

Financial crisis and local investments: credit crunch ?

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ICLC conference, Brussels, 16 October 2009

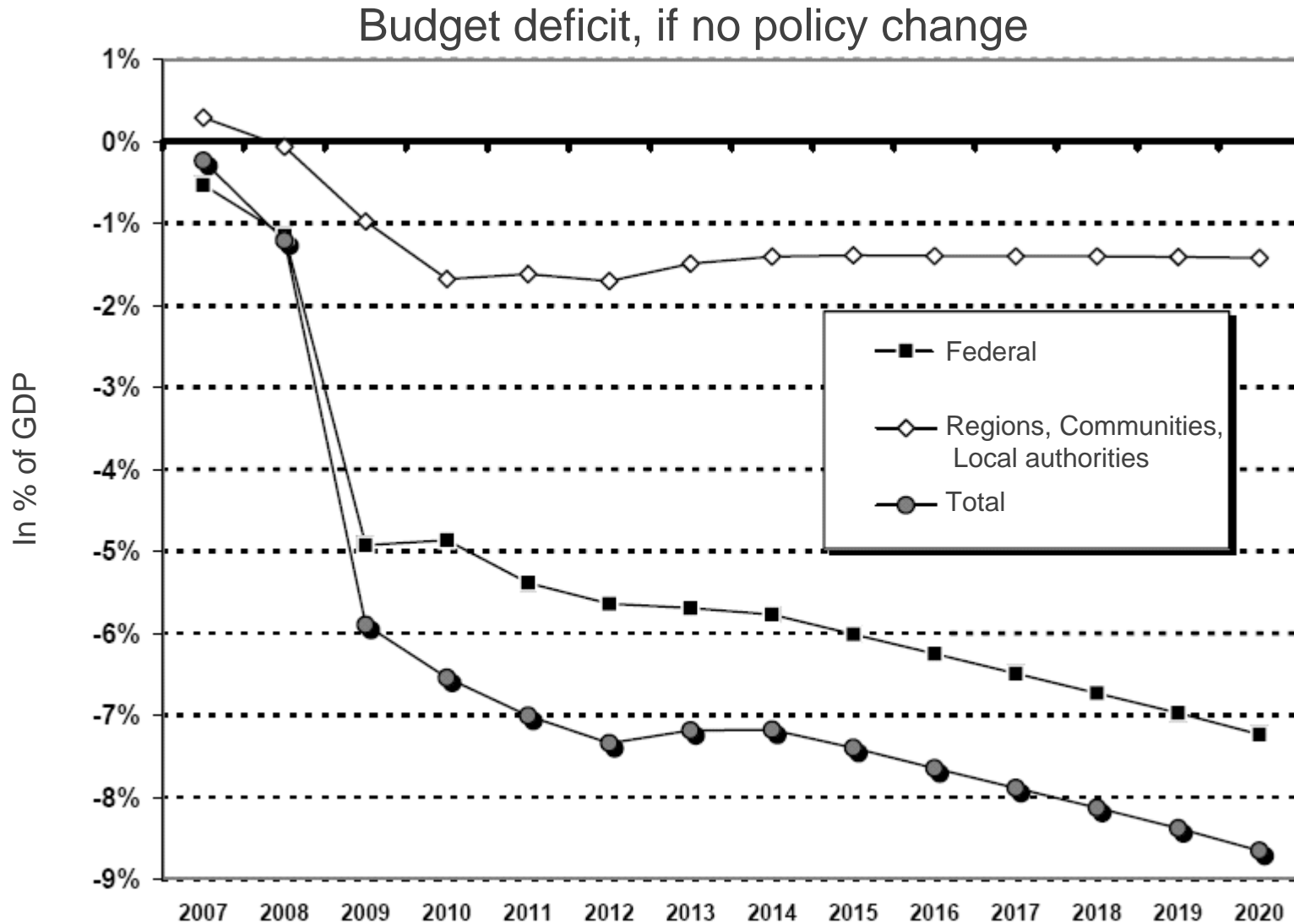


Financial crisis and local investments: credit crunch ?

- Impact financial crisis on finances of Belgian municipalities.
- Investments of Belgian municipalities.
- Credit crunch ?

Impact financial crisis on finances of Belgian municipalities.

Negative impact : deficit of different governments.



Impact financial crisis on finances of Belgian municipalities.

Impact financial crisis.

on the Belgian economy

:

- Huge budget deficit all governments
- Stock market crash (Bel 20 -54% in 2008)
- Volatility of inflation (+6% → -1%)
- Sharp decrease interest rates (ST -3,5%, LT -1,5%)

on the finances of Belgian municipalities

- Lesser tax revenues (18 to 24 months later)
- More social assistance (unemployed, sans papiers, ...)
- No dividend holding Communal (some 100 mio EUR or 0,7% of revenues)
- Indexation wages (3x)
- Energy expenditures increase
- Decrease of interest burden
- Reduction of debt position (debt taken over or restructured)

Financial crisis and local investments: credit crunch ?

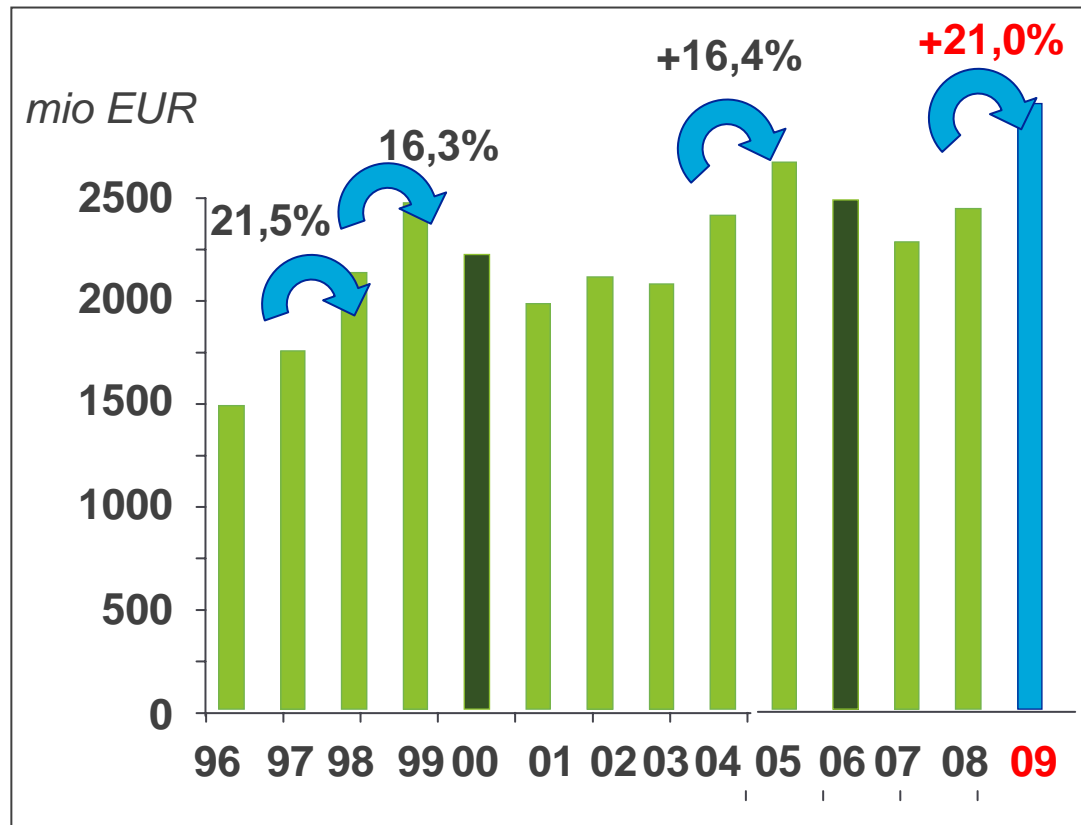
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Investments of Belgian municipalities.

Election cycle of 6 years.

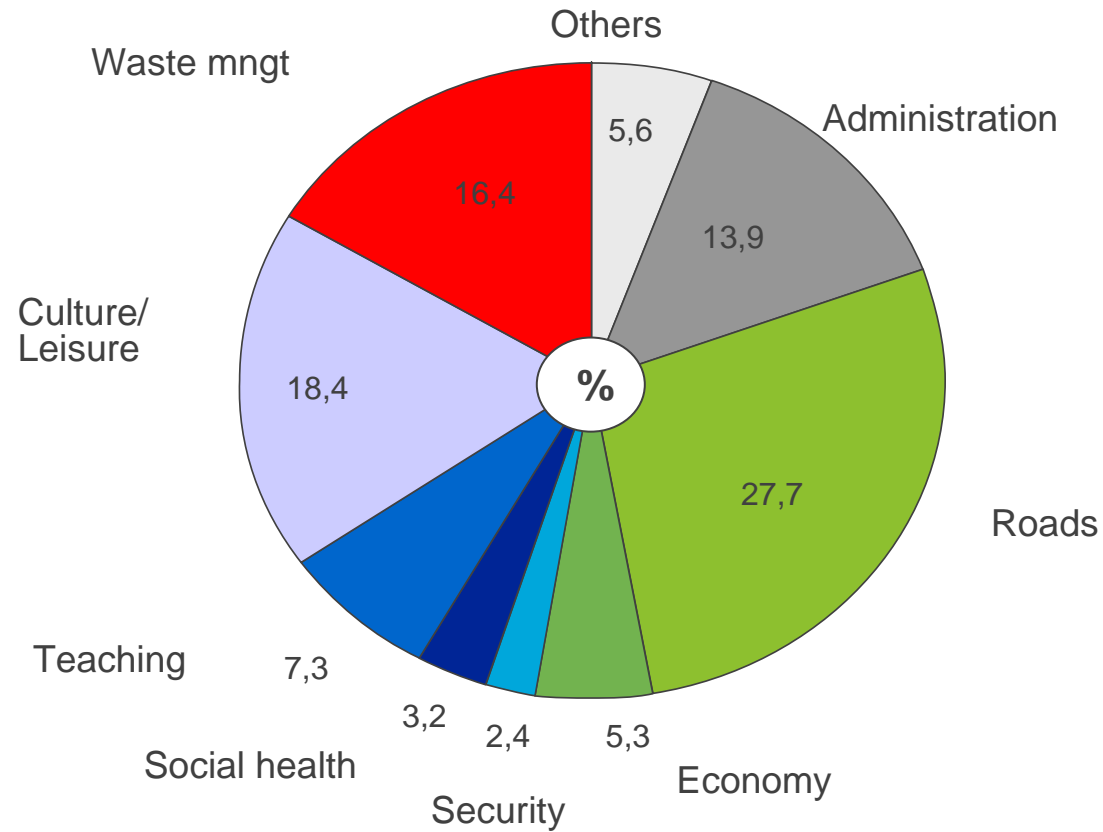
Investments
(2008)

2 726 mio EUR



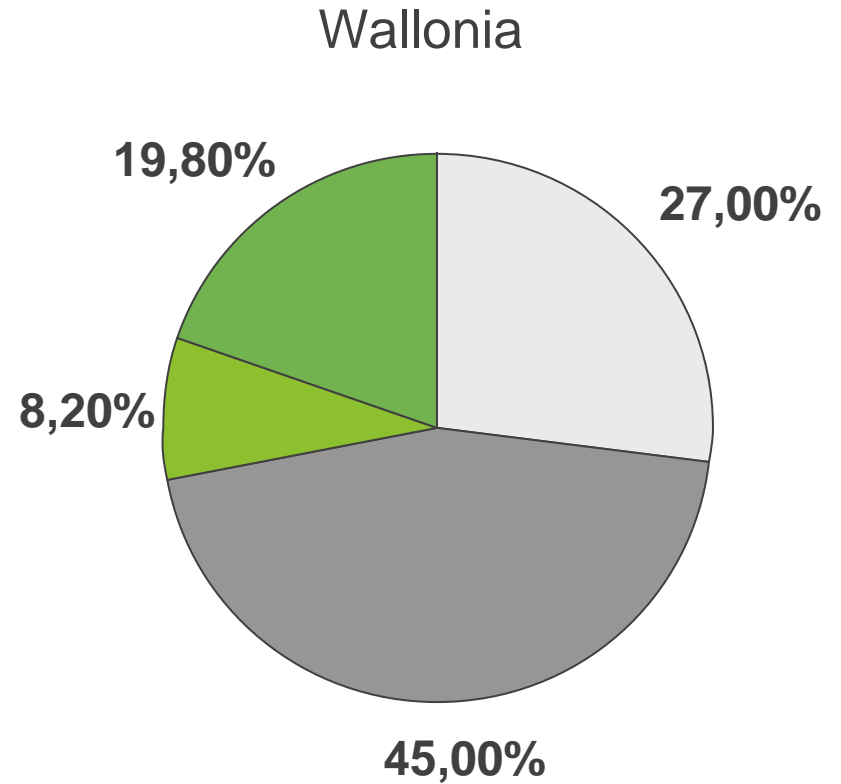
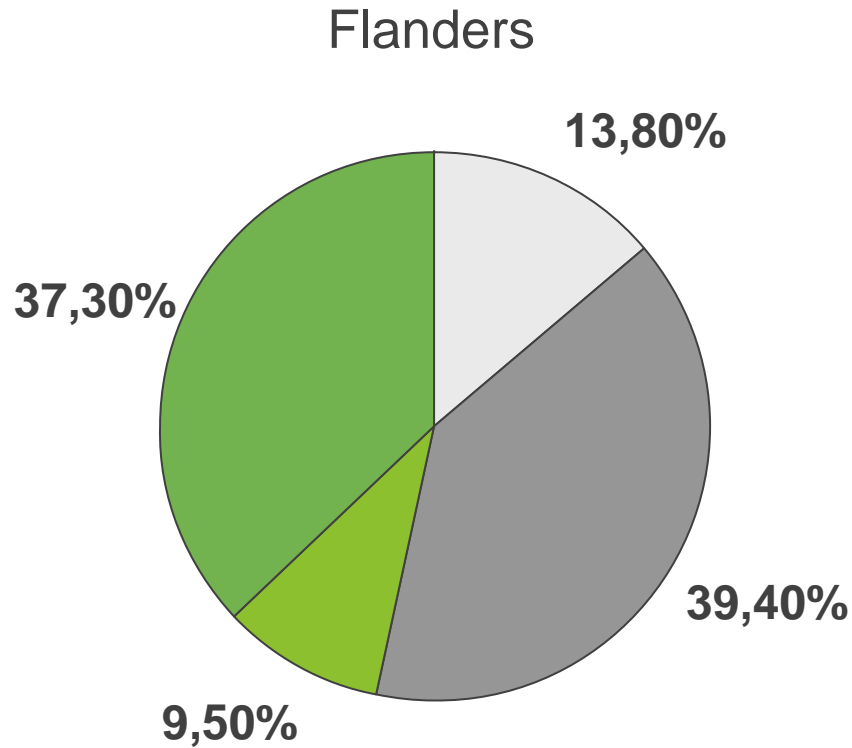
Investments of Belgian municipalities.

Functional structure 2007.



Investments of Belgian municipalities.

Financing the investments : mainly loans.



Investments of Belgian municipalities.

Investments ratios.

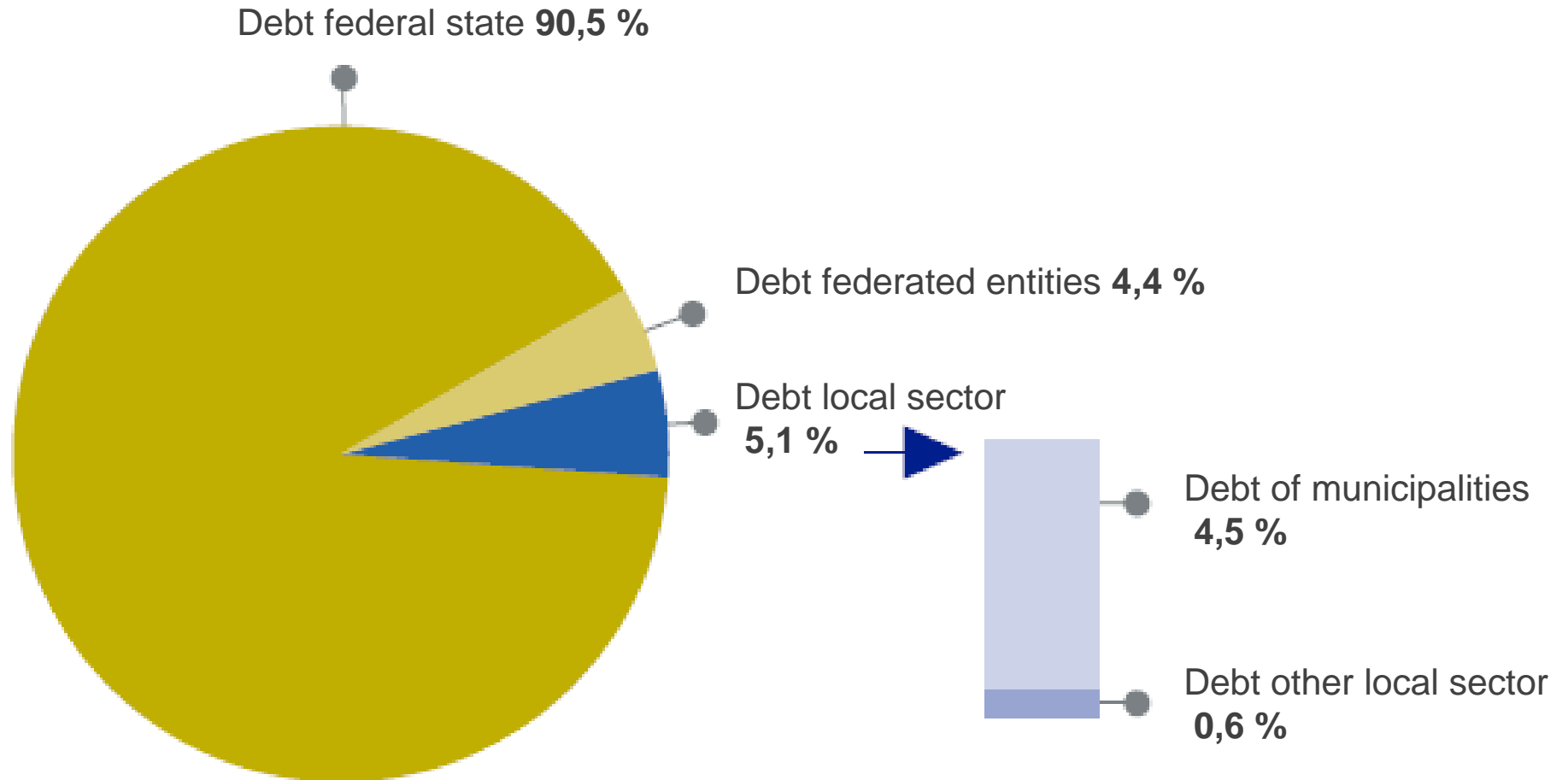
| | 2004 | 2005 | 2006 | 2007 |
|--|-------------|-------------|-------------|-------------|
| <i>In % of real ordinary revenues</i> | 20,0 | 21,2 | 18,7 | 16,5 |
| <i>Investment ratio</i> | 1,17 | 1,28 | 1,74 | 1,40 |

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Credit crunch ?

Debt of local authorities : only 5,1%.



Gross debt in 2007 (in bn EUR)

Federal 327,0

Municipalities 14,7

Credit crunch ?

Debt ratios : mixed evolution.

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| <i>Debt in EUR/inhabitant</i> | 1 242 | 1 266 | 1 265 | 1 320 | 1 353 | 1 367 | 1 376 | 1 370 |
| <i>Debt / Assets</i> | 0,28 | 0,28 | 0,27 | 0,27 | 0,28 | 0,27 | 0,26 | 0,26 |
| <i>Debt / real ordinary revenues</i> | 1,31 | 1,32 | 1,22 | 1,22 | 1,26 | 1,23 | 1,15 | 1,12 |

Credit crunch ?

Bank credit to the public sector.

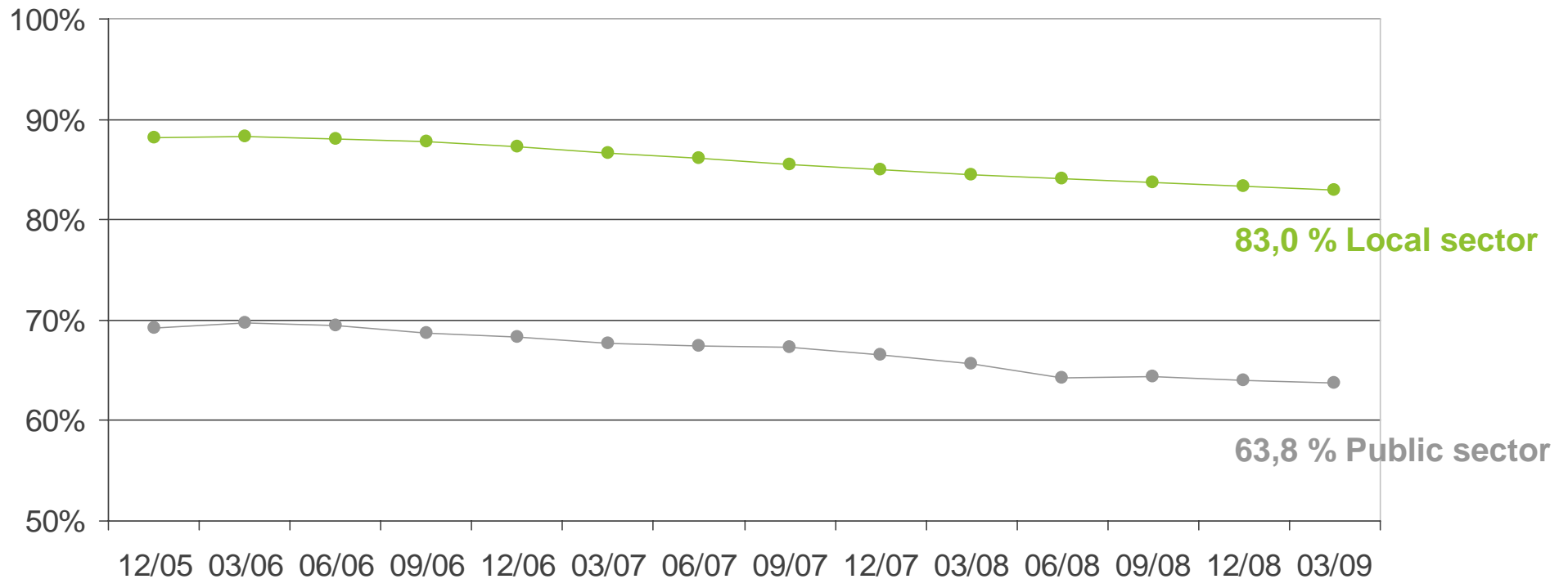
Outstanding bank credit to the public sector.
(in bn euro) (source: NBB)

| | Local authorities | Regions & Communities | Federal authority | Social security | Total |
|--------------|-------------------|-----------------------|-------------------|-----------------|----------|
| 12/04 | 15 719 | 8 996 | 1 451 | 55 | 26 221 |
| 12/05 | 16 117 | 6 813 | 2 354 | 84 | 25 368 |
| 12/06 | 16 362 | 5 996 | 3 047 | 86 | 25 491 |
| 12/07 | 16 789 | 5 084 | 2 726 | 85 | 24 683 |
| 12/08 | 16 361 | 5 987 | 2 572 | 129 | 25 049 |
| 06/09 | 15 910 | 4 536 | 3 016 | 94 | 23 556 |
| | Stable | Decline | Volatile | Increase | Decrease |

Credit crunch ?

Market share of Dexia Bank for credits to the public sector.

o credits (in % of total outstanding bank credits) to the public and local sector (mobile average).



Credit crunch ?

Alternative forms of financing.

- Public Private Partnership
- Mobilisation of real estate property
- Leasing
- Cofinancing (EIB, European funds, ...)
- ...