FÉDÉRATION
WALLONIE-BRUXELLES
FW-B.BE

PUBLIC DEBT

ANNUAL REPORT **2018**

Federation Wallonia-Brussels / French Community of Belgium

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FOREWORD

As announced in its "Financing & Strategy 2018" publication to the financial community, the FWB was facing a EUR 1 billion financing requirement in 2018, comprising EUR 576 million of debt that had definitely reached maturity and EUR 488 million that had an optional maturity or was renewed periodically in the short term by way of three and six month rollovers.
To meet these requirements, different strategies have been utilised. On the one hand, the FWB continued to practice its transparency policy and further increased its reactivity policy allowing it to respond in a few hours to requests from investors. On the other hand, the FWB made sure to guarantee a lasting financing of its needs.
As from 8 January 2018, the Debt Agency began to fulfil the community's financial requirements with the finalization of a long-term loan (30 years) requested by an Asian insurer. This investment that was closely followed by a series of private placements offered by German, Belgian and French investors totaling EUR 800 million, which secured most of the FWB's financing requirements by the end of February. As a result, a benchmarking exercise was not deemed to be necessary this year.
In order to secure the financing of the FWB at the best cost and lowest risk while following its debt rescheduling policy aimed at taking advantage of low interest rates, the Debt Agency has mainly realized long-term issues (average duration of more than 20 years) of inflation-linked products which represent a natural hedge as the Community's revenues are themselves linked to inflation and, accordingly, will not be swapped.
In this low interest rate environment, the FWB was eager to secure its financing at the lowest rates, in accordance with the advice of the Community Treasury Board, and decided to convert a series of short-term loans, that were periodically rolled over for three and six month periods, into longer term loans, thereby reducing the refinancing risk in the short and medium term. As a result, the amount of debt that had optional maturities in 2018 was reduced to EUR 75 million (compared to EUR 488 million at the end of 2017).

In this context, the loan agreement with the EIB was triggered in February 2018 with a first draw down of EUR 130 million with a nine year maturity. In addition, negotiations with the Council of Europe Development Bank were initiated by the Debt Agency, which concluded in in January 2019 with an agreement for a EUR 300 million social investment in the education sector, which had already been foreseen in the multiannual forecasts.

Lastly, following the announcement of a credit balance at 31 December 2018, a new very short-term placement was made with the Federal Treasury, amounting to EUR 518 million. As was the case in 2017, with the knowledge that the borrower is a Belgian national public entity, the placement could be deducted from the total Belgian debt, thus improving the debt ratio of the Kingdom at the end of 2018, to the benefit of all of the country's entities.

The Minister of the Budget

THE KEY FIGURES OF THE FEDERATION WALLONIA-BRUSSELS

Amounts in € million as at 31 December	2017	2018
Stock of debt of the Community		
Total community consolidated debt	5,980.9	6,264.4
Long-term community debt - Direct debt - University debt	6,407.0 6,394.0 12.9	6,768.6 6,756.5 12.1
Short-term community debt	-297.5	-375.5
Community debt held by the Fonds Ecureuil	128.6	128.6
Direct debt amortisations	673.5	1,039.9
Re-borrowing of total debt amortisations	674.6	1,040.2
New borrowings	273.9	361.6
Debt instruments used		
Long-term EMTN Financing programme	4,192.2	4,837.8
Bank loans	162.6	291.8
Schuldschein	1,398.7	1,564.0
OLCo, Lobo,...	90.0	75.0
Commercial paper & short-term EMTN	563.4	0.0
Characteristics of the debt of the Federation Wallonia-Brussels		
Financial rating awarded by rating agency Moody's (29 March 2019) - Long-term - Outlook - Currency - Short-term	 Aa3 Stable Aa3 P-1	 Aa3 Stable Aa3 P-1
Extra-financial rating awarded by agency Vigeo Eiris	« Robust » 57%	« Robust » 57%
Distribution according to the rate (in %) - Fixed rate - Floating rate	 92.2 7.8	 87.5 12.5
Residual maturity in terms of liquidity (in years)	11.8	14.5
Residual maturity in terms of rate (in years)	12.1	14.3
Duration (in years)	9.2	11.5
Implied rate (in %)	2.6	2.3
Internal rate of return (in %)	2.4	2.4
Debt/revenue ratio (in %)	60.3	61.3
Debt service/revenue ratio (in %)	1.7	1.5
Short-term debt[2]/total consolidated debt ratio (in %)	12.4	3.8

1. Including EIB loan of €130.0 million: 1st tranche of the initial contract of €600.0 million.
2. Short-term debt time t= short-term debt stricto senso as at 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 2018 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

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.

with the three major Regions (Walloon, Brussels and Flemish Regions) (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 DESIGNATION, RESPONSABILITIES 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 one and two 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.

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".

For the period under review (until 31/12/2018), the Government of the Federation Wallonia-Brussels had seven members[1] and represented since the regional and European elections of 25 May 2014, a coalition of the PS (Socialist Party) and the cdH (*centre démocrate Humaniste* – Humanist democratic centre), which accounted 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.
The legislative, regional and European elections of May 26, 2019 reshaped the political representative landscape of Belgium in general, and particularly that of the FWB. On September 17 2019, the PS, MR (Mouvement réformateur) and Ecolo coalition ended for Wallonia and the French Community. Since then, the Community Government has been composed of five members[2], including three women.

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 and European elections does not have any direct impact on the Community's 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. As such, although a PS/MR/Ecolo collation was also set up in Wallonia on 17/09/2019, it was another majority which was constituted a few weeks earlier in the Brussels-Capital Region bringing together, on the French-speaking executive side, the PS, Ecolo and DéFI (Independent Federal Democrat). The new coalition constitutes 71.3% of the seats in the Parliament of the French Community, representing a comfortable majority.

C.3. New designation: 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. Responsabilities

The powers and areas of competence of the Federation Wallonia-Brussels are determined by the Belgian Constitution and by the LSRI

1/ 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). See also the decree of the Government of the French Community of 18 April 2016 determining the division of powers between the ministers and regulating the signing of acts by the Government (Belgian Official Journal of 20/04/2016); and the Decree of the Government of the French Community of 28 November 2018 amending the Decree of the Government of the French Community of 18 April 2016, fixing the division of competences between the Ministers and regulating the signing of the acts of the Government, as amended on June 29, 2016 (Belgian Official Journal 10/12/2018).

2/ See the Decree of the Government of the French Community of 17 September 2019 setting the division of powers between ministers and regulating the signing of acts of the Government (Belgian Official Journal 27/09/2019).

(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)[1].

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 €20.0 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[2].

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.

The year 2001 was particularly marked by a major reform of the financing method of the Wallonia-Brussels Federation: see the special law of 13 July 2001 on the refinancing of Communities and on the extension of the tax powers of Regions. In addition, the so-called VAT endowment, already indexed to inflation, has also been linked to economic growth.

In January 2014 the LSF was adapted following 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.

1/ For more details, see the chapter "Economic and Financial Report" of the 2019 General Report available on the Ministry of the French Community's budget website at: http://www.budget-finances.cfwb.be.

2/ 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.

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.

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 various registration fees, income from sale of common property, diploma equivalence fees, etc.
Tax revenues collected through VAT (value-added tax) and personal income tax which are transferred from the federal government, in accordance with LSF, independently of the FWB's actual contribution of these taxes.

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.

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 €3.6 billion in 2018. Consequently, the budget of the FWB is not modified by in- and out-flows, which compensate perfectly. The Sainte-Emilie allocations have evolved as follows since 2015, based on the respective adjusted budgets:

Year	2015	2016	2017	2018
Sainte-Emilie	3,429,071,000	3,420,381,000	3,509,642,000	3,574,125,000

The Sainte-Emilie allocation (2014 agreement) should be distinguished from the Saint-Quentin Decree II (1993 agreement), which is maintained in chapter 5 of FWB's expenses budget (just over €467.0 million in 2018). Lastly, on the basis of successive adjusted budgets, the following table can be drawn up:

Year	2015	2016	2017	2018
Saint-Quentin	437,366,000	452,925,000	467,160,000	467,241,000

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 loans and to enter into any financial- and treasury management operation undertaken in the Treasury's general interest. This authorisation is thus renewed every year and is also subject to procedures adopted by the Government.

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

The Debt Agency'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, as well as the production of various reports. For all these matters, the Debt Agency 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 Agency 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 until 1 April 2011).

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 Department (former name of the current Debt Agency).

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[1] 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 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 Agency 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 2014 enabled the Debt Agency to secure new integrated hardware in the course of 2015. A public contract launched before the summer of 2018 enabled the Debt Agency to replace its old system with a new financial management system that will support decision making, management of the treasury and debt operations of the Agency, helping them to better understand the financial needs of the FWB and its exposure to market risk.

The organisational and administrative procedures for debt- and treasury management within the Debt Agency are in line with best practices identified in entities with similar activities at an international level, and even ahead of public-sector entities. For example, the practice of competitive bidding, verification of market data and independent product valuation is in line with best practices; financing products and hedging instruments used represent a mix of diversified products in line with

1/ Cooperation Agreement of 10 December 2004 establishing a Joint Treasury Council for the Walloon Region and the French Community (Belgian Official Journal as at 23 March 2005). Cooperation Agreement of 19 May 2010 modifying the Cooperation Agreement of 10 December 2004 (not published in the Belgian Official Journal).

the benchmark of good practices; the processes used for confirmation processing and marking operations are in line with best practices in treasury management; the processes in place respect the principle of separation of functions; physical access security is in line with best practices, etc.

In their report of July 2019, the auditors responsible for the prudential supervision report that "the tools and procedures set in place by the Debt Agency allow to assess and to manage the risks[1] inherent in the debt- and treasury management of the Federation Wallonia-Brussels. These tools and procedures lead to the publication of reports that accurately reflect the actions taken and the situation of the Federation's treasury- and debt position".

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 2014 to 2018[1].

The various components of the Community debt closed on 31 December in the years 2014 to 2018 have evolved as follows:

Amounts in millions of €	2014	2015	2016	2017	2018
Direct debt [1]	5,033.1	5,400.8	6,119.0	6,394.0	6,756.5
University debt [2]	91.5	89.1	14.1	12.9	12.1
Long-term debt [3] = [1] + [2]	**5,124.6**	**5,489.9**	**6,133.1**	**6,407.0**	**6,768.6**
Issues(+)/Current cash investments (-) [4]				-267.0	-393.8
Debit (+)/Current account credit (-) [5]	12.5	-28.4	-367.3	-30.5	18.3
Total short-term debt [6] = [4] + [5]	**12.5**	**-28.4**	**-367.3**	**-297.5**	**-375.5**
Total debt of Fonds Ecureuil (7) = (3) + (6)	5,137.0	5,461.5	5,765.8	6,109.5	6,393.0
Debt held by the Fonds Ecureuil [8]	128.0	128.2	128.5	128.6	128.6
Total debt incl. Fonds Ecureuil [9] = [7] - [8]	**5,009.1**	**5,333.3**	**5,637.3**	**5,980.9**	**6,264.4**

From the early 2000s up to 2008, the Community debt had been stabilised in nominal terms to about €3 billion and reduced in relative terms, particularly in terms of revenues. Following the very serious banking and financial crisis of the years 2007/2008 and the Euro crisis of 2011, the Community debt increased significantly and reached €4,751.9 million on 31 December 2013. In 2014, 2015, 2016, 2017 and 2018, the consolidated Community debt increased by an additional €257.2 million, €324.2 million, €304.0 million, €343.6 million and €283.5 respectively, to €5,009.1 million at year-end 2014, €5,333.3 million at year-end 2015, €5,637.3 million at year-end 2016, €5,980.9 million at year-end 2017 and €6,264,4 million at the end of 2018.

Aside from the net balances to be financed, the total amount to be borrowed by the Federation Wallonia-Brussels for the period 2009/2018 was estimated at €4.335 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 €8.328 million. Included in this amount are potential pre-financing of future needs for an average annual amount of €800 million of gross

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.

financing requirements. In 2018, in order to take advantage of the low level of long-term rates and secure the debt against its refinancing risk, the total amount issued over the long-term amounted to €1,392.1 million, including €463.6 million in short-term lines converted into loans with long maturities. As the probable cash balance at December 31st was estimated to be largely creditworthy, an investment of €518.0 million could be realised with the Federal treasury under the consolidation framework, which benefits also the Kingdom in view of its indebtedness. The amount included in item (4) in the table above includes an issue of €124.2 million made to the Fonds Écureuil.

If we take into account 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:

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Ratio	2.5%	12.6%	3.1%	3.6%	5.0%	13.7%	11.8%	5.5%	12.4%	3.8%

The 2018 ratio is effectively an estimation at the time of publishing this document, the redemptions which will take place during 2019 are not yet known, since some borrowings are callable and others can potentially be prepaid. That is why the 2017 ratio, mentioned in the previous annual report, at 4.7% was recalculated to 12.4%, now taking into account the decision to amortize short-term lines of loans and transform them in long-term lines.

“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.

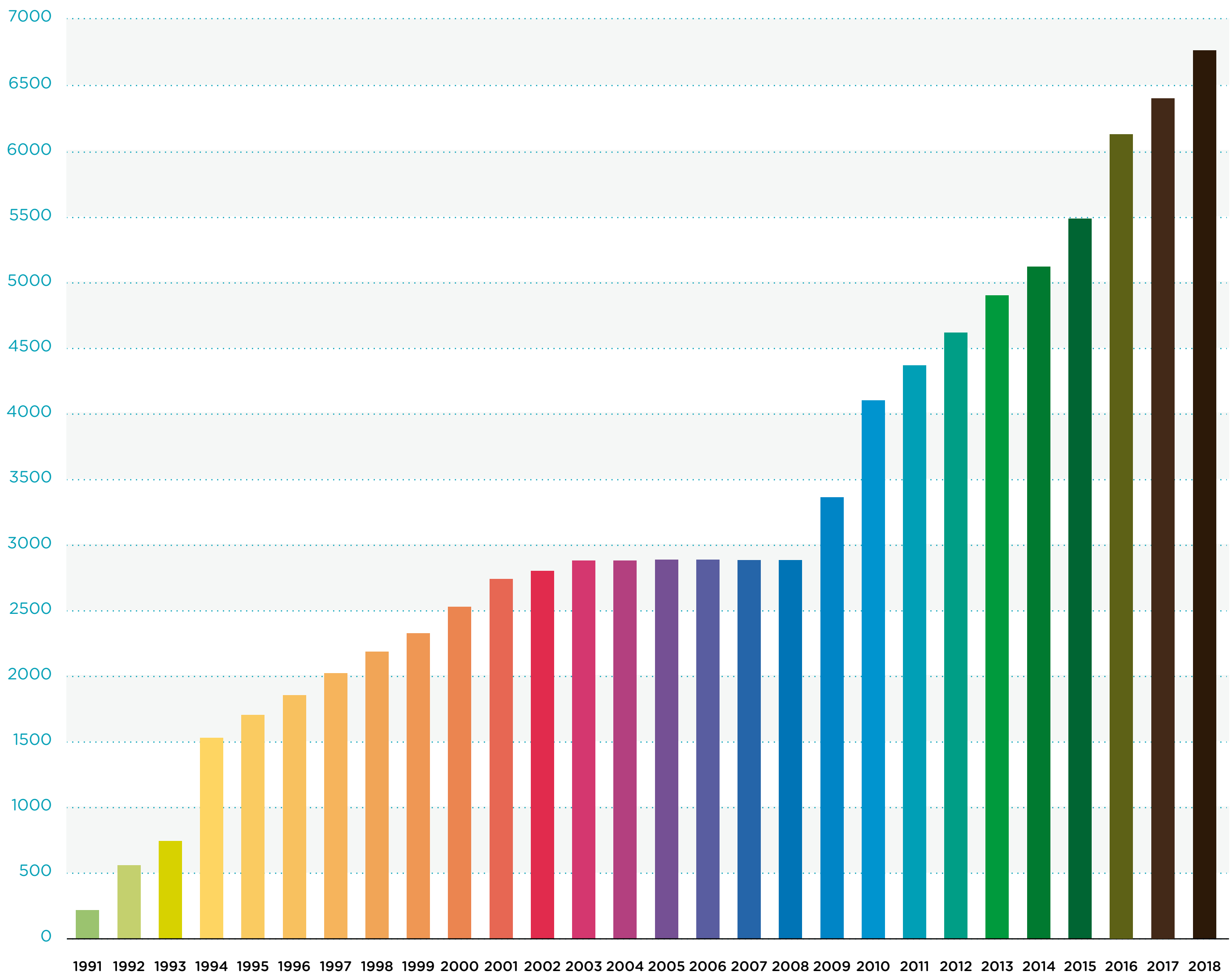
Amounts in millions € adopted as at 31 December	2014	2015	2016	2017	2018
Accounts outside merger of Community schools of the FWB	0.0	0.0	0.0	0.0	0.0
Foreign currency provision accounts	0.1	0.1	0.1	0.1	0.1

The low level of “outside merger” current account holdings of FWB schools, or even their near disappearance as of 2013, can be explained by the decision taken by the FWB Ministry that the schools of the FWB network a “merger” account as the main account for current movements. Moreover, since 31/12/2013 the cashier is also able to provide the Debt Agency with the movements and balances on the savings accounts and the investment accounts of the said FWB establishments, accounts which are also excluding merger and which at 31 December 2018 showed a balance of 172.8 million, compared with a balance of €175.9 million at 31 December 2017, €163.4 at 31 December 2016, a balance of €163.9 million at 31 December 2015, and a balance of €162.4 million at 31 December 2014.

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

The evolution from 1991 to 2018 of the total long-term Community debt (item [3] in the first table under point A.1) is as follows:

FIGURE 1
Evolution of the outstanding non-consolidated long-term Community debt (in € million)



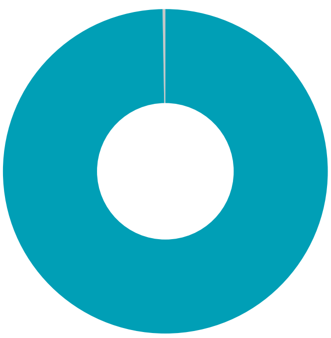
Whilst the long-term Community debt had been stabilised in nominal terms for the period 2002-2008, in 2018 it showed an increase (as it has done every year since 2009) linked primarily to the net balance to be financed for the financial year (see point A.3 below).

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
2016	6,133.1	643.2	11.72
2017	6,407.0	273.9	4.47
2018	6,768.6	361.6	5.64

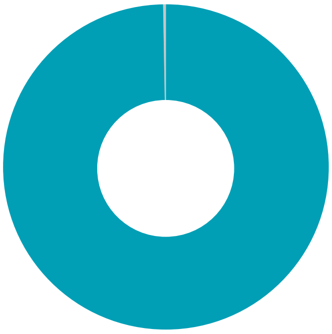
The breakdown of the various components of the total long-term debt in 2017 and 2018 is as follows:

FIGURE 2
Breakdown of the outstanding debt of €6,406.97 million as at 31/12/2017



University debt	**0.20%**
Direct debt	**99.80%**

FIGURE 3
Breakdown of the outstanding debt of €6,768.55 million as at 31/12/2018



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 mil-lion €	Indirect debt in million €	Direct debt in mil-lion €	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	98.38
2016	6,133.1	14.1	6,119.0	99.77
2017	6,407.0	12.9	6,394.0	99.80
2018	6,768.6	12.1	6,756.5	99.82

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 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) on 30 September 2014 on the website of the National Bank of Belgium (NBB) 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 reports from the High Council of Finance are available on their website at the following address: https://www.highcounciloffinance.be/en.

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

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 the 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 the EU have been translated into medium-term objectives, i.e. to achieve budgetary balance on the medium term. With this in mind, the Government of the FWB also sets annual targets in the context of the successive budgetary adjustments, the aim of which is to return to structural balance in the medium term. The abovementioned annual targets are internal to the French Community and are not targets negotiated with the other entities of the Kingdom, for example, in the Consultative Committee. Compared to the objectives set out in the Notes to the Government, relating to the preparation of the respective adjusted budgets, the achievements can be presented as follows:

Year	Objectives in € million	Achievements in € million	Source 'Achievements'
2014	-92.3	-214.1	Notification Eurostat April 2019
2015	-239.0	-275.6	Notification Eurostat April 2019
2016	-246.3	-65.8	Notification Eurostat April 2019
2017	-221.1	-216.4	Notification Eurostat April 2019
2018	-221.4	-250.9	Notification Eurostat April 2019

B. BREAKDOWN OF DEBT COMPONENTS

This report only relates to debt the management of which is incumbent upon the Debt Agency 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 and academic infrastructure, 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 1990's 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.

The evolution of debts outstanding as at 31 December in respect of direct debt (in € million) for the years 1991 to 2018 can be schematised as follows:

Year	Loans	Amortisations	Re-borrowed from amortisations (including indirect debt)	Outstanding at 31/12
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
2016	643.2[1]	580.6	655.7	6,119.0
2017	273.9	673.5	674.7	6,394.0
2018	361.6	1,039.9	1,040.2[2]	6,756.5

1/ Including, as a reminder, €170.0 million as for the pre-financing needs of 2017.

2/ Including €463.6 million of commercial paper that is periodically amortized in advance to be converted into loans with longer maturities.

In 2014, the amount of loans coming to maturity was evaluated at €302.7 million[1] 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 nominal stock of Community direct debt at the end of 2014 was of €5,033.1 million.

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[2] for a total amount of €482.5 million and by the reactivation 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%. On 31 December 2015 the long-term nominal direct debt of the FWB was measured at €5,400.8 million.

The total amount of borrowings maturing **in 2016** was €467.5 million, an amount to which €188.1 million was added in the second half of 2016 that represents the short-term credit lines replaced by long-term credit lines to take advantage of low interest rates while reducing the risk of refinancing in the short term[3]. The abovementioned depreciation, in addition to the needs related to the estimated budget imbalance (Expenditure - Revenues - Underutilization of appropriations) and the amount earmarked for the pre-financing of 2017 requirements, were fully covered with 31 issues totalling €1,305.0 million at a weighted average rate of 0.84% for a weighted average duration of 16 years, bringing the total long-term direct debt at the 31st December to €6,119.0 million.

As noted in the annual report "Financing and Strategy", **the gross financing requirement for 2017** consists of maturing borrowings amounting to a total of €675 million (to which €300 million could be added if the options are exercised) and of the need stemming from the budget imbalance. In 2017, the financing requirement related to the initial estimated budget imbalance amounted to €-425 million (later re-evaluated at €-471 million after the budget follow-up). The gross requirement which the FWB would have to borrow in 2017 was thus at least more than €1.1 billion, not including pre-financing undertaken in 2016. This need was covered in its entirety through 16 EMTN issuances (€655 million) and two Schuldschein borrowings (€101 million), which were completed by the reactivation of three credit lines, renewable quarterly and biannually, for €188.3 million. In the end, the total amount raised of €944.0 million was concluded for a weighted average maturity of 19.7 years and at a weighted average rate of 1.03%.

1/ 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.

2/ 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.

3/ The amount of loans that may mature in 2017 is reduced by the same amount to amount to €300.0 million at the end of 2016, compared with €488.0 million a year earlier.

The gross financing requirement for 2018 was significant and consisted of a certain amortization of just over €576.3 million and an additional deficit (revenue/expenditure gap) of €376.4 million measured during the budgetary adjustment. As mentioned above, it was decided to replace all the short-term lines (€463.6m) present in the Community's debt[1] portfolio with long-term loans in order to secure the FWB's debt on a longer term as much as possible, all while benefiting from a low long-term interest rate environment and responding to the investors' strong demand for quality paper. The coverage of the gross requirements for the year 2018 was achieved through 39 EMTN issues (for a total of €1,049.6 million), 5 Schuldschein issues (€162.5 million in total) and a loan of €130.0 million from the European Investment Bank. Note that commercial paper was issued for €50.0 million with a maturity of six months for the period 01/02/2018 to 01/08/2018 as a provisional underlying of a callable swap of which the option was not exercised by the bank. The total funding for 2018 was made at a weighted average rate of 1.42% for a weighted average duration of 20.9 years.

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 2018, 30 different counterparties were active financial intermediaries for FWB's financing (compared to 9 at 31/12/2008), despite the numerous mergers / acquisitions / dissolutions 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 order to enlarge the scope of potential investors interested in this type of instrument, three issuances linked to the European inflation were undertaken in September 2017 and in the beginning of 2018, for a total amount of €75 million and maturities stretching from 13 to 30 years. Twelve inflation linked issues, having as benchmark the Belgian health index, were concluded with rate bonus of minimum 15bp (compared to the pricing applied to European inflation), in respectively February, June, November and December 2018, for a total notional amount of

1/ Therefore, optionally loans maturing in 2019 will be limited to one Lobo loan of €75.0M: refinancing risk at one year is thereby considerably reduced.

€310 million[1]. As per usual, the inflated capital will, year on year, in budgetary terms on a segregated transit account, be fully passed on in such a way that the final reimbursed capital will have been reconstituted over the duration of the borrowing. The annual rate in millions of issues has therefore been as follows:

Year	Notional amount
2012	86.0
2013	20.0
2017	20.0
2018	365.0
Total	**491.0**

On February 17, 2012, the FWB concluded a MultiTranche Schuldschein financing for a total amount of €100.0 million, including a €34.0 million Mother Tranche available in 2012 and three Baby Tranches of €22.0 million each being deliverable in respectively 2016, 2017 and 2018. Coupons with CMS-type structures were immediately hedged via a receiving swap of this coupon and a fixed rate payer for the Mother Tranche and a variable rate indexed on the Euribor for the three Baby Tranches. Because of its complexity, such a structure can only be concluded after the investor has (a German insurer) met in a one-to-one with the proposing bank, and after a favourable opinion of the Common Treasury Board that was consequently approved by the Minister of Budget and Finance. The initial structure covered the period from March 5, 2012 to March 5, 2032. On October 16, 2015, in order to simplify the architecture of this structure, while taking advantage of the relative low interest rates and meeting the lender's wish to advance its investment, the Baby Tranches have been restructured into one €66.0 million tranche paying fixed rate for the period from 28/10/2015 to 28/10/2030.

A key element in the global debt management strategy followed by the FWB is the flexibility[2] 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.

Following a road show, conducted in Paris at the end of November 2012 in the form of one-to-one meetings, a capped and floored structured issue, whose coupon is indexed on the CMS and associated with a receiver mirror swap on the indexed CMS coupon and a fixed rate payer, was concluded for an amount of €100.0 million and is due on 28/09/2034.

In the course of May 2013, a so-called "OLO Participation" issue was concluded in the legal framework of the EMTN program for an amount of €100.0 million with a maturity of 20 years, the coupon is indexed annually to the OLO 8 years. Moreover, this issue is capped at 5.2% and floored at 0.0% for the entire term of its life. Given the ties between the OLO and FWB's yield curve, the OLO trend risk is not a new risk to be followed, but a natural risk for the FWB. Furthermore, there is virtually

1/ As the Community Treasury Council has recommended not to exceed 7.5% of the debt portfolio in this format, as of the end of December 2018, the FWB has no longer responded to the additional requests expressed by investors for Inflation Linked issues - with a preference for European inflation as a benchmark. On 20/12/2018, a €50.0M Inflation Linked loan was concluded for a period of 7 years with the funds being made available on January 10, 2019 at a real rate of -0.815% and a coupon of 0.0%. The total notional amount issued in this format was then measured at €491.0 million.

2/ Together with communication, reactivity and transparency.

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[1] puttable issue for an amount of €100.0 million under the EMTN program at a subsidised interest rate priced on the MidSwap 20 years. With this product, 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 as this is a customary precautionary principle in the FWB's debt management. It was possible to conclude a similar operation in January 2014 for a 40np20 puttable issue (extendable loan of 20 years in 20 years) for an amount of €100.0 million at a subsidised interest rate for the FWB on the MidSwap 20 years. This issue is also treated as one with a maturity of 20 years, even if the investor has the possibility to extend his investment for another 20 years under the same conditions. For the latter two cases, the FWB pays the 20-year rate plus a significant bonus, while the loans can last respectively 30 years and 40 years (in the best case), 20 years if the loans are not extended.

In an environment marked by the continued quantitative easing strategy of the ECB and the persistence of low or even negative rates for shorter maturities, some investors have increasingly sought, during 2016, inter alia, very long maturities to meet their absolute return requirements and / or very short maturities, in order to bear the negative rates only during a period as short as possible; and / or products delivering a low coupon in the first years, or even no coupon at all, so as not to overburden their excess cash; etc. In line with these perspectives, the FWB agreed on 7 April 2016 to issue an amount of €100.0 million, with a maturity of 60 years, at a rate of 2.00%, for a European insurer, which was possibly German. Additionally, the FWB agreed to issue a total amount of €300.0 million at a negative rate with a maturity of 2.5 years, through 3 private placements that were concluded on 6 January, 27 January and 1 June, at a weighted average rate of -0.083%. The FWB agreed to issue, at a variable rate indexed to the 3-month Euribor, two issues totalling €25.0 million. This was concluded on 20 May 2016 with an increased margin so that the expected future coupons are not negative and that the incorporation of the value of the implied minimum is at 0% for the coupon (the increase in spread was, of course, reflected in the price). At the end of the year, the FWB agreed to issue an amount of €10.0 million for an investor, who wished to receive a very low coupon for the first 4 years, (so-called step-up) with an increase in the real rate of about 15 points. The actual interest expense is smoothed out uniformly budget-wise year by year for the entire duration of the 13-year borrowing that was concluded on 25 November 2016. Similarly, in January 2017, an issuance of €150 million was concluded with a -0.453% coupon for two years. The borrowings at three months (€100 million) and six months (€88 million) concluded at the end of the year had coupons of -0.42% and -0.47% respectively. Regarding longer maturities, a German insurer did not hesitate to invest €80 million in FWB with a coupon of 2.5% and 70 years to maturity. This investment was realised on July 4th 2017, underlining the market's confidence in the French community. It is suitable to note that

1/ It is about a loan that is 20 years extendible in 10 years' time: if the option is exercised, the loan will have a maturity of 30 years, if the option is not exercised the loan will last 20 years. Likewise for the 40np20 issue, if the option is not exercised by the investor, the loan will last 20 years, if it is exercised, it will be a 40-year maturity.

three Zero Coupons, of around €50 million each[1], with a maturity of 20 years, were concluded for which the budgetary impact is smoothed throughout yearly budget entries of unpaid interest for the entirety of the duration of the borrowings. The charge will thus not be concentrated to the year in which they mature. Two other issues in this Zero Coupon format were concluded for 20 years respectively on February 2, 2018 (€99.2 million issue at a nominal rate of 1.81%) and March 7, 2018 (€70.5 million at a nominal rate of 1.785%).

Finally, note that the FWB's borrowings that are concluded for periods exceeding OLO's longest maturity (currently 2066), is obtained by simple linear extrapolation of the past two OLOs, namely OLO2057 and OLO2066. This is how the rate was set for the loan concluded with a South Korean Insurer on August 9, 2018 with a maturity of 50 years and an amount of €30.0 million.

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 Schuldschein 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 issues are transferable in accordance with German law and are not listed; moreover, they are invested through a bank[2], 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 intensively in the recent years and regularly since its reactivation in 2009, its absolute and relative shares in the FWB debt portfolio have evolved as follows:

Active as of 31 December	Absolute values (€)	Relative amounts (%)
2009	238,500,000.00	7.1
2010	346,500,000.00	8.4
2011	394,492,584.30	9.0
2012	504,809,822.41	10.9
2013	516,691,341.74	10.5
2014	861,881,379.22	16.8
2015	994,390,084.85	18.1
2016	1,295,972,929.18	21.1
2017	1,398,712,161.01	21.8
2018	1,563,975,959.83	23.1

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/ The amounts to be repaid at maturity are €70.0 million (nominal rate = 1.7412%, fixing January 12, 2017), €77.0 million (nominal rate = 2.02%, fixing January 30, 2017) and €75.0 million (nominal rate = 2.04%, fixing February 6, 2017). By definition, no interest will be paid during the term of the loans.

2/ As at 31/12/2018, the part of each bank in the stock of Schuldschein is as follows: HSBC (34.9%), Barclays (21.2%), Goldman Sachs (9.7%), BNP Paribas Fortis (9.6 %), LBBW (9.6%), Crédit Agricole (7.6%), Belfius (3.6%), Deutsche Bank (2.4%), Commerzbank (1.3%) and Natixis (0.7%). Some of these banks also acted as Paying and Calculation Agent.

Stock of Schuldschein as at 31/12/2018				
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
37,678,466.34 [1]	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 [2]	IRS
10,197,280.00 [3]	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
70,000,000.00	11/01/2016	25/01/2016	25/01/2026	E3M
20,000,000.00	15/01/2016	29/01/2016	29/01/2035	IRS
35,000,000.00	18/01/2016	02/02/2016	02/02/2046	IRS
5,000,000.00	19/01/2016	29/01/2016	29/01/2038	IRS
60,000,000.00	10/05/2016	19/05/2016	28/10/2042	IRS
50,000,000.00	13/06/2016	20/06/2016	24/07/2043	IRS
30,000,000.00	09/09/2016	16/09/2016	16/09/2038	IRS
10,000,000.00	12/09/2016	19/09/2016	23/06/2031	IRS
20,000,000.00	21/10/2016	28/10/2016	29/10/2046	IRS
51,100,213,49 [4]	06/02/2017	06/03/2017	06/03/2037	Zero Coupon
51,000,000.00	21/12/2017	29/12/2017	29/01/2048	IRS
90,000,000.00	15/02/2018	22/02/2018	22/02/2043	IRS
10,000,000.00	14/05/2018	22/05/2018	22/05/2048	IRS
10,000,000.00	30/05/2018	08/06/2018	08/06/2026	IRS
10,000,000.00	26/07/2018	02/08/2018	02/08/2033	IRS
42,500,000.00	14/12/2018	21/12/2018	21/07/2051	IRS
Total amount outstanding in €: 1,563,975,959.83 Weighted average age in years: 20.1 Weighted residual life in years: 15.4 Number of transactions in progress: 43				

1/ The amount paid on issue 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).
2/ In 2034, the investor could extend the maturity by 20 years under the same conditions: 40np20.
3/ The settlement on issue at 10 April 2014 was €10,241,100.00 for a redemption at maturity 2036 of €10,000,000.00. The total amount of €241,100.00 is amortized linearly year after year over the entire term of the loan.
4/ The settlement amount on 6 February 2017 was €50,078,609.85 for a notional of €75.0 million maturing in 2037, the difference is amortised year after year over the entire term of the loan so that the budget burden is not borne in 2037 alone.

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 €2,500 million. This local programme has been regularly updated. The last update (mostly a technical one) dates from 16 July 2019 while the next one is scheduled for 8 July 2020, 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 B.3) 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.

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 last update of the program took place on July 9, 2019 and the next one is scheduled for July 8, 2020.

Following a consultation of the market, the Federation gave a mandate to Deutsche Bank and Belfius for this programme to be set up. Apart

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 specific publication by Moody's on the subject of the FWB date from 29 March 2019 (Credit Opinion) and confirms the institution's Aa3/P1 ratings, with a stable outlook. An Agency press release of 12 September 2019 reaffirms the above-mentioned ratings.

2/ As a reminder, the most important change implies that the federated entities can henceforth finance themselves, since 2001, 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.

from the two aforementioned banks, the dealers in the programme are: BIL, BNP Paribas Fortis, CBC Banque SA, Crédit Agricole CIB, Goldman Sachs International, HSBC France, ING and KBC Bank NV, J.P. Morgan Securities Plc and Landesbank Baden-Württemberg.

Since its annual update of 2018, 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 €6,500.0 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:

Year	Total amount issued in € million	Number	Weighted aver-age rate after possible IRS	Weighted av-erage 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
2016	1,005.00	22	0.621%	14.1 years	789.25
2017	654.66	16	1.321%	24.4 years	774.72
Updated: 09/07/2018 ; maximum volume : €6,500.0 million					
2018	1.049.64	39	1.127%	17.5 years	1,662.20

The outstanding amount of long-term issues carried out in the framework of the EMTN programme can be presented as follows as at 31 December 2018:

Stock of EMTN as at 31/12/2018			
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	06/04/2005	06/04/2020	4.06300
10,000,000.00	07/04/2005	07/04/2020	4.01000
100,000,000.00	07/04/2005[1]	07/04/2023	4.04300
10,000,000.00	14/04/2005	14/04/2023	4.14500
50,000,000.00	11/01/2006[2]	11/01/2021	3.41000
100,000,000.00	15/02/2006[3]	15/09/2021	3.74100
27,000,000.00	28/03/2007	28/03/2022	4.31800
30,000,000.00	18/02/2008	20/02/2023	2.42000
45,000,000.00	04/12/2009	04/12/2019	4.02500
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	04/02/2010	04/02/2020	3.57500
20,000,000.00	05/02/2010	05/02/2020	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	01/09/2010	01/09/2022	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
18,000,000.00	18/03/2011	18/03/2021	E6M + 94.5bp
20,000,000.00	07/04/2011	18/12/2023	4.45000
100,000,000.00	05/07/2011	05/01/2018	3.85000
56,000,000.00	23/03/2012	10/12/2024	Inflation Linked
30,000,000.00	28/03/2012	28/03/2022	Inflation Linked
45,000,000.00	27/04/2012	27/04/2022	3.38000
100,000,000.00	06/12/2012	15/11/2036	3.28130
20,000,000.00	28/12/2012	28/09/2034	Inflation Linked
50,000,000.00	20/02/2013	20/02/2023	2.87440
30,000,000.00	18/02/2013	10/12/2024	3.50000
21,250,000.00	01/03/2013	02/03/2043	2.54400
24,000,000.00	28/02/2013	28/12/2022	3.50000
10,000,000.00	12/03/2013	12/03/2053	2.31250
50,000,000.00	17/05/2013	17/05/2024	3.22100
13,000,000.00	21/05/2013	21/05/2040	3.00000
100,000,000.00	27/05/2013	27/05/2033	3,00000
10,000,000.00	24/05/2013	24/05/2033	OLO8Yr = 0.63%[4]
10.000.000,00	19/06/2013	17/05/2024	2.56660

1/ The issue was restructured on June 28th 2017 for the period from July 5th 2017 to April 7th 2023 through a premium such that the interest charges after swaps hereafter is 4.043% instead of 4.143%.
2/ The issue was restructured on September 26th 2017 for the period from October 6th 2017 to January 11th 2021, allowing an easing of the coupon and introducing a reduction of the debt servicing of 10 basis points, from 3.51% to 3.41%
3/ The issue was restructured on 14 March 2016 for the period from 21 March 2016 to 15 September 2021, with an ultimate bonus of 5.0bp per year: interest expense after swaps is now 3.741% instead of 3.791%.
4/ The OLO 8Y Flat fixing evolution is capped at 5.2% and floored at 0%:

Fixing date	22/05/2013	22/05/2014	21/05/2015	20/05/2016	22/05/2017	22/05/2018
Maturity date	26/05/2014	25/05/2015	25/05/2016	24/05/2017	24/05/2018	24/05/2019
OLO 8Yr Flat	**1.54%**	**1.49%**	**0.64%**	**0.21%**	**0.45%**	**0.63%**

100,000,000.00	28/06/2013	29/06/2033[1]	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
35,000,000.00	19/01/2016	19/01/2026	1.25600
130,000,000.00	25/01/2016	25/01/2019	0.02500
100,000,000.00	14/04/2016	14/04/2076	2.00000
40,000,000.00	26/05/2016	28/09/2021	0.07500
10,000,000.00	27/05/2016	27/05/2026	E3M + 75.0bp (**)
15,000,000.00	27/05/2016	27/11/2026	E3M + 75.0bp (**)
25,000,000.00	16/06/2016	16/06/2031	1.24400
40,000,000.00[6]	27/06/2016	27/06/2046	0.50000 (***)
30,000,000.00	11/07/2016	11/07/2039	1.11500
40,000,000.00	15/07/2016	15/07/2026	0.54800
10,000,000.00	19/07/2016	19/07/2038	1.12000
10,000,000.00	19/07/2016	19/07/2038	1.12000
25,000,000.00	30/08/2016	19/07/2038	1.12000
45,000,000.00	26/09/2016	26/09/2031	0.98400
40,000,000.00	24/10/2016	24/10/2026	0.52000
40,000,000.00	24/10/2016	24/10/2026	0.52000
20,000,000.00 + 6,000,000.00 (Tap)	07/11/2016 + 13/12/2017	07/11/2046	1.38000
40,000,000.00	23/11/2016	23/11/2026	0.65000
10,000,000.00	07/12/2016	07/12/2029	0.10000[3]
150,000,000.00	18/01/2017	18/01/2019	ZC (*)
20,000,000.00	24/01/2017	24/01/2039	1.675000
49,563,381.25	19/01/2017	19/01/2037	OLOZC 20Yr
51,615,999.47	06/02/2017	06/02/2037	OLOZC 20Yr
10,000,000.00	13/02/2017	13/02/2026	0.98000

1/ 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%.
2/ The settlement on June 27th 2016 was for €29,541,200 of €40 million maturing in 2046, the difference is amortised yearly basis during the length of the borrowing.
3/ Step-up loan with a reduced coupon of 0.10% during the first 4 interest maturities; at 1.48% for years 5 to 8; at 1.58% for years 9 to 11 and 1.80% for the last two maturities; the budgetary impact is distributed evenly throughout the duration of the issue equivalent to a vanilla loan with a coupon of 1.102%.

15,000,000.00	24/03/2017	22/06/2027	1.17000
50,000,000.00	03/07/2017	03/07/2037	1.56000
10,000,000.00	14/06/2017	14/06/2044	1.78700
20,000,000.00	30/06/2017	30/06/2067	2.10000
80,000,000.00	06/07/2017	06/07/2087	2.50000
27,000,000.00	20/07/2017	20/07/2037	1.74500
25,000,000.00	26/07/2017	26/07/2047	2.05000
49,514,850.00	20/09/2017	22/06/2047	1.60000 (***)
20,000,000.00	05/10/2017	25/07/2038	Inflation Linked
71,468,000.00	30/11/2017	30/11/2042	1.14000 (***)
10,000,000.00	15/01/2018	15/01/2048	1.93000
25,000,000.00	22/01/2018	22/01/2038	1.66000
15,000,000.00	26/01/2018	26/01/2043	1.76000
21,653,216.00	25/01/2018	25/07/2031	Inflation Linked
3,000,000.00	23/01/2018	20/07/2037	1.57400
25,000,000.00	26/01/2018	26/01/2038	1.65200
25,000,000.00	05/02/2018	05/02/2038	1.67400
15,000,000.00	07/02/2018	07/08/2028	E3M+40.0bp
20,000,000.00	05/02/2018	05/02/2048	1.97600
5,000,000.00	08/02/2018	08/02/2027	0.83000
50,000,000.00	08/02/2018	21/04/2020	OLOZC 2Yr
99,192,680.00	01/03/2018	01/03/2038	OLOZC 20Yr
10,000,000.00	12/02/2018	12/02/2020	OLOZC 2Yr
20,000,000.00	12/02/2018	12/02/2048	1.94000
35,000,000.00	22/02/2018	25/07/2047	Inflation Linked
20,000,000.00	22/02/2018	22/02/2038	1.76000
170,595,200.00	06/03/2018	06/03/2028	Inflation Linked
49,489,554.75	03/04/2018	03/04/2038	OLOZC 20Yr
10,000,000.00	24/05/2018	22/06/2028	1.13000
10,283,400.00	15/06/2018	15/06/2050	Inflation Linked
10,151,600.00	15/06/2018	15/06/2055	Inflation Linked
10,071,500.00	15/06/2018	15/06/2058	Inflation Linked
10,087,400.00	15/06/2018	15/06/2062	Inflation Linked
10,119,300.00	15/06/2018	15/06/2066	Inflation Linked
10,000,000.00	22/06/2018	22/06/2028	1.13000
10,000,000.00	06/07/2018	06/07/2026	0.66800
40,000,000.00	16/07/2018	16/07/2028	0.95000
30,000,000.00	23/07/2018	23/07/2068	2.10500
30,000,000.00	08/08/2018	08/08/2048	1,92000
65,000,000.00	08/08/2018	09/08/2049	1.95000
30,000,000.00	17/08/2018	17/08/2068	2.17700
10,000,000.00	16/08/2018	17/07/2028	0,95000
65,000,000.00	25/09/2018	25/09/2050	1.97200
10,000,000.00	26/11/2018	26/11/2051	Inflation Linked
10,000,000.00	26/11/2018	26/11/2053	Inflation Linked
10,000,000.00	26/11/2018	26/11/2057	Inflation Linked
10,000,000.00	26/11/2018	26/11/2060	Inflation Linked
10,000,000.00	26/11/2018	26/11/2064	Inflation Linked
30,000,000.00	10/12/2018	14/12/2045	1.91700

Total long-term EMTN amount outstanding : €4,837,800,819.72
Weighted average maturity: 14.7 years
Weighted residual term: 10.7 years
Number of ongoing transactions: 154
(*): Borrowings at a negative rate
(**): issue over par
(***): issue under par

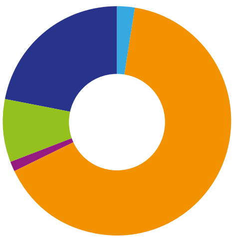
With the setting up of this financing programme and thanks to having been awarded an excellent rating (which has been identical to that of the Kingdom from the outset), the Federation is seeking to secure enhanced visibility on the financial markers – something that allows it both to gain access to financing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

As indicated in a previous table, the actual maximal authorised volume is €6,500 million (as decided on 7 July 2018). 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 at 31/12/2018 amounts to €1,662.20 million.

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 which have matured in February 2018.

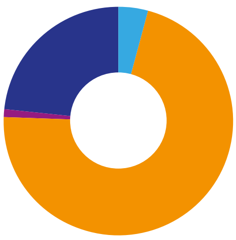
The following graphs specify, for the total debt, the proportion of the exposure represented by the different types of loans on 31 December 2017 and on 31 December 2018.

FIGURE 4
Different types of loans within the total debt amounting to €6,406.97 million as of 31/12/2017



Private loans (bank loans)	**2.54%**
Long-terme EMTN Financing programme	**65.43%**
OLCo, Lobo, etc.	**1.40%**
Commercial papers & short-term EMTN	**8.79%**
Schuldschein	**21.83%**

FIGURE 5
Different types of loans within the total debt amounting to €6,768.55 million as of 31/12/2018



Private loans (bank loans)	**4.31%**
Long-terme EMTN Financing programme	**71.47%**
OLCo, Lobo, etc.	**1.11%**
Commercial papers & short-term EMTN	**0.00%**
Schuldschein	**23.11%**

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 – 2018 (in € million)

Year	Outstanding as at 01/01	Amortisation 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

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.

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
2016	89.1	75.1	14.1
2017	14.1	1.2	12.9
2018	12.9	0.8	12.1

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).

Following a consultation launched in June 2018, Belfius Bank was designated as a FWB Cashier for a period of five years from 1 January 2019. All the accounts opened by the FWB with its cashier 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 D.1 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.

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 on 4 November 2015, the report for the year 2015 was handed over on 28 October 2016, the report for the year 2016 was passed on October 31st 2017, the report for the year 2017 on October 30th, 2018 and the report for the year 2018 should be deposited in the Parliament of the FWB in October/November 2019.

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

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.

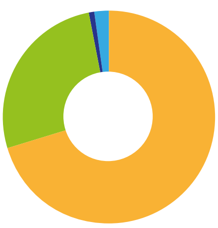
As already mentioned in section C.5 of chapter I, the financial resources granted by the LSF to the FWB have been modified in 2014 with entry into force as at 1 January 2015. The French Community of Belgium has 4 different sources of financing (transition mechanism excluded):

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

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
2018 revenues exclusive of appropriated revenues (Realisations)



VAT allocation	**70.48%**
IPP allocation	**26.52%**
Foreign university student allocation	**0.78%**
Others	**2.22%**

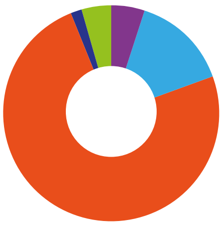
The replacement of the Community tax (i.e. RRTV) by a fixed-rate allocation means that since 2002 the FWB's resources come for more than 98% from allocations transferred and guaranteed by the federal State. This situation helps strengthen the almost perfect predictability and low volatility of the Community 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 in accordance with the Saint-Quentin agreement;
- 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
2018 expenditures exclusive of debt redemptions (Realisations)

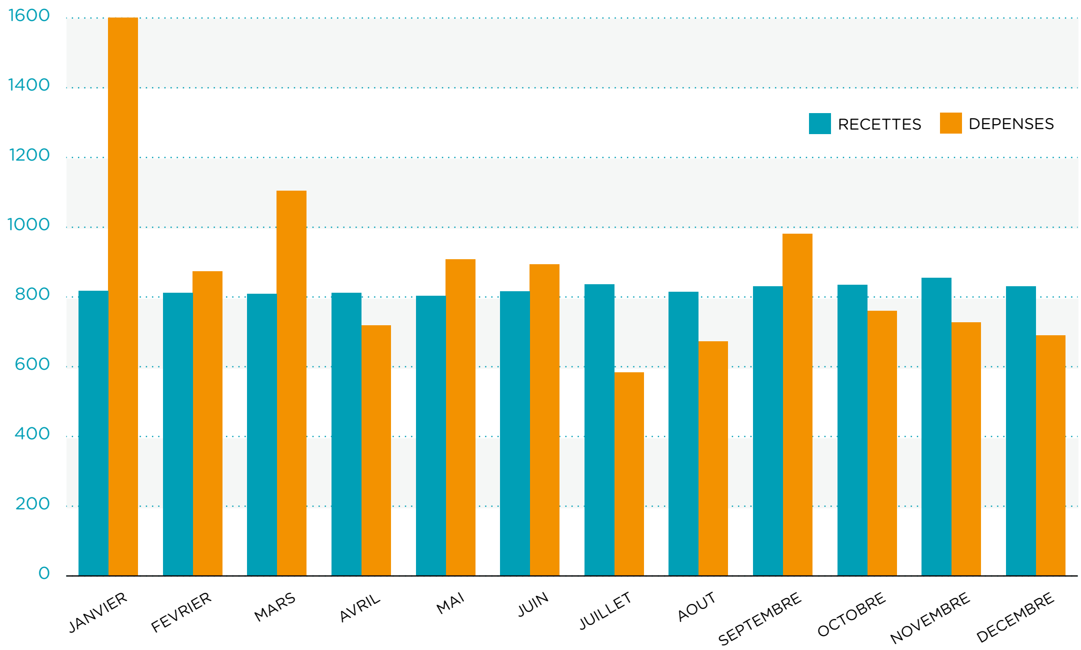


General Services	**5.23%**
Culture, health, social issues, etc.	**14.30%**
Education, research, teaching, etc.	**74.58%**
Public debt	**1.50%**
Allocation to the Walloon Region and the Cocof	**4.39%**

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 2018 is illustrated in the following graph:

FIGURE 8
Rate of revenues and expenditures for 2018 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.

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 Agency. 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.

Since 2010[1], 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 rate 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 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. The part of the borrowings maturing or being called within twelve months cannot exceed 20% of the total outstanding amount.

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 ma-

1/ See the FWB's 2015 and previous annual debt reports for a reminder of the former analysis grid used until 2010 for managing the optimal allocation of the fixed-rate share of the community debt.

turing 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	31/12/2013	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
En %	10.95%	10.69%	08.19%	07.78%	12.48%	12,48%

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.

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.

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

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

an amount of €10.0 million has been realised and maintained at variable rate. As could be expected, the fixed rate ratio increased in 2015 and is evaluated at 89.31% as at 31/12/2015.

The search for yield probably prompted investors to express their preferences for long maturities with a fixed coupon in 2016: 92.7% of the total amount, €1,305.0 million, realized during the year was concluded through 31 issues at a fixed rate; only three issues totalling €95.0 million were indexed to the Euribor at their inception and were kept at variable rates.

Therefore, at the end of December 2016, the fixed rate ratio of the Community's debt increased to 91.81%.

The observed tendencies in 2016 were confirmed in 2017, thus only the €20 million Inflation Linked issuance with maturity date July 25th 2038 concluded on September 26th 2017 was issued with a floating rate. The other 19 realised operations during the year for a total value of over €900 million have fixed rates (97.9% of the total borrowings in 2017). The fixed rate ratio as of December 31st 2017 of the Community's debt was 92.22%.

The variable rate portion increased sharply in 2018, reaching 12.48%. This was due to the numerous inflation-related issues concluded, totalling a notional amount of €315.0 million. This amount excludes the €50.0 million Inflation Linked ones concluded at the end of December 2018, with a departure date of early 2019.

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 98%) 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

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.

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, the Federation has therefore only acquired securities issued by the federal State and the federated entities. In recent years, particularly since the emergence and persistence of negative Euribor rates, this investment policy was also strongly impacted by the fact that short-term investments in the market offered negative returns that were naturally not attractive for the FWB whose conditions are grounded at 0%: the only arbitrage possible is to keep the assets on accounts.

6. Management of the repayment schedule

The Federation Wallonia-Brussels constantly makes sure that its overall debt term, at least over the 4 year mark, is maintained 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 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, since 2010, 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%
31/12/2016	43.1%
31/12/2017	39.1%
31/12/2018	26.5%

With regard to the one-year refinancing risk, the principle of a maximum ratio of 15% representing the maturity of the borrowings maturing within the year in relation to the total stock of debt, is confirmed and has been supplemented, since 2015, to take into account the loans that may optionally mature within the year, as follows: the total potential amortization expiring in the first year (i.e., depreciation and amortization + optional depreciation) divided by the total debt cannot exceed 20%. It has evolved since then as follows: 10.1% at 31 December 2018, 16.6% at 31 December 2017, compared to 15.9% at 31/12/2016 and 17.4% at 31/12/2015.

Until 31/12/2018, the debt portfolio of the FWB includes short-term issues that are made under local or EMTN programmes and renewed on a periodic[1] basis. These short-term issues represent as of 31/12/2015:

- 2 monthly tranches guaranteed by firm commitments 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 €312.7 million.

As of 31 December 2016, the quarterly tranche of €100.0 million has not been renewed, as well as two half-yearly tranches totalling €88.0 million. Therefore, remaining active at the end of 2016 are: four half-yearly tranches for a total amount of €224.7 million and two monthly tranches for a total of €150.0 million.

The 2018 financing requirement was met through reactivating the previously mentioned quarterly and biannual credit lines for a total sum of €188 million. This brings the total of active credit lines to €562.7 million, of which €150 million is renewed monthly, €100 million quarterly, and €312.7 million biannually.

The quarterly and semi-annual issues are renewed by putting about ten banks in competition and are essentially entirely subscribed even though almost all renewals in 2016, 2017 and 2018 were concluded at negative rates. However, they are not guaranteed by commitments and may - in the worst case scenario - face a drying up of the market.

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 (€412.7 million as at 31/12/2015) and the LOBO[2] 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 of 31 December 2015 and the five-year refinancing risk increases from 46.1% to 48.4% at the end of 2015. The amount in millions of Euro of these borrowings, which matured optionally during the year, has since changed as follows:

Year	PC & short term EMTN renewed at 3 months and 6 months	Lobo	Total
2015	413 million	75 million	488
2016	225 million	75 million	300
2017	413 million	75 million	488
2018	0 million	75 million	75

1/ By competitive tendering for 3-month and 6-month operations; operations not exceeding the month are de facto devolved to the Cashier by the Royal Decree of 6 August 1990 laying down the arrangements for the organization of the treasury of the Communities, the Regions and the Common Community Commission.

2/ Lender's Option Borrower's Option: the investor has the option (but not the obligation) to offer a new rate only once during the term of the issue, the FWB has the option to accept the new rate that is, then, applicable, until the final maturity in 2058, or to refuse the new rate and repay the loan upon exercise of the option.

As previously stated, it was decided at the end of 2018 not to proceed with periodic renewals; a priori the amount of the optional amortization should now be stabilized at €75.0 million.

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 (Belgian Official Journal 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.

Regarding the specific case of renewing three- and six-months borrowings after a call for tenders, it logically appears that this has had a positive effect on the conditions obtained by the FWB as demonstrated in the below table:

Year	Tenders	Average issu-ance in € millions	Weighted average rate in %	Weighted average spread in bp vs Euribor	Weighted average bid-to-cover
2012	12	79.2	0.631	-3.19	1.2
2013	13	69.3	0.268	-3.78	2.2
2014	10	62.6	0.245	-5.09	2.4
2015	11	66.0	-0.115	-13.44	3.5
2016	11	76.2	-0.293	-9.81	2.3
2017	10	63.7	-0.384	-10.96	3.1
2018	7	80.4	-0.373	-7.78	3.4

We note that in 2012, only two local financing programs were utilised, specifically those concluded with Belfius and then with BNP Paribas Fortis. From 2013, a third local financing program was created and utilised with ING. Then, from 2014, the EMTN program was utilised also for the issuances of three and six months by the dealers who were not acting via the local treasury programs, most often by the "one day dealer" or "dealer a day" procedures.[1]

1/ A tool which allows a financial intermediary who is not a permanent dealer of the ETMN program to be named dealer for a specific program by FWB, materialised by a Dealer Accession Letter.

C.2. Application of the management principles

C.2.1. The debt

Given that the FWB's gross financing needs have increased considerably and in particular over the long term, especially since the 2007/2008 crisis, the FWB has stepped up its external communication policy (road shows, one-to-one, etc.) and its diversification policy not only in terms of products but also in terms of investors and counterparties / intermediaries. For example, the maximum gross requirement for 2017 was around €1,400 million compared to €27.0 million in 2007. Similarly, at the end of 2008 the FWB had a dozen counterparty / intermediary banks compared to twenty-six at the end of December 2017.

Furthermore, in order to try broaden its investor base, the Federation Wallonia-Brussels, as a debt issuer, decided in 2010 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.

The main objective was to demonstrate to investors that our missions, by definition in relation to the development of the company over the long term, are carried out in a socially responsible manner and that the extra-financial risks of an investment in FWB securities are limited. Vigeo carried out a CSR (Corporate Social Responsibility) analysis of the FWB and submitted its final report on 14 February 2011. This report awarded the Federation one of the best ratings (54/100 – rating < +>) awarded by Vigeo[1], 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, in Belgium.
This enabled the FWB to support the development of this market in the early 2010s by participating as a public debt issuer, which offered a diversification opportunity to SRI (Socially Responsible Investment) investors.

1/ For more details, see the document «Result of the assessment of the level of social responsibility achieved by the Ministry of the French Community at 14 February 2011» available on the website of the Directorate General of Budget and Finance (FWB) on the following address: http://www.budget-finances.cfwb.be; «News» section of March 21, 2011.

The extra-financial rating exercise was renewed in 2016 - again after appropriate competition - by the aforementioned agency which in the meantime became Vigeo Eiris, which issued its analysis at the end of the year and which can be schematized as follows:

FIGURE 9

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

The Agency highlighted that the FWB has improved its previous good performance (reaching 57/100 - "Robust" social responsibility performance) and was ranked 4th in a panel of 30 comparable entities, behind two French entities and a German one. This good extra-financial rating enables the Federation to extend its borrowing opportunities and broaden its investor base; In addition, all of the borrowings that it carries out may continue to be classified as SRI.

The extra-financial rating of a socially responsible issuer allowed the FWB to successfully achieve a SRI benchmark of 500 million in June 2011, which was a particularly difficult period for sovereign and tied issuers. Although the rating was very good, the FWB has to submit programs that qualify a socially responsible, or Green or Social or Sustainable characteristics. This work will however be exploited in the near future.

From 2002 until 2008, the FWB only borrowed to replace maturing loans. As a result, the stock of long-term debt stabilised in nominal terms at €2.8 billion. This was no longer the case for the following years, following the banking and financial crisis, as the total amount borrowed during the period 2002-2008 amounted to €2.3 billion, representing an average annual amount of €320 million to be raised on the financial markets. Between 2009 and 2013, on the other hand, while the average annual depreciation amount remained about stable at 310 million, it was necessary to raise funds for a total amount of 3.6

billion €, representing an average annual depreciation amount of 720 million and a total nominal long-term debt measured at €4.9 billion. Successive financing was made under the following conditions:

Year	2009	2010	2011	2012	2013
Total financing in € m	926.5	867.7	781.4	505.0	503.9
Weighted aver-age rate in%	3.66	2.80	3.71	3.46	2.73
Average dura-tion in years	10.1	10.1	6.5	15.9	19.1
Fixed rate share	64.8%	100.0%	97.7%	83.0%	71.2%
EMTN	52.7%	63.0%	81.1%	78.4%	97.9%
Schuldschein	14.9%	12.5%	6.1%	21.6%	2.1%
PC	32.4%	24.5%	12.8%	0.0%	0.0%

In 2014 it was 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 sev-en 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	05/02/2014	03/03/2014	03/03/2064	32,000,000.00	Fixed Rate
EMTN	27/03/2014	07/04/2014	07/04/2044	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	07/05/2014	07/05/2029	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	01/04/2014	10/04/2014	10/04/2036	10,000,000.00	Fixed Rate
Schuldschein	06/05/2014	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	02/12/2014	09/12/2014	26/06/2040	40,000,000.00	Fixed Rate
Schuldschein	02/12/2014	12/12/2014	12/12/2025	45,000,000.00	Euribor

Total amount financed long-term in 2014: €520.5 million
Weighted average rate after eventual hedging: 2.6%
Weighted average maturity: 21.7 years
Weighted average margin compared to OLO: 16.9bp
Weighted average margin compared to MidSwap 60.1bp
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 12 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 long-term in 2015: €482.5 million
Weighted average rate after eventual hedging: 1.5%
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 on 16 November 2015 for an amount of €100.0 million and at a rate of -0.13%, equivalent to E3M-3.9 basis points granted to a French bank after competitive bidding.

The gross borrowing requirements for 2016 consisted of €467.0 million in borrowings and the requirement arising from the budgetary imbalance, originally estimated at €326.0 million, to which could be added €355.0 million optional, leading to an aggregate initial amount of around €793.0 million with a maximum of €1,148.0 million, without prejudice to the evolution of the macroeconomic parameters and thus to the adjustment of the 2016 budget. The phasing of achievements was carried out as follows, given that the options have not been exercised:

a) the requirements for 2016 were fully covered as of 17 June 2016, including the budget heading;
b) a series of three-month and six-month renewable lines were replaced by long-term borrowings (weighted average duration of nearly 18 years) for €188.0 million during the third quarter of the year;
c) in order to anticipate the significant future needs, and with the low OLO rates, a total of €170.0 million was raised at the end of the year as pre-financing for the 2017 needs. This was done through six issues with improved margins.

A total of €1,305.0 million was borrowed from the markets through 31 issues, which were concluded at the pace and with the following essential characteristics:

Format	Transaction	Start date	Maturity	Amount	Rate
EMTN	06/01/2016	13/01/2016	13/07/2018	100,000,000.00	ZC (-0,016%)
EMTN	11/01/2016	18/01/2016	18/01/2026	35,000,000.00	Fixed Rate
EMTN	18/01/2016	25/01/2016	25/01/2019	130,000,000.00	Fixed Rate
EMTN	27/01/2016	02/02/2016	02/08/2018	80,000,000.00	ZC (-0,051%)
EMTN	07/04/2016	14/04/2016	14/04/2076	100,000,000.00	Fixed Rate
EMTN	18/05/2016	26/05/2016	28/09/2021	40,000,000.00	Fixed Rate
EMTN	20/05/2016	27/05/2016	27/05/2026	10,000,000.00	Euribor
EMTN	20/05/2016	27/05/2016	27/11/2026	15,000,000.00	Euribor
EMTN	01/06/2016	07/06/2016	01/12/2018	120,000,000.00	ZC (-0,159%)
EMTN	07/06/2016	16/06/2016	16/06/2031	25,000,000.00	Fixed Rate
EMTN	17/06/2016	27/06/2016	27/06/2046	40,000,000.00	Fixed Rate
EMTN	30/06/2016	11/07/2016	11/07/2039	30,000,000.00	Fixed Rate
EMTN	04/07/2016	15/07/2016	15/07/2026	40,000,000.00	Fixed Rate
EMTN	05/07/2016	19/07/2016	19/07/2038	10,000,000.00	Fixed Rate
EMTN	15/07/2016	19/07/2016	19/07/2038	10,000,000.00	Fixed Rate
EMTN	22/08/2016	30/08/2016	19/07/2038	25,000,000.00	Fixed Rate
EMTN	19/09/2016	26/09/2016	26/09/2031	45,000,000.00	Fixed Rate
EMTN	10/10/2016	24/10/2016	26/10/2026	40,000,000.00	Fixed Rate
EMTN	17/10/2016	24/10/2016	26/10/2026	40,000,000.00	Fixed Rate
EMTN	25/10/2016	07/11/2016	07/11/2046	20,000,000.00	Fixed Rate
EMTN	08/11/2016	23/11/2016	23/11/2026	40,000,000.00	Fixed Rate
EMTN	25/11/2016	07/12/2016	07/12/2029	10,000,000.00	Fixed Rate
Schuldschein	11/01/2016	25/01/2016	25/01/2026	70,000,000.00	Euribor
Schuldschein	15/01/2016	29/01/2016	29/01/2035	20,000,000.00	Fixed Rate
Schuldschein	18/01/2016	02/02/2016	02/02/2046	35,000,000.00	Fixed Rate
Schuldschein	19/01/2016	29/01/2016	29/01/2038	5,000,000.00	Fixed Rate
Schuldschein	10/05/2016	19/05/2016	28/10/2042	60,000,000.00	Fixed Rate
Schuldschein	13/06/2016	20/06/2016	24/07/2043	50,000,000.00	Fixed Rate
Schuldschein	09/09/2016	16/09/2016	16/09/2038	30,000.000.00	Fixed Rate
Schuldschein	12/09/2016	19/09/2016	23/06/2031	10,000,000.00	Fixed Rate
Schuldschein	21/10/2016	28/10/2016	29/10/2046	20,000,000.00	Fixed Rate

Total amount financed long-term in 2016: €1,305.0 million
Weighted average rate after eventual hedging: 0.8%
Weighted average maturity: 15.9 years
Weighted average margin compared to OLO: 31.0bp
Weighted average margin compared to MidSwap: 31.0bp
Part financed at fixed rate after possible IRS : 92.7%
Part financed under EMTN format: 77.0%
Part financed under Schuldschein format: 23.0%

Note that 2.5-year ZC issues on 6 January 2016, 27 January 2016 and 1 June 2016 for respectively €100.0 million, €80.0 million and €120.0 million all have negative real interest rates. It should be noted that, in accordance with the opinion of the Community Treasury Council in October 2015, a temporary widening of the margin with respect to OLO was permitted as long as rates remained historically low; and that the impact of the ECB's Quantitative Easing Program (QE) on the OLO reference rate remained significant; and that FWB securities remained ineligible for the same QE in law (regulatory issue) or in fact (liquidity issue). These three conditions were verified until the end of the 3rd quarter of 2016.

As we saw in point B.1, the share of direct bank loans has declined steadily in recent years, representing only 2.5% in the FWB's debt portfolio as at 31 December 2017. This trend reflects the evolution in financial markets that have marked investor's preferences for dematerialized securities and thus requiring a lower return compared to direct loans. In 2016, exchanges were initiated with the **European Investment Bank and this led to a loan agreement, on 6 December 2016, for an amount of €600.0 million**[1], which will make it possible to realize an investment program worth more than €1.3 billion that will be spread over 5 years in the sectors of education, research, sports, culture, aid to youth. These investment projects were already included in the Federation's plans and budget projections that take into account the needs linked to the population boom. This contract allows the FWB to have a new source of financing at attractive conditions.
As was stated in the press on 6 December 2016: "... the EIB is now able to propose to the Federation Wallonia-Brussels the **largest financial operation ever carried out in Belgium.** (...) The EIB, rated "AAA" and therefore able to finance itself at the lowest market rates, will offer the FWB, in order to support its educational, cultural, sports and research investment program, **even more advantageous rates** than those already available to it thanks to its good credit rating and proactive debt management."

As announced in the beginning of the year in the document "Financing and strategy 2017", the gross financing requirement for 2017 consisted of maturing borrowings for the amount of €675 million (to which could be added an additional callable €300 million) and of the budget imbalance [= income – charges without under-utilisation of credits], estimated in the initial budget to be €-425 million. It was thus a total amount of at least €1,100 million and at most €1,400 million that the FWB would have borrowed in 2017, not including pre-financing realised in 2016 (initial estimation of €170 million) and without taking into account the evolution of macroeconomic factors, and thus not the adjustment of said budget for 2017.

1/ See the 2016 annual report for the principal practical modalities of the potential draws

The financing of previously mentioned gross requirements were realised through 16 ETMN issuances (€655 million) and of two Schuldschein issuances (€101 million) completed in the end of the year through the reactivation of three and six month credit lines totalling €188 million. See table below for more information:

Format	Transaction	Start	Maturity	Notional	Rate type
EMTN	10-01-2017	18-01-2017	18-01-2019	150,000,000.00	ZC (-0,453%)
EMTN	10-01-2017	24-01-2017	24-01-2039	20,000,000.00	Fixed Rate
EMTN	12-01-2017	19-01-2017	19-01-2037	49,563,381.25	ZC --> 70M€
EMTN	30-01-2017	06-02-2017	06-02-2037	51,615,999.47	ZC --> 77M€
EMTN	01-02-2017	13-02-2017	13-02-2026	10,000,000.00	Fixed Rate
EMTN	17-03-2017	24-03-2017	22-06-2027	15,000,000.00	Fixed Rate
EMTN	06-06-2017	03-07-2017	03-07-2037	50,000,000.00	Fixed Rate
EMTN	07-06-2017	14-06-2017	14-06-2044	10,000,000.00	Fixed Rate
EMTN	22-06-2017	30-06-2017	30-06-2067	20,000,000.00	Fixed Rate
EMTN	04-07-2017	06-07-2017	06-07-2087	80,000,000.00	Fixed Rate Extrap.
EMTN	12-07-2017	20-07-2017	20-07-2037	27,000,000.00	Fixed Rate
EMTN	17-07-2017	26-07-2017	26-07-2047	25,000,000.00	Fixed Rate
EMTN	13-09-2017	20-09-2017	22-06-2047	49,514,850.00	Fixed R. --> 55M€
EMTN	26-09-2017	05-10-2017	25-07-2038	20,000,000.00	Inflation Linked
EMTN	22-11-2017	30-11-2017	30-11-2042	71,468,000.00	Fixed R. --> 80M€
EMTN (Tap)	13-12-2017	19-12-2017	07-11-2046	5,496,707.67	Fixed R. --> 6M€
Schuldschein	06-02-2017	06-03-2017	06-03-2037	50,078,609.85	ZC --> 75M€
Schuldschein	21-12-2017	29-12-2017	29-01-2048	51,000,000.00	Fixed Rate
CP	15-11-2017	20-11-2017	19-02-2018	100,000,000.00	ZC (-0,420%)
CP	29-11-2017	04-12-2017	04-06-2018	88,000,000.00	ZC (-0,470%)

Total amount financed long-term in 2017: €943.7 million
Weighted average rate after eventual hedging: 1.0%
Weighted average maturity: 19.7 years
Weighted average margin compared to OLO: 23.1bp
Weighted average margin compared to MidSwap: 19.8bp

Part financed at fixed rate after possible IRS : 97.9%
Part financed under EMTN format: 69.4%
Part financed under CP & EMTN format: 19.9%
Part financed under Schuldschein format: 10.7%

Remarks
No taking into account the short-term CP lines, the principal characteristics become:
Total amount financed long-term in 2017: €755.7 million
Weighted average rate after eventual hedging: 1.4%
Weighted average maturity: 24.5 years
Weighted average margin compared to OLO: 23.9bp
Weighted average margin compared to MidSwap: 28.3bp

The 2017 financing (not including CP) were underwritten primarily by German (56%) and Belgian (23%) investors, of which 78% were insurers.

The €20 million Inflation Linked issue on September 26th 2017, contrary to those concluded in 2012 and 2013, have a coupon linked to the European inflation used by the markets (HICP ex-Tobacco), notably by the Kingdom of Belgium when it issued its inflation-linked instruments. As per usual, the inflated capital is amortised year by year such that the reimbursed capital on July 25th 2038 will have been reconstituted during the length of the borrowing, as the FWB already do for three borrowings linked to inflation which were concluded in 2012 and 2013 for a total sum of €106 million. The realised operation is in accordance with the Community's Treasury council's proposed framework to limit the maximum proportion of its Inflation Linked borrowings to maximum 7.5% of the total outstanding long term borrowings.

The €80 million issue concluded on July 6th 2017 is noteworthy due to its duration which largely exceeds the mythical 50 years, but also and essentially because the investors who accept to lend at very long maturities show strong confidence towards the borrower. This was the case also for the €20 million borrowing with 50 years maturity concluded on June 22nd 2017. In addition, the rate of the issuance is largely below the "average cost" of debt and also resulted in an increase of the community's debt duration, perfectly coherent with a low-rate environment.

The gross financing requirement for the year 2018 was composed of maturing loans for the amount of €576.0 million, to which €488.0 million could be added if options are exercised, and of the deficit which was estimated at €364 million during the preparation of the initial budget. Thus, it is a total amount of the order of minimum €940.0 million and maximum €1,428.0 million that the FWB had to borrow in 2018, without taking into account the amounts pre-financed in 2017 and without prejudice to the evolution of the macroeconomic parameters and therefore the adjustment of the 2018 budget.

This need was covered by 46 loans:

Format	Transaction	Start	Maturity	Notional	Rate type
EMTN	08-01-2018	15-01-2018	15-01-2048	10,000,000.00	Fixed
EMTN	15-01-2018	22-01-2018	22-01-2038	25,000,000.00	Fixed
EMTN	15-01-2018	26-01-2018	26-01-2043	15,000,000.00	Fixed
EMTN	15-01-2018	25-01-2018	25-07-2031	21,653,216.00	Inflation Linked
EMTN	16-01-2018	23-01-2018	20-07-2037	3,000,000.00	Fixed
EMTN	19-01-2018	26-01-2018	26-01-2038	25,000,000.00	Fixed
EMTN	24-01-2018	05-02-2018	05-02-2038	25,000,000.00	Fixed
EMTN	29-01-2018	07-02-2018	07-08-2028	15,000,000.00	Variable
EMTN	29-01-2018	05-02-2018	05-02-2048	20,000,000.00	Fixed
EMTN	30-01-2018	08-02-2018	08-02-2027	5,000,000.00	Fixed
EMTN	01-02-2018	08-02-2018	21-04-2020	50,000.000.00	Fixed
EMTN	02-02-2018	01-03-2018	01-03-2038	99,192,680.00 ➔142M€	Fixed

EMTN	05-02-2018	12-02-2018	12-02-2020	10,000,000.00	Fixed
EMTN	07-02-2018	12-02-2018	12-02-2048	20,000,000.00	Fixed
Loan (EIB)	12-02-2018	26-02-2018	26-02-2027	130,000,000.00	Fixed
EMTN	15-02-2018	22-02-2018	25-07-2047	35,000,000.00	Inflation Linked
EMTN	15-02-2018	22-02-2018	22-02-2038	20,000,000.00	Fixed
New CP	29-01-2018	01-02-2018	01-08-2018	50,000,000.00	Fixed
SSD	15-02-2018	22-02-2018	22-02-2043	90,000,000.00	Fixed
EMTN	27-02-2018	06-03-2018	06-03-2028	170,595,200.00	Inflation Linked
EMTN	07-03-2018	03-04-2018	03-04-2038	49,489,554.75 ➔ 70.5M€	Fixed
SSD	14-05-2018	22-05-2018	22-05-2048	10,000,000.00	Fixed
EMTN	17-05-2018	24-05-2018	22-06-2028	10,000,000.00	Fixed
SSD	30-05-2018	08-06-2018	08-06-2026	10,000,000.00	Fixed
EMTN	07-06-2018	15-06-2018	15-06-2050	10,283,400.00	Inflation Linked
EMTN	07-06-2018	15-06-2018	15-06-2055	10,151,600.00	Inflation Linked
EMTN	07-06-2018	15-06-2018	15-06-2058	10,071,500,00	Inflation Linked
EMTN	07-06-2018	15-06-2018	15-06-2062	10,087,400.00	Inflation Linked
EMTN	07-06-2018	15-06-2018	15-06-2066	10,119,300.00	Inflation Linked
EMTN	08-06-2018	22-06-2018	22-06-2028	10,000,000.00	Fixed
EMTN	27-06-2018	06-07-2018	06-07-2026	10,000,000.00	Fixed
EMTN	10-07-2018	16-07-2018	16-07-2028	40,000,000.00	Fixed
EMTN	16-07-2018	23-07-2018	23-07-2068	30,000,000.00	Fixed
SSD	26-07-2018	02-08-2018	02-08-2033	10,000,000.00	Fixed
EMTN	01-08-2018	08-08-2018	08-08-2048	30,000,000.00	Fixed
EMTN	01-08-2018	08-08-2018	09-08-2049	65,000,000.00	Fixed
EMTN	09-08-2018	17-08-2018	17-08-2068	30,000,000.00	Fixed
EMTN	09-08-2018	16-08-2018	17-07-2028	10,000,000.00	Fixed
EMTN	18-09-2018	25-09-2018	25-09-2050	65,000,000.00	Fixed
EMTN	16-11-2018	26-11-2018	26-11-2051	10,000,000.00	Inflation Linked
EMTN	16-11-2018	26-11-2018	26-11-2053	10,000,000.00	Inflation Linked
EMTN	16-11-2018	26-11-2018	26-11-2057	10,000,000.00	Inflation Linked
EMTN	16-11-2018	26-11-2018	26-11-2060	10,000,000.00	Inflation Linked
EMTN	16-11-2018	26-11-2018	26-11-2064	10,000,000.00	Inflation Linked
EMTN	03-12-2018	10-12-2018	14-12-2045	30,000,000.00	Fixed
SSD	14-12-2018	21-12-2018	21-07-2051	42,500,000.00	Fixed

Total amount financed long-term in 2018: €1,392.25 million
Weighted average rate after eventual hedging: 1.4%
Weighted average maturity: 20.9 years
Weighted average margin compared to OLO: 19.5bp
Weighted average margin compared to MidSwap: 17.4bp

Part financed at fixed rate after possible IRS : 75.4%
Part financed under EMTN format: 75.4%
Part financed under Schuldschein format: 11.7%
Part finance by bank loans: 9.3%
Part financed under CP & short term EMTN format: 3.6%

Remark
No taking into account the short-term CP lines (50 million), the principal characteristics become:
Total amount financed long-term in 2018: €1,342.14 million
Weighted average rate after eventual hedging: 1.5%
Weighted average maturity: 21.7 years
Weighted average margin compared to OLO: 19.5bp
Weighted average margin compared to MidSwap: 19.1bp

The 2018 funding was characterized by its very broad distribution and by the predominance of German investors who financed more than 67% of the year's needs.

Note also the thirteen inflation-indexed issues which, in addition to the last one carried out in December 2018 but with the date of payment of the funds in January 2019, complete the maximum borrowing percentage in this format (7.5% of total debt stock) advocated by the Community Treasury Board and the implementation of the contract with the European Investment Bank, signed in 2016, which was achieved by a first draw of €130.0m for a maturity of 9 years.

Finally, the Aa3/P1 ratings were again confirmed by the rating agency Moody's in the Credit Opinion of 29 March 2019; the rating confirms on the one hand the close financial ties between the FWB and the federal State 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 Aa3/P1 rating of the EMTN program of the CFB were renewed in July 2018, just as it was for the obligations issued by the Community.

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- review for downgrade [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.
After being put into competition, a new Cashier protocol was awarded in September 2018 for a period as from January 1, 2019 until December 31, 2023. The conditions for the access to a permanent short-term liquidity line of €2,500.0 million are reaffirmed in this new protocol, as is the floor at 0% for credit and debit account positions. The rate applied to the credit balances is equal to the quarterly arithmetic average of the 1-month Euribor minus a margin of 5.0bp and increased by 10.0bp for the debit balance. As a result, the conditions in account couldn't be negative in any case.

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.
The trend towards the end of 2015 was continued and was accentuated the following year: consequently, no short-term issue could be concluded in 2016, especially since the Community treasury had an account surplus. In the end of July 2017, a Treasury note issue of €150 million could be realised at a negative rate over four days. At the end of the year 2018, a commercial paper issue for cash was made in favour of the Fonds Écureuil for an amount of €124,206,000.00 for the period from 28/12/2018 to 07/01/2019, at the rate of 0%.

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	44.1	2.05%	14.2 days	1,674.0
2006	84	30.6	2.74%	14.6 days	2,572.4
2007	86	39.5	3.88%	13.2 days	3,400.4
2008	81	39.0	4.04%	10.1 days	3,161.6
2009	39	61.6	0.97%	8.8 days	2,403.0
2010	7	87.4	0.51%	8.3 days	612.0
2011	22	90.0	1.12%	11.5 days	1,979.8
2012	7	132.9	0.26%	6.3 days	930.0
2013	15	76.6	0.18%	6.1 days	1,149.0
2014	22	111.2	0.23%	9.1 days	2,246.0
2015	19	136.7	0.02%	3.4 days	2,597.0
2016	0	0.0	0.00	0.0	0.0
2017	1	150.00	-0.05%	4.0 days	150.0
2018	1	124.2	0.00%	10.0 days	124.2

* 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) and was 30% starting from the 1st January 2017. 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
2016	0	0,0	0,0	0,0	0,0
2017	1	267.0	0.0%	4.0 days	267.0
2018	1	518.0	0.0%	10.0 days	518.0

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.
In 2016, as well as in 2014 and 2015, no investment could be made by the FWB given actual market conditions: only investments at a negative rate seemed possible, whereas the creditor rates were contractually floored at 0% in the Cashier Protocol of the Community entity.

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 and 30% as from 01/01/2017.

In the framework of European rules applicable for public entities, the credit balance of the treasury does not result in a reduction of the debt. Following contacts with the Federal, as part of the exchange during the Treasury council meeting on November 27th 2017, it appears that the short-term deposits made by the Federal debt agency consist of a borrowing from the Federal and is thus subject to the consolidation framework. Furthermore, the borrowing rate of the Federal for this kind of operation during this time of year is 0%, equalling our creditor rate floored at 0%. The situation is in other words neutral for CFB in terms of financial impact, but is improved in the view of the CFB's debt and thus the Kingdom's, which is appreciated in terms of federal loyalty. Thus, based on the community treasury's projections in December 2017, a four-day investment of €267 million was realised at the national Treasury. Similarly, since the Community's cash assets were estimated at €518.0 million, the latter amount could be placed with the Treasury for 10 days at a rate of 0% as part of the consolidation.

* Cash cycle

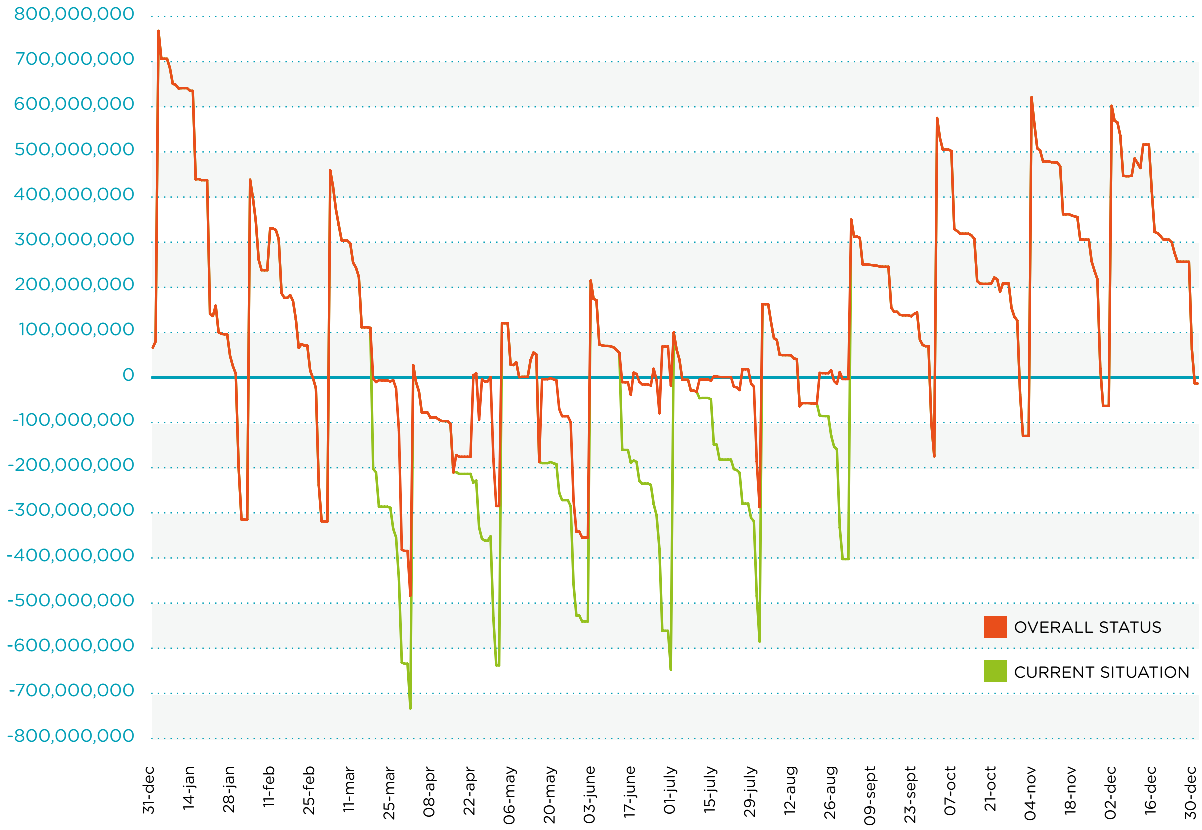
In the context of active cash management, it is interesting to isolate the annual cash cycle. This enables an analysis to be made of the evolution of the overall daily statement of all the accounts included in the amalgamation and to determine divergences in the rates of collection of revenues and disbursement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

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. We thus observe an oscillatory phenomenon that is rather creditor at the beginning of the month and rather debtor at the end of the month. This wave pattern in the month is accompanied by a general downward trend in cash flow during the first half of the year and an upward trend in the second half of the year. This can be explained by the fact that the FWB often strives to pay the majority of its grants and subsidies to beneficiaries as quickly as possible in the fiscal year.

As an example the following graph shows, for a typical[1] reference year:
The "global statement", i.e. the cash position resulting from the merger of all the accounts of the French Community. This includes the various management transactions (investments and cash borrowings);
The "real situation", i.e. the cash cycle excluding short-term investments and borrowings.

1/ In this case, 2014, that is to say before the appearance of negative rates and, above all, before their "full" impact, notably on treasury operations.

FIGURE 10
Typical Cash cycle (for the year 2014)



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 2011, 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

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.

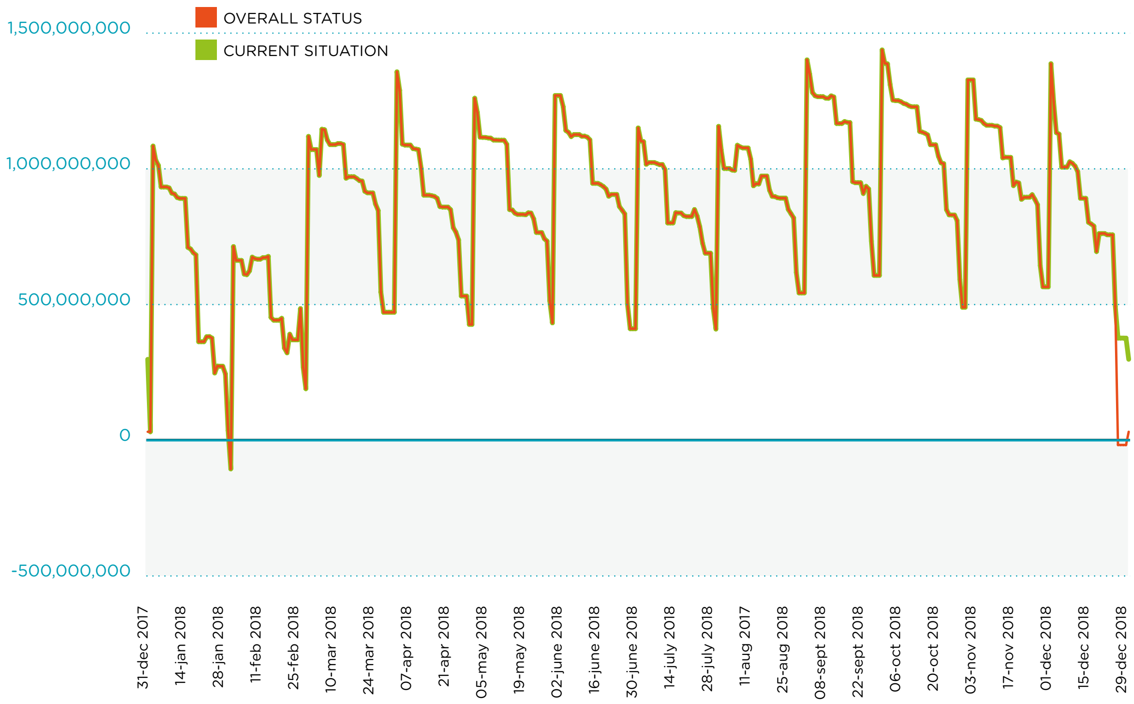
loans representing a total amount of €238.5 million were entered into, thereby covering all the year's requirements linked to the refinancing of matured loans.

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). That being said, as stated above, the FWB was unable to make investments during that year, thus reducing the usual gaps between "overall state" and "actual situation".
In 2016, no treasury operations (borrowing or short-term investments) could be concluded and there is therefore no longer any distinction between "global state" and "real situation", as depicted by the graph in the annual report from 2016. This situation prevailed also in 2017, with the exception of the €150 million issuance in the end of July for four days, as well as the four-day investment in the end of December 2017 of €267 million. At the end of 2018, the issue of €124.2 million and the investment of €518.0 million mentioned above coincided, generating a net difference of €393.8 million for 10 days between "overall state" and "actual situation".

Another peculiarity of this cash cycle is that large amounts were raised on the financial markets early in the year. The estimated initial gross financing requirements were fully covered in mid-June 2016 despite a complicated economic and financial environment characterised by, among other things, little growth, inflation, low interest rates, even negative on the short term (all Euribor rates) and on the long term for financially robust countries (OLOs sometimes up to 8 years, Bund sometimes up to 10 years, etc.). This economic-financial complexity has been accentuated during the following year by political turmoil, which did not hinder the FWB from covering three quarters of its gross financing needs in the first half of 2017. The financing of the 2018 requirements started very early with the conclusion of 20 loans during the months of January and February covering all the depreciations. The prepayments of the short-term lines had not yet been decided at this time. As a result, the balance of the Community's cash position was - within a few days - credited for the whole of 2016 as well as throughout 2017 and almost all of 2018[1]; which was not financially embarrassing given the contractual non-negativity of the account rates.

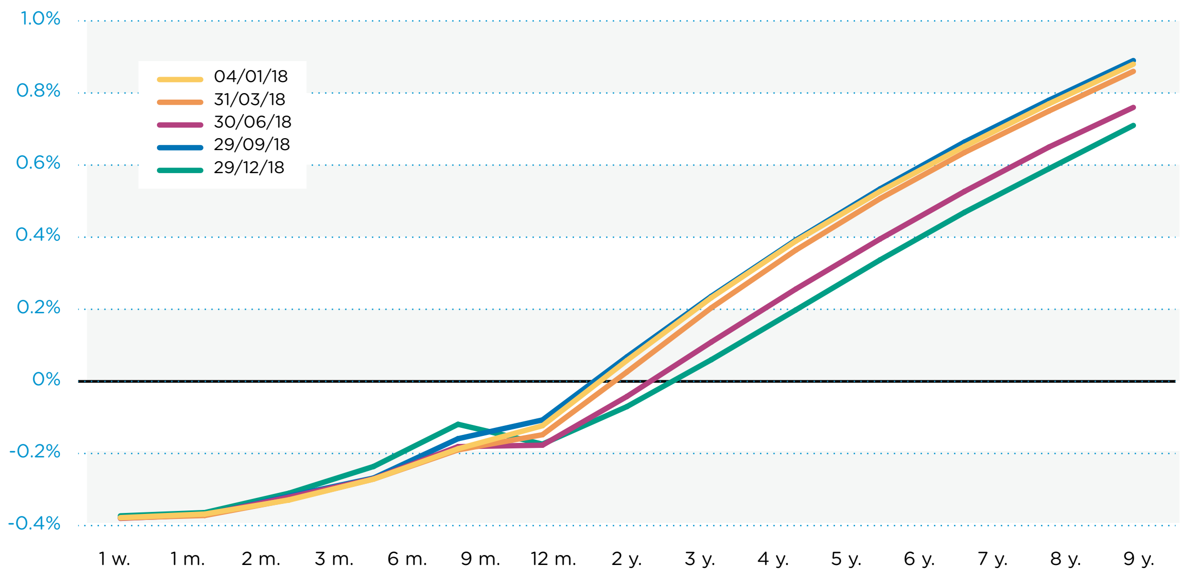
1/ Except a debit balance of 106 million found on 31/01/2018, and the debit balance in account of 18 million, which prevailed from 28/12/2018 until the payment on January 2 of the 1st twelfth of the year 2019 by the federal state.

FIGURE 11
Cash flow for the year 2018



C.3. Interest rate curve in 2018

FIGURE 12
Evolution of the Euribor and IRS interest rate curves in 2018 (source: Reuters & Bloomberg)



The short-term portion (ie rate with maturities less than 1 year) of the Euribor - IRS yield curve remained relatively stable during the year 2018. Rates fluctuated only with an amplitude of 3bp (average) during the year. On the other hand, the long-term portion of the curve (ie rate with maturities greater than 1 year) experienced, globally over the year, a downward trend, with notably a negative 3-year rate in the second and last quarters of the year.For long maturities, the average decline over the year was equal to 16bp, implying a decrease in the slope of the yield curve.

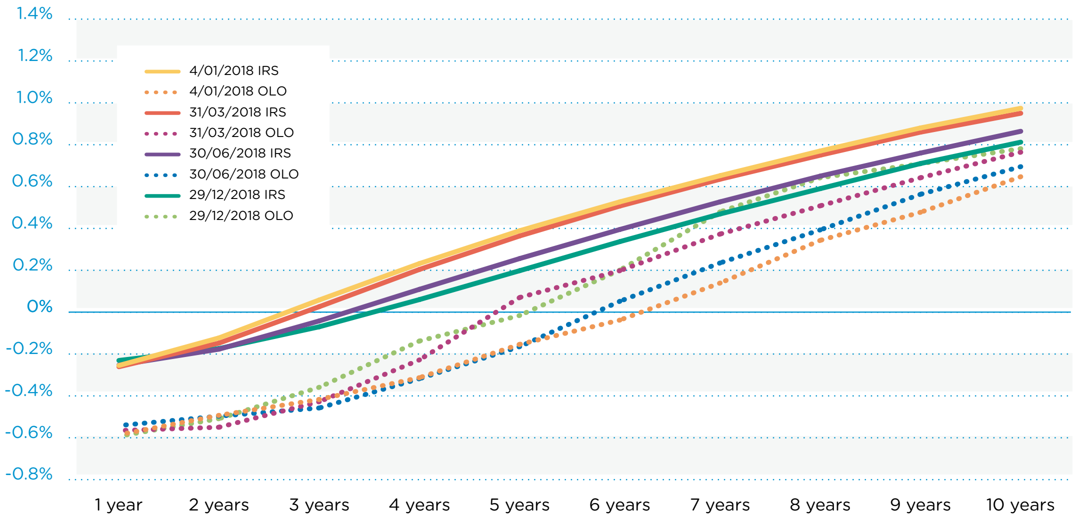
The chart showing the evolution of the yield curve (Euribor - IRS) indicates that this movement was achieved in three phases: a first phase took place in the first two quarters of 2018, when the long portion of the curve continued its decline, which started in 2017, thereby causing a flattening of the yield curve. The difference between the 1-year IRS rate and the 9-year IRS rate rose from 1.1% at the end of 2017 to 0.94% at June 30, 2018. In a second phase, a slight steepening of the yield curve was observed in the third quarter of the year. The gap between the 1-year and the 9-year IRS rates returned to 1.1% on September 30, 2019. Finally, this upward trend was reversed in the last quarter of the year, when a gradual decline in rates on the long portion of the curve was observed, narrowing the gap between 1-year IRS and 9-year IRS rates to 0.83%.

As in 2017, the European Central Bank (ECB) left its rates unchanged in 2018. It had changed its rates on March 10, 2016, bringing the refinancing rate to a historically low level of 0%. In January 2015, the ECB also announced an asset purchase program aimed at addressing the risks of a prolonged period of low inflation. The monthly amount of asset repurchases was increased from 60.0 to 80.0 billion in March 2016.

Following a stabilization of Euribor rates in 2017 and also in the first three quarters of 2018, Euribor rates recovered slightly in the last quarter of 2018. Thus, the 1-month Euribor rate remained broadly stable from -0.37% to -0.36% at the end of the year. The 3-month EURIBOR rate showed a similar trend and fluctuated by only 2bp to reach a level close to -0.31% at the end of the year, just like the 6-month Euribor rate which went from -0.27 % in January to -0.24% in December. The 12-month Euribor rate followed the same trend, standing at -0.12% on December 31, against -0.19% at the beginning of the year.

Until its 2009 edition, relating to 2008 figures, the Debt Report of the Wallonia-Brussels Federation was limited to presenting an analysis of the yield curve based on the evolution of the Euribor and the IRS. This analysis made it possible to apprehend the evolution of the rates which were then those of reference for the Community financing. Since 2009, the evolution of the OLO - IRS spread has been such that the analysis of the yield curve, which makes it possible to make a decision about the positioning of the debt in terms of the fixed rate / floating rate or duration ratio, is also linked to the evolution of the Euribor - OLO curve, corrected for the spread between OLO and FWB issuance.

FIGURE 13
Evolution of the IRS and OLO interest rate curves in 2018



With regard to the general evolution of the OLO curve during the year 2018, there is a general upward trend for rates with a maturity of over 3 years (average increase of around 22bp on the year). For short-term rates (i.e. maturities under 3 years), they remained relatively stable and evolved on average only 1bp over the year.

The graph of the evolution of the OLO curve shows that it has evolved differently from that of the IRS curve in 2018. We first observe a phase of steepening of the yield curve in the first quarter of 2018. The rates with a maturity of less than three years remained broadly stable (a slight decrease of 2bp) while rates with a maturity of more than 3 years increased on average by 18bp between January and the end of March 2018. We then observe a second phase mixing flattening of the curve and falling rates in the second quarter of 2018. The spread between the 1-year and 10-year rates went from 133bp on March 30 to 124bp on June 30. Finally, we observe a new steepening of the curve in the last two quarters of 2018. The gap between the 1-year and 10-year rates has risen to 137bp.

The trend of the OLO curve to be below the IRS curve was confirmed in 2018. The OLO / IRS spread remained negative for maturities of 1 to 10 years throughout 2018. This spread was on average of -33bp at December 31, 2018 for maturities of less than 3 years, compared to -39bp at the beginning of the year. For maturities greater than 3 years, the spread was around -7bp at the end of the year, compared to -47bp at the beginning of the year.

It should also be noted that OLO / IRS spreads[1] tightened during the year. The average at the beginning of 2018 was -45bp and rose to -15bp at the end of 2018. The 5-year IRS / OLO spread went from -54bp to almost -21bp on December 31st. The 10-year OLO / IRS spread, which was still -33bp at the beginning of the year, closed the year at a level of -3bp.

The context of low rates, or even negative rates, for short maturities but also for longer maturities, has reinforced the FWB in the application of its principle of maintaining the variable rate portion below the 15% threshold, as decided by the Minister of Budget and Finance based on the proposal of the Treasury Board. The fixed rate / floating rate + fixed rate portion, which serves as a tool for measuring and managing overall interest rate risk exposure, stood at 92.22% at the end of 2017 and evolved to 87.5% as of December 31, 2018[2].

1/ The IRS / OLO spread for a maturity is calculated as follows: IRS / OLO spread = the OLO rate - the IRS rate with the same maturity.

2/ As a reminder, the ratio between fixed and floating rates was 89.3% at the end of 2015 and 91.8% at the end of 2016.

C.4. Debt management tools

The Debt Agency 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".

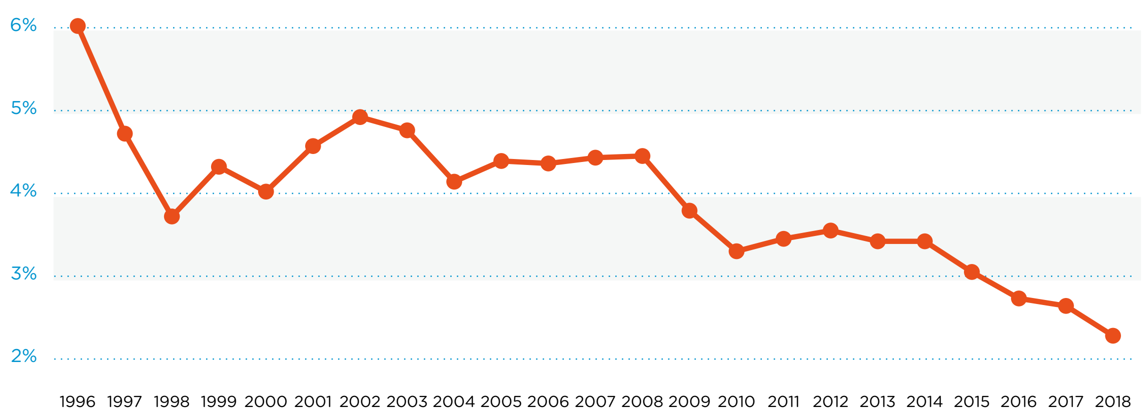
The results on 31 December of these five parameters have evolved as follows the past years:

Year	2011	2012	2013	2014
Residual term in liquidity (years)	7.43	7.79	8.09	8.98
Residual term in rate (years)	7.63	8.03	8.62	9.26
Implied rate (%)	3.43%	3.53%	3.40%	3.40%
Internal rate of return (%)	3.93%	3.84%	3.57%	3.40%
Duration (years)	5.77	6.03	6.37	6.98

Year	2015	2016	2017	2018
Residual term in liquidity (years)	9.12	10.25	11.84	14.45
Residual term in rate (years)	9.15	10.44	12.13	14.28
Implied rate (%)	3.03%	2.71%	2.62%	2.26%
Internal rate of return (%)	3.25%	2.72%	2.40%	2.40%
Duration (years)	7.01	8.06	9.19	11.55

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

FIGURE 14
Evolution of the implicit rate, 1996 – 2018



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.

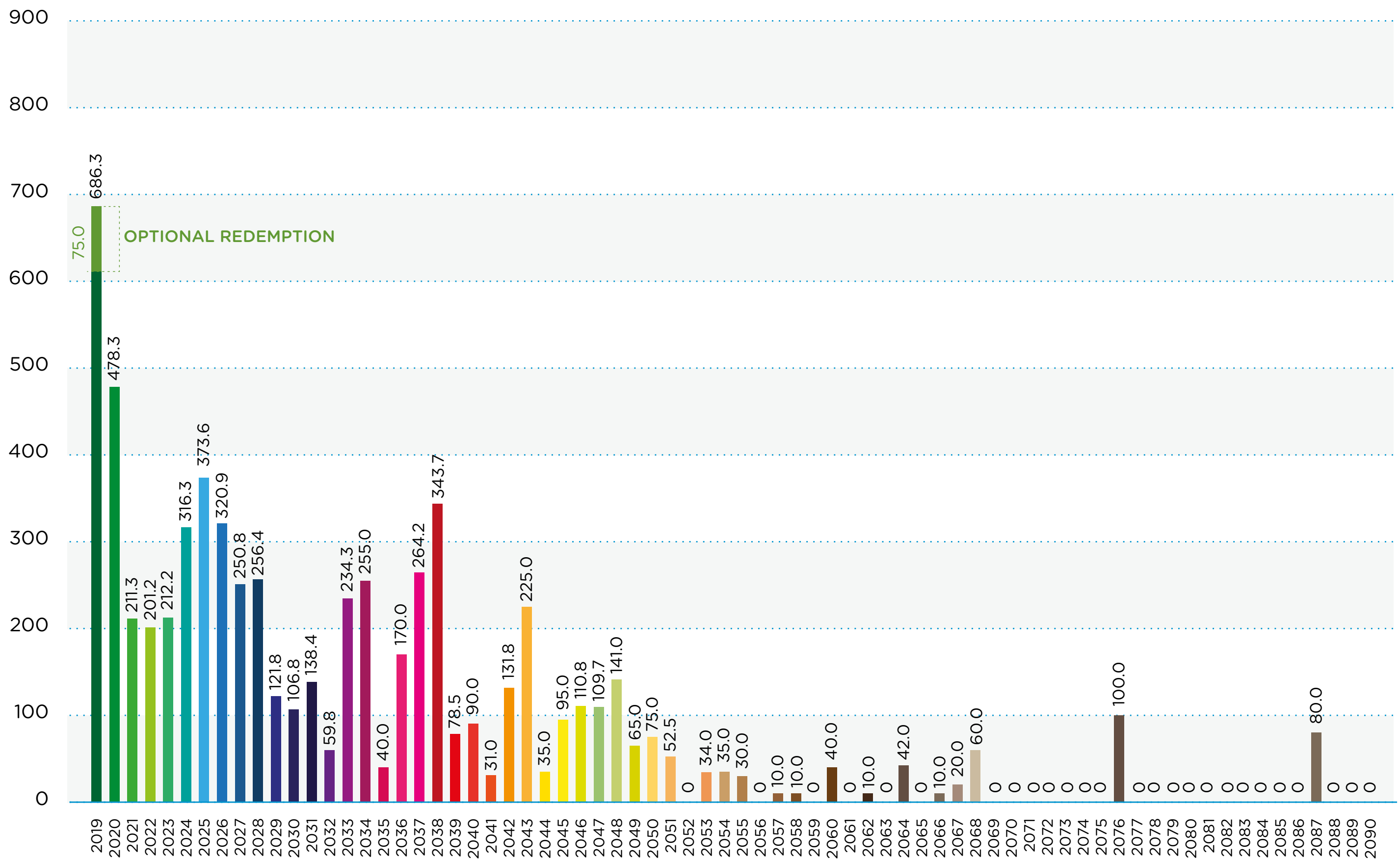
C.5. Repayment schedule

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.
It should be noted that in the representation given below and in order not to overload the graph, it is assumed that the Lobo of €75.0 million matures in 2019 while the possible maturity dates are 2019, 2020 … or 2058, the principle of prudence being choosing the least favourable option. It should be noted that, unlike the year 2017, this loan is, at 31/12/2018, the only "optional amortization". This because it was decided not to proceed with the renewal of the lines of loans to short-term (3 and 6 months), which amounted to 413 million, replaced by long-term borrowings, thereby reducing the refinancing risk of the FWB.

The objective of this smoothing is since a few years formalised by two supplementary management criteria, which consist of prohibiting a twelve month refinancing risk of over 20 %, and of imposing a limit of maximum 50 % of the total borrowings maturing within five years. See table below for the evolution of these ratios during the past years:

Year	12 month refinancing risk	5 year refinancing risk
2013	6.2%	47.0%
2014	7.8%	42.9%
2015	15.0% → 17.4%	46.1% → 48.4%
2016	15.9%	43.1%
2017	16.6%	39.1%
2018	10.1%	26.5%

FIGURE 15
Redemptions as at 31/12/2018 (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.

It should be noted at the outset that the ICN[1] Act requires the National Bank of Belgium (NBB) and the National Accounts Institute (ICN) to use confidential individual data only for the purpose of compiling statistics[2] for which they are collected and are not transmitted to third parties except in extraordinary cases defined by law and, in exceptional cases, to Eurostat itself in the upmost secrecy. Detailed information about the consolidated gross debt (Maastricht concept) of the FWB perimeter cannot therefore be disseminated in this report.

The FWB is 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.

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

The complete list of economic units entitled "List of public units active in 2017" and delineating the perimeter of the public sector and the general government sector (S13) on which the statistics of public government accounts are pulled, in the framework of the preparation of the national accounts and of the notification to Eurostat of the data used for the excessive deficit procedure since May 2016 can be found at the following address: http://inr-icn.fgov.be/fr/publications/comptes-nationaux-et-regionaux and is updated twice a year. The figures below are those relating to and extracted from the entities on

1/ The National Accounts Institute (ICN) was established by the Act of 21 December 1994, Title VIII, on social and other provisions for the reform of the Federal Statistical System and Economic Forecast by the law of 8 March 2009 (published on 30 April 2009) and by the law of 28 February 2014 (published on 4 April 2014). (publié le 4 avril 2014).

2/ See also Article 20 of Regulation (EC) No 223/2009 on European Statistics, which defines the statistical framework applicable to all European statistics and in which statistics on the EDP (excessive deficit procedure) are to be established.

the list published on April 2019. The aforementioned list is repeated - in another presentation, but identical in content (updated in October 2018) - by the Financial Information Unit for the Walloon Government and the Government of the Wallonia-Brussels Federation (CIF), and available on: http://cif-walcom.be/fr/missions-cif/sec-2010-et-spoc/federation-wallonie-bruxelles/.

The website of the National Bank of Belgium's (NBB) 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 2015-2018:

French Community of Belgium (EUR million, end of year outstanding amounts) Source http://stat.nbb.be/ - April 2019				
	2015	**2016**	**2017**	**2018**
Gross consolidated debt (concept of Maastricht) [1]	**6,627.6**	**7,310.8**	**7,579.9**	**8,090.0**
Detention by entities in the perimeter of the French Community of debt issued by the FWB S1312 [2]	128.2	146.5	145.4	139.9
Detention by the French Community (including entities in the perimeter) of debt issued by other entities of the S13 sector [3]	92.4	84.3	319.3	571.4
Gross consolidated debt for S1312 [4] = [1] – [2]	6,499.4	7,164.3	7,434.5	7,950.2
Contribution of the FWB to the Maastricht debt [5] = [4] – [3]	**6,407.0**	**7,080.0**	**7,115.2**	**7,378.8**

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)				
	2015	**2016**	**2017**	**2018**
Contribution of FWB perimeter to Maastricht debt	1,137.7	1,177.7	1,173.0	1,303.2

Some figures presented in the two tables above differ from those mentioned in the 2015, 2016, 2017 and 2018 reports because of the reclassification by the ICN of certain new entities in the FWB's consolidation sphere, and because of the recalculation of some contributions, notably in April 2018, partly using a new methodology.

1/ Including 124 million FWB debt held by the Squirrel Fund.
2/ Of which 518 million placed by the FWB to the Federal.

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 61.3% at the end of 2018, 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 2018, the ICN includes the following total revenues for the FWB:

French Community of Belgium (EUR million, end of year outstanding amounts)				
	2015	2016	2017	2018
Total revenue	17,416.6	18,082.3	18,695.1	19,173.1

Source : https://stat.nbb.be/- avril 2019

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 %				
	2015	2016	2017	2018
Contribution of the FWB to the Maastricht debt	6,407.0	7,080.0	7,115.2	7,378.8
Total revenue	17,416.6	18,082.3	18,695.1	19,173.1
Debt/revenue ratio	36.8%	39.2%	38.1%	38.5%
	See 2015, 2016, 2017 and 2018 Annual Reports			
Debt/revenue ratio (outside consolidation)	57.2%	58.4%	60.3%	61.3%

3) As Maastricht debt is a gross debt, assets held, if they are not in the form of securities of an entity of S13, are not deducted. Consequently, the Maastricht debt of the FWB at the end of 2016 does not include cash of € +367.3 million, nor is the €30.5 million credit balance on December 31st 2017 taken into account. However, the €267 million placement with the federal Treasury is taken into account and is a part of the consolidation. On the other hand, the debit balance of €18.3 million measured at 31/12/2018 is well taken into account; as is the case with the cash issue of €124.2 million and the cash investment of €518.0 million made with the Federal Treasury, even if the latter two transactions are presented separately by the ICN.

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).

Bond loans contracted by the FWB as at 31/12/2018

Type	Managers or Dealers	ISIN Code	Emission date	Maturity	Amount in €	Coupon	Rate after possible hedge
EMTN PP	Belfius	BE6292312194	18-01-2017	18-01-2019	150,000,000.00	ZC	0.00000
EMTN PP	BRED Banque Populaire	BE0001755090	25-01-2016	25-01-2019	130,000,000.00	Fixed Rate	0.02500
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	Belfius	BE6302172828	12-02-2018	12-02-2020	10,000,000.00	ZC	0.00000
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	ZC & Index Linked Re-demption	4.01000
EMTN PP	Belfius	BE630219398	08-02-2018	21-04-2020	50,000,000.00	ZC	0.00000
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	BE6298504034	06-10-2017	21-01-2021	50,000,000.00	Fixed Rate	0.05000
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	BE6285424188	21-03-2016	15-09-2021	100,000,000.00	Fixed Rate	0.05000
EMTN PP	Barclays	BE6287007494	26-05-2016	28-09-2021	40,000,000.00	Fixed Rate	0.07500
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 137	BE6296575143	05-07-2017	07-04-2023	100,000,000.00	Fixed Rate	0.10100

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	BNP Paribas Fortis	BE6283802450	19-01-2016	19-01-2026	35,000,000.00	Fixed Rate	1.25600
EMTN PP	Citi	BE0001772269	13-02-2017	13-02-2026	10,000,000.00	Fixed Rate	0.98000
EMTN PP	LBBW	BE6287072175	27-05-2016	27-05-2026	10,000,000.00	FRN	E3M + 75.0bp
EMTN PP	Deutsche Bank	BE6305894212	06-07-2018	06-07-2026	10,000,000.00	Fixed Rate	0.66800
EMTN PP	BNP Paribas Fortis	BE6288123019	15-07-2016	15-07-2026	40,000,000.00	Fixed Rate	0.54800
EMTN PP	UBS	BE0001766204	24-10-2016	26-10-2026	40,000,000.00	Fixed Rate	0.52000
EMTN PP	ING	BE0001766204 Tap	24-10-2016	26-10-2026	40,000,000.00	Fixed Rate	0.52000
EMTN PP	UBS	BE0001771253	23-11-2016	23-11-2026	40,000,000.00	Fixed Rate	0.65000
EMTN PP	LBBW	BE6287071169	27-05-2016	27-11-2026	15,000,000.00	FRN	E3M + 75.0bp
EMTN PP	ING	BE6302046535	08-02-2018	08-02-2027	5,000,000.00	Fixed Rate	0.83000
EMTN PP	BIL	BE6294110711	24-03-2017	22-06-2027	15,000,000.00	Fixed Rate	1.17000
EMTN PP	JP Morgan	BE6302866973	06-03-2018	01-03-2028	160,000,000.00	Inflation Linked	Inflation Linked
EMTN PP	SocGen	BE6304935321	24-05-2018	22-06-2028	10.000,000.00	Fixed Rate	1.13000
EMTN PP	Jefferies International Limited	BE6305455675	22-06-2018	22-06-2028	10,000,000.00	Fixed Rate	1.13000
EMTN PP	Jefferies International Limited	BE6306226620	16-07-2018	16-07-2028	40,000,000.00	Fixed Rate	0.95000
EMTN PP	Jefferies International Limited	BE6306226620 Tap	16-08-2018	16-07-2028	10,000,000.00	Fixed Rate	0.95000
EMTN PP	LBBW	BE6302008154	07-02-2018	07-08-2028	15,000,000.00	FRN	E3M + 40.0bp
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	Jefferies International Limited	BE6291369468	07-12-2016	07-12-2029	10,000,000.00	Fixed Rate Step-Up	0.10000
EMTN PP	LBBW	BE6287589491	16-06-2016	16-06-2031	25,000,000.00	Fixed Rate	1.24400
EMTN PP	Crédit Agricole CIB	BE6301674691	25-01-2018	25-07-2031	20,000,000.00	Inflation Linked	Inflation Linked
EMTN PP	HSBC	BE0001762161	26-09-2016	26-09-2031	45,000,000.00	Fixed Rate	0.98400
EMTN PP	ING	BE6253357584	24-05-2013	24-05-2033	100,000,000.00	OLO Partici-pation	OLO8Yr

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 steep-ener	3.28130
EMTN PP	UBS	BE0001752063	29-10-2015	29-04-2036	30,000,000.00	Fixed Rate	1.82500
EMTN PP	UBS	BE0001752063 Tap	25-11-2015	29-04-2036	20,000,000.00	Fixed Rate	1.82500
EMTN PP	Goldman Sachs	BE6246336216	06-12-2012	15-11-2036	45,000,000.00	Fixed Rate	3.38000
EMTN PP	Goldman Sachs	BE6292423330	19-01-2017	19-01-2037	70,000,000.00	ZC	0.00000
EMTN PP	Goldman Sachs	BE6292835574	06-02-2017	06-02-2037	77,000,000.00	ZC	0.00000
EMTN PP	UBS	BE0001774281	03-07-2017	03-07-2037	50,000,000.00	Fixed Rate	1.56000
EMTN PP	Natixis	BE6296867151	20-07-2017	20-07-2037	27,000,000.00	Fixed Rate	1.74500
EMTN PP	ING	BE6296867151 Tap	23-01-2018	20-07-2037	3,000,000.00	Fixed Rate	1.74500
EMTN PP	UBS	BE0001754085	23-12-2015	23-12-2037	30,000,000.00	Fixed Rate	2.08500
EMTN PP	Natixis	BE6301672679	22-01-2018	22-01-2038	25,000,000.00	Fixed Rate	1.66000
EMTN PP	Natixis	BE6301810113	26-01-2018	26-01-2038	25,000,000.00	Fixed Rate	1.65200
EMTN PP	Natixis	BE6301918221	05-02-2018	05-02-2038	25,000,000.00	Fixed Rate	1.67400
EMTN PP	Citi	BE0001779330	22-02-2018	22-02-2038	20,000,000.00	Fixed Rate	1.76000
EMTN PP	Goldman Sach	BE6302141518	01-03-2018	01-03-2038	142,000,000.00	FZC	0.00000
EMTN PP	Goldman Sachs	BE6303017543	03-04-2018	03-04-2038	70,500,000.00	ZC	0.00000
EMTN PP	UBS	BE0001761155	19-07-2016	19-07-2038	10,000,000.00	Fixed Rate	1.12000
EMTN PP	ING	BE0001761155 Tap	19-07-2016	19-07-2038	10,000,000.00	Fixed Rate	1.12000
EMTN PP	UniCredit	BE0001761155 Tap	30-08-2016	19-07-2038	25,000,000.00	Fixed Rate	1.12000
EMTN PP	Crédit Agricole CIB	BE6298529288	06-10-2017	25-07-2038	20,000,000.00	Inflation Linked	Inflation Linked
EMTN PP	Cit	BE6292313200	24-01-2017	24-01-2039	20,000,000.00	Fixed Rate	1.67500
EMTN PP	HSBC	BE0001760140	11-07-2016	11-07-2039	30,000,000.00	Fixed Rate	1.11500
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	Goldman Sachs	BE6300063102	30-11-2017	30-11-2042	80,000,000.00	Fixed Rate	1.14000
EMTN PP	HSBC	BE0001777318	26-01-2018	26-01-2043	15,000,000.00	Fixed Rate	1.76000
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	ING	BE6295889073	14-06-2017	14-06-2044	10,000,000.00	Fixed Rate	1.78700
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	LBBW	BE6310106628	10-12-2018	14-12-2045	30,000,000.00	Fixed Rate	1.91700
EMTN PP	UniCredit	BE6287818841	27-06-2016	27-06-2046	40,000,000.00	Fixed Rate	0.05000
EMTN PP	Jefferies International Limited	BE6290492428	07-11-2016	07-11-2046	20,000,000.00	Fixed Rate	1.38000
EMTN PP	Jefferies International Limited	BE6290492428 Tap	19-12-2017	07-11-2046	6,000,000.00	Fixed Rate	1.38000
EMTN PP	ABN Amro	BE6298212026	20-09-2017	22-06-2047	55,000,000.00	Fixed Rate	1.60000
EMTN PP	Natixis	BE6302401201	22-02-2018	25-07-2047	35,000,000.00	Inflation Linked	Inflation Linked

EMTN PP	DZ Bank	BE6296989401	26-07-2017	26-07-2047	25,000,000.00	Fixed Rate	2.05000
EMTN PP	Citi	BE6301481709	15-01-2018	15-01-2048	10,000,000.00	Fixed Rate	1.93000
EMTN PP	NordLB	BE6302025323	05-02-2018	05-02-2048	20,000,000.00	Fixed Rate	1.97600
EMTN PP	Royal Bank of Canada	BE6302244577	12-02-2018	12-02-2048	20,000,000.00	Fixed Rate	1.94000
EMTN PP	Citi	BE6306773274	08-08-2018	08-08-2048	30,000,000.00	Fixed Rate	1.92000
EMTN PP	LBBW	BE6306766203	08-08-2018	09-08-2049	65,000,000.00	Fixed Rate	1.95000
EMTN PP	ING	BE6305377861	15-06-2018	15-06-2050	10,000,000.00	Inflation Linked	Inflation Linked
EMTN PP	Crédit Agricole CIB	BE6308190865	25-09-2018	25-09-2050	65,000,000.00	Fixed Rate	1.97200
EMTN PP	ING	BE6309752960	26-11-2018	26-11-2051	10,000,000.00	Inflation Linked	Inflation Linked
EMTN PP	UBS	BE6250063623	12-03-2013	12-03-2053	24,000,000.00	Fixed Rate	3.50000
EMTN PP	ING	BE6309760070	26-11-2018	26-11-2053	10,000,000.00	Inflation Linked	Inflation Linked
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
EMTN PP	ING	BE6305378877	15-06-2018	15-06-2055	10,000,000.00	Inflation Linked	Inflation Linked
EMTN PP	ING	BE6309761086	26-11-2018	26-11-2057	10,000,000.00	Inflation Linked	Inflation Linked
Stand Alone	JP Morgan	BE0934112021	17-03-2008	17-03-2058	75,000,000.00	Lobo	3.62000
EMTN PP	ING	BE6305379883	15-06-2018	15-06-2058	10,000,000.00	Inflation Linked	Inflation Linked
EMTN PP	Goldman Sachs	BE6000907020	11-06-2010	11-06-2060	30,000,000.00	FRN	4.12000
EMTN PP	ING	BE6309762092	26-11-2018	26-11-2060	10,000,000.00	Inflation Linked	Inflation Linked
EMTN PP	ING	BE6305380899	15-06-2018	15-06-2062	10,000,000.00	Inflation Linked	Inflation Linked
EMTN PP	Goldman Sachs	BE6263803288	03-03-2014	03-03-2064	32,000,000.00	Fixed Rate	3.59000
EMTN PP	ING	BE6309763108	26-11-2018	26-11-2064	10,000,000.00	Inflation Linked	Inflation Linked
EMTN PP	ING	BE6305382911	15-06-2018	15-06-2066	10,000,000.00	Inflation Linked	Inflation Linked
EMTN PP	ABN Amro	BE6296431644	30-06-2017	30-06-2067	20,000,000.00	Fixed Rate	2.10000
EMTN PP	ING	BE6306343821	23-07-2018	23-07-2068	30,000,000.00	Fixed Rate	2.10500
EMTN PP	Daiwa	BE6307177434	17-08-2018	17-08-2068	30,000,000.00	Fixed Rate	2.17700
EMTN PP	UniCredit/HSBC	BE0001759134	14-04-2016	14-04-2076	100,000,000.00	Fixed Rate	2.00000
EMTN PP	Goldman Sachs	BE6296694365	06-07-2017	06-07-2087	80,000,000.00	Fixed Rate	2.50000

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Design : polygraph.be

Responsible Publisher: Sébastien Yerna - 2019