FÉDÉRATION
WALLONIE-BRUXELLES
FW-B.BE

PUBLIC DEBT

ANNUAL REPORT **2015**

Federation Wallonia-Brussels / French Community of Belgium

www.budget-finances.cfwb.be

€9,329 million of revenue • €5,333 million of outstanding debt • **57.7% debt/revenue ratio** • 1.8% debt service/revenue ratio • 3.2% internal rate of interest • **Duration of 7.0 years** • EMTN Programme of €5,000 million • €2,771 million of derivative hedge products • Financial rating: Aa3/P1 • Extra-financial rating: « + » • **€4,000 million of MTN Local Programmes** • 23 counterparties or intermediaries • **€239 million of Private (banking) Loans** • €3,604 million of Long Term EMTN • €90 million of Stand Alone & Long Term Local MTN • €994 million of Schuldscheine • €563 million of Short Term EMTN & CP • €9,329 million of revenue • €5,333 million of outstanding debt • 57.7% debt/revenue ratio • **1.8% debt service/revenue ratio** • 3.2% internal rate of interest • Duration of 7.0 years • EMTN Programme of €5,000 million • €2,771 million of derivative hedge products • **Financial rating: Aa3/P1** • Extra-financial rating: « + » • €4,000 million of MTN Local Programmes • 23 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FOREWORD

In 2015, the finances of the Federation Wallonia-Brussels (FWB) were impacted by the implementation of the Institutional Agreements for the sixth State Reform via the Special Law on the Financing of the Communities and Regions (LSF), as amended in 2014, which entered into force in 2015 (partly applicable as from 1 July 2014).

The transfers of responsibilities from the Federal State to the federated entities have resulted in major practical changes, which mainly concern the Regions. As a result of intra-Francophone agreements of Sainte-Emilie, most of the new responsibilities that were transferred to the Federation Wallonia-Brussels have been attributed to the Walloon Region (insofar as they relate to the territory of Wallonia) and to the French Community Commission (insofar as they relate to the bilingual territory of Brussels-Capital). The mechanism for the determination of the FWB's revenues and for the calculation of the allocations received from the Federal State have been confirmed by the new LSF; almost all of FWB's revenues remain certain (amounts and mechanisms are set out in the Special Law) and predictable (indexation is mainly based on inflation and growth). The financial risk for the FWB remains the same as that for the Belgian Kingdom. This is confirmed by the rating agency Moody's granting the same Aa3/P1 rating to the FWB and to the Federal State. The State Reform is accompanied by structural and budgetary efforts for the FWB as from 2015 for significant amounts (approximately € 135.0 million in 2015).

The economic climate has remained difficult in recent years in Europe leading to a search for quality by institutional investors, resulting in a steady decline in the Belgian reference interest rates (OLO) and a corresponding decline in the rates applicable to the FWB. However, in spite of the steps taken to stabilise the budget, the deficits have required the use of the markets to raise new funding, sometimes for significant amounts. Taken together, the above-mentioned elements have resulted in a largely stable debt servicing cost (in absolute terms) in spite of the slight and continuous increase of the nominal level of debt. The explanation for this is that the increase in the level of debt is more than offset by the decline in the interest paid on matured debt that has been refinanced. In 2015, more than € 500.0 million of funding was raised on the markets in 15 tranches (98% at fixed rates) for a weighted average maturity of 16 years and a weighted average interest rate of 1.5%.

Given the results achieved, the debt agency of the Federation Wallonia-Brussels receives the full support of the Government to continue and even reinforce the strategy that it has pursued for several years, focusing on communication, transparency, reactivity and flexibility towards potential investors.

This document and our website (www.budget-finances.cfwb.be) bear witness to our willingness to ensure transparency and to achieve optimal communication in the field of debt management.

The Budget Minister

THE KEY FIGURES OF THE FEDERATION WALLONIA-BRUSSELS

Amounts in € million as at 31 December	2014	2015
Stock of debt of the Community		
Total community consolidated debt	5,009.1	5,333.3
Long-term community debt - Direct debt - University debt	5,124.6 5,033.1 91.5	5,489.9 5,400.8 89.1
Short-term community debt	+12.5	-28.4
Community debt held by the Fonds Ecureuil	128.0	128.2
Amortisations	302.7	219.2
Re-borrowing of amortisations	302.7	219.2
New borrowings	220.6	365.4
Debt instruments used		
Long-term EMTN Financing programme	3,469.0	3,603.7
Private loans (bank loans)	241.2	238.8
Schuldschein	861.9	994.4
OLCo, Lobo, ...	90.0	90.0
Commercial paper & short-term EMTN	462.5	563.0
Characteristics of the debt of the Federation Wallonia-Brussels		
Financial rating awarded by rating agency Moody's - Long-term - Outlook - Currency - Short-term	 Aa3 Stable[1] Aa3 P-1	 Aa3 Stable Aa3 P-1
Extra-financial rating awarded by agency Vigeo	«+»	«+»
Distribution according to the rate (in %) - Fixed rate - Floating rate	 89.05 10.95	 89.31 10.69
Residual maturity in terms of liquidity (in years)	8.98	9.12
Residual maturity in terms of rate (in years)	9.26	9.15
Duration (in years)	6.98	7.01
Implied rate (in %)	3.40	3.03
Internal rate of return (in %)	3.40	3.25
Debt/revenue ratio (in %)	53.75	57.17
Debt service/revenue ratio (in %)	1.88	1.79
Short-term debt[2]/total consolidated debt ratio (in %)	4.63	8.23

1. See publications of Credit Opinion on 8 April 2016 and of Analysis on 6 August 2014
2. Short-term debt time t= short-term debt stricto senso as of 31/12/tt + Amortisations (t+1)

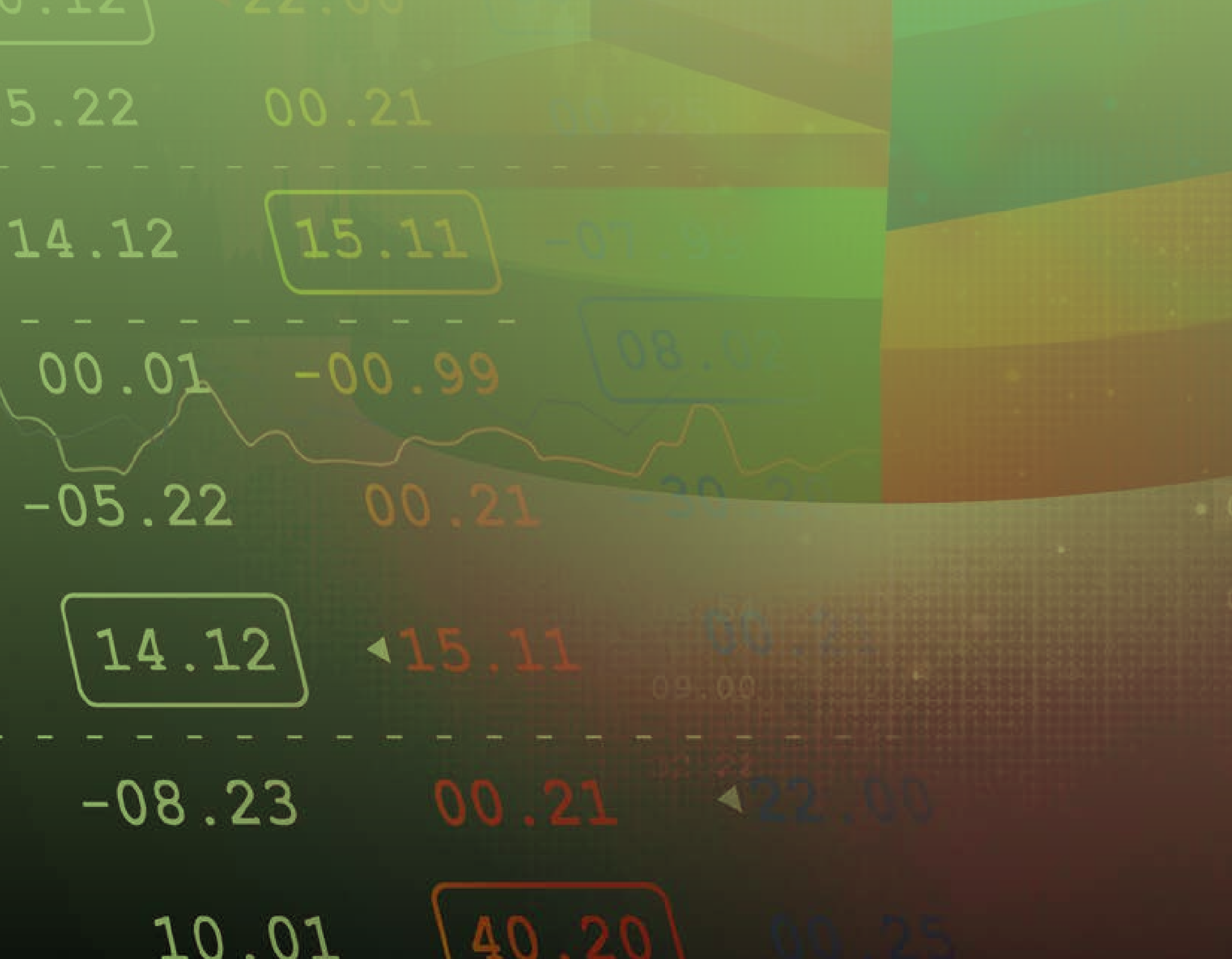
INTRODUCTION

In the tradition of the reports presented by the Federation Wallonia-Brussels since the beginning of the 1990s, this report relating to the 2015 figures presents in detailed fashion the information concerning solely the debt that the Federation has directly contracted or taken over, i.e. that issued and managed directly by the administrative departments of the FWB Ministry, for which it is responsible, and for which the interest charges are charged to the FWB's expense budget.

Out of a concern for clarity and transparency and with the aim of giving the reader comprehensive information, the debt issued by entities other than the FWB, debt for which it is not responsible but which nonetheless fits into the European concept of consolidated gross debt (Maastricht concept) falling within the FWB's consolidation sphere, is covered in this report. However, this will be presented in summary form, since it is from the legal entity responsible for this debt, the one that issues, manages and repays it, that the reader interested by the data set forth should be able to obtain the information he requires.

CHAPTER 1

Institutional framework of the Federation Wallonia-Brussels (French Community of Belgium)



Since June 2011, in accordance with the Government and Parliament decision in this respect, all everyday notifications and announcements are made using the official name of Federation Wallonia-Brussels (*Fédération Wallonie-Bruxelles*). Seeing as the Constitution has not been amended, texts of a legal import or significance[1] still make reference to the name "French Community" (*Communauté française*). In this report we will also more often than not use the name Federation Wallonia-Brussels and its acronym FWB. However, the name has not been changed in the extracts of articles of law cited in this report.

A. BELGIUM: A FEDERAL STATE

In 1993, Belgium officially became a federal state made up of two types of federated entity: the Regions and the Communities (Belgian Constitution[2] – Article 1). The country currently has three Regions (the Walloon Region, Flemish Region and Brussels-Capital Region) and three Communities (the French Community, Flemish Community and German-speaking Community). With the exception of Flanders, which has merged its Regional and Community components into a single body, each federated entity has the sovereign power to exercise its powers and remit by means of its own parliamentary and governmental institutions.

B. EXPLANATION OF THE CONCEPT OF COMMUNITY

The Communities group people together according to the criteria of language and culture. Each Community's field of action is defined according to four linguistic regions: the "French-language region", the "Dutch-language region", the "Brussels-Capital bilingual region" and the "German-language region" (Constitution – Article 4). The linguistic regions are mere territorial subdivisions that do not have any political or administrative body and therefore should not be confused with the three major Regions (Walloon, Brussels and Flemish Regions)

1/ These are chiefly texts of a prescriptive nature such as draft decrees and draft orders of the Government of the French Community; agreements, contracts of employment, lease contracts, loan agreements or contracts for the placing of items at a person's disposal, etc.; documents relating to a procurement contract, etc.

2/ Constitution coordinated on 17 February 1994.

(Constitution – Article 3). Given the bilingual (French/Dutch) character of the Brussels-Capital linguistic region, the country's two main Communities (French and Flemish) are authorised to exercise their powers there within the bounds of their remit. However, seeing as the absence of an official linguistic census makes it impossible to differentiate people in this respect, the two Communities' scope of competence here has been limited to those institutions that have opted for adherence to one of the two languages. This specific characteristic implies that the Communities are human entities and not territorial entities in the traditional sense of the term. The Regions, for their part, are territorial entities in their own right, and exercise their competencies in matters completely different to those of the Communities.

This two-tier federalism is the result of the historical evolution of the reform of the Belgian state.

C. THE FEDERATION WALLONIA-BRUSSELS (FRENCH COMMUNITY): "GEOGRAPHICAL" ORGANISATION, INSTITUTIONS, NEW NAME, POWERS AND FINANCING

C.1. "Geographical" organisation

The Federation Wallonia-Brussels (French Community) is a federated entity of the Belgian federal state. Its legal existence is ensured by Articles 1 and 2 of the Constitution.

Its powers are exercised with regard to the people established on the territory of the "French-language region" (Wallonia, with the exception of people living in the German-speaking Community) and the unilingual French-speaking institutions of the "Brussels-Capital bilingual region".

C.2. Institutions

The institutional organisation of the federated entities is defined by the Special Institutional Reform Act ("LSRI") of 8 August 1980, as amended.

The Parliament[1] of the French Community (or Parliament of the Federation Wallonia-Brussels) is a unicameral assembly bringing together 94 indirectly elected members: the 75 Walloon regional deputies and 19 Brussels French-speaking regional deputies. It exercises legislative power by means of decrees and in particular holds the vote on the budget and carries out the closing of the accounts.

The Government of the Federation Wallonia-Brussels comprises seven members[2] and since the regional and European elections of 25

1/ Name permanently sanctioned by the review of the Constitution of 25 February 2005 modifying the terminology of the Constitution (entering into force on 11 March 2005). The official name had previously been "Council of the French Community".

2/ Unlike the previous legislature, and in order to take account of the specific characteristics of each entity, only two Community ministers are also Walloon regional ministers. See in this respect the French Community Government order of 22 July 2014 establishing the distribution of powers among ministers and regulating the signing of the Government's proceedings (Belgian Official Journal of 18/08/2014) and the Walloon Government order of 22 July 2014 establishing the distribution of powers among ministers and regulating the signing of the Government's proceedings (Belgian Official Journal of 20/08/2014).

May 2014 represents a coalition of the PS (Socialist Party) and the cdH (*centre démocrate Humaniste* – Humanist democratic centre), which together account for 55.3% of the seats in the Federation's Parliament. With the responsibility for exercising executive power, the Government provides *inter alia* for enforcement of the decrees voted by the Parliament by means of orders. The Government is politically accountable to Parliament.

Since legislative power is exercised collectively by the Parliament and the Government, the latter also has a power of juristic initiative.

It should be noted that the result of the federal elections (the last to have been held coincided with the regional and European elections of 25 May 2014) does not have any direct impact on the Community political landscape and thus, inevitably, on the Community parliamentary and governmental representations. In this way the Government of the FWB may be of a different coalition to that of the federal government or the regional governments. Even so, the current Walloon and Federation governments both represent the same PS-cdH coalition. Furthermore, together with the FDF (French-speaking Democratic Federalists)[1], the PS and the cdH form the French-speaking part of the Brussels government. However, none of these three parties is in the current federal government.

C.3. New name: the Federation Wallonia-Brussels

The "French-language cultural Community" is the name that the Constitution gave in 1970 to the federated political grouping made up of Walloons and French-speaking Brussels residents together. The constitutional review of 1980 changed this name to "French Community". Other names have been suggested over time. Further to a resolution of 25 May 2011, the Parliament of the French Community decided to systematically use the name "Federation Wallonia-Brussels" to commonly refer to the French Community in its announcements and notifications. The Government is doing likewise. The term "Federation Wallonia-Brussels" is thus used to denote the French Community referred to in Article 2 of the Constitution.

C.4. Powers

The powers and areas of competence of the Federation Wallonia-Brussels are determined by the Belgian Constitution and by the LSRI (Special Institutional Reform Act) of 8 August 1980, as amended. The subjects for which it has competence can be broken down into four aggregates:

- culture (fine arts, performing arts, radio and television, and sport);
- education (from nursery school to higher education);
- social affairs (assistance for young people, infancy, health promotion, social assistance for prisoners);
- the use of languages (in administrative and social matters)[2].

1/ Became in November 2015 the "*DéFI*" party (*Démocrate Fédéraliste Indépendant*)

2/ For more details, see the chapter "Economic and Financial Report" of the 2016 General Report available on the Ministry of the French Community's budget website at: www.budget-finances.cfwb.be.

For the various matters for which it is responsible, the Federation is also competent in the field of national and international cooperation as well as in that of scientific research.

In 1993 the FWB transferred the exercising of some of its powers to the Walloon Region and to the French Community Commission of the Brussels-Capital Region (COCOF). This transfer mainly concerned school buildings, sports infrastructures, tourism, vocational training, social advancement and the policies on health and assistance to people.

The year 2013 also saw an important reform of the Belgian State. The federated entities received new areas of competence for an overall amount estimated in 2015 at some EUR 20 billion. A significant part of the exercising of the powers received by the FWB was immediately transferred by decree, in the framework of an intra-Francophone agreement, to the Walloon Region and the Cocof, so that ultimately the FWB's new powers following the sixth State reform are basically limited to legal advice centres (*Maisons de Justice*) and some of the health prevention activities[1].

C.5. Financing

The financing of the federated entities (Communities and Regions) is governed by the Special Act of 16 January 1989 on the Financing of the Communities and Regions (LSF), as amended in 1993, 2001 and 2014. In January 2014 the LSF was adapted to the implementation of the sixth reform of the Belgian state: see on this subject in particular the Special Act of 6 January 2014 on reform of the financing of the Communities and Regions, extension of the fiscal autonomy of the Regions and financing of the new powers (Belgian Official Journal of 31 January 2014). The mechanisms set forth in the new version of the LSF entered into force on 1 January 2015.

What is expounded below therefore relates to the LSF as amended in 2014.

In its Article 1, the Special Act establishes that the financing of the budget of the French Community of Belgium and the Flemish Community comes from:

- non-tax revenues;
- revenues from taxes and perceptions;
- federal allocations;
- a transition mechanism (applicable for the period 2015-2033);
- loans.[2]

The French Community of Belgium has consequently 4 different sources of financing (transition mechanism excluded).

Non-tax revenues are various receipts stemming, for example, from registration fees in art education establishments, diploma equivalence fees, miscellaneous registration fees, etc.

1/ See in this respect the Special Sixth State reform Act of 6 January 2014, and the special decree of 3 April 2014 on the French Community's powers the exercising of which is transferred to the Walloon Region and the French Community Commission (the so-called "Sainte-Emilie" decree), which can be consulted on the website of the Parliament of the Federation Wallonia-Brussels at: http://www.pfwb.be and/or on the website of the Belgian Official Journal: http://www.ejustice.just.fgov.be.

2/ Prior to the amendment of 2014, the Article 1 of the Special Act established that the financing of the Communities was provided for by : 1) non-tax revenues; 2) Allocated tax amounts; 3) A compensatory appropriation from the Radio and Television Licence Fee (RRTV); and 4) Loans.

Besides, this new level of allocations from VAT revenues is increased as from 2015 with:

- the amount of the compensatory allocation from the Radio and Television Licence Fee (RRTV); and
- the financing means linked the transfer of competences organized by the sixth State reform: the « *Fonds pour les équipements et services collectifs (FESC)* », « *la protection de la jeunesse* », the « *Fonds d'impulsion fédérale à la politique des immigrés (FIPI)* » and the « *Fonds européen d'intégration (FEI)* », the global projects and projects for young starters, and career break.

Since the 2002 financial year the compensatory RRTV appropriation, calculated on a flat-rate basis and indexed to the general consumer price index, has replaced the RRTV source of funds which has become a regional tax.

The year 2001 was marked by a major reform in the way the Federation Wallonia-Brussels was financed. Indeed, the Special Act of 13 July 2001 on refinancing of the Communities and extension of the Regions' tax powers amended the LSF of 16 January 1989. Since 2007, the allocation stemming from VAT, which was already linked to inflation, has been linked to economic growth.

In 2014 an overall review of the LSF took place. However, the modifications made to the LSF were negotiated in such a way that when they entered into force in 2015, for the financing of its traditional powers, the FWB's revenues were identical to those resulting from the LSF prior to its review. Nonetheless, it should be stated that efforts to stabilise public finances are expected on the part of the FWB, as well as all the entities of the federal Belgian state, and are included in the LSF. This stabilisation effort will be applied after a calculation has been made of the balance between the old and new Act. It should also be noted that the revenues that the FWB receives for the powers concerning "family income support, care for the elderly" and (in part) for powers in the "health" area are immediately transferred, either to the Walloon Region or to the Cocof, which (will) actually exercise these powers in application of the Sainte-Emilie agreements. Indeed, following the sixth State reform, the Sainte-Emilie Decree establishes that an additional allocation should be granted by the FWB to the Walloon Region and to the Cocof on annual basis ; this allocation is calculated in such a way that the operation is totally neutral from the FWB perspective. Nevertheless, the Sainte-Emilie decree foresees explicitly that the Walloon Region and the Cocof take part in the efforts to stabilize public finances, as required by the sixth State reform, and as translated in the calculation of the LSF cash flows for the FWB. The additional allocation is mentioned in a specific section of the budget and corresponds to a large extent to the allocations "new competences transferred" for an amount of about € 3,500.0 million in 2015. Consequently, the budget of the FWB is not modified by in- and out-flows, which compensate perfectly. The Sainte-Emilie allocation (2014 agreement) should be distinguished from the Saint-Quentin Decree II (1993 agreement), which is maintained in the chapter 5 of the budget of FWB's expenses (about € 440.0 million in 2015).

D. RULES GOVERNING INDEBTEDNESS OF THE FEDERATED ENTITIES

D.1. Legal foundations

Pursuant to Article 49, § 1 of the LSF of 16 January 1989, the Communities and Regions may contract loans. These loans do not immediately benefit from the federal State's guarantee in application of Article 15 of the LSRI of 8 August 1980.

It should be noted, however, that Article 54 of the LSF states, in § 2, that if the federal State is late in paying or only partly pays the allocations it is bound to transfer to the federated entities in implementation of the LSF, the Federation has the right to contract a loan benefiting *ipso jure* from the guarantee of the State and thus the financial servicing is fully and directly borne by the latter.

Through certain provisions of the LSF, the federal authorities have made sure that the borrowing capacity of the federated entities is restricted. Two objectives are pursued in this area: on the one hand, the safeguarding of economic union and the monetary unit (both at European and domestic level), and on the other hand the prevention of a structural deterioration of borrowing requirements (Article 49, § 6). To this end, a section entitled "Public Authority Borrowing Requirements" has been created within the High Council of Finance (CSF). This body is made up of representatives of the federal and federated entities. It is responsible for publishing opinions on their borrowing requirements and on the way in which they attained the previous debt standard in the past, or, since 2003, have respected the cooperation agreements entered into between the different regional and Community entities and the federal State; cooperation agreements defining the respective budgetary objectives. It is worth pointing out that the opinions and recommendations published every year by the CSF have had a major influence on the federated entities' debt policy.

D.2. Types of loans

The Special Act of 13 July 2001 on the refinancing of the Communities and Regions also substantially modified the terms and conditions under which the latter can have recourse to loans. Article 49 of the LSF henceforth stipulates the following:
"§ 1. The Communities and Regions may contract loans in euros or foreign currencies".
"§ 2. The programming of public loans [in the strict sense][1] is fixed by the [federal] Council of Ministers after consultation with the [Community and Regional] Governments. The terms and issue schedule of any public loan are submitted for approval to the [federal] Minister of Finance. Should the [federal] Minister of Finance refuse to give his approval, the [Community or regional] government concerned may request that the matter be brought before the [federal] Council of Ministers for a decision."
"§ 3. The Communities and Regions may issue private loans and short-term securities after having informed the [federal] Minister of Finance of this [...]."

The date for entry into force of these provisions was set at 1 January 2002. This means that as from that date, only one procedure involving notification of the federal minister has to be observed before recourse to the loan. The terms and conditions of the notification and the content of this information (in particular the amount and term of the loan, financial conditions, contracting party) have been the subject of an agreement[2] between the [federal] Minister of Finance and the Community and Regional Governments.
Only loans to be contracted with private individuals are thus subject to approval by the federal Minister of Finance. In respect of all other loans, all that is needed is a simple notification. The Federation Wallonia-Brussels has hitherto never had recourse to financing from private individuals.

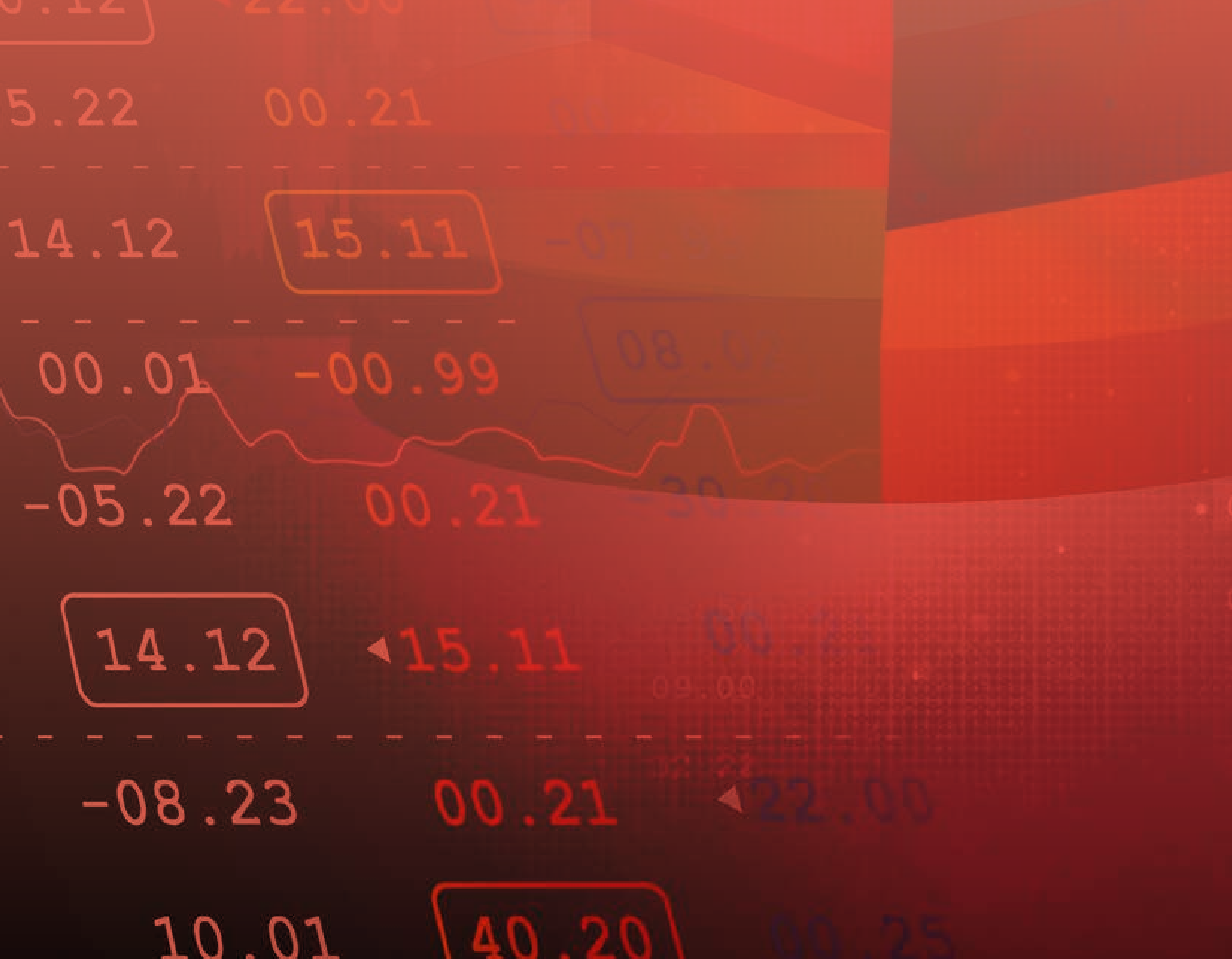
It should also be pointed out that the repeal of the former § 4 of Article 49 of the LSF has removed any allusion to the limitation of the French Community's sphere of borrowing both to the former Belgian franc zone and to the current euro zone.

1/ I.e. loans aimed at private individuals.

2/ Agreement of 29 April 1991 on Article 49 of the LSF.

CHAPTER 2

Administrative and technical framework of the management of the community debt and cash balances



A. ADMINISTRATIVE FRAMEWORK

The finances of the Federation Wallonia-Brussels are managed by the Community Minister responsible for the Budget and Finance.

Pursuant to Article 3 of the decree containing the Community's Revenue Budget, the Minister is authorised to subscribe to loans authorised by the Parliament and to enter into any financial management operation dictated by the Treasury's general interest. This authorisation is thus renewed every year and is also subject to observance of the procedures decided on by the Government.

Ministerial orders relating to management of the Community's debt and cash balances are enforced within the Administration by the Debt Management Department; the latter is nonetheless responsible for the everyday aspects of this management[1].

The Debt Management Department's activities are divided into two distinct bodies; the Front Office and the Back/Middle Office. Whilst the former concludes financial operations on the monetary and financial markets, the latter takes care of administrative, budgetary and accounting control. In this area the Debt Management Department is assisted by a consulting firm which, on request, issues an opinion as to the operations managed and the financial strategy to be pursued.

The activities of the FWB's Debt Management Department are subject to various audits and checks, both internal and external to the Administration. Basically there are three such audits: the Tax Inspectorate, the State Audit Office, and the prudential examination carried out by a company auditor approved by the FSMA (Financial Services and Markets Authority, the former Banking, Finance and Insurance Commission[2]).

With a view to optimise the management of Regional and Community finances, organisational synergies were set up between Wallonia and the Federation Wallonia-Brussels, in particular through the creation of a Joint Treasury Council[3] which can debate on the main orientations taken for the management of the debt and treasury, the coordination of the Community and regional financing policies, the establishment of the joint principles governing financial risk management, and the

1/ See on this subject the French Community Government decree of 19 January 2009 on delegations of competencies and powers to sign to general civil servants and to certain officials of the departments of the French Community Government – Ministry of the French Community – General Finance Department – Debt Management Service (former name of the current Debt Management Department).

2/ The name used until 1 April 2011.

3/ Cooperation Agreement of 10 December 2004 establishing a Joint Treasury Council for the Walloon Region and the French Community. Cooperation Agreement of 19 May 2010 modifying the Cooperation Agreement of 10 December 2004.

intensification of synergies in the light of the institutional frameworks. This advisory body is chaired by a representative chosen by joint agreement by the Community and Regional Ministers responsible for the Budget and Finance, and is made up of the representatives of the Ministers-President, of the Vice-Presidents and of the Regional and Community Administrations. The Tax Inspectorate, State Audit Office, company auditors and external experts also take part in the Council's meetings. The Joint Council sets up a Community Treasury Council and a Regional Treasury Council, which are responsible for assisting their respective governments in the daily management of the debt and treasury, making proposals and following-up on the implementation of the strategic decisions taken by the Minister in charge. Since the start of the 2014-2019 legislature, the Community Treasury Council has met on several occasions. During these meetings, the strategic orientations for the management of the FWB's debt and treasury are debated and proposals are submitted for approval to the Minister of Budget.

B. TECHNICAL FRAMEWORK

The Debt Management Department has high-performance IT tools with which to carry out its duties. The Front Office is fitted out, among other things, with a software package enabling it to revalue the main financial instruments held or issued by the Federation Wallonia-Brussels, at any time and in real time. The Back/Middle Office has various IT media and software packages aimed at saving all the operations transacted and producing semi-automated reports. A procurement contract launched at the end of 2009 enabled the Debt Management Department to secure new integrated hardware in the course of 2010.

A comparative report finalised in May 2008 by the company PricewaterhouseCoopers[1] shows that the organisational and administrative procedures for management of the debt and the cash balances observed within the Debt Management Department (49 items selected and grouped into seven categories: governance, management and performance, Front Office, Back Office, Middle Office, IT systems, and reporting) are in line with the good practices identified in entities presenting similar activities at international level, and indeed ahead of public-sector entities. By way of illustration, the practice of competitive bidding, verification of market data and independent product valuation is in line with the best market practices; the financing products and hedging instruments used represent a mix of diversified products in line with benchmark good practices; the processes used for the processing of confirmations and marking of operations are in line with the best practices of cash management; the processes in place respect the "separation of function" principle; security in terms of physical access is in line with the best market practices, etc.

1/ Further to a joint procurement contract for the analysis of the financial management procedures currently in use at the Ministry of the Walloon Region and at the Ministry of the French Community in comparison with an international benchmark representing the standard procedures followed at international level by similar entities.

As for the company auditors entrusted with the prudential audit, in their report of April 2014 they report that “the tools and procedures set in place by the Debt Management Department are of such a nature as to enable an assessment and management of the risks[1] inherent in the management of the Federation Wallonia-Brussels cash balances and debt. These tools and procedures lead to the publication of reports faithfully reflecting the actions taken and the situation of the Federation’s cash position and debt”.

1/ The four essential risks identified by the auditors being:
- the interest rate risk and more particularly the risk of interest rate curves;
- the operational risk;
- the liquidity risk;
- the counterparty risk.

CHAPTER 3

Community cash balances and debt

A. GENERAL PRESENTATION

A.1. Component elements of the Community debt as at 31 December: evolution from 2011 to 2015[1]

The various components of the Community debt closed on 31 December in the years 2011 to 2015 have evolved as follows:

Amounts in millions of €	2011	2012	2013	2014	2015
Direct debt [1]	4,272.4	4,526.7	4,810.2	5,033.1	5,400.8
University debt [2]	98.2	96.0	93.8	91.5	89.1
Long-term community debt [3] = [1] + [2]	**4,370.6**	**4,622.7**	**4,904.0**	**5,124.6**	**5,489.9**
Outstanding treasury commercial paper [4]	29.9				
Current account debit [5]				12.5	
Current account credit [6]	11.2	38.9	66.9		28.4
Short-term community debt [7] = [4] + [5] - [6]	**18.7**	**- 38.9**	**- 66.9**	**12.5**	**-28.4**
Community debt held by the Fonds Ecureuil [8]	83.0	84.4	85.1	128.0	128.2
Total community consolidated debt [9] = [3] + [7] - [8]	**4,306.4**	**4,499.4**	**4,751.9**	**5,009.1**	**5,333.3**

From the early 2000s and up until 2008, the Community debt had been stabilised in nominal terms[2] and reduced in relative terms. Following the very serious banking and financial crisis of the years 2007/2008, the Community debt rose again in 2011, to reach €4,306.4 million, up €259.7 million on the figure recorded on 31/12/2010. As at 31/12/2012, the debt growth continued, although to a lesser degree, despite the emergence and impact of the euro zone crisis, and reached €4,499.4 million, namely a rise of €193.0 million compared with 31 December 2011. The years 2013, 2014 and 2015 have seen the consolidated Community debt grow progressively with €252.5 million, €257.2 million, and €324.2 million respectively, to reach €4,751.9 million at 31/12/2013, €5,009.1 million at the end of 2014, and €5,333.3 million at 31/12/2015.

1/ The figures contained in this report are as a rule expressed in € millions; seeing as the underlying calculations were more often than not done to the nearest cent, a difference owing to automatic rounding up or down may appear between a total and the sum of the component parts that make it up.

2/ At approximately €2.9 billion.

Aside from the net balances to be financed, the total amount to be borrowed by the Federation Wallonia-Brussels for the period 2009/2015 was calculated at €2,065.0 million. Given the size of the net balances to be financed during the period under review, the total amount that it has had to seek and find on the financial markets has ultimately amounted to €4,695.0 million, i.e. an average gross annual amount to finance of €670.0 million (including an average annual amount of debt maturing of €295.0 million).

It should be noted that the short-term debt [7] added to the total consolidated debt [9] has fluctuated between 0.0% and 2.5% over the last five years and is very substantially less than 1% when it is added to the revenues. If we incorporate depreciation for the year (t+1) into the short-term debt in the strict sense as at 31/12/tt, the Short-Term Debt/Total Consolidated Debt ratio can be presented as follows: 18.1% in 2008; 2.5% in 2009, 12.6% in 2010, 6.3% in 2011, 4.1% in 2012, 5.0% in 2013, 4.6% in 2014, and 8.2% in 2015[1].

"Non-merger" current accounts with the cashier are presented separately since they are not included in the scale merger of the accounts, represented in line [5] or [6] of the table above in function of the overall debtor or creditor position.

Amounts in million € adopted as at 31 December	2011	2012	2013	2014	2015
Accounts outside merger of Community schools of the FWB	29.0	8.8	0.0	0.0	0.0
Foreign currency provision accounts	0.1	0.1	0.1	0.1	0.1

The reduction of holdings in "non-merger" current accounts held by FWB schools in 2012 and their virtual disappearance from 2013 onwards can be explained by the decision taken by the Ministry of the FWB to the effect that its schools in the FWB network should use a "merger" account as their main account for everyday movements. Moreover, since 31/12/2013 the cashier has also been in a position to supply the Debt Management Department with the movements and balances in savings accounts and investment accounts held by said FWB schools, accounts that are also outside the merger and at the end of 2015 showed a balance of €163.9 million, compared with a balance of €162.4 million as at 31 December 2014, and a balance of €166.9 million at the end of 2013.

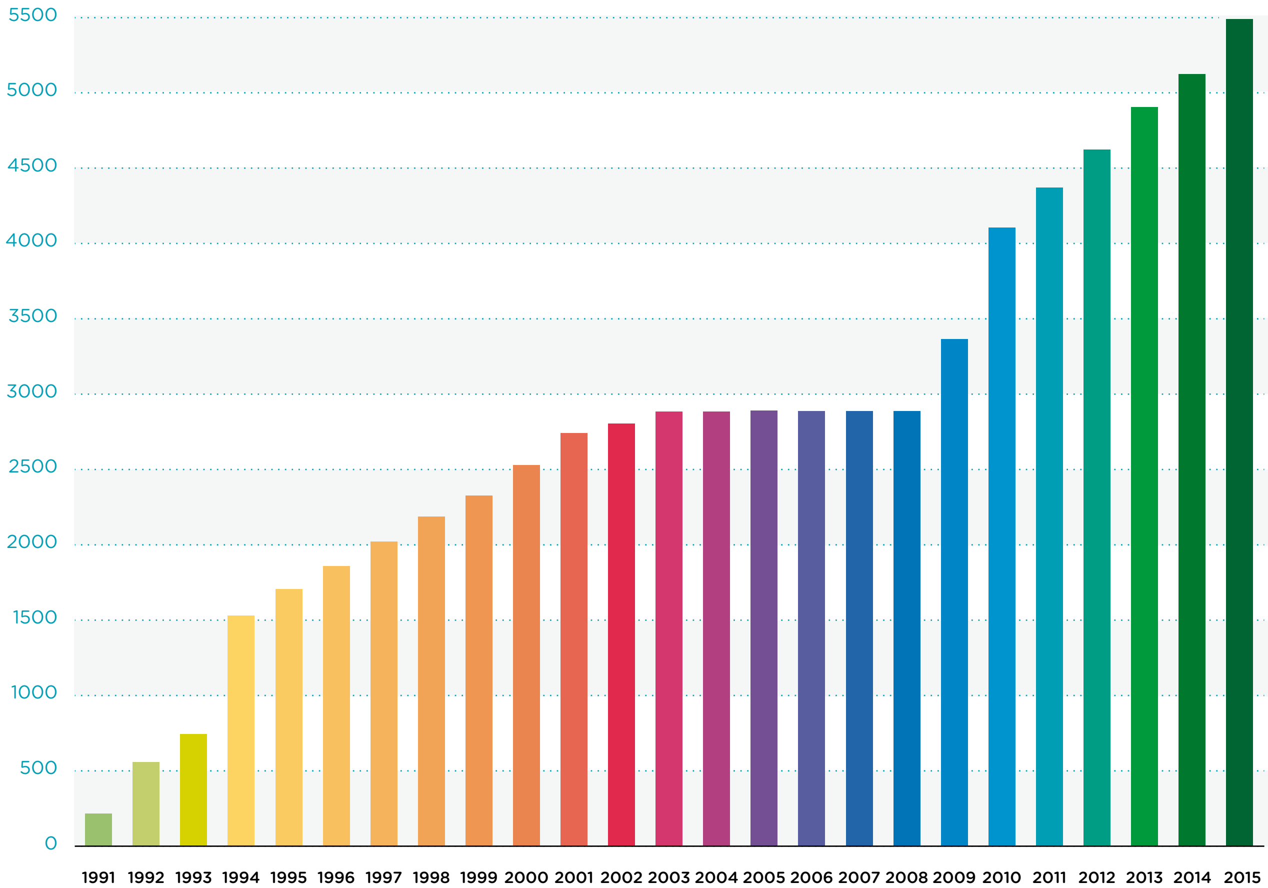
1/ The ratio for the year 2015 can still evolve as the amount of depreciations in 2016 are only known as at 01/01/2017.

A.2. Evolution and breakdown of the non-consolidated long-term Community debt

The evolution from 1991 to 2015 of the total long-term Community debt (item [3] in the first table under point A1) is as follows:

FIGURE 1

Evolution of the outstanding non-consolidated long-term Community debt (in € millions)



Whilst the long-term Community debt had been stabilised in nominal terms for the period 2002-2008, in 2015 it showed an increase (as it has done every year since 2009) linked primarily to the net balance to be financed for the financial year (see point A3 below).

Its relative evolution is presented in the table below:

Variation of the non-consolidated long-term community debt			
Year	Amount in million €	Variation in million €	Variation in %
1991	218.1		
1992	559.1	341.0	156.32
1993	744.9	185.8	33.23
1994	1,531.7	786.8	105.61
1995	1,707.2	175.5	11.46
1996	1,858.6	151.4	8.87
1997	2,022.9	164.3	8.84
1998	2,187.3	164.3	8.12
1999	2,328.5	141.2	6.46
2000	2,530.7	202.2	8.68
2001	2,741.5	210.8	8.33
2002	2,803.5	62.0	2.26
2003	2,884.6	81.1	2.89
2004	2,884.6	0.0	0.00
2005	2,890.0	5.4	0.19
2006	2,888.5	– 1.6	– 0.05
2007	2,888.4	– 0.1	– 0.00
2008	2,888.0	– 0.4	– 0.01
2009	3,364.3	476.2	16.49
2010	4,104.5	740.3	22.00
2011	4,370.6	266.1	6.48
2012	4,622.7	252.1	5.77
2013	4,904.0	281.2	6.08
2014	5,124.6	220.6	4.50
2015	5,489.9	365.4	7.13

The breakdown of the various components of the total long-term debt in 2014 and 2015 is as follows:

FIGURE 2
Breakdown of the outstanding debt of €5,124.55 million as at 31/12/2014

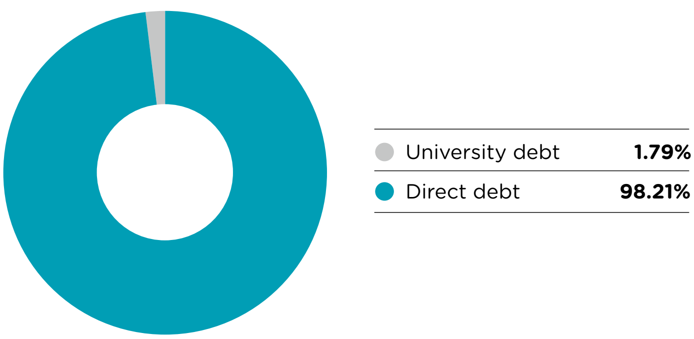
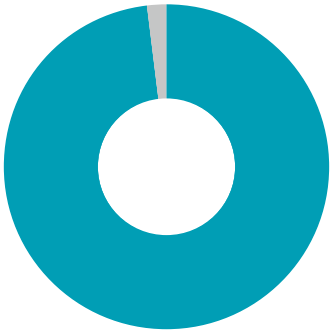


FIGURE 3
Breakdown of the outstanding debt of €5,489.91 million as at 31/12/2015



The relative share of the university debt thus continues to decrease, as is reflected in the table below, and will be paid off completely on 1 December 2037, if no redemption before due date is made in the meantime.

Distribution of the long-term outstanding amounts as at 31 December				
Year	Total debt in million €	Indirect debt in million €	Direct debt in million €	Direct debt in % of the total debt
1991	218.1	0.0	218.1	100.00
1992	559.1	0.0	559.1	100.00
1993	744.9	0.0	744.9	100.00
1994	1,531.7	591.9	939.8	61.35
1995	1,707.2	574.6	1,132.6	66.34
1996	1,858.6	564.9	1,293.8	69.61
1997	2,022.9	558.0	1,464.9	72.42
1998	2,187.3	563.4	1,623.9	74.24
1999	2,328.5	555.7	1,722.8	76.13
2000	2,530.7	547.9	1,982.8	78.35
2001	2,741.5	466.1	2,275.4	83.00
2002	2,803.5	441.7	2,361.8	84.25
2003	2,884.6	432.4	2,452.2	85.01
2004	2,884.6	286.5	2,598.1	90.07
2005	2,890.0	259.5	2,630.5	91.02
2006	2,888.5	183.6	2,704.8	93.64
2007	2,888.4	181.3	2,707.0	93.72
2008	2,888.0	179.0	2,709.0	93.80
2009	3,364.3	176.7	3,187.6	94.75
2010	4,104.5	174.2	3,930.3	95.76
2011	4,370.6	98.2	4,272.4	97.75
2012	4,622.7	96.0	4,526.7	97.92
2013	4,904.0	93.8	4,810.2	98.09
2014	5,124.6	91.5	5,033.1	98.21
2015	5,489.9	89.1	5,400.8	98.33

A.3. Financing balances and cooperation agreements

It should be pointed out that from 2003 onwards the methodology used to determine the financing balance of public entities, and included in the budgetary objectives set in the Cooperation Agreement between federal entity and federated entities, was substantially modified in application of the instructions of the ESA 1995. This has resulted in a broader range of bodies included within the Community's consolidation sphere. Thus, since 2003 a number of adjustments have been incorporated into the way the financing balance is calculated, resulting in the calculation of the Federation's budget result dovetailing more closely with the European Commission's accounting stipulations. This has called for budgetary policy to be adapted.

Moreover, the new ESA 2010 European standard for the calculation of national accounts entered into force in September 2014. This new methodological review is the result of a long-term development and is part of an international framework. Its aim is to capture more effectively the specific transformations of contemporary economies. The historical financing balances are illustrated in the table below. The financing balances for the year 2010 and following years are calculated on the basis of this new methodology. The figures were published by the Institute of National Accounts (ICN) especially on 30 September 2014 on the website of the Belgian National Bank (BnB) at: http://www.nbb.be/belgostat and are included in the successive reports of the High Council of Finance (CSF). The historical financing balances for the years 2001 to 2009 are those calculated by the State Audit Office and other public audit institutions and are published by the CSF in its successive reports. More often than not the CSF updated the State Audit Office's calculations. All the CSF's reports are available on the website of the Federal Public Service for Finance (FPS Finance) at: http://finances.belgium.be/

The table below shows that the Federation Wallonia-Brussels has more than fulfilled the objectives it was set (by joint agreement) in the field of financing balance over the last few years:

Financing balances achieved compared to objectives			
Year	Objective in € million	Financing balance achieved in € million	
2001	- 79.0	- 57.1	Financing balance better than objective by €21.9 million
2002	- 99.0	- 88.9	Financing balance better than objective by €10.1 million
2003	- 28.7	- 28.9	Near-attainment of objective: financing balance below objective by € 0.2 million
2004	- 40.5	- 11.5	Financing balance better than objective by €29.0 million
2005	- 6.5	- 6.6	Near-attainment of objective: financing balance below objective by €0.1 million
2006	1.0	7.3	Financing capacity exceeding objective by €6.3 million
2007	- 40.2	- 32.6	Financing balance better than objective by €7.6 million
2008	8.4	58.6	Financing capacity exceeding objective by €50.2 million
2009	- 266.5	- 265.2	Financing balance better than objective by €1.3 million
2010	- 727.1	- 708.7	Financing balance better than objective by €18.4 million
2011	- 328.0	- 145.6	Financing balance better than objective by €182.4 million
2012	- 250.15	- 152.9	Financing balance better than objective by €97.25 million
2013	- 228.0	- 142.8	Financing balance better than objective by €85.2 million

As stated in the "Public Authority Borrowing Requirements" section of the July 2007 report (p. 103) of the High Council of Finance (CSF), "For each of the financial years from 2003 to 2006 the French Community closed its accounts in fulfilment of its annual objectives".

It should be noted that in 2007, in the framework of intra-Francophone solidarity, Wallonia carried out a "transfer of objective of €38.5 million" to the Federation. In practical terms, the Region improved its objective by the above-mentioned amount so that the overall Region & Community objective was attained.

In 2008, the initial budget showed a financing balance that achieved the objective set at €8.4 million. Following a request from the federal State in February 2008, the Federation and Wallonia agreed to make an additional joint contribution of €90.0 million to the Stability Pact, on a "best effort" basis. At the time of the FWB's first budgetary adjustment, the measures were taken for the planned financing balance to be raised to slightly over €71.6 million (the CSF assessed this balance in January 2010 at €58.6 million), i.e. more than €63.0 million over and above the objective contained in the cooperation agreement which was still fixed at €8.4 million.

Following the economic and financial crisis, the full effects of which were felt for the Federation Wallonia-Brussels from 2009 onwards, a new cooperation agreement was entered into on 15 December 2009 between the federal authority and the federated entities aimed at achieving budgetary balance in 2015 and a maximum deficit of 3% of GDP in 2012. It is in this context that the FWB was set the following objectives: a net financing balance of €- 266.5 million in 2009 and of € - 727.1 million in 2010. Both in 2009 and in 2010 the Federation attained financing balances that were better than the objective set in the Cooperation Agreements.

For the years 2011 and 2012, the objectives stemmed from the agreement of 3 February 2010 and respectively amounted to € - 548.0 million (2011) and € - 438.1 million (2012).

The initial objective for the year 2011 was a deficit of €548.0 million which was reduced to a deficit of €328.0 million as agreed between the Governments of the French Community and the Walloon Region by means of notification of the Inter-ministerial Conference on the Budget and Finance of the standard transfer of €220.0 million on 8 February 2012. As the High Council of Finance explained in its report of October 2012 (p. 92) for the achievements in 2011: "In achieving a positive margin (…) vis-à-vis this objective of € - 328.0 million, the French Community has met not only the indicative objective of the draft agreement arising from the consultation with the federal authority, but also its own objective after transfer of the objectives".

Similarly, the budgetary objective for the year 2012 (which had initially been set at € - 438.1 million) was reduced during the first budget adjustment to a deficit of €359.5 million following the standard transfers to the Walloon Region to the tune of €77.1 million and to the Brussels-Capital Region for an amount of €1.5 million. Better still, during the second adjustment of the 2012 budget, the FWB had set itself a deficit of €250.15 million as an objective of its own, i.e. an additional improvement of €109.35 million. In its November 2013 report, the High Council of Finance explained on pages 112-113: "… the French Community meets the indicative objective of the draft agreement of February 2010, adapted to take account of the transfer of standards (…). Given the size of the margin, the Community has also met its own objective that it had set itself during the second adjustment of the 2012 budget".

For the year 2013, the agreement on the distribution of budgetary objectives between federal authority and the Communities and Regions (Entity II), embodied in the decision of the Consultative Committee of 2 July 2013, made provision for an overall objective for the Entity II of € - 537.0 million (representing - 0.1% of GDP), including a maximum deficit objective set at €228.0 million for the FWB. As stated in the above-mentioned table, the Community's achievements were assessed by the ICN in September 2014 as amounting to € - 142.8 million, i.e. a positive margin of €85.2 million.

The effective introduction of ESA 2010 together with the methodological adjustments brought by the ICN upon request from EUROSTAT have led to a broadening of the perimeter of the FWB and to adjustments to the target objectives that the kingdom and each specific entity have to reach. These target objectives towards EU have been translated into medium-term objectives, i.e. achieve budgetary balance by 2018/2019. The government of the FWB has consequently as objective to achieve structural budgetary balance: the deficit for 2014 amounts to €-232.0 million (calculation done by CSF and ICN – April 2016), while the deficit for 2015 is estimated at €-239.0 million[1] (internal calculations). These latter objectives are not objectives negotiated with the other Belgian parties/entities (for example through Concertation Committees) but rather internal objectives defined by the FWB itself.

B. BREAKDOWN OF DEBT COMPONENTS

This report only relates to debt the management of which is incumbent upon the Debt Management Department of the Federation Wallonia-Brussels, that is to say, so-called "direct" and "indirect" debts. Secured debt and debt intended to finance the construction of cultural infrastructures, etc., are therefore excluded.

B.1. Direct debt

Originally, the FWB's direct debt solely consisted of loans contracted to meet its own requirements. Now, since the mid nineteen nineties, the refinancing of the indirect debt redemptions has been incorporated into the direct debt. Consequently, the current evolution of the outstanding direct debt encompasses the re-borrowing of the redemptions of the direct debt, but also the redemptions of the indirect debt.

According to public accounting standards, re-borrowing of debt redemptions does not constitute an increase of its liabilities insofar as this refinancing corresponds to the repayment of an equivalent amount.

In 2010, the total amount of loans coming to maturity was calculated at €127.4 million[2], and these were refinanced in direct debt from January 2010. The re-borrowing operations of redemptions linked to the net balance to be financed brought the direct debt liability to €3,930.3 million as at 31/12/2010 via twelve issues carried out in EMTN format and four in Schuldschein format, as well as by means of four issues of commercial papers at six months, renewable on a six-monthly basis.

For the year 2011, loans coming to maturity amounted to a total of €485.4 million, including a €235.0 million line of commercial paper renewable on a monthly basis that had been concluded for a period of eight years (from February 2003 to February 2011) and €76.0 million in university loans; and all were refinanced in direct debt – as well

1/ As the initial objective for the year 2015 was set at €-239.0 million, it is most likely that the objective will be met.

2/ Of this amount, €125.0 million relates to direct debt and €2.4 million represents capital commitments for university loans.

as the year's net balance to be financed – via eight bond issues carried out in the framework of the EMTN programme and two issues in Schuldschein format, as well as by means of two issues of treasury notes at six months renewable on a six-monthly basis; all for a total amount of €751.5 million. Thus, the total amount of the long-term direct debt as at 31/12/2011 was €4,272.4 million.

The total amount of loans coming to maturity in 2012 was calculated at €154.2 million at the beginning of the year, a figure that would subsequently be raised to €254.2 million on account of the redemption before due date of a line of commercial paper of €100.0 million renewable on a monthly basis that had been concluded for a period of four years (from January 2009 to January 2013). As the 2012 balance to be financed was initially estimated at €250.1 million, the total amount to be financed during the year was thus calculated as being €504.3 million. The gross borrowing requirements were met by means of six issues in EMTN format and four others in Schuldschein format. It should be noted that more than 55% of said requirements were met during the first quarter of the year[1]. The total amount borrowed during the year ultimately amounted to €506.3 million, thereby bringing the total direct debt to €4,526.7 million as at 31 December 2012.

For the year 2013, the amount of redemptions was initially calculated as being €199.7 million, of which €75.0 million related to the Lobo issue concluded in 2008 and the option of which could be exercised in 2013 (or in 2015, or in 2016, etc.)[2]. Taking into account an initial balance to be financed of €228.3 million, gross borrowing requirements amounted to €428.1 million at the beginning of the year. During the budget adjustment, provision was made for an additional amount of €62.0 million by way of net balance to be financed, thus bringing gross borrowing requirements for the year to a little under half a billion, which was covered in full in the course of the first half of the year. Seeing as the Lobo had not been exercised in March 2012, the decision was taken not to renew a quarterly commercial paper of the order of €100.0 million. With the amount of loans coming to maturity in 2013 thus having been recalculated at €225.5 million, the nominal stock of long-term direct debt as at 31/12/2013 rose to €4,810.2 million.

In 2014, the amount of loans coming to maturity was evaluated at €302.7 million[3] and was covered by means of nine issues (six of which under EMTN and three under Schuldschein format) carried out during the first four months of the year. For the surplus intended to meet the net balance to be financed, the decision was taken to await the formation of a new government further to the elections of 25 May 2014. So it was that a total amount of €520.5 million was ultimately borrowed in order to cover all the gross borrowing requirements for the year 2014.

The total amount of debt expected to mature in 2015 (excluding options) was evaluated at €219.0 million. This amount needs to be increased with the financial deficit caused by the budget imbalance initially estimated at €204.0 million and later updated in October 2015 at €328.0 million. These gross financing needs have been met via 16 long-term issues[4] for a total amount of €482.5 million and by the reac-

1/ The first loan of the year having been entered into in Schuldschein format on 4 January 2012.

2/ As the investor did not want to modify the Lobo rate (exercise possible in March), the issue has been de facto extended until 2016 at the initially contracted rate. The option was also not exercised in March 2016, leading to a further extension until minimum 2017.

3/ Including the inaugural issue of €300.0 million of the EMTN programme carried out for a maturity of 10 years, the remainder chiefly pertaining to university debt.

4/ Twelve issues under EMTN format for a total amount of €351.5 million and four issues under Schuldschein format for a total amount of €131.0 million.

tivation in November 2015 of a quarterly short-term commercial paper / EMTN programme for an amount of €100.0 million in order to benefit from the interest expressed by the market for such type of products, which can be issued sometimes at rates significantly below 0%.

The evolution of debts outstanding as at 31 December in respect of direct debt (in € million) for the years 1991 to 2015 can be schematised as follows:

Year	Loans	Amortisations	Re-borrowed from amortisations	Outstanding
1991	218.1	0.0	0.0	218.1
1992	345.8	4.8	0.0	559.1
1993	224.3	38.5	0.0	744.9
1994	179.2	57.8	73.5	939.8
1995	175.5	67.1	84.4	1,132.6
1996	151.4	70.2	79.9	1,293.8
1997	164.3	57.6	64.5	1,464.9
1998	151.8	46.6	53.7	1,623.9
1999	141.3	585.8	593.4	1,772.8
2000	202.1	433.5	441.4	1,982.8
2001	210.8	411.7	493.5	2,275.4
2002	62.0	189.6	214.0	2,361.8
2003	81.1	421.5	430.6	2,452.2
2004	0.0	518.1	664.0	2,598.1
2005	5.4	417.3	444.3	2,630.5
2006	0.0	120.7	195.0	2,704.8
2007	0.0	24.8	27.0	2,707.0
2008	0.0	253.0	255.0	2,709.0
2009	476.2	447.9	450.3	3,187.6
2010	740.3	447.9	450.3	3,187.6
2011	266.1	409.4	485.4	4,272.4
2012	252.1	252.0	254.2	4,526.7
2013	281.2	223.3	225.5	4,810.2
2014	220.6	300.4	302.7	5,033.1
2015	365.4	216.9	219.2	5,400.8

B.1.1. Traditional and structured private loans

The Federation Wallonia-Brussels has issued traditional private loans and structured private loans since respectively 1991 and 1995. These loans are contracted with different financial institutions, the number of which has increased substantially over time. Indeed, at the end of 2015, 23 different counterparties were active financial intermediaries for FWB'S financing (compared to 9 as at 31/12/2008), and this despite the numerous mergers / acquisitions of these last years in the banking sector.

The structured products used to secure loans can be extremely varied (e.g. swaption, series of swaptions, cap, floor, options with activating or deactivating barrier, etc.). They are worked out internally or offered by a counterparty concomitantly with an underlying loan. The decisions to proceed on the subject mainly result from the impact brought about by the structured product compared with the financing costs and the risk. In March/April 2012 and January 2013, the FWB concluded three Inflation Linked issues for a total amount of €106.0 million in EMTN format – issues with a 10-year maturity and index-linked to the Belgian general consumer price index. This particular index was adopted since it is the one that impacts directly on Community revenues. Seeing as the cover was natural with an interest charge variation according to the variations of revenues in the event of movements in the rate of inflation, the issues were obviously not swapped.

In the course of May 2013, a so-called "OLO Participation" issue was concluded in the legal framework of the EMTN for an amount of €100.0 million, the coupon of which is indexed annually to the OLO 8 years flat for 20 years; this loan is capped and floored for the entire term of its life. The OLO trend risk is not a new risk to be followed, but a natural risk for the FWB. Furthermore, there is virtually no market for this type of product, which is therefore difficult or even impossible to cover.

In June 2013 the FWB was also able to conclude a 30np20 puttable issue for an amount of €100.0 million under EMTN at a subsidised interest rate priced on the MidSwap 20 years; in 20 years' time and on a precise date, the investor has the opportunity to extend his investment by a further 10 years under the same conditions. This issue is taken up with a maturity date at 20 years in the Community debt's redemption profile: this is a customary precautionary principle in the FWB's debt management. It was possible for a similar operation to be concluded in January 2014: a 40np20 puttable issue for an amount of €100.0 million at a subsidised interest rate for the FWB on the MidSwap 20 years.

A key element in the global debt management strategy followed by the FWB is the flexibility[1] it offers towards intermediate counterparties and / or direct investors with regards to timing, maturity, and coupon structure (e.g. fixed rate versus variable rate, vanilla product versus structured product…) of issues. As example, in October 2015, the FWB restructured a multi-tranche issue dating from 2012 in order to meet the client's wish to simplify the coupon and prepone his investment. The amounts of funds initially foreseen for the years 2017, 2018 and 2019 for a total amount of €66.0 million were transferred in 2016 allowing the FWB to benefit from the funds immediately and to benefit from the low absolute level of long-term interest rates (in particular OLO rates). This operation made the FWB save a few € millions in interest rate costs.

B.1.2. Loans under Schuldschein format

In order to meet the demands of German investors, the Federation has increasingly been using this type of format in recent years and has established standard documentation enabling considerable adaptability and flexibility. The Schuldscheine are loan agreements under German law intended for professional investors who are thus exempted from entering these loans in their accounts at their market value. These is-

1/ Together with communication, reactivity and transparency.

sues are transferable in accordance with German law and are not listed; moreover, they are invested through a bank[1], which itself more often than not (although not necessarily) also performs the duties of Paying and Calculation Agent. In general, loans under the Schuldschein format are concluded for long maturities and may have simple structures. This format has been used quite regularly in recent years and represented 18.1% of the FWB's debt portfolio as at 31 December 2015, compared with 16.8% as at 31/12/2014, and 10.5% as at 31/12/2013.

With relatively flexible specific documentation having been drawn up, even very long-term financial operations can be concluded in this framework in a very short period of time – an aspect particularly appreciated by potential financial bankers.

1/ As at 31/12/2015, the part of each bank in the stock of Schuldscheine is as follows: HSBC (32%), Barclays (29%), LBBW (12%), Goldman Sachs (10%), BNP Paribas Fortis (8%), Deutsche Bank (3%), Crédit Agricole (3%), Belfius (2%) and Natixis (1%). Some of these banks also acted as Paying and Calculation Agent.

2/ The settlement amount as at 03/11/2011 was €26,992,584.30. The total amount of € 43,007,415.70 (i.e. the difference between €70,000,000.00 and €26,992,584.30) is from a budget perspective amortized year after year over the maturity of the loan so that the budgetary expense is not taken only in 2031 (maturity date).

3/ The maturity can be extended by 20 years by the investor under the same conditions: 40np20.

4/The settlement amount as at 10/04/2014 was €10,241,100.00. The total amount of € 241,100.00 is amortized linearly year after year over the maturity of the loan.

Stock of Schuldscheine as at 31/12/2015

Amount in €	Issue date	Start date	Maturity date	Reference yield
138,500,000.00	22/06/2009	26/06/2009	26/06/2019	IRS
100,000,000.00	10/12/2009	14/12/2009	13/12/2027	IRS
50,000,000.00	26/03/2010	15/04/2010	15/04/2025	IRS
10,000,000.00	26/03/2010	15/04/2010	15/04/2030	IRS
18,000,000.00	29/03/2010	15/04/2010	15/04/2025	IRS
30,000,000.00	03/05/2010	17/05/2010	17/05/2030	IRS
21,000,000.00	02/09/2011	14/09/2011	14/03/2029	IRS
32,659,924.85[2]	10/10/2011	03/11/2011	03/11/2031	Zero Coupon
25,000,000.00	04/01/2012	16/01/2012	16/01/2032	IRS
34,000,000.00	17/02/2012	05/03/2012	05/03/2032	CMS
25,000,000.00	16/08/2012	29/08/2012	29/08/2036	IRS
25,000,000.00	26/11/2012	05/12/2012	05/12/2036	IRS
10,500,000.00	04/07/2013	19/07/2013	19/08/2033	IRS
100,000,000.00	27/01/2014	10/02/2014	10/02/2034[3]	IRS
10,230,160.00[4]	01/04/2014	10/04/2014	10/04/2036	IRS
28,500,000.00	06/05/2014	13/05/2014	13/05/2039	IRS
35,000,000.00	16/09/2014	24/09/2014	24/09/2029	E3M
10,000,000.00	16/09/2014	24/09/2014	24/09/2029	IRS
40,000,000.00	16/09/2014	25/09/2014	25/09/2034	IRS
15,000,000.00	16/10/2014	30/10/2014	30/10/2034	IRS
20,000,000.00	17/10/2014	24/10/2014	24/10/2035	IRS
40,000,000.00	02/12/2014	09/12/2014	26/06/2040	IRS
45,000,000.00	02/12/2014	12/12/2014	12/12/2025	E3M
40,000,000.00	24/06/2015	02/07/2015	09/12/2043	IRS
10,000,000.00	02/07/2015	10/07/2015	10/07/2045	IRS
66,000,000.00	16/10/2015	28/10/2015	28/10/2030	IRS
15,000,000.00	20/10/2015	29/10/2015	29/10/2036	IRS

Total amount activated : €994,401,024.85
Average issue size : €36,829,667.59
Weighted average maturity : 18.1 years
Weighted residual term : 14.8 years

B.1.3. Domestic commercial paper programmes – short, medium and long term

From 1994 until the end of 2003 the Federation had two domestic financing programmes with Belfius (the former Dexia Bank Belgium): one devoted to the short term for an amount of €1.1 billion and the other to the long term for €1.4 billion. Since then these two programmes have been combined into one. This enables FWB to issue treasury notes with a maturity of between one day and thirty years for a total amount of €2.5 billion. This local programme has been regularly updated. The last update (mostly a technical one) is dating from 15 July 2016 while the next one is scheduled for 7 July 2017, at the same moment the EMTN programme will be updated.

Since it was set up at the end of 1994, the FWB has had recourse to its short-term commercial paper programme both for the management of its cash balances (see point B3) and for that of its consolidated debt, be it for the floating part of the latter (successive roll-overs) or for the fixed part as underlying a derivative product.

Furthermore, on the basis of its former MTN (Medium Term Note) programme, the Federation Wallonia-Brussels has conducted OLCo (Community linear bond) issues as at December 1995. It has also had a short-, medium- and long-term financing programme with BNP Paribas Fortis (the former Fortis) since 2000 for an amount of €750.0 million. A third local financing programme, also for an amount of €750.0 million, was concluded on 8 February 2013 with ING, and this has helped increase still further the FWB's access to even wider sources of financing. This programme was updated on 8 July 2015. The next update is scheduled for 7 July 2017, at the same moment the EMTN programme will be updated.

It will be recalled that in the context of the diversification of its forms and sources of financing, the Federation has had the opportunity of using dematerialised issues similar to the German Schuldschein (see point B.1.2), and in so doing it has been able to take advantage of an attractive financing cost in view of other proposals received at the time.

B.1.4. EMTN financing programme

The rating[1] awarded to the Federation Wallonia-Brussels by the Moody's Investor Services agency and the changes that have been introduced in the Special Financing Act relating to certain borrowing conditions applicable to the federated entities[2] have enabled the FWB to envisage a further diversification of its sources of financing, among other things through the setting up of an EMTN (Euro Medium Term Notes) programme on 15 December 2003. This has been periodically updated since then and annually since 2008, on 8 July each year. The next update is scheduled for the beginning of 2017.

Further to a consultation of the market, the Federation gave a mandate to Deutsche Bank and Belfius for this programme to be set up. Apart from the two aforementioned banks, the dealers in the programme are: BNP Paribas Fortis, CBC Banque SA, Crédit Agricole CIB, Goldman Sachs International, HSBC France, ING and KBC Bank NV.

This programme offers the FWB the possibility of issuing short-, medium- and long-term paper (from 30 days to 100 years) for a maximum amount of €5,000.0 million. The issues can be either of a public or private type, with recourse, in particular, to the reverse inquiry procedure.

Since it was created, the EMTN programme has been capitalised in the long term as follows:

1/ Aa3/P1: see on this subject the press releases, Analysis and Credit Opinion published by the Agency in December 2011. From the beginning of 2004 until the end of December 2011, the Federation was rated Aa1/P1. The two-notch decline came in the wake of that of the Kingdom, which had occurred a few days previously. The last publications by Moody's on the subject of the FWB date from 8 April 2016 (Credit Opinion) and 6 August 2014 (Analysis) and confirm the institution's Aa3/P1 ratings, with a stable outlook.

2/ By way of a reminder, the most important change implies that the federated entities can henceforth finance themselves on the international capital markets without any particular authorisation from the federal authority. However, Article 49, § 3 of the LSF (Special Financing Act) lays down the duty to inform the [federal] Minister of Finance.

Year	Total amount issued in € million	Number	Weighted average rate after possible IRS	Weighted average maturity	EMTN available balance as at 31/12 in € million
Established on 15/12/2003 ; maximum volume : €1,500.0 million					
2004	535.00	4	4.005%	10.0 years	965.00
2005	425.00	7	4.144%	19.7 years	540.00
2006	195.00	4	3.714%	15.1 years	345.00
2007	27.00	1	4.318%	15.0 years	318.00
Updated : 11/01/2008 ; maximum volume : €2,500.0 million					
2008	30.00	1	3.811%	15.0 years	1,288.00
2009	488.00	9	3.268%	7.4 years	800.00
Updated : 08/07/2010 ; maximum volume : €4,000.0 million					
2010	547.00	12	3.245%	11.4 years	1,753.00
2011	603.50	8	3.899%	6.3 years	1,119.50
2012	396.00	6	3.316%	14.3 years	780.50
Updated: 08/07/2013 ; maximum volume : €5,000.0 million					
2013	493.44	13	2.717%	19.1 years	1,414.75
2014	177.00	7	2.847%	26.2 years	1,537.75
2015	351.50	12	1.140%	14.2 years	1,402.25

The exposure of the long-term issues carried out in the framework of the EMTN programme can be presented as follows as of 31 December 2015:

Stock of EMTN as at 31/12/2015			
Amount in €	Issue date	Maturity date	Net rate after possible IRS
200,000,000.00	30/03/2005	30/03/2025	4.19975
20,000,000.00	30/03/2005	30/03/2055	4.37200
75,000,000.00	6/04/2005	6/04/2020	4.06300
10,000,000.00	7/04/2005	7/04/2020	4.01000
100,000,000.00	7/04/2005	7/04/2023	4.14300
10,000,000.00	14/04/2005	14/04/2023	4.14500
50,000,000.00	11/01/2006	11/01/2021	3.51000
20,000,000.00	13/02/2006	13/02/2026	3.54400
100,000,000.00	15/02/2006	15/09/2021	3.79100
25,000,000.00	22/09/2006	22/09/2016	3.95000
27,000,000.00	28/03/2007	28/03/2022	4.31800
30,000,000.00	18/02/2008	20/02/2023	2.42000
100,000,000.00	1/07/2009	1/07/2016	E6M + 120.0bp
67,000,000.00	3/07/2009	4/07/2016	4.45000
48,000,000.00	3/07/2009	3/07/2017	4.61200
40,000,000.00	4/12/2009	4/12/2016	3.55700
50,000,000.00	4/12/2009	4/12/2017	3.75000
45,000,000.00	4/12/2009	4/12/2019	4.02500
80,000,000.00	4/12/2009	4/12/2016	E6M + 50.0bp
25,000,000.00	25/01/2010	27/01/2020	3.91100
100,000,000.00	29/01/2010	29/01/2020	2.99000
75,000,000.00	4/02/2010	4/02/2020	3.57500
20,000,000.00	5/02/2010	5/02/2020	3.86600
80,000,000.00	19/02/2010	19/02/2020	3.82500
30,000,000.00	11/06/2010	11/06/2060	4.12000
15,000,000.00	14/06/2010	14/06/2019	3.12500
50,000,000.00	31/08/2010	31/08/2017	2.52000
50,000,000.00	1/09/2010	1/09/2022	3.13300
40,000,000.00	28/09/2010	28/09/2018	2.99350
35,000,000.00	22/10/2010	22/10/2018	3.03600
15,000,000.00	4/03/2011	4/03/2016	3.62500
18,000,000.00	18/03/2011	18/03/2021	E6M + 94.5bp
20,000,000.00	7/04/2011	18/12/2023	4.45000
500,000,000.00	16/06/2011	16/06/2017	3.87500
35,000,000.00	5/07/2011	5/01/2018	3.93500
65,000,000.00	15/03/2012	01/08/2016	2.21190
100,000,000.00	23/03/2012	10/12/2024	3.85000
56,000,000.00	28/03/2012	28/03/2022	Inflation Linked
30,000,000.00	27/04/2012	27/04/2022	Inflation Linked
45,000,000.00	06/12/2012	15/11/2036	3.38000

100,000,000.00	28/12/2012	28/09/2034	3.28130
20,000,000.00	20/02/2013	20/02/2023	Inflation Linked
50,000,000.00	18/02/2013	10/12/2024	2.87440
30,000,000.00	01/03/2013	02/03/2043	3.50000
21,250,000.00	28/02/2013	28/12/2022	2.54400
24,000,000.00	12/03/2013	12/03/2053	3.50000
25,000,000.00	28/03/2013	28/03/2017	E6M + 22,0bp
10,000,000.00	17/05/2013	17/05/2024	2.31250
50,000,000.00	21/05/2013	21/05/2040	3.22100
13,000,000.00	27/05/2013	27/05/2033	3.00000
100,000,000.00	24/05/2013	24/05/2033	OLO8Yr = 1.49%[1]
10,000,000.00	19/06/2013	17/05/2024	2.56660
100,000,000.00	28/06/2013	29/06/2033[2]	30np20 = 3.33900
35,000,000.00	10/09/2013	19/11/2029	3.53500
20,000,000.00	22/01/2014	22/01/2024	2.80000
32,000,000.00	03/03/2014	03/03/2064	3.59000
25,000,000.00	07/04/2014	07/04/2044	3.35000
30,000,000.00	28/04/2014	22/06/2023	2.17000
10,000,000.00	07/05/2014	07/05/2029	2.78000
35,000,000.00	12/05/2014	12/05/2054	3.30500
25,000,000.00	23/09/2014	15/05/2025	E3M + 47,0bp
20,000,000.00	13/02/2015	13/02/2045	1.50000
79,500,000.00	22/05/2015	22/05/2019	0.30000
31,000,000.00	17/06/2015	17/06/2041	2.26000
35,000,000.00	13/07/2015	23/01/2045	2.36100
52,000,000.00	28/10/2015	28/10/2019	0.25500
30,000,000.00	29/10/2015	29/04/2036	1.82500
10,000,000.00	03/11/2015	03/11/2025	E3M + 36.0bp
2,000,000.00	10/11/2015	10/11/2021	0.40500
32,000,000.00	10/11/2015	10/11/2020	0.28000
10,000,000.00	03/11/2015	03/11/2022	0.62000
20,000,000.00	25/11/2015	29/04/2036	1.82500
30,000,000.00	23/12/2015	23/12/2037	2.08500
Total long-term EMTN amount outstanding : €3,597,750,000.00 Weighted average maturity : 13.8 years Weighted residual term : 8.7 years			

1/ The OLO 8Y fixing of 22 May 2014 was 1.49% and determined the rate payable on 25 May 2015. The fixing of 21 May 2015 was 0.64% and applied on the interest period ending on 25 May 2016. The fixing of 20 May 2016 was 0.21% and applies on the interest period ending on 24 May 2017.

2/ In 2033, the investor will have the opportunity to extend the maturity of his investment till 29/06/2043 at a rate of 3.339%.

With the setting up of this financing programme and thanks to having been awarded an excellent rating (which has been identical to that of the Kingdom from the outset), the Federation is seeking to secure enhanced visibility on the financial markers – something that should allow it both to gain access to financing more easily and to optimise its financing costs.

As indicated in a previous table, when updating the programme on 8 July 2013, it was decided in particular to have recourse to the programme's maximum volume increase clause so as to raise it to €5,000.0

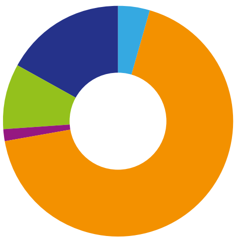
million, as opposed to €4,000.0 million on 8 July 2010, €2,500.0 million on 26 May 2009 and €1,500.0 million when it was created in December 2003. This demonstrates the willingness to make greater use of a programme that has proved its added value in the field of sturdiness and flexibility of use. The available balance as at 31/12/2015 amounts to €1,402.25 million, taking into account redemptions but excluding short-term issues (three months and six months).

Out of a concern for reduction of the liquidity and refinancing risk, credit lines that can be called upon at any time, without booking fee or non-utilisation charge, have moreover been opened as at 1994.

In this way the Federation's financing capacity was secured both in the short and long term at conditions fixed in advance (with regard to precise references) for a total amount of €150.0 million; this relates to two back-up lines each attached to monthly commercial paper renewals.

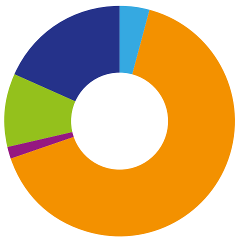
The following graphs specify, for the total debt, the proportion of the exposure represented by the different types of loans on 31 December 2014 and on 31 December 2015.

FIGURE 4
Different types of loans within the total debt amounting to €5,124.55 million as at 31/12/2014



Private loans (bank loans)	**4.71%**
Long-terme EMTN Financing programme	**67.69%**
OLCo, Lobo, etc.	**1.76%**
Commercial papers & short-term EMTN	**9.02%**
Schuldschein	**16.82%**

FIGURE 5
Different types of loans within the total debt amounting to €5,489.91 million as at 31/12/2015



Private loans (bank loans)	**4.35%**
Long-terme EMTN Financing programme	**65.64%**
OLCo, Lobo, etc.	**1.64%**
Commercial papers & short-term EMTN	**10.26%**
Schuldschein	**18.11%**

B.2. Indirect debt – University debt

The Community debt includes the indirect debt. For the sake of coherence and rational management, the latter is administratively grouped with the direct debt in the part of the budget relating to the public debt.

The indirect debt corresponds to loans issued to the Federation Wallonia-Brussels by third-party organisations and the financial charges of which are to be paid, wholly or in part, by the FWB's budget.

The main characteristic of the indirect debt is that it is on the road to extinction. There are three reasons that can be advanced to explain this. Firstly, this debt is the result of loans contracted in the past. Secondly, there are currently no financial requests of this kind any more. And finally, seeing as the redemptions were refinanced via the direct debt, a shift of exposure is taking place between the two types of debt.

The universities' debt was contracted by the latter with a view to financing their real estate investments.
A distinction must be made between two types of investment:

- "academic" investments primarily aimed at the construction of buildings intended for teaching (auditoriums, etc.);
- "social" investments directed at the construction of buildings intended to house and provide services to students outside the lecture halls (student halls of residence, university refectories, etc.).

The financial charges (interest and redemption instalments) of the "academic loans" are borne in full by the Federation's budget. However, in the case of the "social loans" the FWB's budget only pays that part of the interest in excess of 1.25%. The remainder of the interest together with the redemption instalments of these loans are payments drawn from the budget of the universities themselves.

Following this distinction, only the universities' academic debt is considered as an integral part of the debt of the Federation Wallonia-Brussels.

Evolution of the outstanding amount of the academic university debt, 1994 - 2015 (in € million)

Year	Outstanding as at 01/01	Amortistation as at 31/12	Outstanding as at 31/12
1994	543.4	12.7	530.7
1995	530.7	14.4	516.3
1996	516.3	6.7	509.6
1997	509.6	3.8	505.9
1998	505.9	4.0	514.5[1]
1999	514.5	4.3	510.1
2000	510.1	4.5	505.7
2001	505.7	78.3	427.4
2002	427.4	5.1	422.3
2003	422.3	5.4	416.9
2004	416.9	130.4	286.5
2005	286.5	27.0	259.5
2006	259.5	75.9	183.6
2007	183.6	2.3	181.3
2008	181.3	2.3	179.0
2009	179.0	2.4	176.7
2010	176.7	2.4	174.2
2011	174.2	76.0	98.2
2012	98.2	2.2	96.0
2013	96.0	2.2	93.8
2014	93.8	2.3	91.5
2015	91.5	2.4	89.1

1/ The outstanding amount as at 31/12/1998 underwent a technical correction in order to take account of a university-type loan (debt relating to acquisition of the grounds of the Plaine des Manœuvres in Etterbeek) which had not been integrated into the outstanding amount of the indirect debt.

B.3. Cash in hand

B.3.1. Total cash balance

The Federation Wallonia-Brussels cash in hand groups together all financial accounts through which the institution's revenues are received and expenses are paid. In this respect the cash flows reflect the execution of budgetary and extra-budgetary movements, such as operations on behalf of third parties and in particular capital operations relating to the consolidated debt (redemptions and re-borrowing).

All the accounts opened by the FWB with its cashier (currently and until the end of 2018: Belfius) see their balance consolidated every day so that a total cash balance can be determined.

B.3.2. Description of revenues and expenses

* Revenues

The Federation's revenues budget (formerly the ways and means budget) is basically fed by three types of sources of funds for which strict provision is made in the LSF, which guarantees the FWB's collection of them (see in this respect Article 54 § 2 of the LSF as detailed in point D1 of Chapter I of this report). In this way the budgeted revenues are achieved from one year to the next in their entirety, a fact to which the State Audit Office's successive reports bear witness[1].

The two main sources of Federation funding are, in decreasing order of importance, the shares of VAT and personal income tax that are transferred by the federal State to the Federation Wallonia-Brussels in strict application of the provisions of the LSF[2]. In addition to these two transferred revenue items there is also the allocation paid by the federal authorities for the financing of foreign university students enrolled in FWB educational establishments. These amounts are paid to the FWB in the form of twelfths on the first working day of every month of the year.

The Federation used to have tax resources at its disposal through the RRTV (radio and television licence fee). As from 2002, and pursuant to the reform of the financing act already mentioned above, the RRTV became a regional tax and was replaced by a compensatory allocation calculated on a fixed-rate basis and index-linked to the consumer price index. As part of the 6th State reform, for both the French and Flemish Communities, the allocation from the Radio and Television Licence Fee (RRTV) is removed and replaced by an equivalent amount incorporated in the allocations from VAT revenues.

As already mentioned in section C5 of chapter I, the financial resources granted by the LSF to the FWB have been modified in 2014 with entry into force as at 1 January 2015. The French Community of Belgium has 4 different sources of financing (transition mechanism excluded):

- non-tax revenues;
- revenues from taxes and perceptions;
- federal allocations; and
- loans.

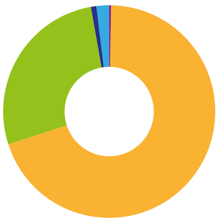
1/ See in this respect, and up until 2013, the State Audit Office's reports published in May/June of year (t) on the prefiguration of the results of implementation of the budget for year (t-1). From the year 2014 onwards, the State Audit Office drafts a document, in the fourth quarter of the year (t), entitled "Audit of the French Community's General Account for the year (t-1)". So, the "Audit of the French Community's General Account for the year 2013" was produced by the State Audit Office on 31 October 2014 and published by the Parliament of the FWB on 5 November 2014 on its website: www.pfwb.be. The report for the year 2014 was produced in October 2015 and the report for the year 2015 is expected for October/November 2016.

2/ Up until 2014 inclusive; i.e. before full entry into force of the LSF amended in accordance with the 6th State reform.

The transitional mechanism, which applies for the period 2015-2033, ensures the neutrality of the calculation method for the year 2015 compared with the method applied until the reform of the LSF, i.e. financial resources granted to FWB to finance its traditional areas of competence as calculated for the year 2015 are identical under both methods.

It should be noted that in the ESA 1995, as in the ESA 2010 for that matter, the loans concluded only form the subject of an entry in accounts established after the calculation of the financing balance; they therefore do not have any effect on the fulfilment or not of the budgetary objectives set by the cooperation agreements.

FIGURE 6
2015 revenues exclusive of appropriated revenues (Realisations)



RRTV compensatory allocation	**0.50%**
VAT allocation	**69.52%**
IPP allocation	**27.44%**
Foreign university student allocation	**0.80%**
Others	**1.74%**

Graph 6 presents the breakdown in relative values of the Federation's revenues for the year 2015.

The replacement of the Community tax (i.e. RRTV) by a fixed-rate allocation means that since 2002 the FWB's resources come for more than 98% from allocations transferred and guaranteed by the federal State. This situation helps strengthen the almost perfect predictability and low volatility of the Community institution's revenues. The RRTV allocation is incorporated in the so-called "VAT" mass since 2015 as foreseen by the LSF (last modified in 2014).

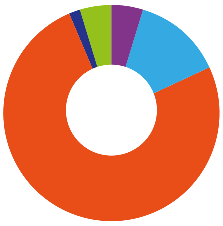
* Expenditures

The breakdown per main expense amounts of the Federation Wallonia-Brussels expenditures can be presented as follows:

- the Education, Research and Training sector represents a little over three quarters of the FWB's general expenditure budget. For the Education field (from nursery school to higher education level), a very large proportion of the expenditure goes towards payment of teachers' salaries;
- expenditure in the second most important sector (Health, Social Affairs, Culture, etc.) mainly consists of allocations or subsidies paid to the various different bodies with responsibility for implementation in these areas (RTBF, ONE, WBI, etc.);
- the allocations paid annually by the FWB to Wallonia and to the French Community Commission of the Brussels-Capital Region correspond to the amounts payable by the Federation in exchange for the transfer of the exercising of some of its powers to these two entities;

- the General Services sector covers expenses mainly relating to the functioning of the Federation's institutions;
- the amount of expenditure for the Public Debt encompasses all charges linked to the debt (studies, fees, functioning, etc.) in addition to interest charges.

FIGURE 7
2015 expenditures exclusive of debt redemptions (Realisations)

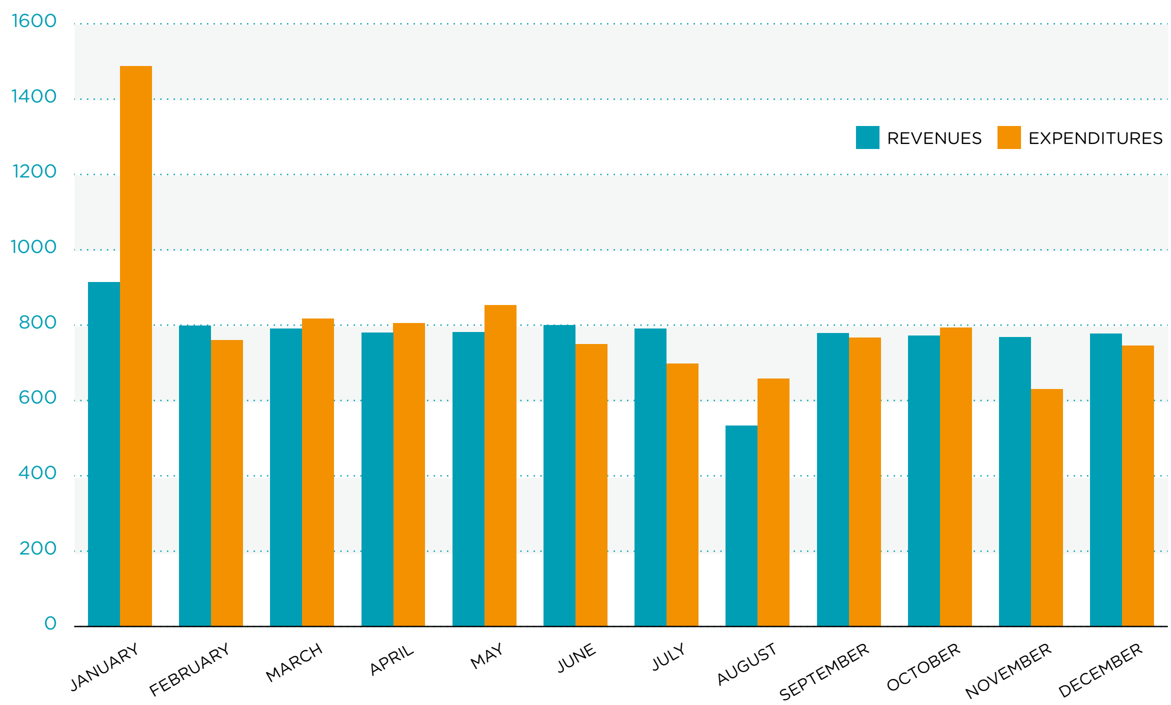


General Services	**4.74%**
Culture, health, social issues, etc.	**13.37%**
Education, research, teaching, etc.	**75.57%**
Public debt	**1.79%**
Allocation to the Walloon Region and the Cocof	**4.54%**

B.3.3. Rate of collection of revenues and disbursement of expenditures

The French Community's rate of revenue collection and expenditure disbursement during the year 2015 is illustrated in the following graph:

FIGURE 8
Rate of revenues and expenditures for 2015 in € million



On the basis of the above figure it can be established that the Federation enjoys a relatively regular rate of collection of its revenues and disbursement of its expenditures. This phenomenon can be attributed to two factors:

- on the one hand, the majority of its revenues (its share of personal income tax and VAT and the allocation for foreign students) are paid by the federal authority in the form of twelfth-fraction payments at the beginning of every month (on the first working day of every month);
- on the other hand, a large proportion of the Federation's expenditure is devoted to payment of salaries, the periodicity of which is also spread regularly across the year at the end of the month (on the last working day of the month). Furthermore there is the fact that the allocations paid to Wallonia and to the French Community Commission (see above) by the FWB in the framework of the decree II are effected in the form of twelfth-fraction payments made on the second working day of every month.

However, the rate of expenditure disbursement is somewhat affected at the beginning of the year by some allocations that are paid on an annual basis instead of monthly basis. For this reason, the month of January generally shows an expenditure amount that is higher than during the rest of the year. Regarding the allocations that affect this period more exceptionally, one can mention in particular an annual amount of grants paid to schools, an allocation to the Parliament of the FWB and an annual adjustment for university education.

C. PRINCIPLES OF DEBT MANAGEMENT

C.1. Reminder of the principles of debt management

The debt of the Federation Wallonia-Brussels is managed in observance of seven permanent principles. These principles are:

1. Harmonisation of financing and debt management operations

All operations relating to the management of both the direct and indirect debt are carried out by the FWB's Debt Management Department. The Administration's other functional departments do not in any way intervene in this area. Moreover, all charges pertaining to these types of debt are grouped together within the Public Debt chapter of the general expense budget.

2. Optimal breakdown of the fixed-rate and floating-rate share of the debt according to the trend observed in the rates curve.

The rates curve is one of the main factors taken into consideration for the management of the Federation's debt. Indeed, this indicator helps determine a ratio aimed at dividing up the outstanding debt into a fixed-rate part and a floating-rate part. The objective is to obtain an optimal risk/yield ratio. For this reason, a major change in the slope of the rates curve usually triggers a repositioning of the fixed-rate/floating rate ratio, irrespective of the maturity of the loan. In this way, in the case of a sharply sloping positive curve, the positioning of the debt ratio will be directed more towards the floating rate, because a sizeable curve opening makes the use of short-term referenced financial instruments – loans or hedging derivative products – less costly. On the other hand, in the event of a relatively flat rates curve, the yield is relatively similar for all maturities. Therefore, faced with this kind of curve, the search for the best risk/yield ratio would involve increasing the fixed-rate part of the ratio.

Before 2000, the fixed-rate/floating rate distribution ratio was reviewed whenever there was any significant movement on the rates curve. Subsequently this principle was modified somewhat, since it was no longer a matter of attaining a precisely fixed ratio on 30 June or 31 December, but of moving within a bracket with pre-set upper and lower limits. This capacity of the "fixed/floating" ratio to adapt quickly to any movement of the rates curve made it possible to obtain the "risk/yield" ratio that was best suited to the debt at any given time. Following the opinion given by the (Community) Treasury Council during its meeting of 30 April 2004, and in order to take into account the rate risk on redemption re-borrowing operations, the decision had been taken to range under the floating-rate part any loan with a maturity of less than two years, irrespective of the way it was structured. In this way a single measuring instrument ascertained rate risk and refinancing risk. The limits set for the variation bracket were established at a minimum of 65% of fixed rate and a maximum of 75%, to respect the part of the debt at fixed rate and at floating rate, i.e. a margin amounting to 10% of the total outstanding Community debt. This therefore turned this ratio into a basic debt management tool intended to bring a suitable balance into play between the debt cost and the risks associated with interest rate volatility.

Since 2010, the risk of a change in the interest rates paid and the refinancing risk have been analysed on the basis of two different instruments:

- the fixed/floating ratio is used to monitor the risk associated with an increase in the interest rates paid on the part of the debt for which the coupon is variable;
- the ratio between the amount of debt that matures within the next 5 years and the the stock of debt is used to monitor the refinancing risk, i.e. the risk of an increase in the interest rates paid on the part of the debt that will mature and that will need to be refinanced.

Henceforth, the portion of the debt for which the coupon varies with interest rate movements should be less than 15% every year. That principle taken together with the point made in section C.1.6. (i.e. management of the repayment schedule) implies that the amount of debt maturing within the next 5 years may not exceed 50% of the outstanding amount of long-term nominal debt. Looking at the fixed/floating ratio of these last 5 years, one can observe that the proportion of debt with variable rate remained relatively stable and significantly lower than 15%:

Variable rate	31/12/2011	31/12/2012	31/12/2013	31/12/2014	31/12/2015
%	7.53%	8.93%	9.24%	10.95%	10.69%

3. Active use of the most appropriate financial instruments

The Federation Wallonia-Brussels has recourse to the most appropriate financial instruments for the management of its debt. In this respect, any speculation is systematically excluded and every derivative product concluded is secured, or will be throughout its existence, with a component part of the Community debt.

Interest rate swaps have a prime place in the framework of rates curve management easily allowing the transfer of part of the fixed-rate debt to the floating rate, and vice versa.

As at 31 December 2010, the fixed rate/floating rate ratio (calculated on the basis of the new principles expounded above in point C.1.2) was 90.57%/9.43%[1]. The slope, shape and level of the rates curve in 2010 prompted the Federation immediately to swap to the fixed rate the 11 financing operations, of the 18 effected, that had been proposed by the investor at a variable rate; in the end, all the 2010 financing operations

1/ Compared with 89.25%/10.75% on 31/12/2009 (ratio recalculated according to the new methodology).

were subsumed under the fixed rate for a total amount of €867.7 million, covering all the requirements. Some of these swaps are for long or very long terms but can be cancelled by the counterparty, on the understanding, however, that the first date on which cancellation can be envisaged corresponds to the maturity of the underlying loan. The weighted average maturity of the 2010 financing operations was calculated at 10.8 years and the weighted average rate after any hedging was 2.98%. Furthermore, two swaps at 50 years fixed rate payer and Euribor six months receiver for a notional amount of €50 million each with commencement in February 2011 were effected in order to fix the rate for some of the 2011 financing requirements in an anticipatory manner, at historically low rates.
So it was that two issues of commercial paper at six months renewable began on 1 and 21 February 2011 underlying the two above-mentioned forward swaps; ten other issues were effected (eight of which in EMTN format and two in Schuldschein format), mainly in the first six months of 2011. The 2011 financing operations were carried out (after any hedging) at a fixed rate to the tune of 97.6% for a weighted average maturity of 6.8 years and at a weighted average rate of 3.80%. The fixed rate ratio as at 31/12/2011 was thus calculated as being 92.47%. The total amount borrowed was €751.5 million, and thus covered all of requirements for the year 2011.

In 2012, apart from the Inflation Linked loans (by way of a reminder, these are not swap hedged and are considered as floating-rate loans in the ratios), all the issues were concluded directly at a fixed rate or swapped to fixed rate when they were index linked to the CMS, for example. The fixed-rate ratio thus fell slightly vis-à-vis the previous year, and was measured at 91.07% as at 31/12/2012.

For the financial operations carried out during the year 2013, the Inflation Linked issue of €20.0 million and the OLO Participation[1] of €100.0 million were classed in the variable-rate part of the debt portfolio, as was a loan of €25.0 million referenced on the Euribor; consequently the fixed-rate ratio dropped to 90.76% as at 31 December 2013.

It should be pointed out that the natural reference of the Federation Wallonia-Brussels for its financing cost is the OLO curve, with which the spread is much less volatile than with the IRS. Given the close financial links between the federal State and the FWB, which are expressed through the LSF and are confirmed by the ratings (identical for the two entities), the OLO/FWB spread can only reflect the liquidity difference as the Belgium-specific risk is already incorporated in the OLO trend.

Four of the 17 issues carried out in 2014 to raise a total amount of €520.5 million were concluded at a variable rate, and one of them for an amount of €20.0 million was swapped to the fixed rate, the three others (for a total amount of €105.0 million) remaining index-linked to the Euribor. Thus, 79.8% of the amount borrowed in 2014 was borrowed at a fixed rate. This has resulted in the fixed-rate ratio being brought down slightly; it was calculated at 89.05% as at 31 December 2014.

1/ Certain counterparties also call it BEC or OLO-TEC.

In 2015, €482.5 million has been raised via 16 issues, almost always paying a fixed rate, either directly or after swap (97.9% of the issues carried out in 2015 are reported as fixed rate issues). Only one issue for an amount of € 10.0 million has been realised and maintained at variable rate. Obviously, the fixed rate ratio increased in 2015 and is evaluated at 89.31% as at 31/12/2015.

4. "Investor-oriented" strategy

The financing programmes (such as the EMTN) that the Federation Wallonia-Brussels has at its disposal enable it to provision its cash balances and its consolidated debt on an ongoing basis. The use of these programmes offers certain advantages: a reduction in the financing cost compared with the traditional average conditions in the short and (very) long term, and a possibility of reacting quickly so as to be able to take advantage of certain opportunities on the capital markets (the traditional consultation procedures being slower). Moreover, it enables a broadening of the investor base, accentuated, for that matter, by a proactive communication approach designed to familiarise foreign investors with the Belgian federal system and in particular the strength of the LSF which provides the FWB with the bulk of its revenues (more than 95%) in a foreseeable and guaranteed manner.

Implementation of the investor-oriented strategy is based on communication and transparency, the ability to react quickly to financing proposals, and flexibility of management thanks to adapted instruments and procedures.

5. Synergy in the financing and investment operations of the Federation Wallonia-Brussels and the public entities integrated in the ESA.

Since 7 February 1995[1], the Federation[2] has been exempt of the advance levy on income derived from securities when it invests its cash surpluses in dematerialised securities issued by public administrations (sector S13) included in the consolidation of the national accounts by the European authorities.

The approach adopted in the investment policy has been substantially modified as a result, insofar as the Federation has therefore only acquired securities issued by the federal State and the federated entities.

6. Management of the repayment schedule

The Federation Wallonia-Brussels constantly makes sure that its overall debt term is maintained at more than four years, so as to avoid having to deal with a sizeable refinancing volume over a short period and in the near future. In this way it is ensured an overall staggering of its debt over a long enough period. Nonetheless, it also sees to it that the maturity dates of its debt are diversified so as to avoid refinancing

1/ Royal Decree of 23 January 1995 amending the Royal Decree of 26 May 1994 on the collection and discounting of the advance levy on income derived from securities in accordance with chapter I of the Act of 6 August 1993 on operations on certain securities (entry into force at the time of publication in the Official Journal, on 7 February 1995).

2/ This provision applies to all public entities consolidated in the ESA.

peaks and troughs insofar as is possible, and is in this way present on the market for relatively similar amounts every year.

The measure of limiting the amount of debt maturing within the next 5 years to a maximum of 50% of the outstanding amount of debt also contributes to this objective. It evolved over the last six years as follows:

Year	5-year cumulative amortisation ratio
31/12/2010	39.3%
31/12/2011	38.5%
31/12/2012	46.0%
31/12/2013	47.0%
31/12/2014	42.9%
31/12/2015	46.1% ➔ 48.4%

The 1-year refinancing risk is measured by the ratio between the amount of debt maturing within the next 12 months and the outstanding amount of debt. The limit of 15% for the 1-year refinancing risk is confirmed and is completed by the following criteria in order to take into account the amounts that could optionally mature within the year: the total potential amount maturing within the year (i.e. amounts that are certain + amounts that may optionally mature) divided by the outstanding amount of debt may not exceed 20%.

The debt portfolio of the FWB includes issues that are made under local or EMTN programmes and renewed on a periodic basis. These issues represent as at 31/12/2015:

- 2 monthly tranches guaranteed by firm commitments[1] for a total amount of € 150.0 million until 2018;
- 1 quarterly tranche for an amount of € 100.0 million;
- 6 semi-annual tranches for a total amount of € 313.0 million.

The quarterly and semi-annual issues are renewed by putting about 10 banks in competition. These issues had some success even if almost all renewals of 2015 were at negative interest rates. These issues are however not guaranteed by firm commitments and could, in a worst case scenario of a market drying up, have less success.

To remain prudent in its management of liquidity and to keep transparency, the FWB includes the quarterly and semi-annual issues that are not guaranteed by firm commitments (€ 413.0 million as at 31/12/2015) and the LOBO issue, which can optionally mature within the year (€ 75.0 million), in the ratio that measures the 1-year refinancing risk, which may not exceed 20%. The part of the debt that optionally matures within the year shifts progressively from one year to another and is added to the amount of debt that will certainly mature within the year. This operation is not neutral for the amortizing schedule, which becomes less smooth. This gives however more transparency and is conform to a reality that is less likely but still possible. By including the LOBO issue and the short-term issues that are not guaranteed by firm commitments in the ratios that measure the refinancing risk, the 1-year ratio goes from 15.0% to 17.4% as at 31/12/2015 and the 5-year ratio goes from 46.1% to 48.4% as at 31/12/2015.

1/ Without any booking fee or reservation charge.

7. Principles of prudence, competitive bidding and efficiency of decision-making operations

By way of reminder, debt and cash management operations are excluded from the scope of the law of 2006 (ex-1993) on procurement contracts and certain contracts for works, supplies and services. This has been reconfirmed by the new law of 17 June 2016 on procurement contracts (MB 14 July 2016), which also reaffirms the principles of good management to be applied by the public authorities in the field of financial services: equality, non-discrimination, transparency, and proportionality. At FWB, the prices, rates, margins, etc. are systematically obtained after publication of a competitive call in a form adapted to the type of product, after being (in the vast majority of the cases and insofar as possible) subject to internal evaluation. Competitive bidding makes it possible to secure the best price, but it also enables a monitoring of the understanding of the product dealt with. Indeed, a sizeable price difference between the FWB and a counterparty may stem from a poor understanding of the transaction under way and can be corrected before the operation is concluded, thereby avoiding problems at a later stage.

C.2. Application of the management principles

C.2.1. The debt

The 2010 financing began very early on in the year, via a series of loans in EMTN format. A first issue at 2 years was concluded for an amount of €27.0 million with commencement date on 15 January. Between the last week of January and the first fortnight of February the EMTN programme was activated five times for a total amount of €300.0 million at 10 years with a maximum margin of 45.0bp in relation to the Euribor 6 months or the MidSwap. Taking account of the firm acquisition facilities obtained (without booking commission or non-utilisation fee), the Community financing was already guaranteed. This enabled the FWB to proceed exclusively via fairly aggressive reverse inquiries in terms of price for the rest of the year, without being forced to call on the market at a particular time and for specific amounts. Four operations in Schuldschein format for a total amount of €108.0 million were concluded for maturities of 15 and 20 years with starting dates on 15 April and 17 May 2010. The first six-month period of the year was closed via two issues in EMTN format, the first concluded at 50 years for an amount of €30.0 million, and the second for an amount of €15.0 million at nine years. Four other loans were entered into in the legal framework of the EMTN programme for a total amount of €175.0 million and maturities of seven, eight and 12 years, three of which were index-linked to the Euribor 3 months and were immediately swapped to the fixed rate, in order to benefit from the low level of the “long” rates. These issues had the following respective starting dates: 31 August, 1 September, 28 September and 22 October. It should be noted that four new counterparties took part either directly or as intermediaries in the Community financing, which dovetails with the aim of diversification of the FWB's sources of financing. At the beginning of the third quarter and the end of the fourth quarter of the year, the local treasury note programmes were activated on four occasions by means of new issues at six months renewable for a total amount of €212.7 million.

It will be recalled that loans coming to maturity in 2011 amounted to €485.4 million, with the net balance to be financed assessed at the beginning of the year at €375.0 million. Borrowing requirements for the year 2011 were thus initially put at slightly more than €860.0 million[1] i.e. an amount slightly less than that of 2010. During January and February 2011, €130.5 million was raised in EMTN format (four issues for a total amount of €30.5 million) and by means of two issues of €50.0 million each, effected in the local financing programmes in the form of roll-over of commercial paper at 6 months renewable every six months.

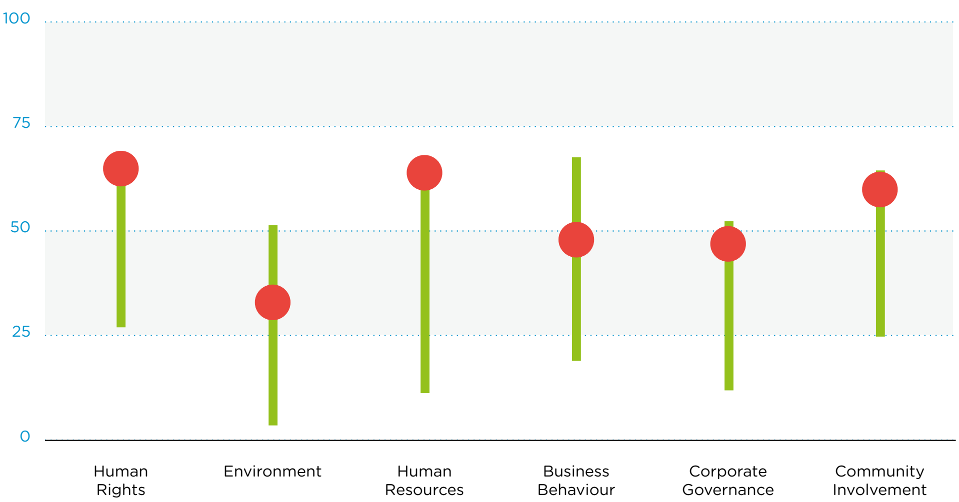
Furthermore, as a liability issuer, the Federation Wallonia-Brussels decided at the beginning of the year to supplement its financial rating awarded by Moody's with an extra-financial rating awarded by the company Vigeo – the latter company having been selected further to a public procurement contract launched in the second half of 2010. Vigeo carried out a CSR (Corporate Social Responsibility) analysis of the FWB and submitted its final report on 14 February 2011. This report awards the Federation one of the best ratings awarded by Vigeo[2], the second best at the time of the analysis of the sample group of 26 comparable local authorities that it had studied and/or audited in Germany, France, Italy and Spain, and thus for the first time, Belgium.

1/ For more details, see the document "Financing & Strategy for 2011" available on the website of the FCB's (FWB's) Budget and Finance Department at: http://www.budget-finances.cfwb.be; Heading "News" of 19 January 2011. Document also available in English.

2/ For more details, see the document "Result of the evaluation of the level of corporate social responsibility attained by the Ministry of the French Community as at 14 February 2011" available on the website of the FCB's (FWB's) Budget and Finance Department at: http://www.budget-finances.cfwb.be; Heading "News" of 21 March 2011.

FIGURE 9

Company's performance [●] comparison with its sector (min ▬ max)



This good extra-financial rating enables the Federation to extend its borrowing opportunities and broaden its investor base, since all the loans it contracts can henceforth be described as SRI (Socially Responsible Investment). At the beginning of the second quarter of 2011, the FWB therefore launched a consultation of the market for SRI financing, based in particular on the aforementioned extra-financial rating, either in the form of a benchmark syndicated issue or in the form of private issues. After analyses of the offers, the Joint Treasury Council suggested that the Community Budget and Finance Minister carry out (provided the market conditions so allowed) a syndicated benchmark issue of no more than €500.0 million, ideally at six years in EMTN format, the bookrunners being BNP Paribas, Fortis and Belfius. After the road shows had been staged, the issue was carried out on 9 June 2011 for a maturity of six years and for a total amount of €500.0 million subscribed by some forty investors – mainly Belgian and French but also Dutch, German and Swiss, who were attracted by the financial quality of the Federation's signature but also by its socially responsible character. In the aftermath of this benchmark transaction an issue of €35.0 million in EMTN format was carried out for a slightly longer maturity (6.5 years) with a starting date at the beginning of July 2011. The year's gross borrowing requirements were thereby for the most part covered in the first six months of 2011, and were closed by two Schuldschein concluded in September and October for long maturities of 18 years (€21.0 million) and 20 years (€27.0 million) respectively, and an issue of €30.0 million at three months effected in December in the legal framework of the EMTN programme. This latter issue was aimed at "pre-financing" expected revenue from the European Funds for the first quarter of 2012. Furthermore, this was the first time that the Federation had used its EMTN programme and not its local financing programmes for a very short term issue, the dealer having been appointed after appropriate competitive bidding. We can note that the loan of €27.0 million at 20 years concluded on 10 October 2011 in Schuldschein format is a Zero Coupon kept as is in the FWB's debt portfolio but processed for budgetary purposes at an annual rate (in 2012, in 2013, etc.) such that the budgetary repercussion of the financial charges is not concentrated on the repayment year in 2031.

The financing of the FWB's gross requirements for 2012 started on 4 January 2012 with the conclusion of a vanilla issue of €25.0 million at 20 years in Schuldschein format, followed on 17 February 2012 by the conclusion, also in this latter format, of MultiTranche financing for a total amount of €100.0 million (34.0 million of which delivered in 2012) after having met the investor on a one-to-one basis with the offering bank, and after a favourable opinion from the Joint Treasury Council accepted by the Budget and Finance Minister.
Following on from this, two private fixed-rate placements in EMTN format were effected respectively on 8 March (€65.0 million at 4.4 years) and 16 March (€100.0 million at 12.7 years); followed by two Inflation Linked issues concluded, after appropriate competitive bidding, on 20 March (€56.0 million at 10 years) and 11 April 2012 (€30.0 million also at 10 years). As a reminder, seeing as Community revenues are index-linked to the Belgian consumer price index, it was

not necessary, or even economically desirable, to swap the said issues, since the hedge with the revenues was natural and therefore perfect. The FWB's gross borrowing requirements for the year 2012 were therefore covered to the tune of more than 55% at this point, and this, of course[1] (!), without carrying out an upward revision of the margins in relation to the OLO.

Two other operations in Schuldschein format were concluded at the end of August and the end of November, each for an amount of €25.0 million but for longer maturities (tenor at 24 years) than those concluded under this format at the beginning of the year, making it possible to meet the interests of the FWB, the lenders and the offering bank.

Following a road show put on in Paris at the end of November 2012 in the form of one-to-one meetings, the EMTN programme was activated twice more: issue of €45.0 million at fixed rate for a maturity of 24 years, followed by an issue of €100.0 million arriving at maturity on 28/09/2034 (the coupon of which is index-linked to the CMS) concomitantly attached to a receiver of the CMS-indexed coupon and payer of fixed rate swap. It should be noted that this latter issue made it possible to pre-finance 20% of the gross borrowing requirements initially estimated for 2013 at half a billion euros. In return for this pre-financing, a line of €100.0 million due to come to maturity in January 2013 was repaid ahead of term.

Ultimately it was a total amount of €505.0 million[2] that was borrowed in 2012 for a weighted average maturity of almost 16 years with a weighted average margin of 22.2bp with respect to the OLO and 114.9bp with respect to the MidSwap; of which 83.0% at fixed rate after any IRS (tax deduction at source) and 78.4% in EMTN format (21.6% in Schuldschein format).

As announced on the website of the FWB's Budget and Finance Department[3] in the document "Financing Needs and Strategy for 2013" (also published in English), the gross borrowing requirements for the year 2013 were initially estimated at €428.1 million, €199.7 million of which accounted for by loans in theory coming to maturity during the course of the year, including the Lobo issue of €75.0 million concluded in 2008[4] at the rate of 3.62% with the possibility of continuation until 2058. As has been customary in recent years, the requirements have been met at a sustained rate, as evidenced by the table below, and following the adjustment, it is a total amount of more than half a billion euros that was raised, mainly in EMTN format:

1/ It should be recalled that the FWB's risk is the federal risk (see in this respect in particular the successive publications by Moody's), plus a lower liquidity premium.

2/ To be absolutely strict, this figure should be supplemented by €1.3 million relating to the growth of the Zero Coupon loan concluded in October 2011.

3/ See at: http://www.budget-finances.cfwb.be/; heading "News".

4/ See 2012 Annual Report, pp. 51-52; on the website http://www.budgetfinances.cfwb.be/index.php?id=6100.

5/ After any derivative.

Format	Transaction	Start date	End date	Amount	Type of rate[5]
EMTN	31/01/2013	20/02/2013	20/02/2023	20,000,000.00	Inflation Linked
EMTN Tap	11/02/2013	18/02/2013	10/12/2024	55,191,313.00	Fixed Rate
EMTN	12/02/2013	01/03/2013	02/03/2043	30,000,000.00	Fixed Rate
EMTN	22/02/2013	28/02/2013	28/12/2022	21,250,000.00	Fixed Rate
EMTN	04/03/2013	12/03/2013	12/03/2053	24,000,000.00	Fixed Rate
EMTN	25/03/2013	28/03/2013	28/03/2017	25,000,000.00	Euribor
EMTN	07/05/2013	17/05/2013	17/05/2024	10,000,000.00	Fixed Rate

EMTN	13/05/2013	21/05/2013	21/05/2040	50,000,000.00	Fixed Rate
EMTN	15/05/2013	27/05/2013	27/05/2033	13,000,000.00	Fixed Rate
EMTN	16/05/2013	24/05/2013	24/05/2033	100,000,000.00	OLO 8Yr
EMTN Tap	12/06/2013	19/06/2013	17/05/2024	10,000,000.00	Fixed Rate
EMTN 30np20	21/06/2013	28/06/2013	29/06/2033	100,000,000.00	Fixed Rate
Schuldschein	4/07/2013	19/07/2013	19/08/2033	10,500,000.00	Fixed Rate
EMTN	26/08/2013	10/09/2013	19/11/2029	35,000,000.00	Fixed Rate

Total amount financed: €503.9 million
Weighted average maturity: 19.1 years
Weighted average margin compared to OLO: 20.5bp
Weighted average margin compared to MidSwap: 81.4bp
Part financed at fixed rate after possible IRS : 71.2%
Part financed under EMTN format: 97.9%
Part financed under Schuldschein format: 2.1%

In 2014 it was again a total amount of more than half a billion euros that had to be raised on the markets in order to meet the redemptions and the requirements arising from the budgetary imbalance; through seven issues under EMTN and some ten others in Schuldschein format on each occasion for long or very long maturities, as can be seen in the summary table below:

Format	Transaction	Start date	End date	Amount	Type of rate
EMTN	13/01/2014	22/01/2014	22/01/2024	20,000,000.00	Fixed Rate after hedging
EMTN	5/02/2014	3/03/2014	3/03/2064	32,000,000.00	Fixed Rate
EMTN	27/03/2014	7/04/2014	7/04/2044	25,000,000.00	Fixed Rate
EMTN	15/04/2014	28/04/2014	22/06/2023	30,000,000.00	Fixed Rate
EMTN	24/04/2014	7/05/2014	7/05/2029	10,000,000.00	Fixed Rate
EMTN	28/04/2014	12/05/2014	12/05/2054	35,000,000.00	Fixed Rate
EMTN	16/09/2014	23/09/2014	15/05/2025	25,000,000.00	Euribor
Schuldschein 40np20	27/01/2014	10/02/2014	10/02/2034	100,000,000.00	Fixed Rate
Schuldschein	1/04/2014	10/04/2014	10/04/2036	10,000,000.00	Fixed Rate
Schuldschein	6/05/2014	13/05/2014	13/05/2039	28,500,000.00	Fixed Rate
Schuldschein	16/09/2014	25/09/2014	25/09/2034	40,000,000.00	Fixed Rate
Schuldschein	16/09/2014	24/09/2014	24/09/2029	10,000,000.00	Fixed Rate
Schuldschein	16/09/2014	24/09/2014	24/09/2029	35,000,000.00	Euribor
Schuldschein	16/10/2014	30/10/2014	30/10/2034	15,000,000.00	Fixed Rate
Schuldschein	17/10/2014	24/10/2014	24/10/2035	20,000,000.00	Fixed Rate
Schuldschein	2/12/2014	9/12/2014	26/06/2040	40,000,000.00	Fixed Rate
Schuldschein	2/12/2014	12/12/2014	12/12/2025	45,000,000.00	Euribor

Total amount financed : €520.5 million
Weighted average maturity : 21.7 ans
Weighted average margin compared to OLO : 16.9bp
Weighted average margin compared to MidSwap : 60.4bp
Part financed at fixed rate after possible IRS : 79.8%
Part financed under EMTN format : 34.0%
Part financed under Schuldschein format : 66.0%

Like in 2014, it is an amount slightly above € 500.0 million that had to be raised in 2015. This amount was raised via 16 issues: 4 issues under Schuldschein format and 11 issues under EMTN programme. One of the issues (maturing in 2036) is composed of 2 tranches: the first tranche was contracted on 22 October 2015 for an amount of €30.0 million; the second tranche (tap) was added on 17 November 2015 for an amount of €20.0 million.

The table below gives the details of the long-term issues:

Format	Transaction	Start date	End date	Amount	Type of rate
EMTN	30/01/2015	13/02/2015	13/02/2045	20,000,000.00	Fixed Rate
EMTN	08/05/2015	22/05/2015	22/05/2019	79,500,000.00	Fixed Rate
EMTN	10/06/2015	17/06/2015	17/06/2041	31,000,000.00	Fixed Rate
EMTN	07/07/2015	13/07/2015	23/01/2045	35,000,000.00	Fixed Rate
EMTN	16/10/2015	28/10/2015	28/10/2019	52,000,000.00	Fixed Rate
EMTN	22/10/2015	29/10/2015	29/04/2036	30,000,000.00	Fixed Rate
EMTN	27/10/2015	03/11/2015	03/11/2025	10,000,000.00	Euribor
EMTN	27/10/2015	03/11/2015	03/11/2022	10,000,000.00	Fixed Rate
EMTN	28/10/2015	10/11/2015	10/11/2020	32,000,000.00	Fixed Rate
EMTN	28/10/2015	10/11/2015	10/11/2021	2,000,000.00	Fixed Rate
EMTN	17/11/2015	25/11/2015	29/04/2036	20,000,000.00	Fixed Rate
EMTN	16/12/2015	23/12/2015	23/12/2037	30,000,000.00	Fixed Rate
Schuldschein	24/06/2015	02/07/2015	09/12/2043	40,000,000.00	Fixed Rate
Schuldschein	02/07/2015	10/07/2015	10/07/2045	10,000,000.00	Fixed Rate
Schuldschein	16/10/2015	28/10/2015	28/10/2030	66,000,000.00	Fixed Rate
Schuldschein	20/10/2015	29/10/2015	29/10/2036	15,000,000.00	Fixed Rate

Total amount financed: € 482.5 million
Weighted average maturity: 16.0 years
Weighted average margin compared to OLO: 25.1bp
Weighted average margin compared to MidSwap: 27.1bp
Part financed at fixed rate after possible IRS : 97.9%
Part financed under EMTN format: 72.9%
Part financed under Schuldschein format: 27.1%

The financing of the year 2015 has been finalized by the reactivation of a quarterly short-term commercial paper / EMTN programme for an amount of €100.0 million granted to a French bank after competitive bidding. This French bank could not act in one of the local programmes of the FWB and decided to act on the EMTN programme thanks to the "one-day-dealer" clause. The issue was concluded at a rate of -0.13%, equivalent to E3M-3.9 basis points.

Finally, the Aa3/P1 ratings were again confirmed by the rating agency Moody's in the Credit Opinion of 8 April 2016 and in the Analysis of 6 August 2014 (an update will be published soon); the rating confirms on the one hand the close financial ties between the FWB and the federal State (see chapter III, point C.1.3) and on the other hand, the credit quality of the FWB based on its sound financial performance, the strict and continued observance of the commitments undertaken in the budgetary cooperation agreements (CSF), the low level of its debt burden, and its active and sophisticated financial management together with its wide-ranging and flexible access to sources of financing.

The development over time of the FWB's rating since its debut rating in April 2003 can be presented as follows:

- first rating: Aa1/P1- outlook stable;
- 15 December 2006: Aa1/P1- outlook positive [for the federal State on 28 March 2006];
- 15 January 2009: Aa1/P1- outlook stable [for the federal State on 13 January 2009];
- 10 October 2011: Aa1/P1- outlook under review [for the federal State on 7 October 2011];
- 20 December 2011: Aa3/P1- outlook negative [for the federal State on 16 December 2011];
- 13 March 2014: Aa3/P1- outlook stable [for the federal State on 7 March 2014].

It thus appears that every time the federal State's rating changes, the FWB's rating changes as well, in the same direction and by the same proportion. This clearly serves to confirm the equation: FWB Risk = Federal Risk minus liquidity.

C.2.2. Cash

Up until 31 December 2009, the interest rate conditions applied to the Federation Wallonia-Brussels current account by its cashier were based on the Euribor 1 month (base 365) adjusted by an upward margin for the debtor rate and a downward margin for the creditor rate. These rates were subjected to a quarterly arithmetical average and were compared, with a view to carrying out arbitrage, with those of investments or issues on the spot market. A new Cashier Protocol, concluded after due and proper consultation of the market and signed on 17 November 2009, entered into force on 1 January 2010, pursuant to which the reference rate became the Euribor 1 week (base 360) and was subjected to a monthly arithmetical average. Since 1 January 2014 and the additional clause of 17 December 2013, if the reference rate has remained unchanged, i.e. the monthly arithmetical average of the Euribor 1 week (base 360), the spread attached to the debit in account has been reduced by 3.0bp and that relating to the credit in account increased by 5.0bp, accordingly improving the conditions in account applied to the Community, all zero-floored. We can point out that the debit in account authorisation is maintained at €2,500.0 million without booking commission or non-utilisation fee, and its validity is extended to 31 December 2018.

Management of the deficits and surpluses is decided on in the light of the arbitrage principle "conditions in account vs. spot market conditions" and is conducted for the former by means of the short-term commercial paper programmes and for the latter through investments in State paper, the latter, it is recalled, being non-deducted.

The management of the variances between the commercial paper rates, the current account creditor and debtor rates, and the rate applicable to investment in federal State or federated entity treasury bonds has made it possible to appreciably reduce the cash financing cost.

* Management of deficits

For issues carried out on the commercial paper programmes, the Federation benefits from conditions allowing it to finance itself from the day to the year, as a rule at levels close to the interbank rate (Euribor) when market conditions so permit. This explains why it is generally more attractive for the FWB to finance itself in the short term by means of commercial paper issues than through a debit in current account.

Thus, in 2011 twenty-two issues had been carried through for a total amount of €1,979.8 million at a weighted average rate of 1.12% for a weighted average maturity of 11.5 days, for the most part (93.4%) effected during the first six months of the year. By way of a reminder, the €30.0 million issue carried out in December 2011 in EMTN format was concluded not for cash needs in the strict sense of the term, but by way of "pre-financing" of revenues from the European Funds that were expected at the beginning of 2012. On the other hand, in 2012, given the relatively favourable cash situation, only seven issues for a total amount of €930.0 million were carried out, mainly in the second quarter, at a weighted average rate of 0.26% and a weighted average maturity of 6.3 days. During 2013, and solely in the first six months of the year, a total amount of €1,149.0 million was raised by means of 15 issues concluded at 6.1 days and at 0.18% (weighted average figures). In 2014, a total amount of €2,246.0 million was borrowed in the period from March to August, via 22 issues with a weighted average maturity of 9.1 days and at a weighted average rate of 0.23%.

In 2015, one can note that the first 8 issues, concluded during the first 4 months of the year, have been carried out at positive rates ranging from 0.020% to 0.106%. The 11 issues concluded in the second part of the year have been carried out at negative or zero rates ranging from -0.05% to 0%. The conditions at the end of year were such that the FWB could not conclude short-term issues during the months of November and December 2015.

FIGURE 10
Monthly issues of commercial paper in 2014

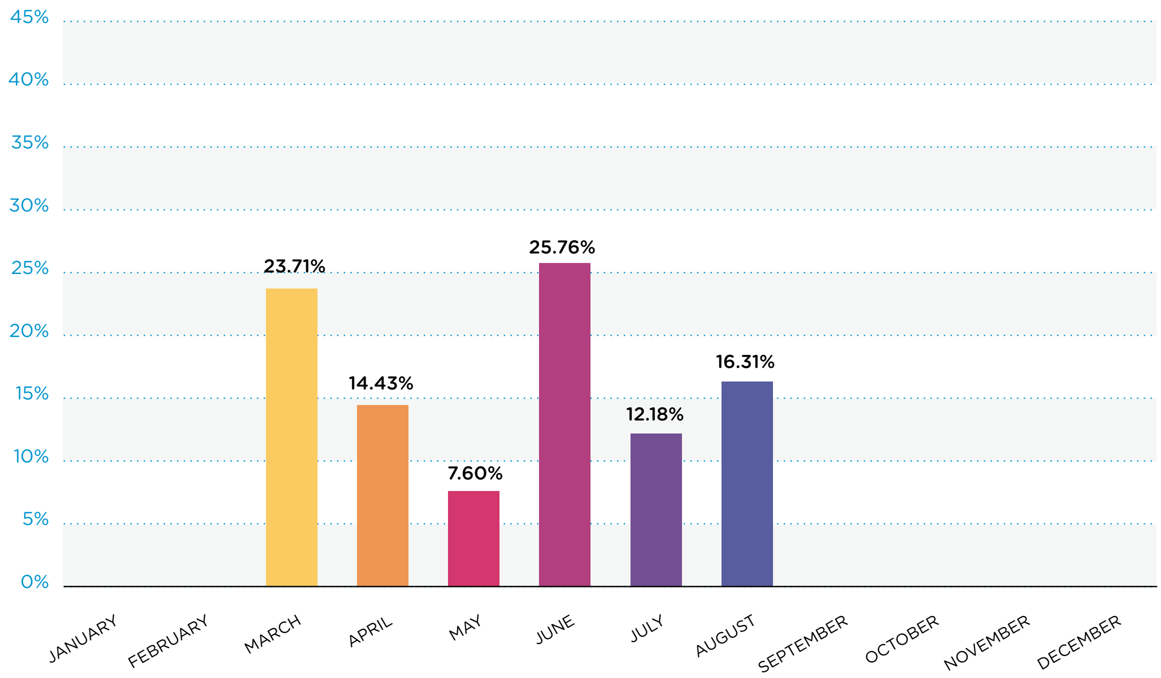
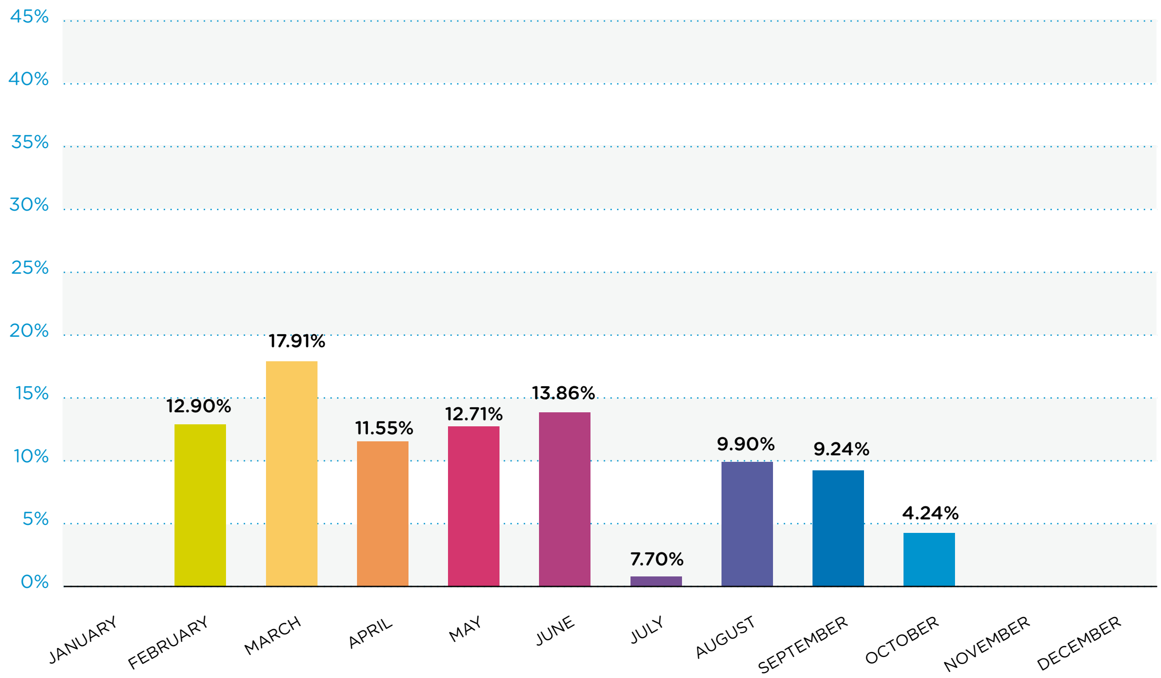


FIGURE 11
Monthly issues of commercial paper in 2015



The table below presents a summary overview of Treasury note issues (including any fixed term advances) concluded in recent years:

Year	Number	Average amount in € million	Weighted average rate	Weighted average maturity	Total amount in € million
2005	38	44.05	2.05%	14.2 days	1,674.0
2006	84	30.62	2.74%	14.6 days	2,572.4
2007	86	39.54	3.88%	13.2 days	3,400.4
2008	81	39.03	4.04%	10.1 days	3,161.6
2009	39	61.61	0.97%	8.8 days	2,403.0
2010	7	87.43	0.51%	8.3 days	612.0
2011	22	89.99	1.12%	11.5 days	1,979.8
2012	7	132.86	0.26%	6.3 days	930.0
2013	15	76.6	0.18%	6.1 days	1,149.0
2014	22	111.18	0.23%	9.1 days	2,246.0
2015	19	136.68	0.02%	3.4 days	2,597.0

* Management of surpluses

As explained above, the FWB is exempted from paying an advance levy on income that is derived from treasury bonds issued by the Belgian federal State or the federated entities. For this reason, when cash surplus is available, it is primarily in such type of papers that the FWB invests available liquidity.

The quarterly balance of the current account, when it is positive, does not however benefit from such exemption. Income generated by the current account is subject to an advance levy of 27% since 01/01/2016[1] (this increase of the levy is part of the "tax-shift" decided by the federal government). Also, subject to market appetite, any credit balance is systematically invested with the non-discounted product as long as the interest that can be obtained by such an investment is not lower than the interest resulting from the current account.

The table below presents a summary breakdown of the investments (including any fixed term deposits) that have been made in the last few years:

Year	Number	Average amounts in € million	Weighted average rate	Weighted average maturity	Total amount in € million
2005	35	100.5	2.0%	5.0 days	3,517.0
2006	6	98.3	2.4%	4.4 days	589.6
2007	4	50.8	3.9%	6.1 days	203.0
2008	12	53.3	4.2%	8.6 days	640.0
2009	16	36.6	0.4%	27.0 days	586.0
2010	10	31.0	0.6%	27.7 days	310.2
2011	28	29.4	1.3%	29.8 days	821.9
2012	9	30.1	0.4%	28.3 days	271.3
2013	24	41.2	0.2%	26.5 days	988.3
2014	0	0.0	0.0	0.0	0.0
2015	0	0.0	0.0	0.0	0.0

1/ The evolution of the levy has been the following: 15% until 31/12/2011; 21% until 31/12/2012; 25% until 31/12/2015; 27% as from 01/01/2016.

The investments made in 2013 were concluded exclusively during the second half of the year with Belgian public entities (regions and cities for the year under review) and fixed term deposits with the cashier for a total amount of nearly a billion euros at 26.5 days, the market conditions not allowing more to be made.
Given the market conditions, the FWB was not able to make any investments in 2014 and 2015.

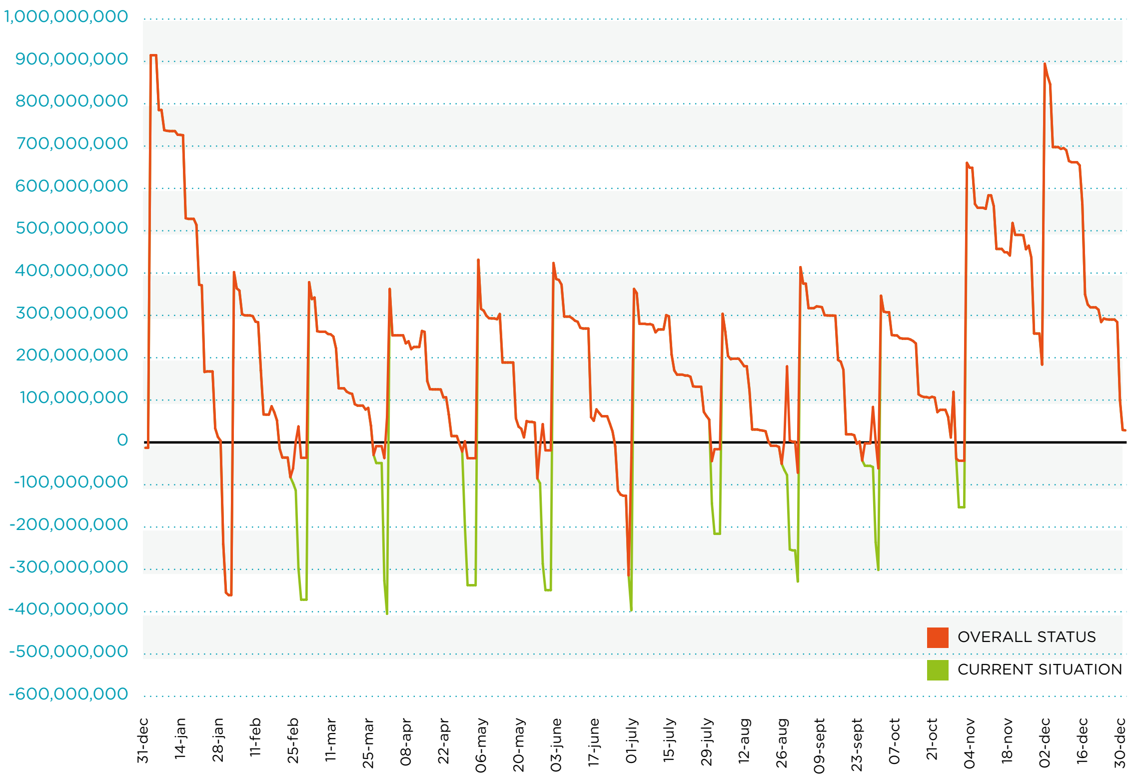
* Cash cycle

In the context of active cash management, it is interesting to isolate the annual cash cycle. This enables an analysis to be made of the evolution of the overall daily statement of all the accounts included in the amalgamation and to determine divergences in the rates of collection of revenues and disbursement of expenditures.

The prevailing tone of the cash curve is the result of the fact that the French Community's major expenses are for the most part incurred at the end of the month, whilst the bulk of its revenues are collected at the beginning of the corresponding period.

The following figure relating to the year 2015 portrays on the one hand, under the term "overall statement", the cash situation stemming from the amalgamation of all the French Community's accounts, including

FIGURE 12
Cash cycle for the year 2015



the different management operations (cash investments and loans), and on the other hand, under the term "real situation", the adjusted cash cycle taking into account very short term investments and loans.

An examination of this figure reveals regular movements, although these are more volatile in the first six-month period, with movements in the second half of the year being of a more regular appearance. This distortion chiefly stems from the gap between the moment when debt redemptions are paid and the moment when they are re-borrowed.

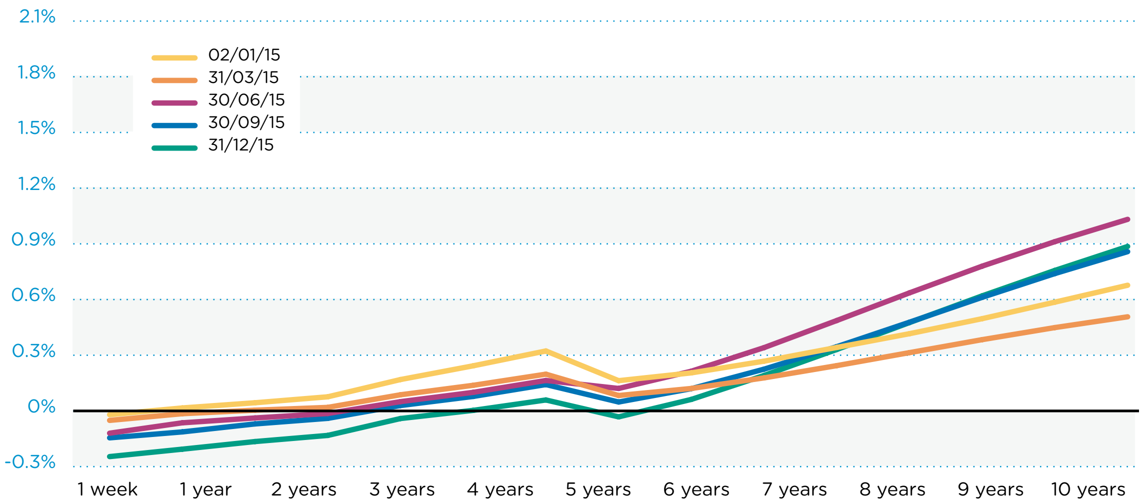
In 2005 the repayment and refinancing of the redemptions was practically closed in May; in 2006, whilst 91% of redemptions took place during the first six-month period of the year, their refinancing was effected to the tune of 87% as at mid-February. Cash movement volatility was therefore less in the second half of the year in 2005 and 2006. Owing to the relatively low amount thereof, the refinancing of redemptions in 2007 did not have any significant effect on the general tone of the graph. In 2009, as in 2008, the refinancing of redemptions was carried out early on in the year, so that cash movement volatility was reduced accordingly as a result. It should be noted that the second and third quarters were characterised by the extension of the due date of the professional withholding tax from one to four months. Since the professional withholding tax represents a figure of roughly €100.0 million per month in the Federation Wallonia-Brussels, this deferment of the due date entailed not inconsiderable movements. In 2010, all the redemption re-borrowings were carried out in the first two quarters of the year, with the result that the Community's traditional cash movement, as mentioned above, was repeated. In 2011, on the other hand, the cash pattern was influenced by the conclusion of the benchmark loan, which made it possible to refinance in one go those redemptions carried out before and after the starting date of the €500.0 million issue. Conversely, in 2012, the financing of the FWB'S gross requirements (redemption payments and budgetary balance) started very early on in the year[1]; the debits in account were thus reduced, as was cash movement volatility. This trend was accentuated in 2013: gross borrowing requirements were totally covered by May/June. On 18 March 2014, the FWB paid off its inaugural issue of €300.0 million which had been concluded in 2004: the curve was in a fairly marked diminishing phase up until that date, all the more so since only two issues for a total amount of €52.0 million had been issued in this period. The graph then very quickly initiates a phase of accelerated growth, since at the end of April / beginning of May 2014 seven new loans representing a total amount of €238.5 million were entered into, thereby covering all the year's requirements linked to the refinancing of matured loans.

In 2015, the evolution of the "overall statement" confirms the global cycle: a decrease in the first semester and an increase in the second semester accompanied by monthly movements (in general a credit position in the first 2 weeks of the month and a debit position in the second half of the month).

1/ More than 55% of these gross requirements were covered in the first quarter of the year, seeing as the loans coming to maturity were mainly concentrated in March/April 2012.

C.3. Interest rate curve in 2015

FIGURE 13
Evolution of the Euribor and IRS interest rate curves in 2015 (source: Reuters & Bloomberg)



Despite the strong decline of interest rates in 2014, the (Euribor – IRS) interest rate curve continued to decrease in 2015, in particular on the short-term part of the curve (0 to 4 years) leading to negative interest rates for maturities up to 2 years. Overall, rates fell by about 20bp over the year. This movement was accompanied by a steepening of the curve, leading to long-term rates (7 years and more) showing higher levels than at end 2014: rates for maturities 7-10 years rose by about 21 bp.

The figure depicting the movement of the (Euribor – IRS) interest rates curve reveals different phases in the evolution of interest rates in 2015. The first phase coincide with the first semester of 2015 where the rates continued to decline like they did in 2014: a downward parallel shift of the curve with about 11.5bp. The second phase is a steepening of the curve and occurred between the first and the second semesters of the year. Under this second phase, the 2y-10y spread increased from 47bp as at 31/03/2015 to 102bp as at 30/06/2015. Finally, a third and last phase occurred in the second semester of the year. In this period, the curve lost on average 15bp compared to 30/06/2015.

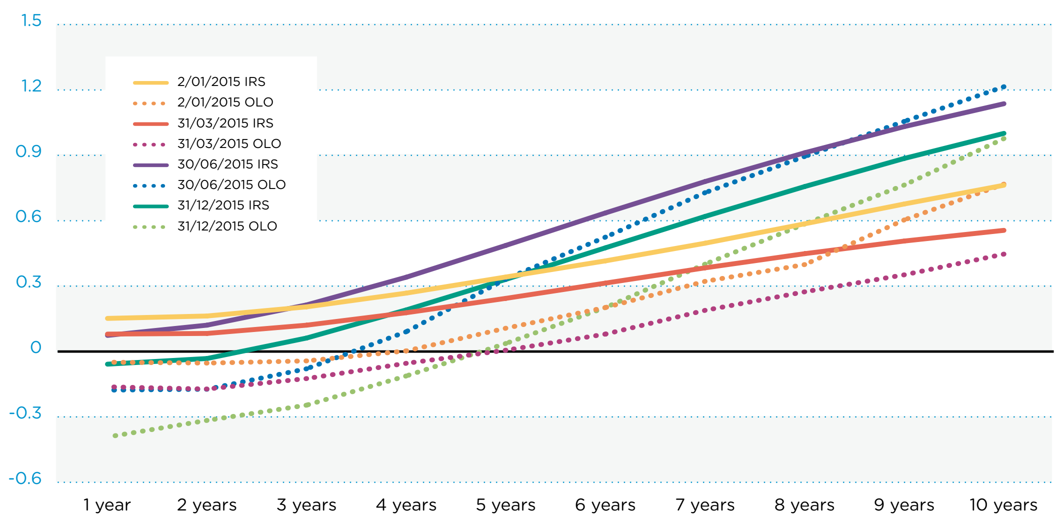
Both the IRS 1-year rate and the IRS 2-year rate declined and reached negative levels: the IRS 1-year stood at -0.058% at the end of 2015 (compared to 0.152% at the beginning of the year), and the IRS 2-year rate ended the year at -0.032% as opposed to 0.163% at the beginning of the period.

One can remember the adjustment at a historically low level of 0.05% made by the ECB on its refinancing rate in September 2014. After that adjustment, the European Central Bank left its refinancing rate unchanged during 2015. However, as from January 2015, the ECB announced a quantitative easing programme to deal with the risk of a prolonged period of low inflation.

Like in 2014, the Euribor rates decreased in 2015, leading to negative rates for maturities below 9 months. The Euribor 1-month rate fell throughout the year, dropping from 0.016% in January to -0.246% at the end of December. The Euribor 3-month rate followed the same trend and lost more than 20bp to stand at a level close to -0.132% at the end of the year. The Euribor 6-month rate fell from 0.169% in January to -0.041% in December. The Euribor 9-month and 12-month rates followed the same trend, ending up respectively at 0.003% and 0.059% as at 31 December, compared with 0.243% and 0.323% at the beginning of the year.

Up until its 2009 edition relating to the 2008 figures, the Report on the Debt of the Federation Wallonia-Brussels confined itself to presenting an analysis of the rates curve based on the movements of the Euribor and IRS. This analysis was used to gain an understanding of the trends characterising the rates that were at that time the reference rates for Community financing. Since 2009, the evolution of the OLO – IRS spread is such that the analysis of the rates curve enabling a decision to be taken as to the debt positioning in terms of fixed rate / floating rate or duration, is also linked to the evolution of a Euribor – OLO curve adjusted by the spread existing between OLO and WFB issuance.

FIGURE 14
Evolution of the IRS and OLO interest rate curves in 2015 (source: Reuters & Bloomberg)



As regards the general movement shown by the OLO curve throughout 2015, the trend was, in common with the IRS curve, generally a downward one. Like for the IRS curve, we can distinguish three phases of downward parallel shift or steepening. The first phase happened in the first semester of 2015 where the rates continued to decline like they did in 2014: a downward parallel shift of the curve with about 14bp. The second phase is a steepening of the curve and occurred between the first and the second semesters of the year. Under this second phase, the 2y-10y spread increased from 61bp as at 31/03/2015 to 138bp as at 30/06/2015. Finally, a third and last phase occurred in the second semester of the year. In this period, the curve lost on average 25bp compared to 30/06/2015.

Like in 2014, the OLO curve tended to evolve below the IRS curve in 2015. While the IRS/OLO spread was negative for the maturities between 1 and 9 years in the beginning of the year, it was also negative for the maturity of 10 years as at 31/12/2015.

One can also note that the IRS/OLO spreads increased (in absolute value) during the year. The 2 year IRS/OLO spread went from -20bp to -30bp as at 31/12/2015. For the medium-term maturities, the 5 year IRS/OLO spread went from -25bp at the beginning of the year to -29bp at the end of December 2015. The 10 year IRS/OLO spread, which was still positive in 2014, decreased during the year to close at a level of -2bp at the end of the year.

Given the evolution of rates in 2015, the FWB raised the fixed part of the fixed/floating ratio (ratio used to measure and manage the interest rate risk) from 89.1% at the end of 2014 to 89.3% at the end of 2015. This management action is in line with the objective to maintain the floating part of the ratio below 15% of the stock of debt, as decided by the Budget and Finance Minister following a proposal made by the Treasury Council.

C.4. Debt management tools

The Debt Management Department uses a number of measuring instruments designed to appraise the level of risk of its debt portfolio.

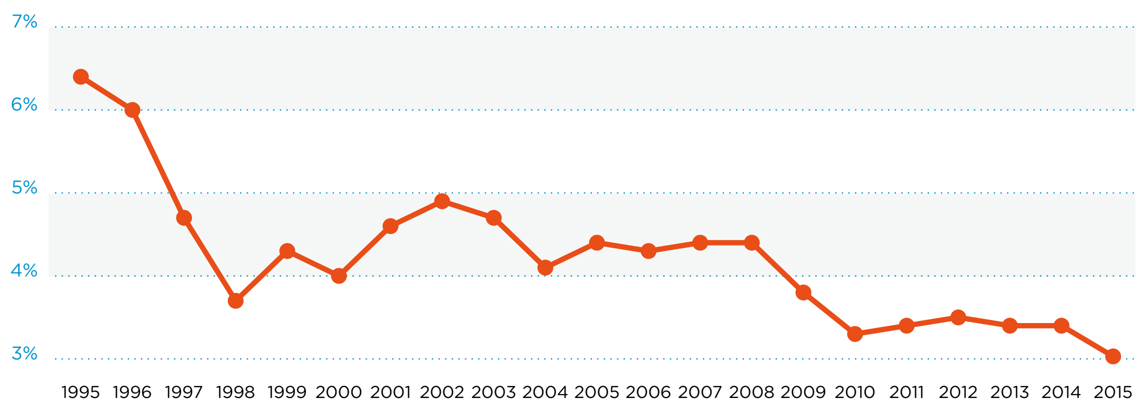
Since the year 2000, the usual parameters of "average life term"[1] and "implicit rate" have been supplemented by those of "duration" and "internal rate of return".

The results on 31 December of the years 2013, 2014 and 2015 were as follows:
* in terms of maturities
  - "residual term in liquidity": 8.1 years / 9.0 years / 9.1 years
  - "residual term in rate": 8.6 years / 9.3 years / 9.2 years
  - "duration": 6.4 years / 7.0 years / 7.0 years
* in terms of rates
  - the evolution of the "implicit rate" (i.e. the amount of interest paid every year related to the stock of the corresponding debt on 31 December of the year) during the period from 1996 to 2015 is described in the following tables and graphs:

Year	1996	1997	1998	1999	2000
Implied rate	6.0%	4.7%	3.7%	4.3%	4.0%
Year	**2001**	**2002**	**2003**	**2004**	**2005**
Implied rate	4.6%	4.9%	4.9%	4.1%	4.4%
Year	**2006**	**2007**	**2008**	**2009**	**2010**
Implied rate	4.3%	4.4%	4.4%	3.8%	3.3%
Year	**2011**	**2012**	**2013**	**2014**	**2015**
Implied rate	3.4%	3.5%	3.4%	3.4%	3.0%

1/ To be more precise, this concerns the indicators of "residual term in liquidity" and "residual term in rate".

FIGURE 15
Evolution of the implicit rate, 1995 – 2015



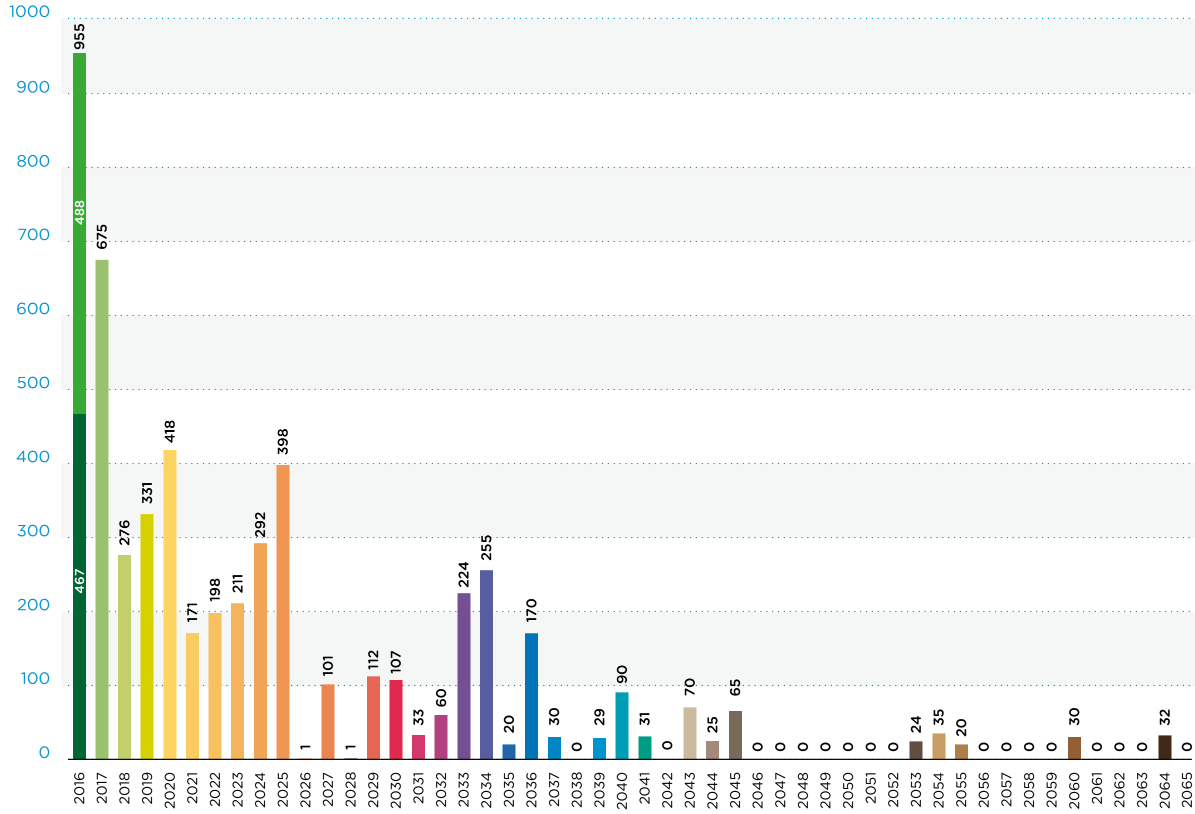
1/ It should be noted that, in the representation shown above, and so as not to overload the graph, the hypothesis is taken that the maturity of the Lobo is in 2016, whilst the possible maturity years are 2016, 2017,..., or 2058. Other assumptions are taken: given that the monthly renewals of commercial paper are each guaranteed by an individual firm commitment, the maturity chosen corresponds to that of the firm commitment (2018); the maturity of the quarterly and semi-annually renewals of treasury notes or short-term EMTN issues is assumed to be the year "n" (here: 2016) whilst they will most likely be extended. As a reminder, the LOBO and the quarterly and semi-annually renewals are classified as "optional amortization" in the year "n". In previous reports, the maturity of the quarterly and semi-annually renewals was in line with the management intention or corresponded to the maturity of the first call if the issue was underlying a traditional or cancellable swap respectively.

The movement in the implicit rate from one year to the next results from the level of interest rates and curve rate movements enabling a dynamic management of the debt, but also from the level of the debt stock. Since the majority of the Federation Wallonia-Brussels new issues are ultimately expressed as a fixed rate, the implicit rate measured during the budget year (n) makes reference, for that which concerns them, to operations concluded during the financial year (n-1). These results in terms of rates are thus to be linked to the duration and average term reducing the liquidity and refinancing risk, as well as to the decision to position the fixed/floating ratio mainly at a fixed rate, such that the FWB's debt not only is not very costly, but above all is of a low-risk character in terms of rates and in terms of refinancing.
The "internal rate of return" corresponds roughly and at constant nominal debt stock, i.e. up until 2008, to the implicit rate; this is no longer observed for the subsequent years Thus, in 2009 and 2010 the internal rate of return was measured at 4.2% and 3.8% respectively; in 2011, it rose slightly to 3.9%, only to fall back to 3.8% again in 2012, to 3.6% in 2013, to 3.4% in 2014, and to 3.2% in 2015.

C.5. Repayment schedule

Another of the Federation Wallonia-Brussels objectives as regards the debt is to "smooth out" debt redemptions as far as possible, in order to obviate any liquidity shortages on the market. The aim in particular is to avoid refinancing peaks[1].

FIGURE 16
Redemptions as at 31/12/2015 (in € million)



CHAPTER 4

The FWB's debt in the framework of the European concept of consolidated gross debt (Maastricht concept)

For clarity and transparency purposes and also to give the reader comprehensive information, this section of the report also covers debt issued by entities (legal entities) distinct from the FWB but falling within the concept of consolidated gross debt (Maastricht concept) of the FWB's consolidation sphere.

Nonetheless, it should be pointed out that it will not be possible to publish detailed information on the consolidated gross debt (Maastricht concept) of the FWB's consolidation sphere in this report. Indeed, the ICN has asked the FWB only to publish those data that the FWB itself has forwarded directly to the ICN, for which the FWB is responsible, and which have not been processed in any way whatsoever by it.

The FWB is therefore not responsible for the totality of the debt included in the concept of consolidated gross debt (Maastricht concept) of the FWB's consolidation sphere. To avoid any confusion, it is therefore a good idea to clarify the difference between the FWB's total consolidated Community debt presented in detail in this report, and the consolidated gross debt (Maastricht concept) of the FWB's consolidation sphere.

The difference between the two concepts stems from the inclusion in the concept of consolidated gross debt (Maastricht concept) of the FWB's consolidation sphere, of debt issued and managed under the responsibility, for those holding it, of companies consolidated with the FWB in the public administrations sector. On the basis of the list published by the National Bank on 17 April 2014 and supplemented on 30 September 2014, this concerns the following companies (source: http://www.nbb.be/):

COMMUNAUTE FRANÇAISE

Organes législatifs
S.1312 Parlement de la Communauté française

Départements ministériels
S.1312 Ministère de la Communauté française

Établissements scientifiques
S.1312 Académie royale des sciences, des lettres et des beaux-arts de Belgique
S.1312 Académie royale de médecine de Belgique
S.1312 Académie royale de langue et de littérature françaises

Organismes d'intérêt public (catégorie A)
S.1312 Fonds pour l'égalisation des budgets et pour le désendettement de la Communauté française

Organismes d'intérêt public (catégorie B)
S.1312 Office de la naissance et de l'enfance ONE
S.11001 Centre Hospitalier Universitaire de Liège
S.1312 Entreprise publique des Technologies nouvelles de l'Information et de la Communication de la Communauté française ETNIC
S.1312 Institut de formation en cours de carrière
S.1312 Fonds Écureuil
S.1312 Académie de Recherche et d'Enseignement supérieur ARES

Non classés dans la loi du 16 mars 1954
S.1312 ASBL la médiathèque de la Communauté française de Belgique
S.1312 Radiotélévision belge de la Communauté française RTBF
S.1312 Conseil interuniversitaire de la Communauté française CIUF
S.1312 Conseil supérieur de l'audiovisuel
S.1312 SONUMA
S.1312 Société de gestion du bois Saint-Jean
S.1312 Theodorus I

Institutions universitaires (y compris leur patrimoine propre) et hautes écoles
- Universités de la Communauté française
S.1312 Université de Liège ULG
S.1312 Université de Mons-Hainaut UMH
S.1312 Patrimoine de l'Université de Mons-Hainaut
S.1312 Patrimoine de la Faculté des sciences agronomiques de la Communauté française à Gembloux
S.1312 Faculté des sciences agronomiques de la Communauté française à Gembloux

- Universités libres
S.1312 Université libre de Bruxelles ULB
S.1312 Université catholique de Louvain UCL
S.1312 Facultés universitaires Notre-Dame de la paix Namur FUNDP
S.1312 Faculté universitaire catholique de Mons FUCAM
S.1312 Faculté polytechnique de Mons FPM
S.1312 Facultés universitaires Saint-Louis Bruxelles FUSL
S.1312 Faculté de Théologie Protestante de Bruxelles FUTP
S.1312 Fondation universitaire luxembourgeoise FUL

- Académies universitaires

S.1312	Académie Universitaire Wallonie-Bruxelles
S.1312	Académie Universitaire Louvain
S.1312	Académie Universitaire Wallonie-Europe

- Hautes écoles

S.1312	HE Leonard De Vinci (y compris Catégorie Technique)
S.1312	HE Galilée
S.1312	HE Libre Ilya Prigogine
S.1312	HE Louvain en Hainaut
S.1312	HE Libre Mosane
S.1312	Ecole supérieure des Arts Saint-Luc de Bruxelles
S.1312	HE de Namur-Liège-Luxembourg
S.1312	École Pratique des Hautes Etudes Commerciales EPHEC
S.1312	Institut Supérieur de Musique et de Pédagogie IMEP
S.1312	Institut des Arts de Diffusion IAD
S.1312	École supérieur des Arts Institut Saint-Luc à Tournai
S.1312	Patrimoine de la Haute école Robert Schuman
S.1312	École nationale supérieure des Arts Visuels de la Cambre
S.1312	École supérieure des Arts (Ecole de recherche graphique)
S.1312	École supérieure des Arts Saint-Luc de Liège
S.1312	Institut National supérieur des Arts du Spectacle INSAS
S.1312	HE Groupe ICHEC – ISC St LOUIS – ISFSC
S.1312	HE de la Communauté française Charlemagne
S.1312	Patrimoine de la Haute école Charlemagne

Services à comptabilité autonome

S.1312	Conservatoire royal de musique de Liège
S.1312	Conservatoire royal de musique de Mons
S.1312	Conservatoire royal de musique de Bruxelles
S.1312	Centre du cinéma et de l'audiovisuel
S.1312	Services de la Communauté à gestion séparée de l'enseignement de la Communauté
S.1312	Services de la Communauté à gestion séparée pour les services de promotion de la santé à l'école
S.1312	Fonds des bâtiments scolaires de l'enseignement de la Communauté
S.1312	Fonds des bâtiments scolaires de l'enseignement officiel subventionné
S.1312	Fonds de garantie des bâtiments scolaires
S.1312	Centre technique et pédagogique de l'enseignement de la Communauté française à Frameries
S.1312	Centre d'autoformation et de formation continuée à Tihange
S.1312	Agence fonds social européen
S.1312	Observatoire des politiques culturelles
S.1312	Centre des technologies agronomiques de la Communauté française à Strée
S.1312	Centre de technique horticole de la Communauté française à Gembloux
S.1312	Centre de l'aide à la presse écrite
S.1312	Musée royal de Mariemont
S.1312	Ecole communautaire de l'Administration de la Communauté française
S.1312	Agence francophone pour l'éducation à la formation tout au long de la vie
S.1312	Agence pour l'évaluation de la qualité de l'enseignement supérieur organisé ou subventionné par la Communauté française
S.1312	Service francophone des métiers et des qualifications SFMQ

Sociétés publiques d'administration des bâtiments scolaires SPABS

S.1312	Sociétés publiques d'administration des bâtiments scolaires du Brabant wallon
S.1312	Sociétés publiques d'administration des bâtiments scolaires du Hainaut
S.1312	Sociétés publiques d'administration des bâtiments scolaires de Namur
S.1312	Sociétés publiques d'administration des bâtiments scolaires de Liège
S.1312	Sociétés publiques d'administration des bâtiments scolaires de Luxembourg
S.1312	Sociétés publiques d'administration des bâtiments scolaires bruxellois

The list above is presented and completed as at 01/01/2016 by the Financial Investigation Bureau of the Government of Wallonia and the Government of the Federation Wallonia-Brussels (CIF):

Organe législatif		
1	Parlement de la Communauté française	PFWB
Etablissement scientifique		
2	Académie royale de médecine de Belgique	ARMB
Organismes d'intérêt public		
3	Académie de Recherche et d'Enseignement supérieur	ARES
4	Office de la naissance et de l'enfance	ONE
5	Fonds Écureuil de la Communauté française	FE
6	Entreprise publique des Technologies nouvelles de l'Information et de la Communication de la CF	ETNIC
7	Institut de formation en cours de carrière	IFC
8	Conseil supérieur de l'audiovisuel	CSA
Organismes non classés dans la loi du 16 mars 1954		
9	Fonds d'investissement dans les entreprises culturelles ST'ART S.A.	START
10	Point Culture (Ex Médiathèque)	PC
11	Radiotélévision belge de la Communauté française	RTBF
12	Financière Reyers	FREY
13	SONUMA	Sonuma
14	Société de gestion du Bois Saint-Jean	SGBSJ
15	Fonds de la Recherche Scientifique	FNRS
16	Theodorus I	-
Institutions universitaires		
17	Université de Liège	ULg
18	Université de Mons	UMons
19	Université libre de Bruxelles	ULB
20	Université catholique de Louvain	UCL
21	Université de Namur	UNamur
22	Université Saint-Louis Bruxelles	USLB
23	Faculté universitaire de Théologie Protestante	FUTP
24	Conseil des recteurs	CREF
Pôles académiques		
25	Pôle Hainuyer ASBL	POH
26	Pôle Académique Louvain	PAL
27	Pôle Académique de Namur ASBL	PAN
28	Pôle Académique de Bruxelles ASBL	PAB
29	Pôle Académique Liège - Luxembourg	PALLX
Ecoles supérieures des arts (ESA)		
30	École nationale supérieure des Arts Visuels de la Cambre	ENSAV
31	Institut National supérieur des Arts du Spectacle	INSAS
32	Conservatoire royal de Bruxelles	CRB
33	Conservatoire royal de Liège	CRLg
34	Ecole Supérieure des Arts	ARTS
35	Institut Supérieur de Musique et de Pédagogie	IMEP
36	Institut des Arts de Diffusion	IAD
37	École supérieur des Arts Institut Saint-Luc à Tournai	ESASLT
38	Comité organisateur des Instituts Saint-Luc de Saint-Gilles	COISLSG
39	Comité organisateur des Instituts Saint-Luc de Liège	COISLLg

Hautes écoles		
40	HE Léonard De Vinci	HE Vinci
41	SAFS Vinci patrimoine	-
42	HE Galilée	HEG
43	HE Libre Ilya Prigogine	HEIP
44	HE Louvain en Hainaut	HELHA
45	HE Libre Mosane	HELMO
46	HE de Namur-Liège-Luxembourg	HENALLUX
47	École Pratique des Hautes Etudes Commerciales	EPHEC
48	HE Groupe ICHEC - ISC St Louis - ISFSC	ICHEC
49	HE de la CF Paul-Henri Spaak	HE SPAAK
50	HE de la CF en Hainaut	HEH
51	HE de la CF de Namur Albert Jacquard	HEAJ
52	HE de la CF du Luxembourg Schuman	HERS
53	HE Charlemagne	HECh
54	HE de Bruxelles	HEB
Services à comptabilité autonome		
55	Agence Fonds Social Européen	AFSE
56	Agence francophone pour l'éducation à la formation tout au long de la vie	AEFE
57	Agence pour l'évaluation de la qualité dans l'Enseignement supérieur organisé ou subventionné par la Communauté française	AEQES
58	Centre de l'aide à la presse écrite	CAP
59	Centre du cinéma et de l'audiovisuel	CCA
60	Ex École communautaire de l'Administration de la Communauté française	DIDECO
61	Musée royal de Mariemont	MRM
62	Observatoire des politiques culturelles	OPC
63	Service francophone des métiers et des qualifications	SFMQ
64	Service général des Infrastructures privées subventionnées	SGIPrS
65	Service Général des Infrastructures Publiques Subventionnées	SGIPuS
66	Service général des Infrastructures scolaires de la Communauté française	SGISCF
Sociétés publiques d'administration des bâtiments scolaires		
67	Société publique d'administration des bâtiments scolaires du Brabant wallon	SPABS BW
68	Société publique d'administration des bâtiments scolaires du Hainaut	SPABS Hainaut
69	Société publique d'administration des bâtiments scolaires de Namur	SPABS Namur
70	Société publique d'administration des bâtiments scolaires de Liège	SPABS Liège
71	Société publique d'administration des bâtiments scolaires de Luxembourg	SPABS Luxembourg
72	Société publique d'administration des bâtiments scolaires bruxellois	SPABS Bruxelles

The list above can be downloaded on the following page: http://cif-walcom.be/fr/missions-cif/sec-2010-et-spoc/federation-wallonie-bruxelles/.

A more exhaustive list of the economic entities from the economic sectors, in particular the sector of Belgian public administrations (code S1311 Federal level; code S1312 Communities and Regions; code S1313 local administrations; and S1314 social security administrations) is available on the website of the Belgian National Bank (BNB): https://www.nbb.be/fr/statistiques/detention-de-titres-shs/; or at the following address: https://www.nbb.be/doc/dq/shs/code-1312.pdf. This list however does not give the entities per individual community or region. Another more complete version (not final though) entitled « Liste des unités publiques ayant une existence juridique en 2015 (selon la Banque-Carrefour des Entreprises) » is available since May 2016 at the following address: http://economie.fgov.be/fr/entreprises/BCE/.

The website of the National Bank of Belgium's (BNB) Institute of National Accounts (ICN) presents a debt stock for the FWB and all the entities enumerated on the list of companies consolidated with the FWB (i.e. the concept of gross consolidated debt (Maastricht concept) of the FWB's consolidation sphere), which is worked out as follows for the period 2012-2015:

French Community of Belgium (EUR million, end of year outstanding amounts)				
	2012	**2013**	**2014**	**2015**
Gross consolidated debt (concept of Maastricht) [1]	**5,800.4**	**6,123.0**	**6,364.7**	**6,741.8**
Detention by the French Community of debt issued by other public administrations S1312 [2]	84.4	85.1	127.9	128.2
Detention by the French Community of debt issued by other entities of the S13 sector [3]	0.0	0.0	119.9	92.4
Gross consolidated debt for S1312 [4] = [1] – [2]	5,715.9	6,037.9	6,236.9	6,613.6
Contribution of the FWB to the Maastricht debt [5] = [4] – [3]	**5,715.9**	**6,037.9**	**6,116.9**	**6,521.2**

Source : http://stat.nbb.be/ – 15/06/2016

By calculating the difference between the figures for the FWB's total contribution to the Maastricht debt supplied by the ICN and the figures for the consolidated Community debt excluding the FWB's cash balances presented in detail in this report, we can estimate the contribution made by the entities falling within the FWB's consolidation sphere to Belgium's Maastricht debt. This is as follows:

French Community of Belgium (EUR million, end of year outstanding amounts)				
	2012	2013	2014	2015
Contribution of FWB perimeter to Maastricht debt	1,177.6	1,219.1	1,319.2	1,341.0

Some figures presented in the two tables above differ from those mentioned in the 2013 and 2014 reports because of the reclassification by the ICN in the FWB's consolidation sphere of certain new entities between April 2014 and September 2014, and because of the recalculation of some contributions in April 2016, partly using a new methodology.

The bringing to the fore of these two different concepts elicits a number of comments.

1) The contribution made by the entities in the FWB's consolidation sphere to the Maastricht debt is heavily linked to the evolution of the list of companies consolidated with the FWB in the public administrations sector. So if an entity holding debt is included in (removed from) this list, the amount of the contribution of the entities in the FWB's consolidation sphere to the Maastricht debt may increase (decrease), even though no debt has been taken up (repaid).

2) All the ratios, indicators and analyses appearing in this report concern only the consolidated Community debt at FWB level, and not the consolidated gross debt (Maastricht concept) of the FWB's consolidation sphere. Thus, for example, the Debt/Revenues ratio (in %) presented in this report and amounting to 53.75% at the end of 2014, compares the consolidated Community debt at FWB level with the revenues received by the Ministry of the FWB only. The calculation of a similar ratio, but in respect of the consolidated gross debt (Maastricht concept) of the FWB's consolidation sphere should take into account in the denominator the revenues of all the consolidated entities enumerated in the above list. For information purposes, in the accounts of the Public Administrations for 2015, the ICN includes the following total revenues for the FWB (page 18):
(Source: https://stat.nbb.be/Index.aspx?DataSetCode=NFGOV&lang=fr) 15 June 2016

French Community of Belgium (EUR million, end of year outstanding amounts)				
	2012	2013	2014	2015
Total revenue	13,485.8	13,821.1	14,088.0	17,509.2

So in terms of Debt/Revenues ratio, the evolution would be as follows:

French Community of Belgium (EUR million, outstanding end of year amounts) Ratios in %				
	2012	2013	2014	2015
Contribution of the FWB to the Maastricht debt	5,715.9	6,037.9	6,116.9	6,521.2
Total revenue	13,485.8	13,821.1	14,088.0	17,509.2
Debt/revenue ratio	**42.38%**	**43.69%**	**43.42%**	**37.24%**
	See 2011, 2012, 2013 & 2014 Annual Reports			
Debt/revenue ratio (outside consolidation)	**49.34%**	**51.58%**	**53.75%**	**57.17%**

When reading this chapter, the reader will realise that when talking about the FWB's debt, at least two amounts can exist, each one correct insofar as what relates to it, but each representing different realities. It is therefore necessary to specify whether we want to ascertain:

- the debt representing the economic concept of the sum of amounts borrowed and managed by the FWB and the interest of which is payable by the FWB;
- or the debt representing the accounting concept of the contribution made by the FWB and all the companies consolidated with the FWB in the public administrations sector, to Belgium's consolidated gross debt (Maastricht concept).

Another difficulty is to know with accuracy the exhaustive list of the entities belonging at a certain point in time to an individual perimeter.

Bond loans contracted by the FWB as at 31/12/2015

TYPE	MANAGERS OR DEALERS	ISIN CODE	ISSUE DATE	MATURITY	AMOUNT IN €	COUPON	RATE AFTER POSSIBLE DERIVATIVES
EMTN PP	HSBC	BE6217020963	04/03/2011	04/03/2016	15,000,000.00	Fixed Rate	3.62500
EMTN PP	Deutsche Pfandbriefbank	BE6000195667	01/07/2009	01/07/2016	100,000,000.00	FRN	E6M+120.0bp
EMTN PP	Belfius	BE6000203743	03/07/2009	04/07/2016	67,000,000.00	Fixed Rate	4.45000
EMTN PP	Citi	BE6234941720	15/03/2012	01/08/2016	65,000,000.00	Fixed Rate	2.21190
EMTN PP	BNP Paribas Fortis	BE0931948690	22/09/2006	22/09/2016	25,000,000.00	Quanto Range Accrual Notes	3.95000
EMTN PP	BNP Paribas Fortis	BE6000474542	04/12/2009	04/12/2016	40,000,000.00	Fixed Rate	3.55700
EMTN PP	BNP Paribas Fortis	BE6000478584	04/12/2009	04/12/2016	80,000,000.00	FRN	E6M+50.0bp
EMTN PP	Belfius	BE6251734842	28/03/2013	28/03/2017	25,000,000.00	FRN	E3M+35.0bp
EMTN Benchmark ISR	Belfius / BNP Paribas Fortis	BE6222391359	16/06/2011	16/06/2017	500,000,000.00	Fixed Rate	3.87500
EMTN PP	Belfius	BE6000204758	03/07/2009	03/07/2017	48,000,000.00	Fixed Rate	4.61200
EMTN PP	BNP Paribas Fortis	BE6202613459	31/08/2010	31/08/2017	50,000,000.00	FRN	2.52000
EMTN PP	BNP Paribas Fortis	BE6000475556	04/12/2009	04/12/2017	50,000,000.00	Fixed Rate	3.75000
EMTN PP	CBC	BE6223130954	05/07/2011	05/01/2018	35,000,000.00	Fixed Rate	3.93500
OLCo	BNP Paribas Fortis	BE0371862617	21/02/2003	21/02/2018	15,000,000.00	Fixed Rate	4.60000
EMTN PP	BNP Paribas Fortis	BE6203355118	28/09/2010	28/09/2018	40,000,000.00	FRN	2.99350
EMTN PP	BNP Paribas Fortis	BE6209743945	22/10/2010	22/10/2018	35,000,000.00	FRN	3.03600
EMTN PP	Belfius	BE0001738898	22/05/2015	22/05/2019	79,500,000.00	Fixed Rate	0.30000
EMTN PP	Deutsche Bank	BE6000901932	14/06/2010	14/06/2019	15,000,000.00	Fixed Rate	3.12500
EMTN PP	Belfius	BE0001751057	28/10/2015	28/10/2019	52,000,000.00	Fixed Rate	0.25500
EMTN PP	Belfius	BE6000476562	04/12/2009	04/12/2019	45,000,000.00	Fixed Rate	4.02500
EMTN PP	Belfius	BE6000581643	25/01/2010	27/01/2020	25,000,000.00	Fixed Rate	3.91100
EMTN PP	BNP Paribas Fortis	BE6000587707	29/01/2010	29/01/2020	100,000,000.00	FRN	2.99000
EMTN PP	Belfius	BE6000621076	04/02/2010	04/02/2020	75,000,000.00	FRN	3.57500

EMTN PP	SocGen	BE6000596799	05/02/2010	05/02/2020	20,000,000.00	Fixed Rate	3.86600
EMTN PP	BNP Paribas Fortis	BE6000661478	19/02/2010	19/02/2020	80,000,000.00	Fixed Rate	3.82500
EMTN PP	Portigon	BE5957817778	06/04/2005	06/04/2020	75,000,000.00	FRN	4.06300
EMTN PP	Crédit Agricole CIB	BE5957816762	07/04/2005	07/04/2020	10,000,000.00	Zero Coupon & Index Linked Redemption	4.01000
EMTN PP	Belfius	BE6282134269	10/11/2015	10/11/2020	32,000,000.00	Fixed Rate	0.28000
EMTN PP	BNP Paribas Fortis	BE5962384855	11/01/2006	11/01/2021	50,000,000.00	CMS Linked Notes	3.51000
EMTN PP	BNP Paribas Fortis	BE6217578721	18/03/2011	18/03/2021	18,000,000.00	FRN	E3M+105.0bp
EMTN PP	BNP Paribas Fortis	BE5963463971	15/02/2006	15/09/2021	100,000,000.00	Volatility Note with Shout Option	3.79100
EMTN PP	Belfius	BE6282133253	10/11/2015	10/11/2021	2,000,000.00	Fixed Rate	0.40500
EMTN PP	Belfius	BE0932601439	28/03/2007	28/03/2022	27,000,000.00	Inflation Linked Notes	4.31800
EMTN PP	ING	BE6235497466	28/03/2012	28/03/2022	56,000,000.00	Inflation Linked	Inflation Linked
EMTN PP	Natixis	BE6236469480	27/04/2012	27/04/2022	30,000,000.00	Inflation Linked	Inflation Linked
EMTN PP	HSBC	BE6202620520	01/09/2010	01/09/2022	50,000,000.00	Fixed Rate	3.13300
EMTN PP	ING	BE6282105947	03/11/2015	03/11/2022	10,000,000.00	Fixed Rate	0.62000
EMTN PP	BNP Paribas Fortis	BE6249766567	28/02/2013	28/12/2022	21,250,000.00	FRN	2.54400
EMTN PP	Belfius	BE0934134249	18/02/2008	20/02/2023	30,000,000.00	Inflation Linked Notes	2.42000
EMTN PP	Crédit Suisse	BE6249329077	20/02/2013	20/02/2023	20,000,000.00	Inflation Linked	Inflation Linked
EMTN PP	BNP Paribas Fortis	BE5957900632	07/04/2005	07/04/2023	100,000,000.00	CMS Linked Notes	4.14300
EMTN PP	BNP Paribas Fortis	BE5958048175	14/04/2005	14/04/2023	10,000,000.00	CMS Linked Notes	4.14500
EMTN PP	Royal Bank of Scotland	BE6265863512	28/04/2014	22/06/2023	30,000,000.00	Fixed Rate	2.17000
EMTN PP	ING	BE6218338562	07/04/2011	18/12/2023	20,000,000.00	Fixed Rate	4.45000
EMTN PP	SocGen	BE6262041120	22/01/2014	22/01/2024	20,000,000.00	FRN	2.80000
EMTN PP	BNP Paribas Fortis	BE6253035271	17/05/2013	17/05/2024	20,000,000.00	FRN	2.43925
EMTN PP	Goldman Sachs	BE6235350939	23/03/2012	10/12/2024	100,000,000.00	Fixed Rate	3.85000
EMTN PP	UBS	BE6235350939 Tap	18/02/2013	10/12/2024	50,000,000.00	Fixed Rate	3.85000

EMTN PP	BIL	BE5957804644	30/03/2005	30/03/2025	200,000,000.00	Fixed Rate	4.19975
EMTN PP	BIL	BE6271813840	23/09/2014	15/05/2025	25,000,000.00	FRN	E3M+47.0bp
EMTN PP	BIL	BE6282099884	03/11/2015	03/11/2025	10,000,000.00	FRN	E3M+36.0bp
EMTN PP	Crédit Agricole CIB	BE6266088820	07/05/2014	07/05/2029	10,000,000.00	Fixed Rate	2.78000
EMTN PP	HSBC	BE6257518488	10/09/2013	19/11/2029	35,000,000.00	Fixed Rate	3.53500
EMTN PP	ING	BE6253357584	24/05/2013	24/05/2033	100,000,000.00	OLO Participation	OLO8Yr Flat
EMTN PP	Commerzbank	BE6253245433	27/05/2013	27/05/2033	13,000,000.00	Fixed Rate	3.00000
EMTN PP	Goldman Sachs	BE6246391765	28/12/2012	28/09/2034	100,000,000.00	CMS steepener	3.28130
EMTN PP	UBS	BE0001752063	29/10/2015	29/04/2036	50,000,000.00	Fixed Rate	1.82500
EMTN PP	Goldman Sachs	BE6246336216	6/12/2012	15/11/2036	45,000,000.00	Fixed Rate	3.38000
EMTN PP	UBS	BE0001754085	23/12/2015	23/12/2037	30,000,000.00	Fixed Rate	2.08500
EMTN PP	Belfius	BE6253136319	21/05/2013	21/05/2040	50,000,000.00	Fixed Rate	3.22100
EMTN PP	HSBC	BE0001742932	17/06/2015	17/06/2041	31,000,000.00	Fixed Rate	2.26000
EMTN PP	UBS	BE6249397751	01/03/2013	02/03/2043	30,000,000.00	Fixed Rate	3.50000
EMTN PP	Citi	BE6254548850	28/06/2013	29/06/2043	100,000,000.00	Fixed Rate (30np20)	3.33900
EMTN PP	Belfius	BE6265365385	07/04/2014	07/04/2044	25,000,000.00	Fixed Rate	3.35000
EMTN PP	HSBC	BE0001746974	13/07/2015	23/01/2045	35,000,000.00	Fixed Rate	2.36100
EMTN PP	Berenberg	BE6275921219	13/02/2015	13/02/2045	20,000,000.00	Fixed Rate	1.50000
EMTN PP	UBS	BE6250063623	12/03/2013	12/03/2053	24,000,000.00	Fixed Rate	3.50000
EMTN PP	Goldman Sachs	BE6266167640	12/05/2014	12/05/2054	35,000,000.00	Fixed Rate	3.30500
EMTN PP	BIL	BE5957805658	30/03/2005	30/03/2055	20,000,000.00	Fixed Rate	4.37200
Stand Alone	JP Morgan	BE0934112021	17/03/2008	17/03/2058	75,000,000.00	Lobo	3.62000
EMTN PP	Goldman Sachs	BE6000907020	11/06/2010	11/06/2060	30,000,000.00	FRN	4.12000
EMTN PP	Goldman Sachs	BE6263803288	03/03/2014	03/03/2064	32,000,000.00	Fixed Rate	3.59000

€9,329 million of revenue • €5,333 million of outstanding debt • **57.7% debt/revenue ratio** • 1.8% debt service/revenue ratio • 3.2% internal rate of interest • **Duration of 7.0 years** • EMTN Programme of €5,000 million • €2,771 million of derivative hedge products • Financial rating: Aa3/P1 • Extra-financial rating: « + » • **€4,000 million of MTN Local Programmes** • 23 counterparties or intermediaries • **€239 million of Private (banking) Loans** • €3,604 million of Long Term EMTN • €90 million of Stand Alone & Long Term Local MTN • €994 million of Schuldscheine • €563 million of Short Term EMTN & CP • €9,329 million of revenue • €5,333 million of outstanding debt • 57.7% debt/revenue ratio • **1.8% debt service/revenue ratio** • 3.2% internal rate of interest • Duration of 7.0 years • EMTN Programme of €5,000 million • €2,771 million of derivative hedge products • **Financial rating: Aa3/P1** • Extra-financial rating: « + » • €4,000 million of MTN Local Programmes • 23 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