Offering Circular dated 14 September 2021

Région Auvergne-Rhône-Alpes

€1,500,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme (the Programme) described in this offering circular (the Offering Circular), Région Auvergne-Rhône-Alpes (the Issuer or Région Auvergne-Rhône-Alpes) may, at any time, in compliance with all applicable laws, regulations and directives, issue notes (the Notes). The aggregate nominal amount of Notes outstanding at any time may not exceed €1,500,000,000 (or the equivalent of such amount in any other currency, determined on the issue date).

This Offering Circular (and any supplement thereto) does not constitute a base prospectus within the meaning of Regulation (EU) no. 2017/1129, whose provisions do not apply to the Issuer, and it has not therefore been submitted to the approval of the French financial markets authority (Autorité des Marchés Financiers). The Issuer undertakes to update the Offering Circular annually.

Application may, under certain circumstances be made for Notes to be admitted to trading on the regulated market of Euronext in Paris (Euronext Paris). Euronext Paris is a regulated market as defined in Directive 2014/65/EU dated 15 May 2014 as amended (a Regulated Market). Notes may also be admitted to trading on another Regulated Market of a Member State of the European Economic Area (EEA) or on a non-regulated market or not admitted to trading on any market. The pricing supplement prepared for an issue of Notes (the Pricing Supplement), based on the form set out in the Offering Circular, shall specify whether or not such Notes shall be admitted to trading on a regulated market and shall list, if applicable, the relevant Regulated Market(s). The applicable Pricing Supplement shall also specify whether or not the Notes shall be publicly offered to investors other than qualified investors in one or more member States of the EEA.

The Notes may be issued in dematerialised form (Dematerialised Notes) or materialised form (Materialised Notes), as more fully described in the Offering Circular. Dematerialised Notes will be entered in an account in accordance with articles L.211-3 et seq. of the French Code monétaire et financier. No physical document of title shall be issued in respect of Dematerialised Notes.

Dematerialised Notes may be issued, at the option of the Issuer, either (a) in bearer form, inscribed on their date of issue in the books of Euroclear France (acting as central depository), which shall credit the accounts of the Account Holders (as defined in the section "Terms of the Notes - Form, denomination, title, redenomination and consolidation") including Euroclear Bank SA/NV (Euroclear) and the depositary bank for Clearstream Banking, S.A. (Clearstream) or (b) in registered form and, in such case, at the option of the relevant Noteholder (as defined in the section "Terms of the Notes - Form, denomination, title, redenomination and consolidation"), either in pure registered form (au nominatif pur), in which case they shall be entered in an account maintained by the Issuer or any registration agent (as specified in the applicable Pricing Supplement) on behalf of the Issuer, or in administered registered form (au nominatif administré), in which case they shall be entered in the accounts of the Account Holder nominated by the relevant Noteholder.

Materialised Notes shall be issued in bearer form only and may only be issued outside France. A temporary global certificate in bearer form without interest coupons attached (Temporary Global Certificate) shall be issued initially in respect of the Materialised Notes. Such Temporary Global Certificate shall subsequently be exchanged for Materialised Notes represented by physical notes (Physical Notes) together with, if applicable, interest coupons, on a date falling at the earliest approximately 40 calendar days after the issue date of the Notes (unless postponed, as described in the section "Temporary Global Certificates in respect of Materialised Notes") upon certification that the Notes are not being held by U.S. Persons in accordance with U.S. Treasury regulations, as more fully described in the Offering Circular. The Temporary Global Certificates shall be deposited (a) in the case of a Tranche (as defined in the section "Terms of the Notes") intended to be cleared through Euroclear and/or Clearstream, on the issue date with a common depositary on behalf of Euroclear and Clearstream, or (b) in the case of a Tranche intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream or delivered outside any clearing system, in the manner agreed between the Issuer and the relevant Dealer (as defined below).

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The Issuer has been attributed an AA rating (stable outlook) by S&P Global Ratings Europe Limited (S&P). The Programme has been attributed an AA rating by S&P. Notes issued under the Programme may or may not be attributed a rating. The rating attributed to the Notes, if any, shall be specified in the applicable Pricing Supplement. The rating of the Notes may not necessarily be the same as that of the Programme. A rating is not a recommendation to buy, sell or hold Notes and may be suspended, amended or withdrawn at any time without notice by the relevant rating agency. On the date of the Offering Circular, S&P is a rating agency established in the European Union and registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and Council of 16 September 2009 relating to credit rating agencies as amended (the CRA Regulation) and is included on the list of rating agencies published on the European Securities and Markets Authority website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation.

Investors should be aware of the risks described in the section "Risk factors" before making any decision to invest in Notes issued under this Programme.
This Offering Circular, any supplement thereto and, so long as any Notes are admitted to trading on a Regulated Market or publicly offered to investors other than qualified investors, the applicable Pricing Supplement shall be published on the dedicated page of the Issuer’s website (https://www.auvergnerhonealpes.fr/221-les-publications.htm) and shall be available for inspection and obtaining copies, free of charge, during normal office hours, on any day (except on Saturdays, Sundays and public holidays) at the designated offices of the Fiscal Agent or the Paying Agents.

Arrangers

HSBC  NATIXIS

Dealers

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK

HSBC

NATIXIS

NOMURA

SOCIETE GENERALE CORPORATE & INVESTMENT BANKING
Each Tranche (as defined in the section "General Description of the Programme") of Notes shall be issued in accordance with the provisions set forth in "Terms of the Notes" of this Offering Circular, as completed by the provisions of the applicable Pricing Supplement agreed between the Issuer and the relevant Dealers at the time of issue of such Tranche.

The Issuer accepts responsibility for the information contained or incorporated by reference in this Offering Circular. As far as the Issuer is aware, having taken all reasonable measures to ensure that such is the case, the information contained or incorporated in this Offering Circular is factually accurate and no information likely to affect its import has been omitted. The Issuer confirms that all statements of intention or opinion contained in this Offering Circular with regard to it are honestly made or held and have been reached after considering all relevant circumstances and have been based on reasonable assumptions. The Issuer confirms that there are no other facts or matters in relation to the Issuer or the Notes the omission of which would make any statement or information in this Offering Circular misleading in any respect.

In connection with the issue or sale of any Notes, no person has been authorised to provide any information or make any representations other than as set forth or incorporated by reference in this Offering Circular. No such information or representation may be treated as having been authorised by the Issuer, the Arrangers or any of the Dealers. Neither the delivery of this Offering Circular nor any sale made on the basis of this document shall under any circumstances imply that there has been no adverse change in the situation, in particular the financial situation, of the Issuer since the date of this document or since the date of the most recent supplement to this Offering Circular, or that any other information provided in connection with this Programme is accurate on any date subsequent to the date on which it was provided or, if different, the date indicated on the document containing such information.

MIFID II Product Governance/target market - The Pricing Supplement of the Notes may contain a section titled "MiFID II Product Governance", which will describe the evaluation of the target market for the Notes as well as the appropriate distribution channels. Any person who subsequently offers, sells or recommends the Notes (a distributor) should take the evaluation of the target market into consideration; however, a distributor subject to MiFID II is required to conduct its own evaluation of the target market for the Notes (using or refining the evaluation of the target market) and to determine the appropriate distribution channels.

For each issue, it will be determined whether, for the purposes of the product Governance rules under the Delegated Directive EU 2017/593 (the MiFID Product Governance Rules), any Dealer subscribing to the Notes must be considered the manufacturer of such Notes; if not, neither the Arrangers nor the Dealers, nor any of their respective affiliates will considered manufacturers as defined by the MiFID Product Governance Rules.

MiFIR United Kingdom Product Governance / target market – The Pricing Supplement relating to the Notes may include a paragraph entitled "MiFIR United Kingdom Product Governance" which shall outline the target market assessment in respect of the Notes and also the appropriate distribution channels. Any person subsequently offering, selling or recommending the Notes (a distributor) should take the target market assessment into consideration; however, a distributor bound by the United Kingdom Financial Conduct Authority’s FCA Handbook - Product Intervention and Product Governance Sourcebook (the MiFIR United Kingdom Product Governance Rules) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining the appropriate distribution channels.

A determination shall be made in relation to each issue as to whether, for the purposes of the MiFIR United Kingdom Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers, nor the Dealers nor
any of their respective affiliates will be considered a manufacturer for the purpose of the MiFIR United Kingdom Product Governance Rules.

The distribution of this Offering Circular and the offering or sale of any Notes may be restricted by law in certain countries.

The section "Subscription and Sale" of this Offering Circular contains a description of certain restrictions applicable to the offering, sale and transfer of Notes and the distribution of this Offering Circular.

This Offering Circular constitutes neither an invitation nor an offer by or on behalf of the Issuer, the Dealers or the Arrangers to subscribe for or purchase Notes.

Neither the Issuer nor any Dealer makes any representation to any prospective investor in the Notes as to the lawfulness of their investment under applicable laws. Any prospective investor in the Notes must be capable of assuming the economic risks that its investment in the Notes implies for an unlimited period of time.

Neither the Arrangers nor any of the Dealers has verified the information contained or incorporated by reference in this Offering Circular. Neither the Arrangers nor any of the Dealers makes any express or implied representation, or accepts any liability, as to the accuracy or completeness of any information contained or incorporated by reference in this Offering Circular. The Offering Circular is not intended to provide the basis of any credit or other evaluation and must not be treated as a recommendation by the Issuer, the Arrangers or any of the Dealers to any recipients of this Offering Circular to buy Notes. Each prospective investor in Notes must make his own assessment of the relevance of the information contained in this Offering Circular and his decision to purchase Notes must be based on such research as he considers necessary. Neither the Arrangers nor any of the Dealers undertakes to review the financial situation or affairs of the Issuer during the life of this Offering Circular, nor undertakes to pass on to any investor or prospective investor any information of which it becomes aware.

In this Offering Circular, unless otherwise provided or the context requires otherwise, any reference to "€","Euro", "EUR" and "euro" refers to the lawful currency in the Member States of the European Union that have adopted the single currency introduced in accordance with the Treaty establishing the European Economic Community, as amended, any reference to "£","pound sterling" and "Sterling" refers to the lawful currency in the United Kingdom, any reference to "$", "USD", "U.S. dollar" and "American dollar" refers to the lawful currency in the United States of America, any reference to "¥","JPY" and "yen" refers to the lawful currency in Japan and any reference to "CHF" and "Swiss francs" refers to the lawful currency in Switzerland.
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RISK FACTORS

The Issuer believes that the risk factors described below are material to any decision whether or not to invest in the Notes and/or may affect its ability to fulfil its obligations to investors under the Notes. Those risks are unpredictable and the Issuer cannot comment on their potential occurrence.

The Issuer believes that the risk factors described below represent the main risks associated with Notes issued under the Programme, but they are not however exhaustive. The order in which the risk factors are presented below is not an indication of how likely they are to occur. The risks described below are not the only risks to which an investor in the Notes is exposed. Other risks and uncertainties, unknown to the Issuer at today’s date or which it does not consider as at the date of this Offering Circular to be material, may have a material impact on an investment in the Notes. Prospective investors should also read the detailed information appearing elsewhere in this Offering Circular and form their own opinion before taking any investment decision. In particular, investors must make their own assessment of the risks associated with the Notes before investing in the Notes and must seek advice from their own financial and legal advisers on the risks associated with an investment in a given Series of Notes and the suitability of an investment in the Notes in light of their own specific circumstances.

The Issuer believes that the Notes should only be purchased by investors who are able to assess the specific risks associated with an investment in the Notes.

Capitalised terms not defined in this section will have the meaning given to them in the section "Terms of the Notes".

The risk factors described below may be supplemented in the Pricing Supplement of the relevant Notes for a specific issue of Notes.

Any reference below to a Condition refers to the corresponding condition number in the "Terms of the Notes" section.

1. RISKS RELATING TO THE ISSUER

1. Legal risks related to enforcement procedures

As a legal entity governed by public law, the Issuer is not subject to private law enforcement procedures, and its assets cannot be seized, thus reducing the legal options of an investor in the context of redemption of the Notes compared with a private law legal entity. However, the mandatory expenditures – which are primarily the expenditures to repay the principal and interest on the debt – may result in the implementation of automatic entrustment and registering” proceedings ("mandatement et inscription d’office").

2. Asset related risks

Asset-related risks are in particular linked to the fact that the structure and yield of the Issuer's resources can be impacted by any potential changes. These risks stem from the fact that the Issuer holds a significant stock of real estate and movable assets and as such is subject to damage risks (deterioration, destruction, damage, etc.) that may affect its assets. Moreover, the Issuer may be found liable to third-parties (including in case of accident occurring in buildings that it owns) and is exposed to risks arising by virtue of the legal regime applicable to its agents and elected officials.
As regards such asset-related risks, the Issuer has taken out insurance that offers an accurate coverage, in particular against risks of fire and water damage to its premises.

3. **Financial risks**

The Issuer's indebtedness weighs heavily on its operating expenses and a high level of indebtedness is likely to reduce its savings rate, and therefore its ability to borrow on satisfactory financial terms, and exposes the Issuer to financial risks (notably the risk of payment default).

Nonetheless, the status of a legal entity governed by public law and the legal framework for local authority borrowing strongly reduces the insolvency risks of the Issuer.

Indeed, French law no. 82-213 dated 2 March 1982 on the rights and freedoms of local authorities (communes, départements and régions) abolished the State's supervision of local authority affairs, effectively granting them full freedom of action in financing matters. This led to the liberalisation and standardisation of the rules applying to their debt. Local authorities may now issue debt without restriction and their relationships with lenders are governed by private law and contractual freedom which constitutionality in respect with local authorities has been raised by the French Constitutional Council (Conseil Constitutionnel) (Cons. Const., 30 nov.2006, dec. no. 2006-543 DC, law relating to the energy sector).

However, this freedom is governed by the following principles recently supplemented by French law no. 2013-672 of 26 July 2013 on the separation and regulation of banking activities:

- loans may only be used to finance investments; and
- if the loan is denominated in foreign currency, the exchange risk must be entirely covered by a currency swap against Euro at the time of the subscription of the loan for the total amount and the total duration of the loan;
- if the interest rate is floating, indices and authorised spreads for the indexation provisions, following a currency swap, if applicable, are set by decree of the Conseil d'État and the indexation formulas shall meet criteria of simplicity or predictability of financial costs incurred by the authority with respect to the loan; and
- repayment of the principal must be entirely covered by the local authority's own resources set up by the levy on operating revenue (i.e. the gross savings), plus the definitive investment proceeds – other than the loan.

Finally, decree no. 2014-984 of 28 August 2014, adopted pursuant to the aforementioned law of 26 July 2013 sets out the conditions for local authorities subscribing for loans from credit institutions and for financial contracts, in order to limit high risk borrowing. This decree entered into force on 1 October 2014.

4. **Risks associated with non-repayment of the Issuer’s debt**

The debt service, as for the repayment of principal or of financial charges (in particular interest charges), represents, in compliance with Article L. 4321-1 of the French Code Général des Collectivités territoriales, a mandatory expense. Those expenses shall, consequently, be necessarily charged to the budget of the Local Authority.

If this obligation is not respected, creditors of Région Auvergne-Rhône-Alpes may benefit from the "automatic entrustment and registering" proceeding ("mandatement et inscription d’office") applicable to the Issuer in case of non-payment of a mandatory expense (Article 1 – II, Law no. 80-539 dated 16 July 1980 relating to the administrative periodic penalty payments and to the
execution of court orders by legal entities governed by public law, codified and completed at Articles L. 1612-15 and 16 of the French *Code Général des Collectivités Territoriales*).

By application of those provisions, when a final court decision condemns a local authority, such as the Issuer, to pay an amount of money raised by the decision itself, this amount shall be entrusted within two months from the day of the notification of the court decision. If no entrustment is made during this period, the State representative in the Région (the *Préfet*) proceeds with the automatic entrustment.

Moreover, if the Region suffers a lack of credit to face a mandatory expense, the *Préfet* sends to the Region a formal notice to create necessary resources; if the Regional Council has not created such necessary resources in the term stipulated in the formal notice, the *Préfet* registers automatically the due amount in the budget of the Region by freeing up necessary resources, either by reducing or eliminating other expenses, or by creating resources in particular by increasing local taxes.

In this respect, the failure of the *Préfet* in implementing this proceeding may engage the liability of French State for fraud (e.g. CE, 18 nov. 2005, Société Fermière de Camporolo, no. 271898; CE, 29 oct.2010, Min. Alimentation, Agriculture, Pêche, no. 338001).

In addition, the proceeding may, according to Article L. 1612-15 of the *Code Général des Collectivités Territoriales*, be implemented by the Regional Chamber of Accounts, seized by either the *Préfet*, or the accounting public officer or any interested person, in order to (i) notice within a month after the seizure, that a mandatory expense has not been registered on the budget of the region or has been registered for an inadequate amount and (ii) address to the Region a formal notice to amend its budget.

If, within one month, this formal notice has not produced any effect, the regional Chamber of accounts asks the *Préfet* to register this expense on the budget and proposes, as the case may be, the creation of resources of the reduction of optional expenses in order to pay the mandatory expense.

The principle of the unseizability of the assets of public entities (article L.2311-1 of the French *Code général de la propriété des personnes publiques (CG3P)*) prevents the Issuer from being subject to ordinary law enforcement procedures such as the seizing of assets.

The mandatory nature of debt repayment (capital and interest) is thus a strong legal protection for lenders.

However, legal, economic, political and/or social imperatives, difficult to foresee, may lead the regional Council to make vote unforeseen or additional budgetary expenses, related proceeds having to be set down either by using proceeds non-registered in the primitive budget of the local authority, or by deleting prior voted expenses. Those votes intervene in the framework of amending budgetary decisions that may occur in the course of the year.

Those imperatives or evolutions may have an impact on the implementing time-frames and the vote of such amending budgetary decisions, and on the implementation of Events of Default mentioned in paragraph 8 "Events of default" of the Terms of the Notes by the Noteholders.

### 5. Risks associated with use of derivatives products

The use of financial instruments (derivatives such as swaps, caps, tunnels etc.) is governed by inter-ministerial circular no. NOR/IOCB 1015077C dated 25 June 2010 relating to the interest rate risks hedging agreements offered to local authorities and their public entities and is only authorised for the covering of rate or exchange risks. This text specifies the involved risks relating
to the debt management by local authorities and summarises the current law regarding the use of financial products and financial risks hedging instruments. It repeals the prior circular dated 15 September 1992.

Speculative transactions are strictly forbidden by those circulars.

The Issuer applies strictly this legal framework and the swaps entered into by the Local Authority only aim to reduce or limit the impact of financial charges and to totally and systematically reverse the exchange risk in case of operations in foreign currencies.

In this regard, French law no. 2013-672 of 26 July 2013 on the separation and regulation of banking activities, has inserted into the French Code Général des Collectivités Territoriales a new Article L. 1611-3-1, pursuant to which, when a local authority agrees to take out a loan denominated in foreign currency, the authority has to enter into a currency swap against euro at the time of the subscription of the loan for the entire amount and the entire time period of the loan.

Furthermore, the aforementioned decree of 28 August 2014 sets out the conditions under which local authorities may agree loans and related contracts.

6. Rate risks

As Région Auvergne-Rhône-Alpes is a recurring borrower, it is exposed to fluctuations on interest rates. In order to limit this exposure and to be protected against adverse evolutions of such interest rates, Région Auvergne-Rhône-Alpes defined an interest rate risk hedging strategy.

1. The policy conducted by Région Auvergne-Rhône-Alpes as regard interest rate risks is careful: it aims as a priority to protect the regional debt against a strong increase of the interest rates and, at the same time, to reduce its cost. However, the coverage against the interest rate risk is not systematic, as Région Auvergne-Rhône-Alpes would like to keep some flexibility on its outstanding debt.

2. Furthermore, Région Auvergne-Rhône-Alpes does not take any exchange risk because it does not subscribe financial products which are indexed on currencies other than Euro. If Région Auvergne-Rhône-Alpes would contract a loan, or issue securities, denominated in foreign currencies, it would subscribe, at the same time, an exchange currency swap for Euro.

In this respect, the aforementioned law of 26 July 2013 provides that if the interest rate of a loan subscribed by a local authority, such as Région Auvergne-Rhône-Alpes is variable, the indices and authorised spreads for the indexation provisions, after currency swap contracts, if any, are set by decree of the Conseil d’État and the indexation formula must meet criteria relating to the simplicity or predictability of financial costs borne by the authority with regard to the loan.

7. Risks of a change in revenue

Finally regarding its proceeds, Région Auvergne-Rhône-Alpes, as a local authority, is exposed to any possible change to its legal and regulatory framework which could amend its structure and yield. As so, it benefits from the constitutional principal of financial autonomy set by Article 72-2 of the Constitution dated 4 October 1958, which provides that "tax receipts and other own sources of funds of local authorities represent, for each category of local authority, a crucial part of their overall resources".

The level of the Issuer’s resources depends on the receipts transferred by the State in the context of transfers of powers or successive tax reforms. These resources change in close relation to the levels of growth and inflation seen in the context of a growth pact. Further, any fall in the level
of grants from the State may negatively affect the operating income of the Issuer, thereby reducing its capacity to invest.

Law 2018-32 of 22 January 2018 planning public finances for the years 2018 to 2022 stipulates that, as from 2018, the difference between the level of actual operating expenditures made by the local authority and the annual target for expenditures set by the contract shall be noted each year (1.2%, this rate may be increased or decreased under conditions and limits defined in Article 29 of Law 2018-32, and also based on an index that changes every year). This difference is assessed by the Préfet on the basis of the most recent management accounts available. This finding may lead to a financial return, the amount of which is equal to 75%, even 100% of the difference found (and limited to 2% of the actual operating receipts), pursuant to the terms of Article 29 of the aforementioned Law 2018-32. The Issuer’s account shall be subject to this review.

8. Risks associated with the Issuer’s off-balance sheet transactions

Loan securities or guarantees to public or private organisations are governed by Articles L.4253-1 and 4253-2 of the CGCT.

The Issuer has an obligation to comply with three prudential rules defined by Law 88-13 of 5 January 1988 known as the “Galland Act”. These rules together establish the principle of a ceiling on commitments, a ceiling on beneficiaries (or division of risk) as well as the rule of shared risk. These rules apply only to guarantees granted to private law persons. The “Galland ratio” on the ceiling on commitments is published in the notes to the preliminary budget and the administrative account of the Issuer. In the 2021 preliminary budget, this ratio was 7.87% (the cap is set at 50%); in the 2020 administrative account, the ratio was 7.68%.

9. Risks related to the Issuer’s financial statements

The Issuer, as a regional authority, is not subject to the same accounting standards as a private law issuer. Its financial statements (administrative accounts, budgets) are not subject to the same accounting controls as a private law legal entity, but are subject to specific accounting rules defined primarily by Decree 2012-1246 of 7 November 2012 and the CGCT and as more fully described in the “Budgetary and accounting framework” paragraph on pages 125 et seq. in the “Description of the Issuer” section of this Offering Circular. Investors’ financial assessment of the Issuer requires taking this specific accounting into consideration.

The Issuer’s accounts are subject to controls by the Government: (i) control of legality, (ii) control exercised by the public accountant, (iii) periodic management review conducted by the Chambre Régionale des Comptes. These controls are described more fully in sub-section C Audit and control procedures in the section “Description of the Issuer” in this Offering Circular.

10. Issuer’s long-term debt and short-term debt rating

The Issuer’s rating for long-term debt and short-term debt by S&P Global Ratings Europe Limited is only an opinion with respect to the level of credit risks associated with the Issuer and does not necessarily reflect all the risks associated with the Issuer. This rating is not a recommendation to buy, sell or hold the Notes and may be suspended, changed or withdrawn by the ratings agency at any time.

11. Exogenous event risks of high potential impact
The Covid-19 crisis is an illustration of the external risks to the Issuer that could have a significant impact on its activity. However, these external risks may also be linked to other types of events including, among others, large-scale social movements, strikes and bad weather.

At the time of drafting of this Offering Circular, the full and definitive extent of the consequences of the Covid-19 health crisis remains uncertain, but three types of impacts can already be identified for this type of risk:

- the risk to the health of the Issuer’s employees and their families in the event of a health crisis. It should be noted that the Issuer very quickly communicated and implemented the barrier measures to be put in place during the Covid-19 crisis;

- operational risk posed by lockdown to the proper functioning of services. The Issuer has reorganised its operations, among other things, to ensure, in any situation and in the best possible conditions, the continuity of regional public services and in particular with regard to the authority’s financial management. To this end, the Issuer has organized:
  
  o remote working for almost all head office staff and for all Finance Division staff (conventions, VPN access, supply of appropriate computer equipment),
  
  o dematerialization of budgetary and financial procedures as well as accounting procedures for the financial execution of expenditure to guarantee in all circumstances that expenditure is committed, invoices are paid, grants are disbursed, and that staff are paid,
  
  o the development of an integrated and secure financial management and information system; and

- financial risk impacting on the Issuer’s revenues and expenditure (see section entitled "Risks relating to the evolution of resources").

However, the Issuer has demonstrated on several occasions its resilience and responsiveness in times of crisis, notably the Covid-19 pandemic.

The Région’s action is supported by cooperation between the State and local authorities during exceptional crises, including through measures taken by ordinance and amending finance laws (including Ordinance no. 2020-330 of 25 March 2020 on local authority and local public institution fiscal, financial and budgetary continuity measures to deal with the consequences of the Covid-19 epidemic).

2. RISKS RELATING TO THE NOTES

2.1 General market risks

*The securities market may be volatile and adversely affected by events*

The securities market is affected by economic and market conditions and, to varying degrees, by interest rates, exchange rates and inflation in other European and industrialised countries. No assurance can be given that events in France, Europe or elsewhere, will not cause market volatility or that such market volatility will not adversely affect the value of the Notes or that economic and market conditions will not have other adverse effects.
An active market in the Notes may not develop or be sustained

No assurance can be given that an active market in the Notes will develop or that, if such market does develop, that it will be sustained or offer sufficient liquidity. If an active market in the Notes does not develop or is not sustained, the market value or price and liquidity of the Notes may be adversely affected. Therefore, investors may not be in a position to easily sell their Notes or to sell them at a price offering a return comparable to similar products for which an active market has developed.

The Issuer has the right to purchase Notes, on the terms set forth in Condition 5.7, and the Issuer may issue new Notes, on the terms set forth in Condition 13. Such actions may favourably or adversely affect the value of the Notes. If additional or competing products are brought on to the markets, this may adversely affect the value of the Notes.

Exchange rate and exchange control risks

The Issuer pays the principal and interest on the Notes in the currency specified in the applicable Pricing Supplement (the Specified Currency). This presents certain currency conversion risks if the investor’s financial activities are principally conducted in a different currency or monetary unit (the Investor’s Currency) than the Specified Currency. Such risks include the risk that exchange rates may fluctuate significantly (including fluctuations due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that the authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An increase in the value of the Investor’s Currency compared to the Specified Currency would reduce (i) the equivalent yield of the Notes in the Investor’s Currency, (ii) the equivalent value in the Investor’s Currency of the principal payable on the Notes and (iii) the equivalent market value in the Investor’s Currency of the Notes.

The Government and the monetary authorities may impose (as has occurred in the past) exchange control measures that may adversely affect exchange rates. Accordingly, investors may receive an amount in principal or interest less than expected, or even receive neither interest nor principal.

2.2 General risks relating to the Notes

The Notes may be redeemed prior to maturity

If, at the time of redemption of principal or payment of interest, the Issuer is obliged to pay Additional Amounts in accordance with Condition 7.2, it may reimburse the Notes in full at the Early Redemption Amount together with, unless provided otherwise in the applicable Pricing Supplement, all interest accrued until the relevant redemption date.

Similarly, if it becomes unlawful for the Issuer to fulfil or comply with its obligations under the Notes, the Issuer may, in accordance with Condition 5.9, redeem the Notes, in full but not in part only, at the Early Redemption Amount together with all interest accrued until the relevant redemption date.

Any early redemption option available to the Issuer, specified in the Pricing Supplement of an issue of Notes may result in the Noteholders receiving a return considerably below their expectations

The Pricing Supplement of an issue of Notes may include an early redemption option for the Issuer. In such case, the yield at the time of redemption may be lower than expected and the value of the amount redeemed may be less than the purchase price of the Notes paid by the Noteholder. Consequently, part of the capital invested by Noteholders in the Notes may be lost, resulting in
the Noteholder receiving less than the full amount of capital invested. Furthermore, in the event of early redemption, investors who decide to reinvest the funds they receive may only be able to reinvest in securities that offer lower returns than the redeemed Notes.

**Risk relating to the optional redemption by the Issuer**

The market value of the Notes may be affected by the optional redemption option of the Notes by the Issuer. During the periods where the Issuer may initiate such redemption, this market value usually does not rise significantly above the price where the Notes can be redeemed. It can usually be the case before any redemption time period.

The exercise of a partial redemption option at the Issuer’s discretion may affect the liquidity of the Notes of this same Series for which such an option has not been exercised.

It is possible that the Issuer may redeem the Notes when its borrowing cost is lower than the interest rate of the Notes. In such situation, an investor will usually not be able to reinvest the redemption proceed at an effective interest rate as high as the interest rate of the redeemed Notes and would only be able to reinvest in securities that offer a significantly lower yield. The prospective investors shall take into account risks linked to the reinvestment regarding the other available investments at the time of the investment.

**Risks relating redemption at the option of the Noteholders**

The exercise of redemption at the option of the Noteholders for some Notes may affect the liquidity of Notes of the same Series for which such option has not been exercised. Depending on the number of Notes of the same Series in respect of which the optional redemption provided for in the relevant Pricing Supplement has been exercised, the market of Notes for which such a redemption has not been exercised may become illiquid. In addition, investors requesting redemption of their Notes may not be able to reinvest the funds received from such early redemption so as to receive a yield equivalent to that of the redeemed Notes.

**Modification of the Terms of the Notes**

Noteholders will be grouped automatically for the defence of their common interests in a Masse (as defined in Condition 10 of the Terms of the Notes "Representation of Noteholders") and may hold general meetings of Noteholders or issue written decisions. The Terms of the Notes provide that in certain cases Noteholders, not present or represented at a general meeting, may be bound by resolutions voted by or the written decisions of Noteholders who were present or represented, even if they disagree with the vote or reject the written decision.

Subject to the provisions of Condition 10 of the Terms of the Notes "Representation of Noteholders", Noteholders may, by means of Collective Decisions, as defined in the Terms of the Notes, deliberate on any proposal relating to the modification of the Terms of the Notes, notably on any proposal, whether for arbitration or settlement, relating to rights that are in dispute or the subject of judicial decision.

**Risks relating to rating**

Independent credit rating agencies may assign a rating to Notes issued under this Programme. Such rating does not reflect the potential impact of the risk factors described in this section and all other risk factors that may affect the value of the Notes issued under this Programme. A rating does not constitute a recommendation to buy, sell or hold Notes and may be revised or withdrawn at any time by the rating agency.
Change of law

The Terms of the Notes are governed by French law as of the date of this Offering Circular. No assurance can be given as to the consequences of any judicial decision or any change of French law or regulation subsequent to the date of this Offering Circular.

Taxation

Prospective purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or in other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions on the tax treatment of securities such as the Notes are available.

Prospective investors are advised not to rely upon the tax summary contained in this Offering Circular and, where applicable, any supplements thereto, but to ask for their own tax adviser's advice based on their individual situation with respect to the subscription, acquisition, holding, proceeds, assignment and redemption of the Notes. Only such advisors are in a position to duly consider the specific situation of a prospective investor.

Loss of investment in the Notes

The Issuer reserves the right to purchase Notes, at any price, on the stock exchange or otherwise, in accordance with applicable regulations. Although this does not impact on the normal schedule for redemption of the Notes remaining outstanding, it would however reduce the return on the Notes redeemed early. Similarly, in the event of change of the taxation rules applicable to the Notes, the Issuer may be obliged to redeem the Notes in full at the Anticipated Redemption Amount as defined in the applicable Pricing Supplement. Any early redemption of the Notes may result in the Noteholders receiving a return significantly below their expectations.

Also there is a risk that the Notes will not be redeemed on their maturity date if the Issuer is no longer solvent. The non-redemption or partial redemption of the Notes would de facto result in a loss of investment in the Notes.

Finally, any sale of a Note on the market may occur at a price below the purchase price and cause a capital loss. Under this operation, the Investor does not benefit from any protection or guarantee of the invested capital. The initial invested capital is exposed to the market risks and may thus not be returned in case of adverse stock exchange evolution.

Investment laws and regulations may restrict certain investments

The investment activity of some investors is subject to the laws and regulations governing investment criteria or the control of certain authorities. Each potential investor should consult his legal advisor in order to determine if, and to what extent, (1) the Notes are an authorised investment for the investor, (2) the Notes may or may not be used to secure different types of loan, (3) other restrictions apply to the acquisition or pledging of the Notes. Financial institutions should consult their legal counsel or the appropriate regulator to determine the appropriate treatment of the Notes pursuant to prudential rules or any other similar rule. Neither the Issuer nor the Dealers nor any of their respective affiliated companies have or assume responsibility for the legality of the acquisition of the Notes by a potential investor, whether under the laws in force in the jurisdiction in which they are registered or in which they conduct their activities (if the jurisdiction is different) or for compliance by a potential investor with any law, regulation or rule applicable to the investor stipulated by a regulator.
Verification of legality

The Préfet of Région Auvergne-Rhône-Alpes has two (2) months as from the date of receipt at the Préfecture of any resolution of Région Auvergne-Rhône-Alpes and of any contracts entered into by it, to verify their legality and, if he considers them to be illegal, to refer those that constitute administrative acts to the relevant administrative tribunal and, if appropriate, seek an order for them to be suspended. The relevant administrative tribunal may then, if it considers them to be illegal, order their suspension or annul them in whole or in part.

Third party action

A third party, having legal standing, may start legal proceedings before the administrative courts against any resolution of Région Auvergne-Rhône-Alpes and/or the decision to enter into contracts within a period of two (2) months (subject to extension in the event of prior administrative appeal or where extensions on account of distance apply) as from the date of its publication and, if appropriate, may obtain its suspension.

If the relevant resolution and/or the decision to enter into a contract is/are not made public in the appropriate manner, an action may be brought by any third party proving its legal standing, without any restrictions as to time.

Once the action has been brought, the competent administrative court may then, if it considers the matter sufficiently urgent and if an action has been brought for its suspension, suspend it and if it considers that a rule of law has been breached, annul such resolution and/or the decision. Moreover, depending on the nature of the error and the circumstances of the case, the annulment of the resolution and/or the decision to enter into a contract could lead to the annulment of such contract.

No assurance can be given that the use of the net proceeds of issue of Green Bonds, Social Bonds or Sustainability Bonds will meet investor expectations or requirements

The applicable Pricing Supplement in respect of any Tranche of Notes may provide that the Issuer intends to issue green bonds (Green Bonds), social bonds (Social Bonds), or sustainability bonds (Sustainability Bonds) and to use an amount equal to the net proceeds of the issue to finance and/or refinance, in whole or in part, new or existing projects from amongst the Eligible Projects, as defined in the chapter "Use of the Net Proceeds of Issue" of this Offering Circular, as more fully described in the Issuer’s Green, Social and Sustainability Bond Framework of the Auvergne-Rhône-Alpes Region (as amended or supplemented from time to time) (the Green, Social and Sustainability Bond Framework) which may be consulted on the Issuer’s website: https://www.auvergnerhonealpes.fr/221-les-publications.htm.

The definition (legal, regulatory or otherwise) of a “green” or similarly labelled project, and the market consensus as to whether a specific project should be defined as a “green” or similarly labelled project, are still in the process of development. On 18 June 2020, Regulation (EU) n° 2020/852 on the establishment of a framework to facilitate sustainable investment was adopted by the European Parliament and the Council (the Taxonomy Regulation). The Taxonomy Regulation establishes a single European Union-wide classification system or “taxonomy”, which provides businesses and investors with a common language for determining which economic activities may be considered environmentally sustainable.

Accordingly, there is presently no established definition setting forth the attributes required for a specific project to be categorised as "green", "social", "sustainable" or any other similar label and no assurance can be given to any prospective investor that the use of the issue proceeds specified in the applicable Pricing element will satisfy such investor’s expectations regarding such
environmental, social or sustainability performance objectives, or indeed whether the issue will continue to satisfy the eligibility criteria.

If any Green Bonds, Social Bonds, or Sustainability Bonds are at any time listed or admitted to trading on any dedicated environmental, sustainable development or any other equivalent segment of any stock exchange or financial market (whether or not regulated), no assurance can be given that such listing or admission will satisfy, whether in whole or in part, any present or future Noteholder expectations or requirements as regards any investment criteria or guidelines with which such Noteholder or its investments are required to comply. Furthermore, it should be noted that the criteria for any such listing or admission to trading may vary from one stock exchange (or securities market) to another. Such admission to trading may not be obtained in respect of any particular Green Bonds, Social Bonds, or Sustainability Bonds or, if obtained, such admission to trading may not be maintained during the life of any particular Green Bonds, Social Bonds, or Sustainability Bonds.

Although the Issuer intends to use the net proceeds of issue of Green Bonds, Social Bonds or Sustainability Bonds, and has established procedures to ensure that such net proceeds are used, in accordance with the principles set forth in the Green, Social and Sustainability Bond Framework and substantially in the manner described in the chapter "Use of the Net Proceeds of Issue" of this Offering Circular, no assurance can be given that (i) the Eligible Projects may be realised in such manner and/or in accordance with any forecasts communicated, and/or that (ii) the net proceeds shall be used, in whole or in part, for Eligible Projects. Furthermore, such Eligible Projects may not be realised within a specific timeframe or may not produce the (environmental, social, sustainable or other) results or effects initially planned or anticipated by the Issuer.

Neither the failure to apply the net proceeds of issue of any Green Bonds, Social Bonds or Sustainability Bonds as specified in this Offering Circular, nor the withdrawal of any rating or certification, nor any amendment to the Green, Social and Sustainability Bond Framework and/or to the selection criteria, shall constitute an Issuer Event of Default under the Terms of the Notes, but may have an adverse effect on the value of the Green Bonds, Social Bonds or Sustainability Bonds and may have consequences for certain Noteholders having, under their portfolio management mandates, to invest in assets intended for a particular purpose.

2.3 Risks associated with specific issues of Notes

Floating Rate Notes

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest payments on Floating Rate Notes cannot be predicted. Due to fluctuations in interest payments, investors cannot determine the actual yield on the Floating Rate Notes at the time of purchase, and therefore their investment returns cannot be compared to investments with longer fixed interest periods. If the terms of the Notes specify frequent interest payment dates, investors are exposed to reinvestment risk if market interest rates fall. In such case, investors will only be able to reinvest their interest income at a potentially lower prevailing interest rate.

Accordingly, the market value of Floating Rate Notes may be volatile if changes, in particular short term changes, on the interest rate market applicable to the relevant rate cannot be applied to the interest rate of such Notes until the next periodic adjustment of the relevant rate. This volatility is increased if the Floating Rate Notes include a multiplying coefficient.

Fixed Rate Notes
It cannot be ruled out that the value of Fixed Rate Notes may be adversely affected by future fluctuations on the interest rate markets.

**Fixed/Floating Rate Notes**

The interest rate on Notes at a fixed and then floating rate may, automatically or following a decision by the Issuer at a date specified in the Pricing Supplement, change from a fixed rate to a floating rate or from a floating rate to a fixed rate. The conversion, regardless of whether it is automatic or optional, affect the secondary market and the market value of these Notes as it could result in a decrease in the total borrowing cost. If a fixed rate is converted into a floating rate, the rate spread of the Fixed/Rate Notes may be less in favour than the rate spreads on Floating Rate Notes that have the same reference rate. In addition, the new floating rate may be, at any time, lower than the interest rates of other Notes. If a floating rate is converted into a fixed rate, the fixed rate may be lower than the rates applicable to its other Notes.

**Zero Coupon Notes and other Notes issued below par or with an issue premium**

The market value of Zero Coupon Notes and other securities issued below par or with an issue premium tends to be more sensitive to fluctuation due to variations in interest rates than typical interest-bearing securities. Generally, the longer the maturity of the Notes, the more the price volatility of such Notes resembles that of typical interest-bearing securities of similar maturity.

**Settlement and reform of the “benchmark indices” could have a material adverse impact on the Notes indexed to or referring to a “benchmark index”**

The interest rates and indices that are considered to be “benchmarks” (including EURIBOR (or TIBEUR in French) and the CMS Rate) have recently been the subject of regulatory changes and proposals for reform at the national and international level. Some of these reforms have already entered into force and others must still be implemented. These reforms could result in future performances that differ from past performance for these “benchmarks”, result in their disappearance, a change to their method of calculation or have other effects that cannot be anticipated. Any consequence of this kind could have a material adverse impact on all Notes indexed to or referring to a “benchmark index”. Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the Official Bulletin of the European Union of 29 June 2016 and entered into effect on 1 January 2018. The purpose of the Benchmarks Regulation is to regulate the supply of benchmarks, the supply of underlying data for a benchmark index, and the use of benchmarks within the European Union. Among other requirements, it (i) requires that the administrators of benchmarks be approved or registered (or, if they are not located in the EU, will be subject to an equivalent system or otherwise recognised or endorsed), and (ii) prohibits the use by entities supervised by the EU of “benchmarks” of administrators not authorised or not registered (or, if they are not located in the EU, which are not subject to an equivalent system or otherwise recognised or endorsed).

The Benchmarks Regulation could have a material impact on the Notes indexed to or referring to a “benchmark”, particularly in the following circumstances:

- if an index which is a “benchmark” cannot be used by a supervised entity in certain cases if its administrator does not obtain approval or registration or, if not located in the EU, if the administrator is not subject to a regime that is equivalent or otherwise recognised or approved and if transitional provisions do not apply; and

- if the methodology or other conditions for determining the “benchmark” were modified in order to comply with the requirements of the Benchmarks Regulation. Such changes
could, in particular, have the effect of reducing or increasing the rate or level or affecting in some way the volatility of the rate published or the level of a “benchmark”.

More broadly, one of the international or national reforms, or even strong regulatory supervision of the “benchmarks”, could increase the costs and risks for the administration of a “benchmark” or participation in any manner whatsoever in the determination of a “benchmark” and respect for these regulations or requirements. Such factors may have the following effects on certain “benchmarks” (including EURIBOR (or TIBEUR in French) and the CMS Rate): (i) discourage market operators from continuing to administer certain “benchmarks” or from contributing to them; (ii) trigger changes in the rules or methodologies used for certain “benchmarks”, or (iii) lead to the disappearance of certain “benchmarks”. Any of these changes or subsequent changes as a result of international or national reforms or other initiatives or research could have a material adverse impact on the value and the yield of the Notes indexed on or referring to a “benchmark”.

Investors should be aware that in the event of any interruption or any unavailability of a benchmark, the interest rate applicable to Notes linked to or referencing such “benchmark” will be calculated, for the relevant period, in accordance with the fall-back provisions applicable to such Notes (it being specified that if a Benchmark Event occurs, a specific fallback shall apply – please refer to the risk factor entitled “The occurrence of a Benchmark Event could have a material adverse effect on the value of and return on any Notes linked to or referencing such “benchmarks” below). Depending on the method for determining the “benchmark” rate under the Terms of the Notes, this may in certain circumstances (i) where ISDA Determination or FBF Determination applies involve the application of a retrospective, risk-free overnight rate, whereas the benchmark is expressed on a forward-looking basis which includes an element of inter-bank loan related-risk or (ii) where Screen Rate Determination applies, result in the application of a fixed rate determined by reference to the last rate in force when the benchmark rate was still available. All of these provisions may adversely affect the value, liquidity or return on Notes linked to or referencing a “benchmark”.

Regulation (EU) 2019/2089 of the European Parliament and of the Council dated 27 November 2019 has amended the existing provisions of the Benchmark Regulation by extending until the end of 2021 the transitional regime applicable to benchmarks of critical importance and benchmarks of third countries.

The existing provisions of the Benchmarks Regulation have once again been amended by Regulation (EU) 2021/168 of the European Parliament and of the Council dated 10 February 2021 which introduces a harmonised approach to deal with the disappearance of certain benchmarks by conferring on the European Commission the power to nominate replacement benchmarks through regulation, such replacement being restricted to financial contracts and instruments. These measures may affect the value, liquidity or return on Notes linked to EURIBOR or the CMS Rate in circumstances where the fallback provisions specified in the Terms of the Notes are not appropriate. Nevertheless, pending publication by the European Commission of the implementing legislation, it remains uncertain as to exactly how these provisions will be applied. Furthermore, transitional measures applicable to benchmarks administered in third countries have been extended until the end of 2023, and the European Commission has the option of extending them until the end of 2025, if necessary.

Investors should consult their own advisors and make their own assessment of the potential risks of the Benchmark Regulation reforms before making an investment decision in respect of Notes that are linked to or reference a “benchmark”.

The occurrence of a Benchmark Event could have a material adverse effect on the value of and return on any Notes linked to or referencing such “benchmarks”
The Terms of the Notes provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if an inter-bank offered rate (such as EURIBOR) or other relevant reference rate, and/or any page on which such benchmark may be published, becomes unavailable, or if the Issuer, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Interest Rate (as specified in the applicable Pricing Supplement) are no longer permitted lawfully to calculate interest on any Notes by reference to such benchmark under the Benchmark Regulation or otherwise. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Terms of the Notes), with or without the application of an adjustment spread (which, if applied, could be positive or negative, and would be applied with a view to reducing or eliminating, to the fullest extent practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark), and may include amendments to the Terms of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Independent Adviser and without the consent of the Noteholders.

In certain circumstances, including where no Successor Rate or Alternative Rate (as applicable) is determined, or where, due to the uncertainty concerning the availability of Successor Rates and Alternative Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time, then in all such circumstances other fallbacks may be used if the benchmark is discontinued or otherwise becomes unavailable, namely the rate of interest for subsequent Interest Period(s) may be based on the rate which applied for the immediately preceding Interest Period, as set out in the risk factor above entitled “The regulation and reform of “benchmarks” may have a material adverse impact on Notes linked to or referencing a “benchmark”.

More generally, the occurrence of any event described above could have a material adverse effect on the value of and return on any such Notes.

Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have an adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should note that, the Independent Adviser will have discretion to adjust the relevant Successor Rate or Alternative Rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder, any such adjustment will be favourable to each Noteholder.

Investors should consider all of these matters when making their investment decision with respect to the relevant Floating Rate Notes.
GENERAL DESCRIPTION OF THE PROGRAMME

The following general description must be read together with all the other information provided in this Offering Circular. The Notes shall be issued pursuant to the terms agreed between the Issuer and the relevant Dealer(s) and, unless otherwise specified in the applicable Pricing Supplement, they shall be governed by the Terms set out in pages 31 to 66.

Terms and expressions defined in the section “Terms of the Notes” hereafter shall have the same meaning in this general description of the programme.

Issuer: Région Auvergne-Rhône-Alpes.

Description of the Programme: Euro Medium Term Note Programme (the Programme).

The Notes will constitute obligations under French law.

Arrangers: HSBC Continental Europe and Natixis

Dealers:
Crédit Agricole Corporate and Investment Bank,
HSBC Continental Europe,
Natixis,
Nomura Financial Products Europe GmbH, and
Société Générale

The Issuer may, at any time, terminate the appointment of any Dealer under the Programme, or appoint additional Dealers either in respect of one or more Tranches, or in respect of the whole Programme. Any reference made in this Offering Circular to the Permanent Dealers refers to persons listed above as Dealers and to any other person who has been appointed as a Dealer in respect of the whole Programme (and whose appointment has not been terminated) and any reference made to Dealers refers to any Permanent Dealer and any other person appointed as Dealer in respect of one or more Tranches.

Fiscal Agent and Principal Paying Agent: BNP Paribas Securities Services

Calculation Agent: Unless otherwise stipulated in the applicable Pricing Supplement, BNP Paribas Securities Services.

Maximum Amount of the Programme: The aggregate nominal amount of the Notes outstanding shall not, at any time, exceed euros 1,500,000,000.

Method of Issuance: The Notes shall be issued on a syndicated or non-syndicated basis.

The Notes shall be issued by series (each a Series), on the same or different issue dates, and shall be governed (except
for the first interest payment) by identical terms, the Notes of each Series being fungible amongst themselves. Each Series may be issued in tranches (each a Tranche), having the same or different issue dates. The specific terms of each Tranche (including the Issuer Date, issue price, first interest payment and the nominal amount of the Tranche), shall be specified in the Pricing Supplement.

Currencies:

Subject to compliance with all applicable laws, regulations and directives, the Notes may be issued in euros, U.S. dollars, Japanese yen, Swiss francs, pounds sterling and in any other currency as may be agreed by the Issuer and the relevant dealer(s).

Denomination(s):

The Notes shall have the denomination(s) specified in the applicable Pricing Supplement (the Specified Denomination(s)). Dematerialised Notes shall be issued in one Specified Denomination only.

Status of the Notes:

The Notes and, if any, the related Receipts and Coupons constitute direct, unconditional, unsubordinated and (subject as provided in the paragraph below) unsecured obligations of the Issuer which rank (subject to mandatory legal exceptions) pari passu amongst themselves and pari passu with any other present or future, unsubordinated and unsecured obligation of the Issuer.

Negative pledge:

As long as Notes or, if any, Receipts or Coupons linked to the Notes will remain outstanding, the Issuer shall not grant or permit to subsist any mortgage, pledge, privilege, lien or any other security interest upon any of its assets or revenues, present or future, in order to secure any present or future indebtedness, represented by bonds, securities or other negotiable instruments with a maturity greater than one year and which are (or are able to be) listed, admitted to trading, or traded on an exchange, an OTC market or any other securities market, unless the obligations of the Issuer under the Notes and, if any, Coupons and Receipts, benefit from an equivalent and pari passu security interest.

Events of Default:

a) if the Issuer defaults in any payment of any amount due under any Note on the due date for payment thereof or, as the case may be, of gross-up in the case of the Notes becoming subject to withholding or deduction; or

b) if the Issuer defaults in any payment or redemption of an amount in excess of 75 million euros (or its equivalent in any other currency) with respect to any bank or bond indebtedness on its due or anticipated redemption date and after any applicable grace period, and/or with respect to one (or several) security interest(s) granted by third parties to secure
any bank or bond indebtedness when such security 
interest(s) is (are) due and is (are) duly called; or 
c) if there is a default by the Issuer in the due 
performance of any other provision of the Terms of 
the Notes; or 
except in some cases and in particular if the Issuer gives 
notice to the Fiscal Agent prior to expiry of the relevant 
period (if a period is specified) that, in order to remedy the 
breach(es), it is necessary for a resolution to be adopted to 
authorise the payment of unforeseen or additional budgetary 
resolution in respect of debt service costs. 
d) if the Issuer is unable to meet its mandatory 
expenses or declare in writing that it admits such 
inability; or 
e) if the legal status or regime of the Issuer is amended 
(including as a result of a legislative or regulatory 
change including where the Issuer loses its status of 
legal entity governed by public law), to the extent 
that in each case, such change reduces the rights of 
the Noteholders against the Issuer or makes more 
difficult or more expensive actions of the 
Noteholders against the Issuer. 

Redemption Amount: 
Except in the case of early redemption or purchase and 
cancellation, the Notes shall be redeemed at the Maturity 
Date specified in the applicable Pricing Supplement and at 
the Final Redemption Amount. 

Optional Redemption: 
The Pricing Supplement prepared in respect of each issue of 
Notes will indicate whether or not such Notes may be 
redeemed at the option of the Issuer (as a whole or in part) 
and/or at the option of the Noteholders before their expected 
maturity date, and if so, the terms applicable to such 
redemption. 

Redemption in Instalments: 
The Pricing Supplement relating to Notes redeemable in two 
or several instalments shall specify the dates on which such 
Notes may be redeemed and the amounts to be redeemed. 

Early Redemption: 
Subject to the provisions of the “Optional Redemption” 
paragraph above, the Notes shall only be subject to early 
redemption at the option of the Noteholder for tax reasons 
and/or illegality. 

Withholding tax: 
All payments of principal, interest or other amounts linked 
to the Notes, Receipts or Coupons by or on behalf of the 
Issuer shall be made without any withholding or deduction 
for any taxes or duties whatsoever, imposed, levied or 
collected by or on behalf of France or any authority therein
or thereof having power to levy taxes, unless such withholding or deduction is required by law.

If French law should require that payments of principal or interest in respect of any Note, Receipt or Coupon be subject to withholding or deduction with respect to any taxes or duties whatsoever, present or future, the Issuer shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holders of Notes, Receipts and Coupons receive the full amount that would have been payable in the absence of such deduction; subject to certain exceptions described further in the section “Terms of the Notes - Taxation” of this Offering Circular.

**Interest Periods and Rates:**

For each Series, the duration of interest periods of the Notes, the applicable interest rate and its method of calculation may vary or stay the same, as the case may be. The Notes may have a maximum interest rate, a minimum interest rate or both at the same time, it being specified that under no circumstances can the Coupon Amount relating to each Note be less than zero. The Notes may bear interest at different rates during the same interest period through the use of accrual interest periods. All this information shall be included in the applicable Pricing Supplement.

**Fixed Rate Notes:**

Fixed interests will be payable in arrear at the date(s) for each period indicated in the applicable Pricing Supplement.

**Floating Rate Notes:**

Floating Rate Notes will bear interest at the determined rate for each Series as follows:

(a) on the same basis than the floating rate indicated in the relevant applicable Pricing Supplement to a notional interest rate exchange transaction in the relevant Specified Currency, pursuant to the *Fédération Bancaire Française* (the FBF) Master Agreement dated June 2013 relating to transactions on forward financial instruments supplemented by the Technical Schedules published by the FBF, or

(b) on the same basis as the floating rate applicable to a notional interest rate exchange transaction, in accordance with an agreement incorporating either the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (“ISDA”), or the latest version of the 2021 ISDA Interest Rate Derivatives Definitions, as published by ISDA, as specified in the applicable Pricing Supplement, or

(c) by reference to EURIBOR (or TIBEUR in French) or the CMS rate, or
in the event of disappearance of a benchmark, by reference to the successor rate or alternative rate determined by the independent adviser appointed by the Issuer in accordance with the Terms of the Notes, in each case, as adjusted according to margins potentially applicable and paid at the dates indicated in the applicable Pricing Supplement.

**Fixed/Floating Rate Notes:**

Each Fixed/Floating Rate Note bears interest at a rate (i) that the Issuer may decide to convert on the date indicated in the applicable Pricing Supplement from a Fixed Rate to a Floating Rate or from a Floating Rate to a Fixed Rate, or (ii) that shall be automatically converted from a Fixed Rate to a Floating Rate or from a Floating Rate to a Fixed Rate on the date specified in the applicable Pricing Supplement.

**Benchmark discontinuation:**

If a Benchmark Event occurs such that any interest rate cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the relevant Pricing Supplement, then the Issuer shall make reasonable efforts to appoint an independent adviser to determine a successor rate, an alternative rate or a screen rate. See Condition 4.3(c)(iv) of the Terms of the Notes “Discontinuation of the Benchmark” for further details.

**Zero Coupon Notes:**

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

**Consolidation:**

Notes of one Series may be consolidated with Notes of another Series, as more fully described in paragraph “Terms of the Notes – Form, denomination, title, redenomination and consolidation”.

**Form of the Notes:**

The Notes may be issued either in dematerialised form (Dematerialised Notes) or in materialised form (Materialised Notes).

Dematerialised Notes may be, at the option of the Issuer, issued in bearer form (au porteur) or in registered form (au nominatif) and, in such case, at the option of the relevant Noteholder, either in fully registered form (au nominatif pur) or in administered registered form (au nominatif administré). No document materialising the title of the Notes will be issued.

Materialised Notes will only be in bearer form. A Temporary Global Certificate in respect of each Tranche of Materialised Notes will be initially issued. Materialised Notes may only be issued outside France.

**Governing Law:**

French law. Any claims against relating to the Notes, Receipts, Coupons or Talons shall be subject to the
jurisdiction of the competent courts of the Paris Court of Appeal (subject to mandatory rules regarding territorial jurisdiction of French courts). No private law enforcement measures may be instigated and no seizure or attachment proceedings may be brought against the assets or property of the Issuer, as a public law legal entity.

Noteholder Representation:

The Noteholders shall, in respect of all Tranches of a single Series, be grouped together automatically for the defence of their common interests in a masse (the Masse). The Masse shall be governed by the provisions of Articles L.228-46 et seq. of the French Code de commerce, with the exception of article L.228-71 (except for Notes with a nominal value less than €100,000 (or a countervalue in another currency) and issued in France) and R. 228-69 of the French Code de Commerce, as supplemented by the Terms of the Notes.

The Masse shall act in part through a representative (the Representative) and in part through the collective decisions of the Noteholders (Collective Decisions). The name and address of the Masse Representative shall be indicated in the relevant Pricing Supplement. The Representative designated for the first Tranche of a Series of Notes shall be the sole Representative of the Masse for all Tranches of this Series.

Collective Decisions shall be adopted by a general meeting or by approval following written consultation.

For as long as the Notes are held by a single Noteholder, the relevant Noteholder will exercise all of the powers devolved to the Masse by the provisions of the French Code de Commerce, as supplemented by the Terms of the Notes.

The Issuer must hold (or arrange for any authorised agent to hold) a register of all decisions adopted by the sole Noteholder in this capacity, and must make it available to any subsequent Noteholder on request. Whenever the Notes of a Series are held by more than one Noteholder, a Representative shall be appointed by the noteholders’ general meeting or, for Notes with a nominal value of greater than 100,000 euros or if the applicable Pricing Supplement specifies that “Issue outside France” is applicable, by the Issuer.

Clearing systems:

Euroclear France as a central depositary in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.

Admission to trading:

On Euronext Paris and/or on any other Regulated Market in the European Economic Area (EEA) and/or on a non-regulated market which may be specified in the applicable...
Pricing Supplement. The applicable Pricing Supplement may provide that a Series of Notes shall not be admitted to trading.

Rating:

The Programme has been granted an AA rating by S&P Global Ratings Europe Limited (S&P). Notes issued under the Programme may be rated or not. The rating of the Notes, if any, shall be specified in the applicable Pricing Supplement. The rating of the Notes may not necessarily be the same as that of the Programme. A rating is not a recommendation to buy, sell or hold Notes and may be suspended, amended or withdrawn at any time by the relevant rating agency.

At the date of the Offering Circular, S&P is established in the European Union and registered pursuant to Regulation (EC) No. 1060/2009 of the European Parliament and the Council dated 16 September 2009 on credit rating agencies as amended (the CRA Regulation) and is included on the list of rating agencies published by the European Securities and Markets Authority on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation.

Selling Restrictions:

There are restrictions relating to the sale of Notes and the distribution of the offering materials in different jurisdictions, please refer to the section “Subscription and Sale”.

The Issuer is Category 1 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.
SUPPLEMENT TO THE OFFERING CIRCULAR

Any new material fact or any material error or inaccuracy concerning the information contained in this Offering Circular, which may have a substantial impact on any assessment of the Notes and which occurs or becomes apparent after the date of this Offering Circular, may be mentioned in a supplement to this Offering Circular. The Issuer undertakes to give to each Dealer at least one copy of this supplement. No supplement shall be prepared in relation to the information referred to in paragraph II of the section “Documents incorporated by reference”.

Any Offering Circular supplement shall be (a) published on the dedicated page of the Issuer’s website (https://www.auvergnerhonealpes.fr/221-les-publications.html) and (b) shall be available for inspection and obtaining copies, free of charge, during normal office hours, on any day of the week (except Saturdays, Sundays and public holidays) at the designated offices of the Fiscal Agent or the Paying Agent(s).
DOCUMENTS INCORPORATED BY REFERENCE

I. This Offering Circular should be read and construed in conjunction with the following documents which have previously been published. These documents are incorporated in this Offering Circular and are deemed to form part hereof:

(a) the section "Terms of the Notes" on pages 34 to 61 of the base prospectus of Région Rhône-Alpes dated 16 July 2013 in respect of which the AMF issued visa no. 13-367 dated 16 July 2013 (the 2013 Terms of the Notes);

(b) the section "Terms of the Notes" on pages 38 to 66 and the Form of Pricing Supplement on pages 124 to 140 of the base prospectus of Région Rhône-Alpes dated 19 December 2014 in respect of which the AMF issued visa no. 14-660 dated 19 December 2014 (the 2014 Terms of the Notes);

(c) the section “Terms of the Notes” on pages 40 to 70 of the base prospectus of Région Rhône-Alpes dated 6 September 2016 and approved by the French Autorité des marchés financiers under number 16-421 on 6 September 2016 (the 2016 Terms of the Notes);

(d) the section “Terms of the Notes” on pages 49 to 80 of the base prospectus of Région Rhône-Alpes dated 19 October 2018 and approved by the French Autorité des marchés financiers under number 18-488 on 6 October 2018 (the 2018 Terms of the Notes);

(e) the section “Terms of the Notes” on pages 28 to 64 of the offering circular of Région Auvergne-Rhône-Alpes dated 23 September 2019 (the 2019 Terms of the Notes); and

(f) the section “Terms of the Notes” on pages 29 to 64 of the offering circular of Région Auvergne-Rhône-Alpes dated 30 September 2020 (the 2020 Terms of the Notes).

The 2013 Terms of the Notes, the 2014 Terms of the Notes, the 2016 Terms of the Notes, the 2018 Terms of the Notes, the 2019 Terms of the Notes and the 2020 Terms of the Notes are incorporated by reference solely for the purposes of issuances of fungible Notes forming a single series with Notes already issued under the 2013 Terms of the Notes, the 2014 Terms of the Notes, the 2016 Terms of the Notes, the 2018 Terms of the Notes, the 2019 Terms of the Notes or the 2020 Terms of the Notes.

II. The following documents, which shall be published on the dedicated page of the Issuer’s website (https://www.auvergnerhonealpes.fr/221-les-publications.htm) after the date of this Offering Circular, shall be deemed to be incorporated by reference and to form an integral part thereof as from their date of publication:

- the latest up-to-date version of the Issuer’s administrative accounts; and
- the latest up-to-date version of the Issuer’s (primary or supplemental) budget.

III. Investors are deemed to be aware of all information contained in the documents incorporated by reference (or deemed to be incorporated by reference) in this Offering Circular, as if such information were included in this Offering Circular. Investors who have not made themselves aware of such information should do so before investing in any Notes.

For as long as Notes issued under the Programme are outstanding, the 2013 Terms of the Notes, the 2014 Terms of the Notes, the 2016 Terms of the Notes, the 2018 Terms of the Notes, the 2019 Terms of the Notes and the 2020 Terms of the Notes will be (a) published on the dedicated page of the Issuer’s website (https://www.auvergnerhonealpes.fr/221-les-publications.htm) and (b) available to be viewed and copied, free of charge, during normal working hours and days, on any day of the week (with the exception of
Saturdays, Sundays and public holidays) at the Issuer’s registered office and at the designated premises of the Paying Agent(s).
TERMS OF THE NOTES

The following is the text of the terms and conditions that, subject to amendment or completion in accordance with the provisions of the applicable Pricing Supplement, shall apply to the Notes (the Terms of the Notes).

In the case of Dematerialised Notes, the text of the Terms of the Notes shall not appear on the reverse side of the Physical Notes evidencing title thereto, but shall be constituted by the following text as completed by the provisions of the applicable Pricing Supplement.

In the case of Materialised Notes, either (i) the full text of these Terms of the Notes together with the relevant provisions of the applicable Pricing Supplement (as the same may be simplified by deletion of non-applicable terms) or (ii) the complete text of the Terms of the Notes, shall appear on the reverse side of the Physical Notes. All terms beginning with a capital letter and not defined in these Terms of the Notes shall have the meaning given to them in the applicable Pricing Supplement. References made in the Terms of the Notes refer to the Notes of a single Series and not to all Notes as may be issued under the Programme. The Notes constitute bonds (obligations) as defined under French law.

The Pricing Supplement in relation to a tranche of Notes may specify other terms which replace or amend one or more of the provisions of the Terms of the Notes below.

The Notes are issued by Région Auvergne-Rhône-Alpes (the Issuer or Région Auvergne-Rhône-Alpes) in series (each a Series), on the same issue date or on different issue dates. The terms and conditions of the Notes of any Series shall (with the exception of the issue date, the issue price, the nominal amount and the first interest payment) be identical, the Notes of each Series being fungible. Each Series may be issued in tranches (each a Tranche), on the same issue date or on different issue dates. The specific terms of each Tranche (including the issue date, the issue price, the first interest payment and the nominal amount of the Tranche), shall be set forth in the pricing supplement (the Pricing Supplement) supplementing this Offering Circular. A fiscal agency agreement (as amended and supplemented, the Fiscal Agency Agreement) relating to the Notes was entered into on 14 September 2021 between the Issuer, BNP Paribas Securities Services as fiscal agent and principal paying agent and the other agents appointed therein. The fiscal agent, the paying agents and the calculation agent(s) for the time being (where relevant) are referred to below respectively as the Fiscal Agent, the Paying Agents (such term including the Fiscal Agent) and the Calculation Agent(s). Holders of interest coupons (Coupons) relating to interest-bearing Materialised Notes and, if applicable to such Notes, talons for additional Coupons (Talons), and holders of receipts relating to payments by instalment of the principal of Materialised Notes (the Receipts) which principal is redeemable by instalments shall be respectively referred to as the Coupon holders and the Receipt holders.

Any reference below to Condition refers to the numbered conditions below, unless the context requires otherwise.

1. FORM, DENOMINATION, TITLE, REDENOMINATION AND CONSOLIDATION

1.1 Form

The Notes may be issued either in dematerialised form (Dematerialised Notes) or in materialised form (Materialised Notes), as specified in the applicable Pricing Supplement.

(a) Title to Dematerialised Notes is evidenced by entry in an account, in accordance with articles L.211-3 et seq. of the French Code monétaire et financier. No physical document of title (including certificates of title in accordance with article R.211-7 of the French Code monétaire et financier) shall be issued in respect of Dematerialised Notes.
Dematerialised Notes (as defined in articles L.211-3 et seq. of the French Code monétaire et financier) are issued, at the option of the Issuer, either in bearer form, inscribed in the books of Euroclear France (acting as central depositary) which shall credit the accounts of the Account Holders, or in registered form, and in such case either, at the option of the relevant Noteholder, in administered registered form (au nominatif administré), entered in the accounts of an Account Holder nominated by the relevant holder of the Notes, or in pure registered form (au nominatif pur), entered in an account maintained by the Issuer or any registration agent (specified in the applicable Pricing Supplement) acting on behalf of the Issuer (the Registration Agent).

In these Terms, Account Holder means any financial intermediary authorised to hold securities accounts, directly or indirectly, with Euroclear France and includes Euroclear Bank SA/NV, as operator of the Euroclear system (Euroclear) and Clearstream Banking S.A. (Clearstream).

(b) Materialised Notes are issued in bearer form only. Materialised Notes represented by physical notes (Physical Notes) are numbered in series and issued with Coupons (and, if applicable, with a Talon) attached, except in the case of Zero Coupon Notes in respect of which references to interest (except in relation to interest due after the Maturity Date), Coupons and Talons in these Terms shall not apply. In accordance with articles L.211-3 et seq. of the French Code monétaire et financier, financial securities (such as Notes which constitute obligations as defined under French law) in materialised form and governed by French law must be issued outside France. Instalment Notes are issued with one or more Receipts attached.

The Notes may be Fixed Rate Notes, Floating Rate Notes, Fixed/Floating Rate Notes, Instalment Notes and Zero-Coupon Notes.

1.2 Denomination

The Notes shall be issued in the specified denominations specified in the applicable Pricing Supplement (the Specified Denomination(s)). Dematerialised Notes must be issued in one single Specified Denomination.

1.3 Title

(a) Title to Dematerialised Notes in bearer form and in administered registered form (au nominatif administré) passes, and such Notes may only be transferred, by registration of the transfer in the books of the Account Holders. Title to Dematerialised Notes in pure registered form (au nominatif pur) passes, and such Notes may only be transferred, by registration of the transfer in the books held by the Issuer or the Registration Agent.

(b) Title to Physical Notes with, if applicable, Coupons, Receipts and/or a Talon attached at issue, is transferred by delivery.

(c) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below under paragraph (d)) of any Note, Coupon, Receipt or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or any right over or interest in such Note, Coupon, Receipt or Talon, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

(d) In these Terms:
Noteholder or, as appropriate, holder of a Note means (i) in the case of Dematerialised Notes, the person whose name is recorded in the books of the relevant Account Holder, the Issuer or the Registration Agent (as applicable) as being the owner of such Notes, and (ii) in the case of Physical Notes, any holder of any Physical Note and the related Coupons, Receipts or Talons.

outstanding means, in respect of Notes of any Series, all of the Notes in issue other than (i) those that have been redeemed in accordance with these Terms, (ii) those in respect of which the redemption date has passed and the redemption amount (including interest accrued on such Notes up to the redemption date and all interest payable after such date) has been duly paid in accordance with the provisions of Condition 6, (iii) those that are no longer valid or in respect of which the limitation period has expired, (iv) those that have been repurchased and cancelled in accordance with Condition 5.8, (v) those that have been repurchased and retained in accordance with Condition 5.7, (vi) in the case of Physical Notes, (A) all damaged or defaced Physical Notes that have been exchanged for replacement Physical Notes, (B) (for the sole purpose of determining the number of Physical Notes outstanding and without prejudice to their status for any other purpose) any allegedly lost, stolen or destroyed Physical Notes for which replacement Physical Notes have been issued and (C) any Temporary Global Certificate to the extent that it has been exchanged for one or more Physical Notes in accordance with its terms.

Terms beginning with a capital letter shall have the meaning given to them in the applicable Pricing Supplement. Where no definition is given, such term does not apply to the Notes.

1.4 Redenomination

The Issuer may (if so specified in the applicable Pricing Supplement), without the consent of the holder of any Note, Coupon or Talon, by giving notice in accordance with Condition 14 at least 30 calendar days in advance, redenominate in euros all (and not some only) of the Notes of each Series, on any date from which (i) the member State of the European Union (the EU) in whose currency the Notes are denominated becomes a Member State of the Economic and Monetary Union (as defined in the Treaty establishing the European Community (the EC), as amended (the Treaty)) or (ii) events that may have substantially the same effect have occurred, and convert the aggregate nominal amount and the specified denomination set forth in the applicable Pricing Supplement. The date on which this redenomination becomes effective shall be defined in these Terms as the Redenomination Date. The redenomination of the Notes shall be done by converting the nominal amount of the issue and the nominal value of each Note denominated in the relevant national currency into euro by using the fixed conversion rate between this national currency and euro as set out by the Council of the European Union pursuant to article 123 (4) of the Treaty and by rounding the resulting number to the nearest euro cent (0.005 euro being rounded up to the nearest euro cent). If the Issuer decides so, the resulting number of the conversion of the issue's nominal amount and the nominal amount of each Note after application of the fixed conversion rate between such national currency and euro may be rounded to the nearest lower euro. The nominal amount of the issue and the nominal value of the Notes in euro thus determined shall be notified to the Noteholders pursuant to Condition 14. Any remainder in cash resulting from the redenomination of a value above 0.01 euro shall be paid through a cash portion rounded to the nearest euro cent (0.005 euro being rounded up to the nearest euro cent). Such a cash portion shall be payable in euros at the Redenomination Date under the method notified by the Issuer to the relevant Noteholders. Following a redenomination of Notes, any reference hereunder to the relevant national currency shall be interpreted as a reference to the euro.
1.5 **Consolidation**

The Issuer shall (if specified in the relevant Pricing Supplement), on each Interest Payment Date occurring after the redenomination date, with the prior consent of the Fiscal Agent (which may not be unreasonably withheld) and without the consent of the Noteholders or Coupon holders, by giving notice to the Noteholders as least 30 calendar days in advance in accordance with Condition 14, have the right to consolidate the Notes of a Series denominated in euros with the Notes of one or more other Series in issue, whether or not such Notes were initially issued in one of the European national currencies or in euros, provided that such other Notes have been redenominated in euros (if this was not the case initially) and also have, for all periods following such consolidation, the same terms and conditions as the Notes.

2. **CONVERSION AND EXCHANGE OF NOTES**

1.1 **Dematerialised Notes**

(a) Dematerialised Notes issued in bearer form cannot be converted into Dematerialised Notes in registered form, whether in pure registered form (au nominatif pur) or in administered registered form (au nominatif administré).

(b) Dematerialised Notes issued in registered form cannot be converted into Dematerialised Notes in bearer form.

(c) Dematerialised Notes issued in pure registered form (au nominatif pur) may, at the option of the Noteholder, be converted into Notes in administered registered form (au nominatif administré), and vice versa. Such option must be exercised by the Noteholder in accordance with article R.211-4 of the French Code monétaire et financier. Any costs relating to such conversion shall be borne by the relevant Noteholder.

1.2 **Materialised Notes**

Materialised Notes of a Specified Denomination cannot be exchanged for Materialised Notes of another Specified Denomination.

3. **STATUS AND NEGATIVE PLEDGE**

The Notes and, if applicable, the related Receipts and Coupons, constitute direct, unconditional, unsubordinated and (subject to the paragraph below) unsecured obligations of the Issuer ranking (subject to mandatory exceptions imposed by law) equally between themselves and equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

For as long as the Notes, or, as the case may be, any related Receipts or Coupons attached thereto, are outstanding, the Issuer shall not grant or permit to subsist any mortgage, pledge, lien or other form of security interest upon any assets, rights or revenues, present or future, to secure any borrowing, present or future, represented by bonds, securities or other negotiable instrument which are (or may be) listed, admitted to trading or traded on a stock exchange, a stock exchange, an over-the-counter market or any other securities market, unless the obligations of the Issuer under the Notes and, as the case may be, the Receipts and Coupons, benefit from equivalent and equal ranking security.
4. CALCULATION OF INTEREST AND OTHER CALCULATIONS

4.1 Definitions

In these Terms, unless the context requires otherwise, the terms defined below shall have the following meaning:

Reference Banks (Banques de Référence) means the institutions specified in the applicable Pricing Supplement or, if none is specified, four prime banks selected by the Calculation Agent on the interbank market (or if necessary, on the money market, the swaps market or the over-the-counter index options market) with the closest connection to the Benchmark (which, if the relevant Benchmark is EURIBOR (TIBEUR in French) shall be the Euro-zone and if the Benchmark is the CMS Rate, shall be the swaps market of the Relevant Financial Centre).

Interest Period Commencement Date (Date de Début de Période d'Intérêts) means the Issue Date of the Notes or any other date referred to in the applicable Pricing Supplement.

Coupon Determination Date (Date de Détermination du Coupon) means, in respect of an Interest Rate and an Interest Accrual Period, the date specified as such in the applicable Pricing Supplement or, if no date is specified (a) the day falling two TARGET Business Days before the first day of such Interest Accrual Period if the Specified Currency is the Euro or (b) the first day of such Interest Accrual Period if the Specified Currency is pounds sterling or (c) if the Specified Currency is neither pounds sterling nor the Euro, the day falling two Business Days in the city specified in the applicable Pricing Supplement preceding the first day of such Interest Accrual Period.

Issue Date (Date d'Emission) means, in respect of a Tranche, the settlement date of the Notes.

Interest Payment Date (Date de Paiement du Coupon) means the date(s) referred to in the applicable Pricing Supplement.

Interest Accrual Period Date (Date de Période d'Intérêts Courus) means each Interest Payment Date unless provided otherwise in the applicable Pricing Supplement.

Relevant Date (Date de Référence) means in respect of any Note, Receipt or Coupon, the date on which the amount payable under such Note, Receipt or Coupon becomes due and payable or (if any amount due and payable is improperly withheld or refused) the date on which the outstanding amount is paid in full or (in the case of Materialised Notes, if such date falls earlier) the day falling seven calendar days after the date on which the holders of such Materialised Notes have been notified that, upon further presentation of such Materialised Note, Receipt or Coupon being made in accordance with the Terms, such payment will be made, provided however that the payment is in fact made on such presentation.

Effective Date (Date de Valeur) means, in respect of a Floating Rate to be determined on any Coupon Determination Date, the date specified in the applicable Pricing Supplement, or, if no date is specified, the first day of the Interest Accrual Period to which such Coupon Determination Date relates.

FBF Definitions (Définitions FBF) means the definitions referred to in the FBF June 2013 Master Agreement relating to transactions on forward financial instruments, as supplemented by the Technical Schedules, as published by the Fédération Bancaire Française (together the FBF Master Agreement) as amended, as the case may be, at the Issue Date.
2006 ISDA Definitions (Définitions ISDA 2006) means the ISDA 2006 definitions, as published by the International Swaps and Derivatives Association, Inc. as amended, as the case may be, at the Issue Date.

2021 ISDA Definitions (Définitions ISDA 2021) means the 2021 ISDA Interest Rate Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc., as amended, as the case may be, at the Issue Date.

Specified Currency (Devise Prévue) means, the currency referred to in the applicable Pricing Supplement.

Specified Duration (Durée Prévue) means, with respect to any Floating Rate to be determined by Screen Rate Determination on any Coupon Determination Date, the period specified in the applicable Pricing Supplement, or if no period is specified, a period equal to the Interest Accrual Period, ignoring any adjustment pursuant to Condition 4.3(b).

Relevant Time (Heure de Référence) means, with respect to any Coupon Determination Date, the local time in the Relevant Financial Centre specified in the applicable Pricing Supplement or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency on the interbank market in the Relevant Financial Centre. For this purpose, local time means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, 11.00 a.m. (Brussels time).

Business Day (Jour Ouvré) means:

(a) in the case of the euro, a day on which the Trans-European automated real-time gross settlement express transfer system (TARGET 2) (TARGET), or any system that replaces such system, is operating (a TARGET Business Day); and/or

(b) in the case of a Specified Currency other than the euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(c) in the case of a Specified Currency and/or one or more business centre(s) specified in the applicable Pricing Supplement (the Business Centre(s)), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the currency of the Business Centre(s).

Margin means, for an Interest Accrual Period, the percentage or the number for the relevant Interest Accrual Period, as indicated in the relevant Pricing Supplement; it is specified that it may have a positive or negative value or be equal to zero.

Day Count Fraction (Méthode de Décompte des Jours) means, in respect of the calculation of an amount of coupon on any Note for any period of time (from (and including) the first day of such period to (but excluding) the last day in such period) (whether or not constituting an Interest Period, the Calculation Period):

(a) if Actual/365 or Actual/365-FBF or Actual/Actual-ISDA is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
(b) if Actual/Actual-ICMA is specified in the applicable Pricing Supplement:

(i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Periods that would normally end in one year; and

(ii) if the Calculation Period is longer than the Determination Period, the sum:

(A) of the number of days in such Calculation Period falling in the Determination Period during which it begins, divided by the product (I) of the number of days in such Determination Period and (II) the number of Determination Periods that would normally end in one year; and

(B) the number of days in such Calculation Period falling in the following Determination Period, divided by the product (I) of the number of days in such Determination Period and (II) the number of Determination Periods that would normally end in one year,

in each case, Determination Period means the period beginning on a Coupon Determination Date (included) in any year and ending on the next Coupon Determination Date (excluded) and Coupon Determination Date means the date specified in the applicable Pricing Supplement, or if no date is specified, the Interest Payment Date;

(c) if Actual/Actual-FBF is specified in the applicable Pricing Supplement, the fraction of which the numerator is the actual number of days during such period and the denominator is 365 (or 366 if 29th February is included in the Calculation Period). If the Calculation Period is longer than one year, the basis shall be determined as follows:

(i) the number of complete years shall be counted back from the last day of the Calculation Period;

(ii) this number is increased by the fraction for the relevant period calculated as provided in the first paragraph of this definition;

(d) if Actual/365 (Fixed) is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;

(e) if Actual/360 is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;

(f) if 30/360, 360/360 or Bond Basis is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 (i.e. the number of days to be calculated based on a 360 day year of 12 months of 30 days each (unless (i) the last day of the Calculation Period is the 31st day of a month and the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month in which the last day falls shall not be reduced to a thirty day month or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be extended to a thirty day month));

(g) if 30/360 - FBF or Actual 30A/360 (American Bond Basis) is specified in the applicable Pricing Supplement, then, in respect of each Calculation Period, the fraction of which the denominator is 360 and the numerator is the number of days calculated in the same manner as the 30E/360 – FBF basis, except in the following case:
where the last day of the Calculation Period is the 31st and the first is neither a 30th nor a 31st, the last month of the Calculation Period shall be deemed to be a month of 31 days.

The fraction is:

\[ s_{ij}^2 = 31 \times t_{ij} - 1 \neq (30,31) \]

then:

\[ \frac{1}{360} \times \left( (a^2 - a^1) \times 360 + (m^2 - m^1) \times 30 + \left( j^2 - j^1 \right) \right) \]

or:

\[ \frac{1}{360} \times \left( (a^2 - a^1) \times 360 + (m^2 - m^1) \times 30 + \min\left( j^2, 30 \right) - \min\left( j^1, 30 \right) \right) \]

where:

- \( D_1(j^1, m^1, a^1) \) is the period commencement date;
- \( D_2(j^1, m^2, a^2) \) is the period end date;

(h) if \( 30E/360 \) or **Euro Bond Basis** is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated based on a 360 day year of 12 months of 30 days each, ignoring the date on which the first or last day of the Calculation Period falls, unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be extended to a thirty day month) and;

(i) if \( 30E/360 - FBF \) is specified in the applicable Pricing Supplement, then, in respect of each Calculation Period, the fraction of which the denominator is 360 and the numerator is the number of days in such period, calculated on the basis of a year of 12 months of 30 days, except in the following case:

If the last day of the Calculation Period is the last day of the month of February, the number of days in such month is the exact number of days.

Using the same defined terms as used for 30/360 - FBF, the fraction is:

\[ \frac{1}{360} \times \left( (a^2 - a^1) \times 360 + (m^2 - m^1) \times 30 + \min\left( j^2, 30 \right) - \min\left( j^1, 30 \right) \right) \]

**Coupon Amount (Montant de Coupon)** means the amount of interest due and, in the case of Fixed Rate Notes, the Fixed Coupon Amount or the Broken Amount, (as defined under Condition 4.2), as the case may be, as specified in the applicable Pricing Supplement.

**Representative Amount (Montant Donné)** means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on a Coupon Determination Date, the amount specified as such on that date in the applicable Pricing Supplement or, if none is
specified, an amount that is representative for a single transaction in the relevant market at the time.

**Screen Page (Page Ecran)** means any page, section, heading, column or any other part of a document supplied by any information service (including without limitation Thomson Reuters (Reuters)) as may be nominated to provide a Relevant Rate or any other page, section, heading, column or any other part of a document of such information service or any other information service as may replace it, in each case as nominated by the entity or organisation providing or responsible for the dissemination of the information appearing on such service to indicate rates or prices comparable to the Relevant Rate, as specified in the applicable Pricing Supplement.

**Interest Period (Période d'Intérets)** means the period beginning on (and including) the Interest Period Commencement Date and ending on (but excluding) the first Interest Payment Date as well as each subsequent period beginning on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date.

**Interest Accrual Period (Période d'Intérets Courus)** means the period beginning on (and including) the Interest Period Commencement Date and ending on (but excluding) the first Interest Accrual Period Date as well as each subsequent period beginning on (and including) an Interest Accrual Period Date and ending on (but excluding) the following Interest Accrual Period Date.

**Relevant Financial Centre (Place Financière de Référence)** means, in respect of a Floating Rate to be determined in accordance with a Screen Rate Determination on a Coupon Determination Date, such financial centre as may be specified in the applicable Pricing Supplement or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR (TIBEUR in French), shall be the Euro-zone and in the case of the CMS Rate, shall be the relevant financial centre related to the Specified Currency) or, failing which, Paris.

**Benchmark (Référence de Marché)** means the relevant rate (EURIBOR (or TIBEUR in French) or the CMS Rate) as specified in the applicable Pricing Supplement.

**Interest Rate (Taux d’Intérêt)** means the interest rate payable on the Notes and which is either specified or calculated in accordance with the provisions of these Terms, as supplemented by the applicable Pricing Supplement.

**Relevant Rate (Taux de Référence)** means the Benchmark for a Representative Amount in the Specified Currency for a period equal to the Specified Duration commencing on the Effective Date (if such period is applicable to or compatible with the Benchmark).

**Euro-zone (Zone Euro)** means the region occupied by the Member States of the EU that have adopted the single currency in accordance with the Treaty.

### 4.2 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest calculated on its outstanding nominal amount, as from the Interest Period Commencement Date, at an annual rate (expressed as a percentage) equal to the Interest Rate, payable in arrears on each Interest Payment Date, as specified in the applicable Pricing Supplement.

If a fixed coupon amount (Fixed Coupon Amount) or broken amount (Broken Amount) is specified in the applicable Pricing Supplement, the Coupon Amount payable on each Interest Payment Date shall be equal to the Fixed Coupon Amount or, if applicable, the Broken Amount
as specified, it shall be payable on the Interest Payment Date(s) specified in the applicable Pricing Supplement.

4.3 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note shall bear interest calculated on its unredeemed nominal amount, as from the Interest Period Commencement Date, at an annual rate (expressed as a percentage) equal to the Interest Rate, payable in arrears (unless provided otherwise in the Pricing Supplement) on each Interest Payment Date. Such Interest Payment Date(s) shall be specified in the applicable Pricing Supplement or, if no Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, Interest Payment Date shall mean each date falling at the end of such number of months or at the end of such other period as is specified in the applicable Pricing Supplement as being the Interest Period, falling after the preceding Interest Payment Date and, in the case of the first Interest Payment Date, falling after the Interest Period Commencement Date.

(b) Business Day Convention

If any date referred to in these Terms, that is specified to be subject to adjustment in accordance with a Business Day Convention, would otherwise fall on a day that is not a Business Day, then, if the applicable Business Day Convention is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each such subsequent date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(c) Interest Rate for Floating Rate Notes

The Interest Rate applicable to Floating Rate Notes for each Interest Accrual Period shall be determined in compliance with the provisions below relating to either FBF Determination or Screen Rate Determination or ISDA Determination shall apply, as specified in the applicable Pricing Supplement.

(i) FBF Determination for Floating Rate Notes

Where FBF Determination is specified in the applicable Pricing Supplement as being the method applicable for the determination of the Interest Rate, the Interest Rate applicable to each Interest Accrual Period shall be determined by the Agent as being a rate equal to the relevant FBF Rate plus or minus, as the case may be (as specified in the applicable Pricing Supplement), the Margin. For the purposes of this sub-paragraph (i), "FBF Rate" in respect of an Interest Accrual Period means a rate equal to the Floating Rate as determined by the Agent for a swap transaction entered into pursuant to an FBF Master Agreement supplemented by the Interest Rate or Currency Swaps Technical Schedule under the terms of which:
(A) the relevant Floating Rate is as specified in the applicable Pricing Supplement; and

(B) the Floating Rate Determination Date is as specified in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (i), "Floating Rate", "Agent", and "Floating Rate Determination Date" shall have the meanings given thereto in the FBF Definitions.

If the paragraph "Floating Rate" in the applicable Pricing Supplement provides that the interest rate shall be determined by linear interpolation in respect of an Interest Period, the Interest Rate applicable to such Interest Period shall be calculated by the Calculation Agent by linear interpolation between two (2) interest rates based on the relevant Floating Rate, provided that the first interest rate corresponds to a maturity immediately inferior to the duration of the relevant Interest Period and the second rate corresponds to a maturity immediately superior to the same relevant Interest Period.

(ii) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as being the method applicable for the determination of the Interest Rate, the Interest Rate applicable to each Interest Accrual Period shall be determined by the Calculation Agent as being a rate equal to the relevant ISDA Rate plus or minus, as the case may be (as specified in the applicable Pricing Supplement), the Margin.

For the purposes of this sub-paragraph (ii), the ISDA Rate in respect of an Interest Accrual Period means a rate equal to the Floating Rate as determined by the Calculation Agent for a Swap Transaction entered into pursuant to an agreement incorporating (i) if “2006 ISDA Definitions” is specified in the relevant Pricing Supplement, the 2006 ISDA Definitions or (ii) if “2021 ISDA Definitions” is specified in the relevant Pricing Supplement, the 2021 ISDA Definitions (together, the “ISDA Definitions”) and under the terms of which:

(a) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(b) the Designated Maturity is as specified in the applicable Pricing Supplement; and

(c) the relevant Reset Date is the first day of such Interest Accrual Period, unless provided otherwise in the applicable Pricing Supplement.

For the purposes of this sub-paragraph (ii), Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity, Reset Date and Swap Transaction shall have the meanings given to them in the ISDA Definitions.

If the paragraph "Floating Rate Option" in the applicable Pricing Supplement provides that the interest rate shall be determined by linear interpolation in respect of an Interest Period, the Interest Rate applicable to such Interest Period shall be calculated by the Calculation Agent by linear interpolation between two (2) interest rates based on the relevant Floating Rate, provided that the first interest rate corresponds to a maturity immediately inferior to the duration of the
relevant Interest Period and the second rate corresponds to a maturity immediately superior to the same relevant Interest Period.

(iii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as being the method applicable for the determination of the Interest Rate, the Interest Rate for each Interest Accrual Period shall be determined by the Calculation Agent at (or about) the Relevant Time on the Coupon Determination Date relating to such Interest Accrual Period as specified below:

(A) if the primary source for the Floating Rate is a Screen Page, subject as provided below, subject as provided in Condition 4.3(c)(iv) below, the Interest Rate shall be:

I. the Relevant Rate (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity), or

II. the arithmetic mean of the Relevant Rates of the entities whose Relevant Rates appear on that Screen Page,

in each case as published on such Screen Page, at the Relevant Time on the Coupon Determination Date, as indicated in the applicable Pricing Supplement, decreased or increased, where appropriate (as indicated in the applicable Pricing Supplement) by the Margin;

(B) if the primary source for the Floating Rate is Reference Banks or if sub-paragraph (A)(I) above applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Coupon Determination Date or if sub-paragraph (A)(II) above applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Coupon Determination Date, the Interest Rate, subject as provided below, shall be equal to the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Coupon Determination Date, as determined by the Calculation Agent, decreased or increased, where appropriate (as indicated in the applicable Pricing Supplement) by the Margin; and

(C) if paragraph (B) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Interest Rate shall, subject as provided below, be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the Eurozone as selected by the Calculation Agent, (the Principal Financial Centre) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period beginning on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation
Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Interest Rate shall be the Interest Rate determined on the previous Coupon Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period, as indicated, where appropriate, in the applicable Pricing Supplement).

If the paragraph "Benchmark" in the applicable Pricing Supplement provides that the interest rate shall be determined by linear interpolation in respect of an Interest Period, the Interest Rate applicable to this Interest Period shall be calculated by the Calculation Agent by linear interpolation between two (2) interest rates based on the applicable Benchmark, provided that the first rate corresponds to a maturity immediately inferior to the duration of the relevant Interest Period and the second rate corresponds to a maturity immediately superior to the same Interest Period.

(D) Notwithstanding the provisions of sub-sections (A), (B) and (C) above, if the primary source for the Floating Rate is a Screen Page and the Reference Rate indicated is the CMS Rate, the Interest Rate for each Interest Accrual Period, subject to the stipulations set forth below, subject as provided in Condition 4.3(c)(iv) below, shall be determined by the Calculation Agent on the basis of the annual rate applicable to an interest rate swap for a swap in the Reference Currency, which expires at the Designated Maturity, expressed as a percentage, as it appears on the Screen Page at the Reference Time on the Determination Date of the relevant Coupon, decreased or increased, as applicable (as indicated in the relevant Pricing Supplement), by the Margin (the CMS Rate).

If the Relevant Screen Page is not available, the Calculation Agent shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate at approximately the Specified Time on the Coupon Determination Date. If at least three of the CMS Reference Banks provide the Calculation Agent with such quotations, the CMS Rate for such Interest Accrual Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Interest Determination Date less than three or none of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent on such commercial basis as considered appropriate by the Calculation Agent in its absolute discretion, in accordance with standard market practice.

For the purposes of this sub-paragraph (D):
**Relevant Swap Rate** means:

(i) where the Reference Currency is Euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR (as defined in the 2021 ISDA Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the 2021 ISDA Definitions; and

(ii) where the Reference Currency is any other currency of if the Pricing Supplement specify otherwise, the mid-market swap rate as determined in accordance with the applicable Pricing Supplement.

**Representative Amount** means an amount that is representative for a single transaction in the relevant market at the relevant time.

(iv) **Benchmark discontinuation**

If a Benchmark Event occurs in relation to an Original Reference Rate at any time when the Terms of any Notes provide for any rate of interest to be determined by reference to such Original Reference Rate, then the following provisions shall apply and prevail over other fallbacks specified in Condition 4.3(c)(iii).

(A) **Independent Adviser**

The Issuer shall use reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.3(c)(iv)(B)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 4.3(c)(iv)(C)) and any Benchmark Amendments (in accordance with Condition 4.3(c)(iv)(D)).

An Independent Adviser appointed pursuant to this Condition 4.3(c)(iv) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Calculation Agent or any other party responsible for determining the Interest Rate specified in the applicable Pricing Supplement, or the Noteholders for any determination made by it pursuant to this Condition 4.3(c)(iv).

(B) **Successor Rate or Alternative Rate**

If the Independent Adviser determines in good faith that:

I. there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4.3(c)(iv)(D))
subsequently be used in place of the Original Reference Rate to
determine the relevant Interest Rate(s) for all relevant future
payments of interest on the Notes (subject to the further
operation of this Condition 4.3(c)(iv)); or

II. there is no Successor Rate but that there is an Alternative Rate,
then such Alternative Rate shall (subject to adjustment as
provided in Condition 4.3(c)(iv)(D)) subsequently be used in
place of the Original Reference Rate to determine the relevant
Interest Rate(s) for all relevant future payments of interest on the
Notes (subject to the further operation of this Condition
4.3(c)(iv)).

(C) Adjustment Spread

If the Independent Adviser determines in good faith (i) that an
Adjustment Spread is required to be applied to the Successor Rate or the
Alternative Rate (as the case may be) and (ii) the quantum of, or a
formula or methodology for determining, such Adjustment Spread, then
such Adjustment Spread shall be applied to the Successor Rate or the
Alternative Rate (as the case may be) for each subsequent determination
of a relevant Interest Rate by reference to such Successor Rate or
Alternative Rate (as applicable).

(D) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is
determined in accordance with this Condition 4.3(c)(iv) and the
Independent Adviser determines in good faith (i) that amendments to the
Terms of the Notes (including, without limitation, amendments to the
definitions of Day Count Fraction, Business Days or Relevant Screen
Page) are necessary to ensure the proper operation of such Successor
Rate, Alternative Rate and/or Adjustment Spread (such amendments, the
"Benchmark Amendments") and (ii) the terms of the Benchmark
Amendments, then the Issuer shall, subject to giving notice thereof in
accordance with Condition 4.3(c)(iv)(E), without any requirement for
the consent or approval of Noteholders, vary the Terms of the Notes to
give effect to such Benchmark Amendments with effect from the date
specified in such notice.

In connection with any such variation in accordance with this Condition
4.3(c)(iv), the Issuer shall comply with the rules of any stock exchange
on which the Notes are for the time being listed or admitted to trading.

After a Successor Rate or Alternative Rate has been determined, the
fallbacks specified in Condition 4.3(c)(iii) shall apply to the Successor
Rate or the Alternative Rate, or as the case may be, if a Benchmark Event
occurs, the Successor Rate or Alternative Rate shall be treated as the
Original Reference Rate for the purposes of this Condition 4.3(c)(iv).

(E) Notices, etc.

The Issuer shall, after receiving such information from the Independent
Adviser, notify the Fiscal Agent, the Calculation Agent, the Paying
Agents, the Representative (if any) and, in accordance with Condition 14, the Noteholders, promptly of any Successor Rate, Alternative Rate, Adjustment Spread and of the specific terms of any Benchmark Amendments, determined under this Condition 4.3(c)(iv). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(F) Fallbacks

If, following the occurrence of a Benchmark Event and in relation to the determination of the Interest Rate on the immediately following Interest Determination Date, no Successor Rate or Alternative Rate (as applicable) is determined pursuant to this provision, the fallbacks for the Original Reference Rate specified in Condition 4.3(c)(iii), namely the Interest Rate determined on the preceding Interest Determination Date will continue to apply to such determination (after adjustment for any difference in Margin, Rate Multiplier, or Maximum or Minimum Interest Rate applicable to the previous Interest Accrual Period and to the applicable Interest Accrual Period specified, if any, in the relevant Pricing Supplement).

In such circumstances, the Issuer will be entitled (but not obliged), at any time thereafter, to elect to re-apply the provisions of this Condition 4.3(c)(iv), mutatis mutandis, on one or more occasions until a Successor Rate or Alternative Rate (and, if applicable, any associated Adjustment Spread and/or Benchmark Amendments) has been determined and notified in accordance with this Condition 4.3(c)(iv) (and, until such determination and notification (if any), the fallback provisions provided elsewhere in these Terms of the Notes including, for the avoidance of doubt, the fallbacks specified in Condition 4.3(c)(iii), will continue to apply in accordance with their terms unless a Benchmark Event occurs).

(G) Definitions

In this Condition 4.3(c)(iv):

Adjustment Spread means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines and which is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the fullest extent practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;

(ii) in the case of an Alternative Rate (or in the case of a Successor Rate where (i) above does not apply), is
determined by the Independent Adviser and is in customary market usage in the international debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate (or, as the case may be, the Successor Rate); or

(iii) if no such recommendation or option has been made (or made available), or the Independent Adviser determines there is no such spread, formula or methodology in customary market usage, the Independent Adviser, acting in good faith, determines to be appropriate.

**Independent Adviser** means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense under Condition 4.3(c)(iv)(A).

**Benchmark Event** means, with respect to an Original Reference Rate:

(i) the Original Reference Rate ceasing to exist or be published;

(ii) the later of (a) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (b) the date falling six (6) months prior to the date referred to in (a);

(iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;

(iv) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (b) the date falling six (6) months prior to the specified date referred to in (a);

(v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate, in the opinion of the supervisor, is no longer representative of an underlying market or that its method of calculation has significantly changed;

(vi) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will not be permitted to be used
or that its use will be subject to significant restrictions or unfavourable consequences, in each case within the next six months;

(vii) it has or will prior to the next Interest Determination Date, become unlawful for the Issuer, the party responsible for determining the Interest Rate (being the Calculation Agent or such other party specified in the applicable Pricing Supplement, as applicable), or any Paying Agent to calculate any payments due to be made to any Noteholder using the Original Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/2011, as amended, if applicable); or

(viii) that a decision to withdraw the authorisation or registration pursuant to article 35 of the Benchmark Regulation (Regulation (EU) 2016/2011), as amended, of any benchmark administrator previously authorised to publish such Original Reference Rate has been adopted.

Relevant Nominating Body means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

Alternative Rate means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4.3(c)(iv) and which is customary market usage in the international debt capital markets for the purposes of determining rates of interest for a commensurate interest period and in the same Specified Currency as the Notes.

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Interest Rate on the Notes.
**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body and if, following a Benchmark Event, two or more successor or replacement rates are recommended by any Relevant Nominating Body, the Independent Adviser shall determine which of the successor or replacement rates is the most appropriate, having regard to the particular characteristics of the relevant Notes and the nature of the Issuer.

### 4.4 Fixed Interest Rate/Floating Interest rate of the Notes

Each Fixed Interest Rate/Floating Interest Rate Note bears interest at a rate (i) that the Issuer may decide to convert at the date specified in the applicable Pricing Supplement from a Fixed Rate to a Floating Rate or from a Floating Rate to a Fixed Rate or (ii) which shall be automatically converted from a Fixed Rate to a Floating Rate or from a Floating Rate to a Fixed Rate at the date specified in the applicable Pricing Supplement.

### 4.5 Zero Coupon Notes

Where a Zero Coupon Note is redeemable prior to its Maturity Date by exercise of an Option of Redemption of the Issuer or, if so specified in the applicable Pricing Supplement, pursuant to Condition 5.5 or in any other manner, and such Note is not redeemed on the due date, the amount due and payable prior to the Maturity Date shall be the Optional Redemption Amount or the Early Redemption Amount, as the case may be. As from the Maturity Date, the overdue principal of such Note shall bear interest at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5.5(a)).

### 4.6 Accrual of interest

Interest shall cease to accrue on each Note on the due date for redemption unless (a) on such due date, in the case of Dematerialised Notes or (b) upon due presentation, in the case of Materialised Notes, repayment of principal is improperly withheld or refused; in which event interest shall continue to accrue (after as well as before judgment) at the Interest Rate in the manner provided in Condition 4 up to the Relevant Date.

### 4.7 Margin, Rate Multiplier, Interest Rate, Minimum and Maximum and Rounding

(a) If a Margin or Rate Multiplier is specified in the applicable Pricing Supplement (either (x) generally or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates applicable to the relevant Interest Accrual Periods, in the case of (y), calculated in accordance with paragraph 0 below by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin or by multiplying the Interest Rate by such Rate Multiplier, subject always to the provisions of the following paragraph.

(b) If a Minimum or Maximum Interest Rate is specified in the applicable Pricing Supplement, this Interest Rate shall be subject to such maximum or minimum, as the case may be, it being specified that under no circumstances shall the Amount of the Coupon relating to each Note be less than zero

(c) For the purposes of any calculations required pursuant to these Terms (unless otherwise specified), (i) if FBF Determination is specified in the applicable Pricing Supplement, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest ten thousandth of a percentage point (with halves being rounded up) (ii) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal
(with halves being rounded up), (iii) all figures shall be rounded to seven significant
figures (with halves being rounded up) and (iv) all currency amounts that fall due and
payable shall be rounded to the nearest unit of such currency (with halves being rounded
up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these
purposes "unit" means the lowest amount of such currency that is available as legal tender
in the country of such currency.

4.8 Calculations

The amount of interest payable in respect of any Note for any period shall be calculated by
multiplying the product of the Interest Rate and the outstanding nominal amount of such Note by
the Day Count Fraction, unless a Coupon Amount (or a formula for its calculation) is specified
in respect of such period, in which case the amount of interest payable in respect of such Note for
such period shall be equal to such Coupon Amount (or be calculated in accordance with such
formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount
of interest payable in respect of such Interest Period shall be the sum of the amounts of interest
payable in respect of each of those Interest Accrual Periods.

4.9 Determination and publication of Interest Rates, Coupon Amounts, Final Redemption
Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment
Amounts

As soon as practicable after the Relevant Time on such date as the Calculation Agent may be
required to calculate any rate or amount, obtain any quotation or make any determination or
calculation, it shall determine such rate and calculate the Coupon Amounts in respect of each
Specified Denomination of the Notes for the relevant Interest Accrual Period. It shall also
calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption
Amount or Instalment Amount, obtain such quotation or make such determination or calculation,
as the case may be. It shall then cause the Interest Rate and the Coupon Amounts for each Interest
Period and the relevant Interest Payment Date and, if required, the Final Redemption Amount,
Early Redemption Amount, Optional Redemption Amount or Instalment Amount, to be notified
to the Fiscal Agent, the Issuer, each of the Paying Agents and any other Calculation Agent
appointed in respect of the Notes that is to make a further calculation upon receipt of such
information. If the Notes are admitted to trading on a regulated market and the rules of such
market so require, it shall also notify such information to such market and/or the Noteholders as
soon as possible after their determination but in no event later than (i) the commencement of the
relevant Interest Period, if determined prior to such time, in the case of notification to such market
of an Interest Rate and Coupon Amount, or (ii) in all other cases, no later than the fourth Business
Day after such determination. Where any Interest Payment Date or Interest Accrual Period Date
is subject to adjustment pursuant to Condition 4.3(b), the Coupon Amounts and the Interest
Payment Date so published may subsequently be amended (or appropriate alternative
arrangements made by way of adjustment) without notice in the event of an extension or
shortening of the Interest Period. The determination of any rate or amount, the obtaining of each
quotation and the making of each determination or calculation by the Calculation Agent(s) shall
(in the absence of manifest error) be final and binding upon all parties.

4.10 Calculation Agent and Reference Banks

The Issuer shall procure that there shall at all times be four Reference Banks (or such other
number as may be required) with at least one office in the Relevant Financial Centre and one or
more Calculation Agents if so specified in the applicable Pricing Supplement and for so long as
any Note is outstanding (as defined in Condition 1.3(d) above). If any Reference Bank (acting
through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the
Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to
act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Terms to the Calculation Agent shall be construed as a reference to each Calculation Agent performing its respective duties under these Terms. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for an Interest Period or Interest Accrual Period or to calculate any Coupon Amount, Instalment Amount, Final Redemption Amount, Optional Redemption Amount or Early Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment bank operating in the interbank market (or, if appropriate, money market, swaps market or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed in the manner described above.

5. **REDEMPTION, PURCHASE AND OPTIONS**

5.1 **Redemption at maturity**

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the applicable Pricing Supplement at its Final Redemption Amount (which, unless otherwise provided, equals its nominal amount (except for Zero Coupon Notes)) specified in the applicable Pricing Supplement or, in the case of a Note falling within Condition 5.2 below, its final Instalment Amount.

5.2 **Redemption by instalments**

Unless previously redeemed or purchased and cancelled as provided in this Condition 5, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the applicable Pricing Supplement. The outstanding nominal amount of each such Note shall be reduced by the corresponding Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, by such proportion) with effect from the Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised Notes, on the date specified for such payment or (ii) in the case of Materialised Notes, on present ation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

5.3 **Redemption at the option of the Issuer**

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, subject to compliance by the Issuer with all applicable laws, regulations and directives, and on giving not less than 15 and not more than 30 calendar days’ irrevocable notice to the Noteholders in accordance with Condition 14, redeem all or, if so provided, some of the Notes, as the case may be, on any Option Redemption Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount (as specified in the applicable Pricing Supplement) together with interest accrued to the date fixed for redemption in the applicable Pricing Supplement. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed as specified in the applicable Pricing Supplement and no greater than the maximum nominal amount to be redeemed as specified in the applicable Pricing Supplement.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.
In the case of a partial redemption by the Issuer in respect of Materialised Notes, the notice to holders of such Materialised Notes must also indicate the number of Physical Notes to be redeemed or in respect of which such option has been exercised. The Notes must have been selected in such manner as is fair and objective in the circumstances, taking account of prevailing market practices and in accordance with all applicable stock market laws and regulations.

In the case of a partial redemption or partial exercise of an Issuer’s option in respect of Dematerialised Notes of any one Series, the redemption shall be made by reducing the nominal amount of such Dematerialised Notes pro rata the nominal amount redeemed.

5.4 Redemption at the option of the Noteholders

If Investor Put is specified in the applicable Pricing Supplement, the Issuer shall, at the request of the holder of any such Note and upon giving not less than 15 and not more than 30 calendar days’ irrevocable notice to the Issuer, redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount (as specified in the applicable Pricing Supplement) together with interest accrued to the date fixed for redemption specified in the applicable Pricing Supplement. In order to exercise such option, the Noteholder must deposit with a Paying Agent at its specified office by the required deadline a duly completed option exercise notice (the Exercise Notice) in the form obtainable during normal office hours from the Paying Agent or Registration Agent, as the case may be. In the case of Materialised Notes, the relevant Notes (together with all unmatured Receipts and Coupons and unexchanged Talons) must be attached to the Exercise Notice. In the case of Dematerialised Notes, the Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Paying Agent, as specified in the Exercise Notice. No option that has been exercised or, if relevant, no Note that has been deposited or transferred may be withdrawn without the prior written consent of the Issuer.

5.5 Early redemption

(a) Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note shall, upon redemption of such Note pursuant to Condition 5.6 or 5.9 or upon it becoming due and payable as provided in Condition 8, be the Amortised Face Amount (calculated as provided below) of such Note.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Zero Coupon Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if not otherwise provided in the applicable Pricing Supplement, shall be such rate as would result in an Amortised Face Amount equal to the issue price of the Notes if discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of each Note upon its redemption pursuant to Condition 5.6 or 5.9 or upon it becoming due and payable in accordance with Condition 8, is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note, as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as if the reference therein to the date on which such Note becomes due and payable were a reference to the Relevant Date. The calculation of the Amortised Face
Amount in accordance with this sub-paragraph shall continue to be made (as well after as before any judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date, together with any interest that may accrue in accordance with Condition 4.5. Where such calculation is to be made for a period of less than one (1) year, it shall be made on the basis of one of the Day Count Fractions mentioned at Condition 4.1 and specified in the applicable Pricing Supplement.

(b) Other Securities

The Early Redemption Amount due for any other securities, upon its redemption pursuant to Condition 5.6 or 5.9 or upon it becoming due and payable pursuant to Condition 8, shall be equal to the Final Redemption Amount or, for Notes to which Condition 5.2 above applies, to the non-amortised face value, plus all accrued interests until the effective date of redemption, unless otherwise specified in the applicable Pricing Supplement.

5.6 Redemption for tax reasons

(a) If, at the time of any redemption of principal, payment of interest or other amounts, the Issuer is obliged to pay additional amounts in accordance with Condition 7.2 below, by reason of any change in or amendment to the laws and regulations in France, or any change in the official application or interpretation thereof, made after the Issue Date, the Issuer may (having given notice to the Noteholders in accordance with Condition 14, at the earliest 45 calendar days and at the latest 30 calendar days prior to such payment (which notice shall be irrevocable)) redeem, on any Interest Payment Date or, if specified in the applicable Pricing Supplement, at any time, all or some only of the Notes at the Early Redemption Amount together with, all interest accrued until the date fixed for redemption, provided that the due date for redemption of which notice hereunder shall be given shall not be earlier than the latest practicable date on which the Issuer could make a payment of principal, interest or other amounts without French withholding tax or deductions.

(b) If, on the occasion of the next redemption of principal or payment of interest or other amounts in respect of the Notes, Receipts or Coupons, the Issuer would be prevented by French law from making payment of the full amount then due and payable to the Noteholders and Coupon holders, notwithstanding the undertaking to pay additional amounts in accordance with Condition 7.2 below, the Issuer shall forthwith give notice of such fact to the Fiscal Agent. The Issuer shall, having given seven calendar days’ notice to the Noteholders in accordance with Condition 14, redeem all, and not some only, of the Notes then outstanding at their Early Redemption Amount, together with all interest accrued up to the date fixed for redemption (i) on the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount due and payable on the Notes, Receipts or Coupons provided that if the notice referred to above would expire after such Interest Payment Date, the date for redemption to the Noteholders shall be the later of (A) the latest practicable date on which the Issuer could make payment of the full amount then due and payable on the Notes, Receipts or Coupons and (B) 14 calendar days after giving notice to the Fiscal Agent or (ii) if so specified in the applicable Pricing Supplement, at any time, provided that the due date for redemption of which notice hereunder is given shall be the latest practicable date on which the Issuer could make payment of the full amount due and payable in respect of the Notes and, if relevant, any Receipts, Coupons or Talons or, if that date is passed, as soon as practicable thereafter.
5.7 Purchases

The Issuer may at any time purchase Notes on the stock market or otherwise (including pursuant to a public offer) at any price (provided however that, in the case of Materialised Notes, all unmatured Receipts and Coupons, and all unexchanged Talons relating thereto, are attached to or surrendered with such Materialised Notes), in accordance with applicable laws and regulations.

Notes purchased by or on behalf of the Issuer may, at the option of the Issuer, be retained in accordance with the applicable laws and regulations or cancelled in accordance with Condition 5.8.

5.8 Cancellation

Notes purchased for cancellation in accordance with Condition 5.7 above shall be cancelled, in the case of Dematerialised Notes, by transfer to an account pursuant to the rules and procedures of Euroclear France, and in the case of Materialised Notes, by delivery to the Fiscal Agent of the relevant Temporary Global Certificate or the Physical Notes in question, together with all unmatured Receipts and Coupons and all unexchanged Talons attached to such Notes, if relevant, and in each case, if so transferred and surrendered, all such Notes shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights in respect of payment of interest and other amounts in respect of such Dematerialised Notes and, in the case of Materialised Notes, all unmatured Receipts and Coupons and all unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, as the case may be, transferred or surrendered for cancellation may not be re-issued or re-sold and the obligations of the Issuer in respect of any such Notes shall be discharged.

5.9 Illegality

If, by virtue of the introduction of any new law or regulation in France, any change of law or other mandatory provision or any change in the interpretation thereof by any court or administrative authority, which takes effect after the Issue Date, it becomes unlawful for the Issuer to perform or comply with its obligations under the Notes, the Issuer shall have the right, having given notice to the Noteholders in accordance with Condition 14, at the earliest 45 calendar days and at the latest 30 calendar days prior to such payment (which notice shall be irrevocable), redeem all and not some only of the Notes at the Early Redemption Amount together with all interest accrued up to the date fixed for redemption.

6. PAYMENTS AND TALONS

6.1 Dematerialised Notes

Any Payment of principal or interest in respect of Dematerialised Notes shall be made (a) in the case of Dematerialised Notes in bearer form or in administered registered form (au nominatif administré), by transfer to an account denominated in the Specified Currency held with the Account Holders for the benefit of the Noteholders, and (b) in the case of Dematerialised Notes in pure registered form (au nominatif pur), by transfer to an account denominated in the Specified Currency, held with a Bank (as defined below) specified by the relevant Noteholder. The Issuer’s payment obligations shall be discharged upon such payments being duly made to such Account Holders or such Bank.
6.2 Physical Notes

(a) Method of payment

Subject as provided below, any payment in a Specified Currency shall be made by credit or transfer to an account denominated in the Specified Currency or to which the Specified Currency may be credited or transferred (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) held by the beneficiary or, at the option of the beneficiary, by cheque denominated in the Specified Currency drawn on a bank located in the principal financial centre of the country of the Specified Currency (which, if the Specified Currency is the euro, shall be a country within the Euro-zone and if the Specified Currency is the Australian dollar or New Zealand dollar, shall be Sydney or Auckland respectively).

(b) Presentation and surrender of Physical Notes, Receipts and Coupons

Any payment of principal in respect of Physical Notes, shall (subject as provided below) be made in the manner described in paragraph (a) above solely upon presentation and surrender (or, in the case of a partial payment of an outstanding amount, upon endorsement) of the relevant Notes and any payment of interest in respect of Physical Notes shall (subject as provided below) be made in the manner described above solely upon presentation and surrender (or, in the case of a partial payment of an outstanding amount, upon endorsement) of the relevant Coupons, in each case at the specified office of any Paying Agent located outside the United States of America (such term meaning for the purposes hereof the United States of America (including the States and District of Columbia, their territories, possessions and other places under its jurisdiction)).

Any instalment of principal in respect of Physical Notes, other than the last payment, shall, where appropriate, (subject as provided below) be made in the manner described in paragraph (a) above solely upon presentation and surrender (or, in the case of a partial payment of an outstanding amount, upon endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the last instalment shall be made in the manner described in paragraph (a) above solely upon presentation and surrender (or, in the case of a partial payment of an outstanding amount, upon endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment with the related Physical Note. Any relevant Receipt presented for payment without the related Physical Note shall render the Issuer's obligations null and void.

Unmatured Receipts relating to Physical Notes (whether or not attached) shall, where appropriate, become void and no payment shall be made in respect thereof on the date on which such Physical Notes become due.

Fixed Rate Notes represented by Physical Notes must be surrendered for payment together with all unmatured Coupons appertaining thereto (such expression including, for the purposes hereof, Coupons to be issued in exchange for matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of a partial payment, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the amount due. Any amount of principal so deducted shall be paid in the manner described above against surrender of the missing Coupon before the 1st January of the fourth year following the due date for payment of such amount, and not under any circumstances thereafter.

Where a Fixed Rate Note represented by a Physical Note becomes due prior to its Maturity Date, unmatured Talons appertaining thereto become void and no further Coupons shall be delivered.
Where a Floating Rate Note represented by a Physical Note becomes due prior to its Maturity Date, unmatured Coupons and Talons (if any) appertaining thereto (whether or not attached) become void and no payment shall be made or, if relevant, no further Coupons shall be delivered in respect thereof.

If a Physical Note is redeemed on a date that is not an Interest Payment Date, the interest (if any) accrued on such Note since the previous Interest Payment Date (included) or, as the case may be, the Interest Period Commencement Date (included) shall be paid only against presentation and surrender (if relevant) of the related Physical Note.

6.3 Payments in the United States of America

Notwithstanding the foregoing, if any Materialised Note is denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York in the same manner as provided above if (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (b) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

6.4 Payments subject to fiscal laws

All payments are subject to any applicable fiscal or other laws, regulations and directives, and any other laws and regulations applicable to the Issuer and its agents, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Coupon holders in respect of such payments.

6.5 Appointment of Agents

The Fiscal Agent, the Paying Agents, the Calculation Agent and the Registration Agent initially appointed by the Issuer and their respective specified offices are listed at the end of this Offering Circular for the Programme. The Fiscal Agent, the Paying Agents and the Registration Agent act solely as agents, and the Calculation Agents solely as independent experts, of the Issuer and under no circumstances do any of them assume any obligation or relationship of agency for or with any Noteholder or Coupon holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any Paying Agent, Calculation Agent or Registration Agent and to appoint any other Fiscal Agent, Paying Agent(s), Calculation Agent(s) or Registration Agent(s) or any additional Paying Agent(s), Calculation Agent(s) or Registration Agent(s), provided that the Issuer shall at all times maintain (a) a Fiscal Agent, (b) one or more Calculation Agents, where the Terms so require, (c) a Paying Agent with specified offices in at least two major European cities (providing fiscal agency services in respect of the Notes in France so long as any Notes are admitted to trading on the regulated market of Euronext in Paris (Euronext Paris), and applicable market regulations so require), (d) in the case of Dematerialised Notes in pure registered form (au nominatif pur), a Registration Agent and (e) any other agent that may be required under the rules of any regulated market on which the Notes may be admitted to trading.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Notes denominated U.S. dollars in the circumstances described in Condition 6.3 above.

Notice of any such change or of any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 14.
6.6 Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

6.7 Business Days

If any date for payment in respect of any Note, Receipt or Coupon is not a business day (as defined below), the Noteholder, Receipt holder or Coupon holder shall not be entitled to payment until the next following business day, nor to any other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or Sunday) (a) (i) in the case of Dematerialised Notes, on which Euroclear France is operating, or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation of the note for payment, (b) on which banks and foreign exchange markets are open for business in the countries specified as "Financial Centres" in the applicable Pricing Supplement and (c) (i), in the case of a payment in a currency other than euro, where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, a day on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii), in the case of a payment in euros, a day which is a TARGET Business Day.

6.8 Bank

For the purposes of this Condition 6, Bank means a bank established in the principal financial centre of the country in which the Specified Currency is the lawful currency, or in the case of payments in euros, in a city in which banks have access to the TARGET system. In these Conditions, TARGET System means the Trans-European automated real-time gross settlement express transfer system (TARGET 2), or any successor system.

7. TAXATION

7.1 Withholding tax

All payments of principal, interest or other amounts by or on behalf of the Issuer in respect of the Notes, Receipts or Coupons shall be made free and clear of, and without withholding or deduction for, any taxes or duties of whatever nature imposed, levied or collected by or on behalf of any country or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

7.2 Additional Amounts

If French law should require that payments of principal or interest in respect of any Note, Receipt or Coupon be subject to withholding or deduction with respect to any taxes or duties whatsoever, present or future, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holders of Notes, Receipts and Coupons receive the full amount that would have been payable in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon in the following cases:

(a) **Other connection**: the holder of Notes, Receipts or Coupons, or any third party acting on his behalf, is liable to such tax or duty in France by reason of having some connection with France other than the mere holding of the Notes, Receipts or Coupons; or
(b) More than 30 calendar days have passed since the Relevant Date: in the case of Materialised Notes, more than 30 calendar days have passed since the Relevant Date, except where the holder of such Notes, Receipts or Coupons would have been entitled to an additional amount on presentation of the same for payment on the last day of such 30 calendar day period.

References in these Terms to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 as completed by the Pricing Supplement, (ii) “interest” shall be deemed to include all Coupon Amounts and all other amounts payable pursuant to Condition 4 as completed by the Pricing Supplement and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition.

8. EVENTS OF DEFAULT

All the amounts due by the Issuer to any Noteholder regarding the Notes (in principal and in corresponding interest, including any late payment interest as the case may be) hold by such Noteholder shall be immediately due and payable upon simple written notice given by the Representative, acting request of the Noteholder or, if there is no Representative, upon simple written notice from the Noteholder, addressed to the Fiscal Agent with copy addressed to the Issuer by registered mail with acknowledgment of receipt, without the necessity for any prior formal demand, if one of the following event occurs (each one constituting an Event of Default):

(a) if the Issuer defaults in any payment at its due date of (i) any amount due under any Note, Receipt or Coupon or, (ii) as the case may be, of any gross up provided Condition 7.2, unless, in each case, it has been remedied to that event within thirty (30) calendar days following this due date; or

(b) if the Issuer defaults in any payment for an amount in excess of €75,000,000 (seventy-five million euros) (or its equivalent in any other currency) with respect to (i) any bank or bond indebtedness on its due or anticipated redemption date, and after any applicable grace period, and/or (ii) with respect to one (or several) security interest(s) granted by third parties to secure any bank or bond indebtedness when such security interest(s) is (are) due and duly called; unless, in all cases, the Issuer contests, in good faith, the event of default of such debt(s) or the validity of the implementation of such guarantee(s) and such contest has been brought before competent courts, in this case the default of payment or redemption shall not constitutes an Event of Default as long as the court shall not make an adverse final order against the Issuer; or

(c) if there is a default by the Issuer in the due performance of any other provision of the Terms of the Notes, and such default has not been remedied within forty-five (45) calendar days after receipt by the Issuer of written notice of such default by registered mail with acknowledgement of receipt;

(d) if the Issuer is unable to meet its mandatory expenses or declare in writing that it admits such inability; or

(e) if there is a change in the legal status or regime of the Issuer (including as a result of a legislative or regulatory change and including where the Issuer loses its status of legal entity governed by public law), to the extent that, in each case, such change reduces the rights of the Noteholders against the Issuer or makes it more difficult or more expensive for Noteholders to bring claims against the Issuer,
provided that any event referred to in paragraphs (a) to (c) above shall not constitute an Event of Default, if the Issuer gives notice to the Fiscal Agent prior to expiry of the relevant period (if a period is specified) that, in order to remedy the breach(es), it is necessary for an additional budgetary resolution to be adopted to authorise the payment of unforeseen in respect of debt service costs. The Issuer shall notice to the Fiscal Agent the adoption of the additional budgetary resolution and the date on which it becomes enforceable. The Fiscal Agent shall immediately address to the Noteholders any notice received from the Issuer pursuant to Condition 14. In the case that the additional budgetary resolution is not voted and become enforceable at the end of a four (4) months period from the notification to Noteholders, events mentioned on paragraphs (a) to (c) above and not resolved before the expiry of such four (4) months period shall constitute an Event of Default.

9. PRESCRIPTION

All claims against the Issuer in relation to the Notes, Receipts and Coupons (except for Talons) shall lapse after four (4) years from the 1st of January of the year following their respective due dates.

10. REPRESENTATION OF NOTEHOLDERS

In respect of the representation of Noteholders, the following paragraphs shall apply:

The Noteholders shall, in respect of all Tranches of a single series be grouped automatically for the defence of their common interests in a Masse (in each case, the Masse). The Masse shall be governed by the provisions of Articles L. 228-46 et seq. of the French Code de commerce, except articles L. 228-71 and R. 228-69 of the French Code de commerce, as supplemented by the present Condition 10.

(a) Legal personality

The Masse will be a separate legal entity, acting in part through a representative (the Representative) and in part through collective decisions of the Noteholders (the Collective Decisions).

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which may accrue now or in the future under or with respect to the Notes.

(b) Representative

Pursuant to Article L. 228-51 of the French Code de commerce, the names and addresses of the incumbent Representative of the Masse and his alternate shall be set forth in the applicable Pricing Supplement. The Representative appointed for the first Tranche of a Series of Notes shall be the sole Representative of the Masse for all Tranches of such Series.

The Representative shall receive remuneration for the performance of his functions and duties, if so provided, as indicated in the applicable Pricing Supplement. No supplementary remuneration shall be due with respect to all successive Tranches of a Series of Notes.

In the event of death, resignation or dismissal of a Representative, the alternate Representative shall replace him, where appropriate. Another Representative may be appointed.
All interested parties may at any time obtain the names and addresses of the initial Representative and his alternate at the principal office of the Issuer and the specified office of any of the Paying Agents.

(c) Powers of the Representative

The Representative shall (in the absence of any decision to the contrary of the Noteholders' General Meeting), have the power to take all management action necessary for the defence of the common interests of the Noteholders.

All legal proceedings brought against or by the Noteholders must be brought by or against the Representative, as the case may be.

(d) Collective decisions

Collective Decisions shall be adopted in a general meeting (the General Meeting) or by approval at the end of a written consultation (the Written Decision).

In accordance with Article R.228-71 of the French Code de Commerce, each Noteholder shall prove the right to participate in Collective Decisions by registration of his/her Notes either in the registered securities accounts kept by the Issuer, or in the bearer securities accounts kept by an intermediary (if applicable) on the second (2nd) business day prior to the date of the Collective Decision at midnight, Paris time.

Collective Decisions must be published in accordance with Condition 10(h).

The Issuer must keep a register of the Collective Decisions, and must make it available, on request, to any subsequent Noteholders of the Notes in this Series.

(A) Noteholders’ General Meeting

Noteholders' General Meetings may be held at any time, on convocation either by the Issuer or the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30th) of the nominal amount of the Notes outstanding may request the Issuer or the Representative to convene a General Meeting; if such General Meeting has not been convened within two (2) months from such demand, such Noteholders may instruct one of themselves to petition the competent courts of Paris to appoint an agent to convene the meeting.

General Meetings may deliberate validly on first notice only if the Noteholders present or represented hold at least one fifth (1/5th) of the nominal amount of Notes outstanding at that time. No quorum will be required on second notice.

General Meetings shall decide validly with a majority of two thirds (2/3) of the votes cast by the Noteholders attending the Meetings, either in person or by means of a representative.

Notice of the date, hour, place and agenda of the General Meeting shall be published as provided in Condition 14 at least fifteen (15) calendar days before the date of the Noteholders’ General Meeting at first on first notice and no less than five (5) calendar days before the date of the Noteholders’ General Meeting on second notice.

Each Noteholder has the right to participate in General Meetings in person, by proxy or by postal ballot. Each Note carries one vote or, in the case of Notes issued with several Specified Denominations, one vote in respect of each
multiple of the smallest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

Each Noteholder or its representative shall have the right, throughout the fifteen (15) calendar day period preceding the holding of a General Meeting on first notice, or during the period of five (5) calendar days preceding a General Meeting on second notice, to consult or make copies of the text of the resolutions to be proposed and of the reports to be presented at the General Meeting. Such documents will be available for inspection at the principal office of the Issuer, at the specified offices of the Paying Agents and at any other place specified in the notice of such meeting.

(B) Written Decisions and Electronic Consent

At the initiative of the Issuer or the Representative, Collective Decisions may also be taken by Written Decision.

This Written Decision must be signed by, or on behalf of, the Noteholders who hold at least ninety (90) per cent of the nominal amount of the Notes outstanding, without having to meet the requirements for formalities and time periods stipulated in Condition 10(d)(A). Any Written Decision shall have, in all points, the same effect as a resolution adopted at a General Meeting of Noteholders. A Written Decision may be materialised in a single document or in several identical format documents, signed by or on behalf of one or more Noteholders.

Under Article L.228-46-1 of the French Code de commerce, Noteholders may also express their approval or rejection of the Written Decision proposed by any electronic communication means that allows them to be identified (the Electronic Consent).

Any Written Decision (including a Decision adopted by Electronic Consent) must be published in accordance with Condition 10(h).

Notices concerning a request for approval via a Written Decision (including by Electronic Consent) shall be published in accordance with Condition 10(h) at least five (5) calendar days before the date set for the adoption of said Written Decision (the Written Decision Date). Notices concerning a request for approval via a Written Decision shall contain the conditions of form and the deadlines to be met by the Noteholders who wish to express their approval or rejection of the Written Decision proposed. Noteholders who express their approval or rejection before the Written Decision Date shall agree not to sell their Notes before the Written Decision Date.

(e) Expenses

The Issuer shall pay, upon presentation of duly documented evidence, all expenses incurred in connection with the conduct of the affairs of the Masse, including all expenses relating to notices and the Collective Decisions and, more generally, all administrative expenses adopted by the Collective Decisions, provided however that no expenses may be imputed against any interest payable on the Notes.

(f) Single Masse

The holders of Notes of the same Series, (including Noteholders of any other Tranche consolidated in accordance with Condition 13) and the holders of the Notes of any series
that have been consolidated with another Series in accordance with Condition 1.5, shall be grouped together for the defence of their common interests into a single Masse. The Representative appointed for the first Tranche of a Series of Notes shall be the Representative of the single Masse of the Series.

(g) Single Noteholder

For as long as the Notes are held by a single Noteholder, the relevant Noteholder will exercise all of the powers devolved to the Masse by the provisions of the French Code of commerce, as supplemented by the present Condition 10.

The Issuer must hold (or will arrange for a capable agent to hold) a register of all decisions adopted by the Single Noteholder ex officio and must make it available on request by any future Noteholder. Whenever the Notes of a Series are held by more than one Noteholder, a Representative shall be appointed by the noteholders’ general meeting or, for Notes with a nominal value of greater than 100,000 euros or if the applicable Pricing Supplement specifies that “Issue outside France” is applicable, by the Issuer.

(h) Notice to Noteholders

Any notice to be sent to the Noteholders pursuant to this Condition 10(h) must be sent in accordance with Condition 14.5.

(i) Full Masse

For any Note issued with a nominal value less than €100,000 euros (or the equivalent of this amount in any other currency), unless the Pricing Supplement indicate that “Issue outside of France” is applicable, Condition 10(e) will be deleted and replaced by the following:

"10(e) Expenses

Fees and expenses are governed by the provisions of article L.228-71 of the Commercial Code."

For the avoidance of doubt in this Condition 10, the term "outstanding" shall not include the Notes repurchased by the Issuer, pursuant to the applicable laws and regulations, as indicated in Condition 5.7, which are held by the Issuer and not cancelled.

11. AMENDMENTS

The parties to the Fiscal Agency Agreement may, without the consent of the Noteholders or Coupon holders, amend or waive any provisions thereof with a view to remedying any ambiguity or rectifying, correcting or completing any defective provision of the Fiscal Agency Agreement, or in any other manner that the parties to the Fiscal Agency Agreement may consider necessary or desirable but only to the extent that, in the reasonable opinion of the parties, the interests of the Noteholders or Coupon holders are not prejudiced.

12. REPLACEMENT OF PHYSICAL NOTES, RECEIPTS, COUPONS AND TALONS

In the case of Materialised Notes, any Physical Note, Receipt, Coupon or Talon that has been lost, stolen, defaced or destroyed in whole or in part, may be replaced, in compliance with applicable laws and stock market rules and regulations at the offices of the Fiscal Agent or any other Paying Agent, if any, appointed by the Issuer for such purpose and whose appointment shall be notified
to the Noteholders. Such replacement shall be made against payment by the claimant of any fees and expenses incurred in connection therewith and subject to such terms as to proof, security or indemnity (which may provide, inter alia, that in the event that the Physical Note, Receipt, Coupon or Talon allegedly lost, stolen or destroyed is subsequently presented for payment or, as the case may be, for exchange for further Coupons, the Issuer shall be paid, at its request, the amount payable by the Issuer in respect of such Physical Notes, Receipts, Coupons or further Coupons). Partially destroyed or defaced Materialised Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. **FUNGIBLE ISSUES**

The Issuer shall be entitled, without the consent of the holders of any Notes, Receipts or Coupons, to create and issue further notes to be consolidated with the Notes already issued to form a single Series, provided that such Notes which have been previously issued and the further notes confer on their holders rights that are identical in all respects (or identical in all respects other than the issue date, issue price and the first interest payment) and that the terms of such Notes provide for consolidation. References to "Notes" in these Terms shall be interpreted accordingly.

14. **NOTICES**

14.1 Notices addressed to Noteholders of Materialised Notes and Dematerialised Notes in bearer form shall be valid if published in a leading economic and financial daily newspaper with general circulation in Europe and, so long as the Notes are admitted to trading on any regulated market and the applicable rules of such market so require, notices shall also be published in an economic and financial daily newspaper with general circulation in the city(ies) in which the Notes are admitted to trading, which in the case of Euronext Paris is expected to be *Les Echos* and in any other manner required, as the case may be, under the applicable rules of such market.

14.2 Notices addressed by the Issuer to the holders of Dematerialised Notes in registered form shall be valid either (a) if they are posted to their respective addresses, in which case they shall be deemed to have been delivered on the fourth Business Day after posting or (b) at the option of the Issuer, if they are published on the website of any relevant regulatory authority, in one of the leading economic and financial daily newspapers with general circulation in Europe. So long as the Notes are admitted to trading on any regulated market and the applicable rules of such market so require, notices shall not be deemed to be valid unless published in an economic and financial daily newspaper with general circulation in the city(ies) in which the Notes are admitted to trading, which in the case of Euronext Paris is expected to be *Les Echos* and in any other manner required, as the case may be, under the applicable rules of such market.

14.3 If any such publication is not practicable, the notice shall be validly given if published in a leading economic and financial newspaper with general circulation in Europe, provided however that, so long as the Notes are admitted to trading on any regulated market, notices must be published in any other manner required, as the case may be, under the applicable rules of such regulated market. Noteholders shall be deemed to have had notice of the contents of any notice on the date of publication, or if the notice was published more than once or on different dates, on the date of the first publication as described above. Coupon holders shall be deemed, in all circumstances, to have had notice of the contents of any notice addressed to Noteholders of Materialised Notes in accordance with this Condition.

14.4 Notices addressed to holders of Dematerialised Notes (whether in registered or bearer form) in accordance with these Terms may be delivered to Euroclear France, Euroclear, Clearstream or any other clearing system through which the Notes are then cleared, instead of posting or publishing the notice as provided in Conditions 14.1, 14.2 and 14.3 above, provided however that so long as the Notes are admitted to trading on any regulated market and the applicable rules of
such market so require, notices shall also be published in an economic and financial daily
newspaper with general circulation in the city(ies) in which the Notes are admitted to trading,
which in the case of Euronext Paris is expected to be *Les Echos* and in any other manner required,
as the case may be, under the applicable rules of such market.

14.5 Notices concerning Collective Decisions pursuant to Condition 10 and Article R.228-79 of the
French *Code de commerce*, must be delivered to Euroclear France, Euroclear, Clearstream and to
any other clearing systems in which the Notes are then cleared. In order to avoid any ambiguity,
articles 14.1, 14.2, 14.3 and 14.4 are not applicable to these notices.

15. **GOVERNING LAW, LANGUAGE AND JURISDICTION**

15.1 Governing law

The Notes, Receipts, Coupons and Talons are governed by and shall be interpreted in accordance
with French law. However, no private law enforcement measures may be instigated and no seizure
or attachment proceedings may be brought against the assets or property of the Issuer.

15.2 Language

This Offering Circular has been drafted in the French language. A free translation in English may
be available, however only the French version may be relied upon as the authentic and binding
version.

15.3 Jurisdiction

Any claims against relating to the Notes, Receipts, Coupons or Talons shall be brought before the
competent courts of Paris Court of Appeal jurisdiction (subject to mandatory rules regarding
territorial jurisdiction of French courts). No private law enforcement measures may be instigated
and no seizure or attachment proceedings may be brought against the assets or property of the
Issuer, as public law legal entity.
1. TEMPORARY GLOBAL CERTIFICATES

A Temporary Global Certificate in respect of Materialised Notes, without interest coupons, will initially be issued (a \textit{Temporary Global Certificate}) for each Tranche of Materialised Notes, and shall be deposited at the latest by the issue date of such Tranche with a common depositary (the \textit{Common Depositary}) for Euroclear Bank SA/NV, as operator of the Euroclear system (\textit{Euroclear}) and Clearstream Banking S.A. (\textit{Clearstream}). Following deposit of such Temporary Global Certificate with a Common Depositary, Euroclear or Clearstream shall credit each subscriber with an amount in principal of Notes equal to the nominal amount so subscribed and paid for.

The Common Depositary may also credit the accounts of subscribers of a nominal amount of Notes (if so specified in the applicable Pricing Supplement) in other clearing systems through accounts held directly or indirectly by such other clearing systems with Euroclear and Clearstream. Conversely, a nominal amount of Notes initially deposited with any other clearing system may, in the same manner, be credited to the accounts of subscribers held with Euroclear, Clearstream or other clearing systems.

2. EXCHANGE

Each Temporary Global Certificate in respect of Materialised Notes shall be exchangeable, free of charge to the bearer, at the earliest on the Exchange Date (as defined below):

(a) if the applicable Pricing Supplement specify that the Temporary Global Certificate is issued in compliance with the TEFRA C Rules or in a transaction to which the TEFRA rules do not apply, in whole but not in part, for Physical Notes; and

(b) in all other cases, in whole but not in part, after certification, to the extent required under section § 1.163-5(c)(2)(i)(D)(4)(ii) of the US Treasury regulations, that the Notes are not held by US persons, for Physical Notes.

3. DELIVERY OF PHYSICAL NOTES

On or after the Exchange Date, the holder of a Temporary Global Certificate may surrender such Temporary Global Certificate to or to the order of the Fiscal Agent. The Issuer shall, in exchange for any Temporary Global Certificate, deliver or procure the delivery of an equal aggregate nominal amount of duly signed and authenticated Physical Notes. For the purposes of this Offering Circular, \textit{Physical Notes} means, in respect of a Temporary Global Certificate, the Physical Notes for which the Temporary Global Certificate may be exchanged (having, if appropriate, attached to them all Coupons and Receipts in respect of interest that have not already been paid on the Temporary Global Certificate and a Talon). Physical Notes will be security printed in accordance with any applicable legal and stock exchange requirements.

\textit{Exchange Date} means, in relation to a Temporary Global Certificate, the day falling no earlier than forty (40) calendar days after its issue date, provided however that, in the case of a further issue of Materialised Notes, to be consolidated with such previously mentioned Materialised Notes, issued prior to such day in accordance with Condition 13, the Exchange Date may, at the option of the Issuer, be postponed until a date falling at least 40 calendar days after the issue date of such further Materialised Notes.

In the case of Materialised Notes with a minimum maturity of more than 365 calendar days (to which the TEFRA C Rules do not apply), the Temporary Global Certificate must include the following legend:
ANY UNITED STATES PERSON (US PERSON) (AS DEFINED IN THE INTERNAL REVENUE CODE OF 1986) WHO HOLDS THIS NOTE WILL BE SUBJECT TO RESTRICTIONS UNDER UNITED STATES FEDERAL INCOME TAX LAWS, INCLUDING THOSE PROVIDED UNDER SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.
USE OF PROCEEDS

The net proceeds of the issue of Notes shall (as indicated in the applicable Pricing Supplement) be used by the Issuer either:

(i) to finance the Issuer’s investments;

(ii) (a) in the case of Green Bonds to finance Eligible Green Projects, (b) in the case of Social Bonds to finance Eligible Social Projects or (c) in the case of Sustainability Bonds to finance Eligible Green and Social Projects, as defined below and more fully described in the Green, Social and Sustainability Bond Framework (as amended and supplemented from time to time) which may be consulted on the Issuer’s website (https://www.auverghonealpes.fr/221-les-publications.htm); or

(iii) as indicated in the applicable Pricing Supplement for any specific issue of Notes for which a specific use of the proceeds has been identified (other than as specified in (i) or (ii) above).

The Green, Social and Sustainability Bond Framework respects the four main principles of the Green Bond Principles (GBP), the Social Bond Principles (SBP) and the Sustainability Bond Guidelines (SBG), each published by the International Capital Markets Association, 2021 edition, (or any more recent version specified in the applicable Pricing Supplement) namely: (i) the use of proceeds, (ii) the process for project evaluation and selection, (iii) management of proceeds, and (iv) reporting.

The Green, Social and Sustainability Bond Framework may be updated at any time to reflect changes in market practice, regulatory developments and the Issuer’s activities. The Green, Social and Sustainability Bond Framework sets forth categories of Eligible Projects that have been identified by the Issuer as having a positive impact or reducing a negative impact on the environment and/or having a positive social impact.

The Issuer has appointed ISS ESG to issue a second opinion on the responsible nature of the Green Bonds, Social Bonds and Sustainability Bonds issued by the Issuer (the Second Opinion) by evaluating: (i) the link between the Green Bonds, Social Bonds and Sustainability Bonds and the Région’s responsible strategy, (ii) compliance of the Green, Social and Sustainability Bond Framework with the GBP, the SBP and the SBG and (iii) (a) the positive contribution of the Eligible Projects to the United Nations Sustainable Development Goals and (b) their performance by reference to the ISS ESG key performance indicators. This Second Opinion, and any other opinion or certificate issued in connection with an issue of Notes in accordance with the Green, Social and Sustainability Bond Framework, may be consulted on the Issuer’s website (https://www.auverghonealpes.fr/221-les-publications.htm).

The Région undertakes to publish an annual report on Green Bonds, Social Bonds and Sustainability Bonds until the proceeds of issue have been fully utilised. This report shall be published on the Issuer’s website (https://www.auverghonealpes.fr/221-les-publications.htm). This report shall include an allocation report indicating the total amount allocated together with, for each category of Eligible Green Project or Eligible Social Project, information on the number of Eligible Projects financed, the total amount invested and the list of Eligible Projects financed. The report shall also include an impact assessment.

In accordance with the Green, Social and Sustainability Bond Framework, the Région’s Finance Department shall monitor the application of the net proceeds of all Green Bonds, Social Bonds and Sustainability Bonds. The application of proceeds towards Eligible Projects shall thereafter be confirmed, at an initial level, through the Région’s financial systems which reconcile each expenditure item with the corresponding programme authorisation payment and, at a second level, through verification performed
by the *Direction Régionale des Finances Publiques* (DRFiP) which verifies that the relevant payment correlates to a duly committed, liquidated and authorised expenditure item.
DESCRIPTION OF THE ISSUER

1.1 Legal name of the Issuer

The Issuer is the Regional Council of Auvergne-Rhône-Alpes (Région Auvergne-Rhône-Alpes, the Region, Auvergne-Rhône-Alpes or the Issuer), a French local authority.

1.2 Registered office, geographic location, legal form

1.2.1 Registered office

The registered office of the Regional Council of Auvergne-Rhône-Alpes is located at:

1, esplanade François Mitterrand
CS 20033 - 69269 LYON CEDEX 02

The telephone number of the registered office is + (33) 04 26 73 40 00.


1.2.2 Geographic location

Location of Région Auvergne-Rhône-Alpes in France

Région Auvergne-Rhône-Alpes is the third largest region in France in terms of surface area (69,711 km²): it covers 13% of the territory of metropolitan France.

Its surface area is equivalent to that of Ireland.
Région Auvergne-Rhône-Alpes comprises 12 départements:

- Ain
- Allier
- Ardèche
- Cantal
- Drôme
- Isère
- Loire
- Haute-Loire
- Puy-de-Dôme
- Rhône
- Savoie
- Haute-Savoie
Auvergne-Rhône-Alpes, a mountainous region

With more than **80% of its territory in a mountainous area**, Région Auvergne-Rhône-Alpes is the largest mountainous region in Europe.

The **Massif Central** extends across the west half of the Region to the Saône and the Rhône. It is characterised by a succession of plateaus and medium-height mountain ranges and its volcanic terrain.

The centre of the region is crossed by the river Rhône and the Rhône valley.

To the east, the Region extends over the **Alps, with its dominating high mountains and deep valleys**. Mont-Blanc, the roof of western Europe, is the Region's highest point, reaching almost **4,809 metres of altitude**.

The Region is also home to vast lakes including Lake Bourget (the biggest in France), Lake Annecy and Lake Geneva.

1.2.3 **Issuer's legal form and organisational structure**

A. **Legal form**

Région Auvergne-Rhône-Alpes is a French local authority created on 1 January 2016 by the merging of the regions of Auvergne and Rhône-Alpes pursuant to the provisions of law no. 2015-29 dated 16 January 2015 on the demarcation of the regions, regional and departmental elections and amending the electoral calendar.

For administrative purposes, the French territory is divided into five types of local authority, also known, since the decentralisation law of 2 March 1982, as "**local authorities of the Republic**". These local authorities, governed under article 72 of the French Constitution by the principle of freedom of administration (**in accordance with the law, these local authorities are freely administered by elected**
councillors and have the regulatory authority to exercise their powers”), are the Region, the Department, the Municipality, special status authorities and overseas authorities.

Each of these entities, corresponding to a specific geographical area, therefore enjoys its own legal personality and resources, which it may dispose of as it sees fit.

This constitutional legislation was supplemented by constitutional law n° 2003-276 of 28th March 2003 on decentralisation of powers in the French Republic, which devolves specific powers to local authorities generally whilst allowing each of them to retain their individual autonomy. Local authorities therefore "are empowered to take those decisions within the scope of their authority which they are best placed to implement at their level". This concept draws on the EC law "principle of subsidiarity". The idea is to give local authorities the legal means to implement the powers conferred on them by law and to transfer true local regulatory power to them.

Local authorities can implement joint projects in concert with each other without either local authority having supervisory power over the other.

France is divided into 18 régions (Regions), including 5 régions d’Outre-Mer (Overseas Regions), each Region encompassing several départements (Departments) which themselves encompass several communes (Municipalities).

B. Organisational structure and functions

Région Auvergne-Rhône-Alpes is administered by a Regional Council of 204 members elected for a six-year term by direct universal suffrage at the last regional elections on 20 and 27 June 2021. Through its decisions, the Regional Council governs regional matters. Executive power is held by the President of the Regional Council.

The President of the Regional Council, elected by the regional councillors, prepares and executes decisions of the regional council. The President authorises expenditure and decides how regional income shall be allocated, manages the Region's assets and is head of the administrative services through which the Region exercises its powers. He may be assisted by vice-presidents who have power within a specific area of regional activity.

The Standing Committee, whose members are elected by the regional councillors, is a sub-commission of the Regional Council. The Regional Council delegates part of its powers to it, except those relating in particular to voting the budget and approving the administrative accounts.

The Regional Economic, Social and Environmental Council (the Conseil économique, social et environnemental régional or CESER) of the Regional Council and its President, is an advisory body which contributes to the involvement of civil society. It gives its views to the Regional Council, on its request or following compulsory referrals relating to the budget or regional policy blueprints. It can also undertake studies and draft contributions on its own initiative on all areas of economic, social or environmental policy.

Région Auvergne-Rhône-Alpes has, like the other regions, been a fully-functioning local authority alongside the departments and municipalities, since 16 March 1986, the date of the first election of regional councillors by universal suffrage.

The Regional Council

The Regional Council is made up of 204 members elected by universal direct suffrage. As at 31 July 2020, the members of the Regional Council were split into the following groups:
The President of the Regional Council

The President of the Regional Council is Laurent WAUQUIEZ.

He is assisted by 15 Vice-presidents who have each been delegated functions in a specific area of the region's work:

- **1^st** Vice-President : Mrs Stéphanie PERNOD, responsible for the economy, re-localisation and regional prioritisation;
- **2^nd** Vice-President : Mr Nicolas DARAGON, responsible for finance, general administration and human resources;
- **3^rd** Vice-President : Mrs Laurence FAUTRA, responsible for health;
- **4^th** Vice-President : Mr Yannick NEUDER, responsible for higher education, research, innovation, digital and European funds;
- **5^th** Vice-President : Mrs Florence DUBESSY, responsible for education and high schools;
- **6^th** Vice-President : Mr Jean-Pierre TAITE, responsible for agriculture;
- **7^th** Vice-President : Mrs Marie-Pierre MONTORO-SADOUX, responsible for youth, family and senior citizens;
- **8^th** Vice-President : Mr Renaud PFEFFER, responsible for Security;
- **9^th** Vice-President : Mrs Sylvie FAYOLLE, responsible for tourism;
- **10^th** Vice-President : Mr Philippe MEUNIER, responsible for regional planning and international relations;
- **11^th** Vice-President : Mrs Sophie ROTKOPF, responsible for culture;
- **12^th** Vice-President : Mr Frédéric BONNICHON, responsible for the environment and positive ecology;
- **13^th** Vice-President : Mrs Ségolène GUICHARD, responsible for apprenticeships and vocational training;
- **14^th** Vice-President : Mr Frédéric AGUILERA, responsible for transport;
- **15^th** Vice-President : Mrs Sandrine CHAIX, responsible for social action and the disabled.

In addition, he is assisted by 6 special councillors:
- Mr Olivier AMRANE : Special councillor responsible for rural affairs;
- Mr Bruno FAURE : Special councillor responsible for the Auvergne;
- Mr Gilles CHABERT : Special councillor responsible for mountains;
- Mr Eric FOURNIER : Special councillor responsible for air quality, climate and energy;
- Mr Brice HORTEFEUX;
- Mr Dino CINIERI.

**The Standing Committee**

The Standing Committee comprises 61 members:

- the President of the Regional Council;
- the 15 vice-presidents; and
- 46 other members representing the different political groups in the Regional Council.

**Thematic Committees**

The Regional Council has created several special committees to examine specific issues and prepare for decisions to be taken in those areas. There are 18 such committees each comprising 27 members.

**The Regional Economic, Social and Environmental Council**

The Regional Economic, Social and Environmental Council of Auvergne-Rhône-Alpes comprises 190 members appointed by the Prefect for a term of 6 years. The councillors emanate from 121 organised civil society bodies. They are divided into 4 colleges, representing:

- College 1 – "non-salaried professional activities and businesses" : 38 organisations – 61 councillors;
- College 2 – "employee trade union organisations" : 8 organisations – 61 councillors;
- College 3 – "organisations and associations" : 75 organisations – 61 councillors;
- College 4 – "qualified persons (chosen and appointed by the Prefect of the Région" : 7 councillors.

Its opinion is sought on documents relating to:
- the preparation and execution of the national plan in the Region;
- the draft regional plan and its execution report;
- planning documents and master plans concerning the Region;
- the general orientations of the draft budget; and
- the general orientations of the transferred areas of authority.

It may be consulted on any economic, social or cultural projects and may issue opinions on any matter falling within the Region’s scope of authority.
Regional administration

The Region’s administration employed 7,784 people as at 31 December 2020 including 7,429 civil servants and 355 non-civil servants.

Administrative staff work under the authority of a director general of services and five deputy director generals who split the various functions of the Region among themselves. Regional work is carried out through 24 departments, as follows:

- under the Director General of Services:
  - The international relations department;
  - The operational coordination and strategic support planning department;
  - The audits and risks department;
  - The transformational and transversal projects department;
  - The public policies evaluation and forward-planning department.

- Under the Deputy Director General for "Territories and mobilities":
  - The agriculture, forests and agrifood department;
  - The “My Region, its terroirs” regional branding department
  - The local planning and mountains department;
  - The environment and energy department;
  - The mobilities department.

- Under the Deputy Director General for "Education, culture, sport and social policy":
  - The education and secondary schools department;
  - The culture and natural heritage department;
  - The youth, health, sport and disability department.

- Under the Deputy Director General for "The economy, training, higher education and innovation":
  - The training and career guidance department;
  - The economic development department;
  - The tourism department;
  - The higher education, research and innovation department;
  - The infrastructure and digital economy department.

- Under the Deputy Director General for "Resources":
  - The finance department;
  - The human resources department;
The European funds department;
- The information systems and digital department.

- Under the Deputy Director General for "The general secretariat":
  - The legal affairs department;
  - The purchasing department;
  - The heritage and general resources department;
  - The meetings and officials relations department.

Région Auvergne-Rhône-Alpes’ partner associations

The Regional Council relies, for part of its activity, on external associated bodies. These bodies intervene within their field of expertise in accordance with the policies laid down by the Regional Council.

The principal partner associations of the Region are:

- Auvergne-Rhône-Alpes Tourisme, the Regional Tourism Committee, which implements the Region’s tourism policies and perform a technical advisory role for the Regional Council in relation to tourism facilities and investment. It coordinates the activities of providers of leisure services and implements actions to promote tourism in France and abroad,

- Auvergne-Rhône-Alpes Entreprises, the agency intended to support the development of regional companies. This organisation was born from the merger of the different economic structures working in the region, particularly the Agence Régionale du Développement et de l’Innovation Rhône-Alpes (Regional Agency for development of the competitiveness of the companies of Rhône-Alpes through innovation), the Agence Régionale de Développement Economique (supports the development of economic operators in Auvergne, nationally and internationally), and the Agence Régionale de Développement des Territoires d’Auvergne (development to attract new populations to the Auvergne area),

- Auvergne-Rhône-Alpes Energy-Environment: the purpose of this organisation is to promote and coordinate all of the Region’s activities relating to the development of new innovative technologies concerning the environment to ensure sustainable development,

- The Centre for organisation, resources and information on training and the regional observatories for employment and training (CARIF OREF Auvergne-Rhône-Alpes) is a general interest organisation whose mission is to improve and develop ongoing reception, information and guidance services intended for the Region’s residents and businesses.
C. The scope of the region's powers

Since the creation of the Public regional institution in 1972, which became a fully-fledged local authority through the Decentralisation Act dated 2 March 1982 that transferred *inter alia* a general power to promote regional development, the role of French regions has gradually increased in scope over the years as part of the French decentralisation process. The 1982 and 1983 decentralisation laws establishing the powers and authority of the regions reinforced and extended their traditional role in terms of planning and the economy.

Under the terms of article L.4221-1 of the General Local Authorities Code currently in force, "through its deliberations, the Regional Council manages the Region's affairs in the areas in which it exercises statutory functions. It has power to promote the economic, social, healthcare, cultural and scientific development of the Region, to support affordable and better housing, to support urban policies and regeneration and to promote policies on education, planning, equitable development, the preservation of its identity, regional languages, while respecting the integrity, autonomy and functions of the departments and municipalities".

The Region's main functions are therefore:

- **Passenger transport**

Law no. 2000-1208 of 13 December 2000 on solidarity and urban renewal transferred powers to organise and finance regional passenger rail services to the regions (excluding Ile-de-France and Corsica which have a special status) beginning on 1 January 2002. Région Auvergne-Rhône-Alpes is therefore the regional passenger transport authority across its territory: it acquires and renews rolling stock and decides, together with the operator (currently Société nationale des chemins de fer (SNCF)), the extent of the network, conditions of service and tariffs.

Likewise, the Region is involved in modernising infrastructure, updating tracks, building and maintaining platforms, renovating stations for greater comfort, accessibility and connectivity between the different means of transport.

- **Secondary schools (lycées), apprenticeships, healthcare and social training**

Région Auvergne-Rhône-Alpes has around 320,2000 secondary school pupils. The Region is responsible for the construction, renovation, equipment and operation of state schools in its territory. Within these schools, regional staff prepare thousands of meals every day and look after the maintenance and state of repair within secondary schools. The Region gives particular attention to boarding pupils, secondary
school common areas and school catering. It also helps families to buy school text books and equipment for those in technical colleges and issues grants for overseas study.

Together with companies, the Region funds the cost of apprenticeships, which are free for students. It also defines the type of training offered to young people and the number of available places in each area of study. It provides incentives to businesses to employ apprentices by training them and offering financial support. Apprentices can also receive assistance in buying the necessary equipment for their training.

The Region, which decides which healthcare and social training to offer (in midwifery, nursing, teaching etc.), funds training establishments and issues study grants.

- Economic development

Economic development and employment is one of the Region's main areas of intervention, boosted further by the law dated 7 August 2005 on the new territorial organisation of the Republic (the NOTRe law).
Regions are tasked with drafting a regional blueprint for economic development, innovation and internationalisation (SRDEII). This sets the overall strategy for assistance to businesses, support for international relations, assistance for property investment and innovation and for promoting the region's overall attractiveness. The blueprints have to be approved by the State which checks whether they are in line with European Union mechanisms and the principle of free competition.

The blueprint has to be approved during the first year of the assembly's mandate. It is prepared by the Regional Council in cooperation with the local authorities, particularly groups of municipalities, in the form of a Public inter-municipal cooperation institution (EPCI). It is presented and discussed within the local public policy conference, advisory chambers and the regional chamber for the social and solidarity economy.

The regional economic blueprint is coordinated with the new functions of large cities (métropoles). Given their economic importance, all of the large cities, in this case Lyon and Grenoble, are closely involved in the preparation of the blueprint. Its overall strategy which applies across a city is drafted and adopted jointly with the city council and the Regional Council.

- **Vocational training and employment**

The regions play a frontline role in continuing professional development. They work to support the public employment service by contributing to the funding of job support and workplace integration schemes.

Vocational training allows everyone to change their job or profession, to obtain qualifications, to find a job, to broaden their knowledge, to hone their know-how or to set up a business.

This function falls under the law of 5 March 2014 on vocational training, jobs and social democracy. The law provides that the State and Region should build a Public Careers Advice Service to support people throughout their lives. The State is responsible for careers advice to pupils and students, while regions coordinate the activities of other participating bodies.
- **Planning**

Planning is a major function of the regions, which was further bolstered by the NOTRe law.

Each region had to prepare a "Regional planning, sustainable development and territorial equality blueprint" (Schéma régional d’aménagement, de développement durable et d’égalité des territoires - SRADDET) by 2019.

This blueprint was adopted at the Plenary Assembly of 28 and 29 March 2019\(^1\) and covers several different topics: the installation of regional infrastructure (including roads and fibre optics), making rural areas less remote, housing and efficient use of space, transport, combating climate change, promoting energy efficiency, tackling air pollution, protecting and restoring biodiversity and finally reducing and managing waste.

- **Agriculture**

More than 43% of the territory of Région Auvergne-Rhône-Alpes is covered by farmland.

Regional involvement in agricultural policy is mainly focused on farm buildings, enhancing the value of farm produce, sector-specific strategies and farm modernisation.

Since 1 January 2015, the regions have been in charge of managing the European agricultural fund for rural development (FEADER), which funds rural development programmes. For 2014-2020 Europe is involved in co-financing projects alongside national funds.

The NOTRe law strengthens this role, with agriculture being at the heart of the future **SRADDET**.

\(^1\) [https://www.auvergnerhonealpes.fr/uploads/Presse/c9/437_663_DP_03_28_29_AP.pdf](https://www.auvergnerhonealpes.fr/uploads/Presse/c9/437_663_DP_03_28_29_AP.pdf)
Further, the regions are able to manage European funds (including the European Regional Development Fund (FEDER), the European Social Fund (FSE) and the FEADER) for 2014-2020. They are in charge of managing European funds and selecting the projects to receive funding in their areas.

Finally, the Region leads volunteer initiatives in the environment, sustainable development, research, youth, sport and culture.

1.3 The Issuer's solvency

1.3.1. The legal framework for local authority borrowing limits the risk of insolvency

Law no. 82-213 of 2 March 1982 relating to the rights and freedoms of Municipalities, Departments and Regions, abolished any role of supervision by the State over the acts of local authorities. This change gave local authorities full and complete freedom of discretion in matters of finance and simplified the rules applicable to raising finance. Henceforth, local authorities are free to raise finance and their relations with lenders are governed by private law and freedom of contract, the constitutional validity of which in relation to local authorities was recognised by the Constitutional Council (Cons. const., 30 Nov. 2006, Dec. no. 2006-543 DC, law relating to the energy sector).

However, this freedom is framed by the following principles recently supplemented by law no. 2013-672 of 26 July 2013 on the separation and regulation of banking activities:
• borrowings must be used exclusively to finance investment; and

• if the loan is denominated in foreign currency, the exchange risk shall be entirely covered by a currency swap against Euro at the time of the subscription of the loan for the total amount and the total duration of the loan;

• if the interest rate is floating, indices and authorised spreads for the indexation provisions, if any, are set by decree of the Conseil d’État and the indexation formulas must meet criteria of simplicity or predictability of financial costs incurred by the authority with respect to the loan; and

• repayment of principal must be fully covered by own funds derived from the transfer of operating income (i.e. gross savings), plus definitive capital income-other than the borrowing.

Pursuant to article L.4321-1 of the General Local Authorities Code, payment of interest on debt and repayment of the principal amount of the debt constitute mandatory expenses for the Issuer. Accordingly, it is mandatory for these expenses to be recorded in its budget. If this obligation is breached, French law has introduced a procedure (article L. 1612-15 of the General Local Authorities Code) enabling the Préfet, upon request by the Chambre régionale des comptes, to register this expense in the Issuer’s budget. Furthermore, failing payment of a mandatory expense, French law has introduced another procedure (article L. 1612-16 of the General Local Authorities Code) enabling the Préfet to register this expense.

In this regard, failure by the Préfet to implement this procedure may render the French State liable in negligence, if appropriate, for up to the total amount of the unpaid expenses (Cf. CE, 18 Nov. 2005, Société Fermière de Campoloro, n°271898; CE, 29 Oct. 2010, Min. Food, Agriculture and Fisheries, n°338001).

This "implied" guarantee mechanism is justified by the principle of immunity from seizure of the assets of French public authorities. By virtue of this principle, the Issuer, being a local authority, is immune from ordinary law enforcement measures such as seizure of assets. Indeed, article L.2311-1 of the general public entities property code (Code général de la propriété des personnes publiques) provides that "the assets of the public entities referred to in article L.1 are immune from seizure".

The mandatory nature of the debt repayment obligation therefore constitutes a strong legal protection for lenders to the Issuer.

Beyond that, the use of financial instruments (derivatives such as swaps, caps, tunnels, etc.) is only permitted for the purpose of hedging interest rate risk, as provided in the inter-ministerial circular no. NOR IOCB 1015077C of 25 June 2010 relating to financial products offered to local authorities and their public establishments. Speculative transactions are strictly prohibited.

In this regard, the aforementioned law of 26 July 2013 has inserted article L.1611-3-1 into the General Local Authorities Code. Under the terms of this article, when a local authority contracts to enter into a loan denominated in a foreign currency, the local authority is under an obligation to enter into a euro currency swap contract simultaneously with the loan for the same amount and duration as the loan.

The Issuer applies this legal framework strictly and the swaps entered into by Région Auvergne-Rhône-Alpes are aimed solely at reducing or limiting the impact of financial costs and completely and systematically neutralising foreign exchange risk on transactions in foreign currencies.
Finally, the recent decree no. 2014-984 of 28 August 2014 on the framework for local authority borrowing conditions, their groups and departmental fire and emergency services, adopted pursuant to the aforementioned law of 26 July 2013 sets out the conditions for local authorities subscribing for loans from credit institutions and for financial contracts, in order to limit high risk borrowing.

This decree defines four categories of simple index on which rates may vary. In accordance with the new article R.1611-33 II 2° of the General Local Authorities Code, the interest rate may not, during the life of the loan, be greater than double the lowest rate recorded in the first three years of the loan. Furthermore, subscribing for a financial contract backed by a loan does not represent an exception to these rules, except where allowing such exception would enable a reduction in the risk related to a loan or financial contract that does not comply with the new provisions. Therefore, the new article R.1611-34 I of the aforementioned code only allows local authorities to subscribe for financial contracts provided they are backed by a loan and that the variable interest rate resulting from the combination of the loan and financial contract does not contravene the provision in article R.1611-33 II 2°.

This decree applies to contracts and amendments entered into from and including 1 October 2014.

1.3.2 The Issuer’s credit rating

Région Auvergne-Rhône-Alpes is rated by the credit rating agency S&P Global Ratings Europe Limited (S&P).

In December 2020, S&P assigned the Région Auvergne-Rhône-Alpes’ long-term credit rating of ‘AA’ with a stable outlook.

1.4 Demographic and economic environment of Région Auvergne-Rhône-Alpes

1.4.1 Région Auvergne-Rhône-Alpes’ population

With an estimated population of 8,032,377 million at 1 January 2020, Région Auvergne-Rhône-Alpes is home to 12% of the French population and has the second largest population of any French region.

Its population is greater than that of some countries such as Bulgaria, Denmark or Finland. It ranks among the large European regions such as Lower Saxony or Catalonia.
Over the last 10 years, between 2009 and 2018 (latest year for which definitive data is known), the regional population increased by 6.34 % (an increase of 476,455 inhabitants) compared with an increase of 4.18 % for the country as a whole (change of 3.81 % just for Mainland France).

78% of the population lives in an urban area, in the 5 largest towns: Lyon, Grenoble (both large cities), and the smaller cities of Saint-Etienne and Clermont-Ferrand and the French side of the Geneva basin (Genève Annemasse).

Lyon alone is home to 29% of the regional population.

Sparsely populated rural and mountainous areas, which cover a third of the territory continue to predominate.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Normandie</td>
<td>3,310,448</td>
<td>3,339,131</td>
<td>28,683</td>
<td>0.86</td>
</tr>
<tr>
<td>Nouvelle-Aquitaine</td>
<td>5,745,486</td>
<td>6,039,092</td>
<td>293,606</td>
<td>5.25</td>
</tr>
<tr>
<td>Occitanie</td>
<td>5,518,106</td>
<td>5,985,697</td>
<td>467,591</td>
<td>8.65</td>
</tr>
<tr>
<td>Pays de la Loire</td>
<td>3,571,495</td>
<td>3,837,166</td>
<td>265,671</td>
<td>7.43</td>
</tr>
<tr>
<td>Provence-Alpes-Côte d'Azur</td>
<td>4,889,155</td>
<td>5,088,998</td>
<td>199,843</td>
<td>4.06</td>
</tr>
<tr>
<td><strong>Mainland France</strong></td>
<td>62,765,235</td>
<td>65,235,843</td>
<td>2,470,618</td>
<td>3.86</td>
</tr>
<tr>
<td>Guadeloupe</td>
<td>403,355</td>
<td>375,693</td>
<td>-27,662</td>
<td>-6.85</td>
</tr>
<tr>
<td>Guyane</td>
<td>229,040</td>
<td>294,146</td>
<td>65,106</td>
<td>28.56</td>
</tr>
<tr>
<td>La Réunion</td>
<td>821,136</td>
<td>857,809</td>
<td>36,673</td>
<td>4.50</td>
</tr>
<tr>
<td>Mayotte</td>
<td>232,189</td>
<td>288,926</td>
<td>56,737</td>
<td>24.30</td>
</tr>
<tr>
<td><strong>Mainland France and DOM</strong></td>
<td>64,612,939</td>
<td>67,407,241</td>
<td>2,794,302</td>
<td>4.32</td>
</tr>
</tbody>
</table>

*Source: Insee, RP and population estimates (2021)*
Population estimates by gender and age as at 1 January 2021 Région Auvergne-Rhône-Alpes

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2015</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women</td>
<td>Men</td>
<td>Overall</td>
</tr>
<tr>
<td></td>
<td>4 159 234</td>
<td>3 931 208</td>
<td>8 032 377</td>
</tr>
<tr>
<td>0 to 19 yrs</td>
<td>952 874</td>
<td>1 001 254</td>
<td>1 954 128</td>
</tr>
<tr>
<td>20 to 39 yrs</td>
<td>961 498</td>
<td>949 719</td>
<td>1 911 217</td>
</tr>
<tr>
<td>40 to 59 yrs</td>
<td>1 055 160</td>
<td>1 034 586</td>
<td>2 089 746</td>
</tr>
<tr>
<td>60 to 74 yrs</td>
<td>716 783</td>
<td>639 870</td>
<td>1 356 653</td>
</tr>
<tr>
<td>75 yrs or over</td>
<td>472 919</td>
<td>305 779</td>
<td>778 698</td>
</tr>
</tbody>
</table>

Source: Insee, RP and population estimates (2021)

1.4.2. The economy of Région Auvergne-Rhône-Alpes in 2020

Regional summary 2020, a year profoundly affected by the health crisis

Following three dynamic years, 2020 will remain forever marked by the huge blow to the regional economy. From lockdowns under curfew to the closure of numerous businesses, all sectors and all economic actors were affected by the Covid-19 pandemic, albeit to varying degrees. In Auvergne-Rhône-Alpes, salaried employment fell by 1.7% and, at the same time, the number of jobseekers increased by 6.1%. The tourism sector, particularly present in the Région, was heavily impacted, more so for hotels than for campsites. Greatly affected by travel restrictions, the transport sector witnessed a 68.5% fall in air travel, in terms of the number of passengers transported, with a general fall in the number of new vehicles sold. The construction sector also saw a drop-off in activity, however employment in this sector was resilient and ended up (+ 2.1%). Finally, the rate of business start-ups continued to increase, in spite of the health situation.

Employment loses ground: - 1.7%

Following a positive period over the last 8 years, salaried employment lost ground as a result of the health crisis and the successive lockdowns. At the end of 2020, the Région had 3 011 000 employees, which is 52,000 less than the year before representing a fall of 1.7%, greater than at national level (– 1.1%). The effects of the health crisis were felt particularly sharply in the commercial tertiary sector (– 4.0%) and the industrial sector (– 1.6%). The non-commercial tertiary sector (+ 1.0%) and the construction sector (+ 2.1%) managed to remain in positive territory. Finally, part-time employment fell to an unprecedented extent in the first lockdown, but subsequently recovered.
Jobseekers (categories A, B and C) up: + 6.1%
By the end of 2020, despite recovering employment and strengthening of the furlough scheme to limit the effects of the health crisis, the number of jobseekers, all categories combined, increased by 6.1%. The increase was more significant for those registered as Category A, without employment and registered at the Job Centre (+ 9.8% over one year). The increase was much more moderate for people combining reduced activity and job-seeking (+ 0.7%). The year was marked by significant swings between job-seeker categories, due to the constraints imposed by the successive lockdowns. Despite the increase in the number of job-seekers, the regional unemployment rate, as defined by the International Labour Office (ILO) remains stable at 7.0% of the active population, which is below the national rate (8.0%, down slightly by 0.1 point). This deceptive trend has to do with the unemployment rate definition: persons defined as unemployed, under the ILO definition, must be actively seeking employment. However, this was heavily restricted in 2020 due to the lockdown periods, which excluded certain job-seekers from the ILO unemployment rate statistics.

Business start-ups higher than in 2019: + 3.2%
Despite a negative employment situation, business start-ups continued to grow in the Région. The level reached exceeded that of 2019. In 2020, 103 500 businesses were created in Auvergne-Rhône-Alpes, an increase of 3.2%, which however represents a fall compared to previous years. The first semester, which was particularly subdued, suffered the effects of the first lockdown. However, the number of start-ups began to increase again in the third quarter. The second lockdown between November-December 2020 had only limited effects, with a slight fall in the fourth quarter. Micro-entrepreneur start-ups account for the majority of regional growth (+ 6.0%), whereas incorporated company start-ups remain steady. Conversely, there was a fall in individual enterprise start-ups (– 7.4%).

As an indirect effect of the health crisis, business failures are in freefall (– 43% compared to 2019). This fall can be explained by two combined factors. During the first lockdown, the commercial tribunals had to postpone delivering their judgments. Then, the huge deployment of State aid in support of businesses in financial difficulty logically reduced the number of judicial recovery proceedings.

Construction: all indicators are down, except employment (+ 2.1%)
In the construction sector, indicators are significantly worse in 2020. New housebuilding works, with 49 300 housing units commenced, fell by 3.9% compared to 2019. Similarly, the number of building permits stalled (– 13.6%) reaching a cumulative amount of 55 200 housing units over the year. In terms of sales, 14 240 new houses and apartments were reserved, a fall of 23% compared to 2019. Commercial premises construction is also trending downwards and building maintenance-renovation work levels decreased as did public procurement order books. Under this rather subdued climate, construction sector salaried employment nevertheless grew (+ 2.1%), although part-time employment fell by the end of the year.

Transport: record fall in the number of passengers transported (– 68.5%)
In the transport sector the picture is identical, due to the severe travel restrictions imposed by the lockdowns. There was a significant fall in the number of new vehicle registrations, across all vehicle types. New private car sales fell by 23%, whereas light utility vehicles fell by 14%. Air traffic was one of the sectors most heavily impacted by the global pandemic with the number of passengers transported falling by historic levels (– 68.5% in the Région). The Rhône-Saône basin suffered the strongest contraction in river goods transport of all French river basins (source “INSEE - Auvergne-Rhône-Alpes 2020 Economic Report” n° 27 of July 2021).

Agriculture: fruit and vegetable prices soar
The health crisis and its consequences on economic life have also changed domestic consumption habits and disrupted demand, requiring great agility by food chain operators and more specifically by producers in the agricultural sector. 2020 was a dry and hot year, impacting on the yield of a number of crops. Wine, milk, and beef & pork output felt the economic consequences of this crisis with varying effects on prices. Prices of certain items in the fruit and vegetable sector soared.

Energy-climate: sharp decrease in pollution levels during the lockdowns
Two heatwaves occurred in 2020, in July and in August. Average maximum temperatures were the highest recorded in the last 10 years. The month of November, in particular, was marked by a lack of rainfall, the most significant since 1978. As a result of the health crisis, air pollution fell during the lockdown periods and electricity consumption also fell by almost 6%. Conversely, renewable electricity generation, essentially through the Région’s hydroelectric power output, increased by 7%.

**Lending: record increase in 2020 (+10%)**
Driven by the health crisis, loan distribution reached record levels, with more than 275 billion euros mobilised, which is an increase of almost 10%, compared to +6.0% in 2019. Business support policy, aimed at mitigating the economic consequences of the crisis, increased amounts made available under liquidity facilities to an exceptional extent (+68%). Housing loans continued to grow, although more moderately than in previous years.

Two other economic indicators illustrate the impact of the health crisis in our region.

- **Number of paid working hours**: the number of working hours remunerated by businesses gives an indication of the level of activity in the Région. These fluctuations demonstrate the huge disparities between sectors. In March 2021, the number of paid working hours was 6% below the March 2019 level (–9% in commercial services, –3% in industry and +2% in construction).

1. **Change, compared to the same period in 2019, in number of paid hours per sector**

![Graph showing changes in paid working hours]

**Note**: the comparison is made with the same month in 2019, and therefore a break is indicated in January 2021 (the months of the year 2020 are compared to the same months of 2021 m-12 and the months of 2021 are compared to the same months of 2019 m-24). This break is indicated by the dotted vertical line.

**Source**: DSN, Insee – change in % – monthly data observed on 28 May 2021

- **Amount of bank card transactions**: sharply down during the first lockdown in March-April 2020, and slightly less so in autumn, bank card transactions reflected a far less severe fall in consumption by the end of the year. Nevertheless, at the beginning of 2021, the level of bank card transactions remains 8% below the same period in 2019, with wide weekly fluctuations. However, the most recent countrywide information indicates a strong recovery in household consumption in May 2021.
Tourism
The impacts of the health crisis in Auvergne-Rhône-Alpes in 2020 were more significant for hotels than for campsites. Tourist visitation contracted sharply for the Région’s hotels (–38%), amounting to only 15 million overnight stays in 2020. However, the year had begun remarkably well with visitation sharply up in January and February (+12% in February in particular). Unsurprisingly, it was during the months of lockdown (from March to May and November to December) that the falls in hotel tourist numbers were the most significant. There was a slight recovery in the month of June, followed by a fall in the month of July limited to –22% with August being roughly similar to 2019 (–3%).

The overall decrease in the number of overnight stays at regional level (–15%) applies to extremely contrasting situations in the 3rd quarter 2020: a very favourable situation in Ardèche where visitation grew significantly (+6% compared to 2019), relative stability in Cantal, Haute-Loire and Savoie, and a net drop for the other départements, particularly severe in l’Ain (–29%) and Le Rhône (–30%). Throughout the Région and over the full year, unclassified hotels were significantly more resilient (–27% visitations) than a classified hotels (–39%).

2. Total number of overnight stays in hotels in 2019 and 2020 by month

<table>
<thead>
<tr>
<th>Month</th>
<th>Number of overnight stays-2019</th>
<th>Number of overnight stays-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td></td>
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<td>February</td>
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<td>March</td>
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<td>September</td>
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<td>October</td>
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<td></td>
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<tr>
<td>November</td>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Insee in partnership with the regional tourism committees (CRT).

Campsite visitation decreased to a lesser extent than was the case for hotels. Firstly, this type of accommodation achieves its best results of the season during the 3rd quarter, the period that was the least affected by the health crisis restrictions. It is also likely that this type of open-air accommodation was more reassuring for tourists. Finally, unlike hotels, campsites were not affected by the fall in business tourism.

In the 3rd quarter in Auvergne-Rhône-Alpes, almost all campsites were open and their visitation fell by around 8%, half the rate of decrease observed by hotels over the same period. Overseas customers were less present this summer than normal. Almost one third fewer such customers visited the Région’s campsites, and were replaced by a higher proportion of French customers (74% in 2020 compared to 66% in 2019).

A- Employment – salaried employment more heavily impacted than nationally

Following a period of regular growth over the last eight years, salaried employment in Auvergne-Rhône-Alpes stalled as a result of the health crisis. At the end of 2020, the Région had 3 011 200 employees, which is 52 100 fewer than the previous year and a fall of 1.7%. France as a whole experienced a decrease, although to a lesser extent (–1.1%), thanks to a less difficult end of year.
1. Regional change in total salaried employment

Regional job losses were concentrated in the private sector (–2.4%). Public employment held up, despite a difficult beginning to the year and in the end finished 1.0% higher. At département level, Savoie (–8.7%) and Haute-Savoie (–4.5%) suffered from an aborted end of the 2019-2020 tourist season and the closure of the ski resorts during the second lockdown. In the Région, only Haute-Loire maintained a level of employment similar to that of 2019.
2. Total salaried employment per département and major activity sector in Auvergne-Rhône-Alpes

Employment at 31/12/2020 (thousands)  Annual change (in %)

Agriculture, industry, construction, commercial tertiary, of which temporary, non-commercial tertiary, Total

---

3. Total salaried employment per activity sector in Auvergne-Rhône-Alpes

Industry suffered a particularly rough ride, but construction improved

In 2020, industrial employment fell by 1.6%, against a similar background nationwide (–1.8%). Both the agrifood and the “energy, water and waste treatment” sectors were resilient (+0.1% and +0.5% respectively). The other sectors fell markedly, up to –2.8% for transport equipment manufacturing.
3. Emploi salarié total par secteur d'activité en Auvergne-Rhône-Alpes

<table>
<thead>
<tr>
<th>Secteur d’activité</th>
<th>Emploi au 31/12/2020 (milliers)</th>
<th>Glissement annuel (en %)</th>
<th>Glissement annuel moyen 2019/2014 (en %)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Auvergne-Rhône-Alpes</td>
<td>France hors Mayotte</td>
<td>Auvergne-Rhône-Alpes</td>
</tr>
<tr>
<td>Agriculture</td>
<td>25,4</td>
<td>+1,5</td>
<td>+0,1</td>
</tr>
<tr>
<td>Industrie</td>
<td>481,6</td>
<td>-1,6</td>
<td>-1,8</td>
</tr>
<tr>
<td>Industrie agro-alimentaire</td>
<td>66,5</td>
<td>+0,1</td>
<td>-0,3</td>
</tr>
<tr>
<td>Energie, eau, déchets, cokéfaction et raffinage</td>
<td>52,2</td>
<td>+0,5</td>
<td>-0,3</td>
</tr>
<tr>
<td>Biens d'équipement</td>
<td>81,1</td>
<td>-2,2</td>
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<tr>
<td>Matériels de transport</td>
<td>24,1</td>
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<td>-2,9</td>
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<td>Autres branches industrielles</td>
<td>257,7</td>
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<tr>
<td>Construction</td>
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<td>+2,1</td>
<td>+2,2</td>
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<tr>
<td>Tertiaire marchand</td>
<td>1378,2</td>
<td>-4,0</td>
<td>-2,6</td>
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<tr>
<td>Commerce</td>
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<td>-1,0</td>
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<tr>
<td>Transports</td>
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</tr>
<tr>
<td>Hébergement - restauration</td>
<td>111,0</td>
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<td>-11,2</td>
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<tr>
<td>Information - communication</td>
<td>78,3</td>
<td>-6,0</td>
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<td>Services financiers</td>
<td>82,2</td>
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<td>-1,1</td>
</tr>
<tr>
<td>Services immobiliers</td>
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<td>-3,4</td>
<td>-1,8</td>
</tr>
<tr>
<td>Services aux entreprises</td>
<td>300,3</td>
<td>-1,4</td>
<td>-1,1</td>
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<td>Hors intérim</td>
<td>104,3</td>
<td>-4,9</td>
<td>-5,3</td>
</tr>
<tr>
<td>Services aux ménages</td>
<td>128,3</td>
<td>-5,6</td>
<td>-4,9</td>
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<tr>
<td>Tertiaire non marchand</td>
<td>937,9</td>
<td>+1,0</td>
<td>+0,8</td>
</tr>
<tr>
<td>Total</td>
<td>3,011,2</td>
<td>-1,7</td>
<td>-1,1</td>
</tr>
</tbody>
</table>

Notes : données CVS en fin de trimestre. Les données du dernier trimestre affiché sont provisoires.
1 : glissement annuel qu’aurait connu l’emploi salarié total du secteur, si l’évolution avait été la même pour chaque année de la période considérée.
Champ : emploi salarié total.
Sources : Insee, estimations d’emploi ; estimations trimestrielles Acoss-Urssaf, Dares, Insee

Left column: Activity sector - Agriculture, Industry, Agri-food industry, Energy/water/waste, Coking and refining, Plant equipment, Transport equipment, Other industrial sectors, Construction, Commercial tertiary, Retail, Transport, Accommodation-catering, Information-communication, Financial services, Real estate services, Business services, excluding temp., Temp., Domestic services, Non-commercial tertiary, Total

Notes: end of quarter CVS data. Data for the last quarter is provisional.
1 Annual variation in total salaried employment in the sector, if the change had been the same for each year in the relevant period.
Scope: total salaried employment.
Sources: Insee, employment estimates; quarterly estimates Acoss-Urssaf, Dares, Insee

Haute-Savoie suffered the sharpest drop (– 3.4%), followed by Puy-de-Dôme (– 2.4%). The Rhône, Isère and Loire, which are the three largest industrial départements in the Région, fell more moderately by between – 1.3% and – 1.6%.

Construction was the exception where employment increased by 2.1%, at a rate similar to the nation as a whole. Except for Ain where it fell (– 0.8%) and in Cantal where it remained stable, employment increased in all other départements, with increases of more than 3% in Savoie and Haute Savoie. Regional growth was strongest in the second semester 2020.

Accommodation-restaurant activities, impacted by the crisis, drag the commercial tertiary sector down
Over the year, the commercial tertiary sector recorded a fall of 4.0% in the Région, which represents 52 400 jobs destroyed. With the compulsory closure of restaurants and the halting of most tourism activities, accommodation-restaurant employment endured a bleak year: – 21.2% in Auvergne-Rhône-Alpes, compared to – 11.2% for France as a whole. Services to households, which combine leisure and recreational activities, were also heavily affected (– 5.6%). The other sectors fell to a lesser extent, with
the most significant drop of –3.4% for real estate services. Information-communication was the only sector to remain in positive territory (+0.6%).

4. Quarterly change in total salaried employment by major activity sector in Auvergne-Rhône-Alpes

Consistent with the halting of tourism activities, Savoie (−18.4%) and Haute-Savoie (−9.5%) suffered the strongest downturn in the Région. The other départements fell less markedly by between −1.4% and −3.5%.
Like the construction sector, non-commercial tertiary managed a slight increase. Employment grew by 1.0%, sustained in particular during this period of pandemic by human health businesses. The increase was similar to France as a whole (+ 0.8%). Except for Cantal and Drôme which fell slightly, non-commercial tertiary grew throughout the Région, and by up to + 2.5% in Savoie.

Part-time employment: between sharp fall and recovery, the year remains in the red
The year 2020 was unprecedented in terms of part-time employment. The lockdown from March to May resulted in a sharp fall at the end of the first quarter (− 39.7% compared to the end of 2019). Thereafter, part-time employment recovered rapidly (+ 23.5% in the second quarter and + 21.5% in the third). The second lockdown did not have as damaging an effect as the first: part-time employment even grew by 5.2% in the fourth quarter. Over the year nevertheless, part-time employment remained in negative territory at − 4.9%. The situation at national level was just as gloomy (− 5.3%). Whereas Haute-Loire, Allier and Ain recorded growth (of at least 2%), the other départements were down, by more than 10% for Cantal, Savoie and Ardèche.

B- Unemployment – Unemployment increases in 2020

Increased unemployment and swings between different jobseeker categories
With 407 660 registered at the jobs centre (Pôle emploi) in Auvergne-Rhône-Alpes in the fourth quarter 2020, the number of unemployed jobseekers (Category A) increased sharply over one year (+ 9.8%), at a higher rate than nationwide (+ 7.5% for France as a whole). The increase in the number of persons having both employed and unemployed status (262 000 persons in Categories B or C) was not as marked (+ 0.7%). These fluctuations are partly the result of swings between these categories of jobseekers throughout the year. In the first semester, as a result of the lockdown from March to mid-May, certain jobseekers, having lost their reduced activity status, rejoined Category A, resulting in a sharp increase in this category and a drop in the two other categories. In the second semester, the end of the lockdown enabled a number of jobseekers to return to work (fall in Category A), with reduced activity status in certain cases (increase of categories B and C). The second, partial lockdown at the end of the year, did not have the same effect. However, neither the recovery in employment nor reduced activity status from March 2020 were enough to offset the increase in the number of jobseekers over one year. This increase, all categories combined was + 6.1% in the Région. The increase ranged from + 1.2% in Cantal to + 13.0% in Savoie and even + 15.5% in Haute-Savoie, these two départements having been particularly affected by the meagre winter tourism.
1. Jobseekers at end-of-month

Jobseekers in 4th quarter 2020

<table>
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<tr>
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<tbody>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category A</th>
<th>(% of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Note: CVS-CJO data.

Warning: the number of jobseekers in the 4th quarter is an average of the number of jobseekers at the end of the months of October, November and December, for a clearer understanding of changing trends.

Interpretation: in the 4th quarter 2020, in the Region, 322,070 jobseekers were men. This number is up by 8.1% compared to the 4th quarter 2019. Among these, 207,650 are registered as Category A (in other words, with no activity). Their number has increased by 11.6% over one year. Men represent 48.1% of jobseekers in the Region (50.9% for Category A alone).

Source: Pole Emploi, Dares, STMT

Left column: Men, Women, Under 25 years, From 25 to 49 years, 50 years and over, Registered for one year or more, Of which registered for more than 2 years, Auvergne-Rhône-Alpes, France as a whole
Nd= data not available

2. Change in the number of jobseekers (Category A B C) between 2019 and 2020 (1)

More marked increase in unemployment for men, however women are over-represented
The annual increase in unemployed jobseekers was lower for women (+ 8.1%) than for men (+ 11.6%). Whereas the proportion of women in category A (49%) is below that of men, they however represent 52% of categories ABC. Indeed, they combine more often than men, unemployed and reduced activity status. Women are, in all cases, over-represented in terms of the number of jobseekers compared to their representation of overall employment (48%).

Sharper increase for the under 50s
The annual increase is more significant for the under 25s (+ 10.1%) and the 25 to 49s (+ 10.2%) than for persons aged 50 and over (+ 8.9%), for whom it nevertheless remains significant. The increase is significantly more moderate for persons of reduced activity status (+ 3.5% for young persons and more or less stable for other age ranges).
Heavy over-representation of those without a Bac level educational qualification
At the end of 2020, the proportion of jobseekers (categories ABC) with a low level of education (below Bac) was 44%, three times greater than their representation of overall employment (15% according to the 2017 population census). Furthermore, there are wide discrepancies between départements (from 37% in the Rhône to 56% in the Allier).

Almost half of all jobseekers have been registered for at least one year
In the Région, 47% of jobseekers (with or without reduced activity status) have been registered with the jobs centre (Pôle emploi) for at least 12 months, an increase of 2 percentage points compared to 2019. More than half of these (55%) have been unemployed for two or more years. The average period of registration is 571 days, which is an increase of 23 days compared to 2019.

Stable unemployment rate
The regional unemployment rate, as defined by the International Labour Office (ILO) remains stable at 7.0% of the active population, which is below the national rate (8.0%, down slightly by 0.1 point). This trend has to do with the unemployment rate definition used to interpret the results: persons defined as unemployed within the ILO meaning must be actively seeking employment. However, this was heavily restricted during the lockdown periods in 2020, meaning that certain jobseekers were excluded from the ILO unemployment rate statistics.
3. Quarterly change in unemployment rate (ILO definition)

In terms of French regions with the lowest unemployment rate, Auvergne-Rhône-Alpes has fallen from 3rd to 4th place behind Brittany (6.5%), Bourgogne-Franche-Comté (6.6%) and Pays de la Loire (6.7%) (Source “2020 Economic Report – INSEE Auvergne-Rhône-Alpes economy” n° 27 of July 2021).

The discrepancies between the départements of Auvergne-Rhône-Alpes are significant, with rates varying between 4.6% in Cantal and 8.4% in Ardèche and Drôme. Over one year, the rate has increased in Ain, Savoie and Haute-Savoie, but remains stable in the Rhône and is falling everywhere else.
### 4. Unemployment rate - ILO definition (as % of active population)

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019</th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q3 2020</th>
<th>Q4 2020 (p)</th>
<th>Change Q4 2020/Q4 2019 (% points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ain</td>
<td>5.9</td>
<td>5.8</td>
<td>5.5</td>
<td>6.9</td>
<td>6.0</td>
<td>+ 0.1</td>
</tr>
<tr>
<td>Allier</td>
<td>8.7</td>
<td>8.4</td>
<td>7.9</td>
<td>9.7</td>
<td>8.3</td>
<td>- 0.4</td>
</tr>
<tr>
<td>Ardèche</td>
<td>8.7</td>
<td>8.5</td>
<td>8.0</td>
<td>9.8</td>
<td>8.4</td>
<td>- 0.3</td>
</tr>
<tr>
<td>Cantal</td>
<td>4.7</td>
<td>4.5</td>
<td>4.3</td>
<td>5.5</td>
<td>4.6</td>
<td>- 0.1</td>
</tr>
<tr>
<td>Drôme</td>
<td>8.8</td>
<td>8.5</td>
<td>7.8</td>
<td>9.8</td>
<td>8.4</td>
<td>- 0.4</td>
</tr>
<tr>
<td>Isère</td>
<td>6.6</td>
<td>6.4</td>
<td>6.0</td>
<td>7.4</td>
<td>6.5</td>
<td>- 0.1</td>
</tr>
<tr>
<td>Loire</td>
<td>6.0</td>
<td>7.8</td>
<td>7.2</td>
<td>8.9</td>
<td>7.7</td>
<td>- 0.3</td>
</tr>
<tr>
<td>Haute-Loire</td>
<td>6.4</td>
<td>6.1</td>
<td>5.7</td>
<td>7.1</td>
<td>6.1</td>
<td>- 0.3</td>
</tr>
<tr>
<td>Puy-de-Dôme</td>
<td>7.0</td>
<td>6.8</td>
<td>6.3</td>
<td>7.9</td>
<td>6.8</td>
<td>- 0.2</td>
</tr>
<tr>
<td>Rhône</td>
<td>7.2</td>
<td>7.0</td>
<td>6.5</td>
<td>8.2</td>
<td>7.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Savoie</td>
<td>6.1</td>
<td>6.1</td>
<td>5.8</td>
<td>7.0</td>
<td>6.6</td>
<td>+ 0.5</td>
</tr>
<tr>
<td>Haute-Savoie</td>
<td>6.0</td>
<td>5.9</td>
<td>5.8</td>
<td>7.4</td>
<td>6.6</td>
<td>+ 0.6</td>
</tr>
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<td>Auvergne-Rhône-Alpes</td>
<td>7.0</td>
<td>6.8</td>
<td>6.4</td>
<td>8.0</td>
<td>7.0</td>
<td>0.0</td>
</tr>
<tr>
<td>France hors Mayotte</td>
<td>8.1</td>
<td>7.8</td>
<td>7.1</td>
<td>9.1</td>
<td>8.0</td>
<td>- 0.1</td>
</tr>
</tbody>
</table>

p: provisional data.  
Note: CVS data.  
Source: Insee, local jobs and unemployment survey

### 4. Taux de chômage au sens du BIT (en % de la population active)

<table>
<thead>
<tr>
<th></th>
<th>2019 T4</th>
<th>2020 T1</th>
<th>2020 T2</th>
<th>2020 T3</th>
<th>2020 T4 (p)</th>
<th>Évolution 2020 T4 / 2019 T4 (points de %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ain</td>
<td>5.9</td>
<td>5.8</td>
<td>5.5</td>
<td>6.9</td>
<td>6.0</td>
<td>+ 0.1</td>
</tr>
<tr>
<td>Allier</td>
<td>8.7</td>
<td>8.4</td>
<td>7.9</td>
<td>9.7</td>
<td>8.3</td>
<td>- 0.4</td>
</tr>
<tr>
<td>Ardèche</td>
<td>8.7</td>
<td>8.5</td>
<td>8.0</td>
<td>9.8</td>
<td>8.4</td>
<td>- 0.3</td>
</tr>
<tr>
<td>Cantal</td>
<td>4.7</td>
<td>4.5</td>
<td>4.3</td>
<td>5.5</td>
<td>4.6</td>
<td>- 0.1</td>
</tr>
<tr>
<td>Drôme</td>
<td>8.8</td>
<td>8.5</td>
<td>7.8</td>
<td>9.8</td>
<td>8.4</td>
<td>- 0.4</td>
</tr>
<tr>
<td>Isère</td>
<td>6.6</td>
<td>6.4</td>
<td>6.0</td>
<td>7.4</td>
<td>6.5</td>
<td>- 0.1</td>
</tr>
<tr>
<td>Loire</td>
<td>6.0</td>
<td>7.8</td>
<td>7.2</td>
<td>8.9</td>
<td>7.7</td>
<td>- 0.3</td>
</tr>
<tr>
<td>Haute-Loire</td>
<td>6.4</td>
<td>6.1</td>
<td>5.7</td>
<td>7.1</td>
<td>6.1</td>
<td>- 0.3</td>
</tr>
<tr>
<td>Puy-de-Dôme</td>
<td>7.0</td>
<td>6.8</td>
<td>6.3</td>
<td>7.9</td>
<td>6.8</td>
<td>- 0.2</td>
</tr>
<tr>
<td>Rhône</td>
<td>7.2</td>
<td>7.0</td>
<td>6.5</td>
<td>8.2</td>
<td>7.2</td>
<td>0.0</td>
</tr>
<tr>
<td>Savoie</td>
<td>6.1</td>
<td>6.1</td>
<td>5.8</td>
<td>7.0</td>
<td>6.6</td>
<td>+ 0.5</td>
</tr>
<tr>
<td>Haute-Savoie</td>
<td>6.0</td>
<td>5.9</td>
<td>5.8</td>
<td>7.4</td>
<td>6.6</td>
<td>+ 0.6</td>
</tr>
<tr>
<td>Auvergne-Rhône-Alpes</td>
<td>7.0</td>
<td>6.8</td>
<td>6.4</td>
<td>8.0</td>
<td>7.0</td>
<td>0.0</td>
</tr>
<tr>
<td>France hors Mayotte</td>
<td>8.1</td>
<td>7.8</td>
<td>7.1</td>
<td>9.1</td>
<td>8.0</td>
<td>- 0.1</td>
</tr>
</tbody>
</table>

p : données provisoires.  
Note : données CVS.  
Source : Insee, Enquête Emploi et Taux de chômage localisé

### C- Business demographics – yet more business start-ups despite the health situation

In 2020, 103 500 businesses were created in Auvergne-Rhône-Alpes. The number of start-ups continues to grow (+ 3.2%), although at a less sustained rhythm than in previous years.

Business start-ups suffered in the first, particularly gloomy, semester, under the effects of the first lockdown, before increasing in the third quarter. The second lockdown from November to December had only a limited effect on business start-ups in the Région, which fell only slightly in the fourth quarter.
1. Regional annual change in business start-ups

Top of chart: France as a whole: +4.0%
Change between 2019 and 2020 (as %)
10 and over; from 4 to less than 10; from 0 to less than 4; less than 0

Scope: France as a whole, including micro-entrepreneurs. All non-agricultural commercial activities.
Source: Insee, REE (Directory of businesses and establishments – Sirene)

Growth is recorded in all départements except the Rhône
Almost all départements posted a, sometimes significant, increase in the number of business start-ups: +11.7% for Puy-de-Dôme, +9.0% for Haute-Savoie and +8.9% for Cantal. Only the Rhône, which accounts for more than one in three start-ups in the Région, was down (−1.0%). Start-ups in “micro-entrepreneur” form fell, whereas they grew everywhere else in the Région.
2. Business start-ups per département (as %)

<table>
<thead>
<tr>
<th></th>
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<tbody>
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</tr>
<tr>
<td></td>
<td></td>
<td>Start-ups in 2020 (number)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Start-ups in “micro-entrepreneur” form stimulate regional growth

In the Région, business start-ups in “micro-entrepreneur” form increased by 6.0% in 2020. More than two thirds of business start-ups are in this form. This proportion has tended to increase over the last few years, both in France as a whole and in Auvergne-Rhône-Alpes, but at a less rapid rate this year.

Besides micro-entrepreneurship, individual business start-ups fell sharply in the Région (– 7.4%), due in particular to a marked downturn in the “retail, transport accommodation and restaurant” sector. Finally, start-ups in company form remain at a similar level to the previous year.
3. Business start-ups in Auvergne-Rhône-Alpes

Top of chart: Number, Companies, Individual enterprises excluding micro-entrepreneurs, Micro-entrepreneurs

Note: raw data.
Scope: all non-agricultural commercial activities
Source: Insee, REE (Répertoire des entreprises et des établissements – Sirene)

Services to individuals, the only sector in retreat

Having grown strongly in 2019, industrial start-ups increased by 5.2% this year, driven by micro-entrepreneurs. Drôme and Savoie are the main drivers of regional growth.

Representing 1/10th of regional start-ups, construction grew more moderately (+ 1.0%). Whereas start-ups in micro-entrepreneur form are increasing, individual enterprise start-ups excluding micro-entrepreneurs fell drastically (– 20%) restricting the number of businesses created in the sector.
4. Change per sector in the number of business start-ups between 2019-2020 in Auvergne-Rhône-Alpes

The "retail, transport, accommodation and restaurant" sector is the most dynamic in the Région (+ 10%), thanks to the growth in micro-entrepreneurs which makes up for the shortfall in terms of individual enterprises (excluding micro-entrepreneurs) and companies. The sector is driven by transport, whereas
accommodation-restaurant activity fell slightly. The Rhône and the two Savoies are the engines of the sector and account for nearly two thirds of regional growth.

Services to business grew moderately (+ 1.8%), but account for one third of the number of regional start-ups. It is the only sector where all forms of business start-up are increasing in the Région. At département level, only the Rhône has decreased. However, its significant share of the regional total heavily restricts growth in this sector, despite the strength of the growth in all other départements.

Finally, the services to individuals sector is the exception, being the only one suffering a contraction (−2.5%), mainly due to the decrease in start-ups in the form of micro-entrepreneur. Almost all départements have fallen or remain stable, with the exception of Puy-de-Dôme and Haute-Loire where the increase has been significant.

An apparent fall in the number of business failures
As an indirect effect of the health crisis, business failure rates are in freefall (−43% compared to 2019). This fall can be explained by two successive factors. At the beginning of the year, during the first lockdown, the commercial tribunals had to postpone delivering their judgments. Then, the huge deployment of State aid in support of businesses in financial difficulty (in particular State guaranteed loans and the furlough schemes) logically reduced the number of judicial recovery proceedings.

During the year 2021, depending on how the economic situation progresses, a catch-up effect may be felt, resulting in a sharp rise in the number of business failures.
5. Change in the number of business failures per sector between 2019 and 2020

► 5. Évolution par secteur du nombre de défaillances d’entreprises entre 2019 et 2020

**Right column: Overall (1), Industry, Construction, Retail/transport/accommodation/catering, Business services, Personal services (2), including agriculture.**

(2) excluding public administration, domestic household activities as employer and extra-territorial activities.

**Note:** raw data, date of judgement.

*Source: Banque de France, Fiben (extraction du 19 avril 2021)*

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E- Agricultural economic environment – the health crisis is disrupting demand and influencing prices

After a mild and dry winter, it wasn’t until the month of June that significant rainfall occurred and thereafter the summer was very hot and dry. The average annual temperature was 1.5° C above the norm and the hydric deficit was 16%.
1. Rainfall and temperature differences in 2020 compared to seasonal norms in Auvergne-Rhône-Alpes

1. Écart de la pluviométrie et des températures 2020 par rapport aux normales saisonnières en Auvergne-Rhône-Alpes

---

**Top of chart:** Rainfall difference (mm), Temperature difference (°C)
- Mild and dry end of winter and spring
- Summer hot and dry
- End of year slightly more humid

**Interpretation:** In December 2020, compared to the seasonal norm, rainfall is 48 mm higher and temperature is 1.3° higher.  
*Source: Météo France*

---

**A poor cereal crop and fodder harvest**

Over the last 3 years, the cereal harvest has been below its 5-year average and is down again by 15% this year. The very hot and dry summer reduces the potential of non-irrigated maize fields. After 6 years of low prices, sustained global demand is driving cereal prices higher (figure 2). From the mid-year, oleaginous crops also enjoyed a more favourable international environment. The spring drought followed by the heatwave and lack of rainfall in the summer and in autumn also restrict plant growth. The regional fodder deficit is 22%.
2. Price of common wheat and grain maize

2. Cotation du blé tendre et du maïs grain

Top of chart: Euros/tonne     Wheat/Maize
Seasons 2012/2013….. 2020/2021*

Note: the seasons relate to the periods from 1 July to 30 June of the following year. For the 2019/2020 season, the data is from end January 2021.
Source: FranceAgriMer, La Dépêche

Viticulture under pressure between the health crisis, US taxes and Brexit

The potential of the vine was very promising until June, however the lack of rainfall in summer will limit production volumes. The quality promises to be very high. The harvest is 7% greater than in 2019 and identical to the 5-year average. Under the effect of the lockdowns and closure of restaurants, other than takeaway, transactions were down 22% over one year for Beaujolais and 10% for Côtes du Rhône.

Prices overall are trending downwards (figure 3). Brexit and US taxes on French wines are penalising exports to the United States and the United Kingdom. The fall in exports is, however, only 1% for Beaujolais and 4% for Côtes du Rhône, due to the offset of exports to other countries.
3. Prices for vintages of previous year observed in February - bulk transactions

An atypical year for the fruit and vegetable sector
The health crisis complicated the beginning of the year and restricted access to seasonal labour. Like in other sectors, consumers prefer local produce and logistics must therefore adapt. Harvests are bountiful due to the mildness of the winter.

The Région represents 51% of national apricot production, but the 2020 harvest fell by 28% compared to the 5-year average. Prices for most fruits and vegetables are up sharply (over one year, +54% for apricots, +28% for peaches, +21% for courgettes, +17% for asparagus and strawberries).

Production voluntarily restricted for cows milk but dynamic for goats milk
Whereas the prospects for the year appeared good, the lockdown meant a risk of over-production and a collapse in prices. Solutions for storing farm made cheeses, threatened with destruction, must be found due to the lack of outlets. Farmers therefore limit milk production. The situation improves as from the end of June. The reduction in the size of dairy herds continues at a consistent rate of 2% per year. Conversely, in the face of increasing demand for goats milk, production grew 5% year-on-year.
4. Delivery and average cow milk price paid to producer

4. Livraison et prix moyen du lait de vache payé au producteur

**Top table:** Average annual price of regional milk (€/1000 l)
- Savoie and Haute-Savoie
- Bio milk, excluding Savoie and Haute-Savoie
- All milks
- Non-bio milk, excluding Savoie and Haute-Savoie

**Bottom table:** Annual deliveries of regional milk (millions of litres)
- Non-bio milk, excluding Savoie and Haute-Savoie, Savoie and Haute-Savoie, Bio milk, excluding Savoie and Haute-Savoie

*Source: enquête mensuelle SSP / FranceAgriMer*
Severe impact of the health crisis on the beef markets
The market for young lean beef, already gloomy by the end of 2019, deteriorated sharply during the health crisis. The Italians continue to buy French young lean beef, but by the end of the year prices were below December 2019 values. The lockdowns and restaurant closures, except for takeaway, have turned consumer habits upside down. Minced meat is sought-after and fattened bullock falls hugely in value throughout the European markets.
The health crisis together with swine fever in Germany (and its consequences on German exports in a very international environment) cause pork prices in Europe to plummet. Regional prices fall by 19% between April and December.
Lamb prices suffered during the first lockdown, but local consumer demand and restricted imports result in a historic price recovery.

5. Annual price changes for lean cattle and butchery beef (Centre-East zone)

5. Évolution des cotations annuelles des bovins maigres et des bovins de boucherie (zone centre-est)

![Graph showing annual price changes for lean cattle and butchery beef](image)

Source: Clermont-Ferrand and Dijon lean cattle pricing committees – FranceAgriMer

F- Construction – construction in difficulty, only employment remains resilient

Downturn in new house building
New house building works fell sharply during the year 2020 (– 3.9%) compared to 2019. In 2020, the works for 49 300 houses commenced in the Région. The position is less bad than in France as a whole where new building works fell by more than 8% in 2020. In the Région, issuance of new building permits stalled (– 13.6%), falling to a cumulative amount of 55 200 housing units over the year, a trend similar to
that observed across France (–13.9%). By way of comparison, during the 2008 crisis, house building permits fell by almost 24% over one year in the Région.

1. Changes in house building

In Auvergne-Rhône-Alpes, 14 240 new houses and apartments were reserved over the last year, a fall of 23% compared to 2019. Throughout France as a whole, the decrease was more than 24%. This contraction in the new housing market is mainly due to the health crisis. In particular, reservations during the second quarter 2020 were 39% below the same period in 2019. In 2008, also a period of crisis, sales volumes fell by 35% compared to the previous year.

In new house building, the number of 0% (PTZ) loans, to finance the purchase or building of a main residence, fell by 23.5% between 2019 and 2020, and represented 6800 households.

In 2020, the number of social housing units, financed under a government approval scheme, fell by 24% to 10 970 units. Amongst these, the sharpest decrease was for PLUS (social housing loan) approvals (–30%), falling from 5 990 in 2019 to 4 180 in 2020.

2. Permitted house building per département (as %)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Auvergne-Rhône-Alpes</td>
<td>4 700</td>
<td>-4.9</td>
<td>-1.5</td>
</tr>
<tr>
<td>Alsace</td>
<td>700</td>
<td>-23.2</td>
<td>-5.8</td>
</tr>
<tr>
<td>Ardèche</td>
<td>2 100</td>
<td>+4.1</td>
<td>+1.3</td>
</tr>
<tr>
<td>Cantal</td>
<td>4 000</td>
<td>-19.1</td>
<td>+2.4</td>
</tr>
<tr>
<td>Drôme</td>
<td>2 900</td>
<td>-15.0</td>
<td>-0.9</td>
</tr>
<tr>
<td>Ile-de-France</td>
<td>8 000</td>
<td>-29.8</td>
<td>-5.8</td>
</tr>
<tr>
<td>Loire</td>
<td>3 500</td>
<td>-6.6</td>
<td>+6.7</td>
</tr>
<tr>
<td>Haute-Loire</td>
<td>900</td>
<td>+7.0</td>
<td>-1.6</td>
</tr>
<tr>
<td>Puy-de-Dôme</td>
<td>3 600</td>
<td>-32.2</td>
<td>+10.7</td>
</tr>
<tr>
<td>Rhône</td>
<td>12 500</td>
<td>+1.0</td>
<td>+2.0</td>
</tr>
<tr>
<td>Savoie</td>
<td>4 100</td>
<td>-26.7</td>
<td>+7.9</td>
</tr>
<tr>
<td>Haute-Savoie</td>
<td>11 900</td>
<td>-9.6</td>
<td>+7.1</td>
</tr>
<tr>
<td>Auvergne-Rhône-Alpes, France hors Mayotte</td>
<td>386 800</td>
<td>-13.9</td>
<td>-9.8</td>
</tr>
</tbody>
</table>

Notes: raw provisional data rounded to the nearest one hundred, actual date. Changes have been calculated on non-rounded data. Due to rounding, totals may be slightly different than the sum of their constituent parts. Source: SDES, Sit@del2, estimated at 30 April 2021.
3. Changes in new house sales in Auvergne-Rhône-Alpes

- 3. Évolution de la commercialisation de logements neufs en Auvergne-Rhône-Alpes

**Top of chart:** Index base 100 in 2010,
New houses available at end of year
New houses for sale
New houses sold (reserved)
**Note:** 2020 data are restated for new available houses and houses for sale
**Scope:** permits for 5 or more houses for sale to private individuals
**Source:** SDES, ECLN survey

*Non-residential construction stalls*

Building permits for non-residential premises fell heavily. The total surface area of new building projects recorded during the year fell by 17.6% to 4.1 million m² (provisional data).

This decrease affected all types of premises, but was particularly noticeable for hotel accommodation (– 48.5%), offices (– 27.6%) and retail (– 26.8%).
4. Changes in construction of non-residential premises

Top of chart: Index base 100 in 2010
Premises permitted – Auvergne-Rhône-Alpes
Premises commenced – Auvergne-Rhône-Alpes
Premises permitted – France as a whole
Premises commenced – France as a whole

Note: provisional raw data, actual date

Source: SDES, Sit@del2, estimations au 30 avril 2021.
5. Permitted construction of non-residential premises by type (as %)

<table>
<thead>
<tr>
<th></th>
<th>Auvergne-Rhône-Alpes</th>
<th>France as a whole</th>
</tr>
</thead>
<tbody>
<tr>
<td>(thousands of m²)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Artisanat</td>
<td>253</td>
<td>-23,0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bureaux</td>
<td>615</td>
<td>-27,6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commerce</td>
<td>419</td>
<td>-26,6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepôt</td>
<td>734</td>
<td>-3,5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exploitation agricole ou forêtère</td>
<td>754</td>
<td>-17,3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hébergement hôtelier</td>
<td>116</td>
<td>-48,5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrie</td>
<td>501</td>
<td>-18,5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service public ou d’intérêt collectif</td>
<td>701</td>
<td>-0,5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensemble</td>
<td>4 094</td>
<td>-17,6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: données brutes provisoires en date réelle.
Source: SDES, Sit@del2, estimations au 30 avril 2021.

(1) Annual variation in construction of premises, if the change had been the same for each year in the relevant period.

Maintenance-renovation at half-mast
According to CERC (Cellule Economique Régionale de la Construction), the turnover for the maintenance-renovation sector fell by 7% compared to 2019. Traditionally, this activity is sustained by the housing sector which fell by 6.5%, whereas maintenance-renovation for non-residential premises fell by 8.2%.

In the private sector, the financial aid granted by the national housing agency (ANAH) to owner occupiers, landlords or condominiums (syndicats de copropriété), fell by 17% compared to the previous year. This amounted to 87 M€ and concerned 12 350 housing units.

The government’s “MaPrimeRénov’” financial support may be granted to owner occupiers to finance energy renovation works and/or expenditure in their main residence. In 2020, when the scheme was introduced, it was granted for 15 400 homes, in respect of works commenced in an amount of 192.9 M€ and premiums in an amount of 73.9 M€.

Used to finance energy renovation works in houses, Eco-PTZ (eco-loans) increased by 14.7% in 2020 and benefited more than 5 000 households, an increase linked to the relaxation of this scheme (in particular removal of the “works bouquets” condition and extension of its eligibility to all houses completed more than 2 years previously).
Conversely, the PTZ loans for works on old housing fell sharply (– 39%) and concerned no more than 1,645 households.

**Fall in public works procurement, slowdown for materials**

Public works procurement order books were slightly bare in 2020 falling to 5 months' guaranteed work on average, which is a decrease of 0.4 months compared to the previous year.

In 2020, ready-to-use concrete output fell by more than 7% over one year. From January to November 2020, aggregates production fell by 9.9% compared to the same period in 2019.

The construction sector, however, continued recruiting and represented 188,000 employees by the end of 2020, an increase of 2.1% compared to the previous year. On the other hand, the average number of part-time workers over the 3 months to the end of December 2020 fell (–11.5%) and represents 18,000 in terms of full-time equivalent.

At the end of the 4th quarter 2020, the number of jobseekers in construction had risen sharply (9.7% over one year), a more significant change than observed nationwide (3.4%).

The number of business start-ups contracted. During the year 2020, and excluding micro-entrepreneurs, 4,300 businesses were created in the sector, which is a decrease of 3.9% over one year.

**G - Transport – new vehicles market, sharp downturn in air and river traffic**

Against the background of the global health crisis, all components of human and goods mobility are down to varying degrees. The automobile market fell sharply in 2020 in Auvergne-Rhône-Alpes, with dealerships being closed for several months.

**Private vehicle registrations sharply down**

After a historical record was set for new car transactions in 2019 in the Région, 190,000 new private vehicles were sold in 2020, which represents an annual fall of 23%, slightly less than that observed nationally. All départements experienced severe annual dips, but local differences remain. The number of vehicles bought by rental companies or businesses collapsed by 26%. Private investment, which represents the majority of sales, contracted by 20% over one year.

### 1. New vehicle registrations per département in Auvergne-Rhône-Alpes

<table>
<thead>
<tr>
<th>Private vehicles</th>
<th>Light utility vehicles (1)</th>
<th>Motorised industrial vehicles (2)</th>
<th>Overall registrations (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 (number)</td>
<td>Change 2020/2019 (as %)</td>
<td>2020 (number)</td>
<td>Change 2020/2019 (as %)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 1. Immatriculations de véhicules neufs par département d'Auvergne-Rhône-Alpes

<table>
<thead>
<tr>
<th>Véhicules particuliers</th>
<th>Véhicules utilitaires légers</th>
<th>Véhicules industriels à moteur</th>
<th>Ensemble Immatriculations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2020 (number)</td>
<td>2019 (number)</td>
<td>2020 (number)</td>
</tr>
<tr>
<td>Auvergne-Rhône-Alpes</td>
<td>14 493</td>
<td>12 730</td>
<td>6 803</td>
</tr>
<tr>
<td></td>
<td>–25,7</td>
<td>–25,6</td>
<td>–16,9</td>
</tr>
<tr>
<td></td>
<td>–12,0</td>
<td>–16,2</td>
<td>–22,5</td>
</tr>
<tr>
<td></td>
<td>3 345</td>
<td>2 619</td>
<td>1 588</td>
</tr>
<tr>
<td></td>
<td>–16,9</td>
<td>–16,2</td>
<td>–22,5</td>
</tr>
<tr>
<td></td>
<td>–1,3</td>
<td>–1,3</td>
<td>–1,3</td>
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<tr>
<td></td>
<td>913</td>
<td>857</td>
<td>756</td>
</tr>
<tr>
<td></td>
<td>3 287</td>
<td>2 927</td>
<td>1 961</td>
</tr>
<tr>
<td></td>
<td>–17,5</td>
<td>–17,5</td>
<td>–17,5</td>
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<tr>
<td></td>
<td>–1,3</td>
<td>–1,3</td>
<td>–1,3</td>
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<tr>
<td></td>
<td>819</td>
<td>726</td>
<td>491</td>
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<td></td>
<td>–1,3</td>
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<td></td>
<td>3 224</td>
<td>3 224</td>
<td>3 224</td>
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<tr>
<td></td>
<td>–1,3</td>
<td>–1,3</td>
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<tr>
<td></td>
<td>441</td>
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<td>441</td>
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<tr>
<td></td>
<td>–1,3</td>
<td>–1,3</td>
<td>–1,3</td>
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<tr>
<td></td>
<td>43 572</td>
<td>43 572</td>
<td>43 572</td>
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<tr>
<td></td>
<td>–1,3</td>
<td>–1,3</td>
<td>–1,3</td>
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<td></td>
<td>–1,3</td>
<td>–1,3</td>
<td>–1,3</td>
</tr>
<tr>
<td></td>
<td>2 144 997</td>
<td>2 144 997</td>
<td>2 144 997</td>
</tr>
</tbody>
</table>

**Note:** données brutes.

1. camionnettes et véhicules automoteurs spécialisés > 3,5 t de PTAC.
2. camions, véhicules automoteurs spécialisés > 3,5 t de PTAC et tracteurs routiers.
3. y compris immatriculations de transports en commun.

Source: SDFS, Rhône.
Breakthrough for electric or hybrid vehicles, sharp fall in CO2 emissions

The uncertainties surrounding the socio-economic environment have influenced buyer behaviour. Private vehicle buying habits are changing rapidly with the lift-off of alternative forms of motorisation (hybrid and electric). The decline of diesel which began in 2013, both regionally and nationally, accelerated again in 2020. In Auvergne-Rhône-Alpes, the annual number of diesel vehicle sales fell by 34%. Petrol vehicle registrations (excluding hybrid) also fell (−39%). Volumes of electric and hybrid powered vehicles, with 46 300 registrations, more than doubled in 2020. Based on the NEDC (New European Driving Cycle) standard, average annual emissions of CO2/km from new private vehicles fell sharply in the Région (−14%) to around 96 grams/km, compared to 112 grams/km in this 2019.

Professional investment also dives
In Auvergne-Rhône-Alpes, new light utility vehicle registrations (less than 3.5 tonnes) fell by more than 14% in 2020, slightly less than nationally. Utility vehicles of over 3.5 tonnes, having risen for four years in a row, fell by 19% at regional level (compared to 24% nationally). With only 650 units, registrations of buses and coaches, whose market is always erratic, fell by 36%.

An historic collapse in air traffic
After years of record growth both internationally, nationally and regionally, air transport was one of the sectors most severely affected by the global pandemic. Passenger traffic, both domestic and international, was for all intents and purposes suspended in France in the second quarter of the year and its recovery was heavily restricted. Thus, in 2020 in Auvergne-Rhône-Alpes, slightly more than 4 million passengers were transported, which represents a drop of 68.5% compared to the previous year.

### 3. Airport passengers

<table>
<thead>
<tr>
<th></th>
<th>Auvergne-Rhône-Alpes</th>
<th>France as a whole</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 passengers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(number)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change 2020/2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average annual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>change 2019/2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 3. Passagers des aéroports

<table>
<thead>
<tr>
<th></th>
<th>Auvergne-Rhône-Alpes</th>
<th>France entière</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lignes nationales</td>
<td>1 602 802</td>
<td>-61.4</td>
</tr>
<tr>
<td>Lignes internationales</td>
<td>2 397 056</td>
<td>-71.9</td>
</tr>
<tr>
<td>Transat</td>
<td>11 757</td>
<td>-57.9</td>
</tr>
<tr>
<td>Total</td>
<td>4 012 606</td>
<td>-68.5</td>
</tr>
<tr>
<td>Autres lignes à bas coût (low cost)</td>
<td>3 595 682</td>
<td>-67.7</td>
</tr>
<tr>
<td>Part des lignes à bas coût (low cost) (%)</td>
<td>46</td>
<td>III</td>
</tr>
</tbody>
</table>

Note: raw data
(1) Annual variation in passenger traffic, if the change had been the same for each year in the relevant period.
///: No data available due to circumstances.
Source: Union of French Airports

In absolute terms, this result is historic and regional passenger traffic in 2020 is less than half that recorded in 2010. With 3.5 million passengers, Lyon-Saint Exupéry airport experienced a decline of 70%. From this same platform, the fall in air freight business was less significant (– 20%).

In absolute terms, this result is historic and regional passenger traffic in 2020 is less than half that recorded in 2010. With 3.5 million passengers, Lyon-Saint Exupéry airport experienced a decline of 70%. From this same platform, the fall in air freight business was less significant (– 20%).
4. Change in the number of airport passengers in Auvergne-Rhône-Alpes

Sharp fall in river goods transport on the Rhône-Saône axis
At national level, following 2019 which saw strong growth with 7.4 billion tonne-kilometers (+ 10%), 2020 recorded a fall of 11.5% (6.5 billion tonne-kilometers), a level close to that of 2018. This was a generalised trend across all river basins, but the Rhône-Saône axis has suffered the most with a fall in activity of 22% (to 960.5 billion tonne-kilometers) and 19.3% in volume terms (4.4 million tonnes transported). In addition, the closure of the Sablons lock in Isère, from mid-February to the end of March, as a result of a tanker accident, sharpened the downward trend for transport on this axis in both directions to and from the Mediterranean. The effect on all sectors was varied. The construction and metal industry materials sectors were heavily impacted due to the halting of worksites during the first lockdown, whereas agriculture remained fully operational during the same period as a result of excellent 2019 harvests.

H- Energy - climate – the health crisis results in decreasing pollution and electricity consumption

A hot, dry and sunny year
The year 2020 was characterised by its mildness throughout the year, with average maximum and minimum temperatures (18.4 °C and 7.2 °C) above the norm for the period 1981-2010. The average maximum temperature is the highest recorded the last 10 years.
The first 5 months of 2020 were particularly mild and dry. During the summer, two heatwaves occurred (from 30 July to 1 August, then from 6 to 13 August), followed by an exceptional late spell of hot weather in mid-September. Across the Région, sunshine levels were 57% above the norm in the month of November, which makes it the sunniest month of November on record. It also experienced a rainfall deficit of (– 69%), the most significant recorded since 1978.

1. Sunshine, rainfall and temperature variations from the normal between 1981 - 2010 in Auvergne-Rhône-Alpes

A trend of decreasing pollution
In 2020, two exceptional events played a significant role in improving air quality: the fall in road traffic during the first lockdown as a result of the health crisis and higher than normal temperatures during the first quarter, which contributed to a reduction in the need for heating in the middle of winter. During the first lockdown, nitrogen oxide levels were reduced by half compared to the average over the last 5 years. Nevertheless, pollution episodes were observed. The summer heat waves and winter anticyclone conditions were partly responsible. Ozone pollution was recorded at the end of July and in August during the hot spells and PM10 pollution (fine particulates of a diameter less than 10 micrometres) at the end of January and in November under anticyclonic conditions. Finally, the number of days on which pollution information and alert measures were activated reached 31 days, which is 12 days less than the average over the last 5 years.
2. Number of days on which PM$_{10}$, O$_3$, NO$_2$, SO$_2$ pollution alert or information measures were activated in Auvergne-Rhone-Alpes

Electricity consumption falls sharply during the health crisis
In Auvergne-Rhone-Alpes, electricity consumption dropped by 5.6% in 2020 (– 3.5% for mainland France), decreasing from 65.7 TWh in 2019 to 62 TWh in 2020. This decrease, more significant than in previous years, cannot simply be explained by the clement temperatures. By slowing down economic activity, the health crisis had a significant impact on electricity consumption in the Région.

Increasing renewable electricity generation
The Région is a significant electricity generation zone; 43% of its output was exported to neighbouring regions and countries in 2020. In Auvergne-Rhone-Alpes, 71% of all electricity generation is nuclear, with 27% renewable and 2% through combustible fossil fuel energy. The Région has the largest renewable energy production capacity in mainland France (source “2020 Economic Report – INSEE Auvergne-Rhone-Alpes economy” n° 27 of July 2021) : 25% of installed power (representing the maximum electricity generation capacity from such equipment) and 25% (or 29 812 GWh) of renewable electricity generation in 2020, due mainly to the scale of hydroelectric power production.
3. Renewable energy production and installed power in Auvergne-Rhone-Alpes in 2020

<table>
<thead>
<tr>
<th>Type</th>
<th>Production (GWh)</th>
<th>Change (2020/2019) (%)</th>
<th>Share of total in France (%)</th>
<th>Installed Power (MW)</th>
<th>Change (2020/2019) (%)</th>
<th>Share of total in France (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind</td>
<td>1 141</td>
<td>-4</td>
<td>8</td>
<td>583</td>
<td>+6</td>
<td>3</td>
</tr>
<tr>
<td>Photovoltaic</td>
<td>1 327</td>
<td>+10</td>
<td>11</td>
<td>1 190</td>
<td>+11</td>
<td>11</td>
</tr>
<tr>
<td>Hydraulic</td>
<td>26 575</td>
<td>+8</td>
<td>44</td>
<td>11 794</td>
<td>+1</td>
<td>46</td>
</tr>
<tr>
<td>Bioenergies</td>
<td>769</td>
<td>+1</td>
<td>10</td>
<td>187</td>
<td>+2</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>29 812</td>
<td>+7</td>
<td>26</td>
<td>13 754</td>
<td>+2</td>
<td>25</td>
</tr>
<tr>
<td>Total excluding hydraulic</td>
<td>3 237</td>
<td>+3</td>
<td>5</td>
<td>1 960</td>
<td>+9</td>
<td>6</td>
</tr>
</tbody>
</table>

Left column: Wind, photovoltaic, hydraulic, bioenergies, Total, Total excluding hydraulic

Interpretation: in 2020, hydroelectric generation was 26,575 GWh in Auvergne-Rhône-Alpes, an increase of 8% compared to 2019. The Région represents 44% of total hydroelectric production in France. Total installed power in the Région is 11,794 MW. It increased by 1% in 2020 and represents 46% of French generation capacity.

Source: RTE

The year 2020 was marked by a sharp drop in overall electricity generation (110 TWh) due to the fall in consumption associated with the health crisis, which is 6% less than the previous year. Nuclear generation, heavily impacted by the restrictions on activity during the first lockdown, fell by 10%. Conversely, renewable electric energy generation increased by 7%, due to the expansion of installed solar energy parks and a water shortfall that was more evenly spread throughout the year than in 2019 for hydroelectric power.

In the Région, the majority of renewable energy is generated by dams, which represented 89% of output in 2020. Almost half (44%) of hydroelectric power generated nationally comes from Auvergne-Rhône-Alpes.

Excluding hydroelectricity, the park is expanding with installed power increasing by 8.6%, resulting in an increase of 2.5% in output. Photovoltaic electricity generation grew by 10% compared to 2019 and totalled 1 327 GWh. This increase can be explained both by generous sunshine throughout the year, and also by a strong growth in installed power, which increased by 11.5%, which is higher than at national level (+ 10%).

Wind powered electricity generation fell by 4% compared to 2019 (1 141 GWh in 2020), despite an increase of 6% in production capacity. The Région however only represents 3% of wind powered electricity generation in mainland France.

Renewable bio-energy electricity generation, in other words from biomass, is 769 GWh, and remains stable compared to 2019, with installed power increasing by 2%.
4. Change in photovoltaic electricity installed power (in MW)

Interpretation: in 2020, the installed power for photovoltaic electricity was 1190 MW in Auvergne-Rhône-Alpes and 10,387 MW in metropolitan France.

5. Change in wind electricity installed power (in MW)

Interpretation: in 2020, the installed power for wind electricity was 583 MW in Auvergne-Rhône-Alpes and 17,616 MW in metropolitan France.

I- Lending – State guaranteed loans boost lending figures

In 2020, with more than 275 Bn € outstanding, loan distribution to non-financial customers (businesses and households) grew at an exceptional rate in Auvergne-Rhône-Alpes. The increase was of + 9.8%, similar to the national rate (+ 9.5%). The Région still represents 11.4% of loans outstanding nationally and remains in second place behind Île-de-France, which sits well above all other regions Nouvelle-Aquitaine, Grand Est, Occitanie, Provence-Alpes-Côte d’Azur and Hauts-de-France all fluctuate between 150 and 180 Bn €.

Slowdown in housing loans

Housing loans represent 61.5% of the total outstanding in the Région, slightly more than the 60.5% for provincial France (figure 1). 82% of these loans are made to private individuals, a proportion that has remained stable for many years.
1. Breakdown of outstanding loan types in Auvergne-Rhone-Alpes and in provincial France in 2020

Left pie chart: Other loans 0.3%, trade receivables 0.0%, export credit 0.1%, leasing 0.0%, cash credit lines 11.3%, equipment loans 25.9%, housing loans 61.5%, ordinary accounts in debit 1%. Source: Banque de France – “Centralisations financières territoriales” – December 2020

Right pie chart: Leasing 0.1%, trade receivables 0.0%, Other loans 0.2%, export credit 0.1%, cash credit lines 12.0%, equipment loans 26.2%, housing loans 60.5%, ordinary accounts in debit 0.9%.

The growth of housing loans is still significant in the Région (+ 5.7%), however, due to the health crisis, the pace has been more moderate than in previous years (+ 6.9% in 2019 and + 6.4% in 2018). The rate of growth is also lower than nationally, with or without Île-de-France.
2. Change in outstanding loan types 2019-2020 in Auvergne-Rhone-Alpes

Interpretation: between 2019 and 2020 in Auvergne-Rhône-Alpes, outstanding housing loans increased by 5.7%, equipment loans 5.8%, and cash credit lines 68.1%.

Source: Banque de France – “Centralisations financières territoriales” – December 2020

Loan interest rates have stabilised at levels which remain historically low. The average rate on new loans for companies or individuals has stopped falling (1.31% and 1.24% respectively). The proportion of redemptions and renegotiations has fallen yet further, to reach its lowest level for more than 5 years, at 14.2%.
3. Change in home loans and interest rates in Auvergne-Rhône-Alpes

Top of chart:
- Outstanding loans in billions of euros
- Rate as % of new private individual home loans, all durations
- Average effective rate (as %) of new real estate loans to SNF

Interpretation:
in 2020 in Auvergne-Rhône-Alpes, outstanding home loans totalled 169.3 Bn euros. Interest rates on new loans were 1.31% for non-financial companies (SNF) and 1.24% for private individuals.

Source: Banque de France – “Centralisations financières territoriales” – December 2020

Continued growth in equipment loans
Bank lending terms remain very favourable. Interest rates on equipment loans for businesses remain stable at around 1.20% and household consumer loan rates have risen slightly, from 3.52% to 3.58%.
Outstanding loans in the Région amount to 71.2 Bn €, with a rate of growth similar to that of 2019 (+5.8% after +5.5%). As in previous years, the increase remains more vigourous than observed nationally (+5.2%).
This year, the Rhône becomes the second département in France in terms of the volume of equipment loans distributed, with 23.8 Bn €, behind Paris, but now ahead of Hauts-de-Seine.

Sharp increase in cash credit lines
The distribution of cash facilities has been boosted by the wide take-up of State guaranteed loans (PGE), with more than 14 Bn € in the Région out of the 130 Bn € distributed nationally.
The year 2020 is therefore, at +68.1%, exceptional and marks a clear break with the slowdown trend observed in the last two years.
At the same time, the amounts outstanding in ordinary in-debit accounts fell significantly (– 22.2%), to 2.8 Bn € in the Région.

*Rhône, Isère and Haute-Savoie represent almost 60% of outstanding loans*

The Rhône, Isère and Haute-Savoie account for the majority of loan distribution in the Région, with 58.1% of the outstanding amount, due in part to their economic weight in the region.

4. Breakdown of outstanding loans per département

4. Répartition départementale des encours de crédits

Change in outstanding loans between 2019 and 2020 (as %)  Outstanding loans at 31 December 2020 (in € billions)

Source: Banque de France – “Centralisations financières territoriales” – December 2020

1.5 Description of the political system

See. 1.2.3. Issuer’s legal form and organisational structure
2 PUBLIC FINANCES AND EXTERNAL TRADE

2.1 Fiscal and budgetary system

2.1.1 Regional income

Income to the regional budget comes from:

- Direct and indirect tax revenue

Since the 2010 tax reform which provided for the removal of the company tax (taxe professionnelle or TP), new regional direct taxation comprises:

- an amount equal to 25% of the region's company value-added contribution (Cotisation sur la Valeur Ajoutée des Entreprises - CVAE); and an additional allowance, where applicable, for regions whose new tax regime delivers lower revenue than the reference amount of 2010 tax proceeds (which is not the case for Région Auvergne-Rhône-Alpes);

- the flat-rate tax on network businesses (imposition forfaitaire sur les entreprises de réseaux-IFER) relating to the rolling stock used on the national rail network for passenger transport (the "rolling stock" IFER); and

- the IFER relating to the local copper loop main distribution frames and connection units for the public switched telephone network ("telecoms" IFER).

Compensation for the removal of the former regional tax is to the nearest euro. Tax proceeds received in 2010 (land taxes and TP compensation are deducted depending on value added) represented the reference tax proceeds. This amount was used to calculate the new proceeds to be received after 2011 (tax plus potential allowances).

Each region's CVAE calculation uses two successive equalisation mechanisms:

- in 2011, the regions in which tax proceeds from the new tax regime were higher than the 2010 reference proceeds saw their resources capped at the amount of the 2010 tax proceeds, to fund the national individual regional resource guarantee fund (fonds national de garantie individuelle des ressources regionals – FNGIR), which pays back the amounts collected from under-compensated regions. The annual amount of the deduction has theoretically been set once and for all (nonetheless several minor corrections were made, although the amount has been the same since 2013);

- in 2013, an equalisation mechanism relating to the growth of the CVAE (company value-added contribution) was introduced. A region is subject to a deduction if the change in its new tax receipts after the reform is greater than the average across all regions. The total difference is then deducted for the purposes of equalisation, with a cap set at 50% of the total change in receipts, such changes being calculated on a cumulative basis compared with 2011. The Region was subject to such a deduction.

Indirect taxation includes the tax on vehicle registration certificates (the regional council has set the rates of this tax as a function of a vehicle's brake horsepower), and the tax on driving licences (which is not currently applied in Auvergne-Rhône-Alpes).

In accordance with article 41 of the 2014 Finance Law, beginning in 2014 regions received a new tax resource. This comprised management fees for the Corporate Property Tax (Cotisation Foncière des Entreprises - CFE), the CVAE and the housing tax (taxe d'habitation – TH). From 2014, this new
The apprenticeships development contribution (contribution au développement de l'apprentissage – CDA) was replaced in 2015 by the new Regional Apprenticeships Resource (Ressource Régionale de l'Apprentissage – RRA) comprising an amount of the apprenticeships tax (51%) and a new fraction of TICPE. The legislative has the power to set rates or ceilings for these taxes.

- From part of the TICPE

To compensate the transfer of functions under the law dated 13 August 2004, the State allocated regions a fraction of the amount of the domestic energy product consumption tax. Since 2006 this fraction has differed among the regions.

Since 2007, regions have been able to change the rate to a certain extent. The Region decided to apply the maximum increase, which represented an increase of 1.77 euros/hectolitre (hl) on premium fuels and an increase of 1.15 euros/hl on diesel.

The 2010 finance law (amended by the 2011 adjusting finance law) further introduced a new ability to increase the regional TICPE tariff (+0.73 euros/hl on premium fuels and +1.35 euros/hl on diesel) provided that the proceeds of such increase be allocated "to the funding of a sustainable rail or waterway transport infrastructure, mentioned in articles 11 and 12 of law no. 2009-967 of 3 August 2009 on programming under the implementation of the "Grenelle" environment plan or the improvement of the urban transport network in Ile-de-France"). The Region adopted this new TICPE amount known as the "Grenelle" in 2014 at the maximum rates.

Moreover, since 2014 Région Auvergne-Rhône-Alpes has, like other regions, received two new amounts of TICPE:

- one amount aimed at compensating the costs to regions of vocational training: these are the fractions of tariffs of 0.79 euros/hl for unleaded premium fuels and 0.56 euros/hl for diesel, applied to all national consumption and not therefore regionalised (article 41 of the 2014 finance law). The total proceeds collected nationally are paid back to the regions as a pro-rata proportion of the 2013 distribution of the DGD for vocational training, which was removed in 2014.

- one amount aimed at compensating the costs to regions of funding premiums to employers of apprentices (article 140 of the 2014 finance law) which replaced the former One-off Compensatory Payment for apprentices (ICF) removed in 2014. These rates were set in the finance law for 2016 at 0.61 euros/hl for unleaded premium fuels and 0.43 euros/hl for diesel. They apply equally to all national consumption and are not therefore regionalised (article 40 of the 2014 finance law).

Since 2015, the Region has received an additional amount of TICPE (set in the 2016 finance law for regions at 0.39 euros/hl for unleaded premium fuels and 0.28 euros/hl for diesel), which with a share of the new apprenticeships tax allocated directly to the regions (as a result of the merger of the apprenticeships tax and the CDA) is the regional apprenticeships resource (RRA) (amending finance act from August 2014). The RRA replaces the former allowances from the special allocation account "National funding of development and apprenticeship modernisation" (FNDMA) and the CDA tax.

Finally, two new amounts of TICPE have been created for the regions in the initial 2016 finance law:

- one amount to fund the payment of assistance for the recruitment of apprentices: the definitive amount and the distribution of the compensation are set in the amending finance law for the year,
on the basis of the number of allowances paid by the regions between 1 July of the previous year and 30 June of the current year. Provisionally, the tariff rates (not regionalised) were set at 0.096 euros/hl, for unleaded premium fuels and at 0.068 euros/hl.

- one amount meant to compensate the costs to regions of the functions transferred under article 91 paragraph II of the law of 27 January 2014 on the modernisation of public territorial action and the strengthening of large cities and under article 133 paragraph II of the law of 7 August 2015 on the new territorial organisation of the Republic. The tariff rates (not regionalised) were set at 0.047 euros/hl for unleaded premium fuels and at 0.03 euros/hl.

- VAT portion

The 2017 Finance Act provided for allocation to the regions of a VAT portion, as from the 2018 fiscal year, in substitution for the global operating endowment (DGF).

- State allowances

Article 41 of the 2014 finance law provided for the removal of the DGD for vocational training and its replacement by other new tax resources representing the direct taxation management fees and a new amount of TICPE proceeds. The law guarantees proceeds for the regions. The total proceeds received by way of compensation for the removal of the DGD (TICPE management fees) cannot be lower than the amount of the 2013 allowance. A TICPE floor-guarantee mechanism has been introduced.

Funding for apprenticeship premiums has been overhauled since 2013, through the gradual replacement of allowances received with tax proceeds (TICPE and RRA).

- Miscellaneous revenue, mainly comprising:

- repayments by the State to all local authorities under the Value Added Tax Compensation Fund (Fonds de Compensation de la Taxe sur la Valeur Ajoutée - FCTVA) which are intended to partially compensate the Value Added Tax (VAT) paid on investments made and, since the initial 2016 finance law, some operating expenses;

- payments of European Structural Funds under the 2007-2013 programme for some vocational training activities; and

- payments of European Structural Funds (FSE, FEDER and FEADER) under the transfer of the power to manage EU funds to the regions for the new 2014-2020 period (through the law on the modernisation of public territorial action and the strengthening of cities dated 27 January 2014). These funds will be partly paid as subsidies to third party beneficiaries, and partly paid to the Region, in the context of European co-funding of projects or activities managed by the Region.

2.1.2 The budgetary and accounting framework

A. Local authority budgetary framework

Local authorities, as legal entities, have at their disposal their own assets and budget. To exercise their various powers, each local authority enjoys legally recognised financial autonomy. This financial autonomy is exercised by the adoption every year of the primary budget, which schedules and authorises all income and expenditure for each budget year.

The primary budget has to be adopted before 15 April in the financial year to which it applies, or before 30 April of the year in which the decision-making bodies are reappointed.
If the budget is not adopted, the law (article L.1612-2 of the General Local Authorities Code) provides for a specific procedure allowing the regional Préfet, representing the State in the region, to set the local authority's budget, following notice from the Regional Chamber of Accounts.

The adoption of the budget authorises the authority's executive body to receive income and incur costs.

Amended or supplemental budgets allow for adjustments to be made to income and expenses adopted in the primary budget.

The administrative accounts, reviewed before 30 June of the following financial year, retrace the transactions of the financial year in terms of income and expenses. These accounts, drawn up by the local authority (the "authorising body") must be in line with the management accounts prepared by the public auditor which ensure that expenses are paid and all revenue of the local authority is received. This practice, common to all local authorities, which is a result of the principle of the separation of authorising bodies and accountants in the general laws on public accounting rules in France, gives the public auditor the ability to manage public funds and organise an external audit of the invoices issued by the local authority every year.

For all local authorities, the budget structure comprises two sections: the operating section and the capital section.

The operating section comprises:

- all expenses necessary for the operation of the local authority (general expenses, payroll, day-to-day management, debt service, amortisation expense, provisions); and
- any income that the local authority receives from expense transfers, provision of services, State grants, taxes and duties, and potentially, write-backs on provisions and amortizations made by the authority.

The capital section comprises:

- expenditure: debt repayment, equipment expenditure (work-in-progress, third-party operations) and equipment subsidies; and
- income: borrowings, grants and equipment subsidies received.

The General Local Authorities Code imposes financial constraints on local authorities such as the Issuer prohibiting them from borrowing to repay principal on their debt. Indeed, under the terms of article L.1612-4 of the General Local Authorities Code, "a local authority's budget is in real balance when the operating section and the capital section respectively are voted in balance, with income and expenditure having been truly and fairly evaluated and when the income from the operating section levied for the capital section, added to such section’s own income, excluding the proceeds of borrowings, and if relevant any amortization and provision expenses, provides sufficient funds to cover repayment of principal on debt annuities falling due during the budget year”.

B. The main budgetary principles of local public finances

The General Local Authorities Code and the accounting nomenclature applicable to local authorities determine the budgetary and accounting framework applicable to the Issuer, the main principles of which are as follows:

- The annuality principle requires that the budget must be prepared for a period of 12 months from 1 January to 31 December and that each local authority must adopt its budget for the following year prior to 1 January. The law grants additional time until 15 April of the budget year, or up to 30 April in local election years. However, Order n° 2005-1027 of 26 August 2005 on the
simplification and revision of budget and accounting rules applicable to local authorities, groups thereof and related local public institutions, bends this principle significantly by expanding multi-year budgeting mechanisms.

- The **budgetary balance rule**, which requires a balance between the local authority's income and expenditure, and between various components of the budget; revenue and capital components.

- The **unity principle** which means that all income and expenditure must be included in a single budget document, the local authority's general budget. However, other "ancillary" budgets may be added to the general budget to provide a clearer trail of various activities.

- The **universality principle** which means that all expenditure and income must be shown in full, without amendment, in the budget. This supports the requirement for a true and fair presentation of budget documents which specify that all income receipts should finance all expenditure items without distinction.

- The **specificity of expenditure principle** which means that expenditure items may only be authorised for a specified service and a specific purpose. Accordingly, credits are allocated to a service or set of services and are specialised by "chapter", grouping expenditures together by nature or purpose.

The principles under which local authority budgets are prepared are controlled by the *Préfet* in liaison with the regional accounts office (*Chambre régionale des comptes*).

**C. Audit and control procedures**

The law of 2 March 1982 abolished all *ex-ante* control over local authority acts. Budgets voted by each local authority are now fully binding as soon as published or notified to the *Préfet*, who is the State's representative in the Department. However, proper controls are an essential counterpart to these new responsibilities.

**D. Public Auditor controls**

The public auditor executes all financial transactions and keeps management accounts in which he records all income and expenditure of the local authority.

He verifies that expenditure is itemised in the correct budget chapter and that the source of all income is lawful. He is not authorised to carry out suitability controls. Indeed, he may not judge the suitability of the political choices made by local authorities since they enjoy administrative autonomy and, should he do so, the authorising officer may require or, in other words, oblige the public auditor to make the payment.

If the public auditor detects any illegality, he rejects the payment decided by the authorising officer.

Public auditors are financially and personally liable for the payments they make. If a problem occurs, the Finance Minister may issue an order reversing the payment which obliges the public auditor to immediately pay the relevant sum from his own funds.

**E. Control of legality**

Article L. 4142-1 of the General Local Authorities Code provides that the State’s representative in the Region refers acts that he considers unlawful to the Administrative Tribunal within two months of their notification to the *Préfet*. Control of legality applies to the preparation, adoption and presentation of budgetary documents and their schedules.
F. Controls by the regional accounts office (Chambre régionale des comptes)

The law of 2nd March 1982 established the Chambres régionales des comptes, staffed by life-appointed magistrates: this is the quid pro quo for the abolition of the ex-ante control of local authority acts. The powers and authority of these jurisdictions are prescribed by law and have been codified under articles L.211-1 et seq. of the French financial jurisdictions Code.

The powers of the Chambre régionale des comptes extend to all local authorities within its geographical jurisdiction, whether a Municipality, Department or Region, but also to their public establishments. Moreover, the Court of Accounts (Cour des comptes) has delegated power to the Chambres régionales des comptes to control various national public establishments, including certain universities and Chambers of Agriculture.

In this regard, the Chambres régionales des comptes has been bestowed with threefold powers of control. First of all, budgetary control, as previously exercised by the Préfet prior to the law of 2nd March 1982. Secondly, jurisdictional control whose purpose is to ensure the regularity of the public auditor’s actions. Thirdly and finally, management control whose purpose is to control the regularity of local authorities’ income and expenditure.

Budgetary control

Pursuant to articles L. 1612-1 to L. 1612-20 of the General Local Authorities Code, budgetary control is exercised over the primary budget, amendment decisions and the administrative account. The Chambre régionale des comptes intervenes in four instances:

• where the primary budget is adopted out-of-time (i.e. after 31st March, except in local election years when the period is extended to 15th April of the budget year) and after a delivery period of 15 calendar days, the Préfet must refer the matter without delay to the Chambre régionale des comptes which must then formulate its proposals within one month;

• if the voted budget is not properly balanced (lack of correlation between income and expenditure), three successive monthly periods follow: one month for the Préfet to refer the matter to the Chambre régionale des comptes; one month for the latter to formulate its proposals; a third period of one month for the executive board of the local authority to remedy the situation, failing which the Préfet himself rectifies the regional budget;

• if a mandatory expense is not recorded, the same periods apply but the Chambre régionale des comptes, which may be petitioned either by the Préfet, or by the public auditor or by any other interested party, shall send a formal notice of demand to the relevant local authority; and

• where execution of the budget is in deficit (i.e. where the sum of the results of the two sections of the administrative account is negative) by more than 5%, or 10% of operating section income, depending on the size of the local authority, the Chambre régionale des comptes proposes restorative measures within a period of one month from the date of referral. Furthermore, it ratifies the primary budget relating to the following budget year.

Jurisdictional control

The Chambre régionale des comptes has judicial authority over all public auditors’ accounts for local authorities and their public establishments. This jurisdictional control is the primary mission of the Chambres régionales des comptes. It involves controlling the regularity of the public auditor’s operations. It consists in verifying not only that the accounts have been properly prepared, but above all that the public
auditor has indeed carried out all of the controls he is obliged to perform. Conversely, the law of 21 December 2001 relating to Chambres régionales des comptes and the Cour des comptes prohibits any control of suitability. The Chambre régionale des comptes controls and acknowledges the accuracy of the accounts by its judgements, whether or not irregularities have been discovered.

Management control

Chambres régionales des comptes also have a duty to control local authority management. The purpose of these controls is to examine the regularity and quality of a local authority’s management. It examines not only the financial equilibrium of management operations and the resources employed for their implementation, but also the outcome achieved compared to the resources employed and the results of the actions undertaken. The Chambres régionales des comptes base their judgement on the regularity of the operations and the economics of the resources employed and not on the appropriateness or suitability of the actions undertaken by local authorities. The Chambres régionales des comptes’ first priority is to encourage and assist local authorities in complying with the law in order to avoid any sanctions.

2.2 Public debt

The year 2020 was once again marked by unprecedented financing conditions, of which advantage was able to be taken not only due to the interest rate environment, but also the Région’s financial situation which investors appreciate.

A number of loans were contracted at 0% interest rate, without any finance costs whatsoever, including some at negative interest rates, generating a financial income. In 2019 the Région Auvergne-Rhône-Alpes was the first local authority to have secured long-term financing (i.e. in excess of one year) at a negative interest rate. This strategy of seeking financing at a negative interest rate was continued in 2020.

The Région’s dynamic management, combined with its controlled debt levels, enabled savings in terms of finance costs to be made once again in 2020. In total since 2016, finance costs have been reduced from 80 M€ in 2015 to 54 M€, which is an overall saving of 98 M€ over the mandate. These significant savings contribute to controlling operating expenditure.

![Finance costs on debt (in M€)](chart)

2.2.1 Long term debt

A. Bank loans and bond issues
Direct, long-term debt at 31 December 2020 amounts to 2.362 Bn€. The main features of this debt are as follows:

<table>
<thead>
<tr>
<th>2020 administrative account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding direct long-term debt</td>
</tr>
<tr>
<td>Average interest rate</td>
</tr>
<tr>
<td>Residual life of debt</td>
</tr>
<tr>
<td>Average life of debt</td>
</tr>
<tr>
<td>Number of loan facilities</td>
</tr>
</tbody>
</table>

(1) *Average interest rate*: average interest rates should be compared by reference to the residual life of the debt and interest rate levels over the period

(2) *Average life of the debt*: the duration necessary to repay half of the outstanding principal on the debt, having regard to its repayment schedule.

In November 2020, the Région launched a NEU CP issue (*Negotiable EUropean Commercial Paper* – official name given to Treasury notes issued by the Région) in an amount of 100 M€ which will be repaid in January 2021.

By consolidating this short-term debt, net of cash resources, together with all commitments treated as indebtedness (including in particular leasing agreements historically used for the financing of TER rolling stock), consolidated debt amounted to 2 750 M€ in 2020.

At 31 December 2020, the Région’s direct long-term debt comprised 114 borrowings with an outstanding principal amount of 2 362 M€. This included 53 loans entered into with 11 traditional banking establishments in a total amount of 490 M€ (compared to 568 M€ at the end of 2019); 16 loans taken out with 2 specialist project financing banks in a total amount of 741 M€ (compared to 719 M€ at the end of 2019); 43 bond issues in a total amount of 1 024 M€ (compared to 890 M€ at the end of 2019); 2 revolving credit facilities with 2 lending banks in an amount of 108 M€ (compared to 123 M€ at the end of 2019).

The financing structure is balanced between the various available instruments.

At 31 December 2020, these financings included structured loans entered into between 2003 and 2007 representing an outstanding principal amount of 38 M€ under 13 loans, or 1.6% of outstanding debt. Of
this outstanding debt, two loans are the subject of hedging arrangements in an amount of 3 M€ neutralising all related risk. Finally, the amount of such loans exposed to any interest rate risk is therefore 34 M€ or 1.5% of outstanding debt.

A watching brief has been implemented with the relevant banking institutions. Furthermore, a provision of 4 M€ has been set aside for financial risk: it has been decided not to reduce the amount of this provision, even if the outstanding amount of structured debt is lower, which helps improve risk hedging.

Furthermore, the Région no longer has access to potentially available long-term liquidity facilities: the latest tranche of 70 M€ was utilised on 30 April 2020 when this facility expired in 2020. The Région is currently negotiating with the European Investment Bank a new facility to finance our investment in the railways. This facility should come into effect during 2021.

The distribution of regional debt by lending institution is as follows:

<table>
<thead>
<tr>
<th>Debt at 31 December 2020</th>
<th>Debt at 31 December 2019</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
</tr>
<tr>
<td>Bond investors</td>
<td>1 024.000 M€</td>
<td>43.35%</td>
</tr>
<tr>
<td>EIB</td>
<td>612.804 M€</td>
<td>25.94%</td>
</tr>
<tr>
<td>Société Générale</td>
<td>128.003 M€</td>
<td>5.42%</td>
</tr>
<tr>
<td>CDC</td>
<td>127.750 M€</td>
<td>5.41%</td>
</tr>
<tr>
<td>SFIL CAFIL</td>
<td>113.143 M€</td>
<td>4.79%</td>
</tr>
<tr>
<td>CE Auvergne et du Limousin</td>
<td>90.003 M€</td>
<td>3.81%</td>
</tr>
<tr>
<td>Dexia Crédit Local</td>
<td>80.811 M€</td>
<td>3.42%</td>
</tr>
<tr>
<td>Caisse d’Epargne Rhône-Alpes</td>
<td>79.200 M€</td>
<td>3.35%</td>
</tr>
<tr>
<td>Crédit Agricole CIB</td>
<td>27.500 M€</td>
<td>1.16%</td>
</tr>
<tr>
<td>Crédit Agricole Centre-Est</td>
<td>18.851 M€</td>
<td>0.80%</td>
</tr>
<tr>
<td>Crédit Agricole Centre-France</td>
<td>17.290 M€</td>
<td>0.73%</td>
</tr>
<tr>
<td>Deutsche Pfandbriefbank AG</td>
<td>16.500 M€</td>
<td>0.70%</td>
</tr>
<tr>
<td>Crédit Coopératif</td>
<td>9.000 M€</td>
<td>0.38%</td>
</tr>
<tr>
<td>Arkéa</td>
<td>7.525 M€</td>
<td>0.32%</td>
</tr>
<tr>
<td>Crédit Foncier de France</td>
<td>7.333 M€</td>
<td>0.31%</td>
</tr>
<tr>
<td>Royal Bank of Scotland</td>
<td>2.667 M€</td>
<td>0.11%</td>
</tr>
<tr>
<td><strong>2 362.381 M€</strong></td>
<td><strong>2 301.460 M€</strong></td>
<td><strong>2.78%</strong></td>
</tr>
</tbody>
</table>

Note that during December 2020, a loan initially entered into with Dexia was novated in favour of Crédit Coopératif which therefore becomes a new lender.

The Région’s pool of lenders is appropriately diverse and balanced given that the leading 3 lenders (excluding bond debt) represent 37% of the total amount outstanding (compared to 38% at the end of 2019). Balancing outstanding debt between the various lenders is an ongoing preoccupation for the Région’s management of both bond and bank debt.

The distribution between debt represented by bank loans and bond issues has changed significantly since the Région opted in 2010 to secure financing directly on the markets. Bond debt now represents 43% of the Région’s outstanding direct long-term debt.
The majority of the Région’s outstanding debt remains fixed rate (68.8% at the end of 2020 compared to 63.5% at the end of 2019) which places the Région in a favourable position should interest rates rise in the future. This increase in fixed-rate debt as a proportion of the Région’s total outstanding is linked to both low long-term market interest rates and also bond investor demand.

**Debt repayment profile** indicates, on a given date, the scheduled amount of principal to be repaid for each year until the outstanding debt is extinguished in full. Despite peaking in 2024, during which year a bond issue in an amount of 120 M€ made in 2012 is due for redemption, the Région is continuing to smooth out its debt repayment profile thereby facilitating compliance with applicable budgetary balancing.
rules. The 7 years 4 months average life of debt (compared to 7 years and 3 months in 2019) remains low
given the type of investments financed.

Finally, in accordance with resolution n° 2020-161 of the Plenary Assembly of 8 and 9 July 2020 which
adopted the 2020 supplemental budget, the Région has increased the amount of its EMTN programme
from 1 to 1.5 billion euros. Indeed, with the increase in the size of the Région’s budget since 2016 (merger
of the régions, transfers of schools and inter-urban transport powers), the amount of this disintermediated
financing instrument proved to be inadequate: at 31 December 2020, it had been utilised to the tune of
54% (810 M€ utilised) as compared to 81% had the increase not been adopted.

**Utilisation of EMTN programme**

B. Leasing contracts

The Region had agreed three tax leasing contracts (in 2007 and 2008) to finance passenger railway
material (Regional Express Train carriages). These leasing contracts with an option to purchase have a
total term of 38 years. The Region, as lessee, pays rent to the lessor every six months.

At 31 December 2020, there were only two leases still in force and the outstanding funding on which the
rent is calculated stood at 294 million euros.

This outstanding "lease debt" is added to the outstanding long term debt to establish the amount of the
Region's outstanding consolidated debt. This was 2,656 million euros at 31 December 2020.
2.2.2 **Cash flow**

Due to the gap between the time at which income is received and when payments are made, daily cash flow requirements are met through the use of several instruments:

- **A NEU CP programme the maximum amount of which was increased from 300 M€ to 500 M€** pursuant to deliberation no 2020-161 of the Plenary Assembly of 8 and 9 July 2020 which adopted the 2020 supplemental budget: in 2020, the Région made 28 issues for a total amount of 1 825 M€ (compared to 22 issues in 2019 in an amount of 1 450 M€) at interest rates of between -0.04% (higher margin because made on 20 April in a complex market environment) and -0.54% which generated financial income in an amount of 832 K€ (with an average maturity of 49 days). If the Région had not had access to this financial instrument, it would have utilised bank credit lines which would have incurred a financial cost estimated at 1.5 M€.

The same management principles used for long-term debt are applied to the NEU CP programme in order to spread liquidity risk amongst various dealers:

<table>
<thead>
<tr>
<th>Number of issues</th>
<th>Average number of days per issue</th>
<th>Amount issued</th>
<th>Average amount issued</th>
<th>Interest received</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>Amount</td>
<td>%</td>
</tr>
<tr>
<td>BRED Banque</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Populaire</td>
<td>13</td>
<td>46.43%</td>
<td>1 000 000 000</td>
<td>54.79%</td>
</tr>
<tr>
<td>BNP - Paribas</td>
<td>6</td>
<td>21.43%</td>
<td>275 000 000</td>
<td>15.07%</td>
</tr>
<tr>
<td>Crédit Agricole CIB</td>
<td>3</td>
<td>10.71%</td>
<td>200 000 000</td>
<td>10.96%</td>
</tr>
<tr>
<td>Natixis</td>
<td>3</td>
<td>10.71%</td>
<td>200 000 000</td>
<td>10.96%</td>
</tr>
<tr>
<td>Crédit Mutuel - CIC</td>
<td>3</td>
<td>10.71%</td>
<td>150 000 000</td>
<td>8.22%</td>
</tr>
<tr>
<td></td>
<td>28</td>
<td>49</td>
<td>1 825 000 000</td>
<td></td>
</tr>
</tbody>
</table>
- Two long-term revolving credit facilities permit daily drawdowns and repayments, up to an authorised limit of 108 M€ at the end of 2020 (compared to 122 M€ at the end of 2019). These facilities were utilised up to their limits throughout the 2020 fiscal year;

- Five cash credit lines in an amount of 225 M€ available for daily utilisation (compared to 200 M€ in 2019). The increase in the outstanding amount between 2019 and 2020 should offset the gradual decrease in the availability of the long-term revolving credit facilities. These are designed to be used solely as a "back-up" for the NEU CP programme and are not really utilised. The main features of these facilities are as follows:

<table>
<thead>
<tr>
<th>Bank</th>
<th>Société Générale</th>
<th>BNP Paribas</th>
<th>Crédit Agricole</th>
<th>Caisse d’Epargne Rhône-Alpes</th>
<th>Société Générale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>75 M€</td>
<td>25 M€</td>
<td>30 M€</td>
<td>20 M€</td>
<td>75 M€</td>
</tr>
<tr>
<td>Interest rate</td>
<td>Euribor 1 month averaged +0.30%</td>
<td>Euribor 3 months +0.25%</td>
<td>Euribor 3 months averaged +0.80%</td>
<td>ESTER + 0.25% or fixed rate of +0.28%</td>
<td>Euribor 1 month averaged +0.30%</td>
</tr>
<tr>
<td>Commissions</td>
<td>0.035 %</td>
<td>0.10%</td>
<td>0.06%</td>
<td>0.035%</td>
<td>0.035 %</td>
</tr>
</tbody>
</table>

In a standardised interest rate environment, local authorities optimise their management through a “zero cash” approach in order to minimise non-remunerated cash held in the Trésor account. However, given the negative rate environment, it is now more advantageous for the Région to maintain a slightly surplus cash position, which it has done since 2016.

### 2.2.3. Guaranteed debt

The amount of debt guaranteed by the Région Rhône-Alpes, at 31 December 2020, amounted to 110,7 M€ (compared to 99.8 M€ at the end of 2019). In 2020, 16 loan guarantees, including renegotiated guarantees, were granted by the Région for an amount of 36 M€.

In 2020 a principal amount of 8.8 M€ in guaranteed debt was repaid, which represents 5% of the Région’s annual direct debt principal repayments. These are mainly guarantees granted on loans entered into by the bodies that manage private secondary schools (lycées) under a contract with the State, to carry out real estate construction, building works and acquisition investments. However, as an exception to its traditional loan guarantee policy, and in order to enable certain entities to deal with the economic shock, the Région agreed in 2020 to act as guarantor for SEM Volcans (a commitment of 6 M€) and MND Group (a commitment of 9 M€).

### 2.3 Trade balance and balance of payments

Not applicable

### 2.4 Currency reserves

Not applicable

### 2.5 Financial resources and situation: the Region's accounts

#### 2.5.1 Financial retrospective: the administrative accounts for the financial years 2019 and 2020
A. The 2019 Administrative Account

Gross operating expenses, before restatement, reached 2,445 M€ in 2019 compared to 2,417.3 M€ in 2018.

Certain scope effects have to be neutralized in order to analyze the actual change in these expenditures between 2018 and 2019. These restatements result in a deduction of 29.2 M€ from gross operating expenditure, corresponding to the ramping up of European funds programming (+10.5 M€), the increase in the CVAE equalization fund (+1.6 M€), a change in the VAT tax regime applicable to leasing agreements resulting in the recording of an equivalent flow of expenditure and revenue (+16.2 M€) and new financial transfers to compensate for transfers of powers (+0.8 M€). This restatement method is identical to that applied by the State for the purposes of financial contractualisation.

At constant scope, operating expenditure remained fairly stable, with a slight fall of 0.1% in 2018, or 1.4 M€ in total. This reduction follows the budgetary tightening that had already taken place over the previous three years. The target set at the beginning of the mandate to reduce the annual operating budget by 300 M€ by the end of the mandate is therefore confirmed in 2019.

Operating expenditure – Constant Scope

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2,121 M€</td>
</tr>
<tr>
<td>2016</td>
<td>-136 M€</td>
</tr>
<tr>
<td>2017</td>
<td>-111 M€</td>
</tr>
<tr>
<td>2018</td>
<td>-55 M€</td>
</tr>
<tr>
<td>2019</td>
<td>-1 M€</td>
</tr>
</tbody>
</table>

NB: The graph above traces the changes in operating expenditure starting from the 2015 expenditure base, on a like-for-like basis. However, the operating section was heavily impacted from 2017 by the transfer of schools and intercity transport powers beginning in 2017, hence the overall operating budget now stands at 2,445 M€.

These results definitively confirm the complete reversal of the trend beginning in 2016 compared to the previous period, which had been marked by a continuous increase in operating expenditure (+2.5%/year on average between 2010/2015).

As a consequence of this decrease in operating expenditure, gross savings continued to grow between 2018 and 2019 reaching a high level of 760 M€, compared to 419 M€ with in 2015, an increase of 81% over 5 years (+341 M€). The savings rate, being the ratio of gross savings to actual operating expenditure, is now 24%, or 8 points higher than at the end of 2015 (16%).
These results must be seen in perspective having regard to the changes observed over the previous period: savings had fallen by 604 M€ in 2010 to 419 M€ in 2015, a loss of more than 30% in value, and the savings rate dropped sharply over the same period by 8 points, from 24% in 2010 to 16% in 2015.

Operating margins allowed a significant level of regional investment to be financed with total expenditure of 1,086 M€, compared to 716 M€ in 2015, excluding the repayment of principal on debt and excluding EAFRD.

Note that the EAFRD funds, which are managed by the Région but distributed by delegation through the Agence de Service de Paiement (ASP), are incorporated in the regional budget, in accordance with applicable accounting regulations, via a global regularisation accounting entry, balanced in income and expenditure. These entries are neutral from a financial point of view, but the variability and size of the amounts received gives a false reading of how the investment budget evolves. These funds, which translated into an accounting entry of 401 M€ in investment expenditure and income in 2019, are therefore neutralised in the graphic below.
These changes are also a break with the past trend of continual erosion in regional investment, falling from 850 M€ in 2010 to 716 M€ in 2015.

The sharp increase in investment was financed by gains derived from efforts in reducing operating expenditure. The increase in investment has thus been achieved without incurring additional indebtedness during the 2019 financial year, with debt remaining more or less stable (~4 M€ between 2018 and 2019).

Consolidated debt (which combines direct bank debt and bond issuances and various commitments of the Région that are equivalent to debt such as leasing agreements) now totals 2.668 Bn€ (2.755 Bn€ in 2015) which is an overall decrease in indebtedness of ~87 M€ since 2015.

Debt repayment capacity continues to improve and keeps reducing (3.5 years in 2019 compared to 6.6 years in 2015). As a result, the Région has, thanks to its determined efforts on operating expenditure, gained 3.1 years’ deleveraging capacity since 2016, a particularly revealing indicator of its reestablished operating margins.

These indicators, a testament to the Région’s sound finances, must also be viewed in perspective: from 2010 to 2015, the cumulative debt of the two former Régions conversely had increased by 18% and debt repayment capacity sharply deteriorated, from 3.9 years in 2010 to 6.6 years in 2015.

The results of the administrative account are therefore as follows:

- For the operating section
  Total amount of operating income for which receipts were issued was: 4 167 121 110.60 € (1).
  Total amount of operating expenditure mandated was: 3 537 062 367.93 € (2).
  Operating income carried forward was: 74 756 781.30 € (3).
  The result of the operating section was: 704 815 523.97 € (4) = (1) + (3) - (2).

- For the investment section
Total amount of investment income for which receipts were issued was:

2 551 554 762.63 € (5).

Total amount of investment expenditure mandated was:

2 660 733 328.20 € (6).

Prior investment result was:

- 561 957 586.45 € (7),

The financing requirement of the investment section was:

- 671 136 152.02 € (8) = (5) - (6) + (7).

Accordingly, for both sections combined, the surplus balance of the administrative account was:

33 676 371.95 € (9) = (4) + (8).

**B. The 2020 Administrative Account**

Gross operating expenses, before restatement, reached 2,300 M€ in 2020 compared to 2,445 M€ in 2019.

A number of scope effects need to be analysed to understand the true change in expenditure between 2019 and 2020:

- neutralisation of decreased expenditure: it is firstly a case of neutralising the effect of the recentralisation of apprenticeship powers on 1 January 2020 which facially reduces the regional budget by an amount of 165 M€. Other more technical reductions relating to taxation mechanisms are also neutralised: the impact in 2020 of a change to the VAT tax regime applicable for the last two years to leasing agreements (11 M€), and a reduction in the amount the Région is called upon to contribute to the CVAE equalisation fund in 2020 (2 M€).

- neutralisation of increased expenditure: it is essentially a case of neutralising facial expenditure increases that have no impact on the Région’s financial ratios since they are matched in revenue terms. In 2020, this concerns in particular the regularisation of an overpayment of TICPE following a payment error by the State (19 M€), the impact of the re-internalisation of inter-urban and schools transport powers for four départements requiring the entry of a gross expenditure item, accompanied by an entry for the same amount under operating revenue (6 M€), the ramping up of the European funds programme (16 M€), and the impact of the assumption by the Région of career guidance powers, offset by an equivalent amount of revenue (0.9 M€).

This restatement method has the effect of neutralising an amount of 136 M€ in net expenditure decreases, essentially due to the **loss of apprenticeship powers, which is the major scope effect impacting on the year 2020**. Note that this restatement method is identical to that applied by the State in connection with financial contractualisation, even though the so-called "de Cahors" financial contracts have been suspended in 2020 due to the health crisis.

In addition to the scope measures described above, the 2020 fiscal year is characterised by significant changes in operating expenditure resulting in particular from the impacts of the health crisis.

- **The impact of the health crisis**

The resources devoted to fighting the pandemic in 2020 are estimated at 109 M€ in terms of operating expenditure, all other expenditure being charged to the capital section. This essentially relates to expenditure for the huge campaign to purchase equipment for healthcare professionals, which then extended to the “one person, one mask” programme, followed by the roll-out of testing at the end of the year.

Added to these amounts is the sum of approximately 4 M€ in emergency aid charged to the operating section (support fund for lawyers, support for businesses located in the initial contamination hotspots), the relative modesty of this amount being explained by the fact that almost all economic interventions were charged to the capital section (grants and loans).
Conversely, the health crisis and in particular the first lockdown, had a downward impact on certain operating expenditure due to the resulting economic shutdown.

This was mainly the case for the transport sector. During the first lockdown, TER traffic and inter-urban and schools transport were at an almost complete standstill. This service interruption resulted in a fall in expenditure (placing staff on furlough, energy costs, etc.), causing expenditure to fall at two levels:

- The Région firstly established a special plan to support inter-urban and schools transport businesses. The difference between the reduced expenditure caused by the halting of traffic and this 16 M€ indemnity fund, generated a decrease in regional operating expenditure of 20 M€.

- The interruption of TER transport services also resulted in a decrease in the Région’s contribution, from a combination of the cancelled fees, the fall in energy costs and the effects of staff furlough measures, in an overall amount of 110 M€.

Furthermore, the effects of the health crisis have also been to defer the organisation of a number of initially planned vocational training sessions, limiting travel with the consequential reduction in dedicated expenditure, for example international student mobility, school trips and skiing classes and also local officials’ travel expenses. The cancellation of numerous events and festivals has also reduced expenditure, which has nevertheless been limited due to the maintenance of the regional scheme to provide financial support for cancelled events, aimed at covering the fixed costs and expenses incurred by the relevant organisations. These postponed actions are estimated at around 40 M€.

- Changes independent of the health crisis

The 2020 budget has also been impacted by a number of factors independent of the health crisis:

- the commissioning of the Léman Express (LEX) in December 2019, which produced budgetary constraints alluded to in the operating section of the primary budget, with the Région assuming the operating costs of this new service offer;
- several deferred payment items, in particular in respect of inter-urban and schools transport, and social and healthcare training, with new arrangements to finance free training schemes;
- finance costs, which continue to fall (for details, see part III of this report) in line with the historically low interest rate levels and the Région’s active debt management.

These various factors contribute to a net operating expense of around 48 M€.

Definitively, at constant scope, when combining all of the effects (new expenditure as a result of the crisis, decreased expenditure items and other developments), operating expenditure has remained fairly stable, with a slight fall of 0.5% in 2020, or -9.0 M€ in total. This reduction follows the budgetary tightening that had already taken place over the previous four years. The target set at the beginning of the mandate to combat wastage of public money and make 300 M€ in savings on the annual operating budget by the end of the mandate, is therefore confirmed in 2020.
**OPERATING EXPENDITURE – CONSTANT SCOPE**

*NB: The graph above traces the changes in operating expenditure starting from the 2015 expenditure base, on a like-for-like basis. However, the operating section was heavily impacted from 2017 by the transfer of schools and intercity transport powers and in 2020 by the recentralisation of apprenticeship powers, hence the overall operating budget stands at 2,300 M€ in 2020.*

These results confirm the reversal of the trend beginning in 2016 compared to the previous period, which had been marked by a continuous increase in operating expenditure (+ 2.5% per year on average between 2010-2015).

Despite the crisis, and thanks to the controlled increase in operating expenditure, the Région has consequently managed to stabilize gross savings in 2020. Its gross internal financing is therefore 763 M€ compared to 419 M€ in 2015 terms, an increase of 82% over 5 years (+ 343 M€).

The savings rate, being the ratio of gross savings to actual operating expenditure, is now 25%, or 9 points higher than at the end of 2015 (16%). The change in operating revenue has had little impact on internal financing, with losses in tax revenues resulting from the health crisis being offset by various factors, with carry forward of resources not collected in 2019, in particular.
These results must be seen in perspective having regard to the changes observed over the previous period: savings had fallen by 604 M€ in 2010 to 419 M€ in 2015, a loss of more than 30% in value, and the savings rate dropped sharply over the same period by 8 points, from 24% in 2010 to 16% in 2015.

Operating margins allowed a significant level of regional investment to be financed with total expenditure of 1,250 M€, compared to 716 M€ in 2015, excluding the repayment of principal on debt and excluding EAFRD.

Note that the EAFRD funds, which are managed by the Région but distributed by delegation through the Agence de Service de Paiement (ASP), are incorporated in the regional budget, in accordance with applicable accounting regulations, via a global regularisation accounting entry, balanced in income and expenditure. These entries are neutral from a financial point of view, but the variability and size of the amounts received gives a false reading of how the investment budget evolves. These funds, which translated into an accounting entry of 413 M€ in investment expenditure and income in 2020, are therefore neutralised in the graphic below.
These changes are also a break with the past trend of continual erosion in regional investment, falling from 850 M€ in 2010 to 716 M€ in 2015.

Consolidated debt (which combines direct bank debt and bond issuances and various commitments of the Région that are equivalent to debt such as leasing agreements) now totals 2.750 Bn€ (2.755 Bn€ in 2015) which is an overall decrease in indebtedness of -5 M€ since 2015.

Debt repayment capacity has stabilized at around 3.5 years (3.6 years in 2020 compared to 6.6 years in 2015). As a result, the Région has, thanks to its determined efforts on operating expenditure, gained 3 years’ deleveraging capacity since 2016.

These indicators, a testament to the Région’s sound finances, must also be viewed in perspective: from 2010 to 2015, the cumulative debt of the two former Régions conversely had increased by 18% and debt repayment capacity sharply deteriorated, from 3.9 years in 2010 to 6.6 years in 2015.

THE RESULTS OF THE ADMINISTRATIVE ACCOUNT:

- For the operating section

Total amount of operating income for which receipts were issued was 4 156 135 004.14 € (1).  
Total amount of operating expenditure mandated was 3 547 529 259.80 € (2).  
Operating income carried forward was 33 679 371.95 € (3).  
The result of the operating section was 642 285 116.29 € (4) = (1) + (3) - (2).

- For the investment section

Total amount of investment income for which receipts were issued was 3 042 012 987.12 € (5).  
Total amount of investment expenditure mandated was 3 002 214 513.44 € (6).  
Prior investment result was - 671 136 152.02 € (7)  
The financing requirement of the investment section was -631 337 678.34 € (8) = (5) - (6) + (7).
Accordingly, for both sections combined, the surplus balance of the administrative account was €10,947,437.95 $= (4) + (8)$.

2.5.2 Financial outlook

A. The 2021 Primary Budget

Thanks to its management and savings made since 2016, the Région has rebuilt room for manoeuvre and regained capacity to act. It is this financial position that enables it to face the financial and economic crisis resulting from the Covid-19 pandemic.

Indeed, after 5 years of strengthened fiscal management, and thanks to its strategy of controlling public expenditure, the Région has regained its full capacity to act and relaunched investment:

- Operating expenditure has been brought under control: the presentation of the latest administrative accounts, relating to the 2019 fiscal year, demonstrates that the operating section, having been reduced by 300 M€ over the first 3 years of the mandate, was still being very closely managed. In 2020, despite the health crisis, operating expenditure will also be controlled.
- As a result of very close management of operating expenditure, the authority’s internal financing capacity has been fully restored, whereas it was reaching a critical level at the end of 2015 with a gross savings rate of only 16%. As a result, the level of savings has increased from 419 M€ to 760 M€ by the end of 2019, which is a savings rate of 24%. This level of internal financing should be maintained at a solid level in 2020, despite the crisis and the resulting lost tax revenues. The Région now generates almost 300 M€ of additional internal financing capacity each year that can be directly reinvested.
- As a priority of the Région, investment has been increased to unprecedented levels: in 2019, the investment budget amounted to 1,086 M€ (excluding debt repayments and excluding the EAFRD funds) compared to only 716 M€ in 2015. The threshold of 1.2 billion euros in investment will be reached in 2020, which is an increase in investment of almost 70% in 5 years.
- These results have been obtained by controlled use of borrowing, with debt having fallen by 87 M€ since the beginning of the mandate, with a deleveraging capacity reduced from 6.6 years at the end of 2015 to 3.5 years at the end of 2019. By the end of 2020, deleveraging capacity should be maintained at close to 3.5 years, which is almost half the number at the beginning of the mandate.
- Finally, these results were achieved by lowering taxation for Auvergne-Rhône-Alpes inhabitants, with both the downward alignment of the vehicle registration (carte grise) tax as from 2016 (as well as a total tax exemption for clean vehicles) and also by reducing regional fuel tax rates by 20% from 2019.

Since December 2017 therefore, the Région has been assigned an "aa+" intrinsic credit rating by Standard and Poor's, higher than that of the French State. Note that intrinsic credit quality reflects the authority’s own financial soundness and solvency characteristics, before taking into account the institutional context and the ceiling set by the State's AA rating.

This rating allows it to directly access the financial markets and lower the cost of funding its investments. It is testament to the soundness of the Région’s financial fundamentals.

The Covid-19 pandemic has caused a major crisis, both from a health and economic perspective. The Région has done everything within its power to deal with it from the first days of the crisis in March 2020. It will continue to deploy measures in 2021, by mobilising the necessary resources to combat the health crisis, relaunch economic activity and support the most vulnerable in society.

A massive action plan in 2020 to combat the pandemic
The Covid-19 epidemic is above all a major health crisis which has severely impacted on the public, causing more than 50,000 deaths at the time of writing of this report, and challenging our health system.

The Région has mobilised itself going beyond its traditional scope of intervention in health matters. It has unlocked huge financial resources and deployed unprecedented logistical operations to battle the epidemic effectively.

As from March, the Région implemented a massive plan to provide health professionals with the necessary equipment. It was able to deliver protective equipment (masks, gowns, gloves, sanitising hand gel, etc.) to front-line professionals battling to prevent sickness and facing an extreme lack of these essential protective products. For example, by 3 April, an initial series of deliveries of 5,300 kits containing coveralls, gowns, overshoes, gloves, hair restraints and hydroalcoholic gel dispensers was organised, followed by a second delivery to all professional practice nurses (16 470 professionals) on 15 and 16 April. Over the course of these weeks, doctors, midwives, physiotherapists, ambulance paramedics and other health specialists (speech therapists, dental surgeons, etc.) were also supplied with kits suitable for their needs.

The Région extended this initial action by implementing a massive programme to protect the population through the “one person, one mask” operation. Through a huge scale logistics operation organised in the month of May, and by establishing distribution points throughout the territory with the support of the communes, the Région was able to equip the entire population with reusable masks, to enable the unwinding of the lockdown, which was just beginning, to proceed safely. In total, 9 million masks were distributed throughout the territory.

Considerable financial resources were deployed for these two operations with close to 70 million euros being immediately unblocked.

In terms other than financial, the Région also brought its action capabilities to bear in particular:

- in terms of purchasing power, since it succeeded in rapidly ordering significant volumes of protective equipment (masks, in particular) against a background of worldwide shortages;
- in terms of logistics, by transforming the two City Halls, in Lyon and Clermont, into logistics platforms and distributing masks and other protective equipment throughout the territory;
- in terms of coordinating the initiatives of all participants mobilised to face the crisis.

The Région’s health initiatives continue to be deployed at the end of 2020, with the rollout of a massive public testing campaign using the new antigenic tests. The Région took the initiative of deploying this large-scale operation, which will be rolled out before the end-of-year festivities to “break”, to the maximum extent possible, the chain of transmission of the virus and protect the public in particular the elderly.

In 2021, the Région will be especially vigilant and proactive in the face of the health crisis.

In 2021, the Région will extend its initiatives to combat the health crisis. In particular, it will continue to ensure that health professionals are properly equipped and will act, as required, to offer them all necessary support in fulfilling their duties and to protect them.

Similarly, protecting the public will be at the core of its priorities, for example by providing endowments for masks which will be renewed for high school students at the start of each academic year and for as long as the pandemic continues. Equipping high schools and colleges with air purification systems, which began in 2020, will be continued.

Support for healthcare centres and care homes and also local hospital facilities will be expanded to support and strengthen the agility, proactiveness and resilience of local healthcare ecosystems, a particularly important issue during the current period.
The Région will remain attentive to changes in the health situation and bring all necessary resources to bear in combating the epidemic for as long as necessary.

The regional economy: after emergency aid, priority to economic recovery

In 2020, emergency aid from April to deal with the economic shock

From the first weeks of the epidemic, the health crisis morphed into an economic crisis. The first lockdown from 16 March to 13 May, resulted in a sudden and sharp drop in activity, which had already heavily impacted on the economy. The second lockdown which began on 30 October, exacerbated the recession anticipated for 2020, with an estimated fall in GDP of more than 10%. Beyond the overall statistics, entire sections of the economy are affected, with some sectors affected for the long-term and businesses having to close.

Again, the Région wished to react immediately by deploying from April a set of emergency measures for its businesses and the most severely affected sectors:

- Aid for Balme-de-Sillingy’s economic operators,
- Launch of the Région Auvergne-Rhône-Alpes loan, in partnership with Bpifrance to meet the liquidity requirements of SMEs,
- Deployment of the Région Auvergne-Rhône-Alpes artisan and retailers zero-rate loan in partnership with La Banque Populaire,
- Assistance for the acquisition of plexiglass protective masks for all artisans and retailers,
- Emergency fund for tobacconists and taxis,
- Aid scheme for lawyers,
- Aid for "micro-enterprises and associations" available through the “United Region Fund” offering repayable advances to small businesses,
- A specific emergency fund for the events sector,
- A regional emergency “tourism” fund for professional commercial accommodation providers and traditional restaurateurs,
- Regional emergency fund for culture,
- Exceptional aid for equestrian centres.

Following its initial actions beginning in the spring of 2020 with the immediate unblocking of emergency aid for the sectors affected by the first lockdown, the Plenary Assembly of 8 and 9 July 2020 approved the economic recovery plan "1 billion euros for our jobs", the initial measures of which were deployed as from September 2020.

The Région then had to set in motion a second series of emergency measures in the autumn to support the economy with the arrival of the second lockdown, including, in particular, measures to assist small shopkeepers, heavily impacted by the closure of their stores, and to support them in their efforts to stay afloat during the lockdown (in particular by assuming the cost of equipment for online or takeaway sales).

In 2021, absolute priority to the recovery and supporting business

In 2021, the Région will focus all of its energy on reconstructing the regional economy. It will extend its current aid schemes and deploy its recovery plan measures bringing them to full operational capacity.

The Région’s economic policy in 2021 will be guided by two pillars: supporting the local economy and maintaining or relocating the apparatus of production. In 2021 the regional sovereign fund, in the process of establishment, will be launched operationally, which will provide a response to the challenge of improving the own resources of the Région’s SME, and thereby improve the likelihood of decision-making centres remaining in the Région.
Auvergne-Rhône-Alpes will continue, more than ever, to support the efforts of its entrepreneurs to conquer new markets, develop new products and achieve high levels of innovation. Whether directly or through partners to which it entrusts significant financial resources (Bpifrance, management companies, business start-up support bodies), the Région will offer a solution suited to the requirements of all businesses, whatever they may be: start-up, transfer, innovation, international development, human capital, etc. Depending on the environment, the Région may of course adapt its business support measures and, if necessary, deploy new emergency aid.

It will continue its usual initiatives in support of the industrial sectors, with particular attention being paid to those most affected by the crisis, such as the aerospace sector.

Similarly, the Région will offer its full support to the tourism sector which has been particularly affected by the health crisis situation in 2020. Note that the emergency aid fund established in the month of April for this sector, unlocked more than 22 million euros for the benefit of 5 000 businesses in this sector.

The Région will continue to support tourism operators, in particular through their investment projects, and will do all it can to ensure that the regional tourism economy returns to its excellent pre-crisis levels.

Agriculture, another heavily affected sector, will receive special support in 2021. In 2021, a new period of transition begins between the wind down of the 2014-2020 rural development programmes and the entry into effect of the new Common Agricultural Policy (CAP). In the meantime, the Région will however maintain a considerable level of funding for investment in farms, in order to support or increase their competitiveness, including aid for the modernisation of livestock rearing buildings, farm transformation, short supply chains, agricultural diversification and the agricultural equipment cooperative (C.U.M.A.). Aid will also be deployed in support of the agricultural sector, the agrifood industry and forestry enterprises.

In furtherance of the framework resolution adopted last October, the Région will redirect its policies even more towards the necessary adaptation of agriculture and forestry to climate change, by working in particular on agricultural irrigation, supporting the renovation and protection of orchards and the use of locally sourced wood.

Support for higher education, research and innovation will be just as important in implementing the Région’s economic recovery plan. In the universities sector, the Région will continue with its efforts to promote the desirability of its campuses and transforming customs and practices (innovative teaching, digital, student entrepreneurship). In the field of innovation and research, regional action will contribute to the development of solutions (technological platforms, scientific equipment, provers, collaborative projects including the invitation for projects - "Structural Competitiveness Projects" (PSPC)) facilitating innovation transfer in the Région’s industrial fabric, and consequently business competitiveness and jobs growth. The Région has committed, on par with the State, to the regionalised PIA3 Investment in the Future Programme and will renew its commitment to highly strategic sectors and technologies such as microelectronics, under the Nano2022 programme or hydrogen, as part of the partnership with the French alternative energies and atomic energy Commission (C.E.A.).

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Support for training and employment and the most vulnerable in society

The issue of employment and vocational training is particularly crucial in the current context of major economic crisis.

With the adoption of the "rebound deal for employment" by the Plenary Assembly on 8 July 2020, the Région undertook a concerted effort to support, through training, the Région’s economic recovery.

With the benefit of its experience of steering the Pôle Emploi training initiatives and the establishment of "Regional employment committees" throughout the region, the Région will pursue its initiatives in 2021.
In 2021 – and on a full-year basis for the first time – the Région will deploy the scheme to finance driving licences for 18-year-olds, a real springboard towards employment. Youth initiatives, including support for driving licences, form a pillar of the Région’s highly sustained efforts.

The Région will also support modernisation of the vocational training sector to find the right balance between on-site and remote training from a local and public perspective. It is therefore necessary to support training bodies in modernising their practices by offering a combination of on-site and remote training.

Furthermore, the Région will fully deploy its aid schemes for employment, in particular the Aid for, and Return to, Sustainable Employment Contracts (CARED), which have proved their worth since the beginning of the mandate. It will take account of the needs born out of the crisis, identify the most severely affected sectors and the most vulnerable sections of the public, the better to adapt its initiatives and collective and individual training offering.

Note also the special support for the social and healthcare sector, particularly important in the current context, to strengthen our hospitals and local GP services.

The Région’s intervention in the social and healthcare sector takes on new meaning in the current health crisis and following its adoption in October 2020 of a plan to provide jobs in, and attract people to, the social/healthcare professions. Among the structural measures of this plan is the opening of places for training towards nursing and care assistant diplomas.

This plan also aims to modernise training with the introduction of artificial intelligence modules as part of paramedical training. In the same vein, and following on from the conclusions of the Ségur de la Santé report, 2021 will also see an increase in student bursaries, and also internship pay and travel costs.

The Région will also continue to support investment by social and healthcare training institutions in renovation or extension projects, and also in pedagogically innovative initiatives.

Finally, the Région will offer its support to the most vulnerable in society, against a background of severe social crisis.

In terms of combating poverty, the 2020 health crisis has unfortunately had a negative impact on certain sections of the public, who either were already or have become vulnerable. The Région will therefore continue in 2021 to develop partnerships with the regional headquarters of the major charitable organisations as part of a multi-year investment programme to improve equipment levels or as part of equipment or infrastructure development operations.

The Région will in 2021 offer particular support and encouragement for initiatives conducted by charitable bodies fighting violence against women. These bodies were heavily in demand in 2020 due in particular to the impact of the lockdowns on violence against the most vulnerable and the Région is committed to continuing its support for them.

This is not an exhaustive set of initiatives, with support for the most vulnerable being a priority for the Région in this time of crisis.

MORE THAN 1.25 BILLION EUROS OF INVESTMENT FOR THE REGION

Thanks to its continuing tight control of operating expenditure, the Région will strive to maintain its operating surplus levels. Indeed the purpose is to strengthen investment capacity and continue to invest massively, to support the economy, employment and prepare for the future and environmental transition, whilst controlling its debt.
A budgetary strategy for investment

On the operating side, in accordance with the strategy it has set itself, the Région has renewed its golden rule: each year, operating expenditure may not increase more than operating revenue.

The year 2021 will once again be marked by the impact of the health crisis. The 2021 budget will however respect the golden rule: the increase in operating section entries is limited to 1.2%, as against operating revenue which is estimated to increase by 1.6%.

Moreover, the increased operating section entries are exclusively the result of scope effects or increases matched by revenue: acceleration of payments under European fund programming and re-internalisation of schools and inter-urban transport management, in particular. After restatement for these effects, expenditure in reality remains highly stable. Expenditure has even fallen when taking into consideration the anticipated further decrease in finance costs (-4M€). All possible control levers will be deployed to limit the increase in operating expenditure despite spending constraints. This will involve a sustained effort on structural spending and an ever demanding dialogue with our partners.

Any operating surplus generated will be directly reinjected into investment with the aim in 2021 of exceeding, in terms of executed budget, the threshold of 1.2 billion euros.

In addition to economic support, previously referred to, the Région will support investment by local authorities and continue its determined action in favour of regional development.

As part of the regional economic recovery plan, the Région has introduced a new scheme, the Recovery Bonus, to support short-term investment by communes with a population of less than 20,000. This will continue to be deployed in 2021. The Région will also use the contractual framework already in place to continue to provide support for the local authorities in its area, in particular through the agreements (pactes départementaux) made with the Ardèche, Cantal, Haute-Loire and Allier. As from 2021, the Région will also draw up the new generation of Region Ambition Contracts.

With regard to digital infrastructure, the programme to reduce black spot areas – operated under regional authority - will enter its final phase with the installation of pylons in black spots. As far as Super-Fast Broadband is concerned, the delivery of fibre to the home (FTTH) financed by the Région and deployed by the territory's public initiative networks (RIPs) will continue at a sustained pace.

In terms of transport, the Région will continue to finance major infrastructure, in particular for the roads network, notably through acting as contracting authority for two projects on the RN 88 (dualling the Yssingeaux bypass and also dualling the Le Pertuis – Saint-Hostien section).

In 2020, the Région will also continue to invest, at a sustained pace, in railway infrastructure (notably, the Lyon rail hub) and to preserve the rural service network (in particular, under the railways agreement signed with the State last October). The Région will also continue to modernize and increase the capacity of the TER rolling stock, with the objective of ecological transition in particular.

With regard to its powers in organising school and intercity transport, the Région will intensify its efforts to modernise the 20 or so transferred bus stations, such as in Clermont-Ferrand, but also to renovate or build passenger shelters. As regards passenger services, the Région will encourage innovation, to best respond to new types of use.

The Région will also reaffirm its efforts to support public and private high schools by finalising implementation the Marshall Plan for high schools.

The aim of this ambitious policy was to invest 1.5 Bn € over the term of the mandate in public high school real estate assets and in private high schools. The aim of this investment is to significantly improve the condition of real estate assets, with a catch-up plan aimed at reducing by 90% the number of public high
schools whose condition has deteriorated, or significantly deteriorated, and to respond to demographic challenges in sectors with the largest population growth.

Major works will begin or make significant progress in 2020. The Région will place particular emphasis on energy renovation operations and will also accelerate access works. As regards private high schools, a new invitation for expressions of interest will be issued to private high schools in 2021.

Furthermore, the Région will renew its support for the sports sector, which has also been heavily impacted by the crisis in 2020. It will continue to promote the practice of sport for all, through its programme in support of local sports facilities, in particular. The Région will continue to work towards structuring the regional sports movement, an initiative that will be exemplified by the opening in 2021 of the regional centre for sports (Maison Régionale des Sports), which will host on one single site the regional Olympic and sports committee (Comité régional olympique et sportif) and also the headquarters of a number of regional leagues. The Région will also continue the programme for the renovation of its two sports performance, expertise and resources centres (CREPS), to set the benchmark as venues in anticipation of the forthcoming Olympic Games.

The Région will also offer its full support for the culture sector, which was also heavily affected by the crisis. The cultural industries sector will receive strong support. The Région will also conduct, as principal contracting authority, major heritage projects thereby supporting businesses and local development. Regarding the renaissance of the textile arts museum (Musée des Tissus), the project management team for this extraordinary building site was chosen at the end of 2020. The Halle aux Blés works site is also advancing despite the health crisis and will ultimately become an outstanding centre for contemporary art. Antoine de Saint-Exupéry’s childhood château project is underway and will enter into the development phase in 2021.

The Région is committed to energy transition. The ambition of the Région’s policy for the environment is for Auvernne-Rhône-Alpes to become a sustainable region: this will involve supporting the changes necessary for it to become a de-carbonised and positive energy region by 2050, protecting the diversity of its natural heritage, halting the decline in biodiversity, restoring healthy air quality, proposing a new so-called circular economy against a global background of adaptation to climate change. Auvergne-Rhône-Alpes is also the leading French region in terms of renewable energy generation.

Beyond the "environment" budget section in the strict sense, it is a matter of going to the next level by implementing an environmental policy in a transverse manner, across the Région’s major areas of authority, in terms of planning and development, transport, economic policy and agriculture.

Investment efforts that may be further boosted during 2021 to relaunch the regional economy

The 1.2 billion euros objective refers to recurring resources, without incorporating new funding devoted to the recovery, since the Région is, at this stage, still in the process of negotiation for funds that may be unlocked and granted to it whether by the State or the European Union.

With regard to resources allocated for the recovery by the State, two juxtaposed announcements have been made which require clarification:

- The arrangements for distribution between the Régions of a package of 600 million euros in investment funding, specified in the State/Région framework agreement dated 30 July 2020, and confirmed in the partnership agreement dated 28 September 2020. This funding allocated to partially compensate for the loss of tax revenue by the Régions in 2020, was initially scheduled to be allocated to them this year. The Régions are awaiting confirmation on the actual timetable for payment of these funds and on the arrangements for distribution of this package and application of the funds, which in the end will not be made available until 2021.
The arrangements for implementation of the "France Relance" national recovery plan, announced last 3rd September and which the State announced would be allocated 100 billion euros. This plan, centred around three main pillars, ecological transition, competitiveness and cohesion, should be extended in part across the regions, under arrangements that are in the process of preparation.

As regards the European Union, an additional amount of 47.5 billion euros has been allocated towards the 2014-2020 cohesion policy programmes for all member States, under the new "REACT-EU" initiative. This sum will go towards financing new projects to the tune of 100% with European funds, again to deal with the health crisis and support the economic recovery.

The Région will apply all additional resources that may become available to it exclusively towards investment and the economic recovery. In the meantime it has already unblocked more than 1.2 billion euros for investment.

**B- Revenue**

**OPERATING REVENUE**

**REGIONAL TAXATION**

The VAT portion in replacement for the business value added contribution (CVAE)

The abolition of the regional CVAE share, namely 50% of the CVAE outlaid by businesses in 2021, and the Région’s main source of operating revenue, is the most significant aspect of the 2021 budget on the revenue side. The abolition of CVAE followed a period of discussion between the State and the Régions. The Régions and the State reached an agreement, known as the "method agreement", signed last 30 July, which sets forth the conditions for economic recovery, in relation to which the Régions intend to play their full part, and under which the Régions agree to abandon their main economic tax. The Région Auvergne-Rhône-Alpes supported this decision to abolish the regional CVAE share, with the idea of reducing output taxes in order to promote business competitiveness.

Under the terms of this agreement and in accordance with article 3 of the draft 2021 Finance Act, CVAE will be replaced in regional budgets by a VAT portion, whose annual growth rate is around one half point less than that of CVAE. The Région Auvergne-Rhône-Alpes thereby financially accepts the less dynamic nature of VAT compared to CVAE and the abandonment of fiscal devolution to the regions, to the benefit of business competitiveness, and to help lighten the burden of output taxes.

In 2021, the Région will receive in VAT revenue an amount equivalent to the CVAE received in 2020, in other words the CVAE collected by the State in 2019, representing a non-dynamic revenue of 1 194.9 M€.

**Regional funding equalisation fund**

The aim of the current equalisation mechanism was to correct the dynamic differences in CVAE between Régions. It was introduced in 2013 in order to levy the surplus revenue from Régions whose basket of funding sources in replacement of the professional tax was increasing at a faster rate than average. The Région Auvergne-Rhône-Alpes has been a contributor to this fund since the outset. This reversal of income is allocated as a budgetary expense. The basket of funding sources on which the calculation of the fund is assessed comprises the CVAE, IFER, DCRTP and FNGIR. With the abolition of CVAE, this mechanism will therefore become obsolete.

The Régions proposed that the mechanism be extended for one year, with equalisation allocations being fixed at their 2020 level, and work on the reform of the equalisation system to be conducted during the
forthcoming year for subsequent incorporation into the draft 2022 Finance Act. The amount of the
equalisation fund for 2021 is therefore anticipated to be stable at 7.7 M€.

Flat rate tax on network businesses (IFER)

Régions receive two IFER elements created in 2010 when the professional tax was abolished:

- IFER on rolling stock equipment: the rates are indexed each year in accordance with anticipated
  inflation under the draft finance law, however it is conservatively assumed that this revenue will
  remain stable, given the complexity of the distribution of this tax between the Régions which is
  made prorata the number of rail kilometers (*sillon kilomètre*) booked the previous year with SNCF
  Réseau;
- IFER on the telecoms local copper loop, supplemented since the finance law of 2018 by a fibre
  optic component (this component will not, however, have a real impact on tax revenue until after
  2023 due to a five-year exemption). The revenue from this tax being in structural decline, its tariff
  is reassessed each year in order to stabilise the national budgetary envelope.

In 2021, the forecast income from the two IFERs is stable at 82.8 M€ by reference to 2020.

Vocational training funding

Two thirds of the general decentralisation allowance for vocational training was replaced by the transfer
of the local direct tax management expenses received by the State and, in addition, by a proportion of the
national TICPE. In 2021, this amount is estimated to be 96.9 M€, which is an increase of 1.4% (stable in
terms of the TICPE element, and an assumed increase of 2% for management expenses).

VAT portion (in replacement of the global operating endowment – DGF - abolished in 2017)

The finance law 2018 had transferred to the Regions a portion of the Value Added Tax (VAT) in
replacement of the DGF 2017 together with a guarantee at 2017 endowment levels, namely 561 M€. This
guarantee was activated in 2020 having regard to the sharp fall in VAT revenue as a result of the health

crisis.

For 2021, the estimated income from the VAT portion is based on an assumed increase of 9%, compared
to 2020 VAT revenue before activation of the guarantee, which is estimated to fall by 8% over the year.

Estimated VAT revenue for 2021 is 597 M€.

Regional TICPE received as compensation for transfers of powers

This TICPE element relates to compensation for various transfers of powers, in particular those introduced
under the Local Freedoms and Responsibilities Law dated 13 August 2004. This compensation is updated
and fixed each year in the finance law to take account of the new expenses resulting either from new
transfers of powers, or from regulatory changes affecting existing transferred powers. It is levied on
regional fuel consumption, but without any rate-modulation powers for the Région.

In 2021, the income from this TICPE portion is estimated to be 366.6 M€, an amount equivalent to that
due for 2020.
**TICPE as compensation for the transfer of apprenticeship powers**

The transfer of apprenticeship powers to the professional sector, as a result of the Law on the freedom to choose your professional future dated 5 September 2018, was accompanied by a matching transfer of the Régions’ resources towards the State, to cover “re-centralised” expenditure.

A right to compensation has neutralised the impact of the loss of the apprenticeship tax, which exceeded the amount of this transferred expenditure, in the form of a TICPE portion fixed at 21.7 M€.

**Regional TICPE “first part”**

This TICPE portion was originally allocated to the Régions in the form of adjustable TICPE. In terms of tariffs, it is now fixed.

For 2021, the estimated TICPE revenue is based on an assumed increase of 9%, compared to anticipated 2020 revenue which is expected to fall by in the order of 9%. Ultimately, the amount entered in the 2021 budget is 86 M€.

**National individual resources guarantee fund (FNGIR)**

The FNGIR was introduced as from 2010, to guarantee that Regions would receive a level of income equivalent to that existing prior to the local tax reforms. This revenue is by nature frozen: the forecast for 2021 is 42.2 M€, a stable amount with reference to 2020.

**Tax on vehicle registrations (cartes grises)**

This tax is payable on registration certificates for vehicles delivered within the territorial boundaries of the Région. The amount is proportional to the tax horsepower of the relevant vehicle. The Région determines a per-tax horsepower (“CV”) unitary rate which is applied to the tax horsepower (CV) number as the assessment basis.

From 2016, the Région decided to unify the rates throughout its territory by reducing the tariff in force in the auvergnat area from 45 € to 43 € per tax horsepower (CV) which represents a fall of 4.5% of the tariff for the former Région Auvergne. The Région also decided to align at 100% the tax exemption applicable to cartes grises for vehicles using “clean” fuels (the exemption was 100% in the auvergnat territory and only 50% in the rhônalpin territory).

For 2021, the estimated revenue from cartes grises is based on an assumed increase of 11% compared to 2020 revenue which is anticipated to fall by in the order of 12%. The amount entered in the 2021 budget is therefore 279.3 M€.

**STATE FINANCIAL SUPPORT**

**General decentralisation allowance (DGD)**

The DGD, which is in part historically the financial compensation for the transfers of authority, without having conferred tax-raising powers, is stable with a forecast of 63.6 M€ in 2021.
**Regional professional tax compensation allowance (DCRTP)**

In addition to the FNGIR, the 2010 tax reforms resulted in the Regions being granted a professional tax regional compensation allowance (DCRTP), designed to make up for the loss of funding flowing from the abolition of the professional tax. In 2017, the DCRTP became an adjustment variable within the overall State funding envelope. The draft Finance law 2021 provides once again for a decrease for all Regions.

The Région’s allowance will once again accordingly fall by 4.4 M€ in 2021 (-18%), hence a budgetary entry of 20.8 M€ for 2021. In total since its introduction, the Région will have seen its DCRTP fall from 42.2 M€ to 20.8 M€.

**Apprenticeship support fund**

The law of 5 September 2018 on the freedom to choose your professional future has transformed the governance and financing of apprenticeships. The exercise of apprenticeship powers (including financing) now falls within the remit of the professional sector, although the Région may continue to contribute to the financing of apprentice training centres (CFA) when warranted in accordance with the regional planning and economic development needs that it has identified.

This contribution is compensated by a support fund, the amount of which is set by the State at 15.3 M€.

**Compensation for loss of apprenticeship powers**

The transfer of apprenticeship powers to the professional sector, as a result of the Law on the freedom to choose your professional future dated 5 September 2018, was accompanied by a transfer of the Régions’ resources towards the State, to cover “re-centralised” expenditure. A right to compensation has neutralised the impact of the loss of the apprenticeship tax, in addition to the TICPE portion described above, in the form of an endowment fixed at 14.4 M€.

**Exemption compensation transfer allowance (DTCE)**

This allowance represents the exemption compensations received until 2010 in relation to taxes that were either abolished (such as the professional tax) or transferred to other local authority blocs (property ownership tax). Since 2017, it has become an adjustment variable applied in the same manner as for the calculation of the DCRTP. The draft Finance law 2020 provides once again for a sharp reduction of 3.6 M€ (-88%) in this funding for the Région. The planned budgetary entry for 2021 is 0.5 M€.

**OTHER REVENUE**

**European funds**

The revenue from European funds will derive from both the 2014-2020 and the 2021-2027 programmes for which the Région is the managing authority. The amount in 2021 is estimated at 96 M€, including 26.2 M€ under the new programme and 11.5 M€ for EAFRD technical assistance, consistent with the projections for expenditure to be made under this end-of-programme.

**Income relating to schools and non-urban transport**

The overall amount of this revenue is estimated at 84.1 M€ and comprises two separate elements:

- the compensation allocations that certain départements pay to the Région, where the CVAE transferred by the département was less than the net expenses transferred, in an amount of 46.1 M€ ;
operating revenue received by the Région, estimated in 2021 to be up by 15 M€. This increase is identical to the increase in transport expenditure with the resumption of direct management of these powers from 1 January 2021 for the départements Loire, Haute-Loire, Allier and, from 1 September 2021 for the département Isère. The Région directly assumes this operating expenditure and revenue whereas previously it paid a net expense under the delegation agreements with the départements.

Regional boarding school personnel remuneration fund (FRRPI)

The law of 13 August 2004 transferred to the Regions as from 1 January 2005 powers in respect of high school reception, catering, accommodation and upkeep. The Region's income is derived from the levy upon the revenue generated by high schools. It is estimated at 17.5 M€ for 2021.

Energy Renovation Support Service

As lead entity responsible for establishing the SPPEH (public service for housing energy performance) in Auvergne-Rhône-Alpes, the Région will as from 2021 perform the role of sole shareholder sponsor of the national SARE (energy renovation support service) programme, endowed with a provisional budget of 20 M€ over 3 years. For its implementation, the Région, as shareholder sponsor, receives the funding for the programme, namely 7 M€ for the year 2021, in exchange for initiatives contained in the deployment plan.

The other miscellaneous income essentially comprises various contributions and "overpayments" and is estimated at 44 M€.

INVESTMENT REVENUE

The value added tax compensation fund (FCTVA)

The FCTVA compensates at a fixed rate a portion of the amounts paid by the Région in respect of VAT on certain investment expenditure. The FCTVA rate is fixed at 16.404%. FCTVA is estimated at 81 M€ in 2021, based on the forecast eligible investment expenditure for 2020. This forecast is up by 13 M€ given the sharp increase in investment expenditure.

TICPE Grenelle (so-called “second part”)

Since 2011, the Région has power to increase TICPE tariffs capped at 0.58 €/hl for unleaded petrol and 1.08 €/hl for diesel. The Région wished to return part of the savings it makes directly to its inhabitants and decreased this flexible regional tariff by 20% in 2019. This rate reduction was renewed by vote of the Plenary Assembly last 15 October. For 2021, estimated TICPE revenue is based on an assumed increase of 9% compared to 2020 revenue which is anticipated to fall by in the order of 9%. The proposed 2021 budget entry is therefore stable compared to 2020, namely at 66.5 M€.

Regional school amenities allowance (DRES)

The DRES has been frozen since 2009. The amount has been renewed for 2021 at 56.5 M€.

Apprenticeship support fund

Within the same framework as the operating section apprenticeship support fund, the Région will continue to finance apprentice training centre (CFA) investment, offset by a special fund provided by the State, fixed at 15.3 M€ per year.
European funds

European funds revenue will derive from both the 2014-2020 and the 2021-2027 programmes for which the Région is the managing authority. The 2021 amount is estimated at 125 M€, including 27 M€ under the new programme, in line with the projections for expenditure to be made under this programme.

EAFRD

The payment and service agency (ASP) is the EAFRD’s paying body and the funds under this programme managed by the Région do not pass through the Région’s budget. Nevertheless, the budgetary and accounting instruction for the 2014-2020 European funds requires it to be incorporated into the regional budget, consequently requiring a “for order” expenditure and revenue forecast of 416.2 M€.

Miscellaneous income

Miscellaneous income, estimated at 45 M€, essentially comprises contributions and "over-payments". This item remains stable be reference to 2020.

FORECAST REVENUE SUMMARY

<table>
<thead>
<tr>
<th>In M€</th>
<th>Reminder PB 2020</th>
<th>PB 2021</th>
<th>Change 2020/2021</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxation</td>
<td>2 753.900</td>
<td>2 767.400</td>
<td>13.500</td>
<td>-0.5%</td>
</tr>
<tr>
<td>VAT portion (ex CVAE)</td>
<td>0.000</td>
<td>1 194.900</td>
<td>1 194.900</td>
<td>100.0%</td>
</tr>
<tr>
<td>CVAE</td>
<td>1 160.000</td>
<td>0.000</td>
<td>-1 160.000</td>
<td>-100%</td>
</tr>
<tr>
<td>Flat-rate tax on network businesses (IFER)</td>
<td>82.800</td>
<td>82.800</td>
<td>0.000</td>
<td>0.0%</td>
</tr>
<tr>
<td>Training funding (management expenses and TICPE)</td>
<td>95.500</td>
<td>96.900</td>
<td>1.400</td>
<td>1.5%</td>
</tr>
<tr>
<td>Apprenticeship premium TICPE</td>
<td>0.000</td>
<td>0.000</td>
<td>NS</td>
<td></td>
</tr>
<tr>
<td>Regional apprenticeship funding</td>
<td>0.000</td>
<td>0.000</td>
<td>NS</td>
<td></td>
</tr>
<tr>
<td>TICPE compensation for loss of apprenticeship powers</td>
<td>21.800</td>
<td>21.700</td>
<td>-0.100</td>
<td>NS</td>
</tr>
<tr>
<td>VAT Portion (ex DGF)</td>
<td>617.000</td>
<td>597.000</td>
<td>-20.000</td>
<td>-3.2%</td>
</tr>
<tr>
<td>TICPE transfer compensation</td>
<td>365.300</td>
<td>366.600</td>
<td>1.300</td>
<td>0.4%</td>
</tr>
<tr>
<td>TICPE 1st part</td>
<td>86.500</td>
<td>86.000</td>
<td>-0.500</td>
<td>-0.6%</td>
</tr>
<tr>
<td>National indiv. regional resource guarantee fund (FNGIR)</td>
<td>42.200</td>
<td>42.200</td>
<td>0.000</td>
<td>0.0%</td>
</tr>
<tr>
<td>Vehicle registration certificates (cartes grises)</td>
<td>282.800</td>
<td>279.300</td>
<td>-3.500</td>
<td>-1.2%</td>
</tr>
<tr>
<td>State allowances</td>
<td>118.500</td>
<td>114.600</td>
<td>-3.900</td>
<td>-3.3%</td>
</tr>
<tr>
<td>General decentralization allowance (DGD)</td>
<td>63.600</td>
<td>63.600</td>
<td>0.000</td>
<td>0.0%</td>
</tr>
<tr>
<td>Professional tax reform compensation allowance (DCTRPC)</td>
<td>25.200</td>
<td>20.800</td>
<td>-4.400</td>
<td>-17.5%</td>
</tr>
<tr>
<td>Exemption compensation transfer allowance (DTCE)</td>
<td>4.100</td>
<td>0.500</td>
<td>-3.600</td>
<td>-87.8%</td>
</tr>
<tr>
<td>Compensation for loss of apprenticeship powers</td>
<td>10.000</td>
<td>14.400</td>
<td>4.400</td>
<td>44.0%</td>
</tr>
<tr>
<td>Apprenticeship support fund</td>
<td>15.600</td>
<td>15.300</td>
<td>-0.300</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Other revenue</td>
<td>210.560</td>
<td>248.960</td>
<td>38.400</td>
<td>18.2%</td>
</tr>
</tbody>
</table>
### B. Amending Decision no. 1 of 2021

The Covid-19 pandemic has caused a major crisis, both from a health and economic perspective. The Région has done everything within its power to deal with it from the first days of the crisis in March 2020. It will continue to deploy measures in 2021, by mobilising the necessary resources to combat the health crisis, relaunch economic activity and support the most vulnerable in society. For this purpose, the Région has already unblocked more than 1.25 billion euros in investment in the 2021 primary budget.

In parallel with these immediate actions for stakeholders affected by the health crisis, the Région took the initiative in July 2020 of entering into negotiations with the State to reach a partnership agreement with a view to mobilising an unprecedented joint investment effort, in order to establish the conditions for a sustainable and powerful recovery. The political accord which culminated in the January 2021 political commitment, signed with the Prime Minister, will support massive investment for railways infrastructure, environmental and economic transition, protection of jobs, support for businesses and for the economic recovery. The joint commitment between the State and the Région will be supplemented by additional European funding under the new 2021-2027 programme, and by co-financing arrangements entered in the future State-Région planning Contract.

This first budgetary amendment decision of 2021 therefore significantly adds to the 2021 primary budget, by incorporating the funding credits corresponding to the first annual payment under the European and national recovery plans. Various adjustments are also included, in particular to finance the special emergency economic aid facilities and the initiatives implemented by the Région to combat the epidemic.

In terms of expenditure, this amendment decision will make budgetary credits available to implement the commitments made under the recovery agreement signed with the Prime Minister on 16 February last, which includes specific components for youth training (“one youth, one solution”) and railways: the provisional investment budget of more than 1.6 billion euros in 2021 represents an unprecedented programme, more than double the amount of investment made by the Région in 2015.

The amendment decision also incorporates into the budget the so-called “REACT-EU” recovery envelope, unlocked by the European Union and for which the Région will be the managing authority. This envelope will finance projects contributing to the economic recovery based 100% on European funding.

#### Table: Revenue by Category and Source

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>2020</th>
<th>2021</th>
<th>Change</th>
<th>Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>3 082.960</td>
<td>3 130.960</td>
<td>48.000</td>
<td>1.6%</td>
</tr>
<tr>
<td>Of which TICPE Grenelle</td>
<td>67.000</td>
<td>66.500</td>
<td>-0.500</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Regional school amenities allowance (DRES)</td>
<td>56.500</td>
<td>56.500</td>
<td>0.000</td>
<td>0.0%</td>
</tr>
<tr>
<td>Value Added Tax Compensation Fund (FCTVA)</td>
<td>68.000</td>
<td>81.000</td>
<td>13.000</td>
<td>19.1%</td>
</tr>
<tr>
<td>European Funds</td>
<td>90.000</td>
<td>125.000</td>
<td>35.000</td>
<td>38.9%</td>
</tr>
<tr>
<td>Apprenticeship investment fund</td>
<td>15.000</td>
<td>15.300</td>
<td>0.300</td>
<td>2.0%</td>
</tr>
<tr>
<td>Other revenue</td>
<td>45.000</td>
<td>45.000</td>
<td>0.000</td>
<td>0.0%</td>
</tr>
<tr>
<td>Sub-total investment revenue excluding EAFRD</td>
<td>341.500</td>
<td>389.300</td>
<td>47.800</td>
<td>14.0%</td>
</tr>
<tr>
<td>EAFRD</td>
<td>388.828</td>
<td>416.200</td>
<td>27.372</td>
<td>7.0%</td>
</tr>
<tr>
<td>Investment revenue</td>
<td>730.328</td>
<td>805.500</td>
<td>75.172</td>
<td>10.3%</td>
</tr>
<tr>
<td>Total actual revenue (excluding borrowings)</td>
<td>3 813.288</td>
<td>3 936.460</td>
<td>123.172</td>
<td>3.2%</td>
</tr>
</tbody>
</table>
The amendment decision also incorporates revenue under these various partnership arrangements:

- State financing in the form of revenue under the national recovery plan where the Région is the contracting authority for the projects in receipt of aid;
- State contribution towards the “One youth, one solution” plan and compensation under the “Ségur de la santé” health plan;
- European Union refund under REACT EU, based on the expenditure that the Région effectively outlaid in 2021 in respect of which it will advance payment;
- an investment funding envelope, specified in the State-Régions’ “method agreement” dated 30 July 2020, which was confirmed in the State-Régions’ partnership agreement dated 28 September 2020, to partially offset lost 2020 taxation revenue.

I ADJUSTMENT OF THE 2021 BUDGET

I-1- AUVERGNE-RHÔNE-ALPES RECOVERY AGREEMENT

The recovery agreement, signed last 16 January, in Lyon, in the presence of the Prime Minister, will give contractual force to almost 3 Bn € in commitments by the Région and the State to support the economic recovery. It includes:

- a main recovery agreement whose aim is to give concrete support to residents and local areas in the Région Auvergne-Rhône-Alpes facing difficulties as a result of the health crisis;
- two railways pacts to meet the challenges of rail transport development in Auvergne and in the Rhône-Alpes;
- an agreement on the development of transport infrastructure as an alternative to the A45 motorway project which provides for parity-based co-financing of infrastructure projects sponsored by the Région with the aim of improving public passenger transport between Lyon and Saint-Étienne;
- a joint mobilisation framework agreement for investment in skills to promote entry into employment, specifically aimed at young people from 16 to 29 years old, with a commitment to leverage an offering of almost 11 000 additional training opportunities leading towards the professions and industries of the future.
undertakes to improve access to health, improve the living standards of the Région’s inhabitants, reduce local pockets of isolation thanks to improved transport, and in particular rail, infrastructure and accelerate digital coverage (fixed and mobile).

**Ecology:** the recovery must help accelerate ecological transition in Auvergne-Rhône-Alpes, in accordance with SRADDET, in particular: it is about mobilising budgetary resources to take concrete action. Protecting the environment is everyone’s concern: it is also a remit shared by the majority of institutional stakeholders, including local authorities. At regional level, the missions and challenges surrounding ecology are more particularly focused on protecting and enhancing biodiversity, developing renewable energies and improving energy efficiency in all areas, waste management and the circular economy. The challenge is for Auvergne-Rhône-Alpes to become the leading sustainable Région in Europe.

The agreement covers the 2021-2022 period, and its aim is to give concrete support to the Région Auvergne-Rhône-Alpes’ inhabitants and local areas to face the difficulties arising from the health crisis.

**Financial sums**

Thanks to its management, the Région Auvergne-Rhône-Alpes has agreed to boost investment for the two forthcoming years by mobilising 1.035 billion euros to help with the recovery, alongside the State which has also committed an amount of 1.035 billion euros.

The main State-Région Auvergne-Rhône-Alpes agreement represents a total amount of 2.070 billion euros of investment between 2021 and 2022, split as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>STATE</th>
<th>REGION</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecological transition</td>
<td>361.11 M€*</td>
<td>365.12 M€</td>
<td>726.23 M€</td>
</tr>
<tr>
<td>Competitiveness</td>
<td>72.35 M€*</td>
<td>167.10 M€</td>
<td>239.46 M€</td>
</tr>
<tr>
<td>Social and territorial cohesion</td>
<td>601.54 M€*</td>
<td>502.78 M€</td>
<td>1104.32 M€</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1035 M€</strong></td>
<td><strong>1035 M€</strong></td>
<td><strong>2070 M€</strong></td>
</tr>
</tbody>
</table>

* The total amount for the State corresponds to funding for the recovery in an amount of 921.4 M€ entered in the mandate for negotiation of the CPER Auvergne-Rhône-Alpes 2021-2027, with, in addition, the funding by way of exceptional local investment support endowment (DSIL) received for the 2020-2021 recovery, in an amount of 113.6 M€.

The financial model (in schedule 1) gives details of the funding split between each of the three pillars and the recovery plan measures. For the State, the funding authorisations will be mobilised in accordance with the Prime Minister’s circular dated 23 October 2020 (in schedule 2).

These funding envelopes have been jointly established between the State and the Région based on an initial census of the Région’s operations falling within one of the following categories:

- previously included under the CPER 2015-2020;
- falling within the orbit of regional powers;
- of regional interest or co-financed with the Région.

A financial consequence of this agreement, is the allocation of corresponding credits within the ministerial budgets earmarked for the recovery plan and within the regional investment policy budgets, to prioritise project financing.

This agreement does not in anyway prevent local authorities within Auvergne-Rhône-Alpes from directly responding to national calls for projects under the recovery plan or from directly benefiting from recovery plan funding, in particular through the ecological transition and recovery contracts (CRTE).
Implementation of the agreement

Two principles underpin the implementation of this agreement:

- articulation between the European funds managed by the State and those for which the Région is the managing authority, whose mobilisation will also be sought,
- depending on the state of progress of these measures, the regional Prefect may request that France Relance top-up the State funding envelopes specified in the agreement. Potential redeployment towards the Région Auvergne-Rhône-Alpes will depend on the overall progress of the plan at national level.

Governance

A Steering Committee for the State-Région recovery agreement has been established and its members are the regional Prefect, the President of the Regional Council and the Regional Public Finances Director. It is also responsible for local implementation of this agreement. It may, having due regard to the principal financial categories of the model, make operational choices and adjustments consistent with the maturity of the various projects.

Redeployment requirements will be considered by the steering committee and proposed on a regular basis to the State (France Relance general secretariat) and to the Région, each of the signatories retaining the authority to mobilise the funds contractualised in the recovery agreement.

Furthermore, a regional monitoring committee, whose functions and membership must comply with the Prime Minister’s circular dated 23 October 2020, has been established to monitor this agreement and all aspects of the recovery Plan at regional level.

The sustainable mobility agreements: an unprecedented investment of 860 M€, by the State and the Région to improve infrastructure, enhance the attractiveness of all local areas and support decarbonised forms of mobility.

To confront the major challenges faced by the Région over the medium and long-term and immediately relaunch the economy which has suffered the effects of the health crisis, sustainable mobility is an important lever. Rail transport is at the heart of the challenges that mobility poses. Also the Rhône-Alpes area needs more attractive and efficient rail services:

- for its economic dynamism and tourism, with an attractive and high service performance level for all types of use, which requires rail services to be more robust, and comfort levels to be more satisfactory (increasing capacity through acquisition of rolling stock) with better TER passenger information, in coordination with other modes of transport;
- to service sparsely populated local areas and connect to adjacent regions, which rely in particular on an extensive local area network: the “little passenger lines” and, where necessary, reopening of previously closed lines;
- to serve its businesses, which involves maintaining in operation the so-called “freight capillary” lines and supporting the rail freight sector which is crucial to decarbonising transport.

A major mode of transport for medium and long distances, but also the backbone for future mainland transport networks, rail transport must also:

- play its full part in ecological transition which is indispensable for our country, by acting as a motor for technical innovation at regional and national level;
- provide all possible guarantees in terms of transport security and accessibility for all.

Agreement for the relaunch of the railways in Auvergne: a new momentum for concrete measures to boost the attractiveness of the Auvergne and day-to-day forms of mobility.
This agreement was first signed, in Clermont-Ferrand, on 5 October 2020.

For its attractiveness, the Auvergne needs improved rail services, through effective improvement to the Clermont Ferrand-Paris link, for its inhabitants, to link up its local areas and connect with adjacent regions. This is why the State and the Région Auvergne-Rhône-Alpes have agreed to take concerted action to relaunch rail transport in the Auvergne, focusing specifically on the Clermont-Ferrand – Paris rail link, saving the little railway lines and boosting rail freight transport for businesses.

**Giving new momentum to improving the Paris-Clermont rail link**

Works are ongoing on the Clermont-Paris line, co-financed by the State and the Région (CPER) to the tune of 45 M€, infrastructure is being regenerated under the project management of SNCF Réseau at a cost of 760 M€ and all of the line’s trains are being replaced, with an order for 12 new trains for an amount of 350 M€.

Going further, the agreement between the Région and the State is a programme for modernisation which will enable the new rolling stock to operate and provide a timesaving once the works have been completed of around 10 minutes for a reduced journey time of 3h15 on services with station stops. The State and the Région have decided to co-finance the modernisation programme for an estimated amount of 130 M€, with SNCF Réseau being charged to carry out further opportunity and cost analysis. The State will contribute 87 M€ and the Région, 43 M€.

**Continuing efforts to save the little lines of the local transport network, in particular in Auvergne**

As part of the rescue plan launched by the Région Auvergne-Rhône-Alpes in 2016, a total amount of 234 M€, including 125 M€ from the Région and 59 M€ from the State, was committed for 37 operations throughout the Auvergne-Rhône-Alpes territory.

As a result of these operations the closure of several lines was avoided and a number of lines were reopened, including the reopening of the Boën - Montbrison section at the end of 2018 (8.3 M€), the total renovation of the Le Puy-en-Velay - Firminy line (42.7 M€) and numerous urgent line repair works helped avoid traffic interruptions threatened before 2021.

For the Auvergne’s little lines, the Région invested an amount of 82 M€ out of a total of 123 M€ in works expenditure. The State has since the beginning of 2020 been committed to providing strong support for the little lines. The State and the Région Auvergne-Rhône-Alpes have agreed to share the cost by mobilising 130 M€ for works that will be carried out between 2020 and 2022, the details of which will be finalised in conjunction with SNCF Réseau. The lines primarily benefiting from these works are:

- Montluçon- Vallon,
- Clermont-Ferrand- Thiers,
- Boen – Thiers,
- Clermont-Ferrand – Durtol – Volvic,
- Aurillac- Arvant,
- Montluçon-Gannat,
- Aurillac- Brive,
- Brioude- Saint-Georges-d’Aurac- Langogne (the Cévennes line),
- Neussargues- Saint-Chély-d’Apcher (the Aubrac line),
- Saint-Georges- Le Puy.

In addition, the State and the Région will sign a “little railway lines” memorandum of agreement at regional level which will incorporate the little railway lines of the Auvergne, programme additional investment and contain the following:
- Affirmation of the need for shared piloting of a regional railway system by the State, the Région and SNCF Réseau;
- Splitting of the lines into 3 categories: lines in respect of which the cost of investment shall be borne by SNCF Réseau; lines where investment will be co-financed; lines where investment costs will be assumed by the Région.

**A plan to save freight railway lines in Auvergne**

Several lines are threatened with closure and they need to be saved, in an environment where rail freight must be relaunched, businesses must survive and local jobs must be saved:

- Volvic- Le Mont-Dore,
- Vichy- Puy-Guillaume,
- La Ferté-Hauterive- Saint-Pourçain-sur-Sioule,
- Vichy- Cuisset,
- Riom- Volvic.

The decision by the State and the Région is to assume in equal shares the cost of financing the works for these 5 lines, for a total amount of 20 M€.

In the case of the Aubrac line, the Saint-Chély-d’Apcher freight service is guaranteed until 2024 thanks to works at a cost of 11.5 M€, the financing of which is assured (1/3 State, 1/3 Occitanie and 1/3 Région Auvergne-Rhône-Alpes).

The total financial commitments amount to 280 M€, the State’s share being 162 M€ and the Région’s 118 M€.

- **Agreement for the relaunch of the railways in Rhône-Alpes : putting railways at the heart of sustainable mobility and developing the regional network.**

As was the case in October 2020 for the Auvergne area, the State and the Région have agreed to take ambitious and concerted action to boost rail transport in Rhône-Alpes, focusing specifically on:

- Developing the rail network (projects and analysis);
- Saving the little passenger lines;
- Protecting freight capillary lines and developing road-rail platforms;
- Reopening the right bank of the Rhône in the Ardèche;
- Improving passenger safety: making level crossings safe;
- Developing and improving access in railway stations.

The State and the Région Auvergne-Rhône-Alpes have agreed to devote to all of these operations the considerable funding allocations, as detailed in the financial model in schedule 3, for a total investment amount of 379.44 million euros, the Région’s share of the financing equaling 252.96 million euros.

The State budgets include, for certain lines, SNCF Réseau’s financial commitment under the recovery plan. This is the case for railway station accessibility and the little passenger railway lines.

The precise list of adopted projects will be the subject of an additional agreement with the State and monitoring as part of the regional governance of the recovery plan.

As regards the Saint-Gervais Vallorcine railway line (tourist access to Mont-Blanc, protection of the Arve Valley) and the request for renewal of equipment and replacement of the snowplough, the requested State contribution in an amount of 22.5 M€ will be reconsidered in the context of the takeover by the Regional Council of this metric gauge railway line. If the transfer request is confirmed, the State undertakes to pay a balancing sum in an amount yet to be determined, as part of ongoing analysis.
Development of transport infrastructure as an alternative to the A45: 200 M€ to improve public transport services between Lyon and Saint-Étienne.

The government decided to abandon the A45 motorway project in 2018, simultaneously with its announcement of the launch of a process to consider alternatives to satisfy the need to end this area’s isolation. The State budget of 400 M€, intended to finance up to half of the balancing grant, was therefore retained for redeployment towards projects aimed at improving travel between Lyon and Saint-Étienne. This was reiterated in the mobility orientation law dated 24 December 2019.

The initiative to improve travel between Lyon and Saint-Étienne concerns all road, rail and inter-modal forms of travel through short-term action (for example: widening the hard shoulders on the A47), medium-term action (for example: dealing with the Givors-Ternay crossroads, increasing TER passenger capacity) and long-term action (for example: increased frequency of TER services).

The projects put forward by the Région relate to the rail constellations of Lyon (Étoile Ferroviaire Lyonnaise) and around St Étienne and measures to improve the reliability and quality of transport to satisfy user expectations, and intermodality.

In this regard, the State and the Région Auvergne-Rhône-Alpes have agreed to co-finance in equal shares the Région’s infrastructure projects, for an overall amount of 200 M€, namely 100 M€ for the State and 100 M€ for the Région, as part of the drive to improve public transport between Lyon and Saint-Étienne.

Protecting jobs and facilitating training relevant to sectors that are recruiting: Agreement for joint efforts to invest in skills for young people

The aim of the agreement between the State and the Région is to expand the offering of relevant qualifying or pre-qualifying training programs, to satisfy the needs of the economy, primarily for the benefit of young, under or poorly qualified, persons and target access to jobs. It is a case of identifying the job vacancies in the Région and ensuring that the most vulnerable acquire a minimum grounding in key professional skills and know-how, enabling them to successfully enter the professional world.

This is why the Région has, alongside the State, committed to offering 10,985 additional training opportunities leading towards the professions, sectors and industries of the future targeted primarily at young persons of between 16 and 29 years of age, with few or no qualifications or who have already passed their Baccalaureate, and in particular those who, having failed in higher education, wish to pursue a professional career.

These initiatives will be implemented primarily in the 2021 and 2022 calendar years. A financial envelope of 76.895 M€ in credits has been delegated to the Région, which will be in addition to its base job seeker training budget of 116.4 M€.

The agreement also provides for an increase in vocational training intern pay, so that no one is hindered in their training path by financial constraints. Compensated for by the State in an amount of 6.8 M€, the Région implemented the increase as from 1 January 2021.

Budgetary entry of the relaunch agreements: Act with determination as from 2021 on all fronts

For the purpose of this initial amendment decision, the Région has entered, within each budgetary chapter, the necessary funding credits to finance the first annual payment of the amounts set aside for the various components of the relaunch agreement.
The budgetary entries remain general at budgetary chapter level, the regulatory level in terms of voting programme authorisations, commitment authorisations and payment credits. Individual allocation of credits will be made as necessary during the operation selection process.

The total amount of budgetary entries resulting from the recovery agreements made pursuant to this amendment decision is 592.2 M€ for programme and commitment authorisations and 331.25 M€ in payment credits.

For vocational training

Under the “One youth, one solution” plan, it has been decided to allocate 76.9 M€ in commitment authorisations for additional training places over the year 2021 and 2022 and 38.45 M€ in payment credits as from 2021. The State will make an initial payment to the Région of 50% of the total amount of its maximum financial contribution for training places, which is a revenue of 38.45 M€ in 2021.

These credits include 0.5 M€ in the form of so-called technical assistance credits, which will cover part of the Région’s management expenses incurred in relation to implementation of the programme. These credits will be entered as revenue and expenditure under the “general services” function.

The State/Région agreement also provides for an increase of the intern pay scales. It has been decided to enter 6.8 M€ for this purpose in commitment authorisations, payment credits and revenue, in respect of the year 2021.

For the purpose of the recovery plan and the “Sécur de la santé” health scheme, it has been decided to enter 1.5 M€, for nurse and care assistant training places, by way of commitment authorisations and payment credits, together with the corresponding State compensation.

It has been decided to enter 5 M€ in programme authorisations and 2.5 M€ in payment credits to develop building space for social and healthcare training centres, with an anticipated amount of 2.5 M€ in State compensation.

For education, it has been decided to enter 8 M€ in programme authorisations and an additional amount of 17 M€ in payment credits to accelerate energy renovation works in high schools, which could be drawn from the “ecology transition” pillar of the recovery agreement. These credits will supplement the budget already unlocked in the PB to accelerate execution of the Marshall plan.

For culture and sport, it has been decided to open 26 M€ in programme authorisations and 27 M€ in payment credits. These may be used in particular to finance the acceleration of works project managed by the Région (Textile Museum, Halle aux Blès, CREPS Vichy) and various sports amenity projects the final selection of which will be made by the local State/Région steering committee under the terms of the recovery agreement.

For health and social action, it has been decided to enter 7 M€ in programme authorisations to go towards the financing of health clinics or local hospital centre projects, which will also be selected by the local State/Région steering committee under the terms of the recovery agreement.

For local planning and development, it has been decided to enter 34 M€ in programme authorisations and 26 M€ in payment credits. These entries will be used to finance operations under the “social cohesion” pillar of the recovery agreement.

For transport, it has been decided to enter 417 M€ in programme authorisations and 212 M€ in payment credits under the terms of the recovery plan and the railways relaunch plans. These investments will fund the modernisation of the railway network, accelerate protection of the little passenger lines and boost rail freight for businesses. These railway projects, in addition to greenifying buses and coaches and
developing green forms of mobility, will help generalise sustainable transport throughout the Région Auvergne-Rhône-Alpes.

**For economic development**, it has been decided to enter 10 M€ in programme authorisations for research into and development of innovative technologies.

**In terms of revenue** an amount of 438.25 M€ has been entered in respect of all of these recovery agreements: 45.25 M€ already mentioned for the “One youth, one solution” plan, 4 M€ also previously referred to in respect of health, and 153 M€ in anticipated revenue under commitments made by the State for transport, and 236 M€ in estimated revenue for operations to be financed under the three pillars of the France Recovery plan.

This last estimate is provisional and will be refined in light of the operations selected by the State/Région steering committee and their effective completion. Pending a more precise breakdown, this revenue has been entered globally under the “general services” function.

**1-2- THE EUROPEAN RECOVERY PLAN: THE “REACT EU” INITIATIVE FOR THE ECONOMY AND DIGITAL AND ENVIRONMENTAL TRANSITION**

In order to remedy the consequences of the Covid-19 crisis, the European Union has launched *Next Generation EU*, a European recovery plan endowed with 750 billion euros for 2020-2023. As one of the plan’s various measures, “*REACT-EU*” has contributed an amount of 47.5 Bn euros to the cohesion policy funds for all member States.

In operational terms, *REACT-EU* acts through the cohesion policy funds (ERDF, ESF) and is an additional pillar of the 2014-2020 programming. *REACT-EU* will also support the recovery efforts in Auvergne-Rhône-Alpes thanks to an initial allocation of 152 million euros.

Pursuant to the budgetary amendment decision, it has been decided to enter 148 M€ in programme and commitment authorisations, in other words the full amount of the allocation, except for the credits reserved for technical assistance (programme management costs).

These credits may be directed towards:

- the economy: 80 M€ are allocated to furnish the loan funds established in partnership with BPI. The full leverage of the European funds will be used to finance the economic recovery;
- energy renovation (high schools and public buildings): almost 40 M€ may be unlocked for this purpose;
- health projects, in particular building projects (local hospital centres in particular), research-innovation facilities and also projects: around 12 M€ may be unlocked for these purposes;
- training and employment support measures: around 16 M€ may be directed towards these measures (for example, to reinforce the support plan for the aerospace sector adopted by the Région on 14 December 2020), and mobility for young people and jobseekers.

At this stage this breakdown remains indicative and will become clear upon final validation of the financial model.

It has also been proposed that 78 M€ be entered in payment credits, corresponding to actual outlay planned for 2021, covered by calls for funds to be made to the European Union.

Budgetary entry of programme authorisations, commitment authorisations and payment credits is made as normal by distributing credits between budgetary function n°6 “European Funds” for actions requiring grants to be paid to third parties and the other budgetary functions for actions under direct project management of the Région. Anticipated revenue is entered in full under function n°6.
Out of an overall amount of 78 M€ in payment credits, technical assistance expenditure in an amount of 2.7 M€ is entered under the “general services” function, to finance allocation management expenses in 2021, and in particular the human reinforcements necessary to implement the programme.

I-3- OTHER ADJUSTMENTS OF THE REGIONAL BUDGET

For training and orientation, it has been decided to enter 2.4 M€ in programme authorisations and 1.5 M€ in payment credits to finance various initiatives organised by the Agence de l’Orientation as well as the grants to be paid in connection with the “integration through economic activity” call for projects.

For social and healthcare training, it has been decided to enter 1 M€ in commitment authorisations and in payment credits to increase the allowance for nursing student travel, from the 1st km, as provided by decree. An identical amount by way of State compensation is anticipated in 2021.

It has been decided to enter 2.3 M€ in commitment authorisations and in payment credits to increase internship pay for healthcare training students under the “Ségur de la santé” health plan. An identical amount by way of State compensation is anticipated in 2021.

An exceptional bonus of 150 € for social and healthcare training grant students was paid in December 2020. The State compensation in an identical amount 0.95 M€ is entered generally under TICPE.

For high schools policy, it has been decided to enter 4.45 M€ in commitment authorisations and in payment credits for the healthcare plan: an emergency fund and exceptional support for high schools towards cleaning and catering services, ordering facemasks, hand gel, protective equipment and thermometers. An allowance of 5 M€ in payment credits is earmarked for personnel costs to ensure that all high school students in our region are welcomed in an optimally safe manner in the context of the current health crisis, which requires recruiting extra staff to support existing high school teams.

For health, it has been decided to enter 5 M€ in payment credits under the health plan to balance the financing of the regional testing campaign and make credits available for the purposes of the Région’s contribution to the vaccination rollout.

For the environment, it has been decided to enter 17.8 M€ in programme authorisations, in particular to pursue the initiatives forming part of the regional recovery plan adopted last July.

For agriculture, it has been decided to enter 16 M€ in programme authorisations, with regional credits also enabling EAFRD funds to be mobilised for the 2021 and 2022 transitional period.

For economic development, it has been decided to enter 28.4 M€ in programme and commitment authorisations and 95.6 M€ in payment credits.

These substantial credits will finance, firstly, the emergency measures introduced by the Région, in particular support for business property, aid for traders towards investment and takeaway sales, aid for non-sedentary traders, and the repayable loans scheme (united Région fund).

These credits will also supplement the “Get established in Auvergne-Rhône-Alpes” facilities and support measures for VSE/SME. They will also provide funds for the calls for projects focused on business competitiveness or innovation.

For mountain development, it has been decided to enter 3.5 M€ in programme authorisations and 1 M€ in payment credits, to finance mountain region support initiatives (“mountain bonus”, for example). These credits may be supplemented as part of a specific mountain region plan, to be submitted for a vote at the regional assembly, once the measures introduced by the State are known to mitigate losses incurred as a result of ski resorts remaining closed.
For digital, it has been decided to enter 3 M€ in payment credits to support the development of a research factory at the Charbonnières-les-Bains campus and to finance the additional emergency measures aimed at digital enterprises and to support the digitalisation of traders and artisans and economic activities affected by the restrictions on activity or prohibitions on conducting business imposed as a result of the health crisis.

For tourism, it has been decided to enter 6.5 M€ in programme authorisations to pursue the initiatives forming part of the regional recovery plan, in particular support for hotel/accommodation professionals and tourist site offerings.
SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in a French language dealer agreement dated 14 September 2021 entered into between the Issuer, the Permanent Dealers and the Arrangers (the Dealer Agreement), the Notes will be offered by the Issuer to the Permanent Dealers. However, the Issuer reserves the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between themselves in respect of Notes subscribed by such Dealer. If appropriate, the commissions in respect of an issue of Notes on a syndicated basis will be specified in the applicable Pricing Supplement or in the relevant Underwriting Agreement. The Issuer has agreed to reimburse the Arrangers for the expenses incurred by them in connection with the update of the Programme and the Dealers for certain expenses in relation to their role under this Programme.

The Issuer has agreed to indemnify the Dealers against certain types of liability they may incur in connection with the offer and sale of Notes. The Dealers have undertaken to indemnify the Issuer against certain types of liability it may incur in connection with the offer and sale of Notes. The Dealer Agreement entitles the Dealers, under certain circumstances, to terminate any agreement they may enter into for the subscription of Notes prior to payment for such Notes being made to the Issuer.

1. GENERAL

These selling restrictions may be amended by mutual agreement between the Issuer and the Dealers in particular following any change to any applicable law, regulation or directive.

Each Dealer has undertaken to comply, to the fullest extent of the information in its possession, with all relevant laws, regulations and directives in each country in which it buys, offers, sells or delivers Notes or in which it holds or distributes the Offering Circular, any other offer document or any Pricing Supplement and neither the Issuer nor any of the Dealers shall incur any liability in respect thereof.

2. UNITED STATES OF AMERICA

The Notes have not and will not be registered pursuant to the United States Securities Act of 1933 as amended (the US Securities Act of 1933) nor by any regulatory authority in respect of securities of any state or other jurisdiction of the United States of America. Subject to certain exceptions, Notes may not be offered or sold in the territory of the United States of America or, in the case of Materialised Notes, offered, sold or delivered in the territory of the United States of America. Each Dealer has undertaken and each new Dealer will be required to undertake, not to offer or sell any Note, or in the case of Materialised Notes, to deliver such Notes in the territory of the United States of America except in compliance with the Dealer Agreement.

In addition, the offering or sale by any Dealer (whether or not participating in the offering) of any identifiable tranche of Note within the United States of America within the first forty (40) calendar days after the later of the date of commencement of the offering of the identified tranche or the date of settlement, may violate the registration requirements under the US Securities Act.

Materialised Notes with a maturity of greater than one year are subject to US tax rules and may not be offered, sold or delivered in the territory of the United States of America or any of its possessions or to U.S. Persons, with the exception of certain transactions which are permitted under US tax laws. Terms used in this paragraph shall have the meaning given to them in the U.S. Internal Revenue Code of 1986 and regulations made thereunder.
3. UNITED KINGDOM

Each Dealer has represented and agreed and each new Dealer will be required to represent and agree that:

(a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve acquiring, holding, managing or selling financial products (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom, other than to persons whose ordinary activities involve acquiring, holding, managing or selling financial products (as principal or agent) for the purposes of their business or to persons who may reasonably be expected to acquire, hold, manage or sell financial products (as principal or agent) for the purposes of their business, where the issue of the Notes would otherwise constitute a violation of Section 19 of the Financial Services and Markets Act 2000, as amended (the FSMA);

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not and will not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

4. FRANCE

Each of the Dealers and the Issuer represents and acknowledges that it undertakes to comply with all current laws and regulations applicable in France in relation to the offering, placement and sale of Notes and the distribution in France of the Offering Circular and documents relating to the Notes.

5. ITALY

The offering of Notes has not been registered with the Commissione Nazionale per le Società e la Borsa (CONSOB) in accordance with Italian securities legislation and, accordingly, the Notes may not be and shall not be, offered, sold or delivered in the Republic of Italy, and no copies of this Offering Circular or of any other document relating to the Notes may be, nor shall be, distributed, in the Republic of Italy, except in circumstances which fall outside the scope or, or benefit from an exemption to the rules applicable to public offerings in accordance with Article 1 of regulation EU no. 2017/1129 (the Prospectus Regulation), Article 34-ter of CONSOB Regulation No. 11971 dated 14 May 1999, as amended from time to time, and applicable Italian legislation.

Any offer, sale or delivery of Notes or any distribution of copies of this Offering Circular or any other document relating to the Notes in the Republic of Italy in the circumstances described above must be:

(a) made by an investment firm, bank or financial intermediary authorised to conduct such activities in the Republic of Italy in accordance with the Financial Services Law, Consob regulation No. 20307 dated 15 February 2018 as amended from time to time and legislative decree No. 385 of 1st September 1993 as amended from time to time (the Banking Act);
in accordance with all other laws, regulations or requirements imposed by CONSOB, the Bank of Italy (including all disclosure obligations, as applicable, in accordance with article 129 of the Banking Act and the guidelines of the Bank of Italy, as amended from time to time) of any other Italian authority.
FORM OF PRICING SUPPLEMENT

Set out below is the Form of Pricing Supplement which will be completed for each Tranche of Notes:

2[MiFID II Product Governance / Target Market: eligible counterparties and professional clients only – Solely for the purposes of the product approval process of [the/each] manufacturer, the target market assessment in respect of the Notes, taking into consideration the five categories referred to in paragraph 18 of the guidelines published by the European Securities and Markets Authority on 5 February 2018, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, MiFID II); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person who subsequently offers, sells or recommends the Notes (a distributor) should take into consideration the [the/each] manufacturer’s target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (and either adopting or refining [the/each] manufacturer’s target market assessment) and determining the appropriate distribution channels.]

3[MiFIR United Kingdom Product Governance / Target Market: eligible counterparties and professional clients only - Solely for the purposes of the product approval process of [the/each] manufacturer, the target market assessment in respect of the Notes, taking into consideration the five categories referred to in paragraph 18 of the guidelines published by the European Securities and Markets Authority on 5 February 2018 (in accordance with the statement of principle of the United Kingdom Financial Conduct Authority entitled “Brexit: our approach to EU non-legislative materials”), has led to the conclusion that: (i) the target market for the Notes is limited to eligible counterparties, as defined in the United Kingdom Financial Conduct Authority’s FCA Handbook - Conduct of Business Sourcebook (COBS), and professional clients, as defined in Regulation (EU) no. 600/2014 which forms part of United Kingdom domestic law in accordance with the European Union (Withdrawal) Act 2018 (UK MiFIR); and (ii) all channels for distribution of the Notes to eligible counterparties or professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take [the/each] manufacturer’s target market assessment into consideration. However, a distributor bound by the United Kingdom Financial Conduct Authority’s FCA Handbook - Product Intervention and Product Governance Sourcebook (the MiFIR Product Governance Rules in the United Kingdom) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining [the/each] manufacturer’s target market assessment) and determining the appropriate distribution channels.]

OR

4[MiFID II Product Governance / Target Market: retail investors, eligible counterparties and professional clients only - Solely for the purposes of the product approval process of [the/each] manufacturer, the target market assessment in respect of the Notes, taking into consideration the five categories referred to in paragraph 18 of the guidelines published by the European Securities and Markets Authority on 5 February 2018, has led to the conclusion that: (i) the target market for the Notes is retail investors, eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, MiFID II); EITHER 3 [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] OR

2 Paragraph to be included above the Pricing Supplement if ICMA 1 target market approach “all bonds to all professionals” is adopted.
3 Paragraph to be included above the Pricing Supplement if ICMA 1 target market approach “all bonds to all professionals” is adopted and if a Dealer is bound by the UK MiFIR.
4 Paragraph to be included above the Pricing Supplement if ICMA 2 approach is adopted.
5 To be included for Notes that are not considered to be complex by ESMA.
[(ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate; and (iii) the channels for distribution of the Notes to the following retail investors are appropriate – investment advice [, and] portfolio management [, and] [non-advised sales][and pure execution services][, subject to the distributor’s suitability or appropriateness assessment under MiFID II, as applicable]. Any person who subsequently offers, sells or recommends the Notes (a distributor) should take into consideration [the/each] manufacturer’s target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (and either adopting or refining [the/each] manufacturer’s target market assessment) and determining the appropriate distribution channels [subject to the distributor’s suitability or appropriateness assessment under MiFID II, as applicable].

8[MiFIR United Kingdom Product Governance / Target Market: retail investors, eligible counterparties and professional clients only - Solely for the purposes of the product approval process of [the/each] manufacturer, the target market assessment in respect of the Notes, taking into consideration the five categories referred to in paragraph 18 of the guidelines published by the European Securities and Markets Authority on 5 February 2018 (in accordance with the statement of principle of the United Kingdom Financial Conduct Authority entitled “Brexit: our approach to EU non-legislative materials”), has led to the conclusion that: (i) the target market for the Notes includes retail investors, as defined in article 2, point 8) of Delegated Regulation (EU) no. 2017/565, which forms part of United Kingdom domestic law in accordance with the European Union (Withdrawal) Act 2018 (EUWA), and eligible counterparties, as defined in the United Kingdom Financial Conduct Authority’s FCA Handbook - Conduct of Business Sourcebook (COBS), and professional clients, as defined in Regulation (EU) no. 600/2014 which forms part of United Kingdom domestic law in accordance with the European Union (Withdrawal) Act 2018 (UK MiFIR) ; EITHER 9 [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] OR10 [(ii) all channels for distribution of the Notes to eligible counterparties or professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail investors are appropriate – investment advice [, and] portfolio management [, and] [non-advised sales][and pure execution services][, subject to the distributor’s suitability or appropriateness assessment under COBS, as the case may be]. Any person who subsequently offers, sells or recommends the Notes (a distributor) should take into consideration [the/each] manufacturer’s target market assessment. However, a distributor bound by the United Kingdom Financial Conduct Authority’s FCA Handbook - Product Intervention and Product Governance Sourcebook (the MiFIR Product Governance Rules in the United Kingdom) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining [the/each] manufacturer’s target market assessment) and determining the appropriate distribution channels [,subject to the distributor’s suitability or appropriateness assessment under COBS, as the case may be]11.

6 To be included for certain Notes considered as complex by ESMA. It may be necessary to update this list, for example if advised sales are necessary. If sales have been advised, it will be necessary to verify suitability. Furthermore, if the Notes are “complex” products, pure execution services are not permitted for retail investors, without it being necessary to verify appropriateness as required under Article 25(3) of MiFID II.

7 If the Notes are “complex” products, pure execution services are not permitted for retail investors, without it being necessary to verify appropriateness as required under Article 25(3) of MiFID II. If sales have been advised, it will be necessary to verify suitability.

8 Paragraph to be included on the cover of the Pricing Supplement if ICMA 2 approach is adopted and if a Dealer is bound by the UK MiFIR.

9 To be included for Notes that are not considered to be complex by ESMA, as reflected by COBS.

10 To be included for certain Notes considered as complex by ESMA as reflected by COBS. It may be necessary to update this list, for example if advised sales are necessary. If sales have been advised, it will be necessary to verify suitability. Furthermore, if the Notes are “complex” products, pure execution services are not permitted for retail investors, without it being necessary to verify appropriateness.

11 If the Notes are “complex” products, pure execution services are not permitted for retail investors, without it being necessary to verify appropriateness. If sales have been advised, it will be necessary to verify suitability.
Pricing Supplement dated [●]

REGION AVERGNE-RHÔNE-ALPES

Legal Entity Identifier (IEJ): 969500OUQS3UPH7RNK68

€1,500,000,000

Euro Medium Term Note Programme

SERIES No: [●]

TRANCHE No: [●]

[Brief description and aggregate nominal amount of Notes]

Issue Price: [●]%

[Name(s) of Dealer(s)]

PART A

CONTRACTUAL TERMS

This document constitutes the Pricing Supplement in respect of the issue of notes described below (the Notes) and contains the final terms of the Notes. This Pricing Supplement completes the offering circular dated 14 September 2021 [and the supplement to the offering circular dated [●]] relating to the €1,500,000,000 Euro Medium Term Note Programme of the Issuer, which [together] constitute[s] an offering circular (the Offering Circular).

The Pricing Supplement combined with the Offering Circular constitute an offering circular (the Offering Circular). Terms used below shall have the meaning given to them in the Offering Circular. The Notes shall be issued in accordance with the provisions of this Pricing Supplement together with the Offering Circular. The Issuer accepts responsibility for the information contained in this Pricing Supplement which, together with the Offering Circular, contain all material information in connection with the issue of the Notes. Full information on the Issuer and the offer of Notes is available solely on the basis of the Offering Circular consisting of this Pricing Supplement and the Offering Circular. This Pricing Supplement, the Offering Circular [and the supplement to the Offering Circular] are available on the website of the Issuer (https://www.auvergnerhonealpes.fr), [and] during normal business hours at the registered office of the Issuer and the specified offices of the Paying Agent(s) from which copies may be obtained. [The Offering Circular [and the supplement to the Offering Circular] is [are] also available [on/at] [●]].

[The following alternative language applies if the first Tranche of an issue which is being increased was issued under a prospectus, a base prospectus or an offering circular with an earlier date.]

12 If the Notes are admitted to trading on a Regulated Market other than Euronext Paris.
The terms used hereinafter shall be deemed to be defined for the purposes of the [2013/2014/2016/2018/2019/2020 Terms of the Notes] incorporated by reference in the offering circular dated 14 September 2021 concerning the Issuer’s programme to issue debt securities for €1,500,000,000 [as completed by the supplement to said offering circular dated [●]] ([together], the Offering Circular).

The Pricing Supplement must be read in conjunction with the Offering Circular dated 14 September 2021 [and the supplement to the Offering Circular dated [●]] ([together,] the Offering Circular), except for the Terms extracted from the Offering Circular and attached hereto. Full information on the Issuer and the offer of Notes is available solely on the basis of this Pricing Supplement combined with the Offering Circular. The Pricing Supplement and the Offering Circular are available on the website of the Issuer (https://www.auvergnerhonealpes.fr/) [and] available during normal business hours at the head office of the Issuer and the specified offices of the Paying Agent(s) from which copies may be obtained. [The Pricing Supplement and the Offering Circular are also available [on/at] [●].]³

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

1. Issuer: Région Auvergne-Rhône-Alpes

2. (a) Series: [●]
   (b) Tranche: [●]
   (c) Date on which the Notes become fungible: [Not applicable]/[The Notes will, once admitted to trading, be fully fungible with, and constitute a single Series with [describe relevant Series] issued by the Issuer on (insert date) (the Existing Notes).]

3. Specified Currency(ies): [●]

4. Aggregate Nominal Amount: [●]
   (a) Series: [●]
   (b) Tranche: [●]

5. Issue price: [●]% of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues or first broken coupon, if relevant).]

6. Specified Denomination(s): [●] [one Denomination only for Dematerialised Notes)]

³ If the Notes are admitted to trading on a Regulated Market other than Euronext Paris.
7. (a) Issue Date: [●]
   (b) Interest Period Commencement Date: [●] [Specify/Issue Date / Not Applicable]

8. Maturity Date: [specify the date or (for Floating Rate Notes) the Interest Payment Date in relevant the month and year or the nearest date to the Interest Payment Date in the relevant month and year]

9. Interest Basis: [Fixed Rate of [●]% [EURIBOR or CMS Rate] +/-[●]% Floating Rate] [Zero Coupon Note] (other details specify below)

10. Redemption/Payment basis: Provided any repurchase and cancellation or early redemption, the Notes shall be redeemed at Maturity Date at 100% of their nominal amount [Instalment Payment]

11. Change of Interest Basis: [Applicable (for Fixed /Floating rate interest Notes)/ Not applicable]
   (Specify details for conversion of Fixed /Floating Rate interest basis pursuant Condition 4.4)

12. Redemption at the option of the Issuer/Noteholders: [Redemption at the option of the Issuer][Redemption at the option of the Noteholders] [(other details specified below)]

13. (a) Status of Notes: Senior
    (b) Date of authorisation for the issuance of the Notes: [●]

14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note provisions: [For Fixed/Floating rate interest Notes: from [●] (included) to [●] (excluded)]. [Applicable/Not Applicable] (If this paragraph is not applicable, delete the remaining sub-paragraphs)
(a) Interest Rate: [●]% per annum [payable annually/semi-annually/quarterly/monthly/other (specify)] at maturity

(b) Interest Payment Date(s): [●] in each year [adjusted in accordance with [specify Business Day Convention and any relevant Business Centre(s) for the "Business Day" definition] not adjusted

(c) Fixed Coupon Amount(s): [●] per Specified Denomination of [●]

(d) Broken Amount(s): [Include information relating to the initial or final Broken Amount which are different to the Fixed Coupon Amount(s) and Interest Payment Date(s) to which they relate]

(e) Day Count Fraction (Condition 4.1): [Actual/365 / Actual/365-FBF / Actual/Actual-[ICMA/ISDA/FBF] / Actual/365 (Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30/360 FBF / Actual 30A/360 (American Bond Basis) / 30E/360 / Euro Bond Basis / 30E/360 FBF.]

(f) (Determination Date(s) (Condition 4.1): [●] in each year (specify the regular interest payment dates, excluding the Issue Date and the Maturity Date in the case of a first or last long or short Coupon.

N.B.: only applicable where the Day Count Fraction is Actual/Actual (ICMA Basis).

16. Provisions relating to Floating Rate Notes [For Fixed/Floating rate interest Notes: from [●] (included) to [●] (excluded)]. [Applicable/Not Applicable]

(If this paragraph is not applicable, delete the remaining sub-paragraphs).

(a) Interest Period(s)/ Interest Accrual Period Date: [●]

(b) Interest Payment Date(s): [●]

(c) First Interest Payment Date: [●]
(d) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

(e) Business Centre(s) (Condition 4.1):

(f) Manner in which the Interest Rate is/[are] to be determined: [Screen Rate Determination/FBF Determination/ISDA Determination]

(g) Party responsible for calculating the Interest Rate(s) and Coupon Amount(s) (if other than the Calculation Agent):

(h) Screen Rate Determination (Condition 4.3(c)(iii)):

- Relevant Rate: [●]
- Screen Page: [●]
- Relevant Date: [●]
- Relevant Time: [●]
- Euro zone: [●]
- Coupon Determination Date: [[● [TARGET] Business Days in [specify the city] for [specify the currency] before [the first day of each Interest Period/each Interest Payment Date]]
- Primary source for the Floating Rate: [Specify the relevant Screen Page or "Reference Banks"]
- Reference Banks (if the primary source is "Reference Banks"):
  - Specify four entities
- Relevant Financial Centre:
  - [The financial centre most closely connected with the Benchmark– specify, if other than Paris]
- Benchmark:
  - [EURIBOR or CMS Rate]

(Delete the following sub-paragraphs if this paragraph does not apply.)
the relevant rates used for the determination described herein)

• Representative Amount: [Specify if quotations published on a Screen Page or offered by Reference Banks must be given for a transaction of a specific amount]

• Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Period]

• Specified Duration: [Specify period for quotation if other than duration of Interest Period]

(i) FBF Determination (Condition 4.3(c)(i))

• Floating Rate: [●]

(if the Interest Rate is determined by linear interpolation in respect of a [first/last] [long/short] Interest Period, insert the relevant interest period(s) and the relevant rates used for the determination described herein)

• Determination Date for Floating Rate: [●]

• FBF Definitions: [●]

(j) ISDA Determination (Condition 4.3(c)(ii))

• ISDA Definitions: [2006 ISDA Definitions]/[2021 ISDA Definitions]

(The 2021 ISDA Definitions cannot be selected before they enter into force, on 4 October 2021)

• Floating Rate Option: [●]

(if the Interest Rate is determined by linear interpolation in respect of a [first/last] [long/short] Interest Period,
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Insert the relevant interest period(s) and the relevant rates used for the determination described herein.

(Ensure that the Floating Rate Option is included in the Floating Rate Matrix, as defined in the 2021 ISDA Definitions)

- Designated Maturity: [●]
- Reset Date: [●]
  (In the case of a EURIBOR based option, the first day of the Interest Period)

(k) Margin(s): [[/+/-] [●]% per annum/Not applicable]

(l) Minimum Interest Rate: [[●]% per annum]14

(m) Maximum Interest Rate: [●]% per annum

(n) Day Count Fraction (Condition 4.1):
[Actual/365 / Actual/365-FBF / Actual/Actual-[ICMA/ISDA/FBF] / Actual/365 (Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30/360 FBF / Actual 30A/360 (American Bond Basis) / 30E/360 / Euro Bond Basis / 30E/360 FBF.]

(o) Rate Multiplier: [●]

17. Provisions relating to Zero Coupon Notes:

(a) Amortisation Yield: [●]% per annum

(b) Day Count Fraction (Condition 4.1):
[Actual/365 / Actual/365-FBF / Actual/Actual-[ICMA/ISDA/FBF] / Actual/365 (Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30/360 FBF / Actual 30A/360 (American Bond Basis) / 30E/360 / Euro Bond Basis / 30E/360 FBF.]

(c) Reference Price: [●]

14 Interest payable with respect to the Notes will be equal to zero in all circumstances.
PROVISIONS RELATING TO REDEMPTION

18. Issuer Call:

(a) Optional Redemption Date(s):

(b) Optional Redemption Amount(s) for each Note:

(c) If redeemable in part:
   (i) Minimum redemption amount:
   (ii) Maximum redemption amount:

(d) Notice period:

19. Investor Put:

(a) Optional Redemption Date(s):

(b) Optional Redemption Amount(s) for each Note:

(c) Notice period (Condition 5.3):

20. Final Redemption Amount for each Note:

21. Instalment Amount:

Instalment Date(s):

Instalment Amount(s) of each Note:

22. Early Redemption Amount

(a) Early Redemption Amount(s) for each Note paid on redemption for tax reasons (Condition 5.6), for reasons of illegality (Condition 5.9) or on Event of Default (Condition 8):

(Pursuant to the Terms)/[●] per Note [of Specified Denomination [●]]/*
(b) Redemption for tax reasons on dates other than Interest Payment Dates (Condition 5.6): [Yes/No]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of the Notes: [Dematerialised Notes/Materialised Notes] (Materialised Notes are issued in bearer form only) (Delete as appropriate)

(a) Form of Dematerialised Notes: [Applicable/Not Applicable] [If applicable specify whether in bearer form/registered form]

(b) Registration Agent: [Not Applicable/if applicable name and information] (N.B. a Registration Agent may be appointed in respect of Dematerialised Notes in pure registered form (au nominatif pur) only).

(c) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Physical Notes on [●] (the Exchange Date), 40 calendar days after the issue date, unless postponed, as specified in the Temporary Global Certificate.]

24. Financial Centre(s) (Condition 6.7): [Not Applicable/Specify]. (N.B. this refers to the date and place for payment and not the Interest Payment Dates referred to in paragraphs 15(ii) and 16(i).)

25. Talons for future Coupons or Receipts to be attached to Physical Notes: [Yes/No/Not Applicable]. (If yes, specify) (Only applicable to Materialised Notes.)


27. Provisions relating to consolidation: [Not Applicable/The provisions [of Condition 1.5] apply]

28. Masse (Condition 10): Issue outside France: [Applicable/Not Applicable][Specify details relating to the initial and their alternate Representatives and, where necessary, their remuneration as set out below]
Name and contact details of the initial Representative are: [●]

Name and contact details of the alternate Representative are: [●]

The Representative of the Masse [shall receive a remuneration of €[●] per year with respect to its functions/shall not receive compensation with respect to its functions]

[For as long as a single Noteholder holds the Notes, the relevant Noteholder will exercise all of the powers devolved to the Masse by the provisions of the French Code de commerce, as supplemented by the Terms of the Notes. The single Noteholder must hold (or will arrange for a capable agent to hold) a register of all decisions adopted by the single Noteholder ex officio and must make it available on request by any future Noteholder. Whenever the Notes of a Series are held by more than one Noteholder, a Representative shall be appointed by the [noteholders’ general meeting/Issuer].]

(for Notes with a nominal value of greater than 100,000 Euros, or if “Issue outside France” is applicable, the Representative shall be appointed by the Issuer.)

29. Other information:

[●] (insert any additional information, including the existence of any rights of withdrawal in relation to public offers to investors other than qualified investors)

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [[Relevant third party information] has been extracted from [specify source]]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from
information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.)\(^\text{15}\)

Signed on behalf of the Issuer:

By: ……………………………………………
    Duly authorised

\(^{\text{15}}\) To be included if information is provided by a third party.
PART B
OTHER INFORMATION

1. [RISK FACTORS]

[Not Applicable]/[(insert any risk factors relating to the Issuer or the Notes)]

2. ADMISSION TO TRADING

Admission to trading:

[A request for admission of the Notes to trading on [Euronext Paris/other (specify)] as from [●] has been made.]

[A request for admission of the Notes to trading on [Euronext Paris/other (specify)] as from [●] shall be made by the Issuer (or on its behalf).]

[Not Applicable]

(in the case of fungible issues, specify that the original Notes have already been admitted to trading.)

Total estimated costs relating to admission to trading: [[●]/Not Applicable]

3. RATINGS AND CONVERSION INTO EUROS

Ratings:

The Programme has been assigned the AA rating by S&P Global Ratings Europe Limited (S&P).

S&P is established in the European Union and is registered in accordance with Regulation (EC) No. 1060/2009 relating to credit rating agencies as amended (the CRA Regulation). [●] is included on the list of rating agencies published by the European Securities and Markets Authority on its website (www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.

The Notes to be issued have been assigned the following rating: [S&P: [●]]
[[Other]: [●]]
Conversion into euros: [Not applicable/ The aggregate nominal amount of the Notes issued has been converted into euros at a rate of [●], i.e. a sum of [●].]
(Only applicable to Notes which are not denominated in euros.)

4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE]

The purpose of this section is to describe any interest, including any conflict of interest that may have a material impact on the issue of Notes, identifying each person concerned and the nature of such interest. This may be satisfied by inserting the following statement:

["Except commissions related to the issue of Notes [and for the costs associated with [insert the relevant costs]] paid to Dealers, so far as the Issuer is aware, no other person involved in the issue of Notes has any interest material to the Offer. Dealers and their affiliates have engaged and may in investment banking and/or commercial banking transactions with the Issuer, and may perform other services for it in the ordinary course of business."]

5. USE AND ESTIMATED AMOUNT OF NET PROCEEDS16

Use of Proceeds: [specify] The Notes are [Green Bonds]/[Social Bonds]/[Sustainability Bonds] and the net proceeds of issue will be used to finance and/or refinance, in whole or in part, one or more projects from amongst the Eligible Projects described below: describe the specific projects included as Eligible Projects and/or the availability of a Second Opinion and all opinions supplied by third parties and/or where such information may be obtained.

(See Section ["Use of Proceeds"] of the Offering Circular – As the case may be, specify here the reasons for the offer. In the event of a public offer to investors other than qualified investors in France, the Issuer shall state in this part capital expenditure financed by the Region.)

Estimated net proceeds: [●]

(If the proceeds are to be applied towards several uses, provide a breakdown and order of priority. If the proceeds are insufficient to finance all planned uses, specify the amount and sources of other financing.)

Estimated total expenses: [●]

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16 Information not required in the case of an issue of notes of more than 100,000 euros.
6. **[FIXED RATE NOTES ONLY - YIELD]**

Yield: [●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

(Paragraph below only applies to public offers of Notes to investors other than qualified investors in France)

[Yield spread of [●]% compared to treasury bonds (obligations assimilables du Trésor (OAT)) of equivalent maturity.]

7. **[FLOATING RATE NOTES ONLY – HISTORICAL INTEREST RATES]**

Details of historical interest rates [EURIBOR, CMS Rate] achieved [Reuters].

8. **DISTRIBUTION**

If it is syndicated, names [and addresses][17] of the Placement Syndicate Members: [Not applicable/give names]

a. Entity responsible for the Regularisation Transactions (if any): [Not applicable/give names]

b. Dealer commission: [●][18]

c. Date of the Underwriting agreement: [●][19]

If it is not syndicated, names [and addresses][20] of the Dealer: [Not applicable/give names]

Sale restrictions – United States of America [Regulation S Compliance Category 1: Rules TEFRA C / Rules TEFRA D / Not applicable] (Rules TEFRA are not applicable to the Dematerialised Notes)

9. **OPERATIONAL INFORMATION**

ISIN Code: [●]

Common Code: [●]

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17 Specify address in the case of an issue of notes of more than 100,000 euros and where the Dealer is not a Permanent Dealer.
18 Information not required in the case of an issue of notes of more than 100,000 euros.
19 Information not required in the case of an issue of notes of more than 100,000 euros.
20 Specify address in the case of an issue of notes of more than 100,000 euros and where the Dealer is not a Permanent Dealer.
Depositary(ies):

(i) Euroclear France acting as Central Depositary: [Yes/No]

(ii) Common Depositary for Euroclear and Clearstream: [Yes/No]

Any clearing system other than Euroclear France, Euroclear and Clearstream and the relevant identification numbers: [Not Applicable/give names and numbers]

Delivery:

Names and addresses of initial Paying Agents appointed for the Notes: [●]

Names and addresses of additional Paying Agents appointed for the Notes: [●]

10. PUBLIC OFFERS TO INVESTORS OTHER THAN QUALIFIED INVESTORS

Conditions to which the offer is subject: [Not Applicable/(give details)]

Country of the offer: [●]

Total amount of the offer. If the amount has not been fixed, describe the conditions and timetable for public announcement of the final amount: [●]/Not Applicable/(specify)]

Specify the time period, mentioning any possible modification, during which the offer will be open and describe the application process: [Not Applicable/(give details)]

Information on the minimum and/or maximum subscription amount: [Not Applicable/(give details)]

Description of option to reduce the amount of the offer and the procedure for reimbursing overpayments by subscribers: [Not Applicable/(give details)]

Information on method and timetable for payment for and delivery of the Notes: [Not Applicable/(give details)]

Procedure and date for publication of the results of the offer: [Not Applicable/(give details)]

Procedure for exercise of any pre-emption rights, negotiability of subscription rights and treatment of unexercised subscription rights: [Not Applicable/(give details)]

If the offer is made in the same time on markets located in different countries, and if a tranche has
been reserved or is reserved to some investors, specify what the tranche is:

Procedure for notification to subscribers of their allotments and indication of whether dealing can begin prior to notification: [Not Applicable/(give details)]

Amount of fees and taxes specifically charged to the subscriber or the buyer: [Not Applicable/(give details)]

Name and address of paying agents and depositaries in each country (in addition to the Paying Agent): [●]

Entities that have agreed to underwrite the offer and entities that have agreed to place the Notes without any underwriting commitment or pursuant to a "best efforts" agreement (if the whole amount of the issue is not underwritten, specify the portion underwritten): [●]

Date on which the underwriting agreement was or will be entered into: [●]
GENERAL INFORMATION

1. The Issuer has obtained all agreements, approvals and authorisations required in France with regards to creating and updating the Programme. Any Notes issuance must be authorised by means of a decision of the Issuer’s Regional Council. By resolution n°AP-2021-07 / 08-7-5695 dated 2 July 2021, the Issuer’s Regional Council authorised its Chairman to use any type of loan, in particular stand-alone bond issues or bond issues made under an EMTN programme, for the term of his mandate and within the limits of the amounts specified in the budget, and to sign the contracts and any other documents required to implement the long-term financing products, particularly the offering circular for the EMTN programme, the pricing supplement of each bond issue forming part of this programme and any other document required to perform these issuances.

2. There has been so significant change in (a) the tax and budgetary systems, (2) the gross public debt, (c) the trade balance and the balance of payments, (d) foreign exchange reserves, (e) position and financial resources, nor in the Issuer’s income and expenses since 31 December 2020.

3. This Offering Circular will be published on the website of (a) the Issuer (https://www.auvergnerhonealpes.fr/) and (b) any other relevant regulatory authority and shall be available for inspection and obtaining copies, free of charge, during normal office hours, at any day of the week (except Saturdays, Sundays and public holidays) at the offices of the Fiscal Agent or the Paying Agents. So long as any Notes are admitted to trading on a regulated market in the EEA or offered to the public in a Member State other than France, the applicable Pricing Supplement shall be published on the website of the Issuer https://www.auvergnerhonealpes.fr/).

4. The Issuer is not involved in, nor are there any governmental, legal or arbitration proceedings pending or threatened, of which the Issuer is aware, which may have or have had a material effect on the financial position of the Issuer during the twelve months prior to the date of this Offering Circular.

5. An application for acceptance of the Notes for clearance through Euroclear France (66, rue de la Victoire 75009 Paris France), Euroclear (boulevard du Roi Albert II – 1210 Bruxelles – Belgique) and Clearstream (42 avenue JF Kennedy – 1885 Luxembourg – Grand-Duché de Luxembourg) may be made. The Common Code and ISIN number (International Securities Identification Number) or the identification number of any other relevant clearing system for each Series of Notes shall be specified in the applicable Pricing Supplement.

6. So long as any Notes issued under this Offering Circular remain outstanding, copies of the following documents shall be available, upon publication, free of charge, during normal office hours, at any days of the week (except Saturdays, Sundays and public holidays) at the offices of the Fiscal Agent and the Paying Agents:

   (a) the Fiscal Agency Agreement (which includes the forms of accounting letter (lettre comptable), the Temporary Global Certificates, Physical Notes, Coupons, Receipts and Talons);

   (b) the two most recent initial budgets (as amended, if applicable, by any supplemental budget) and the published administrative accounts of the Issuer;

   (c) all Pricing Supplements relating to any Notes admitted to trading on Euronext Paris or any other regulated market or offered to the public in a Member State of the EEA;

   (d) a copy of this Offering Circular and any supplement to this Offering Circular or any new offering circular; and
all reports, correspondence and other documents, appraisals and statements issued by any
expert at the request of the Issuer, any extracts of which, or references to which, are
contained in this Offering Circular relating to any issue of Notes.

7. The price and the amount of the Notes issued within the Programme shall be determined by the
Issuer and each relevant Dealer at the time of the issue in accordance with the market conditions.

8. For any Tranche of Fixed Rate Notes, an indication of the in respect of such Notes shall be
specified in the applicable Pricing Supplement. The Yield is calculated at the Issue Date of the
Notes on the basis of the Issue Price. The specified yield shall be calculated as the yield to
maturity as at the Issue Date of the Notes and shall not be an indication of future yield.

9. In connection with the issue of any Tranche, any of the Dealers may act as stabilisation manager
(the Stabilisation Manager). The entity acting as Stabilisation Manager shall be specified in the
applicable Pricing Supplement. For the purposes of an issue, the Stabilisation Manager (or any
person acting on behalf of the Stabilisation Manager) may over-allot Notes or take action with a
view to supporting the market price of the Notes at a level higher than that which might otherwise
prevail in the absence of such action (the Stabilisation Measures). However, such Stabilisation
Measures shall not necessarily be taken. Such Stabilisation Measures may only commence after
the date on which the pricing supplement of the issue of the relevant Tranche have been made
public and, once commenced, may end at any time and must end no later than the earlier of the
following two dates: (a) 30 calendar days after the issue date of the relevant Tranche and (b) 60
calendar days after the date of allotment of the Notes of the relevant Tranche. Any Stabilisation
Measures taken must comply with all applicable laws and regulations.

10. Each of the Dealers and their affiliates can or may in future, in the normal conduct of their
activities, enter into business relations with or act as financial adviser to the Issuer, in connection
with notes issued by the Issuer. During the normal conduct of their activities, each of the Dealers
and their affiliates can or may (i) undertake investment, trading or hedging transactions, including
brokerage activities or transactions on derivative products, (ii) act as underwriter for securities
offered by the Issuer or (iii) act as financial adviser to the Issuer. In connection with such
transactions, each of the Dealers and their affiliates holds or may hold securities issued by the
Issuer, in which case each Dealer or their affiliates shall or may receive the usual commission in
relation to such transactions. Furthermore, the Issuer and each of the Dealers may participate in
transactions relating to an index or derivative based upon or linked to the Notes, which may affect
the market price, liquidity or value of the Notes and may have an adverse impact on the interests
of Noteholders.

11. The Issuer’s legal entity identifier (LEI) is: 969500OUQS3UPH7RNK68
RESPONSIBILITY FOR THE OFFERING CIRCULAR

Person assuming responsibility for this Offering Circular

In the name of the Issuer

I confirm, having taken all reasonable care to ensure that such is the case, that the information contained in this Offering Circular is, to my knowledge, in accordance with the facts and omits no information likely to affect its import.

Lyon, 14 September 2021

Région Auvergne-Rhône-Alpes
1, esplanade François Mitterrand
69269 Lyon
France

Represented by: Claire Simon
Finance, Budget and Management Control Director
Issuer

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75013 Paris
France

Dealers

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92547 Montrouge Cedex
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75116 Paris
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Nomura Financial Products Europe GmbH
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Germany

Société Générale
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Fiscal Agent, Principal Paying Agent and Calculation Agent

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93500 Pantin
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to the Issuer
to the Dealers

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