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Euro Medium Term Note Programme €1,500,000,000

The Région Occitanie (the **Issuer** or the **Région Occitanie** or the **Région**) may, at any time, under the Euro Medium Term Note Programme (the **Programme**) to which this offering circular (the **Offering Circular**) relates and in compliance with applicable laws, regulations and directives, issue notes (the **Notes**). The aggregate nominal amount of Notes outstanding shall not, at any time, exceed Euro 1,500,000,000.

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

Application may, under certain circumstances be made for Notes to be admitted to trading on 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 will only be offered to qualified investors in one or more member States of the EEA. The Notes shall have a denomination, as specified in the Pricing Supplement, greater than or equal to 100,000 euros or any other greater amount authorized or required by any relevant competent authority or under any applicable laws or regulations.

The Notes may be issued in dematerialised form (**Dematerialised Notes**) or materialised form (**Materialised Notes**), as more fully described in the Offering Circular.

Dematerialised Notes will be entered in an account in accordance with articles L. 211-3 *et seq.* of the French *Code monétaire et financier*. No physical document of title shall be issued in respect of Dematerialised Notes. Dematerialised Notes may be issued, at the option of the Issuer, either (a) in bearer form (*au porteur*), inscribed on their date of issue in the books of Euroclear France (acting as central depository), which shall credit the accounts of the Account Holders (as defined in “Terms and Conditions of the Notes - Form, denomination and title”) including Euroclear Bank SA/NV (**Euroclear**) and the depository bank for Clearstream Banking S.A. (**Clearstream**) or (b) in registered form (*au nominatif*) 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 days after the issue date of the Notes (unless postponed, as described in the section “Temporary Global Certificates in respect of Materialised Notes”) upon certification that the Notes are not being held by U.S. Persons in accordance with U.S. Treasury regulations, as more fully described in the Offering Circular. The Temporary Global Certificates shall be deposited (a) in the case of a Tranche (as defined in the section “General Description of the Programme”) intended to be cleared through Euroclear and/or Clearstream, on the issue date with a common depository on behalf of Euroclear and Clearstream, or (b) in the case of a Tranche intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream or delivered outside any clearing system, in the manner agreed between the Issuer and the relevant Dealer (as defined below).

The Issuer has been attributed an “AA” (stable outlook) rating by Fitch Ratings Ireland Limited. The Programme has been attributed an “AA” rating by Fitch Ratings Ireland Limited (**Fitch**). Notes issued under the Programme may or may not be attributed a rating. The rating attributed to the Notes, if any, shall be specified in the applicable Pricing Supplement. The rating of the Notes may not necessarily be the same as that of the Programme. A rating is not a recommendation to buy, sell or hold Notes and may be suspended, amended or withdrawn at any time by the relevant rating agency. On the date of the Offering Circular, Fitch is a rating agency established in the 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 (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.

Investors should be aware of the risks described in the section “Risk factors” before making any decision to invest in Notes issued under this Programme.

The Offering Circular, any supplement thereto 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.laregion.fr/financement-obligataire-EMTN>).

Arranger

CREDIT AGRICOLE CIB

Dealers

CREDIT AGRICOLE CIB

LA BANQUE POSTALE

NATIXIS

BRED BANQUE POPULAIRE

HSBC

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 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 prospectus, 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.

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

MiFID II Product Governance / Target Market – The Pricing Supplement relating to the Notes may include a paragraph entitled “MiFID II Product Governance” which shall outline the target market assessment in respect of the Notes, taking into account the five (5) categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority (ESMA) on 5 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 shall be made in relation to each issue as to whether, for the purposes of the Product Governance rules under EU Delegated Directive 2017/593 (the MiFID II Product Governance Rules), any Dealer subscribing for any Notes is the manufacturer of such Notes, failing which neither the Arranger, nor the Dealers, nor any of their respective affiliates shall be considered a manufacturer for the purposes of the MiFID II Product Governance Rules.

UK MiFIR Product Governance / Target Market – The Pricing Supplement relating to the Notes may include a legend entitled "UK MiFIR Product Governance" which shall outline the target

market assessment in respect of the Notes, taking into consideration the five (5) categories referenced in paragraph 18 of the recommendations published by ESMA on 5 February 2018, (in accordance with the United Kingdom Financial Conduct Authority's (FCA's) statement of principle entitled "*Brexit: our approach to EU non-legislative materials*") and the distribution channels that are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take the target market assessment into consideration; however, a distributor bound by the United Kingdom Financial Conduct Authority's *FCA Handbook - Product Intervention and Product Governance Sourcebook* (the UK 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 shall be made in relation to each issue as to whether, for the purposes of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger, nor the Dealers nor any of their respective affiliates will be considered a manufacturer for the purpose of the UK 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.

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 affairs 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.

In this Offering Circular, unless otherwise provided or the context requires otherwise, any reference to "€", "Euro", "EUR" and "euro" refers to the lawful currency in the Member States of the European Union that have adopted the single currency introduced in accordance with the Treaty establishing the European Economic Community.

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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 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 read the information appearing 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 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.

All terms beginning with a capital letter and which are not defined in this section shall have the meanings given thereto in the "Terms and Conditions of the Notes" section.

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

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

1. RISKS RELATING TO THE ISSUER

1.1 Legal risks relating to enforcement proceedings

As a legal entity under public law, the Issuer is not subject to the ordinary law enforcement proceedings and its properties cannot be seized, reducing the possible remedies for an investor in the context of a redemption of Notes compared with a private law legal entity. However, obligatory expenditure, such as in particular debt capital and interest repayment expenses, can lead to the initiation of a mandatory payment order or recording proceeding.

1.2 Asset risks

Asset risks relate to the fact that potential developments may affect the structure of, and return on, the Issuer's resources. These risks exist because the Issuer holds a significant stock of real estate and movable property and as such is at risk of damage occurring (deterioration, destruction, loss events, etc.) which may affect the property that it owns. Furthermore, the Issuer may become liable to third parties (particularly in the event of accidents occurring in its buildings).

To insure against these risks, the Issuer has taken out insurance providing sufficient cover, in particular for buildings fire and water damage risks.

1.3 Financial risks

The Issuer's indebtedness weighs on its operating expenditure and a high level of indebtedness may reduce its savings rate and ability to borrow on satisfactory financial terms, and exposes the Issuer to financial risks (and in particular payment default risk).

Nevertheless, its status as a public law legal entity, as well as the legal framework applicable to local authority borrowing, greatly reduces the risks of insolvency.

Indeed, the law no. 82-213 dated 2 March 1982 on the rights and freedoms of *communes, départements and régions* abolished any State supervision over local authority acts. This led to local authorities being afforded complete freedom of decision in financing matters and to the liberalisation and standardisation of the rules applying to their borrowing. Local authorities may now freely issue debt and their relationships with lenders are governed by private law and contractual freedom, which has now been given constitutional force and effect for local authorities by decision of the *Conseil Constitutionnel* (Cons. const., 30 nov. 2006, Dec. n° 2006-543 DC, law relating to the energy sector).

However, this freedom is regulated by the following principles supplemented by the law n° 2013-672 dated 26 July 2013 on the segregation and regulation of banking activities:

- borrowings must be used exclusively to finance investment;
- for borrowings denominated in foreign currencies, foreign exchange risk must be fully hedged by a euro currency swap contract at the time when the borrowing is made, for its full amount and entire duration;
- if the applicable interest rate is variable, the indices and index spreads permitted for indexation clauses, after currency swaps, if relevant, are fixed by *Conseil d'Etat* decree and the indexation formulae must satisfy the simplicity or foreseeability criteria for the finance costs incurred on local authority borrowings; and
- the repayment of debt principal must be fully covered by own funds drawn from operating revenue (in other words, gross operating surplus), plus definitive capital revenue – other than borrowings.

Finally, the decree n° 2014-984 of 28 August 2014, made pursuant to the above-mentioned law dated 26 July 2013 sets forth the conditions applicable to loans from credit institutions and financial contracts (*derivatives*) entered into by local authorities, to limit the use of high risk debt. This decree entered into force on 1 October 2014.

The characteristics of the Issuer's debt (and in particular the structure of its outstanding debt and debt repayment capacity) are described in detail on pages 118 and following of this Offering Circular.

1.4 Risks relating to the non-repayment of the Issuer's debt

Servicing debt constitutes, in accordance with article L.4321-1 of the local authorities' general code (CGCT), a mandatory expense, which applies both to the repayment of principal and finance costs (interest in particular). These expenses must, therefore, mandatorily be entered in the Issuer's budget.

If this obligation is not complied with, the Région Occitanie's creditors may invoke the so-called "automatic entering and ordering of expenditure" procedure applicable to the Issuer in the event of failure to pay a mandatory expense (article 1 – II of the law n° 80-539 dated 16 July 1980 on the penalties available under administrative law and the execution of judgments by public law legal entities, as codified and supplemented by articles L.1612-15 and 16 of the CGCT).

Pursuant to the above provisions, if a final and binding decision by the administrative court has ordered a local authority, such as the Issuer, to pay a sum of money in an amount specified in the decision itself, such amount must be ordered (*mandatée*) within a period of 2 months from notification of the court's decision. If the expenditure is not ordered within such period, the State's representative in the Région (the Prefect) shall make the order *ex officio*.

Furthermore, if there are insufficient budgetary credits to meet any of the Région's mandatory expenses, the Prefect issues the Région with a formal notice to create the necessary resources; if the

Regional Council has not generated or created these resources by the deadline set in the notice, the Prefect shall automatically enter (*inscription d'office*) the relevant amount in the Région's budget by generating the necessary resources, either by cancelling or reducing other expenditure, or creating them by increasing regional taxes.

In this regard, if the Prefect fails to implement this procedure the French State may be held liable for negligence (Cf. CE, 18 Nov. 2005, Société Fermière de Campoloro, n°271898; CE, 29 Oct. 2010, Min. Food, Agriculture and Fisheries, n° 338001).

Furthermore, under the terms of article L.1612-15 of the CGCT, this procedure may be brought by the regional audit office (*Chambre Régionale des Comptes*) on the referral of either the Prefect or the public auditor for the Région, or any other person with legitimate standing, in order to (i) determine, within a period of one month of the referral, that a mandatory expense has not been entered in the Région's budget or that it has been entered, but for an insufficient amount and (ii) deliver a formal notice to the Région to rectify its budget.

If the formal notice has not been actioned within a period of one month, the *Chambre Régionale des Comptes* shall request the Prefect to enter this expense in the budget and shall, if relevant, propose that additional resources are created or that optional expenditure is decreased in order to cover the mandatory expense.

The principle of immunity from seizure (*insaisissabilité*) of French local authority property (article L.2311-1 of the public entity property general Code) prevents the Issuer from being the subject of general law enforcement proceedings such as the attachment/seizure of its property.

The mandatory nature of debt repayment (principal and interest) therefore gives lenders a high level of legal protection.

However, legal, economic, political and/or social imperatives or developments, which are difficult to foresee, may cause the Regional Council to adopt unforeseen or additional budgetary expenses, with the corresponding revenue having to be generated either by using income not specified in the local authority's primary budget, or by cancelling previously voted expenditure. These votes may take place during the course of the year in the form of budgetary amendment decisions (DM).

These imperatives or developments may have an impact on the implementation timescale and adoption of such budgetary amendment decisions, and on the triggering by the Noteholders of certain events of default referred to in Condition 8 "Events of Default" of the Terms and Conditions of the Notes.

1.5 Risks associated with the use of derivative products

The use of financial instruments (derivative products such as *swaps*, *caps*, *tunnels*...) is regulated by inter-ministerial circular n° NOR/ IOCB 1015077C dated 25 June 2010 on interest rate risk hedging agreements offered to local authorities and their public establishments and is only permitted for the purpose of hedging against interest-rate or foreign exchange risk. This circular specifies the intrinsic risks associated with local authority debt management and summarises the current law on the use of financial products and financial risk hedging instruments. It repeals the previous circular dated 15 September 1992.

Speculative transactions are strictly prohibited by these circulars.

The Issuer shall strictly apply this legal framework and any swaps entered into by the Issuer shall be used only for the purpose of reducing or mitigating the impact of financial costs and completely and systematically neutralising forex risk on foreign currency transactions.

On this point, the law n°2013-672 of 26 July 2013 on the segregation and regulation of banking activities has inserted in the local authorities general code (CGCT) a new article L.1611-3-1, under the terms of which, when a local authority incurs debt nominated in a foreign currency, the local

authority is obliged to enter into a euro currency swap agreement when it incurs the debt, for the full amount and entire duration of the debt.

Furthermore, the above-mentioned decree dated 28 August 2014 sets forth the conditions for the conclusion by local authorities of borrowing and related agreements.

1.6 Interest rate risk

The Région Occitanie pursues a cautious interest rate risk policy: although careful to find the balance between fixed and variable rates, it has however over the last few years preferred fixed rate borrowings.

Furthermore, the Région Occitanie takes no foreign exchange risk insofar as it prohibits itself the use of financial products linked to currencies other than the Euro. Whenever the Région Occitanie enters into a loan agreement, or issues securities, in a foreign currency, it simultaneously enters into a euro currency swap agreement.

In this regard, the above-mentioned law dated 26 July 2013 provides that if the interest rate on a borrowing entered into by a local authority such as the Région Occitanie is variable, the indices and index spreads permitted for indexation clauses, after currency swaps, if relevant, are fixed by *Conseil d'Etat* decree and the indexation formulae must satisfy the simplicity or foreseeability criteria for the finance costs incurred on local authority borrowings.

1.7 Risks relating to changing resources

Regarding its revenues, the Région Occitanie, as a local authority, is exposed to potential changes to its legal and regulatory framework that could modify their structure and yield. It benefits in this regard from the constitutional principle of financial autonomy as provided under article 72-2 of the Constitution of 4 October 1958, which provides that “*tax revenues and other own resources of local authorities represent, for each category of local authority, a material part of their overall resources*”.

The level of the Issuer’s resources depends on the funds paid over by the State as a consequence of the transfer of powers or successive tax reforms. These resources follow a pattern which closely follows growth levels. Furthermore, any reduction in the level of endowments paid by the State is likely to adversely affect the Issuer’s operating revenue, and consequently reduce its capacity to invest.

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

Loan security or guarantees in favour of public or private entities are governed by articles L.4253-1 and 4253-2 of the CGCT. The total outstanding amount of debt guaranteed by the Issuer, as of 31 December 2022, is equal to 174.5 M€ (see the paragraph entitled “2. Guaranteed debt” on page 128 of this Offering Circular).

If, as a result of a significant default by all or some of the beneficiaries of the loan guarantees or security it has granted, the Issuer were to enforce such guarantees or security, to an extent that its financial position would be endangered, the Issuer may not be able to honour the repayment, in whole or in part, of amounts owed to Noteholders under the Notes.

The Issuer is obliged to comply with three prudential rules set forth in the so-called “Galland” law n° 88-13 dated 5 January 1988. These cumulative rules establish the principle of capping commitments, capping beneficiaries (or dividing risk) and sharing risk. These rules only apply to guarantees granted to private law persons. The “Galland ratio” relating to the commitments ceiling is published in the annexes of the Issuer’s primary budget and administrative accounts. In the 2022 administrative account, this ratio was 7.32 % of actual operating revenue (the ceiling being set at 50%); in the 2023 primary budget, this ratio is 7.30%.

1.9 Risks relating to the Issuer's 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 accounting controls as a private 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 "The main local public finance budgetary principles" on pages 77 et seq. of the "Description of the Issuer" section of this Offering Circular. Investors' financial assessment of the Issuer should take into account these specific accounting rules.

The Issuer's accounts are subject to State controls: (i) control of legality, (ii) controls performed by the public auditor, and (iii) periodic management review carried out by the regional audit office (*Chambre Régionale des Comptes*). These controls are more fully described in paragraph C. "Audit and control procedures" of the "Description of the Issuer" section of this Offering Circular.

1.10 Issuer's long-term and short-term debt ratings

The Issuer's long-term debt and short-term debt ratings attributed by Fitch Ratings Ireland Limited are merely the expression of an opinion on the level of credit risk associated with the Issuer and do 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.

1.11 Exogenous event risks with high potential impact

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

At the date of this Offering Circular, three types of impacts have been identified for this type of risk:

- the risk to the health of the Issuer's employees and their families in the event of a health crisis. It should be noted that the Issuer very quickly communicated and implemented the barrier measures to be put in place during the Covid-19 crisis;
- operational risk posed by lockdown to the proper functioning of services. The Issuer has reorganised its operations, among other things, to ensure, in any situation and in the best possible conditions, the continuity of regional public services and in particular with regard to the authority's financial management. To this end, the Issuer has organized:
 - o remote working for almost all Head Office personnel and Finance and Management Control Department staff (VPN access, supply of appropriate computer equipment),
 - o dematerialization of budgetary and financial procedures as well as accounting procedures for the financial execution of expenditure to guarantee in all circumstances that expenditure is committed, invoices are paid, grants are disbursed, and that staff are paid,
 - o the development of an integrated and secure financial management and information system; and
- financial risk impacting on the Issuer's revenues and expenditure (see section entitled "Risks relating to changing resources").

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

The Région's action is supported by cooperation between the State and local authorities during exceptional crises, including through measures taken by ordinance and amending finance laws (including Ordinance no. 2020-330 of 25 March 2020 on local authority and local public institution

fiscal, financial and budgetary continuity measures to deal with the consequences of the Covid-19 epidemic).

2. RISKS RELATING TO THE NOTES

2.1 General market risks

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

The bonds 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, 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 that offering a return comparable to similar products for which an active market has developed.

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

Exchange rate and exchange control risks

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

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

Risks related to rating of the Notes

The Programme has 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.

2.2 General risks related to the Notes

The Notes may be redeemed prior to maturity

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

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

Risks relating to optional redemption by the Issuer

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.

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.

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

It can be expected that the Issuer redeems 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 effective 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.

Risks relating to redemption at the option of the Noteholders

The exercise of redemption at the option of the Noteholders for some Notes may affect the liquidity of Notes of the same Series for which such option has not been exercised. Depending on the number of Notes of the same Series in respect of which the optional redemption provided for in the relevant Pricing Supplement has been exercised, the market of Notes for which such a redemption has not been exercised may become illiquid. In addition, Noteholders requesting redemption of their Notes may not be able to reinvest the funds received from such early redemption 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 Condition 10 of the Terms and Conditions of the Notes “Representation of Noteholders”) and may

hold general meetings of Noteholders or take decisions in writing. The Terms and Conditions provide that in certain cases Noteholders, not present or represented at a general meeting or those that did not participate in a written decision, may be bound by resolutions voted by Noteholders who were present or represented, even if they disagree with the vote or written decision.

Subject to the provisions of Condition 10 of the Terms and Conditions of the Notes “Representation of Noteholders”, Noteholders may participate in Joint Decisions, as defined in the Terms and Conditions of the Notes, deliberate on any proposal relating to the modification of the Terms and Conditions, 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 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 applicable, 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. Noteholders do not benefit from any protection or guarantee of the capital invested under this Programme. The initial invested capital is exposed to the market risks and may thus not be returned in case of adverse stock exchange evolution.

Investment laws and regulations may restrict certain investments

The investment business of certain investors is subject to laws and regulations on investment criteria or to the control of certain authorities. Each prospective investor should seek for its legal adviser in order to determine if, and to what extent, (1) the Notes are an authorised investment for him, (2) the Notes may or may not be used as guarantee of different types of borrowings, (3) other restrictions apply as regards the acquisition or pledge of the Notes. Financial institutions should seek their legal advisers or the relevant regulator to determine the applicable regime for the Notes regarding the

prudential rules or any other similar rule. Neither the Issuer, nor the Dealer(s), nor any of their respective affiliates have or take the liability for the acquisition's legality of the Notes by a prospective investor, either pursuant the enforceable laws in the jurisdiction where they are registered or where they carry on their business (if the jurisdiction is different), or the respect, by the prospective investor, of any law, regulation or rule implemented by a competent regulator.

Verification of legality

The *Préfet* of Région Occitanie has two months as from the date of the delivery to the *préfecture* of any resolution of the Occitanie Regional Council, any decision taken by delegation from the latter, any decision to enter into a contract (if any) and of some of these contracts to verify their legality. If he considers these resolutions, decisions and/or administrative contracts to be illegal, he refers them to the relevant administrative tribunal and, if appropriate, seeks an order for them to be suspended. The relevant administrative tribunal may then, if it considers such resolutions, decisions and/or contracts to be illegal, order their suspension or cancel them in whole or in part. In addition, depending on the nature of the illegality and any particular circumstances, the annulment of the relevant resolution and/or decision to enter into the relevant contracts may lead to the annulment of such contracts.

Third party action

A third party, having legal standing, may bring an action for abuse of authority before the administrative courts against any resolution of the Occitanie Regional Council, any decision taken by delegation from the Vice-President, any decision to enter into a contract (if any) and/or any of these contracts within a period of two months as from the date of the publication and, if appropriate, seek an order for it to be suspended. If any such proceeding is preceded by an administrative action, or in other circumstances, this period may be extended. If such resolution and/or decision have not been duly published, such action may be brought by any interested third party without any limitation period. Once the case has been referred, the competent administrative judge may then, if it considers that a rule of law has been breached, cancel such resolution, decisions and/or administrative contracts or, if it considers the matter sufficiently urgent, suspend it. In addition, depending on the nature of the illegality and any particular circumstances, the annulment of the relevant resolution and/or decision to enter into the relevant contracts may lead to the annulment of such contracts.

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 the Floating Rate Notes is composed by (i) a reference rate and (ii) a margin to add or subtract, as the case may be, from this reference rate. Generally, the applicable margin shall not evolve during the Notes' duration but there will be a periodic adjustment (as specified in the applicable Pricing Supplement) of the reference rate (for example, every (3) or (6) months) that shall evolve according to the market general 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.

The price at which a Noteholder may wish to sell its Notes before their Maturity Date may be less, and significantly so, than the issue price or purchase price paid by such Noteholder. Although it is difficult to anticipate such interest rate fluctuations, they may have a significant adverse impact on the value of the Notes and result in Noteholders losing part of their investment in the Notes should they wish to sell them.

Fixed/Floating Rate Notes

The Fixed/Floating Rate Notes bear interest at a rate that, automatically or upon decision of the Issuer at a date specified in the applicable Pricing Supplement, can be converted from a fixed rate to a floating rate or from a floating rate to a fixed rate. The (automatic or optional) conversion may affect the secondary market and the market value of the Notes as it can lead to a reduction of the total borrowing costs. If a fixed rate is converted into floating rate, the rate spread on the Fixed/Floating Rate Notes may be less favourable than the rate spreads on Floating Rate Notes having the same reference rate. Furthermore, the new floating rate may be, at any time, lower than the interest rate on the other Notes. If a floating rate is converted into a fixed rate, the fixed rate may be lower than the rates applicable to these 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.

Regulation and reform of “benchmarks” could have a material adverse effect on Notes that are indexed to or referenced to a “benchmark”

Interest rates and indices considered as “benchmarks” (including EURIBOR (or TIBEUR in French) and the CMS Rate) have recently been the subject of regulatory guidelines and reform proposals at national and international level. Some of these reforms have already entered into force and others still need to be implemented. These reforms could lead to the future performance of such “benchmarks” differing from their past performance, resulting in their disappearance, a change to their calculation method or other unforeseen consequences. This sort of consequence could have a material adverse effect on any Notes that are indexed to or referenced to a “benchmark”. Regulation (EU) 2016/1011, as amended (the **Benchmarks Regulation**) was published in the Official Journal of the European Union on 29 June 2016 and entered into force on 1 January 2018. The aim of the Benchmarks Regulation is to regulate the provision of benchmarks, and of underlying information for a benchmark and the use of benchmarks within the European Union. In addition it, inter alia, (i) requires that benchmark administrators be authorised or registered (or if they are not located in the EU, be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prohibits the use by EU-supervised entities of “benchmarks” from unauthorised or unregistered administrators (or, if they are not located in the EU, which are not subject to an equivalent regime or otherwise recognised or endorsed).

The Benchmarks Regulation could have a significant impact on Notes that are indexed to or referenced to a “benchmark”, in particular in the following circumstances:

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

- if the methodology or other methods of determining the “benchmark” were to be amended to comply with the requirements of the Benchmarks Regulation. Such changes could reduce or increase the rate or level or otherwise affect the volatility of the published rate or the level of a “benchmark”.

More broadly, one of the international or national reforms, or the enhanced regulatory oversight of “benchmarks”, could increase the costs and risks of administering a “benchmark” or participating in any manner in setting a “benchmark” or of complying with such regulations or requirements. Such factors may have the following effects on certain “benchmarks” (including EURIBOR (or TIBEUR in French) and the CMS Rate): (i) deter market participants from continuing to administer or contribute to certain “benchmarks”; (ii) trigger changes in the rules or methodologies used for certain “benchmarks” or (iii) lead to the disappearance of certain “benchmarks”. Any of these changes or subsequent changes, as a result of international or domestic reforms or other initiatives or research, could have a material adverse effect on the value and yield of index-linked Notes or those that refer to a “benchmark”.

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

Regulation (EU) 2019/2089 of the European Parliament and of the Council dated 27 November 2019 has amended the existing provisions of the Benchmark Regulation by extending until the end of 2021 the transitional regime applicable to benchmarks of critical importance and benchmarks of third countries. The existing provisions of the Benchmarks Regulation have once again been amended by Regulation (EU) 2021/168 of the European Parliament and of the Council dated 10 February 2021, published in the Official Journal of the European Union on 12 February 2021 (the **Amending Regulation**).

The Amending Regulation introduces a harmonised approach to deal with the cessation or wind down of certain benchmarks by conferring on the Commission the power to designate a statutory replacement benchmark for certain benchmarks, such replacement being restricted to financial contracts and instruments. These provisions may affect the value or liquidity of, or the return on, Notes linked to or making reference to a “benchmark” (such as EURIBOR or the CMS Rate) in circumstances where the fallback provisions specified in the Terms and Conditions of the Notes are not appropriate. The transitional period for the use of third country benchmarks has also been extended until the end of 2023. The Commission has been given the option of further extending this period until the end of 2025, if necessary.

Investors should consult their own advisors and make their own assessment of the potential risks of the reform of the Benchmarks Regulation before making an investment decision with respect to index-linked Notes or those that refer to a “benchmark”.

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

The Terms 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 (excluding €STR), and/or any page on which such benchmark may be published, becomes unavailable, or if the Issuer, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Interest Rate (as specified in the applicable Pricing Supplement) are no longer permitted lawfully to calculate interest on any Notes by reference to such benchmark under the Benchmark Regulation or otherwise. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Terms and Conditions of the Notes), with or without the application of a Spread Adjustment (as defined in the Terms and Conditions of the Notes) (which, if applied, could be positive or negative, and would be applied with a view to reducing or eliminating, to the fullest extent practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark), and may include amendments to the Terms 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 some circumstances, including where no Independent Adviser has been appointed or no Successor Rate or Alternative Rate (as applicable) is determined, or where, due to the uncertainty concerning the availability of Successor Rates and Alternative Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time. In all such circumstances, other fallbacks may be used if the benchmark is discontinued or otherwise becomes unavailable, namely the rate of interest for subsequent Interest Period(s) may be based on the rate which applied for the immediately preceding Interest Period, as set out in the risk factor above entitled *“The regulation and reform of “benchmarks” may have a material adverse impact on Notes linked to or referencing a “benchmark”*.

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

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

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

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

The bonds market continues to develop in relation to “risk free rates” (including overnight rates), such as the €STR, as reference rates for floating rate notes and their adoption as alternatives to the relevant interbank offered rates. Other issuers or operators on the financial markets may utilise “risk free rates” in a manner that differs significantly from that set out in the Terms and Conditions of the Notes in relation to Floating Rate Notes that reference €STR (see Condition 4.3 “Interest on Floating Rate Notes”). The Issuer may in the future issue notes referencing €STR in a way that differs materially in terms of Interest Rate determination when compared to the provisions in the Terms and Conditions of the Notes relating to Floating Rate Notes. The result of the above is that the liquidity of Notes referencing €STR may be reduced and it is not certain that a market will develop for such Notes.

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

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

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

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

GENERAL DESCRIPTION OF THE PROGRAMME

The following general description must be read together with all the other information provided in this Offering Circular. The Notes shall be issued pursuant to the terms agreed between the Issuer and the relevant Dealer(s) and, unless otherwise specified in the applicable Pricing Supplement, they shall be governed by the Terms and Conditions set out in pages 25 to 58 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: Région Occitanie.

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

The Notes will constitute *obligations* under French law.

Arranger: Crédit Agricole Corporate and Investment Bank

Dealers: Crédit Agricole Corporate and Investment Bank

Natixis

La Banque Postale

BRED Banque Populaire

HSBC Continental Europe

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

Fiscal Agent and Principal Paying Agent: Banque Internationale à Luxembourg, *société anonyme*.

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

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

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

The Notes shall be issued by series (each a **Series**), on the same or different issue dates, and shall be governed (except for the first interest payment) by identical terms, the Notes of each Series being fungible amongst themselves. Each Series may be issued in tranches (each a **Tranche**), having the same or different issue dates. The specific terms of each Tranche shall be specified in the applicable pricing supplement (the **Pricing Supplement**) supplementing this Offering Circular.

Maturities:	Subject to compliance with all applicable laws, regulations and directives, the Notes shall have a minimum maturity of one month and a maximum maturity of 40 years from the initial issue date as specified in the applicable Pricing Supplement.
Currencies:	Subject to compliance with all applicable laws, regulations and directives, the Notes may be issued in euros.
Denomination(s):	<p>The Notes shall have the denomination(s) specified in the applicable Pricing Supplement (the Specified Denomination(s)). Dematerialised Notes shall be issued in one Specified Denomination only. The Notes shall have a denomination of greater than or equal to 100,000 euros or any other greater amount authorized or required by the relevant competent authority or under any laws or regulations applicable to the Specified Currency.</p> <p>Dematerialised Notes shall be issued in one denomination only.</p>
Status of the Notes:	The Notes and, if any, related Receipts and Coupons constitute direct, unconditional, unsubordinated and (subject to the following paragraph) unsecured obligations of the Issuer which rank <i>pari passu</i> amongst themselves and (subject to mandatory exceptions under French Law) <i>pari passu</i> with any other present or future, unsubordinated and unsecured obligation of the Issuer.
Negative pledge:	As long as Notes or, if any, Receipts or Coupons linked to the Notes will remain outstanding, the Issuer shall not grant or permit to subsist any pledge (in the form of a “ <i>gage</i> ” or “ <i>nantissement</i> ”), mortgage, lien, guarantee or any other form of real security interest over any of its property, assets, revenues or rights, present or future, in order to secure any present or future indebtedness, entered into or guaranteed by the Issuer, represented by bonds, securities or other negotiable instruments with a maturity greater than one 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, Coupons and Receipts, benefit from an equivalent and <i>pari passu</i> security interest.
Events of Default:	The terms and conditions of the Notes define events of default, as more fully described in paragraph “Terms and Conditions of the Notes – Events of default”.
Redemption Amount:	Except in the case of early redemption or purchase and cancellation, the Notes shall be redeemed at the Maturity Date specified in the applicable Pricing Supplement and at the Final Redemption Amount.
Optional Redemption:	The Pricing Supplement prepared in respect of each issue of Notes will indicate if whether or not such Notes may be redeemed at the option of the Issuer (as a whole or in part) and/or at the option of the Noteholders before their expected maturity date, and if so, the terms applicable to such redemption.
Redemption in Instalments:	The Pricing Supplement relating to Notes redeemable in two or several instalments shall specify the dates on which such Notes may be redeemed and the amounts to be redeemed.

Early Redemption:	Subject to the provisions of the “Optional Redemption” paragraph above, the Notes shall only be subject to early redemption at the option of the Noteholder for tax reasons.
Withholding tax:	<p>All payments of principal, interest or other amounts linked to the Notes, Receipts or Coupons by or on behalf of the Issuer shall be made without any withholding or deduction for any taxes or duties whatsoever, imposed, levied or collected by or on behalf of France or any authority therein or thereof having power to levy taxes, unless such withholding or deduction is required by law.</p> <p>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 shall, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the holders of Notes, Receipts and Coupons receive the full amount that would have been payable in the absence of such withholding or deduction; subject to certain exceptions described further in the section “Terms and Conditions of the Notes - Taxation” of this Offering Circular.</p>
Interest Periods and Rates:	For each Series, the duration of interest periods of the Notes, the applicable interest rate and its method of calculation may vary or stay the same, as the case may be. The Notes may have a maximum interest rate, a minimum interest rate or both at the same time, it being specified that, in no case shall the Coupon Amount for each Note be less than zero. The Notes may bear interest at different rates during the same interest period through the use of accrual interest periods. All this information shall be included in the applicable Pricing Supplement.
Fixed Rate Notes:	Fixed interests will be payable in arrear at the date(s) for each period indicated in the applicable Pricing Supplement.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at the determined rate for each Series as follows:</p> <ul style="list-style-type: none"> (a) on the same basis than the floating rate indicated in the relevant applicable Pricing Supplement to a notional interest rate exchange transaction in the relevant Specified Currency, pursuant to the <i>Fédération Bancaire Française</i> (the FBF) Master Agreement dated June 2013 relating to transactions on forward financial instruments supplemented by the Technical Schedules published by the FBF, or (b) by reference to a reference rate appearing on a page provided by a commercial listing service (including, without limitation, EURIBOR (or TIBEUR in French), CMS Rate, TEC10 or €STR), or (c) in the event of disappearance of a benchmark, by reference to the Successor Rate or Alternative Rate determined by the Independent Adviser appointed by the Issuer in accordance with the Terms and Conditions of the Notes, <p>in each case, as adjusted according to margins eventually applicable and paid at the dates indicated in the applicable Pricing Supplement.</p>

Fixed/Floating Rate Notes:	Each Fixed Rate/Floating Rate Note bears interest at a rate which, on the Interest Basis Change Date, (i) may be converted at the option of the Issuer from a fixed rate to a floating rate (or vice versa) or (ii) will be automatically converted from a fixed rate to a floating rate (or vice versa).
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 Condition 4.3(c)(iii) of the Terms and Conditions of the Notes “Benchmark discontinuation” for further details.
Zero Coupon Notes:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Form of the Notes:	<p>The Notes may be issued either in dematerialised form (Dematerialised Notes) or in materialised form (Materialised Notes).</p> <p>Dematerialised Notes may be, at the option of the Issuer, issued in bearer form (<i>au porteur</i>) or in registered form (<i>au nominatif</i>) and, in such case, at the option of the relevant Noteholder, either in fully registered form (<i>au nominatif pur</i>) or in administered registered form (<i>au nominatif administré</i>). No document materialising the title of the Notes will be issued.</p> <p>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.</p>
Governing Law:	French law. Any claims against the Issuer relating to the Notes, Coupons or Talons shall be brought before 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 implemented and no seizure proceedings can be taken against the assets or properties of the Issuer, being a legal entity of public law.
Clearing systems:	<p>Euroclear France as a central depository in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.</p> <p>Notes admitted to trading on Euronext Paris will be cleared by Euroclear France.</p>
Initial Delivery of Dematerialised Notes:	The accounting letter (<i>lettre comptable</i>) (for syndicated issues) or admission form (for non-syndicated issues), as applicable, relating to each Tranche of Dematerialised Notes shall be delivered to Euroclear France, acting as central depository, one Paris business day before the issue date of such Tranche.
Initial Delivery of Materialised Notes:	At least at the issue date of each Tranche of Dematerialised Notes, the Temporary Global Certificate relating to such Tranche shall be delivered to a common depository for Euroclear and Clearstream or to any other clearing system, or may be delivered outside any clearing system provided

that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer(s).

Issue Price: The Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

Admission to Trading: On Euronext Paris and/or on any other Regulated Market of a Member State 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 2009 on credit rating agencies as amended (the **CRA Regulation**).

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

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

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 (**TEFRA D Rules**) unless (a) the applicable Pricing Supplement provides that such Materialised Notes are issued pursuant to Section (U.S. Treas. Reg.) §1.163-5(c)(2)(i)(C) of the U.S. Treasury Regulations (**TEFRA C Rules**), or (b) the Materialised Notes are not issued pursuant to TEFRA C Rules or TEFRA 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

- (1) This Offering Circular must be read and interpreted together with the following documents, which have been published previously or simultaneously. These documents are incorporated into this Offering Circular and are deemed to form an integral part thereof:
- (a) The Financial Report relating to the Issuer's Administrative Account for the 2021 financial year (the **2021 Administrative Account**):
https://www.laregion.fr/IMG/pdf/rapport_financier_2021-web.pdf;
 - (b) The Financial Report relating to the Issuer's Administrative Account for the 2022 financial year (the **2022 Administrative Account**):
https://www.laregion.fr/IMG/pdf/a/e/5/rapport_financier_2022.pdf;
 - (c) The Issuer's 2023 primary budget (including, if applicable, its supplemental budgets and any amending decisions relating to its primary budget) (the **2023 Primary Budget**):
https://www.laregion.fr/IMG/pdf/c/b/6/rapport_de_presentation_du_bp_2023.pdf;
 - (d) The section entitled "Terms and Conditions of the Notes" set forth on pages 28 to 67 of the Issuer's offering circular dated 28 July 2021 (the **2021 Terms and Conditions**); and
 - (e) The section entitled "Terms and Conditions of the Notes" set forth on pages 28 to 66 of the Issuer's offering circular dated 25 August 2022 (the **2022 Terms and Conditions**).

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

The 2021 Terms and Conditions and 2022 Terms and Conditions are incorporated by reference in this Offering Circular for the sole purpose of subsequent issues of Notes to be fungible, and form a single Series with the Notes already issued under the 2021 Terms and Conditions and 2022 Terms and Conditions. The other parts of the offering circular dated 28 July 2021 and of the offering circular dated 25 August 2022 are not incorporated by reference in this Offering Circular.

For so long as Notes issued under the Programme remain outstanding, the 2021 Terms and Conditions and 2022 Terms and Conditions shall be published on the dedicated page of the Issuer's website (<https://www.laregion.fr/Financement-obligataire-EMTN>).

- (2) The following documents, which shall be published on the dedicated page of the Issuer's website (<https://www.laregion.fr/Financement-obligataire-EMTN>) after the date of this Offering Circular, shall be deemed to be incorporated by reference and to form an integral part thereof as from their date of publication:
- (i) the latest up-to-date version of the Issuer's administrative accounts; and
 - (ii) the latest up-to-date version of the Issuer's (primary or supplemental) budget.
- (3) Investors are deemed to be aware of all information contained in the documents that are deemed to be incorporated by reference in this Offering Circular, as if such information were included in the 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 substantial 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 without undue delay 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 I of the chapter “Documents incorporated by reference”.

Any Offering Circular supplement must be published on the dedicated page of the Issuer’s website (<https://www.laregion.fr/Financement-obligataire-EMTN>).

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 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 and Conditions) or (ii) the complete text of the terms and conditions, shall appear on the reverse side of the Physical Notes. All terms in capital letters 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 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 below.

The Notes are issued by the Région Occitanie (the **Issuer** or the **Région Occitanie**) in series (each a **Series**), on the same issue date or on different issue dates. The terms and conditions of the Notes of any Series shall (with the exception of the Issue Date, the issue price and the first interest payment) be identical, the Notes of each Series being fungible. Each Series may be issued in tranches (each a **Tranche**), on the same issue date or on different issue dates. The specific terms of each Tranche (including the Issue Date, the issue price, the first interest payment and the nominal amount of the Tranche), shall be set forth in the pricing supplement (the **Pricing Supplement**) supplementing this Offering Circular. A fiscal agency agreement (as amended and/or supplemented, the **Fiscal Agency Agreement**) relating to the Notes was entered into on 25 July 2023 between the Issuer, Banque Internationale à Luxembourg, *société anonyme* as fiscal agent and principal paying agent and the other agents appointed therein. The fiscal agent, the paying agents and the calculation agent(s) for the time being (where relevant) are referred to below respectively as the **Fiscal Agent**, the **Paying Agents** (such term including the Fiscal Agent) and the **Calculation Agent(s)**, together the **Agent(s)**. Holders of interest coupons (**Coupons**) relating to interest-bearing Materialised Notes and, if applicable to such Notes, talons for additional Coupons (**Talons**), and holders of receipts relating to payments by instalment of the principal on Materialised Notes (**Receipts**) whose principal is redeemable by instalments are referred to respectively as the **Couponholders** and the **Receiptholders**.

Any reference below to **Conditions** refers to the numbered conditions 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.* 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 (*au porteur*), inscribed in the books of Euroclear France (acting as central depository) which shall credit the accounts of the Account Holders, or in registered form (*au nominatif*), 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 and Conditions, **Account Holder** means any financial intermediary authorised to hold securities accounts, directly or indirectly, with Euroclear France and includes Euroclear Bank SA/NV, as operator of the Euroclear system (**Euroclear**) and Clearstream Banking S.A. (**Clearstream**).

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

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

1.2 Denomination

The Notes shall be issued in the specified denomination(s) specified in the applicable Pricing Supplement (the **Specified Denomination(s)**). Dematerialised Notes must be issued in one single Specified Denomination. The Notes shall have a denomination of greater than or equal to 100,000 euros or any other greater amount authorized or required by any relevant competent authority or under any laws or regulations applicable to the Specified Currency.

1.3 Title

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

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

Outstanding means, in respect of Notes of any Series, all of the Notes outstanding other than (i) those that have been redeemed in accordance with these Terms and Conditions, (ii) those in respect of which the redemption date has passed and the redemption amount (including interest accrued on such Notes up to the redemption date and all interest payable after such date) has been duly paid in accordance with the terms of Condition 6, (iii) those that are no longer valid or in respect of which the limitation period has expired, (iv) those that have been repurchased and cancelled in accordance with Condition 5.7, (v) those that have been repurchased and retained in accordance with Condition 5.6, (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, the related Receipts, Coupons and Talons, 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, the Receipts, Coupons or Talons attached to the Notes remain outstanding (as defined in Condition 1.3(d) above), the Issuer shall not grant or permit to subsist any pledge (in the form of a “gage” or “nantissement”), mortgage, lien, guarantee or any other form of real security interest over any of its property, assets, revenues or rights, present or future, to secure any Indebtedness (as defined below) subscribed or guaranteed by the Issuer, unless the obligations of the Issuer under the Notes and, if any, the Receipts and Coupons benefit from equivalent and equal ranking security.

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

4. CALCULATION OF INTEREST AND OTHER CALCULATIONS

4.1 Definitions

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

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

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

Coupon Determination Date (*Date de Détermination du Coupon*) means, in respect of an Interest Rate and an Interest Accrual Period, the date specified as such in the applicable Pricing Supplement or, if no date is specified, the day falling two T2 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.

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

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

Relevant Date (*Date de Référence*) means in respect of any Note, or Coupon, the date on which the amount payable under such Note or Coupon becomes due and payable or (if any due and payable amount is not paid, or not paid in time, without any justification) the date on which the outstanding amount is paid in full or (in the case of Materialised Notes, if such date falls earlier) the day falling seven calendar days after the date on which the holders of such Materialised Notes have been notified that, upon further presentation of such Materialised Note or Coupon being made in accordance with the Terms and Conditions, 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 June 2013 FBF Master Agreement relating to transactions on forward financial instruments, as supplemented by the Technical Schedules, as published by the *Fédération Bancaire Française* (together the **FBF Master Agreement**) as amended, as the case may be, at the Issue Date.

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 Condition 4.3(b).

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

Relevant Financial Centre. **Local Time** means, with respect to Europe and the Euro-zone as the Relevant Financial Centre, 11.00 a.m. (Brussels time).

Business Day (Jour Ouvré) means:

- (a) for the euro, a day on which the real-time gross settlement system operated by the Eurosystem or any successor or replacement system (**T2**), operates (a **T2 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 Saturday or 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 an Interest Accrual Period, the percentage or the number for the relevant Interest Accrual Period, as indicated in the applicable Pricing Supplement, provided that it may have a positive or a negative value or be equal to zero.

Day Count Fraction (Méthode de Décompte des Jours) means, in respect of the calculation of a coupon amount on any Note for any period of time (from (and including) the first day of such period to (but excluding) the last day in such period) (whether or not 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 Coupon Payment Date;

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

- (i) the number of complete years shall be counted back from the last day of the Calculation Period;
- (ii) this number is increased by the fraction for the relevant period calculated as provided in the first paragraph of this definition;
- (d) if **Actual/365 (Fixed)** is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (e) if **Actual/360** is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (f) if **30/360**, **360/360** or **Bond Basis** is specified in the applicable Pricing Supplement, the number of days in the Calculation Period divided by 360 (i.e. the number of days to be calculated based on a 360 day year of 12 months of 30 days each (unless (i) the last day of the Calculation Period is the 31st day of a month and the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month in which the last day falls shall not be reduced to a thirty day month or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be extended to a thirty day month));
- (g) if **30/360 - FBF** or **Actual 30A/360 (American Bond Basis)** is specified in the applicable Pricing Supplement, then, in respect of each Calculation Period, the fraction of which the denominator is 360 and the numerator is the number of days calculated in the same manner as the 30E/360 – FBF basis, except in the following case:

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

The fraction is:

$$si_{jj}^2 = 31et_{jj}^1 \neq (30,31),$$

then:

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

otherwise:

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

where:

$D1(jj^1, mm^1, aa^1)$ is the commencement date of the period

$D2(jj^1, mm^2, aa^2)$ 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:

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

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

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

Screen Page (*Page Ecran*) means any page, section, heading, column or any other part of a document supplied by any information service (including without limitation Reuters (**Reuters**)) as may be nominated to provide a Reference 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 Reference Rate, as specified in the applicable Pricing Supplement.

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

Interest Accrual Period (*P riode d'Int r ts 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 Financ re de R f rence*) 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 (*R f rence de March *) means the relevant rate (including, without limitation, EURIBOR (or TIBEUR in French), the CMS Rate, TEC10 or  STR) as specified in the applicable Pricing Supplement.

Interest Rate (*Taux d'Int r t*) means the interest rate payable on the Notes and which is either specified or calculated in accordance with the provisions of the applicable Pricing Supplement.

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

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

4.2 Interest on Fixed Rate Notes

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

4.3 Interest on Floating Rate Notes

(a) Coupon Payment Dates

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

(b) Business Day Convention

If any date referred to in these Terms and Conditions, 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 specifies that Business Day Convention shall apply 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 shall apply as specified in the applicable Pricing Supplement.

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

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

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

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

If the paragraph “Floating Rate” in the applicable Pricing Supplement provides that the interest rate 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) interest rates based on the relevant Floating Rate, where the first interest rate corresponds to a maturity immediately shorter than the duration of the relevant Interest Period and the second rate corresponds to a maturity immediately longer than 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 and subject as specified in Condition 4.3(c)(iii) below, the Interest Rate shall be:
 - I. the Reference Rate (where such Reference Rate on such Screen Page is a composite quotation or is customarily supplied by one entity), or
 - II. the arithmetic mean of the Reference Rates of the entities whose Reference Rates appear on that Screen Page,

in each case as published on such Screen Page, at the Relevant Time on the Coupon Determination Date, as specified in the applicable Pricing Supplement, minus or plus, if applicable (as specified in the applicable Pricing Supplement), the Margin;

- (B) if the primary source for the Floating Rate is Reference Banks or if sub-paragraph (A)(I) above applies and no Reference 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 Reference Rates appear

on the Screen Page at the Relevant Time on the Coupon Determination Date, the Interest Rate, subject as provided below or (if applicable) in Condition 4.3(c)(iii) (Benchmark discontinuation) below, shall be equal to the arithmetic mean of the Reference 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, minus or plus, if applicable (as specified in the applicable Pricing Supplement), the Margin; and

- (C) if paragraph (B) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Reference Rates, the Interest Rate shall, subject as provided below or (if applicable) in Condition 4.3(c)(iii) (*Benchmark discontinuation*) below, be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines 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 as specified, if applicable, in the applicable Pricing Supplement).

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 shorter than the duration of the relevant Interest Period and the second rate corresponds to a maturity immediately longer than the same Interest Period.

- (D) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined and the Reference Rate in respect of the Floating Rate Notes is specified as being CMS Rate, the Rate of Interest for each Interest Accrual Period will, subject as provided below, and subject as specified in Condition 4.3(c)(iii) below, be determined by the Calculation Agent by reference to the following formula:

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

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

one of the highest and the lowest quotation (or, in the event of equality, one of the lowest).

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

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

CMS Rate shall mean the applicable swap rate for swap transactions in the Specified Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the Relevant Time on the relevant Coupon Determination Date, all as determined by the Calculation Agent.

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

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

- (E) Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Interest Rate is to be determined and the Reference Rate in respect of the Floating Rate Notes is specified as being TEC10, the Interest Rate for each Interest Accrual Period shall, subject as provided below, be determined by the Calculation Agent by reference to the following formula:

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

TEC10 means the offered quotation (expressed as a percentage rate per annum) for the EUR-TEC10-CNO⁽¹⁾, calculated by the *Comité de Normalisation Obligataire (CNO)*, which appears on the Relevant Screen Page, under the caption **TEC10** on the Reuters Screen CNOTEC10 Page or any successor page, as at 10.00 a.m. (Paris time) on the relevant Coupon Determination Date.

If, on any Coupon Determination Date, TEC10 does not appear on Reuters Screen CNOTEC Page or any successor page, (i) it shall be determined by the Calculation Agent on the basis of the mid-market prices for each of the two reference OAT (*Obligation Assimilable du Trésor*) which would have been used by the Comité de Normalisation Obligataire for the calculation of the relevant rate, quoted in each case by five *Spécialistes en Valeurs du Trésor* at approximately 10:00 a.m. (Paris time) on the relevant Coupon Determination Date; (ii) the Calculation Agent will request each *Spécialiste en Valeurs du*

Trésor to provide a quotation of its price; and (iii) TEC10 will be the redemption yield of the arithmetic mean of such prices as determined by the Calculation Agent after discarding the highest and lowest of such quotations. The above mentioned redemption yield shall be determined by the Calculation Agent in accordance with the formula that would have been used by the Comité de Normalisation Obligataire for the determination of the relevant rate.

*(1) For information purposes only, the EUR-TEC10-CNO, established in April 1996, is the percentage yield (rounded to the nearest second decimal point, 0.005 per cent. being rounded upwards) of a notional 10 year French Treasury Bond (Obligation Assimilable du Trésor, **OAT**) corresponding to the linear interpolation between the yield to maturity of the two actual OATs (the **Reference OAT**) whose periods to maturity are closest in duration to the notional 10 year OAT, one Reference OAT's duration being of less than 10 years and the other Reference OAT's duration being greater than 10 years.*

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

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

Where:

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

d₀ is the number of T2 Business Days in the relevant Interest Accrual Period;

€STR_{i-p|OT} means, for any T2 Business Day falling in the relevant Interest Accrual Period, the €STR on the T2 Business Day falling “p” T2 Business Day(s) before the relevant “i” T2 Business Day;

i is a series of whole numbers from one (1) to **d₀**, each representing the relevant T2 Business Day in chronological order from, and including, the first T2 Business Day of the relevant Interest Accrual Period to, but excluding, the Coupon Payment Date for such Interest Accrual Period;

n_i means, for any T2 Business Day “i”, the number of calendar days from and including the relevant T2 Business Day “i”, up to but excluding the immediately following T2 Business Day, in the relevant Interest Accrual Period; and

p means, for any Interest Accrual Period, the number of T2 Business Days in the Observation “Look-Back” Period.

If the €STR, on any T2 Business Day, is not published as provided above and no €STR Index Cessation Event (as defined below) has occurred, the €STR to be applied for such T2 Business Day shall be the €STR rate in respect of the last T2 Business Day for which such rate was published on the Website of the European Central Bank (as defined below).

If the €STR, for any T2 Business Day, is not published as provided above and an €STR Index Cessation Event and an €STR Index Cessation Effective Date have both occurred, then the €STR, for each T2 Business Day in the relevant €STR Observation Period falling on the day or days following the €STR Index Cessation Effective Date, shall be determined as if references to €STR were references to the ECB Recommended Rate.

If no ECB Recommended Rate has been recommended before the end of the first T2 Business Day following the date on which the €STR Index Cessation Event occurred, then the €STR, for each T2 Business Day in the relevant €STR Observation Period falling on the day or days following the €STR Index Cessation Effective Date, shall be determined as if references to €STR were references to Modified EDFR.

If an ECB Recommended Rate has been recommended and an ECB Recommended Rate Index Cessation Event and an ECB Recommended Rate Index Cessation Effective Date have both occurred, then the €STR, for each T2 Business Day in the relevant €STR Observation Period falling on the day or days following the ECB Recommended Rate Index Cessation Effective Date, shall be determined as if references to €STR were references to Modified EDFR.

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

Whenever the Interest Rate cannot be determined by the Calculation Agent in accordance with the above, (i) the Interest Rate shall be that determined as at the last preceding Coupon Determination Date or (ii) if there is no such preceding Coupon Determination Date, the Interest Rate shall be determined as if the €STR rate, for each T2 Business Day in the relevant €STR Observation Period falling on the day or days following the €STR Index Cessation Effective Date, referring to the latest published ECB Recommended Rate or, if EDFR is published on a date subsequent to the date of publication of the latest ECB Recommended Rate, to Modified EDFR or (iii) if there is no such preceding Coupon Determination Date and no ECB Recommended Rate nor Modified EDFR is available, then €STR, for each T2 Business Day in the relevant €STR Observation Period falling on the day or days following the €STR Index Cessation Effective Date, shall be determined as if references to €STR were references to the latest published €STR rate. In each of the cases (i), (ii) and (iii) above, (where a different Margin, Maximum Interest Rate or Minimum Interest Rate from that which applied to the last preceding Interest Accrual Period is to be applied to the relevant Interest Accrual Period) the Margin, or Maximum Interest Rate or Minimum Interest Rate applicable to the relevant Interest Accrual Period shall be substituted.

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

ECB Recommended Rate Index Cessation Effective Date means, in respect of an ECB Recommended Rate Index Cessation Event, the first date

on which the ECB Recommended Rate is no longer provided, as determined by the Issuer and notified by the Issuer to the Calculation Agent.

€STR Index Cessation Effective Date means, in respect of an €STR Index Cessation Event, the first T2 Business Day on which €STR is no longer supplied by the European Central Bank (or any successor administrator of €STR), as determined by the Issuer and notified by the Issuer to the Calculation Agent.

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

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

EDFR Spread means:

- (1) if no ECB Recommended Rate is recommended before the end of the first T2 Business Day following the date on which the €STR Index Cessation Event occurs, the arithmetic mean of the daily difference between the €STR and the EDFR for each of the thirty (30) T2 Business Days immediately preceding the date on which the €STR Index Cessation Event occurred; or
- (2) if an ECB Recommended Rate Index Cessation Event occurs, the arithmetic mean of the daily difference between the ECB Recommended Rate and the EDFR for each of the thirty (30) T2 Business Days immediately preceding the date on which the ECB Recommended Rate Index Cessation Event occurred.

€STR (or Euro Short Term Rate) means, for any T2 Business Day, the interest rate representing the unsecured overnight borrowing costs of banks located in the Euro-zone, supplied by the European Central Bank as administrator of such rate (or any successor administrator), and published on the Website of the European Central Bank at or before 9:00 a.m. (Frankfurt time) (or, in case a revised Euro Short-Term Rate is published as provided in article 4 paragraph 3 of the ECB €STR Guideline at or before 11:00 a.m. (Frankfurt time), such revised interest rate) on the T2 Business Day immediately following such T2 Business Day.

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

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

insolvency official with jurisdiction over the administrator of the ECB Recommended Rate, a resolution authority with jurisdiction over the administrator of the ECB Recommended Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the ECB Recommended Rate, which states that the administrator of the ECB Recommended Rate has ceased or will cease to supply the ECB Recommended Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to supply the ECB Recommended Rate.

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

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

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

€STR Observation Period means, in respect of any Interest Accrual Period, the period from and including the date falling “p” T2 Business Days prior to the first day of the relevant Interest Accrual Period (included) (the first €STR Observation Period beginning on (and including) the date falling “p” T2 Business Day(s) prior to the Interest Period Commencement Date) up to (but excluding) the date falling “p” T2 Business Day(s) prior to the Coupon Payment Date of such Interest Accrual Period (or up to (but excluding) the date falling “p” T2 Business Day(s) prior (if relevant) to the date, if earlier, on which the Notes become due and payable).

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

ECB Recommended Rate means a rate (inclusive of any spreads or adjustments) recommended as the replacement for €STR by the European Central Bank (or any successor administrator of €STR) and/or by a committee officially endorsed or convened by the European Central Bank (or any successor administrator of €STR) for the purpose of recommending a replacement for €STR (which rate may be defined by the European Central

Bank or another benchmark administrator), as determined by the Issuer and notified by the Issuer to the Calculation Agent.

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

(iii) **Benchmark discontinuation**

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the method for determining the Interest Rate, if a Benchmark Event occurs in relation to an Original Reference Rate at any time when the Terms of any Notes provide for any rate of interest to be determined by reference to such Original Reference Rate, then the following provisions shall apply and prevail over other fallbacks specified in Conditions 4.3(c)(ii)(A) to 4.3(c)(ii)(D), provided that this Condition 4.3(c)(iii) shall not apply if the Reference Rate is €STR.

(A) **Independent Adviser**

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

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

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

If the Independent Adviser determines in good faith that:

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

(D) Benchmark Amendments

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

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

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

(E) Notices, etc.

The Issuer shall, after receiving such information from the Independent Adviser, notify the Fiscal Agent, the Calculation Agent, the Paying Agents, the Representative (if any) and, in accordance with Condition 14, the Noteholders, promptly of any Successor Rate, Alternative Rate, Adjustment Spread and of the specific terms of any Benchmark Amendments, determined under this Condition 4.3(c)(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 Interest Rate on the immediately following Coupon Determination Date, no Successor Rate or Alternative Rate (as applicable) is determined pursuant to this provision, the fallbacks for the Original Reference Rate specified in Conditions 4.3(c)(ii)(A) to 4.3(c)(ii)(D), namely the Interest Rate determined on the preceding Coupon Determination Date will continue to apply to such determination (after adjustment for any difference in Margin, Rate Multiplier, or Maximum or Minimum Interest Rate applicable to the previous Interest Accrual Period and to the applicable Interest Accrual Period specified, if any, in the relevant Pricing Supplement).

In such circumstances, the Issuer will be entitled (but not obliged), at any time thereafter, to elect to re-apply the provisions of this Condition 4.3(c)(iii), *mutatis mutandis*, on one or more occasions until a Successor Rate or

Alternative Rate (and, if applicable, any associated Adjustment Spread and/or Benchmark Amendments) has been determined and notified in accordance with this Condition 4.3(c)(iii) (and, until such determination and notification (if any), the fallback provisions provided elsewhere in these Terms and Conditions including, for the avoidance of doubt, the fallbacks specified in Conditions 4.3(c)(ii)(A) to 4.3(c)(ii)(D), will continue to apply in accordance with their terms unless a Benchmark Event occurs).

(G) Definitions

In this Condition 4.3(c)(iii):

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

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

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

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

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

- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;
- (iv) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (b) the date falling six (6) months prior to the specified date referred to in (a);
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate, in the opinion of the supervisor, is no longer representative of an underlying market or that its method of calculation has significantly changed;
- (vi) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will not be permitted to be used or that its use will be subject to significant restrictions or unfavourable consequences, in each case within the next six months;
- (vii) it has or will prior to the next Coupon Determination Date, become unlawful for the Issuer, the party responsible for determining the Interest Rate (being the Calculation Agent or such other party specified in the applicable Pricing Supplement, as applicable), or any Paying Agent to calculate any payments due to be made to any Noteholder using the Original Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/2011, as amended, if applicable); or
- (viii) that a decision to withdraw the authorisation or registration pursuant to article 35 of the Benchmark Regulation (Regulation (EU) 2016/2011, as amended) of any benchmark administrator previously authorised to publish such Original Reference Rate has been adopted.

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

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

Alternative Rate means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4.3(c)(iii) and which is customary market usage in the international debt capital markets for

the purposes of determining rates of interest for a commensurate interest period and in the same Specified Currency as the Notes.

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

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

4.4 Fixed Interest Rate/Floating Interest Rate of the Notes

Each Fixed Rate/Floating Rate Notes bears interest at a rate which, on the date provided for in the relevant Pricing Supplement (the **Interest Basis Change Date**):

- (i) may be converted at the option of the Issuer from a fixed rate to a floating rate (among the types of Floating Rate Notes referred to in Condition 4.3(c) of the Terms and Conditions of the Notes “*Interest Rate for Floating Rate Notes*”) (or *vice versa*) (the **Change of Interest Basis at the Option of the Issuer**), it being specified that the Change of Interest Basis at the Option of the Issuer will be deemed applicable after notice sent to the Noteholders by the Issuer within the period specified in the relevant Pricing Supplement in accordance with Condition 14 of the Terms and Conditions of the Notes “Notice”; or
- (ii) will be automatically converted from a fixed rate to a floating rate (among the types of Floating Rate Notes referred to in Condition 4.3(c) of the Terms and Conditions of the Notes “*Interest Rate for Floating Rate Notes*”) (or *vice versa*) (the **Automatic Change of Interest Basis**).

4.5 Zero Coupon Notes

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

4.6 Accrual of interest

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

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

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

such Margin or by multiplying the Interest Rate by such Rate Multiplier, subject always to the provisions of the following paragraph.

- (b) If any Minimum or Maximum Interest Rate is specified in the applicable Pricing Supplement, then such Interest Rate shall be subject to such maximum or minimum, as the case may be, it being specified that in no case, shall the Coupon Amount payable in respect of each note be less than zero.
- (c) For the purposes of any calculations required pursuant to these Terms and Conditions (unless otherwise specified), (i) if FBF Determination is specified in the applicable Pricing Supplement, all percentages resulting from such calculations shall be rounded, if necessary, to the nearest ten thousandth of a percentage point (with halves being rounded up) (ii) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest fifth decimal place (with halves being rounded up) and (iii) all figures shall be rounded to seven significant figures (with halves being rounded up).

4.8 Calculations

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

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

As soon as practicable after the Relevant Time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Coupon Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period. It shall also calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be. It shall then cause the Interest Rate and the Coupon Amounts for each Interest Period and the relevant Coupon Payment Date and, if required, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or the 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 Coupon Payment Date or Interest Accrual Period Date is subject to adjustment pursuant to Condition 4.3(b), the Coupon Amounts and the Coupon Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

4.10 Calculation Agent and Reference Banks

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with at least one office in the Relevant Financial Centre, except for Notes in respect of which €STR is the applicable Benchmark, and one or more Calculation Agents if so specified in the applicable Pricing Supplement and for so long as any Note is outstanding (as defined in Condition

1.3(d) above). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank then, except for Notes in respect of which €STR is the applicable Benchmark, 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 and Conditions to the Calculation Agent shall be construed as a reference to each Calculation Agent performing its respective duties under these Terms and Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for an Interest Period or Interest Accrual Period or to calculate any Coupon Amount, Final Redemption Amount, Optional Redemption Amount, Instalment Amount or Early Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment bank operating in the interbank market (or, if appropriate, money market, swaps market or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed in the manner described above.

5. REDEMPTION, PURCHASE AND OPTIONS

5.1 Redemption at maturity

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

5.2 Redemption by instalments

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

5.3 Redemption at the option of the Issuer and partial redemption

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

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

In the case of a partial redemption by the Issuer in respect of Materialised Notes, the notice to holders of such Materialised Notes must also indicate the number of Physical Notes to be redeemed or in

respect of which such option has been exercised. The Notes must have been selected in such manner as is fair and objective in the circumstances, taking account of prevailing market practices and in accordance with all applicable stock market laws and regulations.

In the case of a partial redemption or partial exercise of an Issuer's option in respect of Dematerialised Notes of any one Series, the redemption shall be made by application of a *pool factor* (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 calendar days' irrevocable notice to the Issuer, redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount 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 Coupons and unexchanged Talons) must be attached to the Exercise Notice. In the case of Dematerialised Notes, the Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Paying Agent, as specified in the Exercise Notice. No option that has been exercised or, if relevant, no Note that has been deposited or transferred may be withdrawn without the prior written consent of the Issuer.

5.5 Early redemption

(a) Zero Coupon Notes

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note shall, upon redemption of such Note pursuant to Condition 5.6 or 5.9 or upon it becoming due and payable as provided in Condition 8, be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Zero Coupon Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if not otherwise provided in the applicable Pricing Supplement, shall be such rate as would result in an Amortised Face Amount equal to the issue price of the Notes if discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of each Note upon its redemption pursuant to Condition 5.6 or 5.9 or upon it becoming due and payable in accordance with Condition 8, is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note, as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as if the reference therein to the date on which such Note becomes due and payable were a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before any judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date, together with any interest that may accrue in accordance with Condition 4.5. Where such calculation is to be made for a period of less than one (1) year, it shall be made on the basis of one of the Day Count Fractions mentioned at Condition 4.1 and specified in the applicable Pricing Supplement.

(b) Other Securities

The Early Redemption Amount due for any other securities, upon its redemption pursuant to Condition 5.6 or 5.9 or upon it becoming due and payable pursuant to Condition 8, shall be equal to the Final Redemption Amount (unless otherwise specified in the applicable Pricing Supplement) or in the case of Notes governed by Condition 5.2 above, the unamortised face amount, plus all accrued interests until the effective date of redemption.

5.6 Redemption for tax reasons

- (a) If, at the time of any redemption of principal and/or payment of interest, the Issuer is obliged to pay additional amounts in accordance with Condition 7.2 below, by reason of any change in or amendment to the laws and regulations in France, or any change in the official application or interpretation thereof, made after the Issue Date, unless such relevant obligations to make additional payments can be avoided by reasonable measures taken by the Issuer, to the Issuer may (having given notice to the Noteholders in accordance with Condition 14, at the earliest 60 calendar days and at the latest 30 calendar days prior to such payment (which notice shall be irrevocable)) redeem, on any Coupon Payment Date or, if specified in the applicable Pricing Supplement, at any time, all but not some only of the Notes at the Early Redemption Amount together with, all interest accrued until the date fixed for redemption, provided that the due date for redemption of which notice hereunder shall be given shall not be earlier than the latest practicable date on which the Issuer could make a payment of principal and/or interest without deductions or withholding for French taxes.
- (b) If, on the occasion of the next redemption of principal and/or payment of interest in respect of the Notes, the Issuer would be prevented by French law from making payment of the full amount then due and payable to the Noteholders and Couponholders, notwithstanding the undertaking to pay additional amounts in accordance with Condition 7.2 below, the Issuer shall forthwith give notice of such fact to the Fiscal Agent. The Issuer shall, having given seven calendar days' notice to the Noteholders in accordance with Condition 14, redeem all, and not some only, of the Notes then outstanding at their Early Redemption Amount, together with all interest accrued up to the date fixed for redemption, on (i) the latest practicable Coupon 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 Coupon Payment Date, the date for redemption to the Noteholders shall be the later of (A) the latest practicable date on which the Issuer could make payment of the full amount then due and payable on the Notes, Receipts or Coupons and (B) 14 calendar days after giving notice to the Fiscal Agent or (ii) if so specified in the applicable Pricing Supplement, at any time, provided that the due date for redemption of which notice hereunder is given shall be the latest practicable date on which the Issuer could make payment of the full amount due and payable in respect of the Notes and, if relevant, any Receipts 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 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 laws and regulations currently in force, or cancelled in accordance with Condition 5.8.

5.8 Cancellation

Notes purchased for cancellation in accordance with Condition 5.7 above shall be cancelled, in the case of Dematerialised Notes, by transfer to an account pursuant to the rules and procedures of

Euroclear France, and in the case of Materialised Notes, by delivery to the Fiscal Agent of the relevant Temporary Global Certificate or the relevant Physical Notes, together with all unmatured 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 Coupons and all unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, as the case may be, transferred or surrendered for cancellation may not be re-issued or re-sold and the obligations of the Issuer in respect of any such Notes shall be discharged.

5.9 Illegality

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

6. PAYMENTS AND TALONS

6.1 Dematerialised Notes

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

6.2 Physical Notes

(a) Method of payment

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

(b) Presentation and surrender of Physical Notes and Coupons

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

Any instalment of principal in respect of Physical Notes, other than the last payment, shall, where appropriate, (subject as provided below) be made in the manner described in paragraph (a) above solely upon presentation and surrender (or, in the case of a partial payment of an outstanding amount,

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

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

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

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

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

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

6.3 Payments in the United States of America

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

6.4 Payments subject to fiscal laws

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

6.5 Appointment of Agents

The Fiscal Agent, the Paying Agents, the Calculation Agent and the Registration Agent initially appointed by the Issuer and their respective specified offices are listed at the end of this Offering Circular for the Programme. The Fiscal Agent, the Paying Agents and the Registration Agent act solely as agents, and the Calculation Agents solely as independent experts, of the Issuer and under no circumstances do any of them assume any obligation or relationship of agency for or with any

Noteholder or 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 and Conditions 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.

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

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

6.6 Talons

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

6.7 Business Days for payment

If any date for payment in respect of any Note or Coupon is not a business day (as defined below), the Noteholder or Couponholder shall not be entitled to payment until the next following business day, nor to any other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or Sunday) (a) (i) in the case of Dematerialised Notes, on which Euroclear France is operating, or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation of the note for payment, (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) a day which is a T2 Business Day.

6.8 Bank

For the purposes of this Condition 6, **Bank** means a bank established in a city in which banks have access to the T2.

7. TAXATION

7.1 Withholding

All payments of principal, interest or other amounts by or on behalf of the Issuer in respect of the Notes, Receipts and Coupons shall be carried out free and clear of, and without any deduction or withholding 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 deduction or withholding is required by law.

7.2 Additional Amounts

If French law should require that payments of principal, interest or other proceeds in respect of any Note, Receipt or Coupon be subject to withholding 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 deduction or withholding

at source; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon in the following cases:

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

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

8. EVENTS OF DEFAULT

If any of the following events occurs (each an **Event of Default**), (i) the Representative (as defined in Condition 10) on its own initiative or upon request of any holder of Notes may, upon simple written notice addressed on behalf of the Masse (as defined in Condition 10) to the Fiscal Agent with copy addressed to the Issuer, declare the redemption of all the Notes (and not a part only) immediately and automatically due and payable; 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, declare all amounts owed by the Issuer to any Noteholder (whether of principal and interest, including interest accrued to the date of repayment) held by the author of the notice, immediately and automatically due and payable, without the necessity for any prior formal demand:

- (a) if the Issuer defaults in the payment of any amount, whether of principal or interest (including the payment of additional amounts under Condition 7.2), owed under any Note, Receipt or Coupon where payment has not been made within fifteen (15) calendar days of the due date for such payment; or
- (b) if the Issuer is in breach of any other provision of these Terms and Conditions, unless such breach has been remedied within thirty (30) calendar days of receipt by the Issuer of a notice informing it of the breach; or
- (c) if the Issuer is unable to meet any mandatory expenditure, as defined in article L. 4321-1 of the local authorities’ general code (CGCT) or declares such inability in writing; or
- (d)
 - (i) if the Issuer fails to pay or repay, an amount in principal of greater than fifty (50) million euros (or its equivalent in any currency), in whole or in part, any one or more of its debts, whether in the form of a bank loan or bond issue, on the specified payment or repayment date, or early redemption date or, if applicable, after expiry of any contractually stipulated grace period; or
 - (ii) if the Issuer fails to pay an amount of greater than fifty (50) million euros (or its equivalent in any currency), in whole or in part, under one (or more) guarantee(s) granted in respect of any one or more debt(s), whether in the form of a bank loan or bond issue, of a third party(ies), where such guarantee(s) is (are) callable and has (have) been called, unless, in such

case, the Issuer has disputed in good faith the validity of the calling of the guarantee(s) and such dispute has been referred to the competent court, in which case the failure to pay shall not constitute an event of default unless and until declared so by a final and binding judgment of that court; or

- (e) if there is any change to the Issuer's legal regime or status, including as a result of any change of law or regulation, if the effect of such change is to reduce the rights of Noteholders against the Issuer, or to delay or render more difficult or onerous the exercise by the Noteholders of their rights and remedies against the Issuer.

Provided that any event referred to in (a), (b), (c), or (d) above shall not constitute an event of default, and the specified periods shall be suspended, if the Issuer notifies the Fiscal Agent, before expiry of the relevant period (if so specified) of the need, in order to remedy the breach(es), to adopt a budgetary decision to authorise payment of an additional or unforeseen budgetary (debt) expense, until the date (inclusive) on which such budgetary decision takes effect, upon which the above-mentioned suspension of the relevant period shall terminate. The Issuer shall notify the Fiscal Agent of the date on which the budgetary decision takes effect. The Fiscal Agent shall notify the Noteholders of any notice received from the Issuer pursuant to this Condition, in accordance with Condition 14.

If the budgetary decision has not been adopted and taken effect by the expiry of a period of four (4) months from the date of notification from the Issuer to the Fiscal Agent of the requirement to adopt such budgetary decision, the events specified in paragraphs 8(a), 8(b), 8(c) and 8(d) above shall constitute an Event of Default and the periods specified in 8(a) or 8(b) shall continue to run from the expiry of the four (4) month period.

9. PRESCRIPTION

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

10. REPRESENTATION OF NOTEHOLDERS

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 articles L.228-46 et seq. of the French *Code de commerce*, except articles L. 228-71 R. 228-69 of the French *Code de commerce*, as supplemented by this Condition 10.

- (a) Legal personality

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

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

- (b) Representative

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

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

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

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

(c) Powers of the Representative

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

All legal proceedings brought against or by the Noteholders must be brought by or against the Representative.

(d) Joint decisions

Joint Decisions are adopted at General Meetings (each a **General Meeting**) or by approval following a written consultation (the **Written Decision**).

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

Joint Decisions shall be published in accordance with the provisions of Article 10(h).

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

(i) General Meeting

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

General Meetings may only deliberate validly on first convening if the Noteholders present or represented hold at least one fifth (1/5th) 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 two-thirds (2/3) majority of the votes cast by the Noteholders present or represented at such meeting.

Notice of the date, hour, place and agenda of the General Meeting shall be published as provided in Condition 10(h) fifteen (15) calendar days at least prior to the date of the General Meeting on first convening and no less than five (5) 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 or by postal ballot. Each Note carries one vote.

Each Noteholder or its representative shall have the right, throughout the fifteen (15) calendar day period preceding the holding of a General Meeting on first convening,

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

(ii) Written Decisions and Electronic Consent

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

Such Written Decision must be signed by or on behalf of Noteholders holding at least ninety (90) percent of the nominal amount of the Notes outstanding, without having to comply with the formalities and deadlines stipulated in Article 10(d)(i). Any Written Decision shall in all ways have the same effect as a resolution passed at a Noteholders' General Meeting. The Written Decision may be recorded in a single document or in several identical documents, signed by or on behalf of one or more Noteholders.

Pursuant to article L.228-46-1 of the French *Code de commerce*, Noteholders shall also be able to express their approval or rejection of the proposed Written Decision via any electronic means of communication allowing for their identification (the **Electronic Consent**).

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

Notices relating to requests for approval via Written Decision (including by Electronic Consent) shall be published in accordance with Article 10(h) at least five (5) calendar days before the date set for the adoption of such Written Decision (the **Date of the Written Decision**). Notices relating to a request for approval via Written Decision shall contain the formal conditions and guidelines to be respected by Noteholders wishing to express their approval or rejection of the proposed Written Decision. Noteholders expressing their approval or rejection prior to the Date of the Written Decision shall undertake not to dispose of their Notes prior to the Date of the Written Decision.

(e) Expenses

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

(f) Single Masse

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

(g) Single Noteholder

For as long as the Notes are held by a single Noteholder, and in the absence of the appointment of a Representative, the relevant Noteholder shall exercise all of the powers devolved to the Masse

by the provisions of the French *Code de commerce*, as supplemented by this Condition 10. The Issuer shall keep (or instruct an authorised representative to keep) a register of all decisions adopted by the single Noteholder and shall make it available, on request, by any future Noteholder. A Representative shall be appointed as soon as the Notes of a Series are held by more than one Noteholder.

(h) Notices to Noteholders

Any notice to be addressed to the Noteholders in accordance with this Condition 10(h) shall be addressed in accordance with Condition 14.6.

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

11. AMENDMENTS

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

12. REPLACEMENT OF PHYSICAL NOTES, COUPONS AND TALONS

In the case of Materialised Notes, any Physical Note, 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, 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, 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, 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 and Conditions shall be interpreted accordingly.

14. NOTICES

14.1 All notices or other notifications addressed to the Issuer must be sent to the following address:

Région Occitanie
Direction des Finances et du Contrôle de Gestion
22, boulevard Maréchal Juin
31406 Toulouse Cedex 9
France

- 14.2 Notices addressed by the Issuer to the holders of Dematerialised Notes in registered form shall be valid either (a) if they are posted to their respective addresses, in which case they shall be deemed to have been delivered on the fourth Business Day after posting or (b) at the option of the Issuer, if they are published on the website of any relevant regulatory authority, in one of the leading economic and financial daily newspapers with general circulation in Europe. So long as the Notes are admitted to trading on any regulated market and the applicable rules of such market so require, notices shall not be deemed to be valid unless published in an economic and financial daily newspaper with general circulation in the city(ies) in which the Notes are admitted to trading, which in the case of Euronext Paris is expected to be *Les Echos* and in any other manner required, as the case may be, under the applicable rules of such market.
- 14.3 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.
- 14.4 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. Couponholders shall be deemed, in all circumstances, to have had notice of the contents of any notice addressed to Noteholders of Materialised Notes in accordance with this Condition.
- 14.5 **Notices addressed to holders of Dematerialised Notes (whether in registered or bearer form) in accordance with these Terms and Conditions may be delivered to Euroclear France, Euroclear, Clearstream or any other clearing system through which the Notes are then cleared, instead of posting or publishing the notice as provided in Conditions 14.1, 14.2 and 14.3 above, provided however that so long as the Notes are admitted to trading on any regulated market and the applicable rules of such market so require, notices shall also be published in an economic and financial daily newspaper with general circulation in the city(ies) in which the Notes are admitted to trading, which in the case of Euronext Paris is expected to be *Les Echos* and in any other manner required, as the case may be, under the applicable rules of such market.**
- 14.6 **Notices related to Joint Decisions, in accordance with Condition 10 and with article R.228-79 of the French *Code de commerce*, shall be sent to Euroclear France, Euroclear, Clearstream and to any other clearing system through which Notes are cleared. For the avoidance of doubt, Conditions 14.1, 14.2, 14.3, 14.4 and 14.5 do not apply to such notices.**

15. GOVERNING LAW AND JURISDICTION

15.1 Governing law

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

15.2 Jurisdiction

Any claim against the Issuer in relation to the Notes, Coupons or Talons shall be brought before the courts within the jurisdiction of the Paris Court of Appeal (subject to mandatory rules related to French courts). The Issuer submits to the jurisdiction of the French courts. However, no private law

enforcement measures may be instigated and no seizure or attachment proceedings may be brought against the assets or property of the Issuer.

15.3 Language

This Offering Circular has been drafted in French. An indicative English translation may be provided, however only the French version shall be authoritative and binding.

TEMPORARY GLOBAL CERTIFICATES IN RESPECT OF MATERIALISED NOTES

1. TEMPORARY GLOBAL CERTIFICATES

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

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

2. EXCHANGE

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

- (a) if the applicable Pricing Supplement 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 (see the section “General Description of the Programme – Selling Restrictions”), in whole but not in part, for Physical Notes; and
- (b) in all other cases, in whole but not in part, after certification, to the extent required under section § 1.163-5(c)(2)(i)(D)(4)(ii) of the US Treasury regulations, that the Notes are not held by US persons, for Physical Notes.

3. DELIVERY OF PHYSICAL NOTES

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

In the case of Materialised Notes with a minimum maturity of more than 365 days (to which the 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 ERFDAL INCOME TAX LAWS, INCLUDING THOSE PROVIDED

**UNDER SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE OF 1986,
AS AMENDED.**

USE OF PROCEEDS

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

- (a) for the Issuer's general financing purposes; or
- (b) as indicated in the applicable Pricing Supplement for any specific issue of Notes in respect of which a particular use of the proceeds has been identified (other than as specified above).

DESCRIPTION OF THE ISSUER

1. General description of the Issuer

1.1. Issuer's legal name

The Issuer is the Conseil Régional d'Occitanie (the **Région Occitanie**, the **Région, Occitanie**, or the **Issuer**), a French regional authority.

1.2. Head office, geography and economy, legal form

1.2.1. Head office

The Issuer's head office address is:

22, boulevard du Maréchal Juin

31406 TOULOUSE Cedex 9

The Issuer's head office telephone number is +33 (0) 5 61 33 50 50.

The Issuer's website address is: www.laregion.fr.

1.2.2. The *régions*' strengths

1.2.2.1 Région Occitanie identity card – Key figures (disregarding health crisis)¹

Geography

The Région Occitanie is the second-largest *région* in mainland France. It has a surface area of 72 724 km², which represents 13.2% of the total mainland surface area. It is larger than Ireland and 12 other European Union countries. Occitanie is twice the size of Belgium (30,528 km²) and also its neighbour, the Spanish province of Catalonia (32 113 km²).

The Région Occitanie contains 13 *départements* (**Départements**): Ariège, Aude, Aveyron, Gard, Haute-Garonne, Gers, Hérault, Lot, Lozère, Hautes-Pyrénées, Pyrénées-Orientales, Tarn and Tarn-et-Garonne (in alphabetical order). It also has 4 454 *communes*, 161 inter-communal structures (*intercommunalités*), 2 metropolises (*métropoles*) - Toulouse and Montpellier, 1 urban community (*communauté urbaine*): Perpignan Méditerranée Métropole, 20 agglomeration communities (*communautés d'agglomération*) and 138 commune communities (*communautés de communes*).

220 km of coastline, 40 000 hectares of lakes and lagoons,²

15% of the national forest coverage,

2nd agricultural region for exploitable agricultural land (3.5 million hectares)³

The Région Occitanie boasts a very rich landscape with an extremely varied countryside. Mountains, forests, scrubland, hills, plains, coastline all form part of Occitanie's environment. Framed by two mountain ranges, the Massif Central to the north and the Pyrenees to the south, the length of the Spanish border. The highest point of the region – and the French Pyrénées – is the Pic du Vignemale, sitting at 3 298 m, in the Hautes-Pyrénées.

¹ Source: Insee, Région Occitanie 2020 activity and sustainable development report

² Région Occitanie website

³ Source: Prefecture of the Région Occitanie

There is also an abundance of rivers. To the west, Occitanie unfolds along the Garonne valley, encircled by vast areas of hills and plains. On the eastern border lies the Rhône and part of its delta, the Camargue Gardoise. The Mediterranean coast extends along four *départements*, from the Vallée du Rhône to the Roussillon.

The Seuil de Naurouze (or Seuil du Lauragais), the highest point of the Midi canal, is the drainage divide linking the Mediterranean to the Atlantic via its extension through the Garonne Canal. The masterpiece of Pierre-Paul Riquet, the Midi canal celebrated its 350th anniversary in 2016. It is one of the 8 regional sites to have been awarded the prestigious UNESCO World Heritage Site status.

Tens of thousands of hectares of lagoons are dotted along the Mediterranean coast. The Région enjoys an exceptional wealth of biodiversity, with its two national parks (Pyrénées and Cévennes) and a marine natural park (Golfe du Lion).

There are already eight regional natural parks (Aubrac, Haut Languedoc, Narbonnaise en Méditerranée, Pyrénées catalanes, Pyrénées Ariègeoises, Grands Causses, Causses du Quercy and Corbières-Fenouillèdes created in September 2021). They cover 22% of the regional territory. Three other regional nature parks are planned: Comminges-Barousse, Garrigues de l'Uzège, Astarac.

Natural areas of ecological interest and importance from a fauna and flora perspective (ZNIEFF) cover half of the region (compared to one quarter for the mainland as a whole).

The region is a climate puzzle. The Languedoc coast has a Mediterranean climate, whereas the Aquitaine basin has an oceanic climate, although slightly warmer because of its southern latitude, and the climate in the Pyrénées and the Massif Central falls under the influence of the mountains. Between the Toulousain and the Seuil du Lauragais, lies a zone under both oceanic and mountain influence.

The Occitanie coastline enjoys one of the highest levels of sunshine in France. With more than 2200 hours of sunshine per year, Toulouse, Millau and Gourdon are amongst the most sunny mainland towns. It is also a windy region which explains the extensive presence of renewable solar and wind energy.

Demographics

- 5th most populous region in France (5 973 969 inhabitants as at 1st January 2023)⁴,
- The Metropolitan Region where the population is growing the fastest: +0.7% per year between 2014 and 2020 (i.e. more than 40,000 additional inhabitants each year)⁵, compared to +0.3% on average at national level,
- Low population density with 81.6 inhabitants per km² compared to 119.7 ⁶ for mainland France,
- More than one-third of its inhabitants are under the age of 30⁷.

Economy and employment

- 4th highest regional gross domestic product (GDP): 182.5 Bn euros in 2021 ⁸,
- 2nd nationally for its trade balance in 2022 (+ 4.4 Bn €) ⁹,

⁴ Source: Decree dated 29 December 2022

⁵ Source: Insee

⁶ Source: Insee

⁷ Source: Insee

⁸ Source: CCI Occitanie

⁹ Source: OBSeco (Observatoire économique) of the CCI d'Occitanie

- 3.5% of GDP dedicated to R&D in 2019¹⁰; 1st French region in terms of data as ratio of GDP , 3rd French region in 2020 for number of patents filed¹¹,
- 1st region for organically farmed land,
- 1st wine-growing region ¹²,
- 2.18 million employees at the end of 2022 ¹³, representing 76% of total employment. Wage employment is growing more in Occitanie than at national level,
- In 2022 the tertiary sector accounted for 81.9% of regional salaried employment, with 10.6% for industry, 6.1% for the construction sector and 1.5% for agriculture,
- 4th region in terms of social employment (solidarity and welfare economy) as a share of overall employment (more than 23 000 enterprises representing 210 000 jobs or 10% of salaried employment)¹⁴,
- The Région Occitanie is recognised by the Minister for Women's Rights for excellence in terms of professional equality,
- 4th French region for business start-ups in 2022 (almost 100,000 start-ups) ¹⁵,
- Unemployment rate of 8.6 % in Q1 2022 ¹⁶, a decrease (-0.3 points annual change) similarly to the number of jobseekers (-1.5% over one year),
- 20 980 euros per year median income in 2019 ¹⁷,

Training

- More than 1 million 1st and 2nd degree students ¹⁸, or more than 8% of the national schools population, spread amongst more than 4 700 primary schools, 580 middle schools and 300 high schools,
- 2nd provincial region in terms of student numbers: 264,000 students, 31 major engineering schools and graduate schools, 30,000 researchers in 2019-2020 in 13 national research organizations¹⁹,
- More than 40,000 job seekers trained under the Regional Training Program in 2021,
- 31% of the population has a tertiary education, a level above the national average.²⁰

Environmental performance (in 2020)²¹

- Best ecological index amongst French *régions*,
- 2nd region for electricity consumption covered by renewable sources (46.9%)
- 2nd region in photovoltaic and hydroelectric production,
- 3rd region in wind power production, 1st region for its potential to develop floating wind power.

¹⁰ Source: Ministry for Higher Education, Research and Innovation

¹¹ Source: INPI (national intellectual property Institute)

¹² Source: Occitanie regional agriculture chamber

¹³ Source: Insee

¹⁴ Source: Occitanie regional social and welfare economy chamber

¹⁵ Source: CCI Entreprises

¹⁶ Source: Insee

¹⁷ Source: Insee

¹⁸ Source: Ministry for national education, youth and sport

¹⁹ Source: Région Occitanie, 2021 activity and sustainable development report

²⁰ Source: Insee

²¹ Source: ENR - RTE panorama, economic alternatives

1.2.2.2 Geographically well located and demographically dynamic

The Région Occitanie is neighbour to Nouvelle-Aquitaine to the west, the Région Provence-Alpes-Côte d'Azur to the east and Auvergne-Rhône-Alpes to the north. Bordering two countries to the south, Spain and Andorra, it is bordered to the south-east by the Mediterranean and the east by the Rhône river.

The second largest region in France by surface area (72 724 km²), larger than 13 of the 27 EU member States, including Ireland, Occitanie encompasses 13 *départements* of varied geography and employment zones with diverse economic profiles.

The Région Occitanie has almost 6 million inhabitants, making it the 5th most populous region of France.

Occitanie is marked by a strong demographic dynamism: it is the metropolitan region where the population is growing the fastest: +0.7% per year between 2014 and 2020 (i.e. more than 40,000 additional inhabitants each year),

The majority of new arrivals head for the city of Toulouse and the Languedoc Coast. The two métropoles account for more than 21% of the region's population. 76% of the regional population lives in urban units.

Located at the heart of southern Europe



1.2.2.3. A region open to the world

Export performance and strengths of attraction: solid foundations for development in

The Région Occitanie ranked 1st in 2022 in terms of balance of trade²² (7.3 Bn €: 45.9 Bn€ in exports compared to 38.6 Bn€ of imports). This is for the most part and historically generated by the aerospace and space industry (25.7 Bn €), which contributed 56% to regional exports, followed by agriculture and agrifood (7%). Occitanie accounts for 8% of exports in France and 5% of its imports.

The Région Occitanie mainly exports its products to Europe (Spain and Germany in the lead, for €5.4 billion and €4.5 billion respectively), China (€4 billion) and the United States (€3.2 billion).

Occitanie registered 126 foreign investment projects in 2022, representing more than 5,000 jobs. This record level of investment reflects the attractiveness of the Région Occitanie and benefits the entire regional territory. These projects are concentrated in the aeronautics, space and mobility sectors. These investments come mainly from the United States and Europe (Germany, the Netherlands, the United Kingdom).

Overlooking the Mediterranean basin and Africa, Occitanie is ideally located to welcome foreign investment, with 35 business parks (Occitanie Economic Zones), by mobilising its financial toolbox.

In addition, the Région Occitanie is one of the few multimodal *régions* in Europe. Ideally situated from a geographical perspective, it boasts complementary amenities and offers all current means of transport. The Région Occitanie sits at a highly frequented crossroads for transit on the North-South and East-West axis in southern Europe.

Ten airport platforms (two international airports - Toulouse and Montpellier- and a network of smaller airports - Carcassonne, Tarbes, Perpignan, Castres, Rodez, Béziers, Nîmes) – mesh the territory together with a traffic of 10.5 million passengers in 2022.

The Région also enjoys good rail access with 2,600 km of railway lines, used daily by more than 500 regional trains carrying 70 000 passengers daily, together with the TGV and its extension projects (LGV Bordeaux-Toulouse, Nîmes-Perpignan via Montpellier), for which the Government announced a budget of 4 Bn € in April 2021. The Grand Projet Sud-Ouest company, intended to finance the Bordeaux-Toulouse high-speed line, was thus born in 2022.

As for the road network, it includes over 50,000 km of local (D) roads, 1,110 km of main (N) roads and 1,220 km of motorways.

The quality of the living environment and natural heritage (regional nature parks, nature sanctuaries) also contribute to its appeal.

A tourism-oriented region ²³

No. 1 region in France in terms of room capacity (almost 6 million beds) and French tourist visitor numbers (4th French region in terms of foreign tourist visitors), the Région Occitanie boasts a varied and sustainable tourism offer.

Tourism is the region's 2nd largest industry, ahead of aeronautics, space and public construction works ("BTP") and after agrifood and agriculture. Tourism consumption amounts to 15.9 billion euros (or 10% of regional GDP), with 38,000 businesses and almost 100,000 salaried jobs (7% of total salaried employment in Occitanie).

Occitanie welcomed 185 million (including intra-regional) overnight tourist visits in 2021. With more than 180 000 taking the waters each year



²² Source : CCI Occitanie

²³ Source: Région Occitanie, Regional tourism and leisure committee

in 28 spas, it is the no. 1 thermal spa region. It is also ranked 1st in terms of open-air accommodation (26.5 million overnight stays and 17% of national capacity).

Occitanie is leader in terms of secondary residences (550 000 residences offering 2.7 million tourist beds) and establishments awarded the Tourism Quality/ Occitanie Sud-de-France Quality label (1 350 establishments).

Lourdes is the 2nd tourist town in France in terms of hotel rooms (after Paris).

By virtue of the quality of its heritage, gastronomy and landscape and its exceptional diversity, Occitanie has all the qualities to become one of the leading European tourist destinations, whether for its coast, countryside, thermal spas, towns or mountains.

Numerous special coastal economic activities

The Région's coast, its shoreline, lakes and lagoons, its coastal and marine spaces are areas of strong economic development and of great economic and environmental importance for the future of the Région.

Each year the coast attracts 4 million tourists to 20 tourist resorts and 70 marinas (both on sea, lake and river) offering 30,000 moorings, including Port Camargue, the largest marina in Europe.



The nautical sector is comprised mainly of very small enterprises (VSE) and small and medium-sized enterprises (SME) representing more than 1300 enterprises with a turnover of 600 M€. It also includes laboratories specialising in the materials, sensors, propulsion and mechanics ... Occitanie, together with the Région Sud, directs the *Pôle Mer Méditerranée* competitiveness cluster as part of the national SMARTSHIP roadmap (connected, intelligent and autonomous marine vessels). Occitanie also holds internationally renowned boat shows.

The Région is asserting itself as a maritime power. It supports the blue economy, by protecting and developing the coast, supporting the fishing industry, protecting the environment, modernising the marinas and seaside resorts and developing the region's ports.

Occitanie has three commercial ports (Sète, Port la Nouvelle et Port Vendres), the Grau du Roi fishing port, and 66 leisure marinas spread over the 220km of Mediterranean coastline. These form essential vectors of the Région's economic activity by virtue in particular of their multimodal transport facilities (rail, road and river hub).

The Région has been investing massively in ports infrastructure over many years to accelerate their development. The ongoing extension works at the Port La Nouvelle place it at the forefront of energy transition. It will boast an offshore windfarm and hydrogen-powered hybrid dredger, in line with the region's Hydrogen Plan to support the development of this new source of energy and the related regional sector.

Agricultural and agrifood activities: creating jobs, wealth, quality and security²⁴

2nd largest agricultural region, the Région Occitanie is the leader in organic farming (certified cultivated area), in the wine-growing sector (1st, one third of French production) and livestock (1st ovine herd). It is the No. 2 fruit producing region, 4th for vegetables and in 6th place for horticulture. Agriculture occupies 3.5 million hectares, or 47% of the region's territory. It is also the 1st beekeeping region.



Like its geography, the Région's agriculture is extremely diverse: mountain cattle or sheep farming (Pyrénées, Massif Central), pastoral dry hill/limestone plateau farming

²⁴ Source : Occitanie regional agriculture chamber

(Aveyron, Lozère...), Languedoc wine-growing, cereal plains in Haute-Garonne and Gers, fruit production (Gard, Tarn-et-Garonne...).

The specific nature of its land and the Région's agricultural output have led to the creation of 252 official labels of quality and origin (**SIQO**) which both helps increase production value and provides a means to promote the image of the Région's terroirs.

In fact, the Région is **No. 1 European region by number and diversity of SIQO**



The Région also stands out in terms of its approach to Organic Farming: in France, nearly 1 in 4 hectares and 1 in 5 organic producers lie within the Région Occitanie. Finally, with 1 in 5 producers already commercialising through **small distribution channels**, the Région has great potential to meet the growing societal demand for “buy local”, creating non-relocatable jobs, and driving growth and value-added for the regional agriculture and agrifood sectors in the face of international competition.

Regional farms and companies also benefit from a regional brand, *Sud de France*, the promotion and reputation of which are an additional asset to conquer markets, both local and international.

Occitanie has more than 68 000 agricultural enterprises, which makes it the 1st region in terms of the number of operators. These enterprises fall into sectors organized around cooperative marketing entities and a local fabric of primarily artisanal processing facilities: more than 7,000 agrifood companies, mainly very small enterprises (VSE) and small or medium-sized enterprises (SME) representing all food sectors.

The agricultural and agrifood sector is the Région's no. 1 employer, with more than 160 000 jobs. It generates several billion euros in annual output.

The woods and forestry sector, an abundant resource to be enhanced and renewed

The Région Occitanie's forest is the second largest in France by surface area (2.6 million hectares, or 35% of the Région's territory). 80% of it is owned by more than 430,000 private owners and 60% of this resource is technically difficult to exploit: these two factors contribute today to the fact that depending on the area, only 25 to 45% of annual tree growth is harvested.

With 8,000 regional companies (mostly very small companies), this sector now represents 32,000 stable, long-term (84% open-ended employment contracts) and non-relocatable jobs, as well as an annual turnover of more than €5 billion.

The Région's forests also provide numerous environmental services (soil protection, water purification, biodiversity habitats, climate change mitigation, renewable energy resource...) and the wood sector also fully meets society's expectations in terms of sustainable development (zero-waste through potential valorisation of all by-products, dry sector, carbon storage).

Innovation and industry: undoubted strengths

No. 1 région in France for research and development (R&D) expenditure as a proportion of GDP (3.7% in 2020²⁵), the Région Occitanie boasts remarkable strength in research and development. With 6.2 billion euros in expenditure devoted to R&D (2020), Occitanie ranks 3rd in France and 6th in Europe. R&D represents 52 000 jobs, and more than 100 000 for all high-technology sectors, principally in space and aerospace manufacturing, but also in pharmaceuticals and chemicals.

²⁵ Source: CCI Occitanie

Occitanie also stands out compared to other *régions* by the scale of its public research (40% of R&D expenditure, compared to 35% in mainland France). With 2.2 billion euros in public R&D expenditure, the Région ranks in 2nd place behind Ile-de-France.

Occitanie's universities continue to shine with an ever increasing number of students. For the 2020-2021 academic year, the Région had 264 000 students, mainly at the two city universities as well as 30 000 researchers and 7 000 Phd students, placing it 3rd among French *régions* (behind Ile-de-France and Auvergne Rhône-Alpes).

Today, this drive in terms of R&D and innovation is focused in four main specialist areas adapted to the region's special characteristics, which are set out in the Smart Specialisation Strategies: agriculture and agrifood industries, renewable energy and green chemistry, health and biotechnologies, industry.

The Région also benefits from a rich and dynamic innovation ecosystem, throughout the innovation chain, whose consistent aim is to bring research closer to the economic world:

- 8 competitive clusters, of which 7 have their head office in the region (collaborative R&D project and innovative product factories) and around twenty enterprise hubs, clusters and networks in touch with the market (forming a web that drives economic activity in the region),
- 2 technology transfer acceleration companies (SATT) (AxLR - Montpellier – and Toulouse Tech Transfer), recent assessments of which have found them fully satisfactory,
- 8 innovative enterprise incubators,
- Numerous technology transfer and partnerial research structures,
- Business support networks supporting nearly 1 200 enterprise projects each year: AD'Occ, CREALIA,
- 288 research entities.

In 2019, the Région began a consultation process to consider widening the SRESRI (Regional Higher Education, Research and Innovation Scheme) to the search for further upstream excellence in a few targeted areas, to give it a leading edge in sectors of the future that will generate jobs and help develop the skills and trades of tomorrow. In 2020, an experiment was launched with the adoption of four prototype Key Challenges as part of the transformation plan: “Green Hydrogen”, “Quantum”, “Biodiversity” and “Infectious Risks and Vectors”. Occitanie is one the most innovative *régions* in Europe.

In addition to developing research and education infrastructure, SRESRI defined the Occitanie university site policy with the aim of democratising access to higher education based on an equilibrium of 18 university towns (“VUE”) binding the territory together. In fact, Occitanie has 7 universities, 2 national institutes, 9 IUT spread over 14 sites, 31 engineering schools and specialist colleges (*écoles supérieures spécialisés*) and 13 public research bodies (CNES, ONERA, CNRS, Inserm, INRA, CEA...). The welcome and living conditions at the human-scale VUE campuses contribute to a higher student success rate.

Industry: structured industries of European and international scope, established in some cases throughout the Région

➔ **The Région Occitanie is a global leader in the aerospace industry and European leader in the space industry.**

The Région is home to the major industrial conglomerates and numerous industrial corporations (constructors, prime contractors and motor manufacturers), leading research and education institutions with the global headquarters of Airbus (research and development and main aircraft assembly lines), ATR, Safran, Latécoère, Liebherr Aerospace, Stelia Aerospace, Ratier-Figeac, Daher, Sogeclair, Figeac Aéro,... manufacturing and engineering (Alten, Altran, Assystem,...), Airbus Defense & Space, Thales Alenia Space, CNES, ONERA,... as well as the main French aerospace engineering schools (ENAC, ISAE Sup-Aéro,...).

The Région boasts more than 800 companies and 80 000 direct jobs in the aerospace industry, 400 companies and 12,000 employees in the space industry, in other words 40% of the region's industrial jobs for revenue of more than €15 billion, not to mention the numerous start-ups flourishing on the back of this industry.

The Covid-19 pandemic has affected the entire industry in 2020 (sharp decrease in commercial aircraft output) however the sector's deep resilience and the support provided by the government have **protected skills and created conditions favourable for a recovery**. In this respect, as part of a gradual global recovery in air traffic, Airbus has decided to establish a **new A320/A321 assembly line in Toulouse (highest selling model in the world)**. Operators in this sector anticipate a potential return to pre-crisis production levels between 2023 and 2025. Over the longer term, Airbus has announced its intention to develop a 100% hydrogen aeroplane by 2035 (decarbonising aerospace).

In the space sector, note that Toulouse will be home to the new Space Command which will operate the national defence space capabilities. This will employ 450 people by 2025. Its establishment has facilitated the forthcoming arrival of the future NATO space Centre of Excellence.

The Région plays host to a number of other **major structured industrial sectors**. These are a characteristic feature of the area's identity, and an essential factor in its attractiveness because they support ecosystems of research and innovation which attracts foreign investors.

This heavy specialization is now opening up to the so-called **emerging sectors, making it possible to diversify the Région's productive base** whilst being less dependent on the aeronautical, agrifood and agro-industry sectors. These include **e-health and the silver economy, robotics and drones, the bio-economy and green chemistry, eco-industries, automotive and rail, recreational navigation and audio-visual**.

The Région Occitanie is an industrial region. However, regional employment and value-added production are primarily driven by service activities, especially non-manufacturing activities (47% for the commercial tertiary sector and 34.9% for the non-commercial). **Retail, artisanal, medico-social and social and solidarity economy activities in particular are well established**.

1.2.3. Issuer's legal form and organisational structure

A. Legal form

The Région Occitanie is a local authority. The French territory is divided for administrative purposes into three forms of local authority, also known since the decentralisation law of 2 March 1982 as "local authorities of the Republic".

These local authorities, acting under the principle of self-government enshrined in article 72 of the Constitution ("*As provided by statute, these local authorities shall be self-governing through elected councils and shall have power to make regulations on matters falling within their jurisdiction*"), are the *région*, the *département* and the *commune*.

Each of these local authorities, linked to a specific geographical area, has separate legal personality and financial resources of which it has complete freedom to dispose.

Control of legality is carried out by the Prefect, the State's representative in the Région. The *Chambre Régionale des Comptes* (CRC), formed by magistrates, is responsible for reviewing *a posteriori* the Région's accounts and management.

The Issuer falls within the jurisdiction of the Toulouse administrative tribunal (*Tribunal Administratif de Toulouse*).

Régions came into being as part of a historical evolution originating in 1955 with the creation of 22 economic programme *régions*. These *régions* were directed by the State's representatives and did not have the status of local authority.

1955: By decree dated 30 June 1955, 22 economic programme *régions* were established.

1959: By decree dated 7 January 1959, these programme *régions* were transformed into regional action constituencies, the single mandatory framework for decentralised action in the *régions*.

1964: 22 administrative *régions* were created, headed by 21 region Prefects.

1972: *régions* are established as special purpose public establishments. Regional action constituencies adopt the name *région* and acquire the status of regional public establishment, thereby conferring upon them legal personality and budgetary autonomy. *Régions* are still not local authorities.

Final institutional recognition of *régions* dates from the decentralisation laws, in particular that of 2 March 1982, whose effect was to create a new category of local authority: the *région*.

Following a period of transition, culminating in the election by direct universal suffrage of regional councils, introduced in 1986, *régions* become fully empowered local authorities. Regional executive power is transferred to the prefect, a State civil servant, and to the locally-elected presidents of the regional councils. State financial and administrative supervision over local authority acts is abolished and replaced by *a posteriori* control of legality carried out by the prefects and administrative tribunals. Local authority acts are binding and enforceable by operation of law. As regards financial controls, the law dated 10 July 1982 confers power and responsibility on the *Chambres Régionales des Comptes*, a newly established category of authority, to judge the accounts, control budgetary acts and review the management of local authorities and local public establishments.

2004: *Régions* are expressly recognised in the Constitution.

The constitutional law dated 28 March 2003 on the decentralised organisation of the French Republic enshrines the principle of decentralisation, acknowledges the right to experiment on legal and regulatory matters and gives *régions* full legal status as local authorities, in the same manner as *communes* and *départements*.

In 2016, a new significant stage is reached with the introduction of new regional boundaries.

4 January 2016: The law n°2015-29 dated 16 January 2015 on *région* boundaries, regional and departmental elections and amending the electoral calendar, changed the *régions*' geographical map by reducing from 22 to 13 the number of mainland *régions* by merging existing *régions*. These new *régions* were created on 1 January 2016.

By decree n° 1016-1264 dated 28 September 2016, the *région* resulting from the consolidation of the Languedoc Roussillon and Midi Pyrénées *régions* was named "Occitanie" with its seat established in Toulouse.

B. Organisation and functional operation

The Assembly of the Région Occitanie is made up of 158 elected officials. The number of elected officials per *département* depends on the demographic weight of each *département*.

The Regional Council is the local authority's sovereign governing body. It has powers which it exercises itself and may delegate certain powers to its President and to a Standing Committee. It is also supported by sectoral committees and the regional environmental, social and economic council (CESER).



President of the Regional Council

Since 1982, the President of the Regional Council is the executive arm of a local authority. In this capacity, the President convenes and chairs assembly meetings and prepares and executes the assembly's deliberations.

The Regional Council has since 4 January 2016 been chaired by Carole DELGA, a former Minister. Re-elected by the regional Assembly on 2 July 2021, the President:

- Prepares and executes the Regional Council's resolutions,
- Orders expenditure and prescribes execution of revenue,
- Is the head of the regional administration,

- Manages the Région's assets.

The President, Carole DELGA, is assisted by 15 vice-presidents each having received a delegation of authority in a regional priority action area:

Vice-presidents:

- 1 **CODORNIOU Didier**, 1st Vice-President, responsible for the Mediterranean,
- 2 **LANDEVINE Agnès**, 2nd Vice-President, responsible for the Climate, the Green Deal and sustainable Housing,
- 3 **CHIBLI Kamel**, 3rd Vice-President, responsible for Education, Orientation, Youth and Sport,
- 4 **FITA Claire**, 4th Vice-President, responsible for Culture for all, Heritage and regional Languages,
- 5 **GIBELIN Jean-Luc**, 5th Vice-President, responsible for Mobility for all and transport infrastructure,
- 6 **PELLEFIGUE Nadia**, 6th Vice-President, responsible for Higher Education, Research, Europe and international Relations,
- 7 **BRUTUS Florence**, 7th Vice-President, responsible for Planning and Development, regional Cohesion and Rural Affairs,
- 8 **BENABDILLAH Jalil**, 8th Vice-President, responsible for the Economy, Employment, Innovation and Re-industrialisation,
- 9 **PELE Maria-Alice**, 9th Vice-President, responsible for Urban Policy,
- 10 **LABARTHE Vincent**, 10th Vice-President, responsible for Agriculture and agricultural Education,
- 11 **ABADIE Muriel**, 11th Vice-President, responsible for sustainable Tourism, Leisure and Thermal waters,
- 12 **BOUNES Vincent**, 12th Vice-President, responsible for Health,
- 13 **CAZAUBON Jean-Louis**, 13th Vice-President, responsible for food Sovereignty, Viticulture and Mountains,
- 14 **CASTRO Marie**, 14th Vice-President, responsible for Vocational Training,
- 15 **PIQUE Marie**, 15th Vice-President, responsible for Solidarity, Public Services and Associations.
- 16 **BERARD Stéphane**: Budget Rapporteur, responsible for Projections and Evaluation.

The Standing Committee

The Standing Committee has deliberative powers received by delegation from the Regional Council (deliberation of 2 July 2021). The Council may delegate to it the vast majority of its powers, with the main exception of adopting the various budgetary decisions and approving the accounts.

The Standing Committee exercises the Regional Council's powers within the framework set by the Council and thereby ensures continuity of the actions implemented by the Région. Its role is therefore essential in particular in terms of budgetary execution. It sits at least once every two months.

The Standing Committee has 52 members: the President of the Regional Council, the 15 vice-presidents and 36 regional councillors.

Sectoral Committees

Regional councillors take part, before decisions are made, in consultative committees, covering the full spectrum of the institution's powers. Their role is to consider projects prepared by the administrative departments at the request of the President and issue opinions to inform the final decision, when presented before the Standing Committee or the Plenary Assembly.

C. Scope of regional powers

The decentralisation laws of 1982 and 1983 defining the powers of the *régions*, both strengthened and extended their traditional role in planning and the economy.

Régions have general law powers to promote economic, social, cultural and scientific development and in regional planning. They therefore have power in matters of regional development analysis, participating in the financing of public amenities and economic intervention.

Furthermore, *régions* have been granted powers in relation to ongoing vocational training and apprenticeships and also public education: as such they are responsible for building, fitting-out and operating high schools.

Since 1 January 2002, *régions* have also been given responsibility for defining the content of regional passenger public transport services, including in particular service stops, pricing, service quality, user information, with SNCF being responsible for managing the service by contractual agreement.

The law of 13 August 2004 on local freedoms and responsibilities has transferred new powers to the *régions*:

- general powers over all professional training and apprenticeships, involving financial responsibility for training and remuneration of long-term jobseekers.
- extension of their powers in relation to high schools in terms of reception, catering, accommodation and general and technical maintenance.
- power in relation to social worker training, including financing initial training centres and offering grants to the students enrolled in these training schemes.
- financing paramedic schools and paying grants to students and pupils.
- powers in relation to the general regional cultural heritage inventory.

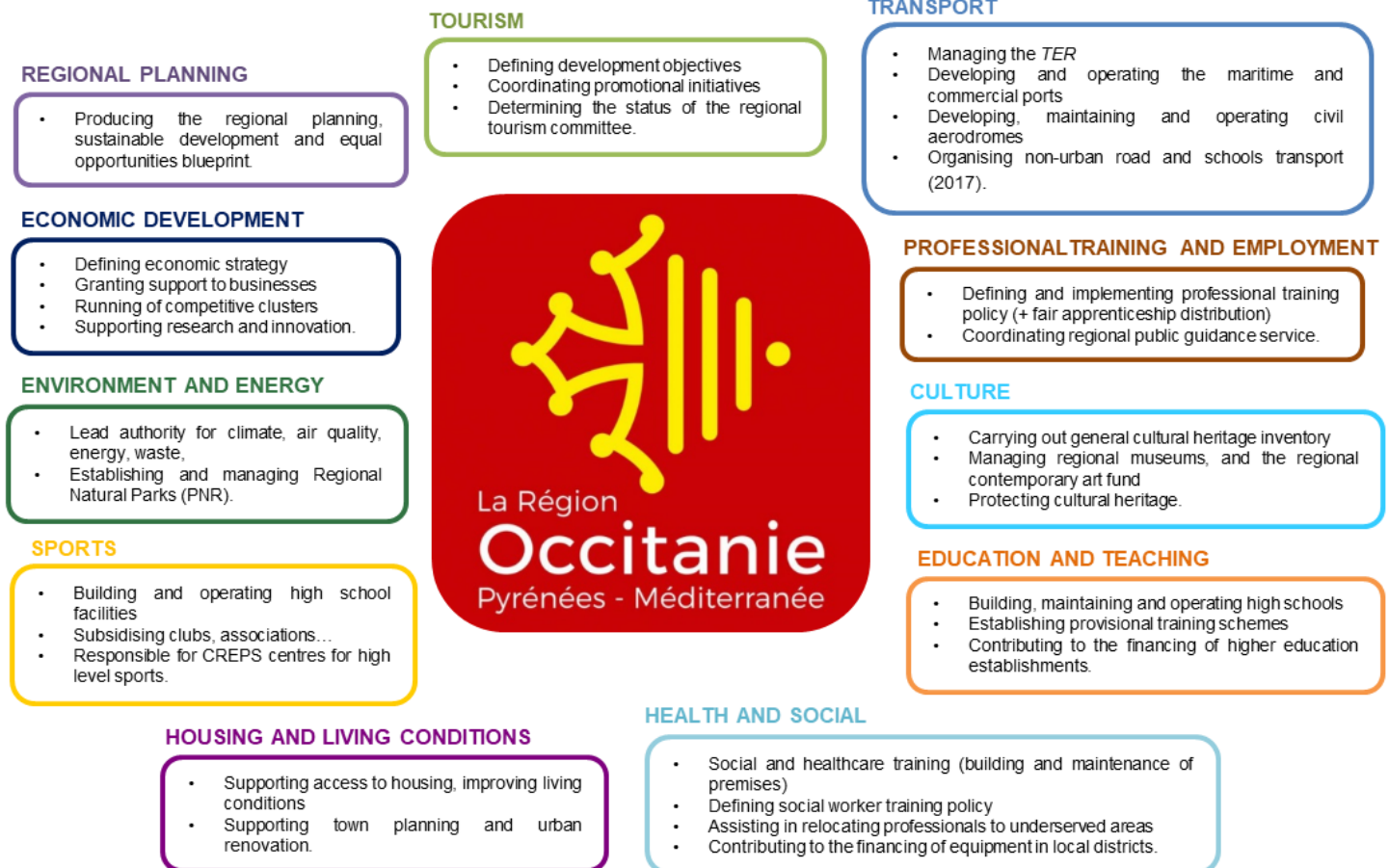
Finally, the law dated 7 August 2015 on the new regional structuring of the French Republic abolished the *régions*' "general powers clause" and replaced it with limited but increased powers, in particular in terms of support for economic development.

In addition, interurban and schools transport powers were transferred respectively on 1 January and 1 September 2017 from the *conseils départementaux* to the *régions*.

Local authorities' areas of intervention and in particular those of the *régions* are determined by law. They have greatly evolved since 1972: certain historic powers (social and economic development) have been strengthened and others have extended the scope of regional intervention, such as in education, vocational training and apprenticeship in 1982 and regional public transport in 2000.

Article L.4221-1 of the CGCT specifies that: "*the regional council governs through its deliberations the région's affairs within the areas of authority conferred upon it by law. It has the power to promote economic, social, healthcare, cultural and scientific development in the region, it supports access to housing and improving living conditions, supports urban policy and urban regeneration as well as education, planning and territorial equality. It has powers to protect local identity and promote regional languages, respecting the integrity, autonomy and powers of the départements and communes.*"

Regional powers



Education

In this area, the Région manages the building, extension, renovation, fitting-out and operation of all high schools within its boundaries (office equipment, classrooms, machine tools, audiovisual and computer equipment). **The Région has 375 high schools (223 public high schools and 150 private high schools) and more than 230 000 high school students.**

It is also responsible for recruiting, managing, including payment of salaries, the non-teaching staff of these establishments (regional high school agents).

The Région also supports higher education and research.



Vocational training and apprenticeships

Régions were granted powers in relation to ongoing vocational training and apprenticeships on 1 June 1983. Their role in these areas was strengthened in 2004: the authority “*defines and implements regional vocational training and apprenticeship policy for young people and adults seeking employment or a new professional direction*”. The Région is therefore no longer only responsible for implementing but also for elaborating a regional vocational training development plan, defining young person and adult vocational training initiatives and facilitating the coherent development of training bodies. By labelling and coordinating qualifying training programmes, and financially supporting the trainees, the Région primarily assists unemployed young persons and adults.



The Région also supports training of the employed in particular through validation of acquired experience (VAE).

Since 2021, the Région only retains residual powers in relation to apprenticeships, which have been re-centralised towards the State (France Skills).

The Région provides a public employment service by contributing financially to professional integration and support structures for young people (local missions and welcome, information and guidance centres).

The Région also has powers in relation to the financing of training and providing financial assistance to social and healthcare training students.

Regional planning and development

The Région has powers in relation to regional planning and development. In particular, it must prepare a regional sustainable planning and development and local equality plan (SRADDET) which defines the Région's strategic direction and objectives in terms of local equality and equilibrium, the implantation of all regional infrastructure, reducing the isolation of, and improving services offered in, rural areas, housing, economic space management, improving intermodal services and developing transport, controlling and enhancing energy, combating climate change and air pollution, waste management and prevention and protecting biodiversity.



Transport and major amenities

Since 1 January 2002, the Région is the authority responsible for organising regional express transport (TER). As such, the Région decides, for its entire geographical area, the scope of the regional passenger public transport service.



SNCF currently remains the sole transport operator. The operating terms are defined in a multi-year contract between SNCF and the Région. Regional passenger transport, referred to as “TER” (Regional Express Transport) includes the regional rail services and also road services where these are offered in replacement for rail services.

The Région finances the operation of regional rail services, the renovation of national and rail infrastructure and modernisation of rolling stock.

The Région also intervenes, alongside the State and in partnership with the *départements*, in the construction and development of road networks.

It develops, maintains and operates the ports of national importance and the trade and fishing ports. It may opt for ownership of the public river and river ports domain to be transferred to it.

The Région manages certain airports and three ports (Port-La Nouvelle, Sète and Grau du Roi): ownership, development, maintenance and management.

Since 1 January 2017, the Région is the organising authority for scheduled or on-demand non-urban transport services. Since 1 September 2017 it is responsible for organising and operating school transport.

Economic development

This is the Région's traditional area of intervention which was confirmed in 2004 and reaffirmed in 2015 under the NOTRe Law which provides that it has “*responsibility within its boundaries for defining economic development strategy*”.

This responsibility is fulfilled in particular through the elaboration of the regional economic development, innovation



and internationalisation framework (SRDEII). It sets forth the strategy in terms of financial support for businesses, international development assistance, real estate investment support, innovation, and also regional territorial appeal. These are approved by the State which verifies their compliance with European Union mechanisms and in particular the principle of free competition.

This prescriptive blueprint governs the entire regional economic strategy and support for businesses. It covers the social economy and may include a cross-border section.

Furthermore, the Région may be involved in establishing or acquiring interests in guarantee funds and private equity companies. It can also create investment funds.

Innovation, creating value from research and stimulating transfer are crucial factors for the Région's economic development. The competitive clusters established in the Région are designed to promote innovation. This is to allow, in a given area, businesses, training establishments and research and transfer facilities to work together on innovative projects.

The Région determines its medium-term objectives for regional tourism development, coordinates public and private initiatives for the development and promotion of tourism and tourist information.

Through various aid mechanisms, it supports the agricultural industries present within the Région. It assists in relation to setting-up operations, promoting products, industrial strategies and farm modernisation. Since 1 January 2015, *régions* have been responsible for managing the European agricultural fund for rural development (EAFRD), which finances operational rural development programmes. Over the period 2014-2020, the European Union has co-financed national funding.

The Région also intervenes in the spheres of culture, sport and environmental protection.

1.3. Accounting and budgetary framework

A. Regional authority budgetary framework

As legal entities, local authorities have their own assets and budget. To implement its multiple powers, the financial autonomy of each local authority is legally recognised. This financial autonomy is reflected by the annual adoption of the primary budget which specifies and authorises revenue and expenditure for each fiscal year.

The primary budget must be adopted before 15 April of the year to which it applies, or before 30 April in years when deliberative assembly elections are held.

If the budget is not adopted, the law (article L.1612-2 of the local authorities general code (CGCT)) contains a procedure enabling the Prefect, the State's representative in the *région*, to set the local authority's budget, on the advice of the CRC (*Chambre Régionale des Comptes*).

On adoption of the budget, the local authority's executive arm is authorised to collect revenue and engage expenditure.

Amended or supplemental budgets are used to adjust revenue and expenditure voted in the primary budget.

The administrative account, which is reviewed prior to 30 June of the following financial year, itemises expenditure and revenue transactions made during the financial year. This account, prepared by the local authority's authorising officer (*ordonnateur*), must be in conformity with the management accounts prepared by the public auditor (*comptable public*) who makes payment of all expenditure and collects all revenue on behalf of the local authority. The effect of this system, which is common to all local authorities and is derived from the principle of segregation of authorising officer and public auditor as provided in the general laws and regulations governing public accounting in France, is to give sole responsibility to the public auditor for holding the public purse and to establish external controls over the validity of payment instructions issued each year by local authorities.

The budget structure for all local authorities includes 2 sections: the operating section and the investment section.

The **operating section** includes:

- all expenditure necessary for the operation of the authority (general, payroll and day-to-day management costs, interest on debt, amortization expense, provisions); and
- all revenue receivable by the authority, from expenditure transfers, provision of services, State endowments, taxes and duties, and, if any, reversals of amortisation expense and provisions that the authority has made.

The **investment section** includes:

- in expenditure: repayment of debt and the authority's equipment expenditure (works in progress or indeed transactions on behalf of third parties) and equipment subsidies; and
- in revenue: borrowings, endowments and equipment subsidies received.

The CGCT imposes financial constraints on local authorities such as the Issuer by prohibiting them from borrowing to repay principal on debt. Indeed, pursuant to the terms of article L. 1612-4 of the CGCT, "*The budget of the local authority is in true balance when the operating and investment sections voted are in balance, revenue and expenditure having been assessed truthfully, and when the transfer of revenue from the operating section to the capital section, added to the revenue specific to this section, and excluding revenue from borrowings and allocations to amortisation expense and provisions, provides sufficient funds to cover the repayment of annual loan principal instalments falling due during the year*".

B. The main local public finance budgetary principles

The CGCT, together with the accounting classifications applicable to local authorities, set forth the budgetary and accounting framework applicable to the Issuer, the main principles of which are as follows:

- the **annuality principle**, which requires that the budget is set for a period of 12 months running from 1st January to 31st December and that each local authority adopts its budget for the following year prior to 1st January. The law permits a grace period up to 15th April of the year to which the budget applies, or in local assembly election years, 30th April. However, order n°2005-1027 of 26 August 2005 on the simplification and adaptation of budgetary and accounting rules applicable to local authorities, to their groupings and their associated local public establishments, greatly relaxes this principle by extending the multi-year mechanisms,
- the **true balance rule** which requires true balance between local authority revenue and expenditure, and between the various parts of the budget: operating and investment sections,
- the **principle of unity**, which requires that all revenue and expenditure items appear in a single budgetary document, the local authority's general budget. However, other budgets, so-called "ancillary" budgets, may supplement the general budget to record the activities of certain departments,
- the **universality principle**, which implies that all revenue and expenditure operations shall be specified in full and without modification in the budget. This is in addition to the requirement of truth and accuracy of budgetary documents under which expenditure is financed by revenue without distinction,
- the **specificity of expenditure principle**, which means that expenditure may only be authorised for a specific service and a particular purpose. Accordingly, credits are allocated to a service or group of services and are specialised by "chapter", grouping expenditure together by nature or allocated purpose.

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

C. Audit and control procedures

The law of 2 March 1982 abolished all upstream control of acts of local authorities. The budgets voted by each local authority are henceforth automatically effective and enforceable upon publication or notification and delivery to the Prefect, the State's representative in the *département*. Controls are however the necessary counterpoint to the responsibilities conferred.

D. Control by the public auditor

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

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

If the public auditor uncovers an unlawful act, he rejects the payment decided by the authorising officer.

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

E. Control of legality

Article L. 4142-1 of the CGCT provides that the State's representative in the *région* shall refer to the administrative tribunal acts that he considers unlawful within 2 months of their transmission to the prefecture. Control of legality is directed at the manner in which budgetary and ancillary documents have been prepared, adopted or presented.

F. Controls performed by the CRC (Chambre Régionale des Comptes)

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

The powers of the CRC extend to all local authorities within its geographical jurisdiction, whether *communes*, *départements* or *régions*, and also to their public establishments. In addition, the *Cour des Comptes* has delegated to the CRC powers to control various national public establishments including certain universities or chambers of agriculture.

In this regard, CRCs are invested with three-fold powers of control. First, budgetary control, which replaced that exercised by the Prefect prior to the above-mentioned law of 2 March 1982. Secondly, jurisdictional control whose purpose is to ensure the regularity of transactions actioned by the public auditor. Thirdly, management control the purpose of which is to control the regularity of a local authority's revenue and expenditure.

Budgetary control

Pursuant to articles L. 1612-1 to L. 1612-20 of the CGCT, the CRC's budgetary controls focus on the primary budget (PB), on amending decisions (DM) and on the administrative account (AA). The CRC may act in four situations:

- where the primary budget is adopted out of time (after 31 March, except in any deliberative assembly election year, where the period is extended to 15 April of the financial year), after a fifteen (15) calendar

day deadline for transmission, the Prefect must instruct the CRC which shall formulate its proposals within one month;

- if the approved budget is not in true balance (revenue not equal to expenditure), three monthly periods are triggered: one month for the Prefect to instruct the CRC, one month for the CRC to formulate its proposals, a third month for the deliberative assembly of the local authority to rectify the situation, failing which the Prefect settles the regional budget itself;
- if a mandatory expense is not entered in the budget, the same time periods apply but the CRC, which may be instructed either by the Prefect or by the public auditor, or by any other person with a valid interest, issues a formal notice of demand to the relevant local authority; and
- when execution of the budget is in deficit (where the sum of the results of the two sections of the administrative account is negative) by more than 5% or 10% of operating section revenue, depending on the size of the local authority, the CRC proposes restorative measures within a period of one month from the date of its instruction. Furthermore, it approves the primary budget for the following financial year.

Jurisdictional control

The CRC controls all accounts of the public auditors of local authorities and their public establishments. This jurisdictional control was the original purpose of the CRC. The purpose is to control the regularity of transactions carried out by public auditors. It involves verifying not only that the accounts are regular, but above all that the public auditor has properly carried out all of the controls that it is obliged to perform. Conversely, the law of 21 December 2001 on CRCs and the *Cour des Comptes* prohibits any control of appropriateness. The CRC rules on and recognises the accuracy of accounts in judgments, whether or not irregularities have been detected.

Management control

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

1.4. Région Occitanie financial position at 31 December 2022

Change in main financial balances 2018 – 2022

In M€	Administrative Accounts 2018-2022				
	2018	2019	2020	2021	2022
Operating revenue	2 588,6	2 636,3	2 469,1	2 582,6	2 684,8
Tax revenues: CVAE then VAT (2021), registration cards, fractions of TICPE, Financial equalisation and FNGIR (until 2020), IFER (telecom and rail), Apprenticeship tax (until 2019), Local tax management fees	1 925,9	1 968,6	1 819,2	1 862,3	1 948,5
Allocations and financial assistance from the State (DGF until 2017, DC RTP, DGD and others, Plan 500 000 then PIC skills investment plan	230,3	274,7	250,4	329,5	318,6
European funds managing authority: ESF, ERDF, EAFRD	295,0	258,5	249,8	249,2	269,3
Top-up allocations paid by certain Departments	60,8	60,8	60,8	60,8	60,8
Other operating revenue	76,6	73,8	88,9	80,8	87,6
Operating expenditure (excluding interest on debt)⁽¹⁾	2 073,9	2 086,8	1 982,3	2 110,8	2 143,8
Regional interventions (grants and contributions)	1 325,9	1 377,0	1 316,5	1 407,6	1 408,7
COVID-19 exceptional load spreading mechanism ⁽¹⁾			- 34,8	- 9,6	
General administration, elected officials, promotion of regional policies	72,0	70,4	67,1	65,7	69,4
European funds managing authority EAFRD	275,5	236,5	219,3	217,3	216,7
Payroll expenditure	309,9	322,0	331,8	344,1	361,6
Product mitigation and equalization	77,9	77,9	77,9	78,6	78,8
Allowance to provisions	12,7	3,0	4,5	7,3	8,6
Operating surplus (ordinary gross surplus)⁽¹⁾	514,7	549,6	486,8	471,8	541,0
Interest on debt	31,0	31,6	33,1	33,7	42,1
Gross operating surplus⁽¹⁾	483,7	518,0	453,7	438,1	498,9
Gross operating surplus rate (excluding EAFRD) ⁽¹⁾	20,9%	21,6%	20,2%	18,5%	20,2%
Contractual repayment of debt principal	87,6	90,1	97,4	118,9	155,1
Bond debt provisioning (2018 issue)		13,3	13,3	13,3	13,3
Net operating surplus⁽¹⁾	396,1	414,5	343,0	305,9	330,5
Own capital revenue	355,7	434,4	388,4	506,2	511,8
Endowments and contributions (DRES, FCTVA, TICPE Grenelle)	163,0	147,6	145,1	161,6	162,8
Other (including repayable advances, contributions, royalties, etc.)	42,2	53,7	52,8	93,2	97,9
EAFRD/EMFF	94,2	117,2	80,6	120,7	70,0
Other European funds (ERDF and others)	56,3	115,9	109,9	130,7	181,1
New borrowings	221,4	151,0	555,0	586,0	480,0
Capital expenditure	1 034,3	1 113,4	1 368,0	1 558,4	1 509,1
Regional interventions (equipment and subsidies)	852,5	892,8	1 141,9	1 295,8	1 270,7
Exceptional expenses from COVID-19 crisis transferred ⁽¹⁾			34,8	9,6	
Expenditure under EAFRD/EMFF	94,2	117,2	80,6	120,7	70,0
Contractual repayment of debt principal	87,6	90,1	97,4	118,9	155,1
Bond debt provisioning (2018 issue)		13,3	13,3	13,3	13,3
Total revenue	3 165,7	3 221,7	3 412,5	3 674,8	3 676,6
Total expenditure	3 139,2	3 231,8	3 383,4	3 702,9	3 695,0
Financial year profit or loss	26,4	- 10,1	29,1	- 28,1	- 18,5
Previous result⁽¹⁾	37,9	64,4	54,3	83,4	58,2
Closing profit or loss at 31 December	64,4	54,3	83,4	55,3	39,7
Outstanding debt (net of bond provisioning)	1 927,5	1 975,1	2 419,3	2 873,2	3 184,7
Debt reduction capacity (net of bond provisioning)⁽²⁾	4,0	3,8	5,3	6,6	6,4
Notional Leasing on Rolling Stock	115,9	115,3	114,5	113,6	112,6

(1) the recovery of the 2022 result is increased by €2.9 million (recovery of the result of a PRAE)

(2) implementation of the mechanism for spreading COVID-19 extraordinary expenditure over 5 years, carried out in 2020 (34.8 M€) and 2021 (9.64M€), in accordance with the government circular dated 24 August 2020.

Summary of expenditure and revenue realisation entered in the 2022 Budget

The data entered in the 2022 Administrative Account are a reflection of the budget operations realised during the past year.

The tables below allow the forecast revenues and authorised expenditure entered in the 2022 Primary Budget (adjusted pursuant to the amendment decision (DM) adopted on 30 June 2022) to be reconciled with actual amounts realised.

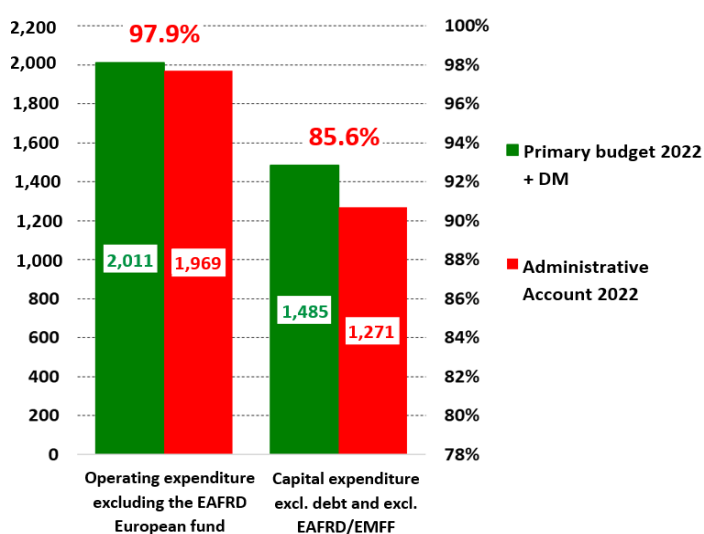
<i>Expenditure in M€</i>	Primary budget 2022 + DM	Administrative Account 2022	Realisation rate
Operating expenditure excluding the EAFRD European fund	2,011.32	1,969.20	97.9%
European funds EAFRD/EMFF	250.15	216.69	86.6%
Capital expenditure excl. debt and excl. EAFRD/EMFF	1,484.67	1,270.73	85.6%
European funds EAFRD/EMFF	68.40	69.96	102.3%
Payment of debt principal and mandatory provisions	168.53	168.43	99.9%
Total expenditure excluding the EAFRD European fund	3,664.52	3,408.35	93.0%
Total expenditure	3,983.07	3,695.01	92.8%

The 2022 budget expenditure achievement rate is 92.8%. This rate illustrates the sincerity and accuracy of the budget forecasts, regardless of certain uncertainties surrounding the implementation of public policies, partly carried out in a partnership mode.

Regarding the operating section (intervention expenditure), the realisation rate is 97.9%, a higher-than-average, growing level compared to previous years. In terms of investment, the rate is 85.6%.

In general, the successful implementation of the budget illustrates the strong efforts of the Region at the service of inhabitants, local employment and all territories.

2022 overall expenditure rate: 92.8%

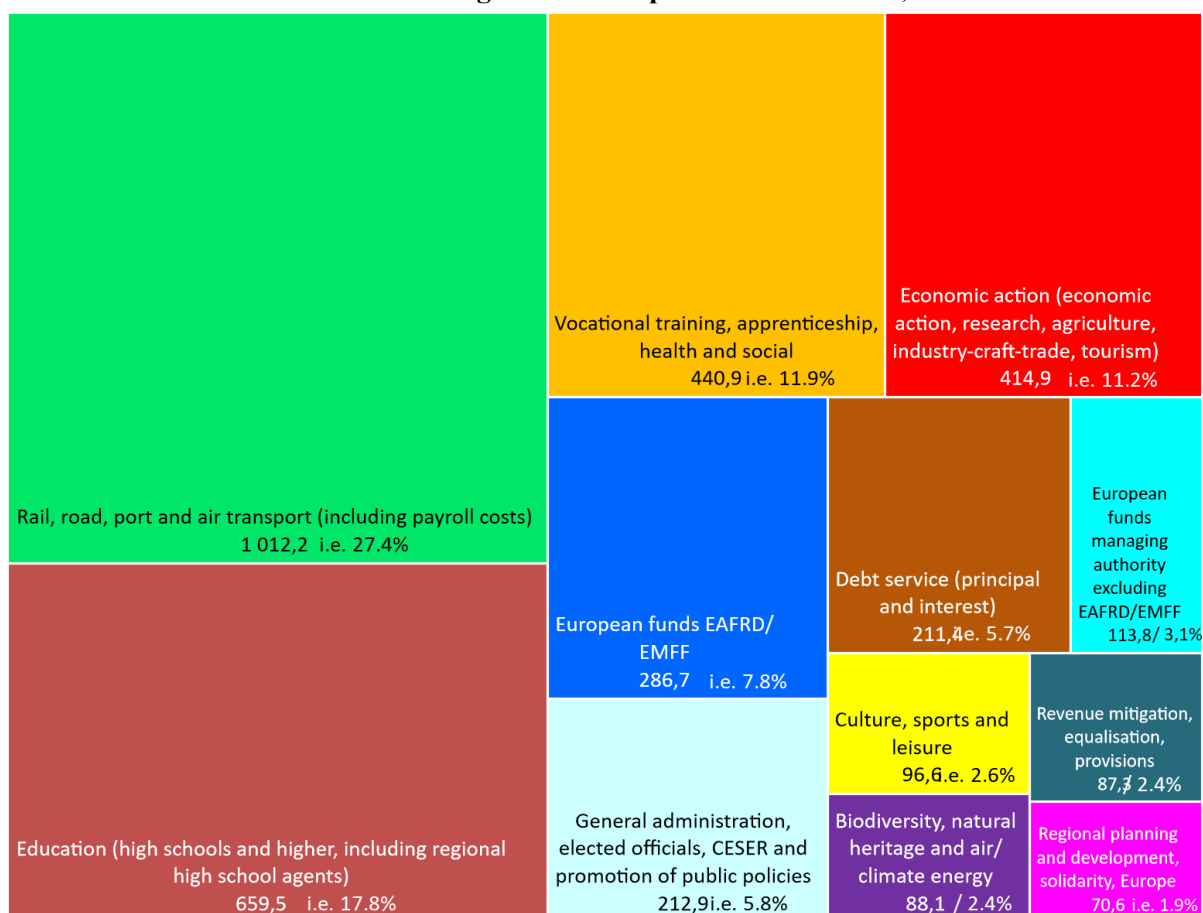


<i>Revenue in M€</i>	Primary budget 2022 + DM	Administrative Account 2022	Realisation rate
Operating revenue excluding the EAFRD European fund	2,423.48	2,461.57	101.6%
European funds EAFRD/EMFF	250.15	223.22	89.2%
Capital revenue excl. borrowing and excl. EAFRD/EMFF	541.48	441.79	81.6%
European funds EAFRD/EMFF	68.40	69.96	102.3%
Balancing loan	641.39	480.00	74.8%
Total revenue excluding borrowing and excl. the EAFRD European fund	2,964.96	2,903.36	97.9%
Total revenue	3,924.90	3,676.54	93.7%

Structure and changes in regional expenditure Structure of and changes in total expenditure in M€

All spending in 2022 stabilized at a level close to €3.7 billion. This follows a significant increase observed in 2021.

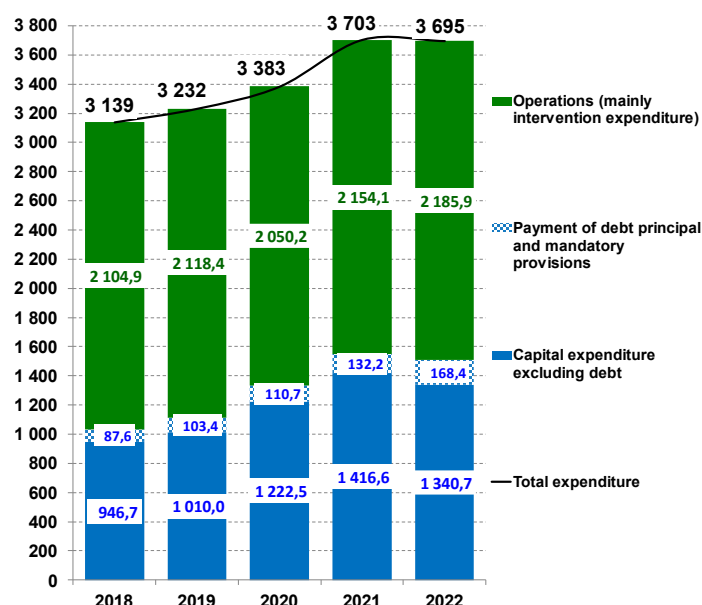
Breakdown of the Region's total expenditure in 2022: 3,695 M€



Despite the recentralization of learning skills imposed by the State in 2020, the overall volume of expenditure has increased in recent years, mainly due to:

- the implementation of the Emergency/Recovery Plans in the face of the 2020/2021 health and economic crisis as well as the Segur de la santé,
- boosting investment to help sustain and create jobs, in the public works sector (“BTP”) in particular while giving the region the infrastructure necessary for sustainable development in the future
- ramping up of the Skills Investment Plan (PIC), in partnership with the State.

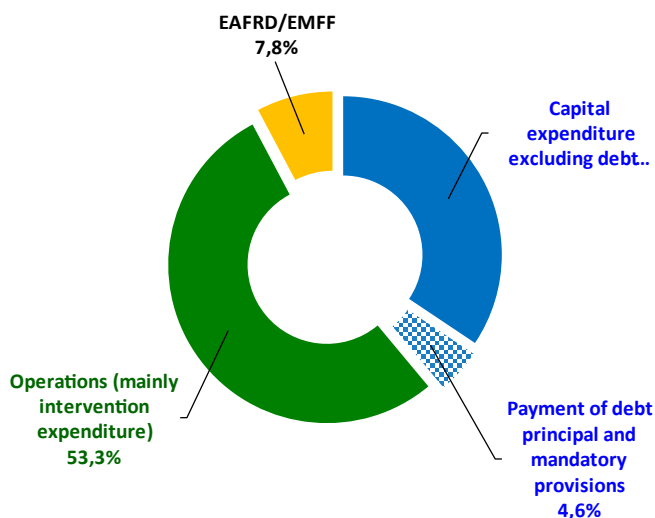
Structure and evolution of total expenditure in M€



Structurally, non-debt capital expenditure represents more than a third of total expenditure, in line with the competences devolved to the *Régions*. Priority is given to reviving and promoting a new development model combining excellence and sustainability, based on

employment, industrial, energy, health, food and knowledge sovereignty, as well as ecological transition and social and territorial justice.

Breakdown of expenditure 2022: 3,695 M€



1. Operations section expenditure in 2022: 2,185.9 M€

Budget chapters (with some detailed items)	2018	2019	2020	o/w 2020 Emergenc y Plans	2021	o/w 2021 Emergenc y Plans	2022	o/w 2022 Emergenc y Plans
Vocational training, apprenticeship, health and social ⁽¹⁾	463,7	468,1	370,8	3,2	451,8	4,0	423,6	-
Education (high schools and higher, excl. regional high school agents (ARLs))	108,2	114,1	129,2	15,4	125,9	7,3	130,0	2,9
Culture, sports and leisure	50,1	54,0	58,7	7,6	50,4	0,9	49,4	
Health and social action	3,1	4,2	19,9	15,9	6,3	2,6	4,3	0,1
Regional planning and development	13,1	13,5	14,2	0,7	11,8	0,2	11,6	
European funds managing authority excluding EAFRD/EMFF	17,5	10,8	14,3	-	14,2	-	18,9	-
European funds EAFRD/EMFF	275,5	236,0	219,3	-	217,3	-	216,7	-
Environment	12,4	12,0	13,0	-	14,8	-	15,5	-
Rail, road, port and air transport (excluding payroll costs)	583,9	615,0	604,2	0,4	655,7	-	672,1	-
Economic action ⁽²⁾	68,3	81,3	88,0	4,7	72,8	3,5	78,1	-
Interregional, European and international actions	4,8	4,4	3,7	-	2,8	-	4,0	-
Financial expenditure (interest and financial expenses)	31,8	31,8	33,5	-	34,8	-	43,0	-
General administration, elected officials, CESER and promotion of public policies	72,0	70,4	67,1	4,2	65,7	0,4	69,4	1,0
Payroll (general administration)	114,6	116,9	123,2	-	126,3	-	129,7	-
Payroll (high school regional agents, transport and port)	195,3	205,1	208,6	-	217,7		231,9	
Provisions recorded	12,7	3,0	4,5	-	7,3	-	8,6	-
Allocation of CVAE top-up paid to certain Departments and revenue mitigations	77,9	77,9	77,9	-	78,6	-	78,8	-
Total operating expenditure:	2 104,9	2 118,4	2 050,2	52,1	2 154,1	18,9	2 185,9	4,0

(1) The fall in 2020 results essentially from the transfer of apprenticeship powers to the professional sector. The rebound in 2021 is related to the growth in the investment-in-skills plan (PIC) expenditure and the increased number of places in health and social care training institutes,

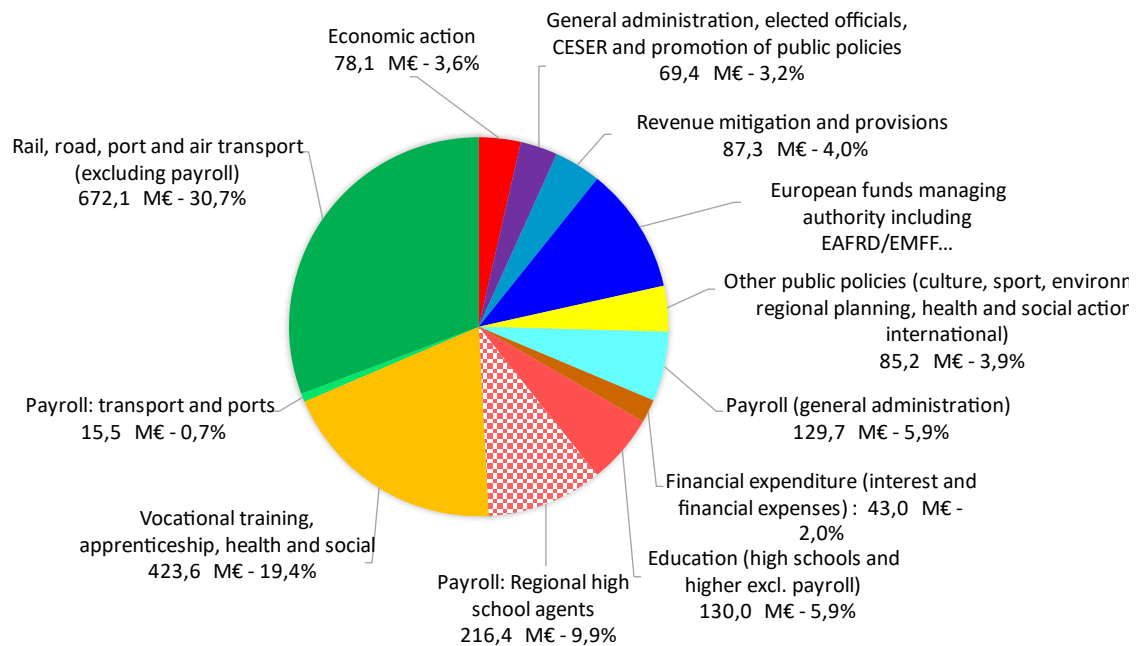
(2) Economic actions, research and innovation, agriculture and agri-food, industry-artisanal activity-trade, tourism and spas.

Actual operating expenditure amounted to €2,185,9 million in 2022. In 2022, the Region thus maintained its policy of controlling operating expenditure. At constant scope (neutralization of expense transfers), excluding COVID-19 crisis mechanisms and exceptional items (such as the PIC), **the structural change was 2.5%, or half the level of inflation recorded in 2022 (5.2%).**

This moderate evolution is the result of a constant policy of rigorous management aimed at producing savings in terms of operations, without affecting the quality of the regional public service. The first impacts of inflation

on energy costs in high schools began at the end of 2022 and are at the origin of the increase in these expenses, neutralizing the measures of the Emergency Plan.

Breakdown of operating expenditure 2021: 2,185.9 M€



The main operating expenditure components include:

- mobilities (€672.1 million), which make up an area of authority split relatively evenly from a budgetary perspective between the operation of regional trains via the financial contribution paid to SNCF (€333.2 million) and road transport (schools and inter-urban transferred from the Départements in 2017), to which are added port and airport infrastructures,



- vocational training (€313.3 million, including expenditure relating to the Skills Investment Plan in carried out with the State, which amplifies regional action in favour of the training of jobseekers, as well as the trainees compensation), apprenticeships whose recentralization decided by the State in 2020 with France Compétences has considerably reduced the appropriations allocated to this policy (€7.1 million). On the other hand, the implementation of the Segur de la santé and the increase in the number of places in health and social training are at the origin of the increase in expenditure allocated in this area (€103.2 million),
- education (€130.0 million excluding compensation paid to high school regional agents) the main constituent of which is the operating endowments paid to high schools to ensure educational standards throughout the Region (€108.8 million). In addition to these grants, action in favour of sustainable and quality restoration, guidance, computer maintenance, the Youth card and various actions in favour of high school students. The effects of inflation were also felt at the end of 2022 on the cost of energy,



- European funds' managing authority: this part concerns management on behalf of third parties, composed for a very large part of the European Agricultural Fund for Rural Development (EAFRD: €216.7 million), the rest (€18.9 million) falls under the European Social Fund (ESF) and other funds earmarked for certain targeted actions. The overall amount has seen little change compared to the previous financial year,
- economic actions (78.1 M€) combining the tools aimed at promoting development, research and innovation, agriculture and agri-food, industry-artisanal activity-trade, tourism and spas. This core area of the Region's authority is exercised to a greater extent in terms of action taken in the capital section (referred to below),



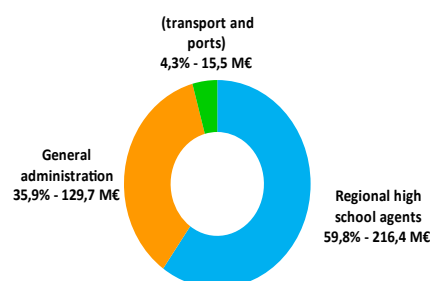
- for other public policies treated in the operating section (culture, regional development, health and welfare, sport and environment), whose overall budget volume is relatively stable (after neutralising the emergency health measures implemented in 2021),
- finance costs (€43.0 million) essentially relating to interest related to the outstanding amount of the debt. The gradual extinguishment out of the old financing agreements, combined with the facilitation of new funds at low interest rates (0.68% on average for the 2020 financial year, 0.65% in 2021 and 1.2% in 2022), means that the increase in interest charges on the fixed portion can be kept to a minimum. The rapid and significant rise in interest rates, which started at the beginning of 2022, is impacting the variable share of outstanding amounts, which is declining sharply, from 40% in 2016 to 19% in 2022 (in the meantime, this fraction of outstanding amounts has significantly reduced financial expenses). The revisable share (exposed to the increase in the rate applied on the *Livret A* account) is also affected by this trend (the details appear in the "Regional debt management 2022" section),
- the compensation awards paid to the Départements are a lastingly stable expenditure item having derived from the financing arrangements put in place in 2017 for the transfer of road, schools and inter-urban transport powers.

➤ Focus on staff costs

The increase in staff expenses from 2021 to 2022 is + €16.1 million (+4.7%) excluding the effects of accounting quality measures²⁶. The year 2022 was strongly marked by national salary increases linked to inflation.

Staff transfers also occurred as part of the end of the delegation of fully compensated Haute-Garonne transport. After restatements (accounting quality measures, salary revaluations and transfer of compensated agents) the payroll recorded **an increase of + 2.5%**.

Breakdown of staff costs 2022: 361,6 M€



²⁶ As part of the accounting reliability process initiated several years ago and the change in the accounting nomenclature in 2022 (change from M71 to M57) the costs of the school cities (reimbursement to the Departments of the staff costs of the mixed cities College-Lycée which they manage) are now charged to Chapter 012- staff costs. At the same time, statutory risk insurance is charged outside of chapter 012.

a) Exogenous measures

- ✓ Salary increases: + 3.15 M€

There have been three successive increases in the SMIC in 2022: + 0.9% in January, + 2.6% in May, + 2.0% in August. Cumulatively, the increase represented +5.6%. For the public sector, these developments have been reflected in the "minimum salary" applied to civil service salaries. The minimum index corresponded in 2021 to the increased Index 340. Since 1 May 2022, it has been equal to the increased index 352, i.e. a revaluation of 12 points.

In addition, the value of the civil service index point, frozen for more than 5 years, was also increased on 1 July 2022 (+ 3.5%). This last measure had a strong impact on payroll: 6 months in 2022, full year in 2023.

- ✓ The GVT: + 6.9 M€

The "Glissement Vieillesse Technicité ("Technical Old Age Adjustment") reflects the impact of career changes of territorial civil servants, it is at the origin of a large part of the change of 2.5% of the payroll. In 2022, the GVT was accompanied by reclassification measures for categories C on 1 January and categories B on 1 October.

b) Voluntary measures

- ✓ The RIFSEEP: + 1.7 M€

In 2022, the RIFSEEP (indemnity scheme taking into account the functions, constraints, expertise and professional commitment) of the region was finalised. The new provisions make it possible to voluntarily increase measures to support purchasing power, in particular for high school staff, who are most affected by the effect of inflation.

- ✓ Transfers: + 1 M€

The impact of the transfer of staff in charge of the school and interurban transport skills of the Haute-Garonne department represents nearly €1 million fully compensated.

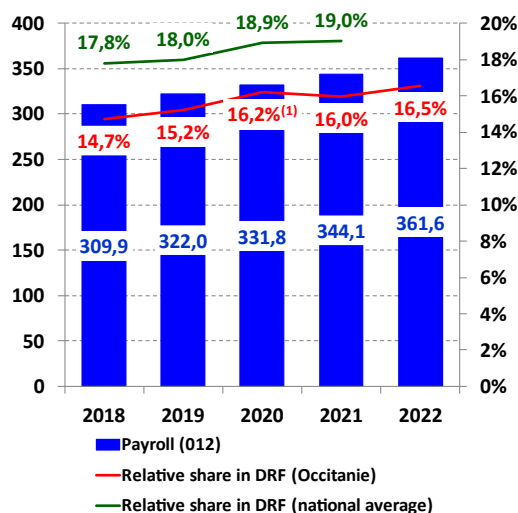
- ✓ De-precarization

The policy of de-precarization of staff continued in 2022. To succeed in the challenge of strong renewal of its staff, the Région Occitanie offered 215 agents on a temporary contract, the possibility of integrating the community in a sustainable way. 170 vacancies were filled in local public educational institutions and 45 in general services.

- ✓ New staff related to the opening of equipment: + 1.1 M€

Technical staff has been reinforced in the recently opened educational institutions, the Lycée Simone DE BEAUVOIR in 2022, and the Lycée Martin MALVY, Simone VEIL, and Lucie AUBRAC in the process of being upgraded.

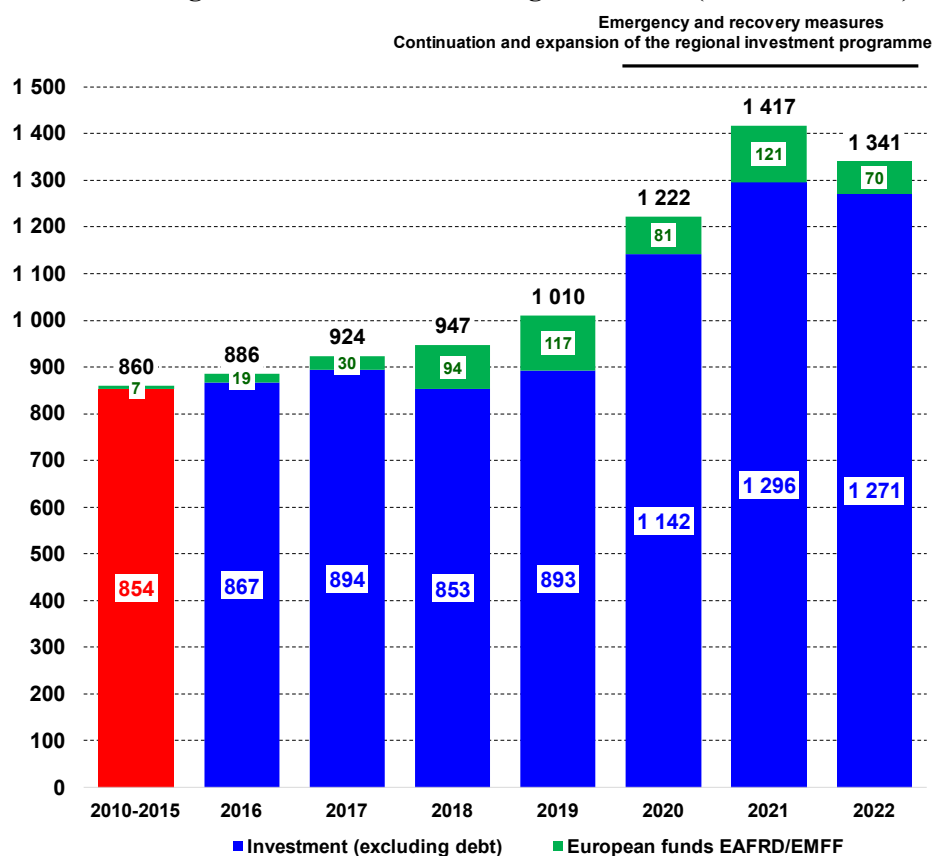
Evolution of staff costs: a relative share lower than the national average



Capital section expenditure in 2022: 1 509.1 M€
(including repayment of debt principal)

€7.75 billion invested over 7 years (2016 to 2022)
A steady increase in regional investments, amplified in 2020, 2021 and 2022

Changes in investments excluding debt in M€ (€1,340.7 million)



For the third consecutive year, investment expenditure by the Région d'Occitanie reached a high level of €1.34 billion in 2022. By neutralising the flows associated with the European EAFRD fund (independent of the choices made by the Région), the investment stabilised at €1.27 billion.

This level, still exceptional in 2022, results from the prolonged implementation of the Emergency and Recovery Plans, which mainly concern economic action in the broad sense, associated with the increase in expenditure relating to the Multiannual Regional Investment Plan. In addition to preparing for the future, these investments have helped to maintain activity and employment, in particular in the construction and public works sector.

The investment is in line with the Green Pact for Occitanie: supporting businesses in their transition towards a more ecological and job creating model, boosting decarbonised and collective forms of mobility, developing the regional hydrogen industry, renewable energy and sustainable housing, providing unwavering support for sustainable agriculture and quality food, etc.

Priority is also being given to mobility, with the reopening of commuter railway lines, such as the Rive droite du Rhône, and to education and young people, through the improvement of study conditions and safety in high schools, as well as the provision of equipment for high school students.

Changes in and breakdown of capital expenditure

Budget chapters <i>(with some detailed items)</i>	2018	2019	2020	2021	2022
Vocational training, apprenticeship, health and social	10,3	15,0	15,6	20,0	17,2
Education (high schools and higher)	283,5	246,3	308,0	334,2	313,1
Culture, sports and leisure	39,0	37,3	37,5	43,6	47,2
Health and social action	0,9	1,2	1,3	2,1	1,9
Regional planning and development	39,1	43,8	58,3	57,3	48,4
European funds managing authority excluding EAFRD/EMFF	44,6	38,6	55,9	52,1	94,9
European funds EAFRD/EMFF	94,2	117,2	80,6	120,7	70,0
Environment	45,7	35,7	55,4	70,5	72,6
Rail, road, port and air transport	120,0	204,5	199,5	296,9	324,6
Economic action ⁽¹⁾	248,2	248,3	392,2	402,3	336,8
Interregional, European and international actions	0,2	0,2	0,6	0,4	0,3
General administration ⁽²⁾ , elected officials, CESER and promotion of public policies	20,9	21,7	17,6	16,5	13,8
Repayment of debt principal ⁽³⁾	87,7	103,5	110,7	132,2	168,4
Total capital expenditure:	1 034,3	1 113,4	1 333,2	1 548,7	1 509,1

⁽¹⁾ economic interventions, research and innovation, agriculture and agri-food, industry-crafts-trade, tourism and spa. **A significant part concerns, over the period 2020, 2021 and 2022, emergency/recovery plans**

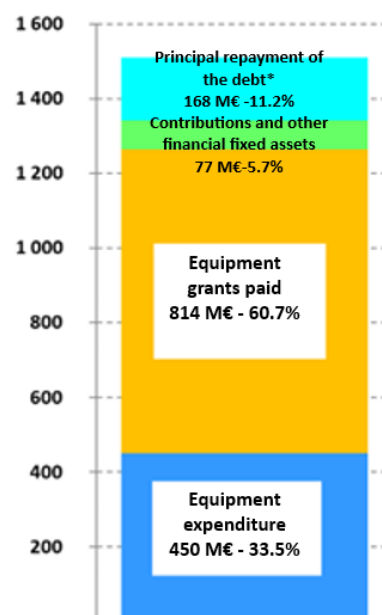
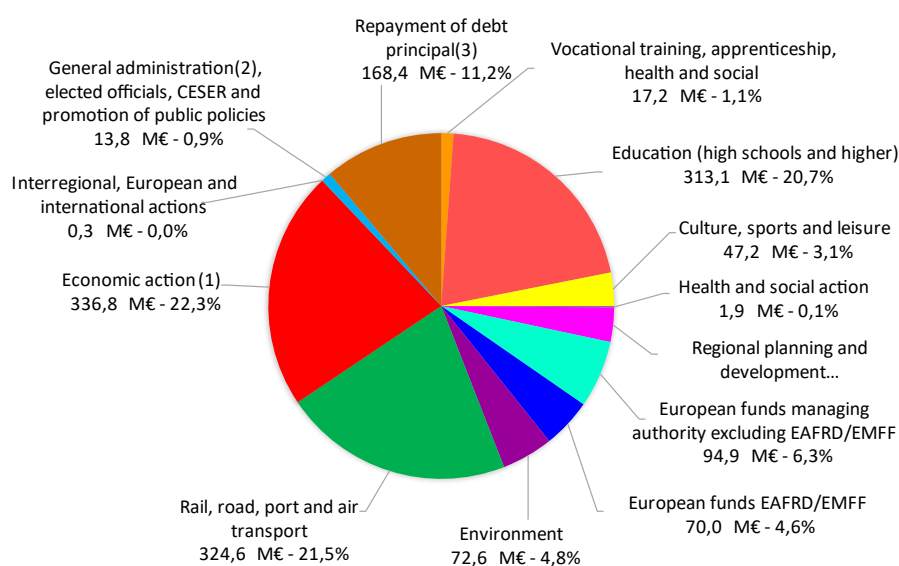
⁽²⁾ including acquisitions of interests in the share capital of 'Agence France Locale (AFL),

⁽³⁾ including bond issue provisions.

Three areas of intervention accounted for 65% of 2022 investments (77% excluding repayment of debt principal and European EAFRD funds):

- Economic action,
- Education (high schools and higher education),
- Rail, road and air transport and ports infrastructure.

Breakdown of investment expenditure 2022: 1,509.1 M€



* including bond issue provisions.

Economic action in the broad sense: support for businesses, agriculture, tourism, research and innovation formed, in particular after the 2020 pandemic, a major component of regional investment, facilitating more than €337 million in 2022.

This amount includes, for the third consecutive year, funds allocated to the financing of emergency and recovery measures such as the Rebound/Recovery Passes. These instruments are intended to promote investments conducive to economic recovery, based on a development model focusing on job creation in the Region and industrial, energy, health, food and knowledge sovereignty.

Actions to promote economic development and employment also drew on tools put in place prior to the pandemic, such as growth, innovation, export and transfer-takeover contracts, the initiatives to support a number of research programmes (in particular in the sphere of health, digital and ecological transition) whilst consolidating links between scientific research / transfer of technology / business creation, supporting industry, exports and preparing the economy of the future. In essence, these include:

Supporting innovation: more than 350 companies received support to support their innovation projects (Innovation Contract and Readynov Call for Projects).

Sustaining growth: 1,600 companies assisted to support their investments:

- Focus on the Growth Contract: supporting nearly 150 companies in their development and job creation programmes and promoting the local presence of activities in the region.
- Occitanie Focus Pass: 1,060 small businesses benefited from a Pass Occitanie to support them in their equipment investment project.

Supporting employment: the Region supports companies' HR policies through various support schemes (HR Contract, actions carried out within the framework of the Hiring Pact, HR Pass, etc.).

Supporting entrepreneurship: Three-year call for projects such as AAP Entrepreneurship 2022-2024. This system aims to support operators recognised in the field of creation, transfer and acquisition to foster an entrepreneurial spirit, enhance the clarity of the ecosystem, and thereby contribute to facilitating the guidance and journey of business creators and acquirers.

Support the relocation of production and services in Occitanie: launched in 2021, the Regional Agency for Strategic Investments (ARIS) supports investments dedicated to the relocation of activities and know-how in Occitanie.

Support the Recovery of the economy: in the extension of the years 2020/2021, the Region continued its support to companies through mechanisms dedicated to the recovery of the economy, in particular Contracts and Recovery Pass.

In the field of Research, a concrete example is the **creation of a hydrogen technocampus at the Toulouse-Francazal site**: an ambitious project at the height of the Region's ambitions under the Green Pact. This operation constitutes one of the concrete measures of operational translation of the implementation of the "Green Deal" aimed at supporting the construction of a new, more sober and virtuous development model, promoting social and territorial justice.

It will strengthen the equipment dedicated to research by the construction of infrastructure, with a surface area of nearly 10,000 m², at an estimated cost of €35 million. In addition, this real estate complex will be the showcase of France's knowledge and know-how on an international scale in the field of hydrogen and an efficient instrument for carrying out tests.

In addition, measures were introduced to help modernise livestock farms and support agri-food businesses. In the tourism sector, in addition to the crisis measures, support was provided in terms of tourism amenities and development, business competitiveness and enhancement of Major sites.

For example, the renovation of the thermal baths of Bagnères-de-Luchon (Haute-Garonne)

Bagnères-de-Luchon is the first spa in the Pyrenees. Its thermal baths, with a rich heritage, are taking a new start under the impetus of Arenadour, in collaboration with the Région Occitanie, its Regional Agency for Construction Planning (ARAC) Occitanie and the Banque des Territoires. An extensive

restructuring/renovation/expansion project began in June 2022, in order to revitalize and revitalise the thermal establishment as the thermal wellness center.

The Region is contributing €2.875 million to this ambitious project, and is working to secure European ERDF funds to support the transformation of the spa over two seasons (2022/2023), with full delivery scheduled for spring 2024. This thermal baths and leisure centre, open 365 days a year, will receive an extension of 900 m² spread over two levels. The Region is strongly committed to this project because it is of particular importance for this territory and the Pyrenees, especially in terms of jobs and economic benefits.



The second axis concerns **sustainable mobility** with €324.6 million devoted to:

- the acquisition and renovation of rolling stock (€53.6 million) in order to offer a better service to users via the increase in the number of seats offered, renovated and modernised trains, a gradual greening of the fleet (preparation of the hydrogen train, battery trains, etc.),
- the modernisation of railway infrastructure (€37.7 million) to ensure their sustainability in line with the work carried out within the framework of the EGRIM (General States of Rail and Mobility),



Focus on reopening the Rive droite du Rhône line to travellers

Closed since 1973, the reopening of the Right Bank of the Rhône line to passengers was approved as part of the Estates General of Rail and Intermodality (EGRIM) organized by the Region in 2016. It has since been a priority of regional mobility policy. Fully funded by the Region, more than €12 million was facilitated for the financing of studies and the completion of initial works.



This regional commitment allowed for a **partial early reopening in 2022**. Thus, since 29 August 2022, the line serves the municipalities of Pont-Saint-Esprit, Bagnols-sur-Cèze, Avignon-Centre and Nîmes-Centre. It offers five daily round trips between Pont-Saint-Esprit and Avignon, including an extended round trip to Nîmes. As part of an effort to integrate different modes of transportation, **the creation of two Multimodal Exchange Hubs (PEMs)** in Pont-Saint-Esprit and Bagnols-sur-Cèze aligns with the reopening of the railway line.

This reopening is a first step. The Region will continue its efforts for the complete reopening of the line (estimated cost of €109 million). By offering **a time saving of 40% compared to a journey by car**, the 82 km of this line should attract **200,000 passengers per year**.

- The enhancement of stations and the expansion of multimodal hubs (€20.5 million) are aimed at supporting traffic growth, ensuring improved accessibility, and encouraging seamless connectivity between different modes of transportation.
- the initiation of LGV projects (GPSO and LNMP, €7.2 million),
- road infrastructure (departmental and national for €27.6 million),
- development within regional airports (€11.1 million),
- accessibility, public transport on its own site, railway works on port areas, coaches and other actions including the mobility eco-library for €25 million.

In 2022, the Region decided to strengthen its mobility eco-cheques scheme with aid for the purchase or rental of electric vehicles for the most modest households as soon as they separate from an old and polluting vehicle. This new aid also concerns craftsmen.

Focus on extending the deployment of ticketing on the liO network

After the implementation of a new generation ticketing system, UBI, on the regular lines of the regional network liO in Tarn-et-Garonne (partially), Hautes-Pyrénées and Pyrénées-Orientales from 2019 to 2021, this deployment was extended to Lozère (regular lines) and Gard (regular lines and school services) in 2022, for an amount of €1.3 million. Ticketing facilitates the purchase and validation of transport tickets for the user, while giving a fine vision of the use of the network to the Region, the organising authority for mobility, thus allowing it to adapt the network as closely as possible to the needs.



Based on this ticketing, the Région Occitanie will be the 1st Region to experiment with Open payment, in 2023 in the Gard, then in Lozère. Open payment is a ticket-free system: passengers use their bank cards as travel passes. The cost of the ticket will be invoiced in proportion to the use of the liO transports during the month (per-use pricing).

The transport chapter also includes ports and port infrastructure for a total of €141.8 million. The flagship project is currently being carried out in Port-La Nouvelle with the continuation, in 2022, of the port extension work via the construction of dikes to facilitate the reception of wind farms. In parallel, SEMOP, under the 40-year concession contract to develop, operate, manage and develop the commercial port, is working on the next phase of the work (the Region intervenes via the payment of an investment grant, €31 million in 2022).



Other work was carried out in 2022, in particular on the port of Sète-Frontignan with the centralization of the control of the bridges, on the port of Grau du Roi with the reconstruction of the floating fishing pontoons to which is added the construction of the **Hydromer hydrogen hybrid dredge**.

Another regional priority, **education (€330.3 million)** through investments to build positive energy and low carbon footprint high schools consistent with the Région's demographic growth. In addition, and on a continual basis, is the implementation of a massive plan to renovate regional high schools (energy renovation, accessibility, expansion and rehabilitation) and certain higher education establishments.

An amount of 215.4 M€ was mobilised in 2022 for all of these works. The most significant operations voted in 2022 were the restructuring of the Lycée Tissier in Saverdun (Ariège), the further restructuring of the Lycée Charlemagne in Carcassonne (Aude), the restructuring of the Lycée Jean Vigo in Millau (Aveyron), the Lycée Raymond Naves, Saint-Sernin and Hélène Boucher in Toulouse, the Lycée Michelet in Lannemezan (Hautes-Pyrénées), the Lycée Soult in Mazamet (Tarn) and the Lycée du bâtiment Norman Foster in Beaumont-de-Lomagne (Tarn and Garonne). In addition, several projects concern catering services, especially at the following high schools: Dr. Lacroix in Narbonne (Aude), La Découverte in Decazeville (Aveyron), Philippe Lamour in Nîmes (Gard), La Condamine in Pézenas and Jean Jaurès in Saint-Clément-de-Rivière (Hérault).

The main 2022 deliveries

Beyond the opening of the new Lycée Simone de Beauvoir in Gragnague in September 2022, the main rehabilitations of delivered high schools concern the EREA (regional adapted education institution) in Pamiers, the restructuring of the catering service and the renovation of the facades of the Lycée Aristide Bergès in Saint-Girons, the work to bring the wood workshops at the Lycée Edmond Rostand in Bagnères-de-Luchon into compliance, the restructuring of the Lycée Déodat-de-Séverac in Toulouse, the work for energy savings at the Lycée René Billères in Argelès-Gazost, the renovation of the catering service at the Lycée Marie Curie in



Tarbes, the completion of the workshops at the Lycée Jean Mermoz in Montpellier, the new day school building at the Lycée Auguste Loubatières in Agde, the expansion of the educational premises of the Lycée Aristide Maillol in Perpignan as well as the restructuring of the boarding school of the Lycée Dr. Lacroix in Narbonne.

Focus on the new boarding school of the Lycée Pierre De Coubertin in Font-Romeu (Pyrénées-Orientales) for an amount of €14 million. This equipment, consisting of 45 rooms with 177 beds spread over four levels, over a surface area of 3,500 m², has been designed to accommodate high-level athletes: furniture suitable for large sizes (beds), storage room for athletes' equipment, etc.



Focus on the Renée Bonnet vocational high school in Toulouse, which benefited from a major restructuring for €8.4 million, the objective of which was to improve user comfort (accessibility, safety, energy efficiency), both in the outdoor spaces and inside the establishment.



€39.1 million were allocated towards high school facilities (including digital infrastructure) and high school students (€40.3 million for personal mobile equipment and school books).

Focus on digital education

61,000 LoRdi (laptops) were distributed in 2022, for an amount of €27.1 million, an illustration of a renewed political will in the field of digital education.



The LoRdi system is part of the Green Deal approach as long as the distributed model meets environmental certifications in accordance with the legislation in force (the recyclability rate is 96%).

In addition, investments in higher education (€18.3 million) and the continuation of the Campus Plan (real estate component).

Expos'UM Institute: an example of the Region's support in the sustainable modernisation of higher education institutions

In 2022, the Region granted €5.7 million in funding to the University of Montpellier to create the Expos'UM Institute. A visionary and emblematic tool for the University and its region, Expos'UM aims to bring together the communities involved and respond to the challenges of human exposure to external and environmental factors likely to impact their health.

Finally, the teaching component also includes work carried out in the field of apprenticeships and CFAs (€11.8 million) and health and social training around IFSIs (nursing training institutes) and IFAS (Institute for the Training of Caregivers) to the tune of €5.4 million.

Capital expenditure also relates to the areas of:

- environment (€72.6 million): energy efficiency (housing eco-bank, NoWatt projects), renewable energy projects, Corridor H2 project, water resources and flood prevention,
- regional planning (€48.4 million): Town centres, boosting regional vitality, territorial public facilities and installations, continuation of the very high-speed regional plan, Coastal Plan 21, social and student housing,
- culture (€25 million): preservation of regional heritage and artistic creation,
- sports (€22.1 million): maintenance and development of CREPS (Sports Expertise and Performance Resource Centre), sports equipment and aids to the acquisition of sports equipment,
- solidarity (€1.9 million, fight against medical desertification), general administration (€13.7 million), international action (€0.3 million),

- management authority for European funds on behalf of third parties: €95 million (ERDF), €67.9 million (EAFRD) and €2.1 million (EMFF).

The **principal repayment of the debt** amounted to €155.1 million to which it is necessary to add €13.3 million in respect of the bond provision relating to the operation carried out in 2022 (1/15th of €200 million). The total, in the amount of €168.4 million (€132.2 million in 2021), is increasing. This development results from the loan arrangements carried out in 2021, partly intended to finance the emergency plans, the plan to extinguish the outstanding debt at the end of 2020, which included the maturity of a bond loan (bullet repayment) of €14.8 million issued in 2012 (causing a one-off jump).



Review of commitments and multiannual management of regional appropriations

In accordance with the budgetary and accounting instruction M57 and in application of the budgetary and financial regulation adopted by the community, almost all regional expenditure is managed on a multiannual basis (with the exception of staff and debt service expenditure).

The use of programme authorisations (*investment PAs*) and commitment authorisations (*operating CAs*) aims to enhance multiannual commitments, monitor their implementation over several years and improve the legibility of the budget by optimally calibrating the payment appropriations allocated to each year. The adoption of the Administrative Account is an opportunity to carry out an annual review.

Prior to the accounting and legal commitment, the allocation of appropriations materialises the decision of the deliberative meeting to devote all or part of a PA or an CA to the financing of an operation identified in its main characteristics (object and amount in particular). The accounting and legal commitment precisely defines the third party beneficiary.

In order to promote financial transparency and compliance with prudential rules, the annual monitoring of the coverage ratio reporting the stock of PAs and CAs allocated to the overall amount of authorised expenditure during the financial year in question, expressed in number of days, makes it possible to measure the capacity of the community to meet its multi-year commitments. The shorter the duration, the more the community is able to honour its assigned expenses. However, too short a duration would mean a wrong approach to the multi-annual management of PAs/PCs or CAs/PCs. A ratio of less than 48 months is considered compatible with the average duration of regional projects.

Details of the PAs/CAs are set out in the regulatory appendices associated with the 2022 administrative account.

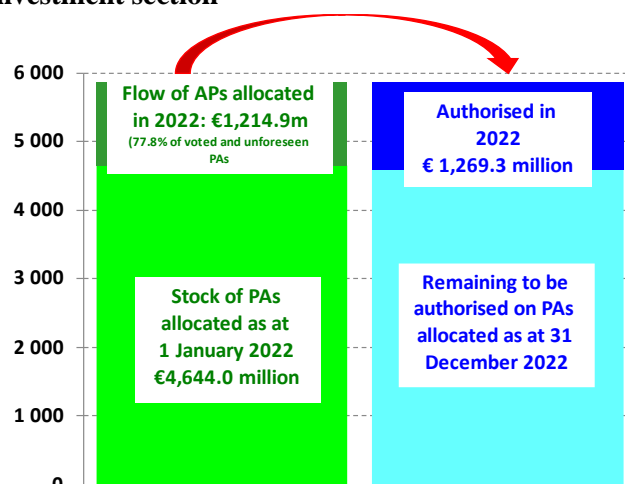
1. A review of multiannual management in the investment section

After application of the accrual entries (cancellations, amendments, reinscriptions followed by closure), the PAs in stock (allocated not yet authorised) stood at €4,644.0 million at the end of 2021.

The new PAs voted during the 2022 financial year amount to €1,560.8 million, including €32.0 million in unforeseen PAs. 77.8% of these new PAs were allocated for an amount of €1,214.8 million.

Economic action remains at the forefront of 2022 fund allocations (€90 million for FOSTER 2, €29 million under CPER 21-27 for Technocampus Hydrogen (Toulouse-Franczal), Occitanie 21-27

Operational Programmes for Research and Investment, growth, innovation and other contracts), ahead of **education** (relaunch of high school equipment contracts for €50.5 million, construction and renovation and



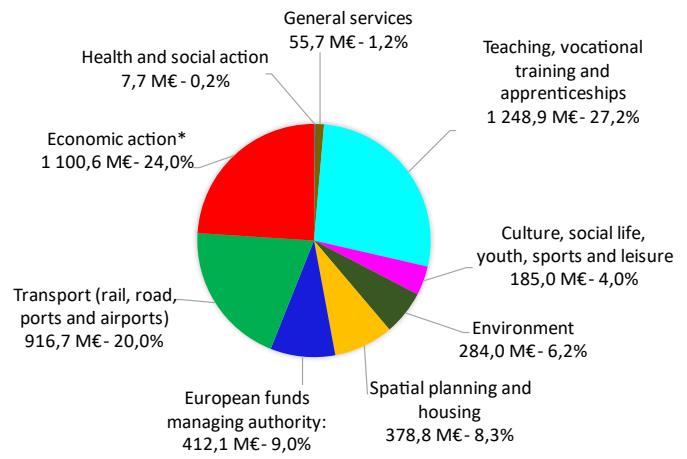
equipment of high schools, higher education), **transport** (rolling stock, railway, airport, road and port infrastructure), the managing authority of **European funds** including €86.3 million under react EU (Recovery plan: ecological transition, digital, support for SMEs, employment and tourism sector), **the environment** (energy, air, climate), **regional planning** (digital infrastructure, territorial policies), **culture and sports**.

During the 2022 financial year, €1,269.3 million was authorised on a stock of allocated PAs of €5,858.8 million (stock of €4,644.0 million to which €1,214.8 million of 2022 allocation was added).

Thus, at 31 December 2022, the stock of allocated PAs still to be financed was €4,589.5 million. Compared to the amount of authorised funds in 2022 (€1,269.3 million), this results in a coverage ratio of 3.62.

Thus, the community is able to honour its commitments in 3 years and 7 months, consistent with the average duration of the contracts and projects committed.

Breakdown of the PA stock as at 31 December 2022: 4,589.6 M€



* (economy, agriculture, research, tourism)

2. A review of multiannual management in the operating section

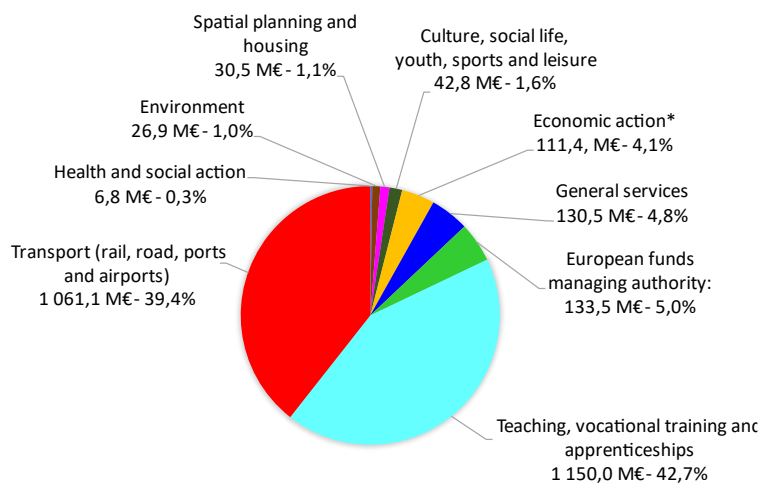
After application of the accrual entries (cancellations, amendments, reinscriptions followed by closure), the CAs in stock (allocated not yet authorised) stood at €1,992.5 million at the end of 2021.

The new CAs voted in 2022 amount to €2,262.6 million, including €44 million in unforeseen CAs. 95.8% of these new CAs were allocated for an amount of €2,168.3 million.

The most significant amounts concern vocational training (relaunch of the Professional Qualification markets and the Regional Training Plan (€496.0 million), the Skills Investment Plan, passenger rail transport (€335.7 million) and road (€517 million), aid for students in Health and Social Training (€17 million) or the exceptional allocations put in place for high schools as part of the increase in energy costs.

During the 2022 financial year, €1,467.5 million was authorised on a stock of allocated PAs of €4,160.8 million (€1,992.5 million in stock to which €2,168.3 million in 2022 allocation was added).

Breakdown of the CA stock as at 31 December 2022: 2,693.3 M€

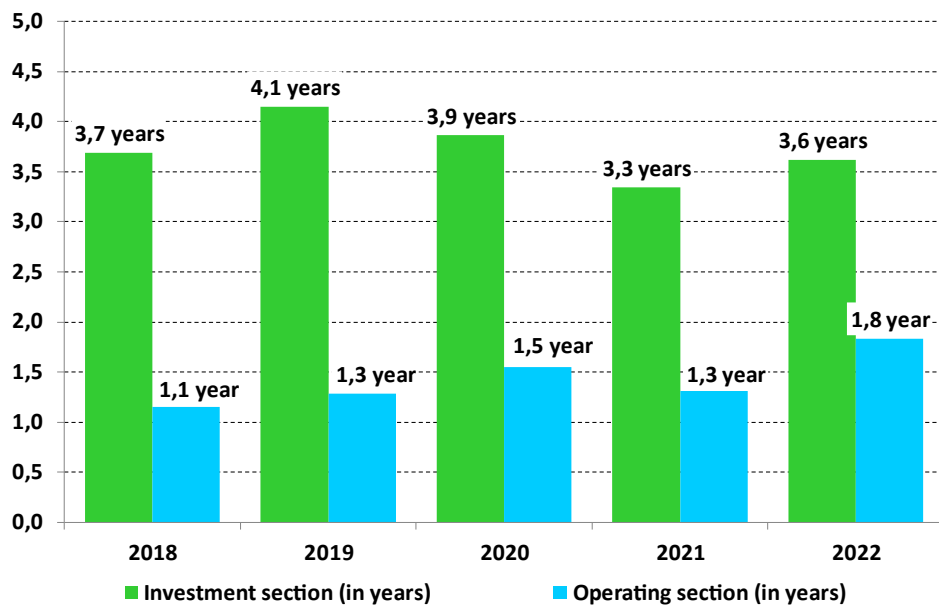


* (economy, agriculture, research, tourism)

Thus, at 31 December 2022, the stock of assigned CAs remaining to be financed was €2,693.3 million. Relative to the amount of authorised loans in 2022 (€1,467.5 million), this results in a coverage ratio of 1.83 years.

Thus, the local authority can honour its commitments in 1 year and 10 months, in line with the average duration of the contracts and projects committed.

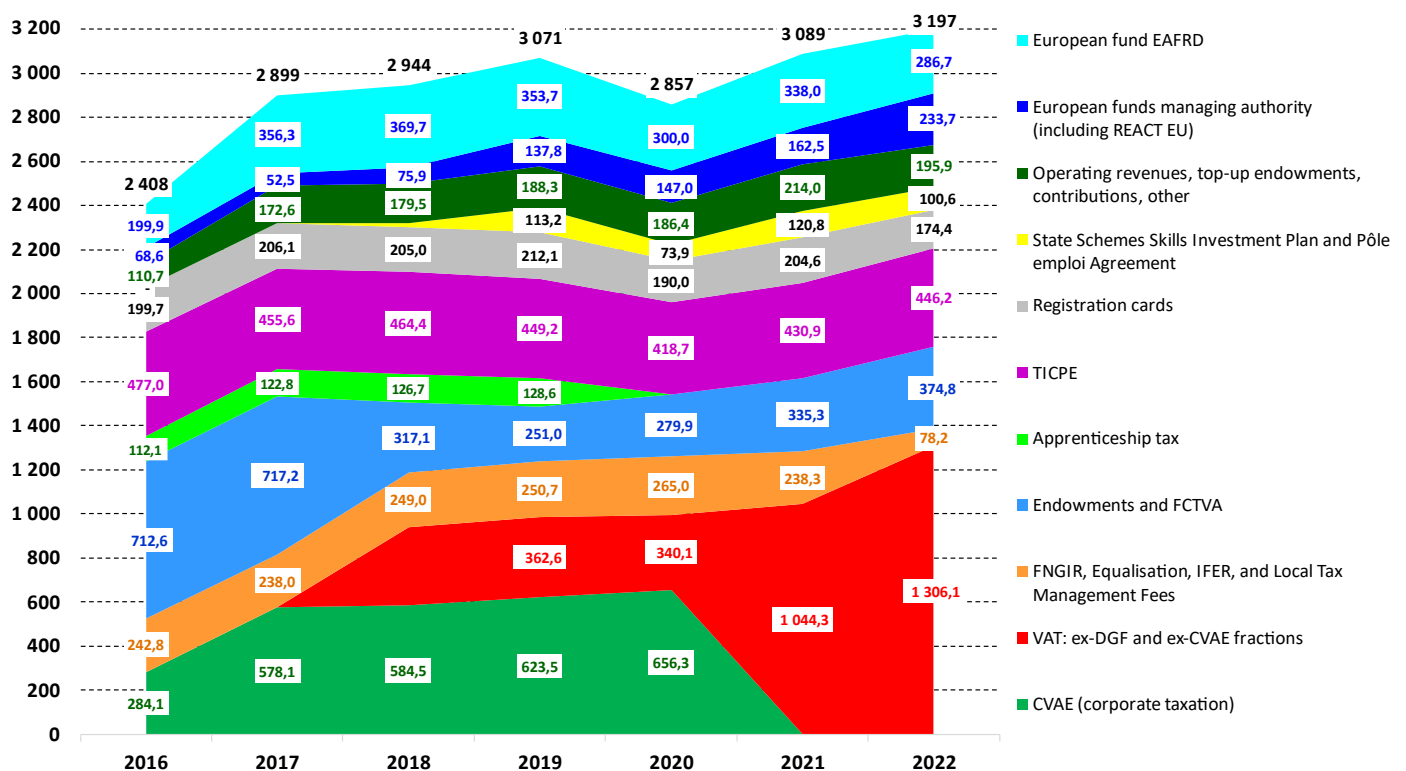
Evolution of the PA and CA coverage ratio
Ratio: stock of PAs/CAs allocated but not authorised at the end of 2022 /Fund allocations authorised
in 2022 (expressed in years)



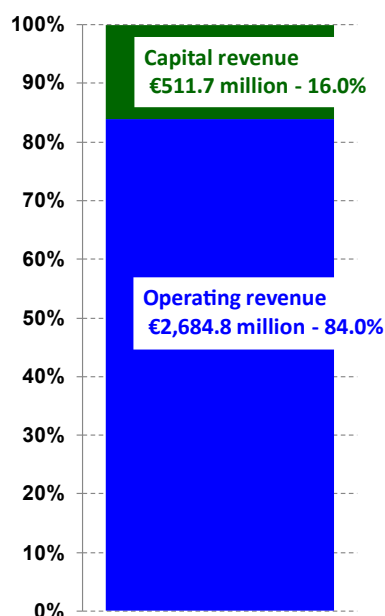
The Region's financial resources

The Région's financial resources (*excluding* borrowing and surplus carried forward) amounted to 3 196.9 M€ in 2022, an increase of 3.5% (+ 5.8% excluding the European Eafnd fund).

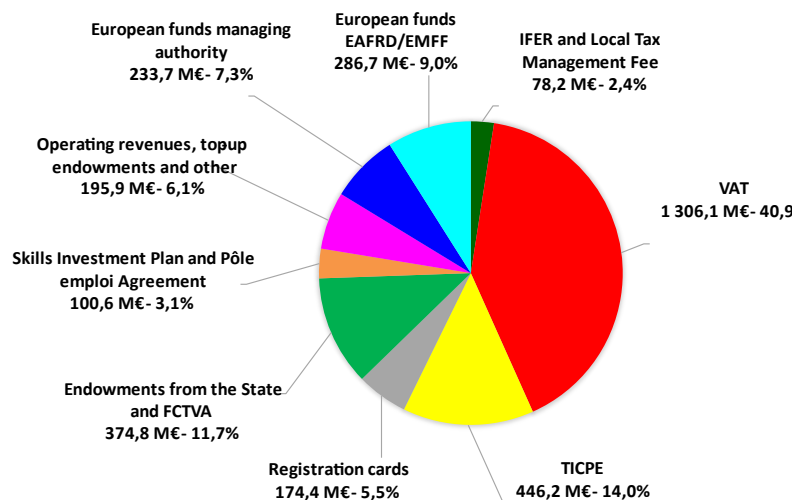
Changes in and structure of regional resources in M€ (excluding borrowing)



2022 financial resources excl. borrowing in M€



Breakdown of regional resources 2022 Excluding use of borrowing: 3,196.5 M€



Recent years have been characterised by a significant recomposition of regional financial resources with the replacement of former state allocations and local taxes by tax revenues, the nature of which has evolved considerably. Indeed, the majority of resources now derive from the **sharing of national taxes**.

One of the notable consequences of this restructuring is **the preponderance of VAT** (a shared national tax, unrelated to the territory), the extension of the TICPE (main vector of the top-up right for skills transferred since 2004) and an erosion of registration certificates (registration cards). Concerning VAT and TICPE, the local taxpayer (individuals/companies) disappears in favour of the national taxpayer (consumers) via a redistribution to the *Régions* of taxes collected at the national level. Regional tax resources are based on economic flows subject to cyclical vagaries.

The *Régions*' rate-setting powers are restricted to setting the applicable vehicle registration (carte grise) tariff and the so-called "Grenelle" TICPE portion (capped tariff). Even if reduced, the relative share of allocations and financial assistance from the State is characterised by a freeze in value or gradual erosion (excluding the exercise of the top-up right associated with transfers of powers).

1. Operating revenue: 2,684.8 M€

Operating revenue increased by 4.0% in 2022 to €2,684.8 million. This development is the result of the positive dynamics observed on the VAT resource (driven by inflation), combined with financial compensation linked to measures decided by the State, the consolidation of certain revenues and the increase in European funds ESF (European Social Fund). This trend is mitigated by the contraction in vehicle registration card revenues, the decline in some State allowances, including a technical adjustment to the Skills Investment Plan.

a) Tax revenues:

In M€	2018	2019	2020	2021	2022	Change 2021-2022
Value-added tax (VAT): ex-DGF	354.9	362.6	340.1	387.3	420.4	+ 33.2
Business value-added contribution (CVAE)	584.5	623.5	656.3	-	-	-
National individual revenue guarantee fund (FNGIR)	124.8	124.8	124.8	124.8	-	- 124.8
Inter-region adjustment mechanism	14.0	17.6	27.2	27.2 ⁽¹⁾	-	- 27.2

VAT: ex-CVAE/FNGIR /Regulatory Mechanism	-	-	-	657.0 ⁽²⁾	885.6 ⁽³⁾	+ 228.6
Utility company flat-rate tax (IFER)	51.4	48.4	51.0	50.1	50.8	+ 0.7
Apprenticeship tax	126.7	128.6	-	-	-	-
<i>Cartes grises</i> (vehicle registration certificates)	205.0	212.1	190.0	204.6	174.4	- 30.2
Local direct taxation management fees (TH/CVAE/CFE)	58.8	59.9	62.0	36.2 ⁽⁴⁾	27.4 ⁽⁴⁾	- 8.8
TICPE (Finance Act and adjustable)	329.7	323.4	320.0	327.1	330.5	+ 3.4
TICPE Vocational Training and the “Professional Future” Act	26.5	26.5	47.8	48.0	59.3	+ 11.3
TICPE Apprenticeship	11.7	12.0	-	-	-	
TICPE Apprentice employer bonus	19.5	19.5	-	-	-	
TICPE Aid for the recruitment of additional apprentices	18.4 ⁽⁵⁾	9.6	-	-	-	
Total: Tax revenues	1,925.9	1,968.5	1,819.2	1,862.4	1,948.5	+ 86.2

⁽¹⁾ an income mitigation (refund expense in an amount of 0.767 k€) brings final 2021 net income to 26.4 M€

⁽²⁾ after incorporation of former CVAE tax exemption compensation

⁽³⁾ integration of the FNGIR and the former equalisation mechanism into the ex-CVAE VAT revenue

⁽⁴⁾ the portion of management costs attributable to the former residence tax is offset by a top-up allowance in 2021. The same mechanism applies in 2022 with the elimination of the regional portion of CVAE and the targeted reduction of CFE.

⁽⁴⁾ Compensatory measure associated with the increase in the remuneration of trainees decided by the State

⁽⁵⁾ including an adjustment in an amount of 6.3 M€ for the 2017 financial year, then abolished in 2020 as part of recentralising apprenticeship powers.

Since 2021, the **VAT revenue** has been the Region’s first resource and has two components:

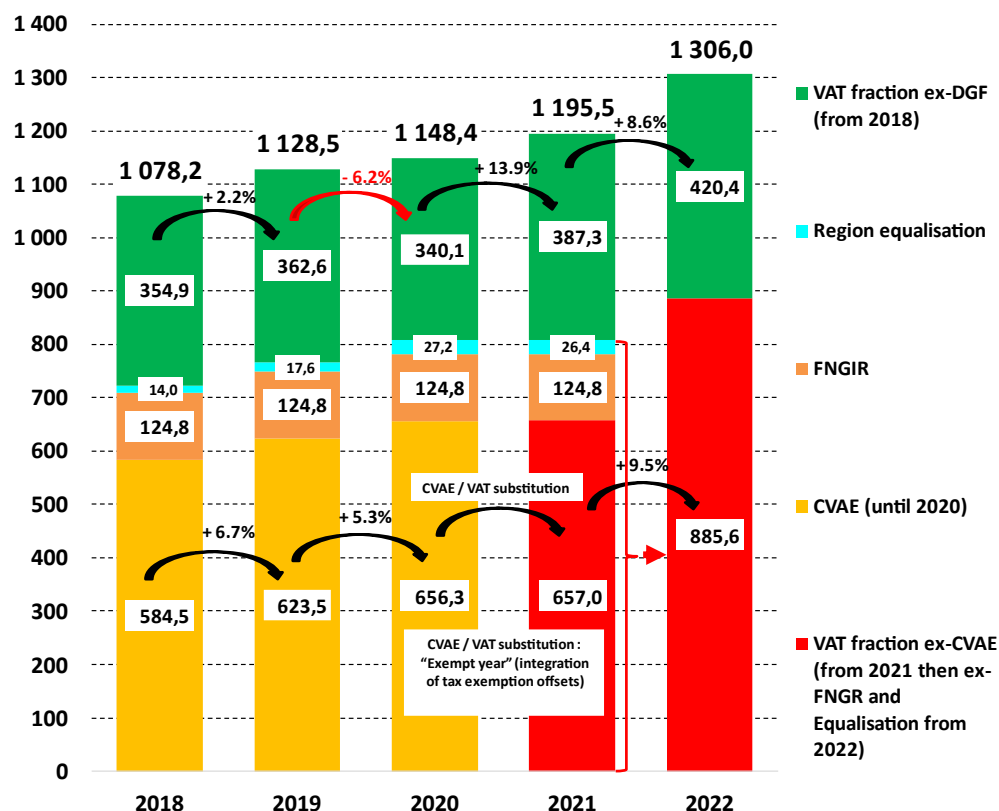
1/ Since 2018, the *Régions* have been collecting a fraction of the VAT revenue in place of the former global operating allowance (DGF) paid by the State and declining since 2014. This revenue is not regionalised and changes at the same rate as the national income (economic situation).

The 2017 Finance Act has set a new minimum, which is pegged at the revenue received in respect of DGF in 2017, namely €340.1 million in the case of Occitanie Région . This minimum level was reached in 2020 due to the economic crisis. The VAT revenue portion is not notified, but evolves as time goes by depending on amounts actually collected by the State. The amount collected in 2022 under this VAT fraction is €420.4 million, an increase of 8.6%, resulting from economic growth and particularly high inflation.

2/ In 2021, the regional share of the CVAE (50% of the total product) was removed (a measure inserted in the Recovery Plan for the reduction of production taxes) and replaced by an equivalent fraction of VAT. 2021 was a standstill year in terms of evolution. In return for this measure, the *Régions* have undertaken to increase their participation in the 2021-2027 State-Region Plan Contracts. The 2020 Finance Act “rebased” this VAT portion by incorporating:

- the FNGIR (national individual revenue guarantee fund) introduced in 2011 in an amount of 124.7 M€ for Occitanie following the abolition of the professional tax (one of the replacement revenues funded by the Région Ile-de-France (“over-endowed with CVAE tax revenues”) for the benefit of other *régions* whose CVAE and IFER revenue was not sufficient to compensate for the intrinsic financing requirements of the reform). FNGIR income has been frozen in value since 2011,
- the tax revenue adjustment fund established in 2013 to bring, to a partial extent, the replacement revenues for the former regional direct taxes (CVAE, IFER, FNGIR and DC RTP) into convergence with the average national trend (26.5 M€ in 2021 for Occitanie after regularisation). The abolition of the regional CVAE element rendered this adjustment mechanism obsolete.

Changes in VAT revenue: 1st regional revenue source in 2022



The amount collected in 2022 under this VAT fraction is €885.6 million, an increase of 9.5%. Compared to the first fraction (+8.6%, in line with the reality of the cash flows of the State), the evolution of this second component is higher, based on the initial projections of the Government. The adjustment (downwards for €8.1 million) will be carried out as part of the 2023 financial year.

In parallel, the 2022 Finance Act, introduced a regional solidarity Fund, funded by the *régions* whose basket of per-inhabitant resources, comprising the “ex-CVAE” VAT rebased to incorporate FNGIR, the DCRTP, the IFER and vehicle registration tax income, is 80% greater than the average. In practice, all metropolitan *Régions* except Corsica become contributors and the overseas *Régions* and Corsica become beneficiaries of the fund. The distribution is based on four criteria (population, per capita income, number of people between the ages of 15 and 18, and population density).

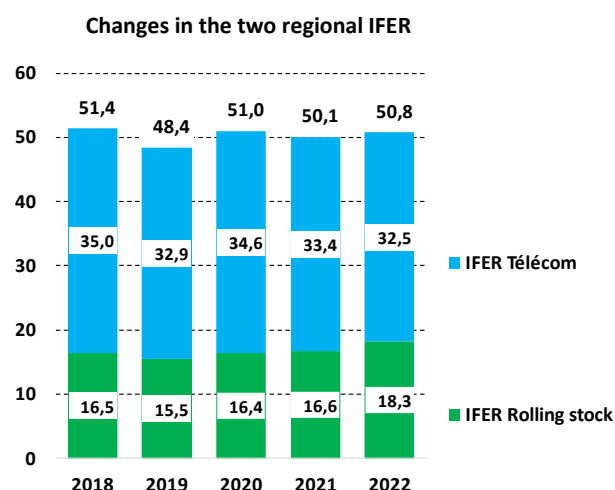
The amount levied in 2022 is equal to 0.1% of the VAT fraction ex-CVAE. It is distributed pro rata to the population of the contributing *Régions*. In 2022, the Région Occitanie will contribute €0.9 million.

Network companies fixed-rate tax (IFER)

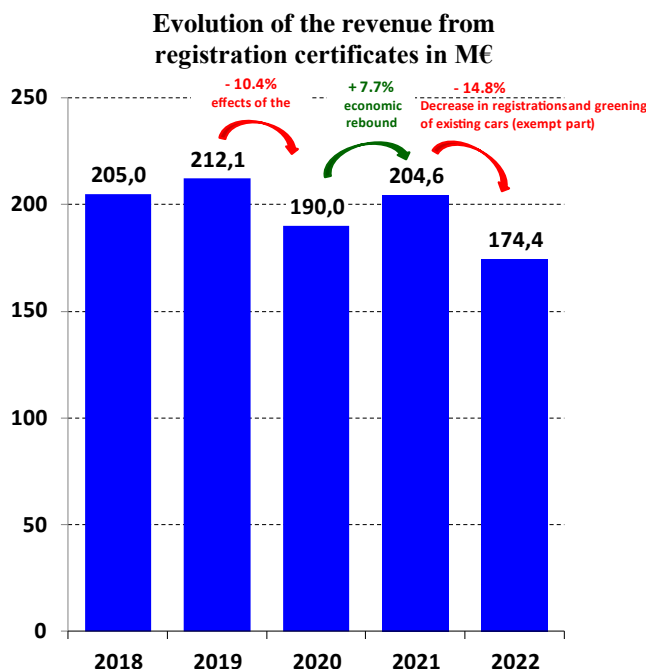
The *Régions* collect two flat-rate taxes on network companies (IFER): Rail and Telecom. The total amount received for the year 2022 is €50.8 million, in relative stability over time.

After an isolated fall of 5.9% in 2019 resulting from the application by decision of the State of a partial relief measure for the telecoms element, this income has stabilised at a level close to 50 M€, which offers no structural growth dynamic.

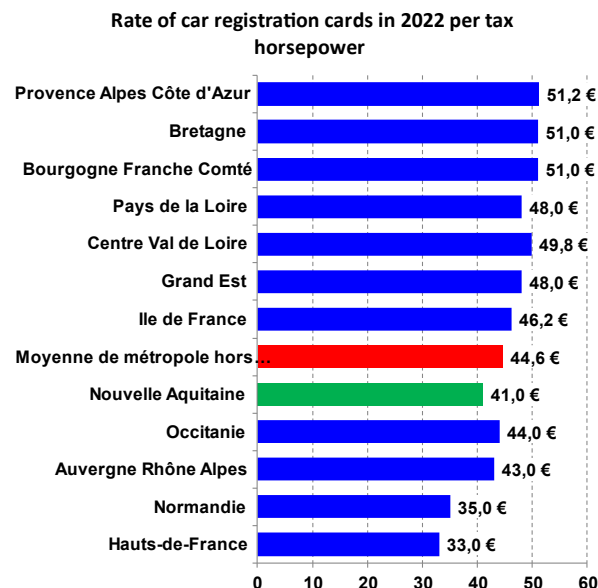
Vehicle registration documents (car registration certificates)



The tax revenue derived from **vehicle registration certificates** (commonly known as *cartes grises*) is the sole contributor to the régions' fiscal autonomy since the tariff is voted by regional elected officials. This tax is payable on transactions carried out in the territorial jurisdiction of the Région Occitanie (new and second-hand markets).



Tariff of 2022 car registration cards of the Régions



Since its harmonisation on 1 August 2016, the rate applied is €44 per tax horsepower unit, a level slightly lower than the national average (*metropolitan France excluding Corsica*). In addition, the Région Occitanie has opted for a 100% exemption for “clean vehicles”, i.e. vehicles equipped to run, exclusively or not, on electricity, natural gas (NGV), liquefied petroleum gas (LPG) or E85 petrol. Since 1 January 2020, the legislator has instituted an automatic exemption for vehicles powered solely by electricity, hydrogen or a combination of the two.

The circumstantial decrease in registrations recorded in 2020 (- 10.4% to 190 M€), was due mainly to the health crisis and lockdown periods. In 2021 levels returned to the average for 2017-2019 with income of 204.6 M€ representing 8.7% of operating revenue (excluding the European Eafnd fund).

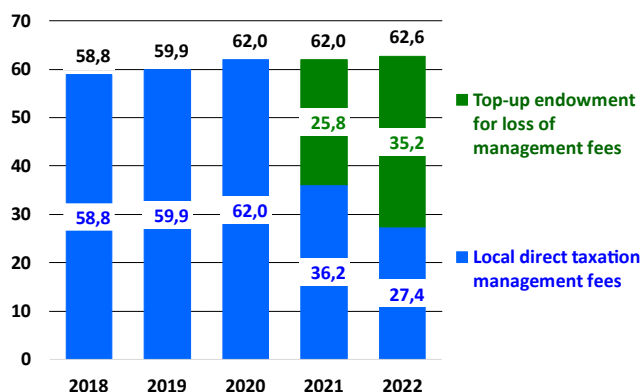
A drop in registrations and an acceleration of the greening process of the vehicle fleet (exempt), resulted in a **contraction of 14.8% of the revenue received in 2022, to €174.4 million.**

Moreover, the resources allocated to finance vocational training (in addition to the TICPE fractions mentioned below) include part of the **management fees** based on local taxation (business real estate contribution (CFE), CVAE and, formerly, a fraction of the residence tax (*taxe d'habitation*)). In practice, these management fees are collected and then paid back by the State, with a base effect indexed to these taxes.

Management fees, of an amount of 62 M€ in 2020, amount to only 36.2 M€ in 2021 due to the abolition of the portion relating to the residence tax (*taxe d'habitation*), offset by a State endowment in an amount of 25.8 M€.

This mechanism is repeated in 2022 with the abolition of the regional share of the contribution on the added value of companies (50% of the total CVAE product) and the reduction of the business property assessment (CFE) of industrial establishments (halving of the rental value).

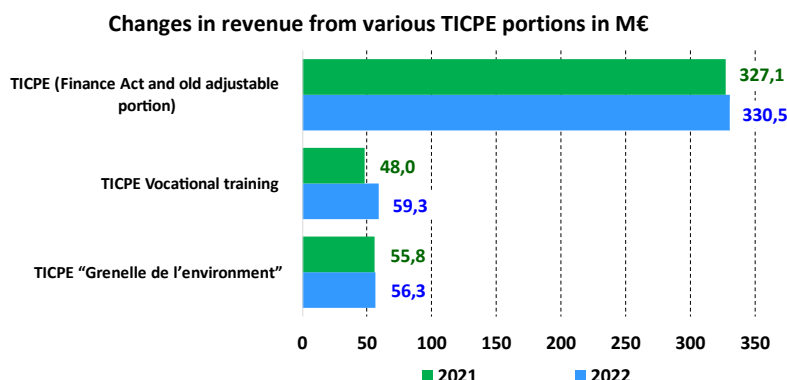
Evolution of the revenue relating to the costs of managing local taxation and the top-up allowance



Thus, the 2022 income from local tax management fees is reduced to €27.4 million but the top-up allowance is valued by the same amount with application of the residual base effect.

With the introduction of the various decentralisation laws, **régions receive several TICPE portions resulting from exercise of the top-up right and associated with the successive transfers of powers** (high school staff, health and social care training, CREPS, vocational training ...). This guaranteed amount is increased annually in finance law in order to integrate the financing of new charges transferred (work carried out by the Consultative Commission for the Evaluation of Charges - CCEC).

The regional elected representatives do not intervene in the definition of this tariff. The State shall adjust the portion allocated to the *Régions* in such a way that the top-up right is preserved. For the *Région Occitanie*, this duty amounts to €268.3 million in 2022 (a minimum amount slightly exceeded in 2022). As of 2017, the TICPE transferred also includes the tariff fraction corresponding to the old marginal modulation of about 1 cent per litre.



This fraction, consolidated in 2017 for reasons of incompatibility with Community law, evolves according to fuel consumption (estimated at nearly €58 million).

A complementary portion of TICPE contributes to the financing of vocational training, amounting to €59.3 million in 2022.

The latter was increased by €21.3 million in 2020 in connection with the withdrawal of the apprenticeship tax previously allocated to the *Régions* (recentralisation to France compétences) but which very partially participated in the financing of vocational training actions. In 2022, the increase of €11.4 million results from the reassessment of the salary scale for trainees in vocational training decided by the State (started in 2021 and financed in that year by State credits inserted in the Skills Investment Plan (PIC)).

Finally, the *Régions* have the option of increasing the TICPE tariff within the limit of 0.73 cents per litre of super (*about 0.5% of the overall cost for the consumer*) and 1.35 cents per litre of diesel (*about 0.7% of the overall cost for the consumer*), a revenue exclusively allocated to the financing of sustainable mobility infrastructure (rail or river) listed in the **"Grenelle de l'environnement"**.

This revenue does not result from a top-up right, it does not benefit from any guarantee mechanism and evolves according to fuel consumption. Thus, after the contraction observed in 2020 (in connection with the lockdown), this revenue gradually returned to its pre-crisis level with a perceived amount of €56.3 million in 2022.

Taken in consolidated fashion, TICPE represents the Region's second highest revenue with a total amount of 446.2 M€ in 2022 (389.9 M€ in operating revenue and 56.3 M€ for the capital section (Grenelle de l'environnement)).

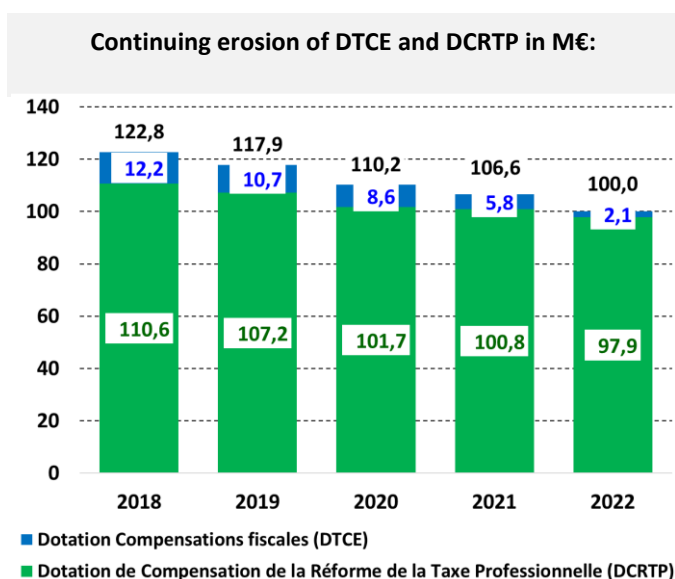
b) State endowments and financial support:

<i>In M€</i>	2018	2019	2020	2021	2022	Change 2021-2022
Professional tax reform compensatory endowment (DCRTP)	110.6	107.2	101.7	100.8	97.9	- 2.9
Local tax exemption compensation transfer endowment (DTCE)	12.2	10.7	8.6	5.8	2.1	- 3.7
Global decentralisation endowment (DGD)	38.7	39.1	39.1	39.1	39.2	+ 0.1
Economic support fund	23.0	2017 transitional measure paid over 2017/2018				
Plan 500 000 (jobseeker training scheme)	23.8	Replaced by the PIC				
Investment in Skills Plan (PIC)	17.5	106.7	64.9	112.2	82.1	- 30.1

Agreement with Employment Centre	6.5	9.0	8.6	18.5	+ 9.9	
Top-up funds, via the State Recovery Plan, for additional places opened in health and social care training from the 2021 new academic year			9.9	15.8	+ 5.8	
“Professional future” Law endowment + balance of apprentice premiums (linked to the apprenticeship financing reforms introduced in 2020)		13.3	13.3	13.3	-	
Apprenticeship support fund (consequence of the apprenticeship financing reforms introduced in 2020)		9.4	9.4	9.4	-	
Top-up allowance for loss of management fees from 2021, linked the abolition of the residence tax (TH) element			25.8	35.2	+ 9.4	
State compensation relating to the Le Cévenol railway line	4.5	4.5	4.5	4.5	-	
FCTVA (operation)				0.5	+ 0.5	
Total: State endowments and financial support	230.3	274.7	250.4	329.5	318.6	- 10.9

The various State endowments and financial support include (in the operating section) the following revenues:

- the **professional tax reform top-up allowance** (DCRTP) is one of the four revenues replacing former direct taxation, received since 2011, following the abolition of the professional tax.
- Since 2017, the DCRTP has been included in the variables used to adjust government grants. It has fallen steadily and, like the DTCE (**tax exemption compensation grant**), contributes to the adjustment of government financial assistance paid to the local public sector as a whole. The income received under the DCRTP in 2022 is €97.9 million, that of the DTCE, €2.1 million, an overall decrease of €6.6 million.



- related to the transfer of former powers, the **global decentralisation endowment** (*complementing the former DGF*) has been consistently stable at 39.2 M€.
- managed by the *Régions* on behalf of the State, the **Skills Investment Plan** (PIC) 2018-2022 aims to improve qualifications among young people and jobseekers. The State funding paid towards the PIC amplifies, in addition to the Région's own resources and the measures already in place, the fight against unemployment through the development of skills adapted to the needs of businesses.

The State loans received in 2022 amounted to €82.1 million and corresponded to 50% of the agreement. The reported decrease of €30.1 million results from the exceptionally high level of the 2021 agreement, which included a Youth component (inserted in the National Recovery Plan) as well as the credits relating to the upgrading of the remuneration of trainees in vocational training initiated by the State (credits inserted in the TICPE Vocational Training fraction from 2022 and mentioned above),

- the **Agreement established with Pôle Emploi** participates in the financing of training actions for jobseekers. This framework agreement formalised in 2019 and renewed in 2021 for the period 2021/2023, organises a partnership based on actions and funding (Pôle emploi focuses on the management of individual actions when the Region intervenes on the management of collective training).

The contribution paid in 2022 amounted to €18.5 million (€8.6 million in 2020), consistent with the expenses incurred and the terms of payment (staggering).

- as part of the State's France Recovery Plan, it was decided, in light of the requirements expressed on the ground following the health crisis, **to increase the number of health and social care training places** as

from the beginning of the 2021 academic year. After a seed allocation in 2021 (€9.9 million in State credits), €15.8 million was received by the Région Occitanie in 2022,

- pursuant to the law dated 5 September 2018, the State recentralised the financing of apprenticeships. Since 2020, the *Régions* no longer collect the apprenticeship tax (51% of the total revenue) as well as the fractions of TICPE previously allocated for this purpose.

However, the apprenticeship tax contributed, in part and historically, towards the financing of vocational training. Accordingly, the 2020 Finance Act granted financial compensation in an amount of €31.2 million to Occitanie, comprising a TICPE portion as previously referred to (€21.3 million) and a frozen endowment of €9.9 million. This latter amount is increased by €3.4 million, a remainder of bonuses paid to employers of apprentices, resulting in a stabilised total of €13.3 million,

- furthermore, associated with the transfer of apprenticeship powers to the professional sector, a support fund is paid to the *Régions* by France Compétences to contribute towards the financing of various apprentice training Centres (CFA) where justified by regional planning and economic development needs. The amount allocated to Occitanie is €9.4 million,
- as part of the financing of vocational training, the Region receives fractions of TICPE, an endowment and local tax management fees, paid by the State (mentioned above). However, with regard to the latter, the abolition of the residence tax and then of the regional share of the CVAE and the reduction in the CFE of industrial establishments, gave rise to the payment of a **top-up allowance** equivalent to the loss of revenue. Amounting to €25.8 million in 2021, it amounted to €35.2 million in 2022, in line with the timetable for the implementation of tax reforms and the corresponding reduction in the management fees received. It's important to note that this change increases the inertia of this funding, as a tax base effect disappears in favor of a set funding allocation, which could potentially be subject to future reductions.
- the funding provided by the State also includes a top-up payment in an amount of €4.5 million associated with the takeover by the Region of responsibility for **operating the Cévenol railway line** (Clermont-Ferrand - Nîmes) with the aim of securing the long-term future of this link (trains for territorial cohesion). This commitment was formalised by an agreement whose renewal for future years remains to be confirmed,
- FCTVA (€0.5 million, for maintenance expenditure on public buildings).

c) Other operating revenue:

<i>In M€</i>	2018	2019	2020	2021	2022	Change 2021-2022
Additional compensation for certain <i>départements</i> (transfer of transport powers)	60.8	60.8	60.8	60.8	60.8	-
Contribution by the State and the <i>départements</i> to the purchasing of facemasks	-	-	9.1	-	-	-
Family contributions (catering and accommodation costs)	16.0	15.7	10.0	12.0	14.1	+ 2.1
Operating revenue (exercise of road transport powers)	17.3	16.9	16.5	14.1	17.0	+ 2.9
Reversal of provisions	16.3	1.8	1.0	8.9	8.9	-
Miscellaneous operating revenue (from operations, fees, contributions, financial, and other income)	27.0	39.4	45.3	46.0	47.6	+ 1.6
Total: Other operating revenue	137.4	134.6	142.7	141.7	148.4	+ 6.7

- the transfer decided by the State of school and interurban transport powers in 2017 was financed by the granting of 25 CVAE points to the Région. For most *Départements*, the corresponding revenue does not cover all new expenditure and attracts an award of compensation. Having moved to a full-year basis (2018) as well as transferring the wage bill associated with integrating staff as from 1 January 2018, the value of the amount received is henceforth frozen at 60.8M€,

- the health crisis and the lockdown periods affected operating revenues received by the Région, including primarily families' contributions to school boarding and catering expenses. After a decrease of €5.7 million recorded in 2020, partially restored in 2021 to €12 million, it returns to its normal level in 2022 (€14.1 million).

Concerning school and interurban transport, the fall in 2021 (-€2.4 million) is also the result of the health situation plus the free transport measures introduced for school buses. In 2022, these free measures continue to produce their effects. On the other hand, in terms of interurban road transport, the end of the delegation granted to the Department of Haute-Garonne, which took place on 1 January 2022, as well as the increase in the number of "post-COVID" travellers, resulted in an increase in revenue (€17 million on a consolidated basis),

- in accordance with accounting fair presentation and prudence rules, the Région recognises any probable financial loss, associated with an identified risk, by posting provisions (unpaid expense). If the risk disappears (for example, favourable judgment in litigation proceedings), a provision reversal is entered and an income (not collected) item is recognised. In 2022, reversal of provisions amounted to €8.9 million linked to old litigation and disputes where appeals were closed or petitions rejected (€7.2 million of which €4.3 million are for the litigation related to the construction at the Gallieni high school) and old bad debts associated with the execution of reorganisation plans or the extinguishment or cancellation of the debt (€1.7 million),
- other operating revenue remained relatively stable at 47.6 M€. In general, these are the participations of third parties, by way of example:
 - ✓ an exceptional contribution from the State (€1 million) in connection with the establishment of the regional CSRIT (Computer Security Incident Response Team) or the last year of participation in the financing of competitiveness clusters (€0.79 million),
 - ✓ the balance of local authorities' contributions to the "L'Occal" scheme (€4.9 million), inserted in the Emergency Plan,
 - ✓ royalties (€4.7 million),
 - ✓ compensation (settlement agreement related to work carried out at the Lycée Victor Hugo in Lunel for €1.94 million, etc.),
 - ✓ repayments (in particular on salaries and expenses up to €3 million),
 - ✓ dividends received (€5.1 million including €3.8 million for IRDI, capital investment funds),
 - ✓ miscellaneous revenue including €1.32 million paid by major energy companies as part of the SARE programme (programme facilitating energy saving certificates supported by ADEME).

The Région: European funds managing authority

Since 2014, the Région has been the managing authority for European funds mobilised in the region instead and in place of the State and on behalf of the European Commission. It manages €918 million of the European regional development fund (ERDF), €203 million of the ESF-YEI (European Social Fund - Youth Employment Initiative) for the period 2014-2020 allocated between the operating programmes (OPs) for Languedoc-Roussillon, Midi-Pyrénées and Garonne. This significant amount from the Cohesion Policy also includes the ERDF European funds facilitated under the Pyrenees Interregional Operational Programme (IOP).



Within the framework of the European Recovery Plan ("Next Generation EU"), following the health crisis, the 2014-2020 ERDF OP was increased (nearly €200 million in Occitanie) within the framework of the initiative entitled react EU (actions in favour of the energy, digital transition and support for SMEs).

In addition, there are €2,089 million from EAFRD (European Agricultural Fund for Rural Development, inserted in the 2nd pillar of the Common Agricultural Policy - CAP) and EMFF (European Maritime and Fisheries Fund) associated with the Common Fisheries Policy.

For all programming, this represents a financial envelope of €3 billion. In addition, specific funds are earmarked for technical assistance intended to support the operational implementation of these programmes. In practice, the operational implementation of this programme is prolonged and gave rise, in 2022, to expenditure and revenue collection.

Regarding the 2021-2027 Operational Programme, the financial envelope allocated to Occitanie amounts to €829 million (€666 million from the ERDF and €163 million from the ESF+). In 2022, the funds collected fall exclusively under the 2021 and 2022 pre-financing.

d) European funds managing authority (operating):

<i>In M€</i>	2018	2019	2020	2021	2022	Change 2021-2022
European funds ESF, ERDF and technical assistance	19.6	21.9	30.3	19.6	40.6	+ 21.0
European fund EAFRD	275.5	236.5	219.4	217.3	216.7	- 0.6
Technical assistance (managing authority)	<i>Incorporated in the Operating Programmes</i>		6.8	12.2	12.0	- 0.2
Total: European funds managing authority (operating)	295.0	258.4	256.6	249.2	269.3	+ 20.2

The European funds falling within programmes under regional responsibility are entered in the Région's Budget. They are paid by the European Commission at the request of the Région and on presentation of expenditure actually incurred and certified by the certifying authority (DRFIP).

Across all programmes, the exercise of management authority only slightly impacts on financial balances since revenues are merely the counterbalance of equivalent expenditure. However, in terms of the ERDF and ESF, a certain time lag may exist between receipt of revenue and actual outlay of the expenditure.

The payments received by the Region in 2022, under the European Social Fund and the European Youth Initiative correspond to the payment of annual pre-financing (€2.6 million for the 2014-2020 generation and €2.45 million for the 2021-2027 generation), to the three annual calls for funds (€35.45 million).

As regards the EAFRD (€216.7 million), this revenue corresponds to the cumulative amount of funds called for during the financial year by the service and payment agency (Agence de Service et de Paiement (ASP)), based on the expenses disbursed. The ASP is the entity appointed to settle the expenses of the European agricultural funds under the common agricultural policy (CAP) and to conduct controls.

In 2022, €269.3 million was made from European funds in operation.

The very significant financial sums that EAFRD involves is a particular feature of the Région Occitanie, in particular in the operating section. It relates, to a large extent, to the natural disadvantages compensatory indemnity (ICHN) (financial compensation to correct income disparities persisting between operators located in mountain areas and those in the rest of the territory). In order to remain objective, and since régions manage the accounts for this fund in different ways, any comparative analysis, in terms of expenditure and revenue, must neutralise these payment flows.

Since 1 July 2020, the European commission has relaxed the rules relating to the identification of expenses eligible for European **Operating Programme technical assistance**. Its amount results from the application of a flat rate of 4% on certified expenditure (instead of the actual costs as was previously practised). In 2022, this amounted to €12 million (€1 million under the ESF and YEI, €4.47 million for the ERDF (including its REACT-EU component) and €6.5 million for the EAFRD).

2. Capital revenue (excl. borrowing and long-term revolving facilities - CLTR): 512.1 M€

a) Investment income excluding European funds:

<i>In M€</i>	2018	2019	2020	2021	2022	Change 2021-2022
TICPE Grenelle	58.6	58.1	50.9	55.8	56.3	+ 0.5
VAT compensation fund (FCTVA)	64.5	49.6	54.3	65.9	66.6	+ 0.7
Regional schools equipment endowment (DRES)	39.9	39.9	39.9	39.9	39.9	-
Apprentice training centre (CFA) investment fund	-	-	9.2	9.2	9.2	-
Repayable advances	18.3	18.3	17.8	16.3	17.3	+ 1.0
Allocations Recovery plan (DRI, DSIL, etc.)	-	-	-	11.7	41.1	+ 29.4
Miscellaneous capital revenue (equity stakes):	23.8	35.4	25.9	56.1	30.2	- 25.9
Total: investment revenues excluding European funds	205.2	201.3	198.0	254.9	260.6	+ 5.7

- the regional schools equipment endowment (DRES) is frozen in value, its amount being maintained at historic 2008 levels,
- the very significant increase in regional investment in 2020 and in particular works conducted as regional contracting authority (to form part of the authority's assets, such as high schools or port infrastructure) resulted, in 2021, in the VAT compensation fund jumping to 65.9 M€, an increase of 11.6 M€ (partial refund of VAT paid: 16.404%, since the authority cannot recover this amount through taxation). This high level of investment continued in 2021 and resulted in a stabilisation of the revenue received under the 2022 FCTVA (+ €0.7 million to €66.6 million). The (technical) fall recorded in 2019 was the result of the implementation of advance and interim payment made to third parties,
- Régions are entitled to an uplift of the TICPE portion charged to their territory (capped at 0.0073 € per litre of petrol and 0.0135 € per litre of diesel). This capital revenue, known as TICPE *Grenelle*, is applied towards the financing of rail or river transport infrastructure. Unlike the other TICPE portions, Grenelle does not derive from the exercise of a right to compensation, but rather income trends are linked to annual fluctuations in fuel consumption. As a result of the health crisis and lockdown periods, this revenue has fallen by 12.4% in 2020 before being partially restored in 2021 to €55.8 million, slightly higher in 2022 at €56.3 million (+€0.5 million),
- repayable advances are used by the Région as a financial tool for economic development. Essentially zero-rate, beneficiaries make regular repayments after a deferral period. The 2022 revenue amounted to €17.3 million, up slightly compared to 2021. This positive development is due to the initiation of repayments relating to repayable advances granted under the "L'Occal" scheme (Emergency Plan), the repayment of amounts paid following the abandonment of certain projects and finally, the repayment of advances paid to certain PRAEs (Regional Parks for Economic Activities),
- following on from the recentralisation of apprenticeship powers towards the professional sector in 2020, a stable revenue source in the form of the capital element of the apprentice training centre (CFA) support fund is paid to the Régions by France Compétences (in addition to the operating element). The amount allocated to Occitanie is stable at €9.2 million,
- as part of the extension to the *régions* of the State Recovery Plan, and in very partial compensation for the loss of revenue due to the economic and health crisis, occasional capital funding is allocated to the *régions* to help finance operations clearly satisfying the Recovery Plan criteria.

This includes the DRI (regional investment endowment) intended for public building thermic renovation and sustainable mobility projects) and the exceptional DSIL (local investment support endowment), structurally designed for projects financed by the commune sector), to benefit ecological transition and health resilience. After €11.7 million received in 2021, 2022 saw a sharp increase in the amount of State participation, in line with the logic of the Recovery Plan, which implies a rapid implementation of eligible

projects. The DRI received in 2022 amounted to €41.1 million, half of which concerned the work carried out for the development of the port of Port-la-Nouvelle.

- other capital revenue essentially comprises contributions by third parties to the financing of capital investments for which the Région is the contracting authority (maritime port and airport infrastructure, university real estate, cultural sites, mixed school facilities (CSM),...). The total amount of this income for 2022 is estimated to be €30.2 million. As a reminder, the year 2021 was marked by exceptional perceptions (European subsidy under Corridor H2, repayments relating to the Foster and Jérémy funds or participation of the ADEME (Ecological Transition Agency) in respect of the hydrogen train).

The most significant miscellaneous investment revenues in 2022 relate to:

- ✓ certain operations in the education sector benefited from co-financing under the Recovery Plan under the "Excellence Boarding School and Digital Development" scheme for €1.1 million,
- ✓ State support (via the FNADT (*Fonds National d'Aménagement et de Développement du Territoire*) (National Regional Planning and Development Fund) and the national sports agency) for the work undertaken on the Toulouse and Font-Romeu CREPSs to the tune of €1.75 million,
- ✓ the participation of the departmental authorities in the work undertaken by the Region in the school cities: 2.7 M€,
- ✓ the participation of the State within the framework of the CPER (State-Region plan contracts) in work on university real estate: 1.4 M€,
- ✓ a one-off contribution by ADEME (€5 million) towards the hydrogen train project, 3 M€,
- ✓ the contribution of the Banque des Territoires (Caisse des dépôts et Consignations) under the "Small towns of tomorrow" programme: 1.3 M€.

The Région also receives other revenues of more modest amounts such as the proceeds of disposals, miscellaneous repayments and multiple contributions such as that of EDF (Golfech Protocol for

€1.96 million) and the Centre National du Cinéma (€0.65 million).

b) European funds managing authority (capital):

<i>In M€</i>	2018	2019	2020	2021	2022	Change 2021-2022
European fund ERDF and others	56.3	115.9	109.9	104.9	127.4	+ 22.5
European fund REACT EU (European recovery plan)	-	-	-	25.8	53.7	+ 27.9
European funds EAFRD/EMFF	94.2	117.2	80.6	120.7	70.0	- 50.7
Total European funds (capital)	150.5	233.1	190.5	251.4	251.1	- 0.3

The European funds managing authority payments received remain significant in 2022 (€181.1 million: €127.4 million under the ERDF - Cohesion Policy and €53.7 million for react EU). These constitute interim payments resulting from calls for funds made by the Région based on duly evidenced expenditure, and pre-financing calculated for the entire programming period and paid in tranches.

1/ ERDF:

2022 is the penultimate programming year for the 2014-2020 generation. It is therefore normal to see an increase in revenues correlated with the rise in eligible expenditure. The amount of €127.4 million breaks down as follows:

- €21.95 million in annual pre-financing: €11.96 million for the 2014-2020 generation and €10 million for the 2021-2027 generation,
- €102.57 million corresponding to the three calls for funds made to the European Commission,
- €2.46 million result from the call for funds relating to the Pyrenees Interregional Operational Programme (POI),
- €0.55 million related to subsidy repayments, in particular following deprogramming.

2/ REACT EU:

In dealing with the health and economic crisis, the European Union has implemented a recovery plan entitled “Next Generation EU” bestowed with €750 billion: €360 billion in loans and €312.5 billion in State subsidies in addition to €77.5 billion in various forms of aid including €47 billion paid via the REACT EU scheme. In concrete terms, the latter boosts European funding earmarked for cohesion policy (“bridge” between the 2014-2020 and 2021-2027 programmes) based around four strategic aims:

- contribute towards energy transition by restricting greenhouse gas emissions,
- contribute towards digital transition by promoting the use of digital in education, higher education and training (for example in Occitanie: LoRdi scheme, digital books, equipping educational establishments with Wi-Fi ...),
- supporting SME, employment and relaunching the tourism sector,
- preventing health crises by improving health amenities and research.

For Occitanie, a total of €199 million is potentially available. After a payment of €25.8 million in 2021, the amount of the “REACT-EU” ERDF 2022 amounted to €53.7 million. It breaks down as follows:

- €6.35 million for annual pre-financing,
- €47.39 million derives from the three calls for funds made to the European Commission.

Pursuant to the accounting instruction dated 11 February 2015, European Eafrd fund revenue is applied in full towards the financing of expenditure settled by the Agence de Service et de Paiement (ASP), of financial flows perfectly balanced in terms of expenditure/revenue. This fund forms part of rural development policy and is the second pillar under the common agricultural policy (CAP).

In 2022, the amount paid under the EAFRD was €67.9 million and that of the European Maritime and Fisheries Fund (EMFF) was €2.1 million.

2022 financial balances and the financial position

Gross operating surplus (or gross internal financing) is a key management metric in assessing a local authority’s main equilibria and financial position. It is determined as the annual surplus of actual operating revenue over operating expenditure. In accordance with local government financing rules, gross operating surplus is applied in priority towards financing the repayment of debt principal. Net savings are an own resource dedicated to financing regional investments.

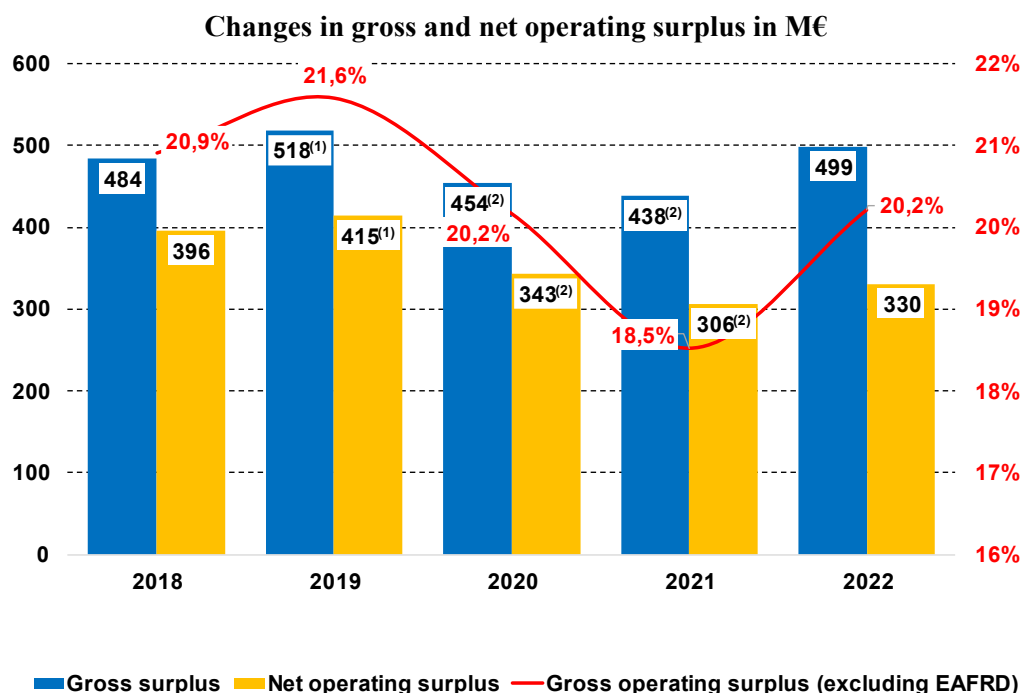
Indeed, by a trend and volume analysis of net and gross internal financing, it is possible to assess the Région’s structural capacity to honour its commitments and finance a significant portion of its investments using its own resources.

Formation of operating surplus in M€	2018	2019	2020	2021	2022	Change 2021-2022
Operating revenue	2,588.6	2,636.3	2,469.1	2,582.6	2,684.8	+ 102.2
Operating expenditure excluding interest on debt ⁽¹⁾	2,073.9	2,086.8	1,982.3 ⁽¹⁾	2,110.8 ⁽¹⁾	2,143.8	+ 33.0 ⁽²⁾
Operating surplus (ordinary gross surplus) ⁽¹⁾	514.7	549.5	486.7⁽¹⁾	471.8⁽¹⁾	541.0	+ 69.2⁽²⁾
Interest on debt	31.0	31.6	33.1	33.7	42.1	+ 8.4
Gross operating surplus ⁽¹⁾	483.7	517.9	453.7⁽¹⁾	438.1⁽¹⁾	498.9	+ 60.8⁽²⁾
Gross operating surplus rate (excluding European fund Eafrd) ⁽¹⁾	20.9%	21.6%	20.2% ⁽¹⁾	18.5% ⁽¹⁾	20.2%	+1.7 points ⁽²⁾
Repayment of debt principal	87.6	90.1	97.4	118.9	155.1	+ 36.2
Bonds provisions		13.3	13.3	13.3	13.3	-
Net operating surplus ⁽¹⁾	396.1	414.5	343.0⁽¹⁾	305.9⁽¹⁾	330.5	+ 24.6⁽²⁾

⁽¹⁾ adjusted in 2020 in an amount of 34.8 M€ and 9.64 M€ in 2021 under the mechanism for staggering extraordinary expenditure relating to the COVID-19 crisis, in accordance with the governmental circular dated 24 August 2020,

⁽²⁾ including 25.2 M€ related to the decrease in the amount of extraordinary expenditure restated in respect of Covid-19.

The year 2022 is characterised by a replenishment of self-financing (+13.9% for gross savings).



(1) Isolated over-financing due to the arrangements for implementing the investment in skills plan (PIC),

(2) Impact of the emergency plans, of the circumstantial loss of tax and operating revenue, the reversal in the flow of expenditure/revenue associated with the Skill Investment Plan (PIC), mitigated by the implementation of the COVID-19 extraordinary expense staggering mechanism (24 August 2020 circular),

Financing of regional investment in M€

Regional investment (excluding repayment of debt principal), is financed by:

- net operating surplus generated by the operating section (gross operating surplus, having deducted debt principal repayments),
- own capital resources (endowments and other contributions, European funds,...),
- external financing: bank loans and/or bond issues,
- - potential reduction of working capital fund (past surpluses).

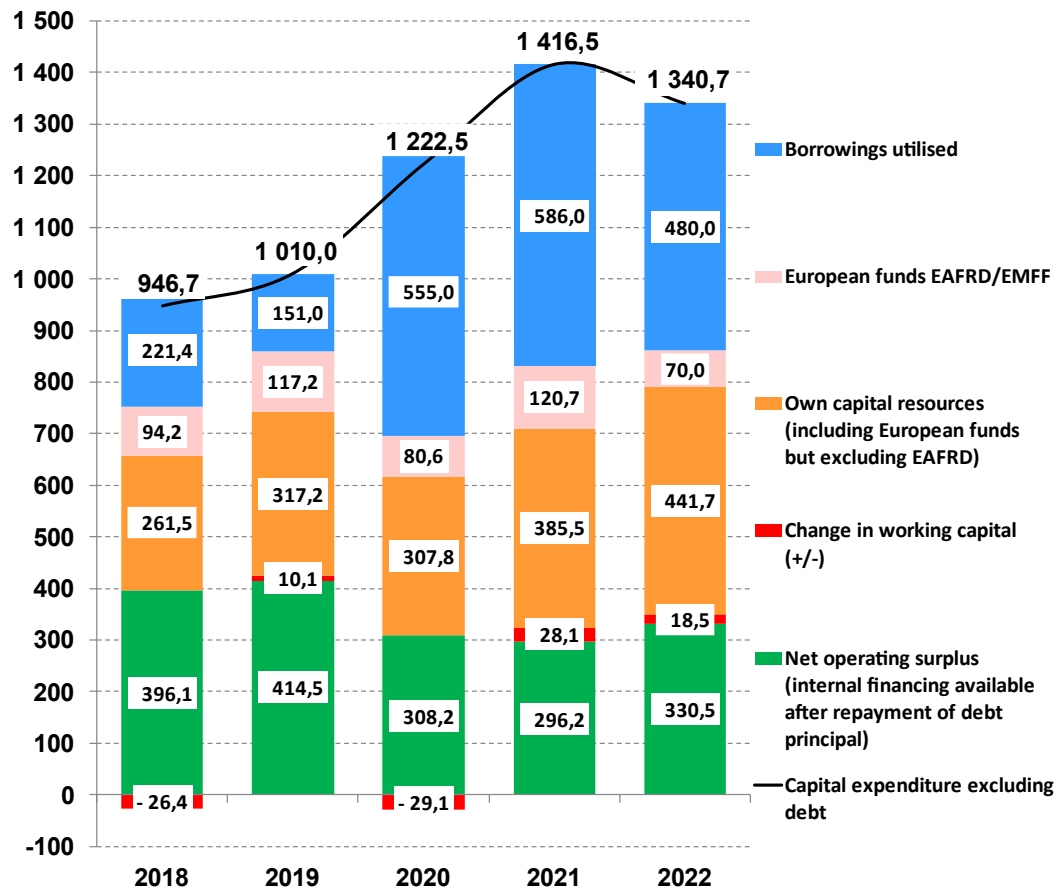
USES	-	2018	2019	2020	2021	2022
	Capital expenditure excluding debt	946.7	1,010.0	1,222.4	1,416.5	1,340.7
	Increase of working capital fund ⁽¹⁾	26.4		29.1		

SOURCES	-	2018	2019	2020	2021	2022
	Net surplus (<i>net internal financing</i>) ⁽²⁾	396.1	414.5	308.1 ⁽²⁾	296.2 ⁽²⁾	330.5
	Own capital revenue	355.7	434.4	388.4	506.2	511.7
	New borrowings	221.4	151.0	555.0	586.0	480.0
	Decrease of working capital fund ⁽¹⁾		10.1		28.1	18.5

(1) The decrease in the working capital fund is an additional source of funds derived from surpluses generated in previous years. Conversely, a positive working capital fund is a use of funds by placing surpluses in reserve,

(2) Excluding restatement relating to the mechanism for staggering extraordinary Covid-19 expenditure in 2020 and 2021.

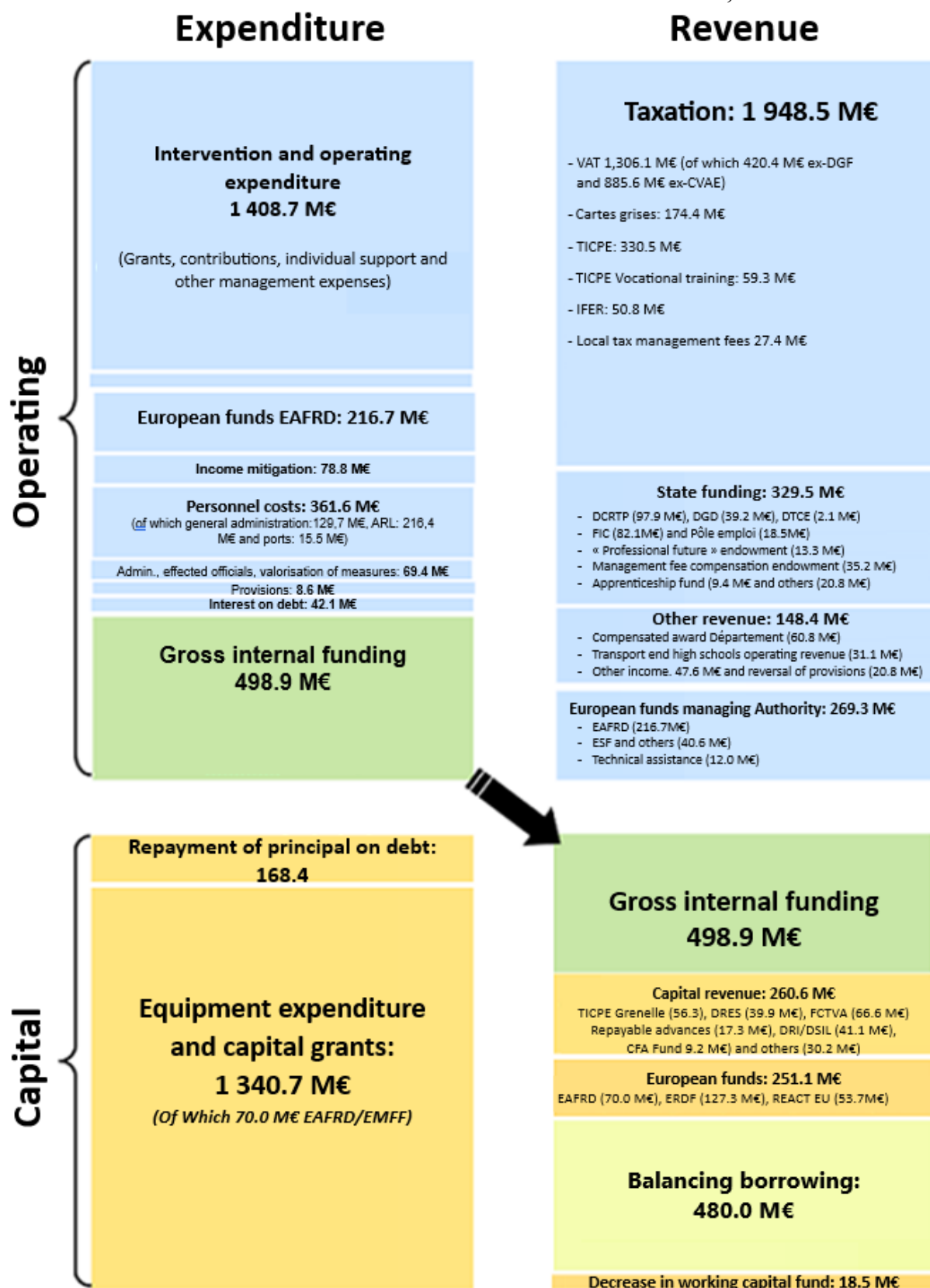
Changes in and structure of investment financing excluding debt in M€



The Région continued in 2022 its huge efforts in terms of investment to provide the region with the infrastructure and equipment necessary for its development thereby helping to sustain activity and employment (in particular in the public works and building sector). In financial terms, the **consolidation of own resources** (net savings and investment income) **reduced borrowing by 18%** (a decrease of €106 million).

In accordance with the financial strategy presented during the budgetary policy debates, this trend is intended to continue in the coming years in order to **sustainably consolidate the rate of coverage of investment expenditure by own resources** (64.2% in 2022).

2022 Administrative Account financial balances: 3,695 Bn €



Debt: efficient and prudent management intended to finance the regional investment effort

On a consistent basis, the financial strategy pursued by the Région Occitanie consists of ensuring majority financing of its investments from its own resources. The health and then economic crisis gave rise to significant needs partly financed by a more significant recourse to borrowing. These needs stem from:

- ✓ the enhanced implementation of the Regional Investment Plan,
- ✓ the impacts of the health crisis: lower revenues, exceptional emergency expenditure, recovery and support for economic activity (in particular construction) in the face of the crisis.

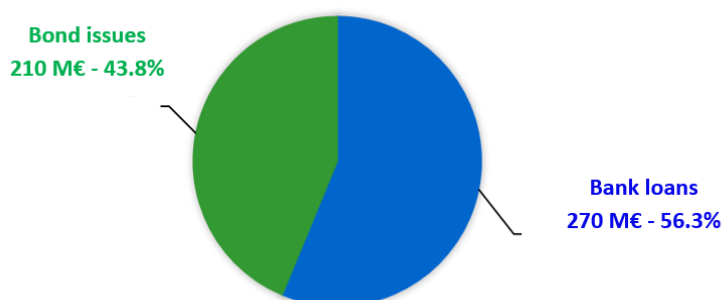
The borrowing authorisation recorded in the 2022 Initial Budget was €639.3 million. The expenditure and revenue achievement rates mentioned above resulted in a 2022 financing requirement of €480 million, or 75.1% of the authorisation entered in the budget.

Thus, after the 2022 contractual repayment of €155.1 million, the outstanding debt reached €3,238.1 million. Excluding the amounts provisioned (set aside) over four years from the 2018 bond issue (€200 million, distributed at 1/15th per year), the outstanding balance at the end of 2022 stands at €3,184.7 million. Expressed in euros per capita, regional debt represents €533.1 (net of provisioned amounts).

Like in 2020/2021, financing raised in 2022, in an amount of €480 million, involved a wide panel of financial partners, consistent with the Region's **strategy to diversify and secure its financing**. Requests were made as follows:

- financial institutions for bank loans: the European Investment Bank (EIB for €110 million) as part of an envelope allocated to the financing of port infrastructures (development of Port-La Nouvelle, the port of the energy transition) as well as several commercial banks selected as part of a broad consultation organized by the Region: Société Générale (€80 million), Crédit Agricole (€30 million), Crédit coopératif (€30 million) and Banque Postale (€20 million),
- investors present on the financial markets via bond issues, up to €210 million over different maturities of between 10 and 20 years (EMTN programme established at the plenary meeting of 16 July 2021). Like other major regional governments, this programme enables the Région Occitanie periodically, flexibly and with agility, to tap the capital markets, to raise funds in amounts and with redemption maturities that suit its requirements, at fixed interest rates: OAT (*obligation assimilable du Trésor*: predictable cost linked to French sovereign debt) plus a "spread" (risk premium linked in part to the issuer's financial rating).

The loan agreements made for the year 2022 are broken down as follows and under the conditions set out below:



		Amount	Interest rate	Term (years)	Maturity	Type
Bank loans (amortisable)	European Investment Bank (EIB – Port-La Nouvelle Funds)	€110,000,000	1.17%	30	30	Fixed
	Société Générale	€50,000,000	0.66%	20	20	Fixed
	Crédit coopératif	€30,000,000	0.97%	20	20	Fixed
	La Banque Postale	€10,000,000	1.33%	15	15	Fixed
	La Banque Postale	€10,000,000	1.40%	20	20	Fixed
	Société Générale ⁽¹⁾	€30,000,000	E3M Floored + 0.43%	15	15	Floating
	Crédit Agricole ⁽¹⁾	€30,000,000	E3M Floored + 1.055% then fixed rate 2.10% at 1 January 2032	15	15	Floating then fixed
Bond issues	Bond issue (OAT ⁽²⁾ + 31 bp)	€30,000,000	1.109%	13	13	Fixed
	Bond issue (OAT ⁽²⁾ + 34.5 bp)	€20,000,000	1.073%	10	10	Fixed
	Bond issue (OAT ⁽²⁾ + 25 bp)	€30,000,000	1.198%	14	14	Fixed
	Bond issue (OAT ⁽²⁾ + 25 bp)	€30,000,000	1.229%	16	16	Fixed
	Bond issue (OAT ⁽²⁾ + 25 bp)	€30,000,000	1.238%	17	17	Fixed
	Bond issue (OAT ⁽²⁾ + 25 bp)	€40,000,000	1.282%	18	18	Fixed
	Bond issue (OAT ⁽²⁾ + 24.5 bp)	€30,000,000	1.339%	20	20	Fixed
	Borrowings utilised 2022:	€480,000,000	1.2%⁽¹⁾	20 years		

⁽¹⁾ For the two floating-rate contracts, the average E3M rate for the year 2022 is used to calculate the weighted overall average rate.

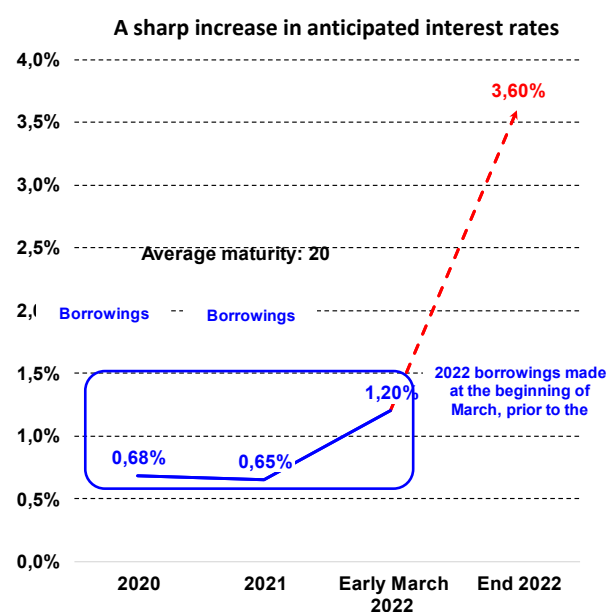
⁽²⁾ (Obligation Assimilable du Trésor (French treasury bond): sovereign debt interest rate, namely the secure benchmark rate at which the State borrows for identical maturities on the capital markets). To this secure rate a “spread” is added (risk premium specific to each issuer and each transaction, consistent with the issuer’s financial position (financial rating) and market conditions. The “risk premium” attached to transactions executed by the **Région Occitanie is amongst the lowest in the local public sector.**

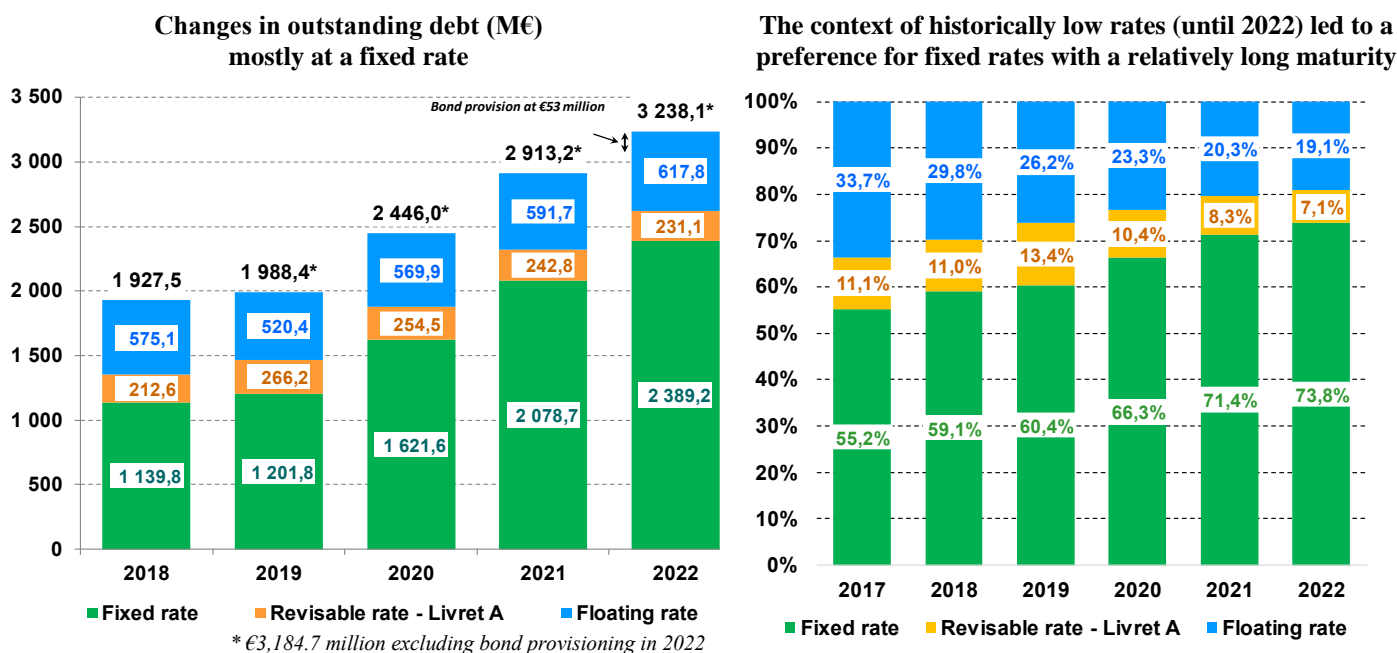
The accommodative monetary policy put in place by the European Central Bank (ECB), particularly in 2020 and 2021, has made it possible to benefit from historically low rates. In addition, the quality of the financial signature of the Région Occitanie has consolidated this trend, particularly in terms of bond issues.

In 2022, in order to combat inflation, the European Central Bank rapidly tightened its monetary policy. This resulted in a significant increase in interest rates, close to 3 points.

This development was anticipated by the Region, which proceeded, from the first two months of the year, to the contractualization of bank and bond financing (fundraising on the financial markets) covering the entire estimated need for the year 2022.

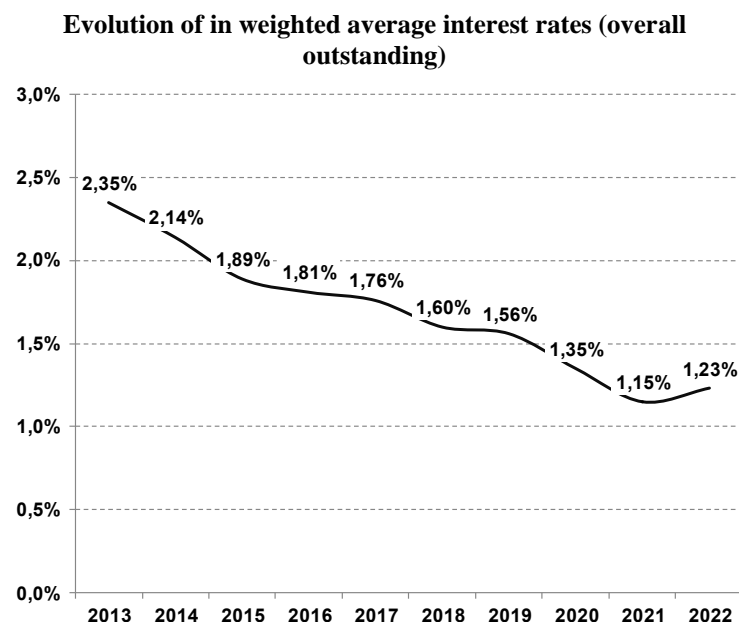
This rapid action will have made it possible to limit the financial expenses inherent in these operations to the strict minimum over the medium term (1.2% over an average maturity of 20 years against 3.6% under the financial conditions observed at the end of 2022).





In a context of historically low rates, until the beginning of 2022, the Région Occitanie **favoured the securing of bank and bond financing at fixed rates, over relatively long maturities**. This strategy, implemented since 2016, resulted in a continuous and significant increase in the fixed-rate relative share (73.8% at the end of 2022).

The floating-rate relative share made it possible, despite its sharp decline (19.1% in 2022), to secure under contract the average interest rate for several years (negative monetary rates and/or rate zero where “floored”). A very minority fraction (7.1%) is indexed to the rate of *Livret A*, the financing taken out with the Caisse des dépôts et consignations.

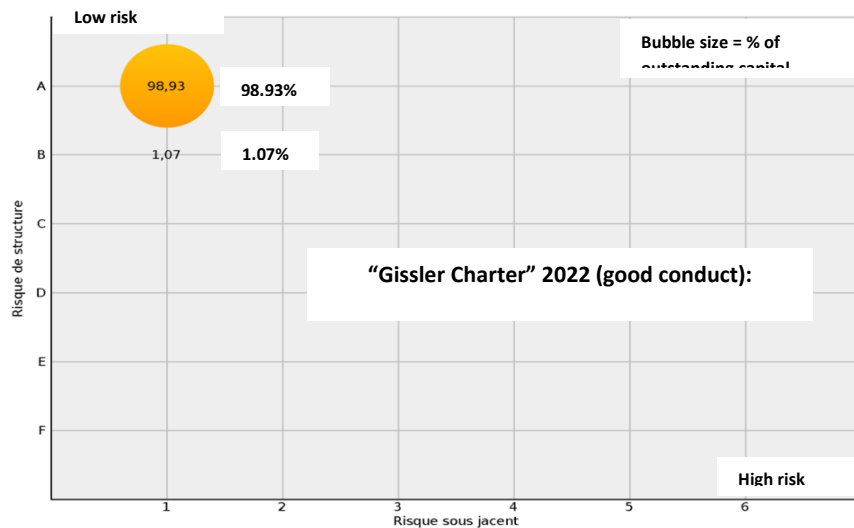


The accommodative policies pursued by the European Central Bank (ECB) has contributed to the maintenance of low interest rates for several years. This favourable context, combined with active debt management, resulted in a steady decline in the **weighted average rate (overall outstanding amount)**. Fixed-rate financing was preferred, with a diversification of maturities.

This favourable long-term development is the result of the gradual repayment of old loans taken out at higher fixed interest rates, as well as new fixed-rate financing (0.66% in 2020 and 2021 and close to 1% in 2022, banks and bonds).

This favourable trend was slightly offset in 2022 by the two increases in the Livret A rate (from 0.5% to 1% in February, then 2% from August) as well as by the increase in short rates to which the variable rates are indexed (19.1% of the outstanding amount, a relative share that has been steadily decreasing since 2016). However, the average interest rate for the 2022 financial year is 1.23%, a level lower than that observed for all local authorities (2.01%). The average term of outstanding debt is 11.5 years at the end of 2022.

The Region scrupulously respects the framework provided by the regulations resulting from the so-called “Gissler” charter signed between the various banking actors and the associations of elected officials after the financial crisis of 2008.



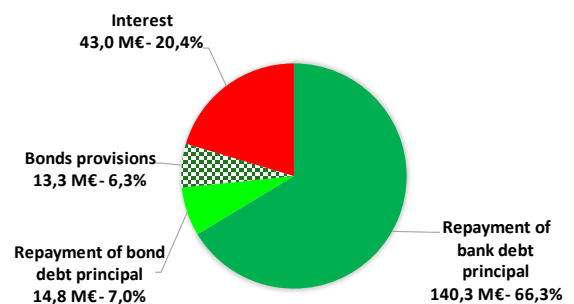
This standardised classification enables verification of the complete absence of potentially toxic structured products (linked to complex indices without hedging protection). The risk matrix classifies products by the associated risk on a scale (1 to 5) and by the risk associated with the product structure (A to E). In the case of Région Occitanie this absence of structured products is confirmed by the fact that all of its financings are level 1 in the risk scale defined in the charter.

The regional debt stock is fully secured, positioned almost exclusively on type 1A indices representing the minimum risk on the classification scale (98.9% of unstructured products at the end of 2022). Structured but extremely low risk outstandings constitute only 1.1% of regional debt.

- Debt service 2022:

Debt service (principal and interest) amounted to €211.5 million in 2022, including €13.3 million by way of provisioning relating to the bond issue made in 2018 (prudential mechanism in line with the recommendations of the Court of Audit designed to budgetarily “smooth” final repayment over 15 years). Annual debt payments constitute a mandatory expense financed by own resources (mandatory “golden rule” imposed upon local authorities).

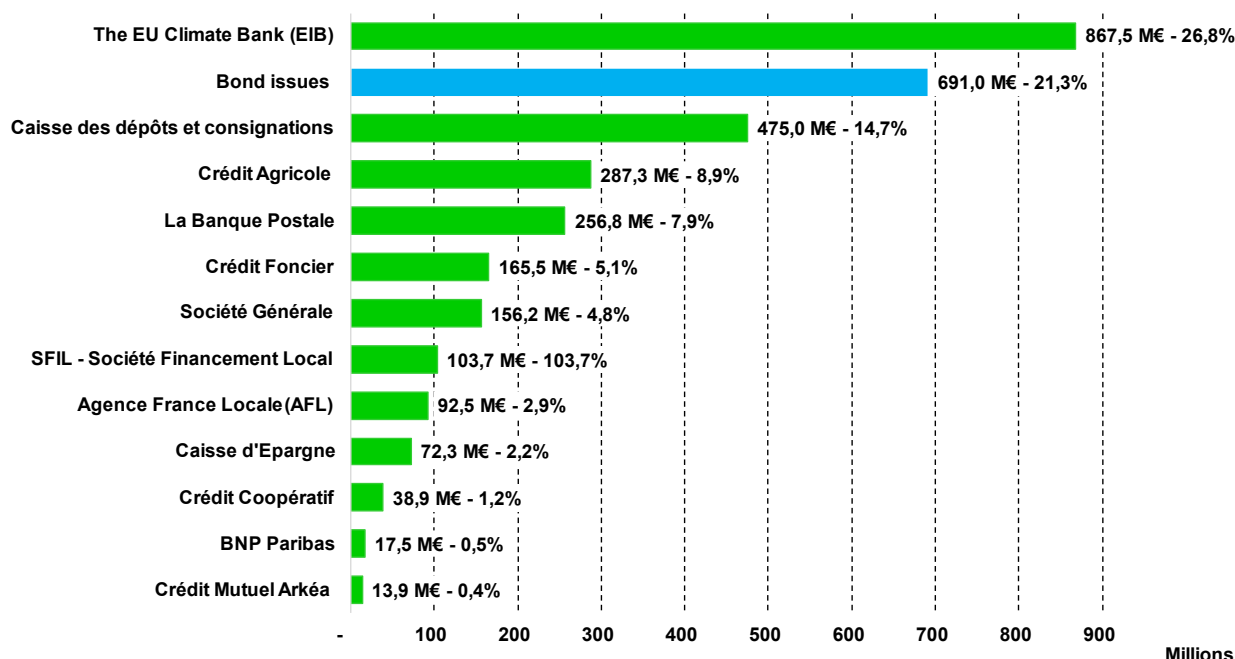
Debt service 2022: 211.5 M€



Annuity 2022 represented 39% of management savings (excess of revenues over operating expenses, excluding financial expenses). In other words, this means that 61% of the surplus generated by the operating section is set aside to finance regional investment and 39% is applied towards servicing debt relating to previous expenditure. This structuring illustrates the Région’s capacity to meet its long-term commitments.

The increase in principal repayments results from the loan arrangements carried out in 2021 and in particular intended to finance the emergency plans. These repayments were augmented by the maturity of a bullet bond of €14.8 million issued in 2012. The evolution of financial expenses follows the same logic but amplified by the increase in interest rates impacting the floating-rate share.

Breakdown of outstanding debt (M€) by lender, end 2022

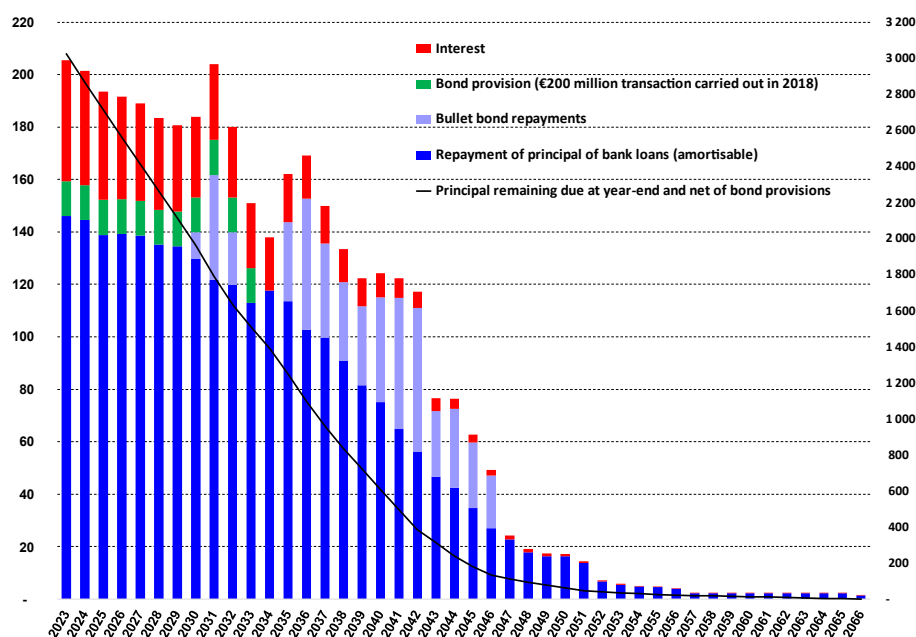


At the end of 2022, the vast majority of outstanding debt (78.7%) is made up of bank loans repayable by instalment together with 21.3% in bond issues (repayment in fine, in other words in full at maturity).

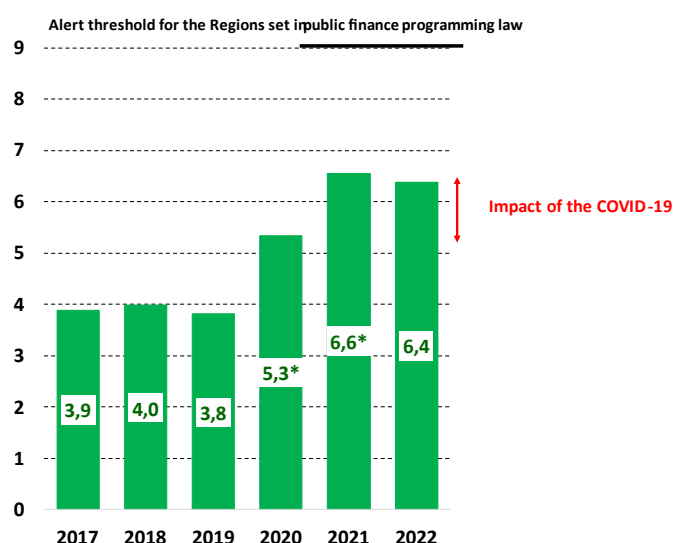
The outstanding debt is distributed among 12 financial institutions, foremost among which is the Climate Bank of the European Union (EIB: European Investment Bank) and the Banque des Territoires (Caisse des Dépôts et Consignations), two institutional banks constituting the main financial partners of the Region (41.5% of the outstanding amount). This funding is directed towards projects and/or devices participating in the ecological and energy transition as well as sustainable mobility.

Following the implementation of the EMTN (Euro Medium Term Note) programme, bond issues made in 2021 and 2022, associated with the 2018 “stand alone” transaction, represent an outstanding amount of €691 million, or 21.3% of the total amount. The commercial banks represent 34.3% of the outstanding amount and participate in the necessary diversification and security of regional financing. Finally, after two significant fund allocations carried out in 2020 and 2021, the Agence France Locale (AFL) completes the list of the community's financial partners with 2.9% of the outstanding amount.

Debt extinguishment profile in M€ at 31 December 2022



Changes in deleveraging capacity (in years) Outstanding debt / Gross operating surplus



* restated in 2020 and 2021 under the mechanism for staggering extraordinary expenditure related to the Covid-19 crisis, pursuant to the governmental circular dated 24 August 2020 (otherwise, 5.8 years in 2020 and 6.7 years in 2021).

Debt sustainability is assessed by reference to changes in debt repayment capacity (outstanding debt/gross operating surplus). This solvency indicator measures the theoretical number of years needed to extinguish debt, assuming a constant gross internal financing capacity.

The increase recorded in 2020 and 2021 is higher than the trajectory developed in 2019. The discrepancy is essentially the result of the financial consequences of the Covid-19 crisis both in terms of the cyclical fall in gross internal financing and also the increase in outstanding debt.

The 2022 financial year showed a consolidation of the financial situation with an improvement in solvency, attributable to the replenishment of self-financing. Thus, the deleveraging capacity remains well below the alert threshold set at 9 years for the *Régions*, in public finance programming law.

On 28 April 2023, **the rating agency Fitch Ratings** downgraded France's credit rating from AA to "AA-". Local authorities cannot be rated above the French State given its significant influence in terms of skills and financial trajectory. Thus, the rating assigned to the Région Occitanie was lowered from AA to "AA-", with a stable outlook.

The financial rating is a component of the process associated with fundraising carried out on the bond market (in addition to bank financing): NEU CP (cash management) and EMTN (medium/long term) programme.

- **The interest rate environment changed significantly in 2022**

In response to the sharp rise in inflation, the European Central Bank carried out a significant tightening of its monetary policy. This action resulted in a sharp slowdown in the purchase of public debt securities associated with a rise in key interest rates.

The ECB considers the fight against inflation as a priority with a target of a return to a level close to 2%.

These actions, as well as market expectations over the medium term, have led to a sharp increase in interest rates and in particular in the oat (equivalent Treasury bond). The latter corresponds to the rate at which the French State borrows and is, as such, the reference for local public financing (banks and bonds). However, this rate (maturing at 10 years), which was almost zero at the beginning of 2022, reached nearly 3% at the end of 2022:

Evolution of the interest rate on sovereign debt
French (10-years OAT)



Cash flow management

To cover short-term funding requirements arising from an occasional lag between the payment of expenditure and receipt of revenue, the Région uses appropriate and effective financial instruments.

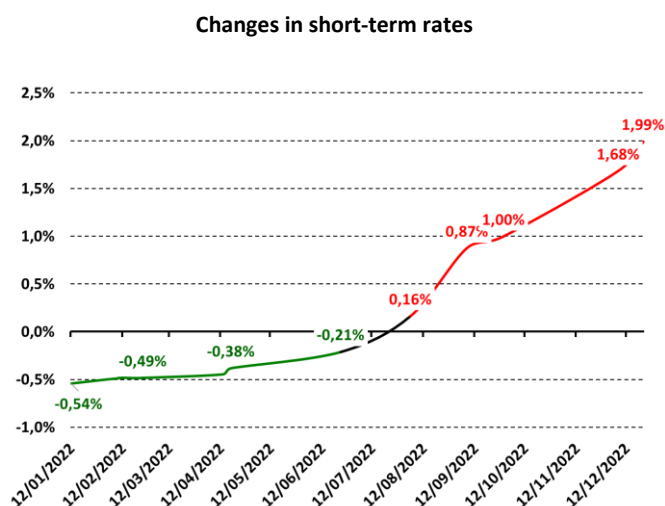
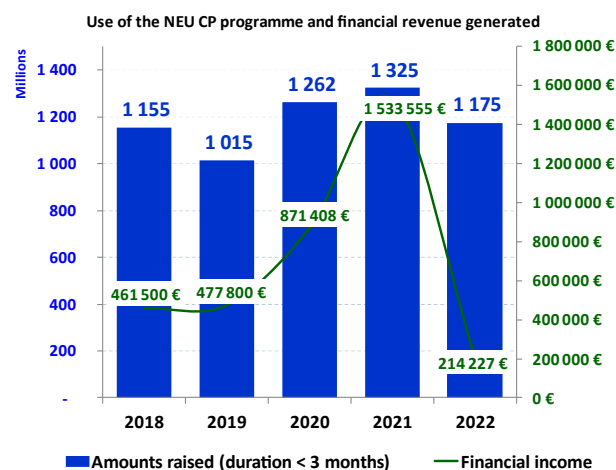
1/ Since 2013, the Région has established a **negotiable debt instrument programme** (Neu CP programme) enabling funds to be raised from investors on the financial markets to finance very short-term requirements (< 3 months).

In 2021, the authorised amount under the Neu CP Programme was increased to €500 million (€300 million previously), consistent with the increase in the amount of the regional budget and its related needs.

This financial instrument made it possible to make 11 issues for a total amount of €1,175 million, on maturities below or close to three months.

The 2022 financial year marks a break with previous years during which transactions were characterised by an anchoring of the monetary rate curve in negative territory. Transactions negotiated at negative interest rates during the 1st half of 2022 generated €860,000 in financial income.

Conversely, the passage of monetary rates into positive territory from the second half of 2022 caused financial costs of €640,000. During 2022, the use of this NEU CP Programme generated €214,000 in financial income (more than €1.5 million in 2021). Since 2016, the NEU CP Programme has generated €4.25 m in financial income.



2/ In addition, the Region has **liquidity facilities** in a total amount of 300 M€ contractually agreed annually with several banking institutions (La Banque Postale, Crédit Agricole, Société Générale and Arkéa) on the terms set forth below (“back-up” lines linked to the NEU CP Programme):

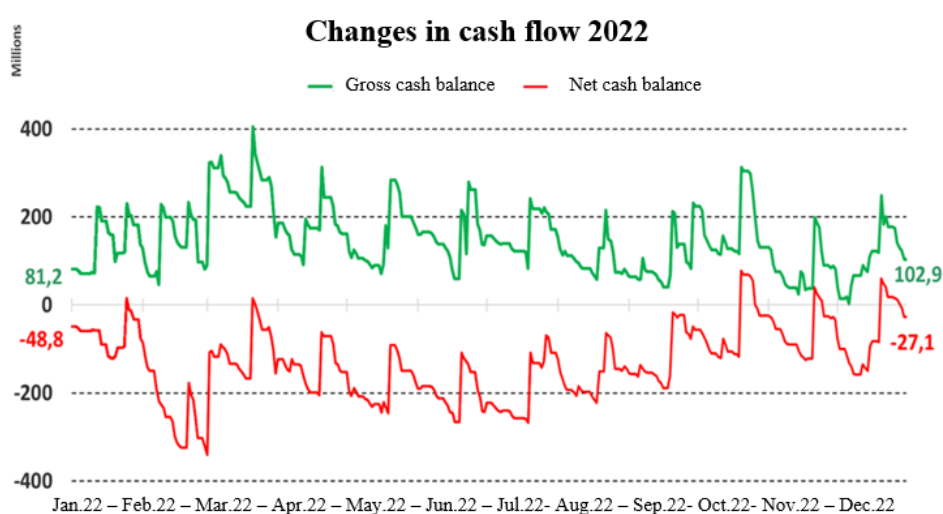
	Bank	Amount	Effective date	Duration	Benchmark	Margin	Commitment fee and other management fees		Non-utilisation fee
							Rate	Amount	
2021-2022	ARKEA	€50,000,000	20/06/2021	12 months	Euribor 3 months floored	0.20%	0.08 %	€40,000	None
	Crédit Agricole	€50,000,000	08/06/2021	12 months	Euribor 3 months floored	None	0.05 %	€25,000	None
	None (fixed)	None	Société générale	12 months	None (fixed)	0.30%	0.05 %	€75,000	None
	Société Générale	€50,000,000	28/05/2021	12 months	Euribor 1 months floored	0.40%	0.08 %	€41,500	None
2022-2023	ARKEA	€50,000,000	20/06/2022	12 months	Euribor 3 months floored	0.35%	0.08 %	€40,000	None
	Crédit Agricole	€50,000,000	28/06/2022	12 months	Euribor 3 months floored	0.30%	0.05 %	€25,000	None
	None (fixed)	None	23/06/2022	12 months	Ester floored	0.38%	0.06 %	€90,000	None
	Société Générale	€50,000,000	13/06/2022	12 months	Euribor 1 months floored	0.30%	0.04 %	€20,000	None

During the 2022 financial year, the cash line drawdown was limited to €160 million. These transactions resulted in financial costs of €121k.

In general, the 2022 cash management **generated a consolidated exceptional income of €93.3k.**

3/ Annual cash flow

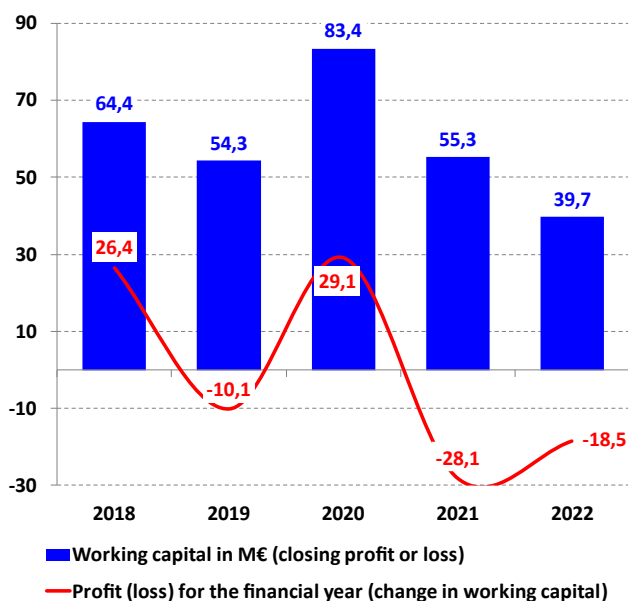
Net cash (*red curve before use of financial instruments*) is characterised by significant financing needs in the first quarter, covered by medium/long term financing (bond issues and bank loans related to the interest rate context, see previous section dedicated to debt). The balance is gradually reduced according to the collection of income and the adjustment of expenditure.



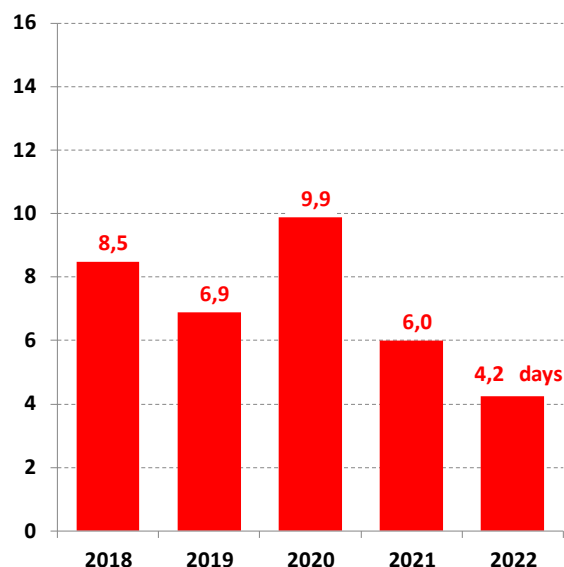
Working capital

The annual change in working capital, known as the financial year result, is determined by the difference, after borrowings, between total revenue and total expenditure. By the end of the 2022 financial year, the working capital fund had fallen slightly by 18.5 M€ to reach 39.7 M€ by year-end (previous surplus cumulative total). This amount accounts for 4.2 days of expenditure (capital and operating expenditure combined, excluding the European Eafrd fund).

Consolidation of working capital fund in M€



Changes in working capital fund in number of days of total expenditure (excl. EAFRD)



Région Occitanie balance sheet and assets at 31 December 2022

NET ASSETS ¹ in M€	2021	2022
Intangible fixed assets	4,085.1	4,261.6
Tangible fixed assets	4,427.1	4,473.3
Tangible fixed assets in progress	1,963.4	2,080.6
Financial fixed assets	684.8	749.8
FIXED ASSETS	11,160.4	11,565.3

Short term receivables	188.4	201.9
Trésor account	81.3	103.0
Transactions on behalf of third parties	51.0	56.8
CIRCULATING ASSETS	320.6	361.7

Regularisation accounts	35.9	27.0
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Total ASSETS	11,517.0	11,954.0
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LIABILITIES in M€	2021	2022
Capital grants, endowments, and global funds	2,814.9	2,988.9
Capitalised operating surplus	5,773.4	5,884.9
Financial year result	86.2	214.8
Carry forward	83.4	58.2
Loss/gain on asset disposal	- 660.8	- 931.3
Other asset transactions	167.2	168.5
OWN FUNDS	8,264.3	8,384.0
PROVISION for risk and expense	21.5	20.6
Financial indebtedness	3,058.0	3,334.2
Non-financial debt	10.3	47.9
Transactions on behalf of third parties	31.9	35.4
Loan and liquidity facilities	130.0	130.0
DEBTS	3,230.1	3,547.5
Regularisation accounts	1.0	1.9
Total LIABILITIES	11,517.0	11,954.0

¹ After deduction of amortizations

Analysis of assets

The Région's assets totalled €11,954.0 million at the end of 2022, an increase of 3.8% compared to 2021.

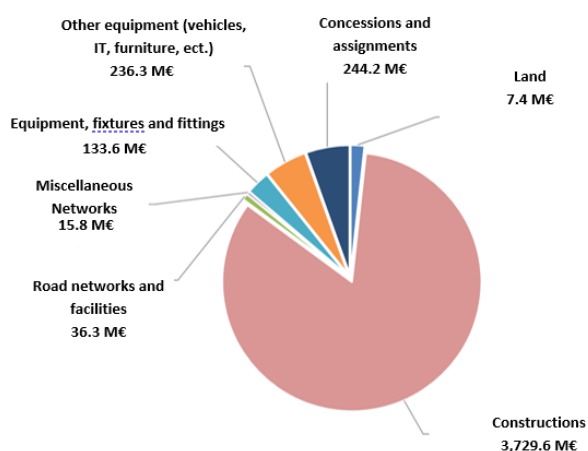
Fixed assets (€11,565.3 million after deduction of amortisations). This is the set of goods intended to be kept on a sustainable basis by the region. It contains:

- Intangible fixed assets (4 261.6 M€): these mainly comprise equipment grants paid in the investment section (4 176.6 M€). In net value, these grants have increased structurally by €169.8 million over the period 2021/2022. Note that the Région paid **€814.2 million** in capital grants in 2022,
- other intangible fixed assets (€85 million): they include education costs as well as IT licenses. It is specified that the use of remote software without transfer of operating license is not included in the asset,
- property, plant and equipment (€4,473.2 million net of depreciation and amortisation) consist of the following:

Buildings owned by the Region for €3,729.6 million: these include administrative buildings (Hotels de région and Maison de ma Région), ports, economic buildings (nurseries, business buildings, Cité de l'économie et des métiers, etc.) and teaching buildings (the latter representing more than 80% of constructions).

Equipment necessary for the exercise of regional skills (vehicles, IT, furniture, etc.), a large part of which is used to equip high schools.

Land for €77.4 million for high schools, PRAE, port, etc.



- tangible assets in the course of construction amount to €2,080.6 million at the end of 2022 (they are in particular related to work carried out under delegated project management and for which the operations have not been completed),
- Financial fixed assets totalled 749.8 M€. These include repayable advances (€157.4 million), shareholder loans (€63.8 million), deposits and guarantees granted by the Région, together with rights acquired on the acquisition of equity interests and contributions from the various regional economic development funds for businesses (€440.6 million).

Circulating assets (361.7 M€) include short-term claims (201.9 M€) relating in particular to various receivables (FRH, VAT portion, VAT credit ...), funds available in the Trésor account (102.9 M€) and transactions on behalf of third parties relating to higher education and school complexes (cités scolaires) (56.8 M€).

Analysis of liabilities

An analysis of the liabilities reflects its financing structure and level of indebtedness (€11,954.0 million):

- **equity (€8,384.0 million)** covers fixed assets at 72.5%. Own funds testify to the financial structure of the Région's balance sheet, and also its capacity to self-finance investment.

Equity mainly comprises:

- ✓ capitalised operating surpluses, financial year profit or loss and carry forward, in an amount of €6,157.9 million.
 - ✓ Grants and other own capital income (FCTVA, share of TICPE intended for financing of sustainable infrastructure, capital grants received...) amounted to 2 988.9 M€.
 - ✓ other items represent the consideration for asset transactions (discharge, disposal...).
- **Provisions for disputes and litigation** are recorded under liabilities in an amount of 20.6 M€. It is the Région's responsibility, in strict compliance with the budgetary fair presentation and prudence rules, to show the identified potential risks and resulting expenses generated in the Région's balance sheet.
 - **Debts** amount to €3,547.5 million including €3,334.2 million in financial debt and €83.3 million in non-financial debt.

Staggering of extraordinary expenses relating to the Covid-19 health crisis

The exceptional expenses related to the COVID-19 pandemic have affected the budget and accounts of the community, through their effects on budget balances and its self-financing capacity.

In order to offer a solution to meet these budgetary challenges, a relaxation of the expense spreading mechanism provided for by accounting instruction M71 has been proposed. As a reminder, this spread makes it possible to restate operating expenses, exceptional in nature and amount, with a view to smoothing their budgetary and accounting impact over several financial years. This mechanism results in the offsetting of expenses in the operating section and their recognition in the investment section for the same amount. Subsequently, annually and linearly, a share of these expenses is reintroduced in the operating section by the depreciation mechanism.

The circular of August 24, 2020, adjusted the framework of M71 for deferred charges, specifying the defined scope of COVID-19-related expenses as well as the maximum duration of deferral. The expenses selected are those directly related to the management of the pandemic and this in a rather broad sense: cleaning of buildings, vehicles and public transport equipment, purchase of personnel protection equipment, adjustments to the reception of the public, aid to companies (excluding participation in the state-region solidarity fund), the boost granted to social aid (in particular by the departments), the additional costs incurred on the contracts of the public order, or the additional subsidies voted to balance the ancillary budgets.

The charges concerned are those incurred between the start of the state of health emergency (24 March 2020) and 30 June 2021.

The amount of expenses set off in operation and recorded for the same investment amount is €34,829,348 in 2020 and €9,643,606 in 2021. The duration of the deferral has been set at five years.

In 2022, the annual share (€8,894,591) was reintroduced in the operating section by the depreciation mechanism.

Provisions

The amount of provisions established as at 31 December 2022 amounts to €28.5 million, €7.3 million relates to provisions for doubtful debts and €20.6 million to litigation and litigation.

Description of the provision	Amount of provisions established as of 01/01/2022	Amount of provisions for the 2022 financial year	Amount of reversals for the 2022 financial year	Amount of provisions established as of 31/12/2022
Litigation and dispute provisions	21,518,708.0	6,279,351.5	7,209,155.7	20,588,903.8
Provisions for doubtful receivables	7,279,711.8	2,291,926.5	1,705,805.7	7,865,832.6
Total provisions	28,798,419.8	8,571,278.0	8,914,961.4	28,454,736.4

For the 2022 financial year, new provisions of €8.6 million were recorded, consisting of:

- provisions for disputes and litigation in the context of actions for annulment and compensation (works contracts, termination of contracts (€1.9 million),
- provisions for bad debts, in particular with regard to the financial situation of third parties benefiting from a repayable advance (receivership and judicial liquidation (€2.3 million),
- provisions for other risks (€4.4 million).

Additionally, reversals of €8.9 million were made from provisions, including reversals of provisions for disputes and litigations related to closed cases or rejected claims (€7.2 million), as well as reversals of provisions for bad debt, particularly in terms of the execution of recovery plans, extinguishment or cancellation of the debt (€1.7 million).

Focus on key regional agencies

In 2022, the Region relied on its participation in the Regional Agencies to support the strong ambitions of the community in terms of planning, construction, energy and ecological transition, and economic development. Following the reorganization work initiated since 2016 and finalized in 2019 by the capitalization operations essential to the activities of its tools (fully public via Local Public Companies (SPL) or mixed by Local Public-Private Partnerships (SEM)), the Region has given the Regional Agencies the means to consolidate their activities with companies and territories.

2022 is a year of return to balanced results for some Agencies that may have been impacted by the health crisis and stable projections of their activities, despite an end of year affected by inflation and energy costs, thanks to their solid capital structure.

The Economic Development Agency of the Région Occitanie (AD'OCC):

The AD'OCC created in 2019, which was a key player in the implementation of the regional emergency plan related to the pandemic, continued with its teams from the SPL AD'OCC and the SEM Sud de France Développement to support regional companies, in synergy with all the other regional agencies: ARAC, AREC and ARIS, but also with the other major partners of the Region such as SEMOP PLN. It thus plays a central role in structuring and coordinating emerging sectors, such as floating wind power and the hydrogen sector.



Regional Energy and Climate Agency



In 2017, the Région Occitanie adopted its strategy to become the first "Positive Energy Region" in Europe. In this context, the Region has decided to create the Regional Energy and Climate Agency, in order to support actors in the energy transition for the reduction of energy consumption and the development of renewable energies.

The Regional Energy and Climate Agency (Agence Régionale de l'Énergie et du Climat) aims to offer an integrated service offer to actors in the energy transition - companies and territories - by positioning itself as a tool involved in the various phases of project set-up, from engineering to investment. The two pillars of this Agency are SPL AREC and SEM AREC.



SEM AREC has three subsidiaries in the form of commercial companies dedicated to renewable energy production (SAS AREC Production), energy efficiency (SAS AREC Efficiency) and innovation (SAS AREC Innovation) activities.

Since its inception, AREC, through its investment activity, has supported the deployment of:

- the hydrogen sector in the region,
- floating wind power in the region,
- ARIS and the short-term carrying of strategic industrial projects (Occitanie Protect, GENVIA),
- decarbonisation solutions for industrial activities (FITTEO),
- the massive deployment of small photovoltaics in parking lots (Ombrières d'Occitanie),
- dynamic agrivoltaic activities.

In 2022, SEM arec created the management company OCCTE, a manager of AMF-approved investment funds, to support major strategic projects, with the establishment of the OCCIGEN Sovereign Wealth Fund, allowing national or international private investors to take part in the development of public projects in the territory, with the guarantee of independent expertise. The Region has initiated this innovative economic model with a contribution of €10 million to the OCCIGEN Fund, with a view to attracting €100 million of private investment in the first phase of fundraising, to finance the first projects, with the objective of a target amount of €200 million of capitalisation of the fund by 2026.

Also in 2022, SEM AREC implemented a tool dedicated exclusively to supporting ENRCC projects to help revive the momentum around cooperative and citizen projects in order to ensure regional coverage and massification. The capitalization of this simplified joint stock company (SAS) was made via a shareholder loan of the Region of €2.5 million.

In 2022, €47.8 million invested by SEM AREC and its subsidiaries had a leverage effect on €1.4 billion of works in the territory of Occitanie. Today, more than 60 facilities are in operation.

Thus, at 31 December 2022, the Region held 75.9% of the capital of SEM AREC, i.e. a stake of €24,479,182.

In addition, at 31 December 2022, the Region contributed €41,769,152 to the capital of SPL AREC, representing 99.95%.

The amount of €42 million of the capital of the SPL, beyond the support of the territories for the energy and ecological transition, makes it possible to support the strong ambition of the Region in terms of energy renovation of buildings, by operating the Integrated Public Energy Renovation Service called Rénov'Occitanie entrusted to the SPL by the Region since 1 January 2020.



Rénov'Occitanie offers support to households from the energy diagnosis phase to a proposal for third-party financing. After a 2020 start-up year impacted by the pandemic, 2021 has returned to the objectives of the

business plan and 2022 confirms the ramp-up of energy renovation operations: 6,901 individual dwellings and 6,201 condominiums undergoing audits or works, for a projected energy consumption gain of 15 GWh/year or 2,000 tCO₂/year avoided.

In 2022, the SPL signed 22 integrated service contracts with the Region and the other shareholder communities, i.e. more than fifty CPIs in progress.

The Regional Planning and Construction Agency:

Since 2016, the Région Occitanie has launched the reorganisation of its tools dedicated to planning and construction working throughout the regional territory. As such, in November 2019, the Region adopted the structuring project of the Regional Agency for Planning and Construction (ARAC) constituting one of the major levers of regional planning in Occitanie.



The Regional Agency for Planning and Construction (Agence Régionale de l'Aménagement et de la Construction) aims to offer an integrated service to planning stakeholders – companies and territories - by positioning itself as a tool involved in the various project assembly phases, from engineering to investment. The Agency is based on two pillars: the first is constituted by SPL ARAC OCCITANIE, which is required to cover the entire territory of the region by meeting the needs of its public shareholders.

In 2022, a total of €242.6 million in allocated funds for investments were entrusted to SPL ARAC, covering 41 new projects on behalf of the Region and 8 for other local authorities. In addition, the SPL has concluded 14 AMO contracts and intellectual services contracts, including 7 with the region and 7 with other communities.

The second pillar is the SEM (société d'économie mixte, public-private partnership) ARAC OCCITANIE, dedicated to regional planning and economic development projects, whose statutes and activities included in its corporate purpose were approved by the Plenary Meeting of 14 November 2019.

Thus, while maintaining its vocation to act in a competitive field and within the framework of public contracts (mandates, project management assistance, concessions, services, etc.) on behalf of local authorities, in particular on the territory of the Région Occitanie, SEM ARAC must be able to meet the new needs of private and public operators in terms of economic development, corporate real estate, sustainable development, equipment, as well as housing development, tourism, the maintenance of agri-food production potential and the protection of the environment, directly and through its specialised subsidiaries.

To achieve this objective, the SEM relies on its existing subsidiaries and holdings, including those created in 2021 following the deliberation of 17 December 2020 within the framework of the Regional Recovery Plan, to develop new partnership dynamics, specialising its instruments in dedicated sectors:

- SAS Patrimoine for regional development projects: 2022 was the year of the launch of the Pôle Emploi Albi and Pôle Emploi Figeac operations, Ascendance in Muret and, at the end of the year, the launch of work for the Thermes de Luchon and the Château de Villemur in Ax-les-Thermes. The work on the new Montpellier Business School campus will start in the spring of 2023 for a delivery scheduled for the start of the 2025 school year.
New operations presented to the Technical Committee should be completed in 2023: Hôtel Urbain V in Mende, Palais de Via in Cahors and Satys Aerospace in Blagnac. Pending the equity contributions from all shareholders expected in June and July 2023, the cash requirements of SAS Patrimoine, which amount to €2.8 million for the period from March to May 2023, will be covered by a Shareholders' Loan of a maximum amount of €3 million over a period not exceeding 6 months,
- SAS SIM for territorial development projects,
- SAS Foncière Agricole d'Occitanie, support for farmers, especially for those who settle in favour of sustainable, viable and liveable agriculture, 1 file started in 2022 and 6 files under investigation at the beginning of 2023. Loan guarantee granted to the PC of October 2022 up to 30% on two loans totalling €2.8 million, i.e. a guaranteed amount of €840,000,

- SAS FOCCAL, a structure for commercial and artisanal restructuring, designed to facilitate the continuity or establishment of local commerce and craftsmanship, and more broadly, to enhance the vitality of small and medium-sized towns, as well as town centres. Currently, 41 assets have already been identified. Loan security granted to the PC of December 2022 up to 48.5% on three loans totalling €3.93 million, i.e. a guaranteed amount of €1.91 million,
- SAS Foncière des Pyrénées, to participate in the development of innovative and eco-responsible tourist accommodation in the Pyrenees, Project in the process of acquiring two hotels in La Mongie,
- SAS OPERCO, an environmental compensation operator, to promote developments with less impact on biodiversity and the agricultural economy. Project to create a clearing site in Lauragais presented at the Board of Directors meeting on 7 March 2023.

At 31 December 2022, the Region contributed €19,888,684 to the share capital of SEM ARAC, or 73.34% of the share capital. Also, in 2022, SEM ARAC received the balance of the Shareholders' Current Account Advance of €27 million granted by the Region in December 2019.

The Region also holds 94.69% of the capital of SPL ARAC, i.e. a participation amount of €1,732,800, after a capital increase of €1.6 million in 2020.

The investment volume for private operations in 2022 was more than €600 million. In total, 2,400 companies were moved to action by the Agency in 2022.

The Regional Agency for Strategic Investments (ARIS):

As part of its recovery plan for employment, the Région Occitanie has created new recovery and strategic relocation tools, contributing to the sovereignty, economic resilience of the Region and the emergence of the economy of tomorrow in the fields of health, digital, smart mobility, ecological transition and agri-food.



The health crisis and the emergency plan implemented by the Region in this context prompted the creation by the Region of its Regional Strategic Investment Agency (ARIS), by deliberation of 17 December 2020.

As a sovereign entity, the simplified joint-stock company (SAS) ARIS, created in March 2021, is intended to invest intelligently and patiently in the companies of Occitanie in order to:

- (re)locate in the region the key activities and know-how essential to the resilience of our economy,
- develop projects that promote our autonomy and sovereignty,
- accelerate the development of the economy of tomorrow in line with the industrial challenges of energy transition.

ARIS, an *entreprise à mission* (mission-driven enterprise dedicated to social and environmental goals), partners with regional businesses or those seeking to establish themselves in Occitanie. The company focuses on projects related to creation, diversification, development, research, and more, all aligned with the objectives of relocation, autonomy, and sovereignty. ARIS operates within five key domains: health, digital innovation, mobility, ecological transition, and sustainable food production.

ARIS adopts a patient and supportive intervention strategy, facilitating the implementation of projects with approaches tailored to their nature, benefits, and non-financial impacts. The Region's participation in the starting capital of SAS ARIS (€2,800,000), is €40,000, or 1.43%, supplemented by a shareholder loan of €25.5 million at the end of 2022.

At the end of 2022, €14.7 million was invested in 12 projects, for a leverage effect of €249 million in planned investments, and a potential capacity of 418 jobs by 2024.

1. Loans and repayable advances

Repayable advances, at preferential or zero rates for the most part, are among the financial instruments employed by the Région to support and expand certain public policies. Historically, the main projects benefiting from these advances concerned innovation, creation and acquisition of businesses, modernisation of work equipment and strategic investment in economic, agricultural and tourism development sectors.



At the end of 2022, the total outstanding amount of loans and repayable advances equalled €157.6 million, down from €160.6 million at end 2021.

The PACTE FRE scheme (programme to support business creation and transfer, business acquisition financing) established by the former Languedoc-Roussillon Region has been managed by *Agence de Service et de Paiement* (ASP) since 2007. Initially amounting to 27 M€, it stood at 6 M€ at the end of 2022.



Repayable advances paid to ten joint-venture structures (*syndicats mixtes*) responsible for managing economic activity parks (PRAE) located in the east of the Région Occitanie. At the end of 2022, the total amount outstanding stood at 90.3 M€.

Repayable advances granted directly by the Région

At 31 December 2022, the total outstanding amount of advances granted directly by the Région to businesses, associations and inter-communal cooperation public establishments (EPCI) was 61.3 M€. More than 110 new repayable advances were granted in 2022 for a total of €32.3 million, broken down as follows:

- ✓ €20.7 million for three companies under the Corridor H2 project,
- ✓ €5 million for the LED Plan for the energy transition of live entertainment,
- ✓ **the previous schemes, representing a total volume of €6.6 million**, including €1.3 million for the Pass Leader, €1.3 million under the growth contract, €1.1 million under the transfer/takeover contract, €0.7 million under the Agroviti scheme, and €0.4 million under the L'Occal fund.



2. Guaranteed debt

Guaranteed debt serves to implement a number of regional public policies:

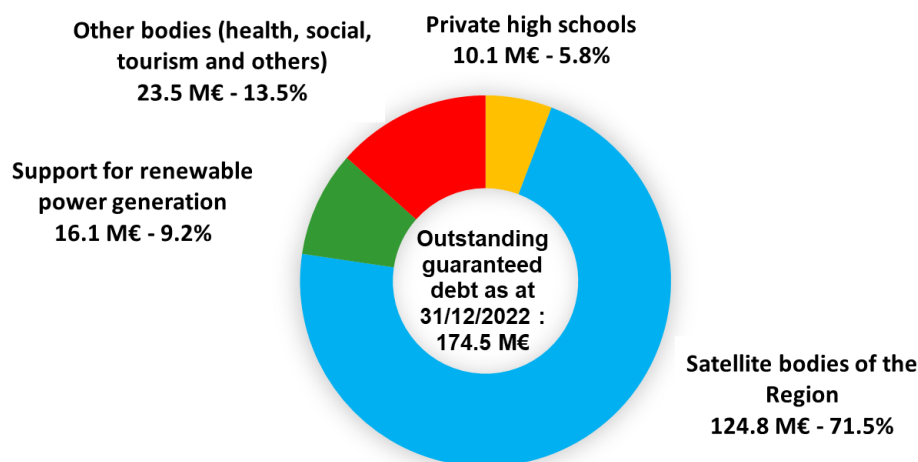
- financing of renewable energy generation projects,
- the execution of high school building construction, renovation and extension works,
- supporting regional satellite entities such as the regional public establishment Port Sud de France, the public private partnership (*société d'économie mixte*, SEM) for development LR Aménagement, the simplified joint stock company (*société par action simplifiée*, SAS) Patrimoine LR and the single purpose public-private partnership (*société d'économie mixte à opération unique*, SEMOP) Port-la-Nouvelle,
- the other organisations essentially include the regional cancer centre (Centre Régional de Lutte contre le Cancer), the association for the promotion of socio-educational training and activities (Association pour la Promotion d'Actions de Formation et d'Animations Socio-éducatives), and the association for young persons and adults with disabilities (Association Pour Adultes et Jeunes Handicapés) and ski or spas resorts.

At the end of the 2022 financial year, the outstanding amount of debt guaranteed by the Région Occitanie totalled €174.5 million, a slight drop (-0.7%) compared to 2021.

Despite the repayment of €5.4 million in capital, in line with the natural debt extinction plan, the evolution of this outstanding amount is explained by the granting of new loan guarantees in 2022:

- €1.2 million, on the basis of a 50% share, for the construction of the new boarding school of the Lycée de Meynes (Gard),
- €1.9 million, on the basis of a share of 48.5% to SAS FOCCAL, a subsidiary of ARAC, for the acquisition and work in shops (41 assets identified in 18 territories), in order to contribute to the revitalization of the town centres,
- €840k, on the basis of a 30% share, to the Foncière agricole, a subsidiary of ARAC, for the acquisition of agricultural parcels in order to facilitate their purchase by farmers during their installation,
- €1.6 million, on the basis of a 50% share, to SAS des Fumades, to finance additional investments resulting from the regulations associated with the water law, as part of the restructuring of the spa resort of Les Fumades. This guarantee was the subject of an amending deliberation in February 2023 related to the context of strong rate changes.

Breakdown of guaranteed debt as at 31 December 2022



With regard to loan guarantees, the Galland Law of 5 January 1988 defines three prudential rules: division of risks, risk sharing and capping compared to operating revenues. The latter specifies that the annuity of the consolidated community's own debt to that relating to the amount of guaranteed debt must not exceed 50% of the actual operating revenue. At the end of 2022, **this ratio amounted to 7.3% for the Région Occitanie.**

No guarantee calls were made during the year 2022.

3. Leasing agreement

On 29 May 2008, the Région entered into a leasing agreement to finance 25 TER trains allocated to regional *Train Express Régionaux* passenger services. At 31 December 2022, the amount outstanding under this agreement is equal to 112.6 M€ with a residual term of 26 years. 34% of the agreement is at a fixed rate of 2.86% and 66% is at 6-month Euribor plus 0.05%. The 2022 rent amounted to €2.8 million.

The 3-month Euribor has been negative since 2016, setting the variable share at 0% for six years. The index turned positive in June 2022, negatively impacting the variable part of the leasing contract in the second half of the year (up to €125k).

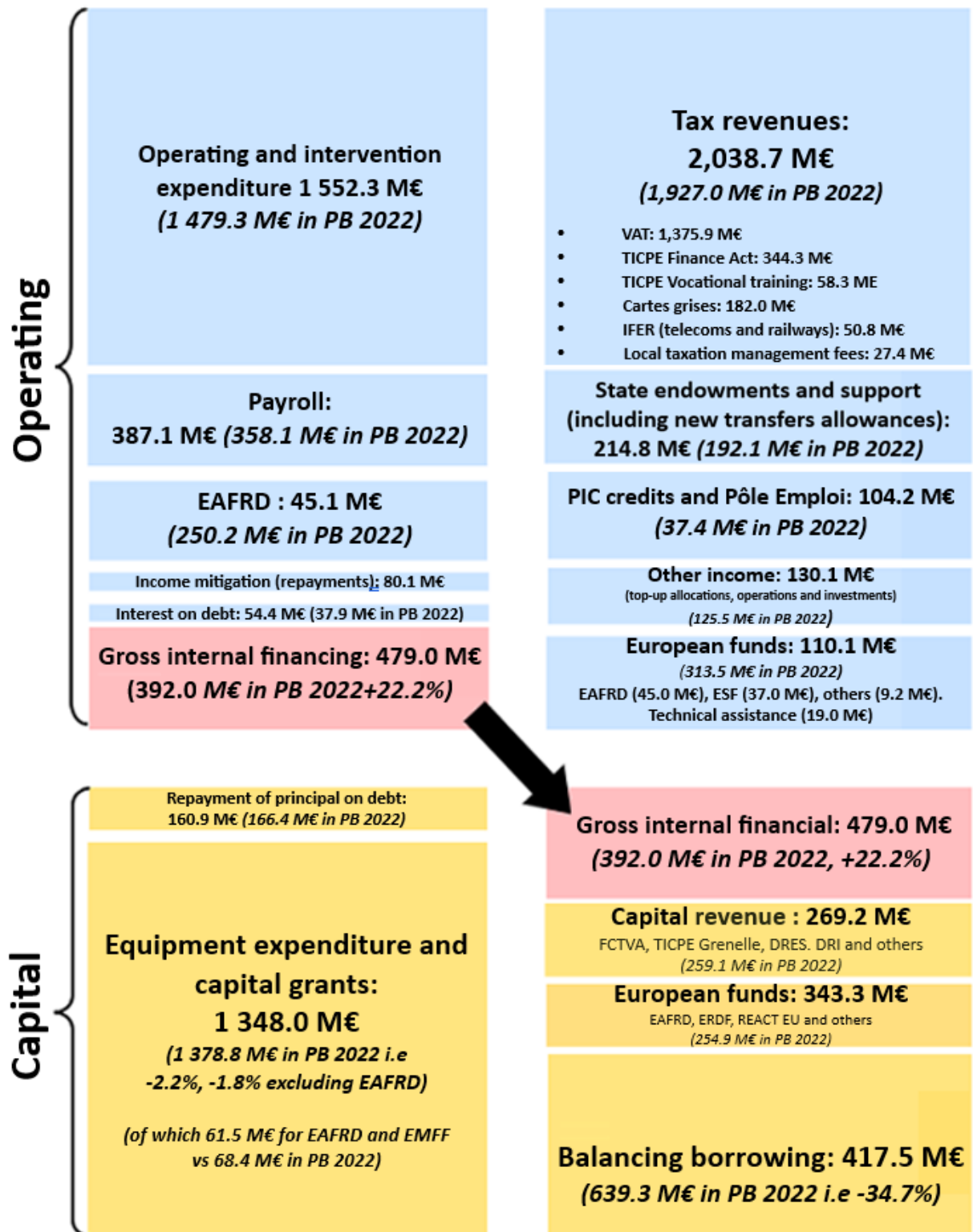
Budgetary and financial ratios

The ratios inserted in the accounting document and in accordance with the budgetary and accounting framework M57, feed the financial information with regard to the citizens and partners of the Region. These ratios are supplemented by three indicators that inform financial analysis. The ratios are based upon a regional population of 5,973,969 inhabitants (Decree no. 2022-1702 dated 29 December 2022).

Level ratios (in € per inhab.)		
1 - Actual operating expenditure / Population	€365.9	Measures service rendered
2 - Actual operating revenue / Population	€449.4	Measures recurring financial resources
3 - Gross facilities expenditure (capital excluding debt) / Population	€224.4	Measures scale of investment
4 - Outstanding debt at 31 December 2022 / Population	€542.0	Measures the volume of the debt (€533.1 net of bond provisioning)
5 - Global operating endowment / Population	-	Allocation deleted for the <i>Régions</i> since 2018 and replaced by a VAT portion.
Structural ratios (as %)		
6 - Personnel costs / Actual operating expenditure	16.5%	Measurement relating to personnel costs
7 - (Actual operating expenditure + repayment of debt principal) / Actual operating revenue	87.7%	Measures the relative room for generating internal financing
8 - Gross facilities expenditure (capital excluding debt) / Actual operating revenue	49.9%	Measures the proportion of investment as a share of the budget (51.5% excluding EAFRD funds)
9 - Outstanding debt/actual operating revenue	120.6%	Volumetric measurement of debt (118.6% net of bond provisioning)
10 – Gross operating surplus / Actual operating revenue	18.6%	Gross operating surplus:
10a - Gross operating surplus / Actual operating revenue excluding EAFRD funds	20.2%	Gross operating surplus rate (excluding European fund EAFRD) (1)
Additional ratios		
1 - Debt annuity/Operating surplus	38.9%	Measures the debt burden relative to operating surplus
2 - Coverage rate of non-debt investment by own resources (net operating surplus, own investment income and decrease in working capital)	64.2%	4 – Debt repayment capacity (expressed in years):
3 – Debt reduction capacity (expressed in years): outstanding own debt (net of bond provisioning) /Gross operating surplus	6.4	Number of years necessary to repay all debt using gross internal financing in full (solvency indicator)

1.5. The 2023 Primary Budget

The general balance of the 2023 Primary Budget: 3.628 Bn €



Major balances for the 2023 Primary Budget

At €3.63 billion, the 2023 Primary Budget embodies a **return to the major balances of the pre-pandemic period**. It follows emergency and recovery budgets adopted in 2020, 2021 and 2022, in support of the economic actors most affected by the crisis.

The 2022-2027 regional investment plan, mentioned during the debate on the 2023 budgetary guidelines, amounts to €6.2 billion, an amount greater than that achieved over the 2016-2021 period. This ambition is part of a solid financial trajectory, which includes a relatively stable level of solvency, far from the alert threshold of the *Régions*. It is thus a question of preserving the capacity for future actions and the room for manoeuvre intended to face new cyclical uncertainties, in particular that associated with the current energy crisis.

To this end, the consolidation of gross self-financing is a priority. It implies a continuous control of operating expenses whose overall and trend evolution, at constant perimeter, will remain slightly lower than that of inflation.

➤ The general balance of the draft 2023 Primary Budget:

The 2023 PB, in line with the financial strategy presented in the 2023 budget guidelines report, shows a clear increase in self-financing, linked to a dynamic of revenues higher than that of operating expenses.

	PB 2022 (excl. DM)	PB 2023
Actual operating revenue	2,345.2	2,553.0
EAFRD revenue	250.2	45.1
- Actual operating expenditure excluding interest	1,915.3	2,019.6
- EAFRD expenditure	250.2	45.1
= Operating surplus	429.9	533.4
- Interest on debt (<i>including AIND</i>)	37.9	54.4
= Gross surplus	392.0	479.0

Gross surplus	392.0	479.0
- Repayment of debt principal	166.4	160.9
= Net operating surplus	225.6	318.1
+ Capital revenue	445.6	551.0
+ EAFRD revenue	68.4	61.5
+ Balancing borrowing (<i>capped amount</i>)	639.3	417.5
= Capital expenditure excluding debt	1,378.9	1,348.0
<i>Capital expenditure excluding debt and excluding Eafrd</i>	<i>1,310.5</i>	<i>1,286.5</i>

Operating revenue increased by 8.9% (from PB to PB excluding EAFRD), driven by:

- the continuation of the cyclical rebound in VAT (+5% in 2023), largely initiated in 2022 under the effect of inflation (VAT will represent 53% of operating revenues in 2023),
- structural stability of the TICPE, increased by top-ups related to the financing of Ségur health measures,
- a decrease in vehicle registrations resulting from the decline in acquisitions of conventional vehicles, slightly mitigated by the positive impact of ending the exemption for so-called 'clean' vehicles,

- a decrease in State allocations, associated with the appearance of appropriations intended to finance new transfers from the State (EAFRD 2023-2027 counterparts, Natura 2000 site in particular),
- an increase in credits under the PIC scheme, which will contribute to rebalancing financial flows in this area.

Operating expenses increased overall by 6.2% from PB to PB (between 2022 and 2023), an increase amplified by scope effects. Otherwise, the increase will be marked by that of expected inflation. This change mainly results from the following budget items:

- road (+6.6%) and rail (+11.4%) transport, mainly due to energy inflation,
- the wage bill (+8.1%) for multiple reasons: the mechanical evolution attributable to the technical old-age shift to which should be added, in 2023, exceptional expenses due to the increase in the index point (+3.5%) decided by the Government in support of the purchasing power of civil servants, the impacts associated with the increase in the minimum index, the generalization of Rifseep and the new transfers of skills (EAFRD counterparts and Natura 2000 sites),
- health and social facilities: + 5.1% in connection with the implementation of the measures included in the *Segur de la santé* (adjustment of scope financed by top-up income),
- allocations to public high schools: + 9.0%, +€20 million under the Exceptional Energy Schools Fund (extra energy costs),
- the increase in interest on debt related to the revaluation of the *Livret A* rate (some Caisse des Dépôts contracts are indexed) and the increase in variable rates, even if their relative share in the stock has decreased considerably since 2016. The interest associated with the fixed portion of the outstanding amount changes very little since the 2022 loan arrangements and part of the contracts concerning 2023 were negotiated before the increase in interest rates.

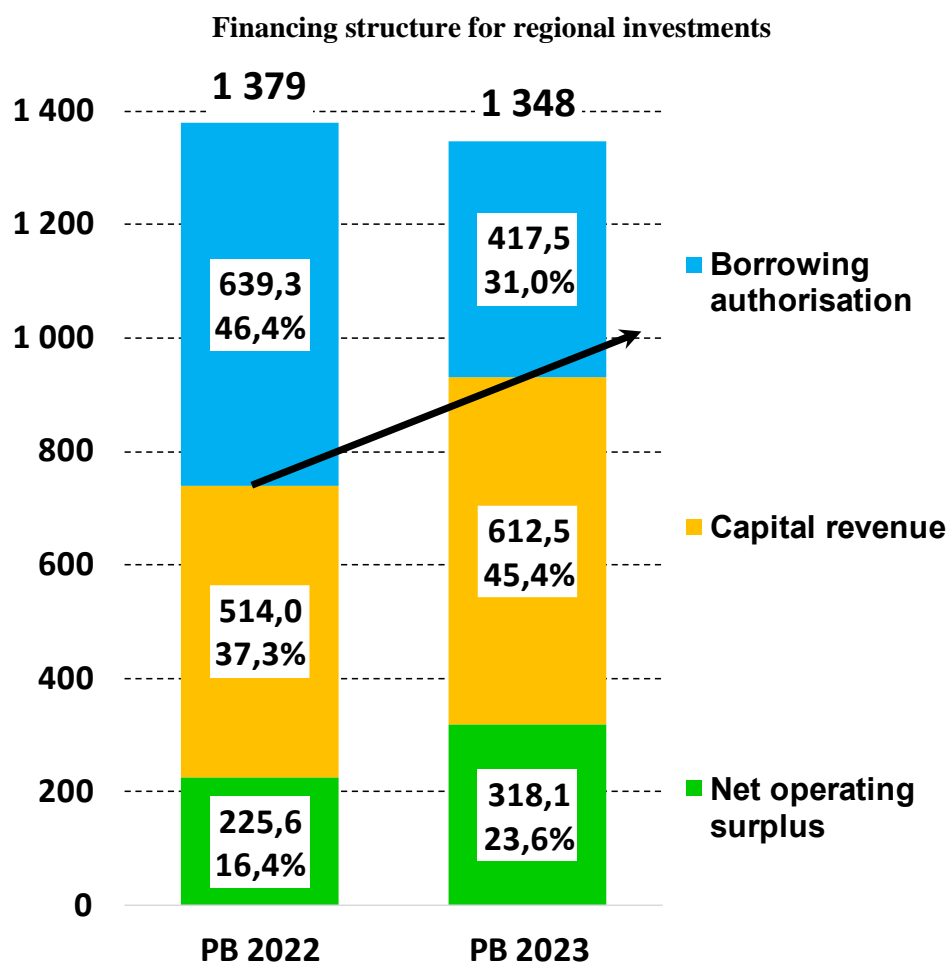
Thus, the gross operating surplus amounts to €479 million, compared to €392 million in the 2022 Budget Plan, representing an increase of €87 million (+22.2%). Combined with the increase in investment revenues (mainly attributable to ERDF funds), it makes it possible to reduce the borrowing authorisation by 34.7% to €417.5 million against €639.3 million in 2022, despite a virtually stable level of investment (- 1.8%).

Capital expenditure, excluding borrowing, amounted to €1,348.0 million, compared to €1,378.8 million in the 2022 PB, a slight decrease of 2.2% (- 1.8% excluding European EAFRD funds). The return to the pre-pandemic level of investment will be gradual due to the concentration, in 2023, of the end of the European Operational Programme 2014-2020, of expenditure eligible for the European Recovery Plan (REACT EU) and the French Recovery Plan (DRI/DSIL/Green Fund).

In addition, in addition to the regional projects planned before the crisis, the implementation of the residual commitments made under the Emergency/Recovery Plans is also within a relatively short timeframe and concerns the economy, agriculture and tourism sectors.

Thus, the terms of investment financing will be characterised, in 2023, by a return to a **rate of coverage by own resources of 69% against half in the 2022 PB**, despite a relatively stable level of investment. The increase in own resources results from the significant rebound in net operating surplus (+ €92.5 million) and investment revenue (+ €105.4 million, including European ERDF funds).

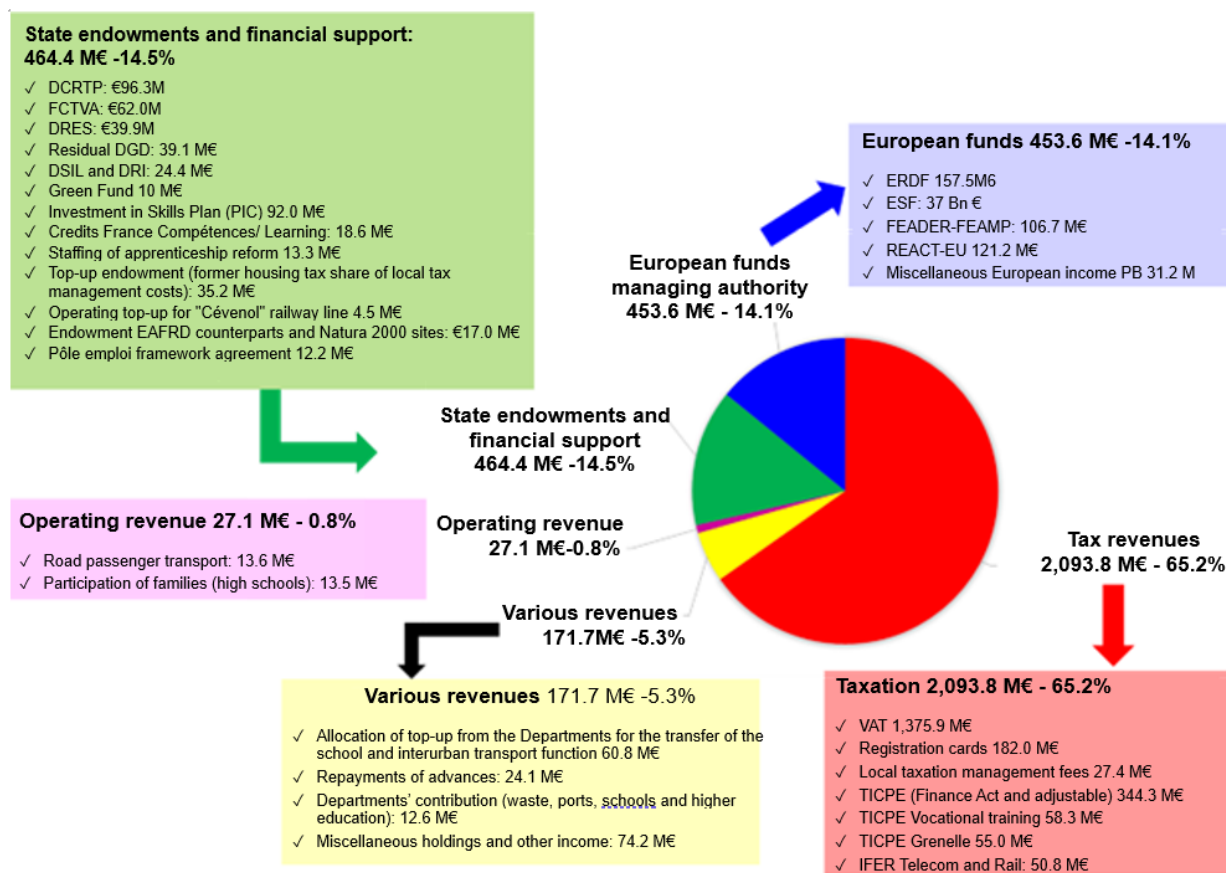
This rapid development is part of a general trajectory aimed, at a minimum, at a coverage rate of 70% in the second part of this term.



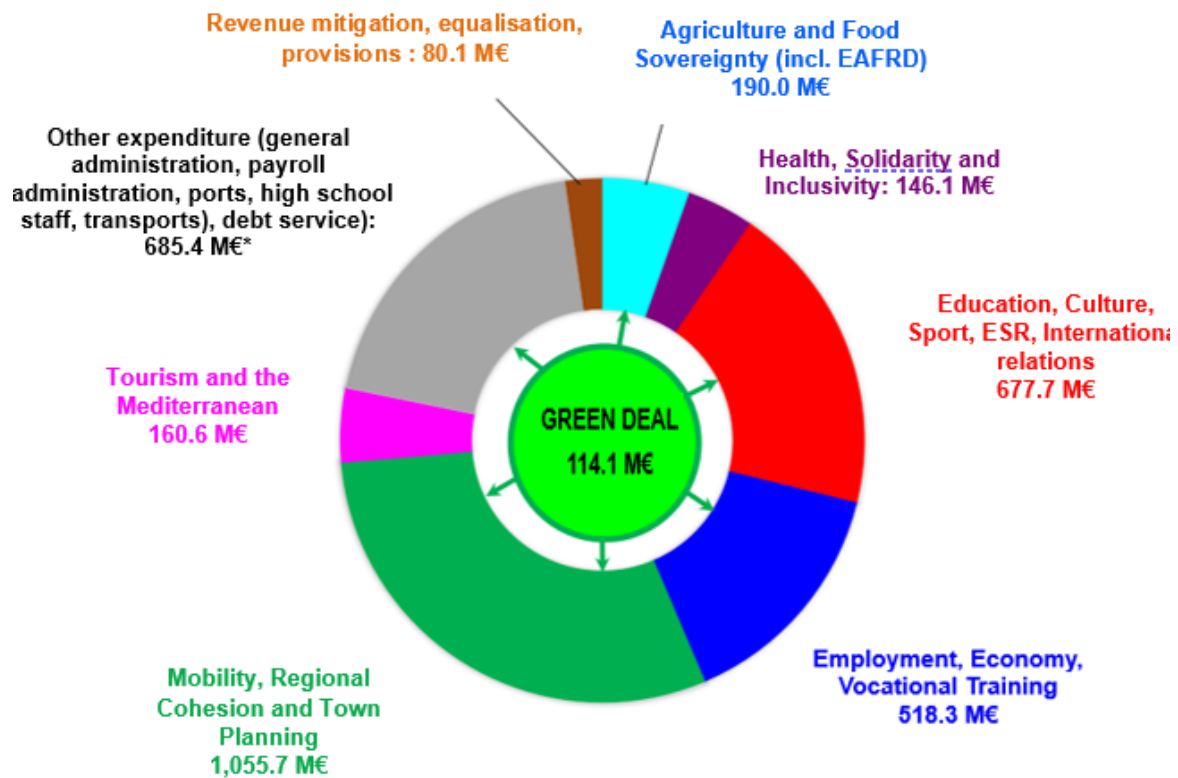
This strategy will make it possible to structurally reduce the use of borrowing and will help to preserve a debt reduction capacity of nearly 7 years over the entire term, well below the alert threshold of the *Régions*.

The 2023 Primary Budget is fully consistent with the financial trajectory presented at the 2023 budget strategy deliberations (DOB).

Resources entered in the 2023 Primary Budget: 3.21 billion € excluding borrowing



**Breakdown of regional appropriations entered in the Primary Budget 2023
broken down by major theme: 3,628 Bn €**



It is proposed that actual expenditure in a total amount of €3,628 million (€2,535.9 million in PAs/CAs) be entered in the **2023 Primary Budget**, broken down as follows:

- **operations:** €2,119.1 million in payment credits and €1,374.6 million in commitment authorisations,
- **capital:** €1,509.0 million in payment credits and €1,161.3 million in commitment authorisations,

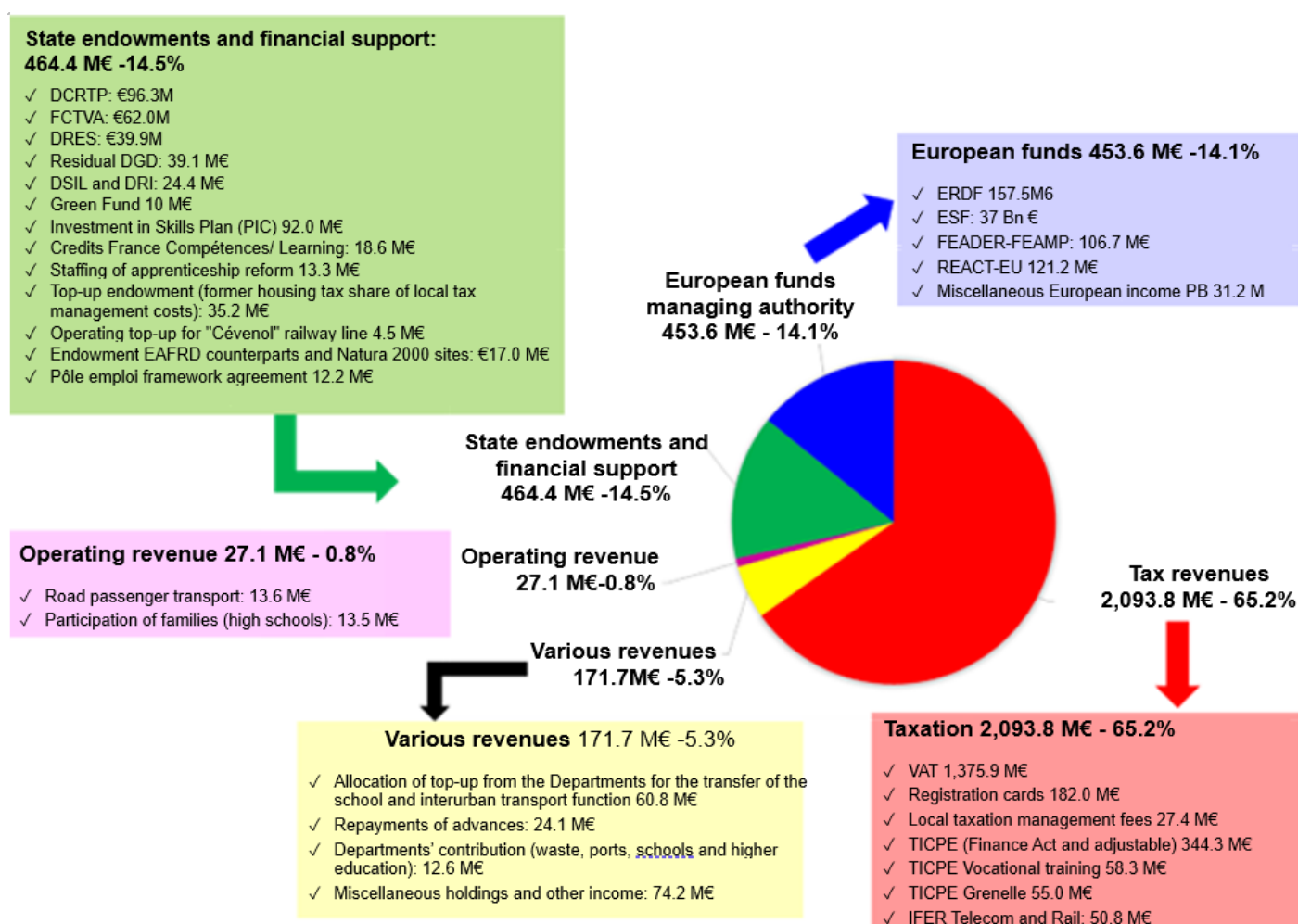
	Operations		Capital	
	CA	PC	PA	PC
Economic sovereignty, employment, innovation and reindustrialisation	25,7	23,2	48,9	106,0
The local economy	13,9	19,7	40,9	46,8
Vocational training	257,5	307,4	13,0	15,3
Agriculture, agri-food sovereignty, viticulture	23,7	16,7	38,9	60,9
EAFRD European Fund: agriculture, agri-food and viticulture		45,0		28,0
The tourism economy	15,3	15,7	16,2	47,3
Mediterranean ⁽¹⁾	3,8	4,4	31,4	93,2
Outreach, attractiveness, brands, European and international relations	12,4	12,3	0,1	1,2
Higher education and research	5,5	5,7	39,1	78,8
Education, guidance and youth	151,0	137,6	362,2	249,1
Culture everywhere and for all, heritage, regional languages and citizen information	52,1	49,9	13,8	28,8
Sport	11,8	10,1	19,8	17,5
Mobility and infrastructure	603,2	725,6	376,0	233,7
Health	123,1	121,0	12,0	12,0
Solidary efforts, equality and inclusion	2,6	2,3	6,7	10,8
Spatial planning, mountains and rurality ⁽⁴⁾	10,0	15,0	43,9	81,4
The climate emergency	24,7	22,3	58,3	91,8
Water and risk prevention ⁽²⁾	2,1	1,1	21,3	38,3
REACT EU Fund <i>(part of expenditure on behalf of third parties)</i> ⁽³⁾				86,7
General Administration and other	36,2	57,9	18,7	20,6
Payroll for administration, high schools, ports and transport (012)		387,1		
Revenue Mitigation and Financial Equalization		80,1		
Interest on debt and financial costs		58,9		
Repayment of debt principal <i>(incl. mandatory provisions)</i>				160,9
Overall total	1 374,6	2 119,1	1 161,2	1 509,0
<i>(1) of which EMFF funds</i>	0,2	0,1		4,5
<i>(2) of which EAFRD Water funds</i>				19,0
<i>(3) digital transition, energy, support for SMEs and health and research equipment. The other appropriations under REACT EU are allocated in the Sectoral Commissions (own expenditure).</i>				
<i>(4) including FEADER-FEAMP funds</i>				10,0
	PA/CA		PC	
Total expenditures recorded in PO 2023	2 535,8		3 628,1	

Resources entered in the 2023 Primary Budget: 3.21 billion € excluding borrowing

In recent years, there has been a significant reconfiguration of the financial resources of the *Régions*, notably including the replacement of former state grants with tax revenues, the nature of which has also evolved.

Among the major elements is **the emergence of VAT as the first regional resource** (a shared national tax, unrelated to the territory), associated with recurrent adjustments of the TICPE (main vector of the top-up right for skills transferred since 2004) and a structural decline in registration cards. The particularity of regional tax resources is that they are based on economic flows subject to cyclical vagaries.

Breakdown of recorded income 2023 excluding borrowing

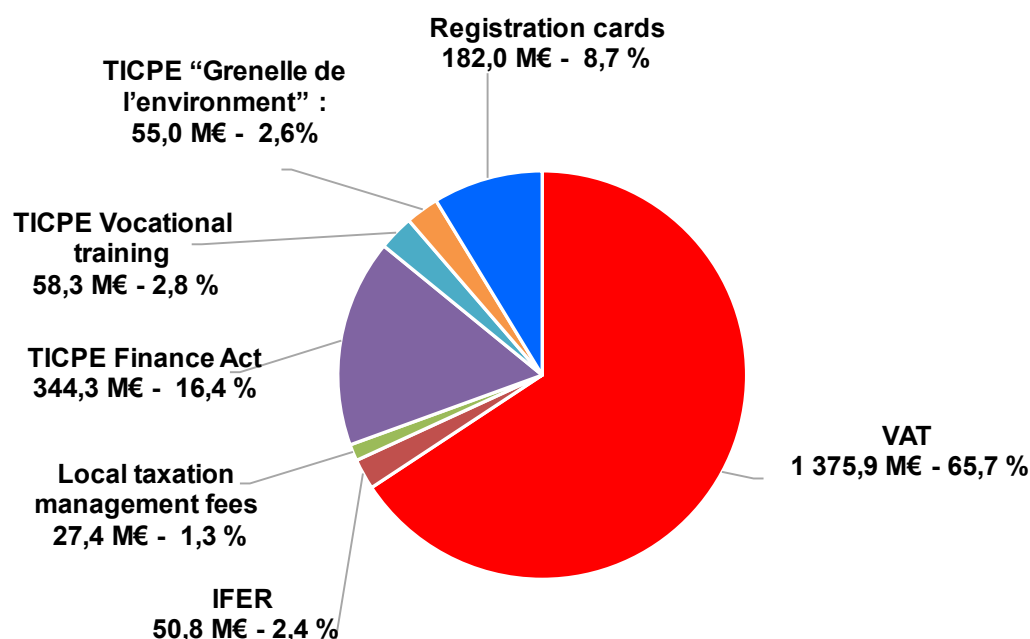


General table of resources entered in the 2023 Primary Budget

Taxation	2 038 720 000
VAT (Value Added Tax) in substitution for the ex-CVAE / FNGIR / Equalisation	930 200 000
VAT (Value Added Tax) in substitution for the former DGF	445 700 000
TICPE (Internal Tax on the Consumption of Energy Products) Finance Act	344 320 000
TICPE Vocational training (historical)	37 000 000
TICPE Vocational Training - "Professional Future" Act (financial top-off)	21 300 000
Vehicle registration cards (registration certificates)	182 000 000
IFER (Network companies fixed-rate tax: railway and telecoms)	50 800 000
Local taxation management fees (TH/CVAE/CFE)	27 400 000
State endowments and financial support	306 700 000
Staffing neutralisation of apprenticeship reform Law "Professional future"	13 300 000
Apprenticeship Support Fund (France Compétences)	9 400 000
Professional tax reform top-up endowment (DCRTP)	96 300 000
Residual DGD (general decentralisation endowment)	39 100 000
Top-up endowment for loss of management fees (TH, CVAE and fraction of CFE)	35 200 000
Investment in Skills Plan (PIC)	91 950 000
Top-up endowment from State as counterpart to EAFRD 2023-2027	14 320 000
Top-up endowment Natura 2000 sites	2 630 000
Operating top-up for "Cévenol" railway line	4 500 000
Miscellaneous operating resources	142 330 000
The Regional Accommodation Fund (high schools)	13 500 000
Revenue related to road passenger transport	13 600 000
Departments' contribution under NOTRe Law (waste and port functions)	1 000 000
Allocation of top-up from the Departments for the transfer of the school and interurban transport function	60 780 000
Framework agreement with Pôle emploi	12 250 000
Miscellaneous operating income	41 200 000
European funds managing authority	110 236 000
Miscellaneous European income	400 000
EAFRD 2014-2020 (European Agricultural Fund for Rural Development)	45 000 000
ESF 2014-2020 European Social Fund	37 000 000
YEI (Youth Employment Initiative)	8 600 000
EMFAF	236 000
Technical assistance	19 000 000
Subtotal: Operating revenue	2 597 986 000
Own capital revenue	269 150 000
TICPE "Grenelle de l'environnement"	55 000 000
DRES (Regional schools equipment endowment)	39 850 000
Fund for investment in CFA (France Compétences)	9 200 000
FCTVA (VAT Top-up Fund)	62 000 000
Repayments of advances and loans	24 100 000
Departments' contribution to schools and higher education	11 600 000
DSIL / DRI (regional investment allocation) linked to the State Recovery Plan	24 400 000
"Green Fund" (inserted in the Budget Act for 2023)	10 000 000
Miscellaneous capital income	33 000 000
European funds managing authority	343 350 000
ERDF 2014-2020 (European Regional Development Fund)	139 500 000
ERDF linked to Foster 2	18 000 000
POI (Interregional Operational Programme) Pyrenees	3 150 000
EAFRD 2014-2020 (European Agricultural Fund for Rural Development)	57 000 000
EMFF 2014-2020 (European Maritime and Fisheries Fund)	4 500 000
REACT-EU (European Recovery Plan, extension of the ERDF Operational Programme 2014-2020)	121 200 000
Subtotal: Capital revenue	612 500 000
TOTAL general resources excluding borrowing	3 210 486 000
Borrowing authorisation	417 500 000
Overall total of resources entered in the 2023 Budget	3 627 986 000

I – TAX REVENUES

Breakdown of taxation revenues: 2,093.7 M€

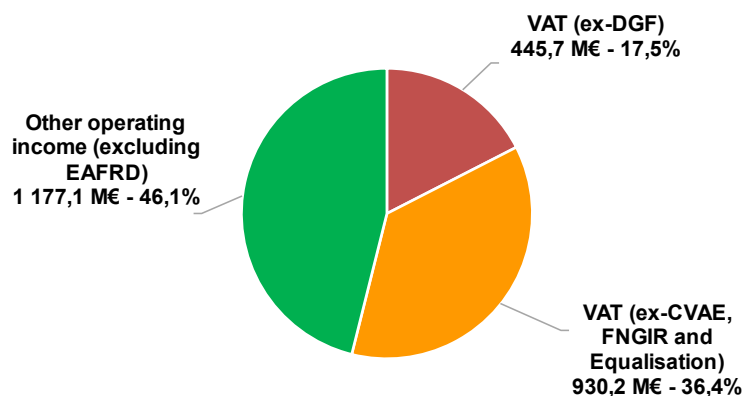


Now, the Région's tax revenues are mostly become tax revenues shared with the State. Like TICPE income since 2021, the VAT tax base is national and no longer correlates with regional economic conditions.

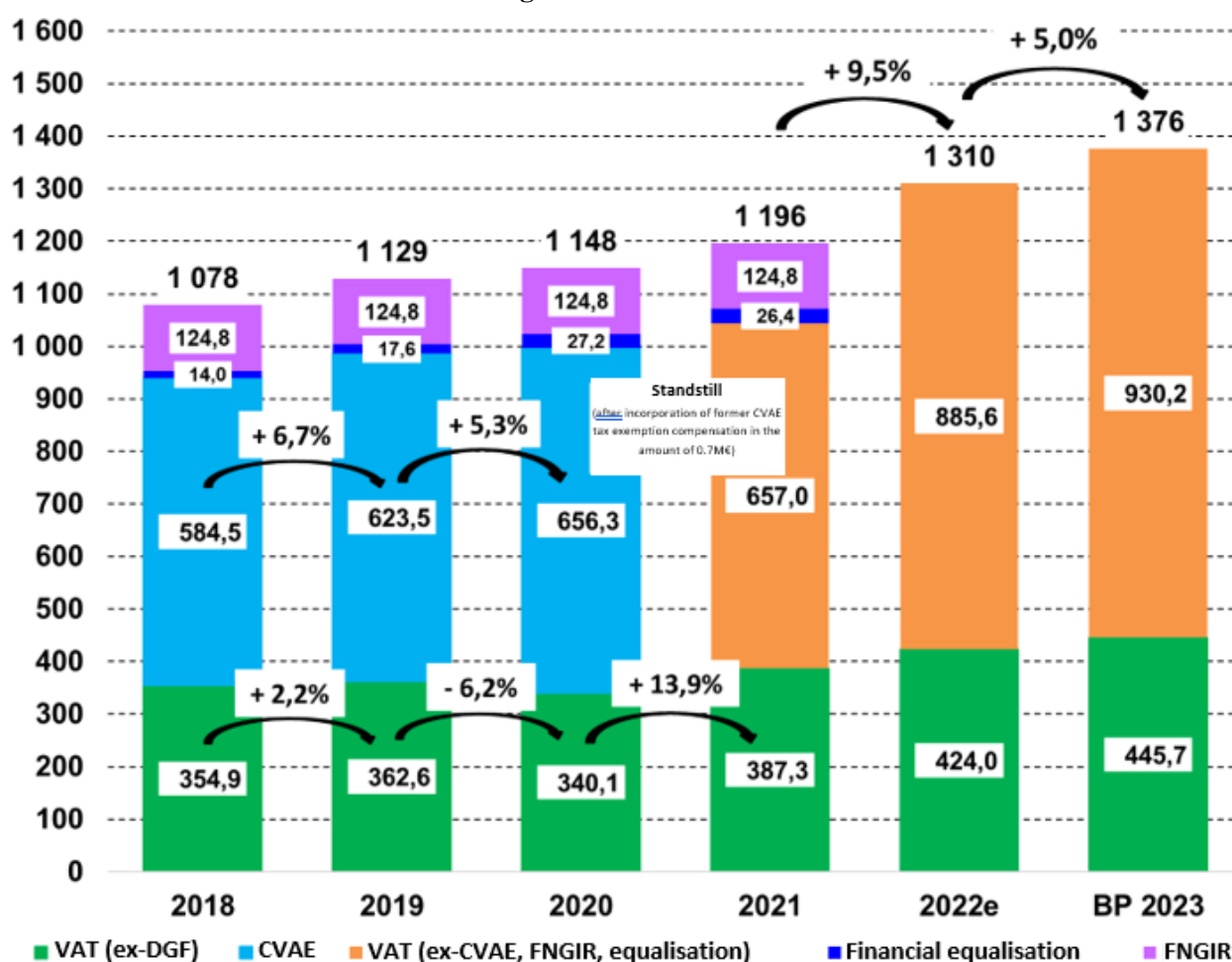
I.1 Regional VAT portions (1 376 M€)

The two regional fractions of VAT (ex-DGF, ex-regional share of CVAE, ex-FNGIR, and ex-equalization) constitute the primary financial resource of the Région Occitanie. In 2023, they will represent **65.7% of tax revenue and 54% of operating revenue** (*excluding EAFRD*).

Relative share in operating revenue 2023



Changes in VAT income in M€



I.1.1. The regional portion in replacement of the Global Operating Endowment (DGF) (445.7 M€)

Article 149 of the initial Finance Act 2017 allocates to the *Régions*, from 2018, a portion of VAT to completely replace the former regional global operating environment (DGF). This resource is not regionalised but evolves at the same rate as national revenue. The same 2017 Finance Act has set a new minimum, which is pegged at the amount received in respect of DGF in 2017, namely 340.1 M€ in the case of Région Occitanie.

The VAT revenue portion is not notified, but evolves as time goes by depending on amounts actually collected by the State. Heavily dependent on the economic environment (growth and inflation), revenue projections are based on macro-economic forecasts.

In the current state of macroeconomic forecasts, the estimated revenue for 2022 is **€424 million, an increase of more than 9%.**

In view of the economic forecasts for 2023 (growth at 0.6% and inflation at 4.4%), the revenue forecast for this VAT fraction is expected to be €445.7 million in 2023 (+5.0%).

I.1.2. The VAT portion in replacement of the regional CVAE share (930.2 M€)

The Recovery Plan implemented by the Government in 2021 included the abolition of certain “production taxes”, essentially the CVAE via the abolition of the regional share (i.e. 50% of the total product).

In 2021, the income was identical to the CVAE collected in 2020 (blank year in terms of change) added to which is the tax exemption compensation element introduced by the State, giving a total amount of 657 M€.

The 2022 Finance Act “rebased” this VAT portion by incorporating:

- the FNGIR (national resource guarantee fund) set up in 2011 to the tune of €124.7 million for Occitanie. Unchanged in value since 2011, it was a substitute resource funded by the Ile-de-France Region (“overendowed with CVAE tax revenue”) and stemming from the elimination of the business tax.
- the tax revenue adjustment fund established in 2013 to bring, to a partial extent, the replacement revenues for the former regional direct taxes (CVAE, IFER, FNGIR and DCRTP) into convergence with the average national trend (26.5 M€ in 2021 for Occitanie). The abolition of the regional CVAE element rendered this adjustment mechanism obsolete.

In parallel, the 2022 Finance Act, introduced a regional solidarity Fund, funded by the Régions whose basket of per-inhabitant resources, comprising the “ex-CVAE” VAT rebased to incorporate FNGIR, the DCRTP, the IFER and vehicle registration tax income, is 80% greater than the average. In practice, all *Régions* of metropolitan France are contributors and the Overseas *Régions* and Corsica are beneficiaries of this fund. The distribution is based on four criteria (population, per capita income, number of people between the ages of 15 and 18, and population density).

The amount levied in 2022 was equal to 0.1% of the “ex-CVAE” VAT portion, and then gradually increased to 1.5% of the growth in VAT income determined in N+1. It shall be distributed pro rata the population of the contributing *régions*. In 2022, the Région Occitanie contributed €0.9 million, an amount that should automatically increase over the following years. Thus, in 2023, the contribution of the Région Occitanie is estimated at €2.15 million.

The income from the “ex-CVAE” VAT portion (rebased), together with the ex-DGF portion, varies depending on national economic conditions. In 2022, the *Régions* benefited from the economic recovery at the beginning of the year and inflation (+5% from March).

Unlike the fraction of VAT replacing the DGF, this one is not collected as it is generated but based on the national revenue forecasts made by the State. It is thus the subject of notifications by the tax services.

In respect of year N, the Region receives advance payments calculated on the basis of the VAT proceeds voted in the Finance Act. These instalments are then revised during the year. Finally, an adjustment is made in February of year Y+1, once the amount of VAT is definitively known.

In 2023, the economic forecasts set out above would lead to a 5% increase in revenue. Accordingly, the amount entered in the 2023 Primary Budget is **€930.2 million**.

1.2. Excise duties: TICPE (457.6 M€)

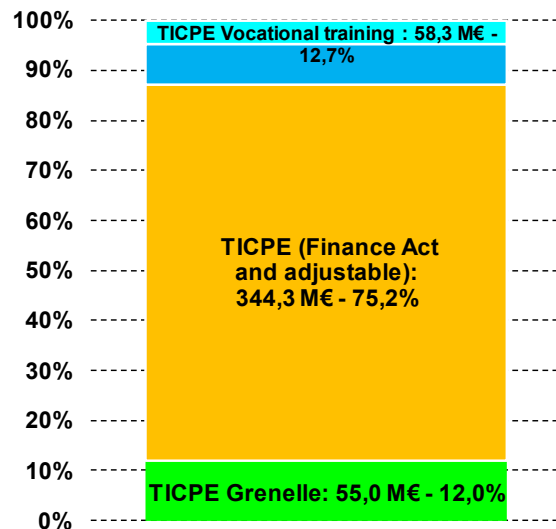
Régions receive, by way of top-up, a part of the revenue from the internal tax on consumption of energy products (TICPE) collected by the State on vehicle fuels.

With an estimated overall income in 2023 of 457.6 M€, the TICPE received by the *Région* represents its second-highest tax revenue after VAT.

Comprised, until 2012, of a main element compensating for the transfer of powers introduced by the law of 13 August 2004 and another element intended for the financing of sustainable mobility infrastructure (“Grenelle de l’environnement”), it was topped-up in 2014 by a portion earmarked for the financing of vocational training.

Since 2020, a new portion contributes to the financing of the compensation allocated following the abolition of the apprenticeship tax for the *Régions*, which helped, in part, towards the financing of vocational training, a retained power.

The various TICPE portions



1.2.1. The TICPE voted under the budgetary finance law

The successive transfers of powers and revaluation of expenses associated with the regulatory reforms, led to financial compensation in the form of an allocation to the *Régions* of a portion of the TICPE tariff assessed on actual consumption recorded in each Region until 2020 and on national consumption thereafter.

This TICPE portion takes the form of an individualized tariff for each *région* fixed in the budgetary finance law. For the *Région Occitanie*, the tariff set in 2021 was 0.0886 € per litre of unleaded petrol and 0.0616 € per litre of diesel. This tariff evolves as transferred expenditure has entered into effect, based on the work of the consultative committee for the assessment of expenditure (Commission Consultative d’Évaluation des Charges (CCEC)), to ensure that the compensation rights are covered by the collected revenue.

Furthermore, since 2017, the former flexible element has been incorporated into the “base” part defined in the budgetary finance law and its assessment basis became national in 2020. As a result, the *Régions* have lost all visibility on projected regional fuel consumption.

In 2023, the tariff will undergo marginal changes based on changes to the top-up right. Indeed, the 2023 finance bill includes a top-up as compensation for measures included in the “Segur de la santé” such as the opening of additional places in IFSI and IFRAS and the increase in the remuneration of trainers (€17.65 M) as well as the transfer of State personnel carrying out their missions for the management of “Natura 2000” land sites, competence transferred to the *Régions* from 1^{January} 2023 under the so-called “3 DS” law.

Accordingly, the “Finance Act” TICPE is estimated in 2023 at **€344.32 million**.

1.2.2 The “Grenelle de l’environnement” TICPE

Since 2011, the two previous portions have been supplemented by a new regional TICPE tariff portion introduced following the “Grenelle Environment”. Accordingly, the Régions have the option of increasing the regional TICPE tariff subject to this new income being allocated exclusively towards financing sustainable rail or river transport infrastructure. This uplift option remains marginal since it is capped at 0.0073 € per litre of unleaded petrol and 0.0135 € per litre of diesel.

Since its introduction, the cumulative revenue of the two former Régions reached 639.2 M€, whilst eligible operations (rail and ports infrastructure) represented 1 227.4 M€ in expenditure as at 31 December 2021.

Unlike other TICPE portions, this component constitutes capital revenue allocated towards sustainable transport policy. It is not associated with a right to compensation and has no guarantee mechanism. Its revenue fluctuates in line with fuel consumption.

The provisional amount of this TICPE portion is expected to be **55.0 M€** in 2023. The amount of the decrease is small, in line with fuel consumption.

1.2.3. The other TICPE portions

Today there are two other TICPE portions:

- an initial component, introduced in 2014, contributes to the financing of vocational training, in addition to local taxation management fees (in replacement of the former State endowments). The income from this TICPE portion represented €26.5 million,

In 2022, it was increased to include top-up funds to compensate for new charges resulting from the increase in the remuneration of trainees in vocational training carried out by way of decrees in April 2021. In total, this component is expected to amount to **€37 million** in 2023.

- a second component consists of a top-up received to offset the withdrawal of the apprenticeship tax from the *Régions* since 2020. Based on the principle of budget neutrality and exercise of the right to compensation (“historic” resource earmarked for the financing of vocational training), it constitutes financial compensation for the benefit of the Régions. The total amount of compensation is 31.2 M€, the second component consisting of an additional endowment paid by the State (9.9 M€). The income from this TICPE portion is fixed at **21.3 M€**.

I.3. Vehicle registration tax (cartes grises) (182 M€)

A. Recent evolution of the revenue

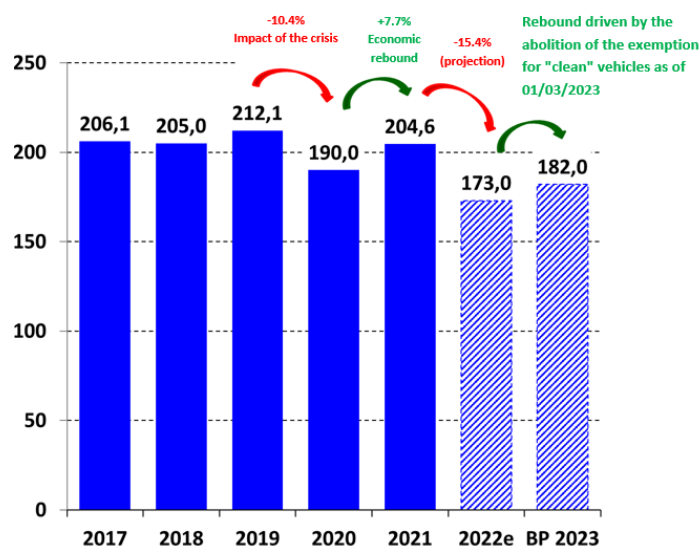
The revenue received in 2021 was €204.6 million, or 8.7% of operating revenues. In 2022, the revenue shows a sharp decrease for two main reasons:

1/ **a cyclical factor:** very significant slowdown in the number of registrations recorded in 2022,

2/ **a structural factor:** awareness of the climate emergency and the exemption incentives lead to an increase in the purchase of clean (electric) or so-called clean vehicles (hybrids, LPG and superethanol), a distinction made by the Finance Act for 2020. However, we are currently witnessing an acceleration of the greening of the vehicle fleet. In Occitanie, the relative share (transactions in new and used vehicles) of electric vehicles is expected to reach 3.3% of registrations in 2022, compared to 2.3% in 2021. Regarding “clean” vehicles, their share is expected to reach 7.6%, compared to 5.8% in 2021. In total, the increase would be 21.4% in 2022, a pace that continues to accelerate.

In 2022, the overall decline in the proceeds from registration cards will be around 15%, a loss of more than €30 million compared to the previous financial year.

Changes in vehicle registration card income in M€



B. The price of vehicle registration cards

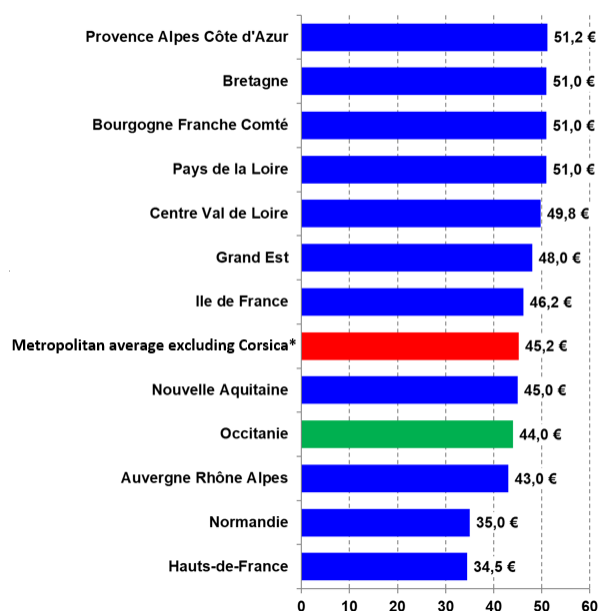
Setting the price of registration cards is the ultimate tax lever available to the *Régions*. Since 2020, lawmakers have placed a cap of €60 per horsepower unit.

Currently set at €44 per tax horsepower unit, the rate applicable in Occitanie has been stable since 2016 and the harmonisation resulting from the union of the *Régions*.

At the beginning of 2022, the Grand Est Region increased its price by €6 (€42 to €48). In the last quarter (for implementation on 1 January 2023), the Nouvelle-Aquitaine Region set its new rate at €45, an increase of €4, the Pays de la Loire Region also increased its rate to €51, an increase of €3 and finally, Hauts-de-France: + €1.50 to €34.5. The average metropolis outside Corsica (weighted by population) will thus reach €45.2 in 2023.

Regarding the Région Occitanie, it is proposed to maintain the rate at €44 per horsepower unit, a measure intended to preserve the purchasing power of households in times of high inflation.

“Cartes-grises” tariffs in 2023 per tax horsepower



Integration of increases decided by the Nouvelle-Aquitaine

and Pays de la Loire *Régions* at the end of 2022. The average, weighted by the population, is calculated excluding Corsica and the Overseas *Régions*

C. Exemption policies

The Goods and Services Tax Code provides for two types of exemptions:

1/ a legal exemption: article L421-9 sets out a total exemption for vehicles powered solely by electricity, hydrogen or a combination of the two. This provision has been incorporated into the Finance Act for 2020. Previously, this exemption was optional and decided by the regional elected representatives. This generalization of the exemption imposed by the State has not been the subject of any top-up mechanism,

2/ an optional exemption left to the discretion of the *Régions* for so-called clean vehicles: article L421-50 provides for the possibility of exempting vehicles whose energy source includes electricity, hydrogen, natural gas, liquefied petroleum gas or superethanol E85. This optional exemption may be 100% or 50% of the regional rate. Since 2016, the Région Occitanie has applied a total exemption.

For the 2022 financial year, the estimated “loss of profits” from these exemptions (mandatory and optional) is around €34 million for the Région Occitanie, including €24 million for optional exemptions. However, the trend is to accelerate progress with a doubling projected from 2026.

Like many *Régions*, with the aim of limiting the inevitable erosion of registration card revenue and **ensuring the financing of actions in favour of the energy transition and sustainable mobility, it is proposed to remove the optional exemption of so-called clean vehicles, within the meaning of the Finance Act for 2020.**

While they were previously a step forward, the majority of hybrid vehicles are SUVs, with a limited range (mainly used in urban areas) and much heavier than thermal vehicles due to the presence of two engine systems and equipped with increasingly large batteries. In addition, **environmental performance is often considered disappointing** in terms of consumption and CO₂ emissions (especially for non-refillable hybrids).

The dual engine significantly increases the price of these vehicles. The cheapest ones are around €30k and the majority exceeds €40k or even €50k, average prices much higher than those applied to current new conventional cars. These vehicles effectively exclude households with low purchasing power.

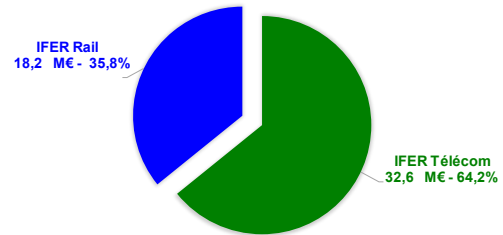
With the aim of **reconciling the energy transition with the reduction of social inequalities**, the Région Occitanie favours targeted individual aid, with relatively controlled costs and effects, in particular for the benefit of low-income inhabitants: mobility eco-cheque (electric bike, electric vehicles and plug-in hybrids only), €1 train, free train via “+0” for young people aged 18 to 26, or free textbooks and the LoRdi scheme to make Occitanie the Region where the start of the school year is the cheapest in France.

Finally, vehicles whose energy source is **exclusively electricity, hydrogen or a combination of the two, will always benefit from a 100% legal exemption** in accordance with article L 421-49 of the CIBS.

Thus, the revenue from 2023 registration cards is anticipated at **€182 million** (7.1% of operating revenues excluding EAFRD).

I.4. Flat-rate tax on utility companies (IFER)

In addition to the CVAE, the Finance Act for 2010 had introduced a flat-rate taxation on network companies (IFER), replacing the former regional direct taxation. The *Régions* are concerned by IFER Ferroviaire and IFER Télécom according to the apportionment shown in the attached graph. The 2022 amount will be around €50.8 million, which should be relatively stable over time (notifications at year-end).



A. Rolling stock used on the national rail network for passenger transport

The flat-rate tax applies to rolling stock used on the national rail network for passenger transport purposes. The amount of the flat-rate tax is determined by reference to a scale for each item of rolling stock depending on its type and purpose.

The tax is then distributed between the *régions* by reference to the ratio of (a) the number of track-kilometres reserved by rail transport companies in the year preceding the relevant tax year with *SNCF Réseau*, to (b) the total number of track-kilometres reserved for passenger transport operations on the national rail network.

Since 2013, an inflation-based tariff indexation mechanism has been introduced and taxation applied progressively by reference to operators' actual activity. For this purpose, a twin threshold system has been introduced. Below the "lower" threshold of 300,000 km annually, there is no tax. Above the "higher" threshold of 1,700,000 km, full tax is charged. Between these two limits a progressive tax rate is applied.

The IFER revenue is only notified in December for year Y. The Région's IFER "Rail" revenue for 2023 is considered to be stable at: **18.2 M€**.

B. Main local copper loop distributors and switching equipment

The flat-rate tax applies to the main local copper loop distributors, subscriber connection units and switched telephone network subscription cards, with a different tariff depending on the nature of the equipment. This IFER relies on the local copper loop which is gradually being replaced by cable and fibre optic networks.

As a result, Parliament had to introduce a minimum guaranteed income of 400 M€ by introducing an automatic mechanism to raise the tax rate in line with any decrease in the tax base. The guaranteed income allocation mechanism, which applies since 2014, provides that income is no longer distributed by reference to the equipment located in the Région, but rather as a percentage of the income collected in 2013. For the Région Occitanie, this percentage is 9.0634%.

As from the 2019 tax year, fibre optic communication networks fall within the scope of this IFER. However, Parliament has at the same time introduced a temporary 5-year exemption for new lines built from 2019, and also for lines that were less than 5 years old in 2019.

The guarantee mechanism referred to above also applies and the Région's IFER "Telecoms" revenue for 2023 is an estimated amount of: **32.6 M€**.

The anticipated revenue under both IFERs for 2023 is **50.8 M€**.

I.5. Financing of vocational training by local taxation management fees

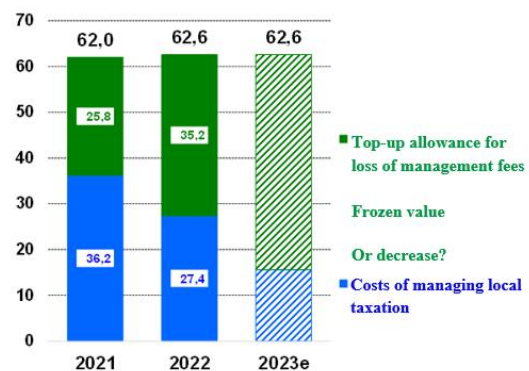
In 2014, the former "vocational training global decentralization endowment" was replaced with the following two revenues:

- a TICPE portion, as previously referred to,
- the proceeds previously received by the State to cover its management fees relating to the calculation and collection of the business real estate contribution (CFE), business value-added contribution (CVAE) and a portion of the management fees in respect of residence tax (*Taxe d'Habitation*). Around 40% of these management fees apply to the residence tax and 60% to local economic taxes (CFE and CVAE). This revenue has risen slightly to an amount of 62 M€ in 2020.

With the abolition of the residence tax, the 2021 Finance Act provided for the replacement of the portion of the management fees allocated to this tax with a State endowment of an equivalent amount, stable over the long-term. In 2022, the 50% reduction in the rental values of industrial premises has permanently reduced the management fees received by the *Régions*.

In 2023, in line with government measures to reduce "production taxes", the abolition of the CVAE will result in a further loss of management fees, which should be compensated (see the next chapter on the top-up allowance for loss of management fees).

The revenue entered in the 2023 Initial Budget for local tax management fees is **€27.4 million**. It will be adjusted as part of an Amending Decision, on the basis of the amount definitively notified, as well as (normally), the top-up allowance.



Giving a total tax revenue of 2 093 M€

II. STATE ENDOWMENTS AND FINANCIAL SUPPORT

II.1 State endowments and financial support

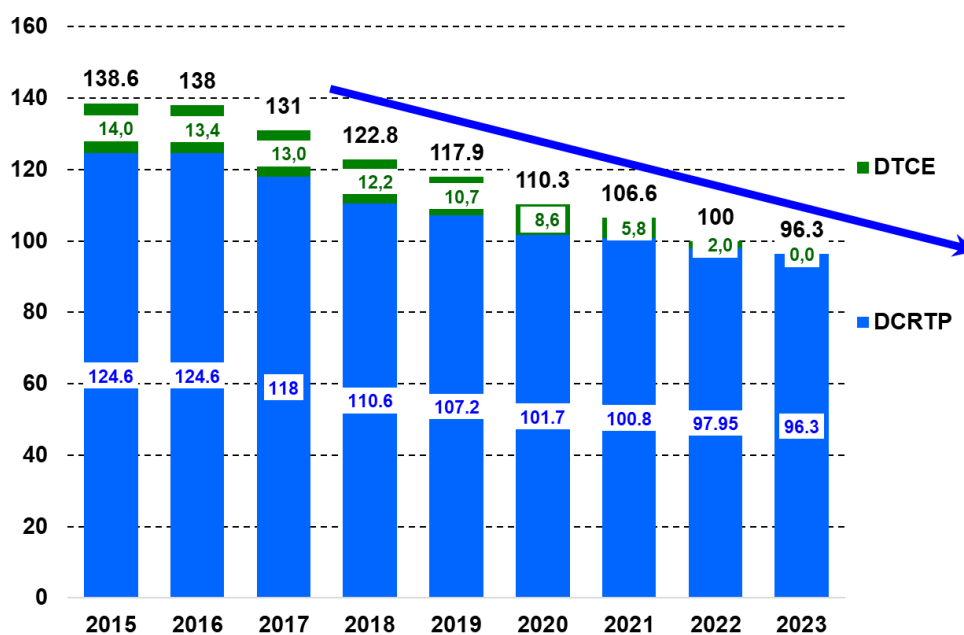
II.1.1. Endowments considered as State financial support “adjustment variables”

Since 2010 and the introduction of a standardised envelope characterised by stable State financial support paid to local authorities, the various measures designed to increase one of its components are financed by an equivalent reduction in other endowments, which have become real adjustment variables.

The above-mentioned increases mainly concern the financing of equalisation measures for the benefit of the communal bloc and are, in part, financed by the Régions.

In 2023, this financing requirement amounted to €45 million at national level (€50 million in 2022). It is fully covered by a decrease in the endowments allocated to the *Régions* (-€30 million including -€3.7 million for Occitanie) and the Departments (-€15 million).

Evolution of the DCRTP and DTCE in M€:



A. Professional tax reform compensation endowment (DCRTP)

DCRTP is a “balancing” endowment paid by the State and designed to cover any residual difference between the amount of the former direct tax revenues in 2010 (real estate and professional tax bridging compensation) and the sum of the replacement revenue sources: CVAE + IFER + FNGIR.

Since the outset, this endowment has been frozen in value. However, in 2017, the Government has incorporated this endowment into the scope of the adjustment variables applicable to the funding paid by the State. This annual reduction is an inequalitarian measure because it affects the *Régions* that were the most heavily penalised by the professional tax reform in 2010, including Occitanie in particular (the Ile-de-France Region does not receive any DCRTP).

The loss induced in 2022 for the Région Occitanie is estimated at €1.65 million. Therefore in 2023 DCRTP should amount to **96.3 M€** (compared to 124.6 M€ in 2016).

B. Local tax exemption compensation transfer endowment

This historic endowment derives from various tax exemption compensations. Like DCRTP, this endowment is reduced each year to help meet the overall objectives regarding the evolution of State funding paid to local authorities.

This adjustment method is renewed in 2023 resulting in a new loss of €2.1 million for the Région Occitanie. This amount corresponds to the remainder of this endowment. As a result, in 7 years, **it will have disappeared** (as a reminder, it represented €13.4 million in 2016).

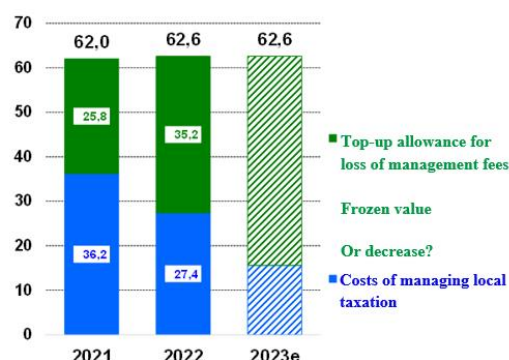
II.1.2. Compensatory endowment for loss of management fees

As mentioned above, the gradual abolition of local taxes has resulted in the loss of the associated management fees part of which the State paid over to the *Régions* to finance vocational training. Since 2021 and following the abolition of the residence tax, the associated management fees have been converted into an endowment of €292 million at the national level, including **€25.8 million** for the Région Occitanie.

In 2022, the dynamics of management fees were affected by the halving of the rental values of industrial premises. The Government had instituted, by amendment to the 2022 Finance Bill, a top-up allowance of €107 million at the national level, or **€9.4 million** for the Région Occitanie.

At the time of writing, the Initial Finance Bill for 2023 does not reinstate these appropriations. **The *Régions* hope that this measure will nevertheless be sustained during the parliamentary discussion.** Otherwise, it would be a new infringement of the top-up right for the expenses incurred by them in the financing of vocational training.

From 2023, the abolition of the CVAE will lead to a further reduction in the management fees associated with this taxation. To compensate, an amount of €91 million is provided for in the 2023 PLF at the national level (**€8 million** for the Région Occitanie).



II.1.3. Endowments and financial support associated with apprenticeship reforms and abolition of the apprenticeship tax

The 2020 Finance Act implemented measures to financially support Régions as part of apprenticeship financing reforms. Under these measures Occitanie will receive financial compensation of 31.2 M€, one of whose two components is a fixed long-term endowment of **13.3 M€**.

In addition, even though responsibility for apprenticeships will be transferred to the professional branches from 2020, the *Régions* will continue to contribute to the funding of apprentice training centres (CFAs), “where justified by regional planning and economic development needs”.

To this end, they receive two forms of financial support from *France Compétences* (one in the operating section and the other in the capital section). This national administrative public establishment, created on 1 January 2019 which falls under the supervisory authority of the Minister for vocational training, is responsible for distributing all pooled training and sandwich course funds between the various financiers.

The Région Occitanie will receive **9.4 M€** in the operating section.

II.1.4. Residual general decentralisation endowment (DGD)

This endowment forms the remainder of the DGD that was not incorporated into the global operating endowment (DGF) (5%) when it was created in 2004. This endowment enables certain financial adjustments to be made, in particular in respect of railway tolls compensation or expenditure in the region’s ports. It should reach an amount of **39.1 M€** in 2023.

II.1.5. Allocated financial support

A. The national Skills Investment Plan (PIC)

The Skills Investment Plan (PIC) relies on regional implementation via annual agreements signed between the State and the *Régions*. To date, in addition to the 2018 Seed Agreement, four annual financial agreements have been signed for the years 2019 to 2022.

Under each annual financing agreement, the State pays an advance (50%) in the first year, then two interim payments (30% then 10%) and the balance (10%), depending on the expenditure incurred and recorded in successive Administrative Accounts, over and above the “base” (benchmark amount defined with reference to the amounts appearing in the 2017 Administrative Account, which is the reference year, adjusted downward in 2022).

Expenditure and revenue are in balance across all PIC programming, with an additional amount of revenue for technical assistance. In practice, lags in terms of financial flows (expenditure/revenue) result in considerable annual variations in respect of internal-financing and cash levels.

The one-year extension of the initial Pact 2019-2022 will lead to the signing of a supplementary agreement in 2023. Thus, the fund allocations recorded in 2023 are **€91.95 million**. This amount corresponds to the advance of 50% of the 2023 financial agreement and the second deposit (30%) associated with the 2020 agreement.

B. Financial compensation for transfer of “Le Cévenol” link

The Clermont-Ferrand – Nîmes rail link, also known as “Le Cévenol”, has since 1 January 2018 been operated as regional express transport (TER), the Région becoming the Organising Authority for the line. An agreement to this effect was signed on 10 May 2017 between the State and the Région. The terms of this agreement, in respect of territorial equilibrium trains (TET), include full financial compensation from the State for a five-year period to cover operating costs.

An extension of the agreement beyond 2022 is being negotiated. Consequently, a new compensation year is entered in PO 2023 for an equivalent amount, i.e. **€4.5 million**.

C. Financial compensation for the transfer of State counterparts to the EAFRD

As part of the work prior to the new programming (2023-2027) of the European Agricultural Fund for Rural Development (EAFRD), the State and the *Régions* wished, in a common concern for simplification and efficiency, to clarify their respective roles.

- for “surface” measures (agri-environment, organic farming, less-favoured agricultural areas, etc.), the managing authority remains with the State,
- for "non-surface" measures (forest, investments, installation, LEADER, etc.), the management authority is entrusted to the *Régions*. As a result, all resources, including State appropriations for the corresponding policies, are transferred to the *Régions*.

As such, the Région Occitanie enters **€14.32 million** in the 2023 Primary Budget. This is an endowment that is intended to be extended until the end of the programming, i.e. 2027.

D. Financial compensation for the transfer of competence relating to the management of "Natura 2000" terrestrial sites

The law of 21 February 2022 on differentiation, decentralisation and deconcentration (known as the 3DS Act) provides for the transfer of the management of “Natura 2000” terrestrial sites to the *Régions*. This transfer of jurisdiction will take effect on 1 January 2023.

Three financial compensations are provided:

- a transfer of staff or their financial costs; the compensation vector will be conventionally TICPE,
- a financial transfer of the Ministry of Ecological Transition’s appropriations previously devoted to this mission (**€1.33 million**),
- another transfer related to what is set out above, i.e. the counterparts paid by the State for this competence under the EAFRD (**€1.3 million**).

Giving a total operating endowment and financial support revenue of €306.7 million

II.2 Provisions and financial assistance for investment

II.2.1. Regional schools equipment endowment (DRES)

The DRES is one of the oldest endowments paid by the State. From the outset, it has been allocated towards partially covering the Régions' financing requirement for capital investment in high schools. Since 2008, its amount has been frozen in value at **39.85 M€**.

II.2.2. VAT Compensation Fund

The purpose of this fund is to compensate on a flat-rate basis the value added tax paid by local authorities on their eligible investments. Since 2010, the FCTVA received during a financial year is based on expenditure incurred in the previous year. To take account of the VAT revenue paid into the European Union's budget, the applicable FCTVA rate has been fixed at 16.404% since 2015.

The FCTVA reforms aimed at automating eligible expenditure reporting were applied to the Region in 2022 (for local authorities who receive this revenue with a one-year delay).

For the 2023 financial year, and depending on the level of investment realised to date, an estimated amount of **66 M€** is anticipated (*67 M€ realised in 2022*). However, given the constraints linked to the automation of the FCTVA, part of the eligible expenditure relating to the 2022 financial year cannot be declared in 2023 and will be carried over to the following year.

Therefore, the amount of FCTVA entered in the 2023 PB is **€62 million**.

II.2.3. Apprentice Training Centre investment fund

This revenue represents the capital element of the apprentice training centre (CFA) support fund previously referred to. France Compétences will pay €180 million per year to the *Régions* in this respect. The Région Occitanie receives **9.2 M€** from this fund.

II.2.4. State contributions as part of the various “Recovery Plans” (38.85 M€)

The State launched various mechanisms as part of the Recovery Plan to support local authorities with their investment, founded upon criteria-based projects directed mainly at ecological and energy transition.

A. Regional Investment Endowment (DRI)

This financing covers high school energy renovation works, the Luchon– Montréjeau railway line infrastructure renovation works, restoration of the Figeac station and aid towards the acquisition of hydrogen trains, as well as support for work resulting from the expansion of the Port-La-Nouvelle port.

This State co-financing has been approved by order of the Préfecture de Région, together with specific payment arrangements (advance, interim payment depending on actual completion of works, and balance). The advances were generally paid in 2022 as well as part of the instalments. In 2023, the Region anticipates revenue of **€22.6 million**.

B. The regional element of the Local Investment Support Endowment

The DSIL is an annual financing mechanism well-known to the communal sector. At the end of 2020, this scheme was exceptionally extended to the *régions* as part of the Recovery Plan.

The arrangements are similar to those of the DRI (State contribution towards co-financing criteria-based investment projects, through orders of the Préfecture de Région). The most significant projects concern the restoration and extension of the CREPS - Font-Romeu, the acquisition of a hydrogen powered dredge, building works on the IFSI at Auch and those relating to the establishment of an engineering school specializing in renewable energies in Perpignan.

Accordingly, revenue of **€2.9 million** is anticipated in 2023.

C. “Boarding schools excellence” call for projects

Under the "Boarding schools excellence" call-for-projects as part of the "France Recovery" plan, six projects in Occitanie were selected, having regard to the quality of the educational and pedagogical project and the proposed investments' matching of the aims and timetable of the France Recovery Plan. The total cost of the accepted projects amounted to 9.5 M€.

In 2023, the State's contribution will be around **€2.2 million**.

D. The “Digital transformation of education” agreement

The health situation surrounding the spread of COVID-19 has resulted in wider use of digital and the development of digital teaching practices within high schools. In order to ensure that students have equal access to and master use of the equipment, the State unlocks 20 M€, as from 2021, as part of its Recovery Plan. This financial envelope is formally agreed as part of the CPER 2021-2027.

In Occitanie, the overall cost of this project (in particular purchasing materials and equipment) is estimated at 3.22 M€, of which 50% is financed by a State grant. For the year 2023, an amount of **1.2 M€** in revenue is anticipated.

E. The “Green Fund”

This autumn, the Government announced the establishment of the *Fonds d'accélération de la transition écologique* (Green Transition Acceleration Fund), the official name of the Green Fund. This multiannual envelope, initially endowed with €1.5 billion, was finally increased to €2 billion over 5 years. The Finance Bill under discussion at the time of writing shows €375 million for the year 2023.



The region estimates that it could contribute **€10 million** to this scheme (energy renovation of public buildings).

Giving an operating endowment and financial support revenue for investment of €150.0 million

Giving a total operating endowment and financial support revenue from the State of €456.6 million
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III. OTHER RESOURCES

III.1. The Regional Accommodation Fund (high schools)

In parallel with the transfer, starting in 2004, of all regional high school staff, the State abolished the boarding school staff remuneration academic fund (FARPI) which collected contributions from both families and the State, that were then used to finance the remuneration of boarding school staff. From 2006, the Région assumed responsibility for collecting the portion of these funds allocated for the remuneration of boarding school and catering staff. Prior to this transfer, the State charged a contribution rate of 22.5%, which the Région continues to apply. The same mechanism was introduced for the remuneration in agricultural colleges of regional high school staff assigned to boarding schools and catering.

This revenue is not received in full until the month of January in year Y + 1. It has been declining since the pandemic that led some parents of high school students to no longer enroll their children in the “school canteen”. In addition, some new measures voted during the Standing Committee of October 2022 will make it possible to modulate downwards the rate of 22.5% according to the efforts made by high schools to improve the supply and quality of meals.

The revenue in 2023 from this fund should amount to **13.5 M€**.

III.2 Repayment of loans and repayable advances

The Région grants advances and loans to various public or private bodies, at zero interest rates, often with deferred repayment. These measures, essentially used for the purpose of economic development, have gradually been extended to the tourism, the social and welfare economy and the environmental sectors, in particular in connection with the “L’Occal” scheme.

The total amount of reimbursements made by the beneficiary companies will reach €23.3 million (provisional annual sum), including €5 million granted as part of the implementation of the “LED Plan”.

Furthermore, a revenue of 0.7 M€ is also expected to be received in respect of the advances granted to the Syndicats Mixtes in connection with the development of the Regional Economic Activity Parks (PRAE). Finally, the loans granted to staff are repayable on a monthly basis which will be entered in the 2023 PB in an amount of €0.14 million.

The anticipated income from these loans and repayable advances is an estimated amount of **24.1 M€**.

III.3 Contribution of the State and local authorities to works in the school campuses (*cités scolaires mixtes*) and universities

The Région Occitanie, in its capacity as manager, is the contracting authority for the works carried out in the various *cités scolaires* (high schools including colleges). In addition, it also acts as contracting authority for higher education establishments and social and health training colleges. It distributes its financial contributions among the relevant bodies on the terms of agreements which set forth the sharing arrangements.

The reimbursements made under the financial agreements signed to date amount, for 2023, to an estimated **11.6 M€**, split as follows:

- with the *Départements* (schools complexes): 4.1 M€,
- with the State or local authorities partners for higher education and within the framework of State/Regional Plan Contracts (National Veterinary School, School of Architecture, INU Champollion, and IUT de Tarbes): 7.5 M€.

Furthermore, in relation to the schools complexes (*cités scolaires*), a number of regional high school staff work part-time in middle schools (*collèges*). The Region is reimbursed for this fraction of the staff costs by the *Département Councils*. In 2023, the overall amount of this revenue equalled **2.53 M€**.

III.4 Contributions of the *Départements* in respect of transfers of powers under the NOTRe Law

The transfer of non-urban and school transport powers from the *Départements* to the Région resulted in a transfer of income via the granting of 25 CVAE (*Département*) points.

For ten *Départements*, this transfer of income is not sufficient to cover the transferred expenses, assessed by the CLERCT (under the aegis of the regional chamber of accounts (CRC)). As a result, the law requires these *Départements* to pay an additional top-up allowance which amounts since 2018 to **€60.8 million** (definitively stable amount).

Furthermore, the NOTRe Law introduced:

- the transfer of “waste planning” powers, combined with the payment of financial compensation (€491k),
- the transfer of the management of certain ports. In Occitanie, this concerns the port of Grau-du-Roi (€0.24 million),
- the transfer of the freight transport railway line between Colombiers and Maureilhan (Hérault) (€0.27 million).

In total, the Région anticipates an annual and recurring contribution by the relevant *Départements* of **1 M€**.

III.5 Operating revenue and contributions received for transport

In addition to the compensation income referred to in the previous section, the transfer of road passenger transport powers (school and interurban transport) will generate operating income (non-beneficiary family contributions to school transport costs, partial coverage of the cost by communes and intercommunalités, ticketing income for interurban transport).

In 2023, these sources of income, the majority of which are subject to VAT and are entered under a special heading in the budget, are estimated at an amount of **13.6 M€**.

This budgetary forecast incorporates, from the beginning of 2022, the termination of the delegation of authority relating to schools and inter-urban transport granted to the Haute-Garonne Département Council. Finally, various sources of income relating to rail transport have been entered, in an amount of **5.9 M€** (repayments under rolling stock financing agreements, Kartatoo tariff compensation, Arènes Colomiers tariff agreement...).

III.6 Contributions and miscellaneous income for Ports and Airports

The law of 13 August 2004 on local freedoms and responsibilities offered local authorities an option in respect of the transfer of the ownership, development, maintenance and management of non-autonomous ports and aerodromes belonging to the State. Under this arrangement, the Port de Sète and Port-la-Nouvelle as well as Carcassonne Airport were transferred to the Région d'Occitanie. The Rivesaltes Airport, also an option, was not transferred to the Région but to a joint venture (*Syndicat Mixte*) formed by the Région and the *Département des Pyrénées Orientales*.

In exercising these new powers, the Région acts as contracting authority for these investments, the management being carried out under public service delegation agreements (Carcassonne Airport and Port-la-Nouvelle) or entrusted to an EPR - Regional Public Establishment - (Port de Sète).

In this regard, the Région receives income by way of contribution from partners towards the financing of the investments or in connection with the operation of these facilities (delegation fees, occupancy license fees, dredging fees...).

For 2023, this income is estimated to be:

- **€10.35 million** for port activity:
 - ✓ €6.9 million for investment (contribution of the State, local authorities and ADEME under the Hydromer project),
 - ✓ €3.4 million for various operating revenues (invoicing of dredging operations, operating fees, etc.).
- **€1.38 million** in relation to airport activities and dividends generated by the Région's equity holdings in the Toulouse Blagnac and Montpellier airports. In relation to the management of Carcassonne Airport, an amount of 0.85 M€ by way of partner contributions is anticipated (*Département de l'Aude* and the Cities of Carcassonne and Narbonne) towards capital expenditure and 0.33 M€ in fees paid by the delegee.

In respect of contributions and miscellaneous income relating to ports and airport activities, an amount of **11.7 M€** is entered in 2023.

III.7 Contributions receivable towards vocational training

- In order to strengthen the training offered to particular cohorts of the population, the Région enters into agreements with various organisations. The most significant of these is a financial agreement signed with the *Pôle Emploi* which provides for the latter's contribution to the financing of group training. Under this agreement, the **Pôle Emploi** pays a contribution to the Région to pay for qualification training for jobseekers or to assist jobseekers in pursuing training to become auxiliary nurses and childcare assistants. In 2023, the Région anticipates a contribution of **12.25 M€**.
- Within the framework of the national policy for the transformation and digitization of training, the Region signed an agreement with the State allowing the co-financing of "Third Places". To this end, it is planned to pay an advance of 50% in 2023, i.e. an amount of **€2.15 million**.
- The law of 16 August 2022 on emergency measures for the protection of purchasing power introduces an increase of the remuneration paid to vocational training trainees from 1 July 2022. The Amending Finance

Act of 16 August 2022 establishes a top-up allowance of €18 million for all the *Régions*. In this respect, **1.5 M€** were entered in the 2023 primary budget.

III.8 Revenues related to health and social facilities

Within the framework of the Recovery Plan, and following the pandemic, an agreement between the Ministry of Health and the Region had been signed in June 2021, in order to grant additional funding allowing the opening of additional places in health and social facilities in 2021 and 2022. However, the total duration of the new courses was not funded by the original agreement. In order to make up for this lack, an amendment was proposed this autumn.

The Region expects a revenue of **€6.5 million** in 2023 (and €3.49 million in 2024).

III.9 Culture sector income

In this area, the Région Occitanie has entered into agreements with both the *Centre National du Cinéma* and also the *Centre National des Lettres*. Also, various museums (Musée Régional d'Art Contemporain in Sérignan, Centre Régional d'Art Contemporain in Sète, Musée Ceres Franco à Montolieu, the Javols archeological site) generate income, whether through admission fees, grants or contributions by the State or other local authorities.

The total amount of this income for 2023 is estimated to be **2.18 M€**.

III.10 Reimbursements, collections and contributions for personnel costs

Reimbursements and collections for personnel costs (reimbursement of C.N.R.A.C.L., contributions for staff on secondment, for A.R.L staff), and social security receipts represent a source of income for the Région. The same goes for staff catering sales (either in the form of fees or in the form of luncheon vouchers).

The total amount from these income sources is estimated to be **3.94 M€**.

III.11 Dividends from equity holdings

The Région is a shareholder through private equity investment companies principally in various economic development organizations (IRDI, Aerofund III, IXSO...). Its holdings generate dividends which are received annually and are generally reinvested.

In 2023, these dividends are estimated to be **6.9 M€**.

III.12 Other miscellaneous income

In addition to the main sources of income mentioned above, the Région receives smaller or larger amounts of income throughout the financial year from various sources. They derive either from reimbursements of the local authority's operating expenditure, contributions from various organisations towards the Region's

intervention expenditure. They may also be exceptional in nature, such as in disputes involving the community, for example.

Depending on their nature, these are either isolated amounts received in one financial year or recurring amounts received over several financial years:

- the “Golfech” (EDF) protocol: **1.9 M€**,
- insurance proceeds paid by insurers on insurance claims made in respect of educational establishments: **0.6 M€**,
- miscellaneous sums recovered in respect of general management fees, family and *Caisse d’Allocations Familiales* contributions to the operation of the staff infant day-care centre at the Toulouse site: **1.16 M€**,
- miscellaneous receipts excluding European grants (grant repayments, rent and royalties (€2.26 million), State contribution to the financing of competitive clusters (€0.8 million), SPIRE Programme (€3 million), other contributions etc...): : **8 M€**,
- liquidation of SPL development and construction operations: **1.5 M€**,
- miscellaneous financial income: **0.05 M€**. These are in very sharp decline because since August 2022, negative short-term rates no longer exist. Also the activation of certain treasury tools (NEU CP Programme) no longer generates financial income.
- miscellaneous capital revenue (IFSI works contributions, CHU Toulouse contribution to the regional healthcare professions training centre (PRFMS), miscellaneous repayments excluding European grants – including 1.6 M€ under the FOSTER scheme agrifood section and €1 million under the JEREMIE scheme – the proceeds of disposal of real and movable property, contributions to the financing of studies for an estimated overall amount of **€8.5 million**.

We also draw attention to:

- ✓ an anticipated contribution of **0.8 M€** from the Banque Publique d’Investissement under the terms of the agreement signed between this entity and the Région for the “Industry of the Future Plan”,
- ✓ Many contributions for a total of **€2.4 million** from the Agence Nationale du Sport to finance the extension and modernisation works at the CREPS - Font-Romeu.
- ✓ A grant from ADEME (**€1.35 million** in the 2023 PB) for the commissioning of a first dual-mode electric / hydrogen train in 2025.

Giving revenue from various sources of: 206.4 M€.
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IV. EUROPEAN FUNDS

IV.1 Revenue under the 2014-2020 programming period

Between 2014 and 2020, the European Union invested almost 3.2 Bn € in Occitanie as part of cohesion, and rural development, policies.

The Région Occitanie, as managing Authority since 2014 of 3 Bn € in European funds (including REACT-EU), plus an additional amount of 24.87 M€ from the Pyrénées inter-regional space budget envelope, will utilise these funds responsibly to finance projects to promote growth and employment through the European Regional Development Fund (ERDF), the European Social Fund (ESF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

A. The ERDF / ESF funds are distributed as follows:

- The Midi-Pyrénées et Garonne 2014/2020 Operating Programme, funded with more than 550 M€, prioritizes innovation, business competitiveness, digital, energy and ecological transition, vocational training and regional cohesion,
- The Languedoc-Roussillon 2014-2020 Operating Programme, funded with more than 502 M€, prioritizes vocational training, research and innovation, the digital economy, business development, energy transition, protection and enhancement of natural and cultural heritage, sustainable transport, environmental risk prevention and management,
- The Pyrénées Interregional Operating Programme, funded with 24.87 M€, prioritizes employment and awareness and enhancement of Pyrénées heritage.

1. The 2023 pre-financing:

In accordance with European Regulation No. 1303/2013 of 17 December 2013, following the European Commission's decision to adopt the programme, the Commission distributes pre-financing calculated for the entire programming period, but paid in tranches.

Following the publication of EU Regulation 2020/1542 of 21 October 2020, amending the adjustment to the annual pre-financing for the years 2021 to 2023, the new rates to be applied will be 2% instead of 3% as specified in the initial regulation. Indeed, this decrease should ease the pressure on payment appropriations in the EU's budget for the budgetary years 2021 to 2023 and enhance the predictability of payment requirements (calls for funds).

At the end of each budgetary year, the Commission clears the annual pre-financings. The pre-financing amounts receivable are directly related to expenditure amounts declared in calls for funds for a budgetary year. Upon validation by the European Commission of the budgetary year 2021 (1 July 2022 to 30 June 2022), the pre-financing amounts receivable are estimated at **7 M€** for the Languedoc-Roussillon operating programme and **7.6 M€** for the Midi-Pyrénées operating programme as well as the POI.

Pre-financing subtotal 2023 (excluding REACT EU): 14.6 M€

2. Interim payments after calls for funds

In this regard, the Région receives from the European Commission, a reimbursement of the European funds' contribution towards expenditure demonstrated to have been incurred by the project sponsors. In 2023, such expenditure relates to projects programmed in 2019, 2020, 2021 and 2022. Due to the closure of programmes, revenues should be significant and amount to:

- OP ERDF/ESF Midi-Pyrénées et Garonne:	- €65 million of ERDF - €18 million ESF - 5 million YEI
- OP ERDF/ESF Languedoc-Roussillon:	- €63 million of ERDF - €16 million ESF - 3.6 million YEI
- IOP Pyrénées:	- €3 million of ERDF

Interim payments subtotal 2023: 173.6 M€

3. Flat-rate technical assistance

The European Commission has relaxed the rules surrounding evidence of technical assistance (TA) expenditure under the 2014-2020 programmes. As from 1 July 2020, the amounts declared in respect of TA are calculated by reference to a fixed rate of 4% of certified expenditure excluding TA under the programmes, and no longer the actual costs. There is no technical assistance for the YEI.

Therefore, in 2023 Flat-rate Technical Assistance revenue should amount to:

- OP ERDF/ESF Midi-Pyrénées et Garonne:	- €2.77 million of TA ERDF - €0.71 million of TA ESF
- OP ERDF/ESF Languedoc-Roussillon:	- €2.50 million of TA ERDF - €0.71 million of TA ESF
- IOP Pyrénées:	- €0.11 million of TA ERDF

The TA applicable rates vary from one programme to another: 50% of expenditure declared for the Midi-Pyrénées OP and IOP, 60% for the Languedoc-Roussillon OP. This explains why the estimated TA amounts are higher for the Languedoc-Roussillon OP, whereas the declared forecast expenditure is less than that of Midi-Pyrénées.

Technical Assistance subtotal 2023 (excluding REACT-EU): 6.8 M€

Total OP 2014-2020 ERDF/ ESF (*capital and operating*): 195 M€.

B. REACT-EU additional fund

In order to help relaunch the economy, a fund derived from the European REACT-EU initiative, whose aim is to help “mend the crisis and prepare a green, digital and resilient economic recovery”, is allocated to member States (measure incorporated in the European Recovery Plan). **The funds earmarked for Occitanie amount to €199 million, including an initial tranche of €159 million and a second tranche of €40 million paid in 2022.**

This additional envelope is an integral part of the “NextGenerationEU” component of the 2021-2027 EU Budget. It is injected into the 2014-2020 operating programmes (Languedoc-Roussillon and Midi-Pyrénées), for specific purposes, and must be used no later than 31 December 2023. This leads to a constant certification effort during the year 2023 for a significant increase in expenditure in order to justify in a limited time the consumption of the REACT EU budget envelopes.

Having regard to the programming timetable, 2023 REACT EU revenue is estimated at:

- Annual pre-financing:	- 0.63 M€
- Interim payment requests:	- 120.60 M€
- Technical assistance:	- 2.32 M€

REACT EU subtotal: €123.5 million (*including technical assistance*)

IV.2 The ERDF/ESF programme Occitanie 2021-2027

➤ Broad and effective consultation

The consultation and preparation of the 2021-2027 programme lasted two years. Most of the directorates of the Region were involved in this work. The 2021-2027 programme was officially transmitted on 11 March 2022. Following the Commission’s observations, in particular on the national framework, a 2nd version was sent on 16 September 2022. The 2021-2027 regional programme by the European Commission was validated on 28 October 2022.

➡ **The budget allocated to Occitanie amounts to €829 million (€666 million ERDF and €163 million ESF+).**

More than 30% of ERDF appropriations are allocated to priorities contributing to a greener Europe (energy and ecological transition), fully in line with regional priorities in terms of ecological transformation. The digital transition and innovation also remain priority themes, as do employment, in particular for young people, and the fight against poverty and discrimination.

➤ A strategy developed in line with the CPER and other public interventions

The proposals for the provision of 2021-2027 funds were drawn up with the objective of ensuring a high degree of coherence with other public interventions. This is why the strategy of the future program, like that of the next State-Region Plan Contract, has been focused since the beginning of the work around the two main axes

defined in the framework of the Regional Plan for Development, Sustainable Development and Territorial Equality (SRADDET) “Occitanie 2040”:

- ❖ **Fostering a new development model** based on research and innovation, on local artisanal and industrial production, on local business services, on an optimal and rational use of digital technology, while preserving the environment, respecting resources and spaces, and exploiting the potential of the carbon-free economy. This new development model must adapt both to the climate emergency and to the health crisis,
- ❖ **Promoting a territorial** rebalancing that guarantees a harmonious development of the territory, in terms of reception, services to the population, access to the labour market, activities, etc.

The regional strategy intersects with European Union priorities (Digital Europe, Green Pact, European Pillar of Social Rights, etc.), making it possible to create synergy between the resources available to face the challenges of the coming years, in a context of the fight against the pandemic, economic recovery, digital transition and climate emergency.

The pursuit of objectives such as carbon neutrality is widely shared between regional policies and European priorities. It is therefore hoped that this joint funding effort will help to change an alarming situation.

The two pillars of the regional strategy are broken down into five priorities and some 50 types of interventions, which constitute the architecture of the new programme:

- **Priority 1:** Supporting economic recovery and encouraging the transformation to a smart and innovative economy,
- **Priority 2:** Acting on the climate emergency and for a decarbonised economy,
- **Priority 3:** Acting in the face of the climate emergency and for a decarbonised economy by developing urban soft mobility,
- **Priority 4:** Training and support to promote the path to employment and activity creation (ESF component),
- **Priority 5:** Promoting territorial rebalancing by reducing disparities and valuing resources.

In accordance with the requests of the European Commission and based on the very good results generated by JEREMIE LR 2007-2013 and FOSTER Occitanie 2014-2020, a significant part, nearly €75 million of ERDF, is devoted to the implementation of a financial instrument to support the development of SMEs. It will facilitate nearly a billion euros in public and private funds. Under this second FOSTER Occitanie programme, **€18 million** has been registered for 2023.

Faced with the growing development of urban soft mobility, the ERDF will continue to support the development of dedicated infrastructure, in addition to the Regional Bicycle Plan. €21 million are devoted to it.

As part of territorial rebalancing, a €133 million programme focuses on supporting integrated territorial approaches, in full coherence with the implementation of the Occitanie Territorial Contracts. The first programming will begin during the 2nd quarter of 2023.

IV.3 The European Agricultural Fund for Rural Development (EAFRD)

Pursuant to the accounting instruction dated 11 February 2015, the income from the EAFRD European fund used to finance expenses incurred by the *Agence de Services et de Paiements* (ASP) and which is now managed under the responsibility of the regional authority is entered in the budget.
This entry is balanced in both income/expenditure.

In the 2023 Primary Budget, in respect of the EAFRD, **€57 million** has been entered in the capital section and **€45 million** in the operating section. The significant decrease compared to the previous fiscal year is explained by the redefinition of responsibilities distributed between the State and the *Régions* in the context of the new programming of rural development plans.

Thus, all so-called “surface” aid measures will henceforth be borne exclusively by the State. An additional amount of **10 M€** is entered in respect of EAFRD technical assistance. Like the ERDF and ESF, the technical assistance calculation rules have been changed. It is calculated by reference to a flat rate of 4% of certified expenditure and is no longer based on actual costs.

EAFRD subtotal: €112 million (*including technical assistance*)

IV.4 The European Maritime and Fisheries Fund (EMFF)

As regards the EMFF, the forecast 2023 amount is **€4.5 million**. This entry is balanced in both income/expenditure. From next year, the EMFF will become the EMFAF (to include aquaculture). The Region registers **€0.23 million** in 2023 under this new programme

IV.5 Other European income

The Région pursues a proactive policy in support of European mobility, so that those enrolled in training institutions in Occitanie (students, apprentices, vocational training interns, pupils/students in the health and social sectors) can bring real added value to society and their professional life thanks to the skills and knowledge they have acquired.

To implement these schemes, the Région utilizes funding received from European programmes such as Erasmus + and POCTEFA (Spain-France-Andorra Regional Cooperation Programme).

Under these various programmes, an income of **0.38 M€** is anticipated.

Giving a total income from European funds (operating and capital income) of 453.6 M€

V. BORROWING AUTHORISATION

The borrowing authorisation for the 2023 financial year amounts to **417.5 M€** (*excluding short-term credit lines*).

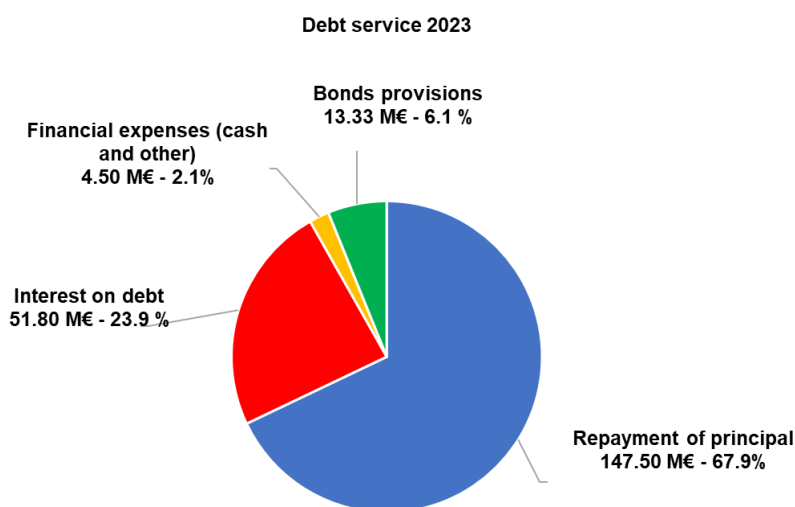
OVERALL TOTAL FORECAST INCOME INCLUDED THE 2023 PB 3.628 Bn €
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2023 DEBT SERVICE

1. Debt service and cash management

In 2023, the budget forecast necessary for the payment of debt and cash service is recorded for a total amount of **€217.1 million** (*excluding AIND – Accrued interest not due*). This amount accumulates the repayment of the capital, the provisioning of the bond loan, the interest associated with the overall debt stock and the ancillary financial costs related to cash management.

The 2023 annual payment, calculated on the basis of a forecast outstanding amount as of 1 January 2023 of €3,238.1 million, will be broken down as follows:



- **€147.50 million**, are intended for the repayment of capital. They represent 67.9% of the total annual payment and are distributed as follows:

- ✓ €142.04 million for the capital of so-called “conventional” loans. This amount includes loans intended to ensure the capital payment of the outstanding amount existing on 1 January 2023 and that of contracts negotiated and signed in 2022 but for which payments will only be made during 2023. There are eight of the latter, for a total of €170 million and whose financial conditions have already been contractualised.

- ✓ €4.87 million for the revision of the caps for former revolving loans,

- ✓ €0.59 million will be allocated to finance the principal maturities of additional 2023 fund allocations not known to date. This amount is relatively low because the community will prioritize annual deadlines.

- **€13.3 million** in respect of the provisioning of the bullet bond issue facilitated in 2018. This “semi-budgetary” transaction, implemented from 2019, will be maintained for each budget year until 2033. At the final maturity, the capital repayment of the loan will be made by a set of non-budgetary entries that will only impact the “Treasury Account”. This prudential measure, provided for by the regulations, is intended to smooth the repayment (contractually scheduled in fine) while securing the actual repayment at maturity. Only the interest portion is paid each year.

The community did not wish to renew this mechanism as part of the EMTN programme set up in 2021. Instead, it has opted for a smoothing of drawings and repayments on different maturities, thus maintaining a debt extinction profile that decreases steadily over the years.

- **€56.30 million** in financial expenses are provided for the payment of interest and financial costs owed by the community in terms of debt and cash management (excluding AIND, the calculation of which is separate, see below). This forecast breaks down as follows:

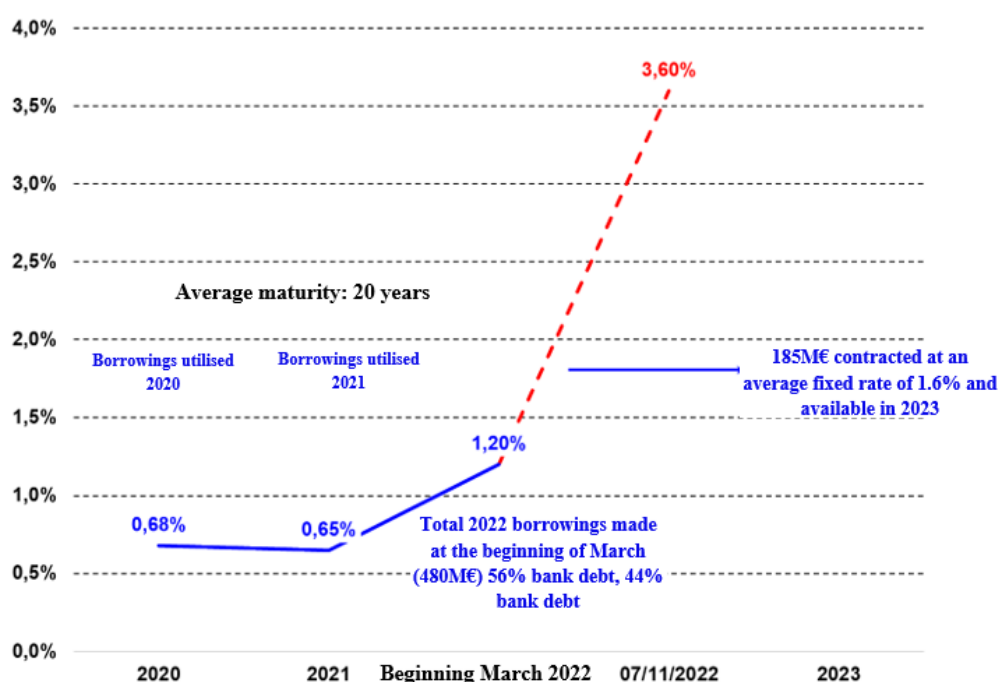
- ✓ €45.90 million will cover interest on the stock of outstanding debt existing on 1 January 2023 as well as, by similarity with the capital, those generated by the loan contracts signed in 2022, the payments of which will be effective during 2023 and for which sub-annual maturities have already been agreed,
- ✓ €5.9 million is provided for the payment of interest on loans not yet contracted as well as a reserve intended to anticipate the increase in variable rates in 2023 (long or short),
- ✓ €4.5 million will be earmarked for the payment of financial expenses related to cash management, the main tools of which are the NEU CP Programme (capped at €500 million) and treasury contracts. This amount also includes the ancillary costs generated by the provision of bond issues (fees on BIL, Euronext listing and investment fees) as well as the commitment fees for future bank loan contracts and cash line agreements that will be contracted or renewed in 2023.
 - the first item (interest related to the drawdowns of short-term negotiable notes and cash lines) will represent, in 2023, the bulk of this sum in connection with the increase in short-term rates (€3.7 million). This amount may be adjusted during the financial year, depending on changes in rates and the frequency of fund allocations,
 - for the second item, devoted to payments of other financial costs, €0.80 million in funds is reserved. It will mainly be dedicated to the payment of commitment fees for all new contracts signed in 2023 and the various other costs set out above.

Thus, financial expenses will represent 26% of the 2023 annuity entered in the budget. Their increase is naturally due to the increase in interest rates attributable to the variable share (rates positioned on average at 2.5% over 2023 for Euribor) and revisable (change from a Livret A rate of 0.5% (January 2022) to 1% (February 2022), then 2% (August 2022) which remains, for the moment, the reference rate). The increase in expenses associated with fixed rates is very minor, in connection with the repayment of old contracts and the facilitation of new ones at very competitive rates.

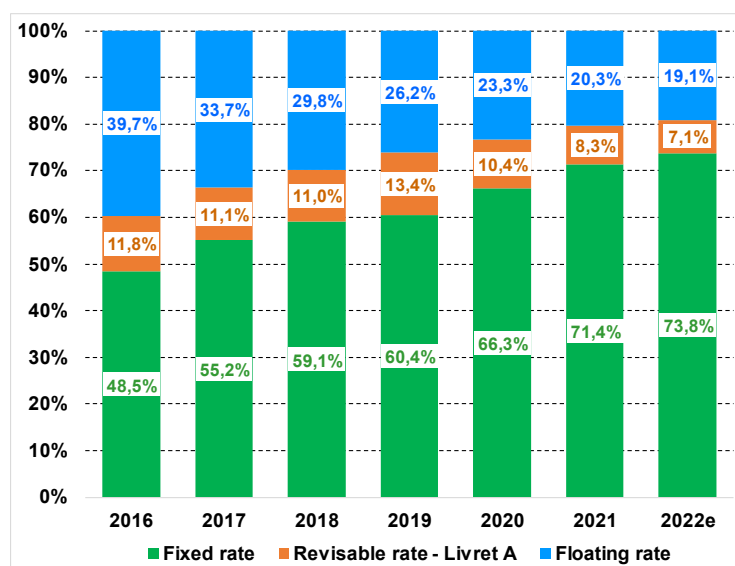
Despite a tense financial context, the evolution of interest expenses remains contained for the following reasons:

- obtaining competitive financing in 2022 with the securing, from the beginning of the year, of €270 million in bank loans at rates between 0.66% and 1.40% over an average maturity of twenty years. The same will be true in 2023 since €170 million has already been contracted at an average fixed rate of 1.6%,
- the completion of bond issues, in the amount of €210 million, during the 1st quarter of 2022, i.e. before the increase in rates. These transactions represent 44% of the 2022 funds facilitated, in addition to the bank loans mentioned above. They have an average rate of 1.2%, well below current market conditions. When it comes to borrowing in fine, the positive impact on the outstanding debt will be lasting.

Transactions carried out prior to the increase in interest rates



- the use of funds negotiated with the European Investment Bank (known as the Climate Bank) on dedicated projects (Port of Port-La-Nouvelle, Corridor H2) offering subsidized rates linked to the excellent rating of this banking institution,
- a relative share of floating-rate outstandings that has been declining sharply and steadily since 2016:



- the pursuit of dynamic and reactive debt management, focusing on the search for the best-performing indices, the maturities best suited to the current stock and needs.

Faced with the rising context of interest rates, the Region has mainly opted for 2022 fixed-rate fund provisions. Only two draws, for a total of €60 million, were indexed on Euribor 3 months.

Thus, the **average debt rate on 1 January 2023 is anticipated at 1.5%**, up slightly, but at a very low rate, well below that observed in the banking and/or bond market. At the same time, the **average residual lifetime is stable, at 11.5 years**.

I. AIND (accrued interest not due)

The anticipated Accrued Interest Not Due (AIND) for 2023 amounts to €2,560,647. They follow the same trend as the interest on the debt and are calculated, in particular for the variable part of the outstanding amount, on the latest known rates. The 2023 budget forecast for the AIND corresponds to the AIND for the financial year, after deduction of the 2022 AIND incorporation.

Calculation of the budget forecast of Accrued Interest Not Due (AIND) for 2023	
Amount of 2023 AIND	€13,767,616
- Amount of 2022 AIND (incorporated and reversed)	- €11,206,969
= 2023 budget forecasts	€2,560,647

II. Debt structure

As of 1 January 2023, almost $\frac{3}{4}$ of the outstanding debt, €3,238.1 million, will be positioned at a fixed rate. The use of the bond market, exclusively backed by OATs (sovereign debt) + spread (risk premium) has largely contributed to strengthening this situation, which has already started several years ago, in line with the market context. The outstanding amount consists of 148 credit facilities distributed as follows:

- 100 fixed-rate facilities,
- 45 variable and revisable rate facilities,
- 3 lines on structured loans, one of which has a residual maturity of 1 year. These are structured loans without leverage but with a simple barrier that is imposed on a given date and that can be considered as almost fixed rates.

The structure of the outstanding amount as of 1 January 2023 by type of rate is as follows:

➡ Fixed-rate debt: 73.8% of the outstanding amount or €2,389.2 million.

It should be noted that with an amount of €691 million, bond issues, which are constantly increasing, now constitute a significant part of this outstanding amount. Their particularity relates to the final repayment of capital, which imposes a temporal consistency between funds facilitated and repayments according to maturity, in order to achieve a relatively regular debt extinction profile. The other component (bank loans) represents €1,554 million, the balance relating to structured loans without leverage (and therefore without risk).

As of 1 January 2023, the debt metrics on this portion of the outstanding amount are as follows:

- average residual life: 11 years and 10 months,
- forecast average interest rate: 1.48%.

The 2023 annual payment relating to the contractual repayment of the fixed-rate outstanding amount is estimated at €131.6 million.

➡ **Variable-rate and revisable debt: 26.2% of the outstanding amount or €848.9 million.**

As of 1 January 2023, the debt metrics on this portion of the outstanding amount are as follows:

- average residual life: 10 years and 5 months,
- average interest rate (as of 1 January 2023): 1.48% (a further increase is expected in the next financial year).

The 2023 annual payment relating to the contractual repayment of the fixed-rate outstanding amount is estimated at €61.2 million.

The outstanding amount shall consist of:

- a variable portion with the reference indices: Euribors, TAG and Ester, which have replaced Eonia since January 2022. They are directly subject to market fluctuations. Even if this outstanding amount represents the most flexible part of the regional debt, the one on which index changes can be made at each maturity, as well as early repayments without penalties, it is today one of the most exposed to the rise in rates. As of 1 January 2023, its amount amounts to €617.8 million, or 19.1% of the outstanding amount,
- a revisable portion on the *Livret A* index (administered rate). All these contracts are concluded with the Caisse des Dépôts et Consignations. The outstanding amount amounts to €231.1 million, or 7.1% of the outstanding capital, in regular decrease. The financial expenses relating to this outstanding amount show an increase linked to the increase in the *Livret A* rate, itself directly impacted by the increase in inflation (2% at the end of 2022 against 0.5% at the beginning of the year).

SUMMARY SHEET FOR THE 2023 ANNUAL PAYMENT

FIXED RATE	
Outstanding amount as at 1 January 2023	2,389.2 M€
Forecast average rate as of 1 January 2023 (<i>anticipated increase for 2023</i>)	1.48%
Repaid principal (<i>including that of 2022 contracts/paid in 2023</i>)	98.2 M€
Interest paid (<i>including that of 2022 contracts/paid in 2023</i>)	33.3 M€
Average shelf life	11 years 10 months
2023 annual payment:	131.6 M€
FLOATING AND REVISABLE RATES	
Outstanding amount at 1 January 2023	848.9 M€
- including a revisable rate (<i>Livret A</i>)	231.1 M€
- including monetary rates (post and pre-fixed)	617.8 M€
Forecast average rate as at 1 January 2023	1.48%
Principal repaid	48.7 M€
Interest paid	12.5 M€
Average shelf life	10 years 05 months
2023 annual payment:	61.2 M€
TOTAL	
Outstanding amount as at 1 January 2023 (as at 18/11/2022)	3,238.1 M€
Forecast average rate as of 01/01/2023 (<i>anticipated increase for 2023</i>)	1.51%
Principal repaid	147.0 M€
Average shelf life	11 years 6 months
Interest paid	45.9 M€
Contractual Annual Payment 2023:	192.8 M€
In addition to these amounts:	
- the provision for final repayment of the bond (prudential mechanism),	13.3 M€
- the provision for principal on the last fund allocations carried out at the end of 2022 and the new 2023 not known to date	0.6 M€
- the provision for an increase in interest rates in 2023, for interest on new fund allocations in 2023 and the last allocations of 2022 not known to date.	5.9 M€
➡ The 2023 annuity, based on an outstanding amount of €3,238 million, plus the bond provisioning, is:	€212.6 million (*).

Assumptions: The debt burden estimate is based on interest rates known to date (crystallization) and market rate estimates (2.5% for variable rates).

(*) To this amount are added other financial expenses for a total of €4.5 million (cash management and ancillary costs), bringing the budget forecast to **€217.1 million**.

SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in a French language dealer agreement dated 25 July 2023 entered into between the Issuer, the Permanent Dealers and the Arranger (as amended, if applicable, 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 update of the Programme and the Dealers for certain expenses in relation to their role under this Programme.

The Issuer has agreed to indemnify the Dealers against certain types of liability they may incur in connection with the offer and sale of Notes. The Dealers have undertaken to indemnify the Issuer against certain types of liability it may incur in connection with the offer and sale of Notes. The Dealer Agreement entitles the Dealers, under certain circumstances, to terminate any agreement they may enter into for the subscription of Notes prior to payment for such Notes being made to the Issuer.

1. GENERAL

These selling restrictions may be amended by mutual agreement between the Issuer and the Dealers in particular following any change to any applicable law, regulation or directive. Each Dealer has undertaken to comply, to the fullest extent of the information in its possession, with all relevant laws, regulations and directives in each country in which it buys, offers, sells or delivers Notes or in which it holds or distributes the Offering Circular, any other offer document or any Pricing Supplement and neither the Issuer nor any of the Dealers shall incur any liability in respect thereof.

2. UNITED STATES OF AMERICA

The Notes have not and will not be registered pursuant to the *U.S Securities Act of 1933 (Securities Act)* (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 nor, in the case of Materialised Notes, offered, sold or delivered in the territory of the United States of America or to, or for the benefit or on behalf of, U.S. Persons as defined in Regulation S of the *Securities Act (Regulation S)*. Each Dealer has undertaken and each new Dealer will be required to undertake, not to offer or sell any Note, or in the case of bearer Materialised Notes, to deliver such Notes in the territory of the United States of America except in compliance with the Dealer Agreement.

Bearer Materialised Notes with a maturity of greater than one year are subject to US tax rules and may not be offered, sold or delivered in the territory of the United States of America or any of its possessions or to U.S. Persons, with the exception of certain transactions which are permitted under US tax laws. Terms used in this paragraph shall have the meaning given to them in the U.S. Internal Revenue Code of 1986 and regulations made thereunder.

In addition, the offering or sale by any Dealer (whether or not participating in the offering) of any identified tranche of any Note within the United States of America within the first forty (40) calendar days after the later of the commencement of the offering of the identified tranche or the settlement date, may violate the registration requirements under the *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. FRANCE

Each of the Dealers and the Issuer represents and acknowledges that it has not offered or sold, and will not offer or sell, directly or indirectly, the Notes to the public in France (except to qualified investors as defined below); it has not distributed or caused to be distributed, and will not distribute or cause to be distributed, to the public in France, the Offering Circular, the applicable Pricing Supplement or any other offer document relating to the Notes to investors other than qualified investors, as defined in Regulation (EU) no. 2017/1129 (the **Prospectus Regulation**), as amended.

The Prospectus Regulation does not apply to this Offering Circular in accordance with article 1.2 (b) of the Prospectus Regulation.

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 process of approval of [the/each] manufacturer of the product, the target market assessment of the Notes, taking into account the five categories referred to in point 18 of the Guidelines published by the European Securities and Markets Authority (**ESMA**) on 5 February 2018, led to the conclusion that: (i) the target market of the Notes concerns only eligible counterparties and professional clients as defined in Directive 2014/65/EU (as amended, **MiFID II**); 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**) must take into consideration the target market assessment carried out by [each/the] the manufacturer. However, a distributor subject to 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 carried out by [each/the] the manufacturer) and determining appropriate distribution channels.]

²⁷**[UK MiFIR Product Governance / Target Market: eligible counterparties and professional clients only** — Solely for the purposes of [the/each] manufacturer[’s/s’] product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority (**ESMA**) on 5 February 2018 (in accordance with the UK Financial Conduct Authority’s policy statement 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 *Handbook - Conduct of Business Sourcebook (COBS)*, and professional clients, as defined in Regulation (EU) no. 600/2014 as it 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 into consideration the manufacturer[’s]/[s’] target market assessment. However, a distributor subject to the United Kingdom Financial Conduct Authority’s *Handbook - Product Intervention and Product Governance Sourcebook* (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s]/[s’] target market assessment) and determining the appropriate distribution channels.]

²⁷ Paragraph to be included on the cover of the Pricing Supplement if a Dealer is subject to the UK MiFIR Product Governance Rules.

Pricing Supplement dated [●]



RÉGION OCCITANIE

Legal Entity Identifier (LEI): 969500TLAZ2BK727HB10

Euro Medium Term Note Programme

of €1,500,000,000

SERIES No: [●]

TRANCHE No: [●]

[Brief description and aggregate nominal amount of Notes]

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 25 July 2023 [and the supplement[s] to the offering circular dated [●]], relating to the 1,500,000,000 Euro Medium Term Note Programme of the Issuer which [together] constitute[s] an offering circular (the Offering Circular) 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 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 Issuer's website (<https://www.laregion.fr/Financement-obligataire-EMTN>). [The Pricing Supplement and the Offering Circular are also available [on/at] [●].]²⁸

[The following language applies if the first Tranche of an issue the amount of which is being increased was issued under an offering circular with an earlier date.]

The terms used below will be deemed to be defined for the purposes of the [2021 Terms and Conditions][2022 Terms and Conditions] incorporated by reference in the Offering Circular dated 25 July 2023.

This document constitutes the Pricing Supplement relating to the issue of the Notes described below and must be read in conjunction with the offering circular dated 25 July 2023 [and the supplement to the offering circular dated [●]] which constitutes[together] an offering circular (the **Offering Circular**), with the exception of the Terms and Conditions of the Notes which are replaced by the [2021 Terms and Conditions][2022 Terms and Conditions]. 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 will be published on the Issuer's website (<https://www.laregion.fr/Financement-obligataire-EMTN>). [Furthermore, the Pricing Supplement and the Offering Circular are available [on/at] [●].]²⁹

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

- | | | |
|----|--|---|
| 1. | Issuer: | Région Occitanie |
| 2. | (a) Series: | [●] |
| | (b) Tranche: | [●] |
| | (c) Date on which the Notes become fungible: | [Not Applicable] / [The Notes shall become fungible and form a single Series with [<i>describe relevant Series</i>] issued by the Issuer on [<i>insert date</i>] (the Existing Notes) as from their admission to trading] |
| 3. | Specified Currency: | [●] |
| 4. | Aggregate Nominal Amount: | [●] |

²⁸ If the Notes are admitted to trading on a Regulated Market other than Euronext Paris.

²⁹ If the Notes are admitted to trading on a Regulated Market other than Euronext Paris.

- (a) Series: [●]
- [(b) Tranche: [●]]
5. Issue price: [●]% of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (in the case of fungible issues or first broken coupon, if relevant).]
6. Specified Denomination(s): [●] [*(one Denomination only for Dematerialised Notes)*]
7. (a) Issue Date: [●]
- (b) 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/CMS Rate/€STR] +/-[●]% of Floating Rate]] [Zero Coupon Note] [Fixed Rate/Floating Rate] (other details specified below)
10. Redemption Basis: [Subject to any repurchase and cancellation or early redemption, the Notes shall be redeemed on the Maturity Date at [100]/[●]% of their Aggregate Nominal Amount.]
- [Payment in Instalments]
11. Change of Interest Basis: [Applicable (other details indicated below) (*for the Fixed/Floating Rate Notes*)/Not Applicable]
12. Redemption at the option of the Issuer/Noteholders: [Redemption at the option of the Issuer]/[Redemption at the option of the Noteholders] [*(other details indicated below)*]
13. (a) Status of the Notes: Senior
- (b) Authorisation date for the issue of the Notes: [●]
14. Distribution Method: [Syndicated/Non-syndicated]

PROVISIONS RELATED TO 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 annum [payable [annually/semi-annually/quarterly/monthly/ other (*specify*)] at maturity]
- (b) Coupon Payment Date(s): [●] in each year [adjusted in accordance with the relevant 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 Coupon Payment Date(s) to which they relate]/[Not Applicable]*
- (e) Day Count Fraction (Condition 4.1): [Actual/365 / Actual/365-FBF / Actual/Actual-[ICMA/ FBF] / Actual/365 (Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30/360 FBF / Actual 30A/360 (American Bond Basis) / 30E/360 / Euro Bond Basis / 30E/360 - FBF.]
- (f) Business Day Convention [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][non-adjusted]
- (g) (Determination Date(s) (Condition 4.1): [●] for each year (*specify the Interest Payment Dates, excluding the Issue Date and the Maturity Date in the case of a first or last long or short Coupon.*
- N.B. : applicable only when the Day Count Fraction is Actual/Actual (ICMA) Basis.)]*
16. Provisions relating to Floating Rate Notes: [Applicable/Not Applicable]
- (If this paragraph is not applicable, delete other sub-paragraphs).*
- (a) Interest Period(s): [●]
- (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] [non-adjusted]
- (e) Business Centre(s) (Condition 4.1): [●]

- (f) Manner in which the Interest Rate[s] is/[are] to be determined: [Screen Rate Determination/FBF Determination]
- (g) Party responsible for calculating the Interest Rate(s) and Coupon Amount(s) (if other than the Calculation Agent): [●]
- (h) Screen Rate Determination (Condition 4.3(ii)): [Applicable/Not Applicable]
- (If this paragraph is not applicable, delete other sub-paragraphs)*
- Reference Rate: [●]
 - [Screen Page: [●]]
 - (delete this paragraph if €STR is the Benchmark)*
 - Relevant Date: [●]
 - Relevant Time: [●]
 - Coupon Determination Date: [[●] T2] Business Days in [specify the city] for [specify the currency] before [the first day of each Interest Period/each Coupon Payment Date]
 - Primary source for the Floating Rate: [Specify the relevant Screen Page or “Reference Banks”]
 - Reference Banks (if the primary source is “Reference Banks”): [Specify four entities]
 - Relevant Financial Centre: [The financial centre most closely connected with the Benchmark– specify, if other than Paris]
 - Benchmark: [EURIBOR/TEC10/CMS Rate/€STR] /[●]
- Linear interpolation: [Applicable/Not Applicable]
- (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 two relevant rates used for such determination)*
- [Observation “Look-Back” Period: [[●] T2 Business Days] (Applicable only if €STR is the Benchmark)/Not Applicable]
 - Representative Amount: [Specify if quotations published on a Screen Page or offered by Reference Banks must be given for a transaction of a specific amount]

- Effective Date: *[Specify if quotations are not to be obtained with effect from commencement of Interest Period]*
 - Specified Duration: *[Specify period for quotation if other than duration of Interest Period]*
- (i) FBF Determination (Condition 4.3(i)) [Applicable/Not Applicable]
- (If this paragraph is not applicable, delete other sub-paragraphs)*
- Floating Rate: [●]
- Linear interpolation: [Applicable/Not Applicable]
- (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 two relevant rates used for such determination)*
- Determination Date for Floating Rate: [●]
 - FBF Definitions: [●]
- (j) Margin(s): [[+/-] [●]% per annum/Not Applicable]
- (k) Minimum Interest Rate: [[●]% per annum/zero (0)]³⁰
- (l) Maximum Interest Rate: [[●]% per annum/Not Applicable]
- (m) Day Count Fraction (Condition 4.1): [Actual/365 / Actual/365-FBF / Actual/Actual-ICMA/ FBF] / Actual/365 (Fixed) / Actual/360 / 30/360 / 360/360 / Bond Basis / 30/360 FBF / Actual 30A/360 (American Bond Basis) / 30E/360 / Euro Bond Basis / 30E/360 - FBF.]
- (n) Rate Multiplier: [●]
17. Provisions relating to Zero Coupon Notes: [Applicable/Not Applicable]
- (If this paragraph is not applicable, delete the remaining sub-paragraphs)*
- (a) Amortisation Yield: [●]% per annum
- (b) Day Count Fraction (Condition 4.1): [Actual/365 / Actual/365-FBF / Actual/Actual-ICMA/ FBF] / Actual/365 (Fixed) / Actual/360 /

³⁰ Interest payable on the Notes shall under all circumstances always be equal at least to zero (0).

30/360 / 360/360 / Bond Basis / 30/360 FBF / Actual
30A/360 (American Bond Basis) / 30E/360 / Euro
Bond Basis / 30E/360 - FBF.]

18. Provisions relating to Fixed Rate/Floating Rate Notes:

- (a) Change of Interest Basis: [Change of Interest Basis at the Option of the Issuer]/[Automatic Change of Interest Basis]
 - (b) Interest Basis Change Date: [●]
 - (c) Interest rate applicable to the Interest Periods preceding the Interest Basis Change Date (excluded): Determined in accordance with Condition [4.2 of the Terms and Conditions, as if the Notes were Fixed Rate Notes] / [4.3 of the Terms and Conditions as if the Notes were Floating Rate Notes], as supplemented by paragraph [15/16] of this Pricing Supplement.
 - (d) Interest Rate applicable to the Interest Periods following the Interest Basis Change Date (included): Determined in accordance with Condition [4.2 of the Terms and Conditions, as if the Notes were Fixed Rate Notes] / [4.3 of the Terms and Conditions as if the Notes were Floating Rate Notes], as supplemented by paragraph [15/16] of this Pricing Supplement.
 - (e) Notice Period: [●]/[Not applicable]
- (only applicable in the event of a Change of Interest Basis at the Option of the Issuer)*

PROVISIONS RELATING TO REDEMPTION

19. Issuer Call:

[Applicable/Not Applicable]

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

- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount(s) for each Note: [●] per Note [of Specified Denomination [●]]
- (c) If redeemable in part:
 - (i) Minimum redemption amount: [●]
 - (ii) Maximum redemption amount: [●]
- (d) Notice period: [●]

20. 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) [●] per Note [of Specified Denomination [●]] for each Note:
- (c) Notice period (Condition 5.3): [●]
- 21. Final Redemption Amount for each Note: [[●] per Note [of Specified Denomination [●]]]
- 22. Instalment Amount: [Applicable/Not Applicable] *(If this paragraph is not applicable, delete the remaining sub-paragraphs)*
 - (a) Instalment Date(s): [●]
 - (b) Instalment Amount(s) of each Note: [●]
- 23. Early Redemption Amount
 - (a) Early Redemption Amount(s) for each Note paid on redemption for tax reasons (Condition 5.6), for illegality (Condition 5.8) or on Event of Default (Condition 8): [Pursuant to the Terms and Conditions / [●] per Note [of Specified Denomination [●]]/(for notes with Payment in Instalments) the unamortised nominal value]
 - (b) Redemption for tax reasons on dates other than Coupon Payment Dates (Condition 5.6): [Yes/No]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 24. Form of the Notes: [Dematerialised Notes/Materialised Notes] *(Materialised Notes are issued in bearer form only) (Delete as appropriate)*
 - (a) Form of Dematerialised Notes: [Applicable/Not Applicable] *[If applicable specify whether in bearer form/ registered form]*
 - (b) Registration Agent: [Not Applicable/if applicable name and information] *(N.B. a Registration Agent may be appointed in respect of Dematerialised Notes in pure registered form (au nominatif pur) only).*
 - (c) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Physical Notes on [●] (the

Exchange Date), 40 calendar days after the issue date, unless postponed, as specified in the Temporary Global Certificate.]

25. Financial Centre(s) (Condition 6.7): [Not Applicable/Specify]. *(N.B. this refers to the date and place for payment and not the Coupon Payment Dates referred to in paragraphs 15(ii) and 16(i).)*
26. Talons for future Coupons to be attached to Physical Notes: [Yes/No/Not Applicable]. *(If yes, specify) (Only applicable to Materialised Notes.)*
27. Provisions relating to renominatisation and reconventioning: [Applicable/Not Applicable]
28. Masse (Condition 10): [Issue outside France]
- (Specify details relating to the initial and alternate Representatives and their remuneration as set out below)*
- [Name and contact details of the initial Representative are: [●]]
- Name and contact details of the alternate Representative are: [●]
- The Representative of the *Masse* [shall receive a remuneration of €[●] per year with respect to its functions/shall not receive compensation with respect to its functions.]] /
- [For as long as a single Noteholder holds the Notes, and in the absence of the appointment of a Representative, the relevant Noteholder shall exercise all of the powers devolved to the *Masse* by the provisions of the French *Code de commerce* as supplemented by the Terms and Conditions. The Issuer shall keep (or shall instruct an authorised representative to keep) a register of all decisions adopted by the single Noteholder and shall make it available, on request by any other Noteholder. A representative shall be appointed as soon as the Notes of a Series are held by more than one Noteholder.]
29. **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 €1,500,000,000 Euro Medium Term Note Programme of the Région Occitanie.

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.]³¹

Signed on behalf of the Issuer:

By:
Duly authorised

³¹ 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**).

Section 1.01 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 on the list of credit rating agencies published by the European Securities and Markets Authority on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.]

Notes to be issued [are not rated][have been][are expected to be] assigned the following rating:

[[Fitch]: [●]]

[[Other]: [●]]]

(The rating assigned to the Notes issued under the Programme must be specified above or, if an issue of Notes has been assigned a specific rating, such specific rating should be specified above.)

4. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE]

The purpose of this section is to describe any interest, including any conflict of interest that may have a material impact on the issue of Notes, identifying each person concerned and the nature of such interest. This may be satisfied by inserting the following statement:

[“Except commissions related to the issue of Notes [and commissions related to *[insert relevant commissions]*] paid to Dealers, to the knowledge of the Issuer, no other person involved in the issue of Notes has any interest material to it. Dealers and their affiliates 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. USE AND ESTIMATED NET AMOUNT OF PROCEEDS

(a) Use of Proceeds: [Specify]

[Refer to the “Use of Proceeds” section of the Offering Circular]

(b) Estimated net proceeds: []

(If the proceeds are to be used for several purposes, provide a breakdown and order of priority. If the proceeds are insufficient to finance all proposed uses, indicate the amount and sources of other funding.)

6. [FIXED RATE NOTES ONLY - YIELD]

Yield: [●]% per year

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]

Details of historical interest rates [EURIBOR, CMS Rate, TEC10, €STR] may be obtained from [Reuters].

8. DISTRIBUTION

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

(a) Stabilising Manager (if any): [Not Applicable/give names]

(b) Dealer commission: [●]

(c) Date of the underwriting agreement: [●]

If it is not syndicated, names of the Dealer: [Not Applicable/give name]

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

9. OPERATIONAL INFORMATION

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

GENERAL INFORMATION

1. The Issuer has obtained all consents, approvals and authorisations necessary in France in connection with the update of the Programme. Any issue of Notes shall be authorised by a resolution of the Issuer's Regional Council. By deliberation n° 2021/AP JUILL/04 dated 16 July 2021, the Regional Council has authorised the establishment of the Programme. In accordance with deliberation n° 2021/AP JUILL/05 dated 16 July 2021, the Regional Council has delegated to its President, for the term of her office and within the limits so specified, the power to establish and update the Programme documentation and to undertake all action necessary for such purpose and to take all decisions and sign all and any documents in connection with the issuance of Notes under the Programme.

Any issue of Notes (i) having a Rate Multiplier or (ii) whose Benchmark is a CMS Rate other than the euro CMS Rate or any other non-Eurozone benchmark, must be authorised by a new resolution of the Issuer's Regional Council.

2. There has been no material change in the (i) fiscal and budgetary systems, (b) gross public debt, (c) trade balance and balance of payments, (d) currency reserves, (e) financial situation and resources, or (f) income and expenditure of the Issuer since 31 December 2022.
3. This Offering Circular will be published on the website (a) of the Issuer (<https://www.laregion.fr/Financement-obligataire-EMTN>) and (b) of any other relevant regulatory authority and shall be available for inspection and obtaining copies, free of charge, during normal office hours, at any day of the week (except Saturdays, Sundays and public holidays) at the office of the Fiscal Agent or the Paying Agents. So long as the Notes are admitted to trading on Regulated Market of a Member State of the EEA other than France, the relevant Pricing Supplement will be published on the Issuer's website (<https://www.laregion.fr/Financement-obligataire-EMTN>).
4. The Issuer is not involved in, nor are there any governmental, legal or arbitration proceedings pending or threatened, of which the Issuer is aware, which may have or have had a material effect on the financial position of the Issuer during the twelve months prior to the date of this Offering Circular.
5. An application for acceptance of the Notes for clearance through Euroclear France (66, rue de la Victoire – 75009 Paris – France), Euroclear (boulevard du Roi Albert II – 1210 Bruxelles – Belgique) and Clearstream (42 avenue JF Kennedy – 1885 Luxembourg – Grand- Duché de Luxembourg) may be made. The Common Code and ISIN number (International Securities Identification Number) or the identification number of any other relevant clearing system for each Series of Notes shall be specified in the applicable Pricing Supplement.
6. So long as any Notes issued under this Offering Circular remain outstanding, copies of the following documents shall be available, upon publication, free of charge, on the Issuer's website (<https://www.laregion.fr/Financement-obligataire-EMTN>):
 - (a) the two most recent initial budgets (as amended, if applicable, by any supplemental budget) and the published administrative accounts of the Issuer;
 - (b) any Pricing Supplement relating to Notes admitted to trading on Euronext Paris or any other Regulated Market of an EEA Member State;
 - (c) a copy of this Offering Circular and any supplement to this Offering Circular or any new offering circular; and
 - (d) all reports, correspondence and other documents, appraisals and statements issued by any expert at the request of the Issuer, any extracts of which, or references to which, are contained in this Offering Circular relating to any issue of Notes.

7. The price and the amount of the Notes issued within the Programme shall be determined by the Issuer and each relevant Dealer at the time of the issue in accordance with the market conditions.
8. For any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes shall be specified in the applicable Pricing Supplement. The yield is calculated at the Issue Date of the Notes on the basis of the Issue Price. The specified yield shall be calculated as the yield to maturity as at the issue date of the notes and shall not be an indication of future yield.
9. In connection with the issue of 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 make 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 may end no later than the earlier of the following two dates: (a) 30 days after the issue date of the relevant Tranche and (b) 60 days after the date of allotment of the Notes of the relevant Tranche. Any Stabilisation Measures taken must comply with all applicable laws and regulations.
10. Each of the Dealers and their affiliates may 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 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 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 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.
11. The Issuer’s legal entity identifier (LEI) is: 969500TLAZ2BK727HB10.

RESPONSIBILITY FOR THE OFFERING CIRCULAR

Person assuming responsibility for this Offering Circular

On behalf 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 does not omit any information likely to affect its import.

Toulouse, on 25 July 2023

CONSEIL REGIONAL D'OCCITANIE

22, boulevard du Maréchal Juin
31406 Toulouse Cedex 9
France

Represented by:

Bernard Mifsud

“Budget Stratégie Ressources” Deputy Director of Finance and Management Control

Issuer

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Arranger

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Dealers

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BRED Banque Populaire

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75116 Paris
France

Fiscal Agent, Principal Paying Agent and Calculation Agent

Banque Internationale à Luxembourg, *société anonyme*

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To the Dealers

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