DESCRIPTION OF THE ISSUER

This document dated 1st October 2024 (the "**Description of the Issuer**") contains a description of Région wallonne (the "**Issuer**") and its financial position.

The information contained in the Description of the Issuer must be read in conjunction with:

The offering circular dated 1st of October 2024 with respect to the Issuer's EUR 30,000,000,000 Euro Medium Term Note Programme (into which it is incorporated by reference) (the "**Offering Circular**").

The Offering Circular is available in an electronic form on the website of the Luxembourg Stock Exchange (http://www.luxse.com) and on the Issuer's website (https://finances.wallonie.be/accueil-entreprises/finances-wallonnes/instruments-financiers/programme-emtn.html);

The Description of the Issuer contains the following information:

The Description of the Issuer does not constitute a prospectus pursuant to Part II of the Luxembourg Act of 16 July 2019 on prospectuses for securities (the "**Luxembourg Prospectus Act**") and does not constitute a prospectus or an information note for the purposes of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation")** or the Belgian Law of 11 July 2018 concerning the public offering of investment instruments and the admission to the trading on a regulated market of investment instruments (the "**Belgian Prospectus Law**"). The Description of the Issuer does not purport to meet the format and the disclosure requirements of the Prospectus Regulation and the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing the Prospectus Regulation as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 nor of the Belgian Prospectus Law.

The Description of the Issuer has not been approved by, nor been submitted to, and no advertising or other offering materials have been filed with the CSSF (Commission de Surveillance du Secteur Financier), the FSMA (Financial Services and Markets Authority) or any other competent authority within the meaning of the Prospectus Regulation, the Luxembourg Prospectus Act, the Belgian Prospectus Law or any other legal basis.

This Description of the Issuer and its distribution do not constitute a public offering or involve an investment service in Belgium or elsewhere.

The information provided in this Description of the Issuer is valid at the date of its publication and might be subject to modification over time. Pursuant (and without prejudice) to any statements made in the Offering Circular or the prospectus, the Issuer shall prepare an amendment or supplement to the Offering Circular or prospectus, or publish a new Offering Circular or prospectus for any subsequent offering of Notes. The Issuer shall provide each Dealer with the number of copies of the amendment or supplement to the Offering Circular or the prospectus as the Dealer may reasonably request, if, at any time during the Euro Medium Term Note Programme a significant change affecting any matter contained in the Offering Circular or prospectus (including the "Description of the Issuer") is made which inclusion in the Offering Circular or prospectus would reasonably be required by investors and their professional advisers for the purpose of making an informed assessment of the assets and liabilities, financial position and prospects of the Issuer and the terms and conditions of the Notes.

1. INSTITUTIONS, POWERS AND ECONOMIC SITUATION OF THE ISSUER

1.1. BELGIUM AS A FEDERAL STATE

1.1.1. Overview of the federalisation process

Belgium became a federal state after a legislative process of nearly 50 years. The six main phases of the federalisation process can be summarised as follows:

1970 :
- Creation of "cultural communities";
- Creation of the first regional institutions: regional economic councils and regional development companies.

1980 :
- Transformation of the cultural communities into Communities (“*Communautés*”);
- Extension of the powers of the Communities to personal matters and creation of the Regions (“*Régions*”).

1989 :
- Devolution of new powers to the Communities and Regions;
- Adoption of the Special Finance Act of 16 January 1989 (the “**Special Finance Act**”), which changed the financing system based on national grants into a financing system based on the contributory capacity of the Communities and Regions.

1993 :
- Completion of the federal structure;
- Amendment of the Special Finance Act;
- Constitutive autonomy was granted to the Communities and Regions.

2001 : Extension of the Communities and Regions’ powers.

2014 : Agreement on the Sixth State Reform leading to a significant evolution of the Belgian federal system.

The first part of this institutional reform relates to the division of the Brussels-Halle-Vilvoorde district (BHV). In addition to the separation of the electoral constituency, BHV was also subject to a review of its judicial organization.

The second part of the reform ended in the beginning of 2014. On 6 January 2014, two related Statutes were published (i) the Special Statute on the Sixth State Reform [1] and (ii) the Special

[1] Source : http://www.ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=fr&la=F&table_name=loi&cn=2014010654

Statute on the reform of the financing system of Communities and Regions, on the expansion of fiscal autonomy of the Regions and on the financing of the new powers[2].

The amendments to the Constitution, the special statutes and the statutes which execute the Sixth State Reform were published in the Belgian Official Gazette on 31 January 2014.

Those texts regulate the delegation of additional powers to the Communities and Regions and introduce a significant reform of the Special Finance Act (the budget for the Regions and the Communities being expected to grow with more than 40 %).

The list of powers that were transferred is particularly long and covers, *inter alia*, family benefits, healthcare, labour market/employment policy, social assistance to the elderly, road safety, tenancy regulation, driving education, technical inspection, houses of justice and fiscal expenses (on mortgage credits).[3]

Other significant outcomes of the reform include:

- More flexibility granted to the Regions and the Communities to pursue different policies, taking into account their own specific needs.

- More fiscal autonomy for the Regions, in particular with respect to fiscal control.

  This results in a shift from a system with uniform taxes throughout Belgium, the proceeds of which are divided between the authorities via endowments to a system of joint taxes via regional additions.

- A confirmed financial solidarity among the Regions and Communities.

- Refinancing of the Brussels-Capital Region.

- Compensatory measures ("*socles compensatoires*") in nominal terms during a period of 10 years (transition mechanism).

  They ensure budget neutrality during the first year of the reform. After that, the compensatory measures will decrease and disappear at the end of the following period of 10 years.

- Involvement of the Regions and the Communities in the betterment of the public accounts and the burden arising from the ageing population.

2015 Pursuant to the Sixth State Reform the Walloon Region (the Issuer) was transferred new powers in diverse domains such as environment, agriculture, employment policy, mobility and road safety, health, social policies, urban planning, housing policies, economy and energy.

[2] Source : http://www.ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=fr&la=F&table_name=loi&cn=2014010648

[3] Source : Articles 5, 6 11, 12, 15, 22 and 23 of the Special Statute on the Sixth State Reform of 6 January 2014 (http://www.ejustice.just.fgov.be/cgi_loi/change_lg.pl?language=fr&la=F&table_name=loi&cn=2014010654)

2019 Pursuant to the Sixth State Reform, powers related to family allowances were transferred from the Federal State to the Walloon Region (the Issuer).

1.1.2. <u>The Belgian Constitution</u>

The first article of the Belgian Constitution states that Belgium is a federal state composed of Communities and Regions.

The country is organised as a federal state, with three main levels of authority:

- one federal authority: the Federal State;
- three regional authorities: the Flemish Region, the Walloon Region (the Issuer) and the Brussels-Capital Region;
- three community authorities: the Flemish Community, the French Community and the German-speaking Community.

Each authority has its own institutions, which consist of (i) a legislative power, (*i.e.* the federal, regional and community parliaments which members are directly elected), and (ii) an executive power (*i.e.* the federal, regional and community governments).

The powers of the Regions are based on the notion of "territoriality" and mainly relate to economic matters, such as economic policy, town and country planning, foreign trade, public works and environment, whereas the powers of the Communities are based on the notion of "personality" and mainly relate to person-related matters, such as education and culture.

There is no hierarchy between the federal authority, the Regions and the Communities. Their powers are divided in such a way that an authority is in principle not authorised to interfere with the exclusive powers that are under the jurisdiction of another authority. As a consequence, the decrees or ordinances adopted by the Regions and the Communities have the same legal force as federal laws.

1.1.3. <u>The powers of the Issuer</u>

The Issuer is competent regarding the following matters:

- Local authorities;
- Economy, employment and research;
- Mobility and waterways;
- Buildings and roads (safety);
- Territory planning, housing, cultural heritage and energy;
- Agriculture, natural resources, environment and animal welfare;
- Some aspects of health, family allowances and social policies, and

- Taxation.

The most significant powers transferred to the Issuer in the context of the Sixth State Reform are the following:[4]

- Employment
    - The main part of the powers relates to the reduction of social security contributions, service vouchers and activation policies;
    - The remaining part relates to, amongst others, the control of the availability of the unemployed persons, the activation of the beneficiaries of unemployment benefits and the social aid, paid educational leave, career breaks in the public sector and local employment agencies.
- Healthcare and social assistance
    - Pursuant to the intra-francophone agreement named "de la Sainte-Emilie", the Issuer is entrusted with exercising the main part of the new powers in this field that had been transferred to the French Community;
    - Intervention with respect to aid for disabled persons, residence for elderly and long-term care, mental healthcare and primary healthcare;
    - Hospital infrastructure and medico-technical services management;
    - The creation of a new entity called "AVIQ" functioning as the headquarter for healthcare assistance on the Walloon territory;
    - Family allowances.
- Taxation
    - Transfer of some fiscal expenditures with respect to the Personal Income Tax, (*i.e.* those linked to housing, energy-saving investment expenditure and tax credit for service vouchers).
- Other transferred powers:
    - Urban policy, the Belgian intervention and restitution office, the Participation Fund, the Disaster Fund, the Fund on reduction of the global energy costs, …

[4] Some of these powers were not transferred to the Issuer but the execution of certain powers of the French Community was entrusted to the government and parliament of the Issuer.

1.1.4. Funding of the Issuer

The funding of the Issuer is regulated by the Special Finance Act (as modified in 1993, 2001, 2013 and 2014).[5]

The financing is composed of:

- Non-tax revenues;
- Tax revenues;
- A part of the personal income tax;
- The national solidarity intervention;
- The borrowing.

1.1.5. Administrative framework

From an administrative point of view, the Walloon finances are managed by the Minister for Budget.

Pursuant to the decree of 13 December 2023 concerning the budget of the Issuer for the budget year 2024[6], the said Minister is entitled to, amongst others:

- Enter into loans on behalf of the Issuer (deficit funding, amortisation of the loans, early repayments, ...);
- Issue commercial paper or other financial instruments;
- Conduct the daily management of the Treasury and its financial management (including the investments).

The said Minister may rely on two advisory bodies: the Regional Council of the Treasury and the Common Council of the Treasury (which is shared with the French Community), with which strategic orientations are discussed and which provide advice to the Minister.

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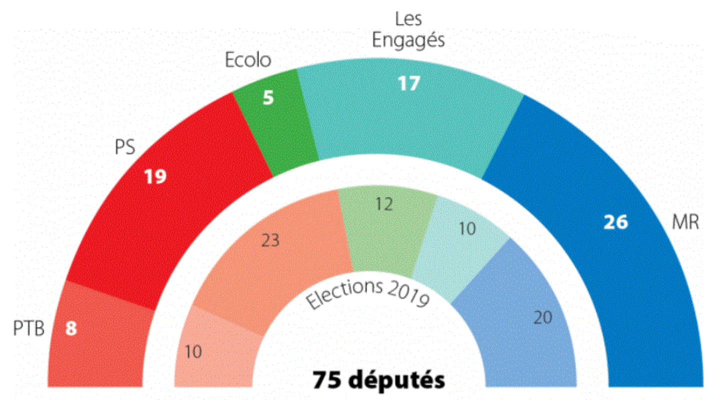
[5] Source : http://www.ejustice.just.fgov.be/cgi/api2.pl?lg=fr&pd=2014-01-31&numac=2014003016

[6] Walloon decree of 13 December 2024 regarding the revenue budget of the Walloon Region for the financial year 2024, source: https://nautilus.parlement-wallon.be/Archives/2023_2024/PARCHEMIN/1516.pdf and https://nautilus.parlement-wallon.be/Archives/2023_2024/PARCHEMIN/1515.pdf.

1.2. POLITICAL STRUCTURE

Regional election took place on the 9th of June 2024. The elected Walloon Parliament is composed as follows[7]:

Number of seats (total: 75)	
MR	26
PS	19
Les Engagés	17
PTB	8
Ecolo	5



The Walloon Government is based on an alliance between the Reformist Party (MR) and Les Engagés. The Government has a majority in the parliament, with 43 seats on 75 in this Chamber.

A new regional government has been set up and the number of seats has been allocated as determined above. The composition of parliament reflects the results of the election.

1.2.1. Economic Plans[8]

a. Historical process

Since 2006 and the set-up of the initial Marshall Plan, the Issuer adopted a structured approach composed of several actions and objectives, in order to boost the Walloon economy. For each iteration of the plan, the Issuer has requested the help of experts and has built it by taking into account the strengths and weaknesses of the Region.

Name	Period	Budget
The Marshall Plan	2006-2009	€ 1.7 billion
The Green Marshall Plan	2009-2014	€ 2.87 billion
The 4.0 Marshall Plan	2015-2019	€ 2.9 billion

[7] Source : http://www.parlement-wallon.be/les-deputes-wallons
[8] Source : http://www.wallonie.be/fr/actualites/plan-marshall-2vert-la-poursuite-de-la-reussite-0

b. Walloon Recovery Plan[9]

The Recovery Plan for Wallonia was adopted in October 2021, in the wake of the COVID health crisis and the July 2021 floods. The Recovery Plan implements structural solutions to address current social, economic, and environmental issues, as well as the impacts of crisis the Walloon Region has faced (in particular the COVID-19 and the 2021 floods). This plan gathers the measures resulting from:

- The Walloon Transition Plan.
- Get Up Wallonia.
- The Walloon part of the Belgian Recovery and Resilience Facility.
- Measures related to the reconstruction of areas affected by flooding.

Initially composed of 319 projects, several elements have led the content of the Recovery Plan to evolve.

First, the Walloon Government has reached an agreement with the social and environmental partners on 28 March 2022, that has led to a reorganization of the Plan. Indeed, the government and the Walloon social and environmental partners have agreed to define a series of priority actions within the projects of the Walloon Recovery Plan. For these priority actions, all stakeholders will be involved in the governance and will work together, with the Government, on their implementation. The objective is to maximize the positive impact of the recovery plan.

Then, the context of the energy crisis as well as the expected reduction in European funding have once again led the Government to adapt the Walloon Recovery Plan. Thus, some projects have been withdrawn from the Plan and others have had their budgets reduced.

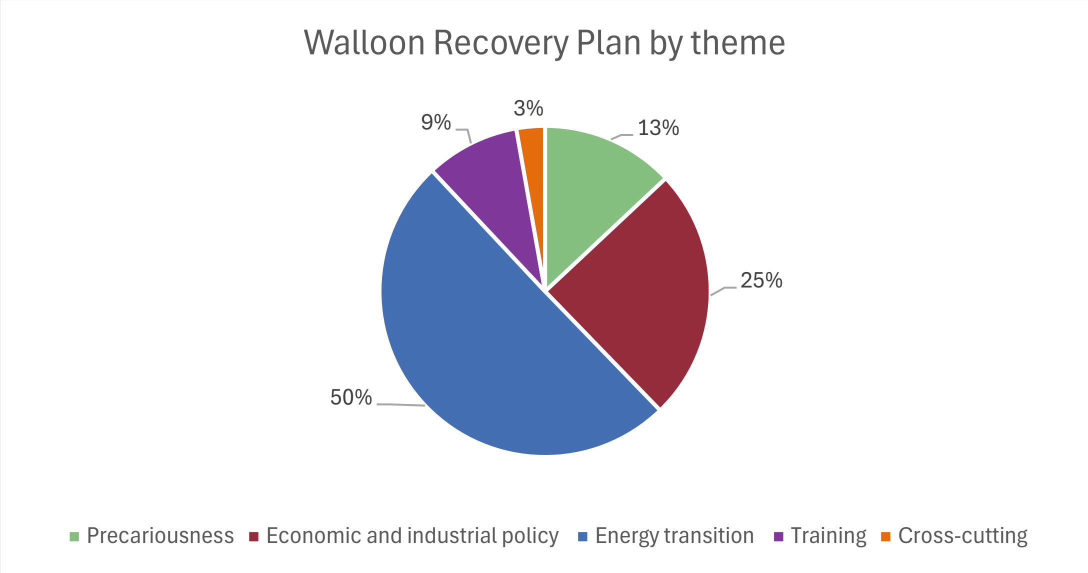
Walloon Recovery Plan includes 417 projects for a budget million just over 7 billion[10].

The distribution of these projects can be done in two ways:

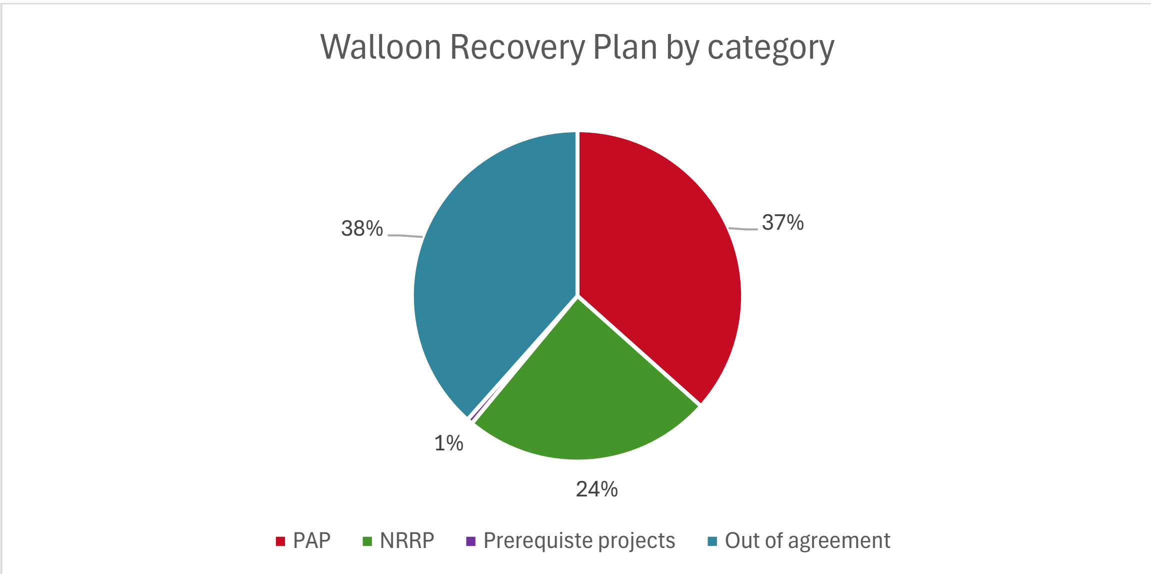
1. By theme:
    - Getting out of precariousness (EUR 915.48 million).
    - Economic and industrial policy (EUR 1,740.77 million).
    - Energy transition (EUR 3,535.39 million).
    - Training (EUR 645.94 million).
    - Cross-cutting (projects that do not fall under one of the 4 specific themes but contribute to the success of the Plan in a cross-cutting manner) (EUR 196.46 million).

[9] Source: https://www.wallonie.be/fr/plans-wallons/plan-de-relance-de-la-wallonie

[10] Source: 2023 annual report on the Walloon recovery plan, available on the website https://www.wallonie.be/fr/plans-wallons/plan-de-relance-de-la-wallonie



2. <u>By category:</u>
    - The projects classified PAP (Priority Action Program): these are priority projects targeted in the agreement with the Walloon social and environmental partners (EUR 2,574.02 million).
    - EU-funded projects under the National Recovery and Resilience Plan (NRRP) (EUR 1,859.09 million).
    - The prerequisite projects, which are considered as prerequisites for the success of the Priority Action Program (EUR 38.89 million).
    - The projects outside the NRRP and the agreement between the Walloon Government and the social and environmental partners (EUR 2,702.92 million).



1.3. GEOGRAPHICAL LOCATION AND DEMOGRAPHY[11]

1.3.1. Geographical location

Wallonia has a gross area of 16 901 sq. km (55.1% of the Belgian territory) and is located in the immediate vicinity of Brussels and other major western European cities.

Wallonia is also located in the centre of the European Union, which is a geographical advantage in terms of trade and commerce. This is especially true because Wallonia is equipped with a very dense road and railroad infrastructure and two international airports. Furthermore, many connections can be made with the large network of canals facilitating waterway traffic between the Rhine, the Maas and the Scheldt.

In March 2021, the Walloon road network was 81,479.72 km long, including 878.82 km of motorways and 6,895.61 km of regional roads.

Wallonia has 451 km of waterways.

1.3.2. Demography

According to the most recent figures available (01/03/2024), the Issuer has a population of 3,714,569 inhabitants. The inhabitants of Wallonia represent 31.4% of the Belgian population[12]. With a density of 219,8 inhabitants per sq. km, Wallonia is far below the national average of 385.4 inhabitants per sq. km.

In Wallonia, a child becomes subject to compulsory education on 1st September of the calendar year in which they become 5 years old until he or she is 18. Currently, there are more than 3,000 schools on the Walloon territory. Investing in education has been considered as a way to promote workforce diversity through various training opportunities such as those offered by organisms like FOREM, IFAPME and high schools/universities. Finally, statistics indicate that Belgians of foreign origin represent 24% of the Walloon population[13].

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[11] Source : Chiffres clés de la Wallonie, Edition 2022, Institut Wallon de l'Evaluation, de la Prospective et de la Statistique (IWEPS) – updated on 13/10/2022: https://www.iweps.be/publication/cc2022/

[12] Source : https://www.ibz.rrn.fgov.be/fileadmin/user_upload/fr/pop/statistiques/stat-1-1_f.pdf

[13] Source : https://statbel.fgov.be/fr/themes/population/origine

1.4. ECONOMIC STRUCTURE[14]

1.4.1. Economic sectors

In 2022, the industrial sector's added value (in basic prices approach) in current prices was divided up as follows:

STRUCTURE OF THE ADDED VALUE IN MANUFACTURING INDUSTRIES (PART IN % OF THE NACE C TOTAL)

	2022	Corresponding NACE
Chemical industry	43.7	CE to CF
Food & agricultural industry	12.4	CA
Mineral product industry	11.7	CG
Metallic industry	10.5	CH
Machinery and other equipment (incl. Electric & transport equip.)	11.8	CI to CL
Others	9.8	

Source: NAI, Regional accounts (https://www.nbb.be/en/statistics/nationalregional-accounts)

The next table shows the contribution of the different sectors to the global added value of the Issuer. Starting from the year 2010, we can observe that the contributions remain quite stable. The share of the corporate sector has slightly increased from 2010 to 2022. The share of households has slightly decreased during the same period. In 2022, the contribution has been quite similar to 2021 with a less contribution of the households and a slightly high share of the corporate sector and the public sector remained the same.

STRUCTURE OF THE GLOBAL ADDED VALUE (CURRENT PRICES AND PARTS IN % OF THE TOTAL)

	2010		2021		2022	
	In million EUR €	%	In million EUR €	%	In million EUR €	%
Total economy	76,516	100.0	103,102	100.0	113,651	100.0
Corporations	45,029	58.8	62,264	60.4	69,132	60.8
Public administration	15,886	20.8	21,255	20.6	23,353	20.5
Households (incl. self-employed)	14,807	19.4	18,417	17.9	19,851	17.5
Non-profit institutions serving households	0,794	1.0	1,166	1.1	1,315	1.2

Source: NAI, Regional accounts (https://www.nbb.be/en/statistics/nationalregional-accounts)

1.4.2. Economic growth

In order to analyse the economic growth of the Issuer, we must take the evolution of the added value into account, i.e., the Walloon Gross Domestic Product. We present the annual change from 2010 to 2022.

[14] Institut Wallon de l'Evaluation, de la Prospective et de la Statistiques (IWEPS) – 2024-04-22 Update.

Evolution of the Gross Domestic Product (in volume, base 2015)

	In million EUR EUR	Annual % change	% of Belgium
2010	91,723	4.1	23.5
2011	92,467	0.8	23.3
2012	92,300	-0.2	23.1
2013	92,547	0.3	23.0
2014	94,337	1.9	23.1
2015	95,390	1.1	22.9
2016	96,837	1.5	22.9
2017	98,567	1.8	23.0
2018	101,495	3.0	23.3
2019	104,082	2.5	23.3
2020	97,953	-5.9	23.2
2021	102,606	4.8	22.7
2022	105,978	3.3	22.8

Source: NAI, Regional accounts and IWEPS calculations

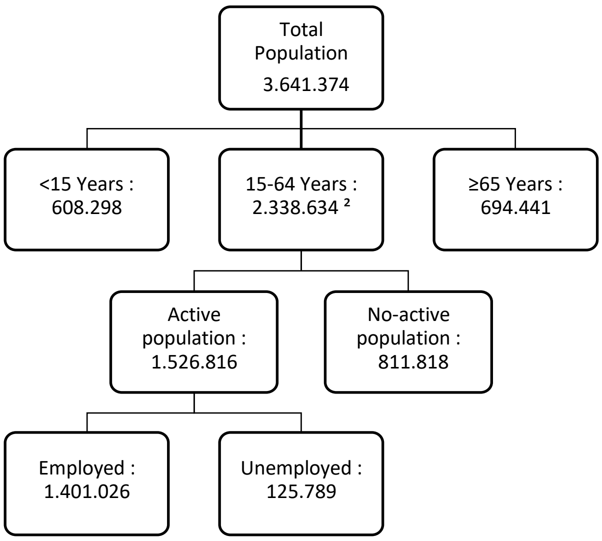
In the table above, we can see some quantitative elements which enable us to appreciate the current situation of the Walloon economic development.

The Walloon gross domestic product reached the amount of EUR 126,691 million in 2022 (in current prices), which represents an average product of EUR 34,502 per inhabitant. Considering the purchasing power parity[15], the Walloon GDP equalled 87 % of the European GDP/inhabitant (source: Eurostat, EU27[16]).

1.4.3. <u>Labour Market</u>

1.4.3.1. Working population

The following diagram shows the activity structure of the population in Wallonia in 2023[17].



[15] Note: For international comparison purpose, GDP is expressed in purchasing power standards, which means that the price levels between countries are erased.
[16] EU27 represents the European Union of 27 Member States after 1st February 2020.
17 Data for 2023 have been published at the end of March 2024.

Source: Statbel, Labour force survey and IWEPS calculations.

This scheme shows that 64.2% of the total Walloon population is at the legal age to work (15-64 Years). Among these individuals, 65.3% participate in the labour market[18]. From the active population, 1,401,026 individuals are employed and 8.2 % (125,789) are unemployed.

1.4.3.2. Domestic employment

The regional domestic employment corresponds to the employment created in a specific regional area with no distinction of the regional origin of the workers (1,347,461 persons in 2022). The sectors which represent the biggest part of the employment in Wallonia are Health and social work activities (Q) (202,323 persons in 2022), Wholesale and retail trade (G) (167,219), Public administration (142,285) and Manufacturing (131,159) (source: NAI, *Regional accounts*, https://www.nbb.be/en/statistics/nationalregional-accounts).

1.4.3.3. Employment and unemployment rates

The following table illustrates the evolution of the employment and unemployment rates of the population of working age for the period 2009-2023:

EMPLOYMENT AND UNEMPLOYMENT RATE IN WALLONIA

	Employment rate	Unemployment rate
2009	56.2%	11.2%
2010	56.7%	11.5%
2011	57.0%	9.5%
2012	57.3%	10.1%
2013	57.0%	11.4%
2014	56.5%	12.0%
2015	56.2%	12.0%
2016	57.1%	10.6%
2017	57.7%	9.8%
2018	58.4%	8.5%
2019	59.2%	7.2%
2020	59.2%	7.4%
2021	59.6%	8.9%
2022	60.0 %	8.4%
2023	59.9%	8.2%

Source: Statbel, Labour force survey (https://statbel.fgov.be/en/themes/work-training/labour-market/employment-and-unemployment)

From 2005 until 2008, the unemployment rate has decreased and the employment rate (calculated in relation to the working age (15 to 64) population) has been constantly increasing.

In 2009, because of the economic crisis, the employment rate has decreased, and the unemployment rate increased in 2009 and 2010. After a short recovery, the labour market worsened again with employment

[18] From LFS 2018, there is no longer information about the student number.

rate declining and unemployment rate increasing during the period following the new economic recession (in 2012-2013, see supra). Labour market indicators improved again, in 2016, 2017[19], 2018 and in 2019.

Due the covid-19 crisis, the unemployment rate[20] increased, quite slowly in 2020 from 7.2% to 7.4% and strongly in 2021, to 8.9% but decreased since 2022. In 2023, the rate continued to slow down and has a value of 8.2%.

1.4.4. Foreign trade

As illustrated in the following table, Walloon exports of products are concentrated as regards their type.

The first three groups of products represent 65.5% of the Walloon exports in 2023. After the decrease in 2020 due the covid-19 crisis and the strong increase in 2022 due the conflict and moreover because off the price increase, Walloon exports decreased quite strongly in 2023, by 30.6 %; from 92.1 € billion to 64.0.

Compared to 2022, mainly due to the fall in energy prices (after the sharp rise in 2022), the share of “Mineral products” has fallen quite sharply (from 38.9% to 20.6%). So, the “Chemical industry products” was again the largest one (from 25.2% to 34.5%). All the products have declined in 2023 due to the price decrease (after the higher increase in 2022) except some of them, like “Prepared foodstuffs, beverages, and tobacco” (+322 € million) and also platinum (+69.4%, 246 € million). The strongly fall in “Mineral products” (-63.5%) comes mainly from Germany (drop by 18.6 € billion), France (decrease by 3.4 € billion) and Luxemburg (falling by 766 € million). The strong fall in “Transport materials” (1.2 € billion) and “Base metals and articles of base metal” (1.9 € billion), is mainly to France and Spain for the first one (decrease by 818 € million) and to France and Germany, by 1.1 € billion for the second one. The decrease in “Plastic and rubber” (871 € million) came mainly from France and Germany (- 407 € million between 2022 and 2022).

Distribution of Walloon exports: main products in 2023

	In million EUR EUR	%
Total	63,973	100.0
Chemical industry products	22,095	34.5
Mineral products	13,189	20.6
Base metals and articles of base metal	6,640	10.4
Machinery and electrical equipment	4,343	6.8
Prepared foodstuffs, beverages, and tobacco	4,038	6.3
Plastic and rubber	2,803	4.4
Other (< 3%)	10,865	17.0

Source: NAI.

[19] The Labour Force Survey underwent a major reform in 2017. So, from 2017, they are working with a rotating panel and use different data collection methods, and the weighting method has been heavily revised. This resulted in a break in the results between 2017 and the previous years. The figures obtained with the old method are therefore no longer comparable to those obtained with the new method. Furthermore, in 2021, a new European framework regulation (EU Regulation 2019/1700) came into force. The questionnaire has been thoroughly revised, among others, to bring it into line with the adjusted operational definitions of employment and unemployment of the International Labour Office (ILO). Therefore, the labour market figures of 2021 cannot simply be compared with the figures before 2021.

[20] The change is probably within the confidence interval. For more information, you could check those indicators or others indicators made with the LFS data : https://www.iweps.be/indicateur-statistique/structure-dactivite-de-population-wallonne/ https://www.iweps.be/indicateur-statistique/taux-demploi-bit/

In terms of destination, as shown in the following table, Walloon exports are concentrated with bordering countries:

GEOGRAPHICAL SHARING OUT OF WALLOON EXPORTS IN 2023 (*)

	In million EUR EUR	%
World	63,973	100.0
Europe	54,598	85.3
Germany	16,506	25.8
France	12,539	19.6
Netherlands	7,806	12.2
Italy	2,873	4.5
Spain	2,524	3.9
Luxembourg	2,275	3.6
United-Kingdom	1,926	3.0
Rest of Europe	8,149	12.7
America	4,922	7.7
United-States	*3,751*	*5.9*
Asia	3,152	4.9
China	*0,909*	*1.4*
Others	1,301	2.0

Source: NAI.

*Countries with at least a share of 3% of Walloon exports + China

The exports to France, Germany, and The Netherlands amount to 57.6% of the total exports for 2023 and this share decreased sharply (65.6% in 2022) due to our new main customer, Germany who has seen it share decrease from 39.8 % to 25.8% (maybe due to the falling prices in energy products, e.g. gas). Thus, the shares off the other countries rose in 2023 even Walloon exports felt down last year. The exports to Netherlands have sharply grown up in 2023, by 28.4% (from 6.1 to 7.9 € billion, especially in chemical industry products (from 2.3 to 4.2 € billion).

Most of the Walloon exports are realised within Europe (85.3%). Other exports, outside Europe, are mainly realised with the United States: 5.9% versus 6.8% in 2022.

2. PUBLIC FINANCES AND BUDGET OF THE ISSUER

2.1. PUBLIC FINANCES

2.1.1. Before 1989

The Special Finance Act of 16 January 1989 regulates the current financing system of the Communities and Regions.

Before the implementation of the Special Finance Act, 75% of the needs of the Communities and Regions was funded through grants ("*dotations*") provided by the Federal State.

Even though the Communities and Regions could obtain additional funds through public lending, neither of them borrowed additional funds.

2.1.2. The Special Finance Act of 1989 (as amended in 2014)

The Special Finance Act radically changed the financing system which was based on grants from the Federal State by imposing more financial responsibility on the Communities and Regions. However, as the financing system of grants before 1989 was supplemented by regional taxes, the Regions already had a certain degree of fiscal autonomy.

It was expected from the Communities and the Regions, in the long term, to rely on their own resources only (principle of *"fair return"*). In order to allow the Communities and the Regions to implement the new financial system which was based on the contributory capacity of the Communities and Regions, the new system provided for a transition period of 10 years (which started in 2000) before the date on which the system had to be implemented and complied with.

In case of delayed or insufficient payment by the Federal State, the Communities and Regions can borrow the amounts that were not yet paid by the government. The interests of the loan will be borne by the Federal State and a state guarantee will also be provided as security.

Moreover, in order to supervise the debts at the different levels of authority and to preserve the cohesion of the economic and monetary union, the Superior Finance Council annually formulates recommendations on the need to restrict the borrowing capacity of any public authority.

In the context of the Sixth State Reform, the Special Finance Act was amended on 6 January 2014. Main features of the amended Act include the partial regionalisation of individual income taxes and tax expenses. The enhanced tax autonomy of the Regions, also designed to ensure their fiscal accountability regarding the exercise and the funding of their newly allocated powers, is supplemented by several solidarity and transition mechanisms, designed to compensate the effects of the reform during the first ten years following its entry into force.

The Constitution and the Special Finance Act list the means which should allow the Issuer to finance its budget.

a. Own tax revenues:

The Constitution grants the Issuer the power to impose taxes.

The fiscal power of the Issuer includes, in principle, defining the object of taxation as well as fixing the tax base and rates and granting exemptions.

This power has been exercised by the Issuer (*inter alia* in the fields of water and waste).

b. Non-tax revenues

Own non-tax revenues which the Issuer obtains from exercising its powers (property revenue, service retributions, etc…).

c. The part of national tax revenues which is allocated to the Issuer

The Issuer derives most of its funding from “shared taxation”. In the system of “shared taxation”, the object of taxation, the tax base, tax rates, tax exemptions and the collection are determined / occur at national level, but a part of the revenues from this taxation is allocated to the Issuer (generally in proportion to its contribution).

These taxes are called "joint taxes", as the Issuer is allowed to impose additional taxes (e.g. in addition to the income tax).

d. Regional taxes

The revenues of regional taxes are fully or partially refunded to the Issuer depending on where the taxes were imposed.

The Issuer has certain privileges with respect to these regional taxes (e.g. the Issuer can intervene in the modification of the tax rate, exemptions, etc.)

Regional taxes, include (but are not limited to):

- Property taxes;
- Registration fees;
- Succession duties;
- Taxes on games and gambling;
- Taxes on automatic leisure machines;
- Taxes on the opening of drinking establishments.

e. National solidarity grant

An annual national solidarity grant is allocated to the Regions whose income tax revenue is below the national average.

f. Loans and bonds

The Communities and Regions can borrow on the Belgian market or abroad.

2.2. BUDGETS

The budget of the Issuer contributes to the conversion of its strategy and plans into facts and figures. The following table shows the budgetary balances for 2023 and 2024.

Initial budget 2024[21] compared with initial[22] and adjusted[23] budget 2023 (in million EUR)

Budget	Initial 2023	Adjusted 2023	Initial 2024
Income (1)	21,005.93	21,074.31	20,707.92
Expenses (2)	20,910.99	21,161.76	21,092.74
Gross Budget (3) = (1) - (2)	94.94	-87.45	-384.82
Depreciation and debt repayment (4)	-3,226.84	-2,879.18	-2,582.31
Net Budget (5) = (3) + (4)	-3,131.90	-2,966.63	-2,967.13

[21] Sources : https://nautilus.parlement-wallon.be/Archives/2023_2024/PARCHEMIN/1516.pdf and https://nautilus.parlement-wallon.be/Archives/2023_2024/PARCHEMIN/1515.pdf

[22] Source : http://nautilus.parlement-wallon.be/Archives/2022_2023/PARCHEMIN/1135.pdf (2023 initial expenses) and http://nautilus.parlement-wallon.be/Archives/2022_2023/PARCHEMIN/1134.pdf (2023 initial income)

[23] Source : https://nautilus.parlement-wallon.be/Archives/2022_2023/PARCHEMIN/1366.pdf and https://nautilus.parlement-wallon.be/Archives/2022_2023/PARCHEMIN/1365.pdf

2.2.1. Resources of the Issuer in 2023 and 2024

The below table breaks down the income sources of the Issuer.

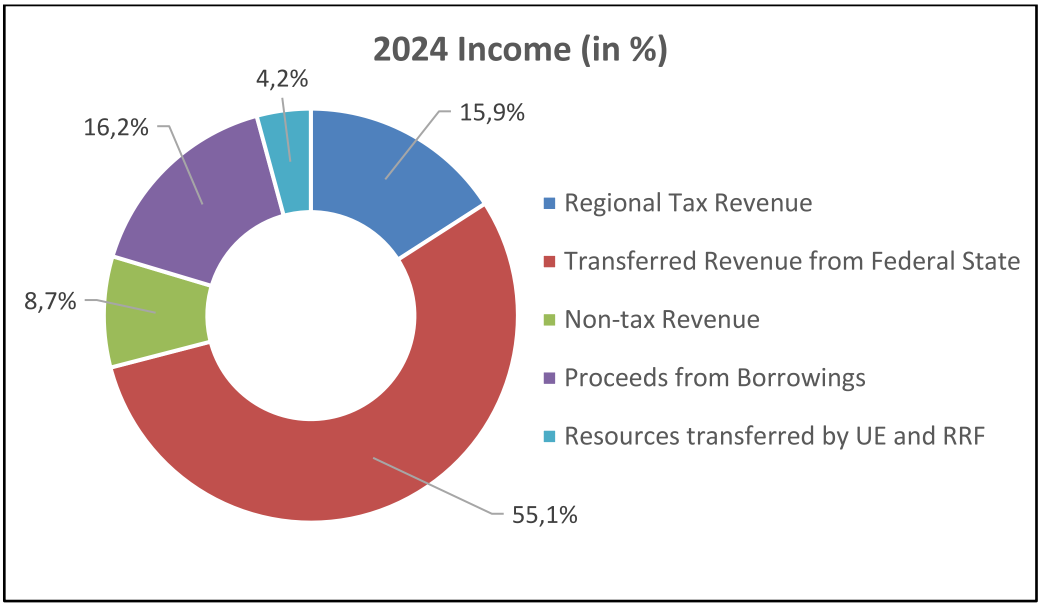
Breakdown of the 2023 and 2024 income[24] (in million EUR):

Income (in million EUR)	Adjusted 2023	Initial 2024
TAX INCOME (split below)	**3,427.52**	**3,293.80**
Regional taxes	3,306.69	3,170.65
Other regional tariff	18.13	20.15
Other regional assigned tariff	102.70	103.00
TRANSFERRED INCOME from Federal State (split below)	**11,248.14**	**11,400.14**
Transferred competences	3,332.94	3,270.65
Tax expenditures	3,243.33	3,461.16
Sainte-Emilie revenue	4,614.92	4,611.38
Traffic fines	56.95	56.95
NON-TAX INCOME (split below)	**1,875.38**	**1,795.80**
Resources transferred by the French Community	455.89	442.89
Others revenue	902.19	976.13
Other assigned revenue	517.30	376.78
Proceeds from Borrowings	**3,763.17**	**3,344.72**
Resources transferred by UE and RRF	**760.10**	**873.46**
TOTAL INCOME	**21,074.31**	**20,707.92**

Almost half of the income is composed of new income from the Sixth State Reform and the implementation of the Special Finance Act (resources related to transferred powers and additional income from the personal income tax). Moreover, the registration fees on immovable property, the inheritance rights and the transfer duty upon death represent a significant share of regional income.

[24] Source : https://www.ccrek.be/sites/default/files/Docs/2023_43_Budget2024RW.pdf

Breakdown of the 2024 income (in%)

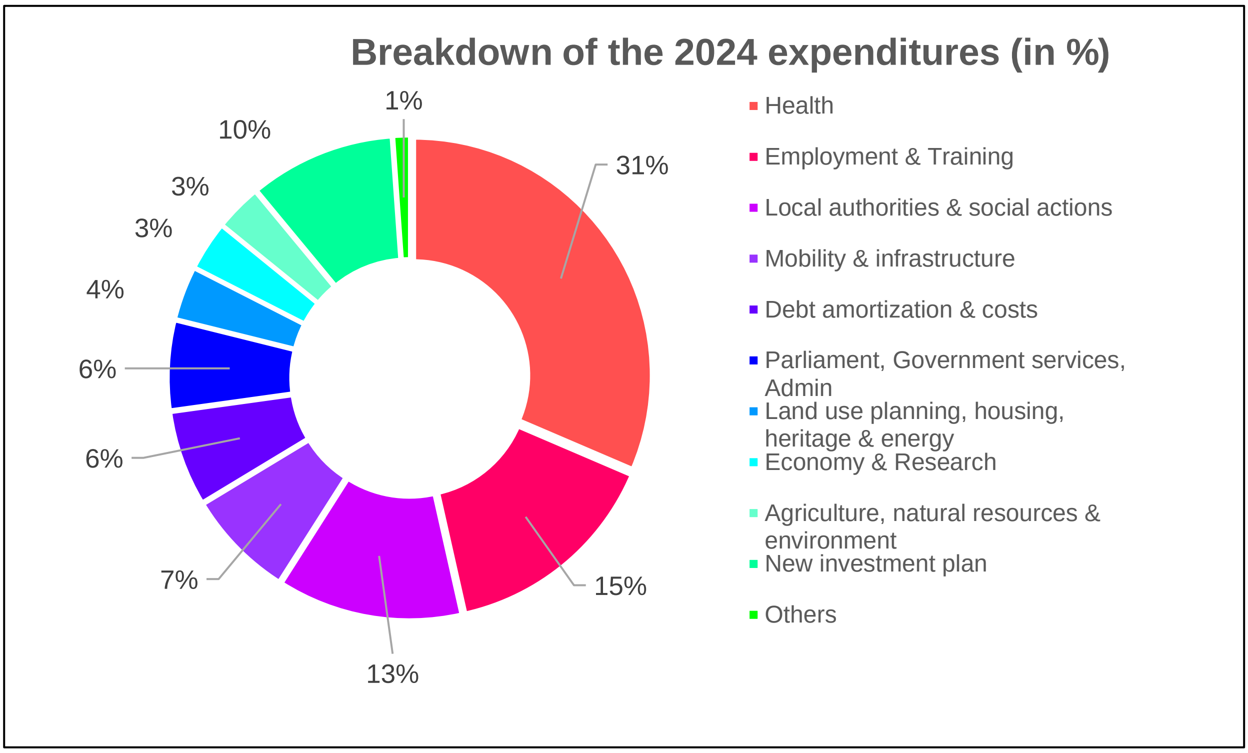


2.2.2. Expenditures of the Issuer in 2022[25] and 2023[26]

Expenditures (in million EUR)	Adjusted 2023	Initial 2024
Health	6,485.11	6,632.27
Employment & training	3,132.86	3,170.77
Local authorities & social actions	2,715.12	2,646.28
Mobility & infrastructure	1,589.26	1,545.77
Debt amortization & costs	1,365.31	1,361.70
Parliament, government services, administration	1,226.71	1,281.74
Land use planning, housing, heritage & energy	1,007.42	764.98
Economy & research	774.95	704.18
Agriculture, natural resources & environment	779.62	663.64
New investment plan[27]	1,971.80	2,083.95
Others	113.61	237.45
Total	**21,161.76**	**21,092.74**

[25] Source : http://nautilus.parlement-wallon.be/Archives/2021_2022/PARCHEMIN/1004.pdf
[26] Source : http://nautilus.parlement-wallon.be/Archives/2022_2023/PARCHEMIN/1135.pdf
[27] Walloon Recovery Plan and European Recovery and Resilience Facility.

Breakdown of the 2024 expenditures (in %)



2.3. CONSOLIDATION PERIMETER (S.1312)

The Walloon Region is obliged to produce statistics and accounts for the European authorities in accordance with the methodology of the European System of National and Regional Accounts in the European Union (ESA)[28].

The country's economy is divided into sectors and sub-sectors, bringing together units with similar economic behaviour. Communities and regions belong to the sub-sector State government (S.1312) which is part of sector 13 General government.

The scope of the general government is defined by the National Bank of Belgium (NBB) and the National Accounts Institute (NAI), which regularly publish the list of public sector units[29].
The revenues and expenditures of the Walloon Region and its consolidation perimeter (S.1312 entities controlled by the Walloon Region) are summarised below.

The transfers between the Walloon Region and the entities of its scope (S.1312) have been cancelled out in the consolidation. The data are presented excluding public debt revenues and expenditures[30].

2.3.1. Revenue

(Sub-) group	DESCRIPTION	Provisional implementation 2023 (in euro thousands)	Initial budget 2024 (in euro thousands)
0	UNALLOCATED REVENUE	1,026	190
1	CURENT RECEPTS FOR FOR GOODS AND SERVICES	446,682	303,967
2	INTEREST AND PROPRITY INCOME	496,604	450,966
3	INCOME TRANSFERS FROM OTHER SECTORS	3,076,525	3,574,203
4	INCOME TRANSFERS WITHIN THE GENERAL GOVERNMENT SECTOR	12,213,291	12,027,901
5	CAPITAL TRANSFERS FROM OTHER SECTORS	1,009,706	1,240,573
6	CAPITAL TRANSFERS WITHIN THE GENERAL GOVERNMENT SECTOR	486	1,140
7	DISINVESTMENTS	57,392	24,865
8	REPAYMENTS OF LOANS, LIQUIDATIONS OF HOLDINGS, OTHER FINANCIAL INCOME AND ADVANCES	949,044	1,268,197
	TOTAL REVENUE (excl. Public debt)	**18,250,757**	**18,892,001**

[28] Governed by Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 (ESA 2010)
[29] List of public entities: https://inr-icn.fgov.be/fr/publications/comptes-nationaux-et-regionaux
[30] Public debt revenue mainly includes proceeds from borrowing, advances and equity contributions. Public debt expenditure includes mainly the amortisation of loans.

2.3.2. Expenditures

(Sub-) group	DESCRIPTION	Provisional implementation 2023 (in euro thousands)	Initial budget 2024 (in euro thousands)
0	UNALLOCATED EXPENDITURE	1,120	2,493,602
1	CURENT EXPENDITURE FOR FOR GOODS AND SERVICES	3,495,164	2,944,768
2	INTEREST	744,546	808,414
3	INCOME TRANSFERS TO OTHER SECTORS	8,418,748	8,368,844
4	INCOME TRANSFERS WITHIN THE GENERAL GOVERNMENT SECTOR	3,805,256	3,887,669
5	CAPITAL TRANSFERS TO OTHER SECTORS	836,560	487,608
6	CAPITAL TRANSFERS WITHIN THE GENERAL GOVERNMENT SECTOR	751,792	584,627
7	INVESTMENTS	704,908	1,178,679
8	LENDING AND EQUITY INVESTMENTS; OTHER FINANCIAL INCOME AND ADVANCES	1,755,769	2,173,709
	TOTAL EXPENDITURE (excl. Public debt)	**20,513,866**	**22,927,919**

The data, as presented, are based on the economic classification[31] used by the different entities of the central government[32] in order to codify the different expenditure and revenue operations on the same basis.

[31] https://bosa.belgium.be/fr/themes/budget-et-comptabilite/les-budgets-en-belgique/base-documentaire-generale/classifications-0

[32] The central government is made up of the federal government, the communities, the regions and the community commissions.

3. THE CASH AND DEBT MANAGEMENT OF THE ISSUER

3.1. CASH MANAGEMENT

From the first day of its autonomy (1 January 1991), the Issuer has been able to manage an efficient treasury that is mainly based on:

- Automatic cash flow management;
- Inflow estimates (receipts);
- Outflow parameterisation (expenses);
- Maintenance of credit facilities. It should be noted that the Issuer benefits from a rolling overdraft facility under the following conditions:
    - EUR 3 billion from 1st January 2023 to 31 August 2023;
    - EUR 2.5 billion from 1st September 2023 to 30 September 2024;
    - EUR 2.25 billion from 1st October 2024.
- Centralisation of all cash movements with a single cashier. The Issuer is in charge of the treasury management of its related companies, which at the end of 2023 amounted to EUR 3,342.97 million. This provides the Issuer with additional flexibility as it could – if ever needed – use these cash facilities temporarily to manage any liquidity shortfall.

Regional revenues are composed of the following two categories:

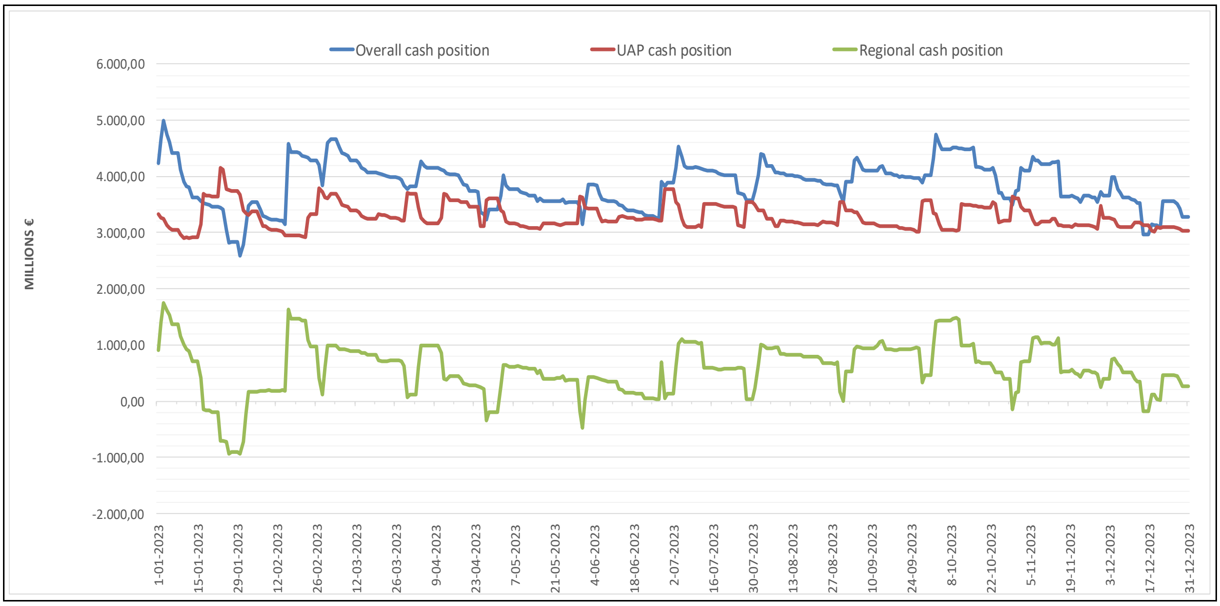
- Allocated means received from the Federal State and the French Community; and
- Revenues which are directly collected by the Issuer itself.

The regional expenses can be divided in the following two categories:

- Parameterised expenses for which amounts and disbursement dates are predetermined. Parameterisation is based on budgetary data (amounts) and legal, decretal, regulatory or conventional norms (payment dates). These forecasts are constantly adjusted to budget modifications and effective expenses during the budgetary year.
- Other expenses, which represent around 1/3 of the total expenses and which are more difficult to forecast.

To have a coherent cash management, all balances are consolidated to determine a global cash state.

The following graphic illustrates the annual cash cycle and enables us to analyse the evolution of the daily global state of the Issuer in 2023:



The red curve represents the balance of all public administration entities ("*Unités d'Administration Publiques*") (**UAP**) being centralized within the global cash position of the Issuer, with a total balance being EUR 3,027.72 million dated 31 December 2023.

The green curve represents the Issuer's global balance, being EUR 255.97 million dated 31 December 2023.

The blue curve integrates UAP's contributions with the Issuer's global balance, displaying a consolidated treasury balance of EUR 3,283.69 million dated 31 December 2023.

In summary, the consolidated treasury balance evolved from around EUR 2,127.42 million in December 2020 to around EUR 3,286.68 million in December 2021 and to 4,235.82 in December 2022 and to reach 3,283.69 million at the end of December 2023 as the result of a cash rich position of UAP's being centralized within the Issuer and the Issuer's global balance.

3.2. DEBT MANAGEMENT

Several concepts of debt coexist which are clarified below. The Walloon Region's Administrative Debt Unit Management distinguishes the following three concepts:

- **Direct debt:** the regional debt accumulated since the regionalisation of 1989 corresponding to the sum of the amounts raised each year by the Region in the strict sense.

- **Indirect debt:** various outstanding debts inherited from the federal State during the regionalisation of 1989 relating to specific competences (social housing, water and school buildings). These outstanding amounts have been or are still being repaid each year by the Region.

- **Guaranteed debt:** loans contracted by third parties since regionalisation (social housing, public transport, airports, etc.) and which benefit from the Walloon Region's guarantee. In some cases, the Region can also intervene in the costs of guaranteed loans (for example for social housing investment programmes implemented by the Walloon Housing Company).

3.2.1. The principles of regional debt management

Four main principles govern the Issuer's regional debt management:

1. *Harmonisation of debt financing and management operations*

All operations pertaining to the financing and management of the direct and indirect debt have been harmonised. Consequently, a separate budget for all debt costs, whether direct or indirect, is provided for in the budget of the Issuer.

Moreover, the accounts department manages these matters without interference of the functional services.

2. *Optimal diversification of debt components*

It is through the definition of a fixed rate/floating rate ratio that this second principle of management is implemented. This ratio, periodically adapted according to the evolution of the interest rate curve, has mainly allowed reducing the financing costs.

3. *Active use of financial instruments*

Financial instruments and the best adapted products have been actively used since 1993 within the context of the debt management of the Issuer. Speculation was systematically excluded.

The Issuer uses instruments such as interest rate swaps, forward rate agreements (FRA's), futures and options.

4. *Set up of financing programs*

The issuer has set up an EMTN program and two local programs (Medium Term Notes) enabling it to attract short and long-term financing.

The use of these programs has three advantages:

- a reduction of the financing costs compared to the common long-term conditions;
- the possibility of prompt reaction, which makes it possible to take advantage of opportunities on the capital markets (stand-alone documentation is a lengthier process);
- an increase and diversification of the investor base.

3.2.2. Regional direct debt

The regional debt is the total amount of money that the Issuer directly owes to the private sector.

The outstanding debt is composed of the stock of direct long-term debts and short-term debts (commercial paper). In addition, the Issuer owns the reimbursement of financial charges and/or amortization of debts contracted by 3 external entities, i.e. SPABS[33], FADELS[34] and SWDE[35].

On 31 December 2023, the internalised debt amounted to EUR 945.56 million, of which EUR 795,35 million are loans from SPABS for which the Issuer reimburses around 40% of the charges, EUR 150,21 million are from the FADELS for which the Issuer reimburses charges to the Federal State.

Remark

For simplification purposes, all the following numbers and figures relating to the outstanding debt of the Issuer include the mentioned external debts.

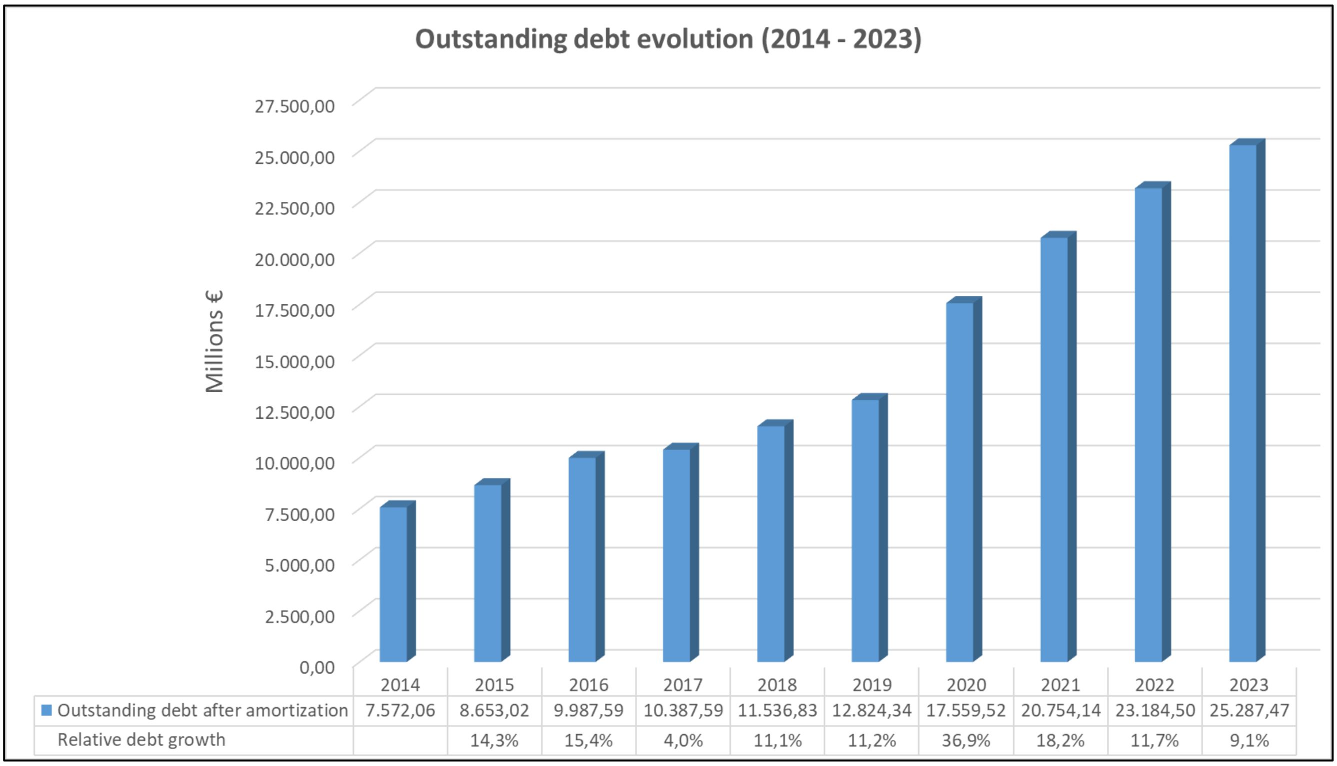
While the debt has grown in the period between 2014 and 2019 in the area of 11% to 15% in relative value year on year, it increased significantly in 2020, rising to 37% in relative value, from EUR 12,824 million end December 2019 to EUR 17,559 million on 31 December 2020. This change can be explained by an increase of the amount borrowed in 2020 and 2021, mainly to cover the unplanned financing needs linked to the COVID-19 health crisis and the floods that hit Wallonia in July 2021. Measures were taken by the Issuer to fight against socio-economic consequences of these two crises. Although the outstanding debt stock continues to growth in absolute terms, the trend has slowed down in 2022 and 2023. The relative growth were respectively about 11% and 9%. The total debt stock reached EUR 25,287.47 million.

Outstanding debt (in million EUR):

The evolution of the outstanding debt of the Issuer is presented in the figure below for the period 2014-2023. It is composed of the following elements:

- Long term direct debt (including SPABS, FADELS & SWDE)
- Short term debt
- Cash balance (centralized treasury)

[33] SPABS (Public society for the administration of school buildings). The amortisation of SPABS's debt is not subject to budgetary appropriations entered in the Region's expenditure budget.
[34] FADELS (Amortization funds for the social housing debts). FADELS's debt is considered as indirect debt by the Institute of national counts, and for this reason, it is reflected in the graphs and amounts related to indirect debt.
[35] SWDE (Public society for water production and distribution). SWDE's debt has been extinguished on 30th June 2023.



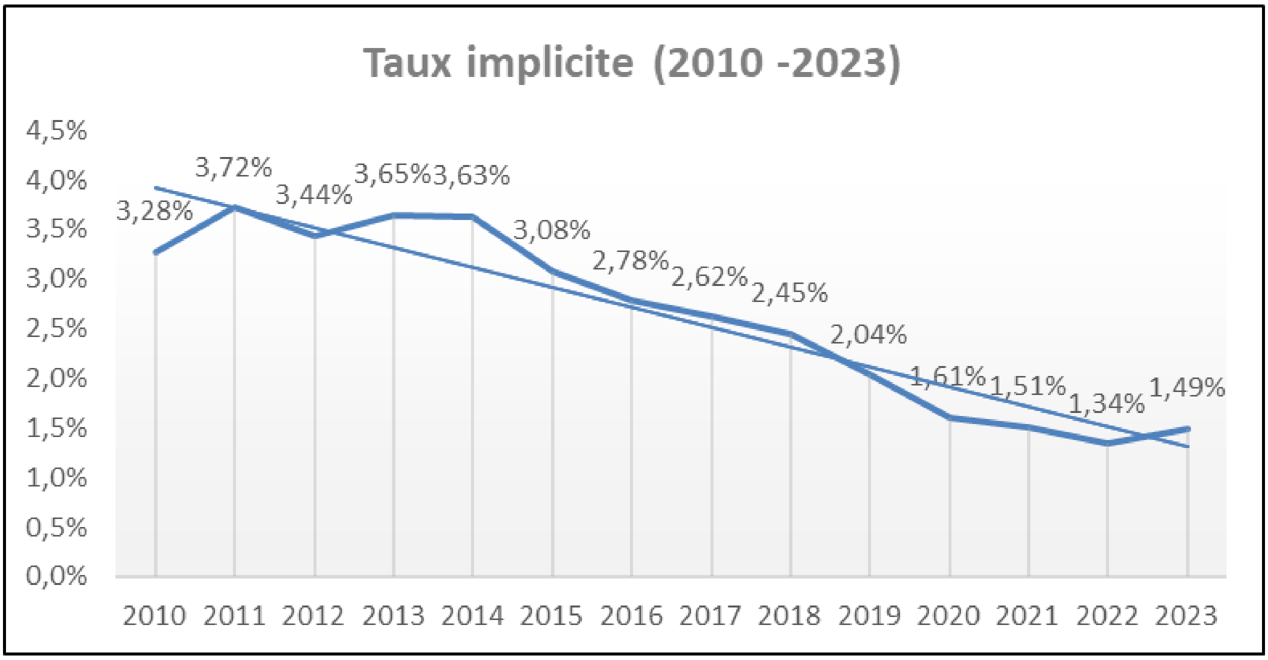
The table below compares the main ratios between 2020 and 2023:

REGIONAL DEBT - KEY RATIOS	*31 Dec 2020*	*31 Dec 2021*	*31 Dec 2022*	*31 Dec 2023*
Outstanding short term debt	*-917.50*	*-806.00*	*-716.50*	*-805.00*
Outstanding long term debt	*-16,642.01*	*-19,948.13*	*-22,467.99*	*-24,482.47*
Cash balance	*2,556.33*	*3,599.50*	*4,459.15*	*-3,342.97*
NET OUTSTANDING DEBT (in million EUR)	**-15,003.18**	**-17,154.63**	**-18,725.35**	**-21,944.50**
Implicit rate of LT debt (all in)	*1.61%*	*1.51%*	*1.34%*	*1,49%*
Average life span of LT debt (years)	*19.81*	*19.93*	*20.42*	*21,03*
Fixed rate ratio of LT debt	*90.58%*	*93.73%*	*94.99%*	*95,99%*
Duration of LT debt (years)	*13.84*	*13.27*	*11.80*	*11,50*

Implicit rate

The implicit rate of the outstanding debt evolved favourably between 2014 and 2022 before a trend reversal, as illustrated in the figure below.

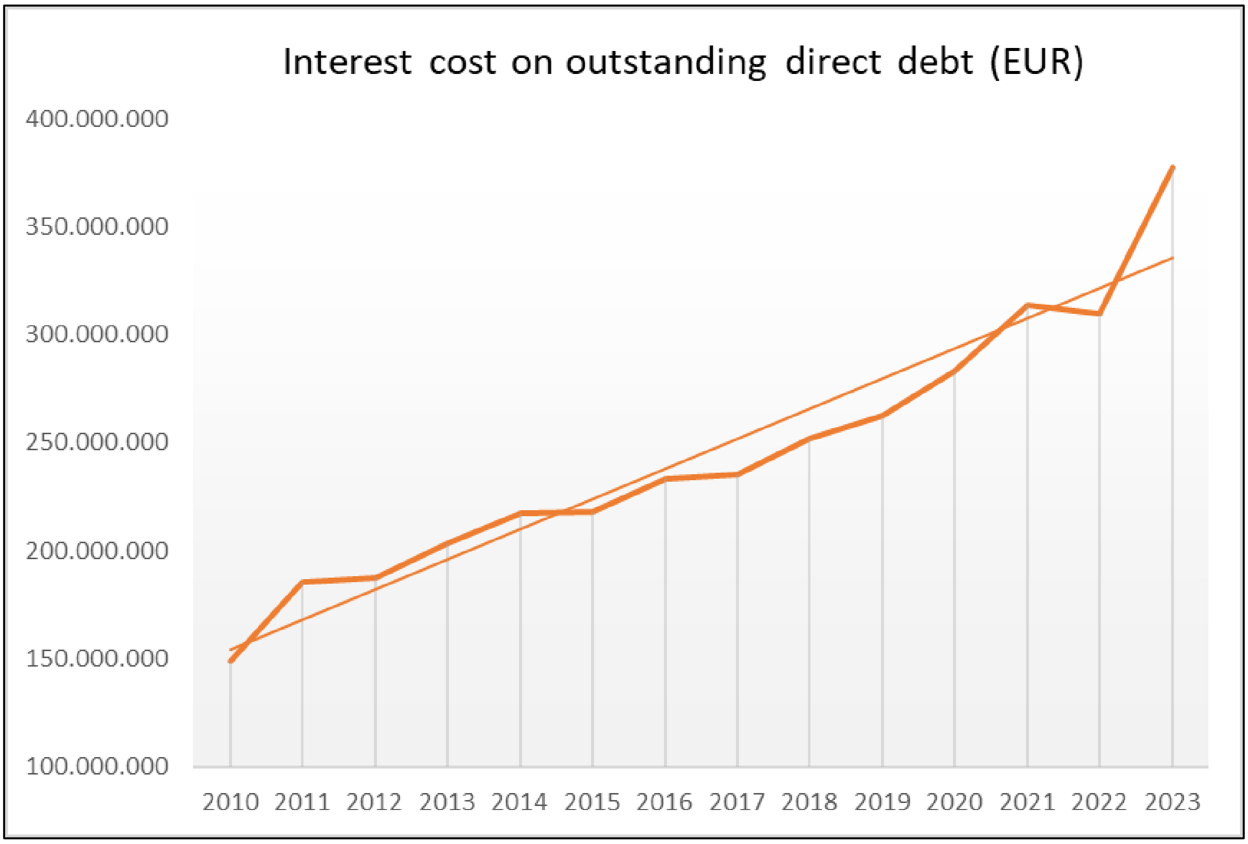
For the last four years (2020 – 2023), the implicit rate is calculated on the long term outstanding direct debt, including the external debts from SPABS, FADELS and SWDE.



By virtue of a dynamic debt management and the low interest rates in the financial markets, the Issuer has been seen its implicit rate falling to 1.34% in 2022, while keeping the level of risk under control.

It contributed to keeping the amount of interests yearly paid by the Issuer under control, despite the significant increase of the debt itself. At the end of 2022, the Issuer effectively paid interests for a total of EUR 309,612 million, compared to EUR 313,820 million in 2021 (- 1.4%), as shown in the figure below.

With the start of a new cycle —moving from a cycle of almost 40 years of decline to a new cycle of increase in 2022— the implicit rate has recovered while remaining under control.

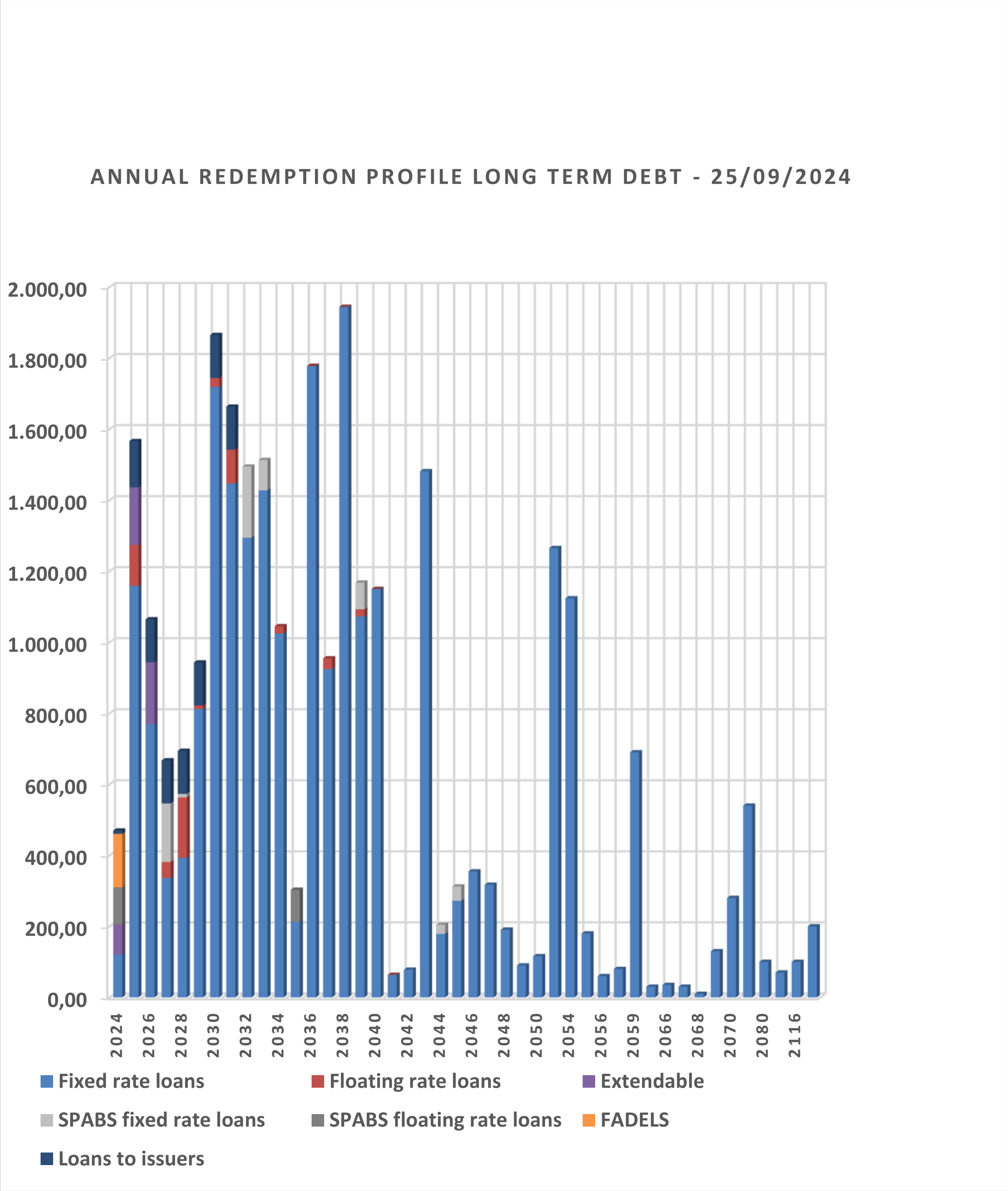


__Average term of the debt__

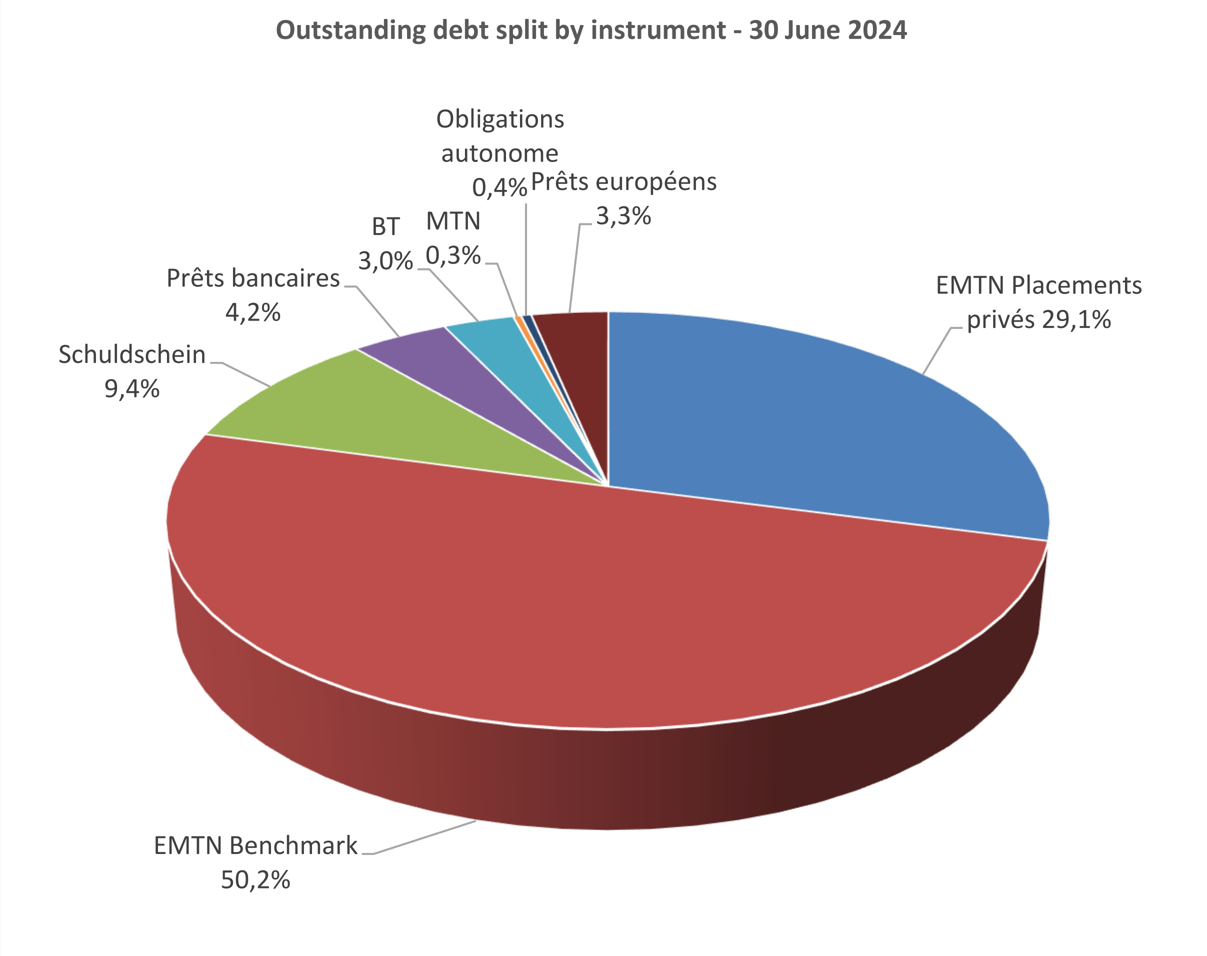
The following table illustrates the weighted average term of the direct debt of the Issuer end of year for the period 2014 - 2023:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Average term (in years and months)	8 years & 5 months	11 years & 1 month	11 years & 8 months	11 years & 10 months	12 years & 5 months	13 years & 7 months	17 years & 2 months	16 years & 6 months	15 years & 6 months	14 years & 11 months

Outstanding direct debt schedule



Outstanding direct debt split by financial instruments (on 30th June 2024)



Under its EMTN programme, the Issuer organized a benchmark-sized issue in 2019 for an amount of EUR 1,000 million, followed by 3 additional benchmark-sized issues in 2020, for a total amount of EUR 3,700 million. For 2021, the Issuer made 3 more benchmark-sized issues for a total amount of EUR 2,200 million. In 2022, the Issuer organized 2 benchmark-sized issues for a total amount of EUR 2,000 million benchmark issue size. In 2023, the Issuer organized 3 benchmark-sized issues for a total amount of EUR 2,200 million. In the first quarter 2024, the Issuer organized 2 benchmark-sized issues for a total amount of EUR 1,500.

This fundraising trend was endorsed by the Regional Treasury Council, given the financing needs of the Region projected for the coming years.

In the future, the Issuer considers that around two thirds of its annual financing plan should be based on these benchmark-sized issues, being social, green, sustainability or regular bonds.

On 30 Juin 2024, EMTN borrowings represented a total of 79% of the outstanding direct debt, with respectively 29% in private placements and 50% in benchmarks.

3.2.3. Guaranteed debt

The financial investment forecasted for identified public law entities ("Public Administration Units", or "Unités d'Administration Publiques", i.e. "UAP") is determined annually in the budget decree (considered as a reference framework). A ministerial ruling related to the budget decree to be adopted by the Walloon Government can further fix the amount that will be guaranteed by the Government with regards to the investment or financial needs of the company. Some companies have been designated to represent the Walloon Government for delegated missions.

The following table presents the evolution of the 1st rank guaranteed debt over the last three years. On 31 December 2023, the outstanding first rank guaranteed debt amounted to EUR 9,195.39 million[36].

Evolution of the guaranteed debt (1st rank) until December 31st, 2017 to 2023[37] (in EUR thousand)

31.12.2017	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023
6,570,205.91	5,830,852.94	8,767,114.07	8,651,823.24	8,605,571.79	8,640,431.50	9,195,393.20

Note that the Issuer has also provided a guarantee in second rank for certain indebtedness. This concerns primarily guarantees under the economic expansion laws and performance guarantees, where the guarantee from the Issuer will only be called upon if a loss remains after enforcing the first ranking guarantee or security interest. A typical example are guarantees in the context of social mortgages allowing borrowers who do not have sufficient personal funds to obtain a loan to acquire a house. In this context, the Issuer undertakes to intervene in the loss incurred by the lending organization for the part of the loan exceeding 70% of the current value of the house. The payment of the Issuer will only come for the loss remaining after realization of the mortgage. The aggregate amount of debt guaranteed in second rank by the Issuer amounted to EUR 933,372 million[38] on 31 December 2022.

The table hereunder shows how the guaranteed debt is distributed among the different UAP for the last two years. We can see that about 57% of the guaranteed debt concerns the housing sector. Financial means are managed by three companies (SWCS, FLFNW, SWL) involved in this area, working independently from public institutions. Housing companies generate a balanced financial position. Their financial performances are supervised by the Issuer.

Stock of guaranteed debt (1st rank) until December 31st, 2020 to 2023[39] (in EUR thousand)

Concerned entities	31.12.2020	31.12.2021	31.12.2022	31.12.2023
CRAC	2,473,784.90	2,332,856.73	2,190,713.06	2,066,802.51
Grand Hôpital de Charleroi	ND	ND	125,000.00	125,000.00
Groupe Santé CHC ASBL	125,000.00	120,303.40	115,530.25	110,679.39
FLFNW	1,016,535.55	1,144,072.91	1,303,876.22	1,396,727.47
Hôpital psychiatrique Les Marronniers	3,517.55	4,000.00	2,745.88	2,500.00

[36] Still temporary amount. Audited amount to be published later in 2024.
[37] Still temporary amount. Audited amount to be published later in 2024.
[38] Still temporary amount. Audited amount to be published later in 2024.
[39] Still temporary amount. Audited amount to be published later in 2024.

Le Circuit de Spa Francorchamps	16,420.00	14,480.10	13,441.60	12,354.89
SOFICO	643,733.90	612,070.77	587,195.64	560,107.67
SOWAER	202,758.08	187,241.45	165,739.31	129,505.33
OTW (SRWT)	291,269.34	299,987.98	323,022.26	291,688.27
SWCS	2,580,581.57	2,673,811.99	2,680,071.41	3,452,840.87
SWDE	16.58	11.05	5.53	0.0
SWL	1,298,205.78	1,216,735.39	1,133,090.35	1,047,186.89
Total	**8,651,823.24**	**8,605,571.79**	**8,640,431.50**	**9,195,393.20**

*ND: not disclosed

3.3. CONSOLIDATED DEBT

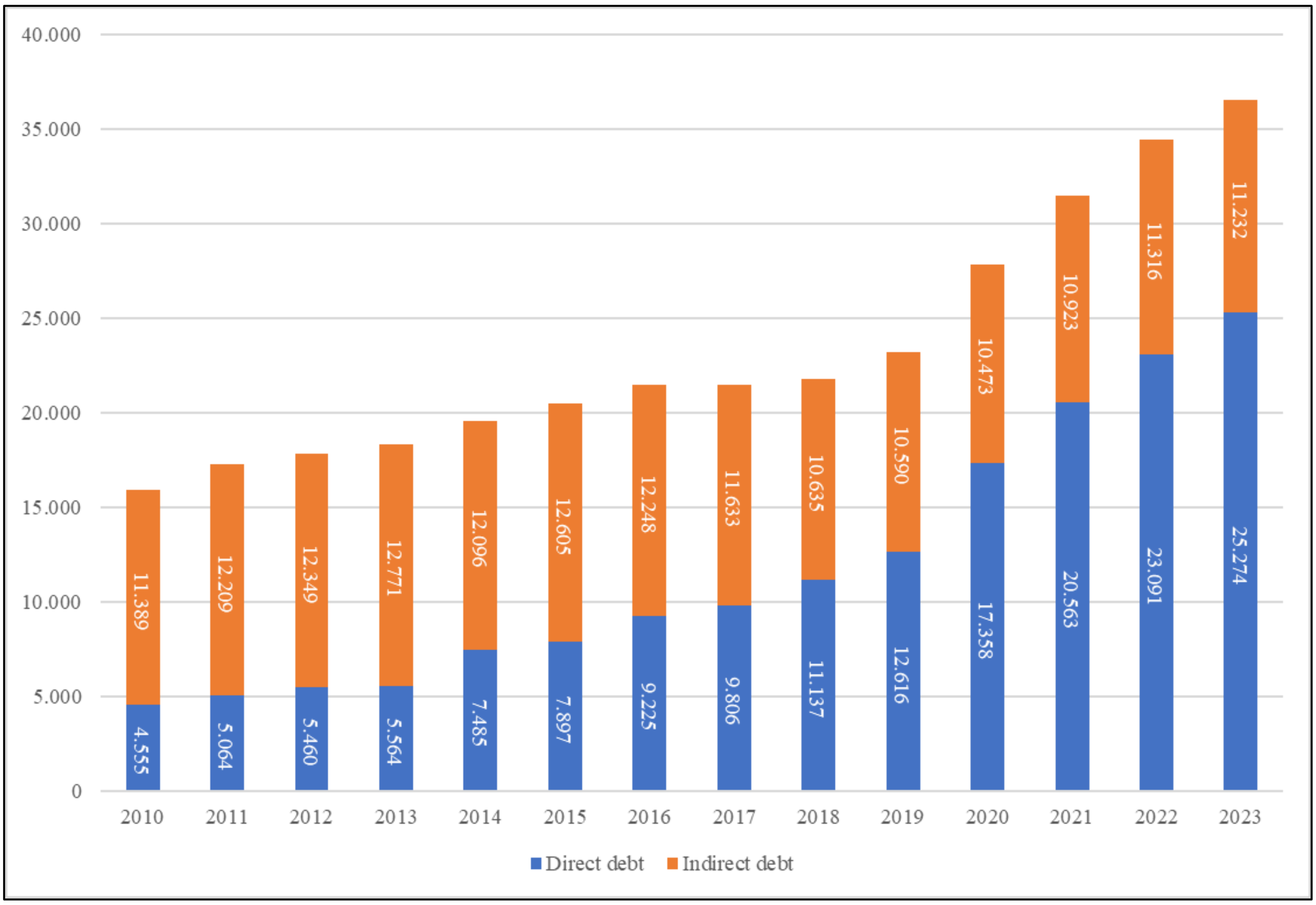
In the framework of European governance, the reference concept is that of consolidated gross debt. The consolidated gross debt is calculated by the National Accounts Institute (NAI) which distinguishes between:

- Direct debt: this corresponds globally to the concept of direct debt established by the Walloon Region's Administrative Debt Management Unit.
- The indirect debt: it includes the debts of the public administration units included in the consolidation scope S.1312 of the Walloon Region within the meaning of the ESA, the European system of national and regional accounts. The concept of indirect debt in the NAI therefore includes that of the Administrative Debt Management Unit. It also includes a large part of the guaranteed debt (as long as the borrower is part of the regional S.1312) as well as the outstanding amounts relating to the so-called alternative financing of investments (mainly of local authorities).

In preparation for the entry into force of the ESA 2010 in September 2014, the NAI carried out a revaluation of the Belgian general government sector (S.13) which led to a significant expansion of the latter. The indirect debt was mechanically revised accordingly. The most notable impact resulted from the integration in the Walloon consolidation perimeter of the social housing bodies (SWL, SWCS and FLW) whose debts are guaranteed by the Region and were therefore included in the guaranteed debt figures of the Administrative Debt Management Unit.

The graph below illustrates the evolution of the direct and indirect components of the Region's consolidated gross debt as established by the NAI.

Evolution 2010-2023 of the direct and indirect components of the consolidated gross debt of the Walloon Region in NAI definition (in million EUR)

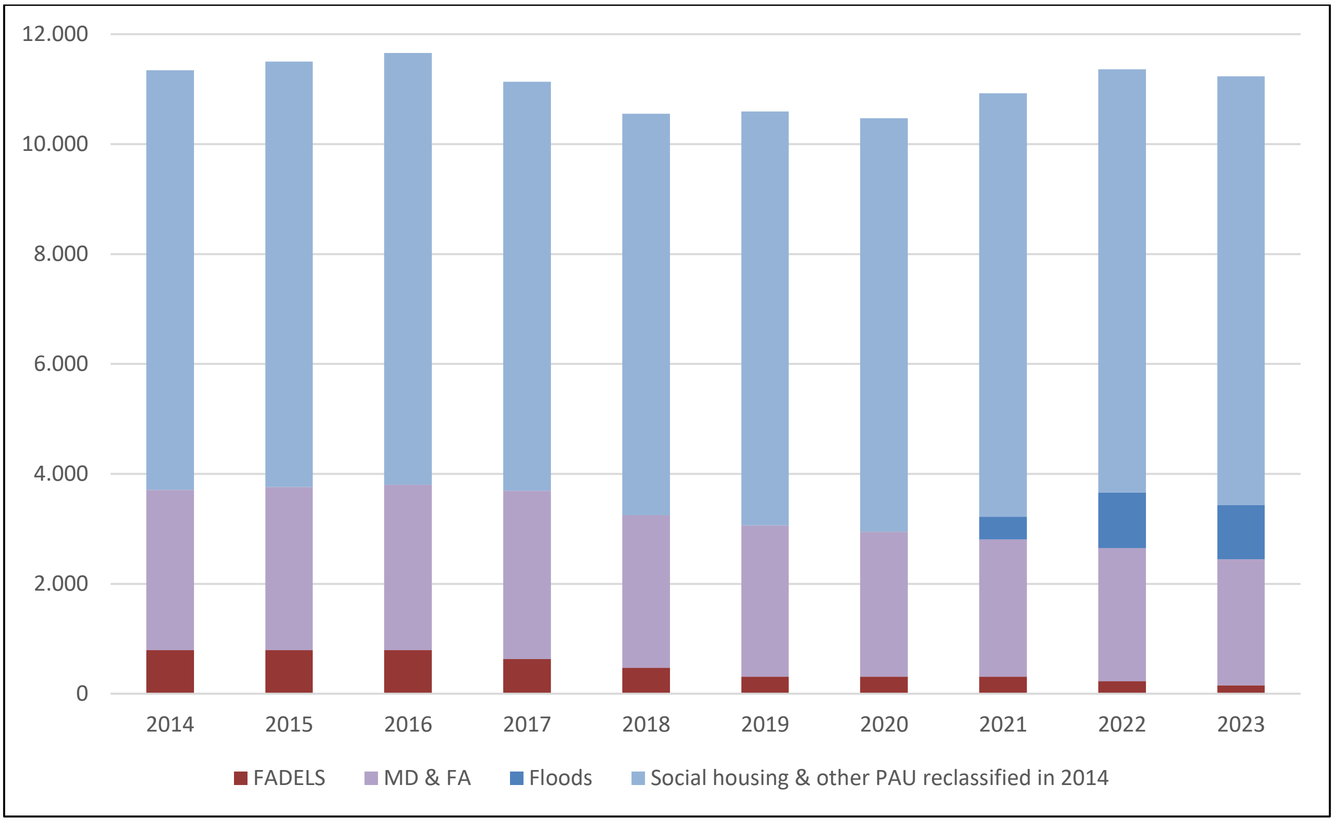


Sources: NAI and own calculations.

This graph shows a substantial increase in the direct debt from 2020 onwards. This is attributable to the exceptional charges which have burdened the Walloon budget in the context of the COVID-19 health crisis, as well as to the financing of the measures of the Walloon Recovery Plan adopted in October 2021 by the Government. These measures will be partly financed by European subsidies under the Recovery and Resilience Facility within the framework of Next Generation EU. Fiscal year 2022 was again marked by the consequences of the war in Ukraine as well as the substantial increase in energy costs and more generally the inflationary context. In 2023, the inflation decreased as the energy cost declined sharply. Beginning of 2024, even if inflation was getting closer, remained higher than the ECB objective of 2%.

The following graph details the main components of indirect debt as defined by the NAI.

Evolution 2010-2022 of the components of the indirect debt of the Walloon Region in NAI definition (in million EUR)



Sources: NAI and own calculations.[40]

The graph shows the integration from 2021 onwards of a debt owed by the Region to Belgian insurers following the exceptional floods that hit Wallonia in the summer of 2021. It represents an outstanding amount of EUR 1,016 million at 31/12/2022 and 987 million of euros in 2023. The insurers have in fact pre-financed the public share of the compensation of the flood victims. This debt will be repaid as from 2024.

[40] MD & FA : "Missions Déléguées & Financement Alternatif"

4. RATING

Completion of a periodic review of ratings of the Issuer, 17th May 2024[41]

" *This publication does not announce a credit rating action and is not an indication of whether or not a credit rating action is likely in the near future.*

Key Rating considerations and rationale are summarized below.

The Walloon Region's ratings, A3 long-term issuer rating, A3 long-term senior unsecured and debt ratings, and Prime-2 (P-2) other short term rating, with a stable outlook, reflect the Walloon Region's mature and robust legislative background, prudent but sophisticated debt management and its unquestioned market access, as well as its tax autonomy. The Walloon Region's ratings are constrained by its recurring financing deficits and very high debt burden. The ratings also factor in Moody's assessment of a high likelihood of extraordinary support from the Government of Belgium (Aa3 stable) in the event that the Walloon Region faces extreme liquidity stress.

This document summarizes Moody's view as of the publication date and will not be updated until the next periodic review announcement, which will incorporate material changes in credit circumstances (if any) during the intervening period."

[41] Completion of a periodic review of Moody's, 17th May 2024.

5. REGIONAL POLITICAL STATEMENT

Following the elections held on 9 June 2024, the new Walloon Government announced the guidelines for its future regional policy on 11 July 2024. Among the essential measures announced, notably included are:

5.1. GOVERNANCE

The RPS for 2024-2029 legislature focuses on several key initiatives to establish exemplary governance, based on transparency, efficiency and accountability. Indeed, the new government is committed to improving coordination and collaboration between the different levels of government for a more coherent and effective management of public policies. The Government is committed to putting in place measures to increase transparency in the management of public affairs and to strengthen citizen participation by integrating more mechanisms for consultation and participation in the decision-making process.

The Government will rationalize the number of structures, particularly in the areas of employment, training, economy, tourism and housing, and clarify their missions, with a view to strengthening the quality of services provided to users; avoid the dispersion of resources; to strengthen the efficiency and readability of roles and responsibilities. At the same time, a significant effort will be made to simplify administrative procedures and consequently make public services more efficient. The Government will also aim to reduce the number of local representatives, promoting more integrated and less costly political action and encouraging better cohesion between the different levels of government.

In addition, the Government will optimize and harmonize the mechanisms relating to subsidies while also implementing a strategy for evaluating public policies in a dynamic of constant improvement.

With a view to risk prevention and management, the Government will ensure that specific measures are taken to adapt the Walloon territory to climate change and develop a risk culture for strategic infrastructure, with increased coordination between the different levels of government. The PSR for the 2024-2029 legislature focuses on several key initiatives to establish exemplary governance, based on transparency, efficiency and accountability. Indeed, the new government is committed to improving coordination and collaboration between the different levels of government for a more coherent and effective management of public policies. The Government is committed to putting in place measures to increase transparency in the management of public affairs and to strengthen citizen participation by integrating more mechanisms for consultation and participation in the decision-making process.

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In addition, the Government will optimize and harmonize the mechanisms relating to subsidies. In this context, the Government will reduce the dependence of associations on annual voluntary funding and will favour, after an analysis of these thematic credits, five-year funding offering a clearer and more reassuring multi-year perspective on the resources granted. In addition, the Government intends to implement a strategy for evaluating public policies in a dynamic of constant improvement.

5.2. ECONOMY

The Walloon Government intends to implement an ambitious industrial policy with a view to contributing to the development of the regional economy. This ambitious policy will be implemented in particular through the support and promotion of entrepreneurship, the reindustrialisation of the Walloon territory, and an industrial policy of research and innovation. Economic development will also be achieved through circular economy initiatives, corporate social responsibility and the integration of ESG criteria in order to strengthen the competitiveness of the Walloon Region in a globalised market. To this end, the Government will carry out an evaluation of the policy of the Competitiveness Clusters to enable their actions to be better coordinated with Wallonia's strategic priorities.

In addition, the Government will focus on supporting exports and foreign investment by simplifying and optimising support for companies abroad, assessing and adapting the roles of public actors, and strengthening European coordination.

With a view to stimulating private investment, the Government will encourage the mobilization of private funds in economic development.

Finally, the RPS promotes support for short supply chains to stimulate local economic development and employment, as well as the promotion of social enterprises to meet the challenges of the transition. The government will also encourage collaboration between social economy and traditional economy actors to strengthen synergies and economic impact.

5.3. EMPLOYMENT

The Government's ambition is to achieve the employment rate target set at the Federal level of 80%. To achieve this, the Government will focus on the implementation of a range of measures to allow:

- intensified, accelerated and tailor-made support for job seekers.
- a simplification of the employment landscape for the benefit of beneficiaries.
- simplified and optimised employment aid to boost the employment rate.
- a focus on professions in shortage.
- specific responses to changes in the job market.
- optimisation of the vocational training landscape.

5.4. BUDGET

In order to ensure the sustainability of the Walloon debt, the Government will ensure that a public finance sustainability rule is introduced into a legal corpus aimed at converging the debt/revenue ratio towards a level of 180%. Efforts to achieve this will be mainly supported by measures to reduce public spending.

The Government intends to pursue new policies and encourage productive investment within a responsible budgetary framework, while maintaining strict financial management and carrying out an evaluation of the Walloon Recovery Plan in order to redirect or eliminate inefficient initiatives. The Government will ensure that the regional bodies are well fed, without undermining its cash flow. To this end, more bodies in the Walloon perimeter will be integrated in due course into Wallonia's financial centralisation.

In addition, no new taxes will be introduced, except to replace existing taxes.

5.5. TAX

The Walloon Government's desire will be to give oxygen to the middle class through administrative simplification and tax relief. With this in mind, the Government proposes to adopt a tax system that encourages access to property by reducing the rate of registration fees to 3% for the purchase of a first home, thus aligning Wallonia with Flanders. In addition, the Government plans to modernise inheritance and gift tax. In this context, it is planned to halve all inheritance tax rates, with a minimum rate of 5% on all inheritances in the direct line, 7% on inheritances in the indirect line and 15% on inheritances to third parties without family ties. The Government will also adapt the reform of the registration tax in order to reduce the tax on electric cars and carbon-neutral cars. At the same time, the Government plans to introduce a user right to contribute to the maintenance of the Walloon road network.

The Government will align its tax policy with the objectives of energy transition and the reduction of greenhouse gas emissions. In this context, it will adopt an incentive-based environmental tax system based on the polluter-pays principle.

Finally, the RPS provides for the Region to take over the management of inheritance and registration taxes. This will improve the quality and predictability of tax regulation, and strengthen the fight against tax fraud and tax evasion, while ensuring transparent communication with taxpayers.

5.6. DIGITAL

The RPS also emphasises the digital transformation as a lever for companies, job creation and more broadly for the development of the Walloon Region. In addition, the Government will work closely with the private sector to maximize the efficiency and impact of research support mechanisms on the economic fabric.