

Press release

02 April 2020



COVID-19 RELATED UPDATE

2019 ANNUAL RESULTS: TWO-THIRDS OF THE FRENCH SOCIAL DEBT AMORTISED AS AT THE END OF 2019

THE COVID-19 HEALTH CRISIS AND CADES

The COVID-19 epidemic has created some significant market uncertainty. Against this background, CADES has taken appropriate steps to maintain its activities, as well as to preserve the health of its employees during this health crisis.

CADES has implemented the necessary actions to enable the pursuit of its activities, while respecting the decisions and measures put in place by the public authorities. Continuity of internal control and IT security systems will be preserved throughout the duration of the crisis. The solutions implemented will ensure the security of processes and the reliability and rigour of operations.

The COVID-19 pandemic will have no impact on the accounts for this financial year because it wasn't having a significant impact in Europe until after the end of CADES' financial year on 31 December 2019.

However, given the effects of the pandemic, CADES estimates on April 1, the date on which the 2019 accounts are closed by its Board of Directors, that the health crisis will have a negative impact on the amount of resources allocated to it in 2020, although this will not affect CADES' ability to continue with its mission to amortize the social debt which has already been transferred.

Uncertainty persists as to the duration of the epidemic, so CADES will continue to assess its full impact as the situation evolves.

The government has already been working on plans to finance social security deficits which will be higher as a result of this health crisis:

Extract from the government press release dated March 25, 2020 relating to an increase in the ACOSS borrowing ceiling for 2020: "[...] In the medium term, the Government intends to mobilize the Social Debt Amortization Fund (CADES), which will reduce the short-term funding need for ACOSS, and will propose measures to continue repaying the social debt."

2019 ANNUAL RESULTS

A virtual meeting of the CADES Board of Directors was held on April 1, in view of the exceptional restrictions on movement and public gatherings, under the chairmanship of Mr. Jean-Louis Rey. On this occasion, it approved the CADES accounts for the 2019 financial year. These accounts are subject to the approval of the supervising Ministers. The annual results and activity report will be submitted to the Supervisory Committee at the end of this Spring.

The Audit Committee met by audio conference on March 25, 2020, under the chairmanship of Mr. Yves Laqueille, Vice-Chairman of the CNAM board and Board director of CADES, to review the 2019 annual results, which were presented by the Accounting Officer. The statutory auditor attending the meeting confirmed the absence of any major anomalies and specified that the accounts are certified without reservation.

Highlights of 2019 results

As at 31 December, in € billion	2019	2018
Net revenue	18.3	17.6
Expenses	2.0	2.2
Net result	16.3	15.4

Net interest of €2.0 billion was paid to investors. The resulting €16.3 billion was used to reduce debt in line with the mission entrusted to CADES by the French Parliament.

As at 31 December 2019, CADES had amortised 66%, equivalent to €171.4 billion, of French social debt assumed since its inception in 1996. €89.1 billion out of the total €260.5 billion debt assumed remains to be amortised.

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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