Offering Circular dated 25 August 2022

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La Région Occitanie Pyrénées - Méditerranée

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

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 depositary), which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes - Form, denomination and title") including Euroclear Bank SA/NV (**Euroclear**) and the depositary bank for Clearstream Banking 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 depositary on behalf of Euroclear and Clearstream, or (b) in the case of a Tranche intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or Clearstream or delivered outside any clearing system, in the manner agreed between the Issuer and the relevant Dealer (as defined below).

The Issuer has been attributed an AA (negative 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

NATIXIS

LA BANQUE POSTALE

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 2021, is equal to 175.7 M€ (see the paragraph entitled "2. Guaranteed debt" on page 123 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 2021 administrative account, this ratio was 6.03 % of actual operating revenue (the ceiling being set at 50%); in the 2022 primary budget, this ratio is 7.53%.

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 budgetary principles of local authority financing” on pages 89 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:

    - remote working for almost all Head Office personnel and Finance and Management Control Department staff (VPN access, supply of appropriate computer equipment),

    - 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,

    - 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.

The partial exercise by the Issuer of a redemption option in respect of certain Notes only of a Series may affect the liquidity of the Notes of that same Series in respect of which the option has not been exercised.

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".

Investors should be aware that in the event of any interruption or any unavailability of a benchmark, the interest rate applicable to Notes linked to or referencing such "benchmark" will be calculated, for the relevant period, in accordance with the fallback provisions applicable to such Notes (it being specified that if a Benchmark Event occurs, a specific fallback shall apply – please refer to the risk factor entitled "*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 an adjustment spread (which, if applied, could be positive or negative, and would be applied with a view to reducing or eliminating, to the fullest extent practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark), and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Independent Adviser and without the consent of the Noteholders.

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

Interest Period, as set out in the risk factor above entitled "*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 of 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 28 to 66 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): 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.

Dematerialised Notes shall be issued in one denomination only.

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 *pari passu* amongst themselves and (subject to mandatory exceptions under French Law) *pari passu* with any other present or future, unsubordinated and unsecured obligation of the Issuer.

Negative pledge: As long as Notes or, if any, Receipts or Coupons linked to the Notes will remain outstanding, the Issuer shall not grant or permit to subsist any pledge (in the form of a "*gage" or "nantisssement*), 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 *pari passu* 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: All payments of principal, interest or other amounts linked to the Notes, Receipts or Coupons by or on behalf of the Issuer shall be made without any withholding or deduction for any taxes or duties whatsoever, imposed, levied or collected by or on behalf of France or any authority therein or thereof having power to levy taxes, unless such withholding or deduction is required by law.

If French law should require that payments of principal, 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.

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

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

(b) 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,

in each case, as adjusted according to margins eventually applicable and paid at the dates indicated in the applicable Pricing Supplement.

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

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, an alternative rate or a screen rate. See Condition 4.3(c)(iii) of the Terms and Conditions of the Notes "Discontinuation of the Benchmark" for further details.

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

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

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

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

Governing Law: French law. Any claims against 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:	Euroclear France as a central depositary in relation to Dematerialised Notes and, in relation to Materialised Notes, Clearstream and Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer. Notes admitted to trading on Euronext Paris will be cleared by Euroclear France.
Initial Delivery of Dematerialised Notes:	The accounting letter (*letter comptable*) (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 depositary, one Paris business day before the issue date of such Tranche.
Initial Delivery of Materialised Notes:	At least at the issue date of each Tranche of Dematerialised Notes, the Temporary Global Certificate relating to such Tranche shall be delivered to a common depositary for Euroclear and Clearstream or to any other clearing system, or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer(s).
Issue Price:	The Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Admission to Trading:	On Euronext Paris and/or on any other Regulated Market of the European Economic Area (**EEA**) and/or on a non-regulated market which may be indicated on the applicable Pricing Supplement. The applicable Pricing Supplement may specify that a Series of Notes shall not be admitted to trading.
Rating:	The Programme has been granted an AA rating by Fitch Ratings Ireland Limited (**Fitch**). Notes issued under the Programme may be rated or not. The rating of the Notes, if any, shall be specified in the applicable Pricing Supplement. The rating of the Notes may not necessarily be the same as that of the Programme. A rating is not a recommendation to buy, sell or hold Notes and may be suspended, amended or withdrawn at any time by the relevant rating agency. At the date of the Offering Circular, Fitch is established in the European Union and registered pursuant to Regulation (EC) No. 1060/2009 of the European Parliament and the Council dated 16 September 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

I. 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 Issuer's Administrative Account for the 2020 financial year (the **2020 Administrative Account**): direct hyperlink;

(b) The Issuer's Administrative Account for the 2021 financial year (the **2021 Administrative Account**): direct hyperlink;

(c) The Issuer's 2022 primary budget (including, if applicable, its supplemental budgets and any amending decisions relating to its primary budget) (the **2022 Primary Budget**): direct hyperlink; and

(d) The section entitled "Terms 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**).

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 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 Notes already issued under the 2021 Terms and Conditions. The other parts of the offering circular dated 28 July 2021 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 shall be published on the dedicated page of the Issuer's website (https://www.laregion.fr/Financement-obligataire-EMTN).

II. 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.

III. 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 August 2022 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 depositary) 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 and Coupons, constitute direct, unconditional, unsubordinated and (subject to the paragraph below) unsecured obligations of the Issuer ranking (subject to mandatory exceptions imposed by law) equally between themselves and equally and rateably with all other present or future, unsecured and unsubordinated obligations of the Issuer.

As long as the Notes or, if any, the Receipts or Coupons attached to the Notes remain outstanding (as defined in Condition 1.3(d) above), the Issuer shall not grant or permit to subsist any pledge (in the form of a "*gage" or "nantisssement"*), 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 TARGET Business Days before the first day of such Interest Accrual Period.

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

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

(b) in the case of a Specified Currency and/or one or more business centre(s) specified in the applicable Pricing Supplement (the **Business Centre(s)**), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the currency of the Business Centre(s) or, if no currency is specified, generally in each of the specified Business Centres.

Margin (*Marge*) means, for 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:

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

then:

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

otherwise:

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

where:

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

$D2(dd^1,\ mm^2, yy^2)$ is the end date of the period;

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

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

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

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

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

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

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

Screen Page (***Page Ecran***) means any page, section, heading, column or any other part of a document supplied by any information service (including without limitation 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 (***Période d'Intérêts***) 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 (***Période d'Intérêts Courus***) means the period beginning on (and including) the Interest Period Commencement Date and ending on (but excluding) the first Interest Accrual Period Date as well as each subsequent period beginning on (and including) an Interest Accrual Period Date and ending on (but excluding) the following Interest Accrual Period Date.

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

Benchmark (***Référence de Marché***) means the relevant rate (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'Intérêt***) 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:

CMS Rate + 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:

TEC10 + 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 *€uro 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:

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

Where:

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

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

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

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

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

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

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

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

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

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

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

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 TARGET 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 TARGET Business Day in the relevant €STR Observation Period falling on the day or days following the €STR Index Cessation Effective Date, shall be determined as if references to €STR were references to the 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 TARGET Business Day on which €STR is no longer supplied by the European Central Bank (or any successor administrator of €STR), as determined by the Issuer and notified by the Issuer to the Calculation Agent.

EDFR means the *Eurosystem Deposit Facility Rate*, being the offered rate of return on deposits, which banks may use to make overnight deposits with the Eurosystem (comprising the European Central Bank and the national central banks of those countries that have adopted the Euro) as published on the Website of the European Central Bank (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 TARGET Business Day following the date on which the €STR Index Cessation Event occurs, the arithmetic mean of the daily difference between the €STR and the EDFR for each of the thirty (30) TARGET Business Days immediately preceding the date on which the €STR Index Cessation Event occurred; or

(2) if an ECB Recommended Rate Index Cessation Event occurs, the arithmetic mean of the daily difference between the ECB Recommended Rate and the EDFR for each of the thirty (30) TARGET Business Days immediately preceding the date on which the ECB Recommended Rate Index Cessation Event occurred.

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

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

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

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

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

(1) a public statement or publication of information by or on behalf of the European Central Bank (or any successor administrator of €STR) announcing that it has ceased or will cease to supply €STR permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to supply €STR; or

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

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

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

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

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

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

(iii) **Benchmark discontinuation**

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the method for determining the Interest Rate, if a Benchmark Event occurs in relation to 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 Interest Rate/Floating Interest Rate Notes bears interest at a rate (i) that the Issuer may decide to convert at the date specified in the applicable Pricing Supplement from a Fixed Rate to a Floating Rate (or vice-versa) or (ii) which shall be automatically converted from a Fixed Rate to a Floating Rate (or vice-versa) at the date specified in the applicable Pricing Supplement.

4.5 Zero Coupon Notes

Where a Zero Coupon Note is redeemable prior to its Maturity Date by exercise of an 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

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 6.2 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 are subject to any applicable fiscal or other laws, regulations and directives or any other laws and regulations to which the Issuer or its Agents are subject, 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 TARGET 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 TARGET System. In these Terms and Conditions, **TARGET System** means the Trans-European automated real-time gross settlement express transfer system (TARGET 2) or any successor system.

7. TAXATION

7.1 Withholding

All payments of principal, interest or other amounts by or on behalf of the Issuer in respect of the Notes, Receipts 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;

(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.

(A) 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 ($1/30^{th}$) 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 ($1/5^{th}$) 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.

(B) 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)(A). 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 ERDFAL 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:

(i) for the Issuer's general financing purposes; or

(ii) 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. <u>General description of the Issuer</u>

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 regions' 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 seven regional natural parks (Aubrac, Haut Languedoc, Narbonnaise en Méditerranée, Pyrénées catalanes, Pyrénées Ariègeoises, Grands Causses, Causses du Quercy), with three more planned.

Two other projects are in progress: the springs and gorges of the Haut-Allier and Corbières-Fenouillèdes. 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 (5 933 185 inhabitants as at 1st January 2022)[4],
- Highest net migration: + 41 600 inhabitants per year on average between 2013 and 2019 [5],
- Low population density with 81.6 inhabitants per km² compared to 119.7 [6] for mainland France,
- Almost one third of its inhabitants are under the age of 30[7].

Economy and employment

- 4th highest regional gross domestic product (GDP): 168.7 Bn euros in 2020 [8],
- 2nd nationally for its trade balance in 2021 (+ 5 Bn €) [9],
- 5.8 billion euros or 3.5% of GDP dedicated to R&D in 2017 [10] (1.4% for public research and 2.1% for private research): 1st French region in terms of data as ratio of GDP [11], 3rd French region in 2019 for number of patents filed[12],

[4] Source: Decree dated 31 December 2021
[5] Source: Insee Occitanie
[6] Source: Insee
[7] Source: Insee
[8] Source: CCI Occitanie
[9] Source: OBSeco (Observatoire économique) of the CCI d'Occitanie
[10] Source: Insee
[11] Source: Insee February 2021 analysis
[12] Source: INPI (national intellectual property Institute)

- 1st region for organically farmed land [13],
- 1st wine-growing region [14],
- 2.1 million employees in 2021 [15], representing 76% of total employment. All *Départements* in Occitanie generated employment in 2021, salaried employment has grown faster in Occitanie than nationally,
- In 2021 the tertiary sector accounted for 81.9% of regional salaried employment, with 10.6% for industry, 6.1% for the construction sector and 1.4% 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) [16],
- The Région Occitanie is recognised by the Minister for Women's Rights for excellence in terms of professional equality,
- 3rd French region for business start-ups in 2021 (almost 100 000 start-ups, or + 18% over one year) [17],
- Unemployment rate of 8.7 % in Q1 2022 [18], a sharp decrease (-0.9 points annual change) similarly to the number of jobseekers (-2.6% over one quarter, -6.9% over one year),
- 20 980 euros per year median income in 2019 [19],

Training

- More than 1 million 1st and 2nd degree students [20], or 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: 256 000 students and 30 000 researchers in 2019-2020 [21],
- 139 000 commencing training in 2021 [22],

Environmental performance (in 2020)[23]

- Best ecological index amongst French regions,
- 2nd region for renewable energy electricity consumption,
- 2nd region for its solar generation,
- 3rd region for its hydroelectric generation.

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.

[13] Source: Occitanie regional agriculture chamber
[14] Source: Occitanie regional agriculture chamber
[15] Source: DREETS Occitanie
[16] Source: Occitanie regional social and welfare economy chamber
[17] Source: Insee –Occitanie 2021 economic update
[18] Source: DREETS Occitanie
[19] Source: Insee
[20] Source: Ministry for national education, youth and sport
[21] Source: Région Occitanie, 2020 activity and sustainable development report
[22] Source: DREETS Occitanie
[23] Source: ENR - RTE panorama, economic alternatives

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.

The Région is characterised by the dynamism of its demographics, fed by positive net birth/death and net migration rates.

41 600 new inhabitants on average per year arrive in the region.

The majority of new arrivals head for the city of Toulouse and the Languedoc Coast. The two *métropoles* account for 21% of the region's population.

58.6% of the population is concentrated in towns (37.6% in the 21 agglomeration communities and urban communities) and in the two *métropoles* (21% of the population).

Located at the heart of southern Europe

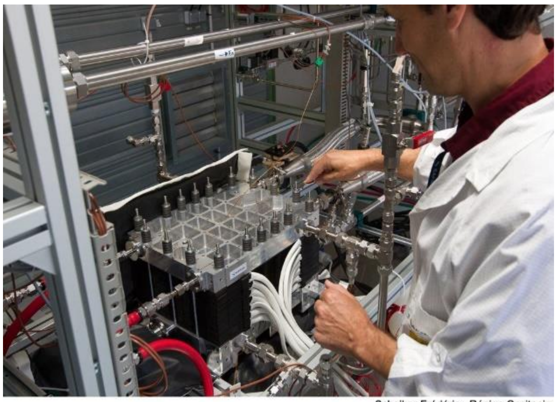
1.2.2.3. A region open to the world

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

The Région Occitanie ranked 2nd in 2021 in terms of balance of trade (5 Bn €: 37.1 Bn€ in exports compared to 32.1 Bn€ of imports). This is for the most part and historically generated by the aerospace and space industry (20 Bn €), which contributed 54% to regional exports, followed by agriculture and agrifood (7%). Occitanie accounts for 7.9% of exports in France and 5.2% of its imports.

The Région Occitanie mainly exports its products to Europe (35.2%) and Asia (28.9%), followed by America (11.4%).

China is the region's biggest client (3.9 Bn€ or 10.6% of exports), followed by Germany (3.2 Bn€) and Spain (3 Bn €).


Scheiber Frédéric - Région Occitanie

Occitanie ranks 5th in terms of inward foreign investment and related employment. The strong results from the Region's mobilisation in promoting the appeal of projects sponsored by international investors are underlined with 101 confirmed investments in 2021 (an increase of 36%)[24]. Occitanie has therefore won 8% of planned foreign investments. It is the European leader for welcoming aerospace-related projects.

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 *région*s 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 13.5 million passengers in 2019 (before the health crisis).

The Région also enjoys good rail access with 2,500 km of railway lines, used daily by more than 500 regional trains carrying 66 000 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.

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.

[24] EY annual barometer

A tourism-oriented region [25]

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.

Lefrancq Gilles - région Occitanie

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 enterprises and almost 100 000 salaried jobs (7% of total salaried employment in Occitanie).

Occitanie welcomed 208 million (including intra-regional) overnight tourist visits in 2019. With more than 180 000 taking the waters each year 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.

[25] Source: Région Occitanie, Regional tourism and leisure committee

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. In addition, construction of a new passenger terminal, providing ferry services to Morocco, and a new railway platform, will begin shortly in the Port de Sète.

Agricultural and agrifood activities: creating jobs, wealth, quality and security [26]

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.

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

Darnaud Antoine - Région Occitanie

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.

[26] Source: Occitanie regional agriculture chamber

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 (3.5% in 2017[27]), the Région Occitanie boasts remarkable strength in research and development. With 5.8 billion euros in expenditure devoted to R&D (2017), Occitanie ranks 3rd in France and 6th in Europe. R&D represents 45 000 jobs, and more than 100 000 for all high-technology sectors, principally in space and aerospace manufacturing, but also in pharmaceuticals and chemicals.

Occitanie also stands out compared to other regions 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 2019-2020 academic year, the Région had 256 000 students, mainly at the two city universities as well as 30 000 researchers and 7 000 Phd students, placing it 3rd among French regions (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,

[27] Source: Ministry for Higher Education, Research and Innovation

- 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 regions 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 and space industries, in other words 40% of the region’s industrial jobs, 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 (45.7% for the commercial tertiary sector and 34% 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 regions. These regions 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 regions were established.

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

1964: 22 administrative regions 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 regions 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 **LANGEVINE 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.

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

REGIONAL PLANNING

- Producing the regional planning, sustainable development and equal opportunities blueprint.

TOURISM

- Defining development objectives
- Coordinating promotional initiatives
- Determining the status of the regional tourism committee.

TRANSPORT

- Managing the *TER*
- Developing and operating the maritime and commercial ports
- Developing, maintaining and operating civil aerodromes
- Organising non-urban road and schools transport (2017).

ECONOMIC DEVELOPMENT

- Defining economic strategy
- Granting support to businesses
- Running of competitive clusters
- Supporting research and innovation.

La Région
Occitanie
Pyrénées - Méditerranée

PROFESSIONAL TRAINING AND EMPLOYMENT

- Defining and implementing professional training policy (+ fair apprenticeship distribution)
- Coordinating regional public guidance service.

ENVIRONMENT AND ENERGY

- Lead authority for climate, air quality, energy, waste,
- Establishing and managing Regional Natural Parks (PNR).

CULTURE

- Carrying out general cultural heritage inventory
- Managing regional museums, and the regional contemporary art fund
- Protecting cultural heritage.

SPORTS

- Building and operating high school facilities
- Subsidising clubs, associations…
- Responsible for CREPS centres for high level sports.

EDUCATION AND TEACHING

- Building, maintaining and operating high schools
- Establishing provisional training schemes
- Contributing to the financing of higher education establishments.

HEALTH AND SOCIAL

- Social and healthcare training (building and maintenance of premises)
- Defining social worker training policy
- Assisting in relocating professionals to underserved areas
- Contributing to the financing of equipment in local districts.

HOUSING AND LIVING CONDITIONS

- Supporting access to housing, improving living conditions
- Supporting town planning and urban renovation.

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.**

Perset Arthur - Region Occitanie - Arch Séquences

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

Crespin David - Région Occitanie

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.


Damaud Antoine - Région Occitanie

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' 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 <u>excluding revenue from borrowings</u> 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 2021

Change in main financial balances 2017–2021

	2017-2021 Administrative Accounts				
In M€	**2017**	**2018**	**2019**	**2020**	**2021**
Operating revenue	**2617.9**	**2588.6**	**2636.3**	**2469.1**	**2582.6**
Tax revenues: CVAE then VAT (2021), *Cartes Grises*, TICPE portions, financial rebalancing and FNGIR (until 2020), IFER (Telecoms and rail), Apprenticeship tax (until 2019), local taxation management fees	1539.9	1925.9	1968.6	1819.2	1862.3
State endowments and financial support (DGF until 2017, DCRTP, DGD and others, Plan 500,000 then investment in skills plan (PIC)	615.1	230.3	274.7	250.4	329.5
European funds managing authority: ESF,ERDF, EAFRD	346.8	295.0	258.5	249.8	249.2
Compensation awards paid by certain Departments	38.7	60.8	60.8	60.8	60.8
Other operating revenue	77.4	76.6	73.8	88.9	80.8
Operating expenditure (excluding interest on debt) (1)	**2126.6**	**2073.9**	**2086.8**	**1982.3**	**2110.8**
Regional interventions (grants and contributions)	1289.0	1325.9	1377.0	1316.5	1407.6
Staggering mechanism for extraordinary COVID-19 expenditure (1)				-34.8	-9.6
General administration, elected officials, regional policy value creation	73.6	72.0	70.4	67.1	65.7
European funds managing authority EAFRD	326.3	275.5	236.5	219.3	217.3
Personnel costs	290.3	309.9	322.0	331.8	344.1
Income mitigation	132.7	77.9	77.9	77.9	78.6
Provisions	14.7	12.7	3.0	4.5	7.3
Gross operating surplus(1)	**491.3**	**514.7**	**549.6**	**486.8**	**471.8**
Interest on debt	29.5	31.0	31.6	33.1	33.7
Gross surplus (1)	**461.8**	**483.7**	**518.0**	**453.7**	**438.1**
Gross operating surplus rate (excluding European funds EAFRD) (1)	20.2%	20.9%	21.6%	20.2%	18.5%
Contractual repayment of debt principal	75.4	87.6	90.1	97.4	118.9
Provisioning for bond issue (2018 issue)			13.3	13.3	13.3
Net surplus (1)	**386.4**	**396.1**	**414.5**	**343.0**	**305.9**
Own capital revenue	**281.2**	**355.7**	**434.4**	**388.4**	**506.2**
Endowments and contributions (DRES, FCTVA, TICPE Grenelle)	162.7	163.0	147.6	145.1	161.6
Other (including repayable advances, contributions, fees,...)	56.5	42.2	53.7	52.8	93.2
European funds EAFRD	30.0	94.2	117.2	80.6	120.7
Other European funds (ERDF, and others)	32.0	56.3	115.9	109.9	130.7
New borrowings	**275.9**	**221.4**	**151.0**	**555.0**	**586.0**
Capital expenditure	**1009.7**	**1034.3**	**1113.4**	**1368.0**	**1558.4**
Regional interventions (equipment and grants)	894.0	852.5	892.8	1141.9	1295.8
Extraordinary COVID-19 expenditure transferred (1)				34.8	9.6
Expenditure under European funds EAFRD	30.0	94.2	117.2	80.6	120.7
Contractual repayment of debt principal	75.4	87.6	90.1	97.4	118.9
Provisioning for debt issue (2018 issue)			13.3	13.3	13.3
Exceptional repayment (PTZ recovery Plan FCTVA 2015)	10.3				
TOTAL REVENUE	**3175.0**	**3165.7**	**3221.7**	**3412.5**	**3674.8**
TOTAL EXPENDITURE	**3166.0**	**3139.2**	**3231.8**	**3383.4**	**3702.9**

In M€	2017-2021 Administrative Accounts				
	2017	2018	2019	2020	2021
Financial year result	**9.0**	**26.4**	**-10.1**	**29.1**	**-28.1**
Previous result	**28.8**	**37.9**	**64.4**	**54.3**	**83.4**
31 December year-end result	**37.9**	**64.4**	**54.3**	**83.4**	**55.3**
Outstanding debt (net of bond issue provisioning)	**1793.3**	**1927.5**	**1975.1**	**2419.3**	**2873.2**
Debt repayment capacity (net of bond issue provisioning) [(1)]	**3.9**	**4.0**	**3.8**	**5.3**	**6.6**
Rolling stock leasing agreement notional	**116.4**	**115.9**	**115.3**	**114.5**	**113.6**

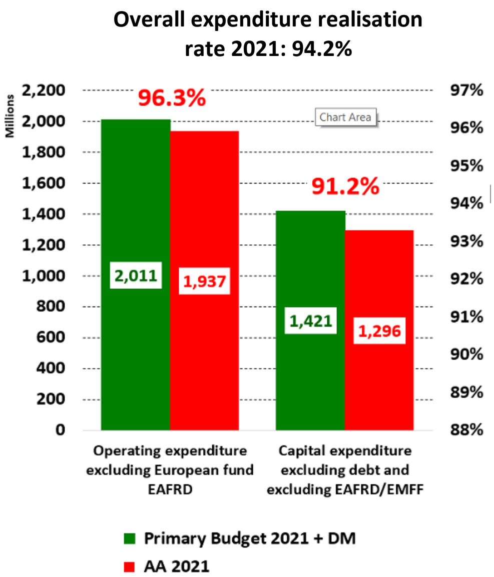
[(1)] implementation of the mechanism for spreading Covid 19 extraordinary expenditure over 5 years, carried out in 2020 (34.8 M€) and 2021 (9.64M€), in accordance with the government circular dated 24 August 2020.

Summary of expenditure and revenue realisation entered in the 2021 Budget

The data entered in the 2021 Administrative Account is an exact reflection of the budget operations realised during the past year. This accounting document allows the forecast revenues and authorised expenditure (capped amounts) entered in the 2021 Primary Budget (adjusted pursuant to the amendment decision (**DM**) adopted on 21 October 2021) to be reconciled with actual amounts realised in terms of revenue and expenditure.

	Primary Budget 2021 + DM	Administrative Account 2021	Realisation rate
Operating expenditure excluding European fund EAFRD	2 010 771 541 €	1 936 807 655 €	96.3%
European fund EAFRD	280 000 000 €	217 333 450 €	77.6%
Capital expenditure excl. debt and excl. EAFRD/EMFF	1 420 527 403 €	1 295 844 502 €	91.2%
European funds EAFRD/EMFF	120 932 921 €	120 702 921 €	99.8%
Payment of debt principal and mandatory provisions	132 211 000 €	132 210 872 €	100.0%
Total expenditure excluding European fund EAFRD	**3 563 509 945 €**	**3 364 863 029 €**	**94.4%**
Total expenditure	**3 964 442 866 €**	**3 702 899 401 €**	**93.4%**

The overall realisation rate for expenditure entered in the 2021 budget (excluding the European EAFRD fund and debt) has increased to 94.2%. This rate illustrates the fairness and accuracy of the budgetary forecasts. From an operating perspective, it reflects the continuity of regional action despite the circumstances surrounding the health crisis.



Regarding the operating section (intervention expenditure), the realisation rate reached 96.3%, a higher than average level compared to previous years. For capital items, and for the second consecutive year, the rate has increased to reach 91.2% (83.1% in 2020).

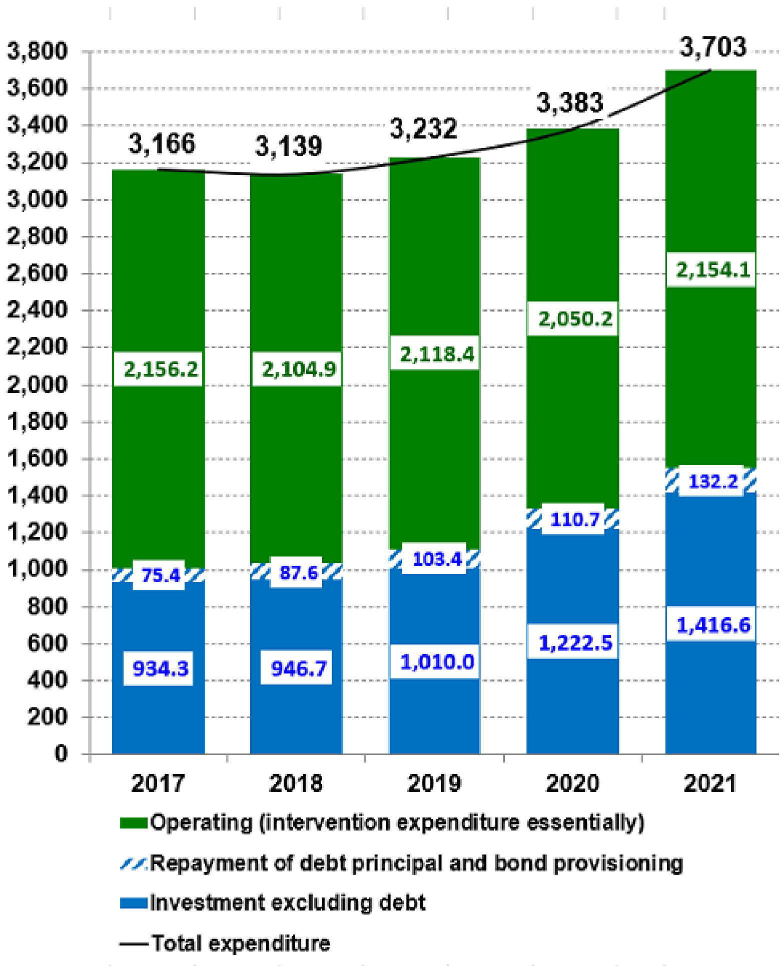
More generally, this trend illustrates the Region's robust action during the crisis, in aid of its inhabitants and all localities. In concrete terms this involved massive and rapid implementation of emergency followed by recovery measures, with an acceleration of already existing projects to boost the local economy and employment. The public building and construction works Plan progress report highlights the importance of works project managed by the Region.

	Primary budget 2021 + DM	Administrative Account 2021	Realisation rate
Operating revenue excluding European fund EAFRD	2 339 164 545 €	2 355 281 470 €	100.7%
European fund EAFRD	289 900 000 €	227 360 190 €	78.4%
Capital revenue excl. borrowing and excl. EAFRD/EMFF	439 803 480 €	385 491 269 €	87.7%
European funds EAFRD/EMFF	117 600 000 €	120 702 921 €	102.6%
Balancing loan	694 609 559 €	586 000 000 €	84.4%
Total revenue excluding borrowing and excl. European fund EAFRD	**2 778 968 025 €**	**2 740 772 738 €**	**98.6%**
Total revenue	**3 881 077 584 €**	**3 674 835 850 €**	**94.7%**

Structure and changes in regional expenditure

The 2021 administrative account presents all expenditure realised under the Région Occitanie's 6th budget. Total expenditure in 2021 increased by 319.5 M€ to 3 703 M€ (+ 9.4%).

Structure of and changes in total expenditure in M€

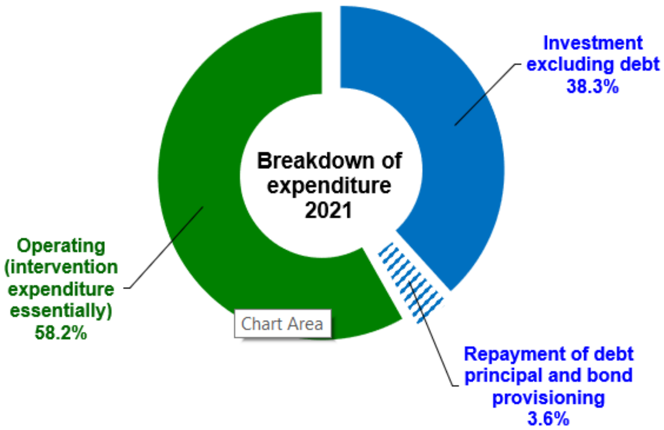


Notwithstanding the transfer of apprenticeship powers to the professional sector since 2020, the overall amount of expenditure realised in 2020 and 2021 has increased significantly due largely to:

- implementation of emergency and recovery Plans to deal with the Covid-19 crisis,
- boosting investment to help sustain and create jobs, in the public works sector in particular and consistent with the Green Pact,
- ramping up of the investment-in-skills plan (PIC).

At the same time, the Region has continued to pursue its policy of controlling operating expenditure on a constant basis, excluding crisis measures, PIC and extraordinary items, the increase in such expenditure having not exceeded 1.7%, equivalent to the level of inflation for the year 2021.

Breakdown of expenditure 2021: 3 703 M€



Breakdown of operating expenditure based on regions' budgetary and accounting architecture

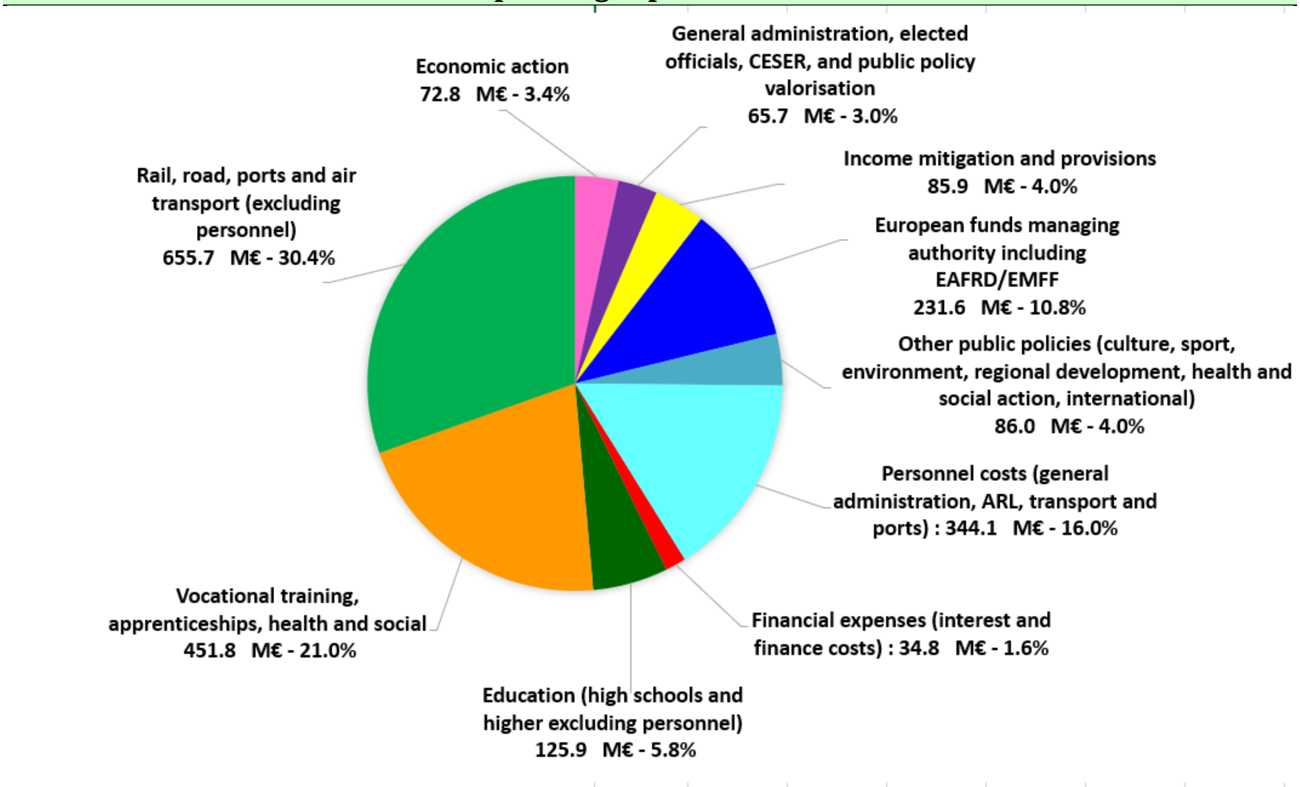
Budget Chapters (with details of certain items)	**2018**	**2019**	**2020**	**of which Emergency/ Recovery Plans**	**2021**	**of which Emergency/ Recovery Plans**
Vocational training, apprenticeships, health and social [2]	463.7	468.1	370.8	3.2	451.8	4.0
Education (high schools and higher education excluding regional high school agents (ARL))	108.2	114.1	129.2	15.4	125.9	7.3
Culture, sport and leisure	50.1	54.0	58.7	7.6	50.4	0.9
Health and social action	3.1	4.2	19.9	15.9	6.3	2.6
Regional planning and development	13.1	13.5	14.2	0.7	11.8	0.2
Managing authority European funds (excluding EAFRD/EMFF)	17.5	10.8	14.3	-	14.2	-
European funds EAFRD/EMFF	275.5	236.0	219.3	-	217.3	-
Environment	12.4	12.0	13.0	-	14.8	-
Transport (rail, road, ports and air (excluding personnel costs)	583.9	615.0	604.2	0.4	655.7	-
Economic action [2]	68.3	81.3	88.0	4.7	72.8	3.5
Inter-regional, European and international initiatives	4.8	4.4	3.7	-	2.8	-
Financial expenses (interest and finance costs)	31.8	31.8	33.5	-	34.8	-
General administration, elected officials, CESER and public policy valorization	72.0	70.4	67.1	4.2	65.7	0.4
Personnel costs (general administration)	114.6	116.9	123.2	-	126.3	-
Personnel costs (high school agents, transport and ports)	195.3	205.1	208.6	-	217.7	
Setting aside provisions	12.7	3.0	4.5	-	7.3	-
Allocation of CVAE compensation paid to certain *Départements* and income mitigation	77.9	77.9	77.9	-	78.6	-
Total operating expenditure:	**2104.9**	**2 118.4**	**2 050.2**	**52.1**	**2154.1**	**18.9**

(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 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 2 154.1 M€ in 2021. The increase, of close to 100 M€ compared to 2020, results essentially from the ramping up of the PIC, a jobseekers' training scheme, implemented on behalf of the State in addition to interventions by the Region. On top of this was the increase in the number of places in health and social care training institutes, a measure introduced as part of the Ségur health scheme and the France Recovery Plan. Whether in the case of the PIC or health training, this additional expenditure is financed by State funding.

Apart from the two above items, and after neutralising various extraordinary adjustments and the sharp deceleration of the Emergency Plans (health measures), **the structural change in operating expenditure is equivalent to that of inflation in 2021, close to 1.7%.** This overall controlled change in operating expenditure on a constant basis and excluding emergency measures is the fruit of a rigourous management policy aimed at generating operating savings, without adversely affecting the quality of public services. From a financial perspective the aim is to consolidate own funds allocated towards the financing of capital investment.

Breakdown of operating expenditure 2021: 2 154.1 M€



The main operating expenditure components include:

- transport (30.4%), an area of authority split relatively evenly from a budgetary perspective between the operation of regional trains via the financial contribution paid to SNCF and road transport (schools and inter-urban transferred from the *Départements* in 2017),


Bensizerara Sofiane - Région Occitanie


Boulonnet Laurent - Région Occitanie

- vocational training (451.8 M€, including apprenticeships and health and social care training). Since 2020, the recentralisation by the State of apprenticeship powers to *France Compétences* has greatly reduced the funding allocated for this policy area.

  Conversely, the implementation of the PIC has contributed to the increase seen in 2021 (including wages for vocational training interns), as has health and social care training and the opening of additional IFSI and IFAS places (mandatory contributions to the operation of these institutions),

Pouchard Sébastien - Région Occitanie

Ader Jean-Jacques - Région Occitanie

- education (125.9 M€) the main constituent of which is the operating endowments paid to high schools to ensure educational standards throughout the Region. In addition to these endowments are special schemes aimed at high school students (digital work spaces, assistance with reading, Youth Card, purchasing health equipment (masks etc.),

- European funds managing authority. This element, concerning third party management, essentially comprises the European agricultural fund for rural development (EAFRD) (217.3 M€), the remainder (14.2 M€) including the European social fund (ESF) and other funds allocated towards certain specifically targeted areas. The overall amount remains stable compared to the previous financial year,

- economic actions (72.8 M€) combining the tools aimed at promoting development, research and innovation, agriculture and agri-food, industry-artisanal activity-trade, tourism and spas. The slight fall recorded in 2021 has contributed towards overall control over operating expenditure. Nevertheless, 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),

Boutonnet Laurent - Région Occitanie

Perset Arthur - Région Occitanie

Damaud Antoine - Région Occitanie

- for other public policies treated in the operating section (culture, regional development, health and welfare, sport and environment), the overall budgetary amount shrank in 2021 in line with the withdrawal of emergency measures implemented during the health crisis. The same is true for general administrative expenditure,

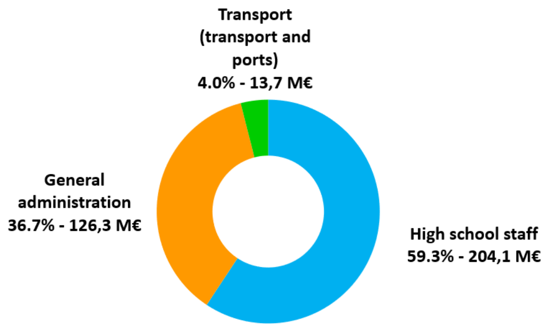
- finance costs (34.8 M€) essentially relating to outstanding debt (interest). The gradual extinguishment of old financing agreements combined with the mobilisation of new authorised borrowing at historically low interest rates (0.68% on average for the 2020 financial year and 0.65% in 2021), has meant that the increase in interest costs has been more moderate than the growth in overall outstanding debt,

- the compensation awards paid to the *Départements* are a lastingly stable expenditure item having derived from the financing arrangements put in place in 2021 for the transfer of road, schools and inter-urban transport powers.

Focus on personnel costs

The growth in personnel costs has stabilised since 2019. However, these costs jumped in 2021 due essentially to the health crisis. The prolonged lockdown period at the beginning of 2020 meant that there was only a small rise in the wage bill. Conversely, at the end of 2020 and in 2021, this increased due to the measures implemented to deal with the health and social emergency:

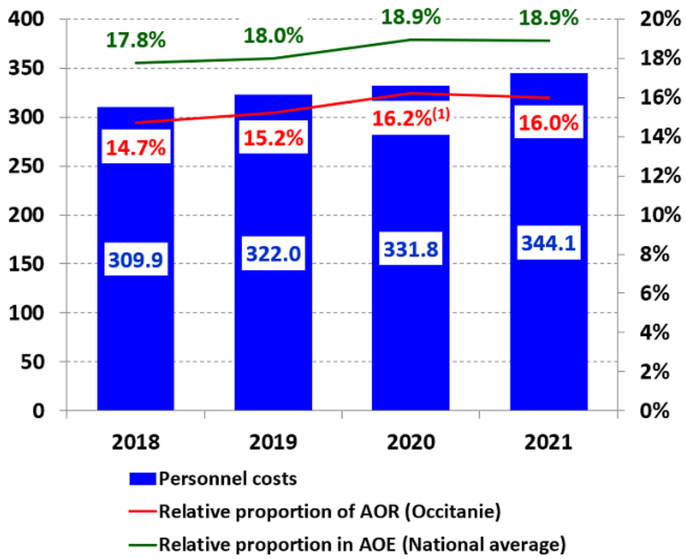
Breakdown of personnel costs 2021: 344.1 M€



- since November 2020, high school absentee staff were systematically replaced in order to maintain a quality education public service,
- absenteeism was also higher due to permanent staff being placed under isolation measures and staff being affected by the COVID 19 virus,
- 5317 particularly at-risk staff received a COVID-19 bonus,
- as part of the measures for students without employment and seasonal jobs, 149 young persons helped to vaccinate the Region’s population (vaccination centres, on demand transport) and assisted the regional teams in implementing economic support measures (PASS, L’OCCAL...).

Excluding these extraordinary measures, the increase in personnel costs was 2.3% over the financial year. Their share relative to overall operating expenditure remains below the national average.

Changes in personnel costs: relative proportion below national average



Whereas in 2018 and 2019 staff transfers were the principal driver of the increased wage bill, with the establishment of new high schools, since 2019 and above all in 2020, the age/qualification-related pay scales (GVT) (impact of automatic civil servant career progress) is the main factor underlying the increase in the wage bill. The revaluation of the inter-professional minimum wage increase was echoed in the initial civil service pay scale indices (+ 0.95% in January 2021 and 2.24% in October 2021) as provided by the legislation.

A new regulatory measure also entered into force concerning the payment of an end-of-contract indemnity to temporary replacement staff recruited for a period of less than 12 months.

Amongst its proactive measures, the Région Occitanie pursued its policy of reducing job insecurity. This year, it offered 343 contractors tenure in local public educational establishments, bringing the number of civil service appointments since 2016 to 1120 as part of this scheme. Staff recruitment in the new high schools opened in 2020, Martin MALVY in Cazères and Simone VEIL in Gignac, accounted for 13% of the increase in personnel costs (excluding Covid).

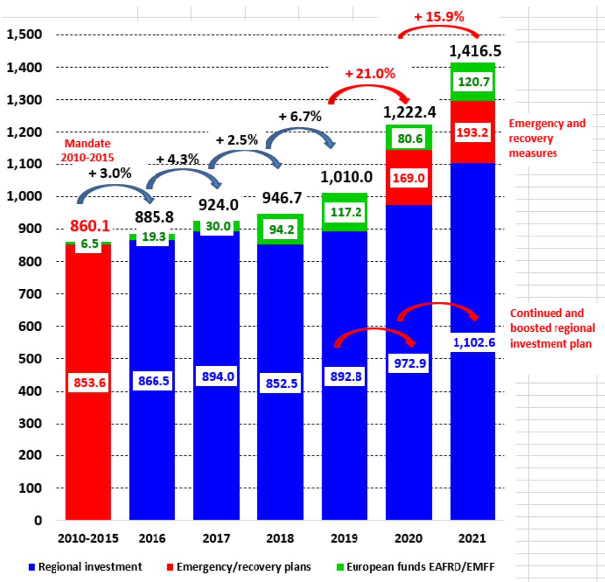
Capital section expenditure in 2021: 1 548.8 M€
(including repayment of debt principal)

6.4 Bn€ invested over 6 years (2016 to 2021)
A consistent increase in regional investment, boosted in 2020 and 2021

For the second consecutive year of the Covid-19 crisis, capital expenditure increased significantly by 15.9% (21.0% in 2020). Indeed, the total amount of capital expenditure in 2021 (excluding the repayment of debt principal) reached 1 416.5 M€. This is one of the highest levels in France expressed in euros per head of population (238.7 €).

This dynamic is the result of the **proactive implementation of the emergency and recovery Plans** referred to above and which focus essentially on economic initiatives in the wider sense. There was, at the same time, an increase in **expenditure under the regional multi-year investment Plan.** Despite the health situation, these interventions contributed to **sustaining economic activity and jobs**, in particular in the public works and construction sector as illustrated by the assessment contained in the following pages.

Changes in investment excl. debt in M€



The 2021 dynamic is the result of the increase in subsidies paid (862.1 M€ or 60.9%), boosted by the schemes forming part of the emergency/recovery Plans, and also by the progress made in terms of the realisation of works carried out as contracting authority (470.4 M€ or 33.2%). The remainder concerns equity holdings and other financial fixed assets in an amount of 84.1 M€ (5.4%).

Changes in and breakdown of capital expenditure

Budget Chapters (with details of certain items)	2018	2019	2020	of which Emergency/ Recovery Plans	2021	of which Emergency/ Recovery Plans
Vocational training, apprenticeships, health and social [2]	10.3	15.0	15.6	-	20.0	-
Education (high schools and higher education excluding regional high school agents (ARL))	283.5	246.3	308.0	2.3	334.2	0.8
Culture, sport and leisure	39.0	37.3	37.5	-	43.6	-
Health and social action	0.9	1.2	1.3	-	2.1	-
Regional planning and development	39.1	43.8	58.3	-	57.3	0.4
Managing authority European funds (excluding EAFRD/EMFF)	44.6	38.6	55.9	-	52.1	-
European funds EAFRD/EMFF	94.2	117.2	80.6	-	120.7	-
Environment	45.7	35.7	55.4	-	70.5	-
Transport (rail, road, ports and air (excluding personnel costs)	120.0	204.5	199.5	-	296.9	-
Economic action [2]	248.2	248.3	392.2	166.5	402.3	192.0
Inter-regional, European and international initiatives	0.2	0.2	0.6	-	0.4	-
Repayment of debt principal [3]	87.7	103.5	110.7	-	132.2	-
General administration, elected officials, CESER and public policy valorization [1]	20.9	21.7	17.6	0.2	16.5	-
Total:	**1034.3**	**1113.4**	**1333.2**	**169.0**	**1548.7**	**193.2**

(1) including acquisitions of interests in the share capital of 'Agence France Locale (AFL),
(2) economic actions, research and innovation, agriculture and agri-food, industry-artisanal activity-trade, tourism and spas,
(3) including bond issue provisions.

Three areas of intervention accounted for 80% of capital expenditure in 2021 (excluding debt and excluding EAFRD):

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

Economic action in the broad sense: support for businesses, agriculture, tourism, research and innovation formed, like last year, a major component of regional investment **mobilising more than 400 M€.**

In this regard, almost half (192 M€) related to the financing of emergency and recovery measures as described above (Rebound Pass, regional guarantee Fund, the Occal scheme, Recovery contract and Pass, ARIS, ADER Plan and other actions).


Antoine Darnaud - Région Occitanie

As for the remainder, the initiatives to promote economic development and jobs, introduced prior to the pandemic, were also funded to the tune of 210 M€. These include financial instruments (Occitanie Pass, Growth Contract, innovation, export, transfer-takeover), commercial real estate (examples: *Start-up* and *Economy of the future* hubs), 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 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 to assist investments made in terms of tourism amenities and development, business competitiveness and enhancement of Major sites.

Another regional priority, **education (334 M€)** once again contributed to the increase in regional investment with the building of 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).

An amount of 235.1 M€ was mobilised in 2021 for all of these works. 42.4 M€ were allocated towards high school facilities (including digital infrastructure) and high school students (40 M€ for personal mobile equipment and school books). Finally, investment for higher education (16.2 M€) forms part of the continued rollout of the Campus Plan (buildings designed for higher education). The focus placed on the public-works "BTP" plan (below) provides further details on the main operations involved.


Darnaud Antoine - Région Occitanie

The third major priority concerns **sustainable mobility (297 M€)** including, essentially, the acquisition of rolling stock (72.0 M€), modernising rail infrastructure and stations to meet traffic growth (76.6 M€), roads infrastructure (local and national in an amount of 16.7 M€), airports (7.4 M€), and finally, port development in Port-La Nouvelle (future energy transition port) and Sète in a total amount of 107.8 M€ and other public transport (16.5 M€).

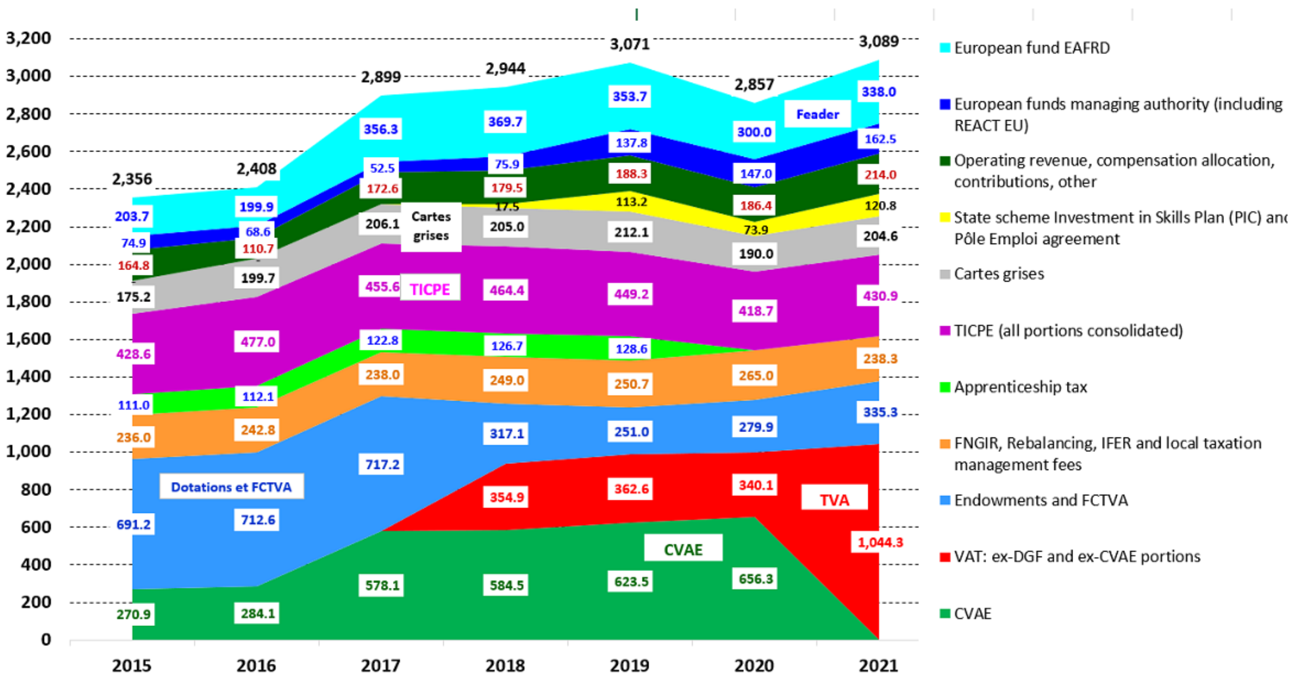
Equipment expenditure also benefited areas such as culture (protecting regional heritage and artistic creation), sport ("Occitanie ambition 2024", CREPS, sports amenities), the environment (energy efficiency (housing eco-cheque, NoWatt projects), renewable energy, contribution to AREC, flood prevention), regional development (vitality of local areas, town centres and rural life, superfast broadband rollout), social solidarity (health centres, housing aid) and apprenticeships (powers heavily restricted in 2020, but apprentice centre (CFA) operations finalised). In addition to the Région's own investment, the increase seen in 2021 was boosted by the increase in the European EAFRD fund capital spending grant. (+40.1 M€ to 120.7 M€).

The increase of 21.5 M€ in the repayment of debt principal to 132.2 M€, is the result of borrowings mobilised in 2020 (555M€), combined with the end-of-2019 outstanding debt extinguishment plan and continuing to make mandatory provisions in a constant annual amount of 13.3 M€ (1/15th of the 200 M€ bond issue made in 2018).

The Region's financial resources

The Région's financial resources (*excluding borrowing and surplus carried forward)* amounted to 3 088.8 M€ in 2021, an increase of 8.1% (+ 7.6% excluding the European EAFRD fund).

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



From 2016 to 2019, the increase in regional resources (excluding borrowings) was due to a large extent to structural changes imposed by law. In 2020, the isolated decrease was the result of the recentralization of apprenticeship powers and the economic crisis which adversely impacted on certain tax and operating revenues. The main changes over the period included:

- the transfer of the proceeds of 25 CVAE points as from 2017 to compensate for the transfer of school and interurban transport powers from the *Départements*, which has contributed to the uplift in direct taxation. This transfer also incorporates operating revenues,

- the abolition in 2018 of the entire global operating endowment (DGF) which has been replaced by a VAT portion (indirect taxation),

- acting as European fund managing authority for 2014-2020 operating programmes involved significant budgetary sums in respect of the EAFRD (revenue equivalent to expenditure),

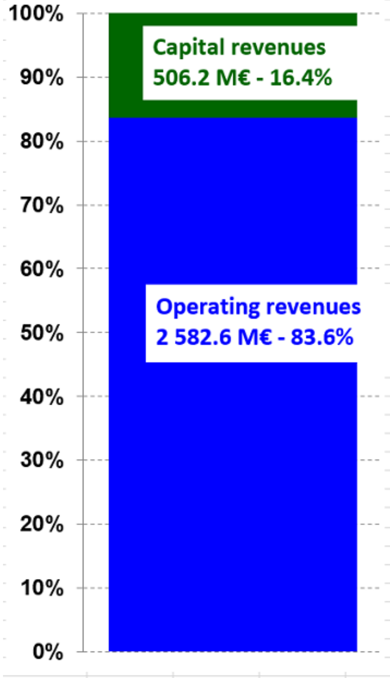
- additional but temporary State funding for implementation of the Plan 500 000 and also the PIC for vocational training (revenue and expenditure in balance over the term despite irregular financial flows),

- granting by the State of an economic support fund in 2017 to compensate for the transfer of "business support" powers from the *Départements* which was, however, immediately abolished contrary to the original measures (balance paid in 2018),

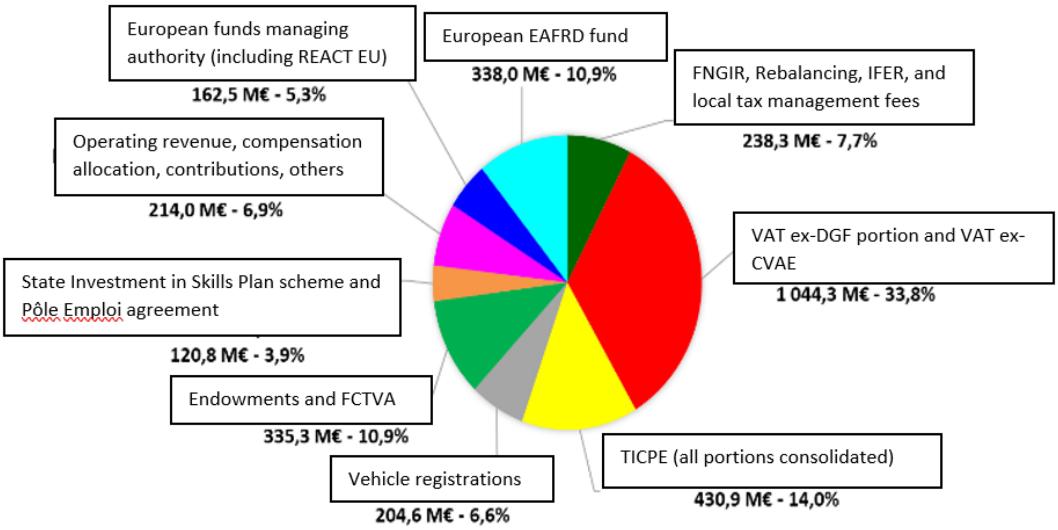
- annual adjustment of the proceeds of the internal energy products consumption tax (**TICPE**) granted by way of a right to compensation for the transfer of areas of authority such as the "additional apprentice recruitment support" scheme as part of its apprenticeships, schools strategy and other powers,

- the implementation as from 2020 of the apprenticeship financing reforms (law on the freedom to choose your professional future dated 5 August 2018). The transfer of apprenticeship powers to the professional sector via *France Compétences* translated into loss of the regional element of the apprenticeship tax and dedicated TICPE portions, the granting of a financial compensatory endowment and two territorial re-balancing funds (apprenticeship).

Financial resources excl. borrowing in M€



Breakdown of regional resources 2021 Excluding use of borrowing: 3 088.8 M€

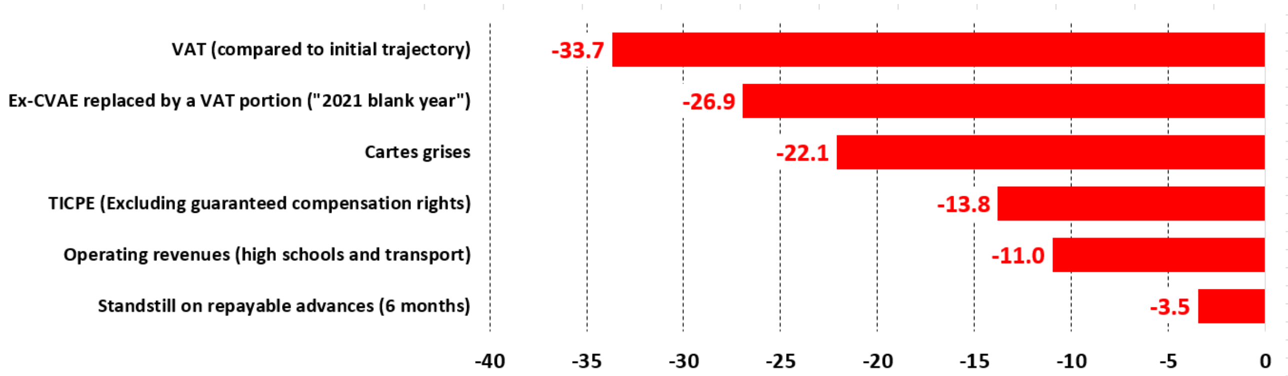


The structural change to regional resources is characterised by an increase in the relative share of tax revenue assessed on financial flows (fuel consumption, vehicle registration, consumption, business value-added). Furthermore, fiscal autonomy remains very limited since the *régions* rate-setting powers are restricted to setting the applicable vehicle registration (*carte grise*) tariff and the so-called "Grenelle" TICPE portion (capped tariff). Therefore, the share comprised of State endowments and financial contributions has reduced but their value is still frozen or gradually eroding.

➲ Financial impact of the health and economic crisis on regional revenues:

The loss in revenue linked to the crisis affected, in a contrasting manner, the 2020 and 2021 financial years.

1. The cumulative loss in revenue influenced by economic conditions is estimated at 111 M€:



- VAT (ex-DGF portion): in 2020, the theoretical application of the historical average base effect (+ 3%/year) should have generated income of 373.8 M€ compared to 340,1 M€ actually collected (guaranteed amount equivalent to 2017 DGF income), a difference of 33.7 M€. In 2021, the recovery in VAT revenue permitted a return, in terms of this portion, to the original trajectory,

- as regards CVAE, the receipts for the financial year were based on businesses' previous results (interim and balancing payments). Therefore, the crisis did not impact on the trend trajectory of this revenue in 2020. Conversely, its replacement in full in 2021 with a VAT portion took effect with income remaining totally stable (blank year). In the absence of the Covid-19 crisis, the average base effect recorded in Occitanie since its inception in 2011, was 4.1% per year. The "theoretical" lost revenue is therefore estimated to be 26.9 M€,

- Vehicle registrations (*cartes grises*): the fall in registrations resulted in lost revenue of 22.1 M€ (- 10.4%) in 2020. Income returned to pre-crisis levels in 2021,

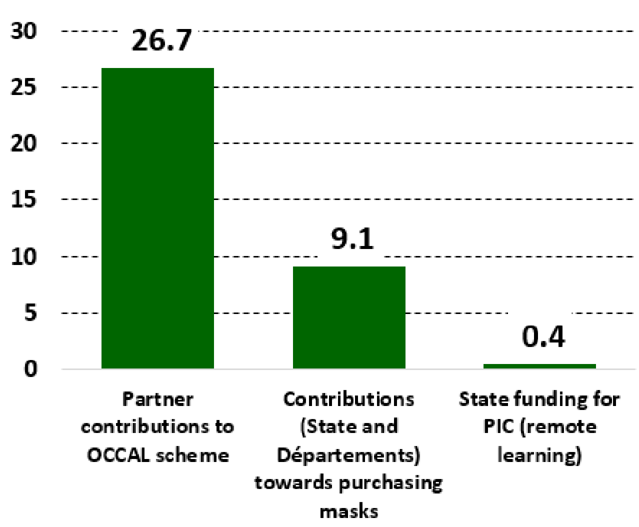
- TICPE: the former adjustable (operating section) component (excluding right to compensation) and the *Grenelle* portion (capital section) recorded an estimated cumulative loss in revenue over the period of 13.8 M€ (the other TICPE portions are guaranteed by way of compensation rights),

- operating revenue (family contributions to boarding school fees and high school student catering as well as road passenger transport) have been reduced by around 11 M€ over the period (including temporary rent relief measures in an amount of 0.4 M€),

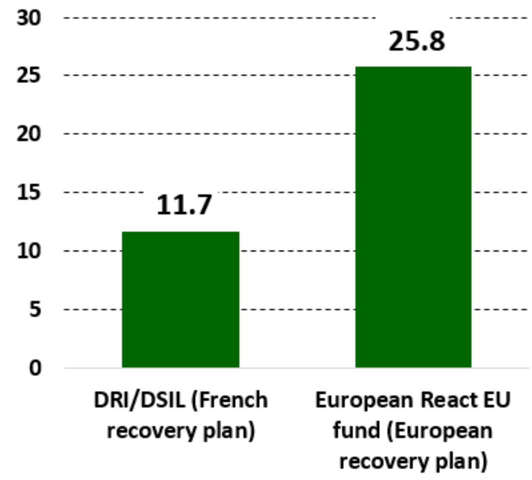
- amongst the measures included in the regional Emergency Plan, was an exceptional 6-month stand-still (1 April to 30 September 2020) on the repayment of loans granted to businesses to help them overcome the crisis. This measure resulted in a capital revenue deferral in an amount of 3.5 M€ (almost 140 companies applied for this moratorium).

2. In parallel, one-off contributions were received in the 2020 and 2021 financial years:

Cumulative contributions in 2020 and 2021 allocated towards financing Emergency Plans



Contributions received in 2021 and allocated to new expenditure



Capital revenues the payment of which is **staggered over the period 2021/2024**

- following the purchase of protective facemasks, the Région received a State contribution of 3.35 M€ together with an amount of 5.76 M€ charged back to the *Départements*, giving a total amount of 9.1 M€ (centralised purchasing structure for disposable masks, specific agreements for fabric masks),

- the OCCAL scheme was introduced by the Région in partnership with the *Départements*, the inter-communal organisations and the *Caisse des Dépôts et Consignations*, to support operators in the tourism, restaurant, retail and local artisanal sectors, all of which were greatly impacted by the health crisis. In this regard, in 2020 the Région received 9.7 M€ (4 M€ repayable advance from *Caisse des Dépôts et Consignations* in addition to an amount of 5.7 M€ by way of local authority contributions) and 17 M€ 2021 in line with the ramping up of this scheme,

- as part of the PIC, 0.4 M€ in State funding has been allocated towards financing remote training,

Furthermore, a Youth section was added to the 2021 PIC Agreement, State funding was paid in compensation for the opening of additional places in health and social care training as from 2021 together with various contributions. These new revenues, incorporated into the State Recovery Plan, gave rise to equivalent additional expenditure items.

Finally, funds under recovery plans both European (REACT-EU fund) and French (regional investment endowment: exceptional DRI and DSIL) will be paid over the period 2021 / 2024 (25.8 M€ + 11.7 M€ in 2021) based on the **rapid realisation of projects** related to ecological transition and day-to-day mobility (exceptional DRI/DSIL), digital transition, sustaining employment, access to public services and support for SME (REACT-EU fund).

1. Operating revenue: 2 582.6 M€

Operating revenue increased by 4.6% in 2021 to 2 582.6 M€. Having fallen in 2020 due to the abolition of resources directed towards the financing of apprenticeships (portion of apprenticeship tax and TICPE), now entrusted to the professional sector, exacerbated by economic conditions unfavourable to various tax and operating revenues, a slight recovery was recorded in the 2021 financial year. This can be attributed to the partial reconstruction of certain revenues affected by the crisis, combined with a technical recovery resulting from the skills investment Plan and the introduction of a Youth section.

a) Tax revenues:

In M€	2017	2018	2019	2020	2021	Change 2020-2021
Business value-added contribution (CVAE)	578.1	584.5	623.5	656.3	-	- 656.3
Value-added tax (VAT) - ex-CVAE portion	-	-	-	-	657.0[1]	+ 657.0
Value-added tax (VAT) - ex-DGF portion	-	354.9	362.6	340.1	387.3	+ 47.2
Inter-region adjustment mechanism	3.3	14.0	17.6	27.2	27.2[2]	-
Utility company flat-rate tax (IFER)	52.4	51.4	48.4	51.0	50.1	- 0.9
National individual revenue guarantee fund (FNGIR)	124.8	124.8	124.8	124.8	124.8	-
Apprenticeship tax	122.8	126.7	128.6	-	-	-
Local direct taxation management fees (TH/CVAE/CFE)	57.5	58.8	59.9	62.0	36.2[3]	- 25.8
Cartes grises (vehicle registration certificates)	206.1	205.0	212.1	190.0	204.6	+ 14.6
TICPE (Finance Act and adjustable)	331.4	329.7	323.4	320.0	327.1	+ 7.1
TICPE Vocational training	26.5	26.5	26.5	26.5	26.7	+ 0.2
TICPE “Professional future” law	-	-	-	21.3	21.3	-
TICPE Apprenticeship	11.5	11.7	12.0	-	-	-
TICPE Apprentice employer bonus	19.8	19.5	19.5	-	-	-
TICPE Aid for the recruitment of additional apprentices	5.8	18.4[4]	9.6	-	-	-
Total: Tax revenues	**1 540.0**	**1 925.9**	**1 968.5**	**1 819.2**	**1 862.4**	**+ 43.2**

[1] after incorporation of former CVAE tax exemption compensation
[2] an income mitigation (refund expense in an amount of 0.767 k€) brings final 2021 net income to 26.4 M€
[3] the portion of management fees attributable to the former residence tax (*taxe d'habitation*) is replaced with a compensation endowment,
[4] 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.

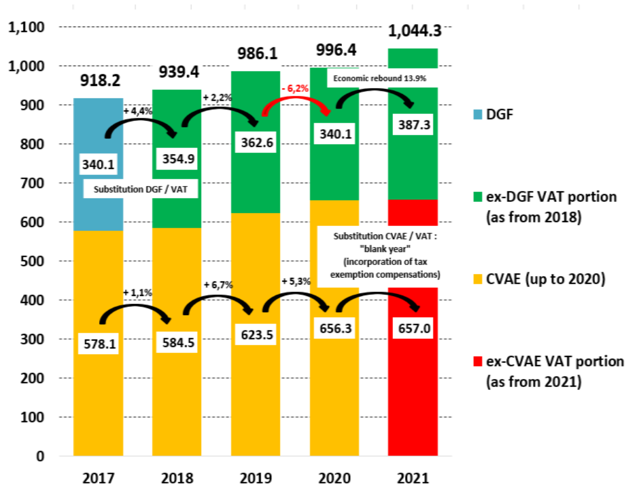
The business value-added contribution (CVAE), the legacy of the abolition of the professional tax in 2010 and the transfer of 25 CVAE points from the *Départements* in 2017 after passenger road transport powers were taken over, was allocated as to half to the regions until 2020. The other half is paid to the *Départements* and inter-communal entities. This tax revenue, which is assessed on the added value of businesses established in the region's territory, is based on a progressive rate (up to 1.5%) defined by law. The State assumes the difference calculated by reference to a tax relief scale. CVAE was the largest regional revenue source which, in the case of Région Occitanie, was growing (+ 4.1% / year on average) at a faster rate than nationally (+ 3.2%/year).

In 2020, the regions were doubly affected by the crisis. In addition to the expenditure accepted under the various emergency and recovery Plans, came a fall in the revenues vulnerable to economic conditions: vehicle registration certificates (*Cartes grises*), VAT, a portion of the TICPE, operations. CVAE was not impacted in 2020 insofar as it is a tax paid directly by businesses over two financial years. The Région receives in 2020 the revenue collected by the State in 2019, which includes two interim payments made by businesses plus a balancing payment, if applicable, based on definitive 2018 results, which precedes the occurrence of the health and economic crisis.

The financial projections prepared in the first semester 2020 anticipated a significant contraction which, in addition to the considerable efforts being made by the regions, would result in a very sharp decrease in their ability to act. Based on this evidence, the State-Region contract dated 28 September 2020 provided for the regional CVAE share to be substituted in full by an equivalent VAT portion aimed at maintaining the resilience of the Regions' finances whilst at the same time providing greater visibility. The 2021 Finance Act has enshrined this measure as part of the Recovery Plan (section dealing with the decrease in production taxes).

Nevertheless, 2021 constitutes a "blank year" insofar as this substitution has no base effect in the first year. Any potential growth (dependent on economic conditions: increase in GDP and of inflation nationally) will not appear until 2022. The increase in 2021 (+ 0.7 M€) is the sole result of incorporating former compensation linked to tax exemptions under the old regional CVAE portion.

Changes in VAT revenue: 1st regional revenue source in 2021



Furthermore, since 2018, the Région receives another VAT portion instead and in place of the former global operating endowment (DGF), which has been abolished for the regions. This revenue is not regionalised and changes at the same rate as the national income.

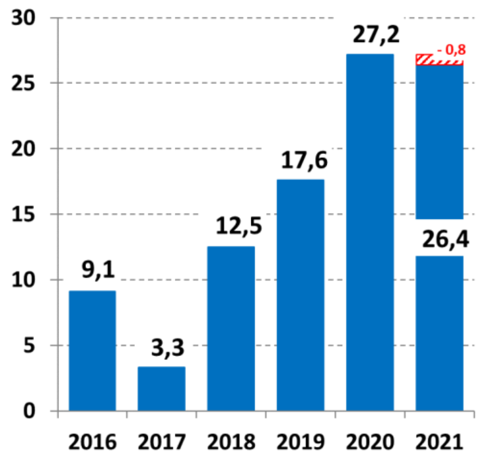
Article 149 of the 2017 Finance Act specifies a floor level equal to the DGF revenue received in 2017, namely 340.1 M€ for the Région Occitanie. It was not until after the unequalled growth witnessed in 2018 and 2019 that the income reached this minimum guaranteed level in 2020 associated with the sharp nationwide recession. In 2021, the economic recovery led to a significantly improved outlook.

This sharing of national tax revenue helped to strengthen the regions' financial autonomy. However, the annual change in revenue correlates directly with fluctuations in GDP by value (GDP deflator included). Unlike CVAE, which is linked to local economic conditions, the VAT assessment basis is national which produces a base effect common to all regions.

Mechanism for adjustment of revenues substituted for the former direct regional taxation (abolition of the professional tax in 2010):

Since 2013, the Région Occitanie has been party to the financial adjustment mechanism aimed at reducing different rates of change experienced by the *régions* in terms of the four sources of revenue introduced in 2011 (CVAE, IFER, FNGIR and DCRTP) instead and in place of the former professional tax (abolished) and the regional share of the developed land tax (transferred to other local authority echelons).

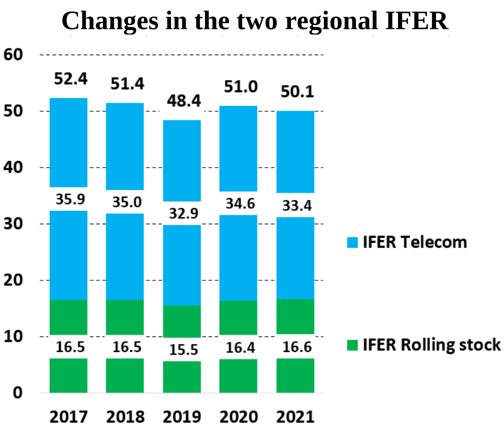
Changes in adjustment fund received by Région Occitanie in M€



In 2021, the Région Occitanie received a net amount of 26.4 M€ under this mechanism (27.2 M€ before deduction of an overpayment of 0.8 M€ by way of adjustment under the 2021 Finance Act prior to being **definitively incorporated into VAT revenue (ex-CVAE portion) as from 2022.**

The relative stability seen in 2021 is linked to the neutralisation of two revenues flowing in opposite directions: growth in CVAE income in Occitanie greater than the national average on the one hand, and, on the other, an erosion of DCRTP affecting Occitanie in particular.

The two utility company flat rate taxes (IFER) received by the Région relate to railways (rolling stock) and telecoms (copper loop and switching equipment). Together with the national individual revenue guarantee fund (FNGIR), this resource helps to rebalance regional funding post-2010 reforms. 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.

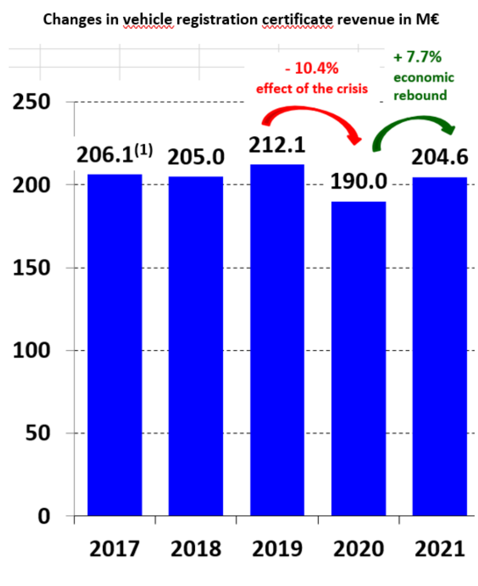


The **national individual revenue guarantee fund (FNGIR)** introduced in 2011 to help balance the reforms has remained permanently frozen at 124.8 M€.

Finally, the resources earmarked for the financing of vocational training include a portion of the **management fees** assessed on local taxation (business real estate contribution (CFE), CVAE and a percentage of the residence tax (*taxe d'habitation*)). The latter benefited de facto from a base effect linked 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€. Overall, the income remains stable at 62 M€, such stability being attributable to this substitution of a portion of the residence tax combined with a slight decline in CVAE in 2021.

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. 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 EAFRD fund).

The assessment base for *cartes grises* differs by region, based upon the new car market (around 1/4) and second hand car market (close to 3/4). The tariff, voted by regional elected officials, has been stable since 1 August 2016, when regional harmonisation was introduced. At 44 € per taxable horsepower, the tax burden is within the average for mainland *régions*.



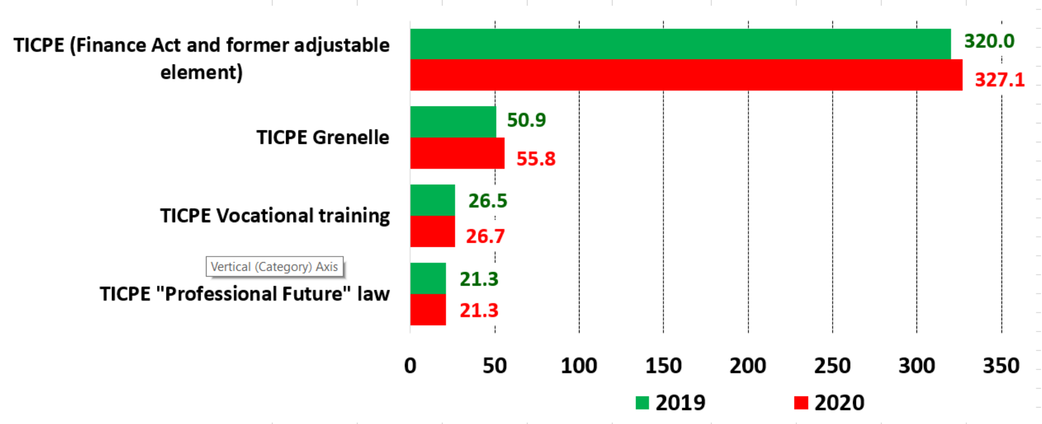
(1) Passage to full year (2017) of single tariffication at 44 € throughout regional territory (post-union harmonisation)

With the aim of accelerating energy transition, the Région Occitanie has made the decision to exempt all clean vehicles equipped to operate, solely or otherwise, with electric energy, natural gas (NGV), liquid petroleum gas (LPG) or E85 petrol. Since 2021, the legislator has imposed an automatic exemption for vehicles powered solely by electricity, hydrogen or a combination of the two.

From a financial perspective, this measure results in increasing lost revenue associated with the gradual conversion to green cars.

Since 2005, with the introduction of the various decentralisation laws, **regions receive several TICPE portions** resulting from exercise of the right to compensation 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 the Finance Act to incorporate the financing of the new transferred expenses.

Changes in revenue from various TICPE portions in M€



The State guarantee associated with the right to compensation protected the greater part of this income during the economic recession that took place in 2020. Only a small part of the Finance Act TICPE derived from the former modulation rights granted to the regions and the Grenelle portion were affected by the economic conditions. The so-called Grenelle portion is a form of capital revenue allocated towards the financing of sustainable, rail and/or river transport infrastructure.

Thanks to the economic recovery that took place in 2021, this income returned to a level close to that of 2019. Cumulatively, TICPE represents the Region's second highest revenue with a total amount of 430.9 M€ in 2021 (375.1 M€ in operating revenue and 55.8 M€ for the capital section (Grenelle)).

b) State endowments and financial support:

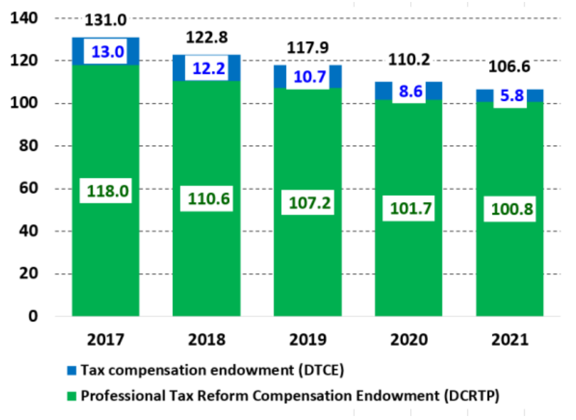
In M€	**2017**	**2018**	**2019**	**2020**	**2021**	**Change 2020-2021**
Fixed element of the global operating endowment (DGF)	298.2	*Replaced by an equivalent portion of VAT since 2018*				
Equalisation element of the DGF	41.9					
Professional tax reform compensatory endowment (DCRTP)	118.0	110.6	107.2	101.7	100.8	- 0.9
Local tax exemption compensation transfer endowment (DTCE)	13.0	12.2	10.7	8.6	5.8	- 2.8
Global decentralisation endowment (DGD)	40.0	38.7	39.1	39.1	39.1	-
Economic support fund	18.4	23.0	*2017 transitional measure paid over 2017/2018*			
Plan 500 000 (jobseeker training scheme)	85.6	23.8	*Replaced by the PIC*			
Investment in Skills Plan (PIC)		17.5	106.7	64.9	112.2	+ 47.3
Agreement with Employment Centre			6.5	9.0	8.6	- 0.4
Compensation, via the State Recovery Plan, for additional places opened in health and social care training since the 2021 new academic year					9.9	+ 9.9
"Professional future" Law endowment + balance of apprentice premiums (linked to the apprenticeship financing reforms introduced in 2020)				13.3	13.3	-
Apprenticeship support fund (apprenticeship financing reforms introduced in 2020)				9.4	9.4	-
Compensation endowment for loss of management fees since 2021, linked the abolition of the residence tax (TH) element					25.8	+ 25.8
State compensation relating to the Le Cévenol railway line		4.5	4.5	4.5	4.5	-
Total: State endowments and financial support	**615.1**	**230.3**	**274.7**	**250.4**	**329.5**	**+ 79.1**

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

- the **professional tax reform compensation endowment** (**DCRTP**) is one of the four revenues replacing former direct taxation, received since 2011, following the abolition of the professional tax. It contributes to the general equilibrium of the initial reforms by covering the residual gap between the amount of tax revenue received in 2010 (regional portions of the developed land tax, undeveloped land tax and professional tax) and the sum of the replacement revenues: 25 CVAE points, IFER (telecoms and railways) and FNGIR.

  Since 2017, DCRTP has regularly fallen and contributes, like DTCE, to adjusting the financial support of the State paid to the whole local public sector. The fall in 2020 was significant, -5.5 M€, a cut of 5.2% The fall in 2021 was relatively mild (- 0.8 M€),

Continuing erosion of DTCE and DCRTP in M€: two State adjustment variables



- also inherited from previous reforms, the **local tax exemption compensation transfer endowment (DTCE)** continued its inexorable decline in 2021 by 2.7 M€ to an amount of 5.8 M€. Incorporated into the State's budget for financial support paid to local authorities, this revenue decreases annually to contribute to the overall equilibrium, and is applied through measures adopted in favour of other levels of local authority,

- related to the transfer of former powers, the global decentralisation endowment *(complementing the former DGF)* has been consistently stable at 39.1 M€. The jump seen in 2017 was an economic phenomenon (adjustment of the "station fee" compensation by way of catch-up for period 2014 to 2016),

- as an extension of the emergency jobseeker training plan (entitled "Plan 500 000: 2016-2018"), 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 is in addition to the Région's own resources and the measures already in place, to combat unemployment more effectively through the development of skills adapted to the needs of business.

  The State funding for PIC received in 2021 increased to an amount of 112.2 M€ representing 50% of the annual agreement (consistent with the financial model of the 2019/2022 Pact) increased by the Youth section incorporated into the State's Recovery Plan, together with the revaluation of the vocational training interns' pay scales,

- as part of the State's Recovery Plan, it was decided, at national level and 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. As such, Région Occitanie received an amount of 9.9 M€ in State funding.

- the **Agreement entered into with the job centre (Pôle emploi)** pursues a similar objective, with the contribution paid in 2021 amounting to 8.6 M€ (9 M€ in 2020), in line with the expenditure incurred,

- pursuant to the law dated 5 September 2018, the State recentralised the financing of apprenticeships. Since 2020, regions no longer receive the TICPE portions previously allocated to the exercise of these powers nor the apprenticeship tax (51% of the total income).

  However, the latter 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 M€ to Occitanie, comprising a TICPE portion as previously referred to (21.3 M€) and a frozen endowment of 9.9 M€. The latter is increased by the balance of the premiums paid to employers of apprentices (3.4 M€) to ultimately reach 13.3 M€,

- 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 M€,

- in order to finance vocational training, the Region receives portions of TICPE and an endowment, for local tax management fees, paid by the State (40% assessed on the residence tax and 60% on local economic taxation CFE/CVAE). However the abolition of the residence tax and of the regional CVAE portion, have given rise to the payment of a **compensation Endowment** equivalent to the loss in revenue, namely 25.8 M€ for Occitanie. This development, relatively neutral in 2021, will contribute to the inertia of this financing insofar as a fiscal base effect disappears and is replaced with an endowment that is frozen in value and potentially vulnerable to future decreases,

- the funding provided by the State also includes compensation in an amount of 4.5 M€ 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. This undertaking, formally set out in an agreement, runs until 2022.

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. As such it manages 690.3 M€ of the European regional development fund (ERDF), 203 M€ of the ESF-YEI (European Social Fund - Youth Employment Initiative) for the period 2014-2020 allocated between the operating programmes 2014-2020 for Languedoc-Roussillon, Midi-Pyrénées and Garonne 2014-2020.

In addition to these 893.3 M€ regional Cohesion Policy funds are the European funds mobilised under an inter-regional framework (including the Pyrenees inter-regional operating programme (POI Pyrénées) which receives 25 M€ from the ERDF and is managed by the Région), or cross-border or trans-national frameworks and 2 089 M€ under the 2nd pillar of the Common Agricultural Policy (European agricultural fund for rural development: EAFRD) and the Common Fisheries Policy (European Maritime and Fisheries Fund: EMFF). In total, this represents a financial envelope of 3 Bn€ for all programmes. In addition, specific funds are earmarked for technical assistance to support the implementation of these programmes.

c) Other operating revenue:

In M€	2017	2018	2019	2020	2021	Change 2020-2021
Additional compensation for certain *départements* (transfer of transport powers)	38.7	60.8	60.8	60.8	60.8	-
Contribution by the State and the *départements* to the purchasing of facemasks				9.1	-	- 9.1
Family contributions (catering and accommodation costs)	15.4	16.0	15.7	10.0	12.0	+ 2.0
Operating revenue (exercise of road transport powers)	4.5	17.3	16.9	16.5	14.1	- 2.4
Professional career security parity fund	12.9					
Reversal of provisions	3.4	16.3	1.8	1.0	8.9	+ 7.9
Miscellaneous operating revenue (from operations, fees, contributions, financial, and other income)	41.2	27.0	39.4	45.3	46.0	+ 0.7
Total: Other operating revenue	**116.1**	**137.4**	**134.6**	**142.7**	**141.7**	**- 1.0**

- the transfer from the *Départements* 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,

- the health crisis and the lockdown periods affected operating revenues received by the Région, including primarily families' contributions to school boarding and catering expenses, which fell by 5.7 M€ in 2020 and were partially restored in 2021 to 12 M€ (+ 2 M€). Concerning school and interurban transport, the fall in 2021 (- 2.4 M€) is also the result of the health situation and the free transport measures introduced for school buses,

- 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 2021, reversal of provisions amounted to 8.9 M€ linked to old litigation and disputes where appeals were closed or petitions rejected (6.6 M€) and old bad debts associated with the execution of reorganisation plans or the extinguishment or cancellation of the debt (2.3 M€),

- other operating revenue remained relatively stable at 46.0 M€. Generally, this related to third-party contributions, operating revenues other than transport and high schools, fees, indemnities, reversals, dividends and miscellaneous income.

d) European funds managing authority (operating):

In M€	2017	2018	2019	2020	2021	Change 2020-2021
European funds ESF, ERDF and technical assistance	20.5	19.6	21.9	30.3	19.6	- 10.7
EAFRD European fund	326.3	275.5	236.5	219.4	217.3	- 2.1
Technical assistance (managing authority)	*Incorporated in the Operating Programmes*			6.8	12.2	+ 5.4
Total: European funds managing authority (*operating*)	**346.8**	**295.0**	**258.4**	**256.6**	**249.2**	**- 7.4**

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 upon presentation of evidence of the expenditure actually incurred. As regards the European EAFRD fund, 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.

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.

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 European commission has relaxed the rules relating to the identification of expenses eligible for European **operating programme (O.P.) technical assistance**. Since 1 July 2020, a fixed rate of 4% of the certified expenditure has been applied instead and in place of the actual cost. Previously included within the funding for the two O.P. funding, technical assistance has been treated separately since 2020.

2. Capital revenue (excl. borrowing and long-term revolving facilities - CLTR): 506.2 M€

a) Miscellaneous capital revenue:

In M€	**2017**	**2018**	**2019**	**2020**	**2021**	**Change 2020-2021**
Regional schools equipment endowment (DRES)	39.9	39.9	39.9	39.9	39.9	-
VAT compensation fund (FCTVA)	62.2	64.5	49.6	54.3	65.9	11.6
TICPE Grenelle	60.6	58.6	58.1	50.9	55.8	4.9
Apprentice training centre (CFA) investment fund	-	-	-	9.2	9.2	-
Repayable advances	14.0	18.3	18.3	17.8	16.3	- 1.5
DRI/DSIL (French recovery plan)	-	-	-	-	11.7	+ 11.7
Miscellaneous capital income	42.5	23.8	35.4	25.9	56.1	+ 30.2
Total: Other capital income	**219.2**	**205.2**	**201.3**	**198.0**	**254.9**	**+ 56.9**

- 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 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). The 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 M€,

- 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 income for 2021 is 16.3 M€,

- 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 regions by France Compétences (in addition to the operating element). The amount allocated to Occitanie is 9.2 M€,

- as part of the extension to the regions 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 regions 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. An amount of 11.7 M€ was received in 2021 (9.15 M€ under the DRI and 2.5 M€ under the exceptional DSIL),

- 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),…). In 2021, the overall amount equalled 56.1 M€, a significantly higher level than in 2020. This rebound can be explained by:

✓ the health crisis which delayed the completion of a number of operations resulting in a slight lag in the receipt of the associated revenue (contributions of third-party co-financiers),
✓ a one-off contribution by ADEME (5 M€) towards the hydrogen train project,
✓ repayments relating to funds of funds: FOSTER (4 M€), Jérémie (14 M€),
✓ an initial contribution (50%) by the European Union (7.3 M€) towards the H2 Corridor project (transition towards hydrogen power for “heavy mobility”).

The Région also receives other revenues of more modest amounts such as the proceeds of disposals, miscellaneous repayments and multiple contributions such as that made by the *Départements* towards mixed school facilities (CSM) (3.4 M€) or indeed towards higher education investment projects (4.6 M€).

b) European funds managing authority (capital):

In M€	**2017**	**2018**	**2019**	**2020**	**2021**	**Change 2020-2021**
European fund ERDF and others	32.0	56.3	115.9	109.9	104.9	- 5.0
European fund REACT EU (European recovery plan)	-	-	-	-	25.8	+ 25.8
European fund EAFRD	30.0	94.2	117.2	80.6	120.7	+ 40.1
Total European funds (capital)	**62.0**	**150.5**	**233.1**	**190.5**	**251.4**	**+ 60.9**

The European funds managing authority payments received in respect of ERDF-cohesion policy (104.9 M€) remain significant. 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.

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).

Furthermore, in dealing with the health and economic crisis, the European Union has implemented a recovery plan entitled "Next Generation EU" bestowed with 750 Bn €: 360 Bn € in loans and 312.5 Bn € in State subsidies in addition to 77.5 Bn € in various forms of aid including 47 Bn € for 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, an overall envelope of 201 M€ is potentially available.

2021 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. Accordingly, net operating surplus (*l'épargne nette*) makes up, after financing of operating expenditure and debt service, the principal own resources used to finance regional investment.

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€	2017	2018	2019	2020	2021	Change 2020-2021
Ordinary operating revenue	2 617.9	2 588.6	2 636.3	2 469.1	2 582.6	+ 113.5
Operating expenditure excluding interest on debt (1)	2 126.6	2 073.9	2 086.8	1 982.3(1)	2 110.9(1)	+ 128.6(2)
Operating surplus (ordinary gross surplus) (1)	**491.3**	**514.7**	**549.5**	**486.7(1)**	**471.7(1)**	**- 15.0(2)**
Interest on debt	29.5	31.0	31.6	33.1	33.7	+ 0.6
Gross operating surplus (1)	**461.8**	**483.7**	**517.9**	**453.7(1)**	**438.1(1)**	**- 15.6(2)**
Gross operating surplus rate (excluding European fund Eafrd) (1)	20.2%	20.9%	21.6%	20.2%(1)	18.5%(1)	- 1.7 point(2)
Repayment of debt principal	75.4	87.6	90.1	97.4	118.9	+ 21.5
Bonds provisions			13.3	13.3	13.3	-
Net operating surplus (1)	**386.4**	**396.1**	**414.5**	**343.0(1)**	**305.8(1)**	**- 37.2(2)**

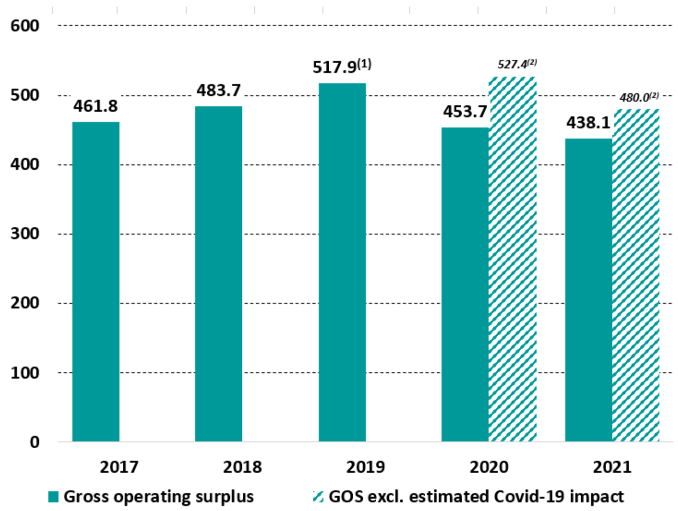
(1) *adjusted in 2020 in an amount of 34.8 M€ and 9.64 M€ in 2021 under the mechanism for staggering extraordinary expenditure relating to the COVID-19 crisis, in accordance with the governmental circular dated 24 August 2020,*
(2) *including 25.2 M€ related to the decrease in the amount of extraordinary expenditure restated in respect of Covid-19.*

Staggering of extraordinary expenses relating to the Covid-19 health crisis

By government circular dated 24 August 2020, the State authorised local authorities to stagger over time certain extraordinary COVID 19-related expenses included in the budget operating section. The restrictively itemised list of expenses may, under this mechanism, be included in the capital section and therefore be financed by borrowing. These extraordinary expenses will be amortised over a period of 5 years. The Région Occitanie has decided to implement this scheme. The identified expenditure represents an overall amount of 34.8 M€ in 2020 and 9.64 M€ in 2021. The 2021 fraction of 8.9 M€ (1/5th) has been re-entered in the operating section through the amortisation mechanism.

Accordingly, restated gross operating surplus amounted to 453.7 M€ in 2020 (418.8 M€ without restatement) and 438.1 M€ in 2021 (428.5 M€ without restatement).

Changes in gross operating surplus in M€



(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 PIC scheme, mitigated by the implementation of the Covid 19 extraordinary expense staggering mechanism (24 August 2020 circular),

(3) Excl. financial impact of the Covid-19 crisis on revenue (" lost opportunity") compared to the normal trajectory) and the emergency/recovery expenditure allocated to the operating section).

The main r in 2020/2021 are:

- the isolated financial surplus associated with implementation of the skills investment plan (PIC) fell significantly in 2020 and 2021,
- the removal imposed by the State of the majority of apprenticeship powers since 2020 resulted in the loss of former related revenues (apprenticeship tax and TICPE) but certain remaining expenses inherited from previous commitments continued in 2020 and to a lesser extent in 2021,
- exceptionally, the implementation of the emergency Plans increased operating expenditure in 2020 (almost 50 M€) and 2021 (16.5M€), a large part of which related to the purchasing of health equipment (compensated only in very small part by third party contributions),
- operating revenue losses (tax and operating as discussed above) adversely impacted, cyclically, the Region's internal financing capacity,
- *note also, the decrease in the amount of extraordinary expenditure restated in relation to Covid-19 (- 25.2 M€).*

➲ In 2021, the partial restoration of revenues at risk due to the 2020 crisis and responsible management of operating expenditure have helped to stabilise gross internal financing.

Financing of regional investment in M€

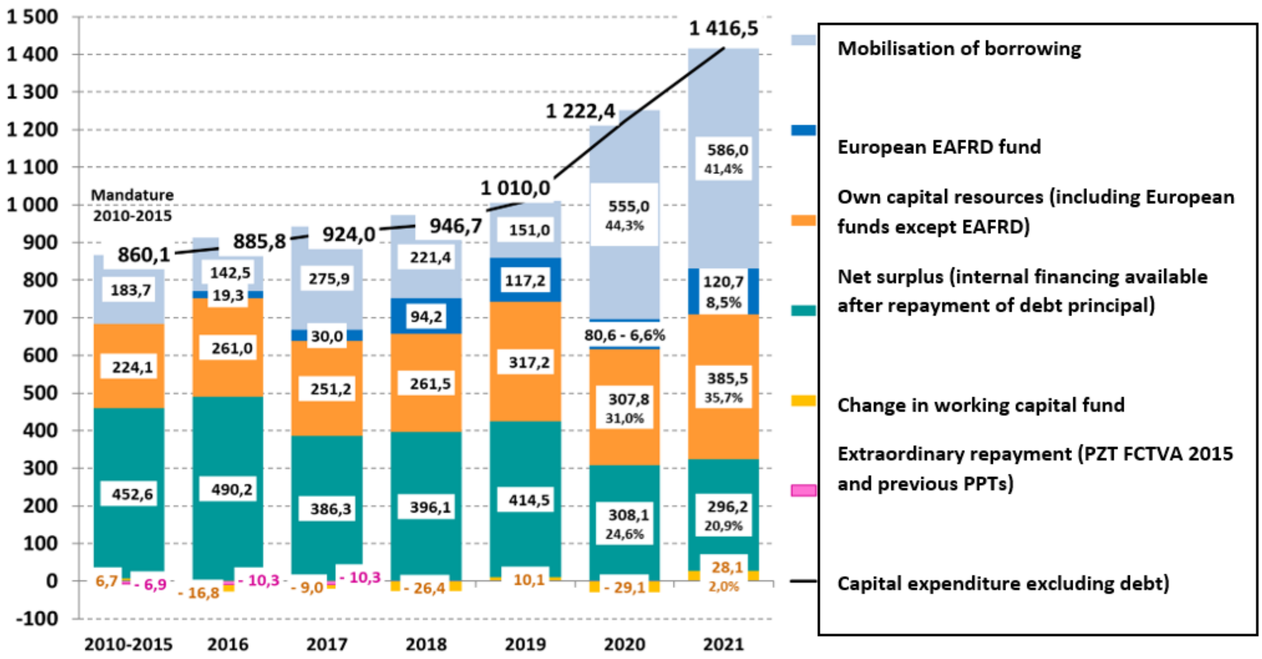
Regional investment (excluding repayment of debt principal), is financed by:

- 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).

		2017	2018	2019	2020	2021
USES	Capital expenditure excluding debt	924.0	946.7	1 010.0	1 222.4	1 416.5
	Exceptional repayment of borrowing (1)	10.3(1)				
	Increase of working capital fund (2)	9.0	26.4		29.1	
SOURCES	Net surplus *(net internal financing)(3)*	386.3	396.1	414.5	308.1*(3)*	296.2*(3)*
	Own capital revenue	281.2	355.7	434.4	388.4	506.2
	New borrowings	275.9	221.4	151.0	555.0	586.0
	Decrease of working capital fund (2)			10.1		28.1

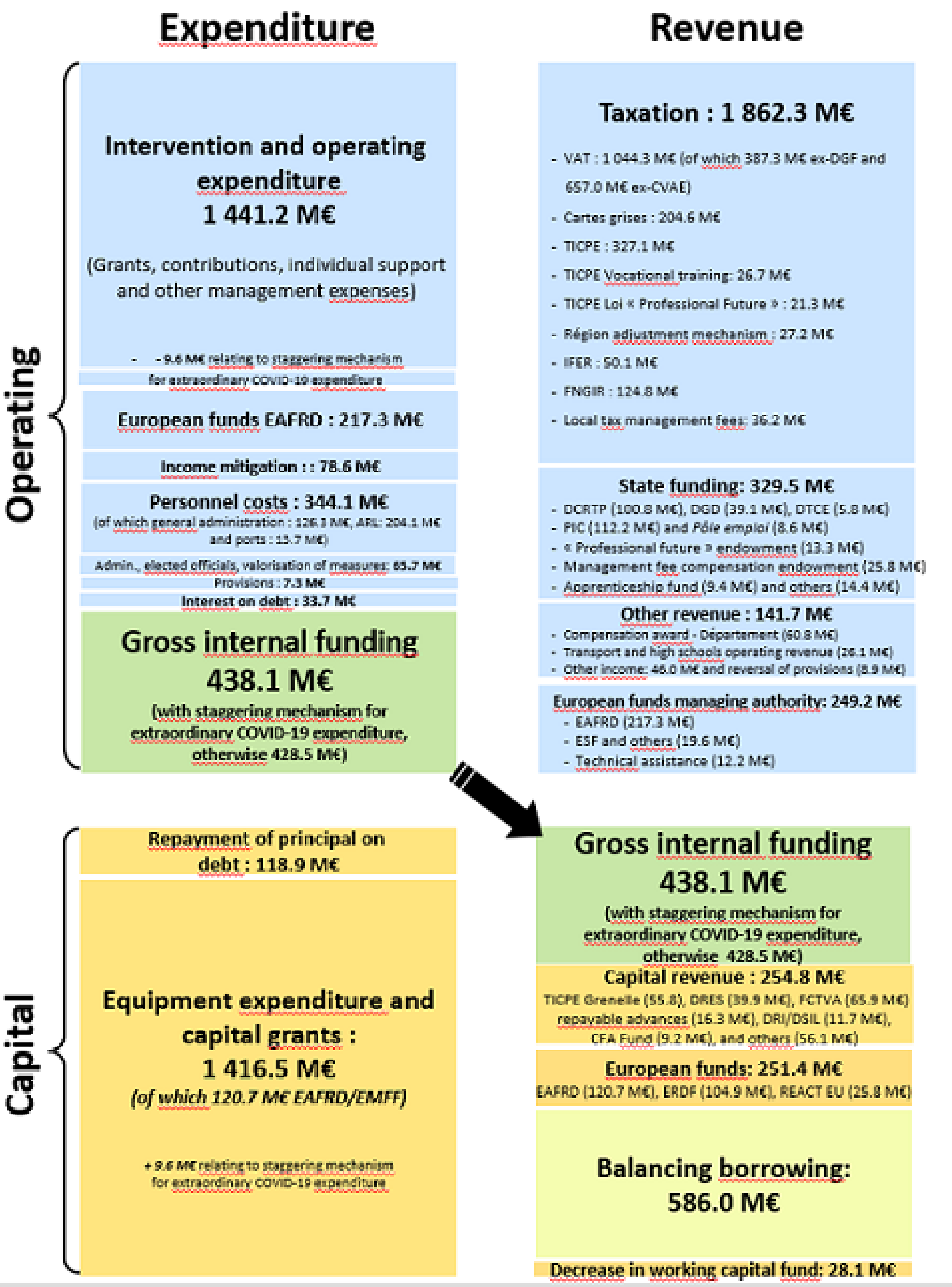
(1) PTZ Recovery Plan FCTVA 2015 repaid in the 2016 and 2017 financial years,
(2) The decrease in the working capital fund is an additional source of funds derived from surpluses generated in previous years. Conversely, a positive working capital fund is a use of funds by placing surpluses in reserve,
(3) 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€



In addition to implementing the emergency/recovery Plans and despite the health situation, the Région continued 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). From a financial perspective, the increase in investment combined with a circumstantial fall in own resources led to a greater use of borrowings, although this remained relatively minor in proportion.

2021 Administrative Account financial balances: 3.7 Billion €



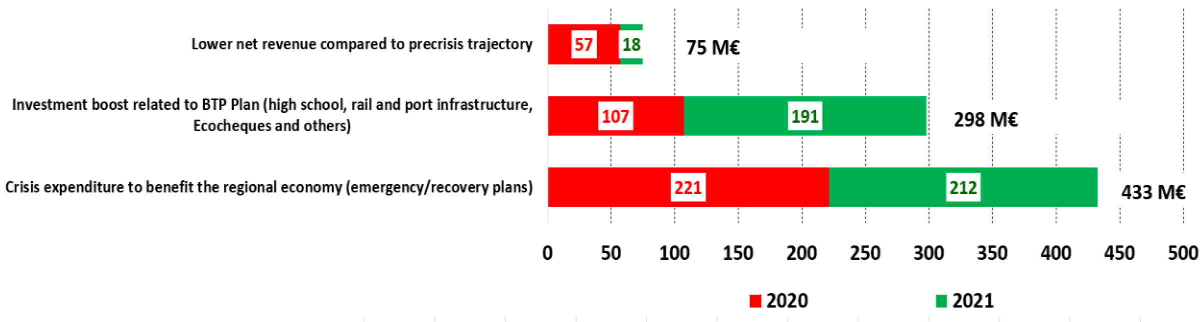
Debt: effective management to support the Region's investment efforts and Recovery Plans

Over the medium/long-term, the financial strategy pursued by the Région is based on financing investments largely through own resources (net internal financing and capital revenue), to maintain solvency and capacity for future action. In 2020 and 2021, financing requirements required greater than anticipated use of bank loans and bond issues (raising funds on the financial markets). Effective realisation of the regional investment plan (despite the health situation), crisis-related expenditure (emergency/recovery plans) and lost revenue have temporarily increased these requirements.

Accordingly, an amount of 586 M€ in borrowings were utilised, which is 84.4% of the amount entered in the PB 2021 (subsequently adjusted by amending decision to 694.6M€). In parallel, contractual debt repayments amounted to 118.9 M€ (excluding bond provisioning of 13.3 M€). Therefore, the Region's outstanding contractual debt at the end of 2021 was 2 913.2 M€, with a net bond provision amount of 2 873.2 M€, an increase of 453.8 M€.

Expressed in euros per inhabitant, regional indebtedness amounts to 484.3 € (net of provision amounts), which is close to the average level for *régions* (excluding off-balance sheet commitments such as Public Private Partnerships and leasing agreements).

The financial impacts of the health and economic crisis are estimated to be 806 M€ over the period 2020-2021. This consolidated amount is the result of the implementation of the emergency/recovery Plans (as discussed above), improved results under the BTP Plan and fewer revenues being at risk due to the crisis:



Like in the previous year, financing raised in 2021, in an amount of 586 M€, involved a wide panel of financial partners, consistent with the Region's strategy to diversify and secure its financing. Requests were made as follows:

- to financial institutions for bank loans: the European Investment Bank (EIB) in respect of an envelope allocated towards the financing of railway rolling stock, Agence France Locale (a bank 100% owned by its member local authorities, including the Région Occitanie since 2019) and a number of commercial banks selected as part of a bid process organised by the Région: La Banque Postale, Crédit Agricole, Caisse d'Épargne and Crédit Mutuel Arkéa,

- investors active on the financial markets via bond issues (EMTN Programme established by the plenary assembly held on 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).

In order to meet the huge increase in financing requirements caused by the crisis, public entities have benefited from measures introduced by the European Central Bank (ECB) in 2020 and 2021, which enabled a sufficient level of liquidity to be maintained on the financial markets (massive bond buying policy) on preferential terms for credit institutions (policy interest rate of 0%). Moreover, the quality of the Région's financial reputation enabled it to secure favourable financial terms, for bond issues in particular.

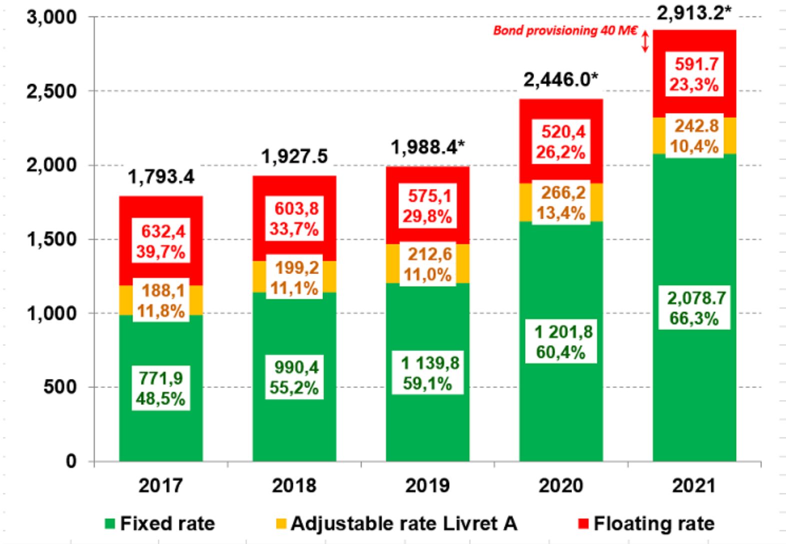
Summary of borrowings utilised in 2021

	Amount (in M€)	Interest rate	Term (years)	Maturity	Type
	Bank loans (amortizable)				
EIB (Rolling stock)	45 M€	0.589%	30	2051	Fixed
EIB (Rolling stock)	20 M€	0.175%	15	2036	Euribor 6-months floored + 0.175%. option to convert to fixed: revision 30 March 2025
Crédit Agricole	30 M€	0.19%	20	2041	Euribor 3 months floored + 0.19%
Agence France Locale (AFL)	50 M€	0.715%	20	2041	Fixed
Caisse d'épargne	50 M€	0.83%	45	2066	Fixed
La Banque Postale	50 M€	0.67%	20	2041	Fixed
La Banque Postale	50 M€	0.69%	20	2041	Fixed
ARKEA	10 M€	0.67%	15	2036	Fixed (revolving availability)
	Bond issues (redemption at maturity)				
Bond issue (OAT + 29 Bp)*	20 M€	0.296%	10	2031	Fixed
Bond issue (OAT + 29 Bp)*	20 M€	0.286%	10	2031	Fixed
Bond issue (OAT + 25.5 Bp)*	20 M€	0.575%	15	2036	Fixed
Bond issue (OAT + 25 Bp)*	10 M€	0.766%	20	2041	Fixed
Bond issue (OAT + 25 Bp)*	40 M€	0.776%	20	2041	Fixed
Bond issue (OAT + 28 Bp)*	10 M€	0.340%	9	2030	Fixed
Bond issue (OAT + 28 Bp)*	30 M€	0.728%	16	2037	Fixed
Bond issue (OAT + 28 Bp)*	6 M€	0.727%	16	2037	Fixed
Bond issue (OAT + 23 Bp)*	25 M€	0.794%	21	2042	Fixed
Bond issue (OAT + 24 Bp)*	25 M€	0.792%	22	2043	Fixed
Bond issue (OAT + 23 Bp)*	30 M€	0.834%	23	2044	Fixed

Bond issue (OAT + 24 Bp)*	25 M€	0.834%	24	2045	Fixed
Bond issue (OAT + 23.5 Bp)*	20 M€	0.786%	25	2046	Fixed
Borrowings utilised 2021	**586 M€**	**0.65%**	**22.0**		

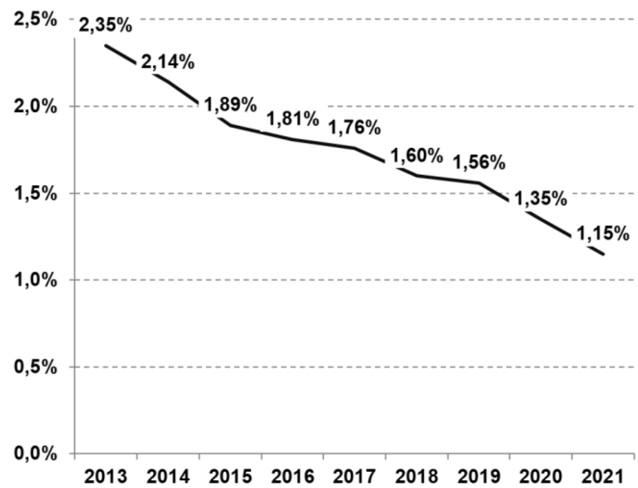
** OAT (Obligation Assimilable du Trésor (French treasury bond): sovereign debt interest rate, namely the secure benchmark rate at which the State borrows for identical maturities on the capital markets). To this secure rate a "spread" is added (risk premium specific to each issuer and each transaction, 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.***

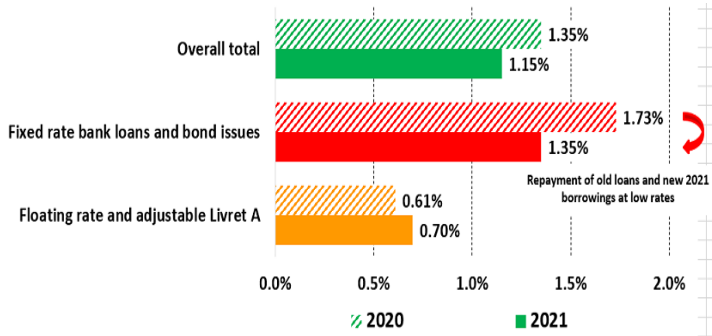
Changes in outstanding debt (M€)
with gradual move towards secure fixed rates



** 1 975 M€ in 2019, 2 419.3 M€ in 2020 and 2 873.2 M€ excl. bond provisionning*

Regular fall in weighted average interest rates
(overall outstanding)



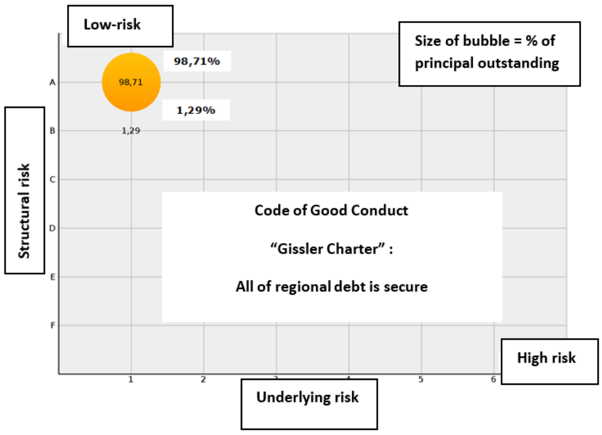


In the same vain as 2020, the central banks' accommodating policies helped to maintain interest rates at very low levels in 2021 in particular for long maturities ("flattening of the rate curve"). Under these conditions, preference was given to fixed rate borrowings, with varying maturities and priority given to long dates of up to 45 years (weighted average of 22 years).

Having regard to these transactions, the relative share of fixed rate borrowings reached 66.3% of the total amount outstanding at the end of 2021 with a further 10.4% at an adjustable *Livret A* rate. The variable rate share has continued to fall, reaching only 23.3% of total borrowing. Nevertheless, this contributes to reducing the **average interest rate which reached 1.15% by the end of 2021 (compared to 1.72% for local authorities generally)**.

The fall in the average interest rate was due to the repayment of old higher-rate loans and the utilisation of 586 M€ at a weighted average interest rate of 0.65%, over a 22 year term. **The average term of outstanding debt is 11 years and 8 months at the end of 2021.**

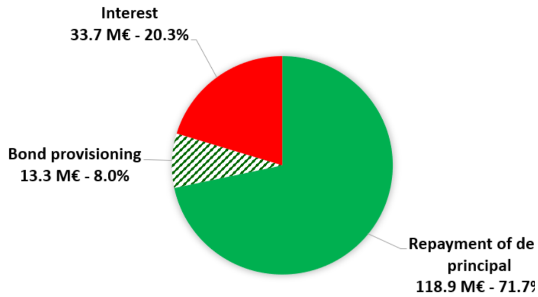
The Région's policy of securing debt levels through new borrowings and active management, ensures strict compliance with the regulatory framework under the so-called "Gissler" charter. This was signed after the 2008 financial crisis between banking institutions and the elected body associations. This 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 low interest rates attached to the borrowings utilised in 2020 and 2021, combined with the gradual extinction of old contracts, has helped limit the increase in finance costs to 33.7 M€ in 2021, an increase of only 1.8%. Debt interest represents 1.7% of operating expenditure, a level well below the average for the local public sector (2.5% on average for regions).

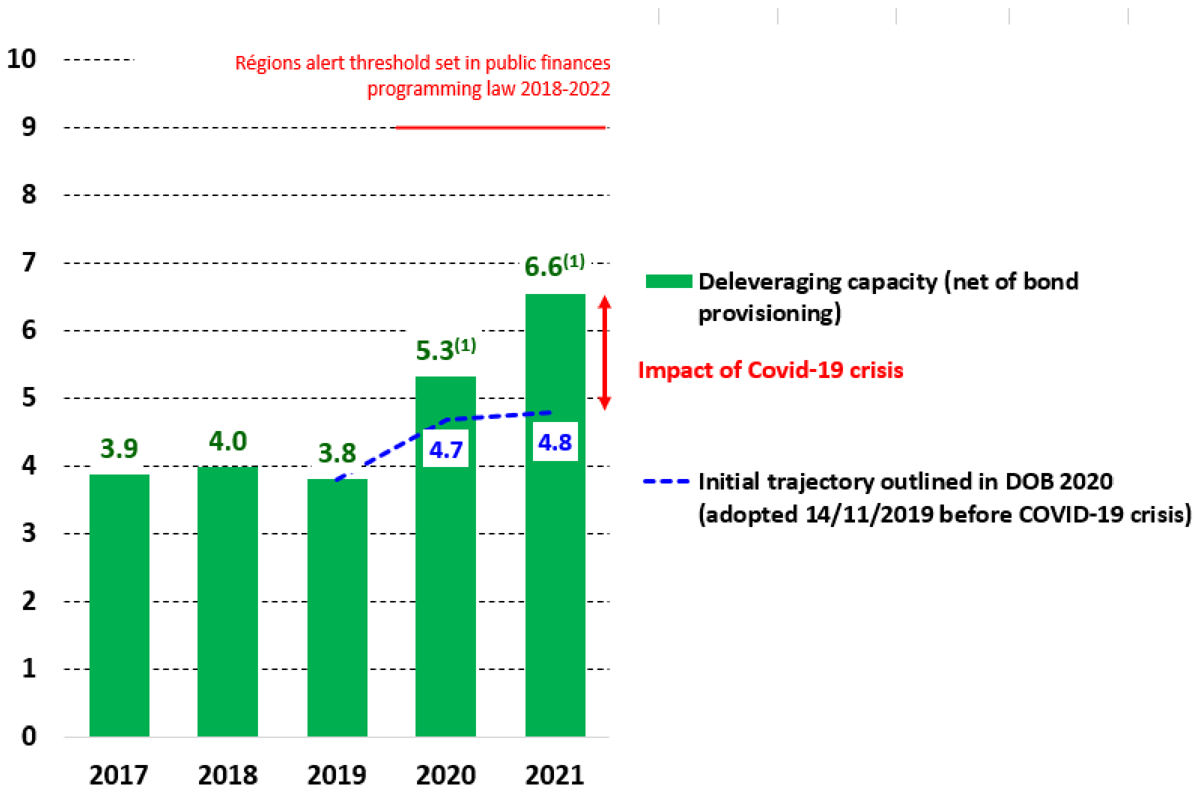
Debt service (principal and interest) amounted to 152.5 M€ in 2021, in addition to 13.3 M€ by way of provisioning relating to the bond issue made in 2018 (prudential mechanism designed to budgetarily "smooth" final repayment over 15 years). Annual debt payments constitute a mandatory expense financed by own resources (mandatory "golden rule" imposed upon local authorities).

Debt service 2021: 165.9 M€



2021 debt payments represented one third of the operating surplus (surplus of operating revenue over expenditure, excluding finance costs), a level which remains reasonable, below the average for regions (slightly above 50%). %). In other words, this means that two thirds of the surplus generated by the operating section is available to finance regional investment and one third is applied towards servicing debt relating to previous expenditure. This structuring illustrates the Région's capacity to meet its long-term commitments.

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



[(1)] 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).

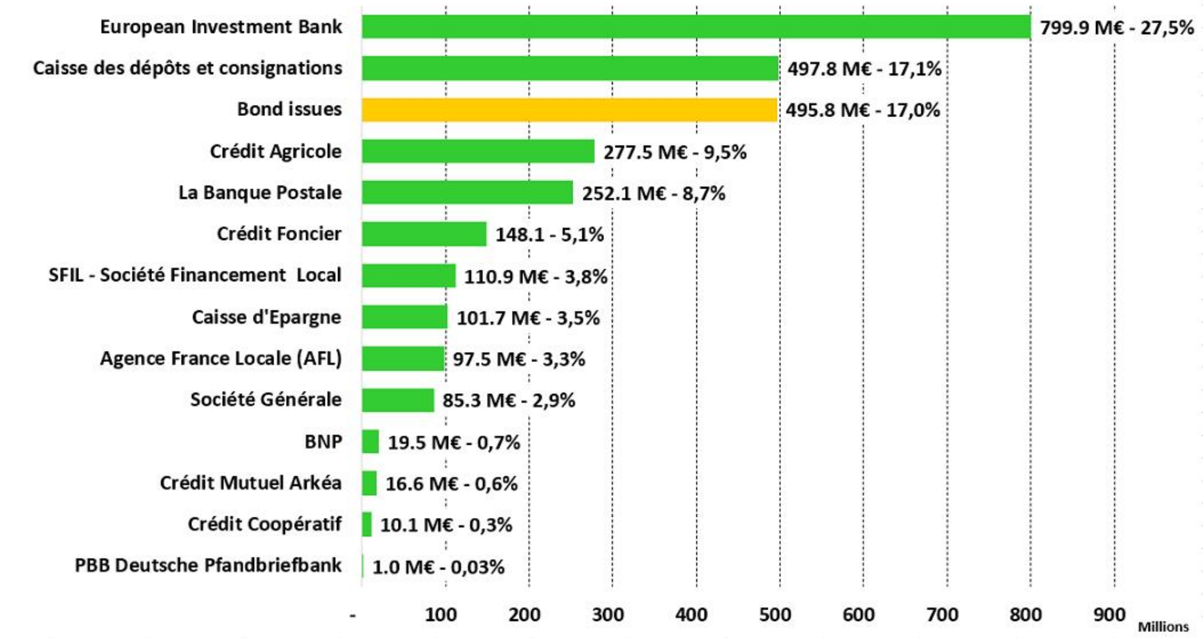
Debt sustainability is assessed by reference to changes in debt repayment capacity (outstanding debt/gross operating surplus). This solvency indicator measures the theoretical number of years needed to extinguish debt, assuming a constant gross internal financing capacity.

The increase seen in 2020 and 2021 is greater than the trajectory anticipated at the latest budget strategy deliberations (DOB) held before the crisis (DOB 2020 considered in November 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.

Nevertheless, the level reached in 2021 remains below the 9 year alert threshold set for *régions*, in the public finances programming law 2018-2022, and close to the estimated average for *régions* (source DGCL). Note also that this indicator shows a more satisfactory result than anticipated during the 2022 budget strategy deliberations.

Various financial institutions have over the years contributed to covering the financing requirements of the local authority, the two institutional banks (European Investment Bank (27.5%) and Caisse des Dépôts et Consignations (17.1%)) are the Region’s main financial partners with consolidated outstanding debt of 1.3 Bn€, or 44.6% of the total. These financings are aimed at investment projects to boost sustainable development (mobility, energy efficiency and transition, education). Commercial banks represent consolidated debt in an amount of 1 Bn€, or 35.1% of the total. Note the growing proportion represented by bond issues (495.8 M€ (including provisioning of 40 M€) or 17.0%) and Agence France Locale (97.5 M€ or 3.3%).

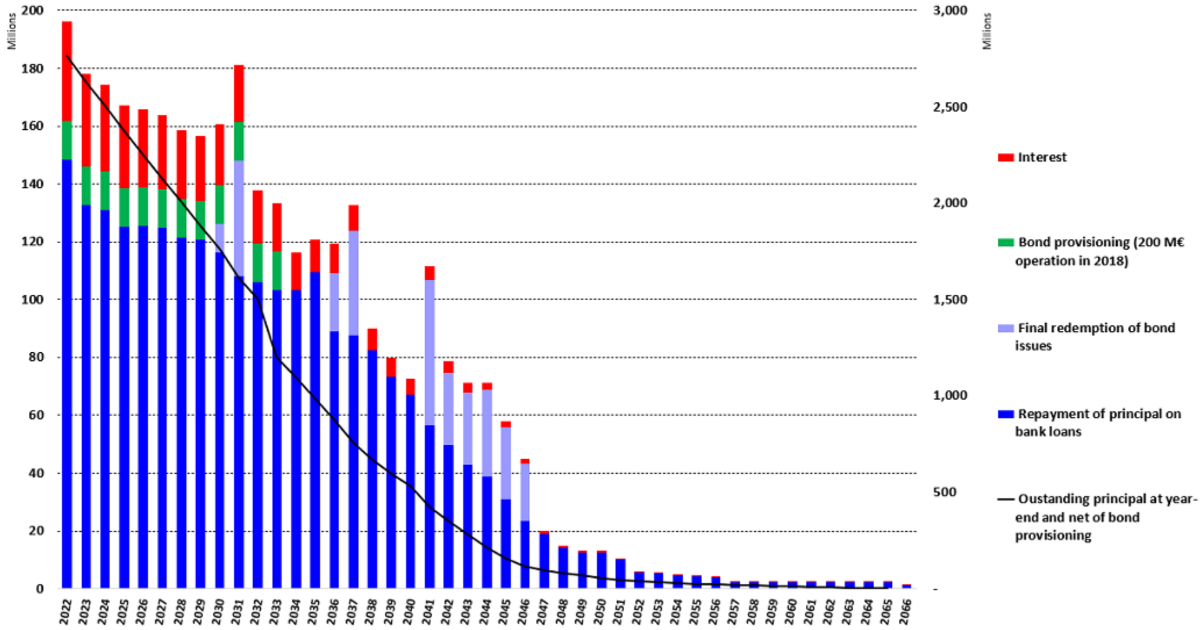
Breakdown of outstanding debt (M€) by lender



The vast majority of outstanding debt (83%) is made up of bank loans repayable by instalment together with 17% in bond issues (repayment *in fine*, in other words in full at maturity). As regards the latter, the debt extinguishment plan set forth below distinguishes between:

- the bond issue completed in 2018 in an amount of 200 M€ due in 2033 restated via the 13.33 M€ annual provisioning mechanism representing 1/15th of the funds raised (consistent with the bond issue's maturity date: 15 years). This mechanism will enable the financial impact associated with the single final redemption payment in 2033 to be "budgetarily smoothed-out",
- the bond issues completed in 2021 (redemption in full at final maturity) with maturities of between 10 and 25 years are split by reference to smaller amounts in order to "spread the burden" over the duration.

Debt extinguishment profile in M€



Fitch Ratings confirms the AA rating (6 December 2021)

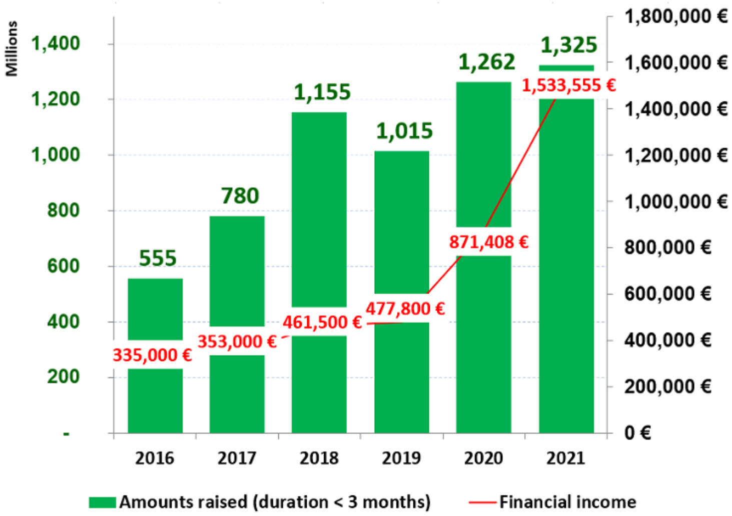
The funds raised on the financial markets for the purpose of cash flow management (Neu CP Programme) and medium-term borrowing (bond issues), require the assignment of a regularly updated financial rating. In this regard, on 6 December 2021, the international rating agency Fitch Ratings confirmed the long-term AA rating on the grounds that:

"Occitanie tightly controls operating expenditure and aims to do so over the next few years."

"The Région has respected the prudential rules imposed by the State … Fitch considers that the rules governing French local authority debt management are sound …"and that "Occitanie's debt is low risk …".

Cash flow management

For the purpose of managing cash flow and covering 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). At the plenary Assembly held on 2 July 2021, the authorised amount under the Neu CP Programme was increased to 500 M€ (compared to 300 M€ previously), consistent with the increase in the amount of the regional budget and its related needs. This financial tool was heavily used in 2021, due to the ongoing crisis and its multiple financial impacts. It contributed to the Region's dynamic response in implementing the recovery Plans whilst at the same time ensuring payments continue to be made.

This financial instrument has enabled numerous issues to be made on very competitive terms. In 2021, the cumulative amount raised was 1 325 M€ (successive financial flows).

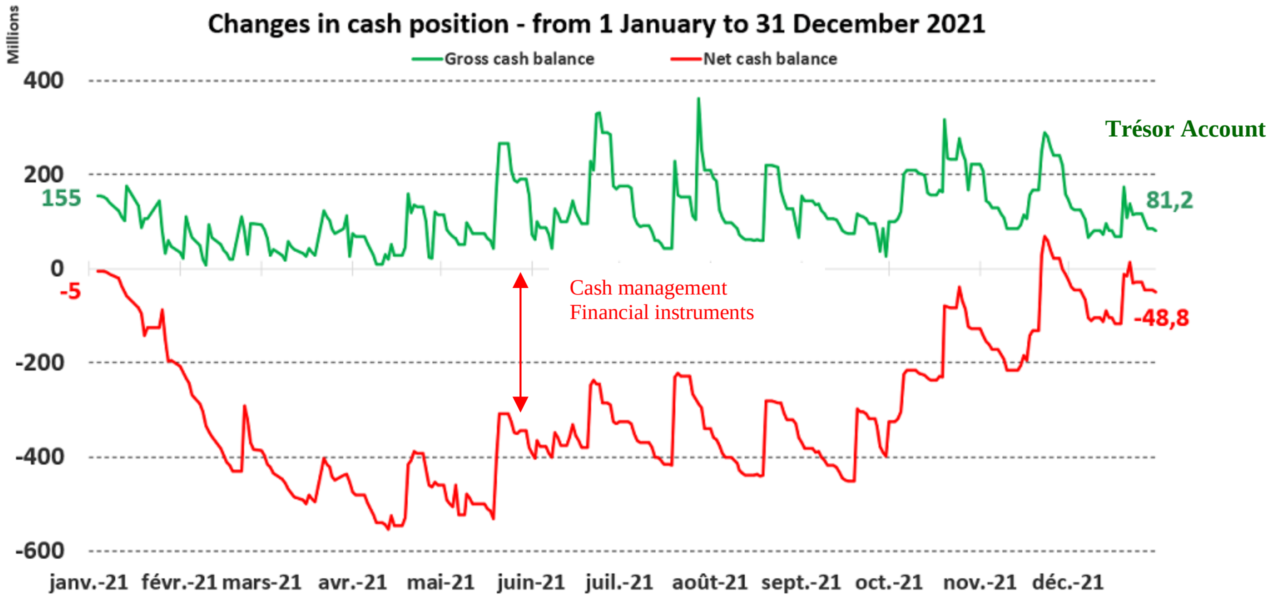
Continuing the trend of previous years, these transactions were characterised by the firm anchoring in negative territory of rate curves. Notes issued under the Neu CP programme were negotiated at 3 month maturity interest rates of between – 0.50% and – 0.61%. In these circumstances, using the programme generated a financial income of more than 1.5 M€, a sharp increase compared to 2020.

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	
2020-2021	ARKEA	50 000 000 €	20/09/2020	9 months	Euribor 3 months	0.41 %		35 000 €	None
	Crédit Agricole	50 000 000 €	09/06/2020	12 months	Euribor 3 months	0.66 %		25 000 €	None
	La Banque postale	150 000 000 €	25/05/2020	12 months	None (fixed)	0.37 %	0.05 %	75 000 €	None
	Société générale	50 000 000 €	21/05/2020	12 months	Euribor 1 months	0.4%	0.08 %		None
2021	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	0.29 %	0.05 %	25 000 €	None
	La Banque postale	150 000 000 €	21/05/2021	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

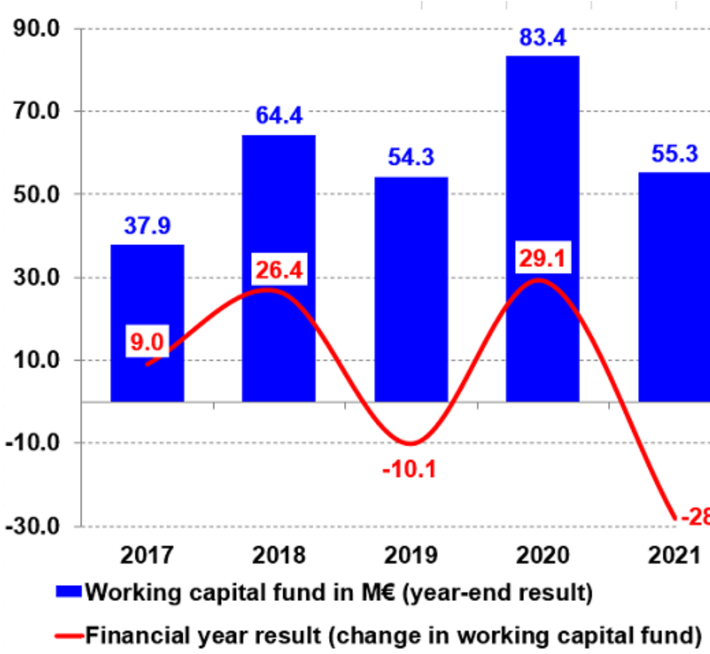
In 2021, net cash (prior to reliance on financial instruments) was characterised by first semester financing requirements above the average compared to previous years due to the ongoing crisis. The balance is gradually reabsorbed until bond issues are paid and end-of-year borrowings are mobilised. Nevertheless, as alluded to above, **these short-term requirements have generated financial income thanks to the use of negative interest rate financial instruments.**



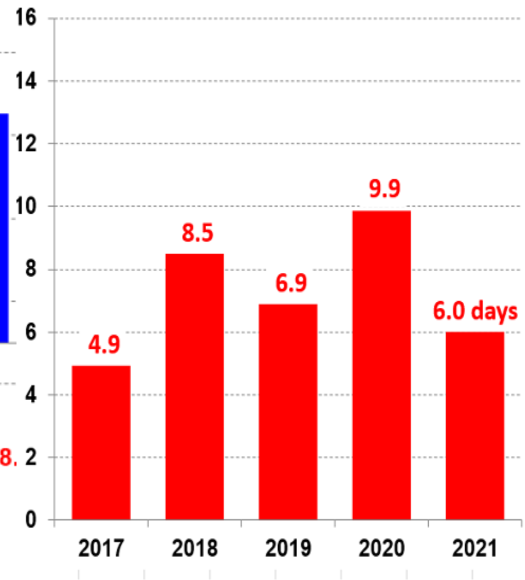
Working capital

The annual change in working capital, commonly known as the financial year result, is determined by the difference, after borrowings, between total revenue and total expenditure. By the end of the 2021 financial year, the working capital fund had fallen slightly by 28.1 M€ to reach 55.3 M€ by year-end (previous surplus cumulative total). This amount accounts for 6 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 2021

NET ASSETS [1] in M€	2020	2021
Intangible fixed assets	3 759.9	4 085.1
Tangible fixed assets	4 451.2	4 427.1
Tangible fixed assets in progress	1 636.7	1 963.4
Financial fixed assets	635.5	684.8
FIXED ASSETS	**10 483.4**	**11 160.4**
Short term receivables	150.6	188.4
Trésor account	155.1	81.3
Transactions on behalf of third parties	41.1	51.0
CIRCULATING ASSETS	**346.8**	**320.6**
Regularisation accounts	35.2	35.9
Total ASSETS	**10 865.3**	**11 517.0**

LIABILITIES in M€	2020	2021
Capital grants, endowments, and global funds	2 616.2	2 814.9
Capitalised operating surplus	5 739.1	5 773.4
Financial year result	63.5	86.2
Carry forward	54.2	83.4
Loss/gain on asset disposal	- 507.7	- 660.8
Other asset transactions	167.2	167.2
OWN FUNDS	**8 132.4**	**8 264.3**
PROVISION for risk and expense	**23.7**	**21.5**
Transactions on behalf of third parties	24.3	31.9
Borrowings, long-term debt	2 513.0	3 049.3
Accrued Interest Not Yet Due	8.2	8.6
Loan and liquidity facilities	150.0	130.0
Other short term debts, accounts payable and associated accounts	3.1	10.3
DEBTS	**2 708.6**	**3 230.1**
Regularisation accounts	0.6	1.0
Total LIABILITIES	**10 865.3**	**11 517.0**

[1] *After deduction of amortizations*

Analysis of assets

The Région's assets totalled 11 517 M€ at the end of 2021, an increase of 6% compared to the end of 2020.

Fixed assets (11 160.4 M€ after deduction of amortisations) includes:

Intangible fixed assets (4 085.1 M€): these mainly comprise equipment grants paid in the investment section (4 006.7 M€). These grants have increased significantly by 314.6 M€ net over the period 2020/2021.

Note that the Région paid 862 M€ in capital grants in 2021 compared to 697 M€ in 2020.

Tangible fixed assets (4 427.1 M€) mainly comprise buildings owned by the Région. Constructions alone represent 3 699.7 M€. The other tangible fixed assets include equipment and moveable property required to deliver the Région's services (high schools, port services…). Out of the 4 427.1 M€, buildings and school equipment account for more than 74% of these assets.

Tangible fixed assets in progress represented 1 963.4 M€ at the end of 2021 (advances paid to agents for projects as delegated contracting authority, works in progress …).

Financial fixed assets totalled 684.8 M€. These include repayable advances, loans, 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.

Circulating assets (320.6 M€) include short-term claims (188.4 M€) relating in particular to various receivables (FRH, VAT portion, VAT credit …), funds available in the *Trésor* account (81.3 M€) and transactions on behalf of third parties relating to higher education and school complexes (*cités scolaires*) (51 M€).

Analysis of liabilities

Analysis of the Région's liabilities reflects its financing structure and level of indebtedness:

Own funds (8 264.3 M€) represent 74% of regional investment financing (fixed assets). Own funds testify to the financial structure of the Région's balance sheet, and also its capacity to self-finance investment. These own funds consist mainly of capitalised operating surpluses, financial year result and carry forward, in an amount of 5 943.0 M€.

Grants and other own capital income (FCTVA, share of TICPE intended for financing of sustainable infrastructure, capital grants received…) amounted to 2 814.9 M€.

The other items represent the consideration for asset transactions (discharge, disposal…).

Provisions for disputes and litigation are recorded under liabilities in an amount of 21.5 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 3 230.1 M€ of which 3 049.3 M€ in long-term debt and 180.8 M€ in short term debt. Long term debt including bond issues and bank loans increased by 536 M€ over the period.

Off-balance sheet commitments

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 2021, the total outstanding amount of loans and repayable advances equalled 160.6 M€.

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 7.6 M€ at the end of 2021.

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 2021, the total amount outstanding stood at 90.9 M€.

Repayable advances granted directly by the Région

At 31 December 2021, the total outstanding amount of advances granted directly by the Région to businesses, associations and inter-communal cooperation public establishments (EPCI) was 61.8 M€.

Almost 400 new repayable advances were granted in 2021, split as follows:

- ✓ **the OCCAL scheme, 320 repayable advances in a total amount of 5.3 M€**,

- ✓ the **"contracts for businesses enduring a Covid-19 cash flow crisis", two repayable advances in an amount of 0.4 M€.** This scheme is intended for small and medium sized enterprises ("PME") and intermediate sized enterprises ("ETI") of more than 10 employees that are facing cash flow problems but have not been able to obtain bank financing despite the public measures put in place (Région, State, Bpifrance). This financial support is calibrated having regard to working capital requirements calculated over a maximum six-month period. It takes the form of 0% repayable advances, capped at 300 K€ and not exceeding 50% of expenditure (excluding tax). Seven of these repayable advances were granted in 2021 under this scheme, which closed on 30 June 2021.

- ✓ **“tourism recovery” and “business recovery” contracts, three repayable advances granted for a total amount of 0.95 M€**,

- ✓ **previous schemes, 74 repayable advances representing a total amount of 4 M€**, including 2.2 M€ for the *Pass Leader*, 0.6 M€ under the Growth Contract, 0.25 M€ under the transfer-takeover Contract.

Focus on OCCAL

The OCCAL scheme was introduced in May 2020 to support operators in the tourism, restaurant, retail and local artisanal sectors, which had been heavily penalised by the health crisis. This scheme, managed by the Région, comes in addition to the national and regional emergency plans. It is built around a partnership with Caisse des Dépôts et Consignations, the *Départements* and *Intercommunalités* in Occitanie. The OCCAL scheme has three sections:


Antoine Darnaud - Région Occitanie

- ✓ **cash flow support** (rent, working capital requirement) to help business activity recover. This support takes the form of 0% repayable advances (deferred over 18 months). In 2021, 477 repayable advances were granted under this section. In total, by the end of 2021, almost 650 repayable advances had been granted for an overall amount of close to 9 M€,

- ✓ **capital grants to finance sanitary measures** Eligible expenditure included the installation of equipment to modify reception areas and payment zones, to facilitate social distancing and to arrange secure walkways within buildings, adapting communal spaces, purchasing disinfection materials,…


Boulonnet Laurent - Région Occitanie

- ✓ **OCCAL-rent**, co-financed on a parity basis by the Région and the *intercommunalités*. Its purpose is to help small businesses (up to 10 employees) with commercial premises open to the public and subject to mandatory closure as part of health emergency measures. It takes the form of a fixed grant equal to one month of rent, capped at 1 000 €. This third section closed at the beginning of 2021.

The OCCAL scheme was adapted to the changing conditions of the health crisis (renewed then extension of the scope of beneficiaries to the events and sports sectors).

Since its inception in 2020, the Région has accepted more than 18 000 applications under the OCCAL scheme:

- section 1 (repayable advances): 797 applications for a total accepted of 9.5 M€,
- section 2 (capital grants): 6 356 applications for a total accepted of 27.6 M€,
- section 3 (rent): more than 11 000 applications for a total accepted of 8.8 M€.

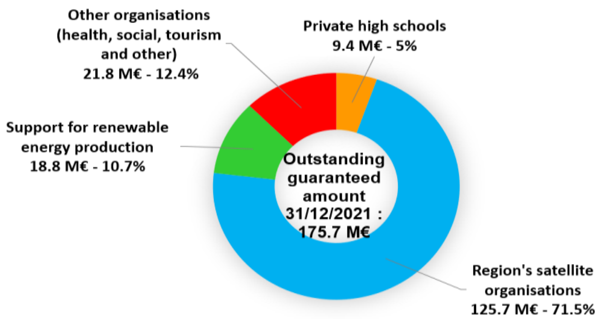
2. Guaranteed debt

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 mixed economy company (SEM) *LR Aménagement*, the limited company (SAS) *Patrimoine LR* and the single purpose mixed economy company (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 resorts.

At the end of the 2021 financial year, the outstanding amount of debt guaranteed by the Région Occitanie totalled 175.7 M€.

Breakdown of guaranteed debt at 31 December 2021



Despite a repayment of 5.4 M€ in principal, in line with the debt extinguishment plan, outstanding guaranteed debt has increased in 2021 due to the granting of two new guaranteed loans:

- 3.5 M€, on a proportional basis of 27.05%, to SAS Apcher for the extension and development of the steel factory at Saint Chély d'Apcher (Lozère),
- 114 M€ to SEMOP Port-La-Nouvelle for extension works to the port of Port-La-Nouvelle (relating to total financing of 274 M€). The guarantee takes the form of a commitment to fund, if required (up to a capped cumulative amount), a reserve account originally established by SEMOP and designed to make up any occasional shortfall in operating revenue to cover debt service (any contribution would be simultaneously materialised in the form of a repayable advance of an equivalent amount to the SEMOP).

Furthermore amending decisions were made in respect of three loan guarantees in 2021 for the purpose of refinancing based on reduced interest rates.

With respect to loan guarantees, the Galland law dated 5 January 1988 lays down three prudential rules one of which requires that the cumulative amount of annual payments on a local authority's own debt and in respect of outstanding guaranteed debt, must not exceed 50% of actual operating revenue. Whereas, by the end of 2021 **this ratio is slightly above 6%.**

No guarantee calls were made during the year 2021.

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 2021, the amount outstanding under this agreement is equal to 113.6 M€ with a residual term of 27 years. 34% of the agreement is at a fixed rate of 2.86% and 66% is at 6-month Euribor plus 0.05%. However this benchmark has been in negative territory since the end of 2016. Therefore the base rate (including margin) applied to the variable element of the leasing agreement was zero in 2021, like the previous year.

Budgetary and financial ratios

Budgetary ratios: the French local government administration law (*loi administration territoriale de la République* (ATR)) dated 6 February 1992 requires local authorities to calculate ratios to ensure financial transparency for the wider public. These ratios are supplemented by four indicators that inform financial analysis. The ratios are based upon a regional population of 5 933 185 inhabitants (Decree dated 31 December 2021).

Level ratios (in € per inhab.)		
1 - Actual operating expenditure / Population (excluding the Covid 19 extraordinary expenditure staggering mechanism)	363.1 €	Measures service rendered
2 – Direct tax income / Population Significant decrease in 2021 as a result of the abolition of regional CVAE, replaced by an equivalent portion of VAT (thereby increasing the other duties and taxes)	40.2 €	Measures the level of income derived from regional taxpayers *(IFER, FNGIR, financial equalisation mechanism and local tax management fees)*
3 - Actual operating revenue / Population	435.3 €	Measures recurring financial resources
4 - Capital expenditure excluding debt / Population	238.7 €	Measures scale of investment
5 - Outstanding debt at 31 December 2021 / Population	491.0 €	Measures scale of debt (484.3€ net of bond provisioning)
6 - Global operating endowment / Population	-	Measures the main endowment paid by the State to the *régions*: endowment abolished since 2018 and replaced by a VAT portion.
Structural ratios (as %)		
7 - Personnel costs / Actual operating expenditure	16.0%	Measurement relating to personnel costs
8 - (Actual operating expenditure + Repayment of debt principal) / Actual operating revenue	88.5%	Measures the relative room for generating internal financing
9 – Gross equipment expenditure / Actual operating revenue	54.8%	Measures the proportion of investment as a share of the budget
10 - Outstanding debt/actual operating revenue	112.8%	Measures the volume of indebtedness (111.3% net of bond provisioning)
Additional ratios		
1 - Debt annuity/Operating surplus	36.0%	Measures the debt burden relative to operating surplus
2 - Gross operating surplus: Gross operating surplus/Actual operating revenue (*excluding EAFRD*) (taking into account Covid 19 extraordinary expenditure staggering mechanism)	18.5%	Measures the relative share of the surplus generated by the operating section compared to operating revenue
3 – Rate of cover of investment, excluding debt, by own resources (net operating surplus, own investment income and decrease in working capital fund) (taking into account Covid 19 extraordinary expenditure staggering mechanism)	59.3%	Measures the relative share of own resources in financing capital expenditure

4 – Debt repayment capacity (expressed in years): outstanding own debt (net of bond provisioning)/gross operating surplus (taking into account Covid 19 extraordinary expenditure staggering mechanism)	6.6	Number of years necessary to repay all debt using gross internal financing in full (solvency indicator)

1.5. The 2022 Primary Budget

The Région adopted its 2022 primary budget of 3.75 Bn euros on 16 December 2021 (the **2022 Primary Budget**). It was the first budget of the new mandate.

Faced with an exceptional crisis, the Region took huge steps to protect its population, support businesses and protect jobs, support the not-for-profit sector, whilst continuing to invest massively to create the conditions for a sustainable recovery.

This massive support, made possible thanks to sound finances resulting from rigorous management during the previous mandate, came at a cost for the local authority: 800 million euros in two years.

The 2022 Primary Budget satisfies two requirements: controlling operating expenditure and continuing a high level of investment, up 1.8% in 2022, to underpin proactive, innovative and ambitious policies. Occitanie remains the no. 1 Région in terms of euros invested per inhabitant.

This budget has been constructed to restore internal financing and maintain the Region's solvency at a sustainable level, well below the alert thresholds, whilst continuing to offer concrete solutions to our citizens' concerns. It also enables us to continue to transform our development model by anticipating future change, as exemplified by the Green Budget, an unprecedented initiative at Région level.

Offering solutions, means striving daily to restore purchasing power to the inhabitants of Occitanie, by, for example, offering free train travel for young persons or free school transport, but also the least costly return to school in France with the Youth Card. It also means enabling access to local health facilities and eradicating healthcare deserts, with the recruitment of 200 doctors. It also means facilitating travel, with the reopening of commuter railway lines or indeed supporting education and the youth, in particular by improving the learning environment and safety in our high schools, and also launching the Youth Ecological Income.

Anticipating change, means continuing the Region's efforts under 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, unwavering support for sustainable agriculture and quality food, etc.

2022 Primary Budget balance: 3.75 Bn €

Operating

Operating and intervention expenditure
1 479.3 M€
(1 463.9 M€ in PB 2021)

Payroll:
358.1 M€ *(340.2 M€ in PB 2021)*

EAFRD : 250.2 M€
(280 M€ in PB 2021)

Income mitigation (repayments) : 77.9 M€

Interest on debt: 37.9 M€ (34.9 M€ in PB 2021)

Gross internal financing: 392.0 M€
(361.3 M€ in PB 2021)

Tax revenues:
1 927.0 M€
(1 824.3 M€ in PB 2021)

- VAT : 1 230.0 M€
- TICPE Finance Act: 356.2 M€
- TICPE Vocational training: 47.8 M€
- Cartes grises : 206.0 M€
- IFER (telecoms and railways) : 51.0 M€
- Local taxation management fees: 36.0 M€

State endowments and support: 213.0 M€ *(273.2 M€ in PB 2021)*
DCRTP (97.9 M€), DGD (39.1 M€), PIC (21.0 M€), Other financial support (55.0 M€)

Other income: 141.8 M€
(144.4 M€ in PB 2021)

European funds: 313.5 M€
(316.3 M€ in PB 2021)
EAFRD (250.2 M€), ESF (41.2 M€), others (8.1 M€), Technical assistance (14.0 M€)

Capital

Repayment of principal on debt: 166.4 M€ *(137.2 M€ in PB 2021)*

Equipment expenditure and capital grants:
1 378.8 M€
(1 404.5 M€ in PB 2021)

(of which 68.4 M€ EAFRD and EMFF vs 117.6 M€ in PB 2021)

Gross internal financing: 392.0 M€
(361.3 M€ in PB 2021)

Capital revenue: 259.1 M€
(267.2 M€ in PB 2021)
FCTVA, TICPE Grenelle, DRES, DRI and others

European funds: 254.9 M€
(269.6 M€ in PB 2021)
EAFRD, ERDF, REACT EU and others

Balancing borrowing: 639.3 M€
(643.7 M€ in PB 2021)

The 2022 Primary Budget (**PB**) is the first of this new mandate. It remains relatively stable at 3.75 Bn € and comes at a very particular period in time. Indeed, it follows two years of major crisis from both an economic and health perspective.

Change in main balances:	**PB 2021 (excl. DM)**	**PB 2022**
Actual operating revenue	2 558.2 M€	2 595.4 M€
- Actual operating expenditure excluding interest	2 162.0 M€	2 165.5 M€
= Operating surplus	**396.2 M€**	**429.9 M€**
- Finance costs	34.9 M€	37.9 M€
= Gross surplus	**361.3 M€**	**392.0 M€**
Gross surplus	361.3 M€	392.0 M€
- Repayment of debt principal	137.2 M€	166.4 M€
+ Capital revenue	536.7 M€	514.0 M€
+ Balancing borrowing (*capped amount*)	643.7 M€	639.3 M€
= Capital expenditure excluding debt	1 404.4 M€	1 378.9 M€
Capital expenditure excluding debt and excluding EAFRD	*1 286.9 M€*	*1 310.5 M€*

In terms of operating expenditure, the change is controlled at + 0.7%, at constant scope, excluding PIC and the European EAFRD fund. This point needs to be underlined insofar as it falls in a period marked by a resurgence of inflation and continued adaptation of public policy to the reality of what is required.

At the same time, operating revenue has increased by 3.5% (excluding EAFRD). This trend is the result of an increase in VAT revenue, mitigated by the inertia of other revenues (TICPE (except for the right to compensation relating to the transfer of new expenditures imposed by the State) and vehicle registrations in particular) and the continued fall in certain State endowments ("targeted on the Regions in 2022"). Nevertheless the relative growth in revenues does not at this stage make up for the difference in terms of the pre-crisis trajectory.

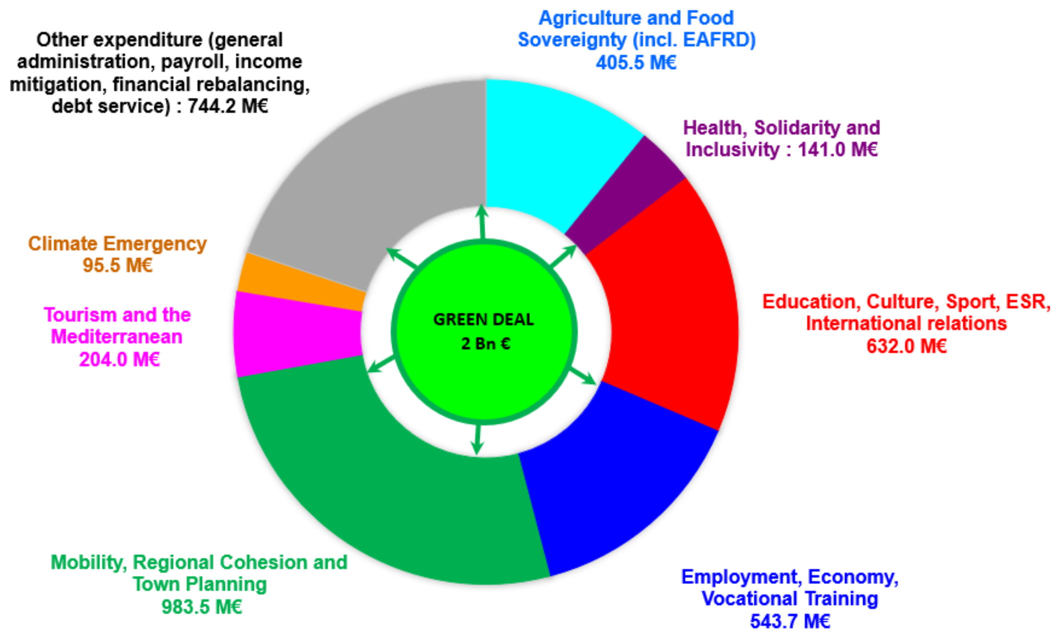
Indeed, the anticipated increase in operating revenues being greater than for expenditure, gross internal financing has consolidated under the new 2022 Primary Budget. It has reached 392 M€ (compared to 361.3 M€ in the PB 2021), an increase of 30.7 M€ (+ 8.5%). This trend falls squarely within the medium-term financial strategy. **Maintaining a satisfactory level of solvency combined with an ambitious investment policy, implies a sustained consolidation of regional internal-financing.**

Capital spending, having reached a record level in 2021 (one of the highest in France in euros per inhabitant), increased by 1.8% (excluding EAFRD). Like in the 2020 and 2021 financial years, this results from the implementation of emergency/recovery plans and boosting of the multi-year investment plan, despite difficult health conditions, to support economic activity and regional employment.

Indeed, with own capital revenues being relatively stable, balancing borrowing remains stable, at a level of close to 640 M€. This is a capped amount the effective utilisation of which will depend on actual financing requirements.

This Budget is consistent with the financial trajectory presented at the 2022 budget strategy deliberations (DOB).

Breakdown of appropriations entered in the Primary Budget 2022: 3.75 Bn €



It is proposed that actual expenditure in a total amount of 3 748.7 M€ (3 308.5 M€ in PA/CA) be entered in the **2022 Primary Budget**, comprising:

- **operating section:** 2 203.4 M€ in payment credits and 2 007.8 M€ in commitment authorisations,

- **capital section:** 1 545.3 M€ (excluding revolving facilities) and 1 300.7 M€ in programme authorisations.

	Operating		Capital	
	CA	**PC**	**PA**	**PC**
Climate emergency	26.4	22.1	92.9	73.4
Agriculture, agrifood and viticulture	18.0	17.2	41.7	47.5
European fund EAFRD: agriculture, agrifood and viticulture		250.0		44.0
Water and risk prevention (2)	1.6	1.3	25.0	45.4
Solidarity, equality and inclusion	6.3	6.0	9.5	12.5
Health	116.2	113.6	6.9	8.9
Education, guidance and youth	115.6	120.0	255.6	277.6
Culture everywhere for everyone, heritage, regional languages and citizen information	52.9	51.2	23.9	31.7
Sport	12.4	10.7	31.6	22.2
Higher education and research	5.8	7.5	102.5	80.1
International, Europe and cooperation	12.4	10.8	0.3	0.6
REACT EU fund (expenditure for third parties section) (3)			83.2	30.2
Economy, employment, innovation and reindustrialisation	22.9	28.2	124.8	117.5
Local economy	33.5	14.2	20.6	55.2
Vocational training	772.2	315.3	4.4	13.4
Mobility and infrastructure	717.5	665.3	367.0	253.3
Planning and development, mountains and rural affairs (4)	6.1	13.0	38.0	70.0
Tourism economy	17.1	17.8	25.9	46.2
Mediterranean (1)	2.3	3.4	32.7	136.5
General administration and others	35.7	61.0	14.1	30.8
Finance costs		37.9		
Repayment of debt principal (including bond issue provisioning)				166.4
Payroll (012)	33.2	358.1		
Income mitigation and financial rebalancing		78.8		
Overall total:	**2007.8**	**2203.4**	**1300.7**	**1545.3**

(1) of which EMFF		*0.2*		*0.5*
(2) of which EAFRD water fund				*14.5*
(3) digital, energy transition, support for SME and health and research amenities. The other appropriations relating to the European REACT EU scheme are allocated in the sectoral committees (own expenditure).				
(4) of which EAFRD-EMFF funds				*9.4*

The Green Deal

The latest report of the inter-governmental panel on climate change (IPCC) leaves no room for doubt: at the current rate, our planet's temperature will rise by 2.7°C by 2100. The Région Occitanie is particularly concerned: the independent network of expertise on climate change in Occitanie (RECO) estimates that average temperatures in Occitanie have increased by 1.8°C over the last century and will rise more quickly than the planetary average over the next decades.

Faced with the urgent need to act - recently confirmed by the latest IPCC report – the Région has already proved its agility by being the 1st region in Europe to adopt, from November 2020, its regional new Green Deal.

Fruit of a collective and transversal process involving public and private actors and citizens, the Région's new Green Deal offers immediate and practical solutions to deal with the climate emergency and ensure territorial rebalancing, to forge ecological and social transition.

By relying as its foundation on Occitanie 2040, the Green Deal provides a reference framework for all of the Region's policies. Its progressivity will also enable future long-term societal change to be embraced and convergence towards a global strategy of transformation.

Building a Region of inclusivity and positive Energy, means adopting a trajectory of global transition which unfolds over time and strives to implement, pursue or strengthen the 300 measures set forth in the Green Deal. With 75% of the actions having already been implemented, it is also a question of maintaining the lead conferred by this innovative approach by updating and proposing new initiatives to go further towards achieving the defined objectives and accelerate transition.

The 2022 Primary Budget is the practical and operational reflection of our commitment to prepare and ensure a sustainable future that is both fairer and more secure. It provides the means to pursue our energy and ecological transition policy, and satisfies our citizens' desire for profound transformation of our model for development.

Preparation of the budget reflects the desire to accelerate not only the framework for our intervention, but also the transversal approach which helps dovetail yet further our public policies.

Finally, the Région Occitanie, the first Region to have launched a "green-climate Budget" in 2021, renewed the approach consisting of analysing regional expenditure under the prism of their impact on the climate. This expenditure classification provides transparency on our commitment to ecological transition and to improving each year the impact of the regional budget on the climate by increasing the proportion of favourable and very favourable expenditure in line with the objectives of the Green Deal.

Regional resources remain under pressure

In the last few years, the regional revenue structure has changed considerably, characterised by the gradual replacement of the former State endowments with tax revenue. As a reminder, the following measures have been introduced since 2014:

- 2014: reform of vocational training financing (allocation of a TICPE portion and a share of the local tax management fees instead of endowments),
- 2015: reform of apprenticeship financing (allocation of a TICPE portion and half of the proceeds of the apprenticeship tax instead of endowments, before abolition in 2020 in line with recentralisation of these powers),
- 2017: transfer of income representing 25 CVAE points (local economic tax) previously collected by *Départements*, to compensate for the transfer of schools and interurban transport powers, bringing the régions' CVAE share to 50%,
- 2018: replacement of the régions' DGF (global operating endowment) with an equivalent portion of VAT,
- 2021: replacement of the regional CVAE share with an equivalent portion of VAT.

→ 2022: widening of the assessment basis of the "ex-CVAE" VAT portion with integration of the FNGIR and the former regulation fund.

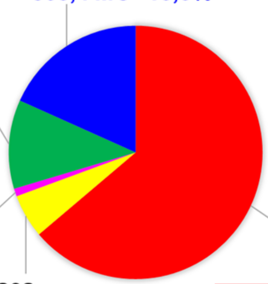
Resources entered in the 2022 Primary Budget: 3.1 Billion € <u>excluding borrowing</u>

Dotations et concours financiers de l'Etat : 353,0 M€ - 11,3%

- ✓ DCRTP : 97,9 M€
- ✓ FCTVA : 67,0 M€
- ✓ DRES : 39,9 M€
- ✓ DGD résiduelle : 39,1 M€
- ✓ DSIL et DRI : 23,8 M€
- ✓ Dotation Perte de compensations fiscales : 2,1 M€
- ✓ Plan d'Investissement dans les compétences (PIC) : 21,0 M€
- ✓ Crédits France Compétences / Apprentissage : 18,6 M€
- ✓ Dotation liée à la réforme de l'apprentissage : 13,3 M€
- ✓ Dotation compensation (ancienne part taxe d'habitation des frais de gestion de la fiscalité locale) : 25,8 M€
- ✓ Compensation de la ligne ferroviaire Le Cévenol : 4,5 M€

Fonds européens : 568,4 M€ - 18,3%

- ✓ FEDER : 133,2 M€
- ✓ FSE : 41,2 M€
- ✓ FEADER-FEAMP : 318,6 M€
- ✓ REACT EU : 50,0 M€
- ✓ Diverses recettes européennes : 25,4 M€



Recettes d'exploitation : 31,0 M€ - 1,0%

- ✓ Transports routiers de voyageurs : 15,0 M€
- ✓ Participation des familles (lycées) : 16,0 M€

Recettes diverses : 173,6 M€ - 5,6%

- ✓ Attribution de compensation Départements au titre du transfert de la compétence Transports : 60,8 M€
- ✓ Accord-cadre Pôle emploi : 16,3 M€
- ✓ Remboursements des avances : 15,1 M€
- ✓ Participation des Départements (déchets et ports, cités scolaires et enseignement supérieur) : 12,7 M€
- ✓ Participations diverses et autres recettes : 68,7 M€

Fiscalité : 1 983,5 M€ - 63,8%

- ✓ TVA : 1 230,0 M€
- ✓ Cartes grises : 206,0 M€
- ✓ Frais de gestion de la fiscalité locale : 36,0 M€
- ✓ TICPE Loi de Finances : 356,2 M€
- ✓ TICPE Formation professionnelle : 47,8 M€
- ✓ TICPE Grenelle : 56,5 M€
- ✓ IFER Télécom et Ferroviaire : 51 M€

State endowments and financial support: 353.0 M€ - 11.3%
✓ DCRTP: 97.9 M€
✓ FCTVA: 67.0 M€
✓ DRES: 39.9 M€
✓ Residual DGD: 39.1 M€
✓DSIL and DRI: 23.8 M€
✓Endowment for loss of tax compensations: 2.1 M€
✓Investment in skills plan (PIC): 21.0 M €
✓France Skills/Apprenticeship funding: 18.6 M€
✓Endowment concerning apprenticeship reform: 13.3 M€
✓Compensation endowment (former housing tax element of local tax management fees): 25.8 M €
✓ Le Cévenol railway line compensation: 4.5 M€

European funds: 568.4 M€ - 18.3%
✓ ERDF: 133.2 M€
✓ ESF: 41.2 M€
✓ EAFRD-EMFF: 318.6 M€
✓ REACT EU: 50.0 M€
✓Miscellaneous European revenues: 25.4 M€

Taxation: 1983.5 M€ - 63.8%
✓ VAT: 1230.0 M€
✓ *Cartes grises*: 206.0 M€
✓ Local taxation management fees: 36.0 M€
✓ TICPE Finance Act: 356.2 M€
✓ TICPE vocational training: 47.8 M€
✓ TICPE Grenelle: 56.5 M€
✓ IFER telecoms and railway: 51 M€

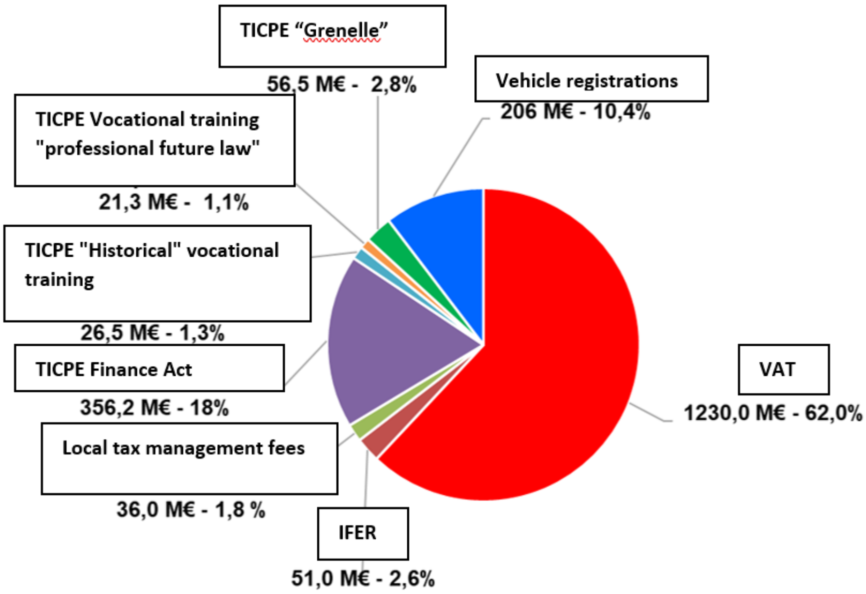
Miscellaneous revenues: 173.6 M€ - 5.6%
✓ Compensation allocation from Départements for transfer of transport powers: 60.8 M€
✓ Employment centre framework agreement: 16.3 M€
✓ Repayment of advances: 15.1 M€
✓ Département contributions (waste and ports, schools complexes and higher education): 12.7 M€
✓ Miscellaneous contributions and other revenues: 68.7 M€

Operating revenues: 31.0 M€ - 1.0%
✓ Road passenger transport: 15.0 M€
✓ Family contributions (high schools): 16.0 M€

General table of resources entered in the 2022 Primary Budget	
Tax revenues	**1,927,000,000**
VAT (Value added tax) ex-CVAE element, FNGIR and former rebalancing mechanism	850,000,000
VAT (Value added tax) ex-DGF element	380,000,000
TICPE (internal energy products consumption tax) Finance Act	356,200,000
historic TICPE vocational training	26,500,000
TICPE vocational training - "Professional Future" Law (financial compensation)	21,300,000
Cartes Grises (vehicle registration certificates)	206,000,000
IFER (utility companies flat-rate tax: rail and telecoms)	51,000,000
Local tax management fees (assessed on CFE and CVAE)	36,000,000
State endowments and financial support	**213,120,000**
Apprenticeship reform neutralisation endowment"Professional Future" Law	13,300,000
Apprenticeship support fund (*France compétences*)	9,400,000
DCRTP (Professional tax reform compensation endowment)	97,950,000
DTCE (tax exemption compensation transfer endowment)	2,100,000
Residual DGD (general decentralisation endowment)	39,100,000
Compensatory endowment for loss of management fees (ex-housing tax element)	25,770,000
Skills investment plan (PIC)	21,000,000
"Cevenol" (railway line) operating compensation	4,500,000
Miscellaneous operating resources	**141,830,000**
Regional accommodation fund	16,000,000
Road passenger transport revenue	15,000,000
Loi NOTRe contribution of *Départements* (waste and ports powers)	1,000,000
Compensation award from the Départements for schools and interurban transport powers transfer	16,780,000
Framework agreement with Pole Emploi	16,350,000
Miscellaneous operating revenues	32,700,000
European funds managing authority	**313,460,000**
Miscellaneous European revenues	1,060,000
EAFRD 2014-2020 (European agricultural fund for rural development)	250,200,000
ESF 2014-2020 (European social fund) + ESF 2021-2027	41,200,000
YEI (Youth employment initiative)	7,000,000
Technical assistance	14,000,000
Subtotal operating revenue	**2,595,410,000**
Own capital revenue	**259,100,000**
TICPE "*Grenelle Environment*"	56,500,000
DRES (Regional schools equipment endowment)	39,850,000
Apprentice training centre (CFA) investment fund (*France compétences*)	9,200,000
FCTVA (VAT compensation fund)	67,000,000
Repayment of advances and loans	15,100,000
Contribution by *Départements* to school complexes and higher education	11,700,000
DSIL/DRI (regional investment endowment) related to State Recovery Plan	23,800,000
Miscellaneous capital revenues (contributions and others)	35,950,000
European funds managing authority	**254,900,000**
ERDF 2014-2020 (European regional development fund) + ERDF 2021-2027	133,200,000
POI (Inter-regional operational programme) Pyrénées	3,300,000
EAFRD 2014-2020 (European agricultural fund for rural development)	67,900,000
EMFF 2014-2020 (European maritime and fisheries fund)	500,000
REACT EU (European recovery plan)	50,000,000
Sub-total capital revenue	**514,000,000**
TOTAL overall revenues (excluding borrowing)	**3,109,410,000**
Balancing borrowing	**639,300,000**
TOTAL overall revenues entered in 2022 PB	**3,748,710,000**

I – Taxation revenues

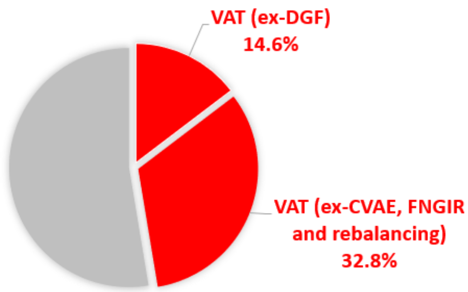
Breakdown of taxation revenues: 1 983.5 M€



In 2022, tax revenues increased by 100 M€ compared to those entered in the 2021 Primary Budget.

For the most part, this increase resulted from the positive change in the two VAT portions.

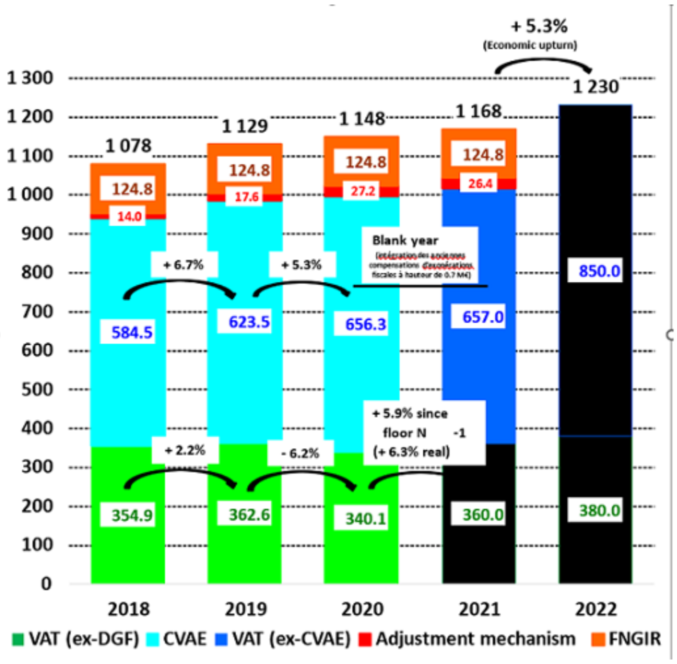
Relative proportion of operating revenue 2022



I.1 Regional VAT portions (1 230 M€)

Since 2021, the two regional VAT portions (former DGF and former regional CVAE share) constitute the Région Occitanie’s primary financial revenue source. In 2022, they represent **52.4% of operating revenue.**

Changes in VAT income in M€



The historical change in VAT income is close to 3% (medium/long term expectation).

The consolidation of VAT (ex-CVAE), FNGIR (inherited from the 2010 reform) and the old inter-region rebalancing mechanism, is a measure inserted in the draft 2022 Finance Act 2022 (rebasing).

The amount shown for 2021 represents the budget entry, a level slightly below the current trajectory.

I.1.1. The regional portion in replacement of the Global Operating Endowment (DGF) (380 M€)

Article 149 of the initial Finance Act 2017 allocates to the régions, since 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, revenue projections are based on macro-economic forecasts. Having reached the minimum level in 2020 (340.1 M€), following the health crisis and its economic consequences, the recovery in 2021 should enable a return to the level achieved in 2019.

Under current macro-economic forecasts, estimated 2022 income is **380 M€** *(cyclical recovery of above 5% (economic growth + GDP deflator), prior to an anticipated average growth of 3% in the following years).*

I.1.2. The VAT portion in replacement of the regional CVAE share (850 M€)

The 100 Bn € recovery Plan announced by the Government in 2021 provides for the abolition of certain “output taxes” in an amount of 20 Bn € over two years. In practice, one of the main measures is the abolition of the regional CVAE share, or 50% of total income. This abolition in effect reduces by half the theoretical tax rate, from 1.5% to 0.75% (for the benefit of the *communes* (53% of income) and the *Départements* (47%)).

This regional CVAE share, was introduced in 2011 following the abolition of the professional tax and increased in 2018 to finance the transfer of schools and interurban transport powers. The State-Region partnership agreement entered into on 28 September 2020 provided for the complete replacement of this regional CVAE share by an equivalent portion of VAT, a measure formalised in the 2021 Finance Act.

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 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 regions 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 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 draft 2022 Finance Act, introduced a regional solidarity Fund, funded by the regions 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 regions are contributors and the Overseas regions and Corsica are beneficiaries of this fund.

The amount levied next year will be 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 regions. As from 2022, the Région Occitanie will contribute 0.9 M€, an amount that should automatically increase over the following years.

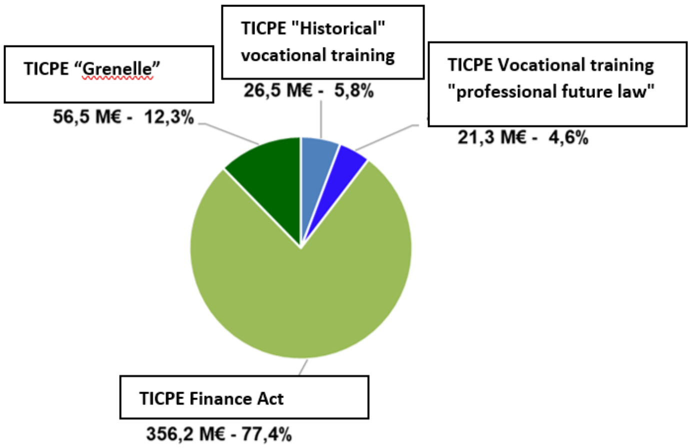
The income from the "ex-CVAE" VAT portion (rebased), together with the ex-DGF portion, will vary depending on national economic conditions.

Therefore, the Région's tax revenues have for the majority become tax revenues shared with the State. Like TICPE income since 2021, the tax base is national and no longer correlates with regional economic conditions.

In 2022, the regions should enjoy an economic recovery. Over the medium-term, the national growth in VAT (close to 3%) is anticipated to be at a level slightly below that previously recorded for CVAE in Occitanie (average close to 4%). Nevertheless, the trend should be less volatile and provide greater visibility.

Accordingly, the amount of VAT income entered in the 2022 Primary Budget is **850 M€**.

I.2. Excise duties: TICPE (460.5 M€)



Since 2005, as a result of the decentralisation laws, *régions* receive, by way of compensation, 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 2022 of 460.5 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 by a new portion, in 2014, 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.

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 *région*.

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 0.0882 € per litre of unleaded petrol and 0.0614 € 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 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 2022, the tariff will evolve in line with changes to the right to compensation. Indeed regulatory measures giving rights to compensation have been introduced in relation to a number of matters concerning the regions including:

- the opening of additional places in nurse training schools and social care training centres,
- the increase in the wages for vocational training interns introduced by the decree dated 29 April 2021,

- the revaluation of placement indemnities for IFSI students.

At the time of drafting, these financial compensations have not been reflected financially in the draft 2022 Finance Act (PLF). The adoption of governmental amendments at second reading of the PLF 2022 at the National Assembly should address this omission.

Overall, the increase in compensation rights is estimated at 32.7 M€. The exact amounts and definitive financing arrangements will be reflected by budgetary adjustment in budgetary amendment no. 1 (DM1).

Accordingly, the “Finance Act” TICPE for the 2022 financial year is estimated at **356.2 M€.**

1.2.2. TICPE “*Grenelle Environment”*

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 in 2011, the cumulative revenue of the two former *régions* reached 583.5 M€, whilst eligible operations (rail and ports infrastructure) represented 1 036.4 M€ in expenditure as at 31 December 2020.

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 **56.5 M€** in 2022. The amount of the decrease is small but consistent, 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 is fixed at **26.5 M€**,

- a second component consists of compensation 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€**.

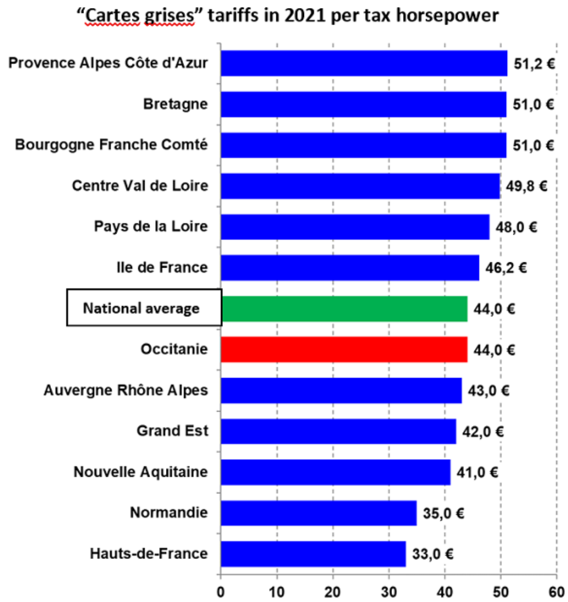
I.3. Vehicle registration tax (*cartes grises*) (206 M€)

The fiscal autonomy of the *régions* is today limited to the rate-setting power exercised by elected officials over vehicle registration (*cartes grises*) tariffs. Income represents around 8.8% of operating revenue (excluding EAFRD).

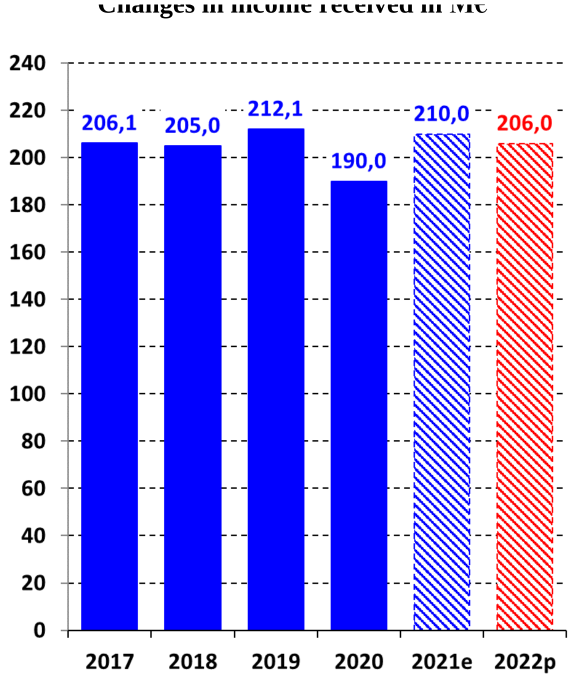
As a result of the health crisis, the income generated in 2020 was 190 M€, a fall of 22 M€ compared to 2019.

Since 1 August 2016, the tariff applicable in the Région is stable at 44 € per tax horsepower (*cheval fiscal*).

It is proposed, for the purposes of the 2022 Primary Budget, to **leave this tariff unchanged which places Occitanie in the average for mainland régions.**



The Finance Act 2020 has introduced reforms on the taxation of motorised vehicles and in particular the tax on *cartes grises*. Under the proposed system and with a view to rationalisation, the State will merge the management tax (State) and the regional fixed tax into a new fixed tax of 7€, and motorists pay the two taxes to the *région* (the new fixed element and a proportional element calculated as now, by multiplying the adopted unitary rate by the tax horsepower (CV)).



This reform has been in force since 1 January 2021 and has a neutral effect on the *régions*, with the increase in revenue from this new fixed tax payable to the *régions*, being more or less equal to the income from the abolished regional fixed tax.

Since 2016, "clean vehicles" are completely exempt in Occitanie. This measure relates to vehicles specially equipped to operate, solely or otherwise, with electric energy, natural gas (NGV), liquid petroleum gas (LPG) or E85 petrol.

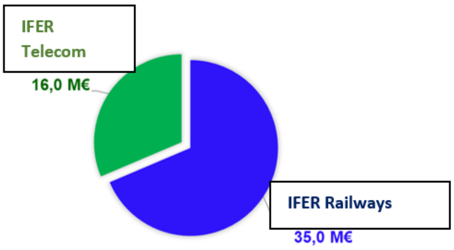
Since 2021, the above-mentioned reform introduces an automatic exemption for vehicles powered exclusively by electricity, hydrogen or a combination of both. The *régions* retain the option of additionally exempting vehicles powered by natural gas, LPG or E85 petrol.

The significant "greening" of the car market should lead to the increasing erosion of revenue received by the régions. Like VAT, *cartes grises* tax revenue fluctuates over time in line with the revenue actually collected.

In 2022, *cartes grises* revenue is anticipated to be **206 M€,** approximately the same level as in 2018.

I.4. Flat-rate tax on utility companies (IFER)

The abolition of the professional tax in 2010 resulted in the introduction or reallocation of several taxes. The principal one of these was the regional CVAE portion, which today has been abolished and replaced by a VAT portion. As from 2022 (cf. supra), the national individual revenue guarantee fund (FNGIR), is also incorporated into this VAT portion.



There remain two flat-rate taxes on utility companies (IFER telecoms and railway) introduced to partially neutralise the significant gains made by certain major utility companies as a result of the abolition of the professional tax.

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 *région*s 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 proceeds are only notified in December for year Y. The Région's IFER "Rail" revenue for 2022 is an estimated stable amount of: **35 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 the previous year. 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 since 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 2022 is an estimated amount of: **16 M€.**

The anticipated revenue under both IFERs for 2022 is **51 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 (business real estate contribution 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 governmental measures with respect to reducing "production taxes" - and in particular the abolition of the regional CVAE portion resulted in a new loss of management fees, which like residence tax management fees, will be neutralised by an increased compensation endowment.

This replacement of a potentially dynamic revenue source with a frozen endowment over which the State retains control, is clearly not good news.

The anticipated revenue from local taxation management fees has been entered in the 2022 Primary Budget in an amount of **36 M€.** It may potentially be adjusted through a budgetary amendment (DM), based on the amounts notified in respect of remaining management fee income and the increased compensation endowment.

Giving a total tax revenue of 1 983.5 M€

II – State endowments and financial support

II.1 Operating endowments

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 2022, this financing requirement amounted to 50 M€ at national level. It is fully covered by a decrease in the endowments allocated to the régions (- 7 M€ for Occitanie).

A. Professional tax reform compensation endowment (DCRTP)

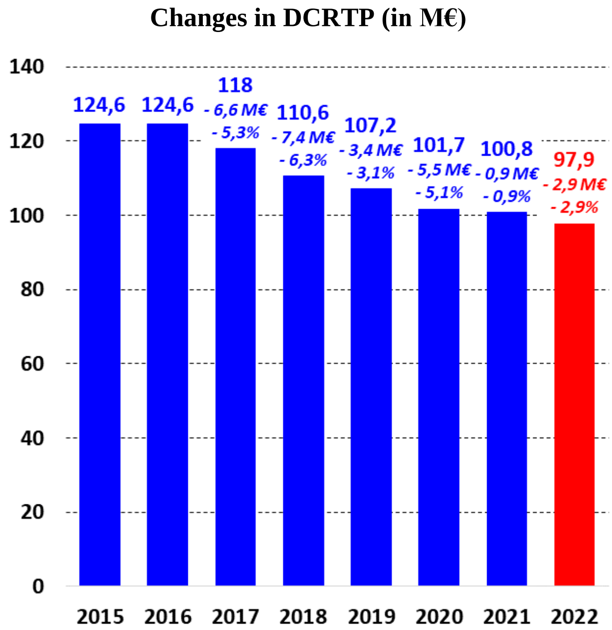
DCRTP is a “balancing” endowment paid by the State and designed to cover any residual difference between the amount of the former direct tax revenues in 2010 (real estate and professional tax bridging compensation) and the sum of the replacement revenue sources: CVAE + IFER + FNGIR.

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 inegalitarian measure because it affects the *régions* that were the most heavily penalised by the professional tax reform in 2010, including Occitanie in particular.

The resulting loss in 2022 across all *régions* (excluding Ile-de-France which does not receive DCRTP) will amount to 25 M€. It is estimated at 2.84 M€ for the Région Occitanie.

Therefore in 2022 DCRTP should amount to **97.95 M€** *(compared to 124.6 M€ in 2016).*

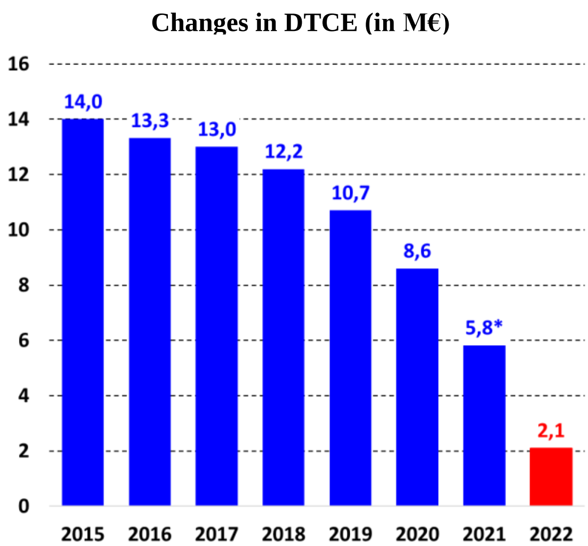


B. Local tax exemption compensation transfer endowment

This historic endowment derives from various tax exemption compensations. The CVAE portion allocated to the regions attracted exemptions compensated by the State and incorporated into this endowment until 2020. Since 2021, it has been mechanically diluted within the “ex-CVAE” VAT revenue, in an amount of 0.7 M€.

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 2022 resulting in a loss for all regions of 25 M€. For the Région Occitanie, the decrease is of 3.6 M€.



As a result, the anticipated amount in 2021 is estimated at **2.1 M€.** As the graphic illustrates, **this endowment is due to disappear next year.**

II.1.2. Compensatory endowment for loss of management fees

As mentioned above, the abolition of the residence tax (*taxe d'habitation*) has resulted in the loss of the associated management fees part of which the State paid over to the *régions* to finance vocational training.

To compensate for this loss, the 2021 Finance Act introduced a compensatory endowment at a fixed amount of 292 M€ at national level, including **25.77 M€** for the Région Occitanie.

In 2022, the management fees dynamic will be affected by:

- the fall in CVAE revenue paid by businesses in 2020 and 2021 due to the economic crisis that "accompanied" the health crisis,

- the recent tax reforms such as the 50% reduction of CVAE following the abolition of the regional element or the 50% reduction in the rental values of industrial premises since 2021.

In accordance with the undertakings given by the Prime Minister at the "Régions de France" association Convention, the Government introduced, by amendment during the debate stage of the draft 2022 Finance Act, a compensatory endowment of 107 M€, at national level.

When the amount allocated to the Région Occitanie is notified, the adjustment will be made by budgetary amendment - DM1 (decrease in management fees (taxation) and increase in compensatory endowment for loss of management fees).

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€.**

Furthermore and even though, pursuant to the law of 5 September 2018, "apprenticeship" powers have been transferred to the professional sector since 2020, the *régions* will continue to contribute to the financing of apprentice training centres (CFA), "*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 2022.

II.1.5. Allocated financial support

A. The national skills investment plan (PIC)

The PIC relies on regional implementation via annual agreements signed between the State and the *régions*. As of today, in addition to the 2018 primer Agreement, three agreements have been signed (2019, 2020 and 2021, the last having been extended with the Youth section of the State Recovery Plan).

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).

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.

Given the budgetary and financial background surrounding the crisis, discussions are underway with Government departments to rethink the arrangements for implementing this scheme so that they meet the reality of what is required post-crisis.

An amount of **21M€** has been allocated in the 2022 Primary Budget.

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.

The amount of this last year of compensation is stable at **4.5 M€.**

Giving a total operating endowment and financial support revenue of 213.1 M€

II.2 Capital transfers

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 2016 budgetary finance law extended the FCTVA eligibility criteria to include public buildings and roads maintenance expenditure. The financial impact of this scheme for the Région is low (35 K€ out of a total of 66.0 M€ in respect of FCTVA received in 2021).

The FCTVA reforms aimed at automating eligible expenditure reporting, introduced under the 2018 Finance Act, enter into force in 2022 (for local authorities who receive this revenue with a one-year delay).

For the 2022 financial year, and depending on the level of investment realised to date, an estimated amount of **67 M€** is anticipated (*66 M€ realised in 2021*).

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 M€ per year to the *régions*. The Région Occitanie receives **9.2 M€** from this fund.

II.2.4. State contributions as part of the various "Recovery Plans" (28.42 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)

The *régions* have lost tax revenue as a result of the health crisis and its economic repercussions estimated at around 1.2 Bn € by the Cazeneuve Commission established by the Government to assess the impact of the crisis on local government financing.

In this regard, the State-Region partnership agreement, entered into on 28 September 2020 provided for the allocation to the *régions* of an overall budget of 600 M€ representing 50% of the estimated losses. This envelope was distributed between the *régions* on a demographically weighted basis. As such, the Région Occitanie was allocated an estimated amount of **53 M€**.

In practice, this endowment has become a State contribution to a number of capital investment projects sponsored under regional project ownership. As a result, this revenue has been rescaled to 44.5 M€, with the difference being paid directly to the project sponsors (deducted from regional financing).

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.

Furthermore, the State co-financing of these projects 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).

For 2022, the Region also expects an amount of **20.1 M€** by way of DRI revenue.

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 regions 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, a total amount of revenue of 8.5 M€, including **3.64 M€** in 2022, is anticipated.

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€.

The State contribution should amount to approximately 4 M€ including **3.48 M€** paid in 2022.

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 has unlocked 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 2022, an amount of **1.2 M€** in revenue is anticipated.

Giving a capital transfer income of 144.4 M€

For a total State transfer income of 357.6 M€

III – Miscellaneous sources of revenue

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.

The revenue in 2022 from this fund should amount to **16 M€.**

III.2 Repayment of loans and repayable advances

The Région grants advances and loans to various public or private bodies, at preferential or even zero per cent rates. 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.

The total amount of repayments made by beneficiary businesses will reach **14.4 M€ (provisional annual payment).**

Furthermore, a revenue of **0.6 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 2022 Primary Budget in an amount of **0.12 M€.**

The anticipated income from these loans and repayable advances is an estimated amount of **15.1 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 2022, to an estimated **11.7 M€,** split as follows:

- with the *Départements* (schools complexes): 2.5 M€,

- with the State or partner Local Authorities for higher education (*Ecole Nationale Vétérinaire, Ecole d'Architecture*, *UPS Rangueil*, *IUT de Tarbes* and *Auch*): 9.2 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 2022, the overall amount of this revenue equalled **2.45 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 compensation allocation which amounts in 2020 to **60.8 M€** (definitively stable amount).

Furthermore, the NOTRe Law introduced:

- the transfer of "waste planning" powers, combined with the payment of financial compensation (491 K€),
- the transfer of the management of certain ports. In Occitanie, this concerns the port of Grau-du-Roi (244 K€),
- the transfer of the freight transport railway line between Colombiers and Maureilhan (Hérault) (277 K€).

In total, the Région anticipates an annual and recurring contribution by the *Départements* of **1 M€.**

III.5. Local authority contributions to the OCCAL scheme

The OCCAL scheme, launched by the Région Occitanie in June 2020 as part of its Emergency Plan, was intended to support the post-lockdown economic recovery in the form of grants and repayable advances. Initially aimed at tourism, local trade and artisanal enterprises, the scheme was then extended to new beneficiaries including providers in the cultural, events, sport and leisure, agrotourism and equestrian centre sectors.

The *Banque des Territoires*, the vast majority of EPCI in the Région and a number of *Département* Councils contribute to the financing of this scheme. In this respect, **5.3 M€** were entered in the 2022 Primary Budget.

III.6 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 2022, 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 **15 M€.** Despite the generalised offering of free school transport, this budgetary forecast remains stable compared to 2021.

This can be explained by the change in the way interurban transport is managed. Indeed, “Public Service Delegation” management has gradually been phased out and replaced with a public procurement system. As a result, new expenditure and revenue flows have arisen.

Furthermore, this budgetary forecast incorporates, at 31 December 2021, 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 **7.3 M€** (repayments under rolling stock financing agreements, Kartatoo tariff compensation, Arènes Colomiers tariff agreement…).

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 2022, the Région anticipates a contribution of **16.3 M€.**

III.8 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 2022, this income is estimated to be:

- **7.33 M€** in relation to port activities (investment and various operating revenues). This amount incorporates a grant of 1 M€ from the ADEME for the Hydromer project,

- **1.56 M€** in relation to airport activities and dividends generated by the Région's equity holdings in Montpellier and Blagnac 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 **8.9 M€** is entered in 2022.

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 d'Art Contemporain* in Sète, *Mémorial Camp de Rivesaltes*, *Narbovia*, 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 2022 is estimated to be **1.9 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 **2.38 M€.**

III.11 Dividends from equity holdings

The Région is a shareholder through private equity investment principally in various economic development organizations (IRDI, Aerofund III, IXSO…). Its holdings generate dividends which are received annually and are generally reinvested.

In 2022, these dividends are estimated to be **4.5 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, or exceptional amounts recovered in connection with litigation involving the local authority, 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, State contribution to the financing of competitive clusters, SPIRE Programme, other contributions etc…): **8.6 M€**,

- liquidation of *SPL d’Aménagement* operations: **1.8 M€,**

- miscellaneous financial income: **1 M€,**

- extraordinary income: **0.1 M€,**

- miscellaneous capital revenue (IFSI works contributions, CHU Toulouse contribution to the regional healthcare professions training centre (PRFMS), miscellaneous repayments excluding European grants – including 3.8 M€ under the FOSTER scheme agrifood section -, the proceeds of disposal of real and movable property, contributions to the financing of studies for an estimated overall amount of **9.9 M€.**

We also draw attention to:

- ✓ an anticipated contribution of **1.2 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",

- ✓ an anticipated contribution of **1.3 M€** from the *Banque des Territoires* as part of the "Small towns of tomorrow" programme,

- ✓ an anticipated contribution of **5 M€** from the *Agence Nationale du Sport* to finance the extension and modernisation works at the CREPS - Font-Romeu.

Giving revenue from various sources of: 201 M€

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 2022 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 2020 (1 July 2020 to 30 June 2021), the pre-financing amounts receivable are estimated at **8 M€** for the Languedoc-Roussillon operating programme and **7 M€** for the Midi-Pyrénées operating programme as well as the POI. The deferral of the spring 2020 calls for funds to the following financial year due to Covid significantly increases the expenditure declared to the European Commission for the 2020 financial year and therefore the pre-financing amounts receivable.

Pre-financing subtotal 2022 (excluding REACT EU): 15 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 2022, such expenditure relates to projects programmed in 2019, 2020 and 2021. This income should amount to:

OP ERDF/ESF Midi-Pyrénées et Garonne:	65 000 000 € - ERDF 15 000 000 € - ESF 720 000 € - YEI
OP ERDF/ESF Languedoc-Roussillon:	49 500 000 € - ERDF 22 000 000 € - ESF 6 300 000 € - YEI
IOP Pyrénées:	3 000 000 € - ERDF

Interim payments subtotal 2022: 161.5 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 2022 Flat-rate Technical Assistance revenue should amount to:

OP ERDF/ESF Midi-Pyrénées et Garonne:	2 250 000 € TA ERDF 260 000 € TA ESF
OP ERDF/ESF Languedoc-Roussillon:	2 300 000 € TA ERDF 650 000 € TA ESF
IOP Pyrénées:	110 000 € 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 2022 (excluding REACT-EU): 5.57 M€

Total OP 2014-2020 ERDF/ ESF *(capital and operating)*: 182.1 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", will be allocated to member States (measure incorporated in the European Recovery Plan).

The envelope earmarked for Occitanie should amount to 201 M€, including an initial tranche of 159 M€ (passed) and a second potential tranche of 42 M€. This second tranche will not be determined until each member State has updated its economic position.

This additional envelope forms an integral part of the "NextGenerationEU" section of the EU Budget 2021-2027, and is injected into the 2014-2020 operating programmes (Languedoc-Roussillon and Midi-Pyrénées), for specific purposes, and must be consumed no later than 31 December 2023.

Having regard to the programming timetable, 2022 revenue is estimated at:

Annual pre-financing:	3 175 000 €
Interim payment requests:	46 692 000 €
Technical assistance:	933 800 €

REACT EU subtotal: 50.8 M€

IV.2 2021-2027 programme pre-financing

The Occitanie 2021-2027 operating programme should be approved in autumn 2022 (transmitted to the European Commission by the end of December/beginning of January 2023).

When the 2021-2027 OP is approved, the Région Occitanie will receive the annual 2021 and 2022 pre-financings. These are estimated at 8.2 M€ (6.66 M€ ERDF and 1.73 M€ ESF). The 2021-2027 OP general regulations do not provide for any initial pre-financings.

Occitanie OP 2021-2027 pre-financing subtotal: 8.2 M€

IV.3 EAFRD AND EMFF

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 2022 Primary Budget, in respect of the EAFRD, an amount of **67.9 M€** has been entered in the capital section and **250.2 M€** in the operating section. As regards the EMFF, the forecast 2022 amount is **0.5 M€** (capital section).

An additional amount of **7.5 M€** is entered in respect of EAFRD technical assistance. Like the ERDF and ESF European funds, the technical assistance calculation rules have been changed. It is now calculated by reference to a flat rate of 4% of certified expenditure and is no longer based on actual costs.

EAFRD subtotal: 326.1 M€

IV.4 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 **0.62 M€** is anticipated.

Giving a total income from European funds (operating and capital income) of 568 M€

V. BORROWING AUTHORISATION

The borrowing authorisation for the 2022 financial year amounts to **639.3 M€** *(excluding short-term credit lines).*

OVERALL TOTAL FORECAST INCOME IN THE 2022 PRIMARY BUDGET
***(excluding short-term credit lines)*:**
3.748 Bn €

SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in a French language dealer agreement dated 25 August 2022 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 Stated 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.

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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.]

[28][**UK MiFIR Product Governance / Target Market: eligible counterparties and professional clients only** – Solely for the purposes of the approval process [of the/each] product manufacturer[s], the target market assessment for the Notes, taking into consideration the 5 categories referred to in point 18 of the Guidelines published by the European Securities and Markets Authority (**ESMA**) on 5 February 2018 (in accordance with the statement of principle of the United Kingdom Financial Conduct Authority entitled "*Brexit: our approach to EU non-legislative materials"*), has led to the conclusion that: (i) the target market for the Notes is limited to eligible counterparties, as defined in the United Kingdom Financial Conduct Authority's *FCA Handbook - Conduct of Business Sourcebook* (**COBS**), and professional clients, as defined in Regulation (EU) no. 600/2014 which forms part of United Kingdom domestic law in accordance with the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties or professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take the manufacturer['s]/[s'] target market assessment into consideration. However, a distributor bound by the United Kingdom Financial Conduct Authority's *FCA Handbook - Product Intervention and Product Governance Sourcebook* (the **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.]

[28] 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

€ 1,500,000,000

Euro Medium Term Note Programme

SERIES No: [●]

TRANCHE No: [●]

[Brief description and aggregate nominal amount of Notes]

Issue Price: [●] *%*

[Name(s) of Dealer(s)]

PART 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 August 2022 [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] [●].][29]

[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.]

Terms used below shall be deemed to have been defined for the purposes of the 2021 Terms and Conditions incorporated by reference in the Offering Circular dated 25 August 2022.

This document constitutes the Pricing Supplement relating to the issue of the Notes hereinafter described and should be read together with the offering circular dated 25 August 2022 [and the supplement to the offering circular dated [●]], which [together]constitute[s] an offering circular (the **Offering Circular**), with the exception of the Terms and Conditions which are replaced by the 2021 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 are available on the dedicated page of the Issuer's website (https://www.laregion.fr/Financement-obligataire-EMTN). [Furthermore, the Pricing Supplement and the Offering Circular are available [on/at] [●].][30]]

[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 [*describe relevant Series*] issued by the Issuer on [*insert date*] (the **Existing Notes**) as from their admission to trading

[29] If the Notes are admitted to trading on a Regulated Market other than Euronext Paris.
[30] If the Notes are admitted to trading on a Regulated Market other than Euronext Paris.

3.	Specified Currency:	[●]
4.	Aggregate Nominal Amount:	[Euro]
	(a) Series:	[●]
	[(b) Tranche:	[●]]
5.	Issue Price:	[●] % of the Aggregate Nominal Amount [plus accrued interest since [*insert the date*] (in case of fungible issues or first broken coupon, if any)]
6.	Specified Denomination(s):	[●] [*(only one Denomination for Dematerialised Notes)*]
7.	(a) Issue Date:	[●]
	(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 the Floating Rate] [Zero Coupon Note] [Fixed/Floating Rate] (other details indicated below)
10.	Redemption Basis:	Subject to repurchase and cancellation or anticipated redemption, the Notes will be redeemed at the Maturity Date at [100]/[●]% of their Aggregate Nominal Amount. [Payment in Instalments]
11.	Change of Interest Basis:	**[**Applicable (*for the Fixed/Floating Rate Notes*)/Not Applicable**]** *(Specify details related to the conversion of the Fixed/Floating Rate interest under Condition 4.4)*

12.	Redemption at the option of the Issuer/Noteholders:		[Redemption at the option of the Issuer]/[Redemption at the option of the Noteholders] [(*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] [For Fixed/Floating Rate Notes: as from [●] (included) until [●] (excluded).] *(If this paragraph is not applicable, delete other sub-paragraphs)*
	(a)	Interest Rate:	[●] % per year [payable [annually/half-yearly/quarterly/monthly/other (specify)] at maturity]
	(b)	Coupon Payment Date(s):	[●] in each year [adjusted in accordance with [*specify Business Day Convention and any relevant Business Centre(s) for the "Business Day" definition*]/not adjusted
	(c)	Fixed Coupon Amount[(s)]:	[●] per Specified Denomination of [●]
	(d)	Broken Amount[(s)]:	[*Include information relating to the initial or final Broken Amount which are different to the Fixed Coupon Amount(s) and 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):	[●] in each year (*specify the regular Coupon payment dates, excluding the Issue Date and the Maturity Date in the case of a first or last long or short Coupon*. *N.B.: only applicable where the Day Count Fraction is Actual/Actual (ICMA) Basis).*
16.	Provisions relating to Floating Rate Notes:		[Applicable/Not Applicable] [For Fixed/Floating Rate Notes: as from [●] (included) until [●] (excluded).] *(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:	[●]] (*Where €STR is the Benchmark, delete this paragraph*)
•	Relevant Date:	[●]
•	Relevant Time:	[●]
•	Coupon Determination Date:	[[●] [TARGET] Business Days in [*specify the city*] for [*specify the currency*] before [the first day of each Interest Period/each 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:	[[●] TARGET 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/0][31]
	(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

[31] Interest payable in respect of the Notes shall in all circumstances be at least equal to zero.

	(b)	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.]

PROVISIONS RELATING TO REDEMPTION

18.	Issuer Call:		[Applicable/Not Applicable] (*If this paragraph is not applicable, delete the remaining sub-paragraphs*)
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount(s) for each Note:	[●] per Note [of Specified Denomination [●]]
	(c)	If redeemable in part:	
		(i) Minimum redemption amount:	[●]
		(ii) Maximum redemption amount:	[●]
	(d)	Notice period:	[●]
19.	Noteholder Put:		[Applicable/Not Applicable] (*If this paragraph is not applicable, delete the remaining sub-paragraphs*)
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount(s) for each Note:	[●] per Note [of Specified Denomination [●]]
	(c)	Notice period (Condition 5.3):	[●]
20.	Final Redemption Amount for each Note:		[[●] per Note [of Specified Denomination of [●]] Specified Denomination]

21.	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:	[●]
22.	Early Redemption Amount		
	(a)	Early Redemption Amount(s) for each Note paid on redemption for tax reasons (Condition 5.6), for illegality (Condition 5.8) 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 face value]
	(b)	Redemption for tax reasons on dates other than Coupon Payment Dates (Condition 5.6):	[Yes/No]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23.	Form of the Notes:		[Dematerialised Notes/Materialised Notes] *(Materialised Notes are issued in bearer form only) (Delete as appropriate)*
	(a)	Form of Dematerialised Notes:	[Applicable/Not Applicable] *[If applicable specify whether in bearer form/ registered form]*
	(b)	Registration Agent:	[Not Applicable/*if applicable name and information*] (*N.B. a Registration Agent may be appointed in respect of Dematerialised Notes in pure registered form (au nominatif pur) only).*
	(c)	Temporary Global Certificate:	[Not Applicable/Temporary Global Certificate exchangeable for Physical Notes on [●] (the **Exchange Date**), 40 days after the issue date, unless postponed, as specified in the Temporary Global Certificate.]
24.	Financial Centre(s) (Condition 6.7):		[Not Applicable/*Specify*]. *(N.B. this refers to the date and place for payment and not the Coupon Payment Dates referred to in paragraphs 15(ii) and 16(i).)*

25.	Talons for future Coupons to be attached to Physical Notes:	[Yes/No/Not Applicable]. *(If yes, specify) (Only applicable to Materialised Notes.)*
26.	Provisions relating to renominalisation and reconventioning:	[Applicable/Not Applicable]
27.	*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.]
28.	**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.][32]

Signed on behalf of the Issuer:

By: ....

Duly authorised

[32] To be included if information is provided by a third party.

PART 2

OTHER INFORMATION

1. [RISK FACTORS

[Not applicable]/[(*insert any risk factors relating to the Issuer 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 an AA rating by Fitch Ratings Ireland Limited (**Fitch**). Fitch is established in the European Union and is registered in accordance with Regulation (EC) No. 1060/2009 relating to credit rating agencies as amended (the **CRA Regulation**). [Fitch is included on the list of rating agencies published by the European Financial Markets Authority on its website (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:	[[●]/Not Applicable]
	(i) Euroclear France acting as Central Depositary:	[Yes/No]
	(ii) Common Depositary for Euroclear and Clearstream:	[Yes/No]
(d)	Any clearing system other than Euroclear France, Euroclear and Clearstream and the relevant identification 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 2021.

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 any Notes are admitted to trading on a regulated market in an EEA State other than France, the applicable Pricing Supplement shall 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) all Pricing Supplements relating to any Notes admitted to trading on Euronext Paris or any other Regulated Market of the EEA;

   (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, 25 August 2022

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Represented by:

Elisabeth Laskawiec
Director of Finance and Management Control

Issuer

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