

Report 2012

Corporate Report



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Foreword



Luc Coene,
Governor

The integration of prudential supervision at the Bank had been a dominant feature of the year 2011. It presented a major organisational and intellectual challenge, and gave us the opportunity for rethinking the entire prudential supervision architecture. The year 2012 saw those changes being put into operation. To take stock of a year's experience in this new area of activity, we devoted a Board of Directors seminar to the subject, and that resulted in a number of significant adjustments.

All the same, we cannot describe the year under review as a period of stabilisation. In the prudential sphere, the "banking union" project and the preparations for it demanded a huge amount of energy. By 2014, that project aims among other things to centralise at the European Central Bank the prudential supervision of all euro area banks of significant importance. The Bank was closely involved both in the High-Level Meetings at Eurosystem level and in the Eurosystem task forces which are exploring all the aspects to be taken into account in implementing this project. At the Bank itself, a multidisciplinary working group supports the work done at these various levels. Since the target date is so close, all this work needs to speed up and take shape in the coming months. Owing to the scale of the undertaking and the time constraints, this task is an extraordinary challenge for all the competent supervisory authorities.

The context in which we pursue all our activities is still changing rapidly as well, calling for new responses from us. We have had to adapt our master plan and take some difficult decisions. Faced with reorganisation measures affecting all banking and money transport sectors, we have thus had to decide to close our Antwerp branch at the end of this year. We have also begun a review of the staff Clubhouse, the aim being to split off the infrastructure while ensuring the continuity of the staff sports and cultural activities. We have likewise had to acknowledge that in banknote production we cannot achieve an acceptable level of profitability, and must therefore decide to close our banknote printing works by 2020.

I must add that these great changes are affecting us at a time when the financial crisis is not over, and central banks are under severe pressure regarding both monetary policy and prudential supervision.

In contrast, the Bank's position in other areas is becoming stronger. For instance, at the Central Corporate Credit Register, a new legal framework and new collection methods now enable us to offer a better service to the financial sector and provide much more detailed information for the prudential services.

We also need to respond to these rapid changes with proactive, dynamic management methods. We have completed our first “management cycle”, introducing annual action plans which are to be presented by all the entities in order to put the 5-year master plans into practice. In addition, these action plans will be used to assess performance. Finally, for senior management we have introduced an internal mobility policy designed to encourage the exchange of experience and to galvanise the teams.

The numerous changes seen in 2012 prompted us to devote the first chapter of this Report to them. Last year, we had reviewed all the tasks which our enterprise performs. This time, we felt it right to report to our readers on how the National Bank is being reorganised to address the changes affecting it. For an enterprise which, like the Bank, aims to serve the community, striving for the most efficient possible organisation is a priority objective. The changes which we are experiencing are speeding up the conversion of our institution from a production enterprise to a knowledge enterprise. That is the direction in which to shape its future.

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1. The National Bank as an enterprise

1.1 The National Bank of Belgium, an organisation with a new look

In the past year, many areas of the Bank's activity have been subject to a changing, uncertain environment, and that is liable to continue in the current year. The European banking union project, and particularly the single supervisory mechanism for which the European Council laid the foundations on 13 and 14 December 2012, has already had a noticeable impact on the Bank's activity in the past year. Its future effects on prudential activity are still hard to assess with accuracy, but they will undoubtedly be considerable.

The activity of the National Bank as an issuing bank is also affected by the changing context in which it operates. Moreover, the Bank's age pyramid, which implies the departure of a large number of staff in the next ten years, requires a proactive approach to the changing activities and the adoption of appropriate measures to manage human resources.

These various challenges are looming at a time when the financial and sovereign crisis still persists, requiring central banks to be particularly attentive to both their monetary policy measures and their prudential pillar.

Since the year 2000, the Bank's strategic position has been defined in five-year master plans. The rapid and largely unpredictable changes in its working environment have rendered obsolete a number of assumptions underlying the master plan for 2010-2015. A new master plan was therefore produced for the period 2014-2018, which takes account of retirement forecasts. In addition, a special Board of Directors seminar completed the management cycle in which the master plans form the strategic level. These are now leading to annual action

plans presented by each autonomous department and service. These action plans will in turn serve as the reference framework for both budgeting and performance management covering all staff: job appraisal, assessment and promotion.

The strategic discussions on the part of the Board of Directors led to a number of key decisions for the organisation of the enterprise. For instance, the Board noted that the euro banknote allocation for the Bank's printing works was not enough to achieve an adequate volume of activity. Since the search for a partner was unsuccessful, the Board of Directors opted to phase out production by 2020. In the meantime, under the direction of a person specially recruited for the purpose, every effort will be made to improve the facility's performance, while the staff concerned will be gradually reallocated to other tasks.

In regard to currency circulation, the logistic decisions taken by commercial banks and companies specialising in cash transport and handling are a major factor affecting the processing of banknotes. At Antwerp, the closure of the cash centre of a large commercial bank led to a sharp fall in cash processing at the Bank's branch in that city. In the course of its strategic review, the Board of Directors therefore decided to close that branch on 31 December 2013. Here, too, the staff concerned will all be reassigned to other Bank services.

The strategic exercise also led to a specific review of the Staff Club, the aim being to split off the infrastructure while ensuring the continuity of the staff sports and cultural activities.

Apart from the management cycle seminar, the Board of Directors held another thematic seminar on the organisation of prudential supervision, one year after its integration at the Bank. The seminar generated a number of

strategic objectives. The main ones include improving the Board of Directors' strategic governance by introducing a management cycle for prudential supervision. From now on it will also be necessary to develop supervision based mainly on the risks which institutions incur, implying that those institutions need to be classified according to the risks. Supervision quality also requires further improvement, as does the collaboration between the various prudential units, in order to implement the "four-eyes" principle which combines vertical analysis of the various types of institutions with transverse analysis according to the various types of risks. Ultimately, these improvements will come via better human resources management (recruitment, rotation, training, etc.).

Finally, the Board of Directors launched an ambitious project to strengthen the methodology of the prudential inspection function, under the name of NOVA (New Organisation for Valorisation of Audit). This reform aims to harmonise and update methods, standardise procedures, extend the automation of mission monitoring and, finally, enhance the inspection function, an essential instrument in the prudential supervision model. In due course, this new methodology will be communicated in detail to the sectors concerned.

1.1.1 Changes in the prudential sphere

Obviously, it is the prudential sector that faces the biggest challenges and the greatest changes in the international environment.

In the past few years, the organisation of prudential supervision at European level has seen considerable changes in its architecture, with the growing power of central banks and the ECB in this field. One of the major lessons of the crisis was the need for a more integrated Economic and Monetary Union. Accordingly, at the European Council on 13 and 14 December 2012, the President Herman Van Rompuy presented his final report entitled "Towards a genuine Economic and Monetary Union". In their closing statement, the Heads of State or Government set out the foundations for the completion of EMU together with a timetable. Of those measures, the one with the most direct impact on the Bank, now and in the future, concerns the decision by the Heads of State or Government to establish an integrated financial framework, or "banking union". That includes the single supervisory mechanism for credit institutions, the single resolution mechanism funded by the financial sector, and the common deposit guarantee system.

During the year under review, the discussions took a concrete turn, mainly as regards the single banking

supervisory mechanism. The sovereign crisis in the euro area has in fact highlighted the close links between the public sector and the banking sector. In a monetary union, the weaknesses of the banking system may have a speedier impact on the public finances of the Member States in the absence of a European safety net, which is inconceivable without common supervision. Conversely, the fiscal problems of one Member State may have a profound effect on the financial situation of domestic credit institutions.

To resolve the crisis and preserve the euro, it was therefore vital to break the link between sovereign debts and bank debts. That is the context in which the Heads of State or Government decided, at the euro area summit on 29 June 2012, to set up a single supervisory mechanism comprising the ECB and the competent national authorities. At that summit, the Heads of State or Government also agreed on the options for direct intervention by the European Stability Mechanism in European banks falling within the scope of the common supervision. The new single supervisory mechanism should also guarantee the uniform and consistent application of the prudential rules and supervision techniques to all credit institutions in order to strengthen public confidence in the system and ensure a level playing field between institutions.

In that sense, the establishment of a single supervisory mechanism is an important step towards the continuing development of Economic and Monetary Union. At the last summit in December, the Heads of State or Government agreed on a proposal for a Regulation defining the regulatory framework for that mechanism. This Regulation should enter into force in the second quarter of 2013, and the single banking supervisory mechanism will become operational a year later, towards mid-2014. However, it was specified that if necessary the ECB could take over the supervision of financial institutions before that date.

The single supervisory mechanism will take on the supervision of all euro area credit institutions, numbering over 6 000 (a figure which declines to over 4 000 credit institutions if those included in the parent company's consolidated statements are disregarded). The agreement also provides for the possibility of Member States outside the euro area joining this mechanism.

The ECB's new responsibilities will be based on the collaboration, expertise and knowledge of the national supervisors. There will be a distinction between significant banks (100 to 150 banking groups meeting the criteria listed in the text of the European Regulation), which will be subject to central supervision by the ECB, and "less

significant” banks, where national supervisors will retain direct competence, subject to the supervision of the ECB.

The ECB will have sole power over decisions on the granting and withdrawal of banking licences. In some cases, the ECB will also take charge of coordinating supervision via colleges of supervisors for cross-border banking groups, and supplementary surveillance for financial conglomerates. The ECB will also have to ensure compliance with the prudential rules laid down by European legislation, and see that a credit institution’s internal capital is appropriate to its risk profile. In addition, it may impose sanctions on institutions which fail to meet the prudential requirements, and will have to help draw up recovery plans where an institution no longer respects the minimum prudential rules, or is in danger of breaching them. In order to carry out its new responsibilities, the ECB will have access to all the necessary information and may, in particular, conduct inspections on the premises of financial institutions.

Monetary policy will be kept separate from financial supervision in terms of governance, with the establishment of a Supervisory Board for decisions on prudential supervision. This new mission therefore does not alter in any way the ECB’s primary mandate, namely the maintenance of price stability.

This transfer of responsibilities makes it all the more important to draw up a Single Rulebook. While the ECB becomes the supervisor, the European Banking Authority (EBA) will still be the regulator and will therefore continue to monitor such aspects as the convergence of practices. There will need to be close cooperation between the two institutions.

The text also specifies that the ECB will be responsible – jointly with the national authorities – for implementing certain macroprudential instruments provided for in European acts. In order to ensure consistent, optimum macroprudential policy, it will be possible to use these instruments in different ways in the various Member States according to the specific macroeconomic conditions and risks. The other instruments will be retained by the national authorities. Very close cooperation between the ECB and the national authorities accorded the macroprudential mandate will therefore be indispensable, especially as – in the absence of fiscal union – the financial consequences of a systemic crisis are to a very large extent borne by the Member States. In Belgium, discussions are in progress on the creation of an institutional structure designed to coordinate macroprudential policy at national level.

The establishment of a banking union is a vital step towards the continuation of the European project. However,

it requires the implementation of other fundamental elements, as the single supervisory mechanism cannot function consistently to the optimum unless it is accompanied by a single resolution authority and a common deposit guarantee system. In the context of a single supervisory mechanism, and taking account of the importance of cross-border groups in Europe, the absence of a central resolution authority could again undermine confidence and reinforce the link between bank debt and public debt. In a crisis period, it is essential to be able to take prompt, credible action. In these circumstances, a central authority would be more effective than a multiplicity of national authorities. That is the context in which the Heads of State or Government asked the European Commission to put forward a legislative proposal during 2013 and to speed up the discussions on the proposal for a Directive on the establishment of a framework for the recovery and resolution of failing credit institutions and investment firms, and one on deposit guarantee funds, in order to reach agreement before June 2013.

The Bank and its management naturally played an active part in preparing this draft, both in the High-Level Group and the ECB Task Force and in the working groups which operate alongside them, exploring the various aspects to be taken into account (legal aspects, reporting, supervision arrangements, cartography of financial institutions, etc.). At the Bank itself, an interdisciplinary working group supports the work of these experts. The discussions and preparations at these various levels are set to speed up between now and the target date of mid-2014.

The organisational changes affecting prudential supervision now and in the future provide the opportunity for a massive programme for the renewal of IT applications and tools relating to this field. The services concerned therefore launched a project for the construction of a transverse IT architecture covering the various prudential spheres and incorporating data collection, validation, management and reporting. Financial analysts must also be provided with a flexible instrument for reporting and quality analysis, and an efficient, modern environment must be made available to the institutions, supervisors, management and the various parties concerned. This will be an evolving tool, able to cope with the stated requirements of the single supervisory mechanism, to which the project designers are of course particularly attentive, and in phase with the methodological reforms concerning inspection mentioned above.

It is too soon to assess the future impact of the European supervision mechanism on national banking supervisors in the euro area. It is acknowledged that, at this stage, there should be no change in the prudential supervision

of insurance and market infrastructures, nor in regard to oversight. For the rest, in Belgium, it is considered that the National Bank should in future exercise direct supervision over only a small number of banks. However, the centralisation of supervision and decisions in Frankfurt for significant banking groups will require increased cooperation between national experts and supervisors – including those at the National Bank – and the European Central Bank. Some of the Bank's specialists will be offered the opportunity of secondment to the European Central Bank. Moreover, the system's architecture leaves broad powers with the national authorities, as described above. This project therefore offers a host of opportunities for euro area supervisors, and for the National Bank in particular. However, the detailing of the banking union project implies many further challenges.

1.1.2 Towards a knowledge company

Still on the subject of activities concerning prudential supervision and financial stability, the year under review saw expansion of the scope of data collection by the Central Corporate Credit Register. The financial and economic crisis of 2008 and 2009 in fact demonstrated that effective risk control by financial institutions, particularly bank credit risks, is essential and that new measures concerning the centralisation of credit data can make a contribution here. Thus, the old threshold of € 25 000 above which financial institutions had to report loans has been abolished, permitting a much more detailed view of credit risk, particularly for small institutions. From now on, the list of reporting entities (previously banks and certain insurance companies) has been extended to include leasing and factoring companies, which offer businesses alternatives to bank credit. The data collected have also been extended. The Central Corporate Credit Register now records corporate payment defaults and the amount of the collateral lodged as security for loans. In addition, reporting must be accompanied by an assessment of the risk of default during the year. This more detailed information will enable the Bank, in connection with its financial stability and prudential supervision missions, to gain a better grasp of the risks incurred by the financial sector, while participants will receive more information from consulting the register, and that will help them to refine their own risk management.

These changes at the Central Corporate Credit Register bring it to the same level as the other central credit registers managed by central banks in Europe; in recent years, notably under the influence of the Basel II Agreement, central banks had specifically reinforced the registers, being convinced of their usefulness from various points of view. This expansion will make available figures and

statistics which are sought by European and international institutions (European Central Bank, World Bank, etc.) and are also particularly useful for certain activities at the Bank concerning both prudential supervision (validation of banks' risk models, etc.) and monetary policy (evaluation of collateral lodged by the banks in this connection).

This is therefore a large-scale project since, owing to the expansion of the data, the number of debtors recorded in the central register has doubled. The implementation of this project has placed heavy demands on the Bank's IT resources for more than three years.

The pressure of information technologies and the general changes in our working environment are therefore causing our enterprise to respond increasingly rapidly and to undertake constant reorganisation. For example, during the year under review, the announcement by the authorities of a tax on material securities still in circulation prompted a large inflow of these instruments at the Securities Service. The result was a further dramatic decline in the number of these securities, virtually ending the activity of processing material securities at the Bank.

The processing of retail interbank cashless payments in Belgium is also moving into a new era. Carried out since 1974 by the CEC (Centre for Exchange and Clearing), a non-profit institution set up by the Belgian banks and managed by the National Bank, this activity has now been placed on a European footing. The Belgian banks decided to switch to a pan-European clearing system, the French platform STET (Systèmes technologiques d'échange et de traitement). In March 2013, the CEC therefore ended its operating contract with the Bank.

In addition, in connection with the establishment of the "twin peaks" system between the National Bank and the FSMA, the part of the Securities Regulation Fund activities performed by the National Bank, consisting in the supervision of the secondary market in Belgian public debt securities, was transferred to the FSMA from 1 April 2012. However, the National Bank will remain in charge of the day-to-day management of this autonomous public institution.

Another point worth mentioning is that, in order to strengthen the security of the working environment, various measures were taken this year which further refined and reinforced the policy on document confidentiality.

During the past year, in order to cope as effectively as possible with all these rapid changes and the ambient uncertainty, the Board of Directors implemented a new mobility policy for senior management, to permit the

transfer of experience between different entities and to imbue the teams concerned with a new dynamism. Since then, there have been two rounds of management transfers under the mobility scheme.

The series of developments at the Bank which have been mentioned here cannot be described simply as a combination of piecemeal adjustments. Their main thrust reflects a gradual but major shift at the heart of the Bank's activity, from production to knowledge. The transformation of the Bank into a knowledge enterprise will be a key issue in the years ahead.

1.2 Human resources

The number of staff remained fairly stable: at the end of 2012, it stood at 2 103 full-time equivalents, or only two units more than a year previously. Following the decision to raise the statutory early retirement age from 60 to 62 years, natural wastage will be postponed in future years.

The Bank expressed its intention to close its Antwerp branch at the end of 2013. Around sixty staff will therefore need to find another job. The Human Resources Department will assist them.

The elections for the renewal of the terms of office of members of the Works Council and the Committee for Prevention and Protection at the Workplace were held on 10 May 2012. Each of these joint bodies comprises 20 actual staff representatives and 20 alternates.

There is new legislation on the representation of the French and Dutch languages at the various levels of the hierarchy. The number of levels has been increased from 7 to 14. At the highest level, the aim is equal representation for French and Dutch speakers.

The management would like to see greater horizontal mobility among heads of department and heads of service. At the end of 2012, some of them were already

allocated to new jobs. In the coming years, job rotation will continue to be encouraged at all levels.

1.2.1 Staff movements

Number of staff

(full-time equivalents as at 31 December)

2000	2 406
2001	2 418
2002	2 319
2003	2 250
2004	2 174
2005	2 120
2006	2 052
2007	2 032
2008	2 008
2009	1 964
2010	1 927
2011	2 101 ⁽¹⁾
2012	2 103

1.2.2 Obituaries and retirement

In 2012, the Bank was saddened to learn of the deaths of the honorary Regents, Roger Ramaekers and Rik Van Aerschot, and of the honorary Censor Louis Petit. Mr Ramaekers was a Regent of our institution from 1969 to 1999 and Mr Van Aerschot from 1982 to 1997. Mr Petit was a Censor from 1965 to 1983.

The Bank was saddened by the death of two members of its staff in 2012:

Mr A. Hermans
Mrs T. Vander Eeckt

They will always be remembered.

*
* *

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

Mr A. Vaes
Mrs F. Donkers

(1) Due to the transfer of ex-CBFA Staff.

Mr V. Perilleux
Mr P. Lambot
Mr F. Pirsoul

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

Mr M. De Meester
Mr L. De Smedt
Mr R. Geenens
Mr P. Hianné
Mrs R. Tilley
Mr L. Van Belle
Mr W. Van Dessel

1.3 Sustainable management

During the past year, numerous modest measures marked the steady progress achieved in environmental protection.

Electricity consumption continues to fall by 4% per annum. The share of electricity produced by our own combined generating plant increased from 5% to 8%. Gas consumption remained steady. A first instalment of green certificates was sold.

The figures for paper consumption and the number of printers also continued to decline. Thanks to better supervision of sorting and recycling, and the introduction of new categories of sorted waste such as wood and damaged furniture, the proportion of residual waste diminished to 20%.

In 2012, there was special attention to sustainable food. Meat consumption declined again, and more than 90% of the fish purchased is classed as "first choice" by the Dutch reference website on sustainable fish www.goedevis.nl.

Frankfurt remains the principal destination for international business trips. In 2012, 30% of journeys to that city were taken by train, compared to 22% in 2011.

Being subject to an environmental audit, the Bank's branches now follow the rules applied to the central administration.

1.4 List of publications in 2012

Economic Review

JUNE

- *Economic projections for Belgium – Spring 2012*
- *What can we and can't we infer from the recourse to the deposit facility?*
- *Monetary policy in the United States and the euro area during the crisis*
- *Reform of the Special Finance Act for the Communities and Regions*
- *Asset formation by households during the financial crisis*
- *New developments in the economic governance of the European Union*

SEPTEMBER

- *What is the role played by the Eurosystem during the financial crisis?*
- *Belgian business investment in the context of the crisis*
- *Euro area labour markets and the crisis*
- *Labour market mismatches*

DECEMBER

- *Economic projections for Belgium – Autumn 2012*
- *Labour market integration of the population of foreign origin*
- *Belgium's progress towards SEPA – the Single Euro Payments Area*
- *Results and financial situation of firms in 2011*
- *The 2011 social balance sheet*
- *Endogenous financial risk: the Seventh International Conference of the NBB*

Working Papers

- 219. *Comparative advantage, multi-product firms and trade liberalisation: An empirical test*
- 220. *Institutions and export dynamics*
- 221. *Implementation of EU legislation on rail liberalisation in Belgium, France, Germany and The Netherlands*
- 222. *Tommaso Padoa-Schioppa and the origins of the euro*
- 223. *(Not so) easy come, (still) easy go? Footloose multinationals revisited*
- 224. *Asymmetric information in credit markets, bank leverage cycles and macroeconomic dynamics*
- 225. *Economic importance of the Belgian ports: Flemish maritime ports, Liège port complex and port of Brussels – Report 2010*
- 226. *Dissecting the dynamics of the US trade balance in an estimated equilibrium model*
- 227. *Regime switches in the volatility and correlation of financial institutions*
- 228. *Measuring and testing for the systemically important financial institutions*
- 229. *Risk, uncertainty and monetary policy*
- 230. *Flights to safety*
- 231. *Macroprudential policy, countercyclical bank capital buffers and credit supply : Evidence from the Spanish dynamic provisioning experiments*
- 232. *Bank/sovereign risk spillovers in the European debt crisis*
- 233. *A macroeconomic framework for quantifying systemic risk*
- 234. *Fiscal policy, banks and the financial crisis*
- 235. *Endogenous risk in a DSGE model with capital-constrained financial intermediaries*
- 236. *A macroeconomic model with a financial sector*
- 237. *Services versus goods trade: Are they the same?*

- 238. *Importers, exporters, and exchange rate disconnect*
- 239. *Concording EU trade and production data over time*
- 240. *On the origins of the Triffin dilemma: Empirical business cycle analysis and imperfect competition theory*

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.

- 54. *Special topic: Belgium and the euro area crisis – The political breakthrough clears the way for the necessary economic, financial and fiscal reforms*
- 55. *Special topic: Need for structural reforms to boost growth still pressing in Belgium and Europe, despite lower financial tensions*
- 56. *Special topic: Belgium in the current uncertain times*
- 57. *Special topic: Financial crisis in Europe and financing of the Belgian non-financial domestic sectors: A Tale of two Stories?*

Statistical publications

The Bank provides a mass of macroeconomic statistics for the public on its website and via its statistical database, Belgostat. It is possible to subscribe for updates of specific tables. To cut down on the use of paper, the following publications are 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 sector accounts, Quarterly accounts, First estimate of the annual accounts, 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 2012
- Monthly highlights

Every quarter, the Bank publishes in electronic format the Central Corporate Credit Register statistics on credit authorised and used. The Central Balance Sheet Office makes available the data on annual accounts which it collects, providing them for various target groups in various digital formats. A copy of the CD-ROM Figures from standardised annual accounts is also available on request. Finally, the Central Balance Sheet Office regularly publishes key figures relating to the demography and financial health of Belgian firms.

Other publications

- *Corporate Report 2011. Activities, governance and annual accounts*
- *Report 2011. Economic and financial developments*
- *Financial Stability Review 2012*
- *Indexation in Belgium: scale, nature, consequences for the economy and possible alternatives*

1.5 Contacts

SERVICES	ESTABLISHMENTS OFFERING SERVICES	OPENING HOURS
Banknotes and coins, State Cashier, Central Balance Sheet Office, Central Individual Credit Register	Brussels, boulevard de Berlaimont 3, Antwerp, Kortrijk, Hasselt, Liège and Mons	9.00 to 15.30 hrs, Monday to Friday
Library	Brussels, rue Montagne aux Herbes Potagères 57	10.00 to 17.00 hrs, daily except Sundays
Museum	Brussels, rue du Bois Sauvage 10	10.00 to 18.00 hrs, daily except Mondays

INFORMATION

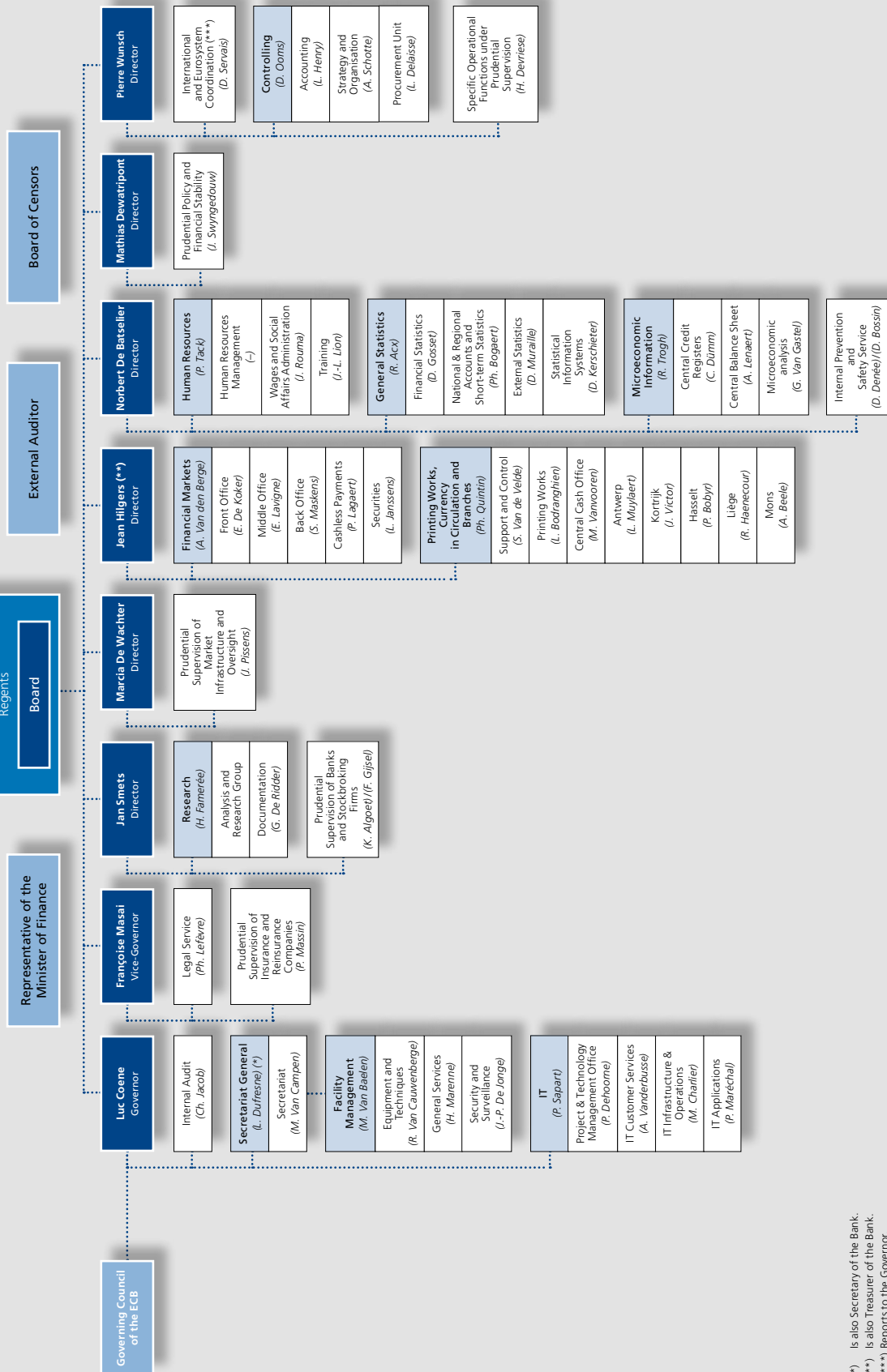
Website:	www.nbb.be
Inquiries:	info@nbb.be Tel. +32 2 221 21 11
Press officer:	Kristin Bosman, General secretariat Tel. +32 2 221 46 28 Fax +32 2 221 31 60 pressoffice@nbb.be
Contact for the financial service for the Bank's shares:	Luc Janssens, Securities Service Tel. +32 2 221 45 90 Fax +32 2 221 31 securities@nbb.be

ADDRESSES

Brussels:	boulevard de Berlaimont 14, 1000 Brussels Tel. +32 2 221 21 11 Fax +32 2 221 31 00 info@nbb.be	Hasselt:	Eurostraat 4, 3500 Hasselt Tel. +32 11 29 92 11 Fax +32 11 29 93 90 hasseltsg@nbb.be
Antwerp:	Leopoldplaats 8, 2000 Antwerp Tel. +32 3 222 22 11 Fax +32 3 222 22 69 antwerpensg@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

Departments and Services: see website.

Organisation chart as at 1 January 2013



(*) Is also Secretary of the Bank.
 (**) Is also Treasurer of the Bank.
 (***) Reports to the Governor.

2. Annual accounts and reports on the financial year

2.1 Annual report

2.1.1 Developments concerning the Bank's results and position

2.1.1.1 BALANCE SHEET

The balance sheet total was down by € 18 billion following the disappearance of two specific forms of lending. In 2012, banks in Belgium completely ended their recourse to operations providing liquidity in USD, which at the end of 2011 still amounted to € 7.5 billion (\$ 9.7 billion). Similarly, in the first quarter it was possible to stop providing Emergency Liquidity Assistance (ELA), which came to € 6.4 billion at the end of 2011. Throughout the year the Bank shared half of the income and risks relating to the ELA which the Banque de France granted to a transnational group. The risks in question are covered by the State guarantee.

Movements on the assets side of the balance sheet led to a reduction, on the liabilities side, in the net amount of outgoing payments via TARGET2, amounting to € 14.8 billion.

The two 'outright portfolios' are valued at market price on the balance sheet date; the HTM, statutory and monetary policy portfolios are valued 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 to the reserve for the year 2011, supplementary fixed-income securities could thus be added to the statutory portfolio.

SUMMARY OF FIXED-INCOME SECURITIES PORTFOLIOS AT BOOK VALUE

(in € billion)

	31-12-2012	31-12-2011
– fixed-interest securities in foreign currencies ('outright portfolio')	6.0	6.0
– fixed-interest securities in euro ('outright portfolio')	5.5	5.0
– fixed-interest securities in euro held to maturity ('HTM portfolio')	9.1	9.8
– fixed-interest securities in euro in the statutory portfolio	4.0	3.8
Total portfolios managed by the Bank	24.6	24.6
– securities held for monetary policy purposes	8.9	9.1
Total portfolios	33.5	33.7

HTM portfolio securities maturing have not so far been reinvested in the same portfolio, pending more favourable, longer-term investment opportunities. The liquidity released has been largely reinvested in euro-denominated securities in the outright portfolio which are readily negotiable.

In the monetary policy portfolios, too, some securities matured and the amounts due were systematically honoured in full. There was no reinvestment here either.

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 (€ 398.3 million), and (ii) the positive difference between the market value and the book value (€ 982.4 million). Last year, the result was a loss of around € 77.4 million.

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 is a matter for 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 € 129 million.

2.1.1.2 RESULT

In 2012, the Bank achieved a profit of € 1.3 billion after tax.

BREAKDOWN OF FIXED-INCOME SECURITIES MANAGED BY THE BANK, BY ISSUER COUNTRY

(in € million)

	Nominal value	Book value	Market value	Revaluation accounts
Belgium	6 731.6	6 918.2	7 632.9	76.0
United States . .	3 929.0	4 120.7	4 120.7	115.8
Germany	2 423.5	2 504.6	2 634.1	49.1
Spain	2 232.4	2 224.1	2 212.9	4.1
France	1 531.1	1 574.3	1 664.0	28.8
Austria	1 071.8	1 099.2	1 227.4	10.7
Ireland	988.2	982.1	1 018.4	4.5
Italy	689.0	693.5	710.4	19.2
Japan	986.9	986.9	986.9	0.3
International organisations . .	786.7	817.8	880.3	17.2
Netherlands	498.5	522.0	549.8	17.1
Portugal	521.6	519.0	497.8	9.8
Greece	450.7	440.3	240.3	8.1
Switzerland	478.6	499.4	499.4	21.3
Other	633.8	655.6	664.8	16.3
Total	23 953.4	24 557.7	25 540.1	398.3

In contrast to the balance sheet total, which was down, the average outstanding amount of interest-bearing assets increased from € 74 to € 103 billion. That rise was due to the average expansion of lending under monetary policy, particularly via the three-year refinancing operations. However, the effect of the volume growth was partly offset by the fall in euro interest rates.

A second significant, specific factor was the increase in the average amount of the Securities Markets Programme (SMP) portfolio. That increase accelerated strongly in 2011 and the amounts committed remained at a high level in 2012, since the securities in question are held to maturity.

In addition, the items forming the counterpart to the liabilities were relatively less well remunerated owing to the fall in the amount of the monetary reserve requirement at the beginning of 2012, and the rise in the average outstanding amounts of the deposit facility and the excess reserves.

All the specific items mentioned above are directly linked to monetary policy. The income and expenses under these items are therefore pooled in the Eurosystem and then shared out according to the ECB capital key. Since the movements described were relatively more marked at the level of the Eurosystem than in the Bank's own accounts, there was a substantial increase in the balance of that pooling.

Every year, the Bank assesses whether there are objective reasons for a special reduction in the value of the securities which it holds to maturity or in the statutory portfolio.

The analysis shows that Greek government bonds were subject to two conditions which could trigger impairment: the restructuring of the Greek sovereign debt in March 2012 and the Eurogroup communiqué of November 2012, followed by repurchase of the Greek sovereign debt in December 2012. Neither of these events caused any reduction in the cash flows expected on the securities in question in the Bank's portfolios.

Similarly, no specific impairment was recorded on the other securities valued at amortised purchase price.

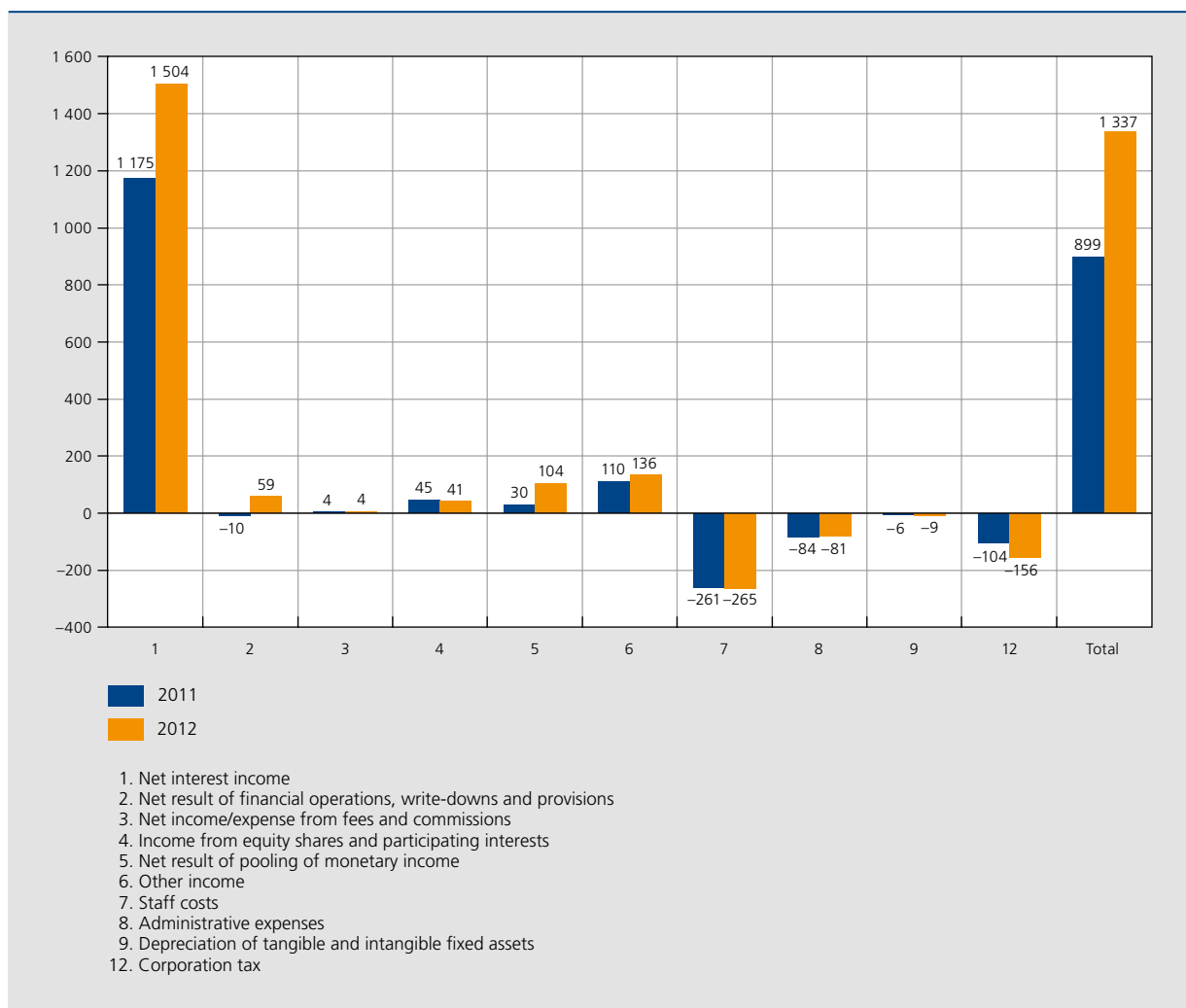
2.1.1.3 PROFIT DISTRIBUTION

The Bank determines the minimum amount of its reserves on the basis of an estimate of the calculable risks.

The following paragraphs explain the methods used for that purpose; the methodology for assessing the risks on assets which the Bank manages for its own account remained unchanged for the 2012 financial year.

GENERAL STRUCTURE OF THE RESULT

(in € million)



Source : NBB.

The outcome of that assessment put the risk at the end of 2012 at around € 5.4 billion, or € 0.2 billion more than a year earlier. This quantitative exercise must then be evaluated with the aid of more qualitative considerations.

For instance, the Bank looked at how the sale of all its own-account portfolios at the end of the financial year would have affected the above result.

While such an operation at the end of 2011 would have produced a loss of € 77.4 million, at the end of 2012 it would have generated a profit of € 1 380.7 million.

In addition, it should be remembered that the Bank uses very prudent risk forecasts, and that the current result – the first buffer for absorbing losses – has risen.

That figure has ranged between € 863 and € 1 370 million over the past five years.

The Bank concluded that it should apply in full its reserve policy as defined in 2009. With an amount of € 334.3 million – 25 % of the profit for distribution – the allocation to the available reserve is, in nominal terms, the largest retained earnings figure recorded in the past ten years.

The dividend policy was also unchanged, giving a gross dividend of € 154.04 per share, an increase of 8.7 % against the year 2011.

Under the Bank's Organic Law, the balance of the profit accrues to the State; that balance comes to € 941.3 million. Following this profit distribution, and taking account of the said range for the current result, the Bank's financial buffers stand at between € 5.2 and € 5.7 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 of the portfolios of securities in euro 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, the Bank determines the currency mix and the strategic duration (and permitted deviations) of each portfolio by applying the 'value at risk' method to assess market risk (losses which could be generated by adverse movements in exchange rates 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 (Securities Markets Programme, Covered Bonds Purchase Programmes).

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.). 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) which augment the expected yield.

In the two preceding years, the Bank had been confronted by the effects of the crisis of confidence concerning certain euro area countries, and the resulting widening of the spreads on a number of sovereign debt markets. However, the policy which the Bank established many years ago, which includes active diversification and strict exposure limits per country, and the long-term approach underlying certain investment strategies limited the negative impact on the results. This long-term policy accompanied by temporary measures also contained the risks facing the Bank at a level deemed acceptable. 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), enabled the Bank to generate profits to offset the losses recorded in 2011 as a result of the widening of the spreads. It is also important to mention that the decline in interest rates on the international markets had a considerable beneficial effect on the Bank's long-term portfolios.

The non-standard measures, in the form of the programmes for the purchase of certain bonds with the aim of remedying the malfunctioning of the securities markets, also helped to contain the risks on the Bank's portfolios. To avoid any conflict of interests, the introduction of these measures led to a partial freezing of investment transactions on certain Bank portfolios.

Finally, the Bank limits the operating 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 effected by the Bank 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. In regard to 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 main framework defined by the Eurosystem describes the selection criteria and risk management measures. 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 did not establish a framework of that type in 2012.

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 BUSINESS CONTINUITY RISK AND OPERATIONAL RISK

The Operational Risk Management is coordinated by the Bank's Operational Risk Committee. This Committee is chaired by the Internal Audit Service and comprises the following members: the business continuity manager, the Strategy and Organisation Service, the IT security coordinator and the legal compliance officer. It reports to the Audit Committee once a year.

In 2012, analysis of the operational risk of the Bank's new supervisory tasks began. That analysis will be completed in 2013.

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. In December 2012, a BCP test was organised, involving all the services responsible for critical activities. This test was conducted without advance notice and was based on a regional crisis scenario in order to test the maximum number of facets of the BCPs and the crisis management by the Bank and the financial sector.

Since the disappearance of the FSC, the Bank has been responsible for managing financial and operational crises involving systemic risk in the Belgian financial sector. These crises may concern one or more critical players. In 2012, a single crisis management plan was set up. This plan covers the management of internal crises and systemic operational and financial crises in the sector. As a result of this single crisis management plan, it has been possible to establish uniform, simple crisis management procedures and to pool resources, using them efficiently for the Bank's crisis management.

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 2012.

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 development.

2.1.5 Research and development

The research and development activities focused mainly on the provision of services within the Eurosystem concerning, in particular, the circulation of banknotes, the management of collateral relating to loans, and the use of information technology for banking applications.

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 special qualifications in the field of supervisory procedures. They are experts in accountancy and auditing, in view of their higher education qualifications in economics and finance and/or their acknowledged professional experience in those fields. Most 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, 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 special 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 special 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 oversight.

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 PROCESS OF FINANCIAL REPORTING

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 Statute 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 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, he gives the Audit Committee written confirmation of his 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 control 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. The latter announced its reserve and dividend policy on 22 July 2009 (see the Bank's website: www.nbb.be). 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 Royal Decree dated 3 July 2012, the term of office of Mr Norbert De Batselier as a member of the Board of Directors was renewed for six years with effect from 1 September 2012.

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

The Board of Directors met 54 times in 2012.

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 and will hold that office for a period corresponding to the remainder of their term of office as members of the Board of Directors of the former CBFA.

Special representatives:

Mr Michel Flamée
Mr Rudi Bonte

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⁽¹⁾
Mr Rudi Thomaes⁽²⁾
Mr Didier Matray⁽¹⁾
Mr Rudy De Leeuw⁽³⁾
Mr Karel Van Eetvelt⁽¹⁾
Mrs Michèle Detaille⁽¹⁾
Mr Jean-François Cats⁽²⁾
Mrs Sonja De Becker⁽²⁾
Mr Marc Leemans⁽³⁾
Mr Jean-Louis Six⁽¹⁾

The Ordinary General Meeting on 29 May 2012 renewed the terms of office of the Regents Mr Rudi Thomaes and Mesdames Michèle Detaille and Sonja De Becker. Messrs Marc Leemans and Jean-Louis Six were elected as

(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.

Regents to replace Mr Luc Cortebeek and Mrs Martine Durez. The term of office of Mr Jean-Louis Six, who is completing his predecessor's term, expires at the end of the Ordinary General Meeting in 2013. The other terms of office expire at the end of the Ordinary General Meeting in 2015.

The Council of Regency met 23 times in 2012. These meetings focused in particular on the approval of the 2011 annual accounts and Annual Report, including the remuneration report, and on the settlement of the year's profit distribution. In 2012, the Council of Regency also laid down the accounting rules for the year and approved the Bank's 2013 budget. It took note of the report on the activities and auditing work of the Board of Censors. The Council of Regency also approved the conversion of the Remuneration Committee into a Remuneration and Appointments Committee. 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:

Baron Paul Buysse
Mr Philippe Grulois
Mr Jean-François Hoffelt
Mr Bernard Jurion
Mr Luc Carsauw
Mr Michel Moll
Mr Jan Vercamst
Mrs Francine Swiggers
Mr Jean Eylenbosch
Mr David Szafran

The Ordinary General Meeting on 29 May 2012 renewed the terms of office of the Censors Messrs Philippe Grulois, Jean-François Hoffelt and Bernard Jurion.

Their terms of office will expire at the end of the Ordinary General Meeting in 2015.

The Board of Censors met eight times in 2012. At these meetings, the Board of Censors, as the Audit Committee, examined *inter alia* the annual accounts and the Annual Report for the year 2011, 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 2013 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: Baron Paul Buysse, Censor
Mr Pierre Wunsch, Director
Mr Gérald Frère, Regent
Mr Rudi Thomaes, Regent
Mrs Michèle Detaille, Regent
Mr Philippe Grulois, Censor
Mr Bernard Jurion, Censor
Mr Hans D'Hondt, representative of the Minister of Finance.

This committee met once in 2012. At that meeting, Director Pierre Wunsch commented on the key facts concerning the Bank's budget. Special attention was paid to the staff changes expected in the current decade. Following an in-depth discussion, the Budget Committee approved the Bank's budget proposals for 2013.

REMUNERATION AND APPOINTMENTS COMMITTEE

During the past year the Remuneration Committee was converted into a 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: Baron Paul Buysse, Censor
Mr Didier Matray, Regent
Mr Jean-François Cats, Regent
Mrs Francine Swiggers, Censor
Mr Hans D'Hondt, representative of the Minister of Finance.

The Remuneration and Appointments Committee met twice in 2012. 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 Philippe Grulois, Censor
Mr Jean-François Hoffelt, 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

By Royal Decree of 30 September 2012, Mr Hans D'Hondt was appointed as representative of the Minister of Finance with effect from 1 October 2012. He succeeds Mr Olivier Henin.

GENERAL MEETING OF SHAREHOLDERS

At the Ordinary General Meeting on 29 May 2012, the Governor and Director Wunsch reported on the

operations of the financial year 2011. 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 and was 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, it was therefore decided to extend the responsibilities of the Remuneration Committee, making it into a Remuneration and Appointments Committee. That committee is responsible for issuing opinions on proposals for candidates to fill posts on the Board of Directors, the Council of Regency and the Board of Censors; those opinions are intended to ensure that the Bank's organs have a balanced composition, particularly in terms of gender balance.

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 Management Report each year. The present remuneration report relating to the year 2012 was prepared by the Remuneration and Appointments Committee at its meetings on 28 November 2012 and 13 February 2013, and approved by the Council of Regency, in accordance with Article 30.5 of the Statutes, at its meeting on 27 March 2013.

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.

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 Bank's Secretary produces an annual report for the attention of the Council of Regency, describing in general terms the authorisations which the Board of Directors 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 statutory pension. The supplementary pension plan is a "defined benefits" plan. The total pension (statutory and extra-statutory rights) of the members of the Board of Directors is limited in accordance with 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 is paid.

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 THE NEXT TWO FINANCIAL YEARS

At its meeting on 27 March 2013, the Council of Regency analysed, assessed and confirmed the remuneration policy as described in this report, on the recommendation of the Remuneration and Appointments Committee. It did not propose any major changes 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 € 499 gross per meeting attended in 2012.

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 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 2012 financial year, the gross salary for the post of Governor is € 537 156, for the post of Vice-Governor it is

(in €)

	Attendance fees 2012
Regent	
Gérald Frère	7 984
Luc Cortebeek ⁽¹⁾	3 493
Martine Durez ⁽²⁾	1 497
Rudi Thomaes	9 481
Didier Matray	8 483
Rudy De Leeuw	8 483
Karel Van Eetvelt	7 984
Michèle Detaille	9 980
Jean-François Cats	10 479
Sonja De Becker	9 481
Marc Leemans ⁽³⁾	4 491
Jean-Louis Six ⁽⁴⁾	4 990
Censor	
Paul Buysse	3 992
Philippe Grulois	499
Jean-François Hoffelt	3 992
Bernard Jurion	4 491
Luc Carsauw	2 495
Michel Moll	1 996
Jan Vercamst	2 994
Francine Swiggers	2 994
Jean Eylenbosch	3 493
David Szafran	3 992

(1) Member of the Council of Regency until 29 May 2012.

(2) Member of the Council of Regency until 7 February 2012.

(3) Member of the Council of Regency with effect from 29 May 2012.

(4) Member of the Council of Regency with effect from 29 May 2012.

€ 431 554 and for the post of director € 371 175. These amounts are paid on the basis of self-employed status.

On the occasion of the renewal of the term of office of the Director Mr De Batselier, the Council of Regency decided, in accordance with the reasoned opinion of the Remuneration and Appointments Committee, not to deviate from the existing remuneration policy of setting the remuneration of every new Director at the level of that of his predecessor.

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 employer's contribution for the 2012 financial year is € 1.3 million. This amount represents both the supplements 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.

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 € 10 952 for the Governor, € 6 531 for the Vice-Governor and € 35 523 for the other Directors taken together.

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 ensure that these conditions are fulfilled on a case-by-case basis.

2.1.10.9 DECISIONS ON SEVERANCE PAY

No severance pay was granted in 2012.

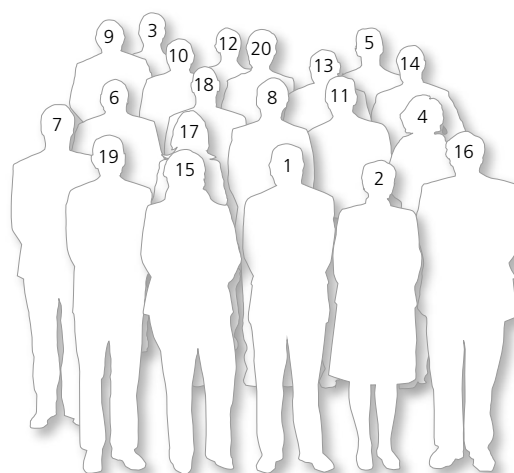
2.1.10.10 RIGHT TO RECLAIM VARIABLE REMUNERATION

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



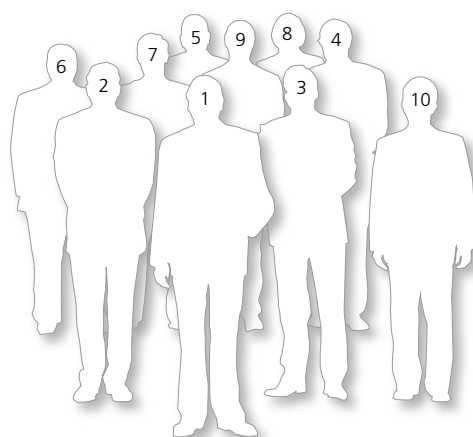
- 1 **Luc Coene**, GOVERNOR
- 2 **Françoise Masai**, VICE-GOVERNOR
- 3 **Jan Smets**, DIRECTOR
- 4 **Marcia De Wachter**, DIRECTOR
- 5 **Jean Hilgers**, DIRECTOR
- 6 **Norbert De Batselier**, DIRECTOR
- 7 **Mathias Dewatripont**, DIRECTOR
- 8 **Pierre Wunsch**, DIRECTOR
- 9 **Luc Dufresne**, SECRETARY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



Board of Censors / Audit Committee



- 1 Paul Buysse
- 2 Philippe Grulois
- 3 Jean-François Hoffelt
- 4 Bernard Jurion
- 5 Luc Carsauw
- 6 Michel Moll
- 7 Jan Vercamst
- 8 Francine Swiggers
- 9 Jean Eylenbosch
- 10 David Szafran



2.2 Annual accounts

2.2.1 Balance Sheet

(before distribution of profit)

ASSETS

(in € thousand)

	See note below	31-12-2012	31-12-2011
1. Gold and gold receivables	1	9 222 696	8 898 631
2. Claims on non-euro area residents denominated in foreign currency ..	2	14 021 524	13 927 309
2.1 Receivables from the IMF		7 832 056	7 814 313
2.2 Balances with banks and security investments, external loans and other external assets		6 189 468	6 112 996
3. Claims on euro area residents denominated in foreign currency	3	242 076	7 895 734
4. Claims on non-euro area residents denominated in euro	4	662 677	772 684
5. Lending to euro area credit institutions related to monetary policy operations denominated in euro	5	40 010 000	40 420 650
5.1 Main refinancing operations		90 000	8 211 000
5.2 Longer-term refinancing operations		39 920 000	17 965 000
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		–	–
6. Other claims on euro area credit institutions denominated in euro ..	6	1 439 010	9 234 449
7. Securities of euro area residents denominated in euro	7	22 962 277	23 395 730
7.1 Securities held for monetary policy purposes		8 955 542	9 113 796
7.2 Other securities		14 006 735	14 281 934
8. Intra-Eurosystem claims	8	15 344 052	17 972 233
8.1 Participating interest in ECB capital		261 010	220 584
8.2 Claims equivalent to the transfer of foreign currency reserves		1 397 304	1 397 304
8.3 Net claims related to the allocation of euro banknotes within the Eurosystem		13 685 738	16 354 345
8.4 Other claims within the Eurosystem (net)		–	–
9. Other assets	9	5 848 814	5 197 597
9.1 Coins of euro area		10 127	9 997
9.2 Tangible and intangible fixed assets		401 291	394 590
9.3 Other financial assets		4 298 841	4 084 389
9.4 Off-balance-sheet instruments revaluation differences		164 820	–
9.5 Accruals and prepaid expenditure		921 362	627 276
9.6 Sundry		52 373	81 345
Total assets		109 753 126	127 715 017

LIABILITIES

(in € thousand)

	See note below	31-12-2012	31-12-2011
1. Banknotes in circulation	10	29 107 122	28 342 790
2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	11	19 572 474	22 569 665
2.1 Current accounts (covering the minimum reserve system)		6 481 433	9 612 694
2.2 Deposit facility		11 291 041	10 796 971
2.3 Fixed-term deposits		1 800 000	2 160 000
2.4 Fine-tuning reverse operations		–	–
2.5 Deposits related to margin calls		–	–
3. Other liabilities to euro area credit institutions denominated in euro	12	–	–
4. Liabilities to other euro area residents denominated in euro	13	568 457	540 374
4.1 General government		296 324	65 330
4.2 Other liabilities		272 133	475 044
5. Liabilities to non-euro area residents denominated in euro	14	329 370	339 995
6. Liabilities to euro area residents denominated in foreign currency	15	297 863	1 264 394
7. Liabilities to non-euro area residents denominated in foreign currency	16	1 106 943	1 739 702
8. Counterpart of special drawing rights allocated by the IMF	17	5 039 722	5 130 512
9. Intra-Eurosystem liabilities	18	38 059 300	52 859 185
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)		38 059 300	52 859 185
10. Other liabilities	19	579 097	895 018
10.1 Off-balance-sheet instruments revaluation differences		–	303 053
10.2 Accruals and income collected in advance		14 445	20 719
10.3 Sundry		564 652	571 246
11. Provisions	20	10 990	33 643
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
12. Revaluation accounts	21	9 432 953	9 013 808
13. Capital, reserve fund and available reserve	22	4 311 663	4 086 842
13.1 Capital		10 000	10 000
13.2 Reserve fund:			
Statutory reserve		1 168 694	1 168 694
Extraordinary reserve		1 150 790	1 150 790
Amortisation accounts in respect of tangible and intangible fixed assets		342 077	342 029
13.3 Available reserve		1 640 102	1 415 329
14. Profit for the financial year	23	1 337 172	899 089
Total liabilities		109 753 126	127 715 017

2.2.2 Profit and loss account

(in € thousand)

	See note below	31-12-2012	31-12-2011
1. Net interest income	24	1 503 529	1 175 478
1.1 Interest income ⁽¹⁾		1 960 218	1 673 577
1.2 Interest expense ⁽¹⁾⁽²⁾		-456 689	-498 099
2. Net result of financial operations, write-downs and provisions	25	59 509	-10 194
2.1 Realised gains/losses arising from financial operations ⁽¹⁾⁽²⁾		60 122	49 967
2.2 Write-downs on financial assets and positions ⁽²⁾		-613	-60 161
2.3 Transfer to/from provisions		-	-
3. Net income/expense from fees and commissions	26	3 764	4 172
3.1 Fees and commissions income		10 350	10 904
3.2 Fees and commissions expense		-6 586	-6 732
4. Income from equity shares and participating interests⁽¹⁾	27	41 098	44 905
5. Net result of pooling of monetary income	28	104 269	29 923
6. Other income	29	136 489	110 098
7. Staff costs	30	-265 293	-261 285
8. Administrative expenses	31	-81 166	-84 200
9. Depreciation of tangible and intangible fixed assets	32	-9 382	-6 011
10. Banknote production services		n.	n.
11. Other expenses		-	-
12. Corporation tax	35	-155 645	-103 797
Profit for the year		1 337 172	899 089
(1) Of which proceeds from statutory investments:			
1.1 Interest income		143 699	137 468
1.2 Interest expense		-	-24
2.1 Realised gains/losses arising from financial operations		8 117	66
4. Income from equity shares and participating interests		18 539	16 366
Total		170 355	153 876
(2) Of which due to (-) / by (+) the State:			
1.2 Interest expense		-40 972	-36 638
2.1 Realised gains/losses arising from financial operations		6 618	-4 574
2.2 Write-downs on financial assets and positions		164	-
Total		-34 190	-41 212

2.2.3 Allocation of profit

(in € thousand)

	See note below	2012	2011
Profit for the financial year	36	1 337 172	899 089
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		334 293	224 772
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		61 016	56 104
4. The balance shall be allocated to the State; it shall be exempt from corporation tax		941 263	617 613

2.2.4 Dividend per share

(in €)

	2012	2011
Gross dividend	154.04	141.76
Withholding tax	38.51	35.44
Net dividend	115.53	106.32

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 namely 3 June 2013, on presentation of coupon No. 211.

2.2.5 Off-Balance-Sheet Items

(in € thousand)

	See note below	31-12-2012	31-12-2011
Forward transactions in foreign currencies and in euro	37		
Forward claims		7 586 604	12 522 762
Forward liabilities		7 424 636	12 832 865
Forward transactions on interest rate and fixed-income securities	38	242 782	51 385
Liabilities which could lead to a credit risk	39		
Commitments towards international institutions		5 555 990	5 155 345
Commitments towards other institutions		907 258	501 356
Valuables and claims entrusted to the institution	40		
For encashment		273	63
Assets managed on behalf of the Treasury		68 426	75 214
Assets managed on behalf of the ECB		1 518 651	1 542 996
Custody deposits		714 734 599	756 934 279
Capital to be paid up on participations	41	219 006	263 378

2.2.6 Social Balance Sheet

1. Statement of persons employed

EMPLOYEES ENTERED IN THE STAFF REGISTER FOR WHOM DIMONA DECLARATIONS HAVE BEEN MADE

	Total	Men	Women
1. During the year			
a. Average number of employees			
Full-time	1 810.80	1 350.00	460.80
Part-time	704.20	205.00	499.20
Total in full-time equivalents (FTE)	2 318.80	1 504.20	814.60
b. Number of hours actually worked			
Full-time	2 553 973.90	1 923 141.00	630 832.90
Part-time	648 061.10	211 911.40	436 149.70
Total	3 202 035.00	2 135 052.40	1 066 982.60
c. Staff costs (in €)			
Full-time	200 277 149	157 655 991	42 621 158
Part-time	46 728 859	16 243 422	30 485 437
Total	247 006 008	173 899 413	73 106 595
d. Advantages in addition to wages	2 886 000	2 020 200	865 800
2. During the previous year			
Average number of workers in FTE	2 213.01	–	–
Actual number of hours worked	3 309 670	–	–
Staff costs (in €)	230 172 000	161 120 000	69 052 000
Value of benefits granted in addition to wages (in €)	3 375 000	2 093 000	1 282 000
	Full-time	Part-time	Total in full-time equivalents
3. At the end of the financial year			
a. Number of workers	1 817	697	2 320.50
b. By type of employment contract			
Permanent contract	1 752	694	2 253.70
Fixed-term contract	65	3	66.80
Contract for a specific project			
Substitution contract			
c. By gender and standard of education			
Men	1 353	202	1 504.80
Primary	13	3	15.40
Secondary	559	118	646.60
Higher non-university	302	42	334.70
University	479	39	508.40
Women	464	495	815.70
Primary	15	12	22.80
Secondary	235	311	451.20
Higher non-university	79	112	161.40
University	135	60	180.00
d. By occupational category			
Management personnel	20	–	20.00
Non-manual workers	1 797	697	2 300.50
Manual workers	–	–	–
Other	–	–	–

B. TEMPORARY STAFF AND PERSONS MADE AVAILABLE TO THE FIRM

	Temporary staff	Persons made available to the firm
During the year		
Average number of persons employed	0.25	–
Actual number of hours worked	406	–
Costs to the firm (in €)	11 474.89	–

2. Table of staff movements during the year

A. STAFF ENTERING SERVICE

	Full-time	Part-time	Total in full-time equivalents
a. Number of workers entered in the staff register during the year	307	2	308
b. By type of contract of employment			
Permanent contract	42	–	42
Fixed-term contract	265	2	266
Contract for a specific project	–	–	–
Substitution contract	–	–	–

B. STAFF LEAVING

	Full-time	Part-time	Total in full-time equivalents
a. Number of workers whose contract termination date was recorded in the staff register during the year	284	9	289.20
b. By type of employment contract			
Permanent contract	25	6	28.70
Fixed-term contract	259	3	260.50
Contract for a specific project	–	–	–
Substitution contract	–	–	–
c. Reason for termination of contract			
Retirement	11	2	12.30
Early retirement	–	–	–
Dismissal	14	1	13.60
Other reasons	259	6	263.30
of which: number of persons continuing to work for the firm at least half-time on a self-employed basis	–	–	–

3. Information on training for workers during the year

	Men	Women
1. Formal further vocational training at the employer's expense		
Number of workers concerned	966	502
Number of hours of training completed	26 768	14 245
Net cost to the firm (in €)	4 033 736	2 146 614
of which:		
Gross cost directly relating to training	4 033 736	2 146 614
Contributions and payments to communal funds	-	-
Subsidies and other financial benefits received (to be deducted)	-	-
2. Semi-formal or informal further vocational training at the employer's expense		
Number of workers concerned	1 393	713
Number of hours of training completed	29 254	14 980
Net cost to the firm (in €)	2 237 760	1 145 916
3. Basic vocational training at the employer's expense		
Number of workers concerned	-	-
Number of hours of training completed	-	-
Net cost to the firm	-	-

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 (re-cast) (ECB/2010/20), OJ L35 of 09/02/2011, as amended by the Guideline dated 21 December 2011 (ECB/2011/27), OJ L19 of 24/01/2012 and the Guideline dated 10 December 2012 (ECB/2012/29), OJ L356 of 22/12/2012.).

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 12 December 2012.

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 STATUTES

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 contract 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 in force 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 market 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 liquidity received as a debt to the transferee, and values the securities ceded 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⁽¹⁾. 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.

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.

⁽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).

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⁽¹⁾.

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⁽²⁾.

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.

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.

(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).

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 figure 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⁽¹⁾.

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 assigned 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 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.

(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).

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.

- the capital;
- the reserve fund (statutory reserve, 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.

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 assigned to the shareholders;
2. of the remainder, an amount proposed by the Board of Directors and determined by the Council of Regency, totally independently, is assigned to the reserve fund or to the available reserve;
3. from the surplus, a second dividend determined by the Council of Regency is assigned to the shareholders, totalling at least 50 % of the net proceeds from the assets which are the counterpart of the reserve fund and the available reserve;
4. the balance is assigned 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:

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 with a limited economic life, acquired from the 2009 financial year onwards, including ancillary costs, 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. Corporation tax

Pursuant to Article 32 of the Organic Law, the balance of the profits for the financial year assigned to the State

after profit distribution and allocations to the reserves is exempt from corporation 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	
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	
	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 NOTES TO THE BALANCE SHEET

Note 1. Gold and gold receivables

GOLD STOCKS

	31-12-2012	31-12-2011
In ounces of fine gold	7 312 757.0	7 312 757.0
In kg of fine gold	227 452.2	227 452.2
At market price (in € million)	9 222.7	8 898.6

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 2012.

GOLD PRICE

(in €)

	31-12-2012	31-12-2011
Ounce of fine gold	1 261.18	1 216.86
Kg of fine gold	40 547.84	39 123.08

The Bank lent 46.1 tonnes of its gold assets, on average, against guarantees covering 103.7% of the risk, compared to 84.3 tonnes last year. That reduction is due to the early repayment of certain gold loans.

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

EXCHANGE RATES

(per €)

	31-12-2012	31-12-2011
SDR	0.8579	0.8427
USD	1.3194	1.2939
JPY	113.6100	100.2000
CHF	1.2072	1.2156

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 INTERNATIONAL MONETARY FUND

(in € million)

	31-12-2012	31-12-2011
Special drawing rights	4 946.8	5 024.3
Participation in the IMF	1 654.4	1 675.2
Loans to the IMF	1 096.8	972.6
Loans to the PRGT	134.1	142.2
Total	7 832.1	7 814.3

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 2012, the holding recorded on the "Special drawing rights" account stood at SDR 4 243.6 million, against SDR 4 233.9 million a year earlier. The net SDR holding, i.e. the difference between the SDR allocation and the SDR holdings, stood at SDR 79.7 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 1 419.2 million against SDR 1 411.6 million a year earlier. This increase is due to net loans to 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.

In order to provide short-term financial resources for the IMF, the European Union Member States decided to supply bilateral financing of € 75 billion. Belgium is contributing € 4.74 billion in the form of a bilateral loan by the Bank to the IMF, guaranteed by the Belgian State.

As at 31 December 2012, the Bank's claims under this heading came to SDR 940.9 million against SDR 819.6 million a year earlier.

LOANS TO THE PRGT

The amount shown under this item is the equivalent of the money 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 macro-economic and structural adjustment programmes. The resources lent to this Trust are used by the IMF to fund the principal of the loans granted to developing countries under this facility.

Pursuant to the lending agreement of 1999 and the new agreement of 12 November 2012, the PRGT has a credit line with the Bank totalling SDR 700 million. On 31 December 2012, the Bank's claims under this heading amounted to SDR 115.1 million, against SDR 119.8 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)

	31-12-2012	31-12-2011
Sight deposits	79.9	44.6
Time deposits	60.7	202.0
Reverse repurchase agreements ...	240.4	116.1
Securities	5 808.5	5 750.3
Total	6 189.5	6 113.0

BREAKDOWN BY CURRENCY

(in € million)

	31-12-2012	31-12-2011
USD	5 205.9	5 208.8
JPY	977.6	898.0
GBP	3.7	3.8
CHF	1.5	1.6
Other	0.8	0.8
Total	6 189.5	6 113.0

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

(in € million)

	31-12-2012	31-12-2011
≤ 1 year	2 222.1	2 094.6
> 1 year and ≤ 5 years	2 660.5	2 763.9
> 5 years	925.9	891.8
Total	5 808.5	5 750.3

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

(in € million)

	Book value = Market value
United States	4 120.7
Japan	986.9
International organisations	51.0
United Kingdom	36.0
Switzerland	499.4
Other	114.5
Total	5 808.5

On the balance sheet date, the unrealised gains and losses on the value of the securities at market prices came to € 142.4 million and € 0.6 million respectively.

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

BREAKDOWN BY TYPE OF INVESTMENT (USD)

(in € million)

	31-12-2012	31-12-2011
Time deposits	94.8	7 690.7
Reverse repurchase agreements ...	–	–
Securities	147.3	205.0
Total	242.1	7 895.7

During the third quarter of 2012, credit institutions in Belgium completely stopped using dollar-denominated liquidity-providing operations which had amounted to € 7.5 billion (USD 9.7 billion) at the end of 2011.

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

(in € million)

	31-12-2012	31-12-2011
≤ 1 year	39.3	49.5
> 1 year and ≤ 5 years	108.0	155.5
> 5 years	–	–
Total	147.3	205.0

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

(in € million)

	31-12-2012	31-12-2011
≤ 1 year	64.2	–
> 1 year and ≤ 5 years	262.0	269.7
> 5 years	59.0	34.7
Total	385.2	304.4

VALUE OF FIXED-INCOME FOREIGN SECURITIES BY ISSUER COUNTRY

(in € million)

	Book value = Market value
Belgium	27.4
Germany	24.5
France	69.1
The Netherlands	26.3
Total	147.3

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

(in € million)

	Book value = Market value
International organisations	296.3
Other	88.9
Total	385.2

On the balance sheet date, the unrealised gains on the value of the securities at market prices came to € 4.4 million.

On the balance sheet date, the unrealised gains on the value of the securities at market prices came to € 20.3 million.

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

BREAKDOWN BY TYPE OF INVESTMENT

(in € million)

	31-12-2012	31-12-2011
Sight deposits	34.4	183.1
Securities	628.3	589.6
Total	662.7	772.7

BREAKDOWN OF FIXED-INCOME SECURITIES HELD TO MATURITY, ACCORDING TO THEIR RESIDUAL TERM

(in € million)

	31-12-2012	31-12-2011
≤ 1 year	46.6	42.3
> 1 year and ≤ 5 years	103.1	133.7
> 5 years	93.4	109.2
Total	243.1	285.2

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

(in € million)

	Book value	Market value
International organisations	243.1	272.2

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

This item comes to € 1 126 billion for the Eurosystem as a whole, of which € 40 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 € 89.7 billion for the euro area as a whole, of which € 90 million was attributed to credit institutions in Belgium, against € 144.8 billion and € 8.2 billion respectively at the end of 2011.

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 the end of 2012, the longer-term refinancing operations of the Belgian banks came to € 39.9 billion, against € 18 billion at the end of 2011, indicating that the Belgian banks had a greater need to obtain very long-term finance from the Bank via the second three-year operation (the first having taken place in December 2011). Those operations expanded sharply in the Eurosystem, rising from € 703.9 billion in 2011 to € 1 035.8 billion in 2012.

MARGINAL LENDING FACILITY

This facility enables credit institutions to obtain 24-hour loans from the Bank at a pre-specified interest rate against eligible assets.

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)

	31-12-2012	31-12-2011
Current accounts	1.1	1.4
Reverse repurchase agreements . . .	1 437.9	2 868.0
Emergency Liquidity Assistance . . .	–	6 365.0
Total	1 439.0	9 234.4

The Emergency Liquidity Assistance (ELA) was repaid in full in the first quarter of 2012.

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 € 1.6 billion on 31 December 2012. This purchase programme expired on 30 June 2010.

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

(in € million)

	31-12-2012	31-12-2011
≤ 1 year	460.1	296.4
> 1 year and ≤ 5 years	1 049.7	1 339.7
> 5 years	65.6	243.7
Total	1 575.4	1 879.8

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 effected 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 2012, the Bank held covered bonds amounting to € 423.1 million under this programme.

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

(in € million)

	31-12-2012	31-12-2011
≤ 1 year	52.5	–
> 1 year and ≤ 5 years	332.5	193.5
> 5 years	38.1	35.3
Total	423.1	228.8

SMP – SECURITIES MARKETS PROGRAMME

On 9 May 2010, the Governing Council decided to purchase both private and government bonds under the Securities Markets Programme. As at 31 December 2012, the total amount of bonds held by the Eurosystem as a whole comes to € 209 billion. The NCBs held SMP securities totalling € 193 billion, of which € 7 billion were held by the Bank. In accordance with Article 32.4 of the ESCB/ECB Statute, 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)

	31-12-2012	31-12-2011
≤ 1 year	852.0	349.1
> 1 year and ≤ 5 years	3 176.0	3 600.0
> 5 years	2 929.0	3 056.1
Total	6 957.0	7 005.2

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)

	31-12-2012	31-12-2011
≤ 1 year	1 463.6	1 277.5
> 1 year and ≤ 5 years	2 917.7	2 657.6
> 5 years	766.1	811.5
Total	5 147.4	4 746.6

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

(in € million)

	Book value = Market value
Belgium	1 731.2
Germany	1 306.4
Spain	272.2
France	746.2
Austria	187.1
Ireland	106.5
Italy	243.0
Netherlands	263.2
Portugal	52.2
Greece	23.4
Other	216.0
Total	5 147.4

On the balance sheet date, the unrealised gains on securities at their market price came to € 231.2 million.

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

(in € million)

	31-12-2012	31-12-2011
≤ 1 year	932.6	922.1
> 1 year and ≤ 5 years	3 890.3	3 834.5
> 5 years	4 036.4	4 778.7
Total	8 859.3	9 535.3

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

(in € million)

	Book value	Market value
Belgium	3 396.1	3 899.5
Germany	786.1	864.6
Spain	1 676.6	1 676.3
France	388.4	426.8
Austria	682.1	772.1
Ireland	745.8	775.3
Italy	352.0	366.0
Netherlands	109.7	121.6
Portugal	345.5	338.5
Greece	345.2	179.7
Other	31.8	35.4
Total	8 859.3	9 455.8

Note 8. Intra-Eurosystem claims

PARTICIPATING INTEREST IN ECB CAPITAL

Pursuant to the Decision of 13 December 2010 on the increase in the capital of the European Central Bank (ECB/2010/26, OJ L11 of 15/01/2011), the ECB increased its subscribed capital by € 5 billion, from € 5 761 million to € 10 761 million with effect from 29 December 2010. The Bank's share in that capital is 2.4256 %, or € 261 million. The NCBs of the euro area paid their share in the capital increase in three equal annual instalments in accordance with the Decision of 13 December 2010 (ECB/2010/27,

OJ L11 of 15/01/2011). The final payment was made on 27 December 2012 (€ 40.4 million for the Bank).

CLAIMS EQUIVALENT TO THE TRANSFER OF FOREIGN CURRENCY RESERVES

Euro-denominated claim amounting to € 1 397.3 million on the ECB arising from the transfer of foreign reserves. That claim is remunerated at the latest available marginal 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)

	31-12-2012	31-12-2011
Banknotes in circulation	29 107.1	28 342.8
Banknotes put into circulation by the Bank	-15 421.4	-11 988.5
Total	13 685.7	16 354.3

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 1 December 2011 on the approval of the volume of coin issuance (ECB/2011/21), the maximum amount of the euro coins to issue in 2012 was € 195 million for Belgium. Since the net amount issued in 2011 was € 1 476.5 million, the total authorised amount for 2012 was € 1 671.5 million.

TANGIBLE AND INTANGIBLE FIXED ASSETS

In 2012, the Bank's investment in tangible and intangible fixed assets totalled € 16.3 million. Apart from that, an amount corresponding to the acquisition price of assets disposed of or taken out of use was deducted from the "Tangible and intangible fixed assets" account (€ 9.6 million).

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)

	31-12-2012	31-12-2011
Fixed-income securities	3 966.8	3 752.5
Participating interests	332.0	331.9
Total	4 298.8	4 084.4

BREAKDOWN OF FIXED-INCOME SECURITIES ACCORDING TO THEIR RESIDUAL TERM

(in € million)

	31-12-2012	31-12-2011
≤ 1 year	418.9	408.7
> 1 year and ≤ 5 years	1 115.9	946.0
> 5 years	2 432.0	2 397.8
Total	3 966.8	3 752.5

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

(in € million)

	Book value	Market value
Belgium	1 763.5	1 974.8
Germany	387.6	438.6
Spain	275.4	264.4
France	370.6	421.9
Austria	230.0	268.2
Ireland	129.9	136.7
Italy	98.5	101.4
International organisations	227.4	260.8
Netherlands	122.8	138.8
Portugal	121.3	107.2
Greece	71.6	37.1
Other	168.2	173.7
Total	3 966.8	4 323.6

YIELD ON FIXED-INCOME SECURITIES ACCORDING TO THEIR RESIDUAL TERM

(in %)

	31-12-2012
≤ 1 year	2.9
> 1 year and ≤ 5 years	3.4
> 5 years	4.1

BREAKDOWN OF PARTICIPATING INTERESTS

	31-12-2012		31-12-2011	
	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	91	0.1
Total		332.0		331.9

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 contract date and the settlement date.

ACCRUALS AND PREPAID EXPENDITURE

These are subdivided into:

- Expenses carried forward (€ 2.7 million);
- Income acquired (€ 918.7 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 (€ 37.7 million);
- Trade receivables (€ 7.3 million);
- Printing Works stocks (€ 1.1 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 average of the marginal interest rates on the latest main refinancing operation in the maintenance period.

The reserve ratio was cut from 2 to 1 % from 18 January 2012 so that the current account assets declined sharply from that date.

DEPOSIT FACILITY

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

As a result of the excess liquidity of the money market following the substantial participation in the two 3-year long-term refinancing operations and despite the interest rate on the deposit facility being cut to zero from 11 July 2012, credit institutions in Belgium increased their deposits from € 10.8 billion to € 11.3 billion. In contrast, the Eurosystem as a whole preferred current account deposits, which created similarly unremunerated excess reserves, rather than the deposit facility which was down from € 413.9 billion to € 280.2 billion.

FIXED-TERM DEPOSITS

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

In 2012, the ECB continued to collect fixed-term deposits to neutralise the injection of liquidity resulting from the purchase of securities under the Securities Market Programme (SMP).

On the balance sheet date, liquidity amounting to € 197.6 billion had been removed from the market, of which € 1.8 billion came from credit institutions in Belgium. At the end of 2011, the corresponding amount

came to €211 billion of which €2.2 billion came 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 €245.1 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)

	31-12-2012	31-12-2011
Repurchase agreements in USD . . .	297.9	1 264.4

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)

	31-12-2012	31-12-2011
Repurchase agreements in USD . . .	1 106.9	1 739.7

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 effected 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. That position, recorded in the ECB’s accounts, represents the net claim or liability of each NCB in relation to the rest of the ESCB. The intra-Eurosystem balances of the euro area NCBs in relation to the ECB resulting from use of TARGET2 and the other euro-denominated intra-Eurosystem balances (such as advance dividends paid to the NCBs) are shown on the ECB’s balance sheet in the form of a single 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.”

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 (€ 38 160.9 million);
2. the intra-Eurosystem claim of € 81.6 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 € 19.9 million relating to the allocation of the ECB’s income (see note 27).

Note 19. Other liabilities

ACCRUALS AND INCOME COLLECTED IN ADVANCE

The costs (€ 14.4 million) attributable mainly to interest accrued but not yet paid on liabilities.

SUNDRY

In particular:

- unavailable reserve of capital gains on gold (€ 298.9 million);
- taxes, wages and social contributions due (€ 188.7 million);
- interest payable by the Bank on its net debt to the ECB in connection with TARGET2 (€ 22.9 million);
- proceeds accruing to the State (€ 34.2 million);
- trade debts (€ 7.0 million).

Note 20. Provisions

In accordance with Article 32.4 of the ESCB/ECB Statutes, the provision 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 occurrence of the risk. In accordance with the accounting

principle of prudence, the ECB Governing Council revalued the amount of that provision. It decided to reduce it from a total of € 949 million on 31 December 2011 to € 310 million on 31 December 2012.

The Bank’s share in that provision is € 11.0 million, compared to € 33.6 million at the end of 2011.

Changes in the provision are shown in the profit and loss account. For the Bank, the corresponding proceeds come to € 22.7 million in 2012 (see note 28).

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)

	31-12-2012	31-12-2011
Positive exchange revaluation differences on:		
– gold	8 905.7	8 581.6
– foreign currencies	129.0	173.2
Positive price revaluation differences on:		
– securities in foreign currencies other than held to maturity (items 2 and 3 of the assets) ...	146.8	155.4
– securities in euro other than held to maturity (items 4 and 7 of the assets) ...	251.5	103.6
Total	9 433.0	9 013.8

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)

	31-12-2012	31-12-2011
Registered shares	206 421	206 110
Dematerialised shares	192 115	182 246
Bearer shares	1 464	11 644
Total	400 000	400 000

RESERVE FUND

The amortisation accounts in respect of tangible and intangible fixed assets were more or less stable in 2012, as the amount written off on investments was balanced by 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 € 224.8 million relating to the profit distribution for the previous year was allocated to the available reserve.

CAPITAL, RESERVE FUND, AVAILABLE RESERVE AND CORRESPONDING PROFIT DISTRIBUTION

(in € million)

	31-12-2012	31-12-2011
Capital	10.0	10.0
Reserve fund	2 661.6	2 661.5
Available reserve	1 640.1	1 415.3
Profit distribution	334.3	224.8
Total	4 646.0	4 311.6

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

	31-12-2012			31-12-2011		
	Income	Average volume	Average rate	Income	Average volume	Average rate
	(in € million)		(in %)	(in € million)		(in %)
Credit transactions relating to monetary policy ..	349.5	38 925.2	0.9	155.0	11 451.3	1.4
Securities portfolio in euro (including securities held to maturity)	1 033.3	23 936.6	4.3	874.1	20 708.3	4.2
Claims on the ECB equivalent to the transfer of foreign currency reserves	10.6	1 397.3	0.8	15.0	1 397.3	1.1
Net claims related to the allocation of euro banknotes within the Eurosystem	137.8	15 277.6	0.9	220.9	17 496.3	1.3
Statutory investments (fixed-income securities and reverse repurchase agreements)	143.7	3 911.3	3.7	137.5	3 703.1	3.7
Other claims ⁽¹⁾	171.9	2 488.2	0.4	142.2	6 039.6	2.4
Total	1 846.8	85 936.2	2.0	1 544.7	60 795.9	2.5

(1) The item mainly comprises the interest income from the Emergency Liquidity Assistance (ELA). This consists partly of the income from the ELA granted by the Bank in the first quarter of 2012, and partly of the Bank's half of the interest income from the ELA granted by the Banque de France to a transnational group. In contrast, the average interest rate is calculated solely on the basis of the National Bank of Belgium's own operations (average volume of the assets: 2012: € 0.2 billion; 2011: € 4 billion).

INTEREST INCOME OF EXTERNAL ASSETS

	31-12-2012			31-12-2011		
	Income	Average volume	Average rate	Income	Average volume	Average rate
	(in € million)		(in %)	(in € million)		(in %)
Claims related to international cooperation transactions	24.8	7 832.0	0.3	27.8	7 182.2	0.4
Investments in foreign currencies and in gold ⁽¹⁾ ..	88.6	9 351.8	0.9	101.1	6 199.1	1.6
Total	113.4	17 183.8	0.7	128.9	13 381.3	1.0

(1) The average volume includes the amount of the dollar-denominated liquidity-providing operations (2012: € 3.4 billion; 2011: € 0.4 billion). These do not generate income for the Bank.

INTEREST EXPENSE

INTEREST EXPENSE ON LIABILITIES IN EURO

	31-12-2012			31-12-2011		
	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	74.1	23 365.9	0.3	160.7	14 439.0	1.1
Net liabilities to the ECB related to TARGET2 ⁽¹⁾	331.2	40 673.7	0.8	277.6	21 838.0	1.3
Statutory investments (repurchase agreements)	–	–	–	0.0	4.5	0.5
Total	405.3	64 039.6	0.6	438.3	36 281.5	1.2

(1) The average volume comprises the euro equivalent of the dollar-denominated liquidity-providing operations corresponding to the Bank's liabilities towards the ECB. These operations do not generate interest income for the Bank. The item also includes the interest expense relating to the "ELA" and the average outstanding amounts relating thereto.

INTEREST EXPENSE ON EXTERNAL LIABILITIES

	31-12-2012			31-12-2011		
	Expenses	Average volume	Average rate	Expenses	Average volume	Average rate
	(in € million)		(in %)	(in € million)		(in %)
Repurchase agreement transactions in foreign currencies	5.0	2 029.2	0.2	3.6	1 967.8	0.2
Net use of assets in SDR	5.4	5 069.9	0.1	19.6	4 986.6	0.4
Total	10.4	7 099.1	0.1	23.2	6 954.4	0.3

PROCEEDS ACCRUING ENTIRELY TO THE STATE

(in € million)

	31-12-2012	31-12-2011
Income earned on the capital gains on gold recorded in a special unavailable reserve account	16.6	12.2
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 ⁽¹⁾	24.4	24.4
Total	41.0	36.6

(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)

	31-12-2012	31-12-2011
Capital gains/losses		
on statutory investments	8.1	0.1
on investments		
in USD	20.2	32.1
in EUR	20.5	13.2
Foreign exchange gains/losses		
on USD	11.1	4.3
on other currencies	0.2	0.3
on SDR	-6.6	3.0
on gold	-	1.6
Foreign exchange gains/losses accruing to the State (SDR and gold)	6.6	-4.6
Total	60.1	50.0

WRITE-DOWNS ON FINANCIAL ASSETS AND POSITIONS

(in € million)

	31-12-2012	31-12-2011
Capital losses on investments		
in USD	-0.6	-3.0
in EUR	-	-57.2
Foreign exchange losses		
on USD	-	-
on other currencies	-	-
on SDR	-0.2	-
Foreign exchange losses charged to the State (SDR)	0.2	-
Total	-0.6	-60.2

Following the easing of interest rates on the market in euro, unrealised and realised capital gains on securities increased (see note 21). In addition, no write-down was recorded on these securities. In the case of securities in dollar, market interest rates hardly changed so that the results on these securities were relatively stable.

SDR operations generated exchange losses of € 6.8 million. That amount 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: € 10.4 million of which € 9.5 million related to collateralisation operations concerning monetary policy, and € 0.9 million to transactions with customers. Recourse by commercial banks to liquidity provided by the central banks remained considerable in 2012. Guarantees mobilised by the Bank within the framework of the Correspondent Central Banking Model (CCBM) declined throughout 2012. The reasons for that trend lie in the loss of eligibility of certain assets, but primarily the growing use throughout the euro area of non-negotiable assets for which the CCBM is hardly, if ever, used.

FEES AND COMMISSIONS EXPENSE

Commissions paid by the Bank for financial services rendered to the Bank by third parties (€ 6.6 million).

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)

	31-12-2012	31-12-2011
Dividend on participation in the ECB	2.6	5.9
Income distributed by the ECB	19.9	22.6
Dividends on participations in the statutory investment portfolio	18.5	16.4
Total	41.0	44.9

In 2012, the Bank received a dividend of € 2.6 million on its share in the capital of the ECB in respect of the year 2011, against € 5.9 million in 2011.

For the year 2012, the ECB retained part of 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 10 January 2013, in order to replenish the provision for foreign exchange rate, interest rate, credit and gold price risks. Of the balance paid out, € 19.9 million accrues to the Bank.

For the 2011-2012 financial year, the BIS paid a dividend of SDR 305 per share, or € 18.5 million, compared to € 16.4 million (SDR 295 per share) last year.

Note 28. Net result of pooling of monetary income

(in € million)

	31-12-2012	31-12-2011
Net monetary income allocated ...	81.6	-14.7
Provision in respect of monetary policy operations	22.7	44.6
Total	104.3	29.9

CALCULATION OF NET MONETARY INCOME ALLOCATED TO THE BANK

(in € million)

	31-12-2012	31-12-2011
Monetary income pooled by the Bank in the Eurosystem ...	-732.9	-559.9
Monetary income allocated to the Bank by the Eurosystem ...	814.5	545.2
Net monetary income allocated	81.6	-14.7

The income growth in 2012 is due to the significant expansion of the average volume of the SMP portfolio. In addition, as the excess reserves and the deposit facilities expanded strongly in 2012, they had the effect of further boosting the net monetary income allocated.

The monetary income is allocated to the euro area NCBs in accordance with the paid-up capital key (3.4666 % for the Bank since 1 January 2011).

The impact on the net monetary income allocated is due to the balance sheet structure of the NCBs. 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)

	31-12-2012	31-12-2011
Amounts recovered from third parties	135.8	109.6
Other	0.7	0.5
Total	136.5	110.1

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 (€ 36.8 million);
- prudential supervision (€ 56.3 million);
- work done by the Printing Works (€ 1.4 million);
- payment systems such as TARGET2 and the CEC (€ 5.6 million);
- the securities settlement system (€ 7.3 million);
- cooperation with the FSMA (€ 3.1 million);
- the Cash and Bond Centres (€ 3.3 million);
- the internationalisation of IT applications (€ 18.7 million of which € 15.8 million for CCBM2).

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 2012, the costs came to € 32.3 million for banks and investment companies, and € 23.2 million for insurance and reinsurance companies.

Other institutions subject to supervision, such as clearing and settlement institutions and mutual guarantee schemes, pay a flat charge which totalled € 0.7 million for the year 2012.

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

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 (€ 21.5 million), those relating to the repair and maintenance of premises (€ 12.3 million), printing work (€ 10.7 million) and work done and services rendered by third parties (€ 13.6 million). The withholding tax on income from immovable property, non-deductible VAT and the regional, provincial and municipal taxes are also included here (€ 5.1 million).

Note 32. Depreciation of tangible and intangible fixed assets

The depreciation covers the following investments:

(in € million)

	31-12-2012	31-12-2011
Renovation of premises	2.7	1.6
Hardware and software	3.3	2.0
Equipment for the Printing Works ..	1.1	0.7
Other equipment and furniture ...	2.3	1.7
Total	9.4	6.0

Note 35. Corporation tax

TAX DUE

(in € million)

	31-12-2012	31-12-2011
Tax on the result for the financial year	155.9	104.4
Tax on the result for previous financial year	-0.3	-0.6
Total (1)	155.6	103.8

MAIN DIFFERENCES

(in € million)

	31-12-2012	31-12-2011	
Profit before tax	1 492.8	1 002.9	
Tax-free profit accruing to the State	-941.3	-617.6	
Taxable profit (2)	551.5	385.3	
Differences			
Provision for medical expenses ..	2.5	22.3	
Risk capital deduction	-95.5	-102.4	
Surplus depreciation	-6.8	-7.6	
Other	7.0	3.0	
Taxable profit	458.7	300.6	
Average tax rate (in %)	(1) / (2)	28.2	26.9

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

Pursuant to Article 32 of the Organic Law, the profits for the year are distributed as follows (in € million):

- | | |
|---|-------|
| 1. a first dividend of 6% of the capital is assigned to the shareholders | 0.6 |
| 2. of the remainder, an amount proposed by the Board of Directors and determined by the Council of Regency, totally independently, is assigned to the reserve fund or to the available reserve. 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. | 334.3 |
| 3. from the surplus, a second dividend determined by the Council of Regency is assigned to the shareholders, totalling at least 50% of the net proceeds from the assets which are the counterpart of the reserve fund and the available reserve. | |
| – Gross proceeds from the statutory investments | |

	Income	Average volume	Yield
	(in € million)		(in %)
Bonds	151.8	3 911.3	3.9
Participating interests ...	18.5	332.0	5.6
Total	170.3	4 243.3	4.0

- Share of the income generated by the capital in the total proceeds from the statutory investments:
 $10 \times 170.3 / 4\,243.3 = 0.4$
 - Average tax rate: 28.2% (see note 35)
 - Calculation of the second dividend
 $[(170.3 - 0.4) \times (1 - 0.282) \times 0.5]$ 61.0
- | | |
|--|----------------|
| 4. the balance is assigned to the State; it is exempt from corporation tax | 941.3 |
| Profit for the year | 1 337.2 |

2.2.7.6 NOTES TO THE OFF-BALANCE-SHEET ITEMS

Note 37. Forward transactions in foreign currencies and in euro

(in € million)

	31-12-2012	31-12-2011
Forward claims		
EUR	6 358.2	11 582.3
USD	1 046.0	928.0
SDR	182.4	12.5
Forward liabilities		
EUR	184.0	39.1
USD	3 315.9	9 223.1
JPY	977.0	897.2
SDR	2 947.7	2 673.4

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 € 181.7 million and a net short position in futures on interest rates in dollar of € 424.4 million.

Interest rate swaps in dollar for a nominal amount of € 7.6 million were current at the end of 2012.

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 (€ 816 million) via the PRGT and € 4 740 million in the form of a bilateral loan. The amount still available comes to € 4 049.4 million. These loans are guaranteed by the Belgian State.

Liabilities towards other bodies 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 2012, the outstanding amount came to € 907.3 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 under the securities settlement system and held on behalf of third parties.

The decline in the custody deposits is due to the reduction in the guarantees 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 (€ 219.0 million).

2.2.7.7 AUDITOR'S REMUNERATION

The remuneration paid to Ernst & Young Reviseurs d'Entreprises SCCRL/Ernst & Young Bedrijfsrevisoren BCVBA totalled € 85 961 for the audit assignment. That remuneration comprises a sum of € 51 284 for certification of the annual accounts, a sum of € 7 600 for the limited audit of the interim accounts, and a sum of € 27 077 for certification work on behalf of the ECB auditor.

In addition, the auditor received remuneration charged to the 2012 financial year totalling € 24 280 for other assignments, separate from the audit assignment, carried out for the Bank.

2.2.7.8 LEGAL PROCEEDINGS

A group of the Bank's shareholders lodged an appeal in cassation against a judgment by the Brussels Court of Appeal dated 30 September 2010 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: it therefore shares the right of issue with the European Central Bank and the other central banks of the Eurosystem. There is therefore no reason to liquidate the Bank's reserve fund. Since the Bank considers that the appeal in cassation is unfounded, it has not formed any provision for current litigation.

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.

2.2.8 Comparison over five years

2.2.8.1 BALANCE SHEET

ASSETS

(in € thousand)

	2012	2011	2010	2009	2008
1. Gold and gold receivables	9 222 696	8 898 631	7 719 706	5 605 644	4 546 679
2. Claims on non-euro area residents denominated in foreign currency	14 021 524	13 927 309	12 409 314	11 080 062	6 663 472
2.1 Receivables from the IMF	7 832 056	7 814 313	6 623 526	5 770 551	1 208 242
2.2 Balances with banks and security investments, external loans and other external assets	6 189 468	6 112 996	5 785 788	5 309 511	5 455 230
3. Claims on euro area residents denominated in foreign currency	242 076	7 895 734	420 739	245 659	36 119 658
4. Claims on non-euro area residents denominated in euro ..	662 677	772 684	582 177	506 611	344 108
5. Lending to euro area credit institutions related to monetary policy operations denominated in euro	40 010 000	40 420 650	7 215 000	41 277 000	57 966 948
5.1 Main refinancing operations	90 000	8 211 000	3 100 000	5 002 000	4 185 000
5.2 Longer-term refinancing operations	39 920 000	17 965 000	4 115 000	36 275 000	52 050 000
5.3 Fine-tuning reverse operations	–	–	–	–	–
5.4 Structural reverse operations	–	–	–	–	–
5.5 Marginal lending facility	–	14 244 650	–	–	1 731 948
5.6 Credits related to margin calls	–	–	–	–	–
6. Other claims on euro area credit institutions denominated in euro	1 439 010	9 234 449	2 299 437	2 387 636	2 851 076
7. Securities of euro area residents denominated in euro	22 962 277	23 395 730	19 088 255	15 305 044	15 175 921
7.1 Securities held for monetary policy purposes	8 955 542	9 113 796	4 768 180	984 249	–
7.2 Other securities	14 006 735	14 281 934	14 320 075	14 320 795	15 175 921
8. Intra-Eurosystem claims	15 344 052	17 972 233	20 051 968	20 235 274	24 374 279
8.1 Participating interest in ECB capital	261 010	220 584	180 157	139 730	143 548
8.2 Claims equivalent to the transfer of foreign currency reserves	1 397 304	1 397 304	1 397 304	1 397 304	1 423 342
8.3 Net claims related to the allocation of euro banknotes within the Eurosystem	13 685 738	16 354 345	18 474 507	18 698 240	22 807 389
8.4 Other claims within the Eurosystem (net)	–	–	–	–	–
9. Other assets	5 848 814	5 197 597	4 911 442	4 817 578	5 162 371
9.1 Coins of euro area	10 127	9 997	13 362	4 788	7 495
9.2 Tangible and intangible fixed assets	401 291	394 590	383 914	373 657	390 579
9.3 Other financial assets	4 298 841	4 084 389	3 904 369	3 734 720	2 434 094
9.4 Off-balance-sheet instruments revaluation differences	164 820	–	–	–	1 450 628
9.5 Accruals and prepaid expenditure	921 362	627 276	541 293	629 703	618 595
9.6 Sundry	52 373	81 345	68 504	74 710	260 980
Total assets	109 753 126	127 715 017	74 698 038	101 460 508	153 204 512

LIABILITIES

(in € thousand)

	2012	2011	2010	2009	2008
1. Banknotes in circulation	29 107 122	28 342 790	26 849 471	25 784 992	24 877 907
2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	19 572 474	22 569 665	12 995 940	14 776 795	10 804 294
2.1 Current accounts (covering the minimum reserve system)	6 481 433	9 612 694	11 777 570	11 881 016	9 196 994
2.2 Deposit facility	11 291 041	10 796 971	718 370	2 895 779	1 607 300
2.3 Fixed-term deposits	1 800 000	2 160 000	500 000	–	–
2.4 Fine-tuning reverse operations	–	–	–	–	–
2.5 Deposits related to margin calls	–	–	–	–	–
3. Other liabilities to euro area credit institutions denominated in euro	–	–	21 906	226 403	130 193
4. Liabilities to other euro area residents denominated in euro	568 457	540 374	131 343	115 753	85 307
4.1 General government	296 324	65 330	82 277	107 777	58 396
4.2 Other liabilities	272 133	475 044	49 066	7 976	26 911
5. Liabilities to non-euro area residents denominated in euro	329 370	339 995	268 792	257 674	273 713
6. Liabilities to euro area residents denominated in foreign currency	297 863	1 264 394	679 502	–	–
7. Liabilities to non-euro area residents denominated in foreign currency	1 106 943	1 739 702	1 657 312	2 206 790	2 529 999
8. Counterpart of special drawing rights allocated by the IMF	5 039 722	5 130 512	5 002 973	4 706 392	536 100
9. Intra-Eurosystem liabilities	38 059 300	52 859 185	13 870 537	42 489 874	104 242 930
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)	38 059 300	52 859 185	13 870 537	42 489 874	104 242 930
10. Other liabilities	579 097	895 018	742 945	654 546	1 065 755
10.1 Off-balance-sheet instruments revaluation differences	–	303 053	65 811	52 597	–
10.2 Accruals and income collected in advance	14 445	20 719	21 470	19 547	58 872
10.3 Sundry	564 652	571 246	655 664	582 402	1 006 883
11. Provisions	10 990	33 643	78 240	142 194	1 156 915
11.1 For future exchange losses	–	–	–	–	150 020
11.2 For new premises	–	–	–	–	–
11.3 For contingencies	–	–	–	–	803 549
11.4 In respect of monetary policy operations	10 990	33 643	78 240	142 194	203 346
12. Revaluation accounts	9 432 953	9 013 808	7 689 840	5 515 358	4 655 322
13. Capital, reserve fund and available reserve	4 311 663	4 086 842	3 877 208	2 671 829	2 401 477
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	862 429
Extraordinary reserve	1 150 790	1 150 790	1 150 790	1 150 790	1 150 790
Amortisation accounts in respect of tangible and intangible fixed assets	342 077	342 029	340 402	342 345	378 258
13.3 Available reserve	1 640 102	1 415 329	1 207 322	–	–
14. Profit for the financial year	1 337 172	899 089	832 029	1 911 908	444 600
Total liabilities	109 753 126	127 715 017	74 698 038	101 460 508	153 204 512

2.2.8.2 PROFIT AND LOSS ACCOUNT⁽¹⁾

(in € thousand)

	2012	2011	2010	2009	2008
1. Net interest income	1 503 529	1 175 478	943 380	990 635	912 171
1.1 Interest income	1 960 218	1 673 577	1 375 550	1 829 606	4 097 961
1.2 Interest expense	-456 689	-498 099	-432 170	-838 971	-3 185 790
2. Net result of financial operations, write-downs and provisions	59 509	-10 194	43 518	1 085 720	90 644
2.1 Realised gains/losses arising from financial operations	60 122	49 967	103 455	145 958	106 246
2.2 Write-downs on financial assets and positions	-613	-60 161	-59 937	-13 806	-10 102
2.3 Transfer to/from provisions	-	-	-	953 568	-5 500
3. Net income/expense from fees and commissions	3 764	4 172	7 033	7 440	4 773
3.1 Fees and commissions income	10 350	10 904	15 024	15 994	12 346
3.2 Fees and commissions expense	-6 586	-6 732	-7 991	-8 554	-7 573
4. Income from equity shares and participating interests ...	41 098	44 905	91 719	50 193	56 506
5. Net result of pooling of monetary income	104 269	29 923	49 195	63 821	-255 763
6. Other income	136 489	110 098	70 561	69 403	70 993
7. Staff costs	-265 293	-261 285	-203 235	-188 080	-187 155
8. Administrative expenses	-81 166	-84 200	-79 109	-74 187	-61 748
9. Depreciation of tangible and intangible fixed assets	-9 382	-6 011	-3 331	-918	-13 738
10. Banknote production services	n.	n.	n.	n.	n.
11. Other expenses	-	-	-	-	-247
12. Corporation tax	-155 645	-103 797	-87 702	-92 119	-171 836
Profit for the year	1 337 172	899 089	832 029	1 911 908	444 600

(1) In 2009, the Bank adopted a new format for its profit and loss account. In order to ensure comparability of the annual accounts, the 2008 profit and loss account was reformatted.

2.2.8.3 DIVIDEND PER SHARE

(in €)

	2012	2011	2010	2009	2008
Gross dividend	154.04	141.76	166.12	126.48	75.00
Withholding tax	38.51	35.44	41.53	31.62	18.75
Net dividend	115.53	106.32	124.59	94.86	56.25

2.3 Auditor's report to the Council of Regency

AUDITOR'S REPORT TO THE COUNCIL OF REGENCY OF THE NATIONAL BANK OF BELGIUM ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

We report to you on the performance of the audit mandate. This report contains our opinion on the financial statements as well as certain additional comments.

UNQUALIFIED OPINION ON THE FINANCIAL STATEMENTS

In accordance with Article 27.1 of the Protocol on the Statutes of the European System of Central Banks and of the European Central Bank, we have audited the financial statements for the year ended 31 December 2012, prepared in accordance with the financial reporting framework applicable to the National Bank of Belgium (the "Bank"), which show a balance sheet total of € 109 753 126 thousands and a profit for the year of € 1 337 172 thousands.

RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR THE PREPARATION AND FAIR PRESENTATION OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 legal requirements and the International Standards on Auditing (ISAs). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on our 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, we have considered internal control relevant to the Bank's preparation and fair presentation of the financial statements 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. We have evaluated the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by the Bank and the presentation of the financial statements, taken as a whole. Finally, we have obtained from the Board of Directors and the Bank's officials the explanations and information necessary for executing our audit procedures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the financial statements for the year ended 31 December 2012 give a true and fair view of the Bank's financial position and the results of its operations in accordance with the financial reporting framework applicable to the Bank.

ADDITIONAL COMMENTS

The preparation and the content of the directors' report as well as the Bank's compliance with the Organic Law, its bylaws, the applicable requirements of the Company Code (*Wetboek van vennootschappen / Code des sociétés*) and the legal and regulatory requirements applicable to the accounting records and the financial statements of the Bank, are the responsibility of the Board of Directors.

Our responsibility is, on the basis of a number of specific additional audit procedures carried out at the request of the Bank, to include in our report the following additional comments, which do not modify the scope of our opinion on the financial statements:

- The directors' report deals with the information required by law and is consistent with the financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the Bank is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious 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.
- 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.
- The appropriation of the results proposed to you complies with the legal and statutory provisions.

Brussels, 14 March 2013

Ernst & Young Réviseurs d'Entreprises scrl
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 2012 at its meeting on 27 March 2013 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⁽¹⁾

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*]⁽²⁾.

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 translation dated 1 December 2012).

(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 Dueroire – 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⁽¹⁾, 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.

Art. 36/2. – In accordance with Article 12*bis*, 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 stockbroker 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.

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 the execution of § 1, the Bank may refuse to follow up a request for information, investigation, on-the-spot verification or monitoring if :

- following up such a request is liable to threaten Belgium's sovereignty, security or public order, or
- legal proceedings have already been initiated for the same charges against the same persons in Belgium, or
- these persons have already been tried irrevocably for the same charges in Belgium.

In such cases, it shall inform the competent authority which presented the request, if necessary, by providing it with as detailed information as possible 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^{ter}, 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^{octies}, § 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;

6° as well as grant the State guarantee for commitments entered into by Holding Communal SA.

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.

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 depositaries 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 ⁽¹⁾

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 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 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 Delcrededienst*);

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 20*bis* (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⁽¹⁾

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	
King	Appointment of the Governor Appointment of the Directors (on the proposal of the Council of Regency)	Appointment of the directors	General Meeting
General Meeting	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	
Council of Regency	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	
Board of Directors	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	Board of Directors
Board of Censors	Supervision of the preparation and implementation of the budget Audit Committee	Optional delegation of the management (management board) or the routine operation (chief executive)	Management board or chief executive
Representative of the Minister of Finance	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⁽¹⁾

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

(1) Approved by the Council of Regency on 20 February 2008.
Latest amendments: 24 October 2012.

calendar days before the meeting, except in urgent cases.

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.

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 regulation which it adopts.

The chairman of the Sanctions Committee also exercises the powers of supervision over compliance with the Bank's code of conduct as described in that code.

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 the 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 scrutineers 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.

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 powers in accordance with the provisions of the law. He also exercises the powers of authorisation and supervision laid down by the Bank's code of conduct.

Annex 5 Audit Committee Regulations⁽¹⁾

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⁽¹⁾

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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Luc Coene

Governor

National Bank of Belgium
Boulevard de Berlaimont 14 – BE-1000 Brussels

Contact for the publication

Luc Dufresne

Secretary-General

Tel. +32 2 221 24 96 – Fax +32 2 221 30 91
luc.dufresne@nbb.be

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