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**Bourgogne-Franche-Comté Region  
Euro Medium Term Note Programme  
for €350,000,000**

Under the Euro Medium Term Note Programme (the **Programme**) described in this offering circular (the **Offering Circular**), the Bourgogne-Franche-Comté region (the **Issuer**, or the **Bourgogne-Franche-Comté region** or the **Region**) 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 €350,000,000 (or the equivalent of such amount in any other currency, determined on the issue date). The Notes constitute bonds (obligations) as defined under French law.

This Offering Circular (as well as any supplements thereto) does not constitute a base prospectus under Regulation (EU) 2017/1129 and was therefore not approved by the Autorité des Marchés Financiers (French Financial Markets Authority). 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 Euronext Paris (**Euronext Paris**). Euronext Paris is a regulated market within the meaning of Directive 2014/65/EU of 15 May 2014 as amended, appearing on the list of regulated markets published by the European Securities and Markets Authority (a **Regulated Market**). The Notes may also be listed for trading on another Regulated Market of a Member State of the European Economic Area (**EEA**) or in the United Kingdom or on a non-regulated market or not be admitted for trading on any market. The pricing supplements prepared for an issue of Notes (the **Pricing Supplements**), based on the form set out in this Offering Circular, shall specify whether or not such Notes shall be listed for trading on a regulated market and shall list, if applicable, the relevant Regulated Market(s). Notes shall have a nominal value, specified in the Pricing Supplements, equal to or greater than €100,000 or any other larger amount that may be authorised or required by any relevant competent authority or any applicable law or regulation.

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

Dematerialised Notes may be issued, at the Issuer's discretion, either (a) in bearer form, recorded on the date of issue in the books of Euroclear France (acting as the central depository), which will credit the accounts of the Account Holders (as defined in the section "Terms and Conditions of the Notes - Form, denomination and title") including Euroclear Bank SA/NV (**Euroclear**) and the depository 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 and Conditions of the Notes - Form, denomination and title"), either in pure registered form (*nominatif pur*), in which case they shall be recorded in an account in the books of the Issuer or an agent (as specified in the applicable Pricing Supplements) on behalf of the Issuer, or in administered registered form (*nominatif administré*), in which case they shall be entered in an account with the Account Holder designated by the Noteholder in question.

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, no earlier than a date 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 this Offering Circular. The Temporary Global Certificates shall be (a) in the case of a Tranche (as defined in the Terms and Conditions of the Notes) to be cleared through Euroclear and/or Clearstream, deposited on the issue date with a depository common to Euroclear and Clearstream, or (b) in the case of a Tranche to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream or delivered outside any clearing system, deposited under the conditions agreed between the Issuer and the relevant Dealer (as defined below).

The Issuer, rated by the agency [Moody's] (**Moody's**), has a long-term rating of Aa3 with a stable outlook. The Programme has been rated [●] by [Moody's]. Notes issued under the Programme may be rated or not. The rating of the Notes, if any, shall be specified in the applicable Pricing Supplements. 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 by the relevant rating agency at any time without notice. On the date of the Offering Circular, Moody's 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 **ANC 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 ANC 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 supplements and, as long as the Notes are listed for trading on a Regulated Market, the applicable Pricing Supplements shall be published on the dedicated page of the Issuer's website (<https://www.bourgognefranche-comte.fr/>).

**Arranger**

**HSBC**

**Dealers**

**BRED BANQUE POPULAIRE**

**CREDIT AGRICOLE CIB**

**CRÉDIT MUTUEL ARKÉA**

**HSBC**

**LA BANQUE POSTALE**

**NATIXIS**

**SOCIÉTÉ GÉNÉRALE  
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 and Conditions of the Notes" of this Offering Circular, as completed by the provisions of the applicable Pricing Supplements agreed by the Issuer and the Dealers at the time of issue of said Tranche.**

**The Issuer accepts responsibility for the information contained or incorporated by reference in this Offering Circular. So far as the Issuer is aware, having taken all reasonable care to ensure that this is the case, the information contained or incorporated in this Offering Circular is in accordance with the facts and does not omit any element that may diminish its significance. The Issuer confirms that the opinions and intentions expressed about it in this Offering Circular are sincere, were obtained by taking into account all the relevant circumstances and were founded on reasonable assumptions. The Issuer confirms that there are no other facts or matters that concern it or that concern the Notes whose omission would make any information or declaration in this Offering Circular misleading in any way whatsoever.**

**In connection with the issue or sale of the Notes, no person has been authorised to provide information or make any representations other than those contained or incorporated by reference in this Offering Circular. No such information or representation may be treated as having been authorised by the Issuer, the Arranger 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.**

**Governance of the MiFID II products/target market - The Pricing Supplements of the Notes may contain a section titled "Governance of the MiFID II Products", 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 rules of Governance for products under the Delegated Directive EU 2017/593 (the Governance Rules for MiFID Products), any Dealer subscribing to the Notes must be considered the producer of said Notes; if not, neither the Arranger nor the Dealer, nor any of their respective affiliates will be considered producers for the purposes of the Rules of Governance for MiFID Products.**

**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 distribution of this Offering Circular.**

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

**Neither the Dealers nor the Issuer 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 risk that its investment in the Notes implies for an unlimited period of time.**

Neither the Arranger nor the Dealers has verified the information contained or incorporated by reference in this Offering Circular. Neither the Arranger 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 financial estimate or other evaluation and must not be treated as a recommendation to buy Notes made by the Issuer, the Arrangers or the Dealers to any recipients of this Offering Circular. 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 Arranger nor any of the Dealers undertakes to review the financial position or the affairs of the Issuer during the life of this Offering Circular, nor undertakes to inform any investor or prospective investor of 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 the Swiss Confederation.

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## **RISK FACTORS**

*The Issuer believes that the risk factors described below are material to any decision 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 the 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 be purchased only by investors who are (or are acting on the advice of) financial institutions or other professional investors who are able to assess the specific risks associated with an investment in the Notes.*

*All terms beginning with a capital letter and not defined in this section shall have the meaning given to them in the section "Terms and Conditions of the Notes".*

*The risk factors described below may be completed by the applicable Pricing Supplements of the Notes for a specific issue of Notes.*

*Any reference below to an Article refers to the corresponding numbered article in the section "Terms and Conditions of the Notes".*

### **1. RISKS PRESENTED BY THE ISSUER**

*Risks related to the activities, operations and assets of the Issuer*

The asset-related risks of the Bourgogne-Franche-Comté region concern all the damage, accidents, destruction and physical loss that may occur to its immovable and movable assets. In addition, its activities and operations may pose risks, particularly as regards the automobiles in its fleet or its property (particularly the secondary schools) or arising from the regulations applicable to its officers and elected officials.

The insurance policies taken out by the Bourgogne-Franche-Comté region cover all of the buildings it owns or occupies, for any reason, against risks of natural disasters, fire, attacks or vandalism in particular; it also covers all of the vehicles of the Bourgogne-Franche-Comté region. Moreover, the third-party liability of the Bourgogne-Franche-Comté region and of its various services, including ancillary activities of any nature and those of ancillary budgets, is covered by a specific insurance policy.

*Financial risks*

With respect to financial risks (consisting of the risk of excessive debt and the risk of default), the status of legal entity governed by public law, as well as the legal framework for borrowing by local authorities, help limit insolvency risks.

Article 2 of 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 liberalised and standardised the rules applicable to raising finance. Now, local authorities can therefore freely resort to borrowing, and their relations with creditors are governed by private law and contractual freedom.

However, this freedom is governed by the following principles:

- a. loans may only be used to finance investments; and
- b. repayment of the principal must be covered by the local authority's own resources.

Moreover, Article L.1611-3-1 of the General Local Authorities Code (the **GLAC**), created by Law No. 2013-672 of 26 July 2013, subjects the subscription of loans by the Bourgogne-Franche-Comté region from lending institutions to certain limits related to currency, interest rate, and related authorised hedging instruments. However, this article is not intended to be applied to bond issues, as specified by the parliamentary proceedings (Report no. 1091 on behalf of the Finance Committee of the National Assembly, filed on 29 May 2013, amendment No. 160 of 19 March 2013).

#### *Risks associated with non-repayment of the Issuer's debt*

With the Issuer's debt rising over recent years, increasing from €652,221,829.92 on 31 December 2018 to €710,578,730.88 on 31 December 2019, the debt burden (interest and principal) represents four point sixty-nine percent (4.69%) of the actual operating revenue. This debt service represents a mandatory expense, be it for repayment of the principal or for financial fees. The interest on the debt and the repayment of the debt principal are, in accordance with law (Article L.4321-1 of the GLAC) mandatory expenditures for the local authority. Those expenses shall, consequently, be necessarily charged to the budget of the local authority. Otherwise, French law has introduced a procedure (Article L. 1612-15 of the GLAC) enabling the Prefect, having consulted the regional accounts office (the *Chambre Régionale des Comptes*, or CRC), to register this expense in the budget of the local authority. Furthermore, failing payment of a mandatory expense, French law has introduced another procedure (Article L.1612-16 of the GLAC) enabling the Prefect to do so automatically.

However, the registration and payment of mandatory expenses resulting, for the Bourgogne-Franche-Comté region, from a final court decision are governed by Article 1 of Law No. 80-539 of 16 July 1980 and Articles L.911-1 *et seq.* of the French Code of Administrative Justice.

Noteholders are exposed to the Issuer's credit risk. Credit risk means the risk that the Issuer will be unable to meet its financial obligations for the Notes, which would *de facto* result in a loss for the Noteholders. However, the mandatory nature of the debt repayment (principal and interest), in accordance with the provisions of Article L.4321-1 of the GLAC, constitutes strong legal protection for lenders and makes this risk very hypothetical, with respect to a local authority.

#### *Risks associated with the Issuer's off-balance sheet transactions and ongoing investments*

Loan securities or guarantees to public or private organisations are governed by Articles L. 4253-1, L. 4253-2 and D. 4253-1 of the GLAC. As on 31 December 2019, the outstanding debt guaranteed by the Bourgogne-Franche-Comté region amounted to €2,650,379.18, that being zero point thirty-seven percent (0.37%) of its own debt.

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.

For the 2019 administrative account, the prudential ratio established by Articles D. 1511-32, L. 4253-1 and L. 4253-2 of the GLAC amounts to four point ninety-five percent (4.95%) (compared to five point eighteen percent (5.18%) in 2018) for the Bourgogne-Franche-Comté region, for a ceiling fixed at fifty percent (50%).

According to the 2020 preliminary budget, this ratio amounts to four point seventy-six percent (4.76%).

#### *Risks related to derivatives*

The use of financial contracts (derivatives such as swaps, caps, tunnels, etc.) is only permitted for the purpose of hedging interest rate or currency risk, as indicated in inter-ministerial circular no. NOR/IOCB1015077C of 25 June 2010 relating to financial products offered to local authorities and their public establishments. Speculative transactions are strictly prohibited. The policy of the Bourgogne-Franche-Comté region on interest rate risk is prudent: it aims to protect the Bourgogne-Franche-Comté region's debt against an increase in the rates while reducing its cost.

Beyond that, the Bourgogne-Franche-Comté region assumes no currency risk as it only enters into contracts denominated in euro.

In this regard, French law no. 2013-672 of 26 July 2013 on the separation and regulation of banking activities, has incorporated Article L. 1611-3-1 into the GLAC. Pursuant to this article, when a local authority agrees to take out a loan denominated in foreign currency, the authority has to enter into a currency swap against the euro at the time of the subscription of the loan for the entire amount and the complete time period of the loan.

Furthermore, French Decree no. 2014-984 of 28 August 2014, made pursuant to the law of 26 July 2013 mentioned above, and whose provisions have been incorporated in the regulatory section of the GLAC, specifically governs the terms under which local authorities may enter into financial contracts.

#### *Risks related to changes in resources*

Regarding its proceeds, the Issuer, as a local authority, is exposed to any possible change to its legal and regulatory framework which could amend its structure and yield. The Issuer is nevertheless protected by the constitutional principle of financial autonomy, as Article 72-2 of the Constitution dated 4 October 1958 provides that "*tax revenue and other own sources of funds of local authorities represent, for each category of local authority, a crucial part of their overall resources*".

In this context, a decrease in the level of endowments paid by the State could negatively affect the Issuer's operating revenue. As budget balance must be respected, it may have to either adjust the change in its expenses or increase its other resources.

Moreover, French Law no. 2018-32 of 22 January 2018 on the planning of public finances for 2018 to 2022, and more specifically its Article 13, provides for the participation of local authorities in the reduction of debt and in the control of public spending. For this purpose, a national objective for the maximum change in actual operating expenses was set at 1.2% per year, relative to 2017 as the basis. This provision was implemented by the Bourgogne-Franche-Comté region, which authorised, through Resolution No. 18AP.123 of 28 June 2018, its president to sign the contract negotiated with the Prefect, representing the State, and providing for an annual operating expense growth rate of one point twenty percent (1.20%) from 2018 to 2020.

#### *Risks related to 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 subject to specific accounting rules



established, in particular, by French Decree no. 2012-1246 of 7 November 2012, the GLAC, and those more fully described in pages 90 *et seq.* of this Offering Circular. The financial assessment of the Issuer by investors requires taking this specific accounting into consideration.

The Issuer's accounts are subject to controls by the Government: (i) legality control carried out by the Prefect, (ii) budgetary and financial control carried out by the Prefect under the supervision of the CRC, (iii) judicial and management control carried out by the CRC. The controls are more fully described in pages 92 *et seq.* of this Offering Circular. The Issuer's accounts are not audited according to the same process as a private law issuer, but are subject to review by the State.

#### *Legal risks related to enforcement proceedings*

The Issuer, as a local authority, is not exposed to legal risks related to common law enforcement proceedings. 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 registration and payment of mandatory expenses resulting, for the Issuer, from a final court decision are governed by Article 1 of Law No. 80-539 of 16 July 1980 and Articles L. 911-1 *et seq.* of the French Code of Administrative Justice.

#### *Rating of the Issuer*

The Issuer's rating by Moody's 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.

#### *COVID-19 pandemic*

The COVID-19 pandemic and its financial impact, characterised by new expenses as a result of financing emergency measures, as well as by a decrease in revenue directly exposed to the economic circumstances, has led to the strong mobilisation of cash flow tools since the beginning of 2020, in order to allow the Bourgogne-Franche-Comté region to ensure the continuity of payments.

In terms of revenue, the main impacts of the crisis have been taken into account as part of amending decision no. 1 adopted on 25 June 2020. According to updated budget implementation data, revenue loss related to the fraction of VAT (allocated to the regions since 1 January 2018), to income from the domestic consumption tax on energy products (TICPE) and to the tax on vehicle registration certificates is estimated at around 30 to 40 million euro (M€) for the 2020 fiscal year.

It should be noted, however, that the method agreement signed by the State and the regions provides for revenue loss compensation measures for the regions in 2020, by means of a national budget of 600 million euro (M€) in investment loans in connection with stimulus package operations. This would be distributed among the local authorities according to demographic criteria, with the amount expected for the Bourgogne-Franche-Comté region being between 19 and 25 M€.

In addition, the State is committed to completely offsetting the foreseeable decline in revenue from company value-added contribution (CVAE) in 2021 due to the health crisis. Within the scope of the fall in production taxes, the share of the CVAE allocated to the regions will be cut starting in 2021 and offset by a fraction of VAT equal to the amount of the CVAE received by the regions in 2020. This fraction of VAT will be indexed at the rate of national growth of this tax starting in 2022.

In terms of expenses, except for the loans from the regional investment acceleration plan voted on at the meeting on 9 October 2020, for which a budget of 435 million euro (M€) has been allocated in programme authorisations (PA) over the 2021–2023 period, the main exceptional and emergency measures implemented by the Bourgogne-Franche-Comté region to deal with the COVID-19 health

crisis are additional financing estimated at between 80 and 90 million euro (M€) during the 2020 fiscal year.

## **2. RISKS ASSOCIATED WITH THE NOTES**

### **2.1 General market risks**

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

The debt 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 the 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 Article 5.7, and the Issuer may issue new Notes, on the terms set forth in Article 13. Such transactions may favourably or adversely affect the price of the Notes. If additional or competing products are introduced on the markets, this may adversely affect the value of the Notes.

#### *Currency and exchange control risks*

The Issuer shall pay the principal and interest of Notes in the Specified Currency as defined in the Terms and Conditions of the Notes. This presents certain currency conversion risks if the investor's financial activities are primarily conducted in a currency or monetary unit (the **Investor's Currency**) other 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. As a result, investors may receive a payment of principal or interest that is lower than expected, or even receive neither interest nor principal.

### **2.2 General risks relating to the Notes**

#### *Risks related to the rating of Notes*

Independent credit rating agencies may assign a rating to Notes issued under this Programme. Such a 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 (upwards or downwards) or withdrawn at any time by the rating agency.

***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 Article 7.2, it may reimburse the Notes in full at the Early Redemption Amount together with, unless provided otherwise in the applicable Pricing Supplements, 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 Article 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.

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

Any early redemption option available to the Issuer, specified in the Pricing Supplements of an issue of Notes may result in the Noteholders receiving a return considerably below their expectations. The yield at the time of redemption may be lower than expected, and the value of the amount redeemed for the Notes may be less than the market purchase price of the Notes paid by the Noteholder. Therefore, a portion of the capital invested by Noteholders in the Notes may be lost, so that the Noteholder receives less than the total capital invested. Furthermore, in the event of early redemption, investors who decide to reinvest the funds they receive may be able to reinvest only in securities that offer lower returns than the redeemed Notes.

The market value of the Notes may be affected by the optional redemption option of the Notes by the Issuer. During the periods when the Issuer has the option to execute such redemptions, this market value does not generally increase substantially over the price at which the Notes may be redeemed. This may also be the case before any redemption period.

The exercise of a partial redemption option on certain Notes of a Series, 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.

One can expect that the Issuer redeems the Notes when its borrowing cost is lower than the interest rate on the Notes. In such a situation, an investor will generally not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the redeemed Notes and would only be able to reinvest in securities that offer a significantly lower yield. Prospective investors must therefore take into account the risk related to the reinvestment in light of the other investments available at the time of the investment.

***Risks related to optional redemption at the discretion of the Noteholders***

The exercise of a redemption option at the discretion of the Noteholders for some Notes of a Series may affect the liquidity of the Notes of the same Series for which such an 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 Supplements 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 for said early redemption with a yield equivalent to that of the redeemed Notes.

### ***Modification of the Terms and Conditions of the Notes***

Noteholders will be grouped in a Masse (as defined in Article 10 of the Terms and Conditions of the Notes "Representation of Noteholders") for the defence of their common interests and may hold general meetings of Noteholders or issue written decisions. The Terms and Conditions of the Notes allow, in certain cases, a defined majority of Noteholders to bind all Noteholders, including those who have not participated in the vote or in the written decision, or who have voted to the contrary or rejected the written decision.

Subject to the provisions of Article 10 of the Terms and Conditions of the Notes "Representation of Noteholders", Noteholders may, by means of Collective Decisions, as defined in the Terms and Conditions of the Notes, deliberate on any proposal relating to the modification of the Terms and Conditions 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.

### ***Change of law***

The Terms and Conditions 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 in French laws or regulations 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 taxes or fees in accordance with the laws and practices of the country in which 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 buy back Notes, at any price, on or off the stock exchange, in accordance with applicable regulations. Although this does not impact on the normal schedule for redemption of the Notes still outstanding, it would however reduce the return on the Notes redeemed early. Similarly, in the event of a change in the tax rules applicable to the Notes, the Issuer may be obliged to redeem all Notes. Any early redemption of the Notes may result in a return significantly below the Noteholders' 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, under this Programme, the Investor does not benefit from any protection or guarantee of the invested capital. Any sale of a Note on the market may be performed at a price lower than that paid at the time of purchase and lead to a capital loss. The capital initially invested is

exposed to market risks and may therefore not be returned in the event of adverse market changes.

### ***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 their 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 Dealer(s) 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.

### ***Review of legality***

The Prefect of the Bourgogne-Franche-Comté region has a period of two months as from the date of receipt at the Prefecture of a resolution of the Regional Council of the Bourgogne-Franche-Comté region and of any contracts it has signed, to review the legality of these resolutions and/or of the decision to sign said contracts and, if the Prefect considers them to be illegal, to refer them to the competent administrative tribunal and, if appropriate, seek suspension. If these proceedings are preceded by an administrative appeal, or in other circumstances, this period may be extended. The competent administrative tribunal may then, if it deems these resolutions and/or the decision to sign said contracts illegal, suspend them or fully or partially overturn them. Moreover, depending on the nature of the error and the circumstances of the case, the overturning of said resolutions and/or the decision to sign said contracts could lead to the cancellation of the contracts.

### ***Third party action***

Any third party who has legal standing may start legal proceedings before the administrative courts against any resolution of the Regional Council of the Bourgogne-Franche-Comté region and/or its decision to sign contracts within a period of two months as from the date of its publication or notification and, as the case may be, may seek its suspension. If these proceedings are preceded by an administrative appeal, or in other circumstances, this period may be extended. Moreover, if said resolution and/or decision to sign is not published correctly, such an action may be taken by any interested third party without a time limit. Once the case has been referred, the competent administrative judge may then, if they deem that a rule of law has been violated, overturn this resolution and/or this decision to sign or, if they also deem it justified by an emergency, suspend it. Moreover, depending on the nature of the error and the circumstances of the case, the overturning of the resolution and/or the decision to sign a contract could lead to the annulment of such contract.

## **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 income, investors cannot determine the actual yield on the Floating Rate Notes at the time of purchase, and

therefore their return on investment cannot be compared with the return on investments with longer fixed interest periods. If the Terms and Conditions of the Notes specify frequent interest payment dates, investors are exposed to a reinvestment risk if market interest rates fall. In such a case, investors will be able to reinvest their interest income only at the potentially lower prevailing interest rate.

An investment in Floating Rate Notes is composed of (i) a reference rate and, where applicable, (ii) a margin to be added or subtracted, as the case may be, from this reference rate. Generally, the margin concerned does not change during the life of the Note, but there will be a periodic adjustment (as specified in the applicable pricing supplements) of the reference rate (for example, every three (3) months or six (6) months), which will vary depending on the general market conditions.

Accordingly, the market value of Floating Rate Notes may be volatile if changes, particularly short-term changes, on the interest rate market applicable to the relevant reference rate cannot be applied to the interest rate of such Notes until the next periodic adjustment of the relevant reference rate.

### ***Fixed Rate Notes***

The possibility cannot be excluded that the value of the Fixed Rate Notes may be adversely affected by future fluctuations on the interest rate markets.

The price at which a Noteholder may want to sell his Notes before maturity may be substantially lower than the issue price or the purchase price paid by said Noteholder. Although it is difficult to anticipate such fluctuations in interest rates, they could have a material adverse impact on the value of the Notes and cause a loss of a portion of Noteholders' investment in the Notes if they wished to sell the Notes.

### ***Fixed/Floating Rate Notes***

Notes at a fixed and then floating rate have an interest rate that may, automatically or following a decision by the Issuer at a date specified in the Pricing Supplements, change from a fixed rate to a floating rate or from a floating rate to a fixed rate. The conversion (whether automatic or optional) may affect the secondary market and the market value of these Notes insofar as it could lead to a decrease in the total borrowing cost. If a fixed rate is converted into a floating rate, the rate spread of the Fixed/Floating 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 below 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 fluctuations due to variations in interest rates than traditional interest-bearing securities. Generally, the longer the maturity of the Notes, the more the price volatility of such Notes is comparable to that of typical interest-bearing securities with 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 "benchmarks" (including the EURIBOR and the CMS Rate) have recently been the subject of regulatory guidelines and reform proposals at the national and international levels. 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 performances for these "benchmarks", eliminate them, revise their calculation methods or have other consequences that cannot be anticipated. Any consequence of this kind could have a material adverse impact on all Notes indexed to or referring to a "reference index". Regulation (EU) 2016/1011 (the **Regulation on Benchmarks**) 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 Regulation on Benchmarks is to regulate the supply of benchmarks, the supply of underlying data for a benchmark and the use of benchmarks within the European Union. Among other requirements, it (i) will require 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) will prohibit 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 Regulation on Benchmarks could have a significant impact on the Notes indexed to or referring to a "benchmark", particularly under the following circumstances:

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

- if the methodology or other conditions for determining the "benchmark" are modified in order to comply with the requirements of the Regulation on Benchmarks. Such changes could, in particular, have the effect of reducing or increasing the rate or the 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 way in the determination of a "benchmark" and respect for these rules or requirements. Such factors might have the following effects on certain "benchmarks" (including the EURIBOR 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 in 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 an interruption or any unavailability of a benchmark, the interest rate applicable to the Notes indexed or referring to that "benchmark" will be calculated for the period in question in accordance with the alternative clauses applicable to these Notes (it is specified that, if a Benchmark Event occurs, a specific alternative clause shall apply – please see the risk factor entitled "*The occurrence of a Benchmark Event may have a material adverse impact on the liquidity, value and yield of the Notes indexed on or referring to a "benchmark"*" below). Depending on the method for determining the rate of the "Benchmark" pursuant to the Terms and Conditions of the Notes, this may (i) in the event the ISDA Determination or the FBF Determination applies, be based on the provision by the reference banks of offer prices for the "Benchmark" rate which, depending on market conditions, might not be available at the moment in question, or (ii) if the Screen Page Rate Determination applies, result in the application of a fixed rate determined on the basis of the last rate in force when the benchmark was still available. All of these provisions could have an adverse effect on the value, liquidity or yield of the Notes indexed on or referring to a "benchmark".

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

Investors must consult their own advisors and make their own assessments of the potential risks generated by the reform of the Regulation on Benchmarks before taking an investment decision on the Notes indexed on or referring to a "benchmark".

***The occurrence of a Benchmark Event may have a material adverse impact on the liquidity, value and yield of the Notes indexed on or referring to a "benchmark"***

The Terms and Conditions of the Notes provide for alternative measures in the case of a Benchmark Event, particularly if an interbank rate offered (such as the EURIBOR) or any other relevant reference rate, and/or any page on which said benchmark may be published, is no longer available, or if the Issuer, Calculating Agent, any Paying Agent or any other party responsible for calculating the Interest Rate (as stipulated in the applicable Pricing Supplements) is no longer legally authorised to calculate the interest on the Notes by referring to such a benchmark under the Regulation on Benchmarks or in any other way. Such alternative measures include the possibility that the interest rate may be set by reference to a Successor Rate or an Alternative Rate (as these terms are defined in the Terms and Conditions of the Notes), with or without the application of an adjustment of the spread (which, if applied, may be positive or negative and would be applied in order to reduce or eliminate, to the extent possible in such circumstances, any economic harm or advantage (as applicable) for investors resulting from the replacement of the benchmark in question, and may include changes to the Terms and Conditions of the Notes to ensure the correct functioning of the successor or replacement benchmark, all of which as determined by the Independent Adviser without requiring the consent of the Noteholders.

In certain cases, including when no Successor Rate or Alternative Rate (as applicable) is determined or because of uncertainty as to the availability of the Successor Rate and the Alternative Rate and the intervention of an Independent Adviser, the applicable alternative measures may not function as projected at the moment in question, other alternative measures might apply if the benchmark ceased or was otherwise unavailable, i.e., the interest rate used during the last Interest Period would be used for the following Interest Period(s), as indicated in the risk factor above entitled "*Settlement and reform of the "benchmark indices" could have a material adverse impact on the Notes indexed to or referring to a "benchmark index"*".

Generally, the occurrence of any event described above could have a material adverse impact on the liquidity, value and yield of any Note.

Moreover, all the aforementioned elements, or any material change in the determination or in the existence of any pertinent rate, could affect the Issuer's ability to honour its obligations in relation to the Floating Rate Notes, or could have an adverse impact on the value or liquidity of the Floating Rate Notes or the amounts due in relation thereto. Investors must take into consideration the fact that the Independent Adviser will have discretionary power to adjust the relevant Successor Rate or Alternative Rate (as applicable) under the circumstances described above. Such an adjustment could have unexpected commercial consequences and there is no guarantee that, given the specific situation of each Noteholder, such an adjustment would be favourable to the Noteholder.

Investors must consult their own independent advisors and make their own assessments of the potential risks arising from the reforms resulting from the Regulation on Benchmarks before making an investment decision on the Floating Rate Notes indexed to or referring to a "benchmark".



## GENERAL DESCRIPTION OF THE PROGRAMME

*The following general description must be read together with all 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 Supplements, they shall be governed by the Terms set out in pages [27] to [62].*

The terms and expressions defined in the section "Terms and Conditions of the Notes" hereinafter shall have the same meaning in this general description of the programme.

<b>Issuer:</b>	Bourgogne-Franche-Comté region.
<b>Description of the Programme:</b>	<i>Euro Medium Term Note Programme (the Programme).</i>  The Notes constitute bonds (obligations) as defined under French law.
<b>Arranger:</b>	HSBC France.
<b>Dealers:</b>	BRED Banque Populaire  Crédit Agricole Corporate and Investment Bank  Crédit Mutuel Arkéa  HSBC France  La Banque Postale  Natixis and  Société Générale  The Issuer may, at any time, terminate the appointment of any Dealer under the Programme, or appoint additional Dealers either for one or more Tranches, or for the entire Programme. Any reference made in this Offering Circular to the <b>Permanent Dealers</b> refers to the 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 <b>Dealers</b> refers to any Permanent Dealer and any other person appointed as Dealer in respect of one or more Tranches.
<b>Fiscal Agent and Principal Paying Agent:</b>	Banque Internationale à Luxembourg SA
<b>Calculation Agent:</b>	Unless otherwise stipulated in the relevant Pricing Supplements, Banque Internationale à Luxembourg SA
<b>Maximum Amount of the Programme:</b>	The aggregate nominal amount of the Notes outstanding shall not, at any time, exceed €350,000,000.
<b>Method of Issuance:</b>	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 (with the exception of the first interest payment) by identical terms and conditions; the Notes of each Series are fungible with each other. 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 will appear in the applicable pricing supplements (the **Pricing Supplements**) completing this Offering Circular.

**Currencies:**

Subject to compliance with all applicable laws, regulations and directives, the Notes may be issued in euro, 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).

**Nominal value(s):**

The Notes shall have the nominal value or values indicated in the applicable Pricing Supplements (the **Specified Nominal Value or Values**). Dematerialised Notes must be issued in a single Specified Nominal Value. Notes shall have a unit nominal value equal to or greater than €100,000 or any other larger amount that may be authorised or required by the relevant competent authority or any law or regulation applicable to the Specified Currency.

**Status of the Notes:**

The Notes and, as applicable, the Receipts and Coupons attached thereto constitute direct, unconditional, unsubordinated and (subject to the paragraph below) unsecured commitments of the Issuer all ranked the same and (subject to the mandatory exceptions under French law) ranked equally with any other present or future unsubordinated and unsecured commitment of the Issuer.

**Negative pledge:**

So long as any Notes or, as the case may be, Receipts or Coupons attached thereto, remain outstanding, the Issuer shall not grant or permit to subsist any mortgage, pledge, lien or other form of security interest upon any of its assets, rights or revenues, present or future, to secure any present or future borrowing, subscribed or guaranteed by the Issuer, represented by bonds, securities or other negotiable instruments listed or traded, or capable of being listed or traded, on any stock exchange 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.

**Events of Default:**

- (a) failure to pay any amount, in principal or interest, due by the Issuer for any Note or coupon for more than 30 (thirty) calendar days from the due date of this payment; or
- (b) the breach by the Issuer of any other stipulation of the Terms and Conditions of the Notes, if this breach is not corrected within 60 (sixty) calendar days from the Issuer's receipt of the notification of said breach from the Representative or from a Noteholder when Noteholders of a Series are not grouped into a Masse; or

- (c) the inability of the Issuer to pay its mandatory expenses as defined in Article L.4321-1 of the General Local Authorities Code; or
- (d) failure to pay any amount above €50,000,000 (fifty million euro) (or the equivalent of this amount in any other currency) for any existing or future bank or bond debt of the Issuer, other than Notes, upon its due date or, as the case may be, upon the expiration of any applicable grace period, or in the case of calling a guarantee related to one of these debts for an amount greater than €50,000,000 (fifty million euro) (or the equivalent of this amount in any other currency) or in the event of the failure to pay an amount above €50,000,000 (fifty million euro) (or the equivalent of this amount in any other currency) for a guarantee granted by the Issuer; or
- (e) the amendment of the legal status or regime of the Issuer, including as a result of a legislative or regulatory amendment, insofar as such modification reduces the rights of the Noteholders against the Issuer or delays the actions of the Noteholders against the Issuer or makes them more difficult or expensive;

it is understood that any event stipulated in paragraphs (c) and (d) above shall not constitute an Event of Default, and the time periods mentioned in paragraphs (a) and (b) shall be suspended in the event of notification made by the Issuer to the Noteholders before the expiration of the period in question (if a time period is indicated) of the need, in order to correct said failure or failures, to pass a resolution to allow the payment of unexpected or additional budget expenses for the debt expense up to (and including) the date on which this resolution becomes enforceable, as from which the suspension of the time periods mentioned above shall end.

**Redemption Amount:** Except in the event of early redemption or purchase followed by cancellation, the Notes shall be redeemed at the Maturity Date specified in the applicable Pricing Supplements and at the Final Redemption Amount.

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

**Redemption Instalments:** in The Pricing Supplements governing Notes redeemable in two or more instalments shall specify the dates on which said Notes may be redeemed and the amounts to be paid.

**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 made by or on behalf of the Issuer shall be made without any withholding or deduction for any tax or duty imposed, levied or collected by or on behalf of France or any authority therein that has 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 and Conditions of the Notes - Taxation" of this Offering Circular.

**Interest Periods and Rates:**

For each Series of Notes, the duration of the interest periods, the applicable interest rate and the method of calculation may be the same or different depending on the Notes. 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 Supplements.

**Fixed Rate Notes:**

Fixed interest will be payable when due on the date or dates for each period indicated in the applicable Pricing Supplements.

**Floating Rate Notes:**

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

- (a) on the same basis as the floating rate indicated in the relevant Pricing Supplements applicable to a notional interest rate swap 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 swap transaction, in accordance with an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., or
- (c) by reference to the EURIBOR or to the CMS rate, or
- (d) if the benchmark index is discontinued, by reference to a successor or alternative rate determined by an independent adviser appointed by the Issuer, pursuant to the Terms and Conditions of the Notes,

in each case, as adjusted on the basis of the margins that may be applicable and paid at the dates indicated in the applicable Pricing Supplements.

**Fixed/Floating Rate Notes:**

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

**Benchmark discontinuation:**

If a Benchmark Event occurs such that any interest rate cannot be determined by reference to the initial benchmark rate or the initial screen rate (depending on the case) indicated in the pertinent Pricing Supplements, the Issuer shall make every reasonable effort to appoint an independent adviser to determine a successor rate, an alternative rate. Please see Article 4.3(c)(iv) of the Terms and Conditions of the Notes entitled "Benchmark discontinuation" for further details.

**Zero Coupon Notes:**

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

**Form of the Notes:**

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

Dematerialised Notes may, at the Issuer's option, be issued in bearer form (*au porteur*) or in registered form (*au nominatif*) and, in the second case, at the option of the Noteholder, either in pure registered form (*nominatif pur*) or in administered registered form (*nominatif administré*). No document materialising ownership 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 and jurisdiction:**

French law. Any disputes against the Issuer relating to the Notes, Receipts, Coupons or Talons shall be brought before the competent courts of the Paris Court of Appeal (subject to mandatory rules regarding territorial jurisdiction of French courts). However, no private law enforcement procedures may be instituted and no seizure proceedings may be instituted against the Issuer's assets or property.

**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 Commercial Code, except articles L. 228-71 and R. 228-69 of the French Commercial Code, 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 Supplements. 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.

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 Commercial Code, as supplemented by the Terms of the Notes.

The single 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. A Representative shall be appointed as soon as the Notes of a Series are held by more than one Noteholder.

**Clearing systems:**

Euroclear France as a central depository 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) or in the United Kingdom and/or on a non-regulated market that may be specified in the applicable Pricing Supplements. The applicable Pricing Supplements may provide that a Series of Notes shall not be listed for trading.

**Rating:**

The Programme has been rated [●] by [Moody's]. Notes issued under the Programme may be rated or not. The rating of the Notes, if any, shall be specified in the applicable Pricing Supplements. 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 by the relevant rating agency at any time.

At the date of the Offering Circular, [Moody's] 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**).

**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 material new fact or any error or inaccuracy in the information contained in this Offering Circular that is likely to significantly influence the valuation of the Notes and that occurs or is discovered after the date of this Offering Circular may be mentioned in a supplement to the Offering Circular. The Issuer undertakes to deliver to each Dealer at least one copy of such supplement. The information mentioned in paragraph II of the section "Documents Incorporated by Reference" will not be subject to a supplement.

Any supplement to the Offering Circular will be published on the dedicated page of the Issuer's website (<https://www.bourgognefranche-comte.fr/>).

## **DOCUMENTS INCORPORATED BY REFERENCE**

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

- (a) the Issuer's administrative account for the financial year ending 31 December 2018, and
- (b) the Issuer's administrative account for the financial year ending 31 December 2019, and
- (c) the Issuer's primary 2020 budget, and
- (d) the Issuer's 2020 supplementary budget.

II. The following documents, which will be published on the dedicated page of the Issuer's website (<https://www.bourgognefranche-comte.fr/>) after the date of this Offering Circular, will be deemed to be incorporated by reference and to form an integral part thereof as from their date of publication:

- the latest updated version of the Issuer's administrative accounts, and
- the latest updated version of the Issuer's budget (primary or supplementary).

III. Investors are deemed to have read all the 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 read this information should do so prior to investing in the Notes.



## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, as amended or completed in accordance with the provisions of the relevant Pricing Supplements (as defined below), shall apply to the Notes (**Terms and Conditions**).*

*In the case of Dematerialised Notes (as defined below), the text of the Terms and Conditions shall not appear on the reverse side of the Physical Notes (as defined below) evidencing title thereto, but shall be constituted by the following text as completed by the provisions of the applicable Pricing Supplements.*

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

*The Pricing Supplements relating to a tranche of Notes may provide for other terms that replace or modify one or more sections of the Terms and Conditions of the Notes below.*

The Notes are issued by the Bourgogne-Franche-Comté region (the **Issuer** or the **Bourgogne-Franche-Comté region**) 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 and pursuant to terms and conditions identical to the terms and conditions of other Tranches of the same Series, except for the issue date, issue price, first interest payment and aggregate nominal amount of the Tranche. The Notes shall be issued in accordance with the Terms and Conditions of this Offering Circular as completed by the provisions of the relevant pricing supplements (the **Pricing Supplements**) governing the specific terms of each Tranche (including the Issue Date, the issue price, the first interest payment and the nominal amount of the Tranche). A fiscal agency agreement (as amended and supplemented, the **Fiscal Agency Agreement**) relating to the Notes was signed on 16 November 2020 by the Issuer, Banque Internationale à Luxembourg SA as fiscal agent and principal paying agent and the other agents named therein solely for the Dematerialised Notes. The current fiscal agent, paying agents and the calculation agent(s) (where applicable) are referred to below respectively as the **Fiscal Agent**, the **Paying Agents** (this term including the Fiscal Agent) and the **Calculation Agent(s)**. Holders of interest coupons (**Coupons**) related to interest-bearing Materialised Notes and, if applicable, for such Notes, talons for additional Coupons (**Talons**), and holders of payment receipts related to scheduled payments of the principal of the Materialised Notes (the **Receipts**) which is repayable in instalments, shall be respectively referred to as the **Coupon Holders** and the **Receipt Holders**.

Any reference below to **Articles** refers to the numbered articles below, unless the context requires otherwise.

## 1. FORM, NOMINAL VALUE AND OWNERSHIP

### 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 Supplements.

- (a) Ownership of Dematerialised Notes shall be established by entry in an account, in accordance with Articles L. 211-3 *et seq.* of the French Monetary and Financial Code. No physical document of title (including certificates of title in accordance with article R. 211-7 of the French Monetary and Financial Code) shall be issued in respect of Dematerialised Notes.

The Dematerialised Notes (as defined in articles L. 211-3 *et seq.* of the French Monetary and Financial Code) are issued, at the option of the Issuer, either in bearer form, recorded in the books of Euroclear France (acting as central depository), 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 named 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 Supplements) acting on behalf of the Issuer (the **Registration Agent**).

In these Terms and Conditions, **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 and Conditions shall not apply. **Instalment Notes** are issued with one or more Receipts attached.

Pursuant to Articles L. 211-3 *et seq.* of the French Monetary and Financial Code, financial securities (such as the Notes which constitute obligations as defined under French law) in materialised form and governed by French law must be issued outside France.

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

### 1.2 Nominal value

The Notes shall be issued in the nominal values specified in the applicable Pricing Supplements (the **Specified Nominal Value(s)**). Dematerialised Notes must be issued in a single Specified Nominal Value. Notes shall have a unit nominal value equal to or greater than €100,000 or any other larger amount that may be authorised or required by any relevant competent authority or any law or regulation applicable to the Specified Currency.

### 1.3 Ownership

- (a) Ownership of Dematerialised Notes in bearer form and in administered registered form (*au nominatif administré*) is transmitted, and such Notes may be transferred, only by registration of the transfer in the accounts of the Account Holders. Ownership of Dematerialised Notes in pure registered form (*au nominatif pur*) is transmitted, and such Notes may be transferred, only by registration of the transfer in the accounts 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) 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.

In these Terms and Conditions, **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 Coupons, Receipts or Talons attached thereto.

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

## 2. CONVERSION AND EXCHANGE OF NOTES

### 2.1 Dematerialised Notes

- (a) Dematerialised Notes issued in bearer form may not be converted into Dematerialised Notes in registered form, whether pure registered form or administered registered form.
- (b) Dematerialised Notes issued in registered form may not be converted into Dematerialised Notes in bearer form.
- (c) Dematerialised Notes issued in pure registered form may, at the option of the Noteholder, be converted into Notes in administered registered form and vice versa. Such an option must be exercised by the Noteholder in accordance with article R.211-4 of the French Monetary and Financial Code. Any costs relating to any conversion shall be borne by the relevant Noteholder.

### 2.2 Materialised Notes

Materialised Notes of a Specified Nominal Value may not be exchanged for Materialised Notes with another Specified Nominal Value.

### 3. STATUS AND NEGATIVE PLEDGE

The Notes and, as applicable, the Receipts and Coupons attached thereto constitute direct, unconditional, unsubordinated and (subject to the paragraph below) unsecured commitments of the Issuer all ranked the same and (subject to the mandatory exceptions under French law) ranked equally with any other present or future unsubordinated and unsecured commitment of the Issuer.

As long as Notes or Receipts or Coupons, if any, attached to the Notes are outstanding below, the Issuer shall not grant or allow the continuation of any mortgage, pledge, lien or other form of real security interest on any of its assets, rights and revenues, present or future, in order to secure a Debt (as defined below) subscribed or guaranteed by the Issuer, unless the Issuer's obligations arising from the Notes and Receipts and Coupons, if applicable, do not benefit from an equivalent security interest with the same rank.

For the purposes of this Article, **Debt** means any debt in respect of a present or future loan, represented by bonds or other securities (including, in particular, securities that are or have been the subject of a private placement) listed or traded or likely to be listed or traded on any stock exchange or other securities market.

In these Terms and Conditions, 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 and Conditions, (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 Article 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 Article 5.8, (v) those that have been repurchased and retained in accordance with Article 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.

### 4. CALCULATION OF INTEREST AND OTHER CALCULATIONS

#### 4.1 Definitions

In these Terms and Conditions, unless otherwise required by the context, the terms defined below shall have the following meanings:

**Reference Banks** means the institutions designated as such in the applicable Pricing Supplements or, if no institution is specified, four first-tier banks selected by the Calculation Agent on the interbank market (or if necessary, on the money market or the swaps market) closest to the Benchmark (which, if the relevant Benchmark is the EURIBOR (TIBEUR in French) shall be the Euro-zone and if the Benchmark is the CMS Rate shall be the swaps market of the Reference Financial Centre).

**Interest Period Start Date** means the Issue Date of the Notes or any other date referred to in the applicable Pricing Supplements.

**Coupon Determination Date** means, in respect of an Interest Rate and an Interest Accrual Period, the date specified as such in the applicable Pricing Supplements 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 Supplements preceding the first day of such Interest Accrual Period.

**Issue Date** means, in respect of a Tranche, the settlement date of the Notes.

**Coupon Payment Date** means the date or dates stipulated in the applicable Pricing Supplements.

**Accrued Interest Period Date** means each Coupon Payment Date unless stipulated otherwise in the applicable Pricing Supplements.

**Reference** means, for Note, Receipt or Coupon, the date on which the amount payable for such Notes, Receipts or Coupons becomes due and payable or (if any amount due and is not paid, without justification, or there is an unjustified delay in payment) the date on which the outstanding amount is paid in full or (in the case of Materialised Notes if this date is earlier) the day falling seven calendar days after the date on which the holders of such Materialised Notes have been notified that such a payment will be made after a new presentation of said Materialised Notes, Receipts or Coupons in accordance with the Terms and Conditions, provided that the payment is actually made on such presentation.

**Value Date** means, in respect of a Floating Rate to be determined on any Coupon Determination Date, the date specified in the applicable Pricing Supplements or, if no date is specified, the first day of the Accrued Interest Period to which said Coupon Determination Date relates.

**FBF Definitions** 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, if applicable, at the Issue Date.

**ISDA Definitions** means the ISDA 2006 definitions, as published by the *International Swaps and Derivatives Association, Inc.* (formerly known as the *International Swap Dealers Association, Inc.*) as amended, as the case may be, at the Issue Date.

**Specified Currency** means the currency referred to in the applicable Pricing Supplements.

**Specified Duration** 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 Supplements, or if no period is specified, a period equal to the Interest Accrual Period, ignoring any adjustment pursuant to Article 4.3(b).

**Reference Time** means, with respect to any Coupon Determination Date, the local time in the Reference Financial Centre specified in the applicable Pricing Supplements or, if no time is specified, the local time in the Reference 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 Reference Financial Centre. For this purpose, **local time** means, with respect to Europe and the Euro-zone as the Reference Financial Centre, 11:00 a.m. (Brussels time).

**Business Day** means:

- (a) for 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) for a Specific Currency and/or one or more business markets such as those specified in the relevant Pricing Supplements (the **Business Centre(s)**), a day (other than Saturday or Sunday) on which the commercial banks and the foreign exchange markets execute settlements in the currency of the Business Centre(s) or, if no currency is indicated, generally in each of these Business Centres as indicated.

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

**Day Count Fraction** means, in respect of the calculation of interest amount 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 this period is an Interest Period, referred to hereinafter as the **Calculation Period**):

- (a) if Actual/365 or Actual/365-FBF or Actual/Actual-ISDA is specified in the applicable Pricing Supplements, 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 Supplements:
  - (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 said 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 as such in the applicable

Pricing Supplements or, if no date is specified, the Coupon Payment Date;

- (c) if **Actual/Actual-FBF** is specified in the applicable Pricing Supplements, this is the fraction in which the numerator is the actual number of days in said period and the denominator is 365 (or 366 if 29 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 from the last day of the Calculation Period;
  - (ii) this number is increased by the fraction for the relevant period calculated as stipulated in the first paragraph of this definition;
- (d) if **Actual/365 (Fixed)** is specified in the applicable Pricing Supplements, the actual number of days in the Calculation Period divided by 365;
- (e) if **Actual/360** is specified in the applicable Pricing Supplements, 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 Supplements, 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 Supplements, 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:

when the last day of the Calculation Period is the 31st and the first is neither 30th nor 31st, the last month of the Calculation Period shall be considered to be a month of 31 days.

The fraction is:

$$s_{ij}^2 = 31e_{tj}^1 \neq (30,31),$$

then:

$$\frac{1}{360} \times \left[ (aa^2 - aa^1) \times 360 + (mm^2 - mm^1) \times 30 + (jj^2 - jj^1) \right]$$

if not:

$$\frac{1}{360} \times \left[ (aa^2 - aa^1) \times 360 + (mm^2 - mm^1) \times 30 + \text{Min}(jj^2, 30) - \text{Min}(jj^1, 30) \right]$$

or:

$D1(jj^1, mm^1, aa^1)$  is the period start date;

$D2(jj^1, mm^2, aa^2)$  is the period end date;

- (h) if the terms **30E/360** or **Euro Bond Basis** are specified in the applicable Pricing Supplements, 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 Supplements, then it is, for each Calculation Period, the fraction in which the denominator is 360 and the numerator is the number of days in said 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:

$$\frac{1}{360} \times \left[ (aa^2 - aa^1) \times 360 + (mm^2 - mm^1) \times 30 + \text{Min}(jj^2, 30) - \text{Min}(jj^1, 30) \right]$$

**Coupon Amount** means the amount of interest due and, in the case of Fixed Rate Notes, the Fixed Coupon Amount or the Broken Coupon Amount (as these terms are defined in Article 4.2), as applicable, as stipulated in the relevant Pricing Supplements.

**Representative Amount** 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 Supplements or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

**Screen Page** means any page, section, heading, column or any other part of a document supplied by any information service (including, but not limited to, Thomson Reuters (**Reuters**)) which may be designated in order to provide a Reference Rate, or any other page, section, heading, column or any other part of a document of said information service or any other information service that may replace it, in each case as designated by the entity or organisation providing or responsible for the dissemination of the information appearing on said service to indicate rates or prices comparable to the Reference Rate, as stipulated in the relevant Pricing Supplements.

**Interest Period** means the Period beginning on (and including) the Interest Period Start Date and ending on (but excluding) the first Coupon Payment Date as well as each subsequent period beginning on (and including) a Coupon Payment Date and ending on the following Coupon Payment Date (excluded).

**Accrued Interest Period** means the Period beginning on (and including) the Interest Period Start Date and ending on (but excluding) the first Accrued Interest Period Date of the Coupon as well as each subsequent period beginning on (and including) an Accrued Interest Period Date and ending on (but excluding) the following Accrued Interest Period Date of the Coupon.



**Reference Financial Centre** means, for a Floating Rate to be determined on the basis of a Screen Rate Determination on a Coupon Determination Date, the financial market that may be specified in the applicable Pricing Supplements or, if no financial market is specified, the financial market to which the Benchmark is most closely connected (in the case of the EURIBOR (TIBEUR in French) it shall be the Euro-zone, and in the case of the CMS rate, the reference financial market for the Planned Currency) or, if not, Paris.

**Benchmark** means the Reference Rate (EURIBOR (or TIBEUR in French), or the CMS Rate), as specified in the applicable Pricing Supplements.

**Interest Rate** means the interest rate payable on the Notes and which is either specified or calculated in accordance with the provisions of these Terms and Conditions as completed by the relevant Pricing Supplements.

**Reference Rate** means the Benchmark for a Representative Amount in the Specified Currency for a period equal to the Specified Duration commencing on the Value Date (if said period is applicable to or compatible with the Benchmark).

**Euro-zone** 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 Start Date, at an annual rate (expressed as a percentage) equal to the Interest Rate, payable annually, every six months, quarterly or monthly (unless otherwise provided for in the applicable Pricing Supplements) when due on each Coupon Payment Date, all as indicated in the applicable Pricing Supplements.

If a fixed coupon amount (**Fixed Coupon Amount**) or broken amount (**Broken Coupon Amount**) is specified in the applicable Pricing Supplements, the Coupon Amount payable on each specific Coupon Payment Date shall be equal to the Fixed Coupon Amount or, if applicable, the Broken Coupon Amount.

#### **4.3 Interest on Floating Rate Notes**

##### **(a) Coupon Payment Dates**

Each Floating Rate Note shall bear interest calculated on its unredeemed nominal amount, as from the Interest Period Start Date, at an annual rate (expressed as a percentage) equal to the Interest Rate; such interest is payable annually, every six months, quarterly or monthly (unless otherwise provided for in the applicable Pricing Supplements) when due on each Coupon Payment Date. Said Coupon Payment Date(s) shall be specified in the applicable Pricing Supplements or, if no Coupon Payment Date(s) is/are specified in the applicable Pricing Supplements, the Coupon Payment Date shall mean each date falling at the end of the number of months or at the end of another period as specified in the applicable Pricing Supplements as the Interest Period, which falls after the preceding Coupon Payment Date and, in the case of the first Coupon Payment Date, falling after the Interest Period Start Date.

##### **(b) Business Day Convention**

When a date referred to in these Terms and Conditions, which is specified to be adjusted in accordance with a Business Day Convention, falls on a day that is not a Business Day, and if the applicable Business Day Convention is (i) the **Floating Rate Business Day Convention**,

said date shall be postponed to the following Business Day unless it would thereby fall into the next calendar month, in which case (x) said date shall be moved forward to the immediately preceding Business Day and (y) each subsequent date shall be the last Business Day of the month in which said date would have fallen had it not been subject to adjustments, (ii) the **Following Business Day Convention**, this date shall be postponed to the following Business Day, (iii) the **Modified Following Business Day Convention**, this date shall be postponed to the following Business Day, unless said date would thereby fall into the next calendar month, in which case this date shall be moved to the immediately preceding Business Day or (iv) the **Preceding Business Day Convention**, said date will then be moved forward to the immediately preceding Business Day. Notwithstanding the provisions above, if the relevant Pricing Supplements indicated that the Business Day Convention must be applied on a "non-adjusted" basis, the Coupon Amount payable on any date shall not be affected by the application of the relevant Business Day Convention.

**(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 the FBF Determination, the Screen Rate Determination or ISDA Determination, as specified in the applicable Pricing Supplements.

**(i) FBF Determination for Floating Rate Notes**

When FBF Determination is specified in the applicable Pricing Supplements 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 applicable, (as specified in the applicable Pricing Supplements), 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 Supplements; and
- (B) the Floating Rate Determination Date is as specified in the applicable Pricing Supplements.

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

If the section "Floating Rate" in the applicable Pricing Supplements provides that the interest rate shall be determined by linear interpolation for an Interest Period, the Interest Rate applicable to said Interest Period shall be calculated by the Calculation Agent by linear interpolation between two (2) interest rates based on the relevant Floating Rate, in which the first interest rate corresponds to a maturity immediately less than the duration of the relevant Interest Period and the second rate corresponds to a maturity immediately greater than the same relevant Interest Period.

**(ii) ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the applicable Pricing Supplements 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 Supplements), the Margin.

For the purposes of this subparagraph (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 the ISDA Definitions under the terms of which:

- (a) the Floating Rate Option is as specified in the applicable Pricing Supplements;
- (b) the Designated Maturity is as specified in the applicable Pricing Supplements; and
- (c) the relevant Reset Date is the first day of such Interest Accrual Period, unless provided otherwise in the applicable Pricing Supplements.

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 Supplements 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**

When a Screen Rate Determination is specified in the applicable Pricing Supplements 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 for said Interest Accrual Period as specified below:

- (A) if the primary source for the Floating Rate is a Screen Page, subject to what is specified below in Article 4.3(c)(iv), the Interest Rate shall be:
  - I. the Benchmark (when the Benchmark on said Screen Page is a composite quotation or is customarily supplied by one entity), or
  - II. the arithmetic mean of the Benchmarks of the entities whose Benchmarks appear on that Screen Page,

in each case as published on said Screen Page, at the Reference Time on the Coupon Determination Date, as indicated in the applicable Pricing Supplements, decreased or increased, as appropriate (as indicated in the applicable Pricing Supplements), by the Margin;

- (B) if the primary source for the Floating Rate is Reference Banks or if subparagraph (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 Supplements) 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 Euro-zone 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 Supplements).

If the paragraph "Benchmark" in the applicable Pricing Supplements provides that the rate shall be determined by linear interpolation in respect of an Interest Period, the Interest Rate applicable to said Interest Period shall be calculated by the Calculation Agent by linear interpolation between two (2) rates based on the applicable Benchmark, where the first rate corresponds to a maturity immediately lower than the duration of the relevant Interest Period and the second rate corresponds to a maturity immediately greater than said 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 to the provisions of Article 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 Supplements), 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 or about 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-Reuters (as defined in the ISDA Definitions) with a Designated Maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;

(ii) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/365 (Fixed) day count basis, of a fixed-for-floating Sterling 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 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBORBBA with a designated maturity of three months;

(iii) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of

the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar 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, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and

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

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

**(iv) Benchmark discontinuation**

If an Event on the Benchmark related to the Initial Reference Rate occurs at any time when the Terms of the Notes stipulate that the Interest Rate shall be determined by reference to this Initial Reference Rate, the following provisions shall apply and take precedence over the other alternative measures stipulated in Article 4.3(c)(iii).

**(A) Independent Adviser**

The Issuer must make reasonable efforts to name an Independent Adviser as soon as this is reasonably possible, in order to determine a Successor Rate or, if not, an Alternative Rate (pursuant to Article 4.3(c)(iv)(B)) and, in each case, a Spread Adjustment, if applicable (pursuant to Article 4.3(c)(iv)(C)) and any Change in the Benchmark (pursuant to Article 4.3(c)(iv)(D)).

An Independent Adviser designated in accordance with this Article 4.3(c)(iv) shall act in good faith as an expert and (in the absence of bad faith or fraud) may not, under any circumstances, be held liable 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 Supplements, or to the Noteholders for any determination it has made pursuant to this Article 4.3(c)(iv), except in the event of manifest error or negligence on the part of the Independent Adviser.

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

If the Independent Adviser determines in good faith:

- I. that there is a Successor Rate, then said Successor Rate (subject to the adjustments provided for by Article 4.3(c)(iv)(D)) shall be subsequently used in place of the Initial Reference Rate to determine the relevant Interest Rate or Rates for all subsequent interest payments on the Notes (subject to the subsequent application of this Article 4.3(c)(iv)); or

II. that there is no Successor Rate, but an Alternative Rate, then said Alternative Rate (subject to the adjustments provided for by Article 4.3(c)(iv)(D)) shall be subsequently used in place of the Initial Reference Rate to determine the relevant Interest Rate or Rates for all subsequent interest payments on the Notes (subject to the subsequent application of this Article 4.3(c)(iv)).

(C) Spread Adjustment

If the Independent Adviser determines in good faith that (i) a Spread Adjustment must be applied to the Successor Rate or the Alternative Rate (as applicable) and (ii) the amount, or a formula or a method for determining said Spread Adjustment, then this Spread Adjustment shall be applied to the Successor Rate or Alternative Rate (as applicable) for each subsequent determination of the Interest Rate in question referring to said Successor Rate or Alternative Rate (as applicable).

(D) Modification of the Benchmark

If a Successor Rate, Alternative Rate or a Spread Adjustment is determined in accordance with this Article 4.3(c)(iv), and the Independent Adviser determines in good faith (i) that changes in the Terms and Conditions of the Notes (including, but not limited to, changes in the definitions of the Day Count Fraction, Business Days or Screen Page) are necessary to ensure the correct functioning of said Successor Rate, Alternative Rate and/or Spread Adjustment (these changes, **Changes in the Benchmark**) and (ii) the procedures for Changes in the Benchmark, then the Issuer must, subject to notification pursuant to Article 4.3(c)(iv)(E), without the necessity of obtaining consent or approval from Noteholders, amend the Terms and Conditions of the Notes to give effect to such Changes in the Benchmark as from the date indicated in said notification.

In the context of such a change pursuant to this Article 4.3(c)(iv), the Issuer must comply with the rules of the market on which the Notes are listed or admitted to trading at that time.

Following the determination of a Successor Rate or Alternative Rate, the alternative measures provided in Article 4.3(c)(iii) shall apply to the Successor Rate or Alternative Rate, or if applicable, if a Benchmark Rate Event occurs, the Successor Rate or Alternative Rate shall be deemed to be the Initial Reference Rate for the purposes of this Article 4.3(c)(iv).

(E) Notification, etc.

After receiving such information from the Independent Adviser, the Issuer must immediately notify the Fiscal Agent, the Calculation Agent, the Paying Agents, the Representative (as applicable) and, pursuant to Article 14, the Noteholders, of any Successor Rate, Alternative Rate, Spread Adjustment and the specific terms of all Changes in the Benchmark determined in accordance with this Article

4.3(c)(iv). This notification shall be irrevocable and shall specify the effective date of the Changes in the Benchmark, if any.

(F) Alternative measures

If, following the occurrence of a Benchmark Index Event and in relation to the determination of the Interest Rate of the immediately following Coupon Determination Date, no Successor Rate or Alternative Rate (is applicable) is determined in accordance with this provision, the alternative measures relating to the Initial Reference Rate otherwise provided for in Article 4.3(c)(iii), being the Interest Rate determined on the preceding Coupon Determination Date, shall continue to apply to such determination (after readjustment to take account of any difference in the Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and the relevant Interest Accrual Period as indicated, where appropriate, in the applicable Financial Conditions).

Under such circumstances, the Issuer shall have the right (but not the obligation), at any moment thereafter, to choose to apply the provisions of this Article 4.3(c)(iv), *mutatis mutandis*, one or more times until the Successor Rate or the Alternative Rate (and, if applicable, any Spread Adjustment and/or related Changes in the Benchmark) has been determined and notified pursuant to this Article 4.3(c)(iv) (and until such determination and notification (as applicable), the alternative clauses stipulated elsewhere in these Terms and Conditions, including (to avoid any ambiguity) the alternative measures stipulated in Article 4.3(c)(iii), shall continue to apply in accordance with their terms and conditions unless a Benchmark Event occurs).

(G) Definitions

In this Article 4.3(c)(iv):

**Spread Adjustment** means a spread (that may be positive or negative), or a formula or method of calculating a spread, in all cases, which the Independent Adviser determines and which must be applied to the Successor Rate or the Alternative Rate (as applicable) in order to reduce or eliminate, to the extent possible under such circumstances, any economic disadvantage or advantage (as applicable) for Noteholders resulting from the replacement of the Initial Reference Rate by the Successor Rate or the Alternative Rate (as applicable) and the spread is the formula or method which:

- (i) in the case of a Successor Rate, is formally recommended or formally stipulated by any Competent Nominating Organisation as an option to be adopted by the parties in the context of the replacement of the Initial Benchmark Index by the Successor Rate;
- (ii) in the case of an Alternative Rate (or in the case of a Successor Rate when section (i) above does not apply), is determined by the Independent Adviser and corresponds to the market practice on the international bond markets for transactions



referring to the Initial Reference Rate, when this rate has been replaced by the Alternative Rate (or, if applicable, by the Successor Rate); or

- (iii) if no recommendation or option has been formulated (or made available), or if the Independent Adviser determines that there is no spread, formula or method corresponding to market practice, is determined as appropriate by the Independent Adviser acting in good faith.

**Independent Adviser** refers to an internationally recognised independent financial institution or an independent advisor of recognised quality that has the appropriate expertise, appointed by the Issuer at its own expense pursuant to Article 4.3(c)(iv)(A).

**Benchmark Event** means, in relation to an Initial Reference Rate:

- (i) the Initial Reference Rate which has ceased to exist or to be published;
- (ii) the later of the following cases: (a) the public declaration by the administrator of the Initial Reference Rate that it will cease, no later than on a specific date, publishing the Initial Reference Rate permanently or indefinitely (if no replacement of the administrator has been named to continue publication of the Initial Reference Rate) and (b) the date six months before the date indicated in (a);
- (iii) the public declaration by the supervisor of the administrator of the Initial Reference Rate that the Initial Reference Rate has permanently or indefinitely ended;
- (iv) the later of the following cases: (a) the public declaration from the supervisor of the Initial Reference Rate administrator that the Initial Reference Rate will permanently or indefinitely end, before or no later than a specific date and (b) the date six months before the date indicated in (a);
- (v) the public declaration of the supervisor of the administrator of the Initial Reference Rate that the Initial Reference Rate, in the supervisor's opinion, is no longer representative of an underlying market or its method of calculation has changed significantly;
- (vi) the public declaration by the supervisor of the administrator of the Initial Reference Rate that the Initial Reference Rate will be prohibited from use, or its use will be subject to significant restrictions or adverse consequences, within the next six months in each case;
- (vii) it is, or becomes, illegal, before the next Coupon Determination Date, for the Issuer, the party responsible for determining the Interest Rate (which is the Calculation Agent, or any other party stipulated in the relevant Pricing

Supplements, as applicable), or any Paying Agent to calculate the payments that must be made to any Noteholder using the Initial Reference Rate (including, but not limited to, pursuant to the Regulation on Benchmarks (EU) 2016/1011, if applicable); or

- (viii) that a decision to suspend the approval or registration, pursuant to Article 35 of the Regulation on Benchmarks (EU Regulation 2016/1011), of any administrator of the benchmark authorised until then to publish said Initial Reference Rate, has been taken.

**Competent Nominating Organisation** refers to, in relation to a benchmark or a screen rate (as applicable):

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

**Alternative Rate** means an alternative benchmark or alternative screen rate which the Independent Adviser determines pursuant to Article 4.3(c)(iv) and which reflects market practice on the international bond markets in order to determine the interest rates for a corresponding interest period and in the same Specified Currency as the Notes.

**Initial Reference Rate** means the benchmark or the screen rate (as applicable) originally specified for the purpose of determining the relevant Interest Rate for the Notes.

**Successor Rate** means a successor or substitute to the Initial Interest Rate that is formally recommended by any Competent Nominating Organisation, and if, following a Benchmark Index Event, two or more successor or substitute rates are recommended by any Competent Nominating Organisation, the Independent Adviser shall determine which of the successor or substitute rates is the most appropriate, taking into account the specific characteristics of the relevant Notes and the nature of the Issuer.

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

Each Fixed Rate/Floating Rate Note bears interest at a rate (i) which the Issuer may decide to convert on the date indicated in the Pricing Supplements in question from a Fixed Rate to a

Floating Rate (from among the types of Floating Rate Notes described in Article 4.3(c) above) (or inversely) or (ii) which will be automatically converted from a Fixed Rate to a Floating Rate (or vice-versa) on the date indicated in the relevant Pricing Supplements.

#### **4.5 Zero Coupon Notes**

If a Zero Coupon Note is redeemable prior to its Maturity Date by exercise of a Redemption Option at the Issuer's discretion or, if so specified in the applicable Pricing Supplements, pursuant to Article 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 equal to the Optional Redemption Amount or the Early Redemption Amount, as applicable. 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 Article 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 judgement) at the Interest Rate in the manner provided in Article 4 up to the Relevant Date.

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

- (a) If a Margin or Rate Multiplier is specified in the applicable Pricing Supplements (either (x) generally or (y) in relation to one or more Accrued Interest Periods), an adjustment shall be made to all Interest Rates, in case (x), or for the Interest Rates applicable to the relevant Accrued Interest Periods in case (y), calculated in accordance with paragraph (c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of said Margin or by multiplying the Interest Rate by said Rate Multiplier, subject in each case to the provisions of the following paragraph.
- (b) If a Minimum or Maximum Interest Rate is specified in the applicable Pricing Supplements, 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 and Conditions, (i) if the FBF Determination is specified in the applicable Pricing Supplements, all percentages resulting from such calculations shall be rounded off, if necessary, to the nearest ten thousandth (with halves being rounded up), (ii) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal place (with halves being rounded up), (iii) all numbers shall be rounded to the seventh number after the decimal point (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), except the 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 applying the Interest Rate to the non-repaid principal of each Note and by multiplying the result obtained by the Day Count Fraction, unless a Coupon Amount (or a formula for its calculation)

is specified for said periods, in which case the amount of interest payable in respect of said Note for this same period shall be equal to said Coupon Amount (or be calculated in accordance with the formula). If an Interest Period comprises two or more Accrued Interest Periods, the amount of interest payable in respect of said Interest Period shall be the sum of the interest payable in respect of each of those Accrued Interest 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 possible after the Reference Time on the date on which the Calculation Agent may be required to calculate any rate or amount, obtain a quotation, determine an amount or calculation, it shall determine this rate and calculate the Coupon Amounts for each Nominal Value Indicated for the Notes during the corresponding Accrued Interest Period. It shall also calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or the Instalment Amount, obtain the corresponding quotation, or perform the determination or calculation that may be necessary. It shall then notify the Interest Rate and the Coupon Amounts for each Interest Period and the relevant Coupon Payment Date and, if required, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any other Instalment Amount, to the Fiscal Agent, the Issuer, each of the Paying Agents and any other Calculation Agent designated for the Notes to conduct additional calculations upon receipt of said information. If the Notes are listed for trading on a regulated market and the rules of said market require it, it shall also notify said information to this market and/or to the Noteholders as soon as possible after determination, no later than (i) the start of the relevant Interest Period, if the information is determined prior to said date, in the case of a notification of the Interest Rate and Coupon Amount to said market, or (ii) in all other cases, no later than the fourth Business Day after they are determined. Where any Interest Payment Date or Interest Accrual Period Date is subject to adjustment pursuant to Article 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 each rate or amount, the obtaining of each quotation and each of the determinations or calculations made 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 ensure that there are at all times four Reference Banks (or such other number as may be required) with at least one office in the Reference Financial Centre and one or more Calculation Agents if so specified in the applicable Pricing Supplements for as long as Notes are outstanding (as defined in Article 3 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 Reference Financial Centre to act as such in its place. If more than one Calculation Agent is named in respect of the Notes, any reference in these Terms and Conditions to the Calculation Agent shall be construed as a reference to each Calculation Agent acting under these Terms and Conditions. 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, on the money market or the swaps 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 from its duties before a successor has been named under the conditions 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 redeemed on the Maturity Date specified in the applicable Pricing Supplements at its Final Redemption Amount (which, unless otherwise provided, equals its nominal amount (except for Zero Coupon Notes)) specified in the applicable Pricing Supplements or, in the case of Notes governed by Article 5.2 below, its final Instalment Amount.

### **5.2 Redemption by instalments**

Unless previously redeemed or purchased and cancelled as provided in this Article 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 Supplements. The outstanding nominal amount of each of these Notes 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 the Note, shall be reduced proportionally) on or after 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 presentation of the related Receipt, in which case, this amount shall remain due until the Reference Date of said Instalment Amount.

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

If an Issuer's Redemption Option is specified in the applicable Pricing Supplements, the Issuer may, subject to compliance with all applicable laws, regulations and directives, and provided that it so irrevocably notifies Noteholders no fewer than 15 calendar days and no more than 30 calendar days in advance pursuant to Article 14 (or any other notice period stipulated in the applicable Pricing Supplements), redeem all or, if applicable, a portion of the Notes on the Optional Redemption Date. Any such redemption of Notes shall be made at the Optional Redemption Amount stipulated in the relevant Pricing Supplements, plus any interest accrued up to the date set for redemption in the applicable Pricing Supplements. Each of these redemptions must relate to Notes of a nominal amount at least equal to the minimum nominal amount redeemable as specified in the applicable Pricing Supplements and may not exceed the maximum nominal amount redeemable as specified in the applicable Pricing Supplements.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in said notice in accordance with this Article.

In the case of a partial redemption by the Issuer for Materialised Notes, the notice to holders of such Materialised Notes must also indicate the number of Physical Notes to be redeemed. 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 a Noteholder's Redemption Option is specified in the applicable Pricing Supplements, the Issuer must, at the request of the Noteholder and provided that he so irrevocably notifies the Issuer at least 15 calendar days and no more than 30 calendar days in advance (or any other advance notice stipulated in the relevant Pricing Supplements), redeem said Note on the Optional Redemption Date or Dates at the Optional Redemption Amount stipulated in the relevant Pricing Supplements, plus any interest accrued up to the date set for redemption in the relevant Pricing Supplements. 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 applicable. In the case of Materialised Notes, the relevant Notes (as well as the Receipts and Coupons not due and the Talons not exchanged) 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 Article 5.6 or 5.9 or upon it becoming due and payable as provided in Article 8, be the Amortised Face Amount (calculated as provided below) of this Note.
- (ii) Subject to the provisions of sub-section (iii) below, the Amortised Face Amount of any Zero Coupon Note shall be the Final Redemption Amount of said Note on the Maturity Date discounted at an annual rate (expressed as a percentage) equal to the Yield (which shall be, if a rate is not stipulated in the applicable Pricing Supplements, the rate that would result in an Amortised Face Amount equal to the issue price of the Notes if discounted back to the 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 Article 5.6 or 5.9 or upon it becoming due and payable in accordance with Article 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 (both after and before any judgement) 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 Article 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 in Article 4.1 and specified in the applicable Pricing Supplements.

### (b) Other Securities

The Early Redemption Amount due for any other Note, at the redemption of said Note pursuant to Article 5.6 or 5.9, or if this Note becomes due and payable pursuant to Article **Error! Reference source not found.**, shall be equal to the Final Redemption Amount (unless otherwise stipulated in the applicable Pricing Supplements) or in the case of Notes governed by Article 5.2 above, at the non-amortised face value plus all accrued interest up to the effective redemption date.

## **5.6 Redemption for tax reasons**

- (a) If, at the time of any repayment of principal, payment of interest or other amounts, the Issuer is forced to make additional payments pursuant to Article 7.2 below, as a result of changes in French laws and regulations, or for reasons arising from changes in the official application or interpretation thereof after the Issue Date, the Issuer may then, at any Coupon Payment Date or, if this is stipulated in the applicable Pricing Supplements, at any time, provided that it notifies Noteholders in accordance with Article 14, no earlier than 45 calendar days and no later than 30 calendar days prior to said payment (this notice shall be irrevocable), redeem in full or in part only, the Notes at the Early Redemption Amount plus all interest accrued until the redemption date set, provided that the redemption date set in the notice is not earlier than the last date on which the Issuer is able, in practice to make the payment of principal, interest or other amounts without taking French withholding tax or deductions.
- (b) If, at the next repayment of principal or the next payment of interest or other amounts in respect of the Notes, Receipts or Coupons, the Issuer's payment of the total amount payable to Noteholders was prohibited by French law, despite the commitment to pay any additional sum stipulated in Article 7.2 below, the Issuer should immediately so advise the Fiscal Agent. The Issuer shall, having given seven calendar days' notice to the Noteholders in accordance with Article 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, on (i) 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 Supplements, 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 or Coupons or, if that date is passed, as soon as practicable thereafter.

## **5.7 Purchases**

The Issuer may at any time purchase Notes on or off the stock market (including through a public offer) at any price (provided however that, in the case of Materialised Notes, all non-due Receipts and Coupons, and all unexchanged Talons relating thereto, are attached to or surrendered with said 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 Article 5.8.

## **5.8 Cancellation**

Notes purchased for cancellation in accordance with Article 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 Receipts and Coupons not due, and all unexchanged Talons attached to said Notes, if any, and in each case, if they are so transferred and surrendered, all said Notes shall be, together with all Notes redeemed by the Issuer, immediately cancelled (as well as, in the case of Dematerialised Notes, all rights in respect of payment of interest and other amounts in respect of the Dematerialised Notes and, in the case of Materialised Notes, all Receipts and Coupons not due and all unexchanged Talons attached thereto or surrendered at the same time). Notes so cancelled or, as applicable, 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 French 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 reimburse, having given notice to the Noteholders in accordance with Article 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 after said payments to said Account Holders or Bank.

### **6.2 Physical Notes**

#### **(a) Method of payment**

Subject to the following, any payment in a Specified Currency must 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 beneficiary's option, by cheque denominated in the Specified Currency drawn on a bank located in the principal financial market 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 be made (subject as provided below) 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 corresponding Notes and any interest payment in respect of Physical Notes shall be made (subject as provided below) 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 corresponding Coupons, in each case at the specified office of any Paying Agent located outside the United States of America (said term designates for the purposes of this document the United States of America (including the States and District of Columbia, its territories, possessions and other areas 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.

Receipts relating to Physical Notes that are not due (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 presented for payment together with all Coupons not due attached thereto (this expression includes, for the purposes herein, Coupons to be issued in exchange for Talons due); if this is not the case, the amount of any missing Coupon not due (or, in the case of a partial payment, the proportion of the amount of said missing Coupon not due corresponding to the amount paid in relation to the amount due) shall be deducted from the amount due. Any amount of principal so deducted shall be paid as stipulated above on the surrender of the missing Coupon before 1 January of the fourth year following the due date for payment of said amount, and not under any circumstances thereafter.

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

If the redemption date of a Physical Note is not an Interest Payment Date, the interest (if any) accrued on said Note since the previous Interest Payment Date (included) or, if applicable, the Interest Period Start Date (included) shall be paid only upon presentation and surrender (if applicable) of the Physical Note in question.

**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 (c) 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 tax laws**

All payments are subject to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Article 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. The Fiscal Agent, the Paying Agents and the Registration Agent act solely as agents of the Issuer, and the Calculation Agents solely as independent experts, 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 change 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, when the Terms and Conditions so require, (c) a Paying Agent with specified offices in at least two major European cities (providing financial services in respect of the Notes in France as long as Notes are listed for trading on the regulated market of Euronext in Paris (**Euronext Paris**) and as long as the regulations applicable to this market so require), (d) in the case of Dematerialised Notes in pure registered form, 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 Article 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 Article 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 Article 9).

#### **6.7 Business Days for payment**

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 in the financial market of the location where the note is presented for payment, (b) on which banks and foreign exchange markets are open in the countries specified as "Financial Centres" in the applicable Pricing Supplements and (c) (i), in the case of payment in a currency other than euro, when payment must be made by transfer to an account maintained with a bank in the Specified Currency, a day on which foreign exchange transactions may be executed in the relevant currency in the principal financial centre of the country in which said currency is legal tender or (ii), in the case of payment in euro, a day which is a TARGET Business Day.

## 6.8 **Bank**

For the purposes of this Article 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 euro, in a city in which banks have access to the TARGET system.

## 7. **TAXATION**

### 7.1 **Withholding tax**

All payments of principal, interest or other amounts linked to the Notes, Receipts or Coupons made by or on behalf of the Issuer shall be made without any withholding or deduction for any tax or duty imposed, levied or collected by or on behalf of France or any authority therein that has power to levy taxes, unless such withholding or deduction is required by any applicable regulation.

### 7.2 **Additional Amounts**

If French law should require that payments of principal, interest or other amounts in respect of any Note, Receipt or Coupon be subject to withholding or deduction for any tax or duty, present or future, the Issuer undertakes, to the fullest extent permitted by law, to increase its payments so that the holders of Notes, Receipts and Coupons receive the full amounts that would have been paid to them in the absence of such withholding or deduction; it is specified that the Issuer shall not be required to increase the payments on 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 Article 5 as completed by the Pricing Supplements, (ii) "interest" shall be deemed to include all Coupon Amounts and all other amounts payable pursuant to Article 4 as completed by the Pricing Supplements and (iii) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Article.

## 8. EVENT OF DEFAULT

If one of the following events occurs (each is an **Event of Default**), (i) the Representative (as defined in Article 10) on its own initiative or at the request of any Noteholder may, on written notification sent on behalf of the Masse (as defined in Article 10) by registered letter with acknowledgement of receipt to the Issuer with a copy to the Fiscal Agent before the breach in question has been remedied, make immediately and automatically due and payable the redemption of all Notes (not simply a portion of said Notes); or (ii) if there is no Representative of the Masse, any Noteholder may, on written notification by registered letter with acknowledgement of receipt to the Issuer with a copy to the Fiscal Agent, make immediately and automatically due and payable the redemption of all Notes held by the author of the notification, at the Early Redemption Amount plus all interest accrued up to the effective date of redemption, without the need for prior formal notice:

- (a) in the event of default in payment of any amount, whether principal or interest, due by the Issuer in respect of any Note, Receipt or Coupon for more than thirty (30) calendar days from the due date for such payment; or
- (b) in the event of a breach by the Issuer of any other provision of the Terms and Conditions of the Notes, if such breach is not remedied within sixty (60) calendar days from the receipt by the Issuer of the notice of such breach by the Representative or, in the event that the holders of Notes of a Series are not grouped in a Masse, a Noteholder; or
- (c) in the event that the Issuer is no longer able to meet its mandatory expenditures as defined in Article L.4321-1 of the French General Local Authorities Code; or
- (d) in the event of default in the payment of any amount in excess of €50,000,000 (fifty million euro) (or the equivalent thereof in any other currency) in respect of any existing or future bank or bond debt of the Issuer, other than the Notes, when due or, if applicable, on the expiry of any relevant grace period, or in the event of the enforcement of a security interest in any such debt in an amount in excess of €50,000,000 (fifty million euro) (or the equivalent thereof in any other currency) or in the event of default in payment of an amount in excess of €50,000,000 (fifty million euro) (or the equivalent thereof in any other currency) under a guarantee granted by the Issuer; or
- (e) the amendment of the legal status or regime of the Issuer, including as a result of a legislative or regulatory amendment, insofar as such modification reduces the rights of the Noteholders against the Issuer or delays the actions of the Noteholders against the Issuer or makes them more difficult or expensive;

it is understood that any event stipulated in paragraphs (c) and (d) above shall not constitute an Event of Default, and the time periods indicated in paragraphs (a) and (b) shall be suspended in the event of notification made by the Issuer to the Noteholders (pursuant to Article 14) before the expiration of the period in question (if a time period is indicated) of the need, in order to correct said failure or failures, to pass a resolution to allow the payment of unexpected or additional budget expenses for the debt expense up to (and including) the date on which this resolution becomes enforceable, as from which the suspension of the time periods stipulated above shall end.

The Issuer must notify the Noteholders (pursuant to Article 14) of the date on which said resolution becomes enforceable.

In the event that such resolution is not voted on and becomes enforceable at the end of a period of four (4) months from the notification sent by the Issuer to the Noteholders regarding the need

to adopt such resolution, the events referred to in paragraphs (c) and (d) above shall constitute an Event of Default and the periods referred to in paragraphs (a) and (b) above shall resume at the end of the four (4) month period.

## 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 1 January of the year following their respective due dates.

## 10. REPRESENTATION OF NOTEHOLDERS

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 Commercial Code, except articles L. 228-71 and R. 228-69 of the French Commercial Code, as supplemented by the present Article 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 Commercial Code, the names and addresses of the incumbent Representative of the Masse and his alternate shall be set forth in the applicable Pricing Supplements. 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 Supplements. 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 or her, where appropriate. Another Representative may be appointed.

All interested parties may at any time obtain the names and addresses of the initial Representative and their alternates 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 Commercial Code, each Noteholder shall prove the right to participate in Collective Decisions by registration of his or 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 (2<sup>nd</sup>) business day prior to the date of the Collective Decision at midnight, Paris time.

Collective Decisions must be published in accordance with Article 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, called by either the Issuer or the Representative. One or more Noteholders, who together hold at least one-thirtieth (1/30<sup>th</sup>) of the nominal amount of the Notes outstanding, may send a request to call a General Meeting to the Issuer and Representative. If a General Meeting has not been called within two (2) months after said request, the Noteholders may assign one Noteholder among them to file a request with the competent court in Paris to name an agent to call a General Meeting.

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

A notice indicating the date, time, place and agenda of the General Meeting shall be published in accordance with Article 10(h) at least fifteen (15) calendar days before the date of the General Meeting at first call, and not less than five (5) calendar days before the date of the General Meeting at second call.

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) percent of the nominal amount of the Notes outstanding, without having to meet the requirements for formalities and time periods stipulated in Article 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 Commercial Code, 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 Article 10(h).

Notices concerning a request for approval via a Written Decision (including by Electronic Consent) shall be published in accordance with Article 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 all expenses incurred in connection with the conduct of the affairs of the Masse, including all expenses relating to notices and Collective Decisions and, more generally, all administrative expenses approved by Collective Decision; it is, however, expressly stipulated that no expenses may be charged against the 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 Article 13) and the holders of the Notes of any series that have been consolidated with another Series in accordance with Article 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 Commercial Code, as supplemented by the present Article 10.

The single 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. A Representative shall be appointed as soon as the Notes of a Series are held by more than one Noteholder.

(h) Notice to Noteholders

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

For the avoidance of doubt in this Article 10, the term "outstanding" shall not include the Notes repurchased by the Issuer, pursuant to the applicable laws and regulations, as indicated in Article 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 additional Coupons, the Issuer shall be paid, at its request, the amount payable by the Issuer in respect of such Physical Notes, Receipts, Coupons or additional 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 (which is expected to be the *Financial Times*) 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 in one of the leading economic and financial daily newspapers with general circulation in Europe (which is expected to be the *Financial Times*). As 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 on the website of any relevant regulatory authority 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 Article.
- 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 Articles 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 Article 10 and Article R.228-79 of the French Commercial Code, 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, Securities and Coupons are governed by French law and must be interpreted accordingly.

## **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 is authentic.

## **15.3 Jurisdiction**

Any disputes against the Issuer relating to the Notes, Receipts, Coupons or Talons shall be brought before the competent courts of the Paris Court of Appeal (subject to mandatory rules regarding territorial jurisdiction of French courts). However, no private law enforcement measures may be taken and no seizure proceedings may be brought against the Issuer's assets or property.

## TEMPORARY GLOBAL CERTIFICATES IN RESPECT OF MATERIALISED NOTES

### 1. TEMPORARY GLOBAL CERTIFICATES

A Temporary Global Certificate in respect of Materialised Notes, without interest coupons, will initially be issued (a **Temporary Global Certificate**) for each Tranche of Materialised Notes, and shall be deposited no later than the issue date of said Tranche with a common depository (the **Common Depository**) for Euroclear Bank SA/NV, as the operator of the Euroclear system (**Euroclear**) and Clearstream Banking S.A. (**Clearstream**). Following deposit of such Temporary Global Certificate with a Common Depository, 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 Depository may also credit the accounts of subscribers of a nominal amount of Notes (if so specified in the applicable Pricing Supplements) 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, no earlier than the Exchange Date (as defined below):

- (a) if the relevant Pricing Supplements indicate that such Temporary Global Certificate is issued in accordance with Section 1.163-5(c)(2)(i)(C) of the U.S. Treasury Regulations (the **TEFRA C Rules**) or in connection with a transaction to which the United States Tax Equity and Fiscal Responsibility Act of 1982 (the **TEFRA Rules**) does not apply, in whole and not in part, against 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 U.S. Treasury regulations, that the Notes are not held by U.S. 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, **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 or Instalment Amounts 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.

**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 Article 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 (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 from the Note issue is intended to finance the Issuer's investments, as applicable, as more fully explained in the relevant Pricing Supplements.

## DESCRIPTION OF THE ISSUER

### I. Information on the Issuer's legal and organisational situation

#### 1 Legal name and registered office

The issuer is the Regional Council of Bourgogne-Franche-Comté (**Bourgogne-Franche-Comté region**, the **Region** or the Issuer), a French local authority.

The registered office of the Regional Council of Bourgogne-Franche-Comté is located at:

4, square Castan – CS 51857 – 25031 BESANCON CEDEX.

The Region's telephone number is 0 970 289 000.

The Regional Council of Bourgogne-Franche-Comté's website is: [www.bourgognefranchecomte.fr](http://www.bourgognefranchecomte.fr)

Other references are as follows:

- ✓ SIRET NO. 200 053 726 00028
- ✓ APE/NAF Code: 8411 Z (General public administration)
- ✓ LEI (Legal Entity Identifier) is: 969500A5HVI1BYE51L88.

The person responsible for this Offering Circular is:

#### **Marie-Guite Defay, President of the Bourgogne-Franche-Comté region**

By Deliberation No. 20AP.85 of 24 April 2020, delegation was given to the President of the Regional Council to draw up all acts relating to the implementation of the "EMTN" programme, to sign any document necessary for the preparation, implementation and monitoring of these issues.

#### 2 Issuer's legal form and organisational structure

##### 2.1 Legal form

The Bourgogne-Franche-Comté region is a French local authority created on 1 January 2016 by the merging of the regions of Bourgogne and Franche-Comté 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 of 4 October 1958 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.

Article 72 of the Constitution was supplemented by constitutional law no. 2003-276 of 28 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 are not subordinate to each other and are governed by legislation decided at the State level, the latter exercising review of legality through the Prefect. The regions, like other local authorities, cannot be subject to insolvency or liquidation proceedings and the loans they take out are not legally guaranteed by the French State.

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).

## **2.2 Organisational structure and functions**

The Bourgogne-Franche-Comté region is administered by a Regional Council made up of 100 members elected by universal direct suffrage. Under the terms of Law no. 2015-29 of 16 January 2015 amending the electoral code in particular, regional councillors are elected for six years; the last elections were held in December 2015 and the next ones are scheduled for March 2021.

Through its decisions, the Regional Council governs regional matters and votes, in particular, the Region's budget. Executive power is held by the President of the Regional Council.

The President of the Regional Council, elected by the 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. The President may be assisted by vice-presidents, or other members of the Regional Council, 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 permanent commission of the Regional Council of Bourgogne-Franche-Comté is made up of thirty-three elected members.

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.

From 1 January 2018 to 31 December 2023, the Regional Economic, Social and Environmental Council (CESER) of Bourgogne-Franche-Comté has 110 members, appointed by prefectoral decree, representing regional social, economic and environmental organisations, and divided into four bodies: Non-salaried companies and professional activities, employee trade unions, organisations participating in the collective life of the region and qualified individuals.

The CESER meets several times a year to validate the work carried out within the various commissions. In 2019, the CESER issued 35 opinions, notably on the following topics: Digital Development Coherence Strategy in Bourgogne-Franche-Comté (SCORAN BFC), Draft of the Regional Waste Prevention and Management Plan (PRPGD), Draft of the Regional Planning, Development and Territorial Equality Blueprint (SRADDET), Purchasing power measures: additional regional aid for job seekers, etc.

### ➤ *The Regional Council*

The Bourgogne-Franche-Comté Regional Council is made up of 100 members elected by universal direct suffrage.

The regional councillors are elected for six years, on regional lists composed of departmental sections by universal direct suffrage with proportional representation with distribution of the remainders at the highest average, without mixing or preferential voting.

Each department benefits from a number of seats also calculated according to its population: Côte-d'Or: 20 / Doubs: 19 / Jura: 10 / Nièvre: 7 / Haute-Saône: 10 / Saône-et-Loire: 19 / Yonne: 11 / Territoire de Belfort: 4.

The 100 members are currently divided into three political groups as follows, plus 9 non-attached members:

- ✓ "Notre région d'avance – la gauche unie [Our region moving forward- the united left]" Group: 51 seats;
- ✓ "Union des républicains, de la droite et du centre [Union of Republicans, Right and Centre]" Group: 25 seats;
- ✓ "Rassemblement National [National Rally]" Group: 15 seats.

### *The President and Vice-Presidents of the Regional Council*

The President of the Regional Council is Marie-Guite Dufay.

Elected by the regional councillors, the President presides over discussions of the regional assembly, prepares the deliberations and executes them. She manages the budget, organises the actions of the regional council and directs the community services.

La President of the Regional Council of Bourgogne-Franche-Comté is assisted by 15 vice-presidents who have each been delegated functions in a specific area of the region's work:

- ✓ First Vice-President Mr Michel Neugnot: Finance, Human Resources, Administrative Modernisation, Transportation, Travel and Intermodality;
- ✓ Second Vice-President: Ms Laurence Fluttaz: Culture and heritage;
- ✓ Third Vice-President: Mr Eric Houllay: Territorial cohesion and parks;
- ✓ Fourth Vice-President: Ms Frédérique Colas: Ecological transition and environment;
- ✓ Fifth Vice-President: Mr Patrick Molinoz: Youth, community life, secularism, innovation and digital development of territories;
- ✓ Sixth Vice-President: Ms Maude Clavequin: Higher education, research, university and evaluation;
- ✓ Seventh Vice-President: Mr Jean-Claude Lagrange: Economic development and new growth, employment;



- ✓ Eighth Vice-President: Ms Océane Charret-Godard: Continuing education, economic changes, territorial social dialogue and orientation;
- ✓ Ninth Vice-President: Mr Sylvain Mathieu: Forest, wood and mountain sector;
- ✓ Tenth Vice-President: Ms Laëtitia Martinez: Exercise, equality, citizenship;
- ✓ Eleventh Vice-President: Mr Patrick Ayache: European and international action, plan contract, attractiveness, tourism, export;
- ✓ Twelfth Vice-President: Ms Sophie Fonquernie: Agriculture, viticulture, food-processing and promotion of regional products;
- ✓ Thirteenth Vice-President: Mr Stéphane Guiguet: High schools and apprenticeship;
- ✓ Fourteenth Vice-President: Ms Valérie Depierre: Health and social training, people with disabilities;
- ✓ Fifteenth Vice-President: Mr Denis Hameau: Social and solidarity economy.

### **How the Regional Assembly functions**

The regional assembly, made up of the 100 regional councillors, meets at least quarterly (generally 5 to 7 times a year), in plenary session, to discuss the major orientations of regional policy, adopt and vote on budgetary decisions and documents (primary budget, supplementary budget, amending decisions, administrative account) as well as all the structuring schemes in its many areas of competence. Regional Council sessions take place over one to two days depending on the agenda. They are public and now broadcast in real time on the Région Bourgogne-Franche-Comté website.

In addition to these major orientations and in order to apply them, the regional assembly delegates to a standing committee, which generally meets once a month, the task of making decisions on the numerous files examined by the departments.

The standing committees, as well as the regional assembly meetings, are always preceded by thematic committee meetings. Each of these committees, in its specific field, reviews the files submitted to it and prepares the decisions of the standing committee and the regional assembly.

The five thematic committees are:

- ✓ Committee No. 1 (15 members): "Finance - citizenship and assessment of public policies - European funds and plan contract - international and Franco-Swiss relations - human resources - general administration and communication";
- ✓ Committee No. 2 (16 members): "Economic development for employment - social and solidarity economy - agriculture - wood - forest - tourism";
- ✓ Committee No. 3 (16 members): "Apprenticeship and vocational training - health and social - high schools - higher education - research";

- ✓ Committee No. 4 (16 members): "Territorial development - transportation - travel - intermodality - ecology - energy - health - digital infrastructures - mountains - parks";
- ✓ Committee No. 5: (16 members) "Culture - exercise - youth and community life - secularism - fight against discrimination - gender equality";

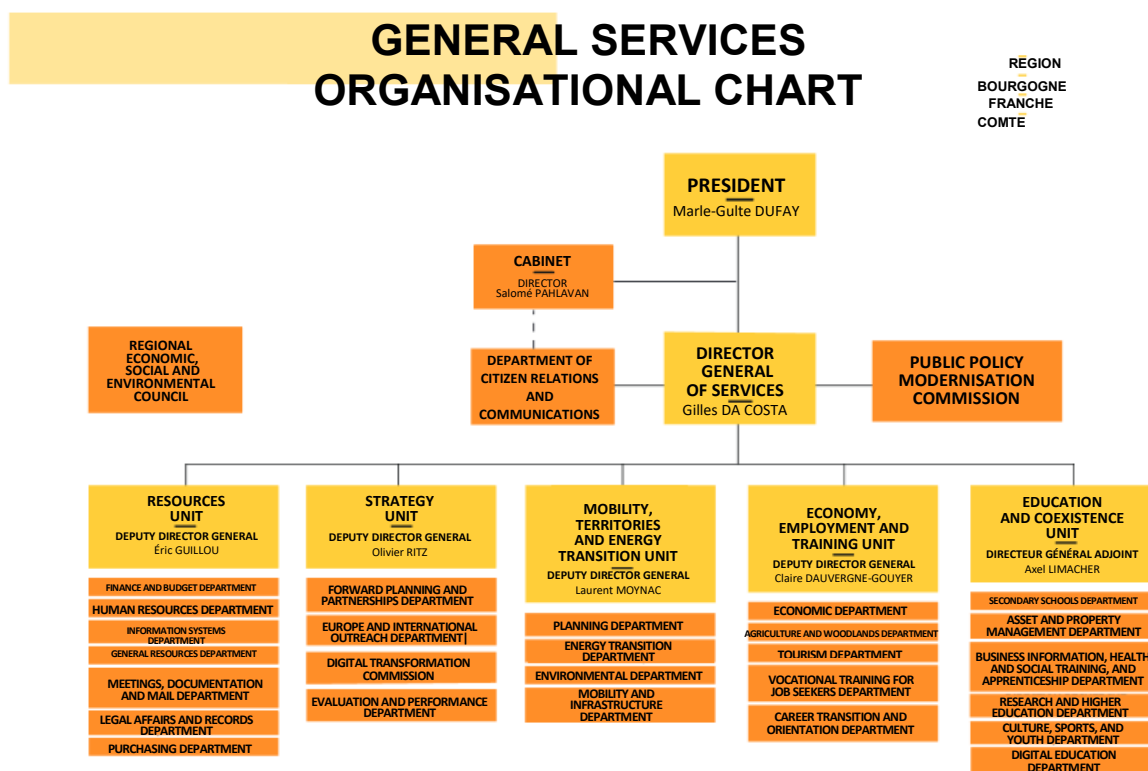
### Regional administration

The Region's administration employed 4209 people as at 31 December 2019 including 3764 civil servants and 435 non-civil servants.

These servants work within the administrative services or in a decentralised manner, in the Region's public high schools.

Administrative staff work under the authority of a director general of services and five deputy director generals. Regional work is carried out through 28 departments who split the various functions of the Region among themselves.

The general organisational chart of services appears below.



### 3 Regional functions

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 main functions of the Bourgogne-Franche-Comté Region appear below.

### Economic development

Economic development and employment is one of the Region's main areas of intervention, boosted further by the law dated 7 August 2015 on the new territorial organisation of the Republic (the **NOTRÉ 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 Regional Blueprint for Economic Development, Innovation and Internationalisation (SRDEII) was approved by the plenary assembly of the Regional Council of Bourgogne-Franche-Comté on 16 December 2016.

The Bourgogne-Franche-Comté Regional Economic Agency (AER) is a local relay for regional policies that support industries and companies. It works with companies in coordination with the State and organisations representing social and business partners. Bpifrance offers the Region tools tailored to the priorities of its economic development, innovation and internationalisation strategy that meet the needs of businesses. In 2019, the regions responded to the State's initiative through the "territories of industry" call for projects, overseeing the local management of the process. Ten winners were chosen in Bourgogne-Franche-Comté.

The Region has also supported applications in Bourgogne-Franche-Comté such as TIGA's for the Territoires d'innovation call for projects. Two projects were given awards in the region (out of 24 at the national level), "Dijon alimentation durable 2030" and "Belfort, Montbéliard, territoire industriel".

Digital technology is one of the major levers of the Region's activities to benefit companies and encourage job creation. In 2019, the Region and the State adopted the Regional Coherence Strategy for Digital Development in Bourgogne-Franche-Comté (SCORAN BFC).

In agriculture, the adoption of the Regional Agricultural Development Plan (PRDA) in 2017 set a framework for orienting agricultural policy around five structural challenges: creation and sharing of added value, promotion of agricultural professions, relations to societal challenges, grounding in cross-functional cooperation and adaptation in the face of unforeseen events. It should be noted that the Region voted for exceptional aid of €10 million in late 2018 to help farmers following the drought. Regional activities are also continuing, and more than 375 operational audits have been scheduled.

Tourism, a key sector of economic activity and attractiveness in our region (€4.6 billion per annum, or 6.3% of regional GDP and 41,200 jobs linked to tourism, or 4% of the region's total employment) is also given strong support as part of the 2017/2022 Regional Blueprint for the Development of Tourism and Leisure Activities (SRDTL) partnership scheme approved in October 2017. Among other actions, we can mention the development of growth-generating tourist accommodations.

As for research, the new 2019-2021 Bourgogne-Franche-Comté regional blueprint for higher education, research and innovation (SRESRI) approved on 11 October 2019 takes into account convergence of policies, regional leadership and changes in the facts on the ground, including the deployment of the Université de Bourgogne-Franche-Comté (UBFC) and the increasing influence of I-SITE BFC. It is

divided into 5 priorities and 15 strategies ranging from training to the early stages of experimental development of a product, service or process, as well as fundamental and applied research.

### 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 skills or to set up a business. The authority to do this is granted under the Law of 5 March 2014 on vocational training, employment and social democracy, which requires the State and Regions to build public lifelong guidance services.

The Bourgogne-Franche-Comté Region has contributed to the training of nearly 105,000 jobseekers and invested more than €300 million since 2016. The 20 December 2018 signing of the first Regional Skills Investment Agreement with the State entails a four-year reciprocal commitment for the 2019-2022 period amounting to €252 million. Its purpose is to train nearly 30,000 additional jobseekers in Bourgogne-Franche-Comté, and, for the Region, it is accompanied by the strengthening of existing measures (purchases of training courses, increases in trainee salaries, increases in transport aid, etc.).

### Initial training and high schools

The Region is responsible for the construction, renovation, maintenance (including the maintenance of digital equipment) and operation of high schools (lycées). Since 2004, it has been responsible for orientation, general and technical maintenance, food services and accommodation. Its responsibilities have recently been extended to the educational digital chain (internet connection, local networks, digital environment, etc.). In addition, the Region is involved in a range of actions that benefit high school students and their families, such as financing of educational resources, support for high school life, artistic and cultural education schemes and environmental awareness.

With commitments on the rise (nearly 110 million in 2019), the Region is continuing its efforts to encourage construction of the high school of the future through the management of a public school real estate portfolio of more than 2.5 million m<sup>2</sup> (221 sites, 1,431 buildings and 1,346 staff housing units). It pays particularly close attention to actions and operations dedicated to energy transition such as the improvement of building energy efficiency, installation of photovoltaic panels on the roofs of high schools and installation of wood-fired boilers.

The Region's apprenticeship policy, which has been extended on an experimental basis to over 25s, is based on 52 apprenticeship training centres (CFAs) and more than 300 training sites, enabling it to offer the teaching of 488 professions that meet the needs of companies. On 1 January 2019, 20,063 apprentices were preparing for accreditations from high school vocational diplomas (CAPs) to Master's degrees, including 340 young people over the age of 25.

It should be noted that the law "for the freedom to choose one's professional future" of 5 September 2018 profoundly transforms the governance of apprenticeships. The main provisions of this law came into force on 1 January 2020. This means that the Region lost two major powers: regulation of school zoning maps and the main financing of CFAs. The law nevertheless states that the Region is to refocus its involvement on the development and signature of objective and resource agreements with the operators of skills, finance investments in CFAs, and be given an additional operating allowance.

### Transport and mobility

Law no. 2000-1208 dated 13 December 2000 on solidarity and urban regeneration transferred the organisation and funding of regional passenger rail services to the regions beginning on 1 January 2002. The Bourgogne-Franche-Comté Region is therefore the organising authority for regional passenger transport within its territory. To that end, it implements a transport policy aimed in particular at

improving infrastructure and equipment (financing of trains, development of urban transport, development of stations, etc.) in conjunction with the SNCF, with which it has a TER agreement:

As a regional power that has been strengthened since the NOTRé law, mobility is an essential ingredient in a more attractive region and a society model whose development continues in a more sustainable way. The Region thus hopes to unify a quality regional transport network based on intermodality and innovation that promotes mobility solutions best suited to individual needs, shared uses and more environmentally friendly modes of transport.

The modernisation of infrastructures is a strong mobiliser of regional investment, for railway lines and stations especially, but also for roads through the planning agreement between the State and regional government (CPER) or ports and airports (regional airport strategy defined in June 2017).

The Region has stepped up its rolling stock renewal policy: after approval of the strategy at the plenary session on 25 May 2018, it approved the acquisition of 16 Régiolis trainsets for over €210 million in 2019. The new TER agreement with the SNCF negotiated in 2018 provides for 6% more supply and 10,000 additional seats per day for users, as well as an improvement in quality of service.

Alongside these actions to optimise and modernise what already exists, the Region is preparing for the future with the development of innovative solutions. For example, it has volunteered to experiment with the circulation of hydrogen trains.

In addition, pursuant to the provisions of the law of 7 August 2015 on the new territorial organisation of the Republic (known as the NOTRé law), the Region has also, since 1 January 2017, been conducting policies relating to interurban transport, and from 1 September 2017, policies relating to school transport (excluding care for disabled pupils, which remains a departmental responsibility):

With regard to interurban transport, the Region is fully assuming its role as Organising Authority for Mobility with the creation of SPL Mobilités BFC on 1 January 2018. As for school transport, following the integration phase of that power granted under the NOTRé law, the studies conducted have enabled the Region to confirm the implementation, starting September 2019, of free school transport throughout the region as well as the deployment of a ticketing system on school transport services.

In the near future, the Mobility Guidelines Act (LOM) will extend the responsibilities of the regions in terms of organising the mobility chain in the territory.

### Planning

Planning is a major function of the regions, which was further bolstered by the NOTRé law. The latter instituted a new scheme, the Regional Planning, Sustainable Development and Territorial Equality Scheme (*Schéma Régional d'Aménagement, de Développement Durable et d'Égalité des Territoires*, SRADDET). These measures are referred to as Ici 2050 in Bourgogne-Franche-Comté. A SRADDET must set medium- and long-term objectives relating to eleven mandatory areas, thus making it the regional reference document for local planning. The Bourgogne-Franche-Comté Region decided to add digital technology to these mandatory areas when it discussed the scheme on 13 January 2017.

The Ici 2050 Regional Planning, Sustainable Development and Territorial Equality Scheme (SRADDET) was approved by the plenary session of the Bourgogne-Franche-Comté Regional Council on 25 June 2020.

In addition to sectoral policies, cross-functional actions aimed at all sub-regional territories are essential as regards the structuring of the region (a territory with little polarisation based on an urban framework made up of numerous central points) and the potential attractiveness of its rural character and the quality of its heritage and landscapes.

The Region's involvement is based on five core concepts in the territorial cohesion policy: the 34 territorial CAP agreements (€90m over 2018-2020) targeted towards small towns and urban areas, the 40 town-centre revitalisation agreements, the four metropolitan development agreements (Dijon Métropole, Grand Besançon Métropole, CU Creusot-Montceau, Nord Franche-Comté cluster), the so-

called "urban policy" districts, and rural areas, which are areas that are facing many changes and challenges and have needs that the Region, as the guarantor of balance, must take into account.

#### *The environment and energy efficiency*

Issues related to ecological and energy transitions are a key component of regional actions. Bourgogne-Franche-Comté possesses an exceptionally attractive natural environment and has high ambitions for the era of transition it has begun in terms of protection of biodiversity, the move towards being a zero net energy territory, reuse of resources, recycling of waste and the offering of mobility solutions best suited to everyone's needs and respectful of the environment.

Bourgogne-Franche-Comté was one of the first regions to establish a Regional Biodiversity Agency (ARB). Officially created in the summer of 2019 in the form of a Public Establishment for Environmental Cooperation (EPCE), this agency will be responsible for networking stakeholders and ensuring the consistency of public policies, pooling and promoting knowledge systems and tools, and making biodiversity an economic development issue.

The Region will also implement its Regional Waste Prevention and Management Plan following the public enquiry completed in July 2019. The Public Energy Efficiency Service (SPEE) was officially launched in 2018 with the commitment of eight territories acting as drivers.

#### *Culture, sport, youth*

Through its cultural policy, the Region supports more than 500 projects covering a whole range of expressions, such as culture for all, heritage restoration, the book industry and film production.

The transfer of Centres for Sport Resources, Expertise and Performance (CREPS) as a result of the NOTRé law has helped to increase the region's visibility in high-level sport. At the same time, the Region contributes to the structuring of the regional sport movement, supports the organisation of events and finances structural equipment, minibuses and materials. 100% of regional sport development contracts propose specific actions for the promotion of women's sport or the empowerment of women to take on responsibilities in associations.

Measures targeted towards young people have been strengthened and extended throughout the country. Particular mention should be made of assistance with driving licences, region-wide coordination through the merger of the two Youth Network Information Centres (CRIJs), as well as the deployment throughout the region of the Carte Avantage Jeunes (Youth Benefits Card).

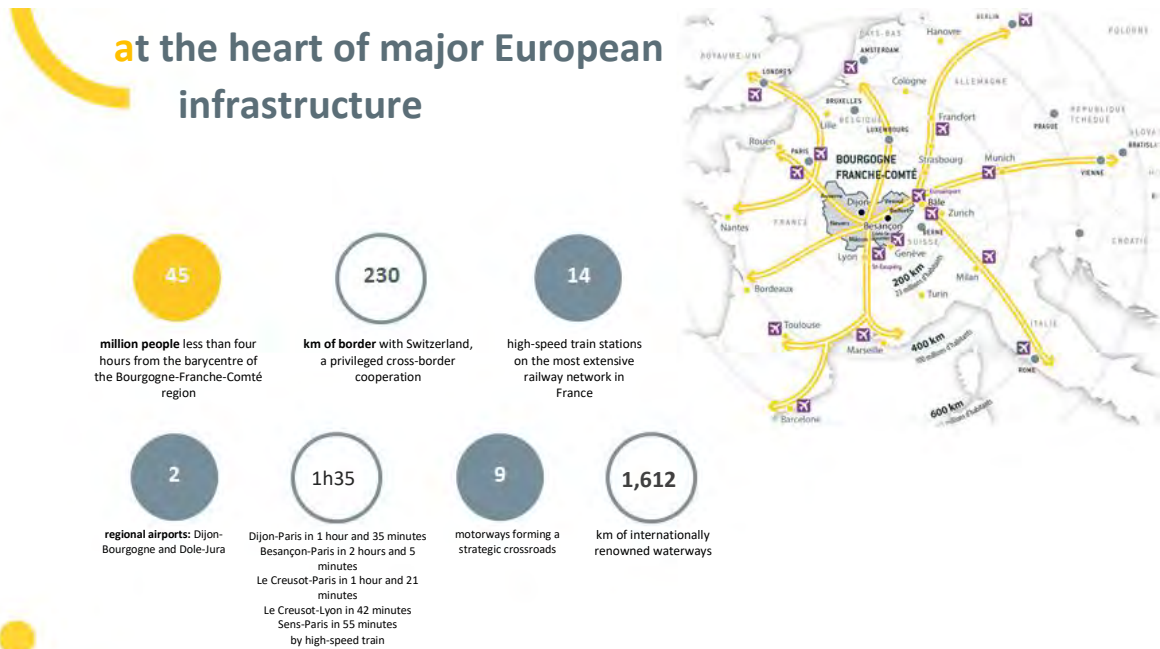
#### *European funds management.*

Pursuant to the law on the Modernisation of Territorial Public Action and the Affirmation of Metropolises (known, using its French acronym, as the MAPTAM law), the Region has become the managing authority for European structural and investment funds for the 2014-2020 programming period.

## II. Economic information

### 1. Geography and demographics

#### 1.1 Geography



With its common border with Switzerland and the Ile-de-France, Centre-Val de Loire, Grand Est and Auvergne-Rhône-Alpes Regions, Bourgogne-Franche-Comté enjoys a privileged position in the heart of Europe.

Bourgogne-Franche-Comté has an area of 47,800 km<sup>2</sup> and is divided into eight departments.



## 1.2 Demographic trends

With 2,811,423 inhabitants as of 1 January 2017 (the most recent legal population census), Bourgogne-Franche-Comté contains 4.3% of the population of Metropolitan France. Between 2012 and 2017, it lost nearly 5,400 inhabitants, a modest decrease but a trend that will be heightened in the years to come. This demographic change is driven by a low natural balance over five years, with births still outweighing deaths until 2015. Net migration remains slightly negative.

Between 2012 and 2017, six departments were in demographic decline. In Nièvre, the loss of population continues and is accelerating. It is the department with the highest dropout rate in Metropolitan France, ahead of Haute-Marne and Ardennes. Jura, Saône-et-Loire, Yonne, Haute-Saône and Territoire de Belfort, which were still gaining inhabitants between 2007 and 2012, are now losing them. The turnaround is especially sharp for Haute-Saône and Territoire de Belfort. Thanks to their positive natural balance, Doubs and Côte-d'Or are the only two departments in the region to gain inhabitants, albeit at a lower rate than the national average.

Like the region, the largest municipalities are losing inhabitants, with the exception of Chalon-sur-Saône and especially Dijon, which has gained nearly 4,900 inhabitants in five years. However, while Besançon's population is declining, this is not the case for its intermunicipal region, whose demographic growth has increased. Located on the region's fringes, Sens and Mâcon benefit from the dynamism of the neighbouring regions (Île-de-France and Auvergne-Rhône-Alpes, respectively), and their population is increasing significantly. Finally, the loss of inhabitants is accelerating in certain municipalities that are isolated or located in economically precarious areas.

**Figure 1 — 5400 fewer inhabitants in Bourgogne-Franche-Comté than 2012**

Evolution of the Bourgogne-Franche-Comté population

	Municipal population			2012–2017 variation		2007–2012 variation	
	2017	2012	2007	Name	Annual average (%)	Name	Annual average (%)
Côte-d'Or	533,819	527,403	519,143	+ 6,416	+ 0.2	+ 8,260	+ 0.3
Doubs	539,067	531,062	529,133	+ 8,005	+ 0.3	+ 10,929	+ 0.4
Jura	260,188	260,932	258,897	- 744	- 0.1	+ 2,035	+ 0.2
Nièvre	207,182	216,786	221,488	- 9,604	- 0.9	- 4,702	- 0.4
Haute-Saône	236,659	239,750	237,197	- 3,091	- 0.3	+ 2,553	+ 0.2
Saône-et-Loire	553,595	555,039	551,842	- 1,444	- 0.1	+ 3,197	+ 0.1
Yonne	338,291	341,902	341,418	- 3,611	- 0.2	+ 484	+ 0.0
Territoire de Belfort	142,622	143,940	142,444	- 1,318	- 0.2	+ 1,496	+ 0.2
<b>Bourgogne-Franche-Comté</b>	<b>2,811,423</b>	<b>2,816,814</b>	<b>2,792,562</b>	<b>- 5,391</b>	<b>- 0.0</b>	<b>+ 24,252</b>	<b>+ 0.2</b>
Mainland France	64,639,133	63,375,971	61,795,238	+ 1,263,162	+ 0.4	+ 1,580,733	+ 0.5

Source: INSEE, population censuses



## 2. Economic environment

### 2.1 Employment - unemployment

At the end of 2019, Bourgogne-Franche-Comté had 969,900 jobs (up 530 in one year). Regional employment is supported by growth in Côte-d'Or, Jura and Haute-Saône.

At the end of 2019, the unemployment rate in Bourgogne-Franche-Comté was 7.2% of the working population, compared with 8.1% nationally. It declined in the region by 0.3 points over one year and reached its lowest level since 2008. This decline can be seen in all eight departments, and Jura remains the most protected from unemployment. Bourgogne-Franche-Comté is slipping in the ranking of regions in Metropolitan France least affected by unemployment. It was in third at the beginning of 2019, and it is now in fifth. It was overtaken by Brittany, Pays-de-Loire, Auvergne-Rhône-Alpes and Île-de-France.

At the end of 2019, in Bourgogne-Franche-Comté, nearly 211,100 people were registered with Pôle Emploi in Categories A, B and C. This is 3,500 fewer jobseekers than at the end of last year, for a decline of 1.7%, which is less than the national level (-3%).

#### ➤ Breakdown by category of jobseekers

In Bourgogne-Franche-Comté, the trend in the number of jobseekers is slightly less favourable for all age groups than at the national level. The largest age group (ages 25-49) has 2.1% fewer jobseekers compared to the previous year. However, it is young people who are benefiting from the stronger downturn in the region. For people aged 50 or over, the number of enrolments is stable at the regional level.

For the first time since 2016, the number of long-term jobseekers, i.e. those registered for more than one year, is down, with 1,860 fewer registered in one year, for a 1.8% drop. However, this decline is less marked than at the national level (- 2.6%).

#### ➤ Sectoral distribution of activity and employment

Employment rose 0.3% in the public sector, whereas it was stable in the private sector. At the national level, the increase was 1.1%, with private employment driving growth (+1.4%).

In the region, agriculture, construction and above all the commercial tertiary sector, excluding temporary employment, are on the rise when the industry is continuing its decline of previous years.

- In 2019, in Bourgogne-Franche-Comté, temporary employment decreased by 0.9% (compared to -0.3% in France) even though there are strong disparities in the region.
- In 2019, the industry lost 1.2% of its permanent jobs in the region (- 2,000 jobs), while it gained 0.3% at the national level. Only the number of employees in the agro-food industry is increasing, and even showing slightly higher growth at the national level. Industrial employment is declining in all departments of the region except Haute-Saône.
- In construction, the workforce grew again in 2019 (+1%) but is still one third the level of the increase nationally.
- The tertiary sector  
*The commercial tertiary sector* (excluding temporary employment) gained 1,500 permanent jobs (+0.4%), but the gap is widening with the national level, whose increase was over four

times higher. Accommodation and restaurants is the main driver of this increase, along with business services and commerce. Conversely, financial and household services are losing jobs. *The non-market service sector* increased slightly in 2019 by nearly 500 jobs (+0.1%).

#### 5 Total paid employment by department and by major sector of activity in Bourgogne-Franche-Comté

	Employment as at 31/12/2019 (in thousands)	Year-on-year						
		Agriculture	Industry	Construction	Market services	of which Temporary	Non-market services	Total
Côte-d'Or	215.5	1.7	-1	2.4	1	-0,5	0.5	0,6
Doubs	195.7	1.2	-1.9	0.7	0.6	-3	-0.4	-0.2
Jura	85.7	7.2	-0.7	-0.7	0	-1,3	2	0,5
Nièvre	66.2	3.8	-1.6	-0.2	0.2	12.3	-0.3	-0.2
Haute-Saône	66.0	4.1	0.3	1	0.8	4.3	-0.1	0.4
Saône-et-Loire	182.7	1.3	-1.1	-0.1	-0.1	-3.3	-0.1	-0.2
Yonne	108.0	1.4	-0.4	4.1	0.1	-3.1	-0.9	-0,1
Territoire de Belfort	50.2	3.9	-3.5	-0.7	-2.2	4.5	1.5	-0.9
Bourgogne-Franche-Comté	969.9	2.3	-1.2	1	0.3	-0.9	0.1	0.1

Note: seasonally adjusted end-of-quarter data. Data for the last quarter is provisional.

Field: total paid employment

Source: INSEE, employment estimates: quarterly estimates by Acoess-URSSAF, Dares, INSEE.

#### ➤ Cross-border employment

Economic ties continue to strengthen with the Swiss cantons. Their employment hubs attract many French residents who are prepared to travel daily to work there. In 2019, Bourgogne-Franche-Comté became the second-largest region for the number of French resident workers in Switzerland, behind Auvergne-Rhône-Alpes.

Nearly 37,500 non-Swiss Bourgogne-Franche-Comté residents are professionally active in Switzerland. The cantons of Vaud and Neuchâtel are home to almost three-quarters of these cross-border workers.

Cross-border employment has a strong influence on the residential and demographic dynamics of France's neighbouring territories.

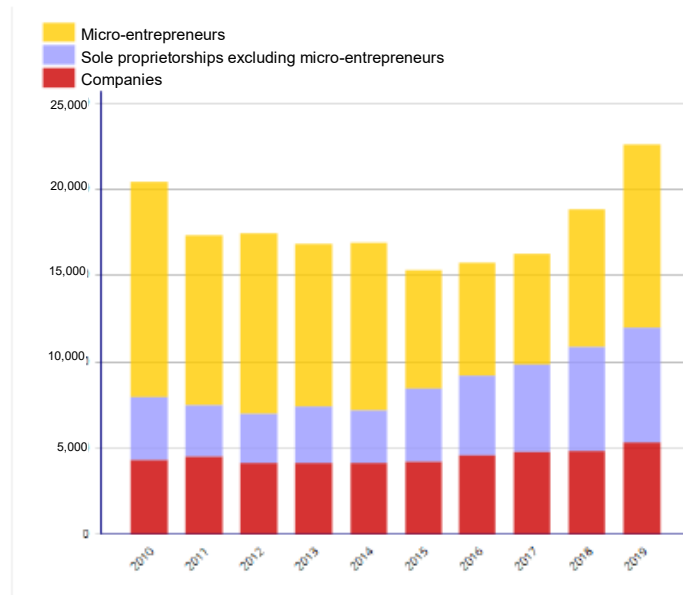
## 2.2 Business trends

In Bourgogne-Franche-Comté, the number of new businesses is rising for the fourth year in a row (22,560 new businesses, +20% between 2018 and 2019, almost 2 points higher than the national level). In 2019, 47% of new businesses were micro-enterprises with nearly 10,600 micro-enterprises registered, a rate higher than the national level (+25%).

This increase in openings can be seen in all sectors of activity and in all departments.

In industry, new business momentum is strong, with 1,500 businesses registered (mostly micro-enterprises), with a comparable increase at the national level. Nearly 7,000 businesses were created in the commerce, transport and accommodation/restaurant sector in the region, an increase of 22% compared with +14% at the national level. Finally, new businesses increased by 20% in business services, 16% in personal services and 15% in construction. These increases are similar at the national level, except in construction.

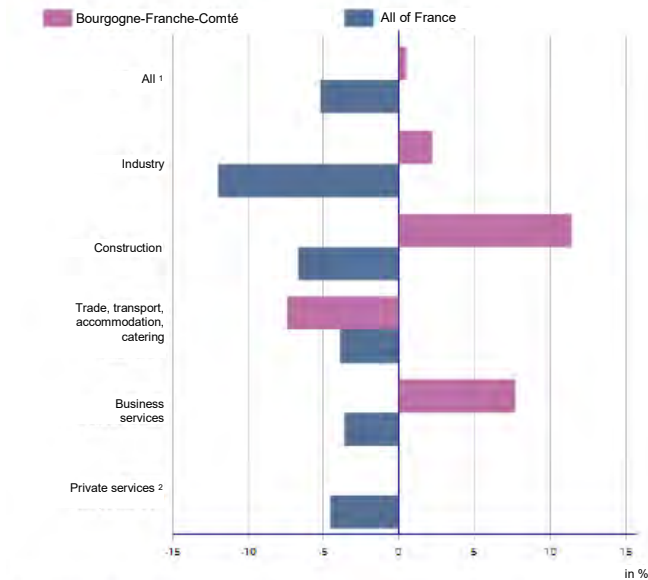
### 1 Company formations in the Bourgogne-Franche-Comté region



Note: raw data  
 Field: all non-agricultural market activities  
 Source: INSEE, REE (Register of enterprises and establishments - Sirene)

At the same time, the number of business failures is stable in Bourgogne-Franche-Comté, whereas it was down 5.2% at the national level.

### 3 Annual change in business insolvency by sector of activity between 2018 and 2019 in the Bourgogne-Franche-Comté region



1: including agriculture  
 2: excluding public administration, activities of households as employers and extra-territorial activities  
 Note: raw data, on date of judgement  
 Source: Bank of France, Fiben (extracted on 20 March 2020)

## 2.3 Economic analysis

Establishments	Bourgogne-Franche-Comté (27)
Number of active establishments as at 31 December 2015	250,682
Share of agriculture, in %	10.4
Share of industry, in %	6.5
Share of construction, in %	9.6
Share of trade, transport and miscellaneous services, in %	58.4
<i>of which auto repair and trade, in %</i>	17.8
Share of public administration, education, health and social action, in %	15.1
Share of establishments with one to nine employees, in %	25.3
Share of establishments with ten or more employees, in %	6.2
Field: all activities	

### ➤ Industry

**a business-friendly environment**



Bourgogne-Franche-Comté is France's leading industrial region (in terms of the number of salaried jobs out of the regional share of jobs), with nearly one employee in five working in industry.

Its industrial base, which has 14,700 establishments and includes 10 industrial territories, is mostly concentrated (nearly 70% of the industrial workforce) in the following sectors: mechanical/metallurgy, transport equipment, agro-food and plastics processing.

Beyond that, the main sectors present in the region are:

- ✓ food and agro-food with 36,000 employees and 2,250 establishments including Amora-Maille / Unilever Group, Daunat, Fromageries Bel, Granini, Groupe Bigard, Henri Maire, Jacquet, Lactalis, Mondelez, Nestlé, Val d'Aucy and Yoplait;
- ✓ agriculture and agro-food with 28,000 farms and 54,554 employees;
- ✓ the health industry, which consists of 300 companies with 10,000 jobs and generates a consolidated revenue of €2 billion;
- ✓ luxury goods: France's leading watchmaking and eyewear-producing region (10,000 jobs), with companies such as Audemars Piguet, Breitling, FM Industrie, Swatch Group, Hermès and Seiko;
- ✓ energy production (85 wind power sites, nuclear power, hydrogen): Framatome, General Electric and Industeel (ArcelorMittal);
- ✓ lumber operations (France's third-largest region by afforestation rate with 1.73 million hectares of forests and 23,500 jobs);
- ✓ mechanics and metallurgy: 52,000 employees in 1,850 companies;
- ✓ mobility, with the automotive industry (650 establishments and 45,000 jobs), railways (10,650 jobs) and aeronautics: Michelin, PSA Peugeot Citroën, Thalès;
- ✓ logistics with 72,000 employees: Aldi, Amazon, Easydis FM Logistic, Geodis, Lidl, Groupe PSA, Renault, Venteprivee.com;
- ✓ digital (8,000 employees), customer relations (Banque Populaire BFC, Caisse d'Epargne, EDF, Groupama, Leboncoin.fr, Leroy Merlin, etc.);
- ✓ construction (with 50,400 employees, including public works);
- ✓ tourism, which represents 6.3% of regional GDP and generates €4.6 billion in tourist consumption and directly or indirectly employs 41,200 people;
- ✓ the artisanal goods industry has 52,708 companies spread over more than 250 different specialties with 87,650 employees;
- ✓ the social and solidarity-based economy (89,850 full-time equivalent employees).

The main companies in the region are PSA Peugeot-Citroën, GE Energy, Areva, Berner, Inovyn, FTP Powertrain technologies, CEA Valduc, Michelin, Industeel France, Laboratoires Urgo, LDC Bourgogne, Aperam, JTEKT Automotive, Alstom Transport, DIM, Faurecia, HMY France, Vétuquinol, SIS, Pneu Laurent, Parisot, U-Shin, FMC technologies, and V33.

It is also the leading region for investment (private investment in R&D), with 13 technological platforms and 7 high-level service incubators. There are also five competitiveness clusters:

- ✓ BOURGOGNE-FRANCHE-COMTÉ MICROTECHNOLOGY CLUSTER: positioned in the biomedical, security, defence and energy sectors (180 members);
- ✓ VITAGORA BOURGOGNE-FRANCHE-COMTÉ / ÎLE-DE-FRANCE: centred round the concept of well-being through food (more than 490 members);
- ✓ PLASTIPOLIS BOURGOGNE-FRANCHE-COMTÉ / AUVERGNE-RHÔNE-ALPES: plastics industry growth, especially internationally (more than 350 members);
- ✓ BOURGOGNE-FRANCHE-COMTÉ CAR OF THE FUTURE CLUSTER: develops solutions for the cars and mobility of the future (420 members);
- ✓ NUCLEAR VALLEY: centred round general engineering skills for the production of nuclear energy and the manufacture of key components for that sector (245 members).

### ➤ Higher education and research

In Bourgogne-Franche-Comté, 14 global research centres of private companies and 13 technological platforms have been established. Moreover, the top 4 patent applicants in France are active in the region: Valéo, PSA, Safran and the CEA.

Research and development has 12,160 employees and 5,600 researchers (3/4 private, 1/4 public), and 51 research units have been accredited by the Université de Bourgogne-Franche-Comté.

Currently, two projects have been accredited as ambitious innovation areas (TIGA), with the 2030 sustainable food system (led by Dijon Métropole) and the transformation of an industrial territory / Creation of an innovation and development ecosystem of green technologies (led by Pays de Montbéliard Agglomération and Grand Belfort).

Bourgogne-Franche-Comté has developed a renowned, high-quality higher education system, which counts such institutions as Université de Bourgogne-Franche-Comté, UTBM (Université de Technologie de Belfort Montbéliard), Sciences Po (Dijon campus), AgroSup Dijon, École d'Arts et Métiers (Cluny and Chalon-sur-Saône), ENSMM (École Nationale Supérieure de Mécanique et des Microtechniques de Besançon), ESEO (École Supérieure d'Électronique de l'Ouest), ESIREM (École Supérieure d'Ingénieurs en Matériaux et en Informatique/Électronique), ESTP (École Spéciale des Travaux Publics), ISAT (Institut Supérieur de l'Automobile et des Transports), ISIFC (École d'Ingénieurs Spécialiste du Dispositif Médical), ITII Bourgogne (Institut des Techniques d'Ingénieur de l'Industrie), ESTA (École Supérieure des Technologies et des Affaires), CESI (Centre des Études Supérieures Industrielles) and CLA (Centre de Linguistique Appliquée).

Several national schools are also established there, including ENFP (École Nationale des Finances Publiques), ENG (École Nationale des Greffes) and ENIL (École Nationale d'Industrie Laitière).

### ➤ Agriculture

The Bourgogne-Franche-Comté Region is France's second-largest agricultural region in terms of added value creation. 63% of its territory is eligible for a PDO/PGI quality label and the region has 168 protected designations of origin or protected geographical indications.

Vineyards in the Bourgogne-Franche-Comté region are extremely well developed and wine exports are dynamic, both in volume (+9% in 2019) and in value (+11%). Sparkling wines and white wines are the most exported, especially to the US and the UK.

There are other major cereal crops: wheat accounts for 49% of regional production and growing. Rapeseed, mustard and barley account for other cereal production.

Milk production remains stable, but PDO milk production is increasing strongly. Similarly, the production of cheese is also rising sharply

Cattle farming has been in decline for several years. Conversely, the slaughter of pigs remains stable and the slaughter of sheep has increased slightly.

### ➤ Tourism

With 10.2 million overnight stays, tourist numbers will increase in 2019 (+1%), but less strongly than at the national level (+1.6%). While they are on the rise in the region's campsites, they are slightly down in hotels. Hotel numbers were affected by the decline in customers from outside France, especially British customers, due to Brexit.

The region's hotels logged a total of 7.15 million overnight stays in 2019, 72% of which were by French people. Foreign guests come mostly from three countries (Belgium, Germany and China), which represent almost half of the overnight stays of non-residents.

Côte-d'Or alone accounts for one third of regional overnight hotel stays and half of the overnight stays by non-resident guests.

The region's campsites recorded nearly 3.1 million overnight stays in 2019, a sharp increase in visitor numbers (+4.9%). Tourists mainly come from the Netherlands and, to a lesser extent, Switzerland, Belgium and Germany.

### ➤ Construction

In 2019, the number of building permits issued declined in the majority of departments in the Bourgogne-Franche-Comté Region.

Housing starts followed the same trend after several years of positive growth. It should be noted that Doubs and Côte-d'Or account for more than 50% of the Region's housing starts.

There was a rebound in non-residential construction but a significant drop in new housing starts. Bourgogne-Franche-Comté remains the cheapest region for the average price per square metre of flats and new houses.

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## **BOURGOGNE-FRANCHE-COMTE/FRANCE COMPARATIVE GENERAL DATA**

Population	Bourgogne-Franche-Comté (27)	France (1)
Population in 2017	2,811,423	65,524,339
Population density (number of inhabitants per km <sup>2</sup> ) in 2017	58.8	105.1
Area in 2017, in km <sup>2</sup>	47,783.3	632,733.9
Population variation: average annual rate between 2012 and 2017, in %	-0.0	0.4
<i>of which variation due to natural increase: average annual rate between 2012 and 2017, in %</i>	<i>0.0</i>	<i>0.3</i>
<i>of which variation due to apparent increase of inflows outflows: average annual rate between 2012 and 2017, in %</i>	<i>-0.1</i>	<i>0.0</i>
Number of households in 2017	1,289,918	29,479,746
<i>Sources: Insee, RP2012 and RP2017 main activities in geography at 01/01/2020</i>		
Registered births in 2019	26,114	751,597
Registered deaths in 2019	30,190	611,023
<i>Disclaimer: Contrary to other data on this page, French levels include Mayotte data.</i>		
<i>Source: Insee, main activity in geography at 01/01/2020</i>		
Dwellings	Bourgogne-Franche-Comté (27)	France (1)
Total number of dwellings in 2017	1,565,314	35,879,715
Share of main residences in 2017, in %	82.4	82.2
Share of secondary residences (including occasional dwellings) in 2017, in %	7.6	9.7
Share of vacant dwellings in 2017, in %	10.0	8.2
Share of households who own their main residence in 2017, in %	63.2	57.5

Source: Insee, RP2017 main activity in geography at 01/01/2020

Income	Bourgogne-Franche-Comté (27)	France (1)
Number of tax-paying households in 2017	1,223,240	
Share of households taxed in 2017, in %	50.6	
Median disposable income per consumption unit in 2017, in euro	20,860	
Poverty rate in 2017, in %	12.8	

*Disclaimer: For reasons of statistical confidentiality, some indicators cannot be shown. Due to the absence of some overseas territories, the figure for France is not available (please see the data for mainland France).*

Sources: Insee-DGFIP-Cnaf-Cnav-CCMSA, Social and fiscal localized file in geography at 01/01/2020

Employment and unemployment as defined by the census	Bourgogne-Franche-Comté (27)	France (1)
Total employment (salaried and non-salaried) at a workplace in 2017	1,071,901	26,412,162
<i>of which the share of salaried employment in a workplace in 2017, in %</i>	86.6	86.8
Variation of total employment in a workplace: annual average rate between 2012 and 2017, in %	-0.6	0.1
Activity rate for 15 to 64 year olds in 2017	74.1	74.0
Unemployment rate for 15 to 64 year olds in 2017	12.5	13.9

Sources: Insee, RP2012 and RP2017 main activities in geography at 01/01/2020

Establishments	Bourgogne-Franche-Comté (27)	France (1)
Number of active establishments as at 31 December 2015	250,682	6,561,892
Share of agriculture, in %	10.4	6.0
Share of industry, in %	6.5	5.3
Share of construction, in %	9.6	10.1
Share of trade, transport and miscellaneous services, in %	58.4	64.8
<i>of which auto repair and trade, in %</i>	17.8	16.2
Share of public administration, education, health and social action, in %	15.1	13.8
Share of establishments with one to nine employees, in %	25.3	23.1
Share of establishments with ten or more employees, in %	6.2	5.8

Field: all activities

Source: Insee, CLAP (connaissance locale de l'appareil productif — local knowledge of the productive system) in geography at 01/01/2019

### 3.INFRASTRUCTURE

In rail transport, the Region is linked together by the TER rail networks (1,951 km). In addition, two high-speed lines (LGVs) and 14 TGV stations connect the Region to the rest of France and Europe:

- the still-unfinished Rhine-Rhone line links the Grand Est region, the Lyon metropolitan area, the French Mediterranean arc, Germany, northern Switzerland and the Benelux countries;
- the LGV Sud-Est connects the Region to Paris (and the south-east of the country), Switzerland and Italy and is a connection point to Spain.



As far as roads are concerned, numerous motorways (868 km) run through the region, like the A6, A31, A36, A38, A39, A77 and A406.



For air transport, the Region has two main airports located 50 km apart and secondary aerodromes:

- Dole-Jura airport (111,200 passengers in 2019) has the monopoly on regional air traffic thanks in particular to the opening of sporadic targeted international routes to Bastia (Corsica), Porto (Portugal) and Fès and Marrakech (Morocco).
- The Dijon-Longvic airport hub specialises in business aviation and cargo
- Nevers-Fourchambault airport specialises in light aviation.

In 2019, a total of more than 112,400 passengers flew to or from Bourgogne-Franche-Comté, with a 2% increase in air traffic compared with 2018 (+4% at the national level).

This increase was driven by low-cost routes (93% of regional traffic) and international traffic. Conversely, traffic from domestic routes is falling.

In addition, the proximity of Paris, Basel, Geneva and Lyon has made the region more accessible to international airports.

Shifting our focus to the Region's rivers, several canals are navigable, including the Rhone-Rhine canal, the Burgundy canal, the Centre canal, the Nivernais canal and the side canal from Roanne to Digoin.

## 4.CULTURAL AND NATURAL HERITAGE

### 4.1 Cultural heritage

The Bourgogne-Franche-Comté Region is home to eight UNESCO World Heritage sites, including:

- ✓ The Vauban fortifications in Besançon: listed as a UNESCO World Heritage Site for the Vauban fortifications (along with 12 other sites throughout France), it was in Besançon, with the Citadel that Vauban, a military engineer and architect to Louis XIV, built one of his finest achievements. Vauban played a major role in the history of fortifications, influencing military architecture in Europe and other continents until the middle of the 19th century;



- ✓ The basilica and hill of Vézelay: a Christian monument and masterpiece of mediaeval art magnificently restored by Viollet-le-Duc in the 19th century;
- ✓ The Cistercian abbey of Fontenay: this was one of the first French monuments to appear on the UNESCO heritage list;
- ✓ The Royal Saltworks of Arc-et-Senans: its construction by Claude Nicolas Ledoux, which began in 1775 during the reign of Louis XVI, is the first major achievement of industrial architecture that reflects the Age of Enlightenment's ideal of progress to facilitate a rational and hierarchical organisation of labour.  
The Great Saltworks at Salins-les-Bains, which was involved in the production of refined salt, is also a classified structure;
- ✓ The Church and Priory of La Charité-sur-Loire: the church is listed as a UNESCO World Heritage Site as part of the Pilgrim's Way to Santiago de Compostela;
- ✓ The pile dwelling sites of Chalain and Clairvaux: construction of villages on stilts on the banks of both lakes between 5000 and 500 BCE. These are important sources for the study of the first agrarian societies in the region;
- ✓ Notre-Dame-Du-Haut de Ronchamp Chapel: this revolutionary religious architecture was listed as a World Heritage Site (along with 16 other sites in 7 countries) in recognition of Le Corbusier's architectural work and his "exceptional contribution to the Modern Movement";
- ✓ The climates of Burgundy's vineyards: the vineyards differ from one another by their specific natural conditions (geology, exposure, grape variety, etc.), which have been shaped by human labour.

Bourgogne-Franche-Comté is full of buildings, sites, towns and villages filled with art and history, such as the Hospices de Beaune, Châteaux de Guédelon, Clos de Vougeot, Châteauneuf-en-Auxois, Château de Joux, Palais des Ducs et des Etats in Dijon, the remains of Alesia, the Bibracte oppidum, the temple of Janus in Autun, the abbeys of Cîteaux and Cluny, the Chapelle Notre-Dame-du-Haut in Ronchamp, Lion de Bartholdi in Belfort and the villages of Vézelay, Baume-les-Messieurs and Château-Chalon.

Its 208 classified sites, 3,514 protected buildings and 9 villages are among the most beautiful in France.

The Bourgogne-Franche-Comté Region is very active on the musical front with six national stages and numerous festivals (the international music festival and competition for young conductors in Besançon, the international festival of baroque opera in Beaune, the Eurockéennes in Belfort and the musical encounters in Vézelay).

Gastronomy, especially wine growing, occupies a central place in regional culture with 168 appellations d'origine contrôlée (AOC/PCI), 33 grands crus classés and 39 Michelin-starred restaurants. There are also international gastronomy sites, including the International City of Gastronomy and Wine (3 wine cities: Beaune, Mâcon and Chablis), the International City of Gastronomy and Wine in the city centre

of Dijon (a cultural project based around the gastronomy of France, which is registered on the list of world heritage sites and constitutes a space for economic, commercial and tourist development around gastronomy and wine) and finally 5 "*remarkable sites of taste*".

#### **4.2 Natural heritage**

From Morvan Natural Park and its lakes to the Haut-Jura Natural Park and its mountains, along the Doubs and the Saône, the Seine and the Loire, the Region is endowed with a great diversity of landscapes and unspoilt nature.

The Region's natural heritage is very rich with its 80 lakes, 1,330 km of canals, regional nature parks and 5 spas.

### III. Bourgogne-Franche-Comté Region financial information

#### 1 – The budgetary and accounting framework

##### ➤ 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 Prefect, 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.

Supplemental budgets or amendments 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:

- a. all expenses necessary for the operation of the local authority (general expenses, payroll, day-to-day management, debt service, amortisation expense, provisions); and
- b. 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 amortisations made by the authority.

The **capital section** comprises:

- a. expenditure: debt repayment, equipment expenditure (work-in-progress, third-party operations) and equipment subsidies; and

- b. 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 amortisation and provision expenses, provides sufficient funds to cover repayment of principal on debt annuities falling due during the budget year*".

### ➤ The main budgetary principles of local public finances

The accounting nomenclature for regions is M71, with which experimentation began in 2005.

M71 is part of a comprehensive process for modernising the budgetary and accounting system of local authorities which began in 1996 for municipalities with M14, then in 2001 for departments with M52.

The budgets of local authorities, like the State budget, must comply with a few fundamental principles:

- a. **the principle of annuality** requires the budget to be defined for a period of twelve months from 1 January to 31 December, and that each local authority adopt its budget for the following year before 1 January, with an additional period granted by law until 31 March of the year to which the budget applies, or until 15 April in years when local assemblies are renewed. However, the order of 26 August 2005 on the simplification and adjustment of budgetary and accounting rules applicable to local authorities makes this principle much more flexible, extending the multi-annuality mechanisms;
- b. 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.
- c. 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.
- d. **the principle of universality** implies that all expenditure and revenue transactions should be shown in full and unmodified in the budget; this is in line with the requirement of honesty in budget documents, which stipulates that revenue finances expenditure indiscriminately; and
- e. **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 Prefect in liaison with the regional accounts office (Chambre régionale des comptes).

### ➤ 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 Prefect, who is the State's representative in the Department. However, proper controls are an essential counterpart to these new responsibilities.

### ➤ Public auditor control

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. The public auditor is not authorised to examine the suitability of expenditure. 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.

### ➤ 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 Prefect. The review of legality applies to the preparation, adoption and presentation of budget documents and their appendices.

### ➤ Controls by the regional accounts office

The Law of 2 March 1982 established the CRC, 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 courts are prescribed by law and have been codified under Articles L.211-1 *et seq.* of the French Financial Jurisdictions Code (*Code des juridictions financières*).

The powers of the CRC extend to all local authorities within its geographical jurisdiction, whether a Municipality, Department or Region, but also to their public establishments.

In this regard, the CRC have been bestowed with threefold powers of control. Firstly, budgetary control, as previously exercised by the Prefect prior to the Law of 2 March 1982. Secondly, jurisdictional control, whose purpose is to ensure the regularity of the public auditor's actions. Thirdly, 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 (*Code général des collectivités territoriales*), budgetary control is exercised over the primary budget, amendment decisions and administrative account. The CRC intervenes in four instances:

- a. 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 Prefect must refer the matter without delay to the *Chambre régionale des comptes* which must then formulate its proposals within one month;
- b. if the voted budget is not properly balanced (lack of correlation between income and expenditure), three successive monthly periods follow: one month for the Prefect 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 Prefect himself rectifies the regional budget;
- c. if a mandatory expense is not recorded, the same periods apply but the *Chambre régionale des comptes*, which may be petitioned either by the Prefect, or by the public auditor or by any other interested party, shall send a formal notice of demand to the relevant local authority; and
- d. 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 for the following budget year.

#### Judicial review

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 audits the regularity of the public auditor's operations. This 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 or she 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.

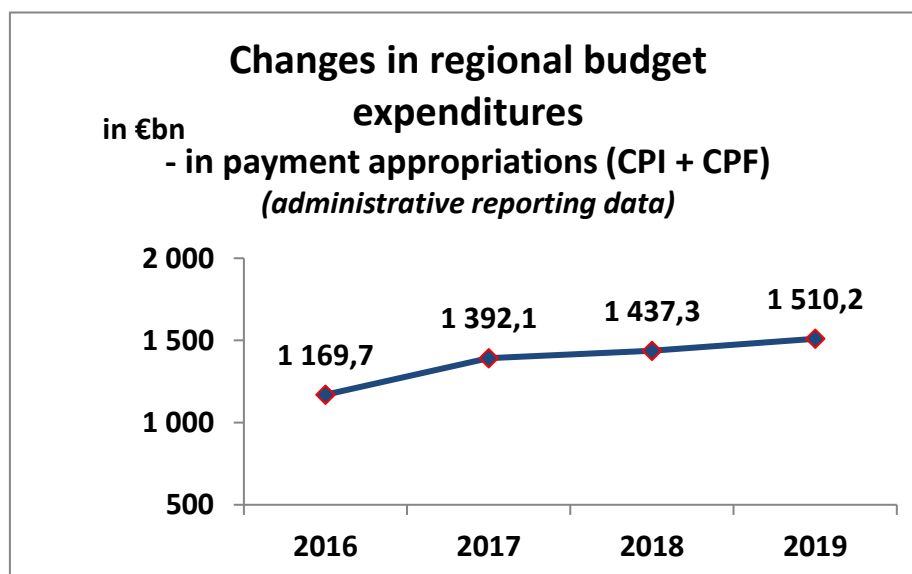
It examines not only the financial equilibrium of management operations and the resources employed for their implementation, but also the outcome achieved compared to the resources employed and the results of the actions undertaken. The *Chambres régionales des comptes* base their judgement on the regularity 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 – The retrospective financial position of the Bourgogne-Franche-Comté Region: overview of 2016-2017-2018-2019 administrative reporting

The proactive efforts of the strategy for the term and the strengthening of regional powers have resulted in an increase in the regional budget. The scope of the local authority's involvement has been further extended since the creation of the "new Bourgogne-Franche-Comté Region" on 1 January 2016.

The NOTRé law has strengthened the strategic and programming role of the regions. It also granted them new powers in several areas, including economic development and regional planning and transferred powers for school and interurban transport.

In addition, the Bourgogne-Franche-Comté Region has made a significant financial effort in training with the development of the Regional Skills Investment Agreement for 2019-2022, which follows the signing of a transitional start-up agreement under the 2018 Commercial and Industrial Plan and the implementation of the "One million training courses for job seekers" plan in 2016 and 2017.



A retrospective analysis of the Bourgogne-Franche-Comté Region's reporting illustrates the quality of the local authority's financial position and shows that the budget balances comply with the regional financial strategy of maintenance of major financial balances in operation, an investment effort for major regional priorities and a controlled increase in debt.

### 2.1 Regional income

The Region receives several types of revenue, mainly operating revenue, consisting of tax resources (CVAE, VAT, TICPE, vehicle registration documents, etc.), grants and contributions paid by the State and other partners, as well as miscellaneous revenue in connection with regional policies.

#### ➤ Tax revenue

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

- a. a fraction equal to 50% of the proceeds of the CVAE (company value added contribution) collected within the region; it should be noted that the Region has received an additional share (25%) of the CVAE, starting in 2017, in compensation for powers relating to school and interurban transport



transferred by the NOTRé law from the departments to the regions; the CVAE is the largest regional resource and represents a quarter of operating revenue in 2020;

- b. an equalisation fund for regional resources paid from the CVAE, which is a financial equalisation mechanism between regions implemented following the 2010 local tax reform; The Bourgogne-Franche-Comté Region is a recipient of this fund;
- c. the flat-rate tax on network companies (IFER) consisting of two components for the regions: one relating to rail transport (based on passenger rolling stock) and the other relating to telecommunications (based on the main distributors of the copper local loop, subscriber connection units and subscriber cards);
- d. a national individual resources guarantee fund (FNGIR), to which the Ile-de-France region's contribution is added, which is the other repayment mechanism designed to guarantee each region its pre-reform level of funding; and
- e. two allocations relating to local taxation (DCRTP, DTCE) which are described below.

With regard to the scope of indirect taxation, the Region collects:

- a. a fraction of the net proceeds of value added tax (VAT), which, since 1 January 2018, has been allocated to the regions as a substitute for their overall operating allocation (DGF), in accordance with Article 149 of the initial finance law (LFI) for 2017; this is now the second-largest regional source of funds, which accounts for just over 18% of operating revenue in 2020;
- b. the tax on vehicle registration certificates (car registration tax), whose unit rate has been set since 1 January 2017 at €51 per unit of horsepower throughout the region;
- c. the domestic consumption tax on energy products (TICPE), which is made up of several parts: the main component is used to finance transfers of powers provided under the law of 13 August 2004 on local freedoms and responsibilities or the "*vocational training*" law of 5 March 2014, and more recently the MAPTAM and NOTRé laws; the Region also receives a fraction of the tariffs corresponding to the former modulation mechanism abolished by the rectifying finance law for 2016 as well as a so-called "Grenelle" share charged as an investment, which gives the regions an option to increase TICPE tariffs up to a limit of €0.73/hl for premium fuels and €1.35/hl for diesel, which is allocated exclusively to the financing of sustainable infrastructures included in the Grenelle law for the environment;
- d. since 2014, funds for vocational training and apprenticeship (management fees and additional fraction of TICPE); it should be noted that the law "*for the freedom to choose one's professional future (LCAP)*" of 5 September 2018 implied substantial changes for the financing of apprenticeships, for which jurisdiction was transferred to the professional branches.

➤ *Allocations to shareholdings and other revenue*

Following the abolition of regional overall operating allocations (DGFs) starting in 2018, the scope of State financial assistance is now limited to:

- a. the general decentralisation fund (DGD), which includes various financial adjustments, in particular with regard to compensation for rail tolls;
- b. the business tax reform compensation allocation (DCRTP), introduced at the time of the 2010 local tax reform, and the allocation for transfers of compensation for local direct tax exemptions (DTCE); it should be noted that these two allocations included as an adjustment variable in the standard envelope of financial assistance paid by the State are now subject to a reduction under the finance laws;
- c. the regional allocation for school equipment (DRES) in investment, allocated for the financing of modernisation works and the acquisition of equipment in secondary schools;
- d. the VAT compensation fund (FCTVA), which is intended to provide compensation, at a flat rate, for the VAT burden borne by the local authority for its actual investment expenditure incurred during financial year N-1 which it cannot directly recover through taxation.

As far as other contributions and specific revenue (excluding European funds) are concerned, these mainly correspond to contributions allocated by the State, local authorities or various public or private bodies, or paid by individuals and families, in connection with the policies pursued by the regional authority.

These include, in particular, contributions under the "regional skills investment agreement" for vocational training, revenue relating to the transfer of school and interurban transport (including repayments from departments for which the CVAE's financial compensation allocation is for the Region), or contributions from families for school meals and accommodation for education.

In addition, the Bourgogne-Franche-Comté Region has become the managing authority for European funds for the 2014-2020 programming period, and ERDF and ESF revenue is allocated for this purpose.

A summary of revenue for financial years 2016 to 2019, in terms of administrative, operating and investment reporting data, is presented in the following table.

<b>REVENUE SUMMARY 2016 - 2017 - 2018 - 2019</b>				
<i>Administrative reporting data</i>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>OPERATING REVENUE</b>	€1,047,178,759.03	€1,192,793,731.89	€1,248,495,130.69	€1,271,112,812.67
<b>DIRECT TAXATION</b>	<b>€273,066,418.00</b>	<b>€412,709,652.00</b>	<b>€418,947,920.00</b>	<b>€428,946,890.00</b>
Company value added contribution (CVAE)	€141,076,928.00	€286,894,689.00	€292,101,033.00	€306,322,449.00
National equalisation fund for CVAE funding	€10,335,785.00	€7,965,930.00	€12,312,381.00	€12,594,421.00
Flat-rate tax on network companies (IFER)	€44,240,902.00	€44,282,706.00	€43,372,837.00	€41,073,509.00
National individual resources guarantee fund (FNGIR)	€35,370,562.00	€35,370,562.00	€35,370,562.00	€35,370,562.00
Business tax reform compensation allocation (DCRTP)	€35,327,440.00	€32,098,277.00	€30,084,825.00	€28,550,440.00
Allocation for transfers of compensation for local direct tax exemptions (DTCE)	€6,667,298.00	€6,057,863.00	€5,671,737.00	€4,902,269.00
CVAE exemption offset allocation	€38,748.00	€39,625.00	€34,545.00	€132,526.00
<b>INDIRECT TAXATION</b>	<b>€427,203,153.37</b>	<b>€437,607,876.87</b>	<b>€689,699,437.59</b>	<b>€690,800,238.46</b>
Fraction of value added tax (VAT) proceeds (allocation of new revenue to replace the DGF starting in 2018)	-	-	€233,100,943.41	€238,179,789.67

Tax on vehicle registration certificates (grey cards)	€98,475,392.06	€107,082,737.26	€120,920,252.00	€115,351,947.00
Domestic consumption tax on energy products (TICPE) (compensation portion + modulation portion)	€198,472,570.79	€191,226,520.56	€193,680,985.81	€192,879,568.81
Vocational training funds (local taxation management fees + TICPE vocational training)	€40,239,958.46	€40,873,016.87	€41,535,876.67	€42,085,633.45
Apprenticeship funding: Regional apprenticeship fund (apprenticeship tax: fixed and dynamic portions + TICPE apprenticeship)	€74,678,319.85	€81,486,067.56	€84,768,584.68	€85,818,824.09
Apprenticeship funding: TICPE Compensation for apprenticeship bonuses	€15,336,912.21	€16,939,534.62	€15,692,558.62	€16,484,381.87
<b>ENDOWMENTS AND CONTRIBUTIONS</b>	<b>€282,525,063.09</b>	<b>€282,367,819.94</b>	<b>€38,131,406.00</b>	<b>€38,205,123.54</b>
Overall Operating Allocations (DGF)	€244,714,912	€223,381,141.00	-	-
General Decentralisation Fund (DGD)	€37,776,697.00	€39,023,820.00	€38,088,478.00	€38,088,478.00
Other allocations	€33,454.09	€19,962,858.94	€42,928.00	€116,645.54
<b>MISCELLANEOUS CONTRIBUTIONS AND INCOME</b>	<b>€64,384,124.57</b>	<b>€60,108,383.08</b>	<b>€101,716,367.10</b>	<b>€113,160,560.67</b>
Contributions and revenue from vocational training and apprenticeships <i>of which training contributions and revenue under the regional skills investment agreement</i>	€26,619,233.13	€24,285,124.36	€29,975,829.34 <i>€12,420,000.00</i>	€37,029,650.16 <i>€34,779,747.04</i>
Contributions and revenue education/high schools	€11,554,008.03	€12,790,659.52	€11,231,695.93	€11,646,200.39
Contributions and revenue culture, sport and youth	€486,263.82	€450,621.84	€719,414.74	€320,997.54
Contributions and revenue regional development	€917,917.11	€667,248.04	€800,837.46	€916,848.90
Contributions and revenue environment & energy	€282,387.89	€307,159.94	€297,283.83	€73,261.30
Contributions and revenue transport <i>of which contributions and revenue school &amp; interurban transport</i>	€5,075,448.31	€7,039,789.69 <i>€3,564,660.80</i>	€39,789,626.32 <i>€35,715,410.15</i>	€39,673,240.76 <i>€34,539,390.33</i>
Contributions and revenue economic action	€1,329,021.06	€703,981.22	€1,222,593.02	€2,320,252.61
Contributions and revenue human resources (HR) & general resources	€1,247,497.81	€1,261,472.56	€1,670,843.69	€1,839,821.34
Contributions and revenue interregional and European actions	€10,498,697.97	€4,992,329.92	€4,794,736.65	€6,463,970.26
European Funds Managing Authority (Function 6)	€2,998,939.55	€5,151,464.94	€7,269,438.43	€7,549,530.27
Financial income	€1,426,030.76	€881,294.05	€995,385.17	€442,792.40
Reversals of provisions	€1,948,679.13	€1,577,237.00	€2,948,682.52	€4,883,994.74
<b>INVESTMENT REVENUE</b>	<b>€122,741,967.47</b>	<b>€103,247,948.59</b>	<b>€119,221,457.64</b>	<b>€121,097,500.27</b>
Regional Allocation for School Equipment (DRES)	€31,410,694.00	€31,410,694.00	€31,410,694.00	€31,410,694.00
VAT compensation fund (FCTVA)	€23,749,193.88	€18,240,334.00	€16,910,060.00	€18,544,414.00
TICPE Grenelle	€35,648,861.00	€34,018,713.00	€33,627,199.00	€32,643,330.00
Contributions and revenue education/high schools (ex-DRES)	€4,027,630.78	€1,580,632.93	€4,633,246.69	€1,443,737.35
Contributions and revenue transport	€1,595,991.32	€1,585,907.45	€1,668,091.96	€5,880,392.99
Contributions and revenue economic action	€10,023,306.52	€8,008,343.21	€8,280,248.74	€6,657,458.86
Contributions and revenue other areas of involvement	€13,187,465.85	€402,109.02	€1,210,715.47	€1,444,144.73
European Funds Managing Authority (Function 6)	€3,098,824.12	€8,001,214.98	€21,481,201.78	€23,073,328.34

TOTAL REVENUE(EX-BORROWING)	€1,169,920,726.50	€1,296,041,680.48	€1,367,716,588.3 3	€1,392,210,312.94
MOBILISED LOAN	€10,000,000.00	€98,600,000.00	€70,000,000.00	€110,000,000.00
TOTAL REVENUE	€1,179,920,726.50	€1,394,641,680.48	€1,437,716,588.3 3	€1,502,210,312.94

## 2.2 Regional expenditures

Regional expenditures (excluding active debt management) are broken down between the operating section and the investment section.

### ➤ Controlled growth of operating expenses

The effort to control operating expenses is one of the essential conditions for maintaining a level of savings that is compatible with a financial strategy.

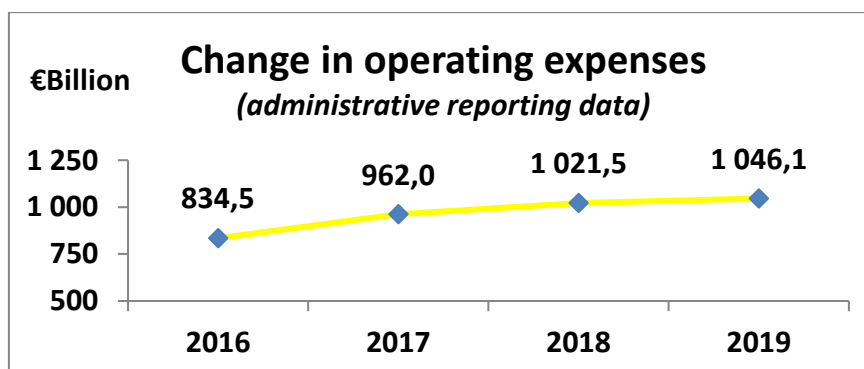
In accordance with Deliberation No. 18 AP.123 of the Plenary Assembly of 28 and 29 June 2018, the Bourgogne-Franche-Comté Region signed the financial agreement with the State concerning the framework for the growth of its operating expenditures referred to in the public finance programming law. The regional financial strategy provides for control of operating expenses to generate robust self-financing, promoting the capacity to finance increases in investments.

Pursuant to this agreement, the Region must follow a multi-annual operating expenditure trajectory of less than 1.2% over the period 2018-2020. Increases are calculated on the basis of a 2017 expenditure benchmark.

Maximum amounts set by the agreement:

	2019 base	2018	2019	2020
Amount of actual operating expenditure	€882,315,771.00	€892,903,560.25	€903,618,402.98	€914,461,823.81

As a result, for the 2018 financial year, the maximum amount of expenditure was set at €892.9m; the Region met this target, containing the increase in expenditure at +0.76%. The same was true for the 2019 financial year, with a maximum amount of expenditure set at €903.6m and a 0.74% increase in expenditure compared with the financial agreement benchmark, thereby avoiding a penalty and a reduction in revenue over those two financial years.



The operating budget is made up mainly of intervention expenditures used for public policies and the region's powers, including rail and road transport, development of mobility, operation of secondary schools, vocational training and cultural, community and sport activities.

Accordingly, the main items of expenditure over the 2016-2019 period involve transport (note that the increase in credits in 2017 and 2018 is a result of the transfer of "school and interurban transport" powers), vocational training and apprenticeships (with the increase in credits from the regional skills investment agreement starting in 2019) and education and high schools.

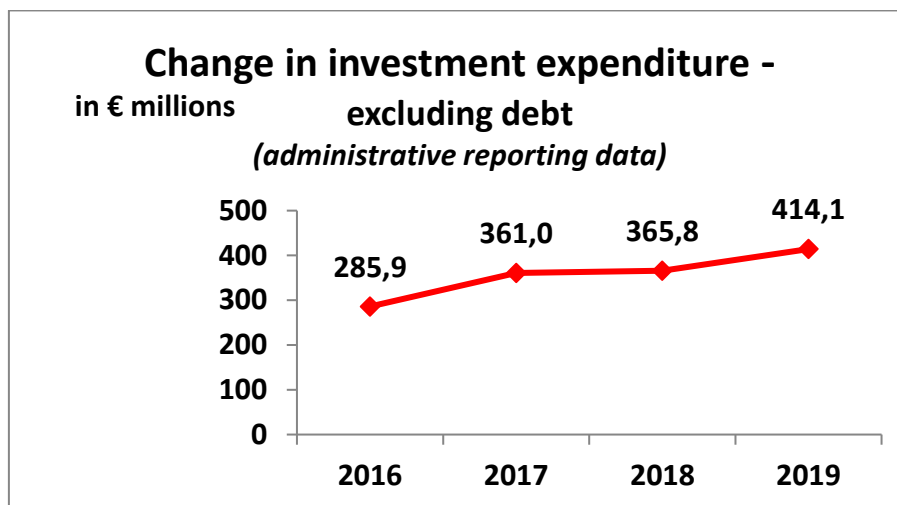
2016 - 2017 - 2018 - 2019 OPERATING EXPENDITURE SUMMARY

<i>Administrative reporting data</i>	2016	2017	2018	2019
Function 0: General services	€73,073,802.39	€67,957,088.74	€75,865,175.29	€78,919,270.98
Function 1: Vocational training and apprenticeships	€249,731,501.29	€240,123,142.87	€232,832,183.88	€257,383,313.68
Function 2: Education	€177,725,123.10	€180,064,353.85	€181,993,760.80	€182,598,552.38
Function 3: Culture, sport and leisure	€23,455,247.90	€22,841,105.22	€24,114,764.59	€25,308,504.95
Function 4: Health and social action	€173,681.06	€153,957.65	€127,004.77	€163,211.75
Function 5: Regional planning	€6,553,860.81	€6,273,365.10	€4,752,117.56	€4,558,566.79
Function 6: European funds management.	€2,998,939.55	€5,142,805.44	€7,278,097.93	€7,549,530.27
Function 7: Environment	€5,278,159.58	€6,221,157.42	€6,619,299.27	€7,268,808.47
Function 8: Transport	€239,814,781.96	€369,528,778.69	€421,584,688.45	€420,588,001.63
Function 9: Economic action	€38,794,503.62	€46,242,710.25	€51,652,040.31	€48,932,150.85
<b>SUB-TOTAL ITEMISED EXPENDITURE</b>	<b>€817,599,601.26</b>	<b>€944,548,465.23</b>	<b>€1,006,819,132.85</b>	<b>€1,033,269,911.75</b>
Regional debt (interest & financial expenses)	€11,978,116.93	€10,935,033.72	€9,406,752.35	€9,641,018.19
Groups of elected officials	€731,440.44	€768,886.68	€807,014.39	€803,154.67
Provisions	€2,064,108.95	€4,145,769.39	€1,181,535.78	€995,853.91
Other non-itemised expenses	€2,139,777.70	€1,568,831.64	€3,330,244.16	€1,385,295.75
<b>SUB-TOTAL NON-ITEMISED EXPENDITURE</b>	<b>€16,913,444.02</b>	<b>€17,418,521.43</b>	<b>€14,725,546.68</b>	<b>€12,825,322.52</b>
<b>TOTAL EXPENDITURE - PAYMENT APROPRIATIONS - (excluding active debt management)</b>	<b>€834,513,045.28</b>	<b>€961,966,986.66</b>	<b>€1,021,544,679.53</b>	<b>€1,046,095,234.27</b>

Operating expenses are grouped under three main budget headings by type of expenditure: miscellaneous contributions, subsidies and contributions paid by the Region (€593.4 million in 2019), personnel and related expenses (€171.7 million in 2019) and general expenses (€246 million in 2019). Other expenses consist of income reductions (tax refunds) as well as interest on debt and financial expenses.

➤ **a significant increase in investments**

In accordance with the multi-annual financial trajectory, a significant level of investment has been made since the creation of the new Region, with expenditure (excluding debt) rising from €286 million in 2016 to an average of €363 million in 2017 and 2018 respectively, to reach a particularly high level of €414 million in payment appropriations in the 2019 financial year, an increase of 40% compared with the cumulative amounts earmarked by the two former regions (€295 million).



The main items of expenditure over the period involved education and secondary schools (€115 million on average per year), transport (€85 million), with an increase over the period resulting from investment in the renewal and maintenance of TER equipment, economic action (€53 million) and regional development (€44 million).

**2016 - 2017 - 2018 - 2019 INVESTMENT EXPENDITURE SUMMARY**

<i>Administrative reporting data</i>	2016	2017	2018	2019
Function 0: General services	€7,869,360.95	€6,137,615.14	€7,234,681.69	€14,248,643.50
Function 1: Vocational training and apprenticeships	€7,509,571.80	€12,279,281.53	€15,458,424.41	€21,322,825.01
Function 2: Education	€105,556,134.96	€115,326,479.87	€119,028,062.19	€118,910,281.73
Function 3: Culture, sport and leisure	€8,094,920.56	€10,298,821.83	€11,242,822.41	€13,417,389.35
Function 4: Health and social action	€505,303.00	€800,440.00	€791,123.00	€1,876,683.15
Function 5: Regional planning	€48,963,091.13	€52,148,236.38	€34,276,234.64	€41,097,489.98
Function 6: European funds management.	€3,098,824.12	€8,001,214.98	€21,481,201.78	€23,073,328.34
Function 7: Environment	€10,589,454.97	€10,005,007.59	€10,939,761.36	€13,123,669.80
Function 8: Transport	€52,318,130.07	€73,162,950.36	€98,932,391.80	€115,152,335.38
Function 9: Economic action	€40,920,103.89	€72,852,624.83	€46,395,491.59	€51,869,109.39
<b>SUB-TOTAL ITEMISED EXPENDITURE</b>	<b>€285,424,895.45</b>	<b>€361,012,672.51</b>	<b>€365,780,194.87</b>	<b>€414,091,755.63</b>
Regional debt (capital depreciation)	€49,253,421.99	€69,074,037.29	€50,017,089.76	€49,976,432.29
Other non-itemised expenses	€471,544.00	€ -	€ -	€ -
<b>SUB-TOTAL NON-ITEMISED EXPENDITURE</b>	<b>€49,724,965.99</b>	<b>€69,074,037.29</b>	<b>€50,017,089.76</b>	<b>€49,976,432.29</b>
<b>TOTAL EXPENDITURE - PAYMENT APROPRIATIONS - (excluding active debt management)</b>	<b>€335,149,861.44</b>	<b>€430,086,709.80</b>	<b>€415,797,284.63</b>	<b>€464,068,187.92</b>

In 2019, regional expenditure totalled **€1,510.2 million** in operating and investment payment appropriations, an increase of 5.1% compared with 2018.

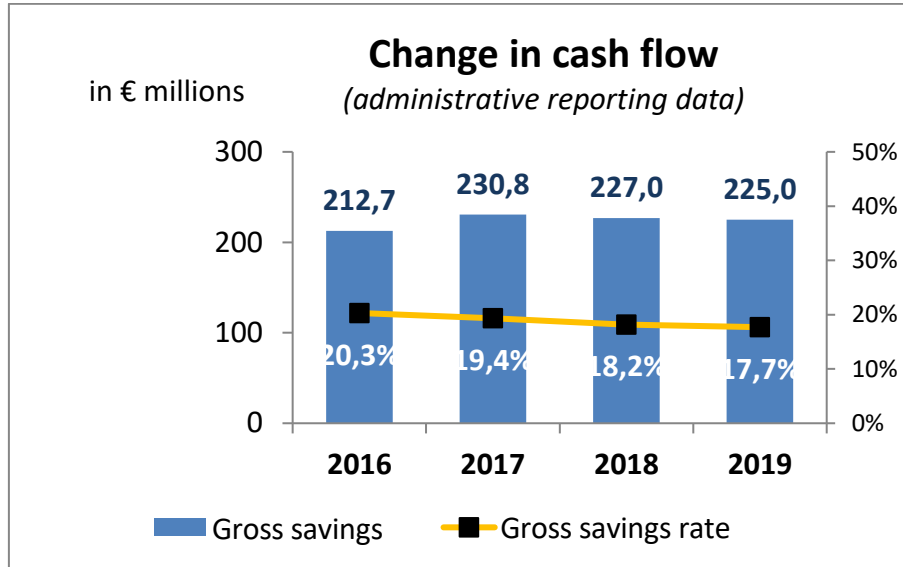
### 2.3 Analysis of major financial balances

#### ➤ Solid cash flow

The Bourgogne-Franche-Comté Region has generated average gross cash flow of around €223 million over the last four financial years.

This amount of savings was maintained at a satisfactory level over the entire period due to the change in revenue and a contained management of operating expenses set by the Region, with a limited change of +0.74% on average per year over financial years 2018 and 2019 within the scope defined by the financial agreement signed with the State.

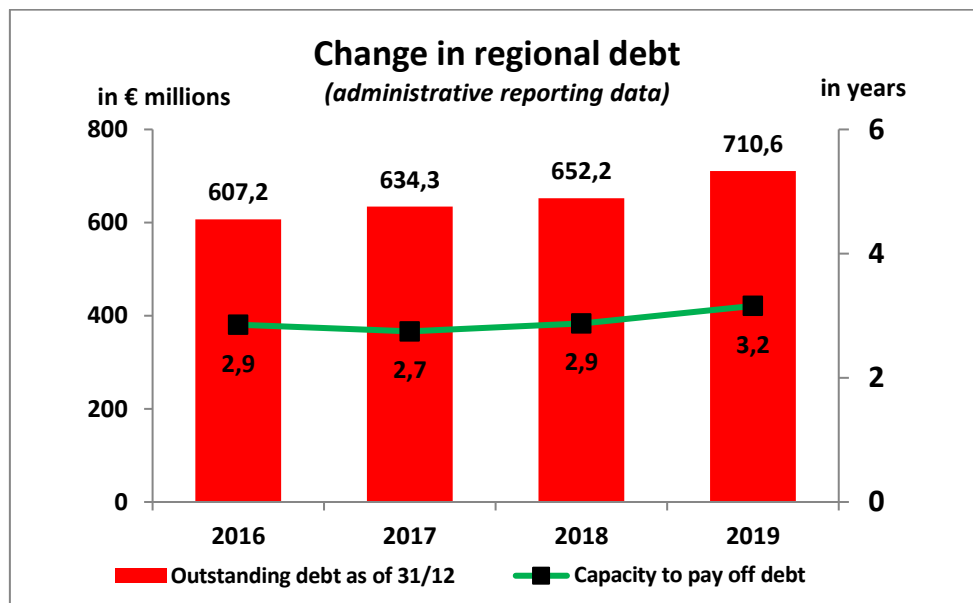
The gross savings rate, which is the ratio of gross savings to actual operating revenue, declined over the period. However, this is still in line with the financial objectives for the appointments strategy, with a floor rate set at 17%, thus making it possible to guarantee the Region's capacity for action.



#### ➤ Investment financing

To finance its investment expenditure, the Region has at its disposal the net savings generated by its operating section, its own investment funds and recourse to borrowing.

In view of a new volume of borrowing that exceeds the repayment of the principal of the debt, the Region has increased its indebtedness over the last few financial years in line with the increase in capital expenditure. However, thanks to a high level of cash flow, regional indebtedness remains under control. The debt reduction capacity ratio, which is the ratio of outstanding debt to gross savings and is a benchmark indicator for financial analysis, remains below 3 years, i.e. below the average for the regions (5 years) and below the objective set by the regional executive of not exceeding 6 years by the end of the term of office.



The Bourgogne-Franche-Comté Region's strategy for active debt and cash management is covered by a specific development (see point 6 below).



## ➤ Change in major financial balances

The table below shows the changes in the major financial balances of the administrative reporting for financial years 2016 to 2019.

BOURGOGNE-FRANCHE-COMTE REGION				
CHANGE IN FINANCIAL BALANCES 2016 - 2017 - 2018 - 2019				
administrative reporting data	2016	2017	2018	2019
<b>CASH FLOW</b>				
<b>Operating revenue</b>	€1,047,178,759.03	€1,192,793,731.89	€1,248,495,130.69	€1,271,112,812.67
of which ex-European funds / ex-regional skills investment agreement	€1,044,179,819.48	€1,187,642,266.95	€1,228,805,692.26	€1,228,783,535.36
<b>Operating expenditure</b>	€834,513,045.28	€961,966,986.66	€1,021,544,679.53	€1,046,095,234.27
of which ex-European funds / ex-regional skills investment agreement	€831,514,105.73	€956,824,181.22	€999,035,815.48	€1,000,799,019.70
<b>Gross savings</b>	€212,665,713.75	€230,826,745.23	€226,950,451.16	€225,017,578.40
Gross savings rate (= gross savings / actual operating revenue)	20.31%	19.35%	18.18%	17.70%
<b>Net savings</b>	€163,412,291.76	€161,752,707.94	€176,933,361.40	€175,041,146.11
Net savings rate (= net savings / actual operating revenue)	15.61%	13.56%	14.17%	13.77%
<b>INVESTMENT FINANCING</b>				
<b>Investment expenditure (ex-capital repayment of debt)</b>	€285,896,439.45	€361,012,672.51	€365,780,194.87	€414,091,755.63
Repayment of debt capital	€49,253,421.99	€69,074,037.29	€50,017,089.76	€49,976,432.29
<b>Investment revenue (ex-borrowing)</b>	€122,741,967.47	€103,247,948.59	€119,221,457.64	€121,097,500.27
Borrowings mobilised during the year	€10,000,000.00	€98,600,000.00	€70,000,000.00	€110,000,000.00
<b>DEBT</b>				
<b>Outstanding debt as at 31 December</b>	€607,196,290.26	€634,305,586.30	€652,221,829.92	€710,578,730.88
Debt ratio (= outstanding debt / actual operating revenue)	57.98%	53.18%	52.24%	55.90%
<b>Debt reduction capacity at 31 December - in years -</b> (= outstanding debt / gross cash flow)	2.86	2.75	2.87	3.16
<b>PROFIT/(LOSS) FOR THE YEAR</b>				
<b>Total actual expenditure (ex-active debt management and earnings recovery)</b>	€1,169,662,906.72	€1,392,053,696.46	€1,437,341,964.16	€1,510,163,422.19
<b>Total actual revenue (ex-active debt management and earnings recovery)</b>	€1,179,920,726.50	€1,394,641,680.48	€1,437,716,588.33	€1,502,210,312.94
Working capital as at 1 January of financial year N (=> reversal of previous results / closing result N-1)	€8,393,075.65	€17,650,895.43	€17,822,212.78	€16,130,170.33
Change in working capital (=> profit for the year)	€9,257,819.78	€171,317.35	€-1,692,042.45	€-9,619,776.00
<b>Working capital at 31 December of year N (=&gt; closing result of financial year N)</b>	€17,650,895.43	€17,822,212.78	€16,130,170.33	€6,510,394.33

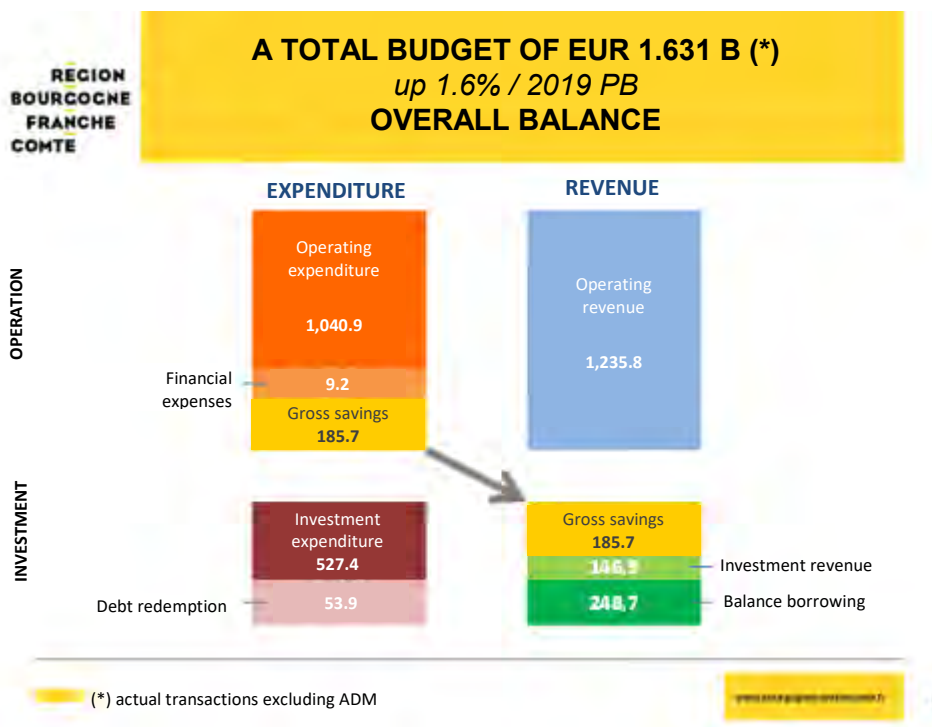
### 3 – Summary of primary Bourgogne-Franche-Comté Region 2020 budget

The primary 2020 budget, which totals €1.631 billion (excluding active debt management) gives concrete expression to the commitment and action around the major priorities that have underpinned the regional project since the beginning of the term: employment and purchasing power, acceleration of energy transition, solidarity and territorial cohesion.

The primary 2020 budget affirms the Region's financial strategy. Three fundamental objectives were set:

- . maintenance of a satisfactory level of gross savings through continued management efforts, thereby helping to guarantee the local authority's investment capacity and room for manoeuvre;
- . a major investment effort: €527 million (excluding debt) were earmarked in 2020 for structural investments in the region including high schools, mobility, energy transition and support for local stakeholders.
- . rising debt which still remains under control with a projected debt reduction capacity ratio of around 4 years, lower than the national average for the regions and below prudential rules.

The overall balance of the primary 2020 budget is presented below.



### 3.1 Revenue in the 2020 primary budget

Operating revenue in the 2020 primary budget amounts to €1,235.8 million. On a comparable basis, it has risen +1.30% (excluding European funds/PRIC/impact of the learning reform). Investment revenue (excluding borrowing) sits at €146.9 million.

Overall revenue in the 2020 primary budget (excluding borrowing and active debt and treasury management) represents a total sum of €1,382.7 million.

	REMINDER 2019		PRIMARY BUDGET 2020	Evolution PB 2020 / PB+SB+AD 2019
	PB	PB+SB+AD2		
OPERATING REVENUE	€1,243,382,946.33	€1,276,256,452.33	€1,235,828,426.31	-3.17%
<i>including revenue excluding European funds/PRIC/learning</i>	€1,110,741,645.00	€1,129,448,352.00	€1,144,123,343.00	1.30%
INVESTMENT REVENUE (excluding borrowing & active debt management)	€138,236,272.13	€120,036,310.13	€142,875,807.20	-22.36%
<i>including revenue excluding European funds</i>	€88,562,444.00	€96,362,482.00	€102,385,224.00	6.25%
<b>TOTAL REVENUE</b> <i>(excluding borrowing &amp; active debt management/excluding closing result carryforward)</i>	<b>€1,381,619,218.46</b>	<b>€1,396,292,762.46</b>	<b>€1,382,704,233.51</b>	<b>-0.97%</b>

The main regional resources (excluding borrowing) are as follows:

- direct tax revenue in the amount of €436.1 million, mainly composed of the company value-added contribution (CVAE), first revenue of the Region characterised by its sensitivity to the economic situation and strong volatility, with provisional revenue for 2020 of €311.1 million, a 1.5% increase on 2019;
- indirect tax revenue in an overall sum of €632.1 million, which essentially brings together the fraction of the value-added tax (VAT) revenue with an estimated sum of €244.9 million for 2020, the vehicle

registration tax revenue with expected revenue of €115.9 million and the domestic consumption tax on energy products (TICPE) revenue with a sum of €228.7 million;

- c. allocations, investments and other revenue allocated by the State, regional authorities, different public or private bodies, or paid by individuals and families, in accordance with the policies established by the regional authority; and
- d. the expected investments under European funds with revenue notably allocated to the Region as European funds management authority for the 2014-2020 planning.

It should be noted that the 2020 primary budget is also characterised by the learning funding reform in accordance with the implementation of the law "for the freedom to choose one's professional future (LCAP)" of 5 September 2018, which transferred the "learning" competence to professional branches. This entails a significant modification of the structure and volume of revenue devoted to learning from 1 January 2020.

Balance borrowing in the 2020 primary budget is fixed at €248.7 million.

A summary of the 2020 primary budget revenue, in real movements (excluding active debt and treasury management), is presented in the table below.

	REMINDER 2019		PRIMARY BUDGET 2020
	PB	PB+SB+AD2	
<b>OPERATING REVENUE</b>	€1,243,382,946.33	€1,276,256,452.33	€1,235,828,426.31
<i>including revenue excluding European funds/PRIC/learning</i>	<i>€1,110,741,645.00</i>	<i>€1,129,448,352.00</i>	<i>€1,144,123,343.00</i>
<b>DIRECT TAXATION</b>	<b>€426,883,233.00</b>	<b>€431,576,057.00</b>	<b>€436,106,906.00</b>
Company value-added contribution (CVAE)	€301,193,068.00	€306,454,975.00	€311,051,800.00
CVAE resources equalization national funds	€12,000,000.00	€12,594,421.00	€17,500,000.00
Flat-rate tax on network companies (IFER) (IFER railway rolling stock + IFER main dispatchers)	€44,764,166.00	€43,703,390.00	€41,800,000.00
National individual resource guarantee funds (DNGIR)	€35,370,562.00	€35,370,562.00	€35,370,562.00
Professional tax reform compensation allocation (DCRTP)	€28,791,178.00	€28,550,440.00	€26,728,922.00
Local direct tax exemptions compensation allocation (DTCE)	€4,764,259.00	€4,902,269.00	€3,655,622.00
<b>DIRECT TAX (excluding impact of learning funding reform)</b>	<b>€582,483,248.00</b>	<b>€587,451,080.00</b>	<b>€598,644,889.00</b>
Fraction of the value-added tax (VAT) revenue	€233,317,134.00	€237,979,134.00	€244,901,446.00
Tax on vehicle registration certificates	€114,200,000.00	€114,200,000.00	€115,900,000.00
Domestic consumption tax on energy products (TICPE) (compensation part + modulation part)	€192,857,552.00	€193,186,313.00	€195,203,313.00
Professional training resources (local tax management fees + professional training TICPE)	€42,108,562.00	€42,085,633.00	€42,640,130.00
<b>LEARNING FUNDING</b>	<b>€92,394,607.00</b>	<b>€99,755,856.00</b>	<b>€23,800,000.00</b>
General decentralisation allocation (DGD)	€38,088,478.00	€38,088,478.00	€38,088,478.00
Training investments under the regional pact for investment in skills (PRIC) (2019 agreement: 2 <sup>nd</sup> payment + 2020 agreement: 1 <sup>st</sup> payment)	€14,984,850.00	€34,240,400.00	€48,987,150.00
Investments and specific revenue in respect of school and interurban transport (departments financial compensations refunds + other operating revenue)	€33,882,598.00	€36,032,598.00	€33,111,598.00
Investments and specific revenue other areas of focus (education/secondary schools, economic action etc.)	€17,852,088.00	€23,181,768.00	€18,016,800.00
Various revenues (financial income, reversals of provisions)	€1,550,000.00	€5,341,444.00	€1,530,000.00
<b>EUROPEAN FUNDS</b>	<b>€35,261,844.33</b>	<b>€20,588,771.33</b>	<b>€37,542,605.31</b>
Regional Allocation of School Equipment (DRES)	€31,410,694.00	€31,410,694.00	€31,410,694.00
VAT compensation fund (FCTVA)	€17,500,000.00	€18,200,000.00	€19,000,000.00
Domestic consumption tax on energy products (TICPE) (Grenelle part)	€33,153,000.00	€33,153,000.00	€33,484,530.00
New revenue linked to the learning funding reform ("investment fund" allocation)	-	-	€10,300,000.00
Investments and specific revenue other areas of focus (economic action, Eco-campus NFC, digital etc.)	€6,498,750.00	€13,598,788.00	€8,190,000.00
European funds management authority/ERDF (function 6)	€49,673,828.13	€23,673,828.13	€44,490,583.20
<b>TOTAL REVENUE (excluding borrowing and active debt management)</b>	<b>€1,381,619,218.46</b>	<b>€1,396,292,762.46</b>	<b>€1,382,704,233.51</b>
<b>BALANCE BORROWING</b>	<b>€223,492,234.18</b>	<b>€149,985,645.43</b>	<b>€248,696,266.42</b>
<b>TOTAL REVENUE (excluding active debt management)</b>	<b>€1,605,111,452.64</b>	<b>€1,546,278,407.89</b>	<b>€1,631,400,499.93</b>

### 3.1 Expenditure in the 2020 primary budget

In operation, the 2020 primary budget sits at €887 million in commitment authorisations (AE) and €1,050.1 million in operation payment appropriations (CPF), down slightly compared with the 2019 PB (-1.28%). On a

comparable basis (excluding PRIC, learning competence and European funds management), the CPF has risen +1.3%.

Despite the greater restrictions due to the increased regional policies, the Region continues to control operating expenditure and management efforts to maintain a gross savings level aligned with the mandate strategy. The region's level of intervention in its public policies is maintained and even extended in the area of professional training with the regional pact for investment in skills (PRIC).

The main operation payment appropriations (CPF) expenditure items are as follows: transport (€423.1 million) including the Region's contribution under the Express Regional Transport (TER) agreement and the expenditure relating to the school and interurban transport competence, professional training and learning (€215.2 million) which notably brings together the PRIC appropriations, education (€189.3 million) with the operation appropriations of secondary schools and expenditure of technical personnel in secondary schools, general services (€90.7 million) with the appropriations devoted to headquarters human resources.

The investment section represents €538.7 million in programme authorisations (AP) and €581.3 million in investment payment appropriations (CPI). Excluding debt, the sum of the CPIs is €527.4 million, up +7.4% compared with the 2019 primary budget.

The budget stresses the regional investment effort, in accordance with the financial strategy and the implementation of the multi-year investment plan, notably in the areas of transport, secondary schools, land use planning, economic development, higher education and ecology.

The main investment payment appropriations (CPI) expenditure items are as follows: transport (€151.8 million) under the TER material renewal programmes and road support funds, education (€141.3 million) with appropriations devoted to investments in secondary schools, economic action (€60.1 million) and land use planning (€53.4 million).

The APs/AEs and payment appropriations (CPF/CPI) proposed in the 2020 primary budget, in investment and in operation, are classified by functions and by sub-functions corresponding to the main areas of focus of the regional authority.

The sum of the expenditure for function 0 to 9, that is, public policies, in the 2020 primary budget amounts to €1,423.7 million in AP/AE and €1,564.8 million in payment appropriations, corresponding to real movements, excluding debt. This equates to a rise of +1.46% in payment appropriations with respect to the 2019 primary budget.

Expenditure not classified in one of the ten functions represents €66.6 million overall and essentially comprises appropriations relating to regional debt in accordance with the repayment of capital on investment loans (€53.9 million) and the payment of interest on debt and financial expenses (€9.2 million).

A summary of the expenditure in the 2020 primary budget by function, in investment and operation payment appropriations, is presented in the table below.

**SUMMARY OF EXPENDITURE IN THE 2020 PRIMARY BUDGET**

**IN PAYMENT APPROPRIATIONS**

EXPENDITURE	INVESTMENT PAYMENT APPROPRIATIONS (CPI) 2020	OPERATION PAYMENT APPROPRIATIONS (CPF) 2020	TOTAL PAYMENT APPROPRIATIONS (CPI + CPF) 2020
<b>FUNCTION 1: PROFESSIONAL TRAINING AND LEARNING</b>	<b>€20,452,987.77</b>	<b>€215,226,447.62</b>	<b>€235,679,435.39</b>
Sub-function 10 and 11 - Professional training, employment and occupational safety	€22,756.18	€154,810,755.73	€154,833,511.91
Sub-function 12 - Learning	€11,671,294.72	€15,403,280.34	€27,074,575.06
Sub-function 13 - Health and social sector training	€8,758,936.87	€45,012,411.55	€53,771,348.42
<b>FUNCTION 2: EDUCATION</b>	<b>€141,340,161.53</b>	<b>€189,264,904.10</b>	<b>€330,605,065.63</b>
Sub-function 20 - 22 - 27 -28 - Secondary schools (not including secondary school personnel)	€123,353,482.53	€69,845,704.10	€193,199,186.63
Sub-function 22 - Human resources Secondary school personnel	€0.00	€114,748,000.00	€114,748,000.00
Sub-function 23 - Higher education	€17,986,679.00	€4,671,200.00	€22,657,879.00
<b>FUNCTION 3: CULTURE, SPORTS AND LEISURE</b>	<b>€15,788,989.28</b>	<b>€26,594,625.46</b>	<b>€42,383,614.74</b>
Sub-function 31 - Culture and heritage	€8,866,199.85	€19,252,028.09	€28,118,227.94
Sub-function 32 - Sport, youth and community life	€6,922,789.43	€7,342,597.37	€14,265,386.80
<b>FUNCTION 4: HEALTH AND SOCIAL ACTION</b>	<b>€2,014,354.47</b>	<b>€638,286.07</b>	<b>€2,652,640.54</b>
<b>FUNCTION 5: LAND USE PLANNING</b>	<b>€53,365,896.98</b>	<b>€7,353,505.23</b>	<b>€60,719,402.21</b>
Sub-function 50 - 51 - 52 - 53 - 54 - Land use planning excluding digital	€39,353,290.37	€4,976,413.49	€44,329,703.86
Sub-function 56 - Digital land development	€14,012,606.61	€2,377,091.74	€16,389,698.35
<b>FUNCTION 6: EUROPEAN FUNDS MANAGEMENT</b>	<b>€44,490,583.20</b>	<b>€18,917,933.31</b>	<b>€63,408,516.51</b>
Sub-function 61 - ESF management authority	€0.00	€4,055,380.76	€4,055,380.76
Sub-function 62 - ERDF management authority	€44,490,583.20	€14,862,552.55	€59,353,135.75
<b>FUNCTION 7: ENVIRONMENT</b>	<b>€18,756,498.48</b>	<b>€9,453,045.07</b>	<b>€28,209,543.55</b>
Sub-function 75 - Energy	€13,712,268.68	€2,825,080.39	€16,537,349.07
Sub-function 70 - 71 - 72 - 73 - 74 - 76 - 78 - Environment	€5,044,229.80	€6,627,964.68	€11,672,194.48
<b>FUNCTION 8: TRANSPORT</b>	<b>€151,825,000.00</b>	<b>€423,065,448.57</b>	<b>€574,890,448.57</b>
Sub-function 80 - Common services	€175,000.00	€37,930.29	€212,930.29
Sub-function 81 - TER expenditure and other public transport	€125,345,958.55	€421,787,518.28	€547,133,476.83
Sub function 82 - Roads and Streets	€21,413,078.20	€0.00	€21,413,078.20
Sub-function 88 - Other transport	€4,890,963.25	€1,240,000.00	€6,130,963.25
<b>FUNCTION 9: ECONOMIC ACTION</b>	<b>€60,143,077.14</b>	<b>€56,222,141.47</b>	<b>€116,365,218.61</b>
Sub-function 91 - 94 - Economic development and social and solidarity economy	€35,926,289.64	€30,691,829.51	€66,618,119.15
Sub-function 92 - Research and innovation	€8,284,596.22	€9,328,799.50	€17,613,395.72
Sub-function 93 - Agriculture - Viticulture - Agrifood - Woods and Forests	€5,932,191.28	€9,664,622.46	€15,596,813.74
Sub-function 95 - Tourism	€10,000,000.00	€6,536,890.00	€16,536,890.00
<b>FUNCTION 0: GENERAL SERVICES</b>	<b>€19,214,145.25</b>	<b>€90,706,470.51</b>	<b>€109,920,615.76</b>
Sub-function 02 - Human resources: Headquarters staff	€0.00	€64,154,201.08	€64,154,201.08
Sub-function 02 - General administration	€18,954,714.25	€24,170,081.76	€43,124,796.01
Sub-function 04 - European and international actions	€259,431.00	€2,382,187.67	€2,641,618.67
<b>SUB-TOTAL ITEMISED EXPENDITURE</b>	<b>€527,391,694.10</b>	<b>€1,037,442,807.41</b>	<b>€1,564,834,501.51</b>
Regional debt	€53,920,000.00	€9,161,000.00	€63,081,000.00
Write-offs	€0.00	€1,450,000.00	€1,450,000.00
Provisions	€0.00	€1,000,000.00	€1,000,000.00
Group of elected representatives	€0.00	€1,034,998.42	€1,034,998.42
<b>SUB-TOTAL NON-ITEMISED EXPENDITURE</b>	<b>€53,920,000.00</b>	<b>€12,645,998.42</b>	<b>€66,565,998.42</b>
<b>TOTAL EXPENDITURE excluding active debt management (GAD)</b>	<b>€581,311,694.10</b>	<b>€1,050,088,805.83</b>	<b>€1,631,400,499.93</b>

#### 4 – Summary of the 2020 supplementary budget for the Bourgogne-Franche-Comté Region

Amending decision no. 1 for 2020 approved during the plenary meeting of 25 and 26 June 2020 incorporates the traditional modification movements of the 2020 primary budget with the carryforward of the 2019 result and the adjustments of appropriations necessary to implement the budget.

It also takes into account the initial impacts of the unprecedented health crisis we are suffering that is significantly affecting budget balances for 2020, in revenue and expenditure, despite the lingering great uncertainty on the budgetary consequences.

The Region's fiscal resources are greatly exposed to the major economic recession our country is experiencing, which leads to significant reductions in revenue and a considerable fall in regional self-financing. These evolutions lead to a surge in balance borrowing.

In expenditure, this amending decision particularly entails strong mobilisation to deal with the health and economic crisis; registrations of supplementary appropriations are proposed in the framework of financing the exceptional measures and emergency provisions implemented by the Region.

A summary of the 2020 supplementary budget is presented below.

	AP/AE (all years)	CP 2020	revenue
Investment	-53,682,380.54	36,138,708.84	15,757,591.00
Operation	-9,805,472.13	11,232,634.35	-40,063,269.00
<b>Total</b>	<b>-63,487,852.67</b>	<b>47,371,343.19</b>	<b>-24,305,678.00</b>

New actual resources amount to €-24.3 million (excluding borrowing and carrying forward the 2019 closing result) and actual expenditure has grown by €47.4 million.

The carryforward of the 2019 closing result amounts to €6.5 million.

Gross savings registered in the primary budget have fallen €51.3 million to €134.4 million, notably as a result of the revenue losses caused by the economic recession.

Registered borrowing for 2020 has increased by €65.2 million. The budget forecast for 2020 borrowing has thus risen from €248.7 million to €313.9 million.

The general balance of the 2020 supplementary budget is presented below.

	EXPENDITURE	REVENUE
OPERATION	Operating expenditure (A)	Operating revenue (B)
	11 232 634,35	-33 552 874,67
		<i>including new registrations -40 063 269,00</i>
		<i>including reported 2018 surplus 6 450 394,33</i>
	Operation section balance (B-A)	
	-44 785 509,02	
INVESTMENT	Investment expenditure (C)	Investment revenue (D)
	36 138 708,84	-29 027 918,02
		<i>including new registrations 15 757 591,00</i>
		<i>including transfer of the operation section -44 785 509,02</i>
	Investment section balance = Adjustment of balance borrowing (D-C)	
	-65 166 626,86	

## 5 – Financial projection 2020-2021

2020 has been greatly impacted by the challenges and budgetary consequences of the COVID-19 crisis, which significantly degrades the Region's financial balances due to a reduction in its savings, linked to a squeeze as a result of significant falls in revenue (VAT fraction, TICPE, tax on vehicle registration certificates) and the emergency and support measures implemented in amending decision no. 1 aiming to increase spending.

In this exceptional context, to ensure the appropriate budgetary closure for 2020, the budget management system will be strengthened based on the monitoring and update of revenue, updated expenditure forecasts and the approval of amending decision no. 2 (AD2) in the budgetary session of 9 October 2020.

Moreover, the Region is preparing itself for the economic recovery. The main guidelines of this investment acceleration plan (recovery plan) were approved in the Plenary Assembly of 9 October. The Region wants to make this plan compatible with the issues related to the energy and ecological transition. Aligned with Europe, the plan will be coordinated with other local authorities and shared with branches, professional sectors and social partners. To optimise the leverage effects of the investments acceleration plan, a regional investments massification target will be opted for, mobilising the planning agreement and European funds.

This plan, amounting to €435 million (M€) comprises multi-year commitments in programme authorisations, with an offshoot in payment appropriations in the 2021 primary budget and subsequent budgets. An adaptation of the financial situation beyond the mandate strategy's objectives, with a particular rise in the Region's debt, is expected.

The evolutions are conditional on the State's commitments to guarantee regions a financial investment capacity and maintain balanced budgetary positions. The State-regions method agreement signed on 30 July 2020 afford regions some guarantees on the evolution of their revenue. The State is notably committed to allocating regions an envelope of €600 million of investment appropriations, linked to 2020 on operations connected to the recovery plan, and to completely neutralise the expected fall in CVAE in 2021, of which the part received by regions will be eliminated and compensated with a VAT fraction that will follow the national evolution speed of this tax beginning in 2022.

## 6 – Active debt and treasury management

### 6.1 Debt management

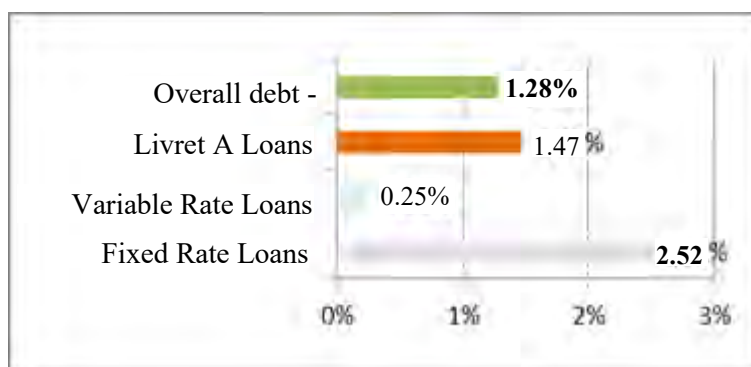
The strategy implemented by the Bourgogne-Franche-Comté Region to manage its debt is based on solid foundations:

- . regular contractualisation of several financial agreements notably with institutional partners such as the European Investment Bank (EIB) and the Caisse des Dépôts group, which currently constitute the Region's two main lenders;
- . debt management based on trade-offs and/or subscriptions of loans at fixed rates – variable rates aiming to diversify the risk: benefit from currently low variable rates while securing the cost of the debt over the long term.

At 31 December 2019, the Bourgogne-Franche-Comté Region has a outstanding debt of €710.6 million. It should be noted that this debt does not entail any structured product: the whole debt of the new Region falls under the lowest risk category of the Code of Conduct (1A).

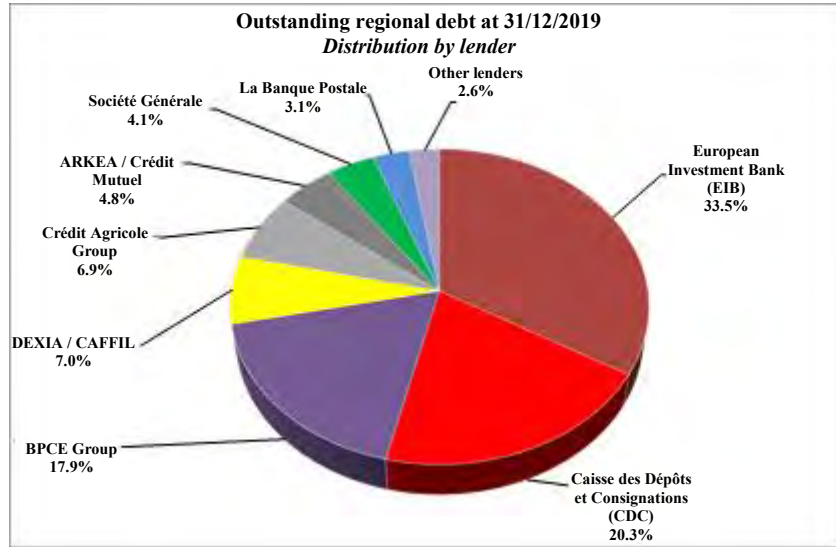
The average remaining term of the regional debt was 16 years and 10 months in 2019.

The weighted average rate of the debt, with impact of five exchange rate (SWAP) contracts, is 1.28% (it is 2.52% for the fixed-rate loans).

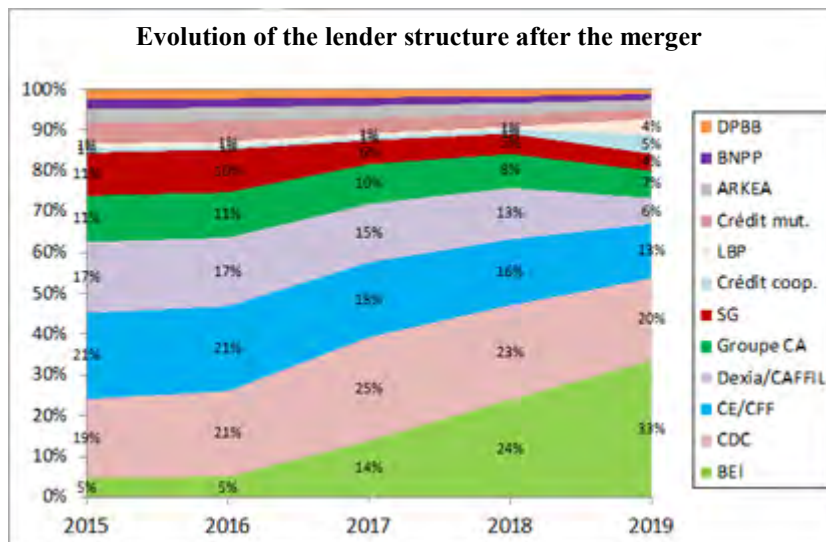


With regard to the distribution by lenders, the outstanding regional debt at 31 December 2019 comprises 82 loan agreements, distributed among fourteen lenders. The European Investment Bank (EIB) and the Caisse des Dépôts group now hold over half of the debt, with 33.5% for the EIB and 20.3% for CDC, respectively, followed by the BPCE group (17.9%), DEXIA/CAFFIL (7%) and the Crédit Agricole group (6.9%).



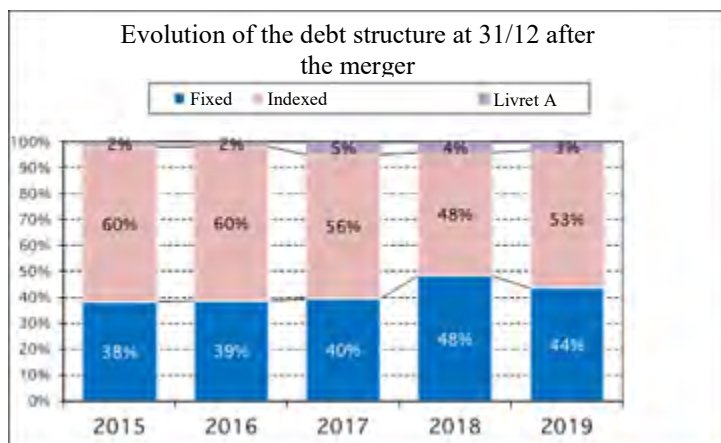


The evolution of the lender structure after the creation of the new regional authority is presented in the graph below. It should be noted that the EIB's share has been advancing significantly over recent years in accordance with the mobilisation of several envelopes: €220 million in borrowing has effectively been mobilised with this establishment over the last three years (see below).

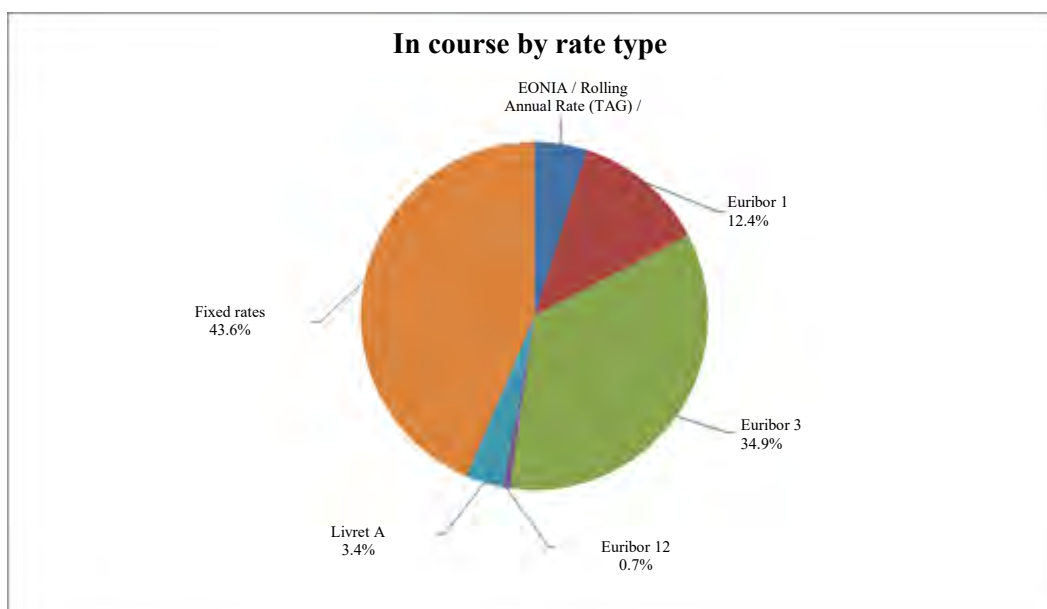


Regarding rates, the Region opts for a balanced debt structure to secure the outstanding sums. After having adopted a voluntary variable indexes overweight strategy over previous years, which has proven profitable in terms of a continuously low rates curve, in late 2018, the Region had opted for a debt structure rebalancing strategy mobilising two tranches of EIB loan agreements in full at fixed rate.

In 2019, to benefit from the fall in variable rates, the Region sought to largely mobilise new envelopes of loans subscribed at the year-end, mainly with the EIB on variable rates due to the greater bonus compared with fixed rates, in accordance with the negative market indexes. It should be noted that, within the indexed loans, preference has been duly given to Eonia derivatives and short Euribors aiming to support the lowest bank risk premium possible. The evolution of the debt structure by rate type is presented below.



The outstanding regional debt at 31 December 2019 is thus composed of 43.6% fixed rate, 52.9% variable index (Euribor 3 months, Euribor 1 month, Eonia and derivatives) and 3.4% Livret A index.



Regarding recourse to borrowing, in addition to the mobilisation over the 2016 and 2017 financial years of a €48.6 million "zero-rate green growth loan (PCV 0%)" agreement entered into in late 2016 with the Caisse des Dépôts et Consignations (CDC) group, most of the borrowing mobilised over the 2016-2019 period related to agreements entered into with the European Investment Bank (EIB).

Before the merger of the two authorities, the two former regions of Bourgogne and Franche-Comté had effectively concluded a particularly competitive common loan with regard to normal pricing supplements, distributed in two distinctive agreements of €100 million each. €60 million of this multi-year envelope, with an overall amount of €200 million and allocated to financing investments in education establishments, was mobilised in 2017 at variable rate (Euribor 3 months + 0.27%), then €70 million in 2018 (distributed €50 million at a fixed rate of 1.353% and €20 million at a fixed rate of 1.36%). The balance of these two loans, with an overall sum of €38 million, was mobilised in November 2019 at variable rate (Euribor 3 months + 0.28%).

The Region has continued its financial partnership with the EIB by subscribing a new multi-year funding envelope in accordance with the renewal of the railway rolling stock as part of the Region's priority commitment favouring lasting and innovative mobility and the energy transition. This loan agreement, signed on 5 December 2019, relates to a sum of €123.045 million, to be mobilised over the 2019 to 2022 financial

years, for a total, jointly assessed transaction cost of €246.090 million. A first tranche of €52 million was mobilised in December 2019, indexed on Euribor 3 months plus a +0.29% margin with a repayment term of 25 years. It should be noted that these particularly attractive financial conditions allow no interest payment in the current state of the financial markets.

The Region has also subscribed a supplementary loan with La Banque Postale (LBP) at the 2019 year-end in the amount of €20 million at a fixed rate of 0.56% with a 15-year maturity.

The Bourgogne-Franche-Comté Region thus mobilised the loan in an amount of €108.6 million over the 2016-2017 financial years (it should be noted that 2017 was characterised by an early repayment operation without compensation on two Société Générale loans for an overall sum of €22.8 million), then for €70 million in 2018 and €110 million in 2019. This increased recourse to borrowing compared with previous years is essentially explained by the budget path and the growth of investment expenditure.

A summary of the regional debt for the 2016 to 2019 financial years is presented below.

<b>Summary of the regional debt 2016 – 2017 – 2018 - 2019</b>				
<i>administrative reporting data</i>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Outstanding debt at 31 December of the year</b>	€607,196,290.26	€634,305,586.30	€652,221,829.92	€710,578,730.88
Weighted average rate	1.86%	1.60%	1.52%	1.28%
Remaining term	16 years and 5 months	16 years and 10 months	16 years and 8 months	16 years and 10 months
Number of agreements	90	84	81	82
<b>Borrowing mobilised over the year</b>	<b>€10,000,000.00</b>	<b>€98,600,000.00</b>	<b>€70,000,000.00</b>	<b>€110,000,000.00</b>
Repayment of the debt capital (account 1641) <i>including early repayment without refinancing</i>	€49,253,421.99 €0.00	€69,074,037.29 €22,800,000.00	€50,017,089.76 €0.00	€49,976,432.29 €0.00
Interest on debt & financial expenses <i>including interest charges (accounts 66111 and 6688)</i>	€11,978,116.93 €12,134,046.38	€10,935,033.72 €11,073,245.40	€9,406,752.35 €9,462,708.17	€9,641,432.29 €9,539,243.59
<i>including interest – annexation of accrued interest not due (ICNE)</i>	€-224,834.86	€-140,443.32	€-96,650.68	€-88,385.72
<i>including current accounts interest (account 6615)</i>	€68,905.41	€2,231.64	€40,694.86	€13,388.88
<b>Debt annuity for the year</b>	<b>€61,231,538.92</b>	<b>€80,009,071.01</b>	<b>€59,423,842.11</b>	<b>€59,617,450.48</b>
Financial income linked to NEU CP issues	€0.00	€0.00	€31,544.95	€119,275.54
Revolving movements balance	€-1,000,000.00	€-2,416,666.67	€-2,066,666.62	€-1,666,666.75
Debt refinancing (account 166 balanced in expenditure and revenue)	€0.00	€12,666,666.67	€0.00	€0.00
Net debt flow over the year (= new loans – debt capital repayment + revolving move. balance)	€-40,253,421.99	€27,109,296.04	€17,916,243.62	€58,356,900.96
<b>Debt rate</b> (= debt outstanding / actual operating revenue)	<b>57.98%</b>	<b>53.18%</b>	<b>52.24%</b>	<b>55.90%</b>
<b>Debt reduction capacity at 31 December – in years –</b> (= debt outstanding / gross self-financing capacity)	<b>2.86</b>	<b>2.75</b>	<b>2.87</b>	<b>3.16</b>

## 6.2 The Region's financial commitments

### ➤ Equity interests

The Bourgogne-Franche-Comté is a shareholder of several mixed economy companies and public limited companies in the terms envisaged by law (sec. L4211-1 and L 4253-3 of the General Local Authorities Code).

At 31 December 2019, the Bourgogne-Franche-Comté Region is a shareholder of 32 companies including 14 public limited companies (SA) and simplified joint stock companies (SAS), 14 mixed economy companies (SEM), three local public companies (SPL) and one scientific cooperation foundation, for an amount of €38.8 million.

These **equity interests** of the Region are largely linked to economic development and commercial property.

The Region also holds interests in the capital of four banks with an asset value €109,000 at 31 December 2019.

➤ **Financing of guarantee funds and other funds**

The Bourgogne-Franche-Comté Region also participates in financing guarantee companies and management companies through capital injections.

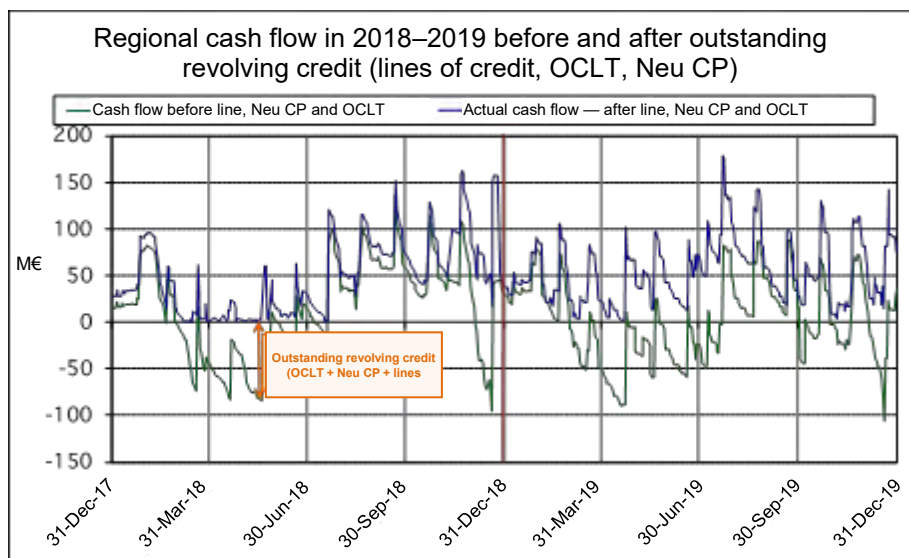
These financial engineering funds have mainly been implemented to facilitate developing businesses' access to credit. Some measures are specifically aimed at the social and solidarity economy sector.

The financing of these different funds by the Bourgogne-Franche-Comté Region relates to an asset value of €53.8 million at 31 December 2019.

### 6.3 Treasury management

In 2018, the Region equipped itself with short-term marketable securities ("NEU CP") in a maximum amount of €100 million as part of a liquidity sources diversification and daily treasury management costs optimisation strategy. The Region also holds two to three annual cash lines in the sum of €110 million.

Over the course of the 2018 and 2019 financial years, the Region mobilised the NEU CP programme in full on several occasions, with *ad hoc* needs in the range of €100 million, notably at the year-end. In 2010, the average treasury thus amounted to €54 million, equivalent to two weeks' expenditure.



The plenary Assembly decided to increase the NEU CP programme from €100 to €150 million (€M) in accordance with the evolution of the budget path and the intensification of investments mechanically eliciting an increase in treasury needs on 24 April 2020.

Moreover, the COVID-19 crisis and its financial impact, characterised by new expenditure to finance emergency measures as well as reductions of revenue directly exposed to the economic situation, has led to strong mobilisation of treasury tools since the start of 2020 to allow the regional authority to ensure the continuity of payments. This regular and intensive use of treasury tools over this period is also explained by the Region's decision to mobilise long-term financing at the year-end, notably in accordance with the implementation of this EMTN programme and specific envelopes with institutional lenders.

The summary of the treasury tracking shows that the "natural (excluding treasury tools)" balance is on average €108 million over the months of March to June, hence the need to adjust the NEU CP programme, and that the average monthly balance is €38 million over the same period.

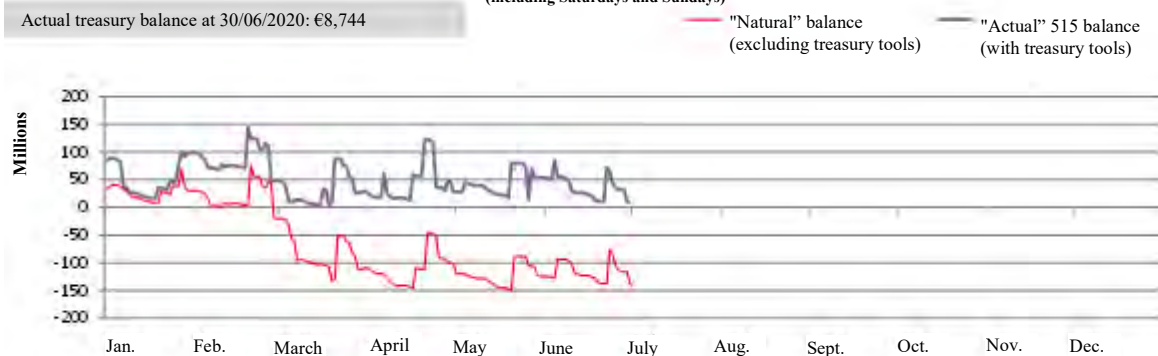
TREASURY MANAGEMENT SUMMARY 1ST HALF 2020

	January	February	March	April	May	June
Average "natural" monthly balance (excluding treasury tools)	€28,147,443	€19,873,498	€-83,663,565	€-110,692,774	€-122,186,533	€-116,403,990
Average monthly balance	€52,494,976	€87,849,092	€31,646,274	€42,980,426	€44,462,045	€36,191,753
Actual end-of-month treasury balance	€98,581,286	€48,398,117	€27,444,566	€28,374,212	€54,057,051	€8,744,108

2020 daily treasury balance

(including Saturdays and Sundays)

Actual treasury balance at 30/06/2020: €8,744



The Region has thus had recourse to increased use of "NEU CPs" to optimise the treasury management cost. In late August, nine NEI CP issues were made at financial terms that remain particularly advantageous, that is at negative rates generating €236,000 in financial income (see table below). Cash lines have also been regularly used over the course of the 1<sup>st</sup> half of 2020, focusing on containing the financial expenses by aligning the amount of drawdowns and repayments with needs, in accordance with expenditure forecasts and the speed the main revenue is received.

TREASURY MANAGEMENT: MONITORING OF NEU CP PROGRAMMES (Ex-Commercial Papers) – 2020

N° CP	Dealer	Amount	Net amount	Interest	Issue rate	Issue date	Maturity date
1	BRED	€60,000,000.00	€60,082,112.22	€82,112.22	-0.410%	27/01/2020	26/05/2020
2	BRED	€40,000,000.00	€40,023,152.28	€23,152.28	-0.425%	06/03/2020	24/04/2020
3	NATIXIS	€20,000,000.00	€20,001,933.52	€1,933.52	-0.060%	28/04/2020	25/06/2020
4	NATIXIS	€20,000,000.00	€20,001,444.55	€1,444.55	-0.050%	04/05/2020	25/06/2020
5	BRED	€60,000,000.00	€60,016,004.27	€6,004.27	-0.150%	27/05/2020	30/07/2020
6	BRED	€40,000,000.00	€40,022,390.30	€22,390.30	-0.265%	25/06/2020	09/09/2020
7	NATIXIS	€40,000,000.00	€40,033,160.80	€33,160.80	-0.355%	02/07/2020	24/09/2020
8	BRED	€10,000,000.00	€10,002,261.62	€2,261.62	-0.370%	15/07/2020	06/08/2020
9	BRED	€60,000,000.00	€60,054,315.79	€54,315.79	-0.370%	30/07/2020	26/10/2020
		<b>€350,000,000.00</b>		<b>€236,775.35</b>			

## 6.4 Financial rating

Financial rating is a tool that allows the Bourgogne-Franche-Comté Region to diversify and optimise its financing to directly access financial markets for its treasury or long-term financing needs.

The new Region has been rated since 2017, initially with the *Standard and Poor's* ratings agency ("AA/a1-+" rating with stable outlook, renewed in subsequent years).

A new rating procedure was undertaken by Moody's in the final quarter of 2019 in the framework of reforming the financial rating market introducing competition, in accordance with the public markets rules. On 18 December 2019, Moody's assigned the Bourgogne-Franche-Comté Region an Aa3 long-term issuer rating with a positive outlook, and a Prime-1 short-term issuer rating. Nonetheless, it should be noted that the outlook was reviewed as stable on 25 February 2020 following the change associated with the sovereign rating of France.

According to the agency, the Bourgogne-Franche-Comté Region's ratings *"reflect a good operating performance, debt that is low and non-risky but rising, as well as good governance and financial management"*. Moody's underlines, however, *"a slow-growing economy and limited revenue flexibility as for all French regions"*.

It should be noted that Moody's analysis mentions that *"environmental considerations are not material to Région Bourgogne-Franche-Comté's credit profile"*.

The rating decision *"reflects Région Bourgogne-Franche-Comté's good operating performance, which Moody's expects to remain overall stable over the next few years given tax revenue growth and operating expense controls. The region will benefit from France's solid economic growth – 1.4% in real terms both in 2020 and 2021 according to Moody's forecast – and the resulting increase in value added tax (VAT) proceeds that amounted to €233 million in 2018, or 19% of operating revenues. Other operating revenues, including business taxes moving with regional economic growth, would grow at a slower pace. Moody's expects the effective efforts to control operating costs to continue and the region to comply, as in 2018, with the 1.2% limit set by the central government (France, Aa2 positive) on operating expenditures growth."*

*The regional administration has been demonstrating a strong commitment to preserving the region's financial health, focused on debt sustainability to be able to invest in fixed capital. Région Bourgogne-Franche-Comté has a shared and well-defined financial strategy, a prudent budgetary approach exemplified by realistic long-term targets, and conservative financial planning.*

*At the end of 2018, the net direct and indirect debt (NDID) amounted to €654 million – 52.4% of operating revenues or 2.9 years of GOB – representing a low debt burden, when benchmarking with French regions. Debt is planned to increase to fund a new fixed capital investment cycle, focused mainly on high schools and mobility, with capital expenditures nearly doubling between 2016 and the end of 2021, peaking at €528 million according to Moody's. Nevertheless, Moody's expects debt to remain manageable with NDID reaching 90.2% of operating revenues by 2022. Furthermore, Région Bourgogne-Franche-Comté's debt management is sound and secure and its debt is non-risky. The interest burden will remain at a low level of around 1% of operating revenues over the next two to three years. "*

Although Moody's recognises that the Bourgogne-Franche-Comté Region, like French regions in general, has limited room for manoeuvre to grow its resources, this should be nuanced, according to the agency, by its latitude in terms of expenditure, notably under its multi-year investment programme.

## SUBSCRIPTION AND SALE

Subject to the terms of a placement contract dated 16 November 2020 signed by the Issuer, the Permanent Dealers and the Arranger (as it may be amended, 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 that market price or a similar prevailing market price on the date of said sale, 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 the issuance of syndicated Tranches that are jointly underwritten by two or more Dealers.

The Issuer will pay (as applicable) 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 Supplements. The Issuer has agreed to reimburse the Arranger for the expenses incurred by it in connection with the establishment 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 INFORMATION

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 Supplements 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 U.S. 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 identified tranche of Notes within the United States of America within the first forty (40) calendar days after the commencement of the offering, may violate the registration requirements under the U.S. Securities Act.

Materialised Notes with a maturity of greater than one year are subject to U.S. 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 U.S. tax laws. The terms used in this paragraph shall have the meaning given to them in the U.S. Internal Revenue Code of 1986 and its implementing regulations.



### 3. UNITED KINGDOM

Each Dealer has represented and warranted and each new Dealer will be required to represent and warrant 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 it does in relation to the Notes in, from or otherwise involving the United Kingdom.

### 4. FRANCE

Each of the Dealers and the Issuer have stated and acknowledged that they accept to comply with the applicable laws and regulations in force relating to the offer, the placement and the sale of the Notes and to the distribution of the Offering Circular and the documents pertaining to the Notes in France.

### 5. ITALY

The offer of Notes has not been recorded with the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) in accordance with Italian legislation on transferable securities and, consequently, the Notes cannot be and will not be offered, sold or delivered within the Republic of Italy, and no copy of this Offering Circular or any other document on the Notes can be or will be distributed within the Republic of Italy, except in any circumstance that is outside the scope of application of or exempt from the rules applicable to public offers pursuant to Article 1 of Regulation (EU) 2017/1129 (the **Prospectus Regulation**), Section 34-ter of CONSOB Regulation no.11971 of 14 May 1999, as amended at any given time, and the applicable Italian legislation.

Any offer, sale or delivery of Notes or any distribution of a copy of this Offering Circular or any other document relating to the Notes in the Republic of Italy in the circumstances described below 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 of 15 February 2018 as amended from time to time and legislative decree No. 385 of 1 September 1993 as amended from time to time (the **Banking Act**);
- (b) pursuant to all other laws and regulations or requirements imposed by CONSOB, the Bank of Italy (including obligations to make representations, where applicable, pursuant to Article 129 of the Law on Banking and the implementation guidelines of the Bank of Italy, as amended at any time) or any other Italian authority.



## FORM OF PRICING SUPPLEMENTS

Set out below is the Form of Pricing Supplements that will be issued for each Tranche of Notes:

**[Governance of MiFID II Products/Target Market: eligible counterparties and professional customers only** - Only for the purposes of the process of approval of [the/each] producer of the product, the assessment of the target market for the Notes, taking into consideration the five categories referenced in point 18 of the Guidelines published by the European Financial Markets Authority on 5 February 2018, led to the conclusion that: (i) the target market for the Notes concerns the eligible counterparties and professional customers only, as defined in Directive 2014/65/EU (as amended, **MiFID II**) and that (ii) all distribution channels for the Notes to eligible counterparties or professional customers are appropriate. Any person who later offers, sells or recommends the Notes (a **distributor**) should take into account the assessment of the target market performed by [each/the] producer. However, a distributor subject to MiFID II must conduct its own assessment of the target market for the Notes (using or refining the assessment of the target market performed by [each/the] producer) and determine the appropriate distribution channels.

**Pricing Supplements dated [●]**



**Bourgogne-Franche-Comté Region**

***Legal Entity Identifier (LEI): 969500A5HV11BYE51L88***

Euro Medium Term Note Programme

for €350,000,000

**[Brief description and aggregate nominal amount of Notes]**

**SERIES No: [●]**

**TRANCHE No: [●]**

Issue Price: [●]%

**[Name(s) of Dealer(s)]**

**PART A**

**CONTRACTUAL TERMS**

This document constitutes the Pricing Supplements in respect of the issue of notes described below (the **Notes**) and contains the final terms of the Notes. These Pricing Supplements complete the offering circular dated 16 November 2020 relating to the Issuer's €350,000,000 debt securities issue programme [and the supplement to the offering circular dated [●]], which [together] constitute[s] an offering circular (the **Offering Circular**).

The Pricing Supplements must be read along with the Offering Circular and, with it, constitute an offering circular (the **Offering Circular**). The terms used below have the meaning given to them in the Offering Circular. The Notes shall be issued in accordance with the provisions of these Pricing Supplements together with the Offering Circular. The Issuer accepts responsibility for the information contained in these Pricing Supplements which, together with the Offering Circular, contain all material information in connection with the issue of the Notes. The complete information on the Issuer and the offer of the Notes is only available based on the Offering Circular. These Pricing Supplements and the Offering Circular are (a) published on the Issuer's website (<https://www.bourgognefranche-comte.fr/>), [and (b) available during normal office hours at the Issuer's headquarters]. [Moreover, the Offering Circular [is [are] available [on/at] [●]].<sup>1</sup>

*[Complete all the following sections or specify "Not applicable". Note that the numbering should remain as set out below, even if "Not applicable" is indicated for individual paragraphs or a specific sub-paragraph. Italics denote directions for completing the Pricing Supplements.]*

- |    |   |  |
|----|---|--|
| 1. | <b>Issuer:</b>                                      | Bourgogne-Franche-Comté Region   |
| 2. | <b>(a) Series:</b>                                  | [●]  |
|    | <b>(b) Tranche:</b>                                 | [●]  |
|    | <b>(c) Date on which the Notes become fungible:</b> | [Not applicable]/[The Notes will, once listed, be fully fungible with, and constitute a single Series with <i>[describe relevant Series]</i> issued by the Issuer on ( <i>insert date</i> ) (the <b>Existing Notes</b> ).] |
| 3. | <b>Specified Currency:</b>                          | [●]  |
| 4. | <b>Aggregate Nominal Amount:</b>                    | [●]  |
|    | <b>(a) Series:</b>                                  | [●]  |
|    | <b>(b) Tranche:</b>                                 | [●]  |
| 5. | <b>Issue price:</b>                                 | [●]% of the Aggregate Nominal Amount of the Tranche [plus accrued interest from <i>[insert date]</i> ] (in the case of fungible issues or first broken coupon, if applicable)  |
| 6. | <b>Specified Denomination(s):</b>                   | [●] [ <i>(one Denomination only for Dematerialised Notes)</i> ]  |
| 7. | <b>(a) Issue Date:</b>                              | [●]  |
|    | <b>(b) Interest Period Start Date:</b>              | [[●]/ Issue Date / Not applicable]   |

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<sup>1</sup> If the Notes are listed for trading on a Regulated Market other than Euronext Paris.

8. **Maturity Date:** [●] [*specify the date or (for Floating Rate Notes) the Coupon Payment Date of the month and year in question, or the nearest date to the Coupon Payment Date in the relevant month and year*]
9. **Interest Basis:** [Fixed Rate of [●]%] [[EURIBOR or CMS Rate] +/-[●]% of the Floating Rate] [Zero Coupon Note] (*other details specify below*)
10. **Redemption basis:** [Subject to any repurchase and cancellation or early redemption, the Notes shall be redeemed on the Maturity Date at [●]% of their Total Nominal Amount.]  
[Instalment Payment]
11. **Change of Interest Basis:** [Applicable (*for the Notes bearing interest at a Fixed Rate/Floating Rate*)/Not applicable]  
  
*(If applicable, specify the details for conversion of the Fixed Rate/Floating Rate interest in accordance with 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 the Notes:** Senior
- (b) **Date of authorisation of the issue of the Notes:** Deliberation of the Issuer's Regional Council on [●]
14. **Method of distribution:** [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note provisions:** [For Notes bearing interest at a Fixed Rate/Floating Rate: 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] at maturity/*other*]
- (b) **Interest Payment Date(s):** [●] in each year [adjusted in accordance with specified Business Day Convention and any relevant Business Centre(s) for the "Business Day" definition]/not adjusted]
- (c) **Fixed Coupon Amount(s):** [●] per [●] of Specified Denomination

(d) Broken Coupon Amount(s): *[Include information relating to the initial or final Broken Coupon Amount which are different from the Fixed Coupon Amount(s) and the Coupon Payment Date(s) to which they refer) / Not applicable]*

(e) Day Count Fraction (Condition 4.1):  
[Actual Basis/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 (US Bond Basis).  
30E/360  
Eurobond Basis  
30E/360 – FBF]

(f) Determination Date (Condition 4.1):  
[Not applicable/[●] for each year (*specify the 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. applicable only when the Day Count Fraction is Actual/Actual-ICMA) Basis).]*

**16. Provisions relating to Floating Rate Notes:**

[For Notes bearing interest at a Fixed Rate/Floating Rate: from [●] (included) to [●] (excluded)].  
[Applicable/Not applicable]

*(If this paragraph is not applicable, delete the remaining sub-paragraphs).*

(a) Interest Period(s)/ Accrued Interest Period Date: [●]

(b) Interest Payment Date(s): [[●] of each year / [●] and [●] / [●], [●], [●] et [●] / *other*] until the Maturity Date (inclusive)

(c) First Coupon Payment Date: [●]

(d) Business Day Convention: [Floating Rate Business Day Convention//Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [not adjusted]

- (e) Business Centre (s) (Condition 4.1):
- (f) Method to determine Interest Rate:  Screen Rate Determination/FBF Determination/ISDA Determination]
- (g) Party responsible for calculating the Interest Rate or Rates Coupon Amount or Amounts (if other than the Calculation Agent):  (specify) / Not applicable]
- (h) Screen Rate Determination (Condition 4.3(c)(iii)):
- Reference Rate:
  - Screen Page:
  - Reference Time:
  - Interest Determination Date(s):  [TARGET] Business Days in (specify city) for (specify the currency) before [the first day of each Interest Period/each Coupon 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:  (specify the financial centre most closely connected with the Benchmark – specify, if other than Paris)
  - Benchmark:  [CMS Rate or EURIBOR]  
  
(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)
  - Representative Amount:  (Specify if quotations published on a Screen Page or offered by the Reference Bank must be given for a transaction of a specific amount)
  - Effective Date:  (Specify if quotations are not to be obtained with effect at the start of the Interest Period)

- Specified Duration: [●] (*Specify the quotation period if different from the duration of the Interest Period*)
  - [Rate Multiplier: [Not applicable/[ ● ]]]
- (i) FBF Determination (Condition 4.3(c)(i)) [Applicable/Not applicable]
- 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 of Floating Rate: [●]  
  
*(Note: The alternative clauses applicable to the FBF Determination according to the FBF Rate Book - Technical Additions are based on the provision by the reference banks of offer prices for the EURIBOR which, depending on market conditions, may not be available at the relevant time)*
- (j) ISDA Determination (Condition 4.3(c)(ii)): [Applicable/Not applicable]
- Floating Rate Option: [●]  
  
*(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)*
  - Designated Maturity: [●]
  - Reset Date: [●]  
  
*(Note: The alternative clauses applicable to the ISDA Determination according to the 2006 ISDA Definitions are based on the provision by the reference banks of offer prices for the EURIBOR which, depending on market conditions, may not be available at the relevant time)*
- (k) Margin(s): [[+/-] [●]% per annum/Not applicable]



- (l) Minimum Interest Rate:  $[[\bullet]\% \text{ per annum}/0]^2$
- (m) Maximum Interest Rate: [Not applicable /  $[\bullet]\% \text{ per annum}$ ]
- (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 (US Bond Basis)  
 30E/360  
 Eurobond Basis  
 30E/360 – FBF]

17. **Provisions relating to Zero Coupon Notes:**

[Applicable/Not applicable] *(If this paragraph is not applicable, delete the remaining subparagraphs)*

- (a) Yield:  $[\bullet]\% \text{ per annum}$
- (b) Day Count Fraction:  
 [Actual/365  
 Actual/365 – FBF  
 Actual/Actual – [ICMA / ISDA / FBF]  
 Actual/365 (Fixed)]  
 Actual/360  
 30/360  
 360/360  
 Bond Basis  
 30/360 – FBF]

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<sup>2</sup> Interest payable for Notes will be at least equal to zero in all circumstances.

Actual 30A/360 (US Bond Basis)

30E/360

Eurobond Basis

30E/360 – FBF]

## PROVISIONS RELATING TO REDEMPTION

### 18. Redemption at the option of the Issuer:

[Applicable/Not applicable] *(If this paragraph is not applicable, delete the remaining subparagraphs)*

(a) Optional Redemption Date(s):

[●]

(b) Optional Redemption Amount(s) for each Note:

[●] per Note of Specified Denomination [●]

(c) If redeemable in part:

(i) Minimum redemption amount:

[[●] per Note of Specified Denomination [●] / Not applicable]

(ii) Maximum redemption amount:

[[●] per Note of Specified Denomination [●] / Not applicable]

(d) Notice period:

[●]

### 19. Redemption at the option of the Noteholders:

[Applicable/Not applicable] *(If this paragraph is not applicable, delete the remaining subparagraphs)*

(a) Optional Redemption Date(s):

[●]

(b) Optional Redemption Amount(s) for each Note:

[●] per Note of Specified Denomination [●]

(c) Notice period:

[●]

### 20. Final Redemption Amount for each Note:

[●] per Note of Specified Denomination [●]

### 21. Instalment Amount:

[Applicable/Not applicable] *(If this paragraph is not applicable, delete the remaining subparagraphs)*

- (a) Instalment Date(s):
- (b) 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 **Error! Reference source not found.**):  per Note of Specified Denomination /[for notes with Payment in Instalments) the unamortised face value]
- (b) Redemption for tax reasons on dates other than Coupon Payment Dates (Condition 5.6):

**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)] (*Notes that a Registration Agent may be appointed for 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**), which is 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] (*Note that this point relates to the date and place of payment and not the Maturity Dates of the Coupon described in sections 15(b) and 16(b)*)
25. **Talons for future Coupons or Receipts to be attached to Physical Notes:**  [Yes/No/Not applicable] (*If yes, specify*) (*Applicable only to Materialised Notes*)
26. **Provisions relating to redenomination, renominatisation and reconventioning:**  [Applicable/Not applicable]

27. **Masse (Condition 10):**

[Issue outside France: [Applicable/Not applicable]]

*[(Specify details relating to the initial and their alternate Representative and, where necessary, their remuneration as set out below)]*

The name and contact details of the initial Representative are: [●]

The name and contact details of the alternate Representative of the Masse 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 Commercial Code, as supplemented by the Terms and Conditions of the Notes. The single 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. A representative shall be appointed as soon as the Notes of a Series are held by more than one Noteholder.]

28. **Other Information:**

[●]

*(insert any additional information)*

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Pricing Supplements. *[[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.]<sup>3</sup>

Signed on behalf of the Issuer:

By: .....  
Duly authorised

\_\_\_\_\_

<sup>3</sup> To be included if information is provided by a third party.

## PART B

### OTHER INFORMATION

#### 1. [RISK FACTORS

[Not applicable]/(Insert any risk factor relating to the Issuer and/or the Notes)]

#### 2. ADMISSION TO TRADING

(i) (a) Admission to trading:

[A request for admission of the Notes to trading on [Euronext Paris/other (to be specified)] 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]

(b) Regulated Markets or equivalent markets on which, to the Issuer's knowledge, notes of the same category as the Notes to be admitted to trading are already admitted to trading:

[The Existing Notes are admitted to trading on [Euronext Paris/[●] specify the Regulated Market of the non-regulated market concerned.]]

(ii) Total estimated costs for admission to trading:

[[●]/Not applicable]

#### 3. RATINGS AND CONVERSION INTO EURO

Ratings:

The Programme has been rated [●] by [Moody's] ([Moody's]).

Moody's 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 **ANC Regulation**). [●] is on the list of credit rating agencies published by the European Financial Markets Authority (Autorité Européenne des Marchés Financiers) on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the ANC Regulation.

The Notes to be issued will be assigned the following rating:

[●]: [●]

[[Other]: [●]]

(The rating assigned to the Notes issued under the

*Programme must be specified above or, if an issue of Notes has received a specific rating, this specific rating must be indicated above.)*

Conversion into euro: [Not applicable/ The aggregate nominal amount of the Notes issued has been converted into euro at a rate of [●], i.e. a sum of: [●]]

*(only applicable to Notes which are not denominated in euro)*

#### **4. [INTERESTS OF NATURAL AND LEGAL PERSONS PARTICIPATING 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 the Notes, identifying each person concerned and the nature of such an 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. The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with the Issuer and may perform other services for the Issuer in the ordinary course of business."]]*

#### **5. [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.]

#### **6. [FLOATING RATE NOTES ONLY – HISTORICAL INTEREST RATES**

*Details of historical rates [EURIBOR, CMS Rate] may be obtained from [Reuters]]*

#### **7. DISTRIBUTION**

If it is syndicated, names of the Placement Syndicate Members: [Not applicable/provide the names]

Entity responsible for the Regularisation Transactions (if any): [Not applicable/provide the names]

If it is not syndicated, name of the Dealer: [Not applicable/provide the name]

Sale restrictions – United States of America: [Regulation S Compliance Category 1: TEFRA C Rules / TEFRA D Rules / Not applicable] *(The TEFRA Rules are not applicable to the Dematerialised Notes)*

**8. OPERATIONAL INFORMATION**

- (a) ISIN Code:
- (b) Common code:
- (c) Depositary(ies): /Not applicable
  - (i) Euroclear France acting as Central Depositary:  [Yes/No]
  - (ii) Common Depositary for Euroclear and Clearstream:  [Yes/No]
- (d) Any clearing system other than Euroclear France, Euroclear and Clearstream and the relevant identification number(s):  [Not applicable/provide names and numbers]
- (e) Delivery:  Delivery [for payment/no payment]
- (f) Names and addresses of initial Paying Agents appointed for the Notes:
- (g) Names and addresses of additional Paying Agents appointed for the Notes:

## GENERAL INFORMATION

1. The issuer has obtained all agreements, approvals and authorisations required in France for the establishment of the Programme. In accordance with deliberation no. 16AP.5 of 4 January and deliberation no. 20AP.85 of 24 April 2020, the Issuer's Regional Council has authorised its President to execute loans for the duration of her mandate and within the limits of the amounts registered in the budget, notably by establishing the Programme and performing bond issues under the Programme.
2. Save as disclosed in this Offering Circular, 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 2019.
3. This Offering Circular will be published on the Issuer's website (<https://www.bourgognefranchecomte.fr/>). So long as the Notes are admitted to trading on an EEA regulated market or offered to the public in a Member State other than France or the United Kingdom, the Pricing Supplements concerned will be published on the Issuer's website (<https://www.bourgognefranchecomte.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 clearing through Euroclear France (66, rue de la Victoire 75009 Paris France), Euroclear (boulevard du Roi Albert II – 1210 Brussels – Belgium) and Clearstream (42 avenue JF Kennedy – 1885 Luxembourg – Grand Duchy of Luxembourg) may be filed. 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 Supplements.
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, on any days of the week (except Saturdays, Sundays and public holidays) at the designated offices of the Fiscal Agent and the Paying Agents:
  - (a) the Fiscal Agency Agreement (which includes the model accounting letter, the Temporary Global Certificates, Physical Notes, Coupons, Receipts and Talons);
  - (b) the two most recent primary 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 or the United Kingdom;
  - (d) a copy of this Offering Circular as well as any supplement thereto or any new offering circular; and
  - (e) 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 yield on said Notes shall be specified in the applicable Pricing Supplements. The yield will be calculated on the Notes Issue Date based on the issue price and will not constitute an indication of future yields.
9. In connection with each Tranche, one of the Dealers may act as stabilisation manager (the **Stabilisation Manager**). The entity acting as Stabilisation Manager shall be specified in the applicable Pricing Supplements. 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 commence only after the date on which the final terms of the issue of the relevant Tranche have been made public and, once initiated, they 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 may, now or in the future, in the normal conduct of their activities, be in a business relationship or act as a financial advisor to the Issuer in relation to the securities issued by the Issuer. In the normal course of their activities, each of the Dealers and their affiliates may, now or in the future, (i) conduct investment, trading or hedging transactions, including brokerage activities or transactions on derivative products, (ii) act as underwriters of financial securities offered by the Issuer, or (iii) act as the Issuer's financial advisors. In the context of such transactions, each of the Dealers and their affiliates may or will hold financial securities issued by the Issuer, in which case each of the Dealers and their affiliates will receive normal commissions for such transactions. Moreover, the Issuer and each of the Dealers may be involved in transactions relating to an index or derivative products based on or related to the Notes, which could affect the market price, liquidity or value of the Notes, and could have an adverse impact on the interests of Noteholders.
11. The Issuer's Legal Entity Identifier (LEI) number is: 969500A5HVI1BYE51L88.

## **RESPONSIBILITY FOR THE OFFERING CIRCULAR**

### **Person assuming responsibility for this Offering Circular**

#### **In the name of the Issuer**

I hereby confirm, having taken all reasonable care to this end, that the information contained in this Offering Circular is, to my knowledge, in accordance with the facts and does not omit any element that may undermine its importance.

Besançon, on 16 November 2020

#### **Bourgogne-Franche-Comté Region**

Hôtel de Région  
4 square Castan,  
25031 Besançon  
France

Represented by Marie-Guite Dufay, President of the Regional Council

**Issuer**

**Bourgogne-Franche-Comté Region**

Hôtel de Région  
4 square Castan,  
CS 51857  
25031 Besançon Cedex  
France

**Arranger**

**HSBC France**

103, avenue des Champs-Élysées  
75008 Paris  
France

**Dealers**

**BRED Banque Populaire**

18, quai de la Râpée  
75012 Paris  
France

**Crédit Mutuel Arkéa**

1, rue Louis Lichou  
29480 Le Relecq Kerhuon  
France

**La Banque Postale**

115, rue de Sèvres  
75275 Paris Cedex 06  
France

**Crédit Agricole Corporate and Investment Bank**

12, place des États-Unis  
CS 70052  
92547 Montrouge Cedex  
France

**HSBC France**

103, avenue des Champs-Élysées  
75008 Paris  
France

**NATIXIS**

30 avenue Pierre Mendès-France  
75013 Paris  
France

**Société Générale**

29, boulevard Haussmann  
75009 Paris  
France

**Fiscal Agent, Principal Paying Agent and Calculation Agent**

**Banque Internationale à Luxembourg SA**

69, route d'Esch  
L-2953 Luxembourg  
Grand Duchy of Luxembourg

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**of the Issuer**

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75017 Paris  
France

**of the Dealers**

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52, avenue Hoche  
CS 90005  
75008 Paris  
France