CADES

Investor Presentation

SUMMARY

1. CADES ROLE IN THE FRENCH SOCIAL SECURITY SYSTEM
2. AUGUST 2020: €136 BILLION TRANSFER OF NEW SOCIAL DEBT
3. 2020-21 FUNDING STRATEGY

1

CADES ROLE IN THE FRENCH SOCIAL SECURITY SYSTEM

Understanding French Social Security deficits

The origin of social debt

- Increased unemployment beginning at the end of the 1970s pressurised the social account balance. In this context, subsequent economic crises led to an increase in social debt being taken over and repaid by CADES.

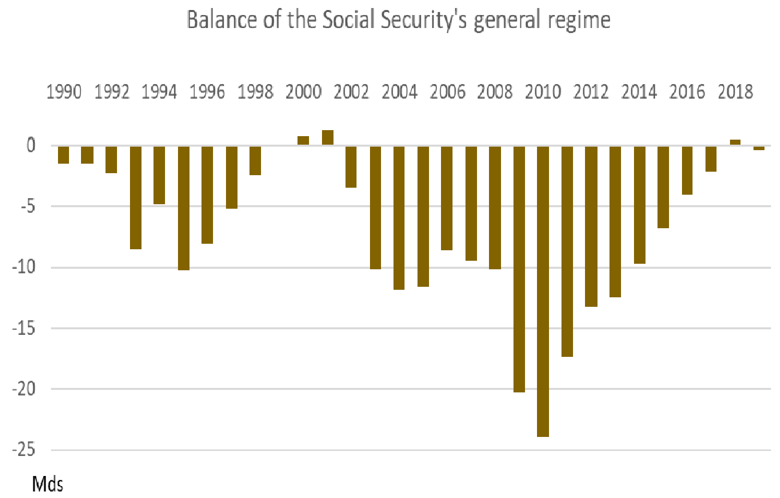
Expenditure determinants

Benefits evolve according to three principal factors:

- Trend evolutions in beneficiary populations
- Legal mechanisms that annually reassess benefit scales
- Reforms or legislative and regulatory measures

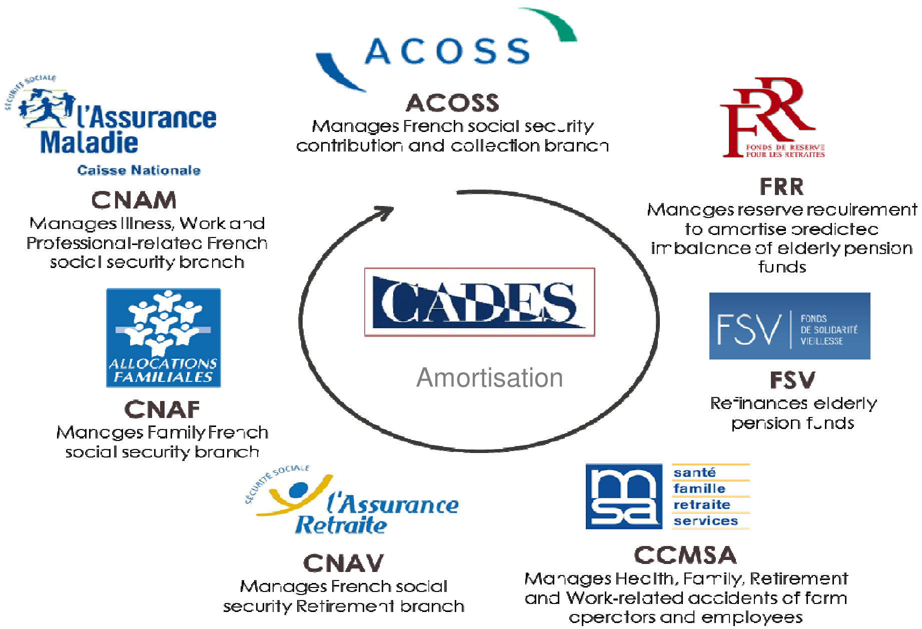
Revenue sensitivity to the economic activity

- Revenues are sensitive to changes in employment and wages (sensitivity to the economic situation, the wage bill in particular)



An agency managing French social debt

Amortisation of deficits in the Illness, elderly and family branches
of the general regime of social security, ACOSS and FSV

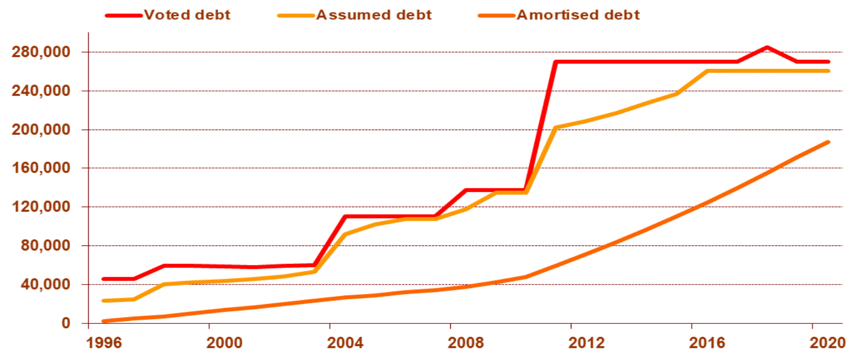


CADES mission

- A French public administrative agency (« Etablissement Public français à caractère Administratif »), created in 1996, with two supervisory bodies:
  - Economy, finance and recovery Ministry
  - Solidarity and Health Ministry

- Strong and balanced governance is exercised by a Board of Directors and a Supervisory Board (that includes Members of the Parliament)

- Benefiting from its own resources (18.3 billion euros in 2019), Cades amortises the accumulated debt of the general regime of social security



A recognised agency for over 24 years

Since

1996

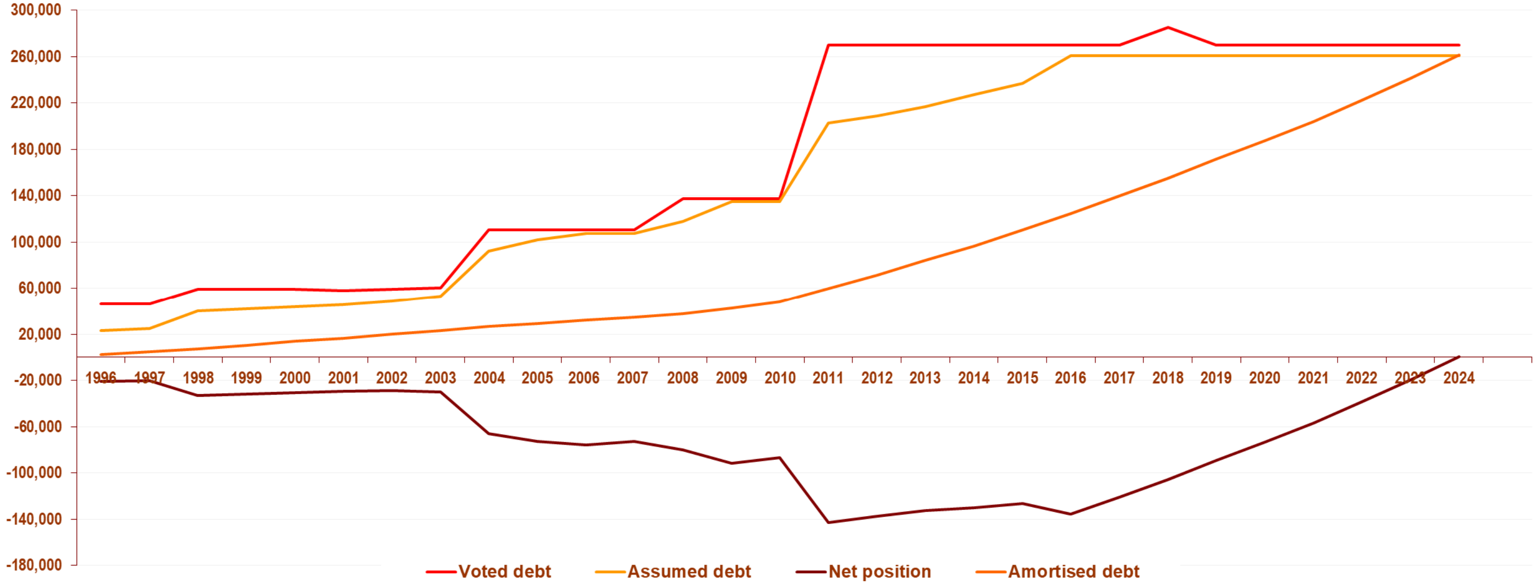
Assumed social debt	260.5bn
Ressource collected	229.5bn
Amortised social debt	171.4bn
As a % of assumed debt	*65.8%*
Interests paid to investors	55.8bn
Bond issuances	296.3bn
Commercial paper issuances	559.8bn

Social debt still to be amortised at the end of 2019 (before new debt transfer was adopted in August 2020):

89.1 billion euros

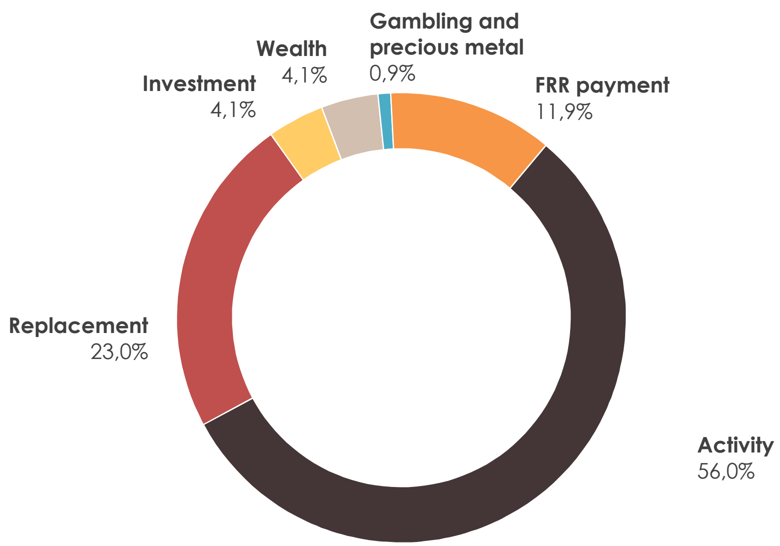
Forecast at end 2019 pointed to a full amortization of social debt by 2024 (end of 2019)

- At the end of 2019, the transferred debt should be fully amortised in 2024



Sustainable resources

- Breakdown of 2020 resources by nature



In %	2020
Revenue from activity	56.0%
Revenue from capital	21.0%
Revenue from replacement	23.0%

CADES ratings aligned with Republic of France

	Long term Rating	Perspective	Short term Rating	
Moody's	**Aa2**	**stable**	**P-1**	28 April 2020
Fitch Ratings	**AA**	**negative**	**F1+**	23 May 2020

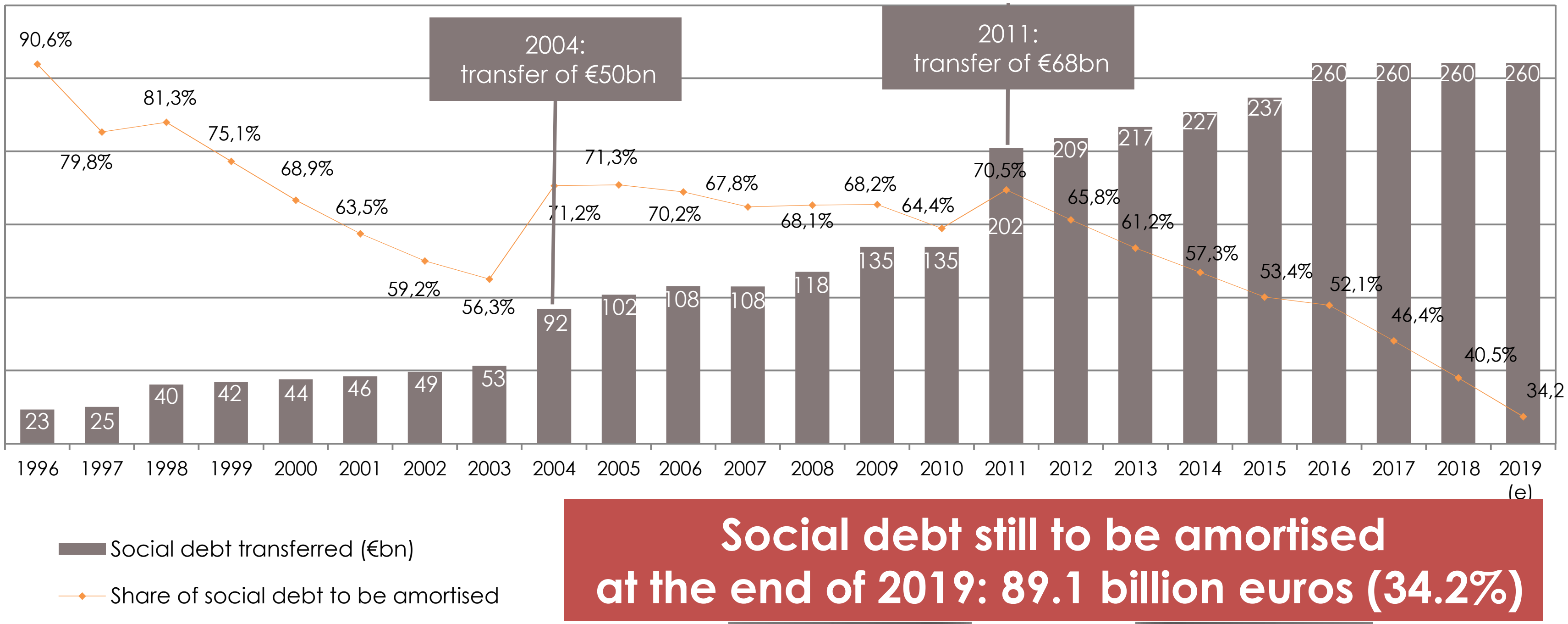
A 0% rate weighting of bonds under European regulations on capital ratios (LCR)
CADES bonds eligible under ECB PSPP and PEPP programmes

2

AUGUST 2020: €136 BILLION TRANSFER OF NEW SOCIAL DEBT

At the end of 2019, 2/3 of social debt is amortised

- Evolution of the social debt transferred vs share of social debt still to amortise



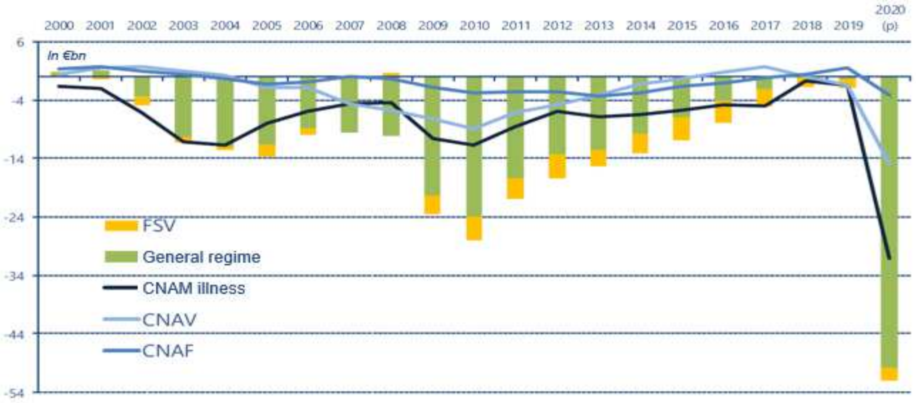
Social debt still to be amortised at the end of 2019: 89.1 billion euros (34.2%)

Covid-19 and its impact on Social Security (1/2)

- Covid-19: An unprecedented shock

Key figures
GDP: -11% (1 point of GDP represents around € 4bn in revenue for social security)
Private sector wage bill: -9.7%
Decline in employment: 1.2 million jobs lost at the end of 2020 compared to the end of 2019
Decrease in average salary: 5.7% due to partial unemployment (exempt from contributions) with a loss of social base corresponding to > € 30 billion
An annual decline of more than € 50 billion in 2020

Evolution of the balances of the general scheme and the FSV from 2000 to 2020



The general scheme went from a quasi-balanced situation in 2019 (- € 0.4bn) to a deficit of € 50bn.

All branches of social security have been affected by this deterioration.

The Illness branch accounts suffered from the most severe deterioration (- € 31.1 billion).

Considerable revenue losses linked to the deterioration of the economic situation
AND
Exceptional expenditure falling under the ONDAM to deal with the consequences of the health crisis

Covid-19 and its impact on Social Security (2/2)

- Covid-19: An unprecedented shock

Before the Covid-19 crisis:

The accounts of the basic social security schemes and the Elderly Solidarity Fund (FSV) had recovered since the economic and financial crisis of 2009 (which led to a historic deficit of € 29.6 billion in 2010). This recovery was achieved despite a long unfavourable economic environment by resolute control of expenditure combined with new revenues

After the outbreak of Covid-19:

The impact of the lockdown on social accounts is unprecedented. The shock is observed mainly on revenues strongly linked to economic activity and the destruction of jobs (payroll tax, CSSS in 2021, social package, etc.)

- Decrease in tax revenues based on consumption (VAT, taxes on tobacco and alcohol, etc.)
- No contributions on partial unemployment
- Decrease in revenues linked to capital income, given the contraction of the main bases (dividends, property income, real estate capital gains, investment income)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020e
General regime	**-23.9**	**-17.4**	**-13.3**	**-12.5**	**-9.7**	**-6.8**	**-4.1**	**-2.2**	**0.5**	**-0.4**	**-49.9**
CNAM Illness	-11.6	-8.6	-5.9	-6.8	-6.5	-5.8	-4.8	-4.9	-0.7	-1.5	-31.5
CNAM-AT-MP	-0.7	-0.2	-0.2	0.6	0.7	0.7	0.8	1.1	0.7	1	-0.7
CNAV	-8.9	-6	-4.8	-3.1	-1.2	-0.3	0.9	1.8	0.2	-1.4	-14.9
CNAF	-2.7	-2.6	-2.5	-3.2	-1.5	-1.5	-1	-0.2	0.5	1.5	-3.1
FSV	-4.1	-3.4	-4.1	-2.9	-3.5	-3.9	-3.6	-2.9	-1.8	-1.6	-2.1
General regime + FSV	**-28**	**-20.8**	**-17.4**	**-15.4**	**-13.2**	**-10.7**	**-7.7**	**-5.1**	**-1.3**	**-2**	**-52**

Secure the social security financial balance

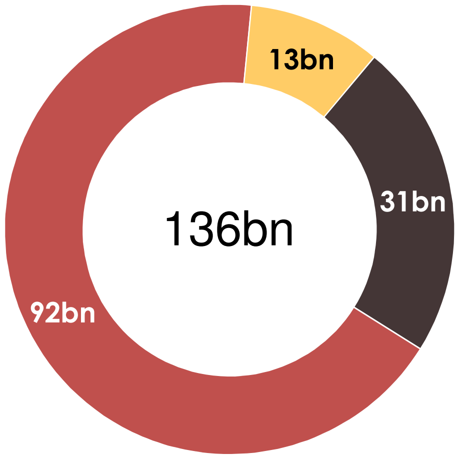
Existing deficits in the general social security system have increased in the context of the health crisis

Objective:
Discharge ACOSS's treasury by transferring social debts of €136bn over 3 years to CADES

Deficits

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



Cumulated deficits at 31/12/2019

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

Transfer of €136bn and new 2033 extinction date set by two laws

ORGANIC LAW
Promulgated on 7th August 2020

Postponement of the end date for repayment of the social debt from 2024 to 2033

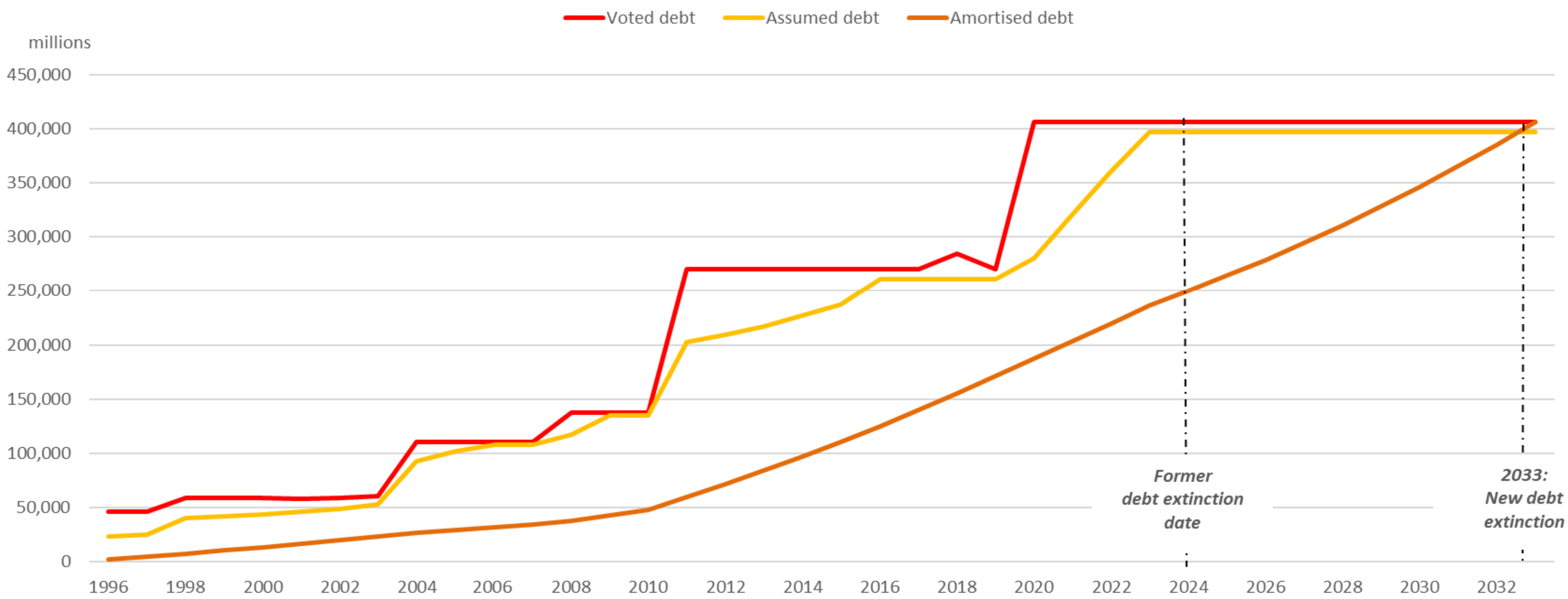
Continuation of resources to finance the transfer of social debts

Any new transfer will be accompanied by an increase in revenue to keep the amortisation period to 2033

ORDINARY LAW
Promulgated on 7th August 2020

Debt transfer of 136 billion euros to CADES

Debt extinction postponed to 2033

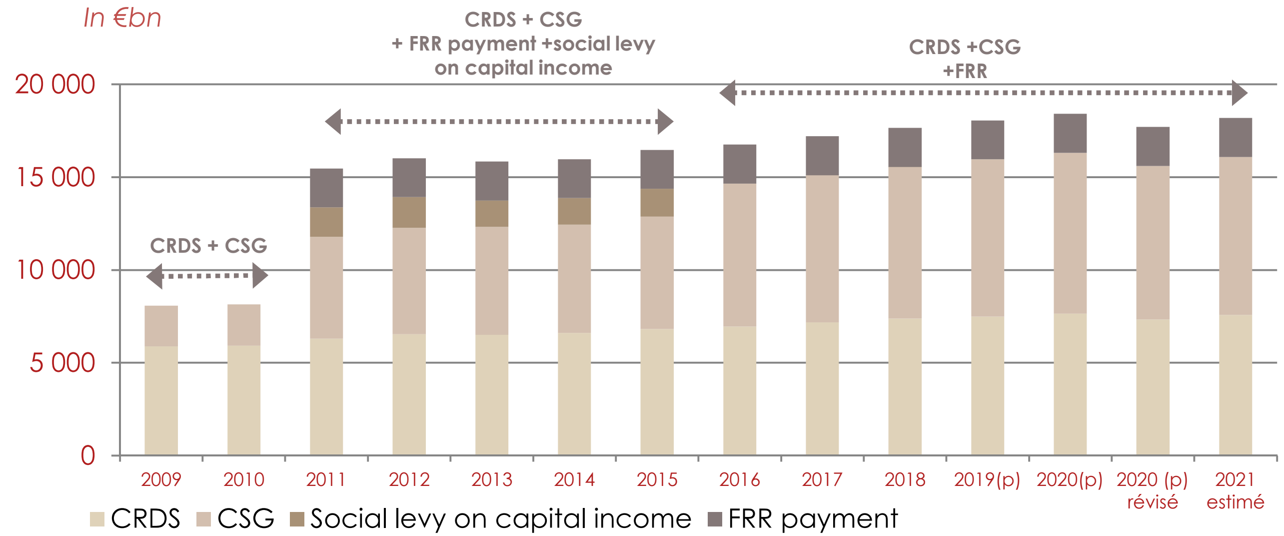


Modification of resources starting 2024

	Today	2024	Starting from 2025
CSG *(in %)*	0.6	0.45	0.45
CRDS *(in %)*	0.5	0.5	0.5
FRR *(in € bn)*	2.1	2.1	1.45

Evolution of resources

- Evolution of resources since 2004



- 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
- 2020 breakdown of the resource:
  > CRDS (0,5%): €7.3bn
  > CSG (0,6%): €8.3bn
  > FRR : €2.1bn

In 2020 17.7 billion euros of estimated resources (vs 18.4 billion euros initially)

3

2020-21 FUNDING STRATEGY

A €4bn program completed in the first half of the year

> **Global funding: 4 billion euros**

Medium and long term
€4bn

EUR	Reopening of existing issues: €1.0bn
USD	Reference issuances: ~ €2.8bn
Others	PPs/MtN/FRN: ~ €0.2bn

Short term

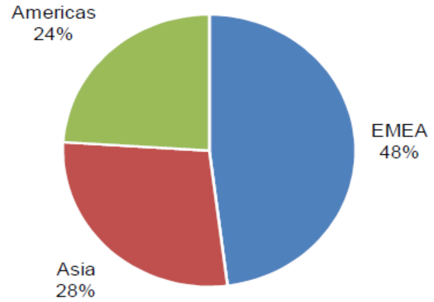
USCP
Euro CP
Neu CP

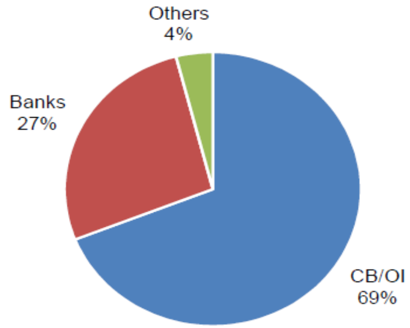
Focus on the USD benchmark carried out in May 2020

- Return to the market for «benchmark» sizes: $3bn
- 3 years maturity
- Coupon: 0.375% (SA)
- Offered rate: 0.497% - MS + 24bps - UST + 27.45bps

- Orderbook: $8.4bn / 122 orders (excluding JLMs)

- Spread tightening from IPTs to pricing: 3 bps



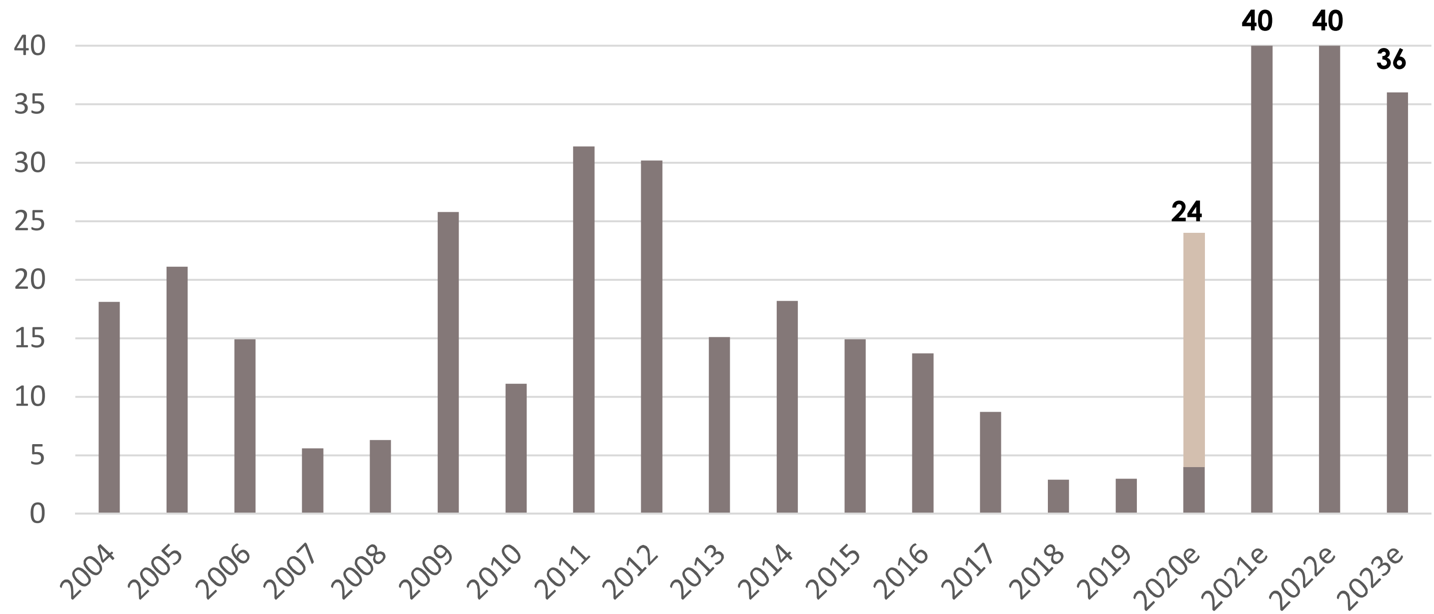


Expected debt transfers

2020	Between 2021 et 2023
€20bn *As of S2 2020*	*A maximum of* **€116bn**

CADES' comeback as a major issuer in the international primary markets

- Comparative evolution of funding programs since 2004



€20bn in bond issuances by the end of 2020

MLT issues
20 billion

Benchmark issuances:
17-20 billion(*)

Potential breakdown(*):

EUR : 9-12 billion (3 issues)

USD : 7-8 billion (3 issues)

GBP : 1-2 billion (2 issues)

Diversification issuances:
0-3 billion(*)

Currencies

Private placements

(*) subject to investors' demand and market conditions

NEW SOCIAL BOND FRAMEWORK

A target of €40bn in bond issues in 2021

2021

Target of MLT issues
40 billion

Benchmark issuances:
30-35 billion(*)

Potential breakdown(*):

EUR : 16-18 billion (5 issues)

USD : 13-15 billion (5 issues)

GBP : 1-2 billion (2 issues)

Diversification issuances:
5-10 billion(*)

EUR — Taps, Inflation linked

Currencies

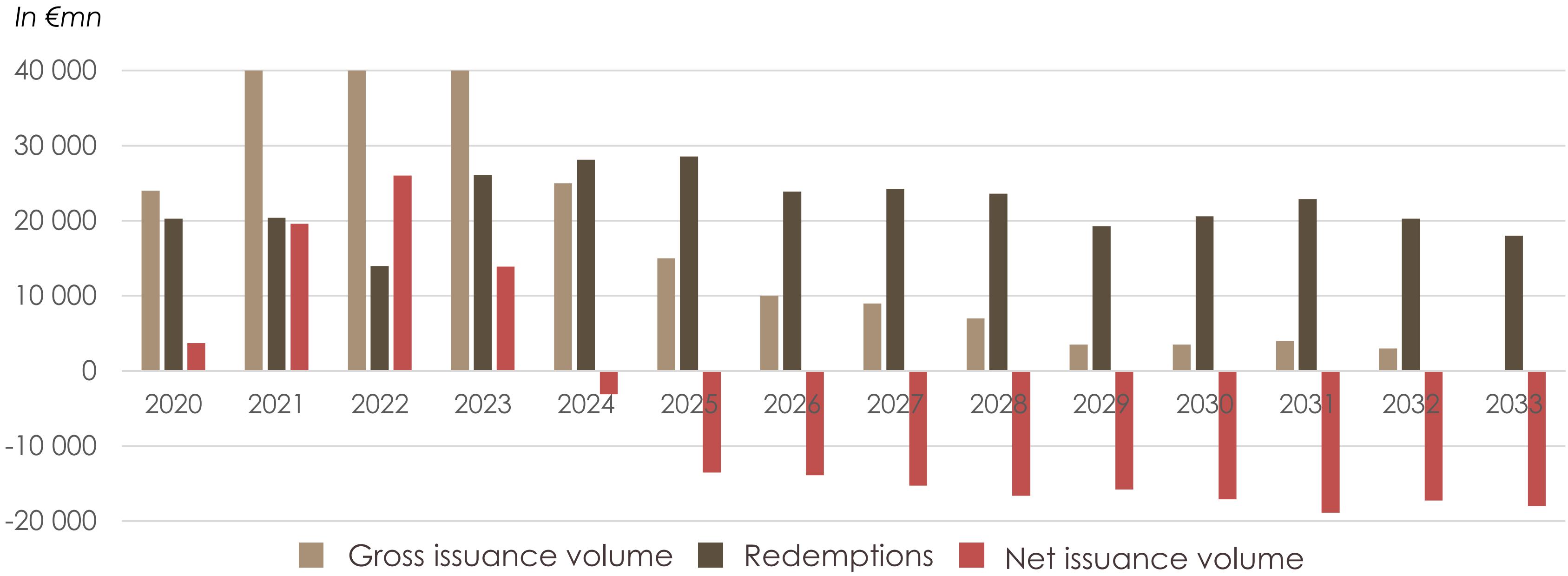
Private placements

(*) subject to investors' demand and market conditions

NEW SOCIAL BOND FRAMEWORK

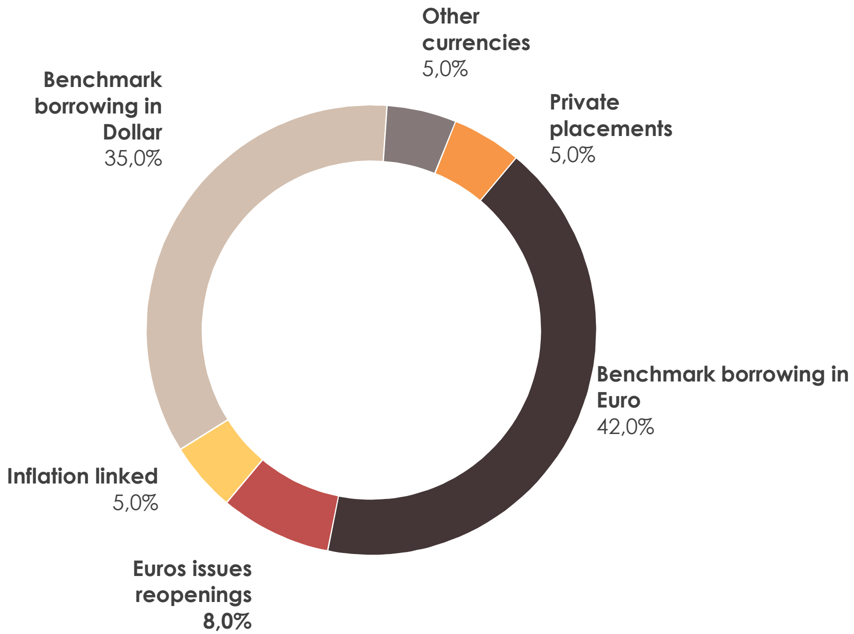
2020-2023: peak issuance volumes

- Evolution of net issue volumes per year

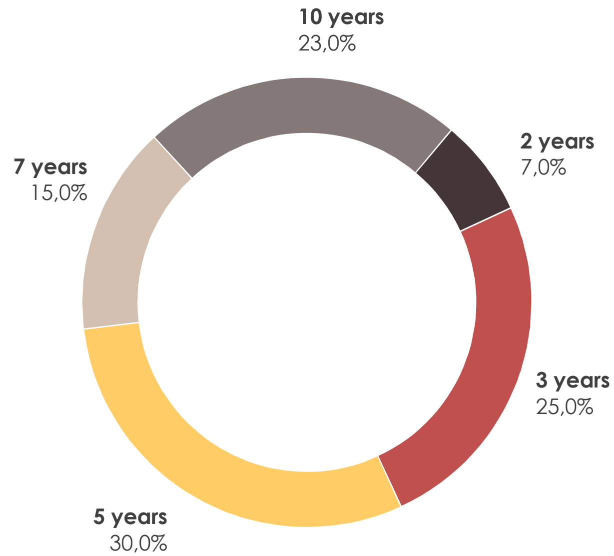


A balanced funding program

- Breakdown of the indicative 2021 program by currency



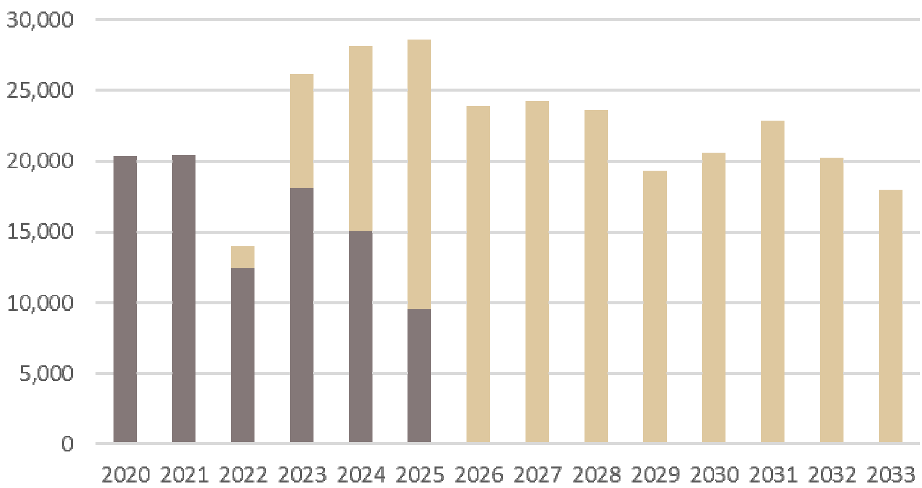
- Breakdown of the indicative 2021 program by maturity



Extended maturity range

- Borrowing schedule at the end of the debt transfer process based on (re)financing assumptions

In €bn

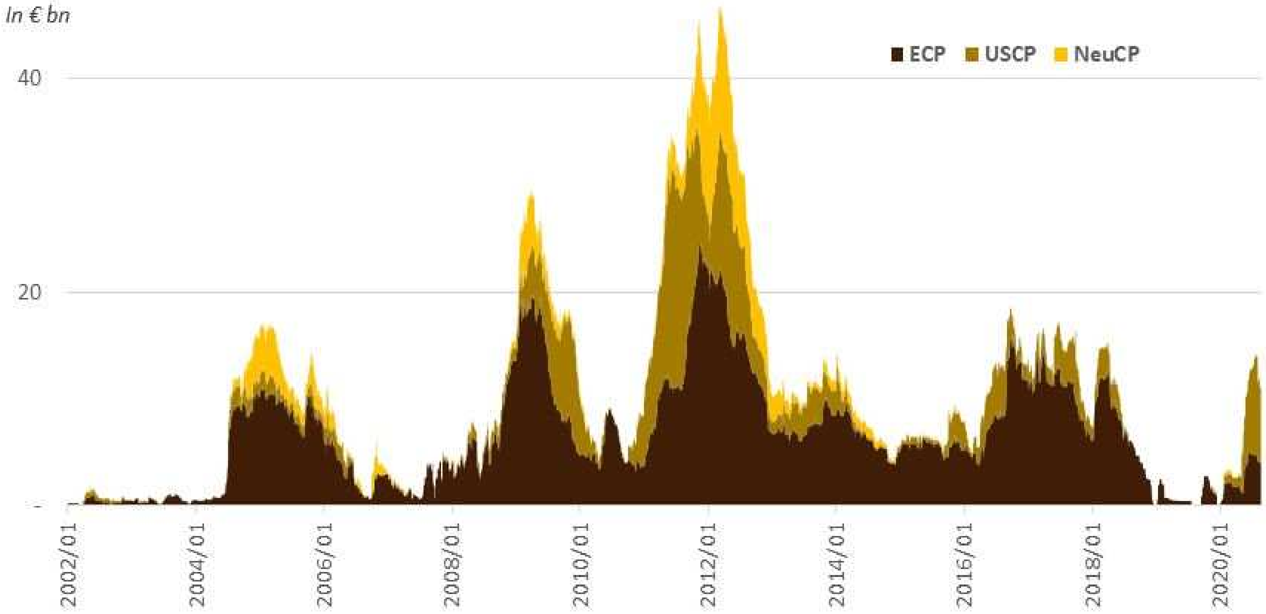


(Re)financing assumptions

Maturities	% maturity issued per year
2 years	7.5
3 years	25
5 years	30
7 years	15
10 years	22.5

Diversified access to liquidity

- Evolution of short-term outstandings since 2002



Very active on the short-term markets during debt takeovers

Outstandings then decrease as short-term is transformed into medium- and long-term

A Social Bond Framework

- Reasons in favour of the implementation of a social bond programme in accordance with the Social Bonds Principles (2020)

An unprecedented macroeconomic context	▪ Current global, European and French macroeconomic situation marked by a spectacular rise in unemployment and weak growth caused by the COVID-19 health crisis ▪ Significant impact on the basic Social Security regimes, which will record significant deficits in 2020 ▪ Vote by the French Parliament on a new transfer of debt to CADES of EUR 136 billion in July 2020 and the extension of its life span until 2033
New financing needs for CADES	▪ New financing plan which involves investors' support ▪ A market context that has seen the development (especially since the health crisis) of a greater demand from ESG investors to strengthen their social investments and participate in the mitigation of the effects of the health crisis ▪ Establishment by CADES of a Social-Bond Framework providing investors with disclosure in a well-know format
A social transmitter by nature - Systemic role	▪ CADES plays a critical role in the current crisis system by ultimately guaranteeing the French social security operational continuity ▪ CADES offers a controlled financing cost to public finances ▪ CADES amortizes social debt rapidly in order not to weight on the next generations

Establishment of a Social Bond Framework

- Establishment of a framework aligned with the Social Bond Principles (ICMA 2020)
- Second-Party Opinion delivered by Vigeo Eiris
- 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
Financing and / or re-financing of the "new social debt" transferred from 2020	*Establishment of the "Social Bond Committee" composed of CADES / AFT, DG Trésor and DSS to validate the selection of eligible deficits*	*The proceeds will be managed by CADES and the periodical review of the allocation of the proceeds will be validated by the Social Bond Committee*	*Publication of an annual report on the allocation of proceeds as well as impact measures at least until the full allocation*

- Scope of eligible social debt within the Social Bond Framework are:
    - Deficits recognised as at December 31, 2019 (deficits corresponding to the 2015-2019 period)
    - Deficits recognised starting in 2020
- Ineligible (and therefore financed outside of the Social Bond Framework) are:
    - Hospital debt (issue of the reassignment exercise in view of the limits set by the look back period)
    - Debts financing deficits from before 2015 (5 year anteriority)

Pillar 1: Use of Proceeds

UoP = Deficit to be refinanced

<table>
<tr><th>Use of Proceeds</th><th>Different Branches</th><th>SDGs</th><th>Expenditures
(Examples of cash or in-kind benefits)</th><th>Revenues
(Principal determinants)</th></tr>
<tr><td rowspan="4">Financing and refinancing of the deficits of the various Social Security branches (Covering each of the general regime, Fonds de solidarité vieillesse and the special regimes)</td><td>Illness</td><td>1
3
10</td><td>✓ Daily allowances in cases of illness, disability, workplace injuries, or occupational diseases
✓ Partial or full reimbursement of healthcare treatment inside or outside hospitals
✓ Partial or full payment for hospital stays
✓ Compensation of lost revenues following an interruption in work due to pregnancy (maternity allowances)
✓ Payment for mother and baby care</td><td rowspan="2">Decreases in revenues due to changes in employment and wages (economic environment elasticity , shrinking wage bill)
✓ Contributions
✓ CSG (based on earned income but also on replacement revenues, games of chance, and asset and investment income)
✓ Other impacted contributions, taxes and levies
✓ Social levies on capital income (real estate capital gains, dividends, life insurance savings accounts, in particular)
✓ Deferred contribution payments that are never collected due to company defaults</td></tr>
<tr><td>Workplace injury</td><td>1
3
10</td><td>✓ Cash benefits tied to temporary or permanent work interruptions (temporary or permanent disability)
✓ Compensation for harm suffered
✓ Payment for treatment tied to occupational pathologies and compensation for harm suffered</td></tr>
<tr><td>Elderly</td><td>1 10</td><td>✓ Pensions paid to retirees (direct pensions) or to their spouses (widower’s pension)
✓ Dependence related benefits</td><td rowspan="2">Discretionary decrease in revenues caused by contribution exemption programmes
✓ General (compensation at or about minimum wage)
✓ Targeting certain populations (youth long-term unemployed)
✓ Targeting geographic zones (overseas departments, free urban zones)</td></tr>
<tr><td>Family</td><td>1 11</td><td>Expenditures tied to maintaining the family:
Child allowances
Benefits tied to childcare
Day-care costs</td></tr>
</table>

Pillar 2: Selection of social deficits

A "Social Bond Committee“ has been created in order to assess and approve the selection of the eligible social deficits of the various regimes, in light of the criteria defined in the Framework

This committee is composed of representatives from:

- The Caisse d'amortissement de la dette sociale (CADES) / Agence France Trésor (AFT)
- The General Directorate of the French Treasury
- The Social Security Directorate (DSS)

The committee will:

- Examine and approve the scope of eligible social debts in view of the eligibility criteria presented in the Framework
- Examine and approve any modifications made to the framework
- Monitor the annual mission of the outside appraiser/auditor
- Examine and approve the annual allocation and impact report addressed to investors
- Monitor the developments in the social bond market with respect to impact reports, in order to be aligned with best market practice

Pillar 3: Management of proceeds

The proceeds of each social bond issuance will be managed by CADES and an amount equivalent to the proceeds will be allocated to the financing or refinancing of eligible deficits determined by the LFSS (Loi de Financement de la Securite Sociale)

The allocation of proceeds will be monitored by the Social Bond Committee

CADES has adopted an intra-branch earmarking agreement between branches ("eligible sub-categories"): The allocation of the medium and long-term social bonds proceeds will be allocated to the different branches pro-rata the deficits transferred year by year, as defined by the LFSS

Pillar 4: Reporting

- ✓ Annual report on the allocation and on impact indicators at least until the full allocation and in the event of a significant change in allocation thereafter
- ✓ The allocation reports will be audited annually by an external auditor chosen by CADES until the full allocation

Allocation reporting

The report will be prepared annually and will use a "portfolio approach". Some key indicators will be included:

- The aggregate amount of funds allocated to date
- The proportion of financing of "new social debt" versus refinancing of other debts
- The aggregate amount of funds awaiting allocation
- The breakdown of funds allocated to deficits by eligible sub-categories, and by underlying branch

Impact reporting

The reporting will apply the following principles and formats

- Differentiation by branch
- Non-prorating of indicators
- Inclusion of long series in order to track the long-term evolution of the indicators (history of at least 15 years for most indicators)
- Inclusion of charts, tables and maps

Pillar 4: Impact indicators examples

- Examples of indicators for three branches drawn from PQEs that may supply information for future impact reports

BRANCH	GOALS PURSUED	CONTEXT & OUTPUT INDICATORS	« GOALS-RESULTS » IMPACT INDICATORS
RETIREMENT	• Ensure a suitable living standard for pensioners and guarantee solidarity among pensioners • Improve the insureds' knowledge about their retirement rights • Progressively increase time worked and increase employment of older workers	• Pensioners in all regimes • Evolution in the proportion of older persons in the French population • Share of retirement benefits in GDP • Average retirement age & length of insurance necessary for retirement at the full benefit amount (number of quarters required)	• Median living standard of pensioners compared to the active population • Percentage of pensioners whose standard of living is below the poverty line • Employment rate of persons between 55-69 years of age • Male/female pension level gap
ILLNESS	• Ensuring equal access to treatment, notably financial but also territorially (territorial distribution of treatment offering) • Improve the population's health and life expectancy (through the development of prevention) • Strengthen the efficiency of the healthcare system and develop medical controls over spending	• Healthcare expenditures per habitant (distribution between consumption of treatment and medical goods, hospital care, non-hospital care, medical transport, drugs) • Average reimbursable consumption per habitant, of non-hospital care by age (visits and consultations, dental fees, laboratory, drugs, etc.) • Average annual costs broken down by general spending items, for various pathologies and evolution over a long period	• Out-of-pocket healthcare costs per household and corresponding effort rate (by living standard decile) • Childhood and pensioner poverty rate • Treatment needs not satisfied for financial reasons (entire population and the bottom 20% of the poorest) • Flu vaccine coverage rate • Ambulatory surgery rate • Omni-practitioner doctor and specialist density per 100,000 habitants • Time necessary to access emergency care
FAMILY	• Contribute to the financial compensation of heads of households • Further help the most vulnerable families (single parent families in particular, which are particularly exposed to poverty) • Promoting dynamic natality • Promoting finding a work-life balance	• Benefits paid • Family allowances • Allowances aimed at childcare • Other family allowances • Housing allowance • Employment rates of women aged between 20 to 64 • Number of births and fecundity index	• Benefits paid by living standard decile • Capacity of greeting children less than 3 years old on a full-time basis per 100 children (a significant number of which from priority neighbourhoods) • Change in living standard gaps (before/after transfers)
WORKPLACE INJURY / OCCUPATIONAL ILLNESS	• Reducing the frequency and severity of workplace injuries, commuting accidents and occupational illnesses • Improving the recognition of Workplace Injuries / occupational illnesses, and the fairness of compensation	• Breakdown by item of legal compensation (temporary, permanent disability, care, asbestos victims) • Breakdown of work accidents by sector of activity • Occupational illnesses by pathology	• Number of working days lost per 1000 hours worked • Average rate of incapacity due to accidents and illnesses resulting in permanent incapacity • Index of work accidents and occupational illnesses' severity

✓ Main resources for the impact report will be the Quality and Efficiency Programs (PQE) relating to expenditure and revenue annexed to the Social Security financing bill (PLFSS)

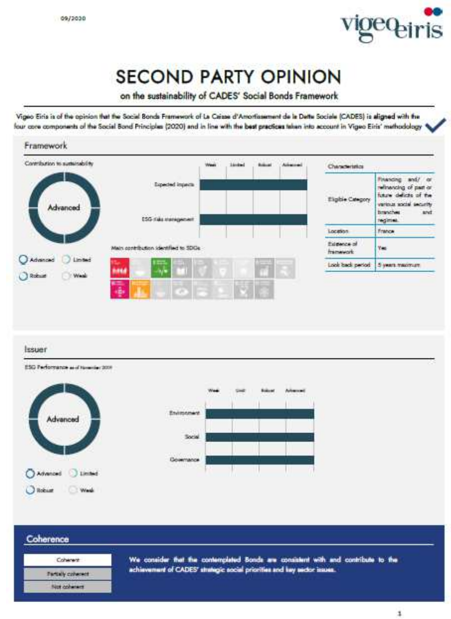
External verification

Second party opinion (pre-issuance)

CADES has selected Vigéo Eiris as a Second Party Opinion provider to assess the transparency, governance and compliance of its Social Bond Framework with the ICMA Social Bond Principles 2020

The results of this assessment are included in a Second Party Opinion which is available on and may be downloaded from CADES's website

Any material changes made to this Framework will be submitted to the review of the Second Party Opinion provider


09/2020

vigeo eiris

SECOND PARTY OPINION

on the sustainability of CADES' Social Bonds Framework

Vigeo Eiris is of the opinion that the Social Bonds Framework of La Caisse d'Amortissement de la Dette Sociale (CADES) is **aligned** with the four core components of the Social Bond Principles (2020) and in line with the **best practices** taken into account in Vigeo Eiris' methodology

Framework

Contribution to sustainability: Advanced

Expected impacts

ESG risk management

Main contribution identified to SDGs

Characteristics	
Eligible Category	Financing and/ or refinancing of past or future deficits of the various social security branches and regimes.
Location	France
Existence of framework	Yes
Look back period	5 years maximum

Issuer

ESG Performance

Advanced

Environment

Social

Governance

Coherence

Coherent

Partially coherent

Not coherent

We consider that the contemplated Bonds are consistent with and contribute to the achievement of CADES' strategic social priorities and key sector issues.

1

Post-issuance verification

Up until the proceeds are fully allocated, an independent auditor will verify the following information annually:

- Allocation of proceeds to eligible debts.
- Compliance of expenditures financed by the proceeds raised with the criteria defined in the "Use of Proceeds" and "Management of proceeds" sections of the social bond framework

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Contacts

Ministry of the Economy, Finance and the Recovery
139 rue de Bercy, 75012 Paris
Télédoc 287

☎ +33 1 40 04 15 57
www.cades.fr

Chairman

jean-louis.rey@cades.fr

Executive management AFT

anthony.requin@aft.gouv.fr
cyril.rousseau@aft.gouv.fr

Operations

philippe.noel@cades.fr / philippe.noel@aft.gouv.fr
pierre.hainry@cades.fr / pierre.hainry@aft.gouv.fr
frontoffice@cades.fr

General secretary

genevieve.gauthey@cades.fr

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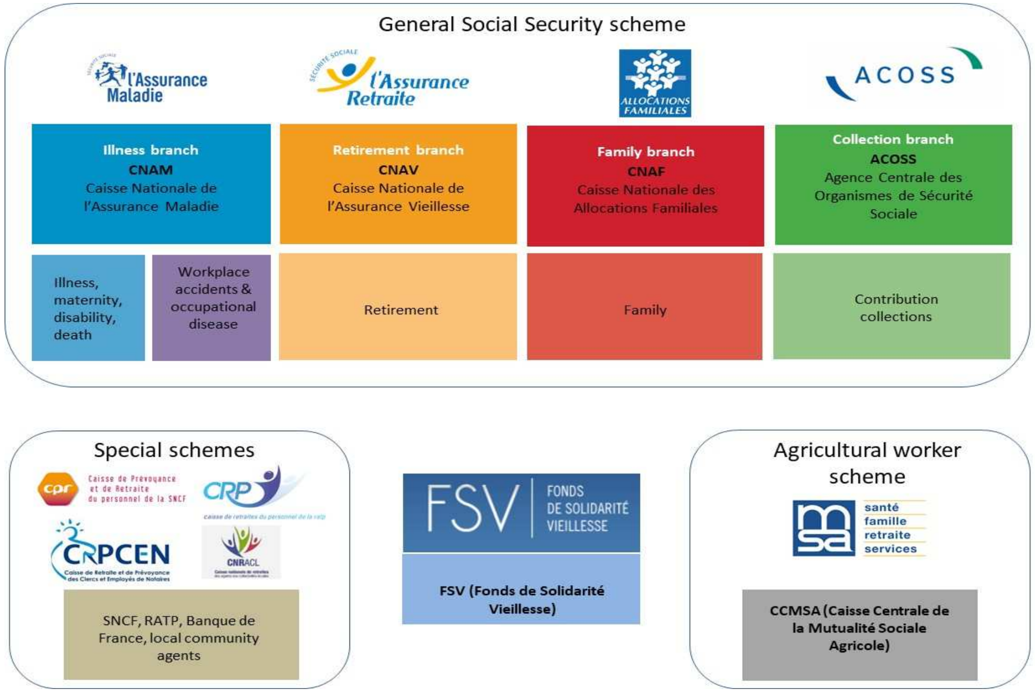
APPENDICES

Organisation of social security

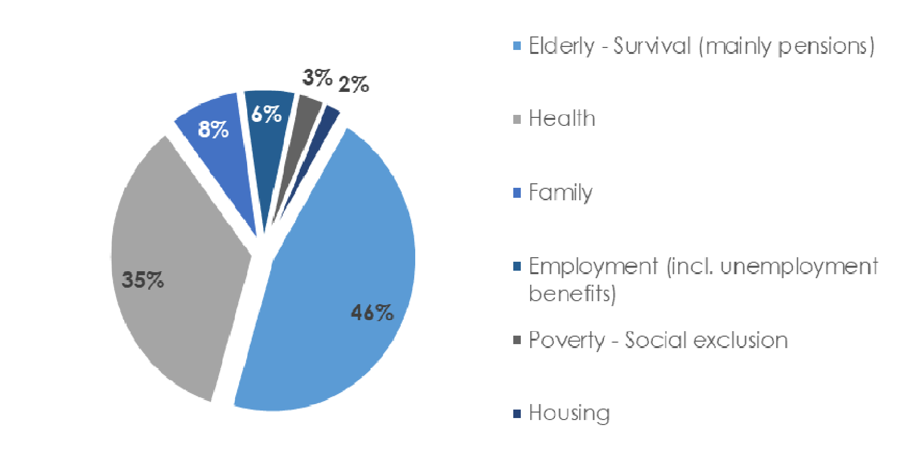
- The **general Social Security regime** notably relates to employees and covers close to 90% of the population, i.e., 59 million individuals. It is made up of four branches, which either cover the principal risks or manage collecting dues and contributions
- **Mutualité sociale agricole (MSA)**, the agricultural social mutual fund, is a "one stop shop" which manages Illness insurance, workplace accidents and occupational disease and family and retirement benefits of farm operators and agricultural workers and collects the corresponding contributions
- The various **special retirement schemes** relate to civil servants, SNCF, RATP, the electric and gas industries, etc. **27 in all, they cover 7% of the French population**
- **Fonds de solidarité vieillesse** (FSV) is a public administrative body which is responsible for funding retirement expenditures paid within the scope of national solidarity



Social security in figures

- France dedicates the equivalent of close to **one third of its GDP to social protection expenditures (790 billion euros in 2018)**, which are financed principally by public authorities
- More than **470 billion euros in benefits** are paid out each year by the social security, more than the State's budget. This figure is equivalent to **25% of the national wealth**
- **150,000 employees** within various social security organisations ensure the proper functioning of the system
- **Illness and Elderly - Survival risk** (mainly pensions) represent in total **more than 80%** of all social benefits

Composition of social benefits by risk (2018)



DREES, Social protection accounts