Offering Circular dated 11 October 2022

THIS DOCUMENT IS A FREE TRANSLATION OF THE FRENCH LANGUAGE "DOCUMENT D'INFORMATION" DATED 11 OCTOBER 2022 PREPARED BY THE DEPARTEMENT DES BOUCHES-DU-RHONE. IN THE EVENT OF ANY AMBIGUITY OR CONFLICT BETWEEN CORRESPONDING STATEMENTS OR OTHER ITEMS CONTAINED IN THESE DOCUMENTS, THE RELEVANT STATEMENTS OR ITEMS OF THE FRENCH LANGUAGE "DOCUMENT D'INFORMATION" SHALL PREVAIL.

Département des Bouches-du-Rhône
Euro 1,000,000,000
Euro Medium Term Note Programme

The *Département des Bouches-du-Rhône* (the **Issuer** or the **Département des Bouches-du-Rhône**) 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 legislations, regulations and directives, issue debt notes (the **Notes**). The aggregate nominal amount of Notes outstanding shall not, at any time, exceed Euro 1,000,000,000.

Application may, under certain circumstances be made for Notes to be admitted to trading on the regulated market of 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 on a non-regulated market or not admitted to trading on any market. The pricing supplement prepared for an issue of Notes (the **Pricing Supplement)**, based on the form set out in the Offering Circular, shall specify whether or not such Notes shall be admitted to trading on a regulated market and shall list, if applicable, the relevant Regulated Market(s). The Notes shall only be offered to qualified investors in one or more member States of the EEA. This Offering Circular does not constitute a base prospectus within the meaning of Regulation (EU) 2017/1129 as amended whose provisions do not apply to the Issuer and therefore it has not been approved by the *Autorité des Marchés Financiers* (**AMF**). The Issuer undertakes to update the Offering Circular annually.

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 depositary), 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 depositary bank for Clearstream Banking SA (**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 depositary on behalf of Euroclear and Clearstream, or (b) in the case of a Tranche intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream or delivered outside any clearing system, in the manner agreed between the Issuer and the relevant Dealer (as defined below).

The Issuer has been attributed an AA- rating, stable outlook by Fitch Ratings Ireland Limited. (**Fitch**). The Programme has been attributed a 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 without notice by the relevant rating agency. On the date of the Offering Circular, Fitch is a rating agency established in the European Union and registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and Council of 16 September 2009 relating to credit rating agencies as amended (the **CRA Regulation**) and is included on the list of rating agencies published on the European Financial Markets Authority website (www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation.

Potential 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 dedicated page of the Issuer's website (https://www.departement13.fr/le-13/linstitution/le-budget/lemprunt-obligataire/).

Arranger

HSBC

Dealers

CRÉDIT AGRICOLE CIB
HSBC

DEUTSCHE BANK

CRÉDIT MUTUEL ARKÉA

NATIXIS

SOCIETE GENERALE CORPORATE & INVESTMENT BANKING

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

In connection with the issue or sale of any Notes, no person 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 document or since the date of the most recent supplement to this Offering Circular, or that any other information provided in connection with this Programme is accurate on any date subsequent to the date on which it was provided or, if different, the date indicated on the document containing such information.

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

Potential investors are invited to refer to the section "Subscription and Sale" of this Offering Circular, which contains 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 in respect of each series of Notes will include a section entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes, taking into account the 5 categories referred to in point 18 of the Guidelines published by the European Securities and Markets Authority on 5th February 2018, and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor**) should take the target market assessment into consideration; however, a distributor subject to Directive 2014/65/EU (as amended,** MiFID II**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining the appropriate distribution channels.**

A determination will be made in relation to each issue as to whether, for the purposes of the product governance rules under Delegated Directive (EU) 2017/593 (the MiFID Product Governance Rules**), any Dealer subscribing for any Notes should be considered as the manufacturer of such Notes, failing which neither the Arranger, nor the Dealers, nor any of their respective affiliates shall be a manufacturer for the purposes of the MiFID Product Governance Rules.**

UNITED KINGDOM MiFIR PRODUCT GOVERNANCE / TARGET MARKET – eligible counterparties and professional clients only - The Pricing Supplement in respect of each series of Notes may include a section entitled "United Kingdom MiFIR Product Governance" which will outline the target market assessment in respect of the Notes, taking into account the 5 categories referred to in point 18 of the Guidelines published by the European Securities and Markets Authority on 5th February 2018

(in accordance with the statement of principle of the United Kingdom's Financial Conduct Authority entitled "*Brexit: our approach to EU non-legislative materials"*), and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor**) should take that target market assessment into consideration; however, a distributor bound by the United Kingdom Financial Conduct Authority's *FCA Handbook - Product Intervention and Product Governance Sourcebook* (the** *United Kingdom MiFIR Product Governance Rules***) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining the appropriate distribution channels.**

A determination will be made in relation to each issue as to whether, for the purposes of the United Kingdom MiFIR Product Governance Rules, any Dealer subscribing for any Notes should be considered as the manufacturer of such Notes, failing which neither the Arranger, nor the Dealers, nor any of their respective affiliates shall be a manufacturer for the purposes of the United Kingdom MiFIR 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.

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 not to rely on the tax information contained in this Offering Circular but 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 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.

Neither the Arranger nor any of the Dealers has verified the information contained 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 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.

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RISK FACTORS

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

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

The Issuer believes that the Notes should only be purchased by investors who are (or act on the advice of) financial institutions or other professional investors who are able to assess the specific risks associated with an investment in the Notes.

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

Capitalised terms not defined in this section will have the meaning given to them in the section "Terms and Conditions of the Notes". Any reference below to an Article refers to the corresponding article number in the "Terms and Conditions of the Notes" section.

1. RISKS RELATING TO THE ISSUER

1.1 Legal risks relating to enforcement proceedings

As a legal entity governed by public law, the Issuer is not subject to private law enforcement procedures, and its assets are exempt from seizure, which reduces the potential remedies for an investor in the case of repayment of the Notes when compared a corporate entity subject to private law. Nonetheless, expenditure in relation to bonds – including in particular debt capital repayment and debt interest expenses – may give rise to payment registration and ordering procedures (*mandatement*) as described in paragraph 1.4 below).

1.2 Property risks related to the operation of the Issuer and its activities

The asset related risks of the Issuer are relating to all damage, claims, destructions or physical losses that may occur to its movable or immovable property as a whole, in particular following a natural catastrophe, a fire or an act of vandalism.

Additionally, the operation of the Issuer and its activities are likely to present risks notably connected with areas such as damage to property especially involving motor vehicles of its fleet or actions of its servants or elected representatives.

All the risks are covered by insurance policies subscribed through public procurement.

These insurance policies protect the Issuer against the following risks:

- property damage and related risks;
- civil liability and related risks;
- motor vehicle fleet; and
- all exhibition-related risks (temporary and permanent exhibitions, including the transportation of works of art).

In terms of building, extensions and building refurbishment, the Department has legal building guarantees, and where required it takes out "building work" and "building site" insurance.

These insurance policies are in addition to the legal protection of officials and elected representatives, provided by the status of civil servant (law 84-53 dated 24 January 1984), law 83-634 dated 13 July 1983 on the rights and duties of civil servants and the General Local Authorities Code (**CGCT**).

1.3 Financial risks

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

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

Law no. 82-213 of 2 March 1982 relating to the rights and freedoms of *communes*, *départements* and *regions* has abolished any form of State supervision over the acts of local authorities. Pursuant to such development, the local authorities have acquired full and complete discretionary decision-making powers with regard to funding and the rules governing borrowings have been liberalized and simplified. Henceforth, local authorities may freely raise borrowings and their contractual relationships with money-lenders are governed by private law and the principle of freedom of contract.

However, such freedom of contract is restricted by the following principles:

- borrowings must be exclusively used to finance capital spending;
- if the loan is denominated in foreign currency, the exchange risk must be entirely covered by a currency swap against Euro at the time of the subscription of the loan for the total amount and the total duration of the loan;
- if the interest rate is floating, indices and authorised spreads for the indexation provisions, following a currency swap, if applicable, are set by decree of the *Conseil d'Etat* and the indexation formulas shall meet criteria of simplicity or predictability of financial costs incurred by the local authority with respect to the loan;
- repayment of the principal must be entirely covered by the local authority's own resources set up by the levy on operating revenue (i.e. the gross savings), plus the definitive investment proceeds – other than loans; and
- the law 2018-32 of 22 January 2018 on public finance programming for the years 2018 to 2022 provided for an upwards curve in deleveraging capacity (ratio between

outstanding debt at end of financial year and gross savings for the past financial year, or the average of the last three financial years) for local authorities whose deleveraging capacity exceeds the national reference threshold in 2016 (which is 10 years for the departments in the same category as the Issuer). This measure is determined by the contracts created by this same law and passed between the State representative and the local authority. More generally, any surpluses generated have to then be used as a priority to pay down debt and the local authorities (including the Issuer) must expressly contribute to reducing the French public debt. The Issuer's deleveraging capacity was 5.3 years at 31/12/2021 (5.2 years with disposals), while the reference threshold is 10 years, as mentioned above;

- these measures should, however, be reviewed under the new multi-year programming law. Whereas the principle of local authorities contributing to driving down public expenditure and debt appears to be a given, the precise details of this contribution have yet to be defined. Under the 2023-2027 stability pact, the Government would aim to limit the increase in local authority operating expenditure, which would be reflected by an average fall of -0.5% per year in volume between 2023 and 2027. As a reminder, the so-called "de Cahors" scheme, which reflects the practical implementation of the law referred to above was suspended for the 2020 fiscal year pursuant to the emergency law no. 2020-290 dated 23 March 2020 in order to tackle the Covid-19 epidemic, and also for the following year;

- lastly, article L.1611-3-1 of the CGCT, created by law 2013-672 of 26 July 2013 on the separation and regulation of banking activities, establishes certain limits as to currency, interest rate and associated hedging instruments applied to any loans taken out by the Department from a credit institution. However, this article is not intended to apply to bonds as specified in the parliamentary proceedings of this law (Report No. 1091 of the Finance Committee of the National Assembly, tabled on 29 May 2013, in response to Amendment No. 160 of 19 March 2013).

1.4 Risks related to non-repayment of the Issuer's debts

Repayment of debts constitutes a mandatory expense for the Département (whether for the redemption of principal or interest payments) in accordance with Article L.3321-1 of the CGCT. As a consequence, expenditure must be entered in the Département's general budget. Should that not be the case and at the request of the Regional Chamber of Accounts, the legislator has provided for a procedure (under Article L.1612-15 of the CGCT) allowing the *Préfet* to proceed with the payment order and to enter the expenditure in the Département's budget. Additionally, if a mandatory expense item is omitted from the budget by *mandatement* (act by which payment by the accountant is ordered) the legislator has also provided for a procedure (article L.1612-16 of the CGCT) allowing the *Préfet* to do it automatically.

Nevertheless, automatic payment registration and ordering procedures (*mandatement)* of the mandatory expense result from a final court order and they are governed by Article 1 of the Law no. 80-539 of 16 July 1980 and Articles L. 911-1 *et seq*. of the French Code of Administrative Justice.

1.5 Risks relating to derivative products

The use of financial instruments (derivatives such as swaps, caps, tunnels etc.) is only permitted where it covers exchange rate or interest rate risk, as indicated in inter-ministerial circular no. NOR/IOCB1015077C dated 25 June 2010 relating to financial products offered to local authorities and their public entities and is only authorised for the covering of rate or exchange risks. This text specifies the inherent risks relating to the debt management by local authorities and summarises the current law regarding the use of financial products and financial risks hedging instruments. It repeals the prior circular dated 15 September 1992.

Speculative transactions are strictly prohibited.

The Issuer takes extreme care in terms of the nature of the risks of products it subscribes for and refuses to enter into any offering financial conditions which are abnormally disconnected from the market. Any financial products that may potentially be entered into by the Department would only aim to reduce or limit the impact of financial charges and to totally or partially neutralise exchange risk in case of operations in foreign currencies. As a reminder, all of the Issuer's borrowings are categorised as 1-A on the Gissler scale (Euro zone index and plain vanilla fixed or floating rate, fixed to floating rate swap and vice versa).

Furthermore, decree 2014-984 of 28 August 2014 passed pursuant to law 2013-672 dated 26 July 2013, sets out in particular the conditions under which local authorities may agree financial contracts and may borrow from credit institutions.

1.6 Risks relating to the evolution of resources

As concerns its receipts, the Issuer, being a local authority, is exposed to any potential evolution of its legal and regulatory framework that could amend their structure and yield. Nevertheless, Article 72-2 of the French Constitution specifies that "tax receipts and the other own resources of the local authorities represent for each type of local authority a decisive share of its revenue".

The level of the Issuer's resources depends on the revenue transferred by the State in the context of transfers of powers or successive tax reforms. In particular, law no. 2015-991 of 7 August 2015 on the new territorial organisation of the Republic redefines the competences of the departments, removing the general competence clause that they used to benefit from and transferring a part of the financial resources of the departments (**CVAE**) to the regions, in exchange for equivalent financial compensation.

The Government has announced the abolition of CVAE with the aim of relaxing business output taxes, which should be implemented pursuant to the 2023 Finance Act. This measure, estimated at 8 Bn €, should be implemented in one go. For local authorities, this tax may be replaced by the transfer of a new VAT portion or the partial transfer of another national tax.

In addition, transfer duties for valuable consideration (**DMTO**) are a significant part of the Issuer's resources. However, they are a volatile resource and their volatility has to be constantly monitored by the Issuer. Changes in DMTO also affect the Issuer's contribution to the various DMTO equalisation funds assessed by reference to DMTO. These have been overhauled under the provisions of the 2020 Finance Act (global approach to all existing funds).

Furthermore, the law no. 2018-32 of 22 January 2018 on the programming of public finances for 2018 to 2022 requires local authorities to contribute towards reducing public debt and controlling public spending. For this purpose, a national target for the maximum increase in actual operating expenditure was set at 1.2 % per year, with 2017 as the base level, together with a 3-year contract in principle, offered to local authorities whose actual operating expenditure exceeded 60 M€ in 2016.

In addition, the above-mentioned law no. 2018-32 provides that, starting from 2018, the difference between the level of actual operating expenditure of the Département and the annual expenditure target set by the contract (1.2%, this rate may be adjusted downwards or upwards in accordance with the terms and limits set in article 29 of law 2018-32, and is based on an index which varies annually). The difference is assessed by the Prefect on the basis of the latest available management accounts. Where a difference is found, it may lead to a refund equal to 75% or even 100% of such difference (and limited to 2% of actual operating revenue), in accordance with the terms of article 29 of law 2018-32. These provisions apply to the Issuer.

Finally, the above-mentioned law no. 2018-32 provides for a refund where the cap for actual operating expenditure increases is exceeded by a local authority, as determined by contract by reference to the national growth rate fixed by Article 13 of that Act at 1.2% per annum. This rate may be adjusted downwards or upwards in accordance with the terms and within the limits laid down in Article 29 of such law, and is moreover based on an index that varies each year. The refund is deducted from the twelfths provided for in Article L. 3332-1-1 of the CGCT, and is capped at 2% of actual operating revenue.

Like the majority of the départements, the Departmental Council of the Bouches-du-Rhône has refused to commit to this approach, which was deemed unsuited to the nature of the Département's expenditure (constrained social spending), its management choices (not taking into account savings already made) and the desire to increase its commitment to certain policy areas (persons with disabilities, youth, environment).

In 2019, an amount of 2.1 M€ was levied from the last three months' tax revenue in respect of the 2018 financial year. In 2020, the levy of 24.5 M€ in respect of the 2019 fiscal year was postponed by the Government to the 2021 fiscal year. For 2020 (2021 levy), the measure was suspended pursuant to the emergency law n°2020-290 dated 23 March 2020 dealing with the Covid-19 epidemic. In an environment hugely disrupted by the crisis, nor was the latter applied in 2021.

The report issued by the "Arthuis" committee in the month of March 2021 pointed to the need for a new contractualisation, although no detailed timetable or terms have been forthcoming (only the opportunity for including ancillary budgets has been suggested).

The report of the *Cour des comptes* published in July 2022 sets out a number of working assumptions such as controlling the rate of increase in expenditure, modifying ratios, placing the emphasis in particular on internal financing, setting a cap on indebtedness or the annual borrowing requirement or indeed planned reductions in certain tax revenues or transfers from the State depending on available structural surpluses.

The government has announced a new public finances programming law, the content and aims of which remain to be defined. The contribution of local authorities to repairing the public finances may include a decrease in operating expenditure of 0.5% per year in volume, excluding inflation, between 2023 and 2027, as mentioned in the 2023-2027 stability pact.

The law n°2019-1479 dated 28 December 2019 (Finance Act 2020) voted for the transfer to the *communes* of property tax on built land received by *départements*, in consideration of the abolition of residence tax on main residences. This measure, which took effect in 2021 is compensated for by the award of a portion of national VAT. This is a dynamic tax but subject to the vagaries of the economic environment. This reform goes hand-in-hand with a State guarantee in the event that the compensatory VAT payment falls below the income received in 2020.

1.7 Risks associated with the Issuer's rating

The Issuer's rating attributed by Fitch Ratings is merely the expression of an opinion on the level of credit risk associated with the Issuer and does not necessarily reflect all associated risks. This rating does not constitute a recommendation to buy, sell or hold the Notes and may, at any time, be suspended modified or withdrawn by the rating agency.

1.8 Risks relating to the Issuer's off-balance sheet transactions

Loan guarantees or sureties to public or private entities are governed by articles L.3231-4 to L.3231-5 and R.3231-1 to D.3231-2 of the CGCT. At 31 December 2021, the outstanding debt guaranteed by the Issuer stood at 1.485 Bn€, of which social housing represents 92% (on the same date, the Issuer's own outstanding debt totalled 1.66 Bn€) (see paragraph 6.2 (III)(D) (*Loan guarantees granted by the Department*) in the "Description of the Issuer" section of this Offering Circular).

The Issuer is obliged to comply with three prudential rules determined by law 88-13 of 5 January 1988 known as the "Galland Law". These cumulative rules establish the principle of capping commitments, capping beneficiaries (or dividing risk) and sharing risk. These rules apply only to guarantees granted to private law persons. The "Galland ratio" relating to the commitments ceiling is published in the annexes of the Issuer's initial budget and administrative accounts. In the 2022 primary budget, this ratio amounts to 3.96% (the ceiling is set at 50%); in the 2021 administrative accounts, it was 3.42%.

Every year, the Issuer conducts a financial analysis of the guaranteed entities. In the event of a risk been determined to exist and pursuant to the recommendations of the *Chambre régionale des comptes*, a provision may potentially be calculated.

1.9 Risks relating to financial statements

The Issuer, as a local authority, is not subject to the same accounting standards as a private law issuer. Its financial statements (budgets, administrative accounts) are not subject to the same checks as a private corporate legal entity but are subject to specific accounting rules set, in particular, by decree no 2012-1246 of 7 November 2012 and the CGCT, all as more fully described in paragraph 4.1 (*Budgetary and accounting rules*) in the "Description of the Issuer" section of this Offering Circular. Investors' financial assessment of the Issuer should take into account this specific accounting context.

The Issuer's accounts are subject to State verification, which takes three forms: (i) legality check, (ii) financial checks carried out by the Departmental Prefect and the public auditor and (iii) periodic management review carried out by the Regional Accounting Chamber. These various checks are more fully described in paragraph 4.3 (*The Checks*) of the "Description of the Issuer" section of this Offering Circular.

Once every year, the Issuer carries out an accounts consolidation exercise, presented and voted at a public session: in addition to the statutory consolidation which includes the management accounts of the Département's 4 ancillary budgets, an analysis of the accounts of the most important partner entities is performed, after which they are consolidated, offering a wider view of the Département's financial position.

1.10 Exogenous event risks of high potential impact

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

Although today the health crisis appears to have been overcome, other events that have occurred since the pandemic are now likely to have an impact on local authorities: the war in Ukraine, the increase in the cost of energy and inflation.

Three types of impacts were identified and dealt with in relation to the health crisis:

- the risk to the health of the Issuer's employees and their families. The Issuer immediately announced and implemented barrier measures with the aim of limiting the spread of the virus (purchasing and distributing personal protective equipment, signage, testing and vaccination campaigns);

- operational risk to the proper functioning of services in the event of lockdown. The Issuer reorganised its operations, among other things, to ensure, in any situation and in the best possible conditions, the continuity of departmental public services and in particular the Département's financial management. To this end, the Issuer triggered its Business Continuity Plan (crisis procedure to ensure public service continuity) and organized remote working for staff whose role so permitted and in particular for all Finance Division staff (remote working agreements, VPN access, supply of appropriate computer equipment);

  This measure supplemented the previously implemented dematerialization of budgetary and financial procedures, and that of the accounting procedures for financial execution of expenditure to guarantee in all circumstances that expenditure is committed, invoices are paid, grants are disbursed, and that staff are paid. This was also incorporated into the development of an integrated and secure financial management and information system;

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

The Issuer has demonstrated its resilience and responsiveness during the Covid-19 crisis and used all levers at its disposal to continue implementing the Département's policies.

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

In this regard, the Issuer secured an advance distribution of tax in an amount of 44.5 M€ and of 22.3 M€ in respect of DMTO (fully repaid). It requested and obtained a refund of 3.4 M€ for the purchase of masks, and a grant of 6.4 M€ from the European regional development fund (ERDF). It has made interim payments on public procurement contracts to support jobs and businesses (involving 11 M€ and 38 public works contracts). Finally, with the agreement of the public auditor, it has implemented an extraordinary procedure for the staggering of expenditure in an amount of 51.4 M€ in 2020 and 15 M€ for the first semester 2021.

DMTO, a revenue renowned for being volatile, fell moderately by 2% in 2020, demonstrating the resilience of the real estate market in times of severe crisis.

Other revenues have not been affected by the crisis. In 2021, DMTO growth was particularly dynamic at +31%. CVAE ultimately amounted to 136.8 M€ in 2021 (135.3 M€ in 2020) and will reach 131.3 M€ in 2022 (deferred impact, expected).

Expenditure (operating and capital) of almost 120 M€ was budgeted for in 2020, aimed at combating the pandemic and supporting the public and local stakeholders (tourism, culture, agriculture, communes).

Expenditure on active solidarity revenue (**RSA**) benefits for their part increased by 7% in 2020 given the event-driven review of the scheme (no recipients of benefits excluded). Since January 2021, there has been a gradual decline in the amount of benefits paid and the number of RSA beneficiaries in May 2022 (69,549) is below the pre-crisis figure (76,549 in March 2020).

As the 2021 administrative account (AA) analysis shows, the Département has overcome the effects of the crisis with solvency falling from 8.6 years in 2020 to 5.3 years in 2021, and gross operating surplus increasing from 173.3 M€ at the end of 2020 to 322.1 M€ at the end of 2021.

More generally, the position was similar for all local authorities which demonstrated their overall resilience and ability to recover, supported by State intervention, the relaunch plan and the economic recovery. According to the latest "Cazeneuve" barometer (February 2022), local authority gross internal-financing capacity increased by 23.2% in 2021, investment by 14.9% and cash flow by 36.4%. Solvency has been consolidated with an average deleveraging capacity of 4.3 years.

As regards new identified risks (Russia-Ukraine conflict, inflation and energy price increases), their impact remains relatively limited for now.

The State has not introduced an energy price shield, given the relatively small weight of such expenditure in local authority budgets (estimated at 1.5%).

In a note dated 16 May 2022, the rating agency Moody's concluded that the conflict in Ukraine should have only limited effects on French local authority financial fundamentals. Eastern Europe local authorities would be more likely to be affected given their high dependency on Russian gas.

Inflation in France is lower than the rest of Europe (5.2% in May compared to 8.1% in the Eurozone). For its part, in a report dated July 2022, the rating agency Fitch Ratings considered that the impact of a rise in interest rates as for the index point, should remain limited regarding risks already identified and taken into account by the rating agencies.

A brief reminder of the health crisis is provided in the Issuer Description section of the Offering Circular. Similarly, a paragraph on the war in Ukraine is provided in the Issuer Description section of the Offering Circular and also in the introduction to the analysis of the 2022 primary budget (**PB 2022**). All potential risks (energy, inflation, interest rates) are addressed throughout the PB 2022 analysis.

2. RISKS RELATING TO THE NOTES

2.1 General Market Risks

The debt instruments market may be volatile and be adversely affected by certain events

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

An active market in the Notes may not develop or be sustained

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

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

Exchange rate and exchange control risks

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

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

2.2 General risks related to the Notes

Risks related to rating of the Notes

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

The Notes may be redeemed prior to maturity

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

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

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

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

Risks related to the optional redemption by the Issuer

The market value of the Notes may be affected by the optional redemption of the Notes at the option of the Issuer. During the periods where the Issuer can exercise such redemptions, in general, this market value does not substantially increase above the price at which the Notes may be redeemed. This can also be the case before any redemption period.

It can be expected that the Issuer would redeem the Notes when its borrowing costs are lower than the interest rate of the Notes. In such case, an investor will not, generally, reinvest the proceeds of the redemption at an actual interest rate as high as the interest rate of the redeemed Notes and may only be able to invest in Notes that offer a significantly lower yield. Prospective investors must also take into account the risk linked to the reinvestment in the light of other available investments at the time of the investment.

Moreover, the exercise of redemption at the option of the Issuer for some Notes may affect the liquidity of Notes of the same Series for which such option has not been exercised. Depending on the number of Notes of the same Series in respect of which the optional redemption provided for in the applicable Pricing Supplement has been exercised, the market of Notes for which such a redemption has not been exercised may become illiquid.

Risks relating redemption at the option of the Noteholders

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

Amendment of the Terms and Conditions of the Notes

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

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

Change of law

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

Taxation

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

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

Loss of investment in the Notes

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

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

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

Verification of legality

The *Préfet* of Région Provence-Alpes-Côte d'Azur, *Préfet* of the Bouches-du-Rhône has two months as from the date of the reception to the *préfecture* of any resolution of the Département des Bouches-du-Rhône (*Département des Bouches-du-Rhône*), and of some contracts entered into by it to verify the legality of such deliberation and/or the decision to sign such contracts and, if he considers them to be illegal, to refer them to the relevant administrative tribunal and, if appropriate, seek an order for them to be suspended. The relevant administrative tribunal may then, if it considers such deliberations and/or the decision to sign such administrative contracts to be illegal, order their suspension or annul them in whole or in part. In addition, depending on the nature of the illegality and any particular circumstances, the annulment of the relevant deliberation and/or decision may lead to the annulment of private law contracts made pursuant to the annulled acts.

Third party action

A third party, having legal standing, may bring administrative proceedings (*recours administratif*) before the President of the *Conseil départemental des Bouches-du-Rhône* or make a petition for referral (*déféré préfectoral*) before the prefect of the Département des Bouches-du-Rhône against any resolution of the *Conseil départemental des Bouches-du-Rhône*, any decision by delegation from the latter, or if applicable any decision to sign a contract or any other decision constituting an administrative act, within a period of two months from the date of its publication.

Insofar as the administrative proceedings have not resulted in a decision to withdraw or repeal the contested administrative act, or insofar as the Prefect has not referred the contested administrative act before the administrative courts, such same third party has a period of two months (or four months if residing abroad) from the date of the express or implied decision of rejection, to bring an action for abuse of power (*recours en excès de pouvoir*) before the administrative courts and, if appropriate, request that the contested act be suspended (under the *référé-suspension* process). The third party may also bring such proceedings directly before the administrative courts within a period of two months (or four months for petitioners residing abroad) from the date of publication of the contested administrative act and may, if appropriate, request that the contested act be suspended. If the contested administrative act was not duly published, such proceedings may be brought by any third party having legal standing without any limitation period.

If any administrative proceedings, prefectoral referral or action for abuse of power is brought against any resolution of the *Conseil départemental des Bouches-du-Rhône*, or any decision taken under delegation of authority from the latter, or any decision to sign a contract or any other decision constituting an administrative act, the President of the *Conseil départemental des Bouches-du-Rhône* or the competent administrative judge may, if they consider that a rule of law has been breached, as appropriate, either withdraw or repeal it (in the case of the *Conseil départemental des Bouches-du-Rhône*), or annul it in whole or in part (in the case of the competent administrative judge), which may have the effect of rendering unlawful any contract(s) entered into on the basis of such act. In the event of a *référé-suspension* process, the competent administrative judge may also decide to suspend the contested administrative act if the urgency of the matter so requires.

Furthermore, if a contract entered into by the *Conseil départemental des Bouches-du-Rhône* is characterised as an administrative contract, a third party having legal standing may bring a full remedy action (*recours de pleine jurisdiction*) before the administrative courts against such contract, or certain of its non-regulatory terms that are not intrinsically connected thereto, within a period of two months (or four months for petitioners residing abroad) from the date of fulfilment of appropriate publication measures and, if appropriate, request that such contract be suspended. Moreover, if the administrative contract has not been duly published, proceedings may be brought by any third party having legal standing without any limitation period.

If the competent judge finds the existence of defects vitiating the contract, the judge may, having assessed the significance and consequences, and taken into account the nature, of such defects, decide to terminate or annul the contract. In the event of a *référé-suspension* process, the competent administrative judge may also decide to suspend performance of the contract if the urgency of the matter so requires.

If any such decision is taken as a result of such proceedings, this may have a material adverse impact on Noteholders insofar as their rights may be denied and the value of the Notes may be reduced resulting for Noteholders in a partial loss of their investment in the Notes.

2.3 Risks related to a specific issue of Notes

Floating Rate Notes

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

An investment in Floating Rate Notes comprises (i) a reference rate and, if applicable, (ii) a margin to be added or subtracted, as applicable, to such reference rate. In general, the relevant margin will not change over the term of the Note, but there will be a periodic adjustment (as specified in the applicable Pricing Supplement) of the reference rate (for example, every three (3) or six (6) months) which will change depending on the general market conditions.

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.

Fixed Rate Notes

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

Fixed to Floating/Floating to Fixed Rate Notes

Fixed to Floating Rate Notes have an interest rate which, automatically or following a decision by the Issuer on a date set out in the Pricing Supplement, may change from a fixed rate to a floating rate or from a floating rate to a fixed rate. The conversion (be it automatic or optional) may affect the secondary market in the Notes to the extent that it may lead to a fall in overall borrowing costs. If a fixed rate is converted into a floating rate, the margin between the fixed rate and the floating rate may be less favourable than margins on comparable Floating Rate Notes with the same benchmark rate. In addition, the new floating rate may be lower at any time than the interest rates on its other Notes. If a floating rate is converted into a fixed rate, the fixed rate may be lower than the applicable rates on its other Notes.

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

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

The regulation and reform of "benchmarks" may adversely affect the value of the Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be Benchmarks, (including EURIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such Benchmarks to perform differently than in the past, to disappear entirely, to be subject to revised calculation methods, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Floating Rate Notes linked to or referencing such a Benchmark. Regulation (EU) 2016/1011 (as amended, the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and applies since 1st January 2018. The Benchmarks Regulation applies to the provision of Benchmarks, the contribution of input data to a Benchmark and the use of a Benchmark within the European Union. It could have a material impact on any Floating Rate Notes linked to or referencing a Benchmark, in particular in any of the following circumstances:

- if an index which is a Benchmark could not be used by a supervised entity in certain ways if its administrator does not obtain authorisation or registration or, if based in a non-EU jurisdiction, the administrator is not recognised as equivalent or recognised or endorsed and the transitional provisions do not apply; and

- the methodology or other terms of the Benchmark could be changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing or increasing the rate or level or otherwise affecting the volatility of the published rate or the level of the Benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of Benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the following effects on certain Benchmarks (including EURIBOR): (i) discourage market participants from continuing to administer or contribute to the Benchmark; (ii) trigger changes in the rules or methodologies used in the Benchmark or (iii) lead to the disappearance of the Benchmark. Any of the above changes or any other subsequent changes, following international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Floating Rate Notes linked to or referencing a Benchmark.

Investors should be aware that, if a Benchmark were discontinued or otherwise unavailable, the rate of interest on Notes which are linked to or which reference such Benchmark will be determined for the relevant period by the fall-back provisions applicable to such Notes (if a Benchmark Event occurs, a specific fall-back provision will apply - please refer to the risk factor entitled "*The occurrence of a Benchmark Event could have a material adverse effect on the value of and return on any such Notes linked to or referencing such Benchmarks"* below). Depending on the manner in which a Benchmark is to be determined under the Terms and Conditions, this may in certain circumstances (i) if FBF Determination applies, involve the application of a retrospective, risk-free overnight rate, whereas the benchmark is expressed on a forward-looking basis which includes an element of inter-bank loan related-risk or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when the Benchmark was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Notes linked to or referencing a Benchmark.

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

The existing provisions of the Benchmarks Regulation have once again been amended by Regulation (EU) 2021/168 of the European Parliament and of the Council dated 10 February 2021 which introduces a harmonised approach to deal with the disappearance or abandonment of certain benchmarks by conferring on the European Commission the power to nominate replacement benchmarks through regulation, such replacement being restricted to financial contracts and instruments. These measures may have a negative impact on the value or liquidity or return on Notes linked or making reference to a “benchmark” if the fallback provisions in the Terms of the Notes are not considered to be appropriate. Furthermore, transitional measures applicable to benchmarks administered in third countries have been extended until the end of 2023, and the European Commission has the option of extending them until the end of 2025, if necessary.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Floating Rate Notes linked to or referencing a Benchmark.

The occurrence of a Benchmark Event could have a material adverse effect on the value of and return on any such Notes linked to or referencing such Benchmarks

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a Benchmark Event occurs, including if an inter-bank offered rate (such as EURIBOR) or other relevant reference rate, and/or any page on which such Benchmark may be published, becomes unavailable, or if the Issuer, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Pricing Supplement) are no longer permitted lawfully to calculate interest on any Notes by reference to such Benchmark under the Benchmarks 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, 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 reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant Benchmark), and may include amendments to the Terms 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 Independent Adviser has been appointed and no Successor Rate or Alternative Rate (as applicable) is determined, other fallbacks rules may be used, which consist in the rate of interest for such Interest Period to be based on the rate which applied for the immediately preceding Interest Period, as set out in the risk factor above entitled "*The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks*"".

In addition, 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.

Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have a material 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 also have discretion to adjust the relevant Successor Rate or Alternative Rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholders, any such adjustment will be favourable to each Noteholder.

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

GENERAL DESCRIPTION OF THE PROGRAMME

The following general description must be read with all the information setup in this Offering Circular. The Notes shall be issued pursuant to the terms agreed between the Issuer and the relevant Dealer(s) and, unless specified otherwise in the relevant Pricing Supplement, the Notes shall be governed by the Terms and Conditions specified in pages 30 to 60 of the 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:	Département des Bouches-du-Rhône
Description of the Programme:	Euro Medium Term Note Programme (the **Programme**).
	The Notes will constitute obligations pursuant to French Law.
Arranger:	HSBC Continental Europe
Dealers:	Crédit Agricole Corporate and Investment Bank
	Crédit Mutuel Arkéa
	Deutsche Bank Aktiengesellschaft
	HSBC Continental Europe
	Natixis
	Société Générale
	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:	BNP Paribas
Calculation Agent:	Unless otherwise stipulated in the applicable Pricing Supplement, BNP Paribas.
Maximum Amount of the Programme:	The aggregate nominal amount of the Notes outstanding shall not, at any time, exceed euros 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 up in the applicable pricing supplement (the **Pricing Supplement**) supplementing this Offering Circular.
Maturities:	Subject to compliance with all applicable legislations, regulations and directives, the Notes shall have a minimum maturity of one month and a maximum maturity of 30 years from the initial issue date as specified in the applicable Pricing Supplement.
Currency:	Subject to compliance with all applicable legislations, regulations and directives, the 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)**). The Dematerialised Notes shall be issued in one Specified Denomination only. Notes admitted to trading on a Regulated Market shall have a unique denomination greater than or equal to euros 100,000 or to any other greater amount which could be authorised or required by the relevant competent authority or by any legislation or regulation applicable to the Specified Currency. Dematerialised Notes shall be issued in a single denomination.
Status of the Notes and negative pledge:	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 *pari passu* amongst themselves and (subject to mandatory exceptions under French Law) *pari passu* with any other present or future, non-subordinated and non-guaranteed obligation of the Issuer. As long as the Notes or, if any, Receipts or Coupons linked to the Notes will remain outstanding (as defined in the Terms), 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 *pari passu* security interest.
Events of Default:	The terms and conditions of the Notes set up 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.
Optional Redemption:	The Pricing Supplement prepared for each issue of Notes will indicate if whether or not they may be redeemed at the option of the Issuer (as a whole or in part) and/or at the option of the Noteholders before their expected maturity date, and if they may be, the terms applicable to such redemption.

Redemption in Instalments:	The Pricing Supplement relating to Notes redeemable in two or several instalments shall specify the dates on which such Notes may be redeemed and the amounts to be redeemed.
Early Redemption:	Subject to 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. 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 or deduction with respect to any taxes or duties whatsoever, present or future, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holders of Notes, Receipts and Coupons receive the full amount that would have been payable in the absence of such withholding or deduction; subject to certain exceptions described further in section "Terms and Conditions of the Notes - Taxation" of this Offering Circular.
Interest Periods and Rates:	For each Series, the duration of interest periods of the Notes, the applicable interest rate and its calculation method may vary or stay the same, as the case may be. The Notes may have a maximum interest rate (a **Maximum Interest Rate**), a minimum interest rate (a **Minimum Interest Rate**) or both at the same time, it being specified that (i) in no case shall the amount of interest payable for each Note be less than zero and (ii) unless a higher Minimum Interest Rate is provided in the relevant Pricing Supplement, the Minimum Interest Rate shall be equal to 0. 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 as Accrual Interest Periods). All this information will figure in the applicable Pricing Supplement.
Fixed Rate Notes:	Fixed interest will be payable in arrear at the date(s) for each period indicated in the applicable Pricing Supplement.
Floating Rate Notes:	Floating Rate Notes will bear interest at the determined rate for each Series as follows: (a) on the same basis as the floating rate indicated in the relevant Pricing Supplement applicable 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 EURIBOR (or TIBEUR in French) or to any successor or alternative, in each case adjusted in accordance with the Terms and Conditions of the Notes, or to TEC10, or

(c) in the event of cessation of the benchmark, by reference to the successor rate or alternative rate determined by the Independent Adviser appointed by the Issuer, 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.

Benchmark discontinuation: If a Benchmark Event occurs such that any interest rate 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. See Article 4.3(c)(iii) of the Terms of the Notes "Discontinuation of the Benchmark" for further details.

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

Zero Coupon Notes: Zero Coupon Notes may be issued at par or below par and will not pay interest.

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

Dematerialised Notes may 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 (*lettre comptable*) (in the case of a syndicated issue) or admission form relating to each Tranche of Dematerialised Notes shall be delivered to Euroclear France, acting as central depositary, 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 depositary 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**) and/or on a non-regulated market which may be indicated on the applicable Pricing Supplement. The applicable Pricing Supplement may specify that a Series of Notes shall not be admitted to trading.
Rating:	The Programme has been granted an AA- rating by Fitch Ratings Ireland 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. At the date of the Offering Circular, Fitch is established in the European Union and registered pursuant to Regulation (EC) No. 1060/2009 of the European Parliament and the Council dated 16 September 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 (www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation.
Selling restrictions:	There are restrictions relating to the sale of Notes and the distribution of the offering materials in different jurisdictions. The Issuer is Category 1 for the purposes of Regulation S under the United States Securities Act of 1933, as amended. 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 provide 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.

The TEFRA rules do not apply to Dematerialised Notes.

DOCUMENTS INCORPORATED BY REFERENCE

I. This Offering Circular shall be read and construed together with the sections of the documents listed in the table below which have previously been published on the Issuer's website (https://www.departement13.fr/le-13/linstitution/le-budget/lemprunt-obligataire/). The sections of these documents are incorporated into, and deemed to form an integral part of, this Offering Circular.

Documents	Sections incorporated by reference
Base Prospectus dated 15 October 2013 which has received the Autorité des Marchés Financiers' (AMF) visa no. 13-550 dated 15 October 2013.	"Terms and Conditions of the Notes" pages 24 to 47 (the **2013 Terms and Conditions of the Notes**)
Base Prospectus dated 23 September 2014 which has received AMF visa no. 14-513 dated 23 September 2014.	"Terms and Conditions of the Notes" pages 22 to 50 (the **2014 Terms and Conditions of the Notes**)
Base Prospectus dated 5 October 2015 which has received AMF visa no. 15-515 dated 5 October 2015.	"Terms and Conditions of the Notes" pages 23 to 51 (the **2015 Terms and Conditions of the Notes**)
Base Prospectus dated 25 November 2016 which has received AMF visa no. 16-551 dated 25 November 2016.	"Terms and Conditions of the Notes" pages 23 to 50 (the **2016 Terms and Conditions of the Notes**)
Base Prospectus dated 20 April 2018 which has received AMF visa no. 18-141 dated 20 April 2018.	"Terms and Conditions of the Notes" pages 24 to 51 (the **2018 Terms and Conditions of the Notes**)
Base Prospectus dated 1 April 2019 which has received AMF visa no. 19-123 dated 1 April 2019.	"Terms and Conditions of the Notes" pages 30 to 63 (the **2019 Terms and Conditions of the Notes**)
Offering Circular dated 15 September 2020	"Terms and Conditions of the Notes" pages 29 to 60 (the **2020 Terms and Conditions of the Notes**)
Offering Circular dated 7 October 2021	"Terms and Conditions of the Notes" pages 28 to 58 (the **2021 Terms and Conditions of the Notes**)

The 2013 Terms and Conditions of the Notes, the 2014 Terms and Conditions of the Notes, the 2015 Terms and Conditions of the Notes, the 2016 Terms and Conditions of the Notes, the 2018 Terms and Conditions of the Notes, the 2019 Terms and Conditions of the Notes, the 2020 Terms and Conditions of the Notes and the 2021 Terms and Conditions of the Notes are deemed to form an integral part of this Offering Circular for the requirements of the issuance of equivalents notes. The other parts of the base prospectus dated 15 October 2013, of the base prospectus dated 23 September 2014, of the base prospectus dated 5 October 2015, of the Base Prospectus dated 25 November 2016, of the Base Prospectus dated 20 April 2018, of the Base Prospectus dated 1 April 2019, of the offering circular dated 15 September 2020 and of the offering circular dated 7 October 2021 are not incorporated by reference.

Any statement contained in any 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 to the extent that a statement contained herein amends or supplements any such previous statement. Any statement so amended or replaced shall be deemed not to form an integral part of this Offering Circular unless it has been replaced or amended in accordance with the above provisions.

II. The following documents, which shall be published on the dedicated page of the Issuer's website (https://www.departement13.fr/le-13/linstitution/le-budget) after the date of this Offering Circular, shall be deemed to be incorporated by reference and to form an integral part thereof as from the date of their publication:

- the latest up-to-date version of the Issuer's administrative accounts; and

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

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

SUPPLEMENT TO THE OFFERING CIRCULAR

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

Any Offering Circular supplement shall be published on the dedicated page of the Issuer's website (https://www.departement13.fr/le-13/linstitution/le-budget/lemprunt-obligataire/).

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

The Notes are issued by the Département des Bouches-du-Rhône (the **Issuer** or the **Département des Bouches-du-Rhône**) in series (each a **Series**). The Notes shall be issued in accordance with the Terms and Conditions of this Offering Circular, as supplemented by the provisions of the relevant pricing supplement (the **Pricing Supplement**) supplementing this Offering Circular. The Notes of each Series are fungible. Each Series may be issued in tranches (each a **Tranche**). The terms and conditions of each Tranche shall be identical to the terms and conditions of the other Tranches of the same Series (other than the issue date, the issue price, the first interest payment and the nominal amount of the Tranche) and shall be set forth in the relevant Pricing Supplement. A fiscal agency agreement (as amended and supplemented, the **Fiscal Agency Agreement**) relating to the Notes was entered into on 11 October 2022 between the Issuer, BNP Paribas 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 Receipt Holders**.

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

Any reference below to **Article** 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 depositary) which shall credit the accounts of the Account Holders, or in registered form, and in such case either, at the option of the relevant Noteholder, in administered registered form (*au nominatif administré*), entered in the accounts of an Account Holder nominated by the relevant holder of the Notes, or in pure registered form (*au nominatif pur*), entered in an account maintained by the Issuer or any registration agent (specified in the applicable Pricing Supplement) acting on behalf of the Issuer (the **Registration Agent**).

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

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.

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 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(s)** 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 Article 6, (iii) those that are no longer valid or in respect of which the limitation period has expired, (iv) those that have been repurchased and cancelled in accordance with Article 5.8, (v) those that have been repurchased and retained in accordance with Article 5.7, (vi) in the case of Physical Notes, (A) all damaged or defaced Physical Notes that have been exchanged for replacement Physical Notes, (B) (for the sole purpose of determining the number of Physical Notes outstanding and without prejudice to their status for any other purpose) any allegedly lost, stolen or destroyed Physical Notes for which replacement Physical Notes have been issued and (C) any Temporary Global Certificate to the extent that it has been exchanged for one or more Physical Notes in accordance with its terms.

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 Article 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 Article, **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) 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 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 Prévue***) means, euro.

Specified Duration (***Durée Prévue***) means, with respect to any Floating Rate to be determined by Screen Rate Determination on any Coupon Determination Date, the period specified in the applicable Pricing Supplement, or if no period is specified, a period equal to the Interest Accrual Period, ignoring any adjustment pursuant to Article 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) or, if no currency is specified, generally in each of the specified Business Centres.

Margin (*Marge)* means, for any Interest Accrual Period, the percentage or the number for the relevant Interest Accrual Period, as indicated in the relevant 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:

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

otherwise:

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

where:

$D1(dd^1, mm^1, yy^1)$ is the commencement date of the period;

$D2(dd^2, mm^2, yy^2)$ 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:

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

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

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

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

Interest Period (***Période d'Intérêts***) 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), shall be the Euro-zone or, failing which, Paris.

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

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

Relevant Rate (***Taux de Référence***) means, subject to adjustment in accordance with Article 4.3(c)(iii) and following, 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.

4.2 Interest on Fixed Rate Notes

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

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

4.3 Interest on Floating Rate Notes

(a) **Interest Payment Dates**

Each Floating Rate Note shall bear interest calculated on its unredeemed nominal amount, as from the Interest Period Commencement Date, at an annual rate (expressed as a percentage) equal to the Interest Rate, payable in arrears 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. Notwithstanding the above, if the applicable Pricing Supplement specify that the Business Day Convention shall be applied on a "non-adjusted" basis, the Coupon Amount payable on any date shall not be affected by application of the relevant Business Day Convention.

(c) **Interest Rate for Floating Rate Notes**

The Interest Rate applicable to Floating Rate Notes for each Interest Accrual Period shall be determined in compliance with the provisions below relating to either FBF Determination or Screen Rate Determination, 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 0, "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 in the Specified Currency and incorporating the FBF Definitions and 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 0, "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 will be determined by linear interpolation in respect of an Interest Period, the Interest Rate applicable to such Interest Period will be calculated by the Calculation Agent by linear interpolation between two (2) rates based on the relevant Floating Rate, provided that the first interest rate corresponds to a maturity immediately inferior to the duration of the relevant Interest Period and the second rate corresponds to a maturity immediately superior to the same relevant Interest Period.

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

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

(A) if the primary source for the Floating Rate is a Screen Page, subject as provided below or (if applicable) Article 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 indicated in the applicable Pricing Supplement, decreased or increased, if appropriate (as indicated in the relevant Pricing Supplement), by the Margin;

(B) if the primary source for the Floating Rate is Reference Banks or if sub-paragraph (A)(I) above applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Coupon Determination Date or if sub-paragraph (A)(II) above applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the

Coupon Determination Date, the Interest Rate, subject as provided below, or subject (if applicable) to Article 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, decreased or increased, if appropriate (as indicated in the relevant Pricing Supplement), by the Margin; and

(C) if paragraph (B) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Interest Rate shall, subject as provided below, or subject (if applicable) to Article 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 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 (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 will be determined by linear interpolation in respect of an Interest Period, the Interest Rate applicable to this Interest Period will be calculated by the Calculation Agent by linear interpolation between two (2) interest rates based on the applicable Benchmark, where the first rate corresponds to a maturity immediately inferior to the duration of the relevant Interest Period and the second rate corresponds to a maturity immediately superior to the same Interest Period.

(D) When a Screen Rate Determination is indicated in the relevant 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:

TEC10 + Marge.

"**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.

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 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 Primary dealers (which are the market counterparties of choice for the Agency *France Trésor* and the *Caisse de la dette publique* for most of their activities on the markets, and which have the responsibility to participate in auctions, to invest Treasury issues and to maintain the liquidity of the secondary market), 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 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.*

(iii) **Benchmark discontinuation**

When Screen Rate Determination is specified in the applicable Pricing Supplement as the method for determining the Rate of Interest, and if a Benchmark Event occurs in relation to an Original Reference Rate at any time when the Terms and Conditions of any Notes provide for any remaining rate of interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the following provisions shall apply and shall prevail over other fallbacks specified in Condition 4.3(c)(ii).

(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 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 Rate of Interest 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 Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant 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 Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Article 4.3(c)(iii)).

(C) Adjustment Spread

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

The Issuer shall, after receiving such information from the Independent Adviser, notify the Fiscal Agent, the Calculation Agent, the Paying Agents, the Representative (if any) and, in accordance with Article 13, the Noteholders, promptly of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Article 4.3(c)(iii). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(F) Fallbacks

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the immediately following Interest Determination Date, no Independent Adviser has been appointed or no Successor Rate or Alternative Rate (as applicable) is determined pursuant to this provision, the Original Reference Rate will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided elsewhere in these Terms and Conditions will continue to apply to such determination.

In such circumstances, the Issuer will be entitled (but not obliged), at any time thereafter, to elect to re-apply the provisions of this Article 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 Article 4.3(c)(iii) (and, until such determination and notification (if any), the fallback provisions provided elsewhere in these Terms and Conditions including, for the avoidance of doubt, the other fallbacks specified in Article 4.3(c)(ii), will continue to apply in accordance with their terms.

(G) Definitions

In this Article 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 reasonably 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 provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;

b) in 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.

Alternative Rate means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Article 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 the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Notes;

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

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

b) 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 months prior to the date specified 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 months prior to the date specified in (i);

e) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months;

f) it has or will prior to the next Interest Determination Date, become unlawful for the Issuer, the party responsible for determining the Rate of Interest (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 Benchmarks Regulation (EU) 2016/1011, as amended, if applicable);

g) that a decision to withdraw the authorisation or registration pursuant to article 35 of the Benchmarks Regulation (Regulation (EU) 2016/1011 as amended) 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 the Original Reference Rate, in the opinion of the supervisor, is no longer representative of an underlying market or that its method of calculation has significantly changed.

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 Article 4.3(c)(iii)(A);

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

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; and

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

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 (from among the types of Floating Rate Notes mentioned in Article 4.3(c) above) (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 Option of Redemption at the discretion of the Issuer or, if so specified in the applicable Pricing Supplement, pursuant to Article 5.4 or in any other manner, and such Note is not redeemed on the due date, the amount due and payable prior to the Maturity Date shall be the Optional Redemption Amount or the Early Redemption Amount, as the case may be. As from the Maturity Date, the overdue principal of such Note shall bear interest at a rate *per annum* (expressed as a percentage) equal to the Amortisation Yield (as defined in Article 5.4(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 Article 4 up to the Relevant Date.

4.7 Margin, Rate Multipliers, Interest Rate, Instalment Amount, Minimum and Maximum Redemption Amounts 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, Instalment Amount or Redemption Amount is specified in the applicable Pricing Supplement, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be. it be specified that (i) in no case shall the interest amount payable for each Note be less than zero and (ii) unless a higher Minimum Interest Rate is provided in the applicable Pricing Supplement, the Minimum Interest Rate shall be 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 Margin or Rate Multiplier) 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 adjusted in accordance with the Margin or a Rate Multiplier as specified in Article 4.7 above). 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 Article 4.3(b), the Coupon Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

4.10 Calculation Agent and Reference Banks

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with at least one office in the Relevant Financial Centre and one or more Calculation Agents if so specified in the applicable Pricing Supplement and for so long as any Note is outstanding (as defined in Article 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 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 Article 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 Article 5, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the applicable Pricing 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 15 and not more than 30 days' irrevocable notice to the Noteholders in accordance with Article 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 Article.

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 the application of a *pool factor* (meaning a reduction of the nominal amount of such Dematerialised Notes pro rata the nominal amount redeemed).

5.4 Redemption at the option of the Noteholders

If Investor Put is specified in the applicable Pricing Supplement, the Issuer shall, at the request of the holder of any such Note and upon giving not less than 15 and not more than 30 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 Article 5.6 or 5.9 or upon it becoming due and payable as provided in Article 8, be the Amortised Face Amount (calculated as provided below) of 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 Article 5.6 or 5.9 or upon it becoming due and payable in accordance with Article 8, is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note, as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as if the reference therein to the date on which such Note becomes due and payable were a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (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 Article 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 Article 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 Article 5.6 or 5.9 or upon it becoming due and payable pursuant to Article 8, shall be equal to the Final Redemption Amount, unless otherwise specified in the applicable Pricing Supplement, or in the case of Notes governed by Article 5.2 above, at the unamortised face amount, in each case, plus all accrued interest (including, if applicable, any additional amounts) until the effective date of redemption.

5.6 Redemption for tax reasons

(a) If, at the time of any redemption of principal or payment of interest or other proceeds, the Issuer is obliged to pay additional amounts in accordance with Article 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 Article 14, at the earliest 45 days and at the latest 30 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, interest or other proceeds without withholding or deductions for French taxes.

(b) If, on the occasion of the next redemption of principal or 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 Article 7.2 below, the Issuer shall forthwith give notice of such fact to the Fiscal Agent. The Issuer shall, having given seven days' notice to the Noteholders in accordance with Article 14, redeem all, and not some only, of the Notes then outstanding at their Early Redemption Amount, together with all interest accrued up to the date fixed for redemption, on (i) the latest practicable Interest Payment Date on which the Issuer could make payment of the full amount due and payable on the Notes, Receipts or Coupons, provided that if the notice referred to above would expire after such Interest Payment Date, the date for redemption to the Noteholders shall be the later of (A) the latest practicable date on which the Issuer could make payment of the full amount then due and payable on the Notes, Receipts or Coupons and (B) 14 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 Article 5.8.

5.8 Cancellation

Notes purchased for cancellation in accordance with Article 5.7 above shall be cancelled, in the case of Dematerialised Notes, by transfer to an account pursuant to the rules and procedures of Euroclear France, and in the case of Materialised Notes, by delivery to the Fiscal Agent of the relevant Temporary Global Certificate or the Physical Notes in question, together with all 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 Article 14, at the earliest 45 days and at the latest 30 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 unmatured Coupons appertaining thereto (such expression including, for the purposes hereof, Coupons to be issued in exchange for matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of a partial payment, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the amount due. Any amount of principal so deducted shall be paid in the manner described above against surrender of the missing Coupon before the 1st January of the fourth year following the due date for payment of such amount, and not under any circumstances thereafter.

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

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

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

6.3 Payments subject to fiscal laws

All payments are subject to any applicable fiscal or other laws, regulations and directives and any other laws or regulations applicable to the Issuer or its representatives, but without prejudice to the provisions of Article 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 Article 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 Article 9).

6.6 Business Days for payment

If any date for payment in respect of any Note, Receipt or Coupon is not a business day (as defined below), the Noteholder, Receiptholder or Couponholder shall not be entitled to any interest or 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 Article 6, **Bank** means a bank established in a city in which banks have access to the TARGET system. In these Conditions, **TARGET System** means the Trans-European automated real-time gross settlement express transfer system (TARGET 2), or any successor system.

7. TAXATION

7.1 Withholding

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

7.2 Additional amounts

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

(a) **Other connection**: the holder of Notes, Receipts or Coupons, or any third party acting on his behalf, is liable to such taxes in France by reason of having some connection with France other than the mere holding of the Notes, Receipts or Coupons; or

(b) **More than 30 days have passed since the Relevant Date:** in the case of Materialised Notes, more than 30 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 30-day period.

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

8. EVENTS OF DEFAULT

If any of the following events occurs (each an **Event of Default**), (i) the Representative (as defined in Article 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 Article 10) to the Fiscal Agent with copy addressed to the Issuer, make the redemption immediately and automatically due and payable of all the Notes (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, 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 (including, if applicable, any additional amounts), 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 Article 7.2 "Taxation" above) unless it has been remedied to that default of payment within twenty (20) 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) days following on the receipt by the Issuer of a written notice of this failure;

(c) if the Issuer is not able to face its mandatory expenses as specified in Articles L.2321-1 *et seq*. of the CGCT or make a written statement recognising such inability;

(d) (i) is the Issuer do not redeem or pay, all or part of any amount payable for any existing or future financial debt at their expected or anticipated redemption or payment date and, as the case may be, after any grace period expressly specified by the contractual provisions of the indebtedness, but only if such financial debt is greater to euros fifty million (50,000,000) (or its equivalent in any other authorised currencies); or

(ii) if the Issuer do not pay, all or part of a (or several) guarantee(s) granted in respect of any financial indebtedness entered into by third parties, where such guarantee(s) fall(s) due and are duly called, but only if the amount of this or these guarantees is greater than euros fifty million (50,000,000) (or its equivalent in any other authorised currencies); or

(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.

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 no. 68-1250 of 31 December 1968).

10. REPRESENTATION OF NOTEHOLDERS

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**). The Masse shall be governed by the provisions of the French *Code de Commerce,* except articles L. 228-71 and R. 228-69 of the *Code de commerce,* as supplemented by this Article 10.

(a) Legal personality

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

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

(b) Representative

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 owed in relation to any successive Tranches of a Series of Notes.

In the event of death, dissolution, resignation or dismissal of a Representative, the alternate Representative shall replace him. In the event of death, dissolution, resignation or dismissal of the alternate Representative, such alternate Representative may be replaced another alternate Representative appointed by the Noteholders' General Meeting.

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 Collective Decision to the contrary), 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.

The Representative may not interfere in the management of the Issuer’s affairs.

(d) Collective Decisions

Collective Decisions are adopted at General Meetings (each a **General Meeting**) or by decision resulting from a written consultation (the **Written Decision**).

In accordance with article R.228-71 of the French *Code de Commerce*, each Noteholder shall claim the right to participate in the Collective Decisions by registering his Notes in his name, in the registered note accounts held by the Issuer, either in bearer note accounts held by an intermediary (if applicable) on the second (2nd) business day preceding the date of the Collective Decision at midnight, Paris time.

Collective Decisions shall be published in accordance with the provisions of Article 14.

The Issuer must keep a record of the Collective Decisions and must make it available, on request, to any subsequent Noteholder of Notes of that Series.

(e) General Meeting

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

Notice of the date, hour, place and agenda of the General Meeting shall be published as provided in Article 14 at least fifteen (15) calendar days prior to the date of the General Meeting on first convening and no less than five calendar days prior to the date of the General Meeting on second convening.

Each Noteholder has the right to participate in General Meetings in person, by proxy, by postal ballot by video conference or by any other means of telecommunication allowing participating Noteholders to 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.

(f) Quorum and majority

General Meetings may only deliberate validly on first convocation if the Noteholders present or represented hold at least one fifth of the nominal amount of Notes then outstanding. On second convening no quorum is required. Decisions at General Meetings shall be valid if taken by a simple majority of the votes cast by the Noteholders present or represented at such meeting.

Resolutions adopted by General Meetings shall be published in accordance with the provisions of Article 14.

(g) Written Decisions and Electronic Consent

On the initiative of the Issuer or the Representative, collective decisions may also be taken by Written Decision.

Such Written Decision must be signed by or on behalf of all the Noteholders holding at least ninety (90) per cent of the nominal amount of Notes in issue without having to comply with the formalities and deadlines stipulated in Article 10(e). Any Written Decision shall, in any event, have the same effect as a resolution passed at a

Noteholders' General Meeting. Such a decision may be recorded in a single document or in several documents, signed by or on behalf of one or more Noteholders and shall be published in accordance with Article 14.

Pursuant to article L.228-46-1 of the *Code de commerce*, approval of a Written Decision may be given by any means of electronic communication enabling the Noteholders to be identified (**Electronic Consent**).

(h) Information for Noteholders

Each Noteholder or its representative shall have the right, throughout the fifteen (15)-calendar day period preceding the holding of each General Meeting, 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.

(i) 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.

(j) Single Masse

The holders of Notes of the same Series (including Noteholders of any other Tranche consolidated in accordance with Article 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.

(k) Single Noteholder

For as long as the Notes are held by a single Noteholder, and in the absence of the appointment of a Representative, the relevant Noteholder will exercise all of the powers devolved to the *Masse* under the provisions of the *Code de Commerce*, as supplemented by this Article. The Issuer shall hold (or cause any authorised agent to hold) a record of the decisions adopted by the single Noteholder and shall make it available, on request, to any other Holder of Notes of the same Series. A representative shall be appointed by the Issuer as soon as the Notes of a Series are held by more than one Noteholder (except where a Representative has already been appointed in the Pricing Supplement of the relevant issue of Notes).

For the avoidance of doubt in this Article 10, the term "outstanding" shall not include the Notes purchased by the Issuer pursuant to Article 5.7 which are held 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 Business Day after posting or (b) at the option of the Issuer, if they are published on the website of any relevant regulatory authority, in one of the leading economic and financial daily newspapers with general circulation in Europe. So long as the Notes are admitted to trading on any regulated market and the applicable rules of such market so require, notices shall not be deemed to be valid unless published in an economic and financial daily newspaper with general circulation in the city(ies) in which the Notes are admitted to trading, which in the case of Euronext Paris is expected to be *Les Echos* and in any other manner required, as the case may be, under the applicable rules of such market.

14.2 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 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 Article.

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

14.5 Notices relating to Collective Decisions, in accordance with Article 10 and in accordance with articles R.228-79 and R.236-11 of the *Code de commerce*, shall be delivered to Euroclear France, Euroclear, Clearstream and to any other clearing system through which Notes are cleared from time to time. For the avoidance of doubt Articles 14.1, 14.2, 14.3 and 14.4 do 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 SA (**Clearstream**). Following deposit of such Temporary Global Certificate with a Common Depositary, Euroclear or Clearstream shall credit each subscriber with an amount in principal of Notes equal to the nominal amount so subscribed and paid for.

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

2. EXCHANGE

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

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

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

3. DELIVERY OF PHYSICAL NOTES

On or after the Exchange Date, the holder of a Temporary Global Certificate may surrender such Temporary Global Certificate to or to the order of the Fiscal Agent. The Issuer shall, in exchange for any Temporary Global Certificate, deliver or procure the delivery of an equal aggregate nominal amount of duly signed and authenticated Physical Notes. For the purposes of this Offering Circular, **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 40 calendar days after its issue date, provided however that, in the case of a further issue of Materialised Notes, to be consolidated with such previously mentioned Materialised Notes, issued prior to such day in accordance with Article 13, the Exchange Date may, at the option of the Issuer, be postponed until a date falling at least 40 calendar days after the issue date of such further Materialised Notes.

In the case of Materialised Notes with a minimum maturity of more than 365 calendar days (to which the TEFRA C Rules do not apply), the Temporary Global Certificate must include the following legend:

ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF 1986) WHO HOLDS THIS NOTE WILL BE SUBJECT TO RESTRICTIONS UNDER UNITED STATES FEDERAL INCOME TAX LAWS, INCLUDING THOSE PROVIDED UNDER SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.

DESCRIPTION OF THE ISSUER

1. GENERAL OVERVIEW

The Issuer is the Département des Bouches-du-Rhône (the **Département** or the **Bouches-du-Rhône**), a local authority. Its head office address is Hôtel du Département, 52, avenue de Saint-Just, 13256 Marseille Cedex 20, France.

The *Département* has a website that sets out details of it as an institution, its plans and policies as well as providing access (direct or via a link) to various tools for information and discussion ("www.department13.fr").

© *Provence Tourism.*

The Département des Bouches-du-Rhône lies in the heart of Provence; it is part of the Région Provence-Alpes-Côte d'Azur (**PACA**). It borders the *départements* Vaucluse to the north, Var to the east, the région Occitanie Pyrénées Méditerranée to the west and, to the south, a wide coastline opens up to the Mediterranean Sea. The *département's* landmass is made up of 49% natural spaces (forests and semi-natural environments, humid zones, open water), 35% farm land and 16% artificial areas (urban zones, industrial zones..)[1].

Two huge geological formations divide the *département*: limestone to the East, alluvial plain to the West.

The limestone section, between the *Etang de Berre* and the Var border, reveals major geological upthrust ("*pyrénéo-provençal upthrust*") and jutting out of the landscape are veritable mountains, if not by their absolute height, but rather their relative height, running east-west.

[1] Source: European Union, Corine Land Cover

© CD 13

From the *Etang de Berre* to the Rhône, the limestone ranges continue through the Alpilles, to the north, but elsewhere the wide plains dominate: muddy and still partly marshy in the Rhône delta (Camargue) or created by the outflow of stone and pebble debris laid down by the Durance (Crau).

It is an area of stark contrast, in which cohabit, to the west and north, mainly rural areas with an industrial and urban landscape in the south and east. This area of the Département is notably where its two largest towns are located (Marseille with 870,731 inhabitants and Aix-en-Provence with 145,133 inhabitants[2]), with the international Marseille-Provence airport, the arrival in the centre of Marseille of the Mediterranean TGV line which places the Département 3 hours from Paris, an international dimension port and the home of a large number of businesses in the secondary and tertiary sectors.

Marseille is the Département's principal town and the location of the région PACA's and the Bouches-du-Rhône's administrative head offices (*Préfecture*). The subsidiary offices (*sub-préfectures*) of the Département are located in the towns of Aix-en-Provence (second most populous town of the Département), Arles (50,454 inhabitants) and Istres (43,626 inhabitants)[3].

Population: With 2,043,110 inhabitants, the Département des Bouches-du-Rhône is the third largest département in France in terms of population, behind Paris and Nord[4].

In addition to the towns mentioned above, the Département has 10 other towns with more than 20,000 inhabitants: Martigues (48,574), Aubagne (47,535), Salon-de-Provence (45,386), La Ciotat (35,993), Vitrolles (33,333), Marignane (32,384), Miramas (26,428), Les Pennes-Mirabeau (21,623), Gardanne (21,521), Allauch (21,372) [5].

Surface area: 5,087 km².

Cantons: 29.

Number of communes: 119.

Principal town of the Département: Marseille.

Prefecture: Marseille.

Sub-prefectures: Aix-en-Provence, Arles, Istres.

[2] Source: INSEE. Population as at 1st January 2022. Population figures are municipal population, as defined by INSEE.
[3] Source: INSEE. Population as at 1st January 2022. Population figures are municipal population, as defined by INSEE.
[4] Source: INSEE. Population as at 1st January 2022. Population figures are municipal population, as defined by INSEE.
[5] Source: INSEE. Population as at 1st January 2022. Population figures are municipal population, as defined by INSEE.

Number of amenities available to the local population:

- 188 public and private schools under contract at the start of the 2022 school year. Of note is the *Cité Scolaire Internationale* project, an institution that brings together in one place a primary school, a middle school and a high school and with a focus on foreign language learning. Located on the perimeter of d'Euroméditerranée[6] in Marseille, this future institution should be open by the beginning of the school year in 2024;
- 514 early childhood structures, offering 18,263 places as of 1 January 2016 (crèches, nursery schools and kindergartens);
- at 31 December 2018, 331 establishments for the elderly (including home-based nursing care services) and 174 for disabled adults (including home care services) (source: STATISS 2019).
- the Département has 135 healthcare establishments (public and private), including two leading hospitals:
  - the *Assistance Publique des Hôpitaux de Marseille* (4 hospitals and 3400 beds) is the no. 3 French medical research centre. It is also the no. 1 employer in the region, with more than 12,000 employees and almost 2000 doctors;
  - the *Institut Paoli Calmettes* is a centre of excellence in oncology with 1,700 employees

Economy[7]:

- The Bouches-du-Rhône has 213,169 active enterprises and 226,089 establishments (commercial activities excluding agriculture) at 31/12/2019. In the first quarter of 2022, the number of salaried employees in the Bouches-du-Rhône was 866,700;
- a large number of business start-ups have been created in the Département: 44,409 in March 2022 (over one year) i.e. +19.2% and 41% of the business start-ups in the PACA region. The number of business start-ups has increased generally in France in 2021 (more than one million enterprises created in March 2022, +8.5% over one year). In the Bouches-du-Rhône, this recurring strength can be explained in particular by the presence of a large number of business support (incubator type) structures. The economic fabric is varied, comprising very small enterprises as well as major contractors (Airbus Helicopters, CMA CGM, ST Microelectronics, Arcelor…). The presence of these major groups (700) ensures a certain level of stability in times of crisis and supports the local economy in normal times;
- in the first quarter 2022, the number of salaried jobs in PACA was 1,974,600, and 866,700 in the Bouches-du-Rhône. These were mainly concentrated in the tertiary sector with 84% (52% for the commercial tertiary sector and 30% for the non-commercial tertiary sector). Industry accounts for around 10% of salaried jobs and construction, 6%[8];
- finally, the Bouches-du-Rhône accounts for 43.9% of total bank financing in Provence-Alpes-Côte d'Azur at 30 April 2022[9].

[6] Euroméditerranée is the largest urban renewal project for economic, social and cultural planning and development in Southern Europe. It is part of a 480-hectare area in the heart of the Marseilles metropolis, between the commercial port, the Vieux-Port and the TGV station. This project is classified as project of national interest (*Opération d'Intérêt National*).
[7] Source: INSEE. DREETS PACA 2021.
[8] Source: INSEE, 01/07/2022.
[9] Source: Banque de France, publication 23/06/2022.

Impact of the health crisis in the Bouches-du-Rhône:

The Bouches-du-Rhône endured the crisis in the same manner as the rest of France:

- sectors very severely affected, such as tourism and aerospace,
- facilities placed under great strain, such as the airport,
- but also remarkably agile businesses, both in terms of organisation and also output and consumption,
- and few business insolvencies, in particular due to State aid, although these were less numerous than anticipated (besides, no crisis in terms of debt repayment problems is now expected to arise).

Although the majority of salaried jobs were protected, the crisis had dramatic consequences for a large number of families, for students and for those already in precarious situations. The number of RSA recipients and the related benefits increased sharply and rapidly.

Whilst the scale and suddenness of the crisis left a mark, the recovery has also been rapid with the results already appearing in 2021, despite the still slightly chaotic nature of this year (new, although less strict, lockdowns).

Unemployment in the Bouches-du-Rhône decreased from 9.4% in the first quarter 2021 to 8.7% in the first quarter 2022, a fall of 0.7 points (PACA: 8.2%, which is a fall of 1 point. France excluding Mayotte: 7.3%, a fall of 0.8 points).[10]

From the first quarter 2021 to the first quarter 2022, again in the Bouches-du-Rhône, the number of salaried jobs increased from 837,600 to 866,700, an increase of 3.5%. In PACA, the increase was 3.9% and in France, 2.9%.[11]

The number of temporary jobs increased from 25,500 in the first quarter 2021 to 27,700 in the first quarter 2022, an increase of 8.8%. In PACA, the increase was 7.2% and in France the increase over the same period was 7.8%.[12]

For their part, the number of jobseekers decreased from 206,470 to 192,850, which is a fall of -6.6% (-8.3% for PACA and -8.2% for France as a whole).[13]

In PACA, the recruitment outlook in 2022 is positive with 291,000 jobs announced (it is the 4th French region in terms of labour force requirements behind Ile-de-France, the Auvergne Rhône Alpes and Nouvelle Aquitaine).[14]

Most of these labour requirements (39%) were in the Bouches-du-Rhône, particularly in the hotel/restaurant, leisure, personal services, health and social welfare sectors. Labour requirements were also felt in the agriculture and agri-food sectors (intended recruitment of 30,600 in PACA), in public works and construction and in industry, again for the most part in the Bouches-du-Rhône. The majority related to long-term posts although in under-pressure sectors. This is a real challenge both for businesses and the public authorities (pay reviews, career development training, ease of travel, availability of sufficient affordable housing).[15]

Business start-ups in the Bouches-du-Rhône increased from 37,256 to 44,409 between the first quarter 2021 and the first quarter 2022, or +19.2% (+16.6% in PACA and +8.5% in France). Whereas the longevity of these businesses has yet to be seen, their number nevertheless reflects a healthy confidence and dynamism.[16]

[10] Source: Insee, July 2022.
[11] Source: Insee, July 2022.
[12] Source: Insee, July 2022.
[13] Source: Insee, July 2022.
[14] Source: *Pôle emploi*, labour requirements survey, April 2022.
[15] Source: *Pôle emploi*, labour requirements survey, April 2022.
[16] Source: INSEE, economic dashboard PACA, July 2022.

Business failures were also up, increasing from 1,141 in the first quarter 2021 to 1,427 in the first quarter 2022 (+25.1%), a rate greater than observed in PACA (+11.3% and in France, +7.4%) although consistent with the growth in start-ups[17].

Business insolvencies were on the increase in France during the first quarter (10,000 or +35%. Source: Cabinet ALTARES). However, they were less numerous than before the crisis, with the economic and industrial fabric holding up fairly well (resilience plan, rebuilding of cash assets after the crisis). In France, on a 12 month sliding scale, the number of business insolvencies should be 31,000 compared to 52,000 in 2019.

As regards active solidarity revenue (RSA), the recovery was reflected in concrete terms with the number of recipients in May 2022 below pre-crisis levels. There were 69,549 in May 2022 compared to 76,069 in March 2020.[18]

Impact of the war in Ukraine on the Bouches-du-Rhône:

Over and above its human consequences, the war in Ukraine has rapidly caused problems in terms of inflation, rocketing prices for energy and certain raw materials, with some even totally unavailable: continuing interest rate rises, increasing expenditure on utilities, cost increases for certain works, potential worksite slowdowns. Food is also a sensitive issue with the potential for civil unrest in certain countries, the impact of which would be felt around the world.

These are challenges faced not only by the people but also by the local economic fabric, which moreover must be careful not to violate the sanctions imposed upon Russia. At this stage, there are no business sectors or businesses in real peril as a result of the war. In May 2022, the Banque de France[19] indicated that the regional economy was growing overall, with no significant change expected for the month of June. So far the effects on production are limited (no stoppages observed) but remain under a watchful eye. Margins and sale price increases are also being monitored closely with the prospect of increased demand.

Industrial enterprises have been very rapidly reviewing their sources of supply and storage capacity for materials. Furthermore, international businesses generally incorporate geopolitical risk into their strategies.

This is true of Airbus Helicopters where titanium supplies (Russia produces 25% of global titanium supply) are assured in the short and medium-term and thereafter, plans to diversify will accelerate.[20]

Arcelor Mittal produces 4 million tonnes of steel per year. However, less than 10% of their iron ore comes from Russia and Ukraine, and it is also extracted from the steelmaker’s own mines. Arcelor Mittal had in principle built up sufficient stocks, and will henceforth diversify its sources of supply. In terms of sales, Russia is not crucial as a customer.[21]

The microelectronics sector could suffer from shortages in elements such as palladium or neon gas (necessary for etching semiconductor printed circuit boards), of which Ukraine supplies 70% of global production (its two main companies ceased operating when the invasion began). However, ST Microelectronics, a major player in the territory, has diverse sources of supply and has not, at this stage, encountered any supply chain problems. More generally, global semiconductor manufacturers had already begun to diversify their supply sources as early as 2014 when Crimea was annexed.[22]

[17] Source: INSEE, economic dashboard PACA, July 2022
[18] Source: Integration Division, Département des Bouches-du-Rhône, 06/2022
[19] Note "regional trends", May 2022
[20] Source: La Provence, 31/03/2022
[21] Source: La Provence, 31/03/2022
[22] Source: The new factory, March 2022 – Futuratech, February 2022

The food (and restaurant) industries may be impacted by the halting of imports of seed oils (sunflower) and related seeds from Ukraine. The use of other oils (rapeseed) is under consideration.

Maritime traffic (containers) to or from Russia has stopped, or become complicated, due to the necessary goods checks. However, this affects 80 containers/month.

Finally, the ITER (*International Thermonuclear Experimental Reactor*) project involves Russia (9.1%), which is due to deliver one of the components used for plasma containment. However, this component is not due to be assembled for another two years. In the worst-case scenario, European industry could, although with the inconvenience of delay, supply this component.

More generally, the resilience plan put in place by the Government (4 Bn€ for businesses) includes targeted support for the agriculture, public works and construction and aviation sectors. Without offering a long-term solution, this should nevertheless help them overcome a difficult period or adapt as best they can.

2. LEGAL AND ORGANISATIONAL STRUCTURE OF THE DEPARTEMENT

2.1 A local authority the result of decentralisation but which has developed considerably since

Like the vast majority of French départements, the history of the Département des Bouches-du-Rhône forms part of a process of decentralisation under which areas, previously governed by the central powers of the State, gradually became self-governed by locally elected authorities.

The existence of départements was first recognised in 1790 (territorial division of France into 83 entities) out of a desire to redemarcate the French "kingdom". Against this background, the départements became the representation of the State at local level around the country.

The *Préfet*, the State's representative, guaranteed implementation of its policies locally (the "sole and indivisible" Republic). At that time, the powers of départements and communes were very limited. The *préfet* held the executive power in the département. Up until 1982, he exercised very tight control, supervision ("*tutelle*"), over the acts of local authorities.

In the 1980s, the great decentralisation laws (introduced by the minister, who is originally from the Département and a former Mayor of the City of Marseille, Mr Gaston Defferre) sparked a new boom for départements by introducing two major changes in their administration. Thus, **the law of 2nd March 1982**, seen as Act I of the decentralisation process, brought two decisive changes to départements:

(a) abolition of *a priori* administrative supervision by the *Préfet*, replaced by a system of *a posteriori* control of legality, the *Préfet* remaining the representative of the State in the Département;

(b) transfer of the executive power in the Département from the *Préfet* to the President of the general Council, elected by a council which itself is elected by direct suffrage of the *Département*'s inhabitants.

Today, the *Département*'s status is governed by the provisions of the French Constitution (article 72 of the Constitution of 4 October 1958 under the principle of free local authority administration), and laws and regulations codified in the local authorities general Code (**CGCT**).

Under the so-called "Defferre" law, **the laws of 7 January and 22 July 1983**, powers were shared between the State and local authorities (*communes*, Départements and *régions*) and a transfer of funding began to enable such powers to be exercised (global operating, equipment, and decentralisation endowments) including social welfare action with mandatory welfare benefits (for the elderly or disabled, persons living precariously …) or the construction and maintenance of schools in the *Département*.

<u>Act II of the decentralisation process</u>: since 2003, the government has adopted several laws which form “Act II” of the decentralisation process.

First, the constitutional amendment of 28 March 2003 on structural decentralisation of the French Republic extends local authorities’ responsibilities.

The law relating to local freedoms and responsibilities of 13th August 2004 represents the last legislative stage of this new “Act” of decentralisation policy. This law lists all of the new powers transferred by the State to local authorities and in particular to Départements (in 2005: income support (RMI, henceforth known as the “**RSA**”), transfer of school technical staff or maintenance of sections of the national road network; in 2007: 358 km of national main roads are reclassified as “departmental” roads in the Bouches-du-Rhône and responsibility for upkeep of the network and management of its personnel are also transferred to it). At the same time, it lays down the financial compensation principles for the various transfers of powers and organises the transfer of personnel from the State to local authorities, the guarantees to be offered to transferred civil servants and also the inter-communal organisational and operational arrangements. Transfers of powers, transfer of personnel and allocation of funding take place gradually as from 1st January 2005.

Following the departmental elections on 22 and 29 March 2015, the articles of law no. 2013-403 of 17 May 2013[23] relating to Département*s* entered into force. Henceforth, general Councils have become departmental Councils. In parallel, the renewal of the Council, which used to relate to half the Council every three years, will from now on relate to the whole Council every six years. Binominal voting to ensure gender parity has been introduced. As a result, following the 2015 elections, departmental Councils comprise 50 % women for the first time. In order to achieve this, the number of cantons in which departmental councillors are elected equals, for each Département, half the number of cantons that existed on 1 January 2013, rounded up to the next odd whole number, if the number is not a whole odd number.

Legislative reforms concerning administrative streamlining and the creation of major metropoles led to the adoption of the law for the modernisation of local authority public action and affirmation of metropoles (the **MAPTAM law**) and of the law on redefining regional boundaries and changing the electoral calendar approved respectively in January 2014 and January 2015. Law no. 2015-991 of 7 August 2015 on the new territorial structure of the Republic (the **NOTRe law**) provides for a new local authority structural reorganisation.

The aim of the MAPTAM law is to clarify local authority powers by establishing a local authority public action summit (CTAP). In this context, this law creates around 10 metropoles including that of Aix-Marseille-Provence which includes part of the territory of the Département Bouches-du-Rhône.

The law on redefining regional boundaries and changing the electoral calendar does not directly affect the Département des Bouches-du-Rhône, but does include the provisions relating to the replacement of departmental councillors.

[23] Law no. 2013-403 of 17 May 2013 relating to the election of departmental councillors, municipal councillors and community councillors, and amending the electoral calendar.

The NOTRe law aims to reallocate powers between the various local authority levels. In this context, départements lose the general powers clause and have to shift their focus to local and human social welfare powers. As such, they retain the power to manage secondary schools, roads and social work. Moreover, should they wish to, départements can choose to retain control over sea and waterway ports, while school transport, which falls under the remit of the *régions*, may be delegated to the départements. Tourism will continue to be the shared responsibility of the local authorities, as will culture, sport and the promotion of regional languages.

Law 2017-257 of 28 February 2017 on the status of Paris and its urban development specifies in article 79: "*The Government shall submit to the Parliament, before 1 September 2017, a report concerning the potential merger of the departmental council of Bouches-du-Rhône with the metropolis of Aix-Marseille-Provence. This report aims to study the consequences of the institutional merger between these two entities and its feasibility before the deadline of the next local government elections*." The publication of this report did not lead to any concrete measures or announcements.

Furthermore, the Senate laws committee launched an enquiry on the functioning of the métropoles of Lyon and Aix-Marseille. With regard more specifically to Aix-Marseille, the report should inform the examination in particular of the institutional organisation, and scope, of métropoles. The issue of merging département and métropole powers will also be discussed. There is much work to be done, especially if the 2026 municipal elections are the target date (prospect of métropole elections by direct universal suffrage).

As of the date of the Offering Circular, the métropole and associated communes and EPCI, are reorganising themselves in accordance with the provisions of the "3DS" law dated 21 February 2022. The *Chambre régionale des comptes* (**CRC**) will, before 1 September 2022, issue an opinion on the financial relationship between métropoles and member communes. A debate will be held on this opinion. For its part, the Government will before 31 December 2023 deliver to Parliament a report on these developments, including proposals to improve the functioning of métropoles, with regard in particular to their organisation, governance, scope and election arrangements.

On 17 March 2022, on a visit to Nice, President Macron stated that he was in favour of a merger between the Métropole de Nice and the Département des Alpes-Maritimes, with a view to simplification as part of a voluntary approach.

The topic of the Bouches-du-Rhône was not raised. The President of the Republic spoke about the functioning of the métropole when visiting Marseille in September and October 2021. He sought more clarity and efficiency in its relations with the communes, making State aid conditional on tangible progress being achieved in terms of organisation. However, the merger with the Département was not raised and the Métropole Aix-Marseille-Provence aspect of the "3DS" law which describes the reorganisation desired by the Government does not refer to it either.

The election of the departmental Council President, Martine VASSAL, as head of the Métropole since 20 September 2018 and her re-election as President of the Métropole on 9 July 2020, is on the other hand a fundamental factor for implementing concrete partnerships, rolling-out throughout the region the common objectives of the two authorities in terms of sustainable development, mobility and also eradicating sub-standard housing.

The so-called "3DS" law n°2022-217 dated 21 February 2022 on differentiation, decentralisation, deconcentration and introducing various measures to simplify public action, does not constitute a major upheaval but nevertheless certain points concerning départements deserve to be highlighted.

It offers the possibility of transferring national roads (including motorways) and a trial renationalisation of RSA as well as automatic welfare benefits. It also confers upon the president of the *conseil départemental* powers to coordinate inclusive housing and provides for children's institution directors to be transferred to the départements.

2.2 Specific institutional organisational and operational structure

(a) The governing assembly: the departmental Council of the Bouches-du-Rhône

The governing assembly meets, on the initiative of its President, at least once per quarter (Article L. 3121-9 of the CGCT), to vote on the most important decisions relating to the operation of the local authority.

It has 58 members elected by direct universal suffrage for a term of 6 years.

The President of the departmental Council is elected by absolute majority by the departmental councillors at the first meeting following the renewal of the departmental Council which must be represented by at least two thirds of its members.

As such, Mrs Martine Vassal was re-elected as President of the departmental Council following the meeting of the departmental Council on 1st July 2021.

Source: www.CD13.fr/le-13/linstitution/lassemblee-et-les-elus

<u>The standing Committee</u>

Under the regulations (articles L. 3122-4 and 5 of the CGCT), the standing committee of the departmental Council is composed of:

- the President of the departmental Council, automatic member,
- vice-presidents and one or more other members in such number as the governing Assembly may determine.

The standing Committee deliberates on all matters delegated to it by the departmental Council.

The standing Committee of the departmental Council comprises 58 departmental councillors including the President of the departmental Council (1 President, 15 vice-presidents and 42 members) and deliberates on more than 2,000 reports each year.

It sits, as often as required, when convened by the President of the departmental Council (almost every month in the case of the Département).

Unlike departmental Council meetings, standing Committee meetings are not held in public.

The standing Committee of the Bouches-du-Rhône departmental Council is split into four committees which prepare decisions for submission to a vote. These are organised around the following four major sectors: social needs and requirements, appeal and outreach, general administration and protection of local areas. The general administration committee deals with all matters concerning the internal operations of the Département. The other three committees reflect the Issuer's priorities.

(b) **The executive power: the President of the departmental Council and vice-presidents**

Head of the executive authority, the President is also head of local authority services personnel. He is tasked with leading the Assembly's work, preparing decisions and overseeing their implementation.

He delegates some of his powers to vice-presidents and delegates.

Vice-Presidents: 15

1st Vice-President	Danielle MILON, Responsible for Tourism
2nd Vice-President	Gérard GAZAY, Responsible for Economic development, Employment and Professional integration
3rd Vice-President	Valérie GUARINO, Responsible for Disabled persons and MDPH
4th Vice-President	Lucien LIMOUSIN, Responsible for Agriculture and Localities outside Métropole Aix-Marseille-Provence
5th Vice-President	Marie-Pierre CALLET, Responsible for Roads
6th Vice-President	Eric LE DISSES, Responsible for Ports, Airports and the Etang de Berre
7th Vice-President	Sabine BERNASCONI, Responsible for Integration and Employment
8th Vice-President	Lionel ROYER-PERREAUT, Responsible for International Relations and Marseille territorial outreach
9th Vice-President	Véronique MIQUELLY, Responsible for Human Resources and General Administration
10th Vice-President	Didier REAULT, Responsible for Agenda 2030, Nature-based solutions and Major risks
11th Vice-President	Laure-Agnès CARADEC, Responsible for Local planning and development, Structural amenities and Transport financing
12th Vice-President	Yves MORAINE, Responsible for Finance and Veterans

13th Vice-President	Nicole JOULIA, Responsible for Culture
14th Vice-President	Thierry SANTELLI, Responsible for Sport for all, Sport for the disabled, Health sport and Promoting female sport
15th Vice-President	Nora PREZIOSI, Responsible for Urban Policy and the New national urban renewal programme

Delegates (in addition to the Vice-Presidents): **26**

Martial ALVAREZ	Delegate for departmental solidarity centres (MDS) and public MDS policy
Agnès AMIEL	Delegate for mother and infant protection, and for families and children
Martine AMSELEM	Delegate for road safety
Julie ARIAS	Delegate for social centres and public service quality
Cyrille BLINT	Delegate for secularism and promotion of Republican values
Béatrice BONFILLON CHIAVASSA	Delegate for schools
Corinne CHABAUD	Delegate for public procurement and delegated public services
Frédéric COLLART	Delegate for the battle to defeat the health crisis, higher education and research, health and the Departmental Analysis Laboratory
Lionel DE CALA	Delegate for Not-for-Profit organisations
Alison DEVAUX	Delegate for youth
Judith DOSSEMONT	Delegate for housing policy and housing solidarity fund (FSL)
Hélène GENTE-CEAGLIO	Delegate for the battle against discrimination and violence against women and children
Jacky GERARD	Delegate for forests and estates of the Département
Patrick GHIGONETTO	Delegate for heritage, cultural property and heritage
Mandy GRAILLON	Delegate for security, prevention of delinquency and radicalisation, the requirement for trust and integrity, Provençale language and culture
Hervé GRANIER	Delegate for viticulture
Yannick GUERIN	Delegate for citizenship and the Provence Council

Richard MALLIE	Delegate for protection of forest massifs
Arnaud MERCIER	Delegate for management control, information systems and digital services
Jean-Marc PERRIN	Delegate for the Elderly and promoting palaeontology and archaeology in Provence
Henri PONS	Delegate for soft mobility
Marine PUSTORINO	Delegate for major events, high level sport, E-sport, the Olympic and Paralympic Games and their heritage
Denis ROSSI	Delegate for the poverty plan, charitable bodies and humanitarian interventions
Anne RUDISUHLI	Delegate for European affairs
Amapola VENTRON	Delegate for ecological transition and development of commercial forestry
Yves VIDAL	Delegate for hunting and fishing

Finally, the President of the departmental Council has direct powers, which he exercises by issuing decisions (*arrêtés*), and powers delegated to him by the departmental Council, such as:

- direct powers: originator of Departmental spending, personnel management (individual and Departmental administration), spokesperson of the State in the Département (in particular, with the *Préfet*, in social welfare action matters),
- delegated powers: decisions concerning public procurement, financial matters (contracting and managing borrowings and liquidity facilities within the maximum limits authorised by the departmental Council), right of first refusal in connection with asset disposals, power to bring legal proceedings in the name of the Département, decisions relating to the housing solidarity fund (financial aid, loans, debt waivers…).

(c) **Powers of the Département**

Article 72 of the Constitution of 4th October 1958 recognizes the Département as the regional local authority of the French Republic. As such, its role is to take decisions in all the areas of authority that have been devolved to it.

Furthermore, article L. 3211-1 of the CGCT provides that "*Through its deliberations, the departmental council governs the affairs of the department in the areas that the law attributes to it.*

It has authority to implement any aid or action related to the prevention or management of fragile situations, social development, childcare and autonomy of individuals. It has also authority to facilitate the access to rights and public services of which it is responsible.

It has the power to promote solidarity, territorial cohesion and access to local care across the department, respecting the integrity, autonomy and powers of the regions and communes.

It contributes to health security policy as required under article L. 201-10-1 of the rural and maritime fishing code.

The president of the departmental Council has power to coordinate the development of inclusive housing as defined in article L. 281-1 of the social action and families code, in particular by presiding the conference specified in article L. 233-3-1 of the same code, and adapting housing to the ageing population."

Moreover, article L. 1111-4, fourth sub-paragraph of the CGCT establishes the principle that "*communes, departments and regions give priority to financing projects within the areas of authority devolved upon them by law*".

Accordingly, improving the quality of life of Bouches-du-Rhône inhabitants, reducing injustice and inequality between generations and localities, promoting the development and outreach of the Département, all fall within the departmental Council's remit

To achieve this, and in strict compliance with the law, it has extended the attributions bestowed by law with voluntary departmental action promoting the return to work, the development and reinvigoration of the local area and access to services, with a constant desire to protect the environment and its resources.

The departmental Council also has an office in Brussels, whose aim is to boost the hunt for European partnerships and funding.

Solidarity

The Département is the local authority level most specifically responsible for social welfare. In this context, the law has conferred responsibilities on Départements in the areas of:

- children: mother and infant protection, child protection (foster placements, educational activities, unaccompanied minors), youth centres;

- the disabled: accommodation policy and social integration, disability living allowance (law of 11 February 2005), Departmental Centre for the Disabled;

- the elderly: establishment and management of retirement homes, policy for caring for the elderly at home or in care homes (individual independence allowance);

- social insertion: administering *revenu de solidarité active* (RSA) and integration initiatives; and

- social work: support to families and individuals in difficulty (emergency rescue, access to water and energy outside urban areas).

As part of, and in addition to, its responsibilities, the departmental Council of the Bouches-du-Rhône has decided to implement a public health programme through major new facilities (buildings or equipment). It has decided to focus on access to jobs for those receiving RSA and to leverage the impact of its mandatory powers by supporting cultural, sports and leisure initiatives for people returning to work, people with disabilities (in particular the Handiprovence plan), for the elderly and young people. It strengthens bonds and local access through the Maisons du Bel-Âge network. It also actively promotes the right to housing and strives to eradicate sub-standard housing and finances a "Women's Centre", an innovative organisation, modelled on the existing one in Seine-Saint-Denis, which addresses problems of violence as well as undertaking preventive and information initiatives. It looks after unaccompanied minors, in particular through special welcome centres. Finally, it has signed the poverty Plan which enhances and supplements all of its child protection and return-to-work actions.

Education

The law places on *départements* the responsibility for constructing, maintaining and equipping schools. In this regard, *départements* have managed technical, non-skilled and service personnel (**TOS**) since the law of 13 August 2004.

More generally, educational success is a priority for the departmental Council of the Bouches-du-Rhône. It has also resolved to actively promote knowledge acquisition initiatives, in particular by making digital tools more widely available within all secondary schools in the Département, providing practical support (return to school kit) and financial aid for cultural, educational and sporting initiatives for school children. This aim to provide the best possible environment and resources to secondary school pupils is set out in the Charlemagne plan. Adopted in 2017, it provides 2.5 billion Euros over 10 years for the design and implementation of the secondary schools of the future.

The departmental Council of the Bouches-du-Rhône also vigorously supports higher education and research projects, which generate innovation and development in the region.

Planning and development

The general action programme of the Département includes:

- Roads (development, management, maintenance, road traffic accident prevention), which was provided for in the MAPTAM and NOTRe laws, and then the 3DS law;

- Fishing ports and marinas;

- Rural equipment, land consolidation, property development, managing rural water in light of the priorities set by *communes*.

The departmental Council of the Bouches-du-Rhône deploys a very global and structural vision of this power which goes beyond planning in the strictest sense and instead focuses more widely on regional development and enhancement. Accordingly, it invests to protect and develop employment and businesses, but also to increase the attractiveness of the Département.

Thus, the Département facilitates the establishment of innovative businesses and the long-term success of major facilities or projects (EuroMediterranean, *Grand Port Maritime de Marseille*, ITER, the Henri Fabre hub, The Camp, the naval repair hub La Ciotat …)[24].

[24] EuroMediterranean is the largest urban regeneration and economic, social and cultural development project in Southern Europe. It spans an area of 480 hectares in the heart of the Marseille metropolis, between the commercial port, the Old Port and the TGV terminal. This project has been classified as a National Interest Project. Its extension includes plans for an additional 170 hectare development.
The *Grand Port Maritime de Marseille* plays a central role in the structure of the *Département*, and for this reason, the departmental Council has formed active partnerships through multi-year contracts. The challenge is to adapt its container ship capacity to the current expansion in container traffic, to support the Port in competing with the major European ports, to strengthen its twin role as a quadrimodal and industrial platform, whilst encouraging environmentally respectful practices and customs.
The ITER (International Thermonuclear Experimental Reactor) project is an international research project on thermonuclear fusion acknowledged as being the source for future energy. The idea: to reproduce the sun’s energy on Earth using thermonuclear fusion.

Finally, more widely, the departmental Council of the Bouches-du-Rhône is proposing financial aid to realise quality of life enhancing projects (nurseries, libraries,…) for all *communes* and inter-communal organisations within its geographical jurisdiction.

Culture

This power places départements under a responsibility for creating and managing lending libraries, archiving services and museums, if any, in the département.

More globally, the departmental Council of the Bouches-du-Rhône is a major participant in promoting and supporting cultural initiatives. The Département's museums host large scale events forging prestigious partnerships (with the Vatican, the Gehry Foundation or the Louvre for example). The Département also provides a free exhibition space in Aix-en-Provence, in association with renowned interlocutors such as the *Maison Européenne de la Photographie*, as well as an artists residence in Saint-Martin-de-Crau. In partnership with the Centre Pompidou, it has opened the *Consigne à Images*, a centre for initiation in the visual arts for 6-16 year-olds, in the old customs building of the Old-Port in Marseille. The Département promotes numerous initiatives emphasizing its heritage (Marseille Provence year of gastronomy); it supports structural and innovative projects such as the Artplexe complex located in Canabière and boosts local performing arts by supporting facilities such as the Friche de la Belle de Mai or the Gymnase theatre.

CD13 – MDAA

CD13 – Museon arlaten

Above and beyond its cultural powers, the departmental Council has decided to develop a more global responsibility in the area of sustainable development, to safeguard and promote its geographical assets through tourism, environmental conservation and participation in major events (world biodiversity congress organised in Marseille in 2021), in particular, and its support for not-for-profit organisations.

Local administration

The Département's various services are responsible for preparing and executing decisions taken by plenary Assemblies and standing committees.

At 1st January 2022, 7311 permanent staff are employed by the Département, of which 6241 incumbents, 427 trainees and 643 contracted agents. In addition to this staff, there were 79 non-permanent contractual staff, 106 temporary staff, 42 civic service volunteers, 41 apprentices and 20 staff on loan to the authority.

The executive management body (*Direction Générale des Services*) coordinates these services and oversees the operational implementation of the policy decisions of the local authority.

The departmental Council of the Bouches-du-Rhône organises an exercise in local democracy via the Provence general forum (*Etats Généraux de Provence*), a concerted action bringing all interested stakeholders together. Following the local elections (2015 and potentially 2021), its aim is to define public policies for priority implementation and to supplement the work of the Provence Council, which acts as a think tank for the Département.

At the same time, the Département is involved in partnership schemes (Planning Contract, Post-crisis recovery plan), which targets in particular:

- ecological and energy transition,
- multi-Moodle mobility,
- higher education, research and innovation,
- developing the uses of digital,
- sectors of the future (energy, health, logistics).

For nearly 20 years, and with a view to motivating its representatives, the departmental Council of the Bouches-du-Rhône has implemented a public services charter and has appointed an ethics consultant in accordance with the law dated 20 April 2016.

Finally, the Département has set up an "**ethics compliance**" unit. Attached to the legal, risk control and audit department, this unit is responsible for **drawing up and overseeing the programme for the prevention of breaches of ethical conduct** (establishing an anti-corruption framework, instilling a culture of transparency and ethical behaviour, deploying an internal control and ethical risks management mechanism).

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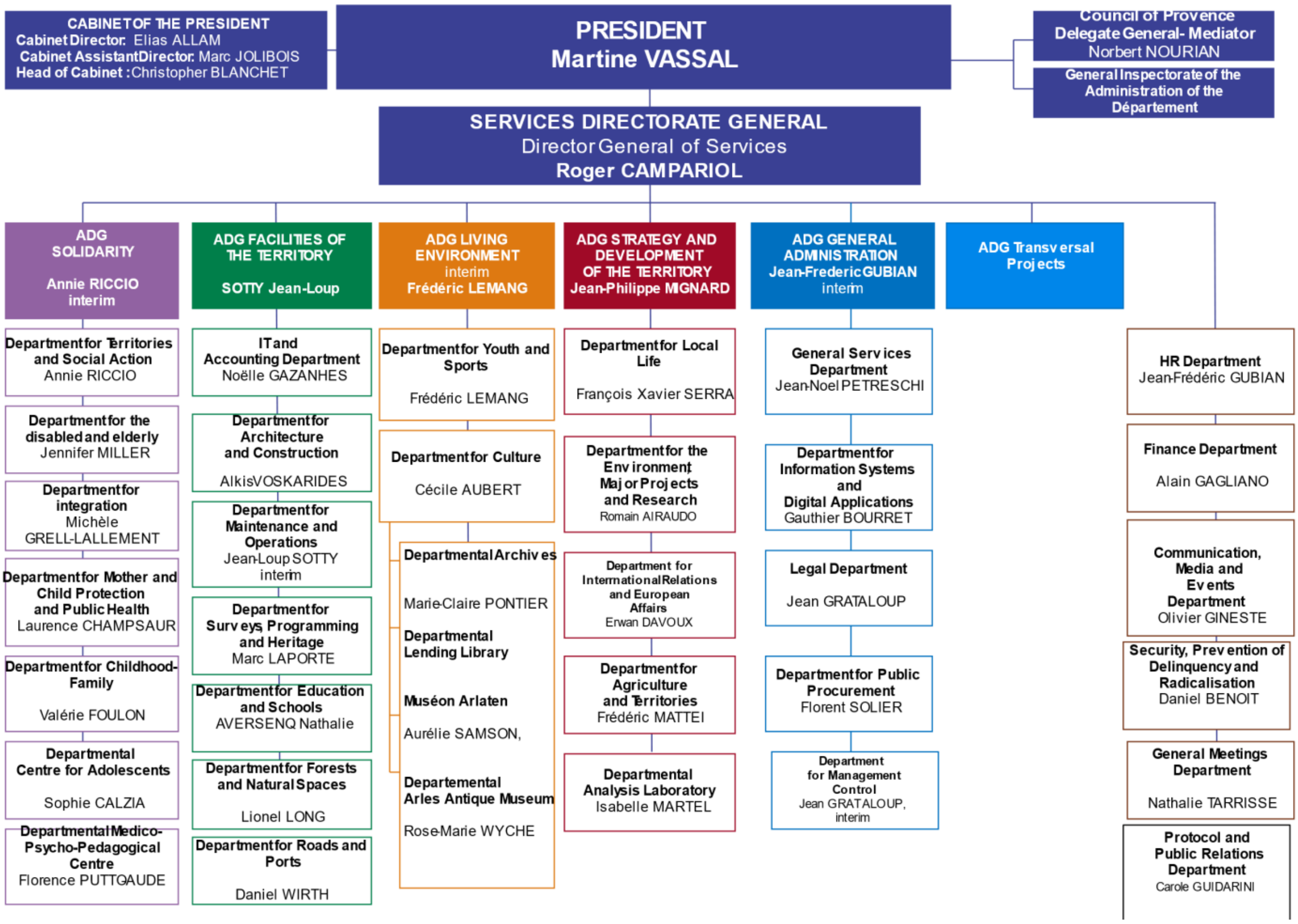
CABINET OF THE PRESIDENT
Cabinet Director: Elias ALLAM
Cabinet Assistant Director: Marc JOLIBOIS
Head of Cabinet : Christopher BLANCHET
PRESIDENT
Martine VASSAL
Council of Provence
Delegate General - Mediator
Norbert NOURIAN
General Inspectorate of the Administration of the Département
SERVICES DIRECTORATE GENERAL
Director General of Services
Roger CAMPARIOL
ADG SOLIDARITY
Annie RICCIO interim
ADG FACILITIES OF THE TERRITORY
SOTTY Jean-Loup
ADG LIVING ENVIRONMENT
interim
Frédéric LEMANG
ADG STRATEGY AND DEVELOPMENT OF THE TERRITORY
Jean-Philippe MIGNARD
ADG GENERAL ADMINISTRATION
Jean-Frederic GUBIAN
interim
ADG Transversal Projects
Department for Territories and Social Action
Annie RICCIO
Department for the disabled and elderly
Jennifer MILLER
Department for integration
Michèle GRELL-LALLEMENT
Department for Mother and Child Protection and Public Health
Laurence CHAMPSAUR
Department for Childhood-Family
Valérie FOULON
Departmental Centre for Adolescents
Sophie CALZIA
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Florence PUTTGAUDE
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Noëlle GAZANHES
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Frédéric LEMANG
Department for Culture
Cécile AUBERT
Departmental Archives
Marie-Claire PONTIER
Departmental Lending Library
Muséon Arlaten
Aurélie SAMSON,
Departemental Arles Antique Museum
Rose-Marie WYCHE
Department for Local Life
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Romain AIRAUDO
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General Services Department
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Department for Information Systems and Digital Applications
Gauthier BOURRET
Legal Department
Jean GRATALOUP
Department for Public Procurement
Florent SOLIER
Department for Management Control
Jean GRATALOUP, interim
HR Department
Jean-Frédéric GUBIAN
Finance Department
Alain GAGLIANO
Communication, Media and Events Department
Olivier GINESTE
Security, Prevention of Delinquency and Radicalisation
Daniel BENOIT
General Meetings Department
Nathalie TARRISSE
Protocol and Public Relations Department
Carole GUIDARINI

3. THE BOUCHES-DU-RHÔNE: A PLACE OF INNOVATION AND PROGRESS

3.1 A privileged geographical location and high-quality airport, maritime port and rail services

Situated at the junction of the Mediterranean arc and the Rhône corridor, the Bouches-du-Rhône's surface area extends to 5,087 km² with 280 km of coastline. The territory is criss-crossed by 12,519 km of roads, 492 km of railways and sees heavy river and maritime activity (Rhône-Saône basin, Mediterranean coast).

The Département des Bouches-du-Rhône has excellent communications:

- It is crossed by strategic motorways: the A7 (which serves a North-South axis from Paris to Marseille via Lyon), the A8 (to the Côte d'Azur and Italy), the A54 (towards Montpellier and Spain), the A51 (towards the Alps), the L2 (Marseille city centre bypass, between the A50 and A7 motorways).

- It also has major infrastructure thanks in particular to the Mediterranean TGV, the international airport of Marseille-Provence, and an extensive coastline which opens up the port of Marseille to the major maritime routes.

A Département with a principally urban population, it is nonetheless characterised by a highly diverse landscape. Its natural spaces and agricultural land are carefully protected by public conservation and development policies.

© CD 13 – Ste Victoire

© CD13 – City of Marseille.

The facilities of the port of Marseille, **Grand Port Maritime de Marseille (GPMM)** bestride the seafront over 70Km of coastline, running East to West from Marseille to Fos-Sur-Mer and up to the Port-Saint-Louis-du-Rhône passing via Lavéra. Its activities cover not only passenger transport and cruise ships but also transport of goods and raw materials.

A global port of international scale, the GPMM serves 500 ports in 160 countries and has set itself the aim of becoming the bridge head of the Mediterranean-Rhône-Saône axis. With 41,500 direct and indirect jobs in 2021[25], the port remains a leading force for local development. It is a global port which has, in Fos-sur-Mer, a unique industrial-port zone of 10,400 hectares serving northern and southern Europe. Two logistics zones cover more than 3 million m² specialising in customs storage and distribution in Europe, by truck, train or river barge. In 2020, an industrial hub transforming raw materials by pyrolysis was established: Elyse Technologies plans to produce decarbonised hydrogen. Similarly, the Eranova industrial prover

[25] Source: GPMM

(conversion of algae into biosourced plastic) has been operational since February 2022 and the construction of a plaster manufacturing factory has been confirmed by the Knauf Group with an investment of 60M€.

The GPMM and the Asco Fields industrial park are both among the sites identified by the Government for the “Made in France” project, aimed at reviving the country’s industry (industrial site guaranteeing short and controlled time frames for the construction of new factories).

With regard to freight, the surrounding inland area extends principally through Provence and the Rhône valley, but also extends north thanks to a dense network of lines of communication enabling the port to confront its northern counterparts. Onshore connections are provided by the road and motorway network (A7 motorway), the railway lines of the right bank (exclusively freight) and left bank of the Rhône and by the Mediterranean TGV and also by the Rhône and Saône large capacity canal system and two oil pipelines (south-European and Mediterranean-Rhône) and gas pipelines.

The Port of Marseille Fos is also recognized as a smart port 2.0 having received the international Gold IT Award awarded by the IAPH (International Association of Ports and Harbors). A pioneer of supply chain management information systems, and the French no. 1 in community cargo management systems (**CCS**)[26], its efforts in deploying digital solutions are facilitating trade. Finally, it is committed to virtuous development with, for example, the electrification of the quayside in Marseille and welcoming activities that combine industrial innovation and energy transition in Fos. An industrial green hydrogen production facility is planned for the Caban zone, in Fos/mer (the 600MW project will be delivered in six stages, from 2026 to 2031).

The port is the sixth largest European port and the no. 1 in France in terms of cruise passenger numbers, providing an economic boost estimated at 375 M€/year[27]. Major efforts are being made to limit the nuisance associated with these operations (reduction of ship speeds, new fuels for manoeuvring or LNG, electrification of quaysides). However, further thought will be required in terms of sustainable tourism, which has now become a necessity.

Whilst GPMM’s activity has suffered as a result of the Covid-19 Crisis, with an overall drop in traffic of 12.7% in 2020, investment has continued to be made to the tune of 51 M€, of which 27 M€ was devoted to developing the port (rebuilding of the terminals with a new maritime station, electrical connections to vessels), and 324 M€ by 2024 are confirmed (“Green port to serve the blue economy” objective). For the record, the Monaco Marine group plans to invest 50 M€ (potentially 80 M€) to build the largest platform in Europe for maintaining and refitting mega yachts (which should be operational in 2022).

In 2021, the port posted a 9% growth in traffic and 11% in turnover. Nearly 1.5 million containers were handled and 1.2 million passengers welcomed. Although the results are down compared to 2019, the port reports that it has regained momentum. So far the war in Ukraine has had no direct impact.

[26] Source: CCIMP; L’Antenne; Wavestone website
[27] Source: L'Obs, 28/07/2022

© Destimed- GPMM ©Made in Marseille -GPMM

The Marseille-Provence International Airport has seen a constant increase in traffic brought about in particular by the arrival of low-cost airlines (**Marseille Provence 2** (**MP2**) is the first low-cost terminal in Europe). Located 20 minutes from the business districts of Marseille, it recorded 10.1 million passengers in 2019 (+8.1% compared to 2018) of which 62% were international travellers (6.3 million persons, + 11.1%). The airport launched a plan in 2015 to invest 500 M€ over 10 years. This includes the extension of Terminal 1 whose surface area will increase to 85,000 m². The airport hopes to be self-sufficient in energy by 2030.

Open 24/24, Marseille-Provence Airport (MPA) is also the leading French and west Mediterranean airport for express freight. The total freight carried in 2019 was 59,700 tonnes (+5.3% over one year)[28].

The airport was severely affected by the Covid-19 health crisis with passenger traffic falling by 65% during the first 6 months of 2020 and by 70% over the entire year. Freight traffic fell by 14% in 2020 (source: Airport).

In 2021, more than 4.6 million passengers were welcomed, together with 3 new airlines. The airport is the 2nd regional airport in terms of passenger traffic. It offers 110 destinations in 29 countries with 137 routes. It is home to 40 companies and 4,500 employees (including 360 for the airport alone).

RYANAIR offers more than 240 weekly flights during the summer of 2022, with an on-site fleet of five aircraft, consuming less fuel, emitting less CO2 and also quieter. Furthermore, CMA/CGM has taken a 9% stake in Air France-KLM and consolidated its airfreight hub project, now employing 22 cargo planes (10 operational and 12 on order) and commercialising the cargo holds of Air France-KLM's 160 long-haul aircraft, offering an agile logistics solution. Faced with a number of problems, particularly in terms of recruitment, the airline companies are nevertheless expecting the summer of 2022 to be more dynamic than anticipated (the recovery was not expected until 2023 or 2024).

©Marseilleaéroport –Marseille Provence Airport

[28] Source: AMP, *Air-journal* and *Journal des Entreprises*

The Département des Bouches-du-Rhône is characterized by **a dense rail network**: it has nearly 500 km of operational railway line (37% of the rail capacity in the Région PACA), compared to a département average of 309 km, both for goods and passenger transport. It also hosts the Mediterranean TGV line.

The **Mediterranean TGV**, with 15.5 million passengers per year, puts Marseille within three hours of the capital. As regards railway services and to meet travel needs along the coastline from Marseille to Italy, the *Département* is participating actively in discussions relating to the New Provence Côte d'Azur Line which will develop daily train services particularly around Marseille and reduce travel time between the major agglomerations of the Mediterranean coast. This project, confirmed by the investment programme presented to the infrastructure consultation committee in September 2018, includes the development of the St Charles railway station plateau in Marseille and the construction of an underground station.

With the Arles river port, a member of the Med-Link network, like GPMM, the Département has become **one of leading platforms for multi-modal transport air-rail-sea-river-road**. It is traversed by three freight euro-corridors: the North Sea-Mediterranean corridor (Marseille-Rotterdam), the Mediterranean corridor (Madrid-Budapest/Kiev), and finally the Marseille-Genoa corridor (since June 2018). It hosts the 2nd largest French marshalling yard[29] and a new combined transport project has been announced for 2024 (18 M€ investment in a 22 ha platform at the Fos-Tonkin site meeting decarbonisation requirements and offering new railway lines to eastern France, Germany and Belgium). The river port of Arles, for its part, plans an investment of 6 M€ to adapt the facilities (construction of a rail terminal, LNG and hydrogen fueling station).

© Journal marine marchande – Arles river container transport

Logistics, together with transportation/transport and warehousing, provides 40,000 jobs and 1,700 firms (including 13 of the leading 25 shipowners worldwide) producing 5.5 Bn€ in turnover and 3.4 million m² of warehouse space. It also provides a wide choice of training opportunities ranging from the CAP to Bac +5 (with for example, AFT-OIFTIM FC, being a benchmark and Tangram, the future campus sponsored by CMA-CGM which opens its doors in 2023)[30]. The worldwide headquarters of CMA-CGM (No. 3 worldwide in maritime container transport) provides 2,400 jobs in Marseille [31]. The shipping company is working on multiple projects and in 2021 acquired a terminal in the Port of Los Angeles, and also, in 2022, acquired GEFCO, a specialist in rail transport of new vehicles. In the Bouches-du-Rhône as elsewhere, sea and air freight operators were the big winners of the health crisis. The war in Ukraine has not had any measurable impact to date.

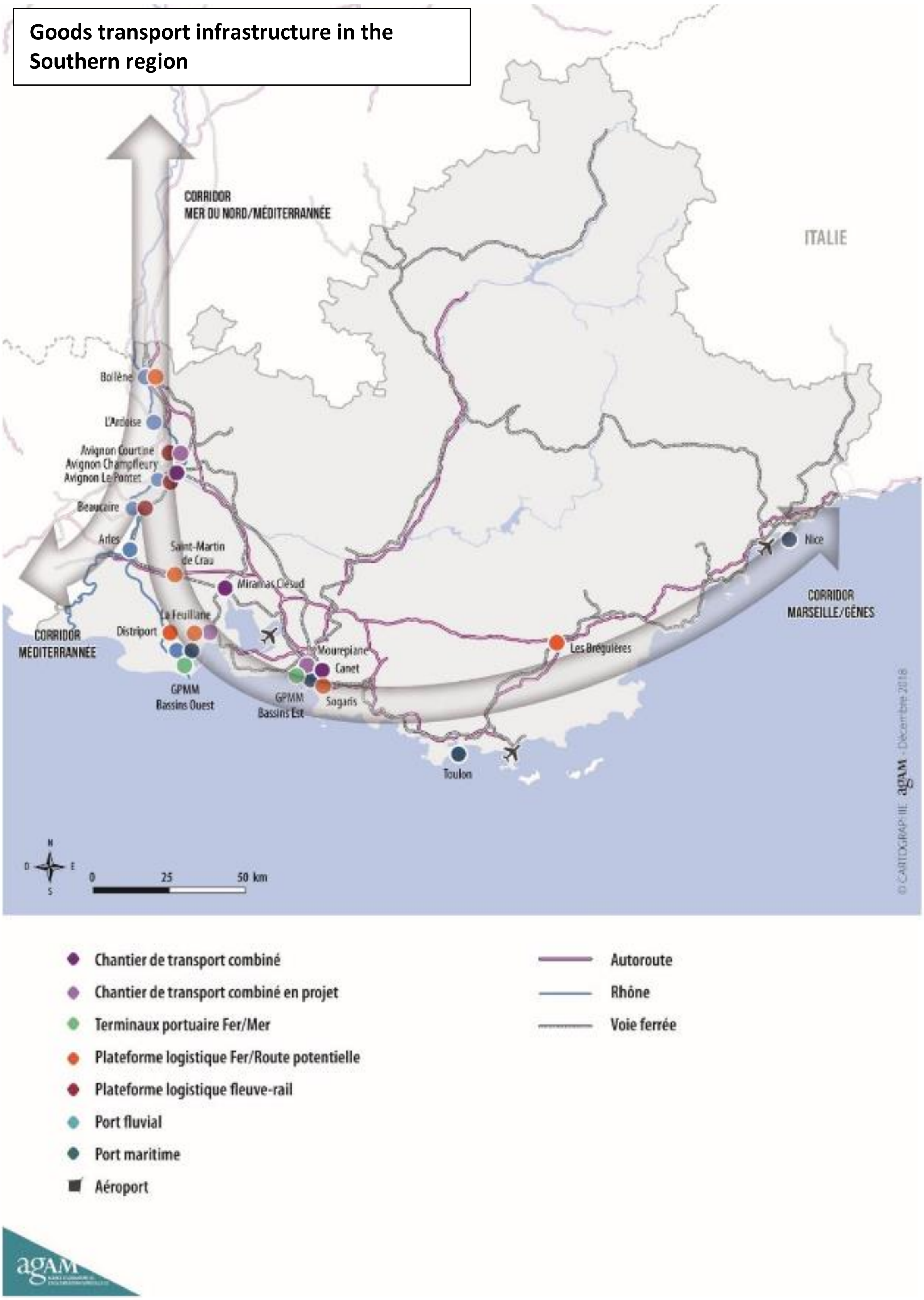
[29] Source: Investinprovence
[30] Source: Investinprovence
[31] Source: CMA CGM

The Département has the first **NGV** (natural gas vehicle) **station** in the port zone for heavy goods vehicles in the PACA région with six dedicated platforms: Clésud, Fos-Distriport, Saint-Martin-de-Crau, La Feuillane, the Marseille-Provence airport platform, the Airbus Helicopters-Daher logistics centre and Parc des Florides. A seventh is being planned. The logistics sector boasts numerous international businesses such as Castorama (GB), CEVA and Office Dépôt (USA), Distrimag, ID Logistics (FR), Ikea (Sweden), Katoen Natie (Belgium), Kuehne & Nagel (Switzerland), Mattel, Carrefour, Danone and also Maisons du Monde.

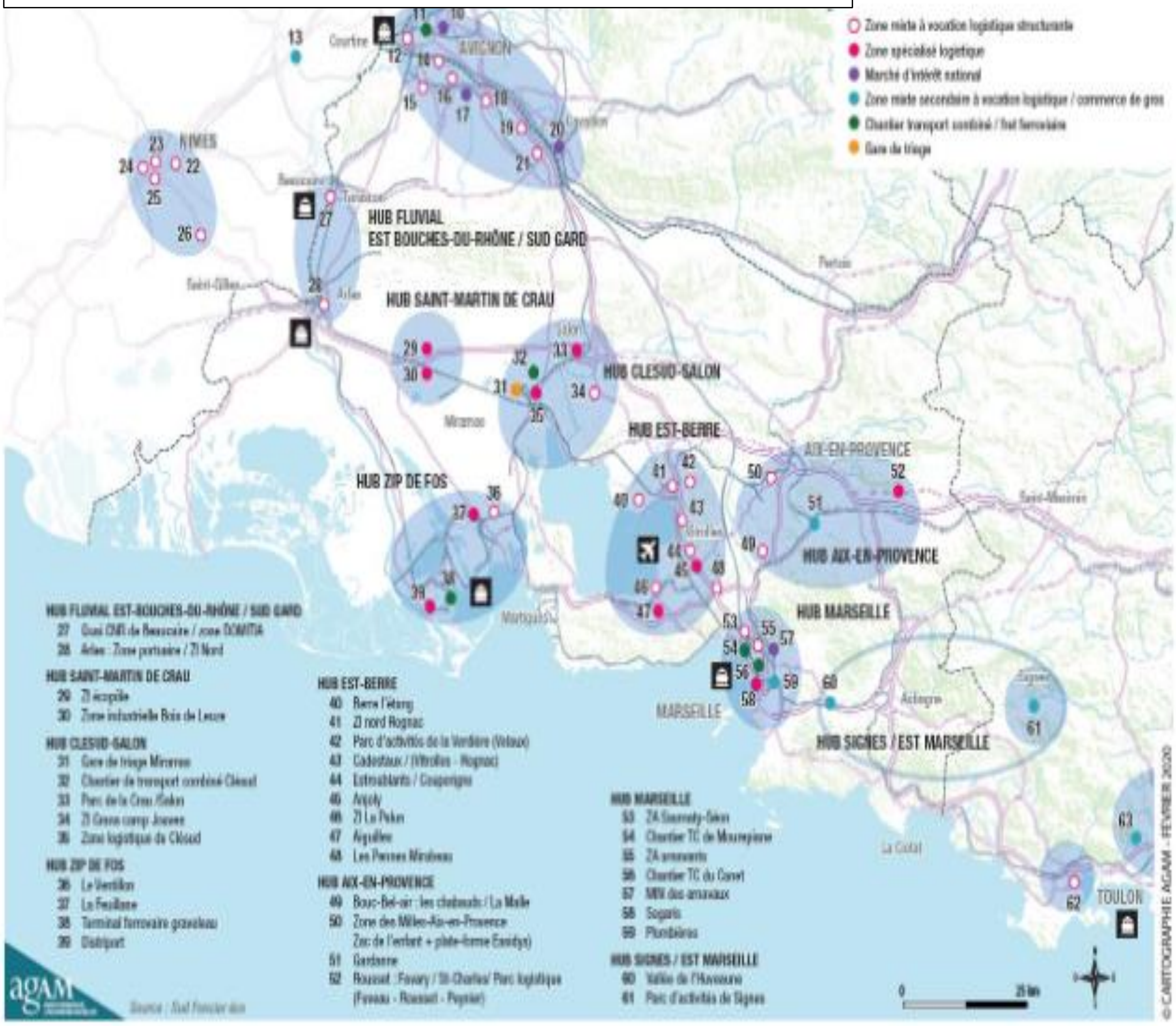
It also has a network of specialist digital companies, offering innovative traceability solutions throughout the supply chain (Tagsys, Smart packaging solution, Editag, Traxens).

© CMACGM

Goods transport infrastructure in the Southern region



Sites of logistics operations/wholesale trade in the wider Bouches-du-Rhône area



Major planning and development operations

Euroméditerranée is a project to boost the attractiveness and influence of the Marseilles metropolis. Considered the largest urban regeneration project in Europe, it involves the rehabilitation of a 480-hectare area between the port, the Old Port, and the TGV station.

The objective of this programme is to promote the development of Marseille's characteristic function as the hub of exchange an interface between Europe and the Mediterranean, to attract upper echelon French employment and facilitate the establishment of new businesses, in particular in the new technologies sector. By the end of 2021, the Département's participation in principle is for 89.59 M€ with a total investment by EPAEM of more than 800 M€ by 2020 (Euromed 1 and first phase of the Euromed 2 extension) and 2030 (Euromed 2, phase 1-bis).

Extending over 480 hectares including 40 green and public spaces, the project has since 1995 involved the construction of 18,000 new homes and the renovation of 7000 homes, with 40,000 inhabitants and 5300 businesses. Almost 43,500 jobs have been created with 40 ha of green and public spaces[32].

© EPAEM- Euroméditerranée

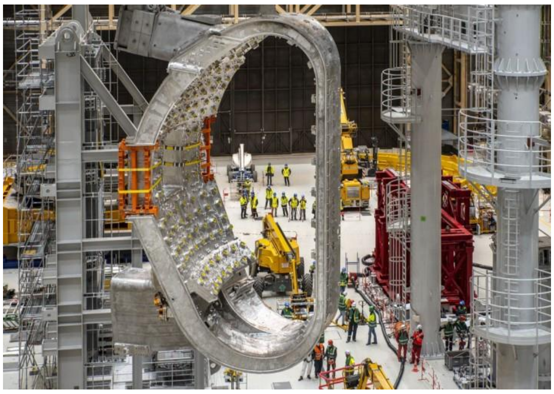
PIICTO was formed from an association of major industrial stakeholders in the Industrial Port Zone, in consultation with the Grand Maritime Port of Marseille (GPMM), in order to consolidate the existing strengths of the area and increase its attractiveness. The project is established on a 1,200-hectare site (with 600 hectare for development), including an innovation platform (**INNOVEX**); this involves 5 million tonnes of maritime traffic, 17 companies, and 3,000 jobs (direct and sub-contracted). The platform was chosen by Business France as one of its 50 "Choose France" turnkey sites.

Aix-Marseille French Tech Région Sud came into being on 12 November 2014. This southern digital metropolis project brings together local authorities and nine promoters of accelerator projects. It is organised around the Belle de Mai Media Hub, the Château-Gombert and Arbois technology parks and the site of Constance. French Tech is developing in 3 directions: the economy, planning and the citizen. The project brings together 700 foreign-invested enterprises, 8 digital-intensive competitiveness clusters, 9,600 digital establishments, 35,000 jobs and 6.7 billion in turnover. The French Tech Aix Marseille Région Sud has 442 members, including 399 start-ups. 12 of these start-ups were present at CES 2021 (of the 24 delegation

[32] Source: Euroméditerranée

members). Aix Marseille Région Sud targets the greentech, transport and health sectors in particular.

Finally, **ITER** is a unique international collaboration to construct a centre for research and physics studies in the field of controlled fusion. The programme is being developed at the atomic research centre (*Centre d'Etudes Atomiques or CEA*) in Cadarache (Saint-Paul-Lez-Durance) and covers 180 hectares. Presently, nearly 3500 people work on the site and ITER Organization indicates that since 2007, services directly relating to the site generated more than 3.1 billion euros in contracts for businesses in the region including 2.3 Bn€ for those in the Bouches-du-Rhône**.** 80% of the 500 European subcontracted companies are French. During the reactor's operational phase, as from 2025, ITER will employ 1000 people including 400 scientists. The total investment linked to the project from the construction of the apparatus until it is dismantled is estimated to be €18.91 Bn€. Russia is contributing to the project by supplying a part necessary for the reactor. However, this is not due for another two years and, in the worst case, European industry would be able to supply this component, although subject to delay.

©ITER – The site ©reporterre- ITER

3.2 Appeal of an innovative region

The Bouches-du-Rhône is a meeting place between the two Mediterranean shores. The EuroMediterranean project, especially, will attract strategic decision-making centres. Marseille, **second diplomatic centre in France,** hosts 70 consulates and more than 20 international organisations**:** the World Bank, the World Water Council, United Local Cities and Governments (**CGLU**), Medcoop, the International Organisation for Migration (**IOM**), the United Nations Industrial Development Organisation (**UNIDO**), Ubifrance (the French international business development agency), the Marseille Centre for Mediterranean Integration - Mediterranean office for economic cooperation (**CMI-OCEMO**), the Development Research Institute (**IRD**) and the Mediterranean Institute, the office of the International Organisation for Migration or indeed the technical Secretariat of the LenCd (Learning Network for Capacity Development).

Marseille would like to position itself as a hub for trade with Africa (growing market and future talent pool), via its direct links (maritime, air) with the main African and European metropolises. A collective initiative "Provence Africa connect" has been launched, to boost links already forged as part of the support schemes like Diafrikinvest, cross initiatives such as Emerging Valley or AfricaLink, and indeed cooperation in the spheres of education and culture: Med'Innovant Africa).

The Département is also a tertiary "hub", the second largest centre in France for financial services, home to the regional headquarters of BNP Paribas, AON administration centre France and MAIF.

(a) **An internationally prominent centre for excellence in higher education and research**

All of the region's universities merged on 1 January 2012 to form the **AMU** (Aix-Marseille University) which is today the largest multi-disciplinary university in the Francophone world. It brings together 80,000 students[33], including 10,000 international students and 5 large campuses. AMU is a significant local employer with 8000 employees.

Ranked 5th equal best French university in the 2021 Shanghai classification, AMU offers education in all subject areas, divided into 18 units, 12 doctoral schools, 3,300 doctoral students and a budget of 720 million euros. AMU has been ranked amongst the eight French centres of excellence recognised by an international jury under the "invest for the future" programme: for this purpose the AMIDEX foundation was established, then funded to implement high level research programmes.

© AMU – Aix Marseille University

©Madeinmarseille - AMU

AMU is a recognised centre for research excellence. It has 120 research facilities, 111 research units, and 9 federative facilities linked to the most important research organisations (National Scientific Research Centre (CNRS), National Health and Medical Research Institute (INSERM), Development Research Institute (IRD), National Agronomics Research Institute (INRA) and the Alternative Energies and Atomic Energy Commission (CEA)). Investment is principally in five major domains: Energy; Environment; Health and life sciences; Advanced Science and Technology; Humanities. AMU has established 350 international cooperation agreements and offers more than 40 diplomas in international partnership. It was selected by the European Commission to build CIVIS (*European civic university*) with 7 European partners, the project targeting the major challenges of Africa and the Mediterranean in particular. Finally, it has created 15 interdisciplinary establishment institutions to facilitate bridge building between research and training.

Major engineering and management colleges are also present (Polytech, Ecole Centrale, Kedge Business School, Arts et Métiers, Ecole des Mines), a Business Administration Institute (IAE), a hospital-university Institute, an Advanced Research Institute (IMERA) whose objective is to promote the emergence and development of inter-disciplinary high-level research initiatives.

Furthermore, opportunities for training in the digital industry have been developed, with 10 recognised digital teaching institutions (*Grandes écoles du numérique*), and a number of digital campus projects (Theodora and the platform in Marseille) joining those already in existence (Voyage Privé in Aix-en-Provence).

[33] Source: www.univ-amu.fr/fr/public/presentation-de-luniversite

More generally, the Département is developing an educational and research ecosystem in collaboration with its sectors of excellence, such as health (Luminy scientific and technological park), ecological transition (*Technopôle de l'Arbois*), digital (Théodora campus, the platform, Voyage Privé and TheCamp).

In total at the beginning of the new academic year 2021/2022, there are 101,653 students in the area of the Métropole Aix-Marseille[34] in addition to around 1,400 students in the Arles hub.

(b) **Thriving future industries**

The economic development agency **Provence Promotion** supported 83 business establishment projects in 2021, representing 2,100 direct jobs over three years. Although the health crisis has led to an increase in devolution away from Paris, international projects still account for 44% of new business establishments. The United Kingdom has become the leading investor country ahead of the United States, with 30% of investment in digital, ahead of the maritime/logistics sector and eco-energy/environment. This agency, cofounded and co-chaired by the departmental Council (until 2016, the Département now accompanying it by supporting its activities) and the Chamber of Commerce and Industry of Marseille Provence, deploys targeted initiatives aimed at large organisations in particular and is multiplying the number of partnership agreements between the major participants in international development (for example: the Massachusetts Institute of Technology, in the United States).

Bouches-du-Rhône has several zones (Aix-en-Provence / Rousset / Gardanne / Istres / Fos-sur-Mer / Marignane / Etang de Berre) selected by the government in November 2018 among the 124 industrial areas identified as having potential for business development and industrial employment and likely to be offered special support.

The knowledge economy

The Département has a number of **specialist technology centres** in Château-Gombert, Luminy and Arbois. These bring together businesses, research laboratories, associations and training organisations. Developing them presents a major spatial and operational challenge in terms of innovation and sustainable development.

These centres of excellence are located within 8 "competitive clusters" including Secured Communications Solutions and PEGASE, with global ambition in the aeronautical sector. They are heavily promoted by **Provence Promotion** as part of a specific prospecting strategy.

The micro-electronics industry is centred principally in Rousset and in the Haute Vallée de l'Arc. It has benefited from major investment including the emblematic *Centre intégré de microélectronique Provence-Alpes-Côte d'Azur* (**CIMPACA)**. Businesses such as ST Microelectronics and Gemalto operate here. Furthermore, in Marseille there is the **Centre National de la RFID** (national radio frequency identification centre). The **SCS worldwide hub** (*Solutions Communicantes Sécurisées*) represents 320 funded projects and more than 1 billion euros in research and development investment involving 455 enterprises and 161 research laboratories[35].

With regard to **photonic optics**, the Département offers significant potential in terms of R&D, enhanced by the presence of a **Technoptic Hotel** at Château Gombert and the national **OPTITEC** competitive cluster. It is also an important centre for French astronomy and space

[34] Source: AGAM/AUPA February 2022
[35] Source: Pôle SCS

research, with the presence in the *Département* of the **Pythéas Institute**, a multi-disciplinary space science observatory.

The **health-biotechnology** sector is also supporting dynamic development. The health sector represents 92,000 jobs and 20,000 students. The territory is the 2nd centre in France after Paris for clinical trials, the 2nd French cancer treatment centre (after Paris) and the 3rd University Hospital Centre (CHU) in the country (source: Ernst and Young analysis, 27 April 2021).

Armed with 47 research laboratories, 600 enterprises including start-ups that have become industrial leaders (Imcheckk, Innate Pharma, HalioDx), recognised companies (Laphal Industrie, Innodiag, Ipsogen, Euros, Provepharm, Immunotech, Isotron), international groups such as Siemens Health Service, GE Médical, Hill-Room and a global competitive cluster (Eurobiomed, the leading regional health hub in France with 400 members including 336 enterprises), this sector targets microbiology/epidemiology/genetics (IHU Méditerranée Infection and GIPTIS, the largest Euro-Mediterranean Institute specialising in genetic diseases), neuroscience, medical instruments (Supersonic Imagine and Sartorius) and immunology (Marseille Immunopôle, Institut Paoli Calmettes).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©lesnouvellespublications - DocCity

The pre-industrial demonstrator Mi-Mabs (PIA) and the DocCity campus project (combining the hosting of biotech, medtech and e-health businesses as well as laboratories and health professional preventive initiatives and medical practices) demonstrate continual development.

The *Société d'Accélération du Transfert de Technologies Provence-Alpes-Côte-d'Azur-Corse* (**SATT SUD EST**) helps to develop inventions conceived in research laboratories on the legal (intellectual property), economic (market) and technological levels. It enables businesses to fully benefit from innovations derived from public research in the region in various domains including health and biotechnology, information and communication technology, eco-technology, human and social sciences.

The health crisis has prompted several start-ups in the Département to invest in products or processes to combat the epidemic in liaison with hospitals, the fire-marine service (Marins-Pompiers) or businesses (blood test reading and analysis application, sample testing platform, self-test kits). After the health crisis, the Eurobiomed hub joined forces with three other French hubs to support the Government's 2030 Health Innovation France plan. The objective is to facilitate market access for companies or labs operating in particular around three target areas: biotherapies, preventive and personalized medicine, and pandemic preparedness.

With 49,000 jobs in the Aix-Marseille area, spread between more than 7,000 companies, the **digital sector's** development remains intact. In 2021, the PACA delegation at the CES included 17 start-ups of which 7 from the Bouches-du-Rhône. Three of the 11 CES *Innovation Awards* went to 2 Aix-en-Provence start-ups for their innovations: an *award* for Quantia (Aix-en-

Provence) and two *awards* for xRapid Group (Aix-en-Provence)[36]. At the CES 2022, 5 start-ups from the regional delegation (15 companies in total), located within territory of Aix-Marseille, received an award (representing one third of all French laureates). They are mainly from the cleantech sector, but also in agriculture, two crucial contemporary topics. In total the start-ups from the Métropole Aix-Marseille have received 32 CES awards in the last 5 years.

France boasts 1,800 greentech start-ups, of which 400 in the south and 200 within Aix-Marseille (100 are in the Technopôle de l'Arbois, which is its speciality)[37]. One technopole company (Hysilabs, which has developed an innovative technology for hydrogen transport) was one of the laureates of the French Tech Green20, awarded at the Vivatech convention in June 2022. One of the Arbois start-ups and one located in Marseille were already among the 2021 winners: Ombrea develops "smart" shading for the purpose of creating microclimate conditions for crop growing, and Dualsun produces hybrid, thermal and electric solar panels).

©régionsudlatribune – Ombrea

©planeteleschos-Isylabs

The territory hosts iconic digital companies such as Voyage Privé, Jaguar Networks, Wiko, Avis Vérifiés but also many start-ups. These companies can benefit from the help of a variety of structures specialising in their development such as incubators and accelerators, the high-tech campus TheCamp which opened in October 2017 or La Coque, a dedicated showroom, designed to boost start-ups. The Département also offers a range of dedicated training schemes (La Plateforme, which is due to open an extension,Theodora) and the Club Top 20 of the 20 largest companies in Aix-Marseille helped in September 2019 to establish a digital school offering a (free) two-year computer coding course, a digital training course designed for engineers up to BAC +5 and a platform providing continuing education for executives[38].

The aim is to strengthen the PACA region as the epicentre for R&D, development of applications and industrialization.

The region also has a mobile telephony presence: at the Mobile World Congress 2022, two Bouches-du-Rhône companies from the delegation of 6 SME/VSE led by the *Pôle SCS* were able to present their products (smsmode, iQSim).

Multimedia and content software-publishing offer a bright future. The Belle de Mai hub[39], unique in Europe, has led to the establishment of 193 enterprises through its incubator. The Marseille innovation incubator, meanwhile, has supported 900 companies with a sustainability rate of 90%. The hub hosts around fifty businesses and 1,000 jobs within 23,000m²; Bouches-

[36] Source: #technsnooper, January 2021
[37] Soucr: La Provence, June 2022
[38] Source: City of Marseille, Digital Marseille
[39] Source: Pôle La Belle de Mai

du-Rhône also hosts numerous multimédia content producers and independent videogame manufacturers with 13 Production, Cityvox, Expedia, France 3, Lexis Numérique and Voxinzebox. Image and transmedia businesses having a strong presence.

©tourismermarseille -Pôle la Belle de Mai

©gomet-Genimage

Located in the La Joliette district in Marseille, Genimage is a new higher education institution specializing in animation, video games, manga, comics and illustration. Several projects are under consideration, such as the establishment of a Cinéfabrique school similar to that in Lyon, the Tumo digital creation school (free extracurricular programme) or indeed the creation of a Marseille branch of the French cinematheque. Since 2011 Marseille has hosted the leading International Web-Series Festival and in 2022 has also hosted the first edition of Cartoonext an event dedicated entirely to digital animation. The Métropole area is the second most important content platform in France.[40]

Today, Marseille is one of the major global hubs for undersea cable. The installation of new cables has raised the area to 7th place worldwide, connecting 43 countries with 4.5 billion users.[41]

Marseille has 15 undersea cables, 160 national and international telecommunications operators, 6 Internet exchange points and 14 content distribution networks and platforms. Thousands of physical interconnections are housed in a number of key data centres in Marseille. Interxion, leading worldwide datacentre provider has 4 in Marseille. Oracle opened its first French data centre ("cloud region") in Marseille at the end of 2021. The 2Africa cable is expected to be laid before 2023, offering three times the capacity currently serving Africa. CCIMP plans to create a digital economic and French data aggregating platform, to be established in Marseille ("Africa Data").

Smart-city, meanwhile, illustrates the region's engagement, through new experiments in digital technologies and sustainable development. It offers numerous market opportunities supported by large structural projects whose ambition is to create intelligent urban systems including low-energy buildings, innovative transport networks and connected services for all users.

Controlling energy consumption is a major issue for the region. The Premio project in Lambesc, launched in 2008 by the Capenergies competitiveness cluster, was the first demonstrator of Intelligent Electricity Networks (REI). Today, the PACA region, selected by the State for its Flexgrid project, is continuing the industrial-scale deployment of Smart Grid equipment and technologies. Public and private actors including ERDF and RTE are gearing up to validate large-scale technical and economic solutions. In 2020, Marseille inaugurated the first positive

[40] Source: Ernst & Young analysis, April 2021
[41] Source: datacenter/madeinmarseille, /01/2022

energy site in the metropolis, which gathers heat from stored waste to produce green electricity for the equivalent in energy needs of around 17,000 residents.

Smart-city is a driving force behind the Flexgrid programme which represents more than 340 million euros of investment, 2,600 businesses mobilised, 2,100 jobs and 115,000 citizens benefitting[42]. Notable among the concrete projects related to Flexgrid is the So FLEX'hy project integrating renewable electricity derived from hydraulic structures, representing an investment of €90m in the Smartseille eco-district facilities in *Euroméditerranée 2* (a second eco-city is planned on the same site, bringing the overall real estate complex to more than 300,000 m2 of floor space with the construction of bioclimatic positive energy buildings through the use of solar, thermal and photovoltaic energy. Once connected as planned to Thassalia, France's leading marine geothermal power plant, this housing, public facilities and office space will significantly enrich the real estate offer in the metropolis). Finally, the **Cité des Energies innovation platform** works, conducted by CEA Tech, touch areas of technological expertise in response to the challenges of Smart Cities (materials, simulation equipment, modeling and software, energy optimization, systems and sensor integration). Start-ups and large groups can come and conduct full-scale tests on their projects[43].

Shipbuilding industry

Maritime industry, excluding coastal and marine tourism, employs 43,500 people in PACA as at 31/12/2020, or 3% of regional salaried employment, divided between 3,300 employers. The Bouches-du-Rhône accounts for 6 in 10, or 26,100, of those employees. Added to this, there are 23,537 jobs in coastal tourism (hotel/restaurant, coastal activities and leisure). The development of maritime employment is due principally to coastal tourism but also centres around various activity centres: works at sea, on-board personnel, fishing and marine harvests, transformation of marine products, ship building and maintenance, maritime R&D and engineering, port and nautical services, Defence and maritime government administration[44].

The La Ciotat shipyards have so far been successful in delivering industrial transformation. The creation of maintenance platforms for large and medium-sized pleasure craft has preserved and developed industrial and artisanal know-how in shipbuilding and ship repair. Thanks to this exceptional equipment (the 2,000-tonne boat lift, the 250-tonne Krupp crane, the 660-tonne Krupp gantry crane, the 300-tonne belt lift, the large modular base (between 200 to 330 metres long), the 35 businesses on the site and their 1,000 industrial jobs, the La Ciotat shipyard is now a leader in large craft (over 24 metres long) in the Mediterranean. The construction of a new ATLAS platform (equipped with a lift with a capacity of more than 4,000 tonnes) capable of handling yachts of 80 to 100 metres is underway. Representing an investment of 70 M€ and 400 additional jobs, it is due to be tested soon before final commissioning.

At the end of 2021, order books were full. However, the consequences of the Russian-Ukrainian conflict have yet to be measured: only one Russian yacht, present on the site, has been impounded under the sanctions imposed on Russia but the Russians account for around 10% of the owners of yachts over 50 m, the site's target market.[45]

[42] Source: Regional Council of SUD Provence-Alpes-Côte d'Azur
[43] Source: Investinprovence.
[44] Source: Pôle emploi, February 2021
[45] Source: Gomet 22/03/2022

©LCS – Site La Ciotat Shipyards

Naval repair brings together many specialized companies: MB 92 La Ciotat, Lürssen, Monaco Marine, Foselev, Sud Marine Shipyard, Palumbo Marseille Superyachts, ITM and CNM in particular. These businesses also drive research projects (for example, IXblue and self driving ships). The Marseille site with the planned construction of a platform by Monaco Marine is an additional asset. The Pôle Mer Méditerranée is helping to boost projects.

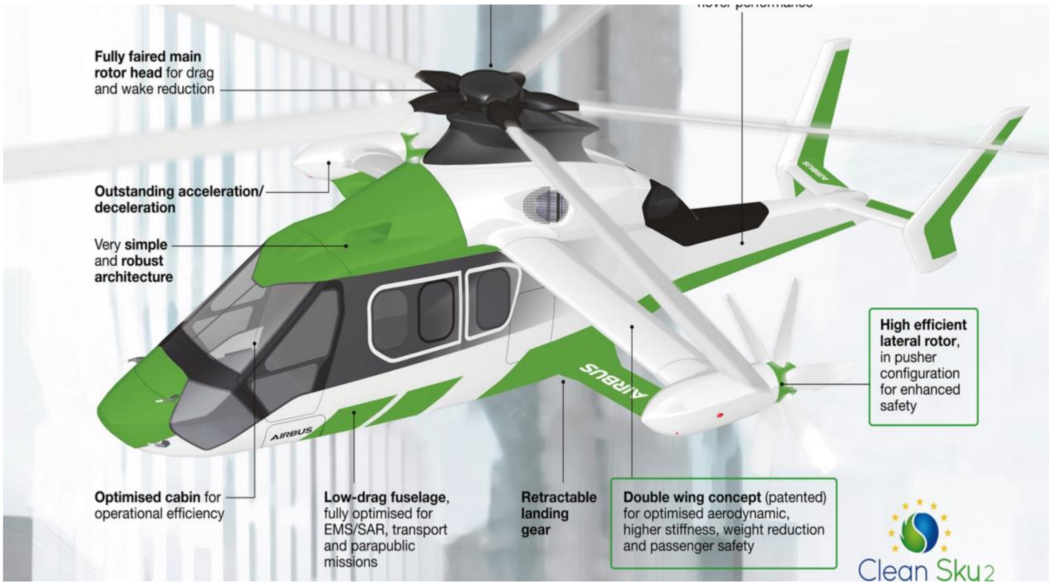
The Marseilles-Aubagne employment zone hosts a number of maritime transport and naval repair/shipbuilding bridgeheads: CMA-CGM and Mediterranean Shipping Company for freight, Intramar for port handling, Moteurs Baudouin... In fact, the zone accounts for nearly half of all maritime jobs (11,600) and more than 40% of the maritime wealth generated in the region. Boosted by the presence, mainly, of CMA-CGM, the Grand Maritime Port of Marseille (GPMM) and the Interregional Directorate of the Mediterranean Sea, the 2nd arrondissement of Marseille alone accounts for nearly 30% of the workforce and of maritime wealth generation in PACA[46].

Note that CMA-CGM has not suffered any slowdown in activity in 2020 (by adapting its offer, it has increased turnover by 4%). In 2021, its profits reached 17 Bn€ for a turnover of more than 52 Bn€. In the first quarter 2022 it achieved a profit of more than 7 Bn€ (three and a half times greater than in 2021) and in July 2022, at the request of the Government, the company agreed to introduce targeted measures to contribute towards the aim of reducing prices.

Aviation industry

Airbus Helicopters is the world's largest civilian helicopter manufacturer and a leading manufacturer of military helicopters. The company's head office is located in Marignane, where it has its main production site in France, the other being in La Courneuve. This site employs nearly 8,000 people.

[46] Source: INSEE June 2017



© Airbus helicopters- Racer programme

The health crisis resulted in a fall of 22% in orders and 10% in deliveries, with a medium-term fall of 30% and the risk of a slowdown in activity in 2022 and 2023 (source: Airbus Helicopters, February 2021). Operations had to be adapted, with the aim of reducing fixed costs (structural costs). However, an investment of 200 M€ has been confirmed, including in particular the construction of a mechanical skills centre. The State has also ordered 8 helicopters for an amount of 300 M€, which represents three years' work for 1,000 employees and has advanced the replacement of the Air Force's Super Puma by four years. At the end of 2021, Airbus secured an order for 169 helicopters from the French Armed Forces Minister and 16 aircraft for the Spanish Government. At HAI Heli-expo in Dallas in March 2022, Airbus secured a new order for 36 aircraft.

Official test flights and development tests, as well as Dassault Aviation's development flights, are carried out at the **125 Charles Monier d'Istres air base**. It is the leading French flight test centre.

With the opportunity of the Jean-Sarrail site (33-hectare plot with 45,000m² of built surface area), Thalès Alinea Space could establish a "stratoport" in Istres, a centre for the manufacturing of stratospheric airships which could create more than 300 long-term, skilled jobs and generate 100 to 150 M€ in investment. The site is already home to ARES where it maintains the MB-339 aeroplanes for Red Air (French and European Armed Forces operational training) and the anticipated 18 Mirage 2000.

The **Henri-Fabre** project, promoted by the State and Airbus, is an unprecedented public-private project. It is based on collaboration between the worlds of industry, research, training, employment, the State and local authorities. The Henri-Fabre project brings a new industrial model which is developing within a world class ecosystem with key expertise in mechanics, materials and advanced processes as well as digital engineering. The Technocentre is at the heart of this project. It is a space for meetings and for grouping and pooling skills (researchers, teachers, specialized operators), innovative machines and equipment, and premises fit for the purpose. Located in the Florides Park in Marignane, it operates in five sectors (including aviation and transport), supports 200 businesses and 50 development projects each year[47]. The platform for acceleration towards the industries of the future (Pracciis) was inaugurated at the

[47] Source: Henri-Fabre

end of 2021. It serves as a testbed for technological “building bricks” such as artificial intelligence or virtual reality, components of the industries of the future.

©MadeinMarseille – Projet Henri Fabre

©préfecture Région – Projet Henri Fabre

The competitive hub Safe Cluster (Security and aerospace actors for the future of the earth) brings together 450 participants (including 270 industrial enterprises, in addition to research and training centres), of which 65% are in the PACA region. It has launched a programme with the objective of accelerating the industrial performance of space and aerospace companies, involving 15 SMEs in the region.

For the record, against the background of the crisis, the Government announced a 15 Bn€ support plan for civil and military aviation. It is based on investment in research/development projects identified by manufacturers, and two investment funds, one to meet businesses’ capital needs, and the second, to support SMEs to digitize and robotise their facilities.

Given the recovery in traffic and the desire to renew fleets with latest generation aircraft, the aviation sector has indicated a need for 15,000 additional personnel in France in 2022[48]. The market is under pressure, with problems looming for certain traditional trades (fitters, machinists and boilermakers) or newer trades (hydrogen or cryogenics specialists, digital technology jobs).

Agri-food industry

The dynamism of the agri-food sector is down to the favourable natural conditions, permanent sunshine, specific irrigation tools and techniques (*Société du Canal de Provence*) but also agricultural know-how in the exploitation of multiple resources.

In the Département, agriculture occupies a utilised agricultural surface area of 132,000 ha (25% of the Bouches-du-Rhône’s surface area), 3,900 farms, 11,019 direct and seasonal jobs. The Département is the leading French département for the production of tomatoes, curly chicory, lettuce, olives, rice, melons, peaches/nectarines, Guyot pears and pumpkins. It is also the 3rd largest producer of AOP rosé wine. The sector has nevertheless come under significant strain: the number of farms has declined by 29% in 16 years. Nevertheless, efforts to convert to organic produce are paying off: in 2022, the share of organic production as a proportion of total cultivated area reached 35% (28.8% in 2018). Almost 51,000 ha are farmed organically[49].

[48] Source: *Groupement des industries françaises aérospatiales*, April 2022
[49] Agreste

Agricultural education providers include 3 public establishments and 10 private establishments, welcoming 1993 students and 516 apprentices in the year 2020/2021.[50]

In PACA, the agri-food sector represents 4,315 enterprises and employer establishments (excluding the commercial artisan sector) and 12 Bn€ in turnover[51]. In the Bouches-du-Rhône, agri-food industries account for 318 enterprises, employing 5849 employees at 31/12/2018, with a turnover of 913 M€. Trade in wholesale food products supports 684 businesses and 7380 employees. Essential oils manufacturing represents 9 enterprises and 164 employees (with an export turnover of 60 M€).

Many large companies are present in the Bouches-du-Rhône including Coca-cola, Danone, Haribo, Pernod-Ricard, Heineken, Grands Moulins Storione, Dole France and even Orangina Schweppes. Alongside these, many SMI/SMEs such as Marius Bernard or Jean Martin, add value to local agricultural production. With its recognised training providers (*Université Européenne Senteur Saveurs*, *OPCALIM*, *CRITT Agroalimentaire*, *Institut Supérieur Européen de Management Agroalimentaire*) and robust logistics (1 million m² of warehousing in St Martin de Crau, No. 1 regional logistics hub), uniting under the umbrella of the European centre for fruit and vegetable innovation (**Pôle Européen d'Innovation Fruits et Légumes** or **PEIFL)**, this sector has been very resilient even in the depths of the crisis.

During the health crisis, very small and medium-sized enterprises suffered from the stoppage of commercial or collective catering, as have alcohol producers. Strong sales of products such as flours and dairy products have allowed some companies to grow[52].

The agri-food industry may feel the impact of the war in Ukraine on seed oils (including sunflower) but alternatives are being considered (rapeseed). The State's resilience plan includes an arsenal of measures for the agricultural sector, and industrial/distributor contracts are under discussion.

Industry

Metallurgy, industrial maintenance, energy and petro-chemicals (30 % of French refining capacity with INEOS, Exxon Mobil, Total, Naphtachimie, Shell, Airgas, Air liquide – source: Marseille Provence Chamber of Commerce and Industry) remain very present around the banks of the Étang de Berre. The south region (including East Occitanie) is home to 550 enterprises and 19,000 employees representing 12% of French chemicals export turnover in 2019[53]. All actors in the value chain are present, from base chemistry to the downstream export sector[54]. More generally, the Bouches-du-Rhône accounts for half of the industrial jobs in the region[55] and the petro-chemical hub in Berre is one of the largest petro-chemical complexes in Europe[56]. These industries adapt to new technological developments and constraints.

Marseille is expected to be home to the largest biomethane plant in France (Suez Group). This green energy production is expected to supply 8,000 residents, then, ultimately, supply gas for public transport. Arcelor Mittal and Véolia have joined forces with Fos to maximise the exploitation of gases generated by the steel making plant (co-investment of 190 M€ over 3 years to waste no more than 2% of gas produced). Similarly, Arcelor plans an investment programme of 63 M€ in Fos/mer with the aim of multiplying tenfold the production of recycled steel by

[50] Source: Agreste, March 2022
[51] Source: Aria, ex-FRIAA and minister for agriculture and food
[52] Source: Le Monde, May 2020
[53] Source: France chimie Méditerranée
[54] Source: Région Sud
[55] Source: INSEE, 01/04/2021
[56] Source: Lyondell Basell

2030. Construction of the “pocket” furnace began in 2021 and commissioning should take place by the end of 2023. There are also plans to install an electric arc furnace, to replace one of the two blast furnaces in 2030. Gravithy (an industrial consortium) intends to establish in Fos in 2024 a plant for the production of direct reduction iron using green hydrogen instead of coke. The project, at an estimated cost of 2.2 Bn€, should generate 300 direct jobs and support a further 3,000. TotalEnergies and Engie have announced the construction of the largest site for the production of renewable hydrogen in France at Châteauneuf-les-Martigues, as from 2022. Finally, Quality Circula Polymers (LyondelleBasell/Suez) plans to establish a plastic waste recycling plant in the industrial-port zone in Arles (circular economy relying on household waste collection), and a combined initiative by Elegy, EréVé, TotalEnergies and CMA/CGM transforms waste into liquid natural gas to supply boats in the Port of Marseille.

Energy transition is also being implemented through geothermal power station projects, both marine (Engie and Dalkia have invested in the Massiléo and Thassalia networks that use the heat of seawater to heat and cool residential and service industry buildings within the Euroméditerranée boundaries) and terrestrial (in Gardanne, again with Dalkia, the use of flood water from the former mine will provide heating and air-conditioning for an entire eco-district).

Refineries in Bouches-du-Rhône idled during the health crisis (falling demand). On the other hand, the high demand for ethylene and propylene needed to manufacture personal protective equipment and respirators and the establishment of a hydroalcoholic gel manufacturing facility have strengthened companies such as Naphachimie.

By the end of 2021, industrial activity had surpassed its pre-crisis level, with growth enjoyed in all sectors other than food and mining, energy, water and waste. The already underlying supply constraints (supply problems, stock-outs, price increases) may be exacerbated by the war in Ukraine if it continues for some time.[57]

The Government intends to invest 5.6 Bn€ towards reducing CO2 emissions in three industrial sectors: steel-aluminium, chemicals and cement. Support for the conversion of three steel-making blast furnaces, including the Fos furnace mentioned above, should help reduce overall industrial CO2 emissions in France by 10%. Similarly, 1.2 Bn€ are earmarked to support the decarbonisation of industry, with three award-winning companies in the region.

Of the 13 establishments in mainland France that emitted more than one million tonnes of CO2 in 2019, four are in the Bouches-du-Rhône. In Provence-Alpes-Côte d'Azur, industrial emissions contribute hugely to the power of global warming. In contrast, residential and agricultural emissions are below the national average. However, greenhouse gas emissions decreased by 1.6% per year between 2007 and 2019, with a 5.2% decrease in the energy sector.[58]

[57] Source: INSEE, economic report April 2022
[58] Source: Insee, research note, March 2022

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©usinenouvelle – Raffinerie Fos

The workforce in the **construction** sector reached 54,835 in the Bouches-du-Rhône (including part-time) at the end of April 2022[59]. The construction sector represents 6.1% of employment and 11% of businesses (at 31/12/2019) and more than 9% of business start-ups in 2021[60].

A number of major businesses are present: SNEF, Travaux du Midi, Guintoli, Cegelec, Dumez, Eurovia Mediterranean, Spie Sud Est. Local authorities in the region have a special tool, the *Etablissement Public Foncier* (**EPFP**) to develop housing and, in the case of the Bouches-du-Rhône, commercial property and economically viable land.

The construction sector was impacted by the crisis in 2020, with a 12% drop in turnover in the PACA region. Activity, i.e. the sector's turnover, thereafter grew by 10% in 2021, compared to 2020. At the end of April 2022, commencement of new housebuilding works in the Bouches-du-Rhône increased by 6.8% in one year, with 11,200 housing units (and 11,600 building permits). Public works activity, i.e. turnover achieved, increased by 5% in one year.[61]

3.3 A historically mixed labour market

An unemployment rate which exceeds regional and national averages [62]

In the first quarter 2022, the unemployment rate in the Département was 8.7% (8.2% in the région PACA and 7.3% in France excluding Mayotte). The annual fall was 0.7 points.

The number of job seekers (A, B, C) registered at the Jobs Centre in the 1st quarter 2022 was 192,850 (461,750 in the région PACA and 5,532,700 in France). The annual fall was 6.6% (8.3% in PACA and 8.2% in France).[63]

Salaried employment's progress is slowed by the pandemic [64]

In the first quarter 2022, the Département recorded 866,700 salaried jobs, an increase of 3.5% compared to the first quarter 2021.

[59] Source: CERC PACA 20/06/2022
[60] Source: INSEE
[61] Source: CERC PACA economic note, 20/06/2022
[62] Source: INSEE, July 2022
[63] Source: INSEE, July 2022
[64] Source: INSEE, July 2022

An increasingly well trained population [65]

The Bouches-du-Rhône is characterised by a significant but stable number of people with no diploma (22.1%) and by an ever larger proportion of people with a higher education diploma (33.3%), a figure which is also stable.

Qualification levels and careers pursued are closely related. Accordingly, since the number of diplomas is stable, so is the proportion of executives and those in higher intellectual professions, at around 20% of those in employment, which is a net increase compared to 2008 where these only represented 15.6%.

3.4 Tourist attractions and recognised quality of life

A welcoming land of trade since ancient times, the Bouches-du-Rhône enjoys a remarkable cultural, natural and historical heritage which attracts 9 million tourists generating €2.7 billion in revenue (7% of GDP) and 50,000 direct and indirect jobs[66]. Arles is the first town awarded world heritage status by UNESCO. Finally, the 300 days of sunshine per year are a great asset for tourism and cultural activities.

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The Bouches-du-Rhône's tourism identity is based on three factors:

- Marseille, a cosmopolitan city of contrast with a long twenty-six century history;
- Provence, with its strong identity, traditions, particular *art de vivre* and landscape that inspired great artists (Paul Cézanne, Vincent Van Gogh, Jean Giono, etc.),
- the Camargue, a wild landscape with its own specific identity.

Each of these areas, although having their own identity, presents a harmonious pallet and contributes to the cultural and natural richness of the Département.

[65] Source: INSEE, census 2018
[66] Source: Provence Tourism

© CD 13 – Photo: Christian ROMBI. La Camargue.

© thetrainline -Aix-en-Provence.

The Département has numerous well known sites and places of interest including the Sainte Victoire, the Alpilles, the Camargue, la Sainte-Baume and the Calanques National Park (exceptional natural space and the leading land and sea, urban-adjacent national park).

Vincent van Gogh – The harvest – Foundation van Gogh, Amsterdam.

Tourism in PACA provides 143,000 jobs, 25,000 SME/VSE, 20 Bn € in revenue and 13% of GDP. PACA is the second tourist region in France (for international tourism) behind Ile-de-France[67]. In the Département, tourist spending is estimated to be 3 Bn€ with 29,000 jobs (source: Provence tourism). The Métropole Aix-Marseille-Provence is the 2nd French *métropole* (after Grand Paris) in terms of French hotel overnight stays and the third (after Grand Paris and Nice Côte d'Azur) in terms of the number of foreigner overnight stays[68]. The Bouches-du-Rhône is the seat of the first tourism incubator in Provence, Provence Travel Incubator. A number of start-ups have already emerged such as Phonomade, Estay and also Left for work.

Tourism was one of the sectors most affected by the health crisis (cancellation of major cultural events, cruises and business tourism halted, closure of hotels and restaurants). The Département has recorded a loss of 2.4 million overnight tourist stays (-11% compared to 2019). Outside lockdown periods, losses were less severe.

However, the sector has been paid particular attention with various, national or local recovery plans, and it should continue to adapt to the new normal (acceleration of digitalisation, offer of "experiences" rather than organised tours, cultural and gastronomic partnerships).

In 2021, French tourist overnight stays totaled 25.9 million compared to 23.7 million in 2019 and 21.1 million in 2020, or +9% despite restrictions during part of the year. German, Belgian

[67] Source: Regional Tourism Board
[68] Source: Atout France

and Swiss customer numbers returned to the levels seen in 2019. British and Italian clientele remained below those seen in 2019. Russian and Chinese clientele were absent.[69]

The summer of 2022 confirmed the strong results anticipated in the region, as elsewhere in the country. In PACA, the average revenue per room increased by more than 30% compared to 2019, a season considered excellent by the Minister delegate for tourism[70]. In August 2022, the occupancy rate for Marseille hotels was around 75%[71]. In the Bouches-du-Rhône, visits during the first half of July were 12% higher than in 2019. Holiday rentals are up 20% for July and August compared to 2021.[72]


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Culture and sport largely contribute to quality of life which is recognised as one of the areas assets.

Cultural activities in the region's territory together generate 1,844 million euros, or 2.2% of regional wealth (businesses' added value as a proportion of the wage bill), employing around 50,000 people per year. It is the fifth ranking of the former regions in terms of the proportion of added value generated by culture[73].

On average, there are 5 cultural facilities for every 10,000 inhabitants (historical monuments, public reading places, cinemas, Museums of France and conservatories). The region has no fewer than 2,300 listed and registered historic monuments. There are more than 50,000 statistical units (administratively active establishments) operating in the cultural sector as their principal activity in the region in 2017[74]. These represent 5.2% of all units for all activity sectors combined, of which 40% are found in the Département [75].

In the Bouches-du-Rhône, in 2013, the Arles employment zone (thanks to publishing houses and record companies: Actes Sud, Harmonia Mundi), ranks first for cultural employment, with 3.3% of regional salaried cultural jobs. Next are Aix-en-Provence (2.3%) and Marseille-Aubagne (1.7%)[76].

Marseille-Provence 2013 European Capital of Culture has given the region some emblematic facilities enabling it to show off internationally its rich and diverse cultural offering (including

[69] Source: Provence Tourism
[70] Source: Localtis, 22/08/2022
[71] Source: Metropolitan Tourism Office
[72] Source: Provence Tourism, 21/07/2022
[73] Source INSEE, FEE 2012
[74] INSEE"SIRENE"database, available since January 2017
[75] Source: INSEE
[76] Source: INSEE – April 2017

music with the Aix-en-Provence, Roque d'Anthéron and Marsatac festivals, dance with Angelin Prejlocaj, several national theatres, opera, important exhibitions such as the *Carriére des Lumières* or the *Hôtel de Caumont*) and Marseille Cultural Capital 2018 has extended this impact. In 2020, Marseille was the first French city to host the biennial Manifesta (dedicated to contemporary art and which is going ahead despite the health crisis).

Since 2022, the Cosquer grotto, rebuilt in the Villa Méditerranée, has welcomed visitors (target of 800,000). The Rocher Mistral (reconstruction of life in Provence at the Château de La Barben) welcomed 100,000 visitors in 2021, for its inaugural season. The Luma Foundation opened its doors in Arles in June 2021. This 11 ha park is dedicated to contemporary art. Finally, a centre dedicated to urban culture and street art (opening scheduled for 2024) is planned within the boundaries of the Euroméditerranée extension. Marseille will also welcome Artexplorer, a catamaran offering exhibitions in Mediterranean ports.

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This buoyant sector is bolstered by the sports sector. Having hosted Euro 2016 football matches, Marseille Provence European Capital of Sport in 2017 and two stages of the Tour de France in Marseille in July 2017, Marseille will host the sailing events of the 2024 Olympic Games (OG) and the Rugby World Cup in 2023.

© CD 13 – Photo Jean-Paul HERBECQ / Inauguration Stade Vélodrome

Whilst the *Stade Vélodrome* is highly symbolic for the collective imagination (local and national), several major sporting events are held regularly in Marseille including football (*Olympique de Marseille*), tennis (Open 13 Provence - ATP), rugby (2020 European Cup finals, World Cup 2023 and final qualifying tournament), beach soccer (World Cup), *pétanque* (Mondial), Marseille Marathon and the Marseille-Cassis 20km run.

The sports and culture sectors were heavily affected by the epidemic and the measures taken to restrict them (lockdowns, ban on gatherings, closure of places open to the public). Today they are no longer facing any restrictions and the war in Ukraine has not yet had any impact.

4. PUBLIC FINANCE RULES AND BORROWING - SOLVENCY OF THE DEPARTEMENT

4.1 Budgetary and accounting rules

Budgetary management and public accounts under the *décret* no. 2012-1246 of 7 November 2012[77] follow a number of the principles laid down by the general accounts table ("*Plan Comptable Général*") applicable to the private sector: accrual basis accounting using the double-entry method (correlation between sources and uses of funds). For both expenditure and revenue, a distinction is made between operating activity (income and expenses) and capital activity (relating to assets).

In addition to a separation between the authorising officer and the accountant, the presentation of the budget must observe 5 main principles:

1° the annuality principle: the budget must be adopted every year and budgetary execution follows the calendar year;

2° the unity principle: the budget is set out in a single document which itemises and authorises all revenue and expenditure;

3° the universality principle: the budget must include all revenue and expenditure items and revenue must cover all expenditure (non-contraction and non-allocation);

4° the specificity principle requires that the amount and nature of all budgeted items are precisely defined, hence appropriate budgetary terminology;

5° the truth and fairness principle implies that the financial information presented must be exhaustive, consistent and accurate.

Provisions applicable to local authorities are set out in:

- the CGCT: articles L. 1611-1 to L. 1618-2 with respect to the general principles and articles L. 3311-1 to L. 3342-1 with respect to Départements specifically;

- budgetary and accounting instructions: for Départements, the relevant instruction is "M52";

- as from 1 January 2024, all local authorities, including départements, will be governed by instruction M57 which until now applied to métropoles and will henceforth harmonise the budgetary and accounting practices of all local authorities.

These texts lay down the various phases of the budgetary process: preparation, execution and control.

(a) Preparation of the budget

The *Département*'s budget is the document in which the *Département*'s annual revenue and expenditure are itemised and authorised.

The departmental Council takes several budgetary decisions during the budgetary year: primary budget, budgetary amendments and supplemental budget (restatement of accounting results and

[77] Replacing *décret* no. 62-1587 of 29 December 1962.

deferred credits carried over, as noted in the previous year's final accounts). In the two-month period prior to the governing Assembly's examination of the budget, a budgetary policy debate for the financial year and on planned multi-year commitments takes place at a public departmental Council meeting.

The budget is prepared by the *Département*'s executive, but its adoption is within the sole power of the *Département*'s Assembly. The budget is voted by type, but also includes a cross-reference presentation by function.

The *Département*'s budget comprises an operating section and a capital section showing both expenditure and revenue. It is divided into chapters and articles.

The budget is properly balanced when the operating section and the capital section respectively are adopted in balance, with revenue and expenditure having been truly and fairly assessed and when the levy on operating section revenue transferred to the capital section, added to that section's direct revenue, excluding the proceeds of borrowings, and to appropriations to amortization accounts and reserves, if any, provides sufficient funds to cover annual repayments of principal on borrowings falling due during the financial year.

Up to the adoption of the budget at the latest by 15th April [78], the *Département*'s executive is entitled to collect in revenue and commit, liquidate and order operating section expenditure within the limits set in the previous year's budget. As regards capital expenditure, the executive may, with the authorisation of the governing Assembly, commit, liquidate and order, up to the limit of one quarter of the credits allocated in the previous year's budget (not including credits allocated for repayment of debt). As regards multi-year expenditure included in a programme authorisation (**PA**) voted in previous years, the executive may liquidate and order such expenditure within the limits of the spending credits planned for the financial year in the PA deliberations.

As a reminder, order no. 2020-330 of 25 March 2020 on local authority and local public institution fiscal, financial and budgetary continuity measures to deal with the consequences of the Covid-19 epidemic postponed the adoption of the budget until 31 July 2020, allowed the debate on budgetary guidelines to be held at the budget adoption session, and relaxed some of the budgetary rules mentioned above.

(b) **Execution of the budget**

The principle of **separation of the authorising officer and accountant** applies to execution of the budget.

The President of the departmental Council is the authorising officer for Departmental spending and revenues. He keeps an account of expenditure commitments. He commits expenditure and, having verified the factual reality (liquidation), proceeds with the payment order (or mandate), in other words, the act by which he orders payment by the accountant.

Spending must remain within the limits of the budgetary authorisations voted by the governing Assembly (budget, programme authorisations, commitment authorisations) and must act as soon as creditors' rights materialise.

As regards revenue, he records the entity's rights (liquidation) and orders collection and receipt thereof by the accountant by means of a "certificate of revenue".

[78] Or prior to 30 April in Département assembly election years.

The President of the departmental Council presents the administrative accounts to the departmental Council annually.

The departmental Council's accountant is the "Paymaster" of the *Département*. The independent officer of a Government ministry (the Economics and Finance Ministry), he is responsible for controlling the regularity of revenue and expenditure operations ordered by the authorising officer. He has sole authority for cash transactions (collection and receipt of revenue, payment of expenses) and keeps the general accounts. In this regard, he falls under the jurisdiction of the regional accounts chamber (*Chambre Régionale des Comptes*).

Today, when the departmental Council votes its administrative account, it simultaneously presents, in a separate report, the (strictly identical) management report prepared by the Paymaster. The draft single financial account, which would merge both documents and is in the process of testing, aims to strengthen transparency and reliability.

Expenditure is managed on a multi-year basis through programme authorisations (PA) in the case of the investment section and commitment authorisations (CA) in the case of the operating section.

This mode of management relates to capital expenditure and equipment subsidies paid out, and certain operating expenditure. PA and CA constitute the upper limit for expenditure to be incurred. They remain valid, without time limit, until cancelled. They may be reviewed.

Spending credits (*crédits de paiement*) define the upper limit for expenditure that may be ordered during the year to cover commitments in terms of the related PA or CA.

In order to clarify the general budgetary framework and describe the local authority's internal procedures, the Département des Bouches-du-Rhône has introduced the following:

- budgetary and financial rules, including the principal rules governing the local authority's budgetary and accounting procedures;

- a general financial procedures guide setting forth all of the Département's internal financial, budgetary and accounting rules.

Since 1 January 2020, local authorities' accounting chains are fully dematerialised.

4.2 Borrowing

Principles

Following the law of 2 March 1982 relating to the rights and freedoms of *communes, départements* and *régions,* which has abolished any form of State supervision over the acts of local authorities, such authorities henceforth have acquired full and complete discretionary decision-making powers with regard to borrowing.

Accordingly, under the terms of article L. 3336-1 of the CGCT, the Département may now raise borrowings.

Borrowing, budgetary source of funds

Under the terms of article L. 3332-3 of the CGCT, proceeds from borrowing constitute one of the non-fiscal revenues in the capital section of the Département's budget.

Borrowings must be used exclusively to finance capital spending, whether for a specific item of equipment or works relating to such equipment or the acquisition of durable goods treated as fixed assets. Borrowings do not have to be specifically allocated to one or more capital spending items set forth in the contract. They are pooled and remain available for all capital section financing requirements.

Borrowings must under no circumstances be used to make up a deficit in the operating section or a lack of own funds to repay debt (article L. 1612-4 of the CGCT).

Furthermore, unforeseen expenditure entered in the capital section of the budget cannot be financed by borrowings (article L. 3322-1 of the CGCT). Subject to this restriction, the proceeds of borrowing specified in the primary budget may be used to balance the capital section.

Budgetary allocation

The credits necessary for annual debt repayment, in both principal and interest, must be truly and fairly assessed in the budget. Borrowing costs, whether interest or ancillary finance costs, are allocated to Chapter 66 (financial expenses) under operating section expenditure.

Principal repayments, on the other hand, are applied to the Chapter 16 (borrowings and assimilated debts) under capital section expenditure. These must be covered by own funds which constitutes a fundamental condition of budgetary balance (article L.1612-4 of the CGCT).

Debt service constitutes a mandatory expense whether for the redemption of principal or finance costs. The lender is therefore entitled to invoke automatic payment registration and ordering procedures to obtain payment of annual repayments if the local authority is in default (articles L. 1612-15 to L. 1612-17 of the CGCT).

The various lenders and types of borrowing available to local authorities

Freedom of access to borrowing has helped to create a real local authority financing market which has resulted in a diverse array of financiers and products offered to local authorities.

The *Caisse des dépôts et Consignations* (**CDC**), established in 1816, began lending to local authorities in 1821. It is therefore a traditional local authority financier, which now shares the stage with other more recent entities, through the “Banque des Territoires”.

Originally, local authorities used fixed-rate loans with regular annual repayments. With the liberalisation of access to the financial markets, they henceforth have the opportunity to make use of almost all existing types of product (variable rate, bonds, risk management…).

The 2008 financial crisis which led to high volatility levels in the indices used in rate calculation formulas for structured products, revealed the true danger of certain types of borrowings.

The signing in 2009 of a code of good conduct between banking establishments and local authorities and the publication of the 25 June 2010 memorandum, aim to bring an end to the commercialisation of risky structured products. The implementation, under the framework of the code of good conduct, of a classification for structured products (the “Gissler” classification) and the updating of local authority budgetary explanatory notes concerning debt, have significantly increased the awareness of elected officials and citizens on local public financing, in particular in relation to the risks of structured products.

Tapping in to the bond markets has enabled local authorities, essentially Département*s* and *régions*, to access new sources of financing.

A new tool has emerged in recent years, in the form of a dematerialized exchange platform for issuers and investors. Their place remains confidential.

4.3 Controls

The French Republic has become structurally decentralised and local authorities are governed autonomously by elected councillors pursuant to articles 1 and 72 of the 4 October 1958 Constitution.

As such and pursuant to article L. 1111-2 of the CGCT, the Département governs by its decisions the affairs falling within the scope of its authority.

However, such freedom of administration must be exercised in compliance with all applicable laws and regulations governing the exercise of such powers. Although the State's representative no longer exercises any supervisory control, suitability control, *a priori* control over the acts of local authorities, such local authority acts are, however, subject to legality controls.

In budgetary matters, and in parallel with legality controls, local authority acts are subject to specific controls: budgetary control, transactional controls by the public auditor, control by the regional audit office ("**CRC**").

(a) Budgetary control by the State's representative

Pursuant to articles L. 1612-1 to L. 1612-20 of the CGCT, budgetary control is exercised over the primary budget, supplemental budgets and the administrative account. The CRC intervenes in four instances:

- when adoption of the primary budget is overdue (after 15 April, other than in governing Assembly election years, where the time limit is 30 April of the financial year) and, following a 15-day delivery deadline, the *Préfet* must immediately refer the matter to the CRC which formulates proposals within one month; the *Préfet* sets the budget and renders it enforceable. If he diverges from the CRC's proposals, his decision must be backed up by reasons;

- if the adopted budget is not properly balanced (revenue does not match expenditure), three successive time periods follow: 30 days for the *Préfet* to refer the matter to the CRC; 30 days for the CRC to formulate its proposals; one month for the governing assembly of the local authority to remedy the situation, failing which the *Préfet* will himself go ahead and set the budget or provide express reasons for his decision if he diverges from the CRC's proposals;

- if a mandatory expense item is omitted from the budget, the CRC, to which the matter may be referred either by the *Préfet*, the public auditor or any other interested party, sends a formal demand notice to the relevant local authority; if within a period of one month such formal notice has not been satisfactorily answered, the CRC requests the *Préfet* to enter such expense item in the budget and, if necessary, proposes that funds be raised or an optional expenditure item be decreased to cover the mandatory expense; the *Préfet* sets the budget and renders it enforceable. If he diverges from the CRC's proposals, his decision must be backed up by reasons;

- where 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 referral by the *Préfet*. Furthermore, it validates the primary budget for the following financial year and, if it determines that the local authority has not taken sufficient action, it proposes the necessary measures to the *Préfet* within a period of one month. The *Préfet* sets the budget and renders it enforceable. If he diverges from the CRC's proposals, his decision must be backed up by reasons.

The Public Finance Planning Act 2018-2022 adopted on 21 December 2017 by the National Assembly provides for the establishment of a 3-year financial pact between the 340 largest local authorities and the State's local representative (Prefect). This pact sets out the two new objectives of local authorities, the first relating to changes to their operating expenses (now capped) and the second, relating to indebtedness (local authorities must play an active role in reducing public debt, and their solvency will now be measured, with the reference threshold for *départements* set at 10 years).

The debt objective does not include corrective measures.

With regard to the cap on operating expenses, it is the Prefect who will propose, if necessary, how much financial recovery is necessary where actual operating expenses are too high. The local authority has one month to address his comments. This recovery, if necessary taken from tax revenues, is capped at 2% of actual operating revenue.

The emergency law no. 2020-290 of 23 March 2020 dealing with the Covid-19 epidemic has suspended the application of this measure for the 2020 financial year, and also it has not been renewed for 2021. The Government announced that local authorities must contribute to restoring the public finances (control over debt and expenditure) without however giving any details of this contribution. In principle, as part of the 2023-2027 stability pact, local authorities will be required to limit any increase in operating expenditure (average fall of 0.5%/year in amount, excluding inflation, between 2023 and 2027). A programming law will be put forward. The ARTHUIS report published in March 2021 merely underlined the benefits of the above-mentioned mechanism and opportunity for extending it to ancillary budgets or organisations such as mixed syndicates. The *Cour des Comptes* has, for its part, in its report of July 2022, floated various possibilities such as controlling expenditure or capping indebtedness.

(b) **Control by the public auditor**

In public accounts, separation of the authorising officer and the auditor derives from the principle of specialisation and separation of responsibilities. Each of them has a specifically defined role as set forth in the *décret* of 7 November 2012 as referred to above relating to budgetary and public accounts management.

As a reminder, this *décret* consolidates and updates the body of laws and regulations relating to budgetary and public accounts management including the *décret* no. 62-1587 of 29 December 1962 containing the general regulations on public accounts.

This principle of separation between authorising officers and auditors and the incompatibility between the two functions that flows from this, means that public auditors are bestowed with exclusive powers and responsibilities.

Accordingly, articles 18 to 20 of the *décret* of 7 November 2012 set forth the controls that the public auditor must carry out with respect to the expenditure and revenue falling within his remit, namely:

- collection orders (regularity of issue of demand and implementation of enforcement and collection measures);
- payment orders (authority of signatory, proof of services provided and production of evidence, control of correct budgetary and accounting application …);
- validity of the debt;
- correctness of account keeping;
- custody of funds and securities belonging to or entrusted to public bodies;
- handling of funds and cash account transactions;
- safe-keeping of transactional documentary evidence and accounting documents.

The role of the public auditor guarantees the regularity and sincerity of public authority accounts. He controls the transactions originated by the authorising officer with reference to budgetary and accounting rules and regulations. The public auditor does not judge the suitability or legality of budgetary decisions.

Pursuant to order n°2022-408 dated 22 March 2022, on the financial responsibility regime applicable to public accounts managers, a unified jurisdictional regime shall apply to these public managers as from 1 January 2023.

(c) **Control by the regional audit office (*Chambre régionale des comptes or CRC*)**

The law of 2 March 1982 concerning the rights and freedoms of *communes*, *départements* and *régions* established CRC, staffed by magistrates appointed for life. The powers and authority of these jurisdictions are prescribed by law and have been codified under articles L.211-1 et seq. of the French financial jurisdictions Code.

They principally exercise three areas of authority over local authorities and their public entities (i) jurisdictional power with respect to public auditors' accounts, (ii) budgetary control (iii) management control. Their role is also to evaluate public policy and the implementation of such policy at local level by contributing to thematic enquiries.

Budgetary control

Pursuant to article L. 232-1 of the financial jurisdictions Code, the CRC intervenes in the following cases:

- budget not adopted within legal time limits,
- adopted budget not balanced,
- administrative account in deficit,
- insufficient credits necessary for payment of a mandatory expense item,

- rejection of the administrative account.

Jurisdictional control over public auditor accounts

The primary mission of the CRC, it is obliged to control the regularity of public auditors' accounts of local authorities and their public entities.

For such purpose, it verifies the accounts and documentary evidence presented, by document and by location, and examines whether the accounts are balanced. If the accounts have been correctly prepared, the CRC issues an order discharging the public auditor.

Conversely, it places him in "debit" if revenue has not been recovered or if expenditure has been improperly paid for. Indeed, the public auditor can be personally and financially liable for the performance of his mission. In this regard, he is liable on his personal assets for errors committed in the performance of his mission, either by himself or by his dedicated team: cash deficit, non-collection of revenue, payment not in discharge of expenditure, notably.

Such control also extends to any person acting illegally in the management of public funds. The *de facto* accountant is therefore also subject to the same obligations and liabilities as a public auditor.

Management control

The purpose of these controls is to examine the regularity and quality of a local authority's management. It examines not only the financial equilibrium of management activity and the resources employed for its implementation, but also the outcome achieved compared to the resources employed and the results of the actions undertaken. Basing their judgement on the regularity of the activity and the economics of the resources employed and not on the appropriateness or suitability of the actions undertaken by local authorities, the *CRC*'s first priority is to encourage and assist local authorities in complying with the law in order to avoid any penalties.

(d) **Civil servant liability**

The law no. 83-634 of 13 July 1983, which forms chapter I concerning the general status of civil servants and applies to three public functions (state, local authority and hospitals), provides in article 29: "*any civil servant who commits a breach in the exercise or in connection with the performance of his/her functions shall be liable to disciplinary measures without prejudice, if applicable, to any criminal penalties imposed by law*".

Furthermore, there are faults which constitute breaches of specific obligations defined in specific laws and which are distinct from disciplinary breaches. These include, for example, offences punishable by the financial and budgetary discipline committee (*cour de discipline budgétaire et financière*). The list of offences is set forth in articles L. 313-1 et seq. of the financial jurisdictions Code. Their purpose is to sanction breaches by the State and local authorities of revenue and expenditure execution rules.

Furthermore, the CRC may hold a public servant liable for *de facto* management. This is an irregularity which involves failing to observe the principle of separation of authorising officer and accountant by involving oneself in the unauthorised handling or holding of public funds.

Law No. 2016-483 of 20 April 2016 on ethics and the rights and obligations of civil servants clarified the rights and obligations of civil servants. In particular, it provides measures to prevent conflicts of interest (for example, the making of formal statements) and to protect whistle-blowers.

The law n°2022-401 of 21 March 2022 on improving the protections for whistle-blowers introduces a new whistle-blower protection regime, applying in particular to the civil service.

For its part, the Issuer has established an **ethics compliance unit**. Attached to the legal, risk control and audit department, this unit is responsible for **drawing up and overseeing the programme for the prevention of breaches of ethical conduct** (establishing an anti-corruption framework, instilling a culture of transparency and ethical behaviour, deploying an internal control and ethical risks management mechanism).

(e) **Informing the local population**

The law No. 2015-991 of 7 August, known as the NOTRe law, reinforced existing obligations in terms of informing the population about local authorities' budgets and accounts.

In particular, it provides that there should be a brief and concise presentation of essential financial information attached to the primary budget (**PB**) and the administrative accounts (**AA**), and that documents should be made available online (including the aforementioned presentation, report on budgetary guidelines, PB and AA) to improve citizens' information and enable them to make informed choices when voting.

These measures complement those already in force (publication of ratios and external financial commitments of the local authority under Law No. 92-125 of 6 February 1995, known as the ATR Act, list of associations that have received a subsidy or other assistance under Law 2006-586 of 23 May 2006 and the corresponding decree).

(f) **Rating**

The Issuer has been attributed a rating from the rating agency Fitch Ratings Ireland Limited ("**Fitch**").

The analysis performed relates to its political, institutional and economic background and on developments in its financial situation. It is carried out during the course of two annual reviews. The first long-term rating was obtained by the Issuer on 10 October 2013.

Following its ratings review of 17 June 2022, Fitch confirmed the "AA-" long-term issuer default rating of the Département des Bouches-du-Rhône and confirmed its "F1+" short-term IDR rating. The outlook is stable.

The press release issued on 17 June specifies that:

"*Fitch Ratings has affirmed the Département Bouches-du-Rhône*'s *foreign and local currency issuer default ratings (IDRs) at 'AA-', with stable outlook. A full list of rating actions is below.*

The affirmation of the Département's issuer default ratings reflects our expectation that Bouches-du-Rhone's payback will remain between 7.5x and 9x over the coming years in our rating case. The issuer default ratings are at the same level as the Département's 'aa-' standalone credit profile (SCP). The IDRs are not capped by the French sovereign's rating (AA/Negative).

RATING FACTORS

A high-midrange risk profile

Key risk factors are assessed as either "high" or "midrange". The resulting high-midrange risk profile reflects the low likelihood that the département's ability to cover its debt service with its operating balance will weaken unexpectedly in our (2022-2026) rating scenario, either because of lower-than-expected revenue, or because of an unanticipated increase in expenditure or debt service requirements.

Revenue robustness: factor assessed as "strong"

The département benefits from robust revenue. It mainly comprises predictable tax revenues (tax on insurance contracts (TSCA), domestic tax on consumption of energy products (TIPCE), 10% and 15% of operating revenue respectively in 2021) and stable transfers (27%). TSCA has low volatility through the economic cycle, and TICPE benefits from a minimum floor guarantee by the French State. Tax revenues include a VAT portion (16%) linked to GDP with a minimum amount guaranteed by the French State. Counterparty risk on transfers is low because they come mainly from the French State which has a high rating.

Property transfer duties (DMTO, 24% of operating revenue in 2021) represent the main source of volatility as they are linked to real estate transactions in the territory. In 2021 they increased by an exceptional 31% on a post-Covid-19 rebound in transactions and a high level of savings accumulated in 2020, which drove real-estate prices higher. Fitch expects property transfer duties in 2022 to be at least at similar levels given a growing number of transactions in the first half of the year, and a lag between transactions and the property transfer duties received by the department. Our rating case factors in a decline in property transfer duties of around 10% in 2023, to reflect the volatility risk linked to this tax item.

Revenue adjustability: assessed as "Midrange"

Like other French départements, in 2021 the département's TFP share was replaced with a VAT portion which is collected nationally. Therefore, the département has lost almost all of its tax flexibility. However, Fitch believes that French départements benefit from partial cost pass-through mechanisms covered by the State: They are responsible for public policies decided at the national level, especially social spending, and tend to receive greater financial support from the State when costs increase. Fitch expects the French state to continue supporting the départements if they face a sustained increase in social spending. In Fitch's view, the full removal of their fiscal flexibility would make support from the French state even more likely.
Support mechanisms from the French state were not sufficient to cover increases in spending in the past and do not benefit from a constitutional guarantee, ruling out a 'Stronger' assessment of revenue adjustability. However, the track record of financial support and our expectation that such support would continue in case of need justifies a 'Midrange' assessment of this factor for all French departments.

Expenditure Sustainability: "Midrange"

Like other French départements, a major share of the Bouches-du-Rhône's operating expenditure depends on measures decided at national level, which limits the département's ability to control its expenditure. These include active solidarity revenue benefits (RSA, 23% of operating expenditure in 2021) which are contra-cyclical expenditure items and tend to increase when unemployment increases.
Before the health crisis, the département maintained good control over its operating expenditure, even though operating expenditure increased slightly faster than operating revenue (1.4% compared to 1.0% on average per year between 2015 and 2019). In 2020, operating expenditure increased by 5.4%, due to an increase in RSA spending (7% in 2020 compared to 2019) and payroll costs (5%). In 2021, operating expenditure has fallen by 0.2%,

which can be explained by a fall in post crisis RSA and a decrease in Covid related extraordinary general expenditure.

Expenditure Adjustability: "Midrange"

The département's expenditure adjustability is limited. This includes mandatory transfers, including RSA spending (23% of operating expenditure in 2021), the other social benefits (14%), and also accommodation costs (23%). Payroll costs (18%) are also a source of budget rigidity because most of its staff have civil servant status.

The département has more flexibility over its capital expenditure (21% of total spending in 2021 versus an average for French départements of around 15%). This capital spending flexibility is however reduced by the département's high investment needs, in particular in transportation. We estimate the inflexible share at between 70% and 90% of total spending.

Liabilities and Liquidity Robustness: "Strong"

At end-2021, the département's debt was low risk: 66% of the département's debt was fixed rate, and 100% was categorized as I.A under the Gissler Charter. Debt service is structurally well covered by the operating balance (2021: 3.4x). At end-2021, the département did not carry any short-term debt.

The département's off-balance sheet liabilities are sizeable, representing 4.2x the operating balance in 2021. However, 92% was related to entities in the social housing sector considered as low risk, notably '13 Habitat' (54% of the total) whose debt ratios are satisfactory for the sector.

Liabilities and liquidity flexibility: "Strong"

Fitch views the framework for emergency liquidity support from the French state as strong. Local authorities' liquidity is deposited with the Trésor and is pooled with that of the French State. The French State can transfer cash advances to local authorities, several months ahead of schedule. The counterparty risk of this mechanism is low due to the high sovereign rating.

The département also has good access to liquidity in different forms, including 130 million euros of credit lines at end of 2021 with banks rated in the 'A' category. As with other French local authorities, the département may have access to institutional lenders, such as Caisse des Dépôts et Consignations (AA/Negative) which may provide support in case of problems accessing market financing.

Debt sustainability ratios: 'aa' category

Debt sustainability ratios are assessed at the lower end of category 'aa'. In our rating scenario, the département's debt repayment capacity is close to 8.5x on average over the period 2024-2026. Debt service coverage (Fitch synthetic calculation) should be close to 1.6x with a fiscal debt burden of just under 100% in 2026.

The operating balance has recovered strongly in 2021, increasing from 189 million euros in 2020 to 351 million euros in 2021, driven by an exceptional increase in DMTO (31%), dynamic VAT and a fall in RSA expenditure (3%).

In our rating case, the operating balance will fall to 280 million euros in 2026. This reflects an assumed fall in DMTO in 2023 and an increase in AIS benefits. This can also be explained by higher energy bills in secondary schools, a key area of the département's authority, and also by increased staff costs (2.3% on average between 2022 and 2026).

The Bouches-du-Rhône's net adjusted debt increased sharply to 1.6 billion euros at end 2021, compared to 1.3 billion euros at end 2020, due to high capital expenditure (592 million euros). In our rating case, we expect net adjusted debt to be close to 2.6 billion euros at end 2026, as the département aims to maintain substantial capex levels (close to 550 million euros per year on average), mainly allocated to building and renovating secondary schools, and highways maintenance.

RATING SUMMARY

The Département des Bouches-du-Rhône's *SCP is 'aa-', driven by a 'High Midrange' risk profile and debt sustainability that Fitch assesses at the lower end of the 'aa' category under Fitch's rating case. The* Bouches-du-Rhône's *final IDR is not capped by the French State's and no other factors affect the final ratings.*

DEBT RATINGS

The Département's senior unsecured long term bonds ratings are at the same level as its final long term rating. The Département's senior unsecured short term bonds ratings are at the same level as its final short term rating.

KEY ASSUMPTIONS

Qualitative assumptions and their assessment:
Risk profile: High Midrange
Revenue Robustness: Strong
Revenue Adjustability: Midrange
Expenditure Sustainability: Midrange
Expenditure Adjustability: Midrange
Liabilities and Liquidity Robustness: Strong
Liabilities and Liquidity Flexibility: Strong
Debt sustainability: 'aa' category
Inter-governmental debt: n/a
Ad hoc support: n/a
Asymmetric Risks: n/a
Sovereign Cap: n/a
Sovereign Floor: n/a

Quantitative assumptions - issuer specific:
Fitch's *rating case scenario is a "through-the-cycle" scenario, which is based on the 2017-2021 figures and 2022-2026 projected ratios.*
The key assumptions are as follows:
- an average annual increase in operating revenue of 1.2% between 2022 and 2026 ;
- an annual average growth in operating expenditure of 2% between 2022 and 2026 ;
- a net capital balance of -486 million euros on average between 2022 and 2026 ;
- apparent cost of debt of 1.2%.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:
An upgrade could be triggered by the payback ratio remaining below 7.5x on a sustained basis in our rating case scenario, provided the sovereign rating remains unchanged.
Factors that could, individually or collectively, lead to negative rating action/downgrade:
A deterioration of the payback ratio to above 9x on a sustained basis in our rating-case scenario could lead to a downgrade.

DEBT AND LIQUIDITY

The département's adjusted debt includes its long-term financial debt (1,661 million euros at end 2021) and the fire brigade's (SDIS) net debt (24 million euros), included in "other Fitch-classified debt". Net adjusted debt (1,554 million euros) includes adjusted debt (1,684 million euros) minus the département's available cash viewed as "unrestricted" by Fitch (130 million euros).

MAIN FINANCIAL ADJUSTMENTS

Fitch consolidates the département's accounts with those of the fire brigade (SDIS), the latter being financed mainly through a transfer from the département through the operating and investment sections (68.8 million euros in 2021).

ISSUER PROFILE

The Bouches-du-Rhône is a French département located in the south of the country, with a population of around 2 million inhabitants. Its capital city is Marseille (A+/Stable). Its principal powers are social spending, education (secondary schools) and departmental roads maintenance.

ESG CONSIDERATIONS

ESG factors have a very low impact on the département's credit quality, which is reflected in its score of 3."

5. THE 2020 AND 2021 ADMINISTRATIVE ACCOUNTS

THE SPECIFIC BACKGROUND OF THE 2020 ADMINISTRATIVE ACCOUNT

As of the date of this Offering Circular, there is currently no requirement for the Département des Bouches-du-Rhône's accounts to be certified by statutory auditors. They are approved by the departmental Council by 30 June at the latest in the administrative accounts (**AA**) which reproduces all expenditure and revenue relating to the relevant financial year. This account must comply with the management accounts prepared by the public auditor who is responsible for making payments in respect of expenditure and collecting in the Issuer's revenue.

The extraordinary measures of order no. 2020-330 of 25 March 2020 on local authority and local public institution fiscal, financial and budgetary continuity measures to deal with the consequences of the Covid-19 epidemic, providing for the postponement of the deadline for adopting the administrative account, have been extended by the law n° 2021-191 dated 22 February 2021 which has deferred, from March to June 2021, the general elections of the departmental councils, regional councils and assemblies of Corsica, Guyana and Martinique. As such, the deadline for the adoption of the 2020 AA was postponed until 31 July 2021 and the Département's 2020 AA were adopted on 23 July 2021.

5.1 Presentation and analysis of the 2021 AA.

The Département's administrative account (AA) for the 2021 financial year was approved by the departmental Council at its public meeting held on 24 June 2022, in conformity with the management accounts of the paymaster of the Département.

The Département maintains five distinct accounts. Indeed, the law requires that certain activities be treated separately from the Département's general missions (social care facilities, CMPPD[79], DIMEF[80]; industrial and commercial services with special tax regimes, notably ports, scientific services):

- the general budget (**GB**)[81];
- the ancillary CMPPD budget (support for families and children in difficulty);
- the ancillary DIMEF budget (child care structures);
- the ancillary ports budget[82] (development and management of 7 predominantly commercial and fishing maritime ports);
- the ancillary departmental analysis laboratories (LDA) budget [83] (human, animal and vegetal health and welfare).

[79] Departmental medico-psycho-pedagogical centre (Instruction M22).
[80] Departmental family and children's welcome centre (Instruction M22).
[81] Budgetary and accounting instruction M52.
[82] Instruction M4.
[83] Département's analysis laboratory (instruction M52).

Breakdown of expenditure and activity (AA 2021) – actual credits / in M€

Budgets	Operating	Capital	Total	Structure	Comments
General budget	2,267	576.6	2,843.6	98.8%	
CMPPD	2.3	0.0	2.3	0.08%	Objectives contractualised in a CPOM
DIMEF	21.3	0.2	21.5	0.75%	Financed by global endowment (Source general budget)
Ports	0.7	1.4	2.1	0.07%	Financed by ports levy and general budget endowment
LDA	8.2	0.4	8.6	0.3%	Invoicing of services and GB endowment (public service missions)
Total	**2,299.5**	**578.6**	**2,878.1**	**100.0%**	

General budget, operating: actual operating expenditure.
General budget, capital: expenditure excluding debt

The figures below do not take into account the ancillary budgets due to their relative financial insignificance compared to the general budget.

Simplified balance sheet as at 31 December (management account) – in M€

Intangible fixed assets	2,733	**TOTAL OWN FUNDS**	**7,232**
Tangible fixed assets	6,008	**PROVISION FOR RISK AND EXPENSES**	**28**
Financial fixed assets	24	Long-term financial debt	1,666
TOTAL FIXED ASSETS	**8,765**	Short-term debt	64
TOTAL CIRCULATING ASSETS	**196**	**TOTAL DEBT**	**1,730**
Prepayment and accrued income	**43**	**Accruals and deferred income**	**14**
TOTAL ASSETS	**9,004**	**TOTAL LIABILITIES**	**9,004**

REMINDER OF THE ATYPICAL 2020 FINANCIAL YEAR

The 2020 financial year reflected the immediate effects of the health crisis, both on the Issuer's expenditure and revenue (borrowings). The Issuer's ratios have also significantly altered. Most of the crisis-related spending was concentrated in the 2020 financial year, although in 2021 the Département funded measures such as vaccination centres or continued to take advantage of opportunities such as the exceptional staggering of expenditure to the tune of 15 M€. Similarly, in 2021, some crisis-related revenues were collected or announced (ESF grant of 6.4 M€ to purchase PPE).

The following analysis demonstrates a return to more normal conditions, the position being similar across all local authorities. The pre-report of the *Observatoire des finances et de la gestion publique locales* published in June 2022, like the report of the *Cour des Comptes* of July 2022 suggest a positive outlook for local public finances and their sound financial health.

Indeed, the *Cour des Comptes* highlights the rebound in the gross operating surpluses of Départements (+24% in 2021) and the buoyancy of DMTO (+21.4% in 2021, compared to 2019). The Cazeneuve mission report of 21 February 2022 indicates that local authority gross internal financing capacity has increased by 23.2% between 2017 and 2021, and their cash flow by 36.4%.

OVERVIEW

Actual expenditure in the 2021 AA was 2,950 M€ (including debt), with 2,987.3 M€ in revenue. The 2021 AA closed with a cumulative surplus of 79 M€ (42 M€ in 2020).

Unrealised items for the 2021 financial year amount to 44.4 M€ for expenditure. These are split as follows: 37.6 M€ for operating expenditure (general expenditure, ordinary management expenditure and RSA) and 6.8 M€ for capital expenditure (equipment subsidies). There are no unrealised items for the revenue section.

Operating section – in M€

Expenditure				Revenue			
Item	**2020**	**2021**	**Change**	**Item**	**2020**	**2021**	**Change**
Staff costs	377.8	392.4	+3.8%	Direct taxation	643.7	243.4	-62.2%
Other expenditure	1.631.1	1.615.2	-1%	Indirect taxation	1.084.7	1.643.5	+51.5%
Transfer payments	67.5	88.8	+31.5%	Endowments and participations	552.7	558.5	+1%
External services (61)	42.7	45	+5.3%	Others (collections, provisions)	136.2	143.8	+5.5%
Other external services (62)	60.3	74.3	+23.2%				
Provisions	6	12.1	+101.1%				
Finance costs	14.5	15.2	+5%				
Others (60 ; others actual 63 and 67)	45.1	25.5	-43.5%				
Balancing (*d'ordre*) expenditure (endowments and 67)	320.6	317.3	-1%	Balancing (*d'ordre*) revenue (77)	331.6	264.8	-20.1%
Investment section financing	195.1	283.1	+45.1%				

Closing result	42	79.5	+89.4%	Surplus carried forward	52.8	93	+76%
TOTAL	**2.801.8**	**2.946.9**	**+5.2**		**2.801.8**	**2.946.9**	**+5.2%**

<u>Capital section – in M€</u>

Expenditure				**Revenue**			
Item	**2020**	**2021**	**Change**	**Item**	**2020**	**2021**	**Change**
Equipment subsidies	380.3	336.5	-3.90%	Actual revenues	33	41.1	24.80%
Intangible fixed assets (20)	33.3	32.7	-1.80%	Capitalised operating surplus	92.2	144.1	56.30%
Tangible fixed assets (21)	30.9	35.9	15.90%				
Current fixed assets (23)	104.6	132.3	26.50%				
Other fixed assets, advances and interim payments (238)	12	9.7	-19.10%				
Others (10, 13, 26, 27, 45)	4.3	0.5	-87.40%				
Borrowings and equivalent debt	71.7	106.2	48%	Borrowings and equivalent debt	442.3	357	-19.30%
Balancing (*d'ordre*) expenditure	366	278.3	-24%	Balancing (*d'ordre*) revenue (amortisation and others 16,19, 20, 21, 23)	355.1	330 .9	-6.80%
Unrealised items	9	6.8	-24.30%	Unrealised items	60	0	-
Balance of execution of capital section carried forward	114.5	195.1	70.50%	Financing of capital section	144.1	289.9	101.10%
TOTAL	**1.126.6**	**1.163**	**3.20%**	**TOTAL**	**1.126.6**	**1.163**	**3.2**

The expenditure realisation rate, excluding debt and retained income in the operating section was 95.7% in 2021 and the rate for revenue was greater than 100%. The expenditure figure can be explained by the fact that not all actions undertaken were realised in year n. Generally, in the case of revenue, forecasts are made on a cautious basis at the beginning of the year in particular with respect to chargeable transfer duty (*droits de mutation à titre onéreux* or "**DMTO**") which was very dynamic in 2021 (+138.5 M€ or +31%).

In the capital section, the realisation rate for expenditure (excluding debt), regularisations (budgetary entries) and retained income, and for the grants and equipment chapter was 82% in 2021 against an average of 84% for 2014-2021.

in M€	Operating				Capital			
	Expenditure		Revenue		Expenditure		Revenue	
	2020	2021	2020	2021	2020	2021	2020	2021
Forecast	2,369,131	2,368,570	2,418,585	2,537,599	678,210	703,706	47,044	42,250
Realised	2,244,059	2,267,048	2,417,374	2,589,195	565,446	576,638	32,966	41,150
% realised	**95%**	**96%**	**100%**	**102%**	**83%**	**82%**	**70%**	**97%**

NB: actual credits– excluding extraordinary adjustments, debt capital and deferred earnings. For capital expenditure, budgetary regularisation entries are included.

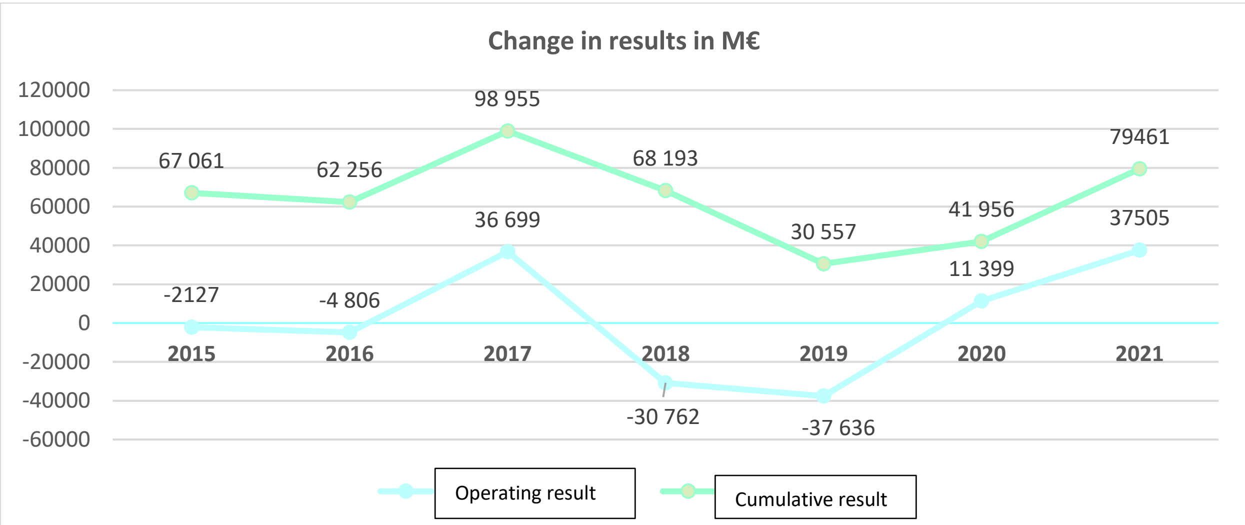
Capital financing capacity and requirement

In 2021, total capital spending requiring financing, excluding debt, was 576.6 M€.

This financing requirement was covered by a net operating surplus of 216 M€ (38%), by borrowings of 357 M€ (62%) and by permanent capital revenue which totalled 41.1 M€. The Department's working capital fund was strengthened, increasing from 42 to 79 M€.

Change in operating result and cumulative result

Over the period 2015-2017, the Département's cumulative result remained relatively stable, at around 70 M€, peaking in relative terms in 2017 (99 M€). The 2019 financial year was largely positive with 30.6 M€. The 2020 financial year enabled the working capital fund to be strengthened by reaching 42 M€ (+11.4 M€). This consolidation effort continued in 2021, with a final result of 79 M€.



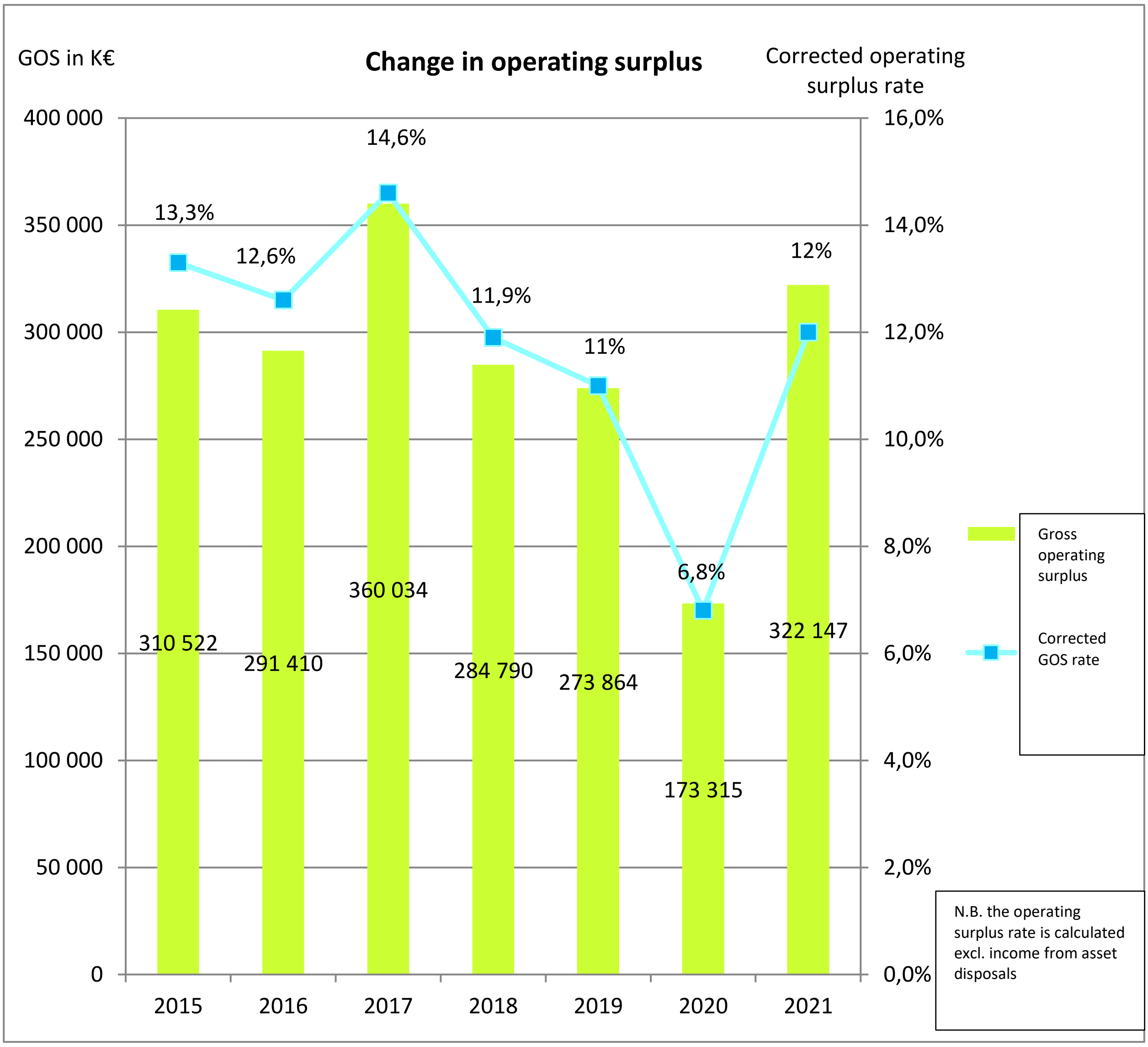
Change in operating surplus and debt repayment capacity

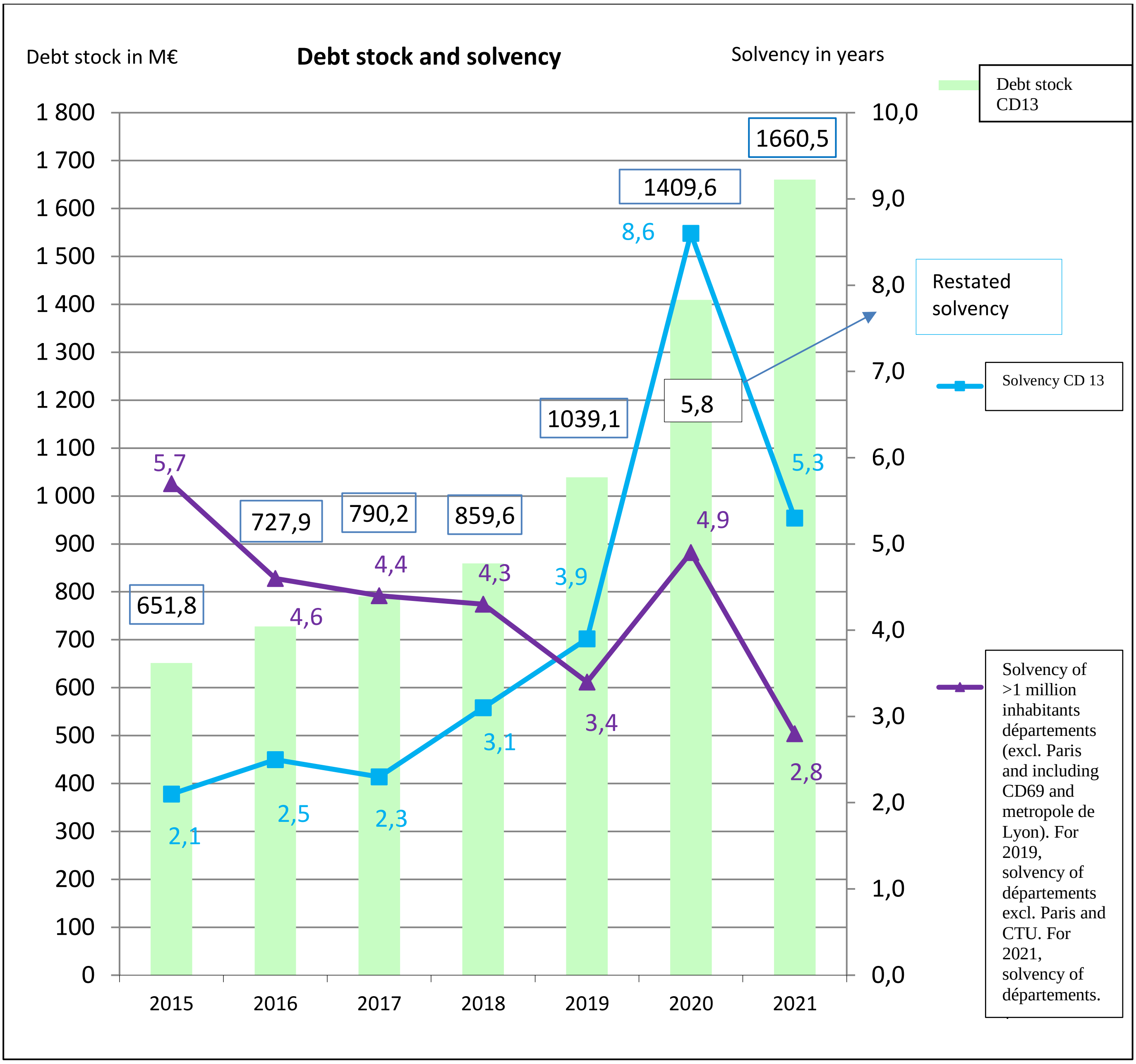
"Gross operating surplus" refers to the positive difference generated in the operating section between expenditure and revenue. This balance enables the Département to finance its capital spending policy.

The gross surplus as shown in the Administrative Account (AA), i.e. 322.1 M€, however needs to be refined and restated, in order to neutralise asset disposals (9.1 M€ in 2021).

Therefore, in 2021, adjusted gross operating surplus totalled 313 M€ compared to 163.1 M€ in 2020.

The gross operating surplus rate expresses the ratio of gross operating surplus to actual operating revenue. It increased from 6.8% in 2020 to 12% in 2021.





At 31 December 2021, outstanding debt totalled 1,660.5 M€, or 816 € per inhabitant, against the average for equivalent *départements* at 31 December 2021, of 525 € [84]. The indebtedness rate is 66.3% and the solvency ratio 5.3 years, compared to the national averages of 49.5% and 2.8 years for Départements (excluding CTU Martinique, Guyane, Corsica and the City of Paris), at 31 décembre 2021.[85]

For the record, the law n°2018-172 sets a cap on *départements'* solvency of 10 years.

[84] Source: DGCL, July 2022
[85] Source: *Observatoire des finances et de la gestion publique locales*, June 2022

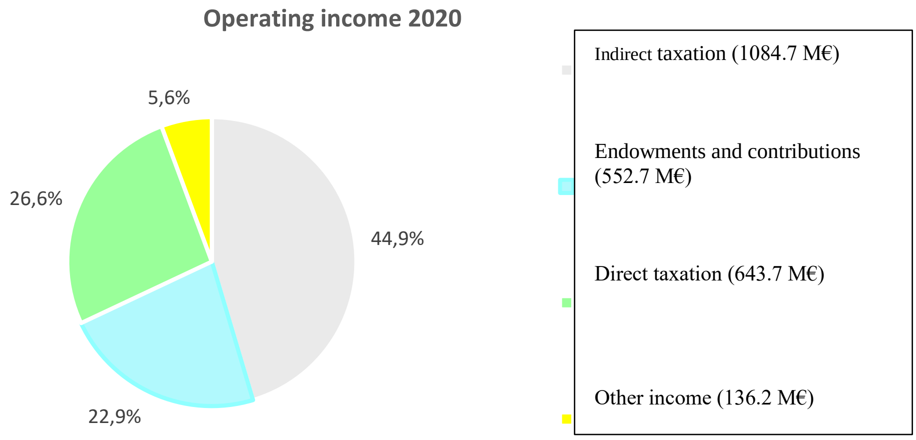
A. The operating section

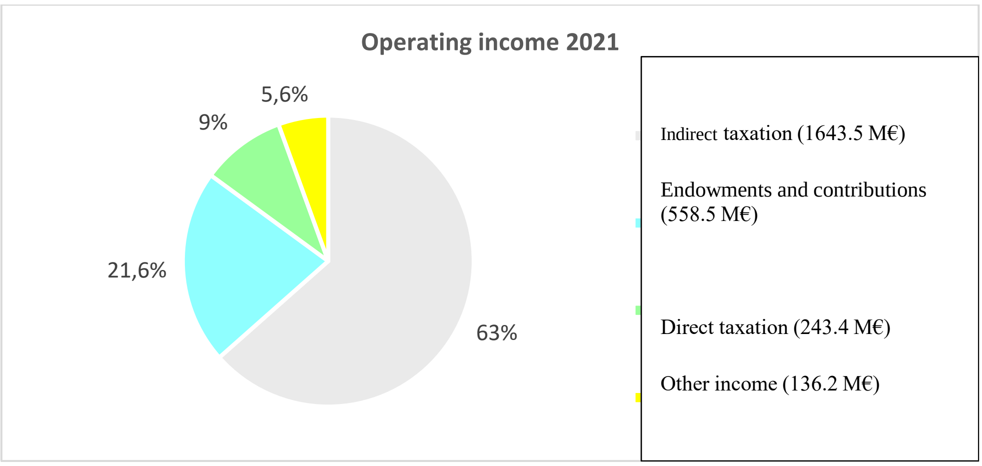
CHANGES IN OPERATING INCOME

Operating income has increased by +7.1%, from 2,417 M€ in 2020 to 2,589 M€ in 2021. After adjustment for disposal proceeds and provisions, the increase is confirmed, with a very clear increase of +7.2%.

As explained in more detail below, two points should be noted:

- a structural change in revenue composition, with the disappearance of the built property tax (TFPB) and its replacement with a portion of national VAT,
- a change, more cyclical but nevertheless to be underlined, in the amounts of DMTO (+138.5 M€).





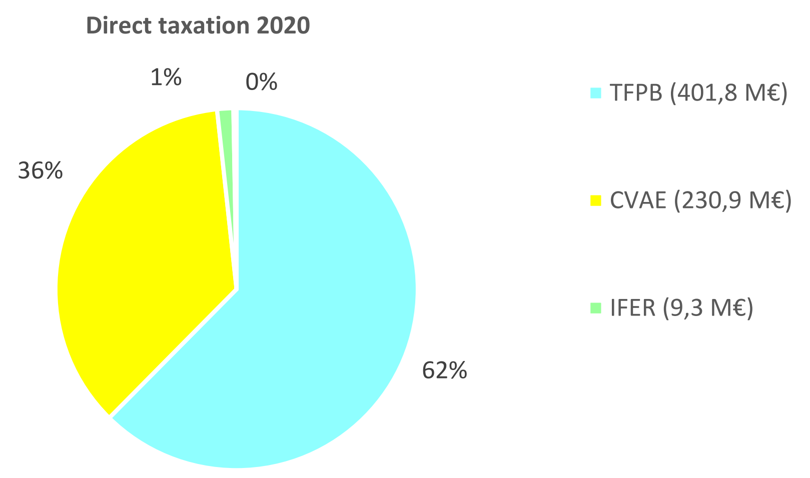
Direct taxation: 243.4 M€ (-62.2%)

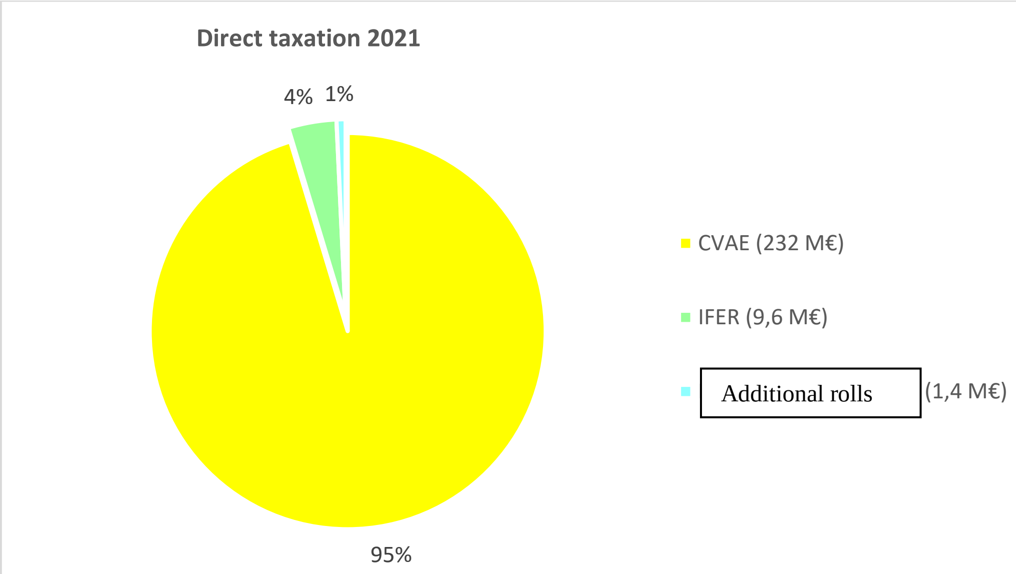
Direct tax revenue has been structurally changed, with the disappearance of the built property tax (TFPB). In 2021, following its transfer towards the *communes*, it will be replaced by a portion of national VAT.

The 2021 amount was guaranteed (404.4 M€). It will then vary depending on national VAT revenue with, however, a floor equal to the amount received in 2021.

Regarding CVAE, this is a steady and relatively dynamic revenue once again this year with an amount of 136.8 M€. It is rather the effect of the crisis that will continue to be felt in the 2022 financial year, with the abolition of this tax thereafter being introduced as part of a planned reduction in business production taxes. Today, CVAE is the main component of direct taxation. The arrangements for its replacement which have yet to be determined, will therefore be decisive.

IFER is more or less stable at 9.6 M€. The amount of the Région's CVAE refund is fixed, pursuant to the transport powers transfer agreement entered into in 2017.





NB: excluding FNGIR management fees.

Indirect taxation: 1,643.5 M€ (+51.5%)

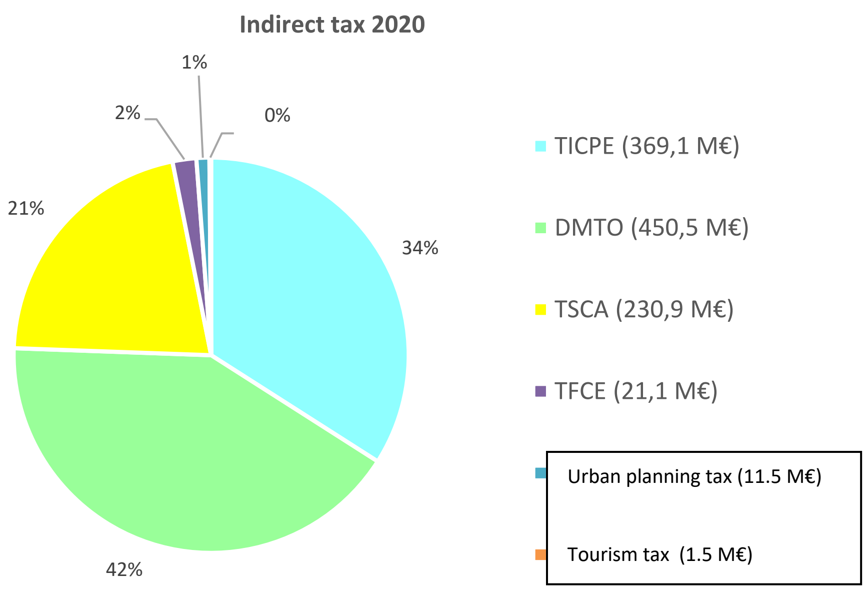
Indirect taxation is also undergoing major changes. A fundamental change, first of all, with the receipt of a national VAT portion following the transfer of TFPB to the communes. It is a fairly dynamic tax (+2.8%/year between 1995 and 2018[86]) but dependent on economic conditions.

DMTO has continued to demonstrate its robustness, with a total of 589.1 M€, or +31%. This increase, linked both to price increases and the number of transactions, is greater than the average for other départements (+27% according to the OFGPL report of June 2022). The domestic tax on consumption of energy products (TICPE) is more or less stable at 370.4 M€ and the development tax has recovered with 13.2 M€ (recommencement of construction works halted during the crisis).

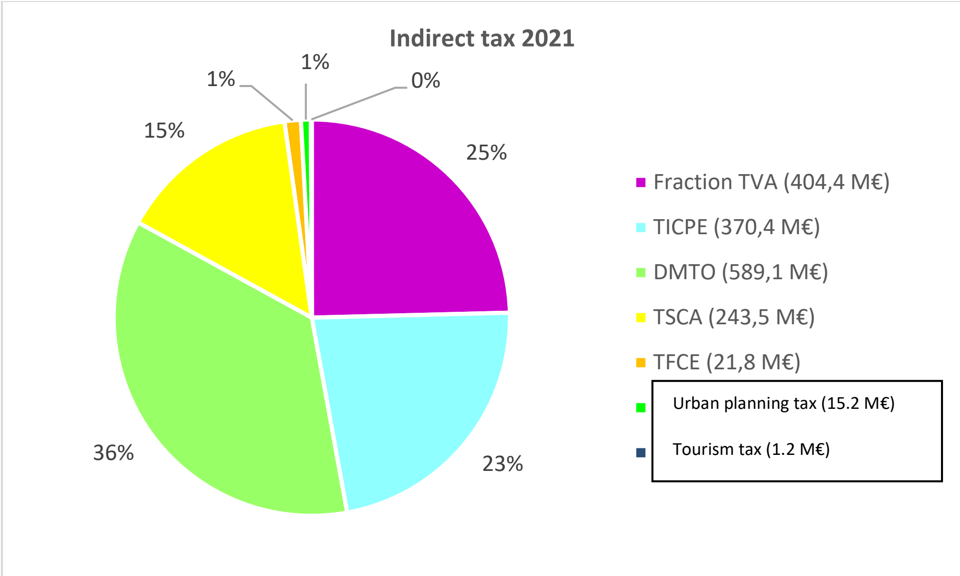
Other revenues are on the increase such as the special tax on insurance contracts (TSCA) at 243.5 M€ (+5.4%) and the departmental end-user electricity consumption tax (TDCFE), with 21.8 M€ (+3.2%). The additional tourist tax has definitely returned to its cruising speed at 1.2 M€.

Ultimately indirect tax revenues are split mainly between the three blocks DMTO/VAT/TICPE, with TSCA however providing a not insignificant share (15%).

In respect of all direct and indirect tax revenues as a whole, the Département repaid 64.2 M€ via a rebalancing payment, almost all of which is destined for the fund assessed on DMTO (note that this was reorganised in 2020 with the merger of three existing funds).



[86] Source: PLF 2020



NB: excluding allocation to the DMTO equalisation fund.

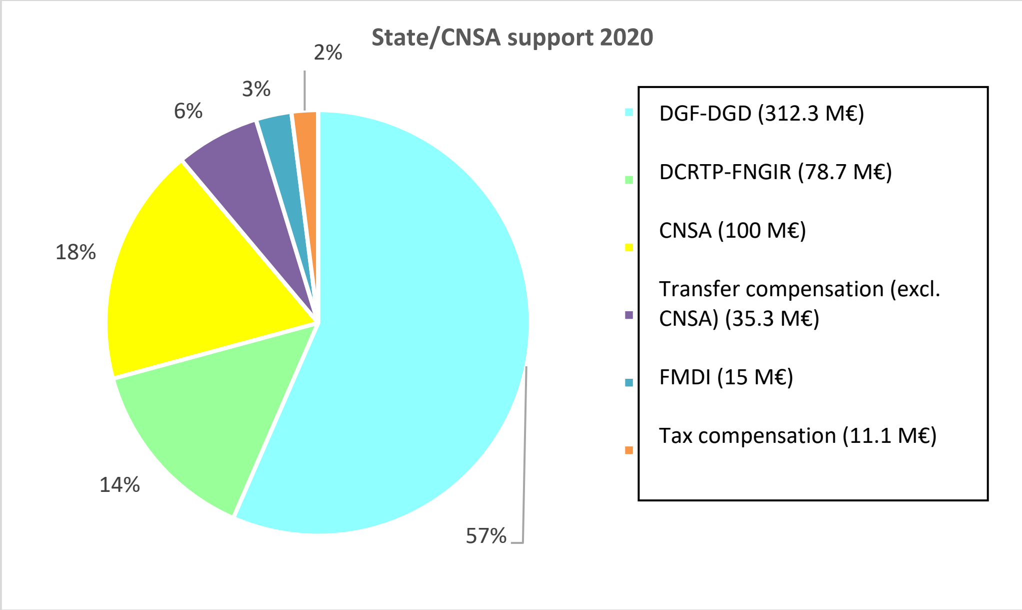
Support from the state and the national autonomy solidarity fund (*Caisse Nationale de Solidarité pour l'Autonomie – CNSA*): 558.5 M€ (+1%)

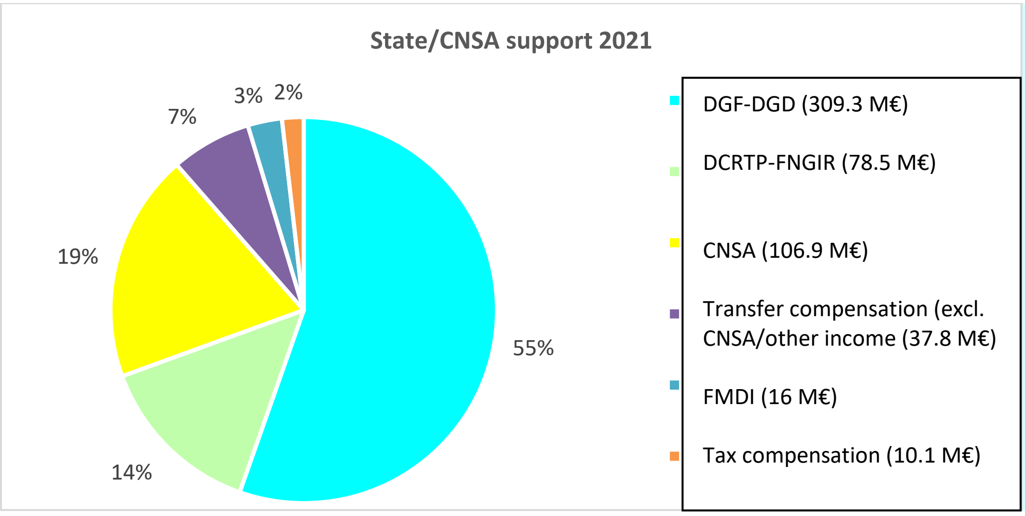
The DGF still represents the largest share of this financial support, with 297.4 M€, although seeing a fall of 3 M€, a trend observed since 2018. The general decentralisation allowance (**DGD**) is unchanged for several years (11.9 M€).

A number of compensation schemes ensure that the 2011 tax reforms are financially neutral: the national individual resources guarantee fund (FNGIR) (37.7 M€) and the professional tax reform compensation allowance (DCRTP) (40.8 M€). The Département has also received compensation of 16 M€ in respect of the integration mobilisation fund (FMDI), an increase of 6.6% (+1 M€). This is used to mitigate RSA financing shortfalls.

Also allocated by way of compensation, are the equalised compensation endowment (DCP) in an amount of 21.3 M€ and the direct taxation compensation allowance (10.1 M€). Note that the Département received a payment of 6.5 M€ from the DMTO fund, another fall (-2.9 M€ compared to 2020), this revenue may moreover be linked to the payment made by the Département under this fund, of almost 64 M€. The Département became eligible under the stabilisation fund established in 2019 for 3 years to support *départements* penalised in terms of outstanding AIS liabilities. In this regard, it received an amount of 3.3 M€ (compared to 0.8 M€ in 2020).

Allowances from the CNSA to fund the personal autonomy allowance (*allocation personnalisée d'autonomie* - **APA**), disability allowance (*prestations de compensation du handicap* - **PCH**) and the grant to the departmental centre for persons with disabilities (*maison* Départemen*tale des personnes handicapées* - **MDPH**) amount to 106.9 M€ (+6.9%).





NB: excluding FNGIR management fees and allocation to the DMTO equalisation fund.

Other revenue: 143.8 M€

Income and contributions derived from the social sector form the main part of this item at 101.1 M€. These have increased (+5.9 M€), in line with the Département’s investment in the Poverty Plan, the battle against exclusion and for unaccompanied minors (MNA). Furthermore, improving recoveries from beneficiaries has borne fruit, and family contributions to school meals have returned to pre-crisis levels.

The other receipts derived from income from estate services and miscellaneous sales, contributions, financial income and exceptional items, and do not require any particular commentary.

Finally, this item includes reversals of provisions in an amount of 2.7 M€ and disposals, in an amount of 9.1 M€.

CHANGES IN OPERATING EXPENDITURE

Operating expenditure amounts to 2,267 M€ (+1%). Excluding income mitigation and provisions, it amounts to 2,166.2 M€ (-4.4 M€ and -0.2%).

Operating expenditure (excluding provisions and income mitigation)

Item	2020	Structure	2021	Structure	Change 2020/2021
Staff	377 817	17.4%	392 360	18.1%	+3.8%
General services	82 499	3.8%	77 656	3.6%	-5.9%
Security	78 787	3.6%	81 958	3.8%	+4%
Education	60 328	2.8%	58 445	2.7%	-3.1%
Culture and social life	40 016	1.8%	44 623	2.1%	+11.5%
Social policies	1 458 379	67.2%	1 442 262	66.6%	-1.1%
Networks - Infrastructure	10 035	0.5%	9 570	0.4%	-4.6%
Development - Environment	11 876	0.5%	10 791	0.5%	-9.1%
Transport	34 364	1.6%	34 867	1.6%	+1.5%
Local development	16 446	0.8%	13 640	0.6%	-17.1%
Total	**2 170 547**	**100.0%**	**2 166 174**	**100%**	**-0.2%**

In thousands of euros

Social welfare and solidarity spending: 1,442.3 M€ (-1.1%).

A proponent of solidarity, the Département found itself in 2020 in the front line from the outbreak of the crisis.

The 2021 financial year saw a gradual return to normal. This is particularly true for integration, with a steady fall in the number of RSA recipients. Allocations were down 3.3% to 489.7 M€ having reached 506 M€ in 2020. The number of recipients increased from 81,810 in December 2020 to 71,205 in December 2021, with beneficiary integration measures totalling more than 41 M€.

APA and PCH continued to increase although in line with forecasts and, for PCH, the number of beneficiaries. In total, AIS represented 786.4 M€.

Senior citizens policy remains a priority, beyond the purely regulatory aspect. Indeed, the homes for the elderly scheme makes use of 39 dedicated premises together with a mobile facility, spread throughout the territory, offering welcome, advice and support to those concerned. More than 40,000 users were welcomed in 2021.

Children related expenditure fell slightly (225.5 M€ excluding family assistants, or -2.2%) however this is due to the deferral of a number of operations. The number of unaccompanied minors however seems to have stabilised (987 at 31/12/2020 and 836 at 31/12/2021).

Finally, initiatives in favour of the public health sector, whose essential contribution was underlined by the crisis, amounted to more than 8 M€.

Staff costs: 392.4 M€ (+3.8%)

Staff costs increased by 14.5 M€.

This increase can be explained by the continued deployment of the RIFSEEP (pay scheme taking account of functions, constraints, expertise and professional engagement) or PPCR (professional career paths, careers and remuneration) benefiting all of the Département's staff, taking on responsibility for job support but also by the strengthening of teams considered by the *Département* as part of priority policy areas (elderly persons, persons entering the jobs market, school students).

Local authority general administrative expenses: 179 M€ (+14.4%)

These expenses, other than those related to equalization, cover the daily operations of the Département (cleaning, caretaking, buildings maintenance).

Security: 82 M€ (+2.8%)

Security policies mainly cover fire prevention and protection of forest areas. This includes the the Departmental fire and rescue service (SDIS) (68.8 M€) and the Marseilles fire brigade (BMPM) (10 M€).

Education and schools policy: 58.4 M€ (-3.1%)

The implementation of the "Charlemagne" plan, launched in 2017, continues with the modernisation and securing of school establishments, the distribution of educational content tablets to schoolchildren (100% digital schools target) and increased educational support for pupils.

Finally, in order to reduce family outgoings, a back-to-school kit adapted to the requirements of educational establishments was distributed to all schoolchildren (public and private sectors) and a special contribution towards those benefiting from school meals was also paid to families. The fall is circumstantial, related to the effects of lockdowns on school life (postponed outings, less half-board attendance).

Culture, social life, youth, sports and leisure: 44.6 M€ (+11.5%)

Departmental funding contributed to the organization of a number of initiatives and events for the benefit of the Bouches-du-Rhône population: exhibitions organised by the various cultural facilities belonging to the local authority (ABD, museums, Aix-en-Provence gallery), the Marseille-Cassis race, the Open13 Provence (tennis tournament), the Marseillaise Pétanque World Cup, and indeed Christmas carols

All of these events contribute to the quality of life and appeal of the Département.

Transport: 34.9 M€

As every year, these costs include essentially the compensatory endowment for the transfer of transport powers to the Métropole Aix-Marseille-Provence (31.9 M€). The remainder goes towards financing the operations of the *Syndicat Mixte de Traversées du Delta du Rhône* which manages the ferries that ensure transport links in the Camargue (3 M€).

Local development, agriculture and land use planning: 34 M€ (-11%)

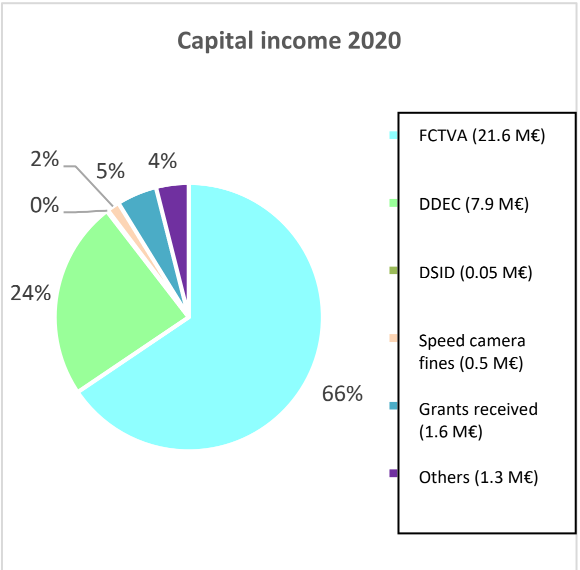
These policies include actions in the spheres of local development (infrastructure maintenance, of roads in particular, cooperation projects, promoting the département through tourism), planning and development of the region, and the environment and agriculture, with support for farms in Bouches-du-Rhône, but also sectoral structuring and product promotion. The Bouches-du-Rhône is the leading département in terms of the number of fruits and vegetables grown (lettuce, peaches/nectarines, olives) with 35% of useful agricultural land farmed organically.

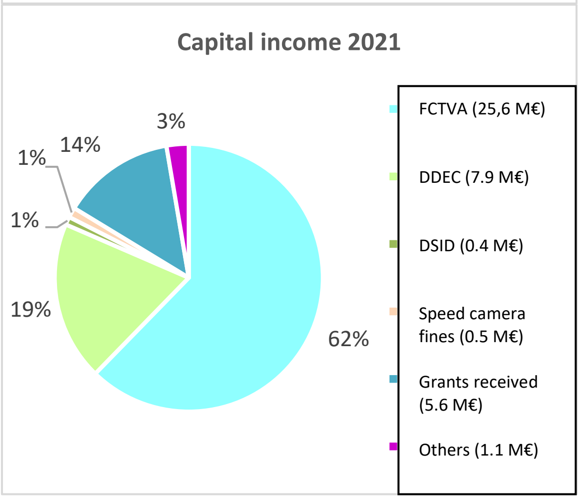
These are fundamental policies, focused on the Département's priorities, and the headline decrease is mainly the result of an extraordinary accounting entry.

CAPITAL SECTION

CHANGES IN CAPITAL INCOME (EXCLUDING DEBT)

The Département des Bouches-du-Rhône's capital income, excluding debt is 41.1 M€ and has increased by 24.8%.





The components and amount of these revenues have changed little. The majority are based on FCTVA, linked to the Département's eligible investments, and which is increasing sharply due to the dynamism of the Département. The DSID scheme is gradually increasing in importance, due in particular to the extraordinary budget envelope allocated as a result of the crisis (the Département has obtained almost 6 M€ in this regard).

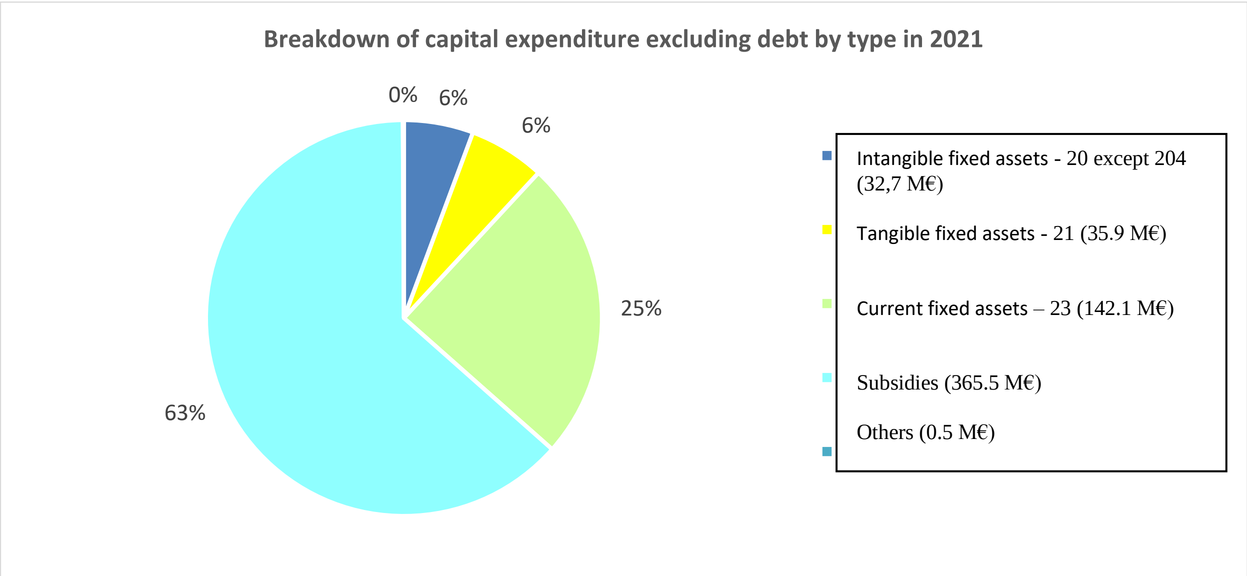
More generally, the Département is endeavouring to boost its revenue and is exploiting all potential resources. Indeed, almost 2 M€ has been obtained in 2021, from the State, for the renovation of the Département's museums.

CHANGES IN CAPITAL EXPENDITURE (EXCLUDING DEBT)

The capital section amounts to 682.8 M€ including debt. Excluding debt, capital expenditure equalled 576.6 M€, an increase of 2%. This upward trend since the recovery that began in 2018 is nationwide (+9.4% in 2021[87]). In the Bouches-du-Rhône, it consolidates an already considerable volume of operations (565.4 M€ in 2020).

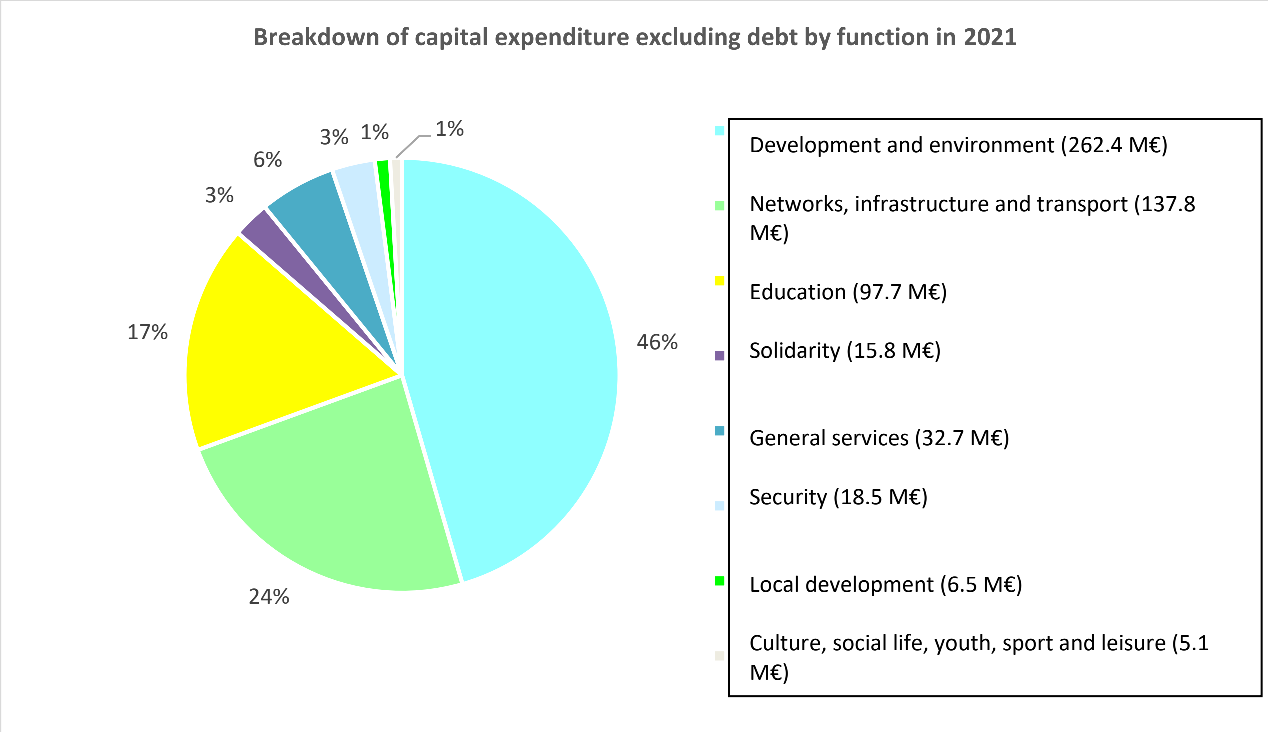
Equipment subsidies have stabilised at 63.4% of expenditure (compared to 67% in 2020). These relate mainly to local development. In addition to financial aid for communes, this section also includes measures aimed at the public to combat climate change (Air-wood premium, *Provence Eco-Rénov* and the electric vehicle purchase grant) together with mobility-related initiatives (development of soft forms of transport).

Direct investment continues to increase with 210.6 M€ compared to 180.8 M€ realised in 2020. It includes expenditure directly assumed by the local authority, whether for works (roads and highways, school, cultural, sports and administrative buildings) in an amount of nearly 142 M€, spending on equipment (schools computer equipment, transport, security) in an amount of 36 M€, survey or similar fees in an amount of 33 M€.



All of these action areas are broken down by reference to their various functions as presented below.

[87] Source: *Observatoire des Finances et de la gestion publique locale* report, June 2022



Planning and environment: 262.4 M€

This item accounts for nearly 46% of the total amount of actual capital expenditure. Following an increase of 50 M€ in 2020, it has increased by almost 20 M€ given the impact of the measures of which it is comprised and in particular those implemented in the fight against climate change (grants towards the purchase of clean vehicles, housing renovation support or measures to encourage the adoption of decarbonised heating systems).

The priority given to daily quality-of-life is affirmed via the funding for communes (239.4 M€) or housing and town planning policy (15.9 M€), with the Département being committed to a plan to combat sub-standard housing alongside the Métropole.

Networks - infrastructure and transport: 137.8 M€

The mobility plan continues to be pursued with more than 66 M€ earmarked for alternative transport solutions (metro modernisation, tramway extension, station accessibility, bus lanes, park-and-ride). These operations are in addition to the cycle path programme (more than 6 M€ in 2021). As for maintenance and works on networks and infrastructure, these accounted for almost 65.4 M€.

Education: 97.7 M€

In 2021, 95.4 M€ was devoted to the 188 public and private schools within the Département's authority, including 24.3 M€ for digitizing schools. Research and higher education, assets for the region's development and attractiveness, received 2.3 M€.

General services: 32.7 M€

This function is essentially designed to provide technical support for the day-to-day operation of services and to implement the département's public policies: IT solutions, equipment, vehicles, furniture, building maintenance.

Security: 18.5 M€

The Département assists the SDIS13 by funding programmes for the acquisition of equipment and the construction/restoration of emergency response centres. This represented almost 11 M€ in 2021. Initiatives for the prevention of fire in or maintenance of forest areas also help to protect and enhance our natural heritage.

Solidarity: 15.8 M€

The Département supports the acquisition of innovative technologies in the sphere of health and contributes to the financing of works in health care establishments, such as the Institut Paoli-Calmettes, the APHM or the St Joseph Hospital. The reception facilities for the Département's public are also undergoing improvements in an amount of almost 9.1 M€, with the crisis having underlined the precious role played by these organisations for the benefit of isolated or vulnerable sections of the public.

Local development, tourism and agriculture: 6.5 M€

The Département has for many years supported the territory's structural projects such as Euroméditerranée or the mid- and top-range leisure craft facilities La Ciotat Shipyards and also sectors such as tourism and agriculture to simultaneously develop attractiveness, business and employment. The development of new practices (organic agriculture, sustainable tourism, local consumption) is encouraged.

Culture, social life, youth, sport and leisure: 5.1 M€

Support for arts education, cultural creativity and broadcasting, historical heritage and cultural amenities continues.

B. OPERATING SURPLUS AND INDEBTEDNESS

Gross operating surplus refers to the amount by which operating income exceeds operating expenditure. Combined with capital revenues, it is used to fund capital expenditure.

Gross operating surplus was 322.1 M€ in 2021 (173.3 M€ in 2020), confirming the Département's ability to recover after a dreadful crisis. This is reflected both in revenue (growth in DMTO) and expenditure (small increase in costs, effort to control RSA through return-to-work policy).

To calculate the net operating surplus, repayment of debt principal (106.2 M€) must be deducted. For the record, the Département has fully repaid the exceptional DMTO advance received during the crisis (22.3 M€) and which was included under outstanding debt. Net operating surplus is 216 M€ (101.6 M€ in 2020).

At 31 December 2021, the Département's debt stock totalled 1,660.5 M€. New borrowings in 2021 amounted to 357 M€ (including 187 M€ in bank debt and 170 M€ in bond debt). Two bank loans of 30 M€ each were signed in 2020, although not released until 2021 to ensure smooth financing at the beginning of the financial year.

This indebtedness comprises 116 contracts all classified 1-A, in other words the lowest risk category in the "Gissler" scale (1: Eurozone index, A: plain vanilla fixed rate; plain vanilla floating rate; fixed-to-floating rate or *vice versa*).

Debt is split evenly and securely between fixed-rate (66%) and floating-rate (34%), and between 19 lenders, principally *Banque des Territoires* and *La Banque Postale* with 16% of the total outstanding debt. “Livret A” linked products account for 10.5% of total debt. The Département endeavours to diversify its lenders in order to secure access to external financing. It is in this regard that it has forged partnerships with the European Investment Bank and a new relationship with SAAR LB.

Outstanding debt is split amongst bank loans (58%) and bond debt (42%) and its average life is 10 years and 10 months.

The average interest rate on its debt at 31/12/2021 is 0.95% (1.09% at 31/12/2020), compared to 1.74% for all départements as a whole on 31/12/2021 (source Finance active).

The authorised issuance limit under the EMTN programme established by the Département in 2013 (for a total amount of 500 M€) was revised to take full advantage of the dynamic financial markets in line with the Département’s investment plans. Therefore, the programme limit was increased to 600 M€ at the public session held on 23 October 2020, then to €1 billion at the session held on 12 February 2021. At 31/12/2021, an amount of 743 M€ had been issued of which 703 M€ of notes remain in issue on that same date. The features of each issue are analysed to harmonise with the Département’s debt repayment profile. The report published by HSBC on 30 December 2021 and covering the period 2017/2021 shows that CD13 is the leading French département issuer in volume terms, and the 7th local authority issuer in France (all strata combined). It is 4th in terms of the number of issues. In 2021, the Bouches-du-Rhône was the leading département issuer both in terms of volume and number of issues. By number of issues it is the 3rd issuer in France, all local authorities combined and the 7th in terms of volume.

The 576.6 M€ of investment made in the 2021 fiscal year was financed by several borrowings for a total amount of 357 M€. These included 13 bond issues for a total amount of 170 M€ (six with HSBC, three with CA-CIB, two with LBP and one with GFI-Limited and TP-ICAP, a new dealer offering more diversification). These also included an amount of 187 M€ in bank loans, distributed as follows: three loans contracted with La Banque Postale for an amount of 50 M€ (including a 30 M€ contract signed in 2020 but released in 2021), a loan entered into with SAARLB in 2020 but released in 2021 in an amount of 30 M€, a loan signed with Société Générale for 30 M€ and finally a loan of 15 M€ with Arkéa. This was combined with the utilisation of a second tranche of the European Investment Bank envelope earmarked for the Charlemagne Plan in an amount of 11 M€, as well as the payment of 51 M€ under the new Mobility contract.

Indeed, a new partnership was forged with the EIB for the purpose of financing the Département’s contribution to modernising the Marseille metro. It amounts to 82.2M€.

Whereas 2020 saw frequent use of credit lines due to the lack of borrowing capacity blocked by the 2020 PB voting timetable, the 2021 financial year presents a more traditional picture with one single drawdown of 15 M€ between 15 and 23 February 2021, to cover a temporary requirement.

Since 30 June 2021 the Département has had a 150 M€ NEU CP programme rated F1+ by Fitch Ratings. Ten issues were made in 2021, for a total amount of 500 M€ which generated a revenue of 348 K€. This programme makes cash flow more fluid and secure.

Capital revenue excluding debt amounts to 41.1 M€.

The working capital fund has been consolidated and amounts to 79.5 M€ at financial year end, with internal financing at 35.2%. 38% of capital expenditure in the strict sense is covered by internal financing.

Therefore, the breakdown of the Département's budget financing structure is as follows:

. Sources of funds (614.1 M€):

. net operating balance:	216 M€ (35.2%)
. borrowings:	357 M€ (58%)
. capital revenue:	41.1 M€ (6.7%)

. Use of funds (614.1 M€):

. investment excluding debt:	576.6 M€
. working capital fund increase:	37.5 M€

5.2 Clarifications on the 2021 administrative account

During the very brutal crisis triggered by the Covid-19 pandemic, the Département, like all local authorities generally, demonstrated its capacity for strength and resilience. Following a very atypical 2020 financial year, 2021 results and ratios are recovering, with borrowing returning to more traditional levels (357 M€ compared to 420 M€ excluding the DMTO advance in 2020), a net consolidated gross operating surplus, robust solvency (5.3 years) and RSA expenditure under control.

The renewal of the Executive in 2021 also confirmed the following principles and objectives:

- realisation of commitments made in terms of health, quality of life, mobility and education,
- maintining a budgetary gross operating surplus compatible with the implementation of the defined major programmes,
- achieving annual investment spending in line with the priorities referred to above,
- debt characteristics consistent with those of similar départements.

In addition to the observations previously made, the 2021 results culminated in:

(a) A continued high level of investment

The Département again accelerated its capital expenditure with 576.6 M€ (565.4 M€ in 2020). Against a background of severe crisis in 2020, the Département had already chosen to maintain its level of investment to support business and employment. In 2021, this renewed desire enabled programmes considered as a priority to be continued.

Thus, the mobility programme, which aims to smooth travel while favouring soft modes of travel, is being gradually deployed. Conducted in close partnership with the Métropole Aix-Marseille-Provence, it enables the Marseille metro to be modernized and the tramway to be extended, offering an alternative to using cars in the city centre. It also includes a cycle path programme which is regularly progressed.

Beyond the strictly regulatory aspects, education remains one of the Executive's priorities and 2021 has witnessed the continuing of the "Charlemagne" plan launched in 2017, providing 2.5 billion euros to improve apprenticeships for students over the 2017-2027 period. More than 95

M€ has been earmarked for schools in 2021, including more than 24 M€ to digitize schools (tablets and CCTV).

Finally, the Département is taking action to combat climate change by helping the public adapt their homes (thermic renovation, decarbonised heating) and modes of transport (electric vehicles). Since the launch of the scheme, more than 12,000 vehicles have been purchased).

More generally, all départements have increased their investments in 2021 (+9.4% in 2021[88]).

(b) Maintaining an operating surplus of above 200 M€

The operating surplus generated was 322.1 M€ compared to 173.3 M€ in 2020.

This result underlines the singular nature of the 2020 financial year and the ability of the Département to recover through the dynamism of its revenues (+31% for DMTO) and its efforts to contain certain expenditure items (fall of 3.3% in RSA benefits, in direct correlation to the number of recipients, which has fallen from 81,810 in December 2022 to 71,205 in December 2021, one year later).

This operating surplus level enables investment to be self-financed (35.2%) whilst increasing the working capital fund (79.5 M€ compared to 42 M€ at the beginning of the fiscal year), providing room for manoeuvre for future years.

More generally, the gross operating surplus of départements rose sharply between 2020 and 2021, with an increase of 44% due essentially to DMTO. The net operating surplus of départements also increased (+70.7%), with the increase in gross operating surplus being greater than the increase in debt repayments.[89]

(c) Maintaining a position consistent with other départements

At 31/12/2021, outstanding debt represented 816 €/inhabitant and solvency, 5.3 years. These figures are consistent with those of other départements (525 € for départements of the same stratum at 31 December 2021) and 2.8 years for the solvency of all départements overall (excluding CTU Martinique and Guyana, Corsica and the City of Paris).

Solvency is also well below the cap set in the public finance programming Law 2018/2022, which had been fixed at 10 years for départements.

(d) Continuing uncertainty around a potential merger between the Département and Métropole Aix-Marseille-Provence

The Département and AMP wished to define, out of a concern for efficiency and coherency, the main areas of cooperation in terms of mobility, sustainable development and also housing.

Irrespective of the institutional framework that would govern any such merger, the programmes thus developed provide a response, at an appropriate scale, to major development challenges.

The so-called “3DS” law n°2022-217 of 21 February 2022 does not address the topic of the merger.

[88] Source: OFGPL report, June 2022
[89] Source: OFGPL report, June 2022

(e) Short and medium-term outlook

Whereas the peak of the health crisis would now appear to be behind us, other events may have direct and indirect impacts on local authorities and in particular départements.

The war in Ukraine has exacerbated and accelerated the problems persisting in terms of inflation, energy prices, the cost of raw materials and supply chains.

The implementation of the new Government's programme worked on during the presidential and parliamentary elections has also yet to be clarified. It should include numerous measures concerning départements, whether in terms of the automaticity of welfare benefits, the discontinuation of CVAE or, more generally, the contribution of local authorities to repairing the public finances. On this topic, in its July report the *Cour des Comptes* outlined a number of avenues such as setting a framework for increasing operating expenditure or the factoring in of surpluses generated. Under the terms of the stability pact 2023-2027, the Government announced that the local authorities' contribution to repairing the public finances may take the form of a cap on increased operating expenditure (-0.5%/year in volume, excluding inflation, between 2023 and 2027).

Caution is the watchword now more than ever.

(f) Initial 2022 results are encouraging

Although it is too early to judge the 2022 fiscal year, initial results suggest that the Département's situation is consolidating.

DMTO revenue at end of July 2022 (342.4 M€) has increased by 5.85% compared to revenue collected at end of July 2021, demonstrating robust growth. Similarly, the number of recipients of RSA has continued to fall steadily since the beginning of the year (end of June 2022, there were 68,736 compared to 71,320 in January 2022). A target has been set of reducing the numbers by 2,000 recipients per month. More generally, the Département is considering a plan to make operational savings, the objective being to preserve a capacity for investment and repaying debt.

6. THE PRIMARY BUDGET 2022

6.1 Background

Following a budgetary strategy debate held on 20 October 2021, the 2022 primary budget was adopted at the public session held on 17 December 2021.

The general financial background surrounding its preparation is characterised by:

- **The gradual return to normal after a brutal crisis**

Following the very atypical 2020 financial year, the 2021 results illustrate the Issuer's ability to recover (cf AA analysis section). The PB 2022 enables the Département to pursue its public policies as defined by the Executive, and in an environment less constrained by expenditure increases and unprecedented changes in revenue, brought about by the health crisis. These exceptional circumstances are described in more detail in the offering circular dated 7 October 2021. Whether regarding expenditure (increased RSA allowances, PPI purchasing) or revenue (fall in DMTO), their cyclical and transitory nature should be underlined.

- **Confirmation of the priorities of the Executive, itself renewed in the 2021 departmental elections**

The elections held on 20 and 27 June 2021 resulted in the Executive being re-elected unchanged and its priorities reaffirmed:

Since 2015, four major objectives have been pursued through all of the Département's public policies:

- the promotion of active solidarity,
- preservation and showcasing of heritage,
- leveraging growth to stimulate employment,
- the building of infrastructure of the future.

The Département wishes to pursue and emphasise the public policies the need for which has been highlighted by the health and ecological crises (combating isolation among the elderly or vulnerable, strengthening health facilities, decongesting city centres, decarbonising transport, improving the daily living environment).

- **Compliance with principles laid down by the Executive**

As each year, the following objectives have guided the preparation of the PB:

- gross operating surplus of close to 200 M€,
- programme authorisation (PA) amounts enabling both the continuation of dynamic investments and technical and budgetary control over their implementation,
- borrowing capacity in line with planned investments and consistent with that of comparable *départements*.

Since the PB was voted, the Executive has set its objectives in terms of operating expenditure. Any changes should be the subject of in-depth analysis out of concern for greater control and focusing on essential priorities.

- **Anticipation of a new mechanism for local authorities to contribute towards repairing the public finances**

As a reminder, the public finance planning law for the years 2018/2022 introduced in principle a financial pact offered by the State for a three-year period, with two substantial constraints on operating expenses (increase cap of 1.2% per year, including inflation, adjustable under certain conditions) and debt, with solvency henceforth also capped.

Although the scope of the cap is adjustable depending on the nature of the expenditure, the rate target includes corrective mechanisms for overruns, which are penalised by the levying of an equivalent amount from tax revenue (this levy being reduced to 75% for local authorities that have signed a contract).

Regarding debt, the solvency ceiling is 10 years for *départements*.

Like most *départements*, the Département des Bouches-du-Rhône had refused to commit to this approach, which was deemed unsuitable given the social constraints weighing on *départements'* budgets and the uncontrollable expenses they have to bear, and incompatible with the emphasis on pro-active policies supporting the elderly, education or territorial appeal.

This measure did not take into account the management efforts made in the past, which make any new room for manoeuvre difficult, nor the funding levels of local authorities, nor the contribution they bring to policies of national priority (health, higher education; security).

It also failed to take into account the true burden of local authorities on the national debt or deficit. At 31 December 2021, local authority debt represents 8.7% of public debt within the Maastricht definition.[90]

Pursuant to the "health emergency" law n°2020-290 of 23 March 2020, the Cahors scheme was suspended for the year 2020 (2020 expenditure, which should have been examined in 2021).

Pending the implementation of a new mechanism, to be defined as part of a future programming law, the "de Cahors" mechanism was also not applied to 2021 expenditure.

The new Government has affirmed on several occasions its desire to involve local authorities in rebuilding the public finances (debt and expenditure), even though they have generated a surplus of 4.7 Bn€ in 2021, including 1.6 Bn€ by the Départements alone[91].

Under the terms of the stability pact 2023-2027, the Government has stated its aim of limiting operating expenditure to – 0.5%/year on average and in volume, excluding inflation, between 2023 and 2027.

This new scheme will accompany the discontinuation of CVAE as from 2023, also announced by the new Government without providing any details of its replacement (new VAT portion?).

Note that it will also be combined with other unilateral measures decided by the State and directly concerning local financing, such as the "index point" increase or the automaticity of welfare benefits.

- **Uncertainty concerning the merger between the Département des Bouches-du-Rhône/Métropole Aix-Marseille-Provence**

The prospect of a merger between the Département des Bouches-du-Rhône and the Métropole Aix-Marseille-Provence was already contemplated in the law n°2017-257 dated 28 February 2017, on the status of Paris and the metropolitan development of greater Paris. It was then mentioned several times by the President of the Republic himself, as part of the planned merger between *départements* and *Métropoles*.

However, any form of imposed merger seems to have been abandoned by the Government.

Thus, with regard to the Bouches-du-Rhône, at this stage, no official timetable has been set or even any indication given as to the legal form of the possible future entity.

Whereas the so-called "3DS" law contains details on the future development of the Métropole (with in particular the disappearance of territorial councils), it makes no mention of a potential merger with the Département.

[90] Source: INSEE, 31 May 2022
[91] Source: INSEE, 31 May 2022

The Senate laws committee launched an enquiry on the functioning of the métropoles of Lyon and Aix-Marseille. With regard more specifically to Aix-Marseille, the report should inform the examination in particular of the institutional organisation, and scope, of métropoles. The issue of merging département and métropole powers will also be discussed. The Département will follow the Senate debates closely.

In line with the desire of President Martine VASSAL (President of the Métropole since 20 September 2018 and re-elected to this post on 9 July 2020) to reason in terms of structural projects and overall regional development, the major plans announced by the Département are also part of a metropolitan logic. This is the case, for example, of the environmental plan which rolls out the local authority's Agenda 30 (1 Bn€ over 5 years), but also the programme to combat sub-standard housing, mobility or the joint plan for the preparation of the European 2021/2027 programme.

- **The outbreak of war in Ukraine, inflation and rising key rates**

At the time of preparation and adoption of the PB 2022, the Russia-Ukraine conflict had not broken out. The Département geared up with a grant of 100 K€ to the Red Cross and welcomed refugees by organising collections of basic necessities and distributing school and sports kits for children. Finally, it made available a place for welcoming refugees in a former children's home in Pennes-Mirabeau. Around 50 people were welcomed (they numbered 13 on 6 March), and the premises were equipped to provide necessities (wifi) as well as the services of the Département's social teams. Volunteers from the Team 13 organisation (youth collective) also actively helped in organising the site. On 10 March 2022, twelve SDIS-13 firemen departed voluntarily for Ukraine as part of a humanitarian mission. Finally, the Département and the Métropole launched a food autonomy plan, aiming to bring consumers and producers closer together and to combat the artificialisation of agricultural land. The aim is to achieve 10 to 15% food autonomy as compared to 7 to 8% today.

The conflict is not expected to have a significant impact on the implementation of the Département's budget, whether in terms of revenue or expenditure. It has accelerated and exacerbated inflation, but many other causes are at play (post-covid recovery, successive lockdowns in China that have led to supply problems).

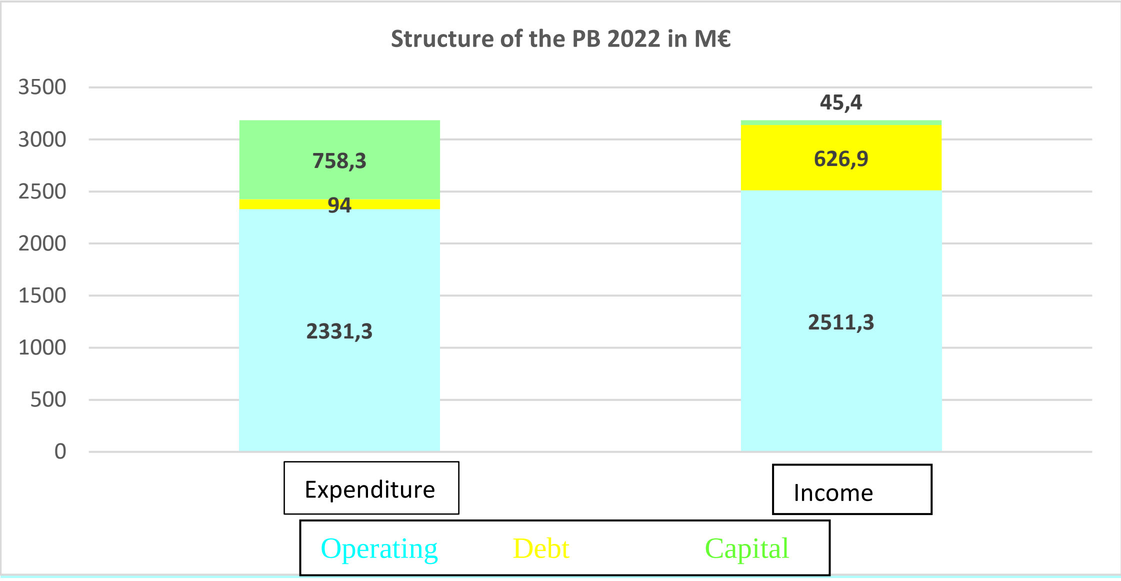
In its report of 16 May 2022, Moody's indicates moreover that French local authorities should be spared contrary to those in eastern Europe, which are more heavily dependent on Russian gas.

Inflation has a direct effect on the Département' expenditure however, at this stage, this should be limited to adjustments to be made at the time of DM2 2022 (additional 633 K€ for general services).

Finally, the increase in key rates is being closely watched. The Département monitors the financial terms of the loans it enters into, including both bond and bank debt. For the time being, the terms secured remain reasonable (for example, last June a 15 year 1.25% fixed rate loan was entered into). Meanwhile, the rating agency Fitch Ratings, in its July 2022 report, considered that the impact of rising interest rates should remain limited given that it is a risk that has already been identified and factored in by the rating agencies.

6.2 Analysis of the PB 2022

The PB 2022 is balanced in expenditure and income (including actual transactions and accounting adjustments) at 3,183.6 M€ including 852.3 M€ in capital expenditure.



The main budgetary masses are as follows (actual credits in K€):

Main budgetary masses	PB 2021	PB 2022	Change
Actual operating income	2 406 742	2 511 283	4.3%
Actual operating expenditure	2 308 613	2 331 250	1%
Gross operating surplus	98 129	180 033	83.5%
Actual capital income	686 862	672 269	-2.1%
. Of which debt	635 758	626 886	-1.4%
. Excluding debt	51 104	45 383	-11.2%
Actual capital expenditure	784 991	852 302	8.6%
. Of which debt	98 100	94 000	-4.2%
. of which expenditure excluding debt	686 891	758 302	10.4%
Net operating surplus	29	86 033	-
Programme authorisations (including 2021/2022 anticipated amounts)	579 412	601 820	3.9%

Set forth below are the Département's four ancillary budgets:

Item	Capital	Operating	Total	Financing method
Medical-psychological-pedagogical centre	10,0	2 471,5	**2 481,5**	Social Security (CPOM)
Department for children's and family homes	283,5	22 898,4	**23 181,9**	Mainly by general budget endowment
Departmental ports	2 489,0	950,5	**3 439,5**	General budget fees and allowances
Departmental analysis laboratory	350,0	7 791,1	**8 141,1**	Invoicing of services and general budget compensation
Expenditure-ancillary budgets	**3 132,5**	**34 111,5**	**37 244,0**	
Expenditure-general budget	852 301,7	2 331 250,1	**3 183 551,8**	
Expenditure overall total	**855 434,2**	**2 365 361,6**	**3 220 795,8**	

Ancillary budget and general budget expenditure– actual credits– in € thousands.

The analysis set forth below relates only to the general budget given the minimal size of the four ancillary budgets.

➢ **Actual operating income voted in the PB 2022 (in M€)**

Chapters	Income	Amount
73- Direct taxation	VAT	418.5
	CVAE	130
	CVAE Région	95.6
	IFER	9
74 - Indirect taxation	TICPE	370.6
	DMTO	540
	TSCA	239.2
	TCFE	21.8
	Development Tax	11.3
	TADTS	1.4
	Other	0.01
74 - Endowments and participations	DGF	296.6
	DGD	11.9
	Tax compensations	9.5
	FMDI	15.7
	DCRTP	40.8
	FNGIR	37.7
	DCP	23.9
	DMTO equalisation	3.6
	FCTVA	1.2
	CNSA	107.6
Other income	Solidarity	95.8
	Other sectors	19.1
	Dividends	2.8
	Miscellaneous income	0.4
TOTAL		**2511.3**

- **Definitive capital income (excluding borrowings) voted in the PB 2022 (in M€)**

Income	Amount
FCTVA	24
DDEC	7.9
DGE/DSID	1.8
Speed cameras	0.5
Grants	6.8
Other income	0.9
Disposals	3.9
TOTAL	**45.4**

- **Operating expenditure voted in the PB 2022 in M€**

Sectors	PB 2021	Structure	PB 2022	Structure	Change
Solidarity	1 460	63.23%	1 488	63.78%	1.9%
Education/construction - Environment/security	155	6.71%	155	6.64%	0.0%
Local life and culture	74	3.20%	73	3.13%	-1.4%
Planning/networks/ infrastructure/employment	26	1.13%	29	1.24%	11.5%
Total public policies	**1 714**	**74.23%**	**1 745**	**74.80%**	**1.8%**
General services	440	19.06%	457	19.59%	3.9%
Total with general services	**2 155**	**93.33%**	**2 202**	**94.38%**	**2.2%**
Non-functional expenditure	154	6.67%	131	5.62%	-14.9%
OVERALL TOTAL	**2 309**	**100%**	**2 333**	**100%**	**1.0%**

➢ **Capital expenditure voted in the PB 2022 (in M€)**

Sectors	PB 2021	PB 2022	Change
Solidarity	11	10	-9.1%
Education/construction - Environment/security	171	167	-2.3%
Local life and culture	206	232	12.6%
Planning/networks/ infrastructure/employment	228	224	-1.8%
Total public policies	**616**	**633**	2.8%
General services	69	125	81.2%
Total with general services	**686**	**686**	0.0%
Non-functional expenditure	99	95	-4.0%
OVERALL TOTAL	**785**	**853**	**8.7%**

I – Income situation

Operating and capital income amounted to 2,511.3 M€ and 45.4 M€ respectively.

A – Operating income

Despite fairly decent 2021 results, operating revenues are always conservatively assessed. They have increased by 4.3%. As in the previous financial year, they are split mainly between indirect taxation (1,603 M€), financial support and endowments (556 M€) and direct taxation (234.6 M€). The replacement of TFPB with a portion of VAT has profoundly changed revenue structure, with indirect taxation henceforth easily representing the largest share. This will again change in 2023 with the planned discontinuation of CVAE.

- **Indirect taxation (1,603 M€)**

Since 2021, this includes the national VAT portion allocated to the Département to compensate for the transfer of TFPB towards the communes. For 2021, the estimated amount is 419 M€. VAT is a dynamic tax but it is sensitive to economic conditions and adds to the volatility of the Département’s revenues. Furthermore, the Département has no power in terms of rate setting. There is, however, a guaranteed minimum and historically this tax income has trended upwards.

Following the exceptional year 2021 (589.1 M€), DMTO is assessed cautiously at 540 M€, based on the assumed risk of a slowdown in the housing market (rising interest rates, slight fall in prices). At end July, this revenue is considered satisfactory with 342.4 M€ collected, or +5.85% compared to 2021. According to the *Assemblée des Départements de France* (email dated 28 July 2022), the 41 départements that responded to their enquiry reported an increase. A portion of this income will however have to be paid to the unified equalisation fund in 2020. The other revenues (645 M€ with TICPE, TSCA, TCFE, development tax) take into account 2021 final execution and remain stable overall. No post-crisis effect is anticipated.

- **State and CNSA financial contributions (556 M€)**

At the time of preparation of the budget, this item has been provisionally assessed pending notifications from the Government, the National Solidarity Fund for Autonomy (CNSA) and potentially notifications of European Union grants: indeed, the Département secured an agreement in principle for a grant of 6.4 M€ from the European Union to purchase PPI. However, the payment of this income has not yet been scheduled.

Revenue from the State is estimated at 448 M€. For DGF, an amount of 296.6 M€ has been entered in the PB 2022 (amount notified: 296.2 M€).

DGD has remained constant for years, at 11.9 M€. Similarly, DCRTP remains fairly stable at 40.8 M€. The other compensatory allowances are estimated at 9.5 M€.

Other revenues are calculated cautiously by reference to 2021 figures or available data.

The Département endeavours to boost and diversify to best effect its external revenues, by exploiting all funds made available by the State and the European Union, in particular for the recovery and ecological transition.

- **Direct tax (235 M€)**

CVAE is a relatively stable and still significant revenue at 130 M€ (final notification: 131.4 M€). The portion paid over to the Région in respect of the transfer of transport powers has not changed pursuant to the agreement signed between the two local authorities.

It has been announced that this tax will be discontinued in 2023, as part of the increase in production taxes on businesses. Its replacement has yet to be confirmed, with the possibility of the transfer of a new VAT portion being suggested. Depending on the decision made, this may once again change the revenue structure of the Département.

IFER is estimated at 9 M€ (final notification: 9.6 M€). The Gardanne biomass power plant commenced operations in April 2022. It supplies renewable electricity to 250,000 homes in the south of France.

Items	PB 2021	Structure	PB 2022	Structure	Change
Indirect taxation	1497	62.2%	1603	63.8%	7.1%
Direct taxation	239	9.9%	235	9.4%	-1.7%
Endowments and contributions	553	23.0%	556	22.1%	0.5%
Other income	118	4.9%	118	4.7%	0.0%
TOTAL	**2 407**	100%	**2 512**	100%	4.4%

B – Capital income

Capital income has fallen by almost 6 M€ compared to the PB 2021.

FCTVA (24 M€) has increased (+9.1%), in line with the growth of eligible investments.

Income from disposals is cautiously estimated at 4 M€ (in 2021, with slightly more than 9 M€ collected).

Items	PB 2021	Structure	PB 2022	Structure	Change
FCTVA	22	43.1%	24	53.0%	0.00%
DDEC	7.9	15.5%	7.9	17.4%	0.00%
DGE-DSID	0.8	1.6%	1.8	4.0%	-9.10%
Grants received	9.2	18.0%	6.8	15.0%	33.80%
Disposals	10	20.0%	3.9	8.6%	-46.40%
Other income	0.9	1.8%	0.9	2.0%	22.80%
TOTAL	**51**	**100%**	**45.3**	**100%**	**-11.20%**

C – The search for additional revenue

The Département is gearing up to put forward projects that may potentially benefit from budgets established under various national and European recovery plans or support schemes.

At the standing committee meeting of 24 June 2022, the Département made a commitment, alongside the State and the Région, under the departmental section of the contract for the future. The 2021/2027 contract for the future represents 5.1 Bn€ of investment in the PACA region, distributed between 12 strategic areas such as soft mobility or local solidarity.

Furthermore, the Département organises itself each year with a view to obtaining DSID funding (département investment support endowment).

An ESF grant of 6.4 M€ was granted by the European Union towards purchasing PPI, together with an ERDF grant of almost 600 K€ for the development of a cycle path. In 2021 the Département was notified of more than 2 M€ in ERDF grants for cycle paths, and almost 200 K€ for the connected solidarity centres (MDS) project. Details of the payment of these grants has yet to be finalised.

II – Expenditure situation

Operating and capital expenditure amounted to 2,331.3 M€ and 852.3 M€ respectively. Commitment authorisations (CA) represent 60 M€ and programme authorisations (PA), 601.8 M€, figures that are very similar to previous PB.

A – Operating expenditure

This has increased by 1%, or 23 M€ all operations included.

Out of concern for transparency and appropriateness of the underlying bases used, the following restatement has been made: the implementation of the operating section commitment authorisations procedure (CA/PC) in 2021 and the absence of any health crisis-specific expenditure in 2022 have been taken into account.

After this restatement, the change in expenditure is +2.7% (+60.4 M€). Social spending accounts for more than 36 M€ of this increase.

- **Social spending** (1,487.7 M€, or +1.9%) indeed always represents the largest expenditure item. Although its weight in the budget remains more or less consistent (almost 64%), it has increased in amount by +2.5% after restatements.

Social and professional integration policy[92] accounts for a budget of 548.5 M€. This amount includes active solidarity revenue allowance (RSA) which totals 500 M€ (AA 2021: 489.7 M€). After the year 2020 heavily disrupted by the crisis, RSA figures have significantly improved: the number of recipients fell from 81,480 in December 2020 to 68,736 in June 2022. The downward trend that began in 2021 is confirmed.

The Département set itself a target of 2000 fewer claimants per month, by devoting almost 38 M€ towards integration initiatives which were strengthened as the crisis subsided (plan to monitor persons in receipt of benefits, employment plan and indeed a SPIE trial). Assisted contracts are estimated at 9.8 M€. In 2021, 1,187 persons utilised the jobs accelerator. 3,852 persons registered on the *Provence emploi* platform. The *Club des entreprises* now has 589 members. Finally, 918 employment skills pathway and 382 jobs in Provence, were signed.

The Département will remain vigilant as to the consequences of the *Pôle Emploi* reform, as it will to the quid pro quo demanded of RSA recipients. Similarly, the automaticity of benefits is a sensitive topic (according to the DREES, in July 2022, up to one third of eligible households fails to claim RSA). Moreover, revaluation of the allowance needs to be taken into account. Having increased by 1.8% on 1 April 2022, the allowance was increased by 4% on 1 July (with retroactive effect). The finance committee of the *Assemblée Nationale* voted for an amendment providing for compensation for the remaining costs borne by départements. The Département will continue to monitor the outcome.

The senior citizens policy budget (307.2 M€ excluding entertainment) has increased by 3 M€ (+1%). Personal autonomy support (APA) expenditure (183 M€) increased by +1.6% under the twin impact of beneficiaries and tariffs. Accommodation policy accounted for 115 M€, a figure that is more or less stable despite the increasing cost for residential care. The effects of the Ségur health plan (salary review) however require greater vigilance.

The disabled persons policy budget (339.5 M€) increased by 9.1% (+ 28.3 M€). Disability compensation benefit (PCH) amounted to 131 M€, an increase that is accelerating (+9.8% PB/PB), with the number of recipients regularly continuing to grow (9,695 in 2021).

Social accommodation amounted to 184.6 M€ and handicapped schoolchildren's transport, 9.6 M€. The inclusive housing schemes under the Handiprovence plan were effectively implemented in the 2021 financial year.

Details of the individual solidarity allowances (AIS) are set forth in the table below (in millions of euros).

AIS	AA 2017	AA 2018	AA 2019	AA 2020	AA 2021	PB 2022
RSA	454.8	468.6	472.1	506.3	495	500
Change	0.60%	3.00%	0.80%	7.20%	-2.20%	1.00%
APA	159.9	167	170.7	175.3	178.5	182.8
Change	3.4%	4.4%	2.2%	2.7%	1.8%	2.4%
PCH	90.3	96.7	105.8	112.4	121.5	131
Change	5.5%	7.1%	9.4%	6.2%	8.0%	7.8%
TOTAL	**705.1**	**732.3**	**748.7**	**794**	**795**	**813.7**
Change	**1.8%**	**3.9%**	**2.2%**	**6.1%**	**0.1%**	**2.4%**

Health, children and social welfare mobilised a budget of 289.5 M€ (+1.5% after restatements).

[92] All of the figures presented in this paragraph are the totals for each public policy referred to.

Children policy (267.6 M€) increased by 4.2 M€ (PB/PB). Unaccompanied minors (MNA) represented 67.5 M€, with their number apparently beginning to stabilise (1,074 at 31/12/2019, 987 at 31/12/2020 and 836 at 31/12/2021). Accommodation excluding MNA has gone up slightly, increasing by 2.2%. In total, 314 additional places were created in 2021 (the Département has a total capacity of 3,924 places in 2021). The Département will be vigilant as to the effects of the law n°2022-140 of 7 February 2022, relating to child protection (ban on hotel placement and unsupported discharge from child social care (ASE)).

Finally, the Département has committed to the poverty plan for the benefit of priority sections of the public and has implemented all of the measures under the plan (initiatives undertaken by the local authority amount to more than 10 M€).

- **Education/construction, environment/security** remain priorities with 154.8 M€ (+1%, after adjustment for scope), of which 66.9 M€ for education and 87.8 M€ for the environment and security.

Among the education initiatives, note the continuance of actions undertaken in relation to energy transition with the renovation of school heating systems (almost 10 M€) and digital schools (4.3 M€). These are two major challenges in terms of the battle against climate change and the digital divide.

Environment/security expenditure mainly comprises the contribution to the fire brigade's (SDIS) budget (70.1 M€). This also includes policy initiatives relating to sustainable development (protecting biodiversity).

- **Other public policies** represent a budget of more than 100 M€, an increase of 1.7% (+1.7 M€) after restatement.

These include in particular culture (18.3 M€), sport (17.3 M€) and youth (11.9 M€). Note also an amount of 6.8 M€ allocated for agriculture and 4.4 M€ for tourism, two sectors facing significant changes (short supply chains, organic farming, sensible and sustainable tourism).

- **General services** amount to 456.7 M€ (+3.8%). Human resources (+3.7% / +13.8 M€) represent 381.6 M€ and factor in heavy constraints (responsibility for assisted contracts abolished by the State, regulatory career progression, pay increase for Category C as from 1 January 2022) and the need to ensure effective execution of public services. Also to be taken into account is the index point increase (+3.5% as from 1 July 2022). The Département will carefully monitor progress on the amendment voted by the finance committee of the *Assemblée Nationale*, which promises compensation for this increase. Meanwhile, the human resources budget has been readjusted by budgetary amendment DM2 2022 (+9.7 M€).

Other structural expenditure represents 75.1 M€ (+3.9%), an adjustment having being made by budgetary amendment DM2 2022 to take into account the increase in the price of raw materials.

- **Non-functional expenditure** represents 130.8 M€. This covers income mitigation relating to the various equalisation funds, with the Département no longer liable to pay any penalty under the Cahors scheme, which has been suspended since the crisis (for the record: 24.5 M€ paid in 2020 in respect of 2019).

Sectors	PB 2021	Structure	PB 2022	Structure	Change
Solidarity	1 460	63.2%	1 488	63.8%	1.9%
Education/construction - Environment/security	155	6.7%	155	6.6%	0.0%
Local life and culture	74	3.2%	73	3.1%	-1.4%
Planning/networks/ infrastructure/employment	26	1.1%	29	1.2%	11.5%
Total public policies	**1 714**	**74.2%**	**1 745**	**74.8%**	1.8%
General services	440	19.1%	457	19.6%	3.9%
Total with general services	**2 155**	**93.3%**	**2 202**	**94.4%**	2.2%
Non-functional expenditure	154	6.7%	131	5.6%	-14.9%
OVERALL TOTAL	**2 309**	**100%**	**2 333**	**100%**	1%

In millions of euros

B – Capital expenditure

Capital expenditure (852 M€) is split between 94 M€ in debt repayment and 758.3 M€ for investment excluding debt (compared to 686.9 M€ in the PB 2021). The net amount of programme authorisations (PA) totals 601.8 M€. In accordance with the budgetary guidelines, this amount will be adjusted during the year 2022 (additions, reductions, cancellations, lapse of 2020/2021 and previous programme authorisations).

Consistent with previous financial years and the local authority’s priorities, the following policies should be highlighted: support for communes (180 M€), education (141 M€), mobility (102 M€), environment and security (26 M€) or housing and town planning (25 M€).

- Support for communes (180 M€) regularly adapts to environmental and societal challenges, in particular with regard to the fight against climate change. Henceforth all schemes incorporate relevant recommendations: use of materials with low carbon footprint, energy performance, ground re-permeabalisation, green-spacing car parks or thermic renovation options. Regarding the forthcoming 2024 Olympic Games, particular attention will be paid to developing sustainable sports facilities so that the entire population can enjoy them.

- **Mobility** remains a core priority and on top of the 102 M€ in payment credits, an additional 60 M€ in a new programme authorisations are earmarked as part of a long-term policy approach. The aim of the financed projects is to decongest city centres and town access points. Improvements to and securing of the road network represents close to 92 M€, and cycle lanes, 12.4 M€.

- The priority given to **education** is also confirmed with 116.8 M€ in payment credits that will enable an investment of 36.4 M€ in digitising schools, and 13 M€ for the *Cité Mixte Internationale* planned in the Euroméditerranée boundaries.

- **Housing/town policy** represents an amount of 24.5 M€ under which the "*Provence éco rénov*" programme will be pursued with the aim of improving the home energy performance. According to ADEME, in June 2019, household residences were the source of 12% of the country's greenhouse gas emissions. The national thermic renovation Observatory (July 2022) has found that more than 17% of main residences in France are poorly insulated, which represents 5.2 million homes. For FNAIM, the figure is closer to 7 to 8 million. In 2021, 2,581 aid packages were granted enabling 30 M€ of works to be carried out. Again in 2021, the Département supported the construction of 598 homes and the renovation of 614 homes. Added to these figures are landlord initiatives made possible thanks to a guaranteed loan from the departmental Council.

- Planned **solidarity** expenditure (9.9 M€) will be used to finance the humanisation of accommodation establishments, and expenditure for public health, whose vulnerability has been underlined by the crisis, to provide support for the development of medical technologies, and to improve user care (APHM mother-child space, maternity, day hospital, emergency care) and the working conditions of caregivers.

- Finally, **general services** (124.9 M€) will ensure the quality of the services provided to the general public (in particular through building acquisitions and maintenance) and of the daily lives of staff.

These appropriations ensure that two exceptional real estate operations as part of the reorganization of social services will be completed: the *Pixelia* building was acquired in April 2022 (payment of 49.5 M€, the balance, 10.5 M€, to be made before the end of 2022). A residual payment of 4.1 M€ will be made in 2023. The *Maison de l'Autonomie* will receive a payment of 28 M€ in 2023, then 8 and 3 M€ in 2024 and 2025.

The effects of these transactions in terms of FCTVA will be assessed at the appropriate time, as will the timetable and terms for sale of the Arenc, which is to be sold for 50/60 M€ in 2025. These two sale and purchase transactions should generate an unprecedented FCTVA revenue of 12 M€ between 2023 and 2024.

- **Non-functional expenditure** amounts to 95.2 M€. No particular comment is needed (debt repayment of 94 M€).

	PC					PA		
Sectors	**PB 2021**	**Structure**	**PB 2022**	**Structure**	**Change**	**PB 2021**	**PB 2022**	**Change in M€**
Solidarity	11	1.4%	10	1.2%	-9.1%	4	4	0
Education/construction - Environment/security	171	21.8%	167	19.6%	-2.3%	166	111	-55
Local life and culture	206	26.2%	232	27.2%	12.6%	202	210	8

Planning/networks/ infrastructure/employment	228	29.0%	224	26.3%	-1.8%	158	136	-22
Total public policies	**616**	78.5%	**632**	74.2%	2.6%	530	461	-69
General services	69	8.8%	125	14.7%	81.2%	49	141	92
Total with general services	**686**	87.4%	**757**	88.8%	10.3%	579	602	23
Non-functional expenditure	99	12.6%	95	11.2%	-4.0%	-	-	-
OVERALL TOTAL	**785**	100%	**852**	100%	8.5%	579	602	23

Following the DM2 2021, total PA stock amounted to 6,727.5 M€ of which 2.1 Bn€ have yet to be entered (the average life of PA stock is less than 4 years). With the PA under the PB 2022, the stock will be increased to 7.3 Bn€. Given the mid-year adjustments and consumption forecasts, the amount remaining to be financed should stabilise at 2.1 Bn€ by the end of 2022, namely around 4 years of investment.

Projected programme authorisation stock (in M€)

	2021	**2022**	**2023**	**2024**	**2025**
Amount remaining to be financed (beginning of year)	2,033	2,098	2,148	2,198	2,198
PA opened	600	60098	550	500	500
PA funding credits (CP) consumed	535	550	500	500	500
Amount remaining to be financed (year end)	2,098	2,148	2,198	2,198	2,198
Remaining life (years)	3.9	3.9	4.4	4.4	4.4

III – Budget balance position

In the PB 2022, the gross operating surplus is close to 200 M€, all main budget transactions included.

A – Gross operating surplus

Gross operating surplus (GOS) in the strict sense (surplus of operating revenue over expenditure) amounts to 180 M€, compared to 98.1 M€ in the PB 2021 (all transactions included, including carry-forwards and re-incorporations and results).

At the of 2021, the Département’s outstanding debt was 1,660.5 M€, giving a solvency of 5.3 years.

Ratios are gradually improving and becoming closer to those of other Départements: solvency of 2.8 years at 31/12/2021 for all départements (excluding CTU Martinique, Guyana, Corsica and the City of Paris).[93] The debt ceiling introduced under the public finances programming law 2018 – 2022 is 10 years for *départements*. Having regard to receipts (250/280 M€) and disbursements (almost 95 M€ planned for 2022), debt stock should approach 1.85/1.86 Bn € by

[93] Source: OFGPL report, June 2022

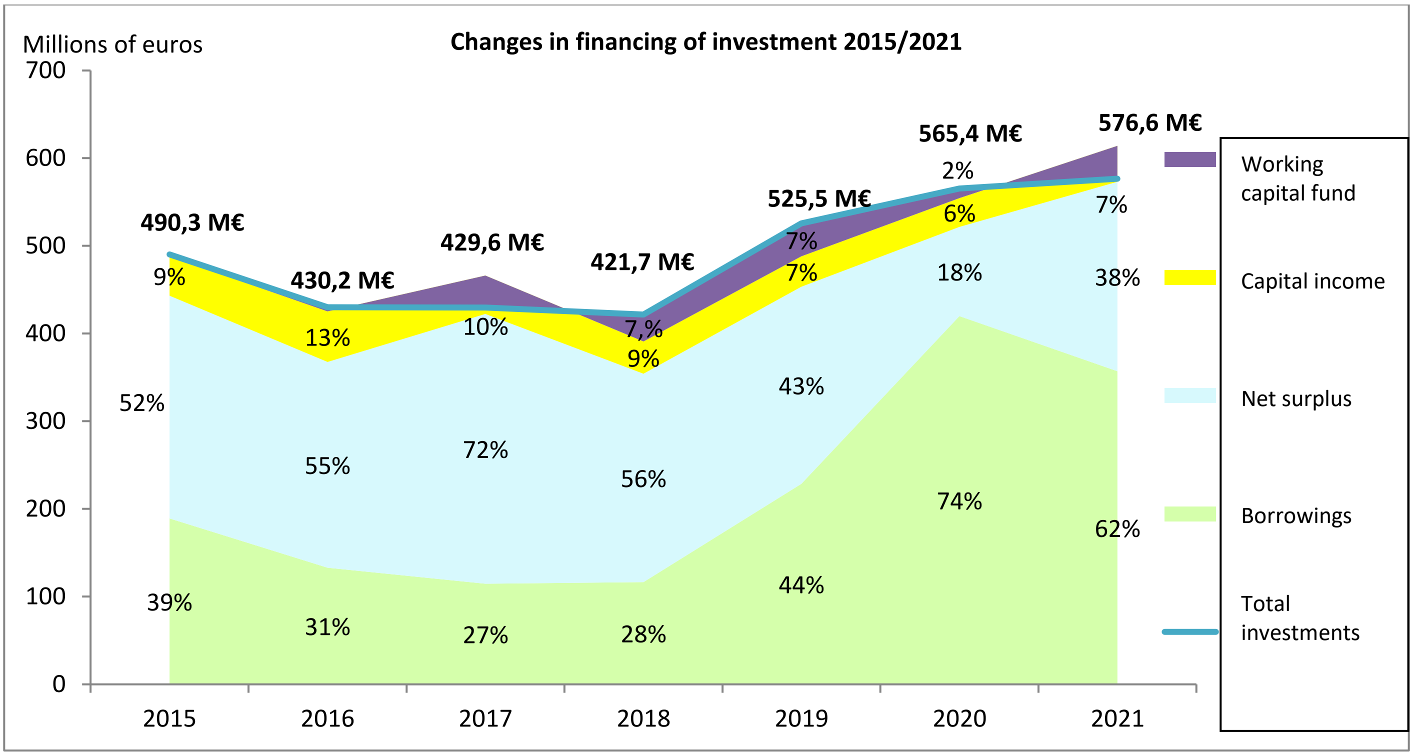
the end of 2022 and the rating agency Fitch Ratings has stated in its press release of 17 June 2022, that solvency should remain close to 8.5 years between 2024 and 2026.

USE OF DEBT					
Data (in M€)	**2021**	**2022**	**2023**	**2024**	**2025**
Debt stock as at 01/01/N	**1 410**	**1 661**	**1 846**	**2 000**	**2 141**
New debt	357	280	250	250	252
Debt repayments	106	95	96	109	126
Debt stock as at 31/12/N	**1 661**	**1 846**	**2 000**	**2 141**	**2 267**
Borrowing requirement	251	185	154	141	126
Indebtedness per inhabitant (in euros)	816	904	1,002	1,097	1,186
Solvency non-restated (in years)	5.3	6.2	6.7	6.9	7.1

B – Investment capacity and balancing borrowing

With capital income (45.4 M€) and balancing borrowings, the Département is able to finance investment to the tune of 758.3 M€. 82.7% of investment financing is therefore covered by borrowings. However, given the realisation rate for potential expenditure and revenue, the 2022 borrowing requirement is estimated at between 250 and 280 M€.

At 19 July 2022, the Département has already incurred 204.2 M€ in borrowing, of which 14 M€ in bond issues and 190.2 M€ in bank loans. Two bond issues were made at the beginning of the year, before the market was heavily jolted by interest rate movements. The maturities of these issues suit the debt repayment profile. The details of the bank loans are as follows: two loans of 20 M€ each, entered into with LBP, two loans of 20 M€, with CEPAC, a loan of 30 M€ with Société Générale, two loans of 10 M€ each with Arkéa, a loan of 10 M€ granted by Crédit Maritime and finally a loan of 4 M€ obtained from La Nef. The latter two are new partners, which helps to diversify the Département' portfolio. One of the other banks (CEPAC), had not been used for some time and therefore also offered a new source of revenue. The Département also unlocked two tranches of the Mobility contract entered into with the EIB, for a total amount of 31.2 M€, together with a tranche of the Covid contract in an amount of 15 M€. The Mobility contract is now reduced to zero, the full amount of the financing obtained (82.2 M€) having been utilised.



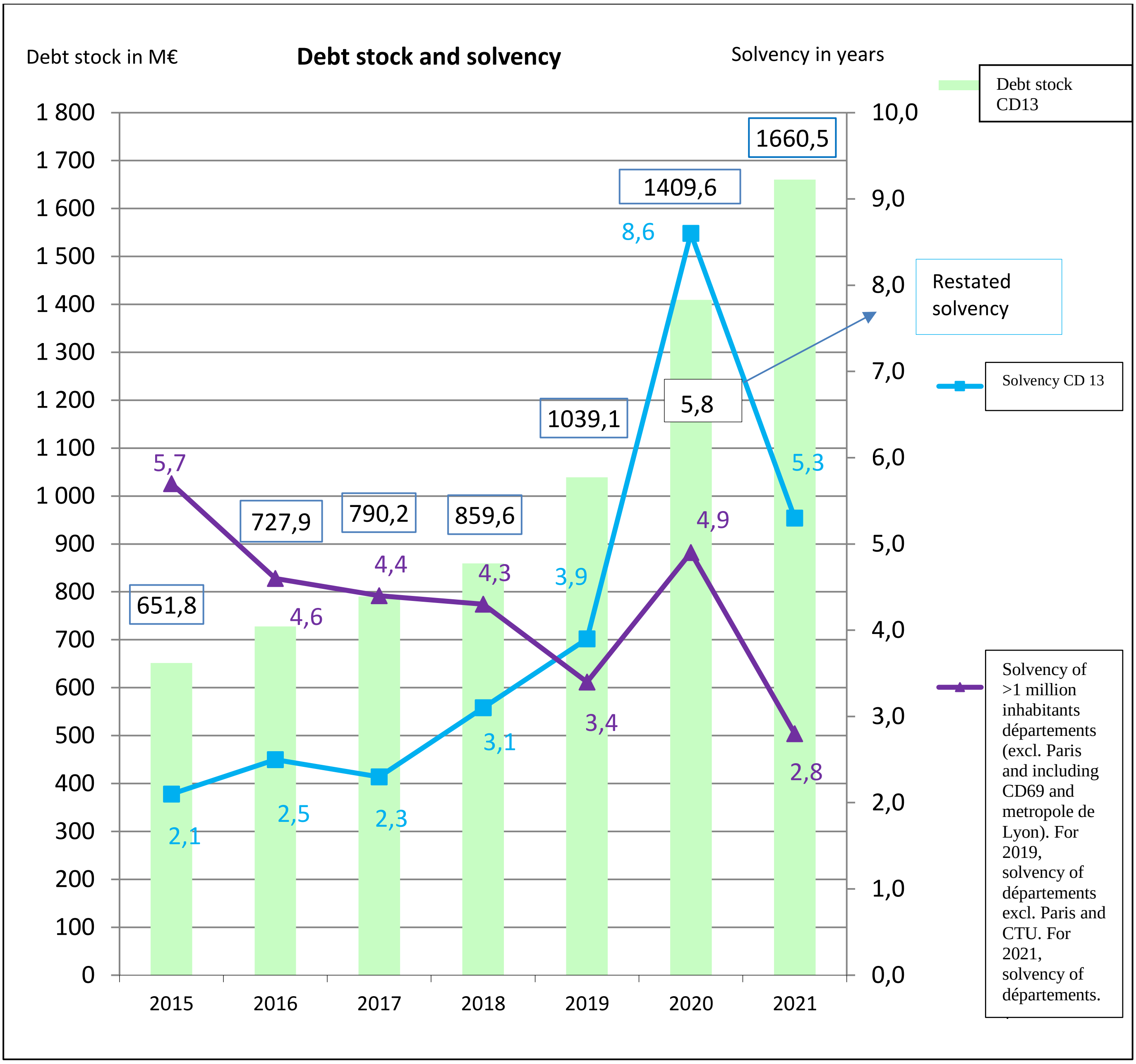
For the record, in the 2017 financial year, the working capital fund was increased by 36.7 M€. In 2020, actual DMTO revenue was greater than forecast, and the working capital fund has been boosted by 11 M€ and now totals 42 M€. In 2021, the working capital fund was consolidated increasing by 38 M€ and with a final surplus of 79 M€.

C – Debt and cash flow

Outstanding debt evolving in line with investments but solvency should remain below 10 years

By the end of 2022, outstanding debt will be approaching 1,850 M€, which gives a solvency of 6.2 years, which should be compared to the ceiling set under the public finance programming Act 2018/2022 (10 years for *départements*). Per capita debt will be 905 €.

In the financial year 2022, an amount of 95 M€ in principal will be repaid and 16.6 M€ in interest will be paid, which is an annual total of 111.6 M€.


Debt stock in M€
Debt stock and solvency
Solvency in years
Debt stock CD13
Restated solvency
Solvency CD 13
Solvency of >1 million inhabitants départements (excl. Paris and including CD69 and metropole de Lyon). For 2019, solvency of départements excl. Paris and CTU. For 2021, solvency of départements.
651,8
727,9
790,2
859,6
1039,1
1409,6
1660,5
5,7
4,6
4,4
4,3
3,4
4,9
2,8
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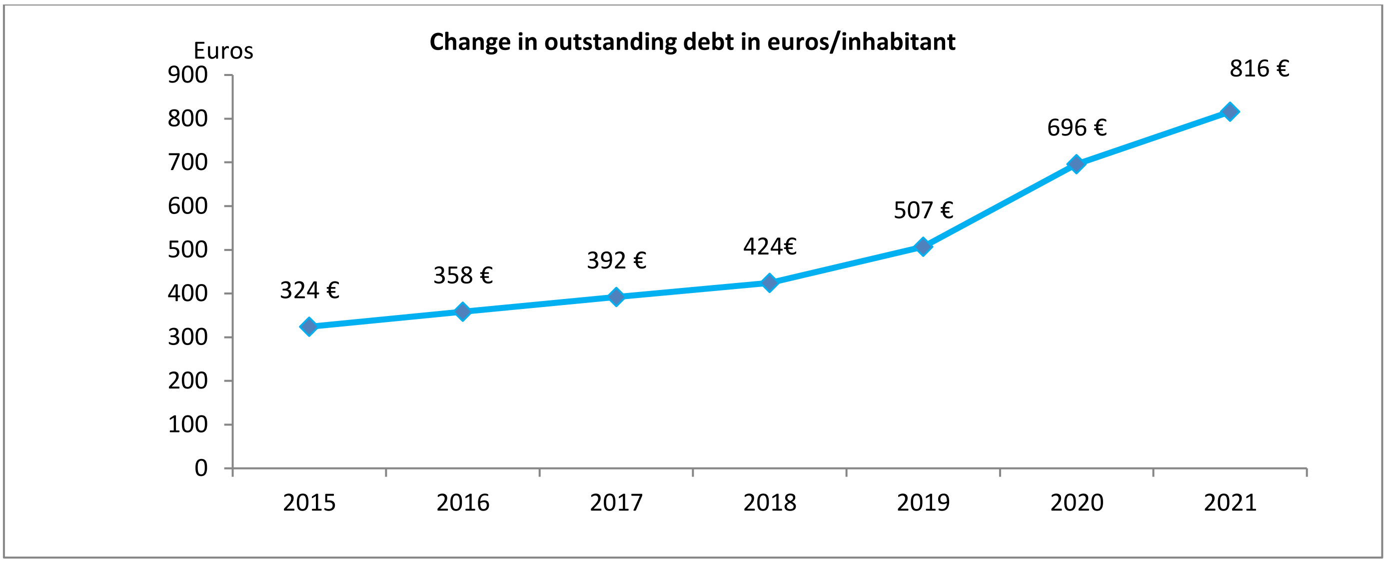
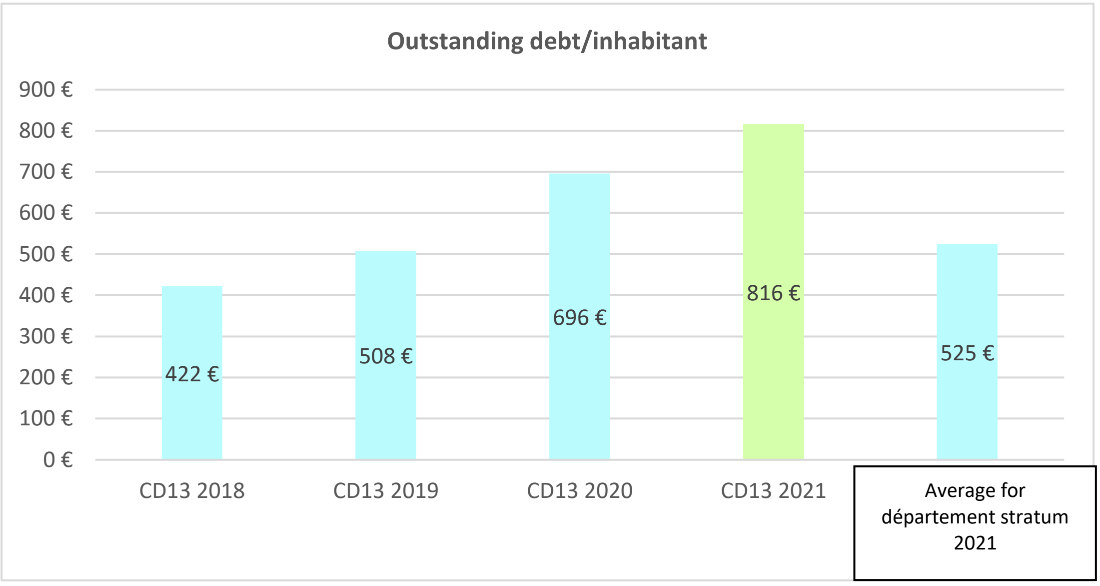
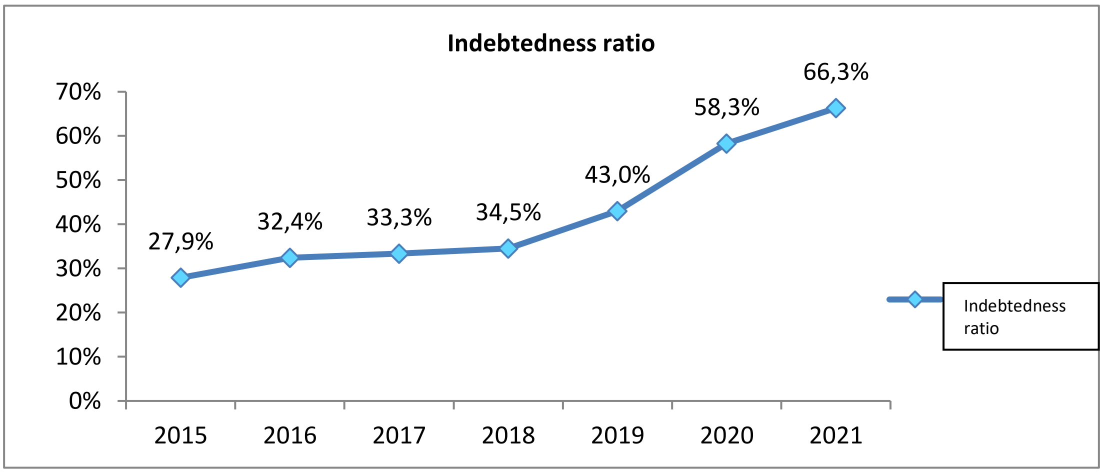
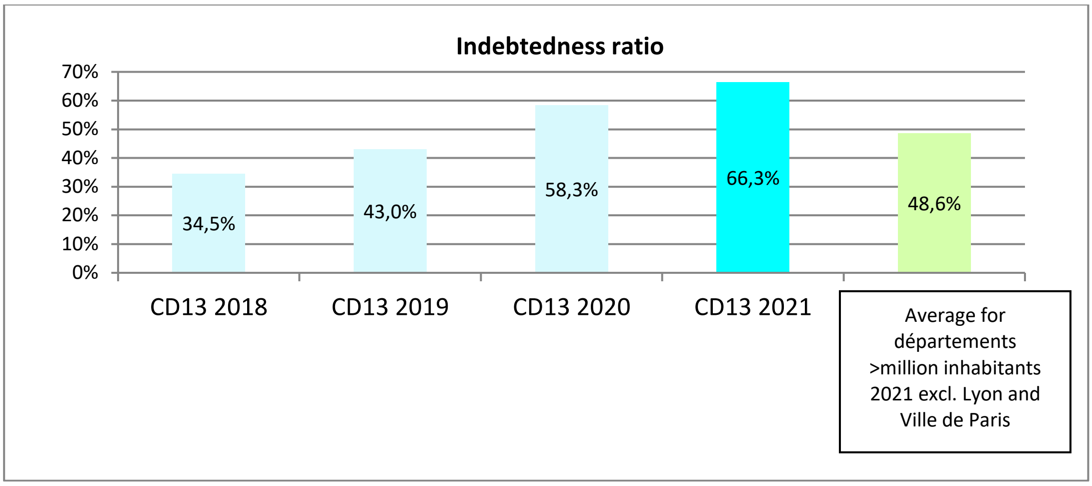




The indebtedness ratio, which is the ratio of outstanding debt to actual operating income, measures the debt burden of a local authority compared to its wealth. The Département's indebtedness ratio is progressing without however oscillating wildly.





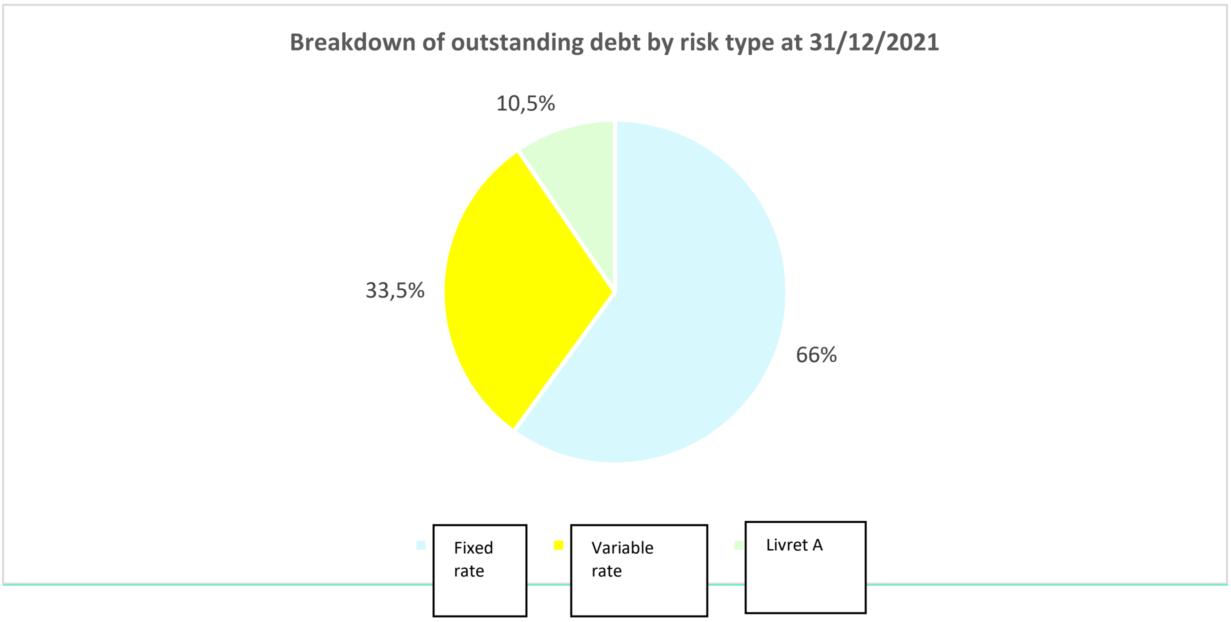
Indebtedness with very low risk exposure

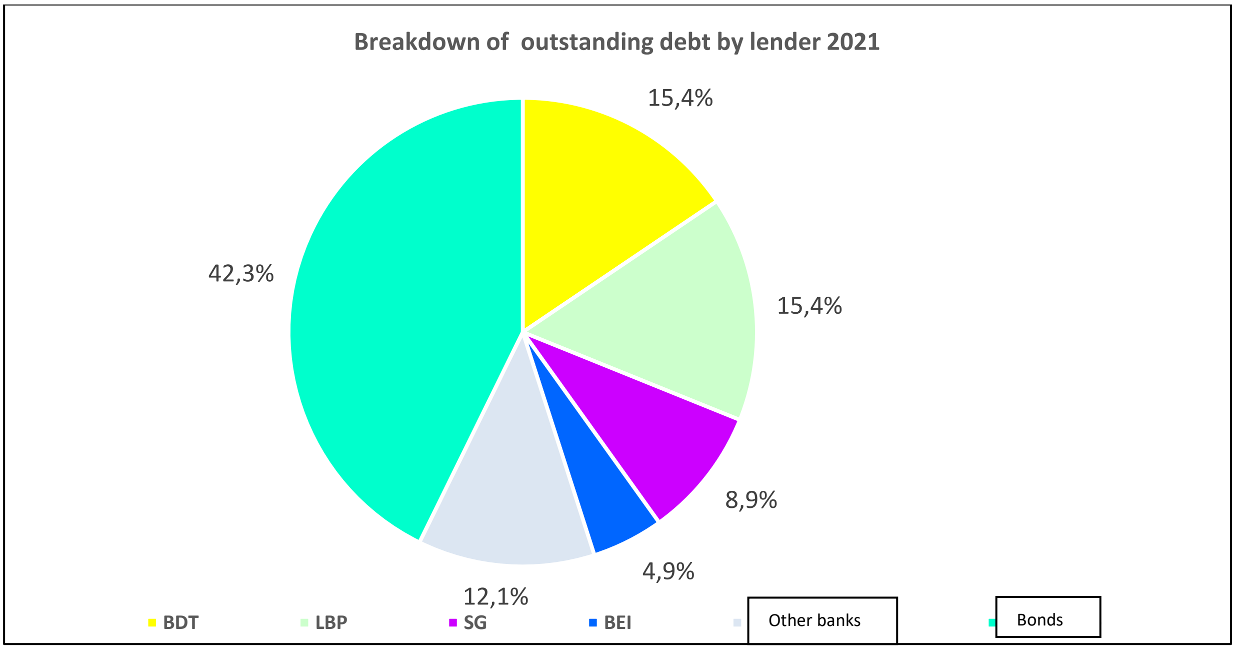
Outstanding debt at 31/12/2021 is made up of 116 contracts, all classified as 1-A.

Debt is split evenly between fixed rate (66%) and floating rate (34%).

Outstanding debt is split amongst bank loans, 58%, and bond debt, 42% and its average life is 10 years and 10 months.

In the interests of diversifying its external sources of funds, the Département in 2022 obtained a loan of 10 M€ from Crédit Maritime, a loan of 4 M€ from La Nef and two agreements with CEPAC (20 M€ each).





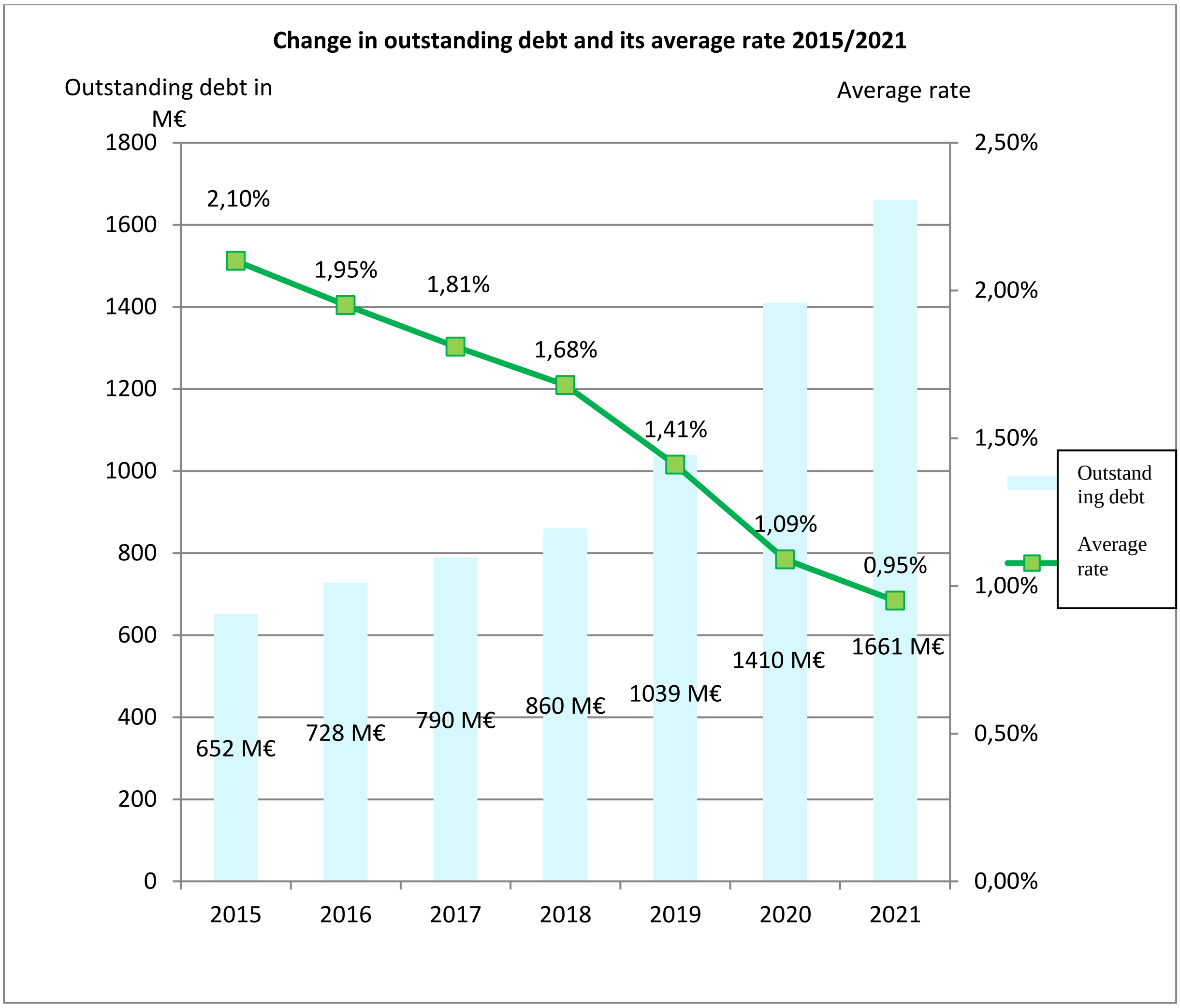
A regularly decreasing average rate

As at 31/12/2021, the average interest rate on outstanding debt is 0.95% (1.09% at 31/12/2020). The average rate generally for *départements* at 31/12/2021 is 1.74% (source: Finance active).

The Issuer has outstanding several zero rate facilities entered into with the *Banque des Territoires*. Finally, it launched four bond issues (between 2020 and 2022) at 0%.

Furthermore, the Issuer pursues an active debt management policy. Each year, with the support of its financial advisers, the Département analyses its outstanding debt and strives to renegotiate agreements where this is possible without prohibitive costs. Indeed, in 2021, eleven *Banque des Territoires* agreements and one Crédit Agricole agreement were restructured in order to reduce the amount, and secure the rate, of interest. The net gain from renegotiating the *Banque des Territoires* agreements was 622 K€ upon completion of the transaction. The new Crédit Agricole agreement now offers a fixed rate of close to zero.

More generally, the Issuer closely monitors any movement in interest rates and financing terms offered in the bank and bond markets. Thia is an important selection criterion.



Debt repayment plan

The average residual life of debt is expressed in numbers of years. It measures the remaining term of the outstanding loans weighed by the amounts outstanding under each loan.

The average residual life of the Département's debt at 31 December 2021 was 15 years. Although stable compared to 2020, this duration however tends to elongate with increases in outstanding debt, and new borrowings of longer duration, in order to avoid any repayment spikes and, if appropriate, take advantage of attractive terms for as long as possible.

Cash flow management strategy

The Département prepares an annual cash flow plan and monitors cash flow on a weekly basis, in addition to a monthly cash flow status report. It has daily contact with the departmental Paymaster.

At 31 December 2021, the cash balance was 153 M€.

At 19 July 2022, the Département had seven liquidity facilities for a total amount of 170 M€. Two of these facilities, totalling 40 M€, expire in October 2022. Whether to renew them will be assessed as required, at the appropriate time.

In 2021, the utilisation of these facilities was restricted to a drawdown of 15 M€ between 15 and 23 February in order to meet a temporary requirement. Apart from this transaction, cash flow was in healthy surplus throughout the year. Excluding Neu CP, the average monthly cash balance was 135.5 M€.

In 2022, no drawdowns were made other than two symbolic and very short-term transactions, whose sole purpose was retention of the banks involved. No need for cover has arisen since the beginning of the year.

For the record, on 18 October 2019, the departmental Council approved the principle and launch of a Neu CP programme, in a maximum amount of 100 M€, increased to 250 M€ at the public session held on 14 April 2020. This programme helps fluidify and secure the Issuer's cash flows.

The programme, established with a maximum authorised limit of 150 M€, was approved and published by the *Banque de France* on 30 June 2021. It was assigned a F1+ rating by the rating agency Fitch Ratings on 30 June 2021. In agreement with Fich Ratings, the back-up is assessed by reference to cash credit lines and the daily cash balance.

Ten issues were made in 2021, for a total amount of 500 M€, generating 348 K€ in financial income. The issues were all redeemed before 31 December 2021 and no transactions were ongoing at that time. At 19 July 2022, seventeen issues have been made in 2022, for an amount of 565M€ and financial gain of 291 K€.

Summary of the Issuer's indebtedness with a residual term of less than one year

The amounts of principal to be repaid in 2022 total 95 M€. One of the issues made by the Département finally matures in 2022: this concerns a bond issue of 20 M€ entered into with Nomura.

Currency of the Issuer's debt

All of the Département's debt is denominated in euros.

D - Loan guarantees provided by the Département

The Council of the Département des Bouches-du-Rhône is a major participant in social housing policy within its territory through the financial support it provides to public and private organisations for all sorts of acquisition, construction or renovation projects.

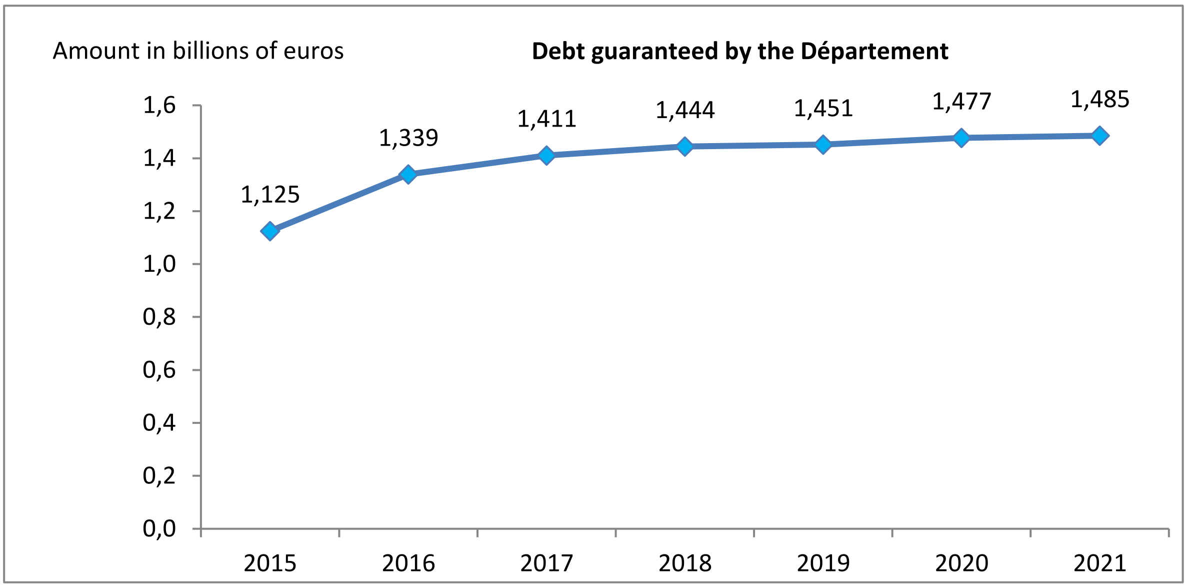
It assists sponsors, such as the public housing offices (*Offices Publics de l'Habitat* - OPH) and in particular 13 Habitat, its operator, Housing Association private companies (*Sociétés Anonymes d'Habitat à Loyer Modéré* - SA d'HLM) or other organisations, providing them with the necessary guarantee for financing of their acquisition, construction or renovation of social housing or meeting the priorities of the Département's housing policy (technical advice from the relevant departments is systematically requested).

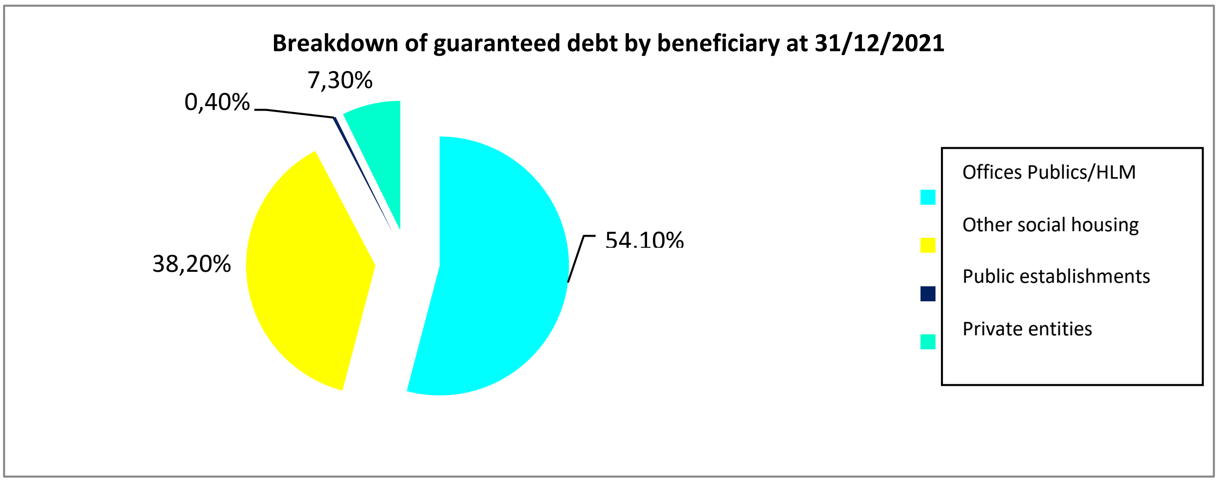
The Département's engagement enables these organisations to minimise the financing costs of these operations, whilst helping to expand the offer of rental properties to address the severe shortfall. Its intervention is coordinated with that of the Métropole Aix-Marseille-Provence in order to enhance and increase efficiency.

In direct relation to its powers in matters of solidarity and education, the Département also guarantees the financing of the construction or renovation of specialised centres (for children, the elderly, those with disabilities or health problems or for those needing social services support) or educational institutions (OGEC).

Each guaranteed organisation is subject to an annual financial analysis (based on its definitive accounts), following which it receives a score denoting its risk level.

As of 31 December 2021, the outstanding amount of guaranteed debt totalled 1,485 M€, including 92% for social housing. The guaranteed debt of 13 Habitat amounts to 803 M€.





Setting aside of provisions

In order to respect the observations of the *Chambre Régionale des Comptes*, provisionning for financial risk is now restricted to entities presenting an established risk. The provision initially made (18.1 M€), assessed annually following the regular analysis of the accounts of the guaranteed entities, was reiterated in the DM2 2022.

The Département will however continue to analyse accounts and calculate management, structural and debt ratios, as part of a watching brief.

Furthermore, the following provisions have been made:

- coverage of budgetary risk relating to the use of time savings accounts (CET) (1.5 M€),
- impairment of taxpayer accounts (19 M€),
- impairment of financial elements (6 M€),
- provision for litigation and disputes (8,6 M€).

After the amending decision (DM) 2022 has been executed, the total amount set aside for provisions is 35.1 M€.

SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in a French language dealer agreement dated 11 October 2022 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 updating of the Programme and the Dealers for certain expenses in relation to their role under this Programme.

The Issuer has agreed to indemnify the Dealers against certain types of liability they may incur in connection with the offer and sale of Notes. The Dealers have undertaken to indemnify the Issuer against certain types of liability it may incur in connection with the offer and sale of Notes. The Dealer Agreement entitles the Dealers, under certain circumstances, to terminate any agreement they may enter into for the subscription of Notes prior to payment for such Notes being made to the Issuer.

1. GENERAL

These selling restrictions may be amended by mutual agreement between the Issuer and the Dealers in particular following any change to any applicable law, regulation or directive.

Each Dealer has undertaken to comply, to the fullest extent of the information in its possession, with all relevant laws, regulations and directives in each country in which it buys, offers, sells or delivers Notes or in which it holds or distributes the Offering Circular, any other offer document or any Pricing Supplement and neither the Issuer nor any of the 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 United States Securities Act of 1933 as amended (the **US Securities Act**) nor by any regulatory authority in respect of securities of any state or other jurisdiction of the United States of America. Subject to certain exceptions, Notes may not be offered or sold in the territory of the United States of America or, in the case of Materialised Notes, offered, sold or delivered in the territory of the United States of America. Each Dealer has undertaken and each new Dealer will be required to undertake, not to offer or sell any Note, or in the case of Materialised Notes, to deliver such Notes in the territory of the United States of America except in compliance with the Dealer Agreement.

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 any Notes within the United States of America within the first forty (40) calendar days after the later of the date of commencement of the offering of the identified tranche or the date of settlement, may violate the registration requirements under the US Securities Act.

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 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 in accordance with Italian securities laws 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, or any other document relating to the Notes may be, nor shall be, distributed in the Republic of Italy, except in any circumstance falling outside the scope of, or benefitting from an exemption under, the regulations applicable to public offers in accordance with Article 1 of Regulation (EU) n°2017/1129 as amended (the **Prospectus Regulation**), Article 34-*ter* of CONSOB Regulation n°11971 of 14 May 1999, as amended from time to time, and all applicable Italian laws.

Any offer, sale or delivery of Notes or any distribution of a copy of this Offering Circular or any other document relating to the Notes in the Republic of Italy in the circumstances described 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 Legislative Decree no. 58 dated 24 February 1998, as amended from time to time, with CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and legislative decree No. 385 of 1 September 1993, as amended from time to time (the **Banking Act**); and

(b) in compliance with all other laws and regulations or requirements imposed by the CONSOB, the Bank of Italy (including all disclosure requirements, if applicable, under Article 129 of the Banking Act and the guidelines of the Bank of Italy, as amended from time to time) or by any other Italian authority.

5. FRANCE

Each of the Dealers and the Issuer has represented and agreed 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.

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 5 categories referred to in paragraph 18 of the Guidelines published by the European Securities and Markets Authority on 5 February 2018, has led to the conclusion that: (i) the target market for the Notes includes eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**) and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person who subsequently offers, sells or recommends the Notes (a **distributor**) should take into consideration the [the/each] manufacturer's target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (and either adopting or refining [the/each] manufacturer's target market assessment) and determining the appropriate distribution channels.

[94]**[United Kingdom MiFIR 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 5 categories referred to in paragraph 18 of the Guidelines published by the European Securities and Markets Authority on 5 February 2018 (in accordance with the statement of principle of the United Kingdom Financial Conduct Authority entitled "*Brexit: our approach to EU non-legislative materials"*), has led to the conclusion that: (i) the target market for the Notes is limited to eligible counterparties, as defined in the United Kingdom Financial Conduct Authority's *FCA Handbook - Conduct of Business Sourcebook* (**COBS**), and professional clients, as defined in Regulation (EU) no. 600/2014 which forms part of United Kingdom domestic law in accordance with the European Union (Withdrawal) Act 2018 (**UK MiFIR**) ; and (ii) all channels for distribution of the Notes to eligible counterparties or professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take [the/each] manufacturer's target market assessment into consideration. However, a distributor bound by the United Kingdom Financial Conduct Authority's *FCA Handbook - Product Intervention and Product Governance Sourcebook* (the **United Kingdom MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining [the/each] manufacturer's target market assessment) and determining the appropriate distribution channels.]

Pricing Supplement dated [●]

DÉPARTEMENT DES BOUCHES-DU-RHÔNE

Legal Entity Identifier (LEI): 969500DMKVFI7KGA5F92

€1,000,000,000

Euro Medium Term Note Programme

[94] Include this legend on the cover of the Pricing Supplement if a Dealer is subject to the UK MiFIR.

[Brief description and aggregate nominal amount of Notes]

SERIES No: [●]

TRANCHE No: [●]

Issue Price: [●] *%*

[Name(s) of Dealer(s)]

PART 1

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 11 October 2022 [and the supplement to the offering circular dated [●]] relating to the 1,000,000,000 Euro Medium Term Note Programme of the Issuer which [together] constitute[s] an offering circular (the **Offering Circular**) and must be read in conjunction therewith. Terms used below shall have the meaning given to them in the Offering Circular. The Notes shall be issued in accordance with the provisions of this Pricing Supplement together with the Offering Circular. The Issuer accepts responsibility for the information contained in this Pricing Supplement which, together with the Offering Circular, contain all material information in connection with the issue of the Notes. Full information on the Issuer and the offer of Notes is available solely on the combined basis of this Pricing Supplement and the Offering Circular. The Pricing Supplement and the Offering Circular are available on the dedicated page of the Issuer's website (https://www.departement13.fr/le-13/linstitution/le-budget/lemprunt-obligataire/). [The Offering Circular is also available [on/at] [●].][95]

[The following language applies if the first Tranche of an issue which is being increased was issued under a prospectus or offering circular with an earlier date.]

Terms used below shall be deemed to have been defined for the purposes of the [2013 Conditions of the Notes / 2014 Conditions of the Notes / 2015 Conditions of the Notes / 2016 Conditions of the Notes/ 2018 Conditions of the Notes/ 2019 Conditions of the Notes/ 2020 Conditions of the Notes/2021 Conditions of the Notes] incorporated by reference in the offering circular dated 11 October 2022 [and in the supplemental offering circular dated [●] relating to the 1,000,000,000 Euro Medium Term Note Programme of the Issuer] which [together] constitute[s] an offering circular (the **Offering Circular**). This document constitutes the Pricing Supplement relating to the issue of the Notes hereinafter described and should be read together with the Offering Circular, with the exception of the Conditions of the Notes which are replaced by the [2013 Conditions of the Notes / 2014 Conditions of the Notes / 2015 Conditions of the Notes / 2016 Conditions of the Notes /2018 Conditions of the Notes/2019 Conditions of the Notes/ 2020 Conditions of the Notes/2021 Conditions of the Notes]. The Notes shall be issued in accordance with the conditions of this Pricing Supplement together with the Offering Circular. Full information on the Issuer and the offer of Notes is available solely on the combined basis of this Pricing Supplement and the Offering Circular. The Pricing Supplement and the Offering Circular are available on the dedicated page of the Issuer's website (https://www.departement13.fr/le-13/linstitution/le-budget/lemprunt-obligataire/). [Furthermore, the Pricing Supplement and the Offering Circular are available [on/at] [●].][96]]

[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.]

[95] If the Notes are admitted to trading on a Regulated Market other than Euronext Paris.
[96] If the Notes are admitted to trading on a Regulated Market other than Euronext Paris.

1.	**Issuer**:		Département des Bouches-du-Rhône
2.	(a)	Series:	[●]
	(a)	Tranche:	[●]
	(b)	Date on which the Notes will be consolidated and form a single Series:	[The Notes shall be consolidated (*assimilable)* and form a single Series with [*describe the relevant Series*] issued by the Issuer on [*insert the relevant date*] (the "**Existing Titles**") as of [*insert the relevant date*]. 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 [*insert the date*] (in case of fungible issues or first broken coupon, if any)
6.	**Specified Denomination(s)**:		[●] *(only one Denomination for Dematerialised Notes)*
7.	(a)	Issue Date:	[●]
	(a)	Interest Period Commencement Date:	[●] *[Specify /* Issue Date / Not Applicable]
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*]
9.	**Interest Basis**:		[Fixed Rate of [●] %] [EURIBOR][TEC10] +/-[●] % of the 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 Article 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
	(a)	Authorisation date for the issue of the Notes:	[●]
14.	**Distribution Method**:		[Syndicated/Non-syndicated]

PROVISIONS RELATED TO INTEREST (IF ANY) TO BE PAID

15.	**Provisions related to the 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/other (*specify*)] 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 (Article 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).]
	(f)	Determination Date(s) (Article 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) (Article 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 (Article 4.30):	[Applicable/Not Applicable] (*If this sub-paragraph is not applicable, delete the remaining sub-paragraphs)*
	Relevant Rate:	[●]
	Screen Page:	[●]
	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]* (*if the Interest Rate is determined by linear interpolation in respect of a [first/last] [long/short] Interest Period, insert the relevant interest period(s) and the relevant rates used for the determination described herein)*
	Representative Amount:	[●]*(Specify if quotations published on a Screen Page or offered by Reference Banks must be given for a transaction of a specific amount)*
	Effective Date:	[●]*(Specify if quotations are not to be obtained with effect from commencement of Interest Period)*
	Specified Duration:	[●]*(Specify period for quotation if other than duration of Interest Period)*
(i)	FBF Determination (Article 4.3(c))	[Applicable/Not Applicable] (*If this sub-paragraph is not applicable, delete the remaining sub-paragraphs)*

		Floating Rate:	[●]
			(*if the Interest Rate is determined by linear interpolation in respect of a [first/last] [long/short] Interest Period, insert the relevant interest period(s) and the relevant rates used for the determination described herein)*
		Determination Date for Floating Rate:	[●]
		FBF Definitions:	[●]
	(j)	Margin(s):	[+/-] [●] % per annum/ Not Applicable]
	(k)	Minimum Interest Rate:	[0]/[●] % per annum[97]
	(l)	Maximum Interest Rate:	[●] % per annum/ Not Applicable]
	(m)	Day Count Fraction (Article 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:	[●]

97 Interest payable on the Notes shall in all circumstances be equal to at least zero.

	(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 (Article 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 (Article 5.6), for illegality (Article 5.9) or on Event of Default (Article 8):	[Pursuant to the Terms]/[●] per Note [of Specified Denomination [●]/(*for notes with Payment in Instalments*) the unamortised face value]
	(b)	Redemption for tax reasons on dates other than Interest Payment Dates (Article 5.6):	[Yes/No]
	(c)	Unmatured Coupons to be cancelled on early redemption (Materialised Notes only (Article 6.2(b)):	[Yes/No/Not Applicable]

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) (Article 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 (Article 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 a single Noteholder holds the Notes, and in the absence of the appointment of a Representative, the relevant Noteholder will exercise all of the powers devolved to the *Masse* by the provisions of the *Code de Commerce*, as supplemented by the Terms and Conditions of the Notes. The Issuer will hold (or cause any authorised agent to hold) a register of all decisions adopted by the single Noteholder and will make it available, on request by any other Noteholder. A representative shall be appointed by the Issuer as soon as the Notes of a Series are held by more than one Noteholder (except where a Representative has already been appointed in the applicable Pricing Supplement).]
27.	**Other information:**	[●] *(insert any additional information)*

PURPOSE OF THE PRICING SUPPLEMENT

This Pricing Supplement comprises the pricing supplement required for 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 departmental Council of the *Bouches-du-Rhône*.]

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.][98]

Signed on behalf of the Issuer:

By: ....

Duly authorised

[98] To be included if information is provided by a third party.

PART 2

OTHER INFORMATION

1. [RISK FACTORS

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

2. 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]

3. RATINGS

Ratings:	The Programme has been assigned a AA- rating by Fitch Ratings Ireland Limited (**Fitch**). Fitch is established in the European Union and is registered in accordance with Regulation (EC) No. 1060/2009 relating to credit rating agencies as amended (the **CRA Regulation**). Fitch is included on the list of rating agencies published by the European Financial Markets Authority on its website (www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation. [Ratings issued by Fitch are endorsed by rating agencies established in the United Kingdom and registered in accordance with the CRA Regulation which forms part of United Kingdom domestic law pursuant to the European Union (Withdrawal) Act 2018 (the **United Kingdom CRA Regulation**) or certified pursuant to the United Kingdom CRA Regulation.] (*Only include for issues where the Notes are placed in the United Kingdom and the ratings assigned by an agency registered in accordance with the CRA Regulation must be endorsed by an agency registered in accordance with the United Kingdom CRA Regulation*).

	Notes to be issued [have not been assigned any rating][have been 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 explanation of the meaning of this rating, if already published by the rating agency that issued it.*]

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 OF PROCEEDS

[Reasons for the Offer:	[●]

6. [FIXED RATE NOTES ONLY - YIELD

Yield:	[●] The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. [FLOATING RATE NOTES ONLY – HISTORICAL INTEREST RATES AND BENCHMARKS

Details of historical interest rates [EURIBOR] achieved [Reuters].]

8. DISTRIBUTION

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)
(a)	Members responsible for the Regularisation Transactions (if any):	[Not applicable/*give names*]
(b)	Date of the underwriting agreement:	[●]

If it is not syndicated, names of the Dealer:	[Not applicable/*give name*]
Sale restrictions – United States of America:	[Regulation S Compliance Category 1: Rules TEFRA C / Rules TEFRA D / Not applicable] (*Rules TEFRA are not applicable to the Dematerialised Notes*)

9. OPERATIONAL INFORMATION

(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 updating of the Programme. Any issue of Notes shall be authorised by a resolution of the departmental Council (*Conseil départemental*) of the Issuer. Pursuant to resolution n°CD-2022-03-25-10 dated 25 March 2022, as amended by resolution n°CD-2022-06-24-14 dated 24 June 2022, the departmental Council of the Issuer authorised its *Présidente* to raise financing of any nature, subject to compliance with certain conditions (in particular with respect to applicable rate or term), denominated in euros, notably bonds issue including under an EMTN programme until the commencement of the electoral campaign for the Issuer's departmental Council elections, subject to the applicable legal provisions, the amounts set forth in the budget and to enter into necessary acts, contracts and amendments in that respect.

   Except for events referred to in the section "Description of the Issuer", there has been no material change to (a) the fiscal and budgetary systems, (b) the gross public debt, (c) the trade balance and the balance of payments, (d) the foreign currency reserves, (e) the financial resources situation or (f) the income and expenditure, of the Issuer since 31 December 2021.

2. The Issuer is not involved in, nor are there any governmental, legal or arbitration proceedings pending or threatened, of which the Issuer is aware, which may have or have had a material effect on the financial position of the Issuer during the twelve months prior to the date of this Offering Circular.

3. 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.

4. So long as any Notes issued under this Offering Circular remain outstanding, copies of the following documents shall be available, upon publication, free of charge, during normal office hours, at any days of the week (except Saturdays, Sundays and public holidays) at the specified offices of the Fiscal Agent and the Paying Agent(s):

   (a) the Fiscal Agency Agreement (which includes the form of accounting letter (*lettre comptable*), the Temporary Global Certificates, Physical Notes, Coupons, Receipts and Talons);

   (b) the two most recent initial budgets (as amended, if applicable, by any supplemental budget) and the published administrative accounts of the Issuer;

   (c) all Pricing Supplements relating to any Notes admitted to trading on Euronext Paris or any other regulated market of the EEA;

   (d) a copy of this Offering Circular and any supplement to this Offering Circular or any new offering circular;

   (e) the documents incorporated by reference into this Offering Circular; and

   (f) 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.

5. 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.

6. 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.

7. 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 (the "**Stabilisation Measures**"). However, such Stabilisation Measures may not necessarily be taken. Such Stabilisation Measures may only commence after the date on which the pricing supplement of the issue of the relevant Tranche have been made public and, once commenced, may end at any time and must end no later than the earlier of the following two dates: (a) 30 calendar days after the issue date of the relevant Tranche and (b) 60 calendar days after the date of allotment of the Notes of the relevant Tranche. Any Stabilisation Measures taken must comply with all applicable laws and regulations.

8. In this Offering Circular, unless otherwise provided or the context requires otherwise, any reference to "€", "Euro", "EUR" and "euro" refers to the lawful currency in the Member States that have adopted the single currency introduced in accordance with the Treaty establishing the European Economic Community as amended.

9. Each of the Dealers and their affiliates (including where a Dealer acts in its capacity as calculation agent) may or may in the future, in the normal course of their activities, engage in commercial dealings with or act as financial advisers to the Issuer, in relation to securities issued by the Issuer. In the normal course of their activities, each of the Dealers and their affiliates (including where a Dealer acts in its capacity as calculation agent) may or may in the future (i) engage in investment banking, trading or hedging activities including activities that may include prime brokerage business or entry into derivative transactions, (ii) act as underwriters in connection with the offering of securities issued by the Issuer or (iii) act as financial advisers to the Issuer. In the context of these transactions, each of the Dealers and their affiliates (including where a Dealer acts in its capacity as calculation agent) hold or may hold securities issued by the Issuer in which case they receive or will receive customary fees and commissions for these transactions. In addition, the Issuer and each of the Dealers (including where a Dealer acts in its capacity as calculation agent) may be engaged in transactions involving an index or derivatives based on or relating to the Notes, which could affect the market price, liquidity or value of Notes and could have an adverse effect on the interests of the Noteholders.

10. The Issuer's Legal Entity Identifier (LEI) is 969500DMKVFI7KGA5F92.

RESPONSIBILITY FOR THE OFFERING CIRCULAR

Person assuming responsibility for this Offering Circular

In the name of the Issuer

I confirm, having taken all reasonable care to ensure that such is the case, that the information contained in this Offering Circular is, to my knowledge, in accordance with the facts and omits nothing likely to affect its import.

Marseille, 11 October 2022

CONSEIL DEPARTEMENTAL DES BOUCHES-DU-RHÔNE

Hôtel du Département
52, avenue Saint-Just
13256 Marseille Cedex 20

Represented by: Yves MORAINE

Vice-President of the Departmental Council of the Bouches-du-Rhône, General Rapporteur of the Budget

Issuer

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75116 Paris
France

NATIXIS
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75013 Paris
France

SOCIETE GENERALE
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