



INVESTOR PRESENTATION



MARCH 2022

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BELGIUM FEDERAL STRUCTURE



Part.I



Regions Operating Framework

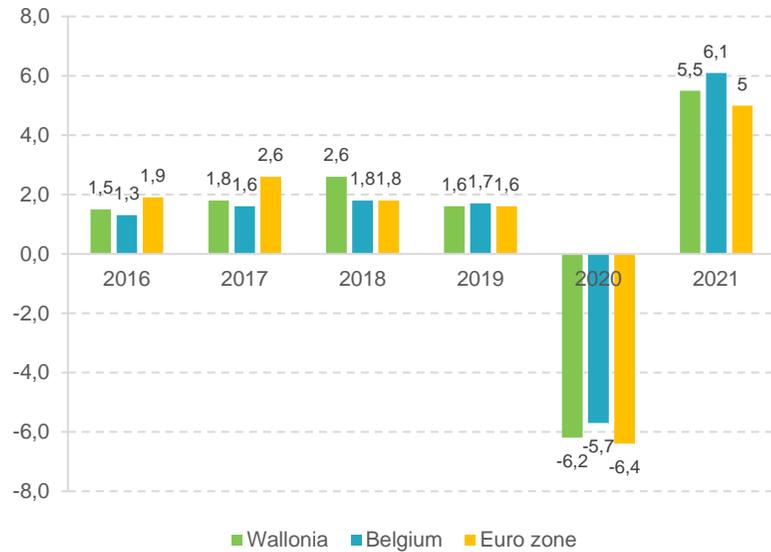
- Territory
- Economy
- Social Services
- Local Authorities

Communities Operating Framework

- Education
- Culture
- Sport

<p>450 km of waterways</p>	<p>81,207 km of roads</p>	<p>1,605km of railway network</p>	<p>2 airports (Charleroi, Liège)</p>
<p>3.63 million inhabitants (33% of Belgium)</p>	<p>16,901 km² (55.1% of Belgian territory)</p>	<p>French speaking German speaking</p>	

GBP growth rate evolution 2016-2021



(Source : IWEPS)

Wallonia in Europe



1

The Sixth State Reform (2014)

AUTONOMY EMPOWERMENT

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)

STATE FINANCIAL GUARANTEE

- ❑ Article 49 of the **Special Finance Act** organizes and supervises the delegation of debt management in the federated entities. For example, the role of 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 of payment 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.

WALLONIA KEY FIGURES



Part.II



Equipment and Transport

Mobility – Waterways – Sport Facilities – Heritage



Natural Ressources

Environment - Water - Agriculture - Conservation of Nature



Quality of Life

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



Local Authorities

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

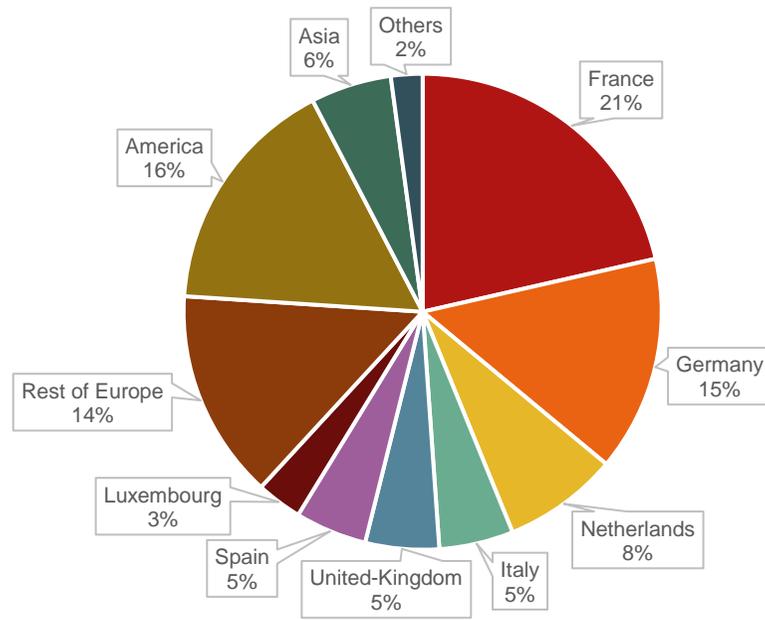


Economic Activities

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

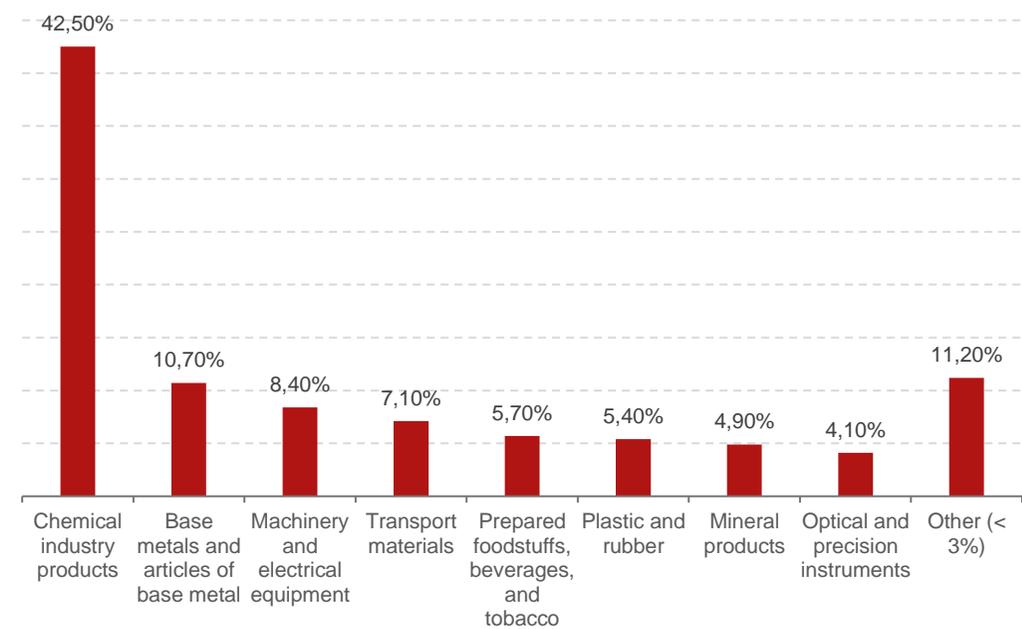
Parliament of Wallonia	Government of Wallonia	Wallonia Services Entities (SPW - UAP)
<p>The legislative assembly of Wallonia is composed of 75 members who are directly elected by universal suffrage for a five years term.</p> <p>They sit in plenary sessions and in committees with the aim to:</p> <ul style="list-style-type: 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 	<p style="text-align: center;">SPW General Secretary</p> <p style="text-align: center;">SPW Support</p> <p style="text-align: center;">SPW Digital</p> <p style="text-align: center;">SPW Mobility & Infrastructure</p> <p style="text-align: center;">   </p> <p style="text-align: center;">SPW Agriculture, Natural Resources & Environment</p> <p style="text-align: center;">     </p> <p style="text-align: center;">SPW Territory, Housing, Heritage & Energy</p> <p style="text-align: center;">     </p> <p style="text-align: center;">SPW Interior & Social Action</p> <p style="text-align: center;">   </p> <p style="text-align: center;">SPW Economy, Employment & Research</p> <p style="text-align: center;">    </p> <p style="text-align: center;">SPW Finances</p> <p style="text-align: center;">Debt Cell Unit</p> <p style="text-align: right;">➤ Logo's of Public Administration Units are placed in their areas of competence</p>

Geographical Export Sharing in 2020



Sources : ICN, IWEPS
Excluding inter-regional exports inside Belgium

Main Export Products in 2020

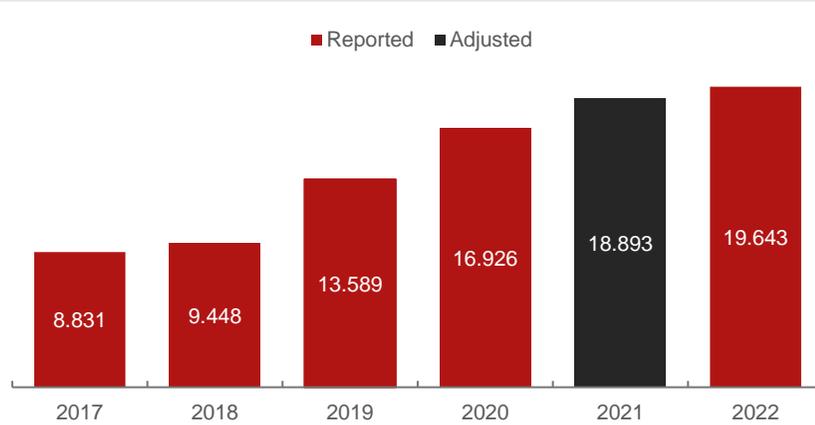


Source : Walloon region

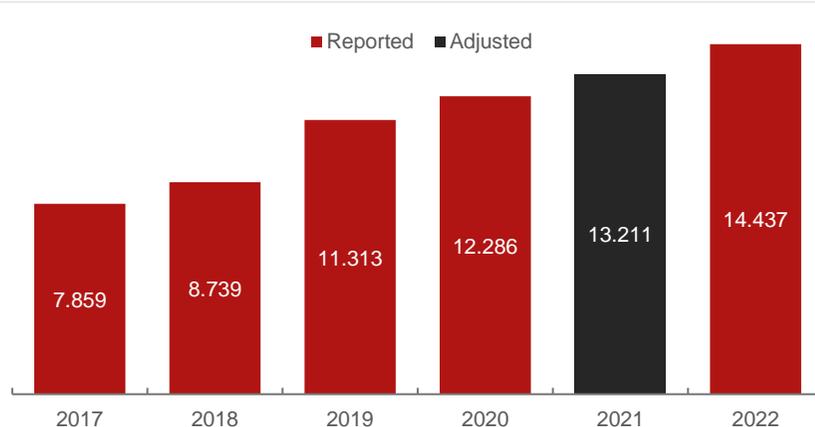
Wallonia – A world of openness

- Wallonia is a region that is naturally open to the world, a place where languages and cultures meet, with a young, internationally mobile and increasingly multilingual population
- On average, Walloon businesses make 70% of their turnover on exports, which is one of the highest export rates in the world (EU average: 30%)
- Most growing economic sectors : Pharmaceutical, Logistics, Food & Beverage

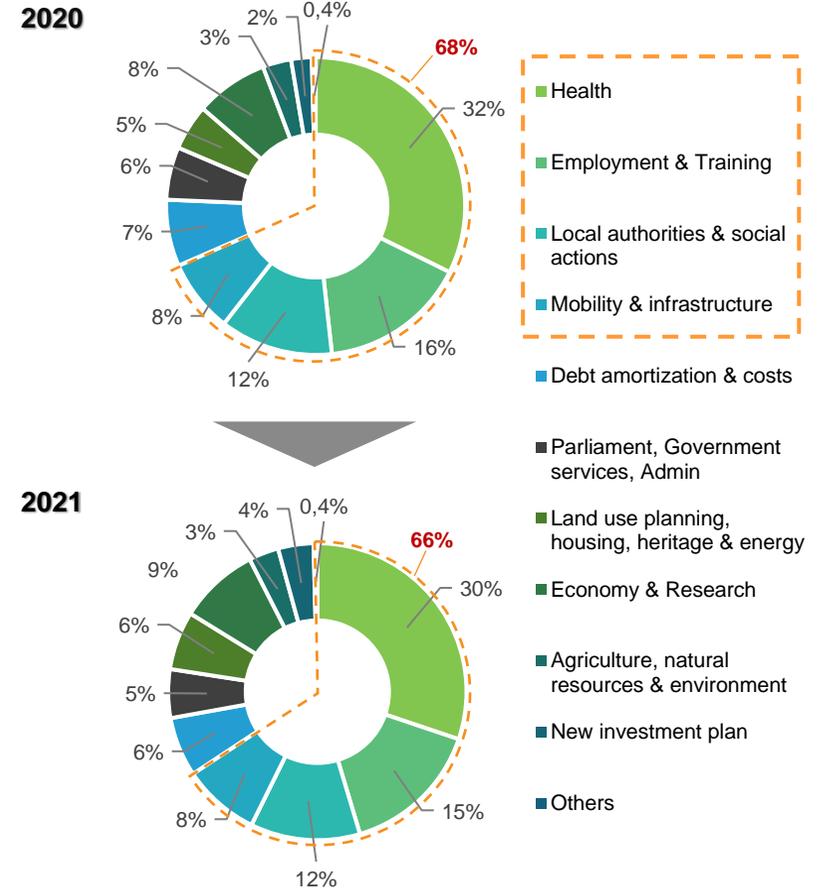
Total Expenditure evolution (€ million)



Total Revenue evolution (€ million)



Expenditures breakdown by source (2020-2021)



To address its recurrent deficit, Wallonia has launched a unique exercise to assess and justify all current / new budget expenditures. **ZERO BASED BUDGETING exercise** was launched in early 2020 and is expected to produce incremental results, starting mid 2022 (see definition on slide 11).

What is “zero based budgeting” exercise?

- ❑ Expenditures are currently 100% screened (€ 16 billion expenditures to be analyzed).
- ❑ All tax cuts will be screened as well (€ 1.8 billion tax deductions).
- ❑ All spending units within the Region (SPW – UAP) are concerned by the exercise.

Main goals of “Zero based budgeting”

- ❑ Improve the quality and efficiency of public expenditures.
- ❑ Check each individual type of expenditure in terms of timely spending.
- ❑ Grow / increase sustainability investments
- ❑ Break away from aged budgeting methods based on previous year’s spending.

- *First decision taken following the elaboration of budget 2020*
- *Methodology put in place with help of external consultants*
- *Implementation started as of end of 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 2021 budget and in forecasted figures (2022-2024)*

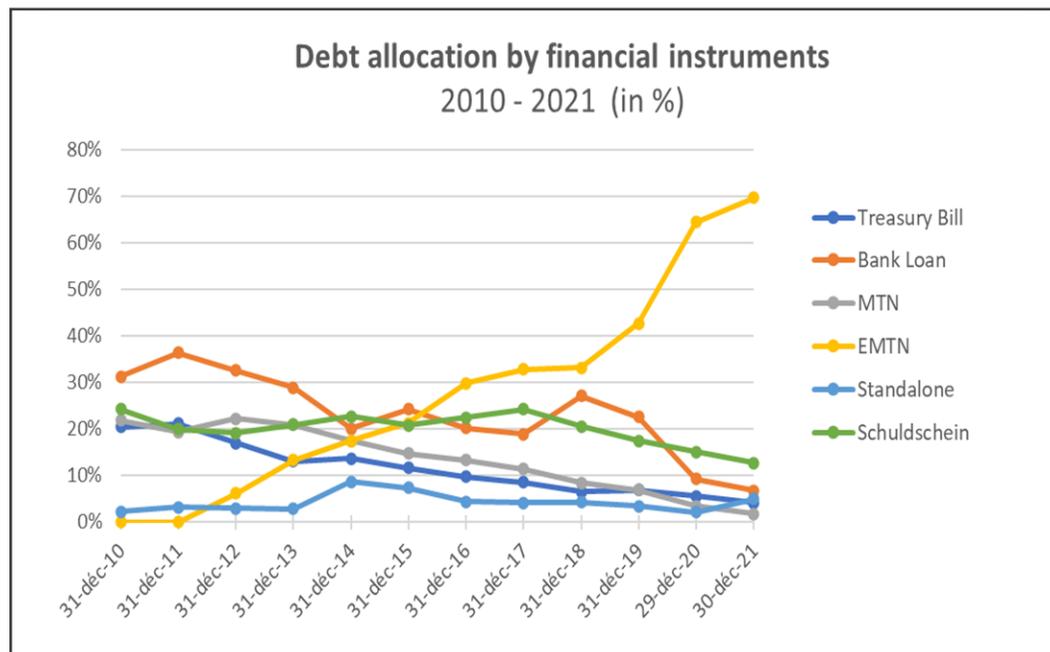
DEBT MANAGEMENT & FUNDING PLAN



Part.III

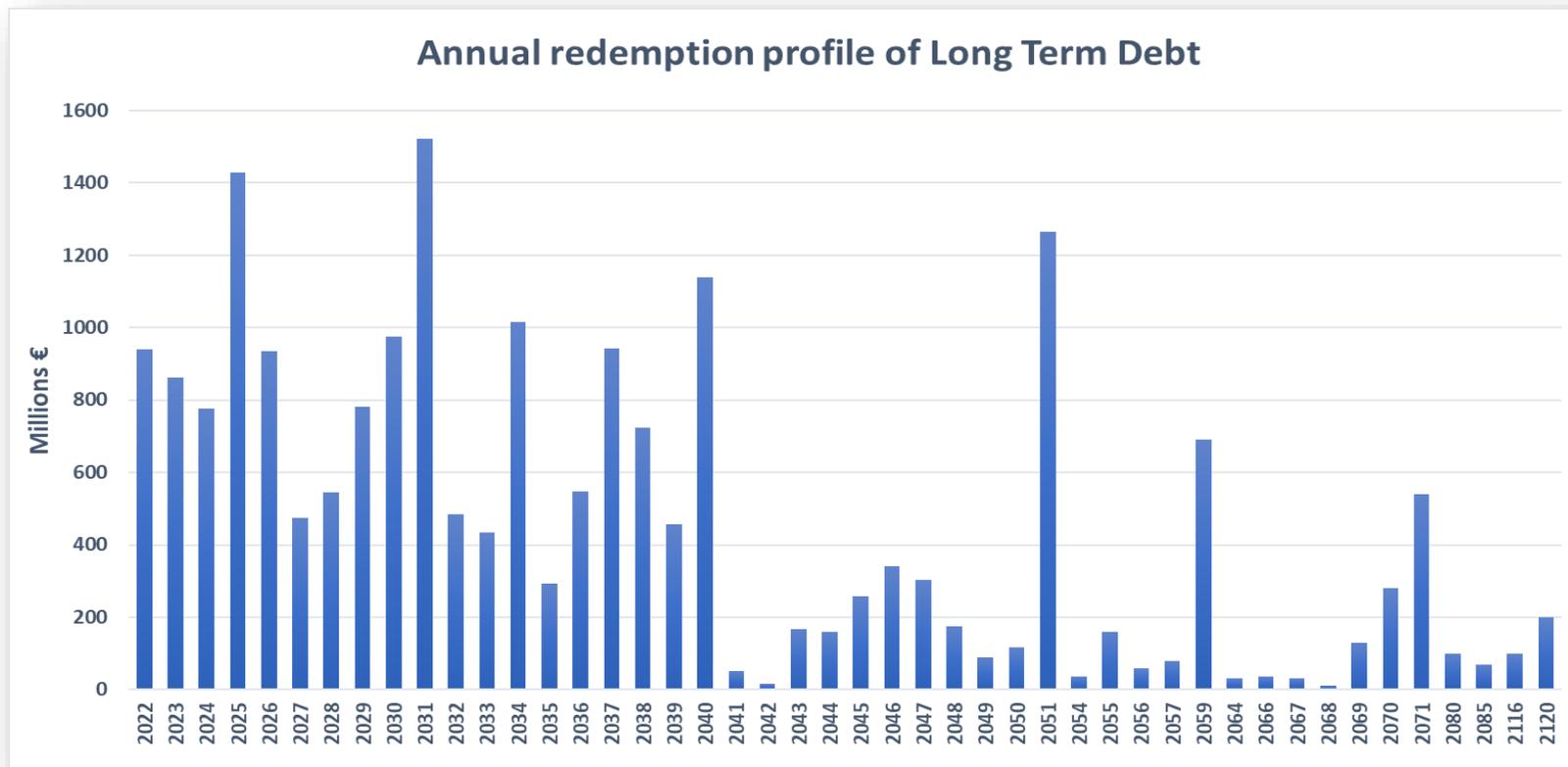
OVERAL REGIONAL DEBT (€ million)	31 Dec 2019	31 Dec 2020	31 Dec 2021
Direct Debt (1)	-10,839.75	-15,536.43	-18,842.56
External Debt (SPABS + SWDE + FADELS) (2)	-1,105.59	-1,105.58	-1,105.57
Long-Term Regional Debt (3) = (1) + (2)	-11,945.34	-16,642.01	-19,948.13
Short-Term Regional Debt (4)	-879.00	-917.50	-806.00
OUTSTANDING DIRECT DEBT (5) = (3)+(4)	-12,824.34	-17,559.51	-20,754.13
Regional Cash Balance (6)	870.61	2,556.33	3,599.50
OUTSTANDING NET BALANCE (7) = (5)+(6)	-11,953.73	-15,003.18	-17,154.63

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



Wallonia has secured and committed facilities that allow fast and continuous access to capital markets

- one European Medium-Term Notes program (**EMTN**);
- two Medium-Term Notes programs (**MTN**).



REGIONAL DEBT - KEY RATIOS	31 Dec 2019	31 Dec 2020	31 Dec 2021
Outstanding short term debt	-879.00	-917.50	-806.00
Outstanding long term debt	-11,945.34	-16,642.01	-19,948.13
Regional cash balance	870.61	2,556.33	3,599.50
NET OUTSTANDING DEBT (€ million)	-11,953.73	-15,003.18	-17,154.63
Implicite rate of LT debt (all in)	2.04%	1.61%	1.51%
Average life span of LT debt (years)	17.95	19.81	19.93
Fixed rate ratio of LT debt	87.48%	90.58%	93.73%
Duration of LT debt (years)	10.54	13.84	13.27

FUNDING 2021 (millions €)	
Amortizations	586.70
Funding gap (ajusted)	4,063.02
AJUSTED FUNDING PLAN	4,649.72
EU Financing Plan (SURE) granted to Wallonia	-598.82
Pre-financing completed in 2020	-1,525.57
EMTN (funding 2021)	-3,137.50
<i>Private placement</i>	-937.50
<i>Benchmark size issues</i>	-2,200.00
MTN (funding 2021)	0.00
<i>Private placement</i>	0.00
<i>Commercial paper</i>	0.00
Schuldschein (funding 2021)	-45.00
FUNDING COMPLETED IN 2021	-5,306.89
OUTSTANDING FUNDING PLAN *	-657.17

(*) Negative amount = prefunding 2022

OUTSTANDING OPERATIONS & RATIOS - December 2021	
Number of deals	36
Weighted average rate (all-in)	0,56%
Average life span (years)	19.96
Weighted average duration (years)	17.03
Weighted average spread vs OLO (all-in)	30.48
Fixed rate ratio	99.06%

Since the beginning of the pandemic, additional Covid-related spending have been encountered by the Walloon Government. For 2020, € 1.140 million were spent and for 2021, the adjusted budgetary plan and funding needs amounted to € 1.713 million.

In addition, the floods that hit Wallonia in July 2021, generated additional exceptional spending that had to be taken out (in the order of € 505 million).

The budget deficit remains high, due to the crisis situations (pandemic and floods) that Wallonia has recently experienced. However, the pre-financing achieved in 2021 remains considerable and gives the possibility to reduce the financing requirements for 2022. In addition, loans from the EIB and the federal government, which will be negotiated at favorable conditions for the Region, reduce the debt burden for the coming years.

FUNDING PLAN 2022 (€ million)	
Amortizations	-939.63
Funding gap (initial)	-4,125.57
INITIAL FUNDING NEEDS	-5,065.20
Budget Buffer (2022)	421.00
BEI loan (2022 part)	300.00
Federal loan	1,200.00
Pre-financing completed in 2021	657.17
FUNDING COMPLETED IN 2022	30.00
EMTN	30.00
<i>Private placement</i>	30.00
<i>Benchmark (sustainability bond)</i>	0.00
MTN	0.00
<i>Private placement</i>	0.00
<i>Commercial paper</i>	0.00
Schuldschein	0.00
OUTSTANDING FUNDING PLAN	-2,457.03

Financial Rating



Last credit opinion update : December 2021

Long Term Rating: A3 – Stable Outlook

Prime-2 short-term rating of its Treasury notes

Credit Strengths

- ▲ Mature and robust legislative background with well-defined responsibilities amid a complex Belgian institutional system
- ▲ Revenue flexibility is high and is supportive of the region's credit profile
- ▲ Prudent but sophisticated debt management underpins unquestioned market access.

Credit Challenges

- ▼ Substantial financing deficits will push the region's debt burden to a very high level for longer
- ▼ An economy which compares unfavorably with national and European peers

Non-Financial Rating



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*

TIMELINE BOND ISSUANCES



Part.IV

SUSTAINABILITY, SOCIAL & GREEN BONDS

	WALLOO 0.250% 05/03/2026	WALLOO 1.250% 05/03/2034	WALLOO 0.500% 04/08/2030	WALLOO 1.250% 05/03/2034	WALLOO 1.050% 06/22/2040
CURRENT ISSUES	SUSTAINABILITY 2026 Bond (7y)	SUSTAINABILITY 2034 Bond (15y)	SUSTAINABILITY 2030 Bond (10y)	SUSTAINABILITY 2034 Bond Tap	SOCIAL 2040 Bond (20y)
ISIN	BE6313645127	BE6313647149	BE0001795492	BE6313647149	BE0002709906
Amount	€ 500 million	€ 500 million	€ 500 million	€ 200 million	€ 1 000 million
Launch Date	25 th April 2019	25 th April 2019	1 st April 2020	1 st April 2020	28 th May 2020
Maturity Date	3 rd May 2026	3 rd May 2034	8 th April 2030	3 rd May 2034	22 nd June 2040
Coupon	0.250%	1.250%	0.500%	1.250%	1.050%
Rate (all-in)	0.382%	1.265%	0.540%	0.797%	1.118%
Spread vs OLO (all-in)	OLO + 32.3 bps	OLO + 37.6 bps	OLO + 47 bps	OLO + 50 bps	OLO + 56.4 bps
Total in 2019 : € 1 000 million			Total in 2020 : € 1 700 million		

CONVENTIONAL BONDS

	WALLOO 0.050% 06/22/2025	WALLOO 0.650% 01/16/2051	WALLOO 0.500% 06/22/2037	WALLOO 1.250% 06/22/2071	WALLOO 0.375% 10/22/2031
Conventional Issues	2025 Bond (5 year)	2051 Bond (30 year)	2037 Bond (16 year)	2071 Bond (50 year)	2031 Bond (10 year)
ISIN	BE0002708890	BE0002754357	BE0002778596	BE0002779602	BE0002816974
Amount	€ 1 000 million	€ 1 000 million	€ 700 million	€ 500 million	€ 1 000 million
Launch Date	28 th May 2020	25 th Nov. 2020	10 th March 2021	10 th March 2021	30 th June 2021
Maturity Date	22 nd June 2025	16 th Jan. 2051	22 nd June 2037	22 nd June 2071	22 nd Oct. 2031
Coupon	0.050%	0.650%	0.500%	1.250%	0.375%
Rate (all-in)	0.061%	0.703%	0.629%	1.261%	0.405%
Spread vs OLO (all-in)	OLO + 43.00 bps	OLO + 38.00 bps	OLO + 32.48 bps	OLO + 35.82 bps	OLO + 29.00 bps
Total in 2020 : € 2 000 million			Total in 2021 : € 2 200 million		



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