

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.

This Base Prospectus (together with any supplements thereto) constitutes a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 as may be amended from time to time (the "**Prospectus Regulation**"). This Base Prospectus has been approved by the *Autorité des marchés financiers* (the "**AMF**") in France in its capacity as competent authority under the Prospectus Regulation and pursuant to the French *Code monétaire et financier*, and received the AMF approval no. 20-414 on 19 August 2020. The AMF has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application may be made (i) to the regulated market of 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") or the United Kingdom ("UK") 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.

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 (stable outlook) and P-1 by Moody's France S.A.S. ("Moody's"), and AA (negative outlook) and F1+ by Fitch Ratings Ireland Limited ("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 (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) 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

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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 or the UK in circumstances which require the publication of a prospectus under the Prospectus Regulation 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

(<a href="www.cades.fr/"www.ca

The Base Prospectus shall be valid for admission to trading of Notes on a Regulated Market for twelve (12) months after its approval by the AMF, until 18 August 2021, provided that it shall be completed by any supplement pursuant to Article 23 of the Prospectus Regulation, following the occurrence of a significant new factor, a material mistake or a material inaccuracy relating to the information included (including information incorporated by reference) in this Base Prospectus which may affect the assessment of the Notes. After such date, the Base Prospectus will expire and the obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will no longer apply.

This Base Prospectus (together with any supplements hereto (each a "Supplement" and together the "Supplements") comprises a prospectus for the purposes of Article 8 of the Prospectus Regulation and for the purpose of giving all necessary information with regard to CADES and the Notes which, according to the particular nature of the Issuer and the Notes, is material to any investor for making 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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GENERAL DESCRIPTION OF THE PROGRAMME

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

Caisse d'Amortissement de la Dette Sociale Issuer:

Description: Debt Issuance Programme

Up to euro 130,000,000,000 aggregate principal amount of Notes outstanding at **Programme Size:**

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).

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.

Offer Price

If, as at the date of the Final Terms for a particular offer of Notes, the Offer Price cannot be determined, a description of the method of determining such Offer Price and the process for its disclosure will be included in the relevant Final Terms.

Form of Notes:

Notes may be issued in dematerialised form ("Dematerialised Notes") or in materialised form ("Materialised Notes").

Title to Dematerialised Notes will be evidenced in accordance with Article L.211-3 of the French *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 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 (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").

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.

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.

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 *lettre comptable* 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.

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 metropolitain France, as calculated and published monthly by the *Institut National de la Statistique et des Etudes Economiques* 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:

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.

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.

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).

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 Issuer 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 pari passu 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".

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 (stable outlook) and P-1 by Moody's

France S.A.S. ("Moody's"), and AA (negative outlook) and F1+ by Fitch Ratings Ireland Limited ("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 All payments of principal and interest by or on behalf of the Issuer in respect of the Tax:

Notes shall be made free and clear of, and without withholding or deduction for,

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.

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 Euronext in Paris ("Euronext Paris") and/or any other Regulated Market (as defined below) in any Member State of the EEA or the United Kingdom 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 United States, European Economic Area, United Kingdom, France, Japan, the Restrictions: 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.

Use of proceeds: The net proceeds from the issue of the Notes will be used for the general financing

purposes of the Issuer.

RISK FACTORS

Prospective investors should consider carefully the risks set forth below and the other information contained in this Base Prospectus prior to making any investment decision with respect to the Notes. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes and may be material for the purpose of assessing the risks associated with the Issuer and the Notes issued under the Programme. All of these factors are contingencies which may or may not occur.

The Issuer believes that the factors described below represent the principal inherent risks in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

In each sub-category below, the Issuer sets out first the most material risks, in its assessment, taking into account the expected magnitude of their negative impact and the probability of their occurrence, in accordance with Article 16 of the Prospectus Regulation.

Terms used but not defined in this section will have the same meaning given to them in section "Terms and Conditions of the Notes".

1. RISKS RELATING TO THE ISSUER

1.1 Market risks

Counterparty risk

Counterparty risk represents the Issuer's exposure to incur a loss in the event of non-performance by a counterparty. CADES is exposed to the credit risk and default risk of its banking counterparties when dealing in over-the-counter derivative contracts. CADES limits its exposure to risk of default by its counterparties by dealing solely with reputable financial institutions and regularly monitoring their credit ratings. This risk is also managed by requiring its counterparties to execute a guarantee agreement with margin calls. However, the credit quality of a financial counterparty can change rapidly, and a high credit rating cannot eliminate the risk of a rapid deterioration of its financial position. As a result, CADES' policy in relation to the selection and monitoring of its counterparties is unable to entirely eliminate exposure to a risk of default.

In the event that one of its counterparties is unable to honour its obligations under derivative contracts entered into with CADES, there is a risk that issuances of Notes under the Programme will be inadequately hedged and that CADES will suffer replacement losses. Defaults of counterparties may impact CADES financially and could have an adverse effect on CADES' debt investments. The failure of a counterparty to make a payment or a transfer as expected and when due may have an adverse effect on the financial condition of the Issuer.

Interest rate risks

CADES is exposed to fluctuations in market interest rates given the substantial amount of net debt that it has to finance through the financial markets. Adverse movements in interest rate levels may impact the Issuer's cost of future debt financing or refinancing and therefore have a negative effect on the financial condition of CADES. In order to reduce the effects of the fluctuations in market interest rates, CADES has implemented hedging arrangements by means of interest rate derivatives giving rise to margin calls. As at 31 December 2019, the breakdown of CADES' debt by interest rate type is as follows: 84 per cent. of the debt bears fixed rates, 8 per cent. floating rates and 8 per cent. rates indexed to inflation. In addition, the amount of margin calls paid and received, as at 31 December 2019, for interest rate and foreign exchange derivatives can be found in the balance sheet section (please refer to Note 3 on page F-21 and Note 7 on page F-28 of this Base Prospectus). As a result, interest rate risk hedging generates a moderate liquidity risk concerning the margin calls and a credit risk with the banks counterparties to the swaps. Consideration

of CADES' exposure to interest rate risk may also take into account that a potential increase of interest rates in a growth environment would imply additional revenues for CADES.

Exchange rate risk

CADES is exposed to the risk of losses on capital borrowed in currencies other than Euro. As at 31 December 2019, CADES' debt profile, broken down by currency, was as follows: 80.1 per cent. of CADES' tradable debt was Euro-denominated, 17.6 per cent. was U.S. Dollar-denominated, and 2.3 per cent. was denominated in other currencies.

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 manage exchange rate risk. CADES's general policy is to systematically hedge foreign currency debt issuances through micro-hedging swaps, which exchange future foreign currency cash flows for future euro cash flows.

As at 31 December 2019, the amount of margin calls paid and received for interest rate and foreign exchange derivatives can be found in the balance sheet section (please refer to Note 3 on page F-21 and Note 7 on page F-28 of this Base Prospectus).

This policy generates a moderate liquidity risk concerning the margin calls, as CADES is only exposed to margin calls rather than directly to movements in exchange rates, and a credit risk with the banks counterparties to the swaps.

1.2 Operational risks

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

CADES' revenue sources are set out in French social security laws and mainly derive from CRDS and CSG payments which are primarily based on the salaries of French taxpayers (masse salariale) (see the section entitled "Sources of Revenue" on page 73 below). Tax receipts from the CRDS are closely correlated with France's nominal gross domestic product ("GDP"). For the year ended 31 December 2019, CADES received Euro 18,257 billion distributed as follows: CRDS 41.5 per cent., CSG 47 per cent. and Retirement Reserve Fund (Fonds de Réserve pour les Retraites ("FRR") payment 11.5 per cent. These revenue sources and the levels are which they are set are controlled by social security laws and may be subject to change. Further information on the sources of revenues of CADES can be found in the section entitled "Sources of Revenue" on page 73 below. Any material reductions or changes in these revenue sources may negatively impact the Issuer's net income and cash flow and impede the Issuer's ability to make payments in respect of the Notes.

Risk in connection with the status of the Issuer

As a French public entity (établissement public national administratif), the Issuer is not subject to private law enforcement procedures (voies d'exécution de droit privé) in accordance with the general principle that assets of public entities cannot be seized under French law. However, the Government has specific prerogatives pursuant to Article 1 of Act no. 80-539 of 16 July 1980 on periodic penalty payments imposed in administrative proceeding and the enforcement of judgments by legal persons under public law and Decree no. 2008-479 of 20 May 2008 relating to the enforcement of fines against the public authorities, authorising it to require the Issuer to automatically authorise the payment of sums of money where these are due pursuant to a final court judgment and the amount has been set by decision of the court. This special scheme may have an impact, both in terms of enforcement and timing, on any potential recourse of the Noteholders against the Issuer.

1.3 Risk relating to the COVID-19 epidemic

The COVID-19 epidemic creates an uncertain situation for CADES, which has accordingly deployed all available resources to maintain its activities in the context of this health crisis and taken the necessary measures to protect the health of its employees and other stakeholders.

CADES has striven in particular to implement the most appropriate measures and initiatives needed to pursue its business, in accordance with government decisions. It will fully maintain and apply its internal control and IT security procedures throughout the crisis. The solutions it has introduced meet all requirements as regards procedural security and transaction reliability.

However, given the pandemic's impact, at the date of the Board of Directors' approval of the 2019 financial statements CADES believes that this health crisis could have a negative impact, albeit moderate at this stage, on the amount of resources allocated to it in respect of 2020. At the same time, it is not aware of any material uncertainty that could call into question its mission of amortising the social security debt transferred to it.

Nevertheless, uncertainty persists as to how long the epidemic will last and what its impact on CADES will be; this impact will become easier to gauge as the situation evolves.

Further information can be found in the section entitled "Recent Developments" on page 85.

2. RISK FACTORS RELATING TO THE NOTES

Factors which the Issuer believes are specific to the Notes and material for an informed investment decision with respect to investing in the Notes issued under the Programme are described below. In each category below the Issuer sets out the material risks in descending order of importance, taking into account the negative impact of such risks and the probability of their occurrence.

2.1 Risks relating to all Series of Notes

Credit risk

An investment in the Notes involves a credit risk on the Issuer. Since the Notes are unsubordinated and unsecured obligations of the Issuer, benefiting from no direct recourse to any assets or guarantees, the Noteholders can only rely on the ability of the Issuer to pay any amount due under the Notes. The value of the Notes will depend on the creditworthiness of the Issuer (as may be impacted by the risks related to the Issuer as described above). If the creditworthiness of the Issuer deteriorates, the potential impact on the Noteholders could be significant: a deterioration in creditworthiness could give rise to negative repercussions on the Noteholders because (i) the Issuer may not be able to fulfil all or part of its payment obligations under the Notes, (ii) the value of the Notes may decrease and (iii) investors may lose all or part of their investment.

Changes of law may occur in the future that will impact the conditions of the Notes

The Terms and Conditions of 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. Any such decision or change could be unfavourable to creditors' rights, including those of the Noteholders. If any change in law were unfavourable to the Issuer or the Noteholders, it could have an adverse or a significant adverse effect on the market value of the Notes (depending on the nature of the change) and could potentially have negative repercussions on the Noteholders' investment in the Notes. The risk of changes in law is higher for Notes with longer maturities.

Modification of the Terms and Conditions

Condition 10 (Meeting of Noteholders and Modifications) of the Terms and Conditions contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally. Noteholders can adopt measures either through a general meeting (the "General Meetings") or by consent following a written consultation (the "Written Resolutions"). These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting, Noteholders who voted in a manner contrary to the majority or Noteholders who did not consent to a Written Resolution. The General Meeting may deliberate on and the Written Resolution may cover 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 (Meeting of Noteholders and Modification). If a proposal is duly adopted through a General Meeting or by way of a Written Resolution and such modification were to impair or limit the rights of the Noteholders, this may have a negative impact on the market value of the Notes.

2.2 Risks related to the market generally

Market value of the Notes

Application may be made to list and admit any Series of Notes issued under the Programme to trading on Euronext Paris and/or on any other Regulated Market or any other stock exchanges. Therefore, the market value of the Notes may be affected by the creditworthiness of the Issuer and a number of additional factors. If the financial situation of the Issuer deteriorates, it may not be able to fulfil all or part of its payment obligations under the Notes, and investors may lose all or part of their investment.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, and factors affecting capital markets in general Euronext Paris and/or any other Regulated Market or the stock exchanges on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Noteholder. The historical level of the inflation linked index should not be taken as an indication of such index's future performance during the term of any Note.

Risks related to the secondary market

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

The Programme allows for Notes to be listed and admitted to trading on Euronext Paris and/or any other regulated market in any Member State of the EEA or in the UK. However, the Notes may have no established trading market when issued 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 very liquid. 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. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. This may have a negative impact on the liquidity of the Notes and result in low trading volumes. The degree of liquidity of the Notes may negatively impact the price at which an investor can dispose of the Notes where the investor is seeking to achieve a sale within a short timeframe. In such circumstances, the impact of this risk on the Noteholder would be high because Notes would likely have to be resold at a discount to the nominal value of the Notes. Furthermore, if additional and competing products are introduced in the markets, this may adversely affect the market value of the Notes.

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. Events in France, Europe or elsewhere may cause market volatility which could adversely affect the price of Notes.

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 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.

Exchange rate risks and exchange controls

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. If such risk were to materialise, the Noteholders whose financial activities are carried out or dependent principally in a currency or currency unit other than the relevant Specified Currency could be very negatively impacted as they might receive less interest or principal than expected, or at worst, no interest or principal.

2.3 Risks related to the structure and the characteristics of a particular issue of Notes

The Programme allows for the issuance of a wide range of Notes with varying structures and features. Such structures and features may present particular risks for potential investors. A description of the most material risks associated with such structures and features is set out below.

Interest rate risks

Risks related to Fixed Rate Notes

Condition 4(a) allows for the issuance of Notes that pay a fixed rate of interest to Noteholders. 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. Any such volatility may have a significant adverse effect on the price of the Notes and cause Noteholders who sell Notes on the secondary market to lose part of their initial investment.

Risks related to Floating Rate Notes

Condition 4(b) allows for the issuance of Notes that pay a floating rate of interest to Noteholders. Investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. The market value of Floating Rate Notes may be volatile if changes, particularly short-term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate. Any such volatility may negatively impact the yield of Floating Rate Notes and give rise to reinvestment risk.

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.

Risks related to Notes which are linked to "benchmarks"

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

Pursuant to Condition 4(b)(iv)(C), the applicable Final Terms for a Series of Floating Rate Notes may specify that the Rate of Interest for such Notes will be determined by reference to "benchmarks". 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 direct 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. 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 a material adverse effect on the value or liquidity of, and return on, any Notes linked to or referencing a "benchmark".

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

Pursuant to Condition 4(b)(iv)(C), the applicable Final Terms for a Series of Floating Rate Notes may specify that the Rate of Interest for such Notes will be determined by reference to LIBOR.

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.

Occurrence of a Benchmark Event

Where Screen Rate Determination is used as the method to calculate the Rate of Interest in respect of Notes linked to or referencing a "benchmark" pursuant to Condition 4(b)(iv)(C), certain fallback arrangements set out in Condition 4(b)(iv)(C) will apply if 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 Condition 4(b)(iv)(C)).

No consent of the Noteholders shall be required in connection with effecting any successor or replacement benchmark. In addition, no consent of the Noteholders shall be required in connection with any other related adjustments and/or amendments to the Terms and Conditions of such Notes which are made in order to give effect to any successor or replacement rate.

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 due to the particular circumstances of each Noteholder, any such adjustment may be unfavourable to Noteholders.

Risks related to Fixed to Floating Rate Notes

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

Condition 4(c) allows the Issuer to issue Notes with a fixed rate of interest that is later converted to a floating rate of interest and vice versa. 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. Any such volatility may have an adverse effect on the value of the Notes.

Risks related to Zero Coupon Notes

Condition 4(d) allows the Issuer to issue 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.

In similar market conditions the holders of Zero Coupon Notes could be subject to higher losses on their investments than the holders of other instruments such as Fixed Rate Notes or Floating Rate Notes. Any such volatility may have an adverse effect on the value of the Notes.

Risk relating to Inflation Linked Notes

Pursuant to Condition 4(f) and Condition 16, the Issuer may issue Inflation Linked Notes. 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.

Holders of Inflation Linked Notes are exposed to the risk that changes in the levels of the Inflation Indices may adversely affect the value of such Notes and as a consequence, investors could lose part of their investment.

Risks relating to FX Linked Notes

Pursuant to Condition 4(g) and Condition 17, 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. 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.

Early redemption risks

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. Such right of early redemption, if provided in the relevant Final Terms relating to a particular issue of Notes, could cause the expected yield in respect of the Notes to be considerably less than anticipated. 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.

In addition, pursuant to Condition 4(g) and Condition 17, 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. 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 Date. For further information on risks relating to FK Linked Notes, please refer to the risk factor entitled " Risks relating to FX Linked Notes" above.

A partial redemption at the option of the Issuer or a redemption at the option of the Noteholders may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised

As provided for in Condition 5(c) (Redemption at the Option of the Issuer and Exercise of Issuer's Options) and in Condition 5(d) (Redemption at the Option of Noteholders and Exercise of Noteholders' Options), the

Final Terms for a particular issue may provide for early redemption at the option of the Issuer or at the option of the Noteholders. Depending on the number of Notes of the same Series in respect of which a partial redemption of the Notes at the option of the Noteholders or at the option of the Issuer is made, any trading market in respect of those Notes in respect of which such option is not exercised may become illiquid, which, depending on the extent of the illiquidity, may have a direct and significant impact on any remaining Noteholders seeking to dispose of their Notes. In such circumstances, the market value of the Notes in respect of which such option is not exercised may be negatively affected and Noteholders may lose part of their investment.

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. Accordingly, if any such withholding or deduction were to apply to payments made by the Issuer under the Notes, Noteholders may receive less than the full amount due under such Notes, and the market value of such Notes may be negatively affected. As a result, Noteholders could lose part of their investment in the Notes.

Risks relating to Notes denominated in Renminbi

The applicable Final Terms in relation to any Series of Notes may specify that the Notes are denominated in Renminbi ("Renminbi Notes").

Renminbi is not freely convertible at present. The government of the PRC (the "PRC Government") continues to regulate conversion between Renminbi and other currencies.

Although the People's Bank of China ("PBoC") has implemented policies improving accessibility to Renminbi to settle cross-border transactions in the past, there is no assurance that the PRC Government will 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. Despite the efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi.

In the event that funds cannot be remitted out of the PRC in Renminbi, the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under the RMB Notes may be negatively affected.

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.

Although the offshore Renminbi market is expected to grow in depth and size, this is subject to constraints imposed by PRC laws and regulations on foreign exchange. There is no assurance that new PRC law and regulations will not be promulgated or the settlement arrangements between the PBoC and certain financial institutions in respect of limited clearing of Renminbi outside of the PRC will not be terminated or amended in the future, each of which may have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of its RMB Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. Should the Issuer resort to using another currency, such as US Dollar, to respect its payment obligations under the RMB Notes, the relevant Noteholders may lose part of their investment when converting such currency back into Renminbi, depending on the prevailing exchange rate at that time.

IMPORTANT CONSIDERATIONS

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.

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.

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

The tax legislation of the investor's Member State and of the Issuer's country of incorporation may have an impact on the income received from 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 other jurisdictions, including the relevant Issuer's jurisdictions of incorporation, which may have an impact on the income received from the Notes. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Notes. Potential investors are advised to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor.

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.

Important considerations in respect of Inflation Linked Notes

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).

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 Regulation, (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.

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. Only the sections referred to below shall be deemed as incorporated by reference in, and form part of, this Base Prospectus.

- (i) 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") (https://www.cades.fr/pdf/docref/fr/CADES DIP Base Prospectus 2013.pdf);
- 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") (https://cades.fr/pdf/docref/fr/prosp_base_DIP_2014.pdf);
- (iii) 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") (https://cades.fr/pdf/docref/fr/prosp_base_DIP_2015.pdf);
- (iv) 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") (https://cades.fr/pdf/docref/fr/prosp_base_DIP %202016.pdf);
- (v) 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") (https://cades.fr/pdf/docref/fr/Prosp Base DIP 2017.pdf);
- (vi) 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") (https://cades.fr/pdf/docref/fr/prosp_base_DIP_2018.pdf); and
- (vii) the terms and conditions of the notes contained in pages 51 to 94 of the base prospectus of the Issuer dated 19 June 2019 which received visa n° 19-276 from the AMF on 19 June 2019 (the "2019 EMTN Conditions") (https://cades.fr/pdf/docref/fr/prosp_base_DIP_2019.pdf), and together with the 2018 EMTN Conditions, 2017 EMTN Conditions, the 2016 EMTN Conditions, the 2015 EMTN Conditions, the 2014 EMTN Conditions, the 2013 EMTN Conditions and the 2012 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 19 June 2019, 31 May 2018, 8 September 2017, 1 June 2016, 8 June 2015, 10 June 2014 and 3 June 2013 respectively, are either not relevant for investors or covered elsewhere in this Base Prospectus.

For as long as any Notes are outstanding, this Base Prospectus, any supplement to the Base Prospectus and all documents incorporated by reference in this Base Prospectus will be available, free of charge, (i) on the website of the Issuer (https://www.cades.fr/index.php/en/financial-information/reference-documents) and (ii) at the specified office of the Fiscal Agent and the Paying Agents set out at the end of this Base Prospectus during normal business hours. The Base Prospectus and any supplement to the Base Prospectus will also be available on the website of the AMF (www.amf-france.org).

The information on the website of the Issuer does not form part of this Base Prospectus (unless that information is incorporated by reference into this Base Prospectus) and has not been scrutinised or approved by the competent authority.

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	Page reference
Base Prospectus dated 19 June 2019	Pages 51 to 94
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

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 1 of the Prospectus Regulation) 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 August 2020 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 ("Receiptholder" 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 Issuer 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 Issuer) (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 sub-paragraph (1)(II) applies and 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.

Notwithstanding paragraph (2) above, if the Issuer determines at any time (3) 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.

(1) **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 Issuer 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 sixtyfive (365), and rounding the resultant figure to the nearest Renminbi sub-unit, half of any such subunit 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 Issuer 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 videoconfrerence 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=

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

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'intérét 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:

 $CPI \, Monthly \, Reference \, Index \, {\textstyle \stackrel{Date \, D}{New \, Basis}} = CPI \, Monthly \, Reference \, Index \, {\textstyle \stackrel{Date \, D}{Previous \, Basis}} \, \, X \, Key \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, Key \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, Key \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, Key \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, Key \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, Key \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, Key \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, Key \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, Key \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, Key \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, Key \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, Key \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, {\textstyle \stackrel{Date \, D}{New \, Basis}}} \, X \, {\textstyle \stackrel{Date \, D}{New \, Basis}} \, X \, {\textstyle \stackrel{Date \, D}{New \, Basis}}} \, X \, {\textstyle \stackrel{Date$

(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:

Such that:

 $\begin{array}{c} \text{Date D} \\ \text{CPI Monthly Reference Index} \\ \text{New Basis} \end{array} = \text{CPI Monthly Reference Index} \\ \begin{array}{c} \text{Date D} \\ \text{Previous Basis} \end{array} X \text{ Key }$

(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 =

HICP Monthly Reference Index_{M-3} + $\frac{D-1}{ND_M}$ × (HICP Monthly Reference Index_{M-2} – 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 $_{M}$ =

$$HICP \, Monthly \, Reference \, Index_{M-1} \times \frac{HICP \, Monthly \, Reference \, Index_{M-1} \frac{1}{12}}{HICP \, Monthly \, Reference \, Index_{M-13}}$$

(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:

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

Such that:

HICP Monthly Reference Index
$$\frac{\text{Date D}}{\text{New Basis}} = \text{HICP Monthly Reference Index} \frac{\text{Date D}}{\text{Previous Basis}} \text{ X Key}$$

(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 = $IIR \times nominal = IIR \times nominal = II$

"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 Rate1", "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 Issuer.

"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 exchanges 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");
- if the Calculation Agent determines that on or after the Issue Date but on or before (B) 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 Issuer 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 reasonably 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 depositary or a common depositary 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 2019, 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 171.4 billion and Euro 89.1 billion was outstanding, and had paid interest for an amount equal to Euro 55.8 billion. 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.

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. Pursuant to the 2020 Acts (as defined in the "Recent Developments" section below), the payments of FRR have been extended beyond 2024 and, from 2025 to 2033, the FRR (unless depleted) will contribute Euro 1.45 billion a year to CADES' income. In addition, the fraction of the CSG allocated to CADES will be 0.45 per cent as from 2024. 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 2020 Social Security Financing Act, CADES debt repayment deadline was estimated to be 2024. Pursuant to the 2020 Acts dated 7 August 2020, the amortization date of the debt carried by CADES has been extended to December 31, 2033. 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 no 2005-881 on social security funding dated 2 August 2005 (loi organique no 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.

The law for the financing of the social security for 2020 (loi de financement de la sécurité sociale pour 2020) (loi n°2019-1446) repeals the provisions relating to the debt assumption for a maximum amount of 15 billion euros and the transfer of revenues associated with, which had been adopted in the law for the financing of the social security for 2019.

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 circ 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.

Pursuant to the 2020 Acts dated 7 August 2020, the amortization date of the debt carried by CADES has been extended to 2033. In addition, payments of FRR have been extended beyond 2024 and (unless depleted) will contribute Euro 1.45 billion a year from 2025 to 2033 to CADES' income and the fraction of the CSG allocated to CADES will be 0.45 per cent as from 2024. The 2020 Acts also provide for a debt assumption of Euro 136 billion by CADES. Further information on the 2020 Acts is available in the "Recent Developments" section.

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 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 and a portion of the revenues raised by the Levy Tax. The 2020 Acts have extended the payments of FRR beyond 2024. From 2025 to 2033, the FRR (unless depleted) will contribute Euro 1.45 billion a year to CADES' income. The allocation to CADES in respect of the Levy Tax 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. Pursuant to the 2020 Acts, from 2024, the fraction of the CSG allocated to CADES will be 0.45 per cent.

For the year ended 31 December 2019, CADES received Euro 18.257 billion distributed as follows: CRDS 41.5 per cent., CSG 47 per cent. and FRR payment 11.5 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.

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 2018 and 2019.

	CRDS (in per cent.)		
	2018	2019	
Wages	64.1	63.7	
Replacement revenues	24.3	24.6	
Property revenues	4.3	4.3	
Investment revenues	5.1	5.2	
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 following the abolition of the allocation of the Levy Tax to CADES. Pursuant to the 2020 Acts, from 2024, the fraction of the CSG allocated to CADES will be 0.45 per cent.

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 2018 and 2019.

	CSG (in per cent.)		
	2018	2019	
Wages	69.3	68	
Replacement revenues	20.4	21.9	
Property revenues	4.6	4.5	
Investment revenues	5.6	5.5	
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. The 2020 Acts extend the payments of FRR beyond 2024. From 2025 to 2033, the FRR (unless depleted) will contribute Euro 1.45 billion a year to CADES' income.

Selected Financial Statement Data

The table below sets out selected financial data of CADES for the years ended 31 December 2018 and 2019.

For the year ended 31 December (in Euro billion) (audited)		
	2018	2019
Revenues (CRDS, CSG and FRR) after charges	17.653	18.257
Net interest expense (on capital markets borrowings) plus general operating charges	(2.210)	2.005
Total available for principal repayments on debt	15.444	16.252

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 2019. As at 31 December 2019, the total debt that had been transferred to CADES since its creation was Euro 260.5 billion, the debt repaid was Euro 171.4 billion, and the residual year end deficit, which is the difference between the debt transferred and the debt repaid, was Euro 89.1 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	2019	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	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	0	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..

The aggregate principal amount outstanding of Notes under the Euro 130,000,000,000 Debt Issuance Programme as of 31 May 2020 was Euro 67.878 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 31 May 2020, 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 0.020 billion 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 10.229 billion 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 0.264 billion 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 15.286 billion billion had been issued and was outstanding.

During 2019, CADES raised Euro 3.0 billion in medium- and long-term debt issues under the programmes described above.

Other borrowing capacities and facilities

As of 31 May 2020, 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 4.998 billion had been issued and was outstanding; and
- back-up credit facilities for an amount of Euro 1.200 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, , bond issues, and MTN programmes. In addition, CADES enters into, 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.

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 2019.

Bonds in Euro	Bonds in other currencies	Inflation linked bonds/notes	MTN private placements	Commercial paper
69.4%	19.5%	7.8%	3.3%	0%

Source: CADES

CADES' debt by currency

As at 31 December 2018, CADES' debt profile, broken down by currency, was as follows: 77.2per 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 31 December 2019, CADES' debt profile, broken down by currency, was as follows: 80.1 per cent. of CADES' tradable debt was Euro—denominated, 17.6 per cent. was U.S. Dollar-denominated, and 2.3 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 31 December 2019, CADES' debt by maturity was as follows: 22.1 per cent. of CADES' debt had a maturity shorter than one year, 67.5 per cent. had a maturity between one and five years and 10.4 per cent. had a maturity longer than five years.

Debt Assumption and Amortisation Profile

The following chart below sets out as at 31 December 2019 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

[&]quot;voted debt"("dette votée") means that the French Parliament has voted the transfer of such debt to CADES.

[&]quot;assumed debt"("dette reprise") means that such debt has been transferred to CADES.

[&]quot;amortised debt"("dette amortie") means that such debt has been repaid by CADES.

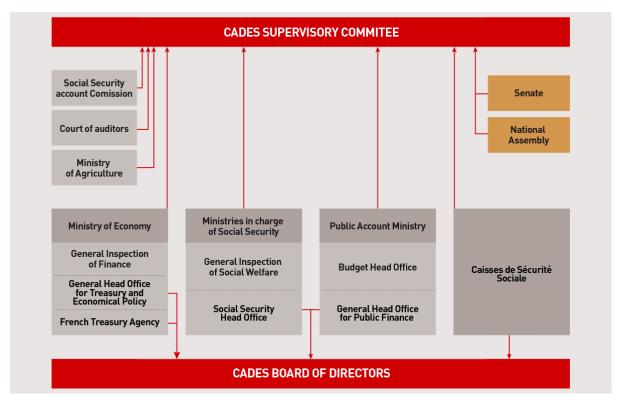
"net position" ("situation nette") means the difference between the assumed debt and the amortised debt.

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 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 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 31 May 2020.

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 Fabrice Gombert, 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.

representing the Minister of the Economy and Finances

Members of the Board of Directors Adrien Perret, Deputy Director at the Treasury, or his deputy Thierry Grignon

> Gabriel Cumenge, Deputy Director at the Treasury, or his deputy Arnaud Delaunay

Members of the Board of Directors representing the Minister in charge of Social Security

Franck Von Lennep, Social Security Director, or his deputy Morgan Delaye,

Marianne Kermoal-Berthome, Deputy Director of Social Security, or her deputy Pierre Prady.

Member of the Board of Directors representing the Minister in charge of the budget

Bastien Llorca, or his deputy Valérie Petillon-Boisselier.

Member of the Board of Directors Philippe Soubirous, or his deputy Philippe Pihet. representing the supervisory board of the Fonds de Réserve pour les Retraites

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 (Caisses nationales 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 or her deputy Adrien Perret;

Bastien Llorca, nominated by the Ministry of the Economy and Finances or his deputy Valérie Pétillon-Boisselier;

Marianne Kermoal-Berthome, nominated by the Ministry in charge of Social Security or her deputy Pierre Prady;

Franck Von Lennep, nominated by the Ministry in charge of Social Security;

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

Pierre-Louis Bras, member of the *Inspection Générale des Affaires Sociales* or his deputy Jean-Philippe Vinquant;

Jean-Pierre Laboureix, general secretary of the accounting committee for social security;

Fabrice Gombert, chairman of the CNAM or his deputy Yves Laqueille;

Gérard Riviere, chairman of the CNAV or his deputy Pierre Burban;

Isabelle Sancerni, chairwoman of the CNAF or her deputy Jean-Marie Attard;

Jean-Eudes Tesson, chairman of the ACOSS or his deputy Pierre-Yves Chanu; 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 Economy and Finance and the Minister in charge of Social Security before they become effective, including decisions related to the budget and financial accounts. In addition, CADES' borrowing programme requires the approval of the Minister in charge of Economy and Finance 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 réglement 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 a French public entity (établissement public national administratif), 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 publishes its accounts in accordance with standard accounting methods used by French banks and finance companies, in particular 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. Accounting procedures and principles are subject to a statutory auditors review but CADES is also subject to financial audits conducted by the Government Audit Office.

In addition to this, the French National Accounting Board, in its opinion CNC 99-04, has 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.

On top of this, the accounts are subject to the chart of accounts applicable to administrative public undertakings in accordance to common nomenclature under control of the Government Audit Office.

On 1 April 2020, CADES restated accounts relating to the year ended 31 December 2019 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 2019	31 December 2018	31 December 2017
	2017	2010	2017
ASSETS			
Cash in hand, balances with central banks and post office banks (Note 1)	3,056.63	2,263.29	3,174.15
Treasury bills and other bills eligible for refinancing with central banks (Note 1)	-	-	1,000.00
Loans and advances to credit institutions (Note 1)			
- Repayable at sight	0.03	0.21	0.05
- Repayable at term	-	-	-
Intangible assets (Note 2)	=	=	-
Tangible assets (Note 2)	=	=	0.06
Other assets (Note 3)	312.21	450.32	1,243.91
Prepayments and accrued income	2,703.07	2,364.06	1,980.09
(Note 4)		·	
TOTAL ASSETS	6,071.94	5,077.88	7,398.26
LIABILITIES & RESERVES			
Amounts owed to credit institutions (Note 5)			
- Payable at sight	-	-	-
- Payable at term Debts evidenced by securities (Note	1,003.37	1,003.37	1,003.37
6)			
- Negotiable debt instruments	398.90	265.17	7,521.51
- Bonds and similar instruments	91,646.61	107,694.03	117,155.77
- Other debts evidenced by securities	-	-	-
Other liabilities (Note 7)	1,214.55	447.61	220.30
Accruals and deferred income (Note 8)	814.28	933.32	2,173.59
Sub-total – Liabilities	95,077.71	110,343.49	128,074.55
Provisions (Note 8a)	87.01	80.17	113.26
Property endowment	181.22	181.22	181.22

Retained earnings	(105,527.00)	(120,970.77)	(136,014.76)
Profit for the period	16,252.99	15,443.77	15,043.99
Sub-total – Reserves	(89,092.79)	(105,345.78)	(120,789.54)
TOTAL LIABILITIES AND RESERVES	6,071.94	5,077.88	7,398.26

Profit and Loss Account

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
Interest receivable and similar income (Note 9)	613.69	874.54	1,024.97
- From transactions with credit institutions	28.28	188.81	225.32
- From bonds and other fixed income securities	-	-	-
- Other interest receivable and similar income	585.41	685.73	799.65
Interest payable and similar charges (Note 10)	(2,607.54)	(3,058.41)	(3,154.33)
On transactions with credit institutionsOn bonds and other fixed income securities	(41.30) (2,566.24)	(44.34) (3,014.07)	(42.36) (3,111.97)
Fees payable (Note 10) Gains and losses on trading securities (Note 11)	(7.97)	(22.78)	(30.93)
- 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	0.28 (0.01)	(0.02)	(0.02)
NET BANKING INCOME	(2,001.55)	(2,206.67)	(2,160.30)
General operating charges (Note 13) - Staff costs	(3.33) (0.98)	(2.91) (1.08)	(2.78) (1.09)
- Other administrative expenses Depreciation and impairment provisions (intangible and tangible assets	(2.35)	(1.83) (0.01)	(1.69) (0.02)
Other operating income	18,442.96	17,816.86	17,380.97
- Income relating to CRDS and CSG (Notes 12a and 12.1a)	16,340.37	15,631.70	15,262.46
- Income relating to social levies on income from property and investments (Note 12.2a)	(0.80)	(1.90)	(3.60)
- Income from Retirement Reserve Fund (Fonds de Réserve pour les Retraites – FRR) (Note 12.3)	2,100.00	2,100.00	2,100.00
Income from property (Note 13a)Provisions reversed for receivables (Notes	0.13 0.09	0.14 79.50	0.15 14.79
12a and 12.1a) - Other provisions reversed for receivables	3.17	7.41	7.17
Other operating charges	(185.10)	(163.47)	(173.98)

- Charges relating to CRDS and CSG (Notes 12a and 12.1a)	(159.86)	(155.10)	(150.34)
- Charges relating to social levies on income from property and investments (Note 12.2a)	-	0.01	0.02
- Payments to the State (Note 14)	-	-	-
- Provision for sundry liabilities (Note 14)	(2.30)	(1.57)	-
- Provision for receivables (Notes 12a, 12.1a and 12.2a)	(22.95)	(6.79)	(23.57)
- Charges related to property (Note 13a)	-	(0.02)	(0.09)
GROSS OPERATING PROFIT	16,252.98	15,443.80	15,043.89
OPERATING PROFIT	16,252.98	15,443.80	15,043.89
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	16,252.98	15,443.80	15,043.89
- Exceptional income (Note 15)	0.01	(0.03)	0.10
NET PROFIT FOR THE PERIOD	16,252.99	15,443.77	15,043.99

Cash Flow Statements of the Issuer

The cash flow table for the years ended 31 December 2019, 31 December 2018 and 31 December 2017 below is based on the audited financial statements of the Issuer for the years ending 31 December 2019, 31 December 2018 and 31 December 2017 and the method of calculation and the calculations themselves have been approved by the auditors of the Issuer.

Cash flow	Period ended	31 December	31 December	31 December
(€ millions)		2019	2018	2017
Net banking income		(2,002)	(2,207)	(2,160)
Inflation premiums		55	188	118
Provisions for financial instruments		-	-	-
Amortisation of premiums and balancing		(54)	(47)	(51)
payments		(34)	(47)	(31)
Change in accrued interest		(30)	4	(96)
Net cash from (used in) banking activities	(A)	(2,031)	(2,063)	(2,189)
Net operating income		18,254	17,650	17,204
(Increase) decrease in accrued income from		24	(131)	(93)
CRDS and CSG		2.	(131)	(55)
(Increase)/decrease in accruals on social levies		-	-	-
(Increase)/decrease in deferred expenses		57	(49)	(28)
Unearned income		-	-	(=0)
Provisions – sundry allocations or reversals		30	(33)	15
Net cash from (used in) operating activities	(B)	18,365	17,437	17,098
Net cash from (used in) banking and operating activities	(C=A+B)	16,334	15,374	14,909
Net cash from (used in) financing activities	(D)	(15,541)	(17,285)	(16,371)
Debt assumed	(E)	-	-	-
Net cash flow for the year	(C+D+E)	793	(1,911)	(1,463)

RECENT DEVELOPMENTS

Since 1 January 2020, CADES has issued the following debt instruments:

- On 13 January 2020, CADES tapped its existing EURO 0.125% 25 October 2023 for EUR 0.75bn.
- On 11 March 2020, CADES tapped its existing EURO 0.125% 25 November 2022 for EUR 0.25bn.
- On 19 February 2020, CADES issued a bond with maturity 26 February 2023 for CNH 1bn.
- On 18 March 2020, CADES issued a bond with maturity 25 March 2023 for USD 0.1bn.
- On 19 May 2020, CADES issued a bond with maturity 19 May 2023 for USD 3bn.

The presidential decree dated 29 May 2020 has renewed the mandate of Jean-Louis Rey as Chairman of the Board of Directors of CADES for a period of three years.

On 27 May 2020, the Minister of Solidarity and Health (Ministre des Solidarités et de la Santé) and the Minister of Action and Public Accounts (Ministre de l'Action et des Comptes Publics) presented organic and regular bills to the French parliament relating to social security debt and autonomy. The bills were presented in response to the magnitude of the current economic shock stemming from the Covid-19 pandemic and the projected social security deficits that have been incurred and continue to be incurred as a result.

The organic act no. 2020-991 (Loi organique n° 2020-991 relative à la dette sociale et à l'autonomie) and the regular act no. 2020-992 (Loi n° 2020-992 relative à la dette sociale et à l'autonomie) were enacted on 7 August 2020 (the "**2020 Acts**").

The 2020 Acts have important implications on CADES:

- The 2020 Acts provide for a debt assumption of Euro 136 billion by CADES. This debt transfer covers a maximum of Euro 31 billion of past deficits from 2016 to 2019, a maximum of Euro 13 billion payment in support of health insurance to cover hospital debt servicing and a provisional ceiling of Euro 92 billion for projected deficits for the financial years 2020 to 2023.
- The amortization date of the debt carried by CADES is extended to 2033.
- The amortization of CADES' debt still relies on the traditional CSG and CRDS resources (the fraction of the CSG allocated to CADES being 0.45 per cent. from 2024) and the payments of FRR extended beyond 2024. From 2025 to 2033, the FRR (unless depleted) will contribute Euro 1.45 billion a year to CADES' income.
- In addition, the 2020 Acts include an article providing for the submission to Parliament, no later than 15 September 2020, of a report on the creation of a new branch of social security to support the autonomy of elderly and disabled people.

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 August 2020 (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, expect 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

If the applicable Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member States of the European Union and the United Kingdom (each a "Relevant State"), 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 made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant 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 1(4) of the Prospectus Regulation in that Relevant 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 State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, 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 Regulation;

- at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), 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 1(4) of the Prospectus Regulation,

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 Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant 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 and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129.

Prohibition of Sales to EEA and UK Retail Investors

Unless the applicable Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not 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 Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or in the UK.

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 Distribution 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 has represented, warranted and agreed 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, and each further Dealer will be required to represent and agree, that:

- (a) it has only offered or sold and will only offer or sell, directly or indirectly, Notes to qualified investors (*investisseurs qualifiés*) in France as defined in Article L.411-2 1° of the French *Code monétaire et financier* and that it has only distributed or caused to be distributed and will only distribute or cause to be distributed to such qualified investors in France, this Base Prospectus or any other offering material relating to the Notes.
- (b) Materialised Notes may only be issued outside of France.

Japan

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that 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) (the "Financial Instruments and Exchange Act") and has agreed or will agree, as the case may be, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines 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.

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. 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 the Notes to be made the subject of any invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of any invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Base Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (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 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) to an institutional investor or to a relevant person, or where such transfer to any person arises from an offer referred to in Section 275(1A) or 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;
- (iv) pursuant to Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-Based Derivatives Contracts) Regulations 2018.

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 therefor.

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 AREA 1

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

Legal Entity Identifier (LEI): 969500P04DQJS4BPM574

A summary of the individual issue is annexed to the final terms.

[PROHIBITION OF SALES TO EEA AND UK 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") or in the United Kingdom (the "UK"). 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 Regulation. 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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK 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

The Final Terms may be asked requested from the Calculation Agent and are available on the AMF website.

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].]]

[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 in accordance with the Prospectus Regulation (as defined below) (each, a "Relevant State") will be made pursuant to an exemption under the Prospectus Regulation 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 1 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, 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 or the United Kingdom in accordance with the Prospectus Regulation (as defined below) (each, a "Relevant State") will be made pursuant to an exemption under the Prospectus Regulation 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 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 1 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, 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") approval number 20-414 on 19 August 2020 (the "Base Prospectus") [and the supplement[s] to the Base Prospectus received from the AMF approval number [●] on [●]] [respectively,] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the "Prospectus Regulation"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation 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 Regulation (EU) 2017/1129 (the "Prospectus Regulation") and must be read in conjunction with the Base Prospectus dated 19 August 2020 [and the supplement[s] to the

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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.

Base Prospectus dated [•]], which [together] constitute[s] a base prospectus for the purposes of Article 8 the Prospectus Regulation, 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 [•]. [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, detail 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 Redemption/Payment Basis:	or	[Specify details of any provision for convertibility of Notes into another interest or redemption/ payment

If the Notes are admitted to trading on a regulated market other than Euronext Paris.

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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:

[ullet] [and [ullet], 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 $[(s)]^7$: $[\bullet]$ per $[\bullet]$ 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]

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⁶ This option should be selected for RMB Notes.

Not applicable for RMB Notes.

⁸ This option should be selected for RMB Notes.

	(1X)	Party responsible for calculating Interest Amounts (if not the Calculation Agent) ⁹ :	[•]/[Not Applicable]
16.	5. Floating Rate Note Provisions		[Applicable ¹⁰ /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 (<i>Taux Variable</i>):			[•]
		Rate Determination Date (Date de ation du Taux Variable):	[•]
	(xii) S	Screen Rate Determination:	
- Reference Rate:			[•]
Interest Determination Date(s):			[•]
– Relevant Time:			[•]
- Screen Page:			[•]
- Reference Banks:			[•]

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This option should be selected for RMB Notes.

If ISDA Definitions are applicable, please mention if the 2000 ISDA Definitions or the 2006 ISDA Definitions are applicable.

– P1	rimary	Source	[●]
	(xiii)	ISDA Determination:	
– Fl	loating	Rate Option:	[•]
– Designated Maturity:			[•]
– Reset Date:			[•]
– B	usiness	s 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 subparagraphs 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:

[ullet]

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:

[ullet]

Currency 2 Amount:

[ullet]

FXn:

[Currency A is [●] / Currency B is [●]]

Settlement Rate Option:

[Currency A is [●] / Currency B is [●]]

Determination Date(s):

[ullet]

FX Rate:

[•]

Rate 1:

[ullet]

Rate 2:

[ullet]

(ii) Base Currency/Subject Currency:

 $\lceil \bullet \rceil / \lceil \bullet \rceil$

(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:

[ullet]

[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:

[ullet]

[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): $[\bullet]$
- (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 [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 [[●] 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): $[\bullet]$
- (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 1: $[\bullet]$ / Barrier Rate 1: $[\bullet]$; Barrier Rate 2: $[\bullet]$] (N.B. If a percentage of a fixed level consider rounding)

(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) [•] per Note of [•] of each Note and method, if any, of specified denomination calculation of such amount(s): If redeemable in part: (iii) (a) Minimum Redemption [ullet]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): $[\bullet]$ (ii) Optional Redemption Amount(s) [●] per Note of [●] specified denomination of each Note and method, if any, of calculation of such amount(s): (iii) Notice period: $[\bullet]$ 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): [•]

(xxvii) Corrections to

Displayed Rates:

Published

[Applicable/Not Applicable]

(ii) Instalment Amount(s) in respect of each Note:

[ullet] by Note of [ullet] of Specified Denomination

(iii) Minimum Instalment Amount:

[ullet]

(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:

[[ullet]]

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): [ullet]

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 Regulation and the requirements of Annex 17 of Delegated Regulation 2019/980 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:

[ullet]

(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:

[ullet]/[ullet]

(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

[ullet]

[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/ $[\bullet]$] (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:

[ullet]

(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 1: $[\bullet]$ / Conversion Rate 2: $[\bullet]$,

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:

 $[\bullet]/[\bullet]$

(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:

[ullet]

[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):

 $[\bullet]$

[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:

[ullet]

(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. $[\bullet]$ (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

payment is to be made [and consequences (if any) of failure to pay, including any

[Not Applicable/give details]

right of the Issuer to forfeit the Notes and interest due on late payment]:

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, renominalisation 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:

[ullet]

(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 Regulation 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 and UK 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 of the second of th

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:

[ullet]

(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: [ullet]

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 Regulation.]

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:

[ullet]

(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:

[ullet]

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 Offer Price and the process for its disclosure:] [Not applicable/specify]

[Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser:]

[Not applicable/specify]

[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]

possible amendments, during which the offer will be open:] [Conditions to which the offer is [Not applicable/give details] subject:] [Description of the application [Not applicable/give details] process]: [Details of the minimum and/or [Not applicable/give details] maximum amount of application]: [Description of possibility to [Not applicable/give details] reduce subscriptions and manner for refunding excess amount paid by applicants]: [Details of the method and time [Not applicable/give details] limits for paying up and delivering the Notes:] [Manner in and date on which [Not applicable/give details] results of the offer are to be made public:] [Procedure for exercise of any [Not applicable/give details] right of pre-emption, negotiability subscription rights treatment of subscription rights not exercised:] [Categories of potential investors [Not applicable/give details] to which the Notes are offered and whether tranche(s) have been reserved for certain countries:] [Process for notification to [Not applicable/give details] applicants of the amount allotted and the indication whether dealing may begin before notification is made:] [Amount of any expenses and [Not applicable/give details] taxes specifically charged to the subscriber or purchaser:] [Name(s) and address(es) of the [None/give details] 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:]

[Not applicable/give details]

[The time period, including any

[ISSUE SPECIFIC SUMMARY]

[Issue specific summary to be inserted and completed, as the case may be, and annexed to the final terms of the notes having a denomination of less than £100,000]

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 MARKET 11

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

Legal Entity Identifier (LEI): 969500P04DQJS4BPM574

[PROHIBITION OF SALES TO EEA AND UK 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") or in the United Kingdom (the "UK"). 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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK 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") approval number 20-414 on 19 August 2020 (the "Base Prospectus") [and the supplement[s] to the Base Prospectus received from the AMF approval number [●] on [●]] [respectively,]which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the "Prospectus Regulation"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation 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.

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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.

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 Regulation (EU) 2017/1129 (the "Prospectus Regulation") and must be read in conjunction with the Base Prospectus dated 19 August 2020 [and the supplement[s] to the Base Prospectus dated [•]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation, 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 supplement to the Base Prospectus [and the supplement [an

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:	[ullet] (one denomination only for Dematerialised Notes) $[ullet]$
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]
10.	Redemption/Payment Basis:	(further particulars specified below) [Redemption at par] [Inflation Linked Redemption] [FX Linked Redemption]
		[Partly Paid]

¹³If the Notes are admitted to trading on a regulated market other than Euronext Paris.

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[Instalment]

11. Change of Interest Redemption/Payment Basis:

or

[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:

[\bullet] [and [\bullet], 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]

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¹⁴ This option should be selected for RMB Notes.

Not applicable for RMB Notes.

	(viii)	Business Day Convention 16:	[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) ¹⁷ :	[•]/[Not Applicable]	
16.	6. 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)):		
-	F	loating Rate (Taux Variable):	[•]	
- Floating Rate Determination Date (Date de Détermination du Taux Variable):		te de Détermination du Taux	[•]	
	(xii)	Screen Rate Determination:		
– R	eferenc	ce Rate:	[•]	

¹⁶ This option should be selected for RMB Notes.

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¹⁷ This option should be selected for RMB Notes.

 $^{^{18}}$ If ISDA Definitions are applicable, please mention if the 2000 ISDA Definitions or the 2006 ISDA Definitions are applicable.

– In	terest	Determination Date(s):	[●]
-R	– Relevant Time:		[•]
- Sc	creen F	Page:	[•]
-R	eferen	ce Banks	[•]
– P1	rimary	Source	[•]
	(xiii)	ISDA Determination:	
– Fl	loating	Rate Option:	[•]
– D	esigna	ted Maturity:	[•]
-R	eset Da	ate:	[•]
– B	usiness	s 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:) 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: $[\bullet]$)

(vi) Rate of Interest: [•] per cent. per annum multiplied by the Inflation Index

Ratio

(vii) Day Count Fraction: [30/360/360/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

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)/(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: $[Currency A is [\bullet] / Currency B is [\bullet]]$

Settlement Rate Option: [Currency A is [●] / Currency B is [●]]

Determination Date(s): [•]

FX Rate: [●]

Rate 1: [●]

Rate 2: [●]]

(ii) Base Currency/Subject

Currency:

[ullet]/[ullet]

(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)*)]

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(x) Business Centre(s): $[\bullet]$

FX Price Source(s):

(ix)

(xi) Specified Duration: [●]

Dates: the Business Day Convention set out in (xiii) below] [Floating Rate Business Day Convention/ Following (xiii) Business Day Convention: Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention] (xiv) Calculation Agent: [•] (xv) Minimum Rate/Amount of [Zero / [●] per cent. per annum [specify amount of interest payable on each Specified Interest Payment Date]] Interest: Medium [[•] per cent. per annum [specify amount of interest (xvi) Rate/Amount of Interest: payable on each Specified Interest Payment Date]] / [Not Applicable] (xvii) Maximum Rate/Amount of [[•] per cent. per annum [specify amount of interest Interest: payable on each Specified Interest Payment Date]] / [Not Applicable] (xviii) Minus [[•] per cent. per annum [specify amount of interest Rate/Amount of Interest: payable on each Specified Interest Payment Date]] / [Not Applicable] Original Rate/Amount [[•] per cent. per annum [specify amount of interest 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: [•] [$[\bullet]$ / Barrier Rate 1: $[\bullet]$; Barrier Rate 2: $[\bullet]$] (N.B. If a (xxiv) Barrier Rate: percentage of a fixed level consider rounding) (xxv) Other Currency Settlement [Applicable, Condition 17(e)[(i)(I) / (i)(II) / (i)(III) / (ii) / Conditions: (iii) / (iv)] shall apply / Not Applicable] [Condition 17(i)[(i)/(ii)] shall apply / Both Condition (xxvi) Successor Currency: 17(i)(i) and 17(i) (ii) shall apply / Not Applicable] (xxvii) Corrections to Published or [Applicable/Not Applicable] Displayed Rates: (xxviii)Additional Disruption Change in Law is [Applicable/Not Applicable] Events: Hedging Disruption is [Applicable/Not Applicable]

[•] in each year, [subject to adjustment in accordance with

PROVISIONS RELATING TO REDEMPTION

Specified Interest Payment

20. **Call Option** [Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)

Increased Cost of Hedging is [Applicable/Not Applicable]

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	(1)	Optional Date(s):	Redemption	
	(ii)	Optional Redemption		[●] per Note of [●] specified denomination
	Amount(s) of each N method, if any, of calo of such amount(s):		of calculation	[, Condition 5(b) applies]
	(iii) If redeemable in part:		n part:	
		(a) Minimum Amount:	Redemption	[•]
		(b) Maximum Amount:	Redemption	[•]
	(iv)	Notice period		[●]
21.	Put C	Option		[Applicable/Not Applicable]
				(If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i)	Optional Date(s):	Redemption	[•]
	(ii)	Optional Amount(s) of method, if any, of such amount	of calculation	[●] 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.	23. Final Redemption Amount of each		nount of each	[[●] per Note of [●] specified denomination]
	Note			[See further item [25/26] below] (If the Notes are Inflation Linked Redemption Notes or FX Linked Redemption Notes)
24.	 (i) Instalment Date(s): (ii) Instalment Amount(s) in respect of each Note: 		lments	[Applicable/Not Applicable]
				(If not applicable, delete the remaining sub-paragraphs of this paragraph)
			e(s):	[●]
				[●] by Note of [●] of Specified Denomination
	(iii)	Minimum Amount:	Instalment	[•]
	(iv)	Maximum Amount:	Instalment	[•]
25.	Early	Redemption A	mount	[[•]]

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:

[To be determined in accordance with Condition 16(b)(ii) / Not Applicable]

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: [●])

Base Reference: (iii)

[●]

responsible for (iv) Partv calculating the Final Redemption Amount (if not the Calculation Agent):

Linked Automatic Early Redemption: (a) [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 Regulation and the requirements of Annex 17 of Delegated Regulation 2019/980 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
- Automatic Early Redemption (iii) Amount:
- [•]
- (iv) **Automatic Early Redemption** Date:
- $[\bullet]$

- (v) Automatic Early Redemption Valuation Date:
- [•] (N.B. If a percentage of a fixed level consider rounding)
- (vi) Knock-out Price:

 $[\bullet]/[\bullet]$

(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

[ullet]

[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/ $[\bullet]$] (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:

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- (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 Change in 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)

 $[Condition \quad 17(e)[(i)(I)/(i)(II)/(i)(III)/(ii)/(iii)/(iv)] \quad shall \\ apply$

28. Notes with Dual or Other Currency Settlement Conditions

[ullet]/[ullet]

(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)]] 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/ $[\bullet]$] (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. [\bullet] (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 Change in Law is [App

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:

Certificate:

[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 [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 [C Rules/D Rules/Not Applicable] (Only applicable to

exemption: 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, renominalisation 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:
- [ullet]
- (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 and UK 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 Regulation.]

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]	[•]

GENERAL INFORMATION

1. Authorisations

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. AMF approval statement

This Base Prospectus has been approved by the AMF in France in its capacity as competent authority under the Prospectus Regulation. The AMF has only approved this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

3. Validity of Base Prospectus

The Base Prospectus shall be valid for admission to trading of Notes on a Regulated Market for twelve (12) months after its approval by the AMF, until 18 August 2021, provided that it shall be completed by any supplement pursuant to Article 23 of the Prospectus Regulation, following the occurrence of a significant new factor, a material mistake or a material inaccuracy relating to the information included (including information incorporated by reference) in this Base Prospectus which may affect the assessment of the Notes. After such date, the Base Prospectus will expire and the obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies will no longer apply.

4. Trend Information and No Significant Change

Except as disclosed in this Base Prospectus, there has been no significant change in the financial position or financial performance of the Issuer since 31 December 2019, and no material adverse change in the prospects of the Issuer since 31 December 2019, including with respect to the impact of Covid-19 on the Issuer.

5. Litigation and Arbitration Proceedings

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.

6. Clearing Systems

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.

7. Legal Entity Identifier

The Legal Entity Identifier ("LEI") of the Issuer is 969500P04DQJS4BPM574.

8. Yield

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, if applicable, and the Issue Price of the relevant Notes will be stated in the Final Terms of the Notes.

9. Offer Price

If, as at the date of the Final Terms for a particular offer of Notes, the Offer Price cannot be determined, a description of the method of determining such Offer Price and the process for its disclosure will be included in the relevant Final Terms.

10. Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the "Stabilising Manager(s)") (or persons acting on behalf of any Stabilising Manager(s)) in the relevant Final Terms may over allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 calendar days after the issue date of the Notes and 60 calendar days after the date of the allotment of the Notes. Any stabilisation action or overallotment must be conducted by the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s), in accordance with all applicable laws and rules.

11. Documents Available

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 11 below) and copies of the *Ordinance* which established the Issuer will be available on the website of the Issuer (https://www.cades.fr/). Copies of such documents 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 (www.amf-france.org).

See also "Description of CADES – Presentation of financial information".

12. Statutory Auditors

The Issuer's public accountant (Contrôleur budgétaire et comptable ministeriel) is responsible for the preparation of its statutory accounts and financial statements. Such accounts and financial statements are also approved by the Minister of 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 2018 and 2019 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.

13. Prohibition of Sales to EEA and UK Retail Investors

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") or in the United Kingdom (the "UK"). 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 (EU) 2016/97 (the "Insurance Distribution Directive"), 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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

14. 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.

15. Benchmarks Regulation

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

The Issuer hereby declares that, to the best of its knowledge, the information contained or incorporated by reference in this Base Prospectus is in accordance with the facts and that this Base Prospectus makes no omission likely to affect its import.

Caisse d'Amortissement de la Dette Sociale represented by the Agence France Trésor

139 rue de Bercy 75012 Paris France

Directeur général Adjoint Cyril ROUSSEAU

Paris, on 19 August 2020



Autorité des marchés financiers

This Base Prospectus has been approved by the AMF in its capacity as competent authority under Regulation (EU) 2017/1129.

The AMF has approved this Base Prospectus after having verified that the information it contains is complete, coherent and comprehensible in accordance with Regulation (EU) 2017/1129.

This approval should not be considered as a favourable opinion on the Issuer and on the quality of the Notes described in this Base Prospectus. Investors should make their own assessment of the opportunity to invest in such Notes.

The Base Prospectus has been approved on 19 August 2020 and is valid until 18 August 2021 and shall during this period, in accordance with Article 23 of Regulation (EU) 2017/1129, be completed by a supplement to the Base Prospectus in the event of new material facts or substantial errors or inaccuracies. The Base Prospectus has been given the following approval number: 20-414.

ANNUAL STATEMENTS 2019

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KPMG S.A. Siège social Tour EQHO 2 Avenue Gambetta CS 60055 92066 Paris la Défense Cedex France

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CADES

Statutory auditor's report on the financial statements

For the year ended 31 December 2019 **CADES**

> 139 rue de Bercy – 75012 Paris This report contains 44 pages Reference: HV-202-001

KPMG S.A., a French limited liability entity and a member firm of the KPMG Network of independent member of the K-MG Network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.

Société anonyme d'expertise comptable et de commissariat aux comptes à directoire et conseil de surveillance.
Inscrite au Tableau de l'Ordre à Paris sous le n° 14-30080101 et à la Compagnie Régionale des Commissaires aux Comptes de Versailles.

Headquarters:
KPMG S.A.
Tour Eqho
2 avenue Gambetta
92066 Paris la Défense Cedex
Capital: 5 497 100 €.
Code APE 6920.
775 726 417 R.C.S. Nanterre TVA
Union Européenne
FR 77 775 726 417



KPMG S.A. Siège social Tour EQHO 2 Avenue Gambetta CS 60055 92066 Paris la Défense Cedex France Téléphone: +33 (0)1 55 68 68 68 Télécopie: +33 (0)1 55 68 73 00 Site internet: www.kpmg.

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 2019

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 2019. These accounts were approved by the Conseil d'administration on 1st April 2020 on the basis of information available at that date in the context of the health crisis linked to Covid-19.

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 2019 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.

KPMG S.A., a French limited liability entity and a member firm of the KPMG Network of independent member firms.

affiliated with KPMG International Cooperative, a Swiss entity.

Société anonyme d'expertise comptable et de commissariat aux comptes à directoire et conseil de surveillance.
Inscrite au Tableau de l'Ordre à Paris sous le n° 14-30080101 et à la Compagnie Régionale des Commissaires aux Comptes de

Headquarters: KPMG S.A. Tour Eqho 2 avenue Gambetta 92066 Paris la Défense Cedex Capital : 5 497 100 €. Code APE 6920Z 775 726 417 R.C.S. Nanterre TVA Union Européenne FR 77 775 726 417





Statutory auditor's report on the financial statements 2 April 2020

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1st January 2019 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 laws and regulations.

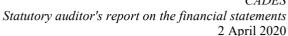
We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors with respect to the financial position and the financial statements.

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 2019, KPMG SA was in the 4th year of total uninterrupted engagement.

HV-202-001 - For the year ended 31 December 2019





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 2 avril 2020

The statutory auditors

French original signed by

Hubert de Vaumas Associé

HV-202-001 - For the year ended 31 December 2019

BALANCE SHEET

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
ASSETS			
Cash in hand, balances with central banks and post office banks (Note 1)	3,056.63	2,263.29	3,174.15
Treasury bills and other bills eligible for refinancing with central banks (Note 1)	-	-	1,000.00
Loans and advances to credit institutions (Note 1)			
- Repayable at sight	0.03	0.21	0.05
- Repayable at term	-	-	-
Intangible assets (Note 2)	-	-	-
Tangible assets (Note 2)	-	-	0.06
Other assets (Note 3)	312.21	450.32	1,243.91
Prepayments and accrued income	2,703.07	2,364.06	1,980.09
(Note 4)		<u> </u>	
TOTAL ASSETS	6,071.94	5,077.88	7,398.26
LIABILITIES & RESERVES Amounts owed to credit institutions (Note 5) Pour blact gight			
 Payable at sight Payable at term	1,003.37	1,003.37	1,003.37
Debts evidenced by securities (Note 6)	1,003.37	1,003.37	1,005.57
- Negotiable debt instruments	398.90	265.17	7,521.51
- Bonds and similar instruments	91,646.61	107,694.03	117,155.77
- Other debts evidenced by securities	71,040.01	107,054.05	117,133.77
Other liabilities (Note 7)	1,214.55	447.61	220.30
Accruals and deferred income (Note 8)	814.28	933.32	2,173.59
Sub-total – Liabilities	95,077.71	110,343.49	128,074.55
Provisions (Note 8a)	87.01	80.17	113.26
Property endowment	181.22	181.22	181.22
Retained earnings	(105,527.00)	(120,970.77)	(136,014.76)
Profit for the period	16,252.99	15,443.77	15,043.99
Sub-total – Reserves	(89,092.79)	(105,345.78)	(120,789.54)
TOTAL LIABILITIES AND RESERVES	6,071.94	5,077.88	7,398.26

PROFIT AND LOSS ACCOUNT

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017	
Interest receivable and similar income	613.69	874.54	1,024.97	
(Note 9)				
- From transactions with credit institutions	28.28	188.81	225.32	
- From bonds and other fixed income securities	-	-	-	
- Other interest receivable and similar	585.41	685.73	799.65	
income				
Interest payable and similar charges	(2,607.54)	(3,058.41)	(3,154.33)	
(Note 10)				
- On transactions with credit institutions	(41.30)	(44.34)	(42.36)	
- On bonds and other fixed income securities	(2,566.24)	(3,014.07)	(3,111.97)	
Fees payable (Note 10)	(7.97)	(22.78)	(30.93)	
Gains and losses on trading securities (Note 11)	· -	-	-	

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
- Net profit (loss) on foreign exchange		-	
transactions			
Gains and losses on investment		-	-
securities (Note 11a)	-		
- Net profit (loss) on investment securitie	s -	-	-
Exchange rate gains and losses on		-	-
management operations (Note 11b)	-		
Other operating income – banking	0.28	-	-
Other operating charges – banking	(0.01)	(0.02)	(0.02)
NET BANKING INCOME	(2,001.55)	(2,206.67)	(2,160.30)
General operating charges (Note 13)	(3.33)	(2.91)	(2.78)
- Staff costs	(0.98)	(1.08)	(1.09)
- Other administrative charges	(2.35)	(1.83)	(1.69)
Depreciation and impairment		(0.01)	(0.02)
provisions on intangible and	_		
tangible assets			
Other operating income	18,442.96	17,816.86	17,380.97
 Income relating to CRDS and CSG 	16,340.37	15,631.70	15,262.46
(Notes 12a	10,5 10.57	13,031.70	13,202.10
and 12.1a)	(0.00)	(1.00)	(2, (0)
- Income relating to social levies on	(0.80)	(1.90)	(3.60)
income from			
property and investments (Note 12.2a)	2 100 00	2 100 00	2 100 00
- Income from the Retirement Reserve	2,100.00	2,100.00	2,100.00
Fund (Fonds de Réserve pour les			
Retraites – FRR)			
(Note 12.3) - Income from property (Note 13a)	0.13	0.14	0.15
- Provisions reversed for receivables	0.13	79.50	14.79
(Notes 12a,	0.09	79.30	14./9
12.1a and 12.2a)			
- Other provisions reversed for		7.41	7.17
receivables (Note	3.17	7.11	,,
14a)			
Other operating charges	(185.10)	(163.47)	(173.98)
- Charges relating to CRDS and CSG	` ,		, ,
(Notes 12a	(159.86)	(155.10)	(150.34)
and 12.1a)			
- Charges relating to social levies on		0.01	0.02
income from	-		
property and investments (Note 12.2a)			
- Payments to the State (Note 14)	-	-	-
- Provision for sundry liabilities (Note 14	(2.30)	(1.57)	-
- Provision for receivables (Notes 12a,			
12.1a and	(22.95)	(6.79)	(23.57)
12.2a)			
- Charges related to property (Note 13a)	-	(0.02)	(0.09)
Estimation changes and error	-	-	-
adjustments CDOSS OPED A TING PROFIT	17.252.00	15 442 00	15.042.00
GROSS OPERATING PROFIT	16,252.98	15,443.80	15,043.89
OPERATING PROFIT	16,252.98	15,443.80	15,043.89
PROFIT ON ORDINARY	16,252.98	15,443.80	15,043.89
ACTIVITIES BEFORE	•		,
TAXATION Evacutional income (Note 15)	0.01	(0.02)	0.10
- Exceptional income (Note 15)	0.01	(0.03)	0.10
NET PROFIT FOR THE PERIOD	16,252.99	15,443.77	15,043.99

CASH FLOW STATEMENT

Cash flow	Period ended	31 December	31 December	31 December
(€ millions)		2019	2018	2017
Net banking income		(2,002)	(2,207)	(2,160)
Inflation premiums		55	188	118
Provisions for financial instruments		-	-	-
Amortisation of premiums and balancing		(5.4)	(47)	(51)
payments		(54)	(47)	(51)
Change in accrued interest		(30)	4	(96)
Net cash from (used in) banking activities	(A)	(2,031)	(2,063)	(2,189)
Net operating income		18,254	17,650	17,204
(Increase) decrease in accrued income from CRDS and CSG		24	(131)	(93)
(Increase)/decrease in accruals on social levies		-	-	-
(Increase)/decrease in deferred expenses		57	(49)	(28)
Unearned income		-	-	-
Provisions – sundry allocations or reversals		30	(33)	15
Net cash from (used in) operating activities	(B)	18,365	17,437	17,098
Net cash from (used in) banking and operating activities	(C=A+B)	16,334	15,374	14,909
Net cash from (used in) financing activities	(D)	(15,541)	(17,285)	(16,371)
Debt assumed	(E)	-	-	-
Net cash flow for the year	(C+D+E)	793	(1,911)	(1,463)

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 – <u>social security debt assumed</u>

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 2019	31 December 2018	31 December 2017
COMMITMENTS GIVEN (note 18)			
Financing commitments			
 - Payments to various social security bodies (Article 4.IV of Order No. 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	1,200.00	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 (Fonds de Réserve pour les Retraites)	10,500.00	12,600.00	14,700.00

NOTES TO THE FINANCIAL STATEMENTS

HIGHLIGHTS OF THE YEAR ENDED 31 DECEMBER 2019

Social security debts assumed

No assumption of social security debt was carried out in 2019.

The 2020 Social Security Finance Act No. 2019-1446 of 24 December 2019 cancelled the assumption of ACOSS' residual cumulative debt of €15 billion as well as the increase in the CSG allocated to CADES by the 2019 Social Security Finance Act.

• FINANCING TRANSACTIONS

> Issues (excluding commercial paper)

CADES borrowed €3 billion under the French programme in EUR.

> REDEMPTIONS (EXCLUDING COMMERCIAL PAPER)

CADES reimbursed €19.06 billion at maturity:

- 14 issues made under the French programme (12 in EUR, one in GBP and one in USD) for an amount of
- €13.28 billion;
- two issues made under the UK programme in USD for an amount of €5.78 billion.

• CREDIT LINES

Commitments received as at 31 December 2019 comprise:

• five activation agreements for credit lines enabling CADES to add funds directly to its eurodenominated deposit account held with Banque de France, totalling €1.2 billion and cancellable by the counterparties at 15 to 30 days' notice.

• BANK ACCOUNTS

- ➤ Effective 1 April 2019, the transaction account that CADES holds with Banque de France was merged with the State's regulated client account to pool CADES' cash with that of the State over the course of the year.
- ➤ CADES closed three foreign currency accounts (DKK, TRY and ZAR) in the first half of 2019. It now has 14 foreign currency accounts.

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 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 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 Directorate General of Public Finances) 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. 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.

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.

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

The 2009 Social Security Funding Act No. 2008-1330 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*) No. 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 ϵ 29.4 billion in yearly instalments of ϵ 2.1 billion no later than 31 October each year, with effect from 1 January 2011 until 2024. The two institutions concerned have 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 to it on 1 January 2000 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, CADES manages disputes and claims internally.

CADES' Accounting Officer records expenses and revenue on the basis of the supporting documents submitted by the Authorising Officer.

At 30 June 2019, CADES had settled all disputes and claims.

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 2019, which correspond to the reference rates communicated by the European Central Bank, are indicated in the table below:

USD:	1.1234	SEK:	10.4468	GBP:	0.85080
AUD:	1.5995	NOK:	9.8638	MXN:	21.2202
CHF:	1.0854	NZD:	1.6653	HKD:	8.7473
CAD:	1.4598	TRY:	6.6843	JPY:	121.94
ZAR:	15.7773	SGD:	1.5111	CNY:	7.8205

- 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 hardware. Intangible fixed assets consist of 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 at 31 December 2019:	103.99161
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 AFB or FBF forward market agreements providing for daily or weekly margin calls depending on the counterparty and the agreement in place.

Investment transactions

CADES may invest its cash balances in securities issued or guaranteed by the State either under repurchase agreements with delivered securities or through outright securities purchases.

In the case of repurchase agreements with delivered securities, in exchange for the loan extended to the 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 these repurchase agreements.

1. 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.

CADES uses daily or weekly margin calls to minimise the residual risk on these instruments in the event of counterparty default.

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.

15. NEW IBOR REFORM

A fundamental reform of the "IBOR" interest rate benchmark indices is underway in the markets. There is some uncertainty as to the timetabling and the transition methods that will be used to replace the existing IBOR benchmark rates with alternative rates.

The IBOR rates continue to be used as benchmark rates for the financial markets and to value financial instruments that mature after these rates' expected expiry dates.

In CADES' view, the current structure of the market justifies the continued use of hedge accounting at 31 December 2019.

CADES has undertaken an analysis to take into account the potential repercussions of these index changes.

NOTES

BALANCE SHEET

At 31 December 2019, the balance sheet showed total assets of €6.07 billion for total debt of €95.077 billion, resulting in negative reserves of €89.092 billion.

ASSETS

Note 1: Treasury and interbank transactions

At (€ millions)		31 December 2019	31 December 2018	31 December 2017
CENTRAL I	BANKS	3,056.63	2,263.29	3,174.15
Central banks	3	3,056.63	2,263.29	3,174.15
	BILLS AND OTHER BILLS ELIGIBLE ANCING WITH CENTRAL BANKS	-	-	1,000.00
	securities with a maturity of less than 3 months	-	-	1,000.00
Accrued inter		-	-	-
LOANS AND	D ADVANCES TO CREDIT ONS	0.03	0.21	0.05
Repayable a		0.03	0.21	0.05
Debit balance	es on ordinary accounts	0.03	0.21	0.05
Securities rec	eived under open repurchase agreements	-	-	-
Accrued inter	rest	-	-	-
Repayable at	t term	-	-	-
	eived under term repurchase agreements with less than 3 months	-	-	-
Of which:	Treasury bills	-	-	-
	Bonds	-	-	-
	Own securities	-	-	-
Accrued inter	rest	-	-	-
Total		3,056.66	2,263.50	4,174.20

NB. On 31 December 2019, the balance on CADES' transaction account with Banque de France was transferred to the eurodenominated deposit account to exclude it from the sweeping of the State's dedicated account with the Banque de France. The "central banks" line item shows the cash balance at 31 December 2019.

NOTE 2: INTANGIBLE AND TANGIBLE FIXED ASSETS

(€ millions)	Gross value at 1 January 2019	Acquisitions	Disposals -	Gross value at 31 December 2019	Amortisation and depreciation	Net book value at 31 December 2019	Net book value at 31 December 2018	Net book value at 31 December 2017
Intangible				-	-	-	- -	-
assets	0.12	-	-	0.12	0.12	-	-	-
Software	0.12	-	-	0.12	0.12	_	-	-
Other	-	-	_	-	_	-	-	-
Tangible assets	0.02	-	-	0.02	0.02	_	_	0.06
Sundry								0.06
equipment	0.02	-	-	0.02	0.02	-	-	0.06
Total	0.14	-	-	0.14	0.14	-	-	0.06

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	31 December	31 December	31 December
(€ millions)	2019	2018	2017
SUNDRY DEBTORS	312.21	450.32	1,243.91
Deposits paid by way of initial margins	205.56	210.98	1,072.07
- Deposits	205.09	210.87	1,072.04
- Accrued interest	0.47	0.10	0.03
Outstanding CRDS and CSG contributions and social levies to be collected	106.65	217.34	171.84
- Gross amounts receivable	550.85	646.38	646.30
- Provisions	(444.20)	(429.04)	(474.46)
Other debtors in respect of financial transactions	-	=	-
Other debtors in respect of operating charges	-	=	-
Other sundry debtors – CNAV	-	22.00	-
- Gross amounts receivable	-	22.13	0.26
- Provisions	-	(0.13)	(0.26)
Total	312.21	450.32	1,243.91

Other assets comprise:

- deposits paid by way of initial margins for €205.56 million; and
- outstanding CRDS and CSG contributions and social levies to be collected by ACOSS amounting to €106.65 million. Provisions totalling €444.20 million have been deducted from the gross amounts receivable of €550.85 million.

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:

NOTE 4: PREPAYMENTS AND ACCRUED INCOME

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
PROVISIONS BROUGHT FORWARD	429.17	474.72	488.11
Impact of accounting method changes	-	-	-
Provisions set aside – property	-	-	-
Provisions set aside – CRDS and CSG contributions and social levies	15.25	3.18	1.55
Provisions reversed – property	(0.13)	(0.13)	(0.15)
Provisions reversed – CRDS and CSG contributions and social levies	(0.09)	(48.60)	(14.79)
PROVISIONS CARRIED FORWARD	444.20	429.17	474.72

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
ACCRUED INCOME	1,712.61	1,770.49	1,694.48
On forward interest rate instruments	8.07	8.91	8.22
On forward currency instruments	156.94	89.86	246.02
On CRDS and CSG revenues	1,547.60	1,571.46	1,440.24
On revenue from social levies on income from property and investments On property sales	-	-	- -
Other accrued income CONTINGENT LOSSES AND LOSSES TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS	76.74	0.26 8.72	14.54
DEFERRED CHARGES	87.13	133.49	180.79

At	31 December	31 December	31 December
(€ millions)	2019	2018	2017
Issuance premiums on bonds and EMTN	87.13	133.49	180.79
Other deferred charges	-	-	-
PREPAYMENTS	0.15	0.02	19.23
Prepaid administrative expenses	0.02	0.02	0.02
Prepaid interest on negotiable debt instruments	0.13	-	19.21
Prepaid interest on bonds	=	-	=
Other prepayments	-	-	-
OTHER	896.44	451.34	71.05
Currency adjustment accounts	896.44	451.33	70.95
Property rental adjustment account	-	-	-
Sundry	-	0.01	0.10
Total	2,703.07	2,364.06	1,980.09

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:

• adjustment accounts amounting to €896.44 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 (€-105,527 million), the profit or loss for the year (€16,252.99 million) and the property endowment (€181.22 million), came to €-89,092.79 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
	120 (00 17
Accumulated profits generated by CADES between 1996 and 2017 and impact of previous accounting method changes	128,609.17
PROFIT AND LOSS ACCOUNT BROUGHT	(105,527.00)
FORWARD	

Liabilities, which amounted to $\[\in \]$ 95,077.71 million at 31 December 2019, consist mainly of debts to credit institutions amounting to $\[\in \]$ 1,003.37 million, debts evidenced by securities totalling $\[\in \]$ 92,045.51 million, initial margins received and others totalling $\[\in \]$ 1,214.55 million and accruals and deferred income totalling $\[\in \]$ 814.28 million.

NOTE 5: TREASURY AND INTERBANK TRANSACTIONS

At			31 December 2019		31 December 2019	31 December 2018	31 December 2017
(€ 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 CENTRA	L 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 2019			31 December 2018	31 December 2017
(€ 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	134.80	0.10	-	264.00	398.90	265.17	7,521.51
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
Commercial paper		-		-			
denominated in other currencies	133.73	-	-	-	133.73	-	7,205.87
Other negotiable debt							
instruments denominated	-		-		-	-	-
in foreign currencies		-		-			
Accrued interest	1.07	0.10	-	-	1.17	1.17	1.64
BONDS	2,696.54	18,533.73	62,193.27	8,223.07	91,646.61	107,694.03	117,155.77
Bonds and EMTN denominated in euro	-	13,950.00	50,809.43	7,256.50	72,015.93	82,032.75	84,695.09
Bonds and EMTN							
denominated in other currencies	2,002.85	4,450.77	11,383.84	966.57	18,804.03	24,707.79	31,446.46
Accrued interest	693.69	132.96	-	-	826.65	953.49	1,014.22
Total	2,831.34	18,533.83	62,193.27	8,487.07	92,045.51	107,959.20	124,677.28

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 €92,045.51 million and comprise negotiable debt securities totalling €398.90 million and bonds and similar instruments totalling €91,646.61 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 New York commercial paper issuance programme for which the maximum amount of outstandings is

- €60 billion;
- a French medium-term note (NEU MTN) issuance programme for which the maximum amount of outstandings is €10 billion;
- a French short-term note (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 AUD 6 billion.

All in all, at 31 December 2019 debts evidenced by securities maturing within one year totalled €21,365.17 million and by those maturing in more than five years €8,487.07 million, compared with €20,269.33 million and

€23,765.16 million, respectively, at 31 December 2018. Debt due to mature at between one and five years fell from €63,924.71 million at 31 December 2018 to €62,193.27 million at 31 December 2019.

The table below details borrowings (in millions) by programme.

Programme	Issue date	Maturity date	Nominal value (issue currency)	Currency	Nominal interest rate	ISIN
Stand- alone	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%	-
NICKI NATAL	02/05/2012	02/05/2025	50	EUR	3.1975%	FR0120634516
NEU MTN	10/05/2012	19/12/2025	214	EUR	Max. (Min. [7%; EURCMS10yr. +0.45%];	FR0120634581 (1)
	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
UK	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
	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 (1)
	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	Max. (Min. [7%; EURCMS10yr. +0.26%]; 0%)	FR0011270644 (1)

Programme	Issue date	Maturity date	Nominal value (issue currency)	Currency	Nominal interest rate	ISIN
	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
FR	23/01/2015	25/05/2023	4,350	EUR	0.500%	FR0012467991
	18/09/2013	18/09/2023	2,000	NOK	4.080%	FR0011565449
	20/06/2018	25/10/2023	3,750	EUR	0.125%	FR0013344181
	29/11/2013	29/11/2023	50	EUR	if EURCMS10yr. =< 2.3625%, rate= EURCMS10yr.+1% with 2% floor; if EURCMS10yr.> 2.3625%, rate=5.725%- CMS10yr.with 1.25% floor	FR0011627827 (1)
	18/12/2013	18/12/2023	50	EUR	Min. (Max. [2%; EURCMS10yr. +1%]; Max [0.5%; 5.812%- EURCMS10yr.])	FR0011649169 (1)
	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	Max. (Min. [7%; EURCMS10yr. +0.30%]; 0%)	FR0011202514 (1)
	02/07/2012	02/07/2024	60	EUR	Max. (Min. [7%; EURCMS10yr. +0.36%]; 0%)	FR0011277383 (1)
	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	3-month EURIBOR	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 (2)
	21/06/2012	21/12/2025	1,000	NOK	4.52%	FR0011271527

¹⁾ These transactions were converted by micro-hedge swaps into variable- or fixed-rate borrowings.

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.

NOTE 6A: ANALYSIS OF TRANSACTIONS IN EURO AND FOREIGN CURRENCIES BEFORE AND AFTER HEDGING

²⁾ Investors can redeem this this bond from 2021.

(in millions of euros)	In	itial debt	Hedg	ing transactions	Final	debt
-	Foreign currencies	Euros	Foreign currencies	Euros	Foreign currencie s	Euros
EURO-DENOMINATED DEBT		73,278		18,384		91,662
FOREIGN CURRENCY- DENOMINATED DEBT		Value in euros at 31 December 2019		Value in euros at 31 December 2019		
CHF	550	507	(550)	(507)	_	-
GBP	-	-	` <u>-</u>	-	_	-
JPY	-	-	-	-	-	-
USD	19,080	16,984	(19,080)	(16,984)	_	-
HKD	-	-	-	-	-	-
SEK	-	-	-	-	-	-
AUD	790	494	(790)	(494)	-	-
NOK	9,400	953	(9,400)	(953)	-	-
NZD	-	-	-	-	_	-
CNY	-	-	_	-	_	-
CAD			-	-	-	-
MXN	-	-	-	-	-	_
Sub-total foreign currencies		18,938		(18,938)		-
TOTAL		92,216		(554)		91,662

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, $84\%^{(1)}$ of the debt bears fixed rates, 8% floating rates and 8% rates indexed to inflation.

Breakdown of debt in euro and foreign currencies before and after hedging

		Initial debt			Hedging transactions			Final debt		
(€ millions)	Foreign currencies	Euros	Total	%	Foreign currencies	Euros	Foreign currencies	Euros	Total	%
FIXED RATES Negotiable debt instruments	-	-	-		-	-	-	-	-	
Bonds, EMTN and BMTN	18,804.03	63,683.50	82,487.53		(18,804.03)	12,371.36 .	-	76,054.86	76,054.86	
Private placements Macro hedging swaps	-	998.00	998.00		-	· -	-	998.00	998.00	
Total fixed rates	18,804.03	64,681.5 0	83,485.53	90.53	(18,804.03)	12,371.36	-	77,052.86	77,052.86	84.06
FLOATING RATES Negotiable debt instruments	133.73	_	133.73		(133.73)	132.88	-	132.88	132.88	
Bonds, EMTN and BMTN	-	1,564.00	1,564.00		-	5,879.94	-	7,443.94	7,443.94	
Private placements	-	-	-		-	-	-	-	-	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total floating rates	133.73	1,564.00	1,697.73	1.84	(133.73)	6,012.82	-	7,576.82	7,576.82	8.27
INDEXED RATES Bonds	-	7,032.43	7,032.43		-	-	-	7,032.43	7,032.43	
Macro hedging swaps	-	-	-		-	-	-	-	-	
Total indexed rates	-	7,032.43	7,032.43	7.63	-	-	-	7,032.43	7,032.43	7.67
TOTAL	18,937.76	73,277.93	92,214.70	100.00	(18,937.76)	- 553.58	_	91,662.11	91,662.11	100.00

NOTE 7: OTHER LIABILITIES

At (Carillians)	31 December 2019	31 December 2018	31 December 2017
(€ millions)	2019	2016	2017
DEPOSITS RECEIVED BY WAY OF INITIAL	1,095.32	268.34	58.81
MARGINS	1,075.02	200.54	30.01
- Deposits	1,095.24	268.30	58.54
- Accrued interest	0.08	0.04	0.27
OTHER CREDITORS IN RESPECT OF			
FINANCIAL TRANSACTIONS	-	-	-
OTHER CREDITORS IN RESPECT OF	110.22	150.05	171.40
OPERATING CHARGES	119.23	179.27	161.49
Payments to the State	-	-	-
Tax	-	-	-
Social security	-	-	-
Trade creditors	-	-	0.04
Sundry creditors – ACOSS	119.23	179.27	161.45
Other sundry creditors	-	-	-
Total	1,214.55	447.61	220.30

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 €1,095.32 million at 31 December 2019; and
- The credit balance with ACOSS amounting to €119.23 million, consisting of taxpayer credit notes received from ACOSS.

NOTE 8: ACCRUALS AND DEFERRED INCOME

At	31 December	31 December	31 December
(€ millions)	2019	2018	2017
ACCRUALS	49.19	47.77	21.10
Accruals on forward interest rate instruments	35.05	32.43	6.58
Accruals on forward currency instruments	4.45	4.82	4.80
Fees payable in respect of market transactions	-	-	-
Accruals in respect of operating charges	1.22	0.89	0.40
Accruals in respect of CRDS and CSG collection costs	8.40	8.51	7.64
Accruals in respect of revenue from social levies on			
income from property and investments	-	-	-
Other accruals	0.06	1.12	1.68
CONTINGENT GAINS AND GAINS TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS	10.70	20.25	28.97
UNEARNED INCOME	331.40	398.93	494.56
Issuance premiums on bonds	331.40	398.93	494.53
On government securities	-	-	-
On foreign currency transactions	-	-	0.03
Other unearned income	-	-	-
OTHER	422.99	466.37	1,628.96
Currency adjustment accounts	343.87	455.76	1,605.23
Sundry	79.12	10.60	23.73
TOTAL	814.28	933.32	2,173.59

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:

- Accruals in respect of interest rate swaps for €35.05 million, forward currency transactions for €4.45 million, and CRDS and CSG for €8.40 million;
- Balancing cash payments on currency swaps amounting to €10.70 million that are to be spread;
- Unearned income, corresponding to premiums on bond issues (€331.40 million);
- Currency adjustment accounts amounting to €343.87 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);
- provisions for liabilities and charges in respect of CSG and CRDS.

PROFIT AND LOSS ACCOUNT

At (€ millions)	31 December 2018	Set aside	Reversed	31 December 2019
Provisions	80.17	10.02	3.18	87.01
Provision for redundancy indemnities	0.29	-	-	0.29
Provision for time savings account	0.04	0.01	-	0.05
Provision for remuneration	0.02	0.01	-	0.03
Provision for liabilities	<u>-</u>	_	-	-
Ruyter judgment	8.01	2.30	2.92	7.39
CSG and CRDS provisions	71.81	7.70	0.26	79.25
Total	80.17	10.02	3.18	87.01

In arriving at the profit for the period, net banking income is reported separately from other operating income and charges.

(€ millions) Net banking income	(2,001.55)
Exceptional income items	-
Other operating income and charges	18,254.54
Gross operating profit and net profit for the period	16,252.99

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	31 December	31 December	31 December
(€ millions)	2019	2018	2017
INTEREST RECEIVABLE AND SIMILAR INCOME			
FROM TRANSACTIONS WITH CREDIT	28.28	188.81	225.32
INSTITUTIONS			
Interest receivable - Demand loans and advances and			0.01
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	28.28	188.81	225.31
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	505 41	(05.52	700.65
INCOME	585.41	685.73	799.65
Amortisation of premiums on issue	93.21	95.60	101.20
Net profit on hedging transactions	492.20	590.13	698.45
Profit on repurchase of own securities	-	-	-
Total	613.69	874.54	1,024.97

Banking income, which amounted to €613.69 million, consists mainly of:

- Net profit on hedging transactions amounting to €492.20 million;
- Interest receivable and similar income from transactions with credit institutions amounting to €28.28 million; and
- The amortisation of bond premiums on issue amounting to €93.21 million.

NOTE 10: COST OF DEBT

Period ended	31 December	31 December	31 December
(€ millions)	2019	2018	2017
INTEREST PAYABLE AND SIMILAR			
CHARGES ON TRANSACTIONS WITH CREDIT	41.30	44.34	42.36
INSTITUTIONS			
Interest payable - Demand loans and repurchase agreements	-	-	-
Interest on ordinary accounts in credit	-	-	-
Interest on overnight loans	-	-	-
Interest on securities delivered under repurchase agreements	-	-	-
Interest payable – Term loans and repurchase agreements	40.55	40.55	40.55
Interest on CDC loan (transfer of debt)	-	-	-
Interest on multi-currency credit	-	-	-
Interest on securities delivered under repurchase agreements	-	-	-

Period ended	31 December	31 December	31 December
(€ millions)	2019	2018	2017
Interest on private placements	40.55	40.55	40.55
Other interest payable and similar charges	0.75	3.79	1.81
INTEREST PAYABLE AND SIMILAR	256624		
CHARGES ON BONDS AND OTHER FIXED	2,566.24	3,014.07	3,111.97
INCOME SECURITIES			
Interest on debts evidenced by certificates	2,566.24	3,014.07	3,111.97
Interest on negotiable debt instruments denominated in euros	4.40	3.82	6.54
Interest on negotiable debt instruments denominated in other currencies	19.57	142.20	137.74
Interest on bonds and equivalent securities denominated in euros	1,938.22	2,045.93	2,158.13
Interest on bonds and equivalent securities denominated in other currencies	502.35	577.19	628.94
Other charges on debt evidenced by securities	101.70	244.93	180.62
Other interest payable and similar charges	-	-	-
FEES PAYABLE	7.97	22.78	30.93
Fees on term loans with credit institutions	4.95	20.28	22.50
Fees on negotiable debt instruments issued	-	-	-
Fees on bonds	3.00	2.47	8.39
Other fees on securities transactions	0.02	0.03	0.04
Other fees	-	-	-
TOTAL	2,615.51	3,081.19	3,185.26

Interest payable and similar charges on CADES' debt, which amounted to €2,615.51 million, decreased by 15% from 31 December 2018 and consists of

- Charges amounting to €2,566.24 million in respect of debts;
- Interest amounting to €41.30 million on transactions with credit institutions, consisting of interest on private placements and margin calls; and
- Fees amounting to €7.97 million.

The decrease in interest and similar charges payable compared with 31 December 2018 was related mainly to the decrease in the amount of debt.

NOTE 11: GAINS AND LOSSES ON TRADING SECURITIES

Period ended	31 December	31 December	31 December
(€ millions)	2019	2018	2017
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 Authority, 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	31 December	31 December	31 December
(€ millions)	2019	2018	2017
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 2019	31 December 2018	31 December 2017
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	31 December	31 December	31 December
(€ millions)	2019	2018	2017
NET CRDS REVENUES (Article 6)	7,597.14	7,347.32	7,168.36
CRDS contributions levied on wages and salaries	6,706.69	6,487.03	6,354.68
CRDS contributions levied on property assets	327.23	320.09	299.77
CRDS contributions levied on investment income	390.75	377.27	352.84
CRDS contributions levied on sales of gems and precious metals	4.91	5.77	5.36
CRDS contributions on gaming proceeds	167.56	157.16	155.71
CRDS exemption offsets (travel vouchers and voluntary community services)	-	-	-

CRDS revenues, net of collection costs, amounted to €7,596.14 million.

CRDS levied on wages and salaries (which is mainly collected by ACOSS) represents 88.28% of the total. CRDS collected by the offices of the Directorate General of Public Finances and levied mainly on capital (property and investment income) represented 9.45%. CRDS on gaming profits and the sale of precious metals represented 2.27%.

NOTE 12A

The table below provides a breakdown of income and charges relating to the CRDS at 31 December 2019.

CRDS REVENUES	(I)	CRDS COSTS	(II)	Net
(€ millions)				revenues (I-II)
CRDS levied on wages and salaries	6,766.26	Write-offs, waivers, cancellation and debt forgiveness	25.51	6,706.69
		Assessment and collection costs	34.06	
CRDS levied on property assets	341.29	Assessment and collection costs	14.06	327.23

CRDS REVENUES (€ millions)	(I)	CRDS COSTS	(II)	Net revenues
				(I-II)
CRDS levied on investment income	392.71	Assessment and collection costs	1.96	390.75
CRDS levied on sales of gems and precious metals	4.93	Assessment and collection costs	0.02	4.91
CRDS levied on gaming proceeds	168.40	Assessment and collection costs	0.84	167.56
CRDS exemption offsets				
(travel vouchers and voluntary community services)	-		-	-
		Provisions on outstanding CRDS to		
Reversal of provisions on outstanding	0.09	be collected	17.01	16.92
CRDS to be collected				
Total	7,673.68	Total	93.46	7,580.22

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 gaming proceeds.

The tax base is similar to that of the CRDS, with the exception that no contributions are levied on the sale of gems and precious metals.

Period ended	31 December	31 December	31 December
(€ millions)	2019	2018	2017
NET CSG REVENUES (Article 6)	8,583.37	8,129.29	7,943.76
CSG contributions levied on wages and salaries	7,713.47	7,288.66	7,151.30
CSG contributions levied on property assets	390.58	378.05	359.16
CSG contributions levied on investment income	468.96	452.90	423.73
CSG contributions on gaming proceeds	10.36	9.68	9.57
CSG exemption offsets	-	-	-

CSG revenues, net of collection costs, amounted to €8,583.37 million.

CSG levied on wages and salaries (which is collected mainly by ACOSS) represents 90% of the total. The remaining CSG is levied on income from investments and from property (10%).

E RETIREMENT RESERVE FUND (FRR)

The Retirement Reserve Fund paid €2.10 billion on 25 April 2019.

Period ended (€ millions)	31 December 2019	31 December 2018	31 December 2017
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	31 December	31 December	31 December
(€ millions)	2019	2018	2017
STAFF COSTS	0.98	1.08	1.09
Wages and salaries	0.69	0.75	0.79
Social security charges	0.28	0.31	0.30
Time savings account	0.01	0.02	-
Sundry charges	-	-	-
OTHER ADMINISTRATIVE EXPENSES	2.35	1.83	1.69
Taxes and duties	0.09	0.09	0.10
External services	2.26	1.74	1.59
TOTAL	3.33	2.91	2.78

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 14% compared with 31 December 2018, mainly on account of IT developments (change of valuation software).

LIST OF STAFF POSITIONS AT 31 DECEMBER 2019

Non-civil servant public sector 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)

Civil servant employees:

- 1 general office manager (grade A)
- 1 administrative manager (grade A)

CADES has made available non-civil servant public sector employees 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 Directorate General of the Treasury. In accordance with the terms of the services framework agreement signed on 1 September 2017 by CADES and the DGT, these salaries are then rebilled to CADES. CADES' administrative expenses came to €2.35 million in 2019 and comprised mainly:

- statutory auditors' fees for the statutory audit of the 2019 financial statements in the amount of €48,000;
- operating costs paid directly by the Ministry of the Economy and Finance in respect of activities carried out by AFT on behalf of CADES, in accordance with the financial agreement of 22 November 2018.

NOTE 13A: PROPERTY ASSETS AND PROPERTY MANAGEMENT

Period ended	31 December	31 December	31 December
(€ millions)	2019	2018	2017
REVENUE FROM PROPERTY ASSETS	0.13	0.14	0.15
Exceptional income	-	0.01	-
Provisions reversed	0.13	0.13	0.15
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, in particular the related disputes.

NOTE 14: OTHER NON-BANKING OPERATING CHARGES

Period ended	31 December	31 December	31 December
(€ millions)	2019	2018	2017
Payments to the State	-	-	-
Provision for sundry liabilities			
Ruyter judgment	2.30	1.57	-
Reduction of CSG and CRDS income	-	-	-
TOTAL	2.30	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 2019, the provision for the related liability amounted to €2.30 million.

NOTE 14A: OTHER OPERATING INCOME

Period ended	31 December	31 December	31 December
(€ millions)	2019	2018	2017
Other reversals of provisions for sundry charges	0.25	=	=
Other reversals of provisions for sundry liabilities Ruyter judgment	2.92	7.41	7.17
TOTAL	3.17	7.41	7.17

Note 15: Exceptional income and charges

Period ended	31 December	31 December	31 December
(€ millions)	2019	2018	2017
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) Other exceptional charges (impact of ACOSS changes)	-	-	-
Other exceptional charges Other exceptional income	0.01	(0.04)	-
TOTAL	0.01	(0.03)	0.10

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

		31 December 2017	2019	30 December	2018 31	December
At (€ millions)	Currencies to be received	Currencies to to be delivered Currencies to		Currencies to be delivered	Currencies to be received	Currencies to be delivered
FORWARD TRANSACTIONS	18,937.76	-	24,707.7	'9 -	38,652.33	-
Financing in foreign currency Hedging						
transactions over the counter						
Forward exchange against euros	133.73	-	-	-	7,205.87	-
Up to 1 year	133.73	-	-	-	7,205.87	-
From 1 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Currency swaps against euros	18,804.03	-	24,707.79	-	31,446.46	-
Up to 1 year	6,453.62	-	6,255.56	_	9,394.40	
From 1 to 5 years	11,383.84	-	14,788.73		17,846.62	-
Over 5 years	966.57	-	3,663.50	-	4,205.44	-
				-		
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. Forward exchange outstandings at 31 December 2019 came to €133.73 million.

The decrease in currency swap outstandings against euro is attributable to the decrease in foreign currency issue outstandings, no issue of this type having been made in 2019.

NOTE 17: FORWARD FINANCIAL INSTRUMENTS

At (€ millions)	31 December 2019	31 December 2018	31 December 2017
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	13,310.67	5,423.23
Firm transactions entered into for hedging purposes			
9 91 1	12 210 67	12 210 67	5 422 22
Interest rate swaps in euro	13,310.67	13,310.67	5,423.23
Micro hedging	13,310.67	13,310.67	5,423.23
- Up to 1 year	200.00	-	279.84
- From 1 to 5 years	10,799.34	8,220.17	1,250.00
- Over 5 years	2,311.33	5,090.50	3,893.39

At 31 December 2019, interest rate instruments entered into by CADES comprised swaps amounting to €13,310.67 million entered into for micro hedging purposes.

NOTE 18: OTHER OFF-BALANCE SHEET COMMITMENTS

At	31	31	31
(€ millions)	December	December	December
	2019	2018	2017
FINANCING COMMITMENTS			
Commitments received			
From credit institutions			
- Back-up credit lines	1,200.00	700.00	700.00
- Multi-currency credit lines	-	-	-
 Credit lines in treasury bills 	=	=	=
- Other credit lines	-	-	-
Sundry			
- Retirement Reserve Fund (Fonds de Réserve pour les	10,500.00	12,600.00	14,700.00
Retraites)			
- 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:

- Five activation agreements for credit lines enabling CADES to add funds directly to its euro-denominated deposit account held with Banque de France, totalling €1.2 billion and cancellable by the counterparties at 15 to 30 days' notice; and
- A total of €10.50 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.

NOTE 19: ABRIDGED STATEMENTS

BALANCE SHEET

At	31 December 2019
(€ millions)	
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD FROM 1	(105,527.00)
JANUARY 2019 PROFIT FOR THE YEAR ENDED 31 DECEMBER 2019	16 252 00
PROPERTY ENDOWMENT	16,252.99 181.22
DEBT REMAINING TO BE REPAID AT 31 DECEMBER 2019	(89,092.79)
Represented by:	
Liabilities towards third parties	
- Borrowings falling due within 1 year	21,370.54
- Borrowings falling due after 1 year	71,678.34
- Other creditors, accruals and unearned income	2,028.83
Less assets held by CADES	
- Financial investments	3,056.66
- Other debtors, prepayments and accrued income	2,928.26

PROFIT AND LOSS ACCOUNT

Period	31 December 2019
ended (€	
millions)	
NET REVENUE FROM CRDS, CSG AND SOCIAL LEVIES	16,159.77
ESTIMATION CHANGES AND ERROR ADJUSTMENTS	-
NET REVENUE FROM RETIREMENT RESERVE FUND (FRR)	2,100.00
NET REVENUE FROM PROPERTY	0.13
Interest payable and similar charges	(2,607.54)
Fees	(7.98)
Interest receivable and similar income	613.98
NET FINANCIAL CHARGES	(2,001.55)
Operating charges	(3.08)
OPERATING PROFIT	16,255.28
Provision for sundry liabilities	(2.30)
Exceptional income (charges)	0.01
NET PROFIT FOR THE YEAR ENDED 31 DECEMBER 2019	16,252.99

OTHER INFORMATION

The table below provides information on market value, comparing the debt at repayment value as at 31 December 2019 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 2019.
- 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 2019.
- b. The value of unlisted securities issued by CADES obtained using the CADES zerocoupon curve as at 31 December 2019. 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 2019 of collateral, repurchase agreements and bank balances.

	At maturity	At 31 December 2019	At 31 December 2019	At 31 December 2019
UP TO 1	18,260.30	18,260.30	18,633.17	168.70
YEAR				
FROM 1 TO	61,896.22	61,692.47	66,157.47	810.88
5 YEARS				
OVER 5	9,542.83	9,542.83	11,605.83	(172.16)
YEARS				

	At maturity	At 31 December 2019	At 31 December 2019	At 31 December 2019
SWAPS	-	-	-	-
TOTAL	89,699.35	89,495.60	96,396.47	807.42
REVISABLE RATES	5,410.30	5,410.30	5,404.81	175.05
INDEXED RATES	7,236.18	7,032.43	7,678.85	-
FIXED RATES	77,052.86	77,052.86	83,312.81	632.37
SWAPS	-	-	-	-
TOTAL	89,699.35	89,495.60	96,396.47	807.42

Compared with the previous financial year, at 31 December 2019 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	At 31 December 2019	At 31 December 2018	At 31 December 2017
Short-term (under 1 year)	20.40%	16.36%	13.23%
Medium-term	68.93%	60.59%	58.32%
Long-term (over 5 years)	10.66%	23.04%	28.45%

As regards the breakdown between issues denominated in euro and other currencies, in the year ended 31 December 2019 the proportion of euro-denominated debt increased slightly from 31 December 2018, as shown by the table below:

DEBT	At 31 December 2019	At 31 December 2018	At 31 December 2017
In foreign currencies	20.06%	22.88%	31.81%
In euros	79.94%	77.12%	68.19%

Lastly, the post-hedging book-value-debt breakdown relative to 31 December 2018 below shows an increase in the proportion of fixed rate issues and a continued decrease in that of revisable and indexed rate issues:

DEBT	At 31 December 2019	At 31 December 2018	At 31 December 2017
Revisable rate	6.05%	11.25%	28.11%
Indexed rate	7.86%	9.31%	7.99%
Fixed rate	86.10%	79.44%	63.90%

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.

POST-BALANCE SHEET DATE EVENTS

The COVID-19 epidemic creates an uncertain situation for CADES, which has accordingly deployed all available resources to maintain its activities in the context of this health crisis and taken the necessary measures to protect the health of its employees and other stakeholders.

CADES has striven in particular to implement the most appropriate measures and initiatives needed to pursue its business, in accordance with government decisions. It will fully maintain and apply its internal control and IT security procedures throughout the crisis. The solutions it has introduced meet all requirements as regards procedural security and transaction reliability.

This event occurred after the end of the 2019 financial year, has no direct relation to any situation prevailing at the year-end and has no impact on the financial statements for the year ended 31 December 2019.

However, given the pandemic's impact, at the date of the Board of Directors' approval of the 2019 financial statements CADES believes that this health crisis could have a negative impact on the amount of resources allocated to it in respect of 2020. At the same time, it is not aware of any material uncertainty that could call into question its mission of amortising the social security debt transferred to it.

Nevertheless, uncertainty persists as to how long the epidemic will last and what its impact on CADES will be; this impact will become easier to gauge as the situation evolves.

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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.

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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. 2011-1906 of 29 December 2010, Act No. 2012-354 of 14 March 2012, 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. 2014-1655 of 29 December 2014, 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. 2018-1702 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.

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*).

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 eurodenominated 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 (Fonds de Réserve pour les Retraites – FRR)	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)			
	265 17	7,521.51	14,093.80
- Negotiable debt instruments	265.17	7,521.51	1 1,000.00

At (€ millions)	31 December 2018	31 December 2017	31 December 2016
- 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	31 December	31 December	31 December
(€ millions)	2018	2017	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	(0.01)	(0.02)	(0.02)
(intangible and tangible assets			
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

Period ended	31 December 2018	31 December 2017	31 December 2016
(€ millions)	79.50	14.79	14.90
Provisions reversed for receivables (Notes 12a and 12.1a)	79.30	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)	
			14.426.26
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	Period ended	31 December	31 December	31 December
(€ millions)		2018	2017	2016
Net banking income		(2,207)	(2,160)	(2,330)
Inflation premiums		188	118	42
Provisions for financial instruments		-	-	-
Amortisation of premiums and balancing		(47)	(51)	64
payments			` /	
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		(47)	(20)	-
Provisions – sundry allocations or reversals		(33)	15	22
Net cash from (used in) operating activities	<i>(B)</i>	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
		·	<u> </u>	
Debt assumed	(E)			(23,609)
Net cash flow for the year	(C+D+E)	(1,911)	(1,463)	(6,149)
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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	-	-	-
	12,600.00	14,700.00	16,800.00

At (€ millions) (notes 16-18)	31 December 2018	31 December 2017	31 December 2016
- Financing commitments received: payments from the Retirement Reserve Fund (Fonds de Réserve pour les Retraites)			

NOTES TO THE FINANCIAL STATEMENTS

HIGHLIGHTS OF THE YEAR ENDED 31 DECEMBER 2018

Social security debts assumed

No assumption of social security date 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 ($F\acute{e}d\acute{e}ration$ $Bancaire\ Française\ -FBF$) 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 BA	ANKS	2,263.29	3,174.15	1,636.81
Central banks		2,263.29	3,174.15	1,636.81
	BILLS AND OTHER BILLS ELIGIBLE NCING WITH CENTRAL BANKS	-	1,000.00	4,000.00
Government someonths	ecurities with a maturity of less than 3	-	1,000.00	4,000.00
Accrued interes	st	-	-	-
LOANS AND INSTITUTION	ND ADVANCES TO CREDIT NS	0.21	0.05	0.03
Repayable at s	sight	0.21	0.05	0.03
Debit balances	on ordinary accounts	0.21	0.05	0.03
Securities recei	ived under open repurchase agreements	-	-	-
Accrued interes	st	-	-	-
Repayable at t	term	-	-	-
	eived under term repurchase agreements of less than 3 months	-	-	-
Of which:	Treasury bills	-	-	-
	Bonds	-	-	-
	Own securities	-	-	-
Accrued interes	st	-	-	-
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	Disposal s	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
- Deposits	210.87	1,072.04	0.02
- Accrued interest	0.10	0.03	1.39
Outstanding CRDS and CSG contributions and social levies to be collected	217.34	171.84	165.72
- Gross amounts receivable	646.38	646.30	653.42
- Provisions	(429.04)	(474.46)	(487.70)
Other debtors in respect of financial transactions	-	-	-
Other debtors in respect of operating charges	-	-	-
Other sundry debtors – CNAV	-	-	-
- Gross amounts receivable	22.13	0.26	0.41
- Provisions	(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 deficits from	n ACOSS by way of an adjustment of the 1999 to 2006	64.72
	profits generated by CADES between 1996 d impact of previous accounting method	113,165.40
Profit and los	ss account brought forward	(120,970.77)

Liabilities, which amounted to &0.110,343.49 million at 31 December 2018, consist mainly of debts to credit institutions amounting to &0.1,003.37 million, debts evidenced by securities totalling &0.107,959.20 million, guarantee deposits received and others totalling &0.104,003.37 million and accruals and deferred income totalling &0.104,003.32 million.

Note 5: Treasury and interbank transactions

At			31 December 2018			31 December 2017	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	Z018 Total	Total	Total	
AMOUNTS OWED TO C	ENTRAL	to 1 year	ycars					
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 De	ecember 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
	09/12/2004	25/07/2019	2,400	EUR	CADESI 1.85%	FR0010137554
Stand-alone	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%	-
NIETI MTENI	02/05/2012	02/05/2025	50	EUR	Formula-based variable rate	FR0120634516
NEU MTN	10/05/2012	19/12/2025	214	EUR	Formula-based variable rate	FR0120634581
	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
UK	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
	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
FR	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
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 trai	nsactions	Final debt	
	Foreign currencies	Euros	Foreign currencies	Euros	Foreign currencie s	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	-	-	-	-	-	_

Total			108,003		4		108,007
Sub-total currencies	foreign		24,708		(24,708)		-
MXN		-	-	-	-	-	-
CAD		-	-	-	(259)	-	-
CNY		-	-	-	-	-	-
NZD		-	-	-	-	-	-
NOK		9,400	945	(9,400)	(945)	-	-
AUD		690	425	(690)	(425)	-	-

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

		Initial del	ot		Hedging tra	nsactions	Final de	bt		
(€ millions)	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	_	_	-

At (€ millions)	31 December	31 December	31 December
	2018	2017	2016
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 17,650.47
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	31 December	31 December	31 December
(€ millions)	2018	2017	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
CSG levied on investment income	455.17	Assessment and collection costs	2.27	452.90
CSG levied on gaming proceeds	9.73	Assessment and collection costs	0.05	9.68
CSG exemption offsets	-		-	-
Reversal of provisions on		Provisions on outstanding CSG		21.00
outstanding CSG to be collected	35.06	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 €24,2000 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 Ruyter judgment	7.41	7.17	21.99
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) Other exceptional charges (impact of ACOSS changes)	-	-	0.03
Other exceptional charges	(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

	31 Decei	nber 2018	31 Decen	ıber 2017	31 Decembe	r 2016
At (€ millions)	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	-	38,652.3	3 -	52,162.71	-
Hedging transactions over the counter						
Forward exchange against euros	-	-	7,205.87	-	13,299.16	-
Up to 1 year	-	-	7,205.87	-	13,299.1	
From 1 to 5 years	-	-	-	-		-
Over 5 years	-	-	-	-		-
Currency swaps against euros	24,707.79	-	31,446.46		38,863.55 8,377.67	-
Up to 1 year	6,255.56	-	9,394.40	_	22,486.31	-
From 1 to 5 years	14,788.73	-	17,846.62	-	7,999.57	-
Over 5 years	3,663.50	-	4,205.44	-	1,555.51	-
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 \in 9.74 billion) exceeding total new issuance (the equivalent of \in 1.63 billion).

Note 17: Forward financial instruments

At	31 December	31 December	31 December
(€ millions)	2018	2017	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)	-	-	_

At (€ millions)	31 December 2018	31 December 2017	31 December 2016
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	31 December	31 December	31 December
(€ millions)	2018	2017	2016

FINANCING COMMITMENTS

Commitments received

From credit institutions

At (€ millions)	31 December 2018	31 December 2017	31 December 2016
- Back-up credit lines	700.00	700.00	700.00
- Multi-currency credit lines	-	-	-
- Credit lines in treasury bills	-	-	-
- Other credit lines	-	-	-
Sundry			
- Retirement Reserve Fund (Fonds de Réserve pour les Retraites)	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 eurodenominated 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

(in millions of euros)	DEBT AT REPAYMENT VALUE		DEBT AT MARKET VALUE	MARKET VALUE OF HEDGING TRANSACTIONS
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

REGISTERED OFFICE OF THE ISSUER

Caisse d'Amortissement de la Dette Sociale

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