



## REGION OCCITANIE

### *Prospectus for the admission to trading on Euronext Paris*

*of an issue of green and social notes in a nominal amount of € 200,000,000  
bearing interest at the rate of 1.370% per annum due 26 September 2033 issued on 26 September 2018*

*Issue Price: 99,798%*

*This document is a prospectus (the **Prospectus**) within the meaning of article 5.3 of directive 2003/71/EC of the European Parliament and Council dated 4 November 2003, as amended (the **Prospectus Directive**).*

*The notes issued hereunder by Région Occitanie (the **Issuer** or the **Région**) represent an issue of securities in an aggregate nominal amount of €200,000,000 bearing interest at the rate of 1.370% per annum maturing on 26 September 2033 (the **Notes**). The Notes were issued on 26 September 2018 (the **Issue Date**).*

*The Notes shall bear interest from the Issue Date (included) at a rate of 1.370% per annum, payable annually in arrears on 26 September in each year and for the first time on 26 September 2019 for the period commencing on the Issue Date (included) up until 26 September 2019 (excluded).*

*Unless previously redeemed or purchased and cancelled, in accordance with the terms and conditions of the Notes, the Notes will be redeemed at par on 26 September 2033. The Notes may, and in certain circumstances shall, be redeemed before this date, in whole only but not in part, at par, together with, if applicable, accrued interest, in the event of any change in applicable tax laws or regulations as described in Condition 6 "Taxation" of the terms and conditions of the Notes or if any of the events described in Condition 8 "Events of Default" of the terms and conditions of the Notes occurs.*

*The Notes will be issued in dematerialised bearer form in the denomination of €100,000 each. Title to the Notes will be evidenced by book entry in accordance with articles L.211-3 et seq. of the French Code monétaire et financier. No physical document of title in respect of the Notes (including representative certificates as defined in article R. 211-7 of the French Code monétaire et financier) shall be delivered.*

*The Notes have, upon issue, been inscribed in book entry form as from their Issue Date in the books of Euroclear France which has credited the accounts of the Account Holders. **Account Holder** means any intermediary authorised to hold, directly or indirectly, securities accounts on behalf of its clients with Euroclear France, Euroclear Bank S.A./N.V. (**Euroclear**) or any other clearing system.*

*Application has been made for the Notes to be listed and admitted to trading on Euronext Paris. Euronext Paris is a regulated market within the meaning of Directive 2014/65/EU dated 15 May 2014, as amended.*

*The Issuer's long-term debt has been assigned an "AA stable" rating by Fitch Ratings (**Fitch**). The Notes have been assigned an AA rating by Fitch. Fitch is a rating agency established in the European Union and registered in accordance with Regulation EC/1060/2009 of the European Parliament and Council dated 16 September 2009 on credit rating agencies, as amended, and appears in the list of credit rating agencies published on the website of the European Securities and Markets Authority (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>). A rating is not a recommendation to buy, sell or hold Notes and may be subject to suspension, modification or withdrawal at any time.*

*See the "Risk Factors" section for a description of the factors that should be considered by prospective investors prior to any investment in the Notes.*

*This Prospectus is available on the websites of the (i) Autorité des marchés financiers ([www.amf-france.org](http://www.amf-france.org)) and (ii) the Issuer ([www.laregion.fr/Emission-obligataire-verte-et-sociale](http://www.laregion.fr/Emission-obligataire-verte-et-sociale)).*

## MANAGERS

CRÉDIT AGRICOLE CIB

NATIXIS

*This Prospectus contains all necessary information for prospective investors to make an informed assessment of the Issuer's activities and financial position, as well as the rights attached to the Notes, notably the information required by schedules XIII and XVI of Regulation 809/2004/EC, as amended. The Issuer accepts responsibility accordingly.*

Crédit Agricole Corporate and Investment Bank and Natixis (the **Managers**) have not verified the information contained in this Prospectus. The Managers do not make any representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information contained in this Prospectus.

This Prospectus does not constitute an offer of, or an invitation by (or on behalf of), the Issuer or any of the Managers to subscribe for or purchase any of the Notes.

*No person is or has been authorised by the Issuer or the Managers to provide any information or make any representation relating to the issue or sale of the Notes other than those contained in this Prospectus and, if any such information or representation was provided or made, it should not be viewed as having been authorized by the Issuer or the Managers. The delivery of this Prospectus or any sale of Notes shall under no circumstances imply (i) that there has been no change in the Issuer's situation since the date of this Prospectus or (ii) that the information contained therein is correct as at any time subsequent to the date on which it was provided.*

*This Prospectus and any information document relating to the Issuer or the Notes are not intended to constitute elements enabling an assessment of the Issuer's financial position or any evaluation of the Notes and should not be considered as a recommendation to purchase the Notes by the Issuer or any of the Managers addressed to the recipients of this Prospectus. Each prospective investor in the Notes should determine for itself the relevance of the information contained in this Prospectus and base its decision to purchase Notes upon such investigations as it deems necessary. The Managers give no undertaking to review the financial or general condition of the Issuer during the life of the Notes, nor to advise any investor or prospective investor of any information coming to its attention with respect thereto. Investors should in particular conduct their own analysis and assessment of all the implications of an investment in the Notes and of the risks relating to the Issuer, its activities, its financial position and the Notes in issue, and should consult their own financial or legal advisers concerning the risks associated with an investment in the Notes and the suitability of such an investment in light of their particular personal circumstances. Prospective investors should read carefully the section entitled "Risk Factors" set out in this Prospectus before deciding to invest in the Notes.*

*The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law or regulation. In particular, no action has been taken by the Issuer or the Managers which is intended to permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material may be distributed or published in any jurisdiction, except in compliance with all applicable laws and regulations. The Issuer and the Managers invite persons to whom this Prospectus is delivered to make themselves aware of and to observe any such restrictions. A description of certain such restrictions on the offering and sale of Notes and distribution of this Prospectus is set forth under the heading "Subscription and Sale" below.*

*The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the **Securities Act**). Subject to certain exceptions, the Notes may not be offered or sold, directly or indirectly, within the territory of the United States of America or to, or on behalf of, or for the benefit of, U.S. persons ("U.S. Persons" as defined in Regulation S of the Securities Act).*

**MiFID II Product Governance / Target Market: eligible counterparties and professional clients** – Solely for the purposes of the product approval process of each manufacturer, as defined in Directive 2014/65/EU of the European Parliament and Council dated 15 May 2014 (as amended, **MiFID II**), the target market assessment in respect of the Notes, taking into consideration the five categories referred to in paragraph 18 of the guidelines published by the European Financial Markets Authority on 5 February 2018, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties or professional clients are appropriate. Any person who subsequently offers, sells or recommends the Notes (a **distributor**) should take into consideration the manufacturers' target market

*assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (and either adopting or refining the manufacturers' target market assessment) and determining the appropriate distribution channels.*

*In this Prospectus, references to €, EURO, EUR or to euro are to the lawful currency of the member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on the European Union (signed in Maastricht on 7 February 1992) and by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997).*

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## **RISK FACTORS**

*The Issuer considers that the risk factors described below are important for any decision to invest in the Notes and/or may affect its ability to fulfil its obligations to investors under the Notes. These risks cannot be predicted with certainty and the Issuer is not in a position to comment on whether such risks may materialise.*

*The following paragraphs describe the main risk factors relating to the Issuer and the Notes that the Issuer considers, as of the date of this Prospectus, to be material with respect to the Notes. Those risk factors are however not exhaustive. Other risks, of which the Issuer is not presently aware or which are not considered as being a determining factor as of today's date, may have a material impact on an investment in the Notes. Furthermore, investors should be aware that the risks described may arise concurrently and be interrelated.*

*Prior to making any decision to invest in the Notes, prospective investors should consider carefully all the information contained in this Prospectus, including notably the risk factors detailed below, and should consult with their own legal and financial advisers on the risks associated with an investment in the Notes. In particular, prospective investors, subscribers and Note holders should conduct their own analysis and assessment of all the implications of an investment in the Notes and of the risks associated with the Issuer, its activities, financial position and the Notes. They should also consult with their own legal and financial advisers on the risks associated with an investment in the Notes and the suitability of such an investment in light of their particular personal circumstances.*

*The Issuer considers that the Notes should only be acquired by investors that are financial institutions or other professional investors who are in a position to assess the specific risks involved in an investment in the Notes, or who act on the advice of financial institutions.*

*The order in which the following risk factors are presented is not an indication of the likelihood of their occurrence.*

*Terms defined in the "Terms and Conditions of the Notes" section of this Prospectus shall have the same meaning where used below.*

### **1. RISK FACTORS RELATING TO THE ISSUER AND ITS ACTIVITIES**

The risks associated with the Issuer are principally asset-related and financial (debt payment, trends in funding, off-balance sheet transactions).

#### ***Asset-related risks***

By virtue of the powers conferred upon it, the Issuer holds a significant stock of real estate and movable assets and as such is subject to damage risks (deterioration, destruction, damage, etc.) that may affect its assets. Moreover, the Issuer may be found liable to third-parties (including in case of accidents occurring in buildings that it owns) and is exposed to risks arising by virtue of the legal regime applicable to its personnel and elected officials.

With respect to asset-related risks, the Issuer has subscribed insurance to cover such potential risks.

Specifically, these insurance policies protect the Issuer against the following risks:

- damage to assets and related risks,
- civil liability and related risks,
- vehicle fleet,

- statutory risks,
- legal coverage for elected and non-elected officials of the Région,
- all risk exposure, permanent or temporary (including the transport of art works),
- personal repatriation assistance.

With regard to building construction, extensions and renovations, the Région benefits from legal construction guarantees and may take out additional construction work/damage insurance (*Domages-Ouvrages*) if required depending on the Région's needs.

### ***Legal risks associated with enforcement proceedings***

As a local authority, the Issuer is not exposed to the legal risks associated with enforcement proceedings under the common law. As a public law legal entity, the Issuer is not subject to private law enforcement proceedings under the principle of immunity from seizure (*insaisissabilité*) of property belonging to public law legal entities (*Cour de Cassation*, 1st civ., 21 December 1987, Office of geological and mining research vs. Lloyd Continental, Civil Bulletin, n°238, p.249). Accordingly, and like all public law legal entities, the Issuer is not subject to the collective insolvency proceedings specified in the Commercial Code (*Cour d'Appel de Paris*, 3<sup>rd</sup> ch. Sect. B, 15 February 1991, National centre for regional freight offices, n°90-21744 and 91-00859).

The possible remedies available to an investor in connection with the redemption of the Notes are therefore reduced by comparison to a private law legal entity. However, mandatory expenditure – which includes in particular servicing the repayment of principal and interest on debt (including the Notes) – may result in the implementation of the procedure for automatic registration or ordering of payment (as described in paragraph “Risks associated with non-repayment of the Issuer's debt” below).

### ***Financial risks***

As regards financial risks (the risk of excessive indebtedness and payment default risk), the legal framework for local authority indebtedness reduces the risks of Issuer insolvency.

Article 2 of the law n°82-213 dated 2 March 1982 on the rights and freedoms of local authorities (*Communes, Départements and Régions*) abolished the State's supervision of local authority affairs. This led to local authorities being granted full and complete freedom of decision in financing matters and to the liberalisation and standardisation of the rules applying to their debt. Local authorities may now issue debt without restriction and their relationships with investors are in principle governed by private law.

However, this freedom is governed by the following principles:

- debt may only be used to finance investment,
- repayment of the principal must be entirely covered by own funds comprising the levy on operating income (in other words, gross savings), plus definitive capital income – other than borrowing.

Moreover, article L.1611-3-1 of the French local authorities' Code (**CGCT**), established pursuant to law no. 2013-672 of 26 July 2013, places certain limits on the permitted currency, interest rate and hedging instruments in respect of borrowing by the Région from financial institutions. However, this article is not intended to apply to bond issues as specified in parliamentary documents (Report no. 1091

on behalf of the National Assembly finance commission, submitted 29 May 2013, amendment no. 160 of 19 March 2013).

The structure of the Issuer's outstanding debt as at 31 December 2017 (1.793.3 M€) is balanced between fixed rate and variable/modifiable. The "Gissler" good conduct charter risk matrix confirms that the Région does not hold any so-called "toxic" high risk products.

In terms of solvency, the Issuer's debt repayment capacity as at 31/12/2017 is 4 years whilst the benchmark ceiling established by the law n° 2018-32 of 22 January 2018 on the public finance programme 2018-2022 sets the alert threshold for *régions* (of which the Issuer is one) at 9 years.

#### ***Risks associated with non-repayment by the Issuer of its debt***

As regards debt service, repayment of principal and interest is a "mandatory expenditure" according to the law (article L.4321-1 of CGCT), which must be registered in the local authority's budget. If this is not done, the law sets out an "automatic registration" procedure (article L.1612-15 of the CGCT) permitting the *Préfet* to register the expense in the local authority's budget after obtaining an opinion from the *Chambre Régionale des Comptes* at the request of either the *Préfet*, the relevant public auditor or any other person with a vested interest. In addition, if no payment instruction is given for a mandatory expenditure, the law also provides for an "automatic payment instruction" procedure (article L.1612-16 of the CGCT) permitting the *Préfet* to issue the payment instruction without further formality.

The Région Occitanie's outstanding debt regularly increases, however the fact that debt repayment is mandatory offers legal protection to investors.

However, legal, economic, political or corporate imperatives or developments, which are not easily foreseeable, may result in the Issuer voting unforeseen or additional budgetary expenditure requiring matching revenue to be generated either by using revenue not provided for in the primary budget or cancelling previously voted expenditure. These votes form part of budgetary amendment decisions taken during the course of the year. These imperatives or developments may have an impact on the timing for implementation and on the voting of these budgetary amendment decisions, and on the enforcement by Noteholders of certain Events of Default specified in Condition 8 "Events of Default" of the Terms and Conditions of the Notes.

#### ***Risks associated with use of financial products***

The use of financial instruments or derivatives is governed by inter-ministerial circular IOCB1015077C dated 25 June 2010 which sets out the rules on the debt and financial instruments authorised for use by local authorities and their public entities. The circular draws the attention of the local authorities to the risks involved in debt management and underlines the current law with respect to the use of financial products. Speculative transactions are strictly forbidden.

The Issuer is extremely vigilant on the nature of the risks associated with the products that it uses and will not subscribe any whose financial terms and conditions are abnormally dis-correlated from the market. The products that it uses are aimed solely at reducing or limiting the impact of finance costs and neutralising wholly or partially the exchange rate risk on transactions in foreign currencies.

Deliberation n° 2017/AP-JUNE/15 dated 30 June 2017 voted by the Région Occitanie assembly defines the scope of the financial instruments permitted for use by the Région to meet its financing requirements. Also, for the purposes of the GISSLER good conduct charter, deliberation n° 2018/AP-JUNE/04 which defines the Région's indebtedness strategy for the 2018 financial year defines the maximum limits for structured and indexed products that may be employed by the Région in relation to its transactions (structured transactions classified 2C under the GISSLER charter). Such permitted

financial products are limited to those based on euro-zone indices, French or euro-zone inflation or the spread between such inflation indices, and the interest rate structure used must be simple (fixed rate, floating rate, swap, cap, floor, tunnel, simple unleveraged barrier, swaption).

Furthermore, decree n° 2014-984 dated 28 August 2014, issued pursuant to the above-mentioned law dated 26 July 2013, governs the conditions under which local authorities may enter into derivative products.

### ***Risks relating to changes in the Issuer's sources of funding***

With respect to the Issuer's own resources, Région Occitanie, like other local authorities, is exposed to the risk of change in its regulatory, legal and financial environment which could affect the structure and amount of its sources of funding. However, Article 72-2 of the French Constitution provides that "tax revenue and other local authority own funding sources represent, for each category of local authority, a crucial part of their overall resources".

The level of the Issuer's resources depends on the funds paid by the State as a consequence of the transfer of powers and successive tax reforms.

The French government has announced that 80% of households will benefit from the abolition of the residence tax (*taxe d'habitation*) within three years from 2018. This reform will not impact the régions since the regional portion of the council tax was abolished in 2000. However, in 2014, the former vocational training endowment was replaced by revenue received previously by the State to cover its management expenses relating to the collection of local taxes (residence tax and regional economic contribution (CET)) and also a fraction of the domestic energy products consumption tax (**TIPCE**). The Région may potentially be impacted by this measure. However, since this concerns compensation paid in respect of a transfer of power (vocational training), this revenue will therefore be replaced.

Following a decrease during the period 2013-2017, the 2018 budgetary finance law n°2017-1837 dated 30 December 2017 replaced the global operating endowment paid to the Issuer by the State, with an equivalent VAT (value added tax) portion, boosted by the tax base dynamics, amounting to 350.3 million euros (compared to 340.1 million euros in 2017).

The law n° 2018-32 of 22 January 2018 on the public finance programme 2018-2022 sets a cap on actual operating expenditure 2018, 2019 and 2020 based on an average rate of increase of 1.2% per year benchmarked against the 2017 financial year (article 13). If the cap is exceeded as noted in the following year, based on the management account and after consultation with the *Préfet*, the State assumes (*reprise financière*) an amount equivalent to the overspend (excluding any increased European funds and transfers of power), such amount being capped at 2% of actual operating income (article 29).

Against this background, the planned decrease in the level of endowments paid by the State may adversely affect the Issuer's operating revenue.

### ***Risks relating to developments in the legal and regulatory environment, unrelated to those linked to changes in funding - increased powers***

Generally, the Région operates in, and in accordance with, a relatively changing legal and regulatory environment. This can principally be measured by how the scope of its powers evolves.

Indeed, the trend is towards an increase in the Région's mandatory powers or the voluntary adoption by the Région of additional powers.

As such, the law no. 2015-991 dated 7 August 2015 on the new local authority structure of the French Republic (the "NOTRE" law) transferred a number of powers to régions including economic

development, sustainable planning and development and passenger road transport (inter-urban and schools transport).

This increase of powers is of course reflected by a relative increase in the operating risks to which the Région is exposed as well as the problem of financing these new powers. However, in order to respect the constitutional principle of budget neutrality, the law strictly controls this process with financial compensation mechanisms (the right to full and concomitant compensation). Each transfer of power goes hand-in-hand with a corresponding transfer of revenue (under the control of a local committee responsible for prior assessment of the transferred expenditure).

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

Loan guarantees or sureties to public or private entities are governed by articles L.4253-1, L.4253-2 and D.4253-1 of the CGCT.

As at 31 December 2017, the total indebtedness guaranteed by the Région Occitanie amounted to 73.9 million euros, or 4.1% of its own debt (see paragraph 3.4.2. (*Loan guarantees*) in the "Issuer Description" section of this Prospectus).

The Issuer is obliged to comply with three prudential rules laid down by the law n° 88-13 dated 5 January 1988, the so-called "Galland law". These cumulative rules establish the principle of:

- limit on commitments: the total guaranteed or secured amount of annual debt repayments falling due during the financial year plus the amount of the annual instalments of the local authority's or public entity's debt may not exceed 50% of its actual operating income; and
- limit on beneficiaries (or diversification of risk): the total guaranteed or secured amount of annual debt repayments in respect of one single debtor must not be greater than 10% of the maximum permitted guaranteed amount; and
- risk sharing: the maximum portion of one single borrowing permitted to be guaranteed by one or more local authorities is 50%; a borrowing may not be guaranteed in full by one or more local authorities.

These rules only apply to guarantees granted to private law entities. No particular regulations apply to debt guarantees granted in favour of public entities.

The "Galland" prudential ratio established by article D.1511-30 of the CGCT on the capping of commitments is published in the schedules to the Issuer's primary budget and administrative account. With regard to the 2018 primary budget, this ratio stands at 4.08% (the cap being 50%); with respect to the 2017 administrative account, this ratio stands at 3.64%.

### ***Risks relating to financial statements***

The Issuer, as a local authority, is not subject to the same accounting standards as a private law issuer. Its financial statements (administrative accounts, budget) are subject to specific accounting rules established, in particular, by the decree no. 2012-1246 dated 7 November 2012 and the CGCT, all as more fully described on pages 43 *et seq.* of this Prospectus. The financial assessment of the Issuer by investors should take such specific accounting rules into consideration.

The Issuer's accounts are subject to State supervision: (i) verification of legality performed by the *Préfet*, (ii) budgetary and financial verification performed by the *Préfet* under the supervision of the regional audit office (*Chambre Régionale des Comptes*) and (iii) management and jurisdictional verification performed by the *Chambre Régionale des Comptes*. These verifications are more fully

described on pages 46 *et seq.* of this Prospectus. The Issuer's accounts are not audited under the same procedures as a private law issuer, but are subject to State supervision.

### ***Issuer's long-term and short-term debt rating***

The rating by Fitch Ratings of the long-term and short-term debt of the Issuer is by nature merely the expression of an opinion on the level of credit risk associated with the Issuer and does not necessarily reflect every possible related risk. This rating does not constitute a recommendation to buy, sell or hold Notes and may be suspended, amended or withdrawn at any time by the rating agency.

## **2. RISK FACTORS RELATING TO THE NOTES**

### **2.1 Investors**

Each prospective investor must determine, based on its own assessment and with the assistance of any adviser it may consider appropriate depending on the circumstances, the suitability of an investment in the Notes in light of its personal circumstances. In particular, each prospective investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus;
- (b) have access, and understand how, to utilise appropriate analytical tools to assess, in light of its particular circumstances and risk appetite, an investment in the Notes and the impact such Notes might have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks associated with an investment in the Notes, including where the currency of payment of principal or interest is different to that of the prospective investor;
- (d) understand fully the nature of the Notes and risks associated therewith; and
- (e) be able to assess (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the relevant risks.

In addition, certain prospective investors are subject to strict investment regulations. These prospective investors should consult their legal counsel to determine whether an investment in the Notes is permitted by law, whether such an investment is compatible with their other borrowings and whether any other selling restrictions are applicable to the Notes.

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

#### ***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 and positions expressed by the *Autorité des marchés financiers*. Although this does not impact on the normal schedule for redemption of the outstanding Notes, it would however reduce the yield of any Notes redeemed early.

Also, there is a risk that the Notes will not be redeemed on their maturity date if the Issuer is no longer solvent. If the Notes were not redeemed, this would *de facto* result in a loss of investment in the Notes.

Finally, a capital loss may occur if the Notes are sold on the secondary market at a lower price than that paid at the time of purchase. No capital protection or guarantee is offered to investors with respect to

this transaction in the event of sale on the secondary market. The capital initially invested is subject to the vagaries of the market and may therefore not be redeemed in the event of adverse market developments.

*The Notes may be redeemed before their due date*

If, at the time of redemption of principal or payment of interest, the Issuer is obliged to pay additional amounts in accordance with Condition 6.1 of the Terms and Conditions of the Notes, it may redeem in full all outstanding Notes at their nominal value together with interest accrued up to the date set for redemption.

Similarly, if the Issuer is obliged to make increased payments in accordance with Condition 6.1 of the Terms and Conditions of the Notes and if the payment of such amounts is prohibited under French law and if the obligation to make such additional payments cannot be avoided by the Issuer taking reasonable measures, the Issuer shall be obliged to redeem in full all outstanding Notes, at their nominal value together with interest accrued up to the date set for redemption.

Any early redemption option available to the Issuer may result in the Noteholders receiving a yield considerably less than anticipated.

*Modification of the Terms and Conditions of the Notes*

Noteholders may be grouped together in a *Masse* (as defined in Condition 11 of the Terms and Conditions of the Notes) to defend their common interests and may meet at general meetings or take written decisions. The Terms and Conditions of the Notes provide that in certain cases Noteholders who were not present or represented at the general meeting, or did not take part in the written decision, may be bound by resolutions voted by Noteholders who were present or represented, even if they disagree with the vote or written decision.

Subject as provided in Condition 11 of the Terms and Conditions of the Notes, Noteholders may by Collective Decision, as defined in the Terms and Conditions of the Notes, deliberate on any proposed amendment of the Terms and Conditions of the Notes, and in particular on any proposed arrangement or settlement in respect of rights that are in dispute or the subject of a judicial decision.

*Change of law*

The Terms and Conditions of the Notes are governed by French law in force on the date of this Prospectus. No assurance can be given as to the effects of any judicial decision or any change of French law or regulation (or the general interpretation thereof) subsequent to the date of this Prospectus.

*Taxation*

Prospective purchasers and sellers of the Notes should be aware that they may be required to pay taxes, charges or duties in accordance with the laws and practices of the jurisdiction(s) 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 information contained in this Prospectus, but to seek their own tax adviser's advice based on their individual situation with respect to the acquisition, holding, disposal and redemption of the Notes. Only such advisors are in a position to duly consider the particular circumstances of a prospective investor. These considerations relating to investment in the Notes should be read in connection with the information contained in the "Taxation" section of this Prospectus.

### *The proposed European financial transaction tax (FTT)*

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). In March 2016, Estonia indicated that it intends to withdraw from increased cooperation. The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or participating Member States may decide to withdraw.

Prospective Noteholders are strongly advised to seek their own professional advice on matters relating to the FTT.

#### *Verification of legality*

The *Préfet* of the Région Occitanie has two (2) months from the date of receipt by the *préfecture* of any deliberation of, or any contract entered into by, the Région Occitanie to verify their legality and, if he considers them to be unlawful, to refer them, insofar as they constitute administrative acts, to the relevant administrative tribunal and, if appropriate, seek an order for their suspension. The relevant administrative tribunal may then, if it considers them to be unlawful, order their suspension or cancel them in whole or in part.

## 2.3 **Market risks**

#### *Volatility of the market for the Notes*

The market value of the Notes may be affected by the Issuer's creditworthiness and a number of additional factors, including market appetite and interest rates.

The value of the Notes depends on a number of interrelated factors, including economic, financial or political events in France or elsewhere, or factors affecting capital markets generally and the market on which the Notes are admitted to trading. The price at which a Noteholder is able to sell the Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Noteholder. If the Issuer's creditworthiness deteriorates, the value of the Notes may also fall and investors selling their Notes prior to maturity may lose all or part of the value of their investment.

#### *Liquidity risks*

Once admitted to trading, the Notes may have no established trading market and such a market may never develop. If such a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at a price that would provide them with a yield comparable to similar

investments that have a developed secondary market. Lack of liquidity may have an adverse effect on the market value of the Notes.

The fact that the Notes are no longer admitted to trading on a financial market would not constitute an Event of Default (under Condition 8 of the Terms and Conditions of the Notes).

#### *Market volatility*

The market or markets, on which dealings in the Notes take place, may be volatile or affected by economic and market conditions and, to varying degrees, by fluctuations in interest rates, exchange rates and inflation in European or other industrialised countries.

#### *Exchange rate risk*

Principal and interest on the Notes will be paid in Euro, which may present certain risks if an investor operates principally in a different currency. These include the risk that exchange rates may significantly change (notably due to devaluation of Euro or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency modify their exchange controls. As a result, investors may receive less interest or principal than expected.

#### *Fixed interest rate*

As the Notes are fixed rate notes, any investment in the Notes involves the risk that subsequent fluctuations in the interest rate markets may have an adverse impact on the value of the Notes.

#### *Potential conflicts of interest*

The Managers and their subsidiaries have and/or may in the future engage, in investment banking, commercial banking and other financial advisory and commercial dealings with the Issuer. They have or may (i) engage in investment banking, trading or hedging activities including activities that may include prime brokerage business, financing transactions or conclusion of derivative instruments, (ii) act as underwriters in connection with the offering of shares or other securities issued by the Issuer or (iii) act as financial advisers to the Issuer. In connection with these transactions, the Managers have or may hold securities other than shares issued by the Issuer. Where applicable, they have or will receive customary fees and commissions for these transactions.

#### *Use of the net proceeds of issue of the Notes*

Prospective investors should consider the information contained in this Prospectus relating to the expected use of the proceeds of the issue, and determine the relevance to themselves of such information, and that of any other elements that the relevant investor considers necessary for the purposes of any investment in the Notes. In particular, no insurance is given by the Issuer that the use of the issue proceeds, for any of the Eligible Projects (as such terms are defined in the "Use of net proceeds of the issue" section of this Prospectus) will satisfy, in whole or in part, the expectations or requirements, present or future, of investors with regard to the criteria or guidelines with which such investors or their investments are obliged to comply, whether pursuant to any present or future law or regulation, their own bylaws, or any other rules or code of governance, or their portfolio management mandates, in particular, as regards any environmental or social impact, whether direct or indirect, of any proposal or utilisation, relating or referring to any specific ecological project. Furthermore, there is currently no established definition (by law, regulation or otherwise) which specifies the attributes required for a specific project to be classified as green or social. Accordingly, no assurances can be given to any prospective investors that the use of the proceeds of the issue specified in this Prospectus will be able to satisfy the expectations of such investor with regard to environmental or social

performance and/or in terms of sustainable development, or even whether the transaction shall continue to satisfy the eligibility criteria.

No assurance or representation is given or made as to the suitability or reliability for any purpose, of any opinion or certification given by a third party (whether or not requested by the Issuer), made available in connection with the issue of the Notes and in particular, any specified sustainable project to satisfy any environmental, sustainable, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, and shall be deemed not to be, incorporated into, and/or form an integral part of, this Prospectus. Any such opinion or certification is not, and should not be considered as, a recommendation by the Issuer or any other person to buy, sell or hold the Notes. Any such opinion or certification is only up-to-date as of the date on which it was initially issued. Prospective investors should determine for themselves the relevance of each of such opinions or certifications for the purposes of their investment in the Notes. Currently, the providers of such opinions or certificates are not subject to any special regulations or any other particular legal regime.

In the case of Notes listed or admitted to trading on a system dedicated to the environment, sustainable development, or any other equivalent financial or stock-market system (regulated or otherwise), no representation or assurance is given by the Issuer, the Managers or any other person that such admission satisfies, in whole or in part, the expectations or requirements, present or future, of investors with regard to the investment criteria or guidelines with which such investors or their investments are obliged to comply. Furthermore, it should be noted that the criteria for each admission to trading may vary from one market to the other (from one stock exchange to another). No representation or assurance is given by the Issuer, the Managers or any other person that such admission to trading will be obtained for these Notes, and, if it is obtained, that the admission to trading will be maintained until the maturity date of the Notes.

No Event of Default (as specified in Condition 8 of the Terms and Conditions of the Notes) shall occur (i) if the Issuer fails to comply with its reporting obligations, or fails to use the proceeds of issue as specified in this Prospectus and/or (ii) if any opinion or certificate described above is withdrawn. Any breach regarding the use of the net proceeds of issue of the Notes relating to Eligible Projects, and/or any failure to comply with requirements relating to investment in environmental or sustainable development projects, resulting in a breach of the conditions of investment of the Notes, may affect the market value and/or price of the Notes, and/or may have consequences for certain investors that are obliged, under the terms of their portfolio management mandates, to invest in green or social assets.

## TERMS AND CONDITIONS OF THE NOTES

*The terms and conditions of the Notes (the **Conditions**), subject to completion and amendment, will be as follows:*

The issue of €200,000,000 1.370% notes due 26 September 2033 (the **Notes**) by the Région Occitanie (the **Issuer**) was authorised pursuant to deliberation n°2018/AP-JUNE/04 of the Occitanie *Conseil Régional* dated 22 June 2018 (referred to verification of legality on 25 June 2018), and in compliance with deliberation n°2017/AP-JUNE/15 of the Occitanie *Conseil Régional* dated 30 June 2017 (referred to verification of legality on 3 July 2017).

A fiscal agency agreement relating to the Notes (the **Fiscal Agency Agreement**) was entered into on 24 September 2018 between the Issuer and CACEIS Corporate Trust as fiscal agent (the **Fiscal Agent** which expression shall, where the context so admits, include any successor agent for the time being appointed as Fiscal Agent) and paying agent (the **Paying Agent** which expression shall, where the context so admits, include any successor agent for the time being appointed as Paying Agent). A copy of the Fiscal Agency Agreement is available for consultation upon request at the offices of the Paying Agents.

For the purposes of these Conditions, **Regulated Market** means any regulated market located in a member state of the European Economic Area (**EEA**), as defined in Directive 2014/65/EU dated 15 May 2014, as amended.

References herein to the **Noteholders** are to the holders of the Notes. References below to **Conditions** are to the numbered Conditions below.

### 1. **FORM, DENOMINATION AND TITLE TO THE NOTES**

The Notes are issued in dematerialised bearer form in the denomination of € 100,000 each. Title to the Notes will be evidenced by book-entry in accordance with article L.211-3 *et seq.* of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes were, upon issue, recorded in book-entry form in the books of Euroclear France which has credited the accounts of the Account Holders. For the purposes hereof, **Account Holder** means any intermediary authorised to hold, directly or indirectly, securities accounts on behalf of its clients with Euroclear France and Euroclear Bank S.A./N.V. (**Euroclear**) or any other clearing system.

Title to the Notes shall be evidenced by entry in the books of Account Holders and transfers of Notes may only be effected through registration of the transfer in such books.

The Notes are identified with ISIN Code FR0013367778 and Common Code 188400604.

### 2. **STATUS OF THE NOTES AND NEGATIVE PLEDGE**

The Notes constitute direct, unconditional, unsubordinated and (subject as provided in the paragraph below) unsecured obligations of the Issuer, ranking equally among themselves and (subject to mandatory exceptions under French law) equally and rateably with all other present or future unsubordinated and unsecured obligations of the Issuer.

The Issuer undertakes, until such time as all of the Notes have been redeemed in full, not to grant or permit to subsist any collateral, mortgage, pledge, lien, guarantee or any other form of security interest over any of its property, assets, rights or income, present or future, to secure any Indebtedness (as

defined below) subscribed or guaranteed by the Issuer, unless the Issuer's obligations under the Notes are granted equivalent and equal ranking security.

For the purposes of this Condition, **Indebtedness** means any borrowing, present or future, represented by bonds, notes or other transferable securities with a maturity of greater than one (1) year and which are (or may be) admitted to trading on any market.

### 3. **INTEREST**

The Notes bear interest from, and including, 26 September 2018 (the **Issue Date**) to, but excluding, 26 September 2033 (the **Maturity Date**), at the rate of 1.370% per cent, per annum, payable annually in arrear on 26 September in each year (each an **Interest Payment Date**). The first interest payment will be made on 26 September 2019 for the period from, and including, the Issue Date to, but excluding, 26 September 2019.

Each Note shall cease to bear interest from (but excluding) the actual date of redemption, unless payment of principal is improperly withheld or refused. In such event, the relevant Note shall continue to bear interest at the rate of 1.370% per cent. per annum (both before and after judgment) until the date (included) on which all sums payable in respect of the relevant Note up to such date have been received by or on behalf of the relevant Noteholder.

The amount of interest due in respect of each Note shall be calculated by reference to the aggregate value of each Noteholder's holding, the amount of such payment being rounded to the nearest two decimal places (halves being rounded upwards).

Interest shall be calculated in accordance with the Actual/Actual (ICMA) method. If interest is required to be calculated for a period of less than or equal to one (1) year, it shall be calculated by reference to the actual number of days in the relevant period, as from (and including) the date on which interest began to accrue up to (but excluding) the date on which it became payable, divided by the number of days in the interest period during which the relevant period falls. If interest is required to be calculated for a period of more than one (1) year, the interest shall be determined as the amount of interest payable over a period of one (1) year plus the interest payable in respect of the remaining period calculated in the manner described above.

### 4. **REDEMPTION AND PURCHASE**

The Notes may not be redeemed otherwise than in accordance with this Condition 4, or Conditions 6 or 8 below.

#### 4.1 **Final redemption**

Unless previously redeemed, purchased and cancelled, the Notes shall be redeemed in full at par on the Maturity Date.

#### 4.2 **Purchases**

The Issuer may purchase Notes, at any time, at any price, on the stock market or otherwise (including by public offering) in accordance with applicable laws and regulations.

Notes purchased by the Issuer may, if appropriate, be held in accordance with applicable laws and regulations.

#### 4.3 **Early redemption for tax reasons**

The Notes may, and in certain circumstances shall, be redeemed in full before the Maturity Date, in the event of change in any applicable taxation laws, as provided in Condition 6 below.

#### 4.4 **Cancellation**

Notes purchased for cancellation in accordance with this Condition 4 will be cancelled by transfer on an account in accordance with the rules and procedures of Euroclear France. Notes so cancelled may not be re-issued or re-sold and the obligations of the Issuer in respect of such Notes shall be discharged. Any cancellation of Notes after purchase by the Issuer shall have no impact on the normal timetable for redemption of the remaining Notes in issue.

#### 4.5 **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 9, 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 their nominal amount together with all interest accrued up to the date fixed for redemption.

### 5. **PAYMENTS**

#### 5.1 **Payment method**

Payment of principal and interest in respect of the Notes will be made in Euro by credit or transfer to a Euro-denominated account (or any other account on which credits or transfers may be made in Euro) as specified by the beneficiary in a city where banks have access to the TARGET System. In these Conditions, **TARGET System** means the Trans-European Automated Real Time Gross Settlement Express Transfer System (TARGET 2) or any successor system.

Such payments shall be made for the benefit of the Noteholders to the Account Holders (including Euroclear France, Euroclear or any other clearing system through which the Notes are accepted for clearing).

Payments will be subject in all cases to any tax or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 6 below. No commission or expenses shall be charged to the Noteholders in respect of such payments, other than any costs, commission, losses or other expenses relating to or resulting from currency conversions or rounding conventions.

#### 5.2 **Payments on business days**

If the due date for payment of an amount of principal or interest in respect of any Note is not a Business Day (as defined below), then the Noteholder shall not be entitled to payment of the amount due until the next following Business Day and shall not be entitled to any interest or other additional sums in respect of such postponed payment.

In these Conditions, **Business Day** means a day (except for Saturdays and Sundays) on which commercial banks and foreign exchange markets are open for business in Paris and on which the TARGET System is operating.

### 5.3 **Fiscal Agent and Paying Agent**

The initial Fiscal Agent and Paying Agent and their specified office are as follows:

**CACEIS Corporate Trust**  
1-3 Place Valhubert  
75013 Paris  
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent and/or any Paying Agent and/or appoint another Fiscal Agent or Paying Agent or additional Paying Agents, subject to having given not more than forty-five (45) nor less than thirty (30) calendar days' prior notice to the Noteholders, in accordance with Condition 9 below, and as long as there will at all times be (i) a Fiscal Agent having a specified office in a European city and (ii) in the event of admission of the Notes to trading on Euronext, a Paying Agent having a specified office in a European city and supplying financial services in France for so long as the Notes are admitted to trading on Euronext Paris.

## 6. **TAXATION**

- 6.1 All payments of principal, interest and other income by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for any taxes or duties of whatever nature imposed, levied or collected by or on behalf of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
- 6.2 If French law should require that payments of principal, interest or other income in respect of the Notes be subject to deduction or withholding in respect of any taxes or duties of any nature whatsoever, present or future, the Issuer shall, to the extent then permitted by law, pay such additional amounts as shall result in the Noteholders receiving the full amount they would have received in respect of the Notes had no such withholding or deduction been required, except if the Noteholder is liable in France for such taxes or duties other than by the mere fact of holding such Notes. However, if the Issuer would, as a result of any change in or in the application or interpretation of French laws after the Issue Date, be required to pay any such additional amounts, and this obligation cannot be avoided by the Issuer taking reasonable measures, then the Issuer may at any time, but at the earliest thirty (30) days prior to such change becoming effective, redeem all of the then outstanding Notes at their nominal amount together with interest accrued until the date set for redemption
- 6.3 If the Issuer is obliged to make additional payments as defined in paragraph 6.2 above and if such payments are prohibited by French law and if the obligation to make such additional payments cannot be avoided by the Issuer taking reasonable measures, the Issuer shall then be obliged to redeem all outstanding Notes at their nominal amount, together with interest accrued up to the date set for redemption, at the earliest thirty (30) days prior to the effective date of the change referred to in paragraph 6.2 above and at the latest on the date such additional payments would have become due.
- 6.4 If redemption is made in accordance with paragraph 6.2 above, the Issuer shall publish, or cause to be published, a redemption notice, as described under Condition 9 below, at the earliest sixty (60) days and at the latest thirty (30) days prior to the date set for redemption. If redemption is made in accordance with paragraph 6.3 above, the Issuer shall publish, or cause to be published, a redemption notice, in the same manner at the earliest sixty (60) days and at the latest seven (7) days prior to the date set for such redemption.

7. **PRESCRIPTION**

Pursuant to article 1 of the Law No. 68-1250 dated 31 December 1968, all claims against the Issuer for the payment of principal or interest under the Notes shall lapse after four (4) years from the 1<sup>st</sup> of January of the year following their respective due dates.

8. **EVENTS OF DEFAULT**

The Representative (as defined in Condition 11), acting on behalf of the *Masse* (as defined in Condition 11), acting of its own volition or upon request by any Noteholder, may, upon written notice addressed to the Issuer (with a copy to the Fiscal Agent), before the relevant breach has been remedied, declare immediately due and payable all, and not some only, of the Notes, at their nominal value together with all interest accrued (and any additional amounts) up to the actual date of redemption:

- (a) if the Issuer defaults in the payment of any amount of principal or interest (including any additional amounts as provided in Condition 6) due in respect of any Note and such default continues for a period of more than fifteen (15) calendar days from the due date for payment; or
- (b) if the Issuer is in breach of any other provision of the Terms and Conditions of the Notes, and such breach has not been remedied within thirty (30) calendar days of receipt by the Issuer of notice of such breach; or
- (c) if the Issuer is no longer able to meet its mandatory expenditure as defined in article L.4321-1 of the French local authorities Code or issues a written declaration acknowledging such inability; or
- (d)
  - (i) if the Issuer fails to repay or to pay, an amount in principal of more than 50 million euros (or its equivalent in any currency), in whole or in part, under one or more borrowings (whether bank loan or bond issue), on the due date for payment or repayment, or prepayment or, if applicable, after expiry of any applicable grace period specified in the contractual terms governing the relevant borrowing; or
  - (ii) if the Issuer fails to pay an amount of more than 50 million euros (or its equivalent in any currency), in whole or in part, under one (or more) guarantee(s) granted in respect of one or more borrowings (whether bank loan or bond issue) entered into by a third party(ies), and such guarantee(s) has/have become due and been called upon, unless, in such case, the Issuer is contesting in good faith the validity of the call on such guarantee(s) and the dispute has been referred to the competent courts, in which case the failure to pay shall not constitute an event of default until such time as a final and binding judgment has been rendered;
- (e) if there is a change in the status or legal regime of the Issuer, including resulting from a change in laws or regulations, to the extent that such change reduces Noteholders' rights against the Issuer or causes the Noteholders' claims against the Issuer to be delayed or to become more complicated or costly.

Provided that any event specified in (a), (b), (c) or (d) above shall not constitute an Event of Default, and the periods referred to therein shall be suspended, if the Issuer notifies the Fiscal Agent, before expiry of the relevant period (if such a period is specified) of the requirement, in order to remedy the breach(es), to adopt a budgetary decision authorising the payment of unforeseen or additional budgetary expenditure in respect of debt service, until (and including) the date on which such budgetary decision becomes effective, after which the suspension of the above-mentioned periods shall cease. The Issuer shall notify the Fiscal Agent of the date on which such budgetary decision becomes

effective. The Fiscal Agent shall inform the Noteholders of any notice received from the Issuer under this Condition, in accordance with the provisions of Condition 9.

If such budgetary decision has not been voted upon and become effective on expiry of a period of four (4) months from the date of the Issuer's notice to the Fiscal Agent confirming the requirement to adopt such budgetary decision, the events specified in 8(a), 8(b), 8(c) and 8(d) above shall constitute an Event of Default and the periods mentioned in 8(a) or 8(b) shall resume on expiry of the four (4) month period.

## 9. NOTICES

- (a) All notices addressed to the Issuer must be delivered to the following address:

**Région Occitanie**  
**Direction des Finances**  
22, boulevard Maréchal Juin  
31406 Toulouse Cedex 9  
France

- (b) Notices addressed to Noteholders shall be valid if they are published in an economic and financial daily newspaper of wide circulation in Europe (which is expected to be the *Financial Times*) and so long as the Notes are admitted to trading on any market and the applicable rules of such market so require, notices shall also be published in an economic and financial daily newspaper of wide circulation in the city(ies) in which the Notes are listed, 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.
- (c) If any such publication is not practicable, the notice shall be validly given if published in a leading economic and financial newspaper with wide 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.
- (d) Notices to be addressed to Noteholders in accordance with these Conditions may be delivered to Euroclear France, Euroclear or any other clearing system from time to time through which the Notes are cleared, instead of posting or publishing the notice as provided in Conditions 9(b) and 9(c) 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 of wide 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.
- (e) Notices relating to Collective Decisions, in accordance with Condition 11 and article R.228-79 of the Commercial Code, shall be delivered to Euroclear France, Euroclear or any other clearing system from time to time through which the Notes are cleared. For the avoidance of doubt, Conditions 9(a), 9(b), 9(c) and 9(d) shall not apply to such notices.

## 10. FINANCIAL INFORMATION

Until all of the Notes have been redeemed in full, copies of the Issuer's annual primary budget and, if applicable, its supplemental budget and any decisions amending its primary budget, together with

copies of its annual administrative accounts and, if applicable, any related financial reports and audit reports, shall be available for consultation at the Issuer's head office during normal business opening hours.

## 11. REPRESENTATION OF NOTEHOLDERS

The Noteholders shall be automatically grouped together 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 s. of the Commercial Code, other than articles L.228-71 and R.228-69 of the Commercial Code, as supplemented by this Condition 11.

### (a) Legal personality

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

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

### (b) Representative

The titular Representative shall be:

*Association de représentation des masses de titulaires de valeurs mobilières* (« ARM »)  
Centre Jacques Ferronnière  
32 rue du Champ de Tir  
CS 30812  
44308 Nantes cedex 3

In the event of death, resignation or dismissal of the Representative, an alternate Representative shall replace him, appointed by the general meeting of Noteholders. The alternate Representative shall exercise the same powers as the titular Representative.

The Representative shall receive a remuneration for the performance of his function of 300 euros (excluding taxes) per year, payable on each Interest Payment Date, the first payment being due on the Issue Date.

All interested parties may at any time obtain the name and address of the Representative at the principal office of the Issuer and the specified offices of each of the Paying Agents.

### (c) Powers of the Representative

The Representative shall have the power to perform (subject to any resolution to the contrary by the General Meeting) all acts of management necessary for the defence of the common interests of Noteholders.

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

### (d) Collective decisions

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

In accordance with article R.228-71 of the *Code de Commerce*, each Noteholder shall be entitled to participate in Collective Decisions by book entry, in its name, of its Notes in the bearer notes accounts held by an intermediary (if applicable) on the second (2nd) business day prior to the date of the Collective Decision at midnight Paris time.

Collective Decisions must be published in accordance with Condition 11(g).

The Issuer shall keep a register of Collective Decisions and shall make it available, upon request, to any subsequent Noteholder of the Notes.

(e) (A) General Meetings

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

General Meetings may only deliberate validly on first convocation if the Noteholders present or represented hold at least one fifth (1/5<sup>th</sup>) of the nominal value of Notes outstanding at the relevant time. On second convocation, no quorum is required. Decisions at General Meetings shall be valid if taken by a majority of two thirds (2/3rd) of the votes cast by the Noteholders attending such meetings, whether present in person or represented by a proxy.

A notice indicating the date, time and place and agenda of the General Meeting shall be published in accordance with Condition 11(g) fifteen (15) calendar days at least prior to the date of the General Meeting on first convocation and no less than five (5) calendar days prior to the date of the General Meeting on second convocation.

Each Noteholder has the right to participate in General Meetings in person, by proxy or by postal ballot. Each Note confers the right to 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 convocation, or throughout the five (5) calendar day period preceding the holding of a General Meeting on second convocation, 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 registered office of the Issuer, at the specified offices of the Paying Agent and at any other place specified in the notice of such General Meeting.

(B) Written decisions and electronic consent

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

Such Written Decision may be signed by or on behalf of Noteholders holding at least ninety per cent. (90%) of the nominal amount of the Notes in issue, without having to

comply with the formality requirements and deadlines specified in Condition 11(e)(A). Any Written Decision shall have in all respects the same effect as a resolution adopted at a General Meeting of Noteholders. The Written Decision shall be evidenced in a single document or in several documents of identical format, signed by or on behalf of one or more Noteholders.

Pursuant to article L.228-46-1 of the Commercial Code, Noteholders may also express their approval or rejection of a proposed Written Decision by any means of electronic communication enabling them to be identified (**Electronic Consent**).

Any Written Decision (including those adopted by Electronic Consent) shall be published in accordance with Condition 11(g).

Notices relating to requests for approval via Written Decision (including by Electronic Consent) must be published in accordance with Condition 11(g) at least five (5) calendar days before the date set for adoption of such Written Decision (the **Written Decision Date**). Notices relating to requests for approval via Written Decision shall contain the conditions relating to form and deadlines to be observed by Noteholders who wish to express their approval or rejection of the proposed Written Decision. Noteholders who express their approval or rejection before the Written Decision Date undertake not to dispose of their Notes before the Written Decision Date.

(f) Expenses

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

(g) Notices to Noteholders

All notices to be addressed to Noteholders in accordance with this Condition 11(g) shall be addressed in accordance with Condition 9(e).

## 12. **FUNGIBLE ISSUES OF NOTES**

The Issuer may, without the consent of the Noteholders, issue further notes to be fungible with the Notes, provided that such further notes shall have rights identical in all respects to those of the Notes (or in all respects except for the issue price and the first payment of interest thereon) and that the terms and conditions of such further notes shall provide for their fungibility with the Notes.

## 13. **GOVERNING LAW, JURISDICTION AND UNFORESEEABILITY**

The Notes are governed by French law.

Article 1195 of the Civil Code shall not apply to these Conditions.

Any claim against the Issuer in relation to the Notes may be brought before the competent courts within the jurisdiction of the Court of Appeal of Paris (subject to the application of mandatory rules governing the territorial jurisdiction of the French courts).

Nevertheless, it is specified that the assets and properties of the Issuer are not subject to private law legal enforcement procedures (*voies d'exécution*) or attachment in France.

## USE OF THE NET PROCEEDS OF THE ISSUE

The net proceeds of issue of the Notes shall be used to finance or refinance environmental and social projects (**Eligible Projects**), as described in more detail in the green and social bonds framework (the **Green and Social Bonds Framework**) published by the Issuer on its website ([www.laregion.fr/Emission-obligataire-verte-et-sociale](http://www.laregion.fr/Emission-obligataire-verte-et-sociale)). The Green and Social Bonds Framework respects the four core components (Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting) of the “*Green Bond Principles*”, 2018 edition, the “*Social Bond Principles*”, 2018 edition and the “*Sustainability Bond Guidelines*”, 2018 edition, which may be consulted on the website of ICMA (International Capital Market Association): [www.icmagroup.org/](http://www.icmagroup.org/).

The aim of these “Eligible Projects” is to offer solutions to environmental and social challenges in the following areas:

- Energy and ecological transition;
  - Energy efficiency of buildings;
  - Renewable energy;
  - Public transport and sustainable mobility.
  
- Protection of natural resources: Sustainable water management.
  
- Social action:
  - Health;
  - Health and social training;
  - Accessibility of public buildings and transport infrastructure;
  - Social housing / student accommodation; and
  - Investment in small sports clubs.
  
- Education and culture: Measures to assist young people and students

The Région Occitanie publishes on its website for the attention of investors, the social and environmental objectives underpinning this issue, and the manner in which it determines whether projects are eligible.

The Région Occitanie shall monitor the amounts invested in Eligible Projects and publish an annual report on its website until such time as the issue proceeds have been fully allocated. This report shall include:

- the list of projects in which the proceeds are invested;
- a concise description of these projects; and
- the amounts involved and the anticipated impact of these investments.

In accordance with the Région Occitanie’s Green and Social Bonds Framework, an independent expert’s opinion was obtained by Vigéo Eiris which is available on the Issuer’s website ([www.laregion.fr/Emission-obligataire-verte-et-sociale](http://www.laregion.fr/Emission-obligataire-verte-et-sociale)).

## ISSUER DESCRIPTION

### 1. Issuer's legal and organisational structure

#### 1.1 Legal name and legal form

The Issuer a local authority, the Région Occitanie.

Territorial authorities, also known as local authorities, are independent administrative structures whose scope of action is limited to the populations resident in their area. French local authorities enjoy administrative and financial autonomy and have special executive powers and authority. Local authority executives implement the policies adopted by their deliberative assemblies.

#### 1.2 Head office and geographical location

The head office of the Région Occitanie (the **Région**, the **Issuer**, or the **Région Occitanie**) is located at 22, boulevard Maréchal Juin 31406 Toulouse Cedex 9, France.

The telephone number of the *Hôtel de Région* is +33 (0)5 61 33 50 50.

The Région's website address is [www.laregion.fr](http://www.laregion.fr)

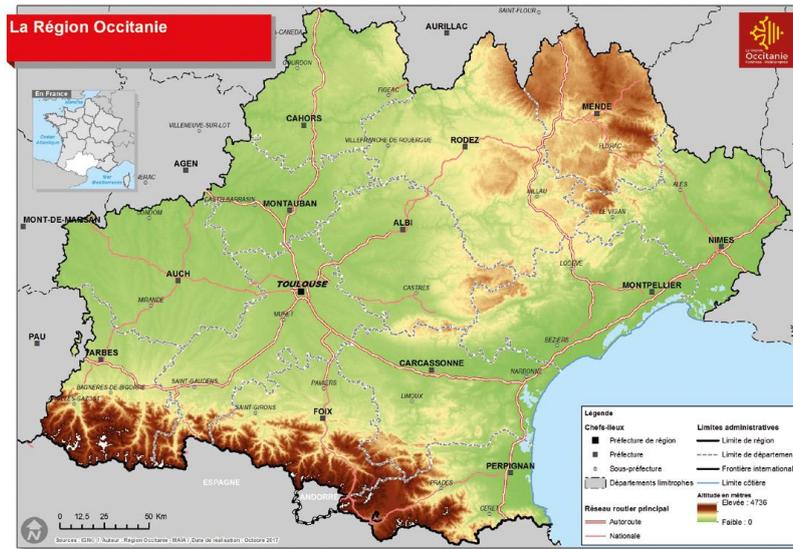
With a surface area of 72.724 km<sup>2</sup>, the Région Occitanie is the second largest Région in mainland France<sup>1</sup>, larger than several EU member States.

The Région Occitanie comprises thirteen *départements*: Ariège, Aude, Aveyron, Gard, Haute-Garonne, Gers, Hérault, Lot, Lozère, Hautes-Pyrénées, Pyrénées-Orientales, Tarn and Tarn-et-Garonne.

There are 4,485 *communes* within the Région's territory. All of these now form part of an inter-communal grouping (*intercommunalité*). In the Région Occitanie there are 161 *intercommunalités* (as at 1 January 2017): 2 metropolises (*métropoles*) (Toulouse Métropole and Montpellier Méditerranée Métropole), 1 urban community (*communauté urbaine*) (Perpignan Méditerranée Métropole), and 20 agglomeration communities (*communautés d'agglomération*) and 138 commune communities (*communautés de communes*).

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<sup>1</sup> Source : Préfecture de Région Occitanie : « Repères » January 2018



### 1.3 Local administration in France

The Région Occitanie is a local authority (*collectivité territoriale*).

France is divided for administrative purposes into three principal types of local authority, also known since the decentralisation law of 2 March 1982 as "local authorities of the Republic". These three principal types of local authority, 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.

Article 72 of the French Constitution was supplemented by constitutional law No. 2003-276 of 28 March 2003 on decentralisation of the French Republic, which emphasises the principle of specialism whilst respecting the autonomy of, and as between each individual, local authority. Local authorities are therefore empowered to "take decisions on all matters that are best implemented at their level".

This concept is based on European Union law under the so-called "principle of subsidiarity". Its purpose is to give local authorities the legal means to exercise the powers conferred on them by law and to give them real regulatory power.

Régions, like other local authorities, are immune from judicial rehabilitation and liquidation proceedings and their indebtedness is, by law, not guaranteed by the French State.

In France, up to 1 January 2017, there were 16 *régions* (including 3 overseas *régions*), 98 *départements* (of which 3 overseas), 35,416 *communes* as a result of the creation of 181 new *communes* (grouping together 573 communes) in 2016, 2 unique local authorities (Guyane and Martinique) and 5 overseas local authorities.

Also, these *communes* are combined into 1,266 inter-communal cooperation public establishments (*établissements publics de coopération intercommunale* or EPCI) with autonomous tax raising powers, including 14 *métropoles*, 15 *communautés urbaines*, 219 *communautés d'agglomération* and 1,018 *communautés de communes*; only 5 *communes* in France do not form part of an EPCI.

There is no relationship of subordination between these local authorities and they are governed by legislation enacted by the State, which exercises control of legality through the prefect (*Préfet*).

**The law of 16 January 2015**, fixing the boundaries of the *régions* and on *région* and *département* elections and modifying the electoral calendar, rationalises the local institutional landscape and places the *région* in a pivotal role. This law establishes a new regional map. Since 1 January 2016, in place of the 22 former mainland regions, 13 new and much larger *régions* were introduced by merging the historic regions.

By decree n° 1016-1264 of 28 September 2016, the *Région* resulting from the combination of the Languedoc Roussillon and Midi Pyrénées *régions* was named “Occitanie” and its headquarters are located in Toulouse.

### New map of mainland France *régions*



The *Région* is governed by a **Conseil Régional** (Regional Council), whose members are elected by direct universal suffrage.

Pursuant to Law No. 2015-29 of 16 January 2015, amending in particular the French electoral Code, regional councillors are elected for a 6-year term and the last elections were held in December 2015. The next elections are planned for March 2021.

The Regional Council manages the *Région*'s affairs through the passing of resolutions and it also votes the *Région*'s budget. Executive power is exercised by the President of the Regional Council.

The **President of the Regional Council**, who is elected by the regional councillors, prepares and executes decisions taken by the regional assembly. The president authorises the payment of expenditure and the collection of regional taxes, manages the *Région*'s assets and heads the administrative departments which the *Région* establishes to perform its statutory functions. The

president may be assisted by vice-presidents or other members of the Regional Council who have expertise in a particular sphere of regional affairs.

The **Commission Permanente** (Standing Committee), whose members are elected by the regional councillors, is a subsidiary body of the Regional Council. It may be given delegated authority over certain matters by the Regional Council, with the exception of those relating to voting the budget and approving the administrative accounts.

The **Conseil Economique, social et environnemental régional** (Regional Economic, Social and Environmental Council) is a consultative body that advises the Regional Council and its President. It must mandatorily be consulted in relation to the preparation and implementation of regional budget policy planning. It may also, of its own initiative, examine any other matter of regional interest. The depth and diversity of its members give it an overall cross-the-board view of the issues and an ability to analyse and forward plan, and guarantee that short, medium or long-term policies will be carefully and properly considered.

It also provides a special forum for dialogue and public expression by bringing together all the Région's social and economic partners.

The Regional Economic, Social and Environmental Council offers its opinion on the major issues relating to regional powers (budgets, plans, blueprints, etc.).

#### 1.4 Evolution of powers and authority

<b>Régions and decentralisation – Key dates</b>	
<b>1955</b>	Division of mainland France into 22 constituencies in which programmes for economic development, including land management and planning, are drawn up.
<b>1959</b>	After the 5th Republic is established in 1958, regional action constituencies are created. These are the new level between the State and départements to manage the State's investments. This formed the basis of the current geographical division.
<b>1964</b>	Regional administration is established and placed under the <i>Préfet's</i> responsibility. <i>Préfets</i> manage regions with the assistance of Regional Economic Development Commissions (C.O.D.E.R.).
<b>1972</b>	In each region, a public regional establishment (EPR) is created. The <i>Préfet</i> continues to exercise executive power, but EPRs are bestowed with a decision-making body, the Regional Council, and a consultative assembly, the regional social and economic Committee. Research or management bodies such as cultural offices, regional tourism associations, regional training centres... are created. A new form of local authority is developing.
<b>1982</b>	The decentralisation law of 2 March 1982 defines the "rights and freedoms of <i>Communes</i> , <i>Départements</i> and <i>Régions</i> ". It confers on the Région its status as local authority and establishes its general authority for regional development. Executive power, formerly exercised by the <i>Préfet</i> is transferred to the president of the Regional Council. Régions have three organs: deliberative (the Regional Council), executive (the president of the Regional Council), consultative (the Regional Environmental, Social and Economic Council). Régions have their own administrative departments and exercise full control over the tax revenue granted by law.

	Administrative and financial supervision by the State over local authority action is abolished and replaced by ex post facto control of legality, performed by <i>préfets</i> and administrative tribunals. Local authority acts take effect automatically. As regards financial controls, the law of 10 July 1982 gives the regional audit offices ( <i>chambres régionales des comptes</i> ), a new category of judicial authority, responsibility for judging the regularity of accounts, controlling budgetary acts and investigating management of local authorities and local public establishments.
<b>1983</b>	Two new areas of authority, apprenticeships and professional training, are conferred on Régions.
<b>1986</b>	The first elections of Regional councillors by direct universal suffrage for six years. New elections are held in 1992, 1998, 2004 and 2010. Régions are given authority over building, renovation, maintenance and operation of secondary schools ( <i>lycées</i> ). Henceforth, Régions are responsible for developing provisional ongoing training schemes.
<b>1993</b>	Régions are given responsibility for professional training of young people under the age of 26.
<b>2002</b>	The law on social modernisation and the law on local democracy extend the scope of Régions' powers to professional training and apprenticeship. These laws also affirm their leading role in economic development. Régions are given responsibility, and become the managing authority, for public rail transport.
<b>2003</b>	The constitutional law of 28 March 2003 on decentralised organisation of the French Republic, enshrines the principle of decentralisation, recognises a right to experimentation in legal and regulatory matters and confers on <i>régions</i> the full status of local authority, like <i>communes</i> and <i>départements</i> .
<b>2004</b>	The law of 13 August 2004 on local freedoms and responsibilities transferred powers from the State to the <i>régions</i> : <ul style="list-style-type: none"> <li>• general authority over all professional training and apprenticeships including responsibility for training and providing income to long-term job seekers, training of social workers (financing initial training establishments and allocation of financial aid to students entering this training), financing paramedical schools and paying grants to pupils and students.</li> <li>• Managing high school non-teaching staff, service workers and technical staff (PTOS).</li> <li>• managing ports and airports</li> <li>• managing the general inventory of the <i>région</i>'s cultural heritage.</li> </ul>
<b>2014</b>	The law of 27 January 2014 on modernisation of local authority public action and affirmation of <i>métropoles</i> introduced new changes to the exercise of powers at different local authority level. <p>Régions are bestowed, as lead authority, with powers in respect of:</p> <ul style="list-style-type: none"> <li>• sustainable planning and development in the <i>région</i>,</li> </ul>

	<ul style="list-style-type: none"> <li>• protection of biodiversity,</li> <li>• the climate, air quality and energy,</li> <li>• economic development, support for innovation and internationalisation of businesses</li> <li>• complementary and inter-modal transport systems,</li> <li>• supporting higher education and research.</li> </ul> <p>Furthermore, the management of European funds (programme for 2014/2020), previously the responsibility of the State is transferred wholly or partly to the <i>régions</i>.</p>
<p><b>2015</b></p>	<p><b>The law of 7 August 2015</b> on the new local authority organisation of the French Republic abolished the general powers clause enjoyed by the <i>régions</i> and replaced it with limited but strengthened powers, in particular to support economic development. <i>Régions</i> now have sole power to determine aid schemes and set financial support for businesses, except for aid for business real estate and land, which remains within the powers of the <i>communes</i>. It also has sole legal authority to establish aid schemes for businesses in financial difficulties.</p> <p>Furthermore, the powers relating to inter-urban transport (regular lines and on-demand transport) and school transport excluding pupils with special needs are transferred, respectively, on 1 January and 1 September 2017, from the <i>départements</i> to the <i>régions</i>.</p> <p>This law also implements the decentralisation towards the <i>régions</i> of Centres for sports resources, expertise and performance (CREPS).</p> <p>Finally, <i>régions</i> are also responsible for developing various strategic plans: the regional economic development, innovation and internationalisation framework (SRDEII), the regional planning, sustainable development and territorial equality framework (SRADDET), the regional plan for the prevention and management of waste and finally the regional higher education, research and innovation framework (SRESRI).</p>

## 1.5 Région Occitanie organisation and operation

### (a) The Regions' institutions

#### The Conseil Régional (Regional Council):

The regional council comprises 158 councillors elected for a term of six years by direct universal suffrage in a two-round list system.



The members of the Occitanie Regional Council are as follows:

**President of the Regional Council:**

The President of the Occitanie Regional Council is Mrs Carole DELGA, a former minister.

She is assisted by fifteen vice-presidents and thirty-six deputy regional councillors who have each been delegated authority within a particular sphere of regional affairs.

**Vice-Presidents:**

1. **CODORNIOU Didier**, 1<sup>st</sup> Vice-President, responsible for the maritime economy, coastline and airports,
2. **ALARY Damien**, 2<sup>nd</sup> Vice-President, responsible for regional attractiveness and international relations,
3. **LANGEVINE Agnès**, 3<sup>rd</sup> Vice-President, responsible for ecological and energy transition, biodiversity, the circular economy and waste,
4. **SALOMON Dominique**, 4<sup>th</sup> Vice-President, responsible for culture, heritage and regional languages,
5. **PELLEFIGUE Nadia**, 5<sup>th</sup> Vice-President, responsible for economic development, research, innovation and higher education,
6. **GIBELIN Jean-Luc**, 6<sup>th</sup> Vice-President, responsible for mobility and transport infrastructure,
7. **CHIBLI Kamel**, 7<sup>th</sup> Vice-President, responsible for education, youth and sport,
8. **GAZEL Emmanuelle**, 8<sup>eme</sup> Vice-President, responsible for employment, apprenticeships and vocational training,
9. **LABARTHE Vincent**, 9<sup>th</sup> Vice-President, responsible for agriculture and agricultural education,
10. **CROS Guillaume**, 10<sup>th</sup> Vice-President, responsible for European affairs, structural funds, development cooperation, evaluation and forward planning,
11. **CAZAUBON Jean-Louis**, 11<sup>th</sup> Vice-President, responsible for agro-food and viticulture,
12. **GUILHAUMON Jean-Louis**, 12<sup>th</sup> Vice-President, responsible for tourism and thermalism,
13. **BRUTUS Florence**, 13<sup>th</sup> Vice-President, responsible for territorial planning, information and communication technologies and contractual policies,
14. **MAILHOLS Aurélie**, 14<sup>th</sup> Vice-President, responsible for mountain and rural affairs,
15. **PIQUE Marie**, 15<sup>th</sup> Vice-President, responsible for solidarity action, public services, associations and housing.

**The Commission Permanente (Standing Committee):**

The Standing Committee has 52 members:

- the President of the Regional Council,
- the Vice-Presidents and
- 36 regional councillors

**The Sectoral Committees:**

The regional councillors take part, ahead of decision-making, in advisory committees of which there are 20 and which cover the full spectrum of the institution's powers.

Their role is to consider projects submitted by the contracting authority and processed by the administrative departments. The committees issue opinions to inform the final decision taken by the Standing Committee or the plenary Assembly.

**Regional Economic, Social and Environmental Council (CESER):**

The Regional Economic, Social and Environmental Council (**CESER**) of the Région Occitanie, formerly the "Regional Economic and Social Council" which became known as the CESER subsequent to the "Grenelle II" law of 12 July 2010. It has 170 members, including:

- 54 representatives of companies and non-salaried professional activities,
- 54 representatives of employee trade unions,
- 54 representatives of organisations and associations involved in the Région's community life,
- 8 qualified personalities appointed by the *Préfet* of the Région.

**(b) Regional departments**

The regional administration employed 6,642 staff as at 31 December 2017 (posts filled), including 1,852 departmental staff and 4,790 workers and technicians (TOS) working in the Région Occitanie's high schools.

The departmental staff work either for the executive, or the Cabinet, or in the administrative departments, under the authority of a Director General and eight assistant director generals.

Reporting directly to the Cabinet Director are the Department for communications and citizen information and the Department for promotion of regional public policy.

Reporting directly to the Director General are the Department for financial affairs and the budget, the Departmental Inspectorate and the Department for controls, audit and appraisal.

The other administrative services are split into eight Sections (*pôles*) and 26 operational Departments:

- The "*Security, European, international and contractual policies*" Section with 3 operational Departments:
  - The European and international relations Department,
  - The European and contractual programmes Department,

- The legal affairs Department.
- The “*Operations and organisation*” Section with 4 operational Departments:
  - The assemblies Department,
  - The human resources Departments (Toulouse and Montpellier sites),
  - The public relations and protocol Department.
- The “*Youth, employment, training and sports*” Section with 4 operational Departments:
  - The employment and training Department,
  - The educational project management Department,
  - The education and youth Department,
  - The sports Department.
- The “*Economic development, innovation and agriculture*” Section with 3 operational Departments:
  - The economy and innovation Department,
  - The research, innovation and higher education Department,
  - The agriculture, agro-food and forests Department.
- The “*Territorial planning, seas, transport and mobility*” Section with 3 operational Departments:
  - The seas Department,
  - The ecological and energy transition Department,
  - The infrastructure, transport and mobility Department
- The “*Territorial dynamism, attractiveness and solidarity*” Section with 4 operational Departments:
  - The territorial action, rural affairs and mountains Department,
  - The tourism and thermalism Department,
  - The equality and solidarity Department,
  - The culture and heritage Department.
- The “*strategy, performance and optimisation of resources*” Section with 4 operational Departments:
  - The information systems Department,
  - The management steering and consultancy Department,

- The general services and assets Department,
- The public procurement and purchasing Department.
- The “*Transversality, progressive approach*” Section with 2 project Departments:
  - The innovation coordination Department,
  - The strategic valorisation of information Department.

## 2. The Région’s assets and advantages

### The Région Occitanie’s ID card – Key figures:

- **Geography**
  - 2<sup>nd</sup> largest *région* in France: 13 *départements*, 72 724 km<sup>2</sup>,<sup>2</sup>
  - 215 km of coastline, 40,000 hectares of lakes and lagoons,<sup>3</sup>
  - 15% of the nation’s forest coverage<sup>4</sup>,
  - 2<sup>nd</sup> agricultural *région* by exploitable agricultural surface area (3.5 million hectares)<sup>5</sup>
- **Demographics**
  - 5th most populous *région* in France (5,774,185 inhabitants at 1st January 2015)<sup>6</sup>,
  - 2nd strongest average growth in mainland France between 2009 and 2014 (+0.9%)<sup>7</sup>,
  - Highest net migration: +51.400 arrivals per year between 2009 and 2014<sup>8</sup>,
  - Low population density with 78.7 inhabitants per km<sup>2</sup> compared to 118 in mainland France<sup>9</sup>,
  - Proportion of old and young people lies within the national average: 19.7% >65s (compared to 18.8% for France) and 29% <25s (compared to 30% for France)<sup>10</sup>
- **Economy and employment**
  - 4th French *région* in terms of GDP: 152 billion euros in 2014 (7.2% of national GDP)<sup>11</sup>,
  - Strongest French *région* in terms of average GDP growth: + 2.1% per year between 1990 and 2012<sup>12</sup>,

<sup>2</sup> Source : Préfecture of the Région Occitanie – « Repères » January 2018

<sup>3</sup> Source : Région Occitanie website

<sup>4</sup> Source : DRAAF Occitanie - December 2015 data

<sup>5</sup> Source : DRAAF Occitanie - December 2015 data

<sup>6</sup> Source : Préfecture of the Région Occitanie – « Repères » January 2018

<sup>7</sup> Source : INSEE, Occitanie compared to other *régions* – March 2017

<sup>8</sup> Source : INSEE, Occitanie key figures 2017

<sup>9</sup> Source : INSEE, An approach to precarity in Occitanie – March 2017

<sup>10</sup> Source : DIRECCTE Occitanie, Key figures 2018

<sup>11</sup> Région Occitanie website

<sup>12</sup> Source : INSEE, regional GDP 1990 to 2015

- 3.7% of GDP dedicated to R&D (2014): 1st French *région* in this area<sup>13</sup>,
- 13.7 billion euros in turnover from agricultural and agro-food sectors (1<sup>st</sup> bio *région*, 1<sup>st</sup> wine growing *région*)<sup>14</sup>,
- ≡ 4<sup>th</sup> mainland French *région* in terms of tourism and 1<sup>st</sup> in terms of camping/caravanning sites<sup>15</sup>,
- 3rd *région* in terms of ESS employment (social and solidarity economy) as a proportion of total employment<sup>16</sup>,
- 2.22 million salaried and non-salaried employees (of which 1.9 million salaried, or 8% of national salaried employment) (2014)<sup>17</sup>,
- 2<sup>nd</sup> French *région* for agricultural employment (140,000 permanently active)<sup>18</sup>,
- 3<sup>rd</sup> highest *région* for unemployment: 10.7% of the active population (Q1 2018)<sup>19</sup>,
- 16.7% of the population under the poverty threshold in 2012 (14.1% on average in the provinces)<sup>20</sup>,
- 1<sup>st</sup> *région* in terms of business creation: 15.2%,
- **Training**
- 1 million pupils in 7,500 primary, middle and high schools<sup>21</sup>,
- 2nd provincial *région* by number of students: 240,000 students in 2015<sup>22</sup>,
- More than 60,000 trained job-seekers, all schemes combined (2015),
- Around 34,000 apprentices and 14,000 persons in public health and social training<sup>23</sup>

## 2.1 A dynamic region enjoying a privileged geographical location

The Région Occitanie lies between Nouvelle-Aquitaine to the west, the *région* Provence-Alpes-Côte d'Azur to the east and Auvergne-Rhône-Alpes to the north.

Bordering two countries to the south, Spain and Andorra, it is delineated to the south-east by the Mediterranean Sea and to the east by the Rhône.

Second *région* in France in terms of surface area (72,724km<sup>2</sup>), larger than 13 of the 28 EU member States<sup>24</sup>, including Ireland, and with almost 5.8 million inhabitants (2015), the *région* comprises 13 *départements* with contrasting geography and employment zones of diverse economic profiles.

<sup>13</sup> Source : INSEE, Occitanie compared to other *régions* – March 2017

<sup>14</sup> Source : DRAAF Occitanie -2016 data

<sup>15</sup> Source : INSEE « Conjoncture Occitanie » – No. 13 May 2018

<sup>16</sup> Source : « Chambre régionale de l'économie sociale et solidaire Occitanie » 2017 (INSEE data)

<sup>17</sup> Source : Préfecture of the Région Occitanie – « Repères » January 2018

<sup>18</sup> Source : DRAAF website - 2016

<sup>19</sup> Source : INSEE website

<sup>20</sup> Source : INSEE, local social and fiscal database 2012

<sup>21</sup> Source : Academy of Toulouse website, Occitanie academic *région*

<sup>22</sup> Source : Academies of Toulouse and Montpellier websites

<sup>23</sup> Source : DIRECCTE Occitanie, Key figures 2018

<sup>24</sup> Source : Préfecture of the Région Occitanie – « Repères » January 2018

The Région Occitanie numbers almost 5.8 million inhabitants<sup>25</sup>, making it the fifth most populous *région* in France.

The Région is characterised by strong demographic dynamism, boosted by its positive net birth/death and migration rates.

**51,400 new inhabitants on average, of which 20,000 active, arrive each year in the Région.** INSEE forecasts confirm this trend over the next five years. The majority of new arrivals head for the Toulouse and Montpellier agglomerations<sup>26</sup>.

53% of the population is concentrated in the towns, with 18 urban centres and 2 *Métropoles*.

## 2.2 A *région* open to the world

### An attractive export region

The Région Occitanie is the 1st French *région* in terms of trade balance (9.4 billion € in 2015), thanks to the agro-food and aeronautical industries which contribute 68% of the *région*'s exports in terms of value<sup>27</sup>.

It is the 4th highest export *région* in France in 2015 (55.7 billion €, or 12.5% of national exports)<sup>28</sup>.

It was also the 4th *région* for Direct Foreign Investment projects in France in 2015 with the particular feature that it attracts proportionally more projects for the establishment of R&D centres, which is a comparative long term advantage. In 2015, 900 foreign firms were located in the Région and employed 44,000 staff (end of 2015).

The Région's human capital (the second largest university centre in France outside Ile-de-France<sup>29</sup>), its attractiveness for R&D centres, the presence of high-profile structural sectors such as the aeronautical, space, biotechnology or viticulture industries are the main reasons underlying the Région's attractiveness.

The Région Occitanie is far from Paris but at the same time forms a crossroads, lying on both the North-South and East-West routes to southern Europe.

Nine airport platforms (including two international airports - Toulouse (9.2 million passengers in 2017) and Montpellier - and a network of smaller airports - Carcassonne, Tarbes, Perpignan, Castres, Rodez, Béziers, Nîmes) – mesh the territory with a traffic of nearly 12 million passengers per year<sup>30</sup>.

The Région also enjoys good rail access with 2,900 km of rail lines, used daily by 540 regional trains together with the TGV reaching as far as Montpellier<sup>31</sup>.

As for the road network, it includes 49,850 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 attractiveness.

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<sup>25</sup> Legal population at 1 January 2015 ; source INSEE, decree N°2017-1873 of 29 December 2017.

<sup>26</sup> Source : INSEE contrasting demographic dynamics (December 2017)

<sup>27</sup> Source : Occitanie Chamber of Commerce– 2016 data

<sup>28</sup> Source : Occitanie Chamber of Commerce– 2016 data

<sup>29</sup> Ministry for Higher Education and Research–2016 data

<sup>30</sup> Source : Occitanie Chamber of Commerce– 2017 data

<sup>31</sup> Source : Préfecture of the Région Occitanie – « Repères » January 2018

## **A heavily tourist *région***

**The Région Occitanie is the 1st *région* in France in terms of room capacity and French tourist visitor numbers**, and it boasts a diversified range of tourism products.

With 14 billion euros in tourism consumption, or 10% of the Région's GDP (7.4% nationally<sup>32</sup>), 108,000 jobs and 1.42 billion euros of investment in 2015, the tourism economy is the 2<sup>nd</sup> largest industry in the Région. Also, tourism is at the crossroads of the economy and development of urban, coastal, rural or mountain areas.

Given its strengths in terms of heritage, gastronomy and landscape and its diversity, the Occitanie Region believes that it possesses all the qualities to become one of the leading European tourist destinations, whether for its coast, countryside, thermal spas, towns or mountains (and will be among the Top 10 tourist destinations by 2021).

## **A coastline favourable to the development of economic activity**

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.

Whether for its tourism activities with 4 million tourists visiting the coast in 20 tourist resorts and 70 marinas<sup>33</sup> (both on sea, lake and river) offering 30,000 moorings including Port Camargue, the largest marina in Europe; whether for its yachting and water sports sectors, with nearly 1,800 companies and 8,000 jobs; whether for its 4 commercial ports including the river port of Laudun L'ardoise, the port of Port Vendres and the 2 regional ports which are essential elements of the Région's economic activity in particular because of their multimodal nature (railway lines, highways and canals); lastly, whether for its fishing activities (fishing, shellfish cultivation) with 4 auction markets and 70 landing points.

The ports of Sète-Frontignan and Port la Nouvelle are respectively the 10th and 20th largest French ports accounting for 3.8 M tonnes and 1.7 M tonnes<sup>34</sup>. The Région has invested more than 200 M€ in its ports in the last 10 years; their infrastructure will now enable them to grow more rapidly.

The challenge for the port of Port La Nouvelle is to prepare for the arrival of the pilot offshore floating wind farms for which two sites have been selected off the Région's coast.

## **Structuring agricultural and agro-food activities**

**2<sup>nd</sup> largest agricultural région in France in terms of total agricultural land**, the Région Occitanie is leader in the wine-growing sector (1<sup>st</sup>, one third of French production), vegetables (1<sup>st</sup>), livestock (1<sup>st</sup> ovine herd) and fruit (2<sup>nd</sup>). Agricultural activity covers 3.5 million hectares, or 47% of the Région's territory<sup>35</sup>.

Like its geography, the Région's agriculture is diverse: mountain cattle or sheep farming (Pyrénées, Massif Central), pastoral dry hill/limestone plateau farming (Aveyron, Lozère ...), Languedoc winegrowing, 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 240 official labels of quality and origin (**SIQO**) which both helps increase production value and offers ways of communicating on the Région's terroir image.

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<sup>32</sup> Source Direction Générale des Entreprises, Finance Ministry – 2015 data

<sup>33</sup> Source : DIRECCTE

<sup>34</sup> Source : site : [https://www.lantenne.com/Les-ports-francais\\_a14374.html](https://www.lantenne.com/Les-ports-francais_a14374.html) –2016 data

<sup>35</sup> Source : DRAAF –2017 data

The Région is in this respect the **No. 1 European region by number and diversity of SIQO**<sup>36</sup>, which has been awarded to 42% of the agricultural producers in the Région.

The Région also stands out in terms of its approach to Organic Farming: in France, nearly one hectare in four and one in five organic producers lie within the Région Occitanie<sup>37</sup>. Finally, with one in five producers already commercialising through **small distribution channels**, the Région has great potential to meet the growing societal demand for "buy local", a demand that could prove to be an important driver of growth (and added value) for the regional agriculture and agro-food 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 may constitute an additional asset to conquer markets, both local to international.

**Agriculture in the Région Occitanie represents 75,530 regional agricultural holdings** which are based on sectors organized around cooperative marketing entities and a local fabric of primarily artisanal processing facilities: more than 7,000 agro-food companies, mainly very small enterprises (TPE) and small or medium-sized enterprises (PME) in all food sectors.

**The agricultural and agro-food sector in the Région Occitanie represents 13.7 billion euros in turnover and 164,000 jobs.**

With 140,000 permanent and seasonal agricultural employees, the Région is the second largest French *région* employing agricultural labour (4% of regional employment compared to 3% nationally)<sup>38</sup>, which represents a significant source of non-relocatable skilled and unskilled jobs.

### **The woods and forestry sector, a 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)<sup>39</sup>. 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 contracts) and non-relocatable jobs, as well as an annual turnover of more than €5 billion<sup>40</sup>.

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 societal expectations in terms of sustainable development (zero-waste through potential valorisation of all by-products, dry sector, carbon storage).

## **2-3 Innovation and industry**

**No. 1 région in France for R&D expenditure as a proportion of GDP** (3.74% in 2014), the Région Occitanie boasts strength in research and development.

Companies contribute most towards research and development, especially in aerospace but also the chemistry and pharmaceuticals sector. The public authorities' contribution to research (1.5% of GDP) is also the largest of the French *régions*<sup>41</sup>. In absolute terms, it is the 3rd *région* in France (€ 5,649m),

<sup>36</sup> Source : <https://www.irqualim.fr/espace-presse/dossiers-de-presse/occitanie-leader-des-siqo-en-europe-2017> data

<sup>37</sup> Source : Site [www.agencebio.org/la-bio-en-france](http://www.agencebio.org/la-bio-en-france) –2017 data

<sup>38</sup> Source : Préfecture of the Région – « Repères » – January 2018

<sup>39</sup> Source : DRAAF

<sup>40</sup> Source : Occitanie regional Chamber of Commerce –2015 data

<sup>41</sup> Source : INSEE Occitanie compared to other mainland régions– March 2017

and the 6th in Europe<sup>42</sup>. In 2012, the Région ranked 5th for French technological output based on patent applications lodged with the European Patent Office.

It relies for this on a training, higher education and research apparatus. The Région Occitanie has the benefit of two major university hubs around the cities of Toulouse and Montpellier, five medium sized universities (Albi, Alès, Nîmes, Perpignan and Tarbes), and fifteen local university campuses.

The Région has more than 240,000 registered students in 2015<sup>43</sup>, of which 78% at the two city hubs, which are structured around a campus policy (COMUE Languedoc-Roussillon Universities; COMUE Federal University of Toulouse). The proportion of higher education graduates is slightly above the national average with 27.3% in the Région Occitanie compared to 27.1% in mainland France in 2013.

Higher education institutions are attractive because the student population grew by 12% between 2006 and 2013, and is expected to grow by 13.6% by 2024<sup>44</sup>.

Access to higher education in the Région is also unique as, in addition to the two *métropole* universities, there are 20 higher education and research centres throughout balancing university towns (*villes universitaires d'équilibre*).

The Région is also home to an important research apparatus with numerous major research organisations (CNES, ONERA, CNRS, INSERM, INRA, CEA, CIRAD, IRD, BRGM...).

There are close to 29,403 researchers (equivalent full time in 2012) and 1,405 PhD doctors making it in 2012 the 3rd French *région* (behind Ile-de-France and Rhône-Alpes Auvergne)<sup>45</sup>.

The Région's results in the Future Investment Programme (PIA) underlines the quality of the scientific activities of operators across a wide spectrum of disciplines (more than 100 projects), and particularly in the scientific fields of energy, the environment, health biology and biotechnology and digital sciences.

The Région's performance in terms of innovation makes the Région one of the most innovative in Europe.

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

The share its industry represents as a percentage of France as a whole (6.9%) has thus increased by 1.1 point since 2011<sup>46</sup>.

The Région plays host to a number of **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. The aeronautical (61,000 posts), space (10,000 posts) and embedded systems (20,000 posts), agro-food and agro-industry (30,000 posts) sectors, as well as the health and biotechnology (20,000 posts) and digital (46,000 posts) sectors, are symbolic in this respect<sup>47</sup>.

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, agro-food and agro-industry sectors. These include e-health and the silver economy, robotics and drones, the bio-

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<sup>42</sup> Source : INSEE Occitanie compared to other mainland régions– March 2017

<sup>43</sup> Source : Préfecture of the Région – « Repères » – January 2018

<sup>44</sup> Source : Forecasts of the Ministry for Higher Education, Research and Innovation

<sup>45</sup> Source : Ministry for Higher Education, Research and Innovation

<sup>46</sup> Source : Occitanie regional Chamber of Commerce

<sup>47</sup> Source : Préfecture of the Région – « Repères » – January 2018

economy and green chemistry, eco-industries, automotive and rail, recreational navigation and audio-visual.

From a more local perspective, there are also more specialized sectors that do not have the same critical mass or the same market outlook as the former, but on the other hand are highly significant for the Région. These include, for example, the wood, textile, ceramics, cosmetics and wellness, granite, leather sectors and the mobility sector.

The Région Occitanie retains an industrial footprint even if employment and value-added production in the Région are primarily driven by service activities, especially non-manufacturing activities (69% of regional employment). **Retail, artisanal, medico-social and social and solidarity economy activities in particular are well established.**

## **2-4 – Development of skills and qualifications**

**The level of training of the Région Occitanie population has increased overall since 2007, especially in higher levels I, II and III**

Between 2007 and 2012, the **level of training of the population has increased** in levels I, II (16.9% or 562,177 individuals in 2012) and III (20.2% or 548,510 individuals in 2012)<sup>48</sup>.

The percentage of higher education graduates (1,151,937 individuals<sup>49</sup> in Région Occitanie) is slightly above the national average (27.3% in the Région Occitanie, 27.1% in mainland France in 2013); the Région Occitanie's institutions award 10% of the number of doctorates nationwide; the doctoral academies of Toulouse and Montpellier accept on average 40% of international doctoral students.

Also, it is noteworthy that the number of trained apprentices (34,000 in 2015 of which 30% are women) has increased by 22% since 2004 which makes the Région one of the most dynamic in France in terms of the increase in the number of apprentices<sup>50</sup>.

As regards ongoing training for jobseekers, 60,000 individuals, of which 1/3 young persons under the age of 25 and 40% women, received training in 2015 all schemes combined<sup>51</sup>.

## **3. Financial information on the Région Occitanie**

### **3.1 Fiscal and budgetary system**

#### **3.1.1 The accounting and budgetary framework**

##### **(a) Principles**

The accounting classification applicable to Régions is M71, which was first introduced in 2005.

M71 forms part of an overall process for modernisation of the local authority budgetary and accounting system, which began in 1996 with M14 for *communes* followed by M52 in 2001 for *départements*.

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<sup>48</sup> Source : CARIF-OREF OCCITANIE

<sup>49</sup> Source : INSEE RP 2013 (latest available census)

<sup>50</sup> Source: ONISEP

<sup>51</sup> Source: Région Occitanie website

The new budgetary and accounting instruction harmonises regional accounting with the 1982 general chart of accounts, as revised in 1999, and with European and international accounting standards.

Local authority budgets, like the State budget, must observe certain basic principles

- **Annuality**, which requires that:
  - the budget must be prepared for a period of twelve (12) months from 1 January to 31 December; and
  - each local authority must adopt its budget for the following year before 1 January, with an additional time period granted by law until 31 March of the relevant budget year, or until 15 April in local assembly election years.

However, the law of 26 August 2005 on the simplification and reform of local authority budgetary and accounting rules significantly relaxes this principle by expanding multi-year budgeting mechanisms;

- **Budget balance**, which requires a balance between the local authority's income and expenditure, and between various components of the budget (operating and capital components);
- **Unity**, which means that all income and expenditure must be included in a single budgetary document, the local authority's general budget. However, other "ancillary" budgets may be added to the general budget to provide a record of the activities of certain departments. The industrial and commercial public services managed directly by the local authorities must mandatorily appear in an ancillary budget;
- **Universality**, which implies that:
  - all expenditure and income must be shown in the budget in full without amendment. This supports the requirement for a true and fair presentation of budget documents;
  - income is employed to finance expenditure without distinction. This is the principle of universality of income; and
- **Specificity of expenditure**, 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.

**(b)** Budgetary documents

Several budget documents are prepared, first upon initial forecasting and thereafter on execution of the approved credits.

The local authority budget cycle is as follows:

	BUDGET FOR YEAR Y	EXECUTION	
YEAR Y	PRIMARY BUDGET • Voted before 1 January (may be adopted until 31 March)	• From 1 January to 31 December for capital section • From 1 January to 31 January of the following year for operating section ("additional" period from 1 January to 31 January of Y + 1)	
	REVISED BUDGET • If necessary, when results of the previous year are known.	<b>ACCOUNTING</b>	
	ADJUSTMENTS at any time after the primary budget is voted	From authorising officer <input type="checkbox"/> budgetary	From accountant/treasurer <input type="checkbox"/> assets (treasury, third party)
YEAR Y+1	<b>ADJUSTMENTS</b>	<b>culminating in:</b>	
	Permitted <b>until 21 January</b> to adjust the credits required to authorise payment of committed operating expenditure and execution of balancing ( <i>d'ordre</i> ) transactions.	<b>Administrative account</b>	<b>Management account</b>
		<b>Accounts closed after the additional period</b>	

Source: Bercy Colloc.

The **primary budget** is the first mandatory step in the local authority's annual budget cycle. From an accounting point of view, the budget is divided into two parts, an **operating section** and a **capital section**. Each of these sections must **balance**, with income equalling expenditure. Schematically, the operating section covers all income and expenditure required for the **day-to-day running** of the local authority's services.

The operating section covers:

- all expenditure required to run the local authority (general expenses, payroll, day-to-day management, interest charges, depreciation and provision expense, etc.); and
- all income received by the local authority from expense transfers, provision of services, State endowments, taxes and duties, and, if relevant, any writebacks made by the local authority for provision or depreciation.

Any surplus of income over expenditure, derived in the operating section, is applied in priority towards the repayment of any debt contracted by the local authority, the remainder constitutes **net internal financing** which is used to finance the local authority's planned capital expenditure.

The capital section presents new and existing capital expenditure programmes.

The capital section includes:

- expenditure: repayment of principal on debt, local authority equipment expenditure (works in progress, operations on behalf of third parties, ...) capital grants paid; and
- income: actual capital income (State endowments, tax and various contributions) and borrowings.

The capital section is by nature the component used to modify or enhance the local authority's assets.

The supplemental budget or amendment decisions are used to adjust, during the budgetary year, the income and expenditure adopted in the primary budget.

At the close of each budget period, i.e. 31 January of year Y+1, the **administrative account** is prepared.

**The administrative account:**

- reconciles budget forecasts or authorisations (at chapter or article level depending on the measures adopted when the primary budget was voted) with actual expenditure (*mandats*) and income (*titres*);
- presents the accounting results for the year; and
- is submitted by the authorising officer to the assembly for approval and is adopted definitively by vote of the assembly before 30 June of the following year.

The administrative account must be consistent with the management account produced by the public accountant, who is responsible for paying the local authority's expenditure and collecting its income.

This operating method, which is based on the principle of segregation of authorising officer and accountant (defined by the decree No. 2012-1246 of 7 November 2012 relating to public budgetary and accounting management), means that the public accountant is the sole person with power to manage the public purse and perform external controls on the regularity of payment instructions issued each year by the local authority.

**Contracting with the State (“contractualisation”):**

The law no. 2018-32 dated 22 January 2018 on the 2018-2022 public financing programme provides for a “local authority contribution of 13 Bn € towards the national effort to reduce the public deficit and control over public spending”.

In this regard, the Région Occitanie was one of the 322 local authorities invited to contract with the State. The law defines an objective for capping actual operating expenditure, measured in terms of absolute value, from 2018 to 2020 with 2017 as the benchmark year. Since no contract was signed as of 30 June 2018, a prefectural order shall define the maximum annual level of operating expenditure for the financial years 2018, 2019 and 2020.

To determine the annual amount of the cap, the law applies a rate of increase of 1.20% to 2017 “trimmed” actual operating expenditure (on the basis of 100 after accounting adjustments). The law and the inter-ministerial instruction dated 16 March 2018 specify that this norm may be adjusted upwards or downwards to take into account three factors characterising specific local traits (+/- 0.15% for each criteria): average annual change in population between 2013 and 2016, average income per inhabitant and average annual change in operating expenditure 2014-2016 (compared with the national average).

Each year, the *Préfet* will organise a meeting to determine the difference between the actual operating expenditure cap and actual expenditure realised before analysing the underlying reasons. As regards the régions, article 29 of the law authorises two adjustments: full financial year (2018) transfer of schools transport powers and a potential increase in European funds.

Failure to comply with the fixed objective leads to a financial penalty, involving a reduction of the funding paid by the State in the following year by an amount equal to 75% of the excess expenditure recorded in the administrative account compared to this new norm (100% of this surplus if no contract is signed with the State), capped at 2% of actual operating revenue.

Finally, the law also defines a trajectory to improve solvency (debt repayment capacity) if the cap of 9 years for régions is exceeded. With regard to the Région Occitanie, this indicator is slightly lower at 4 years as of 31 December 2017, and therefore this point is not material to it.

A report will be prepared on this “*contractualisation*” measure which will be published each year by Parliament and the local finances Committee.

(c) Accounting controls

The decentralisation laws have radically modified the relationship between the State and local authorities.

The law of 2 March 1982 abolished all *ex ante* control over local authority acts, which are now fully binding as soon as published or notified and transmitted to the *Préfet*, who is the State's representative in the *département* or *région*. However, proper controls are an essential counterbalance to these new responsibilities.

There are four types of controls:

- control of legality is based on three principles:
  - local authority acts are immediately binding as soon as they have been published or notified and, in some cases, transmitted to the State's representative;
  - control is performed *ex post* and only concerns the legality of the acts not their appropriateness;
  - the State's representative refers acts he considers unlawful to the administrative judge who has sole authority to determine whether or not they should be annulled;
- budgetary control is performed *ex post* by the State's representative (the *Préfet*), who must refer any contentious budget documents to the regional audit office (*Chambre Régionale des Comptes – CRC*). The CRC issues an opinion and the *Préfet* is responsible for taking direct remedial measures based on the court's opinion.

Budgetary control is exercised in five circumstances: failure to vote the budget within the legal time period, non-balanced budget, failure to register mandatory expenditure, rejection of the administrative account by the deliberative assembly or administrative account in deficit;

- control by the public accountant: since the public accountant has sole power over the public purse, he has sole authority and responsibility, subject to the controls he is required to perform, to collect income and pay expenditure within the limits of the budget set by the deliberative assembly; he also keeps a management account in which all the local authority's expenditure and income are recorded; and
- jurisdictional control is exercised by the CRC: it has authority at first instance to rule in respect of the accounts of the local authorities and public bodies within its jurisdiction.

The CRC is responsible for verifying the regularity of the accounts and that the accountants have properly performed their duties. They may be held personally and financially liable by the CRC judge.

Finally, if the CRC finds that any unauthorised persons have been involved in handling the public purse, it may declare those persons to be *de facto* accountants and require them to produce an account which will then be judged.

### 3.1.2 Région Occitanie income

The Région receives several types of income.

#### (a) Direct and indirect tax revenue

Direct taxation of the *régions* Languedoc-Roussillon and Midi-Pyrénées (now Région Occitanie) was comprised, until 2009, of three local taxes: professional tax (*taxe professionnelle*), built property tax (*taxe sur le foncier bâti*) and bare land tax (*taxe sur le foncier non bâti*) (the regional element of the residence tax (*taxe d'habitation*) was abolished for *régions* by the rectificatory finance act of 13 July 2000 and offset by a portion of the global operating endowment (**DGF**)).

The 2010 finance act reformed local taxation by abolishing the professional tax as of 1 January 2010. *Régions* no longer benefit from land and property taxes (*taxes foncières*) since 1 January 2011.

In 2017, tax revenue received by the *régions* evolved once again: the transfer of “transport” powers from *départements* to the *régions* (introduced under the NOTRe Law) occurred simultaneously with the **reform of the distribution of the business value added contribution (Cotisation sur la Valeur Ajoutée des Entreprises or CVAE)**: the 2016 finance law raised from 25% to 50% the share of regional CVAE revenue allocated to *régions* as from 1 January 2017, and, correspondingly, reduced the share allocated to *départements* from 48.5% to 23.5%.

#### 1. Direct regional taxation now comprises:

- a portion now equal to 50% of the **CVAE**,
- the national individual revenue guarantee fund (*Fonds National de Garantie Individuelle des Ressources* or **FNGIR**), introduced to maintain tax revenue at its 2010 level,
- the network companies fixed levy (*Imposition Forfaitaire sur les Entreprises de Réseaux* or **IFER**) based on the rolling stock used on the national passenger rail network. The amount of the tax is set depending on the relevant category of rolling stock and the revenue from the tax is distributed among the different regions on the basis of the reservations of actual train kilometres made with the French rail network (*Réseau Ferré de France*),
- the IFER, relating to the main distribution frames (tariff per line in service), the switched telephone network subscriber connection units and subscription cards,
- since 2016, a part of the **local taxation management fees** collected by the State in respect of local tax raised, as compensation for the abolition of endowments paid for vocational training,

- following the reform of vocational training and apprenticeship funding in 2014 and 2015, the Région receives 51% of the **apprenticeship tax** revenue.

CVAE is paid by non-agricultural companies with turnover exceeding €500,000 (the threshold for tax declaration is €152,000).

The gross amount of the contribution is equal to 1.5% (single national rate) of the added value generated by the company. However, this rate is applied progressively by reference to turnover, after the tax rebate applied by the State.

CVAE is a reverse-charge tax paid by companies, which do not receive a tax bill for it. Payment is made in instalments<sup>52</sup>.

In 2018, CVAE revenue comprised:

- the balance of the CVAE in respect of added value generated in 2015, paid by companies to the State in 2017,
- two instalments of 50% in respect of added value generated in 2016, paid by companies to the State in 2017.

Since 2017 and the transfer of powers in matters of school and interurban transport from *départements* to *régions*, the latter may receive a CVAE compensation allowance: this new income derives from the compensation paid by *départements* to the Région when the transfer of 25% of the 2016 regional CVAE revenue does not cover the full cost of the transferred school and interurban transport powers.

This compensation is fixed once the cost of the transferred power has been determined definitively.

Where the cost of transferred powers is less than 25% of 2016 regional CVAE revenue, the Région must make a payment to the relevant *départements*. This “CVAE compensation award” is accounted for in the expenditure section under “income mitigation”.

2. In terms of indirect tax revenue, the Région receives:

- vehicle registration tax (*carte grise*), currently set at a unitary rate of €44 per tax horse power (“clean” vehicles are exempt);
- the internal energy products consumption tax (*TICPE*), designed to finance the transfer of powers under the 13 August 2004 law on local freedoms and responsibilities. The TICPE has changed considerably since 2015 and comprises several elements, representing:
  - the financing of powers transferred under the 13 August 2004 law on local freedoms and responsibilities,
  - the financing of powers transferred in 2015 in respect of vocational training and apprenticeships,

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52 First instalment on 15 June of the tax year for 50% of the CVAE amount of the previous year and second instalment on 15 September for the remaining 50%. If any further amount is due, it is paid with the annual tax declaration the following year.

- the financing of powers transferred by the MAPTAM and NOTRe laws.

On a constant modulation basis, TICPE income varies depending on compensation rights, on the one hand, and on the other, the variation in sales of fuels across the Région.

- Since 2018, *régions* are allocated a portion of the VAT received by the State. To off-set this, the Région's share of the global operating endowment (DGF) has been cancelled.

**(b)** State funding

These are the endowments paid by the State to *régions* such as:

- The general decentralisation endowment (**DGD**) (to compensate for expense transfers in respect of high schools and civil aerodromes, in particular),
- the compensation endowment for professional tax reforms (**DCRTP**); and
- the endowment for loss of local direct tax compensation (e.g. compensatory allowances)

These endowments were supplemented on an exceptional basis in 2017 by a contribution from the regional development support fund (*Fonds de soutien à l'action de développement économique des régions*).

**(c)** Other operating income

This concerns above all the income from the Région's various holdings and income from services and land.

The Région also receives:

- contributions from European funds (ERDF, ESF, EAFRD and EMFF in particular),
- contributions from users of school catering and accommodation services (charged by the schools and transferred to the Région), etc,
- operating income (transport), and
- miscellaneous income.

**(d)** Capital income, excluding borrowing

The three main sources of capital income (excluding borrowing) are:

- the "Grenelle uplift for regional TICPE",
- the regional schools' equipment grant (**DRES**) to offset a proportion of *régions*' expenditure under their powers in respect of building and equipping schools,
- the VAT compensation fund (**FCTVA**), relating to the State's reimbursement of a portion of the VAT paid by the Région on its previous year's capital expenditure, and

- various contributions.

These sources of income, together with net savings and borrowings, finance the Région's capital expenditure.

### 3.2 The Région's indebtedness

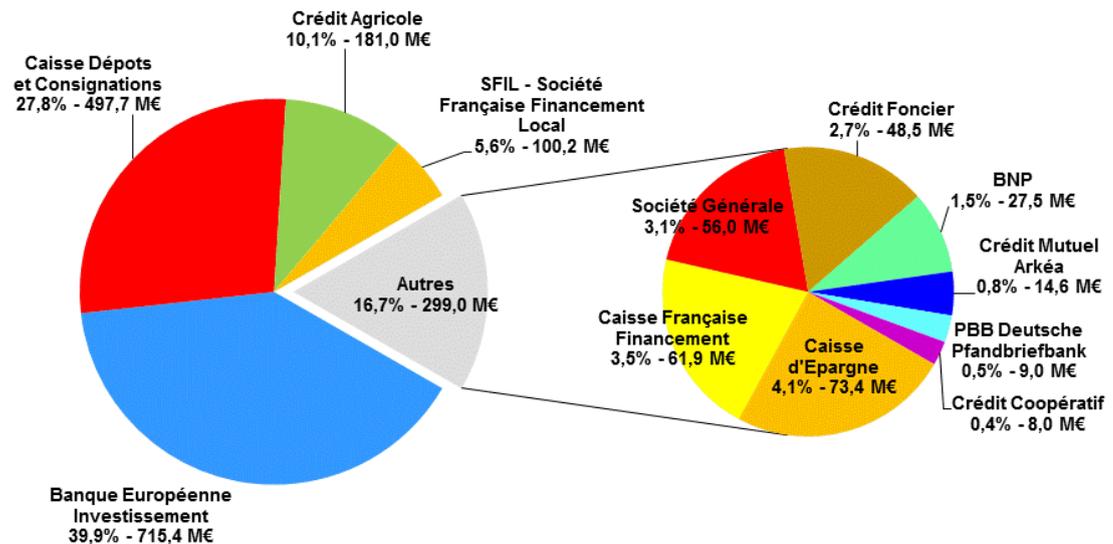
The Région Occitanie's policy in this area is informed by the desire to control the level of utilised borrowing, to limit the cost of new borrowings and to contain debt service, in order to devote its available resources in priority to the Région's devolved areas of responsibility.

The long-term financial instruments used by the Région Occitanie are in large majority bank loan agreements.

Its principal lenders, as at 30/12/2017, are the European Investment Bank and Caisse des Dépôts et Consignations.

The former Région Languedoc-Roussillon launched a bond issue of 14.8 M€ in 2012 which is due for redemption in 2022.

**Breakdown of borrowing by lender at 31 December 2017**



The Région has four long-term revolving credit facilities<sup>53</sup> with CACIB in a total principal amount of 99.49 M€ as at 31/12/2017.

<sup>53</sup> Long-term loan utilisable, except at year end, as a liquidity facility.

The Région Occitanie’s outstanding indebtedness stood at 1,793.3 M€ as of 31 December 2017. During the 2017 financial year, with the aim of covering its financing requirements in the capital section, the Région Occitanie mobilised 275.9 M€ in borrowings by drawing on already existing financial authorisations. These transactions culminated in the signing of five agreements, three with the European Investment Bank and two with Caisse des Dépôts et Consignations. After deducting contractual debt repayments (75.4 M€), outstanding indebtedness increased by 200.5 M€.

Expressed in euros per inhabitant, the Région’s indebtedness represents 310.6 €, which is below average for *régions* (close to 400 € at the end of 2017, excluding off-balance sheet commitments such as Public Private Partnerships and leasing (*crédit-bail*)).

**Change in outstanding debt of the Région (formerly Languedoc-Roussillon and Midi-Pyrénées) since 2014 (as at 31/12 in each year, in M€)**

Outstanding at 31 December	2014	2015	2016	2017
Outstanding debt	1 350.7	1 520, 5	1 592.5	1 793.3
Notional outstanding under leasing agreements for rolling stock	117.4	117.1	116.8	116.4
<b>TOTAL</b>	<b>1 468</b>	<b>1 638</b>	<b>1 709</b>	<b>1909.7</b>

**Portion of investment financed by borrowing**

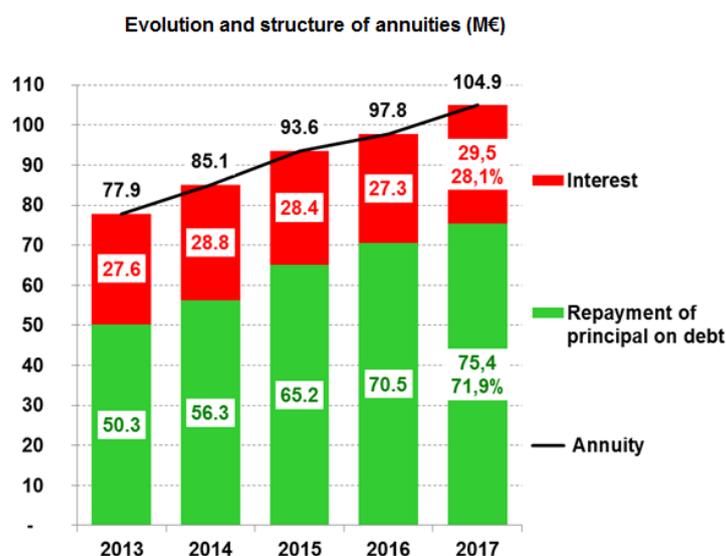
	2013	2014	2015	2016	2017	Total
Capital expenditure (in M€)	965.9	985.8	1024.3	966.7	1 009.7	4 952.4
Net annual indebtedness (in M€)	124.8	153.7	169.8	71.9	200.5	720.8

Net savings and capital income are, together with borrowing, the sources of financing for investment.

Despite the increase in outstanding debt, finance costs are increasing slowly. In 2017, these represent 1.7% of operating expenditure, a level significantly below the average for the *régions* (2.8%)<sup>54</sup>.

Negative interest rates on the financial markets for monetary indices (very short-term), low margins under loan agreements and balanced distribution between fixed and variable interest rates on outstanding debt are the main factors underlying this favourable development.

<sup>54</sup> Source: 2018 report of the “Observatoire des finances locales”



Debt service (104.9 M€) represents 21.4% of management savings, a reasonable level, lower than the regional average (41%)<sup>55</sup>. This means that almost 80% of the surplus generated by the operating section is used to finance investment projects and only 21.4% to cover debt from previous realizations. This ratio illustrates the Region's ability to meet its long-term commitments.

To assess the Region's solvency, debt stock is compared to repayment capacity represented by the gross savings level. The moderate change in outstanding debt combined with the consolidation of internal financing mean the Région is able to maintain its solvency.

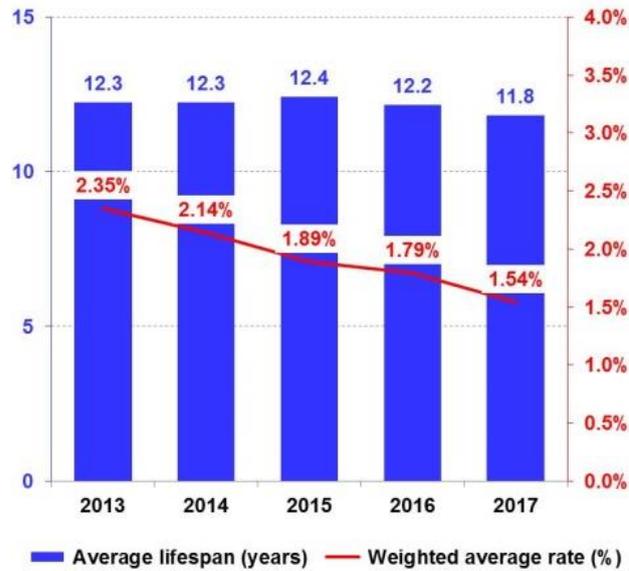
With a debt repayment capacity of just under 4 years, the Région's level is satisfactory compared to the regional average (more than 5 years excluding off-balance sheet commitments) whilst the alert threshold determined in the public finance programming law 2018-2022 is 9 years. This parameter indicates the period theoretically necessary to fully repay debt by allocating all gross savings.

Debt repayment capacity restated for early amortizations as at 31 December (in years)	2014	2015	2016	2017
With leasing agreement	2.90	3.46	3.05	4.1
Without leasing agreement	2.67	3.21	2.84	3.9

Financing budgets and a particularly favourable interest rate environment helped to further reduce the cost of debt with an average interest rate of 1.54%. For comparison, the overall average rate for local authorities is 2.37%.

<sup>55</sup> Source: 2018 report of the "Observatoire des finances locales"

### Average lifespan and weighted average rate

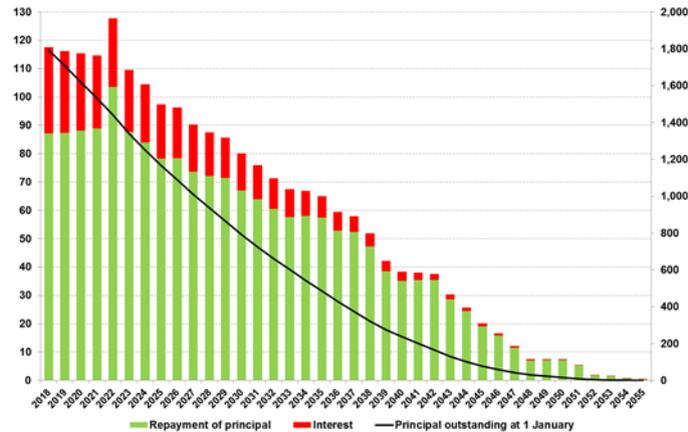


Outstanding debt is divided evenly between fixed rate, modifiable rate and floating rates. Therefore, despite the increase in outstanding debt, finance costs (29.5 M€) are not changing significantly. Regarding the outstanding debt structure, the code of good conduct ("Gissler" charter), confirms, by reference to the risk matrix, the absence of so-called "toxic" high-risk products.

### Distribution of outstanding debt by rate type

Type	Outstanding (M€)	
Classic fixed	919.6	51.3%
Simple barrier	47.7	2.7%
Barrier with multiplier	8.3	0.5%
Bond debt	14.8	0.8%
<b>Total fixed</b>	<b>990.4</b>	<b>55.2%</b>
Variable	603.8	33.7%
Modifiable (Livret A)	199.2	11.1%
<b>Total variable and modifiable</b>	<b>803.0</b>	<b>44.8%</b>
<b>TOTAL</b>	<b>1 793.3</b>	<b>100.0%</b>

## Debt repayment profile in M€



The spike anticipated in 2022 relates to the maturity of a bond issue made in 2012 (14.8 M€) providing for redemption in full at term.

### Latest financing transactions entered into:

Since the beginning of 2018, only one debt management operation has been carried out. This involved utilizing the remaining headroom under the Caisse des Dépôts et Consignations facility, soon to expire, which was applied towards the financing of the "Nimes-Montpellier" rail bypass.

The amount of this loan facility was 21.8 M€ (Livret A + margin).

### Cash flow management

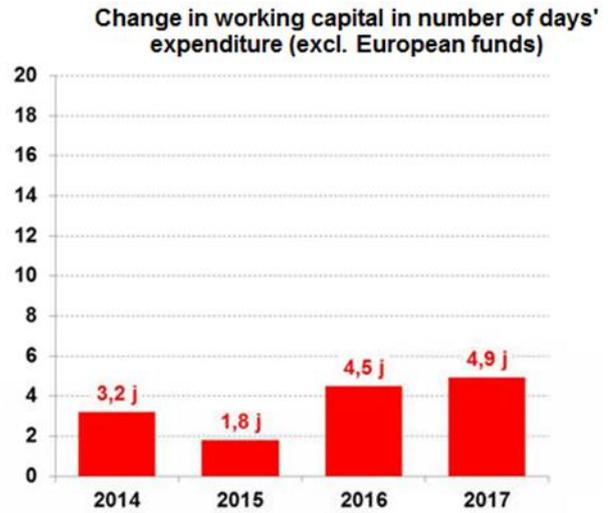
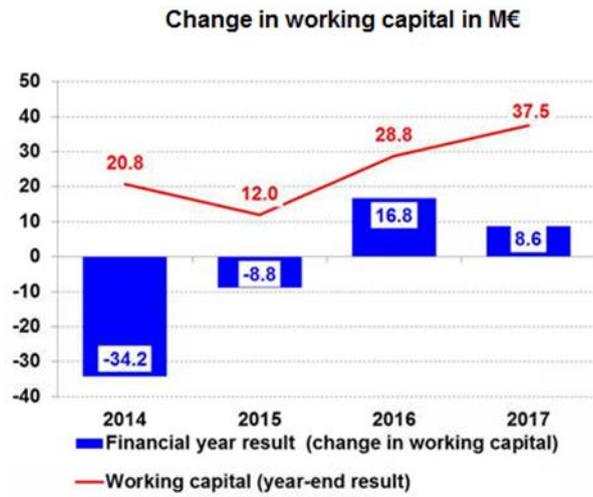
As part of its cash flow management, the Region in 2014 established a programme for the issuance of negotiable debt securities (TCN) in an aggregate amount of 300 M€. By utilising this programme, it was possible to keep finance costs to a minimum and benefit from a very favourable environment.

This programme covered the year's cash requirements, which reached a cumulative amount of 780 M€. Against a background marked by negative short-term interest rates, raising funds on the financial markets in this manner resulted, for the second year in succession, in interest amounting to 0.353 M€ being repaid to the Région by the lending institutions.

Conversely, liquidity facilities negotiated with banks were not utilised.

### Working capital

The result for the year (surplus of income/total expenditure) forms the annual change in working capital. It is partly down to the slight difference noted between borrowings utilized before the end of the financial year and the actual financing requirement determined at the end of the additional one month period (*journée*). At the end of the 2017 financial year, working capital increased by 8.6 M€ to reach 37.5 M€ at closing. This accounts for approximately 5 days of expenditure (excluding European funds). It is justified by the new scale of the Région's budget.



### 3.3 Balance sheet and assets as at 31 December 2017

NET ASSETS <sup>1</sup> in M€	2016	2017	LIABILITIES in M€	2016	2017
Intangible fixed assets	3 206.87	3 329.39	Capital grants, endowments, and global funds	2 030.33	2 166.52
Tangible fixed assets	4 110.63	4 347.69	Capitalised operating surplus	5 323.67	5 497.10
Tangible fixed assets in progress	1 225.22	1 182.23	Financial year result	189.49	67.32
Financial fixed assets	347.81	433.42	Carry forward	12.06	28.92
<b>FIXED ASSETS</b>	<b>8 890.53</b>	<b>9 292.73</b>	Loss/gain on asset disposal	-381.39	-385.86
			Other asset transactions	167.16	167.16
Short term receivables	127.18	146.54	<b>OWN FUNDS</b>	<b>7 341.32</b>	<b>7 541.16</b>
Trésor account	211.60	81.23	<b>PROVISION for risk and expense</b>	<b>16.22</b>	<b>16.24</b>
Transactions on behalf of third parties	65.14	56.07	Transactions on behalf of third parties	20.30	21.62
<b>CIRCULATING ASSETS</b>	<b>403.92</b>	<b>283.84</b>	Borrowings, long-term debt	1 624.60	1 823.99
			Accrued Interest Not Yet Due	5.51	7.18
			Loan and liquidity facilities	200.00	0
			Other short term debts, accounts payable and associated accounts	88.07	166.16
Regularisation accounts	1.7	0	<b>DEBTS</b>	<b>1 938.48</b>	<b>2,018.95</b>
			Regularisation accounts	0.13	0.22
<b>Total ASSETS</b>	<b>9 296.15</b>	<b>9 576.57</b>	<b>Total LIABILITIES</b>	<b>9 296.15</b>	<b>9 576.57</b>

1 – After deduction of amortizations

#### Analysis of assets:

The Région's assets totalled 9 576.6 M€ at the end of 2017 an increase of 3.02% compared to the end of 2016.

#### **Fixed assets (9,292.7 M€ after deduction of amortizations) includes:**

- Intangible fixed assets (3 329.4 M€) mainly comprise equipment grants paid (3 296.3 M€). These grants paid have increased structurally by 120.8 M€ over the period 2016/2017.
- Tangible fixed assets (4 347.7 M€) mainly comprise buildings owned by the Région. The other tangible fixed assets include equipment and moveable property required to deliver the Région's services (high schools, port services...). The buildings and school equipment account for 79.16% of these assets.
- Tangible fixed assets in progress represent 1 182.2 M€ at the end of 2017. Advances paid to agents totalled 95.5 M€.
- Financial fixed assets totalled 433.42 M€. These include repayable advances, loans, deposits and guarantees granted by the Région, amounting to 208.3 M€, including 154.2 M€ in repayable advances, together with rights acquired on the acquisition of equity interests, totalling 225.1 M€ (equity securities and contributions from the various regional economic development funds for businesses).

**Circulating Assets (283.8 M€)** include short term receivables (146.5 M€), funds available in the Trésor account (81.2 M€) and transactions on behalf of third parties (56.1 M€).

#### Analysis of liabilities:

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

**Own Funds (7 541.2 M€)** represent 81.2% of regional investment financing (fixed assets). The high proportion of Own Funds testifies to the solid financial structure of the Region's balance sheet, marked by a strong capacity to self-finance investment.

These own funds mainly consist of capitalized operating surpluses, financial year result and carry forward) of 5 497.1 M€.

Grants and other own capital income (FCTVA, share of TICPE intended for financing of sustainable infrastructure, capital grants received, etc.) amounted to 2 166.5 M€.

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

**Provisions for risk** are recorded under liabilities in an amount of 16.2 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 2 018.9 M€ of which 1 831.2 M€ long-term debt and 166.2 M€ short-term debt.

## **3.4 The Région's off-balance sheet commitments**

### **3.4.1 Leasing**

The former Languedoc-Roussillon region entered into a leasing agreement dated 29 May 2008 to finance 25 TER trains allocated to regional *Train Express Régionaux* passenger services. As of 31 December 2017, the notional value of this agreement translates an outstanding amount of 116.4 M€ for a residual term of 31 years. Interest on the outstanding amount is, in part (34%), at a fixed rate of 2.86% and, for the remainder (66%), at 6 month Euribor plus a margin of 0.05% (an average rate of 0% over the year 2017).

The execution of this leasing agreement resulted in a financial gain of 9.25% of the present value of the purchase price of the trains.

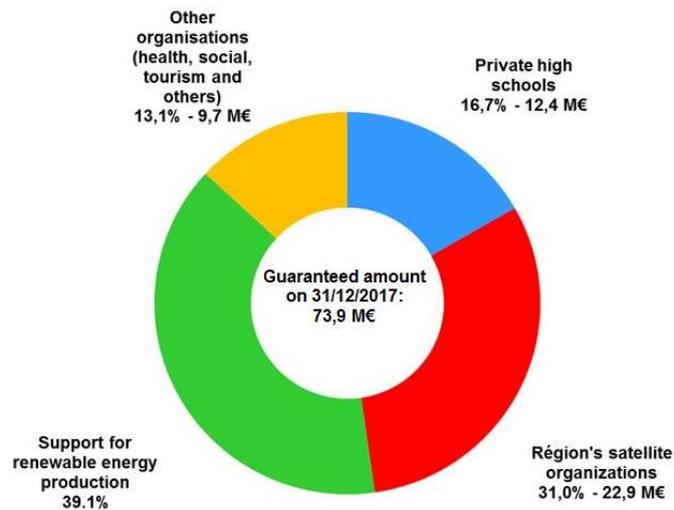
### **3.4.2 Loan guarantees**

Régions may issue loan guarantees for the benefit of public or private bodies under article L.4253-1 of the local authorities' code (*Code général des local authorities territoriales*).

The outstanding debt guaranteed by the Région Occitanie amounted to 73.9 M€ as at 31 December 2017. The decrease observed in 2017 stems from the gradual extinguishment of outstanding loans, the disappearance of various facilities due to early repayments and finally the granting of only four additional guarantees of small amounts, three in the mountain tourism sector and one in favour of a private high school. This outstanding guaranteed debt represents total guaranteed annual payment liabilities of 10.4 M€ (7.9 M€ in principal and 2.5 M€ in interest).

The annual payment liabilities on the Région's own debt when aggregated with those under guaranteed debt represent 4.4% of actual operating income. This level is well below the limit authorised under the prudential rules in the Galland law of 5 January 1988 which sets a limit of 50%. Furthermore, only one call under a guarantee, in amount of 45,016 €, was made in 2017.

### Breakdown of guaranteed debt in 2017



#### 3.4.3 Loans and repayable advances

Repayable advances, at a preferential or essentially nil rate, are a means of financially supporting economic development. The main beneficiaries include projects for innovation, business creation and rehabilitation, modernization of equipment for work and strategic investment.

At the end of 2017, the aggregate outstanding amount of loans and repayable advances stood at 154.2 M€. Of this, 59.4 M€ relates to advances granted to businesses together with advances granted to joint venture structures (*syndicats mixtes*) for the development of economic activity parks (**PRAE**) for a total outstanding amount of 94.8 M€.

### 3.4.4 Other commitments

#### List of joint structures (*syndicats mixtes*) and groupings of which the Région is a member

Joint structures ( <i>Syndicats mixtes</i> ) (article L.5721-2 of the CGCT)	Membership date	Statutory operating contribution	Contributions paid in 2017	
<b>Regional National Parks</b>				
Regional National Park Grands Causses	1995	44%	435 523	
Regional National Park Haut Languedoc	1972	50%	592 000	
Regional National Park Causses du Quercy	1999	54%	422 815	
Regional National Park Pyrenees Ariègeois	2009	50%	399 966	
Regional National Park Narbonnaise en Méditerranée	1995		380 000	
Regional National Park Pyrénées-Catalanes	2003	44,45%	500 307	
Regional National Park Corbières Fenouillèdes			61 250	
Preview of Regional National Park of l'Aubrac			133 056	
<b>Development Transport Economic Action</b>				
Autoroutier A 75	1991	45%	17 100	
EUROCENTRE	1991	8%	0	
Survey and Promotion of the Toulouse Lyon dual carriageway project	1992	45%	0	
Pyrénia Airports Zone Tarbes-Lourdes-Pyrénées	2005	35%	550 717	
Regional Economic Activity Park Aristide Cavaille-Coll (Bédarieux)	2007	Operating grants	30 000	
Regional Economic Activity Park Charles Cros (Limoux)	2007		40 000	
Regional Economic Activity Park Michel CHEVALIER (Lodève)	2008		100 000	
Regional Economic Activity Park Francois ARAGO (Riversaltes)	2007			
Regional Economic Activity Park Humphry DAVY (Alès)	2007		30 000	
Regional Economic Activity Park Jean-Antione CHAPTAL (Mende)	2007		30 000	
Regional Economic Activity Park Joseph MONTGOLFIER (Frontignan)	2007			
Regional Economic Activity Park Marcel BOITEUX (Bagnols sur Cèze)	2007		30 000	
Regional Economic Activity Park Nicolas APPERT (Castelnaudary)	2006			
Regional Economic Activity Park Paul SABATIER (Carcassonne)	2007		30 000	
Regional Economic Activity Park Henri de TOULOUSE LAUTREC (Coursan)	2009			
Regional Economic Activity Park Antoine-Laurent LAVOISIER (Laun)	2008			
Regional Economic Activity Park VIA DOMITIA (Castries)	2006			
Regional Economic Activity Park Pierre-Paul RIQUET (Béziers)	2012		30 000	
Perpignan-Rivesaltes Airport	2006		70%	3 000 000

Multimodal Platform Pyrénées-Méditerranée (MP2)	2012	Operating grants	101 000
<b>Culture</b>			
Modern and Contemporary Art Centre TSE and MP (Les Abattoirs)	1991	40%	1 303 400
Abbaye-Ecole de Sorèze	1993	40%	230 000
Management and Development of the <i>Centre Interrégional de Développement de l'Occitan</i>	1998	50%	500 000
<b>Tourism, Environment, Regional Development</b>			
Valorization of the <i>Pic du Midi du Bigorre</i>	1995	45%	165 600
Development of the <i>Découverte de Carmaux SMAD</i>	3000	40%	1 770 000
Conservatoire Botanique Pyrénéen	1999	15%	76 140
Museum and Garden of the <i>Canal du Midi</i>	2002	70%	190 000
Synd Mixte Etude et Aménagement de la Garonne (SMEAG) - EPTB	1983	30% operating. 31.5% low water support	345 846
Etude et Aménagement du Grand Site de Marciac (SMEAGSM)	2006	40%	0
Grand Site de Rocamadour	2007	45%	0
Syndicat Mixte de Gestion et de Réalisation de l'Opération du Grand Site de la Cité de Carcassonne (SMGROGSCC)	2002		
Syndicat Mixte d'Aménagement du Golfe d'Aigues-Mortes (SMAGAM)	1905		3 000
Syndicat Mixte Autoroute Numérique A 75	2006		
Syndicat Mixte Lozérien de l'A 75	2001	Activity programme initiative	
Syndicat Mixte Interrégional d'Aménagement des Dignes du Delta du Rhône et de la Mer (SYMADREM)	2004	Oper:1/3 shared LRMP/PACA Cap: 30%	360 918

The Région is a shareholder in several semi-public companies (SEM) and limited companies as permitted in accordance with the law (articles L4211-1 and L4253-3 of the CGCT). These equity investments relate mainly to economic development and planning. As at 31 December 2017, the Région is a shareholder in several entities with a total holding of 74.2 M€.

These commitments are detailed below:

**List of entities in which the Région has financial commitments**

Type of legal entity	Name of entity	Objects	Authorised holding at 31/12/2017	Région share-holding as % at 31/12/2017
SEM	SAEML BRL	Regional public water service	14 541 428 €	49.9%
SEM	SAEML Montpellier Events	Theatre management	13 880 102 €	37.7%
SA	IRDI	Venture capital company	14 063 948 €	20.6%
SA	SORIDEC	Regional private equity	5 270 238 €	24.0%
SA	MIDI-PYRENEES CROISSANCE	Assistance in the creation of high-tech companies excluding Toulouse	5 177 595 €	35.9%
SEML	Languedoc Roussillon Aménagement	Conduct of works under Région mandate	5 127 500 €	77.3%
SEM	COGEMIP	Conduct of works under Région mandate	4 182 872 €	85.0%
SA Coop	Sociétés locales d'épargne	Local cooperative societies with no banking activities	1 981 836 €	< 1%
SA	SORIDEC 2	Venture capital company	2 580 992 €	-
SAS	IRDIInoV	Venture capital company	1 200,000 €	-
SEM	SEM Thermale et Touristique d'Ax les Thermes (S.E.M.TT.AX.)	Support for the development of Ax les Thermes	771 925 €	23.6%
SEM	SAEML Sud de France Développement	Economic promotion of regional businesses	769 264 €	74.6%
SPL	SPL d'un Point à l'Autre	Exploitation of transport services	499 939 €	66.7%
SA	FAM (Fonds d'Amorçage Midi-Pyrénées)	Venture capital company	342,000 €	-
SPL	SPL ARPE	Sustainable development	1 112 500 €	-
SAEML	Perpignan St Charles	Land transport auxiliary services	600,000 €	-
SPLA	SPLA Grand Toulouse	Development, Construction	300,000 €	33.3%
SA	SAFER Languedoc Roussillon	Improvement of real estate structures	297 750 €	6.2%
SEM	SMECCEL (Cité de l'Espace)	Tourism	190 225 €	6.2%
SPLA	SPLA Sté d'aménagement de l'agglomération de Montpellier S.A.A.M	Development, construction	178,000 €	10.1%
SPL	SPL Midi-Pyrénées Construction	Development, construction	167 900 €	73.0%
SPL	SPL L-R Agence de développement (LRAD)	Engineering, technical studies	315 700 €	91.7%
SEM	CACG Compagnie d'Aménagement des Coteaux de Gascogne	Development, construction	127 692 €	7.1%
SA Coop	COEPTIS	Higher education	100,000 €	19.5%
SAEM	SAEM du Grand Alès	Commercial real estate (construction, promotion and management)	76 225 €	3.1%
SA Coop	SA Coop IES	Venture capital – solidarity economy	62 624 €	4.5%
SA	SAFER G. H. L.	Agricultural land development in Gascogne and Haut Languedoc	60 960 €	4.6%
SA	SAFER SAFALT	Agricultural land development in Aveyron, Lot, Tarn	45 720 €	9.2%
SA	SCIC REPLIC	Engineering, technical studies	38,000 €	-
SA Coop	ENERCOOP (est)	Electricity generation and trade	25,000 €	-
SA Coop	ENERCOOP (ouest)	Electricity generation and trade	25,000 €	-
SA	SAFER SOGAP Garonne Périgord	Agricultural land development in Garonne Périgord	15 240 €	1.7%
SA	Aéroport de Montpellier Méditerranée SA	Operation, maintenance, promotion of Montpellier airport	9 620 €	6.5%
SA	Société Aéroportuaire de Toulouse Blagnac	Auxiliary air transport services	7 400 €	5.0%
SEM	Sté d'Economie Mixte Equipement Développement Lozère	Tourist accommodation	1 524 €	0.2%
SAS	Sud-Ouest Capital Risque (SOCRI)	Venture capital company	27 €	< 1%
SA	PBI France	PME and TPE financial support fund management	22 €	< 1%

### 3.5 Issuer's long-term rating

The Région, has a long-term rating of AA (stable outlook) issued by the rating agency Fitch France S.A.S. (**Fitch**).

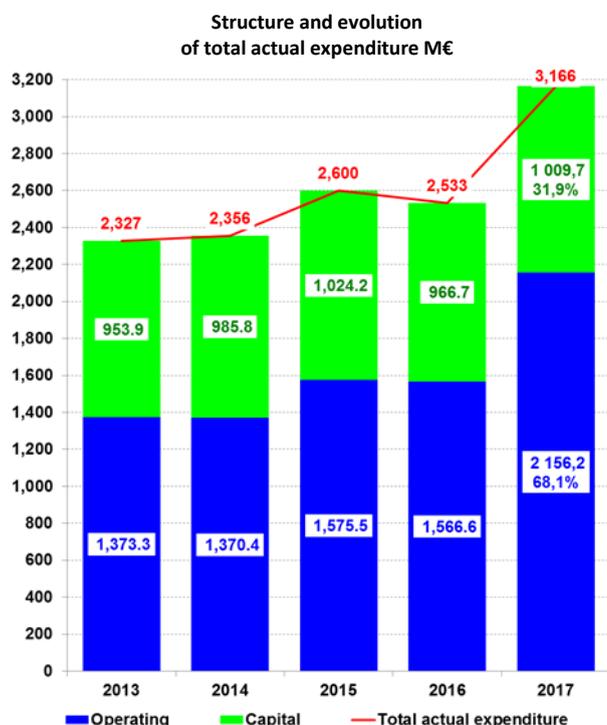
Fitch indicates in its press release of 19 February 2018 that "*Occitanie's ratings take into account its solid management savings rate, which is expected to remain around 20% over the 2017-2020 period and its favourable socio-economic environment. The stable outlook indicates that despite an increase in indebtedness relating to significant anticipated investment over the medium-term, its debt repayment capacity should not exceed 6.7 years in 2020.*"

At the date of the Prospectus, Fitch is a rating agency established in the European Union and registered in accordance with the CRA Regulation and appears on the list of credit rating agencies published on

the website of the European Financial Markets Authority (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.

### 3.6 Retrospective on the Régions accounts

#### 3.6.1 Evolution and structure of the Région's expenditure



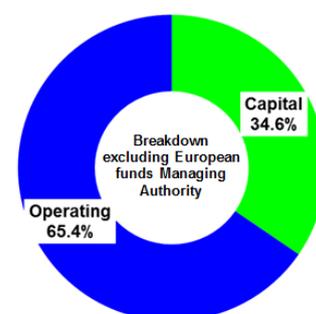
The Région's total expenditure amounted to 3.17 Billion € in the 2017 financial year, reflecting a jump of 25% compared to the previous year. The reasons for this change are many, but these have only a slight effect on the Région's financial equilibrium.

Firstly, 2017 saw an increase in European loans managed within the framework of the 2014-2020 management authorisation (+ 163.7 M€ in combined capital and operating expenditure). The Région picks up the baton from the State in accordance with the "MAPTAM" law for the modernization of territorial public action and the affirmation of *métropôles* dated 27 January 2014. This increase comes for the main part from the rural development fund EAFRD. However, to counterbalance expenditure, the Région receives equivalent income to ensure these measures remain financially neutral.

The change in expenditure is also linked to the exercise of the new powers in matters of inter-urban (1 January

2017) and schools (1 September 2017) transport, transferred from the *départements* pursuant to the "NOTRe" law on the new local authority structure of the French Republic dated 7 August 2015. On the one hand, this transfer of powers generated additional inflows of 195 M€ in respect of powers relating to inter-urban road (full-year) and schools (September to December 2017) transport. Conversely, payments have to be made to certain *départements* totalling 132.7 M€. Indeed, this transfer is financed by the allocation, under its right to compensation, of tax revenue equal to 25 CVAE points, previously received by the *départements*. The adjustment to reflect the actual expenditure cost is made, as applicable, by receipt or payment of financial compensation. Given the complexity of its implementation, the Région has elected, in 2017, to temporarily delegate to the *départements*, the operational exercise of this power. The Région has, by virtue of this legislative development, become a leader in intermodal transport systems.

The increase in 2017 expenditure also results from strengthened economic powers, with the acceptance of responsibility for actions previously carried out by the *départements* in this area (pursuant to the NOTRe law and by virtue of the abolition of the *départements'* and *régions'* general powers clause). As a result of this change, compensatory income from the economic action support fund was received in an amount of 41.4 M€ (distributed over the 2017 and 2018 financial years), income which was not continued by the Government for future years despite the terms of the 2017 budgetary finance law.



It should also be remembered that 2016 expenditure had been reduced by 35 M€ relating to the advance granted to SNCF in December 2015 to ensure regional public train services continued against the background of a merger and the establishment of a single regional paymaster's office.

Finally, regardless of the legislative and institutional changes mentioned above, Région Occitanie's continuing priority is preparing for the future with a level of investment which remains high and is gently growing.

While powers have been progressively transferred, the ratio of operating expenditure to total expenditure has gradually increased to more than 65% in 2017. Nevertheless, the relative weight of capital expenditure, 34.6% of total expenditure, remains very significant. It is an illustration of ongoing desire to provide the Région with the equipment necessary for its future development and to meet the needs of very dynamic demographic growth.

Realization rate for expenditure and income in 2017:

	Forecast (PB + AD*)	Realized (Turnover)	Realization rate
Operating expenditure excluding European funds 2014-2020	1 884 930 261 €	1 820 738 372 €	96.6%
European funds managing authority (operating)	428 365 500 €	335 423 361 €	78.3%
Capital expenditure excluding European funds 2014-2020 and long-term facility (CLTR)	1 118 831 354 €	961 395 013 €	85.9%
European funds managing authority (capital)	114 320,000 €	48 419 046 €	42.4%
<b>Total expenditure excluding European funds 2014-2020</b>	<b>3 003 761 615 €</b>	<b>2 782 133 385 €</b>	<b>92.6%</b>
<b>Total expenditure</b>	<b>3 546 447 115 €</b>	<b>3 165 975 792 €</b>	<b>89.3%</b>

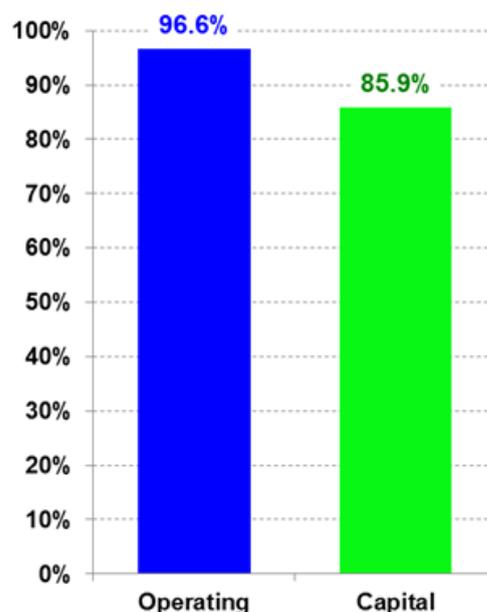
\* amendment decisions

With reference to the administrative account, it is possible to compare the forecast credits voted in the Primary Budget, marginally adjusted by the amendment decision (*capped amounts*) against the realization data. The overall expenditure realization rate (*excluding European funds managing authority*) reached 92.6% in 2017, a satisfactory rate.

The lower realization rate for capital expenditure compared to operating expenditure is the logical consequence of the risks associated with the many projects supported by the Région foremost of which are those in respect of which it is not the principal.

In this case, realization of expenditure is directly linked to calls for funds by third parties (*the State in the case of the 2015-2020 CPER and infrastructure projects, other local authorities, businesses and other entities*).

Expenditure realisation rate 2017: 92.6%  
Excl. European funds Managing Authority 2014-2020  
(PB + MD) / AA



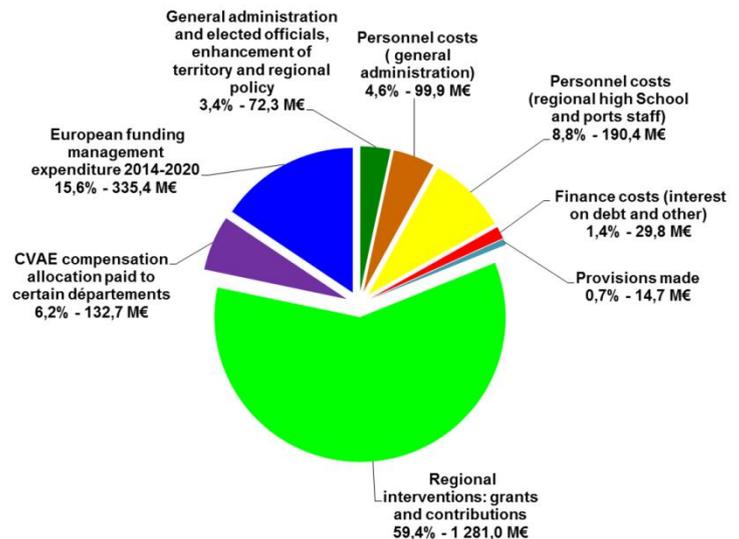
	Forecasts	Realization	Realization rate
Operating income excluding European funds 2014-2020	2 283 275 202 €	2 281 789 682 €	99.9%
European funds managing authority (operating)	409 166 432 €	336 132 149 €	82.2%
Capital income excluding European funds 2014-2020 and long-term facility (CLTR)	231 151 014 €	231 976 392 €	100.4%
European funds managing authority (capital)	87 092 715 €	48 778 264 €	56.0%
Balancing borrowing	509 798 861 €	275 892 741 €	54.1%

<b>Total income excluding borrowing and European funds 2014-2020</b>	<b>2 514 426 216 €</b>	<b>2 513 766 074 €</b>	<b>100.0%</b>
<b>Total income (including borrowing)</b>	<b>3 520 484 224 €</b>	<b>3 174 569 228 €</b>	<b>90.2%</b>

### Operating section expenditure 2017: 2 156.2 M€

Actual operating expenditure amounted to 2 156.2 M€ in 2017, up 589.8 M€ compared to the previous year (1 566.6 M€). This is a considerable change the main reasons for which stem from the establishment of the European funds managing authority, the transfer of powers and the implementation of legislative measures. It is therefore important to assess the real impact of all these points in order to identify a like-for-like trend, and secondly to analyse the impact for the local authority in terms of financial equilibrium.

- the increasing importance of exercise of European funds managing authority: + 145.2 M€ in the operating section,
- the transfer of powers in matters relating to interurban (1 January 2017) and schools (1 September 2017) road transport from the *départements* (NOTRe law): + 195 M€,
- the refunding to certain *départements* (CVAE tax revenue mitigation), relating to the transfer of transport powers where the share of income (25 CVAE points) is greater than the net cost of the transferred expenses (in 2018, full-year exercise of school transport powers will considerably reduce this amount): 132.7 M€,
- The increase in expenditure is also linked to the implementation, on behalf of the State in connection with action for employment (*Pôle Emploi*), of the emergency plan to provide training for jobseekers and secure careers. The same is true of the transfer of the NACRE scheme (NOTRe law) to support business creation and rehabilitation as well as the assumption of responsibility for former actions of *départements* with respect to financial aid for companies linked to the abolition of the general powers clause (NOTRe law).
- These new operating expenses account for the bulk of the increase observed in 2017. Nevertheless, it should be noted that they have resulted in the payment of equivalent income to the Région: European funds, CVAE, State credits, TICPE and the economic support Fund (this last source will not be maintained in future despite the initial drafting of the law).



Added to this is the increase in provisions (+ 8.3 M€) and personnel costs, part of which is linked to the implementation of national measures.

Finally, the assessment of the change in 2016-2017 operating expenditure should also take into account the advance, of nearly 35 M€, granted at the end of 2015 to SNCF to finance the operation of regional trains and ensure continuity of regional public transport services against the background of a merger (*establishment of a single regional paymaster*). This advance saw an exceptional reduction in 2016.

2017 was also the year during which the new harmonized modes of intervention were effectively implemented at regional level. Low interest rates helped limit the increase in the local authority's finance costs despite a slight increase in outstanding debt.

The share of expenditure under "general administration and elected officials, enhancement of territory and regional policy" is stable in terms of relative value as part of overall operating expenditure (3.4%). In terms of administrative operations, the convergence, modernization and securing of the information systems have contributed to the change in terms of absolute value, as has extending local public services throughout all regional offices (*Maisons de Région*).

The process of combining the two former regions entailed a certain payment mismatch between 2015-2017 alongside factors of a purely cyclical nature. In these circumstances, it is more appropriate to consider the average rate of change in actual operating expenditure, on a like-for-like basis and excluding European funds, over the 2015-2017 period. The average structural change (*excluding managing authority, transfers of powers and extraordinary items*) between 2015, (1 365.7 M€) and 2017 (1 390.8 M€) was 0.9% per year (*an increase, after inflation, of nearly 0.4%*).

Operating expenses mainly involve intervention expenditure in the form of grants paid and contributions to public entities such as SNCF, compulsory contributions towards the operation of high schools, apprentice training centres or indeed social and healthcare training establishments, allowances paid to companies under apprenticeship contracts. These interventions also include personal financial assistance such as remuneration for interns pursuing vocational training and the various schemes aimed at high school and higher education students. This expenditure is supplemented by direct contributions by the Region and helps support implementation of public policies throughout the Région.

Personnel costs increased by 6.8% in the 2017 financial year in the Primary Budget.

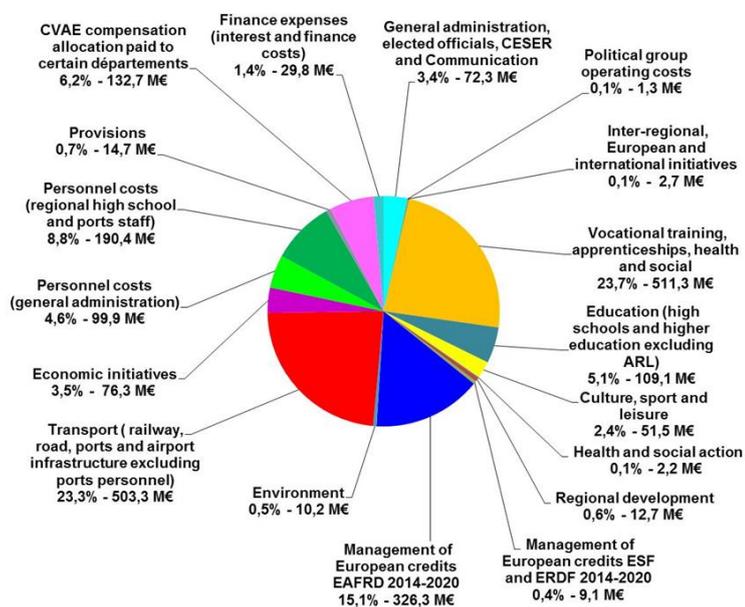
The year 2017 was marked by the continued implementation of government measures to review the salaries of civil servants with generalized roll-out of the Professional Career Path and Remuneration Protocol, together with the unfreezing of the index point value (*two successive increases in July 2016 and February 2017*). Added to the GVT (age and qualification related pay scales), these items represent 4.9 M€ of the overall increase in personnel costs over 2017.

On the other hand, the increase in the wage bill is a reflection of the commitments made and implemented to harmonize top-down the pay terms and working conditions at the time of the merger of the *régions* (5.4 M€):

- Impact of the full-year implementation throughout the Région of the measures to harmonize the compensation scheme for category C and B staff (4 M€, at an annual cost of 5.3 M€),
- Participation in the roll-out throughout the Région of the free school equipment and youth cards plan (1.4 M€).

Over and above the financial amounts, these measures were accompanied in 2017 by a renegotiation, in accordance with the NOTRe law, of fundamental aspects of our human resources framework such as the

**Breakdown of 2017 operating expenses  
Presentation by department: 2 156,2 M€**



organization and harmonization of working hours (*return to legal hours*) and the projects relating to health and safety at work.

In addition, the third major factor in staff cost increases (5.9 M€), the Région's areas of intervention widened in 2017 due to:

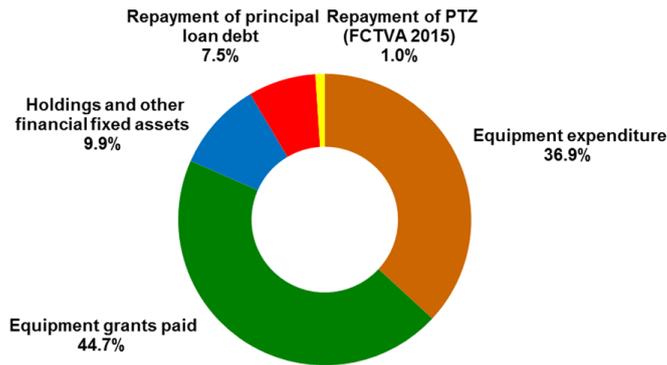
- transfers of powers under the NOTRe law: management of the NACRE scheme, preparation for the transfer of school and inter-urban transport powers, transfer of the CREPS, and *département* waste management powers,
- increase in high school facilities in the Région in response to its growing population (two *lycées* opened in September 2016 : Léon Blum in Villefranche de Lauragais and Ernest Ferroul in Lézignan-Corbières) and structuring of the service offer in these facilities (placing under public control of the catering services at the Lycée Philippe Lamour in Nîmes and creation of boarding facilities at the Lycée Georges Frêche in Montpellier).

Finally, personnel costs for the 2017 financial year were impacted by the implementation of contribution make-up agreements relating to the management of school campuses (*combining of middle and high schools*) in the western sector (1.7 M€).

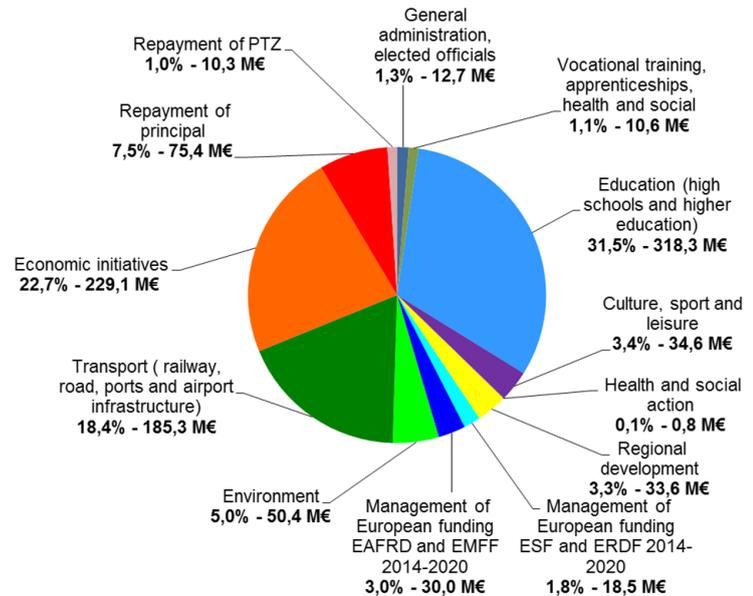
**Capital section expenditure 2017 (excluding long-term facility (CLTR)): 1 009.7 M€**

**Structure of 2017 capital expenditure**

**Presentation by type**



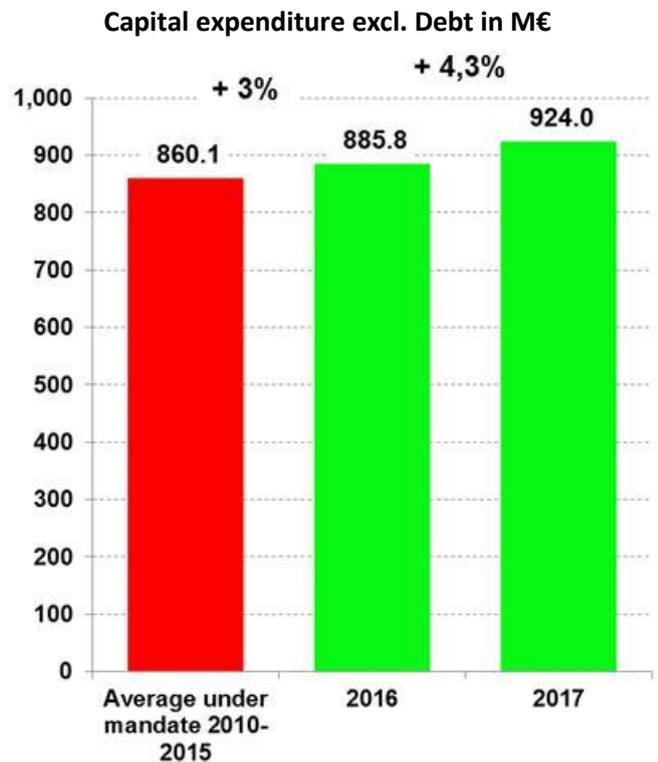
**Breakdown of 2017 capital expenditure**  
**Presentation by department**



In the space of two years, capital expenditure excluding debt increased by 63.9 M€ compared to average investment between 2010 and 2015.

Following an increase of 3% in 2016, by comparison to the 2010 to 2015 average, capital expenditure, excluding repayment of principal on debt, increased by 4.3% to 924 M€ in 2017. At 160 € per inhabitant, the Région is amongst the regions with the highest levels of capital spending.

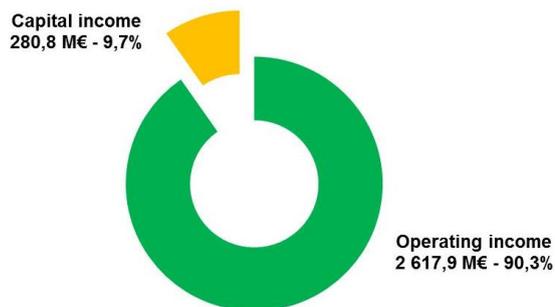
Consistent with its regional powers, more than ¾ of capital expenditure (excluding debt) is linked to policies implemented in matters of public transport, education and economic initiatives. Compared with the previous year, this last policy witnessed an increase supported by the transfer of *département* powers over economic affairs and the introduction of financial mechanisms to support regional very small and small and medium sized enterprises (TPE-PME) in partnership with the European Investment Fund. As regards transport, capital expenditure in 2017 focused in particular on the acquisition of Régiolis and Régio2N rolling stock in line with the continuing growth in regional rail passenger traffic. Lastly, the implementation of the multi-year plan for investment in public high schools continued at a sustained pace in 2017, whether for the construction of new energy positive high schools (two delivered in 2017 and six planned, qualifying for the E + C- label: energy positive and low carbon footprint) or for the restoration, energy renovation and accessibility of schools and training establishments.



The slight increase in repayment of loan principal (75.4 M€ which is + 4.9 M€) results from the plan to extinguish outstanding debt. For the second and last year, a further 10.3 M€ was used to repay the zero-rate pre-financing secured in 2015 for the VAT compensation fund (FCTVA). This national measure, implemented by the Caisse des Dépôts et Consignations, was designed to support local public investment by smoothing cash flow issues linked to the FCTVA payment arrangements.

### 3.6.2 The Région's sources of funds

The Région's total funding in 2017 (*excluding borrowings and surplus carried forward*) totalled 2 898.7 M€, distributed as follows:

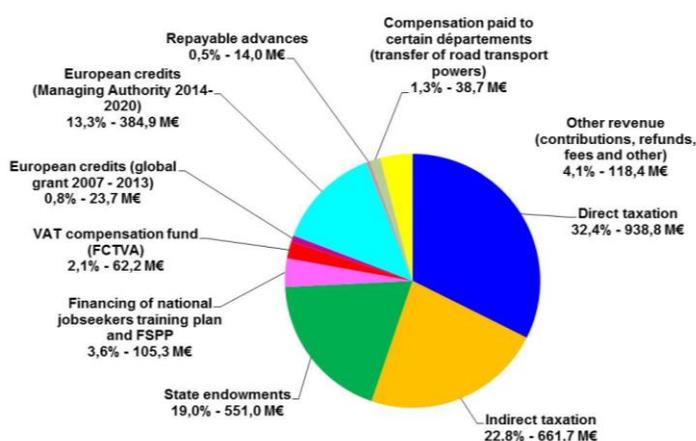


The various regional funding components have changed considerably in recent years. The financing mechanisms adopted on transfer of powers and the reform of vocational training and apprenticeship financing have culminated in the allocation to Régions of tax-based funding, but with no power to set rates, offering modest and relatively erratic dynamic potential. The main tax bases include fuel consumption, vehicle registration, wages and the business value-added. The only rate setting power available to regional elected officials relates to vehicle registration (*carte grise*) tariffs (harmonized in 2016) and a portion of the so-called "Grenelle" TICPE (capped rate). Finally, the steep decline in the relative share of endowments stems, beyond the effect of dilution and relative "refiscalisation" of regional funding, from the steady fall since 2014 in the global operating endowment (DGF) accentuated since 2016 by the decrease in the professional tax reform compensation endowment (DCRTP).

### Breakdown of region's income 2017

Excl. borrowing : 2 898,7 M€

(hors emprunt et hors Eafrd)



#### 1. Operating income: 2 617.9 M€

Operating income increased by 23.8% in 2017. Most of this robust increase is attributable to structural elements such as:

- the granting of 25 CVAE points for the transfer of school and interurban transport powers from the *départements*, supplemented by financial compensation paid by certain *départements*,
- the economic support fund used to finance the powers previously exercised by the *départements*,
- the increase in compensation associated with the implementation on behalf of the State of the jobseeker training plan and the career security fund,
- the increase in the credits associated with the European funds managing authority (*EAFRD essentially*).

All the increases mentioned above are neutral in terms of financial equilibrium, so long as they are matched by an equivalent increase in expenditure. Conversely, at constant scope (*after neutralization of the above-*

mentioned items), actual operating income decreased by 30 M€ or - 1.5%. Indeed, the slight dynamism of certain tax revenues and the "full year" effect of the harmonization of vehicle registration (*carte grise*) tariffs are not enough to cover the decline of the DGF and DCRTP as well as the negative "spring effect" associated with the extraordinary adjustments of income receipts in 2016 (*relating to the merger process*).

**a) Direct taxation:**

In M€	2015	2016	2017
Business value added contribution (CVAE)	270.9	284.1	578.1
CVAE equalization element	4.6	9.1	3.3
Network companies fixed levy (IFER)	52.3	52.8	52.4
National individual revenue guarantee fund (FNGIR)	124.8	124.8	124.8
Apprenticeship tax	111.0	112.1	122.8
Local direct taxation management cost	54.3	56.1	57.5
<b>Total: Direct taxation</b>	<b>617.9</b>	<b>639.0</b>	<b>938.8</b>

In 2017, the income from the business value added contribution (CVAE) was the Région's primary source of tax revenue. The granting of 25 additional points means that *régions* receive the largest share of this tax revenue, with henceforth 50% of the overall income (23.5% for *départements* and 26.5% for *communes*). The tax base comprises the value-added of businesses with a regional bias based on distribution of the salaried workforce heavily weighted towards industrial jobs. Beyond the change in scope, CVAE increased only slightly in 2017 by around 1.8%, a trend that is below the national growth rate of 4.3%. The tax rate, set in the finance law, is fixed, so therefore the creation of value within the territory is the source of this slight increase. The Région continued in 2017 to benefit from the financial equalization mechanism, but to a lesser extent, in line with how the other French *régions* evolved (*mechanism designed to limit the differences in the growth of income which replaced the former direct taxation system abolished in 2010*).

The network companies fixed levy (*IFER*) received by the Région comprises two elements, the railways (*rolling stock*) *IFER* and the telecoms *IFER* (*copper loop and switching equipment*). Like the national individual income guarantee fund (*FNGIR*), these tax revenues resulting from the 2010 reforms (*abolition of the professional tax*) remain stable.

As a result of the vocational training and apprenticeship financing reforms introduced in 2014 and 2015, the Région receives 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)*) and 51% of the proceeds of the apprenticeship tax (supplemented by additional TICPE portions by way of indirect taxation), in place of the former State endowments. The dynamism of the local taxation assessment bases explains the increasing trend of nearly 3% in management fees. The increase in apprenticeship tax relates to the increase in the workforce wage bill. The structural change is close to 4% (*after restatement of 3 M€ posted in 2017 for the 2016 financial year*).

**b) Indirect taxation (taxes on output and consumption):**

In M€	2015	2016	2017
TICPE (modulation and finance Act)	314.2	346.1	331.4
TICPE vocational training	26.5	26.5	26.5
TICPE apprenticeships	9.9	12.4	11.5
TICPE apprenticeship premiums	18.4	28.1	25.6
<i>Cartes grises</i> (vehicle registration certificates)	175.2	199.7	206.1
<b>Total: Indirect taxation</b>	<b>544.4</b>	<b>612.8</b>	<b>601.1</b>

The multiple TICPE portions allocated to the *régions* in recent years are (together with CVAE) one of the main vectors in the financing of successive transfers of powers. After CVAE, TICPE represents the second largest source of income for *régions*, amounting in aggregate to 455.6 M€ of which 395 M€ in the operating section and 60.6 M€ in the capital section (*TICPE Grenelle*).

The amount allocated in respect of TICPE ("modulation and finance Act") is calibrated each financial year to take into account the valuation of the transferred expenses (law of 13 August 2004 and subsequent transfers). The recording in 2016 of "outstanding revenue receipts 2015" of an exceptional nature (more than 19 M€) generated a "negative bounce" in 2017. The slight increase on a constant scope basis relates to the financing of the transfer of the NACRE scheme for business creation and rehabilitation for the TICPE (NOTRe law) as well as minor adjustments to compensation rights. In general, the TICPE is a tax based on fuel consumption which makes it a structurally feeble source of income. Considered as a levy on State revenue, the fiscal power of regional elected officials is restricted to voting, on a controlled and capped basis, the "Grenelle" portion tariff (60.6 M€) allocated in the capital section.

The other, smaller, portions contribute to the financing of vocational training and apprenticeships thereby supplementing the local tax management fees and the apprenticeship tax. At constant scope, the former is stable whilst the latter is linked to changes in the overall workforce wage bill.

The portion allocated to "apprenticeship premiums", increased in 2016 to finance the new additional apprentice hiring scheme, is stable on a constant scope basis. The downward correction seen in 2017, which also affects the apprenticeship portion, is the result of a "negative bounce effect" relating to collection delays in 2016. The TICPE apprenticeship premium is calibrated by reference to the actual expenditure amount, it does not confer any power to set rates and has no base-effect.

The last indirect taxation component is the income from vehicle registration certificates (*commonly known as cartes grises*). With proceeds of 206.1 M€, this income increased by 6.4 M€ in 2017 (*the actual change is 16.8 M€ after neutralisation of 2016 adjustments: outstanding revenue receipts 2015 in an amount of 10.4 M€*). This change can be explained by the full-year benefit of tariff harmonization which took effect on 1 August 2016 (*7 additional months for the 2018 financial year*).

At €44 per tax horse power ("*cheval fiscal*"), the Région's tariff is within the average for *régions*<sup>56</sup> with, in addition, a 100% exemption for the clean vehicles. The second reason for this strong increase stems from the base-effect associated with the increase in registrations recorded during the 2017 financial year.

<sup>56</sup> Source: Carte-Grise.org website

c) **State endowments:**

In M€	2015	2016	2017
Fixed element of the global operating endowment (DGF)	380.5	340.5	298.2
Equalisation element of the global operating endowment (DGF)	41.9	41.9	41.9
Global decentralisation endowment (DGD)	38.4	38.6	40.0
Direct taxation exemption compensatory endowment	14.0	13.4	13.0
Professional tax reform compensatory endowment (DCRTP)	124.6	124.6	118.0
<b>Total: State endowments</b>	<b>599.4</b>	<b>559.0</b>	<b>511.1</b>

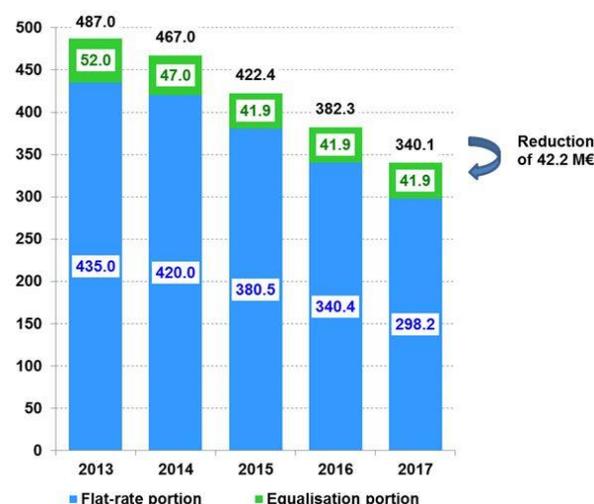
The main State endowment paid to the Région is the global operating endowment (DGF). The contribution of the local public sector towards reducing the public deficit has been reflected by an overall fall in the DGF paid to local authorities of 11.5 Billion € over the period 2013-2017 of which 1.5 Billion € overall for the *régions*. As regards the Région Occitanie, the decrease in the fixed element was 135 M€ including 42.2 M€ in 2017. The 2018 budgetary finance law replaced the regional DGF with an equivalent portion of VAT income.

Supplementing the DGF, the global decentralisation endowment (DGD) has remained consistently stable, the slight jump seen in 2017 is an isolated case. It is the result of an adjustment of the “station fee” compensation by way of catch-up for period 2014 to 2016.

The compensatory endowment paid in respect of direct taxation exemptions continued to fall (- 0.4 M€ in 2017). This endowment has over time become an adjustment variable for the State allowance for funding paid to local authorities.

Finally, since 2011, the Région has received the professional tax reform compensatory endowment (DCRTP) by way of income in compensation for former direct taxation. Despite the provisions of the law (“balancing endowment” guaranteeing full compensation for the loss of former direct tax revenue), the DCRTP for *régions* and *départements* contributes, as from 2017, to the adjustment of local public sector funding resulting in a decrease of 5.3%.

Evolution of DGF in M€



d) **European funds (operating):**

As part of 2014-2020 programming, the *régions* manage the majority of the European structural and investment funds allocated to France, as managing authority, in place of the State. A budget allocation is assigned for technical assistance to support the implementation of the programmes. These funds are as follows:

- European regional development fund (ERDF), 1/3 of the European social fund (ESF) and specific programmes under the regional cohesion policy (892.8 M€),
- EAFRD and EMFF under the 2<sup>nd</sup> pillar of the common agricultural policy and the common fisheries policy (1.916 Billion €).

In M€	2015	2016	2017
European funds ESF and ERDF: global grant 2007-2013	30.5	19.3	10.4
European funds ESF and ERDF: managing authority 2014-2020	0.5	4.8	9.9
European funds EAFRD: managing authority 2014-2020	171.2	180.6	326.3
<b>Total: European Funds Managing Authority 2014-2020</b>	<b>202.2</b>	<b>204.7</b>	<b>346.6</b>

Until the final closure of the programme, the Région receives funds under the former global grant (2007-2013 programme) in line with eligible expenditure increases, with income necessarily decreasing. Conversely, 2017 is marked by the increase in income under the new 2014-2020 programme, mainly driven by the EAFRD fund (European agricultural fund for rural development). In terms of financial equilibrium, despite the large scale of funds managed, the exercise of managing authority is relatively neutral over the programming as a whole since income merely counterbalances equivalent expenditure. However, an occasional time lag may occur between receipt of income and realization of expenditure.

**e) Other operating income:**

In M€	2015	2016	2017
Additional compensation from certain départements (transfer of transport powers)	-	-	38.7
Road transport operating income (département Tarn)	-	-	4.5
National jobseeker training plan and pension (FSPP) contributions	-	62.1	105.3
Economic Support Fund	-	-	18.4
Family contributions (catering and accommodation expenses)	14.6	18.4	15.4
Reversal of provisions	34.4	2.2	3.4
Miscellaneous operating income	36.7	29.1	34.7
<b>Total: Other operating income</b>	<b>85.7</b>	<b>111.8</b>	<b>220.4</b>

Pursuant to the NOTRe law, régions have exercised powers in relation to interurban passenger road transport (since 1 January 2017) and schools transport (since 1 September 2017). Due to the complexity of its implementation within a limited timeframe, the Région Occitanie elected to temporarily delegate to the départements the transferred powers (except for Tarn: acquisition by the Région of an interest in SPL road transport operator). For some départements, the compensatory income (25 CVAE points) is not enough to cover expenditure and in such cases a compensation award is paid (38.7 M€ in 2017). As regards Tarn, its operations since 2017 have generated an income of 4.5 M€.

The implementation of the emergency jobseekers training plan, on behalf of the State, resulted in 2017 in total income receipts of 105.3 M€ (85.7 M€ under the Plan 500,000, 8.4 M€ in respect of the career security programme and 11.2 M€ for other job creation (Pôle Emploi) related expenditure). This plan, established in 2016 and extended in 2017, generates staggered payments as training expenditure is incurred.

Following the abolition of the general powers clause for départements and régions (NOTRe law), départements no longer, since 2017, have powers in relation to business financial support. Since parliament did not treat the assumption of this power by the régions as a “transfer”, no compensatory income was initially allocated. Nevertheless, an economic support fund was finally created with 450 M€ available for all régions, of which 41.3 M€ for the Région Occitanie (subject to demonstrating an equivalent increase in spending in the relevant area). An interim amount of 18.4 M€ was paid in 2017, the balance being payable in 2018 taking into account changes in economic action expenditure. However, contrary to the terms of the 2017 budgetary finance law, the Government has abolished this support fund for future years.

The amount of provision reversals is relatively stable as are family contributions to catering and accommodation costs (after adjustment in 2016). Other operating income relates to the Région's holdings in various entities, income from ports and airports, compensation, refunds and miscellaneous income.

## 2. Capital income: 280.8 M€

### a) European funds (*capital*):

In M€	2015	2016	2017
European funds ERDF: global grant 2007-2013	33.9	9.5	13.2
European funds ERDF: managing authority 2014-2020	9.9*	35.0*	18.8
European funds EAFRD: managing authority 2014-2020	32.5	19.3	30.0
<b>Total: European Funds Managing Authority 2014-2020</b>	<b>76.3</b>	<b>63.8</b>	<b>62.0</b>

\* Essentially prefinancing: 9.9 M€ in 2015 and 20.6 M€ in 2016.

### b) Other capital income:

In M€	2015	2016	2017
Regional schools equipment endowment (DRES)	39.9	39.9	39.9
VAT compensatory fund (FCTVA)	52.0	59.9	62.2
TICPE Grenelle	59.7	63.9	60.6
Repayable advances	22.6	19.8	14.0
Miscellaneous capital income	56.4	33.0	42.0
<b>Total: Other capital income</b>	<b>230.6</b>	<b>216.5</b>	<b>218.7</b>

The regional schools equipment endowment (DRES) is frozen in value, its amount being maintained at 2008 levels. The VAT compensatory fund does not constitute a State endowment but a refund of eligible expenditure incurred in the previous year (*partial refund of VAT paid*). The rebound in direct equipment expenditure in 2016, particularly investment in public high schools, explains the slight increase in the FCTVA in 2017.

The so-called “Grenelle” TICPE portion was introduced in 2009 following the *Grenelle Environnement* roundtable with the option to increase, in a controlled manner, the regional TICPE tariff. The income generated is used to finance sustainable transport infrastructure. Revenue for 2017 is relatively stable assuming neutralization of a one-off adjustment made in 2016 relating to an outstanding revenue receipt (*reste à titrer*) from the previous year.

Repayable advances are one of the financial mechanisms employed by the Région for economic development purposes. They generate, after a deferral period, repayments by the various beneficiaries but do not bear interest in most cases).

Other capital income amounted to 42.0 M€. This mainly includes financial contributions by third parties towards investment projects. The annual change is therefore relatively variable, depending on the timing and size of the project or scheme for which the Region is the contracting authority. The Région also receives other income of less significant amounts such as proceeds of sale and miscellaneous repayments.

## 3.6 Financial equilibrium and financial position in 2017

Gross savings (or gross internal financing) is the annual surplus represented by the ratio of actual operating income to operating expenditure. Having deducted repayments of principal on debt (mandatory capital expenditure) it is possible to determine the net savings available to finance investment. By analysis of the savings balances it is possible to assess the Région’s structural capacity to cover its financing requirements with its own resources.

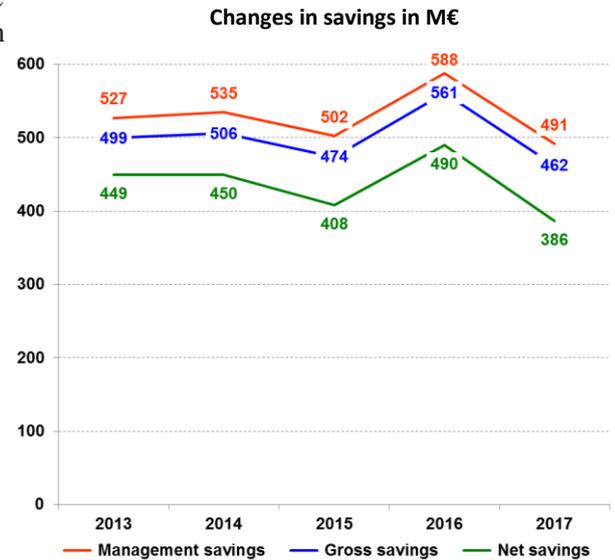
Formation of savings in M€	2015	2016	2017
Ordinary operating income (excluding European credits 2014-2020)	1 877.4 M€	1 942.0 M€	2 281.8 M€

Ordinary operating expenses (excluding European credits 2014-2020)	1 373.5 M€	1 349.1 M€	1 791.2 M€
+/- European credits management balance 2014-2020 (Income - Expenditure)	- 1.9 M€	- 4.9 M€	+ 0.7 M€
<b>Management savings (gross ordinary surplus)</b>	<b>502.0 M€</b>	<b>588.0 M€</b>	<b>491.3 M€</b>
Interest on debt	28.4 M€	27.3 M€	29.5 M€
<b>Gross savings</b>	<b>473.6 M€</b>	<b>560.7 M€</b>	<b>461.8 M€</b>
Repayment of principal on debt	65.2 M€	70.5 M€	75.4 M€
<b>Net savings</b>	<b>408.4 M€</b>	<b>490.2 M€</b>	<b>386.3 M€</b>

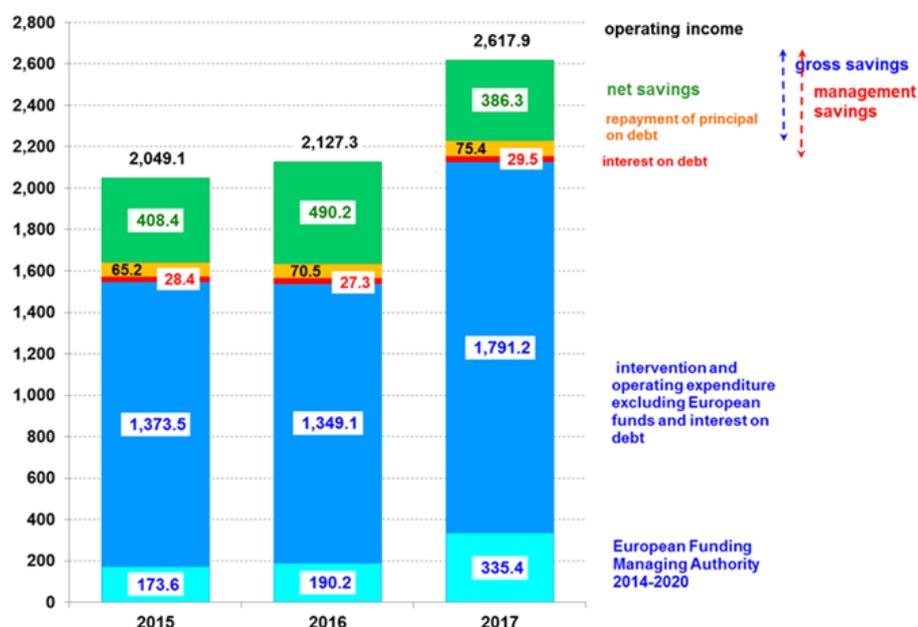
Despite the constraints on regional funding, primarily due to the a decline in State endowments the Région Occitanie managed in 2017 to contain the gradual erosion of savings (the rebound in 2016 was partly due to extraordinary items such as outstanding revenue receipts on the income side, an isolated decrease in expenditure in 2016 resulting from an advance granted at the end of 2015 to SNCF and the late adoption of the budget associated with the merger process).

The amount of net savings in 2017 is also slightly higher than anticipated in the financial forward-looking statement prepared in 2016 as updated in the 2017 budgetary outline.

The merger of the two Régions together with general harmonization of the action mechanisms were implemented with the consistent desire to preserve the Régions' own funds in order to maintain a high level of investment. The gross savings available to finance investment rose in 2017 to nearly 462 M€.



## Formation of savings in M€



The exercise of European funds managing authority (balanced in income/expenditure) and the transfers of powers whose financial compensation is based on the scale of associated expenditure (decreasing in importance over time), mainly affects the operating section with no real impact in terms of internal financing.

Conversely, this additional income has a diluting effect which tends to reduce the underlying savings rate as a proportion of operating income.

Excluding European funds, **the Région's gross savings rate remains above 20%**.

## Financing of the Région's capital expenditure in M€

In order to finance its capital expenditure, the Région has the following sources of funding:

- Net savings generated by the operating section after covering debt service,
- Specific capital income,
- External borrowing,
- Potential reduction of working capital as a final adjustment.

	2015	2016	2017	
<b>EMPLOIS</b>	Capital expenditure, excluding debt <sup>(1)</sup>	921.3	855.8	875.5
	European funding managing authority 2014-2020	37.9	29.9	48.4
	Exceptional loan repayment <sup>(2)</sup>		10.3 <sup>(2)</sup>	10.3 <sup>(2)</sup>
	Increase of working capital <sup>(3)</sup>		16.8	8.6
<b>RESSOURCES</b>	Net savings ( <i>net internal financing</i> )	408.4	490.2	386.3
	Specific capital income <sup>(1)</sup>	264.6	226.0	231.9
	European funding managing authority 2014-2020	42.4	54.3	48.8
	New borrowing	235.0	142.5	275.9
	Reduction of working capital <sup>(3)</sup>	8.8		

(1) Excluding European funds 2014-2020 but with global grant 2007-2013 (former European funding programme),

(2) Zero rate loan - FCTVA relaunch plan 2015 repaid in respect of 2016 and 2017 financial years.

(3) A reduction of working capital is an extra source of funds resulting from the surplus generated in previous years. Conversely, a positive working capital is an employment of funds by appropriation of surplus to reserves.

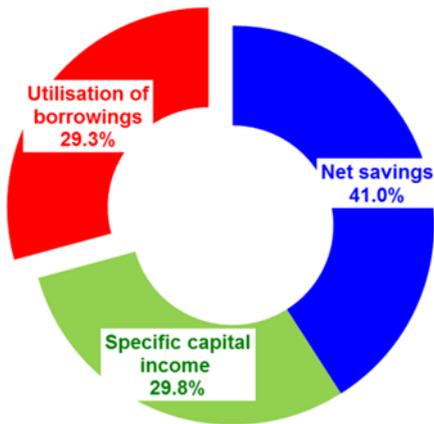
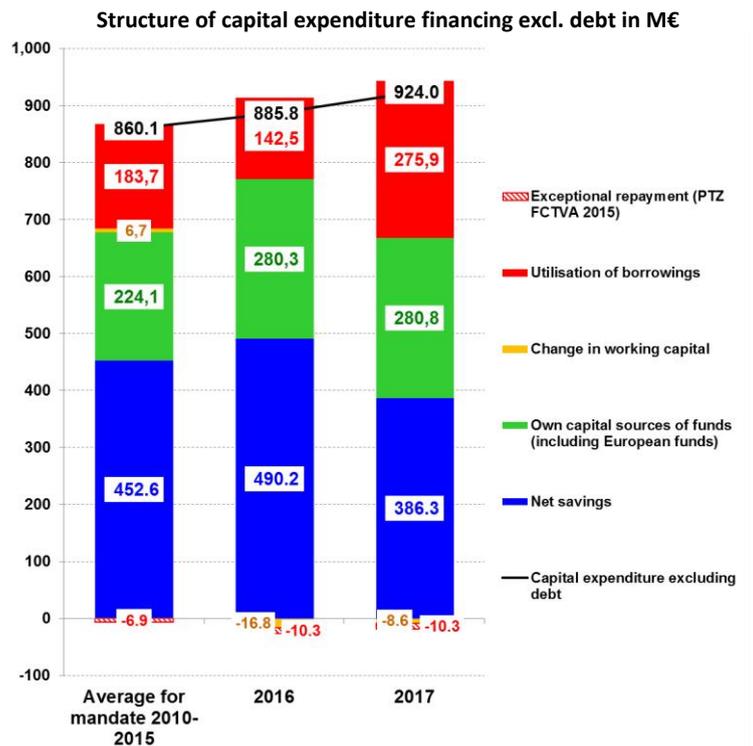
In 2017, the Région has steadily pursued its financial strategy based on preserving its own sources of funds designed to cover a significant proportion of its capital expenditure (> 70%).

It also involves the use of assumed borrowing to finance structural investment for the future development of the Région with relative alignment between the loan repayment period and the useful life of the infrastructure.

Use of borrowings 2017 (275.9 M€) represented 29.3% of capital spending, excluding debt.

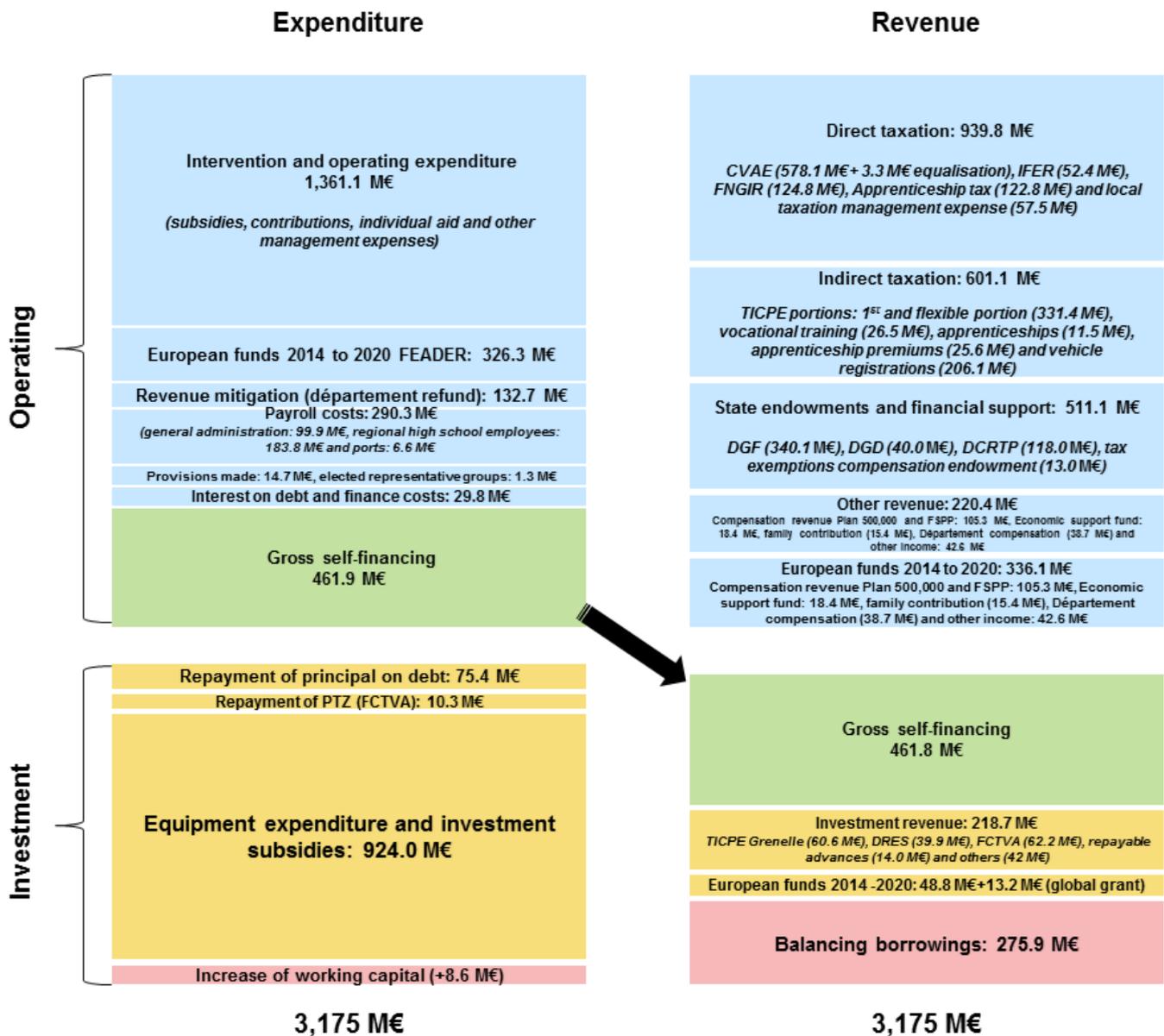
The simultaneous repayment of 75.4 M€ of debt principal brings the positive flow of outstanding loans to 200 M€ and maintaining a the level of savings helps to protect the Région’s solvency.

**Over 70% of capital expenditure in 2017 has been financed by own sources of funds**



Finally, the slight surplus of total income over expenditure amounted to 8.6 M€ in 2017. Given previous results, the closing working capital totalled 37.5 M€.

## Financial equilibrium of the administrative account 2017



### 3.6.4 Administrative accounts 2016 and 2017

They are presented in the form of general ledger balances for income and expenditure. The figures are expressed in euros except where otherwise indicated.

The 2016 administrative account:

REGION OCCITANIE - PRIMARY BUDGET – ADMINISTRATIVE ACCOUNT 2016					
II - GENERAL PRESENTATION					
GENERAL BALANCE - EXPENDITURE					
Chapter/type	Description	CREDITS OPENED (PB+BS+DM+RAR N-1)	CREDITS UTILISED (OR UNUTILISED)		UNASSIGNED CREDITS
			REALISED (payments ordered and receipts issued)	REMAINDER UNREALISED At 31/12/N	

<b>Capital expenditure - Total</b>		1,791,752,968.69	1,580,114,880.54	<b>0.00</b>	211,638,088.15
<b>Sub-total actual and combined transactions</b>		1,280,107,775.68	1,067,842,438.75	<b>0.00</b>	212,265,336.93
10	Endowments, miscellaneous funds and reserves	10,348,500.00	10,343,339.50	0.00	5,160.50
13	Capital grants	64,809.35	64,809.35	0.00	0.00
16	Borrowings and equivalent debt	190,544,320.00	175,035,848.07	0.00	15,508,471.93
18	Liaison account: allocation (BA, régie NP)	0.00	0.00	0.00	0.00
20	Intangible fixed assets (except 204)	139,944,229.00	7,981,350.90	0.00	131,962,878.85
204	Equipment grants paid	482,161,379.76	391,972,320.17	0.00	90,169,059.59
21	Tangible fixed assets	60,992,893.82	64,260,585.57	0.00	-3,267,691.75
22	Fixed assets received by allocation	0.00	0.00	0.00	0.00
23	Fixed assets in progress	311,176,592.00	374,730,765.48	0.00	-63,554,173.48
26	Contributions and associated receivables	40,847,171.00	26,125,691.00	0.00	14,721,480.00
27	Other financial fixed assets	44,027,880.00	17,163,993.28	0.00	28,863,886.72
45	Transactions on behalf of third parties	0.00	163,735.43	0.00	-163,735.43
<b>Sub-total of balancing transactions</b>		<b>354,938,983.00</b>	<b>355,566,231.78</b>		<b>-627,248.78</b>
925	Asset transactions	280,400,000.00	280,327,206.87		72,793.13
926	Transfers between sections	74,538,983.00	75,239,024.91		-700,041.91
<b>For information: 001 execution balance of IS carried over N-1</b>		<b>156,706,210.01</b>	<b>156,706,210.01</b>		

Chapter/type	Description	CREDITS OPENED (PB+BS+DM+RAR N-1)	CREDITS UTILISED (OR UNUTILISED)			UNASSIGNED CREDITS
			REALISED (payments ordered and receipts issued)	ASSOCIATED EXPENSES/INCOME	REMAINDER UNREALISED 31/12/N	
<b>Operating expenditure - Total</b>		<b>2,272,569,218.86</b>	<b>1,979,517,259.04</b>	<b>33,527,84.67</b>	<b>550,562.56</b>	<b>258,973,612.59</b>
<b>Sub-total actual and combined transactions</b>		<b>1,749,912,114.18</b>	<b>1,533,068,839.75</b>	<b>33,527,784.67</b>	<b>550,562.56</b>	<b>182,764,927.20</b>
011	General expenses	324,971,749.55	232,847,258.02	1,994,417.15	402,049.88	89,728,027.50
012	Payroll costs and equivalent expenses	275,208,945.08	271,780,400.38	0.00	23.00	3,428,521.70
014	Income mitigation	400,000.00	0.00	0.00	0.00	400,000.00
65	Other ordinary management expenses (except 6586)	1,111,857.19	997,710,426.04	26,020,946.83	105,118.46	88,021,265.03
6586	Operating expenses - elected representative groups	1,445,829.19	1,111,951.38	0.00	1,015.44	332,862.37
66	Finance costs	29,042,386.00	23,009,210.04	5,512,420.69	42,358.78	478,396.49
67	Extraordinary expenses	597,463.00	221,608.89	0.00	0.00	375,854.11
945	Provisions and other combined transactions	6,387,985.00	6,387,985.00			0.00
<b>Sub-total of balancing transactions</b>		<b>522,657,104.68</b>	<b>446,448,419.29</b>			<b>76,208,685.39</b>
946	Transfers between sections	444,322,985.00	446,448,419.29			0.00
947	Transfers in operating section	0.00	0.00			0.00
953	Transfer to the operating section	78,334,119.68				
<b>For information: 002 operating result carried over N-1</b>		<b>0.00</b>	<b>0.00</b>			

REGION OCCITANIE - PRIMARY BUDGET – ADMINISTRATIVE ACCOUNT 2016						
II - GENERAL PRESENTATION						
GENERAL BALANCE - INCOME						
Chapter/type	Description	CREDITS OPENED (PB+BS+DM+RAR N-1)	CREDITS UTILISED (OR UNUTILISED)		UNASSIGNED CREDITS	
			REALISED (payments ordered and receipts issued)	REMAINDER UNREALISED 31/12/N		
<b>Capital income - Total</b>		<b>1,791,752,968.69</b>	<b>1,407,411,258.43</b>	<b>163,560.00</b>	<b>384,178,150.26</b>	
<b>Sub-total actual and combined transactions</b>		<b>831,989,654.00</b>	<b>523,929,422.26</b>	<b>163,560.00</b>	<b>307,896,671.74</b>	
10	Endowments, misc. funds and reserves (except 1068)	118,300,000.00	123,845,567.44	0.00	-5,545,567.44	
13	Capital grants	126,903,553.00	95,345,572.05	163,560.00	31,394,420.95	
16	Borrowings and equivalent debt	543,817,891.00	264,189,014.73	0.00	279,628,876.27	
18	Liaison account: allocation (BA, régie NP)	0.00	0.00	0.00	0.00	
20	Intangible fixed assets (except 204) (1)	0.00	0.00	0.00	0.00	
204	Equipment grants paid (1)	6,116,610.90	7,477,961.38	0.00	-1,361,350.48	
21	Tangible fixed assets (1)	470.10	4,098.03	0.00	-3,627.93	
22	Fixed assets received by allocation (1)	0.00	0.00	0.00	0.00	
23	Fixed assets in progress (1)	13,500,000.00	10,043,416.46	0.00	3,456,583.54	
26	Contributions and associated receivables	0.00	0.00	0.00	0.00	
27	Other financial fixed assets	20,359,399.00	20,417,312.85	0.00	-57,913.85	
45	Transactions on behalf of third parties	2,606,480.00	2,606,479.32	0.00	0.68	
954	Proceeds of sale of fixed assets	385,250.00		0.00		
<b>Sub-total of balancing transactions</b>		<b>803,057,104.68</b>	<b>726,775,626.16</b>		<b>76,281,478.52</b>	
925	Asset transactions	280,400,000.00	280,327,206.87		72,793.13	
926	Transfers between sections	444,322,985.00	446,448,419.29		-2,125,434.29	
951	Transfer from the operating section	78,334,119.68				
<b>922-1068</b>	<b>Capitalised operating surplus</b>	<b>156,706,210.01</b>	<b>156,706,210.01</b>		<b>0.00</b>	
<b>For information: 001 execution balance of IS carried over N-1</b>		<b>0.00</b>	<b>0.00</b>			
Chapter/type	Description	CREDITS OPENED (PB+BS+DM+RAR N-1)	REALISED (payments ordered and receipts issued)	ASSOCIATED EXPENSES/INCOME	REMAINDER UNREALISED 31/12/N	UNASSIGNED CREDITS
<b>Operating income – Total</b>		<b>2,272,569,218.86</b>	<b>2,203,091,829.39</b>	<b>11,504,770.00</b>	<b>352 871.26</b>	<b>57,619,748.21</b>
<b>Sub- total actual and combined transactions</b>		<b>2,185,966,953.78</b>	<b>2,115,789,522.40</b>	<b>11,504,770.00</b>	<b>352 871.26</b>	<b>58 319 790.12</b>
013	Income mitigation	712,5000.00	513,620.69	0.00	0.00	198 879.31
70	Income from services, land, misc. sales	1 353 400.00	1 540 097.76	14 480.00	0.00	-201 177.76
731	Local taxes	470 331 000.00	470 783 772.00	0.00	0.00	-452 772.00
73	Duties and taxes (except 731)	731 846 580.00	781 106 547.08	0.00	0.00	-49 259 967.08
74	Endowments, grants	964 608 744.38	843 394 464.37	11 490 290.00	17 759.38	109 706 230.63

	and contributions					
75	Other ordinary management income	7 438 254.40	7 556 071.81	0.00	335 111.88	-452 929.29
76	Financial income	3 282 316.00	3 969 300.17	0.00	0.00	-686 984.17
77	Extraordinary income	4 178 169 00	4 709 659.29	0.00	0.00	-531 490.29
945	Provisions and other combined transactions	2 215 990.00	2 215 989.23			0.77
	<b>Sub-total of balancing transactions</b>	<b>74 538 983.00</b>	<b>75 239 024.91</b>			<b>-700 041.91</b>
946	<i>Transfers between sections</i>	74 538 983.00	75 239 024.91			-700 041.91
947	<i>Transfers in the operating section</i>	0.00	0.00			0.00
	<b>For information: 002 operating result carried over N-1</b>	12 063 282.08	12 063 282.08			

The 2017 administrative account:

REGION OCCITANIE - PRIMARY BUDGET – ADMINISTRATIVE ACCOUNT 2017					
II - GENERAL PRESENTATION					II
GENERAL BALANCE - EXPENDITURE					D1
Chapter/type	Description	CREDITS OPENED (PB+BS+DM+RAR N-1)	CREDITS UTILISED (OR UNUTILISED)		UNASSIGNED CREDITS
			REALISED (payments ordered and receipts issued)	REMAINDER UNREALISED At 31/12/N	
<b>Capital expenditure - Total</b>		<b>2 058 133 994.74</b>	<b>1 612 289 411.26</b>	<b>0.00</b>	<b>445 844 583.48</b>
<b>Sub-total actual and combined transactions</b>		<b>1 356 965 953.63</b>	<b>1 035 859 743.21</b>	<b>0.00</b>	<b>321 106 210.42</b>
10	Endowments, miscellaneous funds and reserves	10 348 500.00	10 343 339.50	0.00	5 160.50
13	Capital grants	35 600.00	12 000.00	0.00	
16	Borrowings and equivalent debt	196 228 400.00	101 522 251.83	0.00	94 706 148.17
18	Liaison account: allocation (BA, régie NP)	0.00	0.00	0.00	0.00
20	Intangible fixed assets (except 204)	75 650 028.86	11 083 214.53	0.00	64 566 814.33
204	Equipment grants paid	522 375 337.91	451 646 117.39	0.00	70 729 220.52
21	Tangible fixed assets	144 745 614.37	68 787 7554.87	0.00	75 957 859.50
22	Fixed assets received by allocation	0.00	0.00	0.00	0.00
23	Fixed assets in progress	292 380 479.60	292 240 940.18	0.00	139 539.42
26	Contributions and associated receivables	60 725 000.00	46 121 240.00	0.00	14 603 760.00
27	Other financial fixed assets	54 219 720.81	53 845 612.83	0.00	374 107.98
45	Transactions on behalf of third parties	257 272.08	257 272.08	0.00	0.00
<b>Sub-total of balancing transactions</b>		<b>528 464 419.00</b>	<b>403 726 045.94</b>		<b>124 738 373.06</b>
925	Asset transactions	398 200 000.00	307 224 215.33		90 975 784.67
926	Transfers between sections	130 264 419.00	96 501 830.61		33 762 588.39
<b>For information: 001 execution balance of IS carried over N-1</b>		<b>172 703 622.11</b>	<b>172 703 622.11</b>		

Chapter/type	Description	CREDITS OPENED (PB+BS+DM+RAR N-1)	CREDITS UTILISED (OR UNUTILISED)			UNASSIGNED CREDITS
			REALISED (payments ordered and receipts issued)	ASSOCIATED EXPENSES/INCOME	REMAINDER UNREALISED 31/12/N	
<b>Operating expenditure - Total</b>		<b>2 851 906 858.09</b>	<b>2 616 354 099.48</b>	<b>30 745 456.71</b>	<b>0.00</b>	<b>204 807 301.90</b>
<b>Sub-total actual and combined transactions</b>		<b>2 312 882 635.46</b>	<b>2 125 416 120.48</b>	<b>30 745 456.71</b>	<b>0.00</b>	<b>156 721 058.27</b>
011	General expenses	295 093 385.38	258 548 466.72	5 323 971.25	0.00	31 220 947.41
012	Payroll costs and equivalent expenses	293 785 413.64	290 260 737.07	0.00	0.00	3 524 676.57
014	Income mitigation	132 728 400.00	132 728 362.73	0.00	0.00	32.27
65	Other ordinary management expenses (except 6586)	1 541 969 752.90	1 404 580 768.92	18 244 348.73	0.00	119 144 635.25
6586	Operating expenses - elected representative groups	1 453 114.88	1 328 317.48	0.00	0.00	124 797.40
66	Finance costs	30 085 503.02	22 578 915.31	7 177 136.73	0.00	329 450.98
67	Extraordinary expenses	3 062 554.64	686 042.54	0.00	0.00	2 375 512.10
945	Provisions and other combined transactions	14 704 511.00	14 704 509.71			1.29
<b>Sub-total of balancing transactions</b>		<b>539 024 222.63</b>	<b>490 937 979.00</b>			<b>48 086 243.63</b>
946	Transfers between	494 092 970.00	490 937 799.00			3 154 991.00

	<i>sections</i>					
947	<i>Transfers in operating section</i>	0.00	0.00			3 154 991.00
953	<i>Transfer to the operating section</i>	44 931 252.63				
<b>For information: 002 operating result carried over N-1</b>		<b>0.00</b>	<b>0.00</b>			

REGION OCCITANIE - PRIMARY BUDGET – ADMINISTRATIVE ACCOUNT 2017						
II - GENERAL PRESENTATION						
GENERAL BALANCE - INCOME						
Chapter/type	Description	CREDITS OPENED (PB+BS+DM+RAR N-1)	CREDITS UTILISED (OR UNUTILISED)		UNASSIGNED CREDITS	
			REALISED (payments ordered and receipts issued)	REMAINDER UNREALISED 31/12/N		
<b>Capital income - Total</b>		<b>2 058 133 994.74</b>	<b>1 553 603 913.29</b>		<b>0.00</b>	<b>504 530 081.45</b>
<b>Sub-total actual and combined transactions</b>		<b>948 206 150.00</b>	<b>582 738 096.85</b>		<b>0.00</b>	<b>365 468 053.15</b>
10	Endowments, misc. funds and reserves (except 1068)	110 100 000.00	122 850 950.20		0.00	44 778 252.98
13	Capital grants	165 575 968.00	120 797 715.02		0.00	44 778 252.96
16	Borrowings and equivalent debt	629 798 861.00	301 983 441.00		0.00	327 815 420.00
18	Liaison account: allocation (BA, régie NP)	0.00	0.00		0.00	0.00
20	Intangible fixed assets (except 204) (1)	0.00	65 124.00		0.00	-65 124.00
204	Equipment grants paid (1)	5 221 070.00	4 432 408.37		0.00	788 661.63
21	Tangible fixed assets (1)	8 823.00	9 285.77		0.00	-462.77
22	Fixed assets received by allocation (1)	0.00	0.00		0.00	0.00
23	Fixed assets in progress (1)	16 800 000.000	14 439 970.95		0.00	2 360 029.05
26	Contributions and associated receivables	171 202.00	171 202.05		0.00	-0.05
27	Other financial fixed assets	17 333 376.00	14 284 585.65		0.00	3 048 790.35
45	Transactions on behalf of third parties	3 196 850.00	3 703 413.84		0.00	-506 563.84
954	Proceeds of sale of fixed assets	0.00			0.00	
<b>Sub-total of balancing transactions</b>		<b>937 224 222.63</b>	<b>798 162 194.33</b>			<b>139 062 028.30</b>
925	<i>Asset transactions</i>	398 200 000.00	307 224 215.33			90 975 784.67
926	<i>Transfers between sections</i>	494 092 970.00	490 937 979.00			3 154 991.00
951	<i>Transfer from the operating section</i>	44 931 252.63				
<b>922-1068</b>	<b>Capitalised operating surplus</b>	<b>172 703 622.11</b>	<b>172 703 622.11</b>			<b>0.00</b>
Chapter/type	Description	CREDITS OPENED (PB+BS+DM+RAR N-1)	ASSOCIATED EXPENSES/INCOME	CREDITS UTILISED (OR UNUTILISED)	UNASSIGNED CREDITS	
<b>Operating income – Total</b>		<b>2 851 906 858.09</b>	<b>2 726 259 095.32</b>	<b>17 012 500.00</b>	<b>0.00</b>	<b>108 635 262.77</b>
<b>Sub- total actual and combined transactions</b>		<b>2 692 794 505.52</b>	<b>2 600 909 331.14</b>	<b>17 012 500.00</b>	<b>0.00</b>	<b>74 872 674.38</b>
013	Income mitigation	924 852.00	804 212.98	0.00	0.00	120 639.02
70	Income from services, land, misc. sales	6 368 700.00	6 378 796.09	12 500.00	0.00	7 403.91

731	Local taxes	797 610 496.00	797 205 119.00	0.00	0.00	405 377.00
73	Duties and taxes (except 731)	755 834 150.00	764 440 302.40	17 000 000.00	0.00	-25 606 152.40
74	Endowments, grants and contributions	1 104 638 189.76	996 598 902.70	0.00	0.00	108 039 287.06
75	Other ordinary management income	7 184 461.76	10 998 925.93	0.00	0.00	-3 814 464.17
76	Financial income	1 438 610.00	1 837 503.38	0.00	0.00	-398 893.38
77	Extraordinary income	15 340 382.00	19 220 904.52	0.00	0.00	-3 880 522.52
945	Provisions and other combined transactions	3 424 664.00	3 424 664.14			-0.14
<b>Sub-total of balancing transactions</b>		130 264 419.00	96 501 830.61			33 762 588.39
946	Transfers between sections	130 264 419.00	96 501 830.61			33 762 588.39
947	Transfers in the operating section	130 264 419.00	96 501 830.61			0.00
<b>For information: 002 operating result carried over N-1</b>		28 847 933.57	28 847 933.57			

### 3.7 The 2018 budget

#### Summary of the 2018 Primary Budget

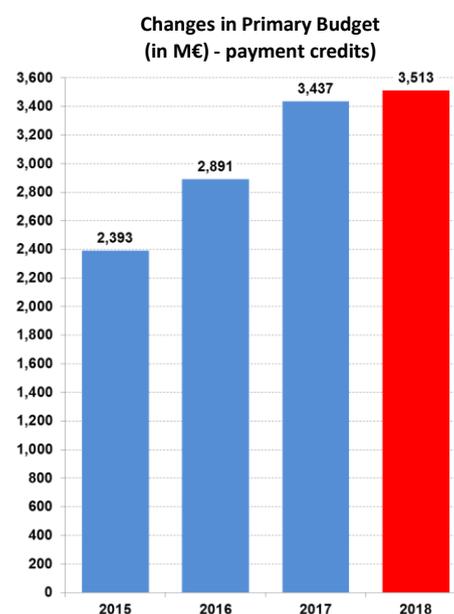
The Région Occitanie's main primary budget 2018 (the **2018 Primary Budget** or **PB**) totals **3.51 billion euros**, an increase of 76 M€ compared to 2017 (+2.2%).

The 2018 Primary Budget is the Région Occitanie's third budget. In terms of financial scale, it is 1.1 Billion € larger compared to the consolidated 2015 budgets of the two former Régions and now totals more than 3.5 Billion €.

This significant increase of the Région's budget has, up until now, only slightly impacted on its main financial balances because it derives essentially from new expenditure balanced against near equivalent sources of income:

1. Firstly, in respect of the European Funds managing authority vested in the *régions*, the amounts entered in PB 2018 total 570 M€ (including the balance remaining from the former so-called Global Grant programme). Among the most important of these funds is the EAFRD (European agricultural fund for rural development): 464 M€ in 2018.
2. The second point concerns the transfer of powers, the most important being the schools and interurban transport powers of the *départements* resulting from the implementation of the NOTRe law. In the PB 2018, the financial flows associated with the exercise of this power will represent more than 350 M€ (276.5 M€ for powers and 77.9 M€ for the refund to certain *départements* for which the income transferred (25 CVAE points) is greater than the actual cost). In addition, there are other transfers but involving smaller amounts, including the port *Grau du Roi*, the regional waste prevention and management plan, certain rail links and apprenticeships).
3. The third point relates to the implementation by the Région, on behalf of the State, of the national jobseekers training plan.

These three points are amplified by the Région's proactive engagement in terms of capital spending policy. Indeed, after an initial phase dedicated to overhauling regional schemes with a complete redefining of its public



policies, the Région has placed the emphasis on investment with the aim of harmonizing and balancing the development of the Région.

Regarding the operating section, the increase in expenditure (*excluding EAFRD*) is limited to a level of around 1.5%, i.e. a rate similar to that seen in 2017. This change is 0.3 points greater than the inflation rate, which currently stands at 1.2%. This demonstrates that the harmonization of the Région's action throughout its territory takes place in an environment of responsible and controlled evolution in operating expenditure.

At the same time, in 2018 the Région lost 50 M€ in income under measures included in the 2018 budgetary finance law. This decrease results from the abolition of the economic support fund set up to finance the exercise of the *départements*' economic powers (- 41.3 M€) and from the decrease in endowments (- 9 M€), in particular the professional tax reform compensatory endowment.

However, several sources of tax revenue reflect a base effect linked to the dynamics of their assessment base. This is the case for CVAE and the revenue equalization fund (+ 20 M€), VAT (+ 10 M€) which, starting in 2018, replaces the global operating endowment, the apprenticeship tax (+ 5 M€) in line with the increase in overall workforce wage bill and finally *cartes grises* (+ 4 M€), associated with the increase in the number of vehicle registrations (consistent price of €44 per tax horsepower, in force since 1 August 2016, very similar to the national average<sup>57</sup>, including a total exemption for clean vehicles).

Other changes in funding (positive and negative) are set against similar changes in spending (transfers and training Plan), so their impact on gross internal financing is almost nil.

In these circumstances, gross internal financing decreased by almost 30 M€, a fall of 7% to 358.6 M€.

Capital expenditure entered in the PB 2018 totalled 1 Billion 175 M€ (including European funds EAFRD), an increase of 4.9%. This level of investment should continue to place the Région Occitanie amongst the *régions* with the highest levels of capital spending in France. The Région intends to pursue its strategy to prepare for the future, in particular through the Building and Public Works (BTP) Plan launched in 2016.

Its principal investments are as follows:

- high schools with continuing implementation of the 2016-2021 multi-year investment Plan,
- apprentice training centres (CFA) construction / renovation work,
- port infrastructure with the extension of Port-La Nouvelle,
- railway and road infrastructure,
- accessibility improvements,
- Cité start-ups / IoT Valley / *Maison de l'Economie de Demain*,
- research and higher education buildings,
- public water services (completion of the Aquadomia hydraulic network),
- high-speed broadband,
- cultural and sports facilities (CREPS),
- ecological and energy transition.

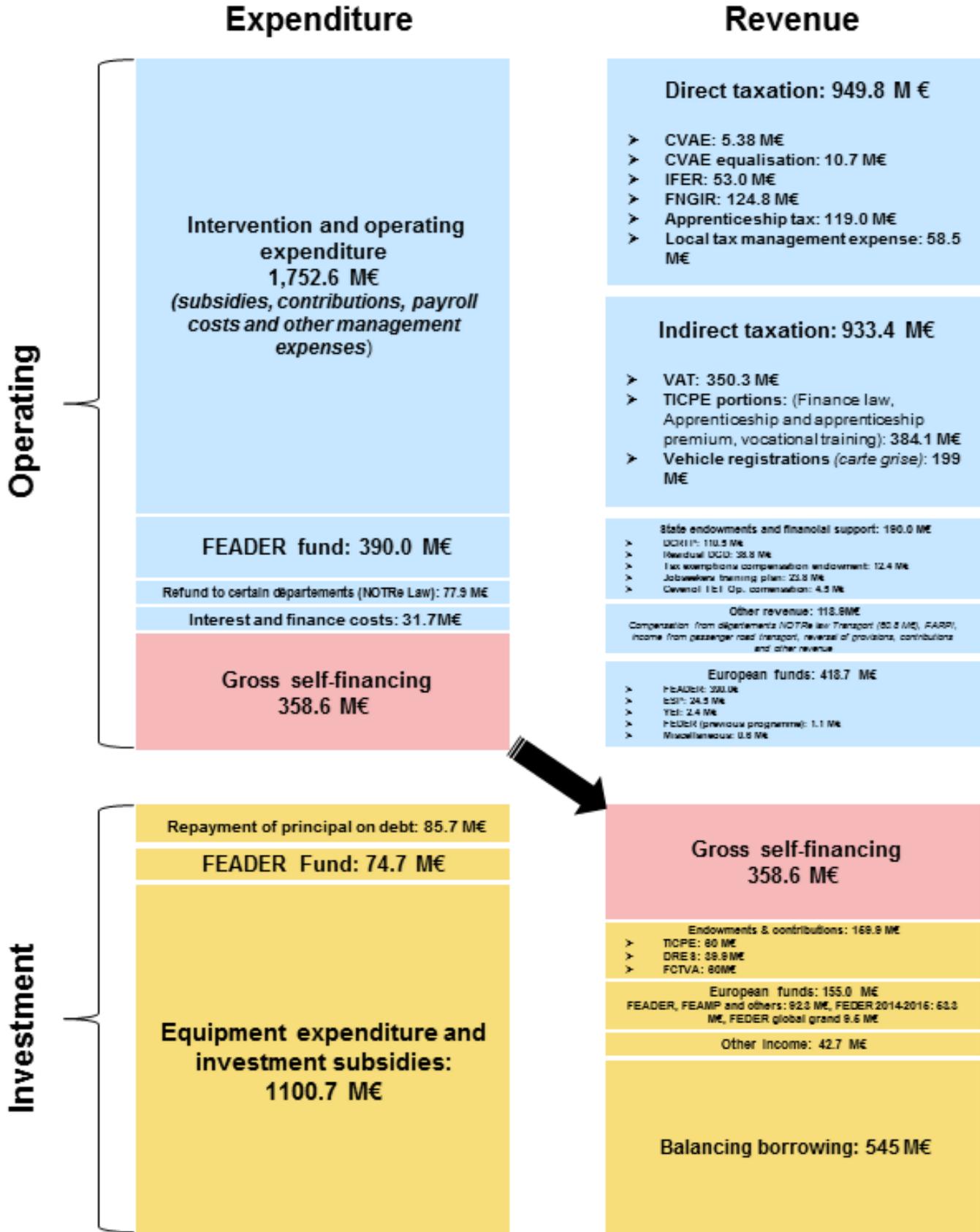
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<sup>57</sup> Source: Carte-Grise.org website

A rise in capital expenditure combined with a slight erosion of own sources of funds has led to increased reliance on borrowing, with 545 M€ entered in the PB 2018, 35 M€ more than in 2017.

At the end of the 2017 financial year, the Région's solvency measured by its debt repayment capacity, is at a level of nearly 4 years.

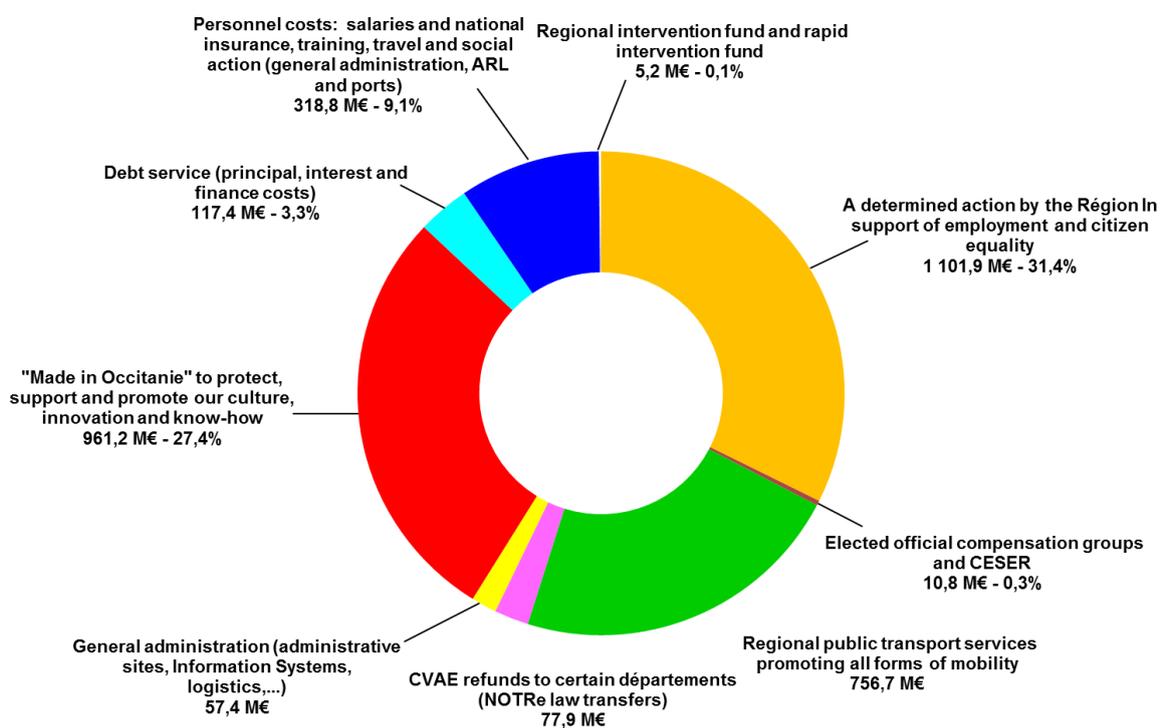
General Balance of draft Primary Budget 2018: 3.513 Billion €



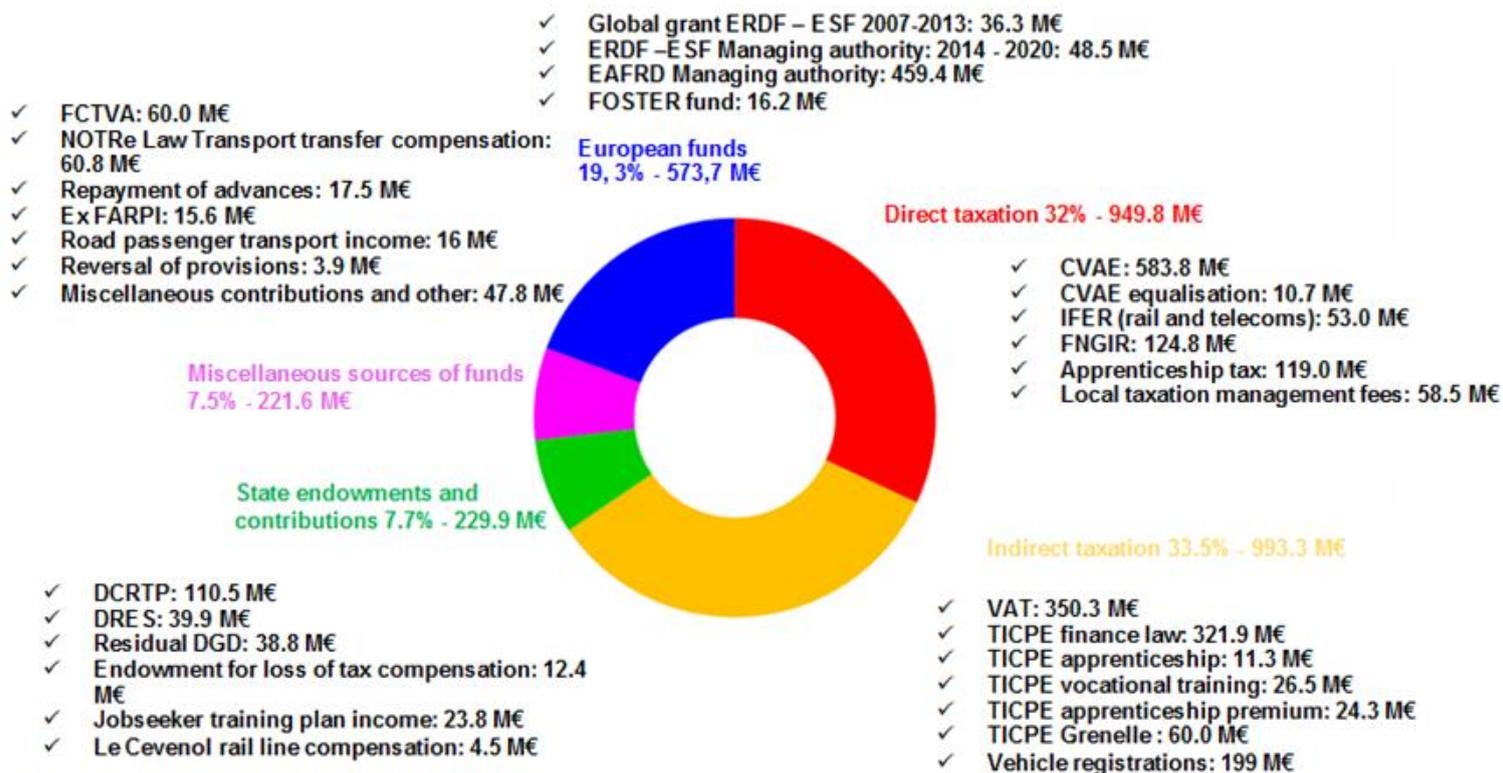
**The Région's 2018 budget is structured around 4 priority areas:**

- action in support of employment and citizen equality,
- effective ecological transition day-to-day,
- regional public transport services promoting all forms of mobility,
- "Made in Occitanie" branding to protect, support and promote the Région's culture, innovation and know-how.

**Région's action priorities in 2018: 3 513 M€**



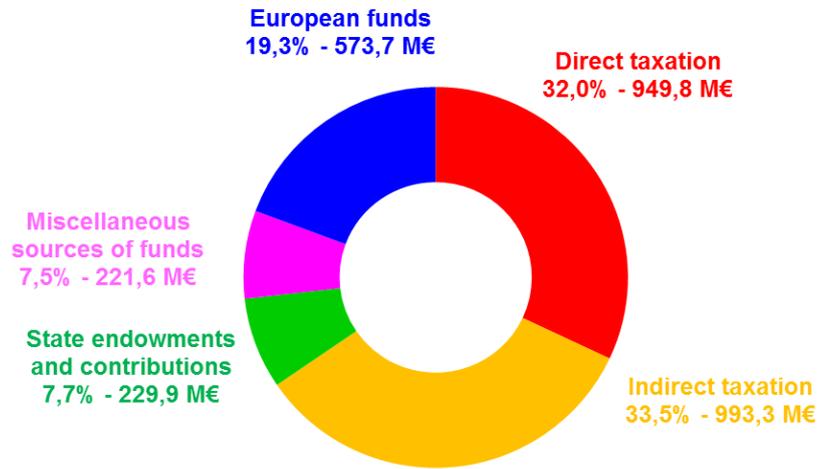
## Région's sources of funds (excluding borrowing) in the 2018 Primary Budget



### General table of sources of funds 2018

<b>Direct taxation</b>	<b>949 810,000</b>
- CVAE (business value added contribution) (77.9 M€ are then refunded to Départements under the NOTRe law (transfer of transport powers))	583 850,000
- Regional tax revenue equalization fund (CVAE essentially)	10 700,000
- IFER (network companies fixed levy)	53,000,000
- FNGIR (national individual revenue guarantee fund)	124 760,000
- Apprenticeship tax (fixed and dynamic elements)	119,000,000
- Local taxation management fees	58 500,000
<b>Indirect taxation</b>	<b>933 253,000</b>
- TICPE (internal energy products consumption tax) budgetary finance law	321 900,000
- TICPE Apprenticeship	11 300,000
- TICPE Vocational training	26 450,000
- TICPE Apprenticeship premiums	19 300,000
- TICPE Additional apprentices	5,000,000
- <i>Cartes grises</i> (vehicle registrations)	199,000,000
- VAT (value added tax)	350 303,000
<b>State endowments</b>	<b>190,000,000</b>
- DCRTP (compensation endowment for professional tax reforms)	110 500,000
- Tax exemption compensation endowment	12 377,000
- Residual DGD (General decentralization endowment)	38 780,000
- Jobseekers training plan	23 843,000
- Le Cévenol operating compensation (railway line)	4 500,000
<b>Miscellaneous sources of funds linked to transferred powers</b>	<b>31 600,000</b>
- FARPI (Academic fund for remuneration of boarding school staff) + 22.5% EPLEA	15 600,000
- Road passenger transport income	16,000,000
<b>Miscellaneous sources of funds</b>	<b>87 343 600</b>
- Reversal of provisions	3 889 500
- Contribution of Départements Loi NOTRe (waste management and ports)	1 013,000
- Départements compensation allocation under Loi NOTRe transfer of powers (transport)	60 780 100
- Miscellaneous operating income	21 660,000
<b>European funds</b>	<b>418 714 400</b>
- Miscellaneous European income including technical assistance	567 600
- Global Grant ERDF (2007/2013) (European regional development fund)	1 150,000
- EAFRD 2014-2020 (European agricultural fund for rural development)	390,000,000
- ESF (2014/2020) (European social fund)	24 550 500
- YEI (Youth Employment Initiative)	2 446 300
<b>Sub-total: Operating income</b>	<b>2 610 721,000</b>
<b>Own capital income</b>	<b>202 534,000</b>
- TICPE "Grenelle"	60,000,000
- DRES (Regional schools equipment endowment)	39 860,000
- FCTVA (VAT compensatory fund)	60,000,000
- Repayment of loans and advances	17 480,000
- Départements' contribution to <i>cités scolaires</i> and higher education, waste management and ports	6 900,000
- Miscellaneous capital income	18 294,000
<b>European funds</b>	<b>155 019,000</b>
- Global Grant ERDF (2007/2013)	9 466,000
- ERDF (2014/2020)	53 301,000
- EAFRD, EMFF and others (2014-2020)	92 252,000
<b>Sub-total: capital income</b>	<b>357 553,000</b>
<b>Overall total sources of funds (excluding borrowing)</b>	<b>2 968 274,000</b>
<b>Balancing borrowing</b>	<b>545,000,000</b>
<b>OVERALL TOTAL</b>	<b>3 513 274,000</b>

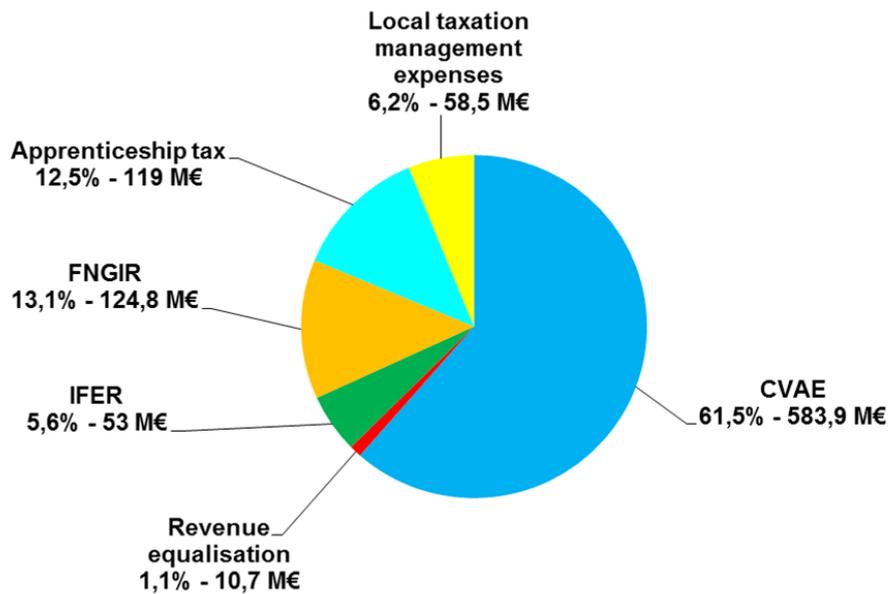
**Breakdown of sources of funds in 2018 Primary Budget  
(excluding borrowing): 2 968.3 M€**



**I. TAX REVENUE**

**I.1. Direct taxation**

**Breakdown of direct tax revenue: 949.8 M€**



**I.1.1. Business value added contribution (CVAE)**

Business value added contribution (*Cotisation sur la valeur ajoutée des entreprises* or CVAE) has replaced the equipment and moveable property (“E.B.M.”) element of the former professional tax. The mechanisms introduced by the budgetary finance law 2010 on fixing the tax base and calculating contributions have more or less stabilized.

The growth potential of tax revenue is a factor of a combined base effect and rate effect. With respect to the CVAE, the rate effect does not exist insofar as the single rate applied nationally is set by Parliament.

As for the base effect, this is based on economic flows which vary to a certain extent in line with trends in Gross Domestic Product of year Y-2. This means income is highly volatile from one year to the next.

Since this year, the share of CVAE allocated to the *régions* has increased from 25% to 50% whilst the share going to *départements* has been reduced accordingly (from 48.5% to 23.5%).

In 2017, the income collected amounted to 578 M€ in other words, after incorporation of the former *département* share of the 13 *départements* that form the Région Occitanie, an increase of 10 M€ (+ 1.8%) compared to 2016.

The final amount of CVAE to be collected in 2018 will not be notified until next March and this year, the Directorate General of Public Finances (D.G.F.I.P.) was not able to provide the usual estimates in August.

At the time of writing, the simulations produced in November are not available. Nevertheless, and although the correlation with the growth of GDP must be taken with a pinch of salt, the Région cautiously anticipates an increase in CVAE income of 1% in 2018.

**Anticipated CVAE revenue for 2018 is estimated at: .....583 850,000 €.**

### **Reminder of the compensation awards paid in 2018 either by the *Région*, or by *Départements* to balance finances relating to the exercise of “non-urban and schools transport” powers**

The law n°2015-991 dated 7 August 2015 on the new local authority structure of the French Republic is implemented in three stages:

On 1 January 2017 for the transfer of powers in matters of non-urban, regular or on-demand transport, and management of bus stations,

On 1 September 2017 for the transfer of powers in matters of school transport, excluding special transport services for special needs pupils to school establishments,

On 1 January 2018 for the transfer of powers in matters of *département* transport services personnel.

Article 89 of the budgetary finance law 2016, which sets out the compensation arrangements for transferred expenditure, provides for the allocation to the *régions*, as from 2017, of 25 CVAE points by deduction from the share of the *départements*.

The same article introduces a compensation allocation equal to the difference between the amount represented by 25 CVAE income points received by *départements* in 2016 and the net cost of the transferred expenditure.

Depending on the circumstances, either the *région* refunds a CVAE "overpayment" to the *département*, or the *département* pays the *région* an amount to make-up for the CVAE shortfall to meet the cost associated with exercise of the transferred powers.

In 2018 by virtue of this mechanism, the *Région*:

shall receive **60.78 M€** (10 debtor *départements*)

shall pay **77.88 M€** (3 creditor *départements*).

For all transferred powers, 2018 is a full year of exercise of such powers. Also, the amounts expressed here are final and valid for subsequent years.

### **I.1.2. The regional tax revenue equalization fund**

Introduced under the budgetary finance law 2010 the financial equalization mechanisms between the *régions* were implemented for the first time in 2013.

The main objective was to converge changes in the new income, taking average change as the pivot value.

To achieve this, it was necessary to determine an income scope to be "equalized" and relating strictly to the income that replaced the former professional tax and property tax revenue. A comparison is then made by reference to the average cumulative growth of the new income basket since 2011.

The *régions* above this threshold are contributors and by a "mirror effect", those below are eligible for equalization depending on to their position compared to the average. As a result, the amounts received in respect of this fund fluctuate according to the differences between the *Région*'s CVAE growth and the regional average.

Since this system was implemented, the Région Languedoc-Roussillon and the Région Midi-Pyrénées have been beneficiaries, except in 2015 when Midi-Pyrénées was obliged to contribute 11 M€.

The Région Occitanie was eligible for the CVAE equalization portion in 2016 (9 M€) and 2017 (3.3 M€).

For 2018, the calculation methods were reformed under article 61 of the draft budgetary finance law to correct the bias created by the granting of 25 CVAE points, formerly allocated to the *départements*. The intention was to neutralize them and maintain the current scope of the fund by taking into account only half of the Région's CVAE in the calculation and distribution arrangements.

In 2018, the Région Occitanie should be eligible for the equalization fund in an amount of .....**10 700,000 €**.

### **I.1.3. Network companies fixed levy (IFER)**

The IFER was created to offset the significant gains made by certain large network companies due to the abolition of the professional tax. These involve taxation rates on equipment or facilities.

The *régions* receive two IFER components:

#### **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 for all rolling stock depending on its type and use by reference to a scale ranging from €2,400 for tram-train wagons to €35,000 for high-speed electric powered engines.

The tax is then distributed between the *régions* calculated as the ratio between (a) the number of track-kilometres reserved by rail transport companies in the year preceding the relevant tax year with the public entity *Réseau Ferré de France* and (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 2018 IFER "Transport" proceeds for the Région are estimated to be .....**17,000,000 €**.

#### **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 has programmed obsolescence since it 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 from 2014, provides that income is no longer distributed by reference to the equipment located in the Région, but rather as a percentage of the income collected in 2013. For the Région Occitanie, this percentage is 9.0634%.

Moreover, the inflation indexation mechanism mentioned above also applies to this IFER. The "Telecoms" IFER income for the Région in 2018 is estimated at .....**36,000,000 €.**

#### **I.1.4. The national individual revenue guarantee fund (FNGIR)**

Transfer of CVAE towards the *régions* has resulted in a predominant share of this income being focused on the Région Ile-de-France, which is in surplus with the new tax revenue in 2011, well above those of 2010. Conversely, the other *régions* are in deficit. The FNGIR fund was created to mitigate this imbalance.

This is garnished by capping the Région Ile-de-France's surplus income to bring it back to 2010 levels. This fund is then redistributed to other *régions* whose income from CVAE and IFER is not sufficient to offset the financing requirement brought about by the loss of income.

In other words, a system of dynamic taxation in terms of assessment bases and rate-setting power has been replaced by a scheme that is merely a snapshot taken in 2010 of the wealth gap resulting from the abolition of the professional tax and its replacement by the CVAE.

The amounts deducted (Ile-de-France) or received (other *régions*) were calculated based on the level reached in 2011. Marginal adjustments were then applied to these amounts following the inclusion of additional later known professional tax rolls. These have been frozen since 2013.

In 2018, FNGIR income for the Région Occitanie is identical to that received in 2017 which itself represents the exact combined amount received in 2015 by the two former Régions, namely **124 760,000 €.**

#### **I.1.5. Financing of vocational training by local taxation management fees**

Responding to the demands of the *régions*, the Government agreed in 2014 to commence "refiscalisation" of their income by replacing the former "vocational training" global decentralization endowment with a basket of revenues, most of which have dynamic potential.

This change was reflected in article 41 of the budgetary finance law 2014 which allocates to the *régions*:

- first, 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), the business value added contribution (CVAE) and a portion of the management fees for the residence tax (*taxe d'habitation*). This first element represents two thirds of this income,
- secondly, an additional TICPE portion which is discussed in the chapter on indirect taxation.

In 2014, this substitution had a neutral effect, in other words it was implemented on the basis of amounts received by the *régions* previously in the form of endowments. The income received for management fees increased between 2015 and 2017 by 2.45%, 3.37% and 2.34% respectively. For 2018, an indexation of 1.7% has been applied.

As a result, the proceeds of the local tax management fees allocated towards financing vocational training in 2017 should be .....**58 500,000 €.**

#### **I.1.6. Financing of apprenticeships with a portion of the new apprenticeship tax**

The reform of the financing for apprenticeships was introduced by the budgetary finance law 2014, the amended budgetary finance law 2013, the law of 5 March 2014 on vocational training, employment and social democracy and the first budgetary finance amendment law of 2014.

The apprenticeship tax (0.5% of the wage bill) and the contribution to the development of apprenticeships (0.18%) were merged into a single tax of 0.68% of the wage bill.

51% of this new tax is allocated to the *régions*. A second so-called “quota” portion of 26% is allocated to apprentice training centres (CFA) and apprenticeship sections.

The balance (23%) is allocated in the form of a third so-called "non-quota" portion by companies to finance non-apprenticeship technological and vocational training.

Initially, the percentage allocated to the *régions* amounted to 56% of the new tax. To compensate for its reduction to 51%, an additional TICPE portion has been granted to the *régions*.

Also, today, the funding for apprenticeships comprises both a fixed element (Apprenticeship Tax and TICPE) reflecting the amounts previously paid in the form of endowments and a variable element reflecting the dynamism of the Apprenticeship Tax which is equalized between the various *régions*. These laws have helped to rationalize the existing position and have significantly changed the way this funding is collected and distributed between the various actors.

As regards the *régions*, from a strictly financial perspective, these laws have resulted in:

- rationalization and simplification of funding sources,
- an increase in their financial autonomy.

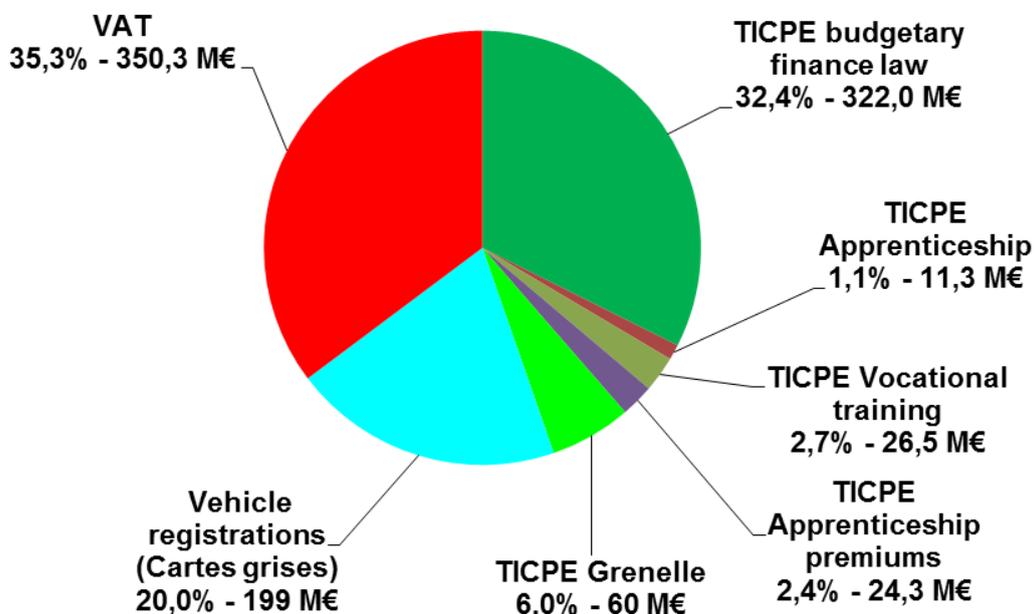
However, the powers of the *régions* in matters of apprenticeship and associated funding may however be called into question by the Government following the vocational training reforms in relation to which a consultation was launched at the end of 2017.

The proceeds of the regional share of income for the development of apprenticeships derived from the Apprenticeship Tax are expected in 2018 to be ..... **119,000,000** €.

<b>Giving anticipated direct taxation revenue of:..... 949 810,000 €.</b>
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## I.2. Indirect taxation

**Breakdown of indirect taxation revenue: 993.3 M€  
(operating and capital income)**



### I.2.1. Excise duties: TICPE

**The various TICPE portions receivable in 2018 (in M€)**

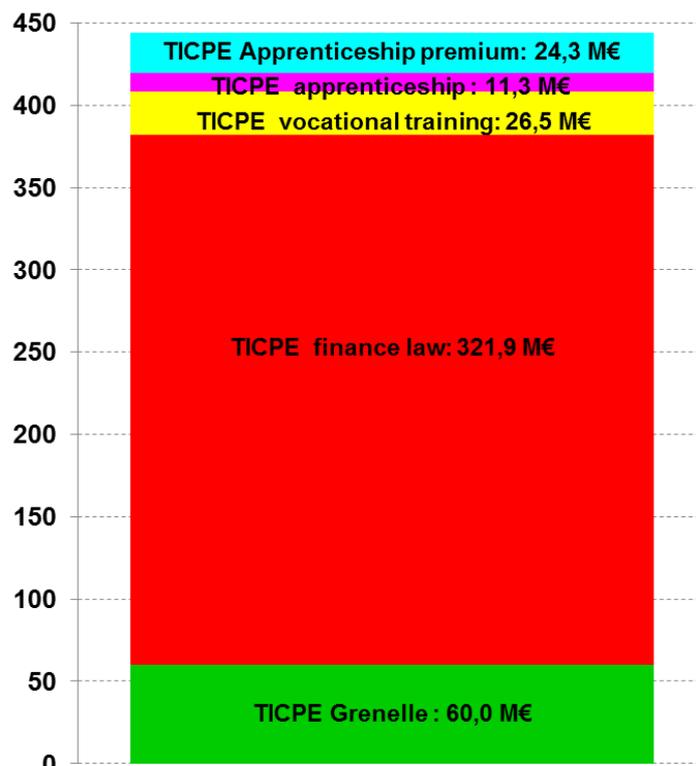
Since 2005, mainland *régions* receive part of the income from the internal energy products consumption tax (TICPE) previously allocated exclusively to the State.

With overall income receivable in 2018 of nearly 444 M€, TICPE payable to the Région constitutes its second largest source of tax revenue.

Made up until 2012 of three elements with varying amounts and objectives, two new portions were introduced in 2014 with two more in 2015.

#### A. TICPE voted under the budgetary finance law

Since 2005 with the transfers of power introduced by the law of 13 August 2004, financial compensation has been allocated to the *régions* in the form of a portion of the TICPE tariff assessed since 2006 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 in 2017 was 0.0877 € per litre of unleaded petrol and 0.0609 € per litre of diesel.

It has evolved as the transferred expenses have entered into effect, by reference to the adjustments fixed by the Prime Minister following the meetings of the Consultative Committee for the Assessment of Expenses. This evolution was marginal between 2011 and 2013.

In 2014, the tariff was increased to finance new transfers introduced by the law dated 4 March 2014 on vocational training, employment and social democracy.

In 2017, it was increased again to compensate for the transfer of powers relating to the new business creation and rehabilitation support scheme (NACRE scheme compensation of 2.83 M€ for the Région Occitanie) specified in article 7 of the NOTRe Law.

In 2018, the tariff changes by the combined effect of two factors:

- Changes to the right to compensation following the end-of-year meetings held by the Consultative Committee for the Assessment of Expenses. No significant additional income is expected this year to result from this,
- The incorporation of the former flexible element into the "base" part defined in the budgetary finance laws. The introduction of this flexible element in 2007 was justified by the then Government for two main reasons: the aim was to increase the fiscal autonomy of the mainland *régions* and enable them to face the foreseeable increase in expenditure associated with the new decentralized powers,

As a reminder, these tariffs amounted to 1.77 € per hectolitre of unleaded petrol and 1.15 € per hectolitre of diesel for all mainland regions. This portion represented revenue of just over 60 M€ for the Région Occitanie.

This incorporation, which is reflected in practical terms by the adoption of the regional TICPE tariffs in the initial budgetary finance law for 2018, is a technical measure introduced by the Government under the 2016 amended budgetary finance law. It is neutral in terms of income.

The amount of the new “Budgetary finance law” TICPE for 2018 should be .....  
**321 900,000 €.**

## **B. The “*Grenelle de l’Environnement*” TICPE**

Since 2011, the two previous portions have been supplemented by a new regional TICPE tariff portion.

Article 94 of the 2010 budgetary finance law introduced an option to increase the regional TICPE tariff subject to this new income being allocated exclusively towards financing sustainable, rail or river, transport infrastructure, the outline programme for which was described in articles 11 and 12 of the Law dated 3 August 2009 on the implementation of the “*Grenelle de l’Environnement*”.

Since 2011, the cumulative income from this TICPE portion received by the Région totalled 355 M€, against 780 M€ in expenditure assigned to “*Grenelle de l’Environnement*”.

The law sets a uniform nationwide cap, which determines the maximum allowable increase permitted for each *région*. This cap amounts to 0.0073 € per litre for unleaded petrol and 0.0135 € per litre of diesel.

Unlike other TICPE portions, this component constitutes capital income posted under the transport budgetary chapter.

Based on 2017 fuel consumption, the forecast for this TICPE portion in 2018 should amount to ..... **60,000,000 €**.

### **C. TICPE portions linked to “refiscalisation” of transferred powers compensation.**

This TICPE includes four components:

- An initial component, introduced in 2014, relates to the financing of vocational training.  
  
It supplements the allocation of local taxation management fees and replaces the endowments previously paid by the State (see below). This element is fixed and is not assessed on actual fuel consumption in the Région. The income generated by this TICPE element in 2018 should amount to **26 450,000 €**.
- Another component, the outlines of which were established by the adoption of the 2014 budgetary finance amendment law, finances the new premiums payable to hirers of apprentices (19.3 M€). In 2015, the Government introduced a scheme to promote the hiring of an additional apprentice (5 M€). The cumulative total compensation allocated to the Région for implementing these two measures in 2018 is estimated to be **24 300,000 €**.
- A final component was implemented in 2015 with the aim of "rounding-off" the funding of regional powers in relation to apprenticeships. In fact, it supplements the regional portion of the Apprenticeship Tax thereby forming the fixed element of the Région's apprenticeship support income (see below). The total for this component in 2018 should amount to **11 300,000 €**.

Other than the apprenticeship premiums compensation, which takes into account the actual number of new apprenticeships, there is no indexation mechanism for these TICPE portions linked to the "refiscalisation" of compensation for transferred powers. The amount of these TICPE portions for 2018 should reach **62 050,000 €**.

### **I.2.2. Région's portion of VAT**

Article 149 of the initial budgetary finance law for 2017 has allocated to the *régions*, beginning in 2018, a portion of VAT, calculated in such manner that it entirely replaces the regional global operating endowments (fixed and equalization elements), the general endowment for the Corsica regional authority and the special support fund for economic development, with an allocation of 450 M€ (41.6 M€ for the Région Occitanie).

This measure:

- financed the *région's* new powers in matters of economic development and supported them in assuming responsibility for initiatives previously conducted by the *départements* in this domain (1.6 Billion € of which 600 M€ falling within the scope of the *régions'* powers),
- provided *régions* with increased financial autonomy, a boost to their income and a funding model based on sharing the State's tax revenue, reflecting the practices of other European countries.

The initial budgetary finance law for 2018 merely maintained the replacement of various regional operating endowment (DGF) portions with a VAT portion. Conversely, the support fund for economic development was not extended.

Given the DGF level in 2017, after four years of cuts and factoring in the increase in VAT income witnessed in 2017, this should in 2018 generate new income for the Région Occitanie of:.....**350 303,000 €**.

### I.2.3. Tax on vehicle registrations (*cartes grises*)

The tax on vehicle registration certificates represents the financial compensation for the transfer of State powers to the *régions* which began in 1983 in relation to ongoing vocational training and apprenticeships.

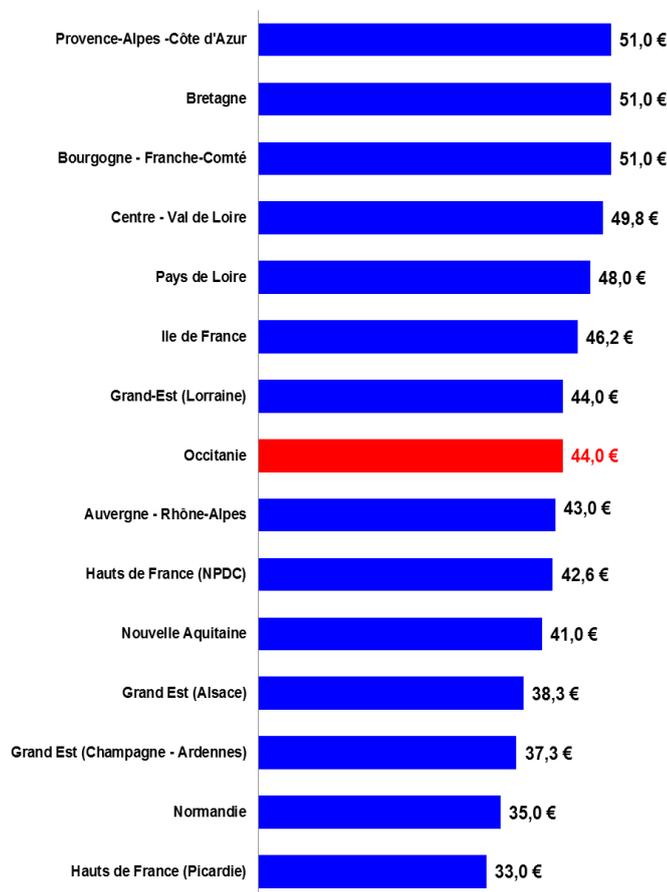
Henceforth, the *régions*' rate setting powers are limited to defining the *carte grise* rate. Since 1 August 2016, the tariff applicable in the territory of the Région Occitanie has been harmonized and set at 44 € per tax horse power. This rate will remain the stable in 2018.

Since that date, "clean vehicles" benefit from a nationwide exemption.

In 2017, the assessment base for this tax was dynamic. The income generated was posted by way of a new budget entry in the amending decision (DM2 2017) (+ 2 M€). Factoring in reductions due to extended exemptions, the Région's income from *cartes grises* should increase in 2018. It is estimated to be: **199,000,000 €**.

In pursuance of the policies previously conducted and adopted by the elected officials of the Région Occitanie and in order not to further penalize young people wishing to obtain their driving license, it is proposed that the 2018 driving license tax shall be maintained at 0 €.

**Carte Grise Tariff per tax horse power at 1 January 2017**



**Giving indirect tax revenue of .....993 400,000 €.**

**For a total tax revenue of .....1 943 250,000 €.**

## II. INCOME TRANSFERS RECEIVED FROM THE STATE

Since 2008, income transfers paid to regional local authorities act as adjustment variables for the State budget.

The various multi-annual covenants ("growth pact" or "stability contract"), under which the State made financial commitments to the regional authorities and guaranteed the index-linking of funding payments, disappeared several years ago. Since 2011, these have been replaced by a freeze in the value of the approved State funding limits.

Lastly, since 2014, there has also been a reduction in the global operating endowments (DGF) paid to local authorities. This reduction beginning in 2014 was amplified during the period 2015–2017, thereafter amounting to 11.5 Billion € in total for all local authorities of which 1.52 Billion € exclusively for the *régions*.

(in M€)	Local authorities' contributions	Reduction in DGF for Régions	Of which reduction in DGF for Région Occitanie
2014	1 500 M€	184 M€	15.6 M€
2015	3 670 M€	433 M€	39.1 M€
2016	3 670 M€	451 M€	40.1 M€
2017	3 660 M€ reduced to 2 634 M€ in 2017 solely for <i>commune</i> sector	451 M€	43.1 M€
<b>TOTAL</b>	<b>11 474 M€</b>	<b>1 519 M€</b>	<b>137.9 M€</b>
<b>Cumulative loss of income 2014-2017</b>	<b>26 984 M€</b>	<b>3 388 M€</b>	<b>303 M€</b>

For the Région Occitanie, the loss of income amounted to 138 M€ with a cumulative “shortfall” of 303 M€ over the period 2014-2017. Note that this loss has been enshrined because the anticipated income from the VAT portion allocated as from 2018 was calculated on the basis of 2017 DGF levels after this cycle of cuts.

## II.1. Operating endowments

As from 2018, with the replacement of the regional DGF allocations with a VAT portion and the decision not to extend the economic development fund, the State will continue to pay only three operating endowments to the *régions*.

One is frozen (residual - decentralization endowment - DGD) and the other two have been reduced because they form adjustment variables for the standardized allowance for funding payable to all local authorities.

### II.1.1. Residual Global Decentralization Endowment (DGD)

This represents the remainder of the DGD that was not swallowed up by the global operating endowment (DGF) (i.e. 5%) when it was introduced in 2004.

This endowment enables various financial adjustments to be made, in particular with respect to the railway tolls compensation system.

Furthermore, this endowment is directly impacted by the freeze in value.

In these circumstances, the amount of DGD in 2018 should amount to .....**38 780,000 €**.

### II.1.2. “Funding adjustment variable” endowments paid by the State

Since 2010 and the introduction of the standardized allowance, in other words a freeze on the financial support paid by the State to local authorities, the various measures of the budgetary finance laws which have the effect of increasing one of the components of this funding are financed by an equivalent reduction of other endowments, which have thereby become adjustment variables.

The above-mentioned increases are made in general for the purpose of equalization of the *commune* sector and are therefore “paid” in part by the *régions* and *départements*.

For the *régions*, only the endowment for local direct tax exemption compensation transfers (e.g. compensatory allowances) was impacted until 2016.

Starting in 2017, the implementation of the various measures to strengthen the equalization of the *commune* sector, and the continuation and widening of the residence tax (*taxe d'habitation*) exemptions for persons on low income, led to the adjustment variables being extended to the professional tax equalization funds and, especially, to the professional tax reform compensatory endowment for *départements* and *régions*.

#### **A. Local tax exemption compensation transfer endowment (e.g. compensatory allowances)**

This endowment created by the 2010 budgetary finance law replaces the former compensatory allowances.

It is one of the direct consequences of local direct taxation reform which involved the abolition of the compensatory allowances paid to the *régions* under the various direct taxation relief schemes. The endowment compensates the *régions* for losing compensatory allowances that have either been transferred to a different local authority level or abolished.

The CVAE portion to which exemption compensation applies is included in this endowment.

As mentioned above, the compensatory allowances received by local authorities have, since 2008, become budgetary adjustment variables. Accordingly, each year, a portion of the exemption compensation is reduced in line with the overall objectives regarding State funding for local authorities.

This “pattern” is repeated in 2018 with a further reduction to certain exemption compensations. The resulting loss in 2018 as compared to 2017 for the Région Occitanie is estimated to be 0.65 M€.

As a result, the anticipated amount in 2018 is estimated to be .....**12 377,000 €**.

#### **B. Professional tax reform compensatory endowment (DCRTP)**

The DCRTP is a “balancing” endowment paid by the State and designed to cover any residual difference between the amount of income in 2010 (real estate and professional tax bridging compensation) which is guaranteed and the sum of the following sources of revenue: CVAE + IFER + FNGIR

Although it replaces in part the elements of regional taxation transferred (built property) or abolished (professional tax), it is indeed an endowment paid by the State and treated as such for accounting purposes. This endowment was not index-linked.

The amount of this endowment, which balanced the 2010 local tax reform, and the abolition of the Professional Tax was intended to be protected. However, as mentioned above, in 2017, the Government chose to incorporate this endowment into the adjustment variables for the State standardized funding allowance. **The reduction of the DCRTP, which amounted to 6.6 M€ in 2017, should be of around 7.6 M€ in 2018.**

The DCRTP for the Région Occitanie in 2018 should be .....**110 500,000 €**.

### **II.1.3. Funds allocated**

#### **A. The national jobseeker training plan**

In 2016, the former President of the Republic announced the broad outlines of the emergency Plan for employment and more specifically a plan to double training initiatives for the benefit of people in search of work.

The *régions* were tasked with implementing this scheme in liaison with the employment centre (*Pôle-Emploi*). The Région Occitanie, with the help of *Pôle-Emploi*, committed to creating 30,000 additional training places for this sector of the population during 2016. This scheme was extended in the first and second half of 2017 with a new commitment for 24,500 additional places.

In view of the planned funding arrangements, it is anticipated that the first semester 2017 extension balance, together with the second instalment and the second semester 2017 extension balance, will be paid in 2018 providing an income of .....23 843,000 €.

## **B. Le Cévenol**

The Clermont-Ferrand – Nîmes rail link, also known as “Le Cévenol”, will, as from 1 January 2018, be 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 provide for full financial compensation from the State for a period of five years to cover the now 4.5 M€ operating costs. The amount of this compensation will be .....4 500,000 €.

**Giving operating endowment income of .....190,000,000 €.**

## **II.2. Capital transfers**

### **II.2.1. Regional schools equipment endowment (DRES)**

The DRES was reformed by the 2008 initial budgetary finance law. However, this reform was financially neutral since it crystallized the former status quo.

In addition, its indexation was intended to remain the same as before (indexed to local public authority gross formation of fixed capital). However, since 2009, it has been frozen in value and its amount maintained at 2008 levels. Consequently, the DRES amount receivable in 2018 is the same as 2017, i.e. **39.9 M€**. This endowment is allocated and charged to the education budgetary chapter.

**Giving capital transfer income of .....39 860,000 €.**

**For a total State transfer income of 229 860,000 €.**

## **III. MISCELLANEOUS SOURCES OF INCOME**

### **III.1. The VAT Compensation Fund**

Its purpose is to compensate on a flat-rate basis the value added tax paid by local authorities on their investment.

The amount received by each local authority directly depends on the level of its capital expenditure because it involves a (partial) refund of the VAT paid on such expenditure.

Since 2010, FCTVA received in the current financial year relates to the expenditure realised in the previous year. The FCTVA refund 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.

For the 2017 financial year, and depending on the level of investment recorded to date, the estimated amount is anticipated to be .....60,000,000 €.

### **III.2. Allocation to the *régions* of the family contribution to boarding school and catering costs and abolition of Academic funds for boarding school staff remuneration (FARPI).**

In parallel with the transfer of T.O.S. staff, the Government decided to abolish the FARPI which collected the contributions of both families and the State which were then used to finance the remuneration of boarding school staff.

From 2006, *régions* became responsible for collecting the portion of these funds intended for the remuneration of boarding school and catering staff. Prior to this transfer, the State charged a contribution rate of 22.5%.

As from 2007, the same mechanism was introduced for the remuneration of agricultural high school T.O.S. staff assigned to boarding schools and catering.

The forecast income in 2018 from this fund is expected to be ..... **15 600,000 €.**

### **III.3. Reimbursement of repayable advances**

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

The amounts repaid in respect of advances granted to companies under the regional PACTE and ASTRE programmes (business start-up and development - Montpellier site) totalled €8 100,000 in 2018.

The repayable advances granted under the Support Contracts (Toulouse site) should generate an estimated income stream of € 9 085,000. An amount of €300,000 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): €200,000 for the PRAE Via Domitia and €100,000 for the PRAE Paul Sabatier.

The total amount of repayments to be made in 2018 represents a forecast annuity of ..... **1 7 480,000 €.**

### **III.4. 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.

Through agreements which set forth the sharing arrangements, it distributes its financial contributions among the relevant bodies.

The reimbursements made under the financial supplements signed to date amount to an estimated: ..... **6 900,000 €**, distributed as follows in 2018:

- for the *Départements (cités scolaires)*: 2.98 M€,
- for the State for higher education establishments (Ecole Nationale Vétérinaire, Institut National Polytechnique, UPS Ranguéil, IUT Tarbes and Auch, ENSAT d'Auzeville): 3.92 M€.

### **III.5. Contributions of the *départements* in respect of transfers of powers under the NOTRe Law**

As mentioned above, the transfer of powers in matters of non-urban and school transport from the *départements* to the *régions* went hand in hand with a transfer of income via the granting of 25 CVAE points.

In 2018 and for ten *départements*, this transfer of income is not sufficient to cover the transferred expenses. As a result, the law requires these *départements* to pay an additional compensation allocation which amounts in 2018 to: .....**60 780,000 €.**

Furthermore, the NOTRe Law introduced:

- the transfer of "waste planning" powers which become a regional responsibility and the payment of financial compensation (491 K €),
- the transfer of the management of certain ports. In the Région, this concerns the port of Graudu-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 .....**1,000,000 €.**

### **III.6. Other transport grants and income received**

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 in the broad sense (family contributions to school transport costs, partial coverage of the cost by *communes* and *intercommunalités*, ticketing income ...).

Added to this are the proceeds from the public service delegations in matters of road transport implemented by the former Région Languedoc-Roussillon (1.5 M€).

In 2018, these sources of income, the majority of which are subject to VAT and are entered under a special activity heading in the budget, should represent an amount of .....**17 500,000 €.**

In addition, various sources of income relating to rail transport are entered in the Primary Budget in an amount of **1.96 M€** (Arènes Colomiers tariff agreement – 1.1 M€, - Train at 1 € - 0.460 M€, transfer of the right to deduct the VAT under the leasing agreement– 0.300 M€, Kartatoo – 0.103 M€).

### **III.7. Vocational training contributions receivable**

In order to strengthen the training offered for specific sections of the population, the Région may enter into agreements with various organisations. An example is the *Pôle Emploi* which pays a contribution to the Région in support of more than 600 auxiliary nurse and child care assistant training places for jobseekers.

In respect of the balance of the 2017 agreement and the first instalment of the 2018 agreement, the Région anticipates a contribution of ..... **2 640,000 €.**

### **III.8. Contributions and miscellaneous income sources 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.

In this arrangement, the former Région Languedoc-Roussillon requested the transfer of the Port de Sète and Port-la-Nouvelle and also Carcassonne Airport. The Rivesaltes Airport, also an option, was not transferred to that Région but to a joint venture (*Syndicat Mixte*) formed by the *Région Languedoc-Roussillon* 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....).

In 2018, income is estimated to be:

- 8.8 M€ in relation to ports activities (4.4 M€ contribution to the Grand *Port-la-Nouvelle* project, 2.8 M€ for the construction of the *Pont Sadi Carnot* and *Pont de Tivoli* for the *Port de Sète*, 0.390 M€ in respect of VAT recovered via the mechanism for transfer of the right to deduction of VAT for works carried out in the *Port-la-Nouvelle* as well as 1.1 M€ in miscellaneous operating income),
- 2.1 M€ in relation to airport activity (1.8 M€ in partner contributions – *Département de l’Aude* and Agglomeration of Carcassonne towards operating and capital expenditure and 0.23 M€ in fees paid by the delegee).
- dividends generated by the Région’s holding in the share capital of Blagnac (**0.25 M€**) and Montpellier (**0.06 M€**) airports.

Revenue in 2018 is estimated to be .....**10 850,000 €**.

### **III.9. Culture income**

In this area, the two former *régions* entered into an agreement with the *Centre National du Cinéma*. In addition, various museums (*Musée Régional d’Art Contemporain* in Sérignan, *Centre d’Art Contemporain* in Sète, *Mémorial de Rivesaltes*) generate income, whether through admission fees, grants or contributions by the State or other local authorities.

The total amount of this income for 2018 is estimated to be .....**1 400,000 €**.

### **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 seconded staff, 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).

In addition, staff loans generate monthly repayments which are included in the budget. Finally, the Région receives a State contribution under the jobs for the future contracts.

The total amount from these income sources is estimated to be .....**2 130,000 €**.

### **III.11. Dividends from equity holdings**

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

In 2018, the amount of these dividends is estimated to be: .....**800,000 €**.

### **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" protocol: ..... **1 850,000 €**,
- insurance proceeds paid on insurance claims made in respect of educational establishments: ..... **2,000,000 €**,
- Anticipated contributions from *départements* for the roll-out of the high-speed broadband network and from the State, the *départements* and the *CHU de Narbonne* for the R3LR network: ..... **1 840,000 €**,
- Miscellaneous sums recovered on general management fees: ..... **910,000 €**,
- Contributions of families and from the *Caisse d'Allocations Familiales* towards the operation of the staff infant day-care centre (Toulouse site): ..... **560,000 €**,
- Miscellaneous sums recovered excluding European grants (photovoltaic power station, grant repayments, rent, holdings etc.): ..... **3 480,000 €**,
- Proceeds from SEM operations: COGEMIP, SPL: ..... **2,000,000 €**,
- Miscellaneous capital income (contribution to nurse training establishment (*IFSI*) works, *CHU Toulouse* contribution to the regional healthcare profession training centre (*Pôle Régional de Formation aux Métiers de la Santé*), miscellaneous repayments and excluding European grants) and an expenditure/income entry of 3.35 M€ relating to the incorporation into the Région's asset base of the *Etablissement Français du Sang* (E.F.S.) building: ..... **6 020,000 €**.

**Giving other miscellaneous income of: ..... 217 700,000 €.**

#### **IV. EUROPEAN FUNDS**

##### **IV.1. Closure of the ERDF/ESF2007/2013 global grants**

The income on closure of the ERDF and ESF 2007/2013 global grants will that relating to the last increases in expenditure approved under the final call for funds.

###### **A. 2007-2013 operational programmes - Midi-Pyrénées:**

The value of the funds directly managed by the Région under delegation from the State in relation to the 2007/2013 Midi-Pyrénées global grants, since 7 June 2011, amounts to 277 M€ in European structural funds, i.e. 43% of the regional endowment of 622 M€ under the European regional competitiveness and employment targets for the period 2007-2013.

The funds breakdown as follows:

- 214 M€ from the ERDF for economic development, vocational training investment, rail transport, waterways and ICTs,

- 53 M€ from the ESF to supplement regional vocational training and apprenticeship policy.

In this regard, the Région receives from the European Commission, via the Managing Authority, reimbursement of the European funds' contribution towards expenditure demonstrated to have been incurred by the project promoters. The proceeds derive from the 2016 call for funds.

The amounts anticipated are as follows:

- ERDF: on closure by the Managing Authority of the 2007-2013 programme, the anticipated ERDF amount is 6 716,000 €.
- The ESF Global Grant 2007-2013 was closed in 2017.

**Sub-Total: .....6 700,000 €**

**B. 2007-2013 operational programmes - Languedoc Roussillon:**

The value of the funds directly managed by the Région under delegation from the State in relation to the 2007/2013 Languedoc-Roussillon global grants amounts to 123.5 M€ in European structural funds, i.e. 29% of the regional endowment of 428.57 M€ under the European regional competitiveness and employment targets for the period 2007-2013.

The funds breakdown as follows:

- 80 M€ from the ERDF for economic development, vocational training investment, rail transport, waterways and ICTs,
- 43.5 M€ from the ESF to supplement regional vocational training and apprenticeship policy.

In this regard, the Région receives from the European Commission, via the Managing Authority, reimbursement of the European funds' contribution towards expenditure demonstrated to have been incurred by the project promoters.

The amounts anticipated in 2018 are as follows:

- ERDF: 3 900,000 €,
- The ESF Global Grant 2007-2013 was closed in 2017.

**Sub-Total: .....3 900,000 €.**

**IV.2. Revenue under the new 2014/2020 programming period**

Between 2014 and 2020, the European Union will invest nearly 3 Billion € in Occitanie as part of regional and rural development policy

The Occitanie Region, Managing Authority since 2014 of 2.8 Billion € in European funds plus an additional 25 M€ from the Pyrénées interregional space budget envelope, will utilise these funds, 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).

The ERDF / ESF funds are distributed as follows:

- The Midi-Pyrénées et Garonne 2014/2020 Operational Programme, funded with more than 460 M€, prioritizes innovation, business competitiveness, digital, energy and ecological transition, vocational training and regional cohesion.
- The Languedoc-Roussillon 2014-2020 Operational Programme, funded with more than 424 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 Operational Programme, funded with 25 M€, prioritizes employment and awareness and enhancement of Pyrénées heritage.

A. Programming of 2014/2020 Operational Programmes (OP) for which the Région is the Managing Authority

1. **2018 prefunding:**

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-funding calculated for the entire programming period, but paid in tranches. In 2018, after deduction of unutilised 2017 annual pre-financing amounts, the amounts are distributed as follows:

For the ERDF/ESF Midi-Pyrénées et Garonne 2014/2020 OP	4 804 027 € ERDF 1 519 894 € ESF
For the ERDF/ESF Languedoc-Roussillon OP	4 944 177 € ERDF 622 227 € ESF
For the Pyrénées 2014/2020 IOP	29 375 € ERDF

**Sub-Total: .....11 900,000 €.**

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 promoters.

In 2018, such expenditure relates to projects programmed in 2016 and 2017.

This income should amount to:

ERDF/ESF Midi-Pyrénées et Garonne OP:	25 274 122 € ERDF 9 990 724 € ESF alone 2 446 300 € ESF/YEI
ERDF/ESF Languedoc-Roussillon OP:	15 794 500 € ERDF 12 417 654 € ESF
Pyrénées IOP:	2 455 010 € ERDF

**Sub-Total: .....68 380,000 €.**

A. EAFRD / 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.

- Midi-Pyrénées OP: 322 741 300 € are entered in the 2018 Primary Budget of which 270.05 M€ operating and 52.68 M€ capital,
- Languedoc-Roussillon OP: 159 510 700 € are entered of which 119.94 M€ operating and 39.56 M€ capital.

**Sub-Total:** .....**482 252,000 €.**

**IV.3. Other European income**

- For the purpose of deploying and running Synergy, the Région has since 1 July 2015 hosted the information systems referent post, transferred from the General Secretariat for Regional Affairs of the regional *Préfecture*, pursuant to the law of 27 January 2014 on modernisation of local authority public action and affirmation of *métropoles*. For the period 2015-2017, this post is co-financed by funding from the *Europ'Act* national technical assistance programme 2014-2020 for up to 57.95% of the forecast total cost.

In this regard, income of 67 600 € is anticipated in 2018.

- The Région pursues a proactive policy in support of European mobility, so that those enrolled in training institutions in the Région 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 Youth III, Erasmus + and POCTEFA (Spain-France-Andorra Regional Cooperation Programme).

Under these various programmes, income of 500,000 € is anticipated.

**Sub-Total:** .....**570,000 €.**

<b>Giving total income from European funds (operating and capital income) of.....</b>	<b>573 731 500 €</b>
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**V. BORROWING AUTHORISATION**

This may amount in 2018 (*excluding long-term revolving facility - CLTR*) to : **545 M€.**

<b>OVERALL TOTAL FORECAST INCOME IN THE PB 2018 (excluding long-term revolving facility - CLTR):</b>
<b>3.513 Billion €</b>

3.8 The 2018 supplemental budget

- (a) Incorporation of the decision to allocate 2017 results and unrealized remaining items



Plenary Assembly dated 22 June 2018

Deliberation N°2018/AP-JUNE/03

**PLENARY ASSEMBLY DATED 22 JUNE 2018**

**ADMINISTRATIVE ACCOUNT 2017 - ALLOCATION OF RESULTS**

**DELIBERATION:**

THE OCCITANIE REGIONAL COUNCIL

**Having regard to the** general local authorities Code,

**Having regard to the** Région Occitanie's administrative account 2017

**Having regard to the** opinion of the Committee n°1, Finance Committee meeting dated 14 June 2018

**Having regard to the** order N° 2009-1400 of 17 November 2009 on simplification and improvement of budgetary and accounting rules applicable to *régions*

**Having regard to the** decrees N° 2009-1785 and 2009-1786 of 31 December 2009 on simplification and improvement of budgetary and accounting rules applicable to *régions*

**Having regard to the** ministerial decision dated 1 August 2004 as amended relating to the application of a local public sector chart of accounts (*plan comptable*)

**Having regard to the** ministerial decision dated 26 December 2011 on budgetary and accounting instruction M71

**Having regard to the** report N°2018/AP-JUNE/03 presented by the President (*Madame la Présidente*),

**Whereas:**

The cumulative results of the 2017 administrative account following the winding-up of the *Syndicat Mixte de la Basse Vallée de l'Aude* (SMBVA\*) are as follows:

<b>2017 FINANCIAL YEAR RESULTS</b>						
	Payment orders issued	Income receipts issued	Resumption of previous financial year results	Interim result	Correction of result following winding-up of SMBVA*	<b>Cumulative result</b>
TOTAL BUDGET	4 086 685 345.34	4 440 731 197.15	-143 855 688.54	37 486 541.16	488 420.33	<b>37 974 961.45</b>
Capital Of which 1068	1 439 585 789.15	1 553 603 913.29 172 703 622.11	-172 703 622.11	-58 685 497.97	419 474.67	<b>-58 266 023.30</b>
Operating	2 647 093 556.19	2 714 423 661.75	28 847 933.57	96 172 039.13	68 945.66	<b>96 240 984.79</b>



**Plenary Assembly dated 22 June 2018**

**Deliberation N°2018/AP-JUNE/03**

The operating result of 96 240 984.79€ of the Région Occitanie's 2017 administrative account, is allocated in priority to the capital section financing requirement (account 1068 capitalised operating surplus), namely 58 266 023.30€.

The balance of the operating result after allocation to such capital financing requirement in the order of 37 974 961.49€, is allocated in full to the operating section (account 002 execution balance carried forward).

This allocation of results is carried out in accordance with budget amendment decision (DM) N°1 2018.

**Having deliberated,**

**Decides:**

**SINGLE ARTICLE:** The operating result of 96 240 984.79€ of the Région Occitanie's 2017 administrative account, is allocated in priority to the capital section financing requirement (account 1068 capitalised operating surplus), namely 58 266 023.30€.

The balance of the operating result after allocation to such capital financing requirement in the order of 37 974 961.49€, is allocated in full to the operating section (account 002 execution balance carried forward).

This allocation of results is carried out in accordance with budget amendment decision (DM) N°1 2018.

**The President**

**Carole DELGA**

**Enforceability of the Decision:**

- Date of transmission to the *Préfecture*: 25 June 2018
- Statutory display date: 25 June 2018

Certified conformed extract,  
The President,  
CAROLE DELGA

(b) Adjustments of both expenditure and income to the 2018 budget

A 2018 budget amending decision (DM n ° 1) was voted by the Plenary Assembly on 22 June 2018, for the purpose of incorporating the 2017 administrative account results. The balance between income and payment credits was 48 M€, or 1.3% of the primary budget, which for the record totalled 3 Billion 513 million euros.

## TAXATION

*The following is a limited summary of certain tax considerations concerning withholding taxes applicable in France on payments under the Notes. This summary is based on French tax laws in force at the date of this Prospectus, and is subject to any modification, and/or in the interpretation, of such laws (potentially with retroactive effect). This summary is provided by way of general information and does not purport to be a comprehensive analysis of all tax considerations that may be relevant to Noteholders. Investors should consult with their tax adviser on the tax implications of any acquisition, holding or disposal of Notes.*

Payments of interest and other income made by the Issuer with respect to Notes are not subject to the withholding tax set out under article 125 A III of the French *Code général des impôts*, unless such payments are made outside France in a non-cooperative State or territory within the meaning of article 238-0 A of the *Code général des impôts* (a **Non-Cooperative State**). Pursuant to article 125 A III of the *Code général des impôts*, if payments under the Notes are made outside France in a Non-Cooperative State, a 75% withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of an applicable double taxation treaty). A draft law published on 28 March 2018 provides to extend (i) the list of Non-Cooperative States within the meaning of article 238-0 A of the *Code général des impôts* to include the jurisdictions appearing on schedule I of the conclusions adopted by the Council of the European Union on 5 December 2017, as updated from time to time (the **EU List**) and, accordingly, (ii) extend this withholding tax regime to certain jurisdictions appearing on the EU List.

Notwithstanding the foregoing, the 75% withholding specified in article 125 A III of the *Code général des impôts* shall not apply in respect of the Notes if the Issuer can prove that the principal purpose and effect of the issue of Notes was other than to allow payment of interest or other income to be made in a Non-Cooperative State (the **Exception**). Pursuant to the *Bulletin Officiel des Finances Publiques-Impôts* BOI-INT-DG-20-50-20140211 n°990, BOI-RPPM-RCM-30-10-20-40-20140211 n°70 and BOI-IR-DOMIC-10-20-20-60-20150320 n°10, the Exception shall apply without the Issuer having to provide any proof of the purpose and effect of the issue of Notes, if the Notes are:

- (a) offered by means of a public offer of financial securities within the meaning of article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or filing of an offer document with a foreign securities market authority; or
- (b) admitted to trading on a regulated market or on a French or foreign multilateral securities trading facility provided that such market or facility is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or
- (c) admitted, at the time of their issue, to the operations of a central depository or those of a financial instruments settlement and delivery systems operator within the meaning of article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators, provided that such depository or operator is not located in a Non-Cooperative State.

Since the Notes shall, as from the Issue Date, be accepted for clearing by Euroclear France, payments of interest and other income made by, or for the account of, the Issuer under the Notes are not subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts*.

Pursuant to article 125 A I of the French *Code général des impôts*, where the paying agent is established in France, interest and other similar income received by natural persons domiciled for tax purposes in France are, subject to certain exceptions, subject to a withholding tax of 12.8%, which is attributable from any income tax payable pursuant to the year in which such income was paid. Social security contributions (CSG, CRDS and other related contributions) are also levied by withholding tax at an effective rate of 17.2% on such interest and other similar income paid to natural persons domiciled for tax purposes in France.

## SUBSCRIPTION AND SALE

Pursuant to an underwriting agreement dated 24 September 2018 (the **Underwriting Agreement**), Crédit Agricole Corporate and Investment Bank and Natixis (the **Managers**) have agreed with the Issuer, subject to the satisfaction of certain conditions, to underwrite and pay for the Notes at an issue price of 99.798% of the initial nominal value of the Notes. The Underwriting Agreement authorises the Managers, under certain circumstances, to terminate the Underwriting Agreement.

### 1. General restrictions

No action has been or will be taken by the Issuer or the Managers (to the best of their knowledge) in any country or jurisdiction that could, or aims to, permit a public offering of the Notes, or the holding or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other prospectus, document, advertisement or other promotional material relating to the Notes, may be distributed in or from, or published in, any country or jurisdiction except in compliance with any applicable laws and regulations.

### 2. France

Each of the Managers and the Issuer has represented and warranted that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes to the public in France, and that it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France this Prospectus or any other offering material relating to the Notes and that such offers, sales and distributions have been and will be made in France only to (i) providers of portfolio management investment services for the account of third parties and/or (ii) qualified investors and/or (iii) a restricted circle of investors, all as defined in and in accordance with articles L.411-1, L.411-2, D.411-1 and D.411-4 of the French *Code monétaire et financier*.

### 3. United States of America

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the *Securities Act*). The Notes may not be offered or sold, directly or indirectly, within the territory of the United States of America or to, or on behalf of, or for the benefit of, U.S. persons ("U.S. Persons" as defined in Regulation S of the Securities Act) (**Regulation S**) for a period of forty (40) days after the commencement of the offering or, if later, the Issue Date (the **Distribution Compliance Period**), other than as part of an "offshore transaction" in compliance with Rule 903 of *Regulation S* or pursuant to an exemption from the registration requirements under the Securities Act. The Managers and their affiliates shall have delivered or caused to be delivered, directly or indirectly, to each dealer and any financial intermediary receiving remuneration in respect of such transaction to which it has allocated or sold Notes during the Distribution Compliance Period, a confirmation or other form of notification indicating that such person is subject to the same restrictions on the offering, sale or resale of Notes in the United States of America, to or on behalf of or for the benefit of *U.S. Persons*.

The Notes are being offered and sold solely outside the United States of America and as part of offshore transactions, in accordance with Regulation S.

No envelope containing subscription orders for Notes offered on the basis of this Prospectus must be posted, or sent in any other manner, from the United States of America. Furthermore, within forty (40) days following the commencement of the offering, any offering or sale of the Notes in the United States of America by the Managers (whether or not participating in the offer) may constitute a breach of the registration requirements under the Securities Act.

This Prospectus has been prepared by the Issuer for use in connection with the offering or sale of Notes outside the United States of America. Accordingly, any subscriber of Notes offered on the basis of the Prospectus shall be deemed to have represented, warranted and acknowledged, by accepting receipt of this Prospectus and delivery of the Notes (i) that he is located outside of the United States of America and is not subscribing for the benefit of a third person located in the United States of America and (ii) is acquiring the Notes as part of an offshore transaction in accordance with Regulation S. The Issuer and the Managers reserve the right to refuse any acquisition of all or some of the Notes for any reason whatsoever.

This Prospectus does not constitute an offer to any person in the United States of America. The distribution of this Prospectus by any person to a U.S. Person or any other person within the United States of America is prohibited. Similarly, any disclosure of any of the contents of this Prospectus to any U.S. person or to any other person within the United States of America without the prior written consent of the Issuer is prohibited.

Terms used in this clause shall have the meaning given thereto in Regulation S.

#### **4. United Kingdom**

Each of the Managers has represented and warranted that:

- (a) that 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 activities (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving, the United Kingdom.

## GENERAL INFORMATION

1. The Notes have been accepted for clearing through Euroclear, Euroclear France and any other clearing system through which the Notes may be accepted for clearing from time to time. The Notes are identified under the ISIN Code FR0013367778 and Common Code 188400604.
2. The issuance by the Issuer of the Notes was decided pursuant to deliberation n°2018/AP-JUNE/04 of the Occitanie Regional Council dated 22 June 2018 (referred to verification of legality on 25 June 2018), and in compliance with deliberation n°2017/AP-JUNE/15 of the Occitanie Regional Council dated 30 June 2017 (referred to verification of legality on 3 July 2017). The Issuer has obtained all necessary approvals and authorisations in France for the issuance of the Notes and the performance of its obligations under the Notes.
3. Application has been made for the Notes to be admitted to trading on Euronext Paris as from 26 September 2018. Euronext Paris is a regulated market within the meaning of Directive 2014/65/EU dated 15 May 2014, as amended. With a view to the admission of the Notes to trading on Euronext Paris, this Prospectus has been submitted to the *Autorité des marchés financiers* (**AMF**), in its capacity as competent authority under article 212-2 of the *general regulations* of the AMF which transposes the Prospectus Directive.
4. Until all of the Notes have been redeemed in full, copies of the Issuer's two latest annual primary budgets and, if applicable, its supplemental budgets and any decisions amending its primary budgets, together with copies of its annual administrative accounts and, if applicable, any related financial reports and audit reports, shall be available for consultation at the Issuer's offices during normal business opening hours. This Prospectus is available on the website of (i) the *Autorité des marchés financiers* ([www.amf-france.org](http://www.amf-france.org)) and (ii) the Issuer ([www.laregion.fr/Emission-obligataire-verte-et-sociale](http://www.laregion.fr/Emission-obligataire-verte-et-sociale)). A copy of the Prospectus shall be supplied, without charge, by the Issuer to any person so requesting.
5. There has been no significant change in the financial position of the Issuer since the end of its most recent budgetary year.
6. During the last twelve (12) months, there have been no governmental, legal or arbitration proceedings (including, so far as the Issuer is aware, any such proceedings which are pending or threatened) which may have, or have had in the recent past, a material effect on the Issuer's financial position.
7. Other than the commission payable to the Managers, and so far as the Issuer is aware, no person involved in the offering of the Notes has an interest, including any conflict of interest, that may have a material impact on the issue of the Notes.
8. The total expenses in relation to the admission to trading of the Notes (including AMF fees) are estimated to be 15,400 euros.
9. The yield on the Notes is 1.385% per year, as calculated on the Issue Date of the Notes based on the issue price of the Notes. This is not an indication of future yield on the Notes.
10. The Issuer's legal entity identifier (**LEI**) is: 969500TLAZ2BK727HB10.

## PERSON RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE PROSPECTUS

Carole DELGA  
President of the Occitanie Regional Council representing the Région Occitanie  
22, boulevard Maréchal Juin  
31406 Toulouse Cedex 9  
France

### Declaration of the person responsible for the information contained in the Prospectus

I certify, having taken all reasonable care to ensure that such is the case, that the information contained in this Prospectus is, to the best of my knowledge, accurate and that no information likely to affect its import has been omitted.

Toulouse, 24 September 2018

### Région Occitanie

Represented by Mrs Carole DELGA  
President of the Occitanie Regional Council



Pursuant to articles L.412-1 and L. 621-8 of the French *Code monétaire et financier* and its general regulations, in particular articles 211-1 to 216-1, the *Autorité des marchés financiers* (AMF) has affixed visa n°18-446 dated 24 September 2018 on this prospectus. This prospectus was prepared by the Issuer and its signatories assume responsibility for it.

In accordance with article L. 621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF "*that the document is complete and comprehensible, and that the information it contains is coherent*". It does not imply that the AMF considers the transaction appropriate nor that it has verified the accounting and financial data contained therein.

**ISSUER**

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