



**Walloon Region – Debt Cell
November 2019**

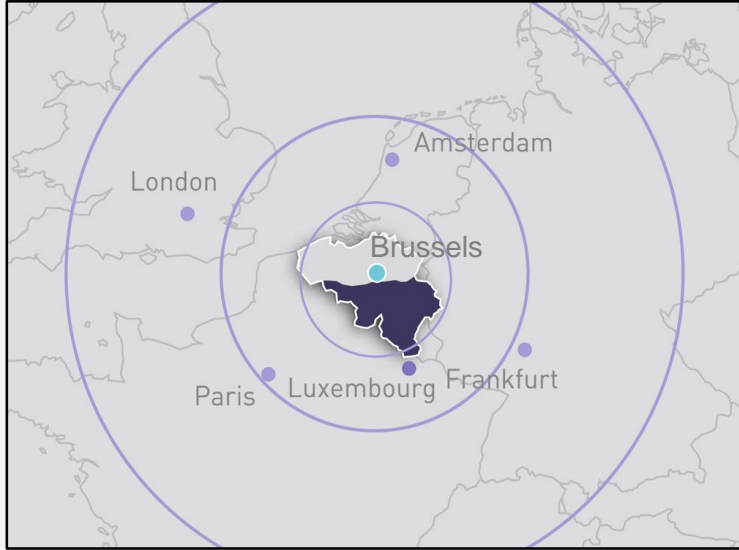
AGENDA

- 1 WALLONIA
- 2 FINANCIAL DATA
- 3 DEBT MANAGEMENT
- 4 SUSTAINABILITY BOND



1. WALLONIA

1.1. OVERVIEW OF THE WALLOON REGION



- **3 624 377 inhabitants**
(32% of Belgian population) including 77,185 inhabitants from the German community



- **16,844.3 Km²**
(55.2% of Belgian territory)



- **French**
- **German**



- **€92,1 billion** (23.2% of Belgian GDP)
- **€27,709.96** per inhab.



- **741km** of waterways



- **81,207 km** of roads



- **2 airports:**
Brussels South
Charleroi, Liege



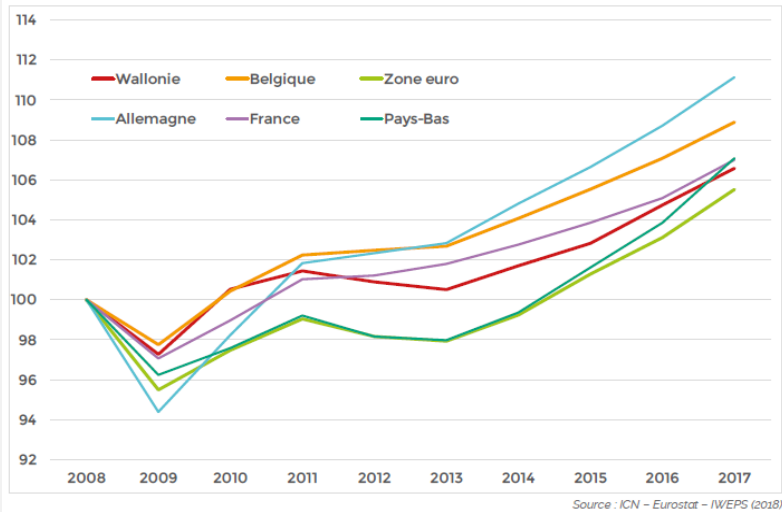
- **1,605 km** of rail network



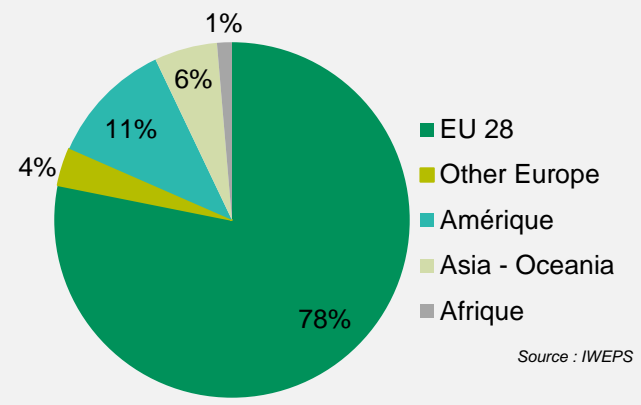
- **Compensated unemployment rate going down 28%** between 2015 (12%) and 2018 (8.6%)* * Statbel - 2018

1.2. ECONOMIC SNAPSHOT ON WALLONIA

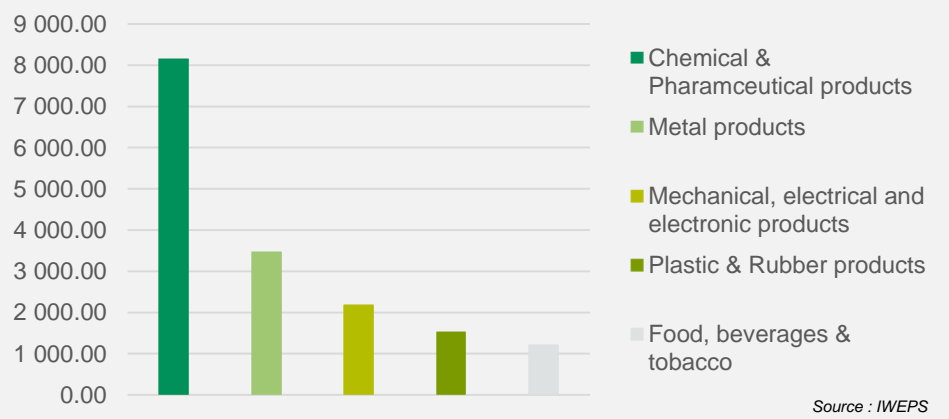
PIB evolution in volume (2008 = indice 100)



Total export in Q1 and Q2 2018 (€ 22 560 million)



The 5 key export sectors represent 73% of the total exports in Q1 and Q2 2018 (in €/million)



1.3. 6TH STATE REFORM AND SUPPORT OF FEDERAL STATE

6TH STATE REFORM - JUNE 2014

The Sixth State Reform enhances the fiscal autonomy of the federated entities and transfers the majority of powers from the federal level to the regional / community levels.

- ⇒ **Increase fiscal autonomy** : regional personal income tax (IPP) and fiscal expenses (ex: mortgage credits).
- ⇒ **List of new transferred powers** : family benefits, healthcare, labour market, road safety, tenancy regulation, driving education, technical inspection, houses of justice ...



FINANCIAL AUTONOMY OF THE FEDERATED ENTITIES AND EXPLICIT SUPPORT FROM THE BELGIAN FEDERAL STATE

- Article 49 of the LSF organizes and supervises the delegation of debt management to the federated entities. For example, the role of the Finance Council (CSF - Conseil Supérieur des Finances) is to evaluate the financial plans of the federated entities, to formulate recommendations and in some cases to advise to cap the entity's lending capacity.
- Article 54 §2 of the LSF specifies that in case of an insufficient payment or in the event of delay in the payment of the amounts due by the federal state, **the Communities and the Regions have the right to contract a loan guaranteed by the Federal State**, with interest costs taken over by the Federal State.

1.4. SOCIAL, ECONOMIC & ENVIRONMENTAL RESPONSIBILITIES



- Mobility, waterways, sport facilities, heritage



- Environment, water, conservation of nature, rural renovation, waste, agriculture



- Municipalities, provinces, public center of social assistance, school buildings



- Town and country planning, housing, integration of disabled people, social action and health, energy



- Economy, employment, professional training, foreign trade, international relationships, development cooperation, research, technologies, tourism, taxation, EU structural funds

1.3. HOW THE WALLOON REGION OPERATES



The legislative assembly of the Walloon Region is composed with 75 deputies, sitting in plenary sessions and in committees.

- They adopt decrees (regional laws),
- They control the government (questions and answers),
- They express positions on social issues (resolutions)



The Government is led by the Minister-President , supported by 7 ministers, in charge of Region's competences. In order to execute its missions, the Government delegates the operational activities to

- The Regional Administration (called SPW - Service Public de Wallonie)
- A number of Public Administration Units (UAP)





2. FINANCIAL DATA

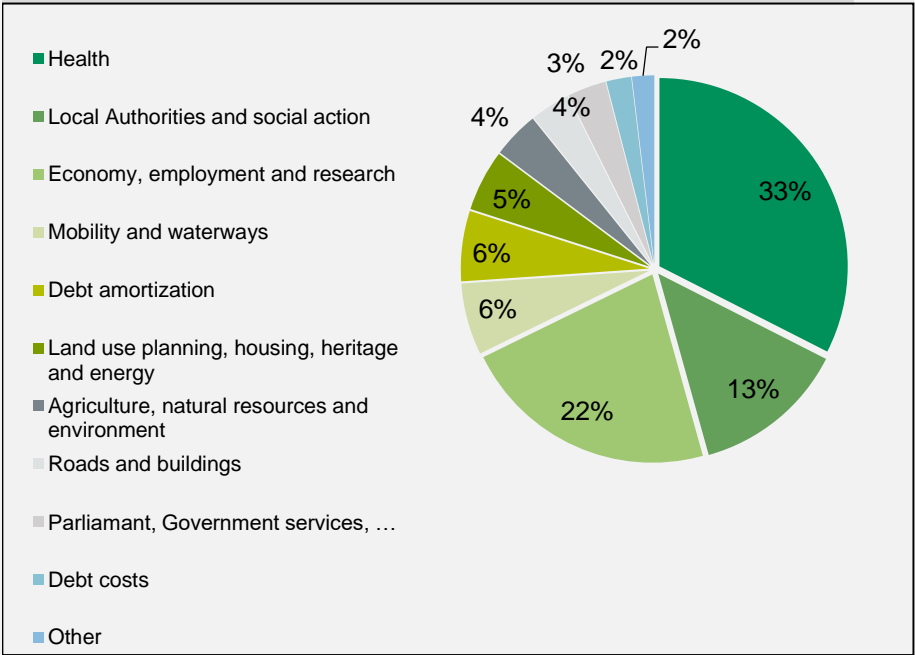
2.1. BUDGET - EXPENDITURES - REVENUES

REGIONAL BUDGET

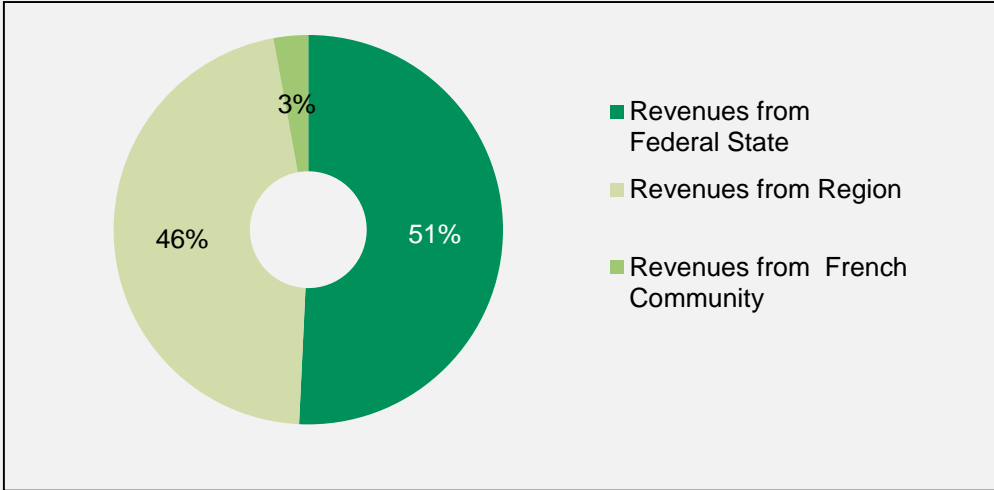
(estimation 2019 – before SEC 2010 corrections)

Budget / Expenditures	Revenues
€ 15.242 million	€ 13.829 million

Breakdown of EXPENDITURES (2018)



Breakdown of REVENUES (2018)



2.2. REGIONAL DEBT UPDATE

	(€ million)	31/12/2017	31/12/2018
Direct Debt (1)		8 962.0	10 271.2
Indirect Debt* (SPABS (a) +SWDE (b) +FADELS (c)) (2)		1 425.6	1 265.6
Long Term Regional Debt (3) = (1) + (2)		10 387.6	11 536.8
Debit balance on current account (4)		- 376.8	- 1 008.2
Contribution of Public Administration Units to cash pooling (5)		844.8	1 288.1
Short Term Regional Debt (6) = (4) - (5)		-468.0	-279.9
Total Regional Debt (7) = (3) + (6)		9 919.6	11 256.9
Indirect Debt (SEC 2010 consolidation)		11 362.4	10 378.5
Total Regional Debt (Maastricht contribution)		21 282.0	21 635.4

- * Indirect **Debt** : included in the scope of the Regional Debt
- a **SPABS** (Société Publique d'Administration des Bâtiments Scolaires)
- b **SWDE** (Société Wallonne des Eaux)
- c **FADELS** (Fonds d'Amortissement des Dettes du Logement Social)

2.3. EVOLUTION OF THE REGIONAL GUARENTEED DEBT

Activities	Public Administration Units	Dec 31st, 2017 (€)	Dec 31st, 2018 (€)
Social Housing	SWCS (Société Wallonne de Crédit Social)	2 271 477 637.36	2 398 880 000.00
	SWL (Société Wallonne du Logement)	1 231 275 756.40	1 215 255 000.00
	FLFNW (Fonds du Logement des Familles Nombreuses en Wallonie)	932 221 248.95	964 461 701.06
Transport	SOFICO (Société de Financement Complémentaire des Infrastructures)	569 615 122.34	606 379 780.37
	OTW (Opérateur de Transport de Wallonie)	255 967 473.52	261 336 706.45
	SOWAER (Société Wallonne des Aéroports)	199 080 550.97	140 300 000.00
Communities Support	FIWAPAC	645 000 000.00	-
	Ecetia	216 000 000.00	-
	CRAC	144 913 875.84	140 877 413.84
Others	CIW	81 641 500.00	81 641 500.00
	Le Circuit de Spa Francorchamps	18 193 000.00	17 327 000.00
	Hôpital psychiatrique Les Marronniers	4 786 598.89	4 366 267.37
	SWDE (Société Wallonne des Eaux)	33 150.00	27 625.00
Total		6 570 205 914.27	5 830 852 994.00

Ongoing consolidation process (FIWAPAC & Ecetia) for better management of the Regional Total Debt (- € 861 million in 2018)

2.4. RATING AGENCIES REVIEW



Long Term Rating: A2 – Stable Outlook
Prime-1 short-term rating of its Treasury notes

Credit strengths

- ▲ Positive impact of the sixth state reform on leverage and tax autonomy
- ▲ Robust liquidity position resulting from strong debt and treasury management

Credit Challenges

- ▼ Relatively large cumulated financing deficit, although on the path to fiscal consolidation
- ▼ Fragile economy compared with that of Belgium



As of April 2018, Wallonia's overall Environmental, Social and Governance performance is good (score of 55/100)

- ✓ Wallonia ranks 4th out of 30 in the European Local Authorities sector
- ✓ Wallonia demonstrates a consistent performance, with scores above the sector average in all six assessed domains
- ✓ The local authority's performance is advanced in Community Development and good in four other domains: Environment, Human Resources, Human Rights and Governance
- ✓ The performance in Procurement and Services is only limited



3. DEBT MANAGEMENT

3.1. REGIONAL DEBT MANAGEMENT

FUNDING NEEDS (estimation 2019)

	(€ million)
Initial funding needs	2 281.90
Amortization*	1 027.70
Funding gap**	1 254.20

* Amortization : reimbursement of outstanding direct debts / indirect debts

** Funding gap (before SEC 2010 correction)

FINANCIAL INSTRUMENTS (November 2019)

	(€ million)	Amount	Outstanding
EMTN Program (ING – BNPP Fortis)		7 000.00	1 504.00
MTN Programs (Belfius – BNPP Fortis)		3 750.00	2 059.00
Credit Line (cashier – Belfius)		3 250.00	-

FUNDING PLAN (situation on 30/11/2019)

Funding needs 2019	(€ million)	%
Initial funding needs	2 281.90	
Prefinancing 2018	- 214.40	
Realizations	- 2 209.00	
• EMTN private placements	(953.00)	43.14%
• EMTN benchmark	(1 000.00)	45.27%
• Schuldschein	(72.00)	3.26%
• Commercial paper	(184.00)	8.33%
Residual value need	-141.50	
LOBO (extended to 06/12/2020)	- 85.00	
Budget buffer 2019	- 281.00	
Expected residual funding (*)	- 507.50	

* Pre-financing 2020

3.2. CURRENT 2019 OPERATIONS (BEFORE HEDGE)

Order nr	Amount (€)	Settlement date	Maturity date	Reference rate	Spread all in (OLO)	Fixed / Variable	Format
1	87 500 000.00	02-01-19	03-12-35	IRS17Yr		Fixed	<i>BT (MTN)</i>
2	25 000 000.00	22-01-19	22-01-49	IRS30Yr	40.00	Fixed	<i>Schuldschein</i>
3	27 000 000.00	15-02-19	16-11-43	IRS25Yr	40.00	Fixed	<i>Schuldschein</i>
4	15 000 000.00	22-02-19	22-06-29	IRS10Yr	36.75	Fixed	<i>EMTN</i>
5	50 000 000.00	22-02-19	22-06-29	IRS10Yr	35.00	Fixed	<i>EMTN</i>
6	10 000 000.00	27-02-19	22-06-29	IRS10Ys	35.00	Fixed	<i>EMTN tap</i>
7	20 000 000.00	08-03-19	08-03-50	IRS31Yr	40.00	Fixed	<i>Schuldschein</i>
8	20 000 000.00	15-03-19	15-03-39	IRS20Yr	30.00	Variable	<i>EMTN ILB</i>
9	50 000 000.00	29-03-19	29-03-39	IRS20Yr	40.00	Fixed	<i>EMTN</i>
10	110 000 000.00	29-03-19	29-03-39	IRS20Yr	40.00	Fixed	<i>EMTN</i>
11	25 000 000.00	29-03-19	29-03-39	IRS20Yr	40.00	Fixed	<i>EMTN</i>
12	10 000 000.00	02-04-19	02-04-29	IRS10Yr	34.00	Fixed	<i>EMTN</i>
13	500 000 000.00	03-05-19	03-05-26	IRS07Yr	32.27	Fixed	<i>EMTN</i>
14	500 000 000.00	03-05-19	03-05-34	IRS15Yr	37.59	Fixed	<i>EMTN</i>
15	100 000 000.00	10-05-19	10-05-51	IRS32Yr	33.00	Fixed	<i>EMTN</i>
16	25 000 000.00	24-05-19	10-05-51	IRS32Yr	31.20	Fixed	<i>EMTN tap</i>
17	23 000 000.00	14-06-19	22-06-29	IRS10Yr	23.00	Fixed	<i>EMTN tap</i>
18	50 000 000.00	24-06-19	10-05-51	IRS32Yr	31.00	Fixed	<i>EMTN tap</i>
19	10 000 000.00	22-07-19	22-07-29	IRS10Yr	22.00	Fixed	<i>EMTN</i>
20	100 000 000.00	16-09-19	16-09-59	IRS40Yr	27.50	Fixed	<i>EMTN</i>
21	20 000 000.00	02-10-19	16-09-59	IRS40Yr	26.50	Fixed	<i>EMTN Tap</i>
22	75 000 000.00	04-10-19	10-05-51	IRS32Yr	26.50	Fixed	<i>EMTN Tap</i>
23	20 000 000.00	04-10-19	16-09-59	IRS40Yr	26.50	Fixed	<i>EMTN Tap</i>
24	50 000 000.00	01-10-19	01-10-30	IRS11Yr	26.50	Fixed	<i>EMTN</i>
25	25 000 000.00	10-10-19	10-10-69	IRS50Yr	26.30	Fixed	<i>EMTN</i>
26	15 000 000.00	21-10-19	21-10-30	IRS11Yr	26.00	Fixed	<i>EMTN</i>
27	55 000 000.00	04-11-19	16-09-59	IRS40Yr	25.20	Fixed	<i>EMTN Tap</i>
28	25 000 000.00	31-10-19	10-10-69	IRS50Yr	25.45	Fixed	<i>EMTN Tap</i>
29	10 000 000.00	07-11-19	31-03-31	IRS12Yr	24.20	Fixed	<i>EMTN Tap</i>
30	60 000 000.00	29-11-19	10-10-69	IRS50Yr	24.00	Fixed	<i>EMTN tap</i>
31	96 500 000.00	02-12-19	03-12-35	IRS17Yr		Fixed	<i>BT (MTN)</i>

December 2nd , 2019

31 operations for a total amount of € 2 209.00 million

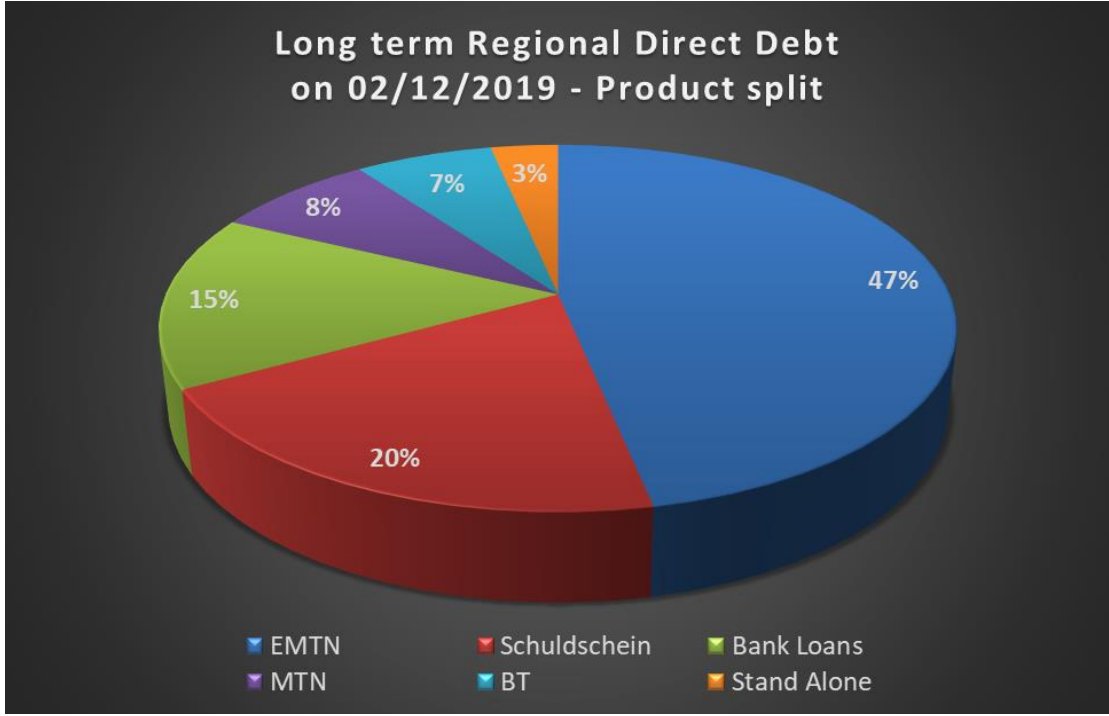
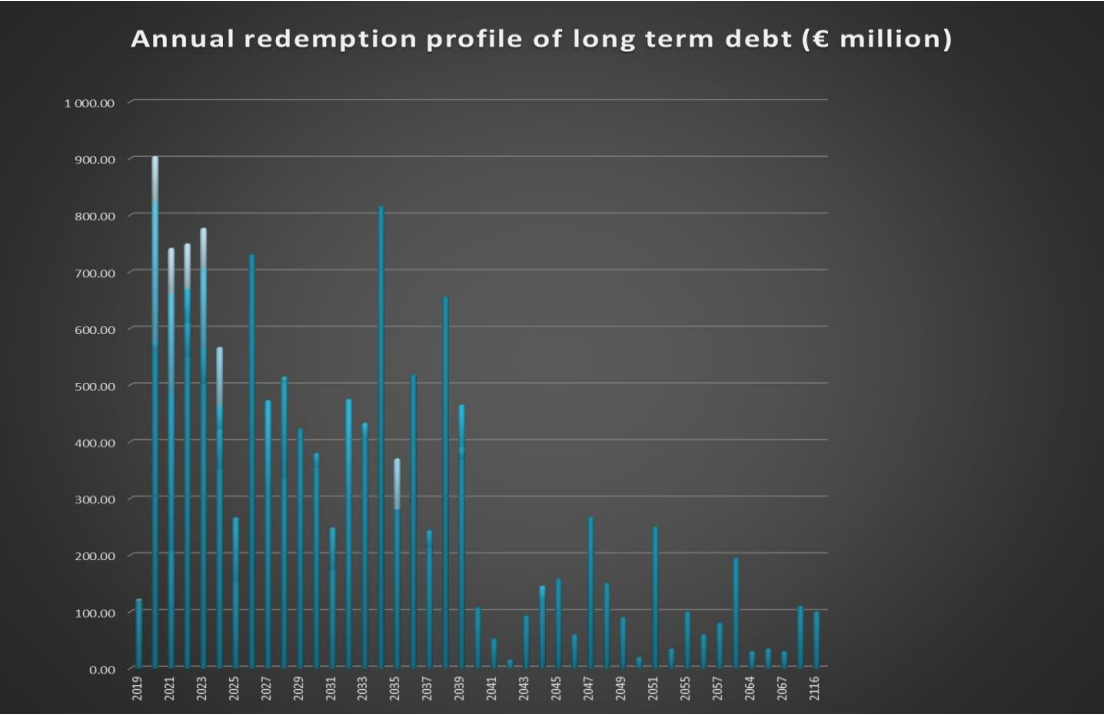
3.3. REGIONAL DEBT FIGURES

REGIONAL DIRECT DEBT (on 31/12/2018)

Regional direct debt (€ million)	10 271.23
Implicite rate (all in)	2.453%
Average life span	12.42 ans
Fixed rate ratio	89.50%

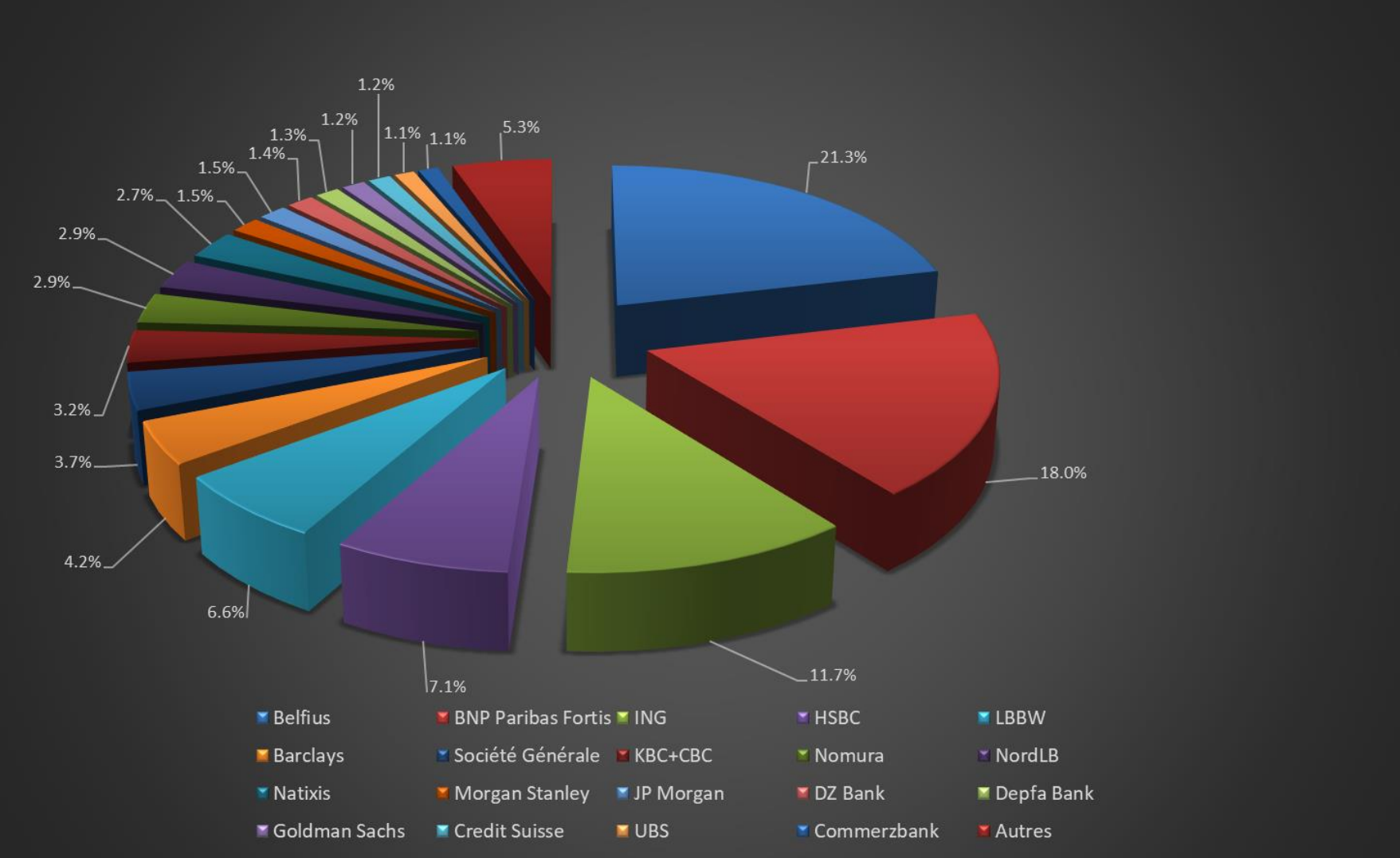
FINANCING PROGRAM 2018-2019

Operations summary	Operations 2018	Operations on 2 Dec 2019
Regional direct debt (€ million)	1 028.00	2 209.00
Implicite rate	1.570%	1.036%
Average life span	18.83 ans	19.96 ans
Fixed rate ratio	95%	99.05%



3.4. REGIONAL DIRECT DEBT SPLIT BY COUNTERPARTS

December 2nd , 2019
Total of 33 counterparts,
of which 17 involved in
new operations in 2019



3.5. PREFERRED CONDITIONS FOR RESIDUAL FINANCING

Minimum size per tranche	EUR [10] million
Preferred size per tranche	EUR [50 - 100] million
Potential Maturity dates	All after 2024, except 2026 - 2034 - 2038
Preferred maturities of choice	10Y-15Y, more than 20Y up to 50Y
Coupon format	Fixed or floating rate, plain vanilla, inflation linked
Reimbursement	At par, bullet
Mandatory market conditions	All-in fees / mid price
Issuance format	Private placement
Preferred documentation	EUR 7 000 million EMTN Program on 28th June 2019 rated A2/P1 by Moody's , ICMA standard
	Schuldschein with standard documentation
Rating of the note	Possible if needed, at the expense of the investor
Listing : euronext Brussels or Luxembourg S.E.	Possible if needed, at the expense of the investor
Paying & Domiciliary Agent (EMTN)	Belfius Bank
Listing Agents	Belfius Bank (Euronext Brussels) or BIL (Luxembourg S.E.)



4. SUSTAINABILITY BOND

4.1. SUSTAINABILITY BOND – INAUGURAL ISSUE

Issuer	La Région wallonne (Bloomberg ticker WALLOO)	
Issuer Ratings	A2, Stable (Moody's)	
Format	Senior Unsecured	
Joint Bookrunners	Belfius Bank, BNPP, HSBC, LBBW, Natixis	
Paying & Listing Agent	Belfius Bank	
Listing	Euronext Brussels	
	2026 Bonds	2034 Bonds
ISIN Code	BE6313645127	BE6313647149
Nominal Amount	EUR 500 million	EUR 500 million
Issue Date	3 May 2019	3 May 2019
Maturity Date	3 May 2026	3 May 2034
Coupon	0.25 %	1.25%
Re-offer Issue Price	99.241 %	100 %
Re-offer Yield	0.36 %	1.25%
Re-offer Spread vs. OLO	Interpolated OLO + 30 bps (BGB 06/25 & BGB 06/26)	Interpolated OLO + 36 bps (BGB 04/33 & BGB 06/37)

4.2. SUSTAINABILITY BOND FRAMEWORK

Our Sustainability Bond Framework translates the 5 global challenges of the Region to support the key environmental and social policies. The Framework will further support the Region in its role of financing the required expenses to achieve its environmental and social missions.

Identified Challenges

-  Food
-  Energy
-  Preservation of Resources and Biodiversity
-  Mobility
-  Live together / Fight against Poverty

Eligible Categories in our Framework

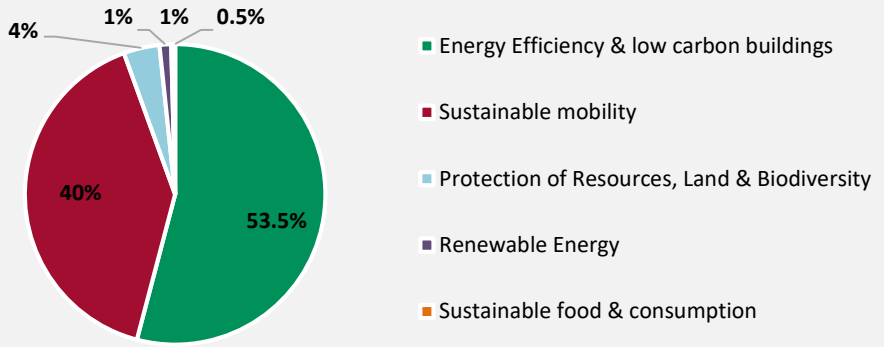


- Renewable Energies**
 - 
- Energy Efficiency**
 -  
- Sustainable Mobility**
 - 
- Sustainable food & consumption**
 - 
- Protection of resources, land & biodiversity**
 -  
- Pollution Prevention & Control**
 -  
- Socio-economic advancement & empowerment**
 -  
- Education & employment promotion**
 -  
- Access to social housing**
 - 
- Access to basic services & public infrastructures**
 - 

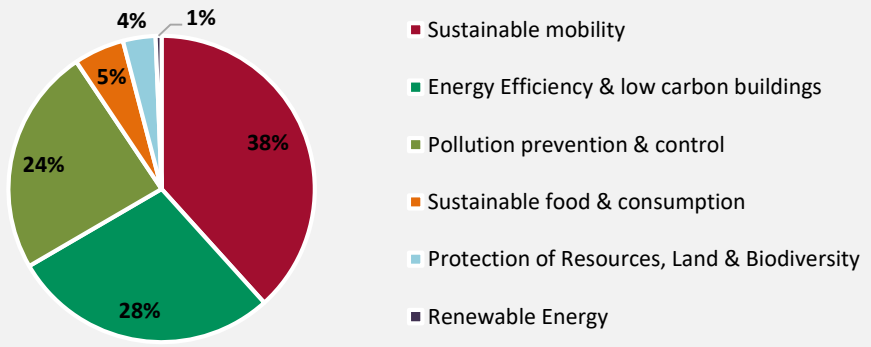
4.3. SUSTAINABILITY BOND – PROJECT BY CATEGORY

Environnemental 40%

Breakdown by Eligible Green Category in 2018 (14%)

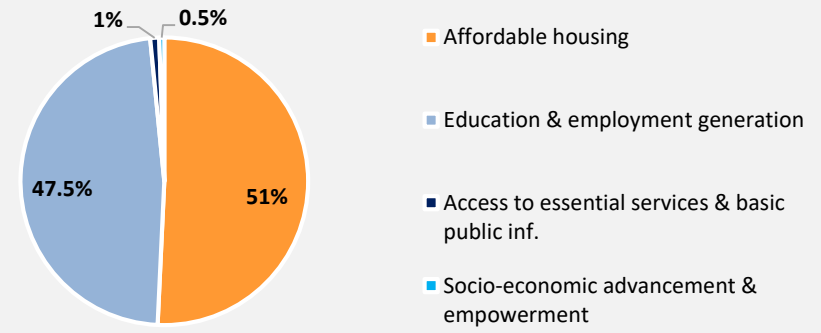


Breakdown by Eligible Green Category in 2019 (26%)

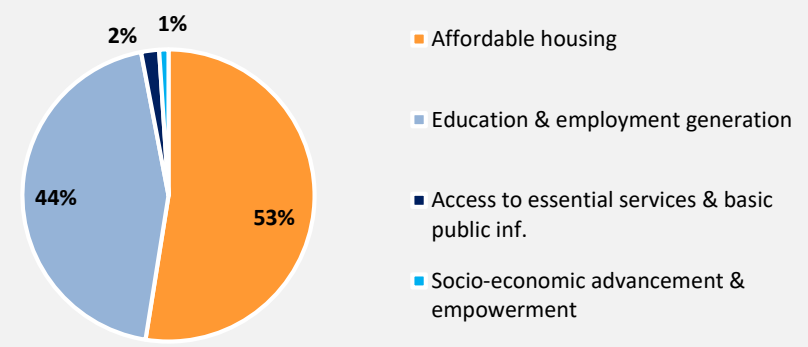


60% Social

Breakdown by Eligible Social Category in 2018 (28%)



Breakdown by Eligible Social Category in 2019 (32%)



2
0
1
8

2
0
1
9

DEBT CELL – CONTACT INFORMATION



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<https://www.wallonie.be/fr/decouvrir-la-wallonie/la-wallonie-en-chiffres/financement>