# 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.

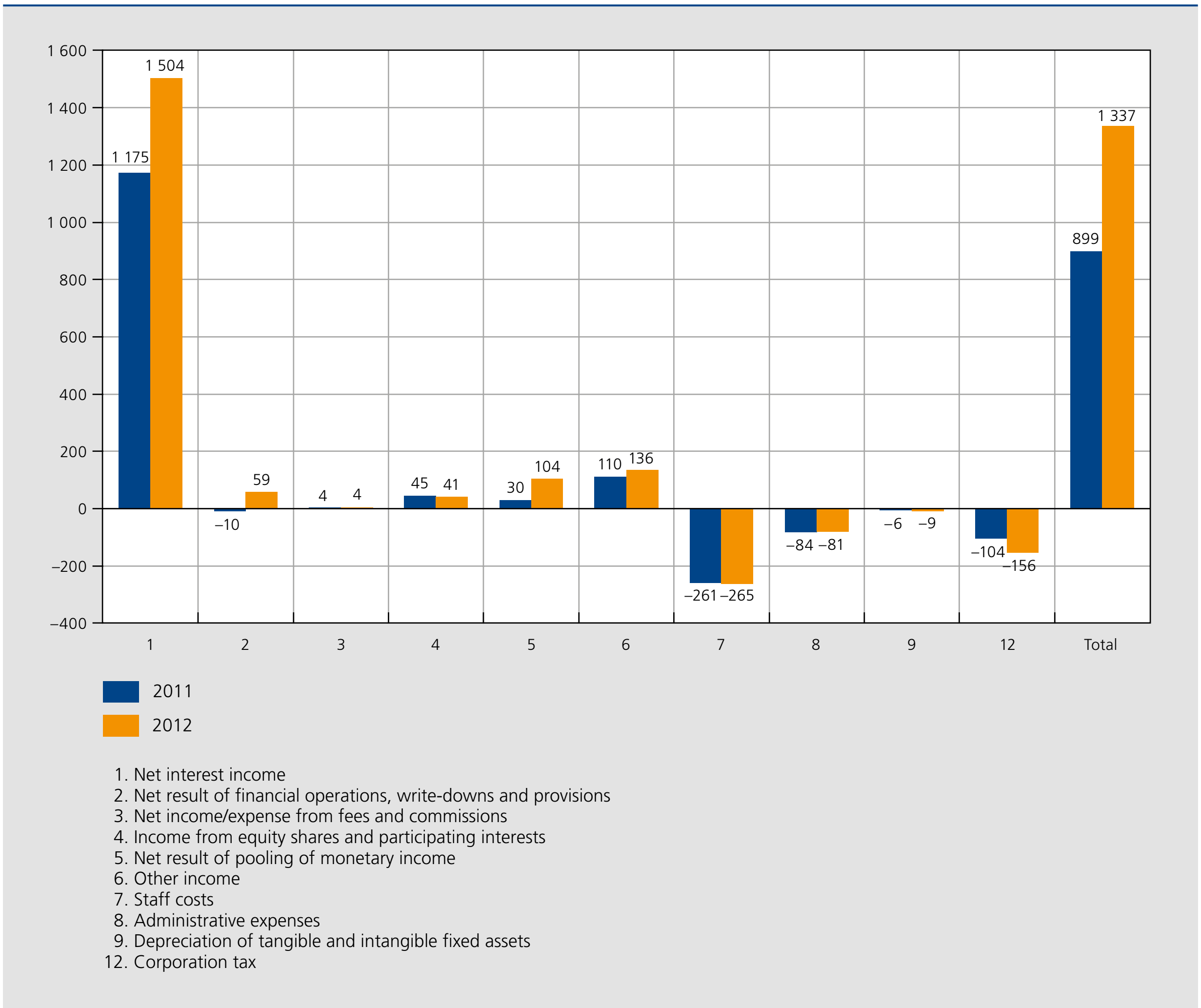
### 2.1.1.3 PROFIT DISTRIBUTION

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 526*ter* 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 Cortebeeck 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 Cortebeeck (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.

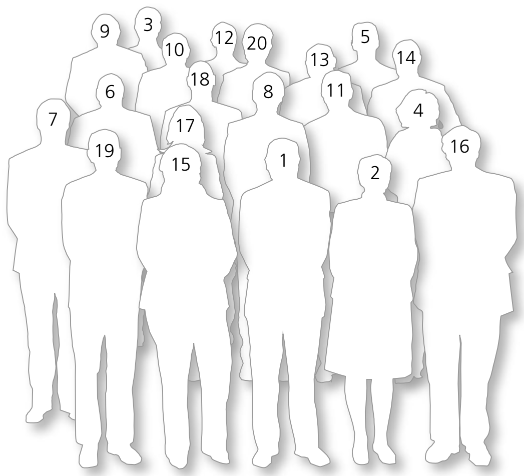
#### 2.1.10.9 DECISIONS ON SEVERANCE PAY

No severance pay was granted in 2012.

#### 2.1.10.10 RIGHT TO RECLAIM VARIABLE REMUNERATION

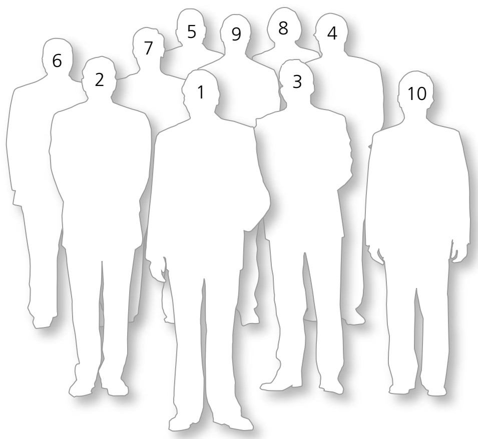
As already stated, the remuneration of the Governor, Directors, Regents and Censors comprises solely a fixed component and no variable remuneration is paid.

# 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 |

| | 31-12-2012 | 31-12-2011 |
|---|---|---|
| (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

| 1. During the year | Total | Men | Women |
|---|---|---|---|
| **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 |

| 3. At the end of the financial year | Full-time | Part-time | Total in full-time equivalents |
|---|---|---|---|
| **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 (recast) (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.

## 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:

- 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.

## 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<br>Commitments towards other institutions | Nominal value, currencies converted at the market exchange rate |
| Valuables and claims entrusted to the institution | For encashment | Nominal value |
| | Assets managed on behalf of the Treasury<br>Assets managed on behalf of the ECB | Nominal value/cost, currencies converted at the market exchange rate |
| | Custody deposits | Nominal amount, currencies converted at the market exchange rate |
| Capital to be paid up on participations | | Nominal amount, currencies converted at the market exchange rate |

### 2.2.7.3 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 macroeconomic 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** |

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

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 € 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 EUROSYSTEM

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 EUROSYSTEM
(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 EUROSYSTEM (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.

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2.2.7.4 NOTES TO THE PROFIT AND LOSS ACCOUNT

## 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 × 170.3 / 4 243.3 = 0.4

   – Average tax rate: 28.2 %
   (see note 35)

| | |
|---|---|
| – Calculation of the second dividend [(170.3 – 0.4) × (1 – 0.282) × 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 sccrl
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.