

Press release

13 January, 2020



TWO-THIRDS OF FRENCH SOCIAL DEBT AMORTISED BY END 2019

€171.2 billion of social debt amortised since 1996,
of which €16.0 billion was in 2019

The Caisse d'Amortissement de la Dette Sociale (CADES), the French state-backed agency in charge of financing and amortising French social debt, reviews its activity during 2019, and announces its funding programme for 2020.

In 23 years, CADES refinanced and amortised more than €170 billion of social debt, representing two-thirds of the total €260.5 billion of social debt assumed since 1996. This performance highlights the effectiveness of the process and confirms the strong interest from domestic and international investor in the franchise's bond issues.

2019: a €4 billion global funding programme

In 2019, CADES has carried out a €3 billion funding program.

Over the period, CADES issued in favourable market conditions two tap issues on benchmark bonds denominated in euros. On each occasion, the issues received interest from several domestic and international investors in just a few hours.

The first was a tap issue on January 25 for €2.5 billion on a 0.125% bond maturing in October 2023, which was initially issued in June 2018 (€1 billion) and had already been increased by €250 million in October 2018 to create a total outstanding volume of €3.75 billion.

On June 25, another tap issue was carried out for €500 million on a 0.5% bond which is due to mature in May 2023. This bond was first issued in January 2015 for an amount of €3 billion and now has a total outstanding volume of €4.35 billion.

In the short term, CADES issued in the international monetary markets commercial paper denominated in euros and dollars for a total amount of €5.7 billion.

An indicative 2020 funding programme of €4.0 billion

For 2020, the CADES amortization objective, voted by French Parliament under the Social Security Financing Act, was set at €16.7 billion for 2020 (compared with €16.0 billion in 2019 and 15.4 billion euros in 2018).

The mid and long-term funding programme will total €3 billion, an identical amount to that of 2018 and 2019.

CADES intends to issue short-term commercial paper, denominated in euros and in other currencies, over the course of 2020 for a total amount of €12 billion, with the aim of reaching an outstanding amount of €1 billion as of December 31, 2020.

Social Security Financing Act for 2020

The Social Security Financing Act (SSFA) for 2020 has removed the debt transfer of €15 billion euros as well as the increase in the allocation of CSG¹ which was planned by the SSFA for 2019. At the end of 2020, the estimated debt to be amortized will be €72.5 billion.

CADES thus confirms its amortization path with a horizon for the total discharge of its debt during the second half of 2024. It will continue to service the bonds until their due throughout the year 2025 thanks to the accumulated cash.

About CADES

In 1996, the French government set up the Caisse d'Amortissement de la Dette Sociale with a mission to amortise French social debt by issuing debt securities on international financial markets in a diverse range of currencies.

To enable CADES to carry out its mission, the French population pays regular taxes which contribute to the payment of interest and amortisation of social debt.

Supervised jointly by the Minister of The Economy and Finance and by the Ministers in charge of social security, CADES operates under the control of the French Parliament and the Constitutional Council.

CADES is well integrated into the French social system, having strong joint governance, co-chaired by a Board of Directors and a Supervisory Committee, which includes four members of French Parliament.

Backed by the French Parliament, CADES is one of the most significant institutions involved in the control and reduction of French social debt by using efficient and proven amortization and financing mechanisms.

Since 1 October 2017, teams from CADES and AFT, the French state debt management office, have merged to create a centre of excellence for issuing French public debt. In this regard, CADES has transferred operational responsibility for all of its funding activities to AFT. As such, AFT now operates on behalf of and for CADES, making its staff available when appropriate.

All information regarding CADES and its bond issues is available on www.cades.fr.

CADES LIGHTEN THE DEBT – BRIGHTEN THE FUTURE



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¹ CSG : Contribution Sociale Généralisée – CRDS : Contribution pour le Remboursement de la Dette Sociale – FRR : Fonds de Réserve pour les Retraites

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