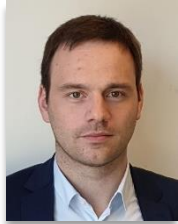




INVESTOR PRESENTATION



MARCH 2020



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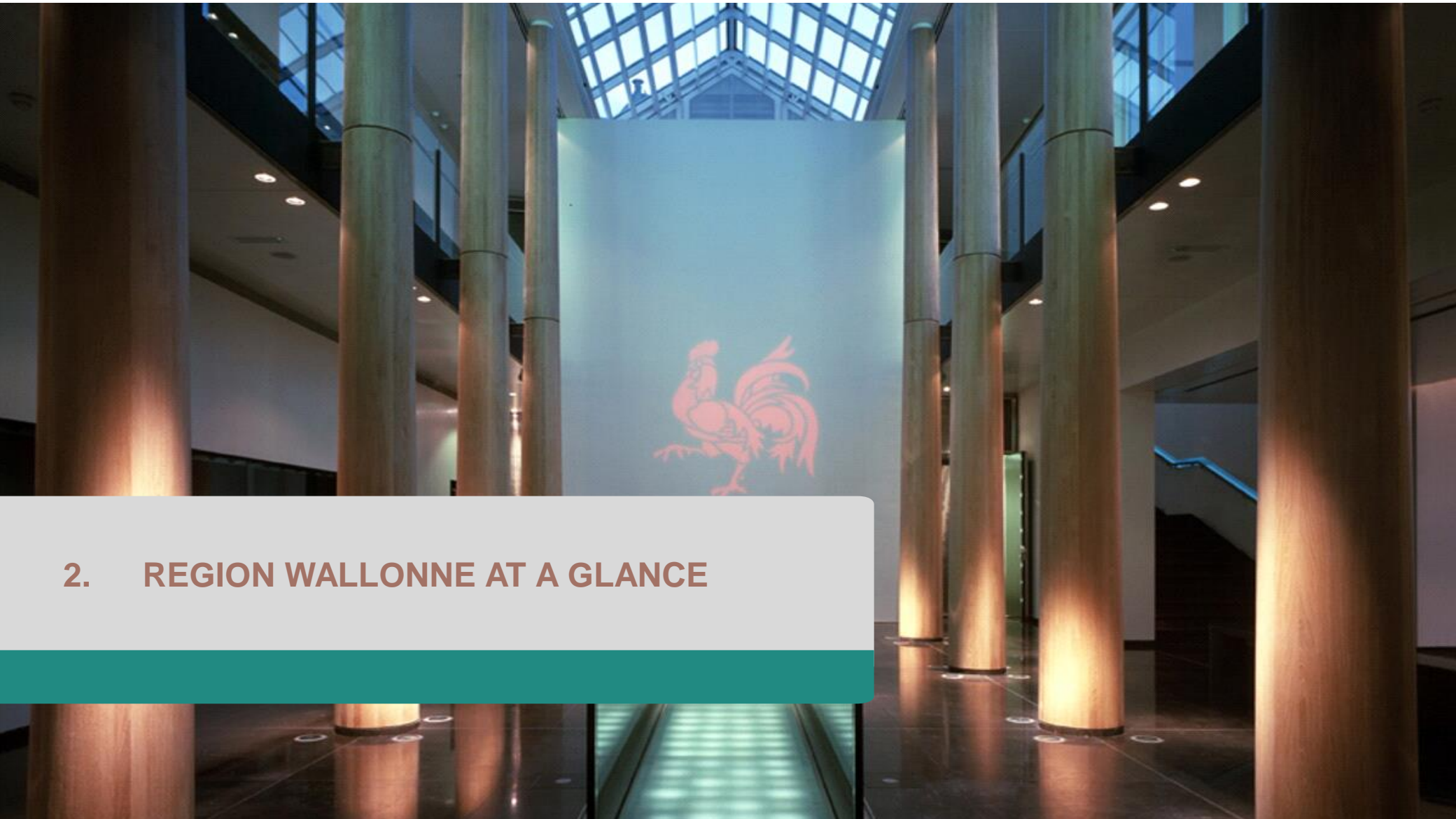
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Table of contents

1	EXECUTIVE SUMMARY	4
2	RÉGION WALLONNE AT A GLANCE	5
3	FINANCIAL SNAPSHOT	11
4	FUNDING MANAGEMENT	18
5	RÉGION WALLONNE SUSTAINABILITY BOND FRAMEWORK	22
6	2019 SUSTAINABILITY BOND REPORTING	29
7	H1 2020 NEW SUSTAINABILITY BOND	34
8	APPENDIX	39

- ❑ Région wallonne is seeking to constantly improve the environmental and socio-economic well-being of its population by **creating a vision, adopting a strategic sustainable development plan, defining ambitious objectives and implementing concrete measures in all its regional domains of competence (see details in appendix).**
- ❑ As part of the Belgian Federal State, **Région wallonne is partaking in the Belgian climate plan**, in-line with the shared European ambitions.
- ❑ In its **2019 regional policy statement**, Région wallonne is **committed to environmental, social and economic transitions to translate its 2050 long term vision**, i.e. achieve carbon neutrality in its energy system by reducing its greenhouse gas emission by 95%. This strategy aims to draw up guidelines for all the sectors concerned (including agriculture, transport, industry, building) within the framework of the Governance Regulations by the EU for Energy.
- ❑ Following its **inaugural issuance of April 2019**, Région wallonne is looking forward to issuing a **new sustainability bond in H1 2020**.
- ❑ The reporting of allocations and of the relevant impact metrics for the initial issuance (SB 2019) is planned to be released in September 2020, in-line with the governance principles defined in the Sustainability Bond framework of Région wallonne.
- ❑ However, to illustrate the work in progress, Région wallonne presents on Chapter 6 a **snapshot of its SB 2019 budget allocation report**, illustrated by a set of 5 eligible expenses : 3 with environmental impact and 2 with social impact.



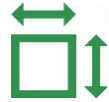
2. REGION WALLONNE AT A GLANCE

Région wallonne in a nutshell

Population and territory



3,633,795
inhabitants



16,901 km²
(55.1% of Belgian territory)



French, German



41 years
median age

Economy and infrastructures



€ 94,438m
(€ 27,710 per inhab)



741km
of waterways



81,207km
of roads

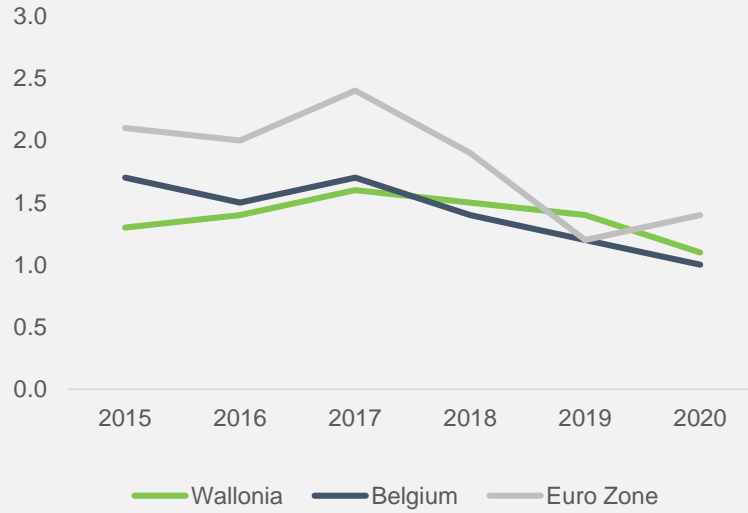


2 airports
(Charleroi, Liège)



1,605km
of rail network

GDP growth rate evolution 2015-2020F

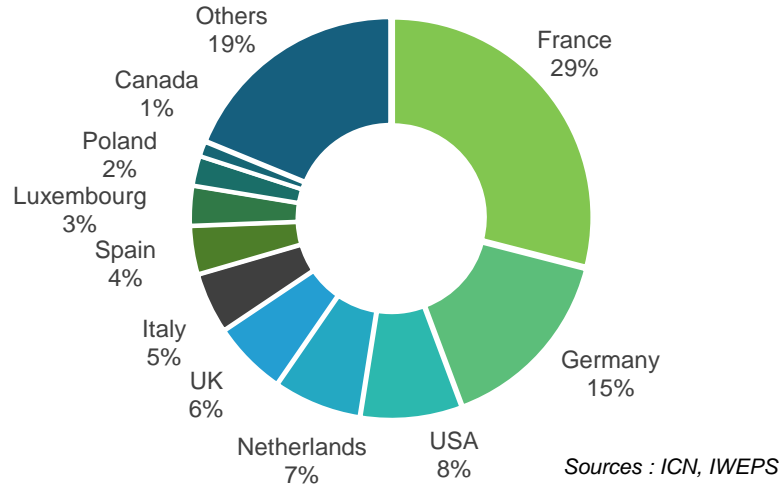


Région wallonne in Europe

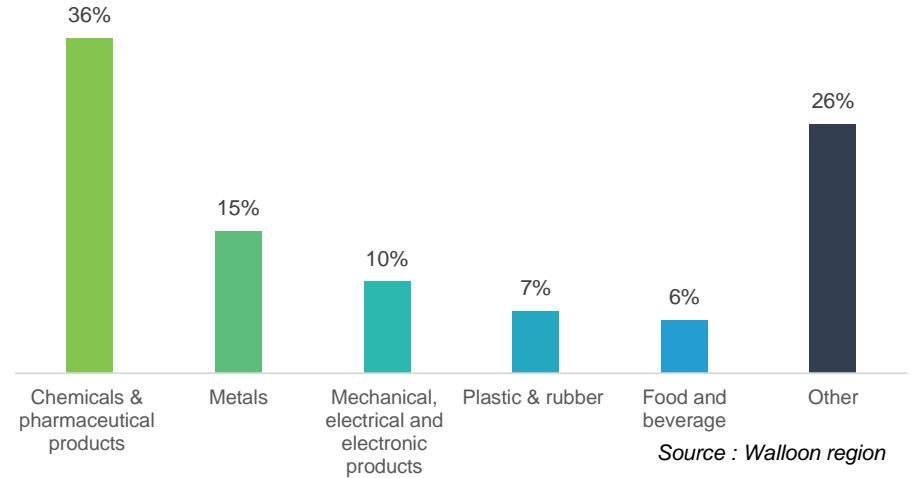


Région wallonne – Commercial dynamics

Total exports in 2018 (€48Mds)



Export dynamics by economic sector in 2018



- More than 50% of the region's exports are generated from 3 countries: France, Germany and the US.
- Exports to the US have spiked by +53.1% in 2018 as a result of strong customer spending, notably in pharmaceuticals (+73.9%) and Food & Beverages (+47.9%), representing 90% of the region's US shipments.
- Notice : the concept of export covers only international trade and therefore does not cover trade between Belgian regions. In this case, we speak of inter-regional flows rather than exports.

Région wallonne – Key political acts

1

The Sixth State Reform (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.

- ❑ **Increased fiscal autonomy** : regional personal income tax (IPP regional) 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 ...

2

Special Finance Act (1989, 1993, 2014)

- ❑ Article 49 of the *Special Finance Act* organizes and supervises the delegation of debt management in the federated entities. For example, the role of the CSF (Conseil Supérieur des Finances) is to evaluate the financial plans of the federated entities, to formulate recommendations and in some cases to decide to cap the entity's lending capacity.
- ❑ Article 54 §2 of the *Special Finance Act* 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 can contract a loan guaranteed by the Federal State** and interest costs are taken on by the Federal State.

Région wallonne – Scope of competencies



Equipment and Transport

Mobility - Waterways - Sport Facilities - Heritage



Natural Resources

Environment - Water - Conservation of Nature - Agriculture



Local authorities

Municipalities - Provinces - Public Center for Social Assistance - School Buildings



Quality of life
















Town and Country Planning - Housing - Integration of Disabled People - Social Action - Health – Energy - Rural Renovation - Waste



Economic activities

Economy - Employment - Professional Training - Foreign Trade - International Relationships - Development Cooperation - Research - Technologies - Tourism - Taxation - EU Structural Funds

Région wallonne - Institutions and public service entities

Parliament of Wallonia	Government of Wallonia	Wallonia Administration (SPW - UAP)
<p>The legislative assembly of Région wallonne is composed of 75 members who are directly elected by universal suffrage for a five years term.</p> <p>They sit in plenary sessions and in committees with the aim to:</p> <ul style="list-style-type: none"> ❑ Adopt decrees (<i>regional laws</i>); ❑ Express positions (<i>resolutions</i>) on social issues; ❑ Exercise supervision over the Government (through questions). 	<p>The Government is led by the Minister-President, currently supported by 7 ministers, each in charge of several domains of activity.</p> <p>In order to execute its missions, the Government delegates the operational activities to:</p> <ul style="list-style-type: none"> ❑ SPW (Service Public de Wallonie) - the regional administration ❑ UAP (Unités d'Administration Publiques wallonne) - a number of Public Administration Units 	<div style="background-color: #0070C0; color: white; padding: 5px; text-align: center;">Wallonia Administration (SPW - UAP)</div> <div style="background-color: #800000; color: white; padding: 5px; text-align: center;">SPW General Secretary</div> <div style="background-color: #A08060; color: white; padding: 5px; text-align: center;">SPW Budget, Logistic & TIC</div> <div style="background-color: #E03366; color: white; padding: 5px; text-align: center;">SPW Tax system</div> <div style="background-color: #00B090; color: white; padding: 5px; text-align: center;">   <p>SPW Mobility & Infrastructures</p> </div> <div style="background-color: #70C040; color: white; padding: 5px; text-align: center;"> <p>SPW Agriculture, Natural Resources & Environment</p> <div style="display: flex; justify-content: space-around; align-items: center;">     </div> </div> <div style="background-color: #FF8C00; color: white; padding: 5px; text-align: center;"> <p>SPW Territory, Housing, Heritage & Energy</p> <div style="display: flex; justify-content: space-around; align-items: center;">     </div> </div> <div style="background-color: #D9534F; color: white; padding: 5px; text-align: center;"> <p>SPW Interior & Social Action</p> <div style="display: flex; justify-content: space-around; align-items: center;">   </div> </div> <div style="background-color: #003366; color: white; padding: 5px; text-align: center;"> <p>SPW Economy, Employment & Research</p> <div style="display: flex; justify-content: space-around; align-items: center;">    </div> </div>

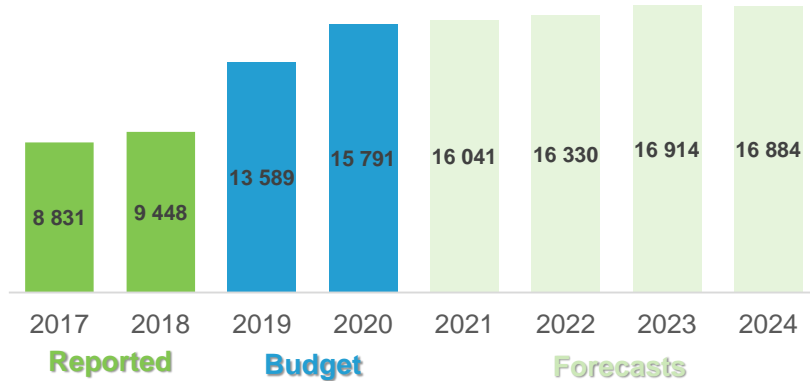
➤ Logo's of Public Administration Units are placed in their areas of competence

3. FINANCIAL SNAPSHOT



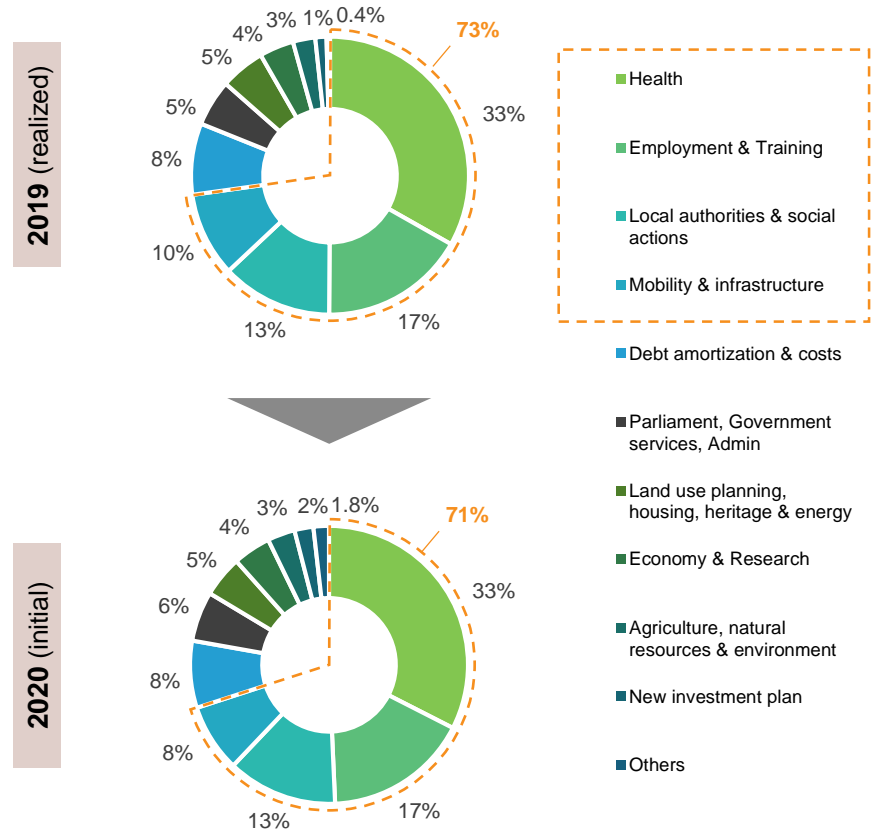
Focus on Région wallonne's expenditures

Région wallonne expenditures evolution (in €m)



- The 2020 budget is based on the macroeconomic forecasts of the Federal Planning Bureau of November 2019: growth rate of 1.1% (GDP) and inflation rate of 1.4%.
- Numbers for 2021 up until 2024 were forecasted by the Walloon Government in 2019.
- In order to start reducing its recurrent deficit, Région wallonne has launched a unique exercise to assess and justify all current / new budget expenditures. This exercise, called **zero based budgeting**, started in January 2020 and is expected to produce incremental results, starting mid 2021 (*see definition slide 14*).

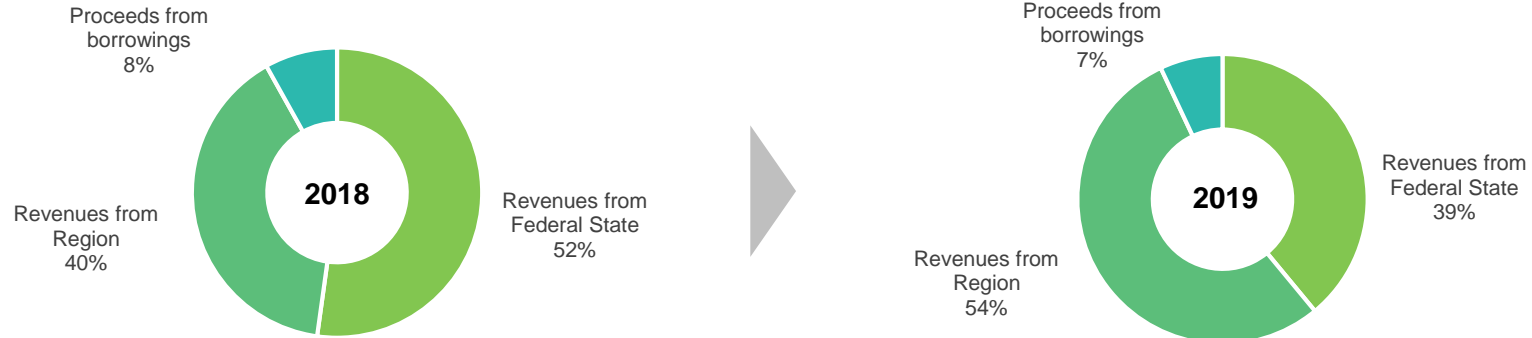
Expenditures breakdown by source (2019-2020)



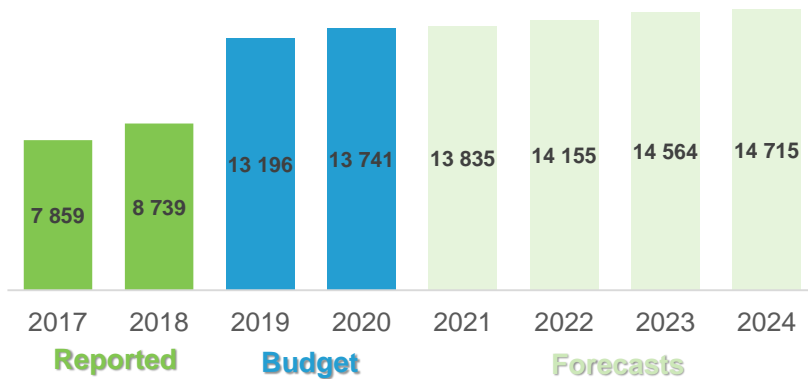
Remark : since 2019, regional expenses & revenues are impacted by the implementation of the 6th State Reform, empowering the Regions for part of Belgian Social Security budget (Health & Family Allowances).

Focus on Région wallonne's revenues

Evolution of revenues by source (2018-2019)



Région wallonne revenues evolution (in €m)



- The 2020 budget is based on the macroeconomic forecasts of the Federal Planning Bureau of November 2019 : GDP growth rate of 1.1% and inflation rate of 1.4%.
- For revenues 2020 and forecasts 2021 up until 2024, same remark as for expenditures.
- The Sixth State reform has provided greater tax autonomy to Région wallonne. Indeed, the reform grants the regional government increased flexibility to modify the rates applied to a portion of personal income tax, allowing them to manage, within certain limits, the taxation levels. The flexibility of the new institutional structure gives the opportunity to the Region to mitigate any budget shortfall by adjusting the level of taxes.

Zero based budgeting

What is the zero based budgeting exercise ?

- ❑ Expenditures will be 100% screened: 15 billion expenditures to be analyzed within the next 18-24 months.
- ❑ All tax cuts will be screened: 1.8 billion tax deductions
- ❑ Every service within the Region (SPW – UAP) will be involved in the exercise.

Main goals with zero based budgeting

- ❑ Improve the quality of public expenditures.
- ❑ Check every expenditure in terms of timely spending.
- ❑ Devote more resources to sustainable investments
- ❑ Break away from the method of budgeting with credits based on previous year's spending.
- ❑ Be in a position to make choices and improve the budgetary balance

- **First decision taken following the elaboration of budget 2020**
- **Methodology put in place with help of external consultants**
- **Implementation to start at the latest in September 2020**
- **Referring to the structural reform support program, the European Commission is advising the Region on the added value of completing a spending review**
- **Impact not yet included in the forecasted figures (2020-2024)**

Robust liquidity position underpinned by strong debt and treasury management

Région wallonne debt overview

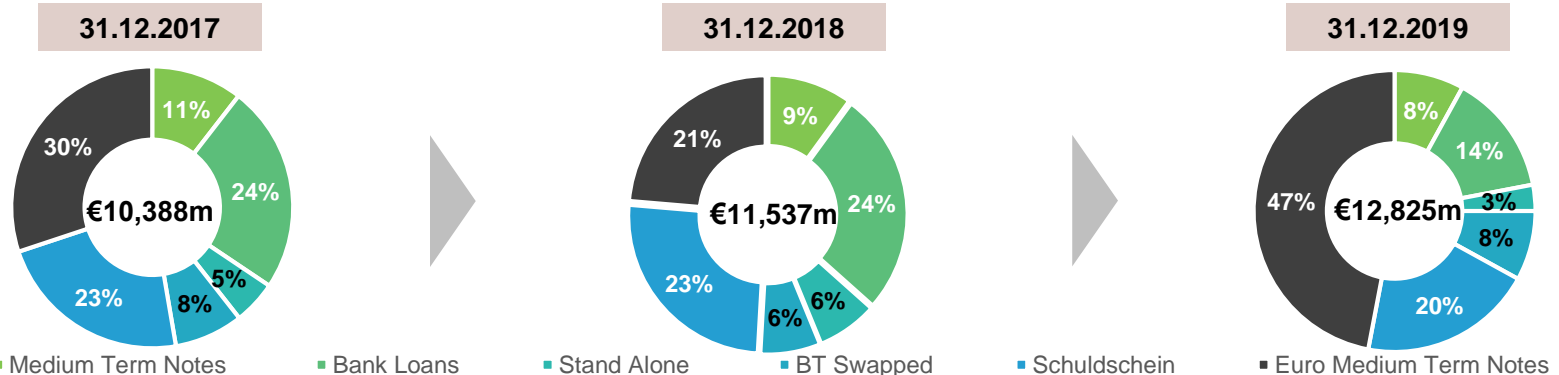
In €m	2017	2018	2019
Direct Debt (1)	8,962	10,271	11,719
% of LT Regional Debt	86%	89%	91%
Indirect Debt (SPABS + SWDE + FADELS)(*) (2)	1,426	1,266	1,106
% of LT Regional Debt	14%	11%	9%
Long Term Regional Debt (3) = (1) + (2)	10,388	11,537	12,825
Debit balance on the current account (4)	377	1,008	937
Contribution of the Public Administration Units (Cash pooling) (5)	845	1,288	1,807
Short Term Regional Debt (6) = (4) – (5)	(468)	(280)	(871)
Total Regional Debt (7) = (3) + (6)	9,920	11,257	11,954
Total Regional Consolidated Debt	21,287	21,635	23,190 (**)

(**) Maastricht concept – 2019 provisional figures to be confirmed in May 2020

- ❑ Région wallonne has sought to diversify its funding sources over the years to increase the number of counterparties and mitigates at all times its liquidity positions.
- ❑ Région wallonne has established secured and committed facilities that allow fast and continuous access to capital markets through :
 - One European medium-term notes program (**EMTN**);
 - Two Medium-term notes programs (**MTN**).
- ❑ To further enhance the professional management of its debt and treasury positions, Région wallonne relies since June 2019 on a dedicated organization (the Debt Cell) inside public administration (SPW).

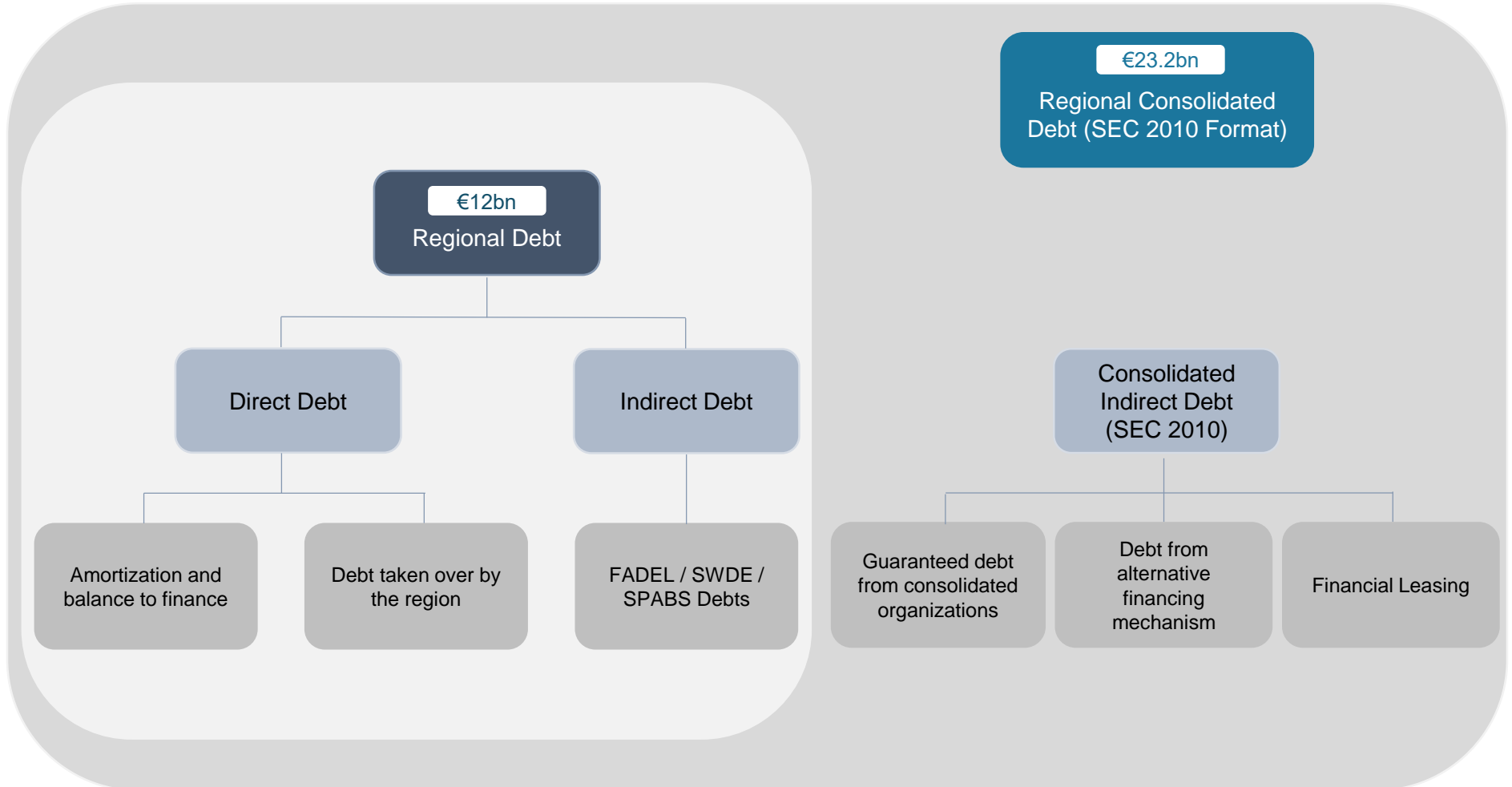
(*) SPABS: Société Publique d'Administration des Bâtiments Scolaires; SWDE: Société Wallonne des Eaux; FADELS: Fonds d'Amortissement des Dettes du Logement Social.

Long-term regional debt evolution



Overview of Regional Consolidated Debt

- In order to assess the credit profile of Région wallonne as a borrower, the credit rating agencies (such as Moody's) do have a look at the so-called consolidated debt (Maastricht concept), by adding to the regional direct debt the regional indirect debts (SEC 2010), made of *guaranteed debt of the consolidated organic companies, debt from alternative financing mechanism and financial leasing*.



Key ratings considerations

MOODY'S

Date of credit opinion: March 2019

Next review date: March 15th, 2020

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

vigeo eiris

Date of report: April 2018

ESG rating: 55/100

- Région wallonne ranks **4th out of 30** among European Local Authorities sector
- Région wallonne demonstrates a consistent performance, with scores above the sector average in all six assessed domains
- ▲ The local authority's performance is ranked *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*



4. FUNDING MANAGEMENT

Focus on Région wallonne's funding gap

Funding gap evolution over 2018-2020			
In €m	2018 (1)	2019 (2)	2020 (3)
Revenues (excl. proceeds from borrowings)	8,063.93	11,313.44	12,836.89
Expenditures (incl. amortizations)	9,447.63	13,589.39	15,628.72
Funding needs	-1,383.70	-2,275.95	-2,791.83

- (1) 2018 figures are confirmed (executed)
 (2) 2019 figures are still provisional (to be confirmed)
 (3) 2020 figures are budgetary-based, with significant buffer in expenditures and before zero-based budgeting exercise (definition slide 12) -

Funding Plan (2019 realized)		
In €m	2019	%
Funding gap	-1,333.25	
Amortization of matured debts	-942.70	
Funding needs	-2,275.95	
Pre-financing in 2018	217.10	
Realizations	2,209.00	
<i>EMTN private placements</i>	<i>(953)</i>	<i>43.14%</i>
<i>EMTN Benchmark</i>	<i>(1,000)</i>	<i>45.27%</i>
<i>Schuldschein</i>	<i>(72)</i>	<i>3.26%</i>
<i>Commercial Paper</i>	<i>(184)</i>	<i>8.33%</i>
Pre-financing in 2019	150.15	

Funding Needs 2020 (initial)	
	(€ million)
Funding gap (*)	-2,050.03
Amortization of matured debts	-741.80
Funding needs	-2,791.83
Budget buffer 2020 (initial)	281.00
Pre-financing in 2019	150.15
Realizations in 2020	110.00
Residual funding needs	-2,250.68

(*) including € millions 350.00 for Transition Investment Plan

- Significant increase of expenditures in 2019 versus 2018, due to the impact of the 6th reform (transfer of competences in health sector and family allowances), preventing a planned return to the equilibrium for the ESA 2010 budget balance.
- Significant reduction of forecast revenues planned for 2020 due to non-compensated impact of the tax shift measures implemented at Federal State level.

Outstanding debt key figures

Regional direct debt key ratios as of 31/12/2019

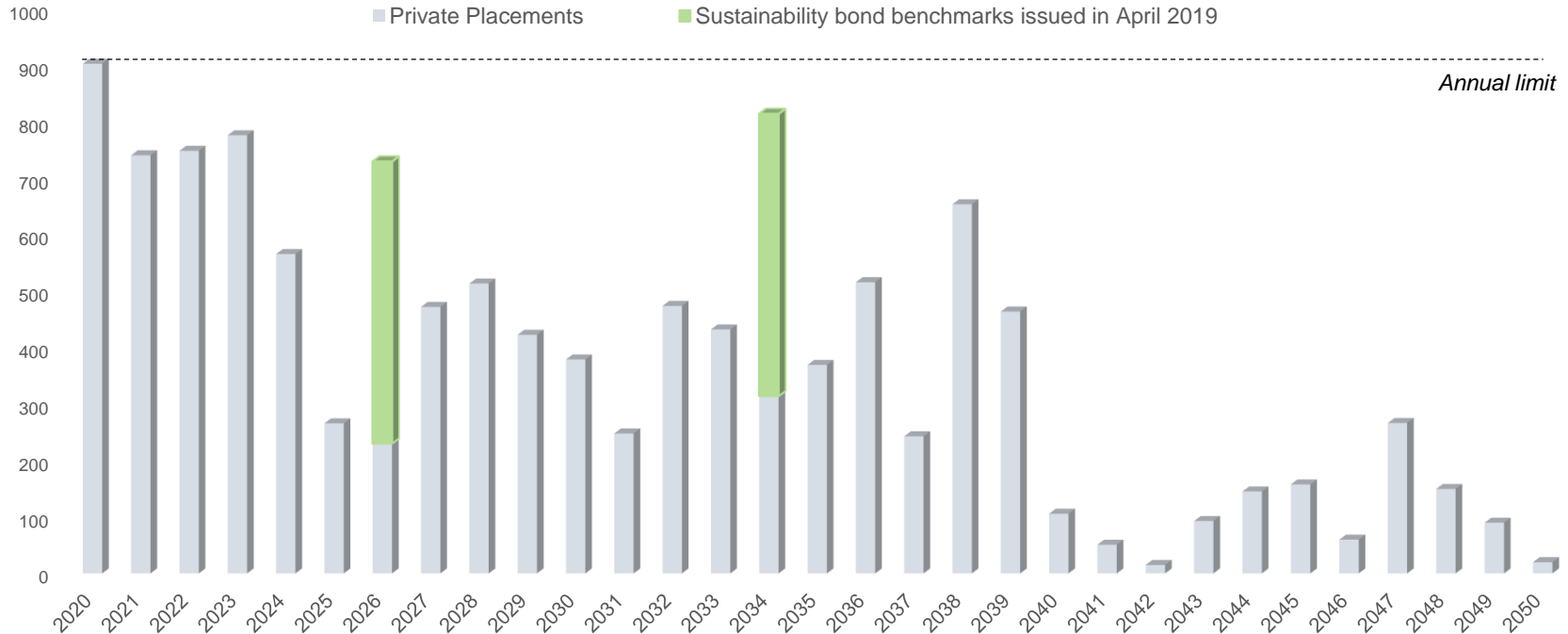
Regional direct debt value (€ million)	11 719
Implicit rate (all-in)	2.15%
Average lifespan (years)	13.58
Duration – (years)	10.94
Fixed rate ratio	87.48%
Number of banking counterparties	34

Ratios about operations concluded in 2019

Total borrowed amount (€ million)	2 209
Number of deals	31
Weighted average rate (all-in)	1.05%
Average lifespan (years)	19.96
Weighted average spread vs OLO (all-in)	33.11
Fixed rate ratio	99.09%
Number of banking counterparts	17

Active debt management and outstanding debt key figures

Annual redemption profile of long term debt (€m)



The Debt Cell implemented a **dynamic and proactive approach** to manage the redemption profile of the long term debt of Région wallonne, following a set of rules approved by the Regional Treasury Council:

- Define and respect a **maximum annual amount of matured debts to be amortized** (around € 900 million per year);
- Smoothen the debt curve through use of **diversified financial instruments** (Private Placements, Schuldschein, Banks Loans, Benchmark size Issues);
- Evaluate each reverse enquiry interest taking into consideration the existing curve with regards to the proposed maturity and size;
- Manage the curve taking into account the willingness of Région wallonne to be recurrent in issuing benchmark size issues.



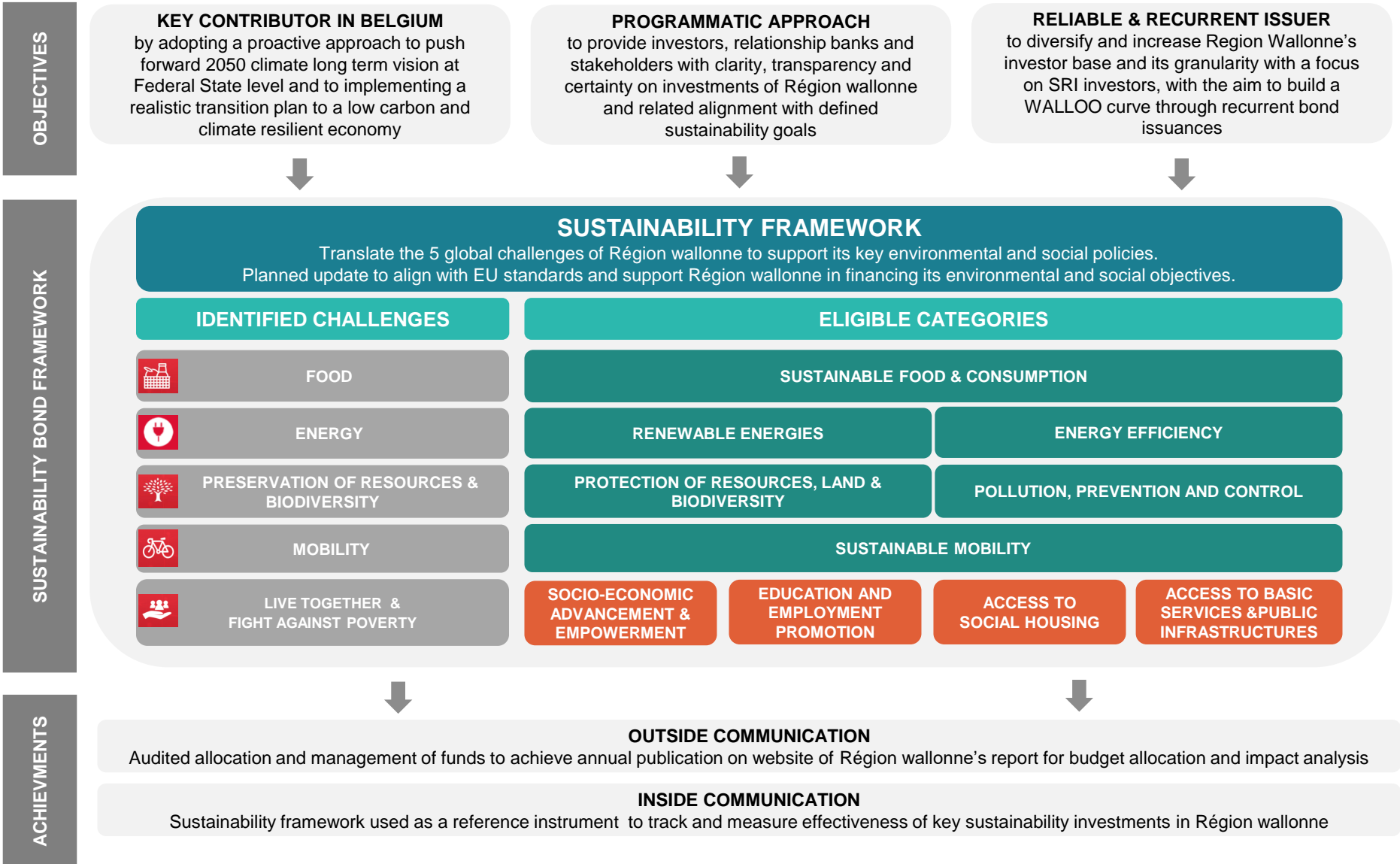
**5. REGION WALLONNE SUSTAINABILITY
BOND FRAMEWORK**

Région wallonne – Sustainable milestones

- As part of the Belgian Federal State, Région wallonne is partaking in the Belgian climate plan, in-line with the shared European ambitions. In its **2019 regional policy statement**, Région wallonne is committed to environmental, social and economic transitions to translate its 2050 long term vision, i.e. achieve carbon neutrality in its energy system by reducing its greenhouse gas emission by 95% (see appendix).



Région wallonne sustainability bond framework at a glance



Sustainability bond framework overview

- ❑ The framework has been built in line with the **Green Bond Principles** and **Social Bond Principles (2018)**
- ❑ The framework has been **reviewed by Vigeo eiris**
- ❑ The framework and Second Party Opinion are available on the Région wallonne website
 - https://www.wallonie.be/sites/default/files/2019-06/rw_sustainability_bond_framework_april_2019.pdf
 - https://www.wallonie.be/sites/default/files/2019-06/20190405_walloon_region_second_party_opinion.pdf



<h3>Use of Proceeds</h3>	<ul style="list-style-type: none"> ❑ Eligible Green and Social Expenditures related to a large number of assets, in line with the role of the Region, and targeting different beneficiaries: public entities, companies, communities, households and individuals ❑ Six Eligible Green Categories: Renewable Energy, Energy Efficiency & Low Carbon Buildings, Sustainable Mobility, Sustainable Food & Consumption, Pollution Prevention and Control and Protection of Resources, Land and Biodiversity ❑ Four Eligible Social Categories: Education and Employment Promotion, Socioeconomic Advancement and Empowerment, Affordable Housing and Access to Essential Services and Basic Public Infrastructure ❑ Investment expenditures, operating expenditures, tax expenditures and R&D are eligible ❑ Nuclear and armament activities will all be excluded, without any exception.
<h3>Process for Project Evaluation and Selection</h3>	<ul style="list-style-type: none"> ❑ The selection of Eligible Green and Social Expenditures is annually managed and approved by the Sustainability Bond Committee (Comité Obligataire Durable) ❑ Each time required, the Committee will request expertise support from Walloon administration (SPW) and public agencies (UAP) in charge of key environmental and/or social expenditures ❑ The Committee is responsible for i) selecting and reviewing the pool of Eligible Green & Social Expenditures, ii) validating the effective disbursed amounts of Eligible Expenditures at the end of each fiscal year, iii) updating the framework (when necessary) & iv) deciding for new issuances under the framework
<h3>Management of Proceeds</h3>	<ul style="list-style-type: none"> ❑ Tracking the allocation of the bond proceeds will be done by an operational team reporting to the Sustainability Bond Committee. ❑ Eligible Green and Social Expenditures are related to the current year (Current Expenditures) and the previous year (Recent Expenditures) ❑ In order to avoid any possible double counting, the Committee will make sure that only expenditures net of any EU programs, Belgian Federal State grants, or other revenues earmarked for specific purposes, are eligible
<h3>Reporting</h3>	<ul style="list-style-type: none"> ❑ Budget allocation and impact report ❑ Annually until full allocation ❑ An independent auditor will be appointed by Région Wallonne to ensure that the (re)allocation of net proceeds, the unallocated amount and the reporting commitments are compliant with the framework and avoid any double accounting in this programmatic approach across the various issuances and budget exercises



“Vigeo Eiris is of the **opinion that the Bond** considered to be issued by the Walloon Region **is overall aligned with the Sustainable Bond Principles guidelines...**

We express a **reasonable assurance (our highest level of assurance) on the Issuer’s commitments** and on the Bond’s contribution to sustainability...
















...We are of the opinion that **the contemplated Bond is coherent with the Walloon Region’s main sustainability priorities and with its main sectorial sustainability issues. It contributes to achieve the Issuer’s corporate environmental and social commitments and targets...**”

« ...The Walloon Region has committed to support its Sustainable Bond Issuance by external reviews:


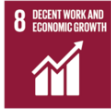








- A pre-issuance consultant review: a Second Party Opinion delivered by Vigeo Eiris, on the sustainability credentials of the Bond, covering all the features of the Bond.
- A post-issuance consultant review: a review of the Second Party Opinion, including all the features of the Bond and its alignment with the SBPs after one year from the date of issuance.
- An annual verification: performed by an independent third-party, covering the allocation of the net proceeds to Eligible Projects, as well as the environmental metrics reported through the Sustainable Bond reports...”

“**This Opinion is valid 12 months (from April 5, 2019 to March 31, 2020) and limited to the Bonds to be issued under the Walloon Region’s Framework as presented to Vigeo Eiris.**”

Eligible Green categories

	Related SDGs	Scope & Definition for Eligible Green expenditure	Environmental Benefits	Identified Challenges
Renewable Energy		<ul style="list-style-type: none"> Projects aiming at developing the production and use of renewable energy 	Climate Change Mitigation <ul style="list-style-type: none"> GHG emissions avoidance 	
Energy Efficiency and Low Carbon Buildings	 	Projects aiming at reducing the energy consumption of: <ul style="list-style-type: none"> Public lighting and street signals Heating systems through renovation Existing and New facilities / buildings 	Climate Change Mitigation <ul style="list-style-type: none"> GHG emissions reduction Energy savings 	
Sustainable mobility		<ul style="list-style-type: none"> Projects aiming at improving and developing public transport services Projects of modal shift for freight transport Projects aiming at developing soft transport modes and low-carbon energy transport, and associated public infrastructure 	Climate Change Mitigation <ul style="list-style-type: none"> GHG emissions avoidance GHG emissions reduction 	
Sustainable Food and Consumption		Projects aiming at reducing impacts from food production and consumption: <ul style="list-style-type: none"> Development of short circuits/local food systems Development of sustainable/organic agriculture Environmentally friendly products 	Climate Change Mitigation <ul style="list-style-type: none"> GHG emissions reduction Natural resources protection <ul style="list-style-type: none"> Eco-efficient product Better soil quality 	
Pollution Prevention and Control	 	<ul style="list-style-type: none"> Projects of waste prevention, reduction, collect, recycling and sustainable treatment 	Climate Change Mitigation <ul style="list-style-type: none"> GHG emissions reduction Pollution prevention and control <ul style="list-style-type: none"> Waste reduction and recycling 	
Protection of Resources, Land & Biodiversity	 	<ul style="list-style-type: none"> Sustainable water management: Projects of sustainable infrastructure for clean and/or drinking water and of wastewater treatment Land and biodiversity conservation: Projects of protection, conservation and rehabilitation of natural environment of Région Wallonne Soil decontamination: Restoration, rehabilitation of brownfields areas Climate change: Projects aiming at reducing the impacts of climate change, 	Natural resources protection <ul style="list-style-type: none"> Water savings Protection of the water ecosystems Biodiversity and Natural resources protection <ul style="list-style-type: none"> Development/Maintenance of natural and public spaces Water resources protection Pollution prevention and control <ul style="list-style-type: none"> Better soil quality land use management Adaptation to climate change <ul style="list-style-type: none"> Resilient infrastructure development 	

Eligible Social categories

	Related SDGs	Scope & Definition for Eligible Social expenditure	Social Benefits	Identified Challenges
Education and employment promotion	 	<ul style="list-style-type: none"> Dedicated education and vocational training programs, initiatives and institutions. <u>Target populations:</u> Unemployed people, Young people Programs, initiatives and institutions dedicated to promotion of job creations, return to employment and labour market entry opportunities. <u>Target populations:</u> Unemployed people 	<p>Access to education for all</p> <ul style="list-style-type: none"> Knowledge promotion and support Equal opportunity and vocational insertion <p>Socioeconomic empowerment</p> <ul style="list-style-type: none"> Promotion of jobs in short supply <p>Employment promotion and advancement</p> <ul style="list-style-type: none"> Equal opportunity and vocation insertion Job promotion for all 	
Socio-economic advancement and empowerment	 	<ul style="list-style-type: none"> Programs, initiatives and projects aiming at acting against poverty and exclusion and reducing inequalities, as part of the Region's Social Cohesion and Fight Against Poverty Plan <u>Target populations:</u> Low-income people, indebted people, elderly people, young people, homeless people, people with disabilities, single-parent families 	<p>Reduced inequalities and social exclusion</p> <ul style="list-style-type: none"> Purchasing power improvement Improved integration in society Support to vulnerable population groups Equal opportunity <p>Socioeconomic empowerment</p> <ul style="list-style-type: none"> Financial assistance and support (services, facilities) of local communities 	
Access to Social Housing		<ul style="list-style-type: none"> Direct financing to dedicated social housing agencies <u>Target populations:</u> Low-income people Financial assistance (social loans and low-cost rental housing) to low-income families and individuals for housing purpose (access to property, rental offering, renovation/energy efficiency) <u>Target populations:</u> Low-income people (including, but not limited to, people with no or limited access to bank loans) 	<p>Access to housing for all</p> <ul style="list-style-type: none"> Development of affordable housing Financial assistance and support for housing purpose 	
Access to Essential Services and Basic Public Infrastructure		<ul style="list-style-type: none"> Direct financing to dedicated social housing agencies <u>Target populations:</u> Low-income people Financial assistance (social loans and low-cost rental housing) to low-income families and individuals for housing purpose (access to property, rental offering, renovation/energy efficiency) <u>Target populations:</u> Low-income people (including, but not limited to, people with no or limited access to bank loans) 	<p>Access to health services for all</p> <ul style="list-style-type: none"> Health infrastructure development and improvement Broader access to health services Improved access and services for people with disabilities 	



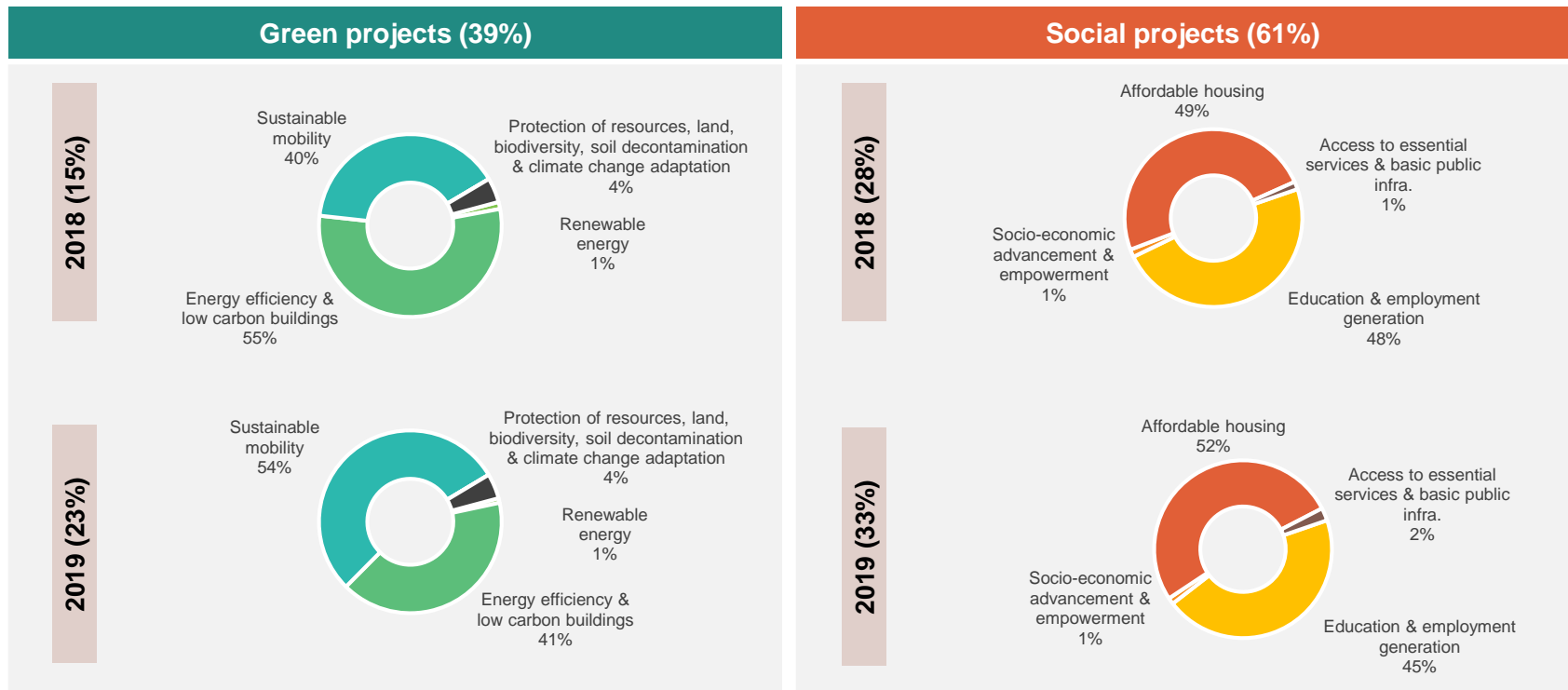
6. 2019 SUSTAINABILITY BOND REPORTING

Inaugural Sustainability Bond features

Inaugural Sustainability Bond overview (April 2019)

	2026 Bond (7y)	2034 Bond (15y)
Nominal Amount	EUR 500 million	EUR 500 million
Maturity Date	3 May 2026	3 May 2034
Coupon	0.25 %	1.25%
Margin against OLO	BGB 0.8 06/22/25 + 30bps	BGB 1 ¼ 04/22/33 + 36bps
Subscription successfully spread between 131 Investors from 17 different countries		

Sustainability bond proceeds are used to finance and refinance new and ongoing eligible green and/or social projects, with disbursements up to 1 year prior to the notes issuance and up to year end of launching date



Inaugural Sustainability Bond – Portfolio of eligible expenses by category

Green Categories	€ million		
	2018	2019	Total
Renewable Energy	2	2	4
Energy Efficiency & low carbon buildings	88	99	187
Sustainable Mobility	64	131	195
Protection of Resources, Land, Biodiversity, Soil Decontamination & Climate Change Adaptation	7	11	18
TOTALS	161	243	404

Social Categories	€ million		
	2018	2019	Total
Education & Employment Generation	141	155	296
Socio-Economic Advancement & Empowerment	2	4	6
Affordable Housing	144	179	323
Access to Essential Services & Basic Public Infrastructure	4	8	12
TOTALS	291	346	637

SB 2019 – 3 projects weighing 15% of total Green Portfolio

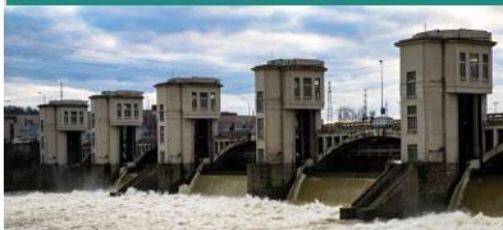
Sustainable Mobility

(Modal Shift road to waterways
to reduce CO2 emission)



Adaptation to Climate Change

(Protect populations
from rising waters)



Biodiversity Protection

(fish ladders to restore
ecological continuity)



Program : Wallonia contribution to **Trans-European Transport Network (TEN-T)**

Purpose : improve navigation on the Lys / Escaut / Sambre / Meuse basins to contribute to **transfer road traffic to waterways**

Project : invest in waterways Lys / Escaut / Meuse basins.

Result indicator : grow yearly traffic from 13.4 Mtons today to 33.9 Mtons in 2050

Impact indicator : reduce CO2 emission by 323 920 tons equivalent / year , corresponding to 0.63 kg CO2 by EUR invested.

Total investment : € 515 million (2007-2027)

Funding : EU 40% / RW 60% (€ 310 million)

Eligible amount SB 2019 : € 59.8 million

Preliminary alloc. : € 43.2 million (72%)

Program : anticipate climate change by preventing populations from rising waters

Purpose : renovate old dam of Monsin, built after majors floods of 1926 in Liège (35 000 flooded houses – 150 000 victims)

Project : renovate centennial dam of Monsin / Liege on Meuse

Result indicator : number of inhabitants at risk

Impact indicator : analysis still in progress

Total investment : € 32.8 million (2018-2023)

Funding : RW 100%

Eligible amount SB 2019 : € 9.6 million

Preliminary alloc. : € 9.6 million (100%)

Program : international cooperation on basin level (France – Netherlands) in line with EU Water Framework Directive (WFD)

Purpose : restore ecological continuity (upstream / downstream migration).

Project : build, maintain, renew fish ladders in the Meuse basin & the Escaut basin.

Result indicator : 17 on 60 obstacles already equipped with new ladders (28%)

Impact indicator : statistics on salmon population variations (work in progress)

Total investment : € 15 million (2017-2024)

Funding : RW 100%

Eligible amount SB 2019 : € 3.1 million

Preliminary alloc. : € 2.3 million (74%)

SB 2019 - 2 projects weighing 36% of total Social Portfolio



Program : long term program to help owners with low incomes to finance renovation work in their home.

Purpose : grant premium & 0% loans to low income owners for renovation of their existing house.

Project : Renopack allowance (premiums & 0% loans) granted by SWCS for people within 2 lowest on 5 categories of taxable incomes.

Result indicator : 4,050 beneficial owners of premiums & loans, representing 61% of total granted allowance

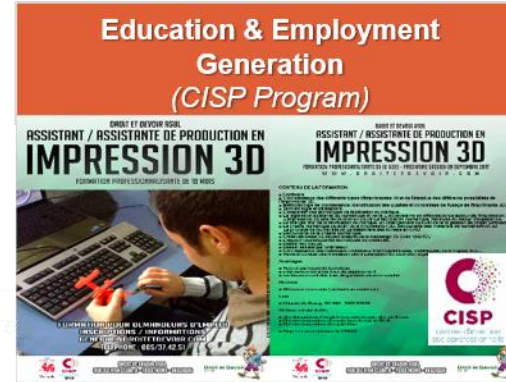
Impact indicator : (analysis still in progress)

Total investment : recurrent (annual budget)

Funding : RW 100%

Eligible amount SB 2019 : € 68.5 million

Preliminary alloc. : € 63 million (92%)



Program : Socio-Professional Insertion Centers - 157 training centers – more than 15,000 trainees / year

Purpose : help people with low education and jobseekers to return to employment.

Project : finance CISP activities : vocational guidance, basic training (literacy, French as a foreign language) and trade training .

Result indicator : in 2018, 10,820 people placed on internship, with on average 322 hours/year by individual.

Impact indicator : 95% of people entered in qualifying training are back to work

Total investment : recurrent (annual budget)

Funding : RW 100%

Eligible amount SB 2019 : € 160 million

Preliminary alloc. : € 159.43 million (99.6%)

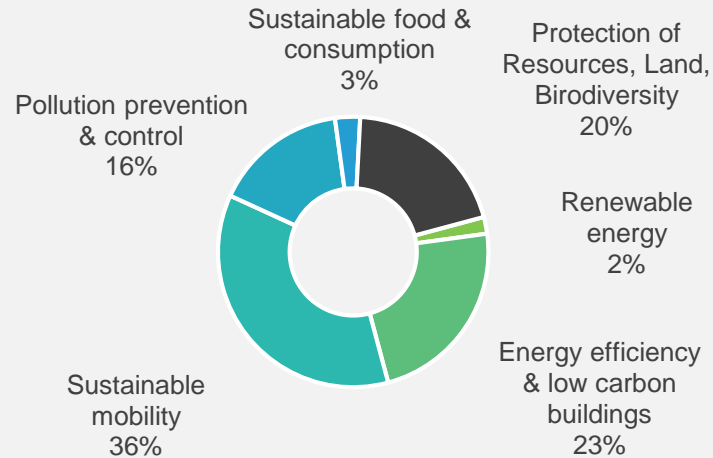


7. H1 2020 NEW SUSTAINABILITY BOND

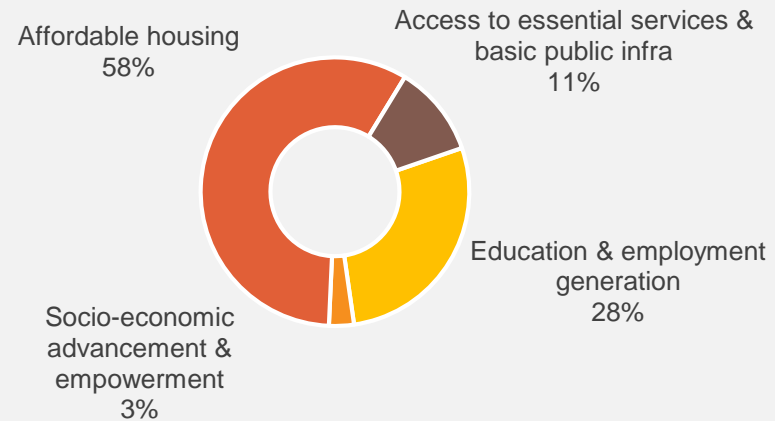
Sustainability Bond 2020 – Portfolio of Eligible Expenditures

➤ Région wallonne has qualified **above € 1 200 million** of **GREEN** & **SOCIAL** Eligible Expenditures

Green projects (45%)



Social projects (55%)



- ❑ For its **inaugural Sustainability Bond in 2019**, Région wallonne was looking to finance expenditures made in its key areas of responsibility, both in **social matters** (like *Education & Employment* or *Social Housing*) and in **environmental related matters** (like *Mobility, Energy Efficiency, Climate Change Adaptation* or *Protection of land & biodiversity*).
- ❑ With its **new Sustainability Bond in 2020**, Région wallonne keeps on financing ongoing investments already eligible in 2019 (2020 expenditures). In addition, Région wallonne will use available funds to finance new eligible expenditures, with the ambition to achieve its sustainability development goals (like *Multimodal Transport Infrastructure, Pollution Prevention & Control, or Care Services for Elderly people*).
- ❑ In line with Région wallonne's expenditures breakdown by sources (see slide 12), the project portfolio for the SB 2020 is split between social projects (55%) and environmental projects (45%). See examples of ongoing and new expenditures in next 2 slides.

Sustainability Bond 2020 – Examples of ongoing eligible expenditures

- The objective is to keep on financing investments / expenditures made eligible in 2019 and still ongoing in 2020, both to sustain **GREEN** and **SOCIAL** objectives.

2019 green projects ongoing in 2020

Climate Change Adaptation (Dam renovation in Liège)



Protection of Resources, Land & Biodiversity (Fish ladders in Meuse basin)



Energy Efficiency (Led lighting investments in public areas)



Sustainable Mobility (Multimodal station in Namur)



Sustainable Mobility (Metro extension in Charleroi)



Sustainable Mobility (Layout of waterways in Tournai)



2019 social projects ongoing in 2020

Access to Social Housing (new social houses in Liers)



Education & Employment Promotion (FOREM Training Center in Mons)



Access to essential services (Public transport access to disabled people)




Sustainability Bond 2020 – Examples of new eligible expenditures

- Beside recurrent 2019 projects, new investments / expenditures have been validated by the Sustainability Bond Committee to complement 2020 portfolio of eligible **GREEN** and **SOCIAL** projects, like the one's presented below.

2020 green & social projects pipeline


Sustainable Mobility
(Tramway in Liège)





Sustainable Mobility
(Extension of RAVeL network)





Pollution Prevention & Control
(Rehabilitation of polluted wasteland)







Pollution Prevention & Control
(New recypark in Pont-à-Celles)






Protection of Land & Biodiversity
(Natura 200 sites in Wallonia)





Access to Essential Services
(New nursing & care homes for elderly)





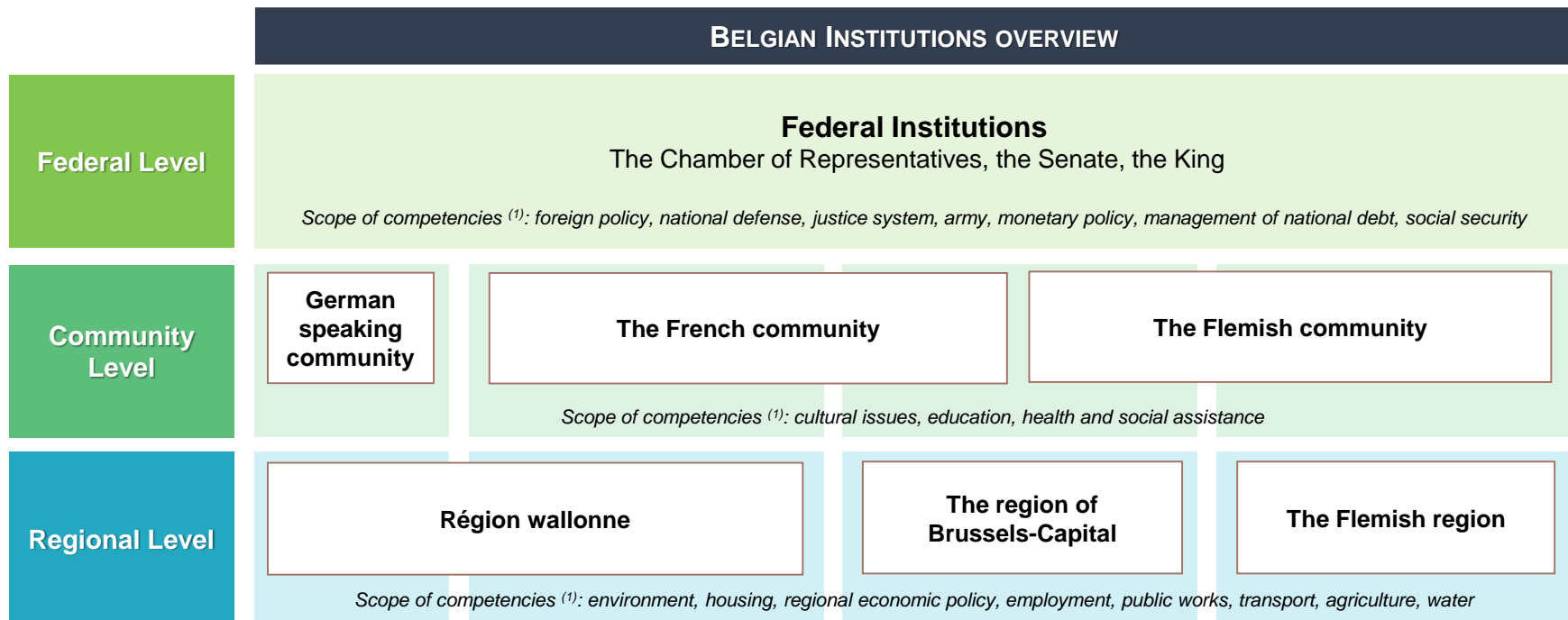
Transaction Overview

	2020 Sustainability Bond key terms
Issuer	Région wallonne
Rating	A2, Stable outlook (Moody's)
Format	Senior Unsecured, Dematerialized form
Timing	Expected March
Size	Eur Benchmark
Maturity	Intermediate and/or long dated
Coupon	[•]%, annual
Denominations	100,000 Eur
Documentation	Eur 7 bn EMTN programme dated June 28 th , 2019
Listing / Governing Law	Euronext Brussels, Belgian Law
Use of Proceeds	An amount equal to the net proceeds will be used to finance and/or refinance, in whole or in part, new and/or existing Eligible Green and Social Expenditures falling within the following categories: Renewable energy, energy efficiency & low carbon building, sustainable mobility, pollution prevention & control, sustainable food & consumption, protection of resources, land, biodiversity, education & employment promotion, socio economic advancement & empowerment, affordable housing, access to essential public services & basic public infrastructure.
Target Market	Manufacturer target market (MIFID II product governance) is eligible counterparties, professional and retail clients (all distribution channels).
Joint Bookrunners	Belfius, Deutsche Bank, HSBC, ING, Natixis

8. APPENDIX

Belgium is a Federal State made up of Communities and Regions

- Following the institutional reforms of 1970, 1980, 1988-89 and 1993, Belgium has become a fully Federal State, meaning that several bodies (the Federal State, the Regions and the Communities) which are equal in law, share the powers with no hierarchy between them.
- Each body has its own legislative and executive bodies and, within the limitations of their competencies and territorial scope, they can pass laws (at the Federal level) or decrees (for Regions and Communities, and ordinances in Brussels-Capital) which have the same legal force.



(1) This list is not exhaustive

Vision for 2050

Wallonia, a region in which citizens can meet their needs and benefit from a quality life without affecting the needs and quality of life of the inhabitants of other parts of the world and without mortgaging economic, human and natural resources to the future generations.

Diagnosis of achievements and challenges

The diagnosis analyzes around thirty indicators (state of health, eating habits, climate change, sorting of waste, etc.) to assess the progress already made by Wallonia in its transition to sustainable development.

Short and medium term goals

The intermediate objectives to be implemented by 2030 at the latest mark the way towards the long-term vision of sustainable development.

These milestones are mainly based on the sustainable development goals adopted in September 2015 by leaders around the world.

Action plan

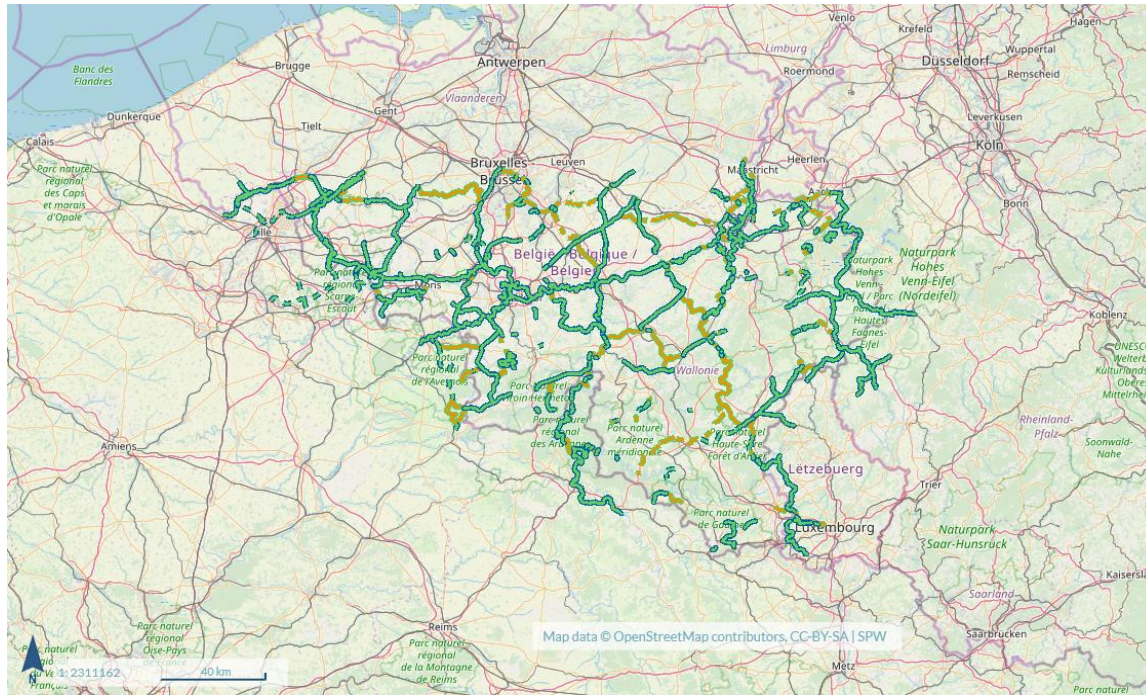
The action plan brings together about hundred actions aimed at making consumption and production patterns more sustainable in 3 priority areas: **Food – Energy – Resources**

A series of transversal support actions reinforce these 3 areas:

- Participatory dynamics on sustainable development
- Information and awareness
- Education and research
- Social responsibility of private and public organizations
- Sustainable public procurement
- Promotion of sustainable development internationally

Extension of bicycle routes network and pedestrian walkways in Wallonia (including RAVeL)

- ❑ **Bicycle usage in Wallonia is moving fast** : 1 on 2 new bicycles sold is electric
- ❑ **Bicycle Network** : grow from 3 500 km today (including RAVeL) to 10 000 km in 2030
- ❑ **Investment value by inhabitant** : grow to 15 € / year and reach 25 € / year in 2030 (same as The Netherlands)



Extension of nursing & care capacity in approved institutions in Région wallonne

- ❑ In Wallonia, half of the 48,000 places available in nursing homes are medical. It's not enough, taking into account the ageing of the population.
- ❑ **In 2020**, the Region has decided to invest over **€ 20 million** in public nursing homes and **transform 2 266 "classic" rest home places** into medicalized places, in particular by hiring specialized personnel (physiotherapists, nurses, occupational therapists, etc ...)
- ❑ In a first instance, this transformation will affect **141 institutions out of the 602 approved in Wallonia**.



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