



Caisse d'Amortissement de la Dette Sociale

n°40 the NEWS LETTER November 2016



Patrice Ract Madoux
Chairman of the Board

Key figures

As at end of September 2016

- A modified amortisation objective of **€14.4 billion euros** in 2016
- **€13.7 billion** mid- and long-term debt raised
> of which €7 billion in US dollars (51% of total amount)
- **€17.3 billion** of outstanding short-term bonds
- **Refinancing rate** of 1.58%

Dear Madam/Sir,

As 2016 draws to a close, we are in a position to demonstrate the continued efficiency and success of our amortization and financing mechanisms, which have once more helped to reduce the overall level of French public debt by stabilizing and reducing French social debt.

As of 30 June 2016, an additional € 6.6 billion was automatically assigned to our programme of amortizing social debt, which has so far resulted in the total amortization of €116.8 billion of social debt since our creation 20 years ago.

The success of our programme is due to our continued financing with taxes collected from French citizens, together with the popularity of our issuing programme with investors. Since January 2016, we have issued three benchmark bonds, all of which were heavily oversubscribed. Their popularity further highlights the quality and confidence of international capital markets in our bonds. Institutional investors from around the world (Americas, Asia, Europe), have taken part in our issues, attracted by the French public franchise and the interesting characteristics of our bonds. Indeed, we offer our investors a wide variety of financial instruments, denominated in euros as well as in other currencies.

Since the beginning of the year, half of our bonds were issued in dollars and the other half in euros and other currencies, including the British pound, with maturities from 2 to 8 years.

With €13.7 billion raised as of date, our mid- and long-term funding programme for this year is almost complete and we are already making preparations for next year's programme.

Although the Social Security Finance Act draft for 2017 is still being drawn up in the French Parliament and we do not yet have its final terms, the resulting funding programme will allow us to offer financial markets, once again, quality bond issues, using a variety of instruments, denominated in various currencies, with different maturities.

The French Government's recent announcement of improvements to the Social Security accounts will ultimately prevent the creation of new social debt in the future, but in the meantime we will vigorously pursue the mission entrusted to us by the French Parliament to amortize the remaining social debt.

P Ract Madoux

UPDATE:

Following a recommendation from the Court of Auditors, following the end of its contract auditors' mandate, CADES was chosen following a tender process in August KPMG as statutory auditors for 6 year contract. CADES also renewed its trust to Actifin, chosen by tender in August, for a 4-year contract, to advise CADES on its corporate and financial communication.

DETAILS OF FUNDING PROGRAMME CARRIED OUT IN 2016 (at 30/09/2016)

in € bn	2015	2016
Euro-benchmark issues	3.0	4.5
Tap of existing issues	-	1.3
Inflation-linked issues	-	
USD-benchmark issues	10.3	6.2
Bonds in other currencies and private placements	1.6	1.7
Sub-total mid- and long-term issues	14.9	13.7
Short term funding outstanding as of 31/12	6.0	12.2
TOTAL	20.9	25.9

During the period, CADES carried out the following issues :

- 2 benchmarks denominated in dollars carried out under rule 144A/3C7 of the U.S. Securities Act of 1933 of the United States;
- The largest euro-benchmark (€4.5 bn) carried out by a quasi-sovereign issuer in 2016;
- The first floating bond since 2011;
- A bond denominated in British Pound carried out successfully despite the Brexit;
- The tap of two bonds in euros.

CADES AS SEEN BY THE PRESS IN 2016

"CADES shows an understanding of the state of the market",

IFR, January 2016

"Over the past 20 years, this institution, unique in the world, has not fallen short of achieving its mission and reduced French social debt by 110 billion euros since 1996",

Le Figaro, January 2016

"Since its inception in 1996, measures taken by CADES allowed [French] financial administration to save 6 points of GDP",

La Tribune, January 2016

"Thanks to its financial placements, CADES redeems at good rate and anticipates to close doors in 2024",

L'Expansion, March 2016

"Considered among the world' safest borrowers, CADES easily raises interest from investors",

L'Expansion, June 2016

ACCOUNTING LANDMARKS AS AT 30 JUNE 2016

- Assumed debt: **€253.9 bn**
- Income collected: **€165.3 bn**
- Amortised debt: **€116.8 bn**
- Debt still to amortise: **€137.1 bn**

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