

# Report 2013

Corporate Report



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## Foreword



Luc Coene,  
Governor

Each year since 2011, I have had occasion to present to you here the rapid and significant changes affecting the National Bank as an enterprise.

First, the Bank had to adapt to the microprudential reforms adopted in Belgium, and absorb almost 200 members of staff from the former Banking, Finance and Insurance Commission, who are experienced in the practice of supervision. Following that, the Bank undertook a thorough review of its operations in order to ensure that this strategic function of supervising banks and insurance companies is exercised in the optimum way. Since then, the Bank's Board of Directors has devoted a weekly meeting solely to prudential questions. Within the institution, the concept of transversality has guided the fundamental reorganisations designed to permit maximum efficiency in the exchange of information and greater mobility between the prudential services and other departments, and ultimately to achieve the expected benefits of concentrating prudential supervision at the central bank.

If I am going back over the initial steps again here, it is because these developments continued in the year under review, with the expected decision by the European authorities to switch in November 2014 to a single supervisory mechanism with the European Central Bank at its heart. However, the name 'single supervisory mechanism' must not be taken to mean that the national central banks will no longer play a part in that activity in the future. Indeed, if the single supervisory mechanism is to be credible from the outset, all the institutions subject to its supervision must be sound. As I write, those institutions are therefore undergoing prior checks by the national central banks, and the ECB is making sure that this process is conducted consistently and according to the same criteria in all countries.

The first job is to conduct an asset quality review for the banks concerned. Each bank will then be subjected to an on-site inspection and its portfolio will be examined in depth, so as to ensure compliance with accounting practices and correct asset valuation. Next, there will be a risk assessment for each institution. Finally, stress tests will be conducted to ensure that these institutions are capable of withstanding a serious deterioration in their environment.

That will keep the Bank very busy until the single supervisory mechanism takes effect in the autumn. After that, not only will the national authorities retain sole responsibility for small-scale banks and stockbroking firms, and for insurance companies, but they will also be closely involved in the supervision of large banks which have their headquarters or subsidiaries in national territory.

Moreover, no-one should imagine that prudential activity, important though it is for society as a whole, is the sole focus of the Bank's energy. The Annual Report on Economic and Financial

Developments gives a detailed description of the context in which the Bank has operated during the year under review. The Eurosystem's monetary policy still has to contend with a difficult environment, with continuing disruption of its transmission mechanisms.

This volume also mentions the Bank's activities conducted at the request of the government, such as the microeconomic data centres and the collection of statistics; major changes have been made here, and there are more to come. In regard to the production and processing of banknotes, the Bank also has to respond year after year to changes in its environment. That is why, in 2013, it closed down its Antwerp branch; in last year's report, we announced that our Printing Works would cease production by 2020. In both cases, staff redeployment solutions were found. Similarly, while the Bank's Clubhouse was sold back to the Berchem-Sainte-Agathe local council, the interests of the staff were safeguarded.

These many challenges force us to make constant adjustments to our operations and to anticipate foreseeable developments as far as possible. That prompted the Bank to launch a wide-ranging debate on the future, to define its desired profile for 2020. What do we definitely want to continue doing? What role do we want to play at that point, and what staff – in terms of numbers and quality – do we need for that purpose, taking account of such things as our new tasks as both a macroprudential and a resolution authority? This exercise will take place during 2014. We shall then have a clearer view of what awaits us in six years' time, despite continued uncertainty about the implications of the new European architecture. Like many Belgian institutions, in the coming years the Bank will face the retirement of the baby-boom generation. It will not only have to decide how many people it needs to perform the tasks defined, but must also take care to keep the expertise of our staff. To that end, during the year under review, we attached particular importance to adjusting our human resources procedures, and we shall continue to do so.

The Bank intends to do everything to ensure that its support services are in the best position to enable the institution to perform its tasks efficiently. It has commissioned a consultancy on IT strategy; major technical projects and building work are intended to modernise and make the most of our buildings.

Our Report on Economic and Financial Developments gives us the opportunity to share our findings with the public and the decision-makers in our areas of expertise and to make recommendations. In this volume, we explain how the Bank is changing as a company, and what resources it uses to perform its tasks.

More than 160 years after it was founded, the National Bank continues to aim at modernity and excellence. The reader will see from the first chapter of this volume that – as I had already announced last year – the Bank, firmly rooted in the modern age, wants to adopt the profile of a knowledge-based enterprise. I am convinced that in this way it will continue to do its best to serve society in carrying out its mandates.

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# 1. The National Bank as an enterprise

## 1.1 Highlights

The most notable event during the year under review in our central bank and supervisory authority environment was indisputably the decision to implement the single supervisory mechanism (SSM) from 4 November 2014. From that date onwards, the 128 main banking groups in the euro area will be supervised according to very largely identical rules by the European Central Bank, though with the support of the national supervisory authorities. Less significant banks and insurance companies will continue to be supervised by the national authorities.

The operation of this mechanism was described in detail in the volume on economic and financial developments. The organisation of bank supervision at the Bank will be greatly influenced by the implementation of this mechanism, which will take place in two phases: the transitional phase from November 2013 to the beginning of November this year, and the operational phase of the SSM from 4 November 2014.

During the transitional phase, large banking groups in the area covered by the SSM will undergo a comprehensive assessment. That assessment comprises a detailed analysis of the assets (balance sheet analysis involving an asset quality review and a stress test) and a risk assessment procedure. 15 of the banking groups coming under the SSM are located in Belgium. In six of those cases, this concerns their head office (Argenta, AXA Bank, Bank of New York Mellon, Belfius, Dexia and KBC Group) and for two of them it concerns a systemic Belgian subsidiary (BNPP Fortis and ING Belgium). The other Belgian entities of the banking groups coming under the SSM are subsidiaries or branches whose Belgian activities are relatively limited in relation to the consolidated entity. There are therefore eight banks or banking groups – six home banks<sup>(1)</sup> and,

in all probability, two host banks<sup>(2)</sup> – that will undergo analysis and assessment before the operational phase of the SSM.

The Bank decided to proceed immediately with organising its banking supervision in line with this new supervisory architecture and the SSM timetable. From November 2013, the population of banks and banking supervision staff have been divided into three new groups:

- The big banks under the direct supervision of the ECB in future: from the launch of the operational phase of the SSM, the supervisory team designated for each bank (or banking group) will form an integral part of the Joint Supervisory Team, which will supervise the banking group under the direction of an ECB coordinator and in accordance with the SSM governance formulas. During the transitional phase, the supervisory teams concerned will take charge of the comprehensive assessment.
- Local banks which will remain subject to the supervision of the Bank but with the ECB exercising horizontal supervision: the Bank's supervisory teams will conduct the front-line supervision of these institutions in accordance with the rules and procedures that the ECB defines for this group of banks; the ECB takes charge of the second-line supervision but may, in certain cases, intervene directly in the supervision procedure.
- Institutions outside the scope of the SSM: branches of banks governed by the law of countries which are not members of the European Economic Area, together with investment firms, remain subject to the Bank's supervision in accordance with the rules and procedures

(1) Home supervision is the supervision conducted in the bank's country of origin at the highest consolidation level.

(2) Host supervision is the supervision of subsidiaries or branches of banks of foreign origin conducted in the host country.

which it has defined for that purpose under the laws and regulations on the subject, though in line with the SSM rules and good practice.

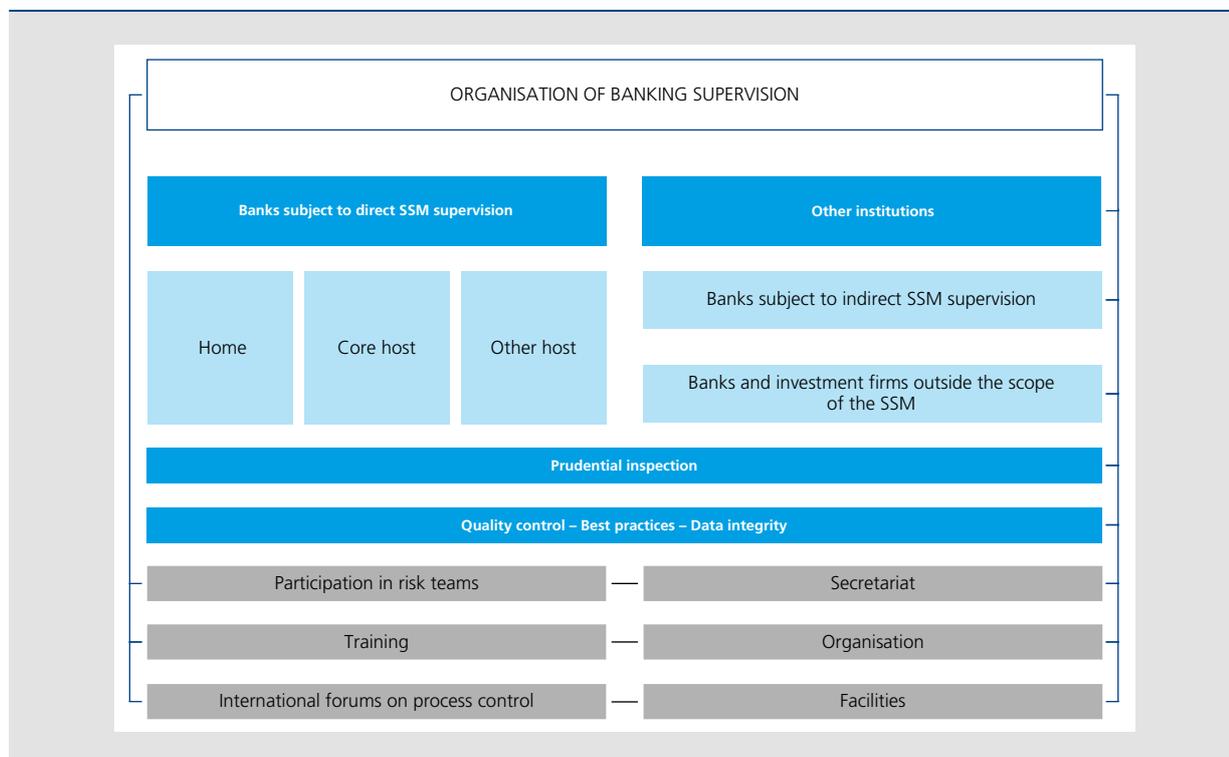
To cope with the significant increase in the workload resulting from the preparations for the SSM, more specifically for the analysis of the balance sheets of the main banking groups, the stress tests and the risk assessment system, and to ensure that this work is not detrimental to the regular, basic supervision of institutions in general, the Bank decided to strengthen the supervisory teams by recruiting new staff, temporarily seconding staff from other services, and using consultants to manage the project. Furthermore, as in other Member States, much of the groundwork relating to the asset quality review will be subcontracted to external auditors. Coordination of the preparations for the SSM is entrusted to a steering group and an operational project team which will then be incorporated into the structure established at SSM level.

The comprehensive assessment is a daunting task, not only for the supervisory authority but also for the participating banks, which will need to put in considerable efforts. The assessment is in fact based on a massive

collection of data which must meet high-quality standards and be supplied within tight deadlines. The banks will also have to receive the formidable audit teams and be prepared to answer their questions at any time. At the end of the day, they must be able to demonstrate the soundness of their balance sheet and their financial situation.

In the autumn of 2012, always aiming at continuous improvements in the quality of prudential supervision, the Bank's Board of Directors launched an ambitious project for strengthening the methodology of the inspection function. The following autumn saw the completion of that project, named NOVA (New Organisation for Valorisation of Audit). Prudential inspections are in fact both essential and irreplaceable. They constitute in-depth surveys normally conducted within the actual institutions, tracking down shortcomings in the organisation of their activities and their risk management, and leading to corrective measures. After each inspection, the Bank draws up a report in which it gives a general opinion together with the findings, and makes some recommendations. This inspection report enables the Bank to assess whether immediate action is needed and adjust its view of the institution's general risk profile at the time of the periodic risk assessment.

**ORGANISATION OF BANKING SUPERVISION**



Source : NBB.

The NOVA project aimed at fundamental revision of the inspection methodology in order to harmonise the inspections and make them more effective. It led to the production of an inspection manual which has applied since October 2013. It offers a clear and unequivocal description of the inspection process and sets out a formal methodology. It introduces the latest auditing techniques and concepts and facilitates revision of the work programmes by defining standardised processes. Opinions are now expressed in the form of a rating and recommendations, accompanied by a score. In addition, the inspection process has been largely automated. The NOVA methodology is supported in the field by the introduction of a software package called Vision. This forms part of the overall project named PRIME, concerning re-computerisation of prudential activity. In 2013, an Anti-Money-Laundering (AML) module was also set up. This project, which, as its name indicates, is part of the measures to combat money-laundering, will assess the conformity and behaviour of entities in the face of the rules preventing use of the financial system for the purpose of money-laundering and the financing of terrorism and weapons of mass destruction. The aim of the AML project is to comply with the new international standards and recommendations on the subject issued by the Financial Action Task Force (FATF) and to implement those recommendations. We shall need to demonstrate our conformity with those recommendations at the time of the fourth FATF assessment of Belgium scheduled for September 2014.

The Bank took advantage of the simultaneous introduction of the SSM and the launch of NOVA to ensure that this project adheres closely to the methodology which will apply in the SSM. It also decided to retain elements for which there is no provision as yet in the SSM, where experience has shown that they ought to be preserved, such as the formulation of recommendations and their monitoring by inspectors, or notification of an overall rating. These elements will be kept for all supervised institutions until the SSM comes into operation, and for all subjects in which the Bank has sole competence.

Finally, this methodological update is accompanied by adjustments to the organisational model: in fact, the Bank has decided to group the inspectors together in a single service from November 2014.

Key topics examined in the inspections include the operation and quality of risk management, the organisation and management of the risks of market activities, management of credit risk and liquidity risk, monitoring of the

(1) These are IT services offered on request and on line by providers of specialist IT services. In this connection, virtualisation and internet techniques are often used to render the IT services more extensible and more flexible.

retail network, the adequacy of the technical provisions in insurance companies, and the application of the regulations on the prevention of money-laundering and the financing of terrorism.

In regard to the validation of new models and monitoring of the performance of previously validated models, the activities again centred mainly on credit risk, which is the reason for the major part of the institutions' capital requirements. Attention also focused on fair-value models, owing to the gradual disappearance of the prudential filter of the Available For Sale (AFS) portfolio in Basel III. Some new issues were also tackled in connection with operational risk and market risk, and the ICAAP (International Capital Adequacy Assessment Process).

Turning to supervisory practice, in 2013, particular importance was attached to protection against cyber risks in general, and in particular to IT outsourcing projects by financial institutions using cloud computing<sup>(1)</sup>. The internet has rapidly become a critical external network, both for the provision of services to the outside world (customers, branch networks, agents, etc.) and for the internal operation of institutions subject to supervision. At the same time, the institutions' use of the internet and their dependence on this tool lead to high risks concerning the security and continuity of internal and outsourced IT systems, and for the internet services offered.

Close cooperation was also established with Febelfin and the Federal Computer Crime Unit, among others, in order to combat e-banking fraud. It is noteworthy that almost all the e-banking fraud committed in Belgium in 2013 was due to specific fraudulent techniques (generally 'phishing' e-mails followed by telephone contact) whereby cyber criminals deceive users of e-banking services into disclosing their personal security codes.

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The reference framework in which the prudential supervision of insurance and reinsurance companies takes place was described in detail in the "Report 2013 – Economic and Financial Developments", in chapter 3 of the part on "Prudential regulation and supervision".

In this area, the Bank's agenda was largely dictated by preparations for entry into force of the European Solvency II Directive. This reform of EU insurance regulations aims to encourage better management of the risks facing insurance and reinsurance companies, and to tailor the solvency requirements more closely to the risks that these companies actually incur.

Points of particular concern which will continue to be a focus of the Bank's attention in these matters include the degree to which companies are prepared for Own Risk & Solvency Assessment (ORSA). It is necessary to analyse the methodological approach that companies adopt for the prospective assessment of own risks, and the techniques and criteria used to manage those risks. This involves aspects of governance and strategy, and the risk management processes and procedures.

For all companies, the technical provisions dimension will remain a general point for attention, and will also give rise to inspection missions on the subject. Among other things, this work will examine the conformity of the level of the said provisions with the requirements of the current Belgian benchmark (Solvency I), particularly in regard to the observed tendency among some companies to anticipate the calculation of the Best Estimate Liabilities (see below). It will also be necessary to analyse the degree to which insurers are prepared for calculating the Best Estimate Liabilities, in view of the fundamental changes made by Solvency II.

The Bank's specialist services also keep a regular check on the implementation of the internal models for calculating the regulatory capital requirements under the Solvency II Directive (Solvency Capital Requirement – SCR).

In addition, the Bank's current requirements and the new European guidelines in preparation for the Solvency II Directive concerning the governance system form the new prudential framework in this area. The scope of the checks to be conducted on the governance systems will be adjusted accordingly. This concerns in particular the assessment of the organisational and operational structures, internal control systems, independent monitoring, asset and liability management, reinsurance and subcontracting.

These activities will take place in parallel with the work on business model analysis. This work will concern insurance companies belonging to complex groups; the process of analysis which began in 2013 with the preliminary examination of pilot projects will continue.

As already mentioned on the subject of the anti-money-laundering project, a Financial Action Task Force (FATF) mission is scheduled for 2014 at the Bank, the aim being to assess the technical conformity and effectiveness of the supervision arrangements implemented by the competent Belgian authorities to prevent the use of the financial system for the purpose of money-laundering and the financing of terrorism. The operational teams from the insurance and reinsurance company prudential

supervision service will be asked to assess the effectiveness of the controls.

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On the subject of oversight of payment systems for small payments, the Centre for Exchange and Clearing (CEC), i.e. the computerised clearing house that was used to exchange and settle payments between banks active in Belgium, underwent a fundamental change in 2013. At the end of March in the year under review, the CEC IT platform was transferred from the Bank to the technical platform of the payment system of the French banking company STET (Systèmes technologiques d'échange et de traitement). Since 1974, the Bank had been in charge of the operational functioning of the CEC's IT applications and the administration of its management bodies. It therefore acted as both overseer and operator. Now that the CEC has migrated to the STET CORE payment systems platform, the Bank no longer performs the operational function; it will therefore concentrate on its role as overseer of Belgian payment systems. The CEC remains a Belgian legal entity whose operations are conducted in France.

The Bank will cooperate with the Banque de France on the exchange of any information concerning the technical platform relevant to its oversight functions.

The migration coincided with an in-depth review of the operation of the payment system. Following the financial crisis, the Bank as the overseer had recommended limiting the risks when clearing payments already exchanged but not settled. That is why the CEC introduced the practice of five closures for exchange and settlement during the day, rather than one end-of-day closure as was the case until March 2013.

In regard to oversight and prudential supervision of financial market infrastructures, special attention is paid to the proper management of operational risks, including the measures that these infrastructures take to ensure the continuity of their business. During the year under review, and following the widespread observation of the growing cyber threats, that attention focused particularly on the cyber security of market infrastructures. In order to encourage the exchange of information between market infrastructures concerning cyber risks and ways of dealing with them, the Bank organised a round-table in 2013, inviting not only these infrastructures but also other firms and institutions concerned, such as the Federal Computer Crime Unit and the Belgian Cyber Emergency Team (CERT.be). The subjects addressed included the

identification and development of cyber threats, organisation of communication and interaction between market infrastructures, supervisors and authorities, the impact of cyber threats on the organisation of business continuity, and the establishment of good practices in cyber security – including incident response. Cyber security will doubtless remain a key subject for the oversight and prudential supervision of market infrastructures. In a very fast changing environment, the Bank also intends to act as a facilitator for the exchange of information within the sector, in order to promote the best possible protection against cyber threats for market infrastructures.

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In view of its range of responsibilities, the Bank itself pays close attention to its corporate risk management policy. As explained in this Report under 2.1.2.3., at the end of 2013, the Bank thus decided to improve the consistency and coordination of corporate risk management by applying a new model bringing all the non-financial risks together under the heading of “operational risks”, the management of which is entrusted to an Operational Risk Manager. The latter’s responsibilities were based on the best international standards and the risk models in use in the ESCB. The Operational Risk Manager is also in charge of business continuity and the organisation of operational crisis management in the financial sector. Both he and his team come under the Secretary of the Bank.

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In line with the Eurosystem missions concerning monetary policy and also for the purpose of its prudential activities, the Bank established an In-House Credit Assessment System (ICAS). The credit risk of non-financial corporations in fact plays a key role in the exercise of the Eurosystem’s monetary policy, because it is a crucial factor in the assessment of the collateral that financial institutions deposit in return for the provision of liquidity. In the exercise of prudential supervision, too, a thorough, independent and objective idea of the credit risk relating to financial institutions’ customers is a significant advantage.

The ICAS is a credit assessment system that estimates the risks of default relating to non-financial corporations. For that purpose, it uses advanced statistical techniques and applies microeconomic expertise to the databases maintained by the National Bank, namely the Central Balance Sheet Office and the Central Credit Registers, with a major role for the new Central Corporate Credit Register.

Following detailed scrutiny, the ECB and the Eurosystem approved the Bank’s ICAS. Partly operational since the beginning of 2014, the system will be extended this year to a sub-set of large non-financial corporations determined according to criteria to be established jointly with other services at the Bank.

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The tasks that the Banks performs both for the Eurosystem and at the request of the Belgian government require it to have cutting-edge study and research capabilities in the economic and financial spheres.

In this connection, the economic projections for Belgium that the Bank circulates twice a year in its Economic Review are an important information source, guiding observers in their diagnosis of the national economic situation. During the year, the government consulted this forecasting capability to produce an objective analysis of the outlook for public finances at the level of the federated entities and the local authorities. Since the conclusion of the agreement on the sixth State reform, the Bank in fact needs to develop its expertise so as to monitor in greater depth developments relating to the economic policies pursued by the Regions and Communities. To that end, it started to reinforce its capacity in to the areas of both research and statistics (see below).

In 2013, the Bank continued its efforts to boost its research capacity in the financial sphere as well, in view of its prudential tasks. It is also preparing to support the ECB in the detailed assessment of the situation of the large banks, and more structurally, in the performance of its bank supervision responsibilities from November 2014. Part of that effort was devoted to refining its econometric tools to take greater account of the interactions between the real economy and the financial economy.

Given the importance for euro area cohesion, and for an effective monetary policy, of ensuring that the member countries have sound fundamentals, the new European governance procedures accord greater weight to the supervision of macroeconomic imbalances. These issues are closely monitored in the Eurosystem central banks, and the NBB also endeavours to provide a good level of expertise on the subject. Its economists play an active part in the Competitiveness Research Network established by the Eurosystem in 2012, whose full conclusions should be made available by 2015.

In addition, as part of the relaunch plan adopted at the end of 2012, the government commissioned a

group of experts comprising representatives of the NBB, the Federal Planning Bureau, the High Council for Employment, the Directorate General of Statistics and Economic Information, the Central Economic Council and Eurostat to analyse the impact of the subsidies reducing labour costs in Belgium and in the three main neighbouring countries. These experts also had the task of analysing per branch of activity the differences in labour costs and productivity between Belgium and the three main neighbouring countries, and ascertaining firms' training efforts in the light of the statutory target of 1.9% of the wage bill. At the beginning of July 2013, this Group of Experts on Competitiveness and Employment submitted its report to the government, entitled "Wage costs, subsidies, labour productivity and firms' training efforts". In November, this report was supplemented by a note at the request of the Council of Ministers on the analysis of two reforms examined by the government, namely a reduction in the VAT rate on electricity and reductions in labour charges in specific areas. These studies were published. The same group of experts was asked to continue its work in 2014, notably in order to refine the July findings.

Lastly, in mid-2013, the Bank launched a research programme together with Belgian universities to study the determinants of one of the essential components for economic growth potential, namely total factor productivity. The results will be announced on 16 and 17 October 2014 at an international scientific symposium that the Bank has arranged every two years since the beginning of this century.

In December, at the request of the federal Minister of Finance, the Bank published a study providing information on the expected implications of the introduction in Belgium of a principle of rounding off up or down to the nearest 5 cents for total amounts paid in shops. The conclusion was that this rounding-off would reduce consumer dissatisfaction regarding the number of different coin denominations and lower the costs for traders, banks, the Royal Mint, and to a small extent the National Bank. This measure should have no significant effect on inflation in Belgium. In view of the Belgian population's perception that the disappearance of the 1 and 2 cent coins could fuel higher inflation, the Bank recommended taking particular care over informing the public. The government decided to follow the Bank's advice on this principle of symmetrical rounding-off of the total paid at the till.

In 2013, the Eurosystem published all the results of the survey conducted in 2010-2011 to assess how households allocated their wealth. The results for Belgium were widely reported in the media and led to the Bank publishing a

more detailed analysis. That will be followed in 2014 and subsequent years by the communication of other studies conducted in partnership between economists from the Bank and Belgian universities.

In 2014, the Bank will conduct a second survey on the same subject, in parallel with the rest of the Eurosystem.

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The Bank is also an important statistical institute, giving it first-hand data for the performance of its tasks, both in relation to monetary policy and in the prudential sphere.

During the year under review, the Bank prepared for the introduction in Belgium of new versions of two statistical systems in 2014: the new European system of national accounts, ESA 2010, and the new balance of payments manual MBP6.

The national accounts frameworks used by the various countries are harmonised internationally, permitting comparisons. The process of revising these frameworks begins at the most comprehensive level – that of the United Nations and the System of National Accounts, which is in its fifth version (SNA 2008). For the EU, these principles are subsequently reflected in the European System of Accounts (ESA 2010), then transposed at national level. It is this final stage that the Bank prepared in 2013, as the new ESA 2010 takes effect in September 2014.

Most of the new features of the ESA 2010 mirror those introduced in the SNA 2008; however, they are transposed and specified so as to suit the situation in the EU, with some differences of presentation. In all cases, the aim is to increase the economic and descriptive relevance of the national accounts system, in an age of rapid economic and institutional change.

While the changes made by the ESA 2010 are numerous and technical, implying a fundamental revision of the system and refinement of the calculation methods, they aim to capture realities that have practical implications every day for economic agents and analysts. In particular, they offer a better reflection of the globalisation of the economy (greater international mobility of national resources); development of the knowledge economy (taking better account of research and development costs, etc.) and the growing financialisation of the economy (more detailed composition of the financial sector). The Bank will organise communication on the introduction of the ESA 2010, including via a website to be devoted to the subject.

Version 6 of the balance of payments manual (MBP6) was developed by the IMF in close collaboration both with other international institutions (notably European institutions) and with national statistical offices. It sets out the guidelines for the international harmonisation of balance of payments statistics. This update took place in parallel with that for the national accounts so as to guarantee consistency between domestic and foreign macroeconomic statistics.

Like the ESA 2010, the MBP6 aims to capture more effectively the developments which have taken place in the global economy since the previous revision, including the emergence of financial innovations. It also marks increased interest in data on the global external position, which reflects the wealth situation of an economy in relation to the rest of the world. This new methodology will take effect in 2014; it will entail a number of reclassifications between headings, and will provide a higher general level of detail.

The year 2014 will also see the Belgostat statistical application replaced by a new instrument. Familiar to the public, Belgostat has hitherto provided internet access to the Bank's abundant statistical databases. This application will be replaced by DotStat, offered by the OECD in the form of a collaborative community. Members of that community undertake to develop the statistical programme together, to share it, to innovate and to exchange experience with one another in a spirit of cost control.

Apart from facilities for very clear presentation and a quality search function, DotStat also offers an efficient interface with Excel. It provides various export options and supports the new standard protocol for exchanging statistics: SDMX.

Like the economic research work, the statistical studies offered by the Bank are intended to adapt to the realities of the sixth Belgian State reform in order to provide sufficient quality figures to ensure effective monitoring of the federated entities. In 2009, the Bank had signed a contract with the three Belgian Regions for the conduct of a feasibility study concerning the development of regional macroeconomic statistics.

The fields defined include the establishment of the accounts of the Communities and Regions and of the local authorities, the components of the expenditure angle at regional level, and finally, regional economic growth per quarter.

Since this feasibility study showed that the said statistics could be compiled, and since the Regions had stated that

they wished to continue down that road, the Bank decided to pursue the project. It was launched in June 2013 and will run until December 2014.

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The National Bank is a very important centre for the collection and circulation of microeconomic data and information, as is evident from its Central Balance Sheet Office and its central registers for corporate credit and individual credit. Taking account of the Bank's expertise in the secure management of large volumes of data, it was given the task of establishing the Central Contact Point introduced by the Royal Decree of 17 July 2013. From May 2014, the numbers of bank accounts held in Belgium by resident and non-resident natural and legal persons will therefore be recorded centrally at the National Bank. These data represent an estimated volume of around 60 million accounts held by 16 million customers. This register will also mention the types of contracts concluded by these customers with financial institutions, e.g. mortgage loan agreements, instalment sale agreements for amounts in excess of € 200, leasing agreements, instalment loan agreements, etc.

The information has to be supplied by credit institutions, payment institutions, investment firms, etc. Their declarations will never include the amounts relating to the accounts and contracts listed. Consultation will be secure, and will be restricted to persons authorised by the tax authorities in connection with a procedure strictly defined by law. The natural and legal persons holding the accounts and contracts may also exercise their right of consultation free of charge, and if necessary request the free correction or deletion of incorrect data. The National Bank is responsible for managing this central register on behalf of FPS Finance; for this purpose, it was able to deploy staff previously assigned to the central recording of protests, a task taken on by the National Chamber of Belgian Judicial Officers since September 2013 in connection with the Central Register of notices of seizure, delegation, assignment, collective debt settlement and protests.

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During 2013, the general public may have come into contact with the first denomination of the new "Europa" series of euro banknotes, the € 5 note. The National Bank's Printing Works had been very closely involved in the preparations for the printing of this banknote ever since 2009. While the original design was not produced by the Bank, the NBB experts had the task of translating

the design into a banknote which is both attractive and secure, and capable of being printed in large quantities. This entire process was conducted solely by the National Bank's Printing Works. The ECB then appointed it as the test printer, and subsequently as the first pilot printer.

Hundreds of tests – both manual and computerised – were conducted throughout the production process. Paper samples were systematically taken from each delivery to check their quality. The laboratory analysed the inks. The security features – visible to the naked eye or machine-readable – were checked in minute detail during and after the printing process. Finally, the Bank's Printing Works serves as a training centre for technicians from other printing works called upon to produce the new banknotes.

In January 2014, the Eurosystem announced that a new € 10 note would be issued from September of this year. These new banknotes depict the mythological princess Europa – after whom our continent is named – in the form of a hologram and watermark, and offer better security features and better durability.

In 2012, the Bank's Board of Directors had noted that the euro banknote quota allocated to the Bank's Printing Works was insufficient to enable it to achieve a viable volume of work. Since the search for a partner was unsuccessful, the Board of Directors had opted to phase out production by 2020. In accordance with that decision, a manager was recruited in February 2013. The business plan approved in the ensuing months includes some investment necessary to continue producing euro banknotes up to 2020, such as the replacement of one press with a renovated second-hand machine, and modifications to the air-conditioning system in the production workshop. There is also provision for adopting some additional security measures.

From now until 2020, the Printing Works will therefore concentrate mainly on producing euro banknotes, and staff retiring will be replaced by temporary staff. After that date, a small team will be responsible for buying banknotes from other printing works and for related quality control and logistical tasks. The expertise accumulated by the research and development, design and origination teams will be put to use in a centre of expertise capable of monitoring technological innovations in banknote printing for the benefit of the Eurosystem as a whole, and will also be in charge of analysing counterfeits.

Still on the subject of banknotes, the Bank was designated as a single despatch centre for all test banknotes in the new series of euro notes. That task entails receiving

the test banknotes from various printing works, apportioning and repackaging them, and despatching them to the national central banks of the euro area, for all denominations in the new series. The ECB bears all the costs of this work. The Bank is also responsible for drafting and distributing the technical specifications for all the new denominations.

At Antwerp, as the closure of the cash centre of a major commercial bank meant a large reduction in the processing of cash at the local NBB branch, the Board of Directors had decided to close it down. On 1 October, the branch ceased operating, and it was closed down completely at the end of December (see 1.2 "Human resources"). Consequently, two sorting machines were returned from Antwerp to the Central Cash Office at the Brussels headquarters, to handle the residual banknote sorting activity of the closed office. This service was also rearranged to optimise the logistical flow, while improvements were made to soundproofing and general comfort.

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\* \*

The rapid changes in our working environment mean that our enterprise must be flexible and responsive so that it can constantly adapt. It also needs to chart a medium-term course by setting targets and identifying the problems to be solved. That is why the Bank launched a wide-ranging debate on the future, to define its desired profile for 2020. What does the Bank definitely want to continue doing? What role does it want to play at that point, and what quantity and quality of staff will it need for that purpose? This exercise will take place during 2014. The Bank will then have a clearer view of what awaits it in six years' time. Like many Belgian institutions, in the coming years the Bank will face the retirement of the "baby boom" generation. It will not only have to decide how many people it needs to perform the tasks defined, but must also take care to keep the expertise available in our enterprise. To that end, during the year under review, the Bank attached particular importance to adjusting its human resources procedures, e.g. by establishing an HR business partners team to liaise between the Human Resources Department and the various administrative entities of the Bank. On this subject, it can be said that the redeployment of staff from the Antwerp branch has been successful, and that the preparations for retraining the Printing Works employees are going well, with proper respect for those staff.

As in any modern enterprise, information technology has taken on a genuinely strategic dimension in the Bank's ability to perform its tasks. In view of the changes to those

tasks, it is crucial to ensure that its IT capacity is adequate; the Bank's Board of Directors therefore enlisted support for its 2015-2020 strategic exercise by bringing in external expertise in this field. Starting with the current IT capacity and the expected changes in IT needs in the various services at the Bank, this consultancy will draw up a strategic plan for IT at the Bank for the coming five years. That plan is to comprise not only an infrastructure and functional transformation strategy but also a section relating to skills management and recommendations on governance. The consultancy will base its proposals on an analysis of the current situation and how it is changing, but must also include a benchmarking exercise.

During the year under review, the IT Department monitored developments in our environment and contributed to various longer-term projects. Among other things, it supplied the IT support for the NOVA project, supporting the inspections of financial institutions, and for the platform changes for the clearing system and the Securities Settlement System. It supervised the addition of a ninth participant, the Central Bank of Estonia, to the Cash Single Shared Platform (CashSSP) which monitors and records transactions in banknotes. Towards the end of 2013, the posts which enable the services to ensure business continuity in case of need, which had been located at the Antwerp branch, were transferred to a private operator in the Brussels Region, and the project for upgrading the data centre in line with the latest standards of efficiency and security was launched.

Among the support activities, services relating to premises and technical installations also need to keep in step with changes in the institution's activities. Moreover, the Bank is very aware of its environmental footprint: section 1.3 examines more particularly the Bank's efforts as a sustainable business.

The office renovation plan that began several years ago under the name of the Building Master Plan continued with the total refurbishment of almost 4000 m<sup>2</sup> of offices.

Some major work will be carried out shortly in two iconic buildings belonging to the Bank. In 2014, the windows of the great banking hall in the Van Goethem building

inaugurated in 1954 will be replaced in keeping with this building's characteristic style. The hall's glass roof will be removed and reinstalled at 4th floor level. The interior facades, which will be renovated on this occasion, will thus become internal walls, achieving significant improvements in thermal insulation.

The "Hôtel du Gouverneur" is to have its roof renovated and insulated; its two upper floors will be refurbished to provide 55 new work stations. So that this work can be carried out, the Bank's Museum has been temporarily closed and the Bank extends its apologies to its many visitors. During the work on the building, a temporary museum will be open to visitors in a readily accessible area of the building at 3 boulevard de Berlaimont (see 1.5 "Contacts"). A new entrance to the Museum building has already been created, separately from the entrance to the mansion, together with a new reception area with cloakrooms and toilets.

As already mentioned, the Bank is preparing to modernise its computerised database; in the process, new ventilation and air-conditioning installations will be provided. A second generator will also be installed, giving the Bank two emergency electricity supplies. In regard to technical installations, mention should also be made of the replacement of the cooling units in the central refrigeration plant. These units greatly improve efficiency in the production of chilled water, and conform to the new standards for greenhouse gases. A new kitchen will be installed during 2014.

As for security, a study of the Bank's agencies led to ongoing work in various locations. At the head office, various sensitive zones, such as the Electronic Centre, the Printing Works and the Central Cash Office, are now protected by biometric access control devices.

Sometimes, good property management also entails disposing of premises. Thus, the Bank's Sports Club was sold to the municipality of Berchem-Sainte-Agathe. The sale of the Antwerp branch building was initiated with full transparency. Finally, the EPHEC building on rue d'Assaut in Brussels, was also vacated at the beginning of 2014 with a view to sale.

## 1.2 Human resources

### 1.2.1 Staff movements

The Bank took on 47 new staff on permanent contracts to meet the growing needs relating to prudential supervision and to be able to continue guaranteeing an excellent service in all spheres. Nonetheless, the workforce declined by 32 units to 2 071 full-time equivalents at the end of 2013.

To attract new staff, the Bank staged a Job Event in November, where anyone interested could receive full information on the posts available. The large numbers attending this event demonstrated that the Bank remains an attractive employer, especially for young graduates.

On 1 October, the Antwerp branch ceased operating and the branch was closed down altogether at the end of December. All members of its staff were helped to find a new position, either at the head office or at another agency.

The Human Resources Department presented its HR business partners, who are to assist and support the line management in the various human resources processes. The emphasis is on their role of offering assistance and

advice. They will not take over the work and responsibilities of the line management but, in view of their expertise in the human resources field, they will be a real asset in improving the guidance for staff management in the various services.

The staff satisfaction survey and job appraisal reviews showed that in some entities quite a large number of staff experience work-related stress problems. They stem from the organisation of the work, the lack of communication and the psycho-social environment. The Bank set up a stress-prevention programme to identify, manage and avoid stress.

### 1.2.2 Obituaries and retirement

In 2013, the Bank was saddened to learn of the death of the honorary Regent Jan Hinnekens. Mr Hinnekens was a Regent of our institution from 1976 to 1993.

The Bank was also saddened by the death of five members of its staff in 2013:

Mr H. Baten  
Mrs N. De Prez  
Mr E. Lecoq  
Mrs A. Morren  
Mr M. Van Eynde Marc

They will always be remembered.

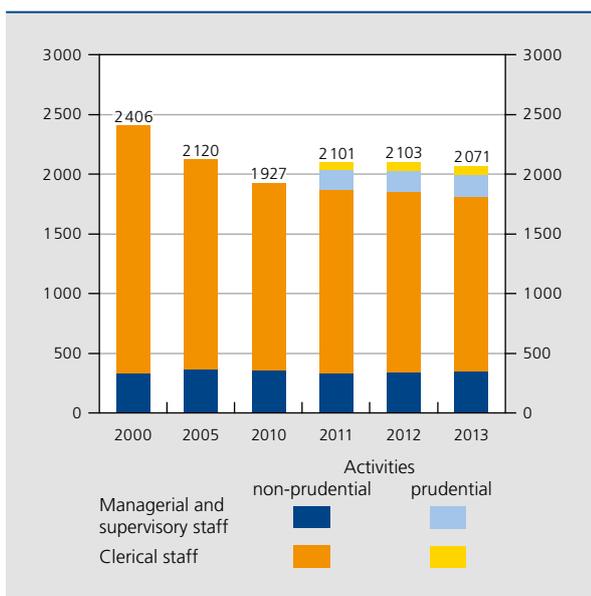
\*  
\* \*

The Bank would like to express its gratitude to the members of the managerial and supervisory staff who reached the end of their career:

Mr L. Aeles  
Mr E. De Koker  
Mr E. De Smet  
Mr H. De Troyer  
Mr E. Debisschop  
Mr H. Debremaeker  
Mr D. Denée  
Mr L. Eicher  
Mr J. François  
Mr R. Haenecour  
Mr Ch. Jacob  
Mr L. Janssens  
Mr J.-M. Plisnier  
Mr M. Van Caenegem  
Mr E. Van Horenbeeck

#### STAFF MOVEMENTS <sup>(1)</sup>

(full-time equivalents at 31 December)



Source: NBB.

(1) The increase in 2011 was due to assumption of the prudential supervision activities of the former CBFA. The number of staff allocated to non-prudential activities has continued to decline since then.

It also thanks the members of the clerical staff whose career came to an end last year:

Mr H. Baten  
Mrs M. Bernard  
Mr J.-M. Bertini  
Mrs Ch. Bosmans  
Mrs D. Bosseloo  
Mr Ph. Broze  
Mr H. Cautaerts  
Mrs Ch. Collombon  
Mrs J. Courard  
Mr G. Daneau  
Mr A. De Bakker  
Mr L. De Clerck  
Mr H. De Grauwe  
Mrs L. De Jonghe  
Mr M. De Ruyck  
Mr J.-P. Debaes  
Mr P. Dekerckheer  
Mr D. Dewulf  
Mrs A.-M. Driessens  
Mrs F. Elias  
Mrs M. Floryn  
Mrs Ch. Hayois  
Mr F. Hubert  
Mr F. Jaspers  
Mr D. Jossaar  
Mr P. Lafleur  
Mr K. Lecluyse  
Mrs L. Leroy  
Mr G. Maire

Mr A. Meersschaut  
Mrs S. Mergan  
Mr H. Nijs  
Mrs M. Potoms  
Mrs M. Potoms  
Mrs M.-Ch. Quenon  
Mrs N. Raulier  
Mrs V. Regnier  
Mr J. Renders  
Mr P. Ryckaert  
Mr D. Saerens  
Mrs F. Sauwen  
Mrs Ch. Spiliers  
Mrs R. Steyls  
Mr W. Stievenard  
Mr G. Suykens  
Mr J.-M. Swerts  
Mrs A. Theys  
Mrs F. Tonglet  
Mr F. Van Den Bergh  
Mrs Ch. Van Der Biest  
Mrs M. Van Diest  
Mr W. Van Erp  
Mrs A.-M. Van Mellaert  
Mr P. Van Molle  
Mrs M.-C. Van Snick  
Mrs G. Van Vaerenbergh  
Mr R. Vanausloos  
Mr F. Vandenbroeck  
Mrs N. Vandewinckel  
Mr I. Vanwynsberghe  
Mrs P. Vouez

### 1.3 Sustainable enterprise

Many years ago, the Bank opted for the sustainable enterprise concept. 2008 was to be a historic year, since the Bank was awarded the "Ecodynamic Enterprise" label by the Brussels Institute of Environmental Management (IBGE), with two stars. This award recognised the Bank's efforts in the environmental sphere. The label, valid for three years, was renewed in 2011, the Bank then being awarded the rare accolade of three stars. In 2014, the Bank will again be examined in the light of the IBGE criteria.

The action taken and results achieved during the year under review included the organisation of a sustainability week on the occasion of the Organic Week in June 2013. This offered the opportunity to promote various aspects of the sustainable enterprise project. Each day, staff were made aware of a different environmental topic: energy, habitat, reduction in consumption/recycling, food and mobility.

On the energy-saving front, the most immediate gains were achieved in past years. Various replacement investments were completed or initiated during the year under review. The first stage of the project concerning the renovation of the NBB1 building (constructed by Van Goethem at the end of the Second World War) was completed. It concerned 7 800m<sup>2</sup>, with the installation of windows made of high-insulation acoustic glass with solar protection, improved wall insulation, chilled ceilings and individually adjustable settings. All the refrigeration machinery in the energy centre was replaced. The installed electrical

power was cut by 45%, to 535kW. The cooling power required was down by 25%. In the past three years all the compressors were replaced by more energy-efficient machinery. In the knowledge that each bar of reduction in pressure saves 7% on electricity, the pressure that the machines produce was adjusted downwards.

The energy efficiency certificate gained by the Bank highlights its serious approach to energy saving. This certificate in fact indicates that our offices consume 40% less energy than the Brussels average.

There are other measures worth mentioning. In accordance with the Kyoto Protocol on reducing greenhouse gas emissions, the Bank has already implemented most of the measures in the past few years, replacing ten large cooling machines (around 100 kW of electricity) and dozens of smaller ones. Around 800 old company mobile phones have been recycled.

The desire to reduce carbon dioxide emissions relating to transport led to various initiatives: Since February 2013, economy class is used for air travel within Europe. That has reduced our ecological footprint by 50 tonnes of CO<sub>2</sub> per annum. The three available videoconferencing installations and telephone conferencing facilities were promoted in order to reduce the number of journeys by air. A reservation system was developed, while a user's manual was circulated and demonstration sessions were offered.

The Bank takes part in the Bike to Work scheme designed to encourage cycling to work. Though a new participant, the Bank still secured 7th place in the Winter Trophy competition.

## 1.4 List of publications in 2013

### Economic Review

#### JUNE

- *Economic projections for Belgium – Spring 2013*
- *Structural dynamics of Belgium's foreign trade*
- *Business demography Size and dynamics of debt positions in Belgium and in the euro area*
- *Real estate wealth by institutional sector*

#### SEPTEMBER

- *The Belgian economy in global value chains. An exploratory analysis*
- *Decoupled and resilient? The changing role of emerging market economies in an interconnected world*
- *Structure and distribution of household wealth: An analysis based on the HFCS*
- *Causes and implications of the low level of the risk-free interest rate Company financing in Belgium: Analysis using supply and use tables*

#### DECEMBER

- *Economic projections for Belgium – Autumn 2013*
- *Trends in tax systems in the EU*
- *Measuring inflation: the stakes and the state of play*
- *What inflation developments reveal about the Phillips curve: implications for monetary policy*
- *Results and financial situation of firms in 2012*
- *2012 social balance sheet*

### Working Papers

- 241. *The influence of the Taylor rule on US monetary policy*
- 242. *Flemish maritime ports, Liège port complex and the port of Brussels – Report 2011*
- 243. *The fragility of two monetary regimes: The European Monetary System and the Eurozone*
- 244. *Funding liquidity, market liquidity and TED spread: A two-regime model*
- 245. *Robustifying optimal monetary policy using simple rules as cross-checks*
- 246. *Household and firm leverage, capital flows and monetary policy in a small open economy*
- 247. *The BIS and the Latin American debt crisis of the 1980s*
- 248. *The relationship between slack resources and firms' exporting behaviour*
- 249. *The role of financial frictions during the crisis: An estimated DSGE model*
- 250. *Bank reactions after capital shortfalls*
- 251. *Why firms avoid cutting wages: Survey evidence from European firms*
- 252. *The distribution of debt across euro area countries: The role of individual characteristics, institutions and credit conditions*

## Belgian Prime News

This quarterly publication in English is produced jointly by the Bank, the Federal Public Service Finance (FPS Finance) and a number of Primary Dealers.

- 58. *Special topic: Laying sound foundations for the future to build confidence in the short run*
- 59. *Special topic: The recent budgetary actions taken by the federal government in Belgium, in the context of the most needed structural fiscal consolidation path*
- 60. *Special topic: Positive developments and remaining challenges for a stable financial system serving the economy in Belgium: lessons from the 2013 NBB Financial Stability Review*
- 61. *Special topic: Five years after Lehman: Where does Belgium stand?*

## Statistical publications

The Bank makes a huge volume macroeconomic statistics available to the public on its website and via its Belgostat statistical database. It is possible to subscribe to updates of specific tables. The publications and press releases are also available in electronic format on the Bank's website:

### GENERAL STATISTICS:

- *Statistical Bulletin, Economic Indicators for Belgium, Consumer survey, Half-yearly investment survey, Business surveys*
- *Non-financial corporations credit observatory, Monetary financial institutions interest rates, Bank Lending Survey*

### FOREIGN TRADE:

- Monthly and quarterly bulletin

### FINANCIAL ACCOUNTS:

- Belgium's financial accounts

### NATIONAL ACCOUNTS:

- Quarterly sectoral accounts, Quarterly accounts, First estimate of the national accounts, General government accounts, Detailed accounts and tables, Supply and use tables, Regional accounts, Satellite accounts of non-profit institutions

### MICROECONOMIC DATA

- *Central Individual Credit Register: Statistical report 2013*
- *Monthly key figures*

The Bank publishes quarterly statistics in electronic format on credit authorisations and credit use recorded in the Central Corporate Credit Register. The Central Balance Sheet Office makes the annual accounts data that it collects available to various target groups, and in various computerised forms. It is also possible to request a copy of the CD-ROM *Figures from the standardised annual accounts*. Finally, the Central Balance Sheet Office regularly publishes key figures on the demography and financial health of Belgian firms.

## Other publications

- *Corporate Report 2012. Activities, governance and annual accounts*
- *Report 2012. Economic and financial developments*
- *Financial Stability Review 2013*
- *Note to the Council of Ministers – Analyses of two reform proposals: reduction in VAT on electricity and reductions in labour costs in specific areas.*
- Group of Experts on “Competitiveness and Employment” (GECE) – November 2013
- *Labour costs, wage subsidies, labour productivity and training effort of firms*
- Group of Experts on Competitiveness and Employment (GECE) – July 2013
- *The economic weight of non-profit institutions in Belgium (2013 edition)*
- *Consequences of the introduction in Belgium of the principle whereby the total amounts paid in stores are rounded off to the nearest 5 cents* – December 2013

## 1.5 Contacts

SERVICES	ESTABLISHMENTS OFFERING THE SERVICES	OPENING HOURS
Banknotes and coins, State Cashier, Central Balance Sheet Office, Central Individual Credit Register	Brussels, boulevard de Berlaumont 3, Kortrijk, Hasselt, Liège and Mons	9.00 to 15.30 hrs, Monday to Friday
Scientific Library	Brussels, rue Montagne aux Herbes Potagères 57	10.00 to 17.00 hrs (daily except Sundays)
Museum	Brussels, boulevard de Berlaumont 3	10.00 to 17.00 hrs, Monday to Friday
<b>INFORMATION</b>		
Website:	www.nbb.be	
Inquiries:	info@nbb.be Tel. +32 2 221 21 11	
Press officer:	Kristin Bosman, General secretariat Tel. +32 2 221 46 28 Fax +32 2 221 31 60 pressoffice@nbb.be	
Contact for the financial service for the Bank's shares:	Herwig Smislaert, Head of the Securities Service Tel. +32 2 221 43 28 Fax +32 2 221 32 05 securities@nbb.be	

## ADDRESSES

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Brussels: boulevard de Berlaimont 14,  
1000 Brussels  
Tel. +32 2 221 21 11  
Fax +32 2 221 31 00  
info@nbb.be

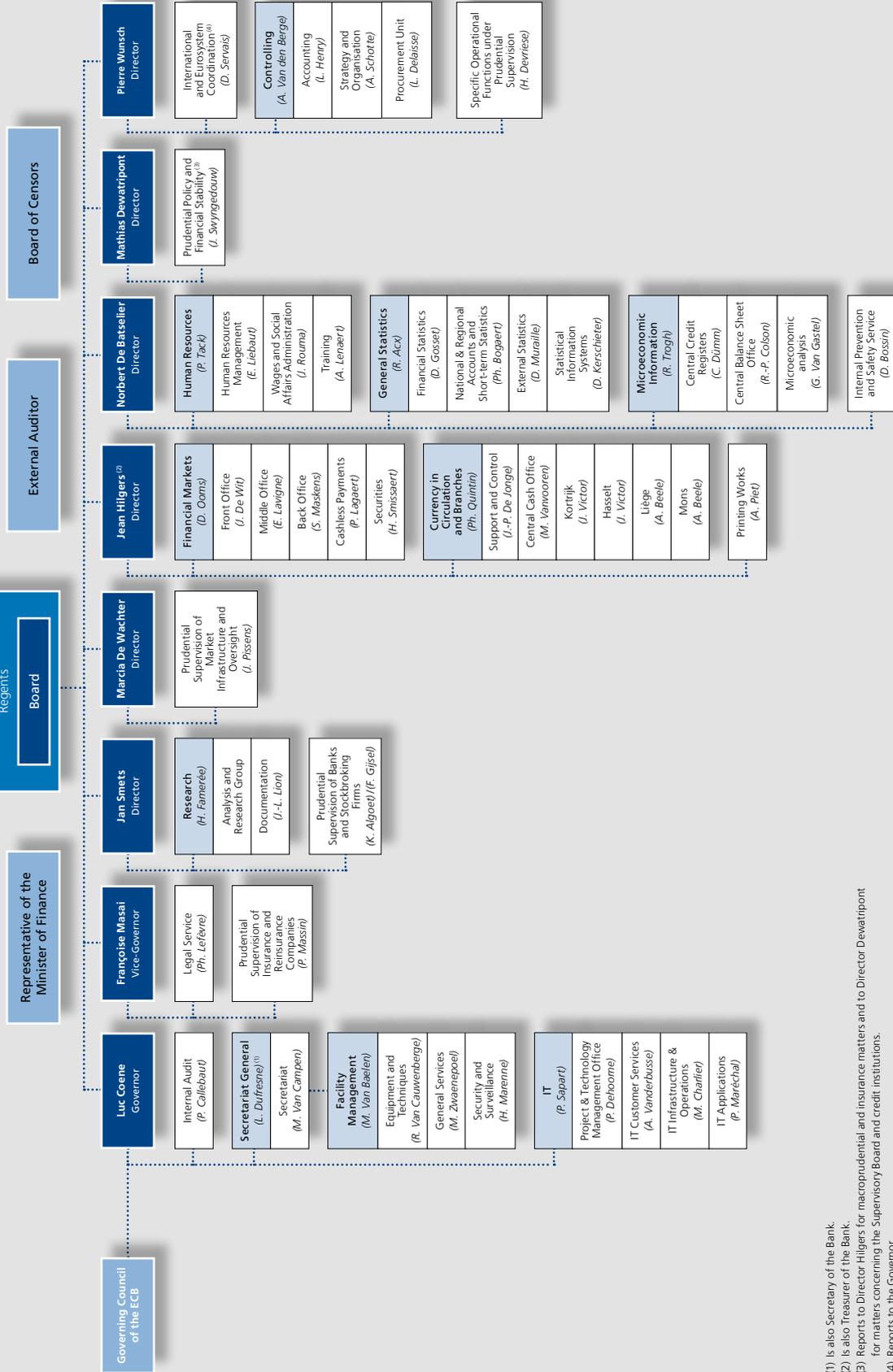
Liège: place St-Paul 12-14-16,  
4000 Liège  
Tel. +32 4 230 62 11  
Fax +32 4 230 63 90  
liegesg@nbb.be

Kortrijk: President Kennedypark 43,  
8500 Kortrijk  
Tel. +32 56 27 52 11  
Fax +32 56 27 53 90  
kortrijksg@nbb.be

Mons: avenue Frère-Orban 26,  
7000 Mons  
Tel. +32 65 39 82 11  
Fax +32 65 39 83 90  
monssg@nbb.be

Hasselt: Eurostraat 4,  
3500 Hasselt  
Tel. +32 11 29 92 11  
Fax +32 11 29 93 90  
hasseltsg@nbb.be

# Organisation chart as at 1 January 2014



(1) Is also Secretary of the Bank.  
 (2) Is also Treasurer of the Bank.  
 (3) Reports to Director Hilgers for macroprudential and insurance matters and to Director Dewatripont for matters concerning the Supervisory Board and credit institutions.  
 (4) Reports to the Governor.

## 2. Annual accounts and reports on the financial year

### 2.1 Directors' report

#### 2.1.1 Developments concerning the Bank's results and position

##### 2.1.1.1 BALANCE SHEET

The balance sheet total was down from € 109.8 to € 77.8 billion. In 2013, the banks saw an improvement in their euro liquidity, and that led to a € 24 billion reduction in their recourse to refinancing operations at the Bank, mainly longer-term refinancing. Movements on the asset side of the balance sheet led on the liabilities side to a € 22.6 billion fall in the net amount of outgoing payments via the TARGET2 payment system and a reduction in the liabilities relating to monetary policy operations (€ 5.8 billion). Another significant movement concerns gold, which was down in value by € 2.9 billion, the counterpart to that reduction being recorded in the revaluation accounts on the liabilities side.

The next table shows the securities portfolios representing a substantial proportion of the assets on the balance sheet.

On the balance sheet date the two outright portfolios are marked to market. The HTM, statutory and monetary policy portfolios are recorded at the (amortised) purchase price.

The size of the statutory portfolio is determined by the sum of the capital, reserves and amortisation accounts. Following the allocation of the profits for the year 2012, supplementary fixed-income securities could thus be added to the statutory portfolio.

#### SUMMARY OF THE FIXED-INCOME SECURITIES PORTFOLIOS AT BOOK VALUE

(in € billion)

	31-12-2013	31-12-2012
– fixed-income securities in foreign currencies ('outright portfolio') . .	5.8	6.0
– fixed-income securities in euro ('outright portfolio') . . . . .	5.6	5.5
– fixed-income securities in euro held to maturity ('HTM portfolio')	8.7	9.1
– statutory portfolio of fixed-income securities in euro . .	4.3	4.0
<b>Total portfolios on the Bank's own account . . . . .</b>	<b>24.4</b>	<b>24.6</b>
– securities held for monetary policy purposes . . . . .	7.6	8.9
<b>Total portfolios . . . . .</b>	<b>32.0</b>	<b>33.5</b>

HTM portfolio securities maturing were partially reinvested in the same portfolio.

In the monetary policy portfolios where the Covered Bonds Purchase Programmes and the Securities Markets Programme came to an end, securities maturing were redeemed.

Below is the geographical breakdown of the fixed-income securities in the own-account portfolios.

If the Bank had sold all its own-account portfolios on the balance sheet date, it would have realised: (i) the gains currently recorded as unrealised in the revaluation accounts

(€ 204.7 million), and (ii) the positive difference between the market value and the book value (€ 908.4 million). Altogether, an additional gain of € 1 113.1 million would thus have been recorded in the results.

#### BREAKDOWN BY ISSUER COUNTRY OF THE FIXED-INCOME SECURITIES MANAGED BY THE BANK FOR ITS OWN ACCOUNT

(in € million)

	Nominal value	Book value	Market value	Revaluation accounts
Belgium . . . . .	6 741.4	6 929.1	7 425.5	42.1
United States . . .	3 961.8	4 043.3	4 043.3	53.9
Germany . . . . .	2 422.1	2 472.8	2 555.7	20.3
Spain . . . . .	1 930.6	1 927.9	2 010.8	4.1
France . . . . .	2 419.6	2 461.8	2 525.2	10.6
Austria . . . . .	894.1	913.6	1 003.4	5.9
Ireland . . . . .	657.5	651.5	716.1	–
Italy . . . . .	540.4	547.0	569.7	18.3
Japan . . . . .	916.4	916.3	916.3	0.2
International organisations . .	786.6	810.4	852.2	6.7
The Netherlands	546.5	564.0	579.7	10.8
Portugal . . . . .	438.2	436.0	427.9	7.3
Greece . . . . .	384.6	384.8	334.8	10.6
Switzerland . . . .	511.9	515.6	515.6	6.0
Other . . . . .	769.8	780.7	787.0	7.9
<b>Total . . . . .</b>	<b>23 921.5</b>	<b>24 354.8</b>	<b>25 263.2</b>	<b>204.7</b>

On the basis of the above table, it is also possible to estimate the impact of a reduction in the own-account portfolios on specific issuers.

In order to determine the Bank's aggregate risk position, it is obviously necessary to take account of the monetary policy portfolios as well. However, communication on that subject falls within the competence of the ECB.

The net position in USD was unchanged at USD 2.2 billion. At the end of the financial year, the revaluation accounts recorded positive exchange differences of € 51.6 million.

#### 2.1.1.2 RESULT

In 2013, the Bank made a profit after tax of € 947 million, compared with an exceptional financial result of € 1 337 million in 2012. Profits have thus returned to the previous years' levels.

The results on the various euro-denominated securities portfolios depressed the interest income (€ –124 million), as the outstanding amount of the Held-To-Maturity and monetary policy portfolios declined (see above) while the outright portfolio was affected by the fall in interest rates.

The Emergency Liquidity Assistance (ELA) revenues virtually disappeared (€ –164 million).

The banknotes put into circulation by the Bank rose at a faster rate than those issued by the Eurosystem. Consequently, the amount of Eurosystem claims related to the allocation of euro banknotes diminished, as did the applicable interest rate. The interest income thus contracted (€ –65 million).

The monetary income allocated to the Bank fell back sharply (€ –88 million), as a result of the fall in short-term interest rates and the contraction of lending to credit institutions at Eurosystem level.

The provisions for counterparty risks in respect of monetary policy operations, that had been constituted in 2008 at Eurosystem level, were recovered in the following years and the balance of € 11 million was settled in 2013 (€ –12 million).

#### 2.1.1.3 PROFIT DISTRIBUTION

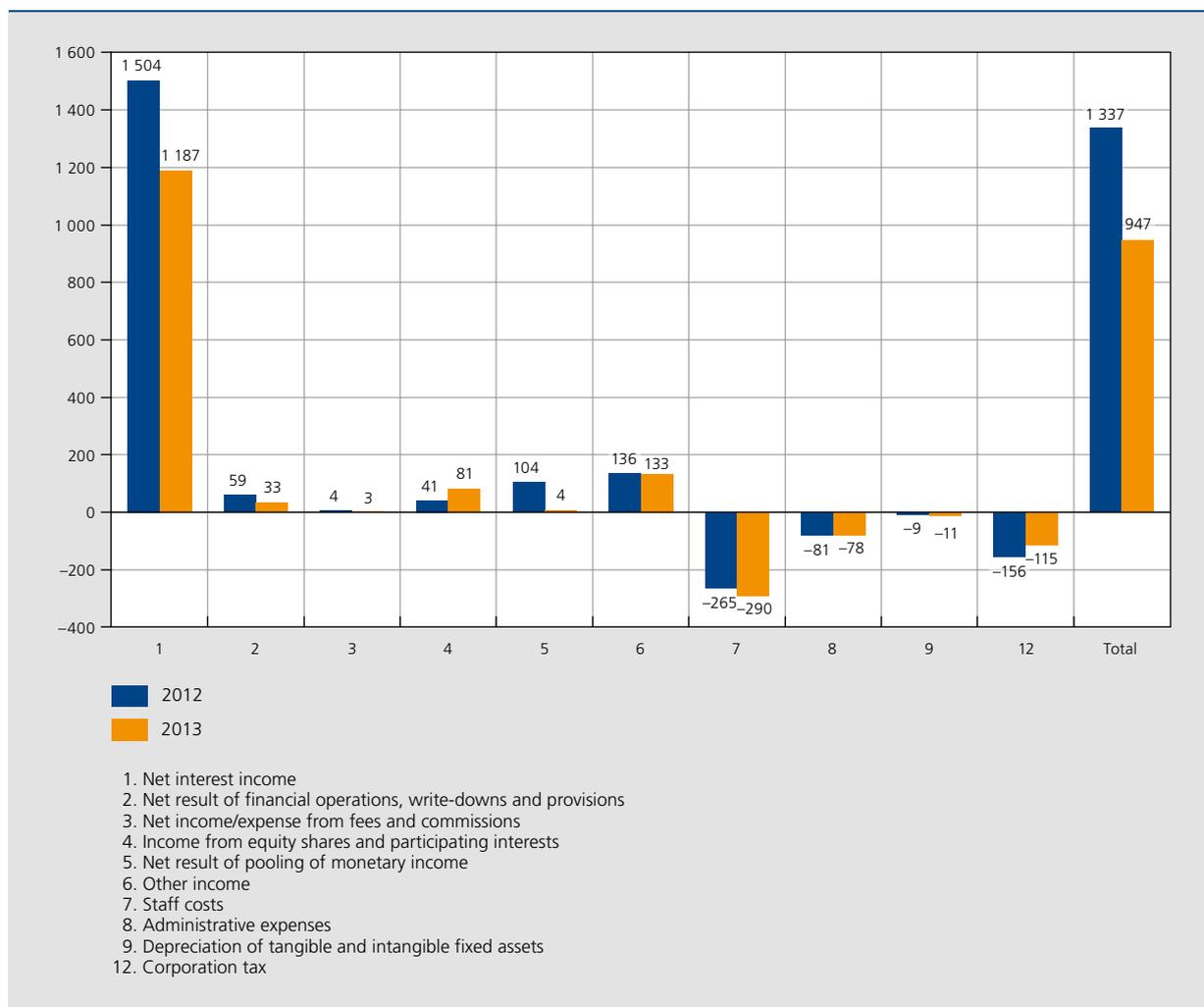
The Bank determines the minimum amount of its reserves on the basis of an estimate of the quantifiable risks. The risks on assets that the Bank manages for its own account are quantified according to the value at risk methodology for which the Bank uses very prudent parameters in regard to probabilities and time horizons. The Bank's estimate of the risk on its share of the monetary policy operations and portfolios is based on the ECB's calculations.

The outcome of that estimate put the risk at the end of 2013 at around € 5.5 billion, or € 0.1 billion more than a year earlier.

Such a quantitative exercise must then be evaluated with the help of more qualitative considerations. That's the reason why the Bank took account, *inter alia*, of the impact the hypothetical sale of all its own account portfolios at

## GENERAL STRUCTURE OF THE RESULT

(in € million)



Source: NBB.

the end of the financial year would have had on the above result. At the end of 2013, such an operation would have generated a gain of € 1 113.1 million, down by € 267.6 million against the previous year.

Moreover, it should be remembered that the Bank uses very prudent risk forecasts, and that the current result is the first buffer for absorbing losses.

Over the past five years, that result has ranged between € 863 million and € 1 370 million, as it did last year.

The Bank concluded that it should apply in full its reserve policy as defined in 2009. Thus, an amount of € 236.7 million – 25 % of the profit for the year – was allocated to the available reserve.

The dividend policy also remained unchanged, giving a gross dividend of € 165.60 per share, an increase of 7.5 % over the year 2012. That dividend takes account of the proceeds from the sale of a real estate.

Under the Bank's Organic Law, the balance of the profit accrues to the State; for 2013, that balance comes to € 643.9 million.

Following this profit distribution, and taking account of the above-mentioned range for the current result, the Bank's financial buffers stand at between € 5.4 and € 5.9 billion.

## 2.1.2 Risk management

### 2.1.2.1 MANAGEMENT OF THE GOLD AND FOREIGN CURRENCY RESERVES, PORTFOLIOS OF SECURITIES IN EURO AND MONETARY POLICY OPERATIONS

Management of the gold and foreign currency reserves and that of the portfolios of euro-denominated securities exposes the Bank, like any financial institution, to financial risks (such as market and credit risks), and to operational risks.

The Bank defines a level of risk which it deems appropriate according to its risk aversion, the level of which depends among other things on its ability to take even exceptional losses. That level is reviewed regularly as the Bank's tasks evolve and develop, and in the light of actual or expected changes in market risks. The Bank then establishes a policy which aims to limit these risks and keep them at the pre-selected level. In particular, it determines the currency mix, the market mix and the strategic duration (and permitted deviations) of each bond portfolio by applying the 'value-at-risk' method to assess market risk (losses which could be generated by adverse movements in exchange rates, asset prices and interest rates). It also conducts stress tests in order to estimate the potential losses in the event of a major market crisis. The limits set for the risk factors and the portfolio structure therefore reflect the level of risk which the Bank considers acceptable, and are adjusted if necessary on the basis of market developments and implications relating to the Bank's tasks, such as the formation of monetary policy portfolios (the Securities Markets Programme, Covered Bond Purchase Programmes, outright monetary transactions).

Moreover, in order to limit its credit risk (risk of losses which could result from payment default – including debt restructuring – or deterioration in the credit quality of counterparties or issuers), the Bank gives preference to sovereign risk instruments which have a high credit rating or which are collateralised, imposing strict limits on its other investments, especially bank deposits. It also demands a high rating for its investment instrument issuers and counterparties, and ensures that its investments are well diversified. In order to assess the credit risk of each issuer or counterparty, the Bank refers to the ratings accorded by a number of specialist agencies and uses 'prediction' methods (such as 'implied ratings') which take account of developments on certain markets (credit default swaps, stock market value, etc.), and possibly financial analyses. For overall credit risk assessment, it uses the CreditMetrics method with very cautious parameters.

In order to improve the return on its USD assets in the long term, the Bank invests a very small proportion of

them in corporate bonds. Specific rules have been drawn up for this type of bond (minimum rating, strict diversification constraint, etc.) to limit the credit risk and any losses.

The portfolios of securities in euro consist mainly of euro-denominated government paper issued by Member States of the European Union and bonds backed by first-rate claims (*Pfandbriefe* type or other covered bonds) which boost the expected yield.

In 2013 as in 2012, a significant improvement on the markets, reflected in a substantial narrowing of the spreads on the debt of many euro area countries and other markets (notably the covered bond type), had a positive impact on the Bank's results.

Finally, the Bank limits the operational risk by dividing the activities associated with investment transactions into three separate services: the Front Office, in charge of operations, the Back Office, which handles the settlement, and the Middle Office, which manages the risks.

In regard to the lending transactions that the Bank makes in implementing the Eurosystem's monetary policy, the risk management procedures are defined in the Eurosystem and their application is harmonised so as to ensure that the eligible assets can be used without discrimination throughout the euro area. As for marketable assets, a single list of eligible securities is drawn up on the basis of common criteria and the same risk control measures are applied. For non-marketable assets (bank loans), the general framework defined by the Eurosystem describes the selection criteria and risk management measures. That framework is regularly revised in line with risk management developments and in order to ensure high grade protection. Since 2012, every central bank has been able to define an additional framework for non-marketable assets, setting out eligibility rules and specific risk measures. These additional frameworks are approved by the Eurosystem. The Bank has not established a framework of that type.

### 2.1.2.2 INTEREST RATE RISK AND RISKS ASSOCIATED WITH THE VOLUME OF INTEREST-BEARING ASSETS

By far the most important component of the Bank's income is that obtained from issuing banknotes. For central banks, banknotes are unremunerated liabilities. As the counterpart, central banks hold interest-bearing or productive assets. The income from these assets is called "seigniorage income". It is pooled within the Eurosystem and redistributed among the central banks of the Eurosystem on the basis of their respective shares in the issuance of euro banknotes.

In return for the right of issue which it confers on the Bank, the State is entitled to the balance of the Bank's profits after the formation of reserves and payment of dividends. Thus, the State is the first to bear the consequences of the volatility in seigniorage income.

### 2.1.2.3 MANAGEMENT OF OPERATIONAL RISK AND BUSINESS CONTINUITY RISK

At the end of 2013, the Bank confirmed the organisation of risk management on the standard three-level model (line management, risk management and internal audit). All the non-financial risks are grouped under the generic name of "operational risks". Second-level operational risk management has been entrusted to an operational risk manager. That manager's responsibilities are based on the international standards generally applied and on risk management models used in the ESCB. They concern in particular the management of the Operational Risk Management (ORM) framework, risk management assistance for the line management, supervision of the correct application of the framework, monitoring of the action plans with a view to their adjustment, checks on the correct implementation of the risk attenuation measures, the organisation and monitoring of incident reports, and the encouragement of risk awareness. This operational risk manager is also in charge of the Bank's business continuity management and the organisation of operational crisis management in the financial sector.

In order to structure the ORM, five working groups were formed, each being responsible for risks in a specific transverse field, namely IT security, physical security, business continuity management (BCM), legal compliance and strategic risk. For each of these working groups, a multi-annual schedule along with priorities was approved by the Board of Directors.

The general outline of the Bank's business continuity management (BCM) system is based on the 2004 recommendations of the former Financial Stability Committee (FSC). The Bank has long had business continuity plans (BCPs) for all its critical activities. They are tested regularly. Following the closure of the Antwerp branch, the reserve work stations installed there were dismantled at the end of 2013 and transferred to a specialist supplier. Since the beginning of 2014, these new facilities have been extensively tested by the services responsible for critical activities.

Last year, as part of the operational crisis management in the financial sector, two key action points were

addressed: the implementation of the law on critical national infrastructures for the financial sector, and the organisation of a crisis exercise at sectoral level with a number of critical players.

On 1 July 2011, the Belgian Law on the protection of critical infrastructures was passed in order to transpose into national law the Council Directive 2008/114/EC of 8 December 2008. The 2011 Law provides for the designation of critical infrastructures and their critical locations in Belgium in four sectors of activity including the financial sector, the designation of a sectoral authority and an inspection service. It also spells out the tasks of the operators of infrastructures identified as critical, the inspection service, FPS Internal Affairs and the municipal authorities. In 2013, some changes to the 2011 Law were foreseen, mainly concerning the designation of the Bank as a sectoral authority, and the assimilation of the security plans stipulated by law with existing arrangements relating to prudential supervision. These changes also imply adapting the Bank's Organic Law so as to authorise transfers of information from the Bank to the Directorate General Crisis Centre (DGCC), within the limits of European law.

On 5 December 2013, the Bank conducted an operational crisis exercise at sectoral level with the aid of a consultant. Over 120 participants from eight banks and financial infrastructures operating in Belgian territory took part in this exercise, together with representatives of the Brussels police district and the DGCC. This crisis exercise was based on the scenario of a power cut. The very positive responses of the participants show the need for such crisis exercises. On the basis of the results of this exercise, operational crisis procedures in the Belgian financial sector will be improved. Apart from the Bank, five other central banks of the ESCB are organising tests of this type. In future the Bank will play an active part in cross-border crisis exercises.

### 2.1.3 Post-balance-sheet events

There were no post-balance-sheet events having a significant influence on the financial situation and results of the Bank as at 31 December 2013.

### 2.1.4 Circumstances which could have a significant influence on the Bank's development

There are no circumstances other than those mentioned above which could have a significant influence on the Bank's financial situation and future results.

### 2.1.5 Research and development

The research and development activities focused mainly on the provision of services within the Eurosystem concerning, among other things, the circulation of banknotes. In particular, 2013 saw the issue of the first denomination in the "Europa" series: the € 5 note. The Bank and its Printing Works played a major role in the associated preparations and in the printing of this new banknote.

### 2.1.6 Conflict of interest

During the year under review, no member of the Board of Directors had, directly or indirectly, any interest relating to property conflicting with a decision or transaction for which the Board of Directors was responsible.

### 2.1.7 Financial instruments

In implementing monetary policy and managing its portfolios, the Bank uses financial instruments such as (reverse) repurchase agreements, currency and interest rate swaps and futures. The information on this subject is mentioned in the annual accounts, and in particular in the accounting principles and valuation rules (I.3 and I.7) and in the notes to the accounts (notes 2, 3, 5, 6, 9, 15, 16, 24, 37 and 38).

### 2.1.8 Expertise and independence of the Audit Committee

The Board of Censors is the Bank's Audit Committee.

In accordance with Article 36 of the Statutes, the Censors are chosen from among persons with specific qualifications in the field of supervisory procedures. They are experts in accountancy and auditing, in view of their training in economics and finance and/or their acknowledged professional experience in those fields. The majority of them satisfy the independence criteria mentioned in Article 526ter of the Company Code.

### 2.1.9 Governance statement

#### 2.1.9.1 BELGIAN CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE CHARTER

For enterprises listed in Belgium, the Belgian Corporate Governance Code 2009 ("the Code") is the reference text on governance. The Code, which appears on the website [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be), is a recommendation and sets out principles, provisions and lines of conduct in regard to governance which complement the

legislation and cannot be interpreted in a manner contrary to the law.

Established in the form of a public limited company listed on the stock market, the Bank is Belgium's central bank. It forms an integral part of the Eurosystem whose primary aim is the maintenance of price stability. It also performs other tasks in the general interest entrusted to it by law. Its situation is therefore very different from that of an ordinary commercial company whose main objective is to maximise its profits.

In view of the pre-eminence of the Bank's tasks in the public interest, the law has given it a special legal framework. The provisions on public limited liability companies are applicable to it only additionally, i.e. in regard to matters not governed by the Treaty on the Functioning of the European Union, the Protocol on the Statutes of the ESCB and the ECB annexed to that Treaty, the Organic Law and the Bank's Statutes, and provided that the provisions on public limited liability companies do not conflict with those priority rules. Moreover, as a member of the Eurosystem, the Bank is subject to particular accounting rules. It also enjoys special status regarding the information disclosure obligations. For instance, the rules on the production and circulation of periodic information do not apply to the Bank.

The Bank's tasks in the public interest, which belong to its role as a central bank, also justify a particular governance structure, laid down by its Organic Law and its Statutes. The specific provisions concerning the arrangements for appointing the members of its organs, the composition and specific role of the Council of Regency, the reduced powers of the General Meeting of Shareholders and the special arrangements for the exercise of supervision are intended to ensure that the Bank can perform the tasks in the public interest assigned to it with due regard for the independence requirements imposed by the Treaty.

That explains why certain provisions of the Belgian Corporate Governance Code, which is based on a governance model designed for ordinary companies with a monistic structure, with a board of directors which renders account to the general meeting of shareholders and whose members can be dismissed *ad nutum*, do not apply to the Bank.

Nevertheless, the Bank considers that the system of governance imposed on it partly by its own Organic Law and its Statutes, and partly by EU rules, is just as exacting as the recommendations of the Belgian Corporate Governance Code, or even more so in some respects, such as control.

In order to provide the public with full information on the corporate governance rules which it applies, the Bank has drawn up a Corporate Governance Charter which offers additional clarification regarding its organisation, governance and supervision. That Charter is available on the Bank's website.

#### 2.1.9.2 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN CONNECTION WITH THE FINANCIAL REPORTING PROCESS

The financial and operational risks connected with the Bank's activities and the management of those risks are discussed in point 2.1.2 of this report.

The financial reporting process is subject to a series of control mechanisms, ranging from operational to external controls.

At operational level, the Bank's employees are placed under the authority of their superiors and the Board of Directors, who carry primary responsibility for supervising their activities.

The Internal Audit Service systematically and methodically assesses the risk management, control and governance processes, and recommends ways of improving them. It bases its activities on the internal control system, and assesses whether that system is adequate and effective. It complies with the most widely accepted international auditing standards: the IIA's International Standards for the Professional Practice of International Auditing for operational audits, the ISACA (Information Systems Audit & Controls Association) standards for IT audits, the IFAC standards for financial audits and the IIA Code of Ethics. In regard to the ESCB audits, the Internal Audit Service conforms to the harmonised auditing approach devised by the ESCB.

In its capacity as the Audit Committee, the Board of Censors is responsible for monitoring the financial reporting process and ensures that the main risks, including those relating to compliance with the current legislation and rules, are correctly identified, managed and brought to its attention and to that of the Board of Directors. It also examines the notes on internal control and risk management in the Annual Report.

The Audit Committee discusses important questions relating to the financial reporting with the Board of Directors and the auditor. The Board of Directors informs the Audit Committee of the principles adopted for recording significant and abnormal transactions in cases where various accounting approaches are possible. The Audit Committee

assesses the relevance and consistency of accounting rules drawn up by the Council of Regency, examines proposed changes to those rules and expresses an opinion on that subject. It also assesses the accuracy, exhaustiveness and consistency of the financial information and examines the annual accounts drawn up by the Board of Directors before they are discussed and approved by the Council of Regency.

The Council of Regency approves the annual accounts, the Annual Report, the accounting rules and the rules on the Bank's internal organisation. It consults the Audit Committee before approving the annual accounts, and may ask the Audit Committee to examine specific questions on that subject and report back to it.

In accordance with the Protocol on the Statutes of the ESCB and of the ECB annexed to the Treaty on the Functioning of the European Union, the annual accounts are audited and certified by an independent auditor. He/she reports to the Audit Committee on important questions which arise in the performance of his statutory auditing task, particularly on significant weaknesses in the internal control regarding the financial reporting process. Each year, the auditor gives the Audit Committee written confirmation of his/her independence from the Bank, and examines with the Audit Committee the potential risks to that independence and the safeguard measures taken to attenuate those risks.

#### 2.1.9.3 SHAREHOLDERSHIP

The Bank's share capital of € 10 million is represented by four hundred thousand shares, of which two hundred thousand, or 50 % of the voting rights, belong to the Belgian State. The other two hundred thousand shares are held by the public and listed on Euronext Brussels. Except for the shares owned by the State, the Bank does not know of any shareholdings carrying 5 % or more of the voting rights.

There is no current or planned programme for issuing or redeeming shares. There are no securities conferring special participation rights. There are no legal or statutory restrictions on the exercise of voting rights. However, the Bank's shareholders must take account of the fact that the powers of the Bank's General Meeting of Shareholders are limited. The General Meeting in fact only has power to elect the regents (from a dual list of candidates) and censors, to appoint the auditor, to take note of the annual accounts and the annual report, and to amend the Statutes on the proposal of the Council of Regency in cases where the latter does not itself have power to do so.

The Council of Regency amends the Statutes in order to bring them into line with the Organic Law and the international obligations which are binding on Belgium. Other amendments to the Statutes are made by the General Meeting of Shareholders on the proposal of the Council of Regency. The General Meeting has to be convened for that purpose and can only pass valid resolutions if the proposed amendments are mentioned in the convening notice and if the shareholders present or represented hold at least half of the share capital. If that proportion of the capital is not represented at a first meeting, a new meeting must be convened which can pass valid resolutions whatever the proportion of the capital held by the shareholders present or represented. Amendments to the Statutes must be approved by a three-quarters majority of the votes attached to all the shares present or represented at the General Meeting. They must also be approved by Royal Decree.

The dividend paid to shareholders is fixed by the Council of Regency. For details, see the Bank's reserve and dividend policy (point 2.2.7.3). In accordance with a decision by the General Meeting of Shareholders on 30 March 2009, the dividend is payable from the fifth working day following the General Meeting.

#### 2.1.9.4 COMPOSITION AND FUNCTIONING OF THE ORGANS AND OTHER ACTORS

### GOVERNOR

The Governor is appointed by the King for a renewable term of five years. He may be removed from office by the King only if he has been guilty of serious misconduct or if he no longer fulfils the conditions required for the performance of his duties. An appeal may be lodged with the Court of Justice of the European Union against such a decision.

Mr Luc Coene has been the Governor since 1 April 2011.

### BOARD OF DIRECTORS

The Directors are appointed by the King on the proposal of the Council of Regency for a renewable term of six years. They may be removed from office by the King only if they have been guilty of serious misconduct or if they no longer fulfil the conditions required for the performance of their duties.

#### Members:

Mr Luc Coene, Governor  
Mrs Françoise Masai, Vice-Governor

Mr Jan Smets, Director  
Mrs Marcia De Wachter, Director  
Mr Jean Hilgers, Director and Treasurer  
Mr Norbert De Batselier, Director  
Mr Mathias Dewatripont, Director  
Mr Pierre Wunsch, Director

By a ministerial Decree dated 9 December 2013, the term of office of Mrs Françoise Masai as a member of the Board of Directors was extended for one year with effect from 10 December 2013.

The curriculum vitae of each of the Directors is available on the Bank's website.

The Board of Directors met 49 times in 2013 for central banking matters and 58 times for prudential supervision.

### SPECIAL REPRESENTATIVES

In connection with the new prudential supervision architecture, two members of the Board of Directors of the former CBFA joined the Bank to advise the Board of Directors on the integration within the Bank of the competences and staff members which the Bank has taken over from the former CBFA. They have the title of special representative.

On 2 May 2013, the term of office of Mr Michel Flamée as a special representative ended. By Royal Decree of 19 April 2013, the term of office of Mr Rudi Bonte as a special representative was extended for one year with effect from 2 May 2013.

### SECRETARY

Mr Luc Dufresne performs the function of Secretary.

### COUNCIL OF REGENCY

The Council of Regency is composed of the Governor, the Directors, and ten Regents. The Regents are elected by the General Meeting for a renewable term of three years. Two Regents are chosen on the proposal of the most representative labour organisations, three on the proposal of the most representative organisations from industry and commerce, from agriculture and from small and medium-sized enterprises and traders, and five on the proposal of the Minister of Finance. The terms of office of the Regents end after the Ordinary General Meeting. They leave office each year in groups, one of four members and the other two of three members. The Regent elected to replace a member who has died or resigned completes the term of office of the one whom he replaces.

## Regents:

Mr Gérald Frère<sup>(1)</sup>  
Mr Didier Matray<sup>(1)</sup>  
Mr Rudy De Leeuw<sup>(3)</sup>  
Mr Karel Van Eetvelt<sup>(1)</sup>  
Mrs Michèle Detaille<sup>(1)</sup>  
Mr Jean-François Cats<sup>(2)</sup>  
Mrs Sonja De Becker<sup>(2)</sup>  
Mr Marc Leemans<sup>(3)</sup>  
Mr Jean-Louis Six<sup>(1)</sup>  
Mr Pieter Timmermans<sup>(2)</sup>

The Ordinary General Meeting on 27 May 2013 renewed the terms of office of the Regents Messrs Gérald Frère, Rudy De Leeuw and Jean-Louis Six. Mr Pieter Timmermans was elected as Regent and succeeds Mr Rudi Thomaes. The term of office of Mr Pieter Timmermans, who is completing his predecessor's term, expires at the end of the Ordinary General Meeting in 2015. The other terms of office expire at the end of the Ordinary General Meeting in 2016.

The Council of Regency met 24 times in 2013. These meetings focused in particular on the approval of the 2012 annual accounts and Annual Report, including the remuneration report, and on the settlement of the year's profit distribution. In 2013, the Council of Regency also laid down the accounting rules for the year and approved the Bank's 2014 budget. It took note of the report on the activities and auditing work of the Board of Censors. Finally, it discussed general questions relating to the Bank and to the Belgian, European and global economy.

## BOARD OF CENSORS / AUDIT COMMITTEE

The Board of Censors is composed of ten members. The Censors are elected by the General Meeting of Shareholders for a renewable term of three years. They are chosen from among persons with special qualifications in the field of supervisory procedures. The terms of office of the Censors end after the Ordinary General Meeting. The Censors leave office each year in groups, one of four members and the other two of three members. The Censor elected to replace a member who has died or resigned completes the term of office of the one whom he replaces.

## Members:

Mr Jean-François Hoffelt  
Mr Bernard Jurion  
Mr Luc Carsauw  
Mr Michel Moll

Mr Jan Vercaamst  
Mrs Francine Swiggers  
Mr Jean Eylenbosch  
Mr David Szafran  
Mrs Mia De Schamphelaere  
Mrs Christ'I Joris

The Ordinary General Meeting on 27 May 2013 renewed the terms of office of the Censors Messrs Luc Carsauw and David Szafran. Mia De Schamphelaere and Christ'I Joris were elected as Censors to replace Baron Paul Buysse and Mr Philippe Grulois respectively. The term of office of Mrs Christ'I Joris, who is completing her predecessor's term, ends after the Ordinary General Meeting in 2015. The other terms of office expire at the end of the Ordinary General Meeting in 2016.

The Board of Censors met nine times in 2013. At these meetings, the Board of Censors, as the Audit Committee, examined *inter alia* the annual accounts and the Annual Report for the year 2012, took note of the work programme and the work of the Internal Audit Service, and checked the auditor's independence. The Board of Censors also supervised the preparation of the Bank's 2014 budget.

## BUDGET COMMITTEE

The Budget Committee is responsible for examining the Bank's budget before it is submitted to the Council of Regency for approval. It is chaired by a member of the Board of Censors and also comprises three Regents, two additional Censors, the representative of the Minister of Finance and – in an advisory capacity – the member of the Board of Directors responsible for the Controlling Department.

The Budget Committee is composed as follows:

Chairman: Mr Bernard Jurion, Censor  
Mr Gérald Frère, Regent  
Mrs Michèle Detaille, Regent  
Mr Karel Van Eetvelt, Regent  
Mr Luc Carsauw, Censor  
Mr Jan Vercaamst, Censor  
Mr Hans D'Hondt, representative of the Minister of Finance.  
Mr Pierre Wunsch, Director

(1) Regent elected on the proposal of the Minister of Finance.

(2) Regent elected on the proposal of the most representative organisations from industry and commerce, from agriculture and from small and medium-sized enterprises and traders.

(3) Regent elected on the proposal of the most representative labour organisations.

This committee met once in 2013. At that meeting, Director Pierre Wunsch commented on the key facts concerning the Bank's budget. Special attention was paid to the impact on resources of the establishment of the single supervisory mechanism (SSM) and the associated preparations. Following an in-depth discussion, the Budget Committee approved the Bank's budget proposals for 2014.

## REMUNERATION AND APPOINTMENTS COMMITTEE

The Remuneration and Appointments Committee advises the Council of Regency on the remuneration of the members of the Board of Directors, the Regents and Censors. It also expresses opinions for the attention of the organs and entities competent to propose candidates for vacancies on the Board of Directors, the Council of Regency and the Board of Censors, in order to enable those bodies and entities to respect all the legal, statutory and ethical rules applicable and to ensure that the composition of the Bank's organs is balanced in terms of competences and gender.

The Remuneration and Appointments Committee comprises two Regents, two Censors and the representative of the Minister of Finance. The Governor attends as an adviser.

The Remuneration and Appointments Committee is composed as follows:

Chairman: Mr Didier Matray, Regent  
Mr Jean-François Cats, Regent  
Mrs Francine Swiggers, Censor  
Mrs Christ'l Joris, Censor  
Mr Hans D'Hondt, representative of the Minister of Finance

The Remuneration and Appointments Committee met four times in 2013. Its meetings are confidential. However, in order to demonstrate proper transparency in relation to the public, the activities and decisions of the Remuneration and Appointments Committee concerning remuneration policy and remuneration are spelt out in the remuneration report (see point 2.1.10).

## SPECIAL FUND COMMITTEE

The Special Fund Committee is responsible for examining the allocation of the Special Fund for sponsorship by the Bank, prior to its approval by the Council of Regency. It is chaired by the Governor and also comprises two Regents, two Censors and one member of the Board of Directors.

The Special Fund Committee is composed as follows:

Chairman: Mr Luc Coene, Governor  
Mrs Françoise Masai, Vice-Governor  
Mr Didier Matray, Regent  
Mr Rudy De Leeuw, Regent  
Mr Jean-François Hoffelt, Censor  
Mrs Mia De Schampelaere, Censor

The Special Fund Committee met once this year. On that occasion, it examined the various proposals for Bank sponsorship.

## REPRESENTATIVE OF THE MINISTER OF FINANCE

Since 1 October 2012, Mr Hans D'Hondt has acted as representative of the Minister of Finance.

## GENERAL MEETING OF SHAREHOLDERS

At the Ordinary General Meeting on 27 May 2013, the Governor and Director Wunsch reported on the operations of the financial year 2012. The Governor then read out the report of the Works Council on the annual information. The members of the Board of Directors answered numerous questions. Finally, the shareholders present conducted the necessary elections to fill the vacant posts of Regent and Censor. The minutes of this General Meeting are available on the Bank's website.

## AUDITOR

The firm Ernst & Young Bedrijfsrevisoren / Réviseurs d'entreprises, represented by Mrs Christel Weymeersch, acts as the Bank's auditor, having been appointed by the Ordinary General Meeting on 30 March 2011 for a renewable term of three years.

### 2.1.9.5 INITIATIVES ON GENDER EQUALITY

The Bank considers it important for its organs and entities to have a balanced composition. During the past year, one or more women were appointed to replace men on the Board of Censors, the Remuneration and Appointments Committee and the Special Fund Committee. That increases the participation of women in the administration of the Bank.

### 2.1.10 Remuneration report

#### 2.1.10.1 PROCEDURE FOR DEVELOPING THE REMUNERATION POLICY AND DETERMINING REMUNERATION

The Council of Regency is authorised to determine the remuneration policy and the remuneration of the members

of the Board of Directors, including that of the Governor, the Council of Regency and the Board of Censors. The Council of Regency is assisted by the Remuneration and Appointments Committee in the exercise of that power. The role, composition and functioning of the latter are set out in the Remuneration and Appointments Committee regulations, available on the Bank's website.

On the recommendation of the Remuneration and Appointments Committee, the Council of Regency decided to assess at least once a year the principles underlying the remuneration policy and the actual remuneration. In other words, the Council of Regency meets at least once a year to discuss remuneration. The Council of Regency may also at any time decide to hold additional meetings on this subject, e.g. in response to reports which it receives from the Remuneration and Appointments Committee, which meets at least twice a year.

The remuneration policy and the remuneration paid are discussed in the remuneration report which is included in the Annual Report each year. The present remuneration report relating to the year 2013 was prepared by the Remuneration and Appointments Committee at its meeting on 26 February 2014, and approved by the Council of Regency, in accordance with Article 30.5 of the Statutes, at its meeting on 26 March 2014.

#### 2.1.10.2 DECLARATION ON THE REMUNERATION POLICY

### PRINCIPLES UNDERLYING THE REMUNERATION

#### GOVERNOR, VICE-GOVERNOR AND DIRECTORS

The Council of Regency determines the salaries and pensions of members of the Board of Directors. The latter cannot be present during the discussions or the voting by the Council of Regency concerning their own remuneration. For many years, the Council of Regency has pursued a policy of setting the remuneration of every new Governor, Vice-Governor or Director at the level of his predecessor. That practice is reviewed periodically, on the recommendation of the Remuneration and Appointments Committee and taking account of the principles set out below.

The basic principle is that the Governor, Vice-Governor and other members of the Board of Directors are entitled to fair remuneration, commensurate with their responsibilities, making it possible to attract and motivate competent administrators.

Since the Bank, being a central bank, is unlike other listed companies in that maximising profits is not its primary

objective, the Organic Law stipulates that the remuneration of the Governor, the Vice-Governor and the Directors must not include a share in the profits. Consequently, their remuneration consists solely of a fixed component, with no variable element. No bonuses are paid.

The Governor and the other members of the Board of Directors hand over to the Bank the remuneration that they receive in respect of any external posts held in connection with their position at the Bank. As the sole exception to this principle, the Council of Regency decided, on the proposal of the Remuneration and Appointments Committee, that the Governor could keep the fee that he receives as a director of the Bank for International Settlements. Conversely, the Bank no longer pays the cost of accommodation and furnishings for the Governor.

The salaries of the members of the Board of Directors are index-linked in line with the health index. Any pay increases awarded in the period since 1949 have always been offset by wage moderation measures. Consequently, the level of the salaries of members of the Board of Directors is the same overall, in real terms, as it was in 1949.

Since 1 April 2011, the Bank's code of ethics has prohibited the Governor, Vice-Governor and Directors from holding shares issued by the Bank or by enterprises subject to the Bank's control, or derivative instruments with such shares as the underlying security, except for shares which they already held when taking office. They may trade such securities only with the prior authorisation of the Board of Directors. When determining whether to grant or refuse that authorisation, the Board of Directors takes account of a range of factors, such as the state of the market and the issuer of the securities in question, the size of the transaction, its justification and its urgency, the existence of unpublished information concerning the market or the issuer of the securities in question, and any risks to the Bank's reputation if the transaction takes place. The Board of Directors produces an annual report for the attention of the Council of Regency, describing in general terms the authorisations which it has granted or refused. If members of the Board of Directors trade the Bank's shares, they are required to notify the Financial Services and Markets Authority (FSMA).

There is a pension plan for members of the Board of Directors, offering them a supplementary pension in addition to the legal pension. The supplementary pension plan is a "defined benefits" plan. The pension of the members of the Board of Directors is subject to the Law of 5 August 1978 on economic and fiscal reforms (the Wyninckx Law).

## REGENTS AND CENSORS

The Regents and Censors receive attendance fees and travel expenses. The amount of these allowances is fixed by the Council of Regency, subject to the supervision of the Minister of Finance, exercised by his representative, and on the recommendation of the Remuneration and Appointments Committee.

The amount of the attendance fees comprises only a fixed component, with no variable element, and is granted for each meeting actually attended by members of the Council of Regency and the Board of Censors. The same attendance fees are paid to the Regents and Censors for each meeting attended by the members of the Remuneration and Appointments Committee, the Budget Committee and the Special Fund Committee, except if the meeting is held on the same day as a meeting of the Council of Regency or the Board of Censors.

The amount of the attendance fees is index-linked annually according to the movement in the health index, and is assessed periodically by the Council of Regency, on the recommendation of the Remuneration and Appointments Committee.

The calculation method and rules for granting travel expenses to the Regents and Censors are aligned with the rules of tax law (fixed allowance per kilometre).

## PROPORTIONS OF THE VARIOUS REMUNERATION COMPONENTS

As explained above, the remuneration of the Governor, Directors, Regents and Censors comprises only a fixed component, and no variable remuneration.

## CHARACTERISTICS OF PERFORMANCE BONUSES

No performance bonuses are paid in any form to the Governor, Directors, Regents and Censors.

## INFORMATION ON THE REMUNERATION POLICY FOR UPCOMING FINANCIAL YEARS

The Remuneration and Appointments Committee and the Council of Regency held an initial exchange of views on the Bank's remuneration policy for the coming financial years.

## 2.1.10.3 ATTENDANCE FEES PAID TO REGENTS AND CENSORS

The fee for attending the meetings of the Council of Regency, the Board of Censors, the Remuneration and Appointments Committee, the Budget Committee and the Special Fund Committee stood at € 510 gross per meeting attended in 2013.

(in €)

	Attendance fees 2013
<b>Regent</b>	
Gérald Frère .....	8 670
Rudi Thomaes <sup>(1)</sup> .....	2 550
Didier Matray .....	12 240
Rudy De Leeuw .....	7 650
Karel Van Eetvelt .....	8 670
Michèle Detaille .....	9 690
Jean-François Cats .....	11 730
Sonja De Becker .....	10 710
Marc Leemans .....	8 670
Jean-Louis Six .....	11 220
Pieter Timmermans <sup>(2)</sup> .....	7 140
<b>Censor</b>	
Paul Buysse <sup>(3)</sup> .....	1 020
Philippe Grulois <sup>(3)</sup> .....	0
Jean-François Hoffelt .....	3 570
Bernard Jurion .....	5 100
Luc Carsauw .....	4 080
Michel Moll .....	2 040
Jan Vercaamst .....	5 100
Francine Swiggers .....	3 570
Jean Eylenbosch .....	4 080
David Szafran .....	4 590
Mia De Schampelaere <sup>(4)</sup> .....	3 060
Christ'I Joris <sup>(4)</sup> .....	3 570

(1) Member of the Council of Regency until 27 May 2013.

(2) Member of the Council of Regency with effect from 27 May 2013.

(3) Member of the Board of Censors until 27 May 2013.

(4) Member of the Board of Censors with effect from 27 May 2013.

#### 2.1.10.4 INFORMATION ON THE AMOUNT OF THE REMUNERATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS AS MEMBERS OF THE COUNCIL OF REGENCY

The Governor, Vice-Governor and Directors do not receive any payment for the duties which they perform in the Council of Regency. Neither do they receive any payment for their positions on the Remuneration and Appointments Committee, the Budget Committee and the Special Fund Committee.

#### 2.1.10.5 CRITERIA FOR ASSESSING PERFORMANCE IN CONNECTION WITH THE PAYMENT OF VARIABLE REMUNERATION

As already stated, the remuneration of the Governor, Directors, Regents and Censors comprises solely a fixed component and no variable remuneration is paid.

#### 2.1.10.6 REMUNERATION AND OTHER BENEFITS GRANTED TO THE GOVERNOR, VICE-GOVERNOR AND OTHER MEMBERS OF THE BOARD OF DIRECTORS

For the 2013 financial year, the gross salary for the post of Governor is € 545 369, for the post of Vice-Governor it is € 438 128 and for the post of director € 376 811. These amounts are paid on the basis of self-employed status.

In accordance with the principles of the Organic Law and the remuneration policy determined by the Council of Regency, no variable remuneration is paid to the Governor, Vice-Governor and other members of the Board of Directors.

Under the pension plan, the Bank's contributions represent the amounts paid on the individual contracts of the members of the Board of Directors and the (non-individualised) amount paid into the financing fund to spread the contributions evenly over time. For the year 2013, the Bank's contribution came to € 0.5 million.

Members of the Board of Directors are provided with a company car. For the past financial year, the value of this benefit in kind is assessed € 10 207 for the Governor, € 6 053 for the Vice-Governor and € 34 244 for the other Directors taken together.

In accordance with the third paragraph of Article 53 of the Law of 2 August 2002 on the supervision of the financial sector and on financial services, the special representative Michel Flamée, who for one year from the end of his term of office on 2 May 2013 remains subject to a legal ban on holding any office in institutions which come

under the supervision of the Bank or the FSMA, receives remuneration during that period equal to the salary paid to him during his term of office.

#### 2.1.10.7 SHARES, SHARE OPTIONS AND OTHER RIGHTS TO ACQUIRE SHARES IN THE BANK

The Bank does not grant any shares, share options or other rights to acquire shares in the Bank to the Governor, Directors, Regents and Censors.

#### 2.1.10.8 PROVISIONS ON SEVERANCE PAY FOR MEMBERS OF THE BOARD OF DIRECTORS

Pursuant to Article 26 of the Organic Law, the Governor, Vice-Governor and other members of the Board of Directors may not hold any office in institutions which are subject to the Bank's supervision until one year after leaving office. On the recommendation of the Remuneration and Appointments Committee, the Council of Regency therefore decided that, as a general principle, a payment equivalent to 12 months' salary can be made to members of the Board of Directors whose term of office is not renewed, so long as they do not take up any new professional activities and have not attained the age of 67 years. The Council of Regency will always examine if these conditions are fulfilled on a case-by-case basis.

#### 2.1.10.9 DECISIONS ON SEVERANCE PAY

No severance pay was granted to members of the Board of Directors in 2013.

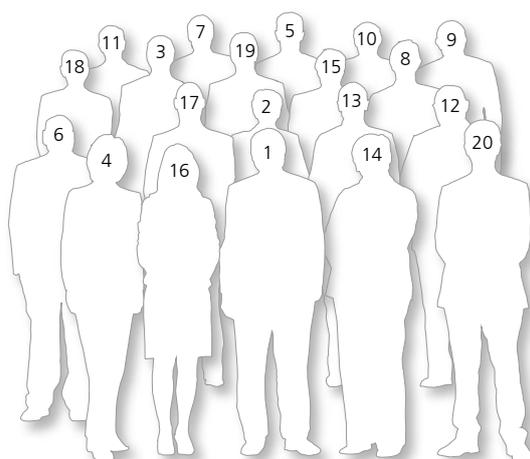
#### 2.1.10.10 RIGHT TO RECLAIM VARIABLE REMUNERATION

As already stated, the remuneration of the Governor, Directors, Regents and Censors comprises solely a fixed component and no variable remuneration is paid.

# Council of Regency



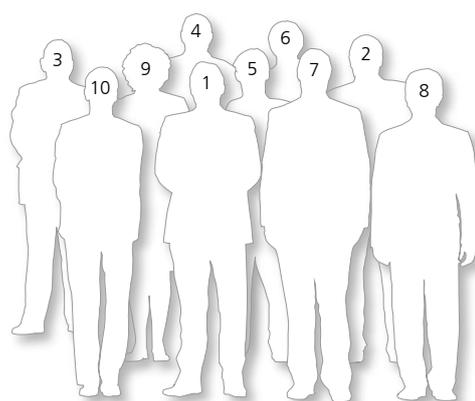
- 1 **Luc Coene**, GOVERNOR
- 2 **Françoise Masai**, VICE-GOVERNOR
- 3 **Jan Smets**, DIRECTOR
- 4 **Marcia De Wachter**, DIRECTOR
- 5 **Jean Hilgers**, DIRECTOR
- 6 **Norbert De Batselier**, DIRECTOR
- 7 **Mathias Dewatripont**, DIRECTOR
- 8 **Pierre Wunsch**, DIRECTOR
- 9 **Luc Dufresne**, SECRETARY
- 10 **Gérald Frère**, REGENT
- 11 **Didier Matray**, REGENT
- 12 **Rudy De Leeuw**, REGENT
- 13 **Karel Van Eetvelt**, REGENT
- 14 **Michèle Detaille**, REGENT
- 15 **Jean-François Cats**, REGENT
- 16 **Sonja De Becker**, REGENT
- 17 **Marc Leemans**, REGENT
- 18 **Jean-Louis Six**, REGENT
- 19 **Pieter Timmermans**, REGENT
- 20 **Hans D'Hondt**, REPRESENTATIVE OF THE MINISTER OF FINANCE



# Board of Censors / Audit Committee



- 1 Jean-François Hoffelt
- 2 Bernard Jurion
- 3 Luc Carsauw
- 4 Michel Moll
- 5 Jan Vercamst
- 6 Francine Swiggers
- 7 Jean Eylenbosch
- 8 David Szafran
- 9 Mia De Schampelaere
- 10 Christ'l Joris



## 2.2 Annual accounts

### 2.2.1 Balance Sheet

(before distribution of profit)

#### ASSETS

(in € thousand)

	See note below	31-12-2013	31-12-2012
<b>1. Gold and gold receivables</b> .....	<b>1</b>	<b>6 370 322</b>	<b>9 222 696</b>
<b>2. Claims on non-euro area residents denominated in foreign currency</b> ..	<b>2</b>	<b>13 108 998</b>	<b>14 021 524</b>
2.1 Receivables from the IMF .....		7 233 510	7 832 056
2.2 Balances with banks and security investments, external loans and other external assets .....		5 875 488	6 189 468
<b>3. Claims on euro area residents denominated in foreign currency</b> .....	<b>3</b>	<b>269 221</b>	<b>242 076</b>
<b>4. Claims on non-euro area residents denominated in euro</b> .....	<b>4</b>	<b>554 635</b>	<b>662 677</b>
<b>5. Lending to euro area credit institutions related to monetary policy operations denominated in euro</b> .....	<b>5</b>	<b>15 985 000</b>	<b>40 010 000</b>
5.1 Main refinancing operations .....		1 700 000	90 000
5.2 Longer-term refinancing operations .....		14 285 000	39 920 000
5.3 Fine-tuning reverse operations .....		–	–
5.4 Structural reverse operations .....		–	–
5.5 Marginal lending facility .....		–	–
5.6 Credits related to margin calls .....		–	–
<b>6. Other claims on euro area credit institutions denominated in euro</b> ..	<b>6</b>	<b>2 177</b>	<b>1 439 010</b>
<b>7. Securities of euro area residents denominated in euro</b> .....	<b>7</b>	<b>21 369 099</b>	<b>22 962 277</b>
7.1 Securities held for monetary policy purposes .....		7 602 663	8 955 542
7.2 Other securities .....		13 766 436	14 006 735
<b>8. Intra-Eurosystem claims</b> .....	<b>8</b>	<b>14 244 003</b>	<b>15 344 052</b>
8.1 Participating interest in ECB capital .....		263 981	261 010
8.2 Claims equivalent to the transfer of foreign currency reserves .....		1 401 024	1 397 304
8.3 Net claims related to the allocation of euro banknotes within the Eurosystem .....		12 578 998	13 685 738
8.4 Other claims within the Eurosystem (net) .....		–	–
<b>9. Other assets</b> .....	<b>9</b>	<b>5 896 912</b>	<b>5 848 814</b>
9.1 Coins of euro area .....		8 960	10 127
9.2 Tangible and intangible fixed assets .....		399 823	401 291
9.3 Other financial assets .....		4 626 991	4 298 841
9.4 Off-balance-sheet instruments revaluation differences .....		119 044	164 820
9.5 Accruals and prepaid expenditure .....		703 909	921 362
9.6 Sundry .....		38 185	52 373
<b>Total assets</b> .....		<b>77 800 367</b>	<b>109 753 126</b>

## LIABILITIES

(in € thousand)

	See note below	31-12-2013	31-12-2012
<b>1. Banknotes in circulation</b>	<b>10</b>	<b>30 574 015</b>	<b>29 107 122</b>
<b>2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro</b>	<b>11</b>	<b>13 797 835</b>	<b>19 572 474</b>
2.1 Current accounts (covering the minimum reserve system)		10 620 579	6 481 433
2.2 Deposit facility		852 256	11 291 041
2.3 Fixed-term deposits		2 325 000	1 800 000
2.4 Fine-tuning reverse operations		–	–
2.5 Deposits related to margin calls		–	–
<b>3. Other liabilities to euro area credit institutions denominated in euro</b>	<b>12</b>	<b>–</b>	<b>–</b>
<b>4. Liabilities to other euro area residents denominated in euro</b>	<b>13</b>	<b>268 209</b>	<b>568 457</b>
4.1 General government		126 267	296 324
4.2 Other liabilities		141 942	272 133
<b>5. Liabilities to non-euro area residents denominated in euro</b>	<b>14</b>	<b>439 926</b>	<b>329 370</b>
<b>6. Liabilities to euro area residents denominated in foreign currency</b>	<b>15</b>	<b>–</b>	<b>297 863</b>
<b>7. Liabilities to non-euro area residents denominated in foreign currency</b>	<b>16</b>	<b>–</b>	<b>1 106 943</b>
<b>8. Counterpart of special drawing rights allocated by the IMF</b>	<b>17</b>	<b>4 834 795</b>	<b>5 039 722</b>
<b>9. Intra-Eurosystem liabilities</b>	<b>18</b>	<b>15 454 263</b>	<b>38 059 300</b>
9.1 Liabilities related to promissory notes backing the issuance of ECB debt certificates		–	–
9.2 Net liabilities related to the allocation of euro banknotes within the Eurosystem		–	–
9.3 Other liabilities within the Eurosystem (net)		15 454 263	38 059 300
<b>10. Other liabilities</b>	<b>19</b>	<b>526 727</b>	<b>579 097</b>
10.1 Off-balance-sheet instruments revaluation differences		–	–
10.2 Accruals and income collected in advance		10 959	14 445
10.3 Sundry		515 768	564 652
<b>11. Provisions</b>	<b>20</b>	<b>–</b>	<b>10 990</b>
11.1 For future exchange losses		–	–
11.2 For new premises		–	–
11.3 For contingencies		–	–
11.4 In respect of monetary policy operations		–	10 990
<b>12. Revaluation accounts</b>	<b>21</b>	<b>6 309 603</b>	<b>9 432 953</b>
<b>13. Capital, reserve fund and available reserve</b>	<b>22</b>	<b>4 648 111</b>	<b>4 311 663</b>
13.1 Capital		10 000	10 000
13.2 Reserve fund:			
Statutory reserve		1 168 694	1 168 694
Extraordinary reserve		1 150 831	1 150 790
Amortisation accounts in respect of tangible and intangible fixed assets		344 191	342 077
13.3 Available reserve		1 974 395	1 640 102
<b>14. Profit for the financial year</b>	<b>23</b>	<b>946 883</b>	<b>1 337 172</b>
<b>Total liabilities</b>		<b>77 800 367</b>	<b>109 753 126</b>

## 2.2.2 Profit and loss account

(in € thousand)

	See note below	31-12-2013	31-12-2012
<b>1. Net interest income</b>	<b>24</b>	<b>1 186 500</b>	<b>1 503 529</b>
1.1 Interest income <sup>(1)</sup>		1 349 183	1 960 218
1.2 Interest expense <sup>(1)(2)</sup>		-162 683	-456 689
<b>2. Net result of financial operations, write-downs and provisions</b>	<b>25</b>	<b>32 876</b>	<b>59 509</b>
2.1 Realised gains/losses arising from financial operations <sup>(1)(2)</sup>		62 776	60 122
2.2 Write-downs on financial assets and positions <sup>(2)</sup>		-29 900	-613
2.3 Transfer to/from provisions		-	-
<b>3. Net income/expense from fees and commissions</b>	<b>26</b>	<b>3 451</b>	<b>3 764</b>
3.1 Fees and commissions income		9 307	10 350
3.2 Fees and commissions expense		-5 856	-6 586
<b>4. Income from equity shares and participating interests<sup>(1)</sup></b>	<b>27</b>	<b>80 521</b>	<b>41 098</b>
<b>5. Net result of pooling of monetary income</b>	<b>28</b>	<b>4 124</b>	<b>104 269</b>
<b>6. Other income<sup>(1)</sup></b>	<b>29</b>	<b>133 006</b>	<b>136 489</b>
<b>7. Staff costs</b>	<b>30</b>	<b>-290 224</b>	<b>-265 293</b>
<b>8. Administrative expenses<sup>(1)</sup></b>	<b>31</b>	<b>-77 581</b>	<b>-81 166</b>
<b>9. Depreciation of tangible and intangible fixed assets</b>	<b>32</b>	<b>-10 729</b>	<b>-9 382</b>
<b>10. Banknote production services</b>	<b>33</b>	<b>n.</b>	<b>n.</b>
<b>11. Other expenses</b>	<b>34</b>	<b>-41</b>	<b>-</b>
<b>12. Corporate tax</b>	<b>35</b>	<b>-115 020</b>	<b>-155 645</b>
<b>Profit for the year</b>		<b>946 883</b>	<b>1 337 172</b>
<b>(1) Of which proceeds from statutory investments and similar:</b>			
1.1 Interest income		139 446	143 699
1.2 Interest expense		-	-
2.1 Realised gains/losses arising from financial operations		19 897	8 117
4. Income from equity shares and participating interests		18 238	18 539
6. Other income: Proceeds from sale of real estates		4 130	-
8. Administrative expenses: Costs related to the sale of real estates		-269	-
<b>Total</b>		<b>181 442</b>	<b>170 355</b>
<b>(2) Of which due to (-) / by (+) the State:</b>			
1.2 Interest expense		-36 279	-40 972
2.1 Realised gains/losses arising from financial operations		5 716	6 618
2.2 Write-downs on financial assets and positions		683	164
<b>Total</b>		<b>-29 880</b>	<b>-34 190</b>

## 2.2.3 Allocation of profit

(in € thousand)

	See note below	2013	2012
<b>Profit for the financial year</b> .....	<b>36</b>	<b>946 883</b>	<b>1 337 172</b>
The annual profits shall be distributed as follows, in accordance with Article 32 of the Organic Law:			
1. A first dividend of 6 % of the capital shall be allocated to the shareholders		600	600
2. From the excess, an amount proposed by the Board of Directors and established by the Council of Regency, totally independently, shall be allocated to the reserve fund or to the available reserves .....		236 721	334 293
3. From the second excess, a second dividend, established by the Council of Regency, forming a minimum of 50 % of the net proceeds from the assets forming the counterpart to the reserve fund and available reserves shall be allocated to the shareholders .....		65 640	61 016
4. The balance shall be allocated to the State; it shall be exempt from corporation tax .....		643 922	941 263

## 2.2.4 Dividend per share

(in €)

	2013	2012
Gross dividend .....	165.60	154.04
Withholding tax .....	41.40	38.51
Net dividend .....	124.20	115.53

In accordance with the decision of the General Meeting of 30 March 2009, the dividend will be payable from the fifth bank working day following the General Meeting.

## 2.2.5 Off-Balance-Sheet Items

(in € thousand)

	See note below	31-12-2013	31-12-2012
Forward transactions in foreign currencies and in euro	<b>37</b>		
Forward claims .....		8 305 354	7 586 604
Forward liabilities .....		8 186 193	7 424 636
Forward transactions on interest rate and fixed-income securities .....	<b>38</b>	<b>120 108</b>	<b>242 782</b>
Liabilities which could lead to a credit risk	<b>39</b>		
Commitments towards international institutions .....		10 772 810	5 555 990
Commitments towards other institutions .....		328 106	907 258
Valuables and claims entrusted to the institution	<b>40</b>		
For encashment .....		60	273
Assets managed on behalf of the Treasury .....		131 561	68 426
Assets managed on behalf of the ECB .....		1 438 199	1 518 651
Custody deposits .....		705 036 999	714 734 599
Capital to be paid up on participations .....	<b>41</b>	<b>210 101</b>	<b>219 006</b>

## 2.2.6 Social Balance Sheet

### 1. Statement of persons employed

#### A. WORKERS FOR WHOM THE FIRM HAS SUBMITTED A DIMONA DECLARATION OR WHO ARE RECORDED IN THE GENERAL STAFF REGISTER

	Total	Men	Women
<b>1. During the financial year</b>			
<b>a. Average number of employees</b>			
Full-time .....	1 801.80	1 337.20	464.60
Part-time .....	691.10	203.30	487.80
Total in full-time equivalents (FTE) .....	2 300.77	1 489.70	811.07
<b>b. Number of hours actually worked</b>			
Full-time .....	2 534 578.43	1 899 287.95	635 290.48
Part-time .....	636 601.44	204 806.00	431 795.44
Total .....	3 171 179.87	2 104 093.95	1 067 085.92
<b>c. Staff costs (in €)</b>			
Full-time .....	187 821 102	124 713 212	63 107 890
Part-time .....	82 769 460	54 958 921	27 810 539
Total .....	270 590 562	179 672 133	90 918 429
<b>d. Amount of benefits additional to wages</b> .....	2 967 809	1 970 625	997 184
<b>2. During the previous financial year</b>			
Average number of workers in FTEs .....	2 318.80	1 504.20	814.60
Number of hours actually worked .....	3 202 035	2 135 052.40	1 066 982.60
Staff costs (in €) .....	250 787 742	166 523 061	84 264 681
Amount of benefits additional to wages (in €) .....	1 972 278	1 309 593	662 685

Following the outsourcing of the payroll of the Bank, the staff costs recorded in the statement of persons employed have, for the financial year 2012, for the first time been based on the payroll data provided by the social secretariat. When drawing up the social balance sheet for the financial year 2013, the methodology was refined, so the figures for the previous financial year 2012 had to be adapted, for reasons of comparability.

	Full-time	Part-time	Total in full-time equivalents
<b>3. On the balance sheet date</b>			
<b>a. Number of workers</b> .....	<b>1 808</b>	<b>670</b>	<b>2 296.42</b>
<b>b. By type of employment contract</b>			
Permanent contract .....	1 727	667	2 213.52
Fixed-term contract .....	81	3	82.90
Contract for a specific project .....	–	–	–
Substitution contract .....	–	–	–
<b>c. By gender and level of education</b>			
Men .....	1 338	190	1 481.70
Elementary .....	133	27	153.50
Secondary .....	412	80	471.70
Higher non-university .....	310	45	345.30
University .....	483	38	511.20
Women .....	470	480	814.72
Elementary .....	76	98	143.70
Secondary .....	159	206	304.20
Higher non-university .....	77	111	158.50
University .....	158	65	208.32
<b>d. By occupational category</b>			
Management staff .....	21	0	21.00
Clerical workers .....	1 787	670	2 275.42
Manual workers .....	–	–	–
Other .....	–	–	–

## B. AGENCY STAFF AND PERSONS ON SECONDMENT

	Agency staff	Persons on secondment
<b>During the financial year</b>		
Average number of persons employed .....	1.33	–
Number of hours actually worked .....	2 117	–
Costs to the firm (in €) .....	69 012.77	–

## 2. Table of staff movements during the year

### A. RECRUITMENT

	Full-time	Part-time	Total in full-time equivalents
<b>a. Number of workers entered in the staff register during the financial year .....</b>	<b>313</b>	<b>5</b>	<b>316,70</b>
<b>b. By type of employment contract</b>			
Permanent contract .....	48	1	48.90
Fixed-term contract .....	265	4	267.80
Contract for a specific project .....	–	–	–
Substitution contract .....	–	–	–

### B. DEPARTURES

	Full-time	Part-time	Total in full-time equivalents
<b>a. Number of workers whose contract termination date was recorded in the staff register during the financial year .....</b>	<b>304</b>	<b>50</b>	<b>335,90</b>
<b>b. By type of employment contract</b>			
Permanent contract .....	55	46	84.20
Fixed-term contract .....	249	4	251.70
Contract for a specific project .....	–	–	–
Substitution contract .....	–	–	–
<b>c. By reason for termination of contract</b>			
Retirement .....	39	31	59.30
Unemployment with company supplement .....	–	–	–
Redundancy .....	12	3	14.50
Other reason .....	253	16	262.10
of which: number of persons continuing to provide services for the enterprise at least half time as self-employed workers .....	–	–	–

### 3. Information on training for workers during the year

	Men	Women
<b>1. Formal further vocational training at the employer's expense</b>		
Number of workers concerned .....	1 110	639
Number of hours of training completed .....	34 798	19 254
Net cost to the firm (in €) .....	5 134 056	2 840 713
of which:		
Gross cost directly relating to training .....	5 134 056	2 840 713
Contributions and payments to communal funds .....	-	-
Subsidies and other financial benefits received (to be deducted) .....	-	-
<b>2. Semi-formal or informal further vocational training at the employer's expense</b>		
Number of workers concerned .....	1 452	871
Number of hours of training completed .....	29 358	15 646
Net cost to the firm (in €) .....	2 505 118	1 335 113
<b>3. Basic vocational training at the employer's expense</b>		
Number of workers concerned .....	-	-
Number of hours of training completed .....	-	-
Net cost to the enterprise .....	-	-

## 2.2.7 Notes to the annual accounts

### 2.2.7.1 LEGAL FRAMEWORK

The annual accounts are drawn up in accordance with Article 33 of the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium, which provides that:

*“The accounts and, if appropriate, the consolidated accounts of the Bank shall be drawn up:*

*1° in accordance with this Law and the mandatory rules drawn up pursuant to Article 26.4 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank;*

*2° and otherwise in accordance with the rules laid down by the Council of Regency.*

*Articles 2 to 4, 6 to 9 and 16 of the Law of 17 July 1975 on business accounting and their implementing decrees shall apply to the Bank with the exception of the Decrees implementing Articles 4 (6) and 9, § 2.”*

The mandatory rules referred to in Article 33 (1) are defined in the Guideline of the ECB of 11 November 2010 on the legal framework for accounting and financial reporting in the European System of Central Banks (recast) (ECB/2010/20), OJ L35 of 09/02/2011, as amended by the Guideline dated 21 December 2011 (ECB/2011/27), OJ L 19 of 24/01/2012, and the Guideline dated 10 December 2012 (ECB/2012/29), OJ L 356 of 22/12/2012.

In accordance with Article 20 § 4 of the Organic Law, the Council of Regency approves the expenditure budget and the annual accounts presented by the Board of Directors. It finally determines the distribution of the profits proposed by the Board of Directors.

The accounts for the financial year under review have been drawn up in accordance with the above-mentioned Article 33, adhering to the format and the accounting rules approved by the Council of Regency on 11 December 2013.

They are presented in thousands of euro unless otherwise stated.

### 2.2.7.2 ACCOUNTING PRINCIPLES AND VALUATION RULES

#### I. MANDATORY ACCOUNTING RULES UNDER THE ESCB/ECB STATUTE

The accounts, which are drawn up on the basis of historical cost, are adjusted to reflect the valuation at market prices of negotiable instruments (other than the statutory portfolio and the held-to-maturity portfolio), of gold and of all the elements, both on-balance-sheet and off-balance-sheet, denominated in foreign currencies. Spot and forward foreign exchange transactions are recorded off-balance-sheet on the transaction date and shown on the balance sheet on the settlement date.

##### 1. Assets and liabilities in gold and foreign currencies

The Belgian State's official foreign exchange reserves, which are shown on the balance sheet, are held and managed by the Bank. Assets and liabilities in gold and foreign currencies are converted into euro at the exchange rate on the balance sheet date.

Foreign currencies are revalued on a currency-by-currency basis; the revaluation includes both on-balance-sheet and off-balance-sheet items.

Securities are revalued at market prices separately from the revaluation of foreign currencies at their market exchange rates.

Gold is revalued on the basis of the price in euro per fine ounce as derived from the quotation in USD established at the time of the London fixing on the last working day of the year.

##### 2. Fixed-income securities

Fixed-income negotiable securities, excluding those in the statutory portfolio and those held to maturity, are valued at the market price prevailing on the balance sheet date. Securities are revalued individually.

The held-to-maturity portfolio (including the portfolios of the Covered Bond Purchase Programmes and the Securities Markets Programme) consists exclusively of fixed- or determinable-income securities and fixed-term securities which the Bank has the express intention to hold to maturity. The securities are treated as a separate

portfolio and valued at the amortised purchase price, on the basis of their actuarial yield.

### 3. (Reverse) repurchase agreements

A repurchase agreement is a sale of securities in which the transferor expressly undertakes to repurchase them and the transferee expressly agrees to sell them back at an agreed price and on an agreed date. The transferor records, on the liabilities side of the balance sheet, the amount of the cash received as a debt to the transferee, and values the securities transferred in accordance with the accounting rules applicable to the securities portfolio in which they are held.

The transferee, for his part, records on the assets side of his balance sheet a claim on the transferor corresponding to the amount paid out, while the securities acquired are not recorded in the balance sheet but off-balance-sheet. The above-mentioned transactions are regarded by the Bank as repurchase agreements or reverse repurchase agreements depending on whether it acts as transferor or transferee of the securities.

Repurchase agreements and reverse repurchase agreements denominated in foreign currencies have no effect on the position in the currency in question.

### 4. Share in the capital of the ECB

Pursuant to Article 28 of the Statutes of the ESCB and of the ECB, the NCBs are the sole subscribers to the capital of the ECB. Subscriptions depend on the ECB's capital subscription key which is determined in accordance with Article 29 of the ESCB Statute.

### 5. Banknotes in circulation

The ECB and the NCBs of the countries which have adopted the euro, and which together comprise the Eurosystem, issue euro banknotes<sup>(1)</sup>. The total value of the euro banknotes in circulation is allocated on the last working day of each month in accordance with the banknote allocation key.

8 % of the total value of the banknotes in circulation is allocated to the ECB, while the remaining 92 % is allocated to the NCBs according to their weightings in the capital key of the ECB. The share of banknotes allocated to each NCB is disclosed under the balance sheet liability item "Banknotes in circulation".

The difference between the value of the euro banknotes allocated to each NCB in accordance with the banknote allocation key and the value of the euro banknotes that is actually put into circulation by each NCB gives rise to intra-Eurosystem balances. These claims or liabilities, which incur interest, are disclosed under the sub-item "Net claims/liabilities related to the allocation of euro banknotes within the Eurosystem".

### 6. Determination of the result

6.1 The result is determined in accordance with the following rules:

- income and expenses are recognised in the financial year in which they are earned or incurred;
- realised gains and losses are taken to the profit and loss account;
- at the end of the year, positive revaluation differences (on securities and foreign reserves) are not shown in the profit and loss account but are recorded in the revaluation accounts on the liabilities side of the balance sheet;
- negative revaluation differences are first of all deducted from the corresponding revaluation account, any balance then being taken to the profit and loss account;
- losses included in the profit and loss account are not offset during subsequent years by new positive revaluation differences; negative revaluation differences on a security, currency or asset in gold are not netted either against positive revaluation differences on other securities, currencies or assets in gold;
- for gold, no distinction is made between the price and currency revaluation;
- in order to calculate the acquisition cost of securities or currencies that are sold, the average cost method is used on a daily basis; at the end of the year, if any negative revaluation differences are taken to the profit and loss account, the average cost of the asset in question (gold, currency or security) is adjusted downwards to the level of the current exchange rate or market price value.

6.2 Premiums or discounts arising from the difference between the average acquisition cost and the redemption price of securities are presented as part of interest income and amortised over the remaining life of the line of securities in question.

(1) Decision of the ECB of 13 December 2010 on the issue of euro banknotes (recast) (ECB/2010/29, OJ L35 of 09/02/2011), as amended by the Decision of 29 August 2013 (ECB/2013/27, OJ L 16 of 21/01/2014).

6.3 Interest accrued but not yet paid which influences the foreign exchange positions is recorded daily and converted at the exchange rate prevailing on the date of recording.

6.4 The amount of monetary income of each NCB in the Eurosystem is determined by calculating the effective annual income resulting from the earmarkable assets held in counterpart to the liabilities items which serve as the basis for calculation. This basis comprises the following items:

- banknotes in circulation;
- liabilities to euro area credit institutions related to monetary policy operations and denominated in euro;
- net intra-Eurosystem liabilities resulting from TARGET2 transactions;
- net intra-Eurosystem liabilities relating to the allocation of euro banknotes in the Eurosystem.

Any interest paid on liabilities included in the basis for calculation will be deducted from the monetary income pooled by each NCB.

The earmarkable assets consist of the following items:

- lending to euro area credit institutions related to monetary policy operations denominated in euro;
- intra-Eurosystem claims in respect of the transfer of foreign reserve assets to the ECB;
- net intra-Eurosystem claims resulting from TARGET2 transactions;
- net intra-Eurosystem claims relating to the allocation of euro banknotes in the Eurosystem;
- euro-denominated securities held for monetary policy purposes;
- a limited amount of each NCB's gold holdings, in proportion to each NCB's subscribed capital key. Gold is considered to generate no income.

Where the value of an NCB's earmarkable assets exceeds or falls short of the value of its liability base, the difference is remunerated at the latest marginal interest rate applicable to the main refinancing operations of the Eurosystem<sup>(1)</sup>.

6.5 The whole of the income of the ECB arising from the 8 % share in euro banknotes allocated to it and that arising from the Securities Markets Programme (SMP) portfolio is payable to the NCBs in the financial year in which it is generated. The ECB distributes that income to the NCBs in January of the next financial year. The whole of that income is distributed unless the ECB's net profit is less than its income on banknotes in circulation and SMP securities.

In addition, the Governing Council may decide, before the end of the financial year, on the principle of transferring all or part of that income to a provision for foreign exchange rate, interest rate, credit and gold price risks<sup>(2)</sup>.

## 7. Off-balance-sheet instruments

Forward foreign exchange transactions, the forward leg of currency swaps and any other foreign currency instruments involving the exchange of one currency for another at a future date are included in the net foreign exchange position for the purpose of calculating the average cost price and exchange gains and losses.

In the case of foreign exchange swaps, the forward position is revalued at the same time as the spot position. Since spot and forward amounts in foreign currencies are converted to euro at the same exchange rate, they do not influence the "Revaluation accounts" item on the liabilities side.

Interest-rate swaps and futures are revalued individually and recorded under the off-balance-sheet items. In the case of futures, daily margin calls are recorded in the profit and loss account and influence the foreign exchange position.

Profits and losses arising from off-balance-sheet instruments are recognised and treated in the same manner as those appearing in the balance sheet.

## 8. Post-balance-sheet events

The assets and liabilities are adjusted to take account of information obtained between the balance sheet date and the date of adoption of the annual accounts by the Bank's Board of Directors if that information has a material effect on the balance sheet asset and liability items.

(1) Decision of the ECB of 25 November 2010 on the allocation of monetary income of the national central banks of Member States whose currency is the euro (recast) (ECB/2010/23, OJ L35 of 09/02/2011), as amended by the Decision of 3 November 2011 (ECB/2011/18, OJ L319 of 02/12/2011).

(2) Decision of the ECB of 25 November 2010 on the interim distribution of the income of the ECB on euro banknotes in circulation and arising from securities purchased under the securities markets programme (recast) (ECB/2010/24, OJ L6 of 11/01/2011), as amended by the Decision of 19 December 2012 (ECB/2012/33, OJ L13 of 17/01/2013).

## II. RULES PURSUANT TO THE ORGANIC LAW, LAWS, STATUTES AND CONVENTIONS

### 1. Gold and gold receivables

The capital gains realised by the Bank on arbitrage transactions in gold assets against other external reserve components are recorded in a special unavailable reserve account in accordance with Article 30 of the Organic Law and Article 54 of the Statutes.

### 2. IMF operations

Under Article 1 of the agreement of 14 January 1999 between the Belgian State and the Bank determining certain procedures for implementing Article 9 of the Organic Law, the Bank carries the rights that the State holds as a member of the IMF in its accounts as its own assets. Article 9 (2) of the Organic Law goes on to stipulate that the State shall guarantee the Bank against any loss and shall guarantee the repayment of any credit granted by the Bank for the purpose of these operations.

### 3. Loans granted and other operations relating to financial stability

Under Article 9 (2) of the Organic Law, the State guarantees the Bank the reimbursement of any loan granted in connection with its contribution to the stability of the financial system, and guarantees the Bank against any loss incurred as a result of any operation required in that regard.

### 4. Treasury's current account

Pursuant to an agreement of 12 March 1999, the balance of the Treasury's current account bears interest, up to a maximum amount of € 50 million, at the marginal interest rate applying to the main refinancing operations.

### 5. Capital, reserve fund and available reserve

#### 5.1 Capital

Under Article 4 of the Organic Law, the share capital, totalling € 10 million, is represented by 400 000 shares, which do not have any nominal value. The share capital is fully paid-up.

The Belgian State holds 200 000 registered, non-transferable shares, or 50 % of the total voting rights.

#### 5.2 Reserve fund

The reserve fund, provided for in Article 31 of the Organic Law, consists of the statutory reserve, the extraordinary reserve and the amortisation accounts.

Its purpose is:

- 1° to make good the losses on the share capital;
- 2° to supplement the profits for the year up to an amount equalling a dividend of 6 % of the capital.

On expiry of the Bank's right of issue, the State has a priority right to one-fifth of the reserve fund. The remaining four-fifths are divided among all the shareholders<sup>(1)</sup>.

#### 5.3 Available reserve

The available reserve, provided for in Article 32 of the Organic Law may, by decision of the Council of Regency, be used to make good losses or to pay out the dividend.

### 6. Determination of the result

#### 6.1 Proceeds fully allocated to the State

By virtue of Article 30 of the Organic Law, the net income from the assets which form the counterpart to the capital gains realised by the Bank through arbitrage transactions of gold assets against other external reserve components, entered in a special unavailable reserve account, is assigned to the State. The implementing procedures relating to these provisions are governed by an agreement dated 30 June 2005 between the State and the Bank, published in the *Moniteur belge / Belgisch Staatsblad* of 5 August 2005.

In addition, the Bank pays annually to the Treasury, in accordance with the Law of 2 January 1991 on the market in public debt securities and monetary policy instruments, a sum of € 24.4 million to compensate for the additional expenses resulting for the

(1) Pursuant to Article 141, § 9 of the Law of 2 August 2002 on the supervision of the financial sector and on financial services, Article 31 (2) of the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium is interpreted as meaning that the right of issue in question includes that which the Bank may exercise pursuant to Article 106(1) of the Treaty establishing the European Community (Article 128(1) of the Treaty on the Functioning of the European Union).

latter from the conversion, in 1991, of the Treasury's consolidated debt to the Bank into freely negotiable securities.

#### 6.2 Net foreign exchange differences accruing to the State

In accordance with Article 9 of the Organic Law, the international monetary cooperation agreements or transactions which the Bank carries out on behalf of the State or with its express approval are guaranteed by the State. Foreign exchange gains and losses realised on these operations accrue entirely to the State.

Pursuant to Article 37 of the Organic Law, capital gains realised on the sale of gold to the Belgian Royal Mint are handed over to the State. Sales of gold to that Institution with a view to issuance by the State of numismatic or commemorative coins may not exceed 2.75 % of the weight of gold shown under the assets of the Bank as at 1 January 1987.

### 7. Profit distribution

Pursuant to Article 32 of the Organic Law, the profits for the year are distributed as follows:

1. a first dividend of 6 % of the capital is allocated to the shareholders;
2. from the excess, an amount proposed by the Board of Directors and established by the Council of Regency, totally independently, is allocated to the reserve fund or to the available reserves;
3. from the second excess, a second dividend established by the Council of Regency is allocated to the shareholders, forming a minimum of 50 % of the net proceeds from the assets which are the counterpart of the reserve fund and the available reserves;
4. the balance is allocated to the State; it is exempt from corporation tax.

## III. ACCOUNTING RULES ESTABLISHED BY THE COUNCIL OF REGENCY

### 1. Participations in the statutory portfolio

The participations which the Bank holds in the form of shares representing the capital of various institutions are recorded in the balance sheet at their acquisition price, as recommended by the said ECB Guideline.

### 2. Fixed-income securities held in the statutory investment portfolio

These securities constitute a separate portfolio; they are valued at their purchase price amortised on the basis of their actuarial yield, as recommended by the said ECB Guideline.

### 3. Ceiling on the portfolio of statutory investments

The ceiling on the statutory investments is determined annually at the time of the final profit distribution. It is equal to the sum of the following elements:

- the capital;
- the reserve fund (statutory reserve and extraordinary reserve and amortisation accounts);
- the available reserve;
- the additions to the reserves.

The valuation of the statutory investments is based on the principles described in points 1 and 2 above.

### 4. Transfer of securities between different portfolios

The transfer of securities between portfolios subject to different accounting rules is effected at market price.

### 5. Tangible and intangible fixed assets

Land, buildings, plant, machinery, computer hardware and software, furniture and vehicles are recorded at their acquisition value.

Buildings under construction are recorded at the cost actually paid.

Tangible and intangible fixed assets including ancillary costs, with a limited economic life, acquired from the 2009 financial year onwards, are written off in accordance with the probable useful economic life accepted under the tax rules.

Useful economic life of the principal items:

– land:	unlimited
– buildings:	34 years
– renovations:	10 years
– furniture:	10 years
– software:	5 years
– machinery:	5 years
– security work:	3 years
– hardware:	3 years

## 6. Stocks

Supplies intended for the production of orders for third parties, work in progress and the resulting finished products are valued at the material acquisition cost.

## 7. Corporate tax

Pursuant to Article 32 of the Organic Law, the balance of the profits for the financial year allocated to the State after profit distribution and allocations to the reserves is exempt from corporate tax. For the purpose of calculating the average tax rate, in other words the ratio between the tax due and the pre-tax profit, the share of the profits accruing to the State is deducted from the result for the financial year.

The calculation of the average tax rate takes account of tax settlements for preceding financial years, regardless of whether they are positive or negative.

## 8. Calculation of the second dividend

The net proceeds from the assets as defined in Article 32 (3) of the Organic Law are equal to the gross proceeds after deduction of the tax due, calculated at the average tax rate defined in point 7 above.

The gross proceeds are equal to the proceeds from the statutory investments, excluding the proceeds generated by the capital, which is remunerated by the first dividend.

## 9. Off-balance-sheet items

	Category of off-balance-sheet items	Valuation principle
Liabilities which could lead to a credit risk	Commitments towards international institutions	Nominal value, currencies converted at the market exchange rate
	Commitments towards other institutions	Nominal value, currencies converted at the market exchange rate
Valuables and claims entrusted to the institution	For encashment	Nominal value
	Assets managed on behalf of the Treasury	Nominal value/cost, currencies converted at the market exchange rate
	Assets managed on behalf of the ECB	Nominal value/cost, currencies converted at the market exchange rate
	Custody deposits	Nominal amount, currencies converted at the market exchange rate
Capital to be paid up on participations		Nominal amount, currencies converted at the market exchange rate

### 2.2.7.3 RESERVE AND DIVIDEND POLICY

On 22 July 2009, the Council of Regency defined the Bank's reserve and dividend policy pursuant to Article 32 of the Organic Law.

- Equity, transparency and stability are the guiding principles of the Bank's reserve and dividend policy. The Bank expressly aims at consistent application of the policy set out below. Any change to that policy must be duly motivated and made public immediately.
- The result for the year is the first buffer for absorbing losses. If the result is negative, it is first charged to the available reserve. Next, if necessary, it is covered by the reserve fund.
- The Bank determines the minimum amount of its reserves on the basis of an estimate of the quantifiable risks. That estimate is produced by the same methodologies as those used by other Eurosystem members and is based on the Bank's specific objectives on the subject, notably concerning portfolio management and its

foreign exchange position. The risk estimate is updated annually. The comparison between the existing reserves and the minimum amount disregards the amortisation accounts since these cannot be used to cover losses or to supplement the profits.

On the basis of that estimate, the Council of Regency maintains the principle adopted in 2009 of allocating 25 % of the profit for the year to the reserves.

Since the reserve fund is almost totally non-available, and in view of its size in relation to the capital, retained earnings are paid into the available reserve.

- The shareholders' dividend comprises a first dividend of 6 % of the capital and a second dividend established by the Council of Regency.

The Council of Regency maintains the second dividend at 50 % of the net proceeds from the assets forming the counterpart to the reserves ("the statutory portfolio") as determined in 2009.

The *first dividend* is guaranteed both by the available reserve and by the reserve fund.

The *second dividend* is guaranteed by the available reserve, unless a withdrawal from the available reserve would reduce the reserves to a level insufficient to cover the estimated risks, as the Bank's objectives of financial soundness and independence have to take priority.

- If the annual estimate of the risks leads to an amount being allocated to the reserve which is less than half the net proceeds from the statutory portfolio, the allocation to the reserves is supplemented until it corresponds to 50 % of that net proceeds in so far as the net profit after deduction of the dividend permits.

If the Bank does not have to make further allocations to the reserves, and if the profit is sufficient, the second dividend is increased until it corresponds to the total net proceeds (100 %) of the statutory portfolio.

The reserve and dividend policy therefore guarantees that, if the profit is sufficient, the net proceeds from the statutory portfolio are either allocated to the reserve, thus increasing the basis of calculation of the second dividend, or paid direct to the shareholders by way of a second dividend. The balance allocated to the State will never include any part of the net proceeds from this portfolio.

– For the purposes of the reserve and dividend policy, net proceeds from the sale of real estates are treated entirely as proceeds from the statutory portfolio. Net proceeds refers to the proceeds from the sales after the deduction of all costs, including taxes, and any replacement investments in real estates.

– If the level of the reserves is considered excessive, withdrawals may be made from the available reserve. They must be exceptional, limited in amount, and duly motivated. Such withdrawals can only be allocated to an increase in the dividend.

#### 2.2.7.4 NOTES TO THE BALANCE SHEET

##### Note 1. Gold and gold receivables

###### GOLD STOCK

	31-12-2013	31-12-2012
In ounces of fine gold . . . . .	7 311 955.9	7 312 757.0
In kg of fine gold . . . . .	227 427.3	227 452.2
At market price (in € million) . . . . .	6 370.3	9 222.7

The reduction in the gold stock is due to the sale of 24.9 kg of gold at market price to the Belgian Royal Mint.

As at 31 December 2013, 9 tonnes of gold remain available for the issuance of coins by the State for numismatic or commemorative purposes.

On the balance sheet date, gold is valued on the basis of the euro price per fine ounce, notified by the ECB and derived from the quotation in USD established at the London fixing on 31 December 2013.

###### GOLD PRICE

(in €)

	31-12-2013	31-12-2012
Ounce of fine gold . . . . .	871.22	1 261.18
Kg of fine gold . . . . .	28 010.37	40 547.84

The Bank lent 24.1 tonnes of its gold assets, on average, against guarantees covering 103.9% of the risk, compared to 46.1 tonnes last year.

## Note 2. Claims on non-euro area residents denominated in foreign currency

### EXCHANGE RATES

(per €)

	31-12-2013	31-12-2012
SDR .....	0.8942	0.8579
USD .....	1.3791	1.3194
JPY .....	144.7200	113.6100
CHF .....	1.2276	1.2072

This item is broken down into two sub-items:

- receivables from the International Monetary Fund (IMF);
- balances held on accounts with banks which do not belong to the euro area as well as loans made to non-residents of the euro area, securities and other foreign currency assets issued by the latter.

### RECEIVABLES FROM THE IMF

### RECEIVABLES FROM THE IMF

(in € million)

	31-12-2013	31-12-2012
Special drawing rights .....	4 626.6	4 946.8
Participation in the IMF .....	1 368.2	1 654.4
Loans to the IMF .....	1 121.3	1 096.8
Loans to the PRGT .....	117.4	134.1
<b>Total .....</b>	<b>7 233.5</b>	<b>7 832.1</b>

### SPECIAL DRAWING RIGHTS (SDR)

SDRs are reserve assets created *ex nihilo* by the IMF and allocated by it to its members to supplement their existing official reserves.

The SDRs allocated to IMF members may be sold in exchange for convertible currency on the basis of swap agreements freely concluded between member countries.

The agreement between the Bank and the IMF, which was revised in October 2009, stipulates that the Bank's SDR holdings must total between 65 and 135% of the net cumulative allocation.

As at 31 December 2013, the holding recorded on the "Special drawing rights" account stood at SDR 4 137.1 million, against SDR 4 243.6 million a year earlier. The net SDR holding, i.e. the difference between the SDR allocation and the SDR holdings, stood at SDR 186.2 million on the balance sheet date.

### PARTICIPATION IN THE IMF

This liquid claim of Belgium on the IMF is also called the reserve tranche position. It is equal to the difference between Belgium's quota in the IMF, namely SDR 4 605.2 million, and the Fund's holdings of euro with the Bank. The quota determines Belgium's voting rights in the IMF.

Belgium's participation in the IMF may be called upon at any time in order to obtain convertible currencies for financing a balance of payments deficit. Changes in the participation may also result from a contribution by Belgium to the granting of credit by the IMF in favour of member countries faced with the same type of deficit, or from the repayment of such loans by those countries, as well as from euro transactions carried out by the Fund on its own behalf. The rate of interest on such loans is adjusted weekly. On the balance sheet date, the reserve tranche position amounted to SDR 1 223.4 million against SDR 1 419.2 million a year earlier. This decrease is due to net repayments by Fund member countries.

### LOANS TO THE IMF

These receivables represent the counter-value of the loans granted to the IMF by the Bank in its own name and the claims of the Belgian State on the IMF in the event of implementation of loan agreements intended to increase the IMF's resources, namely the General Arrangements to Borrow and the New Arrangements to Borrow. As at 31 December 2013, the Bank's claims in respect of new loan agreements came to SDR 1 002.7 million against SDR 940.9 million a year earlier.

### LOANS TO THE PRGT

The amount shown under this item is the equivalent of the funds which the Bank has lent to the Poverty Reduction and Growth Trust (PRGT), managed by the IMF. This credit facility is intended to support the efforts of low-income developing countries that commit themselves to

macroeconomic and structural adjustment programmes. The funds lent to this Trust are used by the IMF to finance the principal of the loans granted to developing countries under this facility.

Pursuant to the 1999 lending agreement and a new agreement dated 12 November 2012, the PRGT has a credit line with the Bank totalling SDR 700 million. On 31 December 2013, the Bank's claims under this heading amounted to SDR 105.0 million, against SDR 115.1 million a year earlier, as the repayments made during the year more than offset new credit line drawings.

#### BALANCES WITH BANKS AND SECURITY INVESTMENTS, EXTERNAL LOANS AND OTHER EXTERNAL ASSETS

##### BREAKDOWN BY TYPE OF INVESTMENT

(in € million)

	31-12-2013	31-12-2012
Sight deposits .....	38.3	79.9
Time deposits .....	103.0	60.7
Reverse repurchase agreements ...	109.6	240.4
Securities .....	5 624.6	5 808.5
<b>Total</b> .....	<b>5 875.5</b>	<b>6 189.5</b>

##### BREAKDOWN BY CURRENCY

(in € million)

	31-12-2013	31-12-2012
USD .....	4 971.1	5 205.9
JPY .....	898.8	977.6
GBP .....	3.7	3.7
CHF .....	0.9	1.5
Other .....	1.0	0.8
<b>Total</b> .....	<b>5 875.5</b>	<b>6 189.5</b>

##### BREAKDOWN OF FIXED-INCOME SECURITIES BY THEIR RESIDUAL TERM

(in € million)

	31-12-2013	31-12-2012
≤ 1 year .....	2 147.2	2 222.1
> 1 year and ≤ 5 years .....	2 633.7	2 660.5
> 5 years .....	843.7	925.9
<b>Total</b> .....	<b>5 624.6</b>	<b>5 808.5</b>

##### VALUE OF FIXED-INCOME FOREIGN CURRENCY SECURITIES BY ISSUER COUNTRY

(in € million)

	Book value = Market value
United States .....	4 043.3
Japan .....	916.3
International organisations .....	28.2
United Kingdom .....	27.3
Switzerland .....	515.6
Other .....	93.9
<b>Total</b> .....	<b>5 624.6</b>

On the balance sheet date, the unrealised gains and losses on the value of the securities at market prices came to € 62.4 million and € 23.8 million respectively.

### Note 3. Claims on euro area residents denominated in foreign currency

##### BREAKDOWN BY TYPE OF INVESTMENT (USD)

(in € million)

	31-12-2013	31-12-2012
Time deposits .....	122.5	94.8
Reverse repurchase agreements ...	–	–
Securities .....	146.7	147.3
<b>Total</b> .....	<b>269.2</b>	<b>242.1</b>

#### BREAKDOWN OF FIXED-INCOME FOREIGN CURRENCY SECURITIES ACCORDING TO THEIR RESIDUAL TERM

(in € million)

	31-12-2013	31-12-2012
≤ 1 year .....	61.2	39.3
> 1 year and ≤ 5 years .....	85.5	108.0
> 5 years .....	–	–
<b>Total .....</b>	<b>146.7</b>	<b>147.3</b>

#### VALUE OF FIXED-INCOME FOREIGN SECURITIES BY ISSUER COUNTRY

(in € million)

	Book value = Market value
Belgium .....	29.7
Germany .....	24.5
France .....	76.5
The Netherlands .....	11.8
Other .....	4.2
<b>Total .....</b>	<b>146.7</b>

On the balance sheet date, the unrealised gains and losses on the value of the securities at market prices came to € 1.8 million and € 0.2 million respectively.

#### Note 4. Claims on non-euro area residents denominated in euro

##### BREAKDOWN BY TYPE OF INVESTMENT

(in € million)

	31-12-2013	31-12-2012
Sight deposits .....	32.6	34.4
Securities .....	522.0	628.3
<b>Total .....</b>	<b>554.6</b>	<b>662.7</b>

#### BREAKDOWN OF FIXED-INCOME SECURITIES, OTHER THAN THOSE HELD TO MATURITY, ACCORDING TO THEIR RESIDUAL TERM

(in € million)

	31-12-2013	31-12-2012
≤ 1 year .....	91.8	64.2
> 1 year and ≤ 5 years .....	180.5	262.0
> 5 years .....	53.3	59.0
<b>Total .....</b>	<b>325.6</b>	<b>385.2</b>

#### VALUE OF FIXED-INCOME SECURITIES OTHER THAN THOSE HELD TO MATURITY, BY ISSUER COUNTRY

(in € million)

	Book value = Market value
International organisations .....	261.6
Other .....	64.0
<b>Total .....</b>	<b>325.6</b>

On the balance sheet date, the unrealised gains and losses on the value of the securities at market prices came to € 8.7 million and € 0.6 million respectively.

#### BREAKDOWN OF SECURITIES HELD TO MATURITY, ACCORDING TO THEIR RESIDUAL TERM

(in € million)

	31-12-2013	31-12-2012
≤ 1 year .....	–	46.6
> 1 year and ≤ 5 years .....	103.6	103.1
> 5 years .....	92.8	93.4
<b>Total .....</b>	<b>196.4</b>	<b>243.1</b>

#### VALUE OF SECURITIES HELD TO MATURITY, BY ISSUER COUNTRY (THE MARKET VALUE IS GIVEN FOR INFORMATION)

(in € million)

	Book value	Market value
International organisations .....	196.4	216.2

**Note 5. Lending to euro area credit institutions related to monetary policy operations denominated in euro**

This item comes to € 752 billion for the Eurosystem as a whole, of which € 16 billion is for the National Bank of Belgium. In accordance with Article 32.4 of the ESCB/ECB Statute, the whole of any loss resulting from operations under this heading, once realised, is shared between the Eurosystem NCBs in proportion to their shares in the ECB's capital key.

**MAIN REFINANCING OPERATIONS**

Reverse transactions intended to grant liquidity to credit institutions for a one-week term via weekly tenders.

On the balance sheet date, the liquidity provided via the weekly main refinancing operations came to € 168.7 billion for the euro area as a whole, of which € 1.7 billion was attributed to credit institutions in Belgium, against € 89.7 billion and € 90 million respectively at the end of 2012.

**LONGER-TERM REFINANCING OPERATIONS**

Reverse transactions intended to provide liquidity to credit institutions by way of monthly tenders with a longer term than the main refinancing operations.

At Eurosystem level, these operations declined from € 1 035.8 billion in 2012 to € 583.3 billion in 2013 as a result of early repayments on three-year operations in a context of waning tensions in the euro area.

At the end of 2013, the longer-term refinancing operations for Belgian banks amounted to € 14.3 billion, compared to € 39.9 billion at the end of 2012, indicating a reduction in the Belgian banks' need to obtain longer-term financing from the Bank.

**Note 6. Other claims on euro area credit institutions denominated in euro**

Claims on credit institutions which do not relate to monetary policy operations.

**BREAKDOWN BY TYPE OF INVESTMENT**

(in € million)

	31-12-2013	31-12-2012
Current accounts .....	2.2	1.1
Reverse repurchase agreements ...	–	1 437.9
<b>Total</b> .....	<b>2.2</b>	<b>1 439.0</b>

The reverse repurchase agreement operations are connected with the Bank's policy of investing in foreign currencies (see notes 15 and 16).

**Note 7. Securities of euro area residents denominated in euro**

**SECURITIES HELD FOR MONETARY POLICY PURPOSES**

**CBPP1 – FIRST COVERED BONDS PURCHASE PROGRAMME**

Following the Governing Council's decisions (7 May and 4 June 2009) to purchase covered bonds in euro issued by euro area credit institutions for a planned nominal total of € 60 billion at the level of the Eurosystem, the Bank held covered bonds amounting to € 1.1 billion on 31 December 2013. This purchase programme expired on 30 June 2010.

**BREAKDOWN OF FIRST PROGRAMME COVERED BONDS HELD TO MATURITY, ACCORDING TO THEIR RESIDUAL TERM**

(in € million)

	31-12-2013	31-12-2012
≤ 1 year .....	375.3	460.1
> 1 year and ≤ 5 years .....	705.9	1 049.7
> 5 years .....	30.6	65.6
<b>Total</b> .....	<b>1 111.8</b>	<b>1 575.4</b>

**CBPP2 – SECOND COVERED BONDS PURCHASE PROGRAMME**

Following the ECB Governing Council's decision of 6 October 2011, a second programme was launched for the purchase of euro-denominated covered bonds issued in the euro area. These purchases for a planned nominal amount of € 40 billion across the euro area as a whole were to be made by the end of October 2012 at the

latest. On that date, the second programme ended at a nominal total of € 16.4 billion. On 31 December 2013, the Bank held covered bonds amounting to € 367.6 million under this programme.

#### BREAKDOWN OF SECOND PROGRAMME COVERED BONDS HELD TO MATURITY, ACCORDING TO THEIR RESIDUAL TERM

(in € million)

	31-12-2013	31-12-2012
≤ 1 year .....	57.3	52.5
> 1 year and ≤ 5 years .....	293.3	332.5
> 5 years .....	17.0	38.1
<b>Total .....</b>	<b>367.6</b>	<b>423.1</b>

#### SMP – SECURITIES MARKETS PROGRAMME

On 9 May 2010, the Governing Council decided to purchase both private and government bonds under the Securities Markets Programme. This programme ended on 6 September 2012. As at 31 December 2013, the total amount of bonds held by the Eurosystem as a whole comes to € 179 billion. The NCBs held SMP securities totalling € 166 billion, of which € 6.1 billion were held by the Bank. In accordance with Article 32.4 of the ESCB/ECB Statutes, the whole of any losses incurred by the NCBs on SMP securities, once realised, is shared between the Eurosystem NCBs in proportion to their shares in the ECB's capital key.

#### BREAKDOWN OF SECURITIES MARKETS PROGRAMME BONDS HELD TO MATURITY, ACCORDING TO THEIR RESIDUAL TERM

(in € million)

	31-12-2013	31-12-2012
≤ 1 year .....	1 338.8	852.0
> 1 year and ≤ 5 years .....	2 354.8	3 176.0
> 5 years .....	2 429.7	2 929.0
<b>Total .....</b>	<b>6 123.3</b>	<b>6 957.0</b>

#### OTHER SECURITIES

Portfolio of euro securities held for investment purposes and consisting mainly of negotiable government bonds denominated in euro issued by Member States of the

European Union, bonds issued by certain credit institutions in euro area countries and backed by first-rate claims (*Pfandbriefe* type), and bonds issued by national public organisations.

#### BREAKDOWN OF FIXED-INCOME SECURITIES, OTHER THAN THOSE HELD TO MATURITY, ACCORDING TO THEIR RESIDUAL TERM

(in € million)

	31-12-2013	31-12-2012
≤ 1 year .....	1 516.9	1 463.6
> 1 year and ≤ 5 years .....	2 821.4	2 917.7
> 5 years .....	916.3	766.1
<b>Total .....</b>	<b>5 254.6</b>	<b>5 147.4</b>

#### VALUE OF FIXED-INCOME SECURITIES, OTHER THAN THOSE HELD TO MATURITY, BY ISSUER COUNTRY

(in € million)

	Book value = Market value
Belgium .....	1 344.3
Germany .....	1 418.6
Spain .....	167.0
France .....	1 404.5
Austria .....	100.8
Italy .....	151.5
The Netherlands .....	278.8
Portugal .....	21.5
Greece .....	15.8
Other .....	351.8
<b>Total .....</b>	<b>5 254.6</b>

On the balance sheet date, the unrealised gains and losses on securities at market prices came to € 131.7 million and € 5.3 million respectively.

#### BREAKDOWN OF SECURITIES HELD TO MATURITY, ACCORDING TO THEIR RESIDUAL TERM

(in € million)

	31-12-2013	31-12-2012
≤ 1 year	987.4	932.6
> 1 year and ≤ 5 years	3 908.0	3 890.3
> 5 years	3 616.4	4 036.4
<b>Total</b>	<b>8 511.8</b>	<b>8 859.3</b>

#### VALUE OF SECURITIES HELD TO MATURITY, BY ISSUER COUNTRY (THE MARKET VALUE IS GIVEN FOR INFORMATION)

(in € million)

	Book value	Market value
Belgium	3 601.8	3 966.9
Germany	653.8	704.1
Spain	1 505.0	1 577.9
France	474.8	501.3
Austria	589.0	651.0
Ireland	526.2	578.0
Italy	304.0	320.9
The Netherlands	170.1	177.2
Portugal	303.3	303.2
Greece	297.8	261.5
Other	86.0	88.2
<b>Total</b>	<b>8 511.8</b>	<b>9 130.2</b>

#### Note 8. Intra-Eurosystem claims

##### PARTICIPATING INTEREST IN ECB CAPITAL

Since 1 July 2013, the subscribed capital of the ECB has amounted to € 10 825 million. The Bank's share in that capital, which is fully paid, comes to 2.4176%, or € 261.7 million. Following changes to the assigned shares of the ECB's capital, there was a redistribution between the NCBs' shares in the accumulated reserves of the ECB, which raised the Bank's share to € 264.0 million.

##### CLAIMS EQUIVALENT TO THE TRANSFER OF FOREIGN CURRENCY RESERVES

Euro-denominated claim amounting to € 1 401.0 million on the ECB arising from the transfer of foreign reserves.

That claim is remunerated at the interest rate for the Eurosystem's main refinancing operations, adjusted to reflect a zero return on the gold component.

The reserves transferred at the beginning of 1999 are managed by the Bank on behalf of the ECB. They are recorded off-balance-sheet.

##### NET CLAIMS RELATED TO THE ALLOCATION OF EURO BANKNOTES WITHIN THE EUROSISTEM

Net claims on the Eurosystem relating to the allocation of euro banknotes in the Eurosystem (see accounting principles and valuation rules relating to the item "Banknotes in circulation"). This interest-bearing Eurosystem item corresponds to the difference between the amount of the banknotes in circulation allocated to the Bank and the amount of the banknotes which it has placed in circulation.

##### NET CLAIMS RELATED TO THE ALLOCATION OF EURO BANKNOTES WITHIN THE EUROSISTEM

(in € million)

	31-12-2013	31-12-2012
Banknotes in circulation	30 574.0	29 107.1
Banknotes put into circulation by the Bank	-17 995.0	-15 421.4
<b>Total</b>	<b>12 579.0</b>	<b>13 685.7</b>

The increase in the amount of banknotes issued by the Bank exceeded that in the Eurosystem, so that the claim on the Eurosystem has diminished.

#### Note 9. Other assets

##### COINS OF EURO AREA

The Bank's holding of euro coins. The coins are put into circulation by the Bank on behalf of the Treasury, and credited to the latter's account. In accordance with the ECB Decision of 29 November 2012 on the approval of the volume of coin issuance (ECB/2012/26), the maximum amount of the euro coins to issue in 2013 was € 149 million for Belgium. Since the net amount issued in 2012 was € 1 447.3 million, the total authorised amount for 2013 was € 1 596.3 million.

## TANGIBLE AND INTANGIBLE FIXED ASSETS

In 2013, the Bank's investment in tangible and intangible fixed assets totalled € 8.2 million. Apart from that, an amount corresponding to the acquisition price of assets disposed of or taken out of use, namely € 9.6 million, was deducted from the "Tangible and intangible fixed assets" account; that figure included € 1.8 million for the Sports Club at Berchem-Sainte-Agathe (see note 29).

## OTHER FINANCIAL ASSETS

In accordance with Article 19 (4) of the Organic Law, the Board of Directors decides on the statutory investments after consulting the Council of Regency. The statutory investments consist primarily of negotiable government bonds, bonds issued by certain credit institutions in euro area countries and backed by first-rate claims (*Pfandbriefe* type), and shares in the BIS.

### BREAKDOWN BY TYPE OF INVESTMENT

(in € million)

	31-12-2013	31-12-2012
Fixed-income securities .....	4 295.0	3 966.8
Participating interests .....	332.0	332.0
<b>Total .....</b>	<b>4 627.0</b>	<b>4 298.8</b>

### BREAKDOWN OF FIXED-INCOME SECURITIES ACCORDING TO THEIR RESIDUAL TERM

(in € million)

	31-12-2013	31-12-2012
≤ 1 year .....	390.6	418.9
> 1 year and ≤ 5 years .....	1 216.4	1 115.9
> 5 years .....	2 688.0	2 432.0
<b>Total .....</b>	<b>4 295.0</b>	<b>3 966.8</b>

### VALUE OF FIXED-INCOME SECURITIES BY ISSUER COUNTRY (THE MARKET VALUE IS GIVEN FOR INFORMATION)

(in € million)

	Book value	Market value
Belgium .....	1 953.3	2 084.7
Germany .....	375.9	408.5
Spain .....	255.9	265.9
France .....	506.0	542.9
Austria .....	219.5	247.3
Ireland .....	125.3	138.1
Italy .....	91.6	97.4
International organisations .....	324.2	346.3
The Netherlands .....	103.2	111.9
Portugal .....	111.2	103.2
Greece .....	71.3	57.6
Other .....	157.6	161.6
<b>Total .....</b>	<b>4 295.0</b>	<b>4 565.4</b>

### YIELD ON FIXED-INCOME SECURITIES ACCORDING TO THEIR RESIDUAL TERM

(in %)

	31-12-2013	31-12-2012
≤ 1 year .....	2.5	2.9
> 1 year and ≤ 5 years .....	3.4	3.4
> 5 years .....	3.9	4.1

### BREAKDOWN OF PARTICIPATING INTERESTS

	31-12-2013		31-12-2012	
	Number of shares	In € million	Number of shares	In € million
BIS .....	50 100	329.8	50 100	329.8
SBI .....	801	2.0	801	2.0
SWIFT .....	107	0.2	107	0.2
<b>Total .....</b>		<b>332.0</b>		<b>332.0</b>

#### OFF-BALANCE-SHEET INSTRUMENTS REVALUATION DIFFERENCES

Net positive revaluation differences on forward foreign exchange and interest rate transactions and on spot foreign exchange transactions between the transaction date and the settlement date.

#### ACCRUALS AND PREPAID EXPENDITURE

These are subdivided into:

- Expenses carried forward (€ 4.0 million);
- Income acquired (€ 699.9 million), essentially interest accrued but not received on securities and other assets.

#### SUNDRY

Principally:

- Interest receivable on the claim resulting from the transfer of foreign reserves to the ECB and on the net claim relating to the allocation of euro banknotes in the Eurosystem (€ 18.5 million);
- Trade receivables (€ 4.8 million);
- Printing Works stocks (€ 0.8 million).

#### Note 10. Banknotes in circulation

The share in the circulation of euro banknotes in the Eurosystem, allocated to the Bank (see note 8).

#### Note 11 Liabilities to euro area credit institutions related to monetary policy operations denominated in euro

##### CURRENT ACCOUNTS (COVERING THE MINIMUM RESERVE SYSTEM)

Euro-denominated accounts of credit institutions, which mainly serve to meet their minimum reserve requirements. These requirements have to be respected on average over the reserve maintenance period in accordance with the schedule published by the ECB. The minimum reserves are remunerated at the interest rate on the main refinancing operations. Excess reserves are not remunerated.

The amounts placed in current accounts by euro area credit institutions (including excess reserves) declined from € 447 billion in 2012 to € 283 billion on the balance sheet date. This reduction is due essentially to early repayment of longer-term refinancing operations.

In contrast, the amounts placed on accounts in Belgium increased from € 6.5 billion in the previous year to € 10.6 billion last year, owing to a substitution effect with the deposit facility.

#### DEPOSIT FACILITY

Standing facility allowing credit institutions to make 24-hour deposits with the Bank at a pre-specified interest rate.

Since the deposit facility is remunerated at 0 %, credit institutions in Belgium prefer to maintain their excess liquidity in current accounts. Moreover, the steady reduction in excess liquidity on the money market following the early repayment of 3-year longer-term refinancing operations caused credit institutions in Belgium to reduce their deposits from € 11.3 billion to € 852 million. At the level of the Eurosystem, use of the deposit facility declined from € 280.2 billion to € 85.7 billion as a result of the fall in the outstanding total of longer-term refinancing operations.

#### FIXED-TERM DEPOSITS

Deposits formed with the Bank for the purpose of absorbing market liquidity in the framework of the Eurosystem's fine-tuning operations.

In 2013, the ECB continued to collect fixed-term deposits to neutralise the injection of liquidity resulting from the purchase of securities under the Securities Markets Programme (SMP).

On the balance sheet date, liquidity amounting to € 104.8 billion had been absorbed from the market, of which € 2.3 billion came from credit institutions in Belgium. At the turn of the year, banks were encouraged to keep maximum liquidity on the balance sheet instead of placing it with the central bank. At the end of 2012, the corresponding amounts came to € 197.6 billion of which € 1.8 billion from credit institutions in Belgium.

#### Note 12. Other liabilities to euro area credit institutions denominated in euro

Liabilities to credit institutions unconnected with monetary policy operations. This concerns "repurchase agreement" operations relating to the management of the securities portfolio.

### Note 13. Liabilities to other euro area residents denominated in euro

#### GENERAL GOVERNMENT

Balances of the current accounts opened in the name of the State and of general government. On the balance sheet date, the Treasury's current account balance stood at € 74.6 million.

#### OTHER LIABILITIES

Current account balances held mainly by financial intermediaries which do not have access to standing facilities.

### Note 14. Liabilities to non-euro area residents denominated in euro

Current accounts held by central banks, other banks, international and supranational institutions and other account holders situated outside the euro area.

### Note 15. Liabilities to euro area residents denominated in foreign currency

(in € million)

	31-12-2013	31-12-2012
Repurchase agreements in USD . . .	–	297.9

These repurchase agreements in USD are the counterpart of the reverse repurchase agreements in euro (see note 6).

### Note 16. Liabilities to non-euro area residents denominated in foreign currency

(in € million)

	31-12-2013	31-12-2012
Repurchase agreements in USD . . .	–	1 106.9

These repurchase agreements in USD are the counterpart of the reverse repurchase agreements in euro (see note 6).

### Note 17. Counterpart of special drawing rights allocated by the IMF

Countervalue of SDRs, converted to euro at the same rate as applies to the SDR assets, which must be returned to the IMF if SDRs are cancelled, if the SDR Department established by the IMF is closed, or if Belgium decides to withdraw from it. This liability, of unlimited duration, amounts to SDR 4 323.3 million.

### Note 18. Intra-Eurosystem liabilities

#### OTHER LIABILITIES WITHIN THE EUROSISTEM (NET)

The Bank's net liabilities resulting from all the intra-Eurosystem liabilities and claims, excluding those recorded under the balance sheet item "Net claims related to the allocation of euro banknotes within the Eurosystem" (see note 8).

The intra-Eurosystem balances result from cross-border payments in euro within the EU, settled in central bank money. Most of these transactions are carried out by private entities (credit institutions, firms or individuals). They are settled via the TARGET2 system and lead to bilateral balances on the TARGET2 accounts of EU central banks. These bilateral balances are offset before being allocated daily to the ECB; each NCB thus has only one net bilateral position in relation to the ECB alone. The net position of the National Bank of Belgium in TARGET2 in relation to the ECB and the other euro-denominated intra-Eurosystem balances (such as advance dividends paid to the NCBs) are shown on the Bank's balance sheet in the form of a net position under the assets or the liabilities, and appear in the item "Other claims within the Eurosystem (net)" or "Other liabilities within the Eurosystem (net)". The intra-ESCB balances of the NCBs outside the euro area in relation to the ECB, resulting from their participation in TARGET2, appear in the item "Liabilities to non-euro area residents denominated in euro". The intra-Eurosystem balances resulting from the allocation of euro banknotes within the Eurosystem are shown in the form of a single net asset under the item "Net claims related to the allocation of euro banknotes within the Eurosystem". The intra-Eurosystem balances resulting from the transfer of reserve assets to the ECB by the NCBs joining the Eurosystem are denominated in euro and recorded under the item "Claims equivalent to the transfer of foreign currency reserves" (see note 8).

These net liabilities vis-à-vis the Eurosystem can be broken down as follows:

1. the Bank's liabilities vis-à-vis the ECB resulting from transfers effected via TARGET2 (€ 15 495.0 million);
2. the intra-Eurosystem liability of € 6.9 million, resulting from the mechanism for the pooling and distribution of monetary income within the Eurosystem (see note 28);
3. the intra-Eurosystem claim of € 47.6 million relating to the allocation of the ECB's income (see note 27).

## Note 19. Other liabilities

### ACCRUALS AND INCOME COLLECTED IN ADVANCE

They are subdivided into:

- costs (€ 10.2 million) attributable mainly to interest accrued but not yet paid on liabilities.
- income carried forward (€ 0.8 million).

### SUNDRY

In particular:

- unavailable reserve of capital gains on gold (€ 298.9 million);
- taxes, wages and social contributions due (€ 177.8 million);
- interest payable by the Bank on its net debt to the ECB in connection with TARGET2 (€ 2.3 million);
- proceeds accruing to the State (€ 29.1 million);
- trade debts (€ 5.2 million).

## Note 20. Provisions

In accordance with the Governing Council decision pursuant to Article 32.4 of the ESCB/ECB Statutes, the provision formed in 2008 for counterparty risks resulting from monetary policy operations is allocated to the NCBs of the participating Member States in proportion to their paid-up share in the capital of the ECB as at the time of the default. That provision, which has been revalued each year, stood at € 310 million on 31 December 2012.

In accordance with the accounting principle of prudence, the Governing Council re-examined the appropriateness of the current provision and decided to clear the balance at the end of 2013.

Changes in the provision are shown in the profit and loss account (see note 28). In the Bank's case, the corresponding proceeds come to € 11.0 million in 2013.

## Note 21. Revaluation accounts

Positive exchange rate and price revaluation differences corresponding to the difference between, on the one hand, the market value of the net foreign reserve and security positions (other than the statutory portfolio and the portfolio of held-to-maturity securities) and, on the other hand, their average cost value.

(in € million)

	31-12-2013	31-12-2012
Positive exchange revaluation differences on:		
– gold .....	6 053.3	8 905.7
– foreign currencies .....	51.6	129.0
Positive price revaluation differences on:		
– securities in foreign currencies other than held to maturity (items 2 and 3 of the assets) ...	64.3	146.8
– securities in euro other than held to maturity (items 4 and 7 of the assets) ...	140.4	251.5
<b>Total</b> .....	<b>6 309.6</b>	<b>9 433.0</b>

## Note 22. Capital, reserve fund and available reserve

### CAPITAL

The Bank has not received any declarations pursuant to Article 6 § 1 of the Law of 2 May 2007 on the disclosure of large shareholdings in listed companies, notifying shareholdings equal to 5% or more of the voting rights, other than those held by the State.

### REPRESENTATION OF THE CAPITAL

(number of shares)

	31-12-2013	31-12-2012
Registered shares .....	206 585	206 421
Dematerialised shares .....	192 841	192 115
Bearer shares .....	574	1 464
<b>Total</b> .....	<b>400 000</b>	<b>400 000</b>

## RESERVE FUND

The amortisation accounts in respect of tangible and intangible fixed assets increased by € 2.1 million in 2013, as the amount written off on investments exceeded the amount of assets sold or taken out of service.

The tax-exempt part of the extraordinary reserve comes to € 15.7 million.

## AVAILABLE RESERVE

An amount of € 334.3 million relating to the profit distribution for the previous year was allocated to the available reserve.

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### CAPITAL, RESERVE FUND, AVAILABLE RESERVE AND CORRESPONDING PROFIT DISTRIBUTION

(in € million)

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	31-12-2013	31-12-2012
Capital .....	10.0	10.0
Reserve fund .....	2 663.7	2 661.6
Available reserve .....	1 974.4	1 640.1
Profit distribution .....	236.7	334.3
<b>Total .....</b>	<b>4 884.8</b>	<b>4 646.0</b>

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On expiry of the Bank's right of issue, the State has a priority right to one-fifth of the reserve fund. That rule does not apply to the available reserve.

## Note 24. Net interest income

## INTEREST INCOME

## INTEREST INCOME OF ASSETS IN EURO

	31-12-2013			31-12-2012		
	Income	Average volume	Average rate	Income	Average volume	Average rate
	(in € million)		(in %)	(in € million)		(in %)
Credit transactions relating to monetary policy . . .	107.8	18 057.0	0.6	349.5	38 925.2	0.9
Securities portfolio in euro (including securities held to maturity) . . . . .	913.6	22 414.7	4.1	1 033.3	23 936.6	4.3
Claims on the ECB equivalent to the transfer of foreign currency reserves . . . . .	6.7	1 399.2	0.5	10.6	1 397.3	0.8
Net claims related to the allocation of euro banknotes within the Eurosystem . . . . .	73.2	12 969.2	0.6	137.8	15 277.6	0.9
Statutory investments (fixed-income securities and reverse repurchase agreements) . . . . .	139.4	4 213.9	3.3	143.7	3 911.3	3.7
Other claims . . . . .	4.6	806.3	0.6	171.9	2 488.2	0.4
<b>Total</b> . . . . .	<b>1 245.3</b>	<b>59 860.3</b>	<b>2.1</b>	<b>1 846.8</b>	<b>85 936.2</b>	<b>2.0</b>

## INTEREST INCOME OF EXTERNAL ASSETS

	31-12-2013			31-12-2012		
	Income	Average volume	Average rate	Income	Average volume	Average rate
	(in € million)		(in %)	(in € million)		(in %)
Claims related to international cooperation transactions . . . . .	44.2	7 539.6	0.6	24.8	7 832.0	0.3
Investments in foreign currencies and in gold . . .	59.7	5 994.6	1.0	88.6	9 351.8	0.9
<b>Total</b> . . . . .	<b>103.9</b>	<b>13 534.2</b>	<b>0.8</b>	<b>113.4</b>	<b>17 183.8</b>	<b>0.7</b>

## INTEREST EXPENSE

### INTEREST EXPENSE ON LIABILITIES IN EURO

	31-12-2013			31-12-2012		
	Expenses	Average volume	Average rate	Expenses	Average volume	Average rate
	(in € million)		(in %)	(in € million)		(in %)
Monetary reserve accounts, deposit facility and other interest-bearing deposits .....	34.2	20 156.5	0.2	74.1	23 365.9	0.3
Net liabilities to the ECB related to TARGET2 .....	86.8	14 402.5	0.6	331.2	40 673.7	0.8
<b>Total</b> .....	<b>121.0</b>	<b>34 559.0</b>	<b>0.4</b>	<b>405.3</b>	<b>64 039.6</b>	<b>0.6</b>

### INTEREST EXPENSE ON EXTERNAL LIABILITIES

	31-12-2013			31-12-2012		
	Expenses	Average volume	Average rate	Expenses	Average volume	Average rate
	(in € million)		(in %)	(in € million)		(in %)
Repurchase agreement transactions in foreign currencies .....	1.4	698.4	0.2	5.0	2 029.2	0.2
SDR liabilities .....	4.0	4 969.8	0.1	5.4	5 069.9	0.1
<b>Total</b> .....	<b>5.4</b>	<b>5 668.2</b>	<b>0.1</b>	<b>10.4</b>	<b>7 099.1</b>	<b>0.1</b>

### PROCEEDS ACCRUING ENTIRELY TO THE STATE

(in € million)

	31-12-2013	31-12-2012
Income resulting from the capital gains on gold recorded in a special unavailable reserve account .....	11.9	16.6
Annual sum paid to the State in compensation for the additional expenses due to the conversion of its consolidated debt to the Bank into freely negotiable securities <sup>(1)</sup> .....	24.4	24.4
<b>Total</b> .....	<b>36.3</b>	<b>41.0</b>

(1) The extra cost for the State of this conversion, which took place in 1991, amounts to the difference between the 3% which accrued to the Bank in accordance with the allocation rule prevailing at that time, and the 0.1% fixed allocation due from the State at that time on its consolidated debt to the Bank. That difference applied to the amount of that debt, namely 34 billion francs, gives a figure of 986 million francs, i.e. € 24.4 million.

## Note 25. Net result of financial operations, write-downs and provisions

### REALISED GAINS/LOSSES ARISING FROM FINANCIAL OPERATIONS

(in € million)

	31-12-2013	31-12-2012
Capital gains/losses (-)		
on statutory investments	19.9	8.1
on investments		
in USD	1.9	20.2
in EUR	34.9	20.5
Foreign exchange gains/losses (-)		
on USD	6.1	11.1
on other currencies	-	0.2
on SDR	-6.5	-6.6
on gold	0.8	-
Foreign exchange gains (-)/losses (+) accruing to the State (SDR and gold)	5.7	6.6
<b>Total</b>	<b>62.8</b>	<b>60.1</b>

### WRITE-DOWNS ON FINANCIAL ASSETS AND POSITIONS

(in € million)

	31-12-2013	31-12-2012
Capital losses on investments		
in USD	-24.0	-0.6
in EUR	-5.9	-
Foreign exchange losses		
on USD	-	-
on other currencies	-	-
on SDR	-0.7	-0.2
Foreign exchange losses charged to the State (SDR)	0.7	0.2
<b>Total</b>	<b>-29.9</b>	<b>-0.6</b>

The increase in interest rates in the United States led to a reduction in the realised capital gains and an increase in the unrealised capital losses.

Conversely, the substantial reduction in spreads on the debt of many euro area countries led to the realisation of larger capital gains than in 2012.

SDR operations generated exchange losses, realised or not, of € 7.2 million and the sale of gold to the Belgian Royal Mint produced a capital gain of € 0.8 million. A total of € 6.4 million was charged to the State.

## Note 26. Net income/expense from fees and commissions

### FEES AND COMMISSIONS INCOME

Commissions received as remuneration for the Bank's services as financial intermediary: € 9.3 million of which € 8.1 million related to collateral for monetary policy operations, and € 1.2 million to transactions with customers. Collateral mobilised by the Bank within the framework of the Correspondent Central Banking Model (CCBM) fluctuated throughout 2013, maintaining on average the downward trend which had begun in 2012. These transactions generate the major part of this income.

### FEES AND COMMISSIONS EXPENSE

Commissions paid by the Bank for financial services rendered to the Bank by third parties (€ 5.8 million), including € 4.5 million relating to collateral for monetary policy operations.

The slight fall in this item is due to a decline in assets deposited.

## Note 27. Income from equity shares and participating interests

(in € million)

	31-12-2013	31-12-2012
Dividend on participation in the ECB	14.7	2.6
Income distributed by the ECB	47.6	19.9
Dividends on participations in the statutory investment portfolio	18.2	18.5
<b>Total</b>	<b>80.5</b>	<b>41.0</b>

In 2013, the Bank received a dividend of € 14.7 million on its share in the capital of the ECB in respect of the year 2012, against € 2.6 million a year earlier due to the increase in the ECB's profits in 2012.

In contrast to 2012, the ECB distributed all the income from its allotted share in the issue of euro banknotes and the income generated by the securities which it holds in its Securities Markets Programme (SMP) portfolio, in accordance with the Governing Council decision of 9 January 2014. The share accruing to the Bank comes to € 47.6 million.

For the 2012-2013 financial year, the BIS paid a dividend of SDR 315 per share, or € 18.2 million, compared to € 18.5 million (SDR 305 per share) last year.

## Note 28. Net result of pooling of monetary income

(in € million)

	31-12-2013	31-12-2012
Net monetary income allocated . . .	-6.9	81.6
Provision for monetary policy operations . . . . .	11.0	22.7
<b>Total . . . . .</b>	<b>4.1</b>	<b>104.3</b>

## CALCULATION OF NET MONETARY INCOME ALLOCATED TO THE BANK

(in € million)

	31-12-2013	31-12-2012
Monetary income pooled by the Bank in the Eurosystem . . .	-586.1	-732.9
Monetary income allocated to the Bank by the Eurosystem . . .	579.2	814.5
<b>Net monetary income allocated</b>	<b>-6.9</b>	<b>81.6</b>

The sharp fall in income in 2013 is due mainly to the significant reduction in recourse to monetary credit operations and the average volume of the SMP portfolio. That effect was reinforced by the reduction in interest rates on monetary policy operations,

The monetary income is allocated to the euro area NCBs in accordance with the paid-up capital key (3.47566 % for the Bank since 1 July 2013).

The impact on the net monetary income allocated is due to the balance sheet structure of the NCBs. Indeed, neither the SMP portfolio nor the collection of fixed-term deposits or compulsory reserves are allocated among the NCBs according to the capital key.

## Note 29. Other income

(in € million)

	31-12-2013	31-12-2012
Amounts recovered from third parties . . . . .	129.0	135.8
Other . . . . .	4.0	0.7
<b>Total . . . . .</b>	<b>133.0</b>	<b>136.5</b>

The amounts recovered from third parties concern income from the supply of goods and rendering of services in various spheres, such as:

- the Central Balance Sheet Office, the Central Individual Credit Register and the Central Corporate Credit Register (€ 41.7 million);
- prudential supervision (€ 61.9 million);
- work done by the Printing Works (€ 2.9 million);
- payment systems such as TARGET2 and the CEC (€ 3.7 million);
- the securities settlement system (€ 7.5 million);
- the Cash and Bond Centres (€ 3.0 million);
- the internationalisation of IT applications (€ 5.0 million).

In accordance with Article 12bis of the Organic Law, the Bank's operating costs relating to the prudential supervision of financial institutions are borne by the institutions concerned.

The operating costs are calculated annually and imputed to the financial institutions in accordance with the Royal Decree of 17 July 2012 as amended by the Royal Decree of 1 October 2012.

For the year 2013, the costs came to € 35.2 million for banks and brokerage firms, and € 25.5 million for insurance and reinsurance companies.

Other institutions subject to supervision, such as clearing and settlement institutions and mutual guarantee schemes, pay a flat contribution which totalled € 1.2 million for the year 2013.

The item "Other" comprises proceeds from the sale of property, the disposal of used equipment and furniture, and miscellaneous other proceeds.

Sale of the Sports Club at Berchem-Sainte-Agathe produced a capital gain of € 4.1 million.

### Note 30. Staff costs

These costs comprise the remuneration and social costs of the staff, special representatives, the Board of Directors, attendance fees of the members of the Council of Regency and the Board of Censors, and the pensions of former members of the Board of Directors.

### Note 31. Administrative expenses

This item comprises in particular administrative and IT expenses (€ 20.6 million), those relating to the repair and maintenance of premises (€ 12.1 million), printing work (€ 8.6 million), and work done and services rendered by third parties (€ 12.0 million). The withholding tax on income from immovable property, non-deductible VAT and the regional, provincial and municipal taxes are also included here (€ 5.9 million).

### Note 32. Depreciation of tangible and intangible fixed assets

The depreciation covers the following investments:

(in € million)

	31-12-2013	31-12-2012
Renovation of premises . . . . .	3.2	2.7
Hardware and software . . . . .	3.5	3.3
Equipment for the Printing Works . .	1.1	1.1
Other equipment and furniture . . .	2.9	2.3
<b>Total</b> . . . . .	<b>10.7</b>	<b>9.4</b>

### Note 34. Other expenses

This item records the untaxed amount included in the extraordinary reserve (see note 22) of the capital gain on the sale of premises (see note 29) in accordance with Articles 44 (1) 2° and 190 of the Income Tax Code 1992.

### Note 35. Corporate tax

#### TAX DUE

(in € million)

	31-12-2013	31-12-2012
Tax on the profit for the year . . . .	115.0	155.9
Tax on the profit for previous years	–	–0.3
<b>Total</b> . . . . . (1)	<b>115.0</b>	<b>155.6</b>

#### MAIN DIFFERENCES

(in € million)

	31-12-2013	31-12-2012
<b>Profit before tax</b> . . . . .	<b>1 061.9</b>	<b>1 492.8</b>
Tax-free profit accruing to the State . . . . .	–643.9	–941.3
<b>Taxable profit</b> . . . . . (2)	<b>418.0</b>	<b>551.5</b>
Differences		
Social provision . . . . .	13.6	2.5
Risk capital deduction . . . . .	–95.4	–95.5
Surplus depreciation . . . . .	–5.4	–6.8
Other . . . . .	7.5	7.0
<b>Taxable profit</b> . . . . .	<b>338.3</b>	<b>458.7</b>
Average tax rate (in %) . . . . . (1) / (2)	27.5	28.2

2.2.7.6 NOTES ON THE PROFIT DISTRIBUTION FOR THE FINANCIAL YEAR (NOTE 36)

The profits for the year are allocated as follows in accordance with Article 32 of the Organic Law (in € million):

1. a first dividend of 6% of the capital is allocated to the shareholders	0.6
2. from the excess, an amount proposed by the Board of Directors and established by the Council of Regency, totally independently, is allocated to the reserve fund or to the available reserves. In accordance with the reserve and dividend policy of 22/07/2009, the Council of Regency decided to allocate 25% of the profit for distribution to the available reserve, namely	236.7
3. from the second excess, a second dividend established by the Council of Regency is allocated to the shareholders, forming a minimum of 50% of the net proceeds from the assets forming the counterpart to the reserve fund and the available reserves.	
– Gross proceeds from statutory investments and similar	
<hr/>	
	946.9
<b>Profit for the year</b>	<b>946.9</b>

	Income	Average volume	Yield
	(in € million)		(in %)
Bonds .....	159.3	4 213.9	3.8
Participating interests .....	18.2	332.0	5.5
Sale of real estates .....	3.9	–	–
<b>Total .....</b>	<b>181.4</b>	<b>4 545.9</b>	<b>–</b>

- Share of the income generated by the capital in the total proceeds from the statutory investments:  
 $10 \times 181.4 / 4\ 545.9 = 0.4$
- Average tax rate: 27.5%  
(see note 35)
- Calculation of the second dividend:  
 $[(181.4 - 0.4) \times (1 - 0.275) \times 0.5]$  65.6

4. the balance is assigned to the State; it is exempt from corporate tax. 643.9

2.2.7.7 NOTES TO THE OFF-BALANCE-SHEET ITEMS

Note 37. Forward transactions in foreign currencies and in euro

(in € million)

	31-12-2013	31-12-2012
<b>Forward claims</b>		
EUR .....	7 194.8	6 358.2
USD .....	939.5	1 046.0
SDR .....	171.1	182.4
<b>Forward liabilities</b>		
EUR .....	173.6	184.0
USD .....	4 568.6	3 315.9
JPY .....	898.3	977.0
SDR .....	2 545.7	2 947.7

The currency swaps were concluded for the major part against euro. The forward claims and liabilities in foreign currencies were revalued in euro at the same exchange rates as those used for spot holdings in foreign currencies.

Forward transactions in SDR are intended to limit the net position on which the foreign exchange risk is borne by the State.

Note 38. Forward transactions on interest rate and fixed-income securities

At the end of the financial year, the Bank holds a net long position in futures in US and German government securities amounting to € 73.0 million and a net short position in futures on interest rate and securities in dollar of € 193.1 million.

Interest rate swaps in dollar for a nominal amount of € 7.3 million were current at the end of 2013.

These transactions relate to the management of the portfolios.

### Note 39. Liabilities which could lead to a credit risk

Liabilities towards international institutions include the commitment signed by the Bank to lend to the IMF SDR 700 million (€ 782.8 million) via the PRGT.

The bilateral loan of € 4.74 billion expired on 1 April 2013.

To provide the IMF with additional resources, the euro area Member States decided to grant a new bilateral loan amounting to € 150 billion.

That amount is distributed among the euro area countries on the basis of each member's quota. The Belgian share is thus € 9.99 billion in the form of a bilateral loan by the Bank to the IMF.

The available amount (PRGT and bilateral loan) comes to € 10 379.7 million. These loans are guaranteed by the Belgian State.

Liabilities towards other institutions comprise the guarantees which the Bank gives in connection with clearing operations for credit institutions established in Belgium. In return, the Bank itself received guarantees from those same institutions.

At the end of 2013, the outstanding amount came to € 328.1 million.

### Note 40. Valuables and claims entrusted to the institution

The custody deposits comprise the nominal amount of securities (Treasury certificates, linear bonds, securities resulting from the splitting of linear bonds, Treasury bills, certificates of deposit and certain classical loans) recorded in the securities settlement system and held on behalf of third parties.

The decline in the custody deposits is due to the reduction in the collateral received by the Bank, partly offset by the expansion in securities issued by enterprises and recorded in the securities settlement system.

### Note 41. Capital to be paid up on participations

The BIS shares held by the Bank are paid up to the extent of 25%. The amount shown under this item represents the uncalled capital, totalling SDR 187.9 million (€ 210.1 million).

### 2.2.7.8 AUDITOR'S REMUNERATION

The remuneration paid to Ernst & Young Réviseurs d'Entreprises SCCRL/ Ernst & Young Bedrijfsrevisoren BCVBA totalled € 91 044 for the audit assignment. That remuneration comprises a sum of € 52 688 for certification of the annual accounts, a sum of € 8 219 for the limited audit of the interim accounts, and a sum of € 30 137 for certification work on behalf of the ECB auditor.

In addition, the auditor received remuneration charged to the 2013 financial year totalling € 8 567 for other assignments, separate from the audit assignment, carried out for the Bank.

### 2.2.7.9 LEGAL PROCEEDINGS

On 6 June 2013, the Court of Cassation pronounced a judgment confirming that the Bank does have the right to issue banknotes – the right of issue – and that it has not lost that right owing to the advent of Economic and Monetary Union. Since the introduction of the euro, the Bank has shared the right to issue euro banknotes with the European Central Bank and the other central banks of the Eurosystem. This judgment by the Court of Cassation upholds the previous judgments and decisions of the Commercial Court, the Court of Appeal and the Constitutional Court. Since the country's supreme court has confirmed that the Bank holds the right of issue, there is no reason to liquidate and distribute the Bank's reserve fund, as certain shareholders claimed. The Court of Cassation also dismissed the application by those shareholders to refer the dispute to the European Court of Justice via a reference for a preliminary ruling. This case is therefore finally closed.

On 3 January 2014, a shareholder brought an action before the Brussels Commercial Court. That shareholder claims that the Bank's annual accounts for the 2012 financial year do not conform to the regulations applicable, and demands the correction of the annual accounts on three points. Since the Bank considers that its annual accounts were drawn up in accordance with the regulations and, therefore, that the action is unfounded, it has not formed any provision for this legal proceeding.

There are no other ongoing disputes which are so critical or material as to oblige the Bank to form a provision or to make more detailed comments under this heading.

### 2.2.7.10 POST-BALANCE-SHEET EVENTS

In accordance with Article 29.3 of the ESCB Statute, the ECB capital key weighting is adjusted every five years. The

previous adjustment had been made on 1 January 2009. In accordance with the Governing Council decision of 15 July 2003 on the statistical data to be used for the adjustment of the key for subscription to the capital of the ECB, the shares of the NCBs were adjusted as follows on 1 January 2014.

#### KEY FOR SUBSCRIPTION TO THE CAPITAL OF THE ECB

(in %)

	as at 31-12-2013	from 01-01-2014
National Bank of Belgium	2.4176	2.4778
Deutsche Bundesbank	18.7603	17.9973
Bank of Estonia	0.1780	0.1928
Central Bank of Ireland	1.1111	1.1607
Bank of Greece	1.9483	2.0332
Banco de España	8.2533	8.8409
Banque de France	14.1342	14.1792
Banca d'Italia	12.4570	12.3108
Central Bank of Cyprus	0.1333	0.1513
Latvijas Banka (Latvia)	–	0.2821
Banque centrale du Luxembourg	0.1739	0.2030
Central Bank of Malta	0.0635	0.0648
De Nederlandsche Bank	3.9663	4.0035
Österreichische Nationalbank	1.9370	1.9631
Banco de Portugal	1.7636	1.7434
Banka Slovenije (Slovenia)	0.3270	0.3455
Národná banka Slovenska (Slovakia)	0.6881	0.7725
Suomen Pankki (Finland)	1.2456	1.2564
<i>Sub-total euro area NCBs</i>	<i>69.5581</i>	<i>69.9783</i>
Bulgarian National Bank	0.8644	0.8590
Česká národní banka (Czech Republic)	1.4539	1.6075
Danmarks Nationalbank	1.4754	1.4873
Croatian National Bank	0.5945	0.6023
Latvijas Banka (Latvia)	0.2742	–
Lietuvos Bankas (Lithuania)	0.4093	0.4132
Magyar Nemzeti Bank (Hungary)	1.3740	1.3798
Narodowy Bank Polski (Poland)	4.8581	5.1230
Banca Națională a României (Romania)	2.4449	2.6024
Sveriges Riksbank (Sweden)	2.2612	2.2729
Bank of England	14.4320	13.6743
<i>Sub-total NCBs outside the euro area</i>	<i>30.4419</i>	<i>30.0217</i>
<b>Total</b>	<b>100.0000</b>	<b>100.0000</b>

As at 1 January 2014, the share of the National Bank of Belgium in the paid-up capital of the ECB increased by 0.0602 % to 2.4778 %. In consequence, item 8.1 of the assets "Participating interest in ECB capital" rose by € 6.5 million to € 268.2 million owing to an increase in the share of the capital.

The adjustment to the ECB capital subscription key entails not only a change in the shares of the euro area NCBs in the paid-up capital of the ECB, but also adjustment of the ECB's liabilities in favour of the euro area NCBs related to the transfer by those NCBs of foreign currency reserves to the ECB. Thus, the claim of the National Bank of Belgium on the ECB in respect of the transfer of foreign currency reserves (item 8.2 of the assets) increased by € 34.9 million to € 1 435.9 million as at 1 January 2014.

In addition, the adjustment of the key changes the Bank's share in the allocation of euro banknotes in the Eurosystem and the monetary income.

## 2.2.8 Comparison over five years

### 2.2.8.1 BALANCE SHEET

#### ASSETS

(in € thousand)

	2013	2012	2011	2010	2009
<b>1. Gold and gold receivables</b> .....	<b>6 370 322</b>	<b>9 222 696</b>	<b>8 898 631</b>	<b>7 719 706</b>	<b>5 605 644</b>
<b>2. Claims on non-euro area residents denominated in foreign currency</b> .....	<b>13 108 998</b>	<b>14 021 524</b>	<b>13 927 309</b>	<b>12 409 314</b>	<b>11 080 062</b>
2.1 Receivables from the IMF .....	7 233 510	7 832 056	7 814 313	6 623 526	5 770 551
2.2 Balances with banks and security investments, external loans and other external assets .....	5 875 488	6 189 468	6 112 996	5 785 788	5 309 511
<b>3. Claims on euro area residents denominated in foreign currency</b> .....	<b>269 221</b>	<b>242 076</b>	<b>7 895 734</b>	<b>420 739</b>	<b>245 659</b>
<b>4. Claims on non-euro area residents denominated in euro</b> ..	<b>554 635</b>	<b>662 677</b>	<b>772 684</b>	<b>582 177</b>	<b>506 611</b>
<b>5. Lending to euro area credit institutions related to monetary policy operations denominated in euro</b> .....	<b>15 985 000</b>	<b>40 010 000</b>	<b>40 420 650</b>	<b>7 215 000</b>	<b>41 277 000</b>
5.1 Main refinancing operations .....	1 700 000	90 000	8 211 000	3 100 000	5 002 000
5.2 Longer-term refinancing operations .....	14 285 000	39 920 000	17 965 000	4 115 000	36 275 000
5.3 Fine-tuning reverse operations .....	-	-	-	-	-
5.4 Structural reverse operations .....	-	-	-	-	-
5.5 Marginal lending facility .....	-	-	14 244 650	-	-
5.6 Credits related to margin calls .....	-	-	-	-	-
<b>6. Other claims on euro area credit institutions denominated in euro</b> .....	<b>2 177</b>	<b>1 439 010</b>	<b>9 234 449</b>	<b>2 299 437</b>	<b>2 387 636</b>
<b>7. Securities of euro area residents denominated in euro</b> ....	<b>21 369 099</b>	<b>22 962 277</b>	<b>23 395 730</b>	<b>19 088 255</b>	<b>15 305 044</b>
7.1 Securities held for monetary policy purposes .....	7 602 663	8 955 542	9 113 796	4 768 180	984 249
7.2 Other securities .....	13 766 436	14 006 735	14 281 934	14 320 075	14 320 795
<b>8. Intra-Eurosystem claims</b> .....	<b>14 244 003</b>	<b>15 344 052</b>	<b>17 972 233</b>	<b>20 051 968</b>	<b>20 235 274</b>
8.1 Participating interest in ECB capital .....	263 981	261 010	220 584	180 157	139 730
8.2 Claims equivalent to the transfer of foreign currency reserves	1 401 024	1 397 304	1 397 304	1 397 304	1 397 304
8.3 Net claims related to the allocation of euro banknotes within the Eurosystem .....	12 578 998	13 685 738	16 354 345	18 474 507	18 698 240
8.4 Other claims within the Eurosystem (net) .....	-	-	-	-	-
<b>9. Other assets</b> .....	<b>5 896 912</b>	<b>5 848 814</b>	<b>5 197 597</b>	<b>4 911 442</b>	<b>4 817 578</b>
9.1 Coins of euro area .....	8 960	10 127	9 997	13 362	4 788
9.2 Tangible and intangible fixed assets .....	399 823	401 291	394 590	383 914	373 657
9.3 Other financial assets .....	4 626 991	4 298 841	4 084 389	3 904 369	3 734 720
9.4 Off-balance-sheet instruments revaluation differences .....	119 044	164 820	-	-	-
9.5 Accruals and prepaid expenditure .....	703 909	921 362	627 276	541 293	629 703
9.6 Sundry .....	38 185	52 373	81 345	68 504	74 710
<b>Total assets</b> .....	<b>77 800 367</b>	<b>109 753 126</b>	<b>127 715 017</b>	<b>74 698 038</b>	<b>101 460 508</b>

## LIABILITIES

(in € thousand)

	2013	2012	2011	2010	2009
<b>1. Banknotes in circulation</b>	<b>30 574 015</b>	<b>29 107 122</b>	<b>28 342 790</b>	<b>26 849 471</b>	<b>25 784 992</b>
<b>2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro</b>	<b>13 797 835</b>	<b>19 572 474</b>	<b>22 569 665</b>	<b>12 995 940</b>	<b>14 776 795</b>
2.1 Current accounts (covering the minimum reserve system)	10 620 579	6 481 433	9 612 694	11 777 570	11 881 016
2.2 Deposit facility	852 256	11 291 041	10 796 971	718 370	2 895 779
2.3 Fixed-term deposits	2 325 000	1 800 000	2 160 000	500 000	–
2.4 Fine-tuning reverse operations	–	–	–	–	–
2.5 Deposits related to margin calls	–	–	–	–	–
<b>3. Other liabilities to euro area credit institutions denominated in euro</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>21 906</b>	<b>226 403</b>
<b>4. Liabilities to other euro area residents denominated in euro</b>	<b>268 209</b>	<b>568 457</b>	<b>540 374</b>	<b>131 343</b>	<b>115 753</b>
4.1 General government	126 267	296 324	65 330	82 277	107 777
4.2 Other liabilities	141 942	272 133	475 044	49 066	7 976
<b>5. Liabilities to non-euro area residents denominated in euro</b>	<b>439 926</b>	<b>329 370</b>	<b>339 995</b>	<b>268 792</b>	<b>257 674</b>
<b>6. Liabilities to euro area residents denominated in foreign currency</b>	<b>–</b>	<b>297 863</b>	<b>1 264 394</b>	<b>679 502</b>	<b>–</b>
<b>7. Liabilities to non-euro area residents denominated in foreign currency</b>	<b>–</b>	<b>1 106 943</b>	<b>1 739 702</b>	<b>1 657 312</b>	<b>2 206 790</b>
<b>8. Counterpart of special drawing rights allocated by the IMF</b>	<b>4 834 795</b>	<b>5 039 722</b>	<b>5 130 512</b>	<b>5 002 973</b>	<b>4 706 392</b>
<b>9. Intra-Eurosystem liabilities</b>	<b>15 454 263</b>	<b>38 059 300</b>	<b>52 859 185</b>	<b>13 870 537</b>	<b>42 489 874</b>
9.1 Liabilities related to promissory notes backing the issuance of ECB debt certificates	–	–	–	–	–
9.2 Net liabilities related to the allocation of euro banknotes within the Eurosystem	–	–	–	–	–
9.3 Other liabilities within the Eurosystem (net)	15 454 263	38 059 300	52 859 185	13 870 537	42 489 874
<b>10. Other liabilities</b>	<b>526 727</b>	<b>579 097</b>	<b>895 018</b>	<b>742 945</b>	<b>654 546</b>
10.1 Off-balance-sheet instruments revaluation differences	–	–	303 053	65 811	52 597
10.2 Accruals and income collected in advance	10 959	14 445	20 719	21 470	19 547
10.3 Sundry	515 768	564 652	571 246	655 664	582 402
<b>11. Provisions</b>	<b>–</b>	<b>10 990</b>	<b>33 643</b>	<b>78 240</b>	<b>142 194</b>
11.1 For future exchange losses	–	–	–	–	–
11.2 For new premises	–	–	–	–	–
11.3 For contingencies	–	–	–	–	–
11.4 In respect of monetary policy operations	–	10 990	33 643	78 240	142 194
<b>12. Revaluation accounts</b>	<b>6 309 603</b>	<b>9 432 953</b>	<b>9 013 808</b>	<b>7 689 840</b>	<b>5 515 358</b>
<b>13. Capital, reserve fund and available reserve</b>	<b>4 648 111</b>	<b>4 311 663</b>	<b>4 086 842</b>	<b>3 877 208</b>	<b>2 671 829</b>
13.1 Capital	10 000	10 000	10 000	10 000	10 000
13.2 Reserve fund:					
Statutory reserve	1 168 694	1 168 694	1 168 694	1 168 694	1 168 694
Extraordinary reserve	1 150 831	1 150 790	1 150 790	1 150 790	1 150 790
Amortisation accounts in respect of tangible and intangible fixed assets	344 191	342 077	342 029	340 402	342 345
13.3 Available reserve	1 974 395	1 640 102	1 415 329	1 207 322	–
<b>14. Profit for the financial year</b>	<b>946 883</b>	<b>1 337 172</b>	<b>899 089</b>	<b>832 029</b>	<b>1 911 908</b>
<b>Total liabilities</b>	<b>77 800 367</b>	<b>109 753 126</b>	<b>127 715 017</b>	<b>74 698 038</b>	<b>101 460 508</b>

## 2.2.8.2 PROFIT AND LOSS ACCOUNT

(in € thousand)

	2013	2012	2011	2010	2009
<b>1. Net interest income</b>	<b>1 186 500</b>	<b>1 503 529</b>	<b>1 175 478</b>	<b>943 380</b>	<b>990 635</b>
1.1 Interest income	1 349 183	1 960 218	1 673 577	1 375 550	1 829 606
1.2 Interest expense	-162 683	-456 689	-498 099	-432 170	-838 971
<b>2. Net result of financial operations, write-downs and provisions</b>	<b>32 876</b>	<b>59 509</b>	<b>-10 194</b>	<b>43 518</b>	<b>1 085 720</b>
2.1 Realised gains/losses arising from financial operations	62 776	60 122	49 967	103 455	145 958
2.2 Write-downs on financial assets and positions	-29 900	-613	-60 161	-59 937	-13 806
2.3 Transfer to/from provisions	-	-	-	-	953 568
<b>3. Net income/expense from fees and commissions</b>	<b>3 451</b>	<b>3 764</b>	<b>4 172</b>	<b>7 033</b>	<b>7 440</b>
3.1 Fees and commissions income	9 307	10 350	10 904	15 024	15 994
3.2 Fees and commissions expense	-5 856	-6 586	-6 732	-7 991	-8 554
<b>4. Income from equity shares and participating interests</b>	<b>80 521</b>	<b>41 098</b>	<b>44 905</b>	<b>91 719</b>	<b>50 193</b>
<b>5. Net result of pooling of monetary income</b>	<b>4 124</b>	<b>104 269</b>	<b>29 923</b>	<b>49 195</b>	<b>63 821</b>
<b>6. Other income</b>	<b>133 006</b>	<b>136 489</b>	<b>110 098</b>	<b>70 561</b>	<b>69 403</b>
<b>7. Staff costs</b>	<b>-290 224</b>	<b>-265 293</b>	<b>-261 285</b>	<b>-203 235</b>	<b>-188 080</b>
<b>8. Administrative expenses</b>	<b>-77 581</b>	<b>-81 166</b>	<b>-84 200</b>	<b>-79 109</b>	<b>-74 187</b>
<b>9. Depreciation of tangible and intangible fixed assets</b>	<b>-10 729</b>	<b>-9 382</b>	<b>-6 011</b>	<b>-3 331</b>	<b>-918</b>
<b>10. Banknote production services</b>	<b>n.</b>	<b>n.</b>	<b>n.</b>	<b>n.</b>	<b>n.</b>
<b>11. Other expenses</b>	<b>-41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>12. Corporate tax</b>	<b>-115 020</b>	<b>-155 645</b>	<b>-103 797</b>	<b>-87 702</b>	<b>-92 119</b>
<b>Profit for the year</b>	<b>946 883</b>	<b>1 337 172</b>	<b>899 089</b>	<b>832 029</b>	<b>1 911 908</b>

### 2.2.8.3 DIVIDEND PER SHARE

(in €)

	2013	2012	2011	2010	2009
Gross dividend .....	165.60	154.04	141.76	166.12	126.48
Withholding tax .....	41.40	38.51	35.44	41.53	31.62
Net dividend .....	124.20	115.53	106.32	124.59	94.86

## 2.3 Auditor's report to the Council of Regency

*Free translation from the Dutch/French original*

### AUDITOR'S REPORT TO THE COUNCIL OF REGENCY OF THE NATIONAL BANK OF BELGIUM AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2013

In accordance with the legal and statutory requirements, we report to you on the performance of our mandate of auditor. This report contains our opinion on the statutory financial statements (the "Financial Statements"), our report on other legal and regulatory requirements as further defined below as well as the required additional statements. The Financial Statements include the balance sheet as of 31 December 2013, the profit and loss account for the year ended 31 December 2013 and the notes.

#### REPORT ON THE FINANCIAL STATEMENTS – UNQUALIFIED OPINION

In accordance with Article 27.1 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, we have audited the Financial Statements of the National Bank of Belgium ("the Bank") as of and for the year ended 31 December 2013, prepared in accordance with the financial reporting framework applicable to the Bank. The total of the balance sheet amounts to € 77 800 367 thousands and the profit and loss account shows a profit for the year of € 946 883 thousands.

#### RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of the Financial Statements that give a true and fair view in accordance with the financial reporting framework applicable to the Bank. The Board of Directors is also responsible for the implementation of internal controls, which it considers necessary for the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

#### RESPONSIBILITY OF THE AUDITOR

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the International Standards

on Auditing ("ISA"). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation of Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Financial Statements.

We have obtained from the Board of Directors and the Company's officials the explanations and information necessary for performing our audit and we believe that the resulting audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### UNQUALIFIED OPINION

In our opinion, the Financial Statements of the Bank give a true and fair view of the Bank's financial position as of 31 December 2013 and of the results of its operations for the year then ended in accordance with the financial reporting framework applicable to the Bank.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Board of Directors is responsible for the preparation and the content of the annual report on the Financial Statements, including the corporate governance statement, in accordance with article 96 of the Company Code (*Wetboek van vennootschappen / Code des sociétés*) as well as the Bank's compliance with the Organic Law, its bylaws, the applicable requirements of the Company Code and the legal and regulatory requirements applicable to the accounting records and the Financial Statements of the Bank.

As part of our audit mandate and in accordance with the applicable supplementary standard issued by the Belgian Institute of Registered Auditors (*Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises*) as published in the Belgian State Gazette on 28th August 2013 (the "Supplementary Standard"), it is our responsibility to perform certain procedures, in all material respects, on the compliance of certain legal and regulatory requirements, as defined in the Supplementary Standard. As a result of these procedures, we provide the following additional comments which do not modify our opinion on the Financial Statements:

- The report of the Board of Directors on the Financial Statements includes the information required by law, is consistent with the Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.
- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable to the accounting records and the Financial Statements of the Bank.
- The appropriation of the results proposed to you complies with the legal and statutory provisions.
- We do not have to report any transactions undertaken or decisions taken in violation of the Organic Law, the Bank's bylaws or the requirements of the Company Code applicable to the Bank.

Brussels, 13 March 2014

Ernst & Young Réviseurs d'Entreprises scrl / Ernst &  
Young Bedrijfsrevisoren bcvba  
Auditor  
represented by

Christel Weymeersch  
Partner

## 2.4 Approval by the Council of Regency

Having taken note of the examination by the Audit Committee, the Council of Regency approved the annual accounts and the report on the company's activities in the year 2013 at its meeting on 26 March 2014 and determined the final distribution of the profits for that year. In accordance with Article 44 of the Statutes, the approval of the accounts implies a discharge for the members of the Board of Directors.

# Annex 1 Organic Law<sup>(1)</sup>

**Art. 1.** – This Law shall govern a matter referred to in Article 78 of the Constitution.

## Chapter I – Nature and objectives

**Art. 2.** – The National Bank of Belgium, in Dutch “Nationale Bank van België”, in French “Banque Nationale de Belgique”, in German “Belgische Nationalbank”, established by the Law of 5 May 1850, shall form an integral part of the European System of Central Banks, hereinafter referred to as ESCB, whose Statute has been established by the Protocol relating to it and annexed to the Treaty establishing the European Community.

Furthermore, the Bank shall be governed by this Law, its own Statutes and, additionally, by the provisions relating to limited liability companies by shares [*sociétés anonymes – naamloze vennootschappen*]<sup>(2)</sup>.

**Art. 3.** – The Bank’s registered office shall be in Brussels.

The Bank shall establish outside offices in locations on Belgian territory where the need for them exists.

**Art. 4.** – The Bank’s share capital, which shall amount to ten million euro, shall be represented by four hundred thousand shares, of which two hundred thousand – registered and non-transferable – shall be subscribed by the Belgian State and two hundred thousand shall

be registered, bearer or dematerialised shares. The share capital shall be fully paid up.

Bearer shares, which have already been issued and held on securities accounts as at 1 January 2008, shall be converted into dematerialised shares on this date. Other bearer shares shall be automatically converted into dematerialised shares as they are booked onto securities accounts from 1 January 2008 onwards.

Except for those belonging to the State, the shares may be converted into registered or dematerialised shares, free of charge, as the owner wishes.

## Chapter II – Tasks and transactions

**Art. 5.** – 1. In order to achieve the objectives of the ESCB and to carry out its tasks, the Bank may:

– operate in the financial markets, by buying and selling outright (spot and forward), or under repurchase agreement or by lending or borrowing claims and marketable instruments expressed in Community or in non-Community currencies, as well as precious metals;

– conduct credit operations with credit institutions and other money market or capital market participants, with lending being based on adequate collateral.

2. The Bank shall comply with the general principles defined by the ECB for open market and credit operations, including those relating to announcement of the conditions under which such transactions are carried out.

(1) Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium (unofficial coordinated version dated 31 December 2013).

(2) The provisions on limited liability companies by shares do not apply to the National Bank of Belgium except:

1. in regard to matters which are not governed either by the provisions of Title VII of Part Three of the Treaty establishing the European Community and the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, or by the above-mentioned Law of 22 February 1998 or the Statutes of the National Bank of Belgium; and

2. insofar as they are not in conflict with the provisions referred to in 1.

(Article 141 § 1 of the Law of 2 August 2002 on the supervision of the financial sector and on financial services).

**Art. 6.** – Within the limits and in accordance with the detailed terms and conditions adopted by the ECB, the Bank may also carry out, *inter alia*, the following transactions:

1. issue and redeem its own loan instruments;
2. accept deposits of securities and precious metals, undertake the redemption of securities and act on behalf of other parties in transactions in securities, other financial instruments and precious metals;
3. carry out transactions in interest-rate instruments;
4. carry out transactions in foreign currencies, gold or other precious metals;
5. carry out transactions with a view to the investment and financial management of its holdings of foreign currencies and of other external reserve elements;
6. obtain credit from foreign sources and provide guarantees for that purpose;
7. carry out transactions relating to European or international monetary cooperation.

**Art. 7.** – The Bank's claims arising from credit transactions shall entail a preferential claim on all securities which the debtor holds in an account with the Bank or in its securities clearing system as his own assets.

This preferential claim shall have the same rank as the preferential claim of the creditor secured with a pledge. It takes precedence over the rights set out in Article 8, paragraph 3, of the Law of 2 January 1991 on the market in public debt securities and monetary policy instruments, Articles 12, paragraph 4, and 13, paragraph 4, of Royal Decree No 62 on the deposit of fungible financial instruments and the settlement of transactions involving such instruments, as coordinated by the Royal Decree of 27 January 2004, and 471, paragraph 4, of the Company Code.

In the event of default on payment of the Bank's claims referred to in the first paragraph, the Bank may, after notifying the debtor in writing that he is in default, take action automatically, without a prior court decision, to realise the securities on which it has a preferential claim, notwithstanding the possible bankruptcy of the debtor or any other situation in which there is concurrence as between his creditors. The Bank must endeavour to convert the securities into cash at the most advantageous price and as quickly as possible, account being

taken of the volume of the transactions. The proceeds from this conversion into cash shall be allocated to the Bank's claim in respect of principal, interest and costs, any balance remaining after settlement reverting to the debtor.

When the Bank accepts claims as a pledge, as soon as the pledge agreement has been entered into, it is noted in a register kept at the National Bank of Belgium or with a third party appointed for this purpose.

By being recorded in this register, which is not subject to any specific formalities, the National Bank of Belgium's pledge is given a firm date and becomes opposable *erga omnes*, with the exception of the debtor of the pledged claim.

The register may only be consulted by third parties who are considering acceptance of an *in rem* (collateral) right over claims which may be taken as a pledge by the National Bank of Belgium. Consultation of the register is governed by terms to be stipulated by the National Bank of Belgium.

In the event of insolvency proceedings being instituted, as set out in Article 3, paragraph 5 of the Law of 15 December 2004 relating to financial collateral and various tax provisions in relation to *in rem* collateral arrangements and loans relating to financial instruments, to the account of a credit institution having pledged claims to the National Bank of Belgium, the following provisions will apply:

a) the registered lien of the National Bank of Belgium on claims takes precedence of all other *in rem* collateral subsequently arranged or granted to third parties over the same claims, irrespective of whether or not the debtor of the pledged claims has been notified of the above-mentioned liens and whether or not the above-mentioned liens have been recognised by the debtor of the pledged claims; in the event that the National Bank of Belgium brings the pledge to the attention of the debtor of the pledged claim, the latter may now only make payment in full discharge to the National Bank of Belgium.

b) third parties acquiring a lien concurrent with that of the National Bank of Belgium, as described in the preceding paragraph, are obliged, in any event, to transfer to the National Bank of Belgium, without delay, the amounts which they have received from the debtor of the pledged claim upon insolvency proceedings being instituted. The National Bank of Belgium is entitled to demand payment of these amounts, without prejudice to its right to damages and interest.

c) notwithstanding any provisions to the contrary, set-off that might result in the cancellation of all or part of the claims pledged to the National Bank of Belgium is not authorised under any circumstances.

d) Article 8 of the Law of 15 December 2004 relating to financial collateral and various tax provisions in relation to *in rem* collateral arrangements and loans relating to financial instruments, shall apply by analogy to the taking of claims as a pledge by the National Bank of Belgium, the words “financial instruments” being replaced by “claims”.

e) the combined provisions of Articles 5 and 40 of the Law relating to mortgages (*loi hypothécaire*) do not apply.

**Art. 8.** – The Bank shall ensure that the clearing and payment systems operate properly and shall make certain that they are efficient and sound.

It may carry out all transactions or provide facilities for these purposes.

It shall provide for the enforcement of the regulations adopted by the ECB in order to ensure the efficiency and soundness of the clearing and payment systems within the European Community and with other countries.

**Art. 9.** – Without prejudice to the powers of the institutions and organs of the European Communities, the Bank shall implement the international monetary cooperation agreements by which Belgium is bound in accordance with the procedures laid down by agreements concluded between the Minister of Finance and the Bank. It shall provide and receive the means of payment and credits required for the implementation of these agreements.

The State shall guarantee the Bank against any loss and shall guarantee the repayment of any credit granted by the Bank as a result of the implementation of the agreements referred to in the preceding paragraph or as a result of its participation in international monetary cooperation agreements or transactions to which, subject to approval by the Council of Ministers, the Bank is a party. The State shall also guarantee the Bank the repayment of any credit granted in the context of its contribution to the stability of the financial system and guarantee the Bank against any loss incurred as a result of any transaction necessary in this regard.

**Art. 9bis.** – Within the framework set by Article 105 (2) of the Treaty establishing the European Community and Articles 30 and 31 of the Protocol on the Statute of the European System of Central Banks and of the European

Central Bank, the Bank shall hold and manage the official foreign reserves of the Belgian State. Those holdings shall constitute assets allocated to the tasks and transactions coming under this chapter and the other tasks of public interest entrusted to the Bank by the State. The Bank shall record these assets and the income and charges relating thereto in its accounts in accordance with the rules referred to in Article 33.

**Art. 10.** – The Bank may, on the conditions laid down by, or by virtue of, law, and subject to their compatibility with the tasks within the domain of the ESCB, be entrusted with the performance of tasks of public interest.

**Art. 11.** – The Bank shall act as State Cashier on the conditions determined by law.

In regard to currencies borrowed by the State, it shall be entrusted, to the exclusion of all other Belgian or foreign bodies, with the conversion into euro of the currencies of States not participating in Monetary Union or of States which are not members of the European Community.

The Bank shall be informed of all plans for the contracting of foreign currency loans by the State, the Communities and the Regions. At the request of the Bank, the Minister of Finance and the Bank shall consult together whenever the latter considers that these loans are liable to prejudice the effectiveness of monetary or foreign exchange policy. The terms and conditions of this giving of information and this consultation shall be laid down in an agreement to be concluded between the Minister of Finance and the Bank, subject to approval of this agreement by the ECB.

**Art. 12.** – The Bank shall contribute to the stability of the financial system. For all decisions and transactions made in the context of its contribution to the stability of the financial system, the Bank shall enjoy the same degree of independence as that determined by Article 108 of the Treaty establishing the European Community.

The Bank may further be charged with the gathering of statistical information or with the international cooperation relating to any task referred to in Article 10.

**Art. 12bis.** – § 1. The Bank shall exercise supervision of financial institutions in accordance with this Law and specific laws governing the supervision of these establishments.

§ 2. Within the areas of supervision pertaining to its competence, the Bank may lay down regulations supplementing the legal or regulatory provisions on points of a technical nature.

Without prejudice to any consultation provided for in other laws or regulations, the Bank may, in accordance with the procedure of open consultation, explain, in a consultative memorandum, the content of any regulation it is considering adopting, and publish this on its website with a view to obtaining any comments by those concerned.

These regulations shall come into force only after their approval by the King and their publication in the *Moniteur belge / Belgisch Staatsblad* (Belgian Official Gazette). The King may amend those regulations or establish any rules Himself that He shall determine if the Bank has not laid down those regulations.

**§ 3.** The Bank shall carry out its supervisory tasks exclusively in the general interest. The Bank, the members of its bodies and the members of its staff shall not bear any civil liability for their decisions, non-intervention, acts or conduct in the exercise of the legal supervisory tasks of the Bank, save in the event of fraud or gross negligence.

**§ 4.** The Bank's operating costs relating to the supervision referred to in paragraph 1 are borne by the institutions subject to its supervision, according to the terms and conditions laid down by the King.

The Bank may make the administration of the Land Registry, Public Records and Crown Lands Office responsible for recovery of unpaid taxes.

**Art. 13.** – The Bank may carry out all transactions and provide all services which are ancillary to or follow from the tasks referred to in this Law.

**Art. 14.** – The Bank may entrust the performance of tasks not within the domain of the ESCB with which it is charged or for which it takes the initiative, to one or more distinct legal entities specially set up for this purpose and in which the Bank holds a significant interest; one or more members of the Bank's Board of Directors shall participate in directing such entities.

If the task is entrusted by law to the Bank, the prior consent of the King, on the proposal of the competent minister, shall be required.

**Art. 15.** – *Repealed.*

**Art. 16.** – The legal entities referred to in Article 14 and controlled exclusively by the Bank shall be subject to auditing by the Court of Auditors [*Cour des Comptes – Rekenhof*].

## Chapter III – Organs – Composition – Incompatibilities

**Art. 17.** – The organs of the Bank shall be the Governor, the Board of Directors, the Council of Regency, the Board of Censors and the Sanctions Committee.

**Art. 18.** – 1. The Governor shall direct the Bank and preside over the Board of Directors and the Council of Regency.

2. If he is unable to attend, he shall be replaced by the Vice-Governor without prejudice to the application of Article 10.2 of the Statute of the ESCB.

**Art. 19.** – 1. In addition to the Governor, who presides, the Board of Directors shall be composed of at least five but not more than seven directors, one of whom shall bear the title of Vice-Governor, conferred on him by the King. The Board of Directors shall include an equal number of French and Dutch speakers, with, possibly, the exception of the Governor.

2. The Board shall be responsible for the administration and management of the Bank and shall decide on the direction of its policy.

3. It shall exercise regulatory power in the cases laid down by law. In circulars or recommendations, it shall lay down all measures with a view to clarifying the application of the legal or regulatory provisions whose application the Bank supervises.

4. It shall decide on the investment of the capital, reserves and depreciation accounts after consultation with the Council of Regency and without prejudice to the rules adopted by the ECB.

5. It shall pronounce upon all matters which are not expressly reserved for another organ by law, the Statutes or the Rules of Procedure.

6. It shall provide opinions to the various authorities that exercise legal or regulatory power on all draft legislative or regulatory acts relating to the supervisory tasks with which the Bank is or may be charged.

7. In urgent cases determined by the Governor, except for adopting regulations, it may take decisions by written procedure or by using a voice telecommunications system, in accordance with the specific rules laid down in the Bank's Rules of Procedure.

**Art. 20.** – 1. The Council of Regency shall be composed of the Governor, the Directors and ten Regents. It shall include an equal number of French- and Dutch-speaking Regents.

2. The Council shall exchange views on general issues relating to the Bank, monetary policy and the economic situation of the country and the European Community, supervisory policy with regard to each of the sectors subject to the Bank's supervision, Belgian, European and international developments in the field of supervision, as well as, in general, any development concerning the financial system subject to the Bank's supervision; without however having any competence to intervene at operational level or take cognisance of individual dossiers. It shall take cognisance every month of the situation of the institution.

On a proposal from the Board of Directors it shall lay down the Rules of Procedure, containing the basic rules for the operation of the Bank's organs and the organisation of its departments, services and outside offices.

3. The Council shall fix the individual salaries and pensions of the members of the Board of Directors. These salaries and pensions may not include a share in the profits and no remuneration whatsoever may be added thereto by the Bank, either directly or indirectly.

4. The Council shall approve the expenditure budget and the annual accounts submitted by the Board of Directors. It shall finally determine the distribution of profits proposed by the Board.

5. *Repealed.*

**Art. 21.** – 1. The Board of Censors shall be composed of ten members. It shall include an equal number of French and Dutch speakers. At least one member of the Board of Censors shall be independent as defined by Article 526ter of the Company Code.

2. The Board of Censors shall supervise the preparation and implementation of the budget. It is the Audit Committee of the Bank and shall exercise in this capacity the tasks laid down by Article 21bis.

3. The Censors shall receive an allowance, the amount of which shall be set by the Council of Regency.

**Art. 21bis.** – 1. Without prejudice to the responsibilities of the organs of the Bank and without prejudice to the execution of the tasks and transactions within the domain of the ESCB and their review by the statutory auditor, the Audit Committee shall, at least:

a) monitor the financial reporting process;

b) monitor the effectiveness of the internal control and risk management systems, and of the Bank's internal audit;

c) monitor the statutory audit of the annual accounts, including the compliance with the questions and recommendations formulated by the statutory auditor;

d) review and monitor the independence of the statutory auditor, and in particular the provision of additional services to the Bank.

2. Without prejudice to Article 27.1 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, and without prejudice to the competence of the Works Council with respect to the nomination, the proposal of the Board of Directors for the appointment of the statutory auditor shall be given on proposal of the Audit Committee. The Works Council shall be informed of this proposal. The Audit Committee shall also advise on the tender procedure for the appointment of the statutory auditor.

3. Without prejudice to any reports and notices of the statutory auditor to the organs of the Bank, he shall report to the Audit Committee on key matters arising from the statutory audit, and in particular on material weaknesses in internal control in relation to the financial reporting process.

4. The statutory auditor shall:

a) confirm annually in writing to the Audit Committee his independence from the Bank;

b) disclose annually to the Audit Committee any additional services provided to the Bank;

c) discuss with the Audit Committee the threats to his independence and the safeguards applied to mitigate those threats and that have been documented by him in the audit working papers.

5. The Rules of Procedure shall specify the Audit Committee Regulations.

**Art. 22.** – 1. Except as regards the tasks and transactions within the domain of the ESCB, the Minister of Finance, through his representative, shall have the right to supervise the Bank's transactions and to oppose the implementation of any measure which is contrary to the law, the Statutes or the interests of the State.

2. The representative of the Minister of Finance shall, *ex officio*, attend the meetings of the Council of Regency and the Board of Censors. Except as regards the functions and transactions within the domain of the ESCB, he shall supervise the Bank's transactions and suspend and bring to the attention of the Minister of Finance any decision which is contrary to the law, the Statutes or the interests of the State.

If the Minister of Finance has not given a decision within eight days on the suspension, the decision may be implemented.

3. The salary of the representative of the Minister of Finance shall be fixed by the Minister of Finance in consultation with the management of the Bank and shall be borne by the latter.

The representative of the Minister shall report to the Minister of Finance each year on the performance of his task.

**Art. 23.** – 1. The Governor shall be appointed by the King for a renewable term of five years. He may be relieved from office by the King only if he no longer fulfils the conditions required for the performance of his duties or if he has been guilty of serious misconduct. With regard to this decision, he shall have the right of appeal as provided in Article 14.2 of the Statute of the ESCB.

2. The other members of the Board of Directors shall be appointed by the King, on the proposal of the Council of Regency, for a renewable term of six years. They may be relieved from office by the King only if they no longer fulfil the conditions required for the performance of their duties or if they have been guilty of serious misconduct.

3. The Regents shall be elected for a three-year term by the General Meeting. Their term may be renewed. Two Regents shall be chosen on the proposal of the most representative labour organisations. Three Regents shall be chosen on the proposal of the most representative organisations from industry and commerce, from agriculture and from small firms and traders. Five Regents shall be chosen on the proposal of the Minister of Finance. The methods of proposing candidates for these appointments shall be laid down by the King, after deliberation in the Council of Ministers.

4. The Censors shall be elected for a three-year term by the General Meeting of Shareholders. They shall be chosen from among persons with special qualifications in the field of supervisory procedures. Their term may be renewed.

**Art. 24.** – The Regents shall receive attendance fees and, if appropriate, a travel allowance. The amount of such remunerations shall be fixed by the Council of Regency.

**Art. 25.** – Members of the Legislative Chambers, the European Parliament, the Councils of the Communities and the Regions, persons who hold the position of minister or secretary of state or of member of the Government of a Community or Region and members of the staff of a member of the Federal Government or of the Government of a Community or Region may not hold the office of Governor, Vice-Governor, member of the Board of Directors, member of the Sanctions Committee, regent or censor. The last-mentioned functions shall automatically cease when their holder takes the oath of office for exercise of the above-mentioned offices or performs such functions.

**Art. 26. – § 1.** The Governor, the Vice-Governor and the other members of the Board of Directors may not hold any office in a commercial company or a company which is commercial in form or in any public body which carries on an industrial, commercial or financial activity. Subject to the approval of the Minister of Finance, they may however hold office in:

1. international financial institutions established under agreements to which Belgium is party;

2. the Securities Regulation Fund (*Fonds des Rentes – Rentenfonds*), the Deposit and Financial Instrument Protection Fund (*Fonds de protection des dépôts et des instruments financiers – Beschermingsfonds voor deposito's en financiële instrumenten*), the Rediscount and Guarantee Institute (*Institut de Réescompte et de Garantie – Herdiscontering- en Waarborginstituut*) and the National Delcredere Office (*Office National du Ducreire – Nationale DelcredereDienst*);

3. the legal entities referred to in Article 14.

For duties and mandates in an institution subject to the Bank's supervision pursuant to Articles 8, 12 or 12*bis*, the prohibitions referred to in the first paragraph shall continue to apply for one year after the Governor, Vice-Governor and other members of the Board of Directors have relinquished their office.

The Council of Regency shall determine the conditions relating to the relinquishment of office. It may, on the recommendation of the Board of Directors, waive the prohibition laid down for the period concerned after the relinquishment of office if it finds that the activity envisaged has no significant influence on the independence of the person in question.

**§ 2.** The Regents and the majority of Censors may not be a member of the administrative, management or supervisory bodies of an institution subject to the supervision of the Bank pursuant to Articles 8, or 12*bis*, nor may they perform management duties in such an institution.

**§ 3.** On a proposal from the Board of Directors, the Council of Regency shall lay down the code of conduct which must be respected by the members of the Board of Directors and the staff, as well as the monitoring measures concerning respect for this code. Persons responsible for supervising compliance with that code must maintain professional secrecy as provided for in Article 458 of the Penal Code.

**Art. 27.** – The terms of office of the members of the Board of Directors, the Council of Regency and the Board of Censors shall expire no later than when they reach the age of sixty-seven years.

However, subject to authorisation by the Minister of Finance, they may complete their current term. The terms of the members of the Board of Directors may afterwards still be extended by one year, which term may be renewed. In the case of the Governor's term of office, the authorisation to complete the current term or its extension shall be granted by Royal Decree deliberated in the Council of Ministers.

On no account may the office-holders referred to above remain in office beyond the age of seventy years.

**Art. 28.** – The Governor shall send to the Chairmen of the Chamber of Representatives and the Senate the annual report referred to in Article 109 B (3) of the Treaty establishing the European Community, as well as a yearly report on the activities of the Bank in the field of prudential supervision. The Governor may be heard by the competent committees of the Chamber of Representatives and the Senate at the request of these committees or on his own initiative.

(1) The right of issue shall include the right which the Bank may exercise pursuant to Article 106 (1) of the Treaty establishing the European Community (Art. 141 § 9 of the Law of 2 August 2002 on the supervision of the financial sector and on financial services).

## Chapter IV – Financial provisions and revision of the Statutes

**Art. 29.** – *Repealed.*

**Art. 30.** – Any capital gain realised by the Bank through arbitrage transactions of gold assets against other external reserve components shall be entered in a special unavailable reserve account. This capital gain shall be exempt from all taxation. However, where some external reserve components have been arbitrated against gold, the difference between the purchase price of that gold and the average purchase price of the existing gold stock shall be deducted from the amount of that special account.

The net income from the assets which form the counterpart to the capital gain referred to in the first paragraph shall be allocated to the State.

External reserve components acquired as a result of the transactions referred to in the first paragraph shall be covered by the State guarantee as provided in Article 9 (2) of this Law.

The terms and conditions for application of the provisions contained in the preceding paragraphs shall be fixed by agreements to be concluded between the State and the Bank. These agreements shall be published in the Belgian Gazette (*Moniteur belge / Belgisch Staatsblad*).

**Art. 31.** – The reserve fund is intended for:

1. compensating for losses in capital stock;
2. supplementing any shortfall in the annual profit up to a dividend of six per cent of the capital.

Upon expiration of the Bank's right of issue<sup>(1)</sup>, the State shall have a priority claim to one-fifth of the reserve fund. The remaining four-fifths shall be distributed among all the shareholders.

**Art. 32.** – The annual profits shall be distributed as follows:

1. a first dividend of 6 % of the capital shall be allocated to the shareholders;
2. from the excess, an amount proposed by the Board of Directors and established by the Council of Regency shall be independently allocated to the reserve fund or to the available reserves;

3. from the second excess, a second dividend, established by the Council of Regency, forming a minimum of 50 % of the net proceeds from the assets forming the counterpart to the reserve fund and available reserves shall be allocated to the shareholders;

4. the balance shall be allocated to the State; it shall be exempt from company tax.

**Art. 33.** – The accounts and, if appropriate, the consolidated accounts of the Bank shall be drawn up:

1. in accordance with this Law and the mandatory rules drawn up pursuant to Article 26.4 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank;

2. and otherwise in accordance with the rules laid down by the Council of Regency.

Articles 2 to 4, 6 to 9 and 16 of the Law of 17 July 1975 on business accounting and their implementing decrees shall apply to the Bank with the exception of the decrees implementing Articles 4 (6) and 9, § 2.

**Art. 34.** – The Bank and its outside offices shall comply with the statutory provisions on the use of languages in administrative matters.

**Art. 35.** – Except when called upon to give evidence in court in a criminal case, the Bank and members and former members of its organs and its staff shall be subject to professional secrecy and may not divulge to any person or authority whatsoever confidential information of which they have had knowledge on account of their duties.

Paragraph 1 shall not preclude the communication of confidential information to third parties in cases laid down by or by virtue of the law.

The Bank, members of its organs and its staff shall be exempt from the obligation contained in Article 29 of the Code of Criminal Procedure.

Contraventions of this article shall incur the penalties laid down by Article 458 of the Penal Code. The provisions of Book 1 of the Penal Code, including Chapter VII and Article 85, shall be applicable to contraventions of this article.

This article does not prevent the observance, by the Bank, the members of its organs and its staff, of specific legal provisions as to professional secrecy, whether more restrictive or not, notably when the Bank is charged with collecting statistical data or information on prudential supervision.

**Art. 36.** – The Council of Regency shall amend the Statutes in order to bring them into conformity with this Law and with the international obligations which are binding on Belgium.

Other amendments to the Statutes shall be adopted, on the proposal of the Council of Regency, by a majority of three-quarters of the votes pertaining to the total number of shares present or represented at the General Meeting of Shareholders.

Amendments to the Statutes shall require the approval of the King.

## Chapter IV/1 – Provisions concerning the supervision of financial institutions

### Section 1 – General provisions

**Art. 36/1.** – Definitions: For the purpose of this chapter and chapter IV/2, the following definitions shall apply:

1° “the Law of 2 August 2002”: the Law of 2 August 2002 on the supervision of the financial sector and on financial services;

2° “financial instrument”: an instrument as defined in Article 2, 1° of the Law of 2 August;

3° “credit institution”: any institution referred to in Titles II to IV of the Law of 22 March 1993 on the legal status and supervision of credit institutions;

4° “electronic money institution”: any institution referred to in Article 4, 31° of the Law of 21 December 2009 on the legal status of payment institutions and electronic money institutions, access to the activity of payment service provider, access to the activity of issuing electronic money, and access to payment systems;

5° “investment firm with the status of stockbroking firm”: any investment undertaking referred to in Book II of the Law of 6 April 1995 on the legal status and supervision of investment firms that is recognised as a stockbroking firm or authorised to provide investment services which would require authorisation to operate as a stockbroking firm to be obtained if they were being provided by a Belgian investment firm;

6° “insurance company”: any undertaking referred to in the Law of 9 July 1975 on the supervision of insurance companies;

7° “reinsurance company”: any undertaking referred to in the Law of 16 February 2009 on reinsurance activities;

8° “mutual insurance association”: any undertaking referred to in Article 57 of the Programme Law of 10 February 1998 on the promotion of the independent company;

9° “payment institution”: any undertaking referred to in the Law of 21 December 2009 on the legal status of payment institutions and electronic money institutions, access to the activity of payment service provider, to the activity of issuing electronic money, and to payment systems;

10° “regulated market”: any Belgian or foreign regulated market;

11° “Belgian regulated market”: a multilateral system, run and/or managed by a market operator, which ensures or facilitates the matching – even within the system itself and according to its non-discretionary rules – of manifold interest expressed by third parties in buying and selling financial instruments, in a way that leads to making contracts in financial instruments admitted to trading under its rules and/or its systems, and that is recognised and operates regularly in accordance with the provisions of Chapter II of the Law of 2 August;

12° “foreign regulated market”: any market for financial instruments that is organised by a market operator whose home State is a Member State of the European Economic Area other than Belgium and that has been recognised in this Member State as a regulated market pursuant to Title III of Directive 2004/39/EC;

13° “clearing institution”: any institution that undertakes conversion into net debt by means of novation or of the clearing of mutual claims arising from transactions on financial instruments or forward exchange transactions;

14° “settlement institution”: any institution that undertakes the settlement of orders to transfer financial instruments, or rights in respect of those financial instruments or of forward exchange transactions, whether or not settlement is in cash;

15° “FSMA”: the Financial Services and Markets Authority (“*Autorité des services et marchés financiers*”/“*Autoriteit*

*voor Financiële Diensten en Markten*”, in German “*Autorität Finanzielle Dienste und Märkte*”);

16° “competent authority”: the Bank, the FSMA or the authority indicated by each Member State pursuant to Article 48 of Directive 2004/39/EC, unless otherwise mentioned in the Directive;

17° “Directive 2004/39/EC”: Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC;

18° “CSRSFI”: the Committee for Systemic Risks and System-relevant Financial Institutions.

19° “European Banking Authority”: the European Banking Authority established by Regulation (EU) No. 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No. 716/2009/EC and repealing Commission Decision 2009/78/EC;

20° “European Insurance and Occupational Pensions Authority”: the European Insurance and Occupational Pensions Authority established by Regulation (EU) No. 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No. 716/2009/EC and repealing Commission Decision 2009/79/EC;

21° “European Securities and Markets Authority”: the European Securities and Markets Authority established by Regulation (EU) No. 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No. 716/2009/EC and repealing Commission Decision 2009/77/EC.

**Art. 36/2.** – In accordance with Article 12bis, with the provisions of this chapter and the specific laws governing the supervision of financial institutions, the Bank’s mission shall be to undertake prudential supervision of credit institutions, investment firms with the status of stockbroking firm, insurance companies, reinsurance companies, mutual insurance associations, clearing institutions, settlement institutions, institutions equivalent to settlement institutions, payment institutions and electronic money institutions.

By derogation from the preceding paragraph, supervision of mutual insurance companies referred to in Articles 43*bis*, § 5, and 70, §§ 6, 7 and 8, of the Law of 6 August 1990 on mutual insurance companies and national unions of mutual insurance companies, as well as their operations, falls within the competence of the Control Office of mutual health funds and national unions of mutual health funds.

In carrying out its tasks, the Bank shall take account, in its capacity as competent prudential authority, of the convergence, in terms of supervision instruments and practices, of the implementation of the legislative, regulatory and administrative obligations imposed under the applicable European Directives.

To this end, it is required to:

- a) take part in the work of the European Banking Authority;
- b) comply with the guidelines, recommendations, standards and other measures agreed by the European Banking Authority and, if it fails to do so, shall explain the reasons.

In its capacity as competent prudential authority, when carrying out its general interest duties, the Bank shall take due account of the potential impact of its decisions on the stability of the financial system in all the other Member States concerned and, particularly, in emergency situations, on the strength of information available at the time.

**Art. 36/3. – § 1.** Without prejudice to Article 36/2, and in accordance with Articles 12 and 12*bis* and the specific laws that govern the supervision of financial institutions, the Bank's mission shall also be:

1° to intervene in the detection of any threats to the stability of the financial system, in particular by following up and assessing strategic developments in and the risk profile of systemic financial institutions;

2° to submit recommendations to the federal government and federal parliament on measures that are necessary or useful for the stability, the smooth running and the efficiency of the country's financial system;

3° to coordinate financial crisis management;

4° to contribute to the missions of the European and international institutions, organisations and organs in the

areas described in 1° to 3° and to collaborate in particular with the European Systemic Risk Board.

**§ 2.** The Bank shall determine, among the financial institutions referred to in Article 36/2, those that must be considered as system-relevant and shall inform each one of these institutions. From this moment onwards, these institutions are required to send the Bank their proposals for strategic decisions. Within two months of receipt of a complete file supporting the strategic decision, the Bank may oppose these decisions if it feels that they go against sound and prudent management of the system-relevant financial institution or are liable to have a significant effect on the stability of the financial system. It may use all the powers conferred on it by this Law and the specific laws governing the supervision of the financial institutions concerned.

Strategic decisions shall be understood to mean decisions, once they assume a certain degree of importance, that concern any investment, disinvestment, participation or strategic cooperation relationship on the part of the system-relevant financial institution, notably decisions to acquire or establish another institution, to set up a joint venture established in another State, to conclude cooperation agreements or agreements on capital investment or acquisition of a branch of activity, merger or demerger. The Bank shall specify the decisions that are to be considered as strategic and of a certain importance for the application of this article. It shall publish these stipulations.

**§ 3.** When the Bank considers that a system-relevant financial institution has an inadequate risk profile or that its policy is liable to have a negative impact on the stability of the financial system, it may impose specific measures on the institution in question, notably particular requirements in respect of solvency, liquidity, risk concentration and risk positions.

**§ 4.** To enable the Bank to exercise the competences laid down by the preceding paragraphs, each system-relevant financial institution shall send it a report on developments in its business activities, its risk position and its financial situation.

The Bank shall determine the content of the information that must be sent to it as well as the frequency and the arrangements for this reporting.

**§ 5.** Failure to respect the provisions of this article may give rise to the imposition of administrative fines, penalties and penal sanctions provided for by this Law and the specific laws applicable to the financial institutions in question.

**§ 6.** The FSMA shall provide the Bank with the information it possesses and which the latter has requested for the purposes of carrying out the tasks referred to in this article.

**Art. 36/4.** – In carrying out its tasks referred to in Article 12*bis*, the Bank shall have no competence in respect of fiscal matters. However, it shall notify the judicial authorities of any special mechanisms set up by an institution falling within the scope of its prudential supervision, the aim or result of which mechanisms is to promote fraud by third parties, where it is aware of the fact that those special mechanisms constitute a fiscal offence under the Penal Code, punishable by penal sanctions for the institutions themselves as author, co-author or accessory.

**Art. 36/5. – § 1.** In the instances stipulated by the law regulating the task in question, the Bank may give prior written consent on an operation. The Bank make its consent dependent on the conditions that it deems appropriate.

**§ 2.** The consent referred to in § 1 shall be binding on the Bank, save:

1° where it appears that the operations to which it refers are incompletely or incorrectly described in the request for consent;

2° where those operations are not performed in the manner proposed to the Bank;

3° where the effects of those operations are modified by one or more subsequent operations, with the result that the operations to which the consent refers no longer conform to the definition given of them in the request for consent;

4° where the conditions upon which the consent is dependent are not or no longer fulfilled.

**§ 3.** Upon the recommendation of the Bank, the King determines the terms and conditions for application of the present article.

**Art. 36/6.** – The Bank shall organise a website and keep it up to date. This website shall contain all regulations, proceedings and resolutions that are required to be published in the context of its legal tasks pursuant to Article 12*bis*, as well as any other information that the Bank deems appropriate to disseminate in the interest of these same tasks.

Without prejudice to the means of publication prescribed by the appropriate legal or regulatory provisions, the

Bank shall specify other possible means of publishing the regulations, resolutions, opinions, reports and other proceedings it makes public.

**Art. 36/7.** – All notifications that the Bank or the Minister are required to make by registered letter or recorded delivery in accordance with the laws and regulations whose application is supervised by the Bank may be made by writ of execution or by any other method determined by the King.

## Section 2 – Sanctions Committee

**Art. 36/8. – § 1.** The Sanctions Committee shall pronounce on the imposition by the Bank of administrative fines and penalties laid down by the laws applicable to the institutions that it supervises.

**§ 2.** The Sanctions Committee shall comprise six members appointed by the King:

1° a State counsellor or honorary State counsellor, appointed on a proposal from the First President of the Council of State;

2° a counsellor at the Court of Cassation or honorary counsellor at the Court of Cassation, appointed on a proposal from the First President of the Court of Cassation;

3° two magistrates who are neither members of the Court of Cassation, nor of the Brussels Court of Appeal;

4° two other members.

**§ 3.** The chairman is elected by the members of the Sanctions Committee from among the persons mentioned in § 2, 1°, 2° and 3.

**§ 4.** For the three years preceding their appointment, the members of the Sanctions Committee may not have been on either the Board of Directors of the Bank, or a member of the Bank's staff, or of the CSRSFI.

During the course of their mandate, members may not carry out any duties whatsoever or any mandate whatsoever in an institution subject to the supervision of the Bank or in a professional association representing institutions subject to the supervision of the Bank, nor may they provide services for a professional association representing institutions subject to the supervision of the Bank.

**§ 5.** The mandate of the members of the Sanctions Committee is six years and renewable. Members may be

removed from office by the King only if they no longer fulfil the conditions for the performance of their duties or if they have been guilty of serious misconduct.

Should a member of the Sanctions Committee's seat fall vacant, whatever the reason, a replacement for that member shall be found for the remaining term of office.

**§ 6.** The Sanctions Committee may take valid decisions when two of its members and its chairman are present and in a position to deliberate. If its chairman is unable to attend, it may take valid decisions when three of its members are present and in a position to deliberate.

Members of the Sanctions Committee may not deliberate in a case in which they have a personal interest that may influence their opinion.

**§ 7.** The King shall determine, in consultation with the management of the Bank, the amount of compensation allocated to the chairman and to the members of the Sanctions Committee in accordance with the cases on which they have deliberated.

**§ 8.** The Sanctions Committee shall lay down its rules of procedure and its rules of conduct.

### Section 3 – Rules of procedure for the imposition of administrative fines and penalties

**Art. 36/9. – § 1.** Where, in carrying out its legal tasks pursuant to Article 12*bis*, the Bank determines that there are serious indications of the existence of a practice liable to give rise to the imposition of an administrative fine or a penalty or where, following a complaint, it is made aware of such a practice, the Board of Directors shall decide to open an investigation and entrust the auditor with it. The auditor shall investigate the charges and the defence.

The auditor is designated by the Council of Regency from among the members of staff of the Bank. He shall enjoy total independence in the performance of his duties as auditor.

In order to carry out his task, the auditor may exercise all the powers of investigation vested in the Bank by the legal and regulatory provisions governing the matter concerned. He shall be assisted in the conduct of each inquiry by one or more members of the Bank's staff that he chooses from among the members of staff designated to this end by the Board of Directors.

**§ 2.** At the end of the investigation, once the persons concerned have been heard or at least duly summoned, the auditor shall draw up a report and send it to the Board of Directors.

**Art. 36/10. – § 1.** On the basis of the auditor's report, the Board of Directors shall decide to close the case, propose a compromise settlement or refer it to the Sanctions Committee.

**§ 2.** If the Board of Directors decides to close a case, it shall inform the persons concerned of this decision. It may make the decision public.

**§ 3.** If the Board of Directors puts forward a proposal for a compromise settlement, and its proposal is accepted, the compromise settlement shall be published on the Bank's website without specifying any names.

The amount of the compromise settlements shall be recovered in favour of the Treasury by the Land Registry, Public Records and Crown Lands Office.

**§ 4.** If the Board of Directors decides to refer the case to the Sanctions Committee, it shall send a notification of grievance together with the investigation report to the persons concerned and the chairman of the Sanctions Committee. If the Board of Directors considers that the grievances can lead to the imposition of a penalty, this shall be expressly mentioned.

**§ 5.** In the event that one of the grievances is liable to constitute a criminal offence, the Board of Directors shall inform the Crown prosecutor. The Board of Directors can decide to make its decision public.

When the Crown prosecutor decides to set criminal proceedings in motion for the charges to which the notification of grievances refers, he shall immediately inform the Bank. The Crown prosecutor can give the Bank, automatically or upon request from the latter, a copy of any material from the procedure relating to the charges that are the subject of the transmission.

Decisions taken by the Board of Directors pursuant to this article are not open to appeal.

**Art. 36/11. – § 1.** Persons to whom a notification of grievances has been addressed have two months in which to submit their written observations on the charges to the chairman of the Sanctions Committee. If the notification made by the Board of Directors mentions that the charges could give rise to the imposition of a penalty, this period shall be reduced to eight calendar days. In exceptional

circumstances, the chairman of the Sanctions Committee may extend these periods.

**§ 2.** Persons implicated may obtain copies of case documents from the Sanctions Committee and may be assisted or represented by a lawyer of their choice.

They may request an objection to a member of the Sanctions Committee if they have any doubts about the independence or impartiality of this member. The Sanctions Committee shall pronounce on this request by a reasoned decision.

**§ 3.** Following an adversary procedure and after the auditor has been heard, the Sanctions Committee may impose an administrative fine or penalties on the persons in question. The Sanctions Committee shall pronounce by a reasoned decision. No sanctions may be decided without the person or his/her representative first having been heard or at least duly summoned. At the hearing, the Board of Directors shall be represented by the person of its choice and may have its observations heard.

**§ 4.** The amount of the fine or the extent of the penalties shall be set in accordance with the seriousness of the breaches committed and in relation to any benefits or profits that may have been drawn from these breaches.

**§ 5.** The Sanctions Committee's decision shall be sent by registered letter to the persons concerned. The letter of notification shall indicate the legal remedies, the competent authorities in order for cognisance to be taken of them, as well as the form and terms that are required to be respected, failing which the period of limitation for bringing an appeal shall not come into effect.

**§ 6.** The Sanctions Committee shall publish its decisions nominatively on the Bank's website, unless such publication risks threatening financial stability or being disproportionately detrimental to the interests of those concerned or the institutions to which they belong, in which case the decision shall be published on the Bank's website non-nominatively. In the event of an appeal against the sanction decision, this shall be published non-nominatively pending the outcome of the legal proceedings.

The Board of Directors shall be notified of the Sanctions Committee's decisions before they are published.

**Art. 36/12.** – The administrative fines and penalties imposed by the Sanctions Committee and that have become definitive, as well as the compromise settlements made before the criminal judge has made a definite

pronouncement on the same facts, shall be imputed to the amount of any penal fine that is imposed for those facts in respect of the same person.

#### **Section 4 – Professional secrecy, exchange of information and cooperation with other authorities**

**Art. 36/13.** – Notwithstanding Article 35, paragraph 1, the Bank may communicate confidential information:

1° where the communication of such information is stipulated or authorised by or pursuant to this Law and the laws regulating the tasks entrusted to the Bank;

2° to expose criminal offences to the judicial authorities;

3° within the framework of administrative or judicial appeal proceedings against acts or decisions of the Bank and in any other proceedings to which the Bank is a party;

4° in abridged or summary form, in order that individual natural or legal persons cannot be identified.

The Bank may publish the decision to expose criminal offences to the judicial authorities.

**Art. 36/14. – § 1.** By derogation from Article 35, the Bank may also communicate confidential information:

1° to the European Central Bank and the other central banks and institutions with a similar mission in their capacity as monetary authorities when such information is relevant for carrying out their respective legal duties, notably conduct of monetary policy and provision of liquidity connected with it, oversight of payment, clearing and settlement systems, as well as preserving the stability of the financial system, and also to other public authorities in charge of overseeing payment systems.

Whenever an emergency situation arises, including unfavourable developments on the financial markets, that is likely to threaten market liquidity and the stability of the financial system in one of the Member States in which entities of a group comprising credit institutions or investment firms have been authorised or in which branches of significant importance are established within the meaning of Article 49, §§ 5*bis* and 5*ter*, of the Law of 22 March 1993 on the legal status and supervision of credit institutions or of Article 95, §§ 5*bis* and 5*ter*, of the Law of 6 April 1995 on the legal status and supervision of investment firms, the Bank may pass on information to the central banks in the European System of Central

Banks when this information is relevant for carrying out their respective legal duties, notably conduct of monetary policy and provision of liquidity connected with it, oversight of payment, clearing and settlement systems, as well as preserving the stability of the financial system.

In the event of an emergency situation as referred to above, the Bank may disclose, in all the Member States concerned, any information that may be of interest for central government departments responsible for legislation governing the supervision of credit institutions, financial institutions, investment services and insurance companies;

2° within the limits of European Directives, to the competent authorities of the European Union and of other Member States of the European Economic Area that exercise one or more competences comparable to those referred to in Articles 36/2 and 36/3;

3° in compliance with European Directives, to the competent authorities of third countries that exercise one or more competences comparable to those referred to in Articles 36/2 and 36/3 and with which the Bank has concluded a cooperation agreement providing for the exchange of information;

4° to the FSMA;

5° to Belgian institutions or to institutions of other Member States of the European Economic Area that manage a system for the protection of deposits or investors;

6° to institutions for the clearing or settlement of financial instruments that are authorised to provide services for transactions in financial instruments conducted on a Belgian organised market, where the Bank deems that communication of the information concerned is necessary for the orderly operation of those institutions to be protected against any shortcomings – even potential – of participants on the market in question;

7° within the limits of European Directives, to market operators for the orderly operation, control and supervision of the markets that they organise;

8° during civil or commercial proceedings, to the authorities and legal representatives involved in bankruptcy or composition proceedings or analogous collective proceedings concerning companies subject to the Bank's supervision, with the exception of confidential information in respect of the participation of third parties in rescue attempts prior to such proceedings;

9° to statutory auditors, to company auditors and to other persons charged with the legal examination of the accounts of companies subject to the supervision of the Bank, of the accounts of other Belgian financial institutions or of the accounts of similar foreign companies;

10° to sequestrators for the exercise of their task as envisaged in the laws regulating the tasks entrusted to the Bank;

11° to the authorities supervising the persons charged with the legal examination of the annual accounts of companies subject to the supervision of the Bank;

12° within the limits of European Directives, to rapporteurs and to the officers of the Competition Office charged with the examination as referred to in the Law of 10 June 2006 on the protection of economic competition;

13° within the limits of European Directives, to the stock-broker approval board as referred to in Article 21 of the Law of 2 August 2002;

14° within the limits of European Directives, to the Treasury Administration, in accordance with the legal and regulatory provisions laid down for the implementation of measures in respect of financial embargos;

15° within the limits of European Directives, to actuaries independent of enterprises who, by virtue of the law, carry out an assignment whereby they supervise those enterprises, and to the bodies in charge of supervising these actuaries;

16° to the Industrial Accidents Fund;

17° to agents commissioned by the minister whose portfolio includes Economic Affairs, with authority to investigate and report infringements committed against the provisions of Articles 58/1, 58/2 and 58/3 of the Law of 10 December 2009, under the responsibilities assigned to them under Article 72 of that Law.

**§ 2.** The Bank may communicate confidential information in accordance with § 1 only on condition that the recipient authorities or institutions use that information to carry out their tasks and that, as regards that information, they are subject to an obligation of professional secrecy equivalent to that referred to in Article 35. Furthermore, information communicated by an authority of another Member State of the European Economic Area may be divulged in the instances as referred to in 7°, 9°, 10°, 12° and 16° of § 1 and to the authorities or bodies of third

countries as referred to in 4°, 6°, 10° of § 1 only with the express agreement of that authority and, as the case may be, only for the purposes for which that authority has given its consent.

**§ 3.** Without prejudice to the more stringent provisions of the specific laws governing them, the Belgian authorities and bodies referred to in § 1 shall be bound by professional secrecy as referred to in Article 35 as regards the confidential information they receive from the Bank in application of § 1.

**Art. 36/15.** – Article 35 shall apply to statutory auditors, to company auditors and to experts as regards the information of which they have become cognisant by virtue of the tasks of the Bank or by virtue of the verifications, expert appraisals or reports that the Bank, within the framework of its tasks as referred to in Articles 36/2 and 36/3, has charged them with carrying out or producing.

Paragraph 1 and Article 78 of the Law of 22 July 1953 establishing an *Institut des réviseurs d'entreprises / Instituut der Bedrijfsrevisoren* shall not apply to the communication of information to the Bank that is stipulated or authorised by the legal or regulatory provisions governing the tasks of the Bank.

**Art. 36/16. – § 1.** Without prejudice to Articles 35 and 36/13 to 36/15 and to the provisions of specific laws, the Bank shall, in matters pertaining to its competence, cooperate with foreign competent authorities that exercise one or more competences comparable to those referred to in Articles 36/2 and 36/3.

**§ 2.** Without prejudice to the obligations arising for Belgium from the law of the European Union, the Bank may, on the basis of reciprocity, conclude agreements with competent authorities, as referred to in § 1, with a view to establishing the terms and conditions of that cooperation, including the method of any distribution of supervisory tasks, the designation of a competent authority as supervision coordinator and the method of supervision through on-the-spot inspections or otherwise, what cooperation procedures shall apply, as well as the terms and conditions governing the collection and exchange of information.

**§ 3.** In the cases stipulated by the European Directives, the Bank may refer situations to the European Banking Authority, the European Insurance and Occupational Pensions Authority, and the European Securities and Markets Authority respectively.

**Art. 36/17. – § 1.** Without prejudice to the relevant provisions of Article 36/19, the following provisions shall apply in the context of the competences referred to in Articles 36/2 and 36/3 with regard to mutual cooperation between the Bank and the other competent authorities referred to in Article 4, paragraph 1, 2) of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments and in Article 4, 4) of Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions, for the purposes of meeting the obligations arising from the said Directive 2004/39/EC :

1° The Bank shall collaborate with the other competent authorities whenever that is necessary in order to fulfil their duties, by making use of the powers conferred upon it either by the above-mentioned Directives, or by national legislation. To this end, the Bank shall notably have the powers that are attributed to it by this Law. The Bank shall offer its assistance to the competent authorities of the other Member States. In particular, it shall exchange information and cooperate with the other competent authorities in enquiries or supervisory activities including on-the-spot checks, even if the practices that are subject to an investigation or verification do not constitute a violation of any rules in Belgium.

2° The Bank shall immediately notify any information required for the purposes referred to in 1°. To this end, apart from the appropriate organisational measures for facilitating the correct execution of the cooperation referred to in 1°, the Bank shall immediately take the necessary measures to collect the information requested. As regards the competences referred to in this paragraph, when the Bank receives a request for an on-the-spot verification or for an enquiry, it shall follow this up within the limits of its powers:

- by inspecting or investigating itself;
- by permitting the authority submitting the request or auditors or experts to carry out the inspection or investigation directly.

3° The information exchanged in the context of the cooperation is covered by the professional secrecy obligation referred to in Article 35. When it passes on information in the framework of such cooperation, the Bank may specify that this information cannot be disclosed without its express consent or can only be disclosed for purposes for which it has given its agreement. Likewise, when it receives information, the Bank must, by derogation from Article 36/14, respect any restrictions that may be set out

to it by the foreign authority as to the possibility of passing on the information thus received.

4° Where the Bank believes that the acts infringing the provisions of the aforementioned Directives are being or have been committed on the territory of another Member State, or that the acts are damaging to financial instruments traded on a regulated market in another Member State, it shall inform the competent authority of this other Member State, and also the FSMA, about these acts in as detailed a manner as possible. If the Bank has been informed by an authority of another Member State that such acts have been committed in Belgium, it shall inform the FSMA about this, take appropriate measures and send the authority that informed it, as well as the FSMA, the results of its intervention and notably, in so far as possible, the main provisional outcome of its action.

**§ 2.** In implementing § 1, the Bank may refuse to respond to a request for information, investigation, on-site examination or surveillance if:

- responding to such a request could impair the sovereignty, security, or law and order of Belgium, or
- judicial proceedings have already been initiated on the same grounds against the same persons in Belgium, or
- a final judgment has already been passed on those persons on the same grounds in Belgium.

In such cases, it shall inform the requesting competent authority and the European Securities and Markets Authority, providing them if appropriate with the most detailed possible information on the proceedings or judgment in question.

**§ 3.** As regards the competences referred to in § 1, without prejudice to the obligations that rest on it in legal proceedings of a penal nature, the Bank may only use the information that it has received from a competent authority or from the FSMA for the purposes of monitoring respect for the conditions of access to the business of the institutions subject to its supervision pursuant to Article 36/2 and in order to facilitate supervision, on an individual or consolidated basis, of the conditions for carrying out this business, impose sanctions, in the context of an administrative appeal or legal action taken against a decision by the Bank, in the framework of the extrajudicial mechanism for settling investors' complaints. However, if the competent authority transmitting the information agrees to this, the Bank may use this information for other purposes or pass it on to the competent authorities of other States.

**§ 4.** Paragraphs 1 and 2 shall also apply, according to the conditions determined in the cooperation agreements, in the context of cooperation with the authorities of third States.

**§ 5.** The Bank is the authority that acts as point of contact in charge of receiving requests for exchange of information or cooperation in execution of § 1 for matters that come under its remit.

The Minister shall notify the European Commission as well as the other Member States of the European Economic Area of this.

**Art. 36/18.** – Without prejudice to Articles 35 and 36/13 to 36/15, and to the provisions of specific laws, the Bank and the FSMA shall conclude cooperation agreements with the Control Office of mutual health funds and national unions of mutual health funds on the subject of supplementary health insurance practised by the mutual insurance companies referred to in Articles 43*bis*, § 5, and 70, §§ 6, 7 and 8, of the Law of 6 August 1990 on mutual insurance companies and national unions of mutual insurance companies. The cooperation agreements shall govern, inter alia, exchange of information and the uniform application of the legislation concerned.

## **Section 5 – Powers of investigation, penal provisions and means of appeal**

**Art. 36/19.** – Without prejudice to the powers of investigation conferred upon it by the legal and regulatory provisions governing its tasks, the Bank may, in order to verify whether an operation or an activity is envisaged by the laws and regulations whose application it is responsible for supervising, demand all necessary information from those carrying out the operation or activity in question and from all third parties permitting that operation or activity to take place.

The Bank shall have the same power of investigation in order to verify whether, within the framework of a cooperation agreement concluded with a foreign authority and in respect of the substantive points indicated in the written request from that authority, an operation or activity carried out in Belgium is envisaged by the laws and regulations whose application that foreign authority is responsible for supervising.

The person or institution concerned shall communicate that information within the deadline and in the form specified by the Bank.

The Bank may verify or have verified in the books and documents of interested parties the accuracy of the information communicated to it.

If the person or institution in question has not sent the information requested upon expiry of the deadline set by the Bank, once the person or institution concerned have been heard, and without prejudice to the other measures provided for by law, the Bank may impose the payment of a fine which may not be less than € 250 nor higher than € 50 000 per calendar day, nor exceed € 2 500 000 in total.

The penalties and fines imposed in application of this article shall be recovered in favour of the Treasury by the Land Registry, Public Records and Crown Lands Office.

**Art. 36/20. – § 1.** The following shall be punishable by a prison term of between one month and one year and by a fine of between € 250 and € 2 500 000 or by one of these penalties alone:

– those who hamper the Bank's investigations pursuant to the present Chapter or who knowingly provide it with inaccurate or incomplete information;

– those who knowingly, through declarations or otherwise, intimate or allow it to be believed that the operation or operations that they carry out or intend to carry out are conducted under the conditions stipulated by the laws and regulations whose application is supervised by the Bank, whereas those laws and regulations either do not apply to them or have not been respected by them.

**§ 2.** The provisions of Book I of the Penal Code shall, without the exception of Chapter VII and Article 85, be applicable to the infringements referred to in § 1.

**Art. 36/21. – § 1.** An appeal with the Brussels Court of Appeal may be lodged against any decision by the Bank imposing a penalty or an administrative fine.

**§ 2.** Without prejudice to the special provisions laid down by or pursuant to the law, the term for appeal shall, on pain of extinction, be 30 days.

The term for appeal shall commence from notification of the decision in dispute.

**§ 3.** On pain of inadmissibility, pronounced officially, the appeal as referred to in § 1 shall be lodged by signed petition delivered to the Registry of the Brussels Court of Appeal in as many copies as there are parties.

On pain of inadmissibility, the petition shall contain:

1° mention of the date, month and year;

2° where the petitioner is a natural person, his or her name, first names and address; where the petitioner is a legal entity, its name, legal form, registered office and the body that is representing it;

3° mention of the decision that is the subject of the appeal;

4° statement of the arguments;

5° indication of the place, day and hour of the court appearance fixed by the Registry of the Court of Appeal;

6° inventory of the supporting documents lodged together with the petition with the Registry.

Notification of the petition shall be given by the Registry of the Brussels Court of Appeal to all parties summoned in the suit by the petitioner.

The Brussels Court of Appeal may at any time officially summon to appear in the suit all other persons whose situation threatens to be affected by the ruling on the appeal.

The Brussels Court of Appeal shall determine the term within which the parties are required to exchange their written comments and to lodge a copy of those comments with the Registry. It shall likewise determine the date of the hearing.

Each of the parties may lodge their written comments with the Registry of the Brussels Court of Appeal and consult the dossier there on the spot.

The Brussels Court of Appeal shall determine the term within which the comments are required to be produced. The Registry shall notify the parties of them.

**§ 4.** Within five days after registration of the petition, the Registry of the Brussels Court of Appeal shall request the Bank to forward the procedure dossier. The dossier shall be forwarded within five days after receipt of the request.

**§ 5.** The appeal as referred to in § 1 shall serve to suspend the decision of the Bank.

**Art. 36/22. –** According to an accelerated procedure determined by the King, an appeal may be lodged with the Council of State:

1° by the applicant for an authorisation, against decisions taken by the Bank in respect of authorisation pursuant to Articles 10 and 11 of the Law of 22 March 1993 on the legal status and supervision of credit institutions. A like appeal may be lodged where the Bank has made no ruling within the periods laid down in paragraph 1 of the aforementioned Article 10; in the latter case, the appeal shall be handled as if the request had been rejected;

2° by the credit institution, against decisions taken by the Bank pursuant to Article 34, paragraph 3, of the aforementioned Law of 22 March 1993;

3° by the credit institution, against decisions taken by the Bank pursuant to Article 57, § 1, paragraph 2, 1°, 1°bis, 2°, 3° and 4°, and against similar decisions taken pursuant to Article 75, § 2, and Article 84 of the aforementioned Law of 22 March 1993. The appeal shall serve to suspend the decision and its publication save where the Bank, for reasons of serious threat to savers, has declared its decision executory notwithstanding any appeal;

4° by the applicant, against decisions taken by the Bank regarding authorisation pursuant to Articles 50 and 51 of the Law of 6 April 1995 on the legal status and supervision of investment firms. A like appeal may be lodged by the applicant where the Bank has made no ruling within the periods laid down in paragraph 1 of the aforementioned Article 50. In the latter case, the appeal shall be handled as if the request had been rejected;

5° by the investment firm, against decisions taken by the Bank pursuant to Article 104, § 1, 1°, 1°bis, 2°, 3° and 4°, of the aforementioned Law of 6 April 1995 or decrees referring to it. The appeal shall serve to suspend the decision and its publication, save where the Bank, for reasons of serious threat to investors, has declared its decision executory notwithstanding any appeal;

6° by the applicant for registration and by the company concerned, against decisions taken by the Bank to refuse, suspend or withdraw the registration, pursuant to Article 139 of the aforementioned Law of 6 April 1995 and pursuant to its implementing measures; the appeal shall serve to suspend the decision, save where the Bank, for serious reasons, has declared its decision executory notwithstanding any appeal;

7° by the applicant for an authorisation, against decisions taken by the Bank pursuant to Article 4 of the Law of 9 July 1975 on the supervision of insurance undertakings; a like appeal may be lodged where the Bank has made no ruling within the periods laid down in paragraph 4 of the aforementioned Article 4; in the

latter case, the appeal shall be handled as if the request had been rejected;

8° by the insurance undertaking, against decisions to extend the request for information taken by the Bank pursuant to Article 21, § 1<sup>ter</sup>, of the aforementioned Law of 9 July 1975;

9° by the insurance undertaking, against decisions to raise tariffs taken by the Bank pursuant to Article 21<sup>octies</sup>, § 2, of the aforementioned Law of 9 July 1975;

10° by the insurance undertaking, against decisions taken by the Bank pursuant to Article 26, § 1, paragraph 2, 1°, 2°, 3°, and 4°, and §§ 5, 8 and 9 of the aforementioned Law of 9 July 1975;

11° by the insurance undertaking, against decisions to withdraw the authorisation taken by the Bank pursuant to Article 43 of the aforementioned Law of 9 July 1975;

12° by the insurance undertaking, against decisions to protest taken by the Bank pursuant to Articles 51, 55 and 58 of the aforementioned Law of 9 July 1975, or where the Bank has not ruled within the period laid down in Article 51, paragraph 2, of the same Law;

13° by the applicant for authorisation and by the authorised institution, against the decision by the Bank to refuse, suspend or revoke the authorisation pursuant to Articles 3, 12 and 13 of the Law of 2 January 1991 on the national debt securities market and monetary policy instruments, and its implementing decrees. The appeal shall serve to suspend the decision unless the Bank, for serious reasons, has declared its decision executory notwithstanding any appeal;

14° by the applicant for an authorisation, against decisions taken by the Bank pursuant to Articles 9 and 15, and against similar decisions taken pursuant to Article 59 of the Law of 16 February 2009 on reinsurance. A like appeal may be lodged where the Bank has made no ruling within the periods laid down in paragraph 1 of the aforementioned Article 9 and in paragraph 2 of the aforementioned Article 59. In these cases, the appeal shall be handled as if the request had been rejected;

15° by the reinsurance undertaking, against decisions to protest taken by the Bank pursuant to Article 32 of the aforementioned Law of 16 February 2009;

16° by the reinsurance undertaking, against decisions taken by the Bank pursuant to Articles 47, § 1, paragraph 2, 1°, 2°, 3° and 4°, 48, §§ 1, 4 and 5, and 50,

paragraph 2, and against similar decisions taken pursuant to Articles 58, paragraph 2, and 67 of the aforementioned Law of 16 February 2009;

17° by the reinsurance undertaking, against decisions revoking the authorisation taken by the Bank pursuant to Article 53, and against similar decisions taken pursuant to Article 67 of the aforementioned Law of 16 February 2009;

18° by the reinsurance undertaking, against decisions taken by the Bank pursuant to Article 72, paragraphs 3 and 4, of the aforementioned Law of 16 February 2009;

19° by the applicant for an authorisation, against decisions taken by the Bank in respect of authorisation pursuant to Article 8 of the Law of 21 December 2009 on the legal status of payment institutions, access to the activity of payment service provider and access to payment systems. A like appeal may be lodged where the Bank has made no ruling within the periods laid down in paragraph 2 of the aforementioned Article 8. In the latter case, the appeal shall be handled as if the request had been rejected;

20° by the payment institution, against decisions taken by the Bank pursuant to Article 19, paragraph 3, of the Law of 21 December 2009 on the legal status of payment institutions, access to the activity of payment service provider and access to payment systems;

21° by the payment institution, against decisions taken by the Bank pursuant to Article 35, § 1, paragraph 2, 1°, 2°, 3°, 4° and 5° and against similar decisions taken pursuant to Article 44 of the Law of 21 December 2009 on the legal status of payment institutions, access to the activity of payment service provider and access to payment systems. The appeal shall serve to suspend the decision and its publication, save where the Bank, for reasons of serious threat to users of payment services, the Bank has declared its decision executory notwithstanding any appeal;

22° by the institution concerned, against decisions taken by the Bank pursuant to Article 26, § 1, paragraph 4, of the Law of 9 July 1975 on the supervision of insurance companies, Article 57, § 4, of the Law of 22 March 1993 on the legal status and supervision of credit institutions, and Article 104, § 1, last paragraph, of the Law of 6 April 1995 on the legal status and supervision of investment firms; 18° by the applicant for an authorisation, against decisions taken by the Bank pursuant to Article 36/25, § 2;

23° by the applicant for an authorisation, against decisions taken by the Bank pursuant to Article 36/25, § 2;

24° by the applicant for an authorisation, against decisions taken by the Bank in respect of authorisation pursuant to Article 4 of the Royal Decree of 26 September 2005 on the legal status of settlement institutions and assimilated institutions. A like appeal may be lodged where the Bank has made no ruling within the periods laid down in paragraph 1 of the aforementioned Article 4. In the latter case, the appeal shall be handled as if the request had been rejected;

25° by the settlement institution or assimilated institution, against decisions taken by the Bank pursuant to Article 17 of the aforementioned Royal Decree of 26 September 2005;

26° by the settlement institution or assimilated institution, against decisions taken by the Bank pursuant to Article 33, § 1, paragraph two, 1°, 1°*bis*, 2° and 3°, of the aforementioned Royal Decree of 26 September 2005 and against similar decisions taken by the Bank pursuant to Article 36 of the aforementioned Royal Decree of 26 September 2005. The appeal shall serve to suspend the decision and its publication, save where the Bank, for reasons of serious threat to clients or financial markets, has declared its decision executory notwithstanding any appeal;

[...]

32° by the applicant for an authorisation, against decisions taken by the Bank in respect of authorisation pursuant to Article 63 of the Law of 21 December 2009 on the legal status of payment institutions and electronic money institutions, and access to the activity of payment service provider, to the activity of issuing electronic money, and to payment systems. A like appeal may be lodged where the Bank has made no ruling within the periods laid down in paragraph 2 of the aforementioned Article 63. In the latter case, the appeal shall be handled as if the request had been rejected;

33° by the payment institution, against decisions taken by the Bank pursuant to Article 75, paragraph 3, of the Law of 21 December 2009 on the legal status of payment institutions and electronic money institutions, and access to the activity of payment service provider, to the activity of issuing electronic money, and to payment systems;

34° by the electronic money institution, against decisions taken by the Bank pursuant to Article 87, § 1, paragraph 2, 1°, 2°, 3°, 4° and 5° and against similar decisions taken pursuant to Article 96 of the Law of 21 December 2009 on the legal status of payment institutions and electronic money institutions, access to the activity of payment

service provider, the activity of issuing electronic money, and to payment systems. The appeal shall serve to suspend the decision and its publication, save where the Bank, for reasons of serious threat to holders of electronic money, the Bank has declared its decision executory notwithstanding any appeal.

**Art. 36/23.** – With a view to requesting enforcement of the criminal law, the Bank is authorised to intervene, at any stage of the proceedings, before the criminal court to which an infraction punishable by this Law or by a law charging the Bank with supervision of its provisions has been referred, without the Bank thereby being required to demonstrate the existence of any prejudice. The intervention shall be according to the rules applying to the plaintiff.

## Section 6 – Anti-crisis measures

**Art. 36/24. – § 1.** Upon the recommendation of the Bank, the King may, in the event of a sudden crisis on the financial markets or in the event of a serious threat of a systemic crisis, with a view to limiting the extent or the consequences of this crisis:

1° determine regulations supplementing or derogating from the Law of 9 July 1975 on the supervision of insurance companies, the Law of 2 January 1991 on the national debt securities market and monetary policy instruments, the Law of 22 March 1993 on the legal status and supervision of credit institutions, the Law of 6 April 1995 on the legal status and supervision of investment firms, the Law of 2 August 2002 on the supervision of the financial sector and on financial services, Book VIII, Title III, chapter II, section III, of the Company Code, and Royal Decree 62 on the deposit of fungible financial instruments and the settlement of transactions in these instruments, coordinated by Royal Decree of 27 January 2004;

2° put in place a system for granting a State guarantee for commitments entered into by institutions supervised pursuant to the aforementioned laws that He shall determine, or for granting the State guarantee to certain claims held by these institutions;

3° put in place, if necessary by means of regulations laid down in accordance with 1°, a system for granting a State guarantee for the reimbursement of associates who are natural persons of their share of the capital of cooperative societies, authorised in accordance with the Royal Decree of 8 January 1962 on the license requirements for the national groups of cooperative societies and for cooperative societies, which are institutions supervised pursuant

to the aforementioned laws or at least half of whose capital is invested in such institutions ;

4° put in place a system for granting State cover for losses incurred on certain assets or financial instruments by institutions supervised pursuant to the aforementioned laws;

5° put in place a system for granting a State guarantee for commitments entered into by entities whose activity consists of acquiring and managing certain assets held by institutions supervised pursuant to the aforementioned laws;

The Royal Decrees taken under the terms of paragraph 1, 1°, shall cease to have effect if they have not been confirmed by law within twelve months from their date of entry into force. The confirmation shall be retroactive to the date of entry into force of the Royal Decrees. The Royal Decrees taken pursuant to paragraph 1, 2° to 6°, shall be deliberated in the Council of Ministers.

**§ 2.** As regards the application of paragraph 1, first indent, 2° to 5°, institutions supervised pursuant to the laws referred to in paragraph 1, first indent, 1° are financial companies included on the list referred to in Article 13, paragraph 4, of the Law of 22 March 1993 on the legal status and supervision of credit institutions, mixed financial companies, credit establishments, investment firms and insurance undertakings, as well as their direct or indirect subsidiaries.

**§ 3.** The total amount of the principal of the guarantees referred to in the first paragraph of § 1, 2° and 5°, and the cover referred to in the first paragraph of § 1, 4°, must not exceed € 25 billion per supervised institution or per group of associated supervised institutions within the meaning of Article 11 of the Company Code.

For the purposes of determining the groups referred to in the first paragraph, links between institutions resulting from the supervision exercised over them by the State shall be disregarded.

If exchange rate movements cause the limit set in the first paragraph to be exceeded, that shall not affect the validity of the guarantees or cover granted.

## Chapter IV/2 – Provisions concerning the supervision of clearing institutions and settlement institutions and institutions equivalent to settlement institutions

**Art. 36/25. – § 1.** As clearing institutions, the following may provide clearing services in respect of transactions on a Belgian regulated market or, on Belgian territory, provide such services in respect of transactions on a foreign regulated market:

1° institutions with registered office in Belgium that are authorised as credit institutions;

2° the branches established in Belgium of foreign credit institutions;

3° institutions not established in Belgium that, in their home country, are subject to a legal status and supervision deemed equivalent by the FSMA and the Bank.

**§ 2.** Clearing institutions with registered office in Belgium and which are not authorised as credit institutions, and which desire to provide clearing services in respect of transactions on a Belgian or foreign regulated market, are required to be authorised in advance by the Bank. Branches established in Belgium of a foreign clearing institution that is not authorised as a credit institution and which desire to provide clearing services in respect of transactions on a Belgian or foreign regulated market are likewise required to be authorised in advance by the Bank.

**§ 3.** The initial rules for clearing, applying within the framework of §§ 1 and 2, as well as amendments to those rules, shall be subject to prior approval by the Bank, upon the recommendation of the FSMA. The approval of the Bank, the initial rules and amendments to those rules shall be published in the *Moniteur belge / Belgisch Staatsblad* (Belgian Official Gazette).

**§ 4.** The Bank is charged with the prudential supervision of clearing institutions.

**§ 5.** Upon the recommendation of the Bank and the FSMA, each within their field of competence, the King determines:

1° the conditions and procedures for the granting of authorisation and approval as referred to in §§ 2 and 3, the cases where that authorisation may be reviewed or withdrawn and the procedures to apply, as well as the

fate of the authorisation should there be a change in control, a merger, splitting or other form of restructuring of the clearing institution;

2° the rules regarding supervision by the Bank of clearing institutions that are not credit institutions as referred to in § 1, 1°;

3° the minimum requirements in respect of organisation, operation, financial position, internal control and risk management applicable to clearing institutions that are not credit institutions as referred to in § 1, 1°, as well as the rules regarding incompatibility with other activities;

**§ 6.** The provisions of the present article and of the decrees issued implementing them shall not impair the competence of the Bank as laid down in Article 8 of the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium.

**§ 7.** With the agreement of the Minister, the Bank may conclude agreements with competent foreign supervisory authorities, on the basis of reciprocity, on more detailed rules for cooperation in respect of supervision and the mutual exchange of information.

**§ 8.** The King may extend the application of the present article to the clearing of transactions on other organised markets.

**§ 9.** The present article shall not apply to the Eurosystem central banks, nor to the clearing institutions that they manage.

**Art. 36/26. – § 1.** As settlement institutions, the following may provide clearing services in respect of transactions on a Belgian regulated market or, on Belgian territory, provide such services in respect of transactions on a foreign regulated market:

1° institutions with registered office in Belgium that are authorised as credit institutions;

2° the branches established in Belgium of foreign credit institutions

3° institutions recognised as central depositaries pursuant to Royal Decree 62 of 10 November 1967 on promotion of the circulation of securities;

4° institutions designated by the King to provide settlement services for transactions in dematerialised securities pursuant to Article 468 of the Company Code;

5° institutions not established in Belgium that, in their home country, are subject to a legal status and supervision deemed equivalent by the FSMA and the Bank.

**§ 2.** The Bank is charged with the prudential supervision of the settlement institution designated in Article 4 of the Law of 2 January 1991 on the national debt securities market and monetary policy instruments, and its implementing decrees, of settlement institutions that are recognised as central depositories pursuant to the aforementioned Royal Decree 62 of 10 November 1967 as well as of those designated by the King to provide settlement services in respect of transactions in dematerialised securities pursuant to Article 468 of the Company Code. Upon recommendation of the Bank, the King may determine:

1° the rules, as well as the corrective measures, regarding prudential supervision by the Bank of institutions as referred to in § 1 that are not credit institutions established in Belgium;

2° the minimum requirements in respect of organisation, operation, financial position, internal control and risk management applicable to institutions as referred to in § 1 that are not credit institutions established in Belgium.

**§ 3.** The provisions of the present article and of the decrees issued implementing them shall not impair the competence of the Bank as laid down in Article 8. Upon recommendation of the Bank, the King may determine:

1° the standards regarding the supervision of settlement systems;

2° the obligation on the settlement institution to disclose information requested by the Bank;

3° coercive measures where the settlement institution no longer satisfies the standards laid down or where the obligation to disclose has not been observed.

**§ 4.** With the agreement of the Minister, the Bank may conclude agreements with competent foreign supervisory authorities, on the basis of reciprocity, on more detailed rules for cooperation in respect of supervision and the mutual exchange of information.

**§ 5.** The King may extend the application of the present article to the settlement of transactions on other organised markets.

**§ 6.** Before any decision is taken on the opening of bankruptcy proceedings or on a provisional removal of a case within the meaning of Article 8 of the Law of 8 August

on bankruptcies with respect to a settlement institution as referred to in § 1, 3° or 4°, the president of the Commercial Court shall submit to the Bank a request for an opinion. The clerk of the court shall transmit this request immediately. He shall inform the Crown prosecutor.

The Bank shall submit the case to the court in writing. This request shall include the items necessary for information.

The Bank shall hand down its opinion with fifteen days from the date of receipt of the request for an opinion. In the event of a procedure relating to a settlement institution that it deems liable to have major systemic implications or which requires prior coordination with foreign authorities, the Bank may hand down its opinion within a longer timeframe, on condition however that the total period does not exceed thirty days. When it considers that it must make use of this exceptional period, the Bank shall inform the court called upon to decide. The period that the Bank has in which to hand down its opinion shall serve to suspend the period in which the court must rule. If the Bank has not responded within the period specified, the court may decide on the request.

The opinion of the Bank shall be in writing. It shall be transmitted by any means to the clerk, who shall hand it over to the president of the Commercial Court and the Crown prosecutor. The opinion shall be annexed to the dossier.

**§ 7.** As regards the application of §§ 2 to 6, shall be deemed equivalent to settlement institutions any institutions established in Belgium whose business consists in providing full or partial operational management of services provided by settlement institutions as referred to in § 1, including when the latter are credit institutions established in Belgium. The Bank shall designate the institutions that fall within the scope of this paragraph.

The institutions referred to in paragraph 1 are required to be authorised by the Bank. Upon the recommendation of the Bank and the FSMA, the King shall notably regulate, both on a consolidated and non-consolidated basis, the conditions and procedures for the granting of the authorisation and for maintaining the authorisation of these institutions by the Bank, including the conditions that persons who are in charge of the actual management and persons who hold a major stake, must meet.

Upon the recommendation of the Bank, the King may, in compliance with Belgium's international obligations, apply totally or partially the rules referred to in paragraphs 1 and 2 to institutions established abroad whose business consists in providing full or partial operational

management of services provided by settlement institutions as referred to in § 1 which are established in Belgium, including when the latter are credit institutions established in Belgium.

**§ 8.** The present article shall not apply to the Eurosystem central banks, nor to the settlement institutions or to institutions equivalent to settlement institutions that they manage.

**Art. 36/27. – § 1.** When an institution as referred to in Article 36/26, § 1, 3°, or an equivalent institution as referred to in Article 36/26, § 7, is not operating in accordance with the provisions of this law and of the decrees issued implementing them, when its management or financial position are of a nature to call into question the performance of its obligations or do not offer sufficient guarantees for its solvency, liquidity or profitability, or when its management structures, its administrative or accounting organisation or its internal audit reveal serious shortcomings such that the stability of the Belgian or international financial system is likely to be affected, the King may, by Decree deliberated in the Council of Ministers, either upon the Bank's request, or on own initiative, after receiving the Bank's opinion, lay down any act of disposal, in favour of the State or any other person, Belgian or foreign, a public or private legal entity, notably any act of transfer, sale or capital investment with regard to:

1° assets, liabilities or one or more branches of activity and, more generally, all or part of the rights and obligations of the institution concerned, including proceeding to transfer client assets consisting of financial instruments governed by coordinated Royal Decree 62 on the deposit of fungible financial instruments and the settlement of transactions in these instruments, as well as underlying securities held with depositories in the name of the institution concerned, just as proceeding with the transfer of resources, notably information technology resources, necessary for processing transactions concerning these assets and the rights and obligations relating to such processing;

2° securities or shares, representative or not of the capital, with or without voting rights, issued by the institution concerned.

**§ 2.** The Royal Decree taken in application of paragraph 1 shall fix the compensation to be paid to the owners of the property or to the right-holders subject to the transfer specified by the Decree. If the transferee designated by the Royal Decree is a person other than the State, the price payable by the transferee under the terms of the contract concluded with the State shall pass to the said

owners or right-holders as compensation, according to the distribution formula defined by the same Decree.

Part of the compensation may be variable as long as this part is determinable.

**§ 3.** The institution concerned shall be notified of the Royal Decree taken in application of paragraph 1. Furthermore, the measures provided for in this Decree shall be announced by publication of a notice in the *Moniteur belge / Belgisch Staatsblad*.

As soon as it has received the notification referred to in paragraph 1, the organisation shall lose the right to dispose of the assets referred to in the acts of disposal provided for by the Royal Decree.

**§ 4.** The acts referred to in paragraph 1 may not be subject to non-invocability pursuant to Articles 17, 18 or 20 of the Law of 8 August 1997 on bankruptcies.

Notwithstanding any conventional provision to the contrary, the measures determined by the King in application of the first paragraph may not have the effect of modifying the terms of a contract concluded between the institution and one or more third parties, or of terminating such a contract, nor of giving any of the parties concerned the right to terminate it unilaterally.

As regards the measures decreed by the King in application of paragraph 1, any statutory or contractual authorisation clause or pre-emption clause, any option to buy from a third party, as well as any statutory or contractual clause preventing a change in the supervision of the institution concerned, shall be ineffective.

The King has the power to make any other rules that are necessary for the proper execution of the measures taken in application of paragraph 1.

**§ 5.** The civil liability of persons, acting in the name of the State or upon its request, intervening in the framework of the measures referred to in this article, incurred as a result of or in relation to their decisions, acts or conduct in the context of these measures is limited to cases of fraud or gross negligence concerning them. The existence of gross negligence must be assessed taking account of the concrete circumstances of the case, and in particular the urgency with which these persons were confronted, the practices on the financial markets, the complexity of the case, threats for the protection of savings and the risk of damage to the national economy due to the failure of the institution concerned.

**§ 6.** All disputes that might arise as a result of the measures referred to in this article, as well as the liability referred to in paragraph 5, are subject to the exclusive jurisdiction of the Belgian courts, which only apply Belgian law.

**§ 7.** For the purposes of applying collective labour agreement 32*bis* concluded on 7 June 1985 within the National Labour Council, concerning the safeguarding of employees' rights in the event of a change of employer as a result of a conventional company transfer and governing the rights of employees taken on in the event of a takeover of assets following bankruptcy, acts committed pursuant to paragraph 1, 1°, are considered as acts committed by the settlement institution or equivalent institution itself.

**§ 8.** Without prejudice to the general principles of law that it could invoke, the board of directors of the institution concerned may derogate from the statutory restrictions to its management powers when one of the specific circumstances laid down in paragraph 1 is liable to affect the stability of the Belgian or international financial system. The board of directors shall draw up a special report justifying the use of this provision and setting out the decisions taken; this report shall be sent to the general meeting within two months.

**Art. 36/28. – § 1.** For the purposes of this article, the following definitions shall apply:

1° Royal Decree: the Royal Decree deliberated in the Council of Ministers that shall apply to the extent of Article 36/27, § 1;

2° act of disposal: the transfer or other ownership transfer act provided for in the Royal Decree;

3° the court: the Brussels Court of First Instance;

4° the owners: the natural persons or legal entities that, on the date of the Royal Decree, are the owners, or the right-holders, of the assets or shares subject to the act of disposal;

5° the third-party transferee: the natural person or legal entity other than the Belgian State that, according to the Royal Decree, is called on to acquire the assets or shares, or rights, subject to the act of disposal;

6° the compensation: the indemnification that the Royal Decree fixes in favour of the owners in compensation for the act of disposal.

**§ 2.** The Royal Decree shall enter into force on the day of publication in the *Moniteur belge / Belgisch Staatsblad* of the judgment referred to in paragraph 8.

**§ 3.** The Belgian State shall lodge with the office of the clerk of the court a petition with the purpose of stating that the act of disposal is in conformity with the law and that the compensation is deemed to be fair, taking account notably of the criteria referred to in paragraph 7, 4th indent.

On pain of extinction, the petition shall contain:

1° the identity of the settlement institution or equivalent institution concerned (hereafter "the institution concerned");

2° if necessary, the identity of the third-party transferee;

3° justification for the transfer from the point of view of the criteria laid down in Article 36/27, § 1;

4° the compensation, the bases on which this has been determined, notably as regards the variable part from which it is composed and, if necessary, the key for distribution of the capital between the owners;

5° if necessary, the authorisations required from the public authorities and all the other suspensive conditions to which the act of disposal is subject;

6° if necessary, the price agreed with the third-party transferee for the assets or shares subject to the act of disposal and the mechanisms for revising or adjusting this price;

7° indication of the day, month and year;

8° the signature of the person representing the Belgian State or the State's lawyer.

A copy of the Royal Decree shall be attached to the petition.

The provisions of Part IV, Book II, Title *Vbis* of the Legal Code, including Articles 1034*bis* to 1034*sexies* are not applicable to the petition.

**§ 4.** The proceedings introduced by the petition referred to in paragraph 3 exclude all other simultaneous or future appeals or actions against the Royal Decree or against the transfer, with the exception of the request referred to in paragraph 11. By virtue of the filing of the petition, there shall be no grounds for any other proceedings, directed

against the Royal Decree or the act of disposal, that may have been previously introduced and still pending before another legal or administrative jurisdiction.

**§ 5.** Within seventy-two hours of the filing of the petition referred to in paragraph 3, the president of the court shall fix, by court order, the day and time for the hearing referred to in paragraph 7, which must take place within seven days following the filing of the petition. This order shall reproduce the entire wording specified in paragraph 3, second indent.

The order shall be notified by the clerk's office by judicial letter to the Belgian State, the institution concerned as well as the third-party transferee, as the case may be. It shall be published simultaneously in the *Moniteur belge / Belgisch Staatsblad*. This publication shall qualify as notification to any possible owners other than the institution concerned.

Within twenty-four hours of the notification, the institution concerned shall also publish the order on its website.

**§ 6.** Until the pronouncement of the judgment referred to in paragraph 8, the persons referred to in paragraph 5, second indent, may consult the petition referred to in paragraph 3 as well as its appendices, free of charge, at the clerk's office.

**§ 7.** During the hearing set by the president of the court and at any later hearings that the court may deem useful to arrange, the court shall hear the Belgian State, the institution concerned, as the case may be, the third-party transferee as well as the owners who intervene voluntarily in the proceedings.

By derogation from the provisions of Chapter II of Title III of Book II of the fourth Part of the Legal Code, no person other than those referred to in the previous paragraph may intervene in the proceedings.

After having heard the observations of the parties, the court shall verify whether the act of disposal is in conformity with the law and whether the compensation is deemed to be fair.

The court shall take account of the actual situation of the institution concerned at the time of the act of disposal and notably of its financial situation such as it was or would have been had the public aid from which it benefited, either directly or indirectly, not been granted. For the purposes of application of this paragraph, advances of emergency liquidity and guarantees granted by a statutory corporate body shall be deemed similar to public aid.

The court shall pronounce by one and the same judgment that shall be handed down within twenty days following the hearing fixed by the president of the court.

**§ 8.** The judgment with which the court rules that the act of disposal is in conformity with the law and that the compensation is deemed to be fair, shall convey ownership of the assets or shares that are subject to the act of disposal, albeit subject to the suspensive conditions referred to in paragraph 3, second indent, 5°.

**§ 9.** The judgment referred to in paragraph 8 is neither susceptible of appeal nor opposition nor third-party opposition.

It shall be notified by judicial letter to the Belgian State, the institution concerned as well as the third-party transferee, as the case may be, and shall be published simultaneously by extract in the *Moniteur belge / Belgisch Staatsblad*.

This publication shall qualify as notification to any possible owners other than the institution concerned, and makes the act of disposal valid with regard to third parties, without further formalities.

Within twenty-four hours of the notification, the institution concerned shall also publish the judgment on its website.

**§ 10.** Following notification of the judgment referred to in paragraph 8, the Belgian State or, as the case may be, the third-party transferee shall deposit the compensation at the *Caisse des dépôts et consignations / Deposito- en Consignatiekas* (Deposit and Consignment Office), without any formalities being required in this respect.

The Belgian State shall take steps to have a notice confirming the fulfilment of the suspensive conditions referred to in paragraph 3, second indent, 5°, published in the *Moniteur belge / Belgisch Staatsblad*.

As soon as the notice referred to in paragraph 2 has been published, the Deposit and Consignment Office is required to hand over to the owners, according to the terms and conditions laid down by the King, the amount of compensation consigned, without prejudice to any possible distraints or oppositions regularly made on the sum consigned.

**§ 11.** On pain of extinction, the owners may lodge with the court a request for review of the compensation, within a period of two months from the publication in the *Moniteur belge / Belgisch Staatsblad* of the judgment

referred to in paragraph 8. This request shall have no effect on the transfer of ownership of the assets or shares that are subject to the act of disposal.

For the rest, the request for review is provided for by the Legal Code. Paragraph 7, fourth indent, shall apply.

**Art. 36/29.** – With regard to clearing or settlement institutions or equivalent institutions, the Bank shall have the following powers of investigation for the execution of its task of supervision, as referred to in Articles 36/25 and 36/26 or for responding to requests for cooperation from competent authorities within the meaning of Article 36/14, § 1, 2° and 3°:

- a) it may have forwarded to it all information and documents, in any form whatsoever;
- b) it may undertake on-the-spot investigations and expert appraisals, take cognisance of and copy, on the spot, any document, file, and recording, and have access to any IT system;
- c) it may demand the statutory auditors or persons in charge of supervising the financial statements of these entities, to send it special reports, at these entities' expense, on subjects that it shall determine;
- d) when these entities are established in Belgium, it may require them to forward to it all useful information and documentation regarding the companies that form part of the same group and are established abroad.

**Art. 36/30. – § 1.** The Bank may order any clearing or settlement institution or equivalent institution to comply with the provisions of Articles 36/25 and 36/26 or with the implementing decrees thereof, within a period the Bank specifies.

Without prejudice to the other measures provided for by law, if the clearing or settlement institution or equivalent institution to which it has addressed an order in application of paragraph 1 remains in default at the end of the period specified, and provided that that person has been heard, the Bank may:

- 1° make public its opinion with regard to the infringement or shortcoming concerned;
- 2° impose the payment of a fine which may not be less than € 250 nor higher than € 50 000 per calendar day, nor exceed € 2 500 000 in total;

3° appoint a special auditor to a clearing or settlement institution or equivalent institution with registered office established in Belgium whose authorisation shall be required for the acts and decisions that the Bank determines.

In urgent cases, the Bank may take the measures as referred to in paragraph 2, 1° and 3°, without prior order in application of paragraph 1, provided that the institution has been heard.

**§ 2.** Without prejudice to other measures laid down by law, the Bank may, where, pursuant to Articles 36/9 to 36/11, it establishes an infringement of the provisions of Articles 36/25 and 36/26 or the implementing decrees thereof, impose an administrative fine on the offender that, for the same offence or same totality of offences, shall not be less than € 2 500 and not more than € 2 500 000. Where the infringement has resulted in the offender obtaining a capital gain, that maximum shall be raised to twice the capital gain and, in the event of a repeat offence, to three times the capital gain.

**§ 3.** The penalties and fines imposed in application of §§ 1 or 2, shall be recovered in favour of the Treasury by the Land Registry, Public Records and Crown Lands Office.

**Art. 36/31. – § 1.** The following shall be punishable by a prison term of between one month and one year and by a fine of between € 50 and € 10 000 or by one of these penalties alone:

1° those that, in Belgium, carry out clearing or settlement activities in respect of financial instruments, without being authorised to do so pursuant to Articles 36/25 and 36/26 or where that authorisation has been withdrawn;

2° those that contravene the provisions laid down in application of Articles 36/25 and 36/26, and indicated by the King in the relevant decrees;

3° those that hamper the investigations and expert appraisals of the FSMA pursuant to the present chapter, or knowingly provide it with incorrect or incomplete information.

**§ 2.** The provisions of Book I of the Penal Code shall, without the exception of Chapter VII and Article 85, be applicable to the infringements referred to in § 1.

## Chapter V – Transitional and repealing provisions – entry into force

**Art. 37.** – The capital gain made from the transfer of assets in gold with regard to the issuing by the State of numismatic or commemorative coins, shall be allotted to the State to the extent of the unused balance of the 2.75 % of the weight of gold which appeared in the Bank's assets on 1 January 1987, and which could be used by the State, particularly for issuing coins, by virtue of Article 20bis (2) of the Law of 24 August 1939 on the National Bank of Belgium.

**Art. 38.** – *p.m.*

# Annex 2 Statutes<sup>(1)</sup>

## Chapter I – Constitution

### Section 1 – Name, rules applicable and establishments.

**Art. 1.** – The National Bank of Belgium, hereinafter referred to as the Bank, in Dutch “Nationale Bank van België”, in French “Banque Nationale de Belgique”, in German “Belgische Nationalbank”, established by the Law of 5 May 1850, shall form an integral part of the European System of Central Banks, hereinafter referred to as ESCB, whose Statute has been established by the Protocol relating to it and annexed to the Treaty establishing the European Community.

Furthermore, the Bank shall be governed by the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium, by these Statutes and, additionally, by the provisions relating to public limited liability companies [*sociétés anonymes – naamloze vennootschappen*].

Pursuant to Article 141 § 1 of the Law of 2 August 2002 on the supervision of the financial sector and on financial services, the words “and, additionally, by the provisions relating to public limited liability companies” are to be interpreted as meaning that the provisions on public limited liability companies do apply to the National Bank of Belgium only:

1° as regards matters which are not governed either by the provisions of Title VII of Part Three of the Treaty

establishing the European Community and the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, or by the abovementioned Law of 22 February 1998 or the present Statutes; and

2° in so far as they are not in conflict with the provisions referred to in 1°.

Notwithstanding the first and second paragraphs, the Bank is a public limited liability company which arranges or has arranged issues for general subscription.

**Art. 2.** – The Bank’s registered office shall be in Brussels, boulevard de Berlaimont, number 14.

The Bank shall establish outside offices in locations on Belgian territory where the need for them exists.

### Section 2 – Share capital and rights relating to shares.

**Art. 3.** – The Bank’s share capital, which shall amount to ten million euro, shall be represented by four hundred thousand shares, of which two hundred thousand – registered and non-transferable – shall be subscribed by the Belgian State and two hundred thousand shall be registered, bearer or dematerialised shares. The share capital shall be fully paid up.

Bearer shares, which have already been issued and held on securities accounts as at 1 January 2008, shall be converted into dematerialised shares on this date. Other bearer shares shall be automatically converted into dematerialised shares as they are booked onto securities accounts from 1 January 2008 onwards.

The shares shall have no nominal value.

(1) Statutes of the National Bank of Belgium adopted by the General Council on 23 December 1998 and amended for the last time by the Council of Regency on 7 September 2011.

**Art. 4.** – Each share shall confer the right to a proportional and equal part in the ownership of the Bank's assets and in the sharing out of the profits.

**Art. 5.** – The rights and obligations attached to a share shall follow the title of ownership, into whatever hands it may pass.

The share shall be indivisible vis-à-vis the Bank; the Bank shall recognise only one owner for each share.

Owners in joint ownership, usufructuaries and naked owners, and all other persons who are jointly entitled under a same share, should be represented by one and the same person. So long as this requirement is not met, the Bank may suspend the exercise of the rights pertaining to these shares. This right of suspension shall be exercised by the chairman of the General Meeting.

**Art. 6.** – Possession of a share shall signify acceptance of the Bank's statutes and of the decisions regularly taken by the General Meeting.

**Art. 7.** – The shareholders, their heirs or creditors may neither cause the Bank's assets and valuables to be put under seal nor request apportionment or sale by auction or interfere in the Bank's administration.

They must rely, for the exercise of their rights, on the inventory of the Bank's assets and on the resolutions of the General Meeting.

**Art. 8.** – Except for those belonging to the State, the shares may be converted into registered or dematerialised shares, free of charge, as the owner wishes.

**Art. 9.** – Ownership of a registered share shall be established by entry in the Bank's registers.

The registered owner shall receive a certificate which does not constitute a transferable title.

The register of nominative shareholders can be kept in electronic form.

**Art. 10.** – Shareholders shall be liable for losses only to the extent of their interest in the Bank.

### Section 3 – Dissolution.

**Art. 11.** – The dissolution may not take place other than by means of a law.

## Chapter II – Objectives, tasks and operations

### Section 1 – Objectives and prohibition of monetary financing.

**Art. 12.** – The Bank shall participate in achieving the objectives of the ESCB, which shall be:

- primarily, to maintain price stability;
- without prejudice to the objective of price stability to support the general economic policies in the European Community with a view to contributing to the achievement of the objectives of the Community as laid down in Article 2 of the Treaty establishing the European Community.

In order to achieve these objectives, the Bank shall act in accordance with the principles laid down in Article 3a of the Treaty establishing the European Community.

**Art. 13.** – The Bank shall be prohibited from granting overdrafts or any other type of credit facility to European Community institutions or bodies, central governments, regional, local or other public authorities, other bodies governed by public law or public undertakings of Member States of the European Community, and also from purchasing their debt instruments directly from them.

The first paragraph shall not apply to publicly owned credit institutions which, in the context of the provision of liquidity by the Bank, receive from it the same treatment as private credit institutions.

### Section 2 – Tasks and transactions.

**Art. 14.** – The Bank shall participate in the basic tasks to be carried out through the ESCB, which shall be:

- to define and implement the monetary policy of the European Community;
- to conduct foreign exchange operations consistent with Article 109 of the Treaty establishing the European Community;
- to hold and manage the official foreign exchange reserves of the Member States;
- to promote the smooth operation of the payment systems.

**Art. 15.** – When carrying out the tasks and duties referred to in this section, neither the Bank nor any members of its decision-making bodies shall seek or take instructions from institutions or bodies of the European Community, from any government of a Member State of the Community or from any other body.

**Art. 16.** – 1. In order to achieve the objectives of the ESCB and to carry out its tasks, the Bank may:

– operate in the financial markets, outright by buying and selling (spot and forward), or under repurchase agreement or by lending or borrowing claims and marketable instruments expressed in Community or in non-Community currencies, as well as precious metals;

– conduct credit operations with credit institutions and other money market or capital market participants, with lending being based on adequate collateral.

2. The Bank shall comply with the general principles defined by the European Central Bank, hereinafter referred to as the ECB, for open market and credit operations, including those relating to announcement of the conditions under which such transactions are carried out.

**Art. 17.** – Within the limits and in accordance with the detailed terms and conditions adopted by the ECB, the Bank may also carry out, *inter alia*, the following transactions:

1° issue and redeem its own loan instruments;

2° accept deposits of securities and precious metals, undertake the redemption of securities and act on behalf of other parties in transactions in securities, other financial instruments and precious metals;

3° carry out transactions in interest-rate instruments;

4° carry out transactions in foreign currencies, gold or other precious metals;

5° carry out transactions with a view to the investment and financial management of its holdings of foreign currencies and of other external reserve elements;

6° obtain credit from foreign sources and provide guarantees for that purpose;

7° carry out transactions relating to European or international monetary cooperation.

**Art. 18.** – On being authorised to do so by the ECB, the Bank shall issue banknotes in euro intended to circulate as means of payment constituting legal tender in the territory of the States participating in Stage Three of Monetary Union.

The Bank shall comply, with regard to the issuance and design of the banknotes, with the rules laid down by the ECB.

**Art. 19.** – The Bank shall ensure that the clearing and payment systems operate properly and shall make certain that they are efficient and sound.

It may carry out all transactions or provide facilities for these purposes.

It shall provide for the enforcement of the regulations adopted by the ECB in order to ensure the efficiency and soundness of the clearing and payment systems within the European Community and with other countries.

**Art. 20.** – Without prejudice to the powers of the institutions and organs of the European Communities, the Bank shall implement the international monetary cooperation agreements by which Belgium is bound in accordance with the procedures laid down by agreements concluded between the Minister of Finance and the Bank. It shall provide and receive the means of payment and credits required for the implementation of these agreements.

The State shall guarantee the Bank against any loss and shall guarantee the repayment of any credit granted by the Bank as a result of the implementation of the agreements referred to in the preceding paragraph or as a result of its participation in international monetary cooperation agreements or transactions to which, subject to approval by the Council of Ministers, the Bank is a party. The State shall also guarantee the Bank the repayment of any credit granted in the context of its contribution to the stability of the financial system and guarantee the Bank against any loss incurred as a result of any transaction necessary in this regard.

**Art. 20bis.** – Within the framework set by Article 105 (2) of the Treaty establishing the European Community and Articles 30 and 31 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, the Bank shall hold and manage the official foreign reserves of the Belgian State. Those holdings shall constitute assets allocated to the tasks and transactions coming under this section and the other tasks of public interest entrusted to the Bank by the State. The Bank shall record these assets and the income and charges relating

thereto in its accounts in accordance with the rules referred to in Article 52.

**Art. 21.** – The Bank may, on the conditions laid down by, or by virtue of, law, and subject to their compatibility with the tasks within the domain of the ESCB, be entrusted with the performance of tasks of public interest.

**Art. 22.** – The Bank shall act as State Cashier on the conditions determined by law.

It shall be entrusted, to the exclusion of all other Belgian or foreign bodies, with the conversion into euros of the currencies of States not participating in Monetary Union or of States which are not members of the European Community borrowed by the State.

The Bank shall be informed of all plans for the contracting of foreign currency loans by the State, the Communities and the Regions. At the request of the Bank, the Minister of Finance and the Bank shall consult together whenever the latter considers that these loans are liable to prejudice the effectiveness of monetary or foreign exchange policy. The terms and conditions of this giving of information and this consultation shall be laid down in an agreement to be concluded between the Minister of Finance and the Bank, subject to approval of this agreement by the ECB.

**Art. 23.** – The Bank shall contribute to the stability of the financial system. For all decisions and transactions made in the context of its contribution to the stability of the financial system, the Bank shall enjoy the same degree of independence as that determined by Article 108 of the Treaty establishing the European Community.

The Bank may further be charged with the gathering of statistical information or with the international cooperation relating to any task referred to in Article 21.

**Art. 23bis.** – **§ 1.** The Bank shall exercise supervision of financial institutions in accordance with the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium and specific laws governing the supervision of these establishments.

**§ 2.** Within the areas of supervision pertaining to its competence, the Bank may lay down regulations supplementing the legal or regulatory provisions on points of a technical nature.

Without prejudice to any consultation provided for in other laws or regulations, the Bank may, in accordance with the procedure of open consultation, explain, in a consultative memorandum, the content of any regulation

it is considering adopting, and publish this on its website with a view to obtaining any comments by those concerned.

These regulations shall come into force only after their approval by the King and their publication in the *Moniteur belge / Belgisch Staatsblad* (Belgian Official Gazette). The King may amend those regulations or establish any rules Himself that He shall determine if the Bank has not laid down those regulations.

**§ 3.** The Bank shall carry out its supervisory tasks exclusively in the general interest. The Bank, the members of its bodies and the members of its staff shall not bear any civil liability for their decisions, non-intervention, acts or conduct in the exercise of the legal supervisory tasks of the Bank, save in the event of fraud or gross negligence.

**§ 4.** The Bank's operating costs relating to the supervision referred to in paragraph 1 are borne by the institutions subject to its supervision, according to the terms and conditions laid down by the King.

The Bank may make the administration of the Land Registry, Public Records and Crown Lands Office responsible for recovery of unpaid taxes.

**Art. 24.** – The Bank may carry out all transactions and provide all services which are ancillary to or follow from the tasks referred to in the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium.

**Art. 25.** – The Bank may entrust the performance of tasks not within the domain of the ESCB with which it is charged or for which it takes the initiative, to one or more distinct legal entities specially set up for this purpose and in which the Bank holds a significant interest; one or more members of the Bank's Board of Directors shall participate in directing such entities.

If the task is entrusted by law to the Bank, the prior consent of the King, on the proposal of the competent minister, shall be required.

**Art. 26.** – The legal entities referred to in Article 25 and controlled exclusively by the Bank shall be subject to auditing by the Court of Auditors [*Cour des Comptes – Rekenhof*].

## Chapter III – Organs

### Section 1 – Composition and powers.

**Art. 27.** – The organs of the Bank shall be the Governor, the Board of Directors, the Council of Regency, the Board of Censors and the Sanctions Committee, without prejudice to Chapter VIII.

**Art. 28.** – 1. The **Governor** shall direct the Bank; he shall preside over the Board of Directors and the Council of Regency. He shall have their decisions implemented.

2. If he is unable to attend, he shall be replaced by the Vice-Governor without prejudice to the application of Article 10.2 of the Statute of the ESCB.

3. He shall present to the General Meeting the annual accounts and the Annual Report which have been approved by the Council of Regency.

4. He shall represent the Bank in legal proceedings.

5. The Governor shall send to the Chairmen of the Chamber of Representatives and the Senate the annual report referred to in Article 109 B (3) of the Treaty establishing the European Community, as well as a yearly report on the activities of the Bank in the field of prudential supervision. The Governor may be heard by the competent committees of the Chamber of Representatives and the Senate at the request of these committees or on his own initiative.

6. The Governor may not, during his term of office, receive any pension payable by the State.

**Art. 29.** – 1. In addition to the Governor, who presides, the **Board of Directors** shall be composed of at least five but not more than seven Directors, one of whom shall bear the title of Vice-Governor, conferred on him by the King. The Board of Directors shall include an equal number of French and Dutch speakers, with, possibly, the exception of the Governor.

The members of the Board of Directors must be Belgian.

2. The Board shall be responsible for the administration and management of the Bank and shall decide on the direction of its policy.

It shall appoint and dismiss members of staff and fix their salaries.

It shall have the right to make settlements and compromises.

3. It shall exercise regulatory power in the cases laid down by law. In circulars or recommendations, it shall lay down all measures with a view to clarifying the application of the legal or regulatory provisions whose application the Bank supervises.

4. It shall decide on the investment of the capital, reserves and depreciation accounts after consultation with the Council of Regency and without prejudice to the rules adopted by the ECB.

5. It shall pronounce upon all matters which are not expressly reserved for another organ by law, the Statutes or the Rules of Procedure.

6. It shall provide opinions to the various authorities that exercise legal or regulatory power on all draft legislative or regulatory acts relating to the supervisory tasks with which the Bank is or may be charged.

7. In urgent cases determined by the Governor, except for adopting regulations, it may take decisions by written procedure or by using a voice telecommunications system, in accordance with the specific rules laid down in the Bank's Rules of Procedure.

**Art. 30.** – 1. The **Council of Regency** shall be composed of the Governor, the Directors and ten Regents. It shall include an equal number of French- and Dutch-speaking Regents.

The members of the Council must be Belgian.

2. The Council shall exchange views on general questions concerning the Bank, monetary policy and the economic situation of the country and the European Community, supervisory policy with regard to each of the sectors subject to the Bank's supervision, Belgian, European and international developments in the field of supervision, as well as, in general, any development concerning the financial system subject to the Bank's supervision; without however having any competence to intervene at operational level or take note of individual dossiers. It shall take note every month of the situation of the institution.

3. On a proposal from the Board of Directors, it shall lay down the Rules of Procedure, containing the basic rules for the operation of the Bank's organs and the organisation of its departments, services and outside offices.

4. *Repealed.*

5. It shall approve the Annual Report to be presented by the Governor to the General Meeting.

6. *Repealed.*

7. The Council shall fix the individual salaries and pensions of the members of the Board of Directors. These salaries and pensions may not include a share in the profits, and no remuneration whatsoever may be added thereto by the Bank, either directly or indirectly. The Bank shall, however, meet the Governor's housing and furniture expenses.

8. The Council shall approve the expenditure budget and the annual accounts submitted by the Board of Directors. It shall finally determine the distribution of profits proposed by the Board.

9. The Regents shall receive attendance fees and, if appropriate, a travel allowance. The amount of such remunerations shall be fixed by the Council of Regency.

**Art. 31.** – 1. The Council of Regency shall meet at least twenty times per year.

The Council may not deliberate unless the majority of its members is present.

Decisions shall be adopted by a majority of votes.

In the event of a tie, the chairman shall have the casting vote.

2. Minutes shall be kept of the deliberations of the Council of Regency.

They shall mention the nature of the deliberations, their object and, briefly, the grounds for the decisions.

The minutes shall be signed by all the members present and by the Secretary.

3. In urgent cases, determined by the Governor, the Council of Regency may decide by written procedure or via a voice telecommunications system, in accordance with the specific rules laid down in the Bank's Rules of Procedure.

**Art. 32.** – 1. The Board of Censors shall be composed of ten members. It shall include an equal number of French and Dutch speakers. At least one member of the Board of Censors shall be independent as defined by Article 526ter of the Company Code.

The members of the Board of Censors must be Belgian.

The Board shall choose its chairman and its secretary from among its members.

2. The Board of Censors shall supervise the preparation and implementation of the budget. It is the audit committee of the Bank and shall exercise in this capacity the tasks laid down by Article 32bis.

The Censors shall receive an allowance, the amount of which shall be set by the Council of Regency.

**Art. 32bis.** – 1. Without prejudice to the responsibilities of the organs of the Bank and without prejudice to the execution of the tasks and transactions within the domain of the ESCB and their review by the statutory auditor, the Audit Committee shall, at least:

- a) monitor the financial reporting process;
- b) monitor the effectiveness of the internal control and risk management systems, and of the Bank's internal audit;
- c) monitor the statutory audit of the annual accounts, including the compliance with the questions and recommendations formulated by the statutory auditor;
- d) review and monitor the independence of the statutory auditor, and in particular the provision of additional services to the Bank.

2. Without prejudice to Article 27.1 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, and without prejudice to the competence of the Works Council with respect to the nomination, the proposal of the Board of Directors for the appointment of the statutory auditor shall be given on proposal of the Audit Committee. The Works Council shall be informed of this proposal. The audit committee shall also advise on the tender procedure for the appointment of the statutory auditor.

3. Without prejudice to any reports and notices of the statutory auditor to the organs of the Bank, he shall report to the Audit Committee on key matters arising from the statutory audit, and in particular on material weaknesses in internal control in relation to the financial reporting process.

4. The statutory auditor shall:

- a) confirm annually in writing to the Audit Committee his independence from the Bank;

b) disclose annually to the audit committee any additional services provided to the Bank;

c) discuss with the audit committee the threats to his independence and the safeguards applied to mitigate those threats and that have been documented by him in the audit working papers.

5. The Rules of Procedure shall specify the Audit Committee Regulations.

**Art. 33.** – The Board of Censors shall meet at least eight times per year.

It may not take decisions unless the majority of its members is present.

Decisions shall be adopted by a majority of the votes cast.

## Section 2 – Method of designation of the members of the organs.

**Art. 34.** – 1. The **Governor** shall be appointed by the King for a renewable term of five years. He may be relieved from office by the King only if he no longer fulfils the conditions required for the performance of his duties or if he has been guilty of serious misconduct. With regard to this decision, he shall have the right of appeal as provided in Article 14.2 of the Statute of the ESCB.

2. The other members of the **Board of Directors** shall be appointed by the King, on the proposal of the Council of Regency, for a renewable term of six years. They may be relieved from office by the King only if they no longer fulfil the conditions required for the performance of their duties or if they have been guilty of serious misconduct.

**Art. 35.** – 1. The **Regents** shall be elected for a three-year term by the General Meeting. Their term may be renewed.

Two Regents shall be chosen on the proposal of the most representative labour organisations.

Three Regents shall be chosen on the proposal of the most representative organisations from industry and commerce, from agriculture and from small firms and traders.

Five Regents shall be chosen on the proposal of the Minister of Finance.

The methods of proposing candidates for these appointments shall be laid down by the King, after deliberation in the Council of Ministers.

2. The terms of office of the Regents shall end after the Ordinary General Meeting. They may be re-elected.

They shall leave office each year in groups, one of four members and the other two of three members. The order in which they leave office shall be initially determined by the drawing of lots.

The Regent elected to replace a member who has died or resigned shall complete the term of the one whom he replaces.

3. If a Regent's mandate becomes vacant, then, without prejudice to Article 62, second paragraph, 2°, this shall remain vacant until the next General Meeting.

**Art. 36.** – 1. The **Censors** shall be elected for a three-year term by the General Meeting of Shareholders. They shall be chosen from among persons with special qualifications in the field of supervisory procedures. Their term may be renewed.

2. The terms of office of the Censors shall end after the Ordinary General Meeting. They may be re-elected.

They shall leave office each year in groups, one of four members and the other two of three members. The order in which they leave office shall be initially determined by the drawing of lots.

The Censor elected to replace a member who has died or resigned shall complete the term of the one whom he replaces.

3. If a Censor's mandate becomes vacant, then, without prejudice to Article 62, second paragraph, 2°, this shall remain vacant until the next General Meeting.

## Section 3 – Incompatibilities.

**Art. 37.** – Members of the Legislative Chambers, the European Parliament, the Councils of the Communities and the Regions, persons who hold the position of minister or secretary of state or of member of the Government of a Community or Region and members of the staff of a member of the Federal Government or of the Government of a Community or Region may not hold the office of Governor, Vice-Governor, member of the Board of Directors, Regent or Censor. The last-mentioned

functions shall automatically cease when their holder takes the oath of office for exercise of the abovementioned offices or performs such functions.

**Art. 38.** – 1. The Governor, the Vice-Governor and the other members of the Board of Directors may not hold any office in a commercial company or a company which is commercial in form or in any public body which carries on an industrial, commercial or financial activity. Subject to the approval of the Minister of Finance, they may however hold office in :

1° international financial institutions established under agreements to which Belgium is party;

2° the Securities Regulation Fund (*Fonds des Rentés – Rentenfonds*), the Deposit and Financial Instrument Protection Fund (*Fonds de protection des dépôts et des instruments financiers – Beschermingsfonds voor deposito's en financiële instrumenten instrumenten*), the Rediscount and Guarantee Institute (*Institut de Réescompte et de Garantie – Herdiscontering- en Waarborginstituut*) and the National Delcredere Office (*Office National du Ducroire – Nationale Delcredere dienst*);

3° the legal entities referred to in Article 25.

For duties and mandates in an institution subject to the Bank's supervision pursuant to Articles 19, 23 or 23bis, the prohibitions referred to in the first paragraph shall continue to apply for one year after the Governor, Vice-Governor and other members of the Board of Directors have relinquished their office.

The Council of Regency shall determine the conditions relating to the relinquishment of office. It may, on the recommendation of the Board of Directors, waive the prohibition laid down for the period concerned after the relinquishment of office if it finds that the activity envisaged has no significant influence on the independence of the person in question.

2. The Regents and the majority of Censors may not be a member of the administrative, management or supervisory bodies of an institution subject to the supervision of the Bank pursuant to Articles 19, or 23bis, nor may they perform management duties in such an institution.

3. On a proposal from the Board of Directors, the Council of Regency shall lay down the code of conduct which must be respected by the members of the Board of Directors and the staff, as well as the monitoring measures concerning respect for this code. Persons responsible for supervising compliance with that code

must maintain professional secrecy as provided for in Article 458 of the Penal Code.

#### Section 4 – Responsibility of the members of the organs.

**Art. 39.** – The Governor, the Directors, the Regents and the Censors shall not contract any personal obligation by reason of the Bank's liabilities; they shall be responsible only for the performance of the duties of their office.

#### Section 5 – Expiry of terms of office.

**Art. 40.** – The terms of the members of the Board of Directors, the Council of Regency and the Board of Censors shall expire no later than when they reach the age of 67 years.

However, subject to authorisation by the Minister of Finance, they may complete their current term. The terms of the members of the Board of Directors may afterwards still be extended by one year, which term may be renewed. In the case of the Governor's term of office, the authorisation to complete the current term or its extension shall be granted by Royal Decree deliberated in the Council of Ministers.

On no account may the office-holders referred to in this article remain in office beyond the age of 70 years.

### Chapter IV – Supervision by the Minister of Finance

**Art. 41.** – 1. Except as regards the tasks and transactions within the domain of the ESCB, the Minister of Finance, through his representative, shall have the right to supervise the Bank's transactions and to oppose the implementation of any measure which is contrary to the law, the Statutes or the interests of the State.

2. The representative of the Minister of Finance shall, *ex officio*, attend the meetings of the Council of Regency and the Board of Censors. He shall attend in an advisory capacity. Except as regards the tasks and transactions within the domain of the ESCB, he shall supervise the Bank's transactions and suspend and bring to the attention of the Minister of Finance any decision which is contrary to the law, the Statutes or the interests of the State.

If the Minister of Finance has not given a decision within eight days of the suspension, the decision may be implemented.

3. The salary of the representative of the Minister of Finance shall be fixed by the Minister of Finance in consultation with the management of the Bank and shall be borne by the latter.

The representative of the Minister shall report to the Minister of Finance each year on the performance of his task.

**Art. 42.** – Except as regards the transactions within the domain of the ESCB, the representative of the Minister of Finance shall have the right to take cognisance at any time of the state of business and to check the accounts and the cash holdings.

The Bank's administration shall be required to provide him, whenever he so requests, with a certified true copy of the Bank's financial statement.

He shall attend the General Meetings when he deems fit.

## Chapter V – Statutory functions

**Art. 43.** – The Secretary and the Treasurer shall be appointed by the Council of Regency, which may dismiss them.

The Rules of Procedure shall define the duties inherent in their functions.

Their functions may be performed by one of the Directors.

## Chapter VI – Financial provisions

### Section 1 – Annual accounts, reserve funds and distribution.

**Art. 44.** – The **annual accounts** shall be drawn up as of 31 December each year. They shall be prepared by the Board of Directors and submitted to the Council of Regency for approval.

The approval of the annual accounts by the Council of Regency gives discharge to the members of the Board of Directors.

**Art. 45.** – *Repealed.*

**Art. 46.** – The **reserve fund** is intended for :

1° compensating for losses in capital stock ;

2° supplementing any shortfall in the annual profit up to a dividend of six per cent of the capital.

Upon expiry of the Bank's right of issue, the State shall have a priority claim to one-fifth of the reserve fund. The remaining four-fifths shall be distributed among all the shareholders.

In accordance with Article 141 § 9 of the Law of 2 August 2002 on the supervision of the financial sector and on financial services, the words "the Bank's right of issue" shall be construed as meaning that the right of issue in question includes the right of issue which the Bank may exercise pursuant to Article 106 (1) of the Treaty establishing the European Community.

**Art. 47.** – *Repealed.*

**Art. 48.** – *Repealed.*

**Art. 49.** – The **annual profit** shall be distributed as follows:

1. a first dividend of six per cent (6 %) of the capital shall be allocated to the shareholders ;

2. from the excess, an amount proposed by the Board of Directors and established by the Council of Regency shall be independently allocated to the reserve fund or to the available reserves ;

3° from the second excess, a second dividend, established by the Council of Regency, forming a minimum of fifty per cent (50 %) of the net proceeds from the assets forming the counterpart to the reserve fund and available reserves shall be allocated to the shareholders ;

4° the balance shall be allocated to the State ; it shall be exempt from corporation tax.

**Art. 50.** – The profit established for allocation to the shareholders for the financial year ended 31 December of each year shall be distributed in a one within the month following the General Meeting, on a date fixed by the latter.

If the profit for distribution among the shareholders is less than 6 % per annum, it shall be supplemented by drawing on the reserve fund.

This drawing shall be refunded to the reserve if, the next year, this refund can be made without reducing the profit for distribution to below 6 %.

**Art. 51.** – *Repealed.*

**Art. 52.** – The accounts and, if appropriate, the consolidated accounts of the Bank shall be drawn up :

1° in accordance with the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium and the mandatory rules drawn up pursuant to Article 26.4 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank ;

2° and otherwise in accordance with the rules laid down by the Council of Regency.

Articles 2 to 4, 6 to 9 and 16 of the Law of 17 July 1975 on business accounting and their implementing decrees shall apply to the Bank with the exception of the decrees implementing Articles 4 (6) and 9, § 2.

## Section 2 – Allocations to the State.

**Art. 53.** – *Repealed.*

**Art. 54.** – Any capital gain realised by the Bank through arbitrage transactions of gold assets against other external reserve components shall be entered in a special unavailable reserve account. This capital gain shall be exempt from all taxation. However, where some external reserve components have been arbitrated against gold, the difference between the purchase price of that gold and the average purchase price of the existing gold stock shall be deducted from the amount of that special account.

The net income from the assets which form the counterpart to the capital gain referred to in the first paragraph shall be allocated to the State.

External reserve components acquired as a result of the transactions referred to in the first paragraph shall be covered by the State guarantee as provided in Article 9 (2) of the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium.

The terms and conditions for application of the provisions contained in the preceding paragraphs shall be fixed by agreements to be concluded between the State and the Bank. These agreements shall be published in the *Moniteur belge / Belgisch Staatsblad*.

**Art. 55.** – Notwithstanding Article 54, the capital gain made from the transfer of assets in gold with regard to the issuing by the State of numismatic or commemorative coins, shall be allotted to the State to the extent of

the unused balance of the 2.75 % of the weight of gold which appeared in the Bank's assets on 1 January 1987, and which could be used by the State, particularly for issuing coins, by virtue of Article 20bis (2) of the Law of 24 August 1939 on the National Bank of Belgium.

## Chapter VII – Professional secrecy and exchange of information

**Art. 56.** – Except when called upon to give evidence in court in a criminal case, the Bank and members and former members of its organs and its staff shall be subject to professional secrecy and may not divulge to any person or authority whatsoever confidential information of which they have had knowledge on account of their duties.

Paragraph 1 shall not preclude the communication of confidential information to third parties in cases laid down by or by virtue of the law.

The Bank, members of its organs and its staff shall be exempt from the obligation contained in Article 29 of the Code of Criminal Procedure.

Contraventions of this article shall incur the penalties laid down by Article 458 of the Penal Code. The provisions of Book 1 of the Penal Code, including Chapter VII and Article 85, shall be applicable to contraventions of this article.

This article does not prevent the observance, by the Bank, the members of its organs and its staff, of specific legal provisions as to professional secrecy, whether more restrictive or not, notably when the Bank is charged with collecting statistical data or information on prudential supervision.

## Chapter VIII – General Meeting

**Art. 57.** – The General Meeting shall represent the totality of the shareholders. It shall be presided over by the Governor.

Its decisions, taken in a regular manner, shall be binding, even on those absent or dissenting.

**Art. 58.** – The right to take part in the General Meeting is granted to shareholders who have fulfilled the legal formalities to be admitted to the General Meeting of a listed company.

**Art. 59.** – Before the session is opened, the shareholders shall sign the attendance list.

**Art. 60.** – Each share shall confer the right to one vote.

**Art. 61.** – The Ordinary General Meeting shall be held in Brussels on the last Monday of the month of May and, if that day falls on a public holiday, on the first following bank working day, at 2 p.m.

It shall hear the Annual Report on the past year's operations.

It shall elect the Regents and Censors whose terms of office expire and shall take steps to fill the vacancies which have arisen owing to death, resignation or for other reasons.

**Art. 62.** – An Extraordinary General Meeting may be convened whenever the Council of Regency deems fit.

It must be convened :

1° if the meeting is requested by either the Board of Censors or by shareholders representing one-tenth of the capital stock ;

2° if the number of Regents or of Censors falls below the absolute majority.

**Art. 63.** – *Repealed.*

**Art. 64.** – The function of scrutineers shall be performed by the two shareholders present who own the largest number of shares, who do not form part of the administration and who accept this duty.

They shall sign the minutes with the chairman and the other members of the bureau.

The copies and extracts to be supplied to third parties shall be signed by the Secretary.

**Art. 65.** – The General Meeting shall deliberate :

1° concerning the matters mentioned in the convening notices and concerning those submitted to it either by the Council of Regency or by the Board of Censors ;

2° concerning proposals, signed by one or more shareholders who together own at least 3 % of the company's capital, which have been brought to the attention of the Council of Regency at least twenty-two days before the meeting for inclusion in the agenda.

If the meeting acknowledges the urgency of other proposals made by the Council of Regency, these shall be included in the deliberations.

**Art. 66.** – All resolutions shall be adopted by an absolute majority of the votes.

In the event of a tie, the proposal shall be rejected.

**Art. 67.** – Voting will take place either electronically, by roll call, by show of hands, or by ballot.

Elections or dismissals shall take place by secret ballot.

**Art. 68.** – *Repealed.*

**Art. 69.** – Regents or Censors may be dismissed only by a majority of three-quarters of the votes of the shareholders present owning at least three-fifths of the shares.

## Chapter IX – Amending the Statutes

**Art. 70.** – The Council of Regency shall amend the Statutes in order to bring them into conformity with the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium and with the international obligations which are binding on Belgium.

Other amendments to the Statutes shall be adopted, on the proposal of the Council of Regency, by a majority of three-quarters of the votes pertaining to the total number of shares present or represented at the General Meeting of Shareholders.

The General Meeting of Shareholders referred to in the second paragraph shall be specially convened and its proceedings shall only be valid if the purpose of the proposed amendments was specially stated in the convening notice and if those attending the meeting represent at least half of the capital stock.

If a first meeting does not represent the proportion of the capital stipulated above, a new meeting shall be convened, whose proceedings shall be valid irrespective of the proportion of the capital present or represented.

Amendments to the Statutes shall require the approval of the King.

## Chapter X – Signing of acts

**Art. 71.** – All acts that are binding on the Bank may be signed :

- a) either by the Governor;
- b) or by a majority of members of the Board of Directors;
- c) or by a Director together with the Secretary;

without being required to furnish proof of any power whatsoever vis-à-vis third parties.

They may also be signed by one or two representatives authorised either by the Governor, or by a majority of members of the Board of Directors or by a Director together with the secretary.

Furthermore, acts of day-to-day management may be signed :

- a) either by the Vice-Governor or a Director;
- b) or by the Secretary or the Treasurer;
- c) or by one or two members of staff authorised to act as proxy by the Board of Directors for this purpose.

## Chapter XI – General and transitional provisions

### Section 1 – Use of languages.

**Art. 72.** – The Bank and its outside offices shall comply with the statutory provisions on the use of languages in administrative matters.

**Art. 73.** – *Repealed.*

**Art. 74.** – *Repealed.*

**Art. 75.** – *Repealed.*

**Art. 76.** – *Repealed.*

# Annex 3 Corporate Governance Charter<sup>(1)</sup>

## 1. Introduction

The National Bank of Belgium, established by the Law of 5 May 1850 to take on tasks in the public interest, has always had a special governance structure, deviating from ordinary law. Designed from the start to enable the Bank to perform its tasks in the public interest, this special system of governance has evolved in line with the role and objectives assigned to the Bank as the country's central bank.

Today, as the central bank of the Kingdom of Belgium, the Bank – together with the European Central Bank (ECB) and the central banks of the other European Union Member States – is one of the components of the European System of Central Banks (ESCB), set up by the Treaty on the Functioning of the European Union (the Treaty).

By that token, it is governed first of all by the relevant provisions of the Treaty (Title VIII of Part Three) and by the Protocol on the Statute of the ESCB and of the ECB which is annexed to the Treaty, and then by the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium (Organic Law), and its own Statutes, approved by Royal Decree.

The provisions relating to public limited liability companies are applicable only additionally, i.e. in respect of subjects not governed by the Treaty, the Protocol annexed to it, the Organic Law and the Bank's Statutes, and provided the provisions on public limited liability companies do not clash with those higher level rules.

As a central bank, it shares the main objective which the Treaty assigns to the ESCB, namely maintaining price stability. It contributes towards the performance of the basic tasks of the ESCB which consist in defining and implementing the monetary policy of the European Union, conducting foreign exchange operations in accordance with Article 219 of the Treaty, holding and managing the official foreign exchange reserves of the Member States, and promoting the smooth operation of payment systems.

In addition, it exercises prudential supervision of financial institutions and it is entrusted with the performance of other tasks in the public interest, on conditions laid down by the law or its implementing regulations, subject to compatibility with the tasks which come under the ESCB.

The pre-eminence of its tasks in the public interest, present from the start and now anchored in the Treaty on the Functioning of the European Union, is reflected in a system of governance whose very objectives are different from those of the governance of a company incorporated under ordinary law.

First, in accordance with the Treaty, it has to ensure that the rules which govern it are compatible with those of the Treaty itself, and with the Statute of the ESCB, including the requirement concerning the independence of the Bank and of the members of its decision-making bodies in the exercise of their powers and the performance of their tasks, assigned to them by the Treaty and the Statute of the ESCB, in respect of the institutions and bodies of the European Union, governments and all other bodies.

Next, in its governance, the Bank has to reserve a dominant position for the expression of the interests of Belgian society as a whole. That explains, in particular,

(1) Latest amendments: 16 October 2012.

the arrangements for appointing members of its organs, the specific composition and role of the Council of Regency, the limited powers of the General Meeting of Shareholders, the special arrangements for the exercise of supervision, including the powers of the representative of the Finance Minister and those of the Board of Censors, and the way in which the Bank reports on the performance of its tasks. That also explains the provisions governing the financial aspects of its activities, intended to give it a sound financial basis and to allocate to the State, as a sovereign State, any surplus seigniorage revenue, after covering costs, including the constitution of required reserves and return on capital.

The Bank's special tasks and its specific, unique role in Belgium caused the legislator to give this institution its own particular legal framework and a special form of governance.

This explains that a number of provisions in the Belgian corporate governance code, which is based on the management model of a common-law partnership with a monistic board of directors, accountable to the general meeting of shareholders and whose members may be dismissed *ad nutum*, obviously do not apply to the Bank.

Nevertheless, the Bank considers that the system of governance imposed on it partly by its own Organic Law and Statutes, and partly by EU rules, is just as exacting as the recommendations of the Belgian corporate governance code, or even more so in various respects, such as oversight.

It believes that, even though the Belgian corporate governance code is inappropriate to the Bank, it is its duty, in view of its dual status as a central bank and a listed company, to accept an obligation to provide extensive information and report on its activities to the public in general. That is the spirit in which it has drawn up this Corporate Governance Charter.

## 2. Organisation, governance and supervision of the Bank

### 2.1 Comparison of the allocation of powers at the Bank and in limited liability companies governed by ordinary law

The table on the next page shows the atypical character of the Bank's organisation.

### 2.2 Presentation of the Bank's organs and other institutions

The Bank's organs are the Governor, the Board of Directors, the Council of Regency, the Board of Censors and the Sanctions Committee (cf. Article 17 of the Organic Law).

Other institutions of the Bank are the General Meeting, the representative of the Minister of Finance, the auditor and the Works Council.

The Bank's organs and their respective powers are fundamentally different from those of conventional public limited liability companies (see table).

### 2.3 Organs of the Bank

#### 2.3.1 Governor

##### POWERS

The Governor exercises the powers conferred on him by the Statute of the ESCB, the Organic Law, and the Bank's Statutes and Rules of Procedure.

He directs the Bank and its staff with the assistance of the Directors. He presides over the Board of Directors and the Council of Regency, arranging the implementation of their decisions, and chairs the General Meeting. He exercises direct authority over the members of staff, whatever their grade and their function.

At the General Meeting, he presents the annual accounts and the Annual Report which have been approved by the Council of Regency. He submits to the Chairmen of the Chamber of Representatives and the Senate the Annual Report referred to in Article 284.3 of the Treaty on the Functioning of the European Union, as well as a yearly report on the activities of the Bank in the field of prudential supervision. He may be heard by the competent committees of the Chamber of Representatives and of the Senate, at the request of those committees or on his own initiative.

He represents the Bank in legal proceedings.

He submits proposals to the Board of Directors on the allocation of the departments and services among the Board's members, and on the representation of the Bank in national and international organisations and institutions.

ALLOCATION OF POWERS AT THE BANK AND IN PUBLIC LIMITED LIABILITY COMPANIES GOVERNED BY ORDINARY LAW

The Bank		Public limited liability companies governed by ordinary law	
<b>King</b>	Appointment of the Governor Appointment of the Directors (on the proposal of the Council of Regency)	Appointment of the directors	<b>General Meeting</b>
<b>General Meeting</b>	Election of the Regents (from a dual list of candidates) Election of the Censors Appointment of the auditor (on the proposal of the Works Council and with the approval of the EU Council of Ministers, on the recommendation of the ECB Governing Council) Hearing of the Annual Report  Amendment of the Statutes except for Council of Regency prerogatives	Appointment of the auditors  Hearing of the annual report, auditors' report and discharge of the auditors Amendment of the articles of association	
<b>Council of Regency</b>	Amendment of the Statutes to bring them into line with the Organic Law and international obligations which are binding on Belgium Discussion and approval of the annual accounts Approval of the Annual Report Appropriation of the profits Discharge of the Board of Directors Setting the remuneration of the members of the Board of Directors  Approval of the budget	Discussion and approval of the annual accounts  Appropriation of the profits Discharge of the directors Setting the remuneration of the Board of Directors	
<b>Board of Directors</b>	Definition of company policy Administration and management Drawing up of the annual accounts Preparation of the Annual Report  Management and routine operation	Definition of company policy Administration and management Drawing up of the annual accounts Drawing up of the annual report	<b>Board of Directors</b>
<b>Board of Censors</b>	Supervision of the preparation and implementation of the budget Audit Committee	Optional delegation of the management (management board) or the routine operation (chief executive)	<b>Management board or chief executive</b>
<b>Representative of the Minister of Finance</b>	Monitoring of the Bank's operations (right to oppose any measure which is contrary to the law, the Statutes or the interests of the State), except for those which come under the ESCB		

He also has a seat on the ECB Governing Council, which decides *inter alia* on the monetary policy for the euro area.

#### APPOINTMENT

The Governor is appointed by the King for a renewable term of five years. He may be removed from office by the King only if he has been guilty of serious misconduct or if he no longer fulfils the conditions required for the performance of his duties. An appeal may be lodged with the Court of Justice against such a decision, on the initiative of the Governor or of the ECB Governing Council.

Thus, the EU and Belgian legislation ensures the personal independence of the Governor, both by the length of his term of office and by the restrictions on his removal from office.

#### 2.3.2 Board of Directors

##### POWERS

The Governor and the Directors jointly exercise their powers as members of the Board of Directors.

The Board of Directors is a collegiate body, responsible for the administration and management of the Bank in accordance with the Organic Law, the Statutes and the Rules of Procedure, and is in charge of the direction of its policy.

The Governor and the Directors each have authority over one or more of the Bank's departments and services. They ensure that the latter implement, within the framework of their respective duties, the decisions taken by the organs.

The Board of Directors appoints and dismisses the members of staff and determines their salaries.

It has the right to make settlements and compromises. It exercises regulatory power in the cases laid down by law.

In circulars or recommendations, it lays down all measures with a view to clarifying the application of the legal or regulatory provisions whose application the Bank supervises. It provides opinions to the various authorities that exercise legal or regulatory power on all draft legislative or regulatory acts relating to the supervisory tasks with which the Bank is or may be charged.

It pronounces on all matters which are not expressly reserved for another organ by law, the Bank's Statutes or Rules of Procedure.

It draws up the budget and prepares the Annual Report and the annual accounts, which it submits to the Council of Regency for approval.

It decides on the investment of the capital, the reserves and the amortisation accounts after consultation with the Council of Regency and without prejudice to the regulations adopted by the ECB.

It proposes the Bank's Rules of Procedure for the approval of the Council of Regency.

The Bank's Board of Directors therefore exercises the powers of administration, management and strategic direction of the enterprise which are delegated to the administrative board in public limited liability companies governed by ordinary law, as well as the actual management powers.

It is not accountable for its activities to the General Meeting, which has no power to give it a discharge; instead, it is accountable to the Council of Regency to which it submits the Annual Report and the annual accounts. The approval of the annual accounts by the Council of Regency constitutes a discharge for the members of the Board of Directors.

##### COMPOSITION

The Board of Directors is composed of the Governor and five to seven Directors. It includes an equal number of French and Dutch speakers, with the possible exception of the Governor. The members of the Board of Directors must be Belgians.

The Directors are appointed by the King, on a proposal of the Council of Regency. The method of nominating the Directors was specifically designed by law in 1948 to emphasise the character of the Bank's activities as tasks performed in the public interest.

The Directors are appointed for a renewable term of six years.

The King confers the title of Vice-Governor on one of the Directors. The Vice-Governor replaces the Governor if the latter is unable to perform his duties, without prejudice to Article 10.2. of the Statute of the ESCB.

In order to avoid any conflict of interests, the Organic Law stipulates that, except in a limited number of specified instances, the members of the Board of Directors may not perform duties in commercial companies or companies which are commercial in form, or in public institutions engaged in industrial, commercial or financial activities.

They are also prohibited from taking on certain political posts (as members of a parliament, government or ministerial cabinet).

The members of the Board of Directors may be removed from office by the King only if they have been guilty of serious misconduct or if they no longer fulfil the conditions required for the performance of their duties.

Thus, the Organic Law ensures the personal independence of the members of the Board of Directors, both by the length of their term of office and by the restrictions on their removal from office.

## FUNCTIONING

The functioning of the Board of Directors is governed by the Organic Law, the Statutes and the Rules of Procedure.

The Board of Directors meets whenever circumstances dictate, and at least once a week. In urgent cases determined by the Governor, except for adopting regulations, it may take decisions by written procedure or by using a voice telecommunications system.

If a member of the Board of Directors has, directly or indirectly, an interest relating to proprietary rights which conflicts with a decision or transaction within the sphere of competence of the Board of Directors, he informs the other members before the Board deliberates. He does not attend discussions concerning that transaction or decision and does not take part in the voting. His declaration and he reasons underlying the conflicting interest are entered in the minutes of the meeting. The Board of Directors describes in the minutes the nature of the decision or transaction, justifies the decision taken and specifies the implications in terms of proprietary rights of that decision for the Bank. Those minutes are included in the Annual Report for the year in question.

The Director concerned also informs the auditor of his conflicting interest. The auditor's report must contain a separate description of the implications in terms of proprietary rights for the Bank resulting from Board of Directors decisions involving a conflicting interest within the meaning of the previous paragraph.

### 2.3.3 Council of Regency

#### POWERS

The Council of Regency exchanges views on general issues relating to the Bank, monetary policy and the economic

situation of the country and the European Union, supervisory policy with regard to each of the sectors subject to the Bank's supervision, Belgian, European and international developments in the field of supervision, as well as, in general, any development concerning the financial system subject to the Bank's supervision; without however having any competence to intervene at operational level or take note of individual dossiers. Once a month, it takes note of the Bank's financial situation.

It has power to lay down the accounting rules for all aspects of the annual accounts which are not covered by the provisions of the Bank's Organic Law and are not mandatory for the compilation of the consolidated balance sheet of the Eurosystem. It approves the expenditure budget and the annual accounts. It has the power, as an independent body, to set the Bank's reserve and dividend policy. It determines the final distribution of the profits proposed by the Board of Directors and ensures that the financial interests of the Bank, its shareholders and the State, as a sovereign State, are taken into account in a balanced manner.

It approves the Annual Report.

It amends the Statutes of the Bank in order to bring them into line with the Organic Law and the international obligations which are binding on Belgium.

On a proposal from the Board of Directors, it lays down the Rules of Procedure, containing the basic rules for the operation of the Bank's organs and the organisation of its departments, services and outside offices, and the code of conduct which must be respected by the members of the Board of Directors and the staff.

The Council of Regency has the power to set remuneration policy and fix the salaries of the members of the Board of Directors, including the Governor, of the Council of Regency and the Board of Censors. More detailed information about the remuneration policy and salaries is provided on an annual basis in the remuneration report which forms part of the Governance Statement included in the Annual Report.

The Council of Regency therefore exercises certain powers which, in companies governed by ordinary law, are reserved for the board of directors, and others reserved for the General Meeting of Shareholders. This is a very special organ which introduces an element of duality into the Bank's governance structure. Composed predominantly of non-executive members, the Council of Regency plays a key role in the appointment of Directors, remuneration and supervision, and does so on a more continuous

basis than the special committees of ordinary companies, in view of the frequency of its meetings.

In regard to the budget, including the patronage funds, the Council of Regency is assisted by the Budget Committee and the Special Fund Committee.

The Budget Committee has power to examine the Bank's budget before it is approved by the Council of Regency. It is chaired by a member of the Board of Censors and otherwise comprises three Regents, two other Censors, the representative of the Minister of Finance, and, in an advisory capacity, the Director responsible for the Controlling Department. This committee meets on a yearly basis. It may call on the General Secretariat to provide its secretariat.

The Special Fund Committee has the competence to examine the allocation of the Bank's Special Patronage Fund before it is approved by the Council of Regency. It is chaired by the governor and otherwise comprises two regents, two censors and one member of the Board of Directors. This committee meets on a yearly basis. It may call on the General Secretariat to provide its secretariat.

In the performance of its duties in relation to remuneration and appointments, the Council of Regency is assisted by the Remuneration and Appointments Committee. The Remuneration and Appointments Committee Regulations, annexed to this Charter, define the powers, composition and functioning of that committee.

## COMPOSITION

The Council of Regency is composed of the Governor, the Directors and ten Regents. It includes an equal number of French- and Dutch-speaking Regents.

The Regents are elected by the General Meeting for a renewable term of three years, on the basis of dual lists of candidates. Two Regents are chosen on the proposal of the most representative labour organisations, three on the proposal of the most representative organisations from industry and commerce, from agriculture and from small and medium-sized enterprises and traders, and five on the proposal of the Minister of Finance.

The method of appointing the Regents has been organised in a special way. In the preparations for the Law of 28 July 1948 which amended the Organic Law and reorganised the Bank, the legislator expressed its desire that the method of appointing the Directors and Regents should ensure both the Bank's total independence vis-à-vis individual interests and the technical competence of the

candidates. The procedure for proposing the Regents was designed to ensure that the various Belgian socio-economic interests were fairly represented.

In order to avoid any conflict of interests, the Organic Law stipulates that the Regents may not be members of the administrative, management or supervisory bodies of an institution subject to the supervision of the Bank pursuant to Articles 8, or 12*bis*, nor may they perform management duties in such an institution or take on certain political posts (as members of a parliament, government or ministerial cabinet).

The Regents may be dismissed by the General Meeting of Shareholders deciding by a majority of three-quarters of the votes of the shareholders present, holding at least three-fifths of the shares.

## FUNCTIONING

The functioning of the Council of Regency is governed by the Organic Law, the Statutes and the Rules of Procedure.

The Council of Regency meets at least twenty times a year and passes its decisions by a majority of the votes. In urgent cases determined by the Governor, the Council of Regency may take decisions by written procedure or by using a voice telecommunications system.

If a member of the Council of Regency has, directly or indirectly, an interest relating to proprietary rights which conflicts with a decision within the sphere of competence of the Council of Regency, he informs the other members before the Council deliberates. He must not attend discussions concerning that decision, or take part in the voting. In particular, the Governor and the Directors are not permitted to attend the discussions and take part in the voting concerning the approval of the annual accounts.

### 2.3.4 Board of Censors

## POWERS

The Board of Censors' task is to supervise the preparation and implementation of the Bank's budget. In that context, it regularly takes cognisance of the activities of the Internal Audit Service. Its chairman informs the Council of Regency of those activities each year and answers its questions on the subject.

The Board of Censors is also the Bank's Audit Committee. By that token, the tasks assigned to the Board of Censors

include taking charge, in an advisory capacity, of the monitoring of the process of preparing the financial information, the monitoring of the effectiveness of the internal control and risk management systems, the monitoring of the statutory audit of the annual accounts and the examination and the monitoring of the independence of the auditor.

Once a year, the Audit Committee reports to the Council of Regency on the performance of its duties. It also reports to the Council of Regency on all matters arising from the performance of its duties which are relevant for the approval of the annual accounts and the Annual Report, and for the drafting of the accounting rules by the Council of Regency. The Audit Committee reports to the Board of Directors on all aspects relevant to the reliability of the financial information, the proper operation of internal control, risk management and the internal audit, and the independence of the auditor.

#### COMPOSITION

The Board of Censors is composed of ten members. It includes an equal number of French and Dutch speakers. The Censors are elected by the General Meeting of Shareholders for a renewable term of three years. They are chosen from among persons with particular expertise in auditing. In order to avoid any conflict of interests, they may not take on certain political and parliamentary duties. The majority of Censors may not be members of the administrative, management or supervisory bodies of an institution subject to the supervision of the Bank pursuant to Articles 8, or 12*bis*, nor may they perform management duties in such an institution.

The Censors may be dismissed by the General Meeting of Shareholders deciding by a majority of three-quarters of the votes of the shareholders present, holding at least three-fifths of the shares.

#### FUNCTIONING

The functioning of the Board of Censors is governed by the Organic Law, the Statutes and the Rules of Procedure. The rules on its functioning as an Audit Committee are also set out in the Audit Committee Regulations. The Rules of Procedure and the Audit Committee Regulations are annexed to this Charter.

The Board of Censors meets at least eight times a year. Its resolutions are adopted by a majority of the votes.

### 2.3.5 Sanctions Committee

#### POWERS

The Sanctions Committee pronounces on the imposition by the Bank of administrative fines and penalties laid down by the laws applicable to the institutions that it supervises. The rules of procedure for the imposition of administrative fines and penalties are set out in the Organic Act.

#### COMPOSITION

The Sanctions Committee is composed of six members appointed by the King:

1° a State counsellor or honorary State counsellor, appointed on a proposal from the First President of the Council of State;

2° a counsellor at the Court of Cassation or honorary counsellor at the Court of Cassation, appointed on a proposal from the First President of the Court of Cassation;

3° two magistrates who are neither members of the Court of Cassation, nor of the Brussels Court of Appeal;

4° two other members.

The chairman is elected by the members of the Sanctions Committee from among the persons mentioned in 1°, 2° and 3°.

For the three years preceding their appointment, the members of the Sanctions Committee may not have been on either the Board of Directors of the Bank, or a member of the Bank's staff.

During the course of their mandate, members may not carry out any duties whatsoever or any mandate whatsoever in an institution subject to the supervision of the Bank or in a professional association representing institutions subject to the supervision of the Bank, nor may they provide services for a professional association representing institutions subject to the supervision of the Bank.

They are also prohibited from taking on certain political posts (as members of a parliament, government or ministerial cabinet).

The mandate of the members of the Sanctions Committee is six years and renewable. Members may be removed from office by the King only if they no longer fulfil the

conditions for the performance of their duties or if they have been guilty of serious misconduct.

#### FUNCTIONING

The Sanctions Committee may take valid decisions when two of its members and its chairman are present and in a position to deliberate. If its chairman is unable to attend, it may take valid decisions when three of its members are present and in a position to deliberate.

Members of the Sanctions Committee may not deliberate in a case in which they have a personal interest that may influence their opinion.

## 2.4 Other institutions of the Bank

### 2.4.1 General Meeting

#### POWERS

The Ordinary General Meeting hears the Annual Report on the past year and elects the Regents and the Censors for the offices which have become vacant, in accordance with the stipulations of the Organic Law. It appoints the external auditor. It amends the Statutes in cases where that power is not reserved for the Council of Regency.

The General Meeting deliberates concerning the matters mentioned in the convening notice and those submitted to it by the Council of Regency or by the Board of Censors.

The Organic Law does not confer organ status on the General Meeting, whose powers are limited.

#### COMPOSITION

The General Meeting is composed of the shareholders who have fulfilled the legal formalities for admission to the general meeting of a listed company.

The General Meeting represents the totality of the shareholders.

#### FUNCTIONING

The General Meeting is chaired by the Governor. The Ordinary General Meeting is held on the last Monday in May or, if that is a public holiday, on the next bank working day. An Extraordinary General Meeting may be convened whenever the Council of Regency deems fit. A meeting must be convened if the number of Regents

or of Censors falls below the absolute majority, or if it is requested either by the Board of Censors or by shareholders representing one-tenth of the capital stock.

Before the meeting is opened, the shareholders sign the attendance register.

The function of scrutineers shall be performed by the two shareholders present who own the largest number of shares, who do not form part of the administration and who accept this duty.

Each share confers entitlement to one vote.

All resolutions are passed by an absolute majority of the votes. If the votes are equally divided, the proposal is rejected. Voting will take place either electronically, by roll call, by a show of hands, or by ballot papers. Elections or dismissals take place by secret ballot.

Decisions passed in accordance with the rules are binding on all the shareholders.

Minutes are drawn up in respect of each meeting. They are signed by the tellers, the chairman and the other members of the bureau. They are published on the Bank's website. Exemplified copies and extracts to be issued to third parties are signed by the Secretary.

### 2.4.2 Representative of the Minister of Finance

Except as regards the tasks and operations within the domain of the ESCB, the representative of the Minister of Finance supervises the Bank's operations, and suspends and brings to the attention of the Minister of Finance any decision which is contrary to the law, the Statutes or the interests of the State. If the Minister of Finance has not given a decision within one week of the suspension, the decision may be implemented.

The representative of the Minister of Finance attends, *ex officio*, in an advisory capacity, the meetings of the Council of Regency and the Board of Censors.

Except as regards operations within the domain of the ESCB, the representative of the Minister of Finance has the right to take note at any time of the state of business and to check the accounts and cash holdings. He attends the General Meetings when he deems fit. The Board of Directors is required to provide him, whenever he so requests, with a certified copy of the Bank's financial statement.

He reports to the Minister of Finance each year on the performance of his duties.

Via his representative, the Minister of Finance thus exercises, on behalf of the sovereign State, supervision over the Bank's activities in regard to tasks in the national interest.

The salary of the representative of the Minister of Finance is set by the said Minister in consultation with the management of the Bank, and is paid by the Bank.

#### 2.4.3 Auditor

The auditor performs the auditing functions prescribed by Article 27.1 of the Protocol on the Statute of the ESCB and of the ECB, and reports to the Council of Regency on those activities. He certifies the annual accounts. He also performs certification functions for the attention of the ECB auditor.

He reports to the Works Council once a year on the annual accounts and the Annual Report. He certifies the accuracy and completeness of the information supplied by the Board of Directors. He analyses and explains, particularly for the members of the Works Council appointed by the employees, the economic and financial information submitted to this Council, in terms of its significance in relation to the financial structure and the assessment of the Bank's financial position.

The auditor is appointed on the basis of a procedure in accordance with the public procurement legislation to which the Bank is subject. He is then appointed by the General Meeting of the Bank on the proposal of the Works Council. He must be approved by the EU Council of Ministers, on the recommendation of the ECB.

#### 2.4.4 Works Council

Pursuant to the Law of 20 September 1948 on the organisation of the economy, the Bank has a Works Council, a joint consultation body composed of representatives of the employer and representatives of the staff, elected every four years.

The main function of the Works Council is to give its opinion and formulate any suggestions or objections in regard to all measures which could change the working arrangements, working conditions and efficiency of the enterprise.

Specific economic and financial information is made available by the Board of Directors, in accordance with the law.

## 2.5 Mechanisms for controlling the activities

A series of control mechanisms ranging from operational to external controls govern the Bank's activities and operations, ensuring that they proceed smoothly with due regard for the set objectives and in accordance with the dual concern for security and the economical use of resources.

The control requirements applicable to the Bank on account of its tasks as the country's central bank and its membership of the ESCB differ from, and extend beyond, those laid down in the Belgian corporate governance code recommended for public limited liability companies governed by ordinary law.

From the point of view of the general management of the enterprise, the Board of Directors is responsible for establishing an internal control system.

The persons in charge within the hierarchy and their staff take on primary responsibility for the actual operation of the internal control system.

The Internal Audit Service takes on secondary responsibility for assessing the internal control system, with the following specific objectives:

- in all operating units, to raise awareness of the risks of the enterprise and improve risk identification and measurement;
- to formulate an independent appraisal of these risks and the control measures, checking their application;
- to issue the Board of Directors and the heads of departments and services with opinions and to propose measures for improving the internal control system;
- to provide assistance where necessary in the implementation of these measures.

In order to guarantee its independence vis-à-vis the departments and services, the Internal Audit Service comes directly under the Governor, and does not carry any direct operational responsibility. It reports to the Board of Directors.

The head of the Internal Audit Service is a member of the Internal Auditors Committee (IAC) of the ESCB. The Internal Audit Service conforms to the methodology, objectives, responsibilities and reporting procedure laid down within the ESCB, including the ESCB Audit Policy approved by the ECB Governing Council.

Certain control functions are performed by specific administrative entities (e.g. the management of access to computer systems), while structural conflicts of interest are resolved by segregating the activities concerned (system of Chinese walls): thus, for example, the operation and oversight of the payment systems are entrusted to two different departments.

The Board of Censors supervises the preparation and implementation of the budget and takes note of the activities of the Internal Audit Service. Every year, its chairman informs the Council of Regency and answers its questions.

As the Bank's Audit Committee, the Board of Censors is responsible, in an advisory capacity, for the monitoring of the effectiveness of the internal control and risk management systems and the monitoring of the Bank's internal audit.

To that end, the Audit Committee periodically examines, in accordance with a plan which it draws up, the internal control and risk management systems set up by the various departments and services. It ensures that the main risks, including the risks relating to compliance with the current legislation and rules, are correctly identified, managed and drawn to its own attention and to that of the Board of Directors. The Audit Committee also examines the notes contained in the Annual Report concerning internal control and risk management.

The Audit Committee examines the effectiveness of the internal audit. It examines the internal audit charter and verifies whether the Internal Audit Service has the resources and expertise appropriate to the nature, size and complexity of the Bank. Where appropriate, it makes recommendations on this subject to the Board of Directors. Before the internal audit's programme of work is approved by the Board of Directors, the Audit Committee examines that programme, taking account of the complementarity with the work of the statutory auditor.

The Audit Committee receives the internal audit reports or a summary thereof, and the quarterly report of the internal audit. It examines the extent to which the departments and services take account of the internal audit's findings and recommendations. At the request of the

Board of Directors, the Audit Committee gives its opinion concerning the profile of the internal audit officer.

The Audit Committee also assesses the relevance and consistency of the accounting rules drawn up by the Council of Regency.

The Council of Regency approves the annual accounts, the annual budget, the accounting rules and the rules on the Bank's internal organisation. It consults the Audit Committee before approving the annual accounts, and may ask this committee to examine specific questions on that subject and report back to it. The Bank is also subject to various external controls.

The first form of control is provided by the auditor, who verifies and certifies the Bank's accounts.

Except as regards the tasks and operations within the domain of the ESCB, the representative of the Minister of Finance supervises the Bank's operations on the behalf of the Minister. The latter in fact has the right to monitor those operations and to oppose the implementation of any measure which would be contrary to the law, the Statutes or the interests of the State.

In addition, the Governor may be heard by the competent committees of the Chamber of Representatives and of the Senate, at the request of those committees or on his own initiative.

Finally, pursuant to the Statute of the ESCB and of the ECB, the Bank acts in accordance with the directions and instructions of the ECB. The Governing Council takes the necessary measures to ensure compliance with those directions and instructions, and requires all necessary information to be supplied to it.

## 2.6 Rules of conduct

A code of conduct imposes strict rules of behaviour on the members of the Board of Directors and on the Bank's employees.

The members of the Board of Directors maintain the highest standards of professional ethics.

The members of the Bank's organs and staff are subject to strict professional secrecy pursuant to Article 35 of the Organic Law. They are also subject to the rules on insider trading and market manipulation, based on Articles 25 and 25bis of the Law of 2 August 2002 on the supervision of the financial sector and on financial services.

The Law of 2 May 1995 sets out an obligation for the members of the Council of Regency – namely, the Directors and the Regents – and the members of the Board of Censors to disclose an annual list of their mandates, duties and occupations to the Court of Auditors. In addition, they are bound to make an annual wealth declaration, unless there have been no appointments, terminations or renewals in the past year with regard to the mandates, duties and occupations that they have to declare.

The Bank's code of conduct lays down rules for members of the Board of Directors and of its staff on the holding of and transactions in the Bank's shares and shares or parts issued by enterprises subject to supervision by the Bank.

The Regents and Censors do not effect any transactions in shares of the Bank or financial instruments relating to those shares during the fixed closed periods each year which start from the point in time when the annual accounts are drawn up by the Board of Directors and end when the said accounts are published. Outside of those fixed closed periods, they exercise prudence in trading in the Bank's shares and refrain at all times from any speculative transaction in those shares. They also respect the closed periods fixed *ad hoc* by the Board of Directors. They must ensure that their close associates within the meaning of Article 2 (23) of the Law of 2 August 2002 on the supervision of the financial sector and on financial services respect the same rules. The legal compliance officer shall inform the Regents and Censors about the closed periods.

## 3. Shareholders

### 3.1 Capital and shares

The Bank's share capital totals ten million euro. It is represented by four hundred thousand shares of no face value. Two hundred thousand registered, non-transferable shares are held by the Belgian State. The two hundred thousand other registered, bearer or dematerialised shares are held by the public and listed on Euronext Brussels.

The share capital is fully paid up.

Except for those belonging to the State, the shares can be converted to registered or dematerialised shares, free of charge, at the owner's request.

Ownership of the registered shares is established by entry in the Bank's shareholders register. The registered

shareholder receives a certificate which does not constitute a transferable instrument. Dematerialised shares are represented by an account entry in the name of their owner or holder with an authorised intermediary or with the settlement institution, S.A. Euroclear Belgium.

### 3.2 Shareholder structure

Since 1948, and pursuant to the Organic Law, the Belgian State has held two hundred thousand of the Bank's shares, or 50 % of the total voting rights.

The Bank has no knowledge of other holdings of 5 % or more of the voting rights.

### 3.3 Dividends

The setting of the dividends is organised by the Organic Law. A first dividend of 6 % of the capital is guaranteed by all reserves. The second dividend corresponds to 50 % of the net proceeds from the portfolio which the Bank holds as a counterpart to its total reserves. The second dividend is guaranteed by the available reserve, unless the level of the reserves were to fall too low as a result.

In view of the special nature of the Bank and its tasks in the public interest, including the primary objective of maintaining price stability, the dividend is largely dissociated from profit or loss. In this way, the shareholder is protected against the volatility of the Bank's results, which are influenced by the monetary policy of the Eurosystem and exogenous factors such as demand for banknotes or exchange rate movements.

## 4. Communication with shareholders and the public

### 4.1 Principles

As the country's central bank, the Bank performs special tasks in the public interest, on which it has to render account to the democratic institutions and to the public in general, and not only to its shareholders and employees.

### 4.2 Reports

Every year, the Bank publishes a Report providing the public with extensive information on recent economic and financial developments in Belgium and abroad.

The summary presented by the Governor on behalf of the Council of Regency focuses on key events in the past year and delivers the Bank's main messages concerning economic policy.

Each year, the Bank also publishes a report on its activities in the field of prudential supervision, as well as a Corporate Report presenting for the shareholders' and the public's attention the Annual Report and the annual accounts for the preceding year and explaining the organisation and governance of the Bank.

These Reports are made available in printed form to the shareholders and the public. They are also published on the Bank's website, which offers all the Annual Reports issued since 1998.

The Bank is not subject to the rules governing the drawing up and issuing of periodical information (Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market).

### 4.3 Relations with Parliament

Pursuant to the Organic Law and the Statutes, the Governor may be heard by the competent committees of the Chamber of Representatives and of the Senate, at their request or on his own initiative. He shall send to the Chairmen of the Chamber of Representatives and the Senate the Annual Report on the activities of the Bank in the field of prudential supervision.

### 4.4 General Meetings

The Bank's Ordinary General Meeting provides an opportunity for shareholders and the Bank's management to meet. Every year at the meeting, the Board of Directors presents the Annual Report and the annual accounts for the past financial year.

### 4.5 Website

On its website, the Bank offers the public and the shareholders a large quantity of regularly updated information on its activities and operations, available at all times.

## 5. Representation of the Bank and signing of acts

### 5.1 Representation of the Bank

The Governor represents the Bank in legal proceedings.

The Governor and the Board of Directors may expressly or tacitly grant special authority to represent the Bank.

### 5.2 Signing of acts

All acts which are binding upon the Bank may be signed either by the Governor, or, in the absence of the latter, by the Vice-Governor, either by a majority of the members of the Board of Directors or by a Director together with the Secretary, without any need to substantiate their authority to third parties. They may also be signed by one or two persons mandated either by the Governor or by a majority of the members of the Board of Directors or by a Director together with the Secretary.

Moreover, routine administrative acts may be signed either by the Vice-Governor or a Director, or by the Secretary or the Treasurer or by one or two members of the staff mandated by the Board of Directors.

## 6. The Bank's specific responsibility

The Bank issues and abides by its own mission statement. In addition, as a member of the Eurosystem, it has adopted that system's mission statement.

### 6.1 The Bank's mission statement

"The National Bank intends to be an independent, competent and accessible institution which carries out tasks in the public interest, providing added value for the economy and for Belgian society. It aims to be a valued partner of the Eurosystem, to which it contributes at multiple levels."

### 6.2 Eurosystem mission statement

"The Eurosystem, which comprises the European Central Bank and the national central banks of the Member States of the European Union whose currency is the euro, is the monetary authority of the euro area. We in the Eurosystem have as our primary objective the maintenance of price

stability for the common good. Acting also as a leading financial authority, we aim to safeguard financial stability and promote European financial integration.

In pursuing our objectives, we attach utmost importance to credibility, trust, transparency and accountability. We aim for effective communication with the citizens of Europe and the media. We are committed to conducting our relations with European and national authorities in full accordance with the Treaty provisions and with due regard for the principle of independence.

We jointly contribute, strategically and operationally, to attaining our common goals with due respect to the principle of decentralisation. We are committed to good governance and to performing our tasks effectively and efficiently, in a spirit of cooperation and teamwork. Drawing on the breadth and depth of our experiences as well as on the exchange of know-how, we aim to strengthen our shared identity, speak with a single voice and exploit synergies, within a framework of clearly defined roles and responsibilities for all members of the Eurosystem.”

# Annex 4 Rules of Procedure<sup>(1)</sup>

## Chapter I – Activities of the organs

**Art. 1.** – The Bank's organs are the Governor, the Board of Directors, the Council of Regency, the Board of Censors and the Sanctions Committee.

**Art. 2.** – The Governor exercises his powers in accordance with the Organic Law, the Statutes and these Rules of Procedure.

He directs the Bank and its staff with the assistance of the Directors.

He submits proposals to the Board of Directors on the allocation among its members of authority over the departments, services and units, and on the representation of the Bank in national and international organisations and institutions.

Without prejudice to the preceding paragraphs and Article 4, the Governor exercises direct authority over the members of staff, whatever their grade or function.

**Art. 3.** – The King confers the title of Vice-Governor on one of the Directors. The Vice-Governor replaces the Governor if the latter is unable to perform his duties, without prejudice to Article 10.2 of the Statute of the ESCB.

**Art. 4. – § 1.** The Governor and the Directors jointly exercise their powers as members of the Board of Directors. The Board of Directors is responsible for the administration and management of the Bank in accordance with the Organic Law, the Statutes and these Rules of Procedure.

The Board of Directors is chaired by the Governor. In his absence, the Vice-Governor takes his place.

On the proposal of one of its members, the Board of Directors may invite one or more members of the Bank's staff, as well as the special representatives integrated into the Bank in accordance with Article 337, § 1 of the Royal Decree of 3 March 2011 on the evolution of the supervisory structure for the financial sector, to attend all or part of a meeting. If an invited member of staff or special representative has, directly or indirectly, an interest relating to proprietary rights which conflicts with a decision within the sphere of competence of the Board of Directors, he or she shall inform the Board of Directors before the board takes a decision.

Unless it is unable to do so, the Board of Directors meets at least once a week. It also meets whenever deemed necessary by the Governor, the Vice-Governor or two Directors.

Taking account of the requests made by members of the Board of Directors, the items for discussion at a meeting are entered on the agenda by the Secretary at least two calendar days before the meeting. The Governor approves the agenda and inserts amendments with the agreement of the Directors concerned, by no later than the day before the meeting. After that deadline, no further items may be added to the agenda except with the approval of the Governor.

All documents intended to form the basis of decisions of the Board of Directors, and in particular notes from the services and departments concerning the items for discussion, are circulated to the Directors at least two calendar days before the meeting, except in urgent cases.

(1) Approved by the Council of Regency on 20 February 2008.  
Last amended on 28 August 2013.

The Board of Directors may not deliberate unless the majority of its members are present. Except in urgent cases, no decision may be taken on items which are not entered on the agenda. Resolutions are passed by a majority of the votes cast. If the votes are evenly divided, the Governor has the casting vote. If, in the Governor's absence, the votes are evenly divided, the proposal is rejected.

The minutes of the meetings of the Board of Directors contain a brief mention of the matters discussed and the decisions taken. In cases of dissent, the Directors may ask for the minutes to record their vote, with supporting reasons, or their opinion. Once the minutes have been approved, they are signed by the members present at the meeting to which the minutes relate. The Secretary is responsible for keeping the minutes.

When drafting the minutes concerning prudential matters, the Secretary is assisted by a member of the Legal Service who, for that purpose, attends meetings of the Board of Directors dealing with prudential matters.

**§ 2.** In duly reasoned urgent cases confirmed by the Governor, the Board of Directors may, except when adopting regulations, decide by the written procedure or by using a system of voice telecommunication.

In order to take a decision by voice telecommunication, all members must be called by the Governor or, in his absence, by the Vice-Governor. The decision is adopted by the majority of the votes, provided the voice telecommunication procedure enables the majority of the members of the Board of Directors to communicate in real time and to hold a collective discussion. Each member contacted may request the convening of a meeting of the Board of Directors or the application of the written procedure referred to in the following subsection.

In the case of the written procedure, the Governor or, in his absence, the Vice-Governor submits the text of the draft decision by post with acknowledgement of receipt. The text may also be submitted by fax, electronic mail or any other written process. When these communication facilities are used, the technical confirmation of sending counts as proof of receipt. Moreover, each member is notified personally, preferably by telephone, of the sending of the communication. The communication mentions the time available to the members for submitting their written agreement to the proposal. During that period, each member may request an oral discussion of the draft decision via a voice telecommunication procedure, or may request the convening of a meeting of the Board of Directors. The proposal is approved by the Board of

Directors if, within the period stated in the communication, all members have unanimously given their written approval.

Minutes are produced on all decisions taken by the procedures described in this paragraph.

**§ 3.** If a member of the Board of Directors has, directly or indirectly, an interest relating to proprietary rights which conflicts with a decision or transaction within the sphere of competence of the Board of Directors, he informs the other members before the Board deliberates. He does not attend discussions concerning that transaction or decision and does not take part in the voting. His declaration and the reasons underlying the conflicting interest are entered in the minutes of the meeting. The Board of Directors describes in the minutes the nature of the decision or transaction, justifies the decision taken and specifies the implications in terms of proprietary rights of that decision for the Bank. Those minutes are included in the management report for the year in question.

The Director concerned also informs the auditor of his conflicting interest. The auditor's report must contain a separate description of the implications in terms of proprietary rights for the Bank resulting from Board of Directors decisions involving a conflicting interest within the meaning of the previous paragraph.

**§ 4.** The Board of Directors exercises in regard to its members and the Secretary the powers of authorisation and derogation provided for in the Bank's code of conduct.

**Art. 5. – § 1.** The Council of Regency discusses questions within its sphere of competence under the Organic Law, the Statutes and these Rules of Procedure.

It meets at least twenty times per year. In urgent cases, it holds an extraordinary meeting which is convened by the Governor.

Council of Regency resolutions are passed in accordance with Article 31.1 of the Statutes. Any discussion may be postponed to the next meeting at the request of the majority of the members present. In that case, the author is nonetheless permitted to submit the proposal without waiting.

Minutes of the discussions of the Council of Regency are kept in accordance with Article 31.2 of the Statutes.

**§ 2.** In urgent cases confirmed by the Governor, the Council of Regency may decide by the written procedure or by using a system of voice telecommunication.

In order to take a decision by voice telecommunication, all members must be called by the Governor or, in his absence, by the Vice-Governor. The decision is adopted by the majority of the votes, provided the voice telecommunication procedure enables the majority of the members of the Council of Regency to communicate in real time and to hold a collective discussion. Each member contacted may request the convening of a meeting of the Council of Regency or the application of the written procedure referred to in the following sub-section.

In the case of the written procedure, the Governor or, in his absence, the Vice-Governor submits the text of the draft decision by post with acknowledgement of receipt. The text may also be submitted by fax, electronic mail or any other written process. When these communication facilities are used, the technical confirmation of sending counts as proof of receipt. Moreover, each member is notified personally, preferably by telephone, of the sending of the communication. The communication mentions the time available to the members for submitting their written agreement to the proposal. During that period, each member may request an oral discussion of the draft decision via a voice telecommunication procedure, or may request the convening of a meeting of the Council of Regency. The proposal is approved by the Council of Regency if, within the period stated in the communication, all members have unanimously given their written approval.

Minutes are produced on all decisions taken by the procedures described in this paragraph.

**§ 3.** In regard to the budget, including the patronage funds, the Council of Regency is assisted by the Budget Committee and the Special Fund Committee.

The Budget Committee has power to examine the Bank's budget before it is approved by the Council of Regency. It is chaired by a member of the Board of Censors and otherwise comprises three Regents, two other Censors, the representative of the Minister of Finance, and, in an advisory capacity, the Director responsible for the Controlling Department. This committee meets on a yearly basis. It may call on the General Secretariat to provide its secretariat.

The Special Fund Committee has the competence to examine the allocation of the Bank's Special Patronage Fund before it is approved by the Council of Regency. It

is chaired by the Governor and otherwise comprises two Regents, two Censors and one member of the Board of Directors. This committee meets on a yearly basis. It may call on the General Secretariat to provide its secretariat.

**§ 4.** In the performance of its duties in relation to remuneration and appointments, the Council of Regency is assisted by the Remuneration and Appointments Committee.

The Remuneration and Appointments Committee Regulations define the powers, composition and functioning of that committee.

**§ 5.** If a member of the Council of Regency has, directly or indirectly, an interest relating to proprietary rights which conflicts with a decision within the sphere of competence of the Council of Regency, he informs the other members before the Council deliberates. He must not attend discussions concerning that decision, or take part in the voting.

**§ 6.** The Regents do not effect any transactions in shares of the Bank or financial instruments relating to those shares during the fixed closed periods which run each year from the moment that the Board of Directors decides on the annual accounts until the moment when that information is published. Outside those fixed closed periods, they exercise prudence in trading in the Bank's shares and refrain at all times from any speculative transaction in those shares. They also respect the closed periods fixed *ad hoc* by the Board of Directors. They must ensure that their close associates within the meaning of Article 2 (23) of the Law of 2 August 2002 on the supervision of the financial sector and on financial services respect the same rules. The legal compliance officer shall inform the Regents of any closed period.

**Art. 6. – § 1.** The Board of Censors exercises its duties as an Audit Committee and its supervisory duties in regard to the preparation and implementation of the budget in accordance with the provisions of the Organic Law, the Statutes and these Rules of Procedure, and ensures that there are no conflicts between these duties that hinder their proper execution. The additional rules of operation regarding the Audit Committee are set out in the *Audit Committee Regulations*.

The Board of Censors meets at least eight times per year and whenever necessary, in which case it is convened by the Chairman. The Board passes its resolutions in accordance with the provisions of Article 33 of the Statutes.

Minutes are kept of the deliberations of the Board of Censors. Once these have been approved, they are signed by the members present at the meeting to which the minutes relate. The minutes are forwarded to the Bank's Secretary, either as a whole or in part, and communicated to the Board of Directors.

**§ 2.** The members of the Board of Censors do not effect any transactions in shares of the Bank or financial instruments relating to those shares during the fixed closed periods which run each year from the moment that the Board of Directors decides on the annual accounts until the moment when that information is published. Outside those fixed closed periods, they exercise prudence in trading in the Bank's shares and refrain at all times from any speculative transaction in those shares. They also respect the closed periods fixed *ad hoc* by the Board of Directors. They must ensure that their close associates within the meaning of Article 2 (23) of the Law of 2 August 2002 on the supervision of the financial sector and on financial services respect the same rules. The legal compliance officer shall inform the Censors of any closed period.

**Art. 7.** – The Sanctions Committee exercises its powers in accordance with the provisions of the law and the rules of procedure that it adopts pursuant to Article 36/8, § 8, of the Organic Law. Those rules describe its operating rules and the rules of the code of conduct applicable to its members.

The chairman of the Sanctions Committee exercises the powers of supervision over compliance with the Bank's code of conduct as described in that code.

The Bank makes available to the Sanctions Committee and its chairman the resources in the form of staff and equipment necessary for performance of their tasks.

## Chapter II – The Secretary and the Treasurer

**Art. 8.** – The Secretary appointed by the Council of Regency in accordance with Article 43 of the Statutes draws up the minutes and records of the meetings of the Board of Directors and of the Council of Regency. He draws up the minutes of the General Meeting of Shareholders and has them signed by the chairman of the General Meeting, the tellers and the other members of the bureau. He certifies copies conforming to the original. He deals with changes to the Bank's Rules of Procedure. In regard to the other staff members, he exercises the powers of authorisation, derogation and investigation provided for by the Bank's code of conduct.

**Art. 9.** – The Treasurer, appointed by the Council of Regency in accordance with Article 43 of the Statutes, is responsible for the design and coordination of the physical safety or security measures intended to protect persons, valuables, documents and buildings, except for data security measures which are the responsibility of the Director responsible for the IT Department. In the performance of his duties, the Treasurer may call on any member of the staff. He is assisted in particular by the Security and Surveillance Service. He is kept informed of the internal audit reports on security measures and may instruct the Internal Audit Service to conduct any audit. He approves budget proposals and expenditure commitments relating to security measures.

## Chapter III – Organisation of the departments, services and offices

**Art. 10.** – The Board of Directors organises the head office in departments, services and units, specifying their functions. The resulting organisation chart is updated and published on the Bank's website.

On a proposal of the Governor, the Board of Directors allocates authority over the departments, services and units among the Directors. The Directors arrange for the departments, services and units under their authority to execute the decisions taken by the organs within their respective spheres.

The departments comprise services, units and/or groups. The departments, services, units and groups are run respectively by their head of department, head of service, head of unit or head of group. These are responsible for the management of their department, service, unit or group and the implementation of the decisions taken by the organs.

The Board of Directors may set up standing interdepartmental working groups, deciding their terms of office, appointing their members and designating their chairman.

**Art. 11.** – The outside offices (provincial branches) perform the tasks for which they have been given responsibility by the Board of Directors. These concern in particular decentralised operations coming under other departments or services, and local representation duties.

The office managers ensure the implementation of operating and security instructions and the maintenance of the building, equipment and furniture provided for the office. They inform the head office services without delay of any important facts concerning them.

The Board of Directors authorises one member of the staff of each office to replace the person in charge as his deputy. It also designates the persons whom the office manager may delegate to sign for him, in compliance with the rules.

## Chapter IV – The auditor

**Art. 12.** – The auditor exercises his/her powers in accordance with the law.

# Annex 5 Audit Committee Regulations<sup>(1)</sup>

## 1. General

### 1.1 General duties

The Audit Committee performs an advisory function. Its duties are defined by Article 21*bis* of the Organic Law. Titles 2 to 5 below describe those duties in detail, and more particularly what is meant by the monitoring of the processes and systems mentioned.

### 1.2 Reporting

Once a year, the Audit Committee shall report to the Council of Regency on the performance of its duties.

The Audit Committee shall also report to the Council of Regency on all points arising from the performance of its duties which are of relevance for the approval of the annual accounts and the Annual Report of the Bank, and for the drafting of the accounting rules by the Council of Regency.

The Council of Regency shall consult the Audit Committee before approving the annual accounts. It may request the Audit Committee to examine specific questions on this subject and report back to it.

The Audit Committee shall report to the Board of Directors on all aspects relevant to the reliability of the financial information, the proper operation of internal control, risk management and the internal audit, the effectiveness of the external audit, and the independence of the auditor.

The Audit Committee shall draw the attention of the competent organ to aspects which it considers require action or improvement. It shall also make recommendations on the measures to be taken.

## 2. Monitoring of the process of preparing the financial information

### 2.1 Standards and rules

The Audit Committee shall assess the relevance and consistency of the accounting rules drawn up by the Council of Regency.

It shall examine the modifications which the Council of Regency proposes to make to the accounting rules, and express its opinion on that subject.

The Audit Committee shall discuss with the Board of Directors and the auditor any significant questions concerning the preparation of the financial information.

### 2.2 Significant and abnormal transactions

The Board of Directors shall inform the Audit Committee of the principles adopted for recording significant or abnormal transactions where various accounting approaches are possible.

### 2.3 Financial information

The Audit Committee shall assess the accuracy, exhaustiveness and consistency of the financial information.

(1) Approved by the Council of Regency on 8 October 2008.

In particular, it shall examine the annual accounts drawn up by the Board of Directors before they are discussed and approved by the Council of Regency.

This examination shall be based on a programme set by the Audit Committee and taking account of the activities of the Accounting Service, the Internal Audit Service and the auditor.

### 3. Monitoring of the effectiveness of internal control and risk management

#### 3.1 Periodic examinations

The Audit Committee shall examine periodically, in accordance with a plan which it draws up, the internal control and risk management systems set up by the various departments and services.

It shall ensure that the main risks, including the risks relating to compliance with the current legislation and rules, are correctly identified, managed and drawn to its own attention and to that of the Board of Directors.

#### 3.2 Application to the Annual Report

The Audit Committee shall examine the comments contained in the Annual Report concerning internal control and risk management.

#### 3.3 Financial or other irregularities

The Audit Committee shall examine the opportunities available to the Bank's staff for confidential reporting of any concerns about possible irregularities, particularly in regard to the preparation of the financial information.

## 4. Monitoring of the effectiveness of the internal audit process

### 4.1 Internal Audit Service

The Bank shall have its own independent Internal Audit Service.

The Audit Committee shall examine the internal audit charter and verify whether the Internal Audit Service has the resources and expertise appropriate to the nature, size and complexity of the Bank.

Where appropriate, it shall make recommendations to the Board of Directors on that subject.

### 4.2 Programme of work

Before the internal audit's programme of work is approved by the Board of Directors, the Audit Committee shall examine that programme, taking account of the complementarity with the work of the auditor.

### 4.3 Audit reports and recommendations

The Audit Committee shall examine the effectiveness of the internal audit. It shall receive the internal audit reports or a summary thereof.

It shall receive the quarterly report of the internal audit at the same time as the Board of Directors.

It shall examine the extent to which the departments and services take account of the internal audit's findings and recommendations.

### 4.4 Internal audit officer

At the request of the Board of Directors, the audit committee shall give its opinion concerning the profile of the internal audit officer.

## 5. Monitoring of the external audit process

### 5.1 The Bank's auditor

The Audit Committee shall make recommendations to the Board of Directors on the proposal for the selection, appointment and re-appointment of the auditor. It shall be informed of the tendering procedure, and in particular the selection criteria. If necessary, it shall make recommendations on this subject.

Where appropriate, the Audit Committee shall investigate questions leading to the dismissal of the auditor and make recommendations on the measures consequently required.

### 5.2 Programme of work

The auditor's programme of work shall be notified to the Audit Committee. The latter shall be informed in good time of any significant points revealed by the external audit process.

### 5.3 External audit reports and recommendations

The Audit Committee shall examine the effectiveness of the external audit process and ascertain to what extent the Board of Directors takes account of the recommendations made to it by the auditor in its recommendation letter.

### 5.4 Independence

The Audit Committee shall monitor the independence of the auditor in accordance with Article 21*bis*, § 4, of the Organic Law.

It shall, in particular, monitor the nature and extent of the services other than auditing which could be assigned to the auditor.

## 6. Functioning of the Audit Committee

### 6.1 General contacts

The Audit Committee may invite the Governor, another member of the Board of Directors, a senior manager, the internal audit officer or the auditor to attend its meetings in whole or in part.

The Audit Committee is authorised to meet any person which it deems appropriate, without any need for a member of the Board of Directors or the Bank's senior management to be present.

### 6.2 Contact with the internal audit

The Audit Committee shall meet the internal audit officer at least twice a year.

The internal audit officer may contact the chairman of the Audit Committee direct and without restriction.

### 6.3 Contact with the auditor

The Audit Committee shall also meet the auditor and the internal audit officer at least twice a year to exchange opinions with them on any questions relevant to its duties, including the provisions of Article 21*bis*, § 3 and § 4 of the Organic Law, and on any other problem revealed by the audit process.

The auditor may contact the chairman of the Audit Committee direct and without restriction.

### 6.4 Assessment of the Audit Committee Regulations

The Audit Committee shall assess its own effectiveness once a year, and if appropriate shall propose the necessary adjustments to these Regulations.

## 6.5 Support

The Audit Committee may call on :

- the Secretariat Service, the entity dealing with meetings of the management organs, for administrative tasks and secretariat;
- the Internal Audit Service to facilitate contact with the Bank's departments and services.

# Annex 6 Remuneration and Appointments Committee Regulations<sup>(1)</sup>

## 1. Powers

### 1.1 General duties

The Remuneration and Appointments Committee has an advisory role. It assists the Council of Regency in the performance of its duties in relation to remuneration and appointments, and submits recommendations to the organs and entities competent to propose candidates.

### 1.2 Powers relating to remuneration

The Remuneration and Appointments Committee submits proposals to the Council of Regency on the remuneration policy and on the remuneration of the Governor, the other members of the Board of Directors, the members of the Council of Regency and the members of the Board of Censors.

Each year, the Remuneration and Appointments Committee prepares the remuneration report which is included in the Governance Statement and approved by the Council of Regency.

### 1.3 Powers relating to appointments

The Remuneration and Appointments Committee submits recommendations for the attention of the organs and entities competent to propose candidates for vacant posts on the Board of Directors, the Council of Regency and the Board of Censors, those recommendations being

intended to enable those organs and entities to respect all the applicable legal, statutory and ethical rules and to ensure the balanced composition of the Bank's organs in terms of competence and gender.

## 2. Composition

The Remuneration and Appointments Committee is composed of two Regents, two Censors and the representative of the Minister of Finance. The Remuneration and Appointments Committee members appoint one of the Regents or Censors as chairman.

At least three members fulfil the independence criteria stated in Article 526b of the Company Code.

At least one member has the necessary expertise relating to remuneration policy which, according to the law, means that this member must hold a higher education diploma and must have at least three years' experience in personnel management or in regard to the remuneration of company directors and board members.

The Governor takes part in the Remuneration and Appointments Committee meetings in an advisory capacity.

(1) Approved by the Council of Regency on 22 December 2010. Last amended on 24 October 2012.

### 3. Functioning

The Remuneration and Appointments Committee meets at least twice a year and whenever it considers that necessary for the performance of its duties.

Decisions of the Remuneration and Appointments Committee are valid only if the majority of its members are present.

Decisions are taken by a majority of the votes cast. If the votes are evenly divided, the chairman has the casting vote. If the chairman is absent and the votes are evenly divided, the proposal is rejected.

At least every two years, the Remuneration and Appointments Committee assesses its own efficiency and proposes the necessary adjustments to these regulations.

The Remuneration and Appointments Committee can call on the Bank's General Secretariat to provide its secretariat.

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