



Media Briefing

13 January, 2016

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Thomas BARBIER – Market Operator



- **CADES in 2015**
 - CADES – the background
 - 2015 funding programme review
 - Estimated net position at the end of 2015
- **CADES in 2016**
 - Voted measures for 2016
 - 2016 funding programme presentation
- **Appendices**
 - CADES organisation chart
 - Debt transfer process
 - Significant milestones since 1996
 - Evolution of debt transfer voted in SSFA for 2011
 - Statutory and administrative regulation
 - Key figures

- €13.6 billion amortized
- €15.0 billion raised on international financial capital markets
- 69% of total amount was raised in US dollars
- First renminbi bond issued
 - A 3 billion RMB (€424 million) bond
 - The largest bond ever launched by a Eurozone issuer

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

In € billion

SSFA ***

	2014	2015	2016
CADES annual amortisation objective	12.7	13.6	14.2
CADES assumed debt	10.0	10.0	23.6
ACOSS* overdraft ceiling	34.5	36.3	40 - 30
Social security general system (excl. FSV****)			
Revenues	334.1	339.3	344.0
Expenses	343.8	348.3	350.0
Deficit General system	-9.7	-9.0	-6.0
FSV	-3.5	-3.8	-3.7

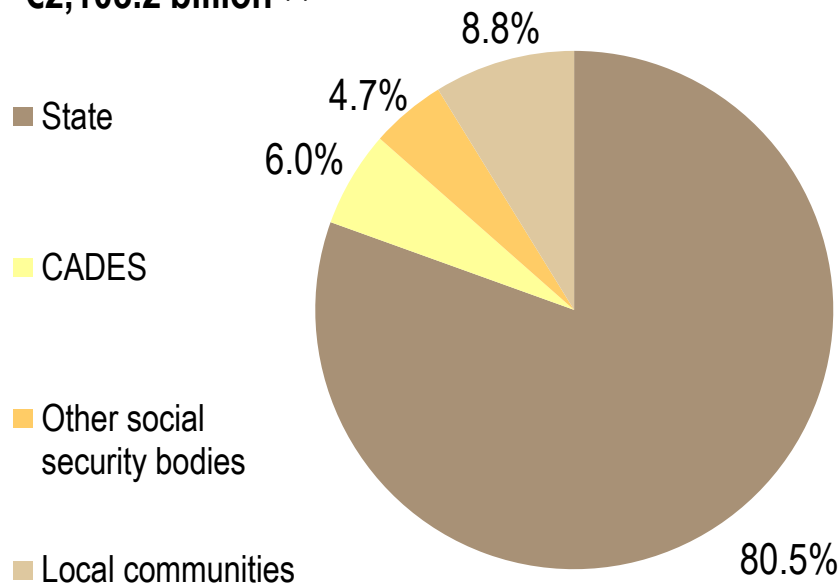
Financing Act

AFT**	69.2	72.9	60.5
<i>State negotiable debt net change ceiling over one year</i>			
State			
Revenues	228.0	228.8	237;8
Expenses	310.6	302.1	310.1
Deficit	-82.6	-73.3	-72.3

*ACOSS: Agence Centrale des Organismes de Sécurité Sociale - **AFT: Agence France Trésor - ***SSFA: Social Security Financing Act - ****FSV : Fonds de Solidarité Vieillesse

One of the key players in the reduction of French social debt

Total French public debt (under Maastricht terms):
€2,103.2 billion ⁽¹⁾



(1) Data INSEE, Sept 2015

(2) Estimate

Total 2015 French GDP: €2,170 billion ^{(1) (2)}

Social debt amortised by CADES since 1996:
€110.3 billion

→ **corresponding to 5% of 2015 French GDP**

Interest saved on amortised debt:
circa €20 billion

→ **corresponding to 1% of 2015 French GDP**



**A reduction in French public debt
equivalent to 6 points of GDP**

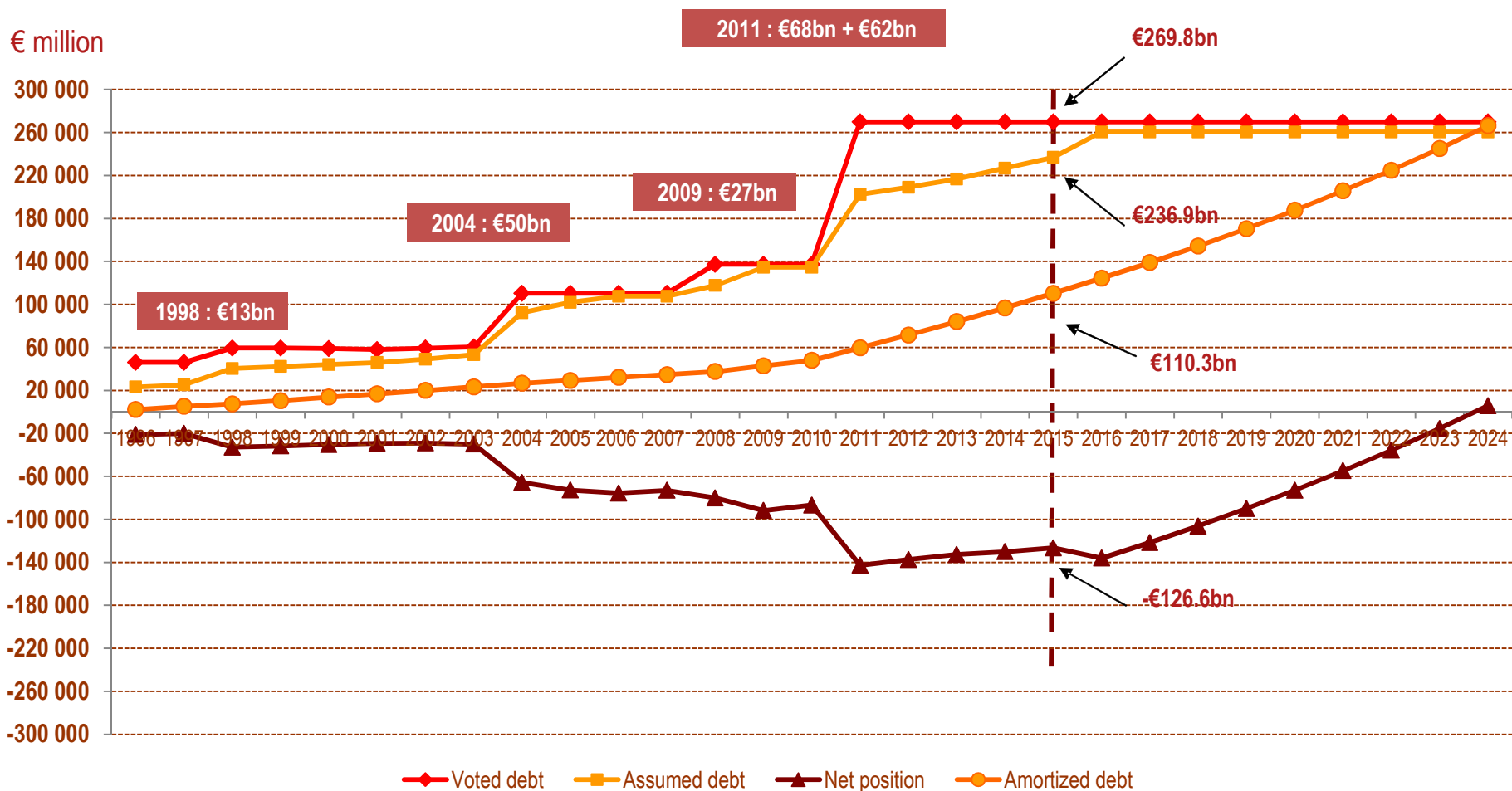


CADES' strengths, 20 years after its creation

- Efficient and proven amortization and financing mechanisms
- Security and liquidity of bonds issued
- Ability to issue bonds denominated in currencies other than euro
- Favourable financing conditions
- Trust of major international investors

€110.3 billion amortized since creation

Aggregated debt and net position at end of 2014



Compared net position

In € billion

At the end of 2014

At the end of 2015

Total debt voted	269.8	269.8
Debt assumed	226.9	236.9
Total resources collected (i)	141.1	157.5
Amortised principal	96.7	110.3
Interest paid	44.4	47.2
Net position	130.2	126.6

Amortisation objective voted in SSFA for 2016: €14.2 billion

Source : CADES

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

Programme of funding 2015

In € billion	2014	2015
Euro benchmarks	10.0	3.0
Tap of existing issues	1.5	-
Inflation-linked bonds	-	-
US Dollar benchmarks	5.8	10.3
Other currency benchmarks	0.8	1.6
TOTAL medium- and long-term	18.2	14.9
Outstanding short-term securities (as at 12/31)	5.6	7.5
TOTAL	23.8	22.4

Global Commercial Paper Programme

€ 60 billion programme

- Euro Commercial Paper Programme (ECP)
 - ✓ All OECD currencies
 - ✓ Outstanding : €5.25bn*

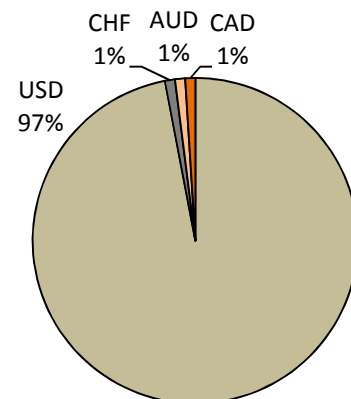
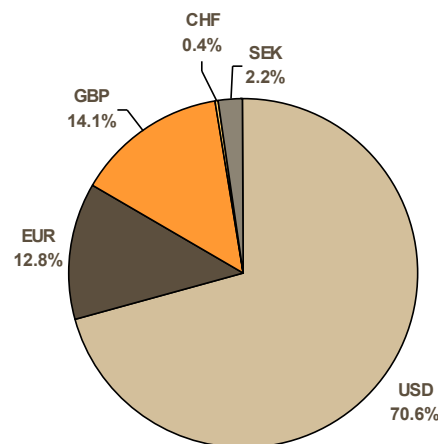
- USD Commercial Paper Programme (USCP)
 - ✓ Currencies: US\$
 - ✓ Outstanding: \$2.94bn*

Alternative sources of funding

- Treasury bill (BT) programme of € 15.0bn
 - ✓ Outstanding: €0.11bn*
- Bilateral CP lines

* As at 12/31/2015

- € 12.6bn issued in 2014
- € 16.2bn issued in 2015



2015 programme execution

- First 8-year EUR deal from CADES
- Despite challenging conditions created by the unexpected decision by the Swiss National Bank to unpeg its currency from the euro, the transaction attracted orders in excess of EUR 3bn with a pricing of OAT +10bps

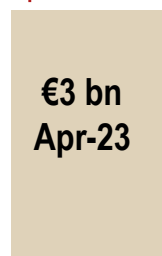
- Largest new SSA GBP benchmark in 2015
- Very well diversified distribution for a GBP deal (30 accounts, banks 44% and central banks 30%)

- First USD 5-year since early 2013
- Took advantage of the last window of issuance before the summer break and the USD market deterioration in Q3/Q4
- Central Banks 47% and Asia 39%

- First CADES transaction in CNH
- Among the top 3 largest CNH SSA deal to date
- Strong distribution into Asia (42%)

- CADES largest transaction in USD for a 7-year maturity
- Orders well in excess of USD 4bn
- High participation from Central Banks (44%) and Asia (48%)

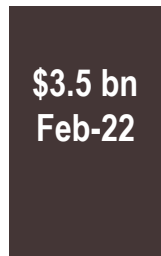
- Second consecutive USD 5bn 3-year benchmark
- Tight spread to swap (+5bps)
- Orders in excess of USD 5.5bn
- 49% placed with central banks



Jan-15

CNH 3 bn
Feb-17

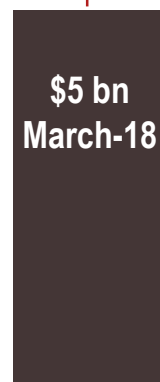
Jan-28



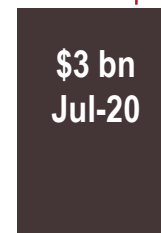
Feb-05

£600m
March-18

Feb-17



March-04



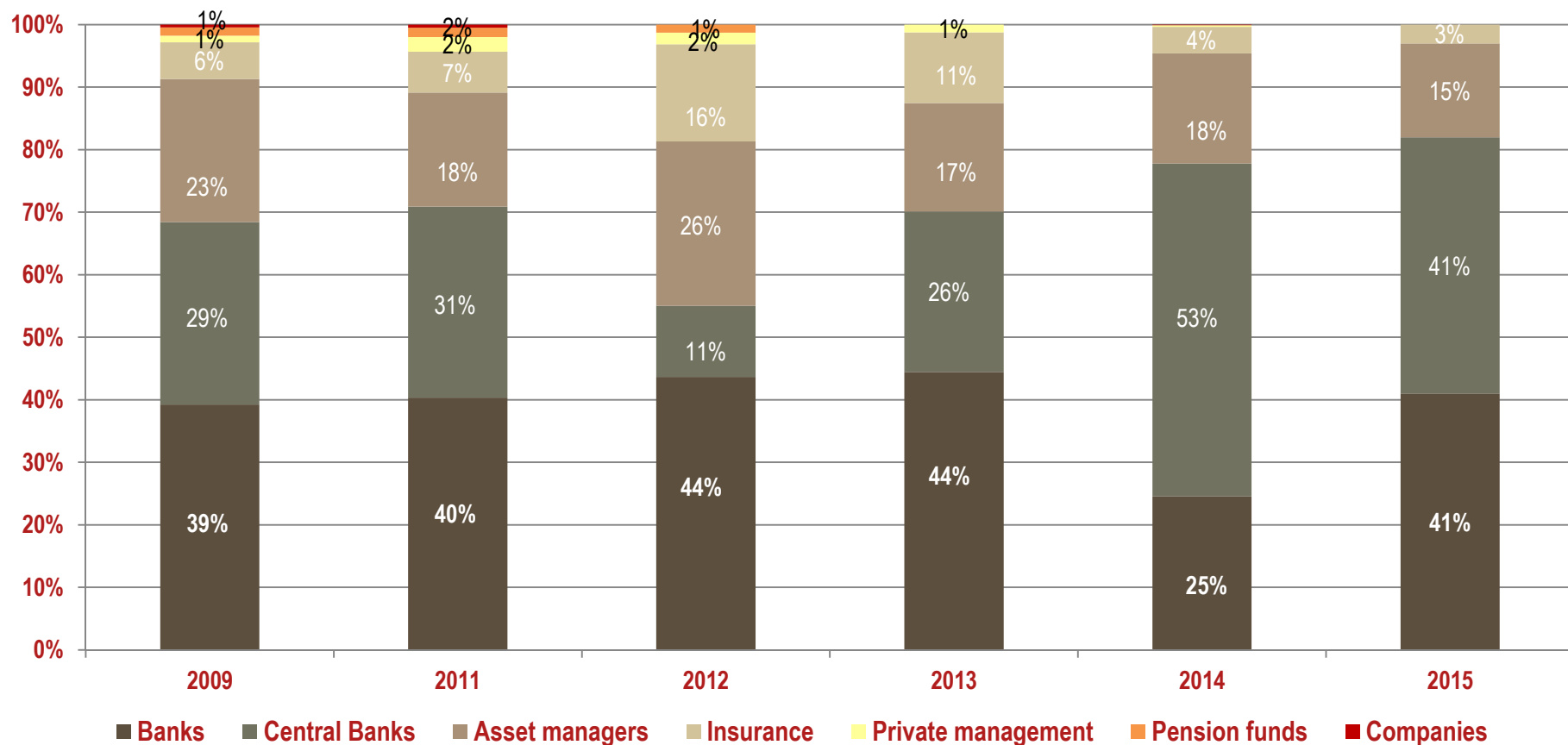
Jul-21

£150m
Oct-18, tap

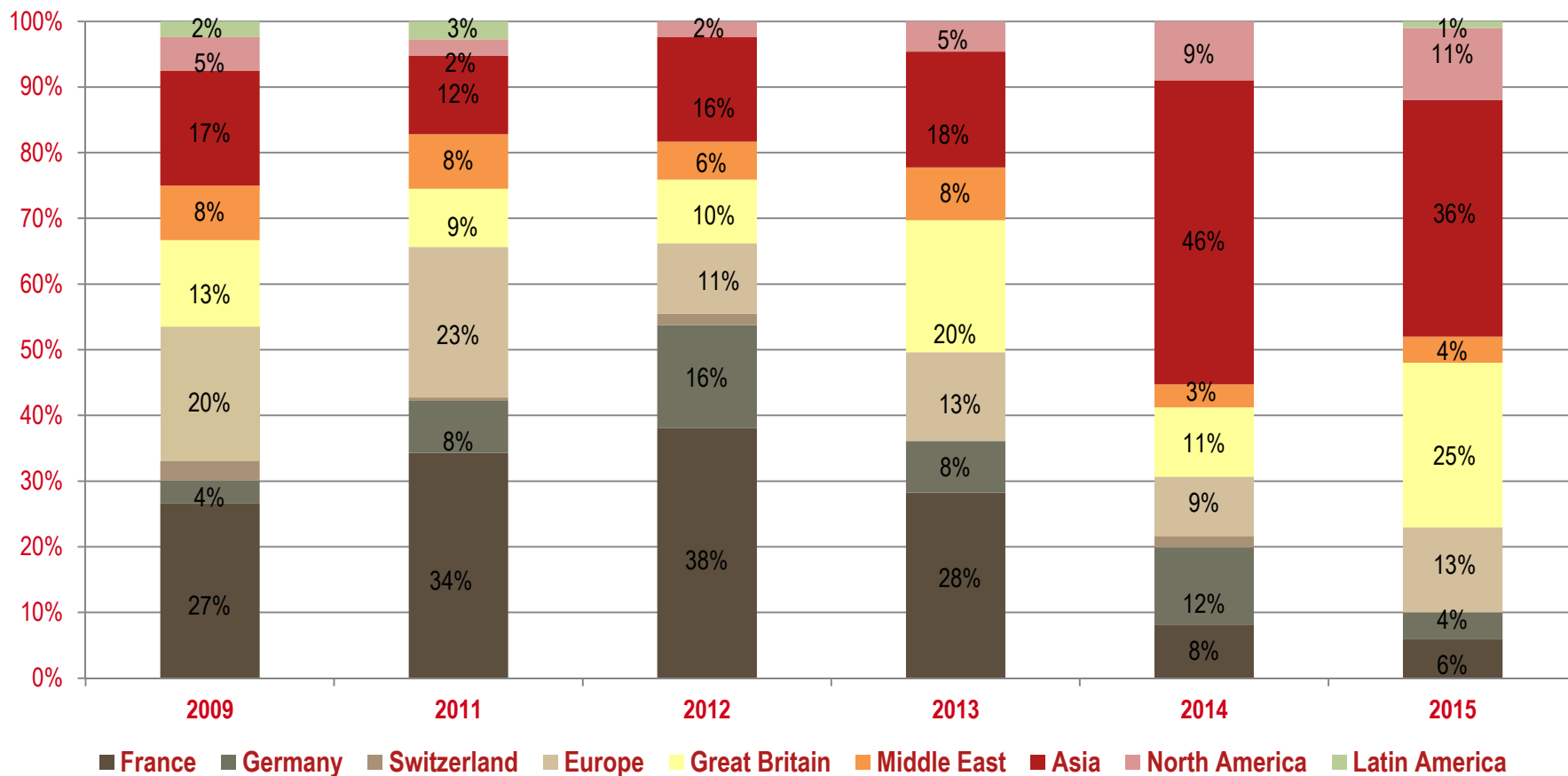
Nov-10

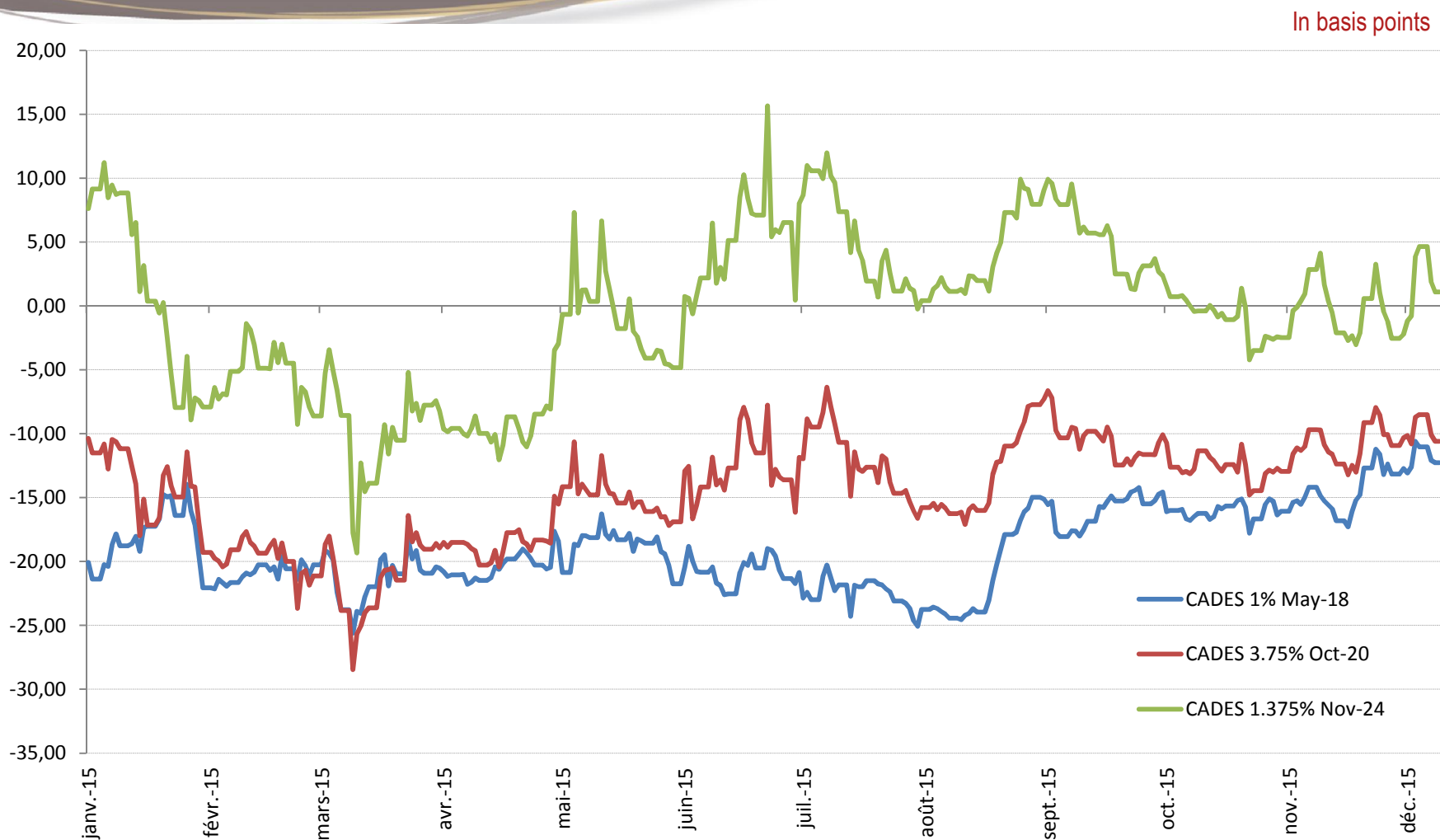
Amount raised in 2015 (including private placements) : €14.9 bn

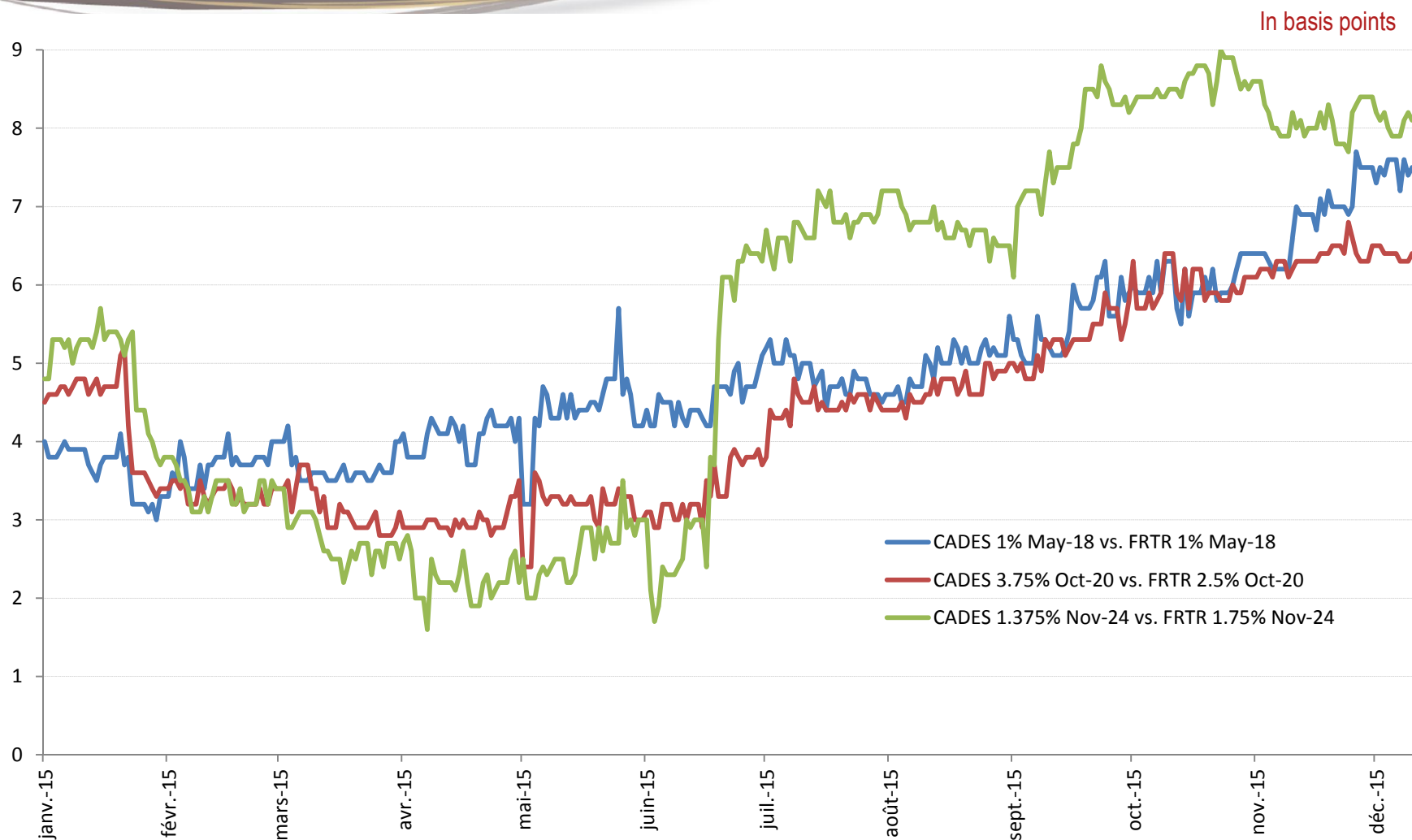
Changes in investor demand by investor type



Changes in investor demand by region

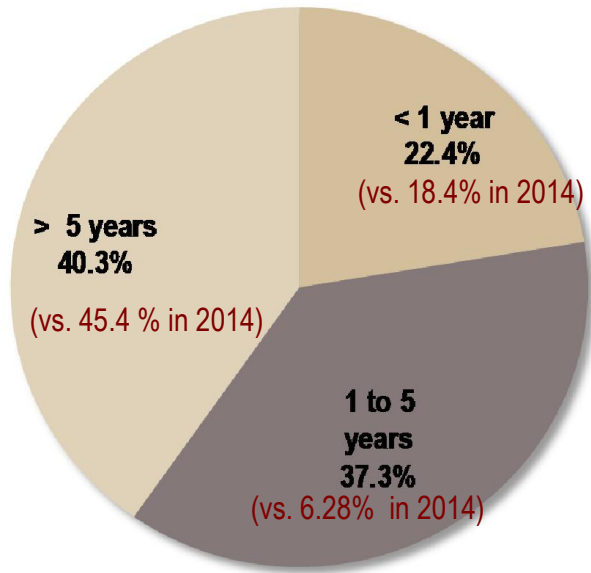




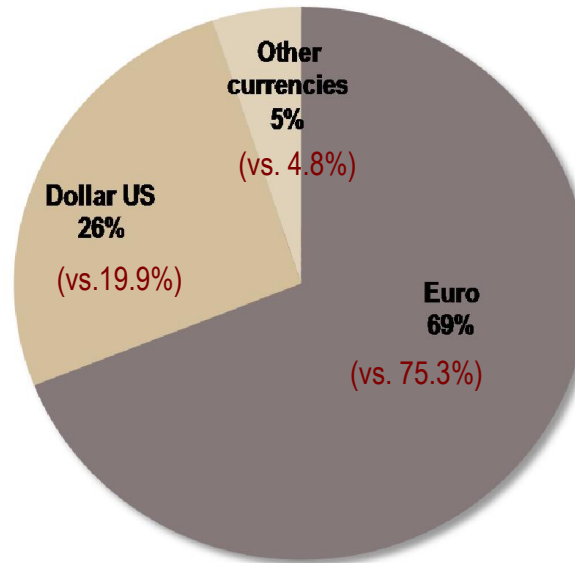


Breakdown of debt outstanding as at 31.12.2015 (€126.6 billion)

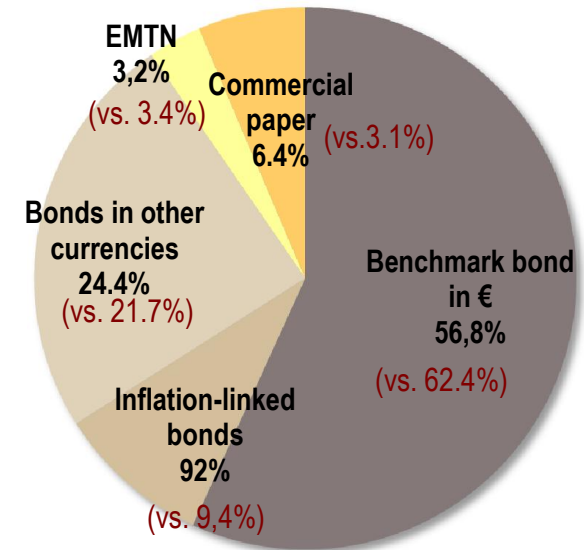
By maturity



By currency



By instrument type

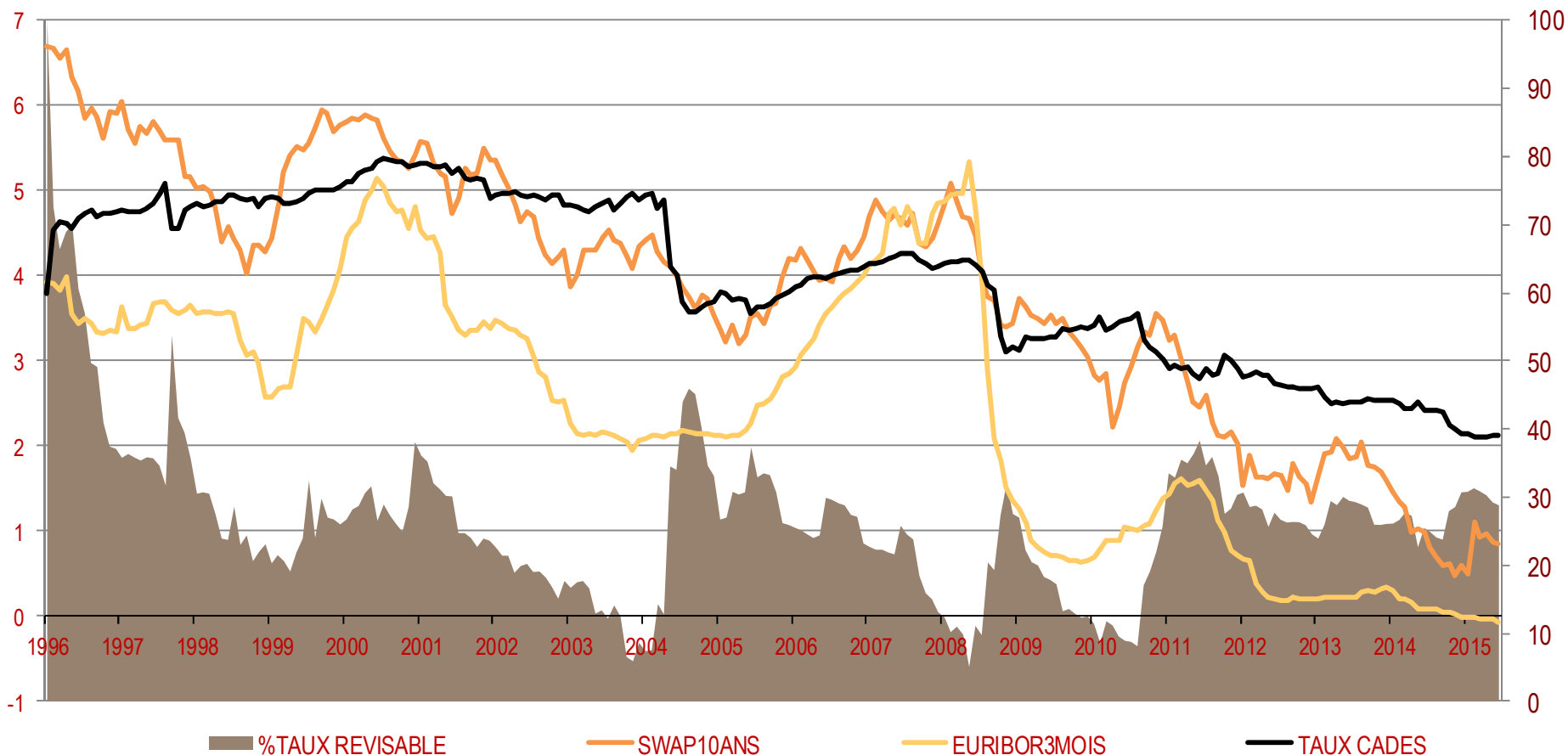


Evolution of refinancing rate

Refinancing rate of 2.08% as at 31.12.2015

Interest rate (in %)

Share of floating rate (in %)

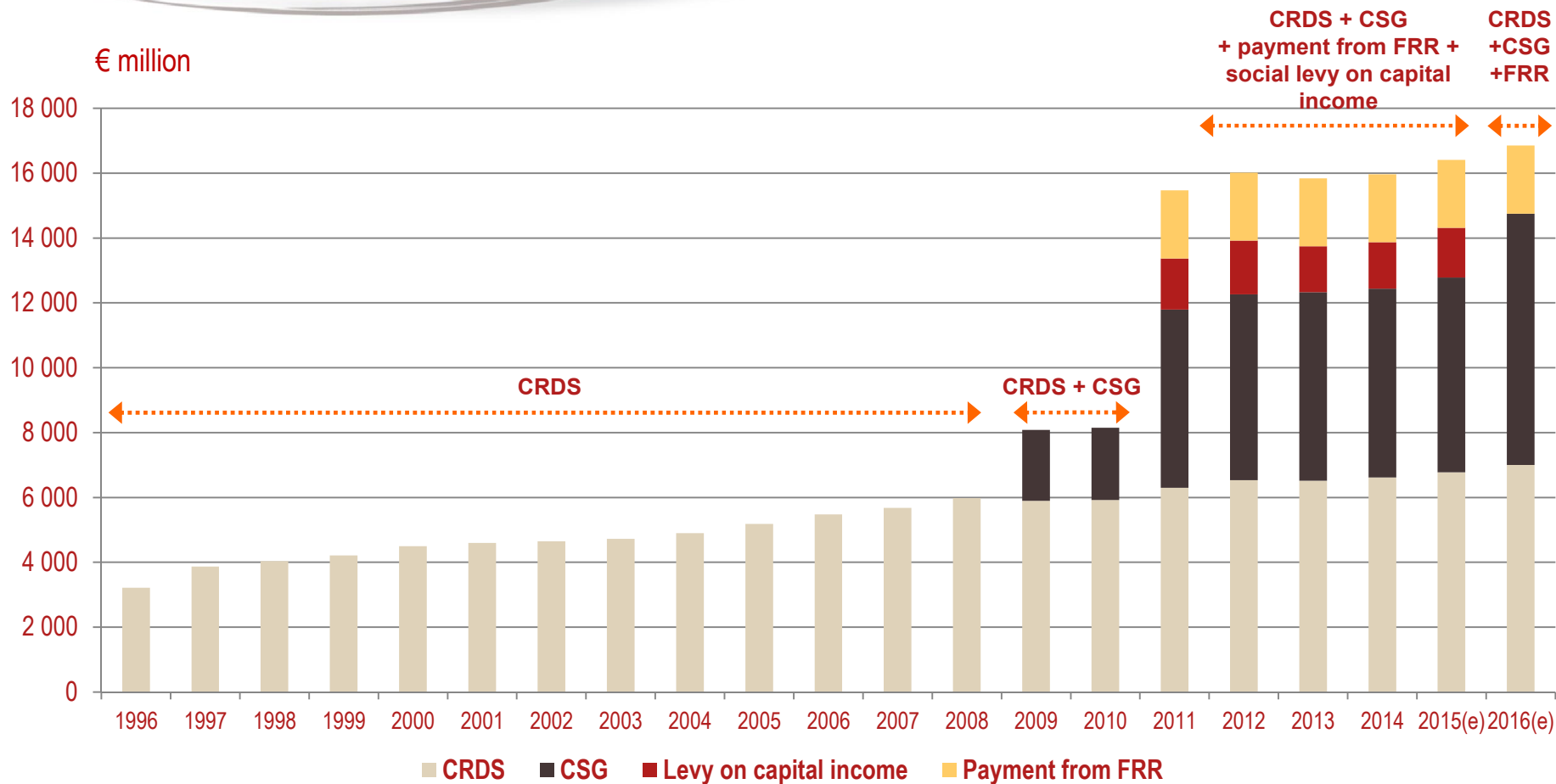


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- In 2016, debt transfer of €23.6bn comprising:
 - Deficits from the retirement funds of the general social security system (CNAV*) and from the FSV**
 - Part of the deficits from health and family agencies
- Simplification of funding sources
 - Change to the levy on capital income of an additional 0.12 point of CSG, raising the CSG rate attributed to CADES to 0.6%, without modifying its total income.

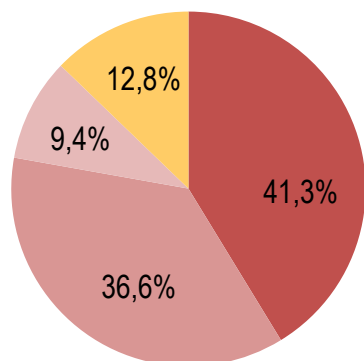
*CNAV : Caisse Nationale d'Assurance Vieillesse - **FSV : Fonds de Solidarité Vieillesse

Evolution of income, 1996 - 2016

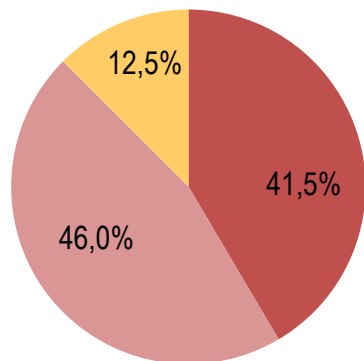


Simplification of funding sources

Breakdown of resource by nature of tax



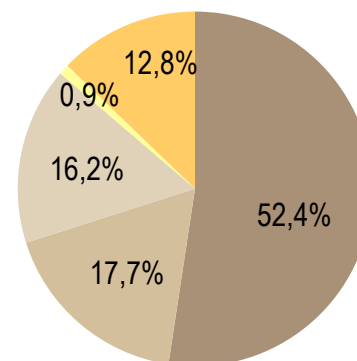
■ CRDS ■ Social levy on capital income
■ CSG ■ Payment from FRR



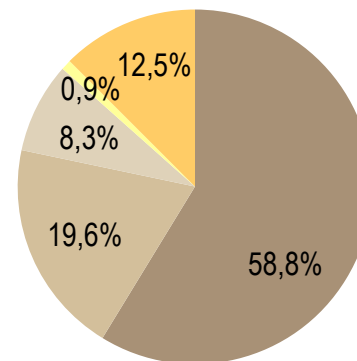
2015

2016

Breakdown of resource by type of tax



■ Activity ■ Replacement ■ Wealth and investment
■ Games and precious metal ■ Payment from FRR



Funding needs for 2015

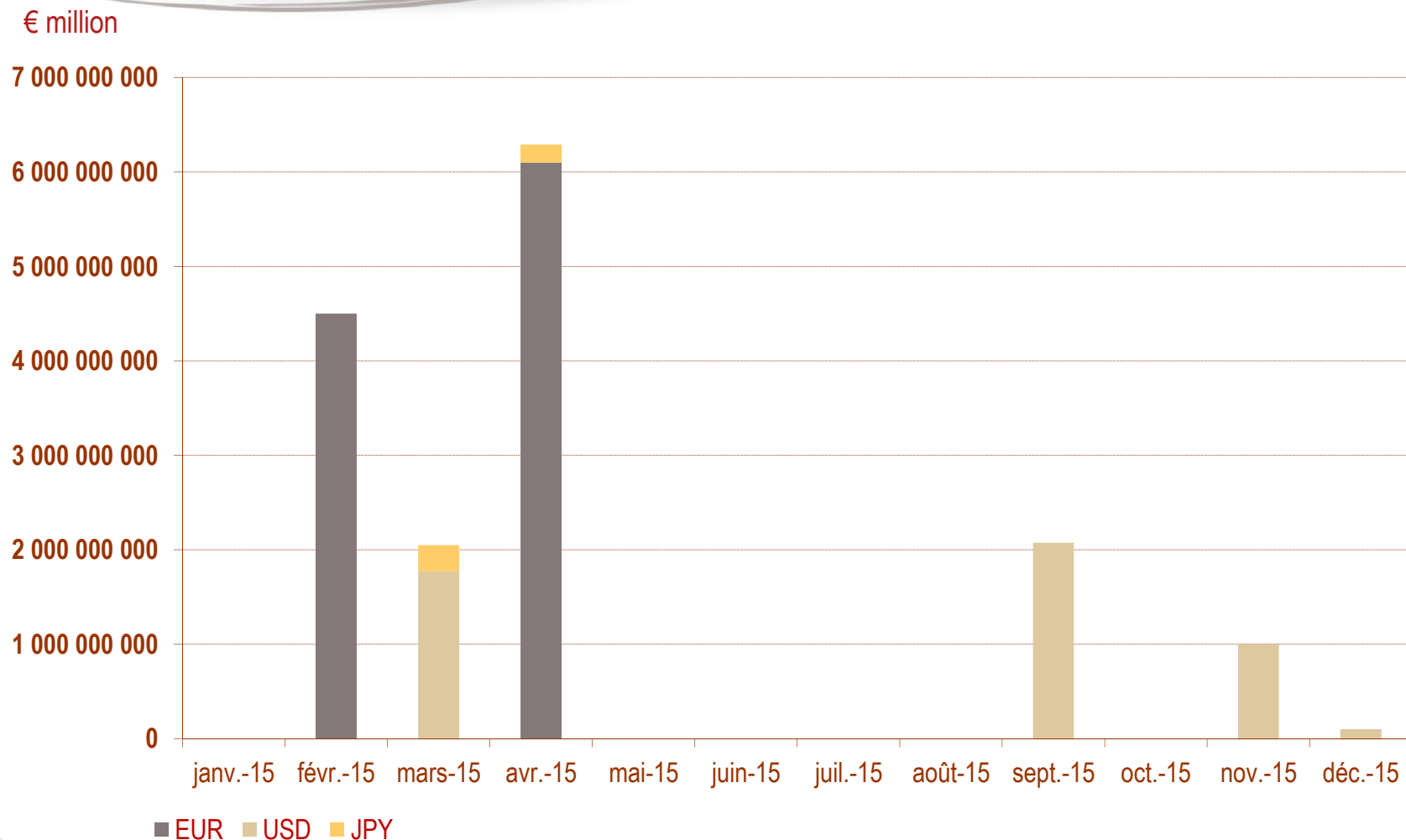
In € billion

Transfer of debt	23.6
CP maturities	7.5
MLT maturities	16.0
Payment of interest	2.6

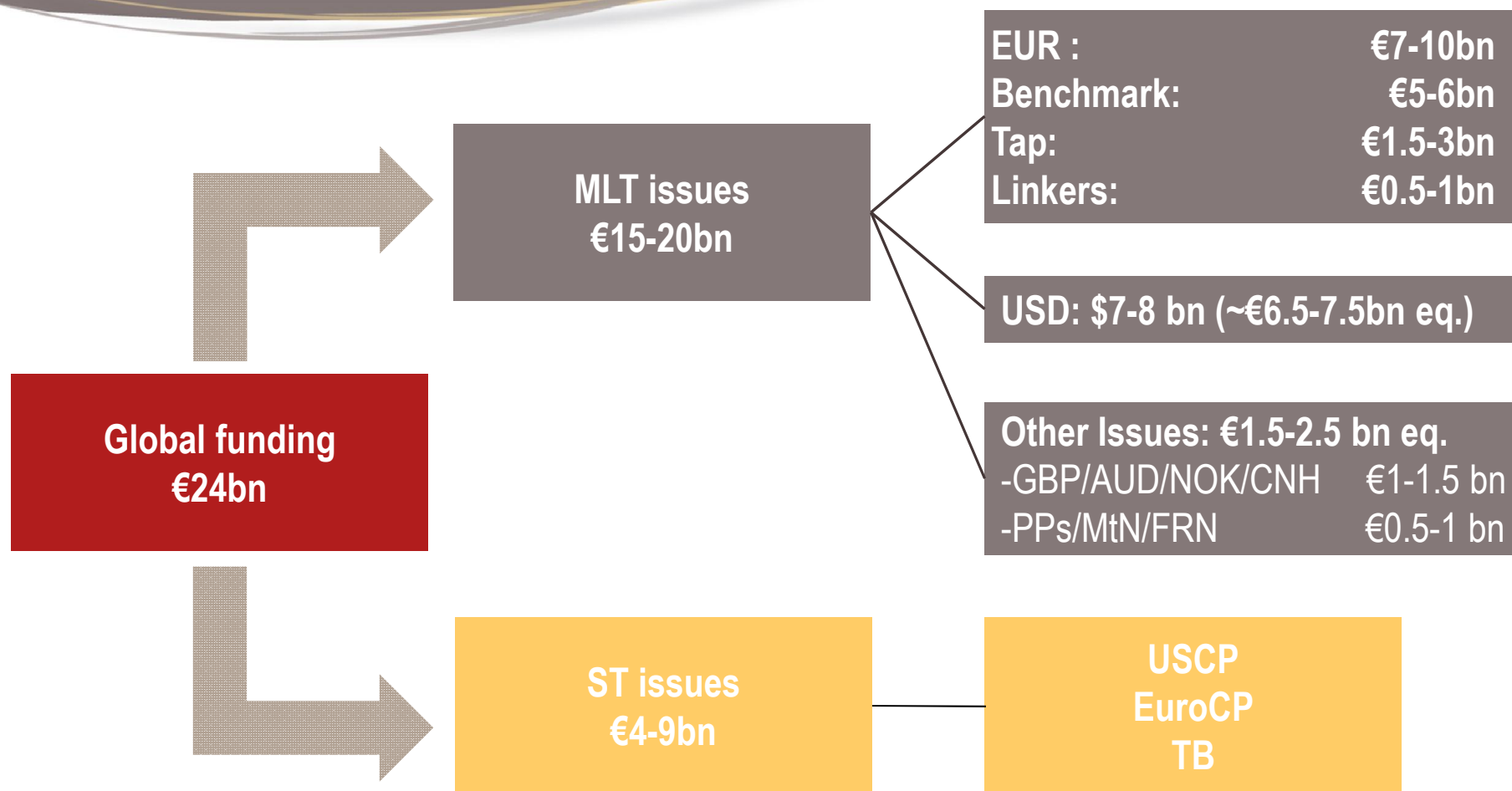
Resource	16.8
Across bills payback	9.0
Financing need	23.9



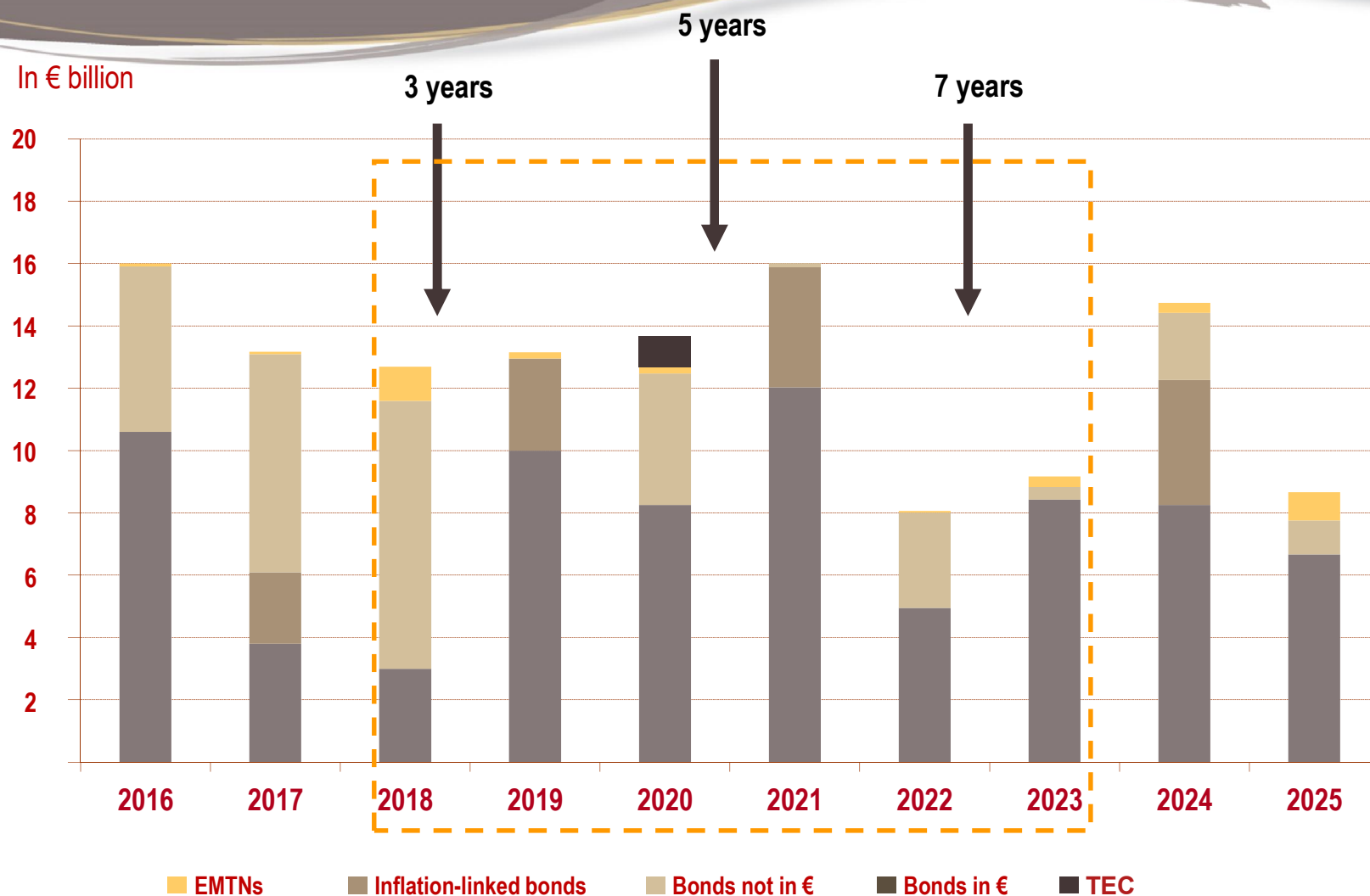
2016 schedule of mid- and long-term debt



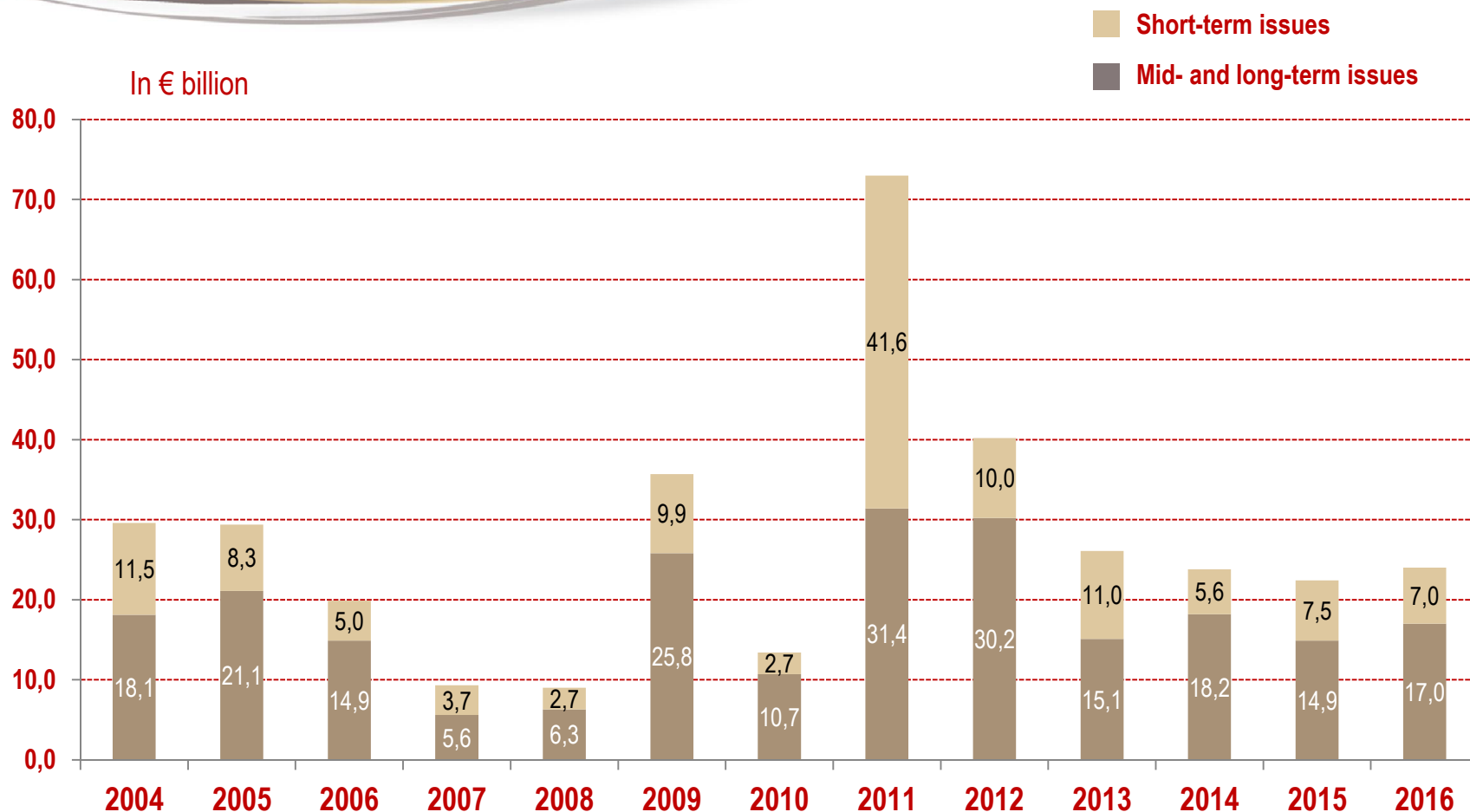
2015 indicative funding programme



Maturity of mid- and long-term bonds



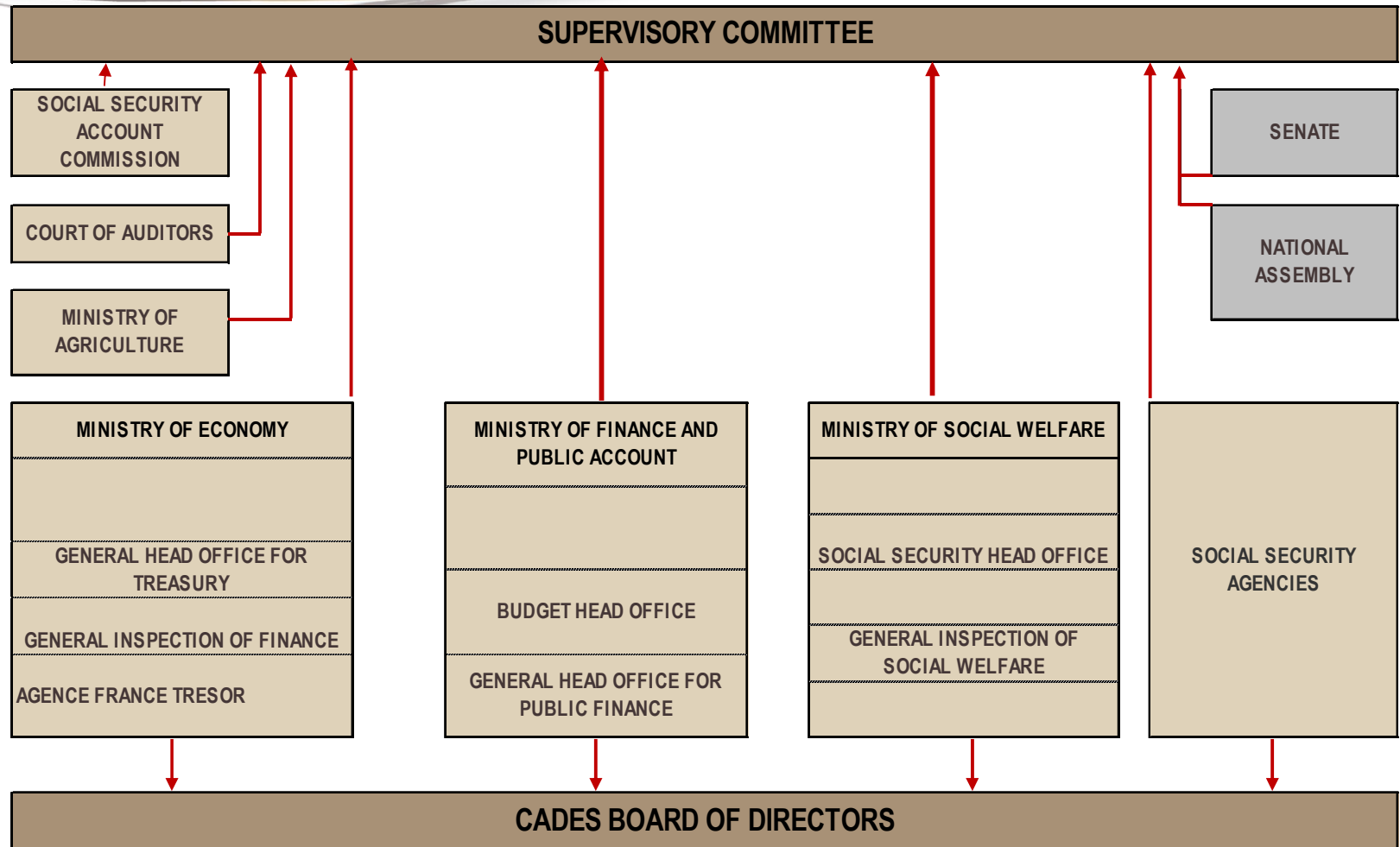
Evolution of financing programme since 2004





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A strictly controlled organisation



Chairman of the Board of Directors			
Patrice RACT MADOUX			
Full Members		Alternate Members	
Central Agency of Social Security (ACOSS)			
Jean-Eudes TESSON	Chairman of the Board	Jean-Claude GUERY	Member of the Board
Pierre-Yves CHANU	Vice –Chairman of the Board	Serge CIGANA	Member of the Board
National Fund of Health Insurance for Employees (CNAM)			
William GARDEY	Chairman of the Board	Yves LAQUEILLE	Vice-Chairman of the Board
National Insurance Fund for Employees (CNAV)			
Gérard RIVIERE	Chairman of the Board	Pierre BURBAN	Vice-Chairman of the Board
National Fund for Family Allowances (CNAF)			
Jean-Louis DEROUSSEN	Chairman of the Board	Jean-Marie ATTARD	Vice-Chairman of the Board
National Fund of the Social System of Independents (RSI)			
Gérard QUEVILLON	Chairman of the Board	Louis GRASSI	Vice-Chairman of the Board
Central Fund of Agricultural Mutual Assistance (MSA)			
Pascal CORMERY	Chairman of the Board	Thierry MANTEN	Senior Vice-Chairman of the Board
Representatives of the Minister of Economy and Finance			
Emmanuel BRETIN	Deputy Director – General Head Office forTreasury	Olivier VAZEILLE	Office Manager – Treasury Department
Ambroise FAYOLLE	Chief Executive - Agence France Trésor	Maya ATIG	Deputy Chief Executive - Agence France Trésor
Representatives of the Minister of the Budget			
Olivier TOUVENIN	Deputy Director of Public Accountancy Head Office	Jean-Philippe ESPIC	Office Manager of Public Accountancy Head Office
Representatives of the Minister for Social Security			
Thomas FATOME	Director of Social Security	Jean-François CHADELAT	General Inspector of Social Affairs
Jonathan BOSREDON	Vice-Director of Social Security	Amandine GIRAUD	Deputy Vice-Director of Social Security
Representatives of the Supervisory Board of the Reserve Fund for Pensions (FRR)			
Valérie CORMAN	Director	Emilie MARTINEZ	Deputy Director

French parliamentary members of CADES Supervisory Committee

- Members of National Assembly:



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



Mr Bernard ACCOYER
Deputy of Haute-Savoie

- Members of Senate:

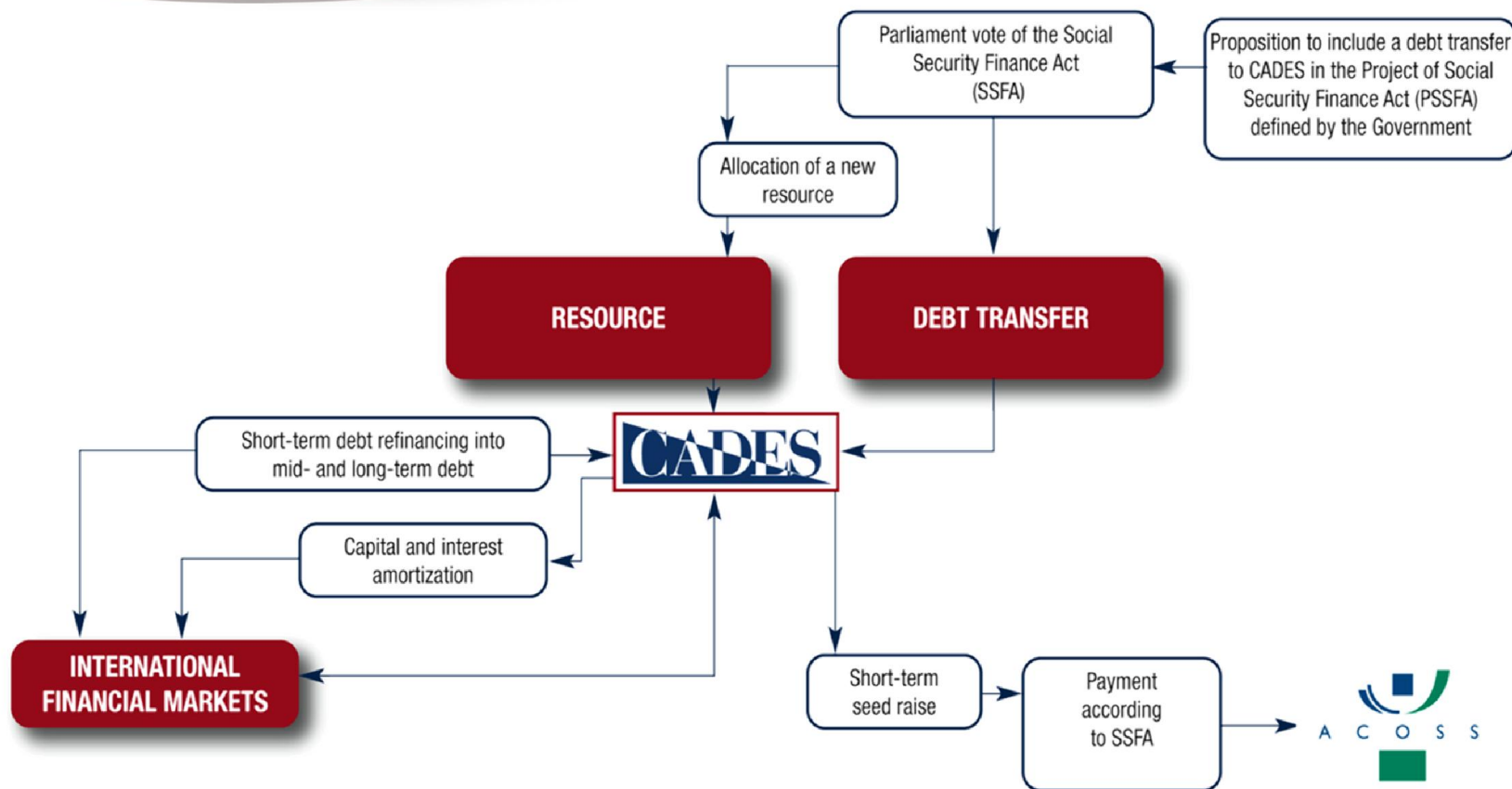


Mr Jean-Noël CARDOUX
Senator of Loiret



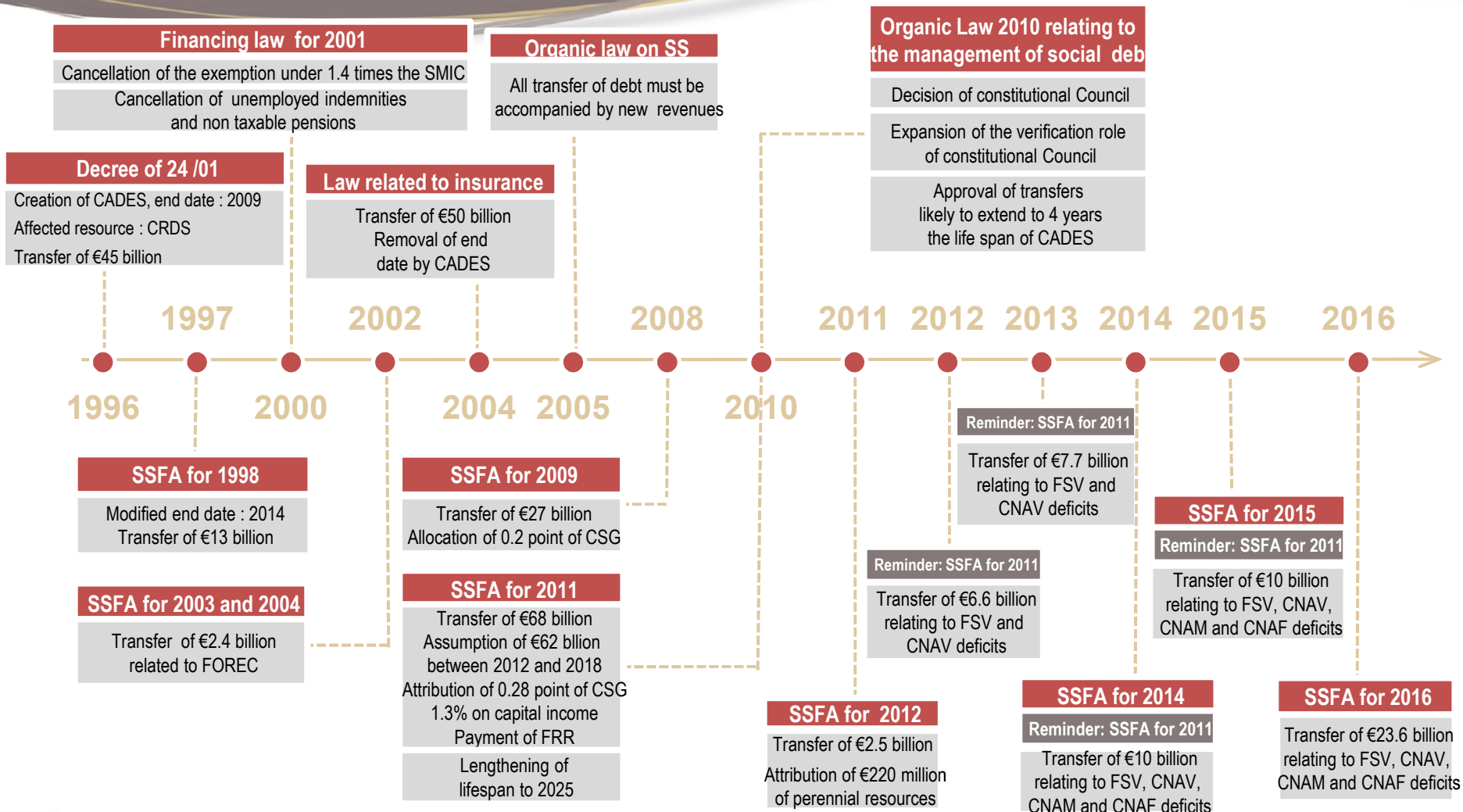
Mr Francis DELATTRE
Senator of Val d'Oise

CADES debt transfer process

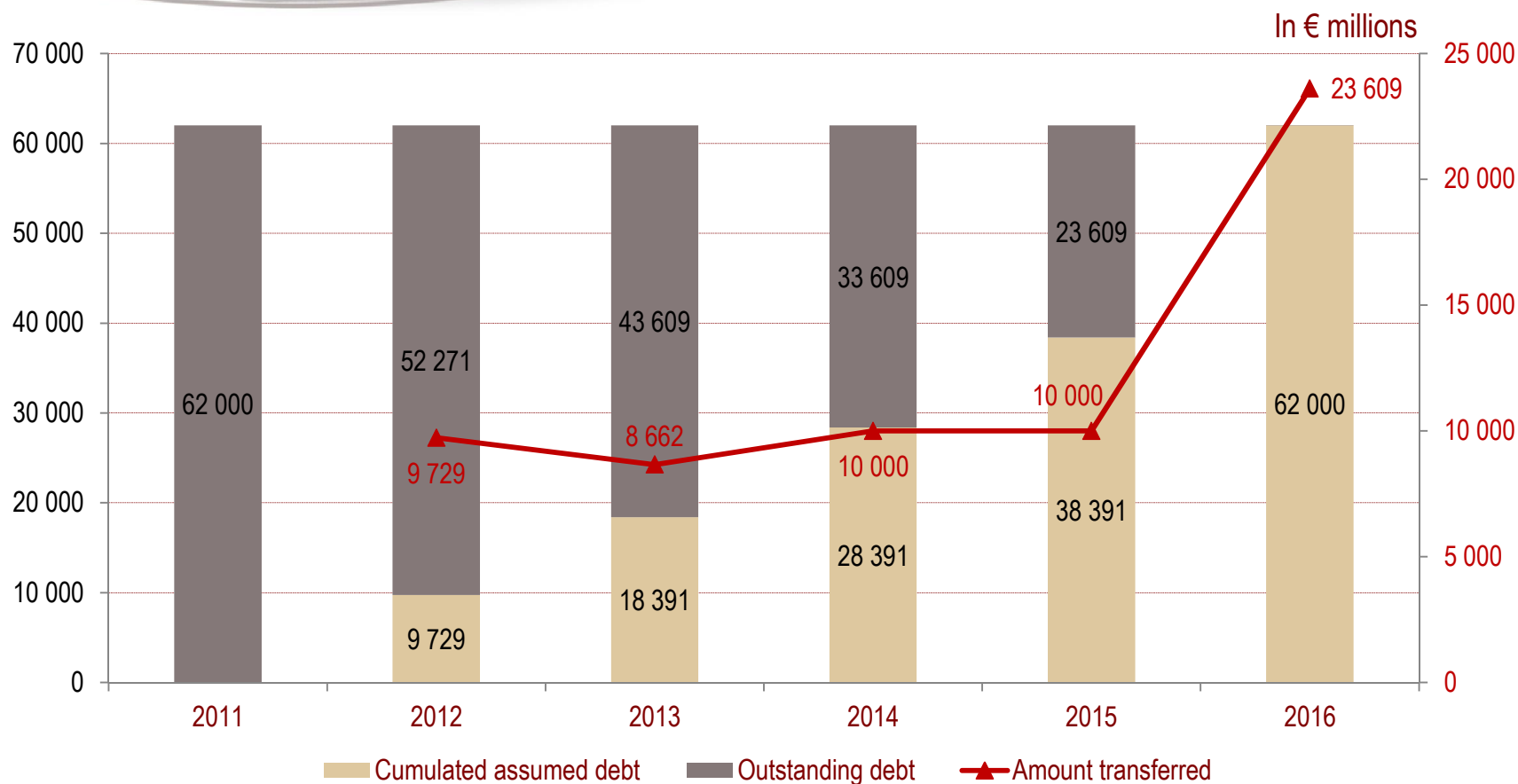


Significant milestones since 1996

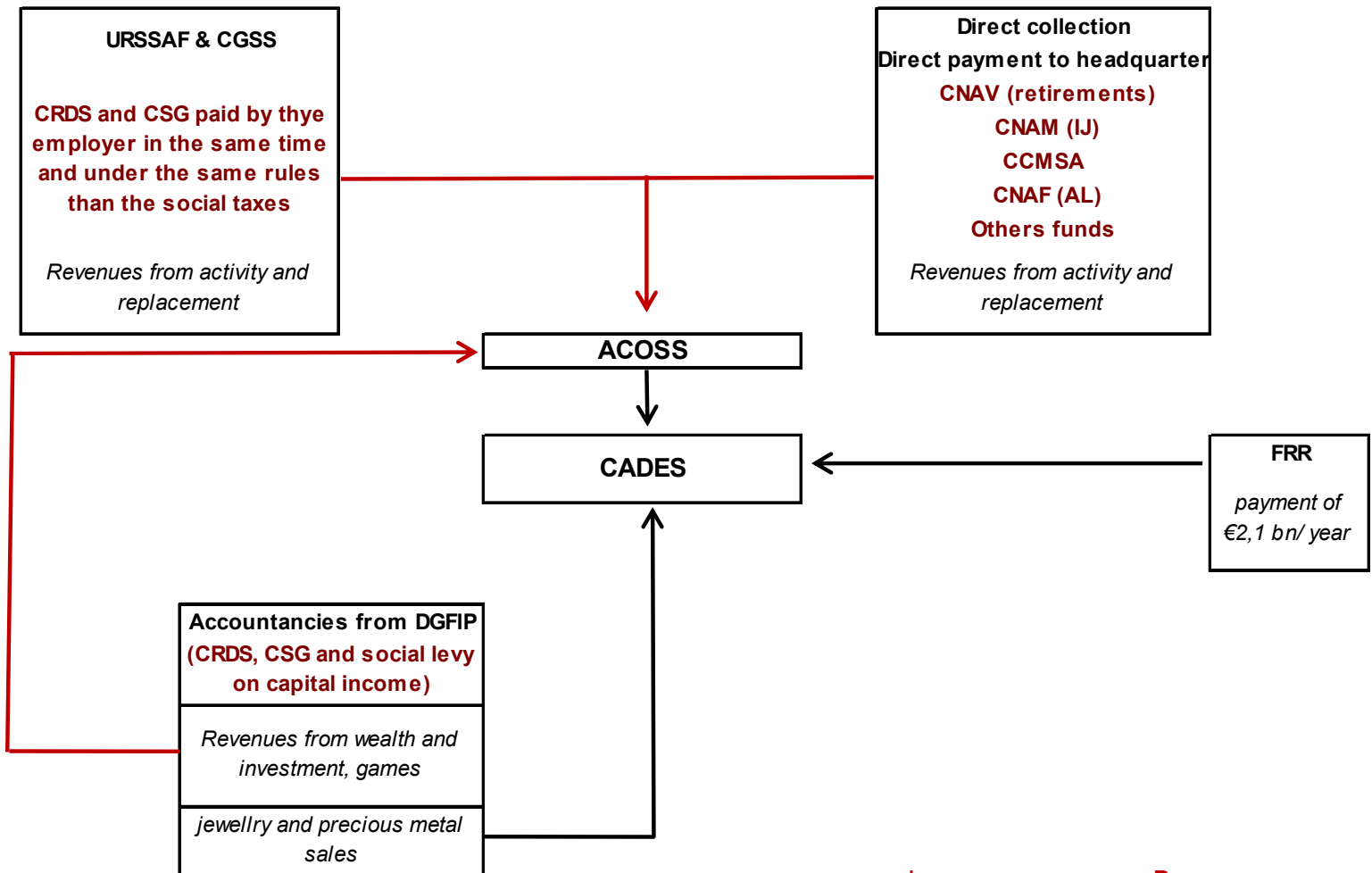
€237 billion assumed by CADES since its creation



Evolution of debt transfer voted in SSFA for 2011

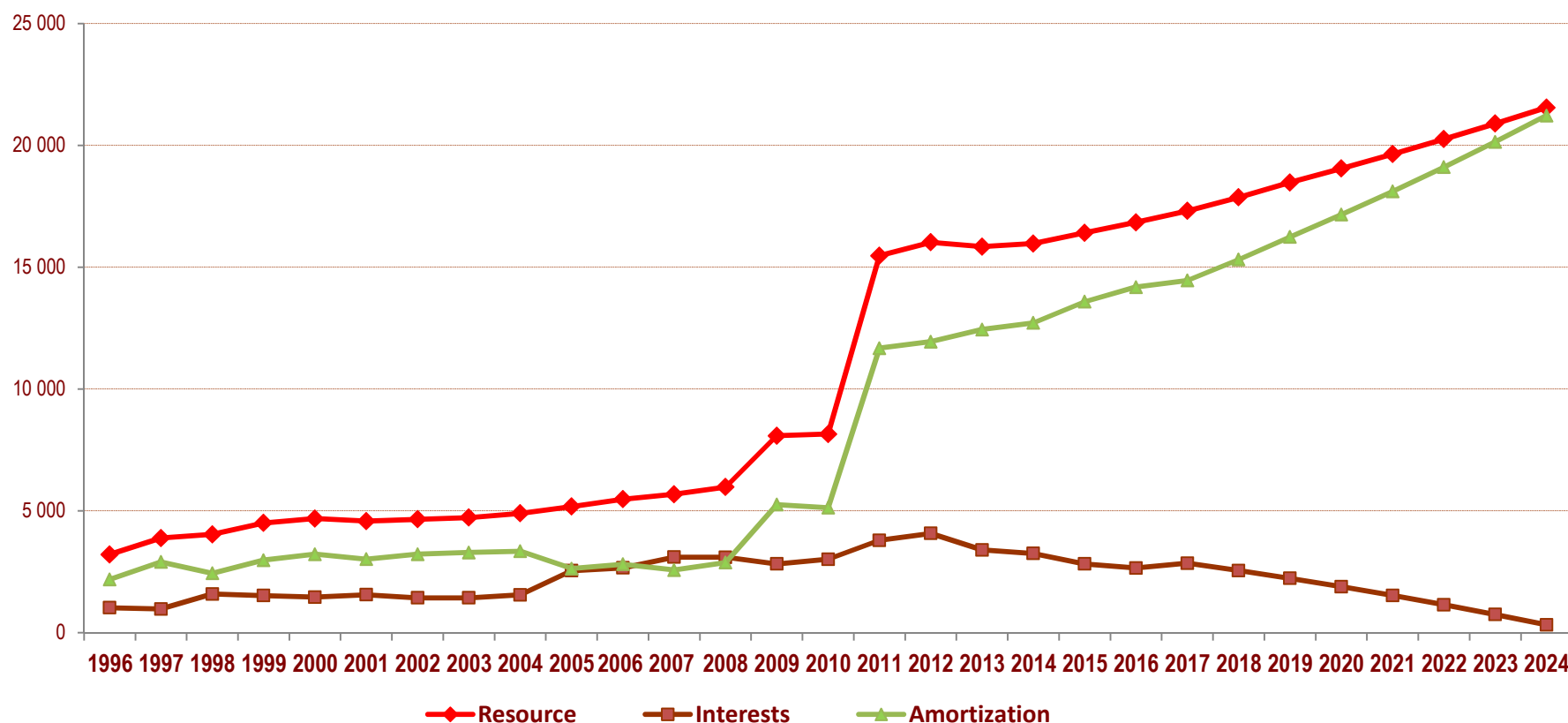


CADES resource payment circuit in 2015



Breakdown between amortisation and interest

In € million



- Creation of CADES (Ordinance n°96-50 of 24 January 1996)
 - Administrative public body statute (decree 53-1227 from 10 December 1953)
 - Creation of an exclusive and allocated resource (chapter 2 of ordinance n°96-50)
 - Guarantee of resource (article 7 of ordinance n°96-50)

- Increase of CADES' legislative protection
 - Guarantee of liquidity (Organic law n°2001-692 related to financing laws of 1 August 2001 + article on annual financing laws balance)
 - Additional resources for every debt transfer in order not to increase CADES' life span (Organic law of 2 August 2005)
 - Quality of resources (organic law n°2010-1380 of 13 Nov 2010 related to social debt management approved by the constitutional council – Decision 2010-620DC of 16 December 2010)

Key figures

In € million

	Payment expressed as amount carried forward	CANAM payment	payment unser SSFA	Assets FRR	Govt off balance sheet	SS off balance sheet	Govt payment	Voted debt	Assumed debt	Payment of interest/ borrowings	Resources (CRDS+ CSG+real estate)	Resources (CRDS+ CSG+real estate+ assets FRR)	Result	Net situation	estimate of aggregate amortised debt (8) + (12)	estimate of annual amortised debt
	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	(9)	(10)		(11)	(12)	(13)	(14)
1996	20 886	457			22 867		1 906	46 116	23 249	1 027	3 211	3 211	-179	-21 065	2 184	2 184
1997					20 962		1 906	46 116	25 154	976	3 883	3 883	1 001	-20 063	5 091	2 907
1998	13 263				19 056		1 906	59 379	40 323	1 590	4 034	4 034	538	-32 788	7 535	2 444
1999					17 150		1 906	59 379	42 228	1 524	4 504	4 504	1 074	-31 713	10 515	2 980
2000					14 818		1 906	58 952	44 134	1 462	4 688	4 688	1 138	-30 393	13 741	3 226
2001					12 000		1 852	57 986	45 986	1 560	4 581	4 581	1 169	-29 224	16 762	3 021
2002					9 000	1 283	3 000	59 269	48 986	1 433	4 660	4 660	227	-28 997	19 989	3 227
2003			1 283		6 000	1 097	3 000	60 366	53 269	1 432	4 728	4 728	-987	-29 984	23 285	3 296
2004	35 000		1 097		3 000	15 000	3 000	110 366	92 366	1 554	4 899	4 899	-752	-65 736	26 630	3 345
2005	6 610					6 700	3 000	110 366	101 976	2 548	5 181	5 181	-367	-72 713	29 263	2 633
2006	5 700							110 366	107 676	2 664	5 479	5 479	2 815	-75 598	32 078	2 815
2007	-65							110 366	107 611	3 103	5 681	5 681	2 578	-72 955	34 656	2 578
2008	10 000							137 366	117 611	3 095	5 980	5 980	2 885	-80 070	37 541	2 885
2009	17 000							137 366	134 611	2 822	8 082	8 082	5 260	-91 810	42 801	5 260
2010								137 366	134 611	3 016	8 151	8 151	5 135	-86 675	47 936	5 135
2011	67 767			2 100				269 833	202 378	3 794	13 372	15 472	11 678	-142 764	59 614	11 678
2012	6 648			2 100				269 833	209 026	4 075	13 924	16 024	11 949	-137 463	71 563	11 949
2013	7 719			2 100				269 833	216 745	3 399	13 742	15 842	12 443	-132 739	84 006	12 443
2014	10 000	142		2 100				269 833	226 887	3 253	13 870	15 970	12 717	-130 164	96 723	12 717
2015 est	10 000			2 100				269 833	236 887	2 827	14 314	16 414	13 587	-126 577	110 310	13 587
2016 est	23 609			2 100				269 833	260 496	2 658	14 741	16 841	14 183	-136 004	124 492	14 183
Total	234 137	457	2 380	12 600	0	0	23 380	269 833	260 496	49 812	161 704	174 304	98 093	-136 004	124 492	124 492



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