



# Investor Presentation

June 2024

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## FRAMEWORK & MISSIONS

## ▶ The origin of social debt

- During the 1990s, the balance of the general social security system was permanently in negative territory. The succession of deficits led to the creation of a social debt...
- ...and the creation of CADES in 1996

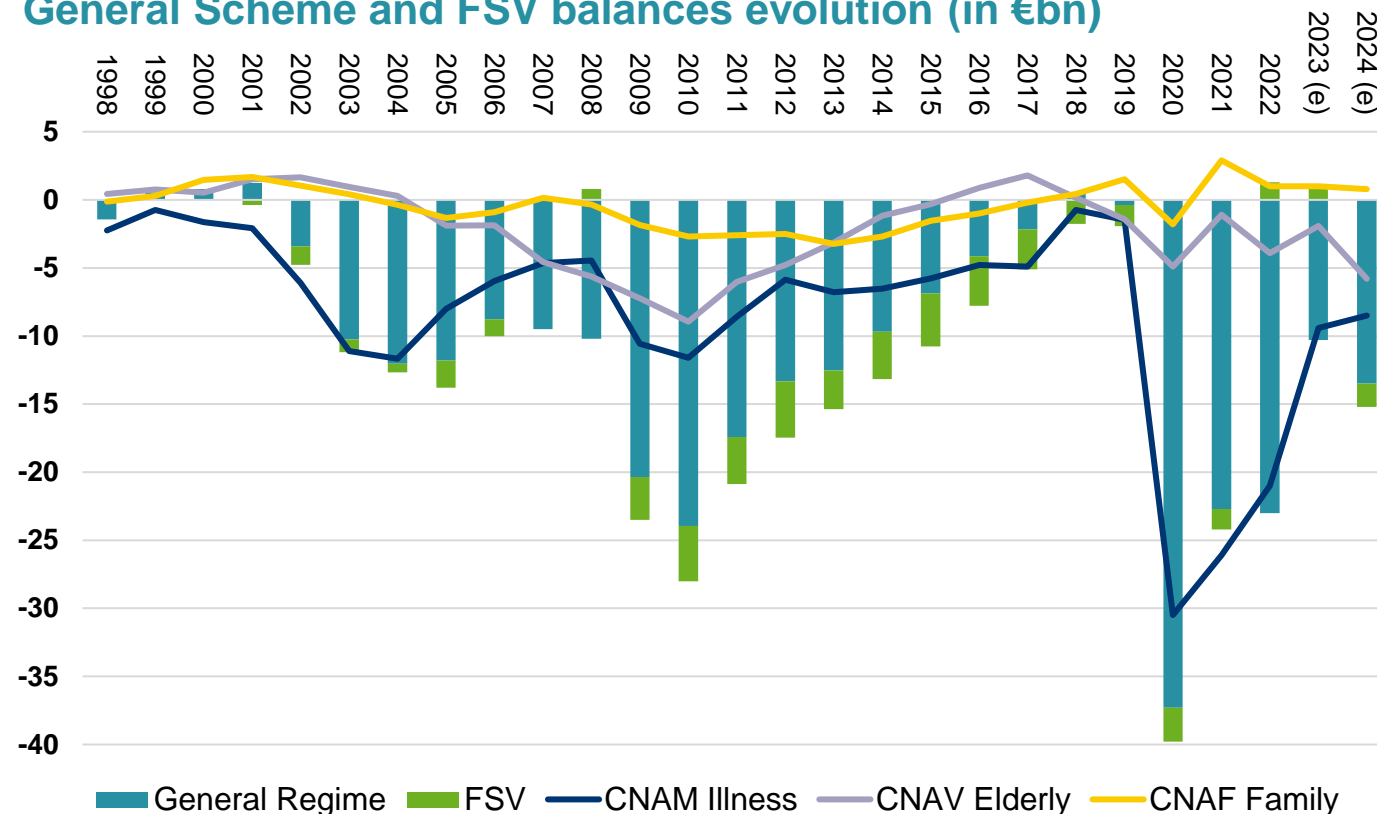
## ▶ After the 2010 financial crisis

- The accounts of the basic social security schemes and the Elderly Solidarity Fund (FSV) had recovered since the economic and financial crisis of despite a long unfavourable economic environment by resolute control of expenditure.

## ▶ Covid-19: an unprecedented shock

- All branches of social security have been affected by this deterioration with considerable revenue losses linked to the deterioration of the economic situation and exceptional expenses to deal with the health crisis.
- The Illness branch accounts suffered from the most severe deterioration.

**General Scheme and FSV balances evolution (in €bn)**

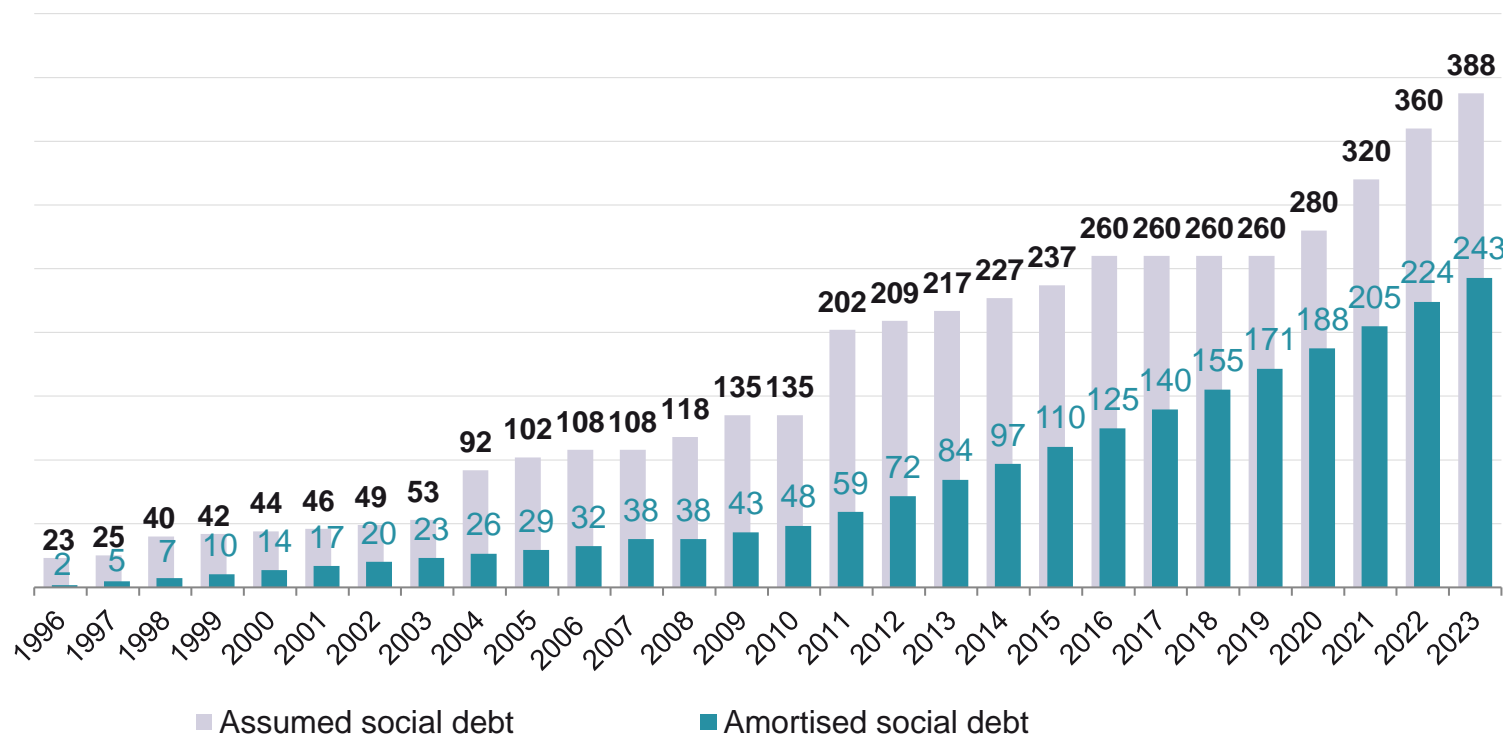


**General Regime = CNAM + CNAV + CNAF**

(e) The estimated data for 2023 and beyond are taken from the Social Security Financing Act for 2024

- ▶ A French public administrative agency (« Etablissement Public français à caractère Administratif »), created in 1996, with two supervisory bodies:
  - Ministry of Economy, Finance and Industrial and Digital Sovereignty
  - Ministry of Solidarity and Health
- ▶ Strong and balanced governance is exercised by a Board of Directors and a Supervisory board including members of the Parliament
- ▶ Benefiting from its own resources (estimated €21.1 bn in 2023), CADES amortizes the accumulated debt of the general regime of social security

**Change in social debt assumed vs. share of social debt assumed amortized (in € bn)**





Deficits amortization in the illness, elderly and family branches of the  
 general regime of social security, ACOSS and FSV



■ **Organic law**

- Postponement of the end date for the repayment of the social debt from 2024 to 2033
- Extension of resources to finance the transfer of social debt
- Any new transfer must be accompanied by an increase in revenue to contain the amortization period to 2033



■ **Ordinary law**

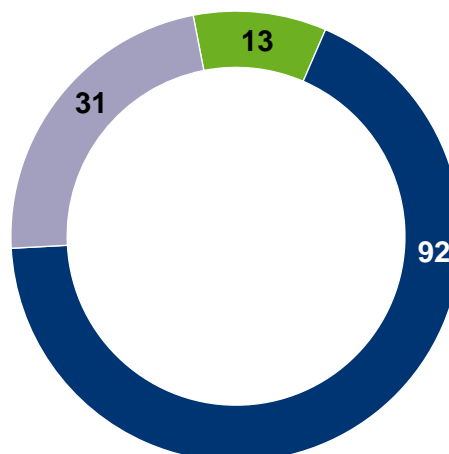
- CADES takes over 136 billion euros of social security debt



## Breakdown of the €136 bn social security debt assumed by CADES (in €bn)

### Accumulated deficits at 31/12/2019

- Illness branch of the general scheme: 16.2
- Elderly solidarity fund: 9.9
- Elderly branch of the self-employed agricultural scheme: 3.6
- National pension fund for local and municipalities employees: 1.3



Support for a third of **hospital debt**

### Future deficits 2020-2023

General regime Illness, elderly and family branches, FSV and elderly branch of the self-employed agricultural scheme

**Objective:** Discharge ACOSS's treasury and secure social security financial balance

## Evolution of future resources planned by 2020 law

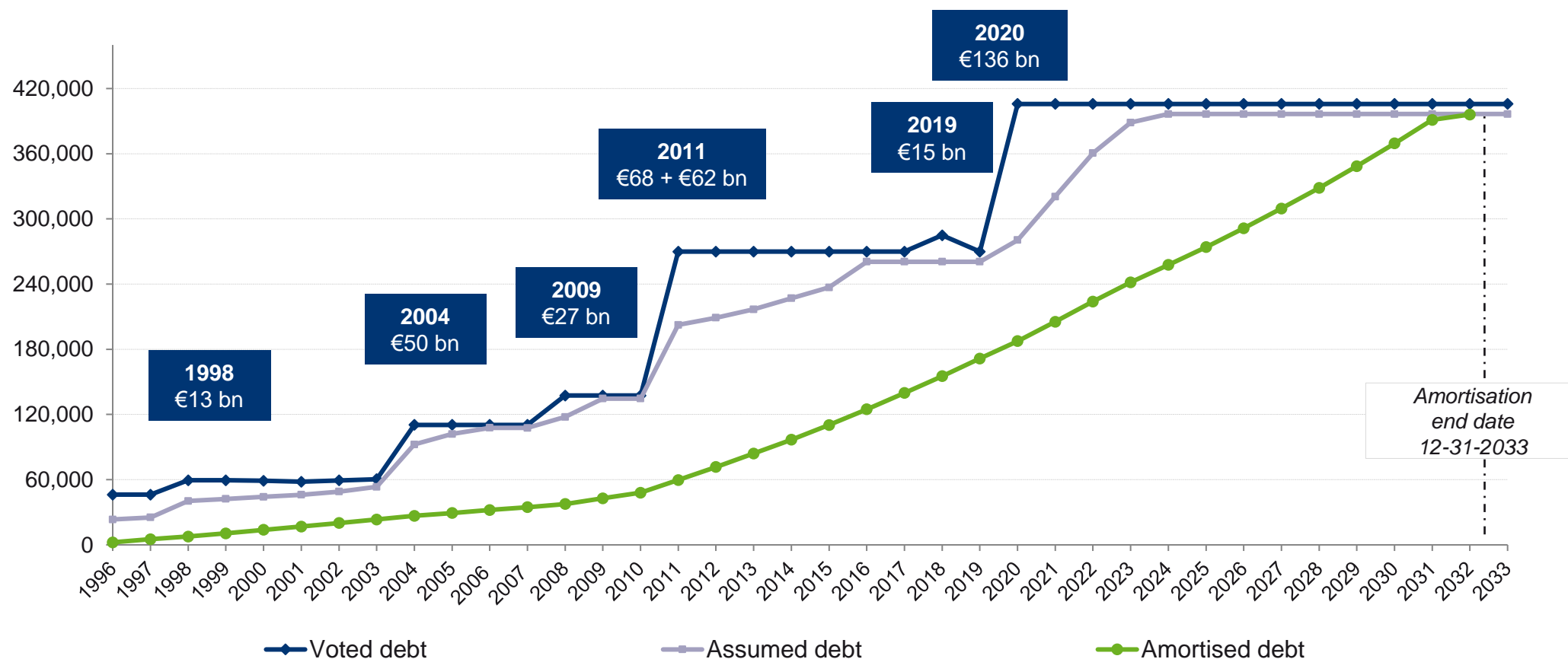
	Until 2023	2024	From 2025
<b>CSG</b> <i>(in bp)</i>	0.6	0.45	0.45
<b>CRDS</b> <i>(in bp)</i>	0.5	0.5	0.5
<b>FRR</b> <i>(in €bn)</i>	2.1	2.1	1.45



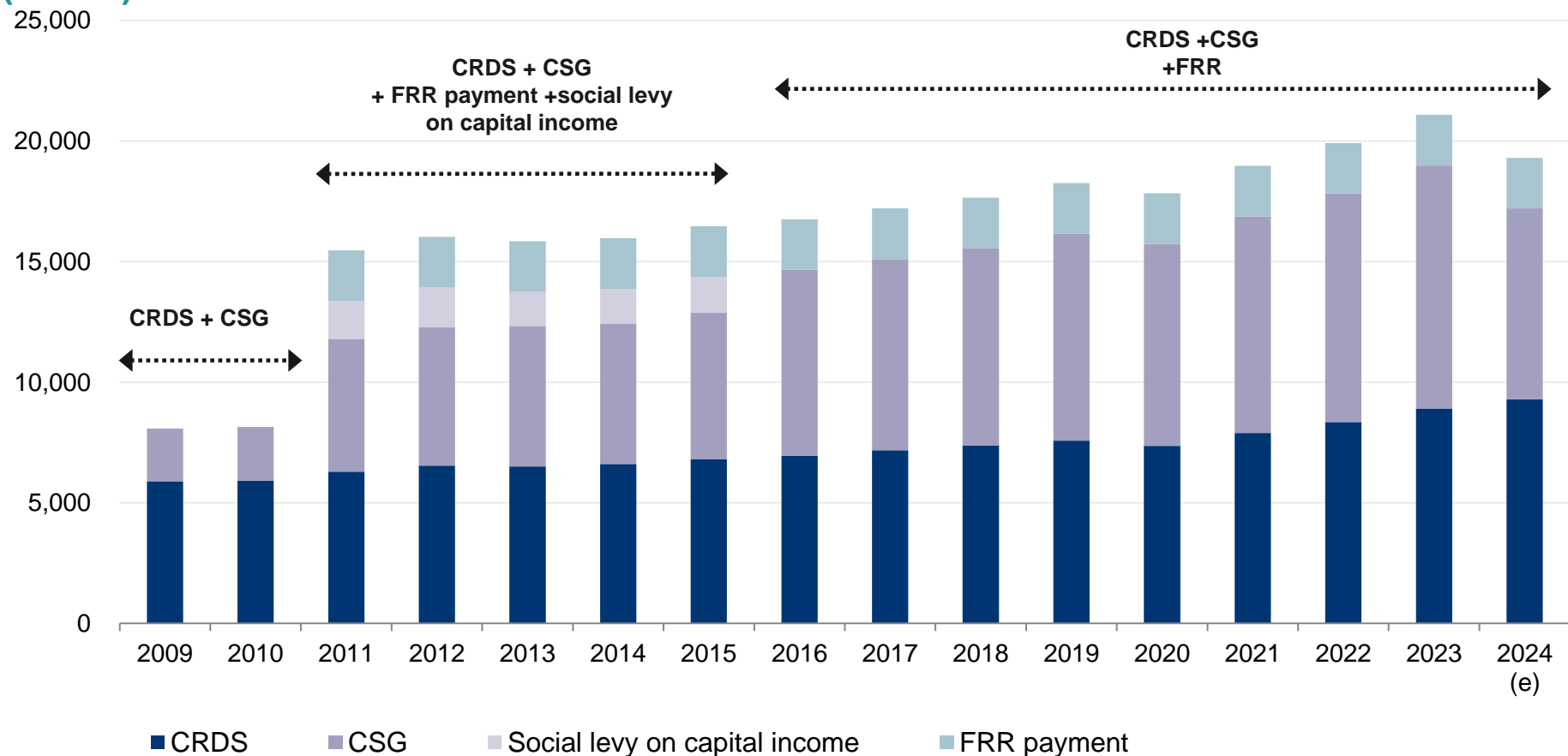
# 2

## 2023 SITUATION

## Evolution of the voted, assumed and amortized debt (in €m)



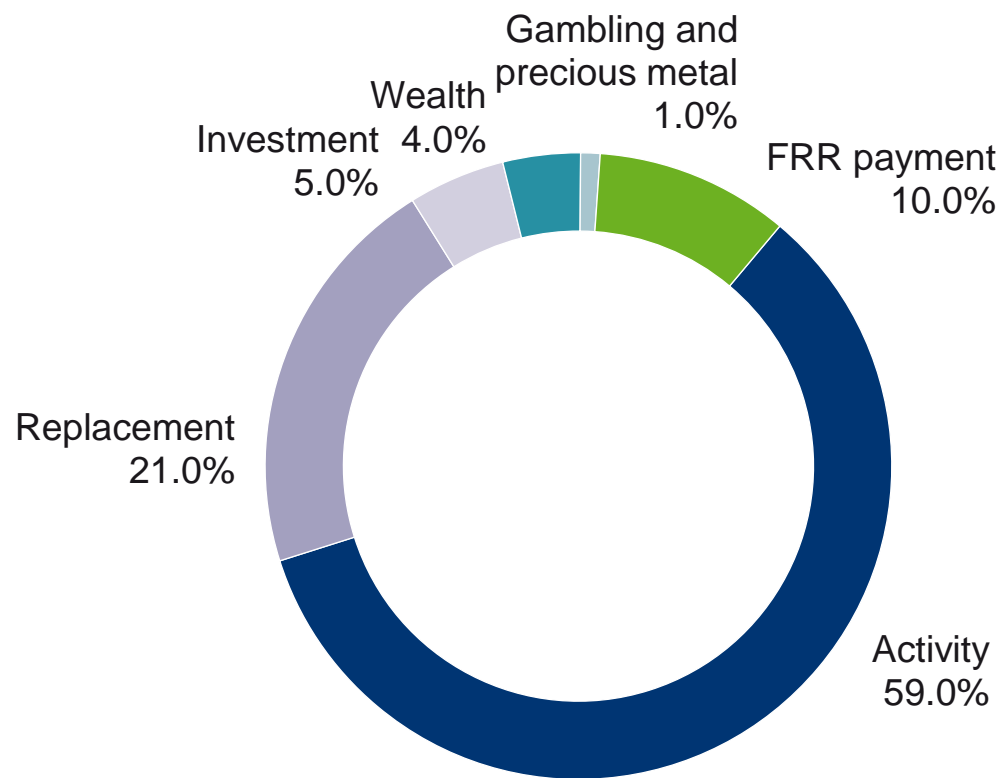
## Evolution of resources since 2009 (in €m)



- Solid resources mainly correlated with the evolution of the wage bill
- Revenue mainly based on income from activity that is less cyclical than financial income
- 2023 breakdown of the resource<sup>1</sup> :
  - > CRDS (0.5%) : €8.9 bn
  - > CSG (0.6%) : €10.1 bn
  - > FRR : €2.1 bn

(e) The estimated data for 2024 are taken from the Social Security Financing Act for 2024

## Breakdown of 2023 resources by nature



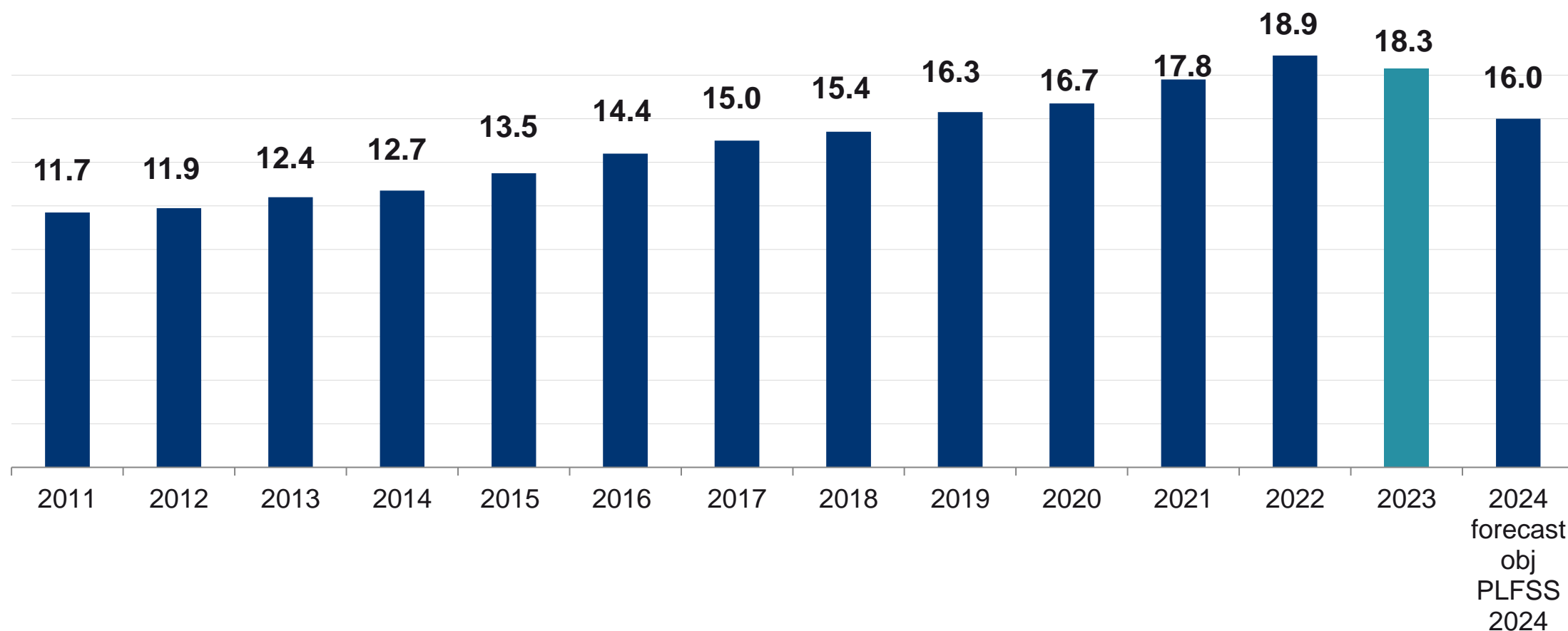
<i>In %</i>	2023
Revenue from activity	59.0%
Revenue from capital	20.0%
Revenue from replacement	21.0%



## Evolution of resources since 2021 (excl. FRR) (in €m)



## Evolution of annual amortization amounts carried out by CADES (in € bn)



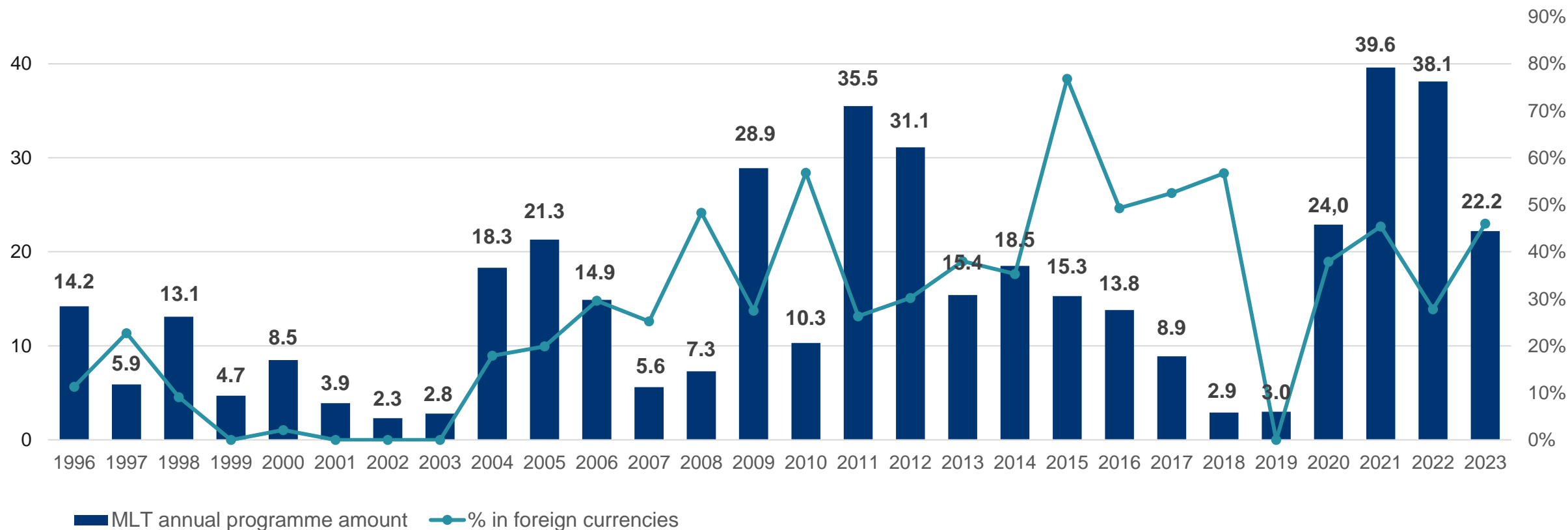
	Long term rating	Perspective	Short term rating
MOODY'S	Aa2	stable	P-1
MORNINGSTAR   DBRS	AA (high)	stable	R-1 (high)
S&P Global Ratings	AA-	stable	A-1+
FitchRatings	AA-	stable	F1+
SCOPE	AA	negative	S-1+



# 3

## FUNDING STRATEGY

## Evolution of mid- and long-term financing programmes since 1996 (in € bn)



## Realised programme 2023

**€22.2 bn medium and long-term issuances**

### **Benchmark issuances (Social Bonds)**

**€22.2 bn**

#### **EUR : €12 bn (3 issues)**

- January, €5 bn, 25/05/2028
- February, €4 bn, 01/03/2030
- June, €3 bn, 25/11/2031

#### **USD : €10.2 bn (3 issues)**

- January, \$4 bn, 25/01/2026
- May, \$3 bn, 24/05/2028
- September, \$4 bn, 19/09/2026

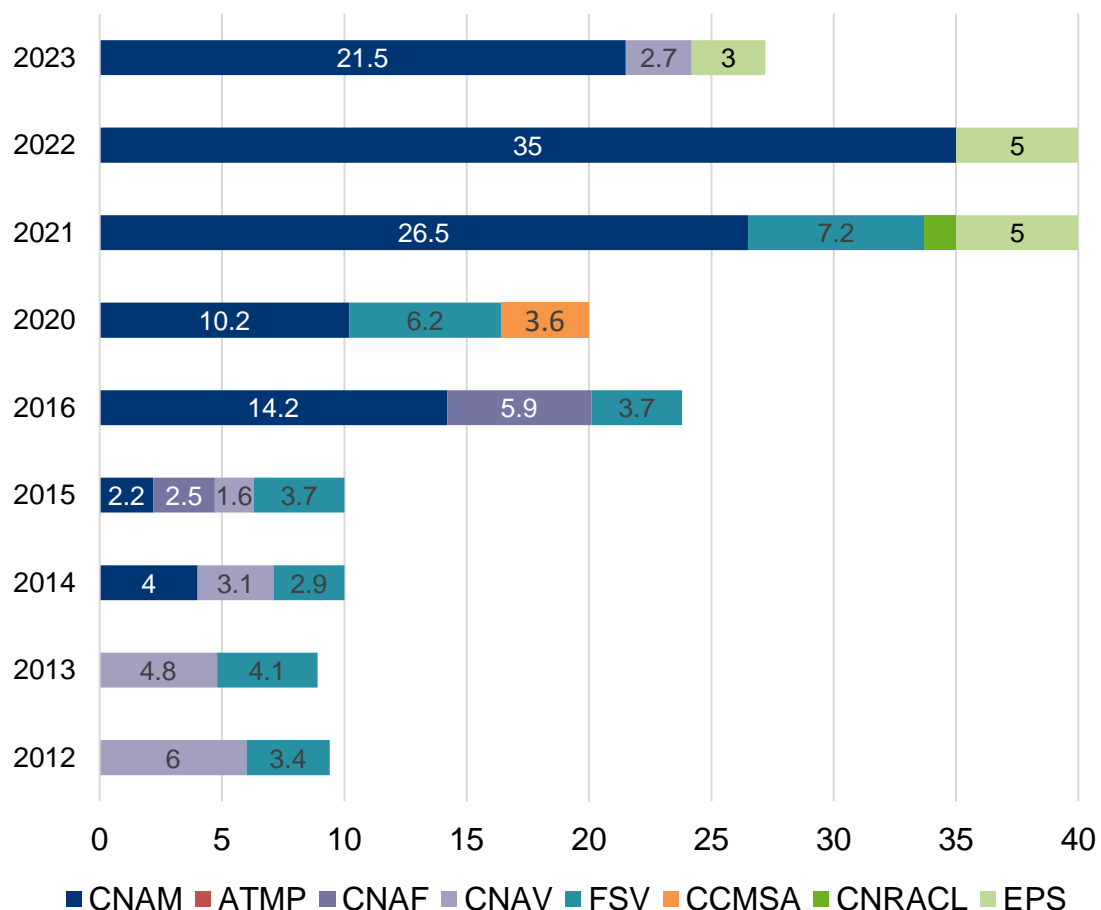


- ▶ **Establishment of a framework aligned with the Social Bond Principles (ICMA 2020)**
- ▶ Second-Party Opinion delivered by Vigeo Eiris to evaluate transparency, governance and compliance to ICMA
- ▶ CADES is committed to following the best market practices and will disclose transparently on:
  - Use of Proceeds (UoP)
  - Selection and evaluation
  - Management of proceeds
  - Reporting

**Responding to the high demand from investors to strengthen their social investments**

€111.3 bn of eligible debts  
at the end of 2023

## Transferred debts by origins since 2012 (in € bn)



### Scope of eligible social debt within the Social Bond Framework:

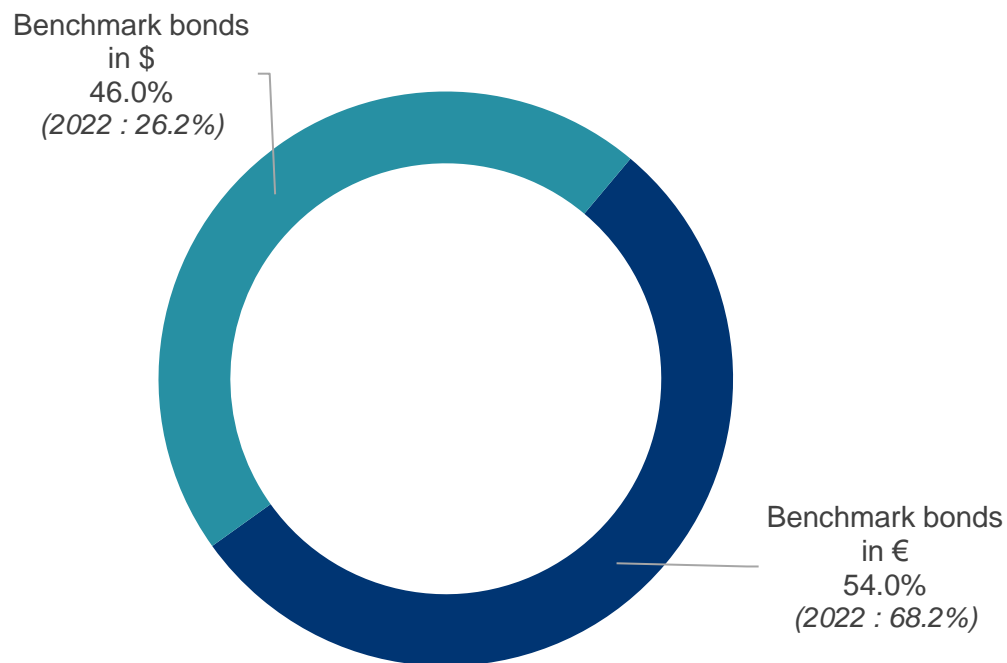
- Illness (CNAM) €93.3 bn
- Elderly (CNAV+FSV+CCMSA+CNRACL) €18.0 bn

### Ineligible debts are:

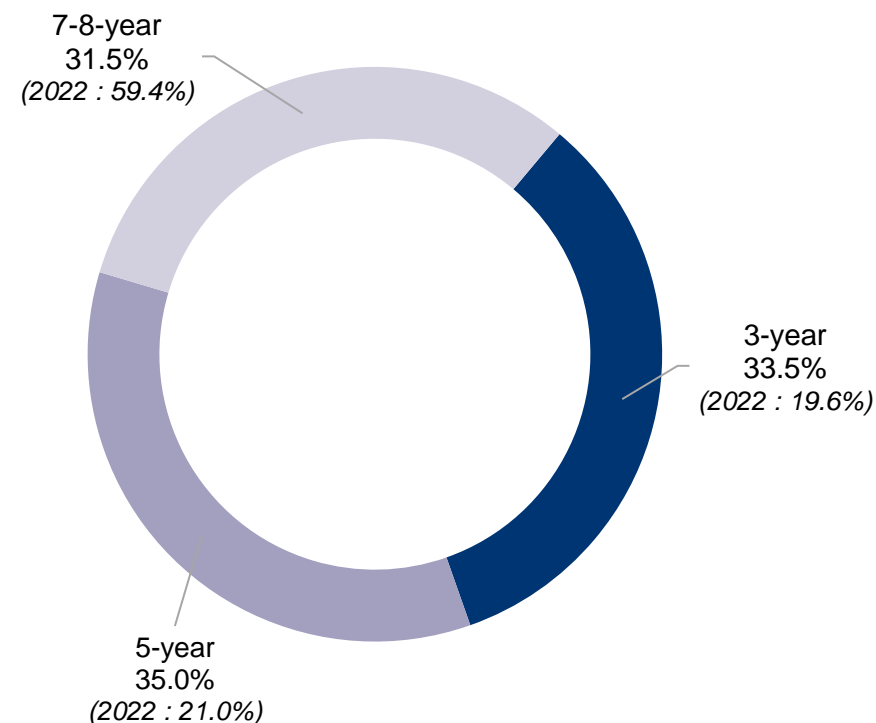
- Hospital debt (*issue of the reassignment exercise in view of the limits set by the look back period*)
- Debts financing deficits prior to 2015

€115.1 bn of outstanding Social Bonds at the end of 2023

## Breakdown of the 2023 programme by type and currency



## Breakdown of the 2023 programme by maturity



## 2024 Targeted Programme

**Mid- and long- term issues**  
**€20 bn / €15.4 bn \*\***

**Benchmark  
issuances**

EUR : €8.0 bn (2 issues)  
USD : €7.4 bn (2 issues)

**Diversification  
issuances**

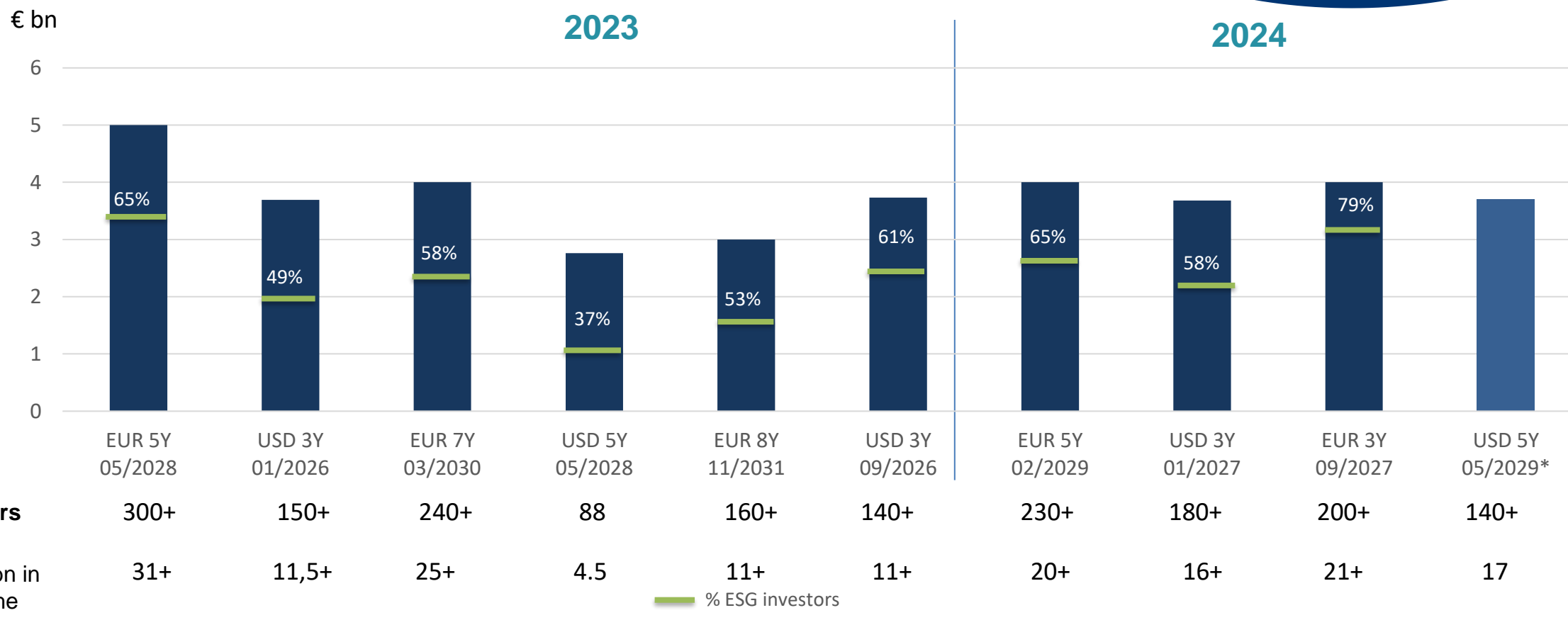
Taps in EUR  
Other currencies

**Short Term**  
**€5 bn**

**US Commercial  
Papers**  
Outstanding €4.0 bn\*\*

(\*\*) as of June 11<sup>th</sup> 2024

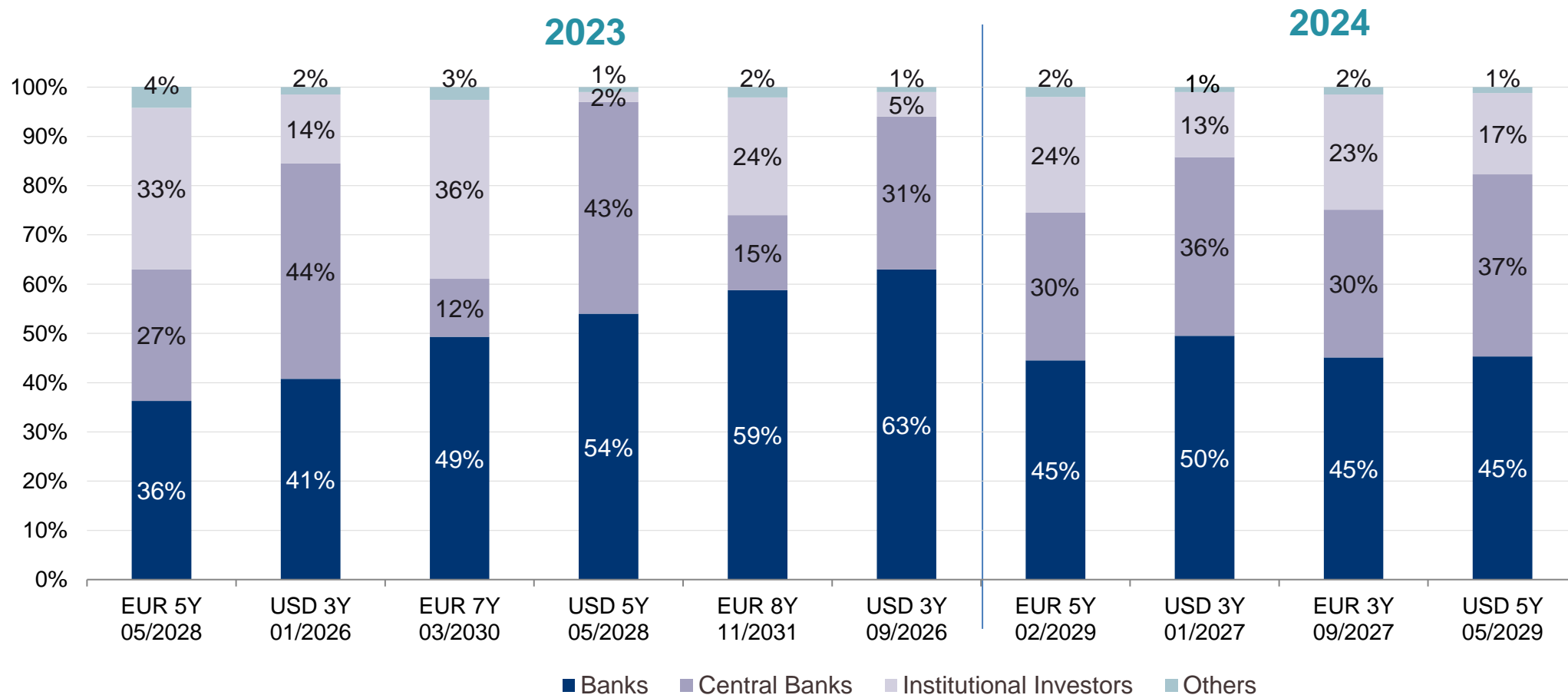
## Share allocated to ESG investors



(1) ESG : Environmental, Social, and Governance, according to the estimate from banks that led the placement

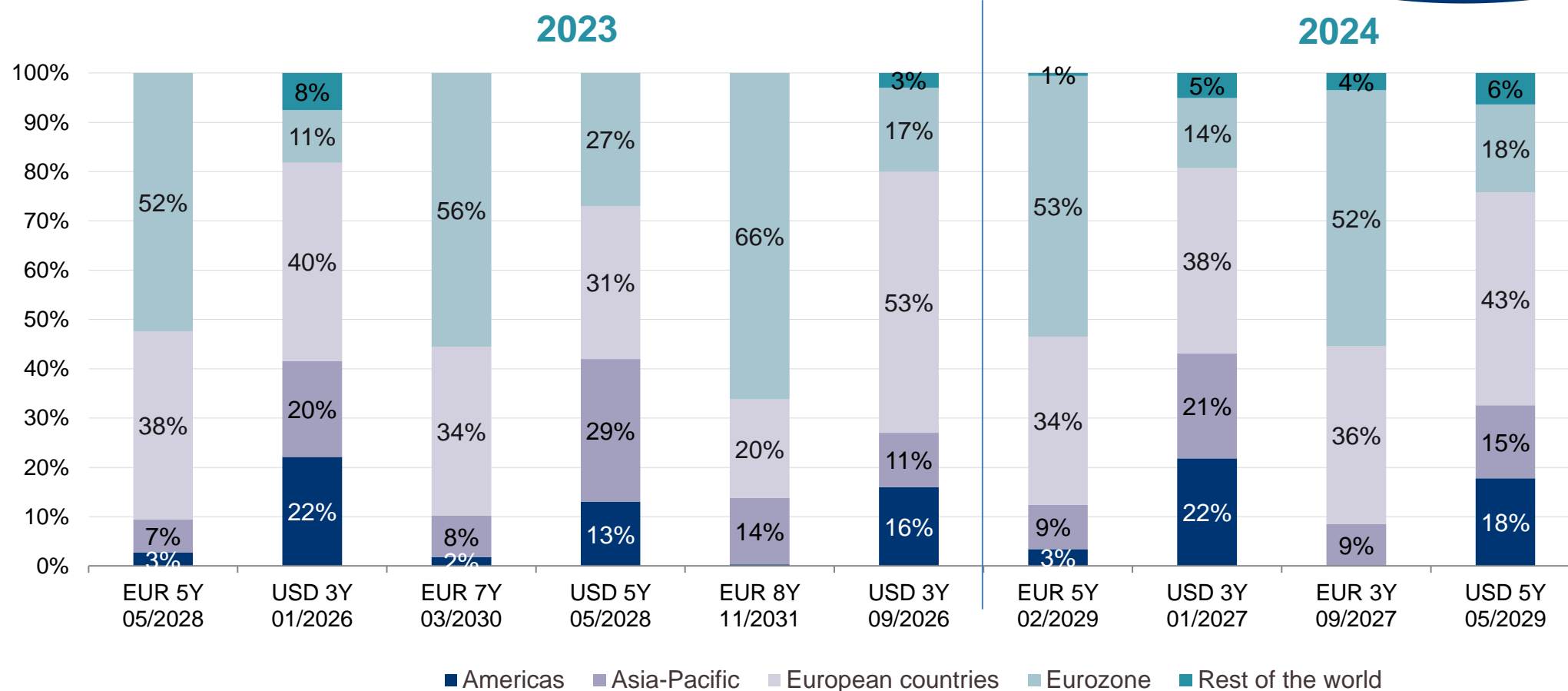
\*This operation was not carried out as part of the social framework.

## Demand breakdown by type of investor

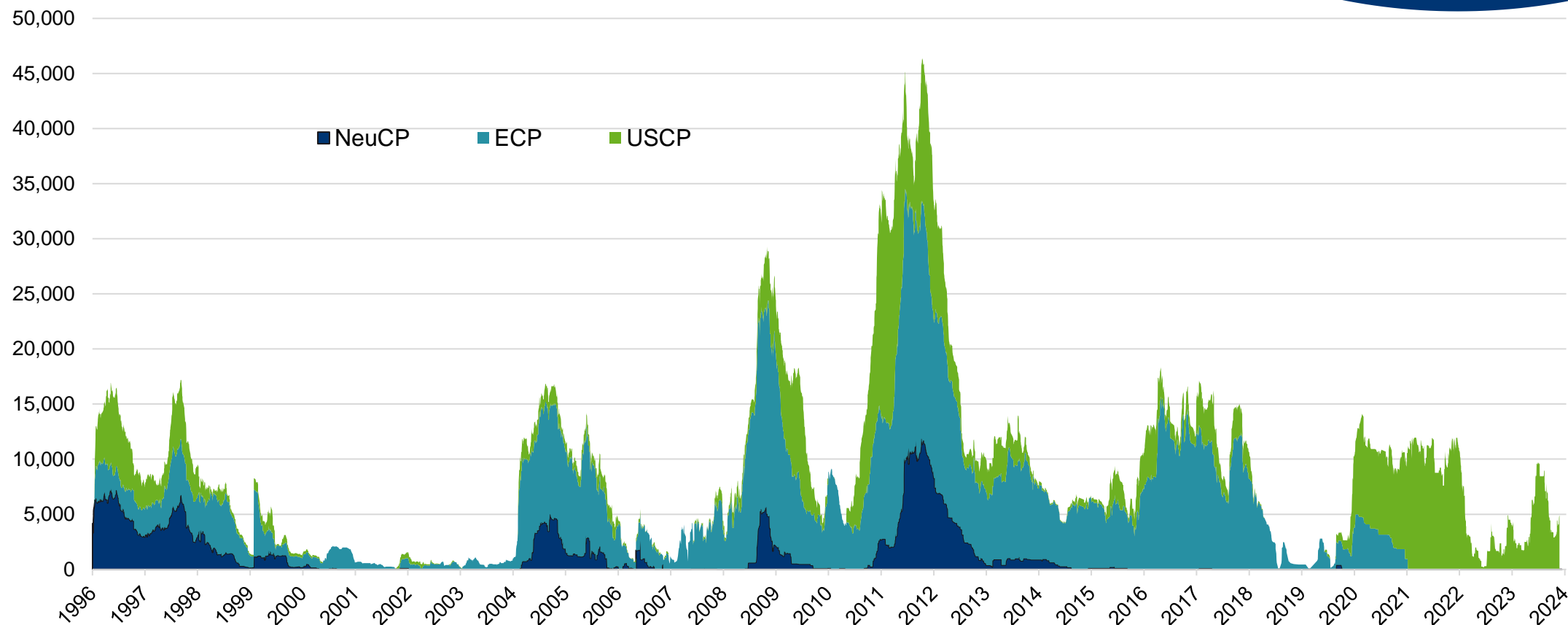




## Demand breakdown by geographical area



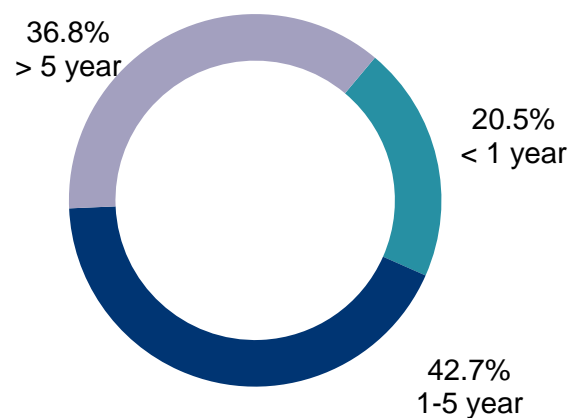
## Commercial papers outstandings since 1996 (in € bn)



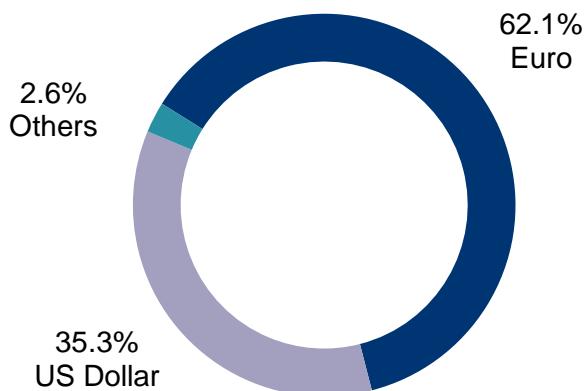
As of June 11th 2024

Amount of debt stock at the end of 2023: €149,9 bn

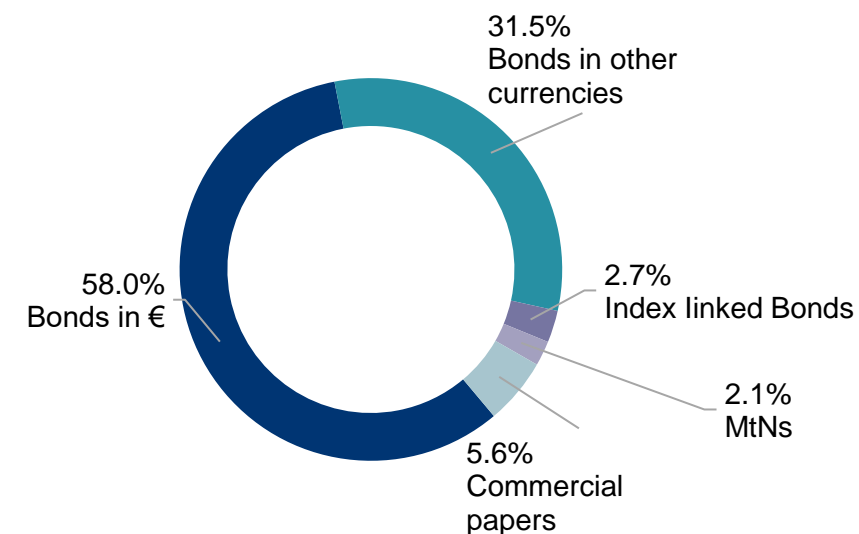
By maturity



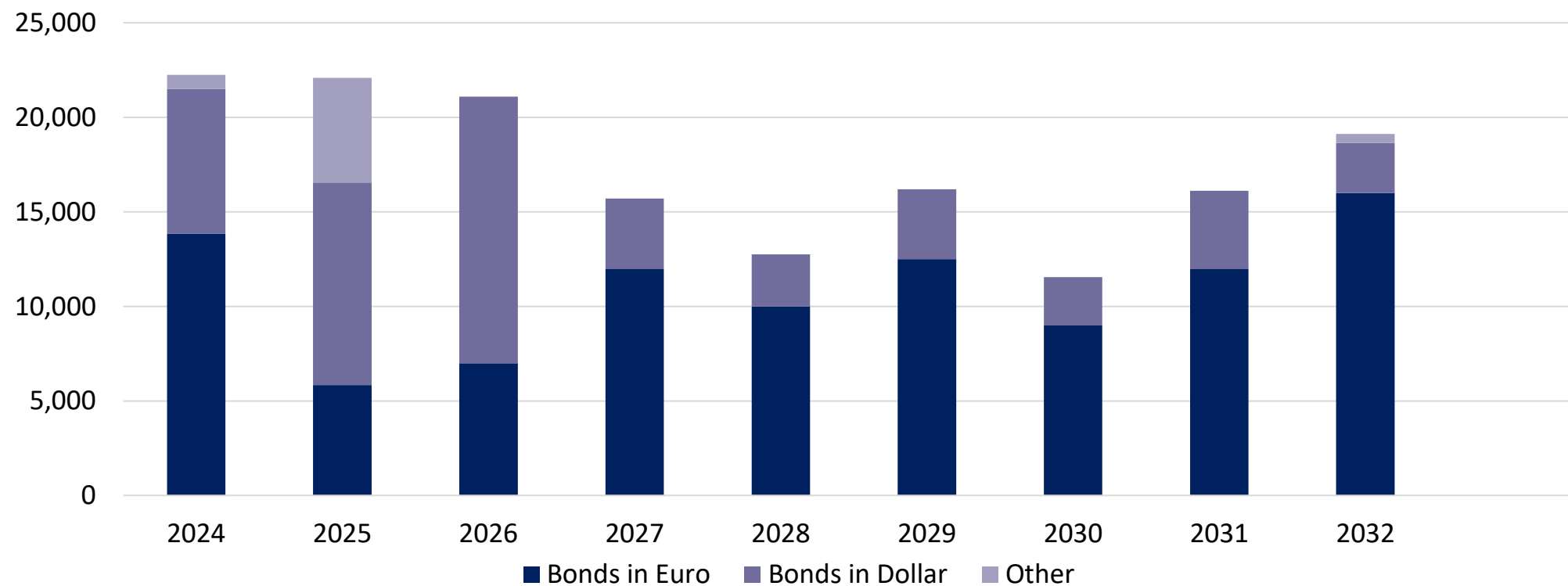
By currency



By instrument




## Bonds outstanding (€m)



as of June 11h 2024


- ▶ CADES has been the world's leading issuer of social bonds in 2023
- ▶ After a successful €22.2bn programme in 2023, a targeted medium- to long-term programme of €20bn in 2024
- ▶ Strong support of investors, particularly ESG investors (55.3%<sup>1</sup>), an amount 2.3 points higher than in 2022
- ▶ By issuing €15.4bn since the beginning of the year, CADES raised in five months more than three-quarters of the programme announced for 2024
- ▶ The CADES amortisation objective voted by French Parliament as part of the Social Security Financing Act for 2024 has been set at €16 billion.



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