

Investor Presentation

The French Community of Belgium (LCFB)

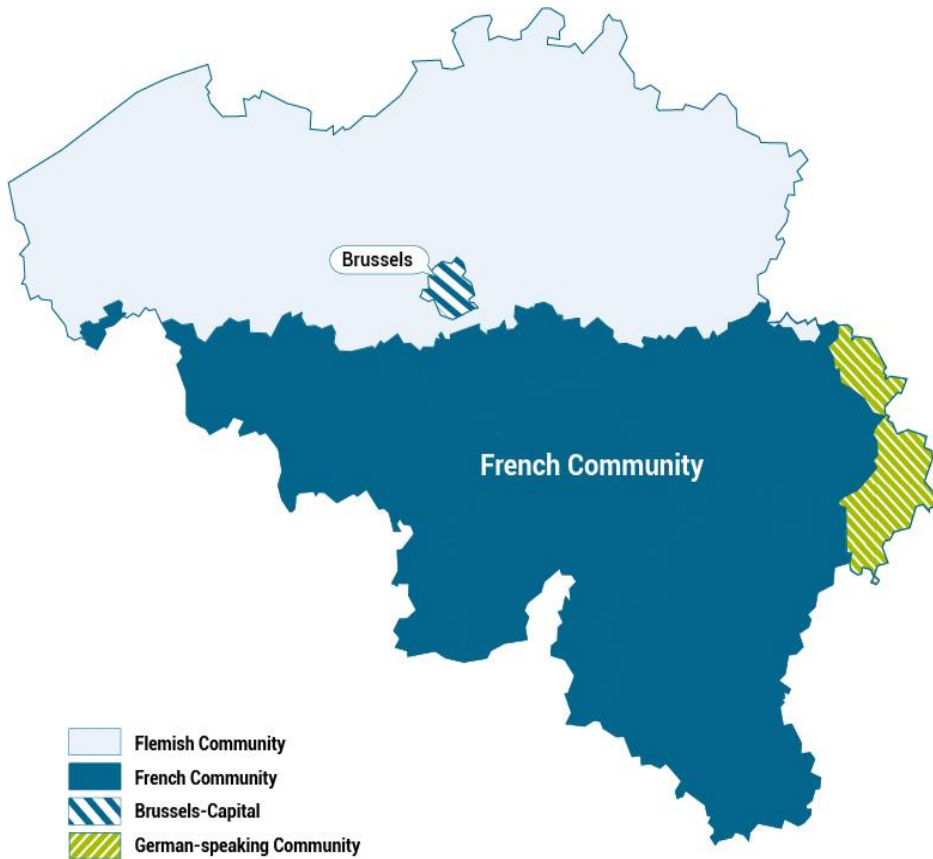
Debt Agency | Direction générale du Budget et des Finances

October 2025



Agenda

- I. The Place of the CFB in the Belgian Federal Structure
- II. Budgetary and Debt Management Considerations
- III. Key Credit Strengths
- IV. The CFB and Social Responsible Investment



Communauté française de Belgique (“CFB” or “FWB”) is an **entity of the Belgian Federal State**.

CFB has its own **constitutionally protected powers** as well as both **legislative and executive institutions**.μ

CFB focuses its **mission** on **key competences** mainly dedicated to the french speaking citizens of the country:



Education



Culture



Sport



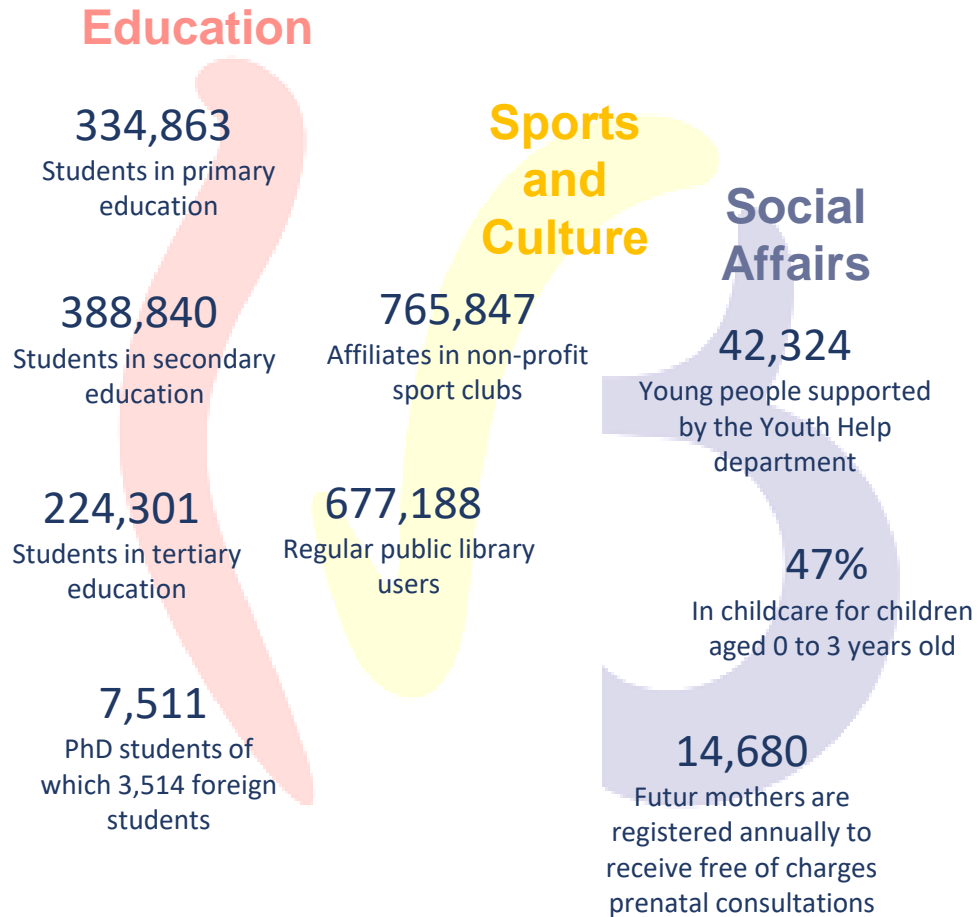
Youth Assistance



Scientific Research



House of Justice



The CFB **supports citizens throughout their life journey**, as shown by the full range of programmes being offered across the age groups.

The CFB allocates resources to:

- **Developing school and nursery services** for the french-speaking citizens in Belgium
- Through **ONE**, CFB supports child health and offers protection & early childhood care
- Access to **sports** equipment
- Cultural heritage opportunities **to promote social cohesion**

... These resources are distributed **equitably to all potential beneficiaries or target populations.**

Financing Law and Explicit Support Mechanism

Financing Law of 16 January 1989

- The federalisation of the Belgian State is characterized by a continuing tendency to transfer national competences towards the Communities and the Regions (Belgian Local Authorities).
- This implies an allocation of financial resources to the Local Authorities in order to be able to exercise their competences.
- The financing of the CFB is governed by the Financing Law (Loi Spéciale de Financement - LSF) of 16 January 1989, as modified in 1993, 2001 and 2014.

Explicit Support Mechanism from the Belgian Federal State on its Institutional Revenues

- Article 54 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 can contract a loan guaranteed by the Federal State and interest costs are taken on by the Federal State.
- This article remains in effect in the modified LSF

The Sixth State Reform

- The Sixth State Reform has planned a transition mechanism in order to compensate the difference between the previous and the new LSF: neutrality between previous LSF and new LSF before fiscal effort.
- In other words, the implementation of the Sixth State Reform doesn't impact deeply CFB's revenues.
- The LSF mechanism applied to the CFB is the same and could be presented as follows (on a very simplified basis):
 $(\text{Revenue } t) = (\text{Revenue } t-1) * (1 + \text{GDP}) * (1 + \text{CPI})$

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Budgetary and Debt Management Considerations

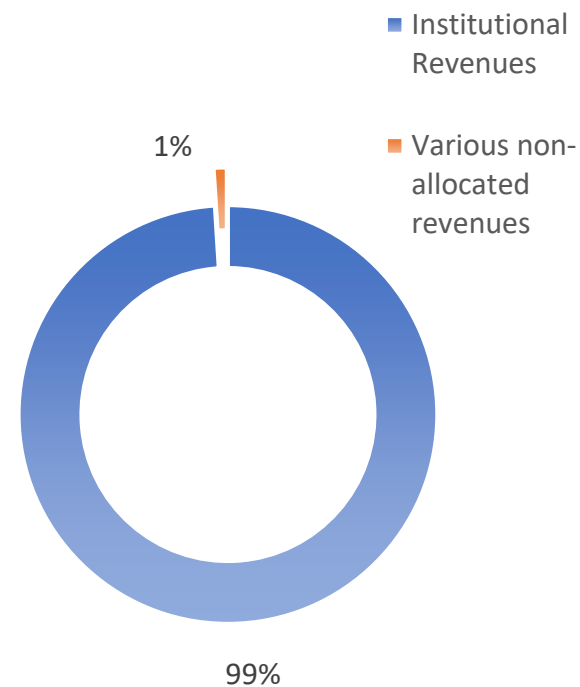
Revenues : Rate of Collection

EUR Thousands

	Revenues Expected	Revenues Collected	Rate Of Collection
2011	8,822,734	8,791,261	99.6%
2012	9,125,620	9,118,624	99.9%
2013	9,210,000	9,212,704	100.0%
2014	9,334,540	9,318,691	99.8%
2015	9,379,483	9,324,089	99.4%
2016	9,705,479	9,655,800	99.5%
2017	9,974,845	9,924,536	99.5%
2018	10,267,815	10,231,821	99.6%
2019	10,422,923	10,407,571	99.9%
2020	9,685,100	9,829,800	101.4%
2021	10,725,140	10,750,845	100.2%
2022	11,860,321	11,850,426	99.9%
2023	12,945,270	13,002,994	100.4%
2024	13,097,748*	12,986,600	99.2%
2025	13,505,000**	-	-

* Adjusted Budget 2024 **Adjusted Budget 2025

Revenue Components

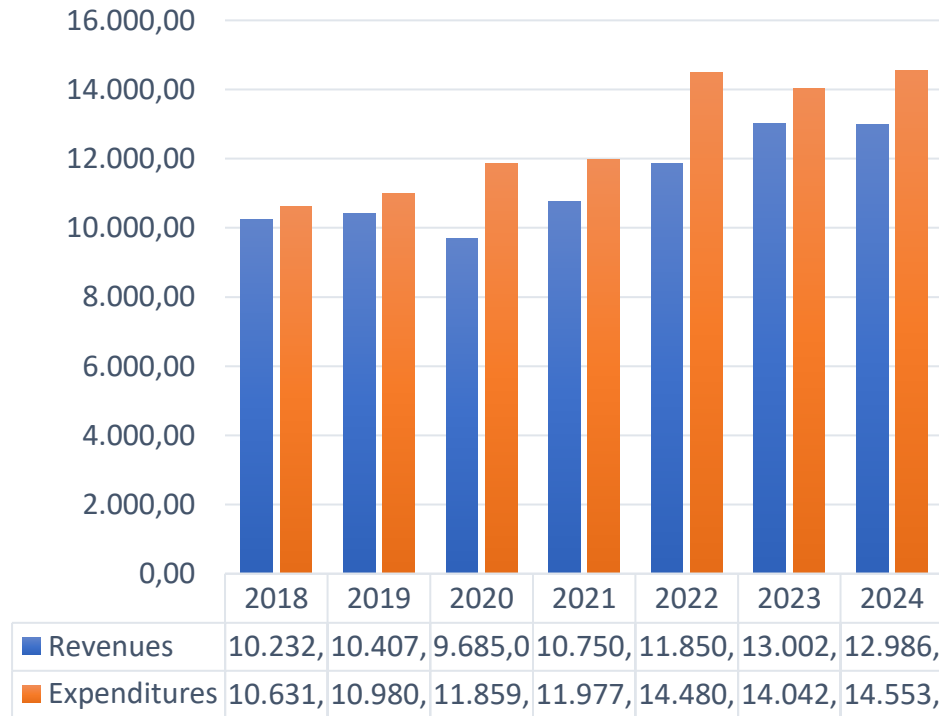


- 2025 Revenues
- Forecast (2025-2029)
- Funding Plan
- Debt Management – Key Figures
- Distribution of Debt by Instruments
- 2023 / 2024 Financing
- Debt amortising profile

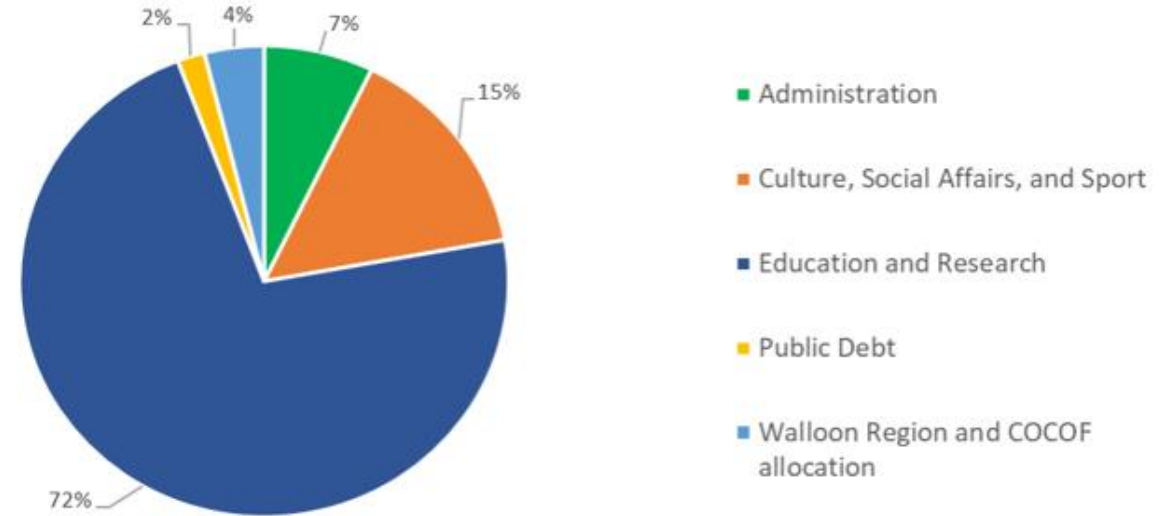
Budgetary and Debt Management Considerations

Revenues Vs Expenditures (2018-2024)

EUR Millions



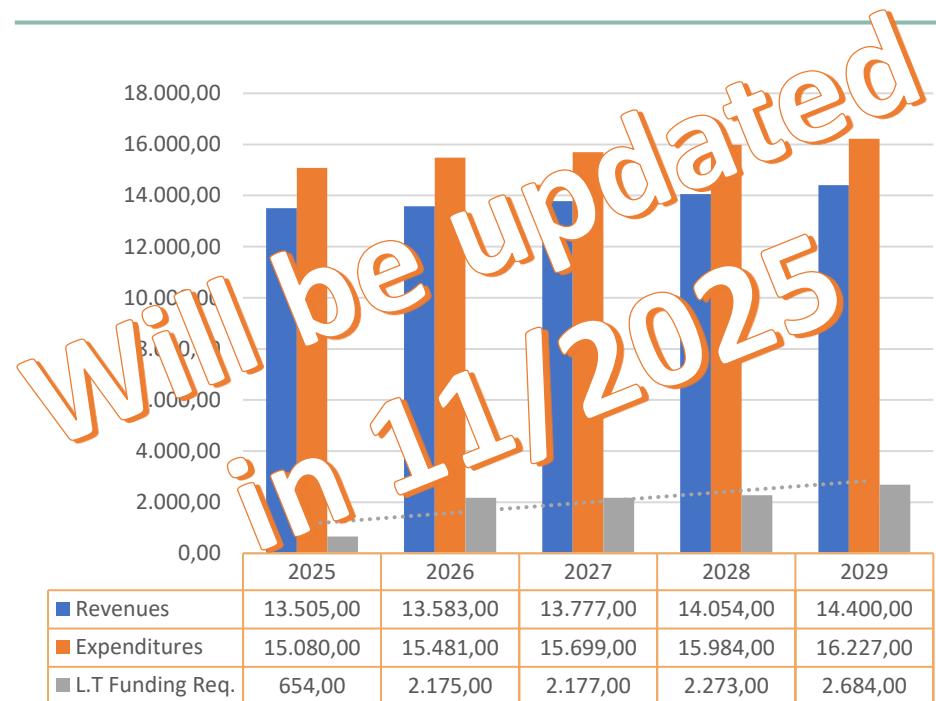
Expenditure Components



- 2025 Revenues
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Budgetary and Debt Management Considerations

05/2025 Forecast (2025-2029)



Note:

- ✓ 2025: Adjusted budget
- ✓ From 2026: Forecast

2026 Budget Highlights

The 2026 initial budget will be voted in December 2025... but discussions are finalized.

The main outcome is a reduction of the expenditures between 2026 & 2029 by 300 mios € in order to limit the long-term deficit.

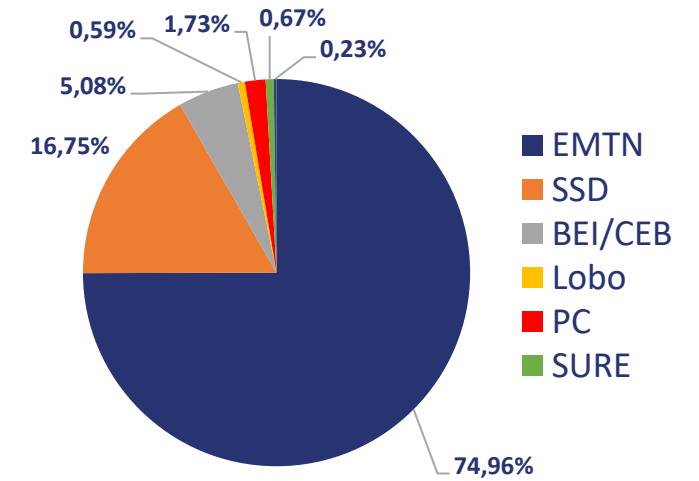
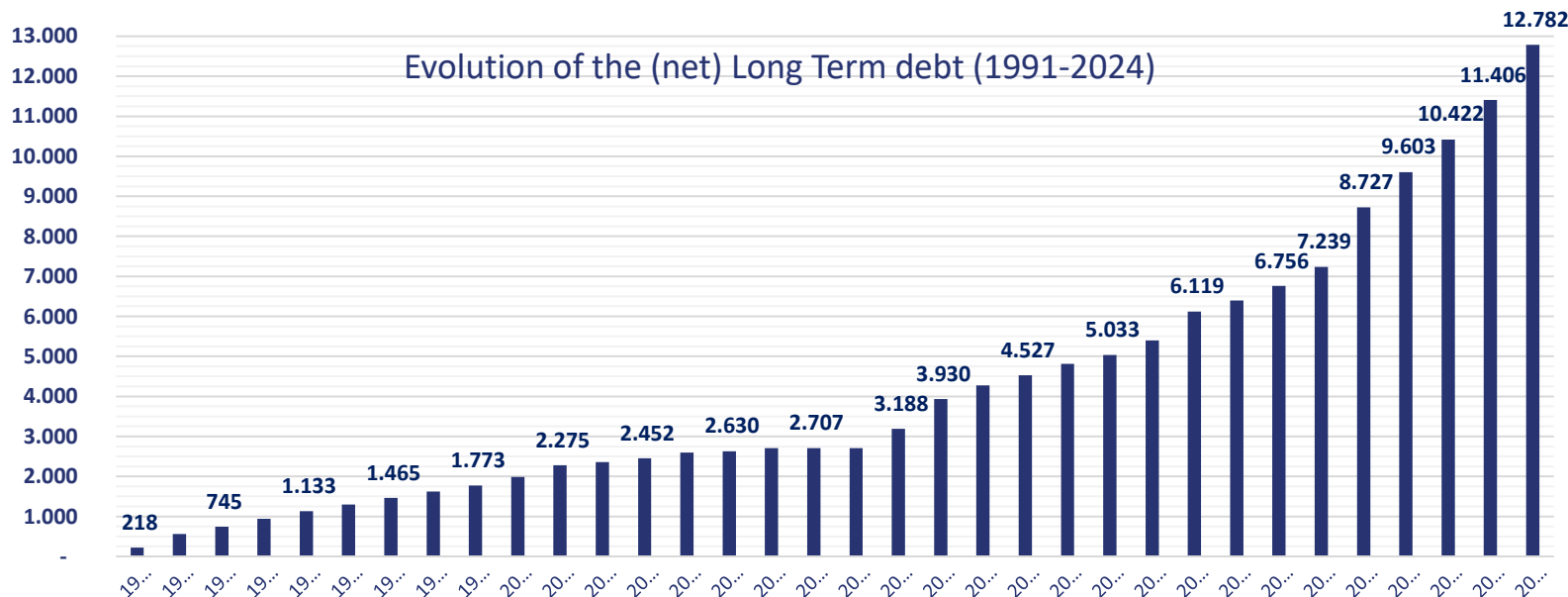
- ✓ **Cost discipline:** Government and Parliament cut their own operating budgets; optional subsidies reduced; many operating grants frozen at 2025 levels for the next 4 years (including salaries for civil servants)
- ✓ **Spending review** process continues to optimize efficiency.
- ✓ **Education investments:**
 - ✓ Ongoing reform (*Pacte pour un Enseignement d'excellence*)
 - ✓ Maintain capacity to invest in school buildings, the 1 bio **school renovation plan** (energy efficiency focus) will start in 2025
- ✓ **Increase of the revenues where it is possible** (university entry fee, sports camps (ADEPS))
- ✓ **Improvement of the "productivity"** (increase in the number of hours worked for certain teachers)

- 2025 Revenues
- **Forecast (2025-2029)**
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Budgetary and Debt Management Considerations

Total debt (LT and ST)

(mios €)



- 2025 Revenues
- 2025 Expenditures
- Funding Plan
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- Distribution of Debt by Instruments
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Budgetary and Debt Management Considerations

- 2025 Revenues
- 2025 Expenditures
- **Funding Plan**
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2025 Funding Plan

Max 2116 mios € (of which 373 mios € - Redemptions LT Debt)

→ Long Term Funding transaction(s) : **1861 mios €**

→ Short Term Funding transactions(s) : **255 mios €** (CP in semi annual auctions)

Mixed funding strategy: (Advisory board – 23/12/2024)

→ (At least) one public transaction (benchmark size)

→ Private placements (EMTN, Schuldscheindarlehen, ...)

2025 Funding transactions (as of 22/10/2025)

→ Long Term Funding transaction(s) :

1811 mios € (45 transactions)

+

190 mios € (4 transactions) after the RFP launched beginning of October

Summary:

- **2001,8 mios €**
- **21 different dealers**
- **Average rate: 3,58%**
- **Average maturity: 15,5 years**

→ Short Term Funding transactions(s) : 255 mios € (CP in semi annual auctions)

Budgetary and Debt Management Considerations

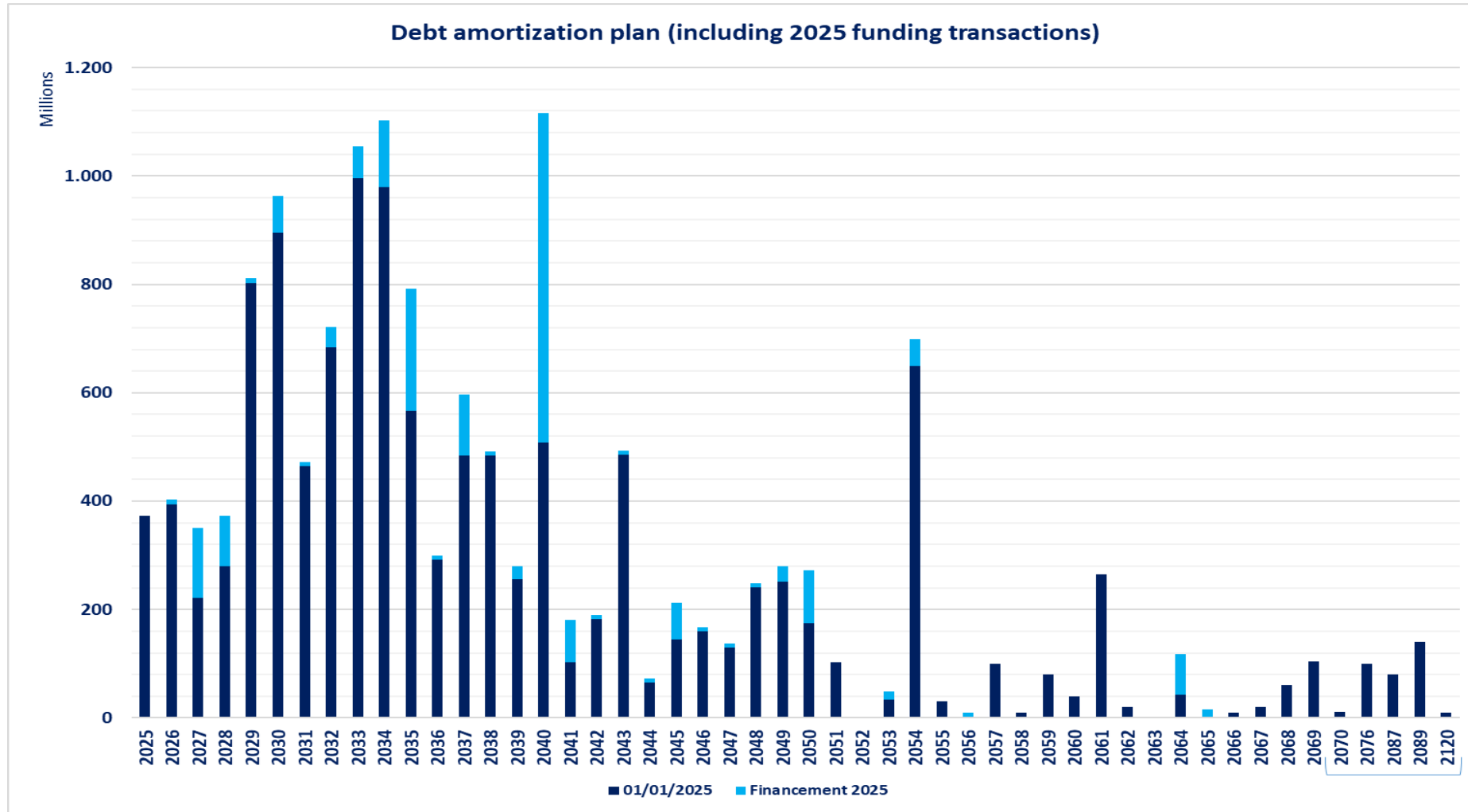
- 2025 Budget
- 2025 Revenues
- 2025 Expenditures
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- **Distribution of Debt by key Instruments**
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Progressive construction of a liquid instrument curve since 2020

ISIN	ESG	Settlement	Maturity	Amount	Coupon
BE0002750314	-	30-11-2020	22-06-2029	600.000.000	0,0 %
BE0002800812	Social bond	11-06-2021	11-06-2035	500.000.000	0,625 %
BE0002853340	Social bond	03-05-2022	03-05-2032	600.000.000	1,625 %
BE0002933142	Social bond	16-03-2023	22-06-2033	700.000.000	3,75 %
BE0002996776	-	25-01-2024	22-06-2034	600.000.000	3,375 %
BE0390188549	-	05-02-2025	22-06-2040	500.000.000	3,8%

Budgetary and Debt Management Considerations

- 2025 Budget
- 2025 Revenues
- 2025 Expenditures
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Figures as of 22-10-2025

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- III. **Key Credit Strengths**
- IV. The CFB and Social Responsible Investment

Key Credit Strengths

- **Choosing, within the fixed income asset class, a high quality « sub-sovereign » entity which:**
 - (i) offers quality and low volatility
 - (ii) ensures diversification
 - (iii) produces additional spreads to OLOs
 - (iv) supports the development of education, culture, early childhood, health, sport, etc. in a socially responsible approach (cfr Social/Sustainable Bond Framework)



- **Choosing an Issuer who aims to tap public markets regularly since 2020**
 - (i) in Benchmark sizes
 - (ii) across various maturities
- **Choosing an Issuer who will remain flexible and adapt to the specific needs of its investor base in private placement format**

Key Credit Strengths

The CFB Benefits from:

- Explicit support mechanism from the Belgian Federal State on its institutional revenues
- Predictable revenue with almost 100% collected each year
- Sound budgets despite cyclical economy
- Solid financial position
- Professional and prudent risk and debt management
- Social Bond Framework & SPO in place

Key Metrics

- **0% risk weighting under Basel II and Basel III**
- **HQLA Level 1**
- **0% spread risk for RGLA under Solvency II**

The CFB Benefits from:

- Strong financial ratios:
 - A fixed / floating ratio and duration allowing an optimisation of the risk/yield ratio
 - 96.74% debt / revenue ratio (31 December 2024)
 - 1.84% debt service / revenue ratio (31 December 2024)
 - 94.56% borrowed at fixed rate (31 December 2024)
 - Average Life of 14.6 years (31 December 2024)

Key Credit Strengths

- Investing in the CFB Means
- Key Credit Strengths
- Moody's Credit Opinion
- Moody's ESG

The CFB Benefits from (See Moody's Credit Opinion):

- Diversified external funding sources including:
 - 15 billion € EMTN program;
 - Schuldschein documentation;
 - Loans from the EIB (450 million €) and from the CEB (300 million €);
 - 2.5 billion € Belgian Commercial Paper program;
 - 1.5 billion € overdraft cash facility
- Access to revenues effectively guaranteed by the central government and correlated with macroeconomic trends
- Cash management that covers any liquidity shortfalls and is highly flexible
- A commitment to meet medium-term financial targets

Issuer	Moody's	Fitch	S&P
French Community Of Belgium	A2 (Negative Outlook)		
Walloon Region	A3 (Negative Outlook)		
Brussels Capital Region			A+ (Stable Outlook)
Flemish Community	Aa3 (Negative Outlook)	AA (Negative Outlook)	
Belgian Federal State	Aa3 (Negative Outlook)	AA- (Negative Outlook)	AA

Key Credit Strengths

- Investing in the CFB Means
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MOODY'S RATINGS

Sub-Sovereign

CREDIT OPINION
8 November 2024

Update

✓ Send Your Feedback

RATINGS

Communaute Francaise De Belgique	
Domicile	Belgium
Long Term Rating	A2
Type	LT Issuer Rating
Outlook	Negative

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.

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Japan	81-3-5408-4100
EMEA	44-20-7772-5454

Communaute Francaise De Belgique (Belgium)

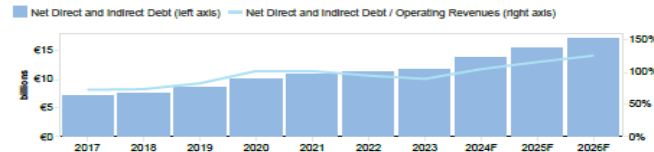
Update following outlook change to negative

Summary

The credit profile of the [Communaute Francaise de Belgique](#) (CFB, A2 negative/Prime-1) reflects wide recurring financing deficits that are pushing the community's debt burden up to a high level. CFB's credit profile is further constrained by limited budgetary flexibility. Our assessment of CFB's creditworthiness also takes into account a mature and robust legislative background, CFB's prudent and sophisticated debt management, as well as its unquestioned market access. The community benefits from a high likelihood of support from the [Government of Belgium](#) (Aa3 negative) if it were to face acute liquidity stress.

Exhibit 1

CFB's debt burden will keep on increasing



F: forecast
Source: Communaute Francaise de Belgique, Moody's Ratings

Credit strengths

- » A mature and robust legislative background with well-defined responsibilities amid a complex Belgian institutional system
- » Prudent and sophisticated debt management underpin unquestioned market access

Credit challenges

- » Wide recurring financing deficits are pushing debt up to a high level
- » Limited budgetary flexibility constrains the intrinsic ability to face shocks
- » Need to fill the investment gap in schools and education

*The credit profile of the **Communaute Francaise de Belgique (CFB, A2 negative)** reflects wide recurring financing deficits that are pushing the community's debt burden up to a high level.*

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Our assessment of CFB's creditworthiness also takes into account a mature and robust legislative background, CFB's prudent and sophisticated debt management, as well as its unquestioned market access.

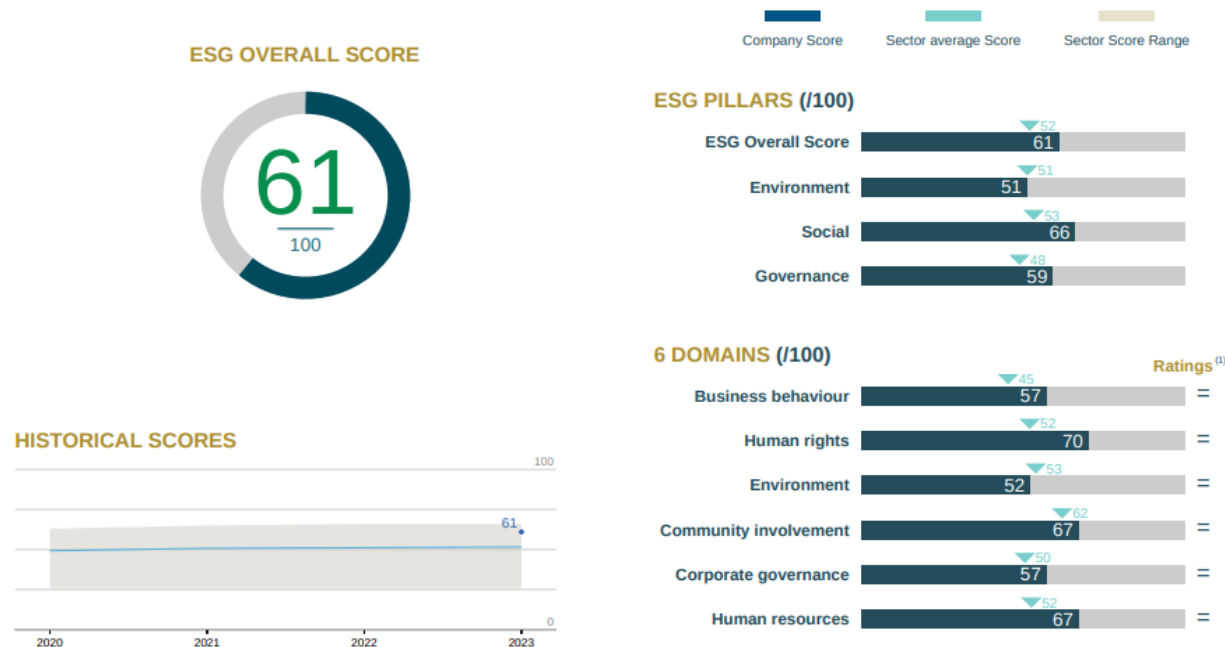
*The community benefits from a high likelihood of support from the **Government of Belgium (Aa3 negative)** if it were to face acute liquidity stress.*

Key Credit Strengths

Communauté Française de Belgique BE6302866973
ESG Profile — Last Update — May 2023
Sector : Local authorities Europe

MOODY'S
ANALYTICS

- Investing in the CFB Means
- Key Credit Strengths
- Moody's Credit Opinion
- **Moody's ESG**



After an initial update of the CFB's ESG rating in 2016, Moody's ESG carried out a new analysis in 2023.

The agency has evaluated the organisations' integration of social, environmental and governance factors into its strategies, operations and management – with a focus on promoting economic performance, responsible investment and sustainable value creation.

CFB has been ranked third out of 30 peers.

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The CFB and Sustainable Finance



Eligible categories:

- Education & Social Inclusion,
- Affordable Basic Infrastructures: Sports & Culture,
- Energy efficiency & Green Buildings.



Alignment with the ICMA Green Bond Principles 2021 (with June 2022 Appendix), the LMA Green Loan Principles 2023, the ICMA Social Bond Principles 2023, the LMA Social Loan Principles 2023, and the Sustainability Bond Guidelines 2021

MOODY'S
RATINGS



Second Party Opinion in place (Moody's)

Annual allocation and impact reporting published



The CFB and Sustainable Finance

Moody's Second Party Opinion on CFB Sustainable Finance Framework

Use of Proceeds

- Aligned with the four core components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2021(including the June 2022 Appendix 1), Social Bond Principles (SBP) 2023, and the Green Loan Principles (GLP) 2023 and Social Loan Principles (SLP) 2023 of the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association (LMA/APLMA/LSTA)



Project Evaluation / Selection

- Aligned with the market practice



Management of Proceeds

- Aligned with the market practice



Reporting

- Aligned with the market practice



MOODY'S RATINGS

Sub-Sovereign

ASSESSMENT

2 September 2024

[Send Your Feedback](#)

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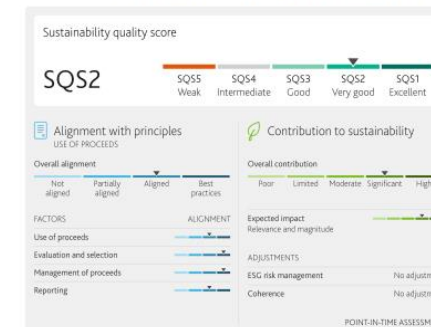
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Communauté Française de Belgique

Second Party Opinion – Sustainable Financing Framework
Assigned SQS2 Sustainability Quality Score

Summary

We have assigned an SQS2 Sustainability Quality Score (very good) to Communauté Française de Belgique's (CFB) sustainable financing framework, dated 1 September 2024. CFB's use-of-proceeds framework aims to finance projects across three social categories and two green categories. The framework is aligned with the four core components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2021 (including the June 2022 Appendix 1), Social Bond Principles (SBP) 2023, and the Green Loan Principles (GLP) 2023 and Social Loan Principles (SLP) 2023 of the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association (LMA/APLMA/LSTA). The framework demonstrates a significant contribution to sustainability.



The CFB and Sustainable Finance

- Since 2021, a yearly social reporting is made available on the website. It reflects the allocation & impact of the funds raised during the year.
 - [2021](#)
 - [2022](#)
 - [2023](#)
 - 2024 (published mid-December)

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