Press release **December 11, 2018**

BY THE END OF 2018,
60% OF FRENCH SOCIAL DEBT WILL HAVE BEEN AMORTISED

€155.1 billion of social debt amortised since 1996,
of which €15.4 billion was in 2018

TRANSFER OF €15 BILLION OF NEW FRENCH SOCIAL DEBT PLANNED BETWEEN 2020 AND 2022

The Caisse d'Amortissement de la Dette Sociale (CADES), the French state-backed agency in charge of financing and amortising French social debt, takes stock of its activity during 2018, describes the main measures of the Social Security Financing Act (SSFA) 2019 and announces its funding programme for 2019.

*"The new debt transfer planned from 2020, voted by Parliament under the Social Security Financing Act for 2019, will allow CADES to operate effectively these following years on the short- as well as the mid- and long-term markets and continue to offer its international investors a wide range of diversified financial instruments" **commented Jean-Louis Rey, Chairman of CADES' Board**.*

2018: a €2.9 billion global funding programme

With no new transfer this year, CADES has carried out a funding program for a total amount of €2.9 billion, allowing it to remain active with investors and continue to offer benchmark bonds in the mid- and long-term market in several currencies and a range of maturities.

Over the period, CADES issued two benchmark bonds in dollars and euros, with respective maturities of three and five years. On each occasion, it generated interest with several international investors in just a few hours.

In the short term, CADES remained very active in the international monetary markets, issuing commercial paper denominated in euros and dollars for a total amount of €20.7 billion. Outstanding amounts are expected to be zero as at December 31, 2018.

In total, nearly 60% of the social debt assumed since 1996 will have been amortised by the end of 2018.

SSFA 2019: measures to clear the French social debt

In order to clear the social security debt, the French government included in the SSFA for 2019, the transfer between 2020 and 2022 of the social debt still held by ACOSS[1]. This amounts to €15 billion that should be transferred to CADES over three years.

[1] *ACOSS : Agence Centrale des Organismes de Sécurité Sociale*

This transfer will be financed by the allocation to CADES of an increased fraction of CSG, made possible by the return to balance of social security planned by the government in the LFSS for 2019 and ending the creation of any new social debt.

This transfer will take place without extending the amortization end date of the social debt, which remains maintained in 2024; by allocating existing taxes, and therefore without any increase in the mandatory levy; and without impacting the balance of the social accounts, nor mobilizing resources from the State budget.

An indicative 2019 funding programme of €4.0 billion

In 2019, CADES will continue the mission entrusted to it by the French Parliament to amortize the nation's social debt. The CADES 'amortization objective, voted by Parliament under the Social Security Financing Act, was set at €16.0 billion for 2019 (compared with €15.4 billion in 2018 and 14.8 billion euros in 2017).

The mid and long-term funding programme will total €3 billion.

CADES intends to issue short-term commercial paper, denominated in euros and in dollars, over the course of 2019 for a total amount of €12 billion, with the aim of reaching an outstanding amount of €1 billion as of December 31, 2019.

About CADES

In 1996 the French government set up the Caisse d'Amortissement de la Dette Sociale with a mission to amortise French social debt by issuing debt securities on international financial markets in a diverse range of currencies.

To enable CADES to carry out its mission, the French Parliament allocates CADES solid resources to pay interests and amortise social debt.

Supervised jointly by the Minister of The Economy and Finance and by the Ministers in charge of social security, CADES operates under the control of the French Parliament and the Constitutional Council.

CADES is well integrated into the French social system having strong joint governance, co-chaired by a Board of Directors and a Supervisory Committee, which includes four members of French Parliament.

Backed by the French Parliament, CADES is one of the most significant institutions involved in the control and reduction of French social debt by using efficient and proven amortization and financing mechanisms.

Since October 1st, 2017, teams from CADES and AFT, the French state debt management body, have merged to create a centre of excellence for issuing French public debt. In this context, CADES has transferred operational responsibility for all of its funding activities to AFT. As such, AFT now operates on behalf of and for CADES, making its staff available when appropriate.

All information regarding CADES and its bond issues is available on www.cades.fr.

CADES
LIGHTEN THE DEBT – BRIGHTEN THE FUTURE

Geneviève Gauthey
Head of Communication
+33 1 40 04 15 41
genevieve.gauthey@cades.fr

Press relations – Paris
Isabelle Dray
+33 1 56 88 11 11
idray@actifin.fr

Press relations – London
Jeremy Carey/James Verstringhe
+44 207 920 3150
jcarey/jverstringhe@tavistock.co.uk

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