



Investor Presentation

April 2022

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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

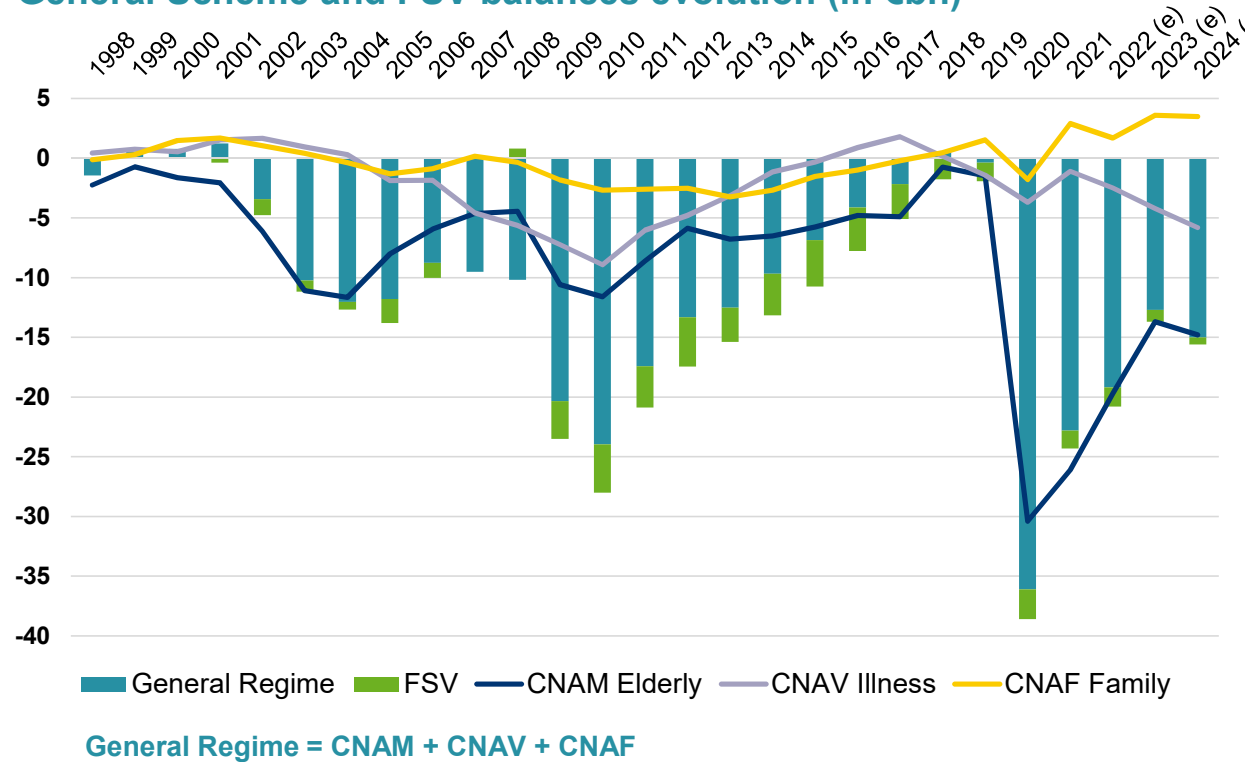
After the 2010 financial crisis

- 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 (- €30.4 bn).

General Scheme and FSV balances evolution (in €bn)

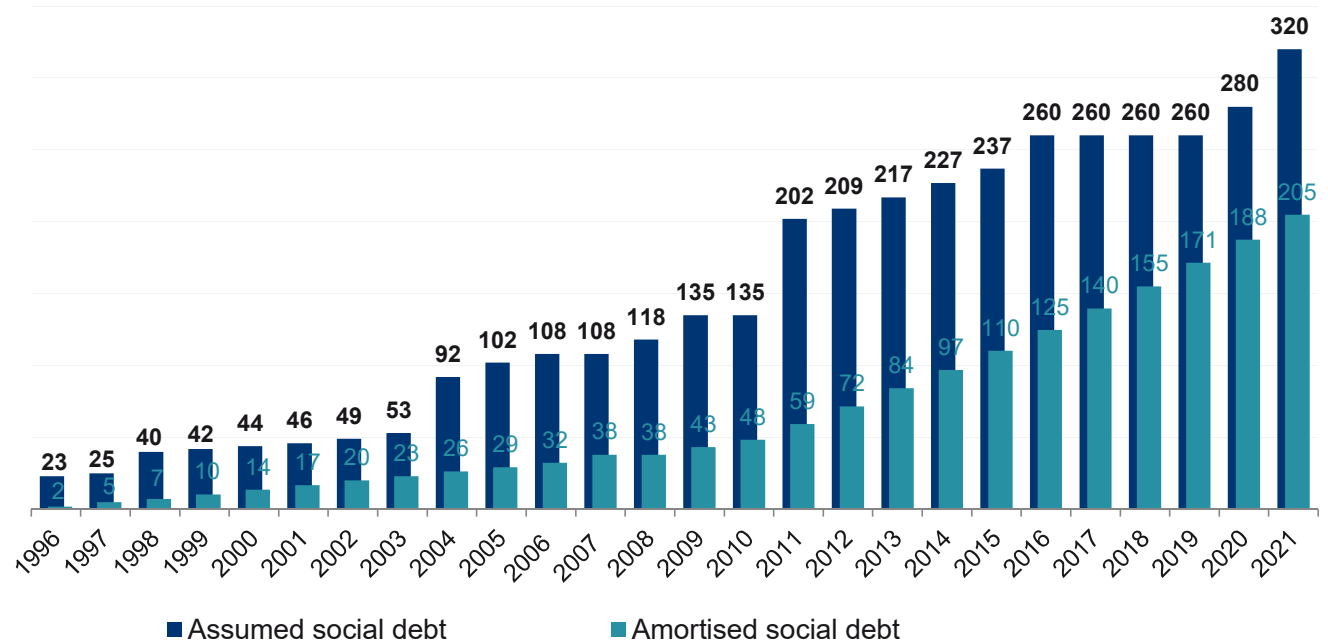


- A French public administrative agency (« Etablissement Public français à caractère Administratif »), created in 1996, with two supervisory bodies:
 - Ministry of Economy, Finance and Recovery
 - Ministry of Solidarity and Health

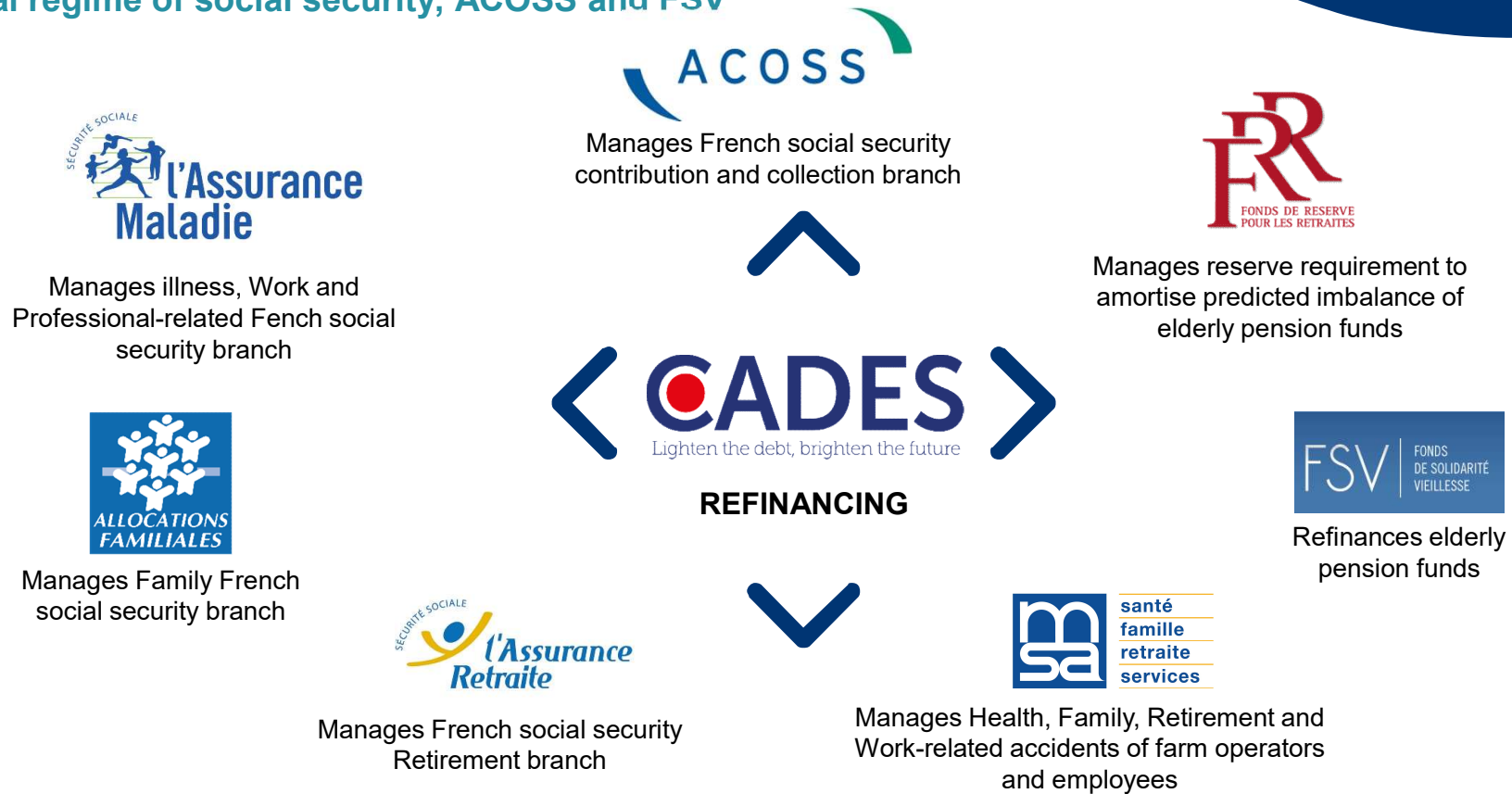
- Strong and balanced governance is exercised by a Board of Directors and a Supervisory board including members of the Parliament

- Benefiting from its own resources (€18.6 bn in 2021), Cades amortises the accumulated debt of the general regime of social security

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



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



▶ **Organic law**

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



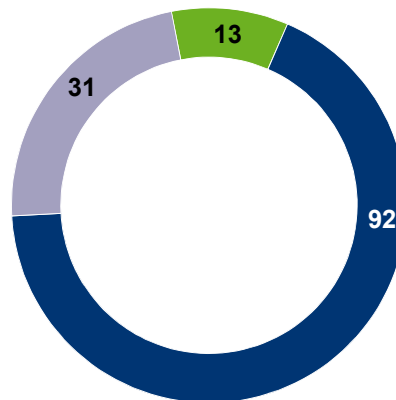
▶ **Ordinary law**

- 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

	Today	2024	From 2025
CSG (in bp)	0.6	0.45	0.45
CRDS (in bp)	0.5	0.5	0.5
FRR (in €bn)	2.1	2.1	1.45

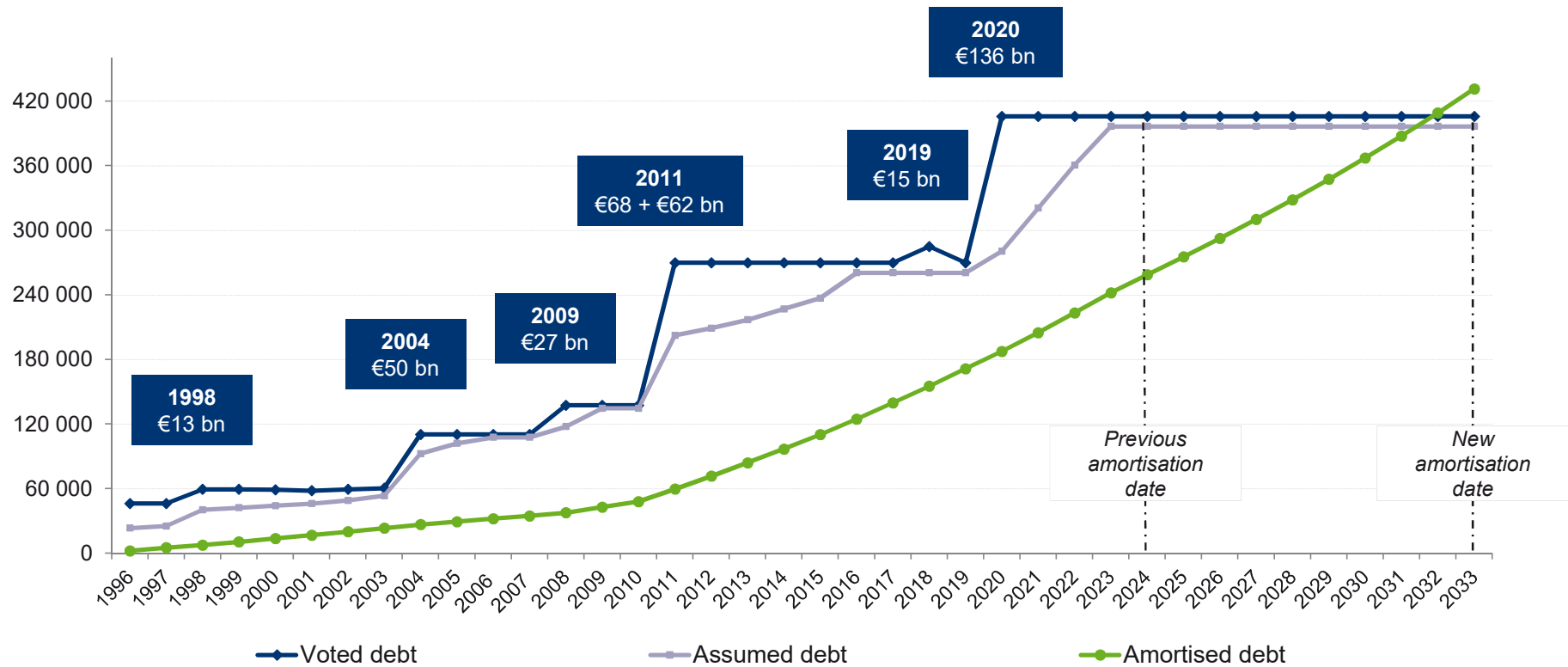


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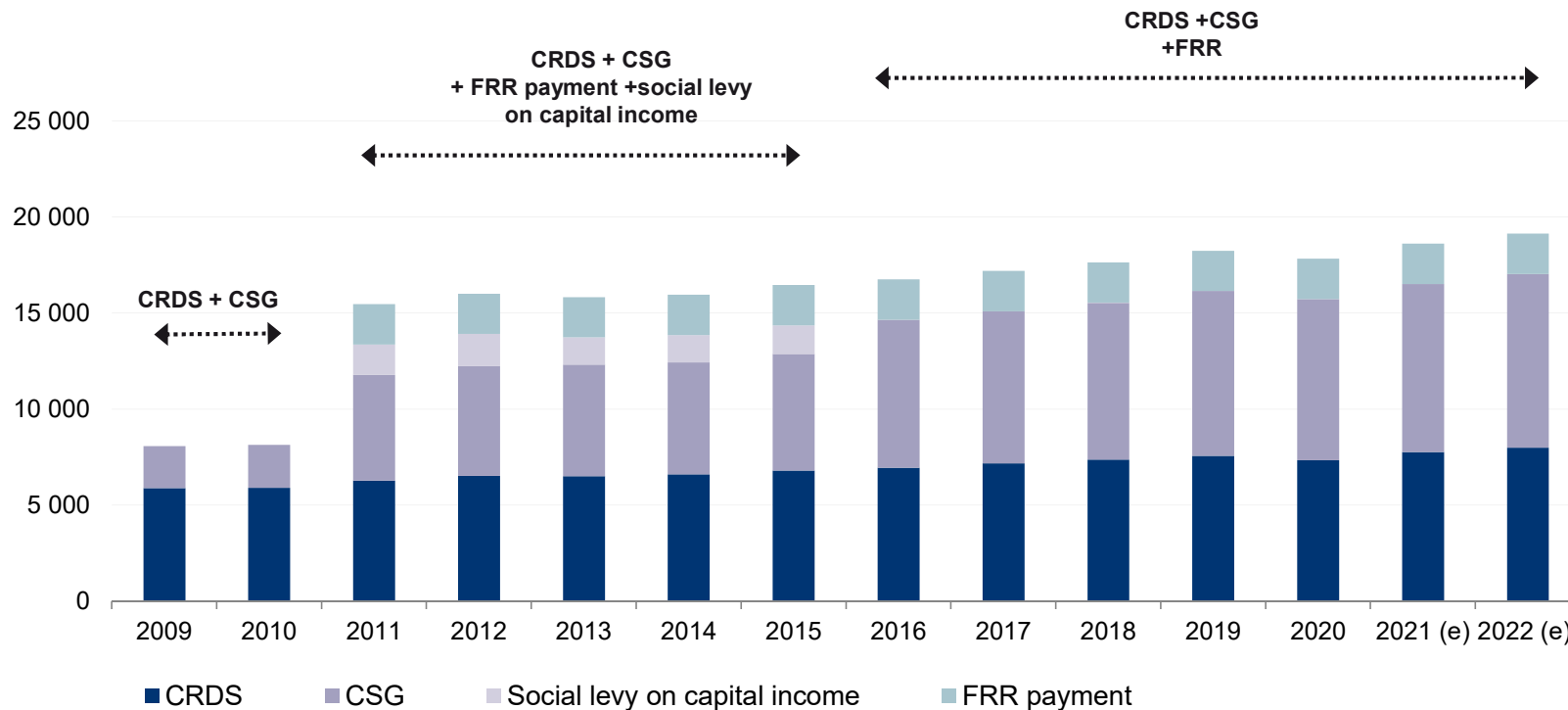
2021 SITUATION

Social debt full amortisation
is postponed
from 2024 to 2033

**Evolution of the voted, assumed and amortised debt
(in €m)**



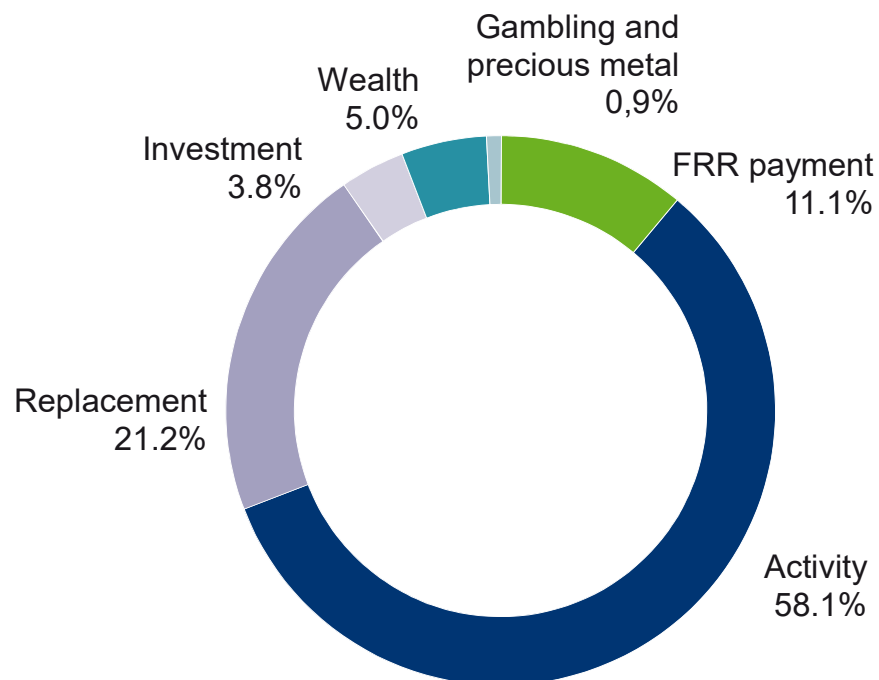
**Evolution of resources since 2009
(in €m)**



- 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
- 2021 breakdown of the resource¹:
 - > CRDS (0.5%): €7.9 bn
 - > CSG (0.6%): €9 bn
 - > FRR: €2.1 bn

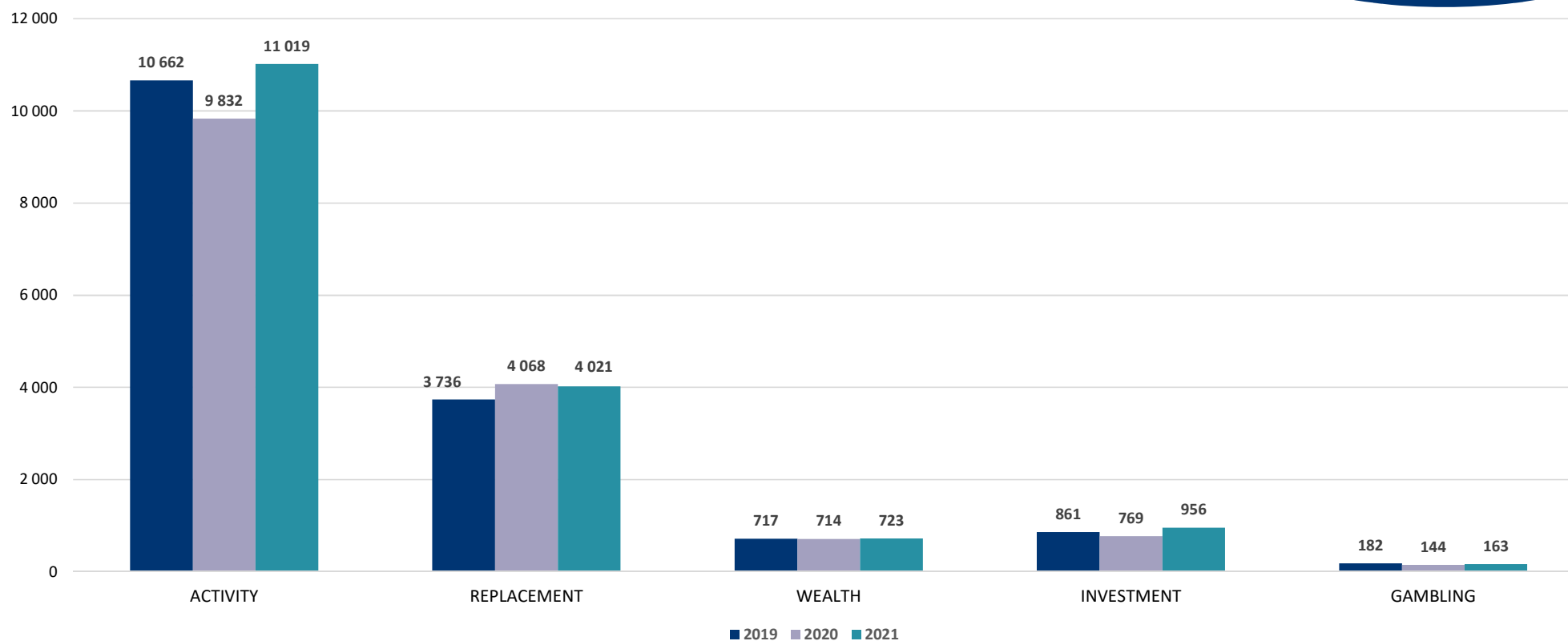
(1) The estimated data for 2022 are taken from the Social Security Financing Act for 2022

Breakdown of 2021 resources by nature

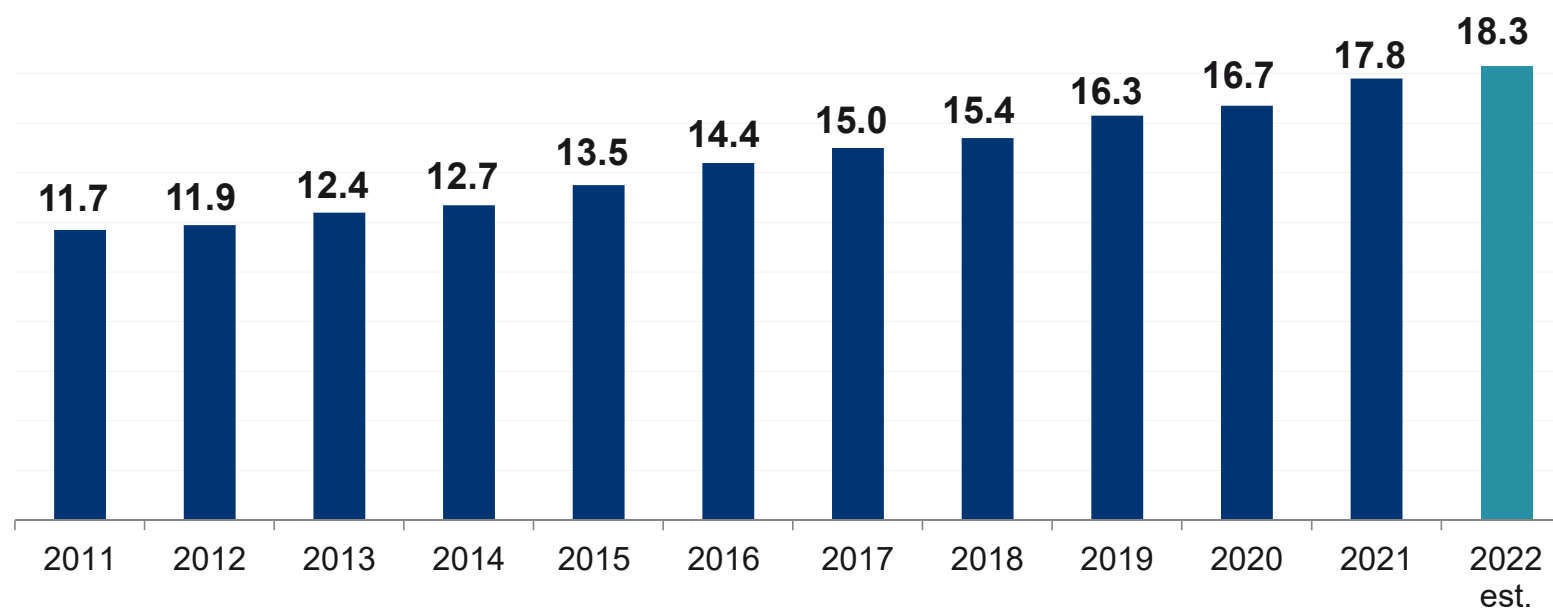


<i>In %</i>	2021
Revenue from activity	58.1%
Revenue from capital	19.9%
Revenue from replacement	21.2%

Evolution of resources since 2019 (excl. FRR) (in €m)



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



▶ Assumed social debt	€320.5 bn
▶ Ressource collected	€263.6 bn
▶ Amortised social debt	€205.3 bn
▶ Interests paid to investors	€58.5 bn

**Social debt still to be
amortised at the end of 2021:**

€116.5 bn

▪ Bonds issued:	€361.2 bn
▪ Commercial papers issued:	€723.7 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+

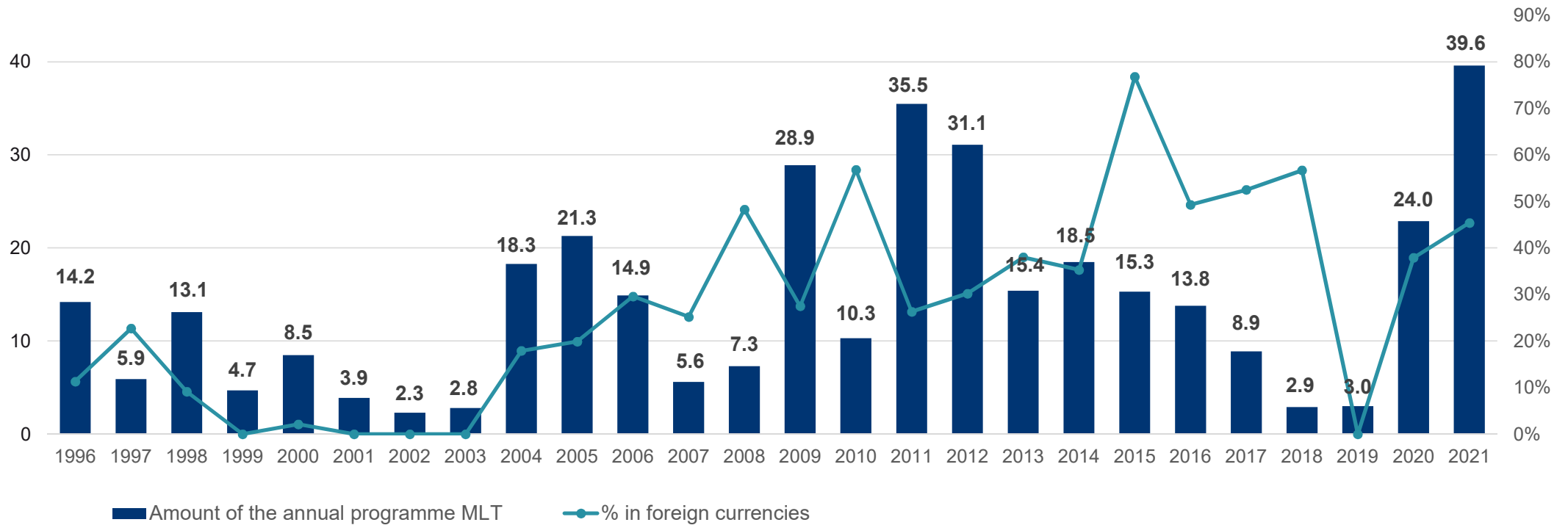
- ▶ A favourable weighting of bonds under European regulations on capital ratios (LCR)
- ▶ CADES bonds eligible under ECB PSPP and PEPP programmes



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FUNDING STRATEGY

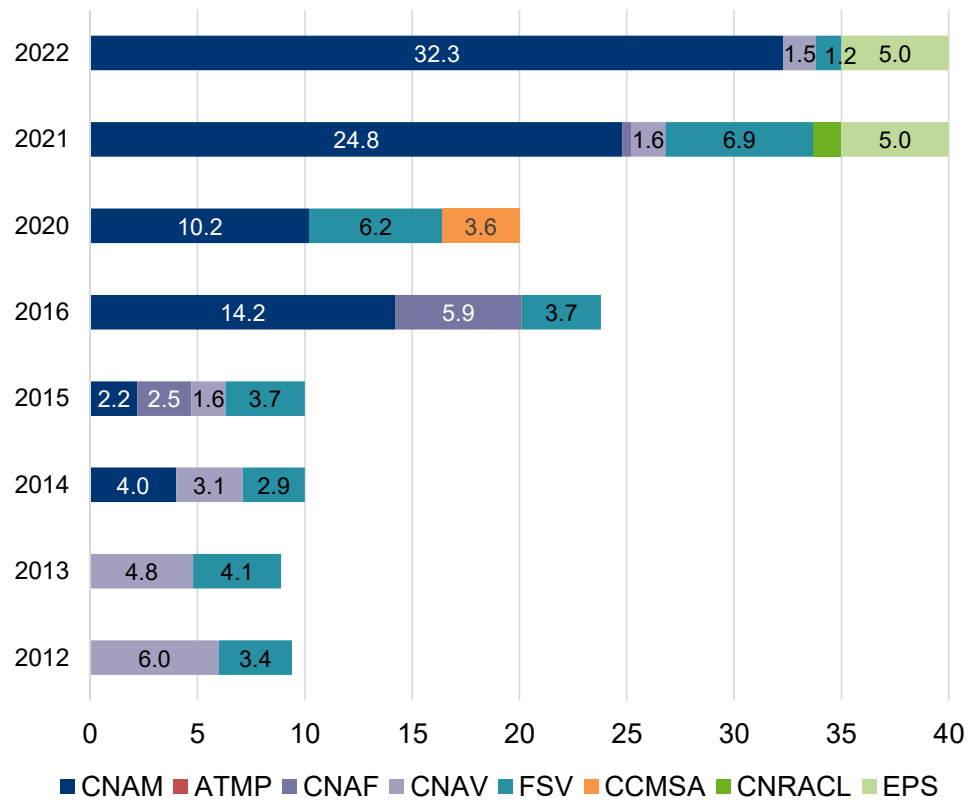
Evolution of mid- and long-term financing programmes since 1996
(in € bn)



- ▶ **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

Transferred debts by origins since 2012 (in € bn)



Scope of eligible social debt within the Social Bond Framework:

- Illness (CNAM) €67.3 bn
- Elderly (CNAV+FSV+CCMSA+CNRACL) €19.3 bn
- Family (CNAF) €0.4 bn

Ineligible debts are:

- Hospital debt (limits set by the look back period)
- Debts financing deficits prior to 2015

€54.9 bn of outstanding Social Bonds at the end of 2021

2021 Global Funding carried out

€39.4 bn medium and long-term issuances

**Benchmark issuances
(Social Bonds)**
€36.0 bn

EUR: €18.0 bn (4 issues)

USD: €16.3 bn (5 issues)

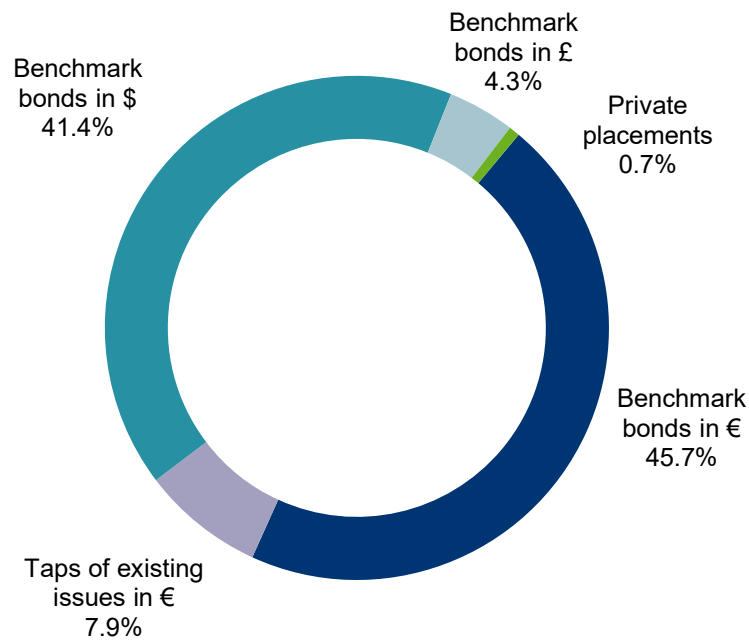
GBP: €1.7 bn (1 issue)

Diversification issuances
€3.4 bn

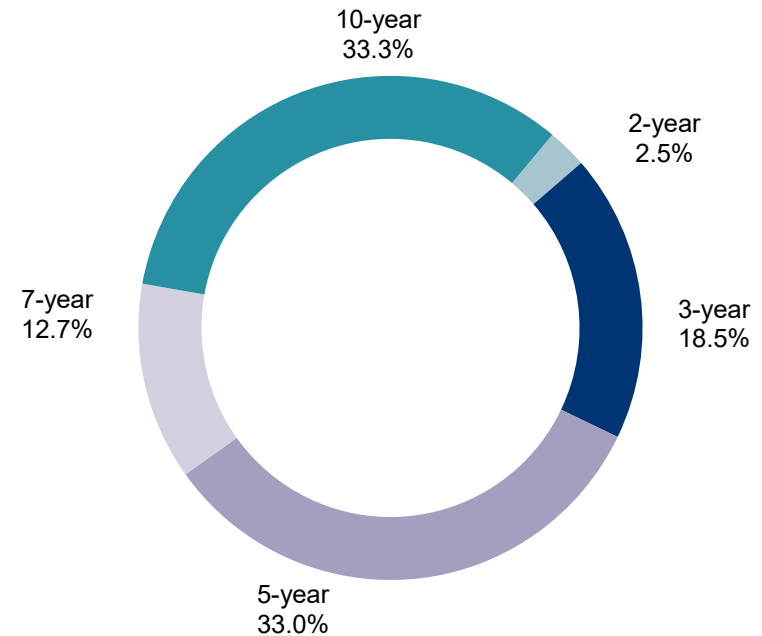
Taps (€3.1 bn)

Private placements (€0.3 bn)

Breakdown of the 2021 programme by currency



Breakdown of the 2021 programme by maturity



2022 Targeted Programme

Maximum mid- and long-term issues
€40 bn / €16.1 bn (40.3%)**

Benchmark issuances
€33 bn - €35 bn * / €15.7 bn**

Diversification issuances
€5 bn - €7 bn * / €0.4 bn**

Potential breakdown*:

EUR : €15-20 billion / €13 bn**

USD : €15-20 billion / \$3 bn**

GBP : €1-2 billion (1-3 issues)

Taps and inflation-linked:

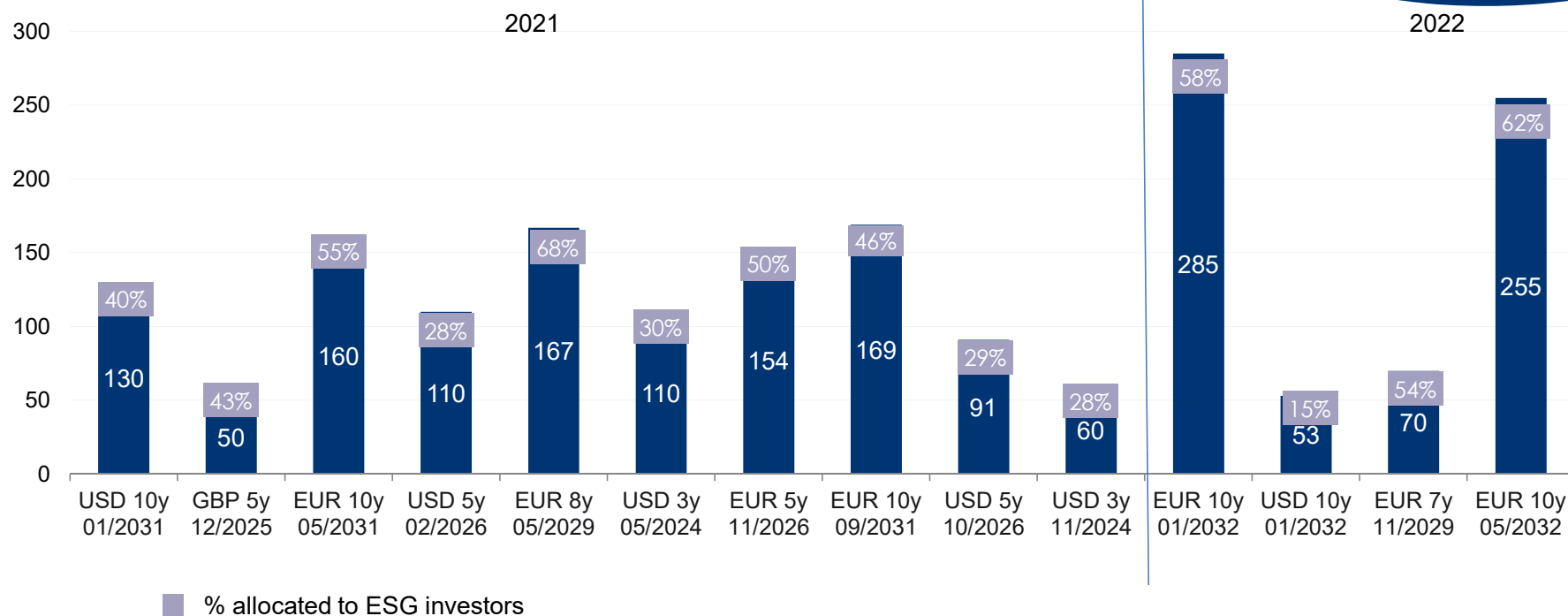
€ 3-6 bn

Other currencies: €0.5-1.5 bn

Private placements: €0.5-1.5 bn

(*) subject to investors' demand and market conditions (**) issuances completed as of April the 26th 2022

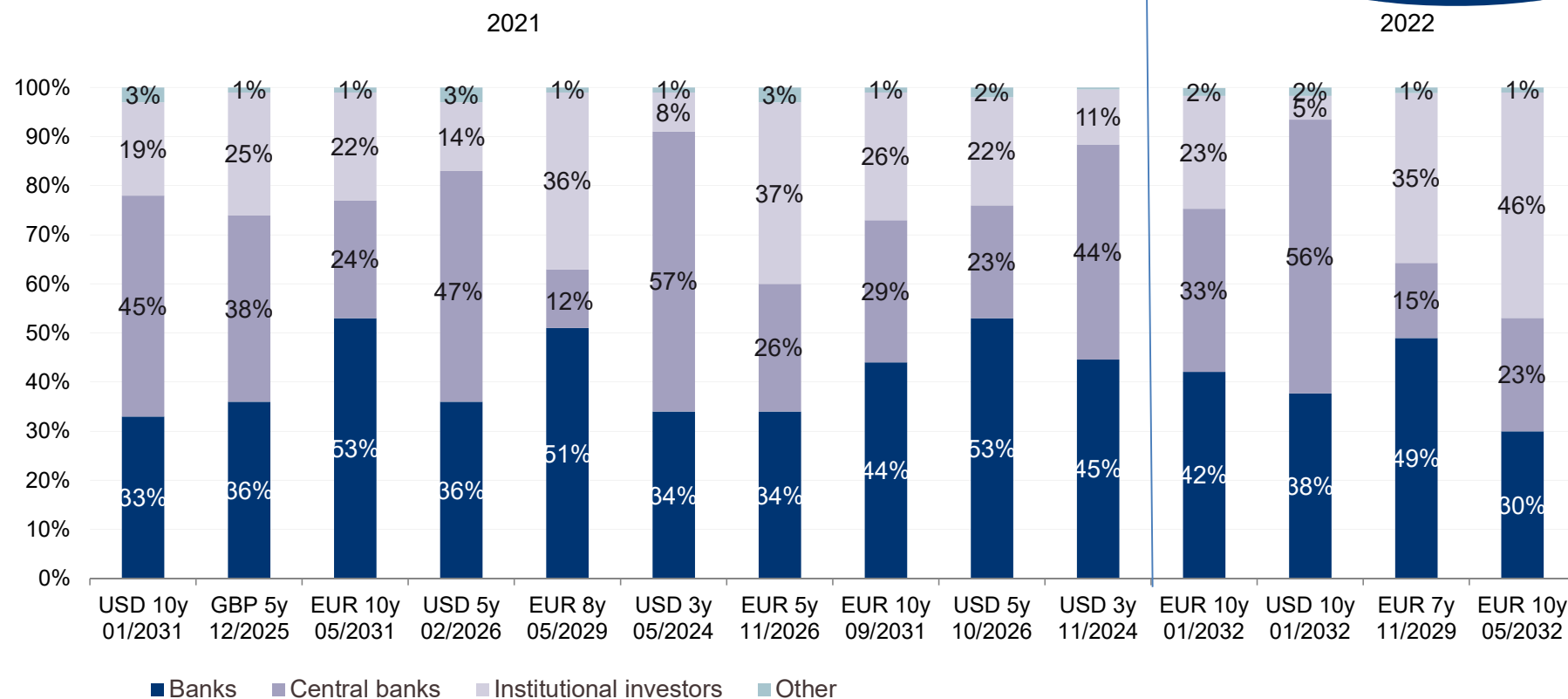
Allocated orders per issuance



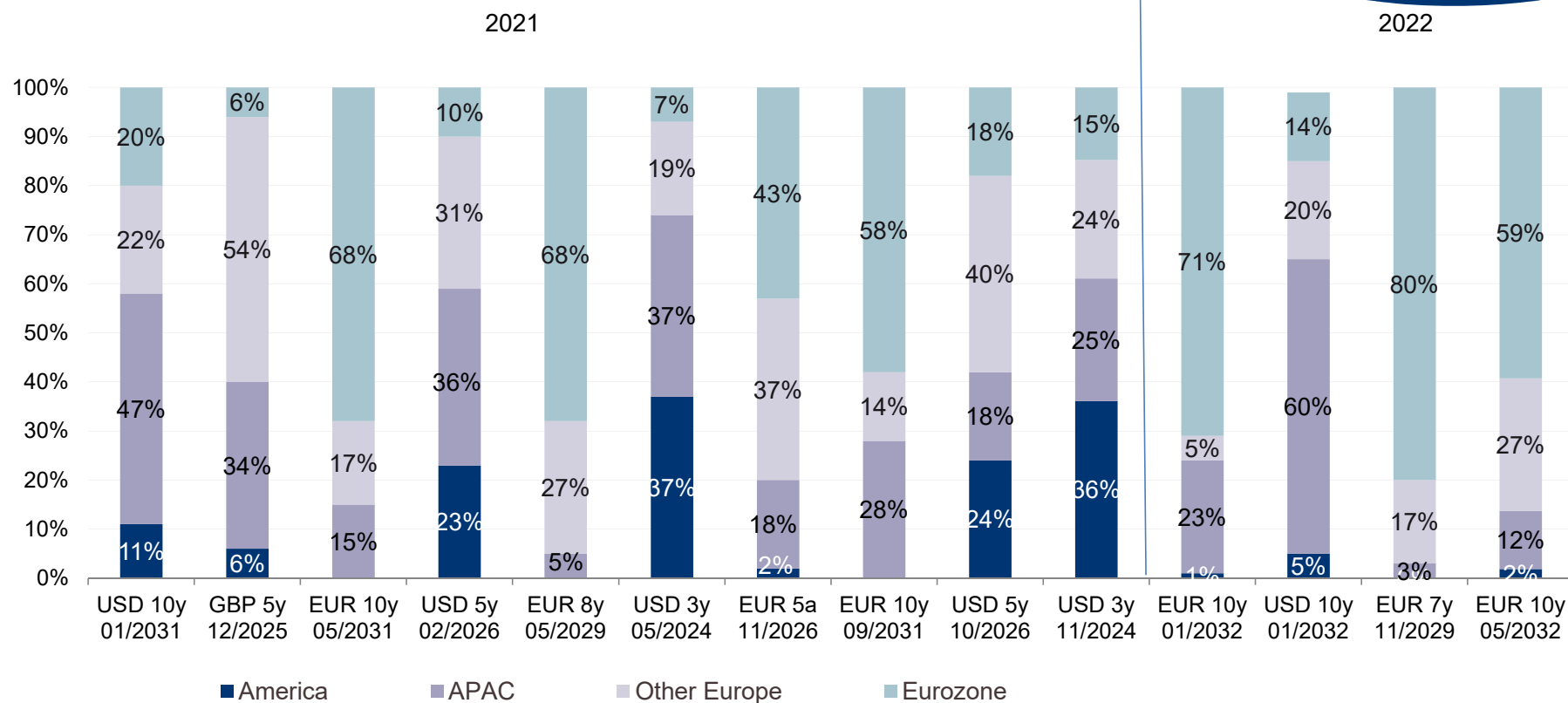
Orderbook (in bn)	10.0	2.2	10.0	9.5	14.0	5.6	9.4	12.7	6.0	3.1	26.5	4.3	2.5	25
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(1) ESG : Environnement, Social et Gouvernance

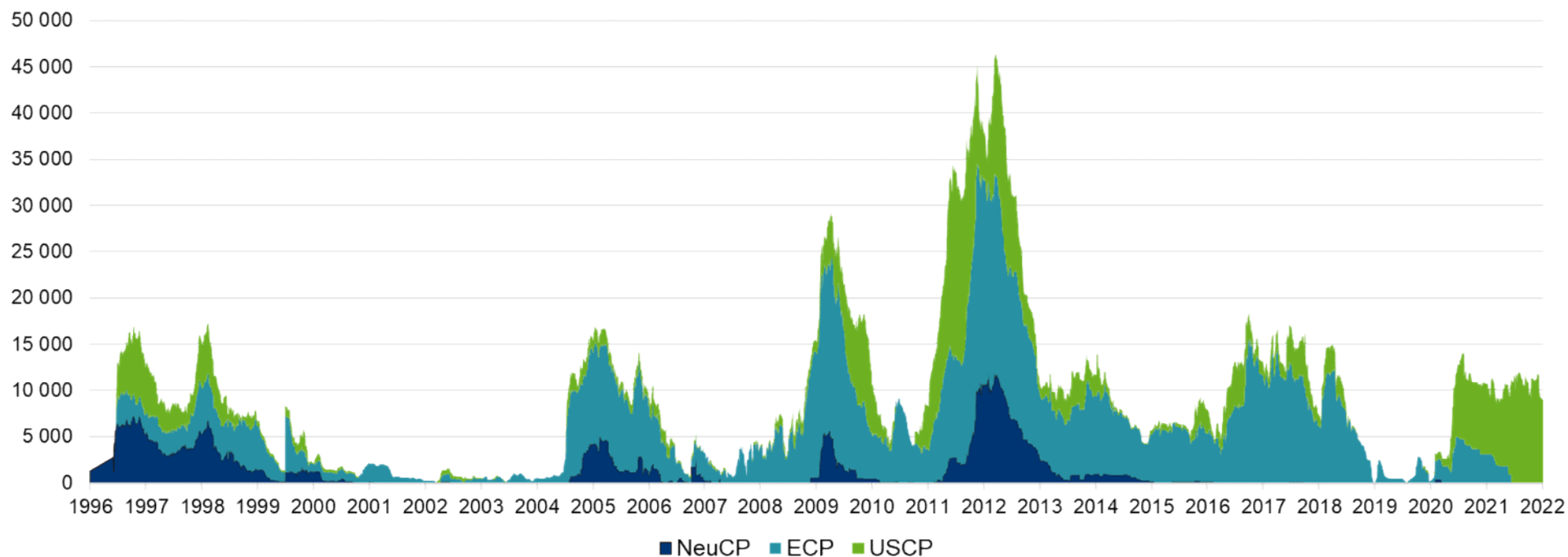
Demand breakdown by type of investor



Demand breakdown by geographical area



Commercial papers outstandings since 1996 (in € m)

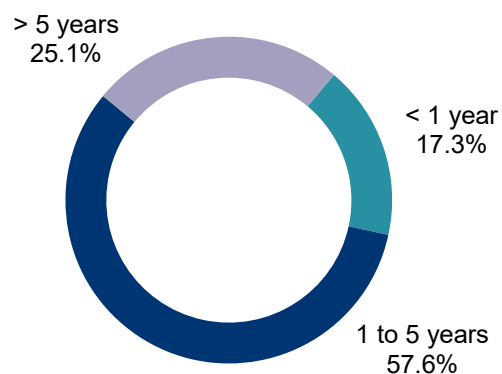


Average outstanding in 2021: €10,6 bn

Breakdown of outstanding debt at the end of 2021

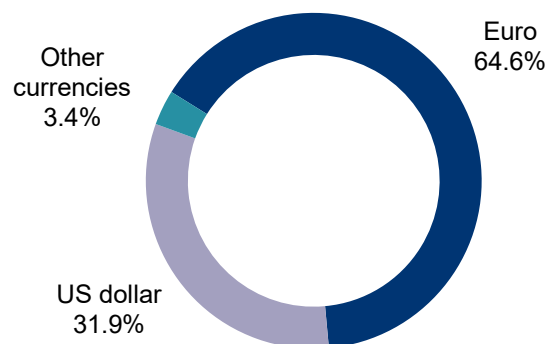
Amount of debt stock at 31st dec 2021: €116.5 bn

By maturity



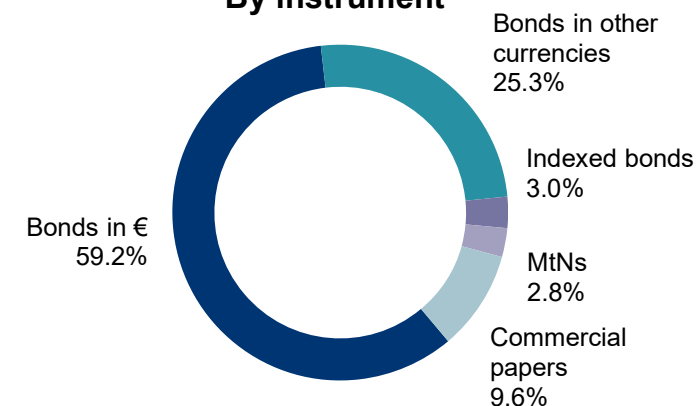
- Average maturity of outstanding debt increased to 3.87 years from 2.95 years in 2019
- 25.1% of outstanding debt has a maturity > 5 years, compared with 10.4% in 2019

By currency



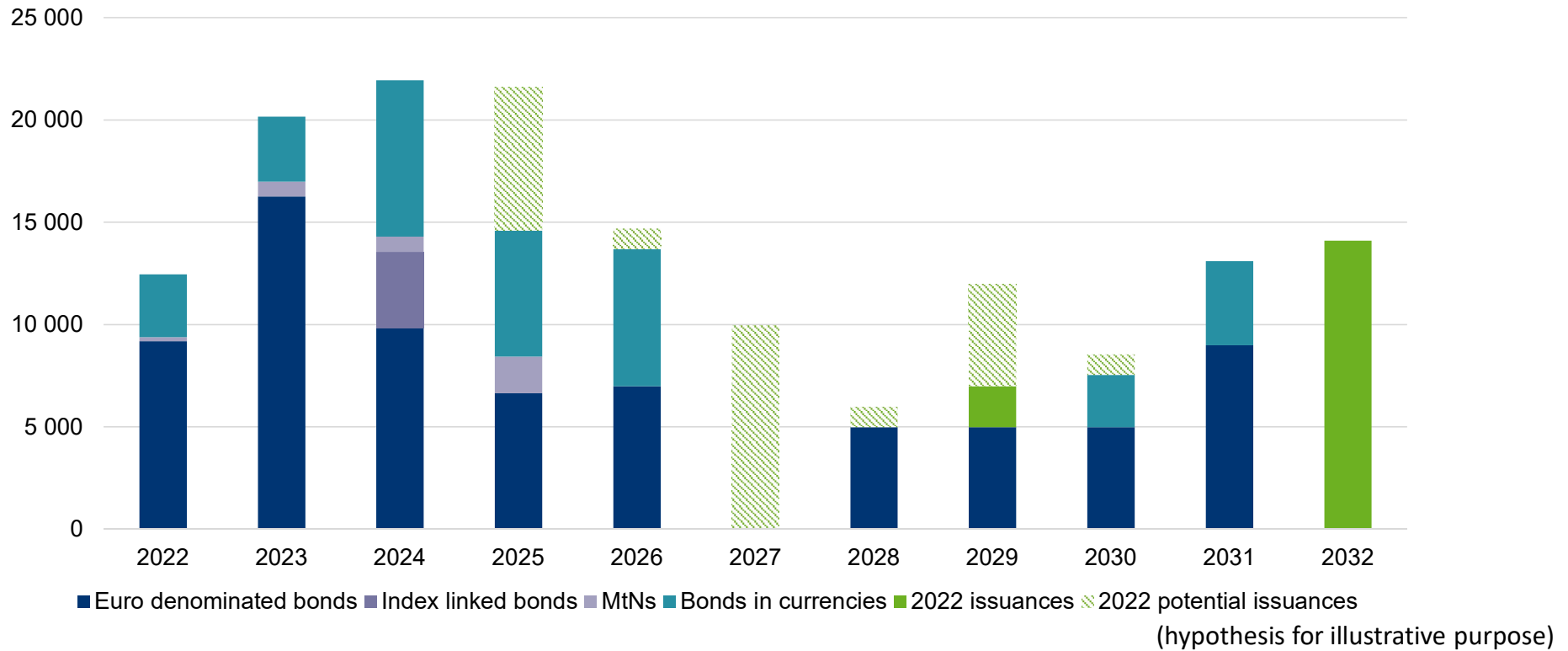
- Share of foreign currency denominated debt increased from 19.2% in 2019 to 35.3% in 2021
- 40.5% of the debt assumed since 2020 financed in foreign currencies (€24.3bn)

By instrument



- Share of foreign currency bonds increased from 19.5% in 2019 to 25.3% of outstanding MLT debt in 2021
- Share of inflation-indexed bonds decreases as repayments are made

Bonds outstanding + potential 2022 issuances (€m)



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