



OVERVIEW OF WALLONIA

27TH MARCH 2018

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1. WALLONIA

AREA :

16,844,3 Km²
(55,2% of Belgian territory)

LANGUAGES :

French, German

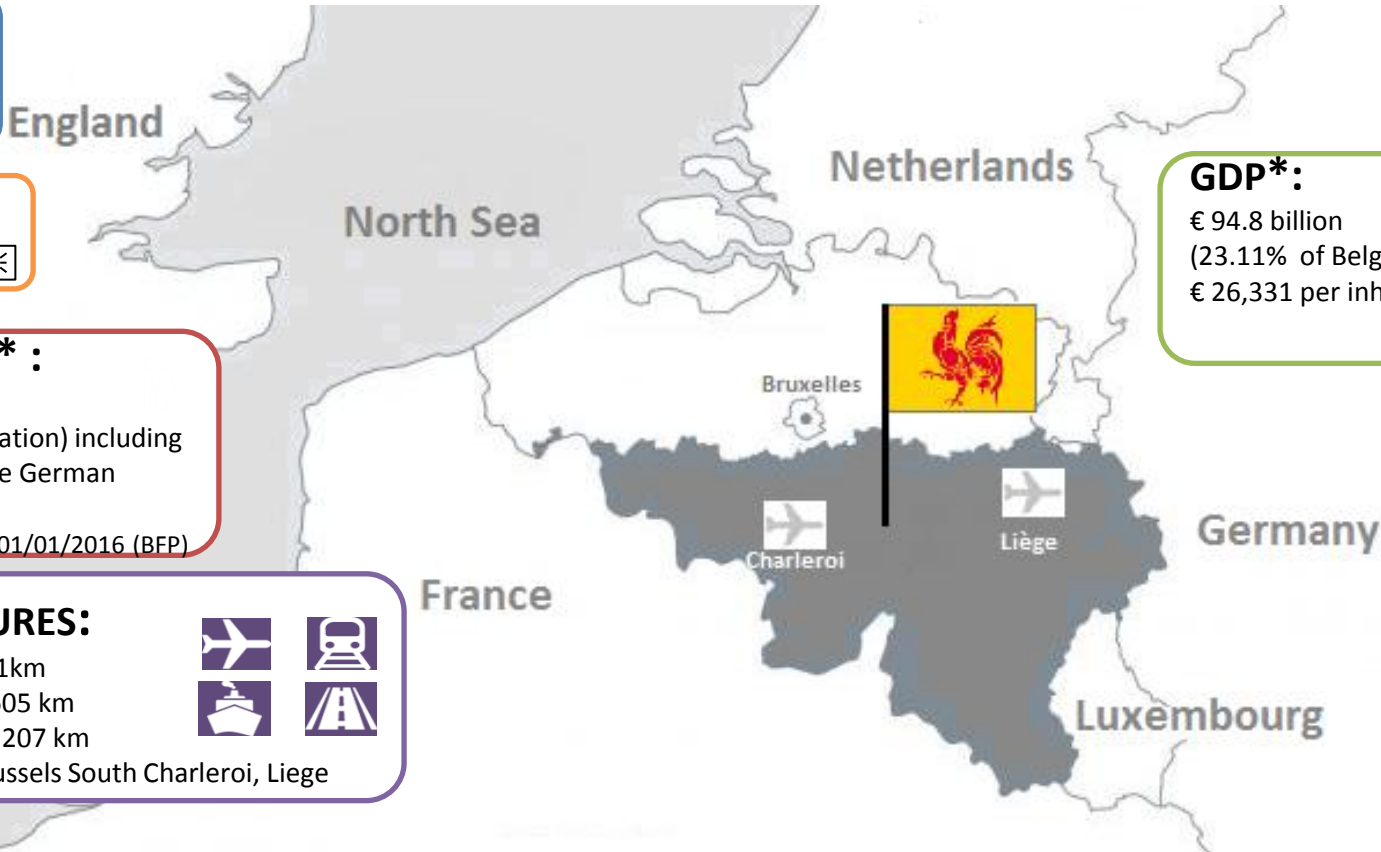
**POPULATION** :**

3,602,216 inhab.
(32% of Belgian population) including
76,645 inhab. from the German
community

**01/01/2016 (BFP)

INFRASTRUCTURES:

Waterways: 741km
Rail network: 1,605 km
Roads : 81,207 km
Airports: Brussels South Charleroi, Liège

**GDP*:**

€ 94.8 billion
(23.11% of Belgian GDP)

€ 26,331 per inhab.

*in 2015 (ICN)



Equipment & Transport

- Mobility, waterways, sport facilities, heritage



Natural resources

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



Quality of life

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



Local authorities

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



Economic activities

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

Parliament of Wallonia



75



Government of Wallonia



7



Public Administration Units

WALLONIA EXPORT & INVESTMENT

Wallonia.be COMMISSARIAT GÉNÉRAL AU TOURISME

La société wallonne des eaux

S.R.W.T. TEC

LE FOREM

ISSeP Institut scientifique de service public

SRIW Société Régionale d'Investissement de Wallonie

Fonds du Logement

SPGE Société Publique de Gestion de l'Eau

INEPS INSTITUT WALLON DE L'ÉVALUATION, DE LA PROSPECTIVE ET DE LA STATISTIQUE

SOGEPa CHANGE • MANAGEMENT • INVESTMENT

AViQ Agence pour une Vie de Qualité

SPAQUE

SOFICO

SOWAER SOCIÉTÉ WALLONNE DES AÉROPORTS

CWAPÉ Commission Wallonne pour l'Énergie

Service public de Wallonie budget comptabilité trésorerie comités d'acquisition tic logistique

Public Service of Wallonia

Transversal



GENERAL SECRETARIAT



DG SUPPORT BUDGET, LOGISTICS AND INFORMATION
AND COMMUNICATIONS TECHNOLOGIES

Operational



DG OPERATIONAL ROADS AND BUILDINGS



DG OPERATIONAL MOBILITY AND
WATERWAYS



DG OPERATIONAL AGRICULTURE, NATURAL
RESOURCES AND ENVIRONMENT



DG OPERATIONAL LAND USE PLANNING,
HOUSING, HERITAGE AND ENERGY



DG OPERATIONAL LOCAL AUTHORITIES, SOCIAL
ACTION AND HEALTH



DG OPERATIONAL ECONOMY, EMPLOYMENT AND
RESEARCH

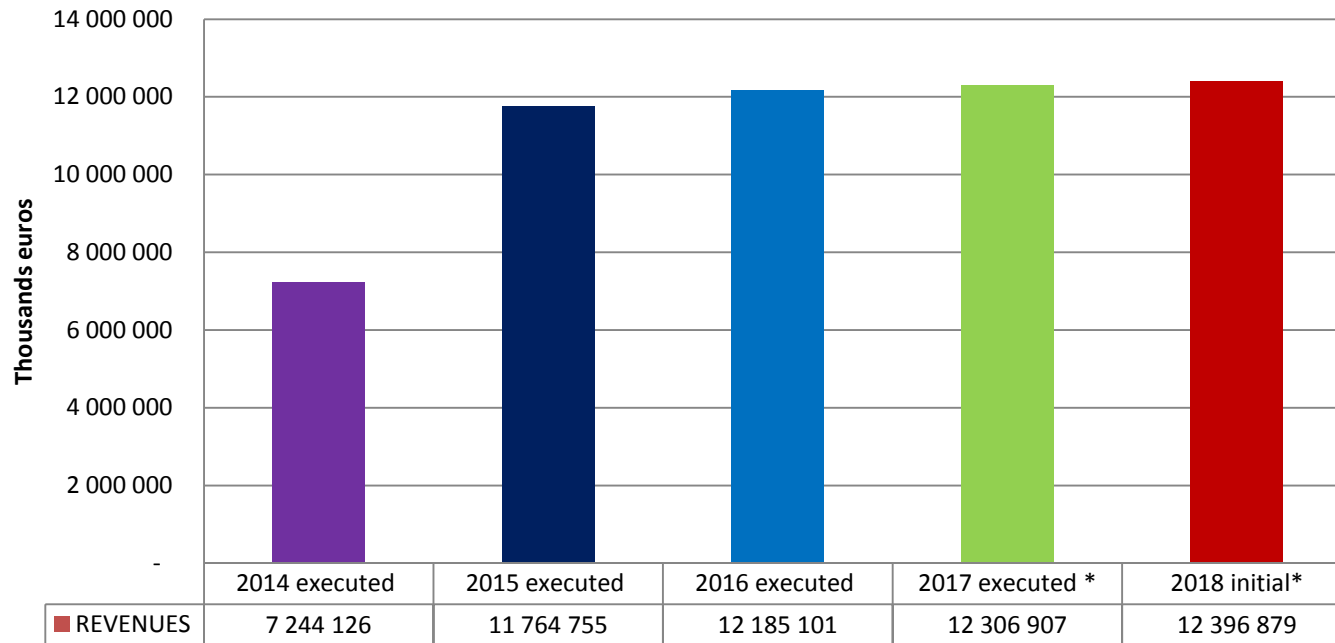


DG OPERATIONAL TAXATION



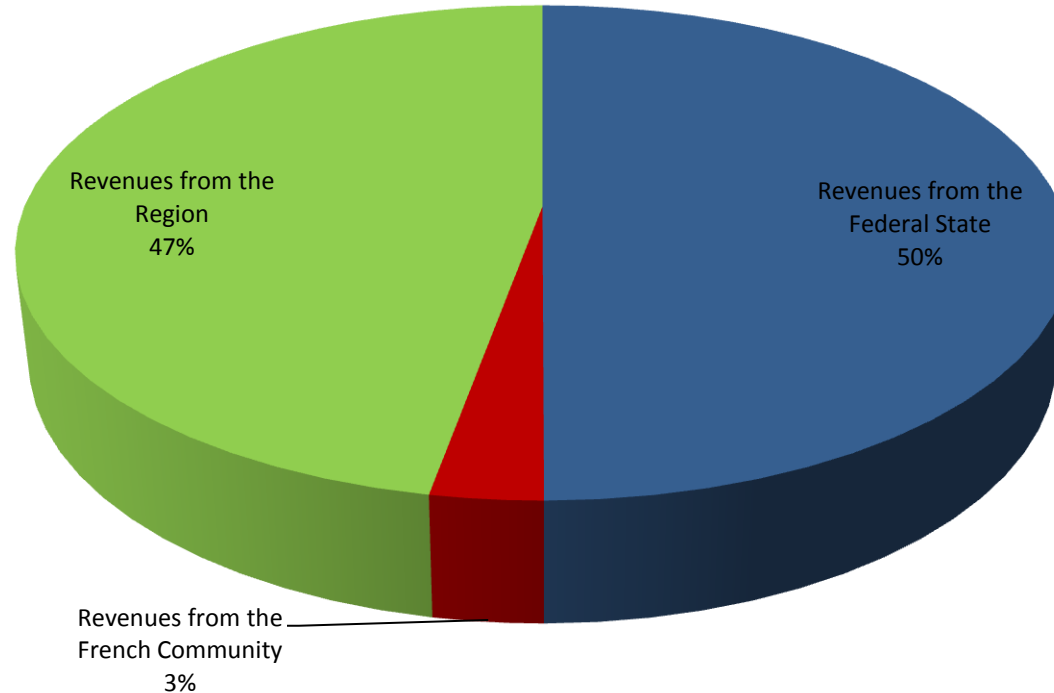
2. BUDGET

REVENUES

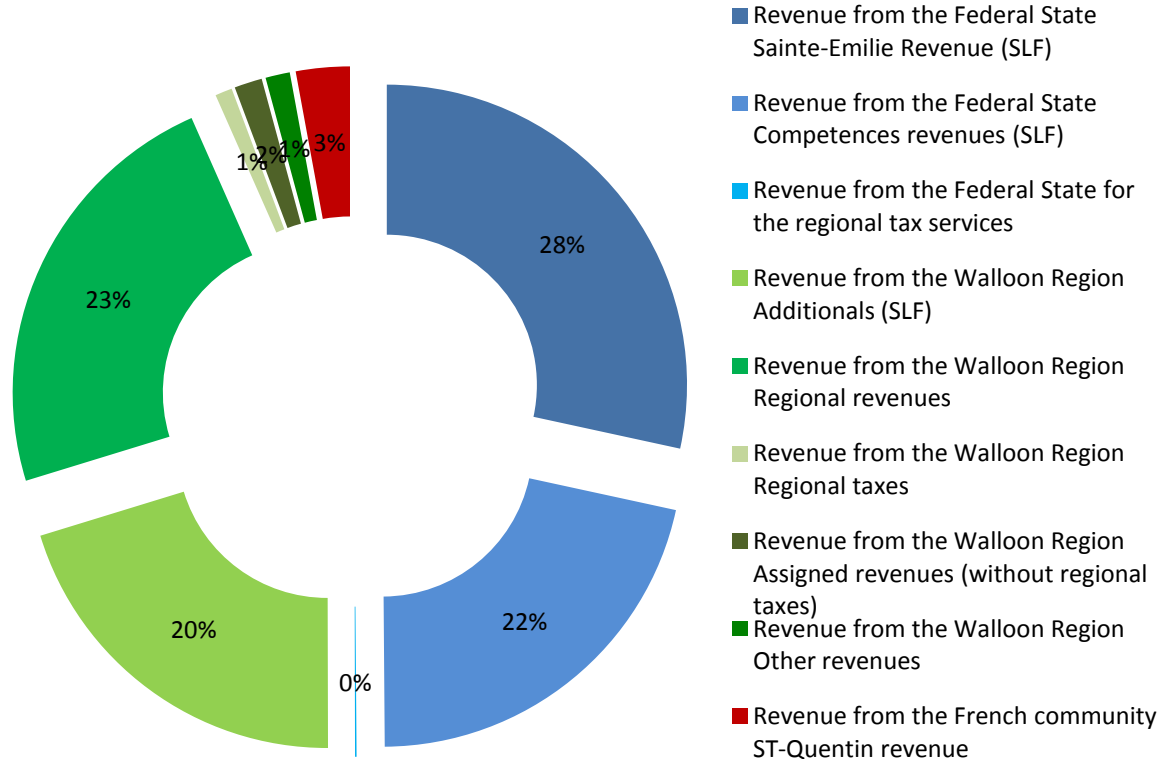


* without debt amortization (Debt amortization fund for social housing) : 160 millions €

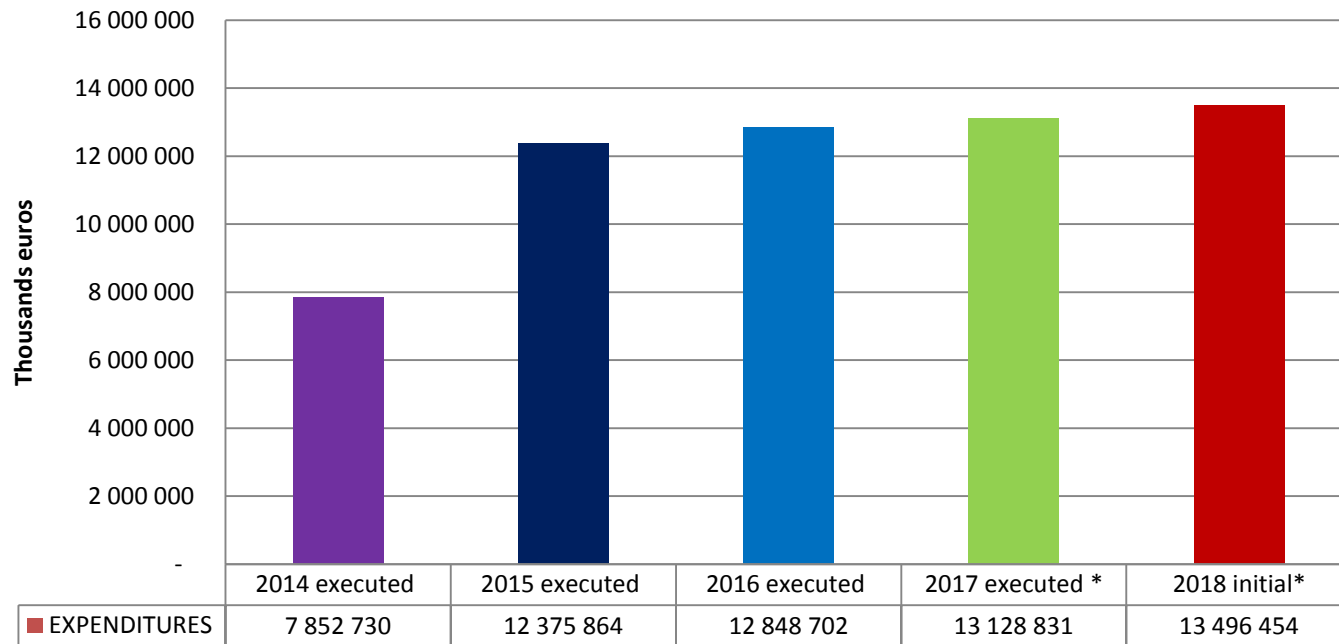
Breakdown of the REVENUES (Initial 2018 Budget- 12.4 billion €)



Breakdown of the REVENUES (Initial 2018 Budget-12.4 billion €)

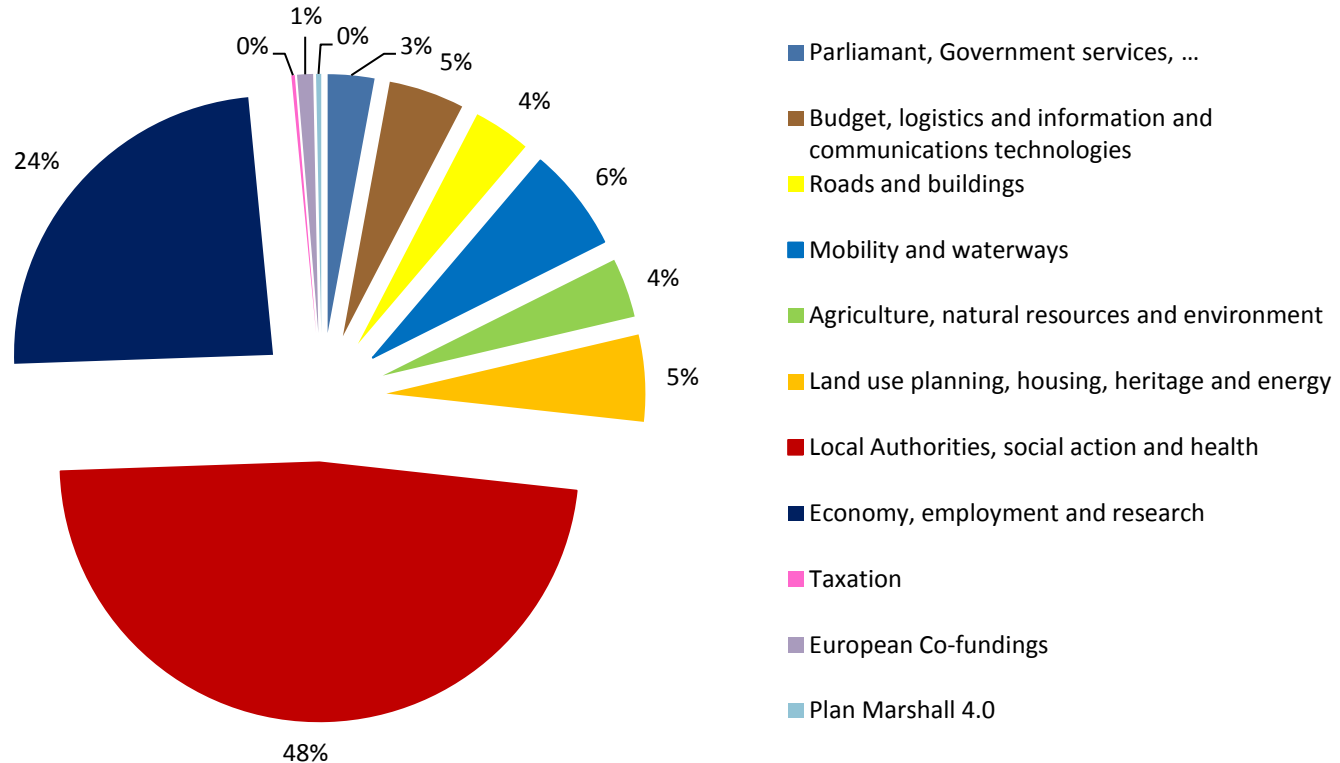


EXPENDITURES



*without debt amortization (Debt amortization fund for social housing) : 160 millions €

Breakdown of the Expenditures (Initial 2018 Budget-13.5 billion €)



	Initial 2016	Initial 2017	Initial 2018
(Thousands €)			
REVENUES	11,865,971	12,272,191	12,396,879
EXPENDITURES	12,876,821	13,354,688	13,496,454
Funding gap	-1,010,850	-1,082,497	-1,099,575
ESA (European System of Accounts) CORRECTIONS + Exceptional expenses (radicalism/security)	635,953	782,519	423,963
Impact of independence's factor			458,612
ESA 2010 Budget balance	-374,897	-299,978	-217,000

ESA CORRECTIONS

	Initial 2016	Initial 2017	Initial 2018
	(Thousands €)		
Balance of the economic grouping	-36,511	109,239	187,540
Amortizations	27,653	18,681	18,837
Underspend	214,000	234,000	265,000
Credit granting and equity investments (OCPP nets – codes 8)	357,011	340,907	335,557
SWAP operation	68,000	71,099	62,400
Others	-5,200	-8,658	-445,371
TOTAL ESA Corrections	624,953	765,268	423,963



3. DEBT



MOODY'S
PUBLIC SECTOR EUROPE

CREDIT OPINION

14 March 2018

Rate this Research



RATINGS

Walloon Region

Domicile	Belgium
Long Term Rating	A2
Type	Senior Unsecured - Dom Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

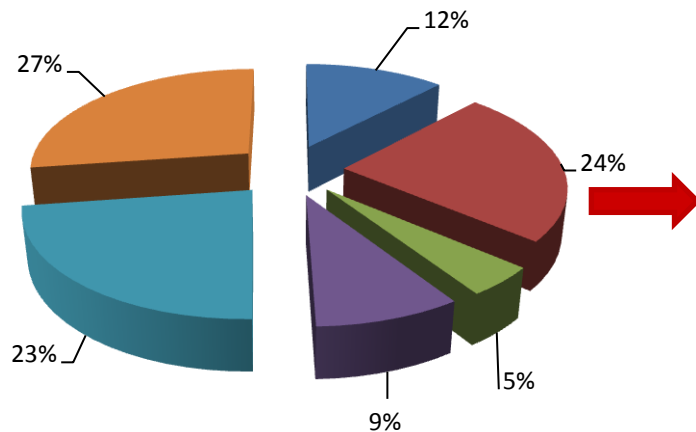
- **A2 –Stable Outlook**
- **(P) Prime-1 Short term rating**
- Strong debt and treasury management, robust liquidity position
- Positive impact of the sixth state reform on leverage and tax autonomy
- Relatively large financing deficits
- Rising level of debt entails a risk of returning to pre-sixth state reform debt metrics
- Moderate growth and inflation prospects with high but improving unemployment level

DEBT FIGURES (31/12/2017) (1/2)

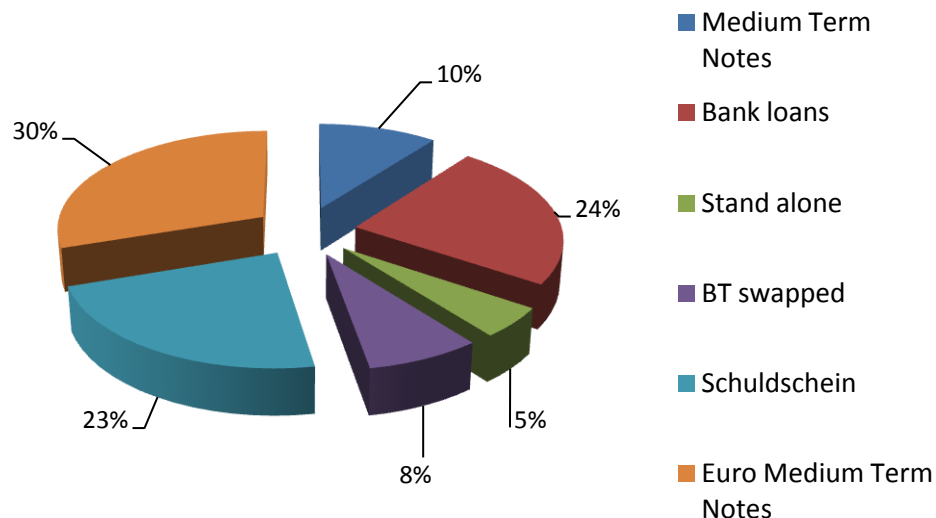
	(Million €)	31/12/2016	31/12/2017
Direct Debt(1)		8,402.0	8,962.0
Indirect Debt (SPABS+SWDE+FADELS) (2)		1,585.6	1,425.6
Long Term Regional Debt (3) = (1) + (2)		9,987.6	10,387.6
Debit balance on the current account(4)		280.0	376.8
Contribution of the Public Administration Units(cash pooling) (5)		1,445.8	844.8
Short Term Regional Debt (6) = (4) - (5)		-1,165.8	-468
Total Regional Debt (7) = (3) + (6)		8,821.8	9,919.6

DEBT FIGURES (2/2)

Long-term Regional Debt(excluding Fadels) on the 31/12/2016 (9,197 EUR million)



Long-term Regional Debt(excluding Fadels) on the 31/12/2017 (9,757 EUR million)



DISTRIBUTION OF 2017 FINANCING (BEFORE HEDGE) (1/3)

	<u>Trade</u>	<u>Effective</u>	<u>Maturity</u>	<u>Amount (€)</u>	<u>Reference Rate</u>	<u>Type</u>	<u>Fr/Vr</u>
1	21/01/2017	26/01/2017	26/01/2037	50 000 000.00	IRS20Yr	EMTN	Fixed
2	20/01/2017	25/01/2017	25/01/2047	37 000 000.00	IRS30Yr	EMTN	Fixed
3	29/01/2017	3/02/2017	3/02/2025	10 000 000.00	IRS8Yr	EMTN	Fixed
4	3/02/2017	8/02/2017	8/02/2031	10 000 000.00	IRS14Yr	EMTN	Fixed
5	18/02/2017	23/02/2017	23/02/2041	15 000 000.00	IRS27Yr	EMTN	Fixed
6	17/03/2017	22/03/2017	22/03/2027	13 000 000.00	IRS10Yr	EMTN	Fixed
7	10/06/2017	15/06/2017	15/06/2045	60 000 000.00	IRS28Yr	Schuldschein	Fixed
8	9/07/2017	14/07/2017	14/07/2033	20 000 000.00	IRS18Yr	EMTN	Fixed
9	19/07/2017	24/07/2017	24/07/2028	10 000 000.00	IRS11Yr	Schuldschein	Fixed
10	23/07/2017	28/07/2017	28/07/2048	25 000 000.00	IRS30Yr	EMTN	Fixed
11	7/10/2017	12/10/2017	12/10/2046	55 000 000.00	IRS29Yr	Schuldschein	Fixed
12	7/10/2017	13/10/2017	13/10/2027	11 000 000.00	IRS10Yr	EMTN	Fixed
13	7/10/2017	13/10/2017	13/10/2033	10 000 000.00	IRS16Yr	EMTN	Fixed
14	7/10/2017	13/10/2017	13/10/2033	30 000 000.00	IRS16Yr	EMTN	Fixed
15	7/10/2017	13/10/2017	13/10/2036	35 000 000.00	IRS19Yr	EMTN	Fixed

DISTRIBUTION OF 2017 FINANCING (BEFORE HEDGE) (2/3)

	<u>Trade</u>	<u>Effective</u>	<u>Maturity</u>	<u>Amount (€)</u>	<u>Reference Rate</u>	<u>Type</u>	<u>Fr/Vr</u>
16	7/10/2017	20/10/2017	20/10/2027	20 000 000.00	IRS10Yr	EMTN	Fixed
17	7/10/2017	13/10/2017	13/10/2037	50 000 000.00	IRS20Yr	Schuldschein	Fixed
18	7/10/2017	13/10/2017	13/10/2067	30 000 000.00	IRS50Yr	Schuldschein	Fixed
19	7/10/2017	19/10/2017	19/10/2029	10 000 000.00	IRS12Yr	EMTN	Fixed
20	7/10/2017	23/10/2017	23/10/2028	15 000 000.00	IRS11Yr	EMTN	Fixed
21	7/10/2017	20/10/2017	20/10/2037	20 000 000.00	IRS20Yr	EMTN	Fixed
22	7/10/2017	20/10/2017	20/10/2027	20 000 000.00	IRS11Yr	EMTN	Fixed
23	7/10/2017	20/10/2017	20/10/2039	10 000 000.00	IRS22Yr	EMTN	Fixed
24	7/10/2017	20/10/2017	20/10/2039	20 000 000.00	IRS22Yr	EMTN	Fixed
25	7/10/2017	14/10/2017	14/10/2030	47 000 000.00	IRS13Yr	EMTN	Fixed
26	7/10/2017	14/10/2017	14/10/2047	10 000 000.00	IRS30Yr	Schuldschein	Fixed
27	7/10/2017	13/10/2017	13/10/1933	5 000 000.00	IRS16Yr	EMTN	Fixed
28	3/11/2017	8/11/2017	26/07/2047	25 000 000.00	IRS30Yr	EMTN	Fixed
29	14/12/2017	19/12/2017	19/12/2047	50 000 000.00	IRS30Yr	Schuldschein	Fixed
30	17/12/2017	22/12/2017	22/12/2037	15 000 000.00	IRS20Yr	Schuldschein	Fixed

DISTRIBUTION OF 2017 FINANCING (BEFORE HEDGE) (3/3)

Main indicators for 2017 financing Situation on 31 December 2017	<i>Total Amount (€)</i>	738 000 000.00
	<i>Weighted average rate (%)</i>	1.81%
	<i>Weighted average maturity (Yr)</i>	22.39
	<i>Fixed Rate Issues (%)</i>	100%
	<i>EMTN Issues (%)</i>	62.06%
	<i>Schuldschein Issues (%)</i>	37.94%

KEY FIGURES

- ❖ Implicit rate: 2.62% (31/12/2017)
- ❖ Average Life span (in years): 11.83 (31/12/2017)
- ❖ 88.99% of the direct debt is at fixed rate (31/12/2017)
- ❖ Debit on current account terms: 3,250 million €
- ❖ EMTN Program: 5 billion € (since 27/06/2017)
- ❖ Guaranteed Debt (senior): 6,489.4 million € (31/12/2017)
- ❖ Maastricht Debt Contribution on the 31 december 2016 - expanded perimeter (October 2017 notification): 21,271 million €

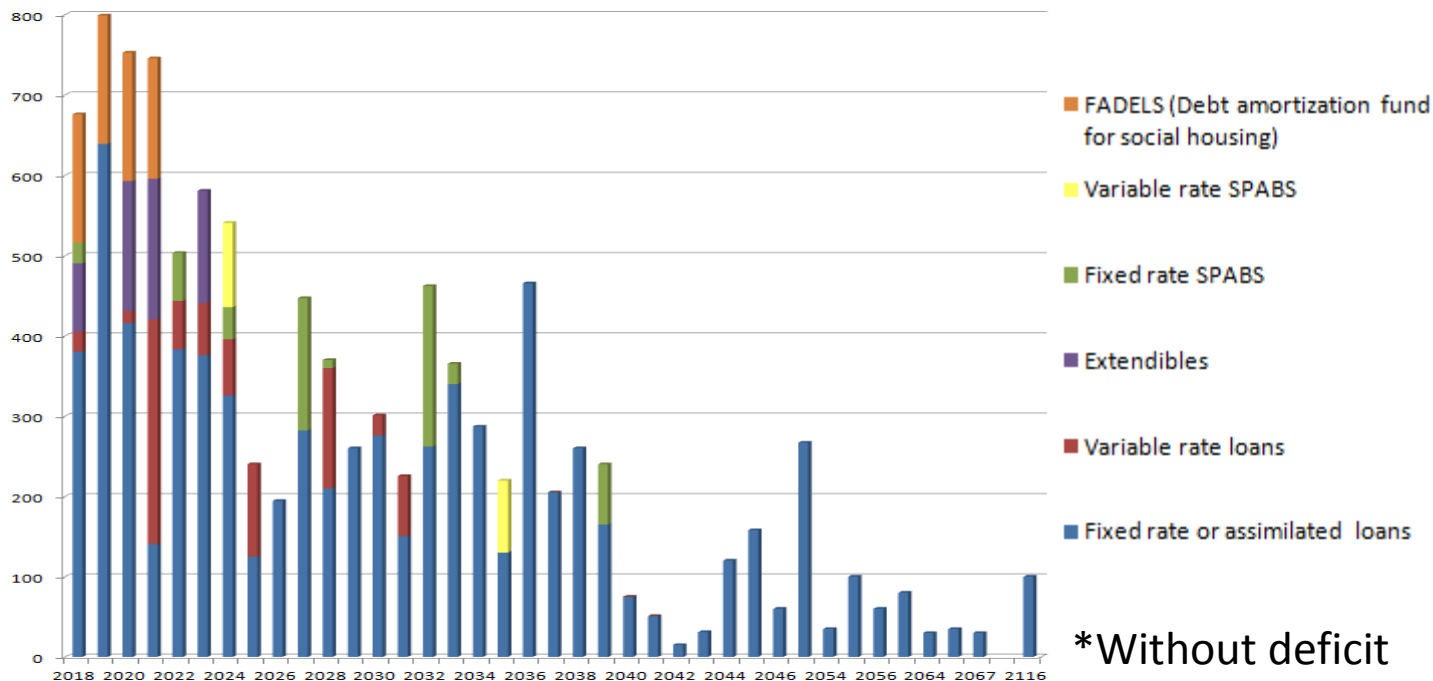
GUARANTEED DEBT (SENIOR) 6,489.4 MILLION €

Entities	<u>31.12.2016</u>	<u>31.12.2017</u>
CIW	81 641 500.00 €	81 641 500.00 €
CRAC	68 134 869.00 €	64 063 171.56 €
Ecetia	220 858 721.36 €	216 000 000.00 €
FIWAPAC	750 000 000.00 €	645 000 000.00 €
FLFNW	918 249 632.46 €	932 221 248.95 €
Hôpital psychiatrique Les Marronniers	5 182 019.60 €	4 786 598.89 €
Le Circuit de Spa Francorchamps	19 021 000.00 €	18 193 000.00 €
SOFICO	584 209 983.28 €	569 615 122.34 €
SOWAER	222 022 030.10 €	199 080 550.97 €
SRWT (Loans + Leasing)	248 806 692.07 €	255 967 473.52 €
SWCS	2 435 501 849.41 €	2 271 477 637.36 €
SWDE	38 675.00 €	33 150.00 €
SWL	1 388 083 714.05 €	1 231 275 756.40 €
Total	6 941 750 686.33 €	6 489 355 209.99 €

MANAGEMENT PRINCIPLES

- ❖ Responsiveness, flexibility, transparency and communication
- ❖ Optimal distribution between fixed rate and floating rate
- ❖ Levelling of the debt amortisation schedule
- ❖ Principles of prudence, competitive procedure and efficiency of the decision making process
- ❖ Appropriate utilisation of derivative financial instruments
- ❖ Diversification of the investor base

AMORTISATION SCHEDULE OF THE LONG-TERM DEBT*

Schedule of the Regional direct, SPABS and FADELS DEBT on 31/12/2017
-million EUR-

*Without deficit

FUNDING PLAN 2016 – 2018

Millions €	2016R	2017R	2018 E
Funding gap	594.5*	835.9*	1,099.6****
Amortisations	288.9	613**	675.8***
FUNDING NEEDS	883.4	1,448.9	1,775.4
Prefinancing	-243.6	-983.7	-547.8
REALIZATIONS	1,623.5	1,013	111.5
EMTN Issues	980.5	458	111.5
* Private placement	980.5	458	111.5
* Benchmark	0	0	
MTN Issues	0	75	
* Private placement		75	
* Commercial Paper			
Schuldschein	418	280	
Bank loans	225	200	

FUNDING NEEDS 2018:

- **Minimum: 766.1 MEUR**
- **Maximum: 1,116.1 MEUR**

* Executed

**Including 275 MEUR for the indirect debt (SPABS: Patrimonial companies of administration of the school buildings) and 160 MEUR for the Fadels (Debt amortization fund for social housing)

***Including 25.6 MEUR for the indirect debt (SPABS: Patrimonial companies of administration of the school buildings) and 160 MEUR for the Fadels (Debt amortization fund for social housing)

**** Underspend estimated : 265 million EUR and included in the funding gap presented

DISTRIBUTION OF 2018 FINANCING (BEFORE HEDGE)

-	Trade	Effective	Maturity	Amount (€)	Reference Rate	Fr/Vr
1	16/01/2018	24/01/2018	24/01/2040	11 000 000.00	IRS22Yr	Fixed
2	25/01/2018	1/02/2018	15/03/2028	12 000 000.00	IRS10Yr	Fixed
3	30/01/2018	7/02/2018	7/11/2028	20 000 000.00	IRS10.5Yr	Floating
4	30/01/2018	13/02/2018	13/02/2021	50 000 000.00	IRS3Yr	Fixed
5	09/02/2018	21/02/2018	20/10/2037	8 500 000.00	IRS20Yr	Fixed
6	19/03/2018	4/04/2018	4/04/2023	10 000 000.00	IRS5Yr	Fixed

<i>Main indicators for 2018 financing Situation on 19th March 2018</i>	Total Amount (€)	111 500 000.00
	Weighted average rate (%)	0.761%
	Weighted average maturity (Yr)	8.51
	Fixed Rate Issues (%)	82%
	Variable Rate Issues (%)	18%
	EMTN Issues (%)	100.00%

Financing instruments

EMTN Program

On 2 may 2012, Wallonia has set up an EMTN (Euro Medium Term Note) programme with BNP Paribas Fortis and ING Bank. Beside these two arrangers, the dealers on this programme are currently Barclays, Belfius Bank, CBC Bank, Goldman Sachs, HSBC France and KBC Bank. This programme, which was updated on 27 June 2017, allows Wallonia to increase its visibility on the financial markets and to broaden its investor base through a standard European documentation. Furthermore it offers Wallonia the possibility of a public placement (benchmark) aimed at institutional investors.

MTN Program

Wallonia has set up two MTN (Medium Term Notes) programmes concluded with the banks BNP Paribas Fortis and Belfius Bank. Wallonia uses both programmes to issue fixed rate notes, floating rate notes or structured notes with or without underlying hedging instruments.

Schuldschein or Stand alone

In the context of the diversification of its sources of financing, Wallonia uses the "Schuldschein" (or certificate of indebtedness), which is a financial instrument under German law which shares certain characteristics with a bond.

Bank Loan

Bank loans are the first type of financing which Wallonia has utilised since 1992. Wallonia still has a considerable volume of bank loans in its portfolio.

SIZE AND USE OF THE FINANCING PROGRAM

Type	Bank	Amount	Amount Used 31/12/2017	Balance	Conditions
EMTN Programme	BNP Paribas	5 000 000 000	2 940 000 000	2 060 000 000	
	Fortis				
	ING				
MTN Programme	Belfius	2 500 000 000	670 000 000	1 303 750 000	Short term
			526 250 000		Medium and Long term
MTN Programme	BNP Paribas	1 250 000 000	100 000 000	655 000 000	Short term
	Fortis		495 000 000		Medium and Long term
TOTAL (in notional)		8 750 000 000	4 731 250 000	4 018 750 000	

OTHER GOOD REASONS TO INVEST IN WALLONIA

Absence of
exchange rate
risk



Treasury
centralisation
of numerous
UAP



Regional
Treasury
Council



Implicit
support of the
Federal State



Certain degree
of fiscal
autonomy



Social
Responsible
bond issuer
soon



Higher return
in comparison
with OLO



AT YOUR DISPOSAL

DORIGATO Marie, Attachée - 081/77 25 16 - marie.dorigato@spw.wallonie.be

FARVACQUE Jamie, Attachée- 081/77 25 20 - jamie.farvacque@spw.wallonie.be

GENETTE Alain, Inspecteur général - 081/77 25 00 - alain.genette@spw.wallonie.be

MAASKANT Serge, Attaché - 081/77 25 09 - serge.maaskant@spw.wallonie.be

PAUQUAY Christina, Attachée - 081/77 25 17 - christina.pauquay@spw.wallonie.be

financement@spw.wallonie.be
www.wallonie.be/financement

