

Offering Circular dated 13th November 2020



Métropole de Lyon
Euro Medium Term Note Programme
in a maximum amount of
€1,000,000,000

The Métropole de Lyon (the **Issuer** or the **Métropole**) may, at any time, under the Euro Medium Term Note Programme (the **Programme**) which is subject to the present offering circular (the **Offering Circular**) and in compliance with applicable laws, regulations and directives, issue debt instruments (the **Notes**). The aggregate nominal amount of Notes outstanding shall not, at any time, exceed €1,000,000,000. The Notes constitute *obligations* within the meaning of French law.

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

Application may, under certain circumstances be made for Notes to be admitted to trading on Euronext Paris (**Euronext Paris**). Euronext Paris is a regulated market as defined in Directive 2014/65/EU dated 15 May 2014, as amended (a **Regulated Market**). Notes may also be admitted to trading on another Regulated Market of a member State of the European Economic Area (**EEA**) or the United Kingdom, or on a non-regulated market or not admitted to trading on any market. The pricing supplement prepared for an issue of Notes (the **Pricing Supplement**), based on the form set out in this Offering Circular, shall specify whether or not such Notes shall be admitted to trading on a regulated market and shall list, if applicable, the relevant Regulated Market(s). The Notes shall have a nominal amount, specified in the Pricing Supplement, greater or equal to euro 100,000 or any other greater amount authorised or required by any relevant competent authority or any applicable laws or regulations.

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

Dematerialised Notes may be issued, at the option of the Issuer, either (a) in bearer form, inscribed on their date of issue in the books of Euroclear France (acting as central depository), which shall credit the accounts of the Account Holders (as defined in "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 "Terms and Conditions of the Notes - Form, denomination and title"), either in pure registered form (*au nominatif pur*), in which case they shall be entered in an account maintained by the Issuer or any registration agent (as specified in the applicable Pricing Supplement) on behalf of the Issuer, or in administered registered form (*au nominatif administré*), in which case they shall be entered in the accounts of the Account Holder nominated by the relevant Noteholder.

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

The Issuer has been attributed an AA, negative outlook, rating by Fitch Ratings Limited (**Fitch**). The Programme has been assigned an AA rating by Fitch. Notes issued under the Programme may or may not be attributed a rating. The rating attributed to the Notes, if any, shall be specified in the applicable Pricing Supplement. The rating of the Notes may not necessarily be the same as that of the Programme. A rating is not a recommendation to buy, sell or hold Notes and may be suspended, amended or withdrawn at any time by the relevant rating agency. On the date of the Offering Circular, Fitch is a rating agency established in the United Kingdom and registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and Council of 16 September 2009 relating to credit rating agencies as amended (the **CRA Regulation**) and is included on the list of rating agencies published on the European Financial Markets Authority website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.

Prospective 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.

The Offering Circular, any supplement thereto, the documents incorporated by reference in this Offering Circular and, so long as any Notes are admitted to trading on a Regulated Market, the applicable Pricing Supplement shall be published on the Issuer's website (<https://www.grandlyon.com/metropole/financement.html>).

Arranger

CREDIT AGRICOLE CIB

Dealers

BARCLAYS

BRED BANQUE POPULAIRE

CREDIT AGRICOLE CIB

HSBC

LA BANQUE POSTALE

SOCIETE GENERALE CORPORATE AND INVESTMENT BANKING

Pursuant to article 1(2) of the Prospectus Regulation, the Issuer, in its capacity as a local authority of an EEA Member State, is not subject to the requirements of the Prospectus Regulation. Accordingly, this Offering Circular constitutes neither a base prospectus nor a prospectus within the meaning of the Prospectus Regulation and has therefore not been submitted to the approval of the AMF (*Autorité des Marchés Financiers*).

This Offering Circular (together with any Supplement thereto) constitutes an offering circular containing or incorporating by reference all useful information on the Issuer enabling investors to make an informed assessment of the assets, business, financial position, results and prospects of the Issuer, as well as of the rights attached to the Notes.

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

The Offering Circular (and any Supplement thereto) and the Pricing Supplement must be read together.

In connection with the issue or sale of any Notes, no person is or has been authorised to provide any information or make any representation other than as set forth or incorporated by reference in this Offering Circular. Otherwise, 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 imply that there has been no adverse change in the situation, in particular the financial situation, of the Issuer since the date of this Offering Circular 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.

The distribution of this Offering Circular and the offering or sale of any Notes may be restricted by law in certain countries. Prospective investors are invited to refer to the section "Subscription and Sale" of this Offering Circular for a description of certain restrictions applicable to the offering, sale and transfer of Notes and distribution of this Offering Circular.

MIFID II PRODUCT GOVERNANCE/TARGET MARKET: eligible counterparties and professional clients only - The Pricing Supplement for each series of Notes will include a section headed "MiFID II Product Governance" which shall underline the target market assessment for the relevant 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, as well as the appropriate distribution channels for the Notes. Any person who subsequently offers, sells or recommends the Notes (a "distributor" as defined in MiFID II) should take into consideration the assessment of the target market; however, a distributor subject to the Directive 2014/65/EU (as amended, MiFID II) is responsible for undertaking its own target market assessment in respect of the Notes (and either adopting or refining the target market assessment) and determining the appropriate distribution channels.

It shall be determined, for each issue of Notes, whether, for the purposes of the product governance rules under delegated Directive EU 2017/593 (the MiFID Product Governance Rules), any Dealer subscribing for Notes should be considered as the manufacturer, as defined in MiFID II, of such Notes, but if such is not the case, neither the Arranger, nor the Dealers nor any of their affiliates shall be considered as manufacturers for the purposes of the MiFID Product Governance Rules.

This Offering Circular constitutes neither an invitation nor an offer by or on behalf of the Issuer, the Dealers or the Arranger to subscribe for or purchase 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 risks that its investment in the Notes implies for an unlimited period of time.

Prospective purchasers and sellers of Notes should be aware that it is possible that they may have to pay duties, taxes or fees under applicable laws or customary practices in force in the jurisdictions where the Notes are transferred or in other jurisdictions. In certain jurisdictions, no official position of the tax authorities nor any judicial decision exists pertaining to the tax treatment applicable to securities such as the Notes. Prospective investors are invited to consult with their own tax advisors having regard to their individual circumstances as regards the purchasing, holding, remuneration, sale and redemption of the Notes. Only their adviser is in a position to properly take into consideration the particular circumstances of any prospective investor.

Neither the Arranger nor any of 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 credit or other evaluation and must not be treated as a recommendation by the Issuer, the Arranger or any of the Dealers to any recipients of this Offering Circular to buy Notes. Each prospective investor in Notes must make his own assessment of the relevance of the information contained in this Offering Circular and his decision to purchase Notes must be based on such research as he considers necessary. Neither the Arranger nor any of the Dealers undertake to review the financial situation or the overall situation of the Issuer during the life of this Offering Circular, nor undertake to pass on to any investor or prospective investor any information of which they become aware.

The Notes may not be an appropriate investment for all investors. Each prospective investor must determine, based on his own assessment and with the assistance of any adviser he may consider appropriate in the circumstances, the suitability of an investment in the Notes in light of his personal circumstances.

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GENERAL DESCRIPTION OF THE PROGRAMME

The following general description must be read with all the information set forth in this Offering Circular. The Notes shall be issued pursuant to the terms agreed between the Issuer and the relevant Dealer(s) and shall be governed by the Terms and Conditions specified in pages 28 to 66 of the Offering Circular, as supplemented by the provisions of the relevant Pricing Supplement. This section must be read subject to the other information set forth in this Offering Circular.

Terms and expressions defined in the section "Terms and Conditions of the Notes" hereafter shall have the same meaning in this general description of the Programme.

Issuer: Métropole de Lyon

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

The Notes will constitute obligations pursuant French Law.

Arranger: CREDIT AGRICOLE CORPORATE & INVESTMENT BANK

Dealers: BARCLAYS BANK IRELAND PLC

BRED BANQUE POPULAIRE

CREDIT AGRICOLE CORPORATE & INVESTMENT BANK

HSBC FRANCE

LA BANQUE POSTALE

SOCIETE GENERALE

The Issuer may, at any time, revoke any Dealer under the Programme, or appoint supplement Dealers either for one or several Tranches, or for the Programme as a whole. Any reference made in this Offering Circular to the **Permanent Dealers** refers to persons named above as Dealers and to any other person who would have been appointed as a Dealer for the Programme as a whole (and who would have not been revoked) and any reference made to **Dealers** refers to any Permanent Dealer and any other person named as Dealer for one or several Tranches.

Fiscal Agent and Principal Paying Agent: Banque Internationale à Luxembourg

Calculation Agent: Unless otherwise stipulated in the applicable Pricing Supplement, Banque Internationale à Luxembourg.

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

Issuance method: The Notes shall be issued under syndicated or non-syndicated issues.

The Notes shall be issued by series (each a **Series**), at same or different issue dates, and shall be governed (except for the first interest payment) by identical terms, the Notes of each Series being fungible amongst

themselves. Each Series may be issued by tranches (each a **Tranche**), having same or different issue dates. The specific terms of each Tranche (which shall be supplemented, if necessary, on the basis of additional terms and shall be identical to the terms of the other Tranches of the same Series (with the exception of the issue date, issue price, first interest payment and nominal amount of the Tranche)) shall be set forth in the applicable pricing supplement (the **Pricing Supplement**) supplementing this Offering Circular.

Maturities:	Unless previously redeemed, repurchased or cancelled as provided below, and subject to compliance with all applicable laws, regulations and directives, the Notes shall have a minimum maturity of two (2) years and a maximum maturity of thirty (30) years from the initial issue date as specified in the applicable Pricing Supplement.
Currencies:	Notes shall be issued in euros.
Denomination(s):	The Notes shall have the denomination(s) specified in the applicable Pricing Supplement (the Specified Denomination(s)). Dematerialised Notes shall be issued in one Specified Denomination only. The Notes shall be issued in a denomination greater than or equal to €100,000 or in any other greater amount as authorised or required by the relevant competent authority or by any laws or regulations applicable to the Specified Currency.
Status of the Notes and negative pledge:	<p>The Notes and, if any, related Receipts and Coupons constitute direct, unconditional, non-subordinated and (subject to the following paragraph) non-guaranteed obligations of the Issuer which rank <i>pari passu</i> amongst themselves and (subject to mandatory exceptions under French Law) <i>pari passu</i> with any other present or future, non-subordinated and non-guaranteed obligation of the Issuer.</p> <p>As long as the Notes or, if any, Receipts or Coupons linked to the Notes will remain outstanding (as defined in the Terms and Conditions of the Notes), the Issuer will not grant or permit to subsist any mortgage, pledge, lien or any other security interest upon any of its assets or revenues, present or future, in order to secure any present or future indebtedness, represented by bonds, securities or other negotiable instruments admitted to trading with a maturity greater than a year and which are (or are able to be) admitted to trading on any market, unless the obligations of the Issuer under the Notes and, if any, Receipts and Coupons, do not benefit from an equivalent and <i>pari passu</i> security interest.</p>
Events of Default:	The Terms and Conditions of the Notes set forth events of default, as described further in paragraph "Terms and Conditions of the Notes – Events of default".
Redemption Amount:	Unless events of default or redemption and cancellation, the Notes shall be redeemed at the Maturity Date specified in the applicable Pricing Supplement and at the Final Redemption Amount.
Redemption by Instalment:	The Pricing Supplement concerning the Notes which are redeemable in two or more instalments shall indicate the dates at which these Notes will be redeemable and the redemption amount.
Optional Redemption:	The Pricing Supplement prepared for each issue of Notes will indicate if whether or not they may be redeemed early at the option of the Issuer (as a whole or in part) and/or at the option of the Noteholders before their expected maturity date, and if they may be, the terms applicable to such

redemption.

Early Redemption:

Subject to provisions of paragraph "Optional Redemption" above, the Notes shall only be redeemed early at the option of the Issuer for tax reasons and/or illegality.

Withholding tax:

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

Should French law require that payments of principal, interest and other proceeds in respect of any Note, Receipt or Coupon be subject to a withholding at source or deduction with respect to any taxes or duties whatsoever, present or future, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holders of Notes, Receipts and Coupons receive the full amount that would have been payable in the absence of such withholding at source or deduction; subject to certain exceptions described further in Condition 7 of the Terms and Conditions of the Notes "Taxation" of this Offering Circular.

Interests Periods and Rates:

For each Series, the duration of interest periods of the Notes, the applicable interest rate and its calculation method may vary or stay the same, as the case may be. The Notes may have a maximum interest rate (**Maximum Interest Rate**), a minimum interest rate (**Minimum Interest Rate**) or both at the same time, it being specified that (i) in no case shall the amount of interest payable in relation to each Note be less than zero and (ii) except where a higher Minimum Interest Rate is specified in the applicable Pricing Supplement, the Minimum Interest Rate shall be equal to zero. The Notes may bear interest at different rates during the same interest period through the use of accrual interest periods (defined in the Terms and Conditions of the Notes as Accrual Interest Periods). All of this information will appear in the applicable Pricing Supplement.

Fixed Rate Notes:

Interest on Fixed Rate Notes will be payable in arrear on the date(s) for each period indicated in the applicable Pricing Supplement.

Floating Rate Notes:

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

- (a) on the same basis than the floating rate specified in the applicable Pricing Supplement to a notional interest rate exchange transaction in the relevant Specified Currency, pursuant to the *Fédération Bancaire Française* (the **FBF**) Master Agreement dated June 2013 relating to transactions on forward financial instruments supplemented by the Technical Schedules published by the FBF; or
- (b) by reference to a benchmark appearing on a screen page supplied by a commercial quotation service (including, but without limitation, EURIBOR (or TIBEUR in French), the CMS Rate, €STR or TEC10 or any successor or alternative rate, in each case, as adjusted in accordance with the Terms and Conditions of the Notes,

in each case, as adjusted according to margins eventually applicable and

paid at the dates indicated in the applicable Pricing Supplement.

Floating Rate Notes may also include a Maximum Interest Rate, a Minimum Interest Rate or both at the same time.

Unless a higher Minimum Interest Rate is specified in the relevant Pricing Supplement, the Minimum Interest Rate shall be deemed equal to zero per cent and may never be less than zero per cent.

Benchmark discontinuation:

If a Benchmark Event occurs such that any interest rate (or any component thereof) cannot be determined by reference to the original benchmark or original screen rate (as applicable) specified in the relevant Pricing Supplement, then the Issuer shall make reasonable efforts to appoint an independent adviser to determine a successor rate or an alternative rate and/or a screen rate (together with any consequential amendments to the terms and conditions of the relevant Series of Notes and the application of any adjustment spread).

Fixed to Floating/Floating to Fixed Rate Notes

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

Zero Coupon Notes:

Zero Coupon Notes may be issued at par or below the par and will not pay interests.

Form of the Notes:

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

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

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

Governing Law:

French law. Any dispute relating to the Notes, Receipts, Coupons or Talons shall be submitted to the competent court under jurisdiction of the Paris Court of Appeal (subject to mandatory provisions related to territorial jurisdiction of French courts). No attachment proceedings under private law can be taken and no seize proceedings can be implemented against the assets or properties of the Issuer as a legal person governed by public law.

Clearing systems:

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

Notes admitted to trading on Euronext Paris will be cleared by Euroclear France.

Initial Delivery of Dematerialised Notes:	The accounting letter (<i>lettre comptable</i>) relating to each Tranche of Dematerialised Notes shall be delivered to Euroclear France, acting as central depository, one Paris business day before the issue date of such Tranche.
Initial Delivery of Materialised Notes:	At least at the issue date of each Tranche of Dematerialised Notes, the Temporary Global Certificate relating to such Tranche shall be delivered to a common depository for Euroclear and Clearstream, or to any other clearing system, or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer(s).
Issue Price:	The Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Admission to Trading:	On Euronext Paris and/or on any other Regulated Market of the European Economic Area (EEA) or the United Kingdom and/or on a non-regulated market as specified in the applicable Pricing Supplement. The applicable Pricing Supplement may specify that a Series of Notes shall not be admitted to trading.
Rating:	<p>The Programme has been granted an AA rating by Fitch Ratings Limited (Fitch). Notes issued under the Programme may be rated or not. The rating of the Notes, if any, shall be specified in the applicable Pricing Supplement. The rating of the Notes may not necessarily be the same as that of the Programme. A rating is not a recommendation to buy, sell or hold Notes and may be suspended, amended or withdrawn at any time by the relevant rating agency.</p> <p>At the date of the Offering Circular, Fitch is established in the United Kingdom and registered pursuant to Regulation (EC) No. 1060/2009 of the European Parliament and the Council dated 16 September 2006 on credit rating agencies, as amended (the CRA Regulation) and is included on the list of registered credit rating agencies published by the European Securities and Markets Authority on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation.</p>
Selling restrictions:	<p>There are restrictions relating to the sale of Notes and the distribution of the offering materials in different jurisdictions. See the chapter “<i>Subscription and Sale</i>”.</p> <p>The Issuer is Category 1 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.</p> <p>Materialised Notes shall be issued pursuant to Section (U.S. Treas. Reg.) §1.163-5(c)(2)(i)(D) of the U.S. Treasury Regulations (D Rules) unless (a) the applicable Pricing Supplement provides that such Materialised Notes are issued pursuant to Section (U.S. Treas. Reg.) §1.163-5(c)(2)(i)(C) of the U.S. Treasury regulations (C Rules), or (b) the Materialised Notes are not issued pursuant to C Rules or D Rules, but under such conditions that these Materialised Notes shall not constitute "registration required obligations" by the United States Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), in such case the applicable Pricing Supplement shall indicate that the transaction is outside the scope of the TEFRA rules.</p> <p>The TEFRA rules do not apply to Dematerialised Notes.</p>

RISK FACTORS

The Issuer believes that the risk factors described below are specific to the Issuer and/or the Notes and are material to any decision whether or not to invest in the Notes and/or may affect its ability to fulfil its obligations under the Notes issued under the Programme.

The paragraphs below describe the main risk factors which the Issuer considers, on the date of this Offering Circular, to be material to the Notes issued under the Programme. 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 considers at the date of this Offering Circular as not determinant, may have a material impact on its activities and on an investment in the Notes.

Prospective investors should also read the detailed information appearing elsewhere in this Offering Circular (including all documents incorporated herein by reference) 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 tax, 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. Investors' attention is drawn to the possibility that they may lose all or part, as the case may be, of the value of their investment.

In each category below, the Issuer indicates first the risks it considers to be the most significant, having regard to their negative impact and the likelihood of their occurrence.

All terms beginning with a capital letter and not defined in this chapter shall have the meanings given thereto in "Terms and Conditions of the Notes". Any reference below to a Condition refers to the corresponding condition number in the "Terms and Conditions of the Notes".

1. RISK FACTORS SPECIFIC TO THE ISSUER

1.1 Risks associated with the Covid-19 health crisis

As of the date of this Offering Circular, the extent of the consequences of the Covid-19 health crisis remain uncertain however three types of impact have already been identified:

- the risk to the health of the Issuer's employees and their families in the event of a health crisis;
- the operational risk posed by lockdown to the proper functioning of services;
- the financial risk impacting on the Issuer's revenue and expenditure (see the section entitled "*Financial risks*").

Accordingly, if the health crisis is prolonged and/or increases in intensity, the Issuer would suffer a significant loss of both revenue and its human resources, which would severely affect its operations.

Compared with the other risks associated with the Issuer, given the current health situation in France and the uncertainties surrounding its future evolution, the probability of this risk materialising is high. Furthermore, the negative impact that the materialisation of this risk could have (if such materialisation was substantial) on the Issuer's situation and, accordingly, on the interests of Noteholders, would be great.

1.2 Financial risks

The financial risks to which the Issuer is exposed relate mainly to liquidity risk.

Liquidity risk refers to the Issuer's inability to meet its short-term financial commitments, due to a cash flow shortfall.

Like all public establishments, the Issuer is obliged to deposit its funds with the *Trésor* (article 26 of organic law n° 2001-692 dated 1st August 2001 concerning the finance acts, and to maintain a positive balance on this account at all times, no overdraft being permitted in accordance with article 26 paragraph 2° of the above-mentioned organic law n° 2001-692.

Nevertheless, changes in its revenue, linked to the sources of these funds, continue to pose a risk to the Issuer. These revenues (more fully described in paragraph 4.1(a) (*Taxation system*) of the description of the Issuer) comprise mainly:

- local tax revenue;
- State financial contributions: global operating endowment, professional tax reform compensation endowment, national individual revenue guarantee fund, tax compensations, departmental professional tax equalisation fund ;
- equalisation revenues: national intercommunal and communal revenue equalisation fund and negative compensation allowance.

Changes in tax revenue depend on factors external to the Issuer and outside its control, such as fluctuations in the value of its tax bases as regards land/property taxes, and, as regards economic taxes, fluctuations in the revenues from companies and businesses falling within its geographical scope. Tax revenue accounts for 36.7% of the Issuer's total revenue as at 31 December 2019. State financial contributions and equalisation revenue are dependent on political decisions affecting the Issuer, and represent 13.7% of its total revenue as at 31 December 2019. Generally, State funding is falling, in line with the objective of reducing national expenditure. A decrease, or even the withdrawal (fairly unlikely nevertheless) of these contributions could deprive the Issuer, at most, of 479 M€ (based on the 2020 Primary Budget, incorporated by reference in this Offering Circular – refer to the section “*Documents incorporated by reference*”).

Thus, a decrease in the Issuer's revenue could result in a cash flow shortfall for the Issuer. However if, as a result, the Issuer were unable to meet its short-term financial commitments, this could mean that it may not be in a position to satisfy its payment and/or repayment obligations under the Notes.

Compared with the other risks associated with the Issuer, the likelihood of this risk materialising is high. Indeed, due to the pressure in France on the public finances, a downward trend in the revenue allocated to the Issuer by the State may be considered as a high probability risk. Furthermore, the negative impact that the materialisation of this risk could have (if such materialisation was substantial) on the Issuer's situation and, accordingly, on the interests of Noteholders, would be great.

1.3 Legal risks relating to enforcement procedures

As a public law legal entity, the Issuer is not subject to private law enforcement procedures, under the principle of inalienability of assets applicable to public law legal entities (*Cour de cassation*, 1st Civil Chamber, 21 December 1987, geological and mining research office vs Lloyd Continental, Civil Bulletin I, n° 348, p. 249). Furthermore, like all public law legal entities, the Issuer is not subject to the insolvency procedures specified in the Commercial Code (Paris Court of Appeal, 3rd Chamber sect. B, 15 February 1991, national regional freight offices Centre, n° 90-21744 and 91-00859).

Therefore, if the Issuer were unable to meet its obligations under the Notes, and in particular its payment obligations, no civil enforcement proceedings could be brought against the Issuer on such basis.

Compared with the other risks associated with the Issuer, the likelihood of this risk materialising is average. Indeed, this would require the materialisation of one of the financial risks specified in paragraph 1.2 above in very significant proportions. Furthermore, the negative impact that the materialisation of this risk could have on Noteholders is high, insofar as they would be unable to bring any civil enforcement proceedings against the Issuer.

1.4 Risk relating to a change in the Issuer's status

The Issuer is a public establishment governed by the provisions of the local authorities general code (CGCT).

The Issuer's legal regime provides in particular for an *a posteriori* control by the *Préfet* of the legality of administrative (including budgetary) acts.

If this legal framework were to be changed, the Issuer's budgetary and financial decisions would no longer be controlled in this manner which may adversely impact the Issuer's situation, in particular its ability to satisfy its payment obligations under the Notes.

Compared with the other risks associated with the Issuer, the likelihood of this risk materialising is low. Indeed, it is very unlikely that the Issuer ceases to be a public establishment and that public establishments cease to be subject to these legality controls. Furthermore, the negative impact that the materialisation of this risk could have on the Issuer and accordingly on the interests of Noteholders, would be average, insofar as it would not automatically result in a critical deterioration of the quality of the Issuer's budgetary and financial decisions.

1.5 Risks relating to variable rate borrowings

The Issuer's outstanding debt partly comprises variable rate borrowings which are not protected by interest rate hedging derivative instruments (35.83% at 31 December 2019).

Furthermore, the average interest rate on the Issuer's debt at 31 December 2019 is 1.69%.

However, in relation to variable rate borrowings there is a risk for the Issuer of increase costs, and therefore of an increase in the average interest rate on the Issuer's debt, which may have an impact on its financial situation and therefore, ultimately, on its ability to meet its obligations under the Notes, and in particular its payment and/or repayment obligations.

Compared with the other risks associated with the Issuer, the likelihood of this risk materialising is average. Indeed, a significant increase in the cost of the Issuer's variable rate borrowings is a plausible scenario. Furthermore, the negative impact that the materialisation of this risk could have on the Issuer's situation and accordingly on the interests of Noteholders, would be low, insofar as it is very unlikely, given the Issuer's small proportion of variable rate borrowings, that it would negatively impact on the Issuer's situation to such an extent that it would no longer be able to meet its payment obligations under the Notes.

2. RISKS ASSOCIATED WITH THE NOTES

2.1 Legal risks associated with the Notes

Amendment of the Terms and Conditions of the Notes

Condition 10 (*Representation of Noteholders*) of the Terms and Conditions of the Notes includes provisions enabling the convocation of Noteholders to General Meetings or Written Decisions to be taken, to consider issues having an impact on their interests. The Noteholders are grouped together in a *Masse* (as defined in Condition 10 of the Terms and Conditions of the Notes (*Representation of Noteholders*)) to defend their common interests and may meet at general meetings or take written decisions. The Terms and Conditions of the Notes provide, in certain cases, that Noteholders not present or represented at a general meeting, or those that did not take part in a written decision, may be bound by the vote of those Noteholders present or represented, even if they disagree with the vote or written decision.

Subject as provided in Condition 10 of the Terms and Conditions of the Notes (*Representation of Noteholders*), the Noteholders may, by Collective Decision, as defined in the Terms and Conditions of the Notes, deliberate on any proposed modification of the Terms and Conditions of the Notes, and in particular on any proposed compromise or settlement regarding rights that are in dispute or the subject of a judicial decision. It is possible that such a Collective Decision, adopted by a majority of the Noteholders and amending the Terms and Conditions of the Notes, could limit or infringe upon the rights of Noteholders. This could have a significant adverse impact on the market value of the Notes and accordingly result in Noteholders losing part of their investment in the Notes.

Verification of legality

The Prefect (*Préfet*) of the *Département du Rhône* has a period of two months from receipt by the prefecture of a deliberation or decision of the Métropole de Lyon and the contracts it has entered into, to verify their legality and, if it considers them unlawful, to refer them, for those that constitute administrative acts, to the competent administrative tribunal and, if relevant, request their suspension. The competent administrative tribunal may then, if it considers them unlawful, suspend or cancel them in whole or in part. Furthermore, depending on the nature of the defect or circumstances of the case, annulment of the relevant deliberations and/or decision to sign the contracts may result in the contracts themselves being cancelled. A suspension or annulment in whole or in part of the deliberations and/or decision to sign the contracts pursuant to which the Notes were issued could undermine the Noteholders' rights. This could have a material adverse impact on the value of the Notes and result in the loss of all or part of the Noteholders' investment in the Notes.

Third party actions

A third party, having legal standing, may bring an action for abuse of authority before the administrative courts against any resolution of the Métropole de Lyon and/or any decision to sign contracts issued by it, other than a resolution or decision which is not intrinsically connected to an administrative contract, within a period of two months as from the date of its publication and, if appropriate, seek an order for the suspension of their performance. This two month period can be extended if the action for abuse of authority brought against a resolution has been preceded by an administrative redress, if such action is brought by a non-resident or in some other circumstances. In addition, if such resolution or decision to sign are not published in an appropriate manner, such right of action may be brought by any third party for an unlimited period.

In the case of an action for abuse of authority brought against a resolution or decision to sign, other than a resolution or decision which is not intrinsically connected to an administrative contract, the competent administrative judge may then, if he considers that such administrative act is illegal, annul

it in whole or in part, which may lead to the illegality of the agreements entered into on the basis of the aforementioned administrative act.

If a contract entered into by the Métropole de Lyon were to be considered as an administrative contract, any third party with legal standing may bring a full remedy action (*recours de pleine juridiction*) before the administrative courts against such contract or some of its non-regulatory provisions which are not intrinsically connected to such contract, and as the case may be, seek an order for it to be suspended. Such action shall be brought in a two months period as from the date of the appropriate publications. Moreover, if the administrative contract has not been duly published, actions can be brought by a third party, having a legal standing, for an unlimited period.

If the competent judge highlights the existence of any defects rendering the contract void, she/he may decide, having taken into consideration the nature of the defects, to terminate or annul the contract, after having evaluated the importance of such defects and of their consequences. If any such decision were taken, it may have a material adverse impact for Noteholders insofar as their rights may be denied and the value of the Notes may decrease resulting in a loss for Noteholders of part of their investment in the Notes.

2.2 Specific risks relating to particular issues of Notes

The Issuer may not be in a position to satisfy its financial obligations under the Notes

In accordance with Condition 3 (*Status and Negative Pledge*) of the Terms and Conditions of the Notes, the Issuer's obligations in respect of principal, interest and other amounts due and payable under the Notes, constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 of the Terms and Conditions of the Notes) unsecured obligations of the Issuer. Noteholders are exposed to a higher level of credit risk than the Issuer's secured creditors. Credit risk refers to the risk that the Issuer may be unable to satisfy its financial obligations under the Notes. If the Issuer's solvency deteriorates and, notwithstanding Condition 8 (*Events of Default*) of the Terms and Conditions of the Notes which entitles Noteholders to demand the redemption of their Notes, it may not be able to satisfy all or part of its payment obligations under the Notes, which may have a material adverse impact on the Noteholders who may lose all or part of their investment.

Risk relating to Fixed Rate Notes

In accordance with Condition 4.2 of the Terms and Conditions of the Notes (*Interest on Fixed Rate Notes*), the Notes may be Fixed Rate Notes (as such term is defined in Condition 1.1 of the Terms and Conditions of the Notes (*Form*)). An investment in Fixed Rate Notes carries the risk that substantial fluctuations in market interest rates may have adverse consequences on the value of a Tranche of Notes. Although the nominal interest rate of Fixed Rate Notes is set throughout the life of these Notes, prevailing interest rates on the capital markets ("**market interest rate**") fluctuates continually. When the market interest rate changes, the market value of Fixed Rate Notes will generally move in the opposite direction. If the market interest rate increases, the market value of Fixed Rate Notes generally decreases. If the market interest rate falls, the market value of Fixed Rate Notes generally increases. The level of fluctuation in market interest rates poses a material risk for the market value of Fixed Rate Notes if a Noteholder were to dispose of its Notes during a period when the market interest rate exceeds the fixed rate on the relevant Notes. Any such fall in the market value of the Notes may materially and adversely affect the Noteholders and result in a loss of the capital invested by the Noteholders in the relevant Notes.

Risk relating to Floating Rate Notes

In accordance with Condition 4.3 of the Terms and Conditions of the Notes (*Interest on Floating Rate Notes*), the Notes may be Floating Rate Notes (as defined in Condition 1.1 of the Terms and Conditions of the Notes (*Form*)). A key difference between Floating Rate Notes and Fixed Rate

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

Furthermore, the ability of the Issuer to issue Fixed Rate Notes may affect the market value of and secondary market (if relevant) in Floating Rate Notes (and *vice versa*).

Accordingly, the market value of Floating Rate Notes may be volatile if changes, in particular short-term changes, on the interest rate market applicable to the relevant rate cannot be applied to the interest rate of such Notes until the next periodic adjustment of the relevant rate. Although it is difficult to predict the volatility of interest rates, this may have a material adverse impact on the market value of Floating Rate Notes if a Noteholder decides to sell its Notes. Therefore, the interests of Noteholders may be materially affected and Noteholders may lose part of their investment in the Notes.

Risks relating to the regulation and reform of “benchmarks”

In accordance with Condition 4.3 of the Terms and Conditions of the Notes (*Interest on Floating Rate Notes*), the applicable Pricing Supplement for a Series of Floating Rate Notes may specify that the Floating Rate Notes are linked to or make reference to "benchmarks" which constitute "benchmarks" for the purposes of regulation (EU) 2016/1011 (the “**Benchmark Regulation**”) published in the official Journal of the EU on 29 June 2016 and applied since 1 January 2018.

Interest rates and indices that are considered "benchmarks" (including EURIBOR (or TIBEUR in French) or the CMS Rate) have recently been the subject of regulatory guidance and reform proposals at national and international level. Some of these reforms have already entered into force and others have yet to be implemented. These reforms could result in future performance that is different from past performance for these "benchmarks", lead to their disappearance, a change to their calculation method or have other consequences that cannot be anticipated. Any consequence of this nature could have a material adverse effect on the value of any Notes that are linked to, or reference, a "benchmark".

The Benchmark Regulation is aimed at regulating the provision of benchmarks, the contribution of input data to a benchmark and the use of benchmarks within the EEA or the United Kingdom. Notwithstanding the provisions of Condition 4.3 (c)(iii) (*Benchmark discontinuation*) of the Terms and Conditions of the Notes which aims to offset any negative impact on the Noteholders of Notes, the Benchmark Regulation may have a material impact on Notes that are linked to, or reference, a "benchmark", in particular in the following circumstances:

- if an index which 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 not located in the European Union or the United Kingdom, if the administrator is not subject to a regime that is equivalent or otherwise recognised or approved and if transitional provisions do not apply; and
- if the methodology or other methods of determining the "benchmark" were changed in order to comply with the requirements of the Benchmark Regulation. Such changes could, in particular, have the effect of reducing or increasing the rate or level or otherwise affecting the volatility of the published rate or the level of a "benchmark" and, as a result, Noteholders may lose part of their investment or receive less income than would have been the case without such change.

More broadly, any of the domestic or international reforms, or the enhanced regulatory oversight of "benchmarks", may increase the cost and risk of administering a "benchmark" or participating in any manner in the determination of a "benchmark" or of compliance with these regulations or requirements. Such factors may have the following effects on certain "benchmarks" (including EURIBOR (or TIBEUR in French) or the CMS Rate): (i) to discourage market participants from continuing to administer or contribute to certain "benchmarks"; (ii) to trigger changes in the rules or methodologies used for certain "benchmarks" or (iii) lead to the disappearance of certain "benchmarks". Any such changes or subsequent changes, resulting from domestic or international reforms or other initiatives or research, may have a material adverse impact on the value of and return on Notes linked to or referencing a "benchmark" and result in losses for Noteholders.

Investors should be aware that in the event of any interruption or any unavailability of a benchmark, the interest rate applicable to Notes linked to or referencing such "benchmark" will be calculated, for the relevant period, in accordance with the fallback provisions applicable to such Notes (it being specified that if a Benchmark Event occurs, a specific fallback shall apply – please refer to the risk factor entitled "*Risks relating to the occurrence of a Benchmark Event*" below). Depending on the method for determining the "benchmark" rate under the Terms and Conditions of the Notes, this may (i) where FBF Determination applies, be based on the provision by the reference banks of one or more quotations for the "benchmark" rate which, depending on market conditions, may not be representative of the initially selected benchmark rate or (ii) where Screen Rate Determination applies, involve the effective application of a fixed rate based on the rate which applied in the previous period when the benchmark was available. Each of these measures may adversely affect the value, liquidity or return on Notes linked to, or referencing, a "benchmark" and the Noteholders may lose part of their investment in the relevant Notes.

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

Risks relating to the occurrence of a Benchmark Event

In accordance with Condition 4.3 (c)(iii) (*Benchmark discontinuation*) of the Terms and Conditions of the Notes where Screen Rate Determination applies, the applicable Pricing Supplement may provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if an inter-bank offered rate (such as EURIBOR) or other relevant reference rate (other than €STR), and/or any page on which such benchmark may be published, becomes unavailable, or, in the case of inter-bank offered rates, if the Issuer, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Interest Rate (as specified in the applicable Pricing Supplement) are no longer permitted lawfully to calculate interest on the Notes by reference to such benchmark under the Benchmark Regulation or otherwise. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a Successor Rate or an Alternative Rate (both as defined in Condition 4.3(c)(iii)(G) of the Terms and Conditions of the Notes), with or without the application of an adjustment spread (which, if applied, could be positive or negative, and would be applied with a view to reducing or eliminating, to the fullest extent practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders arising out of the replacement of the relevant benchmark), and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Independent Adviser and without the consent of the Noteholders.

In certain circumstances, including where no Successor Rate or Alternative Rate (as applicable) is determined, or where, due to the uncertainty concerning the availability of Successor Rates and Alternative Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time, then in all such circumstances other fallbacks may be used if the benchmark is discontinued or otherwise becomes unavailable, namely the rate of

interest for subsequent Interest Period(s) may be based on the rate which applied for the immediately preceding Interest Period, as set out in the risk factor above entitled “*Risks relating to the regulation and reform of “benchmarks”*”. This may involve the effective application of a fixed rate for the Notes. Furthermore, against a background of increasing interest rates, Noteholders would not benefit from any interest rate increase. Such consequences may have a material adverse effect on the value of and return on any Note and, accordingly, the Noteholders may lose part of their investment.

Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have an adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should note that, the Independent Adviser will have discretion to adjust the relevant Successor Rate or Alternative Rate (as applicable) in the circumstances described above. Any such adjustment could have unforeseen commercial consequences which may be unfavourable to the Noteholders.

Investors should consider all of these matters when making their investment decision with respect to the relevant Floating Rate Notes, insofar as the occurrence of a Benchmark Event could result in the loss of part of the capital invested in the relevant Floating Rate Notes.

The market continues to develop in relation to “risk free rates” as reference rates for certain Notes

Condition 4.3 (*Interest on Floating Rate Notes*) of the Terms and Conditions of the Notes provides for the issuance of Notes referencing Euro short-term rates (€STR). The market is continuing to develop in relation to risk free rates, such as €STR, as reference rates on the capital markets for bonds denominated in euros and their adoption as an alternative to the relevant interbank offered rates. The market, or a significant part thereof, may adopt and apply risk free rates in a manner that differs significantly from that which is set out in the Terms and Conditions of the Notes and used in relation to Notes referencing risk free rates issued under this Offering Circular.

The nascent development of the use of €STR as the benchmark rate for the bond markets, as well as continued development of rates based on €STR for these markets and of the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or may otherwise affect the market price of the Notes. The interest payable on Notes referencing a risk free rate may be determined only a very short time before the relevant interest payment date.

Furthermore, since €STR is published by the European Central Bank, the Issuer has no control over its determination, calculation or publication. €STR may be abolished or fundamentally changed in a manner materially adverse to the interests of the Noteholders.

Any lag in the adoption of these benchmark rates on the bonds, loans and derivatives markets may have an impact on any hedging or other financial arrangement put in place in connection with the acquisition, holding or disposal of the Notes.

If the €STR benchmark rate were to be abolished or no longer published as described in the Terms and Conditions of the Notes, the applicable rate used to calculate the interest rate on the Notes will be determined using the alternative methods described in Condition 4.3 (*Interest on Floating Rate Notes*) of the Terms and Conditions of the Notes. These methods may result in interest payments which are of a lesser amount than would have been paid on the Notes if the €STR rate had been supplied by the European Central Bank in its current form, or which do not otherwise match the timing of such payments. As a result, an investment in such Notes may involve significant risks that are not associated with similar investments in conventional debt instruments.

Risks relating to Fixed/Floating Rate Notes

In accordance with Condition 4.4 of the Terms and Conditions of the Notes (*Interest on Fixed/Floating Rate Notes*), the Notes may be Fixed/Floating Rate Notes (as defined in Condition 1.1 **Error! Reference source not found.** of the Terms and Conditions of the Notes (*Form*)). The Fixed/Floating Rate Notes may bear interest at a fixed rate (i) which the Issuer may elect to convert into a floating rate, or a floating rate which the Issuer may elect to convert into a fixed rate or (ii) which is automatically converted from a fixed rate into a floating rate or from a floating rate to a fixed rate on the date specified in the applicable Pricing Supplement. The existence of this Issuer conversion option may affect the secondary market in, or the market value of, the Notes to the extent that the Issuer may elect to convert the rate when this will enable it to reduce its overall borrowing costs. If the Issuer converts a fixed rate into a floating rate, the rate spread on Fixed/Floating Rate Notes may be less favourable than spreads on Floating Rate Notes with the same benchmark rate. Furthermore, the new floating rate may be lower at any time than the interest rate on its other Notes. If the Issuer converts a floating rate into a fixed rate, the fixed rate may be lower than the rates on its other Notes. Although it is difficult to anticipate the volatility of interest rates, this may have a material adverse impact on the value of Floating Rate Notes and result in losses for Noteholders wishing to reinvest their income. Noteholders may also be affected by the risks associated with Fixed Rate Notes and Floating Rate Notes referred to above.

Risks relating to Zero Coupon Notes and other Notes issued below par or with an issue premium

In accordance with Condition 4.5 of the Terms and Conditions of the Notes (*Zero Coupon Notes*), the Notes may be Zero Coupon Notes (as defined in Condition 1.1 of the Terms and Conditions of the Notes (*Form*)). General fluctuations in interest rates on the secondary market generally have a significantly greater impact on the price of Zero Coupon Notes than on the price of typical fixed income securities because the Notes are issued at a discount to the issue price and significantly below par. If market interest rates increase, the Zero Coupon Notes may suffer a more significant loss in value than other financial securities of the same maturity with the same rating. Therefore, under similar market conditions, the Noteholders of Zero Coupon Notes may suffer more significant losses on their investment than holders of other instruments such as Fixed Rate Notes or Floating Rate Notes. Any such volatility may have a material adverse impact on the value of the Notes.

Risks related to redemption at the option of the Issuer

In accordance with Condition 5.2 (*Redemption of the option of the Issuer*) of the Terms and Conditions of the Notes, and if Redemption at the Option of the Issuer is specified in the applicable Pricing Supplement, the Issuer may, under certain conditions, redeem in whole or, if applicable, in part the Notes, as the case may be.

If, at the time of redemption of any amount of principal or payment of any amount of interest, the Issuer is obliged to pay additional amounts in accordance with Condition 7.2 of the Terms and Conditions of the Notes (*Additional Amounts*) or it becomes unlawful for the Issuer to fulfil or comply with its obligations under the Notes, it may then, in accordance with Condition 5.6 of the Terms and Conditions of the Notes (*Redemption for tax reasons*) or Condition 5.9 of the Terms and Conditions of the Notes (*Illegality*), redeem the Notes in full at the Early Redemption Amount together with all interest accrued until the specified redemption date.

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

If the Issuer exercises its right to redeem the Notes, this may limit the market value of the relevant Notes. In each period during which the Issuer has the right to exercise this redemption option, the market value of these Notes will not generally increase substantially above the price at which the Notes may be redeemed. This may also be the case prior to any redemption period or during any period where there is a real or perceived probability that the Notes may be redeemed (including in circumstances giving rise to a right to redeem for tax or regulatory reasons).

The Issuer may elect to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. In such situations, Noteholders may generally not be able to reinvest the proceeds of redemption at an effective interest rate as high as the interest rate on the redeemed Notes and may only be able to invest in Notes offering a significantly lower return, which could result in a loss of capital for Noteholders wishing to reinvest. Furthermore, if the Issuer exercises its early redemption option for certain Notes only, this may affect the liquidity of Notes of the same Series in respect of which the option was not exercised. Depending on the number of Notes of a single Series in respect of which the early redemption option specified in the relevant Pricing Supplement was exercised, the market for the Notes in respect of which such early redemption option was not exercised may become illiquid, which could have a material adverse impact on the value of the Notes.

Risks relating to redemption at the option of the Noteholders

In accordance with Condition 5.4 (*Redemption at the option of the Noteholders*) of the Terms and Conditions of the Notes, and if Redemption at the Option of the Noteholders is specified in the applicable Pricing Supplement, the Issuer shall, at the request of the Noteholder, redeem the relevant Notes. The exercise of an option by Noteholders for the redemption of certain Notes only may affect the liquidity of the Notes of the same Series in respect of which this option was not exercised. Depending on the number of Notes of a single Series in respect of which the early redemption option specified in the applicable Pricing Supplement was exercised, the market for the Notes in respect of which such option was not exercised may become illiquid, which would have an adverse impact on such Noteholders and on the market value of the Notes. Furthermore, Noteholders requesting the redemption of their Notes may not be able to reinvest the proceeds of such redemption at a rate of return equivalent to that of the redeemed Notes.

2.3 Risks relating to the market for the Notes

Risks relating to the market value of the Notes

The Notes may be admitted to trading on Euronext Paris and/or on any other Regulated Market, as specified in the applicable Pricing Supplement. The market value of the Notes may therefore be affected by the Issuer's credit quality.

The value of the Notes depends on various interdependent factors, including economic, financial and political events in France or elsewhere, and also including factors affecting the capital markets in general and Euronext Paris and/or any other Regulated Market or exchange on which the Notes are traded. The price at which a Noteholder may sell the Notes prior to maturity may be at a discount, which may be substantial, to the issue price or purchase price paid by that Noteholder. Therefore, all or part of the capital invested by the Noteholder may be lost on transfer of the Notes, such that the Noteholder may receive an amount significantly less than the total amount of capital invested.

Risks relating to the secondary market in the Notes

Although the Notes may be admitted to trading on a regulated market, such as Euronext Paris, there may be no established market for trading in the Notes upon issue (unless, in respect of a specific Tranche, such Tranche is to be consolidated to form a single series with a Tranche of Notes already in issue) and it is possible that a secondary market for such Notes may never develop or, if it does develop, that it will be sustained and be sufficiently liquid. If an active secondary market for the

Notes does not develop or is not sustained, the market value, or price and liquidity of the Notes may be adversely affected. Therefore, Noteholders may not easily be able to sell their Notes or to sell them at a price offering a return comparable to similar products for which an active secondary market has developed. Lack of liquidity may have a material adverse effect on the market value of the Notes, and, accordingly, the Noteholders may lose part of their investment in the Notes.

Exchange rate and exchange control risks

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

The Government and the monetary authorities may impose (as has happened in the past) exchange control measures that may adversely affect exchange rates. As a result of these measures, Noteholders may receive payment of an amount of principal or interest (if applicable) less than expected, or receive neither interest nor principal. If such events occur, this would result in a significant loss of invested capital for Noteholders whose local currency is not the Specified Currency.

SUPPLEMENT TO THE OFFERING CIRCULAR

Any new material fact or any substantial error or inaccuracy concerning the information contained in the Offering Circular, which may have a significant impact on any assessment of the Notes and which occurs or becomes apparent after the date of this Offering Circular (**Supplement**), 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.

Any Supplement to the Offering Circular shall be published on the Issuer's website (<https://www.grandlyon.com/metropole/financement.html>).

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular shall be read and construed together with the following documents, which have been previously or simultaneously published. These documents are incorporated into, and are deemed to form an integral part, of this Offering Circular:

- (a) The Issuer's administrative account for the 2018 financial year (the **2018 Administrative Account**) : [hypertext link](#),
- (b) The Issuer's administrative account for the 2019 financial year (the **2019 Administrative Account**) : [hypertext link](#), and
- (c) the Issuer's Primary Budget 2020 (including, if relevant, its supplemental budgets and all amending decisions relating to its primary budget) (the **2020 Primary Budget**) : [hypertext link volume 1](#) and [hypertext link volume 2](#).

The information appearing on the Issuer's website does not form part of this Offering Circular, unless such information is incorporated by reference in this Offering Circular.

Historical financial information concordance table

	Document	Link
Point 11.1 Historical financial information		
Historical financial information for the last two financial years	2018 Administrative Account	https://www.grandlyon.com/fil_eadmin/user_upload/media/pdf/institution/budget/20190628_compte-administratif-2018.pdf
	2019 Administrative Account	https://www.grandlyon.com/fil_eadmin/user_upload/media/pdf/institution/budget/20200619_compte-administratif-2019.pdf

Concordance table for information relating to the 2020 Primary Budget

Document	Contents incorporated by reference
2020 Primary Budget	Volume 1 : pages 1 to 682 (hypertext link)
	Volume 2 : pages 1 to 616 (hypertext link)

The following documents, which will be published on the dedicated page of the Issuer's website (<https://www.grandlyon.com/metropole/financement.html>) after the date of this Offering Circular, are deemed to be incorporated by reference therein and form an integral part thereof as from the date of their publication:

(i) the latest up-to-date version of the Issuer's administrative account; and

(ii) the latest up-to-date version of the Issuer's budget (primary or supplemental).

Any representation contained in a document which is deemed to be incorporated by reference herein shall be deemed to be amended or replaced for the purposes of this Offering Circular insofar as any representation contained herein modifies or supplements any such previous representation. No representation so amended or replaced shall be deemed to form an integral part of this Offering Circular unless it has been amended or replaced in accordance with the above.

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

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to amendment or completion in accordance with the provisions of the applicable Pricing Supplement, shall apply to the Notes (the **Terms and Conditions**). In the case of Dematerialised Notes, the text of the Terms and Conditions of the Notes shall not appear on the reverse side of the Physical Notes evidencing title thereto, but shall be constituted by the following text as completed by the provisions of the applicable Pricing Supplement. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the relevant provisions of the applicable Pricing Supplement (as the same may be simplified by deletion of non-applicable terms) or (ii) the complete text of the terms 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 applicable Pricing Supplement. References made in the Terms and Conditions to the Notes refer to the Notes of a single Series and not to all Notes as may be issued under the Programme. The Notes constitute bonds (obligations) as defined under French law.*

The Notes are issued by the Métropole de Lyon (the **Issuer** or the **Métropole**) in series (each a **Series**), on the same issue date or on different dates. The terms and conditions of the Notes of any Series shall (with the exception of the issue date, the issue price, the nominal amount and the first interest payment) be identical, the Notes of each Series being fungible. Each Series may be issued in tranches (each a **Tranche**), on the same issue date or on different issue dates. The Notes shall be issued in accordance with the Terms and Conditions of the Notes in this Offering Circular, as supplemented by the provisions of the relevant pricing supplement (the **Pricing Supplement**) relating to the specific terms of each Tranche (including the issue date, the issue price, the first interest payment and the nominal amount of the Tranche). An amended fiscal agency agreement (as it may be amended and/or supplemented, the **Fiscal Agency Agreement**) relating to the Notes was entered into on 13 November 2020 between the Issuer, Banque Internationale à Luxembourg, société anonyme, as fiscal agent and principal paying agent and the other agents appointed therein. The fiscal agent, the paying agents and the calculation agent(s) for the time being (where relevant) are referred to below respectively as the **Fiscal Agent**, the **Paying Agents** (such term including the Fiscal Agent) and the **Calculation Agent(s)**. Holders of interest coupons (**Coupons**) relating to interest-bearing Materialised Notes and, if applicable to such Notes, talons for additional Coupons (**Talons**) and the holders of receipts for instalments of principal paid on Materialised Notes (**Receipts**) are referred to respectively as **Couponholders and Receiptholders**.

The term "**day**" in these Terms refers to a calendar day, unless specified otherwise.

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

1. FORM, DENOMINATION AND TITLE

1.1 Form

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

- (a) Title to Dematerialised Notes is evidenced by entry in an account, in accordance with articles L. 211-3 *et seq.* and R. 211-1 *et seq.* of the French *Code monétaire et financier*. No physical document of title (including certificates of title in accordance with article R. 211-7 of the French *Code monétaire et financier*) shall be issued in respect of Dematerialised Notes.

Dematerialised Notes (as defined in articles L. 211-3 *et seq.* of the French *Code monétaire et financier*) are issued, at the option of the Issuer, either in bearer form, inscribed in the books of Euroclear France (acting as central 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 nominated by the relevant holder of the Notes, or in pure registered form (*au nominatif pur*), entered in an account maintained by the Issuer or any registration agent (specified in the applicable Pricing Supplement) acting on behalf of the Issuer (the **Registration Agent**).

In these Terms, **Account Holder** means any intermediary authorised to hold securities accounts, directly or indirectly, with Euroclear France and includes Euroclear Bank SA/NV (**Euroclear**) and the depositary bank for 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 Receipts in these Terms shall not apply. **Instalment Notes** are issued with one or more Receipts attached.
- (c) In accordance with articles L.211-3 *et seq.* of the French *Code monétaire et financier*, financial securities (such as Notes which constitute obligations as defined under French law) in materialised form and governed by French law must be issued outside France.

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

1.2 Denomination

The Notes shall be issued in the specified denomination(s) specified in the applicable Pricing Supplement (the **Specified Denomination(s)**). Dematerialised Notes must be issued in one single Specified Denomination. The Notes shall have a specified denomination of equal to or greater than €100,000 or any other higher amount as may be authorised or required by any relevant competent authority or any law or regulation applicable to the Specified Currency.

1.3 Title

- (a) Title to Dematerialised Notes in bearer form and in administered registered form (*au nominatif administré*) passes, and such Notes may only be transferred, by registration of the transfer in the books of the Account Holders. Title to Dematerialised Notes in pure registered form (*au nominatif pur*) passes, and such Notes may only be transferred, by registration of the transfer in the books held by the Issuer or the Registration Agent.
- (b) Title to Physical Notes with, if applicable, Receipts, Coupons and/or a Talon attached at issue, is transferred by hand-to-hand delivery.
- (c) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below under paragraph (d)) of any Note, Coupon, Receipt or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or any right over or interest in such Note, Coupon, Receipt or Talon, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
- (d) In these Terms:

Noteholder or, as appropriate, **holder of a Note** means (i) in the case of Dematerialised Notes, the person whose name is recorded in the books of the relevant Account Holder, the Issuer or the Registration Agent (as applicable) as being the owner of such Notes, and (ii) in

the case of Physical Notes, any holder of any Physical Note and the related Coupons, Receipts or Talons.

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

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

2. CONVERSION AND EXCHANGE OF NOTES

2.1 Dematerialised Notes

- (a) Dematerialised Notes issued in bearer form cannot be converted into Dematerialised Notes in registered form, whether in pure registered form (*au nominatif pur*) or in administered registered form (*au nominatif administré*).
- (b) Dematerialised Notes issued in registered form cannot be converted into Dematerialised Notes in bearer form.
- (c) Dematerialised Notes issued in pure registered form (*au nominatif pur*) may, at the option of the Noteholder, be converted into Notes in administered registered form (*au nominatif administré*), and vice versa. Such option must be exercised by the Noteholder in accordance with article R.211-4 of the French *Code monétaire et financier*. Any costs relating to such conversion shall be borne by the relevant Noteholder.

2.2 Materialised Notes

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

3. STATUS AND NEGATIVE PLEDGE

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

As long as the Notes or, if any, Receipts and Coupons attached to the Notes remain outstanding (as defined in Condition 1.3(d) above), the Issuer shall not grant or permit to subsist any mortgage, pledge, lien or other form of security interest upon any assets or revenues, present or future, to secure any Indebtedness (as defined below) subscribe by the Issuer, unless the obligations of the

Issuer under the Notes and, if any, the Coupons and Receipts benefit from equivalent and equal ranking security.

For the purpose of this Condition, **Indebtedness** means any borrowing, present or future, represented by bonds, securities or other negotiable instruments with a maturity greater than one year and which are (or may be) admitted to trading on any market.

4. CALCULATION OF INTEREST AND OTHER CALCULATIONS

4.1 Definitions

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

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

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

Coupon Determination Date (*Date de Détermination du Coupon*) means, in respect of an Interest Rate and an Interest Accrual Period, the date specified as such in the applicable Pricing Supplement or, if no date is specified the day falling two TARGET Business Days before the first day of such Interest Accrual Period.

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

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

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

Relevant Date (*Date de Référence*) means in respect of any Note, Receipt or Coupon, the date on which the amount payable under such Note, Receipt or Coupon becomes due and payable or (if any due and payable amount is not paid or not paid in time without any justification) the date on which the outstanding amount is paid in full or (in the case of Materialised Notes, if such date falls earlier) the day falling seven calendar days after the date on which the holders of such Materialised Notes have been notified that, upon further presentation of such Materialised Note, Receipt or Coupon being made in accordance with the Terms, such payment will be made, provided however that the payment is in fact made on such presentation.

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

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

Specified Currency (*Devise Prévvue*) means, euro.

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

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

Business Day (*Jour Ouvré*) means:

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

Margin (*Marge*) means, for any Interest Accrual Period, the percentage or the number for the relevant Interest Accrual Period, as indicated in the applicable Pricing Supplement, being specified that it shall be positive, negative or zero.

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

- (a) if Actual/365 or Actual/365-FBF is specified in the applicable Pricing Supplement, it is the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (b) if Actual/Actual-ICMA is specified in the applicable Pricing Supplement:
 - (i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Periods that would normally end in one year; and
 - (ii) if the Calculation Period is longer than the Determination Period, the sum:
 - (A) of the number of days in such Calculation Period falling in the Determination Period during which it begins, divided by the product (I) of the number of days in such Determination Period and (II) the number of Determination Periods that would normally end in one year; and

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

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

- (c) if **Actual/Actual - FBF** is specified in the applicable Pricing Supplement, the fraction of which the numerator is the actual number of days during such period and the denominator is 365 (or 366 if 29th February is included in the Calculation Period). If the Calculation Period is longer than one year, the basis shall be determined as follows:
- (i) the number of complete years shall be counted back from the last day of the Calculation Period;
 - (ii) this number is increased by the fraction for the relevant period calculated as provided in the first paragraph of this definition;
- (d) if **Actual/365 (Fixed)** is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (e) if **Actual/360** is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (f) if **30/360, 360/360** or **Bond Basis** is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 (i.e. the number of days to be calculated based on a 360 day year of 12 months of 30 days each (unless (i) the last day of the Calculation Period is the thirty-first day of a month and the first day of the Calculation Period is a day other than the thirtieth or thirty-first day of a month, in which case the month in which the last day falls shall not be reduced to a thirty day month or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be extended to a thirty day month));
- (g) if **30/360 - FBF** or **Actual 30A/360 (American Bond Basis)** is specified in the applicable Pricing Supplement, then, in respect of each Calculation Period, the fraction of which the denominator is 360 and the numerator is the number of days calculated in the same manner as the 30E/360 – FBF basis, except in the following case:

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

The fraction is:

if $dd^2 = 31$ and $dd^1 \neq (30, 31)$,

then:

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

or:

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

where:

D1(dd¹, mm¹, yy¹) is the commencement date of the period

D2(dd¹, mm², yy²) is the end date of the period;

- (h) if **30E/360** or **Euro Bond Basis** is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated based on a 360 day year of 12 months of 30 days each, ignoring the date on which the first or last day of the Calculation Period falls, unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be extended to a thirty day month); and
- (i) if **30E/360 – FBF** is specified in the applicable Pricing Supplement, then, in respect of each Calculation Period, the fraction of which the denominator is 360 and the numerator is the number of days in such period, calculated on the basis of a year of 12 months of 30 days, except in the following case:

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

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

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

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

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

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

Interest Period (*P riode d'Int r ts*) means the period beginning on (and including) the Interest Period Commencement Date and ending on (but excluding) the first Interest Payment Date as well as each subsequent period beginning on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date.

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

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

Benchmark (*Référence de Marché*) means the relevant rate (EURIBOR (or TIBEUR in French), the CMS Rate, TEC10 or €STR) as specified in the applicable Pricing Supplement.

Treasury Bill Specialist means the preferred counterparties of *Agence France Trésor* and of *Caisse de la Dette Publique* in respect of all of their market activities, with responsibility for participating in auctions, placing Treasury Bills (*Valeurs du Trésor*) and maintaining liquidity on the secondary market.

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

Relevant Rate (*Taux de Référence*) means, subject to adjustment in accordance with Conditions 4.3(c)(iii) et seq., the Benchmark for a Representative Amount in the Specified Currency for a period equal to the Specified Duration commencing on the Effective Date (if such period is applicable to or compatible with the Benchmark).

Euro-zone (*Zone Euro*) means the region occupied by the Member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Economic Community, as amended.

4.2 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest calculated on its outstanding nominal amount, as from the Interest Period Commencement Date, at an annual rate (expressed as a percentage) equal to the Interest Rate, payable annually, six-monthly, quarterly or monthly in arrears on each Interest Payment Date.

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

4.3 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note shall bear interest calculated on its unredeemed nominal amount, as from the Interest Period Commencement Date, at an annual rate (expressed as a percentage) equal to the Interest Rate, payable annually, six-monthly, quarterly or monthly in arrears on each Interest Payment Date. Such Interest Payment Date(s) shall be specified in the applicable Pricing Supplement or, if no Interest Payment Date(s) is/are specified in the

applicable Pricing Supplement, Interest Payment Date shall mean each date falling at the end of such number of months or at the end of such other period as is specified in the applicable Pricing Supplement as being the Interest Period, falling after the preceding Interest Payment Date and, in the case of the first Interest Payment Date, after the Interest Period Commencement Date.

(b) Business Day Convention

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

Notwithstanding the above, if the applicable Pricing Supplement specifies that the Business Day Convention shall be applied on a "non-adjusted" basis, any payment date specified in these Terms and Conditions of the Notes which does not fall on a Business Day shall be postponed or brought forward (as the case may be) in accordance with the applicable Business Day Convention, and no consequential adjustment of the Coupon Amount payable on such date shall be made.

(c) Interest Rate for Floating Rate Notes

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

(i) FBF Determination for Floating Rate Notes

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

- (A) the relevant Floating Rate is as specified in the applicable Pricing Supplement; and
- (B) the Floating Rate Determination Date is as specified in the applicable Pricing Supplement.

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

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

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

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

(A) except for Notes in respect of which the applicable Pricing Supplement specifies that the Benchmark is €STR, if the primary source for the Floating Rate is a Screen Page, subject as provided below, or (as applicable) in Condition 4.3(c)(iii) (*Benchmark discontinuation*) below the Interest Rate shall be:

- I. the Relevant Rate (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
- II. the arithmetic mean of the Relevant Rates of the entities whose Relevant Rates appear on that Screen Page;

in each case as published on such Screen Page, at the Relevant Time on the Coupon Determination Date as specified in the applicable Pricing Supplement, decreased or increased, if appropriate (as specified in the applicable Pricing Supplement), 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 subparagraph (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, or (as applicable) in Condition 4.3(c)(iii) (*Benchmark discontinuation*) 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, acting in good faith and in a commercially reasonable manner, decreased or increased, if appropriate (as specified in the applicable Pricing Supplement), by the Margin;

(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, or (as applicable) in Condition 4.3(c)(iii) (*Benchmark discontinuation*) below, be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines, in good faith and in a commercially reasonable manner, 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 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).

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

- (D) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the method used to determine the Interest Rate and that the Relevant Rate for Floating Rate Notes is specified as CMS Rate, the Interest Rate for each Interest Accrual Period shall, subject as provided below or (if applicable) subject to Condition 4.3(c)(iii) (*Benchmark discontinuation*) below, be determined by the Calculation Agent using the following formula:

$$\text{CMS Rate} + \text{Margin}$$

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

If on any Coupon Determination Date, less than three or none of the 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, acting in good faith and in a commercially

reasonable manner, on such commercial basis as considered appropriate by the Calculation Agent, in accordance with standard market practice.

For the purposes of this sub-paragraph (D):

ISDA Definitions means the 2006 ISDA definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereof, as amended or supplemented, or any interest rate derivatives definitions handbook that replaces such definitions.

CMS Rate means the applicable swap rate for swap transactions in the Specified Currency with a maturity equal to the Specified Duration, expressed as a percentage, which appears on the Screen Page at the Relevant Time on the relevant Coupon Determination Date, as determined by the Calculation Agent.

Relevant Swap Rate means where the Specified Currency is Euro, the mid-market annual swap rate determined by reference to 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 maturity equal to the Specified Duration 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 Specified Duration determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions.

Representative Amount means an amount that is representative for a single transaction in the relevant market at the relevant time, as determined by the Calculation Agent.

- (E) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the method used to determine the Interest Rate and that the Relevant Rate relating to Floating Rate Notes is specified as the TEC10, the Interest Rate for each Interest Accrual Period, subject to the provisions as set forth above, shall be determined by the Calculation Agent, based on the following formulae:

$$\text{TEC10} + \text{Margin}$$

"TEC10" refers to the free valuation (expressed as a percentage per year) for the EUR-TEC10-CNO calculated by the French Bond Association (*Comité de Normalisation Obligataire* - "CNO"), listed on the relevant Screen Page which is the row "TEC10" on the Reuters Screen Page CNOTEC10 or any successor page, at 10 a.m. Paris Time, on the relevant Coupon Determination Date; and

If, during any Coupon Determination Date, the TEC10 does not display on the Reuters Screen Page CNOTEC or any successor page, (i) the Calculation Agent shall determine it, acting in good faith and in a commercially reasonable manner, on the basis of the mid-market exchange rate for each of the two French Treasury Bills (*Obligation Assimilable du Trésor* – "OAT") references which would have been used by the CNO for calculation of the applicable rate, in each case assessed by five Treasury Bill Specialists,

around 10 a.m. Paris Time, at the relevant Coupon Determination Date; (ii) the Calculation Agent shall ask to each Primary dealer to provide the price yield valuation; and (iii) the TEC10 shall be the yield to call of the arithmetic mean of such prices, which is determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, after elimination of both the highest and the lowest estimate. The yield to call as mentioned earlier shall be determined by the Calculation Agent in accordance with the formulae that has been used by the CNO to determine the relevant rate.

*For information purposes, the EUR-TEC10-CNO, established in 1996, is the performance percentage (which is rounded to the nearest cent and 0,005 per cent being rounded up to the 100th above) of an OAT notional to 10 years corresponding to the linear interpolation between yield to maturity of the two existing OAT (the "**Reference OAT**") whose periods until maturity are the closest in duration of the notional OAT to 10 years, the duration of a Reference OAT being under 10 years and the duration of the other Reference OAT being 10 years or more.*

- (F) Where Screen Rate Determination is specified in the applicable Pricing Supplement as being the method applicable for the determination of the Interest Rate and the Relevant Rate for such Floating Rate Notes is €STR, the Interest Rate for each Interest Accrual Period shall, except as provided below, equal the rate of return of a daily compound interest investment (with the Euro Short-Term Rate as reference rate for the calculation of interest), plus or minus (as specified in the applicable Pricing Supplement) the Margin (if applicable), and shall be determined by the Calculation Agent on the Coupon Determination Date, as specified below, the result being rounded, if necessary, to the nearest fifth decimal place, 0.00005 being rounded upwards:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{€STR}_{i-\text{pJOT}} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

Where :

d is the number of calendar days in the relevant Interest Accrual Period;

d₀ is the number of TARGET Business Days in the relevant Interest Accrual Period;

€STR_{i-pJOT} means, for any TARGET Business Day falling in the relevant Interest Accrual Period, the €STR on the TARGET Business Day falling "p" TARGET Business Day(s) before the relevant TARGET Business Day "i";

i is a series of whole numbers from one (1) to d₀, each representing the relevant TARGET Business Day in chronological order from, and including, the first TARGET Business Day of the relevant Interest Accrual Period to, but excluding, the Coupon Payment Date for such Interest Accrual Period ;

n_i means, for any TARGET Business Day "i", the number of calendar days from and including the relevant TARGET Business Day "i", up to but excluding the

immediately following TARGET Business Day, in the relevant Interest Accrual Period; and

p means, for any Interest Accrual Period, the number of TARGET Business Days in the Observation “Look-Back” Period .

If the €STR, on any TARGET Business Day, is not published as provided above and no €STR Index Cessation Event (as defined below) has occurred, the €STR to be applied for such TARGET Business Day shall be the €STR rate in respect of the last TARGET Business Day for which such rate was published on the Website of the European Central Bank (as defined below).

If the €STR, for any TARGET Business Day, is not published as provided above and an €STR Index Cessation Event and an €STR Index Cessation Effective Date have both occurred, then the €STR, for each TARGET Business Day in the relevant €STR Observation Period falling on the day or days following the €STR Index Cessation Effective Date, shall be determined as if references to €STR were references to the ECB Recommended Rate.

If no ECB Recommended Rate has been recommended before the end of the first TARGET Business Day following the date on which the €STR Index Cessation Event occurred, then the €STR, for each TARGET Business Day in the relevant €STR Observation Period falling on the day or days following the €STR Index Cessation Effective Date, shall be determined as if references to €STR were references to Modified EDFR.

If an ECB Recommended Rate has been recommended and an ECB Recommended Rate Index Cessation Event and an ECB Recommended Rate Index Cessation Effective Date have both occurred, then the €STR, for each TARGET Business Day in the relevant €STR Observation Period falling on the day or days following the ECB Recommended Rate Index Cessation Effective Date, shall be determined as if references to €STR were references to Modified EDFR.

Any substitution of €STR, as specified above, shall remain effective throughout the residual term to maturity of the Notes and shall be published by the Issuer in accordance with Condition 14 below.

If the Interest Rate cannot be determined by the Calculation Agent in accordance with the above, (i) the Interest Rate shall be that determined as at the last preceding Coupon Determination Date (though substituting, where a different Margin, Maximum Interest Rate or Minimum Interest Rate from that which applied to the last preceding Interest Accrual Period is to be applied to the relevant Interest Accrual Period, the Margin, or Maximum Interest Rate or Minimum Interest Rate applicable to the relevant Interest Accrual Period) or (ii) if there is no such preceding Coupon Determination Date, the Interest Rate shall be determined as if the €STR rate, for each TARGET Business Day in the relevant €STR Observation Period falling on the day or days following the €STR Index Cessation Effective Date, referred to the latest published ECB Recommended Rate or, if EDFR is published on a date subsequent to the date of publication of the latest ECB Recommended Rate, to Modified EDFR.

For the purposes of this paragraph 4.3(c)(ii)(F) :

ECB Recommended Rate Index Cessation Effective Date means, in respect of an ECB Recommended Rate Index Cessation Event, the first date on which the ECB Recommended Rate is no longer provided, as determined by the Issuer and notified by the Issuer to the Calculation Agent.

€STR Index Cessation Effective Date means, in respect of an €STR Index Cessation Event, the first TARGET Business Day on which €STR is no longer supplied by the European Central Bank (or any successor administrator of €STR), as determined by the Issuer and notified by the Issuer to the Calculation Agent.

EDFR means the *Eurosystem Deposit Facility Rate*, being the offered rate of return on deposits, which banks may use to make overnight deposits with the Eurosystem (comprising the European Central Bank and the national central banks of those countries that have adopted the Euro) as published on the Website of the European Central Bank.

Modified EDFR means a reference rate equal to the EDFR plus the *EDFR Spread*.

EDFR Spread means :

- (1) if no ECB Recommended Rate is recommended before the end of the first TARGET Business Day following the date on which the €STR Index Cessation Event occurs, the arithmetic mean of the daily difference between the €STR and the EDFR for each of the thirty (30) TARGET Business Days immediately preceding the date on which the €STR Index Cessation Event occurred; or
- (2) if an ECB Recommended Rate Index Cessation Event occurs, the arithmetic mean of the daily difference between the ECB Recommended Rate and the EDFR for each of the thirty (30) TARGET Business Days immediately preceding the date on which the ECB Recommended Rate Index Cessation Event occurred.

€STR (or Euro Short Term Rate) means, for any TARGET Business Day, the interest rate representing the unsecured overnight borrowing costs of banks located in the Euro zone, supplied by the European Central Bank as administrator of such rate (or any successor administrator), and published on the Website of the European Central Bank at or before 9:00 a.m. (Frankfurt time) (or, in case a revised Euro Short-Term Rate is published as provided in article 4 paragraph 3 of the ECB €STR Guideline at or before 11:00 a.m. (Frankfurt time), such revised interest rate) on the TARGET Business Day immediately following such TARGET Business Day.

ECB Recommended Rate Index Cessation Event means the occurrence of one or more of the following events, as determined by the Issuer and notified by the Issuer to the Calculation Agent :

- (1) a public statement or publication of information by or on behalf of the administrator of the ECB Recommended Rate announcing that it has ceased or will cease to supply the ECB Recommended Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to supply the ECB Recommended Rate; or
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the ECB Recommended Rate, the central bank for the currency of the ECB Recommended Rate, an insolvency official with jurisdiction over the administrator of the ECB Recommended Rate, a resolution authority with jurisdiction over the administrator of the ECB Recommended Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the ECB Recommended Rate, which states that the administrator of the ECB Recommended Rate has ceased or will cease to supply the ECB Recommended Rate permanently or indefinitely, provided that, at the time

of the statement or publication, there is no successor administrator that will continue to supply the ECB Recommended Rate.

€STR Index Cessation Event means the occurrence of one or more of the following events, as determined by the Issuer and notified by the Issuer to the Calculation Agent:

- (1) a public statement or publication of information by or on behalf of the European Central Bank (or any successor administrator of €STR) announcing that it has ceased or will cease to supply €STR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to supply €STR; or
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of €STR, the central bank for the currency of €STR, an insolvency official with jurisdiction over the administrator of €STR, a resolution authority with jurisdiction over the administrator of €STR or a court or an entity with similar insolvency or resolution authority over the administrator of €STR, which states that the administrator of €STR has ceased or will cease to supply €STR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to supply €STR.

ECB €STR Guideline means Guideline (EU) 2019/1265 of the European Central Bank of 10 July 2019 on the Euro Short-Term Rate (€STR) (ECB/2019/19), as amended from time to time.

€STR Observation Period means, in respect of any Interest Accrual Period, the period from and including the date falling “p” TARGET Business Days prior to the first day of the relevant Interest Accrual Period (the first €STR Observation Period beginning on and including the date falling “p” TARGET Business Day(s) prior to the Interest Period Commencement Date) up to, but excluding, the date falling “p” TARGET Business Day(s) prior to the Coupon Payment Date of such Interest Accrual Period (or the date falling “p” TARGET Business Day(s) prior (if relevant) to the date, if earlier, on which the Notes become due and payable).

Observation “Look-Back” Period means the observation period specified in the applicable Pricing Supplement.

ECB Recommended Rate means a rate (inclusive of any spreads or adjustments) recommended as the replacement for €STR by the European Central Bank (or any successor administrator of €STR) and/or by a committee officially endorsed or convened by the European Central Bank (or any successor administrator of €STR) for the purpose of recommending a replacement for €STR (which rate may be defined by the European Central Bank or another benchmark administrator), as determined by the Issuer and notified by the Issuer to the Calculation Agent.

Website of the European Central Bank means the website of the European Central Bank currently at <http://www.ecb.europa.eu> or any successor website officially designated by the European Central Bank.

(iii) **Benchmark discontinuation**

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the method for determining the Interest Rate, if a Benchmark Event occurs in relation to the Original Reference Rate at any time when the Terms and Conditions of the Notes provide for

the Interest Rate (or any part thereof) to be determined by reference to such Original Reference Rate, then the following provisions shall apply and prevail over other fallbacks specified in paragraphs (A) to (C) of Condition 4.3(c)(ii) (*Screen Rate Determination for Floating Rate Notes*) above, provided that this Condition 4.3(c)(iii) shall not apply if the Relevant Rate is €STR.

(A) Independent Adviser

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

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

(B) Successor Rate or Alternative Rate

If the Independent Adviser determines in good faith that:

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

(C) Adjustment Spread

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

(D) Benchmark Amendments

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

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

(E) Notices

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

(F) Fallback provisions

If, following the occurrence of a Benchmark Event and in relation to the determination of the Interest Rate on the immediately following Coupon Determination Date, no Successor Rate or Alternative Rate (as applicable) is determined pursuant to this provision, the fallbacks for the Original Reference Rate specified in Condition 4.3(c)(ii), will continue to apply to determine the Interest Rate on such Coupon Determination Date, with the effect that such fallbacks could result in the application of the Interest Rate determined on the previous Coupon Determination Date.

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

(G) Definitions

In this Condition 4.3(c)(iii):

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

- a) in the case of a Successor Rate, is formally recommended, or formally supplied by any Relevant Nominating Body as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate;
- b) the case of an Alternative Rate (or in the case of a Successor Rate where (a) above does not apply), is in customary market usage in the international debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate (or, as the case may be, the Successor Rate); or
- c) if no such recommendation or option has been made (or made available), or the Independent Adviser determines there is no such spread, formula or methodology in customary market usage, the Independent Adviser, acting in good faith, determines to be appropriate.

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

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

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

- (e) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that its use will be prohibited or that its use will be subject to restrictions or have adverse consequences, in each case within the following six months;
- (f) it has or will prior to the next Coupon Determination Date, become unlawful for the Issuer, the party responsible for determining the Interest Rate (being the Calculation Agent or such other party specified in the applicable Pricing Supplement, as applicable), or any Paying Agent to calculate any payments due to be made to any Noteholder using the Original Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/2011, if applicable);
- (g) that a decision to withdraw the authorisation or registration pursuant to article 35 of the Benchmark Regulation (Regulation (EU) 2016/2011) of any benchmark administrator previously authorised to publish such Original Reference Rate has been adopted; or
- (h) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, in the opinion of the supervisor, such Original Reference Rate is no longer representative of an underlying market or that its calculation method has changed significantly.

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

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

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

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Interest Rate (or any relevant component thereof) on the Notes.

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant

Nominating Body and if, following a Benchmark Event, two or more successor or replacement rates are recommended by any Relevant Nominating Body, the Independent Adviser shall determine which of the successor or replacement rates is the most appropriate, having regard to the particular features of the relevant Notes and the nature of the Issuer.

4.4 Fixed Interest Rate/Floating Interest Rate of the Notes

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

4.5 Zero Coupon Notes

Where a Zero Coupon Note is redeemable prior to its Maturity Date by exercise of an Issuer Redemption Option or, if so specified in the applicable Pricing Supplement, pursuant to Condition 5.5 or in any other manner, and such Note is not redeemed on the due date, the amount due and payable prior to the Maturity Date shall be the Optional Redemption Amount or the Early Redemption Amount, as 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 Condition 5.5(a)(ii)).

4.6 Accrual of interest

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

4.7 Margin, Rate Multipliers, Minimum and Maximum Interest Rates and Rounding

- (a) If a Margin or Rate Multiplier is specified in the applicable Pricing Supplement (either (x) generally or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates applicable to the relevant Interest Accrual Periods, in the case of (y), calculated in accordance with paragraph (c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin or by multiplying the Interest Rate by such Rate Multiplier, subject always to the provisions of the following paragraph.
- (b) If any Minimum or Maximum Interest Rate is specified in the applicable Pricing Supplement, then this Interest Rate shall be subject to such maximum or minimum, as the case may be, it being specified that (i) in no case shall the amount of interest payable in relation to each Note be less than zero and (ii) except where a higher Minimum Interest Rate is specified in the applicable Pricing Supplement, the Minimum Interest Rate shall be equal to 0.
- (c) For the purposes of any calculations required pursuant to these Terms (unless otherwise specified), (i) if FBF Determination is specified in the applicable Pricing Supplement, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest ten thousandth of a percentage point (with halves being rounded up) (ii) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal place (with

halves being rounded up), and (iii) all figures shall be rounded to seven significant figures (with halves being rounded up).

4.8 Calculations

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

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

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

4.10 Calculation Agent and Reference Banks

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with at least one office in the Relevant Financial Centre, except for Notes where €STR is the applicable Benchmark, and one or more Calculation Agents if so specified in the applicable Pricing Supplement and for so long as any Note is outstanding (as defined in Condition 1.3(c) 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, except for Notes where €STR is the applicable Benchmark, appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Terms to the Calculation Agent shall be construed as a reference to each Calculation Agent performing its respective duties under these Terms. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for an Interest Period or Interest Accrual Period or to calculate any Coupon Amount, Instalment

Amount, Final Redemption Amount, Optional Redemption Amount or Early Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment bank operating in the interbank market (or, if appropriate, money market, swaps market or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed in the manner described above.

5. REDEMPTION, PURCHASE AND OPTIONS

5.1 Redemption at maturity

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

5.2 Redemption by Instalments

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

5.3 Redemption at the option of the Issuer

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

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

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

In the case of a partial redemption or partial exercise of an Issuer's option in respect of Dematerialised Notes of any one Series, the redemption shall be made by reducing the nominal amount of such Dematerialised Notes pro rata the nominal amount redeemed, in accordance with all applicable stock market laws and regulations.

5.4 Redemption at the option of the Noteholders

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

5.5 Early redemption

(a) Zero Coupon Notes

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note shall, upon redemption of such Note pursuant to Condition 5.6 or 5.9 or upon it becoming due and payable as provided in Condition 8, be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Zero Coupon Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if there is no indication of a rate in the applicable Pricing Supplement, shall be such rate as would result in an Amortised Face Amount equal to the issue price of the Notes if discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of each Note upon its redemption pursuant to Condition 5.6 or 5.9 or upon it becoming due and payable in accordance with Condition 8, is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note, as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as if the reference therein to the date on which such Note becomes due and payable were a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before any judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date, together with any interest that may accrue in accordance with Condition 4.4. Where such calculation is to be made for a period of less than one (1) year, it shall be made on the basis of one of the Day Count Fractions mentioned at Condition 4.1 and specified in the applicable Pricing Supplement.

(b) Other Securities

The Early Redemption Amount due for any other securities, upon its redemption pursuant to Condition 5.6 or 5.9 or upon it becoming due and payable pursuant to Condition 8, shall be equal to the Final Redemption Amount plus all accrued interests until the date of redemption specified in the applicable Pricing Supplement.

5.6 Redemption for tax reasons

- (a) If, at the time of any redemption of principal or the payment of interest or other proceeds, the Issuer is obliged to pay additional amounts in accordance with Condition 7.2 below, by reason of any change in or amendment to the laws and regulations in France, or any change in the official application or interpretation thereof, made after the Issue Date, unless such relevant obligations to make additional payments can be avoided by reasonable measures taken by the Issuer, to the Issuer may (having given notice to the Noteholders in accordance with Condition 14, at the earliest forty five (45) calendar days and at the latest thirty (30) calendar days prior to such payment (which notice shall be irrevocable)) redeem, on any Interest Payment Date or, if specified in the applicable Pricing Supplement, at any time, all but not some only of the Notes at the Early Redemption Amount together with, all interest accrued until the date fixed for redemption, provided that the due date for redemption of which notice hereunder shall be given shall not be earlier than the latest practicable date on which the Issuer could make a payment of principal and/or interest without withholding or deduction for French taxes.
- (b) If, on the occasion of the next redemption of principal or the payment of interest or other proceeds in respect of the Notes, Receipts or Coupons, the Issuer would be prevented by French law from making payment of the full amount then due and payable to the Noteholders, notwithstanding the undertaking to pay additional amounts in accordance with Condition 7.2 below, the Issuer shall forthwith give notice of such fact to the Fiscal Agent. The Issuer shall, having given seven (7) calendar days' notice to the Noteholders in accordance with Condition 14, redeem all, and not some only, of the Notes then outstanding at their Early Redemption Amount, together with all interest accrued up to the date fixed for redemption, 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) fourteen (14) calendar days after giving notice to the Fiscal Agent or (ii) if so specified in the applicable Pricing Supplement, at any time, provided that the due date for redemption of which notice hereunder is given shall be the latest practicable date on which the Issuer could make payment of the full amount due and payable in respect of the Notes and, if relevant, any Receipts 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 the stock market or otherwise (including pursuant to a public offer) at any price (provided however that, in the case of Materialised Notes, all unmatured Receipts or Coupons, and all unexchanged Talons relating thereto, are attached to or surrendered with such Materialised Notes), in accordance with applicable laws and regulations.

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

5.8 Cancellation

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

5.9 Illegality

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

6. PAYMENTS AND TALONS

6.1 Dematerialised Notes

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

6.2 Physical Notes

(a) Method of payment

Subject as provided below, any payment in a Specified Currency shall be made by credit or transfer to an account denominated in the Specified Currency or to which the Specified Currency may be credited or transferred held by the beneficiary or, at the option of the beneficiary, by cheque denominated in the Specified Currency drawn on a bank located in the principal financial centre of the country of the Specified Currency (which shall be a country within the Euro-zone).

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

Any payment of principal in respect of Physical Notes, shall (subject as provided below) be made in the manner described in paragraph (a) above solely upon presentation and surrender (or, in the case of a partial payment of an outstanding amount, upon endorsement) of the relevant Notes and any payment of interest in respect of Physical Notes shall (subject as

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

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

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

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

Where a Fixed Rate Note represented by a Physical Note becomes due prior to its Maturity Date, unmatrued Talons appertaining thereto become void and no further Coupons shall be delivered.

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

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

6.3 Payments subject to fiscal laws

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

6.4 Appointment of Agents

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

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

6.5 Talons

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

6.6 Business Days for payment

If any date for payment in respect of any Note or Coupon is not a business day (as defined below), the Noteholder or Couponholder shall not be entitled to payment until the next following business day, nor to any other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or Sunday) (a) (i) in the case of Dematerialised Notes, on which Euroclear France is operating, or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation of the note for payment, and (b) on which banks and foreign exchange markets are open for business in the countries specified as "Financial Centres" in the applicable Pricing Supplement and (c) which is a TARGET Business Day.

6.7 Bank

For the purposes of this Condition 6, **Bank** means a bank established in a city in which banks have access to the TARGET system.

7. TAXATION

7.1 Withholding

All payments of principal, interest or other amounts by or on behalf of the Issuer in respect of the Notes, Receipts and Coupons shall be made free and clear of, and without withholding or deduction for, any taxes or duties of whatever nature imposed, levied or collected by or on behalf of France or

any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

7.2 Additional amounts

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

- (a) **Other connection:** the holder of Notes, Receipts or Coupons, or any third party acting on his behalf, is liable to such tax or duty in France by reason of having some connection with France other than the only ownership of the Notes, Receipts or Coupons; or
- (b) **More than thirty (30) calendar days have passed since the Relevant Date:** in the case of Materialised Notes, more than thirty (30) calendar days have passed since the Relevant Date, except where the holder of 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 thirty (30) calendar days period.

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

8. EVENTS OF DEFAULT

If any of the following events occurs (each an **Event of Default**), (i) the Representative (as defined in Condition 10) on its own initiative or upon request of any holder of Notes may, upon simple written notice addressed on behalf of the Masse (as defined in Condition 10) to the Fiscal Agent with copy addressed to the Issuer, before the considered default has been cured, make the redemption immediately and automatically due and payable of all the Notes of the considered Series (and not a part only); or (ii) if there is no Representative, any holder of Notes may, on simple written notice addressed to the Fiscal Agent with copy addressed to the Issuer, before the considered default has been cured, make the redemption immediately and automatically due and payable of the Notes held by the author of the notice, immediately and automatically due and payable, at their Early Redemption Amount with interest accrued to the date of repayment, without the necessity for any prior formal demand:

- (a) if the Issuer defaults in any payment at its due date of any amount in principal or interest payment due under any Notes, Receipt or Coupon (including payment of any gross up provided by Condition 7.2 "Taxation – Additional Amounts" above) unless it has been remedied to that default of payment within fifteen (15) calendar days following the due date of this payment;
- (b) if the Issuer fails to perform any other provision of this terms and conditions of the Notes if it has not been remedied within thirty (30) calendar days following on the receipt by the Issuer of a written notice of this failure by registered letter with an acknowledgement of receipt;

- (c) if the Issuer is not able to face its mandatory expenses as specified in articles L.5217-12-1 *et seq.* of the *Code général des collectivités territoriales* or make a written statement recognising such inability;
- (d) failure to pay on the maturity date, or as the case may be, upon the expiration of any applicable grace period, a sum exceeding ten million euros (Euro 10,000,000) (or its equivalent in any other currency) in relation with any amount due in respect with any actual or future indebtedness of the Issuer resulting from a bank loan or notes, other than the Notes, Receipts and Coupons, or the enforcement of a real security related to any of the aforementioned indebtedness, for an amount exceeding ten million euros (Euro 10,000,000) (or its equivalent in any other currency) or the failure to pay a sum exceeding ten million euros (Euro 10,000,000) in relation with any sum due upon a guarantee granted by the Issuer in relation to one or more bank loans or notes entered into or issued by a third party;
- (e) if the legal status or regime of the Issuer is amended, including as a result of a legislative or regulation amending, as far as in each case, such modification reduces the rights of the Noteholders against the Issuer or makes more difficult or more expensive actions of the Noteholders against the Issuer.

Provided that any of the events specified in paragraphs (a), (b) or (d) above, will not constitute an Event of Default, if the Issuer notifies to the Fiscal Agent before the expiration of the considered deadline (if such deadline is set out) that a lapse of time is needed in order to adopt a resolution authorising the unforeseen or additional budgetary expenses payment. The Issuer shall indicate to the Fiscal Agent the date on which such resolution will become enforceable. The Fiscal Agent shall transfer immediately to the Noteholders any notification it has received from the Issuer in respect with this paragraph and in compliance with the provisions of Condition 14 (Notices). In case the additional budgetary resolution has not been adopted and has not become enforceable upon the expiration of a four (4) months period after the notification made to the Noteholders, the events set out in paragraphs (a), (b) and (d) above and not cured at the end of the four (4) month delay will constitute an Event of Default.

9. PRESCRIPTION

All claims against the Issuer in relation to the Notes, Receipts and Coupons (except for Talons) shall lapse after four years from the 1st of January of the year following their respective due dates (pursuant to the Law n°68-1250 of 31 December 1968).

10. REPRESENTATION OF NOTEHOLDERS

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

The Noteholders shall be automatically grouped, in respect of all Tranches of a single Series, for the defence of their common interests in a masse (the **Masse**), which shall be governed by the provisions of articles L.228-46 *et seq.* of the Code de Commerce, except articles L. 228-71 and R. 228-69, as supplemented by this Condition 10:

- (a) Legal personality

The Masse will be a separate legal entity, acting in part through a representative (the **Representative**) and in part through collective decisions (**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

In accordance with article L.228-51 of the Code de Commerce, the names and addresses of the incumbent Representative of the Masse and his alternate shall be set forth in the applicable Pricing Supplement. The Representative appointed for the first Tranche of a Series of Notes shall be the sole Representative of the Masse for all Tranches of such Series.

The Representative shall receive remuneration for the performance of his functions and duties, if so provided, on such date or dates as may be specified in the applicable Pricing Supplement. No additional remuneration shall be payable in respect of any subsequent Tranches of a Series of Notes.

In the event of death, resignation or dismissal of a Representative, the alternate Representative shall replace him. Another Representative may be appointed.

All interested parties may at any time obtain the names and addresses of the initial Representative and his alternate at the principal office of the Issuer and the specified office of any of the Paying Agents.

(c) Powers of the Representative

The Representative shall (in the absence of any decision to the contrary of the Noteholders' General Meeting), have the power to take any 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.

(d) Collective Decisions

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

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

Collective Decisions shall be published in accordance with Condition 10 (viii).

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.

(i) General Meetings

Noteholders' General Meetings may be held at any time, on convocation either by the Issuer or the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30th) of the nominal amount of the Notes outstanding may request

the Issuer or the Representative to convene a General Meeting. If such General Meeting has not been convened within two months from such demand, such Noteholders may instruct one of themselves to petition the competent courts to appoint an agent to convene the meeting.

General Meetings may deliberate validly on first notice only if the Noteholders present or represented hold at least one fifth ($1/5^{\text{th}}$) of the nominal amount of Notes outstanding at that time. No quorum will be required on second notice. General Meetings shall decide validly with a majority of two thirds ($2/3$) of the votes cast by the Noteholders attending the Meetings, either in person or by means of a representative.

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

Each Noteholder has the right to participate in General Meetings in person, by proxy, by postal ballot, by video-conference, or in any other means of communication by which Noteholders attending the General Meeting can be identified. 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, and no less than five (5) calendar days before the date of the Noteholders' 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.

(ii) Written Decisions and Electronic Consent

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

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

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

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

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

(e) Expenses

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

(f) Single Masse

The holders of Notes of the same Series, (including Noteholders of any other Tranche consolidated in accordance with Condition 13), 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 so long as the Notes are held by a single Noteholder, and if no Representative has been appointed, the relevant Noteholder shall exercise all powers conferred upon the Masse by the provisions of the Commercial Code, as supplemented by these Terms and Conditions. The Issuer shall keep (or cause any authorised agent to keep) a register of all decisions adopted by the Single Noteholder in such capacity and shall make it available, upon request, to all subsequent Noteholders.

A Representative shall be appointed whenever the Notes of a Series are held by more than one Noteholder.

(h) Notices to Noteholders

Any notice to be sent to the Noteholders pursuant to this Condition 10 (viii) must be sent in accordance with Condition 14.

For the avoidance of doubt in this Condition 10, the term "outstanding" shall not include the Notes repurchased by the Issuer, pursuant to Condition 5.7 that are held by it and not cancelled.

11. AMENDMENTS

The parties to the Fiscal Agency Agreement may, without the consent of the Noteholders, Receiptholders or Couponholders, 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, Receiptholders or Couponholders are not prejudiced.

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

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

13. CONSOLIDATED 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 to form a single Series, provided that such Notes 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 and references to "Notes" in these Terms shall be interpreted accordingly.

14. NOTICES

- 14.1 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 (4th) Business Day after posting or (b) at the option of the Issuer, if they are published on the website of any relevant regulatory authority, in one of the leading economic and financial daily newspapers with general circulation in Europe (which is expected to be the *Financial Times*). So long as the Notes are admitted to trading on any regulated market and the applicable rules of such market so require, notices shall not be deemed to be valid unless published in an economic and financial daily newspaper with general circulation in the city(ies) in which the Notes are admitted to trading, which in the case of Euronext Paris is expected to be *Les Echos* and in any other manner required, as the case may be, under the applicable rules of such market.
- 14.2 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.
- 14.3 If any such publication is not practicable, the notice shall be validly given if published in a leading economic and financial newspaper with general circulation in Europe, provided however that, so long as the Notes are admitted to trading on any regulated market, notices must be published in any other manner required, as the case may be, under the applicable rules of such regulated market. Noteholders shall be deemed to have had notice of the contents of any notice on the date of publication, or if the notice was published more than once or on different dates, on the date of the first publication as described above. Coupon holders shall be deemed, in all circumstances, to have had notice of the contents of any notice addressed to Noteholders of Materialised Notes in accordance with this Condition.

- 14.4 Notices addressed to holders of Dematerialised Notes (whether in registered or bearer form) in accordance with these Terms may be delivered to Euroclear France, Euroclear, Clearstream or any other clearing system through which the Notes are then cleared, instead of posting or publishing the notice as provided in Conditions 14.1, 14.2 and 14.3 above, provided however that so long as the Notes are admitted to trading on any regulated market and the applicable rules of such market so require, notices shall also be published in an economic and financial daily newspaper with general circulation in the city(ies) in which the Notes are admitted to trading, which in the case of Euronext Paris is expected to be *Les Echos* and in any other manner required, as the case may be, under the applicable rules of such market.
- 14.5 Notices in relation to Collective Decisions must, in accordance with Condition 10 and pursuant to article R.228-79 of the French *Code de commerce*, be delivered to Euroclear France, Euroclear, Clearstream and any other clearing system where the Notes are cleared. For the avoidance of doubt, Conditions 14.1, 14.2, 14.3 and 13.4 shall not apply to such notices.

15. GOVERNING LAW, LANGUAGE AND JURISDICTION

15.1 Governing law

The Notes, Receipts, Coupons and Talons are governed by and shall be interpreted in accordance with French law.

15.2 Language

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

15.3 Jurisdiction

Any dispute in relation to the Notes, Receipts, Coupons or Talons shall be submitted to the courts within the jurisdiction of the Paris Court of Appeal (subject to mandatory provisions related to territorial jurisdiction of French courts). No private law enforcement measures may be instigated and no seizure or attachment proceedings may be brought against the assets or property of the Issuer as a legal entity governed by public law.

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 at the latest by the issue date of such Tranche with a common depositary (the **Common Depositary**) for Euroclear Bank SA/NV, as operator of the Euroclear system (**Euroclear**) and Clearstream Banking S.A. (**Clearstream**). Following deposit of such Temporary Global Certificate with a Common Depositary, Euroclear or Clearstream shall credit each subscriber with an amount in principal of Notes equal to the nominal amount so subscribed and paid for.

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

2. EXCHANGE

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

- (a) if the applicable Pricing Supplement specifies that the Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which the TEFRA rules do not apply (see the section "General Description of the Programme – Selling Restrictions"), in whole but not in part, for Physical Notes; and
- (b) in all other cases, in whole but not in part, after certification, to the extent required under section § 1.163-5(c)(2)(i)(D)(4)(ii) of the US Treasury regulations, that the Notes are not held by US persons, for Physical Notes.

3. DELIVERY OF PHYSICAL NOTES

On or after the Exchange Date, the holder of a Temporary Global Certificate may surrender such Temporary Global Certificate to or to the order of the Fiscal Agent. The Issuer shall, in exchange for any Temporary Global Certificate, deliver or procure the delivery of an equal aggregate nominal amount of duly signed and authenticated Physical Notes. For the purposes of this Offering Circular, **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 Condition 13, the Exchange Date may, at the option of the Issuer, be postponed until a date falling at least forty (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.

DESCRIPTION OF THE ISSUER

1. ISSUER'S POSITION WITHIN THE NATIONAL INSTITUTIONAL FRAMEWORK

1.1 Issuer's registered office, legal form and address

Geographical location	Form	Date of formation	Address	Telephone number and website
Mainland France Région Auvergne Rhône-Alpes Département du Rhône	Special status local authority	1st January 2015	Grand Lyon Métropole 20, rue du Lac CS 33 569 69505 Lyon Cedex 03	04 78 63 40 40 www.grandlyon.com/

The information appearing on the Issuer's website does not form part of this Offering Circular, unless expressly incorporated by reference as provided in the section "*Documents incorporated by reference*" of this Offering Circular.

1.2 General overview of the local authority

The Métropole de Lyon (**Métropole de Lyon**) is a new local authority established by the law of 27 January 2014 on the modernisation of local public action and affirmation of metropolises (**MAPTAM Law**).

"Art. L. 3611-1. - There is hereby established a special status local authority, within the meaning of article 72 of the Constitution, named "Métropole de Lyon", instead and in place of the "Communauté urbaine de Lyon" and, within its previously recognised territorial boundaries, the Département du Rhône.

"Art. L. 3611-2. – The Métropole de Lyon forms a space of solidarity to develop and pursue a plan for the economic, ecological, educational, sports, cultural and social development of its territory, to improve its competitiveness and cohesion. "It assures the conditions for its economic, social and environmental development through metropolitan structural infrastructure, networks and amenities.

"Art. L. 3611-3. - The Métropole de Lyon is freely self-governing under the conditions set forth in this Book and by the non-conflicting provisions of the first part of this Code, and by sections II, III and IV of Book I and Books II and III of the third part, and by the applicable laws relating to the département.

"For the applicability to the Métropole de Lyon of the provisions referred to in the first sub-paragraph of this article:

"1° The reference to département is replaced by a reference to the Métropole de Lyon;

"2° The reference to general council is replaced by a reference to Métropole Council;

"3° The reference to president of the general council is replaced by a reference to president of the Métropole Council;

"4° The reference to representative of the State in the département is replaced by a reference to representative of the State in the Métropole.

Despite its name, this local authority should not be confused with the *métropoles* created under the laws of 16 December 2010 and 27 January 2014, which are inter-communal cooperation public establishments (EPCI).

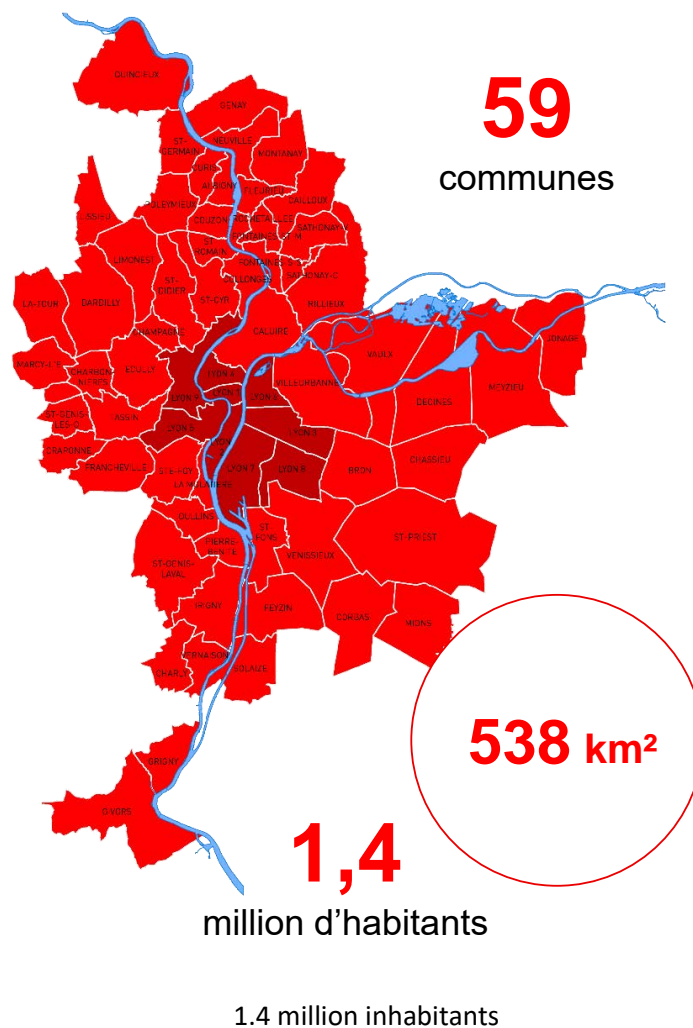
The Métropole de Lyon is, for its part, a special status local authority as defined in article 72 para. 1 of the Constitution, established instead and in place of the *Communauté Urbaine de Lyon* and the *Département du Rhône*, which it replaced within the national boundaries on 1st January 2015.

2. PRESENTATION OF THE ISSUER

Unless specified otherwise, figures set forth in this section have been sourced from INSEE.

The Métropole de Lyon was formed on 1st January 2015 by the MAPTAM Law (on the modernisation of local public action and affirmation of *Métropoles*). It is a unique local authority in France established by the merger of the *Communauté Urbaine de Lyon* and the *Conseil Général du Rhône* over the 59 communes that form the territory of Grand Lyon.

The Métropole de Lyon occupies a strategic position in France. It is located in the Rhône valley at the intersection of two rivers (the Rhône and the Saône). Its proximity to the Alps and the Mediterranean offers strategic access. Moreover, the Métropole de Lyon has an extensive rail network, within two hours of Paris, and an airport affording it European and global outreach.



The Métropole de Lyon has welcomed more than 160,000 new inhabitants over the last 15 years which makes it the third most populous local authority after Paris and Marseille. The Métropole de Lyon's appeal has been recognised on various occasions at national and European level for its economic performance, quality-of-life and real estate market.

For many years, Lyon had a reputation for silk work but today these activities have greatly declined serving mainly the luxury goods market. The medical industry sector (bioMérieux, Sanofi, Laboratoires Boiron) has been well established for many years and supports an innovative biotechnology hub (Biodistrict Lyon-Gerland). The chemical and petrochemical industries have thrived here for a long time. The automotive industry, with its local tradition going back many years, is also strongly represented with Renault Trucks affiliated to the Swedish group Volvo. The Métropole de Lyon is host to other large corporates such as the SEB group (domestic appliances), GL Events (events), SOLVAY,... and subsidiaries of major groups (Orange, Kéolis, EDF, ...). The Métropole de Lyon is also home to major sports groups such as Olympique Lyonnais (men and women's football), LOU (rugby) and ASVEL (men and women's basketball).

This diversity means that the Métropole de Lyon is:

- no.1 industrial agglomeration in France
- 2nd executive employment market in France: 650,000 salaried jobs in 140,050 establishments
- generates a gross domestic product of 75 Bn € annually (1/3 of the GDP of Région Auvergne-Rhône-Alpes)

The Métropole de Lyon's vast territory comprises 59 communes:

Lyon (seat of the Métropole de Lyon), Albigny-sur-Saône, Bron, Cailloux-sur-Fontaines, Caluire-et-Cuire, Champagne-au-Mont-d'Or, Charbonnières-les-Bains, Charly, Chassieu, Collonges-au-Mont-d'Or, Corbas, Couzon-au-Mont-d'Or, Craponne, Curis-au-Mont-d'Or, Dardilly, Décines-Charpieu, Écully, Feyzin, Fleurieu-sur-Saône, Fontaines-Saint-Martin, Francheville, Genay, Givors, Grigny, Irigny, Jonage, La Mulatière, La Tour de Salvagny, Limonest, Lissieux, Lyon 1st district, Lyon 2nd district, Lyon 3rd district, Lyon 4th district, Lyon 5th district, Lyon 6th district, Lyon 7th district, Lyon 8th district, Lyon 9th district, Marcy-l'Etoile, Meyzieu, Mions, Montanay, Neuville-sur-Saône, Oullins, Pierre-Bénite, Poleymieux-au-Mont-d'Or, Quincieux, Rillieux-la-Pape, Rochetaillée-sur-Saône, Saint-Cyr-au-Mont-d'Or, Saint-Didier-au-Mont-d'Or, Saint-Fons, Saint-Genis-Laval, Saint-Genis-les-Ollières, Saint-Germain-au-Mont-d'Or, Saint-Priest, Saint-Romain-au-Mont-d'Or, Sainte-Foy-lès-Lyon, Sathonay-Camp, Sathonay-Village, Solaize, Tassin-la-Demi-Lune, Vaulx-en-Velin, Vénissieux, Vernaison, Villeurbanne.

2.1 The Issuer's evolution as an institution

In 2015, when the Métropole de Lyon was established, the local authority merged the powers and responsibilities of the *Communauté Urbaine de Lyon* and those of the *Département du Rhône* within the territorial boundaries of the Métropole de Lyon.

Powers and responsibilities derived from the *Communauté Urbaine de Lyon*:

- urban planning and development
- habitation and housing
- sustainable development and energy;
- local planning;
- transport and mobility;
- social and economic development;
- international relations;

- cleanliness (cleaning and waste management);
- water and wastewater treatment;
- roads and highways;
- tourism;
- agriculture.

Powers and responsibilities derived from the *Département du Rhône*:

- integration;
- care for the elderly;
- persons with disabilities;
- housing and urban development;
- mobility;
- families;
- education (schools);
- children;
- culture and sport;
- local planning and development;
- roads and highways;
- tourism;
- agriculture.

2.2 The Issuer's powers and responsibilities

The Métropole de Lyon's powers and responsibilities are the combined powers and responsibilities of these two local authorities (*Communauté Urbaine de Lyon* and *Département du Rhône*).

(a) Children and families:

- delivering approvals for maternal assistants and nurseries;
- welcoming families and future parents in the mother and child protection (PMI) system;
- supporting persons hoping to adopt;
- protecting children in danger;
- managing family education and planning centres (CPEF).

(b) Solidarity:

- assisting the elderly and persons with disabilities;
- pursuing public health initiatives;
- implementing towns policy;
- distributing active solidarity income (RSA).

(c) Habitation and housing:

- supporting housebuilding;
- improving access to housing for all;
- supporting thermic renovation and rehabilitation;
- financing social housing;
- facilitating home ownership.

(d) Travel:

- developing public transport (via Sytral – Transport syndicate);
- developing the cycle network and encouraging alternative modes of transport;

- maintaining roads, highways, bridges and tunnels;
- managing the North circular (*périphérique Nord*) and dual carriageways.

(e) Water and wastewater treatment:

- supplying drinking water;
- wastewater management;
- protecting the aquatic environment;
- flood prevention.

(f) Cleanliness

- collecting and processing waste;
- managing the waste and recycling facilities;
- cleaning public spaces.

(g) Major projects and urban planning and development

- developing public spaces and green spaces;
- elaborating the local urban development and housing plan;
- managing the Parilly and Lacroix-Laval parks.

(h) Energy and environment

- protecting air quality and natural spaces;
- encouraging waste sorting and prevention;
- supporting peri-urban agriculture;
- supporting energy transition.

(i) Employment and economic development

- supporting corporate real estate;
- promoting professional integration and entrepreneurship;
- attracting and supporting business;
- developing superfast broadband networks.

(j) Knowledge and culture

- building and maintaining schools;
- managing museums : *Musée des Confluences* and *Musée gallo-romain de Fourvière*;
- supporting major cultural and sports events;
- helping associations and amateur sports clubs;
- supporting public reading and artistic education.

(k) Appeal and outreach

- supporting innovation and competitiveness hubs;
- attracting and welcoming tourists and major conventions.

2.3 General description of the Issuer's political and governance system

(a) Local authority governance

All local authorities have two main bodies:

- a deliberative body elected by direct universal suffrage (municipal, community, metropolitan, departmental or regional council). This assembly has power and authority as a matter of principle, and as a result may decide on any matter of local interest. Since 2014, members of deliberative assemblies are also elected by direct universal suffrage;
- an executive body elected from among the members of the deliberative assembly (mayors and their deputies, *département* and *région* council presidents, presidents of urban communities, agglomeration communities and mixed syndicates).

The deliberative and executive bodies are described in the paragraphs below.

(b) The Issuer's political and governance system

The Métropole de Lyon is led by elected citizens known as “metropolitan councillors” who meet regularly (approximately once a month in public session) as the metropolitan council of the Métropole de Lyon (hereafter the “**Metropolitan Council**”).

It is at these council meetings that the main decisions determining the direction of the Métropole's action are voted in the interests of the Métropole de Lyon's inhabitants.

A standing committee, emanating from the Metropolitan Council, also has decision-making powers in various areas under delegation from the Metropolitan Council.

The President (as defined below), and also the vice-presidents, also have certain decision-making powers similarly by virtue of a delegation from the Metropolitan Council or the President.

(c) The Issuer's political bodies

The Métropole de Lyon's organisational structure rests on a Metropolitan Council.

– The central organs

*The executive organ: the President of the Métropole de Lyon (hereafter the “**President**”)*

The President is elected by the Metropolitan Council of which he/she is the executive organ. The Metropolitan Council also elects vice-presidents of which there are 23 in number (out of a maximum of 25 vice-presidents and 30% of the Metropolitan Council's total headcount). The President orders the execution of expenditure and the collection of revenue and sets guidelines for the administration.

As provided in article L.3611-3 of the local authorities general code (CGCT), and unless stipulated otherwise, the laws and regulations applicable to *départements* apply to the Métropole de Lyon.

A number of provisions apply to the Métropole de Lyon, including provisions governing reports to be provided to the Council on the exercise of delegated responsibilities:

Article L.3211-2 of the CGCT:

"The departmental council may delegate some of its powers to the standing committee, except for those specified in articles [L. 3312-1](#) and [L. 1612-12 to L. 1612-15](#). It may modify the list of delegated powers during the course of the mandate.

Subject to the limits it has determined, the departmental council may also delegate to its President the power:

1° To raise borrowing to finance capital spending included in the budget, and for the purposes of financial operations necessary for managing debt, including foreign exchange and interest rate risk hedging, and to sign the agreements necessary for such purposes;

2° To enter into liquidity facilities subject to the maximum amount authorised by the departmental council;

3° To take the decisions referred to in article L 1618-2- III and in article L 2221-5-1 (a), subject as provided in (c) of the same article;

4° To decide or change the designated purpose of the local authority's properties used by its public services;

5° To set, within the limits determined by the deliberative assembly, the tariffs for duties concerning roads, temporary deposit on the highway and other public places and, more generally, the duties other than of a tax nature chargeable by the local authority;

6° To decide to enter into and amend any rental agreements for a term not exceeding 12 years;

7° To accept pay-outs for claims under insurance contracts;

8° To establish, amend or repeal accounting rules necessary for the functioning of the local authority's services;

9° To accept donations and bequests that are not encumbered with conditions or costs, without prejudice to the provisions of article L 3221-10 which permit it to do so as a protective measure, whatever such conditions and costs may be;

10° To decide to dispose of movable property by private sale up to a value of €4600

11° Without prejudice to the provisions of article L 3213-2, to set, within the limits of the tax department's (estate) estimates, the amounts offered and notified by the local authority to expropriated owners and to respond to their requests;

12° To determine the recaptured alignments pursuant to an urban planning document;

13° To award or withdraw grants made from departmental funds;

14° To take the decisions referred to in articles L 523-4 and L 523-5 of the heritage code (code du patrimoine) relating to the performance of preventive archaeological diagnostics required for development operations or works within the département;

15° To authorise, in the name of the département, the renewal of subscriptions for associations of which it is a member;

16° To request the State or other local authorities to award grants, under the conditions determined by the departmental council;

17° To lodge, within the limits determined by the departmental council, applications for planning permission to demolish, transform or construct buildings in the département.

The President shall inform the council of its actions pursuant to these delegations. The delegations granted pursuant to 1° of this article shall expire upon the commencement of the electoral campaign for renewal of the departmental council."

Article L.3211-10-1 of the CGCT:

"The President of the departmental council shall commence actions in the name of the département pursuant to a decision by the departmental council and may, with the approval of the standing committee, defend any action brought against the département.

He may, by delegation from the departmental council, be charged for the duration of his mandate, with bringing legal proceedings, in the name of the département, or with

defending the département in legal proceedings brought against it, in the circumstances defined by the departmental council. He shall report on the exercise of these powers at the very next departmental council meeting.”

Article L 3221-11 of the CGCT:

“The President may, by delegation from the departmental council, be charged for the duration of his mandate, with taking all decisions regarding the preparation, conclusion, performance and payment in respect of contracts and framework agreements, and any decision concerning the amendment thereof, once the relevant credits have been entered in the budget.

The President of the departmental council shall report on the exercise of these powers at the very next departmental council meeting and keep the standing committee informed thereof.”

Article L 3221-12 of the CGCT:

“The President of the departmental council may, by delegation from the departmental council, be charged with exercising, in the name of the département, all pre-emption rights of which it is the holder or delegee pursuant to the urban planning code. He may also delegate the exercise of these rights in connection with the disposal of a property, under the conditions determined by the departmental council. He shall report on the exercise of these powers at the very next departmental council meeting.”

Article L 3221-12-1 of the CGCT:

“The President of the departmental council may, by delegation from the departmental council, be charged with taking all decisions relating to the housing solidarity fund in particular in respect of financial assistance, loans, debt write-off and waiver of claims. He shall report on the exercise of these powers at the very next departmental council meeting.”

Article L 1413-1 of the CGCT:

“Regions, the Corsica authority, départements, communes of more than 10,000 inhabitants, inter-communal cooperation public establishments (EPCI) of more than 50,000 inhabitants and combined syndicates (syndicats mixtes) comprising at least one commune of more than 10,000 inhabitants shall establish a local public services consultative committee for all public services that are entrusted to a third party by public service delegation agreement or which they operate as a directly managed service bestowed with financial autonomy. Inter-communal cooperation public establishments with a population of between 20,000 and 50,000 inhabitants may establish a local public services consultative committee in the same manner.

[...]

The committee each year examines on the report of its President:

1° The report referred to in article L 1411-3, prepared by the public service delegee;

2° The reports on the price and quality of the public drinking water service, and on the wastewater treatment services referred to in article L 2224-5;

3° *A management report on the services operated as a directly managed service bestowed with financial autonomy;*

4° *The report referred to in article [L. 2234-1](#) of the public procurement code established by the partnership contract holder.*

It is consulted for its opinion by the deliberative assembly or by the deliberative body on:

1° *Any proposed public service delegation, before the deliberative assembly or deliberative body makes its decision in the manner provided in article L 1411-4;*

2° *Any proposal for the establishment of a directly managed service bestowed with financial autonomy, before the decision to create it is taken;*

3° *Any proposed partnership before the deliberative assembly or deliberative body makes its decision in the manner provided in article L 1414-2;*

4° *Any proposed participation by the water and wastewater treatment services in any research and development programme, before any decision is made to engage the service.*

[...]

Under such conditions as it may determine, the deliberative assembly or the deliberative body may instruct, by delegation, the executive organ to refer the above-mentioned proposals to the consultative committee for its opinion."

Article L 3221-13 of the CGCT:

"Unless stipulated otherwise in the deliberation granting the delegation, the President may sub-delegate the powers entrusted by the departmental council under the conditions specified in article L 3221-3."

Article L 331-19 of the forestry code (exercise of first refusal rights):

"In the event of sale of a property classified on the land register as woodland or forest having a total surface area of less than 4 hectares, the owners of any contiguous parcel of woodland, as identified on the land register, benefit from a right of first refusal under the conditions set forth in this article. The same provisions apply in the event of disposal of indivisible rights or rights of enjoyment of real property over such land.

The seller must notify the owners of the contiguous parcel of woodland mentioned in the first paragraph of the price and terms of the proposed sale, by registered letter with a request for acknowledgement of receipt, to the address noted in the land register or by personal delivery against receipt. If the required number of notifications is equal to or more than 10, the seller may publish the price and terms of the proposed sale by displaying a notice in the town hall for a period of one month and publishing a notice on an authorised legal announcements medium.

Any owner of a contiguous woodland parcel must, within a period of two months from the date of display in the town hall or receipt of notice, notify the seller, by registered letter with request for acknowledgement of receipt or by personal delivery against receipt, that he is exercising his right of first refusal at the price and on the terms indicated by the seller. [...]

This right of first refusal is exercised subject to the pre-emption right and related fee payment, specified for the benefit of legal entities responsible for performing a public service under the rural and maritime fishing code or under the urban planning code.”

The Metropolitan Council

The Metropolitan Council meets upon the request of its President, at least once every quarter.

The President of the Metropolitan Council is the executive organ of the Métropole de Lyon. He/she prepares and executes the deliberations of the Metropolitan Council and the decisions of the standing committee, orders the engagement of expenditure and the collection of revenue. If absent or prevented from attending, he is replaced by the first vice-president or by a vice-president taken in the order of their appointment.

The Metropolitan Council delegates part of its powers to the President and to the standing committee.

The President sets the agenda for the meetings of the Metropolitan Council, whilst respecting the business to be included pursuant to the citizens’ right to question, the rules in respect of which are set by the Council. The business entered on the agenda is submitted in advance, for consideration, to the relevant thematic committees, unless decided otherwise by the President for reasons of urgency, for example. The President informs, if appropriate, the metropolitan councillors if the relevant thematic committee is not being requested to consider an agenda item.

The Metropolitan Council cannot deliberate on business which has not been entered in advance on the agenda or on a supplement to the agenda notified to the metropolitan councillors.

The Metropolitan Council governs, by its decisions, the affairs of the Métropole de Lyon. In accordance with the regulations applicable to the Métropole de Lyon, the Metropolitan Council has exclusive authority to exercise non-alienable powers which concern, first, administrative, budgetary and financial acts and, secondly, strategic metropolitan powers and functions.

Metropolitan councillors can join together to form political groups. The current Metropolitan Council comprises eleven political groups.

All deliberations adopted by majority vote of the Metropolitan Council members are subject to control of legality by the *Préfet*. The President reports on the bureau's work and on the powers exercised by delegation from the deliberative body.

The Metropolitan Council can delegate some of its powers to the President and to the Standing Committee (as defined below).

The Standing Committee of the Métropole de Lyon (hereafter the “**Standing Committee**”)

The Standing Committee meets, at the request of the President, as often as he/she considers it necessary.

The Standing Committee members are as follows:

- the President; and
- vice-presidents and 42 members elected by the Metropolitan Council.

The body which examines and arbitrates on projects, the Standing Committee meets regularly to prepare and consider matters for submission to a vote of the Metropolitan Council.

The Standing Committee acts both as:

- deliberative body upon delegation from the Metropolitan Council; and
- as a guidance and arbitration body enabling discussion, reflection and debate at executive level between the President, the vice-presidents or delegee members of the bureau.

List of Standing Committee members as at the date of this Offering Circular:

Name	Forename	Metropole function	Other local or national functions	Address for correspondence
ARTIGNY	Bertrand	9th Vice-President	Councillor of the 5th district of Lyon	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
ASTI-LAPERRIERE	Florence	Councillor member of the Standing Committee	Municipal councillor of Ecully	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
ATHANAZE	Pierre	11th Vice-President		Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
BADOUARD	Benjamin	Councillor member of the Standing Committee		Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
BAGNON	Fabien	13th Vice-President	Municipal councillor of Saint-Genis-Laval	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
BAUME	Emeline	1st Vice-President		Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
BEN ITAH	Yes	23rd Vice-President	Councillor of the 1st district of Lyon	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
BENAHMED	Fatiha	Councillor member of the Standing Committee	Councillor of the 9th district of Lyon	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
BENZEGHIBA	Issam	Councillor member of the Standing Committee	Municipal councillor	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
BLANCHARD	Pascal	19th Vice-President	Municipal councillor of Lyon Assistant to the mayor of the 5th district of Lyon	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
BOFFET	Laurence	18th Vice-President	Councillor of the 1st district of Lyon	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
BOUMERTIT	Idir	Councillor member of the Standing Committee	Assistant Mayor of Vénissieux	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
BRÉAUD	Jérémie	Councillor member of the Standing Committee	Mayor of Bron	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
BROSSAUD	Claire	Councillor member of the Standing Committee		Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
BRUNEL VIEIRA	Vinciane	Councillor member of the Standing Committee		Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
BUB	Jérôme	Councillor member of the Standing Committee	Municipal councillor of Grigny	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
BUFFET	François-Noël	Councillor member of the Standing Committee	Senator of the Rhône	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
AAMUS	Jérémy	15th Vice-President	Municipal councillor of Albigny-sur-Saône	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
CHARMOT	Pascal	Councillor member of the Standing Committee	Mayor of Tassin La Demi-Lune	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
COCHET	Philippe	Councillor member of the Standing Committee	Mayor of Caluire et Cuire	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
COLLIN	Blandine	Councillor member of the Standing Committee		Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
CORSALE	Doriane	Councillor member of the Standing Committee	Assistant Mayor of Saint-Priest	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
CRESPY	Chantal	Councillor member of the Standing Committee	Assistant Mayor of Caluire-et-Cuire	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
CROIZIER	Laurence	Councillor member of the Standing Committee	Councillor of the 6th district of Lyon	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
DA PASSANO	Jean-Luc	Councillor member of the Standing Committee	Municipal councillor of Irigny	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
DEBÜ	Raphaël	Councillor member of the Standing Committee	Regional councillor of Auvergne-Rhône-Alpes	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
DEHAN	Nathalie	Councillor member of the Standing Committee	Municipal councillor of Vénissieux	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
DROMAN	Hélène	22nd Vice-President	Municipal councillor of Francheville	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
FAUTRA	Laurence	Councillor member of the Standing Committee	Mayor of Decines-Charpieu	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
FOURNILLON	Rose-France	Councillor member of the Standing Committee	Mayor of Dardilly	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
FRETY	Laurence	Councillor member of the Standing Committee	Municipal councillor of Givors	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
FRIER	Nathalie	Councillor member of the Standing Committee	Municipal councillor of Saint-Fons	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
GASCON	Gilles	Councillor member of the Standing Committee	Mayor of Saint Priest	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
GEOFFROY	Hélène	6th Vice-President	Mayor of Vaux-en-Velin	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
GEOURJON	Christophe	Councillor member of the Standing Committee	Councillor of the 7th district of Lyon	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
GRIVEL	Marc	Councillor member of the Standing Committee	Mayor of Saint-Cyr-au-Mont-d'Or	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
GROSPERRIN	Anne	14th Vice-President		Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
GUELPA-BONARO	Philippe	21st Vice-President	Councillor of the 8th district of Lyon	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
HEMAIN	Séverine	16th Vice-President	Municipal councillor of Caluire-et-Cuire	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
KABALO	Prosper	Councillor member of the Standing Committee	Municipal councillor of Villeurbanne	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
KHELIFI	Zémorda	10th Vice-President	Municipal councillor of Villeurbanne	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
KIMELFELD	David	Councillor member of the Standing Committee	Councillor of the 4th district of Lyon	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
KOHLHAAS	Jean-Charles	5th Vice-President	Regional councillor of Auvergne-Rhône-Alpes Conseiller municipal d'Oullins	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
LASSAGNE	Lionel	Councillor member of the Standing Committee		Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
LONGUEVAL	Jean-Michel	17th Vice-President	Municipal councillor of Bron	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
MARION	Richard	Councillor member of the Standing Committee	Municipal councillor of Vaux-en-Velin	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
MOREIRA	Véronique	12th Vice-President	Municipal councillor of Oullins	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
NACHURY	Dominique	Councillor member of the Standing Committee		Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
PANASSIER	Catherine	Councillor member of the Standing Committee	Councillor of the 3rd district of Lyon	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
PAYRE	Renaud	3rd Vice-President		Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
PELAEZ	Louis	Councillor member of the Standing Committee	Councillor of the 8th district of Lyon	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
PETIOT	Isabelle	20th Vice-President		Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
PIAARD	Michèle	4th Vice-President	Mayor of Venissieux	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
PICOT	Myriam	Councillor member of the Standing Committee		Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
POLIZERGUE	Clotilde	Councillor member of the Standing Committee	Mayor of Oullins	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
RAY	Jean-Claude	Councillor member of the Standing Committee		Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
RUNEL	Sandrine	Councillor member of the Standing Committee	Assistant Mayor of Lyon	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
SARSELLI	Véronique	Councillor member of the Standing Committee		Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
SEGUN	Luc	Councillor member of the Standing Committee	Municipal councillor of Marcy l'Etoile	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
SIBEUD	Nicole	Councillor member of the Standing Committee	Assistant Mayor of Chassieu	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
VACHER	Lucie	8th Vice-President	Councillor of the 5th district of Lyon	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
VAN STYVENDAEL	Cédric	7th Vice-President	Mayor of Villeurbanne	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
VESSILLER	Béatrice	2nd Vice-President	Municipal councillor of Villeurbanne	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
VINCENDET	Alexandre	Councillor member of the Standing Committee	Mayor of Rillieux-la-Pape	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03
VINCENT	Max	Councillor member of the Standing Committee	Mayor of Limonest	Métropole Lyon - 20 rue du Lac - CS 33569 - 69505 Lyon Cedex 03

– **The consultative bodies**

The metropolitan mayors' conference (the “Metropolitan Conference”)

The Metropolitan Conference is the body for discussion and exchange of views between the Métropole de Lyon and all mayors of communes. It is the forum of choice for discussion between all mayors of communes. Under the terms of the law, any subject of interest to the Métropole or pertaining to the harmonisation of action by the Métropole de Lyon and the communes, may be debated at the Metropolitan Conference.

The Metropolitan Conference is responsible for preparing a draft metropolitan cohesion pact. It is also responsible for its overall evaluation; an interim evaluation will enable the pact's contents to be adjusted and to record any new developments. These evaluations will take into account public action efficiency, inhabitants' quality of life, improvement of public services (health, environment, housing). A summary of the work of the Mayors' Territorial Conference will be supplied to the Metropolitan Conference by the elected official responsible for the Mayors' Territorial Conference and appointed to the metropolitan executive body. The presidents of the Mayors' Territorial Conference will therefore meet to take stock of the progress of their work and to consider the topics they wish to be examined at future Metropolitan Conference meetings.

Currently, articles 56 to 59 of the 2015/2020 internal bylaws of the Metropolitan Council define the rules governing the functioning of the Metropolitan Conference.

The Mayors' Territorial Conference (hereafter the “Mayors' Territorial Conference”)

Each Mayors' Territorial Conference brings together the mayors of neighbouring communes within the scope approved by deliberation of the Metropolitan Council. The scope of the Mayors' Territorial Conferences is set by deliberation. They are proposed to the Metropolitan Council after consultation with the mayors of the communes and the Mayors' Territorial Conferences organised under the previously applicable deliberation. Each Mayors' Territorial Conference is led by a president and vice-president elected from among its members. They are assisted by a Métropole de Lyon agent responsible for regional coordination. The Mayors' Territorial Conference is not a substitute for the relationship between the communes and the Métropole de Lyon. On the contrary, it contributes the efficiency of, and helps each mayor to sustain, these relationships.

The Mayors' Territorial Conferences are a forum for discussion and reflection between the communes and also between the communes and the Métropole de Lyon. They are a fount of new ideas.

The Metropolitan Cohesion Pact

Article L.3633-3 of the CGCT provides that the “Metropolitan Conference prepares, within nine months following all general municipal council elections, a draft metropolitan cohesion pact between the Métropole and the communes located within its boundaries. This draft puts forward a strategy for delegation of the Métropole de Lyon's powers to the communes located within its boundaries, under and as provided in article L. 1111-8. In the same manner, it puts forward a strategy for delegation of some of the communes' powers to the Métropole de Lyon.

The Metropolitan Conference adopts the draft metropolitan cohesion pact by simple majority of the mayors representing half of the total population of the communes located within the boundaries of the Métropole de Lyon.

The metropolitan cohesion pact is approved by deliberation of the Metropolitan Council of the Métropole de Lyon, after consultation with the municipal councillors of the communes located within its boundaries.”

The metropolitan cohesion pact must help strengthen the bedrock of the founding values underpinning the formation of the Métropole de Lyon enabling a balanced action and governance model to be constructed whilst respecting the communes freedom of administration.

The Development Council (hereafter the “Development Council”)

The Development Council is a consultative body, established by the Métropole de Lyon by deliberation dated 11 May 2015, a forum for dialogue and reflection to jointly put forward proposals on public policy. It is an independent, welcoming and open workspace. This assembly of actors and citizens enlightens the Métropole de Lyon on societal changes to take into consideration through their opinions and proposals founded upon their life experience and knowledge: their expertise.

The Development Council has a hybrid membership:

6 colleges - 200 members

The aim of this composition is to give the floor both to organised civil society and voluntary citizens to connect them and facilitate their discussions.

1. The economic actors college: 30 members

Consular chambers, businesses, syndicates, professional bodies, social and welfare economy ...

2. Public entities and equivalent: 30 members

Higher education, research and innovation, culture, housing, urban planning, social, employment and training, health ...

3. Associations/not-for-profit bodies: 30 members

Cultural activities, housing, solidarity and the fight against exclusion, transport, environment and sustainable development, consumers, youth, citizen action ...

4. Inhabitants’ regional representation: 45 members

District councils, local interest committees, or similar organisations

5. Voluntary citizens: 45 members

Drawn by lots after applications are invited to ensure representation that is both diverse and based on expression of motivation.

6. Qualified personalities: 20 members

Appointed by the President on the proposal of the president of the Development Council.

Thematic committees

The number and area of authority of the thematic committees, formed for the duration of the mandate, are defined by the Metropolitan Council. Under the current mandate, there are seven such committees:

- Travel and highways committee;

- Economic development, digital, integration and employment committee;
- Solidarity development and social action committee;
- Education, culture, heritage and sport committee;
- Finance, institutions, resources and regional organisation committee ;
- Proximity, environment and agriculture committee; and
- Urban planning, living conditions, housing and Towns policy committee.

The thematic committees are responsible for studying the reports submitted to the Standing Committee and the Metropolitan Council within their area of authority. At the request of the President, a report prepared by a thematic committee may occasionally be submitted for information to another thematic committee.

The composition of the thematic committees is defined by the Metropolitan Council, upon the proposal of the elected official group presidents. It respects the principle of proportional representation, with each president nominating at least one representative to each committee.

The thematic committees meet in accordance with the timetable determined by the President. In addition, the committee presidents may call committee meetings to consider issues within their respective areas of authority.

The committee president, in consultation with the vice-presidents and delegee councillor members of the thematic committee, determines the agenda having due regard to the business to be included on the agenda for the Standing Committee and Metropolitan Council meetings. The thematic committees may propose that the President refer certain topics for inclusion on the agenda of a subsequent meeting of the Standing Committee or the Metropolitan Council.

3. THE ISSUER'S ECONOMY

3.1 Description of the Métropole de Lyon's economy

Economic development has always been one of the top priorities of the *Communauté Urbaine de Lyon* and then the Métropole de Lyon. This is reflected by the deployment of an ambitious programme of initiatives revolving around four priorities:

- The competitiveness of its business fabric in particular through its policy to support innovation and research;
- The attractiveness of its territory with the development of major urban projects and support for three sectors of excellence (life sciences, eco-technologies, digital) which offer differentiation and international appeal;
- Support for the emergence and establishment of new businesses;
- Strengthening its international dimension and outreach whether through its universities, tourism, events etc.

With a GDP of nearly 75 Bn€, the Métropole de Lyon is consistently ranked in the European top 10. It is positioned today and increasingly as a real challenger amongst the major European metropolises.

The Métropole de Lyon adopted its economic development programme 2016-2021 at the Metropolitan Council meeting of 19 September 2016. This framework document sets the strategic priorities and elaborates a series of actions implemented by the local authority over the last five years together with all of its partners: consular chambers, employer organisations, competitiveness hubs, the University of Lyon, the Lyonnaise regional economic development agency (ADERLY), the Grand Lyon tourism and conventions office, etc.

The aim of this economic development programme is to give a fresh boost to the economy and employment within the region, first by continuing the actions initiated or supported by the Métropole de Lyon and its proven partners; and secondly by stimulating new initiatives.

4 strategic objectives structure the Métropole de Lyon's economic programme:

1. Lyon, manufacturing métropole:

- Offer dedicated to growing small and medium-size enterprises (SME) and small and medium-sized industries (SMI): SME Pact, Lyve, Big Booster, Nuggets, etc.;
- Targeted real estate actions, preservation and maintenance of industrial spaces (review of the local urban and housing plan), creation of new dedicated zones (the *Appel des 30!* Initiative in the *Vallée de la Chimie*, Plaine Saint-Exupéry development scheme, etc.);
- Digital transition: developing new usages (Superfast Broadband), emergence and acceleration of start-ups with H7, the digital trades campus;
- Promoting transition towards industries of the future (pooled platforms and new industrial *fablab* (manufacturing laboratories), ecological transition of industrial processes, developing factories of the future, etc.);
- Areas of excellence: competitiveness hubs, 2nd phase of the “Intelligent Métropole”, new bouyant ecosystems (risk management and insurance, security and cyber-security industries, urban and industrial engineering), “healthy living”.

2. Lyon, métropole with a thirst for knowledge:

- Supporting the international excellence of the University of Lyon, and strengthening actions for the two dynamic campuses (LyonTech-la Doua, Charles Mérieux);
- Adapting training to the needs of business (in particular in digital, logistics, personal services, hospitality...);
- Increasing awareness among the young of trades and entrepreneurship;
- Developing initiatives in the sphere of skills transfer between large corporates and SME, and between generations.

3. Lyon, métropole of appeal:

- Prospecting and business establishment (Lyonnaise regional economic development agency);
- Development of distinctive skills in hospitality (business and leisure tourism, Expat Center, international education);
- Suitable and regulated real estate offer to better meet business demand;
- Anchoring of and collaboration with international organisations that project Lyon (International cancer research centre, Interpol, Euronews, etc.), work on new opportunities (European medicines agency);
- Creating value from emblematic assets (gastronomy, lights) and outreach through major events and sport;
- The ONLYLYON initiative strengthened and optimised.

4. Lyon, driving forward métropole:

- Synergies and collaborations with communes, the *Pôle Métropolitain*, the network of towns and major agglomerations, the Région Auvergne Rhône Alpes;
- Metropolitan economic governance;
- Entrepreneurial hubs;
- The social and solidarity economy, the local economy, the circular economy, local jobs mines;
- Adoption of a new commercial urban planning programme (SDUC).

During the previous mandate, the Métropole de Lyon implemented the various strategic guidelines set forth in its economic development programme.

The region enjoys a very favourable environment and great dynamism. Indeed, despite moderate growth in France in 2019 (+1.2%), the Métropole de Lyon recorded, over one year, a 2% increase in private sector salaried employment, achieving 606,330 jobs. The sharpest increases in employment were in construction/civil engineering (+4.4% - 1,565 jobs created), business services (+2.2% - 5,106 jobs created) and personal services (+ 2% - 2,606 jobs created).

Over 10 years, employment in the region has increased by 18%, a sign of its economic dynamism.

At the same time, the unemployment rate the Métropole de Lyon stood at 7.8% in the fourth quarter 2019 and 7.6% in the first quarter 2020, the lowest level since 2009. This was set against a background of sustainable job creation, but also the implementation of the skills investment plan, which translated into numerous jobseekers entering training schemes.

Also, the year 2019 was marked by an unprecedented uptick in the office real estate market with transactions reaching almost 440,000 m².

3.2 Structure of the Issuer's economy

Distribution of population by age range:

	Men	Women	Overall
Under age 3	27,990	26,522	54,512
Age 3 to 5	27,416	26,598	54,017
Age 6 to 10	43,409	41,615	85,024
Age 11 to 17	56,126	54,109	110,235
Age 18 to 24	79,781	88,514	168,295
Age 25 to 39	147,545	153,746	301,291
40 to 54	123,417	127,620	251,037
Age 55 to 64	63,407	74,042	137,449
Age 65 to 79	66,935	83,750	150,685
Age 80 or above	25,282	48,104	73,385
Overall	661,307	724,620	1,385,927
Source: Insee, 2017 census, main exploitation, geography 01/01/2020			

Distribution of population (age 15 and older) by activity

	Farmers	Artisans, retail, business chief executives	Executives and higher intellectual professions	Intermediate professions	Employees	Labourers	Retired	Other persons not professionally active	Overall
Age 15 to 19	18	173	246	1,577	4,992	3,607	-	84,012	94,625
Age 20 to 24	12	1,077	7,813	18,893	23,750	12,197	-	56,651	120,392
Age 25 to 39	76	11,100	71,759	80,920	64,348	38,004	56	34,864	301,127
Age 40 to 54	127	15,118	58,256	58,091	56,135	37,447	785	25,308	251,267
Age 55 to 64	96	6,242	22,236	20,667	21,821	12,505	36,259	17,268	137,097
Age 65 or above	22	1,502	2,381	1,440	1,863	1,165	203,862	12,024	224,258
Overall	353	35,212	162,690	181,588	172,909	104,926	240,961	230,125	1,128,765
Source: Insee, 2017 census, additional exploitation, geography 01/01/2020									

3.3 Issuer's activity sectors

Population age 15 and above by gender, age and socio-professional category:

	Men	Women	share as % of population of age		
			15 to 24	25 to 54	55 or +
Overall	530,272	598,493	100	100	100
Farmers	259	94	0	0	0
Artisans, retail, business chief executives	25,952	9,260	0.6	4.7	2.1
Executives and higher intellectual professions	94,511	68,180	3.7	23.5	6.8
Intermediate professions	81,380	100,207	9.5	25.2	6.1
Employees	47,882	125,027	13.4	21.8	6.6
Labourers	85,681	19,245	7.4	13.7	3.8
Retired	103,064	137,897	0	0.2	66.5
Other persons not professionally active	91,543	138,582	65.4	10.09	8.1
Source: Insee, 2017 census, additional exploitation, geography 01/01/2020					

Breakdown of establishments by activity sector:

Métropole de Lyon	
Industry, energy, environment	6%
Engineering/construction	8%
Wholesale trade and automobile	8%
Retail trade	12%
Transport-logistics	3%
Business services, finance, real estate	36%
Personal services	27%
Source: Acoiss-Urssaf 31-12-2018	

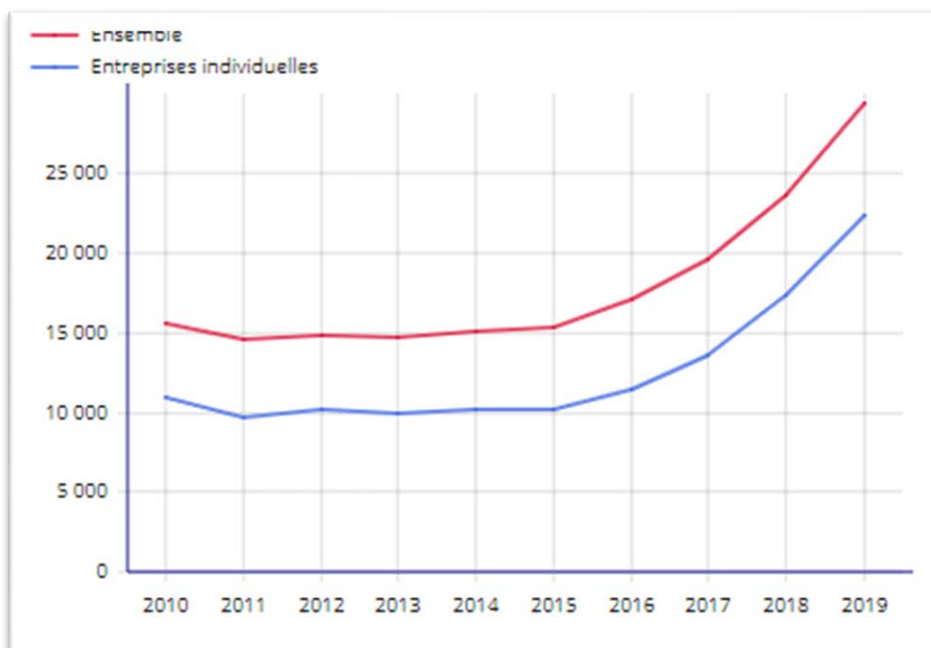
Business start-ups by activity sector:

	Businesses created		Of which individual enterprises	
	Number	%	Number	%
Overall	29,471	100	22,466	76.2
Manufacturing industry, extractive and other industries	1,071	3.6	860	80.3
Construction	2,176	7.4	1,297	59.6
Wholesale and retail trade, transport, hotel/restaurant	9,110	30.9	7,272	79.8
Information and communication	1,667	5.7	1,204	72.2
Financial activities and insurance	606	2.1	142	23.4
Real estate activities	1,174	4.0	524	44.6
Specialist, scientific and technical activities and administrative and support services	8,638	29.3	6,652	77
Public administration, education, human health and social welfare	2,892	9.8	2,628	90.9
Other services	2,137	7.3	1,887	88.3

Scope: commercial activities excluding agriculture.

Source: Insee, Directory of companies and businesses (Sirene) by geography at 01/01/2020

Changes in business start-ups (Source : Insee)



Red – Overall; Blue – sole traders

4. PUBLIC FINANCES

4.1 Taxation and budgetary system

(a) Taxation system

(i) Overview of the Issuer's tax powers

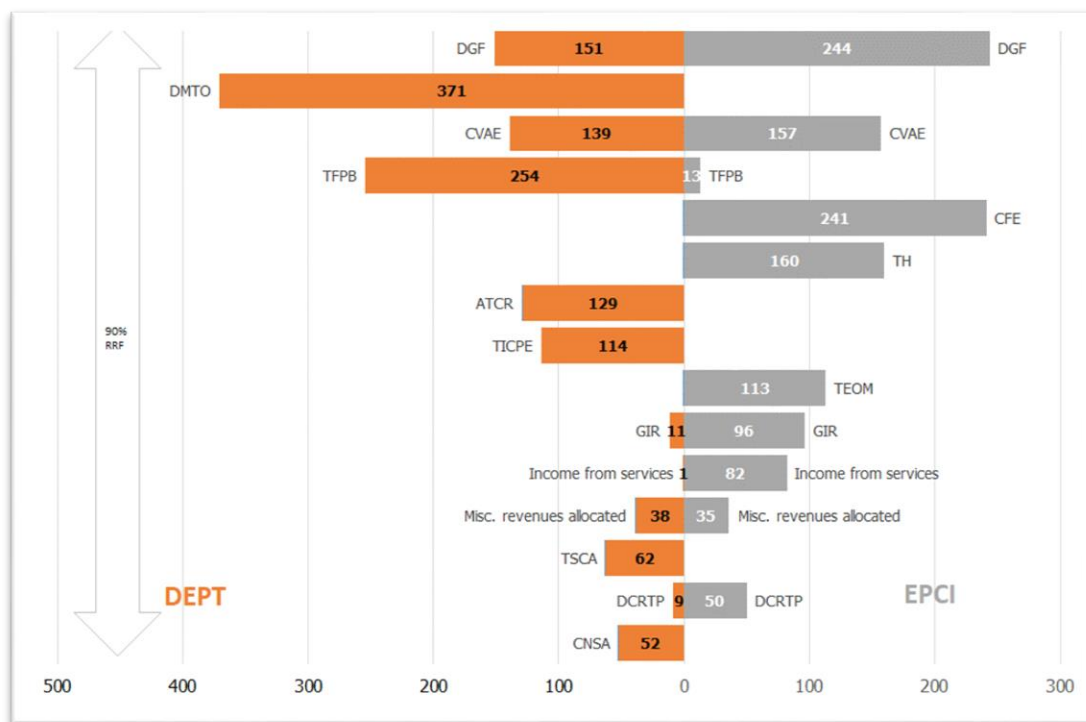
Local authorities cannot create new taxes to increase their budgets. However, since the law no. 80-10 of 10 January 1980, reforming local direct taxation, they do have the freedom to decide the rates to apply for the four direct taxes¹ and also the household waste removal tax and transport payment. But, this law heavily restricts this freedom to avoid inequality of treatment between taxpayers (households/businesses) and too sharp a growth in the tax burden.

Its status as a *métropole* and its associated powers mean that the Métropole de Lyon receives not only the revenue from both economic and household taxes, but also the income from taxation specific to its powers.

Breakdown of operating revenue in the 2019 primary budget (in M€)

The breakdown of the Métropole de Lyon's operating revenue into its two parts, departmental and intercommunal, underscores the Métropole de Lyon's and the départements' mutual interest in all aspects of their revenue structure.

The reform of local authority financing, which will be implemented as from 2021, will see the disappearance of the *département* element of the developed land real estate tax and the intercommunal element of the residence tax. Together, these two revenues amounted to 414 M€ in 2019; value-added tax (VAT) which will take their place as from 2021, will become the Métropole de Lyon's main source of revenue, ahead of the global operating endowment (DGF) (395 M€ in 2019 values).



¹ Residence tax, tax on developed land, tax on undeveloped land, the real estate contribution by companies

Abbreviations table

Abbreviation	Meaning
ATCR	Regional/departmental compensation allowance
CFE	Business real estate contribution
CNSA	Caisse nationale de solidarité pour l'autonomie
CVAE	Companies' value-added contribution
DCRTP	Professional tax reform compensation endowment
DEPT	Département
DGF	General operating endowment
DMTO	Duties on transfers for valuable consideration
EPCI	Inter-communal cooperation public establishment
GIR	Individual revenue guarantee
REVIMMEUBLES	Revenue from real estate
TEOM	Household waste collection tax
TFPB	Built property real estate tax
TH	Residence tax
TICPE	Domestic energy products consumption tax
TSAA	Tax on insurance contracts

"Household" taxation:

This includes:

- Residence tax (TH): the residential tax contribution paid by private owners, tenants or non-paying occupants of a furnished residence, is the product of the residential tax base as well as the rates adopted by the commune and the EPCI of which it is a member. Added to this are the management fees charged by the State. The tax base is calculated from a land registry assessment of the relevant premises (rental value which is associated with the characteristics of each dwelling, the allowances policy defined by the commune and the EPCI and the composition of households). This tax revenue is earmarked solely for communes. The 2018 finance law provided for a tapered relief which will exempt around 80% of households from paying residence tax on their main residence in 2020. The law provides for its complete abolition by 2023 and it will be compensated by a portion of the VAT received by the authority.

Residence tax

	2014	2015*	2016	2017	2018	2019
Tax assessment base (M€)	1874.2	1958.4	1949.5	1977.4	2007.0	2077.3
change n/n-1		+ 4.5 %	- 0.5 %	+ 1.4 %	+ 1.5 %	+ 3.5 %
Rate (%)	7.25 %	7.61 %	7.61%	7.61 %	7.61 %	7.61 %
change n/n-1		+5.0%	-	-	-	-
General rolls income (M€)	135.9	149.0	148.4	150.5	152.7	158.1
change n/n-1		+9.7%	-0.5%	+1.4%	+1.5%	+3.5%

(*) extension of Local Authority's territory

- The tax on built property (*taxe sur le foncier bâti* (TFB)): a tax paid by legal owners, beneficial owners or fiduciaries of a building. The tax base is equal to 50% of the land registry rental value of the properties forming the assessment basis for this tax. As from 2021, communes will be the only local authorities to receive this revenue.

	Built property real estate tax					
	2014*	2015**	2016	2017	2018	2019
Tax assessment base (M€)	2,049.9	2,109.0	2,154.9	2,191.4	2,245.5	2,297.6
change n/n-1		+ 2.9 %	+ 2.2 %	+ 1.7 %	+ 2.5 %	+ 2.3 %
Rate (%)	11.03 %	11.58 %	11.58 %	11.58 %	11.58 %	11.58 %
change n/n-1		+ 5.0 %	-	-	-	-
General rolls income (M€)	226.1	244.2	249.5	253.8	260.2	266.3
change n/n-1		+ 8.0 %	+ 2.2 %	+ 1.7 %	+ 2.5 %	+ 2.4 %
(*) amounts restated in Metropole scope in 2014						
(**) extension of Local Authority's territory						

- Tax on undeveloped land (*taxe sur le foncier non bâti* (TFNB)) is a marginal revenue from a generally dense urban environment, and the revenue from non-constructed property tax (TFPNB) represented only 0.112 M€ in 2019.

A tax supplemental to the TFPNB (TAFPNB), which only concerns single business tax local authorities, brings in a slightly higher revenue: 0.817 M€ in 2019. The local authorities receiving this supplemental tax have no rate setting powers (it has been fixed at 17.03% since the tax was introduced in 2011).

- Household waste collection tax (TEOM): the public waste collection and treatment service is financed essentially by the household waste collection tax. This is a supplemental tax on the real estate tax on developed land. It is assessed on all properties that are subject to, or which benefit from a temporary exemption from, the real estate tax on developed land and also on the dwellings of civil and military employees or civil servants. The tax is determined based upon the net income used as the basis for the real estate tax. Article 1379-0 bis VI of the General Tax Code provides that *métropoles* are substituted in place of communes for the purposes of applying the household waste collection tax (TEOM) provisions. Furthermore, article L.5217-2 of the *Code général des collectivités territoriales*, introduced by the law of 27 January 2014 for the modernisation of territorial public action and affirmation of *métropoles*, provides that Métropole de Lyon is automatically empowered, instead and in place of the member communes, to manage household and similar waste.

The TEOM rates have remained unchanged over the period 2014-2018 under review. Conversely, there were two significant developments in 2019:

- drop in the average rate from 6.10% in 2018 to 5.01% in 2019 (- 18%);
- removal of the rate distinction for door-to-door collection services provided six times a week.

The Metropolitan Council's choices followed the guidelines proposed in the report of the special committee for information and assessment of the TEOM and its evolution, which carried out its work throughout the year 2018.

	Household waste collection tax					
	2014	2015*	2016	2017	2018	2019
Tax assessment base (M€)	1,990.3	2,047.3	2,103.1	2,140.6	2,194.7	2,254.3
<i>change n/n-1</i>		+ 2.9 %	+ 2.7 %	+ 1.8 %	+ 2.5 %	+ 2.7 %
Rate (%)	6.14 %	6.14 %	6.13 %	6.09 %	6.10 %	5.01 %
<i>change n/n-1</i>		- 0.1 %	- 0.2 %	- 0.6 %	+ 0.1 %	- 17.8 %
General rolls income (M€)	122.2	125.6	128.8	130.4	133.8	112.9
<i>change n/n-1</i>		+ 2.8 %	+ 2.6 %	+ 1.2 %	+ 2.6 %	- 15.6 %
(*) extension of Local Authority territory						

	Household waste collection tax					
	2014	2015	2016	2017	2018	2019
Rate applied depending on type of door-to-door collection						
6 collections/week "full service"	6.79 %	6.79 %	6.79 %	6.79 %	6.79 %	5.35 %
6 collections/week "normal service"	6.32 %	6.32 %	6.32 %	6.32 %	6.32 %	5.35 %
5 collections/week "normal service"	s.o.	s.o.	s.o.	5.05 %	5.05 %	4.43 %
4 collections/week "normal service"	s.o.	s.o.	s.o.	5.05 %	5.05 %	4.43 %
3 collections/week "normal service"	5.05 %	5.05 %	5.05 %	5.05 %	5.05 %	4.43 %
2.5 collections/week "normal service"	4.12 %	4.12 %	4.12 %	4.12 %	4.12 %	3.71 %
2 collections/week "normal service"	4.12 %	4.12 %	4.12 %	4.12 %	4.12 %	3.71 %
1.5 collections/week "normal service"	2.97 %	2.97 %	2.97 %	2.97 %	2.97 %	2.97 %
1 collection/week "normal service"	s.o.	s.o.	s.o.	s.o.	s.o.	s.o.
Average rate, all types of services	6.14 %	6.14 %	6.13 %	6.09 %	6.10 %	5.01 %

"Economic" taxation:

This includes:

- the territorial economic contribution (CET) which comprises:
 - o business real estate contribution (CFE), whose assessment base corresponds to the former real estate component of the business tax (*taxe professionnelle* - TP), and whose rate is still voted by local elected officials under capping and liaison rules. This revenue goes to communes and groupings with autonomous taxation powers;

	Business real estate contribution					
	2014	2015*	2016	2017	2018	2019
Tax assessment base (M€)	727.8	748.4	766.4	790.3	820.8	817.9
<i>change n/n-1</i>		+ 2.8 %	+ 2.4 %	+ 3.1 %	+ 3.9 %	- 0.4 %
Rate (%)	27.26 %	28.62 %	28.62 %	28.62 %	28.62 %	28.62 %
<i>change n/n-1</i>		+ 5.0 %	-	-	-	-
General rolls income (M€)	198.4	214.2	219.4	226.5	235.4	234.6
<i>change n/n-1</i>		+ 7.9 %	+ 2.4 %	+ 3.3 %	+ 3.9 %	- 0.3 %
(*) extension of Local Authority's territory						

- o and the companies' value added contribution (CVAE), which is calculated at a uniform rate of 1.5% on the added value generated by companies with a turnover of more than €152,500.

	Companies' value-added contribution					
	2014*	2015**	2016	2017	2018	2019
Distribution of income between local authorities	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
... intercommunal share	26.5 %	26.5 %	26.5 %	26.5 %	26.5 %	26.5 %
... département share	48.5 %	48.5 %	48.5 %	23.5 %	23.5 %	23.5 %
... of which regional share	25.0 %	25.0 %	25.0 %	50.0 %	50.0 %	50.0 %
Income due to the territory (M€)	499.0	511.1	519.0	558.7	558.2	592.0
change n/n-1		+ 2.4 %	+ 1.5 %	+ 7.6 %	- 0.1 %	+ 6.1 %
... of which intercommunal share	132.2	135.4	137.5	148.1	147.9	156.9
... of which département share	242.0	247.9	251.7	131.3	131.2	139.1
... of which regional share	124.8	127.8	129.8	279.4	279.1	296.0
Income due to the Métropole de Lyon (M€)	374.3	383.3	389.3	279.4	279.1	296.0
change n/n-1		+ 2.4 %	+ 1.5 %	- 28.2 %	- 0.1 %	+ 6.1 %
(*) amounts restated in Metropole scope (intercommunal and département shares combined)						
(**) extension of Local Authority's territory						

The sum of the two components "CFE+CVAE" is capped at 3% of the added value generated by the company. Article 1379-0 bis of the General Tax Code provides that métropoles receive the business real estate contribution (CFE), and therefore it is the Metropolitan Council that approves the CFE rate, prior to 15 April every year.

- The various components of the fixed tax on utilities companies (IFER) are calculated by reference to a scale defined at national level.

	Fixed tax on utilities companies					
	2014*	2015**	2016	2017	2018	2019
Income (M€)	6.6	6.9	7.2	7.9	8.2	8.6
... of which intercommunal share	5.1	5.3	5.5	6.0	6.2	6.4
... of which département share	1.5	1.6	1.7	2.0	2.0	2.2
change n/n-1		+ 4.7 %	+ 4.4 %	+ 10.7 %	+ 3.7 %	+ 4.3 %
(*) amounts restated in Metropole scope (intercommunal and département shares combined)						
(**) extension of Local Authority's territory						

- The tax on commercial premises (TASCOM): this is payable by all retail stores with an annual turnover equal to or greater than €460,000 and more than 400 m² of retail space or forming part of a network with a surface area of more than 4000 m².

	Commercial premises tax					
	2014	2015	2016	2017	2018	2019
Income (M€)	13.7	14.6	15.6	19.2	15.7	16.2
change n/n-1		+ 6.0 %	+ 7.0 %	+ 23.5 %	- 18.3 %	+ 2.9 %
Multiplying coefficient	1.05	1.05	1.10	1.10	1.10	1.10

Other taxes

- duties on transfers for valuable consideration (DMTO): taxes, calculated by reference to the sale price, must be paid on the purchase of property (house or apartment). This comprises two taxes:
 - departmental real estate legal notices tax (TPF) and stamp duty;
 - supplemental commune tax on the real estate legal notices tax and stamp duty.

	Duty on transfers for valuable consideration					
	2014*	2015**	2016	2017	2018	2019
Income (M€)	225.2	248.1	274.4	308.3	350.1	370.6
change n/n-1		+ 10.2 %	+ 10.6 %	+ 12.4 %	+ 13.5 %	+ 5.9 %
(*) Amount estimated for 2014 based on CLERCT workings						
(**) extension of Local Authority's territory						

Over the last year, changes in DMTO revenue can be attributed one third to volume effect and two thirds to price effect.

- The development tax (TA): this is generated by delivery of an urban planning authorisation, typically a building permit. Both individuals and professionals are subject to this tax. TA is comprised of an inter-communal element and a *département* element:
 - the inter-communal element is applied towards financing the Métropole de Lyon's projects, after transfer of a portion thereof (1/8th currently) to the communes within the boundaries of the Métropole.
 - The *département* element is applied partly towards financing vulnerable natural spaces protection policy and, partly, financing expenditure of the local environment, urban planning and architecture Council.

The specific nature of the Métropole de Lyon has resulted in a recent change to the distribution of the two development tax elements, without any impact on the financing of the related policies.

	Development tax					
	2014*	2015**	2016	2017	2018	2019
Total income (M€)	20.3	28.7	42.0	33.6	0.0	37.2
change n/n-1		+ 41.5 %	+ 46.4 %	- 20.0 %	+ 9.3 %	+ 1.2 %
... of which intercommunal share (M€)	13.9	16.9	22.8	18.1	27.8	35.6
change n/n-1		+ 21.6 %	+ 35.5 %	- 20.8 %	+ 53.5 %	+ 28.2 %
... of which département share (M€)	6.4	11.9	19.2	15.5	9.0	1.6
(*) Estimated amounts based on CLERCT workings						
(**) extension of Local Authority's scope						

- The local end-user electricity consumption tax (TDCFE) applies to electricity delivered by a supplier and consumed at a delivery point located within the Métropole de Lyon's boundaries.

The following are liable for this tax:

- electricity suppliers: entities producing or purchasing electricity with a view to resale to the end user;
- entities producing electricity which they use for the purposes of their economic activity.

The tax base is comprised only of the volumes of electricity delivered by a supplier to an end user or produced by an entity using it for the purposes of their professional business.

	Département tax on end-user electricity consumption					
	2014*	2015**	2016	2017	2018	2019
Income (M€)	12.1	11.9	12.3	13.5	11.9	11.7
change n/n-1		- 1.2 %	+ 3.0 %	+ 9.8 %	- 11.5 %	- 1.9 %
(*) Estimated amount based on CLERCT workings						
(**) extension of Local Authority's territory						

- Tourism tax (*taxe de séjour*) is payable by persons staying in tourism establishments and guesthouses. Given its twin nature, the Métropole de Lyon receives both the tourism tax (revenue of local authorities in the commune segment) and the supplemental tax on the tourism tax (revenue of the *départements*).

Tourism tax finances expenditure relating to tourist visitation or protecting natural spaces for tourism purposes.

	Tourism tax					
	2014*	2015**	2016	2017	2018	2019
Income (including supplemental tax, M€)	5.7	5.5	6.0	6.8	8.6	10.0
change n/n-1		- 4.0 %	+ 8.6 %	+ 13.4 %	+ 26.4 %	+ 17.0 %
(*) Estimated amount based on CLERCT workings						
(**) extension of Local Authority's territory						

(ii) *The Issuer's taxation forecasts*

	2019 Administrative Account	2020 Provisional Budget*	Change
The main tax revenues (in € millions)			
Household taxes	409.1	414.2	1.2%
TFPB - built property real estate tax	169	172.9	2.3%
TH - Residence tax	160	161	0.6%
TEOM - household waste collection tax	79.2	79.4	0.3%
Corporate taxation	693.9	712.8	2.7%
CVAE - companies' value-added contribution	296	311	5.1%
CFE - Business real estate contribution	241.2	244	1.2%
TFPB - built property real estate tax	98	100.3	2.3%
TEOM - household waste collection tax	33.9	34	0.3%
Other tax revenue	846	851.2	0.6%
DMTO - duties on transfers for valuable consideration	370.6	370	-0.2%
ATCR - regional compensation award for transferred CVAE	128.7	128.7	0.0%
GIR - national individual revenue guarantee fund	107.6	107.6	0.0%
TICPE - domestic tax on consumption of energy products	113.9	114.1	0.2%
State endowments	484.8	479.1	-1.2%
DGF - general operating endowment	401.4	399.4	-0.5%
DCRTP - professional tax reform compensation endowment	58.9	55	-6.6%
Tax compensatory allowances	16.1	16	-0.6%

(*) *This takes no account of the effects of Covid*

(iii) **Tax transfers**

Each year, the State transfers certain national tax revenue to the *départements* to compensate (in part) for expenditure transferred to them. It also transfers certain revenue towards local authorities which do not enjoy the same level of revenue since the substitution of the professional tax.

Within the Lyonnais inter-communal structure, significant financial flows pass between the *communes* and the Métropole de Lyon, including primarily the compensation awards aimed at neutralising the specialised tax system since it began applying in 2003.

- The individual revenue guarantee (GIR): following the abolition of the professional tax in 2010, some local authorities have not regained their previous level of revenue with the new tax revenues awarded to them. They receive an allocation of the national individual revenue guarantee fund (FNGIR), a transfer of tax from the “winner” local authorities to “loser” local authorities.

It was, in principle, a “zero-sum” reform :

- a levy from their tax revenue was applied to “winner” local authorities (which funds the national individual revenue guarantee fund) and “loser” local authorities receive a payment from this fund;
- since the amounts levied do not cover the payments expected by the “losing” local authorities, an additional amount is paid to them in the form of State financial support: the professional tax reform compensation endowment (see point 1.2.3 below).

The Métropole de Lyon is one of the “losing” local authorities and therefore benefits from an individual revenue guarantee payment of 107.6 M€, in respect of the former *communauté urbaine* and the former *Département*.

	Individual revenue guarantee					
	2014*	2015**	2016	2017	2018	2019
Intercommunal share	95.5	96.2	96.2	96.2	96.1	96.2
Département share	11.4	11.4	11.4	11.4	11.4	11.4
FNGIR, overall	106.9	107.6	107.6	107.6	107.5	107.6
change n/n-1		+ 0.7 %	-	-	- 0.1 %	+ 0.1 %
(*) Estimated amount based on CLERCT workings						
(**) extension of Local Authority's territory						

- Compensation allowances form the main part of the tax transfers paid by the Métropole de Lyon to the communes within its boundaries. Their purpose is twofold:
 - to ensure financial neutrality of the specialist taxation structure (application of single professional taxation), both for the *communes* as well as for Métropole de Lyon;
 - to ensure financial neutrality of the transfers of powers, both for the *communes* as well as for Métropole de Lyon.

	Compensation allowances					
	2014	2015*	2016	2017	2018	2019
						in Euro millions
Compensation allowances paid (Métropole to Communes)	212.2	213.7	213.7	213.7	213.0	213.0
Compensation allowances received (Communes to Métropole)	10.7	10.7	10.7	10.7	10.8	10.8
* extension of Local Authority's territory						

- The CVAE compensation allowance: the transfer of 25 CVAE points from the *départements* to the *régions* has reduced the tax revenue received by the Métropole de Lyon.
In 2019, the Région Auvergne-Rhône-Alpes paid 129.8 M€ to the Métropole de Lyon, representing the 25 CVAE points transferred from the Métropole de Lyon to the la Région Auvergne-Rhône-Alpes, in 2016 value terms.
- The payment of the social housing shortfall levy: a social housing shortfall levy is applied to certain *communes*, as provided in the housing and construction code. With authority to constitute real estate reserves with a view to constructing social housing and having established a local housing programme, this levy is allocated to the Métropole de Lyon. The amount received in 2018 was 2.6 M€.

The levy on horse race betting and online casino games: the revenue from the levy payable by the *Pari Mutuel Urbain* (PMU) or the organised horse race betting companies, as specified in article 5 of the law of 2 June 1891 and by persons required, as online horse race betting operators, to obtain the approval referred to in article 21 of the law n° 2010-476 of 12 May 2010, is allocated (as to 15%) to local authorities. In 2019, this levy generated 408 K€ for the Métropole de Lyon, from the Parilly Hippodrome in particular. The special tax on insurance contracts (TSCA): this is aimed at financing the transfer of powers to the *départements* as provided under the law LRL law of 13 August 2004.

	Special tax on insurance contracts					
	2014*	2015**	2016	2017	2018	2019
TSAA "article 52" (miscellaneous powers)	34.5	35.0	32.5	39.1	41.0	39.5
TSAA "article 53" (SDIS/SDMIS)	19.6	19.8	18.2	22.8	23.7	22.9
TSAA, overall	54.1	54.8	50.7	61.9	64.7	62.4
change n/n-1		+ 1.3 %	- 7.5 %	+ 22.1 %	+ 4.6 %	- 3.6 %
(*) Estimated amount based on CLERCT workings						
(**) extension of Local Authority's territory						

- The domestic energy products consumption tax: *Départements* receive two portions of revenue from the domestic petroleum products consumption tax (TIPP), which is now the TICPE.
 - The first component, introduced by the 2004 finance law, is intended to compensate for the decentralisation of the RMI/RMA as from 1st January 2004. This represents 104.7 M€ for the Métropole de Lyon.
 - Due to the increase in the compensation rights owed to the *départements*, a second portion was transferred as from 2008, allocating, for all *départements*, a fraction of the tariff for this tax to the volumes of fuels sold each year throughout the national territory.

This represented a revenue of 9.2 M€ for the Métropole de Lyon in 2019.

	Domestic tax on consumption of energy products					
	2014*	2015**	2016	2017	2018	2019
TICPE "article 59" (RMI/RSA)	104.7	104.7	104.7	104.7	104.7	104.7
TICPE "article 52" (miscellaneous powers)	9.1	9.2	9.3	9.4	9.2	9.2
TICPE, overall	113.7	113.8	113.9	114.0	113.9	113.9
change n/n-1		+ 0.1 %	+ 0.1 %	+ 0.1 %	- 0.1 %	- 0.0 %
(*) Estimated amount based on CLERCT workings						

(iv) Issuer's endowments, compensation allowances and equalisations

State financial contributions:

Financial transfers from the State to local authorities represented 111.8 Bn€ in 2019, included among which were the operating endowments and tax compensation. However this envelope has sharply decreased since 2014, because it is the vector which the State uses to increase the contribution of local authorities towards restoring the public finances.

- The contribution towards restoring the public finances

Since 2014, local authorities are committed to improving the trajectory of the deficit and public debt through a "contribution to the restoration of the public finances"

(CRFP). This effort has been gradually increased, rising at national level from 1.5 Bn€ in 2014 to 11.5 Bn€ as from 2017.

Table: contribution to the restoration of the public finances - France as a whole

	CRFP - France					
	2014	2015	2016	2017	2018	2019
All Local Authorities in communal bloc (M€)	840.0	2,911.0	4,982.0	6,017.5	6,017.5	6,017.5
... of which Communes	588.0	2,038.0	3,488.0	4,213.0	4,213.0	4,213.0
... of which EPCI	252.0	873.0	1,494.0	1,804.5	1,804.5	1,804.5
Overall for Départements (M€)	476.0	1,624.0	2,772.0	3,920.0	3,920.0	3,920.0
Overall for Régions (M€)	184.0	635.0	1,086.0	1,537.0	1,537.0	1,537.0
Overall for local authorities (M€)	1,500.0	5,170.0	8,840.0	11,474.5	11,474.5	11,474.5
change n/n-1 (%)		+ 245.1 %	+ 71.0 %	+ 41.5 %	-	-

This contribution has been allocated between the local authority *communes* segment, and also between the *régions*, pro rata their actual operating revenue. As for *départements*, the allocation has been made by reference to population, per capita income and built property real estate tax rates.

In this regard the Métropole de Lyon is treated as an EPCI, on the one hand, and as a *département* on the other. Its contribution is therefore double:

Table 1: contribution to the restoration of the public finances - Métropole de Lyon

	CRFP - Métropole de Lyon					
	2014*	2015**	2016	2017	2018	2019
Métropole treated as an EPCI (M€)	10.5	36.2	61.7	73.8	73.8	73.8
Métropole treated as a Département (M€)	10.7	36.6	62.2	88.4	88.4	88.4
Total contribution of the Métropole (M€)	21.1	72.8	123.9	162.1	162.1	162.1
change n/n-1 (%)		+ 244.3 %	+ 70.3 %	+ 30.9 %	- 0.0 %	-
(*) Amount of département share restated for Métropole scope						
(**) extension of Métropole territory						

Therefore, for 2017 and subsequent years, the CRFP of the Métropole de Lyon amounts to 162.1 M€.

In addition to the henceforth crystallised CRFP, the contribution of local authorities towards controlling public expenditure has, since 2018, been framed by a “trust pact”. This essentially involves an effort to control increases in operating expenditure, taking the form notably of a contract between the State and the principal local authorities of the nation (all *Régions* and *Départements*, the Métropole de Lyon, large cities and principal EPCI).

- Global operating endowment (**DGF**):

The global operating endowment is the main financial contribution paid by the State to local authorities. Its amount and allocation criteria are determined each year under the finance law.

Due to its particular status, the Métropole de Lyon receives endowments specific to EPCI and *départements*.

From 2014 to 2017, the DGF was the primary vector for contribution by local authorities towards the restoration of the public finances.

	Overall DGF				
	2015*	2016	2017	2018	2019
Intercommunal share (M€)	295.3	266.3	249.4	246.8	244.0
... of which intercommunality endowment (M€)	65.8	41.1	30.4	31.7	33.7
... of which compensation endowment (M€)	229.6	225.2	219.0	215.1	210.3
Département share	201.2	176.5	150.3	151.0	151.2
... of which compensation endowment (M€)	40.4	40.4	40.2	40.2	40.2
... of which fixed sum endowment (M€)	141.1	115.1	88.8	88.8	88.8
... of which urban equalisation endowment (M€)	19.8	20.9	21.3	22.0	22.2
Overall	496.6	442.8	399.7	397.8	395.2
change n/n-1	- 9.8 %	- 10.8 %	- 9.7 %	- 0.5 %	- 0.7 %

Generally, the components of the DGF are determined by reference to the population of the recipient local authority. One of the particular features of the Métropole de Lyon relates to the existence of two “DGF populations”, one intercommunal and the other *département* based.

– The professional tax reform compensation endowment (DCRTP)

Local authorities which previously benefited from the professional tax have, since 2011, received substitute revenues. Where the amounts in respect of residence tax (formerly departmental), territorial economic contribution (CFE and CVAE, the new professional taxation), and the other smaller revenues, were insufficient to match the previous revenue, local authorities now receive a professional tax reform compensation endowment (DCRTP), State financial contribution, and a taxation transfer payment (FNGIR allocation)

Following a number of stable years, the two DCRTP portions payable to the Métropole de Lyon have gradually been cut back, with a consolidated decrease of just over 11% between 2016 and 2019.

	Professional tax reform compensation endowment					
	2014*	2015**	2016	2017	2018	2019
Total DCRTP (M€)	65.0	65.1	65.1	58.9	58.9	57.7
change n/n-1		+ 0.2 %	-	- 9.5 %	- 0.0 %	- 2.1 %
... of which intercommunal share (M€)	50.3	50.4	50.4	50.4	50.4	49.8
change n/n-1		+ 0.2 %	-	-	-	- 1.2 %
... of which département share (M€)	14.7	14.7	14.7	8.5	8.5	7.9
change n/n-1		-	-	- 41.8 %	- 0.3 %	- 7.2 %
(*) Estimated amount based on CLERCT workings						
(**) extension of Local Authority's territory						

– Tax compensations:

The items topping-up tax revenue are essentially compensation for the abolition of the payroll portion of the PT (present throughout the period) and new items which appeared in 2011: professional tax reform compensation endowment and the individual revenue guarantee.

However these tax compensations also include compensatory allowances, paid by the State to make up for the exemptions introduced by the State relating to local authority revenues. In 2019, these included the following:

- residence tax compensatory allowance, in an amount of 6.8 M€, calculated by reference to the bases exempted in 2011 and a historic residence tax rate (3.64 %);
- the CFE compensatory allowance, in an amount of 4.9 M€, which combines the business start-up exemptions and the exemptions for micro-enterprises generating less than €5000 in turnover,
- the local direct tax exemption compensation transfer endowment, which relates only to the departmental portion of the Métropole de Lyon, and for amounts to 3.0 M€. This is also gradually decreasing.
- the real estate tax compensatory allowance, in an amount of 1.4 M€, which mainly concerns housing in the urban free zone (ZFU) and the towns policy priority districts (QPPV).

Equalisation revenues:

Equalisation is a redistribution mechanism which aims to reduce regional wealth inequality. It may be horizontal, in other words between local authorities of the same level, or vertical, in other words emanating from the State and directed towards local authorities. The Métropole de Lyon is for the most part a contributor to these mechanisms insofar as horizontal equalisation is concerned, whether at the level of the communes, at the level of the départements or in relation to a specific mechanism for the territory of the former *Département du Rhône*.

Since the Métropole de Lyon is a grouping formed by an EPCI and a *département*, a double equalisation mechanism applies:

Equalisation specific to *commune* bloc local authorities

- The national inter-communal and communal revenue equalisation fund (FPIC): article 144 of the 2012 finances law introduced a horizontal equalisation mechanism for the commune sector. This intercommunal and communal revenue equalisation fund involves deducting part of the revenue of certain intercommunalities and communes and transferring them to less fortunate intercommunalities and communes. Depending on synthetic index calculations, an intercommunal bloc may be a contributor, recipient or both.

The FPIC is financed by a levy on the tax revenues of communal bloc entities which have an aggregate financial potential per inhabitant of greater than 90% of the average aggregate financial potential per inhabitant. For the purpose of distribution, the fund is shared between 60% of the intercommunal blocs the most in need, classified in decreasing order by an index of synthetic revenue and expenditure constituted by the fiscal potential, average revenue and fiscal burden.

	FPIC					
	2014	2015*	2016	2017	2018	2019
National envelope (M€)	570.0	780.0	1,000.0	1,000.0	1,000.0	1,000.0
<i>change n/n-1 (%)</i>		+ 36.8 %	+ 28.2 %	-	-	-
overall contribution of Lyon intercommunal bloc (M€)	14.0	18.9	28.5	35.4	34.5	33.9
<i>change n/n-1 (%)</i>		+ 35.3 %	+ 51.1 %	+ 24.0 %	- 2.5 %	- 1.9 %
contribution of Métropole de Lyon (M€)	7.4	10.0	16.6	20.6	20.2	19.8
... of which base contribution	6.4	8.6	14.8	18.3	18.0	17.6
... of which assumption of certain communes' contribution	1.0	1.4	1.8	2.3	2.2	2.1
<i>change n/n-1 in the Métropole's contribution (%)</i>		+ 35.5 %	+ 66.1 %	+ 23.8 %	- 2.0 %	- 1.8 %
(*) extension of Local Authority's territory						

The community solidarity endowment (DSC) is a budget envelope introduced and voted by the Community Council and renewed by the Metropolitan Council for the benefit of the communes within its territory. In 2019, it included eight portions each intended for different purposes:

- four equalisation portions, distributed by reference to the communes' revenues and expenses indicators;
- two non-equalising portions, distributed by reference to crystallised changes to the bases of the former PT, and population;
- two adjustment portions, enabling year-on-year endowment fluctuations to be managed, for each commune.

Having been frozen from 2014 to 2018, the Metropolitan Council voted for an increase in the 2019 envelope, bringing it to 27 M€. This increase was distributed between the communes pro rata changes in population between 2013 and 2018.

	Community solidarity endowment				
	2015	2016	2017	2018	2019
Community solidarity endowment (M€)	20.5	20.5	20.5	20.5	27.0
<i>change n/n-1</i>		-	-	-	+ 31.9 %

Equalisation specific to the *départements*

Summary table of the various compensation equalisation mechanisms:

	Département equalisation mechanism					
	2014	2015	2016	2017	2018	2019
Contributing Métropole						
Overall (M€)	not available	106.9	109.5	110.6	114.5	123.9
... of which Metropolitan compensation endowment (M€)	not available	75.0	74.7	72.3	72.3	72.3
... of which DMTO equalisation fund (M€)	not available	18.4	24.8	27.4	30.7	35.0
... of which départements solidarity fund (M€)	not available	8.6	5.0	5.5	6.3	7.0
... of which inter-département support fund (M€)	n/a	S.O.	S.O.	S.O.	S.O.	6.9
... of which CVAE equalisation fund (M€)	not available	4.9	5.0	5.3	5.2	2.6
Beneficiary Métropole						
Overall (M€)	not available	14.8	18.0	15.1	23.2	16.0
... of which compensation equalisation mechanism (M€)	not available	12.1	13.6	15.1	15.3	16.0
... of which départements solidarity fund (M€)	not available	2.7	4.4	0.0	8.0	0.0

(v) *The Issuer's fiscal potential*

An indicator of the local authority's wealth, the Métropole de Lyon's fiscal potential is calculated by adding the result, determined by applying the average national tax rate to the assessment base of each of the following taxes: the residence tax, built land real estate tax, undeveloped land real estate tax and business real estate contribution; the sum of the revenue received in respect of companies value-added contribution (CVAE) (intercommunal element of the contribution), of the supplemental charge on the undeveloped land real estate tax and the fixed rate tax on utilities companies (IFER) and the tax on commercial premises; the sum of the positive amounts generated by the professional tax reform compensation endowment (intercommunal element) and of the national individual revenue guarantee fund received by the Métropole de Lyon in the previous year, the amount received in the previous year in respect of the compensatory endowment for abolition of the salary portion included in the DGF compensatory endowment (intercommunal element).

The aggregate fiscal potential (AFP) of the intercommunal bloc is represented by the aggregate fiscal wealth of the communes and the Métropole de Lyon within the territory of the "intercommunal bloc". It is obtained by adding to the fiscal potential of the member communes, the revenue from CVAE, the supplemental tax on undeveloped land real estate tax (TAFNB), IFER, TASCOT, the DCRTF amounts, the FNGIR received or paid by the EPCI or commune member, together with the EPCI compensation endowment and the amount of the compensation elements of the fixed endowments paid to communes corresponding to the "salary portion" compensation (the revenues taken into account are the gross revenues for the last year whose results are known).

The aggregate financial potential (PFIA) is the sum of the wealth of the base local authorities and their intercommunalities which enables a comparison to be made between regions irrespective of their institutional structure and therefore to neutralise the tax elections made by the various intercommunalities and to compare EPCI of different categories.

It is equal to the fiscal potential, to which is added the fixed part of the global operating endowment derived from the State and received by the communes in the intercommunal bloc in the preceding year (excluding the compensation “salary element” and the compensation for decreases in the professional tax reform compensation endowment).

The aggregate financial potential for the 2019 financial year of the Métropole de Lyon, calculated by reference to 2018 bases, derives from the 2019 FPIC notification.

	2019
Aggregate financial potential (PFIA)	2,000,572,430 euros
PFIA per capita	705.77 euros

Source: Notification of the *Préfecture du Rhône*, 2020

(vi) ***Other income received by the Métropole de Lyon:***

– Wastewater treatment fee

The law provides that a wastewater treatment fee is payable in respect of any public wastewater treatment service: all consumers must help to protect water resources through a financial contribution.

From the user’s point of view, the contribution is equal to the volume of water consumed multiplied by the tariff per-cubic-metre of water voted each year by the Metropolitan Council. It is clearly identified in the water bill. From the local authority’s point of view, the proceeds of the fee contribute towards financing the works designed for the collection, transportation and treatment of wastewater to enable it to be released into the natural environment without polluting.

The wastewater treatment fee is collected through the water bill in proportion to consumption. It is allocated exclusively to the water treatment ancillary budget. It totalled 75.9 M€ in 2019.

	Wastewater treatment fee					
	2014	2015*	2016	2017	2018	2019
Income (M€)	62.7	64.7	68.5	70.8	97.6	75.9
change n/n-1		+ 3.3 %	+ 5.9 %	+ 3.3 %	+ 37.9 %	- 22.3 %
(*) extension of Local Authority's territory						

– Social sector revenue

To finance social expenditure as part of departmental powers, the Métropole de Lyon receives various types of revenue.

- in respect of the personal autonomy allowance (APA), the Métropole de Lyon receives a revenue from the Caisse Nationale de Solidarité pour l’Autonomie (CNSA), in an amount of 36.3 M€ in 2019;

- in respect of active solidarity income (RSA), in addition to the TICPE, which is a tax revenue transferred by the State to the Métropole de Lyon (see above), the Métropole de Lyon receives a revenue from the departmental integration mobilisation fund (FMDI) in an amount of 11.5 M€;
- in respect of PCH, the Métropole de Lyon receives a revenue from the CNSA in an amount of 14.3 M€.

	Social sector revenue					
	2014	2015	2016	2017	2018	2019
CNSA APA (M€)	not available	25.5	33.0	34.2	35.6	36.3
CNSA MDMPH (M€)	not available	1.2	1.3	1.3	1.3	1.5
CNSA PCH (M€)	not available	10.4	12.0	10.4	13.3	14.3
FMDI (M€)	not available	9.5	9.0	12.2	11.3	11.5

– Other tax revenue

The Métropole de Lyon receives other revenues in very differing amounts. One of the largest are the proceeds from toll roads (*péages*) on the north section of the ring-road (BPNL), which is formed by a tunnel for most of its length.

	BPNL toll road					
	2014	2015*	2016	2017	2018	2019
BPNL tolls (M€)	37.1	37.6	33.5	31.7	36.9	44.9
change n/n-1		+ 1.5 %	- 11.0 %	- 5.2 %	+ 16.3 %	+ 21.6 %

*Excluding payments to the Conseil Général du Rhône

Budgetary system

(vii) *Review of the main public finance budgetary principles*

The CGCT, together with the accounting classifications applicable to local authorities, set forth the budgetary and accounting principles. These principles are as follows:

- the annuality principle, which requires that the budget is set for a period of 12 months running from 1st January to 31st December and that each local authority adopts its budget for the following year prior to 1st January. The law permits a grace period up to 15th April of the year to which the budget applies, or in local assembly election years, 30th April. However, order n° 2005-1027 of 26 August 2005 on the simplification and adaptation of budgetary and accounting rules applicable to local authorities greatly relaxes this principle by extending multi-year mechanisms;
- the balanced budget principle, which means that, based on a fair assessment of revenue and expenditure, revenue must be equal to expenditure, in both the operating² and capital sections;

² Ordinary operations (general expenditure, staff costs and similar expenses and other ordinary management expenditure).

- the principle of unity, which requires that all revenue and expenditure items appear in a single budgetary document, the community's general budget. However, other budgets, so-called "ancillary" budgets, may supplement the general budget to record the activities of some services; and
- the universality principle, which implies that all revenue and expenditure operations shall be specified in full and without modification in the budget. This is in addition to the requirement of truth and accuracy of budgetary documents under which expenditure is financed by revenue without distinction.

The principles under which local authority budgets have been prepared are subject to control by the Prefect, in collaboration with the regional audit office (*Chambre Régionale des Comptes or CRC*).

(viii) ***Budgetary and accounting instructions***

The budgetary and accounting instructions applicable to local authorities differ depending on the relevant local authority. The Métropole de Lyon follows budgetary instruction M57. They have all recently been reformed to bring them into line with the general chart of accounts (*plan comptable général*) of 1982 by applying some of the main principles applicable to companies generally. It is an accrual basis double-entry³ accounting system kept by a *Trésor* accountant.

(ix) ***The budgetary framework of local authorities***

Local authorities have, as legal entities, their own assets and budget. To implement its multiple powers, each local authority is legally recognised with financial autonomy.

This financial autonomy is reflected by the annual voting of its primary budgets which specify and authorise revenue and expenditure. Recorded transactions are then entered in the administrative accounts (AA) voted by the authority. Budgets are prepared by the authority's executive branch.

The budget is a document that specifies and authorises revenue and expenditure. The budgets of all local authorities are structured in two sections: the operating section and the capital section.

The operating section includes:

- all expenditure necessary for the operation of the authority; and
- all revenue receivable by the authority, from expenditure transfers, provision of services, Government endowments, taxes and duties, and, if any, reversals of amortisation expense and provisions that the authority has been able to make.

The capital section includes:

- in expenditure: repayment of debt and the authority's equipment expenditure; and
- in revenue: borrowings, State endowments and public subsidies.

During the course of the year, supplemental budgets (SB) or amending decisions (DM) may be necessary to adjust expenditure and revenue to the reality of their execution. The form of the supplemental budget reflects the structure of the primary budget (PB) which includes two sections. Credits are presented by chapter or article.

³ Correspondence between uses and sources of funds.

(x) **Local financing rules**

The CGCT imposes financial constraints on local authorities and EPCI by prohibiting them from borrowing to repay principal on debt.

This restriction, set forth in article L 1612-4 of the CGCT, provides as follows: "*The budget of the local authority is in true balance when the operating and investment sections voted are in balance, revenue and expenditure having been assessed truthfully, and when the transfer of revenue from the operating section to the capital section, added to the revenue specific to this section, and excluding revenue from borrowings and allocations to amortisation expense and provisions, provides sufficient funds to cover the repayment of annual loan principal instalments falling due during the year*".

4.2 Partnership contracts

Partnership contracts are a significant source of revenue for the Métropole de Lyon. The Métropole de Lyon may enter into contractual agreements with Europe, the State and the Region to finance joint, principally investment, projects.

(i) **Revenue at national level**

National level revenues include the State-Region planning contract (CPER), the local investment support endowment (DSIL) and the departmental investment support endowment (DSID), Water Agency financial support, subsidies from the environment and energy management agency (ADEME) and from the national urban renovation agency (ANRU).

CPER

The CPER is a contract under which the State, the Région Auvergne Rhône Alpes and the Métropole de Lyon commit to the programming and financing of multi-year investment projects to strengthen planning and development policy for the benefit of regional equality.

Indeed, the current CPER covers the period 2015-2020 and includes the following sections: mobility, territorial, higher education and research, town planning and urban renewal.

Under the CPER 2015-2020, the State has committed an amount of 254.73 M€, the Région Auvergne Rhône Alpes an amount of 283.70 M€ and the Métropole de Lyon's contribution totals 310.79 M€.

The CPER 2015-2020 is currently in its last year of execution apart from the mobility section which has been extended by 2 years.

As at 31 December 2019, the Métropole de Lyon's financial commitment under the CPER is as follows:

Subject	Région	State	Métropole
Mobility section	123.01	136.9	118.85
Sub-total railways	115.91	112.9	78
Sub-total roads	7.1	24	40.85
Higher education and research section	63.7	76.59	63.9
Territorial section	66.99	11.94	78.04
Pillar 1 the sustainable mobility challenge	16.4	2	21
Pillar 2 the Metropolitan challenge - economic dynamism and know-how	45.54	7.3	43.64
Pillar 3 the solidarity and environmental challenge	5.05	2.64	13.4
Towns policy and urban renewal section	30	29.3	50
Total	283.7	254.73	310.79

Investment support endowments

- The local public investment support endowment (DSIL)

Local public investment is a government priority which has, since 2016, been reflected by roll-out of the local public investment support fund, for the benefit of projects sponsored by the communes and their groupings. The themes include: smart towns and mobility, energy transition and the environment, economic excellence and outreach.

Since 2016, the total amount of the DSIL for the Métropole de Lyon is equal to 17.1 M€ distributed as follows:

YEARS	Total amount of the subsidy granted
DSIL 2016	1 894 505€
DSIL 2017	10 210 000€
DSIL 2018	1 999 567€
DSIL 2019	2 999 966€
TOTAL	17 104 038€

In 2019, the total amount formally received (*titré*) was 1 580 658 €. The main areas covered by these various financing contracts are transport and mobility, higher education and research, urban renewal and energy transition.

- The departmental investment support endowment (DSID)

In a circular dated 11 March 2019, the Government wished to modernise the investment support offered by the State to departmental councils, by transforming the former general equipment endowment (DGE) into an investment support endowment for the *départements*. The year 2019 was the first year of implementation of the DSID since the Métropole de Lyon received no DGE payments in 2018. The initiatives under this scheme have focused on schools (construction and renovation).

In this regard, the Métropole de Lyon was awarded a grant of 133 465€ for the year 2019.

- Other grants

The Métropole de Lyon also requests financial support from the Water Agency, the national housing agency (ANAH), the environment and energy management agency (ADEME) and the national urban renovation agency (ANRU).

For the year 2019 this financial support represented 4.087 M€ in terms of revenue received, of which 3.36 M€ from the Water Agency.

(ii) **European revenues**

European funding for the Métropole de Lyon includes the European support fund (ESF), the European regional development fund (ERDF) and calls for proposals issued under the European Commission's direct access programmes.

The European support fund (ESF)

The Métropole de Lyon is delegee manager of the European ESF credits.

The overall ESF grant (2014-2020) amounts to 25M€ aimed at deployment of the Métropole de Lyon's employment integration programme (PMI'e) of which 90% on average is redistributed to project sponsors.

As regards internal initiatives, successful requests were made for ESF subsidies in an amount of approximately 0.7 M€ in 2019.

Finally, with the aim of developing a common gender equality culture within the Métropole de Lyon (2019-2020), ESF support in an amount of 285 586 € was awarded to co-finance the Women/Men Equality mission, and the mission to rollout coordination of remote working and caretaking in the Métropole de Lyon (facilitating professional and private life time management).

The European regional development fund (ERDF)

The Métropole de Lyon is also delegee manager of European ERDF credits. Accordingly, for the period 2014-2020 it has 8 M€ available in terms of integrated regional investment (ITI) for the benefit of initiatives developed in the urban policy priority districts.

Calls for proposals

The Métropole de Lyon participates in calls for proposals on various European topics.

At the end of December 2019, it lodged a proposal for the AVOID Plastics project (approximately 4.9 M€) as part of the circular economy urban innovative actions (UIA) call for proposals. The aim is to define innovative solutions to reduce plastic and other pollutants in urban waste and wastewater systems.

Horizon 2020 (H2020) is the European Union's programme for financing research and innovation for the period 2014-2020.

In this context notably, the Métropole de Lyon is participating in the *Smarter Together* project which represents 2.4 M€ the aim of which is to identify and develop smart, inclusive and duplicable solutions in numerous areas such as energy, transport and information technologies.

4.3 Issuer's public debt

The following definitions are used in this section:

- consolidated debt: this is equal to the sum of the Issuer's debt under the main budget and under the ancillary budgets;
- guaranteed consolidated debt: this corresponds to the part of the consolidated debt in respect of which the Issuer guarantees the obligations of the entity that incurred the debt in the event of default;
- annuities: this is the sum of the interest payable on debt and repayment of the principal amount of the debt.

(a) Consolidated debt of the Issuer (all budgets combined)

The outstanding consolidated debt for all of the Métropole de Lyon's budgets as at 31 December 2019 was 1,780 Bn € split amongst four budgets. Since 2017, the Métropole de Lyon has begun a process to rationalise and optimise its outstanding debt. Its outstanding debt has been reduced by 408.1 M€.

Consolidated debt of the Métropole de Lyon			
<i>in € millions</i>	31/12/2019	31/12/2018	31/12/2017
Main Budget	1,625.2	1,740.3	1,971.9
Wastewater Treatment Budget	117.4	145.8	165.9
Water budget	30.0	28.7	38.8
Heating networks budget	7.8	11.4	11.9
Total debt	1,780.4	1,926.2	2,188.5

NB: There is no outstanding debt under the other ancillary budgets (Ancillary budget for directly managed urban planning operations and administration restaurant ancillary Budget).

The average interest rate on the Métropole de Lyon's consolidated debt is 1.69% at 31 December 2019 compared with 1.62% at 31 December 2018. At 31 December 2019, the residual life of the debt is 11 years compared with 9 years and 5 months at 31 December 2018, the average life being 6 years and 1 month compared with 5 years and 3 months at 31 December 2018.

(b) Debt annuity per budget

2019 Administrative Account Annuity (€)	Principal	Interest
Main Budget	114,612,286	30,028,525
Wastewater Treatment Budget	14,214,832	3,734,498
Water Budget	1,735,702	656,102
Heating Networks Budget	460,638	323,187
Total	131,023,459	34,742,312

(c) Additional consolidated debt indicator

The average rate is calculated on the basis of the following rates:

- variable rate loans = the daily rate on the data extraction date;
- for loans at a post-fixed rate (or other rates not known on the relevant date) = the anticipated daily rate;
- for fixed rate loans = the fixed rate, each such rate being calculated on an actual/actual (*i.e.* 365/365) basis.

The average life (AL) refers to the average rate of repayment of a loan (expressed in years). The average life is the time necessary to repay half of the outstanding principal amount of the debt, given its amortisation schedule. $AL = \text{sum of } (Pi \times i) / \text{sum of the } Pi$ where: Pi represents the principal

repaid in i -th year; The residual life (expressed in years) is the time remaining before repayment in full of a debt or loan;

Debt repayment capacity (DRC) is the main solvency ratio. It measures the following ratio: Outstanding debt / gross savings. The debt repayment capacity (expressed in years) means the time necessary to repay outstanding debt in full using the entire amount of all savings generated.

The following table is derived from the 2019 administrative account:

	Average annual rate	Residual life	Average life	Debt repayment capacity
Main Budget	1.57%	11 yrs 1 month	6 yrs 2 months	3 yrs 4 months
Wastewater Treatment Budget	3.05%	9 yrs 8 months	5 yrs 5 months	2 yrs 8 months
Water Budget	2.66%	9 yrs 11 months	5 yrs 6 months	1 yr 11 months
Heating Networks Budget	2.13%	15 yrs 9 months	8 yrs 7 months	4 yrs 3 months
Total	1.69%	11 yrs	6 yrs 1 month	3 yrs 3 months

(d) Gissler Charter

Introduced in 2008, the aim of the Gissler Charter is to formalise the respective commitments of banks and local authorities which agree to consider that:

- it is legitimate for a local authority to develop a debt management policy aiming on the one hand to benefit from developments that are or may be favourable to it and, on the other hand, to avoid changes in interest rates that are or may be unfavourable;
- a good conduct Charter is the instrument which best reconciles the constitutional principle of freedom of administration of local authorities, on the one hand, and respect for the rules on competition between banks, on the other hand;
- this Charter is also able to ensure complementarity between the use of financially innovative techniques which have often enabled local authorities to make substantial gains in terms of interest and the specific constraints by which they are bound as public entities.

The Charter contains six commitments (four for banks and two for local authorities).

- The aim of the first two commitments is to set limits in terms of "product" risk. The signatory banks agree not to offer local authorities products based on certain high-risk indices (for example, exclusion of financial products linked to certain indices, such as indices relating to commodities, equities, currencies, etc.) and snowball-type products;
- The aim of the third commitment is to promote clearer presentation and comparability of products offered by requiring banks to present their products in a common classification matrix (including rankings of risk by reference to the underlying indices and of product structure by level of complexity);
- The fourth commitment is to define the formal content of commercial offers. The signatory banks, while recognising that local authorities are not financial professionals, undertake to provide commercial information that is as clear as possible together with analysis on product structures and underlying indices, *stress scenarios*, and valuations of derivative products as at 31 December in year N-1 during the first quarter of year N;

- The fifth and six commitments are undertakings on the part of local authorities: their aim is to improve the information provided by the executive branch of the deliberative assembly and to ensure greater transparency, as regards the elected officials, of decisions taken by the executive (with, in particular, a presentation by the executive of an annual report on the local authority's debt management policy).

Consolidated budget as at 31/12/2019

Structures		(1) Euro indices	(2) French or Eurozone inflation indices or spreads between such indices	(3) Euro-zone index spreads	(4) Non- Eurozone indices and index spreads one of which indices is a non Euro- zone index	(5) Non Euro- zone index spreads	(6) Other indices
Underlying indices							
(A) Plain vanilla fixed rate; plain vanilla floating rate; Fixed-for-floating rate swap or vice versa. Structured-for-fixed / floating rate swap (one-way). Plain vanilla floating rate with cap / tunnel	Number of products	117	4	-	-	-	-
	% of indebted- ness	98.20%	1.54%	-	-	-	-
	Amount in euros	1 746 718 508 €	27 311 760 €	-	-	-	-
(B) Plain vanilla barrier. No leverage	Number of products	1	-	-	-	-	-
	% of indebted- ness	0.26%	-	-	-	-	-
	Amount in euros	4 621 794 €	-	-	-	-	-
(C) Swaption	Number of products	-	-	-	-	-	-
	% of indebted- ness	-	-	-	-	-	-
	Amount in euros	-	-	-	-	-	-
(D) Multiplier up to 3; multiplier up to 5 capped	Number of products	-	-	-	-	-	-
	% of indebted- ness	-	-	-	-	-	-
	Amount in euros	-	-	-	-	-	-
(E) Multiplier up to 5	Number of products	-	-	-	-	-	-
	% of indebted- ness	-	-	-	-	-	-
	Amount in euros	-	-	-	-	-	-
(F) Other types of structure	Number of products	-	-	-	-	-	-
	% of indebted- ness	-	-	-	-	-	-
	Amount in euros	-	-	-	-	-	-

(e) Presentation of consolidated debt structure

The Métropole de Lyon's outstanding debt as at 31/12/2019 was made up of 64.1% fixed-rate debt (fixed, phased fixed, cancellable and barrier) and 35.9% variable rate debt (floating, Livret A, Inflation).

Debt by type of risk			
Type	Outstanding amount	% exposure	Average rate (ExEx, Annual)
Fixed	1,007,028,927 €	56.62%	2.65%
Phased fixed	121,192,979 €	6.81%	0.31%
Variable	565,221,728 €	31.78%	0.27%
Livret A	45,474,874 €	2.56%	1.69%
Inflation	27,311,760 €	1.54%	1.77%
Cancellable	7,800,000 €	0.44%	0.32%
Barrier	4,621,794 €	0.26%	4.26%
All risks	1,778,652,062 €	100.00%	1.69%

In respect of its “cancellable” and “barrier” debt, the risk as defined in the Gissler charter was 1A and 1B respectively.

For the purposes of active debt management, the Métropole de Lyon has the option of implementing an interest rate derivatives strategy. As at 31/12/2019, 1.1% of its total debt was protected by interest rate derivatives.

(f) Consolidated guaranteed debt in the PB 2020

Most of the loan guarantees granted by the Métropole de Lyon relate to the social housing sector. The 4.311 Bn€ of guaranteed debt, at an average rate of 1.51%, is distributed as follows:

- 94% for social housing;
- 4% for solidarities;
- 1% for planning and development;
- 0.6% for education;
- Other

In respect of social housing loan guarantees, 50% are guaranteed as to 100% by the three main housing associations in the region. The other half is co-guaranteed as to 85% by the Métropole de Lyon and 15% by the communes.

The financial structure of its borrowings is as follows:

- 85% are Livret A indexed
- 12% are fixed rate
- 3% are variable rate

4.4 Cash flow management

Article 26 of the organic finance law n° 2001-692 of 1st August 2001 provides that "unless expressly provided otherwise in a finance law, local authorities and their public establishments are obliged to deposit all of their available funds with the Trésor".

In order to manage its cash flow, the Métropole de Lyon has:

- a NEUCP programme (Negociable EUropean Commercial Paper programme of 1 Bn€ rated F1+ by Fitch Ratings (**Fitch**). The programme dealers are Crédit Agricole CIB, BRED Banque Populaire, Natixis, La Banque Postale, Arkéa Crédit Mutuel and Société Générale. The domiciliation agent is CACEIS;
- a 50M€ liquidity facility with Société Générale (maturity: 31 December 2020).

Depending on its cash requirements and market opportunities, the Métropole de Lyon regularly uses the NEUCP programme or the liquidity facility.

4.5 The Issuer's 2020 Budget and 2018 and 2019 administrative accounts

- (i) The 2018 and 2019 administrative accounts

The 2019 administrative account was voted on 8 June 2020.

The 2018 administrative account was voted on 24 June 2019.

The restated consolidated budgets only take into account actual transactions and, furthermore, eliminate double accounting. For 2019, cumulative operating and capital revenue amounted to 3 718 M€ (compared to 3 618.8 M€ in 2018) and operating and capital expenditure amounted to 3 547 M€ (3 371.7 M€ in 2018). Gross internal financing represents the difference between actual operating income restated for the financial year (2 913.3 M€) and actual operating expenditure restated for the financial year (2 367 M€). This amounted to 546.3 M€ (compared to 550.2 M€ in 2018). Excluding prepayments, this gross internal financing amounts to 547.3 M€. Outstanding debt as at 31 December 2019 stood at 1 780.4 M€ (1 961.2 M€ in 2018) with a debt repayment capacity of 3 years and 3 months (3 years and 7 months in 2018). Actual capital expenditure amounted to 1 180 M€ (804.7 M€ in revenue), of which 661.1 M€ within the scope of multi-year investment programme (71 M€ in revenue). The changes in the main financial balances since the establishment of the Métropole de Lyon are assessed by reference to administrative account data validated by the State's representatives, through analytical ratios such as gross internal financing, outstanding debt and debt repayment capacity.

Gross internal financing progressing strongly since the beginning of the mandate

All budgets (in M€)	AA 2015	AA 2016	AA 2017	AA 2018	AA 2019
Gross internal financing excluding prepayments*	440.0	442.8	476.7	555.9	547.3
* Excluding refinancing of toxic debt and prepayments					

Investment increasing sharply

All budgets (in M€)	AA 2015	AA 2016	AA 2017	AA 2018	AA 2019
Investment amount	449.1	397.4	416.8	579.3	661.1

Indebtedness decreasing significantly

All budgets (in M€)	AA 2015	AA 2016	AA 2017	AA 2018	AA 2019
Outstanding debt	2,132.5	2,103.9	2,188.5	1,961.2	1,780.4

Against a background of a significant increase in internal financing and in the level of capital spending, the Métropole de Lyon has in parallel used its financial room for manoeuvre profitably by significantly reducing its debt in particular over the years 2018 and 2019, with outstanding debt decreasing by almost 20% from 2 188 M€ at the end of 2017 to 1 780 M€ by the end of 2019. This sharp drop in the Métropole de Lyon's indebtedness leaves the future executive with substantial room for manoeuvre to invest in the challenges facing the region, and all the more so as it emerges from the crisis.

Very favourable debt repayment capacity

All budgets (in M€)	AA 2015	AA 2016	AA 2017	AA 2018	AA 2019
Debt repayment capacity	4 yrs 10 months	4 yrs 9 months	4 yrs 7 months	3 yrs 6 months	3 yrs 3 months

Main budget - M57 in euros							
Operating revenue	AA 2018	AA 2019	PB 2020	Operating expenditure	AA 2018	AA 2019	PB 2020
013 - expense mitigation	6,301,351.38	5,904,835.52	5,594,900.00	011 - general expenses	287,097,271.75	290,400,667.00	223,986,563.00
016 - APA	36,586,166.05	37,177,013.59	36,020,000.00	012 - payroll expenses and similar costs	384,947,032.25	400,300,147.16	386,027,400.00
017 - RSA	119,778,550.43	120,255,726.12	117,868,000.00	014 - income mitigation	307,188,715.65	330,220,614.20	339,824,139.74
70 - income from services, estate, misc. sales	99,794,963.14	98,535,846.26	107,193,216.00	016 - APA	102,597,023.44	104,961,388.68	111,455,217.00
73 - duties and taxes (except 731)	284,153,827.29	266,081,692.30	266,055,403.00	017 - RSA	254,140,824.68	260,250,960.47	269,610,800.00
731 - local taxes	1,558,695,577.05	1,578,270,594.38	1,494,110,000.00	65 - other ordinary management expenses	896,462,644.59	876,684,900.46	887,870,585.00
74 - endowments and contributions	513,382,652.03	538,205,300.98	510,394,424.00	6586 - elected official group operating costs	705,325.17	795,099.33	870,000.00
75 - other ordinary management income	75,964,062.12	78,594,377.87	70,262,797.00	ordinary management expenditure	2,233,138,837.53	2,263,613,777.30	2,219,644,704.74
Ordinary management income	2,694,657,149.49	2,723,025,387.02	2,607,498,740.00	66 - finance costs	36,220,465.62	28,642,865.24	28,742,096.13
76 - financial income	16,433,529.77	16,902,099.08	15,290,612.85	67 - specific expenses	1,364,068.83	3,671,483.34	2,505,209.98
77 - specific income	21,116,444.90	39,928,516.62	150,000.00	68 - allocation to provisions, depreciation	500,000.00		
78 - reversal of amort., deprec., prov.		2,100,000.00	27,744,873.00	other operating expenditure	38,084,534.45	32,314,348.58	31,247,306.11
other operating revenue	37,549,974.67	58,930,615.70	43,185,485.85	Actual operating expenditure	2,271,223,371.98	2,295,928,125.88	2,250,892,010.85
Actual operating revenue	2,732,207,124.16	2,781,956,002.72	2,650,684,225.85	023 - transfer to capital section			190,261,340.00
042 - balancing transactions transfer between sections	6,565,444.35	8,284,697.14	6,240,000.00	042 - balancing transactions transfer between section	213,888,123.69	250,272,657.81	215,770,875.00
002 - deferred or anticipated result				Balancing operating expenditure	213,888,123.69	250,272,657.81	406,032,215.00
Balancing operating revenue	6,565,444.35	8,284,697.14	6,240,000.00	Total operating expenditure	2,485,111,495.67	2,546,200,783.69	2,656,924,225.85
Total operating revenue	2,738,772,568.51	2,790,240,699.86	2,656,924,225.85				
Capital revenue	AA 2018	AA 2019	PB 2020	Capital expenditure	AA 2018	AA 2019	PB 2020
018 - RSA	150,000.00			018 - RSA	100,000.00	200,000.00	
13 - capital grants received	46,817,577.46	65,064,628.18	82,905,237.05	20 - intangible fixed assets	15,930,686.81	21,513,033.88	26,928,828.30
16 - borrowings and equivalent debt	105,064,409.20	268,314,409.20	285,499,220.00	204 - equipment grants paid	84,720,522.30	103,881,646.34	121,846,562.51
20 - intangible fixed assets	5,979.62			21 - tangible fixed assets	146,647,882.64	186,712,805.94	148,741,618.27
204 - equipment grants paid	1,246,091.19	130,292.48	12,257.60	23 - fixed assets in progress	181,549,219.75	260,023,664.83	292,149,195.94
21 - tangible fixed assets	47,971.28	185,845.37	0.02	Equipment expenditure	428,948,311.50	572,331,150.99	589,666,205.02
23 - fixed assets in progress	674,485.96	3,280,667.81	5,100.00	10 - endowments, misc. funds and reserves (except 1	2,165,865.72	8,885,553.47	4,000,000.00
Equipment revenue	154,006,514.71	336,975,843.04	368,421,814.67	13 - capital grants	121,026.31	15,674.15	1,094,207.00
10 - endowments, misc. funds and reserves (except 106	61,619,668.39	74,859,745.62	56,000,000.00	16 - borrowings and equivalent debt	478,027,973.36	450,993,932.24	285,052,673.88
1068 - capitalised operating surplus	236,074,530.88	254,542,579.33		26 - holdings and attached receivables	0.00	374,844.00	28,000.00
16 - borrowings and equivalent debt	167,093,903.36	23,777,350.66	50,131,000.00	27 - other financial fixed assets	28,568.17	6,118,842.26	600,000.00
27 - other financial fixed assets	11,606,264.40	4,068,580.83	5,627,430.00	Finance costs	480,343,433.56	466,388,846.12	290,774,880.88
024 - fixed asset disposal proceeds			6,000,000.00	45 transactions for third parties	25,849,769.98	26,324,460.24	25,957,692.17
Financial income	476,394,367.03	357,248,256.44	117,758,430.00	Actual capital expenditure	935,141,515.04	1,065,044,457.35	906,398,778.07
45 - transactions for third parties	18,910,548.56	22,970,618.28	20,426,318.40	040 - balancing transactions transfer between section	6,565,444.35	8,284,697.14	6,240,000.00
Actual capital revenue	649,311,430.30	717,194,717.76	506,606,563.07	041 - patrimonial transactions	31,317,179.44	240,360,915.34	111,776,053.33
021 - transfer from operating section			190,261,340.00	Balancing capital expenditure	37,882,623.79	248,645,612.48	118,016,053.33
040 - balancing transactions transfer between sections	213,888,123.69	250,272,657.81	215,770,875.00	Total capital expenditure	973,024,138.83	1,313,690,069.83	1,024,414,831.40
041 - patrimonial transactions	31,317,179.44	240,360,915.34	111,776,053.33				
Balancing capital revenue	245,205,303.13	490,633,573.15	517,808,268.33				
Total capital revenue	894,516,733.43	1,207,828,290.91	1,024,414,831.40				

Wastewater treatment ancillary budget - M49 in euros							
Operating revenue	AA 2018	AA 2019	PB 2020	Operating expenditure	AA 2018	AA 2019	PB 2020
013 - expense mitigation	345,329.34	344,200.58	347,000.00	011 - general expenses	35,528,296.83	38,449,449.21	39,926,073.00
70 - manufactured product sales, services	130,143,328.79	109,135,760.76	106,242,200.00	012 - payroll expenses and similar costs	29,405,624.53	29,933,412.66	32,617,491.00
74 - operating grants	9,183,044.58	6,557,851.03	5,655,000.00	014 - income mitigation			
75 - other ordinary management income	1,807,647.12	2,042,854.99	1,707,100.00	65 - other ordinary management expenses	921,668.07	1,638,159.70	1,796,000.00
services management revenue	141,479,349.83	118,080,667.36	113,951,300.00	services management expenditure	65,855,589.43	70,021,021.57	74,339,564.00
76 - financial income				66 - finance costs	4,119,051.70	3,734,498.26	3,851,922.09
77 - extraordinary income	826,815.48	60,009.77	103,100.00	67 - extraordinary expenses	831,284.07	1,269,309.02	1,520,513.91
other operating revenue	826,815.48	60,009.77	103,100.00	other operating expenses	4,950,335.77	5,003,807.28	5,372,436.00
Actual operating revenue	142,306,165.31	118,140,677.13	114,054,400.00	Actual operating expenditure	70,805,925.20	75,024,828.85	79,712,000.00
042	6,840,236.00	6,849,361.00	7,100,000.00	023 - transfer to capital section			2,442,400.00
				042 - balancing transactions transfer between sections	38,128,039.31	37,941,854.31	39,000,000.00
Balancing operating revenue	6,840,236.00	6,849,361.00	7,100,000.00	Balancing operating expenditure	38,128,039.31	37,941,854.31	41,442,400.00
Total operating revenue	149,146,401.31	124,990,038.13	121,154,400.00	Total operating expenditure	108,933,964.51	112,966,683.16	121,154,400.00
Capital revenue	AA 2018	AA 2019	PB 2020	Capital expenditure	AA 2018	AA 2019	PB 2020
13 - capital grants received	4,859,068.00	7,023,562.13	4,505,525.00	20 - intangible fixed assets	1,314,547.13	1,534,434.58	3,133,056.42
16 - borrowings and equivalent debt	671.00	13,000,000.00	20,114,100.00	21 - tangible fixed assets	1,988,032.14	2,231,847.04	2,023,553.49
23 - fixed assets in progress		8,218.22		23 - fixed assets in progress	32,699,089.56	41,275,733.00	34,372,296.04
Equipment revenue	4,859,739.00	20,031,780.35	24,619,625.00	Equipment expenditure	36,001,668.83	45,042,014.62	39,528,905.95
10 - endowments, misc. funds and reserves (except 106)				16 - borrowings and equivalent debt	20,447,373.57	41,821,857.19	19,433,119.05
106 - other reserves	38,160,914.27	39,612,637.55		13 - capital grants			
16 - borrowings and equivalent debt	671.00			27 - other financial fixed assets	25,771.00		
Financial income	38,161,585.27	39,612,637.55	0.00	Finance costs	20,473,144.57	41,821,857.19	19,433,119.05
Actual capital revenue	43,020,653.27	59,644,417.90	24,619,625.00	Actual capital expenditure	56,474,813.40	86,863,871.81	58,962,025.00
021 - transfer from operating section			2,442,400.00	040 - balancing transactions transfer between sections	6,840,236.00	6,849,361.00	7,100,000.00
040 - balancing transactions transfer between sections	38,128,039.31	37,941,854.31	39,000,000.00	041 - patrimonial transactions	281,424.09	537,077.49	1,300,000.00
041 - patrimonial transactions	281,424.09	537,077.49	1,300,000.00	Balancing capital expenditure	7,121,660.09	7,386,438.49	8,400,000.00
Balancing capital revenue	38,409,463.40	38,478,931.80	42,742,400.00	Total capital expenditure	63,596,473.49	94,250,310.30	67,362,025.00
Total capital revenue	81,430,116.67	98,123,349.70	67,362,025.00				

Water ancillary budget - M49 in euros							
Operating revenue	AA 2018	AA 2019	PB 2020	Operating expenditure	AA 2018	AA 2019	PB 2020
013 - expense mitigation	100,473.46	112,941.24	102,000.00	011 - general expenses	3,648,117.11	4,804,747.25	6,357,653.00
70 - manufactured product sales, services	23,195,434.33	23,743,325.07	23,773,200.00	012 - payroll expenses and similar costs	2,465,621.41	2,662,929.86	3,067,528.00
74 - operating grants	649,632.00	790,094.00	479,141.00	65 - other ordinary management expenses	238,740.85	309,874.97	1,000.00
75 - other ordinary management income	616,024.22	619,380.80	600,100.00	services management expenditure	6,352,479.37	7,777,552.08	9,426,181.00
services management revenue	24,561,564.01	25,265,741.11	24,954,441.00	66 - finance costs	1,349,166.35	656,102.13	741,072.19
76 - financial income	731.70			67 - extraordinary expenses	1,284,869.75	1,552,385.94	1,730,187.81
77 - extraordinary income	581,042.00	85,374.00	540,200.00	other operating expenses	2,634,036.10	2,208,488.07	2,471,260.00
other operating revenue	581,773.70	85,374.00	540,200.00	Actual operating expenditure	8,986,515.47	9,986,040.15	11,897,441.00
Actual operating revenue	25,143,337.71	25,351,115.11	25,494,641.00	023 - transfer to capital section			1,717,200.00
042 - balancing transactions transfer between sections	1,682,323.00	1,682,325.75	1,720,000.00	042 - balancing transactions transfer between sections	11,763,076.53	12,073,100.99	13,600,000.00
002 - deferred or anticipated result				Balancing operating expenditure	11,763,076.53	12,073,100.99	15,317,200.00
Balancing operating revenue	1,682,323.00	1,682,325.75	1,720,000.00	Total operating expenditure	20,749,592.00	22,059,141.14	27,214,641.00
Total operating revenue	26,825,660.71	27,033,440.86	27,214,641.00				
Capital revenue	AA 2018	AA 2019	PB 2020	Capital expenditure	AA 2018	AA 2019	PB 2020
13 - capital grants received	18,525.50	1,041,928.78	242,880.00	20 - intangible fixed assets	526,270.51	712,974.95	880,965.47
16 - borrowings and equivalent debt	9,500,000.00	12,500,000.00	12,283,500.00	21 - tangible fixed assets	11,241.28	113,264.60	164,500.00
23 - fixed assets in progress				23 - fixed assets in progress	16,320,151.71	16,035,823.87	22,264,228.68
Equipment revenue	9,518,525.50	13,541,928.78	12,526,380.00	Equipment expenditure	16,857,663.50	16,862,063.42	23,309,694.15
10 - endowments, misc. funds and reserves (except 106)				16 - borrowings and equivalent debt	20,176,485.39	11,806,294.75	2,813,885.85
106 - other reserves	18,889,308.94	6,021,659.14		Finance costs	20,176,485.39	11,806,294.75	2,813,885.85
27 - other financial fixed assets				Actual capital expenditure	37,034,148.89	28,668,358.17	26,123,580.00
Financial income	18,889,308.94	6,021,659.14	0.00	040 - balancing transactions transfer between sections	1,682,323.00	1,682,325.75	1,720,000.00
Actual capital revenue	28,407,834.44	19,563,587.92	12,526,380.00	041 - patrimonial transactions	121,078.53	9,649,545.18	1,050,000.00
021 - transfer from operating section			1,717,200.00	Balancing capital expenditure	1,803,401.53	11,331,870.93	2,770,000.00
040 - balancing transactions transfer between sections	11,763,076.53	12,073,100.99	13,600,000.00	Total capital expenditure	38,837,550.42	40,000,229.10	28,893,580.00
041 - patrimonial transactions	121,078.53	9,649,545.18	1,050,000.00				
Balancing capital revenue	11,884,155.06	21,722,646.17	16,367,200.00				
Total capital revenue	40,291,989.50	41,286,234.09	28,893,580.00				

Heating networks ancillary budget - M41 in euros							
Operating revenue	AA 2018	AA 2019	PB 2020	Operating expenditure	AA 2018	AA 2019	PB 2020
70 - manufactured product sales, services				011	323,370.23	319,839.27	1,544,599.00
74 - operating grants				012	33,883.00	36,388.00	49,718.00
75 - other ordinary management income	2,242,369.04	2,441,263.08	1,720,000.00	65		2.07	50.00
services management revenue	2,242,369.04	2,441,263.08	1,720,000.00	services management expenditure	357,253.23	356,229.34	1,594,367.00
76				66 - finance costs	347,438.02	323,187.31	287,257.41
77	3,196.00	73,079.53	14,755,000.00	67		0.00	10,165,675.59
other operating revenue	3,196.00	73,079.53	14,755,000.00	other operating expenses	347,438.02	323,187.31	10,452,933.00
Actual operating revenue	2,245,565.04	2,514,342.61	17,566,000.00	Actual operating expenditure	704,691.25	679,416.65	12,047,300.00
042	214,712.00	235,475.00	250,000.00	023 - transfer to capital section			3,868,700.00
002				042 - balancing transactions transfer between se	856,548.00	1,347,409.00	1,900,000.00
Balancing operating revenue	214,712.00	235,475.00	250,000.00	Balancing operating expenditure	856,548.00	1,347,409.00	5,768,700.00
Total operating revenue	2,460,277.04	2,749,817.61	17,816,000.00	Total operating expenditure	1,561,239.25	2,026,825.65	17,816,000.00
Capital revenue	AA 2018	AA 2019	PB 2020	Capital expenditure	AA 2018	AA 2019	PB 2020
13	977,238.24			21			
16	2,685,590.80		3,852,478.00	23	1,108,333.51	21,061.22	510,000.00
Equipment revenue	3,662,829.04	0.00	3,852,478.00	Equipment expenditure	1,108,333.51	21,061.22	510,000.00
1068	1,937,159.17	1,974,037.79		16	3,800,688.48	4,264,058.25	8,861,178.00
Financial income	1,937,159.17	1,974,037.79	0.00	Finance costs	3,800,688.48	4,264,058.25	8,861,178.00
Actual capital revenue	5,599,988.21	1,974,037.79	3,852,478.00	Actual capital expenditure	4,909,021.99	4,285,119.47	9,371,178.00
021			3,868,700.00	040	214,712.00	235,475.00	250,000.00
040	856,548.00	1,347,409.00	1,900,000.00	041			100,000.00
041			100,000.00	Balancing capital expenditure	214,712.00	235,475.00	350,000.00
Balancing capital revenue	856,548.00	1,347,409.00	5,868,700.00	Total capital expenditure	5,123,733.99	4,520,594.47	9,721,178.00
Total capital revenue	6,456,536.21	3,321,446.79	9,721,178.00				

Household and similar waste prevention and management ancillary budget - M57 in euros

Budget created in 2020

Operating revenue	AA 2018	AA 2019	PB 2020	Operating expenditure	AA 2018	AA 2019	PB 2020
013 - expense mitigation			372,000.00	011 - general expenses			99,475,397.00
70 - income from services, estate, misc. sales			19,275,542.00	012 - payroll expenses and similar costs			45,751,375.00
731 - local taxes			113,456,000.00	014 - income mitigation			
74 - endowments and contributions			12,151,818.00	65 - other ordinary management expenses			897,938.00
75 - other ordinary management income			10,999,292.00	ordinary management expenditure			146,124,710.00
Ordinary management income			156,254,652.00	66 - finance costs			629,942.00
77 - specific income				68 - allocation to provisions, depreciation			500,000.00
other operating revenue			0.00	other operating expenditure			1,129,942.00
Actual operating revenue			156,254,652.00	Actual operating expenditure			147,254,652.00
042 - balancing transactions transfer between sections			0.00	042 - balancing transactions transfer between sections			9,000,000.00
Balancing operating revenue			0.00	Balancing operating expenditure			9,000,000.00
Total operating revenue			156,254,652.00	Total operating expenditure			156,254,652.00
Capital revenue	AA 2018	AA 2019	PB 2020	Capital expenditure	AA 2018	AA 2019	PB 2020
16 - borrowings and equivalent debt			16,018,251.00	20 - intangible fixed assets			378,238.00
Equipment revenue			16,018,251.00	21 - tangible fixed assets			11,248,797.56
Actual capital revenue			16,018,251.00	23 - fixed assets in progress			10,212,910.40
040 - balancing transactions transfer between sections			9,000,000.00	Equipment expenditure			21,839,945.96
041 - patrimonial transactions			500,000.00	16 - borrowings and equivalent debt			3,178,305.04
Balancing capital revenue			9,500,000.00	Finance costs			3,178,305.04
Total capital revenue			25,518,251.00	Actual capital expenditure			25,018,251.00
				041 - patrimonial transactions			500,000.00
				Balancing capital expenditure			500,000.00
				Total capital expenditure			25,518,251.00

Urban planning operations under direct management Ancillary Budget- M57 in euros							
Operating revenue	AA 2018	AA 2019	PB 2020	Operating expenditure	AA 2018	AA 2019	PB 2020
70 - income from services, estate, misc. sales	2,884,554.10	1,331,916.00	7,128,035.00	011 - general expenses	14,238,774.57	7,122,847.44	13,055,857.00
74 - endowments and contributions	4,351,224.88	2,698,997.99	6,505,727.00	012 - payroll expenses and similar costs			
75 - other ordinary management income	7,453,784.26	6,742,960.57	614,073.00	65 - other ordinary management expenses	450,788.67	3,521,192.72	1,191,978.00
Ordinary management income	14,689,563.24	10,773,874.56	14,247,835.00	ordinary management expenditure	14,689,563.24	10,644,040.16	14,247,835.00
77 - specific income				67 - specific expenses		129,834.40	
other operating revenue	0.00	0.00	0.00	other operating expenditure	0.00	129,834.40	0.00
Actual operating revenue	14,689,563.24	10,773,874.56	14,247,835.00	Actual operating expenditure	14,689,563.24	10,773,874.56	14,247,835.00
042 - balancing transactions transfer between sections	14,046,242.73	6,870,251.20	14,247,835.00	023 - transfer to capital section			77,453.00
				042 - balancing transactions transfer between sections	2,884,554.10	1,331,916.00	14,170,382.00
Balancing operating revenue	14,046,242.73	6,870,251.20	14,247,835.00	Balancing operating expenditure	2,884,554.10	1,331,916.00	14,247,835.00
Total operating revenue	28,735,805.97	17,644,125.76	28,495,670.00	Total operating expenditure	17,574,117.34	12,105,790.56	28,495,670.00
Capital revenue	AA 2018	AA 2019	PB 2020	Capital expenditure	AA 2018	AA 2019	PB 2020
21 - tangible fixed assets				21 - tangible fixed assets			
23 - fixed assets in progress				23 - fixed assets in progress			
Equipment revenue	0.00	0.00	0.00	Equipment expenditure	0.00	0.00	0.00
10 - endowments, misc. funds and reserves (except 1068)				10 - endowments, misc. funds and reserves (except 1068)			
1068 Capitalised operating surplus	3,934,534.58	11,161,688.63		16 - borrowings and equivalent debt			
27 - other financial fixed assets				Finance costs	0.00	0.00	0.00
Financial income	3,934,534.58	11,161,688.63	0.00	Actual capital expenditure	3,934,534.58	11,161,688.63	
Actual capital revenue	3,934,534.58	11,161,688.63		040 - balancing transactions transfer between sections	14,046,242.73	6,870,251.20	14,247,835.00
021 - transfer from operating section			77,453.00	Balancing capital expenditure	14,046,242.73	6,870,251.20	14,247,835.00
040 - balancing transactions transfer between sections	2,884,554.10	1,331,916.00	14,170,382.00	Total capital expenditure	14,046,242.73	6,870,251.20	14,247,835.00
Balancing capital revenue	2,884,554.10	1,331,916.00	14,247,835.00				
Total capital revenue	6,819,088.68	12,493,604.63	14,247,835.00				

Administration restaurant ancillary budget - M57 in euros							
Operating revenue	AA 2018	AA 2019	PB 2020	Operating expenditure	AA 2018	AA 2019	PB 2020
013 - expense mitigation	111.00	1,500.00		011 - general expenses	1,028,551.51	994,193.20	1,158,240.00
70 - income from services, estate, misc. sales	829,583.03	811,850.11	878,000.00	012 - payroll expenses and similar costs	1,780,098.01	1,811,532.71	1,890,700.00
75 - other ordinary management income	1,967,762.94	1,974,201.30	2,201,840.00	65 - other ordinary management expenses	1.77		1,500.00
Ordinary management income	2,797,456.97	2,787,551.41	3,079,840.00	ordinary management expenditure	2,808,651.29	2,805,725.91	3,050,440.00
77 - specific income		2,443.24	600.00	67 - specific expenses			1,000.00
other operating revenue	0.00	2,443.24	600.00	other operating expenditure	0.00	0.00	1,000.00
Actual operating revenue	2,797,456.97	2,789,994.65	3,080,440.00	Actual operating expenditure	2,808,651.29	2,805,725.91	3,051,440.00
042 - balancing transactions transfer between sections	137,371.78	133,958.45	131,000.00	042 - balancing transactions transfer between sections	126,177.46	118,227.19	160,000.00
Balancing operating revenue	137,371.78	133,958.45	131,000.00	Balancing operating expenditure	126,177.46	118,227.19	160,000.00
Total operating revenue	2,934,828.75	2,923,953.10	3,211,440.00	Total operating expenditure	2,934,828.75	2,923,953.10	3,211,440.00
Capital revenue	AA 2018	AA 2019	PB 2020	Capital expenditure	AA 2018	AA 2019	PB 2020
13 - capital grants received	16,749.26	199,028.31	358,000.00	21 - tangible fixed assets	0.00	123,292.39	270,000.00
Equipment revenue	16,749.26	199,028.31	358,000.00	23 - fixed assets in progress	5,554.94	60,004.66	117,000.00
Actual capital revenue	16,749.26	199,028.31	358,000.00	Equipment expenditure	5,554.94	183,297.05	387,000.00
021 - transfer from operating section				13 - capital grants			
040 - balancing transactions transfer between sections	126,177.46	118,227.19	160,000.00	Finance costs	0.00	0.00	0.00
Balancing capital revenue	126,177.46	118,227.19	160,000.00	Actual capital expenditure	5,554.94	183,297.05	387,000.00
Total capital revenue	142,926.72	317,255.50	518,000.00	040 - balancing transactions transfer between sections	137,371.78	133,958.45	131,000.00
				Balancing capital expenditure	137,371.78	133,958.45	131,000.00
				Total capital expenditure	142,926.72	317,255.50	518,000.00

(ii) The 2020 primary budget

The 2020 primary budget was voted by the Metropolitan Council at its meeting on 20 January 2020.

It is a provisional financial document which traces forecast revenue and expenditure for the year. It includes an Operating section and a Capital section. Overall balance has been established based on anticipated income and expenditure projections in line with the budgetary and financial trajectory set out in the 2020 budgetary guidelines. This document was prepared in compliance with the objectives set forth in the agreement for the control of operating expenditure signed with the State in June 2018 (+ 1.19 % per year).

This primary budget enshrines the Métropole de Lyon's political will to change its territory, to underscore its dynamism whilst harnessing it to address the challenges of environmental transition, solidarities, social cohesion and innovation. The challenges facing the region are immense and unlike those previously known because the economic revolution that we are witnessing is disrupting deeply, and at an unprecedented pace, our citizens' way of life and therefore their expectations in terms of public policy. The Métropole de Lyon has the will to transform this territory and to address its challenges more rapidly and more proactively. A responsible budget, as the budgetary guidelines debate clearly affirmed, the 2020 primary budget reinforces the authority's sound financial health. The implemented financial strategy rests on a virtuous circle: very substantial gross savings, benefiting a very high level of investment, all without increasing indebtedness. More specifically:

- gross savings (all restated budgets) have been steadily improving since the beginning of the mandate: from 439.4 M€ in 2015 to 547.3 M€ recorded in the 2019 administrative account, which enables investment to be internally financed to a significant extent. This growth in gross savings is reinforced in 2019 despite a historic fall of around 25 M€ in TEOM and equivalent and through this draft 2020 primary budget,
- investment levels have increased sharply, with more than 1.2 Bn € realised in the years 2015 to 2017 (400 M€ on average) and also more than 1.2 Bn € for the years 2018 and 2019 (more than 610 M€ on average). In 2019, thanks to the measures taken over the last two years (end of prioritisation of priority 1 and 2 projects, launch of all projects, resource upgrades, streamlining of procedures in particular with respect to public procurement, simplification and acceleration of decision-making processes, launch of multi-year investment micro-programme (PPI) in 2019, etc...) capital expenditure is at 661.1 M€,
- debt is more than under control with outstanding debt of 2 133 M€ in 2015, peaking at 2 189 M€, then falling back to a level close to 1 800 M€ in 2019. It symbolises the existing room for manoeuvre for the future. In light of these introductory remarks, it can be stated that the payment credits for all (non-restated) budgets of the Métropole de Lyon amount to 2 519.1 M€ in actual operating expenditure and 2 981.4 M€ in actual operating revenue.

The payment credits for all (non-restated) budgets of the Métropole de Lyon amount to 2 519.1 M€ in actual operating expenditure, and 2 981.4 M€ in actual operating revenue. Payment credits amounted to 1 026.3 M€ for actual capital expenditure and 564 M€ for actual capital revenue, of which 700 M€ in expenditure and 87.6 M€ in revenue solely within the scope of the multi-year investment programme.

(iii) Amending decision (DM1)

The amending decision was voted on 5 October 2020.

The amending decision was exceptional due to the health and social crisis caused by the coronavirus pandemic: the decision reflects the impacts of the crisis on the 2020 budget forecasts. In expenditure, it sets out the support for the economic sector, for the management /labour representative and non-profit sector partners, but also the foreseeable increase in welfare allowances such as the active solidarity income (RSA). In revenue, it mainly identifies decreases associated with the economic slowdown.

Following this budgetary stage, payment credits for all (non-restated) budgets of the Métropole de Lyon amount to 2 621 M€ in actual operating expenditure and 2 924 M€ (excluding re-incorporation of the previous financial year's results) in actual operating revenue.

Payment credits amounted to 1 190.2 M€ in actual capital expenditure (excluding re-incorporation of the previous financial year's results) and 1 120.9 M€ in actual capital revenue, of which 840 M€ in expenditure and 72.8 M€ in revenue solely within the scope of the multi-year investment programme (PPI). These payment credits are now distributed as to 570.7 M€ for expenditure on projects and 269.3 M€ for recurring operations.

Details of the principal changes to the main budget at this budgetary stage:

- Operating

Operating expenditure is expected to rise by 91.7M€ of which 28M€ for active solidarity income (RSA), 11.7M€ for acquisitions and services relating to the crisis (masques, gel, cleaning, ...), 10.2M€ for home help and support services for the elderly and handicapped, 6M€ in emergency support measures for households and for the non-profit, economic and social sectors, 5.8M€ for care homes and socio-medical establishments.

Operating revenue is expected to fall by 65.3M€ including decreases of 73.5M€ in DMTO (forecast of -20% compared to the 2020 primary budget), 6.0 M€ in revenue from Lyon's north circular toll road (BPNL), 2M€ in tourism tax, 1.3M€ in respect of the 3 month business tenant rent waiver. However, some new revenues are anticipated including 8.2M€ in business value-added contributions (CVAE) (calculated by reference to 2019 turnover), 2.7M€ in State contributions towards the purchase of masks, 2M€ in financial income under the NEUCP programme.

- Capital

Payment credits under the multi-year investment programme (PPI) increased by 140M€ to reach 840M€ in 2020. This increase can be explained by the Métropole de Lyon's contribution to the business support fund to assist businesses in the region during the health crisis. The Métropole de Lyon mobilised 105M€ in expenditure for this scheme.

The impact of the health crisis is therefore very significant for the Métropole de Lyon as shown by the impact on certain major financial balances (all budgets):

- Forecast internal financing has fallen by 140 M€ to an amount of 322M€ (2020 primary budget forecast: 462M€)
- Projected outstanding debt at the end of 2020 is 2.128 Bn€ compared to 1.781M€ at the end of 2019.
- Projected debt repayment capacity is 6 years and 6 months, which is double that at the end of 2019 (3 years and 3 months).

4.6 Audit and control procedures applicable to the Issuer's accounts

The law n° 82-213 of 2 March 1982 abolished all upstream control of acts of local authorities. The budgets voted by local authorities are henceforth automatically effective and enforceable upon publication and notification to the Prefect, the representative of the State in the *département*.

Budgetary acts of local authorities are subject to two *ex post facto* control mechanisms:

- as administrative acts, they are subject to control of legality under the general law; and
- as budgetary acts, they are subject to special budgetary, jurisdictional and management control procedures conducted by the regional audit offices (*chambres régionales des comptes*).

The Issuer's budgetary acts and accounts are not independently audited within the meaning of directive 2014/56/EU and regulation (EU) 537/2014.

(a) Laws applicable to the Issuer

The legislative and regulatory framework applicable to the Issuer is set out in:

- the CGCT;
- the organic law n° 2001-692 of 1st August 2001 concerning finance laws and decree n° 2012-1246 of 7 November 2012 on public budgetary and accounts management;
- the Finance Laws; and
- applicable accounting instructions:
 - instruction M57: the accounts of communes are governed by the order dated 21 December 2016 relating to budgetary and accounting instruction M57 as it applies to single local authorities, métropoles and their administrative public establishments;

Accordingly, by virtue of the Issuer's status, the financial information concerning the Issuer has not been prepared in accordance with international financial information standards as adopted in the European Union pursuant to regulation (EC) n°1606/2002 and it is possible that such information may differ significantly compared to what would be the case if that regulation applied.

However, as specified in the budgetary and accounting instruction M57, reiterating the last subparagraph of article 56 of the decree 2012-1246 dated 7 November 2012 relating to single budgetary and accounting management, "the general accounting rules applicable to legal entities referred to in article 1 can be distinguished from those applicable to enterprises only by reason of the specific nature of the action of these legal entities."

Pursuant to regulation (EC) n° 1606/2002, the international accounting standards adopted by the European Union must satisfy "the criteria of understandability, relevance, reliability and comparability required of the financial information needed for making economic decisions and assessing the stewardship of management". Whereas, in accordance with budgetary and accounting instruction M57, the accounting standards applicable to the Issuer must pursue the following objectives:

"1° the accounts must comply with applicable rules and procedures;

2° they must be prepared in accordance with consistent methods to ensure comparability between different accounting periods;

3° they must discern all management events, depending on the degree of awareness of the facts, and their relative importance, obeying the principle of caution;

4° they must endeavour to ensure cogency of the accounting information supplied over successive financial years, whilst being careful to correctly link transactions to the financial year to which they relate;

5° they must be exhaustive and be based on a separate assessment and discrete accounting of all assets and liabilities as well as income and expenditure items, with no possible set-off;

6° they must rely on reliable, intelligible and pertinent accounting entries with the aim of presenting an accurate view of assets and liabilities and financial position.”

Budgetary and accounting instruction M57 also requires that the accounting standards applicable to the Issuer must satisfy the principles of “continuing existence”, “prudence”, “comparability”, “specialisation of financial years”, and “no set-off”.

The fundamental difference between the accounting principles under budgetary and accounting instruction M57, as applied by the Issuer, and the international financial information standards as adopted in the European Union pursuant to regulation (EC) n°1606/2002 is as follows: the Issuer’s accounts are subject to the principle of separation between originator (*ordonnateur*) and accountant, under which (i) the *ordonnateur* (in this instance, the Issuer’s executive) orders execution of income and expenditure and (ii) the accountant, solely responsible for handling the public purse, collects or pays income and expenditure, having, under his personal and financial responsibility, performed controls aimed at determining the regularity of such income or expenditure, without regard to their appropriateness; this public accounting principle is alien to the standards derived from regulation (EC) n°1606/2002.

Public accounting follows the principles laid down in the general chart of accounts as it applies in the private sector: double entry, accrual based accounting (correlation between sources and uses of funds). For both expenditure and revenue, it distinguishes between operating transactions (income and expenditure) of the entity and its capital transactions (asset transactions).

The Métropole de Lyon mandatorily applies Instruction M57 and the following main regulations:

- Law n°2014-58 dated 27 January 2014 on modernisation of regional public action and affirmation of métropoles (MAPTAM) ;
- Order n°2014-1335 dated 6 November 2014 on the adaptation and entry into force of various provisions of the CGCT, the general tax code and other legislative provisions applicable to the Métropole de Lyon;
- Decree n°2014-1626 dated 24 December 2014 setting the budgetary, financial and accounting rules applicable to the Métropole de Lyon;
- Order n°2014-1490 dated 11 December 2014 supplementing and clarifying the budgetary, financial, tax and accounting rules applicable to *métropoles*;
- Decree n°2014-1746 dated 29 December 2014 setting the budgetary, financial and accounting rules applicable to *métropoles*.

- Instruction M4: accounts of local industrial and commercial public services (SPIC). This comprises several separate classifications, including M49 which sets the framework for public water treatment and drinking water distribution services; and M41 which applies to public energy distribution services; and
- Codifying instruction n°11-022-M0 of 16 December 2011 on the collection of revenue of local authorities and local public institutions.

(b) Control by the Public Auditor

The public auditor executes financial transactions and keeps management accounts in which all of the local authority's revenue and expenditure are recorded.

He verifies that expenditure is recorded in the correct budgetary chapter and that the source of all revenue is legal. He has no power to verify appropriateness. Indeed he may not judge the appropriateness of political choices made by local authorities since they are administratively autonomous. Otherwise, the instructing party (*ordonnateur*) may "requisition" the public auditor, in other words oblige him to make a payment.

If the public auditor uncovers an unlawful act, he rejects the payment decided by the instructing party.

Public auditors are personally and financially liable for payments that they make. If a problem arises, the Finance minister can issue a reversal order that forces the public auditor to pay the relevant sum immediately out of his own pocket.

These provisions from chapter VII of the first section in book VI of part one of the CGCT concerning the public auditor, apply to EPCI.

(c) Prefect's control of legality

Article L. 2131-6 of the CGCT provides that the prefect shall refer to the administrative Tribunal acts which it considers to be unlawful within two months of their notification to the *Préfecture*. Control of legality relates to the manner of preparation, adoption or presentation of budgetary and ancillary documents.

The provisions of the CGCT relating to control of legality and the enforceability of acts of *communes*, *départements* and *régions* also apply to EPCI in accordance with article L. 5211-3 of the CGCT.

(d) The role of the regional audit office (CRC)

The law n° 82-213 of 2 March 1982 established CRCs, run by magistrates appointed for life: this is the *quid pro quo* of the abolition of State *a priori* supervision of local authority acts which previously involved upstream control of their acts. The powers of the CRC are defined by law and have been codified under articles L.211-1 et seq. of the French financial jurisdictions code.

The powers of the CRC extend to all local authorities within its geographical jurisdiction, whether *communes*, *départements* or *régions*, and also to their public establishments (including EPCI).

CRC are invested with triple powers of control. First, budgetary control, which replaced that exercised by the prefect prior to the above-mentioned law n° 82-213. Secondly, jurisdictional control

whose purpose is to ensure the regularity of transactions actioned by the public auditor. Thirdly, management control the purpose of which is to control the regularity of a commune's revenue and expenditure.

Budgetary control

Pursuant to articles L. 1612-2 et seq. of the CGCT, the CRC controls the Primary Budget (PB), amending decisions and the Administrative Account (AA).

The CRC may act in four situations:

- where the PB is adopted out of time (after 31 March, except in any deliberative assembly election year, where the period is extended to 15 April of the financial year), after a fifteen (15) day period for transmission, the Prefect must instruct the CRC which shall formulate its proposals within one month;
- if the approved budget is not in true balance (revenue not equal to expenditure), three monthly periods are triggered: one month for the prefect to instruct the CRC, one month for the CRC to formulate its proposals, a third month for the deliberative assembly of the local authority to rectify the situation, failing which the Prefect settles the budget itself;
- if a mandatory expense is not entered in the budget, the same time periods apply but the CRC, which may also be instructed by the public auditor, issues a formal notice to the local authority in question; and
- lastly, when execution of the budget is in deficit (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 revenue, depending on the size of the local authority, the CRC proposes restorative measures within a period of one month from the date of its instruction. Furthermore, it approves the primary budget for the following financial year.

Jurisdictional control

The CRC controls all accounts of the public auditors of local authorities and their public establishments. This jurisdictional control was the original purpose of the CRC. The purpose is to control the regularity of transactions carried out by public auditors. It involves verifying not only that the accounts are regular, but above all that the public auditor has properly carried out all of the controls that it is obliged to perform.

Conversely, the law n° 2001-1248 of 21 December 2001 on CRCs and the public accounts court (*Cour des Comptes*) prohibits any control of appropriateness.

Management control

CRCs also have a duty to control the management of local authorities. The purpose of this control is to verify the regularity and quality of their management. It concerns not only the financial equilibrium of management operations and the methods chosen for their implementation, but also the results achieved by reference to such methods and the results of measures undertaken. CRCs judge the regularity of management operations and the financial soundness of the methods used, and not the appropriateness of the actions taken by local authorities. CRCs aim above all to help and encourage local authorities to comply with the law to avoid any penalties.

Impact of CRC observation letters ⁴

Observation letters raise three major areas of consideration:

- balanced use of public finances;
- controlled management of public services; and
- compliance with the broad principles of the civil service.

This function may however not be fit for purpose because CRCs issue their final observation letters two to five years after the budgetary year-end. These letters are available to any citizen requesting a copy.

Forms of control

The way CRC's operate has changed.

The law n° 88-13 of 5 January 1988 on improving decentralisation imposed a preliminary interview between the reporting magistrate and the head of the local authority at the time of the control, but also with those responsible of the control during the period indicated. These provisions are aimed at improving external controls (consistent practices throughout the country, confidentiality).

CRCs pay particular attention to the verification of the public policy effectiveness. While it is not their role to form opinions on the local authorities' decisions, they ensure that these authorities have implemented an organised structure with clear objectives, providing services and a system of monitoring and control using management dashboards to evaluate the measures implemented.

5. RECENT EVENTS AFFECTING THE ISSUER THAT ARE MATERIAL IN ASSESSING ITS SOLVENCY

As at today's date, there has been no significant deterioration to the Issuer's prospects since the end of the last budgetary year ending on 31 December 2019 and there has been no material change to the Issuer's financial performance between the end of the last financial period for which financial information has been published and the date of this Offering Circular.

There has been no significant change to the Issuer's financial situation since the end of the last budgetary year ending on 31 December 2019.

6. DISPUTES

6.1 Disputes to which the Issuer is a party

During the normal course of its activities, the Issuer is involved in a number of judicial, governmental, arbitration and administrative proceedings. These disputes are not material, regarding the Issuer's budget, and are usual for all entities employing staff or owning assets. The issues raised by disputes in which the Métropole de Lyon is currently involved do not require any particular comment.

Within the twelve (12) months preceding the date of this Offering Circular, the Issuer is not and has not been involved in any administrative, judicial or arbitration proceedings (including procedures

⁴ Following an audit of a local authority's management, the CRC may deliver a letter of provisional observations on their management. Following the ensuing bilateral exchanges phase, the CRC formulates its definitive observations. These are notified to the relevant local authority and its executive must communicate these observations to the deliberative assembly at its next meeting. These observations then become official communicable administrative documents.

pending or threatened of which the Issuer is aware) that could have or has recently had a material effect on the Issuer's financial situation or profitability.

It should be noted that article 1520 of the new version of the general tax code introduced under the 2019 Finance Act provides in paragraph IV that the local authority shall bear the cost of rebates granted where these are the result of cancellation of TEOM rates recognised by the court as manifestly excessive.

In this regard, a budgetary charge may potentially be generated only in respect of the 2019 and subsequent financial years, in the event of cancellation of the deliberations setting the TEOM rates for these years (to the extent that the court considers them as being manifestly excessive), although this will not put at risk the Issuer's financial situation or profitability.

There have been no judicial decisions in this regard, concerning the Issuer, as at the date of this Offering Circular.

As from 2020, expenditure and revenue relating to waste management are recorded in an ancillary budget, which meets the requirement for analytical accounting in relation to the public waste management and prevention service specified in article L 2224-17-1 of the CGCT.

Note that the Issuer enjoys immunity from enforcement as described below.

6.2 Issuer's immunity from enforcement

Given its status as an EPCI with separate legal personality and financial autonomy, the Issuer's real and personal properties and rights are governed by the general public entities property code (CGPPP). Its assets are therefore immune from seizure (art. L.2311-1 of the CGPPP).

Pursuant to article L.111-1 of the civil enforcement procedures code and jurisprudence, it is not possible to bring private law enforcement proceedings against it. Similarly, it is not possible to take real property security over its assets. Finally, the Issuer's debtors may not operate any set-off between their debts and the claims they hold against it (ex: Cass., Civ. 1, 10 December 2014, n°13-25114).

However, the repayment and servicing of debt constitutes a mandatory expense for local authorities. Any person with standing may petition the CRC to issue a formal demand to the local authority, or even request the State's representative to record ex officio this expense in the budget (art. L.1612-15 of the CGCT).

Furthermore the law n° 80-539 dated 16 July 1980 requires public law legal entities to order execution of amounts they owe within two months from notification of the judicial decision ordering them to pay their debts. If they fail to comply, creditors may rely on a final and binding judicial decision ordering a public entity to make payment, even as provisional measure, of a sum of money, by application of the specific rules laid down by this law (Cass. Civ. 1, 21 December 1987, n° 86-14167).

7. FINANCIAL RATING OF THE ISSUER

On 21 May 2020, the credit rating agency Fitch confirmed the Issuer's "AA" long term and "F1+" short term ratings. The long term rating outlook is negative.

The report and press release of the rating agency Fitch may be consulted on the agency's website: : <https://www.fitchratings.com/research/fr/international-public-finance/fitch-revise-la-perspective-de-la-metropole-de-lyon-a-negative-la-note-aa-est-confirmer-21-05-2020>.

8. DOCUMENTS AVAILABLE TO THE PUBLIC

The Issuer's latest budgetary presentations may be consulted online at the addresses specified below:

2018 administrative account presentation document:

- Deliberation: <https://www.grandlyon.com/delibs/raad/pdf/Conseil/2019/06/24/DELIBERATION/2019-3607.pdf>
- Summary: https://www.grandlyon.com/fileadmin/user_upload/media/pdf/institution/budget/20190625_synthese-compte-administratif-2018.pdf

2019 administrative account presentation document:

- Deliberation: <https://www.grandlyon.com/delibs/pdf/Conseil/2020/06/08/DELIBERATION/2020-4326.pdf>
- Summary: https://www.grandlyon.com/fileadmin/user_upload/media/pdf/institution/budget/20200616_synthese-compte-administratif.pdf

2020 primary budget presentation document:

- Deliberation: <https://www.grandlyon.com/delibs/pdf/Conseil/2020/01/20/DELIBERATION/2020-4119.pdf>
- Summary: https://www.grandlyon.com/fileadmin/user_upload/media/pdf/institution/budget/20200131_gl_synthesebudget2020.pdf

Presentation document for the 2020 supplemental budget and Amending Decision no. 1:

- Deliberation: <https://www.grandlyon.com/delibs/raad/pdf/Conseil/2020/10/05/DELIBERATION/2020-0190.pdf>

The deliberations voted by the Metropolitan Council may be viewed on the Issuer's website: <https://www.grandlyon.com/metropole/actes-et-seances.html>

The budgetary documents for the primary budgets and administrative accounts of the main budget and ancillary budgets are available in digital and paper format from the Finance Department at the following address:

Métropole de Lyon
Direction des Finances
20 rue du Lac
CS 33569
69505 Lyon Cedex 03

Public opening times: Monday to Friday from 07.30 to 18.30.

USE OF FUNDS

The net proceeds of issue of the Notes are intended to finance the Issuer's investments, if applicable as more fully described in the applicable Pricing Supplement.

SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in an amended French language dealer agreement dated 13 November 2020 entered into between the Issuer, the Permanent Dealers and the Arranger (the **Dealer Agreement**), the Notes will be offered by the Issuer to the Permanent Dealers. However, the Issuer reserves the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between themselves in respect of Notes subscribed by such Dealer. If appropriate, the commissions in respect of an issue of Notes on a syndicated basis will be specified in the applicable Pricing Supplement. The Issuer has agreed to reimburse the Arranger for the expenses incurred by them 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 it may incur in connection with the offer and sale of Notes. The Dealer Agreement entitles the Dealers, under certain circumstances, to terminate any agreement they may enter into for the subscription of Notes prior to payment for such Notes being made to the Issuer.

1. GENERAL

These selling restrictions may be amended by mutual agreement between the Issuer and the Dealers in particular following any change to any applicable law, regulation or directive. Any such amendments shall be set out in a supplement to this Offering Circular.

Each Dealer has undertaken to comply, to the fullest extent of the information in its possession, with all relevant laws, regulations and directives in each country in which it buys, offers, sells or delivers Notes or in which it holds or distributes the Offering Circular, any other offer document or any Pricing Supplement and neither the Issuer nor any of the other 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 *US Securities Act of 1933*, as amended (the **US Securities Act**) or by any securities regulatory authority 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, or to, or for the account or benefit of, a U.S. Person as defined in Regulation S of the US Securities Act (**Regulation S**). 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 bearer Materialised Notes, to deliver such Notes in the territory of the United States of America except in compliance with the Dealer Agreement.

Bearer Materialised Notes with a maturity of greater than one year are subject to US tax rules and may not be offered, sold or delivered in the territory of the United States of America or any of its possessions or to U.S. Persons, with the exception of certain transactions which are permitted under US tax laws. Terms used in this paragraph shall have the meaning given to them in the U.S. Internal Revenue Code of 1986 and regulations made thereunder.

In addition, the offering or sale by any Dealer (whether or not participating in the offering) of any identifiable 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 US Securities Act.

3. UNITED KINGDOM

Each Dealer has represented and agreed and each new Dealer will be required to represent and agree that:

- (a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve acquiring, holding, managing or selling financial products (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom, other than to persons whose ordinary activities involve acquiring, holding, managing or selling financial products (as principal or agent) for the purposes of their business or to persons who may reasonably be expected to acquire, hold, manage or sell financial products (as principal or agent) for the purposes of their business, where the issue of the Notes would otherwise constitute a violation of Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**);
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not and will not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

4. ITALY

The offering of Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (the **CONSOB**) in accordance with Italian securities legislation and, accordingly, the Notes may not be and shall not be, offered, sold or delivered in the Republic of Italy, and no copy of this Offering Circular, nor any other document relating to the Notes may be, nor shall be, distributed in the Republic of Italy, except

- (i) to qualified investors (*investitori qualificati*), as defined in Article 2 of Regulation (EU) no. 2017/1129 and any applicable provision of Legislative Decree no. 58 dated 24 February 1998, as amended (the **Financial Services Law**) and/or the Italian CONSOB regulation; or
- (ii) in any circumstances which benefit from an exemption to the rules applicable to public offerings in accordance with Article 1 of Regulation (EU) no. 2017/1129, Article 34-ter of CONSOB Regulation No. 11971 dated 14 May 1999, as amended from time to time, and applicable Italian legislation.

In all cases, any offer, sale or delivery of Notes or any distribution of a copy of this Offering Circular (including the applicable Pricing Supplement) or any other document relating to the Notes in the Republic of Italy in the circumstances described in (i) and (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary authorised to conduct such activities in the Republic of Italy in accordance with the Financial Services Law, Consob

regulation No. 20307 dated 15 February 2018 as amended from time to time and legislative decree No. 385 of 1st September 1993 as amended from time to time (the **Banking Act**);

- (b) in accordance with all other laws, regulations or requirements imposed by CONSOB, the Bank of Italy (including all disclosure obligations, as applicable, in accordance with article 129 of the Banking Act and the guidelines of the Bank of Italy, as amended from time to time) of any other Italian authority.

5. **FRANCE**

Each of the Dealers and the Issuer has represented and warranted, and each new Dealer shall represent and agree, that it undertakes to comply with all current laws and regulations applicable in France in relation to the offering, placement or sale of Notes and the distribution in France of the Offering Circular and any other documents relating to the Notes.

6. **BELGIUM**

Each Dealer has represented and warranted, and each other Dealer appointed under the Programme shall represent and warrant, that no offer of Notes may be advertised to any physical person in Belgium considered as a consumer within the meaning of Article I.1 of the Belgian economic law code, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes and, that it has not distributed and will not distribute, directly or indirectly, any prospectus, information memorandum, offering circular, brochure or any other similar document in connection with the Notes to any Belgian Consumer.

Furthermore, each Dealer has represented and warranted, and each other Dealer appointed under the Programme shall represent and warrant, that Notes issued in bearer form may not be physically delivered in Belgium, except to a liquidation entity (or securities central depository), a depository or any other institution in order to immobilise them in accordance with article 4 of the Belgian Law dated 14 December 2005 on the abolition of bearer securities.

FORM OF PRICING SUPPLEMENT

Set out below is the Form of Pricing Supplement which will be completed for each Tranche of Notes:

[MiFID II Product Governance / Target Market: eligible counterparties and professional clients only – Solely for the purposes of the product approval process of [the/each] manufacturer, the target market assessment in respect of the Notes, taking into consideration the five categories referred to in paragraph 18 of the guidelines published by the European Financial Markets Authority on 5 February 2018, has led to the conclusion that: (i) the target market for the Notes includes eligible counterparties and professional clients only, each as defined by the Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person who subsequently offers, sells or recommends the Notes (a **distributor**) should take into consideration the [the/each] manufacturer[’s/s’] target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (and either adopting or refining [the/each] manufacturer[’s/s’] target market assessment) and determining the appropriate distribution channels.]

Pricing Supplement dated [●]



METROPOLE DE LYON

€1,000,000,000

Euro Medium Term Note Programme

Legal Entity Identifier (LEI): 969500QEDZVVBAl2EX39

SERIES No: [●]

TRANCHE No: [●]

[Brief description and aggregate nominal amount of Notes]

Issue Price: [●] %

[Name(s) of Dealer(s)]

PART I

CONTRACTUAL TERMS

This document constitutes the Pricing Supplement in respect of the issue of notes described below (the **Notes**) and contains the final terms of the Notes. This Pricing Supplement completes the offering circular dated 13 November 2020 [and the supplement to the offering circular dated [●]] relating to the Issuer's €1,000,000,000 euro medium term note programme, which [together] constitute[s] an offering circular (the **Offering Circular**) and must be read in conjunction therewith in order to obtain all relevant information. Terms used below shall have the meaning given to them in the Offering Circular. The Notes shall be issued in accordance with the provisions of this Pricing Supplement together with the Offering Circular. This Pricing Supplement and the Offering Circular are available on the Issuer's website (<https://www.grandlyon.com/metropole/financement.html>). [The Offering Circular is also available [on/at] [●]].⁵

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

- | | | |
|----|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Issuer: | <i>Métropole de Lyon</i> |
| 2. | (a) Series: | [●] |
| | (b) Tranche: | [●] |
| | (c) Date on which the Notes will be consolidated and form a single Series: | [The Notes shall be consolidated (<i>assimilable</i>) and form a single Series with [<i>describe the relevant Series</i>] issued by the Issuer on [<i>insert the relevant date</i>] (the " Existing Titles ") as of [<i>insert the relevant date</i>]. Once the Notes are admitted to trading, they shall be fully fungible with the Existing Notes, and shall form a single Series.] [Not Applicable] |
| 3. | Specified Currency: | Euro (€) |
| 4. | Aggregate Nominal Amount: | [●] |
| | (a) Series: | [●] |
| | [(b) Tranche: | [●]] |
| 5. | Issue Price: | [●] % of the Aggregate Nominal Amount [plus accrued interest since [<i>insert the date</i>]](in case of fungible issues or first broken coupon, if any) |
| 6. | Specified Denomination(s): | [●] (<i>only one Denomination for Dematerialised Notes</i>) |
| 7. | (a) Issue Date: | [●] |
| | (b) Interest Period Commencement Date: | [●] [<i>Specify / Issue Date / Not Applicable</i>] |
| 8. | Maturity Date: | [Specify the date or (for the Floating Rate Notes) the Coupon Payment Date of the relevant month and year or the nearest date from the Coupon Payment Date of the relevant month and year] |

⁵ If the Notes are admitted to trading on a Regulated Market other than Euronext Paris.

9. **Interest Basis:** [[●] % Fixed Rate]
 [EURIBOR, CMS Rate, TEC10 or €STR] +/- [●] % Floating Rate]
 [Fixed/Floating Rate] [Zero Coupon Note] (other details indicated below)
10. **Redemption/Payment Basis:** Subject to repurchase and cancellation or anticipated redemption, the Notes will be redeemed at the Maturity Date at [100]/[●] % of their nominal amount.
 [Redemption by Instalments]
11. **Change of Interest Basis:** [Applicable (for the Fixed/Floating Rate Notes)/Not Applicable]
(If applicable, specify details related to the conversion of the Fixed/Floating Rate interest under 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][Not applicable] *[(other details indicated below)]*
13. (a) Status of the Notes: Senior
 (b) Authorisation date for the issue of the Notes: [●]
14. **Distribution Method:** [Syndicated/Non-syndicated]

PROVISIONS RELATED TO INTERESTS (IF ANY) TO BE PAID

15. **Provisions relating to Fixed Rate Notes:** [Applicable/Not Applicable]
(If this paragraph is not applicable, delete other sub-paragraphs)
- (a) Interest Rate: [●] % per year [payable [annually/half-yearly/quarterly/monthly] at maturity]
- (b) Coupon Payment Date(s): [●] in each year [adjusted in accordance with *[specify Business Day Convention and any relevant Business Centre(s) for the "Business Day" definition]*]/not adjusted
- (c) Fixed Coupon Amount[(s)]: [●] per Specified Denomination of [●]
- (d) Broken Amount[(s)]: *[Include information relating to the initial or final Broken Amount which are different to the Fixed Coupon Amount(s) and Interest Payment Date(s) to which they relate]*[Not Applicable]
- (e) Day Count Fraction (Condition 4.1): [Actual/365 / Actual/365-FBF / Actual/Actual-ICMA/FBF] / Actual/365 (Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30/360 FBF / Actual 30A/360 (American Bond Basis) / 30E/360 / Euro Bond Basis / 30E/360 - FBF.]

- (f) Determination Date(s) of the Coupon (Condition 4.1): ☐ in each year (*specify the regular Coupon payment dates, excluding the Issue Date and the Maturity Date in the case of a first or last long or short Coupon.* [Not Applicable]

N.B.: only applicable where the Day Count Fraction is Actual/Actual (ICMA) Basis).

16. **Provisions relating to Floating Rate Notes:** [Applicable/Not Applicable]

(If this paragraph is not applicable, delete other sub-paragraphs).

- (a) Interest Period(s)/ Interest Accrual Period Date: ☐
- (b) Coupon Payment Date(s): ☐
- (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 Center(s) (Condition 4.1): ☐
- (f) Manner in which the Interest Rate[s] is/[are] to be determined: [Screen Rate Determination/FBF Determination]
- (g) Party responsible for calculating the Interest Rate(s) and Coupon Amount(s) (if other than the Calculation Agent): ☐[Not Applicable]
- (h) Screen Rate Determination (Condition 4.3(c)(ii)): [Applicable/Not Applicable]
(If this sub-paragraph is not applicable, delete the remaining sub-paragraphs)
- Relevant Rate: ☐
 - Screen Page: ☐/[Not Applicable]
(Where €STR is the Benchmark, delete this paragraph)
 - Relevant Time: ☐
 - Coupon Determination Date: [☐ [TARGET] Business Days in [*specify the city*] for [*specify the currency*] before [the first day of each Interest Period/each Interest Payment Date]]
 - Primary source for the Floating Rate: [*Specify the relevant Screen Page or "Reference Banks"*]
 - Reference Banks (if the primary source is "Reference Banks"): [*Specify four entities/ Not Applicable*]
 - Relevant Financial Centre: [*The financial centre most closely connected with the Benchmark– specify, if other than Paris*]

- Benchmark: [EURIBOR, TEC10, CMS Rate, €STR]
(If the Interest Rate is determined through a linear interpolation in respect with the [first/last] [long/short] Interest Period, insert the relevant interest period(s) and the two applicable interest rates used for the aforementioned determination)
 - Representative Amount: [Specify if quotations published on a Screen Page or offered by Reference Banks must be given for a transaction of a specific amount]
 - Effective Date: [Specify if quotations are not to be obtained with effect from commencement of Interest Period]
 - Specified Duration: [Specify period for quotation if other than duration of Interest Period]
 - [Observation “Look-Back” Period: [●] (Applicable only if €STR is the Benchmark)/Not Applicable]
- (i) FBF Determination (Condition 4.3(c)(i)) [Applicable/Not Applicable]
(If this sub-paragraph is not applicable, delete the remaining sub-paragraphs)
- Floating Rate: [●]
(If the Interest Rate is determined through a linear interpolation in respect with the [first/last] [long/short] Interest Period, insert the relevant interest period(s) and the two applicable interest rates used for the aforementioned determination)
 - Determination Date for Floating Rate: [●]
 - FBF Definitions: [●]
- (j) Margin(s): [[+/-] [●] % per annum/ Not Applicable]
- (k) Minimum Interest Rate: [●]/[zero]% per annum
- (l) Maximum Interest Rate: [[●] % per annum/ Not Applicable]
- (m) Day Count Fraction (Condition 4.1): [Actual/365 / Actual/365-FBF / Actual/Actual-ICMA/FBF] / Actual/365 (Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30/360 FBF / Actual 30A/360 (American Bond Basis) / 30E/360 / Euro Bond Basis / 30E/360 - FBF.]
- (n) Rate Multiplier: [●]
17. Provisions relating to Zero Coupon Notes: [Applicable/Not Applicable]
(If this paragraph is not applicable, delete the remaining sub-paragraphs)
- (a) Amortisation Yield: [●]% per annum

- (b) Day Count Fraction: [Actual/365 / Actual/365-FBF / Actual/Actual-
[ICMA/FBF] / Actual/365 (Fixed) / Actual/360 /
30/360 / 360/360 / Bond Basis / 30/360 FBF / Actual
30A/360 (American Bond Basis) / 30E/360 / Euro
Bond Basis / 30E/360 - FBF.]

PROVISIONS RELATING TO REDEMPTION

18. **Issuer Call:** [Applicable/Not Applicable]
(If this paragraph is not applicable, delete the remaining sub-paragraphs)
- (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: [●]
- (ii) Maximum redemption amount: [●]
- (d) Notice period: [●]
19. **Noteholder Put:** [Applicable/Not Applicable]
(If this paragraph is not applicable, delete the remaining sub-paragraphs)
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount(s) for each Note: [●] per Note [of Specified Denomination [●]]
- (c) Notice period (Condition 5.3): [●]
20. **Final Redemption Amount for each Note:** [[●] per Note [of Specified Denomination of [●]]]
21. **Instalment Amount:** [Applicable/Not Applicable]
(If this sub-paragraph is not applicable, delete the remaining sub-paragraphs)
- (a) Instalment Date(s): [●]
- (b) Instalment Amount(s) for each Note: [●]
22. **Early Redemption Amount :**
- (a) Early Redemption Amount(s) for each Note paid on redemption for tax reasons (Condition 5.6), for illegality (Condition 5.9) or on Event of Default (Condition 8): [Pursuant to the Terms]/[●] per Note [of Specified Denomination [●]]
- (b) Redemption for tax reasons on dates other than Interest Payment Dates (Condition 5.6): [Yes/No]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. **Form of the Notes:** [Dematerialised Notes/Materialised Notes]
(Materialised Notes are issued in bearer form only)
(Delete as appropriate)
- (a) Form of Dematerialised Notes: *[In bearer form/ registered form/Not Applicable]*
- (b) Registration Agent: [Not Applicable/[●] *(if applicable name and information)*] *(N.B. a Registration Agent may be appointed in respect of Dematerialised Notes in pure registered form (au nominatif pur) only).*
- (c) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Physical Notes on [●] **(the Exchange Date)**, forty calendar days after the issue date, unless postponed, as specified in the Temporary Global Certificate.]
24. **Financial Centre(s) (Condition 6.6):** [Not Applicable/Specify]. *(N.B. this relates to the date and place for payment and not the Interest Payment Dates referred to in paragraphs 15(ii) and 16(i).)*
25. **Talons for future Coupons or Receipts to be attached to Physical Notes:** [Yes/No/Not Applicable]. *(If yes, specify) (Only applicable to Materialised Notes.)*
26. **Masse (Condition 10):** *(Specify details relating to the initial and alternate Representatives and their remuneration)*
- Name and contact details of the initial Representative are: [●]
- [Name and contact details of the alternate Representative are: [●]]
- The Representative of the Masse shall receive a remuneration of €[●] per year with respect to its functions/shall not receive compensation with respect to its functions.
- [For as long as the Notes are held by one single Noteholder, the relevant Noteholder shall exercise all of the powers bestowed upon the Masse under the provisions of the Commercial Code, as supplemented by the Terms and Conditions.
- The Issuer shall keep (or shall cause any authorised agent to keep) a register of all decisions adopted by the Single Noteholder in such capacity and shall make it available, upon request, to any subsequent Noteholder. A Representative shall be appointed whenever the Notes of any Series are held by more than one Noteholder.]

PURPOSE OF THE PRICING SUPPLEMENT

This document constitutes the Pricing Supplement required for the issue [and] [admission to trading of the Notes on [Euronext Paris/other (*specify*)]] described herein pursuant to the €1,000,000,000 Euro Medium Term Note Programme of the Métropole de Lyon.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [(*Relevant third-party information*) has been extracted from (*specify source*). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]⁶

Signed on behalf of the Issuer:

By:

Duly authorised

⁶ To be included if information is supplied by a third party.

PART 2

OTHER INFORMATION

1. ADMISSION TO TRADING

- (a) Admission to trading: [An application for admission of the Notes to trading on Euronext Paris/other (*specify*)] as from [●] has been made.]
- [An application for admission of the Notes to trading on Euronext Paris/other (*specify*)] as from [●] shall be made by the Issuer (or on its behalf).]
- [Not Applicable]
- (in the case of fungible issues, specify that the original Notes have already been admitted to trading.)*
- (b) Total estimated costs relating to admission to trading: [[●]/Not Applicable]

2. RATINGS

Ratings: The Programme has been assigned an [AA] rating by Fitch Ratings Limited (**Fitch**).

At the date of this Offering Circular, Fitch is a rating agency established in the United Kingdom and is registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and Council dated 16 September 2009 on credit rating agencies as amended (the **CRA Regulation**) and is included on the list of rating agencies published on the website of the European Financial Markets Authority (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.

Notes to be issued [have not been assigned any rating]/[have been/should be] assigned the following rating:
[Fitch: [●]]
[[Other]: [●]]

(The rating assigned to the Notes issued under the Programme must be specified above or, if an issue of Notes has been assigned a specific rating, such specific rating should be specified above. Give a brief indication of this rating if it has already been published by the issuing agency.)

3. [THIRD PARTY INFORMATION AND EXPERTS' REPORTS]⁷

Where a statement or report attributed to a person acting as an expert is included in this Pricing Supplement, indicate the name of such person, his/her professional address, qualifications and, if relevant, any material interest that such person has in the Issuer. If such statement or report has

⁷

Note that certain regulatory authorities may require that such information is inserted, even where the nominal value of the Notes is equal to or greater than 100,000 €.

been produced at the Issuer's request, indicate that such declaration or report has been included in this Pricing Supplement with the consent of the person who has approved the contents of such part of the Pricing Supplement.

Where information has been sourced from a third party, provide a certificate confirming that such information has been faithfully reproduced and that in so far as the Issuer is aware and is able to verify based on information published by such third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Furthermore, the Issuer shall identify the source(s) of the information.]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

The purpose of this section is to describe any interest, including any conflict of interest that may have a material impact on the issue of Notes, identifying each person concerned and the nature of such interest. This may be satisfied by inserting the following statement:

["Except commissions related to the issue of Notes paid to the Dealer(s), to the knowledge of the Issuer, no other person involved in the issue of Notes has any interest material to it. The dealer(s) and its/their affiliate(s) have engaged and may engage in investment banking and/or commercial banking transactions with the Issuer, and may perform other services for it in the ordinary course of business."]]

5. REASONS FOR THE OFFER AND USE AND ESTIMATED AMOUNT OF NET PROCEEDS

Reasons for the Offer: [●]

(See the "Use of Proceeds" section of the Offering Circular – If relevant, explain reasons for the offer here).

Estimated net proceeds: [●]

(If the proceeds are to be used for several purposes, provide a breakdown and order of priority. If the proceeds are insufficient to finance all proposed uses, indicate the amount and sources of other funding.)

6. [YIELD⁸

Yield: [●]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. BENCHMARKS

The amounts of interest payable under the Notes shall be calculated by reference to [●], which is supplied by [●]. As at the date of this Pricing Supplement, [●] [is/is not] registered on the public register of administrators and benchmarks established and held by the European Securities and Markets Authority in accordance with article 36 of Regulation (EU) No. 2016/1011 (the **Benchmark Regulation**).

⁸ Applicable to Fixed Rate Notes only.

8. DISTRIBUTION

- (a) If it is syndicated, names of the Placement Syndicate Members: [Not applicable/*give names*]
(if this paragraph is not applicable, please delete the following subsections)
- (i) Members responsible for the Regularisation Transactions (if any): [Not applicable/*give names*]
- (ii) Date of the underwriting agreement: [●]
- (b) If it is not syndicated, names of the Dealer: [Not applicable/*give name*]
- (c) Selling restrictions – United States of America: [Regulation S Compliance Category 1: Rules TEFRA C / Rules TEFRA D / Not applicable] (*Rules TEFRA are not applicable to the Dematerialised Notes*)

9. OPERATIONAL INFORMATION

- (a) ISIN Code: [●]
- (b) Common Code: [●]
- (c) Depositary:
- (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 numbers: [Not Applicable/*give name(s) and number(s)*]
- (e) Delivery: Delivery [against/free of 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: [[●]/ Not Applicable]

GENERAL INFORMATION

1. The Issuer has obtained all consents, approvals and authorisations necessary in France in connection with the establishment of the Programme. Any issue of Notes shall be authorised by a resolution of the Metropolitan Council (*Conseil de la Métropole*) of the Issuer. Pursuant to deliberation no. 2020-0216 dated 2 July 2020 and deliberation no. 2020-0216 dated 5 October 2020, the *Conseil de la Métropole* of the Issuer decided to establish the Programme and authorised its President to raise financing of any nature, subject to compliance with certain conditions, notably bonds issue including under an EMTN programme until the end of his term subject to the authorised limits set forth in the budget and to enter into necessary acts, contracts and amendments in that respect.

This Offering Circular, as supplemented (if applicable), is valid until 13 November 2021.

2. As of today's date, there has been no significant deterioration in the Issuer's prospects since the end of the latest budgetary year ending 31 December 2019 and there has been no material change in the Issuer's financial performance between the end of the latest financial year for which financial information has been published and the date of this Offering Circular.
3. Unless specified otherwise in the Offering Circular, in particular as regards the impact that the coronavirus (COVID-19) pandemic health crisis could have, there has been no material change to the Issuer's financial situation since the end of the latest budgetary year ending on 31 December 2019.
4. This Offering Circular and any supplement to this Offering Circular shall be published on the Issuer's website (<https://www.grandlyon.com/metropole/financement.html>). So long as any Notes are admitted to trading on a Regulated Market in the EEA or the United Kingdom, the applicable Pricing Supplement shall be published on the Issuer's website (<https://www.grandlyon.com/metropole/financement.html>).
5. Save as disclosed under the heading "Disputes" of the Description of the Issuer, 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 (12) months prior to the date of this Offering Circular.
6. There is no potential conflict of interest between the duties owed by any of the members of the Metropolitan Council to the Issuer and its private interests and/or its other duties.
7. An application for acceptance of the Notes for clearance through Euroclear France (66, rue de la Victoire – 75009 Paris – France), Euroclear (boulevard du Roi Albert II – 1210 Bruxelles – Belgique) and Clearstream (42 avenue JF Kennedy – 1885 Luxembourg – Grand- Duché de Luxembourg) may be made. The Common Code and ISIN number (International Securities Identification Number) or the identification number of any other relevant clearing system for each Series of Notes shall be specified in the applicable Pricing Supplement.
8. 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, on the Issuer's website:
 - (a) the two most recent primary budgets (as amended, if applicable, by any supplemental budget) and the published administrative accounts of the Issuer;
 - (b) all Pricing Supplements relating to any Notes admitted to trading on Euronext Paris or any other Regulated Market in the EEA or the United Kingdom;

- (c) a copy of this Offering Circular and any supplement to this Offering Circular or any new Offering Circular;
- (d) the documents incorporated by reference in this 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.

The documents listed in paragraphs (i), (ii) and (iii) below will be available on the Issuer's website using the following link (<https://www.grandlyon.com/metropole/financement.html>) :

- (i) all Pricing Supplements relating to Notes admitted to trading on Euronext Paris or any other Regulated Market in the EEA or the United Kingdom;
- (ii) a copy of this Offering Circular together with any supplement to the Offering Circular or any new Offering Circular;
- (iii) the documents incorporated by reference in this Offering Circular.

9. 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.
10. For any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes shall be specified in the applicable Pricing Supplement. The yield is calculated at the Issue Date of the Notes on the basis of the Issue Price. The specified yield shall be calculated as the yield to maturity as at the issue date of the notes and shall not be an indication of future yield.
11. Each of the Dealers and their affiliates (including where a Dealer acts as calculation agent) may, now or in the future, in the normal course of business, conduct business with, or act as financial adviser to, the Issuer in connection with notes issued by the Issuer. Each of the Dealers and their affiliates (including where a Dealer acts as calculation agent) conducts or may, in the normal course of business, (i) conduct investment, trading or hedging operations, including brokerage or transactions on derivative products, (ii) act as underwriter for financial instruments offered by the Issuer or (iii) act as financial adviser to the Issuer. In connection with any such transactions, each of the Dealers and their affiliates (including where a Dealer acts as calculation agent) holds or may hold financial instruments issued by the Issuer, in which case each of the Dealers or their affiliates (including where a Dealer acts as calculation agent) shall or may receive the usual commissions in respect of such transactions.

Furthermore, the Issuer and each of the Dealers (including where a Dealer acts as calculation agent) may be involved in transactions relating to an index or derivative products based upon or relating to Notes, which may affect the market price, liquidity or value of the Notes and may have an adverse effect on the interests of Noteholders.

12. In connection with the issue of 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 Supplement. For the purposes of an issue, the Stabilisation Manager (or any person acting on behalf of the Stabilisation Manager) may over-allot Notes or take action with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail in the absence of such action. However, stabilisation may not necessarily occur. Such stabilisation action may only commence after the date on which the final terms of the issue of the relevant Tranche have been made public and, once commenced, may cease at any time and must end no later than the earlier of the following two dates: (a) thirty (30) calendar days after the issue date of

the relevant Tranche and (b) sixty (60) calendar days after the date of allotment of the Notes of the relevant Tranche. Any stabilisation action taken must comply with all applicable laws and regulations.

13. In this Offering Circular, unless specified or the context requires otherwise, any reference to "€", "Euro", "EUR" and "euro" is to the currency that is legal tender in the Member States of the European Union that have adopted the single currency introduced under the Treaty establishing the European Economic Community, as amended.
14. Amounts payable under the Notes may be calculated by reference to one or more "benchmarks" for the purposes of Regulation (EU) 2016/1011 of the European Parliament and of the Council dated 8 June 2016 (the **Benchmark Regulation**). In such case, a statement shall be inserted in the applicable Pricing Supplement indicating whether the "benchmark" administrator is registered on the public register of administrators established and held by the European Financial Markets Authority in accordance with article 36 of the Benchmark Regulation or whether, to the Issuer's knowledge, the transitional provisions of Article 51 of the Benchmark Regulations apply.
15. The Issuer has been assigned an AA, negative outlook, rating by Fitch Ratings Limited (**Fitch**). The Programme has been assigned an AA rating by Fitch. Notes issued under the Programme may or may not be attributed a rating. The rating attributed to the Notes, if any, shall be specified in the applicable Pricing Supplement. The rating of the Notes may not necessarily be the same as that of the Programme. A rating is not a recommendation to buy, sell or hold Notes and may be suspended, amended or withdrawn at any time by the relevant rating agency. At the date of the Offering Circular, Fitch is a credit rating agency established in the United Kingdom and registered in accordance with Regulation (EC) No.1060/2009 of the European Parliament and the Council dated 16 September 2009 on credit rating agencies as amended (the **CRA Regulation**) and is included on the list of rating agencies published on the European Securities and Markets Authority website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.
16. Unless such information has been incorporated by reference in this Offering Circular, the information appearing on the websites mentioned in this Offering Circular do not form part of this Offering Circular.
17. The Issuer's legal entity identifier (LEI) is: 969500QEDZVVBAI2EX39.

RESPONSIBILITY FOR THE OFFERING CIRCULAR

Person assuming responsibility for this Offering Circular

On behalf of the Issuer

I confirm that the information contained in this Offering Circular is, to my knowledge, in accordance with the facts and contains nothing likely to affect its import.

Lyon, 13 November 2020

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Represented by: Mr Bertrand Artigny
9th Vice-President

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Arranger

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