

CADES

Period from 01/01/2023 to 06/30/2023

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the state-owned company's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Dear Sir, Madam,

In compliance with the assignment entrusted to us by the Board of Directors and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying attached half-yearly financial statements of CADES, for the period from 1st January to 30th June 2023,
- the verification of the information presented in the management report.

These half-yearly financial statements are the responsibility of the Accounting Officer ("agent comptable") and of the Chairman of the Board. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France, except the following points described in paragraphs 4.1 to 4.3 of the notes of the half-yearly financial statements related to the accounting principles and methods, which specify the methods of the accounting treatment of the social security debt repayment contribution (CRDS) and the social security contribution (CSG).

A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. These reviews are substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Paragraphs 4.1 to 4.3 of the notes of the half-yearly the financial statements provide the methods of the accounting treatment of the social security debt repayment contribution (CRDS) and the the social security contribution (CSG).

In our report on the annual financial statements for the year ended 12/31/22 dated March 30, 2023, we express a qualified opinion related to the amounts recognized for the CRDS and CSG revenues relating to receivables, deferred revenues and provisions for risks and reduction of others operating incomes.

As mentioned in paragraphs 4.1 to 4.3 of the "Accounting principles and methods" note to the financial statements, CRDS and CSG revenues are recorded on the basis of notifications sent to CADES by ACOSS and the General Directorate of Public Finances (DGFIP) in their capacity as collecting agencies. CADES responsibilities in terms of revenue consist of a formal accounting verification of the documents produced by the collecting agencies.

On May 16th 2023, in its report on the certification of the Accounts of the General Social Security System for the financial year 2022, the "French Court of Auditor"(Cour des comptes) express a qualified opinion on the accounts of the recovery activity related to the impact of 3 significant anomalies and 8 insufficiencies in conclusive evidence.

In view of the above, we are not in a position to express an opinion on the absence of material misstatement of the half-yearly accounts for the following items:

- **Balance sheet - Assets:**

-Receivables (€692.78m) and impairment of receivables (- €564.74m),

- Deferred revenues (€1,611.66 m)

- **Balance sheet - Liabilities:**

- Provisions for risk (€75.61m)

- **Income statement – Income:**

- Other operating income CSG and CRDS (€9,020.98 m)

- **Income statement – Expenses:**

- Other operating expenses (€ 61m)

Based on our limited review and subject to this qualification, nothing has come to our attention that causes us to believe that the accompanying half-yearly financial statements are not prepared, in all material respects, in accordance with the accounting standard of the credit institution that apply to CADES under the terms of CNC notice 99-04.

2. Specific check

We have also verified the information presented in the half-yearly management report on the half-yearly financial statement subject to our limited review.

Except the possible impact of the facts mentioned above, we have no matters to report as to its fair presentation and consistency with the half-yearly financial statement.

Neuilly-sur-seine, September 29th, 2023

The Statutory Auditor

The original versions in French signed by:

Grant Thornton
French Member of Grant Thornton International

Leslie Fitoussi

Partner

BALANCE SHEET

At (€ millions)	At 30 June 2023	At 30 June 2022	At 31 December 2022
ASSETS			
Cash in hand, balances with central banks and post office banks (Note 1)	1,068.09	12,711.14	3,971.50
Treasury bills and other bills eligible for refinancing with central banks (Note 1)	-	-	-
Loans and advances to credit institutions (Note 1)			
. Repayable at sight	0.04	0.09	0.06
. Repayable at term	-	-	-
Intangible assets (Note 2)	-	-	-
Tangible assets (Note 2)	-	-	-
Other assets (Note 3)	1,728.27	968.70	1,353.06
Prepayments and accrued income (Note 4)	4,815.31	6,790.53	5,297.99
TOTAL ASSETS	7,611.71	20,470.46	10,622.61
LIABILITIES AND RESERVES			
Amounts owed to credit institutions (Note 5)			
. Payable at sight	-	-	-
. Payable at term	865.34	865.34	848.23
Debts evidenced by securities (Note 6)			
. Negotiable debt instruments	2,652.25	8,065.06	1,906.03
. Bonds and similar instruments	144,815.39	133,513.68	141,655.83
. Other debts evidenced by securities	-	-	-
Other liabilities (Notes 7 and 7a)	11,790.47	22,036.09	1,411.51
Accruals and deferred income (Note 8)	2,134.32	1,955.90	954.43
Sub-total - Liabilities	162,257.77	166,436.07	146,776.03
Provisions (Note 8a)	76.41	76.86	76.49
Property endowment	181.23	181.22	181.22
Retained earnings	(163,642.66)	(155,371.97)	(155,371.97)
Profit for the period	8,738.96	9,148.28	18,960.84
Sub-total - Reserves	(154,722.47)	(146,042.47)	(136,229.91)
TOTAL LIABILITIES AND RESERVES	7,611.71	20,470.46	10,622.61

PROFIT AND LOSS ACCOUNT

Period ended (€ millions)	At 30 June 2023	At 30 June 2023	At 31 December 2022
Interest receivable and similar income (Note 9)	121.70	438.51	787.78
. From transactions with credit institutions	45.37	61.07	87.96
. From bonds and other fixed income securities	-	-	-
. Other interest receivable and similar income	76.33	377.44	699.82
Interest payable and similar charges (Note 10)	(1,372.36)	(919.78)	(1,993.67)
. On transactions with credit institutions	(32.54)	(19.89)	(45.04)
. On bonds and other fixed income securities	(1,339.82)	(899.89)	(1,948.63)
Fee income	-	-	-
Fees payable (Note 10)	(19.30)	(25.47)	(45.90)
Gains and losses on trading securities (Note 11)	0.01	0.05	0.04
. Net profit (loss) on foreign exchange transactions	0.01	0.05	0.04
Gains or losses on investment securities (Note 11a)	-	-	-
. Net profit (loss) on investment securities	-	-	-
Exchange rate gains and losses on management operations (Note 11b)	-	-	-
Other operating income - banking	0.02	-	0.05
Other operating charges - banking	(0.03)	(0.01)	(0.02)
NET BANKING INCOME	(1,269.96)	(506.70)	(1,251.72)
General operating charges (Note 13)	(1.06)	(1.20)	(2.39)
. Staff costs	(0.32)	(0.50)	(0.83)
. Other administrative charges	(0.74)	(0.70)	(1.56)
Depreciation, amortisation and impairment provisions on intangible and tangible assets	-	-	-
Other operating income:	10,070.98	9,708.00	20,363.02
. Income relating to CRDS and CSG (Notes 12a and 12-1a)	9,020.98	8,658.00	18,218.61
. Income relating to social levies on income from property and investments (Note 12-2a)	-	-	(0.11)
. Income from the Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites</i>) (Note 12-3)	1,050.00	1,050.00	2,100.00
. Income from property (Note 13a)	-	-	-
. Provisions reversed for receivables (Notes 12a and 12-1a)	-	-	44.01
. Other provisions reversed for risks (Note 14a)	-	-	0.51
Other operating charges	(61.00)	(51.82)	(148.07)
. Charges relating to CRDS and CSG (Notes 12a and 12-1a)	(61.00)	(51.82)	(140.70)
. Charges relating to social levies on income from property and investments (Note 12-2a)	-	-	-
. Payment to the State (Note 14)	-	-	-
. Provisions for sundry liabilities (Note 14)	-	-	-
. Provisions for receivables (Notes 12a and 12-1a)	-	-	(7.37)
. Charges relating to property (Note 13a)	-	-	-
Changes in estimates and correction of errors (Note 15a)	-	-	-
GROSS OPERATING PROFIT	8,738.96	9,148.28	18,960.84
Cost of risk	-	-	-
OPERATING PROFIT	8,738.96	9,148.28	18,960.84
Gains or losses on fixed asset	-	-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	8,738.96	9,148.28	18,960.84
Exceptional income (Note 15)	-	-	-
NET PROFIT FOR THE PERIOD	8,738.96	9,148.28	18,960.84

OFF-BALANCE SHEET COMMITMENTS

At (€ millions) (Notes 16-18)	At 30 June 2023	At 30 June 2022	At 31 December 2022
COMMITMENTS GIVEN (Note 18)			
Financing commitments			
. Payments to various social security bodies (Article 4.IV of Order No. 96-50 of 24 January 1996)	-	-	-
. Assumption of debt provided for by Social Security Funding Law No. 2020-992 of 7 August 2020	8,768.47	36,000.00	36,000.00
. Financing commitments given: acquired under repurchase agreements, currency purchases, treasury bills	-	-	-
COMMITMENTS RECEIVED (Note 18)			
Financing commitments			
. From credit institutions: cash and credit lines	1,200.00	1,200.00	1,000.00
. From credit institutions: credit lines in treasury bills	-	-	-
. Financing commitments received: borrowings	-	-	-
. Financing commitments received: commercial paper and lent under repurchase agreements	-	-	-
. Financing commitments received: payments from the Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites</i>)	15,150.00	17,250.00	17,250.00

CASH FLOW STATEMENT

At (€ millions)	30 June 2023	30 June 2022	31 December 2022
Net banking income	(1,270)	(507)	(1,252)
Inflation premiums	116	126	225
Provisions for financial instruments	-	-	-
Amortisation of premiums and balancing payments	(44)	(69)	(125)
Change in accrued interest	290	137	125
Net cash from (used in) banking activities	(A)	(908)	(1,027)
Net operating income	10,009	9,655	20,213
(Increase)/decrease in accrued income from CRDS and CSG	(193)	153	320
(Increase)/decrease in accrued income from social levies	-	-	-
(Increase)/decrease in other accrued expenses	11,086	19,998	104
Unearned income	1,050	1,050	-
Provisions - sundry allocations or reversals	-	-	(36)
Net cash from (used in) operating activities	(B)	21,952	30,856
Cash from (used on) banking and operating activities	(C=A+B)	21,043	19,573
Net cash from (used in) financing activities	(D)	3,285	15,129
Debt assumed	(E)	(27,232)	(40,000)
Net cash flow for the year	(C+D+E)	(2,903)	(3,067)
Cash at beginning of period	3,972	7,038	7,038
Cash at end of period	1,068	12,711	3,972
Net cash flow for the year		(2,903)	(3,067)

The cash flow statement takes into account the following items:

- A – net cash from (used in) banking activities

This is net banking income (debts plus income from derivatives and cash instruments) less income and expenses with no effect on the cash position (provisions, amortisation of issuance and redemption premiums, accrued interest, revaluation of index-linked bonds, etc.).

- B – net cash from (used in) operating activities

This is the operating profit or loss (mainly income from CRDS and CSG, social levies on income from property and investments and from the FRR) less income and expenses with no effect on the cash position (accrued income or accrued expenses).

- C – cash from (used in) banking and operating activities

This consists of net cash from (used in) banking and operating activities (C = A + B).

- D – net cash from (used in) financing activities

These are the cash flows resulting from debt issuance and debt repayment during the period.

- E – social security debt assumed

Social security debt assumed is the amount recognised under reserves during the period by CADES in respect of debt assumed from social security funding organisations.

The net change in cash and cash equivalents reflects the following cash flows:

- cash flow from (used in) banking and operating activities (C);
- net cash from (used in) financing activities (D); and
- social security debt assumed (E).

NOTES TO THE FINANCIAL STATEMENTS

HIGHLIGHTS OF THE SIX MONTHS ENDED 30 JUNE 2023

- **Debt assumed from social security funding organisations**

Decree No. 2023-12 of 11 January 2023 set the assumption of debts for the 2023 financial year at €27.23 billion, corresponding to:

- €3 billion in hospital debt;
- €24.23 billion in projected losses.

In accordance with Articles 1 and 2 of this Decree, CADES paid €16.23 billion to the social security funding organisations for the first six months of 2023. This amount broke down as follows:

- €3 billion for the assumption of hospitals' debt,
- €13.23 billion for the reversal of projected social security losses.

Under Article 2 of the Decree, CADES must pay €11 billion in respect of forecast losses in the second half of 2023 on the basis of two maturities of €4 billion and one of €3 billion. These €11 billion remaining to be paid in the second half of 2023 were recorded in other amounts payable to social security funding organisations in the CADES half-year accounts at 30 June 2023.

- **Financing transactions**

- **Issues (excluding commercial paper)**

CADES borrowed €18.44 billion:

- three issues made under the UK programme in EUR for an amount of €12 billion.
- two issues made under the UK programme in USD for an amount of €6.44 billion.

- **Redemptions (excluding commercial paper)**

CADES reimbursed €14.72 billion at maturity:

- two issues made under the UK programme in EUR for an amount of €11.27 billion.
- two issues made under the UK programme in USD for an amount of €2.85 billion.
- one issue made under the French programme in CNY for an amount of €0.13 billion:
- one issue made under the French programme in AUD for an amount of €0.32 billion:
- one issue made under the French programme in CHF for an amount of €0.15 billion:

- **Credit lines**

Commitments received as at 30 June 2023 comprise:

- five activation agreements for credit lines enabling CADES to add funds directly to its euro-denominated deposit account held with Banque de France, totalling €1.2 billion and cancellable by the counterparties at 30 to 60 days' notice.

ACCOUNTING POLICIES AND METHODS

1. Basis of valuation and presentation

The accounting policies adopted by CADES meet two requirements.

Given that the activity of CADES is essentially financial, the financial statements are prepared in accordance with accounting regulations applicable to credit institutions and financial institutions as well as with generally accepted accounting principles in France. In particular, CADES has applied the accrual concept and the prudence concept.

The presentation of the financial statements complies with Regulation No. 2014-07 of 26 November 2014 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables* – ANC) relating to the financial statements of banking sector companies. In its opinion CNC 99-04, the French National Accounting Board decided that CADES could present certain transactions in a manner specific to it. Accordingly, in its profit and loss account, CADES records operating income and expenses, which are mainly composed of the revenue drawn from the CRDS and CSG and from property transactions, and payments to the State and social security funding organisations.

2. Specific characteristics of CADES

CADES has been tasked with paying down the debt transferred to it. The profit for the year therefore measures its capacity to reduce its own debt, and corresponds to the resources allocated to CADES less the financial costs relating to its debt with third parties.

The profit and loss account should be interpreted in light of the specific mission entrusted to CADES, the sole purpose of which is to extinguish a debt over its scheduled term.

3. Debts assumed from social security funding organisations

On the date of entry into force of the Decree setting the amounts and dates of the payments that CADES must make in respect of debts assumed from social security funding organisations in accordance with the social security deficit funding laws, the amounts to be paid are recognised under debts to social security funding organisations, with a corresponding entry to reserves under the “Retained earnings”¹ heading.

When CADES’ actual payments to the social security funding organisations as determined on the basis of the provisional deficits are greater than the deficits subsequently recognised, an adjustment may be made in CADES’ favour. These adjustments are recognised in reserves under the “Retained earnings” heading at the time of the payment.

Debts assumed in accordance with legal stipulations for which the payment amounts and dates have not yet been set by decree are recorded as off-balance sheet commitments.

¹ Opinion no. 2010-01 of 9 February 2010.

4. CADES' resources

Ordinary Law No. 2020-992 of 7 August 2020 on the social security debt and autonomy, which amends Order No. 96-50, extended CADES' term, initially set to end in 2024, to 31 December 2033 and allocated the following resources to CADES in the future:

- maintenance of 0.5 percentage points of CRDS until it has completed its missions;
- maintenance of 0.6 percentage points of CSG until 2023 and then 0.45 percentage points from 2024 to 2033;
- an annual payment of €2.1 billion from the FRR until 2024 and then of €1.45 billion from 2025 to 2033.

4.1 Contribution to the repayment of the social security debt

▪ Revenue explicitly allocated to CADES

The social security debt repayment contribution (CRDS) defined by Order No. 96-50 of 24 January 1996 was explicitly created to provide resources to CADES. Article 6 of said Order states that “the proceeds of the contributions created in respect of Chapter 2 of said Order on repayment of the social security debt shall be allocated to Caisse d'Amortissement de la Dette Sociale”.

▪ A broad-based tax

The tax is levied on multiple sources of income. One can distinguish:

- On the one hand, employment income and unemployment and similar benefits: salaried income, redundancy payments and retirement indemnities (under certain conditions), retirement and disability pensions, health and maternity benefits, housing benefits, family allowances and child-minding benefits, etc., and
- On the other hand, income from property, from investments, from the sale of precious metals, gems, objets d'art, collectors' items and antiques, and from gaming.

Contributions assessed on the sales of precious metals and gems are collected by the State's financial agencies (DGFIP and DGDDI) before being paid over to CADES.

Contributions assessed on employment income, unemployment and similar benefits as well as income from property, investments and gaming are paid over daily by ACOSS to CADES as and when they are collected by the central agency.

▪ Collection costs borne by CADES

Article 8 of the Order of 24 January 1996 stipulates that CADES shall bear assessment and collection costs. These costs consist of a flat amount defined jointly by the Minister of the Economy and Finance and the Minister of Social Security.

Collection agencies deduct a 0.5% withholding from the contribution paid over to CADES.

CRDS contributions levied on income from property entered in the tax assessment register mainly by the offices of the DGFIP (*Direction Générale des Finances Publiques* or Directorate General of Public Finances) are paid over to CADES on the basis of register entries and not the amounts actually collected. In return, a 4.1% withholding is applied to the sums paid over to CADES to cover assessment and collection costs (0.5%) and the cost of tax reductions and bad debts (3.6%), as provided for by Article 1641 of France's General Tax Code (*Code Général des Impôts*).

Amounts collected by CADES in respect of the CRDS are reported under “Other operating income” in the profit and loss account. Assessment and collection costs are recorded under “Other operating charges”.

- Accrual basis accounting

CADES applies the accruals principle in accordance with accounting standards applicable to credit institutions and Articles L.114-5 and D.114-4-4 of the Social Security Code establishing the principle whereby social security agencies shall maintain accounting records on a receivable-payable basis.

Accordingly, CRDS contributions paid to collecting agencies are included in the accounts for the period regardless of the date on which these amounts were actually collected. So as to be able to recognise this accrued income and deferred income at the balance sheet date, CADES accrues this income on the basis of a notification provided by the collecting agencies indicating amounts assessed for the period not collected at the balance sheet date and CRDS contributions not yet collected by ACOSS. Provisions against outstanding CRDS contributions are notified to CADES by ACOSS. These provisions are calculated on a statistical basis applying an annual rate determined by reference to an ageing analysis of the receivables and, for receivables arising from payment extensions granted as a result of the COVID-19 health crisis, factoring in the likelihood that they will be collected based on current economic circumstances. The provisions are deducted from gross amounts receivable as reported in the balance sheet.

Regarding the collection of the CRDS contributions, note that at no time does CADES act as primary collector; all the resources to which it is entitled are remitted by third parties, first and foremost ACOSS, followed by the offices of the DGFIP.

CADES' responsibility is confined to verifying that the sums transferred agree to the accounting vouchers raised. The primary collecting agencies are responsible for transferring the funds, for verifying the tax base, for adjusting tax bases when applicable and for recovering past dues, in return for which these agencies receive a remuneration equivalent to 0.5% of the sums collected.

Accordingly, CADES' responsibility at revenue level is limited to substantive verifications of the accounting vouchers produced by the collecting agencies.

4.2 - Supplementary social security contribution

The 2009 Social Security Funding Law No. 2008-1330 extended the mission of CADES by entrusting to it an additional €27 billion of debt in respect of the health insurance deficit (€14.1 billion), old age pension deficit (€8.8 billion) and old age solidarity fund (€4 billion).

In accordance with the Organic Law of 2 August 2005, the French Parliament voted an increase in resources so as not to extend the life of CADES. These new resources correspond to a portion of the supplementary social security contribution (*Contribution Sociale Généralisée* – CSG). Since 2009, this has been paid to CADES at the rate of 0.2%. From 2011 it was increased to 0.48% and then from 1 January 2016 to 0.60% for CSG on all taxable employment income, unemployment and similar benefits, and income from property and investments, while CSG on profits from gaming was increased from 1 January 2016 to 0.30%.

Ordinary Law No. 2020-992 of 7 August 2020 on the social security debt and autonomy, which amends Order No. 96-50, maintains the payment of 0.6 percentage points of CSG until 2023 and then of 0.45 percentage points from 2024 to 2033.

This is a broad-based tax levied on employment income, unemployment and similar benefits as well as income from property, investments and gaming.

The difference in tax base between the CRDS and CSG mainly concerns revenue from the sale of precious metals and gems, from gaming and from family benefits.

The payment circuits and methods of accounting for the CSG are the same as for the CRDS (see 4.1).

4.3 - Social levies on income from property and investments

Act No. 2010-1594 of 20 December 2010 allocated to CADES, starting in 2011, a 1.3% share of the social levies on the income from property and investments referred to in Articles 245-14 and 245-15 of the Social Security Code. The rate for these levies is set at 5.4% as from 1 January 2012.

With effect from 1 January 2016, the payment of 1.3% of social levies on income from property and investments was replaced by an increase of 0.12% in the portion of the CSG paid to CADES.

4.4 - Resources from the Retirement Reserve Fund

Under the 2011 Social Security Funding Act (*Loi de Financement de la Sécurité Sociale – LFSS*) No. 2010-1594 of 20 December 2010, the Retirement Reserve Fund (*Fonds de Réserve pour les Retraites – FRR*) is required to pay CADES a total of €29.4 billion in instalments of €2.1 billion no later than 31 October each year, with effect from 1 January 2011 until 2024. Law no. 2020-992 of 7 August 2020 on social debt and autonomy provided for an additional annual payment of €1.45 billion from 2025 to 2033. The two institutions concerned have an agreement setting out the timing and terms and conditions governing these payments.

This annual resource paid by the FRR is recognised under income for the period.

FRR's commitment to pay amounts for subsequent years is recognised in off-balance sheet items under "Other commitments received – Retirement Reserve Fund".

5. Private rental property

CADES has sold all the property transferred to it on 1 January 2000 in application of Article 9 of Order No. 96-50 of 24 January 1996 and recorded under "Property endowment" as a component of reserves.

Acting on behalf of CADES, CNAV managed the residual rights and obligations related to this property until the expiration of the agreement between the two parties on 31 December 2006.

Signed in December 1999, this agreement empowered CNAV to do all that was necessary in connection with the administration of the properties.

Since 1 January 2007, CADES manages disputes and claims internally.

CADES' Accounting Officer records expenses and revenue on the basis of the supporting documents submitted by the Authorising Officer.

6. Transactions denominated in foreign currencies

Foreign currency transactions are recorded on a multi-currency basis and are measured in accordance with the following principles:

- Foreign currency transactions involving balance sheet and off-balance sheet items are measured in euro at the rate of exchange ruling on the balance sheet date.
- The rates used at 30 June 2023, which correspond to the reference rates communicated by the European Central Bank, are indicated in the table below:

USD:	1.0866	SEK:	11.8055	GBP:	0.8583
AUD:	1.6398	NOK:	11.7040	MXN:	18.5614
CHF:	0.9788	NZD:	1.7858	HKD:	8.5157
CAD:	1.4415	TRY:	28.3193	JPY:	157.1600
ZAR:	20.5785	SGD:	1.4732	CNY:	7.8983

- Foreign currency income and charges are translated into euro at the exchange rate ruling on the date when they were recognised in the profit and loss account.
- Realised and unrealised foreign exchange gains and losses are recognised in the profit and loss account as operating income from banking transactions or operating charges on banking transactions.

7. Repurchase agreements with securities delivered

Only securities issued or guaranteed by the State may be used as security by CADES in repurchase agreements entered into to invest its cash balances.

Securities received under these agreements are reported under loans and advances to credit institutions.

These operations are managed by Agence France Trésor as part of the management of the institution's euro cash via the Single Treasury Account.

8. Tangible and intangible fixed assets

Fixed assets are accounted for under the historical cost convention. Tangible fixed assets are depreciated and intangible fixed assets amortised over their estimated useful life.

Tangible fixed assets consist mainly of office equipment and computer hardware.

Intangible fixed assets consist of software.

9. Bonds

Bonds issued by CADES are reported as a liability in the balance sheet at their nominal value (if redeemed at par) plus accrued interest. Foreign currency bonds are translated into euro at the exchange rate prevailing on the balance sheet date.

Bonds indexed to inflation (French consumer price index excluding tobacco for all households in Metropolitan France) are measured by reference to a predefined inflation benchmark on the balance sheet date, resulting in the recognition of a redemption premium that is reported as a liability.

Inflation benchmarks:

CPI at 30 June 2023:	116.587
Cadesi 2024 index:	1.20014314

When bonds are issued at a premium, this premium is accounted for as deferred charges and is therefore reported under prepayments and accrued income in the balance sheet. These charges are recognised to the profit and loss account over the life of the bonds under banking operating charges.

When bonds are issued at a discount, this discount is accounted for as deferred income. This income is recognised to the profit and loss account over the life of the bonds under banking operating income.

All costs relating to bond issues are charged to the profit and loss account on the date of issue and reported under “fees paid”.

10. Interest rate and currency swaps

Commitments in respect of transactions involving forward financial instruments, entered into for the purpose of hedging interest rate and currency exposure, are reported as off-balance sheet commitments at the contract’s nominal value. Accounting principles applied differ according to the nature of these instruments and management intention at inception.

Transactions consist mainly of interest rate swaps and currency swaps entered into for hedging purposes. Interest rate swaps are entered into in compliance with the risk management policy defined by the Board of Directors. Currency swaps are entered into only for the purpose of hedging CADES’ foreign exchange exposures.

Income and charges arising on forward financial instruments entered into for the purpose of hedging or managing the global interest rate exposure are recognised to profit or loss pro rata temporis.

Gains and losses on hedging designed to reduce the risk resulting from a particular asset or liability are taken to profit or loss and included under interest receivable and similar income or interest payable and similar charges to match income or charges recognised in respect of the hedged item.

As regards balancing cash payments arising from swaps entered into to hedge a debt instrument on inception, the portion covering issuance costs in respect of the underlying instrument is taken to profit and loss when the cash payment is recognised. This accounting method fairly reflects the asset value of issues transformed by entering into swaps involving cash payments and results in the amount equivalent to the issuance costs being recognised to profit and loss pro rata temporis.

11. Provisions

No general provisions for liabilities and charges are recognised by CADES. When appropriate, provisions in respect of identified risks are set aside in accordance with applicable accounting principles.

12. Taxation

CADES is not assessed to business taxes (corporation tax, value added tax and local business tax) or to apprenticeship tax. The only tax it pays is the payroll tax.

Note that profits on the sale of property transferred by the social security agencies did not give rise to the payment of corporation tax.

13. Counterparty risk

CADES may be exposed to counterparty risk on only one type of transaction: forward market transactions. In this particular case, CADES has signed with all of its counterparties AFB or FBF forward market agreements providing for daily or weekly margin calls depending on the counterparty and the agreement in place.

To manage its interest rate risk and eliminate currency and/or structural risk, CADES enters into transactions in the forward markets involving instruments such as interest rate swaps, currency swaps and asset swaps. CADES uses daily or weekly margin calls to minimise the residual risk on these instruments in the event of counterparty default.

14. Conflict in Ukraine

In the current context concerning the situation in Ukraine and the consequences of the sanctions imposed on Russia, CADES is monitoring the possible impact on its activities and risks. The central depositories designated under its various programmes are responsible for applying sanctions against Russia.

NOTES

BALANCE SHEET

At 30 June 2023, the balance sheet showed total assets of €7,611.71 million for total debt of €162,257.77 million, resulting in negative reserves of -€154,722.47 million.

ASSETS

Note 1: Treasury and interbank transactions

At (€ millions)	30 June 2023	30 June 2022	31 December 2022
CENTRAL BANKS	1,068.09	12,711.14	3,971.50
Central banks	1,068.09	12,711.14	3,971.50
TREASURY BILLS AND OTHER BILLS ELIGIBLE FOR REFINANCING WITH CENTRAL BANKS	-	-	-
Government securities with a maturity of less than 3 months	-	-	-
Accrued interest	-	-	-
LOANS AND ADVANCES TO CREDIT INSTITUTIONS	0.04	0.09	0.06
Repayable at sight	0.04	0.09	0.06
Debit balances on ordinary accounts	0.04	0.09	0.06
Securities received under open repurchase agreements	-	-	-
Accrued interest	-	-	-
Repayable at term	-	-	-
Securities received under term repurchase agreements with a maturity of less than 3 months	-	-	-
. of which treasury bills	-	-	-
. of which bonds	-	-	-
. of which own securities	-	-	-
Accrued interest	-	-	-
TOTAL	1,068.13	12,711.23	3,971.56

NB. The “central banks” line item shows the cash balance of euro fund deposit accounts.

Note 2: Intangible and tangible fixed assets

(€ millions)	Gross value at 1 January 2023	Acquisitions	Disposals	Gross value at 30 June 2023	Depreciation and impairment	Net book value at 30 June 2023	Net book value at 30 June 2022	Net book value at 31 December 2022
INTANGIBLE ASSETS	0.12	-	-	0.12	0.12	-	-	-
Software	0.12	-	-	0.12	0.12	-	-	-
Other	-	-	-	-	-	-	-	-
TANGIBLE ASSETS	0.02	-	-	0.02	0.02	-	-	-
Sundry equipment	0.02	-	-	0.02	0.02	-	-	-
TOTAL	0.14	-	-	0.14	0.14	-	-	-

Intangible and tangible assets reflect the value of the software and equipment acquired by CADES, net of related amortisation and depreciation.

Note 3: Other assets

At (€ millions)	30 June 2023	30 June 2022	31 December 2022
SUNDRY DEBTORS	1,728.27	968.70	1,353.06
Deposits paid by way of initial margins	1,600.23	502.77	1,137.19
Deposits	1,596.89	501.92	1,135.97
Accrued interest	3.34	0.85	1.22
Outstanding CRDS and CSG contributions and social levies to be collected	128.04	465.93	215.87
Gross amounts receivable	692.78	1,067.49	780.61
Provisions	(564.74)	(601.56)	(564.74)
Other debtors in respect of financial transactions	-	-	-
Other debtors in respect of operating charges	-	-	-
Other sundry debtors - CNAV	-	-	-
Gross amounts receivable	-	-	-
Provisions	-	-	-
TOTAL	1,728.27	968.70	1,353.06

Other assets comprise:

- deposits paid by way of initial margins for €1,600.23 million; and
- outstanding CRDS and CSG contributions and social levies to be collected by ACOSS amounting to €128.04 million. Provisions totalling €564.74 million have been deducted from the gross amounts receivable of €692.78 million.

The decrease in gross amounts receivable over the last year is attributable in part to the repayment of the deferrals of CSG and CRDS salary contributions granted during the COVID crisis and by a good unsolicited repayment rate.

Movements in provisions against outstanding CRDS and CSG contributions and social levies to be collected and in respect of sundry debtors are detailed in the table below:

At (€ millions)	30 June 2023	30 June 2022	31 December 2022
PROVISIONS BROUGHT FORWARD	564.74	601.56	601.56
Impact of accounting method changes	-	-	-
Provisions set aside - property	-	-	-
Provisions set aside - CRDS and CSG contributions and social levies	-	-	5.59
Provisions reversed - property	-	-	-
Provisions reversed - CRDS and CSG contributions and social levies	-	-	(42.41)
PROVISIONS CARRIED FORWARD	564.74	601.56	564.74

Given that no notification had been received from ACOSS at 30 June 2023, the provisioning rate for CRDS and CSG receivables not yet collected was left unchanged from the previous year end.

Note 4: Prepayments and accrued income

At (€ millions)	30 June 2023	30 June 2022	31 December 2022
ACCRUED INCOME	1,902.48	1,804.23	1,627.90
On forward interest rate instruments	15.56	3.37	13.64
On forward currency instruments	274.95	215.74	195.21
On CRDS and CSG revenues	1,611.66	1,584.72	1,418.24
On revenue from social levies on income from property and investments	-	-	-
On property sales	-	-	-
Other accrued income	0.31	0.40	0.81
CONTINGENT LOSSES AND LOSSES TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS	0.44	1.91	0.95
DEFERRED CHARGES	346.22	136.03	328.02
Issuance premiums on bonds and EMTN	346.22	136.03	328.02
Other deferred charges	-	-	-
PREPAYMENTS	16.72	6.41	3.58
Prepaid administrative expenses	0.02	0.01	0.02
Prepaid interest on negotiable debt instruments	16.70	6.40	3.56
Prepaid interest on bonds	-	-	-
Other prepayments	-	-	-
OTHER	2,549.45	4,841.96	3,337.54
Currency adjustment accounts	2,541.24	4,841.96	3,273.17
Property rental adjustment account	-	-	-
Sundry	8.21	-	64.37
TOTAL	4,815.31	6,790.53	5,297.99

Prepayments and accrued income consist of transactions affecting the profit and loss account independently of the date on which the corresponding income is paid or collected. They include:

- accrued income relating to CRDS and CSG for €1,611.66 million, interest rate financial instruments for €15.56 million and foreign currency financial instruments for €274.95 million;
- issuance premiums on bonds and EMTN amounting to €346.22 million to be recognised in profit and loss over time;
- prepayments amounting to €16.72 million, which consist mainly of prepaid interest on the issue of negotiable debt instruments;
- Currency adjustment accounts amounting to €2,541.24 million, being technical accounts used to recognise to profit and loss adjustments arising on the measurement of off-balance sheet commitments.

LIABILITIES AND RESERVES

In respect of liabilities, a distinction is made between CADES' reserves and its other liabilities.

Reserves, which consist of the profit and loss account brought forward (€-163,642.66 million), the profit or loss for the year (€8,738.96 million) and the property endowment (€181.23 million), came to - €-154,722.47 million.

The profit and loss account brought forward broke down as follows:

REFERENCE TEXT	DEBT TRANSFERRED TO CADES (€ millions)
Order No. 96-50 of 24 January 1996	(20,885.52)
Order No. 97-1164 of 19 December 1997	(13,263.06)
Act No. 2004-810 of 13 August 2004	(47,310.00)
Act No. 2008-1330 of 17 December 2008	(27,000.00)
Act No. 2010-1594 of 20 December 2010	(65,300.00)
Act No. 2011-1906 of 21 December 2011	(2,466.64)
Decree No. 2012-329 of 7 March 2012	(6,648.05)
Decree No. 2013-482 of 7 June 2013	(7,718.57)
Decree No. 2014-97 of 3 February 2014	(10,000.00)
Decree No. 2015-170 of 13 February 2015	(10,000.00)
Decree No. 2016-110 of 4 February 2016	(23,609.05)
Decree No. 2020-1074 of 19 August 2020	(20,000.00)
Decree No. 2021-40 of 19 January 2021	(40,000.00)
Decree No. 2022-23 of 11 January 2022	(40,000.00)
Decree no. 2023-12 of 11 January 2023	(27,231.52)
Payment from ACOSS by way of an adjustment of the deficits from 1999 to 2006	64.72
Accumulated profits generated by CADES between 1996 and 2021 and impact of previous accounting method changes	197,725.03
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD	(163,642.66)

Liabilities, which amounted to €162,257.77 million at 30 June 2023, consist mainly of debts to credit institutions amounting to €865.34 million, debts evidenced by securities totalling €147,467.64 million, initial margins received and others totalling €790.47 million, accruals and deferred income totalling €2,134.32 million and an amount payable to the social security funding organisations corresponding to the assumption of €11 billion of debt scheduled for the second half of 2023, which will be paid down gradually over the second half-year through the payments to ACOSS.

Note 5: Treasury and interbank transactions

At	30 June 2023				30 June 2023	30 June 2022	31 December 2022
	(€ millions)	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Total
AMOUNTS OWED TO CENTRAL BANKS							
Amounts owed to credit institutions	-	-	865.34	-	865.34	865.34	848.23
At sight	-	-	-	-	-	-	-
Credit balances on ordinary accounts	-	-	-	-	-	-	-
At term	-	-	865.34	-	865.34	865.34	848.23
Securities given under repurchase agreements	-	-	-	-	-	-	-
Accounts and deposits	-	-	847.00	-	847.00	847.00	847.00
. Euro	-	-	847.00	-	847.00	847.00	847.00
. Other currencies	-	-	-	-	-	-	-
Accrued interest (private placements)	-	-	18.34	-	18.34	18.34	1.23
TOTAL	-	-	865.34	-	865.34	865.34	848.23

Note 6: Debts evidenced by securities

At	30 June 2023				30 June 2023	30 June 2022	31 December 2022	
	(€ millions)	Up to 3 months	Over 3 months	Over 1 year	Over 5 years	Total	Total	Total
NEGOTIABLE DEBT INSTRUMENTS								
Treasury bills denominated in euros	2,385.05	3.21	264.00	-	-	2,652.26	8,065.06	1,906.03
Treasury bills denominated in other currencies	-	-	-	-	-	-	-	-
BMTN denominated in euros	-	-	264.00	-	-	264.00	264.00	264.00
Commercial paper denominated in euros	-	-	-	-	-	-	-	-
Commercial paper denominated in other currencies	2,385.05	-	-	-	-	2,385.05	7,800.14	1,640.73
Other negotiable debt instruments denominated in foreign currencies	-	-	-	-	-	-	-	-
Accrued interest	-	3.21	-	-	-	3.21	0.92	1.30
BONDS	526.81	16,189.97	72,051.76	56,046.85	144,815.39	133,513.68	141,655.83	
Bonds and EMTNs denominated in euros	-	8,853.00	42,626.97	45,500.00	96,979.97	90,739.40	96,138.05	
Bonds and EMTNs denominated in other currencies	170.88	6,897.71	29,424.79	10,546.85	47,040.23	42,133.92	44,904.67	
Accrued interest	355.93	439.26	-	-	795.19	640.36	613.11	
TOTAL	2,911.86	16,193.18	72,315.76	56,046.85	147,467.65	141,578.74	143,561.86	

A euro issue for €200 million with a €100 million tap maturing on 20 December 2025 is subject to early redemption at the counterparty's option from 2021.

Debts evidenced by securities are analysed below:

Debts evidenced by securities totalled €147,467.65 million and comprise negotiable debt securities totalling €2,652.26 million and bonds and similar instruments totalling €144,815.39 million.

Bonds and similar instruments are issued under a borrowing programme approved by the Minister of the Economy on 15 December 2017, and may be stand-alone or part of the following programmes:

- a French issuance programme for which the maximum amount of outstandings is €130 billion;
- a UK issuance programme for which the maximum amount of outstandings is €65 billion;
- a New York commercial paper issuance programme for which the maximum amount of outstandings is €60 billion;
- a French medium-term note (NEU MTN) issuance programme for which the maximum amount of outstandings is €10 billion;
- a French short-term note (NEU CP) issuance programme for which the maximum amount of outstandings is €20 billion;
- an Australian issuance programme for which the maximum amount of outstandings is AUD 6 billion.

All in all, at 30 June 2023 debts evidenced by securities maturing within one year totalled €19,105.04 million and by those maturing in more than five years €56,046.85 million, compared with €22,427.57 million and €54,262.71 million, respectively, at 31 December 2022.

Debt due to mature at between one and five years increased from €66,871.58 million at 31 December 2022 to €72,315.76 million at 30 June 2023.

The table below details borrowings (in millions) by programme.

Programme	Issue date	Maturity date	Nominal value (issue currency)	Currency	Nominal interest rate	ISIN
Stand-alone	29/07/2011	19/12/2025	615	EUR	3.914%	-
	25/11/2011	19/12/2025	232	EUR	4.50%	-
NEU MTN	02/05/2012	02/05/2025	50	EUR	3.1975%	FR0120634516
	10/05/2012	19/12/2025	214	EUR	Max. (Min. [7%; EURCMS10yr. +0.45%]; 0%)	FR0120634581 (1)
UK	20/03/2014	20/03/2024	3,000	USD	3.375%	US12802DAK28
	27/05/2021	27/05/2024	4,000	USD	0.375%	XS2345996230
	01/12/2021	29/11/2024	2,500	USD	1.125%	XS2416456148
	17/05/2022	17/05/2025	3,500	USD	3.000%	XS2480532915
	23/09/2020	23/09/2025	4,000	USD	0.375%	XS2233264550
	02/11/2022	02/11/2025	4,000	USD	4.625%	XS2551365773
	25/01/2023	25/01/2026	4,000	USD	4.000%	XS2580310246
	18/02/2021	18/02/2026	5,000	USD	1.375%	XS2300334476
	28/10/2021	28/10/2026	3,000	USD	1.250%	XS2402074277
	24/05/2023	24/05/2028	3,000	USD	3.750%	XS2626268069
	21/10/2020	21/10/2030	3,000	USD	1.000%	XS2247546711
	20/01/2021	20/01/2031	5,000	USD	1.375%	XS2287909159
	26/01/2022	26/01/2032	3,000	USD	2.125%	XS2436433333
	French	18/09/2013	18/09/2023	2,000	NOK	4.080%
20/06/2018		25/10/2023	5,000	EUR	0.125%	FR0013344181
27/11/2020		27/11/2023	700	CNY	2.600%	FR00140005J7
29/11/2013		29/11/2023	50	EUR	if EURCMS10yr. <= 2.3625%, rate = EURCMS10yr. +1% with 2% floor; if EURCMS10yr. > 2.3625%, rate = 5.725%-CMS10yr. with 1.25% floor	FR0011627827 (1)
18/12/2013		18/12/2023	50	EUR	Min. (Max. [2%;EURCMS10yr. +1%]; Max. [0.5%; 5.812%-EURCMS10yr.])	FR0011649169 (1)
19/06/2013		25/01/2024	3,600	EUR	2.375%	FR0011521319
28/01/2021		28/01/2024	2,200	CNY	2.200%	FR0014001PL7
14/02/2014		14/02/2024	145	AUD	5%	FR0011737709
27/02/2012		27/02/2024	153	EUR	Max. (Min. [7%; EURCMS10yr. +0.30%]; 0%)	FR0011202514 (1)
02/07/2012		02/07/2024	60	EUR	Max. (Min. [7%;EURCMS10yr. +0.36%]; 0%)	FR0011277383 (1)
09/02/2012		25/07/2024	3,250	EUR	CADESI £1.50	FR0011198787
16/09/2014		25/11/2024	6,250	EUR	1.375%	FR0012159812
21/09/2016		21/12/2024	160	EUR	%0.12	FR0013201928
18/02/2015		18/02/2025	100	EUR	3-month Euribor	FR0012538114
19/12/2014		19/06/2025	125	AUD	3.750%	FR0012398998
27/06/2012		27/06/2025	194	EUR	3.202%	FR0011276427
18/08/2011		18/08/2025	813	EUR	3.625%	FR0011092261
26/09/2022		26/09/2025	1,000	CNY	2.652%	FR001400CP45
15/11/2011		15/11/2025	800	NOK	4.700%	FR0011142215
01/12/2011		01/12/2025	800	NOK	5.120%	FR0011153097
09/03/2011		09/12/2025	150	CHF	2.500%	CH0124739902
15/03/2012		15/12/2025	1,000	NOK	4.950%	FR0011213958
01/02/2012		15/12/2025	5,850	EUR	4.000%	FR0011192392
14/02/2013		15/12/2025	1,000	NOK	4.250%	FR0011421759
27/01/2021		15/12/2025	1,500	GBP	0.125%	FR00140010H8
12/07/2011		19/12/2025	800	NOK	4.800%	FR0011074178
27/06/2012		19/12/2025	2,000	NOK	4.840%	FR0011276732
02/07/2011		20/12/2025	300	EUR	3.800%	FR0011027929 (2)
01/04/2011		21/12/2025	1,000	NOK	4.520%	FR0011271527
21/06/2012		25/02/2026	3,000	EUR	0.000%	FR0014000UG9
02/12/2020		25/11/2026	4,000	EUR	0.000%	FR0014004016
15/06/2021		25/05/2027	5,000	EUR	2.875%	FR001400DZ13
16/11/2022		25/11/2027	3,000	EUR	1.750%	FR001400CHC6
31/08/2022		25/02/2028	5,000	EUR	0.000%	FR00140002P5
06/10/2020		25/05/2028	5,000	EUR	3.000%	FR001400F5U5
17/01/2023		25/05/2029	5,000	EUR	0.000%	FR0014002G10
16/02/2022		25/11/2029	3,500	EUR	0.600%	FR0014008E81
01/03/2022		01/03/2030	4,000	EUR	3.125%	FR001400G6E6
16/09/2020		25/11/2030	5,000	EUR	0.000%	FR0013534559
03/02/2021		25/05/2031	4,000	EUR	0.000%	FR0014001S17
15/09/2021		15/09/2031	5,000	EUR	0.125%	FR0014005FC8
28/06/2023		25/11/2031	3,000	EUR	3.000%	FR0014001VT8
19/01/2022	19/01/2032	6000	EUR	0.450%	FR0014007RB1	
02/02/2022	02/02/2032	5,000	SEK	1.235%	FR00140082X1	
03/05/2022	25/05/2032	5,000	EUR	1.500%	FR001400A3H2	
27/09/2022	25/11/2032	5,000	EUR	2.750%	FR001400CVE3	

- 1) These indexed transactions are hedged by perfect offset swaps and marked to market at variable or fixed rates.
- 2) Investors can redeem this bond from 2021.

Note 6a: Analysis of transactions in euros and foreign currencies before and after hedging

This note analyses the effect of hedging transactions on the initial debt and breaks down interest rates before and after hedging. It provides both accounting and financial information relating to the value and hedging of instruments at maturity.

(€ millions and currency millions)	Initial debt		Hedging transactions		Final debt	
	Foreign currencies	Euros	Foreign currencies	Euros	Foreign currencies	Euros
EURO- DENOMINATED DEBT		98,091		47,390		145,481
FOREIGN CURRENCY DENOMINATED DEBT		Value in euros at 30 June 2023		Value in euros at 30 June 2023		
CHF	150	153	(150)	(153)	-	-
GBP	1,500	1,748	(1,500)	(1,748)	-	-
JPY	-	-	-	-	-	-
USD	49,592	45,639	(49,592)	(45,639)	-	-
HKD	-	-	-	-	-	-
SEK	5,000	424	(5,000)	(424)	-	-
AUD	270	165	(270)	(165)	-	-
NOK	9,400	803	(9,400)	(803)	-	-
NZD	-	-	-	-	-	-
CNY	3,900	494	(3,900)	(494)	-	-
CAD	-	-	-	-	-	-
MXN	-	-	-	-	-	-
Sub-total foreign currencies		49,425		(49,425)		-
TOTAL		147,516		(2,035)		145,481

The table above provides a breakdown of the initial nominal debt by issuance currency. Since all transactions in foreign currencies have been hedged, the debt of CADES is synthetically entirely in euro. Hedging transactions have enabled CADES to eliminate the impact of exchange rate fluctuations on its debt.

The table below shows the breakdown of CADES' debt by interest rate type. Hedging impacts the initial breakdown, such that in the final analysis, 76.20% of the debt bears fixed rates, 21.12% floating rates and 2.68% rates indexed to inflation.

Breakdown of debt in euros and foreign currencies before and after hedging										
(€ millions)	Initial debt				Hedging transactions			Final debt		
	Foreign currencies	Euros	Total	%	Foreign currencies	Euros	Foreign currencies	Euros	Total	%
FIXED RATES										
Negotiable debt instruments	-	-	-	-	-	-	-	-	-	-
Bonds, EMTN and BMTN	47,040.22	92,979.50	140,019.72		(47,040.22)	17,029.93	-	110,009.43	110,009.43	
Private placements	-	847.00	847.00		-	-	-	847.00	847.00	
Macro-hedging swaps	-	-	-		-	-	-	-	-	
Total fixed rates	47,040.22	93,826.50	140,866.72	95.49	(47,040.22)	17,029.93	-	110,856.43	110,856.43	76.20
VARIABLE RATES										
Negotiable debt instruments	2,385.05	-	2,385.05		(2,385.05)	2,360.78	-	2,360.78	2,360.78	
Bonds, EMTN and BMTN	-	364.00	364.00		-	27,999.42	-	28,363.42	28,363.42	
Private placements	-	-	-		-	-	-	-	-	
Macro-hedging swaps	-	-	-		-	-	-	-	-	
Total variable rates	2,385.05	364.00	2,749.05	1.86	(2,385.05)	30,360.20	-	30,724.20	30,724.20	21.12
INDEXED RATES										
Bonds	-	3,900.47	3,900.47		-	-	-	3,900.47	3,900.47	
Macro-hedging swaps	-	-	-		-	-	-	-	-	
Total indexed rates	-	3,900.47	3,900.47	2.64	-	-	-	3,900.47	3,900.47	2.68
TOTAL	49,425.27	98,090.97	147,516.23	99.99	(49,425.27)	47,390.12	-	145,481.10	145,481.10	100.00

Note 7: Other liabilities

At (€ millions)	30 June 2023	30 June 2022	31 December 2022
DEPOSITS RECEIVED BY WAY OF INITIAL MARGINS	790.47	1,862.45	1,411.51
Deposits	787.64	1,862.23	1,409.40
Accrued interest	2.83	0.22	2.11
OTHER CREDITORS IN RESPECT OF FINANCIAL TRANSACTIONS	-	-	-
OTHER CREDITORS IN RESPECT OF OPERATING CHARGES	-	173.63	-
Payment to the State	-	-	-
Tax	-	-	-
Social security	-	-	-
Trade creditors	-	-	-
Other sundry creditors (ACOSS)	-	173.63	-
TOTAL	790.47	2,036.09	1,411.51

Other liabilities correspond mainly to:

- Deposits received by way of initial margins in respect of contracts on forward markets put in place to hedge counterparty risk, amounting to €790.47 million at 30 June 2023.

Note 7a: Amounts payable to social security funding organisations

At (€ millions)	30 June 2023	30 June 2022	31 December 2022
OTHER CREDITORS: ASSUMPTION OF DEBTS	11,000.00	20,000.00	-
Amounts payable to social security funding organisations (assumption of ACOSS debts)	11,000.00	20,000.00	-
TOTAL	11,000.00	20,000.00	-

The table above shows the assumption of debts provided for by Decree No. 2023-12 of 11 January 2023 that has not yet been carried out, for which the relevant amounts will be paid to ACOSS in the second half of 2023.

Note 8: Accruals and deferred income

At (€ millions)	30 June 2023	30 June 2022	31 December 2022
ACCRUALS	232.39	40.17	119.62
Accruals on forward interest rate instruments	24.77	23.61	26.53
Accruals on forward currency instruments	207.02	7.39	91.08
Fees payable in respect of market transactions	-	-	-
Accruals in respect of operating charges	0.58	0.65	1.44
Accruals in respect of CRDS and CSG collection costs	-	8.50	0.55
Accruals in respect of revenue from social levies on income from property and investments	-	-	-
Other accruals	0.02	0.01	0.01
CONTINGENT GAINS AND LOSSES TO BE SPREAD ON FORWARD FINANCIAL INSTRUMENTS	56.36	60.74	60.14
UNEARNED INCOME	1,328.03	1,477.30	347.60
Issuance premiums on bonds	278.03	427.30	347.60
On government securities	-	-	-
On foreign currency transactions	-	-	-
Other unearned income	1,050.00	1,050.00	-
OTHER UNEARNED INCOME	517.54	377.70	427.06
OTHER	517.43	377.39	427.06
Currency adjustment accounts	0.11	0.31	-
TOTAL	2,134.32	1,955.90	954.43

Accruals and deferred income consist of transactions affecting the profit and loss account independently of the date on which the corresponding income is paid or collected.

They include notably:

- Accruals in respect of interest rate swaps for €24.77 million and forward currency transactions for €207.02 million;
- Balancing cash payments on currency swaps amounting to €56.36 million that are to be spread;
- Unearned income corresponding to premiums on bond issues amounting to €278.03 million;
- Unearned income amounting to €1.05 billion corresponding to the payment made by the FRR in the first half-year, out of a total amount of €2.1 billion;
- Currency adjustment accounts amounting to €517.43 million, being technical accounts used to recognise to profit and loss adjustments arising on the measurement of off-balance sheet commitments.

Note 8a: Provision accounts

Provisions for liabilities and charges include provisions for:

- redundancy indemnities;
- remuneration of days saved by CADES employees;
- the consequences of the European Court of Justice's Judgement of 26 February 2015 concerning the reimbursement by CADES of CRDS, CSG and social levy overpayments (see Note 14);
- provisions for liabilities and charges in respect of CSG and CRDS.

At (€ millions)	31 December 2021	Set aside	Reversed	30 June 2023
PROVISIONS	76.49	0.01	0.09	76.41
Provision for redundancy indemnities	0.32	0.01	0.09	0.24
Provisions for time savings account	0.06	-	-	0.06
Provisions for remuneration	-	-	-	-
Provisions for liabilities	-	-	-	-
Ruyter judgement	0.50	-	-	0.50
CRDS and CSG provisions	75.61	-	-	75.61
TOTAL	76.49	0.01	0.09	76.41

PROFIT AND LOSS ACCOUNT

In arriving at the profit for the period, net banking income is reported separately from other operating income and charges.

(€ millions)	
Net banking income	(1,269.96)
Exceptional income	-
Other operating income and charges	10,008.92
Net profit for the year	8,738.96

A specific mission has been entrusted to CADES, which is to extinguish a debt over its scheduled term. The profit for the year measures its capacity to reduce its own debt.

Net banking income

Net banking income consists of the cost of debt, the income generated from cash positions and the net profit or loss on financial transactions.

Note 9: Banking income

Period ended (€ millions)	30 June 2023	30 June 2022	31 December 2022
INTEREST RECEIVABLE AND SIMILAR INCOME FROM TRANSACTIONS WITH CREDIT INSTITUTIONS	45.37	61.07	87.96
Interest receivable – Demand loans and advances and open repurchase agreements	-	-	-
Interest from ordinary accounts in debit	-	-	-
Interest from loans	-	-	-
Interest from securities delivered under open repurchase agreements	-	-	-
Interest receivable – Term loans, advances and repurchase agreements	-	-	-
Interest from loans denominated in euros	-	-	-
Interest from loans denominated in foreign currencies	-	-	-
Interest from securities delivered under repurchase agreements	-	-	-
Other interest receivable	45.37	61.07	87.96
INTEREST RECEIVABLE AND SIMILAR INCOME FROM BONDS AND OTHER FIXED INCOME SECURITIES	-	-	-
Interest from fixed income securities	-	-	-
Interest from government securities	-	-	-
OTHER INTEREST RECEIVABLE AND SIMILAR INCOME	76.33	377.44	699.82
Amortisation of premiums on issue	69.57	79.82	159.51
Net profit on hedging transactions	6.76	297.62	540.31
Profit on repurchase of own securities	-	-	-
TOTAL	121.70	438.51	787.78

Banking income, which amounted to €121.70 million, consists mainly of:

- Net profit on hedging transactions amounting to €6.76 million;
- Interest receivable and similar income from transactions with credit institutions amounting to €45.37 million; and
- The amortisation of bond premiums on issue amounting to €69.57 million.

Note 10: Cost of debt

Period ended (€ millions)	30 June 2023	30 June 2022	31 December 2022
INTEREST PAYABLE AND SIMILAR CHARGES ON TRANSACTIONS WITH CREDIT INSTITUTIONS	32.54	19.89	45.04
Interest payable - Demand loans and repurchase agreements	-	-	-
Interest on ordinary accounts in credit	-	-	-
Interest on overnight loans	-	-	-
Interest on securities delivered under repurchase agreements	-	-	-
Interest payable – Term loans and repurchase agreements	17.11	19.01	36.41
Interest on CDC loan (transfer of debt)	-	-	-
Interest on multi-currency credit	-	-	-
Interest on securities delivered under repurchase agreements	-	-	-
Interest on private placements	17.11	19.01	36.41
Other interest payable and similar charges	15.43	0.88	8.63
INTEREST PAYABLE AND SIMILAR CHARGES ON BONDS AND OTHER FIXED INCOME SECURITIES	1,339.82	899.89	1,948.63
Interest on debts evidenced by certificates	1,339.82	899.89	1,948.63
Interest on negotiable debt instruments denominated in euros	7.00	1.45	3.07
Interest on negotiable debt instruments denominated in other currencies	65.47	26.98	48.78
Interest on bonds and equivalent securities denominated in euros	687.93	478.42	1,048.12
Interest on bonds and equivalent securities denominated in other currencies	427.45	247.67	572.43
Other charges on debt evidenced by securities	151.97	145.37	276.23
Other interest payable and similar charges	-	-	-
FEES PAYABLE	19.30	25.47	45.90
Fees on term loans with credit institutions	0.02	0.02	0.05
Fees on negotiable debt instruments issued	-	-	-
Fees on bonds	19.27	25.45	45.84
Other fees on securities transactions	0.01	-	0.01
Other fees	-	-	-
TOTAL	1,391.66	945.25	2,039.57

Interest payable and similar charges on CADES' debt, which amounted to €1,391.66 million, increased by 47.23% from 30 June 2022 and consists of:

- charges amounting to €1,339.82 million in respect of debts;
- interest amounting to €32.54 million on transactions with credit institutions, consisting of interest on private placements and margin calls; and
- fees amounting to €19.30 million.

The increase in interest and similar charges payable compared with 30 June 2022 related mainly to the new market conditions.

Note 11: Gains and losses on trading securities

Period ended (€ millions)	30 June 2023	30 June 2022	31 December 2022
NET GAIN (LOSS) ON FOREIGN EXCHANGE TRANSACTIONS	0.01	0.05	0.04
Other foreign exchange transactions	0.01	0.05	0.04

Other operating income and charges²

Other operating income and charges consist mainly of specific income and charges dealt with by Order No. 96-50 of 24 January 1996 (CRDS contributions, CSG, social levies on income from property and investments, payments from the Retirement Reserve Fund, property asset sales and payments to the State and social security funding organisations), general operating charges and depreciation, amortisation and impairment charges on non-current assets.

Note 12: CRDS revenues

The table below details revenue allocated to CADES under Article 6 of Order No. 96-50 of 24 January 1996 after deducting assessment and collection costs and losses on outstanding CRDS contributions (write-offs, waivers, cancellations and debt forgiveness):

Period ended (€ millions)	30 June 2023	30 June 2022	31 December 2022
NET CRDS REVENUES (Article 6)	4,186.76	4,016.92	8,456.36
CRDS contributions levied on employment income and unemployment benefits	3,785.22	3,645.05	7,416.30
CRDS contributions levied on property assets	105.39	104.18	382.89
CRDS contributions levied on investment income	206.96	189.10	467.91
CRDS contributions levied on sales of gems and precious metals	2.99	2.82	6.45
CRDS contributions levied on gaming proceeds	86.20	75.77	182.81
CRDS exemption offsets (travel vouchers and voluntary community services)	-	-	-

CRDS revenues, net of collection costs, amounted to €4,186.76 million.

CRDS levied on wages and salaries (which is mainly collected by ACOSS) represents 90.41% of the total. CRDS collected by the offices of the Directorate General of Public Finances and levied mainly on capital (property and investment income) represented 7.46%. CRDS on gaming profits and the sale of precious metals represented 2.13%.

Note 12a

The table below provides a breakdown of income and charges relating to the CRDS at 30 June 2023.

(€ millions)				
CRDS REVENUES	(I)	CRDS COSTS	(II)	Net revenues (I-II)
CRDS on employment income and unemployment benefits	3,808.93	Write-offs, waivers, cancellation and debt forgiveness	7.61	3,785.22
		Assessment and collection costs	16.10	
CRDS levied on property assets	108.85	Assessment and collection costs	3.46	105.39
CRDS levied on investment income	207.57	Assessment and collection costs	0.61	206.96
CRDS levied on sales of gems and precious metals	3.01	Assessment and collection costs	0.02	2.99
CRDS levied on gaming proceeds	86.47	Assessment and collection costs	0.27	86.20
CRDS exemption offsets (travel vouchers and voluntary community services)	-		-	-
Reversal of provisions on outstanding CRDS to be collected	-	Provisions on outstanding CRDS to be collected	-	-
TOTAL	4,214.83	TOTAL	28.07	4,186.76

² Since 1 January 2023, amounts from ACOSS are no longer paid over daily but as down payments. Because ACOSS is unable to provide final accounting movement notifications at the half-yearly closing date, CADES records income and charges based on the monthly notifications and estimates accrued income based on the following month's income.

Note 12.1: CSG revenues

Supplementary social security contributions (*Contribution Sociale Généralisée – CSG*) are a resource allocated to CADES at the rate of 0.60% since 1 January 2016 for CSG on taxable employment income, unemployment and similar benefits, and income from property and investments, and at 0.22% for CSG on profits from gaming.

The tax base is similar to that of the CRDS, with the exception that no contributions are levied on the sale of gems and precious metals.

Period ended (€ millions)	30 June 2023	30 June 2022	31 December 2022
NET CSG REVENUES (Article 6)	4,773.22	4,589.26	9,621.55
CSG contributions levied on employment income and unemployment benefits	4,393.25	4,232.27	8,587.52
CSG contributions levied on property assets	126.53	125.10	460.43
CSG contributions levied on investment income	248.35	226.92	561.50
CSG contributions levied on gaming proceeds	5.09	4.97	12.10
CSG exemption offsets	-	-	-

CSG revenues, net of collection costs, amounted to €4,773.22 million.

CSG levied on wages and salaries (which is collected mainly by ACOSS) represents 92.04% of the total. The remaining CSG is levied on income from investments and from property (7.96%).

Note 12.1a

The table below provides a breakdown of income and charges relating to the CSG at 30 June 2023.

(€ millions)				
CSG REVENUES	(I)	CSG COSTS	(II)	Net revenues (I-II)
CSG levied on employment income and unemployment benefits	4,421.27	Write-offs, waivers, cancellation and debt forgiveness	8.70	4,393.25
		Assessment and collection costs	19.32	
CSG levied on property assets	130.68	Assessment and collection costs	4.15	126.53
CSG levied on investment income	249.09	Assessment and collection costs	0.74	248.35
CSG levied on gaming proceeds	5.11	Assessment and collection costs	0.02	5.09
CSG exemption offsets	-			-
Reversal of provisions on outstanding CSG to be collected	-	Provisions on outstanding CSG to be collected	-	-
TOTAL	4,806.15	TOTAL	32.93	4,773.22

Note 12.2: Social levies on income from property and investments

Social levies on income from property and investments were a source of revenue allocated to CADES from 1 January 2011 under Act No. 2010-1594 of 20 December 2010 (pursuant to Articles 245-14 and 245-15 of the Social Security Code). Since 1 January 2016, CADES no longer receives the 1.3% portion of these levies, but an additional 0.12% of CSG.

The following table essentially shows adjustments in 2023 to payments recognised in 2015.

Period ended (€ millions)	30 June 2023	30 June 2022	31 December 2022
NET REVENUE FROM SOCIAL LEVIES	-	-	(0.11)
On income from property	-	-	-
On income from investments	-	-	(0.11)

Note 12.2a

The following table shows the breakdown of revenue and costs associated with social levies on income from property and investments recognised in 2022.

(€ millions)				
REVENUES FROM SOCIAL LEVIES	(I)	COSTS RELATING TO SOCIAL LEVIES		Net revenues (I-II)
On income from property	-	Assessment and collection costs		-
On income from investments	-	Write-offs, waivers, cancellation and debt forgiveness		-
Reversal of provisions on outstanding amounts to be collected	-	Assessment and collection costs		-
		Provisions on outstanding amounts to be collected		-
TOTAL	-	TOTAL		-

Note 12.3: Payments by the Retirement Reserve Fund (FRR)

The Retirement Reserve Fund paid €2.10 billion on 26 June 2023.

Period ended (€ millions)	30 June 2023	30 June 2022	31 December 2022
REVENUE FROM THE RETIREMENT RESERVE FUND	1,050.00	1,050.00	2,100.00
Revenue for the year	1,050.00	1,050.00	2,100.00

Note 13: General operating charges

Period ended (€ millions)	30 June 2023	30 June 2022	31 December 2022
STAFF COSTS	0.32	0.50	0.83
Wages and salaries	0.31	0.38	0.63
Social security charges	0.01	0.12	0.21
Time savings account	-	-	(0.01)
Sundry income and charges	-	-	-
OTHER ADMINISTRATIVE EXPENSES	0.74	0.70	1.56
Taxes and duties	0.03	0.04	0.08
External services	0.71	0.66	1.48
TOTAL	1.06	1.20	2.39

General operating charges correspond to expenditure falling within the scope of the administrative budget. They do not include the acquisition and the amortisation and depreciation of fixed assets (see Note 2).

List of staff positions at 31 December 2022

Non-civil servant public sector employees:

- 1 senior front office manager (grade A)
- 1 asset and liabilities matching strategist (grade A)
- 1 senior back office manager (grade A)
- 1 assistant back office manager (grade A)
- 1 communications manager (grade A)

Civil servant employees:

- 1 company secretary (grade A).

CADES has made available non-civil servant public sector employees to AFT since 1 September 2017 and has accordingly paid the corresponding salaries, employer charges and payroll taxes, which have then been reimbursed annually by the Directorate General of the Treasury. In accordance with the terms of the services framework agreement signed on 1 September 2017 by CADES and the DGT, these salaries are then rebilled to CADES.

CADES' administrative expenses came to €0.74 million for the first half of 2023 and comprised mainly operating costs paid directly by the Ministry of the Economy, Finance and the Recovery in respect of activities carried out by AFT on behalf of CADES, in accordance with the financial agreement of 22 November 2018.

Note 14: Other non-banking operating charges

Period ended (€ millions)	30 June 2023	30 June 2022	31 December 2022
Payments to the State	-	-	-
Provision for sundry liabilities			
Ruyter judgement	-	-	-
Reduction of CSG and CRDS income	-	-	-
TOTAL	-	-	-

In the Judgement of 26 February 2015, the European Court of Justice confirmed the non-taxability of property income received in France by tax non-residents, and granted them entitlement to the full reimbursement of sums unduly deducted since 2012 in respect of CRDS, CSG and social levies.

Note 14a: Other operating income

Period ended (€ millions)	30 June 2023	30 June 2022	31 December 2022
Other reversals of provisions for sundry charges	-	-	-
Other reversals of provisions for sundry liabilities			
Ruyter judgement	-	-	0.51
TOTAL	-	-	0.51

Note 15: Exceptional income and charges

Period ended (€ millions)	30 June 2023	30 June 2022	31 December 2022
Statutory limitation of debt – administrative budget	-	-	-
Statutory limitation of debt – financing budget	-	-	-
Other exceptional income (impact of ACOSS changes)	-	-	-
Other exceptional charges (impact of ACOSS changes)	-	-	-
Other exceptional charges	-	-	-
Other exceptional income	-	-	-
TOTAL	-	-	-

OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments distinguish between commitments given and commitments received and are analysed between loan commitments, guarantee obligations and guarantees on securities. Certain commitments are not recorded on the face of the accounts, being commitments in respect of currency transactions and forward financial instruments. Information regarding these commitments is provided in Notes 16 and 17 below.

Note 16: Currency transactions

At	30 June 2023		30 June 2022		31 December 2022	
(€ millions)	Currencies to be received	Currencies to be delivered	Currencies to be received	Currencies to be delivered	Currencies to be received	Currencies to be delivered
FORWARD TRANSACTIONS: FINANCING IN FOREIGN CURRENCY	49,425.29	-	49,934.06	-	46,545.42	-
Hedging transactions over the counter						
Forward exchange against euros	2,385.06	-	7,800.14	-	1,640.74	-
Up to 1 year	2,385.06	-	7,800.14	-	1,640.74	-
From 1 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-
Currency swaps against euros	47,040.23	-	42,133.92	-	44,904.68	-
Up to 1 year	7,068.59	-	3,607.10	-	3,608.21	-
From 1 to 5 years	29,424.79	-	27,470.68	-	29,829.92	-
Over 5 years	10,546.85	-	11,056.14	-	11,466.55	-
FORWARD TRANSACTIONS: FOREIGN CURRENCY FINANCING COMMITMENTS RECEIVED	-	-	-	-	-	-
Hedging transactions over the counter						
Forward exchange against euros	-	-	-	-	-	-
Up to 1 year	-	-	-	-	-	-
From 1 to 5 years	-	-	-	-	-	-
Currency swaps against euros	-	-	-	-	-	-
Up to 1 year	-	-	-	-	-	-
From 1 to 5 years	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-

Forward exchange contracts against euro correspond to forward purchases entered into for the purpose of hedging commercial paper denominated in foreign currencies. Forward exchange outstandings at 30 June 2023 came to €2,385.06 million.

The increase in outstandings of currency swaps against euro is attributable to the increase in foreign currency issue outstandings.

Note 17: Forward financial instruments

At (€ millions)	30 June 2023	30 June 2022	31 December 2022
INTEREST RATE INSTRUMENTS			
Organised markets and equivalents	-	-	-
Firm transactions entered into for hedging purposes	-	-	-
Euro Bobl futures contracts (5 years)	-	-	-
Euro Bund futures contracts (10 years)	-	-	-
Other firm transactions	-	-	-
Options entered into for hedging purposes	-	-	-
Other options	-	-	-
Over the counter	5,540.67	6,014.79	6,014.79
Firm transactions entered into for hedging purposes			
. Interest rate swaps in euros	5,540.67	6,014.79	6,014.79
. Micro hedging	5,540.67	6,014.79	6,014.79
Up to 1 year	3,009.34	474.12	824.29
From 1 to 5 years	2,531.33	5,540.67	5,190.50
Over 5 years	-	-	-

At 30 June 2023, interest rate instruments entered into by CADES comprised swaps amounting to €5,540.67 million entered into for micro hedging purposes.

Note 18: Other off-balance sheet commitments

At (€ millions)	30 June 2023	30 June 2022	31 December 2022
FINANCING COMMITMENTS			
Commitments received			
From credit institutions			
. Back-up credit lines	1,200.00	1,200.00	1,000.00
. Multi-currency credit lines	-	-	-
. Credit lines in treasury bills	-	-	-
. Other credit lines	-	-	-
Sundry			
. Retirement Reserve Fund (<i>Fonds de Réserve pour les Retraites</i>)	15,150.00	17,250.00	17,250.00
. Borrowings	-	-	-
. Commercial paper and securities lent under repurchase agreements	-	-	-
Commitments given			
Payments to the State	-	-	-
Payments to social security agencies	-	-	-
. Assumption of debt provided for by the Social Security Funding Law No. 2020-992 of 7 August 2020	8,768.47	36,000.00	36,000.00
Financing commitments given under repurchase agreements, currency purchases and treasury bills	-	-	-

Commitments received consist of:

- four activation agreements for credit lines enabling CADES to add funds directly to its euro-denominated deposit account held with Banque de France, totalling €1.2 billion and cancellable by the counterparties at 30 to 60 days' notice depending on the counterparty; and
- a total of €15.15 billion in payments from the Retirement Reserve Fund, corresponding to the annual payments of €2.10 billion in 2024 (2011 Social Security Funding Law No. 2010-1594 of 20 December 2010) and €1.45 billion for the period from 2025 to 2033 (Law No. 2020-992 of 7 August 2020 on the social security debt and autonomy).

Commitments given correspond to the amount of the “social security debt and autonomy” transfer provided for by Law No. 2020-992 of 7 August 2020 on the social security debt and autonomy, which amends Order No. 96-50 and provides for the transfer of €136 billion of social security debt to CADES between 2020 and 1 January 2024. The remaining commitment at 30 June 2023 corresponds to:

- Forecast social security deficits between 2020 and 2023 in the amount of €8.77 billion, relating to the health crisis and the future investments in public healthcare institutions provided for as a result of the “*Ségur de la santé*” consultation.

The total amount of payments that CADES can make in respect of the assumption of debts is limited to €40 billion per year. The dates and amounts of these payments are set by decree.

Note 19: Abridged statements

BALANCE SHEET at 30 June 2023	(€ millions)
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD FROM 1 JANUARY 2023	(163,642.66)
PROFIT FOR THE SIX MONTHS ENDED 30 JUNE 2023	8,738.96
PROPERTY ENDOWMENT	181.23
DEBT REMAINING TO BE REPAID AT 30 JUNE 2023	(154,722.47)
Represented by:	
. Liabilities towards third parties	
. Borrowings falling due within 1 year	19,105.04
. Borrowings falling due after 1 year	129,227.93
. Other creditors, accruals and unearned income	13,924.79
. Less assets held by CADES	
. Financial investments	1,068.13
. Other debtors, prepayments and accrued income	6,467.17
PROFIT AND LOSS ACCOUNT Period ended 31 December 2022	(€ millions)
NET REVENUE FROM CRDS, CSG AND SOCIAL LEVIES	8,959.98
ESTIMATION CHANGES AND ERROR ADJUSTMENTS	-
NET REVENUE FROM RETIREMENT RESERVE FUND (FRR)	1,050.00
NET REVENUE FROM PROPERTY	-
Interest payable and similar charges	(1,372.36)
Fees	(19.33)
Interest receivable and similar income	121.73
NET FINANCIAL CHARGES	(1,269.96)
Operating charges	(1.06)
OPERATING PROFIT	8,738.96
Provision for sundry liabilities	-
Exceptional income (charges)	-
NET PROFIT FOR THE SIX MONTHS ENDED 30 JUNE 2023	8,738.96

OTHER INFORMATION

The table below provides information on market value, comparing the debt at repayment value as at 30 June 2023 with the debt at market value.

Debt at repayment value as at closing date comprises the following elements:

- a. The nominal value of fixed rate, variable rate and adjustable rate borrowings in euros.
- b. The nominal value of the fixed rate, variable rate and adjustable rate euro legs of basis swaps representing perfect transformation of foreign currency-denominated borrowings into euro-denominated borrowings.
- c. The accrued nominal value of inflation indexed bonds as at 30 June 2023.
- d. Interest accrued but not yet due is excluded from debt at repayment value.

Debt at repayment value at maturity comprises the following elements:

- a. The nominal value of fixed rate, variable rate and adjustable rate borrowings in euro.
- b. The nominal value of the fixed rate, variable rate and adjustable rate euro legs of basis swaps representing perfect transformation of foreign currency-denominated borrowings into euro-denominated borrowings.
- c. The projected nominal value at maturity of inflation indexed bonds.
- d. The market value of swaps used for macro hedging.

Debt at market value comprises the following elements:

- a. The value of the fixed rate bonds and inflation indexed bonds based on the average market price on 30 June 2023.
- b. The value of unlisted securities issued by CADES obtained using the CADES zero-coupon curve as at 30 June 2023. Options embedded in certain of these securities are valued using an internal model based on standard valuation software developed and marketed by an independent service provider.
- c. The value of derivatives used to transform part of the debt through micro hedging. Options embedded in certain of these instruments are valued using the same internal model.
- d. The value of derivatives used for macro hedging.
- e. The present value at 30 June 2023 of collateral, repurchase agreements and bank balances.

(€ millions)	DEBT AT REPAYMENT VALUE		DEBT AT MARKET VALUE	MARKET VALUE OF HEDGING TRANSACTIONS
	At maturity	At 30 June 2023	At 30 June 2023	At 30 June 2023
Up to 1 year	15,484.40	17,361.78	15,448.61	747.14
From 1 to 5 years	72,944.23	72,832.16	71,138.77	(1,095.71)
Over 5 years	55,287.16	55,287.16	48,741.95	(556.55)
Swaps	-	-	-	-
TOTAL	143,715.79	145,481.10	135,329.32	(905.12)
Variable rate	28,846.82	30,724.20	29,114.71	(1,585.98)
Indexed rate	4,012.54	3,900.47	3,922.24	-
Fixed rate	110,856.43	110,856.43	102,292.37	680.86
Swaps	-	-	-	-
TOTAL	143,715.79	145,481.10	135,329.32	(905.12)

Compared with the previous financial year, at 30 June 2023 there had been an increase in the proportion of short-term debt and a decrease in that of medium-term debt, as shown by the table below:

DEBT	At 30 June 2023	At 30 June 2022	At 31 December 2022
Short-term (under 1 year)	11.93%	15.99%	13.21%
Medium-term	50.06%	46.86%	47.97%
Long-term (over 5 years)	38.00%	37.15%	38.83%

As regards the breakdown between issues denominated in euro and other currencies, in the six months ended 30 June 2023 the proportion of foreign currency-denominated debt increased from 31 December 2022, as shown by the table below:

DEBT	At 30 June 2023	At 30 June 2022	At 31 December 2022
In foreign currencies	32.57%	33.10%	31.00%
In euros	67.43%	66.90%	69.00%

The post-hedging book-value-debt breakdown below shows an increase in the proportion of variable rate issues and a decrease in that of indexed and fixed rate issues:

DEBT	At 30 June 2023	At 30 June 2022	At 31 December 2022
Variable rate	21.12%	16.32%	19.17%
Indexed rate	2.68%	2.93%	2.76%
Fixed rate	76.20%	80.75%	78.07%

Explanation of variances between market value and repayment value of debt:

The difference between the market value of the debt and its repayment value is explained by the following factors:

- the market value of fixed rate loans decreased because of the increase in interest rates;
- market value factors in the present value of future coupons whereas repayment value excludes coupons;
and
- gains and losses on macro hedging swaps impact market value one way or the other.

The above information covers a significant part of CADES' main activity, which is to repay in the best possible conditions the debt it raises on the financial markets.