur l'inflation*). In the case of any conflict between the calculation method provided below and the calculation method provided by the French Bond Association (*Comité de Normalisation Obligataire*), the calculation method provided by the French Bond Association (*Comité de Normalisation Obligataire*) shall prevail.

The CPI Linked Interest applicable from time to time for each Interest Period (as specified in the relevant Final Terms) will be equal to the rate per annum specified in the relevant Final Terms multiplied by the Inflation Index Ratio (as defined above).

(C)

- (1) If the CPI Monthly Reference Index is not published in a timely manner, a substitute CPI Monthly Reference Index (the "**Substitute CPI Monthly Reference Index**") shall be determined by the Calculation Agent in accordance with the following provisions:

- (x) If a provisional CPI Monthly Reference Index (*indice provisoire*) has already been published, such index shall automatically be used as the Substitute CPI Monthly Reference Index. Such provisional CPI Monthly Reference Index would be published under the heading "*indice de substitution*". Once the definitive CPI Monthly Reference Index is released, it would automatically apply from the calendar day following its release to all calculations taking place from this date.

- (y) If no provisional CPI Monthly Reference Index is available, a substitute index shall be calculated on the basis of the most recently published figure adjusted as set out in the following formula:

Substitute CPI Monthly Reference Index_M=

$$\text{CPI Monthly Reference Index}_{M-1} \times \frac{\text{CPI Monthly Reference Index}_{M-1}^{\frac{1}{12}}}{\text{CPI Monthly Reference Index}_{M-13}}$$

Such that:

$$\text{CPI Monthly Reference Index}_{\text{Date D New Basis}} = \text{CPI Monthly Reference Index}_{\text{Date D Previous Basis}} \times \text{Key}$$

- (2) In the event INSEE decides to proceed with one or more base changes for the purpose of calculating the CPI Monthly Reference Index, the two CPI Monthly Reference Indexes which have been calculated on a different basis will be chained on the basis of the December CPI Monthly

Reference Index of the last year of joint publications, which corresponds to the CPI Daily Inflation Reference Index for 1st March of the following year. Such chaining will be carried out in accordance with the following equation:

$$\text{Key} = \frac{\text{CPI Monthly Reference Index}_{\text{pertaining to December calculated on the new basis}}}{\text{CPI Monthly Reference Index}_{\text{pertaining to December calculated on the previous basis}}}$$

Such that:

$$\text{CPI Monthly Reference Index}_{\text{New Basis Date D}} = \text{CPI Monthly Reference Index}_{\text{Previous Basis Date D}} \times \text{Key}$$

(ii) **Harmonised Index of Consumer Prices (HCIP)**

Where the harmonised index of consumer prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat (the "**HICP**") is specified as the Index in the relevant Final Terms, this Condition 16(a)(ii) shall apply. Terms defined herein shall have the meanings set out below only when this Condition 16(a)(ii) shall apply.

The Rate of Interest in respect of Inflation Linked Interest Notes indexed to the HICP (the "**HICP Linked Interest**") will be determined by the Calculation Agent on the following basis:

- (A) On the fifth Business Day before each Interest Payment Date (for the purpose of this Condition 16(a)(ii), an "**Interest Determination Date**") the Calculation Agent will calculate the Inflation Index Ratio.

For the purpose of this Condition 16(a)(ii), the "**Inflation Index Ratio**" or "**HR**" is the ratio between (i) the HICP Daily Inflation Reference Index (as defined below) applicable upon any Interest Payment Date or the redemption date, as the case may be and (ii) the base reference defined as the HICP Daily Inflation Reference Index (as defined below) (the "**Base Reference**") applicable on the date specified in the applicable Final Terms. The IIR will be rounded if necessary to five significant figures (with halves being rounded up).

"**HICP Daily Inflation Reference Index**" means (A) in relation to the first calendar day of any given month, the HICP Monthly Reference Index of the third month preceding such month, and (B) in relation to a calendar day (D) (other than the first calendar day) in any given month (M), the linear interpolation of the HICP Monthly Reference Index pertaining respectively to the third month preceding such month (M — 3) and the second month preceding such month (M — 2) calculated in accordance with the following formula:

HICP Daily Inflation Reference Index =

$$\text{HICP Monthly Reference Index}_{M-3} + \frac{D-1}{ND_M} \times (\text{HICP Monthly Reference Index}_{M-2} - \text{HICP Monthly Reference Index}_{M-3})$$

With:

"**ND_M**": number of calendar days in the relevant month M and, in the case of payment of principal and interest, shall be equal to 31;

"**D**": actual day of payment in the relevant month M and, in the case of payment of principal and interest, shall be equal to 25;

"**HICP Monthly Reference Index_{M-2}**": price index of month M-2;

"**HICP Monthly Reference Index_{M-3}**": price index of month M-3.

The HICP Daily Inflation Reference Index will be rounded if necessary to five significant figures (with halves being rounded up).

For information purposes, such HICP Daily Inflation Reference Index appears on the *Agence Française du Trésor* Reuters page OATEI01, on the website www.aft.gouv.fr. and on Bloomberg page TRESOR.

"**HICP Monthly Reference Index**" refers to the harmonised index of consumer prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published by Eurostat as such index may be adjusted or replaced from time to time as provided herein.

(B) The HICP Linked Interest applicable from time to time for each Interest Period (as specified in the relevant Final Terms) will be equal to the rate per annum specified in the relevant Final Terms multiplied by the Inflation Index Ratio (as defined above).

(1) If the HICP Monthly Reference Index is not published in a timely manner, a substitute HICP Monthly Reference Index (the "**Substitute HICP Monthly Reference Index**") shall be determined by the Calculation Agent in accordance with the following provisions:

(x) If a provisional HICP Monthly Reference Index has already been published by Eurostat, such index shall automatically be used as the Substitute HICP Monthly Reference Index. Once the definitive HICP Monthly Reference Index is released, it would automatically apply from the calendar day following its release to all calculations taking place from this date.

(y) If no provisional HICP Monthly Reference Index is available, a substitute index shall be calculated on the basis of the most recently published figure adjusted as set out in the following formula:

Substitute HICP Monthly Reference Index_M =

$$\text{HICP Monthly Reference Index}_{M-1} \times \frac{\text{HICP Monthly Reference Index}_{M-1}^{\frac{1}{12}}}{\text{HICP Monthly Reference Index}_{M-13}}$$

(2) In the event Eurostat decides to proceed with one or more base changes for the purpose of calculating the HICP Monthly Reference Index, the two HICP Monthly Reference Indexes which have been calculated on a different basis will be chained on the basis of the December HICP Monthly Reference Index of the last year of joint publications, which corresponds to the HICP Daily Inflation Reference Index for 1st March of the following year. Such chaining will be carried out in accordance with the following equation:

$$\text{Key} = \frac{\text{HICP Monthly Reference Index}_{\text{pertaining to December calculated on the new basis}}}{\text{HICP Monthly Reference Index}_{\text{pertaining to December calculated on the previous basis}}}$$

Such that:

$$\text{HICP Monthly Reference Index}_{\text{New Basis}}^{\text{Date D}} = \text{HICP Monthly Reference Index}_{\text{Previous Basis}}^{\text{Date D}} \times \text{Key}$$

(b) **Redemption of Inflation Linked Notes**

(i) ***Final Redemption Amount of Inflation Linked Notes***

If the relevant Final Terms specify that the Notes are Inflation Linked Redemption Notes, the Final Redemption Amount in respect of Inflation Linked Redemption Notes will be determined by the Calculation Agent on the following basis:

Final Redemption Amount = IIR x nominal amount of the Notes

"IIR" being for the purpose of this Condition 16(b)(i) the ratio determined on the fifth Business Day before the Maturity Date between (i) if the CPI is specified as the Index applicable in the Final Terms, the CPI Daily Inflation Reference Index or (ii) if the HICP is specified as the Index applicable in the Final Terms, the HICP Daily Inflation Reference Index, on the Maturity Date and the Base Reference on the date specified in the relevant Final Terms.

If the Final Redemption Amount calculated as set out above is below par, the Notes will be redeemed at par.

(ii) ***Early Redemption Amount of Inflation Linked Notes***

(A) If the relevant Final Terms provides that Condition 16(b)(i) (*Final Redemption Amount of Inflation Linked Notes*) above shall apply in respect of Inflation Linked Notes, the Early Redemption Amount upon redemption of such Notes pursuant to Condition 5(c) (*Redemption at the Option of the Issuer and Exercise of Issuer's Options*), Condition 5(d) (*Redemption at the Option of Noteholders and Exercise of Noteholders' Options*) or Condition 9 (*Events of Default*) (for the purposes of this Condition 16(b)(ii), an "Optional Redemption Amount", an "Early Redemption Amount" and/or a final "Instalment Amount", respectively, each constituting an "Early Redemption Amount") will be calculated on the following basis:

Early Redemption Amount = IIR x nominal amount of the Notes

"IIR" being for the purposes of this Condition the ratio determined on the fifth Business Day before the date set for redemption between (i) if the CPI is specified as the Index applicable in the Final Terms, the CPI Daily Inflation Reference Index or (ii) if the HICP is specified as the Index applicable in the Final Terms, the HICP Daily Inflation Reference Index, on the date set for redemption and the Base Reference specified in the relevant Final Terms.

If the Early Redemption Amount calculated as set out above is below par, the Notes will be redeemed at par.

(B) If the Inflation Linked Notes (whether or not Condition 16(b)(i) (*Final Redemption Amount of Inflation Linked Notes*) above applies) fall to be redeemed for whatever reason before the Maturity Date, the Issuer will pay the Early Redemption Amount together with interest accrued to the date set for redemption. Such accrued interest will be calculated by the Calculation Agent in respect of the period from, and including the immediately preceding Interest Payment Date or, as the case may be, the Interest Commencement Date to, but excluding, the date set for redemption of such Notes at a rate per annum on the basis of the provisions of Condition 16(a) (*Rate of Interest for Floating Rate Notes*) above except that, for such purposes the relevant Interest Determination Date shall be the fifth Business Day prior to the relevant date set for redemption.

17. **FX LINKED NOTES**

(a) **Interpretation**

FX Linked Notes shall mean Notes where the Rate of Interest, the triggering of any automatic early redemption and/or Final Redemption Amount shall be determined depending on the currency exchange rate between certain currencies or where in respect of Notes in a certain currency, all or some of whose interest and/or redemption payments shall be made in another currency or, if applicable, any other currencies, and include, without limitation, (i) Notes on which all or any of the interest amounts are linked to a specified currency, (ii) Notes of which the triggering of any automatic early redemption and/or final redemption amount are linked to a specified currency, or (iii) Notes in certain currency all or some of whose interest and/or redemption payments shall be made in another currency or, if applicable, any other currencies, or (iv) any combination of the foregoing.

In particular:

- (i) Where the Notes are specified as being FX Linked Interest Notes in the applicable Final Terms, the Interest Amount payable in relation to the FX Linked Notes of the relevant Series shall be determined applying the provisions of one of the paragraphs set out in Condition 17(c) (*FX Linked Interest*) below (the "**FX Linked Interest Provisions**"), as specified in the applicable Final Terms.

Some of these FX Linked Interest Provisions entail in particular "barrier" features, meaning that the payment of a predetermined fixed Interest Amount under such FX Linked Interest Provisions is conditional upon the Currency Price of the relevant underlying Subject Currency as of the relevant Valuation Date being (a) greater than, (b) greater than or equal to, (c) less than or (d) less than or equal to, as specified in the applicable Final Terms, one or more specified barrier rates (such rates being referred to as "Barrier Rate", "Barrier Rate 1" or "Barrier Rate 2", as the case may be, in the relevant FX Linked Interest Provisions below and the applicable Final Terms).

- (ii) Where the Notes are specified as being FX Linked Redemption Notes in the applicable Final Terms, the Final Redemption Amount payable in relation to the FX Linked Notes of the relevant Series shall be determined applying the provisions of one of the paragraphs set out in Condition 17(d) (*FX Linked Redemption*) below (the "**FX Linked Redemption Provisions**"), as specified in the applicable Final Terms.

Some of these FX Linked Redemption Provisions entail in particular "barrier" features, meaning that the Final Redemption Amount being paid under such FX Linked Redemption Provisions is dependent upon the Currency Price of the relevant underlying Subject Currency as of the Valuation Date immediately preceding the Maturity Date being (a) greater than, (b) greater than or equal to, (c) less than or (d) less than or equal to, as specified in the applicable Final Terms, one or more specified barrier rates (such rates being referred to as "Barrier Rate 3", "Barrier Rate 4" or "Barrier Rate 5", as the case may be, in the relevant FX Linked Redemption Provisions below and in the applicable Final Terms). If such barrier condition is not fulfilled, a conversion rate (such rate being referred to as "Conversion Rate 1", "Conversion Rate 2" or "Conversion Rate 3", as the case may be, in the relevant FX Linked Redemption Provisions below and in the applicable Final Terms) as specified in the relevant Final Terms will be applied to each Specified Denomination in respect of which a Final Redemption Amount is to be paid, thereby changing the currency of payment, which can result in the Notes being redeemed below par in certain circumstances.

If the relevant Final Terms provide that the relevant Notes are FX Linked Notes, the terms and conditions applicable to FX Linked Notes are the Conditions, including the terms and conditions for FX Linked Notes set out below (the "**FX Linked Conditions**"), as completed by the relevant Final Terms. In the event of any inconsistency between the Conditions and the FX Linked Conditions, the FX Linked Conditions shall prevail.

(b) **Definitions**

For the purposes of these FX Linked Conditions:

"Additional Disruption Event" means, if so specified in the relevant Final Terms, (i) a Change in Law, (ii) a Hedging Disruption and/or (iii) Increased Cost of Hedging.

"Automatic Early Redemption Amount" means the Automatic Early Redemption Amount specified in the relevant Final Terms.

"Automatic Early Redemption Date" means each Automatic Early Redemption Date specified in the relevant Final Terms.

"Automatic Early Redemption Valuation Date" means each Automatic Early Redemption Valuation Date specified in the relevant Final Terms, or if that is not an FX Business Day the first following calendar day which is an FX Business Day, or, if earlier, the Valuation Cut-Off Date.

"Barrier Rate" means, in respect of a Base Currency and Subject Currency, such exchange rate as specified in the relevant Final Terms as the Barrier Rate for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged).

"Barrier Rate 1" means, in respect of a Base Currency and Subject Currency, such exchange rate as specified in the relevant Final Terms as the Barrier Rate 1 for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged).

"Barrier Rate 2" means, in respect of a Base Currency and Subject Currency, such exchange rate as specified in the relevant Final Terms as the Barrier Rate 2 for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged).

"Barrier Rate 3" means, in respect of a Base Currency and Subject Currency, such exchange rate as specified in the relevant Final Terms as the Barrier Rate 3 for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged).

"Barrier Rate 4" means, in respect of a Base Currency and Subject Currency, such exchange rate as specified in the relevant Final Terms as the Barrier Rate 4 for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged).

"Barrier Rate 5" means, in respect of a Base Currency and Subject Currency, such exchange rate as specified in the relevant Final Terms as the Barrier Rate 5 for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged).

"Base Currency" means the currency specified as such in the relevant Final Terms.

"BRL" means Brazilian Real, the lawful currency of the Federative Republic of Brazil.

"Calculation Agent Determination" means, in respect of a Currency Price and any relevant calendar day, that such Currency Price for such relevant calendar day (or a method for determining such Currency Price) will be determined by the Calculation Agent taking into consideration all available information that in good faith it deems relevant.

"Change in Law" means that, on or after the Issue Date of the Notes (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in good faith that (a) it has become illegal to hold, acquire or dispose of the relevant Base Currency or Subject Currency, or (b) the

Calculation Agent or its affiliates will incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

"Conversion Rate 1" means, in respect of a Base Currency and Subject Currency, such exchange rate as specified in the relevant Final Terms as the Conversion Rate 1 for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged).

"Conversion Rate 2" means, in respect of a Base Currency and Subject Currency, such exchange rate as specified in the relevant Final Terms as the Conversion Rate 2 for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged).

"Conversion Rate 3" means, in respect of a Base Currency and Subject Currency, such exchange rate as specified in the relevant Final Terms as the Conversion Rate 3 for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged).

"Currency Price" means, in relation to each Note (i) the Currency Price specified in the relevant Final Terms, or (ii) if not so specified in the relevant Final Terms, in respect of each Subject Currency, an amount equal to the Spot Exchange Rate appearing on the FX Price Source at the Valuation Time on the Valuation Date for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged). The Currency Price may be derived from two exchange rates, if so specified in the relevant Final Terms, in which case each of the exchange rates shall be defined as **"Currency Price 1"** and **"Currency Price 2"**, respectively, and shall each be determined as an amount equal to the Spot Exchange Rate appearing on the FX Price Source at the Valuation Time on the Valuation Date for the exchange of such Subject Currency into the Base Currency (expressed as the number of units (or part units) of the Subject Currency for which one unit of the Base Currency can be exchanged). The Currency Price, Currency Price 1 or Currency Price 2, as the case may be, shall, if so specified in the relevant Final Terms, be (a) rounded down, (b) rounded up or (c) rounded, to the nearest whole amount or the nearest number of decimal places (in case of (c) with half of such whole number or number of decimal places being rounded up).

"Currency-Reference Dealers" means, in respect of any relevant calendar day, that the Calculation Agent will request each of the Reference Dealers to provide any of (a) mid market quotations, (b) bid side or (c) ask side, as specified in the relevant Final Terms, of its rate at which it will buy one unit of the Base Currency in units of the Subject Currency at the applicable Valuation Time on such relevant calendar day. The highest and the lowest of such quotations will be disregarded and the arithmetic mean of the remaining three quotations will be the relevant rate, as the case may be. *Provided that*, if only four quotations are so provided, then the relevant rate shall be the arithmetic mean of such quotations without regard to the highest and lowest values quoted. If fewer than four quotations but at least two quotations can be obtained then the relevant rate shall be the arithmetic mean of the quotations actually obtained by the Calculation Agent. If only one quotation is available, in that event, the Calculation Agent may determine that such quotation shall be the relevant rate, as the case may be, and if no such quotation is available or if the Calculation Agent determines in its sole discretion that no suitable reference dealer who is prepared to quote is available, the Calculation Agent will determine the relevant rate, as the case may be, in its sole discretion, acting in good faith and in accordance with standard market practice.

"Disruption Fallback" means, in respect of a Currency Price and/or any other relevant rate specified in the relevant Final Terms, Calculation Agent Determination, Currency-Reference Dealers, or Fallback Reference Price. The applicable Disruption Fallback in respect of a Currency Price and/or any other relevant rate specified in the relevant Final Terms shall be as specified in the relevant Final Terms, and if two or more Disruption Fallbacks are specified, such Disruption Fallbacks shall apply in the order specified in the relevant Final Terms, such that if the Calculation Agent determines that the Currency Price and/or any other relevant rate specified in the Final Terms cannot be determined by applying one Disruption Fallback, then the next Disruption Fallback specified shall apply.

"Fallback Reference Price(s)" means, in respect of a Currency Price, that the Currency Price for the relevant date will be the alternate price source(s) specified in the relevant Final Terms for such Currency Price, applied in the order specified in the relevant Final Terms.

"FX0" means, the Currency Price on FX0 Fixing Date.

"FX0 Fixing Date" means the date specified in the relevant Final Terms; *provided that*, if FX0 is not available on initially scheduled FX0 Fixing Date, FX0 shall be determined in accordance with the methods specified in the Currency-Reference Dealers.

"FX Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each of the Specified Financial Centres specified in the relevant Final Terms.

"FX Price Source(s)" means, in respect of a Currency Price, the price source(s) specified in the relevant Final Terms for Currency Price, or if the relevant rate is not published or announced by such FX Price Source at the relevant time, the successor or alternative price source or page/publication for the relevant rate as determined by the Calculation Agent in its sole and absolute discretion.

"FX Price Source Disruption" means it becomes impossible or otherwise impracticable to obtain and/or execute the relevant rate(s) required to calculate the Currency Price on the Valuation Date or other relevant date, or, if different, the day on which rates for that Valuation Date or other relevant date, as the case may be, would in the ordinary course be published or announced by the relevant FX Price Source.

"Hedging Disruption" means that the Hedging Entity is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk of the Issuer issuing, and the Issuer performing its obligations with respect to or in connection with, the FX Linked Notes, or (ii) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Hedging Entity" means any entity (or entities) engaged in any underlying or hedging transactions relating to the FX Linked Notes and/or the Base Currency or Subject Currency in respect of the Issuer's obligations under the FX Linked Notes.

"Increased Cost of Hedging" means that the Issuer or any of its agents would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (i) acquire, establish, reestablish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the risk of the Issuer issuing and performing its obligations with respect to the FX Linked Notes, or (ii) realise, recover or remit the proceeds of any transaction(s) or asset(s), *provided that* any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

"IDR" means Indonesian Rupiah, the lawful currency of the Republic of Indonesia.

"INR" means Indian Rupee, the lawful currency of India.

"JPY" means Japanese Yen, the lawful currency of Japan.

"Knock-out Price" means the price specified as such in the relevant Final Terms.

"Maximum Rate" has the meaning specified in the relevant Final Terms.

"Medium Rate" has the meaning specified in the relevant Final Terms.

"Minimum Rate" has the meaning specified in the relevant Final Terms.

"Minus Rate" means the Minus Rate as specified in the relevant Final Terms to calculate the interest rate pursuant to Condition 17(c)(iii).

"Original Rate" means the Original Rate as specified in the Final Terms to calculate the interest rate pursuant to Condition 17(c)(iii).

"Price Materiality Event" means, in respect of a Currency Price and a Valuation Date or other relevant date, that the FX Price Source differs from the Fallback Reference Price by at least the Price Materiality Percentage (and if both an FX Price Source Disruption and a Price Materiality Event occur or exist on any calendar day, it shall be deemed that an FX Price Source Disruption and not a Price Materiality Event occurred or existed on such calendar day).

"Price Materiality Percentage" means the percentage amount as specified in the relevant Final Terms.

"Reference Dealers" means, in respect of each Subject Currency, five (5) leading dealers in the relevant foreign exchange market, as determined by the Calculation Agent.

"Specified Financial Centre(s)" means, with respect to an FX Business Day, such financial centre or centres as specified in the relevant Final Terms.

"Spot Exchange Rate" means the rate, being the bid spot rate, offer spot rate or mid-point between the bid spot rate and the offer spot rate, as specified in the relevant Final Terms.

"Subject Currency" means the currency specified as such in the relevant Final Terms.

"Valuation Cut-Off Date" means, in respect of a Valuation Date, (i) the date specified in the relevant Final Terms, or (ii) if not so specified, the fifth FX Business Day immediately following the original date on which such Valuation Date was scheduled to fall, or, if earlier, the FX Business Day falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Valuation Date, *provided that* the Valuation Cut-Off Date shall not fall prior to the original date on which such Valuation Date was scheduled to fall.

"Valuation Date" means each Valuation Date specified in the relevant Final Terms or if that is not an FX Business Day the first following day which is an FX Business Day, or, if earlier the Valuation Cut-Off Date. If a Valuation Date falls on the Valuation Cut-Off Date, then, subject to the relevant Final Terms, the next applicable Disruption Fallback shall apply, or, if none is specified, Calculation Agent Determination shall be deemed to apply.

"Valuation Time" means the Valuation Time specified in the relevant Final Terms.

(c) **FX Linked Interest**

If the relevant Final Terms provide that FX Linked Interest is applicable, the details of the method of the calculation and/or determination of the amount of such interest shall be the FX Linked Interest Formula which shall be one of the items (i) through (iv) below as specified in the relevant Final Terms:

- (i) The Interest Amount per Specified Denomination payable on each Interest Payment Date shall be determined by the Calculation Agent in its sole discretion as follows:
 - (A) If on the Valuation Date immediately preceding the relevant Interest Payment Date, the Currency Price is (x) equal to or greater than or (y) greater than, as specified in the relevant Final Terms, the Barrier Rate, then the Rate of Interest applicable for the relevant Interest Period shall be the Maximum Rate as specified in the relevant Final Terms and the Interest Amount shall be determined in accordance with the relevant provisions of Condition 4; or
 - (B) If on the Valuation Date immediately preceding the relevant Interest Payment Date, the Currency Price is (x) less than or (y) equal to or less than, as specified in the relevant Final Terms, the Barrier Rate, then the Rate of Interest applicable for the relevant Interest Period shall be the Minimum Rate as specified in the relevant Final Terms and the Interest Amount shall be determined in accordance

with the relevant provisions of Condition 4. The Minimum Rate of Interest shall not be less than zero.

- (ii) The Interest Amount per Specified Denomination payable on each Interest Payment Date shall be determined by the Calculation Agent in its sole discretion as follows:
- (A) If on the Valuation Date immediately preceding the relevant Interest Payment Date, the Currency Price is (x) equal to or greater than or (y) greater than, as specified in the relevant Final Terms, the Barrier Rate 1, then the Rate of Interest applicable for the relevant Interest Period shall be the Maximum Rate as specified in the relevant Final Terms and the Interest Amount shall be determined in accordance with the relevant provisions of Condition 4;
 - (B) If on the Valuation Date immediately preceding the relevant Interest Payment Date, the Currency Price is (x) less than or (y) equal to or less than, as specified in the relevant Final Terms, the Barrier Rate 1 but is (x) equal to or greater than or (y) greater than, as specified in the Final Terms, the Barrier Rate 2, then the Rate of Interest applicable for the relevant Interest Period shall be the Medium Rate as specified in the relevant Final Terms and the Interest Amount shall be determined in accordance with the relevant provisions of Condition 4; or
 - (C) If on the Valuation Date immediately preceding the relevant Interest Payment Date, the Currency Price is (x) less than or (y) equal to or less than, as specified in the relevant Final Terms, the Barrier Rate 2, then the Rate of Interest applicable for the relevant Interest Period shall be the Minimum Rate as specified in the relevant Final Terms and the Interest Amount shall be determined in accordance with the relevant provisions of Condition 4. The Minimum Rate of Interest shall not be less than zero.

- (iii) The Interest Amount per Specified Denomination payable on each Interest Payment Date shall be determined by the Calculation Agent in its sole discretion as follows:

[Original Rate x (Currency Price on the Valuation Date immediately preceding the relevant Interest Payment Date /FX0) - Minus Rate] x Specified Denomination.

- (iv) The Interest Amount per Specified Denomination payable on each Interest Payment Date shall be determined by the Calculation Agent in its sole discretion in accordance with the following:

Currency 1 Amount x FXn minus Currency 2 Amount

Therefore the Interest Amount shall be calculated by applying the Rate of Interest to be calculated pursuant to the following formula:

Rate 1 x (FXn / FX Rate) minus Rate 2

Where:

"**Currency 1 Amount**" has the meaning given in the relevant Final Terms.

"**Currency 2 Amount**" has the meaning given in the relevant Final Terms.

"**Determination Date(s)**" has the meaning given in the relevant Final Terms.

"**FXn**" means the currency pair spot rate expressed as the amount of Currency A (as specified in the relevant Final Terms) which can be bought by the same number of units of Currency B (as specified in the relevant Final Terms) and where the relevant currencies are identified by the Currency and Settlement Rate Options specified in the relevant Final Terms. For the purposes of determining FXn, "**Currency**" and "**Settlement Rate Option**" shall have the meaning given to them in the 1998 FX and Currency Option Definitions (and Annex A thereto) published by ISDA.

"FX Rate" has the meaning given in the relevant Final Terms.

"Rate 1" has the meaning given in the relevant Final Terms.

"Rate 2" has the meaning given in the relevant Final Terms.

(d) **FX Linked Redemption**

(i) ***FX Linked Automatic Early Redemption***

If the relevant Final Terms provide that FX Linked Automatic Early Redemption is applicable, it shall constitute an Automatic Early Redemption Event if the Calculation Agent determines that the Currency Price on any Automatic Early Redemption Valuation Date is (x) equal to or greater than or (y) greater than, as specified in the Final Terms, the Knock-out Price, and the Issuer shall redeem the Notes in whole or in part in an amount per Specified Denomination equal to the Automatic Early Redemption Amount on the relevant Automatic Early Redemption Date.

(ii) ***FX Linked Final Redemption***

If the relevant Final Terms provide that the Notes are the FX Linked Redemption Notes, the Notes shall be redeemed at the amount in such currency in accordance with the FX Linked Redemption Formula which shall be item (A), (B), (C) or (D) below as specified in the relevant Final Terms.

(A) The Final Redemption Amount per Specified Denomination payable on the Maturity Date shall be calculated by the Calculation Agent in accordance with the following:

- (1) if on the Valuation Date immediately preceding the Maturity Date, the Currency Price is (x) greater than or (y) equal to or greater than, as specified in the relevant Final Terms, the Barrier Rate 3, the Final Redemption Amount per Specified Denomination shall be the Specified Denomination payable in the Base Currency;
- (2) otherwise, the Final Redemption Amount per Specified Denomination shall be calculated in accordance with the following formula, payable in the Subject Currency:

Specified Denomination / Conversion Rate 1,

provided that the results thereof shall be rounded to the nearest whole sub-unit or, if there is no sub-unit, the nearest whole unit of the relevant Subject Currency.

(B) The Final Redemption Amount per Specified Denomination payable on the Maturity Date shall be calculated by the Calculation Agent in accordance with the following formula, payable in the Base Currency:

Specified Denomination multiplied by Conversion Rate 2 / Conversion Rate 3,

provided that the result thereof shall be rounded to the nearest whole sub-unit, or if there is no sub-unit, the nearest whole unit of the relevant Base Currency.

(C) The Final Redemption Amount per Specified Denomination payable on the Maturity Date shall be calculated by the Calculation Agent in accordance with the following:

- (1) if on the Valuation Date immediately preceding the Maturity Date, the Currency Price is (x) greater than or (y) equal to or greater than, as specified in the relevant Final Terms, the Barrier Rate 4, the Final

Redemption Amount per Specified Denomination shall be the Specified Denomination payable in the Base Currency;

- (2) otherwise, the Final Redemption Amount per Specified Denomination shall be calculated in accordance with the following formula, payable in the Base Currency:

Specified Denomination multiplied by Conversion Rate 2 / Conversion Rate 3,

provided that the results thereof shall be rounded to the nearest whole sub-unit or, if there is no sub-unit, the nearest whole unit of the relevant Base Currency.

- (D) The Final Redemption Amount per Specified Denomination payable on the Maturity Date shall be calculated by the Calculation Agent in accordance with the following:

- (1) if on the Valuation Date immediately preceding the Maturity Date, the Currency Price is (A)(x) greater than or (y) equal to or greater than, as specified in the relevant Final Terms, the Barrier Rate 5 and (B)(x) equal to or less than or (y) less than, as specified in the relevant Final Terms, FX0, the Final Redemption Amount per Specified Denomination shall be the amount in the Subject Currency calculated in accordance with the following formula:

Specified Denomination plus Bonus Amount ("Bonus Redemption Amount"),

and shall be paid in the Base Currency calculated in accordance with the following formula:

Bonus Redemption Amount multiplied by the Currency Price on the Valuation Date immediately preceding the Maturity Date,

provided that the results thereof shall be rounded to the nearest whole sub-unit or, if there is no sub-unit, the nearest whole unit of the relevant Base Currency.

For the avoidance of doubt only, such resulting amount in the Base Currency is equivalent to the amount in the Base Currency that would be obtained by multiplying the Specified Denomination by FX0.

Where:

"**Bonus Amount**" means an amount in the Subject Currency calculated in accordance with the following formula:

Specified Denomination multiplied by (the Currency Price on the Valuation Date immediately preceding the Maturity Date / FX0 - 1),

provided that the results thereof shall be rounded to the nearest whole sub-unit or, if there is no sub-unit, the nearest whole unit of the relevant Subject Currency.

- (2) if on the Valuation Date immediately preceding the Maturity Date, the Currency Price is (A)(x) less than or (y) equal to or less than, as specified in the relevant Final Terms, Barrier Rate 5 and (B)(x) equal to or less than or (y) less than, as specified in the relevant Final Terms, the FX0, the Final Redemption Amount per Specified Denomination shall be the

Specified Denomination and payable in the Base Currency calculated in accordance with the following formula:

Specified Denomination multiplied by the Currency Price on the Valuation Date immediately preceding the Maturity Date,

provided that the results thereof shall be rounded to the nearest whole sub-unit or, if there is no sub-unit, the nearest whole unit of the relevant Base Currency.

(e) **Notes with Dual or Other Currency Settlement Conditions**

(i) ***General***

If the relevant Final Terms provide that the Dual or Other Currency Settlement Conditions are applicable, the Final Redemption Amount per Specified Denomination which shall be payable in the Subject Currency on Maturity Date or, if so specified in the relevant Final Terms, the Interest Amount payable in the Subject Currency on each Interest Payment Date shall be calculated or determined pursuant to one of the items (A), (B) or (C) below as specified in the relevant Final Terms:

- (A) The Final Redemption Amount per Specified Denomination payable on the Maturity Date and/or the Interest Amount per Specified Denomination payable on each Interest Payment Date shall be calculated by the Calculation Agent in accordance with the following formula:

Final Redemption Amount or, if applicable, the Interest Amount in the Base Currency x Currency Price on the applicable Valuation Date; or

- (B) The Final Redemption Amount per Specified Denomination payable on the Maturity Date and/or the Interest Amount per Specified Denomination payable on each Interest Payment Date shall be calculated by the Calculation Agent in accordance with the following formula:

Final Redemption Amount or, if applicable, the Interest Amount in the Base Currency / Currency Price on the applicable Valuation Date; or

- (C) The Final Redemption Amount per Specified Denomination payable on the Maturity Date and/or the Interest Amount per Specified Denomination payable on each Interest Payment Date shall be the amount specified in the relevant Final Terms.

(ii) ***BRL Notes with JPY settlement conditions***

In the cases where the relevant Final Terms provide that this Condition 17(e)(ii) is applicable, the following provisions shall apply to the settlement conditions:

- (A) All payments in respect of the BRL Notes shall be made in JPY. The JPY amount payable for the relevant payment shall equal to the BRL payment amount multiplied by the Currency Price as of the relevant Valuation Date, calculated and determined by the Calculation Agent and being rounded to the nearest JPY (with 0.5 being rounded up); *provided that*, for the determination of the JPY amount for an early redemption payment on an Event of Default, the Valuation Date shall be deemed to occur on (x) the calendar day that is ten (10) Business Days prior to the calendar day on which the Early Redemption Amount shall be due and payable or (y) any other calendar day specified in the relevant Final Terms.

- (B) For the calculation and determination of the Currency Price as of the Valuation Date, notwithstanding the definition of "Currency Price" in this Condition 17, the Currency Price as of the Valuation Date shall be the price to be determined by the Calculation Agent on the relevant Valuation Date as the inversed number (expressed as the number of JPY per 1.00 BRL and being rounded to the nearest

two decimal places (with 0.005 being rounded up)) of either (x) the arithmetic average of bid side and ask side or (y) the ask side, as specified in the relevant Final Terms, of the BRL-PTAX Rate.

For the purpose of this Condition 17(e)(ii), "**BRL-PTAX Rate**" means, in respect of any date, the JPY/BRL commercial rate, expressed as the number of BRL per 1.00 JPY as reported by Banco Central do Brasil on the SISBACEN Data System by approximately 1:15 p.m. São Paulo time on such date, and published on Bloomberg page <BZFXJPY><INDEX> (or on any successor page or on the website of the Central Bank of Brazil (www.bcb.gov.br/?english)), *provided that* the BRL-PTAX Rate found on the Central Bank of Brazil website shall prevail in case of conflict with the BRL-PTAX Rate appearing on Bloomberg page <BZFXJPY><INDEX> (or its successor page for the purpose of displaying such rate).

(iii) ***IDR Notes with JPY settlement conditions***

In the cases where the relevant Final Terms provide that this Condition 17(e)(iii) is applicable, the following provisions shall apply to the settlement conditions:

- (A) All payments in respect of the IDR Notes shall be made in JPY. The JPY amount payable for the relevant payment shall equal to the IDR payment amount multiplied by the Currency Price as of the relevant Valuation Date, calculated and determined by the Calculation Agent and being rounded to the nearest JPY (with 0.5 being rounded up); *provided that*, for the determination of the JPY amount for an early redemption payment on an Event of Default, the Valuation Date shall be deemed to occur on (x) the calendar day that is five (5) Business Days prior to the calendar day on which the Early Redemption Amount shall be due and payable or (y) any other calendar day specified in the relevant Final Terms.
- (B) For the calculation and determination of the Currency Price as of the Valuation Date, notwithstanding the definition "Currency Price" in this Condition 17, the Currency Price as of the Valuation Date shall be the price to be determined by the Calculation Agent on the relevant Valuation Date as the number (expressed as the number of JPY per 1.00 IDR and being rounded to the nearest six decimal places (with 0.0000005 being rounded up)) in accordance with the following formula:

USD/JPY Reference Rate divided by USD/IDR Reference Rate.

For the purpose of the foregoing:

"**USD/IDR Reference Rate**" means, in respect of any date, the USD/IDR spot rate at 11:00 a.m. (Singapore time), expressed as the amount of IDR per 1.00 USD, as published on Reuters Screen "ABSIRFIX01" or any substitute or successor page, at approximately 11:30 a.m. (Singapore time), or as soon thereafter as practicable.

"**USD/JPY Reference Rate**" means, in respect of any date, the USD/JPY bid rate, expressed as the amount of JPY per 1.00 USD, as published on the Reuters Screen "JPNU" or any substitute or successor page, at 12:00 p.m. (Tokyo time), or as soon thereafter as practicable.

(iv) ***INR Notes with JPY settlement conditions***

In the cases where the relevant Final Terms provide that this Condition 17(e)(iv) is applicable, the following provisions shall apply to the settlement conditions:

- (A) All payments in respect of the INR Notes shall be made in JPY. The JPY amount payable for the relevant payment shall equal to the INR payment amount multiplied by the Currency Price as of the relevant Valuation Date, calculated and determined by the Calculation Agent and being rounded to the nearest JPY (with 0.5 being rounded up); *provided that*, for the determination of the JPY amount for an early redemption payment on an early redemption for an Event of Default, the

Valuation Date shall be deemed to occur on (x) the calendar day that is five (5) Business Days prior to the calendar day on which the Early Redemption Amount shall be due and payable or (y) any other calendar day specified in the relevant Final Terms.

- (B) For the calculation and determination of the Currency Price as of the Valuation Date, notwithstanding the definition "Currency Price" in this Condition 17, the Currency Price as of the Valuation Date shall be the price to be determined by the Calculation Agent on the relevant Valuation Date as the number (expressed as the number of JPY per 1.00 INR and being rounded to the nearest four decimal places (with 0.00005 being rounded up)) in accordance with the following formula:

100 divided by INR/JPY Fixing Rate.

For the purpose of the foregoing:

"**INR/JPY Fixing Rate**" means, in respect of any date, the rate expressed as the amount of INR per one hundred JPY, as observed on Reuters Screen "RBIC" or any substitute or successor page, at approximately 1:00 p.m. (India Standard Time), or as soon thereafter as practicable.

(f) **Occurrence of FX Price Source Disruption**

(i) **General**

If the FX Price Source Disruption is specified to apply in the relevant Final Terms, the following provisions shall apply.

If the FX Price Source Disruption occurs on the Valuation Date or other relevant date, as the case may be, and is continuing on such date, the Currency Price on such calendar day shall be determined in accordance with the Disruption Fallback or Disruption Fallbacks specified as being applicable in the relevant Final Terms, among Calculation Agent Determination, Currency-Reference Dealers or Fallback Reference Price.

In the event that the Currency Price is calculated and/or determined pursuant to a formula in which two or more exchange rates are used, Disruption Fallbacks may apply to each exchange rate in a different manner.

(ii) **BRL Notes with JPY settlement conditions**

In the cases where the relevant Final Terms provide that a Specified Currency is BRL and the FX Price Source Disruption occurs on the Valuation Date or other relevant date, as the case may be, and is continuing on such date, the Currency Price on such calendar day shall be determined by the Calculation Agent as a cross currency exchange rate derived by dividing USD/JPY Reference Rate by BRL12, *provided that* the resultant figure shall be rounded to the nearest two decimal places with 0.005 being rounded upward. In addition to the FX Price Source Disruption, if BRL12 or the USD/JPY Reference Rate is not available for any reason, the Currency Price on such calendar day shall be determined in accordance with the Calculation Agent Determination. BRL12 may not be available on the same date on which the FX Price Source Disruption first occurs and BRL-PTAX Rate is first unavailable and, as a result, a Calculation Agent Determination will, in such case, be the only operable fallback.

Notwithstanding the definition "FX Price Source Disruption" in this Condition 17 for the sole purpose of this Condition 17(f)(ii), "**FX Price Source Disruption**" means that the BRL-PTAX Rate is not available.

For the purpose this Condition 17(f)(ii), the following terms shall have the following meanings:

"**BRL12**" means, in respect of any date, the EMTA BRL Industry Survey Rate which is the USD/BRL commercial rate for USD, expressed as the amount of BRL per 1.00 USD,

for settlement in two São Paulo and New York Business Days as published on the "BRL12" screen on EMTA's website (www.emta.org) at approximately 3:45 p.m. (São Paulo time), or as soon thereafter as practicable. BRL12 is calculated by EMTA (or a service provider EMTA may select in its sole discretion) pursuant to the EMTA BRL Industry Survey Methodology (which means a methodology, dated as of 1 March, 2004, as amended from time to time, for a centralised industry-wide survey of financial institutions in Brazil that are active participants in the BRL/USD spot markets for the purpose of determining EMTA BRL Industry Survey Rate).

"EMTA" means the Emerging Markets Traders Association.

"USD/JPY Reference Rate" means, in respect of any date, the USD/JPY bid exchange rate, expressed as the amount of JPY per 1.00 USD, as reported on Reuters Screen "JPNW" or any substitute or successor page, at approximately 4:00 p.m. (New York time), or as soon thereafter as practicable.

(g) **Occurrence of Price Materiality Event**

(i) **General**

If the Price Materiality Event is specified to apply in the relevant Final Terms, the following provisions shall apply.

If the Price Materiality Event occurs on the Valuation Date or other relevant date, as the case may be, and is continuing on such date, the Currency Price on such calendar day shall be determined in accordance with the Disruption Fallback or Disruption Fallbacks specified as being applicable in the relevant Final Terms, among Calculation Agent Determination, Currency-Reference Dealers or Fallback Reference Price.

In the event that the Currency Price is calculated and/or determined pursuant to a formula in which two or more exchange rates are used, the Price Materiality Event may not be applicable to all of such exchange rates and/or Disruption Fallbacks may apply to each exchange rate in a different manner.

(ii) **BRL Notes with JPY settlement conditions**

Where the relevant Final Terms provide that a Specified Currency is BRL and the Price Materiality Event occurs on the Valuation Date or other relevant date, as the case may be, and is continuing on such date, the Currency Price on such calendar day shall be determined by the Calculation Agent in accordance with the Fallback Reference Price; *provided that*, notwithstanding the definition "Price Materiality Event" in this Condition 17, for the sole purpose of this Condition 17(g)(ii), "**Price Materiality Event**" means, in respect of a Valuation Date or other relevant date, as the case may be, an event where the BRL/USD-PTAX Rate differs more than three (3) per cent. from either BRL12 or the EMTA BRL Indicative Survey Rate *provided that* both of the BRL/USD-PTAX Rate and either BRL12 or the EMTA BRL Indicative Survey Rate are available on such Valuation Date, as the case may be.

The following terms shall have the following meanings:

"**BRL/USD-PTAX Rate**" means, in respect of any date, the BRL/USD foreign exchange rate, expressed as the amount of BRL (or fractional amounts thereof) per 1.00 USD, as reported by the Banco Central do Brasil on SISBACEN Data System by approximately 1:15 p.m. São Paulo time on such date, and published on Bloomberg page <BZFXPTAX><INDEX> (or on any successor page or on the website of the Central Bank of Brazil (www.bcb.gov.br/?english)), *provided that* the BRL/USD-PTAX Rate found on the Central Bank of Brazil website shall prevail in case of conflict with the BRL/USD-PTAX Rate appearing on Bloomberg page <BZFXPTAX><INDEX>.

"**EMTA BRL Indicative Survey Rate**" means, in respect of any date, the USD/BRL foreign exchange rate for USD expressed as the amount of BRL per 1.00 USD, for settlement in two São Paulo and New York Business Days as published on EMTA's

website (www.emta.org) at around 12:00 p.m. (São Paulo time) or as soon thereafter as practicable. EMTA BRL Indicative Survey Rate is calculated by EMTA (or a service provider EMTA may select in its sole discretion) pursuant to the EMTA BRL Indicative Survey Methodology (which means a methodology, dated as of 1 March, 2004, as amended from time to time, for a centralised industry-wide survey of financial institutions in Brazil that are active participants in the BRL/USD spot markets for the purpose of determining the EMTA BRL Indicative Survey Rate).

(h) **Corrections to Published and Displayed Rates**

If Corrections to Published and Displayed Rates are specified to apply in the relevant Final Terms, the following provisions shall apply:

- (i) In any case where a Currency Price is based on information obtained from the Reuters Monitor Money Rates Service, or any other financial information service, the Currency Price will be subject to the corrections, if any, to that information subsequently displayed by that source within one hour of the time when such rate is first displayed by such source, unless the Calculation Agent determines in its sole and absolute discretion that it is not practicable to take into account such correction.
- (ii) Notwithstanding Condition 17(h)(i) above, in any case where the Currency Price is based on information published or announced by any governmental authority in a relevant country, the Currency Price will be subject to the corrections, if any, to that information subsequently published or announced by that source within five (5) calendar days of the relevant date, unless the Calculation Agent determines in its sole and absolute discretion that it is not practicable to take into account such correction.

(i) **Successor Currency**

Where the relevant Final Terms specify that "**Successor Currency**" is applicable in respect of a Currency Price, then, either or both of the following paragraphs are applicable:

- (i)
 - (A) each Subject Currency and Base Currency will be deemed to include any lawful successor currency to the Subject Currency or Base Currency (the "**Successor Currency**");
 - (B) if the Calculation Agent determines that on or after the Issue Date but on or before any relevant date under the Notes on which an amount may be payable, a country has lawfully eliminated, converted, redenominated or exchanged its currency in effect on the Issue Date or any Successor Currency, as the case may be (the "**Original Currency**") for a Successor Currency, then for the purposes of calculating any amounts of the Original Currency or effecting settlement thereof, any Original Currency amounts will be converted to the Successor Currency by multiplying the amount of Original Currency by a ratio of Successor Currency to Original Currency, which ratio will be calculated on the basis of the exchange rate set forth by the relevant country of the Original Currency for converting the Original Currency into the Successor Currency on the date on which the elimination, conversion, redenomination or exchange took place, as determined by the Calculation Agent. If there is more than one such date, the date closest to such relevant date will be selected (or such other date as may be selected by the Calculation Agent in its sole and absolute discretion);
 - (C) notwithstanding paragraph (B) above but subject to paragraph (D) below, the Calculation Agent may (to the extent permitted by the applicable law), in good faith and in a commercially reasonable manner, select such other exchange rate or other basis for the conversion of an amount of the Original Currency to the Successor Currency and, will make such adjustment(s) that it determines to be appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms in respect of the Notes to account

for such elimination, conversion, redenomination or exchange of the Subject Currency or Base Currency, as the case may be; and

- (D) notwithstanding the foregoing provisions, with respect to any Subject Currency or Base Currency that is substituted or replaced by the Euro, the consequences of such substitution or replacement will be determined in accordance with applicable law.
- (ii) In the event that the Issuer is due to make a payment in the Specified Currency in respect of any Note and Specified Currency is not available on the foreign exchange markets due to the imposition of exchange controls, Specified Currency's replacement or disuse or other circumstances beyond the Issuer's control, the Issuer will be entitled to satisfy its obligations in respect of such payment by making payment in a currency and at an exchange rate determined by the Calculation Agent in its sole discretion, acting in good faith and in a commercially reasonable manner.

(j) **Additional Disruption Events**

- (i) If an Additional Disruption Event specified as being applicable in the relevant Final Terms occurs, the Issuer in its sole and absolute discretion may take the action described in (A) or (B) below:
 - (A) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to the multiplier and/or any of the other terms of these Conditions and/or the relevant Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
 - (B) redeem the Notes by giving notice to the Noteholders in accordance with Condition 13. If the Notes are so redeemed the Issuer will pay an amount to each Noteholder in respect of each Note held by him which amount shall be the fair market value of a Note taking into account the Additional Disruption Event less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Noteholders in accordance with Condition 13.
- (ii) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 stating the occurrence of the Additional Disruption Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.

TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALISED NOTES

Each Tranche of Materialised Notes will initially be in the form of a temporary global certificate (the "**Temporary Global Certificate**"), without interest coupons. Each Temporary Global Certificate will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking SA ("**Clearstream**") and/or any other relevant clearing system.

The relevant Final Terms will specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Certificate exchangeable for Definitive Materialised Notes

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Certificate exchangeable for Definitive Materialised Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Certificate which will be exchangeable, in whole but not in part, for Definitive Materialised Notes not earlier than 40 calendar days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Certificate exchangeable for Definitive Materialised Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Certificate which will be exchangeable, in whole or in part, for Definitive Materialised Notes not earlier than 40 calendar days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Certificate is to be exchanged for Definitive Materialised Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Materialised Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Certificate to the bearer of the Temporary Global Certificate against the surrender of the Temporary Global Certificate at the Specified Office of the Fiscal Agent within 30 calendar days of the bearer requesting such exchange.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be used for the general financing purposes of the Issuer.

DESCRIPTION OF ISSUER

OVERVIEW

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

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

As at 31 December 2018, the cumulative amount of social security debt transferred to CADES totalled Euro 260.5 billion, of which, as of that date, CADES had repaid Euro 155.2 billion and Euro 105.3 billion was outstanding, and had paid interest for an amount equal to Euro 53.8 billion. As at 31 December 2017, the cumulative amount of social security debt transferred to CADES totalled Euro 260.5 billion, of which, as of that date, CADES had repaid Euro 139.7 billion and Euro 120.8 billion was outstanding, and had paid interest for an amount equal to Euro 51.6 billion.

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

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

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

PURPOSE AND AUTHORITY

CADES was established by the French State by order n° 96-50, dated 24 January 1996 (ordonnance n° 96-50 relative au remboursement de la dette sociale or the "CADES Law") as an administrative public agency (établissement public national à caractère administratif). CADES' main purpose, as set out in Article 2 of the CADES Law, is to repay a portion of the cumulative debt of the French central social security administration (Agence centrale des organismes de sécurité sociale or "ACOSS"). CADES was originally intended to have a duration through 2009 only. Its existence was subsequently extended to 2014, and finally extended until such date as CADES' purpose has been fulfilled and its outstanding debt has been repaid. Pursuant to the Annex 8 of the 2019 Social Security Financing Act, CADES debt repayment deadline is currently estimated to be 2024. While CADES is an entity separate from the French State, it is nonetheless

subject to its control and supervision. In addition, CADES' solvency and liquidity are largely dependent on the French State (see "Strengths" below).

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

HISTORICAL EVOLUTION OF DEBT AND RESOURCES

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

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

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

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

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

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

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

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

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

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

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

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

STRENGTHS

State support for solvency and liquidity

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

Solvency

In the event CADES fails to meet its payment obligations under its bonds or notes, the French Government has a legal obligation to ensure its solvency. Law No. 80-539 of 16 July 1980 on the execution of judgments on public entities (*loi n°80-539 du 16 juillet 1980 relative aux astreintes prononcées en matière administrative et à l'exécution des jugements par les personnes morales de droit public or the "Law of 1980"*), which applies to all national public agencies, provides that in case of default, a public supervisory authority (in the case of CADES, the Minister in charge of the Economy and Finance and the Minister in charge of Social Security) must approve the sums for which the public agency is held liable by court order and provide the agency with new resources.

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

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

Liquidity

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

Resources linked to the payroll

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

CADES has met its debt repayment targets

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

SOURCES OF REVENUE

CADES' principal sources of revenue are two specifically earmarked social security levies collected by the French State: (i) the CRDS which was introduced in 1996 and (ii) the CSG which was introduced in 2009. In connection with the 2011 Social Security Financing Act Transfer, CADES will receive an additional annual cash transfer of Euro 2.1 billion from the FRR from 2011 through 2024 (the "**FRR Payment**") (the first payment was made on 26 April 2011) and a portion of the revenues raised by the Levy Tax (this allocation to CADES was abolished in 2016 pursuant to Article 24 paragraph V of the 2016 Social Security Funding Act N°2015-1702 dated 21 December 2015 and replaced by an increase in CADES' CSG allocation from 0.48 per cent. to 0.60 per cent.). For the year ended 31 December 2018, CADES received Euro 17.653 billion distributed as follows: CRDS 41.9 per cent., CSG 46.2 per cent. and FRR Payment 11.9 per cent. For the year ended 31 December 2017, CADES received Euro 17.207 billion distributed as follows: CRDS 41.7 per cent., CSG 46.1 per cent. and FRR Payment 12.2 per cent.

CRDS

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

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

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

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

The table below sets out the breakdown of sectors from which the CRDS levy is derived for the years ended 31 December 2017 and 2018.

| | CRDS (in per cent.) | |
|----------------------|---------------------|------|
| | 2017 | 2018 |
| Wages | 64.2 | 64.1 |
| Replacement revenues | 24.4 | 24.3 |
| Property revenues | 4.2 | 4.3 |
| Investment revenues | 4.9 | 5.1 |
| Gambling activities | 2.1 | 2.1 |
| Jewellery sales | 0.1 | 0.1 |

Source : CADES.

CSG

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

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

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

The following table describes the breakdown of CSG levy by sectors for the years ended 31 December 2017 and 2018.

| | CSG (in per cent.) | |
|----------------------|--------------------|------|
| | 2017 | 2018 |
| Wages | 69.2 | 69.3 |
| Replacement revenues | 20.8 | 20.4 |
| Property revenues | 4.5 | 4.6 |
| Investment revenues | 5.4 | 5.6 |
| Gambling activities | 0.1 | 0.1 |

Source: CADES

FRR

Pursuant to the 2011 Social Security Financing Act and Organic Law No. 2010-1380 on social security debt it is provided that CADES will receive an additional annual cash transfer of Euro 2.1 billion from the FRR from 2011 through 2024.

Selected Financial Statement Data

The table below sets out selected financial data of CADES for the years ended 31 December 2017 and 2018.

| For the year ended 31 December (in Euro billion) (audited) | | |
|--|---------|--------|
| | 2017 | 2018 |
| Revenues (CRDS, CSG and FRR) after charges | 17.207 | 17.653 |
| Net interest expense (on capital markets borrowings) plus general operating charges | (2.163) | 2.210 |
| Total available for principal repayments on debt | 15.044 | 15.444 |

Source: CADES

THE SOCIAL SECURITY DEBT

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

The table below sets out the aggregate amount of social security debt transferred to CADES, or that will be transferred to CADES, by the various social security funds and organisations since CADES' creation through 2018. As at 31 December 2018, the total debt that had been transferred to CADES since its creation was Euro 260.5 billion, the debt repaid was Euro 124.7 billion, and the residual year end deficit, which is the difference between the debt transferred and the debt repaid, was Euro 105.3 billion.

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

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

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

CANAM: *Caisse Nationale d'Assurance Maladie et Maternité des Travailleurs non salariés des professions non agricoles*
 FOREC: *Fonds de Financement de la réforme des cotisations patronales de Sécurité Sociale*

Source: CADES.

CADES' BORROWING PROGRAMME

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

CADES' borrowing programme consists of issuances of bonds or notes to qualified investors, and/or loans granted by financial institutions. CADES intends to further develop its borrowing programme in response to the 2011 Social Security Financing Act Transfer.

The aggregate principal amount outstanding of Notes under the Euro 130,000,000,000 Debt Issuance Programme as of 13 June 2019 was Euro 70.6 billion.

Specific debt securities issuance programmes

In addition to the Euro 130,000,000,000 Debt Issuance Programme described in this Base Prospectus, as at 13 June 2019, CADES had the following debt issuance programmes:

- a Euro 25 billion Negotiable European Commercial Paper previously French domestic treasury bills (*billets de trésorerie*) programme, under which an aggregate principal amount of Euro 0 was outstanding;
- a Euro 60 billion global commercial paper programme, issued in USD in the United States of America and in multiple currencies in the international markets, under which an aggregate principal amount of approximately Euro 433 million had been issued and was outstanding;
- a Euro 10 billion French negotiable debt securities (*bons à moyen terme négociables*) programme, under which an aggregate principal amount of Euro 264 million had been issued and was outstanding; and

- a Euro 65 Global Medium Term Note Programme, governed by English law, under which an aggregate principal amount of Euro 17.9 billion had been issued and was outstanding.

During 2018, CADES raised Euro 2.9 billion in medium- and long-term debt issues under the programmes described above.

Other borrowing capacities and facilities

As of 13 June 2019, CADES' borrowing programme also consisted of:

- a standalone bond / note issuance capacity for a maximum amount of Euro 35 billion, of which an aggregate principal amount of Euro 12.8 billion had been issued and was outstanding; and
- back-up credit facilities for an amount of Euro 1 billion.

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

Allocation of Resources

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

DEBT ISSUANCE PROFILE

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

Medium and Long Term Debt by currencies and instruments

The table below sets out the profile of CADES' debt in terms of different currencies and debt instruments as at 31 December 2018.

| Bonds in Euro | Bonds in other currencies | Inflation linked bonds/notes | MTN private placements | Commercial paper |
|----------------------|----------------------------------|-------------------------------------|-------------------------------|-------------------------|
| 65.1% | 22.3% | 9.5% | 3.1% | 0% |

Source: CADES

CADES' debt by currency

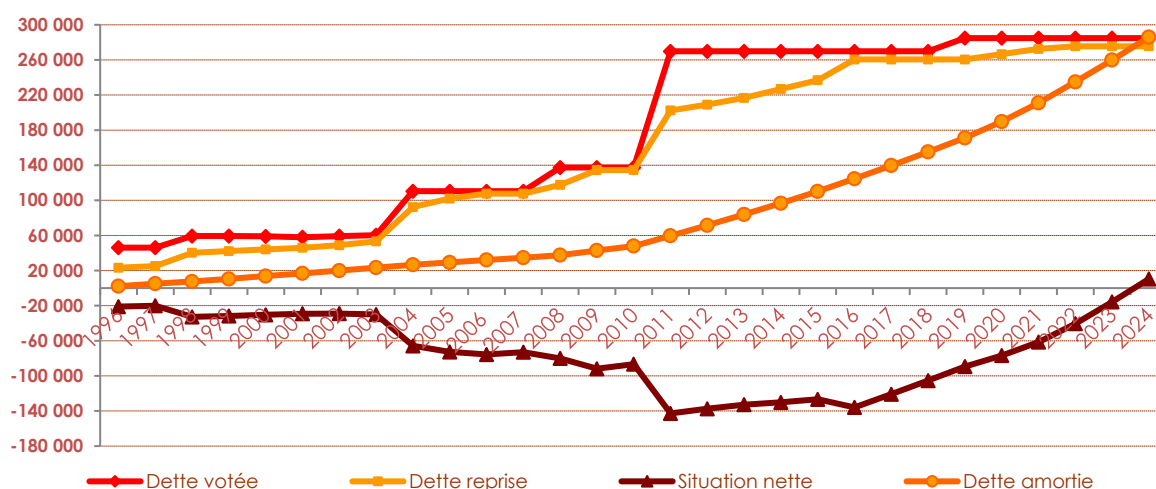
As at 31 December 2018, CADES' debt profile, broken down by currency, was as follows: 77.2 per cent. of CADES' tradable debt was Euro-denominated, 20.2 per cent. was U.S. Dollar-denominated, and 2.6 per cent. was denominated in other currencies. As at 22 March 2017, CADES' debt profile, broken down by currency, was as follows: 67.7 per cent. of CADES' tradable debt was Euro-denominated, 28.2 per cent. was U.S. Dollar-denominated, and 4.1 per cent. was denominated in other currencies.

CADES' debt by maturity

As at 31 December 2018, CADES' debt by maturity was as follows: 18 per cent. of CADES' debt had a maturity shorter than one year, 59 per cent. had a maturity between one and five years and 23 per cent. had a maturity longer than five years. As at 22 March 2017, CADES' debt by maturity was as follows: 25.1 per cent. of CADES' debt had a maturity shorter than one year, 44.1 per cent. had a maturity between one and five years and 30.8 per cent. had a maturity longer than five years.

Debt Assumption and Amortisation Profile

The following chart below sets out as at 31 December 2018 CADES' voted, assumed and amortised debt after debt assumption and an estimate of such voted, assumed and amortised debt until 2024.



In millions of Euros

Source: CADES

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

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

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

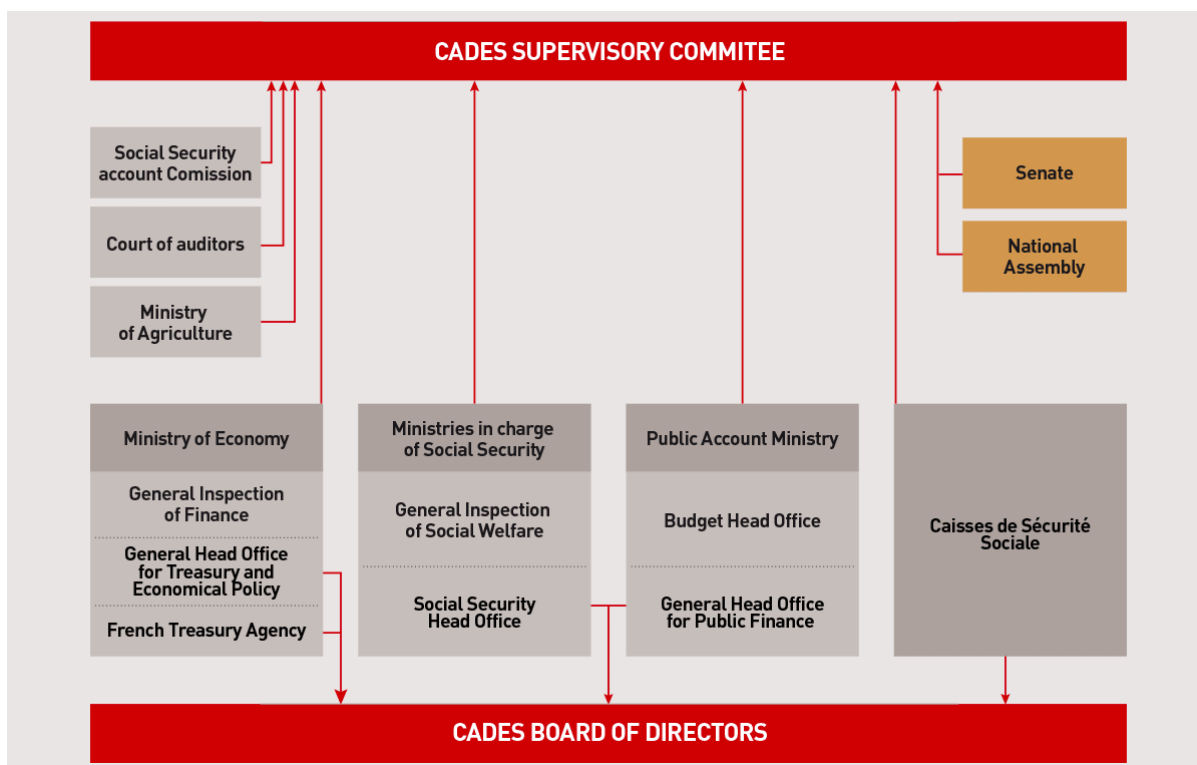
"net position" ("*situation nette*") means the difference between the assumed debt and the amortised debt.

ORGANISATIONAL STRUCTURE

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

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

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



The Board of Directors

According to the CADES Law, the Board of Directors is composed of fourteen members. The members of CADES' Board of Directors are appointed by decree by the applicable ministries. These directors may also be revoked using the same method. The Chairman is appointed by a decree signed by the President of the Republic of France and the Prime Minister on the joint recommendation of the Minister of the Economy and Finances and the Minister in charge of Social Security. The last presidential decree appointing a new Chairman of the Board of Directors, Mr Jean-Louis Rey, was published on 3 May 2017.

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

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

Chairman Jean-Louis Rey

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

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

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

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

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

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

| | |
|---|--|
| <i>Members of the Board of Directors representing the Minister of the Economy and Finances</i> | Benjamin Delozier, Deputy Director at the Treasury, or his deputy Thierry Grignon, Gabriel Cumenge, Deputy Director at the Treasury, or his deputy Arnaud Delaunay, Chef de Bureau. |
| <i>Members of the Board of Directors representing the Minister in charge of Social Security</i> | Mathilde Lignot-Leloup, Social Security Director, or his deputy Morgan Delaye, Marianne Kermoal-Berthome, Deputy Director of Social Security, or her deputy Isabelle Touya. |
| <i>Member of the Board of Directors representing the Minister in charge of the budget</i> | Bastien Llorca, or his deputy Valérie Petillon-Boisselier. |
| <i>Member of the Board of Directors representing the supervisory board of the Fonds de Réserve pour les Retraites</i> | Philippe Soubirous, or his deputy Philippe Pihet. |

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

The Supervisory Committee

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

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

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

Dominique Da Silva, Deputy, nominated by the *Président* of the National Assembly (*Assemblée Nationale*);

Véronique Louwagie, Deputy, nominated by the *Président* of the National Assembly (*Assemblée Nationale*);

Jean-Noël Cardoux, Senator, nominated by the *Président* of the French Senate (*Sénat*);

Antoine Lefevre, Senator, nominated by the *Président* of the French Senate (*Sénat*);

Amélie Verdier, nominated by the Ministry of the Economy and Finances;

Odile Renaud-Basso, nominated by the Ministry of the Economy and Finances;

Bastien Llorca, nominated by the Ministry of the Economy and Finances;

Marianne Kermoal-Berthome, nominated by the Ministry in charge of Social Security;

Mathilde Lignot-Leloup, nominated by the Ministry in charge of Social Security;

Morgan Delaye, nominated by the Ministry in charge of Social Security;

Christian Ligeard, nominated by the Ministry in charge of Agriculture;

Françoise Bouygard, member of the *Cour des Comptes*;

Véronique Hespel, member of the *Inspection Générale des Finances*;

Philippe Georges, member of the *Inspection Générale des Affaires Sociales*;

Christian Charpy, general secretary of the accounting committee for social security;

William Gardey, chairman of the CNAM;

Gérard Riviere, chairman of the CNAV;

Isabelle Sancerni, chairwoman of the CNAF;

Jean-Eudes Tesson, chairman of the ACOSS; and

Florence Sautejeau, chairwoman of the commission in charge of accidents at work and occupational diseases.

Conflicts

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

Control and Supervision

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

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

Implementation of an Audit Committee

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

Risk Management

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

Counterparty risk

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

Exchange rate risk

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

Interest rate risks

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

Auditing CADES' management operations

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

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

Determination by the Board of Directors of the maximum interest rate risks, foreign exchange risks, liquidity risks, and counterparty risks that can be taken by CADES in its market operations;

A daily report concerning the transactions carried out by CADES to be given to the Chairman; and

A monthly report summarising the transactions carried out during the relevant period, as well as CADES' position in relation to the risk limits fixed by the Board of Directors given to all members of the Board of Directors.

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

PRESENTATION OF FINANCIAL INFORMATION

As required by Decree No. 62-1587 of 29 December 1962 on the general regulation of public accounting rules (as amended by Decree No. 2012-1246 of 7 November 2012 relating to public budget and accounting management), the accounts of CADES are prepared annually by CADES in accordance with accounting principles established by the French public sector accounting rules and are therefore presented in a format that may differ from that generally used by private sector companies. In order to take account of the fact that the activities of CADES are essentially financial in nature, and to ensure that the information provided to the financial community is more familiar to investors, the Board of Directors of CADES has decided to restate its accounts to conform with the accounting principles and procedures generally accepted in France applicable to credit and financial institutions. On 3 April 2019, CADES restated accounts relating to the year ended 31 December 2018 which were approved by the Board of Directors and are publicly available.

Financial Information of the Issuer

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

Balance Sheet

| At (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|---------------------|---------------------|---------------------|
| ASSETS | | | |
| Cash in hand, balances with central banks and post office banks (Note 1) | 2,263.29 | 3,174.15 | 1,636.81 |

| | | | |
|---|-----------------|-----------------|------------------|
| Treasury bills and other bills eligible for refinancing with central banks (Note 1) | - | 1,000.00 | 4,000.00 |
| Loans and advances to credit institutions (Note 1) | | | |
| - Repayable at sight | 0.21 | 0.05 | 0.03 |
| - Repayable at term | - | - | - |
| Intangible assets (Note 2) | - | - | - |
| Tangible assets (Note 2) | - | 0.06 | 0.08 |
| Other assets (Note 3) | 450.32 | 1,243.91 | 167.13 |
| Prepayments and accrued income (Note 4) | 2,364.06 | 1,980.09 | 6,824.83 |
| TOTAL ASSETS | 5,077.88 | 7,398.26 | 12,628.88 |

LIABILITIES & RESERVES

| | | | |
|--|---------------------|---------------------|---------------------|
| Amounts owed to credit institutions (Note 5) | | | |
| - Payable at sight | - | - | - |
| - Payable at term | 1,003.37 | 1,003.37 | 1,003.37 |
| Debts evidenced by securities (Note 6) | | | |
| - Negotiable debt instruments | 265.17 | 7,521.51 | 14,093.80 |
| - Bonds and similar instruments | 107,694.03 | 117,155.77 | 126,673.50 |
| - Other debts evidenced by securities | - | - | - |
| Other liabilities (Note 7) | 447.61 | 220.30 | 5,329.78 |
| Accruals and deferred income (Note 8) | 933.32 | 2,173.59 | 1,263.56 |
| Sub-total – Liabilities | 110,343.49 | 128,074.55 | 148,364.01 |
| Provisions (Note 8a) | 80.17 | 113.26 | 98.40 |
| Property endowment | 181.22 | 181.22 | 181.22 |
| Retained earnings | (120,970.77) | (136,014.76) | (150,441.15) |
| Profit for the period | 15,443.77 | 15,043.99 | 14,426.39 |
| Sub-total – Reserves | (105,345.78) | (120,789.54) | (135,833.53) |
| TOTAL LIABILITIES AND RESERVES | 5,077.88 | 7,398.26 | 12,628.88 |

Profit and Loss Account

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|---------------------|---------------------|---------------------|
| Interest receivable and similar income (Note 9) | 874.54 | 1,024.97 | 1,086.12 |
| - From transactions with credit institutions | 188.81 | 225.32 | 160.33 |
| - From bonds and other fixed income securities | - | - | - |
| - Other interest receivable and similar income | 685.73 | 799.65 | 925.79 |
| Interest payable and similar charges (Note 10) | (3,058.41) | (3,154.33) | (3,378.43) |
| - On transactions with credit institutions | (44.34) | (42.36) | (40.79) |
| - On bonds and other fixed income securities | (3,014.07) | (3,111.97) | (3,337.64) |
| Fees payable (Note 10) | (22.78) | (30.93) | (37.66) |
| Gains and losses on trading securities (Note 11) | - | - | - |
| - Net profit (loss) on foreign exchange transactions | - | - | - |
| Gains and losses on investment securities (Note 11a) | - | - | - |
| - Net profit (loss) on investment securities | - | - | - |
| Exchange rate gains and losses on management operations (Note 11b) | - | - | - |
| Other operating income – banking | - | - | - |
| Other operating charges – banking | (0.02) | (0.02) | (0.02) |
| NET BANKING INCOME | (2,206.67) | (2,160.30) | (2,329.99) |

| | | | |
|--|------------------|------------------|------------------|
| General operating charges (Note 13) | (2.91) | (2.78) | (2.92) |
| - Staff costs | (1.08) | (1.09) | (1.11) |
| - Other administrative expenses | (1.83) | (1.69) | (1.81) |
| Depreciation and impairment provisions (intangible and tangible assets) | (0.01) | (0.02) | (0.02) |
| Other operating income | 17,816.86 | 17,380.97 | 16,933.24 |
| - Income relating to CRDS and CSG (Notes 12a and 12.1a) | 15,631.70 | 15,262.46 | 14,811.43 |
| - Income relating to social levies on income from property and investments (Note 12.2a) | (1.90) | (3.60) | (15.28) |
| - Income from Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites – FRR</i>) (Note 12.3) | 2,100.00 | 2,100.00 | 2,100.00 |
| - Income from property (Note 13a) | 0.14 | 0.15 | 0.20 |
| - Provisions reversed for receivables (Notes 12a and 12.1a) | 79.50 | 14.79 | 14.90 |
| - Other provisions reversed for receivables | 7.41 | 7.17 | 21.99 |
| Other operating charges | (163.47) | (173.98) | (173.95) |
| - Charges relating to CRDS and CSG (Notes 12a and 12.1a) | (155.10) | (150.34) | (150.72) |
| - Charges relating to social levies on income from property and investments (Note 12.2a) | 0.01 | 0.02 | (0.58) |
| - Payments to the State (Note 14) | - | - | - |
| - Provision for sundry liabilities (Note 14) | (1.57) | - | - |
| - Provision for receivables (Notes 12a, 12.1a and 12.2a) | (6.79) | (23.57) | (22.65) |
| - Charges related to property (Note 13a) | (0.02) | (0.09) | - |
| GROSS OPERATING PROFIT | 15,443.80 | 15,043.89 | 14,426.36 |
| OPERATING PROFIT | 15,443.80 | 15,043.89 | 14,426.36 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 15,443.80 | 15,043.89 | 14,426.36 |
| - Exceptional income (Note 15) | (0.03) | 0.10 | 0.03 |
| NET PROFIT FOR THE PERIOD | 15,443.77 | 15,043.99 | 14,426.39 |

Cash Flow Statements of the Issuer

The cash flow table for the years ended 31 December 2018, 31 December 2017 and 31 December 2016 below is based on the audited financial statements of the Issuer for the years ending 31 December 2018, 31 December 2017 and 31 December 2016 and the method of calculation and the calculations themselves have been approved by the auditors of the Issuer.

| Cash flow (€ millions) | Period ended | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|---------------------|-----------------------------|-----------------------------|-----------------------------|
| Net banking income | | (2,207) | (2,160) | (2,330) |
| Inflation premiums | | 188 | 118 | 42 |
| Provisions for financial instruments | | - | - | - |
| Amortisation of premiums and balancing payments | | (47) | (51) | 64 |
| Change in accrued interest | | 4 | (96) | 320 |
| Net cash from (used in) banking activities | (A) | (2,063) | (2,189) | (2,672) |
| Net operating income | | 17,650 | 17,204 | 16,756 |
| (Increase) decrease in accrued income from CRDS and CSG | | (131) | (93) | 79 |
| (Increase)/decrease in accruals on social levies | | - | - | 3 |
| (Increase)/decrease in deferred expenses | | (49) | (28) | 10 |
| Unearned income | | - | - | - |
| Provisions – sundry allocations or reversals | | (33) | 15 | 22 |
| Net cash from (used in) operating activities | (B) | 17,437 | 17,098 | 16,668 |

| | | | | |
|---|----------------|-----------------|-----------------|-----------------|
| <i>Net cash from (used in) banking and operating activities</i> | <i>(C=A+B)</i> | <i>15,374</i> | <i>14,909</i> | <i>13,996</i> |
| <i>Net cash from (used in) financing activities</i> | <i>(D)</i> | <i>(17,285)</i> | <i>(16,371)</i> | <i>3,464</i> |
| <i>Debt assumed</i> | <i>(E)</i> | <i>-</i> | <i>-</i> | <i>(23,609)</i> |
| <i>Net cash flow for the year</i> | <i>(C+D+E)</i> | <i>(1,911)</i> | <i>(1,463)</i> | <i>(6,149)</i> |

RECENT DEVELOPMENTS

Since 1 January 2019, CADES has issued the following debt instruments:

- On 25 January 2019, CADES tapped its existing EURO 0,125% 25 October 2023 for EUR 2.5bn.

SUBSCRIPTION AND SALE

Summary of the Master Dealer Agreement

Subject to the terms and on the conditions contained in the Master Dealer Agreement dated 19 June 2019 (as amended and/or supplemented and/or restated from time to time, the "**Master Dealer Agreement**") the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Master Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are underwritten by two or more Dealers.

The Issuer could pay each relevant Dealer a commission as will be agreed between the Issuer and such Dealer in respect of Notes subscribed by it or whose subscription has been procured by it. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

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

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Each of the Dealers has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer, sell or, in the case of Materialised Notes in bearer form, deliver any Notes within the United States except as permitted by the Dealer Agreement.

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

In addition, until 40 calendar days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), and in respect of Notes the denomination per unit of which is less than Euro 100,000 (or its equivalent in another currency) and for which in the applicable Final Terms it is specified that the "Prohibition of Sales to EEA Retail Investors" are "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant 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 3(2) of the Prospectus Directive in that Relevant 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 Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant 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 Directive, 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 Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), 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 3(2) of the Prospectus Directive,

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 Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant 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, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Relevant Member State.

Prohibition of Sales to EEA Retail Investors

In respect of Notes for which in the applicable Final Terms it is specified that the "Prohibition of Sales to EEA Retail Investors" is "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 Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision:

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

United Kingdom

Each Dealer will be required to agree that:

- (i) *Financial Promotions*: It has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of such Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer;
- (ii) *General Compliance*: It has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom; and
- (iii) *Accepting Deposits in the United Kingdom*: In relation to any Notes which have a maturity of less than one year (a) it is a person whose ordinary activities involve it in acquiring, holding, managing

or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer.

Republic of France

Each of the Dealers has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France and that offers and sales of Notes have been and shall only be made in France to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in Articles L.411-2 and D.411-1 of the French *Code monétaire et financier* (the "**Code**") and other applicable regulations, except that "qualified investors" shall not include individuals.
- (b) it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus or any other offering material relating to the Notes other than to those investors (if any) to whom offers and sales of the Notes in France may be made, as described above.
- (c) Materialised Notes may only be issued outside of France.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken, and each further Dealer appointed under the Programme will be required to undertake, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

The Netherlands

For selling restrictions in respect of The Netherlands, see "European Economic Area" above and in addition:

- (a) *Regulatory capacity to offer Notes in The Netherlands*: Each of the Dealers, that did and does not have the requisite Dutch regulatory capacity to make offers or sales of financial instruments in The Netherlands has represented and agreed with the Issuer that it has not offered or sold and will not offer or sell any of the Notes of the Issuer in The Netherlands, other than through one or more investment firms acting as principals and having the Dutch regulatory capacity to make such offers or sales.
- (b) *Compliance with Dutch Savings Certificates Act*: Each Dealer has represented and agreed that Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of Euronext Amsterdam admitted in a function on one or more of the markets or systems operated by Euronext Amsterdam N.V., in full compliance with the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required: (a) in respect of the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) in respect of the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) in respect of the transfer and acceptance of such Zero Coupon Notes within, from or into The Netherlands if all Zero Coupon Notes (either in definitive

form or as rights representing an interest in a Zero Coupon Note in global form) of any particular Series or Tranche of Notes are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter. As used herein "Zero Coupon Notes" are Notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

- (c) *Specific Dutch selling restriction for exempt offers:* each Dealer has represented and agreed that it 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 Netherlands and in reliance on Article 3(2) of the Prospectus Directive, unless:
- (i) such offer is made exclusively to persons or legal entities which are qualified investors (as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "FSA") and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands; or
 - (ii) standard logo and exemption wording are incorporated in the Final Terms, as required by article 5:20(5) of the FSA; or
 - (iii) such offer is otherwise made in circumstances in which article 5:20(5) of the FSA is not applicable,

provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expressions (i) an "**offer of Notes to the public**" in relation to any Notes in The Netherlands; and (ii) "**Prospectus Directive**", have the meaning given to them above in the paragraph headed with "European Economic Area".

Hong Kong

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

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and in compliance with any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

People's Republic of China (excluding Hong Kong, Macau and Taiwan)

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that this Base Prospectus, the Notes, or any material or information contained or incorporated by reference in this Base Prospectus relating to the Notes, have not been, and will not be submitted to become, approved/verified by, or registered with, any relevant government authorities under PRC law. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that the Notes are not being offered or sold and may not be offered or sold by it, directly or indirectly, in the PRC (for such purposes and the remaining references to "PRC" in this paragraph "PRC", not including

the Hong Kong and Macau Special Administrative Regions or Taiwan) except as permitted by the securities laws of the PRC and this Base Prospectus may not be supplied to the public in the PRC or used in connection with any offer for subscription or sale of the Notes in the PRC directly or indirectly. The material or information contained or incorporated by reference in this Base Prospectus relating to the Notes does not constitute an offer to sell or the solicitation of an offer to buy any securities by any person in the PRC. The Notes may only be offered or sold to PRC investors that are authorised to engage in the purchase of Notes of the type being offered or sold.

Each Dealer has represented, warranted and agreed to and with the relevant Issuer that it has not made, and will not make, any offers, promotions, or solicitations for sales of or for, as the case may be, any Notes in the PRC, except where permitted by competent authorities or where the activity otherwise is permitted under the PRC law. Each Dealer should ensure that the relevant PRC investors have noted or will note that they are responsible for informing themselves about observing all legal and regulatory restrictions, obtaining all relevant government regulatory approvals/licenses, verifications and/or registrations from all relevant governmental authorities (including but not limited to the China Securities Regulatory Commission, the China Banking Regulatory Commission, the China Insurance Regulatory Commission, the People's Bank of China and/or the State Administration of Foreign Exchange), and complying with all the applicable PRC regulations, including but not limited to any relevant PRC foreign exchange regulations and/or foreign investment regulations.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore, and that the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, 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 or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of such Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased in reliance on the exemption under Section 274 or 275 of the SFA, the Notes shall not be sold within the period of 6 months from the date of the initial acquisition of the Notes, except to any of the following persons:

- (a) an institutional investor;
- (b) a relevant person; or
- (c) any person pursuant to an offer referred to in Section 275(1A) of the SFA,

unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 2(1) of the SFA) or securities based derivatives contracts (as defined in Section 2(1) of the SFA), of that corporation or beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) (A) where the transfer of such securities or such beneficiaries' rights and interests is to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (B) where the transfer of securities of such corporation arises from an offer referred to in Section 276(3)(i)(B) of the SFA or where the transfer of rights and interests in such trust arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the SFA.

General

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

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

Each Dealer will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it acquires, purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Dealer shall have responsibility therefore.

PRO FORMA FINAL TERMS

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 AREA¹

Final Terms dated [●]

CADES (Caisse d'Amortissement de la Dette Sociale)

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

under the €130,000,000,000 Debt Issuance Programme

[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 ("MiFID II"); (ii) a customer within the meaning of Directive 2002/92/EC, 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 Directive. Consequently, no key information document required by Regulation (EU) No 1286/2014 (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.]

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

OR

[MIFID II PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ECPs TARGET MARKET – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 has led to the conclusion that: (i) the target market for the Notes are eligible counterparties, professional clients and retail clients, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); EITHER [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] 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 MiFID II, as applicable]]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

¹ The Final Terms may be asked requested from the Calculation Agent and are available on the AMF website.

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (as defined below) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make an offer of the 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 Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 40 of Part A below, provided such person is one of the persons mentioned in Paragraph 40 of Part A below and that such offer is made during the Offer Period specified for such purpose therein and any conditions relevant to the use of the Base Prospectus are complied with.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].²

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (as defined below) (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, 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].³

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus which received from the *Autorité des marchés financiers* ("**AMF**") visa n° 19-276 on 19 June 2019 (the "**Base Prospectus**") [and the supplement[s] to the Base Prospectus received from the AMF visa n° [•] on [•]] [respectively,] which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. A summary of this issue of the Notes is annexed to these Final Terms. The Base Prospectus [and the supplement[s]] [is] [are] available for viewing on the AMF website and copies may be obtained from the Issuer. [In addition⁴, the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [at/on] [•]].

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") which are the [•] EMTN Conditions. This document constitutes the Final Terms of the Notes described herein for the purposes of Directive 2003/71/EC, as amended or superseded ("**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated 19 June 2019 [and the supplement[s] to the Base Prospectus dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are the [•] EMTN Conditions. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [•] EMTN Conditions and the Base Prospectus dated [current date] [and the

² Consider including this legend where a non-exempt offer of Notes is anticipated.

³ Consider including this legend where only an exempt offer of Notes is anticipated.

⁴ If the Notes are admitted to trading on a regulated market other than Euronext Paris.

supplement to the Base Prospectus dated [●]. A summary of the issue of the Notes is annexed to these Final Terms. The Base Prospectus [and the supplement[s]] [is] [are] available for viewing on the AMF website and copies may be obtained from the Issuer. [In addition⁵, the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [at/on] [●]].

1. Issuer: Caisse d'Amortissement de la Dette Sociale
2. [(i)] Series Number: []
 [(ii)] Tranche Number: []
 (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount: []
 [(i)] Series: []
 [(ii)] Tranche: []
5. Issue Price: [] per cent of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. Specified Denominations: [] (one denomination only for Dematerialised Notes)
 []
7. [(i)] Issue Date: []
 [(ii)] Interest Commencement Date []
8. Maturity Date: [specify date or (for Floating Rate Notes where Interest Payment Dates are subject to modification) Interest Payment Date falling in or nearest to the relevant month and year]
9. Interest Basis: [● % Fixed Rate]
 [[specify reference rate] +/- [●] % Floating Rate]
 [Zero Coupon]
 [Inflation Linked Interest]
 [FX Linked Interest]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Inflation Linked Redemption]
 [FX Linked Redemption]
 [Partly Paid]
 [Instalment]
11. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis and the date when any fixed to floating rate change occurs / Not Applicable]
12. Put/Call Options: [Investor Put]

⁵ If the Notes are admitted to trading on a regulated market other than Euronext Paris.

[Issuer Call]

[(further particulars specified below)]

13. [(i)] Status of the Notes:

[Senior]

[(ii)] [Date [Board] approval for issuance of Notes obtained:

[] [and []], respectively]]
(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Note)]

14. Method of distribution:

[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions**

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Rate[(s)] of Interest:

[] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]

(ii) Interest Payment Date(s):

[] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable additional Business Centre(s) for the definition of "Business Day"]*⁶ /not adjusted]

(iii) Fixed Coupon Amount[(s)]⁷:

[] per [] in Nominal Amount

(iv) Broken Amount(s):

[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]

(v) Day Count Fraction:

[30/360 / 360/360 / Bond Basis / 30E360 / Eurobond Basis / Actual/Actual (ICMA/ISDA) / Actual/365 (fixed) / Actual/365 / Actual/360 / Actual/365 (Sterling)]

(vi) Determination Dates:

[] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA) or for Renminbi Notes)*

(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:

[Not Applicable/give details]

(viii) Business Day Convention⁸:

[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]

(ix) Party responsible for calculating Interest Amounts (if not the Calculation Agent)⁹:

[•]/[Not Applicable]

⁶ This option should be selected for RMB Notes.

⁷ Not applicable for RMB Notes.

⁸ This option should be selected for RMB Notes.

⁹ This option should be selected for RMB Notes.

16. **Floating Rate Note Provisions** [Applicable¹⁰/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Interest Period(s) []
- (ii) Representative Amount: []
- (iii) Effective Date: [] *(if applicable)*/ Not Applicable
- (iv) Specified Duration: []
- (v) Specified Interest Payment Dates: [] in each year, subject to adjustment in accordance with the Business Day Convention set out in (vi) below
- (vi) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
- (vii) Calculation Agent: []
- (viii) Business Centre(s): []
- (ix) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/FBF Determination/ ISDA Determination]
- (x) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): []
- (xi) FBF Determination (Condition 4(b)(B)): []
- Floating Rate (*Taux Variable*): []
- Floating Rate Determination Date (*Date de Détermination du Taux Variable*): []
- (xii) Screen Rate Determination:
- Reference Rate: []
- Interest Determination Date(s): []
- Relevant Time: []
- Screen Page: []
- Reference Banks: []
- Primary Source []
- (xiii) ISDA Determination:
- Floating Rate Option: []

¹⁰ If ISDA Definitions are applicable, please mention if the 2000 ISDA Definitions or the 2006 ISDA Definitions are applicable.

| | |
|---|--|
| – Designated Maturity: | [] |
| – Reset Date: | [] |
| – Business Centre: | [] |
| (xiv) Margin(s): | [+/-][] per cent per annum |
| (xv) Rate Multiplier: | [Not Applicable : [●]] |
| (xvi) Minimum Rate of Interest: | [[Zero / []] per cent per annum |
| (xvii) Maximum Rate of Interest: | [] per cent per annum |
| (xviii) Day Count Fraction: | [30/360 / 360/360 / Bond Basis / 30E360 / Eurobond Basis / Actual/Actual (ICMA/ISDA) / Actual/365 (fixed) / Actual/365 / Actual/360 / Actual/365 (Sterling)] |
| 17. Zero Coupon Note Provisions | [Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| (i) Amortisation Yield: | [] per cent per annum |
| (ii) Day Count Fraction: | [30/360 / 360/360 / Bond Basis / 30E360 / Eurobond Basis / Actual/Actual (ICMA/ISDA) / Actual/365 (fixed) / Actual/365 / Actual/360 / Actual/365 (Sterling)] |
| 18. Inflation Linked Interest Note Provisions | [Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> |
| (i) Index | [CPI / HICP] |
| (ii) Party responsible for calculating the Rate of Interest and/or Interest Amount(s) if not the Calculation Agent: | [] |
| (iii) Interest Period(s): | [] |
| (iv) Interest Payment Dates: | [] in each year, [subject to adjustment in accordance with the Business Day Convention set out in (viii) below] |
| (v) Base Reference: | Daily Inflation Reference Index applicable on [specify date] (amounting to: []) |
| (vi) Rate of Interest: | [] per cent. per annum multiplied by the Inflation Index Ratio |
| (vii) Day Count Fraction: | [30/360 / 360/360 / Bond Basis / 30E360 / Eurobond Basis / Actual/Actual (ICMA/ISDA) / Actual/365 (fixed) / Actual/365 / Actual/360 / Actual/365 (Sterling)] |
| (viii) Business Day Convention: | [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] |

(ix) Calculation Agent: []

19. **FX Linked Interest Note Provisions** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) FX Linked Interest Formula: Condition 17(c) [(I)/(II)/(III)/(IV)] shall apply.

(If Condition 17(c)(I) or (II) applies) [For the purpose of each item of the FX Linked Interest Formula, [(x)/(y)] shall apply] *(N.B. If rounding is required, consider rounding.)*

(If Condition 17(c)(IV) applies:)

[Currency 1 Amount: [•]

Currency 2 Amount: [•]

FXn: [•]

Settlement Rate Option: [Currency A is [•] / Currency B is [•]]

Determination Date(s): [Currency A is [•] / Currency B is [•]]

FX Rate: [•]

Rate 1: [•]

Rate 2: [•]

[•]

(ii) Base Currency/Subject Currency: [•]/[•]

(iii) Currency Price: [•] / [Paragraph (ii) of the definition "**Currency Price**" in Condition 17(b) shall apply]

[Condition 17(e)(ii)(B)[(x)/(y)] shall apply] *(if Condition 17(e)(ii) is specified as applicable in item 27 below)*

[The Currency Price shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable]

[Currency Price 1: [•]

[The Currency Price 1 shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable]

Currency Price 2: [•]

[The Currency Price 2 shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable]

- (iv) Spot Exchange Rate: [•] [Bid spot rate/Offer spot rate/Mid-point between the bid spot rate and the offer spot rate]
- (v) FX0 Fixing Date: [[•]/Not Applicable]
- (vi) Disruption Fallbacks: [Currency Price/[•]] (*N.B. If Disruption Fallback provision apply to any rate other than Currency Price, specify*)
- Calculation Agent Determination:
[first/second/third]
- Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "**Currency-Reference Dealers**" in Condition 17(b) shall apply)
- Fallback Reference Price: [first/second/third], [•] (*specify alternate price source(s)*)
- (vii) FX Price Source Disruption: [Applicable, the provisions of Condition 17(f)[(i)/(ii)] shall apply] / [Not Applicable]
- [Calculation Agent Determination:
[first/second/third]
- Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "**Currency-Reference Dealers**" in Condition 17(b) shall apply)
- Fallback Reference Price: [first/second/third], [•] (*specify alternate price source(s)*)
- (viii) Price Materiality Event: [Applicable, the provisions of Condition 17(g)[(i)/(ii)] shall apply] / [Not Applicable]
- [Price Materiality Percentage: [•]
- Calculation Agent Determination:
[first/second/third]
- Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "**Currency-Reference Dealers**" in Condition 17(b) shall apply)
- Fallback Reference Price: [first/second/third], [•] (*specify alternate price source(s)*)
- (ix) FX Price Source(s): [The Reuters Screen page "JPNW" / The Reuters Screen page "JPNU" / The Reuters Screen page "RBIC" / The Reuters Screen page "ABSIRFIX01" / The Reuters Screen page "ECB37" / The Bloomberg Page <BZFXJPY index> / The Bloomberg Page <BZFPTAX index> / The Bloomberg Page <INRRRTYN index> / The Bloomberg Page WMCO<go>/EMTA's website / *specify other*]
- (x) Business Centre(s): [•]
- (xi) Specified Duration: []

- (xii) Specified Interest Payment Dates: [] in each year, [subject to adjustment in accordance with the Business Day Convention set out in (xiii) below]
- (xiii) Business Day Convention: [[Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] / Not Applicable]
- (xiv) Calculation Agent: []
- (xv) Minimum Rate/Amount of Interest: [Zero / [•] per cent. per annum [*specify amount of interest payable on each Specified Interest Payment Date*]]
- (xvi) Medium Rate/Amount of Interest: [[•] per cent. per annum [*specify amount of interest payable on each Specified Interest Payment Date*]] / [Not Applicable]
- (xvii) Maximum Rate/Amount of Interest: [[•] per cent. per annum [*specify amount of interest payable on each Specified Interest Payment Date*]] / [Not Applicable]
- (xviii) Minus Rate/Amount of Interest: [[•] per cent. per annum [*specify amount of interest payable on each Specified Interest Payment Date*]] / [Not Applicable]
- (xix) Original Rate/Amount of Interest: [[•] per cent. per annum [*specify amount of interest payable on each Specified Interest Payment Date*]] / [Not Applicable]
- (xx) Day Count Fraction: [30/360 / 360/360 / Bond Basis / 30E360 / Eurobond Basis / Actual/Actual (ICMA/ISDA) / Actual/365 (fixed) / Actual/365 / Actual/360 / Actual/365 (Sterling)]
- (xxi) Valuation Date(s): [•]
- (xxii) Valuation Cut-Off Date: [•] / [Paragraph (ii) of the definition of "**Valuation Cut-Off Date**" in Condition 17(b) shall apply]
- (xxiii) Valuation Time: [•]
- (xxiv) Barrier Rate: [[•] / Barrier Rate 1: [•]; Barrier Rate 2: [•]] (*N.B. If a percentage of a fixed level consider rounding*)
- (xxv) Other Currency Settlement Conditions: [Applicable, Condition 17(e)[(i)(I) / (i)(II) / (i)(III) / (ii) / (iii) / (iv)] shall apply / Not Applicable]
- (xxvi) Successor Currency: [Condition 17(i)[(i)/(ii)] shall apply / Both Condition 17(i)(i) and 17(i) (ii) shall apply / Not Applicable]
- (xxvii) Corrections to Published or Displayed Rates: [Applicable/Not Applicable]
- (xxviii) Additional Disruption Events: Change in Law is [Applicable/Not Applicable]
Hedging Disruption is [Applicable/Not Applicable]
Increased Cost of Hedging is [Applicable/Not Applicable]

PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] specified denomination
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: []
- (b) Maximum Redemption Amount: []
- (iv) Notice period: []
21. **Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Note of [] specified denomination
- (iii) Notice period: []
22. **Automatic Early Redemption** [Applicable (see further item 26 below)]/[Not Applicable]
23. **Final Redemption Amount of each Note** [[] per Note of [] specified denomination]
[See further item [25/26] below] *(If the Notes are Inflation Linked Redemption Notes or FX Linked Redemption Notes)*
24. **Redemption by Instalments** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Instalment Date(s): [●]
- (ii) Instalment Amount(s) in respect of each Note: [●] by Note of [●] of Specified Denomination
- (iii) Minimum Instalment Amount: []
- (iv) Maximum Instalment Amount: []

25. Early Redemption Amount

Early Redemption Amount(s) payable in respect of Zero Coupon Notes and each Note other than Inflation Linked Notes on event of default or on redemption at the option of the issuer or redemption at the option of noteholders:

[[]]

Inflation Linked Notes - Early Redemption Amount(s) of each Note payable on event of default or on redemption at the option of the issuer or redemption at the option of noteholders:

[To be determined in accordance with Condition 16(b)(ii) / Not Applicable]

26. Inflation Linked Redemption Note Provisions

[Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(i) Index:

[CPI/HICP]

(ii) Final Redemption Amount in respect of Inflation Linked Redemption Notes:

[Condition 16(b)(i) applies]

(iii) Base Reference:

[CPI/HICP] Daily Inflation Reference Index applicable on *[specify date]* (amounting to: [])

(iv) Party responsible for calculating the Final Redemption Amount (if not the Calculation Agent):

[]

27. FX Linked Redemption Note Provisions

(a) FX Linked Automatic Early Redemption: [Applicable/Not Applicable] *(If not applicable, delete the paragraph below of this subparagraph)*

[For the purpose of the Automatic Early Redemption Event, Condition 17(d)(i)[(x)/(y)] shall apply]

(b) FX Linked Final Redemption:

(i) Formula for calculating Final Redemption Amount including back up provisions:

Condition 17(d)(ii)[(I)/(II)/(III)/(IV)] shall apply

(if Condition 17(d)(ii)(I), (III) or (IV) is applicable)
[For the purpose of each item in the FX Linked Redemption Formula, [(i)/(ii)] [(x)/(y)] shall apply]

(N.B. If rounding is required, consider rounding.)

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)

- (ii) FX0: [[•]/Not Applicable] (N.B. If a percentage of a fixed level consider rounding)
- (iii) Automatic Early Redemption Amount: [•] per Specified Denomination
- (iv) Automatic Early Redemption Date: [•]
- (v) Automatic Early Redemption Valuation Date: [•]
- (vi) Knock-out Price: [•] (N.B. If a percentage of a fixed level consider rounding)
- (vii) Base Currency/Subject Currency: [•]/[•]
- (viii) Currency Price: [•] / [Paragraph (ii) of the definition "**Currency Price**" in Condition 17(b) shall apply]
- [The Currency Price shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable]
- [Currency Price 1 [•]
- [The Currency Price 1 shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable]
- Currency Price 2: [•]
- [The Currency Price 2 shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable]
- (ix) Spot Exchange Rate: [•] [Bid spot rate/Offer spot rate/Mid-point between the bid spot rate and the offer spot rate]
- (x) Disruption Fallbacks: [Currency Price/[•]] (N.B. If Disruption Fallback provision apply to any rate other than Currency Price, specify)
- Calculation Agent Determination: [first/second/third]
- Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "**Currency-Reference Dealers**" in Condition 17(b) shall apply)
- Fallback Reference Price: [first/second/third], [•] (specify alternate price source(s))
- (xi) FX Price Source Disruption: [Applicable, the provisions of Condition 17(f)[(a)/(b)] shall apply] / [Not Applicable]

| | |
|---|---|
| | [Calculation Agent Determination: [first/second/third] |
| | Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of " Currency-Reference Dealers " in Condition 17(b) shall apply) |
| | Fallback Reference Price: [first/second/third], [•] (specify alternate price source(s)) |
| (xii) Price Materiality Event: | [Applicable, the provisions of Condition 17(g)[(a)/(b)] shall apply] / [Not Applicable] |
| | [Price Materiality Percentage: [•] |
| | Calculation Agent Determination: [first/second/third] |
| | Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of " Currency-Reference Dealers " in Condition 17(b) shall apply) |
| | Fallback Reference Price: [first/second/third], [•] (specify alternate price source(s)) |
| (xiii) FX Price Source(s): | [The Reuters Screen page "JPNW" / The Reuters Screen page "JPNU" / The Reuters Screen page "RBIC" / The Reuters Screen page "ABSIRFIX01" / The Reuters Screen page "ECB37" / The Bloomberg Page <BZFXJPY index> / The Bloomberg Page <BZFPTAX index> / The Bloomberg Page <INRRRTYN index> / The Bloomberg Page WMCO<go> / EMTA's website / other] |
| (xiv) Business Centre(s): | [•] |
| (xv) Valuation Date(s): | [•] |
| (xvi) Valuation Cut-Off Date: | [•] / [Paragraph (ii) of the definition of " Valuation Cut-Off Date " in Condition 17(b) shall apply] |
| (xvii) Valuation Time: | [•] |
| (xviii) Barrier Rate: | [Barrier Rate 3: [•] / Barrier Rate 4: [•] / Barrier Rate 5: [•]] (N.B. If a percentage of a fixed level consider rounding) |
| (xix) Conversion Rate: | [Conversion Rate 1: [•] / Conversion Rate 2: [•]; Conversion Rate 3: [•]] (N.B. If a percentage of a fixed rate consider rounding) |
| (xx) Successor Currency: | [Condition 17(i)[(i)/(ii)] shall apply / Both Condition 17(i)(i) and 17(i) (ii) shall apply / Not Applicable] |
| (xxi) Corrections to Published or Displayed Rates: | [Applicable/Not Applicable] |
| (xxii) Additional Disruption Events: | Change in Law is [Applicable/Not Applicable] Hedging Disruption is [Applicable Not Applicable] |

Increased Cost of Hedging is [Applicable/Not Applicable]

28. Notes with Dual or Other Currency Settlement Conditions

[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

[Condition 17(e)[(i)(I)/(i)(II)/(i)(III)/(ii)/(iii)/(iv)] shall apply

(i) Base Currency/Subject Currency: [•]/[•]

(ii) Currency Price: [•] / [Paragraph (ii) of the definition "**Currency Price**" in Condition 17(b) shall apply]

[Condition 17(e)(ii)(B)[(x)/(y)] shall apply] *(if Condition 17(e)(ii) is specified as applicable above)*

[The Currency Price shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable]

[Currency Price 1: [•]

[The Currency Price shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable]

Currency Price 2: [•]

[The Currency Price shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable]]

(iii) Spot Exchange Rate: [•] [Bid spot rate/Offer spot rate/Mid-point between the bid spot rate and the offer spot rate]

(iv) Valuation Date(s): [•]

[For the purposes of determining the Early Redemption Amount in item 24 above, Condition 17(e)[(ii)(A)[(x)/(y)] / (iii)(A)[(x)/(y)] / (iv)(A)[(x)/(y)]] is applicable *(Specify the relevant days if Condition 17(e)(ii)(A)(y), (iii)(A)(y) or (iv)(A)(y) is applicable)* *(If Condition 17(e)(ii), 17(e)(iii) or 17(e)(iv) is applicable)*

(v) Valuation Cut-Off Date: [•] / [Paragraph (ii) of the definition of "**Valuation Cut-Off Date**" in Condition 17(b) shall apply]

(vi) Valuation Time: [•]

- (vii) Disruption Fallbacks: [Currency Price/[•]] (N.B. If Disruption Fallback provision apply to any rate other than Currency Price, specify)
- Calculation Agent Determination:
[first/second/third]
- Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "Currency-Reference Dealers" in Condition 17(b) shall apply)
- Fallback Reference Price: [first/second/third], [•] (specify alternate price source(s))
- (viii) FX Price Source(s): [The Reuters Screen page "JPNW" / The Reuters Screen page "JPNU"/ The Reuters Screen page "RBIC" / The Reuters Screen page "ABSIRFIX01" / The Reuters Screen page "ECB37" / The Bloomberg Page <BZFXJPY index> / The Bloomberg Page <BZFPTAX index> / The Bloomberg Page <INRRRTYN index> / The Bloomberg Page WMCO<go> / EMTA's website / other]
- (ix) Final Redemption Amount: [[I/II/III] of Condition 17(e)(i) shall apply. [•] (N.B. Specify the amount if Condition 17(e)(i)(III) is applicable)] / [Not Applicable (N.B. if Condition 17(e)(b)(ii)(x)/(b)(ii)(y)/(c)/(d) is applicable)]
- (x) FX Price Source Disruption: [Applicable, the provisions of Condition 17(f)(i)/(ii) shall apply] / [Not Applicable]
- Calculation Agent Determination:
[first/second/third]
- Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "Currency-Reference Dealers" in Condition 17(b) shall apply)
- Fallback Reference Price: [first/second/third], [•] (specify alternate price source(s))
- (xi) Price Materiality Event: [Applicable, the provisions of Condition 17(g)(i)/(ii) shall apply] / [Not Applicable]
- [Price Materiality Percentage: [•]]
- Calculation Agent Determination:
[first/second/third]
- Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "Currency-Reference Dealers" in Condition 17(b) shall apply)
- (xii) Successor Currency: [Condition 17(i)(i)/(ii) shall apply / Both Condition 17(i)(i) and 17(i)(ii) shall apply / Not Applicable]
- (xiii) Corrections to Published or Displayed Rates: [Applicable/Not Applicable]

- (xiv) Additional Disruption Events: Change in Law is [Applicable/Not Applicable]
Hedging Disruption is [Applicable Not Applicable]
Increased Cost of Hedging is [Applicable/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

29. Form of Notes: [Dematerialised Notes/
Materialised Notes] (*Materialised Notes are only in bearer form*)
[Delete as appropriate]
- (i) Form of Dematerialised Notes: [Applicable/Not Applicable [*if Applicable specify whether bearer form (au porteur) / administered registered form (au nominatif administré) / fully registered form (au nominatif pur)*]
- (ii) Registration Agent [Not applicable/if Applicable give name, address and details] (*Note that a registration agent must be appointed in relation to fully registered Dematerialised Notes only*)
- (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [●] (the "**Exchange Date**"), being 40 calendar days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
- (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] (*Only applicable to Materialised Notes*)
30. Financial Centre(s): [Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15 (ii) and 16(v) relate]
31. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
32. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: [Not Applicable/give details]
33. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
34. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition •] apply]
35. Consolidation provisions: [Not Applicable/The provisions [in Condition •] apply]

36. Masse

[[Full Masse]/[Contractual Masse] shall apply]

The names and addresses of the representative of the masse and its alternate are:

[names/ addresses]

The fees to be paid to the representative(s) are: euros
[]

DISTRIBUTION

37. (i) If syndicated, names and addresses of Managers and underwriting commitments:

[Not Applicable/give names, addresses and underwriting commitments]

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission.)

(ii) Date of Subscription Agreement:

[]

(iii) Stabilising Manager(s) (if any):

[Not Applicable/give name]

38. If non-syndicated, name and address of Dealer:

[Not Applicable/give name and address]

39. Total commission and concession:

[] per cent. of the Aggregate Nominal Amount

40. Public offer:

[Not Applicable] [An offer of the Notes may be made by the [Dealers/Managers] [and [specify name(s) of Authorised Offeror(s) to the extent known OR consider a generic description of other parties involved (e.g. "other parties authorised by the Dealers/Managers") or (if relevant) note that other parties may offer the Notes in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the [Dealers/Managers], the Financial Intermediaries) other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) - which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)] ("**Public Offer Jurisdictions**") during the period from [specify date] until [specify date or a formula such as "the Issue Date" or "the date which falls [●] Business Days thereafter"] ("**Offer Period**"). See further Paragraph 10 of Part B below.

(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt

offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)

- (i) Consent of the Issuer to use the Base Prospectus during the Offer Period: [Not Applicable] [Applicable with respect to any Authorised Offeror specified below]
 - (ii) Authorised Offeror(s) in the Public Offer Jurisdictions: [Not Applicable / *Name(s) and address(es) of the financial intermediary(ies) appointed by the Issuer to act as Authorised Offeror(s)/ Any financial intermediary which satisfies the conditions set out below in item "Conditions attached to the consent of the Issuer to use the Base Prospectus"*]
 - (iii) Conditions attached to the consent of the Issuer to use the Base Prospectus: [Not Applicable / *Where the Issuer has given a general consent to any financial intermediary to use the Base Prospectus, specify any applicable conditions. Where Authorised Offeror(s) have been designated herein, specify any additional condition*]
41. Prohibition of Sales to EEA Retail Investors: [Applicable / Not Applicable]
- (If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified)*

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 130,000,000,000 Debt Issuance Programme of the Issuer.]

RESPONSIBILITY

I accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: [Bourse de Luxembourg/ Euronext Paris/(specify)/None]
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on [Euronext Paris] / [specify other relevant market in the EEA] with effect from [●]. [Not Applicable. [Specify "Not Applicable" where no listing is to occur]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)
- (iii) Estimate of total expenses related to admission to trading: [●]
- (iv) Regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading: [●]

2. RATINGS

- Ratings: [[The Issuer has been/The Notes are expected to be] rated:]
- [Moody's: [●]]
- [Fitch: [●]]
- [[Other] [For rating of the Notes only]: [●]]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating. A brief explanation of the meaning of the rating should also be included)*
- [Each of [insert credit rating agency/ies] is established in the European Union and registered under Regulation (EU) No 1060/2009 as amended by Regulation (EU) No. 513/2011 (the "CRA Regulation").
- As such, each of [insert credit rating agency/ies] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]

3. [NOTIFICATION

The *Autorité des Marchés Financiers* [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with

a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests."

5. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer **[●]**

(See ["Use of Proceeds"] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

[(ii) Estimated net proceeds: **[●]**

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii) Estimated total expenses:

[●]. *[The expenses will need to be broken into each principal intended use and presented by order of priority of such uses.]*

(Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

6. **[FIXED RATE NOTES ONLY – YIELD]**

Indication of yield: **[●]**

Calculated as *[include details of method of calculation in summary form]* on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. **[FLOATING RATE NOTES ONLY - HISTORIC INTEREST RATES]**

(i) Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [the relevant national Central Bank or as the case may be from the European Central Bank].

(ii) Benchmarks:

Amounts payable under the Notes will be calculated by reference to [•] which is provided by [•]. As at [•],[•] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). [As far as the Issuer is aware the transitional provisions in Article 51 of the Benchmark

Regulation apply, such that [•] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]/[Not Applicable]

8. **[INFLATION-LINKED NOTES AND FX LINKED NOTES (INCLUDING DUAL-CURRENCY NOTES) ONLY – PERFORMANCE OF INDEX, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

- (i) Name of underlying index: [CPI/HICP/name of exchange rate]
- (ii) Information about the Index, its volatility and past and future performance can be obtained: [•]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information].

9. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking SA and the relevant identification number(s): [Not Applicable/give name(s), addresse(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [•]

Names and addresses of relevant Dealer(s):

Date of the [Dealer Accession Letter/ Subscription Agreement] [•]

10. **TERMS AND CONDITIONS OF THE OFFER**

Offer Price: [Issue Price/Not applicable/specify]

[Method of determining the offered price and the process for its disclosure. Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser.] [•]

[Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer:] [Not applicable/give details]

| | |
|--|--|
| [The time period, including any possible amendments, during which the offer will be open:] | [Not applicable/ <i>give details</i>] |
| [Conditions to which the offer is subject:] | [Not applicable/ <i>give details</i>] |
| [Description of the application process:] | [Not applicable/ <i>give details</i>] |
| [Details of the minimum and/or maximum amount of application:] | [Not applicable/ <i>give details</i>] |
| [Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:] | [Not applicable/ <i>give details</i>] |
| [Details of the method and time limits for paying up and delivering the Notes:] | [Not applicable/ <i>give details</i>] |
| [Manner in and date on which results of the offer are to be made public:] | [Not applicable/ <i>give details</i>] |
| [Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:] | [Not applicable/ <i>give details</i>] |
| [Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:] | [Not applicable/ <i>give details</i>] |
| [Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:] | [Not applicable/ <i>give details</i>] |
| [Amount of any expenses and taxes specifically charged to the subscriber or purchaser:] | [Not applicable/ <i>give details</i>] |
| [Name(s) and address(es) of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the Issuer, of the placers in the various countries where the offer takes place:] | [None/ <i>give details</i>] |

ISSUE SPECIFIC SUMMARY

*This summary relates to [description of the Notes issued] described in the final terms (the "**Final Terms**") to which this summary is attached. This summary includes information contained in the summary of the Base Prospectus related to the Notes together with the relevant information from the Final Terms. Words and expressions which are defined in the Base Prospectus and the Final Terms shall have the same meanings where used in the following summary.*

*This summary should be read as introduction to the Base Prospectus and the Final Terms (together the "**Prospectus**") and is provided in order to aid investors when considering whether to invest in the Notes, but it does not replace the Prospectus. Any decision to invest in the Notes should be based on consideration of the Prospectus as a whole by the investor, including documents incorporated by reference.*

Summaries are made up of disclosure requirements known as "Elements" the communication of which is required by Annex XXII of the Regulation EC No 809/2004 of 29 April 2004 as amended by Commission Delegated Regulation (EU) n°486/2012 of 30 March 2012 and Commission Delegated Regulation (EU) n°862/2012 of 4 June 2012. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not Applicable".

| Section A - Introduction and warnings | | |
|---------------------------------------|----------------------|--|
| A.1 | Introduction: | <p>Please note that:</p> <ul style="list-style-type: none"> • this summary should be read as an introduction to the Base Prospectus; • any decision to invest in the securities should be based on consideration of the Base Prospectus as a whole by the investor; • where a claim relating to the information contained in this Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated; and • civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such securities. |
| A.2 | Consent: | <p>[Not Applicable. The Issuer does not consent to the use of the Base Prospectus in connection with a Public Offer of the Notes.]/[The Issuer consents to the use of the Base Prospectus as so supplemented in connection with a Public Offer of any Notes subject to the following conditions:</p> <p>(i) the consent is only valid during the period from [•] until [•] (the "Offer Period");</p> <p>(ii) the only offerors authorised to use the Base Prospectus to make a Public Offer of the Notes are the relevant [Dealers/Managers] and [(i) [•] and [•]] and/or (ii) if the Issuer appoints additional financial intermediaries after the date of the Final Terms and shall have published details of them on its website (www.cades.fr), each financial intermediary whose details are so published provided such financial intermediary is authorised to make such an offer under Directive 2014/65/EU as amended and it acknowledges on its website that it is</p> |

| Section A - Introduction and warnings | | |
|---------------------------------------|--|--|
| | | <p>relying on the Base Prospectus to offer the Notes during the Offer Period (each an "Authorized Offeror");</p> <p>(iii) the consent only extends to the use of the Base Prospectus to make Public Offers of the Notes in [France and Luxembourg];</p> <p>(iv) [the consent is subject to the following other conditions: [•].]</p> <p>An Investor intending to acquire or acquiring any Notes from an Authorized Offeror will do so, and offers and sales of the Notes to an Investor by an Authorized Offeror will be made, in accordance with any terms and other arrangements in place between such Authorized Offeror and such Investor including as to price allocations and settlement arrangements (the "Terms and Conditions of the Public Offer"). The Issuer will not be a party to any such arrangements with Investors (other than the Dealer) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The Terms and Conditions of the Public Offer shall be provided to Investors by that Authorized Offeror at the time of the Public Offer. Neither the Issuer nor the Dealer or other Authorized Offerors has any responsibility or liability for such information.</p> |

| Section B – Issuer | | |
|--------------------|--|---|
| B.1 | Legal name and commercial name of the Issuer: | Caisse d'Amortissement de la Dette Sociale (" CADES " or the " Issuer "). |
| B.2 | Domicile and legal form of the Issuer, legislation under which the Issuer operates and its country of incorporation : | <p>CADES was established by the French State by order n° 96-50, dated 24 January 1996 (<i>ordonnance n° 96-50 relative au remboursement de la dette sociale</i>) as an administrative public agency (<i>établissement public national à caractère administratif</i>).</p> <p>CADES' registered office is located at 139 rue de Bercy, 75012 Paris – France and its telephone number is +33 1 40 04 15 57.</p> |
| B.4 b | Known trends: | Not Applicable. There are no known trends affecting the Issuer and the industries in which it operates. |
| B.5 | The group and the Issuer's position within the group: | Not Applicable. CADES does not form part of any group. |
| B.9 | Profit Forecast: | Not Applicable. The Issuer does not provide profit forecasts or estimates in the Base Prospectus or any documents incorporated by reference in the Base Prospectus. |

| Section B – Issuer | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|------------------------|------------------------|------------------------|---|---|----------|-------------------------------------|----------|----------|--------------------------|------------|------------|-----------------------------|--------------|--------------|----------------------------------|-----------|-----------|---|
| B.1 0 | Audit Report Qualifications : | <p>Regarding the annual financial statements of CADES for the year ended 31 December 2017, the auditors, without qualifying their opinion, drew attention to the fact that the role of CADES in connection to the revenues of the social security debt repayment contribution (CRDS), the social security contribution (CSG) and levy tax on capital income only consists in ensuring that the amounts included in the supports provided by the collectors are properly recorded.</p> <p>The auditor's report with respect to the financial statements as of and for the year ended 31 December 2018 contains the same observation.</p> | | | | | | | | | | | | | | | | | | | |
| B.1 2 | Selected historical key financial information: | <table border="1"> <thead> <tr> <th>(in millions of euros)</th> <th>As at 31 December 2018</th> <th>As at 31 December 2017</th> </tr> </thead> <tbody> <tr> <td>Treasury bills and other bills eligible for refinancing with central banks</td> <td>-</td> <td>1,000.00</td> </tr> <tr> <td>Total assets and liabilities</td> <td>5,077.88</td> <td>7,398.26</td> </tr> <tr> <td>Sub-total – Debts</td> <td>110,343.49</td> <td>128,074.55</td> </tr> <tr> <td>Sub-total – Reserves</td> <td>(105,345.78)</td> <td>(120,789.54)</td> </tr> <tr> <td>Net profit for the period</td> <td>15,443.77</td> <td>15,043.99</td> </tr> </tbody> </table> | (in millions of euros) | As at 31 December 2018 | As at 31 December 2017 | Treasury bills and other bills eligible for refinancing with central banks | - | 1,000.00 | Total assets and liabilities | 5,077.88 | 7,398.26 | Sub-total – Debts | 110,343.49 | 128,074.55 | Sub-total – Reserves | (105,345.78) | (120,789.54) | Net profit for the period | 15,443.77 | 15,043.99 | <p>There has been no material adverse change in the prospects of the Issuer since 31 December 2018.</p> <p>There has been no significant changes in the financial or trading position of the Issuer since 31 December 2018.</p> |
| (in millions of euros) | As at 31 December 2018 | As at 31 December 2017 | | | | | | | | | | | | | | | | | | | |
| Treasury bills and other bills eligible for refinancing with central banks | - | 1,000.00 | | | | | | | | | | | | | | | | | | | |
| Total assets and liabilities | 5,077.88 | 7,398.26 | | | | | | | | | | | | | | | | | | | |
| Sub-total – Debts | 110,343.49 | 128,074.55 | | | | | | | | | | | | | | | | | | | |
| Sub-total – Reserves | (105,345.78) | (120,789.54) | | | | | | | | | | | | | | | | | | | |
| Net profit for the period | 15,443.77 | 15,043.99 | | | | | | | | | | | | | | | | | | | |
| B.1 3 | Recent events: | <p>Under the Social Security Financing Act 2019 (Law No 2018-1203), the financing of cumulative deficits of social security as of 31 December 2018 will be covered by payments made by CADES to ACOSS between 2020 and 2022 for a maximum amount of 15 billion euros.</p> <p>In accordance with the 2005 Organic Law on Social Security, in addition to the CRDS (<i>contribution au remboursement de la dette sociale</i>) and the fraction (0.60%) of the CSG (contribution sociale généralisée) it already receives, CADES will benefit from increasing resources of CSG (0.71% in 2020, 0.83% in 2021 and 0.93% from 2022). The new resource level will enable CADES to amortize all its debt within the same time frame as before.</p> <p>Save as stated above, there have been no recent events which the Issuer considers materially relevant to the evaluation of its solvency.</p> | | | | | | | | | | | | | | | | | | | |
| B.1 4 | Dependence upon other entities within the group: | Not applicable. CADES does not form part of any group. | | | | | | | | | | | | | | | | | | | |

| Section B – Issuer | | |
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| B.1 5 | The issuer's principal activities: | CADES is responsible for financing and repaying a portion of the accumulated debt of France's social security system. CADES finances this debt by borrowing primarily in the debt capital markets and using the proceeds of social security taxes imposed on French taxpayers' earnings to service interest payments and repay principal on the amounts borrowed. |
| B.1 6 | Controlling persons: | As a French administrative public agency, CADES is separate from, but under the control and authority of, the French State as it is directly under the dual authority of the Minister in charge of the Economy, Finance and Industry and the Minister in charge of Social Security. Certain decisions of the Board of Directors require approval of the Minister in charge of the Economy, Finance and Industry and the Minister in charge of Social Security before they become effective, including decisions related to the budget, financial accounts, and management agreements. |
| B.1 7 | Credit ratings: | <p>As at the date of the Base Prospectus, the Issuer's long-term and short-term debt has been respectively rated (i) Aa2 (positive outlook) and P-1 by Moody's France S.A.S. ("Moody's") and (ii) AA (stable outlook) and F1+ by Fitch France S.A.S. ("Fitch"). [The Notes to be issued have been rated [●] by [●] [and [●] by [●].]</p> <p>As at the date of the Base Prospectus, each of such credit rating agencies is established in the European Union and is registered under Regulation (EU) No 1060/2009, as amended by Regulation (EU) No. 513/2011 (the "CRA Regulation") and is included in the list of credit rating agencies published by the European Securities and Market Authority on its website (www.esma.com) in accordance with the CRA Regulation. Notes issued pursuant to the Programme may be rated or unrated. The rating of Notes (if any) will be specified in the relevant Final Terms. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating assigned to Notes issued under the Programme. 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.</p> |

| Section C - The Notes | | |
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| C.1 | Type and class of the Notes, ISIN number and Common Code: | <p>The Notes will constitute <i>obligations</i> under French law.</p> <p>The Notes are issued in [dematerialised form / materialised form].</p> <p>[The Notes are [in bearer dematerialised form (<i>au porteur</i>) inscribed as from the issue date in the books of Euroclear France which shall credit the accounts of Account Holders including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and the depository bank for Clearstream Banking SA ("Clearstream") / [in registered dematerialised form (<i>au nominatif</i>) and at the option of the relevant Noteholder, in either <i>au nominatif pur</i> or <i>au nominatif administré</i> form]. No physical documents of title will be issued in respect of the Notes. The Notes will at all times be in book entry form in compliance with Articles L.211-3 <i>et seq.</i> of the <i>Code monétaire et financier</i>.</p> <p>[The Notes will be in bearer materialised form only. A Temporary Global Certificate will be issued initially in respect of each Tranche of Materialised Notes. Such Temporary Global Certificate will be exchanged for Definitive Materialised Notes with, where applicable, coupons for interest attached on a date expected to be on or after the 40th calendar day after the issue date of the Notes (subject to postponement) upon certification as to non-US beneficial ownership as more fully described herein.]</p> <p>The security identification number (ISIN) in respect of the Notes is [●].</p> <p>The Common Code in respect of the Notes is [●].</p> |
| C.2 | Currencies: | Notes will be issued in [●]. |
| C.5 | Free transferability: | Not Applicable. Except for certain provisions which restrict the Notes from being offered, sold or otherwise transferred in various jurisdictions, there are no transferability restrictions. |
| C.8 | The rights attached to the Notes, ranking, and limitation to this rights: | <p><i>Negative Pledge:</i> The Issuer undertakes that, so long as any of the Notes [or Receipts or Coupons] remain outstanding, it shall not create on any of its present or future assets or revenues any mortgage, pledge or other encumbrance to secure any Publicly Issued External Financial Indebtedness of the Issuer unless the Issuer's obligations under the Notes [or Receipts and Coupons] shall also be secured by such mortgage, pledge or other encumbrance equally and rateably therewith.</p> <p>"Publicly Issued External Financial Indebtedness" means any present or future marketable indebtedness represented by bonds, Notes or any other publicly issued debt securities (i) which are expressed or denominated in a currency other than euro or which are, at the option of the person entitled to payment thereof, payable in a currency other than euro and (ii) which are, or are capable of being, traded or listed on any stock exchange or over-the-counter or other similar securities market.</p> <p><i>Events of Default:</i> The Notes shall become due and payable at their principal amount together with accrued interest thereon following the occurrence of an event of default in respect of the Notes. The events of default in respect of the Notes include, in particular, an interest or principal payment default, a default in the performance of any other obligation of the Issuer under the Notes and some additional events affecting the Issuer. However, the terms and conditions of the Notes do not contain a cross-default provision.</p> <p><i>Withholding tax:</i> All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without</p> |

Section C - The Notes

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| | | <p>withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law, in which case the Issuer shall pay no additional amounts.</p> <p><i>Governing law:</i> The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, French law.</p> |
| C.9 | <p>Interest, Redemption and Representation:</p> | <p>See Element C.8 for the rights attaching to the Notes, ranking and limitations.</p> <p>[The Notes are Fixed Rate Notes and bear interest from [date] at a fixed rate of [•] per cent. per annum payable in arrear on [date(s)].]</p> <p>[The Notes are Floating Rate Notes and bear interest determined separately for each Series as follows:</p> <p>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2000 or, as the case may be, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., or the relevant FBF (<i>Fédération Bancaire Française</i>) definitions incorporated among others in the <i>Additifs Techniques</i> to the FBF Master-Agreement relating to transactions on forward financial instruments, or</p> <p>(ii) by reference to LIBOR, LIBID, LIMEAN, EURIBOR, CMS or TEC (or such other Reference Rate as may be specified in the relevant Final Terms) as adjusted for any applicable margin.]</p> <p>[The minimum rate of interest, including for the avoidance of doubt the margin, shall not be less than zero.]</p> <p>[The Notes are Zero Coupon Notes and are issued [at their nominal amount / at [•]] and will not bear interest.]</p> <p>[The Notes are Inflation Linked Interest Notes. The interest in respect of such Notes will be calculated by reference to an inflation index ratio derived from [the consumer price index (excluding tobacco) for all households in metropolitan France, as calculated and published monthly by the <i>Institut National de la Statistique et des Etudes Economiques</i> (the "Inflation Index Ratio") / [the harmonized index of consumer prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat (the "Inflation Index Ratio")].</p> <p>[The Notes are FX Linked Interest Notes bearing interest linked to an exchange rate between certain currencies.]</p> <p><i>[Date from which interest becomes payable and the due dates for interest:</i> The date from which interest becomes payable is [•] and due dates for interest for the Notes are [•].]</p> <p><i>Maturity Date:</i> The maturity date of the Notes is [•] (the "Maturity Date").</p> <p><i>[Redemption:</i> Subject to any purchase and cancellation or early redemption, the notes will be redeemed on the Maturity Date specified above at [•] of their nominal amount.]</p> |

Section C - The Notes

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| | | <p>[Redemption of Inflation Linked Redemption Notes: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date specified above at an amount calculated by reference to an inflation index ratio derived from [the consumer price index (excluding tobacco) for all households in metropolitan France, as calculated and published monthly by the <i>Institut National de la Statistique et des Etudes Economiques</i> (the "Inflation Index Ratio") / [the harmonized index of consumer prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat (the "Inflation Index Ratio")]</p> <p>[Redemption of FX Linked Redemption Notes: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date specified above at an amount calculated by reference to an exchange rate between certain currencies.]</p> <p><i>Early Redemption:</i> [The Notes cannot be redeemed prior to their stated maturity (other than [in specified instalments or] following an Event of Default)]. [The Notes will be redeemable prior to their stated maturity at the option of the Issuer [[and/or] the holders of the Notes] <i>[Please specify the terms applicable to such redemption].</i></p> <p>[Automatic Early Redemption: The Issuer shall redeem the Notes [in whole/in part] at [•] on [•] if the Calculation Agent determines that an Automatic Early Redemption Event occurs.]</p> <p>[Partial Redemption: The Notes are redeemable in [•] instalments of [•] on [•],[•],[•]]</p> <p>[Yield: The Notes are Fixed Rate Notes, the yield of which is [•].]</p> <p>[Yield: The Notes are Zero Coupon Notes, the yield of which is [•].]</p> <p><i>Representative of the Noteholders:</i> The Representative of the Noteholders is [•]. The alternate Representative of the Noteholders is [•].</p> |
| C.10 | Derivative component in interest payment: | <p>[The Notes are linked to [the consumer price index (excluding tobacco) for all households in metropolitan France, as calculated and published monthly by the <i>Institut National de la Statistique et des Etudes Economiques</i>] / [the harmonized index of consumer prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat] / Not Applicable.]</p> <p>[The Notes are linked to an exchange rate between certain currencies.]</p> |
| C.11 | Listing and admission to trading: | <p>[The Notes will be listed and admitted to trading on [•] / Not Applicable]</p> |
| C.15 | Description of how the value of investment is affected by the value of the underlying instrument: | <p>[Inflation Linked Notes are debt securities which do not provide for predetermined [principal] [and/or interest] payments. [Principal] [and/or interest] amounts will be dependent upon the performance of the Inflation Index Ratio, as outlined in C.9, above. The amount of [principal] [and/or interest] payable by the Issuer may vary [and Noteholders may receive no interest.] / Not Applicable.] [However, if the nominal amount to be repaid at maturity is below par, the Inflation Linked Notes will be redeemed at par.]</p> <p>[FX Linked Notes are debt securities which do not provide for predetermined [principal] [and/or interest] payments. [Principal] [and/or interest] amounts</p> |

| Section C - The Notes | | |
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| | | will be dependent upon the variations of an exchange rate between certain currencies, as outlined in C.9, above. The amount of [principal] [and/or interest] payable by the Issuer may vary [and Noteholders may receive no interest] [and FX Linked Redemption Notes may, in certain circumstances, be redeemed below par] / Not Applicable.] |
| C.16 | Derivative Notes – Maturity – Exercise date / Final reference date: | [The maturity of the Notes is [●] / Not Applicable.] [The exercise date is [●] / Not Applicable.] [The final reference date is [●] / Not Applicable.] |
| C.17 | Derivative Notes – Settlement procedure: | [The Notes are in dematerialised form and have been accepted for clearance through Euroclear France as central depository.] [The Notes are in materialised form and will be represented initially upon issue by Temporary Global Certificates and have been accepted for clearance through [Clearstream] / [Euroclear] / [●]]. [Not Applicable] |
| C.18 | Return on Derivative Notes: | [The Notes are not ordinary debt securities and [the interest and/or redemption amount] [is/are] linked to the performance of [the CPI/ the HICP/an exchange rate between certain currencies]. See also Elements C.9 and C.15. / Not Applicable.] |
| C.19 | Derivative Notes – Exercise price / Final reference price | [Exercise price: [●] / Not Applicable.] [Final reference price: [●] / Not Applicable.] |
| C.20 | Derivative Notes - Type of the underlying and where the information on the underlying can be found | [The underlying is [the consumer price index (excluding tobacco) for all households in metropolitan France, as calculated and published monthly by the <i>Institut National de la Statistique et des Etudes Economiques</i>] / [the harmonized index of consumer prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat] / [an exchange rate between certain currencies], as outlined in C.9 above. Information on such underlying can be obtained at [●]. / Not Applicable] |
| C.21 | Market where the securities will be traded and for which the Base Prospectus has been published | [The Notes will be listed and admitted to trading on [●] / Not Applicable] |

| Section D - Risks | | |
|-------------------|---|---|
| D.2 | Key risks specific to the Issuer | There are certain factors that may affect the ability of the Issuer to fulfil its obligations under the Notes: <ul style="list-style-type: none"> • Payment risks: credit risk in relation to CADES is limited, because of the fact that the State is ultimately responsible for the solvency of |

| Section D - Risks | | |
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| | | <p>CADES and because of the allocation of resources to CADES by the government;</p> <ul style="list-style-type: none"> • The revenues of CADES from the social security taxes it receives may vary: CADES' revenue sources (the CRDS and the CSG) are mainly based on the salaries of French taxpayers (<i>masse salariale</i>). Tax receipts from the CRDS are closely correlated with France's nominal gross domestic product; and • The Issuer faces various market risks, such as counterparty risk and interest rate risks, as well as exchange rate risks. • The Issuer faces risks related to its financial statements. |
| D.3 | Key risks specific to the Notes: | <p>There are certain factors that are material for the purpose of assessing the market risks associated with the Notes.</p> <ul style="list-style-type: none"> • The Notes may not be a suitable investment for all investors: each potential investor should determine the suitability of investing in the Notes in light of its own circumstances. In addition, some Notes are complex financial instruments and a potential investor should not invest in such Notes unless it has the expertise to evaluate specific risks in relation thereto; • None of the Issuer, any Dealer or any of their affiliates has or assumes any responsibility for the lawfulness of the acquisition of the Notes by a prospective investor, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it; • The trading market for debt securities may be volatile and may be adversely impacted by many events, such as economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries; • An active trading market for the Notes may not develop and there can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained; • [Any early redemption at the option of the Issuer, if provided for in any Final Terms for a particular issue of Notes, could cause the yield received by any Noteholders to be considerably less than anticipated, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder, in which case part of the capital invested by such Noteholder may be lost;] • The Notes may be subject to restrictions on transfer which may adversely affect their value, and in particular restrictions on transfer in relation to U.S. Securities laws or the laws of any other relevant country; • The Notes contain limited events of default (in particular, there is no cross-default of the Issuer's other obligations); • A Noteholder's actual yield on the Notes may be reduced from the stated yield due to transaction costs incurred when the Notes are purchased or sold (including transaction fees and commissions), which |

Section D - Risks

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| | | <p>may significantly reduce or even exclude the profit potential of the Notes;</p> <ul style="list-style-type: none"> • A Noteholder's effective yield on the Notes may be diminished due to the tax impact on that Noteholder of its investment in the Notes, if payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes are subject to taxation in the Noteholder's home jurisdiction or in other jurisdictions in which it is required to pay taxes; • [Investors will not be able to calculate in advance their rate of return on Floating Rate Notes, as investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, due to varying interest income;] • [The Issuer's ability to convert the interest rate of Fixed to Floating Rate Notes may affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing;] • [Zero Coupon Notes are subject to higher price fluctuations than Notes giving rise to interest payments because duration on Zero Coupon Notes is usually higher;] • [Zero Coupon Notes issued at an issue price that is greater than their principal amount and redeemed at their principal amount at their maturity will cause investors to receive less than their original investment and the yield on their Notes will be negative;] • [Foreign currency bonds expose investors to foreign-exchange risk as well as to issuer risk;] • [Structured Notes may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an investor could lose all or a substantial portion of the principal of its Notes;] • [The value of Inflation Linked Notes is subject to fluctuations and volatility in the underlying relevant inflation ratio. In particular, if the value of the relevant index calculated at any time prior to the maturity date is lower than the value of the relevant index at the time of the issue of the Notes or at the time of purchase by the Noteholders, then the amount of interest payable by the Issuer and/or the principal of Inflation Linked Notes may vary. Noteholders may receive no interest. However, if the nominal amount to be repaid at maturity is below par, the Inflation Linked Notes will be redeemed at par;] • [The Notes are FX Linked Notes, where the interest rate, automatic early redemption and/or maturity redemption amount shall be determined depending on the currency exchange rate between specified currencies or where in respect of the Instruments in certain currency, all or some of which interest and/or redemption payments shall be made in another currency or, if applicable, any other currencies. The investor in the Notes will be exposed to the performance of and the market in, such underlying or underlyings. Noteholders may receive no interest, and FX Linked Redemption |
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Section D - Risks

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| | | <p>Notes may, if applicable and in certain circumstances, be redeemed below par;]</p> <ul style="list-style-type: none">• The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to such "benchmarks". LIBOR, EURIBOR and other indices which are deemed to be "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Future discontinuance of benchmarks may adversely affect the value of Notes;• The Notes may be subject to exchange rate risks, in particular if an investor's financial activities are denominated principally in a currency or currency unit other than the Specified Currency and if that exchange rates significantly change;• The Notes are subject to interest rate risks being that subsequent changes in market interest rates may adversely affect the value of the Notes;• Holdings of less than the minimum Specified Denomination may be affected if the Notes are traded in denominations that are not integral multiples of the Specified Denomination, in which case the holder of such notes will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more specified denominations;• Taxes, charges and duties may be payable in respect of purchases of the Notes, in accordance with laws and practices of the country where the Notes are transferred or the laws and practices of other jurisdictions;• The Issuer shall not pay any additional amounts in respect of Grossing-Up in case of withholding or deduction for reason of French taxes required by applicable law on any payments made by the Issuer under the Notes;• The decision of the majority of Noteholders taken during meetings called to consider matters affecting their interest generally may bind all holders of the Notes;• The Notes may be affected by changes in law and no assurance can be given as to the impact of any possible judicial decisions or change to French (or any other relevant) law after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes;• The credit ratings assigned to the Notes may not reflect all the potential impact of all risks related to structure, market, and other factors that may affect the value of the Notes; and• Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and out of the PRC. There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes. Renminbi Notes issued under the Programme may only be held in Euroclear France, |
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| Section D - Risks | | |
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| | | Euroclear and Clearstream. Investment in Renminbi Notes is subject to exchange rate risks, interest rate risks and currency risks. Developments in other markets may adversely affect the market price of any Renminbi Notes. The Issuer may make payments of interest and principal in U.S. dollars in certain circumstances for Renminbi Notes. Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws. |
| D.6 | Risk warning: | <p>[Potential investors in Inflation Linked Notes should be aware that such Notes are debt securities which do not provide for predetermined [interest] [and/or principal] payments. [Principal] [and/or interest] amounts will be dependent upon the performance of the Inflation Index Ratio, as described in C.9, above. The amount of [principal] [and/or interest] payable by the Issuer may vary [and Noteholders may receive no interest.] However, if the nominal amount to be repaid at maturity is below par, the Inflation Linked Notes will be redeemed at par.]</p> <p>/ Potential investors in FX Linked Notes should be aware that such Notes are debt securities which do not provide for predetermined [interest] [and/or principal] payments. [Principal] [and/or interest] amounts will be dependent upon the performance of the relevant underlying exchange rate for certain currencies, as described in C.9, above. The amount of [principal] [and/or interest] payable by the Issuer may vary [and Noteholders may receive no interest] [and the Notes may, in certain circumstances, be redeemed below par]. / Not Applicable]</p> |

| Section E - Offer | | |
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| E.2b | Reasons for the Offer and Use and Proceeds: | The net proceeds from the issue of the Notes will be used for [the general financing purposes of the Issuer] / [•]. |
| E.3 | Terms and Conditions of the Offer: | <p><i>Specify the specific terms and conditions of the offer applicable to the Notes.</i></p> <p>Other than as set out in section A.2 above, neither the Issuer nor any of the Dealers has authorised the making of any Public Offer by any person in any circumstances and such person is not permitted to use the Base Prospectus in connection with its offer of any Notes. Any such offers are not made on behalf of the Issuer or by any of the Dealers or Authorised Offerors and none of the Issuer or any of the Dealers or Authorised Offerors has any responsibility or liability for the actions of any person making such offers.</p> |
| E.4 | Interests Material to the Issue: | [There are no interests and any potential conflicting ones that is material to the issue/offer of Notes.] / <i>[Describe interests material to the issue of the Notes]</i> |
| E.7 | Estimated Expenses: | The estimated expenses applicable to the Notes and charged to the investor by the Issuer amount to [•] |

RÉSUMÉ DE L'ÉMISSION

*Ce résumé concerne [description des Titres émis] décrits dans les conditions définitives (les "**Conditions Définitives**") auxquels ce résumé est annexé. Ce résumé comprend l'information contenue dans le résumé du Prospectus de Base relatif aux Titres ainsi que l'information pertinente des Conditions Définitives. Les termes et expressions définis dans le Prospectus de Base et les Conditions Définitives auront la même signification lorsqu'employés dans le présent résumé.*

*Ce résumé doit être lu comme une introduction au Prospectus de Base et aux Conditions Définitives (ensemble, le "**Prospectus**") et est fourni comme une aide aux investisseurs envisageant d'investir dans les Titres, mais ne se substitue pas au Prospectus. Toute décision d'investir dans les Titres devrait être prise au regard du Prospectus dans son ensemble, ce inclus tous documents incorporés par référence.*

Les résumés sont composés des informations requises appelées « Éléments » dont la communication est requise par l'Annexe XXII du Règlement européen n°809/2004 du 29 avril 2004 telle que modifiée par le Règlement délégué (UE) n°486/2012 du 30 mars 2012 et le Règlement délégué (UE) n°862/2012 du 4 juin 2012. Ces éléments sont numérotés dans les sections A à E (A.1 –E.7).

Le présent résumé contient l'ensemble des Eléments qui doivent être inclus dans un résumé pour ce type de titres et d'Emetteur. L'insertion de certains Eléments n'étant pas obligatoire, il est possible qu'il y ait des sauts de la numérotation dans la séquence des Eléments.

Même si l'insertion dans le résumé d'un Elément peut être requise en raison du type des titres et d'Emetteur, il est possible qu'aucune information pertinente ne puisse être donnée concernant cet Elément. Dans ce cas, une brève description de l'Elément est insérée dans le résumé accompagnée de la mention "sans objet".

| Section A - Introduction et avertissements | | |
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| A.1 | Introduction : | <p>Veillez noter que :</p> <ul style="list-style-type: none"> • le présent résumé doit être lu comme une introduction au Prospectus de Base ; • que toute décision d'investir dans les titres doit être fondée sur un examen exhaustif du Prospectus de Base par l'investisseur ; • lorsqu'une action en responsabilité concernant l'information contenue dans le Prospectus de Base est intentée devant un tribunal, l'investisseur plaignant peut, selon la législation nationale de l'État Membre dans lequel l'action est intentée, avoir à supporter les frais de traduction du Prospectus de Base avant le début de la procédure judiciaire ; et • la responsabilité civile n'est attribuée qu'aux personnes qui ont présenté le résumé, y compris sa traduction, mais uniquement si le contenu du résumé est trompeur, inexact ou contradictoire par rapport aux autres parties du Prospectus de Base ou s'il ne fournit pas, lu en combinaison avec les autres parties du Prospectus de Base, les informations clés permettant d'aider les investisseurs lorsqu'ils envisagent d'investir dans ces titres. |
| A.2 | Consentement : | <p>[Sans objet. L'Émetteur ne consent pas à l'utilisation du Prospectus de Base dans le cadre d'une Offre au Public des Titres.]/[Sous réserve des conditions mentionnés ci-dessous, l'Émetteur consent à l'utilisation du Prospectus de Base, tel que modifié par supplément, dans le cadre d'une Offre au Public des Titres:</p> <p>(i) le consentement n'est valable que pendant la période allant du [•] au [•] (« Période d'Offre »);</p> <p>(ii) les seuls établissements autorisés à utiliser le Prospectus de Base dans le cadre d'une Offre au Public des Titres sont les [Agents Placeurs/Chefs de Ffiles] concernés et [(i) [•] et [•]] et/ou (ii) si l'Émetteur désigne des intermédiaires financiers supplémentaires après la date des Conditions Définitives dont il devra</p> |

| Section A - Introduction et avertissements | | |
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| | | <p>avoir publié les informations détaillées sur son site internet (www.cades.fr), chaque intermédiaire financier dont les informations sont ainsi publiées à condition que celui-ci est autorisé à faire de telles offres en vertu de la Directive 2014/65/EU telle que modifiée et que celui-ci déclare sur son site internet qu'il se réfère au Prospectus de Base pour offrir les Titres durant la Période d'Offre (un « Offrant Autorisé »);</p> <p>(iii) le consentement ne porte que sur l'utilisation du Prospectus de Base dans le cadre d'une offre des Titres en [France et/ou au Luxembourg];</p> <p>(iv) le consentement est également soumis à la [aux] condition[s] suivante[s]: [.].]</p> <p>Un Investisseur (<i>Investor</i>) qui souhaite acquérir ou qui acquiert de quelconques Titres auprès d'un Offrant Autorisé (<i>Authorised Offeror</i>) pourra le faire, et les offres et ventes des Titres à un Investisseur par un Offrant Autorisé seront effectuées conformément aux modalités et autres accords conclus entre cet Offrant Autorisé et cet Investisseur y compris, s'agissant du prix, de l'allocation, des accords de règlement (les « Modalités et Conditions de l'Offre au Public »). L'Émetteur ne sera pas partie à ces accords avec les Investisseurs (autres que l'Agent Placeur (<i>Dealer</i>)) en ce qui concerne l'offre ou la vente des Titres et, en conséquence, le Prospectus de Base et toutes Conditions Définitives ne contiendront pas ces informations. Les Modalités et Conditions de l'Offre au Public seront fournies aux Investisseurs par ledit Offrant Autorisé au moment de l'Offre au Public. Ni l'Émetteur ni l'Agent Placeur ou d'autres Offrants Autorisés ne sauraient être tenus responsables pour cette information.</p> |

| Section B – Emetteur | | |
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| B.1 | Raison sociale et nom commercial de l'Émetteur : | Caisse d'Amortissement de la Dette Sociale ("CADES" ou "Émetteur"). |
| B.2 | Siège social et forme juridique de l'Émetteur, la législation régissant son activité ainsi que son pays d'origine : | <p>La CADES est un établissement public national à caractère administratif créé par l'ordonnance n° 96-50 relative au remboursement de la dette sociale.</p> <p>Le siège social de la CADES est situé au 139 rue de Bercy, 75012 Paris – France et son numéro de téléphone est +33 1 40 04 15 57.</p> |
| B.4b | Tendances : | Sans Objet. Il n'existe pas de tendances connues ayant des répercussions sur l'Émetteur et ses secteurs d'activité. |
| B.5 | Le groupe et la position de l'Émetteur au sein du groupe : | Sans Objet. La CADES ne fait partie d'aucun groupe. |

| Section B – Emetteur | | | | | | | | | | | | | | | | | | | | |
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| B.9 | Prévision de bénéfice : | Sans Objet. L'Emetteur ne fournit pas de prévision ou d'estimation sur les bénéfices dans le Prospectus de Base ni dans aucun des documents incorporés par référence dans le Prospectus de Base. | | | | | | | | | | | | | | | | | | |
| B.10 | Réserves du rapport d'audit : | <p>Concernant les comptes annuels arrêtés au 31 décembre 2017, les commissaires aux comptes, sans émettre de réserves, ont attiré l'attention sur le fait que les compétences de la CADES en matière de recettes liées à la contribution pour le remboursement de la dette sociale (CRDS), la contribution sociale généralisée (CSG) et les prélèvements sociaux sur les revenus du patrimoine et des produits de placement se limitent à une vérification comptable formelle des pièces produits par les organismes recouvreurs.</p> <p>Le rapport des commissaires aux comptes concernant les comptes annuels arrêtés au 31 décembre 2018 contient la même observation.</p> | | | | | | | | | | | | | | | | | | |
| B.12 | Informations financières historiques clés sélectionnées : | <table border="1"> <thead> <tr> <th><i>en millions d'euros)</i></th> <th>Au 31 décembre 2018</th> <th>Au 31 décembre 2017</th> </tr> </thead> <tbody> <tr> <td>Bons du Trésor et autres bons éligibles pour le refinancement auprès des banques centrales</td> <td>-</td> <td>1.000,00</td> </tr> <tr> <td>Total actifs et passifs</td> <td>5.077,88</td> <td>7.398,26</td> </tr> <tr> <td>Sous total – Dettes</td> <td>110.343,49</td> <td>128.074,55</td> </tr> <tr> <td>Sous-total - Réserves</td> <td>(105.345,78)</td> <td>(120.789,54)</td> </tr> <tr> <td>Résultat net pour la période</td> <td>15.443,77</td> <td>15.043,99</td> </tr> </tbody> </table> | <i>en millions d'euros)</i> | Au 31 décembre 2018 | Au 31 décembre 2017 | Bons du Trésor et autres bons éligibles pour le refinancement auprès des banques centrales | - | 1.000,00 | Total actifs et passifs | 5.077,88 | 7.398,26 | Sous total – Dettes | 110.343,49 | 128.074,55 | Sous-total - Réserves | (105.345,78) | (120.789,54) | Résultat net pour la période | 15.443,77 | 15.043,99 |
| | | <i>en millions d'euros)</i> | Au 31 décembre 2018 | Au 31 décembre 2017 | | | | | | | | | | | | | | | | |
| | | Bons du Trésor et autres bons éligibles pour le refinancement auprès des banques centrales | - | 1.000,00 | | | | | | | | | | | | | | | | |
| | | Total actifs et passifs | 5.077,88 | 7.398,26 | | | | | | | | | | | | | | | | |
| | | Sous total – Dettes | 110.343,49 | 128.074,55 | | | | | | | | | | | | | | | | |
| | | Sous-total - Réserves | (105.345,78) | (120.789,54) | | | | | | | | | | | | | | | | |
| | | Résultat net pour la période | 15.443,77 | 15.043,99 | | | | | | | | | | | | | | | | |
| | | Il ne s'est produit aucune détérioration significative de nature à avoir des répercussions sur les perspectives de l'Emetteur depuis le 31 décembre 2018. | | | | | | | | | | | | | | | | | | |
| Aucun changement significatif de la situation financière ou commerciale de l'Emetteur n'est survenu depuis le 31 décembre 2018. | | | | | | | | | | | | | | | | | | | | |
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| B.13 | Evénements récents : | <p>Le Conseil d'administration de la CADES a approuvé le 6 juillet 2017 une convention de mandat entre la CADES et l'AFT par laquelle il est confié à l'AFT, qui aura la charge de l'exécution au nom et pour le compte de l'Emetteur du programme d'émission de la CADES, la responsabilité opérationnelle des activités de financement de la CADES.</p> <p>A ces fins, une convention de mandat a été signée par le président de la CADES confiant à l'AFT, représentée par son directeur général, le soin de réaliser lesdites opérations de financement.</p> <p>En application de la loi de financement de la sécurité sociale pour 2019 (loi n° 2018-1203), le financement des déficits cumulés de la sécurité sociale au 31 décembre 2018 sera couvert par les versements effectués par la CADES à</p> | | | | | | | | | | | | | | | | | | |

| Section B – Emetteur | | |
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| | | <p>l'ACOSS entre 2020 et 2022 pour un montant maximum de 15 milliards d'euros.</p> <p>Conformément à la loi organique de 2005 relative aux lois de financement de la sécurité sociale, en complément de la CRDS (contribution au remboursement de la dette sociale) et de la fraction (0,60%) de la CSG (contribution sociale généralisée) qu'elle reçoit déjà, la CADES bénéficiera d'une part croissante de CSG (0,71% en 2020, 0,83% en 2021 et 0,93% à partir de 2022). Ce nouveau niveau de ressources permettra à la CADES d'amortir l'ensemble de sa dette dans les mêmes délais qu'auparavant.</p> <p>A l'exception de ce qui est décrit ci-dessus, l'Émetteur estime qu'aucun évènement récent ayant une incidence pour l'évaluation de sa solvabilité n'est intervenu.</p> |
| B.14 | Dépendance à l'égard des autres entités du groupe : | Sans objet. La CADES ne fait partie d'aucun groupe. |
| B.15 | Activités principales de l'Émetteur : | La CADES a pour mission de financer et de rembourser une partie de la dette accumulée par le système français de sécurité sociale. La CADES finance cette dette en empruntant principalement sur les marchés obligataires et en utilisant les ressources tirées des prélèvements sociaux, afin de payer les intérêts d'emprunt et d'assurer le remboursement du principal des montants empruntés. |
| B.16 | Contrôle : | En tant qu'établissement public à caractère administratif, la CADES est séparée, mais sous le contrôle et l'autorité de, l'État français, étant placée sous la tutelle conjointe du ministre de l'Economie, des Finances et de l'Industrie et du ministre chargé de la Sécurité Sociale. Certaines délibérations du Conseil d'Administration sont soumises à l'approbation du ministre de l'Economie, des Finances et de l'Industrie et du ministre chargé de la Sécurité Sociale avant de prendre effet, notamment les délibérations portant sur le budget et sur le compte financier, ainsi que les accords de gestion. |
| B.17 | Notations : | <p>A la date du Prospectus de Base, la dette long terme et court terme de Emetteur a été, respectivement, notée (i) Aa2 (perspective positive) et P-1 par Moody's France S.A.S. ("Moody's") et (ii) AA (perspective stable) et F1+ par Fitch France S.A.S. ("Fitch"). [Les Titres ont été notés [●] par [●] [et [●] par [●]].]</p> <p>A la date du Prospectus de Base, chacune de ces agences de notation de crédit est établie dans l'Union Européenne et est enregistrée conformément au Règlement (UE) No 1060/2009, tel que modifié par le Règlement (UE) No. 513/2011 (le "Règlement ANC") et est inclus dans la liste des agences de notation de crédit publiée par l'Autorité Européenne des Marchés Financiers (<i>European Securities and Market Authority</i>) sur son site internet (www.esma.com) conformément au Règlement ANC. Les Titres émis sous le Programme peuvent être notés ou non notés. La notation des Titres (le cas échéant) sera spécifiée dans les Conditions Définitives applicables. Lorsqu'une émission de Titres est notée, sa notation ne sera pas nécessairement la même que celle des Titres émis sous le Programme. Une notation n'est pas une recommandation d'acheter, de vendre ou de conserver des titres et peut faire l'objet d'une suspension, changement ou retrait à tout moment par l'agence de notation de crédit ayant alloué la notation à tout moment et sans notification.</p> |

| Section C - Les Titres | | |
|------------------------|--|--|
| C.1 | Nature et catégories des Titres, numéro ISIN et Code Commun : | <p>Les Titres constitueront des obligations de droit français.</p> <p>Les Titres seront émis [en tant que titres dématérialisés] / [en tant que titres matérialisés].</p> <p>[Les Titres sont émis [au porteur inscrits à leur date d'émission dans les livres d'Euroclear France qui créditera les comptes des Titulaires de Compte, y compris Euroclear Bank S.A./N.V., en sa qualité d'opérateur du Système Euroclear (« Euroclear ») et la banque dépositaire pour Clearstream Banking SA (« Clearstream »)] [au nominatif et, au choix du Détenteur de Titre concerné, soit au nominatif pur soit au nominatif administré]. Aucun titre physique ne sera émis en relation avec les Titres. Les Titres Dématérialisés seront inscrits en compte conformément aux articles L.211-3 et suivants du Code monétaire et financier.]</p> <p>[Les Titres seront exclusivement au porteur. Un Certificat Global Temporaire sera émis à l'origine en relation avec les Titres. Ce Certificat Global Temporaire sera échangé contre les Titres Matérialisés Définitifs et, le cas échéant, des coupons pour les intérêts dus à une date censée être le ou après le 40^{ème} jour suivant la date d'émission des Titres (sous réserve de report) sur certification de l'absence de détention par des ressortissants des Etats-Unis telle que décrite plus amplement ci-après.]</p> <p>Le numéro d'identification ISIN applicable aux Titres est : [●].</p> <p>Le Code Commun applicable aux Titres est : [●].</p> |
| C.2 | Devises : | Les Titres sont émis en [●]. |
| C.5 | Libre négociabilité : | Sans objet. A l'exception de certaines dispositions qui limitent la possibilité d'offrir, de vendre ou de transférer de toute autre manière les Titres dans différents pays, il n'existe pas de restrictions à la libre négociabilité des Titres. |
| C.8 | Les droits attachés aux Titres, rang et restrictions à ces droits : | <p><i>Statut des Titres:</i> Les Titres [et les Reçus et Coupons] constituent (sous réserve des stipulations relatives au maintien de l'emprunt à son rang) des engagements directs, inconditionnels, non subordonnés et non assortis de sûretés de l'Emetteur et doivent à tout moment être au même rang et sans préférence entre eux et, sous réserve des exceptions impératives du droit français et des stipulations relatives au maintien de l'emprunt à son rang, au même rang que tous autres engagements, présents ou futurs, non subordonnés et non assortis de sûretés de l'Emetteur.</p> <p><i>Maintien de l'emprunt à son rang:</i> Aussi longtemps que des Titres [ou des Reçus ou Coupons attachés aux Titres] seront en circulation, l'Émetteur ne constituera pas, sur l'un de ses actifs ou revenus présents ou futurs, d'hypothèque, de gage ou tout autre type de sûreté aux fins de garantir tout Endettement Financier Extérieur Rendu Public (<i>Publicly Issued External Financial Indebtedness</i>) de l'Emetteur, à moins que les engagements de l'Emetteur en vertu des Titres [ou des Reçus ou Coupons], soient également garantis par cette hypothèque, ce gage ou tout autre type de sûretés de rang au moins égal et proportionnel.</p> <p>"Endettement Financier Extérieur Rendu Public" désigne tout endettement négociable présent ou futur représenté par des obligations, des Titres ou tous autres titres de créance émis dans le public (i) qui sont libellés dans une devise autre que l'euro ou qui sont, au choix de la personne fondée à recevoir ces paiements, payables dans une devise autre que l'euro et (ii) qui</p> |

| Section C - Les Titres | | |
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| | | <p>sont, ou qui peuvent être, cotés ou négociés sur toute bourse de valeur ou de gré à gré ou tout autre marché des titres similaire.</p> <p><i>Cas de Défaut:</i> Les Titres seront remboursables à leur valeur nominale à laquelle s'ajoutent les intérêts courus, en cas de survenance d'un cas de défaut relatif aux Titres. Les cas de défaut relatifs aux Titres incluent notamment, un défaut au titre du paiement du principal ou des intérêts, un défaut dans l'exécution de toute autre obligation de l'Émetteur au titre des Titres et certains événements supplémentaires affectant l'Émetteur. Cependant, les modalités des Titres ne contiennent pas de clause de défaut croisé.</p> <p><i>Retenue à la source:</i> Tous les paiements de principal et des intérêts effectués par ou pour le compte de l'Émetteur se rapportant aux Titres ne seront pas soumis à une retenue à la source ou à une déduction d'impôts, taxes, droits, ou charges gouvernementales d'une quelconque nature que ce soit, imposée, prélevée, collectée, retenue ou fixée par la France ou en France ou toute autre autorité française ayant le pouvoir de prélever l'impôt, à moins que cette retenue à la source ou déduction ne soit imposée par la loi, auquel cas l'Émetteur ne paiera aucun montant additionnel.</p> <p><i>Droit applicable:</i> Les Titres et toutes questions découlant de ou liés aux Titres sont régis et doivent être interprétés conformément au droit français.</p> |
| C.9 | Intérêts, Remboursement et Représentation : | <p>Voir l'Élément C.8 pour les droits attachés aux Titres, le rang et les restrictions à ces droits.</p> <p>[Les Titres sont des Titres à Taux Fixe et portent intérêts à partir du [date] au taux fixe de [•] % l'an, payables à terme échu à/aux [date(s)].]</p> <p>[Les Titres à Taux Variable porteront intérêt déterminé de façon différente pour chaque Tranche, comme suit :</p> <p>(i) sur la même base que le taux variable applicable à une opération d'échange de taux d'intérêt notionnel dans la Devise Prévue (<i>Specified Currency</i>) concernée, conclue conformément à une convention cadre FBF et à l'Additif Technique – Échange de conditions d'Intérêt ou de Devises y afférent ou conformément à un contrat incluant les Définitions ISDA 2000 ou, selon le cas, 2006 telles que publiées par la <i>International Swaps and Derivatives Association, Inc.</i> ; ou</p> <p>(ii) par référence au LIBOR, LIBID, LIMEAN, EURIBOR, CMS ou TEC (ou toute autre référence prévue dans les Conditions Définitives applicables), tels qu'ajustés des marges applicables. Les périodes d'intérêts seront précisées dans les Conditions Définitives applicables.]</p> <p>[Les Titres sont des Titres à Taux Variable et portent intérêts à partir du [date] à taux variable calculé par référence à [EURIBOR/LIBOR/autre] [plus/moins] une marge de [•] %. Le taux d'intérêt minimum, y compris pour éviter toute ambiguïté la marge, ne pourra pas être inférieur à zéro.]</p> <p>[Les Titres sont des Titres à Coupon Zéro et sont émis [à leur valeur nominale / à [•]] et ne porteront pas intérêt.]</p> <p>[Les Titres sont des Titres dont les Intérêts sont Indexés sur l'Inflation. L'intérêt des Titres sera calculé à partir d'un ratio de l'indice d'inflation, ce ratio étant lui-même déterminé grâce à [l'indice des prix à la consommation (hors tabac) des ménages en France métropolitaine tel que calculé et publié mensuellement par l'Institut National de la Statistique et des Etudes Economiques (le "Ratio de l'Indice d'Inflation")]. / [l'indice harmonisé des</p> |

Section C - Les Titres

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| | <p>prix à la consommation mesurant le taux d'inflation dans l'Union Monétaire Européenne (hors tabac), tel que calculé et publié mensuellement par Eurostat (le "Ratio de l'Indice d'Inflation").]</p> <p>[Les Titres sont des Titres dont les Intérêts sont Indexés sur un Taux de Change, dont les intérêts sont indexés sur un taux de change entre certaines devises.]</p> <p>[<i>Date d'entrée en jouissance et date d'échéance des intérêts</i> : Les dates d'exigibilité et d'échéance des intérêts pour les Titres sont [●].]</p> <p><i>Date d'échéance</i> : La date d'échéance des Titres est [●] (la "Date d'Échéance").</p> <p>[<i>Montant de Remboursement Final de Titres autres que des Titres Indexés sur l'Inflation</i> : Sous réserve du rachat et de l'annulation des Titres ou du remboursement anticipé de ces Titres, ceux-ci seront remboursés à la Date d'Échéance à [●] de leur montant nominal.]</p> <p>[<i>Montant de Remboursement Final des Titres dont le Remboursement est Indexé sur l'Inflation</i> : Sous réserve du rachat et de l'annulation des Titres ou du remboursement anticipé des Titres, ceux-ci seront remboursés à la Date d'Échéance à un montant calculé par référence à un ratio de l'indice d'inflation, ce ratio étant lui-même déterminé grâce à [l'indice des prix à la consommation (hors tabac) des ménages en France métropolitaine tel que calculé et publié mensuellement par l'Institut National de la Statistique et des Etudes Economiques (le "Ratio de l'Indice d'Inflation").] / [l'indice harmonisé des prix à la consommation mesurant le taux d'inflation dans l'Union Monétaire Européenne (hors tabac), tel que calculé et publié mensuellement par Eurostat (le "Ratio de l'Indice d'Inflation").].]</p> <p>[<i>Montant de Remboursement Final des Titres dont le Remboursement est Indexé sur Taux de Change</i> : Sous réserve du rachat et de l'annulation des Titres ou du remboursement anticipé des Titres, les Titres seront remboursés à la Date d'Échéance à un montant calculé par référence à un taux de change entre certaines devises.]</p> <p><i>Remboursement Anticipé</i>: [Les Titres ne peuvent pas être remboursés avant la Date d'Échéance (autrement que [par versements échelonnés ou] suite à un Cas de Défaut)]. [Les Titres seront remboursables avant la Date d'Échéance à la discrétion de l'Émetteur [[et/ou] des Porteurs] <i>[indiquer les modalités applicables à ce remboursement]</i>].</p> <p>[<i>Remboursement Automatique Anticipé</i> : l'Émetteur remboursera les Titres [en totalité/pour partie] à [●] le [●] si l'Agent de Calcul estime que survient un Évènement de Remboursement Automatique Anticipé.]</p> <p>[<i>Remboursement Partiel</i> : Les Titres sont remboursables en [●] versements échelonnés de [●] le [●],[●],[●],[●].]</p> <hr/> <p>[<i>Rendement</i>: Les Titres sont des Titres à Taux Fixe dont le rendement est de [●].]</p> <p>[<i>Rendement</i>: Les Titres sont des Titres à Coupon Zéro dont le rendement est de [●].]</p> <p><i>Représentant des Porteurs de Titres</i> : Le Représentant titulaire des Porteurs de Titres est [●]. Le Représentant suppléant des Porteurs de Titres est [●].</p> |
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| Section C - Les Titres | | |
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| C.10 | Composante dérivée dans le paiement d'intérêts : | <p>[Les Titres sont liés à [l'indice des prix à la consommation (hors tabac) des ménages en France métropolitaine tel que calculé et publié mensuellement par l'Institut National de la Statistique et des Etudes Economiques] / [l'indice harmonisé des prix à la consommation mesurant le taux d'inflation dans l'Union Monétaire Européenne (hors tabac), tel que calculé et publié mensuellement par Eurostat], tel que décrit au paragraphe C.9, ci-dessus.] / [Sans objet.]</p> <p>[Les Titres sont indexés sur un taux de change entre certaines devises.]</p> |
| C.11 | Cotation et admission à la négociation : | [Les Titres émis seront admis à la négociation sur [●.] / [Sans objet.] |
| C.15 | Description de l'impact de la valeur sous-jacent sur la valeur de l'investissement | <p>[Les Titres Indexés sur l'Inflation sont des titres de créance dont le montant [du principal] [[et/ou] de l'intérêt] n'est pas prédéterminé. Les montants dus au titre [du principal] [[et/ou] des intérêts] seront dépendants de la performance du Ratio de l'Indice d'Inflation, tel que décrit au paragraphe C.9, ci-dessus. Le montant du [principal] [[et/ou] des intérêts] dus par l'Émetteur pourra varier [et les Porteurs pourraient ne pas recevoir d'intérêt].] / [Sans objet.] [Toutefois, si le principal dû à la date d'échéance est inférieur au pair, les Titres Indexés sur l'Inflation seront remboursés au pair.]</p> <p>[Les Titres Indexés sur Taux de Change sont des titres de créance dont le montant [du principal] [[et/ou] de l'intérêt] n'est pas prédéterminé. Les montants dus au titre [du principal] [[et/ou] des intérêts] seront dépendants des fluctuations d'un taux de change entre certaines devises sous-jacent, tel que décrit au paragraphe C.9, ci-dessus. Le montant du [principal] [[et/ou] des intérêts] dus par l'Émetteur pourra varier [et les Porteurs pourraient ne pas recevoir d'intérêt] [et les Titres dont le Remboursement est Indexé sur Taux de Change pourront, dans certains cas, être remboursés en dessous du pair / Sans objet.]</p> |
| C.16 | Titres Dérivés-Échéance – Date d'exercice / Date finale de référence | <p>[La date d'échéance des Titres est [●.] / [Sans objet.]</p> <p>[La date d'exercice est [●] / Sans objet.]</p> <p>[La date finale de référence est [●] / Sans objet.]</p> |
| C.17 | Procédure de règlement des Titres Dérivés : | <p>[<i>Si les Titres sont émis sous forme dématérialisée</i> : Les Titres seront déposés auprès d'Euroclear France en tant que dépositaire central.]</p> <p>[<i>Si les Titres sont émis sous forme matérialisée</i> : Les Titres seront initialement émis sous la forme de Certificats Globaux Temporaires et seront déposés auprès de Clearstream, Euroclear ou tout autre système de compensation convenu par l'Émetteur, l'Agent Financier et l'Agent Placeur concerné.]</p> <p>[Sans objet.]</p> |
| C.18 | Produit des Titres Dérivés : | [Les Titres ne sont pas des titres de créance ordinaires et [les intérêts et/ou le montant de remboursement] [est/sont] liés au rendement [du CPI/ du HICP/d'un taux de change entre certaines devises]. Voir également les Éléments C.9 et C.15 / Sans Objet.] |
| C.19 | Titres Dérivés – Prix d'exercice / | <p>[Prix d'exercice : [●] / Sans objet.]</p> <p>[Prix de référence final : [●] / Sans objet.]</p> |

| Section C - Les Titres | | |
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| | Prix de référence final : | |
| C.20 | Titres Dérivés - Type de sous-jacent utilisé et où trouver les informations à ce sujet : | [Le sous-jacent utilisé sera [l'indice des prix à la consommation (hors tabac) des ménages en France métropolitaine tel que calculé et publié mensuellement par l'Institut National de la Statistique et des Études Economiques] / [l'indice harmonisé des prix à la consommation mesurant le taux d'inflation dans l'Union Monétaire Européenne (hors tabac), tel que calculé et publié mensuellement par Eurostat] / [un taux de change entre certaines devises], tel que décrit au paragraphe C.9, ci-dessus. Les informations relatives à ce sous-jacent peuvent être trouvées à [•.] / [Sans objet.] |
| C.21 | Marché sur lequel les Titres seront négociés et à l'intention duquel le Prospectus de Base est publié : | [Les Titres émis seront admis à la négociation sur [•.] / [Sans objet.] |

| Section D - Risques | | |
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| D.2 | Principaux risques propres à l'Émetteur : | <p>Il existe certains facteurs pouvant affecter la capacité de l'Émetteur à remplir ses obligations au titre des Titres:</p> <ul style="list-style-type: none"> • Risques de paiement : le risque de crédit relatif à CADES est limité, en raison du fait que l'Etat est responsable en dernier recours de la solvabilité de CADES et en raison de l'allocation des ressources à CADES par le gouvernement ; • Les recettes tirées par la CADES des prélèvements sociaux pourraient varier : les sources des recettes de la CADES (la CRDS et la CSG) reposent principalement sur la masse salariale. Les produits de la CRDS sont étroitement corrélés au produit intérieur brut français ; et • L'Émetteur fait face à des risques de marché divers tels que le risque de contrepartie et les risques de taux d'intérêt, ainsi que des risques de change ; • L'Émetteur fait face à des risques liés à ses états financiers. |
| D.3 | Principaux risques propres aux Titres : | <p>Il existe certains facteurs qui sont significatifs en ce qui concerne l'évaluation des risques de marché associés aux Titres :</p> <ul style="list-style-type: none"> • Les Titres pourraient ne pas représenter un investissement adapté à tous les investisseurs : chaque investisseur potentiel devra établir le caractère approprié et adapté d'un investissement dans les Titres au regard de sa propre situation. En outre, certains Titres sont des instruments financiers complexes et un investisseur potentiel ne devrait pas investir dans de tels Titres sauf si cet investisseur dispose de l'expertise permettant d'évaluer les risques spécifiques y étant liés ; • Ni l'Émetteur, ni aucun Agent Placeur ou l'une de leurs filiales ou succursales n'engagera sa responsabilité en ce qui concerne la légalité de l'acquisition des Titres par un investisseur potentiel, au regard des lois de son pays d'immatriculation ou du pays dans lequel il exerce |

Section D - Risques

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| | | <p>ses activités (si différent), ou pour la conformité par cet investisseur potentiel avec toute loi ou règlement lui étant applicable ;</p> <ul style="list-style-type: none">• Le marché obligataire peut s'avérer volatile et pourrait être pénalisé par de nombreux événements, tels que que la conjoncture économique et les conditions de marché et, à des degrés divers, les taux d'intérêts, les taux de change et les taux d'inflation dans d'autres pays européens industrialisés ;• Le marché des Titres est susceptible de rester atone et il n'existe pas de certitude qu'un marché actif pour les Titres se développera, ou, si un tel marché se développe, que celui-ci se maintiendra ;• [Tout remboursement anticipé sur option de l'Emetteur, s'il est prévu dans les Conditions Définitives d'une émission particulière de Titres, pourrait conduire à ce que le rendement obtenu par les Porteurs de Titres soit nettement inférieur à ce qu'ils avaient initialement anticipé, et le montant facial des Titres remboursés pourrait être inférieur au prix d'achat des Titres payé par le Porteur de Titres, auquel cas une partie du capital investi par ce Porteur pourrait être perdu ;]• Le transfert des Titres pourrait faire l'objet de restrictions qui pourraient impacter négativement leur valeur, et notamment des restrictions liées à la législation américaine sur les valeurs mobilières ou les lois de tout autre pays ;• Les Titres contiennent des cas de défaut limités (il n'existe notamment pas de clause de défaut croisé avec les autres obligations de l'Emetteur) ;• Le rendement réel des Titres pour un Porteur peut être moins élevé que le rendement affiché, en raison des coûts de transaction supportés lorsque les Titres sont achetés ou vendus (y compris les frais de transaction et commissions), qui pourraient réduire significativement ou même exclure tout profit potentiel sur les Titres ;• Le rendement effectif des Titres pour un Porteur peut être diminué en raison des conséquences fiscales pour le Porteur sur son investissement dans les Titres, si les paiements d'intérêts sur les Titres, ou les gains réalisés par le Porteur du Titre au titre de la vente ou du rachat des Titres sont soumis à une imposition dans le pays d'origine du Porteur ou d'autres pays dans lesquels il est tenu de payer des taxes ;• [Les investisseurs ne pourront pas calculer par avance leur taux de retour sur les Titres à Taux Variable, dans la mesure où les investisseurs ne peuvent pas déterminer le rendement final des Titres à Taux Variables au moment où ils les achètent, en raison de la variabilité des revenus des intérêts ;]• [La possibilité ouverte à l'Emetteur de convertir le Taux Fixe des Titres en Taux Variable pourrait affecter le marché secondaire et la valeur de marché des Titres, dans la mesure où l'Emetteur pourrait convertir le taux à un moment où cela aurait pour résultat un coût global d'emprunt inférieur ;]• [Les Titres à Coupon Zéro sont soumis à des fluctuations de prix plus importantes que les obligations donnant lieu à paiement d'intérêts, car leur durée est en générale plus élevée ;] |
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Section D - Risques

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| | <ul style="list-style-type: none">• [Les Titres à Coupon Zéro émis à un prix d'émission supérieur à leur montant nominal et rachetés à leur montant nominal à leur échéance feront en sorte que les investisseurs recevront moins que leur investissement initial et que le rendement de leurs Titres sera négatif ;]• [Les obligations libellées en devises étrangères exposent les investisseurs à des risques de taux de change ainsi qu'à des risques liés à l'Emetteur ;]• [Les investissements dans les Titres Structurés présentent des risques significatifs, qui ne se rencontrent pas pour des investissements similaires dans des obligations classiques, notamment le risque que le taux d'intérêt en résultant sera inférieur à celui du au titre d'une obligation classique au même moment et/ou qu'un investisseur pourrait perdre tout ou partie du principal des Titres ;]• [La valeur des Titres Indexés sur l'Inflation est soumise aux fluctuations et à la volatilité du ratio d'inflation sous-jacent applicable. En particulier, si la valeur de l'indice applicable calculée à tout moment avant la date d'échéance est inférieure à la valeur de l'indice applicable au moment de l'émission des Titres ou au moment de l'achat par le Porteur concerné, le montant d'intérêts du par l'Emetteur et/ou le principal des Titres Indexés sur l'Inflation pourrait varier. Les Porteurs pourraient ne percevoir aucun intérêt. Cependant, si le montant nominal dû à la date d'échéance est inférieur au pair, les Titres Indexés sur l'Inflation seront remboursés au pair ;]• [Certains Titres peuvent être des Titres Indexés sur Taux de Change, pour lesquels le taux d'intérêt, le montant de remboursement automatique anticipé et/ou le montant de remboursement à l'échéance sera déterminé par référence au taux de change entre des devises déterminées ou pour lesquels, pour des Titres dans une certaine devise, la totalité ou certains des paiements d'intérêts et/ou de montants de remboursement doivent être faits dans une autre devise ou, le cas échéant, toutes autres devises. L'investisseur dans de tels Titres sera exposé au rendement et au marché de ce ou ces sous-jacent(s). Les Porteurs pourraient ne pas recevoir d'intérêt et les Titres dont le Remboursement est Indexé sur Taux de Change pourraient, dans certains cas, être remboursés en dessous du pair ;]• La réglementation et la réforme des indices de références ("benchmarks") pourraient avoir un impact défavorable sur la valeur des Titres lorsqu'elle est liée à ces indices de référence. LIBOR, EURIBOR et d'autres indices de références considérés comme des "benchmarks" font l'objet de réglementation nationale et internationale récente et de projets de réformes. Ces réformes pourraient affecter la performance des benchmarks, provoquer leur disparition totale, ou avoir des conséquences non prévisibles. La disparition d'indices de référence pourrait avoir une incidence défavorable sur la valeur des Titres ;• Les Titres peuvent être sujets à des risques sur taux de change, notamment si les activités financières d'un investisseur sont libellées principalement dans une devise ou unité monétaire autre que la Devise Spécifiée et si ces taux de change changent significativement ; |
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Section D - Risques

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| | <ul style="list-style-type: none">• Les Titres sont sujets à des risques de taux d'intérêt, des changements sur les marchés de taux d'intérêt pouvant affecter négativement la valeur des Titres ;• Les détentions inférieures à la Valeur Nominale Indiquée pourraient être affectées si les Titres sont négociés à des valeurs qui ne sont pas des multiples entiers de la Valeur Nominale Indiquée, auquel cas le porteur de tels titres ne recevra pas de Titre définitif à l'égard de cette détention et devra acheter un montant en principal de Titres de sorte que son montant détenu s'élève à l'une ou plus des valeurs nominales indiquées ;• Des taxes, frais et charges pourraient être exigibles à l'occasion de l'acquisition des Titres ; conformément aux législations et pratiques du pays où les Titres sont transférés ou les législations et pratiques des autres pays ;• L'Emetteur ne paiera aucun montant additionnel lié aux majorations fiscales en cas de déduction ou retenue à la source au titre de l'impôt français requise par la législation applicable aux paiements effectués par l'Emetteur au titre des Titres ;• La décision de la majorité des Porteurs de Titres prise lors des assemblées convoquées afin d'examiner des questions affectant leurs intérêts en général peut contraindre la totalité des Porteurs de Titres ;• Les Titres pourraient être affectés par des changements législatifs et aucune assurance ne peut être donnée quant aux conséquences d'éventuelles décisions judiciaires ou d'une modification de la législation française (ou toute autre législation applicable) postérieure à la date du Prospectus de Base, et aucune assurance ne peut être donnée quant à l'impact négatif potentiel qu'un tel changement pourrait avoir sur la capacité de l'Émetteur à effectuer des paiements au titre des Titres ;• Les notations de crédit attribuées aux Titres peuvent refléter l'impact potentiel des risques liés à la structure, au marché, et aux autres facteurs qui pourraient affecter la valeur des Titres; et• Le renminbi n'est pas librement convertible; il existe des restrictions importantes sur les versements en renminbi dans et à l'extérieur de la République Populaire de Chine. Il n'y a qu'une disponibilité limitée du renminbi en dehors de la République Populaire de Chine, ce qui peut affecter la liquidité des Titres libellés en renminbi (les "Titres Renminbi") et la capacité de l'émetteur de transférer des renminbis à l'extérieur de la République Populaire de Chine pour procéder aux paiements au titre des Titres Renminbi. Les Titres Renminbi émis en vertu du programme ne peuvent être détenus qu'en Euroclear France, Euroclear et Clearstream. L'investissement en Titres Renminbi est soumis aux risques de taux de change, aux risques de taux d'intérêt et aux risques de contrôle des changes. Les évolutions d'autres marchés peuvent nuire à la valeur des Titres Renminbi. L'émetteur pourra procéder à des paiements au titre des intérêts et du capital en dollars américains dans certaines circonstances pour des Titres Renminbi. Les gains réalisés sur la cession de Titres libellés en Renminbi peuvent être soumis à l'impôt sur le revenu en vertu des lois fiscales de la République Populaire de Chine. |
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| Section D - Risques | | |
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| D.6 | Avertissement sur les risques : | <p>[Les investisseurs potentiels dans les Titres Indexés sur l'Inflation sont avertis que ces Titres sont des titres de créance qui ne prévoient pas des paiements [d'intérêts] [et/ou du principal] prédéterminés. Les montants [du principal] [et/ou d'intérêts] dépendront du rendement du Ratio d'Indice d'Inflation, tel que décrit en C.9 ci-dessus. Le montant [du principal] [et/ou des intérêts] du par l'Émetteur peut varier et les Porteurs peuvent ne percevoir aucun intérêt. Toutefois, si le principal dû à la date d'échéance est inférieur au pair, les Titres Indexés sur l'Inflation seront remboursés au pair.]</p> <p>[Les investisseurs potentiels dans les Titres Indexés sur Taux de Change sont avertis que ces Titres sont des titres de créance qui ne prévoient pas des paiements [d'intérêts] [et/ou du principal] prédéterminés. Les montants [du principal] [et/ou d'intérêts] dépendront du rendement du taux de change sous-jacent applicable, tel que décrit en C.9 ci-dessus. Le montant [du principal] [et/ou des intérêts] dû par l'Émetteur peut varier et les Porteurs peuvent ne percevoir aucun intérêt [et le montant de remboursement pourra, dans certains cas, être inférieur au pair].]</p> |

| Section E - Offre | | |
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| E.2b | Raison de l'Offre et Utilisation des Produits : | [Le produit net de l'émission de Titres sera utilisé pour les besoins généraux de financement de l'Émetteur.] / [Le produit net de l'émission de Titres sera utilisé pour [•].] |
| E.3 | Modalités et Conditions de l'Offre : | <p>[Préciser les modalités spécifiques de l'offre applicable aux Titres]</p> <p>A l'exception des stipulations de la section A.2 ci-dessus, ni l'Émetteur ni aucun des Agents Placeurs n'a autorisé une personne à faire une Offre au Public en aucune circonstance et aucune personne n'est autorisée à utiliser le Prospectus de Base dans le cadre de ses offres de Titres. Ces offres ne sont pas faites au nom de l'Émetteur ni par aucun des Agents Placeurs ou des Établissements Autorisés et ni l'Émetteur ni aucun des Agents Placeurs ou des Établissements Autorisés n'est responsable des actes de toute personne procédant à ces offres.</p> |
| E.4 | Intérêts déterminants pour l'Émission : | [Préciser les intérêts des personnes morales ou physiques impliquées dans l'émission des Titres] |
| E.7 | Estimation des dépenses : | L'estimation des dépenses facturées à l'investisseur par l'Émetteur pour les Titres est de [•]. |

PRO FORMA FINAL TERMS

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 MARKET¹¹

Final Terms dated [•]

CADES (Caisse d'Amortissement de la Dette Sociale)

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

under the €130,000,000,000 Debt Issuance Programme

[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 ("MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (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.]

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

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the base prospectus which received from the *Autorité des marchés financiers* ("AMF") visa n° 19-276 on 19 June 2019 (the "Base Prospectus") [and the supplement[s] to the Base Prospectus received from the AMF visa n° [•] on [•]] [respectively,]which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC, as amended or superseded (the "Prospectus Directive"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s]] [is] [are] available for viewing on the AMF website and copies may be obtained from the Issuer. [In addition¹², the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [at/on] [•]].

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") which are the [•] EMTN Conditions. This document constitutes the Final Terms of the Notes described herein for the purposes of Directive 2003/71/EC as amended or superseded (the "Prospectus

¹¹ The Final Terms may be requested from the Calculation Agent and are available on the AMF website.

¹² If the Notes are admitted to trading on a regulated market other than Euronext Paris.

Directive") and must be read in conjunction with the Base Prospectus dated 19 June 2019 [and the supplement[s] to the Base Prospectus dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are the [•] EMTN Conditions. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [•] EMTN Conditions and the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [•]]. The Base Prospectus [and the supplement[s]] [is] [are] available for viewing on the AMF website and copies may be obtained from the Issuer. [In addition¹³, the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [at/on] [•]].

1. Issuer: Caisse d'Amortissement de la Dette Sociale
2. [(i)]Series Number: []
 [(ii) Tranche Number: []
 (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount of Notes admitted to trading: []
 [(i) Series: []
 [(ii) Tranche: []]
5. Issue Price: [] per cent of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. Specified Denominations: [](one denomination only for Dematerialised Notes)
 []
7. [(i)] Issue Date: []
 [(ii)] Interest Commencement Date: []
8. Maturity Date: [specify date or (for Floating Rate Notes where Interest Payment Dates are subject to modification) Interest Payment Date falling in or nearest to the relevant month and year]
9. Interest Basis: [• % Fixed Rate]
 [[specify reference rate] +/- [•] % Floating Rate]
 [Zero Coupon]
 [Inflation Linked Interest]
 [FX Linked Interest]
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
 [Inflation Linked Redemption]
 [FX Linked Redemption]
 [Partly Paid]
 [Instalment]

¹³If the Notes are admitted to trading on a regulated market other than Euronext Paris.

11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis and the date when any fixed to floating rate change occurs / Not Applicable]*
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. (i) Status of the Notes: Senior
- [(ii)] [Date [Board] approval for issuance of Notes obtained: [] [and [], respectively]]
(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable additional Business Centre(s) for the definition of "Business Day"]*¹⁴ /not adjusted]
- (iii) Fixed Coupon Amount[(s)]¹⁵: [] per [] in Nominal Amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]*
- (v) Day Count Fraction: [30/360 / 360/360 / Bond Basis / 30E360 / Eurobond Basis / Actual/Actual (ICMA/ISDA) / Actual/365 (fixed) / Actual/365 / Actual/360 / Actual/365 (Sterling)]
- (vi) Determination Dates: [] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA]) or for Renminbi Notes)*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- (viii) Business Day Convention¹⁶: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]

¹⁴ This option should be selected for RMB Notes.

¹⁵ Not applicable for RMB Notes.

¹⁶ This option should be selected for RMB Notes.

- (ix) Party responsible for calculating Interest Amounts (if not the Calculation Agent)¹⁷: [•]/[Not Applicable]
- 16. Floating Rate Note Provisions** [Applicable ¹⁸ /Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s) []
- (ii) Representative Amount: []
- (iii) Effective Date: [] if applicable/ Not Applicable
- (iv) Specified Duration []
- (v) Specified Interest Payment Dates: [] in each year, subject to adjustment in accordance with the Business Day Convention set out in (vi) below
- (vi) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
- (vii) Calculation Agent: []
- (viii) Business Centre(s): []
- (ix) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/FBF Determination]
- (x) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): []
- (xi) FBF Determination (Condition 4(b)(B)):
- Floating Rate (*Taux Variable*): [●]
 - Floating Rate Determination Date (*Date de Détermination du Taux Variable*): [●]
- (xii) Screen Rate Determination:
- Reference Rate: []
 - Interest Determination Date(s): []
 - Relevant Time: []
 - Screen Page: []

¹⁷ This option should be selected for RMB Notes.

¹⁸If ISDA Definitions are applicable, please mention if the 2000 ISDA Definitions or the 2006 ISDA Definitions are applicable.

- Reference Banks []
 - Primary Source []
 - (xiii) ISDA Determination:
 - Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
 - Business Centre: []
 - (xiv) Margin(s): [+/-][] per cent per annum
 - (xv) Rate Multiplier: [Not Applicable : [●]]
 - (xvi) Minimum Rate of Interest: [Zero / []] per cent per annum
 - (xvii) Maximum Rate of Interest: [] per cent per annum
 - (xviii) Day Count Fraction: [30/360 / 360/360 / Bond Basis / 30E360 / Eurobond Basis / Actual/Actual (ICMA/ISDA) / Actual/365 (fixed) / Actual/365 / Actual/360 / Actual/365 (Sterling)]
- 17. Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Amortisation Yield: [] per cent per annum
 - (ii) Day Count Fraction: [30/360 / 360/360 / Bond Basis / 30E360 / Eurobond Basis / Actual/Actual (ICMA/ISDA) / Actual/365 (fixed) / Actual/365 / Actual/360 / Actual/365 (Sterling)]
- 18. Inflation Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index [CPI / HICP]
 - (ii) Party responsible for calculating the Rate of Interest and/or Interest Amount(s) if not the Calculation Agent: []
 - (iii) Interest Period(s): []
 - (iv) Interest Payment Dates: [] in each year, [subject to adjustment in accordance with the Business Day Convention set out in (viii) below]
 - (v) Base Reference: Daily Inflation Reference Index applicable on [*specify date*] (amounting to: [])
 - (vi) Rate of Interest: [] per cent. per annum multiplied by the Inflation Index Ratio
 - (vii) Day Count Fraction: [30/360 / 360/360 / Bond Basis / 30E360 / Eurobond Basis / Actual/Actual (ICMA/ISDA) / Actual/365 (fixed) / Actual/365 / Actual/360 / Actual/365 (Sterling)]

| | | |
|--------|---|--|
| (viii) | Business Day Convention: | [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] |
| (ix) | Calculation Agent: | [] |
| 19. | FX Linked Interest Note Provisions | [Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| (i) | FX Linked Interest Formula: | Condition 17(c) [(I)/(II)/(III)/(IV)] shall apply. <i>(If Condition 17(c)(I) or (II) applies)</i> [For the purpose of each item of the FX Linked Interest Formula, [(x)/(y)] shall apply] <i>(N.B. If rounding is required, consider rounding.)</i> |
| | | <i>(If Condition 17(c)(IV) applies:)</i> |
| | [Currency 1 Amount: | [•] |
| | Currency 2 Amount: | [•] |
| | FXn: | [Currency A is [•] / Currency B is [•]] |
| | Settlement Rate Option: | [Currency A is [•] / Currency B is [•]] |
| | Determination Date(s): | [•] |
| | FX Rate: | [•] |
| | Rate 1: | [•] |
| | Rate 2: | [•]] |
| (ii) | Base Currency/Subject Currency: | [•]/[•] |
| (iii) | Currency Price: | [•] / [Paragraph (ii) of the definition " Currency Price " in Condition 17(b) shall apply] [Condition 17(e)(ii)(B)][(x)/(y)] shall apply] <i>(if Condition 17(e)(ii) is specified as applicable in item 27 below)</i> [The Currency Price shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable] |
| | [Currency Price 1: | [•] [The Currency Price 1 shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable] |
| | Currency Price 2: | [•] [The Currency Price 2 shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable]] |

- (iv) Spot Exchange Rate: [•] [Bid spot rate/Offer spot rate/Mid-point between the bid spot rate and the offer spot rate]
- (v) FX0 Fixing Date: [[•]/Not Applicable]
- (vi) Disruption Fallbacks: [Currency Price/[•]] (*N.B. If Disruption Fallback provision apply to any rate other than Currency Price, specify*)
 Calculation Agent Determination: [first/second/third]
 Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "**Currency-Reference Dealers**" in Condition 17(b) shall apply)
 Fallback Reference Price: [first/second/third], [•] (*specify alternate price source(s)*)
- (vii) FX Price Source Disruption: [Applicable, the provisions of Condition 17(f)[(i)/(ii)] shall apply] / [Not Applicable]
 [Calculation Agent Determination: [first/second/third]
 Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "**Currency-Reference Dealers**" in Condition 17(b) shall apply)
 Fallback Reference Price: [first/second/third], [•] (*specify alternate price source(s)*)]
- (viii) Price Materiality Event: [Applicable, the provisions of Condition 17(g)[(i)/(ii)] shall apply] / [Not Applicable]
 [Price Materiality Percentage: [•]
 Calculation Agent Determination: [first/second/third]
 Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "**Currency-Reference Dealers**" in Condition 17(b) shall apply)
 Fallback Reference Price: [first/second/third], [•] (*specify alternate price source(s)*)]
- (ix) FX Price Source(s): [The Reuters Screen page "JPNW" / The Reuters Screen page "JPNU" / The Reuters Screen page "RBIC" / The Reuters Screen page "ABSIRFIX01" / The Reuters Screen page "ECB37" / The Bloomberg Page <BZFXJPY index> / The Bloomberg Page <BZFPTAX index> / The Bloomberg Page <INRRRTYN index> / The Bloomberg Page WMCO<go>/EMTA's website / *specify other*]
- (x) Business Centre(s): [•]
- (xi) Specified Duration: []
- (xii) Specified Interest Payment Dates: [] in each year, [subject to adjustment in accordance with the Business Day Convention set out in (xiii) below]
- (xiii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]

- (xiv) Calculation Agent: []
- (xv) Minimum Rate/Amount of Interest: [Zero / [•] per cent. per annum [*specify amount of interest payable on each Specified Interest Payment Date*]]
- (xvi) Medium Rate/Amount of Interest: [[•] per cent. per annum [*specify amount of interest payable on each Specified Interest Payment Date*]] / [Not Applicable]
- (xvii) Maximum Rate/Amount of Interest: [[•] per cent. per annum [*specify amount of interest payable on each Specified Interest Payment Date*]] / [Not Applicable]
- (xviii) Minus Rate/Amount of Interest: [[•] per cent. per annum [*specify amount of interest payable on each Specified Interest Payment Date*]] / [Not Applicable]
- (xix) Original Rate/Amount of Interest: [[•] per cent. per annum [*specify amount of interest payable on each Specified Interest Payment Date*]] / [Not Applicable]
- (xx) Day Count Fraction: [30/360 / 360/360 / Bond Basis / 30E360 / Eurobond Basis / Actual/Actual (ICMA/ISDA) / Actual/365 (fixed) / Actual/365 / Actual/360 / Actual/365 (Sterling)]
- (xxi) Valuation Date(s): [•]
- (xxii) Valuation Cut-Off Date: [•] / [Paragraph (ii) of the definition of "**Valuation Cut-Off Date**" in Condition 17(b) shall apply]
- (xxiii) Valuation Time: [•]
- (xxiv) Barrier Rate: [[•] / Barrier Rate 1: [•]; Barrier Rate 2: [•]] (*N.B. If a percentage of a fixed level consider rounding*)
- (xxv) Other Currency Settlement Conditions: [Applicable, Condition 17(e)[(i)(I) / (i)(II) / (i)(III) / (ii) / (iii) / (iv)] shall apply / Not Applicable]
- (xxvi) Successor Currency: [Condition 17(i)[(i)/(ii)] shall apply / Both Condition 17(i)(i) and 17(i) (ii) shall apply / Not Applicable]
- (xxvii) Corrections to Published or Displayed Rates: [Applicable/Not Applicable]
- (xxviii) Additional Disruption Events: Change in Law is [Applicable/Not Applicable]
Hedging Disruption is [Applicable/Not Applicable]
Increased Cost of Hedging is [Applicable/Not Applicable]

PROVISIONS RELATING TO REDEMPTION

20. **Call Option** [Applicable/Not Applicable]
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and [] per Note of [] specified denomination

| | | |
|---|--|--|
| | method, if any, of calculation of such amount(s): | [, Condition 5(b) applies] |
| (iii) | If redeemable in part: | |
| | (a) Minimum Redemption Amount: | [] |
| | (b) Maximum Redemption Amount: | [] |
| (iv) | Notice period | [] |
| 21. Put Option | | [Applicable/Not Applicable] |
| | | <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| (i) | Optional Redemption Date(s): | [] |
| (ii) | Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): | [] per Note of [] specified denomination [,Condition 5(b) applies] |
| (iii) | Notice period | [] |
| 22. Automatic Early Redemption | | [Applicable (see further item 26 below)]/[Not Applicable] |
| 23. Final Redemption Amount of each Note | | [[] per Note of [] specified denomination] |
| | | [See further item [25/26] below] <i>(If the Notes are Inflation Linked Redemption Notes or FX Linked Redemption Notes)</i> |
| 24. Redemption by Instalments | | [Applicable/Not Applicable] |
| | | <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| (i) | Instalment Date(s): | [●] |
| (ii) | Instalment Amount(s) in respect of each Note: | [●] by Note of [●] of Specified Denomination |
| (iii) | Minimum Instalment Amount: | [] |
| (iv) | Maximum Instalment Amount: | [] |
| 25. Early Redemption Amount | | [[]] |
| | Early Redemption Amount(s) payable in respect of Zero Coupon Notes and each Note other than Inflation Linked Notes on event of default or on redemption at the | [To be determined in accordance with Condition 16(b)(ii) / Not Applicable] |

option of the issuer or redemption at the option of noteholders:

Inflation Linked Notes - Early Redemption Amount(s) of each Note payable on event of default or on redemption at the option of the issuer or redemption at the option of noteholders:

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

26. Inflation Linked Redemption Note Provisions

[CPI/HICP]

(i) Index:

[Condition 16(b)(i) applies]

(ii) Final Redemption Amount in respect of Inflation Linked Redemption Notes:

[CPI/HICP] Daily Inflation Reference Index applicable on [specify date] (amounting to: [])

(iii) Base Reference:

[]

(iv) Party responsible for calculating the Final Redemption Amount (if not the Calculation Agent):

(a) FX Linked Automatic Early Redemption: [Applicable/Not Applicable] *(If not applicable, delete the paragraph below of this subparagraph)*

[For the purpose of the Automatic Early Redemption Event, Condition 17(d)(i)[(x)/(y)] shall apply]

(b) FX Linked Final Redemption:

27. FX Linked Redemption Note Provisions

Condition 17(d)(ii)[(I)/(II)/(III)/(IV)] shall apply

(if Condition 17(d)(ii)(I), (III) or (IV) is applicable) [For the purpose of each item in the FX Linked Redemption Formula, [(i)/(ii)] [(x)/(y)] shall apply]

(N.B. If rounding is required, consider rounding.)

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)

(i) Formula for calculating Final Redemption Amount including back up provisions:

[[•]/Not Applicable] *(N.B. If a percentage of a fixed level consider rounding)*

(ii) FX0:

[•] per Specified Denomination

(iii) Automatic Early Redemption Amount:

[•]

(iv) Automatic Early Redemption Date:

[•]

(v) Automatic Early Redemption Valuation Date:

[•] *(N.B. If a percentage of a fixed level consider rounding)*

(vi) Knock-out Price:

[•]/[•]

- (vii) Base Currency/Subject Currency: [•] / [Paragraph (ii) of the definition "**Currency Price**" in Condition 17(b) shall apply]
- [The Currency Price shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable]
- (viii) Currency Price: [•]
- [The Currency Price 1 shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable]
- [Currency Price 1 [•]
- [The Currency Price 2 shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up)].] / [Rounding not applicable]
- Currency Price 2: [•] [Bid spot rate/Offer spot rate/Mid-point between the bid spot rate and the offer spot rate]
- (ix) Spot Exchange Rate: [Currency Price/[•]] (*N.B. If Disruption Fallback provision apply to any rate other than Currency Price, specify*)
- Calculation Agent Determination: [first/second/third]
- Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "**Currency-Reference Dealers**" in Condition 17(b) shall apply)
- Fallback Reference Price: [first/second/third], [•] (*specify alternate price source(s)*)
- (x) Disruption Fallbacks: [Applicable, the provisions of Condition 17(f)[(a)/(b)] shall apply] / [Not Applicable]
- [Calculation Agent Determination: [first/second/third]
- Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "**Currency-Reference Dealers**" in Condition 17(b) shall apply)
- Fallback Reference Price: [first/second/third], [•] (*specify alternate price source(s)*)
- (xi) FX Price Source Disruption: [Applicable, the provisions of Condition 17(g)[(a)/(b)] shall apply] / [Not Applicable]
- [Price Materiality Percentage: [•]
- Calculation Agent Determination: [first/second/third]
- Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "**Currency-Reference Dealers**" in Condition 17(b) shall apply)

- Fallback Reference Price: [first/second/third], [•] (*specify alternate price source(s)*)
- (xii) Price Materiality Event: [The Reuters Screen page "JPNW" / The Reuters Screen page "JPNU" / The Reuters Screen page "RBIC" / The Reuters Screen page "ABSIRFIX01" / The Reuters Screen page "ECB37" / The Bloomberg Page <BZFXJPY index> / The Bloomberg Page <BZFPTAX index> / The Bloomberg Page <INRRRTYN index> / The Bloomberg Page WMCO<go> / EMTA's website / *other*]
- (xiii) FX Price Source(s): [•]
- (xiv) Business Centre(s): [•]
- (xv) Valuation Date(s): [•] / [Paragraph (ii) of the definition of "**Valuation Cut-Off Date**" in Condition 17(b) shall apply]
- (xvi) Valuation Cut-Off Date: [•]
- (xvii) Valuation Time: [Barrier Rate 3: [•] / Barrier Rate 4: [•] / Barrier Rate 5: [•]] (*N.B. If a percentage of a fixed level consider rounding*)
- (xviii) Barrier Rate: [Conversion Rate 1: [•] / Conversion Rate 2: [•]; Conversion Rate 3: [•]] (*N.B. If a percentage of a fixed rate consider rounding*)
- (xix) Conversion Rate: [Condition 17(i)(i)/(ii)] shall apply / Both Condition 17(i)(i) and 17(i) (ii) shall apply / Not Applicable]
- (xx) Successor Currency: [Applicable/Not Applicable]
- (xxi) Corrections to Published or Displayed Rates: Change in Law is [Applicable/Not Applicable]
Hedging Disruption is [Applicable Not Applicable]
Increased Cost of Hedging is [Applicable/Not Applicable]
- (xxii) Additional Disruption Events: [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
[Condition 17(e)[(i)(I)/(i)(II)/(i)(III)/(ii)/(iii)/(iv)] shall apply
- 28. Notes with Dual or Other Currency Settlement Conditions** [•]/[•]
- (i) Base Currency/Subject Currency: [•] / [Paragraph (ii) of the definition "**Currency Price**" in Condition 17(b) shall apply]
[Condition 17(e)(ii)(B)[(x)/(y)] shall apply] (*if Condition 17(e)(ii) is specified as applicable above*)
[The Currency Price shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up).] / [Rounding not applicable]
- (ii) Currency Price: [•]
[The Currency Price shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal

places] [(with 0.5/[half of the number of such decimal places] being rounded up).] / [Rounding not applicable]

[Currency Price 1: [•]

[The Currency Price shall be [rounded down/rounded up/rounded to the nearest] [whole number/[•] decimal places] [(with 0.5/[half of the number of such decimal places] being rounded up).] / [Rounding not applicable]]

Currency Price 2: [•] [Bid spot rate/Offer spot rate/Mid-point between the bid spot rate and the offer spot rate]

(iii) Spot Exchange Rate: [•]

[For the purposes of determining the Early Redemption Amount in item 24 above, Condition 17(e)[(ii)(A)[(x)/(y)] / (iii)(A)[(x)/(y)] / (iv)(A)[(x)/(y)]] is applicable (*Specify the relevant days if Condition 17(e)(ii)(A)(y), (iii)(A)(y) or (iv)(A)(y) is applicable*) (*If Condition 17(e)(ii), 17(e)(iii) or 17(e)(iv) is applicable*)

(iv) Valuation Date(s): [•] / [Paragraph (ii) of the definition of "**Valuation Cut-Off Date**" in Condition 17(b) shall apply]

(v) Valuation Cut-Off Date: [•]

(vi) Valuation Time: [Currency Price/[•]] (*N.B. If Disruption Fallback provision apply to any rate other than Currency Price, specify*)

Calculation Agent Determination: [first/second/third]

Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "**Currency-Reference Dealers**" in Condition 17(b) shall apply)

Fallback Reference Price: [first/second/third], [•] (*specify alternate price source(s)*)

(vii) Disruption Fallbacks: [The Reuters Screen page "JPNW" / The Reuters Screen page "JPNU"/ The Reuters Screen page "RBIC" / The Reuters Screen page "ABSIRFIX01" / The Reuters Screen page "ECB37" / The Bloomberg Page <BZFXJPY index> / The Bloomberg Page <BZFPTAX index> / The Bloomberg Page <INRRRTYN index> / The Bloomberg Page WMCO<go> / EMTA's website / other]

(viii) FX Price Source(s): [[I/II/III] of Condition 17(e)(i) shall apply. [•] (*N.B. Specify the amount if Condition 17(e)(i)(III) is applicable*)] / [Not Applicable (*N.B. if Condition 17(e)(b)(ii)(x)/(b)(ii)(y)/(c)/(d) is applicable*)]

(ix) Final Redemption Amount: [Applicable, the provisions of Condition 17(f)[(i)/(ii)] shall apply] / [Not Applicable]

[Calculation Agent Determination: [first/second/third]

Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "**Currency-Reference Dealers**" in Condition 17(b) shall apply)

- Fallback Reference Price: [first/second/third], [•] (*specify alternate price source(s)*)
- (x) FX Price Source Disruption: [Applicable, the provisions of Condition 17(g)[(i)/(ii)] shall apply] / [Not Applicable]
- [Price Materiality Percentage: [•]]
- Calculation Agent Determination: [first/second/third]
- Currency-Reference Dealers: [first/second/third], (Paragraph [(a)/(b)/(c)] of the definition of "**Currency-Reference Dealers**" in Condition 17(b) shall apply)
- (xi) Price Materiality Event: [Condition 17(i)[(i)/(ii)] shall apply / Both Condition 17(i)(i) and 17(i)(ii) shall apply / Not Applicable]
- (xxii) Successor Currency: [Applicable/Not Applicable]
- (xxiii) Corrections to Published or Displayed Rates: Change in Law is [Applicable/Not Applicable]
- Hedging Disruption is [Applicable Not Applicable]
- Increased Cost of Hedging is [Applicable/Not Applicable]
- (xxiv) Additional Disruption Events:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

29. Form of Notes: [Dematerialised Notes/
Materialised Notes] (*Materialised Notes are only in bearer form*)
- [Delete as appropriate]
- (i) Form of Dematerialised Notes: [Applicable/Not Applicable [*if Applicable specify whether bearer form (au porteur) / administered registered form (au nominatif administré) / fully registered form (au nominatif pur)*]
- (ii) Registration Agent [Not applicable/if Applicable give name, address and details] (*Note that a registration agent must be appointed in relation to fully registered Dematerialised Notes only*)
- (iii) Temporary Certificate: Global [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [•] (the "**Exchange Date**"), being 40 calendar days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
- (iv) Applicable exemption: TEFRA [C Rules/D Rules/Not Applicable] (*Only applicable to Materialised Notes*)
30. Financial Centre(s): [Not Applicable/give details. *Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15 (ii) and 16(v) relate*]
31. Talons for future Coupons or Receipts to be attached to Definitive [Yes/No. *If yes, give details*]

Notes (and dates on which such Talons mature):

32. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
33. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
34. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition •] apply]
35. Consolidation provisions: [Not Applicable/The provisions [in Condition •] apply]
36. Masse [[Full Masse]/[Contractual Masse] shall apply]
- The names and addresses of the representative of the masse and its alternate are:
- [names/ addresses]
- The fees to be paid to the representative(s) are : euros[]

DISTRIBUTION

37. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names, addresses and underwriting commitments*]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission).*
- (ii) Date of Subscription Agreement: []
- (iii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]
38. If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]
39. Total commission and concession: [] per cent. of the Aggregate Nominal Amount
40. Prohibition of Sales to EEA Retail Investors: [Applicable / Not Applicable]
- (If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the*

Notes may constitute "packaged" products and no KID will be prepared, "Applicable" should be specified)

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro 130,000,000,000 Debt Issuance Programme of the Issuer.]

RESPONSIBILITY

I accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:

Duly authorized

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing: [Bourse de Luxembourg/ Euronext Paris / *(specify)*/None]
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on [Euronext Paris] / [*specify other relevant market in the EEA*] with effect from []. [*Not Applicable. [Specify "Not Applicable" where no listing is to occur]*]
(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)
- (iii) Estimate of total expenses related to admission to trading: [●]
- (iv) Regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading: [●]

2. RATINGS

- Ratings: [[The Issuer has been/The Notes are expected to be] rated:]
[S & P: []]
[Moody's: []]
[Fitch: []]
[[Other] [*For rating of the Notes only*]: []]
(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)
[Each of [*insert credit rating agency/ies*] is established in the European Union and registered under Regulation (EU) No 1060/2009 as amended by Regulation (EU) No. 513/2011 (the "**CRA Regulation**").
As such, each of [*insert credit rating agency/ies*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]

3. [NOTIFICATION

The *Autorité des Marchés Financiers* [has been requested to provide/has provided - *include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues*] the [*include names of competent authorities of host Member States*] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer, including conflicting interests."

5. **[REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- [(i) Reasons for the offer]
- (See ["Use of Proceeds"] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)*
- [(ii) Estimated net proceeds:]
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- [(iii) Estimated total expenses:]. *[The expenses will need to be broken into each principal intended use and presented by order of priority of such uses.]*
- (Only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

6. **[FIXED RATE NOTES ONLY – YIELD**

- Indication of yield:
- Calculated as *[include details of method of calculation in summary form]* on the Issue Date.
- As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. **[FLOATING RATE NOTES ONLY - HISTORIC INTEREST RATES**

- (i) Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [the relevant national Central Bank or as the case may be from the European Central Bank].
- (ii) Benchmarks: Amounts payable under the Notes will be calculated by reference to [•] which is provided by [•]. As at [•],[•] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). [As far as the Issuer is aware the transitional provisions in Article 51 of the Benchmark Regulation apply, such that [•] is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]/[Not Applicable]

8. **[INFLATION-LINKED NOTES AND FX LINKED NOTES (INCLUDING DUAL-CURRENCY NOTES) ONLY – PERFORMANCE OF INDEX, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

(i) Name of underlying index: [CPI/HICP/*name of exchange rate*]

(ii) Information about the Index, its volatility and past and future performance can be obtained:
[]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*] [does not intend to provide post-issuance information].

9. **OPERATIONAL INFORMATION**

ISIN Code: []

Common Code: []

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking SA and the relevant identification number(s): [Not Applicable/*give name(s), addresse(s) and number(s)*]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): []

Names and addresses of relevant Dealer(s):

Date of the [Dealer Accession Letter/ Subscription Agreement] []

TAXATION

FRANCE

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

Payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a "**Non-Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a 75 per cent. withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, in application of Article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes are not deductible from the Issuer's taxable income, if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid on a bank account opened in a financial institution located in such a Non-Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Articles 109 *et seq.* of the French *Code général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts*, at a rate of (i) 75 per cent. if they are paid on an account opened in a financial institution located in a Non-Cooperative State (subject to the more favourable provisions of any applicable double tax treaty), or (ii) 30 per cent. otherwise (it being noted that such withholding tax rate should be reduced progressively to 25% by 2022) or a lower rate if the holder is an individual (in each case subject to the more favourable provisions of any applicable double tax treaty).

Notwithstanding the foregoing, neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code general des impôts* nor the Deductibility Exclusion and the withholding tax set out under Article 119 *bis* 2 of the French *Code general des impôts* that may be levied as a result of the Deductibility Exclusion will apply in respect of the issue of the Notes if the Issuer can prove that (i) the principal purpose and effect of such issue of Notes were not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**") and (ii) in respect of the Deductibility Exclusion, the relevant interest and other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount. Pursuant to the *Bulletin Officiel de Finances Publiques-Impôts* (BOI-INT-DG-20-50-20140211, No. 550 and No. 990, BOI-RPPM-RCM-30-10-20-40-20140211, No. 70 and 80, and BOI-IR-DOMIC-10-20-20-60-20150320, No. 10), an issue of Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes if such Notes are:

- (i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a state or territory other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L. 561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depositories or operators are not located in a Non-Cooperative State.

If the Notes are admitted, at the time of their issue, to the operations of Euroclear France and/or Euroclear and Clearstream, the Notes will benefit from the Exception and will therefore be exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*. In addition, they

will be subject neither to the Deductibility Exclusion nor to the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts* solely on account of their being paid to a bank account opened in a financial institution located in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State, to the extent that the Issuer can prove that the relevant interest and other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount.

Where the paying agent (*établissement payeur*) is established in France, pursuant to Article 125 A of the French *Code général des impôts* and subject to certain exceptions, interest and other similar revenues received by individuals who are fiscally domiciled in France, as from January 1, 2018 are subject to a 12.8 per cent. mandatory withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made, along with social contributions withheld at source at an aggregate rate of 17.2 per cent. (CSG, CRDS and other related contributions), *i.e.* an overall withholding tax rate of 30 per cent. (*le prélèvement forfaitaire unique*).

HONG KONG

The following is a summary of certain Hong Kong tax considerations relating to the purchase, ownership and disposition of the Notes by a beneficial owner of the Notes. This summary is based on the tax laws of Hong Kong and their published interpretation as currently in effect and which are subject to change. This summary is for general information only and does not address all of the Hong Kong tax considerations that may be relevant to specific holders in light of their particular circumstances.

Withholding tax

Under existing Hong Kong law, payments of principal and interest in respect of the Notes may be made without withholding for or on account of any Hong Kong taxes.

Profits tax

The Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong) (the "**Inland Revenue Ordinance**") as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Notes is derived from Hong Kong and is received by or accrues to a company (other than a financial institution), carrying on a trade, profession or business in Hong Kong;
- (b) interest on the Notes is derived from Hong Kong and is received by or accrues to a person (other than a company), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (c) interest on the Notes is received by or accrues to a financial institution and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Sums derived from the sale, disposal or redemption of Notes may be subject to the Hong Kong profits tax where received by or accrued to a person (other than a financial institution) who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes may be subject to the profits tax.

Stamp Duty

Stamp duty will not be payable on the issue of the bearer Notes, provided either:

- (i) such Notes are denominated in a currency other than the currency of Hong Kong and are not repayable, or may at the option of any person be repaid, in the currency of Hong Kong; or
- (ii) such Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable, it is payable by the Issuer on the issue of bearer Notes at a rate of three (3) per cent. of the market value of the Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of bearer Notes.

No stamp duty is payable on the issue of registered Notes.

Stamp duty may be payable on the transfer of registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

- (i) the registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) the registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance)

If stamp duty is payable, it is payable by the Issuer on the issue of the bearer Notes at a rate of HK\$3 per HK\$100 or part thereof of the market value of the Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of bearer Notes.

No stamp duty is payable on the issue of registered Notes.

Stamp duty may be payable on any transfer of registered Notes. Stamp duty will, however, not be payable on any transfers of registered Notes, provided that either:

- (a) the registered Notes are denominated in a currency other than the currency of Hong Kong and are not redeemable, or may at the option of any person be redeemed, in the currency of Hong Kong; or
- (b) the registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable in respect of the transfer of registered Notes it will be payable at the rate of 0.2% (of which 0.1% is payable by the seller and 0.1% is payable by the purchaser) normally by reference to the consideration or its value. If, in the case of either the sale or purchase of such registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5.00 on each instrument of transfer executed in relation to any transfer of the registered Notes if the relevant transfer is required to be registered in Hong Kong.

PRC Taxation

The holders of Notes who are not PRC residents for PRC tax purposes will not be subject to withholding tax, income tax or any other taxes or duties imposed by any governmental authority in the PRC in respect of purchasing or holding Notes or any repayment of principal and payment of interest made thereon. However, it remains unclear whether the gains realised from transferring the Notes by non-PRC resident enterprise or individual holders would be treated as income derived from sources within the PRC and thus become subject to PRC enterprise income tax or PRC individual income tax depending on the type of holder.

GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in France in connection with the issue and performance of its obligations under the Notes. The issue of the Notes was duly authorised pursuant to a resolution of *Conseil d'administration* of the Issuer dated 29 November 2017 authorising the Issuer's borrowing programme and delegating all powers to issue Notes under the programme to its chairman, and the approval of the Issuer's borrowing programme by the Minister of Economy and Finance on 15 December 2017.
2. Except as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer since 31 December 2018, and no material adverse change in the financial position, affairs or prospects of the Issuer since 31 December 2018.
3. The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Base Prospectus which may have or have had in the recent past significant effects, on the financial position or profitability of the Issuer.
4. Each Materialised Note with a maturity of more than 12 months and each Receipt, Coupon and Talon relating thereto will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code of 1986".
5. Notes have been accepted for clearance through Euroclear France, Euroclear and Clearstream. The Common Code and the International Securities Identification Number ("**ISIN**") for each Series of Notes will be set out in the relevant Final Terms.
6. The Legal Entity Identifier ("**LEI**") of the Issuer is 969500P04DQJS4BPM574.
7. The Issuer may also from time to time, without the consent of the Noteholders, consolidate Notes with one or more issues of other Notes issued by it, whether or not originally issued in euro, provided that such other Notes have been redenominated into euro (if not originally denominated in euro) and otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.
8. The yield is calculated at the Issue Date on the basis of the Issue Price and the rate of interest applicable to the Notes. It is not an indication of future yield. The yield of the relevant Notes, if applicable, will be stated in the final Terms of the Notes.
9. In connection with the issue of any Tranche, and unless otherwise agreed between the Issuer and the Relevant Dealer(s), the Relevant Dealer or, in the case of a Syndicated Issue, the Lead Manager shall act as a stabilising manager (the "**Stabilising Manager**"); provided that a different Stabilising Manager may not act upon the issue of a further Tranche of an existing Series until all previous stabilisation activity in respect of that Series has terminated. The Stabilising Manager may, to the extent permitted by applicable laws and directives, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail, but in doing so the Stabilising Manager shall not act as agent of the Issuer and any loss resulting from over-allotment and stabilisation shall be borne, and any profit arising from them shall be beneficially retained, by the Stabilising Manager or, as the case may be, the Relevant Dealers in the manner agreed between them. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of (i) thirty (30) calendar days after the issue date of the relevant Tranche and (ii) sixty (60) calendar days after the date of the allotment of the relevant Tranche. Such stabilisation shall be carried out in accordance with applicable laws and regulations and the Issuer shall not be liable in respect thereof.
10. Copies of the annual financial statements for the last two financial years and of the latest semi-annual financial statements of the Issuer (and all reports, if any, relating to any review thereof as referred to in paragraph 10 below) may be obtained, and copies of the *Ordinance* which established the Issuer and the Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.

Copies of this Base Prospectus, any addendum or supplement hereto and any Final Terms will be obtainable free of charge, at the office of the Paris Paying Agent or available on the AMF website. See also "Description of CADES – Presentation of financial information".

11. The Issuer's public accountant (*Contrôleur budgétaire et comptable ministériel*) is responsible for the preparation of its statutory accounts and financial statements. Such accounts and financial statements are also approved by the Minister of the Economy, Finance and Industry and the Minister of Employment and Solidarity and are controlled periodically by the French state audit office (*Cour des Comptes*), which has authority to accept or reject the accounts presented. The Issuer has, in relation to its 2017 and 2018 annual financial statements, requested respectively KPMG Audit of Tour EQHO, 2 Avenue Gambetta, 92066 Paris La Défense, France and KPMG S.A. of Tour EQHO, 2 Avenue Gambetta, CS 60055, 92066 Paris La Défense Cedex, France, to carry out a contractual audit of such financial statements restated in the form appearing in "Financial Statements of CADES". The reports issued by KPMG Audit and KPMG S.A. in respect of such financial statements are also included in the "Auditors Report". KPMG Audit and KPMG S.A. are members of the *Compagnie Nationale des Commissaires aux Comptes*. KPMG S.A. has been appointed as a statutory auditor firm in August 2016 for a period of 6 years. The statutory auditor firm reports semi-annually to the board of directors to express an opinion on financial statements.
12. 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 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (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.
13. MIFID II product governance / target market – The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the determination of the 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 and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration such determination; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor any Dealer nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.
14. Amounts payable under the Floating Rate Notes may be calculated by reference to one or more "benchmarks" for the purposes of the Benchmarks Regulation. In this case, a statement will be included in the applicable Final Terms as to whether or not the relevant administrator of the "benchmark" is included in the ESMA's register of administrators under Article 36 of the Benchmarks Regulation.

RESPONSIBILITY FOR BASE PROSPECTUS

Individual assuming responsibility for the Base Prospectus

In the name of the Issuer

I declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

Caisse d'Amortissement de la Dette Sociale represented by the Agence France Trésor

139 rue de Bercy
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Paris, on 19 June 2019



Autorité des marchés financiers

In accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the *Autorité des marchés financiers* (AMF), in particular articles 212-31 to 212-33, the AMF has granted to this Base Prospectus the *visa* n°19-276 on 19 June 2019. This document was prepared by the Issuer and its signatories assume responsibility for it. In accordance with article L.621-8-1-I of the French *Code monétaire et financier*, the *visa* was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply any approval of the opportunity of the transactions contemplated herein nor that the AMF has verified the accounting and financial data set out this Base Prospectus it. In accordance with article 212-32 of the AMF's General Regulations, any issue or admission of the securities under the terms of this Base Prospectus will lead to a publication of final terms setting out the terms of the securities being issued.

ANNUAL STATEMENTS 2018

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GENERAL INFORMATION

1. MISSION STATEMENT

Order No. 96-50 dated 24 January 1996¹⁹ established the Social Security Debt Repayment Fund (*Caisse d'Amortissement de la Dette Sociale – CADES*) on 1 January 1996. CADES is an administrative public agency (*Etablissement Public à Caractère Administratif – EPA*) supervised by the French Minister of the Economy and Finance and the Minister in charge of Social Security.

CADES' mission is to:

- Amortize the social security debt transferred to it, i.e. the cumulative deficits of the Central Agency of Social Security Bodies (*Agence Centrale des Organismes de Sécurité Sociale – ACOSS*); and
- Make payments to various social security funds and organisations.

CADES' mandate has been extended beyond 31 January 2014 as decided initially to until such date as the social security debt transferred to it has been fully extinguished.

In the furtherance of its mission, CADES receives the proceeds of a special tax known as the social security debt repayment contribution (*Contribution pour le Remboursement de la Dette Sociale – CRDS*), introduced in Chapter 2 of the aforementioned Order. It also received the proceeds from the sale of property assets owned and leased by the national agencies falling under the basic social security scheme and ACOSS.

Since 2009, a 0.2% portion of the supplementary social security contribution (*Contribution Sociale Généralisée – CSG*) had been paid to CADES. From 2011 this portion was increased to 0.48% for CSG on all taxable employment income, unemployment and similar benefits, income from property and investments; and to 0.28% for profits from gaming.

Starting in 2011, two new resources have been allocated to CADES:

- a 1.3% share of the social levies on income from property and investments;
- an annual payment of €2.1 billion from the Retirement Reserve Fund (*Fonds de Réserve pour les Retraites – FRR*) until 2024 inclusive.

As of 1 January 2016, the portion of the CSG allocated to CADES increased:

- from 0.48% to 0.60% on all taxable employment income, unemployment and similar benefits, and income from property and investments, replacing the payment of 1.3% of social levies on income from property and investments;
- from 0.28% to 0.30% on profits from gaming.

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*).

¹⁹ As modified by Social Security Finance Act No. 97-1164 of 19 December 1997, Act No. 98-1194 of 23 December 1998, the 2000, 2001, 2002, 2004 and 2006 Finance Acts, the 2002, 2003, 2004, 2006, 2008, 2010 and 2013 Social Security Finance Acts, Act No. 2001-152 of 19 February 2001 relating to employee savings, Act No. 2003-721 of 1 August 2003 relating to economic initiative, Act No. 2004-810 of 13 August 2004 relating to health insurance, Organic Law No. 2005-881 of 2 August 2005, Act No. 2005-1720 of 30 December 2005, Act No. 2006-437 of 14 April 2006, Act No. 2008-1249 of 1 December 2008, Order No. 2009-80 of 22 January 2009, Act No. 2009-1646 of 24 December 2009, Act No. 2010-476 of 12 May 2010, Organic Law No. 2010-1380 of 13 November 2010, Act No. 2010-1594 of 20 December 2010, Act No. 2010-1657 of 29 December 2010, Act No. 2010-1658 of 29 December 2010, Act No. 2011-900 of 29 July 2011, Act No. 2011-1906 of 21 December 2011, Act No. 2012-354 of 14 March 2012, Act No. 2012-958 of 16 August 2012, Act No. 2014-40 of 20 January 2014, Act No. 2014-1554 of 22 December 2014, Act No. 2014-1655 of 29 December 2014, Act No. 2015-994 of 17 August 2015, Act No. 2015-1702 of 21 December 2015, Order No. 2018-470 of 12 June 2018, Act No. 2018-699 of 3 August 2018 and Act No. 2018-1203 of 22 December 2018.

Lastly, in accordance with Act No. 2004-810 of 13 August 2004, any future surpluses generated by the health insurance branch of the French social security system will be allocated to CADES. The Social Security Finance Act will define the terms under which this transfer will take place.

2. ORGANIZATION OF THE AGENCY

CADES is overseen by a Board of Directors and a Supervisory Board.

The composition of the Board of Directors was altered by Decree No. 2011-458 of 26 April 2011, Act No. 2018-699 of 3 August 2018 and Order No. 2018-470 of 12 June 2018. It now comprises a majority of representatives of social security bodies, whereas it was previously composed solely of government representatives.

It is governed by the provisions of Decree No. 2012-1246 dated 7 November 2012 relating to public budget and accounting management (GBCP), subject to the legal provisions and regulations specific to CADES (aforementioned Order of 24 January 1996, and Decree No. 96-353 dated 24 April 1996).

Pursuant to these provisions, financial and accounting transactions fall under the responsibility of Mr. Jean-Louis Rey, the Authorising Officer of CADES and Chairman of the Board of Directors, appointed as from 15 May 2017, and the Accounting Officer Mrs. Christine Buhl, Finance ministry budgetary and accounting auditor.

Decree No. 2015-1764 of 24 December 2015 relating to the application of public budget and accounting management rules to the Public Debt Fund (*Caisse de la dette publique* - CDP) and the Social Security Debt Repayment Fund (*Caisse d'amortissement de la dette sociale* - CADES) exempts CADES from the application of budgetary accounting in commitment authorisations and limited payment appropriations, and from submission to budgetary audit procedures, as of 1 January 2016.

CADES' annual budget is drawn up by 30 November of the previous year by the Board of Directors and sent to the ministers who supervise the agency.

Financing is limited to appropriated funds, excluding expenses related to the repayment of loans, financial management costs, and assessment and collection charges.

The Board of Directors reviews and signs off the accounts drawn up by the Accounting Officer. The annual financial statements are forwarded to the supervisory ministers for approval, prior to submission to the Government Audit Office (*Cour des Comptes*).

Accounting procedures and principles are subject to a contractual, independent audit and audits carried out by the Government Audit Office.

On 1 September 2017, CADES signed an agency agreement with Agence France Trésor (AFT), representing the State, entrusting it with operational responsibility for its financing activities and managing social security debt repayment. Under this agreement, CADES makes its contractual employees available to AFT. On 22 November 2018, the General Treasury Department (DGT) and CADES signed an agreement setting the conditions for determining the remuneration by CADES of the DGT's services in respect of the activities that AFT carries out under the agency agreement.

The terms of this merger provide that CADES and AFT remain distinct, independent legal entities, debts remain separate and the State's and CADES' respective financing programmes continue unchanged.

CADES' accounting will also remain separate from that of AFT. In an internal memorandum of 5 June 2018, the State accounting department reaffirmed that transactions that AFT carries out on behalf of CADES will not be reproduced in AFT's financial statements but will continue to be recorded in those of CADES.

Accounting transactions are recorded by CADES in an information system managed using software that is shared by the Authorising Officer and the Accounting Officer. The system is networked and features a single database. Authorisations for displaying and processing data have been clearly defined so as to ensure the separation of duties between the Authorising Officer and the Accounting Officer.

3. GENERAL PROVISIONS FOR RECORDING ACCOUNTING AND FINANCIAL TRANSACTIONS

Accounting framework

Article 7 of Decree No. 96-353 of 24 April 1996, relating to CADES, calls for the adoption of a special chart of accounts drawn up in accordance with the standard chart of accounts for administrative public agencies (Instruction M 9-1 from the Public Finances Directorate, replaced by the public agencies' common nomenclature since 1 January 2016).

This chart of accounts being modelled on the general chart of accounts, it was found to be poorly suited to CADES' activity. Consequently, the Board of Directors decided on 10 October 1996 to adopt the chart of accounts used by credit institutions (PCEC).

Consequently, both the transactions and the annual financial statements submitted by the Accounting Officer are presented in accordance with standards specific to credit institutions. In addition, separate financial statements are drawn up in accordance with the regulatory standards of public agencies, for submission to audit organisations.

This specific accounting framework was recommended by an independent consulting firm and approved by the Authorising Officer, the Accounting Officer, the General Directorate of Public Accounting (now the DGFIP) and the French Accounting Standards Board (*Conseil National de la Comptabilité – CNC*) (Opinion No. 99-04, plenary session of 18 March 1999).

Transactions executed by the Accounting Officer

Transactions executed by CADES' Accounting Officer differ from those traditionally executed by Accounting Officers at other administrative public agencies.

Due to CADES' status as a market participant, specific structures have been set up in conformity with the agency's mission. For example, financing transactions are distinguished from administrative transactions.

1. Financing transactions

The administrative workflow of financing transactions reflects the existence of Front Office, Middle Office and Back Office services.

The Front Office is responsible for transactions in the financial, interest rate and currency markets, in accordance with defined limits and procedures. These routine transactions relate to financing, investment and the management of interest rate and foreign exchange exposures.

A sequentially numbered ticket is issued for each transaction, describing its main features, and validated by the Front Office. The Back Office then verifies and validates the ticket before forwarding it to the Accounting Officer.

The Middle Office gathers information on cash positions, draws up forecasts, provides repayment schedules, and performs a first-level plausibility check of Front Office transactions.

The Back Office records and validates the transactions processed by the Front Office after verifying that formal presentation and threshold requirements are met. The Back Office monitors risk, produces reports and liaises with the Accounting Departments.

The Accounting Officer then records transaction tickets as income or expenses.

2. Administrative transactions

Performance of the administrative section of the budget is done in compliance with the provisions of the Decree No. 2012-1246 dated 7 November 2012 relating to public budget and accounting management (GBCP), subject to the provisions of the aforementioned Decree No. 2015-1764. Administrative expenses are evidenced by payment orders and income by receipt orders, accompanied by the appropriate supporting vouchers and documents.

After due completion of the control procedures described in Articles 19 and 20 relating to the aforementioned GBCP, items of expenditure and income are recognised in the accounts and the amounts are paid or collected.

3. Cash movements

CADES has opened a euro-denominated deposit account in the books of SCBCM Finances that is listed in the register of government accounts.

In the books of CADES, entries to the debit of this account record expenses falling within the administrative budget. Only the Accounting Officer may authorize these payments. Since 1 January 2014 entries to the credit of this account record solely revenue from CRDS levies on sales of gems and precious metals paid over by the Public Finances Directorate network. This takes the form of daily transfers from the Public Finances Directorate departmental (DDFIP) and regional (DRFIP) offices.

Since 1 September 2005, CADES has had its own remunerated account with the Banque de France that is distinct from the dedicated Treasury account. Movements to this account comprise all euro-denominated financial transactions completed by CADES and all CRDS and CSG revenue paid over by ACOSS. Once again, only the Accounting Officer may authorize expenditures.

The balance on the deposit account is transferred to CADES' own account at the end of each month.

In addition, CADES has opened foreign currency accounts with foreign financial institutions in New York and London.

These are intended to be zero-balance accounts. They record all transactions related to CADES issues in currencies other than the euro and their transformation into euro-denominated structures on the international markets.

Due to management constraints attributable primarily to the time lag between the European, Asian, American and Australian markets, CADES has been dispensed from applying the provision of the decree relating to the GBCP, which states that only public accounting officers may authorize transactions affecting the financial accounts. Accordingly, solely the Authorising Officer's Back Office carries out the movements on CADES' foreign currency accounts.

FINANCIAL HIGHLIGHTS

NET DEBT AT REPAYMENT VALUE

(€ millions)

| | |
|---------------------|----------------|
| At 31 December 2018 | 105,801 |
| At 31 December 2017 | 120,941 |
| At 31 December 2016 | 135,694 |

| Period ended | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|---------------------|---------------------|---------------------|
| NET PROFIT | 15,444 | 15,044 | 14,426 |
| Primarily reflecting the following items: | | | |
| CRDS and CSG revenue | 15,551 | 15,106 | 14,662 |
| Social levies on income from property and investments net of expenses | 2 | 1 | -3 |
| Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites – FRR</i>) | 2,100 | 2,100 | 2,100 |
| Estimation changes and error adjustments | - | - | - |
| Interest expenses | -2,207 | -2,160 | -2,330 |
| General operating charges | -3 | -3 | -3 |

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

BALANCE SHEET

| At (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|---------------------|---------------------|---------------------|
| ASSETS | | | |
| Cash in hand, balances with central banks and post office banks (Note 1) | 2,263.29 | 3,174.15 | 1,636.81 |
| Treasury bills and other bills eligible for refinancing with central banks (Note 1) | - | 1,000.00 | 4,000.00 |
| Loans and advances to credit institutions (Note 1) | | | |
| - Repayable at sight | 0.21 | 0.05 | 0.03 |
| - Repayable at term | - | - | - |
| Intangible assets (Note 2) | - | - | - |
| Tangible assets (Note 2) | - | 0.06 | 0.08 |
| Other assets (Note 3) | 450.32 | 1,243.91 | 167.13 |
| Prepayments and accrued income (Note 4) | 2,364.06 | 1,980.09 | 6,824.83 |
| TOTAL ASSETS | 5,077.88 | 7,398.26 | 12,628.88 |
| LIABILITIES & RESERVES | | | |
| Amounts owed to credit institutions (Note 5) | | | |
| - Payable at sight | - | - | - |
| - Payable at term | 1,003.37 | 1,003.37 | 1,003.37 |
| Debts evidenced by securities (Note 6) | | | |
| - Negotiable debt instruments | 265.17 | 7,521.51 | 14,093.80 |
| - Bonds and similar instruments | 107,694.03 | 117,155.77 | 126,673.50 |
| - Other debts evidenced by securities | - | - | - |
| Other liabilities (Note 7) | 447.61 | 220.30 | 5,329.78 |
| Accruals and deferred income (Note 8) | 933.32 | 2,173.59 | 1,263.56 |
| Sub-total – Liabilities | 110,343.49 | 128,074.55 | 148,364.01 |
| Provisions (Note 8a) | 80.17 | 113.26 | 98.40 |
| Property endowment | 181.22 | 181.22 | 181.22 |
| Retained earnings | (120,970.77) | (136,014.76) | (150,441.15) |
| Profit for the period | 15,443.77 | 15,043.99 | 14,426.39 |
| Sub-total – Reserves | (105,345.78) | (120,789.54) | (135,833.53) |
| TOTAL LIABILITIES AND RESERVES | 5,077.88 | 7,398.26 | 12,628.88 |

PROFIT AND LOSS ACCOUNT

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|---------------------|---------------------|---------------------|
| Interest receivable and similar income (Note 9) | 874.54 | 1,024.97 | 1,086.12 |
| - From transactions with credit institutions | 188.81 | 225.32 | 160.33 |
| - From bonds and other fixed income securities | - | - | - |
| - Other interest receivable and similar income | 685.73 | 799.65 | 925.79 |
| Interest payable and similar charges (Note 10) | (3,058.41) | (3,154.33) | (3,378.43) |
| - On transactions with credit institutions | (44.34) | (42.36) | (40.79) |
| - On bonds and other fixed income securities | (3,014.07) | (3,111.97) | (3,337.64) |
| Fees payable (Note 10) | (22.78) | (30.93) | (37.66) |
| Gains and losses on trading securities (Note 11) | - | - | - |
| - Net profit (loss) on foreign exchange transactions | - | - | - |
| Gains and losses on investment securities (Note 11a) | - | - | - |
| - Net profit (loss) on investment securities | - | - | - |
| Exchange rate gains and losses on management operations (Note 11b) | - | - | - |
| Other operating income – banking | - | - | - |
| Other operating charges – banking | (0.02) | (0.02) | (0.02) |
| NET BANKING INCOME | (2,206.67) | (2,160.30) | (2,329.99) |
| General operating charges (Note 13) | (2.91) | (2.78) | (2.92) |
| - Staff costs | (1.08) | (1.09) | (1.11) |
| - Other administrative expenses | (1.83) | (1.69) | (1.81) |
| Depreciation and impairment provisions (intangible and tangible assets) | (0.01) | (0.02) | (0.02) |
| Other operating income | 17,816.86 | 17,380.97 | 16,933.24 |
| Income relating to CRDS and CSG (Notes 12a and 12.1a) | 15,631.70 | 15,262.46 | 14,811.43 |
| Income relating to social levies on income from property and investments (Note 12.2a) | (1.90) | (3.60) | (15.28) |
| Income from Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites – FRR</i>) (Note 12.3) | 2,100.00 | 2,100.00 | 2,100.00 |
| Income from property (Note 13a) | 0.14 | 0.15 | 0.20 |
| Provisions reversed for receivables (Notes 12a and 12.1a) | 79.50 | 14.79 | 14.90 |
| Other provisions reversed for receivables | 7.41 | 7.17 | 21.99 |
| Other operating charges | (163.47) | (173.98) | (173.95) |
| Charges relating to CRDS and CSG (Notes 12a and 12.1a) | (155.10) | (150.34) | (150.72) |
| Charges relating to social levies on income from property and investments (Note 12.2a) | 0.01 | 0.02 | (0.58) |
| Payments to the State (Note 14) | - | - | - |
| Provision for sundry liabilities (Note 14) | (1.57) | - | - |
| Provision for receivables (Notes 12a, 12.1a and 12.2a) | (6.79) | (23.57) | (22.65) |
| Charges related to property (Note 13a) | (0.02) | (0.09) | - |
| GROSS OPERATING PROFIT | 15,443.80 | 15,043.89 | 14,426.36 |
| OPERATING PROFIT | 15,443.80 | 15,043.89 | 14,426.36 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 15,443.80 | 15,043.89 | 14,426.36 |
| - Exceptional income (Note 15) | (0.03) | 0.10 | 0.03 |
| NET PROFIT FOR THE PERIOD | 15,443.77 | 15,043.99 | 14,426.39 |

CASH FLOW STATEMENT

| Cash flow (€ millions) | Period ended | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|----------------|---------------------|---------------------|---------------------|
| Net banking income | | (2,207) | (2,160) | (2,330) |
| Inflation premiums | | 188 | 118 | 42 |
| Provisions for financial instruments | | - | - | - |
| Amortisation of premiums and balancing payments | | (47) | (51) | 64 |
| Change in accrued interest | | 4 | (96) | 320 |
| Net cash from (used in) banking activities | (A) | (2,063) | (2,189) | (2,672) |
| | | | | |
| Net operating income | | 17,650 | 17,204 | 16,756 |
| (Increase) decrease in accrued income from CRDS and CSG | | (131) | (93) | 79 |
| (Increase)/decrease in accruals on social levies | | - | - | 3 |
| (Increase)/decrease in deferred expenses | | (49) | (28) | 10 |
| Unearned income | | - | - | - |
| Provisions – sundry allocations or reversals | | (33) | 15 | 22 |
| Net cash from (used in) operating activities | (B) | 17,437 | 17,098 | 16,668 |
| | | | | |
| Net cash from (used in) banking and operating activities | (C=A+B) | 15,374 | 14,909 | 13,996 |
| | | | | |
| Net cash from (used in) financing activities | (D) | (17,285) | (16,371) | 3,464 |
| | | | | |
| Debt assumed | (E) | - | - | (23,609) |
| | | | | |
| Net cash flow for the year | (C+D+E) | (1,911) | (1,463) | (6,149) |

The cash flow statement takes into account the following items:

A – net cash from (used in) banking activities

This is net banking income (debts plus income from derivatives and cash instruments) less income and expenses with no effect on the cash position (provisions, amortisation of issuance and redemption premiums, accrued interest, revaluation of index-linked bonds, etc.).

B – net cash from (used in) operating activities

This is the operating profit or loss (mainly income from CRDS and CSG, social levies on income from property and investments and from the FRR) less income and expenses with no effect on the cash position (accrued income or deferred expenses).

C – net cash from (used in) banking and operating activities

This consists of net cash from (used in) banking and operating activities (C = A + B).

D – net cash from (used in) financing activities

These are the cash flows resulting from debt issuance and debt repayment during the period.

E – social security debt assumed

Social security debt assumed represents the disbursements made during the period by CADES in respect of debt assumed from social security funding organisations.

The net change in cash and cash equivalents reflects the following cash flows:

- net cash from (used in) banking and operating activities (C);
- net cash from (used in) financing activities (D); and
- social security debt assumed (E).

OFF-BALANCE SHEET COMMITMENTS

| At (€ millions) (notes 16-18) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|---------------------|---------------------|---------------------|
| COMMITMENTS GIVEN (note 18) | | | |
| Financing commitments | | | |
| Payments to various social security bodies (Article 4.IV of Order 96-50 of 24 January 1996) | - | - | - |
| - Assumption of debt provided for by the 2019 Social Security Finance Act | 15,000.00- | - | - |
| Financing commitments given: acquired under repurchase agreements, currency purchases, treasury bills | - | - | - |
| COMMITMENTS RECEIVED (note 18) | | | |
| Financing commitments | | | |
| - From credit institutions: credit lines | 700.00 | 700.00 | 700.00 |
| - From credit institutions: credit lines in treasury bills | - | - | - |
| - Financing commitments received: borrowings | - | - | - |
| - Financing commitments received: commercial paper and lent under repurchase agreements | - | - | - |
| - Financing commitments received: payments from the Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites</i>) | 12,600.00 | 14,700.00 | 16,800.00 |

NOTES TO THE FINANCIAL STATEMENTS
HIGHLIGHTS OF THE YEAR ENDED 31 DECEMBER 2018

- **Social security debts assumed**

No assumption of social security debt was carried out in 2018. The 2019 Social Security Finance Act No. 2018-1203 of 22 December 2018 provided for the transfer to CADES from 2020 to 2022 of €15 billion of ACOSS' residual cumulative debt. This amount was recognised off-balance sheet under commitments given. The Act increases the resources allocated to CADES in the future, raising the portion of CSG allocated to CADES from 0.60% to 0.71% in 2020, from 0.71% to 0.83% in 2021 and to 0.93% in 2022.

- **Financing transactions**

Issues (excluding commercial paper)

CADES borrowed €2.88 billion:

- one new issue under the UK programme in USD for an amount of €1.63 billion;
- two new issues under the French programme in EUR for an amount of €1.25 billion.

Redemptions (excluding commercial paper)

CADES reimbursed €13.84 billion at maturity:

- seven issues made under the French programme (three in EUR, two in GBP, one in CAD and one in USD), for an amount of €5.78 billion;
- three issues made under the UK programme in USD for an amount of €8.06 billion.

- **Credit lines**

Commitments received as at 31 December 2018 comprise:

- four activation agreements for credit lines enabling CADES to add funds directly to its euro-denominated deposit account held with Banque de France, totalling €700 million and cancellable by the counterparties at 15 to 30 days' notice.

- **ACCOUNTING POLICIES AND METHODS**

1. Basis of valuation and presentation

The accounting policies adopted by CADES meet two requirements.

Given that the activity of CADES is essentially financial, the financial statements are prepared in accordance with accounting regulations applicable to credit institutions and financial institutions as well as with generally accepted accounting principles in France. In particular, CADES has applied the accrual concept and the prudence concept.

The presentation of the financial statements complies with Regulation No. 2014-07 of 26 November 2014 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables – ANC*) relating to the financial statements of banking sector companies. In its opinion CNC 99-04, the French National Accounting Board (*Conseil National de la Comptabilité – CNC*) decided that CADES could present certain transactions in a manner specific to it. Accordingly, in its profit and loss account, CADES records operating income and expenses, which are mainly composed of the revenue drawn from the CRDS and CSG and from property transactions, and payments to the State and social security funding organisations.

These accounts are then aggregated to comply with the chart of accounts applicable to administrative public undertakings in accordance with the requirements of Instruction M9-1, replaced by the public agencies' common nomenclature on 1 January 2016, before being submitted to the Government Audit Office.

2. Specific characteristics of CADES

CADES has been tasked with paying down the debt transferred to it. The profit or loss therefore measures its capacity to reduce its own debt, and corresponds to the resources allocated to it less the financial costs relating to its debt with third parties.

The profit and loss account should be interpreted in light of the specific mission entrusted to CADES, the sole purpose of which is to extinguish a debt over its scheduled term.

3. Debts assumed from social security funding organisations

The payments CADES makes in respect of debts assumed from social security funding organisations in accordance with the social security deficit funding acts are recognised against the profit and loss account brought forward.

When CADES' payments to the social security bodies as determined on the basis of the provisional deficits are greater than the deficits subsequently established, an adjustment may be made in CADES' favour. These adjustments are recognised against the profit and loss account brought forward at the time of the payment.

Debts assumed in accordance with legal stipulations but for which payments have not yet been made to the organisations are recorded as off-balance sheet commitments.

4. CADES' resources

4.1 Contribution to the repayment of the social security debt

- Revenue explicitly allocated to CADES

The social security debt repayment contribution (CRDS) defined by Order No. 96-50 of 24 January 1996 was explicitly created to provide resources to CADES. Article 6 of said Order states that “the proceeds of the contributions created in respect of Chapter 2 of said Order on repayment of the social security debt shall be allocated to Caisse d’Amortissement de la Dette Sociale”.

- A broad-based tax

The tax is levied on multiple sources of income. One can distinguish between:

- On the one hand, employment income and unemployment and similar benefits: salaried income, redundancy payments and retirement indemnities (under certain conditions), retirement and disability pensions, health and maternity benefits, housing benefits, family allowances, and child-minding benefits, etc., and
- On the other hand, income from property, from investments, from the sale of precious metals, gems, objets d'art, collectors' items and antiques, and from gaming.

Contributions assessed on the sales of precious metals and gems are collected by the State's financial agencies (DGFIP and DGDDI) before being paid over to CADES.

Contributions assessed on employment income, unemployment and similar benefits as well as income from property, investments and gaming are paid over daily by ACOSS to CADES as and when they are collected by the central agency.

- Collection costs borne by CADES

Article 8 of the Order of 24 January 1996 stipulates that CADES shall bear assessment and collection costs. These costs consist of a flat amount defined jointly by the Minister of the Economy and Finance and the Minister in charge of Social Security.

Collection agencies deduct a 0.5% withholding from the contribution paid over to CADES.

CRDS contributions levied on income from property entered in the tax assessment register mainly by the offices of the DGFIP (*Direction Générale des Finances Publiques* or Public Finances Directorate) are paid over to CADES on the basis of register entries and not the amounts actually collected. In return, a 4.1% withholding is applied to the sums paid over to CADES to cover assessment and collection costs (0.5%) and the cost of tax reductions and bad debts (3.6%), as provided for by Article 1641 of France's General Tax Code (*Code Général des Impôts*).

Amounts collected by CADES in respect of the CRDS are reported under "Other operating income" in the profit and loss account. Assessment and collection costs are recorded under "Other operating charges".

- Accrual basis accounting

CADES applies the accruals principle in accordance with accounting standards applicable to credit institutions and Articles L.114-5 and D.114-4-4 of the Social Security Code establishing the principle whereby social security agencies shall maintain accounting records on a receivable-payable basis.

Accordingly, CRDS contributions paid to collecting agencies are included in the accounts for the period regardless of the date on which these amounts were actually collected. So as to be able to recognise this income and deferred income at the balance sheet date, CADES accrues this income on the basis of a notification provided by the collecting agencies indicating amounts assessed for the period not collected at the balance sheet date and CRDS contributions not yet collected by ACOSS.

Regarding the collection of the CRDS contributions, note that at no time does CADES act as primary collector; all the resources to which it is entitled are remitted by third parties, first and foremost ACOSS, followed by the offices of the DGFIP (*Direction Générale des Finances Publiques* or Public Finances Directorate).

CADES' responsibility is confined to verifying that the sums transferred agree to the accounting vouchers raised. The primary collecting agencies are responsible for transferring the funds, for verifying the tax base, for adjusting tax bases when applicable and for recovering past dues, in return for which these agencies receive a remuneration equivalent to 0.5% of the sums collected.

Accordingly, CADES' responsibility at revenue level is limited to substantive verifications of the accounting vouchers produced by the collecting agencies.

4.2 Supplementary social security contribution

Act No. 2008-1330 on the funding of the social security system for 2009 extended the mission of CADES by entrusting to it an additional €27 billion of debt in respect of the health insurance deficit (€14.1 billion), old age pension deficit (€8.8 billion) and senior citizens' solidarity fund (€4 billion).

In accordance with the Organic Law of 2 August 2005, the French Parliament voted an increase in resources so as not to extend the life of CADES. These new resources correspond to a portion of the supplementary social security contribution (*Contribution Sociale Généralisée – CSG*). Since 2009, this has been paid to CADES at the rate of 0.2%. From 2011 it was increased to 0.48% and then from 1 January 2016 to 0.60% for CSG on all taxable employment income, unemployment and similar benefits, and income from property and investments; while CSG on profits from gaming was increased from 1 January 2016 to 0.30%.

This is a broad-based tax levied on employment income, unemployment and similar benefits as well as income from property, investments and gaming.

The difference in tax base between the CRDS and CSG mainly concerns revenue from the sale of precious metals and gems, from gaming and from family benefits.

The payment circuits and methods of accounting for the CSG are the same as for the CRDS.

4.3 Social levies on income from property and investments

Act No. 2010-1594 of 20 December 2010 allocated to CADES, starting in 2011, a 1.3% share of the social levies on the income from property and investments referred to in Articles 245-14 and 245-15 of the Social Security Code. The rate for these levies is set at 5.4% as from 1 January 2012.

With effect from 1 January 2016, the payment of 1.3% of social levies on income from property and investments was replaced by an increase of 0.12% in the portion of the CSG paid to CADES.

4.4 Resources from the Retirement Reserve Fund

Under the 2011 Social Security Funding Act (*Loi de Financement de la Sécurité Sociale – LFSS*) 2010-1594 of 20 December 2010, the Retirement Reserve Fund (*Fonds de Réserve pour les Retraites – FRR*) is required to pay CADES a total of €29.4 billion in yearly instalments of €2.1 billion no later than 31 October each year, with effect from 1 January 2011 until 2024. The two institutions concerned will draw up an agreement setting out the timing and terms and conditions governing these payments.

The annual income of €2.1 billion to be paid by the FRR as from 2011 is recognised under income for the period.

FRR's commitment to pay amounts for subsequent years is recognised in off-balance sheet items under "Other commitments received – Retirement Reserve Fund".

5. Private rental property

CADES has sold all the property transferred on 1 January 2000 to CADES in application of Article 9 of Order No. 96-50 of 24 January 1996 and recorded under "Property endowment" as a component of reserves.

Acting on behalf of CADES, CNAV managed the residual rights and obligations related to this property until the expiration of the agreement between the two parties on 31 December 2006.

Signed in December 1999, this agreement empowered CNAV to do all that was necessary in connection with the administration of the properties.

Since 1 January 2007, disputes and claims have been managed internally by CADES.

CADES' Accounting Officer records expenses and revenue on the basis of the supporting documents submitted by the Authorising Officer.

6. Transactions denominated in foreign currencies

Foreign currency transactions are recorded on a multi-currency basis and are measured in accordance with the following principles:

- Foreign currency transactions involving balance sheet and off-balance sheet items are measured in euro at the rate of exchange ruling on the balance sheet date.
- The rates used at 31 December 2018, which correspond to the reference rates communicated by the European Central Bank, are indicated in the table below:

| | | | | | |
|------|---------|------|---------|------|---------|
| USD: | 1.1450 | SEK: | 10.2548 | GBP: | 0.89453 |
| AUD: | 1.6220 | NOK: | 9.9483 | MXN: | 22.4921 |
| CHF: | 1.1269 | NZD: | 1.7056 | HKD: | 8.9675 |
| CAD: | 1.5605 | TRY: | 6.0588 | JPY: | 125.85 |
| ZAR: | 16.4594 | SGD: | 1.5591 | CNY: | 7.8751 |

- Foreign currency income and charges are translated into euro at the exchange rate ruling on the date when they were recognised in the profit and loss account.
- Realised and unrealised foreign exchange gains and losses are recognised in the profit and loss account as operating income from banking transactions or operating charges on banking transactions.

7. Repurchase agreements with securities delivered

Only securities issued or guaranteed by the State may be used as security by CADES in repurchase agreements entered into to invest its cash balances.

Securities received under these agreements are reported under loans and advances to credit institutions.

8. Tangible and intangible fixed assets

Fixed assets are accounted for under the historical cost convention. Tangible fixed assets are depreciated and intangible fixed assets amortised over their estimated useful life.

Tangible fixed assets consist mainly of office equipment and computer equipment.

Intangible fixed assets include software.

9. Bonds

Bonds issued by CADES are reported as a liability in the balance sheet at their nominal value (if redeemed at par) plus accrued interest. Foreign currency bonds are translated into euro at the exchange rate prevailing on the balance sheet date.

Bonds indexed to inflation (French consumer price index excluding tobacco for all households in Metropolitan France) are measured by reference to a predefined inflation benchmark on the balance sheet date, resulting in the recognition of a redemption premium that is reported as a liability.

Inflation benchmarks:

| | |
|-----------------------------|-----------|
| CPI as at 31 December 2018: | 103.36613 |
| Cadesi 2019 index: | 1.19130 |
| Cadesi 2021 index: | 1.08509 |
| Cadesi 2024 index: | 1.06405 |

When bonds are issued at a premium, this premium is accounted for as deferred charges and is therefore reported under prepayments and accrued income in the balance sheet. These charges are recognised to the profit and loss account over the life of the bonds under banking operating charges.

When bonds are issued at a discount, this discount is accounted for as deferred income. This income is recognised to the profit and loss account over the life of the bonds under banking operating income.

All costs relating to bond issues are charged to the profit and loss account on the date of issue and reported under “fees paid”.

10. Interest rate and currency swaps

Commitments in respect of transactions involving forward financial instruments, entered into for the purpose of hedging interest rate and currency exposure, are reported as off-balance sheet commitments at the contract’s nominal value. Accounting principles applied differ according to the nature of these instruments and management intention at inception.

Transactions consist mainly of interest rate swaps and currency swaps entered into for hedging purposes. Interest rate swaps are entered into in compliance with the risk management policy defined by the Board of Directors. Currency swaps are entered into only for the purpose of hedging CADES’ foreign exchange exposures.

Income and charges arising on forward financial instruments entered into for the purpose of hedging or managing the global interest rate exposure are recognised to profit or loss *pro rata temporis*.

Gains and losses on hedging designed to reduce the risk resulting from a particular asset or liability are taken to profit or loss and included under interest receivable and similar income or interest payable and similar charges to match income or charges recognised in respect of the hedged item.

As regards balancing cash payments arising from swaps entered into to hedge a debt instrument on inception, the portion covering issuance costs in respect of the underlying instrument is taken to profit and loss when the cash payment is recognised. This accounting method fairly reflects the asset value of issues transformed by entering into swaps involving cash payments and results in the amount equivalent to the issuance costs being recognised to profit and loss *pro rata temporis*.

11. Provisions

No general provisions for liabilities and charges are recognised by CADES. When appropriate, provisions in respect of identified risks are set aside in accordance with applicable accounting principles.

12. Taxation

CADES is not assessed to business taxes (corporation tax, value added tax and local business tax) or to apprenticeship tax. The only tax it pays is the payroll tax.

Note that profits on the sale of property transferred by the social security agencies did not give rise to the payment of corporation tax.

13. Counterparty risk

CADES may be exposed to counterparty risk on two types of transactions: investment transactions and forward market transactions.

For both types of transactions and with all of its counterparties, CADES has signed forward market agreements modelled on the master agreement drawn up by the French Banking Association (*Fédération Bancaire Française – FBF*) providing for daily or weekly margin calls depending on the counterparty and the agreement in place.

1. Investment transactions

CADES may invest its cash balances mainly in securities issued or guaranteed by the State either under repurchase agreements or through outright securities purchases.

In the case of repurchase agreements, in exchange for the loan extended to a counterparty, CADES receives full ownership of a government security (OAT or BTF) or government-guaranteed security over the term of the repurchase agreement. Most repurchase agreements are negotiated with French Treasury bond dealers (*Spécialiste en Valeurs du Trésor – SVT*) or with counterparties with a minimum double-A long-term rating.

Daily margin calls enable CADES to significantly reduce its counterparty risk on repurchase agreements.

2. Forward market transactions

To manage its interest rate risk and eliminate currency and/or structural risk, CADES enters into transactions in the forward markets involving instruments such as interest rate swaps, currency swaps and asset swaps.

By carrying out daily or weekly margin calls, CADES significantly reduces the residual risk of counterparty default on these instruments.

14. Transactions involving investment securities

The portfolio of investment securities, which consists of fixed income government securities, is reported in the balance sheet under treasury bills and other bills eligible for refinancing with central banks.

Securities are reported in the balance sheet at their acquisition cost. Interest income is reported under interest receivable and similar income from bonds and other fixed income securities.

Unrealised losses give rise to a provision for impairment determined by reference to the most recent quoted price. These provisions are determined individually.

Provisions for impairment set aside and reversed and gains and losses on the sale of investment securities are reported in the profit and loss account under gains and losses on investment securities.

NOTES

BALANCE SHEET

At 31 December 2018, the balance sheet showed total assets of €5.07 billion for total debt of €110.34 billion resulting in negative reserves of €105.35 billion.

ASSETS

Note 1: Treasury and interbank transactions

| At (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|---------------------|---------------------|---------------------|
| CENTRAL BANKS | 2,263.29 | 3,174.15 | 1,636.81 |
| Central banks | 2,263.29 | 3,174.15 | 1,636.81 |
| TREASURY BILLS AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS | - | 1,000.00 | 4,000.00 |
| Government securities with a maturity of less than 3 months | - | 1,000.00 | 4,000.00 |
| Accrued interest | - | - | - |
| LOANS AND ADVANCES TO CREDIT INSTITUTIONS | 0.21 | 0.05 | 0.03 |
| Repayable at sight | 0.21 | 0.05 | 0.03 |
| Debit balances on ordinary accounts | 0.21 | 0.05 | 0.03 |
| Securities received under open repurchase agreements | - | - | - |
| Accrued interest | - | - | - |
| Repayable at term | - | - | - |
| Securities received under term repurchase agreements with a maturity of less than 3 months | - | - | - |
| Of which: Treasury bills | - | - | - |
| Bonds | - | - | - |
| Own securities | - | - | - |
| Accrued interest | - | - | - |
| Total | 2,263.50 | 4,174.20 | 5,636.84 |

NB. Balances with central banks correspond to the euro-denominated account held by CADES with Banque de France.

Note 2: Intangible and tangible fixed assets

| (€ millions) | Gross value at 1 January 2018 | Acquisitions | Disposals | Gross value at 31 December 2018 | Amortisation and depreciation | Net book value at 31 December 2018 | Net book value at 31 December 2017 | Net book value 31 December 2016 |
|--------------------------|-------------------------------|--------------|-------------|---------------------------------|-------------------------------|------------------------------------|------------------------------------|---------------------------------|
| Intangible assets | 0.18 | - | 0.06 | 0.12 | 0.12 | - | - | - |
| Software | 0.18 | - | 0.06 | 0.12 | 0.12 | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Tangible assets | 0.37 | - | 0.35 | 0.02 | 0.02 | - | 0.06 | 0.08 |
| Sundry equipment | 0.37 | - | 0.35 | 0.02 | 0.02 | - | 0.06 | 0.08 |
| Total | 0.55 | - | 0.41 | 0.14 | 0.14 | - | 0.06 | 0.08 |

Intangible and tangible assets reflect the value of the software and equipment acquired by CADES, net of related amortisation and depreciation. CADES had total fixed assets of €554,557.22 at 1 January 2018. Following its move to the offices of Agence France Trésor on 10 September 2018, CADES sold fixed assets in the amount of €411,224.92. At 31 December 2018, the gross amount of its residual fixed assets came to €144,027.10, of which €139,193.64 had already been depreciated or amortised and €4,833.46 was still to be depreciated or amortised.

Note 3: Other assets

| At (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|-----------------------------|-----------------------------|-----------------------------|
| SUNDRY DEBTORS | 428.32 | 1,243.91 | 167.13 |
| Deposits paid by way of initial margins | 210.98 | 1,072.07 | 1.41 |
| - <i>Deposits</i> | 210.87 | 1,072.04 | 0.02 |
| - <i>Accrued interest</i> | 0.10 | 0.03 | 1.39 |
| Outstanding CRDS and CSG contributions and social levies to be collected | 217.34 | 171.84 | 165.72 |
| - <i>Gross amounts receivable</i> | 646.38 | 646.30 | 653.42 |
| - <i>Provisions</i> | (429.04) | (474.46) | (487.70) |
| Other debtors in respect of financial transactions | - | - | - |
| Other debtors in respect of operating charges | - | - | - |
| Other sundry debtors – CNAV | - | - | - |
| - <i>Gross amounts receivable</i> | 22.13 | 0.26 | 0.41 |
| - <i>Provisions</i> | (0.13) | (0.26) | (0.41) |
| Total | 428.32 | 1,243.91 | 167.13 |

Other assets comprise:

- outstanding CRDS and CSG contributions and social levies to be collected by ACOSS amounting to €217.34 million. Provisions totalling €429.04 million have been deducted from the gross amounts receivable of €646.38 million.
- a gross amount receivable of €22 million, consisting mainly of the balance of damages and interest claimed from a buyer who reneged on a commitment to purchase a group of buildings. This amount was provisioned in full at 31 December 2018.

Movements in provisions against outstanding CRDS and CSG contributions and social levies to be collected and in respect of sundry debtors are detailed in the table below:

| At (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Provisions brought forward | 474.72 | 488.11 | 487.94 |
| Impact of accounting method changes | - | - | - |
| Provisions set aside – property | - | - | - |
| Provisions set aside – CRDS and CSG contributions and social levies | 3.18 | 1.55 | 14.68 |
| Provisions reversed – property | (0.13) | (0.15) | (0.20) |
| Provisions reversed – CRDS and CSG contributions and social levies | (48.60) | (14.79) | (14.31) |
| Provisions carried forward | 429.17 | 474.72 | 488.11 |

Note 4: Prepayments and accrued income

| At (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|-----------------------------|-----------------------------|-----------------------------|
| ACCRUED INCOME | 1,770.49 | 1,694.48 | 1,662.65 |
| On forward interest rate instruments | 8.91 | 8.22 | 7.32 |
| On forward currency instruments | 189.86 | 246.02 | 308.04 |
| On CRDS and CSG revenues | 1,571.46 | 1,440.24 | 1,347.26 |
| On revenue from social levies on income from property and investments | - | - | 0.03 |
| On property sales | - | - | - |
| Other accrued income | 0.26 | - | - |
| CONTINGENT LOSSES AND LOSSES TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS | 8.72 | 14.54 | 21.44 |
| DEFERRED CHARGES | 133.49 | 180.79 | 215.00 |
| Issuance premiums on bonds and EMTN | 133.49 | 180.79 | 215.00 |
| Other deferred charges | - | - | - |
| PREPAYMENTS | 0.02 | 19.23 | 17.11 |
| Prepaid administrative expenses | 0.02 | 0.02 | 0.02 |
| Prepaid interest on negotiable debt instruments | - | 19.21 | 17.09 |
| Prepaid interest on bonds | - | - | - |
| Other prepayments | - | - | - |
| OTHER | 451.34 | 71.05 | 4,908.63 |
| Currency adjustment accounts | 451.33 | 70.95 | 4,908.63 |
| Property rental adjustment account | - | - | - |
| Sundry | 0.01 | 0.10 | - |
| Total | 2,364.06 | 1,980.09 | 6,824.83 |

Prepayments and accrued income consist of transactions affecting the profit and loss account independently of the date on which the corresponding income is paid or collected. They include:

- accrued income relating to CRDS and CSG for €1,571.46 million, interest rate financial instruments for €8.91 million and foreign currency financial instruments for €189.86 million;
- issuance premiums on bonds and EMTN amounting to €133.49 million to be recognised in profit and loss over time;
- prepayments of operating charges amounting to €0.02 million;
- foreign currency adjustment accounts amounting to €451.34 million, being technical accounts used to recognise to profit and loss adjustments arising on the measurement of off-balance sheet commitments.

LIABILITIES AND RESERVES

In respect of liabilities, a distinction is made between CADES' reserves and its other liabilities.

Reserves, which consist of the profit and loss account brought forward (€-120,970.77 million), the profit or loss for the year (€15,443.77 million) and the property endowment (€181.22 million), came to €-105,345.78 million.

The profit and loss account brought forward broke down as follows:

| Reference text | Debt transferred to CADES (€ millions) |
|---|--|
| Order No. 96-50 of 24 January 1996 | (20,885.52) |
| Act No. 97-1164 of 19 December 1997 | (13,263.06) |
| Act No. 2004-810 of 13 August 2004 | (47,310.00) |
| Act No. 2008-1330 of 17 December 2008 | (27,000.00) |
| Act No. 2010-1594 of 20 December 2010 | (65,300.00) |
| Act No. 2011-1906 of 21 December 2011 | (2,466.64) |
| Decree No. 2012-329 of 7 March 2012 | (6,648.05) |
| Decree No. 2013-482 of 7 June 2013 | (7,718.57) |
| Decree No. 2014-97 of 3 February 2014 | (10,000.00) |
| Decree No. 2015-170 of 13 February 2015 | (10,000.00) |
| Decree No. 2016-170 of 13 February 2016 | (23,609.05) |
| Payment from ACOSS by way of an adjustment of the deficits from 1999 to 2006 | 64.72 |
| Accumulated profits generated by CADES between 1996 and 2017 and impact of previous accounting method changes | 113,165.40 |
| Profit and loss account brought forward | (120,970.77) |

Liabilities, which amounted to €110,343.49 million at 31 December 2018, consist mainly of debts to credit institutions amounting to €1,003.37 million, debts evidenced by securities totalling €107,959.20 million, guarantee deposits received and others totalling €447.61 million and accruals and deferred income totalling €933.32 million.

Note 5: Treasury and interbank transactions

| At (€ millions) | 31 December 2018 | | | | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|-------------------|---|--|-----------------|---------------------|---------------------|---------------------|
| | Up to 3 months | Over 3 months and up to 1 year | Over 1 year and up to 5 years | Over 5 years | Total | Total | Total |
| AMOUNTS OWED TO CENTRAL BANKS | | | | | | | |
| Amounts owed to credit institutions | 4.14 | 1.23 | 151.00 | 847.00 | 1,003.37 | 1,003.37 | 1,003.37 |
| At sight | - | - | - | - | - | - | - |
| Credit balances on ordinary accounts | - | - | - | - | - | - | - |
| At term | 4.14 | 1.23 | 151.00 | 847.00 | 1,003.37 | 1,003.37 | 1,003.37 |
| Securities given under repurchase agreements | - | - | - | - | - | - | - |
| Accounts and deposits | - | - | 151.00 | 847.00 | 998.00 | 998.00 | 998.00 |
| Of which: Euro | - | - | 151.00 | 847.00 | 998.00 | 998.00 | 998.00 |
| Other currencies | - | - | - | - | - | - | - |
| Accrued interest | 4.14 | 1.23 | - | - | 5.37 | 5.37 | 5.37 |
| Total | 4.14 | 1.23 | 151.00 | 847.00 | 1,003.37 | 1,003.37 | 1,003.37 |

Note 6: Debts evidenced by securities

| At | 31 December 2018 | | 31 December 2018 | 31 December 2016 | | | |
|---|------------------|--------------------------------|-------------------------------|------------------|-------------------|-------------------|-------------------|
| (€ millions) | Up to 3 months | Over 3 months and up to 1 year | Over 1 year and up to 5 years | Over 5 years | Total | Total | Total |
| NEGOTIABLE DEBT INSTRUMENTS | 1.07 | 0.10 | - | 264.00 | 265.17 | 7,521.51 | 14,093.80 |
| Treasury bills denominated in euro | - | - | - | - | - | - | - |
| Treasury bills denominated in other currencies | - | - | - | - | - | - | - |
| BMTN denominated in euro | - | - | - | 264.00 | 264.00 | 264.00 | 264.00 |
| Commercial paper denominated in euro | - | - | - | - | - | 50.00 | 529.00 |
| Commercial paper denominated in other currencies | - | - | - | - | - | 7,205.87 | 13,299.16 |
| Other negotiable debt instruments denominated in foreign currencies | - | - | - | - | - | - | - |
| Accrued interest | 1.07 | 0.10 | - | - | 1.17 | 1.64 | 1.64 |
| BONDS | 4,599.69 | 15,668.47 | 63,924.71 | 23,501.16 | 107,694.03 | 117,155.77 | 126,673.50 |
| Bonds and EMTN denominated in euro | 200.00 | 12,859.11 | 49,135.98 | 19,837.66 | 82,032.75 | 84,695.09 | 86,627.13 |
| Bonds and EMTN denominated in other currencies | 3,615.72 | 2,639.84 | 14,788.73 | 3,663.50 | 24,707.79 | 31,446.46 | 38,863.55 |
| Accrued interest | 783.97 | 169.52 | - | - | 953.49 | 1,014.22 | 1,182.82 |
| Total | 4,600.76 | 15,668.57 | 63,924.71 | 23,765.16 | 107,959.20 | 124,677.28 | 140,767.30 |

A euro issue for €200 million with a €100 million tap maturing on 20 December 2025 is subject to early redemption at the counterparty's option from 2021.

Debts evidenced by securities are analysed below:

Debts evidenced by securities totalled €107,959.20 million and comprise negotiable debt securities totalling €265.17 million and bonds and similar instruments totalling €107,694.03 million.

Bonds and similar instruments are issued under a borrowing programme approved by the Minister of the Economy on 15 December 2017, and may be stand-alone or part of the following programmes:

- a French issuance programme for which the maximum amount of outstandings is €130 billion;
- a UK issuance programme for which the maximum amount of outstandings is €65 billion;
- a US commercial paper issuance programme for which the maximum amount of outstandings is €60 billion;
- a French medium-term negotiable debt security (NEU MTN) issuance programme for which the maximum amount of outstandings is €10 billion;
- a French short-term negotiable debt security (NEU CP) issuance programme for which the maximum amount of outstandings is €20 billion;
- an Australian issuance programme for which the maximum amount of outstandings is €6 billion.

All in all, at 31 December 2018 debts evidenced by securities maturing within one year totalled €20,269.33 million and by those maturing in more than five years €23,765.16 million, compared with €21,766.13 million and €33,615.21 million, respectively, at 31 December 2017. Debt due to mature at between one and five years decreased from €69,295.94 million at 31 December 2017 to €63,924.71 million at 31 December 2018.

The tables below detail borrowings (in millions) by programme.

| Programme | Issue date | Maturity date | Nominal value (issue currency) | Currency | Nominal interest rate | ISIN |
|-------------|------------|---------------|--------------------------------|----------|--|---------------|
| Stand-alone | 09/12/2004 | 25/07/2019 | 2,400 | EUR | CADESI 1.85% | FR0010137554 |
| | 21/12/2004 | 25/10/2019 | 5,000 | EUR | 4.00% | FR0010143743 |
| | 27/05/2005 | 25/10/2020 | 4,000 | EUR | 3.75% | FR0010198036 |
| | 28/11/2011 | 25/04/2022 | 151 | EUR | 4.00% | - |
| | 29/07/2011 | 19/12/2025 | 615 | EUR | 3.914% | - |
| | 25/11/2011 | 19/12/2025 | 232 | EUR | 4.50% | - |
| NEU MTN | 02/05/2012 | 02/05/2025 | 50 | EUR | Formula-based variable rate | FR0120634516 |
| | 10/05/2012 | 19/12/2025 | 214 | EUR | Formula-based variable rate | FR0120634581 |
| UK | 28/01/2016 | 28/01/2019 | 3,500 | USD | 1.50% | XS1353166108 |
| | 24/10/2017 | 24/09/2019 | 3,000 | USD | 1.75% | XS1705860267 |
| | 13/01/2017 | 13/01/2020 | 2,250 | USD | 0.01875% | XS1548793402 |
| | 17/04/2013 | 17/04/2020 | 1,000 | USD | 2.00% | US12802DAG16 |
| | 28/07/2015 | 28/07/2020 | 3,000 | USD | 1.88% | XS1266786810 |
| | 29/01/2018 | 29/01/2021 | 2,000 | USD | 2.375% | XS1760094034 |
| | 22/03/2016 | 22/03/2021 | 3,250 | USD | 2.000% | XS1383509160 |
| | 12/02/2015 | 12/02/2022 | 3,500 | USD | 1.875% | XSI 188127788 |
| | 20/03/2014 | 20/03/2024 | 3,000 | USD | 3.375% | XS1046806821 |
| FR | 05/03/2013 | 05/03/2019 | 200 | EUR | 3-month EURIBOR + 0.18% | FR0011435261 |
| | 11/02/2016 | 07/03/2019 | 500 | GBP | 1.000% | FR0013113099 |
| | 20/02/2014 | 25/05/2019 | 5,000 | EUR | 1.125% | FR0011746247 |
| | 28/11/2016 | 28/11/2019 | 22.6 | USD | 8.000% | FR0013220415 |
| | 10/06/2009 | 25/04/2020 | 4,250 | EUR | 4.250% | FR0010767566 |
| | 02/07/2010 | 02/07/2020 | 200 | EUR | 3-month EURIBOR + 0.23% | FR0010917534 |
| | 25/10/2004 | 25/07/2020 | 1,000 | EUR | $\text{Max}[0;((1+\text{TEC}100-1\%)^{0.25})-1]$ | FR0010120436 |
| | 03/02/2016 | 25/11/2020 | 4,500 | EUR | 0.050% | FR0013109006 |
| | 26/10/2010 | 26/10/2020 | 1,000 | USD | 3.00% | FR0010956565 |
| | 21/04/2009 | 21/04/2021 | 200 | CHF | 3.00% | CH0100525382 |
| | 29/06/2010 | 25/04/2021 | 5,750 | EUR | 3.375% | FR0010915660 |
| | 10/02/2011 | 25/07/2021 | 3,255 | EUR | CADESI 1.50% | FR0011003672 |
| | 25/07/2006 | 25/10/2021 | 6,280 | EUR | 4.375% | FR0010347989 |
| | 20/06/2012 | 20/06/2022 | 50 | EUR | Formula-based variable rate | FR0011270644 |
| | 26/09/2012 | 25/10/2022 | 4,950 | EUR | 2.50% | FR0011333186 |
| | 01/02/2017 | 25/11/2022 | 4,000 | EUR | 0.125% | FR0013235165 |
| | 22/03/2013 | 22/03/2023 | 420 | AUD | 5.335% | FR0011449776 |
| | 19/04/2011 | 19/04/2023 | 200 | CHF | 2.375% | CH0127860192 |
| | 18/04/2011 | 25/04/2023 | 5,424 | EUR | 4.125% | FR0011037001 |
| 23/01/2015 | 25/05/2023 | 3,850 | EUR | 0.500% | FR0012467991 | |

Borrowings (in millions) by programme

| | | | | | |
|------------|------------|-------|-----|-----------------------------|--------------|
| 18/09/2013 | 18/09/2023 | 2,000 | NOK | 4.080% | FR0011565449 |
| 20/06/2018 | 25/10/2023 | 1,000 | EUR | 0.125% | FR0013344181 |
| 29/11/2013 | 29/11/2023 | 50 | EUR | Formula-based variable rate | FR0011627827 |
| 18/12/2013 | 18/12/2023 | 50 | EUR | Formula-based variable rate | FR0011649169 |
| 19/06/2013 | 25/01/2024 | 3,250 | EUR | 2.375% | FR0011521319 |
| 14/02/2014 | 14/02/2024 | 145 | AUD | 5% | FR0011737709 |
| 27/02/2012 | 27/02/2024 | 153 | EUR | Formula-based variable rate | FR0011202514 |
| 02/07/2012 | 02/07/2024 | 60 | EUR | Formula-based variable rate | FR0011277383 |
| 09/02/2012 | 25/07/2024 | 3,250 | EUR | CADESI 1.50% | FR0011198787 |
| 16/09/2014 | 25/11/2024 | 5,500 | EUR | 1.375% | FR0012159812 |
| 21/09/2016 | 21/12/2024 | 160 | EUR | 0.120% | FR0013201928 |
| 18/02/2015 | 18/02/2025 | 100 | EUR | Formula-based variable rate | FR0012538114 |
| 19/12/2014 | 19/06/2025 | 125 | AUD | 3.750% | FR0012398998 |
| 27/06/2012 | 27/06/2025 | 194 | EUR | 3.202% | FR0011276427 |
| 18/08/2011 | 18/08/2025 | 812.5 | EUR | 3.625% | FR0011092261 |
| 15/11/2011 | 15/11/2025 | 800 | NOK | 4.70% | FR0011142215 |
| 01/12/2011 | 01/12/2025 | 800 | NOK | 5.12% | FR0011153097 |
| 09/03/2011 | 09/12/2025 | 150 | CHF | 2.50% | CH0124739902 |
| 15/03/2012 | 15/12/2025 | 1,000 | NOK | 4.95% | FR0011213958 |
| 01/02/2012 | 15/12/2025 | 5,850 | EUR | 4.00% | FR0011192392 |
| 14/02/2013 | 15/12/2025 | 1,000 | NOK | 4.25% | FR0011421759 |
| 12/07/2011 | 19/12/2025 | 800 | NOK | 4.80% | FR0011074178 |
| 27/06/2012 | 19/12/2025 | 2,000 | NOK | 4.84% | FR0011276732 |
| 01/04/2011 | 20/12/2025 | 300 | EUR | 3.80% | FR0011027929 |
| 21/06/2012 | 21/12/2025 | 1,000 | NOK | 4.52% | FR0011271527 |

Note 6a: Analysis of transactions in euro and foreign currencies before and after hedging

This note analyses the effect of hedging transactions on the initial debt and breaks down interest rates before and after hedging. It provides both accounting and financial information related to the value and hedging of instruments at maturity.

| (in millions of euros) | Initial debt | | Hedging transactions | | Final debt | |
|--|--------------------|---|----------------------|---|--------------------|----------------|
| | Foreign currencies | Euros | Foreign currencies | Euros | Foreign currencies | Euros |
| Euro-denominated debt | | 83,295 | | 24,712 | | 108,007 |
| Foreign currency-denominated debt | | Value in euros at 31 December 2018 | | Value in euros at 31 December 2018 | | |
| CHF | 550 | 488 | (550) | (488) | - | - |
| GBP | 500 | 559 | (500) | (559) | - | - |
| JPY | - | - | - | - | - | - |
| USD | 25,523 | 22,290 | (25,523) | (22,290) | - | - |
| HKD | - | - | - | - | - | - |
| SEK | - | - | - | - | - | - |
| AUD | 690 | 425 | (690) | (425) | - | - |
| NOK | 9,400 | 945 | (9,400) | (945) | - | - |
| NZD | - | - | - | - | - | - |
| CNY | - | - | - | - | - | - |
| CAD | - | - | - | (259) | - | - |
| MXN | - | - | - | - | - | - |
| Sub-total foreign currencies | | 24,708 | | (24,708) | | - |
| Total | | 108,003 | | 4 | | 108,007 |

The table above provides a breakdown of the initial nominal debt by issuance currency. Since all transactions in foreign currencies have been hedged, the debt of CADES is synthetically entirely in euro. Hedging transactions have enabled CADES to eliminate the impact of exchange rate fluctuations on its debt.

The table below shows the breakdown of CADES' debt by interest rate type. Hedging impacts the initial breakdown, such that in the final analysis, 78%⁽¹⁾ of the debt bears fixed rates, 13% floating rates and 9% rates indexed to inflation.

Breakdown of debt in euro and foreign currencies before and after hedging

| € millions) | Initial debt | | | | Hedging transactions | | | Final debt | | |
|-----------------------------|--------------------|------------------|-------------------|---------------|----------------------|------------------|--------------------|-------------------|-------------------|---------------|
| | Foreign currencies | Euros | Total | % | Foreign currencies | Euros | Foreign currencies | Euros | Total | % |
| Fixed rates | | | | | | | | | | |
| Negotiable debt instruments | - | - | - | - | - | - | - | - | - | - |
| Bonds, EMTN and BMTN | 24,707.80 | 70,683.50 | 95,391.30 | | -(24,707.80) | 12,371.36 | - | 83,054.86 | 83,054.86 | |
| Private placements | - | 998.00 | 998.00 | | - | - | - | 998.00 | 998.00 | |
| Macro hedging swaps | - | - | - | | - | - | - | - | - | |
| Total fixed rates | 24,707.80 | 71,681.50 | 96,389.30 | 89.25 | (24,707.80) | 12,371.36 | - | 84,052.86 | 84,052.86 | 77.82 |
| Floating rates | | | | | | | | | | |
| Negotiable debt instruments | - | - | - | - | - | - | - | - | - | - |
| Bonds, EMTN and BMTN | - | 1,764.00 | 1,764.00 | | - | 12,340.86 | - | 14,104.86 | 14,104.86 | |
| Private placements | - | - | - | | - | - | - | - | - | |
| Macro hedging swaps | - | - | - | | - | - | - | - | - | |
| Total floating rates | - | 1,764.00 | 1,764.00 | 1.63 | - | 12,340.86 | - | 14,104.86 | 14,104.86 | 13.06 |
| Indexed rates | | | | | | | | | | |
| Bonds | - | 9,849.24 | 9,849.24 | | - | - | - | 9,849.24 | 9,849.24 | |
| Macro hedging swaps | - | - | - | | - | - | - | - | - | |
| Total indexed rates | - | 9,849.24 | 9,849.24 | 9.12 | - | - | - | 9,849.24 | 9,849.24 | 9.12 |
| Total | 24,707.80 | 83,294.74 | 108,001.54 | 100.00 | - | 4.43 | - | 108,006.97 | 108,006.97 | 100.00 |

(1) Based on market rates at 31 December 2018, the swap cancellation options held by counterparties were significantly out of the money, making the likelihood of a reversion to a variable rate virtually nil.

Note 7: Other liabilities

| At (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|---------------------|---------------------|---------------------|
| DEPOSITS RECEIVED BY WAY OF INITIAL MARGINS | 268.34 | 58.81 | 5,145.35 |
| - Deposits | 268.30 | 58.54 | 5,145.35 |
| - Accrued interest | 0.04 | 0.27 | 0.00 |
| OTHER CREDITORS IN RESPECT OF FINANCIAL TRANSACTIONS | - | - | 0.10 |
| OTHER CREDITORS IN RESPECT OF OPERATING CHARGES | 179.27 | 161.49 | 184.33 |
| Payments to the State | - | - | - |
| Tax | - | - | - |
| Social security | - | - | - |
| Trade creditors | - | 0.04 | 0.03 |
| Sundry creditors – ACOSS | 179.27 | 161.45 | 184.30 |
| Other sundry creditors | - | - | - |
| Total | 447.61 | 220.30 | 5,329.78 |

Other liabilities correspond mainly to:

- Deposits received by way of initial margins in respect of contracts on forward markets and repurchase agreements put in place to hedge counterparty risk, amounting to €268.34 million at 31 December 2018;
- The credit balance with ACOSS amounting to €179.27 million, consisting of taxpayer credit notes received from ACOSS.

Note 8: Accruals and deferred income

| At (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|-----------------------------|-----------------------------|-----------------------------|
| ACCRUALS | 47.77 | 21.10 | 21.88 |
| Accruals on forward interest rate instruments | 32.43 | 6.58 | 6.24 |
| Accruals on forward currency instruments | 4.82 | 4.80 | 6.94 |
| Fees payable in respect of market transactions | 0.00 | 0.00 | 0.00 |
| Accruals in respect of operating charges | 0.89 | 0.40 | 0.25 |
| Accruals in respect of CRDS and CSG collection costs | 8.51 | 7.64 | 7.33 |
| Accruals in respect of revenue from social levies on income from property and investments | - | - | - |
| Other accruals | 1.12 | 1.68 | 1.12 |
| CONTINGENT GAINS AND GAINS TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS | 20.25 | 28.97 | 40.86 |
| UNEARNED INCOME | 398.93 | 494.56 | 596.40 |
| Issuance premiums on bonds | 398.93 | 494.53 | 595.74 |
| On government securities | - | - | - |
| On foreign currency transactions | - | 0.03 | 0.66 |
| Other unearned income | - | - | - |
| OTHER | 466.37 | 1,628.96 | 604.42 |
| Currency adjustment accounts | 455.76 | 1,605.23 | 597.46 |
| Sundry | 10.60 | 23.73 | 6.96 |
| TOTAL | 933.32 | 2,173.59 | 1,263.56 |

Accruals and deferred income consist of transactions affecting the profit and loss account independently of the date on which the corresponding income is paid or collected.

They include notably:

- Accrued expenses in respect of interest rate swaps amounting to €32.43 million, forward currency transactions for €4.82 million, and CRDS and CSG for €8.51 million;
- Balancing cash payments on currency swaps amounting to €20.25 million that are to be spread;
- Unearned income, corresponding to premiums on bond issues (€398.93 million);
- Currency adjustment accounts amounting to €455.76 million, being technical accounts used to recognise to profit and loss adjustments arising on the measurement of off-balance sheet commitments.

Note 8a: Provision accounts

Provisions for liabilities and charges include provisions for:

- redundancy indemnities;
- remuneration of days saved by CADES employees;
- the consequences of the European Court of Justice's Judgment of 26 February 2015 concerning the reimbursement by CADES of CRDS, CSG and social levy overpayments (see Note 14);
- the reduction of CSG and CRDS income.

| At (€ millions) | 31 December 2017 | Set aside | Reversed | 31 December 2018 |
|--------------------------------------|-----------------------------|------------------|-----------------|-----------------------------|
| Provisions | 113.26 | 5.22 | 38.32 | 80.17 |
| Provision for redundancy indemnities | 0.30 | - | 0.01 | 0.29 |
| Provision for time savings account | 0.01 | 0.02 | - | 0.04 |
| Provision for remuneration | - | 0.02 | - | 0.02 |
| Provision for liabilities | - | - | - | - |
| Ruyter judgment | 13.85 | 1.57 | 7.41 | 8.01 |
| Reduction of CSG and CRDS income | 99.10 | 3.61 | 30.90 | 71.81 |
| Total | 113.26 | 5.22 | 38.32 | 80.17 |

PROFIT AND LOSS ACCOUNT

In arriving at the profit for the period, net banking income is reported separately from other operating income and charges.

(€ millions)

| | |
|--|------------------|
| Net banking income | (2,206.67) |
| Exceptional income items | (0.03) |
| Other operating income and charges | <u>17,650.47</u> |
| Gross operating profit and net profit for the period | 15,443.77 |

A specific mission has been entrusted to CADES, which is to extinguish a debt over its scheduled term. The profit for the year measures its capacity to reduce its own debt.

Net banking income

Net banking income consists of the cost of debt, the income generated from cash positions and the net profit or loss on financial transactions.

Note 9: Banking income

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|---------------------|---------------------|---------------------|
| INTEREST RECEIVABLE AND SIMILAR INCOME FROM TRANSACTIONS WITH CREDIT INSTITUTIONS | 188.81 | 225.32 | 160.33 |
| Interest receivable – Demand loans and advances and open repurchase agreements | - | 0.01 | - |
| Interest from ordinary accounts in debit | - | 0.01 | - |
| Interest from loans | - | - | - |
| Interest from securities delivered under open repurchase agreements | - | - | - |
| Interest receivable – Term loans, advances and repurchase agreements | - | - | - |
| Interest from loans denominated in euro | - | - | - |
| Interest from loans denominated in foreign currencies | - | - | - |
| Interest from securities delivered under repurchase agreements | - | - | - |
| Other interest receivable | 188.81 | 225.31 | 160.33 |
| INTEREST RECEIVABLE AND SIMILAR INCOME FROM BONDS AND OTHER FIXED INCOME SECURITIES | - | - | - |
| Interest from fixed income securities | - | - | - |
| Interest from government securities | - | - | - |
| OTHER INTEREST RECEIVABLE AND SIMILAR INCOME | 685.73 | 799.65 | 925.79 |
| Amortisation of premiums on issue | 95.60 | 101.20 | 109.77 |
| Net profit on hedging transactions | 590.13 | 698.45 | 816.02 |
| Profit on repurchase of own securities | - | - | - |
| Total | 874.54 | 1,024.97 | 1,086.12 |

Banking income, which amounted to €874.54 million, consists mainly of:

- Net profit on hedging transactions amounting to €590.13 million;
- Interest receivable and similar income from transactions with credit institutions amounting to €188.81 million; and
- The amortisation of bond premiums on issue amounting to €95.60 million.

Note 10: Cost of debt

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|---------------------|---------------------|---------------------|
| INTEREST PAYABLE AND SIMILAR CHARGES ON TRANSACTIONS WITH CREDIT INSTITUTIONS | 44.34 | 42.36 | 40.79 |
| Interest payable - Demand loans and open repurchase agreements | 0.00 | 0.00 | 0.06 |
| Interest on ordinary accounts in credit | 0.00 | 0.00 | 0.04 |
| Interest on overnight loans | - | - | - |
| Interest on securities delivered under open repurchase agreements | - | - | 0.02 |
| Interest payable – Term loans and repurchase agreements | 40.55 | 40.55 | 40.65 |
| Interest on CDC loan (transfer of debt) | - | - | - |
| Interest on multi-currency credit | - | - | - |
| Interest on securities delivered under repurchase agreements | - | - | 0.10 |
| Interest on private placements | 40.55 | 40.55 | 40.55 |
| Other interest payable and similar charges | 3.79 | 1.81 | 0.08 |
| INTEREST PAYABLE AND SIMILAR CHARGES ON BONDS AND OTHER FIXED INCOME SECURITIES | 3,014.07 | 3,111.97 | 3,337.64 |
| Interest on debts evidenced by certificates | 3,014.07 | 3,111.97 | 3,337.64 |
| Interest on negotiable debt instruments denominated in euros | 3.82 | 6.54 | 7.76 |
| Interest on negotiable debt instruments denominated in other currencies | 142.20 | 137.74 | 77.37 |
| Interest on bonds and equivalent securities denominated in euros | 2,045.93 | 2,158.13 | 2,363.06 |
| Interest on bonds and equivalent securities denominated in other currencies | 577.19 | 628.94 | 781.22 |
| Other charges on debt evidenced by securities | 244.93 | 180.62 | 108.23 |
| Other interest payable and similar charges | - | - | - |
| FEES PAYABLE | 22.78 | 30.93 | 37.66 |
| Fees on term loans with credit institutions | 20.28 | 22.50 | 22.29 |
| Fees on negotiable debt instruments issued | - | - | - |
| Fees on bonds | 2.47 | 8.39 | 15.32 |
| Other fees on securities transactions | 0.03 | 0.04 | 0.05 |
| Other fees | - | - | - |
| TOTAL | 3,081.19 | 3,185.26 | 3,416.09 |

Interest payable and similar charges on CADES' debt, which amounted to €3,081.19 million, decreased by 3% from 31 December 2017 and consists of:

- Charges amounting to €3,014.07 million in respect of debts;
- Interest amounting to €44.34 million on transactions with credit institutions, consisting of interest on private placements, securities delivered under repurchase agreements and margin calls; and
- Fees amounting to €22.78 million.

The decrease in interest and similar charges payable compared with 31 December 2017 was related mainly to the reduced borrowing cost.

Note 11: Gains and losses on trading securities

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|-----------------------------|-----------------------------|-----------------------------|
| NET GAIN (LOSS) ON FOREIGN EXCHANGE TRANSACTIONS | - | - | - |
| Other foreign exchange transactions | - | - | - |
| TOTAL | - | - | - |

In accordance with the requirements of Regulation No. 2014-07 of 26 November 2014 on the presentation of financial statements issued by the French Accounting Standards Committee (*l'Autorité des Normes Comptables*), gains and losses on instruments used to hedge interest rate and currency risks are reported under interest receivable and similar income or interest payable and similar charges (see Note 9). The net profit on foreign exchange transactions comprises solely gains and losses determined on the periodic measurement of foreign currency accounts that have not been hedged.

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

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Gains (losses) on investment securities and equivalent | - | - | - |
| Net gain (loss) on investment securities | - | - | - |

Note 11b: Exchange rate gains and losses on management operations

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|-----------------------------|-----------------------------|-----------------------------|
| Exchange rate gains and losses on management operations | - | - | - |
| Exchange rate gains on foreign-currency invoices | - | - | - |
| Exchange rate losses on foreign-currency invoices | - | - | - |

Other operating income and charges

Other operating income and charges consist mainly of specific income and charges dealt with by Order No. 96-50 of 24 January 1996 (CRDS contributions, CSG, social levies on income from property and investments, payments from the Retirement Reserve Fund, property asset sales and payments to the State and social security funding organisations), general operating charges and depreciation, amortisation and impairment charges on non-current assets.

Note 12: CRDS revenues

The table below details revenue allocated to CADES under Article 6 of Order No. 96-50 of 24 January 1996 after deducting assessment and collection costs and losses on outstanding CRDS contributions (write-offs, waivers, cancellations and debt forgiveness).

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|-----------------------------|-----------------------------|-----------------------------|
| NET CRDS REVENUES (Article 6) | 7,347.32 | 7,168.36 | 6,942.78 |
| CRDS contributions levied on wages and salaries | 6,487.03 | 6,354.68 | 6,161.54 |
| CRDS contributions levied on property assets | 320.09 | 299.77 | 301.81 |
| CRDS contributions levied on investment income | 377.27 | 352.84 | 327.24 |
| CRDS contributions levied on sales of gems and precious metals | 5.77 | 5.36 | 4.23 |
| CRDS contributions on gaming proceeds | 157.16 | 155.71 | 147.96 |
| CRDS exemption offsets (travel vouchers and voluntary community services) | - | - | - |

CRDS revenues, net of collection costs, amounted to €7,347.32 million.

CRDS levied on wages and salaries (which is mainly collected by ACOSS) represents 88.29% of the total. CRDS collected by the offices of the Public Finances Directorate and levied mainly on capital (property and investment income) represented 9.49%. CRDS on gaming profits and the sale of precious metals represented 2.22%.

Note 12a

The table below provides a breakdown of income and charges relating to the CRDS at 31 December 2018.

| CRDS REVENUES (€ millions) | (I) | CRDS COSTS | (II) | Net revenues (I-II) |
|---|-----------------|--|--------------|--------------------------------|
| CRDS levied on wages and salaries | 6,545.83 | Write-offs, waivers, cancellation and debt forgiveness | 26.24 | 6,487.03 |
| | | Assessment and collection costs | 32.56 | |
| CRDS levied on property assets | 333.79 | Assessment and collection costs | 13.70 | 320.09 |
| CRDS levied on investment income | 379.17 | Assessment and collection costs | 1.90 | 377.27 |
| CRDS levied on sales of gems and precious metals | 5.80 | Assessment and collection costs | 0.03 | 5.77 |
| CRDS levied on gaming proceeds | 157.95 | Assessment and collection costs | 0.79 | 157.16 |
| CRDS exemption offsets (travel vouchers and voluntary community services) | - | | - | - |
| Reversal of provisions on outstanding CRDS to be collected | 44.44 | Provisions on outstanding CRDS to be collected | 2.81 | 41.63 |
| Total | 7,466.98 | Total | 78.03 | 7,388.95 |

Note 12.1: CSG revenues

Supplementary social security contributions (*Contribution Sociale Généralisée* – CSG) are a resource allocated to CADES at the rate of 0.60% since 1 January 2016 for CSG on income from employment, unemployment and other similar benefits and on taxable income from property and investments, and at 0.30% for CSG on profits from gaming.

The tax base is the same as for the CRDS, with the exception that no contributions are levied on the sale of gems and precious metals.

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|-----------------------------|-----------------------------|-----------------------------|
| NET CSG REVENUES (Article 6) | 8,129.29 | 7,943.76 | 7,717.93 |
| CSG contributions levied on wages and salaries | 7,288.66 | 7,151.30 | 6,956.92 |
| CSG contributions levied on property assets | 378.05 | 359.16 | 358.60 |
| CSG contributions levied on investment income | 452.90 | 423.73 | 393.46 |
| CSG contributions on gaming proceeds | 9.68 | 9.57 | 8.95 |
| CSG exemption offsets | - | - | - |

CSG revenues, net of collection costs, amounted to €8,129.29 million.

CSG levied on wages and salaries (which is collected mainly by ACOSS) represents 89.78% of the total. The remaining CSG is levied mainly on income from investments and from property (10.22%).

Note 12.1a

The table below provides a breakdown of income and charges relating to the CSG at 31 December 2018.

| CSG REVENUES (€ millions) | (I) | CSG COSTS | (II) | Net revenues (I-II) |
|---|-----------------|--|--------------|--------------------------------------|
| CSG levied on wages and salaries | 7,350.00 | Write-offs, waivers, cancellation and debt forgiveness | 24.76 | 7,288.66 |
| | | Assessment and collection costs | 36.59 | |
| CSG levied on property assets | 394.25 | Assessment and collection costs | 16.20 | 378.05 |
| | | | | 452.90 |
| CSG levied on investment income | 455.17 | Assessment and collection costs | 2.27 | |
| | | | | 9.68 |
| CSG levied on gaming proceeds | 9.73 | Assessment and collection costs | 0.05 | |
| | | | | - |
| CSG exemption offsets | - | | - | |
| Reversal of provisions on outstanding CSG to be collected | 35.06 | Provisions on outstanding CSG to be collected | 3.98 | 31.08 |
| TOTAL | 8,244.21 | TOTAL | 83.85 | 8,160.36 |

Note 12.2: Social levies on income from property and investments

Social levies on income from property and investments were a source of revenue allocated to CADES since 1 January 2011 under Act No. 2010-1594 of 20 December 2010 (Articles 245-14 and 245-15 of the Social Security Code). Since 1 January 2016, CADES no longer receives the 1.3% portion of these levies, but an additional 0.12% of CSG.

The following table essentially shows adjustments in 2018 to payments recognised in 2015.

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|
| NET REVENUE FROM SOCIAL LEVIES | (1.89) | (3.58) | (15.86) |
| On income from property | - | - | (7.52) |
| On income from investments | (1.89) | (3.58) | (8.34) |

Note 12.2a

The following table shows the breakdown of revenue and costs associated with social levies on income from property and investments recognised in 2018.

| REVENUES FROM SOCIAL LEVIES (€ millions) | (I) | COSTS RELATING TO SOCIAL LEVIES | (II) | Net revenues (I-II) |
|---|---------------|--|---------------|--------------------------------------|
| Social levies on income from property | - | Assessment and collection costs | - | - |
| | | Write-offs, waivers, cancellation and debt forgiveness | - | |
| Social levies on income from investments | (1.90) | Assessment and collection costs | (0.01) | (1.89) |
| Reversal of provisions on outstanding amounts to be collected | - | Provisions on outstanding amounts to be collected | - | - |
| TOTAL | (1.90) | TOTAL | (0.01) | (1.89) |

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

The Retirement Reserve Fund paid €2.10 billion on 25 April 2018.

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|-----------------------------|-----------------------------|-----------------------------|
| REVENUE FROM THE RETIREMENT RESERVE FUND | 2,100.00 | 2,100.00 | 2,100.00 |
| Revenue for the year | 2,100.00 | 2,100.00 | 2,100.00 |

Note 13: General operating charges

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| STAFF COSTS | 1.08 | 1.09 | 1.11 |
| Wages and salaries | 0.75 | 0.79 | 0.84 |
| Social security charges | 0.31 | 0.30 | 0.33 |
| Time savings account | 0.02 | - | - |
| Sundry charges | - | - | (0.06) |
| OTHER ADMINISTRATIVE EXPENSES | 1.83 | 1.69 | 1.81 |
| Taxes and duties | 0.09 | 0.10 | 0.11 |
| External services | 1.74 | 1.59 | 1.70 |
| TOTAL | 2.91 | 2.78 | 2.92 |

General operating charges correspond to expenditure falling within the scope of the administrative budget. They do not include the acquisition and the amortisation and depreciation of fixed assets (see Note 2). They increased by 3% compared with 31 December 2017.

List of staff positions at 31 December 2018

Non-civil servant employees:

- 1 senior front office manager (grade A)
- 1 assistant front office manager (grade A)
- 1 asset and liabilities matching strategist (grade A)
- 1 senior back office manager (grade A)
- 1 assistant back office manager (grade A)
- 1 bilingual executive secretary (grade B)
- 1 internal control officer (grade A), until 30 June 2018

Civil servants:

- 1 general office manager (grade A)
- 1 administrative manager (grade A)

CADES has made available non-civil servant public sector workers to AFT since 1 September 2017 and has accordingly paid the corresponding salaries, employer charges and payroll taxes, which have then been reimbursed annually by the French General Treasury Department (DGT). In accordance with the terms of the financial agreement signed on 22 November 2018 by CADES and the DGT, these salaries are then rebilled to CADES.

CADES administrative costs came to €1.74 million in 2018 and comprised mainly:

- statutory auditors' fees for the statutory audit of the 2018 financial statements, of which €24,200 was paid in 2018;
- operating costs paid by the Ministry for the Economy and Finance in respect of activities carried out by AFT on behalf of CADES, *prorata temporis* for 2018.

Note 13a: Property assets and property management

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--------------------------------------|---------------------|---------------------|---------------------|
| REVENUES FROM PROPERTY ASSETS | 0.14 | 0.15 | 0.20 |
| Exceptional income | 0.01 | - | - |
| Provisions reversed | 0.13 | 0.15 | 0.20 |
| CHARGES ON PROPERTY ASSETS | 0.02 | 0.09 | - |
| External services | 0.02 | 0.01 | - |
| Exceptional charges | - | 0.08 | - |

All the properties transferred to CADES on 1 January 2000 were sold over the next three years. Since 2007, CADES has managed the run-off of the last properties and of disputes.

Note 14: Other non-banking operating charges

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|----------------------------------|---------------------|---------------------|---------------------|
| Payments to the State | - | - | - |
| Provision for sundry liabilities | | | |
| Ruyter judgment | 1.57 | - | - |
| Reduction of CSG and CRDS income | - | - | - |
| TOTAL | 1.57 | - | - |

In the Judgment of 26 February 2015, the European Court of Justice confirmed the non-taxability of property income received in France by tax non-residents, and granted them entitlement to the full reimbursement of sums unduly deducted since 2012 in respect of CRDS, CSG and social levies. In 2018, the provision for the related risk amounted to €1.57 million.

Note 14a: Other operating income

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|---------------------|---------------------|---------------------|
| Other reversals of provisions for sundry charges | - | - | - |
| Other reversals of provisions for sundry liabilities | 7.41 | 7.17 | 21.99 |
| Ruyter judgment | | | |
| TOTAL | 7.41 | 7.17 | 21.99 |

Note 15: Exceptional income and charges

| Period ended (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|-----------------------------|-----------------------------|-----------------------------|
| Statutory limitation of debt – administrative budget | 0.01 | 0.01 | - |
| Statutory limitation of debt – financing budget | - | 0.09 | - |
| Other exceptional income (impact of ACOSS changes) | - | - | 0.03 |
| Other exceptional charges (impact of ACOSS changes) | (0.04) | - | - |
| TOTAL | (0.04) | 0.10 | 0.03 |

OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments distinguish between commitments given and commitments received and are analysed between loan commitments, guarantee obligations and guarantees on securities. Certain commitments are not recorded on the face of the accounts, being commitments in respect of currency transactions and forward financial instruments. Information regarding these commitments is provided in Notes 16 and 17 below.

Note 16: Currency transactions

| At (€ millions) | 31 December 2018 | | 31 December 2017 | | 31 December 2016 | |
|---|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|
| | Currencies to be received | Currencies to be delivered | Currencies to be received | Currencies to be delivered | Currencies to be received | Currencies to be delivered |
| FORWARD TRANSACTIONS | | | | | | |
| Financing in foreign currency | 24,707.79 | - | 38,652.33 | - | 52,162.71 | - |
| Hedging transactions over the counter | | | | | | |
| Forward exchange against euros | | | | | | |
| Up to 1 year | - | - | 7,205.87 | - | 13,299.16 | - |
| From 1 to 5 years | - | - | 7,205.87 | - | 13,299.16 | - |
| Over 5 years | - | - | - | - | - | - |
| Currency swaps against euros | 24,707.79 | - | 31,446.46 | - | 38,863.55 | - |
| Up to 1 year | 6,255.56 | - | 9,394.40 | - | 8,377.67 | - |
| From 1 to 5 years | 14,788.73 | - | 17,846.62 | - | 22,486.31 | - |
| Over 5 years | 3,663.50 | - | 4,205.44 | - | 7,999.57 | - |
| FORWARD TRANSACTIONS | | | | | | |
| Foreign currency financing commitments received | - | - | - | - | - | - |
| Hedging transactions over the counter | | | | | | |
| Forward exchange against euros | | | | | | |
| Up to 1 year | - | - | - | - | - | - |
| From 1 to 5 years | - | - | - | - | - | - |
| Currency swaps against euros | | | | | | |
| Up to 1 year | - | - | - | - | - | - |
| From 1 to 5 years | - | - | - | - | - | - |
| Over 5 years | - | - | - | - | - | - |

Forward exchange contracts against euro correspond to forward purchases entered into for the purpose of hedging commercial paper denominated in foreign currencies. There were no forward exchange outstandings at 31 December 2018.

The decrease in currency swap outstandings against euro between 1 January 2017 and 31 December 2018 is attributable to the decrease in foreign currency issue outstandings, with repayments on these issues (the equivalent of €9.74 billion) exceeding total new issuance (the equivalent of €1.63 billion).

Note 17: Forward financial instruments

| At (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|---------------------|---------------------|---------------------|
| INTEREST RATE INSTRUMENTS | | | |
| Organised markets and equivalents | - | - | - |
| Firm transactions entered into for hedging purposes | - | - | - |
| Euro Bobl futures contracts (5 years) | - | - | - |
| Euro Bund futures contracts (10 years) | - | - | - |
| Other firm transactions | - | - | - |
| Options entered into for hedging purposes | - | - | - |
| Other options | - | - | - |
| Over the counter | 13,310.67 | 5,423.23 | 2,506.54 |
| Firm transactions entered into for hedging purposes | | | |
| Interest rate swaps in euro | 13,310.67 | 5,423.23 | 2,506.54 |
| Micro hedging | 13,310.67 | 5,423.23 | 2,506.54 |
| - Up to 1 year | - | 279.84 | 45.70 |
| - From 1 to 5 years | 8,220.17 | 1,250.00 | 1,279.84 |
| - Over 5 years | 5,090.50 | 3,893.39 | 1,181.00 |
| Macro hedging | - | - | - |
| - Up to 1 year | - | - | - |
| - From 1 to 5 years | - | - | - |
| - Over 5 years | - | - | - |
| Isolated positions | - | - | - |
| - Up to 1 year | - | - | - |
| - From 1 to 5 years | - | - | - |
| - Over 5 years | - | - | - |
| Currency swaps | - | - | - |
| Micro hedging | - | - | - |
| - Up to 1 year | - | - | - |
| - From 1 to 5 years | - | - | - |
| - Over 5 years | - | - | - |

At 31 December 2018, interest rate instruments entered into by CADES comprised swaps amounting to €13,310.67 million entered into for micro hedging purposes.

All swaps cancellable by counterparties matured in 2018. CADES entered into these swaps, under which it received three-month Euribor less a haircut and paid a fixed rate, in 2007 and 2008. Counterparties could cancel these swaps six months after inception and then every three months.

These cancellable swaps, which qualify as micro hedges, were used to transform CADES' adjustable rate structured transactions into fixed rate transactions for at least six months. Each swap was therefore systematically backed to a swap already held in portfolio by CADES. If these swaps had been cancelled, CADES would have reverted to its initial refinancing level.

These swaps were authorised by the Board of Directors on 28 November 2007. They were designated as micro hedges (Category b, pursuant to Article 2522-1 of Regulation No. 2014-07 of 26 November 2014 relating to the financial statements of banking sector companies).

To reduce CADES' exposure to a possible increase in interest rates, on 29 November 2017 the Board of Directors authorised it to convert some of its variable rate hedges of existing borrowings into fixed rate hedges and to hedge new borrowings exclusively in fixed rates.

Note 18: Other off-balance sheet commitments

| At (€ millions) | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|---------------------|---------------------|---------------------|
| FINANCING COMMITMENTS | | | |
| Commitments received | | | |
| <i>From credit institutions</i> | | | |
| - Back-up credit lines | 700.00 | 700.00 | 700.00 |
| - Multi-currency credit lines | - | - | - |
| - Credit lines in treasury bills | - | - | - |
| - Other credit lines | - | - | - |
| <i>Sundry</i> | | | |
| - Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites</i>) | 12,600.00 | 14,700.00 | 16,800.00 |
| - Borrowings | - | - | - |
| - Commercial paper and securities lent under repurchase agreements | - | - | - |
| Commitments given | | | |
| Payments to the State | - | - | - |
| Payments to social security agencies | - | - | - |
| - Assumption of debt provided for by the 2019 Social Security Finance Act | 15,000 | - | - |
| Financing commitments given under repurchase agreements, currency purchases and treasury bills | - | - | - |

Commitments received consist of:

- Four activation agreements for credit lines enabling CADES to add funds directly to its euro-denominated deposit account held with Banque de France, totalling €700 million and cancellable by the counterparties at 15 to 30 days' notice;
- A total of €12.60 billion in payments from the Retirement Reserve Fund, corresponding to the annual payments of €2.10 billion for the period from 2018 to 2024, pursuant to the 2011 Social Security Funding Act No. 2010-1594 of 20 December 2010.

Commitments given consist of the assumption of debt provided for by the 2019 Social Security Finance Act No. 2018-1253 of 22 December 2018, which amended Order No. 96-50 of 24 January 1996. Article 27 of the Act stipulates that the deficits of the various social security branches for the financial years from 2014 to 2018 be covered by transfers from CADES to ACOSS, for up to a maximum of €15 billion, between 2020 and 2022.

This duly increases CADES' future resources, as follows:

- in 2020, the portion of CSG allocated to CADES will increase from 0.60% to 0.71%;
- in 2021, this portion will increase from 0.71% to 0.83%;
- and in 2022, it will increase to 0.93%.

It is stipulated that this transfer of resources made available by forecast surpluses have no impact for French taxpayers.

The amounts and payment dates corresponding to the transfers will be set by decree.

Note 19: Abridged statements**BALANCE SHEET**

| At (€ millions) | 31 December 2018 |
|--|-------------------------|
| PROFIT AND LOSS ACCOUNT BROUGHT FORWARD FROM 1 JANUARY 2018 | -(120,970.77) |
| PROFIT FOR THE YEAR ENDED 31 DECEMBER 2018 | 15,443.77 |
| PROPERTY ENDOWMENT | 181.22 |
| DEBT REMAINING TO BE REPAID AT 31 DECEMBER 2018 | (105,345.78) |
| Represented by: | |
| Liabilities towards third parties | |
| - Borrowings falling due within 1 year | 20,274.70 |
| - Borrowings falling due after 1 year | 88,687.87 |
| - Other creditors, accruals and unearned income | 1,380.92 |
| Less assets held by CADES | |
| - Financial investments | 2,263.50 |
| - Other debtors, prepayments and accrued income | 2,734.22 |

PROFIT AND LOSS ACCOUNT

| Period ended (€ millions) | 31 December 2018 |
|---|-------------------------|
| NET REVENUE FROM CRDS, CSG AND SOCIAL LEVIES | 15,554.83 |
| ESTIMATION CHANGES AND ERROR ADJUSTMENTS | - |
| NET REVENUE FROM RETIREMENT RESERVE FUND (FRR) | 2,100.00 |
| NET REVENUE FROM PROPERTY | 0.12 |
| Interest payable and similar charges | (3,058.41) |
| Fees | (22.80) |
| Interest receivable and similar income | 874.54 |
| NET FINANCIAL CHARGES | (2,206.67) |
| Operating charges | (2.92) |
| OPERATING PROFIT | 15,445.37 |
| Provision for sundry liabilities | (1.57) |
| Exceptional income | (0.03) |
| NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2018 | 15,443.77 |

OTHER INFORMATION

The table below provides information on market value, comparing the debt at repayment value as at 31 December 2018 with the debt at market value.

Debt at repayment value as at closing date comprises the following elements:

- (a) The nominal value of fixed rate, variable rate and adjustable rate borrowings in euros.
- (b) The nominal value of the fixed rate, variable rate and adjustable rate euro legs of basis swaps representing perfect transformation of foreign currency-denominated borrowings into euro-denominated borrowings.
- (c) The accrued nominal value of inflation indexed bonds as at 31 December 2018.
- (d) Interest accrued but not yet due is excluded from debt at repayment value.

Debt at repayment value at maturity comprises the following elements:

- (a) The nominal value of fixed rate, variable rate and adjustable rate borrowings in euro.
- (b) The nominal value of the fixed rate, variable rate and adjustable rate euro legs of swaps representing perfect transformation of foreign currency-denominated borrowings into euro-denominated borrowings.
- (c) The projected nominal value at maturity of inflation indexed bonds.
- (d) The market value of swaps used for macro hedging.

Debt at market value comprises the following elements:

- (a) The value of the fixed rate bonds and inflation indexed bonds based on the average market price on 31 December 2018.
- (b) The value of unlisted securities issued by CADES obtained using the CADES zero-coupon curve as at 31 December 2018. Options embedded in certain of these securities are valued using an internal model based on standard valuation software developed and marketed by an independent service provider.
- (c) The value of derivatives used to transform part of the debt through micro hedging. Options embedded in certain of these instruments are valued using the same internal model.
- (d) The value of derivatives used for macro hedging.
- (e) The present value at 31 December 2018 of collateral, repurchase agreements and bank balances.

| (in millions of euros) | DEBT AT REPAYMENT VALUE | | DEBT AT MARKET VALUE | MARKET VALUE OF HEDGING TRANSACTIONS |
|------------------------|-------------------------|---------------------|----------------------|--------------------------------------|
| | AT MATURITY | AT 31 DECEMBER 2018 | AT 31 DECEMBER 2018 | AT 31 DECEMBER 2018 |
| UP TO 1 YEAR | 17,319.78 | 17,313.96 | 17,675.32 | (186.43) |
| FROM 1 TO 5 YEARS | 64,175.43 | 64,109.78 | 68,541.60 | (108.01) |
| OVER 5 YEARS | 24,570.20 | 24,377.15 | 27,834.76 | 344.99 |
| SWAPS | - | - | - | - |
| TOTAL | 106,065.40 | 105,800.90 | 114,051.68 | 50.55 |
| REVISABLE RATES | 11,898.79 | 11,898.79 | 11,926.98 | (198.12) |
| INDEXED RATES | 10,113.75 | 9,849.24 | 10,561.00 | - |
| FIXED RATES | 84,052.86 | 84,052.86 | 91,563.70 | 248.67 |
| SWAPS | - | - | - | - |
| TOTAL | 106,065.40 | 105,800.90 | 114,051.67 | 50.55 |

Compared with the previous financial year, at 31 December 2018 there had been an increase in the proportion of short and medium-term debt and a decrease in that of long-term debt, as shown by the table below:

| Debt | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---------------------------|------------------|------------------|------------------|
| Short-term (under 1 year) | 16.36% | 13.23% | 18.93% |
| Medium-term | 60.59% | 58.32% | 49.68% |
| Long-term (over 5 years) | 23.04% | 28.45% | 31.39% |

As regards the breakdown between issues denominated in euro and other currencies, in the year ended 31 December 2018 the proportion of euro-denominated debt increased from the previous year, as shown by the table below:

| Debt | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|-----------------------|------------------|------------------|------------------|
| In foreign currencies | 22.88% | 31.81% | 35.08% |
| In euros | 77.12% | 68.19% | 64.92% |

Lastly, the post-hedging book-value-debt breakdown relative to 2017 below shows an increase in the proportion of fixed rate issues and, to a lesser extent, indexed rate issues, as well as a marked decrease in that of revisable rate issues:

| Debt | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|----------------|------------------|------------------|------------------|
| Revisable rate | 11.25% | 28.11% | 36.65% |
| Indexed rate | 9.31% | 7.99% | 8.69% |
| Fixed rate | 79.44% | 63.90% | 54.66% |

Explanation of variances between market value and repayment value of debt:

The difference between the market value of the debt and its repayment value is explained by the following factors:

- The market value of fixed rate loans increased because of the decline in interest rates;
- Market value factors in the present value of future coupons whereas the repayment value excludes coupons; and
- Gains and losses on macro hedging swaps impact market value one way or the other.

The above information covers a significant part of CADES' main activity, which is to repay in the best possible conditions the debt it raises on the financial markets.

**CADES statutory auditor's report on the financial statements
for the year ended 31 December 2018**

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

CADES

Registered office: 139 Rue de Bercy 75012 Paris

Statutory auditor's report on the financial statements

For the year ended 31 December 2018

To the Conseil d'administration of CADES

Opinion

In compliance with the engagement entrusted to us by your Conseil d'administration, we have audited the accompanying financial statements of CADES for the year ended 31 December 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2018 and of the results of its operations for the year then ended in accordance with French accounting principles in accordance with the "Plan Comptable des Etablissements de Crédit", which applies to CADES by reason of notice no. 99-04 of the Conseil National de la Comptabilité.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "*Statutory Auditor Responsibilities for the Audit of the Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1st January 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to the matter set out in paragraph 4 of the accounting principles and methods and in the Note 12 which specify the applicable accounting treatment of the social security debt repayment contribution (CRDS), the social security contribution (CSG), and the social levies on income from property and investments.

Regarding the collection of the CRDS contributions, note that at no time does CADES act as primary collector; all the resources to which it is entitled are remitted by third parties, first and foremost ACOSS, followed by the offices of the DGFIP (Direction Générale des Finances Publiques or Public Finances Directorate). CADES' responsibility is confined to verifying that the sums transferred agree to the accounting vouchers raised.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

We determined that there were not Key Audit Matters to communicate in our report.

Verification of the Management Report of the Conseil d'administration

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of CADES by the Conseil d'administration held on 7th October 2016.

As at 31 December 2018, KPMG SA was in the 2th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Conseil d'administration

Statutory Auditor Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of CADES or the quality of management of the affairs of CADES.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee /includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, on the 4 April 2019

The statutory auditors

French original signed by

Hubert de Vaumas

Associé

ANNUAL STATEMENTS 2017

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GENERAL INFORMATION

1. MISSION STATEMENT

Order No. 96-50 dated 24 January 1996²⁰ established the Social Security Debt Repayment Fund (*Caisse d'Amortissement de la Dette Sociale – CADES*) on 1 January 1996. CADES is an administrative public agency (*Etablissement Public à Caractère Administratif – EPA*) supervised by the French Minister of the Economy and Finance and the Minister in charge of Social Security.

CADES' mission is to:

- Amortize the social security debt transferred to it, i.e. the cumulative deficits of the Central Agency of Social Security Bodies (*Agence Centrale des Organismes de Sécurité Sociale – ACOSS*); and
- Make payments to various social security funds and organisations.

CADES' mandate has been extended beyond 31 January 2014 as decided initially to until such date as the social security debt transferred to it has been fully extinguished.

In the furtherance of its mission, CADES receives the proceeds of a special tax known as the social security debt repayment contribution (*Contribution pour le Remboursement de la Dette Sociale – CRDS*), introduced in Chapter 2 of the aforementioned Order. It also received the proceeds from the sale of property assets owned and leased by the national agencies falling under the basic social security scheme and ACOSS.

Since 2009, a 0.2% portion of the supplementary social security contribution (*Contribution Sociale Généralisée – CSG*) had been paid to CADES. From 2011 this portion was increased to 0.48% for CSG on all taxable employment income, unemployment and similar benefits, income from property and investments; and to 0.28% for profits from gaming.

Starting in 2011, two new resources have been allocated to CADES:

- a 1.3% share of the social levies on income from property and investments;
- an annual payment of €2.1 billion from the Retirement Reserve Fund (*Fonds de Réserve pour les Retraites – FRR*) until 2024 inclusive.

As of 1 January 2016, the portion of the CSG allocated to CADES increased:

- from 0.48% to 0.60% on all taxable employment income, unemployment and similar benefits, and income from property and investments, replacing the payment of 1.3% of social levies on income from property and investments;
- from 0.28% to 0.30% on profits from gaming.

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 des Travailleurs Salariés – CNAMTS*).

²⁰ As modified by Social Security Finance Act No. 97-1164 of 19 December 1997, Act No. 98-1194 of 23 December 1998, the 2001, 2002, and 2006 Finance Acts, the 2003, 2004, 2006 and 2008 Social Security Finance Acts, Act No. 2004-810 of 13 August 2004 relating to health insurance, Organic Law No. 2005-881 of 2 August 2005, Act No. 2008-1249 of 1 December 2008, Order No. 2009-80 of 22 January 2009, Act No. 2009-1646 of 24 December 2009, Act No. 2010-476 of 12 May 2010, Organic Law No. 2010-1380 of 13 November 2010, Act No. 2010-1594 of 20 December 2010, Act No. 2010-1657 of 29 December 2010, Act No. 2010-1658 of 29 December 2010, Act No. 2011-1906 of 21 December 2011, Act No. 2012-354 of 14 March 2012, Act No. 2012-958 of 16 August 2012, Act No. 2014-1655 of 29 December 2014, Act No. 2015-994 of 17 August 2015 and Act No. 2015-1702 of 21 December 2015.

Lastly, in accordance with Act No. 2004-810 of 13 August 2004, any future surpluses generated by the health insurance branch of the French social security system will be allocated to CADES. The Social Security Finance Act will define the terms under which this transfer will take place.

2. ORGANIZATION OF THE AGENCY

CADES is overseen by a Board of Directors and a Supervisory Board.

The composition of the Board of Directors was altered by Decree No. 2011-458 of 26 April 2011. 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).

Decree No. 2015-1764 of 24 December 2015 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.

Pursuant to the provisions of the aforementioned Decrees, financial and accounting transactions fall under the responsibility of Mr. Patrice Ract Madoux, the Authorising Officer of CADES and Chairman of the Board of Directors, until 14 May 2017, Mr. Jean-Louis Rey, appointed as from 15 May 2017, and the Accounting Officer Mrs. Christine Buhl, Finance ministry budgetary and accounting auditor.

CADES' annual budget is drawn up by 30 November of the previous year by the Board of Directors and approved by 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*).

CADES' Board of Directors examines and approves the accounts. In parallel, the Board ensures that CADES maintains a healthy underlying financial basis over its scheduled lifetime by updating its revenue forecasts on the basis of changes in the amortisation schedule of the debt carried on the balance sheet as a liability and debt servicing charges.

Accounting procedures and principles are subject to a contractual, independent audit and audits carried out by the Government Audit Office.

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 enable the Accounting Officer and the Authorising Officer to exercise their respective powers.

3. GENERAL PROVISIONS FOR RECORDING ACCOUNTING AND FINANCIAL TRANSACTIONS

Accounting framework

Article 7 of Decree No. 96-353 of 24 April 1996, relating to CADES, calls for the adoption of a special chart of accounts drawn up in accordance with the standard chart of accounts for administrative public agencies (Instruction M 9-1 from the Public Finances Directorate, replaced by the public agencies' common nomenclature on 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.

Consequently, both the transactions and the annual financial statements submitted by the Accounting Officer are presented in accordance with standards specific to credit institutions. In addition, separate financial statements are drawn up in accordance with the regulatory standards of public agencies, for submission to audit organisations.

This specific accounting framework was recommended by an independent consulting firm and approved by the Authorising Officer, the Accounting Officer, the General Directorate of Public Accounting and the French Accounting Standards Board (*Conseil National de la Comptabilité – CNC*) (Opinion No. 99-04, plenary session of 18 March 1999).

Transactions executed by the Accounting Officer

Transactions executed by CADES' Accounting Officer differ from those traditionally executed by Accounting Officers at other administrative public agencies.

Due to CADES' status as a market participant, specific structures have been set up in conformity with the agency's mission. For example, financing transactions are distinguished from administrative transactions.

1. Financing transactions

²The administrative workflow of financing transactions reflects the existence of Front Office, Middle Office and Back Office services.

The Front Office is responsible for transactions in the financial, interest rate and currency markets, in accordance with defined limits and procedures. These routine transactions relate to financing, investment and the management of interest rate and foreign exchange exposures.

A sequentially numbered ticket is issued for each transaction, describing its main features, and validated by the Front Office. The Back Office then verifies and validates the ticket before forwarding it to the Accounting Officer.

The Middle Office gathers information on cash positions, draws up forecasts, provides repayment schedules, and performs a first-level plausibility check of Front Office transactions.

The Back Office records and validates the transactions processed by the Front Office after verifying that formal presentation and threshold requirements are met. The Back Office monitors risk, produces reports and liaises with the Accounting Departments.

The Accounting Officer then records transaction tickets as income or expenses.

2. Administrative transactions

Performance of the administrative section of the budget is done in compliance with the provisions of the Decree No. 2012-1246 dated 7 November 2012 relating to public budget and accounting management (GBCP). Administrative expenses are evidenced by payment orders and income by receipt orders, accompanied by the appropriate supporting vouchers and documents.

After due completion of the control procedures described in Articles 19 and 20 relating to the aforementioned GBCP, items of expenditure and income are recognised in the accounts and the amounts are paid or collected.

3. Cash movements

CADES has opened a euro-denominated deposit account in the books of SCBCM Finances that is listed in the register of government accounts.

In the books of CADES, entries to the debit of this account record expenses falling within the administrative budget. Only the Accounting Officer may authorize these payments. Since 1

January 2014 entries to the credit of this account record solely revenue from CRDS levies on sales of gems and precious metals paid over by the Public Finances Directorate network. This takes the form of daily transfers from the Public Finances Directorate departmental (DDFIP) and regional (DRFIP) offices.

Since 1 September 2005, CADES has had its own remunerated account with the Banque de France that is distinct from the dedicated Treasury account. Movements to this account comprise all euro-denominated financial transactions completed by CADES and all CRDS and CSG revenue paid over by ACOSS. Once again, only the Accounting Officer may authorize expenditures.

The balance on the deposit account is transferred to CADES' own account at the end of each month.

In addition, CADES has opened foreign currency accounts with foreign financial institutions in New York and London.

These are intended to be zero-balance accounts. They record all transactions related to CADES issues in currencies other than the euro and their transformation into euro-denominated structures on the international markets.

Due to management constraints attributable primarily to the time lag between the European, Asian, American and Australian markets, CADES has been dispensed from applying the provision of the decree relating to the GBCP, which states that only public accounting officers may authorize transactions affecting the financial accounts. Accordingly, 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 2017 | 120,941 | | |
| At 31 December 2016 | 135,694 | | |
| At 31 December 2015 | 126,039 | | |
| | | | |
| Period ended | 31 December | 31 December | 31 December |
| | 2017 | 2016 | 2015 |
| NET PROFIT | 15,044 | 14,426 | 13,513 |
| Primarily reflecting the following items: | | | |
| CRDS and CSG revenue | 15,106 | 14,662 | 12,851 |
| Social levies on income from property and investments net of expenses | 1 | (3) | 1,494 |
| Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites – FRR</i>) | 2,100 | 2,100 | 2,100 |
| Estimation changes and error adjustments | 0 | 0 | (188) |
| Interest expenses | (2,160) | (2,330) | (2,742) |
| General operating charges | (3) | (3) | (2) |

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

BALANCE SHEET

| At (€ millions) | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|---|---------------------|---------------------|---------------------|
| ASSETS | | | |
| Cash in hand, balances with central banks and post office banks (Note 1) | 3,174.15 | 1,636.81 | 2,264.96 |
| Treasury bills and other bills eligible for refinancing with central banks (Note 1) | 1,000.00 | 4,000.00 | 9,000.00 |
| Loans and advances to credit institutions (Note 1) | | | |
| - Repayable at sight | 0.05 | 0.03 | 0.18 |
| - Repayable at term | 0.00 | 0.00 | 520.61 |
| Intangible assets (Note 2) | 0.00 | 0.00 | 0.00 |
| Tangible assets (Note 2) | 0.06 | 0.08 | 0.09 |
| Other assets (Note 3) | 1,243.91 | 167.13 | 185.89 |
| Prepayments and accrued income (Note 4) | 1,980.09 | 6,824.83 | 6,287.54 |
| TOTAL ASSETS | 7,398.26 | 12,628.88 | 18,259.27 |
| LIABILITIES & RESERVES | | | |
| Amounts owed to credit institutions (Note 5) | | | |
| - Payable at sight | 0.00 | 0.00 | 0.00 |
| - Payable at term | 1,003.37 | 1,003.37 | 1,003.46 |
| Debts evidenced by securities (Note 6) | | | |
| - Negotiable debt instruments | 7,521.51 | 14,093.80 | 8,431.71 |
| - Bonds and similar instruments | 117,155.77 | 126,673.50 | 129,413.81 |
| - Other debts evidenced by securities | 0.00 | 0.00 | 0.00 |
| Other liabilities (Note 7) | 220.30 | 5,329.78 | 4,748.37 |
| Accruals and deferred income (Note 8) | 2,173.59 | 1,263.56 | 1,199.74 |
| Sub-total – Liabilities | 128,074.55 | 148,364.01 | 144,797.09 |
| Provisions (Note 8a) | 113.26 | 98.40 | 113.06 |
| Property endowment | 181.22 | 181.22 | 181.22 |
| Retained earnings | (136,014.76) | (150,441.15) | (140,344.97) |
| Profit for the period | 15,043.99 | 14,426.39 | 13,512.87 |
| Sub-total – Reserves | (120,789.54) | (135,833.53) | (126,650.88) |
| TOTAL LIABILITIES AND RESERVES | 7,398.26 | 12,628.88 | 18,259.27 |

PROFIT AND LOSS ACCOUNT

| Period ended (€ millions) | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|--|---------------------|---------------------|---------------------|
| Interest receivable and similar income (Note 9) | 1,024.97 | 1,086.12 | 876.67 |
| - From transactions with credit institutions | 225.32 | 160.33 | 39.19 |
| - From bonds and other fixed income securities | 0.00 | 0.00 | 0.09 |
| - Other interest receivable and similar income | 799.65 | 925.79 | 837.39 |
| Interest payable and similar charges (Note 10) | (3,154.33) | (3,378.43) | (3,591.72) |
| - On transactions with credit institutions | (42.36) | (40.79) | (43.87) |
| - On bonds and other fixed income securities | (3,111.97) | (3,337.64) | (3,547.85) |
| Fees payable (Note 10) | (30.93) | (37.66) | (26.87) |
| Gains and losses on trading securities (Note 11) | 0.00 | 0.00 | (0.10) |
| - Net profit (loss) on foreign exchange transactions | 0.00 | 0.00 | (0.10) |
| Gains and losses on investment securities (Note 11a) | 0.00 | 0.00 | 0.00 |
| - Net profit (loss) on investment securities | 0.00 | 0.00 | 0.00 |
| Other operating income – banking | 0.00 | 0.00 | 0.00 |
| Other operating charges – banking | (0.02) | (0.02) | (0.02) |
| NET BANKING INCOME | (2,160.30) | (2,329.99) | (2,742.04) |
| General operating charges (Note 13) | (2.78) | (2.92) | (2.87) |
| - Staff costs | (1.09) | (1.11) | (1.07) |
| - Other administrative expenses | (1.69) | (1.81) | (1.80) |
| Depreciation and impairment provisions - intangible and tangible assets | (0.02) | (0.02) | (0.01) |
| Other operating income | 17,380.97 | 16,933.24 | 16,635.60 |
| - Income relating to CRDS and CSG (Notes 12a and 12.1a) | 15,262.46 | 14,811.43 | 13,008.56 |
| - Income relating to social levies on income from property and investments (Note 12.2a) | (3.60) | (15.28) | 1,526.90 |
| - Income from Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites – FRR</i>) (Note 12.3) | 2,100.00 | 2,100.00 | 2,100.00 |
| - Income from property (Note 13a) | 0.15 | 0.20 | 0.13 |
| - Provisions reversed for receivables (Notes 12a and 12.1a) | 14.79 | 14.90 | 0.00 |
| - Other provisions reversed for receivables | 7.17 | 21.99 | 0.01 |
| Other operating charges | (173.98) | (173.95) | (190.29) |
| - Charges relating to CRDS and CSG (Notes 12a and 12.1a) | (150.34) | (150.72) | (130.17) |
| - Charges relating to social levies on income from property and investments (Note 12.2a) | 0.02 | (0.58) | (32.99) |
| - Payments to the State (Note 14) | 0.00 | 0.00 | 0.00 |
| - Provision for sundry liabilities (Note 14) | 0.00 | 0.00 | (5.40) |
| - Provision for receivables (Notes 12a, 12.1a and 12.2a) | (23.57) | (22.65) | (21.73) |
| - Charges related to property (Note 13a) | (0.09) | 0.00 | 0.00 |
| Estimation changes and error adjustments (Note 15a) | 0.00 | 0.00 | (187.97) |
| GROSS OPERATING PROFIT | 15,043.89 | 14,426.36 | 13,512.42 |
| OPERATING PROFIT | 15,043.89 | 14,426.36 | 13,512.42 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 15,043.89 | 14,426.36 | 13,512.42 |
| - Exceptional income (Note 15) | 0.10 | 0.03 | 0.45 |
| NET PROFIT FOR THE PERIOD | 15,043.99 | 14,426.39 | 13,512.87 |

CASH FLOW STATEMENT

| Cash flow (€ millions) | Period ended | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|---|----------------|---------------------|---------------------|---------------------|
| Net banking income | | (2,160) | (2,330) | (2,742) |
| Inflation premiums | | 118 | 42 | 5 |
| Provisions for financial instruments | | 0 | 0 | 0 |
| Amortisation of premiums and balancing payments | | (51) | (64) | (83) |
| Change in accrued interest | | (96) | (320) | (254) |
| Net cash from (used in) banking activities | (A) | (2,189) | (2,672) | (3,073) |
| Net operating income | | 17,204 | 16,756 | 16,442 |
| (Increase) decrease in accrued income from CRDS and CSG | | (93) | (79) | (132) |
| (Increase)/decrease in accruals on social levies | | 0 | 3 | (36) |
| (Increase)/decrease in deferred expenses | | (28) | 10 | 27 |
| Unearned income | | 0 | 0 | 1 |
| Provisions – sundry allocations or reversals | | 15 | (22) | 0 |
| Net cash from (used in) operating activities | (B) | 17,098 | 16,668 | 16,302 |
| Net cash from (used in) banking and operating activities | (C=A+B) | 14,909 | 13,996 | 13,230 |
| Net cash from (used in) financing activities | (D) | (16,371) | 3,464 | (134) |
| Debt assumed | (E) | 0 | (23,609) | (10,000) |
| Net cash flow for the year | (C+D+E) | (1,463) | (6,149) | 3,095 |
| <i>Cash and cash equivalents at start of period</i> | | 5,637 | 11,786 | 8,690 |
| <i>Cash and cash equivalents at close of period</i> | | 4,174 | 5,637 | 11,786 |
| Net increase (decrease) in cash and cash equivalents | | (1,463) | (6,149) | 3,095 |

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 2017 | 31 December 2016 | 31 December 2015 |
|--|---------------------|---------------------|---------------------|
| COMMITMENTS GIVEN (note 18) | | | |
| Financing commitments | | | |
| Payments to various social security bodies (Article 4.IV of Order 96-50 of 24 January 1996) | - | - | - |
| - First assumption of debt provided for by the 2011 Social Security Finance Act | - | - | - |
| - Second assumption of debt provided for by the 2011 Social Security Finance Act | - | - | 23,609.04 |
| Financing commitments given: acquired under repurchase agreements, currency purchases, treasury bills | - | - | - |
| COMMITMENTS RECEIVED (note 18) | | | |
| Financing commitments | | | |
| - From credit institutions: credit lines | 700.00 | 700.00 | 1,200.00 |
| - From credit institutions: credit lines in treasury bills | - | - | - |
| - Financing commitments received: borrowings | - | - | - |
| - Financing commitments received: commercial paper and lent under repurchase agreements | - | - | - |
| - Financing commitments received: payments from the Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites</i>) | 14,700.00 | 16,800.00 | 18,900.00 |

NOTES TO THE FINANCIAL STATEMENTS

HIGHLIGHTS OF 2017

- **Social security debts assumed**

No social security debts were assumed in 2017.

- **Financing transactions**

Issues (excluding commercial paper)

CADES borrowed €8.67 billion:

- two new issues under the UK programme in USD for an amount of €4.67 billion;
- one new issue under the French programme in EUR for an amount of €4 billion.

Redemptions (excluding commercial paper)

CADES reimbursed €13.13 billion at maturity:

- seven issues made under the French programme (one each in JPY, MXN and CNY, two in GBP and two in EUR), for an amount of €7.94 billion;
- two issues made under the UK programme in USD for an amount of €5.19 billion.

- **Credit lines**

Commitments received as at 31 December 2017 comprise:

- four activation agreements for credit lines enabling CADES to add funds directly to its euro-denominated deposit account no. 46 002 held with Banque de France, totalling €700 million and cancellable by the counterparties at 30 days' notice.

ACCOUNTING POLICIES AND METHODS

1. BASIS OF VALUATION AND PRESENTATION

The accounting policies adopted by CADES meet two requirements.

Given that the activity of CADES is essentially financial, the financial statements are prepared in accordance with accounting regulations applicable to credit institutions and financial institutions as well as with generally accepted accounting principles in France. In particular, CADES has applied the accrual concept and the prudence concept.

The presentation of the financial statements complies with Regulation No. 2014-07 of 26 November 2014 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables – ANC*) relating to the preparation and publication of the individual accounts of credit institutions. In its opinion CNC 99-04, the French National Accounting Board (*Conseil National de la Comptabilité – CNC*) decided that CADES could present certain transactions in a manner specific to it. Accordingly, in its profit and loss account, CADES records operating income and expenses, which are mainly composed of the revenue drawn from the CRDS and CSG and from property transactions, and payments to the State and social security funding organisations.

These accounts are then aggregated to comply with the chart of accounts applicable to administrative public undertakings in accordance with the requirements of Instruction M9-1, replaced by the public agencies' common nomenclature on 1 January 2016, before being submitted to the Government Audit Office.

2. **SPECIFIC CHARACTERISTICS OF CADES**

CADES has been tasked with paying down the debt transferred to it. The profit or loss therefore measures its capacity to reduce its own debt, and corresponds to the resources allocated to it less the financial costs relating to its debt with third parties.

The profit and loss account should be interpreted in light of the specific mission entrusted to CADES, the sole purpose of which is to extinguish a debt over its scheduled term.

3. **ESTIMATION CHANGES AND ERROR ADJUSTMENTS**

In preparing the financial statements for the year ended 31 December 2015, CADES recognised estimation changes in the 2015 financial statements to improve the consistency of estimation methods and the accuracy of data, in accordance with the notifications issued by ACOSS.

According to the chart of accounts for credit institutions, the impact of any estimation change corresponding to the financial year in progress must be recognised in profit and loss for the period. In the financial statements for the year ended 31 December 2015, the impact of estimation changes is recognised on a separate line of the income statement (see Note 15a) in the amount of €-187.97 million.

4. **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.

5. **CADES' RESOURCES**

5.1 **Contribution to the repayment of the social security debt**

- Revenue explicitly allocated to CADES

The social security debt repayment contribution (CRDS) defined by Order No. 96-50 of 24 January 1996 was explicitly created to provide resources to CADES. Article 6 of said Order states that "the proceeds of the contributions created in respect of Chapter 2 of said Order on repayment of the social security debt shall be allocated to Caisse d'Amortissement de la Dette Sociale".

- A broad-based tax

The tax is levied on multiple sources of income. One can distinguish between:

- On the one hand, employment income and unemployment and similar benefits: salaried income, redundancy payments and retirement indemnities (under certain conditions), retirement and disability pensions, health and maternity benefits, housing benefits, family allowances, and child-minding benefits, etc., and
- On the other hand, income from property, from investments, from the sale of precious metals, gems, *objets d'art*, collectors' items and antiques, and from gaming.

Contributions assessed on the sales of precious metals and gems are collected by the State's financial agencies (DGFIP and DGDDI) before being paid over to CADES.

Contributions assessed on employment income, unemployment and similar benefits as well as income from property, investments and gaming are paid over daily by ACOSS to CADES as and when they are collected by the central agency.

- Collection costs borne by CADES

Article 8 of the Order of 24 January 1996 stipulates that CADES shall bear assessment and collection costs. These costs consist of a flat amount defined jointly by the Minister of the Economy and Finance and the Minister in charge of Social Security.

Collection agencies deduct a 0.5% withholding from the contribution paid over to CADES.

CRDS contributions levied on income from property entered in the tax assessment register mainly by the offices of the DGFIP (*Direction Générale des Finances Publiques* or Public Finances Directorate) are paid over to CADES on the basis of register entries and not the amounts actually collected. In return, a 4.1% withholding is applied to the sums paid over to CADES to cover assessment and collection costs (0.5%) and the cost of tax reductions and bad debts (3.6%), as provided for by Article 1641 of France's General Tax Code (*Code Général des Impôts*).

Amounts collected by CADES in respect of the CRDS are reported under "Other operating income" in the profit and loss account. Assessment and collection costs are recorded under "Other operating charges".

- Accrual basis accounting

CADES applies the accruals principle in accordance with accounting standards applicable to credit institutions and Articles L.114-5 and D.114-4-4 of the Social Security Code establishing the principle whereby social security agencies shall maintain accounting records on a receivable-payable basis.

Accordingly, CRDS contributions paid to collecting agencies are included in the accounts for the period regardless of the date on which these amounts were actually collected. So as to be able to recognise this income and deferred income at the balance sheet date, CADES accrues this income on the basis of a notification provided by the collecting agencies indicating amounts assessed for the period not collected at the balance sheet date and CRDS contributions not yet collected by ACOSS. For the six-monthly closing at 30 June, as CADES receives no notification from the collecting agencies it estimates accrued income based on payments received in July.

Provisions against outstanding CRDS contributions are notified to CADES by ACOSS. These provisions are calculated on a statistical basis applying an annual rate determined by reference to an ageing analysis of the receivables. They are deducted from gross amounts receivable as reported in the balance sheet. As CADES receives no notification from ACOSS for the position as at 30 June, it determines provisions against outstanding contributions on the same basis as at the previous year end.

Regarding the collection of the CRDS contributions, note that at no time does CADES act as primary collector; all the resources to which it is entitled are remitted by third parties, first and foremost ACOSS, followed by the offices of the DGFIP (*Direction Générale des Finances Publiques* or Public Finances Directorate).

CADES' responsibility is confined to verifying that the sums transferred agree to the accounting vouchers raised. The primary collecting agencies are responsible for transferring the funds, for verifying the tax base, for adjusting tax bases when applicable and for recovering past dues, in return for which these agencies receive a remuneration equivalent to 0.5% of the sums collected.

Accordingly, CADES' responsibility at revenue level is limited to substantive verifications of the accounting vouchers produced by the collecting agencies.

5.2 **Supplementary social security contribution**

Act No. 2008-1330 on the funding of the social security system for 2009 extended the mission of CADES by entrusting to it an additional €27 billion of debt in respect of the health insurance deficit (€14.1 billion), old age pension deficit (€8.8 billion) and senior citizens' solidarity fund (€4 billion).

In accordance with the Organic Law of 2 August 2005, the French Parliament voted an increase in resources so as not to extend the life of CADES. These new resources correspond to a portion of the supplementary social security contribution (*Contribution Sociale Généralisée – CSG*). Since 2009, this has been paid to CADES at the rate of 0.2%. From 2011 it was increased to 0.48% and then from 1 January 2016 to 0.60% for CSG on all taxable employment income, unemployment and similar benefits, and income from property and investments; while CSG on profits from gaming was increased from 1 January 2016 to 0.30%.

This is a broad-based tax levied on employment income, unemployment and similar benefits as well as income from property, investments and gaming.

The difference in tax base between the CRDS and CSG mainly concerns revenue from the sale of precious metals and gems, from gaming and from family benefits.

The payment circuits and methods of accounting for the CSG are the same as for the CRDS.

5.3 **Social levies on income from property and investments**

Act No. 2010-1594 of 20 December 2010 allocated to CADES, starting in 2011, a 1.3% share of the social levies on the income from property and investments referred to in Articles 245-14 and 245-15 of the Social Security Code. The rate for these levies is set at 5.4% as from 1 January 2012.

With effect from 1 January 2016, the payment of 1.3% of social levies on income from property and investments was replaced by an increase of 0.12% in the portion of the CSG paid to CADES.

5.4 **Resources from the Retirement Reserve Fund**

Under the 2011 Social Security Funding Act (*Loi de Financement de la Sécurité Sociale – LFSS*) 2010-1594 of 20 December 2010, the Retirement Reserve Fund (*Fonds de Réserve pour les Retraites – FRR*) is required to pay CADES a total of €29.4 billion in yearly instalments of €2.1 billion no later than 31 October each year, with effect from 1 January 2011 until 2024. The two institutions concerned will draw up an agreement setting out the timing and terms and conditions governing these payments.

The annual income of €2.1 billion to be paid by the FRR as from 2011 is recognised under income for the period.

FRR's commitment to pay amounts for subsequent years is recognised in off-balance sheet items under "Other commitments received – Retirement Reserve Fund".

6. **PRIVATE RENTAL PROPERTY**

CADES has sold all the property transferred on 1 January 2000 to CADES in application of Article 9 of Order No. 96-50 of 24 January 1996 and recorded under "Property endowment" as a component of reserves.

Acting on behalf of CADES, CNAVTS 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 CNAVTS to do all that was necessary in connection with the administration of the properties.

Since 1 January 2007, disputes and claims have been managed internally by CADES.

CADES' Accounting Officer records expenses and revenue on the basis of the supporting documents submitted by the Authorising Officer.

7. **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 2017, which correspond to the reference rates communicated by the European Central Bank, are indicated in the table below:

| | | | | | |
|------|---------|------|--------|------|----------|
| USD: | 1.19930 | SEK: | 9.8438 | GBP: | 0.887230 |
| AUD: | 1.5346 | NOK: | 9.8403 | MXN: | 23.6612 |
| CHF: | 1.1702 | NZD: | 1.6850 | HKD: | 9.3720 |
| CAD: | 1.5039 | TRY: | 4.5464 | JPY: | 135.0100 |
| ZAR: | 14.8054 | SGD: | 1.6024 | CNY: | 7.8044 |

- 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.

8. **REPURCHASE AGREEMENTS WITH SECURITIES DELIVERED**

Top-grade securities may be acquired by CADES under repurchase agreements for the purpose of investing available cash balances.

Securities received under these agreements are reported under loans and advances to credit institutions.

9. **TANGIBLE AND INTANGIBLE FIXED ASSETS**

Fixed assets are accounted for under the historical cost convention. Tangible fixed assets are depreciated and intangible fixed assets amortised over their estimated useful life.

Tangible fixed assets consist mainly of office equipment and computer equipment.

Intangible fixed assets include software.

10. **BONDS**

Bonds issued by CADES are reported as a liability in the balance sheet at their nominal value (if redeemed at par) plus accrued interest. Foreign currency bonds are translated into euro at the exchange rate prevailing on the balance sheet date.

Bonds indexed to inflation (French consumer price index excluding tobacco for all households in Metropolitan France) are measured by reference to a predefined inflation benchmark on the balance sheet date, resulting in the recognition of a redemption premium that is reported as a liability.

Inflation benchmarks:

| | |
|-----------------------------|-----------|
| CPI as at 31 December 2017: | 101.39677 |
| Cadesi 2019 index: | 1.16860 |
| Cadesi 2021 index: | 1.06442 |
| Cadesi 2024 index: | 1.04378 |

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".

11. **INTEREST RATE AND CURRENCY SWAPS**

Transactions involving forward financial instruments, entered into for the purpose of hedging interest rate and currency exposure, are recognised in accordance with the regulations issued by the French Banking and Financial Regulatory Committee. Commitments in respect of these transactions 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*.

12. **INTEREST RATE FUTURES**

Firm macro hedging transactions on organised markets (German Bund and Bobl) are recognised in accordance with the regulations issued by the French Banking and Financial Regulatory Committee. Sales of financial futures (Euro Bund and Euro Bobl futures) are recognised as off-balance sheet items for their nominal value. Margin calls are recognised directly to profit or loss. Initial margins are accounted for as deposits paid and reported as assets in the balance sheet. Finally, brokerage fees – which represent trading fees on the sale or purchase of Bunds or Bobls – are recognised directly to profit or loss.

13. **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.

14. **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.

15. **COUNTERPARTY RISK**

CADES' exposure to counterparty risk is limited to three types of transactions: investment transactions, off-balance sheet transactions and credit line transactions.

For all three types of transactions, CADES has signed market agreements modelled on the master agreement drawn up by the French Banking Association (*Fédération Bancaire Française – FBF*) providing for daily margin calls (for investment transactions) and weekly margin calls (for off-balance sheet transactions).

1. Investment transactions

CADES invests cash balances mainly in securities delivered under repurchase agreements but may also buy government securities outright. In exchange for the loan extended to a counterparty, CADES receives full ownership of a government security (OAT, BTAN, 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 double-A rating.

Margins calls are carried out daily by CADES to provide additional protection against significant fluctuations in market prices for the securities received as collateral.

2. Off-balance sheet transactions

To manage its interest rate risk and eliminate the currency risk, CADES enters into transactions in the derivatives markets involving instruments such as interest rate swaps, currency swaps and asset swaps.

By using triggers set by reference to each counterparty's rating and by carrying out daily margin calls, CADES significantly reduces the residual risk of default on these instruments.

16. **TRANSACTIONS INVOLVING INVESTMENT SECURITIES**

The portfolio of investment securities is valued in accordance with Regulation No. 2014-07 of 26 November 2014 relating to the financial statements of banking sector companies. This portfolio, which consists of fixed income government securities, is reported in the balance sheet under treasury bills and other bills eligible for refinancing with central banks.

Securities are reported in the balance sheet at their acquisition cost. Interest income is reported under interest receivable and similar income from bonds and other fixed income securities.

Unrealised losses give rise to a provision for impairment determined by reference to the most recent quoted price. These provisions are determined individually.

Provisions for impairment set aside and reversed and gains and losses on the sale of investment securities are reported in the profit and loss account under gains and losses on investment securities.

NOTES

BALANCE SHEET

At 31 December 2017, the balance sheet showed total assets of €7.40 billion for total debt of €128.07 billion resulting in negative reserves of €120.79 billion.

ASSETS

Note 1: Treasury and interbank transactions

| At (€ millions) | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|--|---------------------|---------------------|---------------------|
| CENTRAL BANKS | 3,174.15 | 1,636.81 | 2,264.96 |
| Central banks | 3,174.15 | 1,636.81 | 2,264.96 |
| TREASURY BILLS AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS | 1,000.00 | 4,000.00 | 9,000.00 |
| Government securities with a maturity of less than 3 months | 1,000.00 | 4,000.00 | 9,000.00 |
| Accrued interest | 0.00 | 0.00 | 0.00 |
| LOANS AND ADVANCES TO CREDIT INSTITUTIONS | 0.05 | 0.03 | 520.79 |
| Repayable at sight | 0.05 | 0.03 | 0.18 |
| Debit balances on ordinary accounts | 0.05 | 0.03 | 0.18 |
| Securities received under open repurchase agreements | 0.00 | 0.00 | 0.00 |
| Accrued interest | 0.00 | 0.00 | 0.00 |
| Repayable at term | 0.00 | 0.00 | 520.61 |
| Securities received under term repurchase agreements with a maturity of less than 3 months | 0.00 | 0.00 | 520.61 |
| Of which: Treasury bills | 0.00 | 0.00 | 0.00 |
| Bonds | 0.00 | 0.00 | 0.00 |
| Own securities | 0.00 | 0.00 | 520.61 |
| Accrued interest | 0.00 | 0.00 | 0.00 |
| Total | 4,174.20 | 5,636.84 | 11,785.75 |

NB. Balances with central banks correspond to the euro-denominated account held by CADES with Banque de France.

Note 2: Intangible and tangible fixed assets

| (€ millions) | Gross value at 1 January 2017 | Acquisitions | Disposals | Gross value at 31 December 2017 | Amortisation and depreciation | Net book value at 31 December 2017 | Net book value at 31 December 2016 | Net book value at 31 December 2015 |
|------------------------------|--|--------------|-------------|--|-------------------------------------|---|---|--|
| Intangible assets | 0.18 | 0.00 | 0.00 | 0.18 | 0.18 | 0.00 | 0.00 | 0.00 |
| Software | 0.18 | 0.00 | 0.00 | 0.18 | 0.18 | 0.00 | 0.00 | 0.00 |
| Other | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Tangible assets | 0.37 | 0.00 | 0.00 | 0.37 | 0.31 | 0.06 | 0.08 | 0.09 |
| Sundry equipment | 0.37 | 0.00 | 0.00 | 0.37 | 0.31 | 0.06 | 0.08 | 0.09 |
| Total | 0.55 | 0.00 | 0.00 | 0.55 | 0.49 | 0.06 | 0.08 | 0.09 |

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 2017 | 31 December 2016 | 31 December 2015 |
|--|-----------------------------|-----------------------------|-----------------------------|
| SUNDRY DEBTORS | 1,243.91 | 167.13 | 185.89 |
| Deposits paid by way of initial margins | 1,072.07 | 1.41 | 3.20 |
| - <i>Deposits</i> | 1,072.04 | 0.02 | 2.40 |
| - <i>Accrued interest</i> | 0.03 | 1.39 | 0.80 |
| Outstanding CRDS and CSG contributions and social levies to be collected | 171.84 | 165.72 | 182.69 |
| - <i>Gross amounts receivable</i> | 646.30 | 653.42 | 670.02 |
| - <i>Provisions</i> | (474.46) | (487.70) | (487.33) |
| Other debtors in respect of financial transactions | 0.00 | 0.00 | 0.00 |
| Other debtors in respect of operating charges | 0.00 | 0.00 | 0.00 |
| Other sundry debtors – CNAV | 0.00 | 0.00 | 0.00 |
| - <i>Gross amounts receivable</i> | 0.26 | 0.41 | 0.61 |
| - <i>Provisions</i> | (0.26) | (0.41) | (0.61) |
| Total | 1,243.91 | 167.13 | 185.89 |

Other assets comprise:

- outstanding CRDS and CSG contributions and social levies to be collected by ACOSS amounting to €171.84 million. Provisions totalling €474.46 million have been deducted from the gross amounts receivable of €646.30 million.
- a receivable of €0.26 million, consisting of the balance of damages and interest claimed from a buyer who reneged on a commitment to purchase a group of buildings. This amount was provisioned in full at 31 December 2017.

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 2017 | 31 December 2016 | 31 December 2015 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Provisions brought forward | 488.11 | 487.94 | 496.41 |
| Impact of accounting method changes | 0.00 | 0.00 | 0.00 |
| Provisions set aside – property | 0.00 | 0.00 | 0.00 |
| Provisions set aside – CRDS and CSG contributions and social levies | 1.55 | 14.68 | 21.73 |
| Provisions reversed – property | (0.15) | (0.20) | (0.13) |
| Provisions reversed – CRDS and CSG contributions and social levies | (14.79) | (14.31) | (30.07) |
| Provisions carried forward | 474.72 | 488.11 | 487.94 |

Note 4: Prepayments and accrued income

| At (€ millions) | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| ACCRUED INCOME | 1,694.48 | 1,662.65 | 1,402.54 |
| On forward interest rate instruments | 8.22 | 7.32 | 7.44 |
| On forward currency instruments | 246.02 | 308.04 | 244.46 |
| On CRDS and CSG revenues | 1,440.24 | 1,347.26 | 1,147.68 |
| On revenue from social levies on income from property and investments | 0.00 | 0.03 | 2.96 |
| On property sales | 0.00 | 0.00 | 0.00 |
| Other accrued income | 0.00 | 0.00 | 0.00 |
| CONTINGENT LOSSES AND LOSSES TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS | 14.54 | 21.44 | 28.79 |
| DEFERRED CHARGES | 180.79 | 215.00 | 256.15 |
| Issuance premiums on bonds and EMTN | 180.79 | 215.00 | 256.15 |
| Other deferred charges | 0.00 | 0.00 | 0.00 |
| PREPAYMENTS | 19.23 | 17.11 | 6.47 |
| Prepaid administrative expenses | 0.02 | 0.02 | 0.01 |
| Prepaid interest on negotiable debt instruments | 19.21 | 17.09 | 6.46 |
| Prepaid interest on bonds | 0.00 | 0.00 | 0.00 |
| Other prepayments | 0.00 | 0.00 | 0.00 |
| OTHER | 71.05 | 4,908.63 | 4,593.59 |
| Currency adjustment accounts | 70.95 | 4,908.63 | 4,593.59 |
| Property rental adjustment account | 0.00 | 0.00 | 0.00 |
| Sundry | 0.10 | 0.00 | 0.00 |
| Total | 1,980.09 | 6,824.83 | 6,287.54 |

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 contributions for €1,440.24 million: this amount includes €76.18 million corresponding to the impact of a regulatory change. Article 13 of Act No. 2016-1827 of 23 December 2016 on the funding of the social security system for 2017, as laid down in Articles L.242-1 and L.136-1 of the French Social Security Code (*Code de la sécurité sociale*), specifies that the definition that it gives of items of remuneration taken into account in the common law base of social security contributions concerns contributions "due for the periods in respect of which employment income and unemployment and similar benefits are allocated". Article R.214-1 of the French Social Security Code, in its wording resulting from Decree No. 2016-1567 of 21 November 2016, which provided for application to work periods beginning on or after 1 January 2018, was amended by Decree No. 2017-858, leading to application to work periods for which compensation is paid on or after 1 January 2018. The result under accrual basis accounting is an increase in accrued income in respect of CSG and CRDS contributions on remuneration for the year ended 31 December 2017 but paid after that date;
- accrued income relating to interest rate financial instruments for €8.22 million and foreign currency financial instruments for €246.02 million;
- issuance premiums on bonds and EMTN amounting to €180.79 million to be recognised in profit and loss over time;
- prepayments amounting to €19.23 million, which consist mainly of prepaid interest on the issue of negotiable debt instruments;

- foreign currency adjustment accounts amounting to €71.05 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 (€-136,014.76 million), the profit or loss for the period (€15,043.99 million) and the property endowment (€181.22 million), came to €-120,789.54 million.

The profit and loss account brought forward broke down as follows:

| | Reference text | Amount (€ millions) |
|---|---|---------------------|
| Debt transferred to CADES | Order No. 96-50 of 24 January 1996 | (20,885.52) |
| | Act No. 97-1164 of 19 December 1997 | (13,263.06) |
| | Act No. 2004-810 of 13 August 2004 | (47,310.00) |
| | Act No. 2008-1330 of 17 December 2008 | (27,000.00) |
| | Act No. 2010-1594 of 20 December 2010 | (65,300.00) |
| | Act No. 2011-1906 of 21 December 2011 | (2,466.64) |
| | Decree No. 2012-329 of 7 March 2012 | (6,648.05) |
| | Decree No. 2013-482 of 7 June 2013 | (7,718.57) |
| | Decree No. 2014-97 of 3 February 2014 | (10,000.00) |
| | Decree No. 2015-170 of 13 February 2015 | (10,000.00) |
| | Decree No. 2016-170 of 13 February 2016 | (23,609.05) |
| Payment from ACOSS by way of an adjustment of the deficits from 1999 to 2006 | | 64.72 |
| Accumulated profits generated by CADES between 1996 and 2016 and impact of previous accounting method changes | | 98,121.41 |
| Profit and loss account brought forward | | (136,014.76) |

Liabilities, which amounted to €128,074.55 million at 31 December 2017, consist mainly of debts to credit institutions amounting to €1,003.37 million, debts evidenced by securities totalling €124,677.28 million, guarantee deposits received and others totalling €220.30 million and accruals and deferred income totalling €2,173.59 million.

Note 5: Treasury and interbank transactions

| At | 31 December 2017 | | | | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|--|------------------|--------------------------------|-------------------------------|---------------|------------------|------------------|------------------|
| (€ millions) | Up to 3 months | Over 3 months and up to 1 year | Over 1 year and up to 5 years | Over 5 years | Total | Total | Total |
| AMOUNTS OWED TO | | | | | | | |
| CENTRAL BANKS | | | | | | | |
| Amounts owed to credit institutions | 4.14 | 1.23 | 151.00 | 847.00 | 1,003.37 | 1,003.37 | 1,003.46 |
| At sight | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Credit balances on ordinary accounts | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| At term | 4.14 | 1.23 | 151.00 | 847.00 | 1,003.37 | 1,003.37 | 1,003.46 |
| Securities given under repurchase agreements | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accounts and deposits | 0.00 | 0.00 | 151.00 | 847.00 | 998.00 | 998.00 | 998.00 |
| Of which: Euro | 0.00 | 0.00 | 151.00 | 847.00 | 998.00 | 998.00 | 998.00 |
| Other currencies | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accrued interest | 4.14 | 1.23 | 0.00 | 0.00 | 5.37 | 5.37 | 5.46 |
| Total | 4.14 | 1.23 | 151.00 | 847.00 | 1,003.37 | 1,003.37 | 1,003.46 |

Note 6: Debts evidenced by securities

| At | 31 December 2017 | | | | 31 December 2016 | 31 December 2015 | |
|---|------------------|--------------------------------|-------------------------------|------------------|-------------------|-------------------|-------------------|
| (€ 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 | 4,307.61 | 2,949.90 | 0.00 | 264.00 | 7,521.51 | 14,093.80 | 8,431.71 |
| Treasury bills denominated in euro | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Treasury bills denominated in other currencies | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 116.65 |
| BMTN denominated in euro | 0.00 | 0.00 | 0.00 | 264.00 | 264.00 | 264.00 | 264.00 |
| Commercial paper denominated in euro | 50.00 | 0.00 | 0.00 | 0.00 | 50.00 | 529.00 | 0.00 |
| Commercial paper denominated in other currencies | 4,256.06 | 2,949.81 | 0.00 | 0.00 | 7,205.87 | 13,299.16 | 8,049.40 |
| Other negotiable debt instruments denominated in foreign currencies | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Accrued interest | 1.55 | 0.09 | 0.00 | 0.00 | 1.64 | 1.64 | 1.66 |
| BONDS | 10,536.51 | 3,972.11 | 69,295.94 | 33,351.21 | 117,155.77 | 126,673.50 | 129,413.81 |
| Bonds and EMTN denominated in euro | 1,100.00 | 3,000.00 | 51,449.32 | 29,145.77 | 84,695.09 | 86,627.13 | 91,174.49 |
| Bonds and EMTN denominated in other currencies | 8,597.55 | 796.85 | 17,846.62 | 4,205.44 | 31,446.46 | 38,863.55 | 36,805.37 |
| Accrued interest | 838.96 | 175.26 | 0.00 | 0.00 | 1,014.22 | 1,182.82 | 1,433.95 |
| Total | 14,844.12 | 6,922.01 | 69,295.94 | 33,615.21 | 124,677.28 | 140,767.30 | 137,845.52 |

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:

They comprise negotiable debt instruments totalling €124,677.28 million, comprising negotiable debt securities totalling €7,521.51 million and bonds and similar instruments totalling €117,155.77 million.

Bonds and similar instruments are issued under a borrowing programme approved by the Minister of Economy and Finance on 15 December 2017, including:

- a French issuance programme for which the limit is €130 billion;
- a UK issuance programme for which the limit is €80 billion, including an Australian issuance programme and a BMTN programme;
- a stand-alone programme.

All in all, at 31 December 2017 debts evidenced by securities maturing within one year totalled €21,766.13 million and by those maturing in more than five years €33,615.21 million, compared with €29,420.22 million and €42,374.97 million, respectively, at 31 December 2016. Debt due to mature at between one and five years increased from €68,972.11 million at 31 December 2016 to €69,295.94 million at 31 December 2017.

The tables below detail borrowings (in millions) by programme.

| Programme | Issue date | Maturity date | Nominal value (issue currency) | Currency | Nominal interest rate | ISIN |
|-------------|------------|---------------|--------------------------------|-----------------------------|-------------------------------|---------------|
| Stand-alone | 09/12/2004 | 25/07/2019 | 2,400 | EUR | CADESI 1.85% | FR0010137554 |
| | 21/12/2004 | 25/10/2019 | 5,000 | EUR | 4.00% | FR0010143743 |
| | 27/05/2005 | 25/10/2020 | 4,000 | EUR | 3.75% | FR0010198036 |
| | 28/11/2011 | 25/04/2022 | 151 | EUR | 4.00% | - |
| | 29/07/2011 | 19/12/2025 | 615 | EUR | 3.914% | - |
| | 25/11/2011 | 19/12/2025 | 232 | EUR | 4.50% | - |
| BMTN | 02/05/2012 | 02/05/2025 | 50 | EUR | Formula-based variable rate | FR0120634516 |
| | 10/05/2012 | 19/12/2025 | 214 | EUR | Formula-based variable rate | FR0120634581 |
| UK | 29/01/2013 | 29/01/2018 | 3,500 | USD | 1.375% | XS12802DAF33 |
| | 07/03/2011 | 07/03/2018 | 1,000 | EUR | 3.25% | XS0599789343 |
| | 12/03/2015 | 12/03/2018 | 5,000 | USD | 1.25% | XS1200751367 |
| | 15/03/2016 | 15/03/2018 | 1,000 | USD | 3-month USD Libor +38bp | XS1379591602 |
| | 28/01/2016 | 28/01/2019 | 3,500 | USD | 1.50% | XS1353166108 |
| | 24/10/2017 | 24/09/2019 | 3,000 | USD | 1.75% | XS1705860267 |
| | 13/01/2017 | 13/01/2020 | 2,250 | USD | 1.875% | XS1548793402 |
| | 17/04/2013 | 17/04/2020 | 1,000 | USD | 2.00% | US12802DAG16 |
| | 28/07/2015 | 28/07/2020 | 3,000 | USD | 1.875% | XS1266786810 |
| | 22/03/2016 | 22/03/2021 | 3,250 | USD | 2.000% | XS1383509160 |
| | 12/02/2015 | 12/02/2022 | 3,500 | USD | 1.875% | XSI 188127788 |
| | 20/03/2014 | 20/03/2024 | 3,000 | USD | 3.375% | XS1046806821 |
| FR | 05/03/2013 | 05/03/2018 | 100 | EUR | 3-month EURIBOR + 0.10% | FR0011435213 |
| | 27/02/2015 | 07/03/2018 | 600 | GBP | 1.00% | FR0012560084 |
| | 04/04/2013 | 25/05/2018 | 3,000 | EUR | 1.00% | FR0011459684 |
| | 20/01/2011 | 15/10/2018 | 450 | GBP | 3.75% | FR0010994376 |
| | 26/10/2006 | 26/10/2018 | 400 | CAD | 4.45% | FR0010386110 |
| | 28/11/2016 | 28/11/2018 | 28.4 | USD | 8.00% | FR0013220407 |
| | 05/03/2013 | 05/03/2019 | 200 | EUR | 3-month EURIBOR + 0.18% | FR0011435261 |
| | 11/02/2016 | 07/03/2019 | 500 | GBP | 1.000% | FR0013113099 |
| | 20/02/2014 | 25/05/2019 | 5,000 | EUR | 1.125% | FR0011746247 |
| | 28/11/2016 | 28/11/2019 | 22.6 | USD | 8.000% | FR0013220415 |
| | 10/06/2009 | 25/04/2020 | 4,250 | EUR | 4.250% | FR0010767566 |
| | 02/07/2010 | 02/07/2020 | 200 | EUR | 3-month EURIBOR + 0.23% | FR0010917534 |
| | 25/10/2004 | 25/07/2020 | 1,000 | EUR | Max[0;((1+TEC100-1%)^0.25)-1] | FR0010120436 |
| | 03/02/2016 | 25/11/2020 | 4,500 | EUR | 0.050% | FR0013109006 |
| | 26/10/2010 | 26/10/2020 | 1,000 | USD | 3.00% | FR0010956565 |
| | 21/04/2009 | 21/04/2021 | 200 | CHF | 3.00% | CH0100525382 |
| | 29/06/2010 | 25/04/2021 | 5,750 | EUR | 3.375% | FR0010915660 |
| | 10/02/2011 | 25/07/2021 | 3,255 | EUR | CADESI 1.50% | FR0011003672 |
| | 25/07/2006 | 25/10/2021 | 6,280 | EUR | 4.375% | FR0010347989 |
| | 20/06/2012 | 20/06/2022 | 50 | EUR | Formula-based variable rate | FR0011270644 |
| | 26/09/2012 | 25/10/2022 | 4,950 | EUR | 2.50% | FR0011333186 |
| | 01/02/2017 | 25/11/2022 | 4,000 | EUR | 0.125% | FR0013235165 |
| | 22/03/2013 | 22/03/2023 | 420 | AUD | 5.335% | FR0011449776 |
| | 19/04/2011 | 19/04/2023 | 200 | CHF | 2.375% | CH0127860192 |
| | 18/04/2011 | 25/04/2023 | 5,424 | EUR | 4.125% | FR0011037001 |
| | 23/01/2015 | 25/05/2023 | 3,850 | EUR | 0.500% | FR0012467991 |
| | 18/09/2013 | 18/09/2023 | 2,000 | NOK | 4.080% | FR0011565449 |
| 29/11/2013 | 29/11/2023 | 50 | EUR | Formula-based variable rate | FR0011627827 | |
| 18/12/2013 | 18/12/2023 | 50 | EUR | Formula-based variable rate | FR0011649169 | |
| 19/06/2013 | 25/01/2024 | 3,250 | EUR | 2.375% | FR0011521319 | |

| Programme | Issue date | Maturity date | Nominal value (issue currency) | Currency | Nominal interest rate | ISIN |
|-----------|------------|---------------|--------------------------------|----------|-----------------------------|--------------|
| | 14/02/2014 | 14/02/2024 | 145 | AUD | 5% | FR0011737709 |
| | 27/02/2012 | 27/02/2024 | 153 | EUR | Formula-based variable rate | FR0011202514 |
| | 02/07/2012 | 02/07/2024 | 60 | EUR | Formula-based variable rate | FR0011277383 |
| | 09/02/2012 | 25/07/2024 | 3,250 | EUR | CADESI 1.50% | FR0011198787 |
| | 16/09/2014 | 25/11/2024 | 5,500 | EUR | 1.375% | FR0012159812 |
| | 21/09/2016 | 21/12/2024 | 160 | EUR | 0.120% | FR0013201928 |
| | 18/02/2015 | 18/02/2025 | 100 | EUR | Formula-based variable rate | FR0012538114 |
| | 19/12/2014 | 19/06/2025 | 125 | AUD | 3.750% | FR0012398998 |
| | 27/06/2012 | 27/06/2025 | 194 | EUR | 3.202% | FR0011276427 |
| | 18/08/2011 | 18/08/2025 | 812.5 | EUR | 3.625% | FR0011092261 |
| | 15/11/2011 | 15/11/2025 | 800 | NOK | 4.700% | FR0011142215 |
| | 01/12/2011 | 01/12/2025 | 800 | NOK | 5.120% | FR0011153097 |
| | 09/03/2011 | 09/12/2025 | 150 | CHF | 2.50% | CH0124739902 |
| | 15/03/2012 | 15/12/2025 | 1,000 | NOK | 4.95% | FR0011213958 |
| | 01/02/2012 | 15/12/2025 | 5,850 | EUR | 4.00% | FR0011192392 |
| | 14/02/2013 | 15/12/2025 | 1,000 | NOK | 4.25% | FR0011421759 |
| | 12/07/2011 | 19/12/2025 | 800 | NOK | 4.80% | FR0011074178 |
| | 27/06/2012 | 19/12/2025 | 2,000 | NOK | 4.84% | FR0011276732 |
| | 01/04/2011 | 20/12/2025 | 300 | EUR | 3.80% | FR0011027929 |
| | 21/06/2012 | 21/12/2025 | 1,000 | NOK | 4.52% | FR0011271527 |

Note 6a: Analysis of transactions in euro and foreign currencies before and after hedging

This note analyses the effect of hedging transactions on the initial debt and breaks down interest rates before and after hedging. It provides both accounting and financial information related to the value and hedging of instruments at maturity.

| (in millions of euros) | Initial debt | | Hedging transactions | | Final debt | |
|--|--------------------|---|----------------------|---|--------------------|----------------|
| | Foreign currencies | Euros | Foreign currencies | Euros | Foreign currencies | Euros |
| Euro-denominated debt | | 86,007 | | 40,122 | | 126,129 |
| Foreign currency-denominated debt | | Value in euros at 31 December 2017 | | Value in euros at 31 December 2017 | | |
| CHF | 550 | 470 | (550) | (470) | 0 | 0 |
| GBP | 1,579 | 1,780 | (1,579) | (1,780) | 0 | 0 |
| JPY | | | 0 | 0 | 0 | 0 |
| USD | 41,368 | 34,493 | (41,368) | (34,493) | 0 | 0 |
| HKD | | | 0 | 0 | 0 | 0 |
| SEK | | | 0 | 0 | 0 | 0 |
| AUD | 833 | 543 | (833) | (543) | 0 | 0 |
| NOK | 9,400 | 955 | (9,400) | (955) | 0 | 0 |
| NZD | 20 | 12 | (20) | (12) | 0 | 0 |
| CNY | | | 0 | 0 | 0 | 0 |
| CAD | 600 | 399 | (600) | (399) | 0 | 0 |
| MXN | | | 0 | 0 | 0 | 0 |
| Sub-total foreign currencies | | 38,652 | | (38,652) | | 0 |
| Total | | 124,659 | | 1,470 | | 126,129 |

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 effectively 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, 61%⁽¹⁾ of the debt bears fixed rates, 31% floating rates and 8% rates indexed to inflation.

Breakdown of debt in euro and foreign currencies before and after hedging

| (€ millions) | Initial debt | | | | Hedging transactions | | | Final debt | | | |
|-----------------------------|--------------------|---------------|----------------|------------|----------------------|---------------|--------------------|----------------|----------------|------------|--|
| | Foreign currencies | Euros | Total | % | Foreign currencies | Euros | Foreign currencies | Euros | Total | % | |
| Fixed rates | | | | | | | | | | | |
| Negotiable debt instruments | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | | |
| Bonds, EMTN and BMTN | 30,613 | 73,433 | 104,046 | | (30,613) | 2,855 | 0 | 76,289 | 76,289 | | |
| Private placements | 0 | 998 | 998 | | 0 | 0 | 0 | 998 | 998 | | |
| Macro hedging swaps | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | | |
| Total fixed rates | 30,613 | 74,431 | 105,044 | 84 | (30,613) | 2,855 | 0 | 77,287 | 77,287 | 61 | |
| Floating rates | | | | | | | | | | | |
| Negotiable debt instruments | 7,206 | 50 | 7,256 | | (7,206) | 7,299 | 0 | 7,349 | 7,349 | | |
| Bonds, EMTN and BMTN | 833 | 1,864 | 2,697 | | (833) | 29,967 | 0 | 31,831 | 31,831 | | |
| Private placements | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | | |
| Macro hedging swaps | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | | |
| Total floating rates | 8,039 | 1,914 | 9,953 | 8 | (8,039) | 37,266 | 0 | 39,180 | 39,180 | 31 | |
| Indexed rates | | | | | | | | | | | |
| Bonds | 0 | 9,662 | 9,662 | | 0 | 0 | 0 | 9,662 | 9,662 | | |
| Macro hedging swaps | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | | |
| Total indexed rates | 0 | 9,662 | 9,662 | 8 | 0 | 0 | 0 | 9,662 | 9,662 | 8 | |
| Total | 38,652 | 86,007 | 124,659 | 100 | | 1,470 | 0 | 126,129 | 126,129 | 100 | |

(1) Includes €279.84 million that corresponds to the hedging of swaps cancellable at the initiative of the counterparties. If the swap is cancelled by the counterparty, the hedged position reverts to a variable rate. Based on market rates at 31 December 2017, the swap cancellation options held by counterparties were significantly out of the money, making the likelihood of a reversion to a variable rate virtually nil.

Note 7: Other liabilities

| At (€ millions) | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|---|---------------------|---------------------|---------------------|
| DEPOSITS RECEIVED BY WAY OF INITIAL MARGINS | 58.81 | 5,145.35 | 4,556.37 |
| - Deposits | 58.54 | 5,145.35 | 4,556.37 |
| - Accrued interest | 0.27 | 0.00 | 0.00 |
| OTHER CREDITORS IN RESPECT OF FINANCIAL TRANSACTIONS | 0.00 | 0.10 | 0.30 |
| OTHER CREDITORS IN RESPECT OF OPERATING CHARGES | 161.49 | 184.33 | 191.70 |
| Payments to the State | 0.00 | 0.00 | 0.00 |
| Tax | 0.00 | 0.00 | 0.02 |
| Social security | 0.00 | 0.00 | 0.00 |
| Trade creditors | 0.04 | 0.03 | 0.04 |
| Sundry creditors – ACOSS | 161.45 | 184.30 | 191.64 |
| Other sundry creditors | 0.00 | 0.00 | 0.00 |
| Total | 220.30 | 5,329.78 | 4,748.37 |

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 €58.81 million at 31 December 2017;
- The credit balance with ACOSS amounting to €161.45 million, consisting of taxpayer credit notes received from ACOSS.

Note 8: Accruals and deferred income

| At (€ millions) | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|---|---------------------|---------------------|---------------------|
| ACCRUALS | 21.10 | 21.88 | 31.36 |
| Accruals on forward interest rate instruments | 6.58 | 6.24 | 6.33 |
| Accruals on forward currency instruments | 4.80 | 6.94 | 17.22 |
| Fees payable in respect of market transactions | 0.00 | 0.00 | 0.00 |
| Accruals in respect of operating charges | 0.40 | 0.25 | 0.25 |
| Accruals in respect of CRDS and CSG collection costs | 7.64 | 7.33 | 6.20 |
| Accruals in respect of revenue from social levies on income from property and investments | 0.00 | 0.00 | 0.56 |
| Other accruals | 1.68 | 1.12 | 0.80 |
| CONTINGENT GAINS AND GAINS TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS | 28.97 | 40.86 | 49.95 |
| UNEARNED INCOME | 494.56 | 596.40 | 639.66 |
| Issuance premiums on bonds | 494.53 | 595.74 | 638.76 |
| On government securities | 0.00 | 0.00 | 0.00 |
| On foreign currency transactions | 0.03 | 0.66 | 0.05 |
| Other unearned income | 0.00 | 0.00 | 0.85 |
| OTHER | 1,628.96 | 604.42 | 478.77 |
| Currency adjustment accounts | 1,605.23 | 597.46 | 478.77 |
| Sundry | 23.73 | 6.96 | 0.00 |
| TOTAL | 2,173.59 | 1,263.56 | 1,199.74 |

Accruals and deferred income consist of transactions affecting the profit and loss account independently of the date on which the corresponding income is paid or collected.

They include notably:

- Accrued expenses in respect of interest rate swaps amounting to €6.58 million, forward currency transactions for €4.80 million, and CRDS and CSG for €7.64 million;

- Balancing cash payments on currency swaps amounting to €28.97 million that are to be spread;
- Unearned income, corresponding to premiums on bond issues (€494.53 million);
- Currency adjustment accounts amounting to €1,605.23 million, being technical accounts used to recognise to profit and loss adjustments arising on the measurement of off-balance sheet commitments.

Note 8a: Provision accounts

Provisions for liabilities and charges include provisions for:

- redundancy indemnities,
- remuneration of days saved by CADES employees,
- the consequences of the European Court of Justice's Judgment of 26 February 2015 concerning the reimbursement by CADES of CRDS, CSG and social levy overpayments (see Note 14),
- the reduction of CSG and CRDS income.

| At (€ millions) | 31 December 2016 | Set aside | Reversed | 31 December 2017 |
|--------------------------------------|-----------------------------|------------------|-----------------|-----------------------------|
| Provisions | 98.40 | 22.03 | 7.17 | 113.26 |
| Provision for redundancy indemnities | 0.29 | 0.01 | 0.00 | 0.30 |
| Provision for time savings account | 0.01 | 0.00 | 0.00 | 0.01 |
| Provision for remuneration | 0.00 | 0.00 | 0.00 | 0.00 |
| Provision for liabilities | | | | |
| Ruyter judgment | 21.02 | 0.00 | 7.17 | 13.85 |
| Reduction of CSG and CRDS income | 77.08 | 22.02 | 0.00 | 99.10 |
| Total | 98.40 | 22.03 | 7.17 | 113.26 |

PROFIT AND LOSS ACCOUNT

In arriving at the profit for the period, net banking income is reported separately from other operating income and charges.

(€ millions)

| | |
|--|------------------|
| Net banking income | (2,160.30) |
| Exceptional income items | 0.10 |
| Other operating income and charges | <u>17,204.19</u> |
| Gross operating profit and net profit for the period | 15,043.99 |

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 2017 | 31 December 2016 | 31 December 2015 |
|--|---------------------|---------------------|---------------------|
| INTEREST RECEIVABLE AND SIMILAR INCOME FROM TRANSACTIONS WITH CREDIT INSTITUTIONS | 225.32 | 160.33 | 39.19 |
| Interest receivable – Demand loans and advances and open repurchase agreements | 0.01 | 0.00 | 0.01 |
| Interest from ordinary accounts in debit | 0.01 | 0.00 | 0.01 |
| Interest from loans | 0.00 | 0.00 | 0.00 |
| Interest from securities delivered under open repurchase agreements | 0.00 | 0.00 | 0.00 |
| Interest receivable – Term loans, advances and repurchase agreements | 0.00 | 0.00 | 0.02 |
| Interest from loans denominated in euro | 0.00 | 0.00 | 0.00 |
| Interest from loans denominated in foreign currencies | 0.00 | 0.00 | 0.00 |
| Interest from securities delivered under repurchase agreements | 0.00 | 0.00 | 0.02 |
| Other interest receivable | 225.31 | 160.33 | 39.16 |
| INTEREST RECEIVABLE AND SIMILAR INCOME FROM BONDS AND OTHER FIXED INCOME SECURITIES | 0.00 | 0.00 | 0.09 |
| Interest from fixed income securities | 0.00 | 0.00 | 0.00 |
| Interest from government securities | 0.00 | 0.00 | 0.09 |
| OTHER INTEREST RECEIVABLE AND SIMILAR INCOME | 799.65 | 925.79 | 837.39 |
| Amortisation of premiums on issue | 101.20 | 109.77 | 117.49 |
| Net profit on hedging transactions | 698.45 | 816.02 | 719.90 |
| Profit on repurchase of own securities | 0.00 | 0.00 | 0.00 |
| Total | 1,024.97 | 1,086.12 | 876.67 |

Banking income, which amounted to €1,024.97 million, consists mainly of:

- Net profit on hedging transactions amounting to €698.45 million;
- Interest receivable and similar income from transactions with credit institutions amounting to €225.31 million; and
- The amortisation of bond premiums on issue amounting to €101.20 million.

Note 10: Cost of debt

| Period (€ millions) | ended | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|--|--------------|-----------------------------|-----------------------------|-----------------------------|
| INTEREST PAYABLE AND SIMILAR CHARGES ON TRANSACTIONS WITH CREDIT INSTITUTIONS | | 42.36 | 40.79 | 43.87 |
| Interest payable - Demand loans and open repurchase agreements | | 0.00 | 0.06 | 0.04 |
| Interest on ordinary accounts in credit | | 0.00 | 0.04 | 0.03 |
| Interest on overnight loans | | 0.00 | 0.00 | 0.00 |
| Interest on securities delivered under open repurchase agreements | | 0.00 | 0.02 | 0.01 |
| Interest payable – Term loans and repurchase agreements | | 40.55 | 40.65 | 43.46 |
| Interest on CDC loan (transfer of debt) | | 0.00 | 0.00 | 0.00 |
| Interest on multi-currency credit | | 0.00 | 0.00 | 0.00 |
| Interest on securities delivered under repurchase agreements | | 0.00 | 0.10 | 2.91 |
| Interest on private placements | | 40.55 | 40.55 | 40.55 |
| Other interest payable and similar charges | | 1.81 | 0.08 | 0.37 |
| INTEREST PAYABLE AND SIMILAR CHARGES ON BONDS AND OTHER FIXED INCOME SECURITIES | | 3,111.97 | 3,337.64 | 3,547.85 |
| Interest on debts evidenced by certificates | | 3,111.97 | 3,337.64 | 3,547.85 |
| Interest on negotiable debt instruments denominated in euros | | 6.54 | 7.76 | 6.84 |
| Interest on negotiable debt instruments denominated in other currencies | | 137.74 | 77.37 | 18.10 |
| Interest on bonds and equivalent securities denominated in euros | | 2,158.13 | 2,363.06 | 2,667.98 |
| Interest on bonds and equivalent securities denominated in other currencies | | 628.94 | 781.22 | 783.33 |
| Other charges on debt evidenced by securities | | 180.62 | 108.23 | 71.60 |
| Other interest payable and similar charges | | 0.00 | 0.00 | 0.00 |
| FEES PAYABLE | | 30.93 | 37.66 | 26.87 |
| Fees on term loans with credit institutions | | 22.50 | 22.29 | 7.55 |
| Fees on negotiable debt instruments issued | | 0.00 | 0.00 | 0.78 |
| Fees on bonds | | 8.39 | 15.32 | 18.37 |
| Other fees on securities transactions | | 0.04 | 0.05 | 0.17 |
| Other fees | | 0.00 | 0.00 | 0.00 |
| TOTAL | | 3,185.26 | 3,416.09 | 3,618.59 |

Interest payable and similar charges on CADES' debt, which amounted to €3,185.26 million, decreased by 6.76% from 31 December 2016 and consists of:

- Charges amounting to €3,111.97 million in respect of debts;
- Interest amounting to €42.36 million on transactions with credit institutions, consisting of interest on private placements, securities delivered under repurchase agreements and margin calls; and
- Fees amounting to €30.93 million.

The decrease in interest and similar charges payable compared with 31 December 2016 was related mainly to the decrease in financing costs.

Note 11: Gains and losses on trading securities

| Period ended (€ millions) | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|---|-----------------------------|-----------------------------|-----------------------------|
| NET GAIN (LOSS) ON FOREIGN EXCHANGE TRANSACTIONS | 0.00 | 0.00 | (0.10) |
| Other foreign exchange transactions | 0.00 | 0.00 | (0.10) |
| TOTAL | 0.00 | 0.00 | (0.10) |

In accordance with the requirements of Regulation No. 2014-07 of 26 November 2014 on the presentation of financial statements issued by the French Accounting Standards Committee, gains and losses on instruments used to hedge interest rate and currency risks are reported under interest receivable and similar income or interest payable and similar charges (see Note 9). The net profit on foreign exchange transactions comprises solely gains and losses determined on the periodic measurement of foreign currency accounts that have not been hedged.

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

| Period ended (€ millions) | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|---|-----------------------------|-----------------------------|-----------------------------|
| Gains (losses) on investment securities and equivalent | 0.00 | 0.00 | 0.00 |
| Net gain (loss) on investment securities | 0.00 | 0.00 | 0.00 |

Note 11b: Exchange rate gains and losses on management operations

| Period ended (€ millions) | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|--|-----------------------------|-----------------------------|-----------------------------|
| Exchange rate gains and losses on management operations | 0.00 | 0.00 | 0.00 |
| Exchange rate gains on foreign-currency invoices | 0.00 | 0.00 | 0.00 |
| Exchange rate losses on foreign-currency invoices | 0.00 | 0.00 | 0.00 |

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 2017 | 31 December 2016 | 31 December 2015 |
|--|-----------------------------|-----------------------------|-----------------------------|
| NET CRDS REVENUES (Article 6) | 7,168.36 | 6,942.78 | 6,819.82 |
| CRDS contributions levied on wages and salaries | 6,354.68 | 6,161.54 | 6,090.91 |
| CRDS contributions levied on property assets | 299.77 | 301.81 | 271.68 |
| CRDS contributions levied on investment income | 352.84 | 327.24 | 309.87 |
| CRDS contributions levied on sales of gems and precious metals | 5.36 | 4.23 | 3.96 |
| CRDS contributions on gaming proceeds | 155.71 | 147.96 | 143.40 |
| CRDS exemption offsets (travel vouchers and voluntary community services) | 0.00 | 0.00 | 0.00 |

CRDS revenues, net of collection costs, amounted to €7,168.36 million.

CRDS levied on wages and salaries (which is mainly collected by ACOSS) represents 88.64% of the total. CRDS collected by the offices of the Public Finances Directorate and levied mainly on capital (property and investment income) represented 9.10%. CRDS on gaming profits and the sale of precious metals represented 2.24%.

Repayments relating to amounts written off prior to 31 December 1999 (pursuant to EC regulations and bilateral social security agreements) received from foreign countries have been paid over by CNAMTS to CADES since 31 December 1997 to the extent this does not create a new deficit or increase an existing deficit in the books of CNAMTS. Given that CNAMTS was in deficit from 1998 to 2012, the €216.77 million recovered during this period was not paid over to CADES.

Since Act No. 2004-810 of 13 August 2004, no surplus has been generated by the health insurance branch of the French social security system.

Note 12a

The table below provides a breakdown of income and charges relating to the CRDS at 31 December 2017.

| CRDS REVENUES (€ millions) | (I) | CRDS COSTS | (II) | Net revenues (I-II) |
|---|-----------------|--|--------------|--------------------------------|
| CRDS levied on wages and salaries | 6,412.65 | Write-offs, waivers, cancellation and debt forgiveness | 26.04 | 6,354.68 |
| | | Assessment and collection costs | 31.93 | |
| CRDS levied on property assets | 312.63 | Assessment and collection costs | 12.86 | 299.77 |
| CRDS levied on investment income | 354.61 | Assessment and collection costs | 1.77 | 352.84 |
| CRDS levied on sales of gems and precious metals | 5.39 | Assessment and collection costs | 0.03 | 5.36 |
| CRDS levied on gaming proceeds | 156.49 | Assessment and collection costs | 0.78 | 155.71 |
| CRDS exemption offsets (travel vouchers and voluntary community services) | 0.00 | | 0.00 | 0.00 |
| Reversal of provisions on outstanding CRDS to be collected | 13.10 | Provisions on outstanding CRDS to be collected | 3.00 | 10.10 |
| Total | 7,254.87 | Total | 76.41 | 7,178.46 |

Note 12.1: CSG revenues

Supplementary social security contributions (*Contribution Sociale Généralisée – CSG*) are a resource allocated to CADES at the rate of 0.60% since 1 January 2016 for CSG on income from employment, unemployment and other similar benefits and on taxable income from property and investments, and at 0.30% for CSG on profits from gaming.

The tax base is the same as for the CRDS, with the exception that no contributions are levied on the sale of gems and precious metals.

| Period ended (€ millions) | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|--|-----------------------------|-----------------------------|-----------------------------|
| NET CSG REVENUES (Article 6) | 7,943.76 | 7,717.93 | 6,058.58 |
| CSG contributions levied on wages and salaries | 7,151.30 | 6,956.92 | 5,492.03 |
| CSG contributions levied on property assets | 359.16 | 358.60 | 260.69 |
| CSG contributions levied on investment income | 423.73 | 393.46 | 297.76 |
| CSG contributions on gaming proceeds | 9.57 | 8.95 | 8.10 |
| CSG exemption offsets | 0.00 | 0.00 | 0.00 |

CSG revenues, net of collection costs, amounted to €7,943.76 million.

CSG levied on wages and salaries (which is collected mainly by ACOSS) represents 90.01% of the total. The remaining CSG is levied mainly on income from investments and from property (9.87%).

Note 12.1a

The table below provides a breakdown of income and charges relating to the CSG at 31 December 2017.

| CSG REVENUES (€ millions) | (I) | CSG COSTS | (II) | Net revenues (I-II) |
|---|-----------------|--|--------------|--------------------------------|
| CSG levied on wages and salaries | 7,210.64 | Write-offs, waivers, cancellation and debt forgiveness | 23.36 | 7,151.30 |
| | | Assessment and collection costs | 35.98 | |
| CSG levied on property assets | 374.57 | Assessment and collection costs | 15.41 | 359.16 |
| CSG levied on investment income | 425.86 | Assessment and collection costs | 2.13 | 423.73 |
| CSG levied on gaming proceeds | 9.62 | Assessment and collection costs | 0.05 | 9.57 |
| CSG exemption offsets | 0.00 | | 0.00 | 0.00 |
| Reversal of provisions on outstanding CSG to be collected | 1.69 | Provisions on outstanding CSG to be collected | 20.57 | (18.88) |
| TOTAL | 8,022.38 | TOTAL | 97.50 | 7,924.88 |

Note 12.2: Social levies on income from property and investments

Social levies on income from property and investments were a source of revenue allocated to CADES since 1 January 2011 under Act No. 2010-1594 of 20 December 2010 (Articles 245-14 and 245-15 of the Social Security Code). Since 1 January 2016, CADES no longer receives the 1.3% portion of these levies, but an additional 0.12% of CSG.

The following table essentially shows adjustments in 2016 and 2017 to payments recognised in 2015.

| Period (€ millions) | ended | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|---------------------------------------|--------------|-----------------------------|-----------------------------|-----------------------------|
| NET REVENUE FROM SOCIAL LEVIES | | (3.58) | (15.86) | 1,493.91 |
| On income from property | | 0.00 | (7.52) | 687.78 |
| On income from investments | | (3.58) | (8.34) | 806.13 |

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 2017.

| REVENUES FROM SOCIAL LEVIES (€ millions) | (I) | COSTS RELATING TO SOCIAL LEVIES | (II) | Net revenues (I-II) |
|---|---------------|--|---------------|--------------------------------|
| Social levies on income from property | 0.00 | Assessment and collection costs | 0.00 | 0.00 |
| | | Write-offs, waivers, cancellation and debt forgiveness | 0.00 | |
| Social levies on income from investments | (3.60) | Assessment and collection costs | (0.02) | (3.58) |
| Reversal of provisions on outstanding amounts to be collected | 0.00 | Provisions on outstanding amounts to be collected | 0.00 | 0.00 |
| TOTAL | (3.60) | TOTAL | (0.02) | (3.58) |

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

The Retirement Reserve Fund paid €2.10 billion on 25 April 2017.

| Period ended (€ millions) | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|---|-----------------------------|-----------------------------|-----------------------------|
| 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 (€ millions) | ended | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|--------------------------------------|--------------|-----------------------------|-----------------------------|-----------------------------|
| STAFF COSTS | | 1.09 | 1.11 | 1.07 |
| Wages and salaries | | 0.79 | 0.84 | 0.72 |
| Social security charges | | 0.30 | 0.33 | 0.28 |
| Time savings account | | 0.00 | 0.00 | 0.01 |
| Sundry charges | | 0.00 | (0.06) | 0.06 |
| OTHER ADMINISTRATIVE EXPENSES | | 1.69 | 1.81 | 1.80 |
| Taxes and duties | | 0.10 | 0.11 | 0.09 |
| External services | | 1.59 | 1.70 | 1.71 |
| TOTAL | | 2.78 | 2.92 | 2.87 |

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 decreased by 4.79% compared with 31 December 2016.

List of staff positions at 31 December 2017

Non-civil servant employees:

- 1 senior front office manager (grade A)
- 1 assistant front office manager (grade A)
- 1 asset and liabilities matching strategist (grade A)
- 1 senior back office manager (grade A)
- 1 assistant back office manager (grade A)
- 1 internal control officer (grade A)
- 1 bilingual executive secretary (grade C)

Civil servants:

- 1 general office manager (grade A)
- 1 administrative manager (grade A)

Note 13a: Property assets and property management

| Period (€ millions) | ended | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|--------------------------------------|-------|---------------------|---------------------|---------------------|
| REVENUES FROM PROPERTY ASSETS | | 0.15 | 0.20 | 0.13 |
| Exceptional income | | - | - | - |
| Provisions reversed | | 0.15 | 0.20 | 0.13 |
| CHARGES ON PROPERTY ASSETS | | 0.09 | - | - |
| External services | | 0.01 | - | - |
| Exceptional charges | | 0.08 | - | - |

All the properties transferred to CADES on 1 January 2000 were sold over the next three years. Since 2007, CADES has managed the run-off of the last properties and of disputes.

The charges representing the statutory auditors' fees for the statutory audit of the 2017 financial statements came to €45,000.

Fees for services other than the statutory audit of the financial statements were nil in 2017.

Note 14: Other non-banking operating charges

| Period (€ millions) | ended | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|----------------------------------|-------|---------------------|---------------------|---------------------|
| Payments to the State | | - | - | - |
| Provision for sundry liabilities | | - | - | - |
| Ruyter judgment | | - | - | 0.23 |
| Reduction of CSG and CRDS income | | - | - | 5.17 |
| TOTAL | | - | - | 5.40 |

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 2017 | 31 December 2016 | 31 December 2015 |
|--|---------------------|---------------------|---------------------|
| Other reversals of provisions for sundry charges | - | - | - |
| Other reversals of provisions for sundry liabilities | 7.17 | 21.99 | 0.01 |
| Ruyter judgment | - | - | - |
| TOTAL | 7.17 | 21.99 | 0.01 |

Note 15: Exceptional income and charges

| Period ended (€ millions) | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|--|---------------------|---------------------|---------------------|
| Statutory limitation of debt – administrative budget | 0.01 | - | - |
| Statutory limitation of debt – financing budget | 0.09 | - | 0.39 |
| Other exceptional income (impact of ACOSS changes) | - | 0.03 | 0.06 |
| Other exceptional charges (impact of ACOSS changes) | - | - | - |
| TOTAL | 0.10 | 0.03 | 0.45 |

OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments distinguish between commitments given and commitments received and are analysed between loan commitments, guarantee obligations and guarantees on securities. Certain commitments are not recorded on the face of the accounts, being commitments in respect of currency transactions and forward financial instruments. Information regarding these commitments is provided in Notes 16 and 17 below.

Note 16: Currency transactions

| At (€ millions) | 31 December 2017 | | 31 December 2016 | | 31 December 2015 | |
|---|---------------------------|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|
| | Currencies to be received | Currencies to be delivered | Currencies to be received | Currencies to be delivered | Currencies to be received | Currencies to be delivered |
| FORWARD TRANSACTIONS | | | | | | |
| Financing in foreign currency | 38,652.33 | - | 52,162.71 | - | 44,971.44 | - |
| Hedging transactions over the counter | | | | | | |
| Forward exchange against euros | 7,205.87 | - | 13,299.16 | - | 8,166.06 | - |
| Up to 1 year | 7,205.87 | - | 13,299.16 | - | 8,166.06 | - |
| From 1 to 5 years | - | - | - | - | - | - |
| Over 5 years | - | - | - | - | - | - |
| Currency swaps against euros | 31,446.46 | - | 38,863.55 | - | 35,805.38 | - |
| Up to 1 year | 9,394.40 | - | 8,377.67 | - | 6,527.83 | - |
| From 1 to 5 years | 17,846.62 | - | 22,486.31 | - | 22,357.47 | - |
| Over 5 years | 4,205.44 | - | 7,999.57 | - | 7,920.08 | - |
| 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.

Outstandings decreased by 25.90% at 31 December 2017 compared with 31 December 2016.

The decrease in currency swaps against euro is attributable to the increase in foreign currency bond repayment in 2017 compared with the issuance of bonds in foreign currency (repayment of €7.08 billion in bonds in foreign currency, compared with issuance of €4.67 billion of bonds in foreign currency).

Note 17: Forward financial instruments

| At (€ millions) | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|---|---------------------|---------------------|---------------------|
| 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 | 5,423.23 | 2,506.54 | 2,346.54 |
| Firm transactions entered into for hedging purposes | | | |
| Interest rate swaps in euro | 5,423.23 | 2,506.54 | 2,346.54 |
| Micro hedging | 5,423.23 | 2,506.54 | 2,346.54 |
| - Up to 1 year | 279.84 | 45.70 | - |
| - From 1 to 5 years | 1,250.00 | 1,279.84 | 325.54 |
| - Over 5 years | 3,893.39 | 1,181.00 | 2,021.00 |
| Macro hedging | - | - | - |
| - Up to 1 year | - | - | - |
| - From 1 to 5 years | - | - | - |
| - Over 5 years | - | - | - |
| Isolated positions | - | - | - |
| - Up to 1 year | - | - | - |
| - From 1 to 5 years | - | - | - |
| - Over 5 years | - | - | - |
| Currency swaps | - | - | - |
| Micro hedging | - | - | - |
| - Up to 1 year | - | - | - |
| - From 1 to 5 years | - | - | - |
| - Over 5 years | - | - | - |

At 31 December 2017, interest rate instruments entered into by CADES comprised swaps amounting to €5,423.23 million entered into for micro hedging purposes, including swaps cancellable by counterparties of €279.84 million.

In 2007 and 2008, CADES entered into swaps under which it receives three-month Euribor less a haircut and pays a fixed rate. These swaps may be rescinded by the counterparties six months after inception and then every three months.

These cancellable swaps, which qualify as micro hedges, are used to transform CADES' adjustable rate structured transactions into fixed rate transactions for at least six months. Each swap is therefore systematically backed to a swap already held in portfolio by CADES. If the swaps are cancelled, CADES reverts to its initial refinancing level.

These swaps were authorised by the Board of Directors on 28 November 2007. They are designated as micro hedges (Category b of French Banking Committee Regulations No. 90-15 of 18 December 1990, as amended, and No. 88-02 of 22 February 1998, as amended), pursuant to French banking regulations (*Réglementation Bancaire*).

Note 18: Other off-balance sheet commitments

| At (€ millions) | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|--|---------------------|---------------------|---------------------|
| FINANCING COMMITMENTS | | | |
| Commitments received | | | |
| <i>From credit institutions</i> | | | |
| - Back-up credit lines | 700.00 | 700.00 | 700.00 |
| - Multi-currency credit lines | - | - | - |
| - Credit lines in treasury bills | - | - | - |
| - Other credit lines | - | - | 500.00 - |
| <i>Sundry</i> | | | |
| - Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites</i>) | 14,700.00 | 16,800.00 | 18,900.00 |
| - Borrowings | - | - | - |
| - Commercial paper and securities lent under repurchase agreements | - | - | - |
| Commitments given | | | |
| Payments to the State | - | - | - |
| Payments to social security agencies | - | - | - |
| - First assumption of debt provided for by 2011 Social Security Finance Act | - | - | - |
| - Second assumption of debt provided for by 2011 Social Security Finance Act | - | - | 23,609.04 |
| Financing commitments given under repurchase agreements, currency purchases and treasury bills | - | - | - |

Commitments received consist of:

- Four activation agreements for credit lines enabling CADES to add funds directly to its euro-denominated deposit account no. 46 002 held with Banque de France, totalling €700 million and cancellable by the counterparties at 30 days' notice;
- A total of €14.70 billion in payments from the Retirement Reserve Fund, corresponding to the annual payments of €2.10 billion for the period from 2018 to 2024, pursuant to the 2011 Social Security Funding Act No. 2010-1594 of 20 December 2010.

CADES no longer had any commitments given at 31 December 2017.

Note 19: Abridged statements**BALANCE SHEET**

| At (€ millions) | 31 December 2017 |
|--|-------------------------|
| PROFIT AND LOSS ACCOUNT BROUGHT FORWARD FROM 1 JANUARY 2017 | (136,014.76) |
| PROFIT FOR THE YEAR ENDED 31 DECEMBER 2017 | 15,043.99 |
| PROPERTY ENDOWMENT | 181.22 |
| DEBT REMAINING TO BE REPAID AT 31 DECEMBER 2017 | (120,789.54) |
| Represented by: | |
| Liabilities towards third parties | |
| - Borrowings falling due within 1 year | 21,771.50 |
| - Borrowings falling due after 1 year | 103,909.15 |
| - Other creditors, accruals and unearned income | 2,393.89 |
| Less assets held by CADES | |
| - Financial investments | 4,174.20 |
| - Other debtors, prepayments and accrued income | 3,110.80 |

PROFIT AND LOSS ACCOUNT

| Period ended (€ millions) | 31 December 2017 |
|---|-------------------------|
| NET REVENUE FROM CRDS, CSG AND SOCIAL LEVIES | 15,106.93 |
| ESTIMATION CHANGES AND ERROR ADJUSTMENTS | 0.00 |
| NET REVENUE FROM RETIREMENT RESERVE FUND (FRR) | 2,100.00 |
| NET REVENUE FROM PROPERTY | 0.06 |
| Interest payable and similar charges | (3,154.33) |
| Fees | (30.95) |
| Interest receivable and similar income | 1,024.98 |
| NET FINANCIAL CHARGES | (2,160.30) |
| Operating charges | (2.80) |
| OPERATING PROFIT | 15,043.89 |
| Provision for sundry liabilities | 0.00 |
| Exceptional income | 0.10 |
| NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2017 | 15,043.99 |

OTHER INFORMATION

The table below provides information on market value, comparing the debt at repayment value as at 31 December 2017 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 2017.
- (d) Interest accrued but not yet due is excluded from debt at repayment value.
- (e) Debt at repayment value at maturity comprises the following elements:
- (f) The nominal value of fixed rate, variable rate and adjustable rate borrowings in euro.
- (g) 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.
- (h) The projected nominal value at maturity of inflation indexed bonds.
- (i) 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 2017.
- (b) The value of unlisted securities issued by CADES obtained using the CADES zero-coupon curve as at 31 December 2017. 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 2017 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 2017 | AT 31 DECEMBER 2017 | AT 31 DECEMBER 2017 |
| UP TO 1 YEAR | 16,000.48 | 16,000.39 | 16,070.04 | (425.60) |
| FROM 1 TO 5 YEARS | 70,748.31 | 70,531.22 | 75,480.01 | (1,202.43) |
| OVER 5 YEARS | 34,748.49 | 34,409.56 | 39,759.18 | 349.71 |
| SWAPS | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL | 121,497.28 | 120,941.18 | 131,309.23 | (1,278.32) |
| REVISABLE RATES | 36,955.17 | 33,992.69 | 37,133.48 | (1,284.19) |
| INDEXED RATES | 10,217.61 | 9,661.59 | 10,809.00 | 0.00 |
| FIXED RATES | 74,324.50 | 77,286.89 | 83,366.75 | 5.87 |
| SWAPS | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL | 121,497.28 | 120,941.18 | 131,309.23 | (1,278.32) |

Compared with prior years, at 31 December 2017 there had been a decrease in short and long-term debt, resulting from an increase in medium-term debt, as shown by the table below:

| Debt | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|---------------------------|-------------------------|-------------------------|-------------------------|
| Short-term (under 1 year) | 13.23% | 18.93% | 13.29% |
| Medium-term | 58.32% | 49.68% | 41.77% |
| Long-term (over 5 years) | 28.45% | 31.39% | 44.94% |

As regards the breakdown between issues denominated in euro and other currencies, euro-denominated debt increased in the year ended 31 December 2017, as shown by the table below:

| Debt | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|-----------------------|-------------------------|-------------------------|-------------------------|
| In foreign currencies | 31.81% | 35.08% | 30.64% |
| In euros | 68.19% | 64.92% | 69.36% |

Lastly, the post-hedging book-value-debt breakdown below shows an increase in fixed rate issues and a corresponding decrease mainly in revisable rate issues relative to 2016:

| Debt | 31 December 2017 | 31 December 2016 | 31 December 2015 |
|----------------|-------------------------|-------------------------|-------------------------|
| Revisable rate | 28.11% | 36.65% | 27.82% |
| Indexed rate | 7.99% | 8.69% | 9.32% |
| Fixed rate | 63.90% | 54.66% | 62.86% |

Explanation of variances between market value and repayment value of debt:

The difference between the market value of the debt and its repayment value is explained by the following factors:

- The market value of fixed rate loans increased because of the decline in interest rates;
- Market value factors in the present value of future coupons whereas the repayment value excludes coupons; and
- Gains and losses on macro hedging and inflation 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.

AUDITOR'S REPORT



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CADES

*Statutory auditor's report on the financial
statements*

For the year ended 31 December 2017

CADES

15 rue Marsollier - 75002 Paris

This report contains 42 pages

Reference : HV-182-001



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*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: 15 rue Marsollier - 75002 Paris

Statutory auditor's report on the financial statements

For the year ended 31 December 2017

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 2017.

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 2017 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 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Emphasis of Matter

Without qualifying our opinion, we draw your attention to the matter set out in paragraph 3 and 5 of the accounting principles and methods and in the Note 12 which specify the applicable accounting treatment of the social security debt repayment contribution (CRDS), the social security contribution (CSG), and the social levies on income from property and investments. Regarding the collection of the CRDS contributions, note that at no time does CADES act as primary collector; all the resources to which it is entitled are remitted by third parties, first and foremost ACOSS, followed by the offices of the DGFIP (Direction Générale des Finances Publiques or Public Finances Directorate). CADES' responsibility is confined to verifying that the sums transferred agree to the accounting vouchers raised.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

We determined that there were not Key Audit Matters to communicate in our report.

Verification of the Management Report of the Conseil d'administration

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of CADES by the Conseil d'administration held on 7th October 2016.

As at 31 December 2017, KPMG SA was in the 2th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management



determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Conseil d'administration

Statutory Auditor Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of CADES or the quality of management of the affairs of CADES.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.



- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee [includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, on the 4 avril 2018

Paris La Defense, on the 4 April 2018

The statutory auditors

French original signed by

Hubert de Vaumas
Associé

REGISTERED OFFICE OF THE ISSUER

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