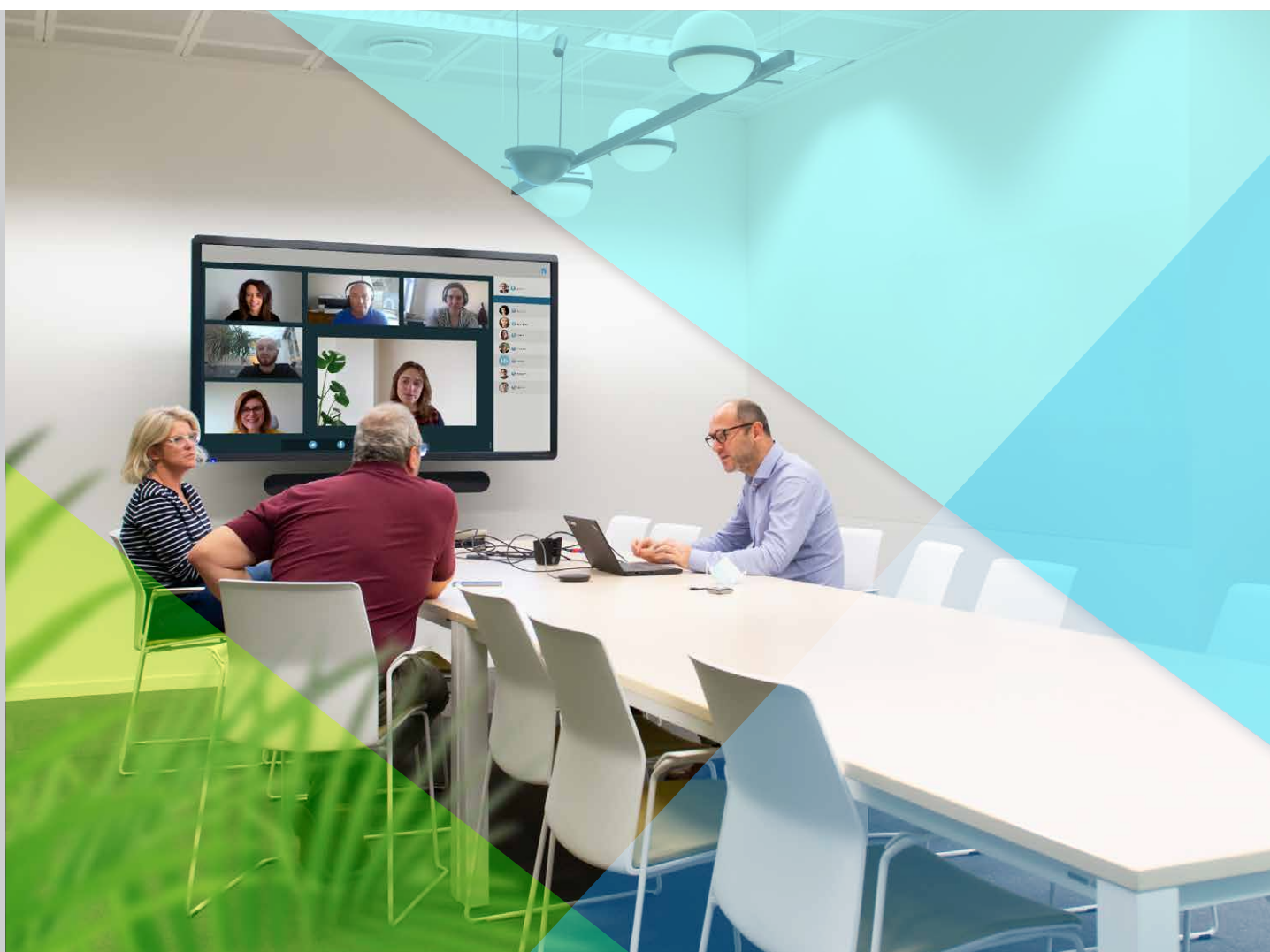


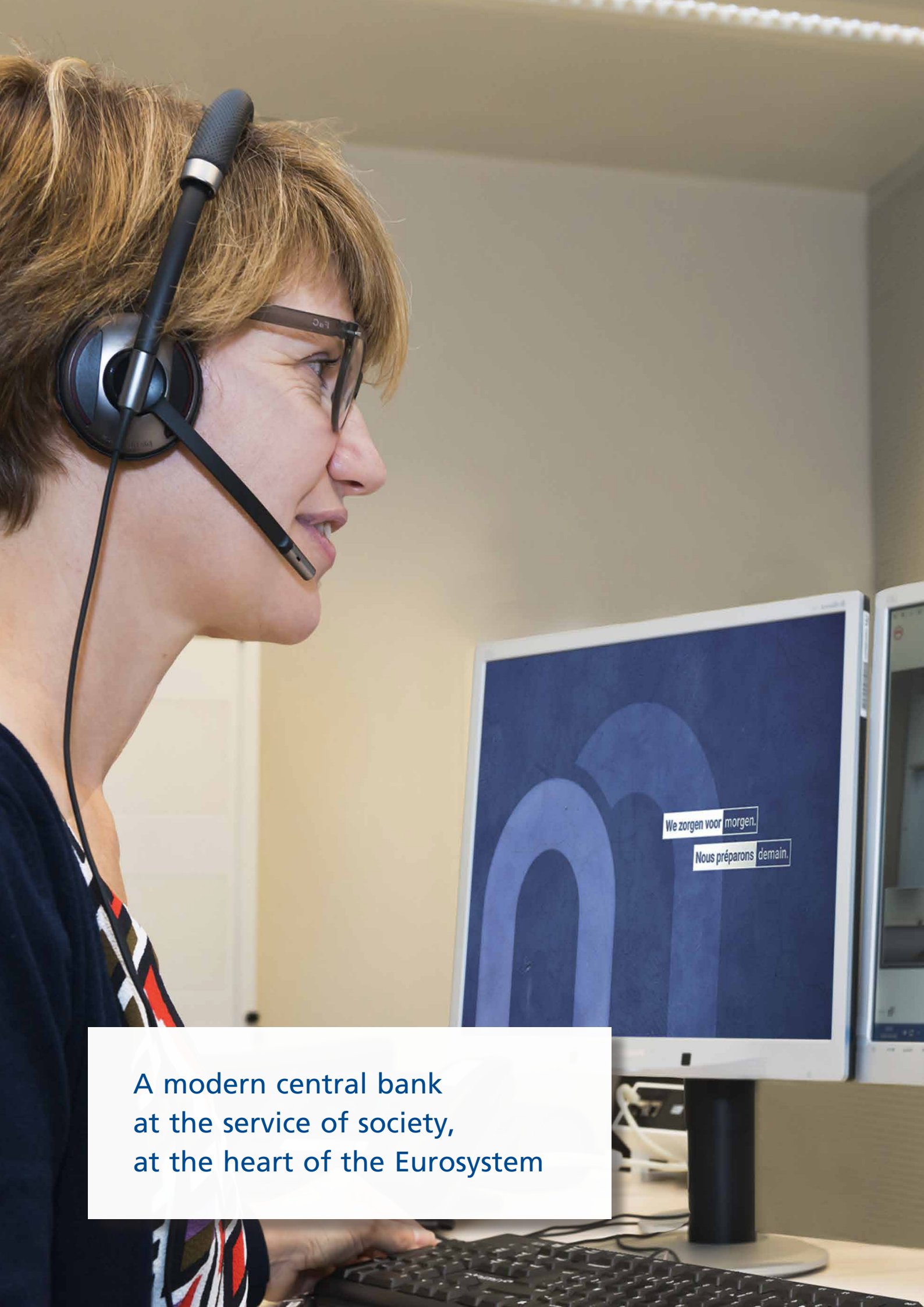
REPORT 2021

Corporate Report



REPORT 2021

Corporate Report



A modern central bank
at the service of society,
at the heart of the Eurosystem



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Foreword



Dear reader,

As I write this foreword, the COVID-19 pandemic has held us in its grip for two years. At the beginning of last year, we still cherished the hope that we would quite soon be able to embrace what many referred to as the “new normal”. At the Bank, the organisational and practical preparations for our return were going well. We were all ready for our “Back to the Bank” operation. But things did not go according to plan: there was wave after wave of infection, and for most of the Bank’s staff, working from home remained the norm for almost the entire year.

I am glad that the Bank managed to remain operational in 2021 and that, this year, we again continued to perform the tasks expected of us by our country’s citizens, businesses and public authorities and by the Eurosystem. That achievement is not as obvious as it seems. The successive waves of the coronavirus affected every member of the organisation. Some fell ill and had to take things easier for a while.

I would like to thank the Bank’s staff for their commitment, professionalism and resilience. I am especially grateful to those who continued to come to the Bank regularly because their jobs did not lend themselves to working from home. I am thinking in particular of our cash activities: at no point was the supply of good quality banknotes and coins ever in doubt.

We are proud that, under difficult circumstances, we continued to perform our role at the heart of the Eurosystem at the service of society, and that our ongoing innovative projects suffered little if any delay. The pandemic may actually have been “beneficial” in enabling us to speed up some innovations. We like to share our achievements with our stakeholders, and take ever greater care over our communication. In 2021, the Bank’s scientific articles, research and surveys generated a notable response in both the traditional and the social media.

We launched a number of initiatives in the field of communication in 2021, while continuing to use traditional information tools. This Corporate Report is one of those tools.

Up to the end of the 20th century, central banks were rather aloof institutions which hardly considered themselves accountable. Since then, central banks have gradually realised that, as the corollary to the extensive autonomy granted them by law, they have a duty to explain. Today, we are more than ever aware of that responsibility, and this Corporate Report is a substantial contribution to our growing commitment to transparency.



The National Bank's Annual Report 1999 was the first one to be divided into two parts, one dealing with the economy and the other covering the Bank's own activities. Later, the Corporate Report was issued as a separate publication from the Annual Report covering economic and financial developments. For some years now, the Corporate Report has devoted great attention to the Bank's corporate social responsibility, both as an enterprise and as a central bank and supervisory authority.

This year, too, the second part of the Corporate Report examines in more detail how the Bank fulfils its responsibility to society. In general, using practical examples, we try to explain how the Bank endeavours to be efficient and sustainable.

As usual, in the first part, we describe the main developments in the activities of the Bank's Services and Departments. We begin by briefly outlining the context: the pandemic and our "Strategy 2025" exercise which was finalised in 2021 and paves the way to the sustainable development of our institution in the coming years. We then describe how the various jobs performed at the Bank respond to changing needs, evolving legislation and constant new opportunities. Finally, we examine how the support functions ensure that our processes and techniques keep up with the changing needs of the institution and private sector dynamics.

As always, this Corporate Report also contains the annual accounts and reports on the 2021 financial year, approved by the Council of Regency, which are a mine of information for the interested reader.

Enjoy reading the Report !

Pierre Wunsch
Governor
February 2022



 Banque Nationale Bank
DE BELGIË

BANQUE NATIO

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1. The National Bank, an anchor of stability in uncertain times

This chapter of the Corporate Report should be read in the light of the developments and trends described in the 2021 Report on economic and financial developments and prudential regulation and supervision. Similarly, it may prove useful to refer to the list of abbreviations contained in that Report when reading this chapter.



COVID-19 and Strategy 2025 were still the dominant themes in 2021

COVID-19 remained a recurring topic on the agenda

In 2021, COVID-19 continued to take centre stage. Three waves of infections, hospitalisations and deaths obliged the National Bank to make regular adjustments to its own policy.

There was still no prospect of “freedom” being restored. During March and April, Belgium was hit by a third wave, followed by a fourth in October (the Delta wave), and even a fifth from mid-December (Omicron). Although the vaccines proved highly effective in preventing serious illness and deaths, they could not entirely prevent people catching and transmitting the virus.

The resilience of many businesses was therefore measured and stress tested multiple times. Although some sectors depended for their survival on government aid, our economy proved quite resilient overall. Nonetheless, the persistence of the pandemic plus the frequent changes in the rules clearly taxed the population’s endurance.

The measures that the Bank took to combat COVID-19 and to protect its staff conformed to the

federal government’s “Generic guide for combating the spread of COVID-19 at work”: face masks, social distancing, hygiene, ventilation, etc. Safety in the workplace has always been one of our central concerns. These measures were crucial for staff whose physical presence was necessary, some or all



of the time, for the Bank to function: IT, security and surveillance, mail processing and digitalisation, financial markets, dealing with cash, checking banknotes, counter staff, facilities management, and cleaning. At the Bank, many staff were able to work from home but still had to be present at the Brussels premises from time to time.

The Bank's Museum remained open and, as in previous years, the Bank took part in the Brussels Heritage Days organised by the Brussels-Capital Region.

The Committee for Prevention and Safety at the Workplace proved to be a great asset for the Bank. The nursing staff, the chief medical officer and health & safety advisers were physically present almost all the time. The medical officer made sure that there was effective monitoring of risky contacts in the workplace. The psychosocial counsellors and the social assistant continued to keep an eye on staff at risk – even from a distance.

The Bank has always attached great importance to psychosocial health and – for the return to the office – gave priority to staff for whom remote working was the most difficult, but it also prioritised new recruits so that they could benefit from proper support and guidance.

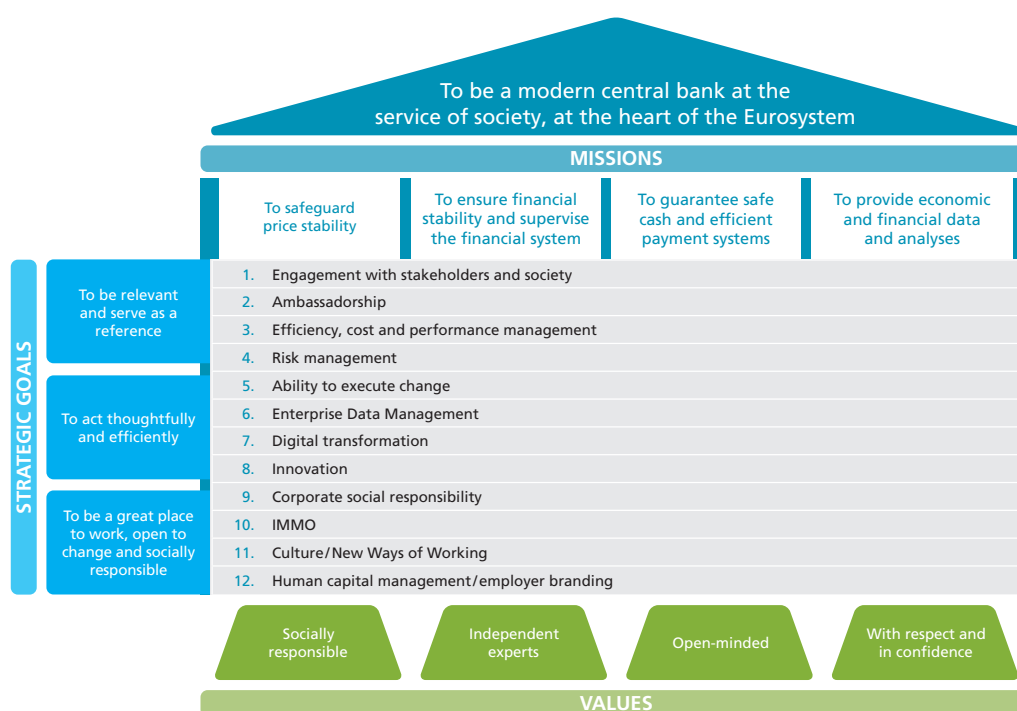
Like everyone else, the Bank was subject to the changing rules and regulations. The return to the Bank (with no more than 50 % of the time spent working from home for jobs where remote working is feasible) had been planned for the autumn but had to be postponed once again.

Despite all that, since the beginning of the pandemic, the Bank has seamlessly continued to carry out all its essential tasks.

The strategic exercise and its follow-up

A wide-ranging strategic review was launched in the spring of 2019 to examine how the Bank, as a central bank and supervisory authority, can remain relevant and maintain its position in the future as a central bank and supervisory authority. In the first instance, this exercise resulted in one vision, four missions, three strategic goals and four values.

Transversal working groups then developed the strategic themes in more detail and submitted them as recommendations to the Board of Directors: Outreach, Enterprise Data Management, Provide Economic and Financial Data and Analysis, Innovation, etc.



In 2021, the results and conclusions of these working groups were translated into definite goals, initiatives and action plans, within the scope of the functions of the Bank's various entities. In the first quarter of 2021, the people responsible for each theme (twelve transversal themes and two of the Bank's four missions) and for each entity presented their aims and actions for the next five years to the Board of Directors.

On 29 March 2021, after due consideration, the Board of Directors announced its conclusions and decided on the main approach to be followed, thus completing the outline of the "Strategy 2025" plan. Since then, the Bank has been working on its implementation. Here are some examples:



Regular appraisal of the Bank's strategy, or Strategic Review

To check whether the strategic exercise as a whole is being successfully carried out, the Bank is creating strategic "dashboards" setting out the targets, the main actions, the stakeholders and the budgets earmarked for the purpose.

These dashboards are equivalent to roadmaps which will be presented to the Board of Directors at the annual Strategic Review.

The aim of these strategic appraisal sessions is twofold: to assess the progress of the various initiatives on which the strategy is based, and to enable the Board of Directors to review the priorities and, if need be, suggest a new approach or provide new impetus.

Innovation

After having been in operation for one year, the Innovation Board – a transversal governance body within the Bank – can take pride in its excellent record. All the entities were represented at each of the Innovation Board's four meetings.

Those meetings produced a number of innovative ideas, some of which were actually tested, such as:

- Automation in creation of securities
- Automated breach and outlier detection
- Geolocation in the Batopin project
- Automated credit contract control ; and
- Textual (sentiment) analysis of reports

These initiatives enjoyed the support of the various entities and the Innovation Board. Thus, the idea of automating the creation of securities was implemented in the form of a project, and a new virtual "robot colleague" is now operational.



Ability to execute change

The sphere of operation of the entity in charge of the project portfolio and project management, the TPMO (Transversal Project Management Office), was extended to become the EPMO

(Enterprise Project Management Office). It now includes the supervision of all significant job-related projects, whether or not they have an IT component.



Efficiency, Cost and Performance Management

The Finance and Strategy Department will house an entity responsible for process simplification. Its main objective is to review internal management processes for the purpose of simplification or automation.

To achieve continuous improvements in the performance of its tasks, the Finance and Strategy Department has also developed medium-term budgeting covering the next five years. The aim is to enable the Bank to enhance its visibility and to anticipate future challenges.



Different jobs with the common aim of serving the community

The National Bank supplies more plentiful and consistent statistical information

The Bank's main statistical task consists in compiling macroeconomic statistics to support its own activities and for national and international institutions.

Much of this information is also made available to policy-makers and opinion-makers in the various sections of society, notably public authorities, businesses, social agencies, citizens, educational institutions, research services, science and the media. These stakeholders can then base their analyses on that information and formulate decisions and comments. The provision of objective, relevant and reliable high-quality information is an important aspect of the Bank's responsibility to society.

The Bank expands its supply of online statistics by presenting institutional, economic and social developments. New indicators concerning interregional transfer mechanisms or the development of statistics on income inequality, consumption and the financial assets of households are some examples.



As in 2020, a special effort was made to ascertain as far as possible the pandemic's impact on statistics, by diversifying the information sources and adapting methods as necessary, in accordance with the EU recommendations.

Various initiatives were launched with a view to enhancing the consistency of the macroeconomic statistics produced. One example is the establishment of a Large Cases Unit, which aims to take more consistent account of multinationals' transactions in the real and financial statistics. The adaptation of the statistical compilation methods and changes in the organisation of the General Statistics Department help to improve

the consistency of the national accounts, the financial accounts and the balance of payments.

In consultation with the ECB, new reports were also devised on the subject of payment systems, containing an abundance of new data. Still on the subject of bank reporting, the ECB decided to implement an integrated reporting system for credit institutions in the medium term.

In 2021, the communication of information was enhanced by the use of clear infographics on the website, helping to get across key messages concerning economic developments.

The new Large Cases Unit is set to improve the statistical monitoring of multinationals

Owing to globalisation, multinational groups are becoming ever more important in our economy. The General Statistics Department has set up a Large Cases Unit (LCU) to enable it to compile good quality statistics on these large, complex groups based in Belgium. In so doing, the Bank is joining in a project by Eurostat, *the statistical office of the European Union*.

The increasing financial interlinking at international level makes it more difficult to measure relationships with other countries. By creating this Unit, the Bank aims to bring together the knowledge and information which will enable it to align the national accounts more effectively with the balance of payments and to improve the quality of the statistics produced.

The Unit will start by keeping a close watch on the seven most relevant groups in Belgium; it

will then systematically increase that number as it acquires the necessary expertise and develops the methodology. The Bank's team works closely with experts at Statbel, the Belgian statistical office.

The multinational groups themselves also gain from this. Having their own account manager at the LCU gives them a single contact point for any statistics-related matters, which will considerably reduce their administrative burden. This creates a relationship of trust, necessary for accessing relevant, reliable information. The Unit respects professional secrecy and uses the data for purely statistical purposes.

The new unit forms part of the Eurostat plan to construct a Europe-wide network of LCUs. Some countries, such as Denmark, Ireland and the Netherlands, have already gone further in this area. They have received a grant from

The Large Cases Unit is part of the Eurostat project to build an LCU network throughout Europe





Yannick Rombauts and his team

Eurostat enabling them to share their knowledge and expertise with other European countries. In March 2020, experts from the *Centraal Bureau voor de Statistiek* (CBS), the Dutch statistical office, came to spend a week in Belgium in order to offer their advice to specialists from the Bank and Statbel.

Creation of an LCU forms part of the Bank's Strategy 2025. The LCU's activities conform to the new Enterprise Data Management programme: once the data have been collected and validated, the LCU processes, analyses and corrects them before making them available to stakeholders at the Bank and elsewhere.

Income and consumption inequalities have been mapped

Taking account of its role in society and the potentially varying impact which monetary policy decisions may have on households, the Bank is also interested in the inequality debate. The Bank actively contributed to the initiatives of international institutions (particularly Eurostat and the OECD) aimed at mapping income and consumption inequalities and producing experimental statistics for Belgium.

The ECB, working closely with the Bank, has also compiled data on the distribution of household wealth. Those data offer a breakdown of the main financial assets and liabilities and the real estate owned by households (according to income, employment status and ownership status).

In connection with these projects, the Bank has begun setting up a vast database on households, with the aim of collecting together both administrative data and data obtained from surveys. Via confidential

processing of that information, this database should result in richer statistics while opening the way to analysis and research.

Innovation is a constant concern for statisticians

The Bank's statisticians are constantly looking for innovative ways of improving the efficiency of the internal procedures for collecting and processing data. The necessary resources are deployed to analyse the existing statistics in greater depth and to expand the supply so as to be able to respond to all the new developments in the economic and financial world, within the framework defined by the Enterprise Data Management programme. In 2021, a text recognition project took place for reading business information contained in the annexes to the *Moniteur belge/Belgisch Staatsblad*. There was also new progress in the field of re-engineering and automation of security-by-security reporting and external statistics. The aim is not only to improve internal efficiency but also to improve the service for users and data providers. The National Bank has reduced the burden of data reporting for banks by dropping some of the tables in the information which they have to submit each month to the National Bank and the FSMA, known as "scheme A".

The economic and financial world is changing: to ensure that no data are lacking and that innovations are charted, the Bank has to constantly update its statistical products. In 2021, it anticipated the entry into force in 2022 of the revised regulations on payment

and fraud statistics. The frequency of the statistics has thus been increased (from annual to quarterly and half-yearly data), while use was made of supplementary data sources concerning new means of payment and fraud cases. In order to keep a closer watch on flows of funds, methods of measuring unlisted shares and non-bank financial intermediation were improved, and the "other financial intermediaries" sector was scrutinised. Extension of the statistics to include data on the cross-border transactions of special purpose entities and the issue of securities by financing conduits also made a contribution here.

The European integrated reporting framework for banks: the IReF

The 2008 economic and financial crisis highlighted the limits of existing bank reporting and has since led to escalating reporting requirements for banks. Although a high degree of conceptual harmonisation applied in Europe, the introduction of the new reporting was often decentralised, implying some overlapping and variations in timing, frequency and aggregation level. This added greatly to the workload of banks and national authorities. The European Parliament has now given the European Banking Authority a mandate to ascertain how this reporting burden might be reduced. The European System of Central Banks is contributing by developing an integrated statistical data reporting framework for banks (Integrated Reporting Framework for banks – IReF). This framework will apply throughout the euro area and can be adopted by the authorities of other EU countries.

IReF consolidates existing ESCB statistical reporting



By using a common data dictionary with all the data definitions ;

By enhancing reusability and interoperability of the data ;

By consolidating all ESCB statistical requirements for banks in a unique legal act applicable accros the euro area (might be adopted by other EU Member States)



The framework is based on three principles: define once (using a common data dictionary with all the data definitions), report once (using a single data model to collect the data) and regulate once (by consolidating all ESCB statistical requirements together in a single law). It is based on data sharing between competent authorities and the use of harmonised reference databases on counterparties and financial instruments.

In 2021, a cost-benefit analysis was carried out among banks, ESCB users and statistics compilers. This analysis shows that, despite the initially high investment, the advantages of the new framework outweigh the disadvantages. Banks' reporting requirements will be reduced; the statistical process will be more efficient for the ECB and the national central banks; the quality of information and services provided for policy-makers will go up, notably thanks to better refinement of data; comparability between countries will be better; and the response time for new requirements will be shorter.

In early 2022, a medium-term implementation programme for the IRef kicked off. To start with, the ECB, together with the national central banks, will design the entire statistical procedure, taking account of the functional and IT requirements, and will also consult the banks. It will also look into the options for working closely between the national central banks. Close cooperation with the other European authorities is envisaged, notably with the European Banking Authority, with a view to the future integration of statistical, prudential and resolution declarations.



"WE AIM TO GET THE GENERAL PUBLIC INTERESTED IN OUR STATISTICS"

MAY BEAUFAYS / Statistical information systems

Mission: To coordinate projects relating to the circulation of the Bank's statistical products

"I joined the Bank at the end of 2017, so I am not what you might call an 'old hand'. Nevertheless, I have already had three different jobs. Not because I don't know what I want to do, but because I was able to seize a number of opportunities which helped me to progress rapidly towards duties that suit me increasingly well.

I started my career at NBB in the IT Department. As a database administrator, I managed databases, helped to install and maintain the software, and provided support for developers, etc."

Sharing in a success story

"In 2020, at the height of the lockdown, I joined the Central Credit Register Service as an "IT developer", a function at the interface between IT and business. Among other things, I was involved in the development

of BECRIS, an ambitious programme which brings all the credit agreements of firms and individuals together in a single, extremely detailed central register, in order to meet the ECB's statistical requirements. The Bank is a frontrunner here, because we are one of the few central credit offices in the European System of Central Banks (ESCB) to achieve that level of data integration, placing us in the forefront of expertise on the subject. A success story which is primarily due to teamwork!"

Scope for initiative

"Finally, on 1 December 2021, I started a new job in the Statistical Information Systems Service, which is responsible for publishing the Bank's statistical products, including those intended for international institutions: the ECB, the IMF, Eurostat, etc. This is also the Service that produces the charts for the Annual Report, the Financial Stability Report, the Economic Review, etc.

But far from confining ourselves to our own specialist sphere, we also try to get the general public interested in our statistics, for instance via infographics, which are a quick and concise way of presenting developments in our economy.

My role in this ocean of figures? My CV says that I am a project coordinator. What does that entail? Obviously, it means coordinating projects for the Statistics Department! But in reality, it is a totally new job which will take shape in the coming months and which will probably allow me plenty of scope for initiative in liaison with my manager."



"In a changing world like ours, having a range of profiles is beneficial for businesses"

Opportunities for those who want to get ahead

"Does that seem a lot to have achieved in a short time? Obviously, not everyone at the Bank gets on so quickly. It is just that the opportunities are there for anyone who wants to get ahead. My four years at the Bank are a continuation of my previous career. I was a team leader and project manager in "street marketing" companies, working for NGOs. I have a diploma in accounting, marketing, B2B, B2C. After that I took a course in computer programming and analysis. So, I am a real all-rounder! My motto is: adapt and reinvent yourself. In a changing world like ours, I think that having a range of profiles is beneficial for businesses, including the Bank. An atypical career path is equally a form of diversity, alongside gender, origin or neuro-diversity (high potentials, Asperger's, etc.), to give just a few examples."

Working from home

"For the second time, I am taking on a new job during a lockdown. Is that a disadvantage? Yes and no. The tools available to us make it easy for us to communicate with one another. We talk to each other by video link. We can share screens. We work on the same documents. I also know that I can count on my colleagues being there to explain things to me, to think about a solution together, or to help me find my way around.

In the end, remote working is not really a problem for me. Although I only met some of my colleagues online for many months, after spending a few days in the office in 2021, I had met most of them in person. I am sure that, once we are able to come in more often, I shall have the chance to get to know the ones that I have not yet seen!"

A start on extending the regional statistics, including a study on transfers

In its Strategy 2025, the Bank identified the development of regional statistics as a priority objective. In an institutional context in which the Regions are steadily gaining importance, the Bank aims to support the regional debate and economic policy decisions by expanding its range of indicators and analyses, enabling decision-makers to make a correct assessment of the economic fundamentals and the operation of the Regions.

An action plan for 2025 was defined for the General Statistics Department, comprising three elements: the first concerns speeding up the availability of the regional accounts by closer alignment with the schedule for producing the national accounts; the second aims to expand the statistics on public finances for the Communities and Regions so as to achieve the same level of detail as in the federal statistics; finally, the third aims to develop new indicators to give a better idea of flows between the Regions, and more generally, the sustainability of the regional economies.

A first stage of this action plan has already taken place in 2021: the General Statistics Department and the Economics and Research Department worked together, and actively considered the question of

redistribution between the Regions. In September, this research led to publication of a study on interregional transfers. That study analyses the arrangements for redistribution between the Regions, which operate via the federal budget, by means of fiscal and parafiscal revenues, social benefits and grants to the federated entities. The study adopted a specific conceptual approach, and the General Statistics Department then compiled indicators on the basis of the allocation formulas derived from the regional accounts.

Initiatives for estimating quality data, including in the time of COVID-19

The crisis caused by the COVID-19 pandemic continued to have a major impact on the production of statistics in 2021. While there were no particular problems concerning coverage or punctuality of the sources used in 2021 – whereas that had been the case in 2020 – the statistical work did not get any easier. The traditional statistical models were still of limited use, as the economic variables continued to fluctuate wildly; correctly extrapolating the missing data in the absence of any analytical benchmark during this totally unprecedented crisis remains a problem.

Firms' annual accounts were among the information sources which received special statistical treatment in 2021 owing to the pandemic. They are the main



source for compiling the national and regional accounts. Since the financial year does not always correspond to the calendar year in terms of dates and duration, a pro-rata calculation method is applied to the annual accounts. The traditional method which allocates the aggregates according to the number of working days is inappropriate for dealing with reality in the time of COVID-19 since it assigns the same weight to each working day, both during the pandemic and at other times. A new pro-rata method for the annual accounts was therefore devised: it is based on the collection of more frequent administrative data, such as turnover, VAT, and wages reported to the NSSO. The new method will be applied structurally in the future because it is proving more accurate than the traditional method.

It was also necessary to take account of new behaviour patterns and new types of expenditure associated

with the pandemic, which had a major impact on the government accounts and labour market statistics. In particular, new expenditure directly linked to the pandemic – be it medical equipment or support measures for the various economic sectors – was subject to close statistical monitoring. In regard to the labour market, and more particularly the wage bill, additional information sources were used, notably in the case of supplementary temporary unemployment benefits or the specific grants to certain sectors. Eurostat also continued to issue specific guidance to ensure harmonised treatment of the pandemic's effects by the Member States, and those recommendations were applied wherever possible in the macroeconomic statistics.

The Belgian pharmaceuticals sector, which is very active in the production of vaccines against COVID-19 via certain multinationals based in Belgium, was also subject to special statistical monitoring in 2021.

Infographics make statistics more accessible

In order to illustrate Belgian economic developments in a quick, concise and user-friendly way, the Bank has enhanced its statistical communication by publishing infographics on its website, supplementing the existing publications.

With its infographics the Bank aims to make it easier to consult statistics by summing up the key message in an image and providing a direct link to the underlying figures. A simple title and an image should get the message across instantly, including for non-specialists.

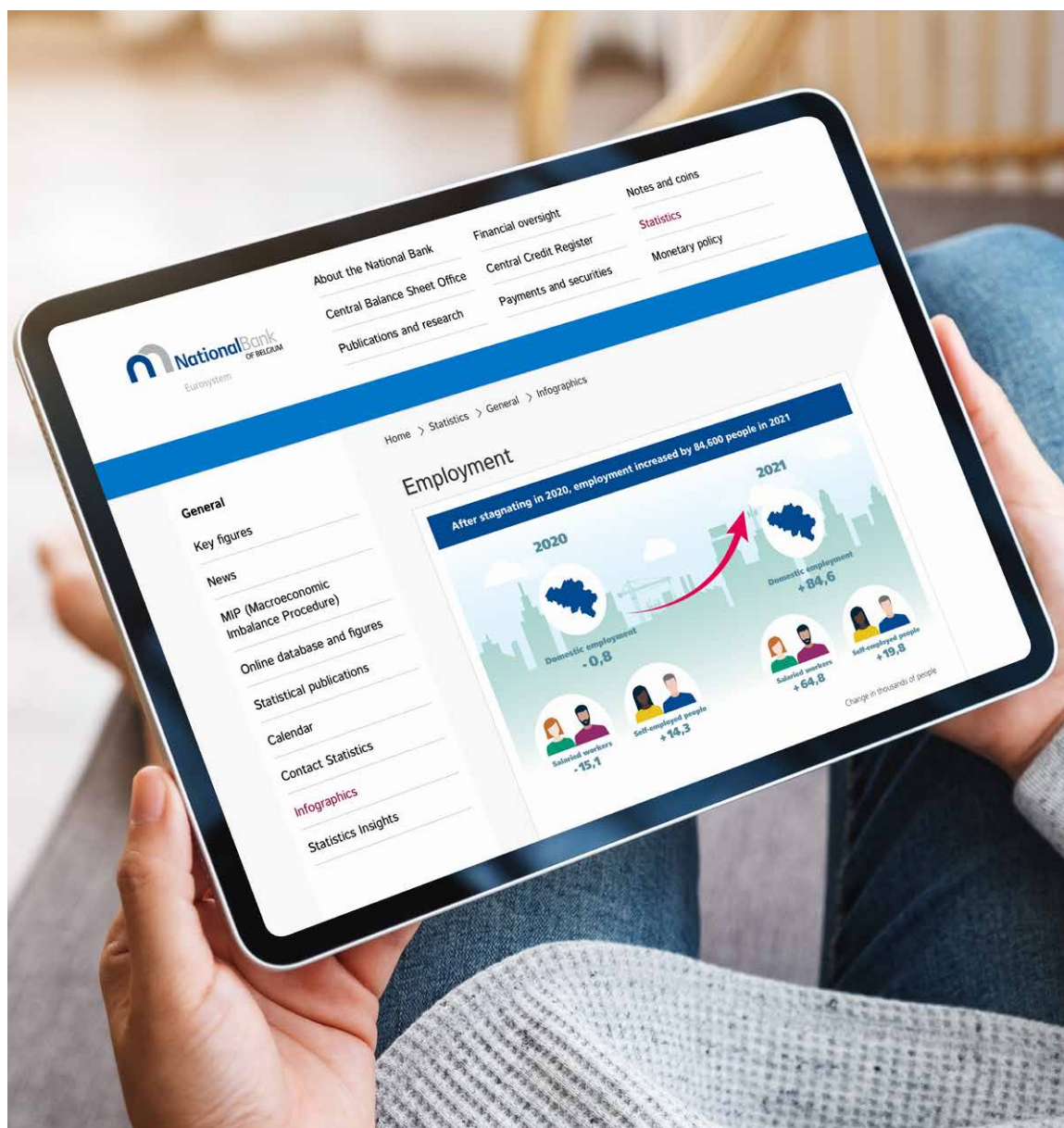
Every publication is accompanied by infographics produced by the Bank's graphics designers.

*The Bank wants
to make consultation
of statistics easier*

The infographics are available on the Bank's website at the same time as the publication. They are regularly updated (according to the schedule of publications). The old infographic is then replaced by a new one showing the latest developments on the subject in question.

The infographics are subdivided into nine headings, covering the main aspects of the economy: financial markets and institutions, employment, gross domestic product, business barometer, consumer confidence, external statistics, saving and investment, sectoral accounts and general government accounts.





Example of an infographic

These headings are displayed in the form of images, making them more accessible and easier to see.

Particular attention was also devoted to improving communication for statistics users, the aim being to provide them with better information on the purpose of the statistics and, above all, to enhance their understanding of how the statistics

are produced. For instance, in the case of the national accounts, a voluminous document was updated: the "Survey of gross national income". Subjects covered by this document include the structure of the macroeconomic aggregates, the methods used and the nature of the basic data. The new ways of approaching the estimation method owing to the COVID-19 pandemic also received detailed coverage in the publications.

Microdata and data policy

In the Microdata Management Department, the year 2021 was dominated by consolidation of the changes in terms of organisation and procedures associated with the implementation of the Bank's Strategy 2025 and finalisation of the development and testing of the three new or modified IT applications which are to come into use at the beginning of 2022.

As regards the Central Point of Contact (CPC), the register containing the bank account numbers and types of contracts held with financial institutions in Belgium, from January 2022 we will be supplementing the registration of the bank account data and certain types of insurance contract with the periodic recording of their value or balance with effect from 31 December 2020.

The Central Corporate Credit Register was replaced on 1 January 2022 by the Corporate Credit Register.

This Register is part of the BECRIS (Belgian Extended Credit Risk Information System) application, which can be used both to collect supplementary data on credit granted to businesses and to unify that collection with the existing one set up for the European Central Bank, making this data collection process more efficient.

The Central Balance Sheet Office is proceeding with its technological changes and, from the second quarter of 2022, it will offer new interfaces for filing and consulting annual accounts.

With the creation of a Data Governance Office and the arrival of a Chief Data Officer at the beginning of 2021, in accordance with the strategic plan, the development, structuring and documentation of more efficient transversal management of the vast quantity of data held by the Bank is really gaining momentum.



A new, consistent data policy is a vital step in the Bank's strategic change process

Like many other enterprises and public authorities, the National Bank has included a new, consistent data policy in its strategic change process as one of its main initiatives.

Technological developments in recent years have led to extensive digitalisation, with data accorded a central position. Data form the essential raw material for generating information and knowledge on social phenomena. Nowadays, advanced algorithms are able to produce reliable predictions of the behaviour of individuals, population groups and businesses, as well as social developments.

At the same time, a high degree of standardisation is needed to compile accurate, comparable official statistics and to use a common system of classifying national and international data.

The National Bank increasingly aims to present itself as a data-driven enterprise, but to do that it will need to make some changes. In order to pursue a consistent data policy, the Bank has introduced

The National Bank increasingly aims to present itself as a data-driven enterprise, but that entails some changes

Enterprise Data Management (EDM) as a transversal, strategic programme, under the aegis of a Chief Data Officer (CDO).

During the first phase of this multiannual programme, the data processing procedures of a number of the Bank's specialist operational entities are being revised. It is a question of going through the various stages of the data processing procedure, from the collection of crude data to the publication of the research and analysis results. Centralisation and standardisation of

the data collection and validation procedures at the bank will reduce the administrative hassle for businesses and financial institutions. This new approach requires an advanced data

policy, set up and managed by the CDO's team.

Enterprise Data Management should also enable the Bank to enhance the data literacy and maturity of staff members. The new centre of expertise set up in the Data Office will support initiatives relating to artificial intelligence, the development of algorithms and the automation of business procedures. Under the direction of the CDO, a Data Academy will be established in collaboration with the IT and Human Resources Departments. Programmes for co-operating with other institutions and with universities are also on the agenda.

Enterprise Data Management (EDM)

Enterprise Data Management (EDM) brings together all the activities, processes and practices intended for the careful, logical, professional and responsible organisation of data in order to ensure the accuracy, quality, security, availability and relevance of the data for the end user.

Marc Peelman is Chief Data Officer of the National Bank





"AN EMPLOYER WHO CARES ABOUT STAFF EMPLOYABILITY"

RKIA EL KHABCHI / Data Validation Unit

Job: managing the quality of the data collected by the Central Balance Sheet Office

"I started my career at the Bank in 2017, with a temporary job in the Accounts Service. At the beginning of 2019 I obtained a permanent job in the Data Validation Unit. My work involves checking the quality of the accounting data in the annual accounts that companies submit to the Central Balance Sheet Office. That quality control entails subjecting the accounts to a number of tests in order to detect any errors or inconsistencies (incorrect reporting, wrong classification, etc.). If necessary, in the most complicated cases we make corrections after contacting the declarants. The aim is to supply reliable data for our customers both within the Bank – Research, Statistics – and outside, knowing that everyone can consult the annual accounts of firms (easily and free of charge) on the Bank's website. Quality is our motto!"

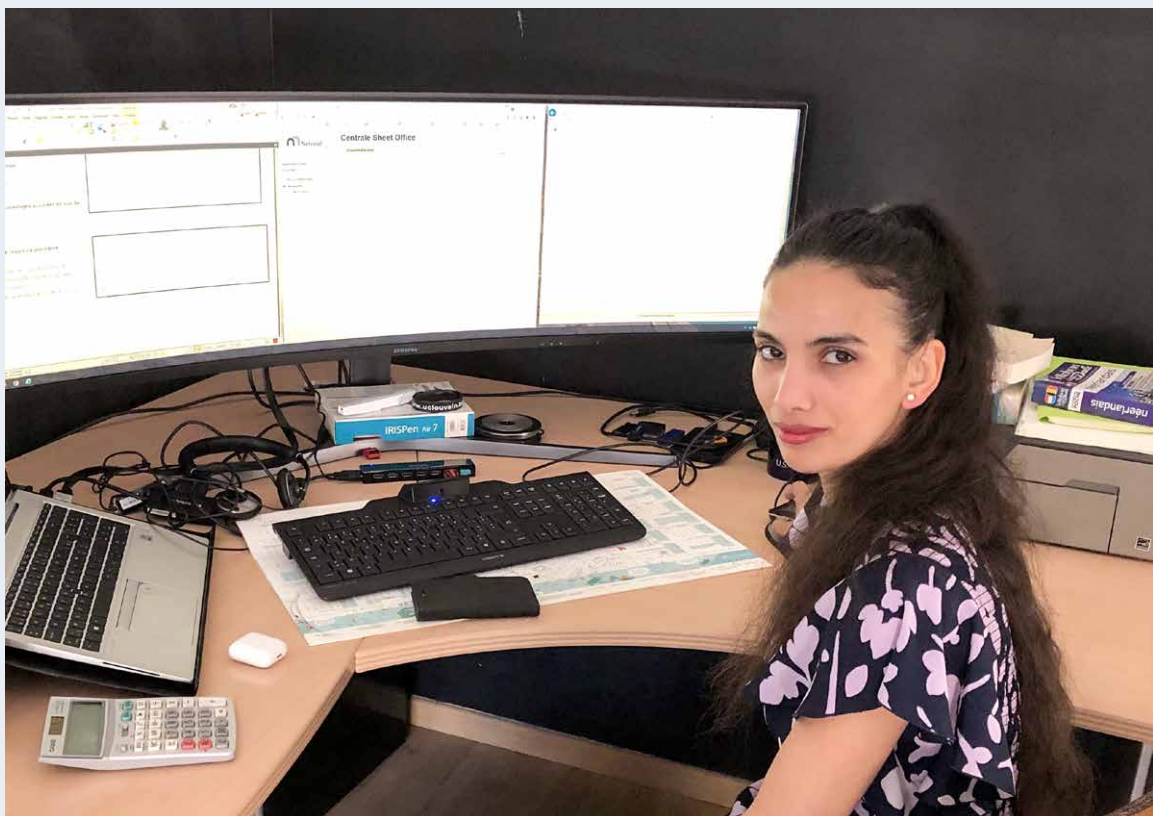
Working and studying

"When I arrived at the Bank, I was just completing a Bachelor's degree in accounting and tax affairs at evening school. I immediately went on to do a Master's degree in management, again at evening school, at the Mons campus of the Louvain School of Management. My employer was very supportive, providing me with study leave and a contribution to the course registration fees, etc. Better still: when the pandemic was making it hard for me to find a traineeship related to my thesis on the subject of corporate risks, it was ultimately the Bank that secured me one. My line manager came to an arrangement with our Internal Audit Service, which took me on and provided me with excellent support. For three months I divided my time between the two entities, pausing my ordinary duties – working from home – to attend audit assignments or Service meetings via video conference, or to consult my mentor. It was a very busy time, but I gained a wealth of experience both as regards the knowledge acquired and in dealing with people. I am very grateful to the Bank for offering me these facilities. Having known other employers previously, I can say that it is not the same everywhere."

"To keep up, we need to continue learning and develop new skills"

Ensuring employability

"I am glad that I work for an employer who cares about the employability of its staff. Be it via support for university studies – as in my case – or through an extensive range of in-house training schemes, the Bank enables everyone to devise their own personal development plan. We are living in an era of rapid change, in terms of technology, legislation, organisation and other things. Jobs are changing too. I am sure that, to keep up, we need to continue learning and develop new skills. That is exactly what I aim to do. Today, I am looking for an opportunity that will enable me to make use of the degree that I have just gained. I would prefer to do that at the Bank. It would be a way of giving back what the Bank invested in my training."



Research, a central task of the National Bank

The Bank contributed to the ECB's strategy review

In January 2020, the European Central Bank announced that it was going to conduct a new strategy review, as the economy had changed radically since the previous exercise in 2003. The decline in growth and the aftermath of the financial crisis led to a steady fall in interest rates, while various trends such as globalisation, digitalisation, population ageing and climate change presented new challenges for the economy. After a slight delay due to the coronavirus crisis, the review culminated in the Governing Council's adoption of a new monetary policy strategy in July 2021.

This exercise involved many staff from various NBB entities: Research, Financial Markets, General Statistics, Legal Service, International and Eurosystem Coordination, and Communication. In collaboration with experts from the ECB and the other national central banks, they prepared the topics discussed at Governing Council seminars, such as the inflation target and climate change. They also ensured that the January 2021 event "The NBB listens" was a success. This event aimed to ascertain the opinion of the general public and civil society on monetary policy, following the consultation launched by the ECB. The event, organised online, enabled dozens of interest groups in Belgium to express their opinion on the ECB's interest rate policy.





The Governor, Pierre Wunsch, and his counterpart at the *Nederlandsche Bank*, Klaas Knot, listened to the participants and held a dialogue with them.

This gave Governor Wunsch the information he needed for discussions with his colleagues on the Governing Council, both during their online meetings and during their retreat in Germany in June 2021. The conclusions of this “conclave” were drawn up on 7 July following final discussions on points where a consensus was initially lacking. The ECB President, Christine Lagarde, and the Vice-President, Luis de Guindos, presented these conclusions the next day.

The new strategy states that the best way to maintain price stability is to set an inflation target of 2% in the medium term. That target is symmetrical, i.e. negative and positive deviations are both considered equally undesirable. This clarifies the price

stability target and anchors inflation expectations more effectively.

A multiannual plan was also drawn up to take better account of owner-occupied housing costs in measuring inflation. The Governing Council stressed that the key interest rate would remain its main tool, but that – in a low interest rate environment – the

ECB would continue to use other instruments where necessary. The analytical framework was also modified. Monetary policy decisions will thus be based on both economic analysis and monetary and financial

analysis. In addition, an action plan was drawn up whereby monetary policy will take account of the impact of climate change. Finally, the ECB promised to make its communication with the general public more accessible.

From now on, the strategy review will take place regularly, the next one being scheduled for 2025.

*The new inflation target is 2%.
Positive and negative deviations
from the target are both
equally undesirable.*

New research topics

The Economics and Research Department's programme of economic analysis and research was designed to take account of the new topics defined in the Bank's Strategy 2025. They include climate change and the energy transition, the implications of inequality between individuals, firms and sectors, the new economy and digitalisation, and finally the availability of the regional accounts and statistics.

Various research and analysis projects were drawn up and implemented on each of these topics. These new priorities are already clearly reflected in the list of publications in the Bank's Economic Review and the Working Papers. For instance, there are three articles on the implications of climate change and the transition to a low-carbon economy, six articles on the distributive aspects of policies and on economic trends in household income, consumption, saving and employment, two articles on the importance of the new economic sectors and digitalisation, and one article on interregional transfers.



After the Bank's 2020 international conference on the economic implications of climate change, a start was made on preparations for the next biennial conference, on the subject of "Household heterogeneity and policy relevance". Following the Bank's call for proposals, ten research projects were selected. These studies will be conducted jointly with teams from the Belgian academic world and colleagues from other Eurosystem central banks. The results will be presented at the biennial conference in October 2022.

A new programme of research fellowships was developed, enabling NBB staff and researchers to work with prominent university research fellows. Many staff have also contributed to the new Climate Hub, which combines the expertise of various departments on climate change and its implications for areas monitored by the Bank. Finally, the Economics and Research Department invested in knowledge of the climate issue by recruiting the climate economist, Thomas Stoerk.

Research fellowships

Under its research fellowship programme, the Bank works (temporarily) with professionals from universities and research institutes on the subjects which it wishes to examine in depth. For the first edition of the programme in 2021, two research fellows were selected:

- **Mirabelle Muûls** (Imperial College London) for research on "Economic aspects of climate change"; and
- **Gert Peersman** (UGent) for research on "The economic aspects of the heterogeneity of economic agents".



Research fellowship on
“Economic aspects of climate change”



Mirabelle Muûls (Imperial College London) will concentrate on developing a cost-benefit analysis of climate policies on the basis of micro-econometric research projects at firm level.

She will first devise a useful data infrastructure for measuring emissions at firm level by using sets of microdata available at the Bank. These should push the boundaries of economic analysis in a number of directions and permit a cross-sectoral comparison over time of the breakdown of carbon dioxide emissions per job.

More particularly, she will analyse the repercussions of carbon emission costs on production prices, the effect on productivity and profit margins, how these effects are transmitted to the production network and the pattern of international trade, and the links between these issues and the debate on carbon adjustment mechanisms at frontiers.

Finally, she will examine the implications of the transition to a low-carbon economy for the banking sector and how they can be taken into account in the climate stress tests which measure banks' vulnerability to the repercussions of climate change. Various specific channels will be examined: on the one hand, the substantial losses that extreme climate events may cause for insurance companies, and on the other hand the negative impact of climate policies and changes in demand on highly energy-intensive sectors or those using fossil fuels.



Research fellowship on
“The economic aspects of the heterogeneity of economic agents”



Gert Peersman (UGent) will study the distributive aspects of macroeconomic shocks and the role of the heterogeneity of economic agents in the mechanism that propagates those shocks. On the basis of the existing literature and his previous research, he will start by focusing on monetary and fiscal policy shocks but will also analyse the repercussions and the propagation of shocks affecting energy prices, food prices and the climate.

In that context, he proposes three research projects based on new sets of data collected for current projects.

The first, to be based on the household budget surveys of various euro area countries, will describe the heterogeneity of the transmission of monetary policy to consumption and consumer prices for various households. This question is important in a monetary union featuring major divergences, e.g. as regards housing markets and mortgage markets.

By using a new digital platform which gathers high-frequency data on the behaviour of individual players in Belgium, he plans to study agent heterogeneity and the distributive aspects of financial and economic developments and policies: the repercussions of the coronavirus crisis, the effects of the fiscal policy measures, monetary policy measures, shocks affecting energy prices, etc.

Finally, on the basis of the European Commission's monthly household survey, he intends to study heterogeneity in the formation of different households' expectations.



A MODELLER WHO MAKES AN IMPACT

ANSGAR RANNENBERG / Research

Ansgar Rannenberg has a PhD in macroeconomics and worked for the central banks of Germany and Ireland before joining the NBB's Economics and Research Department in 2018.

"Seven years previously, I had already had a temporary job at the National Bank", he says, "but for various reasons, I was unable to get a permanent contract at that time. I have always found the NBB environment to be intellectually stimulating, so I was delighted when I finally obtained a permanent position in research."

Recognition

In late 2021, Ansgar was gratified to hear that his study on "Income inequality in the United States between 1981 and 2016" is to be published next

year in the prestigious International Journal of Central Banking. The study builds on NBB Working Paper n° 375 in which Ansgar fed the empirically observed rise in the income share of wealthy households into a macroeconomic model which he himself had devised. The analysis revealed that wealthy households save part of their increased income, driving down interest rates and fuelling the debt levels of less well-off households. House prices also went up in relation to GDP, as the lower interest rates boosted demand for housing.

Ansgar is currently conducting a similar study for the euro area. The increased income inequality seems to help explain why Germany's trade balance has improved compared to the rest of the euro area. The results of this European study will be presented at the next NBB symposium in October 2022.

Making an impact

"Everyone likes their work to be useful", acknowledges Ansgar. At a central bank, macroeconomists can pursue theoretical research as well as conducting studies to support policy. A central bank is synonymous with monetary policy. For instance, Ansgar and

"We encourage one another to achieve ever better results in a very collegial way"

his colleagues provide input for briefing the Governor when topics in their field of research are discussed by the Governing Council of the European Central Bank.

Ansgar and his colleagues also contributed to the strategic review of the European System of Central Banks which last year led to revision of the ECB's monetary policy strategy and inflation target. "We took part in the workstream on the price stability mandate, studying how forward guidance influences economic activity and inflation. Forward guidance indicates the likely decisions on interest rates and is a technique that the ECB uses to stimulate household and business demand when it is not really possible to cut interest rates further as they are already low or even negative."

Ansgar's research field is not confined to monetary policy. For example, central banks do not conduct fiscal policy as that is reserved for the political authorities, but they still want to know the implications of particular measures. "I estimated the change in GDP triggered by increased public expenditure, and I studied the factors that determine GDP growth in an economic boom or in a recession. And I calculated how long that higher expenditure is expected to continue."

Job satisfaction

Ansgar clearly enjoys his job: "I have been here for four years now and get a lot of satisfaction from the combination of theoretical and applied research. The support of the Bank and my colleagues is also very helpful: we all produce high-quality research and encourage one another to achieve ever better results in a very collegial way. There are still many areas to explore, so there will be no shortage of challenges in the years ahead!"



The availability of cash remains a concern for the Bank

Despite the declining number of cash transactions, cash is still an important means of payment. According to a study by the ECB, cash still accounted for over 58% of payments made in Belgium before the coronavirus pandemic. In the future, everyone must be able to continue using their preferred means of payment. In other words, banknotes and coins must remain available, including for people who have no access to digital banking services or electronic means of payment.

The ECB asked the national central banks to examine access to cash. In Belgium, the NBB is responsible for that task.

Two banking initiatives

As a result of the success of digitalisation, the number of bank branches is declining, as is the number of

cash dispensers (ATMs). That situation is affecting the accessibility of cash, but the ECB and the European Commission want to guarantee that access.

In these circumstances, the four largest Belgian banks plan to separate their network of ATMs from their branch network. In September, they inaugurated their first six joint ATMs.

Batopin (Belgian ATm OPTimalisation INitiative) is a project launched by the four big banks to create a joint network of ATMs. The aim is to install “cash points” in strategic locations, such as stations or shopping streets which no longer have a bank branch. These ATMs will no longer be attached to any particular bank. Bpost and other smaller banks will also join forces in order to acquire, manage and maintain their ATMs jointly and more cheaply. That project is known as “Jofico” (Joint Financial Company).



The National Bank has developed a model

The National Bank attaches importance to the availability of cash and is keeping a close eye on these new developments in the ATM network.

It has set up a model which enables it to assess the current situation and expected developments on the basis of objective criteria for the market as a whole. It takes account of criteria such as population density and the presence of ATMs within a five-kilometre radius. Knowing that people's expectations may vary depending on whether home is the centre of a large town or a remote village, the model took account of the degree of urbanisation, enabling the Bank to map and assess with great clarity the Batopin and Jofico projects in regard to the location and installation of cash dispensers.

National Retail Payments Committee (NRPC)

An efficient retail payments market can make a positive contribution for all economic players. In that context, the National Bank decided to set up a committee specifically to examine issues relating to retail payments: the National Retail Payments Committee (NRPC).

The purpose of this Committee, chaired by Director Tim Hermans, is to facilitate discussion between the parties concerned with retail payments in Belgium in order to identify new trends and developments in this field which could benefit the operation of the country's economy.

Subjects addressed by the NRPC include:

- the efficiency and security of national and cross-border payment services and instruments;
- cash availability and accessibility;
- cash acceptance;
- transparency and awareness of the use of means of payment;
- monitoring of technological developments (e.g. stablecoins, contactless payments, etc.);
- monitoring of legislative changes.

The NRPC comprises members active in various sectors directly concerned with retail payments. They include:

- the National Bank of Belgium, which chairs the committee;
- public institutions active in the field of finance, consumer protection, economics, administrative simplification and cash management;
- associations representing businesses and the retail trade;
- consumer associations;
- representatives of the financial sector;
- financial market infrastructures (FMIs), payment systems and systemic operators in the payments field;
- the cash transport sector (Cash-in-Transit – CIT).

The Committee's operating principles are defined in a charter which participants must respect.

The first meeting of the NRPC took place on 1 March 2021.



Four thematic sub-groups

The Committee sets up *ad-hoc* sub-groups on specific themes which require examination in greater depth. At the first plenary meeting the following four sub-groups were established:



Instant Payments

Instant payments make up only a minor percentage of transfers in Belgium (17 % of traditional SEPA transfers by volume at the end of 2020). However, the European Commission and the Eurosystem want these payments to become the new normal. In order to gain a better understanding of the reasons for this low penetration of the payments market in Belgium and offer effective support for the efforts to roll out this new instrument, the National Bank – which chairs this sub-group – intends to draw up a strategy with the participants. The aim is to define areas of work with achievable, non-binding targets (such as the collection of information on the various impediments to the adoption of instant payments, or the conduct of research). For this purpose, a schedule will be drawn up which will set the priorities for the subjects to be discussed.



Central Bank Digital Currencies (CBDC)

In October 2020, the Eurosystem identified various future scenarios in which it would be necessary or advisable to issue a digital euro, i.e. an electronic form of central bank money (central bank digital currency – CBDC). The CBDC sub-group aims to inform and consult the various stakeholders and, if the Eurosystem decides to analyse the digital euro in more detail and/or develop prototypes, to involve the stakeholders in analysing the needs.



Cash

The Cash sub-group will focus mainly on two themes: legal tender and cash accessibility.

One aim of the Cash sub-group is to define – with all parties involved – a consensus on the use and acceptance of cash in Belgium. In that context, the sub-group will also monitor the work of the European

Commission's Euro Legal Tender Expert Group (ELTEG) and assess the implications of decisions taken at national level. The ELTEG experts are to advise the Commission on cash availability and acceptance and on euro banknotes and coins as legal tender.

The sub-group will also assess cash accessibility in Belgium, using a model developed by the National Bank. It will take account of both the current situation and the expected developments.



Coins

In recent years, particularly during the current COVID-19 pandemic, payment habits in Belgium have changed significantly, with a notable rise in electronic payments. The government must ensure that these changes are reflected as far as possible in national payment systems, but without undermining the right to pay in cash.

In this working group, and in cooperation with the participants, the General Administration of the Treasury (FPS Finance), which is responsible for issuing and financing coins, intends to examine how it can continue to perform this coordination role as effectively as possible in the sphere of cash payments.

The quantity of coins needed in Belgium, ways of optimising the use of the volume currently in circulation, estimating the future pattern of cash needs and assessing the mandatory rounding off applicable to 1 and 2 cent coins are all key aspects of the discussions and information sharing which will take place in this working group.

Towards a digital euro

Although it is not really apparent in everyday life, the money held on bank accounts is different from cash (banknotes and coins). Banknotes are issued by central banks which guarantee their value. In accounting terms, they form part of the central bank's liabilities and are the counterpart to some of its assets. Similarly, coins are generally issued by government treasuries, so that cash is totally secure and reliable. In contrast, money in bank accounts represents a claim on a commercial bank. Such assets are considered secure since banks are subject to strict supervision and are partly covered by the deposit guarantee system. Citizens expect to be able to convert their bank assets into cash readily at any time.



Axel Van Genechten is working closely with the ECB on the CBDC

Electronic payments are gaining ground throughout the world, but "central bank money" cannot be used for that purpose as yet. Central banks worldwide are therefore examining ways of creating a central bank digital currency (CBDC).

The European Central Bank is likewise examining whether it can introduce a digital currency which would be just as reliable and stable as cash, since it would be guaranteed by the central banks of the Eurosystem. The debate on the introduction of a "European" CBDC is ongoing, but no-one has yet defined how such a digital currency could be placed in circulation and used.

The digital euro should cost citizens very little – if anything – and its use should not require any expensive equipment. It should also be available to persons who currently have no access to a bank account. Conversely, it will not be possible, in principle, to effect savings or investment in digital euros.

Privacy protection is a key aspect of the project. In recent years, the European Union has introduced stricter rules on data protection (e.g. the GDPR), a move welcomed by many citizens. Since the Eurosystem central banks are totally independent and have no commercial interests, they can take account of this point in the underlying technical (IT) architecture. There is also no question of facilitating tighter government control: use of the latest techniques can ensure better privacy protection without a resulting risk of money laundering or terrorist financing.

In issuing a digital euro, the ECB does not intend to compete with the commercial banks. On the contrary, it hopes to create a thriving digital euro ecosystem by involving the private sector. According to the initial, provisional conclusions of the working group on the introduction of a





European CBDC, digital euros could probably be deposited on accounts with commercial banks or payment institutions, just as equities or even government bonds can be held with a bank even though they are issued by other firms or institutions. All parties can thus benefit from network effects and continue to offer their services, or even develop new, innovative products based on the technical possibilities that this solution offers. That would also avoid a “winner takes all” situation in which a market player – based either in the EU or elsewhere – could acquire a virtual monopoly.

Up to now, particular attention has been paid to consulting all interested parties, from citizens to businesses. Public consultations and focus groups have been organised throughout the euro area to find out what the population expects. The banking and payments sector has been involved in the

project via advisory committees and dialogues with their supervisory authorities.

At this stage there are still many unknowns, but one thing is certain: the digital euro will not only need to be entirely compatible with the existing payment services but must also correspond to society’s payment needs and preferences. It is therefore necessary to find a balanced solution to these complex issues. The ECB’s first decisions on whether or not to introduce a digital euro and on the form that it might take are expected within the next two years.

Prudential supervision and resolution

The National Bank has adapted in line with changes in the insurance company sector

Operational supervision, which was reorganised in 2020, now links the first-line supervision of all firms with more detailed analyses of individual firms according to their risk category. This new approach proved its worth in 2021, as the coronavirus crisis heightened the need to target the allocation of limited available resources. Combined with the low interest rate environment, this crisis put pressure on the life insurance business in 2021, obliging the Bank once again to impose special measures on a number of firms.

New players on the Belgian market

The operational supervision of insurers was still geared to dealing with the applications received by the Bank as a result of Brexit. With the arrival of new players in the market in that context, the Bank was represented on more colleges of supervisors than previously. All meetings were held online, facilitating continuation of the necessary cooperation between the supervisory authorities concerned and guaranteeing the risk profile monitoring.

In 2021, the Bank approved a new player in the international enterprise sector. This undertaking's business model involves the use of Managing General Agents (authorised underwriters) to conclude contracts in other countries. The supervision of these international operators implies specific supervisory priorities, including checking the arrangements for monitoring outsourcing, keeping an eye on activities in other countries, and ensuring a minimum presence in Belgium.

The expectation is that more firms will want to become established in Belgium in the near future. In 2021, the Bank was repeatedly contacted by firms considering starting up a business in Belgium.

Some specific points for attention

In 2021, the Bank continued to devote considerable resources to its recurrent work concerning the adequacy of the technical provisions in both life and non-life insurance.

During 2021, the Bank organised a virtual workshop for everyone in charge of actuarial functions on the Belgian market. The theme of the workshop was the transversal supervision work relating to the level of non-life insurance technical provisions. This workshop offered the opportunity to explain to the sector how the data submitted in prudential reporting are used for supervision purposes.

Regarding the supervision of provisions in the "life" branch, targeted analyses were conducted to identify atypical firms, resulting in supplementary actions and measures in certain cases.

More specifically in regard to class 23, the Bank found that contracts relating to the life insurance business – unit-linked & index-linked contracts – had their own characteristics in terms of modelling the best estimate and calculating the solvency capital requirements. A transversal analysis is in progress. The conclusions of that study are expected in 2022.

The profitability of life insurance business was also analysed. To deal with the declining yield from fixed-income investments, guaranteed rates on life insurance are being steadily reduced. These two adjustments must take place in parallel to ensure the viability of life insurance. An initial transversal analysis showed that this was indeed the case: the gap between financial yields and the average interest rate guarantees on life insurance has not narrowed systematically over time.

In reinsurance, the Bank notes the emergence of innovative practices in the life insurance portfolio segment. Reinsurance is used as a tool to attenuate market risks, particularly the interest rate risk. The work done led the Bank to define a set of internal guidelines and

develop supervision tools to ensure compliance with the regulatory solvency requirements.

For some years now, insurers and reinsurers have increasingly resorted to outsourcing, for various reasons. The steadily advancing digitalisation of operational processes and interfaces, which accelerated recently as a result of the COVID-19 pandemic, further intensified that trend in 2021. Thus, in 2021, the Bank received considerably more notifications

of critical or significant outsourcing than in previous years. These cases mainly concerned: (i) IT infrastructure; (ii) document storage, very often in the cloud; and (iii) underwriting activities (change due to the recent presence on the Belgian market of international insurance undertakings with a business model based on the use of Managing General Agents). Work on these cases is almost entirely confined to the legal sphere and means a heavy workload for the Bank's legal experts.

During the period under review, outsourcing was central theme of the inspections conducted in insurance and reinsurance undertakings. During these inspections, there was particular emphasis on assessing how the outsourcing was organised in the pre-contract, contract and post-contract phases. Special attention focused on the adequacy of the

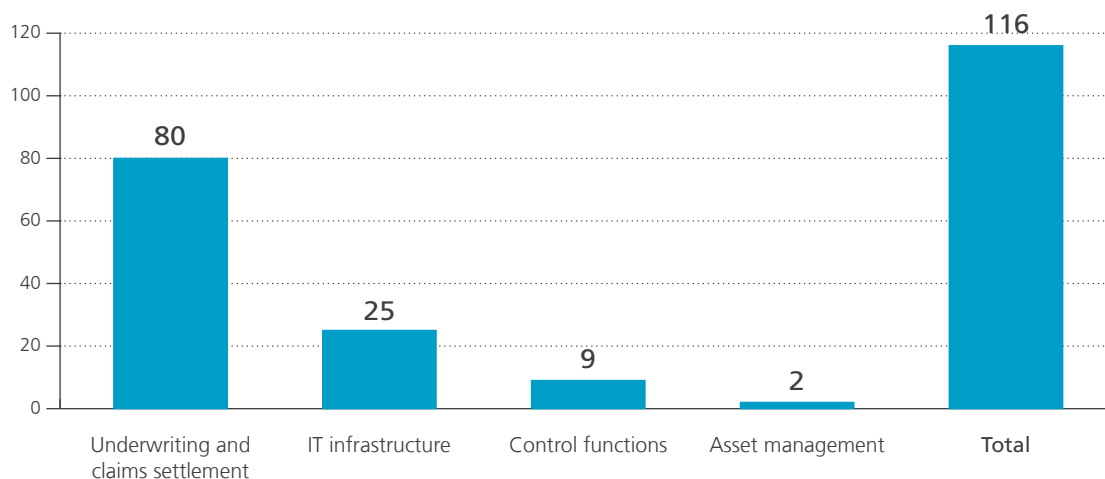
internal control system, and particularly the methods of selecting and assessing the subcontractors and the involvement of independent audit functions.

In order to maintain permanent monitoring of the exchange of information between the approved auditors appointed and the Bank, as part of the prudential supervision of insurers and reinsurers, workshops were arranged on a number of specific topics. During the year under review, the emphasis was on checking the valuation of investments, and more particularly on calculating the capital requirement for market risk. This provided an insight into the various auditing activities of the approved auditors and improved the coordination and alignment of the Bank's work with those activities.

The pandemic has further reinforced the outsourcing trend in the insurance sector

Outsourcing 2021

(outsourcing by insurers – nature of the cases examined)





"AT THE MOMENT, WE ARE FOCUSING MAINLY ON THE TRANSITION RISK ASSOCIATED WITH REAL ESTATE EXPOSURES"

BRENDA VAN TENDELOO / Prudential supervision and financial stability

Why must the financial sector and central banks pay attention to climate-related risks?

"Climate change can produce various adverse effects, such as prolonged droughts, intense rainfall and flooding, and rising sea levels. The repercussions of such events on firms and households naturally mean that financial institutions also face higher risks. For example, just think of the impact on insurance or the value of housing in an area prone to flooding. But the measures required for the transition to a more sustainable economy may also lead to structural changes in the economy, and hence in the financial system. For instance, stricter insulation standards may affect house prices. We refer to this as transition risks. Both types of climate-related risks are important."

How long has the Bank been interested in this issue ?

"The Bank first drew attention to the potential financial risk of these climate-related risks in its 2017 Annual Report. The first articles that it published on this subject in the 2018 and 2019 Financial Stability Reviews therefore aimed primarily to raise awareness of the potential dangers for the financial system. At first, the main focus was on the possible macroprudential implications, i.e. the impact on the financial sector as a whole, but we are now also thinking about the changes to be made to microprudential policy to take account of these risks."

Does the National Bank have sufficient influence ?

"Obviously we are not alone here. We are working with other European and international supervisory authorities, for instance to collect the necessary data and find out what information is needed, but also to examine how to adapt the risk management of financial institutions and the regulatory and prudential frameworks in order to take account of these risks, which are creating great uncertainty: there are multiple transmission channels and the effects are both direct and indirect. That is why scenario analyses and stress tests are essential to assess the risks."

The microprudential stress test and risk assessment to be carried out by the ECB in 2022, involving all the "significant" Belgian institutions, will be a crucial exercise.

I am also a member of the European Commission working group which is to contribute to a range of

Commission legislative initiatives on sustainable finance. In that group we present the Belgian position which is defined beforehand by the Belgian task force on this subject."

What aspects does Belgium focus on ?

"In Belgium, we have so far focused mainly on the transition risk relating to real estate exposures. There are two reasons for that. We consider that supplementary legislation aimed at boosting the energy efficiency of buildings and thus reducing emissions has extensive repercussions and is therefore a substantial risk factor for these exposures. Also, Belgian financial institutions have relatively large exposures to real estate. Our role as the supervisory authority is therefore to gather information on the energy efficiency of real estate exposures and to ask financial institutions to take that into account in their risk analyses."

What is your exact role ?

"I am a member of international working groups in which we design the regulatory supervision framework. I help to develop the Belgian legislation in this sphere and I analyse these risks within the Belgian financial sector. I also give regular presentations at congresses or conferences on the latest developments in the supervision of climate-related risks. Finally, I often provide input for presentations by members of the Board of Directors, and I formulate answers to questions from journalists or parliamentary staff. It is a very varied and fascinating job, because climate change is a matter close to my heart. The workload has increased exponentially, but fortunately we recently received reinforcements in our team, because there are many challenges ahead."

Are other NBB Departments concerned with this new issue ?

"Apart from the entities responsible for prudential supervision, some other departments are increasingly concerned with this subject: Research, General Statistics and Financial Markets. That is why the Bank has set up a transversal platform ("Climate Hub"), which I co-chair. It brings together representatives of various departments to improve the coordination of the miscellaneous activities on this subject."



Capital requirements for banks: Basel I, II, III, etc.

The National Bank plays an active role in a large number of international forums, such as the Basel Committee on Banking Supervision (BCBS). The BCBS is the main international body drafting standards for banking regulation and is an international forum for regular cooperation in the field of banking supervision. The Committee has its headquarters at the Bank for International Settlements (BIS) in Basel, and has 45 members, including central banks and banking supervisors from 28 different countries. Since the

BCBS was set up in 1975, the Bank has played an active part in it and in its various sub-structures.

The BCBS is known for the important agreements on banks' capital requirements: Basel I, Basel II and Basel III. This last agreement responds to the challenges and shortcomings concerning the adequacy of banks' capital highlighted by the 2008 financial crisis. The Basel III package therefore stipulated a substantial increase in the capital buffers that banks must hold and also reinforced the formal requirements applicable to capital instruments to improve their capacity for absorbing losses. In addition, the package introduced

Use of granular data for supervision and analysis

Since the 2008 crisis, the National Bank has put considerable effort into collecting granular data for supervision and analysis purposes, and for the production of statistical indicators.

One of the aims of collecting these data was to give the Bank tools for measuring financial risks in the economy. In particular, the economic repercussions of the COVID-19 crisis and the associated public health measures adopted by the authorities led to a shortage of liquidity for firms in a number of branches of activity, threatening their survival in the event of prolonged enforced closure.

The Central Corporate Credit Register, which in January 2022 became the Corporate Credit Register, records the credit granted by financial institutions to businesses and self-employed persons. It has shown that the availability of granular data permits timely monitoring of the risk situation. Moreover, detailed information supports the analyses conducted by the Bank's experts and enables them to fulfil their role effectively as independent experts, and thus to provide guidance for decision-makers and economic agents in times of crisis.

The Royal Decree of 14 April 2020, granting a State guarantee for certain loans in order to combat the repercussions of the coronavirus, and

the Law of 20 July 2020 authorised the Bank to monitor the credit granted. Following a few modifications, the new BECRIS (Belgian Extended Credit Risk Information System) permitted separate recording of not only the guaranteed loans but also loans granted payment deferral. Thanks to good cooperation between the various NBB services concerned and Febelfin, together with the flexibility of BECRIS, the system came into operation relatively quickly and efficiently.

The Bank has also conducted a number of simulations and analyses using the same data system in order to help the policy-makers to calibrate the support measures for the sectors affected by the crisis.

The microdata were also useful in the Bank's prudential supervision work, as they made it possible to set up a system of credit risk monitoring for undertakings in the banking sector. The granularity of the available data allowed attention to focus on particularly vulnerable sectors during the COVID-19 crisis in order to identify potential pockets of risk and check that the risk management of banks active in Belgium was sufficiently geared to those risks.



internationally harmonised minimum requirements for the banks' liquidity buffers. Finally, the package also established a set of measures limiting the leeway available in the internal models that banks use to calculate their capital requirements on the basis of the risks incurred.

Most of the elements of Basel III already apply to Belgian and European banks via earlier changes to the European banking legislation. However, the COVID-19 crisis is causing some delay in the introduction of the final part of the package of measures limiting the room for manoeuvre in internal models. The European Commission adopted a legislative initiative on that subject which it published in October 2021. In that context, the NBB like many other national central banks and supervisory authorities in the EU, advocated aligning the capital requirements for European banks entirely with the Basel III standards. That signal was also crucial to counteract a growing group of stakeholders arguing in favour of less stringent and more gradual introduction of the international standards in Europe. The Bank therefore urged the European Commission to ensure compliance with the letter and spirit of the international agreement, as deviation from the Basel III Accord could dent confidence in both the European banking sector and the regulatory framework in the EU, and consequently damage financial stability and the economy. Hence the importance of implementing international agreements consistently, promptly and in full.

The Bank, and more specifically the Service responsible for financial stability and prudential policy for the

banks, supports the Minister of Finance and Belgium's Permanent Representation to the EU, including day by day in the continuing European negotiations concerning these changes to the banking regulations in the EU Council of Ministers.

The European Supervisory Board held a very useful meeting at the Bank

In the euro area, banking supervision is entrusted to the single supervisory mechanism (SSM). It is directed by the European Central Bank in Frankfurt. The SSM Supervisory Board – on which the Director Tom Dechaene has a seat for the NBB – is the decision-making body that organises, plans and implements the supervision. The Supervisory Board is currently chaired by Andrea Enria, the former President of the European Banking Authority (EBA).

As a rule, this body meets in Frankfurt every three weeks. In view of the restrictions on travel and meetings on account of the coronavirus crisis, the Supervisory Board's meetings have been mainly in digital format since the start of the crisis.

However, in October 2021, the Board members travelled to Brussels to attend a meeting in person – for the first time in 18 months. The meeting was held in the Auditorium of the National Bank, in due compliance with all the health protection rules.

The agenda mainly listed strategic subjects, such as changes in the organisation of the SSM and the need for deeper operational integration of operations with

The Bank and other European supervisory authorities call for full compliance with the Basel III standards



Meeting of the European Prudential Supervisory Agency in the National Bank's Auditorium

the participating supervisory authorities, the priorities for banking supervision during and after the coronavirus crisis, and the increasing digitalisation of the banking business and of supervision itself.

Following this meeting the Bank organised an informal session for five members of the Supervisory Board and NBB staff involved in the operation of the SSM and its supervisory activities. The aim of this interactive exchange was to share professional experience with the board members and to talk together about the everyday operation of banking supervision. The subjects addressed were day-to-day cooperation between the ECB teams and those of the national supervisory authorities, the convergence of training programmes and career paths, simplification of the consultation and decision-making structures, and the introduction of common tools and working procedures to ensure efficient and effective operational supervision.

The Supervisory Board undertakes to transpose the many ideas and suggestions resulting from this strategic exercise into definite projects which will lead to their implementation.

The action plan of the Bank as the national resolution authority

The work of the National Bank as the Belgian resolution authority takes place within the single resolution mechanism, which is the second pillar of the European Banking Union. Every year, the Bank draws up an action plan reflecting not just its own priorities but also those which the Single Resolution Board has set for the European Banking Union as a whole. The 2021 action plan was based on four pillars which are crucial to ensure that the failure of any banking group can be resolved, if necessary, without any impact on the real economy, without affecting financial stability and without resorting to state aid.

Four priorities

These four pillars concern:

- The preparations undertaken with each of the banking groups established in Belgium to strengthen their resolvability: every banking group has to be ready for the potential implementation

of the resolution tools, and that entails significant preparatory work. In order to be considered resolvable, a banking group must satisfy a number of requirements concerning its organisation and its ability to continue operating in a crisis, its ability to restructure and the availability of its financial resources in the event of resolution. That concerns both its access to liquidity, its solvency and its capacity to absorb its losses and be recapitalised. This last requirement implies the need to build up capital buffers permitting the implementation of a bail-in. The calibration of that requirement was radically adjusted following the transposition of the revised Bank Recovery and Resolution Directive (BRRD2) into Belgian law in 2021.

- Development of a sufficiently robust legislative and regulatory framework to deal with failing institution situations: although the resolution framework introduced in 2014 has not often been tested in a crisis situation, preparation of the resolution plans has already revealed the need for adjustments. As an expert, the Bank takes part in negotiating these adjustments at European level and implementing them at national level.
- Development of the Bank's own crisis management capability: while the implementation of the resolution tools requires well-prepared groups and a robust legal framework, it also entails preparatory work by the authorities, who have to draw up national manuals describing the various legal and operational stages involved in implementing the various resolution tools.
- Creation of resolution funds prefinanced by the sector: this last aspect is meant to ensure that funding is available if the resolution tools have to be used. That finance provided by the sector essentially takes the form of a European resolution fund. In 2021, the Single Resolution Fund raised contributions amounting to € 10.4 billion, taking its total to € 52 billion. Belgian credit institutions put in € 347 million in 2021, compared to € 301 million in 2020, increasing the size of the Belgian compartment to € 2 billion.



"A REWARDING SECONDMENT TO FRANKFURT – WITHOUT MOVING HOUSE"

THOMAS LAMBRECHT / Payments and Securities

Thomas Lambrecht has been working for some years now in the Financial Markets Department, in the TARGET2 team providing operational support for Belgian TARGET2 participants. TARGET2 is the ECB's real time gross settlement system which central and commercial banks use to deal with payments via book entries on accounts held by the central banks.

In 2021, Thomas worked for the ECB for six months on the new TARGET (T2) platform which will be launched in November 2022.

"I am a member of several working groups at the Bank. One of them is the TARGET Services Operational Documents Drafting Group, which drafts the manuals on operational procedures for TARGET services. These working groups generally also include two representatives from the ECB: the chairperson and a secretary or rapporteur. When the rapporteur went on

maternity leave, the chairperson spontaneously suggested that I should replace her during that period. I was very familiar with the operation of the working group and had already worked with colleagues from that Service before. So, everything followed on from there: the Head of the ECB's Market Infrastructure Management Division sounded out my line manager who was immediately in favour of a secondment."

Did you actually move to Frankfurt?

"Originally that was in fact the intention. But the State of Hessen – which includes Frankfurt – was imposing very strict public health measures last year. As I would not have been able to go to the office, there was not much point in me sitting in a room on my own. The ECB sent me all the IT equipment (laptop, GSM, etc.) and user names, and everything worked very well."

Would you have preferred it to be otherwise?

"In some ways, continuing to work from home was obviously more practical. But you miss the informal contact. At the Bank, I know exactly what each member of our small team is working on, whereas at the ECB the team comprises around 40 staff within an even bigger Directorate General. If you are not on site, it is very hard to get to know everyone and find out who is responsible for what. For example, when you have to write a paper and are unsure of the right procedure or the appropriate protocol, you cannot just ask the advice of the colleague sitting next to you."

*"If you are not on site,
it is very hard to get
to know everyone"*

Despite having to work from home, did you benefit from the experience?

"Yes, indeed. From our perspective at the NBB, we often underestimate the very tight deadlines and considerable preparatory work done at the ECB. If you yourself are part of the set-up for a while, you have a better understanding of the internal workings of the 'machine'. If I had the opportunity again, I would jump at it! But I would prefer to go under normal conditions and stay in Frankfurt next time."



TARGET

TARGET is the abbreviation for **T**rans-European **A**utomated **R**eal-Time **G**ross Settlement **E**xpress **T**ransfer. Trans-European Automated Real-Time Gross Settlement Express Transfer. In the current TARGET2, "2" means second generation. Legally, the new platform is simply called "TARGET", but it is technically referred to as T2 because it consists of two parts: the Central Liquidity Management (CLM) part relating to the settlement of central bank transactions, and the Real-Time Gross Settlement (RTGS) part for the settlement of cross-border payments.

The growing importance of **external relations**

The Bank's international activities are also taking place in virtual form

The coronavirus crisis continued to have a considerable impact on European and international cooperation this year. Most meetings of the European Central Bank, the Eurosystem, the single supervisory mechanism, the Bank for International Settlements and the International Monetary Fund were held in virtual form, except for a few physical meetings when an improvement in the situation permitted.

Despite the virtual format, the National Bank continued its active collaboration with European and international institutions. It is in fact a key link in cooperation with the International Monetary Fund. On 1 May 2021, Luc Dresse was appointed Alternate Executive Director of the constituency to which Belgium belongs, taking over from Anthony De Lannoy. Together with Paul Hilbers from the Netherlands, he directs this constituency comprising 16 countries.

The pandemic is also affecting the work of the IMF. The annual Article IV mission in which the IMF analyses a country's economic and financial policy, and which normally involves an IMF delegation visiting Belgian institutions for several days, took place virtually for the first time. One of the mission's main conclusions was that the budgetary support currently provided by the Belgian government to attenuate the economic impact of the pandemic needs to be maintained until the COVID-19 crisis has calmed down. After that, the policy must concentrate on long-standing challenges, such as restoring fiscal reserves and boosting labour market participation.

The IMF's annual spring meetings held in April were also all conducted in virtual form. The October annual meetings were held in hybrid form and were the first IMF meetings since the start of the pandemic to have a small number of participants physically present. Belgium and the Bank were represented respectively by Vincent Van Peteghem, Deputy Prime Minister



and Minister of Finance, and Steven Vanackere, Vice-Governor of the Bank.

The Bank plays an active part in the IMF initiatives aimed at facilitating the global economic recovery. This year the IMF issued an historic allocation of special drawing rights (SDRs) amounting to \$ 650 billion. The Bank helps to transfer part of the allocated SDRs to vulnerable countries, to bolster their financial support. Discussions are still ongoing at the IMF on the best way to channel these resources into areas where the need is greatest. The intention is therefore to create a new fund to support vulnerable countries in addressing long-term challenges which entail considerable economic risks, such as climate change and pandemics.

The Bank organised a virtual conference on 25 March on the subject of “The rule of law in the EU: state of play and its implications on candidate and neighbouring countries” for the central bank Governors of the International Monetary Fund constituency. Didier Reynders, the European Commissioner for Justice, led the debate and explained the Commission’s position on the rule of law. Wouter Bossu, Senior Counsel at the IMF, presented the Fund’s position. In the debate, the Governors were able to express their points of view and exchange opinions freely with the representatives of the Commission and the IMF.

The COVID-19 crisis had an adverse impact on the Bank’s technical cooperation, as the Bank received fewer requests for cooperation and carried out fewer assignments than before the crisis. It adapted to the new circumstances and set up virtual partnerships. In particular, the Eurosystem’s ambitious technical cooperation programme for the central banks of candidate and potential candidate member countries of the European Union – in which the Bank is involved – was successfully completed. All the cooperation activities took place in virtual form, and the programme ended in December. In this connection, the Bank organised training on the subject of internal audit and took part in training on financial stability and banking supervision. All the participants in this programme (the European Commission, 19 national central banks from the EU, the ECB and the beneficiaries) praised its quality and have already agreed to arrange a follow-up programme scheduled to start in September 2022.

*International cooperation
is fully operational despite
the COVID-19 crisis*

The Bank continues to strengthen its communication, even in difficult circumstances

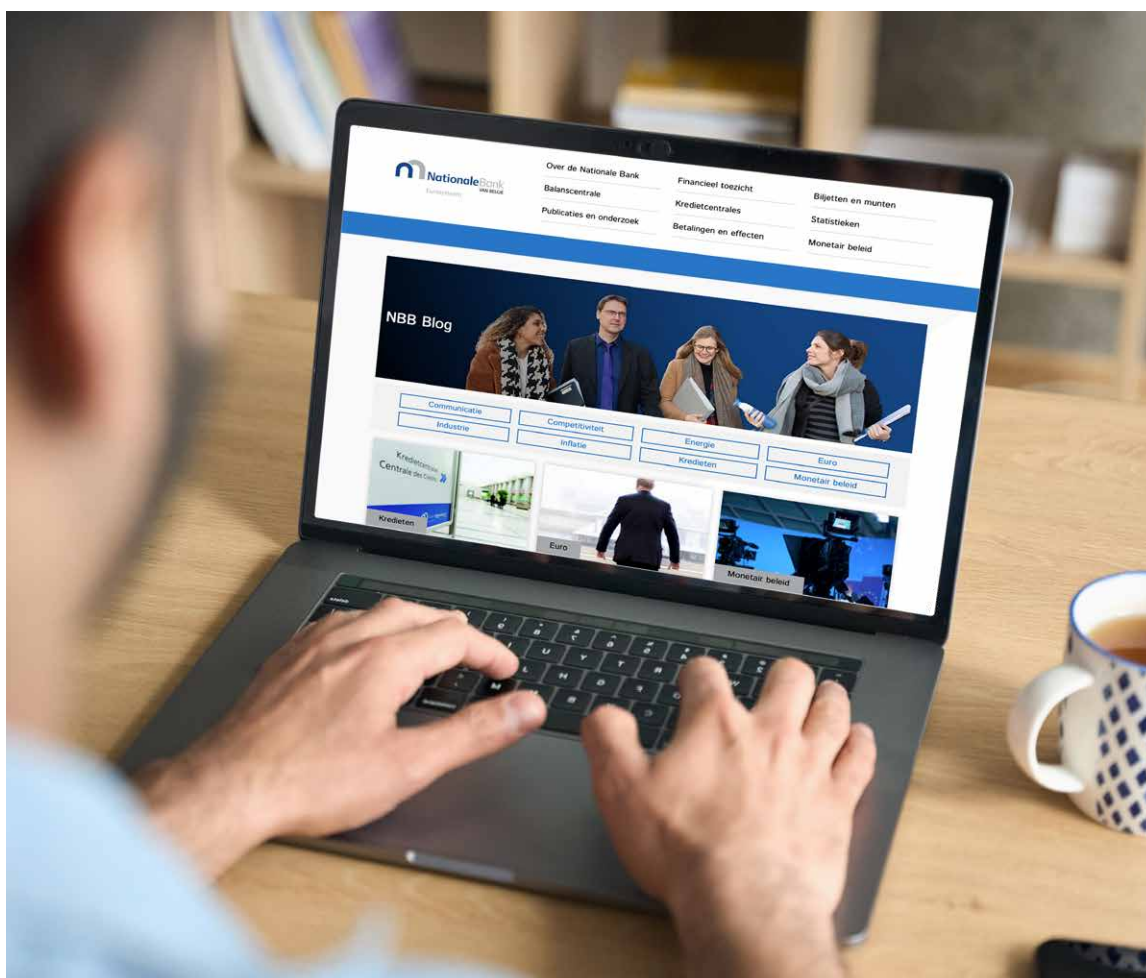
The National Bank performs a great many tasks at the service of society, but the general public is not always very familiar with that work. The reason is that, in the past, the Bank did not always consider it necessary or appropriate to inform the public, and in some cases, it was bound by very strict professional secrecy. However, times are changing and a central bank – nowadays more than ever – needs to explain and justify everything that it does at the

service of society and in promoting the stability of the economic and financial sector. This is a major challenge for all central banks because it requires a change of attitude on the part of each one. Fortunately, the National Bank has been fully committed to that for a number of years already and is now a front runner in the Eurosystem. The Bank is increasingly aware that a more open and attractive communication culture is crucial for an institution which, day in day out, conducts supervision or publishes interesting research, statistics, charts, recommendations and reports.

A new communication strategy

Last year, the Communication Service therefore rolled out a new strategy putting yet more emphasis on the development of digital and audiovisual communication channels. Accessible language is also central to this new policy, in order to make it easier to reach interested persons who have a less developed background in economics. Finally, more attention was also paid to the graphic design of the publications and digital media, e.g. by the production of clearer infographics and visual illustrations.

In this connection, the “NBB blog” was published in the late autumn of 2021 as a new communication channel. Staff in all areas of activity at the Bank can use this to publish short, accessible contributions on current events. With its blog, the Bank is fulfilling the general aim of bringing its independent experts into the limelight. Last year also saw it launch the redesign of its website www.nbb.be. The aim of the project, which will take a good two years, is



to update the Bank's website and make it more user-friendly and accessible, facilitating easier, faster navigation in the future.

External relations in the time of COVID-19

In 2021, the Bank again had to adapt its communication efforts because of the COVID-19 situation, which precluded physical attendance at most of the events. In many cases the Economic Relations Division of the Communication Service therefore had to organise webinars which the general public could subscribe to. These digital events were very successful, particularly the online presentations of the Bank's Annual Report, the half-yearly economic outlook, the Economic Risk Management Group's

surveys of the economic consequences of the COVID-19 crisis, and the Financial Stability Report, which attracted hundreds, if not thousands, of participants. Another highlight was the online listening event concerning the impact of current monetary policy, staged by the Bank at the request of the ECB. More than 30 organisations from Belgian civil society were able to state their views in an online discussion



The NBB held an online listening event on 22 January 2021

with Governor Wunsch and Governor Klaas Knot of the *Nederlandsche Bank*. Another point worth mentioning was the popularity of the digital seminars organised by the NBB on the subject of central bank digital currency (CBDC). The potential introduction of a digital euro is clearly a very topical subject in Belgium.

Last year, Governor Wunsch and various members of the Board of Directors also accepted regular invitations as keynote speakers at events in the economic and financial sector or at business clubs. Such invitations are always assessed beforehand on the basis of the compliance rules, including those laid down by the ECB.

The focus of national and international media attention

The Bank's media events and numerous press releases again received considerable attention in the Belgian media in 2021. The NBB research, surveys and

statistics were regularly accompanied by articles on news websites such as *tijd.be*, *lecho.be*, *trends.be* and *tendances.be*. A highlight of 2021 was the keen interest that the Governor attracted in the international media. The views of Pierre Wunsch on the European Central Bank's monetary policy were widely reported by foreign press agencies and various newspapers in the second half of 2021. Bloomberg TV and Reuters invited Governor Wunsch to give live interviews on popular current affairs programmes. The well-known German economic journal, *Wirtschaftswoche*, and the specialist news agency MNI published the interviews.

Internal communication at the forefront

Since the Bank had to keep to a teleworking regime and regularly needed to introduce new rules relating to COVID-19 for much of the year in 2021, the internal communication team had a very busy time. Internal news production has tripled since the start of the pandemic. Considerable efforts were also devoted to raising awareness of the Strategic Review.



Governor Pierre Wunsch interviewed on Bloomberg TV on 15 October 2021

Hearings in parliamentary assemblies

In 2021, parliamentary assemblies again asked the Bank to send representatives to hearings. Our institution considers its participation in hearings as a communication tool and an element of its accountability. The Bank willingly sends members of

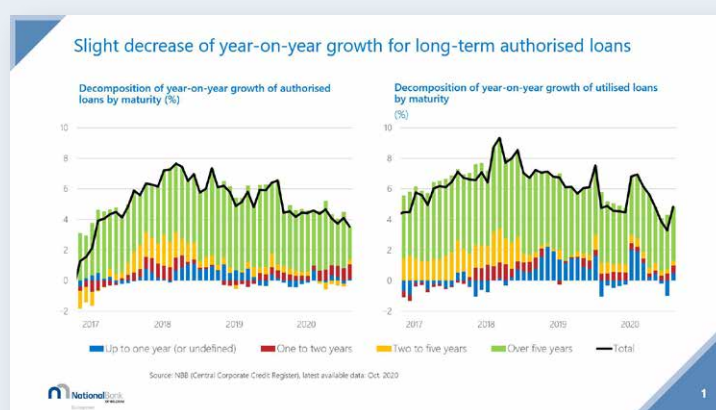
the management or staff to explain its surveys and recommendations, and its supervision of the financial sector.

This year, representatives of the Bank took part in five hearings at the federal parliament and one hearing at the Flemish Parliament.

Hearings in which the Bank took part in 2021



“The bank guarantee system” in the Parliamentary Committee on Finance and the Budget.



PowerPoint presentation slides by Jo Swyngedouw and Saïfedine Ben Hadj on the bank guarantee system



“The impact of the COVID-19 pandemic on self-employed workers” in the Parliamentary Committee on the Economy, Consumer Protection and the Digital Agenda.



Presentation of the Bank's **Annual Report on economic and financial developments and explanation of the bank guarantee system** in the Parliamentary Committee on Finance and the Budget.





"The insurance sector's behaviour towards consumers, self-employed workers and SMEs, i.e. the sectors most affected by the COVID-19 pandemic" in the Parliamentary Committee on the Economy, Consumer Protection and the Digital Agenda.



Screenshot of a hybrid hearing (physical and video) on the insurance sector. Bottom left Patrick Massin.




"The rise in property prices in general and as a result of coronavirus" in the Flemish Parliamentary Committee on Housing and Heritage.



"Cryptocurrencies" in the Parliamentary Advisory Committee on scientific and technical questions.



Screenshot of a hybrid hearing (physical and video) with Director Hermans on cryptocurrencies.



Innovating is in the DNA of the support functions

A range of IT challenges

In 2021, the strategic goals in the field of IT were transposed into an action plan, with a data centre in the cloud as one of its technological building blocks. The strategic plan, which will be rolled out over several years, will continue to put into effect the digital transformation of the Bank and the IT Department, in partnership with the business entities. The aim will be to strike a balance between the promotion of new technologies and the business continuity of our operations.

The transformation of the IT Department presents both technological and human challenges. It is therefore an essential element of the strategic plan that our staff are able to adapt and acquire new skills, and that we attract new talent and tailor our organisation to new and future needs.

Although the circumstances were not ideal owing to the COVID-19 work restrictions, various applications were delivered in 2021: CashSSP2 (the new version of

the platform for monitoring and recording banknote transactions), CAP 2.1 for the central point of contact for bank accounts, and BECRIS for the Central Corporate Credit Register, renamed the “Business Credit Register” since January 2022. New technologies such as natural language processing and machine learning were tested on the basis of use cases put forward by firms, while new automation techniques such as Robotic Process Automation gave rise to an initial series of operational applications. The innovative strength of the IT Department also received international recognition with the participation of NBB staff in projects such as the design of the SSM innovation lab, initiated by the ECB and the national supervisory authorities to test innovative technologies. Using the latest analysis techniques, the IT Department helped to design the Bank’s model of the distribution of cash machines and the availability of banknotes.

The Bank’s data centre is likewise undergoing a further transformation. Among other things, a specific

infrastructure is being set up to support the Bank's future Cash Centre in Zellik, and the contract for the back-up centre was renewed in 2021. But one of the key strategic achievements of the year under review concerned laying the foundations for the future data centre in the cloud. The aim of the data centre stored in the cloud is to offer the business entities new tools, such as artificial intelligence or "big data" techniques, and to rationalise and modernise the Bank's IT environment.

COVID-19 continues to cause problems for the IT Service

Just as in 2020, the successive waves of the COVID-19 pandemic had a major impact during the year 2021. As it became evident that widespread working from home would now become part of our everyday life, it was necessary to address new needs such as hybrid meetings. Although most of the conference rooms at our head office already had the facilities for arranging virtual meetings, some of them were upgraded and converted to fully-fledged hybrid conference rooms. Workstations at home and in the office were more closely aligned via the distribution of new headsets and screens, so that staff have more or less the same equipment at home as in the office. In 2022, the digital workplace will become even more efficient by integrating traditional telephones with the online videoconference system (Microsoft Teams).



In the past three months, over **1.5 million chat messages** were exchanged and calls totalling just over **6.5 million minutes** took place via Teams. In addition, there were just over **25 000 online meetings**, or around 400 a day.



A "sporting" success!

In regard to its IT needs, the Bank has introduced rapid automation methods to supplement traditional development. They are based on robotic process automation (RPA) technology and "low-coding".

An NBB team won the silver medal in the Banque de France hackathon competition, in which teams competed for three days to design the best solution for a specific need.



Human resources

Hybrid working, the “new normal” after COVID-19

In the spring the Human Resources Department and a working group of managers discussed ways of working once coronavirus is behind us. It was already obvious that a return to the old situation, with people mainly based in the office with one day a week working from home, would not be appropriate.

In order to achieve a balanced combination of various factors, such as team cohesion, the work-life balance, efficiency, corporate culture and the training of new staff, it was suggested that, in the post-COVID period, employees should spend half of their time in the office and work from home for the other half.

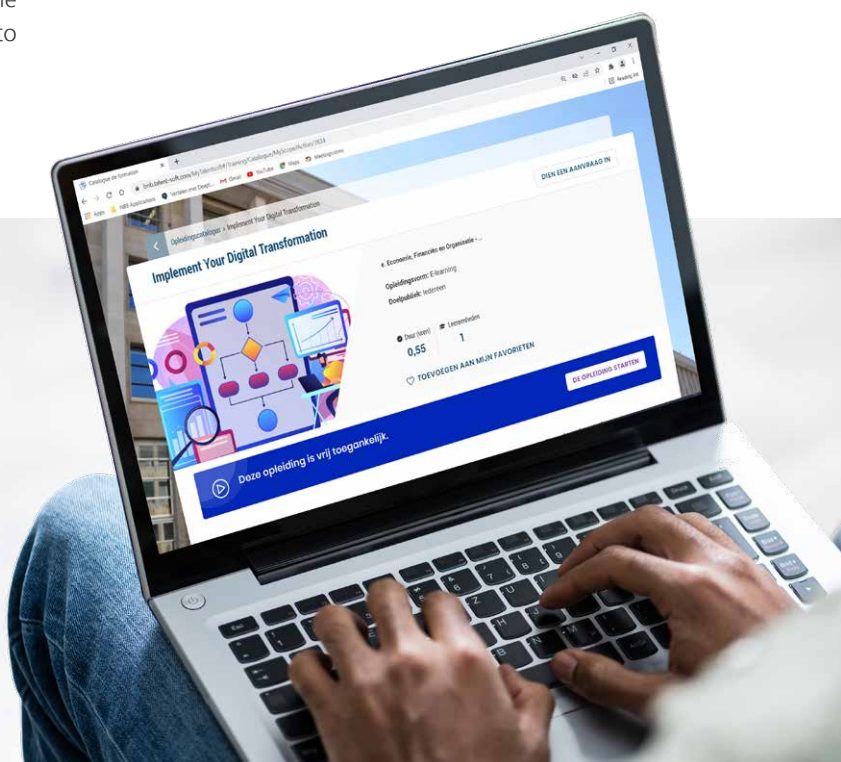
Since the Bank as an organisation had little if any experience of hybrid working before the coronavirus crisis, the proposal was that the policy should be assessed and adjusted if necessary after six months. Owing to the fourth wave of the pandemic, the roll-out of the new hybrid working philosophy had to be postponed until 2022.

The e-University offers staff the opportunity to pursue training at their own pace. They can do it in the office or at home, during office hours or at other times. Flexibility and accessibility are paramount.

Training at the Bank now also takes place digitally

In early 2021, the Bank launched the e-University, a digital learning platform offering all staff the opportunity to receive training via their computer, where and when they like.

In the process, the range of courses was greatly expanded with around a hundred e-learning modules. The range of electronic courses will be extended further in the coming years. Staff are offered a choice of short modules explaining key basic concepts and courses in greater depth taking several hours.



A new online starters course was devised for all new staff of the supervisory Services. In addition to a number of general modules explaining the structure and operation of the Services, modules were developed on expertise, legislation, applications and results for various spheres of supervision. This gives new staff a transversal view of the various entities and areas of expertise.

This initiative was also adopted by other Services at the Bank. There is growing interest in digitalising more NBB-specific training and courses.

Alongside general modules and service-specific modules, the Bank is investing in modules teaching technical skills which can be used throughout the Bank, such as data processing. The training catalogue now also includes general and specific IT training courses for staff.

Once the health situation so permits, the Bank would like to arrange hybrid courses which link traditional training to the range of e-learning courses. This will give staff the opportunity to test their remotely acquired knowledge with their colleagues in the office working environment.

Internal mentoring

A system of “internal mentoring” is increasingly being used to support the professional development of specific profiles, such as new recruits, new managers and under-represented groups.

The mentor is an experienced role model who can guide and support young colleagues in their development. The process assists the person receiving guidance, known as the “mentee”, who learns from

the mentor’s past career path. Mentees state their own objectives and choose a mentor from a list of at least two proposed names from outside their own

hierarchy. Throughout the process, the mentee is “in the driving seat” and the two parties decide how to work together. A practical diary for the mentee ensures that the process is clearly structured, progress is recorded and constructive mutual feedback is exchanged.

In 2021, the Bank provided training for more than 30 candidate mentors from various levels of the hierarchy in preparation for their role. The training took the form of a practice-based workshop (with a training instructor) plus a practical guide for mentors and a selection of e-learning modules.

The mentees also pursued a tailor-made NBB e-learning course so that they could confidently embark on their mentoring process.

The advantages of internal mentoring extend beyond the mentee’s own personal growth. The system makes use of the talent and experience available at the Bank and offers experts the opportunity to take their first steps in managing people. Mentoring also enables staff to gain a better idea of the Bank’s corporate culture. Finally, it extends and expands the networks within the Bank, promoting cooperation beyond silos and fostering innovation.

The mentor is an experienced role model who can guide and support young colleagues in their development



RANDSTAD 2021 BEST EMPLOYER OF THE YEAR #16

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2021
Randstad Employer
Brand Research



NationaleBank
Eurosysteem
VAN BELGIË

Recruitment continued ... in difficult circumstances

Despite the persistence of the health crisis and the battle for talent on the labour market in Belgium, the Bank recruited large numbers of staff this year to ensure the timely replacement of many colleagues taking retirement and to boost staff numbers where necessary. The Bank took on no fewer than 80 permanent staff and 49 temporary employees.

In 2021, the recruitment process was again conducted almost exclusively online, including the selection interviews and assessments. For new staff, starting work for a new employer was undoubtedly a challenge. The Talent Acquisition team therefore took trouble to arrange a physical welcome, always with due regard for the necessary safety measures. The entities receiving new staff likewise made an effort to welcome them as members of the team in an appropriate, corona-safe way.

Last year, the Bank continued to invest in showcasing its attractiveness as an employer. And those efforts paid off, considering the number

of new employees which the Bank managed to attract, and the results of the Randstad's Employer Brand Research, in which the Bank moved up from 18th place in 2020 to 16th in 2021.

This survey covers all private companies in Belgium with a workforce of more than 1 000 and asks about their image as an employer. In 2021, that concerned 182 firms. The poll covered more than 14 000 participants, reflecting the population between 18 and 65 years of age. Respondents were presented with 16 criteria. The survey reveals that, on average, COVID-19 had no

adverse impact on the employer's image. However, it did lead to the inclusion of two new criteria: "the

option of working from home" and a "corona-safe working environment". The National Bank came out rather well!

*The National Bank is
one of the most attractive
Belgian employers*



70 % of staff have higher education qualifications

The Bank's workforce has continued to shrink, down from 1 680 full-time equivalents (FTEs) at the end of 2020 to 1 651 FTEs by the end of 2021. The downward trend of previous years was therefore maintained. In the years ahead, there will still be large numbers of staff leaving the Bank who will need to be replaced. This downward trend will continue, but will be less pronounced.

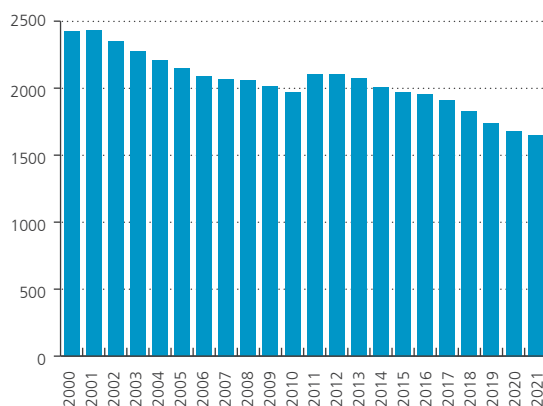
The consequences of a protracted recruitment freeze will still be apparent in the age pyramid for some years yet.

Recruitment over the past four to five years is very gradually correcting this imbalance. The effects of the early retirement plan are still visible in the 51-60 age group. Those effects will gradually disappear over the coming years, once the last participants retire at the end of 2023.

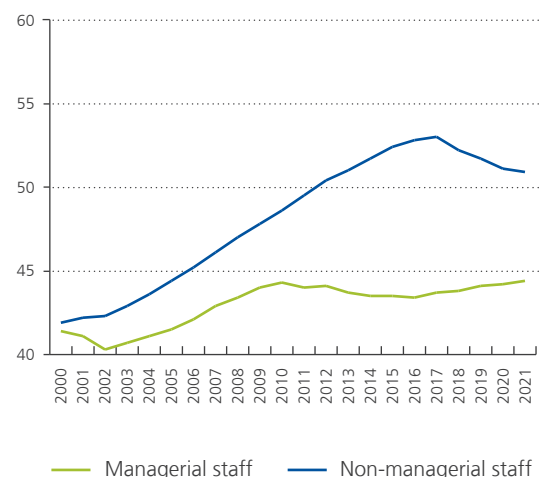
Since this plan only applies to non-managerial staff, the impact is even more evident in the chart below, in which the average age has fallen significantly over the past five years.

The Bank endeavours to attract highly-skilled profiles. More than 70 % of our staff have higher education qualifications: 44 % have at least a Master's degree.

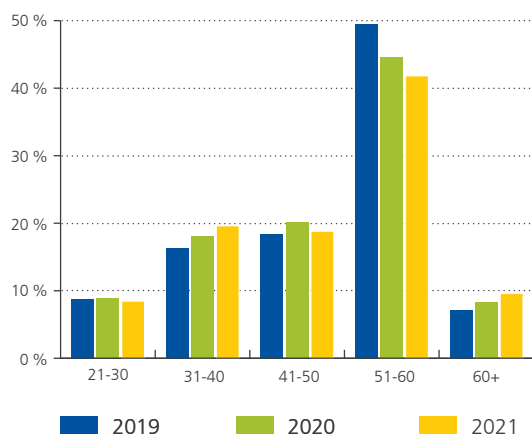
The Bank's workforce
(number of FTEs per annum)



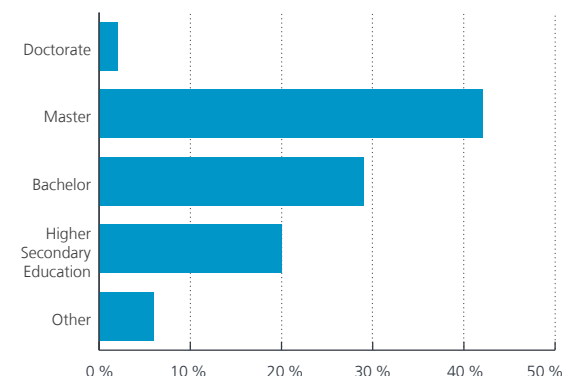
Average age of staff over the years



Staff age distribution



Training level of the workforce in 2021



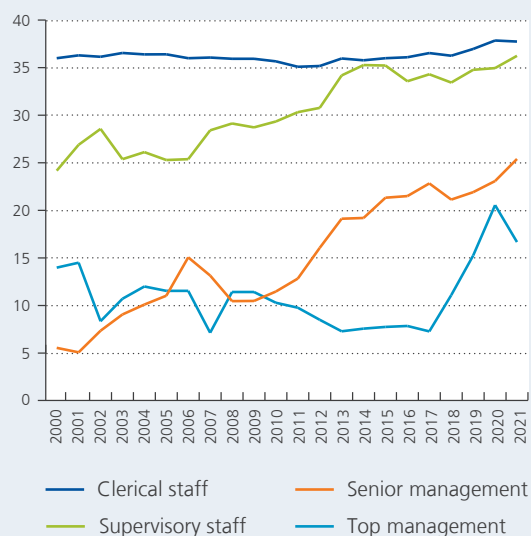
Diversity

On the subject of diversity, implementation of the action plan to boost the proportion of women at all levels is continuing. This year there has been a further rise in the managerial and middle management echelons. At Bachelor's degree level, the increase is down slightly. In practice, the percentage of women at the most senior management level has been relatively stable this year. The steepest fall recorded in the chart is due to the end-of-year situation which takes

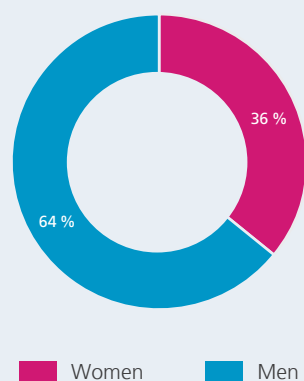
account of temporary changes in the working regime. Those changes have a major impact on the percentages owing to the small numbers of top management. In 2021, progress in gender diversity was nevertheless insufficient in the light of the targets which the Bank set for itself.



Percentage of women at each level in the workforce over the years



Percentage of men and women in the workforce in 2021



Obituaries

In 2021, the Bank was sad to hear of the death of the honorary Director Robert Reynders, who was a Director of the Bank from 1990 to 2000. The honorary Censor Roger Mené, who was a Censor from 1983 to 1997, also passed away in 2021.

In 2021, the Bank was also saddened by the death of three staff members: David de Antonio Liedo, Ignace De Landsheer and Peter Van Braekel.

They will always be remembered.

Retirements

The Bank would like to express its gratitude to the staff who retired in 2021.

The Bank and the well-being of its staff

In 2021, it was 25 years since the introduction of the Law of 4 August 1996 on the well-being of workers in the performance of their work.

This Law ushered in a real revolution in occupational risk prevention. The simple provision of resources stipulated by law gave way to the obligation to fulfil specific aims: to safeguard the health and safety of workers.

It introduced the concept of well-being at work, extending the scope of risk prevention to other disciplines such as ergonomics, occupational health and safety, and psychosocial aspects, leading to a more comprehensive approach to health and safety based on a dynamic risk management system. It also reformed the preventive arrangements with the introduction of the internal and external services for prevention and protection in the workplace.

The Bank's Prevention and Protection Service is there for everyone

The Internal Prevention and Protection Service was set up at the National Bank in response to the new legislation. Over the years, its work has continued to evolve, particularly as a result of changes in society.

Preventive measures used to focus mainly on safety, but the Well-being Law shifted attention more towards the individual worker's general well-being,

with an additional dimension: psychosocial risks. Occupational medicine, which is an integral part of well-being at work, has also progressed from strictly medical monitoring to a multidisciplinary approach. The result is better cooperation between the various disciplines: occupational medicine, ergonomics, psychosocial risks, and industrial health and safety. Nowadays, the medical officer is involved in risk prevention as a whole and is no longer limited to purely medical aspects.

There are some major challenges ahead for the Bank, such as:

- The psychosocial risks inherent in the frequent and increasingly rapid changes taking place in the world of work, such as the significant advance of new technologies, globalisation, frequent restructuring, teleworking, the work-life balance, etc. The number of people with problems will not be greater than before, but the nature of the problems will change, certainly if the pandemic continues to drag on.
- Management of the risks associated with the many projects concerning the Bank's premises in the next few years (refitting of the office complex on the west side of Boulevard de Berlaimont, the new Cash Centre, the possibility of temporary accommodation in Rue d'Arenberg, followed by total renovation of the main building), and for which the Bank is bringing in numerous outside firms.



Facilities management: the Bank's building projects

Construction of the Cash Centre at Zellik has begun

Via public tender, the Bank appointed the BPC–CIT Blaton consortium as the main contractor for construction of the new Cash Centre in Zellik. Most of the other public contracts relating to the infrastructure and technical operation of the Cash Centre were also awarded in 2021.

Building work began in August 2021. The main contractor informed the neighbours of the work schedule, the organisation of the site, and various measures intended to ensure the safety of pedestrians and cyclists on the roads in the vicinity of the site. An effort is also being made to minimise the inevitable inconvenience for the neighbourhood resulting from the work and site traffic.

About 80 employees will work in the cash center

The intention is for the main contractor and the various subcontractors to deliver the building by the spring of 2024. After that, several months will be spent on conducting tests and transferring the banknotes and coins. If all goes to plan, the cash-related activities will be entirely relocated from Brussels to Zellik by the end of 2024. The automation of numerous processes in the new infrastructure will generate considerable staff savings. Around 80 employees will work at the Cash Centre.

Selection of a multidisciplinary design consultancy and renovation of the main building

The public tender launched by the Bank at the end of 2020 for the appointment of a multidisciplinary design consultancy to refit, renovate and restore the main building attracted a great deal of interest. No fewer than 31 consultancies applied. In June 2021, the Bank selected the five candidates submitting the most relevant reference projects and offering the best team.

On 9 December 2021, these candidates submitted a bid which included an outline project and a scale model. The bids received will now be analysed in depth and the candidates will have the opportunity to present their design and their vision of the project to an advisory committee of internal and external experts. The public contract will be awarded in the summer of 2022, after which the design phase will begin. The actual refurbishment work will not start until late 2024, following delivery of the new Cash Centre and transfer of the cash-related activities from the head office to the new building in Zellik.





Leasing of temporary office space

At the end of 2021, the Bank concluded a lease with Immo Arenberg N.V. for office space in the building at Rue d'Arenberg 5-7, close to its head office, to provide office space for some of its staff during the refurbishment of the main building.

The Arenberg building, which dates from the early 20th century and was fully refurbished in the early 2000s, is currently leased by the Flemish Community.

The Bank decided to arrange more hybrid conference rooms

Refurbishment work

In 2021, the Bank began the work of refurbishing the office complex on the west side of Boulevard de Berlaimont. The aim is to create around 600 additional workstations, needed to temporarily accommodate staff members during the renovation of the main building.

In mid-December, one of the three floors being refitted at the front of the complex in the Blaton building

was ready for use. Although the Bank has had to contend with longer-than-expected delivery times for building materials, there has been no impact as yet on the progress of the work. The two upper floors of the Blaton building will be delivered in early 2022. The removal of asbestos from certain parts of the building is also on schedule. Plans for the work on other parts of the complex were finalised in 2021.

Since working from home has become much more common, the Bank decided to arrange more hybrid conference rooms with suitable audiovisual facilities so that meetings can take place efficiently with some participants physically present and others taking part remotely.

The Bank's staff entrance had a major facelift in 2021: a new ceiling, new lighting, three individual revolving doors to replace the old turnstiles, and a new porter's lodge where visitors can announce their arrival. There is also a separate entrance for staff members or visitors using wheelchairs or for persons wishing to carry goods in or out.

These alterations are preparing the staff entrance for its use as the Bank's main entrance during the renovation of the main building.

Sale of the Printing Works building

The contract for the sale of the Printing Works building was concluded in January. Vacating of the building continued in 2021. The last printing presses and machines were sold. Some smaller equipment was given to schools in Verviers and Dolhain, which were seriously affected by the floods in the summer of 2021. The safes were emptied and all valuables were transferred to the head office, together with the laboratory equipment used to analyse banknotes. The last staff members still working in the building were transferred to other jobs at the Bank.

Following the termination of the hazardous activities associated with printing, the Bank arranged a soil condition survey and risk analysis in accordance with the regulations laid down by Brussels Environment, the environment and energy authority for the Brussels-Capital Region. It was not possible to submit the report to Brussels Environment until November, delaying the notarial deeds by several months. The deeds were signed on 11 February 2022.



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AV. J.-C.
V. CHR.
BC

Van runderen tot
hyperinflatie in Rome

KEIZERS IN GELDNOOD

De val van l'hyperinflation
à Rome

EMPEREURS DANS LE BESOIN

Von Rindern zur
Hyperinflation in Rom

KAISER IN GELDNOT

From cattle to
hyperinflation in Rome

EMPERORS IN NEED OF MONEY

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50 + 6 x 50





2. The Bank and its social responsibility

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2.2	CSR efforts by the Bank as the central bank and the supervisory authority for the financial system	78
2.3	The National Bank also aims to be a socially responsible enterprise	87

The National Bank of Belgium performs a multitude of tasks at the service of society, as Belgium's central bank within the Eurosystem, as the prudential supervision authority for the financial sector, and in the provision of economic and financial data and analyses. In so doing, it ensures that it carries out these tasks in an efficient and sustainable manner, that being the basis for its social relevance. That aspect is examined in the first chapter of this section on the subject of corporate social responsibility (CSR).

The Bank also aims to be a socially responsible enterprise. The second chapter describes how the Bank puts that into practice.



<p>Why does the NBB want to be socially responsible?</p>	<ul style="list-style-type: none"> ■ The quest for sustainability in society influences the key tasks of the NBB as a central bank/supervisory authority. It therefore wants and needs to be proactive in paying attention to that in the various areas of policy. ■ The NBB performs tasks at the service of society but is also part of that society. That is why the NBB supports the transition to a more sustainable economy with a smaller ecological footprint, for example, and more diversity and inclusion.
<p>What are its main practical goals?</p>	<p>As the central bank and as the supervisory authority of the financial system:</p> <ul style="list-style-type: none"> • Place greater emphasis on the social relevance of economic and financial data and analyses • Foster the resilience of the financial system in the face of climate-related risks • Promote secure cash and efficient payment systems • Improve the sustainability of portfolios under its own management <p>As an enterprise:</p> <ul style="list-style-type: none"> • Aim at a workforce which is more diverse and inclusive at all levels • Reduce the Bank's carbon footprint • Place greater emphasis on social relevance in the choice of sponsorship partners
<p>How will it achieve them in practice?</p>	<p>Just as society is constantly changing, so the NBB's CSR policy is evolving to some degree:</p> <ul style="list-style-type: none"> • Demonstrate sufficient flexibility and pragmatism to respond to new developments • Organise internal consultation and clear communication wherever possible • Maximise staff involvement • Set (intermediate) goals, monitor progress and adjust the initial targets

CSR efforts by the Bank as the central bank and the supervisory authority for the financial system



Collecting and analysing economic and financial data is one of the main tasks of the National Bank as the central bank. Its analyses and research are used primarily as the basis for decisions in its own

spheres of activity, namely contributing to monetary policy and financial stability, mapping the economic and financial situation and promoting the smooth operation of payment systems. In addition, other researchers and policy-makers can use these data and analyses to support their policies, and the Bank's researchers themselves give advice on policy.



In addition to conducting research and analyses, the Bank's role also includes circulating and clarifying that information via publications, seminars, speeches or interviews. Its data and analyses thus have a considerable impact on society and on the well-being of households and businesses in particular. In other words, the Bank aims to be highly relevant to society.

In the light of this, the Bank's efforts to communicate more effectively and clearly to the widest possible public on all its key tasks can be regarded as an integral part of its CSR policy.

Supervision over the sustainability of the financial sector



Director Jean Hilgers:

“By 2018, the National Bank already considered climate-related financial risks as a priority for both macroprudential supervision of financial stability and microprudential supervision of individual institutions.”

Climate-related risks are becoming ever more important in the supervision that the Bank exercises over market players in the financial sector via its prudential role. The various European and international working groups in which the NBB participates continue to work on integrating these risks into the prudential framework. The major developments and principal publications of those working groups were discussed in the sections on economic and financial developments and prudential regulation and supervision in the Report 2021.

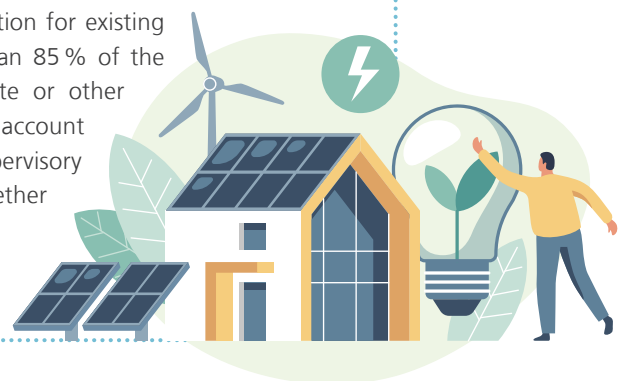
On the subject of legislation, there has been great progress particularly on firm-specific risk assessment (pillar 2) and transparency obligations (pillar 3).

For instance, the ECB working with the NBB supervisory teams has already analysed, on a self-assessment basis, the degree to which significant credit institutions now satisfy or plan to satisfy the expectations set out in the ECB guide on the management and disclosure of climate-related and environmental risks. This ECB “Guide on climate-related and environmental risks – Supervisory expectations relating to risk management and disclosure” was published by the ECB in November 2020. The results of these analyses were included in a report which the ECB published in November 2021. Both publications are available on the ECB’s website.



Energy efficiency of new residential mortgage loans

The first provisional data on the energy efficiency of new mortgage loans, which credit institutions have to report to the NBB in accordance with the Circular published at the end of 2020, have been received. From 2022, this reporting will be compulsory and the data must be supplied in full. The circular also requires credit institutions to collect this information for existing home loans granted after 2017 with a residual ratio of more than 85 % of the building’s value, and for investment loans backed by real estate or other commercial property exposures. In addition, institutions must take account of this information in their risk management. During the 2022 Supervisory Review and Evaluation Process (SREP), the NBB will check whether significant institutions are respecting these requirements.





UN CLIMATE CHANGE CONFERENCE UK 2021

IN PARTNERSHIP WITH ITALY

The NBB's pledge at the climate change conference (COP26)

On the occasion of the 26th United Nations Climate Change Conference (COP26), the NBB signed the pledge by the network of central banks and supervisors for the greening of the financial system (NGFS) – to which the Bank also belongs – in support of the ambitions of this climate summit. In its own declaration, the NBB describes how – like the ECB, as an independent institution and within its sphere of responsibility – it will contribute to decisive policy action needed to achieve the aims of the Paris Agreement on climate, and support the transition to a green, low-carbon economy. The National Bank's press release dated 3 November 2021 is available on its website.

With regard to transparency and the requirements on the publication of data on sustainability and climate-related risks, various regulatory initiatives have been further developed or finalised, as described in detail in the Economic and Financial Developments section of the National Bank's Annual Report 2021. Increasingly relevant information will therefore be published in the future,

not only by the financial institutions themselves but also by their (major) counterparties, and that will certainly make it easier to assess the climate-related risks for financial institutions.

Furthermore, in order to raise awareness and inform the public of prudential activities concerning climate-related risks and sustainable finance, various presentations were given in financial institutions, at the "Food For Future Academy" of the food industry federation, Fevia Vlaanderen, and at the conference staged by the Jan Ronse Institute (KU Leuven), in collaboration with AEDBF/EVBFR-Belgium and Forum Compliance. Experts at the Bank also wrote a contribution for the book "Sustainable Finance in the European Union and Belgium", which was published in connection with that conference. Finally, the NBB contributed to the webinar on the climate-related transition risks associated with real estate exposures, organised by the Belgian Financial Forum.



Economic and financial research and analysis



Governor Pierre Wunsch:

"We have committed ourselves to intensifying our efforts to better understand how climate change risks impact the macroeconomy and the financial system."

The new ECB monetary policy strategy

In July 2021, the ECB approved some changes to its monetary policy strategy, after a review aimed at ensuring that it remains fit for purpose in the present and for the future. The previous strategy review had taken place in 2003. This initiative (explained in more detail in the Economic and Financial Developments section of the National Bank's 2021 Annual Report) involved a series of in-depth internal analyses, but it also included exchanges of views with citizens, academics, national parliaments, the European Parliament and civil society organisations on the ECB's previous strategy and policies, and their expectations for the role of the central bank.

Among other innovations, the new strategy specifies the ECB's commitment to take more account of

the implications of climate change and the carbon transition in its monetary policy and other activities. The Governing Council has approved an action plan that includes enhancing the analysis and tools to gain a better idea of the impact of climate change and the transition. The Governing Council will also choose the monetary policy configuration that does most to help mitigate the impact of climate change, from among those that are "equally conducive and not prejudicial to price stability".

The strategy also implies changes in the communication of monetary policy decisions, including some designed to give the public a clearer understanding of the decisions.



The NBB listens

In January 2020, the European Central Bank launched a strategy review. As part of this review, the ECB and the national central banks of the euro area hosted listening events with the general public, civil society organisations, and academia. The National Bank of Belgium organised its online listening event on 22 January 2021, with participants from 28 civil society organisations representing the various sections of the community.

To supplement this event with views from Belgian citizens, an online “NBB Listens portal” was set up, similar to the ECB’s initiative. Through the portal, citizens could answer thirteen open-ended questions and share their views on four topics: “price stability”, “economic issues”, “other issues”, and “communication”. Overall, 751 citizens submitted 8459 valid text responses.



Governor Wunsch and Governor Knot of De Nederlandsche Bank in conversation with the public

A limitation of the NBB Listens portal was the relative homogeneity of the respondents, with a sample that over-represents specific sub-populations, such as senior male Dutch-speaking citizens. Moreover, the sophisticated economic reasoning in numerous responses suggests that many respondents are financially literate. Therefore, it could be worth asking respondents about their occupation and level of education or financial literacy. This information could, for example, potentially explain diverging views on whether central banks communicate adequately with the public.

Several of the concerns that were mentioned in this process have been included in the new strategy approved by the Governing Council, such as giving more importance to climate change, taking account of owner-occupied housing costs when measuring inflation, and making communication more accessible.

A video recording and the full report on the event are available on the NBB website.



Governor Pierre Wunsch:

“One of the main points to remember is the need for clearer communication on what monetary policy can do and on how it is already doing something about a wide range of considerations mentioned by the public”



Analysis and research

The Bank's analytical and research work and the initiatives for sharing it are, in themselves, a contribution to society and part of the Bank's social responsibility. In addition, some of the analyses deal with topics, such as the environment and inequality or inclusion, ordinarily identified as social responsibility issues. This analysis provides the Bank with general knowledge on these topics, but also informs its monetary and financial policies.

In 2021, the Bank published a number of studies on economic and financial disparities between Belgian households and individuals across various dimensions, such as access to finance and the cost of debt, the impact on consumption, and the factors behind wage differentials. In addition, two analyses examined the impact of the COVID-19 crisis and highlighted its asymmetric nature, with a greater adverse impact on people who were already in a vulnerable situation, while higher-income households were often able to accumulate more savings.

The December Economic Review published an article on the effect of parenthood on the careers of men and women. With this study the Bank aims to help to

ascertain the degree to which gender norms and the unequal sharing of responsibilities in the household exert downward pressure on mothers' participation in the jobs market.

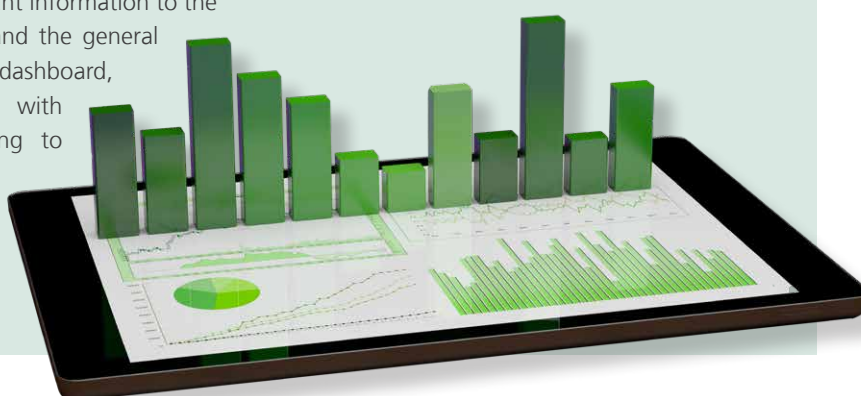
Overall, about one-fifth of the articles and Working Papers published by the Bank in 2021 studied differences between individuals and households. These analyses tell us more about distribution issues in Belgian society and their implications for economic and financial policies, in a year when the crisis has touched people in very different ways.

The Bank has also continued working on topics related to the risks and challenges posed by climate change. In addition to the creation of a Climate Hub and the inclusion of this dimension in its financial policies, the Bank studied the contribution of innovative green technologies and research and examined how a carbon tax could affect employment in the manufacturing sector.

NBB Climate Hub

The Bank has set up an in-house transversal Climate Hub. This focus group on climate change is intended to facilitate cooperation and the exchange of information between departments on subjects relating to climate change and sustainable finance. The hub will hold regular meetings and pass on relevant information to the Bank's Board of Directors and the general public. It is devising a dashboard, initially for internal use, with economic indicators relating to climate, climate-related risks and sustainable finance in the Belgian

financial sector, the Bank's own investment portfolio, and the sustainable finance market. The group will also monitor and analyse developments and publications relating to policy and supervision.



Sustainability and ESG aspects

in the National Bank's portfolio management



Directeur Jean Hilgers:

"The NBB is gradually increasing the sustainability of both the corporate bond portfolio and its equity portfolio."

The Bank has made further progress in the integration of sustainability aspects in the management of its non-monetary policy portfolios while taking account of the aims and constraints imposed by its mandates.

In 2021, the NBB and the other central banks of the Eurosystem defined a common stance for applying sustainable and responsible investment principles in the euro-denominated non-monetary policy portfolios. Moreover, the NBB aims to start publishing annual climate-related disclosures for these portfolios next year, applying the recommendations of the Task Force on Climate-related Financial Disclosures as described by the common stance.

The Bank continued to use ESG scoring for its corporate assets (both fixed-income and equities), while it broadened the investment universe from Green Bonds to Thematic Bonds for all fixed-income assets where appropriate. While Green Bonds are issued with a certain environmental objective, the designation and use of proceeds of Thematic Bonds is much broader and may serve other objectives such as social and pandemic- or climate-related goals.

The Bank maintained its sustainability approach to its portfolio of USD-denominated corporate bonds. The Bank applies a positive screening strategy to these assets and selects only bonds which achieve a sufficiently high score in terms of the ESG criteria. That score is awarded by a specialist external rating agency.

In 2021, The Bank created a dedicated USD-denominated investment portfolio which invests solely in thematic bonds. The market share of thematic bonds is still limited in comparison to the overall

fixed-income universe. Consequently, these bonds currently only make up a small but growing share of the portfolio. The market for thematic bonds is set to grow significantly and the creation of the thematic bond portfolio considerably enlarges the share of these bonds in the Bank's non-monetary-policy portfolios.

The Bank continued its strategy of diversifying its portfolio by investing in European equities. In view of the steady increase in euro-denominated bonds on its balance sheet, the Bank started this type of portfolio diversification in 2019. The size of the equity portfolio was further expanded in 2021.

The NBB will continue to analyse how to make the investment framework for its non-monetary-policy portfolios even more sustainable.

In its securities settlement system (NBB-SSS), the Bank continues to refrain from charging any fees for the issuance of green, socially responsible and sustainable bonds aimed at funding investment benefiting the environment and the community.

Promoting secure, sustainable cash and efficient payments

One of the Bank's main aims is to watch over banknote quality and authenticity. That is why the Bank checks every banknote once a year, on average, using highly sophisticated machines. During this process, counterfeits are detected and soiled banknotes are destroyed.

Comparisons with other Eurosystem countries indicate that, year after year and taking all denominations together, banknote quality in Belgium is very good.

As part of its role in serving society, the Bank keeps a close eye on the availability and accessibility of cash. The number of bank branches and cash dispensers is declining, partly as a result of the success of digitalisation and electronic means of payment.

The Bank adopts a neutral stance on trends in the use of means of payment, but it makes sure that everyone can continue using their chosen means of payment, particularly people who have little or no access to the ever-growing digital banking services.

In this context, the Bank is closely monitoring a joint project by financial institutions concerning cash dispensers. This move to rationalise the distribution of the cash machine network throughout the country is intended to ensure that 95% of the population will have an ATM within a 5-km radius. Experts at the Bank have checked the validity of that projection and made recommendations on its actual achievement.

To enable interested parties in Belgium to debate issues relating to retail payments, the Bank has set up a National Retail Payments Committee (NRPC).

Flood-stained cuts

Following the floods which affected the south of the country in the summer of 2021, the Bank received more soiled banknotes than usual. To indemnify the disaster victims as quickly as possible, these banknotes were accorded priority processing. In reality, they were checked and destroyed and other banknotes were placed in circulation. Altogether, around 200 000 banknotes damaged by the floods were processed in this way.



Director Tim Hermans:

"Everyone must be able to continue using their chosen means of payment, including people who have limited access to digital banking services."

This Committee, chaired by Director Tim Hermans, is intended to facilitate the identification of new trends in retail payments which could be of benefit

to the operation of the Belgian economy. An efficient retail payments market is advantageous for all economic agents.

National Retail Payments Committee – NRPC

The NRPC members come from various sectors which have direct links with retail payments, such as:

- the National Bank of Belgium, which chairs the Committee
- public institutions active in the field of finance, consumer protection, economics, administrative simplification and cash management
- associations representing firms and retailers
- consumer associations
- representatives of the financial sector
- financial market infrastructures (FMIs), payment systems and systemic market players in the field of payments
- cash transporters (Cash-in-Transit – CIT).

The NRPC held two plenary meetings in 2021. In addition, four *ad-hoc* sub-groups were created to examine some specific subjects:

- instant payments
- central bank digital currencies (CBDC)
- cash
- coins.

The National Bank also aims to be a socially responsible enterprise



“Green and fair bank”

As an enterprise concerned about the climate and the environment, the Bank makes every effort to reduce its ecological footprint, notably in regard to energy consumption (100 % green electricity), waste management, mobility and procurement policy. Its efforts were recognised some years ago by Brussels Environment, which awarded the Bank a three-star Ecodynamic Enterprise label.

The staff restaurant also retained its “Good Food” label (with two forks out of a possible three). This commends the restaurant for using local, fair-trade

and organic products, and for offering seasonal fruit and vegetables and a wide range of vegetarian dishes.

Similarly, automatic drink dispensers at the Bank now offer coffee, tea and hot chocolate which are not only sustainably produced but also certified as being from fair trade sources.



CARBON FOOTPRINT IN 2020

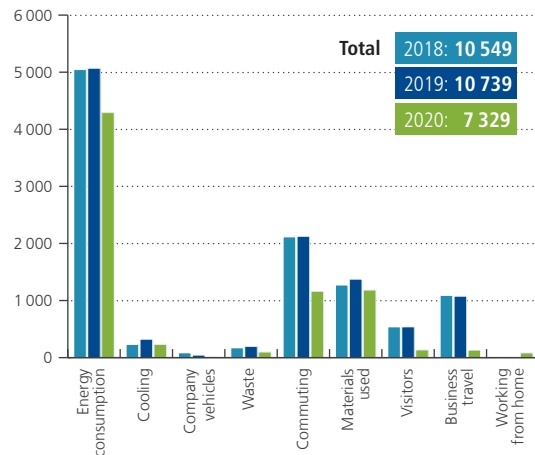
7.3 tonnes of CO₂ equivalent

= Relative emissions of 3.5 tonnes of CO₂/FTE equivalent

- Sharp fall compared to 2019 (–31 % in terms of absolute emissions), although most of that is due to the COVID-19 pandemic
- Energy consumption by the buildings accounts for 59 % of total emissions

NBB CO₂ emissions

(scope 1-2-3, in tCO₂ equivalent)



For the fourth successive year, the Bank was CO₂-neutral as a result of the emission offsetting system. In practical terms, it provided financial support for a range of certified development projects which generate value added for the climate while making a socioeconomic contribution in less developed countries.

The most sustainable way to be CO₂-neutral is obviously to reduce your own emissions. The Bank's buildings, constructed in a period when no-one was yet talking about CO₂ emissions, are a key item here. Wherever possible, the Bank seizes every opportunity

to make its buildings more sustainable, but concentrates its main efforts on new buildings (see below). Reducing the overall carbon footprint was also one of the considerations that led the Board of Directors to define a set of Key Performance Indicators linked to a (medium-)term objective. This concerns more particularly retention of the Ecodynamic Enterprise, CO₂ neutral and Good Food labels mentioned above.

The Bank has also selected a number of specific indicators concerning emission items for which the main aim is to achieve improvements to which staff can contribute. The Bank has opted to focus on feasible, sustainable alternatives and raising awareness rather than imposing penalties.

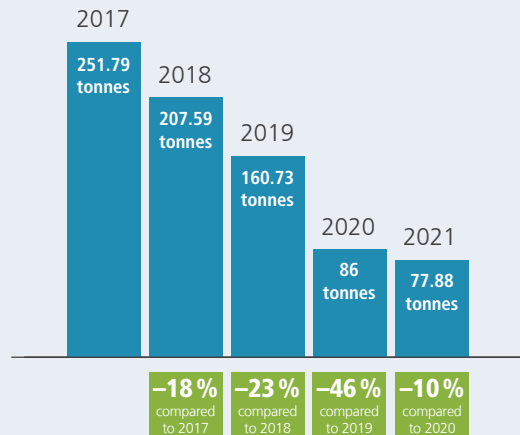


Director Vincent Magnée:

"The Bank involves its staff in its efforts to limit consumption of energy and paper."

Waste paper and cardboard

(100% recycled)

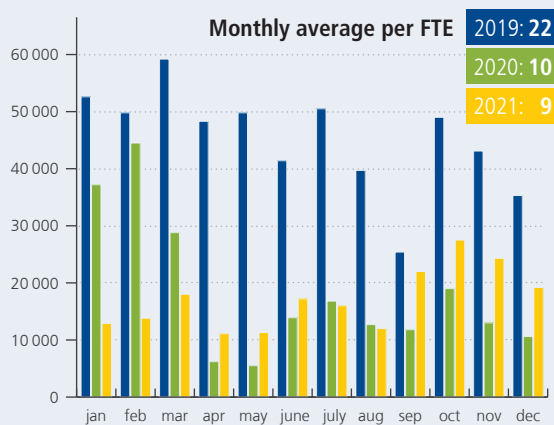


For instance, the Bank continues to invest in digitalisation to prevent a resurgence in paper consumption and the number of printed pages once the COVID-19 restrictions are lifted and staff return to working in the office again more frequently.

To achieve a structural reduction in paper consumption and so create a workplace that is as efficient as possible, the Bank launched the “paperless processes programme”, which is a key element of the digital transformation taking place at the Bank.

Single-use coffee beakers

(number)

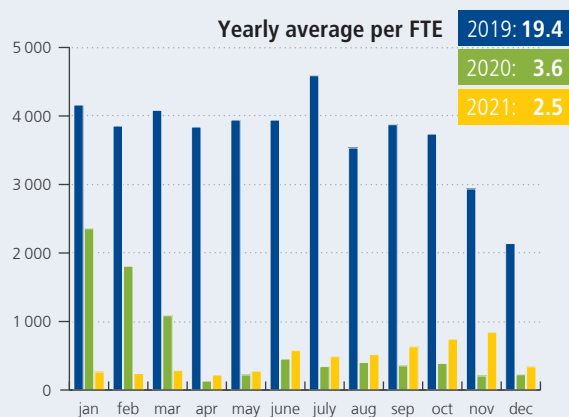


To encourage staff to cut down on the use of disposable cups, the Bank has given all employees a “Back to the Bank” mug.



Sale of 1 litre plastic bottles of water

(number)



The existing drinking water fountains in the buildings were clearly identified in order to reduce the consumption of mineral water in PET bottles.

The staff restaurant no longer uses disposable plastic, and surplus food is offered to an association that helps the homeless.

Contribution to the circular economy

As a socially responsible enterprise which regularly renews its office equipment and IT hardware, the Bank endeavours to contribute to the circular economy.

For instance, **furniture taken out of use** is given a new lease of life in cooperation with Hu-Bu Human Business, an organisation set up with the support of the King Baudouin Foundation, and Televel, a sheltered workshop that arranges recycling.

The **IT hardware that the Bank discards** can help to reduce the digital divide. In a context where e-learning has become common for many pupils (including children suffering from long-term illness) and in which not all families have the necessary equipment, the Bank made available 164 screens and 284 laptops via the platforms DigitalForYouth, Bednet and ClassContact.

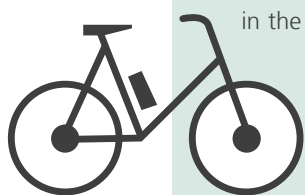
In addition, at the instigation of one of its staff, the Bank also offered **equipment from its now closed printing works and workshops to the Don Bosco school in Verviers, together with surplus building materials**. Following the flooding last July, that school lost a large quantity of equipment that pupils were using to learn a trade.



Bikes and steps

The Bank took advantage of the lower attendance due to the pandemic to renovate and enlarge the bicycle garage, which now provides 136 spaces. Numerous recharging points were installed for electric bikes and scooters. With the new facilities, the garage can now offer secure parking for all types of bicycles and scooters.

The Bank acquired three additional electric bikes, bringing the total to five. Staff in the office can use this speedy, environment-friendly means of transport to get around in the capital.



A sustainable buildings strategy

Sustainability is another key criterion in the Bank's new buildings strategy, which involves renovating the main building, constructing a new Cash Centre, and disposing of surplus office space. The options chosen for that purpose will be decisive for the Bank's future environmental performance and energy efficiency. The renovation of the main building is intended to achieve climate neutrality in the longer term. In order to cut energy consumption in the existing buildings and improve their ecological credentials in the short term, the Bank set up a working group which is to propose specific projects in cooperation with an external design consultancy.



Diversity and inclusion



Governor Pierre Wunsch:

"Every day, we aim to remove barriers (both literal and figurative) and promote accessibility, diversity and inclusion."

When launching its diversity policy, the Bank set itself two quantitative targets: 40 % female recruitment and 40 % female promotions at management level, which should gradually increase the percentage of women at that level. In contrast to 2020, the desired gender balance was achieved in recruiting staff at both Bachelor's and Master's degree level, with respectively 46 % and 45 % women. Conversely, although – as already stated – progress was achieved in regard to diversity in the case of supervisory and middle management staff, the promotion target was not achieved, with only 27 % female management appointees. At present, women hold about a quarter of these posts. As in other institutions, this low diversity at management level limits the number of female role models, which explains the relatively small number of women applying for the available management jobs. Another factor is that the number of women at middle management level is also quite low. That is prompting us to redouble our efforts to make the Bank more inclusive and receptive to change, in accordance with its values of respect, open mindedness and social responsibility.

Taking action despite COVID-19

Just as in 2020, COVID-19 disrupted diversity initiatives in 2021. This year, public health rules again precluded the organisation of training, conferences or any other events at the Bank. All the same, the Bank was not idle and it launched a number of initiatives in 2021.

An online event gave the Bank's staff the opportunity to exchange opinions with an inspiring female

role model in the person of Claire Tillekaerts, CEO of Flanders Investment & Trade, who has chaired the Council of Regency of the National Bank of Belgium since May 2020. She talked about subjects such as her professional career and her experience as a woman on numerous management bodies.

The Diversity & Inclusion dimension also plays an important role in the mentoring programme, which enables staff to request the support of a more experienced colleague to guide them in their career and to fathom the informal implications of the Bank's corporate culture. In that connection, particular attention was paid to diversity both in regard to the mentors, ensuring that the various role models were well represented, and in regard to the mentees, for whom it is necessary to address issues encountered by minority groups, such as development of an internal network, dismantling of apparent barriers, etc.

Ten employees were recruited via the association DUO for a JOB to mentor a young immigrant job seeker for one year. This project enables the Bank to invest in a more diversified society, but may also (ultimately) lead to recruitment of an immigrant worker to fill a junior post.



Claire Tillekaerts

Support is still always needed

The Bank joined in the International Day against Homophobia and Transphobia (IDAHOT) on 17 May, the opening day of the IDAHOT week featuring action to promote the rights of the LGBT community. The Bank provided rainbow-coloured Teams backgrounds and Outlook signatures. Two months previously, on 10 March, a shocking homophobic murder had provoked nationwide outrage. The Bank had made a point of displaying the rainbow flag on its façade, as a sign of support and to make clear the importance it attaches to the values of inclusion and respect for everyone, both within the Bank and elsewhere.

The Bank supported the Orange the World campaign denouncing violence against women. That support was expressed on social media and by its in-house presentation of the testimony of a D&I ambassador at the Bank who has been actively involved in this campaign for a number of years.

Be heard and speak out

Constantly concerned to accord equal prominence to women and men in its organisation, the Bank signed the Inclusive Panels Charter, confirming its desire to ensure a better gender balance among participants in its events. In signing that Charter, the Bank and its

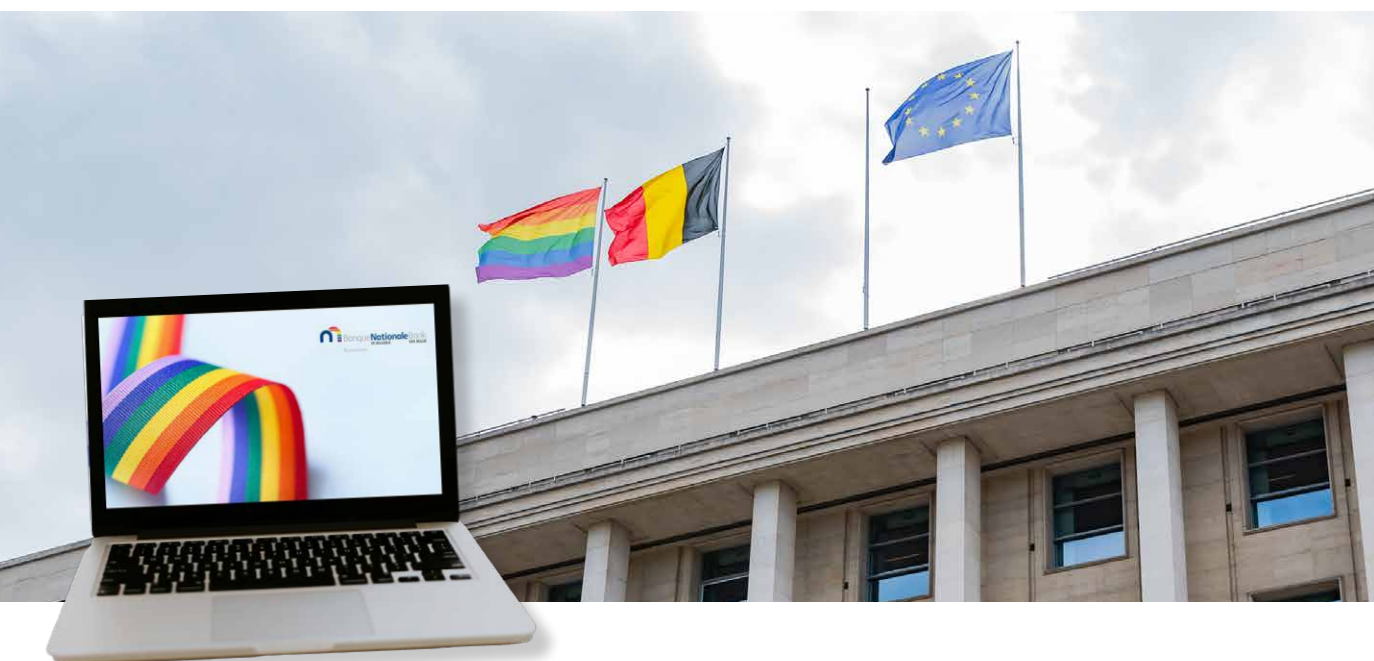
management also undertake not to take part in non-mixed panels, or only in exceptional circumstances.

The Inclusive Panels Charter was part of a wider campaign in the financial sector – Inclusion in Finance – with which the Bank is associated.

Wanting to encourage more than just talk, this campaign provided everyone with 25 original, fun ways of genuinely practising inclusion in the workplace, such as workshops and training programmes that diversity ambassadors will be able to use in 2022 to continue their efforts to promote diversity and inclusion at the Bank.

Organisations, firms or speakers wanting to commit themselves to promoting more diverse panels and raising awareness of this issue can find and sign the charter on the website inclusivepanels.be/fr.

Finally, this year, a group of female staff at the Bank were able to attend a training event specifically designed for female talent. The training programme was organised in several sessions; it enabled them to gain more insight into their future career at the Bank, and to discuss their experiences and the problems sometimes encountered in a professional environment where male codes of conduct still predominate. These sessions are also a unique opportunity to establish a network fostering mutual support. This training event ties in perfectly with the Bank's efforts to achieve a better balance of men and women in its management.



The Bank cares about its staff



Vice-Governor Steven Vanackere:

"The essential values that the Bank cultivates include respect and confidence, and in that context it is committed to the well-being of its staff."

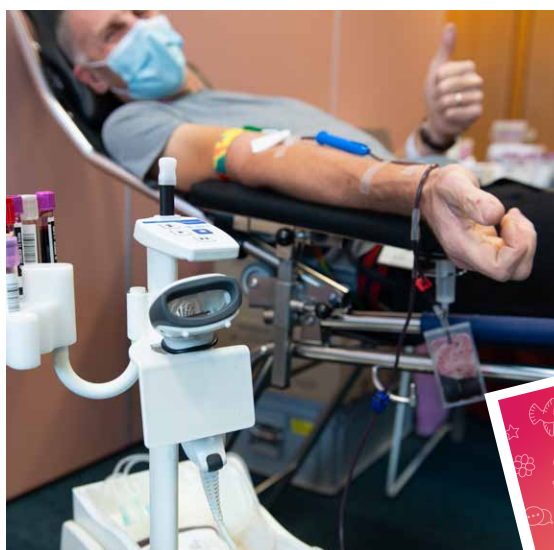
Sustainability should also be reflected in the way in which staff members help to achieve high quality in performing the Bank's work. That is why it attaches great importance to a collegial approach and the well-being of its employees – especially when most of the staff are mainly working from home.

The Bank took measures to ensure that the return to the office can take place safely, gradually and with due consideration for individual situations. Investment in equipment and training combined with a degree of flexibility in organising the working week and the working day should enable all staff to adapt to the new hybrid context, which in the future will imply spending 50% of the time in the office and 50% working from home.

The Bank likewise paid particular attention to the mental well-being of its staff. It stressed the importance of having the courage to talk about mental health problems. A webinar offered practical tips on different, smarter ways of working, making people happier and more productive. A wide range of online keep-fit, yoga and aerobics lessons enable employees who so wish to maintain their mental and physical health without leaving the house.

To reinforce solidarity in these times of almost permanent teleworking for many staff, all employees received a batch of postcards to send to colleagues of their choice, and the working group fun@work held competitions to find the most talented bakers and brewers among the Bank's staff.

The Bank also endeavours to provide a safe working environment. Last year it launched campaigns to raise awareness of the importance of getting enough exercise, giving up smoking and responding appropriately in the event of evacuation. Staff were able to arrange for an ergonomist to analyse their home workstation, they were able to obtain a flu vaccination and were encouraged to continue giving blood to the Red Cross.



Giving blood for the Red Cross, October 2021



Sponsorship and cultural commitment

Financial support for socially worthwhile projects

It is now several decades since the Bank began providing sponsorship to support projects which benefit the community. In a fast-changing society, priorities and needs are also changing. That is why the Bank increasingly opts to provide some financial support

for institutions or projects operating in spheres which are in line with the Bank's corporate social responsibility priorities. This particularly concerns such areas as diversity and inclusion, supporting young talent and combating climate change. Where possible and depending on the needs, the Bank tries to involve its staff as much as it can in the activities of the partners which it supports.

Some of the projects that the Bank supports...

TEACHforBELGIUM

Teach for Belgium is an organisation (NPI) which aims to reduce educational inequality by training committed people to become inspirational teachers, working in schools with a high proportion of socio-economically vulnerable pupils.



© Teach for Belgium



HOMELANDS is a project under the aegis of the International Yehudi Menuhin Foundation, aiming at the permanent integration in our society of newly arrived artists (primarily refugees and young people with an immigration background) via joint creative activity with local artistic communities.



© Lore Loyens



The flooding in July affected a large number of people, including many of the Bank's staff. To demonstrate sympathy and support for the victims, the Bank donated € 100 000 to the **Belgian Red Cross**, which coordinated all the emergency aid in the areas affected.



Boost is a King Baudouin Foundation initiative that for the past ten years has supported young people from disadvantaged socioeconomic backgrounds and, by means of proactive guidance, aims to offer them better opportunities for training and personal development, and better employment prospects.

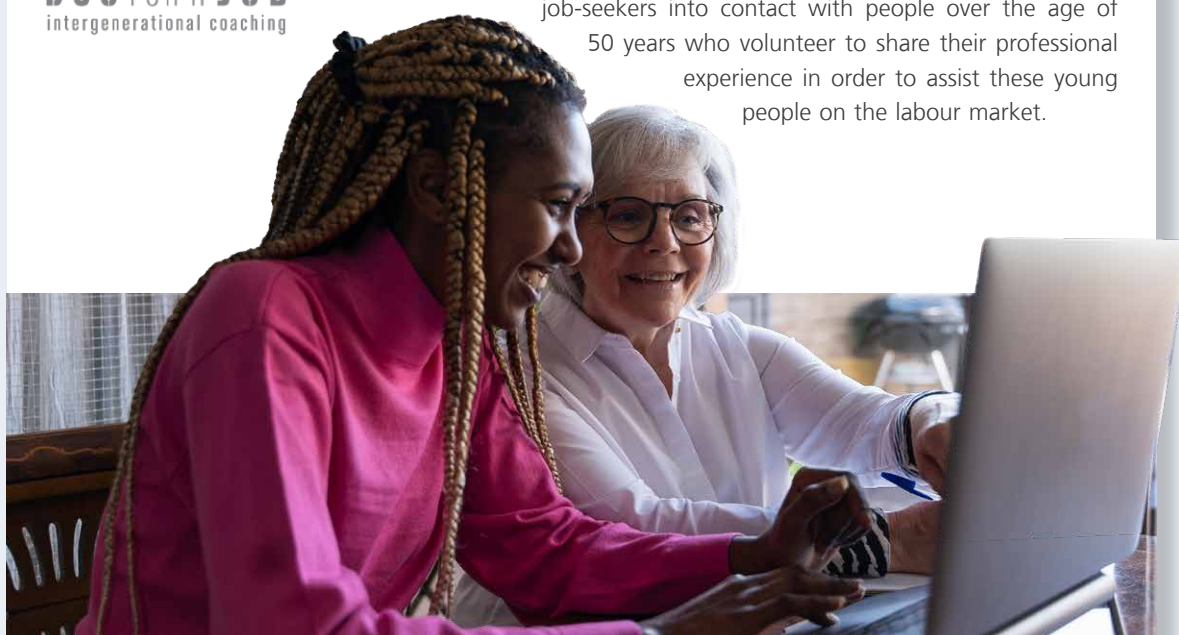


©Frank Toussaint



DUO FOR A JOB
intergenerational coaching

DUO for a JOB is an NPI which puts young immigrant job-seekers into contact with people over the age of 50 years who volunteer to share their professional experience in order to assist these young people on the labour market.



A contemporary art collection open to the general public

The Bank supports artistic activity in Belgium by building up a collection of contemporary art, with works by promising Belgian visual artists. The collection – which now comprises over 2 000 works – is distributed throughout the working environment at the Bank. All staff have the chance to choose an art work to embellish their working area. The primary aim of the art works is to initiate a dialogue: they encourage new perspectives and new points of view.

The Bank's sponsorship is not confined to purchasing art works each year, but also includes its subsequent commitment. Thus, the Bank opens up its collection to the general public in various ways, via loans, publications and exhibitions. In 2021, it took part in a number of exhibitions: *Geen Pure Geldkwestie* at the residence of the Belgian Ambassador in The Hague (from 1 July 2021 to 1 July 2023); *À perte de vue. Léon Wuidar* at the MACS, at the Grand-Hornu site (from 26 September 2021 to 31 January 2022); and *Mine de Rien* at the CIAP in Genk (from 23 October 2021 to 15 January 2022).

The Bank's sociocultural commitment also concerns managing its architectural heritage and opening it to the public. On *Brussels Heritage Days*, anyone interested in architecture and art can visit not just the Museum but also the former official residence of the Governor. This year, too, members of the Bank's staff volunteered to offer guided tours for visitors, who are always fascinated by Henri Beyaert's

A jubilee year for the Bank's art collection

In 2022, the Bank's contemporary art collection celebrates its 50th anniversary. On that occasion, there will be a joint exhibition with the Banco de España's collection, staged in the NBB banking hall. The theme of the exhibition will be "(UN)COMMON VALUES. In Two Corporate Collections of Contemporary Art" and works from the two collections will be displayed side by side. The intrinsic value of art will be the central theme, examining three topical aspects: identity, materialism and emancipation.

(UN)COMMON VALUES will be open to the public free of charge from 21 May 2022 to 18 September 2022, from Monday to Saturday between 10.00 and 18.00. Guided tours (for which there is a charge) can be reserved online on the website www.nbb-expo.be.

masterpiece, an architectural jewel nestled in the heart of Brussels. For this year's event on the theme of "Meeting Points", a festive table was set with the original 1870 dinner service and silverware bearing the Bank's initials.



Brussels Heritage Days: guided tour of the *Hôtel du gouverneur*



Guided tour of the exhibition devoted to the work of Georges Houtstont

The Museum is reinventing itself

Following a second lockdown the Bank's educational Museum reopened on 15 February 2021. Owing to the continuing restrictions, group visits were slow to resume, but activities for families during the school holidays were an unprecedented success. The prolonged restrictions on (foreign) travel were certainly a factor here. This year, the activities organised during the school holidays centred on the theme of "pirates". Young visitors were invited to explore the museum by taking part in a game in which the main object was to avoid the pirate ship *La Inflación*.

In cooperation with Urban.brussels, the public service that supports the Brussels Region's development in regard to town planning, cultural heritage and urban regeneration, a thematic exhibition was staged for the first time in the atrium of the Museum. The temporary exhibition was devoted to the work of Georges Houtstont, an ornamentalist in the days of the Belle Époque: examples of his work can be seen in the NBB Governor's official residence and the

Museum building. The Bank also took part in the traditional cultural events, such as *Museum Night Fever* and the Brussels museums' open evenings.

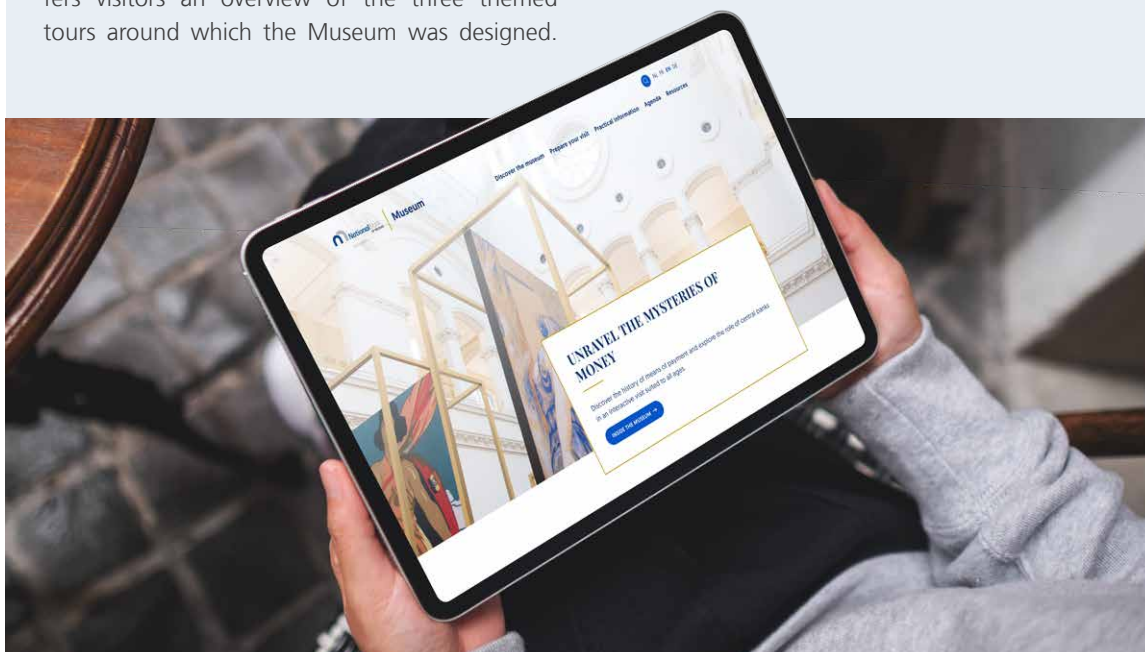


Children take part in the "pirates" activity

The Museum's website

The Museum's website (www.nbbmuseum.be) has had a major facelift. In addition to a convenient module for making reservations, the website offers visitors an overview of the three themed tours around which the Museum was designed.

It also contains educational material and digital information sources, e.g. on Belgian banknotes (1851 – 2002).



Ethics

The Bank has adopted a code of ethics in order to ensure ethical behaviour by its management and its staff. Moreover, the Bank is subject to the anti money laundering and terrorist financing legislation and takes all necessary measures to implement it. The Bank remains in regular contact with the CTIF/CFI (Financial Intelligence Processing Unit). The Bank is also subject to public procurement legislation and has

to respect strict procedures for all orders for work, supplies or services. This legislation notably includes rules designed to avoid any conflict of interest. Under its purchasing policy, which refers to this regulatory framework, the Bank takes account of social and environmental criteria.

In regard to risk management, the Bank applies the three lines of defence system described in the Annual Report.

List of publications in 2021

Articles from the Economic Review

The Economic Review is only published in digital form on the Bank's website. The full versions of the articles are published in English with a synopsis in French and Dutch. The articles are published separately as and when they become available, before appearing together in the Review.

From September 2021 on, data underlying charts and tables in articles are systematically published in a data file on the website of the Bank. This enhances the transparency of the Bank's analyses and provides all interested readers with equal access to data.

JUNE 2021

- Economic projections for Belgium – Spring 2021
- Technological innovation and green transition: where does Belgium stand?
- Getting fiscal policy in shape to swing with monetary policy
- Indebtedness around the world: Is the sky the limit?
- Wage differentiation in Belgium according to SILC data
- Belgian corporate sector liquidity and solvency in the COVID-19 crisis: a post-first-wave assessment

SEPTEMBER 2021

- Interregional transfers via the federal government and social security
- The European Union budget and the Next Generation EU Recovery Plan: a game changer?
- Belgian firms and the COVID-19 crisis
- How do standard and new monetary policy instruments affect the economy of the euro area and Belgium? Estimation challenges and results
- What kind of public expenditure is high in Belgium? A comparison with neighbouring countries
- The Belgian economy in the wake of the COVID-19 shock
- The issuance of debt securities by Belgian non-financial corporations

DECEMBER 2021

- Economic projections for Belgium – Autumn 2021
- Summary Report on the NBB Listens Portal
- Who pays? Analysis of the cost of consumer credit in Belgium
- Household savings during and after the COVID-19 crisis: Lessons from surveys
- Fiscal policy instruments to mitigate climate change – A Belgian perspective
- Investment and reform in Germany, France, Italy, Spain and Belgium's National Recovery and Resilience Plans
- How does parenthood affect the careers of women and men? (With video available in French and Dutch)

PROJECTIONS

■ ECONOMIC PROJECTIONS

Every year, in June and December, the Bank publishes on its website economic projections for Belgium based on technical assumptions and international forecasts formulated jointly by the ECB and the central banks of the euro area. The detailed results are published as an article in the Economic Review.

■ BUSINESS CYCLE MONITOR

On a quarterly basis, the Bank publishes on its website an analysis of the economic situation in Belgium in the current quarter: the Business Cycle Monitor. The Business Cycle Monitor comprises an estimate of economic growth in the current quarter, around seven to eight weeks before the first official quarterly statistics are available from the National Accounts Institute.

Working Papers

The National Bank's Working Papers cover economic or financial topics or deal with subjects relevant to central bank activities. They are produced in English and are intended for a specialist public.

The National Bank's staff write the papers in a personal capacity. Some papers are the work of researchers – both PhD students and established academics – who have been supported by the Bank within the framework of its cooperation with universities. By giving researchers access to data which are not for publication, the Bank also aims to foster a better understanding of economic developments in Belgium.

The Working Papers are only published in digital form on the Bank's website.

- 396 Daily news sentiment and monthly surveys: A mixed-frequency dynamic factor model for nowcasting consumer confidence
- 397 A bigger house at the cost of an empty fridge? The effect of households' indebtedness on their consumption: Micro-evidence using Belgian HFCS data
- 398 Low interest rates and the distribution of household debt
- 399 The interplay between green policy, electricity prices, financial constraints and jobs. Firm-level evidence
- 400 Economic importance of the Belgian maritime and inland ports – Report 2019
- 401 The return on human (STEM) capital in Belgium
- 402 Unraveling industry, firm and host-region effects on export behaviors of international new ventures and established exporters
- 403 When trust is not enough: Bank resolution, SPE, Ring-fencing and group support
- 404 Bank specialization and zombie lending

Belgian Prime News

This quarterly English-language publication is compiled jointly by the Bank, the Federal Public Service Finance (FPS Finance) and a number of primary dealers (market makers in Belgian government securities).

Each issue includes a "Consensus forecast" on the outlook for the main macroeconomic data for Belgium as well as a description of the most significant recent economic developments. A review of the situation on the government securities market is also presented each time. The Treasury Highlights section gives information on Treasury decisions relating to the management of the public debt.

Belgian Prime News is available in digital form on the National Bank's website. Printed copies can also be ordered via the website.

- 90 Special topic: Liquidity and solvency of the Belgian corporate sector in the COVID-19 crisis: a post-first wave assessment
- 91 Special topic: Sovereign yields have risen on the back of better US growth prospects

- 92 Special topic: The Belgian Recovery and Resilience Plan lays the foundations for a transition to more sustainable growth
- 93 Special topic: Interregional transfers via the federal government and social security

Statistical publications

The Bank provides a wealth of macroeconomic statistics for the public via its website and its statistical database NBB.Stat (<https://stat.nbb.be/>).

It is possible to subscribe for updates of specific tables via NBB.Stat. Anyone often seeking similar data can save their search criteria for subsequent use.

The following publications and press releases are also available on the Bank's website:

GENERAL STATISTICS

- Statistical Bulletin, Economic indicators for Belgium
- Business surveys
- Business investment surveys
- Consumer confidence survey

EXTERNAL STATISTICS

- Foreign trade in goods and services, annual regional breakdown of Belgian imports and exports of goods and services
- International investment position, foreign direct investment, balance of payments

FINANCIAL STATISTICS

- Belgium's financial accounts (annual and quarterly)
- Observatory for credit to non-financial corporations
- Monetary financial institutions' interest rates
- Bank Lending Survey, survey of credit conditions: business perception indicator

NATIONAL ACCOUNTS

- Flash estimate of quarterly growth of gross domestic product, Quarterly accounts, Quarterly sector accounts
- First estimate of the annual accounts, Detailed government accounts, Detailed annual accounts, Supply and use tables, Labour market
- Regional breakdown of the national accounts

MICROECONOMIC DATA

- Central Individual Credit Register:
 - Annual Statistical Report: Key monthly figures on consumer credit and mortgages
- Central Corporate Credit Register:
 - Monthly flash
 - Quarterly update

Central Balance Sheet Office

The annual accounts collected by the Central Balance Sheet Office are made available to the general public, together with a financial analysis as part of the company file, and sectoral statistics in formats suited to the needs of the various user groups. Information is also available on the movement in the financial results of firms which have filed their annual accounts at the Central Balance Sheet Office. The port report produced annually is published as a Working Paper.

Other publications

- Report 2020 – Economic and financial developments
- Report 2020 – Corporate report
- Update on Asset management and Non-bank financial intermediation in Belgium (jointly published by the FSMA and the National Bank of Belgium)
- Financial Stability Report 2021
- Financial Market Infrastructures and Payment Services Report 2021
- FINTECH 2021 – The impact of Fintech and digitisation on the Belgian banking sector

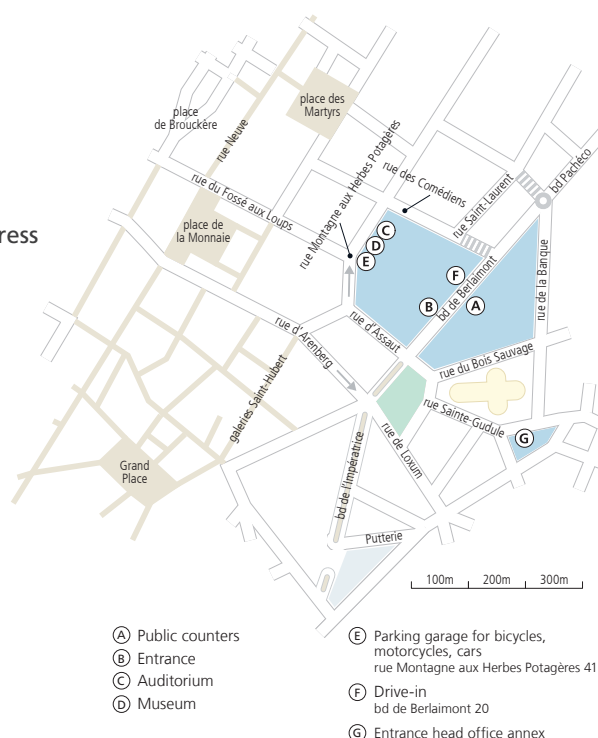
Contacts

Company number

RLP Brussels – BE 0203.201.340

Addresses

Head Office	Entrance for services to the public boulevard de Berlaimont 3, 1000 Brussels
	Visitors' entrance and general postal address boulevard de Berlaimont 14, 1000 Brussels
Head Office Annex	Visitors' entrance place Sainte-Gudule 19, 1000 Brussels
Museum	rue Montagne aux Herbes Potagères 57, 1000 Brussels
Auditorium	rue Montagne aux Herbes Potagères 61, 1000 Brussels



Information

Website	www.nbb.be
Information requests	info@nbb.be , Tel. +32 2 221 21 11
Job applications	https://jobs.nbb.be , hrb@nbb.be
Contact for the press	Geert Sciot, Head of the Communication Service pressoffice@nbb.be , Tel. +32 2 221 46 28
Contact for the financial service for the Bank's shares	Marc Lejoly, Head of the Payments and Securities Service securities@nbb.be , Tel. +32 2 221 52 30

Services to the public

Head office banking hall

(Banknotes and coins,
Central Individual Credit Register)

Open from Monday to Friday
from 8.45 a.m. till 3.30 p.m.

Museum

Open from Monday to Friday from 9 a.m. till 5 p.m.
Free entrance.

Also open on special occasions.

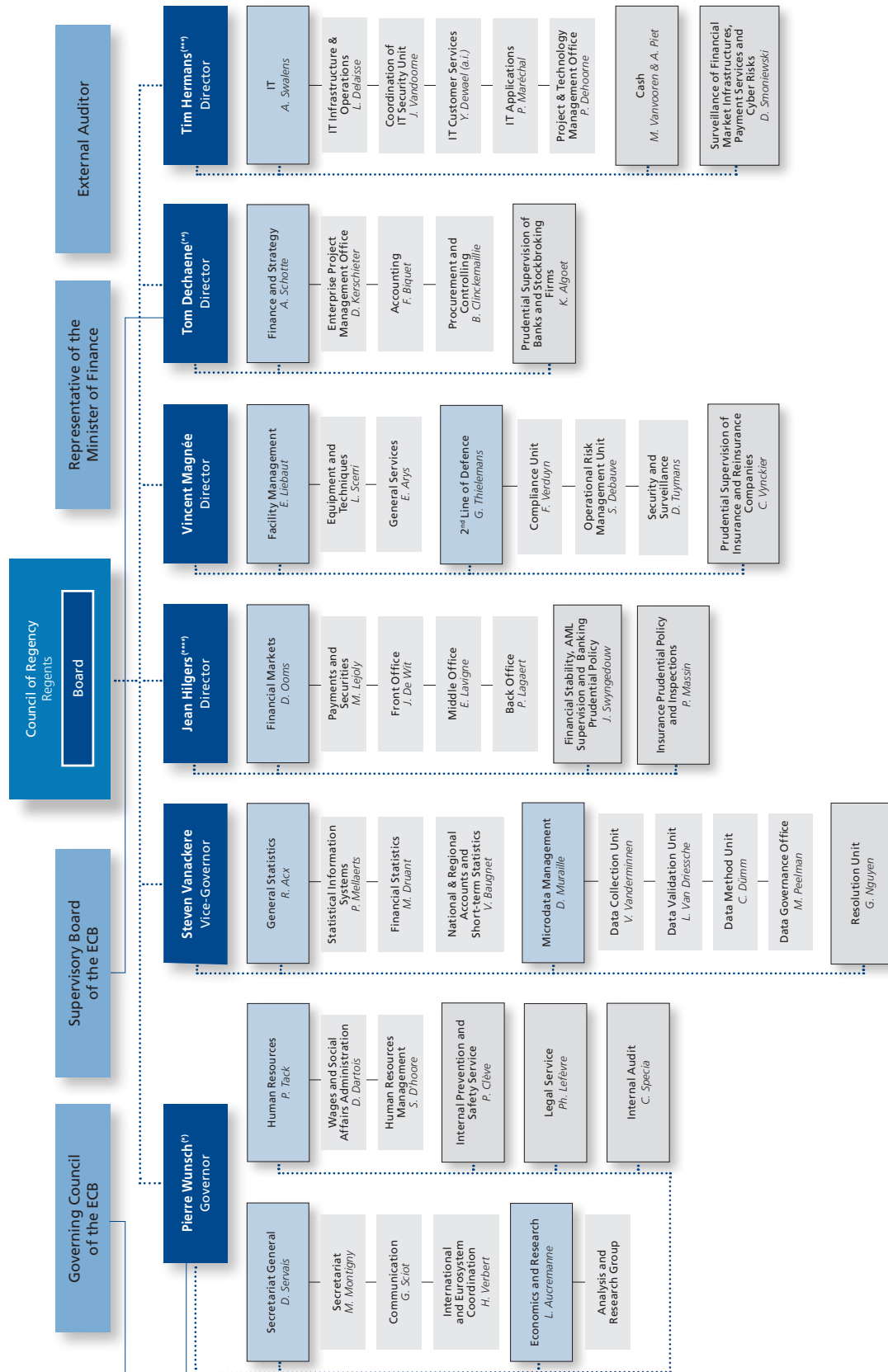
See website www.nbbmuseum.be.

Guided group visits can be booked via the website.

So long as the coronavirus crisis persists, different opening hours may apply.
If so, the information will be available on the Bank's website.



Organisation chart as of 1 January 2022



(*) Is also member of the Governing Council of the European Central Bank.

(**) Is also member of the Supervisory Board of the European Central Bank.

(***) Is also Secretary of the Bank.

(****) Is also Treasurer of the Bank.



A vertical image on the left side of the page shows a person's hand pointing with a pen at a laptop screen. The screen displays a line chart and a bar chart. The line chart is at the top, showing a fluctuating trend. The bar chart is below it, with bars of varying heights. The x-axis of the bar chart is labeled with the months 'Sep', 'Oct', 'Nov', 'Dec', and 'Jan'. The laptop keyboard is visible at the bottom of the image.

3. Annual accounts and reports on the financial year

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3.2 Annual accounts	128
3.3 Auditor's report to the Council of Regency	172
3.4 Approval by the Council of Regency	181

3.1 Annual report

3.1.1 Developments concerning the Bank's results and position

3.1.1.1 Balance sheet

The balance sheet total increased by 20.4 %, or € 60.8 billion to € 359.4 billion.

Within the framework of monetary policy operations, the liquidity in euro granted to credit institutions increased, mainly as a result of higher purchases of securities (+€ 45.7 billion) and, to a lesser degree, higher lending (+€ 6.6 billion). The Bank expanded its own MTM portfolio in both euro (+€ 0.4 billion) and foreign currencies (+€ 0.9 billion). It also invested in a new HTM portfolio in foreign currency (+€ 0.4 billion) and reduced its own HTM portfolio in euro (–€ 1.0 billion).

This generated surplus liquidity on both current accounts and the deposit facility (+€ 25.7 billion). Similarly, the net amount of outgoing payments via the TARGET2 payment system increased considerably (+€ 19.7 billion).

At the end of the year the volume of banknotes placed in circulation by the Bank (+9 %) grew by more than the figure for the Eurosystem (+8 %), though the extra amount was not enough to reduce the claim on the latter (+€ 0.1 billion).

The table below gives an overview of the securities portfolios which represent a substantial proportion of the assets on the balance sheet.

Summary of the securities portfolios at book value
(end-of-period data, in € billion)

	2021	2020
■ fixed-income securities in foreign currencies ("MTM portfolio")	9.7	8.8
■ fixed-income securities in foreign currencies held to maturity ("HTM portfolio")	0.4	0.0
■ fixed-income securities in euro ("MTM portfolio")	0.0	0.0
■ investment funds in euro ("MTM portfolio")	0.9	0.5
■ fixed-income securities in euro held to maturity ("HTM portfolio")	2.5	3.5
■ fixed-income securities in euro of the statutory portfolio	6.9	6.5
Total portfolios on the Bank's own account	20.4	19.4
■ securities held for monetary policy purposes	212.7	167.0
Total portfolios	233.1	186.4

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

The MTM portfolios managed for the Bank's account increased by € 1.3 billion. Conversely, the HTM securities portfolios managed for the Bank's account declined by € 0.6 billion. Securities in euro reaching maturity were not renewed, for a total of € 1.0 billion.

The size of the statutory portfolio is determined by the sum of the capital, reserves and amortisation accounts. Following the allocation of the profits for the financial year 2020, supplementary fixed-income securities could thus be added to this portfolio.

In the case of the monetary policy portfolios for which the purchase programmes (CBPP1, CBPP2 and SMP) have ended, securities maturing were redeemed (€ 0.6 billion). Supplementary securities purchases under the CBPP3, PSPP and CSPP programmes continued at an average rate of € 20 billion per month in the Eurosystem, like in 2020. The Bank participated in 2021 for an amount of € 18.8 billion. In addition, the Eurosystem continued its purchases under the Pandemic Emergency Purchase Programme (PEPP), for a total envelope of € 1 850 billion. The purchases will be discontinued at the end of March 2022, and could be resumed, if necessary, to counter adverse shocks related to the pandemic. These cover all asset classes eligible under the Asset Purchase Programme (APP). For the Bank, the outstanding amount under the new programme comes to € 57.3 billion.

In the case of the CSPP, as in previous years, the Bank purchased securities for the account of the Eurosystem in a much larger proportion than its share in the ECB's capital.

Below is the geographical distribution of the securities in the own-account portfolios.

(in € million)

	Book value	Market value	Revaluation accounts
Belgium	4 494.0	4 738.4	–
United States	6 781.6	6 780.5	82.2
Germany	945.4	997.4	–
Spain	339.5	358.1	–
France	1 569.6	1 643.1	0.2
Austria	316.9	336.6	–
Italy	72.7	76.9	–
Japan	1 179.8	1 179.6	1.7
International organisations	832.3	844.3	0.9
The Netherlands	461.8	474.3	1.0
Portugal	50.2	55.2	–
Greece	32.3	33.8	–
Switzerland	944.5	944.5	67.7
Finland	408.9	426.7	0.2
United Kingdom	72.9	72.9	1.5
Other	946.6	944.1	5.9
Total fixed-income securities	19 449.0	19 906.4	161.3
Investment funds	913.3	913.3	163.3
Total portfolios	20 362.3	20 819.7	324.6

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 gains) in the revaluation accounts (€ 324.6 million) on the liabilities side of the balance sheet, and (ii) the positive difference between the market value and the book value (€ 457.4 million). Altogether, an additional gain of € 782.0 million would thus have been recorded in the results.

Like in 2020, the impairment tests carried out in 2021 did not lead to any write-downs on the Bank's own-account portfolios.

With a view to reducing the exchange rate risk on its assets denominated in US dollars and SDRs, the Bank once again concluded forward contracts. Thus, in 2021, the net position in dollars and SDRs remained virtually unchanged at USD 2.2 billion (EUR 1.9 billion).

and SDR 20.7 million (EUR 25.5 million) respectively. The net position in Chinese Yuan and South Korean Won also remained unchanged: CNY 1.5 billion (EUR 201.7 million) and KRW 120.1 billion (EUR 89.2 million). At the end of the financial year, the revaluation accounts on the liabilities side of the balance sheet recorded positive foreign exchange differences amounting to € 243.9 million.

Monetary policy operations to which risk-sharing applies (in € billion)

	NCB balance sheets	NBB key: 3.64 %	NBB balance sheet
Lending to euro area credit institutions related to monetary policy operations denominated in euro	2 201.9	80.2	87.6
Main refinancing operations	0.4	0.0	–
Longer-term refinancing operations	2 201.5	80.2	87.6
Marginal lending facility	0.0	0.0	–
Securities held for monetary policy purposes	1 032.7	37.6	91.1
SMP	5.5	0.2	0.1
CBPP3	273.2	10.0	7.7
ABSPP	–	–	–
PSPP-Supranational securities	264.5	9.6	–
CSPP	309.7	11.3	72.0
PECBPP	5.4	0.2	0.1
PEABSPP	–	–	–
PEPSPP-Supranational securities	130.6	4.7	–
PECSPP	43.8	1.6	11.2
Total	3 234.6	117.8	178.7

In order to determine shared risks, account must also be taken of the Bank's share of € 117.8 billion in the monetary policy portfolios and credit operations of the Eurosystem central banks. In addition, securities for which the risks are not shared must be taken into account; their book value comes to € 121.6 billion and is included in item 7 of the balance sheet (see note 7).

Agreement on Net Financial Assets (ANFA)

At the end of 2021, the Bank's net financial assets totalled € 1.8 billion.

The Agreement on Net Financial Assets, concluded between the national central banks (NCBs) of the euro area and the European Central Bank (ECB), sets an overall limit on the total net financial assets relating to national tasks unconnected with monetary policy.

The limit on the amount that the NCBs can hold is necessary to ensure that the ECB Governing Council has full control over the size of the Eurosystem's balance sheet, to permit the effective implementation of monetary policy.

The net financial assets are equal to the difference between assets that are not directly related to monetary policy and liabilities that also have no direct link with monetary policy.

3.1.1.2 Result

In 2021 the Bank's net profit was lower than in the previous financial year (–€ 306 million), at € 355 million. This reduction in the profit is mainly due to the increase in the Bank's contribution to monetary income (–€ 380 million¹) and the decline in the net results of financial operations (–€ 27 million). However, this effect was partly offset by the net interest income which increased by € 55 million. The main reasons for that increase are:

- higher volumes on current accounts and the deposit facility and excess reserves (+€ 409 million);
- higher volume (–€ 339 million) and lower interest rates (–€ 62 million) on monetary policy credit operations which were carried out at negative interest rates;
- the increased volume of the monetary policy portfolios (+€ 66 million).

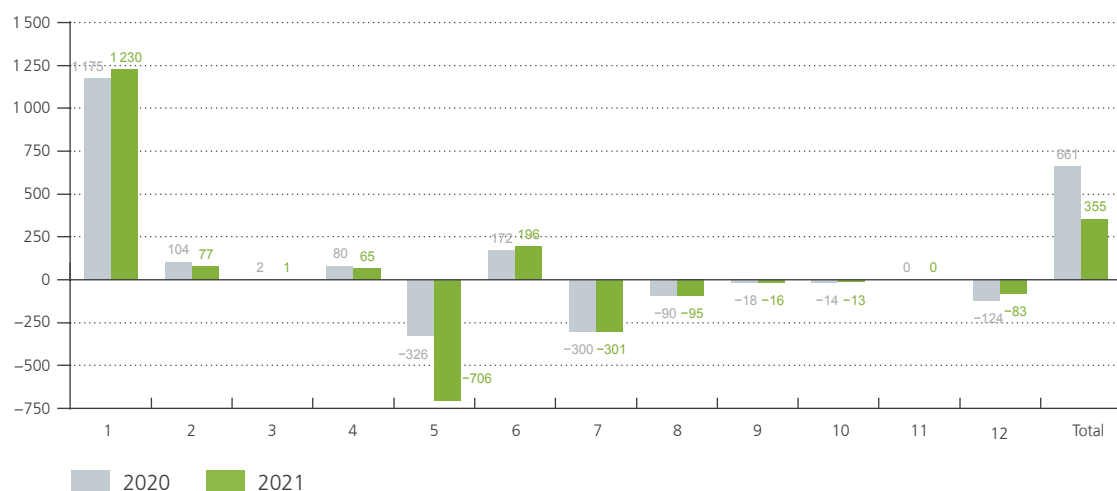
The Bank's contribution to the allocation of monetary income increased considerably by € 380 million, mainly through:

- the increase in the amount pooled with the Eurosystem (–€ 269 million);

¹ The amounts between brackets indicate the impact on the profit & loss account.

General structure of the result

(in € million)



1. Net interest income
2. Net result of financial operations, write-downs and provisions
3. Net income/expense from fees and commissions
4. Income from equity shares and participating interests
5. Net result of pooling of monetary income
6. Other income
7. Staff costs
8. Administrative expenses
9. Depreciation of tangible and intangible fixed assets
10. Banknote production services
11. Other expenses
12. Corporate tax

- the decrease in monetary income reallocated to the Bank because of the fall in the Eurosystem's total monetary income (–€ 108 million);
- in addition, the provision for monetary policy operations constituted in 2018 was written back in full in 2020 and no allocation was made to that provision in 2021.

The net result of financial operations declined primarily because of the rise in the dollar interest rate (–€ 40 million). Conversely, capital gains in the euro-denominated securities market increased significantly as a result of transactions in securities held for monetary policy purposes, partly offset by a disappearance of results on MTM securities (+€ 42 million). Unrealised losses on dollar-denominated securities charged to the profit and loss account increased substantially (–€ 28 million).

The sale of the printing works building generated a book profit of € 19.3 million, included in the other income.

3.1.1.3 Profit distribution

The minimum amount of the Bank's reserves is determined on the basis of an estimate of the quantifiable risks. All the Bank's financial risks are quantified according to the value at risk/expected shortfall methodology, for which the Bank uses very cautious parameters with regard to probabilities and time-scales, or according to long-term scenarios.

The estimate of the lower boundary of risks at the end of 2021 leads to an amount of approximately € 5.8 billion, compared with € 6.5 billion at the end of 2020. This reduction is mainly due to the Governing Council's decision to gradually reduce asset purchases so that the stance of monetary policy continues to move in the direction of stabilizing inflation at the level of the medium-term objective. However, the current environment of growing uncertainties about the sources and evolution of inflation and about the impact of geopolitical problems may have a significant influence on future policy and on the evolution of risks, confirming the need for a cautious approach in this area.

This amount comprises the financial risks on:

- the Bank's own securities portfolios in euro and in foreign currencies;
- the monetary policy securities portfolios shown on the Bank's balance sheet for which the Bank alone bears the risks;
- the monetary policy credit operations and securities portfolios shown on the balance sheet of all national central banks (NCBs) in the Eurosystem for which the risk is shared among them (see notes 5 and 7 in the notes to the annual accounts).

The growing volume and the composition of the balance sheet, and in particular the APP and the PEPP, imply the risk of seeing the Bank's results coming under pressure, especially in the event of a rise of the interest rates. In such conditions, the Bank is maintaining its reserve policy at 50 % of the profit for the year for as long as the period of non-conventional monetary measures persists.

Thus, an amount of € 177.7 million is allocated to the available reserve. Following the profit distribution, the Bank's buffers total € 7.1 billion. In addition, the current profit is the first buffer used to cover any losses.

The dividend policy remains unchanged. This results in a gross dividend of € 138.04 per share, up by 30.5 % against the financial year 2020, mainly owing to the payment of a dividend this year for an amount of € 31.3 million by the BIS and to the net capital gain generated by the sale of the printing works building (€ 18.1 million).

The balance of the profit for the year is allocated to the State, in accordance with the Organic Law. For the year 2021, it amounts to € 122.5 million.

3.1.2 Risk management

As regards risk management, the Bank applies the "three lines of defence" system.

Its departments, autonomous services and units assume the **first line of responsibility** for the effectiveness of the internal control system. This involves:

- identifying, assessing, controlling and mitigating the risks that their entities incur;
- setting up adequate internal control and risk management mechanisms for managing their entities'

risks within the risk tolerance limits set by the Board of Directors;

- making sure that these objectives, policies and internal control are respected in their entities.

The **second line of responsibility** for the effectiveness of the internal control system lies with the Director in charge of the Financial Markets Department, as regards financial risks (see 3.1.2.1). For non-financial risks (see 3.1.2.2), second line responsibility rests with the Director in charge of the 2nd Line of Defence Department.

The Internal Audit Service assumes the **third line of responsibility** for the efficiency of the internal control system. Its task is to give the Board of Directors further assurance, based on the highest degree of organisational independence and objectivity, as to the effectiveness of the Bank's governance, risk management and internal control, including the achievement of risk management and control objectives by the first and second lines of defence.

The Bank's financial and non-financial risk management during the year under review is described below.

3.1.2.1 Financial risk management

3.1.2.1.1 Management of the gold and foreign currency reserves, portfolios of securities in euro and monetary policy operations

Management of the gold and foreign currency reserves and that of the portfolios of securities in euro, and the monetary policy operations (intervention portfolios, loans, etc.) exposes the Bank, like any financial institution, to financial risks (such as market and credit risks), and to operational risks.

All financial risk estimates entail the use of methods, particularly quantitative methods, necessitating certain choices in terms of assumptions, parameters and scenarios. Those choices clearly reflect the difficulty of the exercise and the futility of expecting an accurate risk measurement. However, the apparently arbitrary nature of these choices is managed – and thus reduced – by combining (i) validation at the highest level of the proposals drawn up by the Bank's experts, and (ii) a sensitivity analysis of the results of the choices made.

For the purpose of managing its reserves, the Bank first defines a level of risk which it deems appropriate according to its risk aversion, the level of which depends among other things on constraints related to carrying out its tasks in all circumstances, as well as its ability to take even exceptional losses. That level is reviewed regularly as the Bank's tasks evolve and develop, particularly in regard to monetary policy, and in the light of actual or expected changes in market risks. The Bank then establishes a policy which aims to limit and manage these risks and keep them at the pre-selected level. In particular, it determines the currency mix, the market mix and the financial instrument mix, and the strategic duration of each own-account bond portfolio (and maximum deviations permitted in the course of active management) by applying the value-at-risk method to assess market risk (losses which could be generated by adverse movements in exchange rates, asset prices and interest rates). It also conducts stress tests on the whole of its balance sheet in order to estimate short- or even longer-term trends in its results under the various scenarios that are defined both within the Bank and by external institutions. The limits imposed for 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 constitution of monetary policy portfolios (the Securities Markets Programme, Covered Bonds Purchase Programmes, Asset-backed Securities Purchase Programme, Public Sector Purchase Programme, Corporate Sector Purchase Programme and Pandemic Emergency Purchase Programme).

Moreover, in order to limit its credit risk (including migration risk), i.e. the 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 as far as possible that its investments are diversified. The securities purchase programmes under the Expanded Asset Purchase Programme have a specific impact on credit risk owing to a high concentration on certain sovereign issuers.

In order to assess the credit risk of each issuer or counterparty, the Bank refers to the ratings accorded by a number of specialist agencies and uses 'prediction' methods (such as implied ratings) which take account of developments on certain markets (credit default swaps, stock market value, etc.) and financial ratios, and possibly financial analyses conducted with due regard for the total segregation of the Bank's entities responsible for banking supervision. For overall credit risk assessment, it uses the CreditMetrics method with cautious and consistent parameters whose adequacy is regularly reviewed.

In order to increase the return on its US-dollar-denominated assets in the long term, the Bank invests a small proportion of those assets in corporate bonds. Specific rules have been drawn up for this type of bond (minimum rating, wide diversification obligation, 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, to a lesser extent, bonds backed by first-rate claims (*Pfandbriefe* type or other covered bonds) which help raise the expected yield. In conducting the investment operations concerning the Bank's portfolios, account is taken of the primacy of the monetary policy programmes and the strict organisational segregation designed to avoid any risk of a conflict of interests.

The Bank continues to implement and develop its policy of taking account of environmental, social and governance criteria (ESG) in managing its assets.

In order to improve the long-term risk/return ratio, the Bank has allocated a modest amount to acquiring a tradable investment fund comprising shares of European companies, which reflects as closely as possible the performance of a European index (which excludes the United Kingdom and Switzerland) and which applies ESG criteria. The fund is managed externally and passively in order to rule out any conflict of interests.

Both market risks and credit risks for the portfolios are closely monitored. The Bank has risk management procedures in place to enable it to check the limits and criteria that securities must meet under the integrated portfolio management system, and it carries out regular internal reporting on these risks.

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

As regards the Bank's lending transactions pursuant to the Eurosystem's monetary policy, a risk management framework was established within the Eurosystem to enable harmonised implementation throughout the euro area. In this way, the eligible assets can be used without discrimination and the same risk control measures are applied throughout the Eurosystem. The risk management framework contains the eligibility criteria, which can be used on the one hand to draw up a single list of eligible securities and, on the other hand, to select non-tradable assets (bank loans). This framework also sets out risk management procedures and is regularly revised to take account of recent developments and in order to guarantee high-grade protection. Since 2012, every central bank has been able to define an additional framework for non-marketable assets, setting out eligibility rules and specific risk measures. These additional frameworks are approved by the Eurosystem. In the context of the 2020 pandemic crisis, central banks were able to establish such an additional framework more speedily. The Bank therefore decided to set up this temporary framework (relating to the pandemic crisis) for authorising non-tradable assets with a lower credit rating. The assets accepted under this framework constitute a risk for the Bank which is not shared with the Eurosystem. However, the acceptance of these assets is accompanied by more severe haircuts in order to cover these additional risks.

3.1.2.1.2 Interest rate risk and risks associated with the volume of interest-bearing assets

The income derived from banknote issuance is traditionally the largest component of the Bank's revenues. 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.

Owing to the Asset Purchase Programme (APP) and the Pandemic Emergency Purchase Programme (PEPP), the counterpart to an increasing proportion of the assets on the Bank's balance sheet is no longer banknotes but other liabilities such as the current accounts of credit institutions and the deposit facility, remunerated at a pre-determined (positive or negative) short-term interest rate. That increases the longer-term interest rate risk.

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 the Bank's seigniorage income.

3.1.2.2 Non-financial risk management

The Bank's non-financial risk management framework is based on three lines of defence. The first level comprises all operational and support services, which are responsible for identifying, assessing and tackling risks inherent in their activities. This implies that all first line services conduct risk analyses on all their activities in order to ensure that the risks remain within acceptable limits so that the objectives can be achieved.

Since 2017, the Bank has had a fully-fledged second line of defence specialising in non-financial risk management, which has been incorporated in a Department responsible for implementing and overseeing the framework for non-financial risk management. That Department develops and maintains the various components of the risk management framework for the Bank and supports the first line in the management of all non-financial risks, including risks relating to physical security, business continuity and outsourcing, IT security, data protection and cyber security, and compliance risks (e.g. compliance with the anti-money-laundering legislation or the legislation relating to the General Data Protection Regulation (GDPR), and the code of ethics, etc.).

During 2021 the Bank continued developing the various components of its reference framework for the management of non-financial risks in order to meet the expected standards and regulatory requirements on the subject. In that context, the Bank continued to deploy and formalise the umbrella framework

for non-financial risk management, paying particular attention to the universe of non-financial risks and its risk culture. On the basis of the conclusions of a general strategic exercise conducted in 2020 which included non-financial risk management, the Bank also strengthened its governance relating to non-financial risk management by establishing a risk committee with specific competences, which meets at least once a quarter and assists the Board of Directors in managing non-financial risks. The aim is to continue progressing towards non-financial risk management on the basis of a multiannual plan which runs until 2025.

Where **business continuity** is concerned, the Bank continues to refine its reference framework. In this connection, the list of risk scenarios used for disruption to the IT infrastructure was updated, keeping an eye on the likelihood of the risks materialising and their potential impact on the operation of the institution. In the light of the positive experience gained during the pandemic, remote working was also given high priority on the list of solutions to be applied in a number of emergency scenarios. The impact analyses and continuity plans relating to critical activities are regularly reviewed and updated. These plans comprise specific scenarios which are tested in accordance with an annual schedule and adapted on the basis of the test results. The Bank's crisis management forms part of its Business Continuity Management and is likewise tested regularly. Responsibility for coordinating the management of the impact of the health crisis on operations throughout the Bank was therefore assigned to the entity responsible for non-financial risk management.

In the field of **information security** there is a clear allocation of roles and responsibilities between the first and second lines. To ensure that all staff clearly understand the rules that must be respected regarding keeping information systems secure, the Bank has radically revised its data protection policy. In particular, that policy goes into more detail on personal data protection in accordance with the GDPR and on the handling of sensitive data at workplaces outside the Bank, or in other words at home or in remote locations, in view of the increased flexibility regarding the place of work and working hours. Since, in addition to clear governance, ensuring that users are well-informed also helps to improve data security, the online awareness programme has been extended to all staff members, and completion of the modules

has been included in the personal annual targets of all staff. This programme covers a four-year period, and its content is regularly supplemented. Finally, the project set up last year for structurally enhancing information security continued in order to combat new cyber risks.

Under second line supervision concerning **banknotes**, there were regular conformity checks at the Central Cash Office in order to identify and avert any risks. This concerns cash inspections, dealing with cash discrepancies and complaints from financial institutions, internal checks on damaged banknotes, non-compliant packs of banknotes and offline destruction of banknotes, admission tests on BPS machines, checks on suppliers, and measures to combat money laundering and terrorist financing (AML/CFT). In 2021, conformity checks by means of video images were also introduced in order to check whether staff were familiar with, and were applying, the internal procedures and instructions.

On the subject of **compliance**, 46 questions of interpretation, 4 requests to authorise financial transactions, and 26 benefit statements from staff and management concerning the application of the code of ethics and the General Data Protection Regulation (GDPR) were addressed. To meet the requirements of the GDPR, an impact analysis relating to data protection was conducted on a number of new types of data processing liable to entail a high confidentiality risk for the persons concerned. To meet the requirements of the framework law on the processing of personal data, a protocol published on the Bank's website formalised all transfers of personal data to third authorities. In addition, a new policy was introduced in regard to the prevention of money laundering and terrorist financing. Finally, on 17 December 2021, the ECB guideline laying down the principles of a professional ethics framework for the Eurosystem was published. The Bank is required to take the necessary steps to implement and respect that guideline and to apply the rules and implementation measures with effect from 1 June 2023.

3.1.3 Post-balance-sheet events

There were no post-balance-sheet events which had any significant influence on the Bank's financial situation and results as at 31 December 2021.

In light of recent geopolitical developments, the Bank would like to clarify that it does not hold any assets that expose it directly to credit risk on Russia.

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

On 10 March 2022, the ECB Governing Council decided to adjust the purchase scheme under the Expanded Asset Purchase Programme (APP). Depending on further data analysis, net purchases under this programme, after a temporary increase in the second quarter of 2022, could be discontinued in the third quarter of 2022. In addition, the Governing Council intends to continue reinvesting maturing securities acquired under that programme for a prolonged period following the date on which it begins raising the key interest rates, and in any case for as long as necessary to maintain favourable liquidity conditions and a high degree of monetary support.

Regarding the Pandemic Emergency Purchase Programme (PEPP), the Governing Council decided to suspend the net purchases from the end of March 2022. However, net purchases could resume if necessary in order to counteract negative shocks caused by the pandemic. In addition, the Governing Council intends to reinvest maturing securities acquired under the PEPP until at least the end of 2024.

Further monetary policy adjustments are of course possible, especially taking into account the recent geopolitical uncertainties and their potential impact on inflation in the euro area.

The consequences of these programmes could put pressure on the Bank's results.

3.1.5 Research and development

The research and development activities focused mainly on the provision of services within the Eurosystem including measures to combat counterfeiting, the development of new security features, and banknote circulation. The Bank made a significant contribution to various working groups in collaboration with various other central banks, including those in the Eurosystem. At the end of 2021 the ECB announced its intention to launch a new series of euro banknotes

from 2024. The Bank will also play an active part in research and development for that project.

3.1.6 Conflict of interests

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.

3.1.7 Financial instruments

In 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, 6, 9, 12, 15, 16, 24, 37 and 38).

See point 3.1.2.1. for a description of the Bank's financial risk management policy.

3.1.8 Expertise and independence of the Audit Committee

The members of the Audit Committee are experts in accountancy and auditing, in view of their training in economics or finance and/or their relevant professional experience in those fields. Most of the members satisfy the independence criteria mentioned in Article 7:87 (1) of the Companies and Associations Code.

3.1.9 Corporate governance statement

3.1.9.1 Belgian corporate governance code and corporate governance charter

For listed companies in Belgium, the Belgian Corporate Governance Code ("the Code") is the reference text on governance. The Code, published on the website www.corporategovernancecommittee.be, is a recommendation and sets out principles and guidelines

in regard to governance which complement the legislation in force 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 is also responsible for supervising the financial sector and 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, and the Bank's Organic Law and 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 pursuant 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 specific composition and 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 Code 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 Code, or even more so in some respects.

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 can be consulted on the Bank's website.

3.1.9.2 Internal control and risk management systems in connection with the financial reporting process

The financial and non-financial risks connected with the Bank's activities and their management, and the organisation of risk management according to the standard three-level model, are discussed in point 3.1.2 of this Report.

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

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

3.1.9.3 Shareholdership

The Bank's share capital of € 10 million is represented by 400 000 shares, of which 200 000, or 50 % of the voting rights, belong to the Belgian State. The other 200 000 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), to appoint the auditor, to take note of the annual accounts and the Directors' Report, and to amend the Statutes on the proposal of the Council of Regency in cases where the latter does not itself have power to do so.

The Council of Regency amends the Statutes in order to bring them into line with the Organic Law and the international obligations which are binding on Belgium. Other amendments to the Statutes are made by the General Meeting of Shareholders on the proposal of the Council of Regency. The General Meeting has to be convened for that purpose and can only pass valid resolutions if the proposed amendments are mentioned in the convening notice and if the shareholders present or represented hold at least half of the share capital. If that proportion of the capital is not represented at a first meeting, a

new meeting must be convened which can pass valid resolutions whatever the proportion of the capital held by the shareholders present or represented. Amendments to the Statutes must be approved by a three-quarters majority of the votes attached to all the shares present or represented at the General Meeting. They must also be approved by Royal Decree.

The dividend paid to shareholders is fixed by the Council of Regency. For more details, see the Bank's reserve and dividend policy (see point 3.2.7.3). The dividend is payable on the fourth working day following the General Meeting.

3.1.9.4 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 Pierre Wunsch was appointed Governor with effect from 2 January 2019.

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.

Director Tim Hermans' term of office was renewed with effect from 7 April 2021 by the Royal Decree dated 28 March 2021. In addition, the title of Vice-Governor was conferred to Director Steven Vanackere by the Royal Decree dated 28 March 2021. He has borne that title since 19 April 2021.

Composition of the Board of Directors as at 31 December 2021:

Member	Function
Pierre Wunsch	Governor
Steven Vanackere	Vice-Governor
Jean Hilgers	Director
Vincent Magnée	Director
Tom Dechaene	Director
Tim Hermans	Director

The function of Treasurer is performed by Director Jean Hilgers and that of Secretary by Director Tim Hermans.

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

The Board of Directors met 49 times in 2021 for central banking matters, 45 times for prudential supervision (+8 written procedures) and 12 times to discuss macroprudential policy matters.

COUNCIL OF REGENCY

Pursuant to Article 20 of the Organic Law as amended by the Law of 2 May 2019 on miscellaneous financial provisions, the Council of Regency is composed of the Governor, the Directors, and fourteen 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 nine 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 five members. The Regent elected to replace a member who has died or resigned completes the term of office of the one whom he replaces. The representative of the Minister of Finance attends, *ex officio*, the meetings of the Council of Regency.

At the General Meeting on 17 May 2021 the terms of office of Mesdames Fabienne Bister and Marjan Maes came to an end, and the terms of office of Messrs Marc Leemans and Pieter Timmermans were renewed.

Messrs Georges Van Keerberghen and Thierry Bodson, and Mesdames Géraldine Thiry, Louise Fromont and Helga Coppen were elected as Regents.

Regents as at 31 December 2021:

Mrs Claire Tillekaerts¹, President of the Council of Regency
Mr Marc Leemans²
Mr Pieter Timmermans³
Mr Eric Mathay¹
Mr Danny Van Assche³
Mrs Mia De Schampheleere¹
Mrs Géraldine Van der Stichele¹
Mrs Véronique Thirion¹
Mrs Estelle Cantillon¹
Mr Georges Van Keerberghen³
Mr Thierry Bodson²
Mrs Géraldine Thiry¹
Mrs Louise Fromont¹
Mrs Helga Coppen¹

The Council of Regency met 20 times in 2021. These meetings focused in particular on the approval of the 2020 annual accounts and Annual Report, including the remuneration report, and on the settlement of the year's profit distribution. The Council of Regency approved the Bank's 2022 budget, and, after examination by the Audit Committee, laid down the accounting rules for the financial year 2021. It took note of the report on the activities of the Audit Committee. Finally, it exchanged views on general questions relating to the Bank and to the Belgian, European and global economy.

AUDIT COMMITTEE

The Audit Committee advises the Council of Regency on the monitoring of the financial reporting process and advises the Board of Directors on supervision of the effectiveness of the internal audit process, internal control and risk management.

The Audit Committee is composed of three Regents appointed by the Council of Regency. The

¹ Regent elected on the proposal of the Minister of Finance.
² Regent elected on the proposal of the most representative labour organisations.
³ 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.

representative of the Minister of Finance attends, *ex officio*, the meetings of the Audit Committee.

Composition of the Audit Committee as at 31 December 2021:

Chair: Mrs Mia De Schampelaere, Regent
Mr Eric Mathay, Regent
Mrs Estelle Cantillon, Regent

The Audit Committee met six times in 2021. At these meetings, the Audit Committee examined the annual accounts and the Annual Report for the year 2020. In addition, the Audit Committee took note of the work programme and the work of the Internal Audit Service, and checked the auditor's independence. The Audit Committee also supervised the preparation of the Bank's 2022 budget and handed down a positive opinion on the accounting rules for the financial year 2021.

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 and the Regents. It also expresses opinions for the attention of the organs and entities competent to propose candidates for vacancies on the Board of Directors and the Council of Regency, 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.

The Remuneration and Appointments Committee comprises three Regents appointed by the Council of Regency. The representative of the Minister of Finance attends, *ex officio*, the meetings of the Remuneration and Appointments Committee, and the Governor attends as an adviser.

Composition of the Remuneration and Appointments Committee as at 31 December 2021:

Chair: Mrs Claire Tillekaerts, Regent
Mr Pieter Timmermans, Regent
Mrs Géraldine Van der Stichele, Regent

The Remuneration and Appointments Committee met once in 2021. 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 3.1.10).

REPRESENTATIVE OF THE MINISTER OF FINANCE

Pursuant to Article 22 of the Organic Law, the representative of the Minister of Finance attends, *ex officio*, the meetings of the Council of Regency, the Audit Committee and the Remuneration and Appointments Committee. Since 1 October 2012, Mr Hans D'Hondt has acted as representative of the Minister of Finance.

GENERAL MEETING OF SHAREHOLDERS

In view of the COVID-19 pandemic and the government rules in force, the shareholders were unable to attend the Ordinary General Meeting in person on 17 May 2021 but they were able to participate remotely. The meeting could be followed via streaming in real time and the shareholders were able to exercise their right to participate by means of an electronic platform. They were able to exercise their right to pose questions by means of written questions submitted before the meeting or during the meeting by means of the online chat function. The minutes of the meeting were published on the Bank's website.

AUDITOR

The firm Mazars Réviseurs d'entreprises, represented by Mr Dirk Stragier, acts as the Bank's auditor. The General Meeting on 18 May 2020 reappointed Mazars Réviseurs d'entreprises, represented by Mr Dirk Stragier, as the auditor for a three-year term.

3.1.9.5 Diversity policy

The Bank aims to respect diversity in all its forms. It attaches importance to a balanced composition of its organs and its staff.

In particular, the Remuneration and Appointments Committee which is responsible for giving opinions on appointments takes the question of diversity into account in its discussions.

Nevertheless, the Bank is bound by the specific provisions of its Organic Law and its Statutes. It is the King who appoints the Governor. The other members of the Board of Directors are also appointed by the King, on the proposal of the Council of Regency. The Regents are appointed on the proposal of the Minister of Finance and civil society. In view of the arrangements for appointing the members of its organs, it is therefore not the Bank alone that establishes and implements the diversity policy.

In regard to the gender balance, the Bank is obliged to ensure that at least one third of the members of the Council of Regency are of the opposite sex from the other members. In addition, if the Governor is Dutch-speaking, the Regent appointed by the King to chair the Council of Regency must be French-speaking and vice versa, and must be of the opposite sex from the Governor.

The Bank satisfies this legal obligation, and now has eight female members on the Council of Regency. Moreover, Mrs Claire Tillekaerts was appointed as President of the Council of Regency.

3.1.10 Remuneration report

3.1.10.1 Competence and decision-making

The Council of Regency is authorised to define the remuneration policy and the remuneration of the members of the Board of Directors and the Council of Regency. Members of the Board of Directors do not take part in the discussions and voting relating to their own remuneration in the Council of Regency.

The Remuneration and Appointments Committee assists the Council of Regency in the exercise of this power. The role, composition and functioning of that Committee are detailed in the Remuneration and Appointments Committee Regulation, which is available on the Bank's website.

The remuneration policy and the remuneration granted are discussed below.

3.1.10.2 Remuneration policy

GOVERNOR, VICE-GOVERNOR AND DIRECTORS

The purpose of the remuneration policy is to safeguard the Bank's strategy and long-term interests by offering a remuneration package capable of attracting, retaining and motivating experienced directors.

The level of the salaries of the Governor, Vice-Governor and Directors was fixed in 1949 by the former General Council. That was also the period when the ratio between those salaries and the staff salaries was defined.

In 2014, in view of the debate on salaries in the public sector, the Council of Regency decided to reduce the salaries of the Governor, Vice-Governor and Directors by more than 12 % across the board. Despite this straight-line reduction, comparison of the level of the Governor's salary showed that it was still high in international terms and that the pay differential between the Governor and the Directors was relatively large. In November 2020 the Council of Regency therefore decided, on the initiative of the Board of Directors and the positive recommendation of the Remuneration and Appointments Committee, to reduce the Governor's gross basic remuneration by a further 10 % with effect from 2021. The gross basic remuneration for the post of Vice-Governor was cut by 5 %.

The salaries of members of the Board of Directors are index-linked in line with the health index.

Since the Bank, in its capacity as a central bank, is unlike other listed companies in that maximising profits is not its primary objective, the remuneration policy does not include any financial performance criteria. By the same token, 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. It does not include any bonuses, shares, share options, or other rights to acquire shares.

The Governor, Vice-Governor and the 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 Governor may keep the fee that he receives as a director of the Bank for International Settlements. Conversely, the statutory provision whereby the Bank pays the cost of accommodation and furnishings for the Governor is not applied.

The Governor, Vice-Governor and Directors are not paid for their duties on the Council of Regency.

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

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

Members of the Board of Directors have a fixed-term mandate. The Governor is appointed for a five-year term while the Directors are appointed for a six-year term. 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. Pursuant to Article 26 of the Organic Law, the Governor, Vice-Governor and Directors may not perform any duties, function or mandate in institutions 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 twelve 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.

REGENTS

The Regents receive attendance fees, the amount of which has only a fixed component, with no variable element, and is granted for each meeting actually attended by members of the Council of Regency, the Audit Committee and the Remuneration and Appointments Committee. If a meeting is organised via the written procedure or by a voice telecommunication system, the attendance fees are paid to the Regents who actually attend the meeting.

The amount of the attendance fees is index-linked annually in line with the health index.

Regents whose place of work is located outside the Brussels conurbation receive a travel allowance. The method of calculating that allowance is aligned with the rules of tax law (fixed allowance per kilometre). The travel allowance is granted for each journey actually made to the Bank's head office.

3.1.10.3 Remuneration and other benefits granted

GOVERNOR, VICE-GOVERNOR AND DIRECTORS

In the following paragraphs, the total amount received by the Governor, the Vice-Governor and the Directors by way of remuneration during the last financial year is broken down by components.

Last year, the gross salaries amounted to € 465 521 for the post of Governor, € 276 411¹ for the post of Vice-Governor and € 356 720 for the post of Director.

The ratio between the lowest remuneration for staff and a Director's salary is 1 to 8.6. The ratio between the lowest remuneration for staff and the Governor's salary is 1 to 11.2. The salaries of the Governor, Vice-Governor and Directors are linked to the movement in the health index. Staff remuneration is linked to the health index and to the pay scale system.

As stated above, in November 2020, in view of the relatively large pay differential between the Governor and the staff, the Council of Regency decided to reduce the Governor's gross salary by 10 % as of 2021 and to reduce the gross salary of the Vice-Governor by 5 % as of 2021. That decision was taken on the initiative of the Board of Directors and the positive recommendation of the Remuneration and Appointments Committee.

The group insurance policy for the pension plan of members of the Board of Directors comprises a retirement pension element and cover in the event of death. The table below shows the insurance premiums paid during the last financial year for each member of the Board of Directors. The variations in the premiums depend on a number of factors, including basic remuneration, the duration of mandates, the reserves already built up and the period remaining until retirement age.

(in €)

Member	Group insurance premium
Pierre Wunsch	103 135
Steven Vanackere	128 463
Jean Hilgers	88 032
Vincent Magnée	93 754
Tom Dechaene	261 923
Tim Hermans	55 657

Members of the Board of Directors have a guaranteed income policy covering incapacity for work (for which the premiums paid last year came to € 41 280) and

a policy covering occupational and non-occupational accidents (for which the premiums paid last year came to € 6 875). In addition, group health insurance and group directors' liability insurance are also concluded for the Board of Directors. Finally, members of the Board of Directors are provided with a company car. Last year the value of this benefit in kind came to € 3 092 for the Governor and € 18 156 for the other directors jointly.

In accordance with the principles of the Organic Law and the remuneration policy determined by the Council of Regency, no variable remuneration was paid to the Governor, Vice-Governor and other members of the Board of Directors last year, nor were they granted any shares, share options or other rights to acquire shares. Finally, no severance pay was granted last year.

The remuneration paid last year conformed to the decisions of the General Council and the Council of Regency mentioned in point 3.1.10.2. As explained there, the remuneration policy does not comprise any financial performance criterion.

REGENTS

Last year the attendance fees paid for attending meetings of the Council of Regency, the Audit Committee and the Remuneration and Appointments Committee stood at € 554 gross per meeting attended. That amount has remained unchanged for the past five years, but it is index-linked so that the figures are as follows: € 523 in 2017, € 533 in 2018, € 545 in 2019, € 549 in 2020 and € 554 in 2021.

In 2021, the following fees were paid for attending the meetings of the Council of Regency, the Audit Committee and the Remuneration and Appointments Committee (names in alphabetical order):

¹ For the period from 19/04/2021 to 31/12/2021 inclusive. For the period from 01/01/2021 to 18/04/2021 inclusive, Mr Vanackere's remuneration as director amounted to € 106 043.

(number of meetings, unless otherwise stated)

Member	Council of Regency	Audit Committee	Remuneration and Appointments Committee	Total number of meetings	Total remuneration (in €)
Fabienne Bister ¹	7	–	–	7	3 878
Thierry Bodson ²	7	–	–	7	3 878
Estelle Cantillon	19	5	–	24	13 296
Helga Coppen ³	11	–	–	11	6 094
Mia De Schampelaere	20	6	–	26	14 404
Louise Fromont ⁴	5	–	–	5	2 770
Marc Leemans	14	–	–	14	7 756
Marjan Maes ⁵	6	–	–	6	3 324
Eric Mathay	18	6	–	24	13 296
Véronique Thirion	2	–	–	2	1 108
Géraldine Thiry ⁶	12	–	–	12	6 648
Claire Tillekaerts	18	–	1	19	10 526
Pieter Timmermans	19	–	1	20	11 580
Danny Van Assche	15	–	–	15	8 310
Géraldine Van der Stichele	15	–	–	15	8 310
Georges Van Keerberghen ⁷	10	–	–	10	5 540

1 Member of the Council of Regency until 17 May 2021.

2 Member of the Council of Regency from 17 May 2021.

3 Member of the Council of Regency from 17 May 2021.

4 Member of the Council of Regency from 17 May 2021.

5 Member of the Council of Regency until 17 May 2021.

6 Member of the Council of Regency from 17 May 2021.

7 Member of the Council of Regency from 17 May 2021.

3.1.11 Non-financial declaration

In its capacity as the country's central bank, the National Bank has been assigned tasks in the general interest. The Bank's main activities are not of a commercial or industrial nature.

Nevertheless, as an important player in the economic world and in regard to society, the Bank ensures respect for non-financial values.

Details of the Bank's respect for non-financial values are given in chapter 2 "The Bank and its social responsibility" of this Corporate Report (see p. 75).

Council of Regency



Claire Tillekaerts
President of the
Council of Regency



Marc Leemans
Regent



**Pieter
Timmermans**
Regent



Eric Mathay
Regent



**Danny
Van Assche**
Regent



**Mia
De Schamphelaere**
Regent



**Géraldine
Van der Stichele**
Regent



**Véronique
Thirion**
Regent



Estelle Cantillon
Regent



**Georges
Van Keerberghen**
Regent



Thierry Bodson
Regent



Géraldine Thiry
Regent



Louise Fromont
Regent



Helga Coppen
Regent



Pierre Wunsch
Governor



Steven Vanackere
Vice-Governor



Jean Hilgers
Director
Treasurer



Vincent Magnée
Director



Tom Dechaene
Director



Tim Hermans
Director
Secretary



Hans D'Hondt
Representative of the
Minister of Finance

3.2 Annual accounts

3.2.1 Balance Sheet

(before profit distribution)

Assets

(end-of-period data, in € thousand)

	See note below	2021	2020
1. Gold and gold receivables	1	11 767 180	11 287 575
2. Claims on non-euro area residents denominated in foreign currency	2	25 582 833	15 822 963
2.1 Receivables from the IMF		15 337 049	6 950 671
2.2 Balances with banks and security investments, external loans and other external assets		10 245 784	8 872 292
3. Claims on euro area residents denominated in foreign currency	3	180 721	400 034
4. Claims on non-euro area residents denominated in euro	4	17	138 376
5. Lending to euro area credit institutions related to monetary policy operations denominated in euro	5	87 638 230	81 017 880
5.1 Main refinancing operations		–	–
5.2 Longer-term refinancing operations		87 638 230	81 017 880
5.3 Fine-tuning reverse operations		–	–
5.4 Structural reverse operations		–	–
5.5 Marginal lending facility		–	–
5.6 Credits related to margin calls		–	–
6. Other claims on euro area credit institutions denominated in euro	6	434 816	909 600
7. Securities of euro area residents denominated in euro	7	216 071 007	171 031 799
7.1 Securities held for monetary policy purposes		212 653 610	167 023 248
7.2 Other securities		3 417 397	4 008 551
8. Intra-Eurosystem claims	8	9 248 186	9 121 199
8.1 Participating interest in ECB capital		358 324	336 097
8.2 Claims equivalent to the transfer of foreign currency reserves		1 469 828	1 469 828
8.3 Net claims related to the allocation of euro banknotes within the Eurosystem		7 420 034	7 315 274
8.4 Other claims within the Eurosystem (net)		–	–
9. Other assets	9	8 476 908	8 864 955
9.1 Coins of euro area		8 711	8 009
9.2 Tangible and intangible fixed assets		403 730	412 926
9.3 Other financial assets		7 195 259	6 988 312
9.4 Off-balance-sheet instruments revaluation differences		–	90 592
9.5 Accruals and prepaid expenditure		837 199	1 360 459
9.6 Sundry		32 009	4 657
Total assets		359 399 897	298 594 381

Liabilities

(end-of-period data, in € thousand)

	See note below	2021	2020
1. Banknotes in circulation	10	51 767 819	48 084 842
2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	11	171 421 401	145 672 939
2.1 Current accounts (covering the minimum reserve system)		97 194 582	97 076 814
2.2 Deposit facility		74 226 819	48 596 125
2.3 Fixed-term deposits		–	–
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	908 212	1 479 685
4. Liabilities to other euro area residents denominated in euro	13	5 947 992	1 914 597
4.1 General government		5 440 401	1 304 531
4.2 Other liabilities		507 591	610 066
5. Liabilities to non-euro area residents denominated in euro	14	5 476 602	6 864 942
6. Liabilities to euro area residents denominated in foreign currency	15	2 953 293	2 320 512
7. Liabilities to non-euro area residents denominated in foreign currency	16	1 461 240	1 346 671
8. Counterpart of special drawing rights allocated by the IMF	17	12 937 044	5 095 493
9. Intra-Eurosystem liabilities	18	86 357 768	66 198 276
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)		86 357 768	66 198 276
10. Other liabilities	19	568 036	665 831
10.1 Off-balance-sheet instruments revaluation differences		24 608	–
10.2 Accruals and income collected in advance		23 892	15 396
10.3 Sundry		519 536	650 435
11. Provisions	20	–	–
11.1 For future exchange losses		–	–
11.2 For new premises		–	–
11.3 For contingencies		–	–
11.4 In respect of monetary policy operations		–	–
12. Revaluation accounts	21	12 018 744	11 381 836
13. Capital, reserve fund and available reserve	22	7 226 355	6 907 813
13.1 Capital		10 000	10 000
13.2 Reserve fund:			
Statutory reserve		1 168 694	1 168 694
Extraordinary reserve		1 153 603	1 153 603
Amortisation accounts in respect of tangible and intangible fixed assets		316 750	328 680
13.3 Available reserve		4 577 308	4 246 836
14. Profit for the year	23	355 391	660 944
Total liabilities		359 399 897	298 594 381

3.2.2 Profit and loss account

(end-of-period data, in € thousand)

	See note below	2021	2020
1. Net interest income	24	1 229 612	1 174 757
1.1 Interest income ¹		2 133 819	1 714 322
1.2 Interest expense ^{1,2}		-904 207	-539 565
2. Net result of financial operations, write-downs and provisions	25	77 065	103 866
2.1 Realised gains/losses arising from financial operations ^{1,2}		107 639	111 813
2.2 Write-downs on financial assets and positions ²		-30 574	-7 947
2.3 Transfer to/from provisions		-	-
3. Net income/expense from fees and commissions	26	592	2 446
3.1 Fees and commissions income		11 435	10 713
3.2 Fees and commissions expense		-10 843	-8 267
4. Income from equity shares and participating interests¹	27	65 432	79 958
5. Net result of pooling of monetary income	28	-705 627	-325 693
6. Other income¹	29	195 667	171 805
7. Staff costs	30	-301 037	-300 155
8. Administrative expenses¹	31	-94 594	-90 194
9. Depreciation of tangible and intangible fixed assets	32	-16 024	-18 004
10. Banknote production services	33	-12 682	-13 563
11. Other expenses	34	-	-
12. Corporate tax	35	-83 013	-124 279
Profit for the year		355 391	660 944

1	Of which proceeds from statutory investments and similar:		
1.1	Interest income	98 585	111 302
1.2	Interest expense	229	60
2.1	Realised gains/losses arising from financial operations	108	-
4.	Income from equity shares and participating interests	31 343	-
6.	Other income: Proceeds from sale of real estate	19 334	-
8.	Administrative expenses: Costs related to the sale of real estate of which 37 in previous years	-559	-
	Immovable replacement investments (not taken into consideration in the profit en loss account)	-671	
	Total	148 369	111 362
2	Of which due to (-) / by (+) the State:		
1.2	Interest expense	-27 820	-30 809
2.1	Realised gains/losses arising from financial operations	16 191	14 143
2.2	Write-downs on financial assets and positions	-	779
	Total	-11 629	-15 887

3.2.3 Profit distribution

(in € thousand)

	See note below	2021	2020
Profit for the year	36	355 391	660 944
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 reserve		177 695	330 472
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 reserve shall be allocated to the shareholders		54 616	41 708
4. The balance shall be allocated to the State; it shall be exempted from corporate tax		122 480	288 164

3.2.4 Dividend per share

(in €)

	2021	2020
Gross dividend	138.04	105.77
Withholding tax	41.41	31.73
Net dividend	96.63	74.04

The dividend is payable the fourth bank working day following the General Meeting.

3.2.5 Off-Balance-Sheet Items

(end-of-period data, in € thousand)

	See note below	2021	2020
Forward transactions in foreign currencies and in euro	37		
Forward claims		7 097 849	6 225 103
Forward liabilities		7 135 291	6 144 334
Forward transactions on interest rate and fixed-income securities	38	93 855	1 571 999
Liabilities which could lead to a credit risk	39		
Commitments towards international institutions		15 474 880	15 935 247
Commitments towards other institutions		1 461 767	1 443 539
Valuables and claims entrusted to the institution	40		
For encashment		–	–
Assets managed on behalf of the Treasury		201 579	174 183
Assets managed on behalf of the ECB		1 963 142	1 781 402
Custody deposits		950 294 663	914 609 774
Capital to be paid up on participations	41	254 422	265 884

3.2.6 Social Balance Sheet

1. Statement of persons employed

A. Workers for whom the enterprise has submitted a DIMONA declaration or who are recorded in the general staff register

	Total	Men	Women
1. During the financial year			
a. Average number of employees			
Full-time	1 740.60	1 188.10	552.50
Part-time	405.30	112.90	292.40
Total in full-time equivalents (FTE)	2 034.46	1 272.10	762.36
b. Number of hours actually worked			
Full-time	2 433 104.30	1 675 274.20	757 830.10
Part-time	381 494.30	116 976.70	264 517.60
Total	2 814 598.60	1 792 250.90	1 022 347.70
c. Staff costs (in €)			
Full-time	247 688 750.43	177 916 987.55	69 771 762.89
Part-time	34 770 794.03	10 705 906.60	24 064 887.43
Total	282 459 544.46	188 622 894.15	93 836 650.31
d. Amount of benefits additional to wages	3 086 432.50	2 061 080.40	1 025 352.10
2. During the previous financial year			
Average number of workers in FTEs	2 114.96	1 332.20	782.66
Number of hours actually worked	2 852 226.20	1 828 925.70	1 023 300.50
Staff costs (in €)	281 374 354.65	189 706 788.43	91 667 566.22
Amount of benefits additional to wages (in €)	3 129 089.50	2 109 632.14	1 019 457.36
	Full-time	Part-time	Total in full-time equivalents
3. On the balance sheet date			
a. Number of workers	1 738	385	2 018.66
b. By type of employment contract			
Permanent contract	1 672	383	1 951.56
Fixed-term contract	66	2	67.10
Contract for a specific project	–	–	–
Substitution contract	–	–	–
c. By gender and level of education			
Men	1 178	109	1 259.90
Elementary	72	14	81.80
Secondary	269	41	299.60
Higher non-university	310	30	333.90
University	527	24	544.60
Women	560	276	758.76
Elementary	45	45	75.96
Secondary	111	106	185.30
Higher non-university	159	75	215.30
University	245	50	282.20
d. By occupational category			
Management staff	18	0	18.00
Clerical workers	1 720	385	2 000.66
Manual workers	–	–	–
Other	–	–	–

B. Agency staff and persons on secondment

	Agency staff	Persons on secondment
During the financial year		
Average number of persons employed	0.12	–
Number of hours actually worked	226.65	–
Costs to the enterprise (in €)	9 566.44	–

2. Table of staff movements during the year

A. Recruitment

	Full-time	Part-time	Total in full-time equivalents
a. Number of workers for whom the enterprise submitted a DIMONA declaration or who were entered in the general staff register during the year	127	5	130.20
b. By type of employment contract			
Permanent contract	81	2	82.60
Fixed-term contract	46	3	47.60
Contract for a specific project	–	–	–
Substitution contract	–	–	–

B. Departures

	Full-time	Part-time	Total in full-time equivalents
a. Number of workers whose contract expiry date was recorded in a DIMONA declaration or in the general staff register during the year	158	55	196.20
b. By type of employment contract			
Permanent contract	103	49	137.60
Fixed-term contract	55	6	58.60
Contract for a specific project	–	–	–
Substitution contract	–	–	–
c. By reason for termination of contract			
Retirement	84	48	118.10
Unemployment with company supplement	–	–	–
Redundancy	4	0	4.00
Other reason	70	7	74.10
of which: number of persons continuing to provide services for the enterprise at least half time as self-employed workers	–	–	–

3. Information on training for workers during the year

	Men	Women
1. Formal further vocational training at the employer's expense		
Number of workers concerned	849	571
Number of hours of training completed	19 969	16 700
Net cost to the enterprise (in €)	3 516 316	2 940 592
of which:		
Gross cost directly relating to training	3 516 316	2 940 592
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	1 131	691
Number of hours of training completed	22 997	13 147
Net cost to the enterprise (in €)	2 307 947	1 319 417
3. Basic vocational training at the employer's expense		
Number of workers concerned	–	–
Number of hours of training completed	–	–
Net cost to the enterprise	–	–

3.2.7 Notes to the annual accounts

3.2.7.1 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."

In accordance with Articles 11 and 12 of the Law of 17 July 2013 inserting Book III "Freedom of establishment, freedom to provide services, and general obligations of undertakings" in the Code of Economic Law and inserting the definitions specific to Book III and the law enforcement provisions specific to Book III in Books I and XV of the Code of Economic Law, that provision should read as follows: *"Articles III.82 to III.84, III.86 to III.89 and XV.75 of the Code of Economic Law and their implementing decrees shall apply to the Bank with the exception of the decrees implementing Articles III.84, seventh paragraph, and III.89, § 2."*

The mandatory rules referred to in Article 33(1) are defined in the Guideline of the ECB of 3 November 2016 on the legal framework for accounting and financial reporting in the ESCB (recast) (ECB/2016/34), OJ L347 of 20 December 2016, as amended in the Guideline of 28 November 2019 (ECB/2019/34), OJ L332 of 23 December 2019 and in the Guideline of 11 November 2021 (ECB/2021/51), JO L419 of 24 November 2021.

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

The accounts for the financial year under review have been drawn up in accordance with the above-mentioned Article 33, adhering to the format and the accounting rules approved by the Council of Regency on 8 December 2021. The accounting rules are the same as those for the previous year.

The accounts are presented in thousands of euros unless otherwise stated.

3.2.7.2 Accounting principles and valuation rules

I. MANDATORY ACCOUNTING RULES UNDER THE ESCB/ECB STATUTE

The accounts, which are drawn up on a historical cost basis, are adjusted to reflect the valuation at market prices of marketable instruments (other than the statutory portfolio, the held-to-maturity portfolios, and the portfolios held for monetary policy purposes), 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 gold and foreign exchange reserves, which are shown on the balance sheet, are held and managed by the Bank. Assets and liabilities in gold and foreign currencies are converted into euro at the exchange rate on the balance sheet date.

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

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

2. Securities

Fixed-income marketable securities, excluding those in the statutory portfolio, those held to maturity (HTM), and those held for monetary policy purposes, are valued at the market price prevailing on the balance sheet date (MTM). Securities are revalued individually.

The held-to-maturity (HTM) portfolios consist exclusively of fixed or determinable income securities and fixed term securities which the Bank has the express intention to hold to maturity. These securities are treated as a separate portfolio and valued at the amortised purchase price.

Securities held for monetary policy purposes are treated as separate portfolios and valued at amortised purchase price, whatever the purpose of holding them.

Securities valued at amortised purchase price may be subject to impairment.

Marketable investment funds are valued at the market price prevailing on the balance sheet date. These funds are revalued on a net basis and not on the basis of the underlying assets if they fulfil certain criteria¹, without offsetting between the various investment funds.

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 transferred in accordance with the accounting rules applicable to the securities portfolio in which they are held.

The transferee, for his part, records on the assets side of his balance sheet a claim on the transferor corresponding to the amount paid out, while the securities

acquired are not recorded in the balance sheet but off-balance-sheet.

The Bank regards the above-mentioned transactions 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 Statute of the ESCB and of the ECB, the national central banks (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 banknotes². 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" under item 8.3 of the assets or 9.2 of the liabilities.

¹ These criteria are defined in Article 11a of the ECB Guideline of 3 November 2016, amended by the Guideline of 28 November 2019 (ECB/2019/34), OJ L332 of 23 December 2019 and the Guideline of 11 November 2021 (ECB/2021/51), OJ L419 of 24 November 2021.

² Decision of the ECB of 13 December 2010 on the issue of euro banknotes (recast) (ECB/2010/29, OJ L35 of 09/02/2011), as amended by the Decision of 27 November 2014 (ECB/2014/49, OJ L50 of 21/02/2015) and by the Decision of 22 January 2020 (ECB/2020/7, OJ L27 of 1 February 2020).

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.

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 related to the allocation of euro banknotes in the Eurosystem;
- accrued interest arising on monetary policy liabilities with a collection period that equals or exceeds one year.

Any interest on liabilities is included in the basis for calculating 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 related 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;
- accrued interest arising on monetary policy assets with a collection period that equals or exceeds one year;
- accrued interest on impaired securities held for monetary policy purposes;
- claims on central banks not belonging to the Eurosystem and relating to liquidity provision operations;

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 Eurosystem¹.

- 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 its purchases of portfolio securities for monetary policy purposes (SMP, CBPP3, ABSPP, PSPP and PEPP) 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.

That income is distributed in full unless it exceeds the ECB's net profit.

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 risks².

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.

¹ Decision of the ECB of 3 November 2016 on the allocation of monetary income of the national central banks of Member States whose currency is the euro (recast) (ECB/2016/36, OJ L347 of 20 December 2016), as amended by the Decision of 12 November 2020 (ECB/2020/55, OJ L390 of 20 November 2020).

² Decision of the ECB of 15 December 2014 on the interim distribution of the income of the ECB (recast) (ECB/2014/57, OJ L53 of 25/02/2015), as amended by the Decision of 2 July 2015 (ECB/2015/25, OJ L193 of 21/07/2015) and by the Decision of 12 November 2020 (ECB/2020/56, OJ L 390 of 20 November 2020).

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 at the balance sheet date.

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. This account appears under item 10.3 "Sundry" on the liabilities side.

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 guaranteed the Bank the reimbursement of any loan granted in connection with its contribution to the stability of the financial system, and guaranteed the Bank against any loss incurred as a result of any operation required in that regard.

Since, according to the European Commission, such an automatic State guarantee means that emergency liquidity measures must be classed as State aid – which could give rise to constraints on the Bank's performance of its role as lender of last resort – that provision was cancelled¹. In the event of a sudden crisis on the financial markets or a serious threat of a systemic crisis, the King could still – on the Bank's recommendation – grant the Bank an ad hoc guarantee via a Royal Decree deliberated in the Council of Ministers on the basis of Article 36/24, § 1, 2° of the Organic Law.

4. Treasury's current account

Pursuant to an agreement of 20 September 2019, the end-of-day credit balance of the Treasury's current account at the closure of TARGET2 bears interest, up to a maximum of € 150 million, at the Euro Overnight Index Average Rate (EONIA).

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.

It is intended for:

- 1° compensating for the losses in capital stock;
- 2° supplementing any shortfall in the annual profit up to a dividend of 6 % of the capital.

¹ Law of 18 December 2016 on the recognition and definition of crowdfunding, and laying down miscellaneous provisions concerning finance (Article 76), *Moniteur belge/Belgisch Staatsblad* of 20/12/2016.

² 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).

Upon expiry of the Bank's right of issue, the State shall have a priority claim to one-fifth of the reserve fund. The remaining four-fifths shall be distributed among all the shareholders².

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 compensate for 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, and its amendment dated 10 July 2009, published in the *Moniteur belge/Belgisch Staatsblad* of 17 July 2009.

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 to the State.

Pursuant to Article 37 of the Organic Law, capital gains realised on the sale of gold to the Belgian Royal Mint are handed over to the State. Sales of gold to

that Institution with a view to issuance by the State of numismatic or commemorative coins may not exceed 2.75 % of the weight of gold shown under the assets of the Bank as at 1 January 1987.

7. Profit distribution

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

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

III. ACCOUNTING RULES ESTABLISHED BY THE COUNCIL OF REGENCY

1. Participations in the statutory investment 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
■ improvements to property held for rental	no more than the duration of the tenancy

6. Stocks

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

7. Corporate tax

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

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

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

8. Calculation of the second dividend

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

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

9. Off-balance-sheet items

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

3.2.7.3 Reserve and dividend policy

The reserve and dividend policy rules, defined by the Council of Regency pursuant to Article 32 of the Organic Law, are as follows:

1. The result of the year is the first buffer for absorbing losses. Any negative result for the financial year is first charged to the available reserve. Next, if necessary, it is covered by the reserve fund.

An estimate of the quantifiable risks forms the basis for determining the minimum amount of the reserves. For the calculation of all the financial risks, the Bank applies either the value-at-risk/expected shortfall methodology for which it uses very cautious parameters in terms of probabilities and time horizons, or long-term scenarios. These methodologies are also applied by other Eurosystem members.

Each year, as long as the period of unconventional monetary measures persists, 50 % of the profit of the year is allocated to the reserve fund or the available reserve.

The risks estimate is updated annually. On the basis of this assessment, the Council of Regency may decide to transfer a different percentage of the profits to the reserves.

The comparison between the existing reserves and the minimum amount disregards the amortisation accounts, since these cannot be used to cover losses or to supplement profits.

Since the reserve fund is almost totally non-available, and in view of its size in relation to the capital, profits to be reserved are added to the available reserve.

If the level of the reserves is considered excessive, withdrawals from the available reserve may be made. They must be exceptional and duly founded. Such withdrawals may only be paid out as a dividend.

2. The shareholders' dividend comprises a first dividend of 6 % of the capital and a second dividend established by the Council of Regency pursuant to Article 32, 3° of the Organic Law.

The first dividend of € 1.5 per share (6 % of the capital) is guaranteed both by the available reserve and by the reserve fund.

The second dividend is established by the Council of Regency at 50 % of the net proceeds from the assets forming the counterpart of the reserves ("the statutory portfolio").

Net proceeds refer to the amount mentioned in the profit and loss account ("proceeds from statutory investments") following adjustment for the capital counterpart and after deduction of corporate tax actually due for the financial year in question (see point 3.2.7.2.III.8).

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

3. If an amount which is less than half the net proceeds from the statutory portfolio is allocated to the reserves, the allocation to the reserves is supplemented until it corresponds to 50 % of these net proceeds insofar as the net profit after deduction of the dividend permits.

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

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

4. For the purposes of the reserve and dividend policy, net proceeds from the sale of real estate are treated entirely as proceeds from the statutory portfolio. Net proceeds refer to the proceeds from the sales after the deduction of all costs (including taxes) and any replacement investments in property.

5. Equity, transparency and stability are the guiding principles of the Bank's reserve and dividend policy. The Bank expressly aims at consistent application of the policy set out above. Any change to that policy must be duly motivated and made public immediately.

3.2.7.4 Notes to the balance sheet

NOTE 1. GOLD AND GOLD RECEIVABLES

Gold stock (end-of-period data)

	2021	2020
In ounces of fine gold	7 311 154.9	7 311 154.9
In kg of fine gold	227 402.4	227 402.4
At market price (in € million)	11 767.2	11 287.6

On 31 December 2021, 9 tonnes of gold were still available for the issue of coins by the State for numismatic or commemorative purposes.

The major part of the gold stock is held at the Bank of England. A much smaller part is held at the Bank for International Settlements and at the Bank of Canada. A very small quantity is stored at the National Bank of Belgium.

On the balance sheet date, gold is valued on the basis of the euro price per fine ounce, notified by the ECB.

Gold price (end-of-period data, in €)

	2021	2020
Ounce of fine gold	1 609.48	1 543.88
Kg of fine gold	51 746.07	49 637.02

NOTE 2. CLAIMS ON NON-EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

Exchange rates

(end-of-period data, per €)

	2021	2020
SDR	0.8091	0.8485
USD	1.1326	1.2271
JPY	130.3800	126.4900
CNY	7.1947	8.0225
KRW	1 346.3800	1 336.0000

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.

Net positions in SDR and USD

Net position in SDR

(million)

	in SDR	in €
Balance sheet		
Claims	12 409.6	15 337.0
Liabilities	-10 467.7	-12 937.0
Pro rata interest	0.2	0.2
Off balance sheet		
Net liabilities	-1 921.4	-2 374.7
Net position	20.7	25.5

The position in Special Drawing Rights (SDR) is guaranteed by the State. In order to reduce the exchange risk, the Bank concluded forward transactions which limit the net position to SDR 20.7 million.

Net position in USD

(million)

	in USD	in €
Balance sheet		
Claims	10 139.3	8 952.2
Liabilities	-4 999.9	-4 414.5
Pro rata interest	34.1	30.1
Off balance sheet		
Claims	1 192.8	1 053.2
Liabilities	-4 174.5	-3 685.8
Pro rata interest	-1.2	-1.1
Net position	2 190.6	1 934.1

The net position in USD is 2.2 billion. The major part of the portfolio invested in dollars is financed by foreign exchange swaps or repurchase agreements.

Receivables from the IMF

Receivables from the IMF

(end-of-period data, in € million)

	2021	2020
Special Drawing Rights	12 927.3	4 597.4
Participation in the IMF	1 955.5	1 772.6
Loans to the IMF	116.4	218.3
Loans to the PRGT	337.8	362.4
Total	15 337.0	6 950.7

Special Drawing Rights

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

In August 2021, in the context of the Covid-19 pandemic, the IMF decided to effect a general allocation of SDRs for a total sum equivalent to USD 650 billion. The share of that allocation received by Belgium is equal to SDR 6 144.4 million. The net cumulative allocation to Belgium therefore increased from SDR 4 323.3 million to SDR 10 467.7 million.

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 2021, stipulates that the Bank's SDR holdings must total between 65 % and 135 % of the net cumulative allocation.

As at 31 December 2021, the holding recorded on the Special Drawing Rights account stood at SDR 10 459.8 million, against SDR 3 900.7 million a year earlier. Net use of the SDR holding, i.e. the difference between the SDR allocation and the SDR holdings, stood at SDR 7.9 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 6 410.7 million, and the IMF'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 such a deficit, or from the repayment of such loans by those countries, as well as from euro transactions carried out by the IMF 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 1 582.3 million, against SDR 1 504.0 million a year earlier. This increase is due to net borrowing by IMF 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 New Arrangements to Borrow. As at 31 December 2021, the Bank's claims in respect of new loan agreements came to SDR 94.2 million against SDR 185.2 million a year earlier, as a result of partial repayments by various IMF member countries.

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 2012, 2017 and 2020 lending agreements, the PRGT has a credit line with the Bank totalling SDR 1 050 million. On 31 December 2021, the Bank's claims under this heading amounted SDR 273.3 million, against SDR 307.5 million a year earlier, as a result of repayments during the financial year.

Balances with banks and security investments, external loans and other external assets

Breakdown by type of investment (end-of-period data, in € million)

	2021	2020
Sight deposits	13.9	8.9
Time deposits	152.8	89.6
Reverse repurchase agreements	151.3	123.8
Fixed-income securities	9 927.8	8 650.0
Total	10 245.8	8 872.3

Breakdown by currency (end-of-period data, in € million)

	2021	2020
USD	8 891.9	7 542.6
JPY	1 021.3	1 028.9
CNY	235.7	203.0
KRW	96.2	97.2
Other	0.7	0.6
Total	10 245.8	8 872.3

Breakdown of fixed-income foreign currency securities by their residual term

(end-of-period data, in € million)

	MTM		HTM	
	2021	2020	2021	2020
≤ 1 year	2 985.7	3 123.1	–	–
> 1 year and ≤ 5 years	5 114.2	4 185.0	138.9	–
> 5 years	1 523.5	1 341.9	165.5	–
Total	9 623.4	8 650.0	304.4	–

Breakdown of fixed-income foreign currency securities by their residual term

(end-of-period data, in € million)

	MTM		HTM	
	2021	2020	2021	2020
≤ 1 year	29.3	47.2	–	–
> 1 year and ≤ 5 years	76.6	68.5	48.2	–
> 5 years	–	16.9	–	–
Total	105.9	132.6	48.2	–

Value of fixed-income foreign currency securities by issuer country

(in € million)

	MTM		HTM	
	Book value	Market value	Book value	Market value
United States	6 674.6	6 674.6	107.0	105.9
Japan	1 173.6	1 173.6	6.2	6.1
International organisations	210.8	210.8	138.3	137.1
United Kingdom	72.9	72.9	–	–
Switzerland	944.5	944.5	–	–
Other	547.0	547.0	52.9	52.5
Total	9 623.4	9 623.4	304.4	301.6

Value of fixed-income foreign currency securities by issuer country

(in € million)

	MTM		HTM	
	Book value	Market value	Book value	Market value
Germany	–	–	17.5	17.4
France	10.8	10.8	–	–
Luxembourg	11.3	11.3	–	–
The Netherlands	70.4	70.4	30.7	30.2
Finland	7.4	7.4	–	–
Belgium	6.0	6.0	–	–
Total	105.9	105.9	48.2	47.6

On the balance sheet date, the unrealised gains and losses on the value of the securities at market prices came to € 159.9 million and € 29.3 million respectively.

On the balance sheet date, the unrealised gains and losses on the value of the securities at market prices came to € 1.4 million and € 0.6 million respectively.

NOTE 3. CLAIMS ON EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

Breakdown by type of investment (USD)

(end-of-period data, in € million)

	2021	2020
Sight deposits	0.2	0.1
Time deposits	26.4	110.8
Reverse repurchase agreements	–	156.5
Fixed-income securities	154.1	132.6
Total	180.7	400.0

NOTE 4. CLAIMS ON NON-EURO AREA RESIDENTS DENOMINATED IN EURO

Breakdown by type of investment

(end-of-period data, in € million)

	2021	2020
Reverse repurchase agreements	–	108.4
Fixed-income securities	–	30.0
Total	–	138.4

Breakdown of fixed-income securities by their residual term

(end-of-period data, in € million)

	MTM		HTM	
	2021	2020	2021	2020
≤ 1 year	–	–	–	30.0
> 1 year and ≤ 5 years	–	–	–	–
> 5 years	–	–	–	–
Total	–	–	–	30.0

Value of fixed-income securities by issuer country

(in € million)

	MTM		HTM	
	Book value	Market value	Book value	Market value
International organisations	–	–	–	–
Total	–	–	–	–

NOTE 5. LENDING TO EURO AREA CREDIT INSTITUTIONS RELATED TO MONETARY POLICY OPERATIONS DENOMINATED IN EURO

This item comes to € 2 201.9 billion for the Eurosystem as a whole, of which € 87.6 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 in principle 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 was € 386 million, against € 468 million at the end of 2020 for the euro area as a whole, no amount being attributed to credit institutions in Belgium. The interest rate on Targeted Long-Term Refinancing Operations III (TLTRO-III) and Pandemic Emergency Long-Term Refinancing Operations (PELTRO) operations is significantly more favourable than the rate on

one-week operations, which explains the preference for longer-term operations.

Longer-term refinancing operations

Reverse transactions intended to provide liquidity to credit institutions by way of monthly tenders with a term of between 3 and 48 months.

At Eurosystem level, these operations increased from € 1 792.6 billion in 2020 to € 2 201.5 billion in 2021, essentially as a result of subscription to the TLTRO-III and to the PELTRO amounting to € 589.2 billion and € 3.4 billion respectively, partly offset by final repayment on the TLTRO-II and partial repayment on TLTRO-III and PELTRO amounting to € 156.3 billion and € 26.6 billion respectively, and lower participation in the 3-month Long Term Refinancing Operations (LTRO) of € 0.8 billion.

At the end of 2021 the longer-term refinancing operations of Belgian banks amounted to € 87.6 billion: € 87.4 billion in TLTRO and € 0.2 billion in PELTRO, against € 81.0 billion at the end of 2020.

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

(end-of-period data, in € million)

	2021	2020
Current accounts	0.1	0.1
Reverse repurchase agreements	434.7	909.5
Total	434.8	909.6

NOTE 7. SECURITIES OF EURO AREA RESIDENTS DENOMINATED IN EURO

Securities held for monetary policy purposes

In 2021, in addition to reinvesting securities reaching maturity, the Eurosystem effected monthly bond purchases under the Asset Purchase Programme (APP)

averaging € 20 billion. The APP comprises the CBPP3, the PSPP, the CSPP and the ABSPP (the latter being included on the ECB's balance sheet).

In addition, the Eurosystem continued its purchases under the Pandemic Emergency Purchase Programme (PEPP) for a total envelope of € 1 850 billion. The purchases will stop at the end of March 2022, but could resume, if necessary, to counter negative shocks related to the pandemic. The purchases concern all asset categories eligible under the APP. Securities acquired under the PEPP will be reinvested on reaching maturity, until at least the end of 2024.

Composition of the monetary policy portfolios held by the Bank

(end-of-period data, in € million)

	Book value	Market value	Book value	Market value
	2021	2020		
With shared risks				
CBPP3	7 689.5	7 769.2	8 763.6	9 005.0
SMP	104.3	116.2	693.3	726.1
CSPP	71 966.4	73 296.5	54 893.5	57 836.1
PECBPP	99.2	98.4	42.7	43.2
PECSPP	11 163.4	11 318.4	8 473.0	8 883.6
Subtotal	91 022.8	92 598.7	72 866.1	76 494.0
With non-shared risks				
CBPP1	10.0	10.1	10.0	10.5
CBPP2	12.1	12.3	12.1	12.9
PSPP	75 599.0	78 750.9	72 749.8	78 898.7
PEPSPP	46 009.7	45 638.2	21 385.2	21 627.2
Subtotal	121 630.8	124 411.5	94 157.1	100 549.3
Total	212 653.6	217 010.2	167 023.2	177 043.3

In accordance with Article 32.4 of the ESCB/ECB Statute, the whole of any loss incurred by NCBs on CBPP3, ECBPP and SMP securities, on securities of international or supranational organisations in the PSPP and PEPSPP portfolio and on CSPP and PECSPP securities, once realised, is shared between the Eurosystem NCBs in proportion to their shares in the ECB's capital key. On the balance sheet date the Bank held securities in these portfolios for a total of € 91 022.8 million.

Conversely, the Bank bears the risks on the CBPP1, CBPP2, PSPP and PEPSPP portfolios included in

the balance sheet. On 31 December 2021, the Bank held securities in these portfolios totalling € 121 630.8 million.

CBPP1 - First covered bonds purchase programme

This programme, which expired at the end of June 2010, involved the acquisition of covered bonds in euro issued by euro area credit institutions. The Bank held covered bonds amounting to € 10.0 million on 31 December 2021.

Breakdown of first programme covered bonds, according to their residual term

(end-of-period data, in € million)

	2021	2020
≤ 1 year	10.0	–
> 1 year and ≤ 5 years	–	10.0
> 5 years	–	–
Total	10.0	10.0

CBPP2 - Second covered bonds purchase programme

This second programme for the purchase of euro-denominated covered bonds came to an end on 31 October 2012. On 31 December 2021, the Bank held covered bonds amounting to € 12.1 million under this programme.

Breakdown of second programme covered bonds, according to their residual term

(end-of-period data, in € million)

	2021	2020
≤ 1 year	12.1	–
> 1 year and ≤ 5 years	–	12.1
> 5 years	–	–
Total	12.1	12.1

CBPP3 – Third covered bonds purchase programme

Third programme for the purchase of covered bonds in euro issued by euro area credit institutions. These

purchases are spread across the whole euro area and effected gradually by the ECB and the Eurosystem NCBs in the form of purchases on the primary and secondary markets.

On 31 December 2021, the Bank held covered bonds amounting to € 7 689.5 million under this programme.

Breakdown of third programme covered bonds, according to their residual term
(end-of-period data, in € million)

	2021	2020
≤ 1 year	1 533.0	2 099.5
> 1 year and ≤ 5 years	4 257.8	4 614.8
> 5 years	1 898.7	2 049.3
Total	7 689.5	8 763.6

SMP – Securities markets programme

This programme, which ended on 6 September 2012, involved buying up both private and government bonds in the euro area. On 31 December 2021, the Bank held SMP securities totalling € 104.3 million.

Breakdown of securities markets programme bonds, according to their residual term
(end-of-period data, in € million)

	2021	2020
≤ 1 year	67.3	591.4
> 1 year and ≤ 5 years	37.0	93.2
> 5 years	–	8.7
Total	104.3	693.3

PSPP – Public sector purchase programme

Purchases made on the secondary market under this programme started on 9 March 2015. On 31 December 2021, the Bank held PSPP securities issued by Belgian public authorities totalling € 75 599.0 million.

Breakdown of bonds acquired under the public sector purchase programme, according to their residual term
(end-of-period data, in € million)

	2021	2020
≤ 1 year	5 732.3	2 762.0
> 1 year and ≤ 5 years	21 826.1	20 514.2
> 5 years	48 040.6	49 473.6
Total	75 599.0	72 749.8

CSPP – Corporate sector purchase programme

Purchases under this programme began on 8 June 2016. On 31 December 2021, the Bank held CSPP securities of issuers located in various European countries (BE, LU, NL, PT and SK) totalling € 71 966.4 million.

Breakdown of corporate sector purchase programme bonds, according to their residual term
(end-of-period data, in € million)

	2021	2020
≤ 1 year	2 591.4	2 142.7
> 1 year and ≤ 5 years	29 505.7	21 299.3
> 5 years	39 869.3	31 451.5
Total	71 966.4	54 893.5

PECBPP – Pandemic emergency covered bonds purchase programme

Purchases made on the secondary market under this programme started in March 2020. On 31 December 2021, the Bank held PECBPP securities amounting to € 99.2 million.

Breakdown of covered bonds acquired under the pandemic emergency purchase programme, according to their residual term
(end-of-period data, in € million)

	2021	2020
≤ 1 year	–	–
> 1 year and ≤ 5 years	73.4	38.3
> 5 years	25.8	4.4
Total	99.2	42.7

PEPSPP – Pandemic emergency public sector purchase programme

Purchases made on the secondary market under this programme started in March 2020. On 31 December 2021, the Bank held PEPSPP securities amounting to €46 009.7 million.

Breakdown of public sector securities acquired under the pandemic emergency purchase programme, according to their residual term

(end-of-period data, in € million)

	2021	2020
≤ 1 year	3 380.8	3 618.9
> 1 year and ≤ 5 years	14 913.7	4 590.3
> 5 years	27 715.2	13 176.0
Total	46 009.7	21 385.2

PECSPP – Pandemic emergency corporate sector purchase programme

Purchases made on the secondary market under this programme started in March 2020. On 31 December 2021, the Bank held PECSPP securities amounting to €11 163.4 million.

Breakdown of corporate sector securities acquired under the pandemic emergency purchase programme, according to their residual term

(end-of-period data, in € million)

	2021	2020
≤ 1 year	108.5	1 716.2
> 1 year and ≤ 5 years	3 184.8	1 707.9
> 5 years	7 870.1	5 048.9
Total	11 163.4	8 473.0

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), bonds issued by national public organisations and, since 2019, investment funds.

Composition of the portfolio of securities in euro (end-of-period data, in € million)

	MTM		HTM	
	2021	2020	2021	2020
Fixed-income securities	–	–	2 504.1	3 469.2
Investment funds	913.3	539.3	–	–
Total	913.3	539.3	2 504.1	3 469.2

Breakdown of fixed-income securities, according to their residual term

(end-of-period data, in € million)

	MTM		HTM	
	2021	2020	2021	2020
≤ 1 year	–	–	588.5	951.2
> 1 year and ≤ 5 years	–	–	1 915.6	2 518.0
> 5 years	–	–	–	–
Total	–	–	2 504.1	3 469.2

Value of fixed-income securities, by issuer country

(in € million)

	MTM		HTM	
	Book value	Market value	Book value	Market value
Belgium	–	–	928.9	964.6
Germany	–	–	235.2	244.7
Spain	–	–	59.5	61.8
France	–	–	625.6	650.7
Austria	–	–	217.0	224.7
Italy	–	–	20.3	21.4
The Netherlands	–	–	228.4	235.1
Finland	–	–	189.2	194.8
Total	–	–	2 504.1	2 597.8

On the balance sheet date, the unrealised gains on securities valued at their market price came to €163.3 million.

NOTE 8. INTRA-EUROSISTEM CLAIMS

Participating interest in ECB capital

Since 1 July 2013, the subscribed capital of the ECB has amounted to €10 825 million. Since

1 February 2020, the Bank's share in that capital has risen from 2.5280 % to 2.9630 % following the withdrawal of the Bank of England from the ESCB, increasing its share by € 47.1 million. An initial payment of € 2.6 million in respect of that amount was made in 2020. In 2021 a sum of € 22.2 million was paid up. The residual amount of € 22.3 million will be paid up in 2022. At the end of 2021 the Bank's share came to € 298.5 million. Following the successive changes to the apportionment of the ECB's capital, there was a redistribution between the NCBs of their shares in the accumulated reserves of the ECB; that raised the Bank's share to € 358.3 million.

Claims on the ECB equivalent to the transfer of foreign currency reserves

This claim amounting to € 1 469.8 million is remunerated at the interest rate for the Eurosystem's main refinancing operations, adjusted to reflect a zero return on the gold component. The Bank manages the reserves transferred to the ECB at the beginning of 1999. 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 intra-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 issued.

Net claims related to the allocation of euro banknotes within the Eurosystem (end-of-period data, in € million)

	2021	2020
Banknotes in circulation	51 767.8	48 084.8
Banknotes placed in circulation by the Bank	-44 347.8	-40 769.5
Total	7 420.0	7 315.3

The increase in the amount of banknotes issued by the Bank exceeded the figure for the Eurosystem, but the excess was not sufficient to reduce the claim.

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 24 November 2020 on the approval of the volume of coin issuance (ECB/2020/57), the maximum amount of the euro coins to issue in 2021 was € 33.0 million for Belgium. Since the net amount issued in 2020 was € 1 459.5 million, the total authorised amount for 2021 was € 1 492.5 million. On 31 December 2021, the amount actually issued came to € 1 486.3 million.

Tangible and intangible fixed assets

In 2021, the Bank's investments in tangible and intangible fixed assets totalled € 19.2 million. In addition, an amount of € 28.4 million, corresponding to the acquisition value of assets sold or taken out of use, was deducted from the "Tangible and intangible fixed assets" account, notably following the sale of the printing works.

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 Bank for International Settlements (BIS). Some of the securities acquired in 2021 have a negative yield.

Breakdown by type of investment (end-of-period data, in € million)

	2021	2020
Fixed-income securities	6 863.2	6 530.9
Participating interests	332.1	332.2
Reverse repurchase agreements	–	125.2
Total	7 195.3	6 988.3

Value of fixed-income securities by issuer country (the market value is given for information)

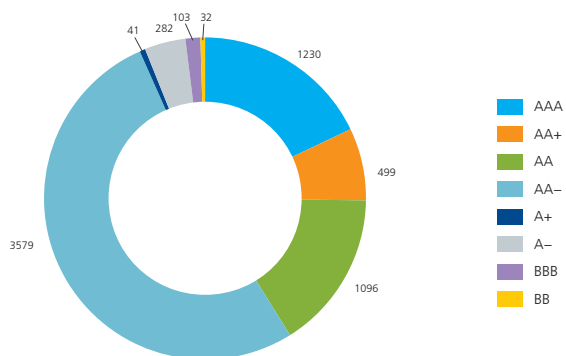
(end-of-period data, in € million)

	Book value		Market value	
	2021	2020	2021	2020
Belgium	3 559.1	3 417.9	3 767.8	3 822.0
Germany	692.8	722.1	735.3	792.2
Spain	280.0	311.0	296.3	336.5
France	933.2	786.5	981.6	871.3
Austria	99.9	159.4	111.9	178.4
Italy	52.4	89.2	55.5	95.1
International organisations	483.1	346.9	496.4	379.4
The Netherlands	132.5	112.0	138.5	124.1
Portugal	50.2	50.3	55.2	57.9
Greece	32.3	32.7	33.8	35.5
Finland	212.3	213.5	224.5	234.5
Other	335.4	289.4	333.3	298.5
Total	6 863.2	6 530.9	7 230.1	7 225.4

The net amount of the unrealised gains on fixed-income securities came to €366.9 million on 31 December 2021 compared to €694.5 million in the previous year.

Rating of fixed-income securities

Book values in € million



Yield on fixed-income securities according to their residual term as at 31 December 2021

Maturity	Book value	Average volume	Income	Yield
	(in € million)			(in %)
2021	–	204.7	8.3	4.1
2022	351.9	353.0	13.0	3.7
2023	504.2	505.8	13.2	2.6
2024	368.3	369.6	9.1	2.5
2025	390.1	390.5	6.2	1.6
2026	572.8	575.2	14.2	2.5
2027	539.3	540.4	5.5	1.0
2028	702.3	702.2	10.4	1.5
2029	460.5	455.7	0.9	0.2
2030	208.4	200.3	0.1	0.0
2031	514.0	363.1	2.6	0.7
2032	131.4	129.9	1.2	1.0
2033	272.6	273.5	1.8	0.7
2034	294.3	263.6	2.3	0.9
2035	436.1	415.1	2.9	0.7
2036	148.9	119.6	1.2	1.0
2037	273.2	273.0	2.6	0.9
2038	261.9	262.7	2.5	0.9
2039	14.5	14.6	0.1	0.4
2040	388.1	230.0	0.6	0.3
2041	30.4	23.0	0.1	0.4
Interest income	6 863.2	6 665.5	98.8	1.5
Realised gains/losses			0.1	
Total	6 863.2	6 665.5	98.9	1.5

Breakdown of participating interests

(end-of-period data)

	Number of shares	In € million	Number of shares	In € million
	2021		2020	
BIS	50 100	329.8	50 100	329.8
SBI	801	2.0	801	2.0
SWIFT	113	0.3	156	0.4
Total		332.1		332.2

Accruals and prepaid expenditure

These are sub-divided into:

- Expenses carried forward (€ 5.9 million);
- Income acquired (€ 831.3 million), essentially interest accrued but not received on securities and other assets.

Sundry

Principally:

- reclaimable taxes (€ 10.9 million);
- trade receivables (€ 0.9 million);
- proceeds due from the sale of real estate (€ 19.8 million).

NOTE 10. BANKNOTES IN CIRCULATION

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

NOTE 11. LIABILITIES TO EURO AREA CREDIT INSTITUTIONS RELATED TO MONETARY POLICY OPERATIONS DENOMINATED IN EURO

Current accounts (covering the minimum reserve system)

Euro-denominated accounts of credit institutions, which mainly serve to meet their minimum reserve requirements. These requirements have to be respected on average over the reserve maintenance period in accordance with the schedule published by the ECB. The minimum reserves are remunerated at the interest rate on the main refinancing operations.

The amounts placed in current accounts by euro area credit institutions (including excess reserves) increased by € 706.7 billion in 2021 to € 3 512.2 billion on the balance sheet date.

In September 2019 the Governing Council had decided to introduce a two-tier system of reserve remuneration whereby, from 30 October 2019, part of the excess liquidity held by the banks (up to a maximum of six times the reserve requirement) will no longer be remunerated at the negative deposit facility interest rate but at 0%. However, the non-exempt part remains subject to the negative deposit facility interest

rate. The multiplier remained unchanged during the year under review.

The asset purchase programmes approved by the Eurosystem and the longer-term refinancing operations have created a liquidity surplus which is recorded either in current accounts as surplus reserves, in the deposit facility or in TARGET2 (see note 18).

In Belgium, the amounts placed on current accounts increased from € 97.1 billion to € 97.2 billion.

Deposit facility

Standing facility allowing credit institutions to make 24-hour deposits with the Bank at a pre-specified interest rate. That rate has been -0.50% since September 2019.

Credit institutions in Belgium greatly increased their deposits, which rose from € 48.6 billion in 2020 to € 74.2 billion in 2021. The amounts held in the deposit facility are not eligible for the exemption approved in September 2019. In principle, credit institutions therefore prefer to place the maximum amount of their excess liquidity on current account in the form of excess reserves up to the exemption limit. However, the increase in excess liquidity far exceeded that figure so that the lower remuneration on the deposit facility is no longer disadvantageous beyond six times the amount of the reserve requirement. Credit institutions therefore made more use of the deposit facility than last year. At the level of the Eurosystem, use of the deposit facility increased from € 683.9 billion to € 779.6 billion for the same reasons.

NOTE 12. OTHER LIABILITIES TO EURO AREA CREDIT INSTITUTIONS DENOMINATED IN EURO

This concerns "repurchase agreement" operations relating to the management of the securities portfolios.

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 € 5.4 billion.

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. Repurchase agreement operations relating to the management of the securities portfolios.

NOTE 15. LIABILITIES TO EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

These repurchase agreements in USD relate to the Bank's investment policy.

NOTE 16. LIABILITIES TO NON-EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

These repurchase agreements in USD relate to the Bank's investment policy.

NOTE 17. COUNTERPART OF SPECIAL DRAWING RIGHTS ALLOCATED BY THE IMF

Countervalue of SDRs 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 10 467.7 million, against SDR 4 323.3 million at the end of the previous year (see note 2).

NOTE 18. INTRA-EUROSISTEM LIABILITIES

Other liabilities within the Eurosystem (net)

The Bank's net liabilities resulting from all the intra-Eurosystem liabilities and claims.

The intra-Eurosystem balances result from cross-border payments in euro within the EU, settled in central bank money. Most of these transactions are made 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 allocated daily to the ECB; each NCB thus has only one net bilateral position in relation to the ECB alone. The net position of the National Bank of Belgium in TARGET2 in relation to the ECB and the other euro-denominated intra-Eurosystem balances (such as interim dividends paid to the NCBs) are shown on the Bank's balance sheet in the form of a net position under the assets or the liabilities, and appear in the item "Other claims within the Eurosystem (net)" or "Other liabilities within the Eurosystem (net)". The intra-Eurosystem 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 on the ECB equivalent to the transfer of foreign currency reserves" (see note 8).

Under the SURE programme (Support to mitigate Unemployment Risks in an Emergency), the European Union provided Belgium with almost € 8.2 billion in the form of collateralised loans. In accordance with Council Regulation (EU) 2020/672 of 19 May 2020, the Belgian State, via the Bank, opened a special account at the European Central Bank to manage the financial assistance received. The funds held on that special account only serve two purposes: disbursement and repayment of the interest and the principal which must be deposited there

20 TARGET2 business days before the corresponding maturity date. During that period the amounts are shown under the item "Other claims within the Eurosystem (net)" or "Other liabilities within the Eurosystem (net)".

The Bank's net liabilities vis-à-vis the Eurosystem can be broken down as follows:

1. the Bank's liability vis-à-vis the ECB resulting from transfers effected via TARGET2 (€ 85 661.8 million);
2. the intra-Eurosystem liability of € 705.6 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 € 5.5 million relating to the allocation of the ECB's income (see note 27);
4. the intra-Eurosystem claim of € 4.1 million, relating to the SURE programme.

NOTE 19. OTHER LIABILITIES

Off-balance-sheet instruments revaluation differences

Net negative revaluation differences on forward exchange transactions and interest rate futures, and spot transactions in currencies between the commitment date and the settlement date (€ 24.6 million).

Accruals and income collected in advance

Costs carried forward (€ 23.9 million) including interest accrued but not yet paid on liabilities and outstanding invoices.

Sundry

In particular:

- unavailable reserve of capital gains on gold (€ 298.9 million);
- taxes, wages and social contributions (€ 199.1 million);
- proceeds accruing to the State (€ 11.6 million);
- trade debts (€ 4.5 million).

NOTE 20. PROVISIONS

In accordance with the reserve and dividend policy established in 2009 (see § 3.2.7.3), and owing to the creation of the available reserve, the Bank does not constitute any general provisions.

NOTE 21. REVALUATION ACCOUNTS

Positive exchange rate and price revaluation differences between, on the one hand, the market value of the net foreign reserve and security positions (other than those valued at amortised cost) and, on the other hand, their average cost value.

(end-of-period data, in € million)

	2021	2020
Positive exchange revaluation differences on:		
■ gold	11 450.2	10 970.6
■ foreign currencies	243.9	93.1
Positive price revaluation differences on:		
■ securities in foreign currencies (items 2 and 3 of the assets)	161.3	278.8
■ securities in euro (items 4 and 7 of the assets)	163.3	39.3
Total	12 018.7	11 381.8

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

(end-of-period data, number of shares)

	2021	2020
Registered shares	210 709	206 361
Dematerialised shares	189 291	193 639
Total	400 000	400 000

Reserve fund

The reserve fund declined by € 11.9 million in 2021 as a result of a decrease in the amortisation accounts for tangible and intangible fixed assets.

The tax-exempt part of the extraordinary reserve comes to € 18.5 million.

Change in the amortisation accounts in 2021 (in € million)

Balance as at 31-12-2020	328.7
Recorded	+16.0
Withdrawn of cancelled following sales or disposals	-27.9
Balance as at 31-12-2021	316.8

Available reserve

An amount of € 330.5 million related to the profit distribution for the previous year was allocated to the available reserve.

Capital, reserve fund, available reserve and corresponding profit distribution (end-of-period data, in € million)

	2021	2020
Capital	10.0	10.0
Reserve fund	2 639.0	2 651.0
Available reserve	4 577.3	4 246.8
Total before distribution	7 226.3	6 907.8
Profit distribution	177.7	330.5
Total after distribution	7 404.0	7 238.3

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.

3.2.7.5 Notes to the profit and loss account

NOTE 24. NET INTEREST INCOME

In the current context of negative interest rates, some assets (longer-term refinancing operations, other euro-denominated claims on euro area credit institutions, ...) generate interest expense, and some liabilities (current accounts, deposit facility, ...) generate interest income.

In order to harmonise the presentation of interest income/expenses relating to monetary policy assets and liabilities within the Eurosystem, the interest income and expense are presented as net values under 1.1 "Interest income" or 1.2 "Interest expense" depending on the sign. The interest is calculated per sub-item on the balance sheet. That approach also applies to the other sub-items unrelated to monetary policy.

Interest income

(end-of-period data)

	Income	Average volume	Average rate	Income	Average volume	Average rate
	(in € million)		(in %)	(in € million)		(in %)
	2021			2020		
Interest income of assets in euro						
Credit transactions related to monetary policy	0.0	0.0	0.0	0.0	3.8	0.0
Securities portfolios in euro held for monetary policy purposes	984.6	190 810.2	0.5	984.8	142 882.0	0.7
Other securities portfolios in euro	67.6	3 132.4	2.2	102.7	4 353.1	2.4
Claims equivalent to the transfer of foreign currency reserves	0.0	1 469.8	0.0	0.0	1 469.4	0.0
Net claims related to the allocation of euro banknotes within the Eurosystem	0.0	7 333.5	0.0	0.0	6 890.9	0.0
Statutory investments (bonds, reverse repurchase agreements and repurchase agreements)	98.8	6 665.5	1.5	111.4	6 175.1	1.8
Total	1 151.0	209 411.4	0.5	1 198.9	161 774.3	0.7
Interest income of external assets						
Claims related to international cooperation transactions	5.2	9 685.9	0.1	13.9	6 748.6	0.2
Investments in gold and in foreign currencies	114.4	8 860.3	1.3	138.1	10 045.8	1.4
Total	119.6	18 546.2	0.6	152.0	16 794.4	0.9
Interest income of liabilities in euro						
Monetary reserve accounts, deposit facility and other interest-bearing deposits	863.2	221 279.1	0.4	363.4	122 909.5	0.3
Repurchase agreement transactions in euro	0.0	0.0	0.0	0.0	0.7	0.0
Total	863.2	221 279.1	0.4	363.4	122 910.2	0.3
Total interest income	2 133.8			1 714.3		

Interest expense

(end-of-period data)

	Expense	Average volume	Average rate	Expense	Average volume	Average rate
	(in € million)		(in %)	(in € million)		(in %)
	2021			2020		
Interest expense on liabilities in euro						
Net liabilities to the ECB related to TARGET2	0.0	26 666.9	0.0	0.0	49 602.2	0.0
Total	0.0	26 666.9	0.0	0.0	49 602.2	0.0
Interest expense on external liabilities						
Liabilities in SDR	-4.3	7 756.5	-0.1	-10.8	5 244.3	-0.2
Repurchase agreement transactions in foreign currencies	-4.3	3 545.6	-0.1	-31.5	3 479.4	-0.9
Total	-8.6	11 302.1	-0.1	-42.3	8 723.7	-0.5
Interest expense on assets in euro						
Longer-term credit operations related to monetary policy	-867.8	86 859.3	-1.0	-466.5	52 933.8	-0.9
Other claims	0.0	0.0	0.0	0.0	0.0	0.0
Total	-867.8	86 859.3	-1.0	-466.5	52 933.8	-0.9
Proceeds accruing entirely to the State						
Income resulting from the capital gains on gold recorded in a special unavailable reserve account ¹	-3.4			-6.4		
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 ²	-24.4			-24.4		
Total	-27.8			-30.8		
Total interest expense	-904.2			-539.6		

¹ That income is calculated by applying to the average balance of the unavailable reserve account during the year a rate of yield obtained by comparing the net financial income with the difference between the average amount, calculated on an annual basis, of the interest-bearing assets and the interest-bearing liabilities. The counterpart of the capital, reserves and amortisation accounts and the corresponding proceeds are excluded from that calculation. For the year 2021, the average balance on the unavailable reserve account came to € 298.9 million, net financial income came to € 564.0 million, the annual average amount of the interest-bearing assets came to € 309.0 billion and the annual average amount of the interest-bearing liabilities came to € 259.2 billion.

² 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

(end-of-period data, in € million)

	2021	2020
Capital gains/losses (–)		
on statutory investments	0.1	–
on investments		
in USD	12.8	52.5
in EUR	75.6	33.8
Foreign exchange gains/losses (–)		
on USD	19.2	25.5
on other currencies	–	–
on SDR	–16.2	–14.1
on gold	–	–
Foreign exchange gains (–) / losses (+) accruing to the State (SDR and gold)	16.2	14.1
Total	107.7	111.8

Write-downs on financial assets and positions

(end-of-period data, in € million)

	2021	2020
Capital losses on investments		
in USD	–29.9	–1.8
in EUR	–	–
Foreign exchange losses		
on USD	–	–
on CNY	–	–3.4
on KRW	–0.7	–2.7
on SDR	–	–0.8
on other currencies	–	–
Foreign exchange losses charged to the State (SDR)	–	0.8
Total	–30.6	–7.9

Total realised gains/losses and write-downs

(end-of-period data, in € million)

	2021	2020
Realised gains/losses	107.7	111.8
Write-downs	–30.6	–7.9
Total	77.1	103.9

Realised capital gains on the markets for euro-denominated securities increased strongly as a result of transactions in securities held for monetary policy purposes.

In the case of dollar investments, the higher interest rates led to a steep decline in the realised capital gains.

Similarly, on the liabilities side of the balance sheet, revaluation gains on dollar-denominated securities diminished and unrealised losses on those securities rose sharply.

In addition, as a result of the dollar's appreciation, the Bank recorded larger revaluation gains than in the previous financial year.

SDR operations led to realised and unrealised foreign exchange losses of € 16.2 million, 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 (€ 11.4 million), of which € 9.6 million related to collateralisation operations concerning monetary policy. The lion's share of the revenue comes from guarantees managed by the Bank within the framework of the Correspondent Central Banking Model (CCBM). The rise in commissions received by the Bank compared to 2020 is related to monetary policy.

Fees and commissions expense

Commissions paid by the Bank for financial services rendered to the Bank by third parties (€ 10.8 million), of which € 10.0 million related to monetary policy.

As in the case of income, the commissions paid in relation to monetary policy increased significantly in 2021.

NOTE 27. INCOME FROM EQUITY SHARES AND PARTICIPATING INTERESTS

(end-of-period data, in € million)

	2021	2020
Dividend on participation in the ECB	13.9	33.9
Income distributed by the ECB	5.5	46.0
Dividends on participations in the statutory investment portfolio	31.3	–
Dividends on investment funds	14.7	0.1
Total	65.4	80.0

At the end of the previous financial year, an interim dividend of € 46.0 million had been paid on the ECB's net profit for 2020. The balance of € 13.9 million corresponding to the dividend on the Bank's participation in the ECB's capital was paid in February 2021.

After allocation to its general risk provision, the ECB distributed the income from its allotted share in the issue of euro banknotes and the income generated by the securities which it purchased under the SMP, CBPP3, ABSPP, PSPP and PEPP programmes, in accordance with the Governing Council decision of 18 January 2022. The interim dividend accruing to the Bank came to € 5.5 million.

For the 2020-2021 financial year the BIS paid out a dividend of € 31.3 million (SDR 520 per share); no dividend had been paid in the previous year.

NOTE 28. NET RESULT OF POOLING OF MONETARY INCOME

Net result of pooling of monetary income

(end-of-period data, in € million)

	Income (+) / Expense (–)		
	Result	Pooling of monetary income	Real result
	(1)	(2)	(3) = (1) + (2)
	2021		
Monetary income pooled by the Bank within the Eurosystem		–752.9	
Monetary income allocated to the Bank by the Eurosystem		42.6	
		–710.3	
Items taken into account in monetary income			
Credit operations related to monetary policy	–868.8	119.5	–749.3
Securities portfolios in euro held for monetary policy purposes	984.6	–530.0	454.6
Claims equivalent to the transfer of foreign currency reserves	–	–	–
Net claims related to the allocation of euro banknotes within the Eurosystem	–	–	–
Net liability towards the ECB in respect of TARGET2	–	–	–
Monetary reserve account and deposit facility	823.0	–228.6	594.4
Non-earmarkable assets	–	–	–
	938.8	–639.1	299.7
Items not taken into account in monetary income			
Net investments in gold and in foreign currencies	110.1		110.1
Net claims relating to international cooperation transactions	0.9		0.9
Securities portfolios and repurchase agreements in euro	67.6		67.6
Statutory investment portfolio	98.8		98.8
Other claims	0.0		0.0
Interest-bearing deposits not related to monetary policy	40.2		40.2
Proceeds accruing entirely to the State	–27.8		–27.8
	289.8		289.8
Net interest income (item 1)	1 228.6	–639.1	589.5
Net result of financial operations (item 2)		–71.2	
Revision of previous years		4.7	
		–705.6	
Provision in respect of monetary policy operations		–	
		–705.6	

The monetary income is allocated to the euro area NCBs in accordance with the paid-up capital key (3.64324 % for the Bank since 1 February 2020).

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

The Bank plays a specific role in the CSPP and PECSPP programmes and contributes to the purchase of corporate securities in amounts proportionately greater than its share in the ECB's capital. In addition, the yield on securities acquired by the Bank in that portfolio exceeded the average yield on securities acquired by the Eurosystem.

Conversely, the Bank received interest collected on supranational securities held by other NCBs under the PSPP and PEPSP programmes.

Belgian credit institutions are still keeping larger volumes on current accounts and the deposit facility, in excess of the key, so that it was necessary to contribute to the allocation of monetary income.

This item also includes any change in the provision for risks on monetary policy operations.

NOTE 29. OTHER INCOME

(end-of-period data, in € million)

	2021	2020
Amounts recovered from third parties	175.4	171.1
Other	20.3	0.7
Total	195.7	171.8

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, the Central Corporate Credit Register and the Central Contact Point (€ 43.5 million);
- prudential supervision (€ 102.8 million);
- the TARGET2 payment system (€ 1.4 million);
- the securities settlement system (€ 14.7 million);
- the internationalisation of IT applications (€ 9.2 million).

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

In addition, on the basis of Article 12ter of the Organic Law, the Bank performs tasks as the resolution authority, and the corresponding operating costs are also 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 Decrees of 1 October 2012, 21 December 2013, and 5 July 2015.

For the year 2021, the costs came to € 65.4 million for banks and stock-broking companies, and € 36.7 million for insurance and reinsurance companies.

Other institutions subject to supervision, such as clearing and settlement institutions, mutual guarantee schemes and payment companies, pay a flat charge which totalled € 0.7 million for the year 2021.

The item "Other" comprises proceeds from the sale of real estate including the capital gain of € 19.3 million on the sale of the printing works. It also includes the proceeds from 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 and the Directors, and the attendance fees of the Regents and Censors.

NOTE 31. ADMINISTRATIVE EXPENSES

This item comprises in particular administrative and IT expenses (€ 31.6 million), those related to the repair and maintenance of premises (€ 13.1 million), and work done and services rendered by third parties (€ 24.1 million). The withholding tax on income from immovable property, non-deductible VAT and the regional, provincial and municipal taxes are also included here (€ 5.5 million).

NOTE 32. DEPRECIATION OF TANGIBLE AND INTANGIBLE FIXED ASSETS

The depreciation covers the following investments:

(end-of-period data, in € million)

	2021	2020
Renovation of premises	7.7	8.3
Hardware and software	4.2	4.7
Equipment for the Printing Works	–	1.0
Other equipment and furniture	4.1	4.0
Total	16.0	18.0

NOTE 33. BANKNOTE PRODUCTION SERVICE

This item records the cost of services by external companies producing banknotes on behalf of the Bank.

NOTE 34. OTHER EXPENSES

This item records the tax-exempt amount, if any, included under the extraordinary reserve (see note 22) in accordance with the tax laws.

NOTE 35. CORPORATE TAX

Tax due

(end-of-period data, in € million)

	2021	2020
Tax on the profit for the year	82.7	124.1
Tax on the profit for previous years	0.3	0.2
Total (1)	83.0	124.3

Main differences

(end-of-period data, in € million)

	2021	2020
Profit before tax	438.4	785.2
Tax-free profit allocated to the State	–122.5	–288.2
Profit subject to tax (2)	315.9	497.0
Differences		
Social commitments	6.3	–9.3
Risk capital deduction	0.0	0.0
Depreciation surplus	–1.4	–1.5
Other	10.1	10.0
Taxable profit	330.9	496.2

Average tax rate (in %)	(1) ÷ (2)	26.3	25.0
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3.2.7.6 Notes on the profit distribution for the financial year (Note 36)

An estimate of the quantifiable risks forms the basis for determining the minimum amount of the Bank's reserves. For the calculation of all the financial risks, the Bank applies either the value-at-risk/expected shortfall methodology for which it uses very cautious parameters in terms of probabilities and time horizons, or long-term scenarios.

The estimate of the minimum level of risks at the end of 2021 resulted in a figure of around €5.8 billion, against €6.5 billion at the end of 2020. This decrease was mainly due to the Governing Council's decision to gradually reduce asset purchases in order to keep the monetary policy stance in line with the stabilisation of inflation at the medium-term objective. However, the current environment of increasing uncertainty about the sources and evolution of inflation and the impact of geopolitical problems may have a significant influence on future policy and risk developments, confirming the need for a prudent approach in this area.

This amount comprises the financial risks on:

- the Bank's own securities portfolios in euros and in foreign currency;
- the monetary policy portfolios shown on the Bank's balance sheet on which the Bank alone bears the risks;

- the monetary policy credit operations and securities portfolios shown on the balance sheet of all NCBs in the Eurosystem, on which the risk is shared among the NCBs (see notes 5 and 7).

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

- a first dividend of 6 % of the capital is allocated to the shareholders 0.6
- from the excess, an amount proposed by the Board of Directors and established by the Council of Regency, totally independently, is allocated to the reserve fund or to the available reserve. For 2021, the Council of Regency decided to allocate 50 % of the profit for distribution to the available reserves, namely 177.7
- from the second excess, a second dividend established by the Council of Regency is allocated to the shareholders, forming a minimum of 50 % of the net proceeds from the assets forming the counterpart to the reserve fund and the available reserve

- Gross proceeds from statutory investments and similar

	Income	Average volume	Yield
	(in € million)		(in %)
Bonds	98.8	6 665.5	1.5
Participating interests	31.5	332.1	9.5
Sale of real estate	18.1		
Total	148.4	6 997.6	

- Share of the income generated by the capital in the total proceeds from the statutory investments:
 $10 \times 148.4 : 6\,997.6 = 0.21$
- Average tax rate: 26.3 %
 (see note 35)
- Calculation of the second dividend
 $[(148.4 - 0.21) \times (1 - 0.263) \times 0.5]$ 54.6
- the balance is allocated to the State; it is exempt from corporate tax 122.5

Profit for the year	355.4
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3.2.7.7 Notes to the off-balance-sheet items

NOTE 37. FORWARD TRANSACTIONS IN FOREIGN CURRENCIES AND IN EURO

(end-of-period data, in € million)

	2021	2020
Forward claims		
EUR	6 017.7	5 199.9
USD	1 053.2	1 008.7
SDR	26.9	16.5
Forward liabilities		
EUR	27.8	16.6
USD	3 685.8	3 254.4
JPY	1 020.1	1 027.7
SDR	2 401.6	1 845.6

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 are intended to limit the net foreign currency position.

NOTE 38. FORWARD TRANSACTIONS ON INTEREST RATE AND FIXED-INCOME SECURITIES

At the end of the financial year the Bank had a net long position in futures on dollar-denominated securities of € 93.9 million. These transactions relate to the active 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 PRGT SDR 1 050 million (€ 1 297.7 million).

In 2020, the IMF decided to double the size of the new loan agreements which serve as the second line of defence after the quotas, and to reduce by a similar amount the bilateral loans which serve as the third line of defence. Since 1 January 2021 the new loan agreements have amounted to a total of SDR 361 billion and the bilateral loans have totalled SDR 138 billion. The aim of this operation is to consolidate the IMF's resources at close to their historical level for the coming years and to spread the contribution effort more evenly among the various IMF members. In that context, the Bank signed a loan contract for SDR 7.99 billion in respect of new borrowing agreements for the period 2021-2025 and a contract for € 4.3 billion in respect of the bilateral loans. These loans replace the previous ones (for SDR 3 994.3 million and € 9 990.0 million respectively) and slightly reduce Belgium's exposure to the IMF. They are guaranteed by the Belgian State and came into force on 1 January 2021.

At the end of 2021, the available amount (PRGT, new loan agreements and bilateral loan) comes to € 14 405.2 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 2021, the outstanding amount came to € 1 461.8 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 rise in custody deposits is due mainly to the growth in securities issued by enterprises and recorded in the securities settlement system, and the increase in guarantees received for the account of other central banks.

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 (€ 232.2 million).

This heading also includes the residual amount to be paid up on the Bank's increased share in the ECB's capital following the withdrawal of the Bank of England from the ESCB (€ 22.3 million).

3.2.7.8 Auditor's remuneration

The total remuneration allocated to Mazars Réviseurs d'entreprises comes to € 110 250. That remuneration comprises:

- a sum of € 81 000 for the statutory audit assignment, including the certification of the annual accounts and the limited audit of the interim accounts;
- a sum of € 29 250 for certification assignments for the ECB's auditor.

The auditor did not receive any further remuneration for other assignments carried out for the Bank.

3.2.7.9 Legal proceedings

On 3 January 2014, a shareholder brought an action against the Bank before the Brussels Commercial Court. That shareholder claimed that the Bank's annual accounts did not conform to the regulations applicable, and demanded the correction of the annual accounts on three points. The Commercial Court handed down its ruling on 22 May 2015. It rejected all the requests and confirmed that the Bank had drawn up its accounts in line with the applicable rules.

On 15 July 2015, the applicant shareholder lodged an appeal against this ruling. On 28 October 2019 the Brussels Court of Appeal passed judgment. The Court declared that the shareholder's appeal was unfounded and confirmed the ruling of the court of first instance, namely that the Bank has drawn up its accounts correctly in accordance with the accounting rules applicable to it. On 10 March 2020 the shareholder in question lodged an appeal in cassation against that judgment. On 19 October 2020 the Court of Cassation dismissed the appeal. This dispute has therefore been finally resolved as far as the Belgian legal system is concerned.

On 12 March 2021 the shareholder in question brought further proceedings concerning this case before the European Court of Human Rights (ECHR). In view of the nature of proceedings before the ECHR, this action is being brought against the Belgian State and not against the Bank. On 15 April 2021, the Court dismissed the motion.

On 20 and 21 December 2021 the Council of State passed two judgments in two similar cases brought by the same shareholder against the Council of Regency's decisions approving the accounts for 2018 and 2019, and in particular the profit distribution for those two financial years. The Council of State agreed with the Bank's argument, and ruled that it did not have jurisdiction: it is not in fact for the Council of State, as the supreme administrative court, to rule on a dispute between the Bank as a company and a shareholder. That falls within the jurisdiction of the business court.

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.

3.2.7.10 Post-balance-sheet events

There were no post-balance-sheet events which had any significant influence on the Bank's financial situation and results as at 31 December 2021.

In light of recent geopolitical developments, the Bank would like to clarify that it does not hold any assets that expose it directly to credit risk on Russia.

3.2.8 Comparison over five years

3.2.8.1 Balance sheet

Assets

(in € thousand)

	2021	2020	2019	2018	2017
1. Gold and gold receivables	11 767 180	11 287 575	9 900 064	8 195 519	7 909 800
2. Claims on non-euro area residents denominated in foreign currency	25 582 833	15 822 963	15 872 290	15 288 762	13 885 370
2.1 Receivables from the IMF	15 337 049	6 950 671	6 595 494	6 402 443	5 951 516
2.2 Balances with banks and security investments, external loans and other external assets	10 245 784	8 872 292	9 276 796	8 886 319	7 933 854
3. Claims on euro area residents denominated in foreign currency	180 721	400 034	474 210	405 191	328 489
4. Claims on non-euro area residents denominated in euro	17	138 376	169 538	1 666 137	848 633
5. Lending to euro area credit institutions related to monetary policy operations denominated in euro	87 638 230	81 017 880	19 279 480	22 690 200	24 383 650
5.1 Main refinancing operations	–	–	423 000	–	40 000
5.2 Longer-term refinancing operations	87 638 230	81 017 880	18 856 480	22 690 200	24 343 650
5.3 Fine-tuning reverse operations	–	–	–	–	–
5.4 Structural reverse operations	–	–	–	–	–
5.5 Marginal lending facility	–	–	–	–	–
5.6 Credits related to margin calls	–	–	–	–	–
6. Other claims on euro area credit institutions denominated in euro	434 816	909 600	65 646	17 543	227 673
7. Securities of euro area residents denominated in euro	216 071 007	171 031 799	119 704 133	122 199 708	107 720 140
7.1 Securities held for monetary policy purposes	212 653 610	167 023 248	113 918 412	113 574 838	96 877 893
7.2 Other securities	3 417 397	4 008 551	5 785 721	8 624 870	10 842 247
8. Intra-Eurosystem claims	9 248 186	9 121 199	7 939 450	8 199 806	9 648 703
8.1 Participating interest in ECB capital	358 324	336 097	328 735	287 101	287 101
8.2 Claims equivalent to the transfer of foreign currency reserves	1 469 828	1 469 828	1 465 002	1 435 911	1 435 911
8.3 Net claims related to the allocation of euro banknotes within the Eurosystem	7 420 034	7 315 274	6 145 713	6 476 794	7 925 691
8.4 Other claims within the Eurosystem (net)	–	–	–	–	–
9. Other assets	8 476 908	8 864 955	8 384 276	7 876 801	7 723 922
9.1 Coins of euro area	8 711	8 009	8 453	8 849	9 112
9.2 Tangible and intangible fixed assets	403 730	412 926	436 525	416 899	410 473
9.3 Other financial assets	7 195 259	6 988 312	6 507 559	6 041 445	5 846 341
9.4 Off-balance-sheet instruments revaluation differences	–	90 592	57 050	–	47 699
9.5 Accruals and prepaid expenditure	837 199	1 360 459	1 358 129	1 399 710	1 400 374
9.6 Sundry	32 009	4 657	16 560	9 898	9 923
Total assets	359 399 897	298 594 381	181 789 087	186 539 667	172 676 380

Liabilities

(in € thousand)

	2021	2020	2019	2018	2017
1. Banknotes in circulation	51 767 819	48 084 842	43 190 510	39 870 275	37 913 638
2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	171 421 401	145 672 939	45 443 128	59 408 947	64 957 740
2.1 Current accounts (covering the minimum reserve system)	97 194 582	97 076 814	36 466 154	23 669 646	15 710 572
2.2 Deposit facility	74 226 819	48 596 125	8 976 974	35 739 301	49 247 168
2.3 Fixed-term deposits	–	–	–	–	–
2.4 Fine-tuning reverse operations	–	–	–	–	–
2.5 Deposits related to margin calls	–	–	–	–	–
3. Other liabilities to euro area credit institutions denominated in euro	908 212	1 479 685	301 391	543 628	838 406
4. Liabilities to other euro area residents denominated in euro	5 947 992	1 914 597	612 745	379 465	293 207
4.1 General government	5 440 401	1 304 531	80 616	11 355	25 605
4.2 Other liabilities	507 591	610 066	532 129	368 110	267 602
5. Liabilities to non-euro area residents denominated in euro	5 476 602	6 864 942	857 264	8 147 501	8 413 888
6. Liabilities to euro area residents denominated in foreign currency	2 953 293	2 320 512	3 350 988	710 480	236 388
7. Liabilities to non-euro area residents denominated in foreign currency	1 461 240	1 346 671	654 709	3 219 651	3 515 801
8. Counterpart of special drawing rights allocated by the IMF	12 937 044	5 095 493	5 334 574	5 254 592	5 134 403
9. Intra-Eurosystem liabilities	86 357 768	66 198 276	63 974 101	53 192 130	36 296 706
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)	86 357 768	66 198 276	63 974 101	53 192 130	36 296 706
10. Other liabilities	568 036	665 831	660 484	706 583	727 179
10.1 Off-balance-sheet instruments revaluation differences	24 608	–	–	8 994	–
10.2 Accruals and income collected in advance	23 892	15 396	41 546	44 542	30 569
10.3 Sundry	519 536	650 435	618 938	653 047	696 610
11. Provisions	–	–	3 146	5 670	2 424
11.1 For future exchange losses	–	–	–	–	–
11.2 For new premises	–	–	–	–	–
11.3 For contingencies	–	–	–	–	–
11.4 In respect of monetary policy operations	–	–	3 146	5 670	2 424
12. Revaluation accounts	12 018 744	11 381 836	10 068 000	8 231 503	7 898 906
13. Capital, reserve fund and available reserve	7 226 355	6 907 813	6 512 795	6 123 680	5 815 009
13.1 Capital	10 000	10 000	10 000	10 000	10 000
13.2 Reserve fund:					
Statutory reserve	1 168 694	1 168 694	1 168 694	1 168 694	1 168 694
Extraordinary reserve	1 153 603	1 153 603	1 153 603	1 153 600	1 152 963
Amortisation accounts in respect of tangible and intangible fixed assets	316 750	328 680	346 288	329 958	338 266
13.3 Available reserve	4 577 308	4 246 836	3 834 210	3 461 428	3 145 086
14. Profit for the year	355 391	660 944	825 252	745 562	632 685
Total liabilities	359 399 897	298 594 381	181 789 087	186 539 667	172 676 380

3.2.8.2 Profit and loss account

(in € thousand)

	2021	2020	2019	2018	2017
1. Net interest income	1 229 612	1 174 757	1 427 590	1 532 936	1 284 936
1.1 Interest income	2 133 819	1 714 322	1 700 539	1 783 670	1 476 176
1.2 Interest expense	-904 207	-539 565	-272 949	-250 734	-191 240
2. Net result of financial operations, write-downs and provisions	77 065	103 866	87 790	-25 090	4 674
2.1 Realised gains/losses arising from financial operations	107 639	111 813	91 854	20 331	53 408
2.2 Write-downs on financial assets and positions	-30 574	-7 947	-4 064	-45 421	-48 734
2.3 Transfer to/from provisions	-	-	-	-	-
3. Net income/expense from fees and commissions	592	2 446	-661	-264	627
3.1 Fees and commissions income	11 435	10 713	7 217	6 859	7 452
3.2 Fees and commissions expense	-10 843	-8 267	-7 878	-7 123	-6 825
4. Income from equity shares and participating interests	65 432	79 958	80 530	66 271	61 190
5. Net result of pooling of monetary income	-705 627	-325 693	-313 502	-367 648	-248 906
6. Other income	195 667	171 805	169 788	173 484	161 556
7. Staff costs	-301 037	-300 155	-311 572	-326 889	-336 948
8. Administrative expenses	-94 594	-90 194	-101 332	-105 028	-90 469
9. Depreciation of tangible and intangible fixed assets	-16 024	-18 004	-18 755	-14 791	-13 015
10. Banknote production services	-12 682	-13 563	n.	n.	n.
11. Other expenses	-	-	-3	-637	-
12. Corporate tax	-83 013	-124 279	-194 621	-186 782	-190 960
Profit for the year	355 391	660 944	825 252	745 562	632 685

3.2.8.3 Dividend per share

(in €)

	2021	2020	2019	2018	2017
Gross dividend	138.04	105.77	122.57	138.47	127.63
Withholding tax	41.41	31.73	36.77	41.54	38.29
Net dividend	96.63	74.04	85.80	96.93	89.34

3.3 Auditor's report to the Council of Regency



NATIONAL BANK OF BELGIUM NV / SA

Boulevard de Berlaimontlaan14

Enterprise Number : BE 0203.201.340

AUDITOR'S REPORT

In accordance with Protocol No. 4 of the Statutes of the European System of Central Banks and of the European Central Bank, we were appointed by the General Meeting of Shareholders of 18 May 2020 as the auditor responsible for preparing a report to the Council of Regency on the audit of the financial statements of the National Bank of Belgium (the "**Bank**"). The scope of this mandate is defined in the relevant contractual documents. We have performed the audit of the Bank during five consecutive years.

This mandate as auditor was entrusted to us on the proposal of the Bank's Audit Committee and, ab initio, confirmed by the Council of the European Union on the recommendation of the Governing Council of the European Central Bank.

In the context of that mandate, we have the honour to submit our report on the audit of the Bank's financial statements, drawn up in accordance with the sui generis accounting standards applicable to the Bank - including the presentation rules and principles and the explanations provided -, as defined by the Council of Regency, and on the other provisions contractually agreed with the Bank.

Unqualified opinion

We have conducted the contractual audit of the Bank's financial statements - which show a balance sheet total of € 359,4 billion and a profit for the year of € 355,4 million – and the annexes, as mentioned in the Corporate Report, Report 2021, Chapter 3 'Annual accounts and reports on the financial year' ("**financial statements**").

In our opinion, these financial statements give a true and fair view of the Bank's net equity and financial position as at 31 December 2021, and its results for the financial year ending on that date, drawn up in accordance with the sui generis accounting standards applicable to the Bank – including the presentation rules and principles and the explanations provided – as defined by the Council of Regency.

Basis of the unqualified opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA). Our responsibilities under those standards are described in more detail in the section of this report on "Responsibilities of the auditor concerning the audit of the financial statements". We complied with all the ethical requirements applicable to the audit of financial statements in Belgium, including the independency requirements.

We obtained from the Board of Directors and the Bank's officials the explanations and information necessary for our assignment.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

The key audit matters are the matters which, in our professional judgment, were the most significant in the audit of the financial statements for the current period. We dealt with those matters in the context of our audit of the financial statements and in forming our opinion on those statements. We do not express any separate opinion on these matters.

The report below takes the duty of confidentiality, applicable to the Bank in regard to a number of subjects, in consideration. This implies that some key audit matters may not/not be completely reported.

Key audit matter	Audit approach
<p>KEY AUDIT MATTER 1 : CREDIT RISK</p> <p>Given its activities, the Bank incurs a credit risk. To determine the total risk exposure, related to fixed- income securities, both the portfolio managed by the Bank itself and the monetary policy portfolio registered on the Bank's balance sheet, as well as the Bank's share in the monetary policy portfolio of the Eurosystem are to be taken into account.</p> <p>However, communication concerning the monetary policy portfolios is the responsibility of the ECB.</p>	<ul style="list-style-type: none"> ▪ Obtaining of an understanding and assessment of the procedures and processes for the acceptance of counterparties (ratings of various rating agencies, implied ratings, financial ratios and any financial analyses, determination and treatment of limits). ▪ Regarding the portfolio for implementation of the Eurosystem's monetary policy, a check was conducted related to compliance with the eligibility criteria – the "Single List" of marketable and non-marketable assets (bank loans). ▪ Review of the defined control measures concerning the monitoring of the set limits in relation to the risk incurred and compliance with those limits, except for exposures to Belgian public authorities. ▪ Review and assessment of the work carried out by the Bank's Internal Audit, related to both procedures and the year-end closing. ▪ At reporting date, review of controls in place regarding risk identification and assessment of effectiveness of these procedures.

Key audit matter	Audit approach
<p>The Asset Purchase Programme implies increased risks which could have a negative influence on the Bank's results, especially since, in the light of the global SARS-Cov-2 pandemic, the purchase programmes were supplemented by the Pandemic Emergency Purchase Programme. To mitigate that risk, the Bank replenished an available reserve in accordance with its profit-distribution policy.</p> <p>Upon the decision of the ECB Governing Council, the Bank sets up, where appropriate, a specific provision to cover losses related to the monetary policy operations.</p> <p>In view of the potentially significant impact on the profit and loss account and/or the importance for the assessment of the size of the available reserves, we consider the identification and assessment of the credit risk to be a key audit matter.</p> <p><u>References to the Corporate Report – Chapter 3.</u></p> <p>3.1.1.1 Balance sheet</p> <p>3.1.1.3 Profit distribution</p> <p>3.1.2.1. Financial risk management</p> <p>Note 36 : Disclosures related to the result appropriation</p>	<ul style="list-style-type: none"> ▪ Understanding of the calculation method related to the provisions accounted for, including the reliance on the works realised by the internal audit department of the Bank regarding the risk identification and management tools and models. ▪ Evaluation of the information reported in the financial statements in the light of the Bank's practices and the sui generis reference framework. ▪ Confirmation by the Directors concerning information obtained from the ECB

Key audit matter	Audit approach
<p>KEY AUDIT MATTER 2 : MARKET RISK</p> <p>In connection with the monetary policy and its own investment policy, the Bank invests funds to acquire securities which are recorded either at fair value or at what is termed the amortised acquisition cost.</p> <p>The Bank incurs a market risk on the portfolio measured at fair value. In a first instance, negative revaluation differences are deducted from the corresponding revaluation account, recorded as a liability. Any remaining balance is recorded in the profit & loss statement. Regarding the portfolios measured at amortised cost, the Bank incurs an indirect risk that is to be assessed in the light of the general market risk incurred by the Bank.</p> <p>In order to determine the total risk exposure of the fixed-income securities, the Bank's share in the monetary policy portfolios of the Eurosystem is taken into consideration. However, communication on that subject is the responsibility of the ECB.</p> <p>In view of the potentially significant impact on the profit and loss account and the importance for assessing the level of the available reserves, we consider the identification and assessment of the market risk as a key point of our assignment.</p> <p><u>References to the Corporate Report – Chapter 3.</u></p> <p>3.1.1.3. Profit distribution 3.1.2.1. Financial risk management Note 36 : Disclosures related to the result appropriation</p>	<ul style="list-style-type: none"> ▪ Evaluation of the procedures and processes for assessing market risk. ▪ Assessment of the market data, assumptions and estimates used by the Bank, including the reliance on the works realised by the internal audit department of the Bank regarding the risk identification and management tools and models ▪ Discussion of the outcome of the analysis performed by the Bank with department heads. ▪ Review of the consistency of the report to the Board of Directors. ▪ Taking note of the discussions in the Board of Directors. ▪ Assessment of the information contained in the financial statements in the light of the Bank's practices and the sui generis reference system. ▪ ECB confirmation of the monetary policy results and the reconciliation with profit & loss statements.

Key audit matter	Audit approach
<p>KEY AUDIT MATTER 3 : COMPLIANCE RISK</p> <p>Taking the Bank's hybrid sui generis regulatory framework into account, the following compliance risks were identified:</p> <ul style="list-style-type: none"> ▪ Procurement policy - regulations regarding public contracts ▪ Money laundering regulations ▪ ECB rules and related regulations ▪ GDPR <p>The above regulations may have a significant impact on the interaction with other institutions and/or the Bank's reputation.</p> <p><u>References to the Corporate Report – Chapter 3</u></p> <p>3.1.2.2. Non-financial risk management</p>	<ul style="list-style-type: none"> ▪ Taking note of the design of the processes and procedures for the Bank's procurements. ▪ Review and assessment of the work done by the Bank's Internal Audit. ▪ Discussion of compliance risks with the Bank's Legal Compliance Officer. ▪ Discussion of different risks related to the management of data with the Data Protection Officer. ▪ Conduct of various tests on a sample basis related to certain fundamental aspects of the ECB rules and related regulations.

Key audit matter	Audit approach
<p>KEY AUDIT MATTER 4 : GENERAL DATA SYSTEM CONTROLS</p> <p>The Bank is dependent to a significant extent on the reliability and protection of its IT platforms and applications, both for its operational activities and for its accounting activities.</p> <p>In view of the its very diverse activities - including the systems for monitoring and assessing the risks incurred - the proper operation of the IT platforms and applications is essential for the Bank.</p> <p>As a central point for data collection as well as responsible for the processing of certain data (central credit registry, central balance sheet office, central securities depository/securities settlement system, payments, monetary policy, statistics, prudential supervision etc.), the management of this risk is not negligible for the Bank.</p> <p>In view of our specific assignment, we only reviewed certain specific key points of the general IT system controls directly relevant to the Bank's financial statements.</p> <p><u>References to the Corporate Report – Chapter 3</u></p> <p>3.1.2.2. Non-financial risk management</p>	<ul style="list-style-type: none"> ▪ Establishing, with the aid of the Internal Audit service, of a cartography of the various IT systems and platforms important for the accounting registrations of the Bank. ▪ Taking note of the main incidents related to IT systems and platforms with attention to incidents which affected the accounting data and assessment of the measures taken. ▪ Evaluation of the design – for some of the most important applications - and, if relevant, the operational effectiveness of certain key controls. ▪ Evaluation of the checks and audits carried out by the Internal Audit service.

Responsibilities of the Board of Directors in regard to the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the sui generis accounting reference framework, as identified in the introduction, and for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements free of material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern and using the going concern basis of accounting.

Responsibilities of the auditor in regard to the audit of the financial statements

In accordance with the contractual provisions, we aim to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report to the Council of Regency that includes our opinion.

Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with the ISA's will always detect material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be to influence the economic decisions which users may take on the basis of these financial statements.

As part of an audit in accordance with ISA's, we exercise a professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, because fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Bank's internal control;
- Evaluate the appropriateness of the accounting estimates made by the Board of Directors;
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, up to the date of Report to the Council of Regency;
- Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation, taking into account the sui generis legal framework - including the measurement and reporting principles and the usual explanation provided -applicable to the Bank.

Our audit procedures, however, do not provide any assurance regarding the future viability of the Bank, nor regarding the efficiency or effectiveness with which the governing body has taken or will undertake the operations of the Bank.

We communicate, in accordance with ISA 260 and 265, with the Audit Committee regarding, amongst others, the planned scope and timing of the audit procedures, of any significant audit findings, including any significant deficiencies in internal control, and regarding the key audit matters.

* * *

REPORT ABOUT SOME LEGAL AND REGULATORY OBLIGATIONS

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and content of the corporate report, and in particular Chapter 2 3 "Annual accounts and reports on the financial year", compliance with the legal and regulatory requirements regarding bookkeeping, and compliance with the Organic Law and the other legal and regulatory dispositions, and the Bank's By-Laws.

Responsibilities of the auditor

In the context of our mandate for the Council of Regency as determined in the contract documents, it is our responsibility to report, in all material aspects, specifically adapted if necessary to the Bank's hybrid character and its sui generis legal framework, on compliance with certain provisions of Article 3:75 of the Companies' and Associations' Code.

Other comments

In our opinion, and having performed specific procedures in relation to the reporting on the financial statements, this report is consistent with the annual accounts for the same financial year, and was prepared in accordance with Articles 3:5 and 3:6 of the Companies' and Associations' Code. We do not express any form of assurance whatsoever on the report.

Without prejudice to formal aspects of minor importance, with due regard for the Bank's practices, the accounting records were maintained in accordance with the sui generis accounting reference framework - including the presentation rules and principles and the usual provided explanation provided - applicable to the Bank, as interpreted and laid down by the Council of Regency.

The appropriation of the results proposed to the Council of Regency complies with the legal and statutory requirements.

The social balance sheet deals with both the form and the content of the disclosures required by the Company Code and, to our knowledge, does not contain any significant inconsistencies in relation to the information available to us for the purposes of our contractual assignment.

We are not aware of any transactions undertaken or decisions taken in breach of the Organic Law, the By-Laws, or the applicable provisions of the Company Code and Associations' Code (as considered applicable by the bank) which we were contracted to examine.



No additional assignment was conducted which is incompatible with our contractual mandate. Our firm of auditors, and if appropriate our network, remained independent of the Bank during our mandate.

Brussels, 25 March 2022

MAZARS RÉVISEURS D'ENTREPRISES

Auditor

Represented by

Digitally signed by

STRAGIER DIRK

PIERRE E

Date: 25/03/2022

17:41:35

Dirk STRAGIER

Auditor

Auditor's Report
31.12.2021

3.4 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 2021 on 30 March 2022 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.

4. Annexes

The Bank's Organic law and the Corporate Governance Charter are listed below.

The Statutes, the Rules of Procedure, the Audit Committee Regulations, the Remuneration and Appointments Committee Regulations and many other legislative and regulatory texts covering the National Bank, its sphere of activity and its reference framework are available on the Bank's website.

The Bank does its best to ensure that the texts presented on its website are constantly updated to take account of recent changes.

Annex 1 Organic Law 185

Annex 2 Corporate Governance Charter 233

Annex 1 Organic Law¹

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

Chapter I – Nature and objectives

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

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

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

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

Art. 4. – The Bank’s share capital, which shall amount to ten million euro, shall be represented by four hundred thousand shares, of which two hundred

thousand – registered and non-transferable – shall be subscribed by the Belgian State and two hundred thousand shall be registered or dematerialised shares. The share capital shall be fully paid up.

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

Chapter II – Tasks and transactions

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

- operate in the financial markets, by buying and selling outright (spot and forward), or under repurchase agreement or by lending or borrowing claims and marketable instruments expressed in Community or in non-Community currencies, as well as precious metals;
- conduct credit operations with credit institutions and other money market or capital market participants, with lending being based on adequate collateral.

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

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

- 1° issue and redeem its own loan instruments;
- 2° accept deposits of securities and precious metals, undertake the redemption of securities and act on

¹ Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium (Unofficial coordinated translation: December 2021).

² The provisions on limited liability companies by shares do not apply to the National Bank of Belgium except:
1° in regard to matters which are not governed either by the provisions of Title VII of Part Three of the Treaty establishing the European Community and the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, or by the above-mentioned Law of 22 February 1998 or the Statutes of the National Bank of Belgium; and
2° insofar as they are not in conflict with the provisions referred to in 1° (Article 141, § 1 of the Law of 2 August 2002 on the supervision of the financial sector and on financial services).

behalf of other parties in transactions in securities, other financial instruments and precious metals;

3° carry out transactions in interest-rate instruments;

4° carry out transactions in foreign currencies, gold or other precious metals;

5° carry out transactions with a view to the investment and financial management of its holdings of foreign currencies and of other external reserve elements;

6° obtain credit from foreign sources and provide guarantees for that purpose;

7° carry out transactions relating to European or international monetary cooperation.

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

This preferential claim shall have the same rank as the preferential claim of the creditor secured with a pledge. It takes precedence over the rights set out in Article 8, paragraph 3, of the Law of 2 January 1991 on the market in public debt securities and monetary policy instruments, Articles 12, paragraph 4, and 13, paragraph 4, of Royal Decree N° 62 on the deposit of fungible financial instruments and the settlement of transactions involving such instruments, as coordinated by the Royal Decree of 27 January 2004, and 471, paragraph 4, of the Company Code.

In the event of default on payment of the Bank's claims referred to in the first paragraph, the Bank may, after notifying the debtor in writing that he is in default, take action automatically, without a prior court decision, to realise the securities on which it has a preferential claim, notwithstanding the possible bankruptcy of the debtor or any other situation in which there is concurrence as between his creditors. The Bank must endeavour to convert the securities into cash at the most advantageous price and as quickly as possible, account being taken of the volume of the transactions. The proceeds from this conversion into cash shall be allocated to the Bank's claim in respect of principal, interest and costs, any balance remaining after settlement reverting to the debtor.

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

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

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

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

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

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

c) notwithstanding any provision to the contrary, any set-off that could extinguish all or part of the

claims pledged to the Bank or realised by it may not under any circumstances be invoked in relation to the Bank or third-party buyers in the event of realization.

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

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

Art. 8. – § 1. The Bank shall ensure that the clearing, settlement and payment systems operate properly and shall make certain that they are efficient and sound, in accordance with this Law, specific laws and regulations and, where relevant, with the applicable European rules.

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

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

§ 2. In respect of matters for which it has competence pursuant to this Article, the Bank may adopt regulations to supplement the applicable legislative or regulatory provisions on items of a technical nature.

Without prejudice to any consultation procedure provided for by other laws or regulations, the Bank, may, in accordance with the public consultation process, offer clarification, in the course of a consultation, as to the content of any regulation it intends to adopt and disclose such information on its website for comments by interested parties.

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

§ 3. The Bank shall exercise the powers conferred on it by this Article exclusively in the general interest. Save in the event of fraud or gross negligence, the Bank, the members of its bodies and the members of its staff shall not be held civilly liable for their decisions, inactions, acts or conduct in the fulfilment of this mission.

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

The State shall guarantee the Bank against any loss and shall guarantee the repayment of any credit granted by the Bank as a result of the implementation of the agreements referred to in the preceding paragraph or as a result of its participation in international monetary cooperation agreements or transactions to which, subject to approval by the Council of Ministers, the Bank is a party.

Art. 9bis. – Within the framework set by Article 105(2) of the Treaty establishing the European Community and Articles 30 and 31 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, the Bank shall hold and manage the official foreign reserves of the Belgian State. Those holdings shall constitute assets allocated to the tasks and transactions coming under this chapter and the other tasks of public interest entrusted to the Bank by the State. The Bank shall record these assets and the income and charges relating thereto in its accounts in accordance with the rules referred to in Article 33.

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

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

It shall be entrusted, to the exclusion of all other Belgian or foreign bodies, with the conversion into

euros of the currencies of States not participating in Monetary Union or of States which are not members of the European Community borrowed by the State.

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

Art. 12. – § 1. The Bank shall contribute to the stability of the financial system. In this respect and in accordance with the provisions of Chapter IV/3, it shall in particular have the power to detect, assess and monitor different factors and developments which may affect the stability of the financial system, it shall issue recommendations on measures to be implemented by the various relevant authorities in order to contribute to the stability of the financial system as a whole, particularly through strengthening the robustness of the financial system, preventing the occurrence of systemic risks and limiting the effect of potential disruptions, and it shall adopt measures falling within the ambit of its competences with a view to achieving the objectives described.

For all decisions and transactions made in the context of its contribution to the stability of the financial system, the Bank shall enjoy the same degree of independence as that determined by Article 130 of the Treaty on the Functioning of the European Union.

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

Art. 12bis. – § 1. The Bank shall exercise supervision of financial institutions in accordance with this Law and specific laws governing the supervision of these institutions and with the European rules governing the Single Supervisory Mechanism

§ 2. Within the areas of supervision pertaining to its competence, the Bank may lay down regulations

supplementing the legal or regulatory provisions on items of a technical nature.

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

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

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

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

The Bank may make the Federal Public Service Finance's General Administration of Tax Collection and Recovery responsible for recovery of unpaid taxes.

Art. 12ter. – § 1. The Bank shall exercise the duties of resolution authority and shall, in that capacity, be authorised to implement the resolution tools and exercise the resolution powers in accordance with the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms.

§ 2. The operating costs relating to the task referred to in § 1 are borne by the institutions which are subject to the legislation referred to in § 1, according to the terms and conditions laid down by the King.

§ 3. The provisions of Article 12bis, § 3 apply to the tasks referred to in this Article. In particular, the existence of gross negligence shall be assessed taking account of the concrete circumstances of the case,

and in particular the urgency with which these persons were confronted, the practices on the financial markets, the complexity of the case, threats for the protection of savings and the risk of damage to the national economy.

Art. 12^{quater}. – § 1. In addition to the exceptions provided for in Articles 14(5), points (c) and (d), 17(3), point (b), 18(2), and 20(3) of Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, to safeguard the objectives of Article 23(1), points (d); (e) and (h), of the aforementioned Regulation, the exercise of the rights referred to in Articles 12 (transparent information, communication and modalities for the exercise of the rights of the data subject), 13 (information to be provided where personal data are collected from the data subject), 15 (right of access), 16 (right to rectification), 19 (notification obligation regarding rectification or erasure of personal data or restriction of processing), 21 (right to object) and 34 (communication of a personal data breach to the data subject) of this Regulation is completely restricted for the processing of personal data as referred to in Article 4(1) of the same Regulation by the Bank in its capacity as entity responsible for processing that is performing tasks carried out in the public interest, tasks relating to the prevention and detection of criminal offences, and a monitoring, inspection or regulatory function connected to the exercise of official authority:

1° with a view to carrying out its tasks listed in Article 12^{bis} of this Law or any other task relating to the prudential supervision of financial institutions assigned to the Bank by any other provision of national or European law, when such data have not been obtained from the person concerned;

2° in the context of the performance of its task as resolution authority referred to in Article 12^{ter} of this Law, or of any other resolution power assigned to the Bank by any other provision of national or European law, when such data have not been obtained from the person concerned;

3° in the context of the task assigned to the Bank by Article 8 of this Law to ensure that the clearing, settlement and payment systems operate properly and to make certain that they are efficient and sound, when

such data have not been obtained from the person concerned;

4° in the context of the procedures for the imposition of administrative fines used by the Bank pursuant to sections 2 and 3 of Chapter IV/1 of this Law, and in the context of the performance of the power granted to the Bank in this regard to impose periodic penalty payments pursuant to section 3^{bis} of the same Chapter, insofar as the personal data concerned are linked to the subject of the investigation or the supervision.

The derogations referred to in paragraph 1, 1°, 2° and 3° shall apply as long as the person concerned has not, where appropriate, gained legal access to the administrative file concerning him or her which is held by the Bank and contains the relevant personal data.

§ 2. Article 5 of the aforementioned Regulation 2016/679 shall not apply to the processing of personal data as referred to in § 1 insofar as the provisions of that Article correspond with the rights and obligations provided for in Articles 12 to 22 of that Regulation.

Art. 12^{quinquies}. – Insofar as the Bank has the status of administrative authority within the meaning of Article 22^{quinquies} of the Law of 11 December 1998 on security classification, security clearance, security certificates and security advisory notices, it is authorised to process personal data concerning criminal convictions or punishable acts where necessary for the performance of the tasks conferred upon it pursuant to the aforementioned Law of 11 December 1998. Articles 12 to 22 and Article 34 of Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC, shall not apply to these types of processing or to other types of personal data processing by the Bank in this capacity when the processing is necessary for the performance of its tasks. Article 5 of this Regulation also shall not apply to these types of personal data processing insofar as the provisions of that Article correspond with the rights and obligations provided for in Articles 12 to 22 of that Regulation.

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

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

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

Art. 15. – *Repealed.*

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

Chapter III – Bodies – Composition – Incompatibilities

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

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

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

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

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

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

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

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

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

7. In urgent cases or special circumstances determined by the Governor or, in his/her absence, the Vice-Governor, it may take decisions by written procedure or by using telecommunications technologies permitting interactive discussion in accordance with the specific rules laid down in the Bank's Rules of Procedure.

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

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

On a proposal from the Board of Directors it shall lay down the Rules of Procedure, containing the basic

rules for the operation of the Bank's bodies and the organisation of its Departments, Services and outside offices.

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

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

5. The King shall appoint one of the Regents as President of the Council of Regency. The President of the Council of Regency shall be independent as defined by Article 526^{ter} of the Company Code, come from a different linguistic group than the Governor and be of a different sex from the Governor. When a new Governor is appointed, the King shall confirm the appointment of the president in office or appoint a new president.

6. In urgent cases or special circumstances determined by the President of the Council of Regency or, in his/her absence, by the longest-serving regent, or where there are several with equal length of service, by the oldest among the latter. The Council of Regency may take decisions by written procedure or by using telecommunications technologies permitting interactive deliberation in accordance with the specific rules laid down in the Bank's Rules of Procedure.

The President of the Council of Regency shall preside over meetings of the Council of Regency except when it is exchanging views on general issues as referred to in the first sentence of point 2 of this Article. These exchanges of views are chaired by the Governor.

Art. 21. – § 1. An Audit Committee shall be set up within the Council of Regency, comprising three Regents appointed by the Council of Regency. The majority of members of the Audit Committee shall be independent as defined by Article 526^{ter} of the Company Code.

The Audit Committee shall exercise the advisory powers laid down by Article 21^{bis} and supervise

the preparation and implementation of the Bank's budget.

The Council of Regency appoints the President of the Audit Committee who shall be independent as defined by Article 526^{ter} of the Company Code. The President of the Council of Regency may not assume the presidency of the Audit Committee.

§ 2. A Remuneration and Appointments Committee shall be set up within the Council of Regency, comprising three Regents appointed by the Council of Regency. The majority of members of the Remuneration and Appointments Committee shall be independent as defined by Article 526^{ter} of the Company Code.

The Remuneration and Appointments Committee exerts the advisory powers in the field of remuneration and appointments that are attributed to it by the Council of Regency.

The Governor shall attend meetings of the Remuneration and Appointments Committee in an advisory capacity.

Art. 21^{bis}. – 1. Without prejudice to the responsibilities of the bodies of the Bank and without prejudice to the execution of the tasks and transactions within the domain of the ESCB and their review by the statutory auditor, the audit committee shall, at least:

- a) monitor the financial reporting process;
- b) monitor the effectiveness of the internal control and risk management systems, and of the Bank's internal audit;
- c) monitor the statutory audit of the annual accounts, including the compliance with the questions and recommendations formulated by the statutory auditor;
- d) review and monitor the independence of the statutory auditor, and in particular the provision of additional services to the Bank.

2. Without prejudice to Article 27.1 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, and without prejudice to the competence of the Works Council with respect to the nomination, the proposal of the Board of Directors for the appointment of the statutory auditor

shall be given on proposal of the Audit committee. The Works Council shall be informed of this proposal. The Audit committee shall also advise on the tender procedure for the appointment of the statutory auditor.

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

4. The statutory auditor shall:

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

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

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

5. The Rules of Procedure shall specify the rules of procedure of the Audit committee.

Art. 21ter. – § 1. The Bank hereby establishes a Resolution College, which shall be responsible for performing the tasks referred to in Article 12ter.

§ 2. The Resolution College shall be composed of the following persons:

1° the Governor;

2° the Vice-Governor;

3° the Director of the Department in charge of the prudential supervision of banks and stockbroking firms;

4° the Director of the Department in charge of prudential policy and financial stability;

5° the Director designated by the Bank as the person responsible for resolution of credit institutions;

6° *repealed*;

7° the President of the Management Committee of the Federal Public Service Finance;

8° the official in charge of the Resolution Fund;

9° four members designated by the King by Royal Decree deliberated in the Council of Ministers; and

10° a magistrate designated by the King.

§ 2/1. The Chairman of the Financial Services and Markets Authority shall attend meetings of the Resolution College in an advisory capacity.

§ 3. The persons referred to in § 2, paragraph 1, 9°, shall be appointed based on their particular experience in banking and in financial analysis.

The persons referred to in § 2, 9° and 10° shall be appointed for a renewable term of four years. They shall remain in office until provision is made for their replacement. These persons can be relieved of their duties by the authorities which have appointed them only if they no longer fulfil the conditions necessary for their role or in the event of serious misconduct.

§ 4. The King shall determine, by Royal Decree deliberated in the Council of Ministers:

1° the organisation and operation of the Resolution College and of the departments tasked with preparing its work;

2° the conditions under which the Resolution College shares information with third parties, including other bodies and departments of the Bank; and

3° the measures to prevent any conflicts of interest on the part of members of the Resolution College or between the Resolution College and other bodies and departments of the Bank.

§ 5. In the event of infringements of the provisions of Book II, Titles IV and VIII, Book XI and Articles 581 and 588 of the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms and of the measures taken to comply with these provisions, the Resolution College shall replace the Board of Directors for the purposes of applying section 3 of Chapter IV/1 of this Law.

Art. 22. – 1. Except as regards the tasks and transactions within the domain of the ESCB, the supervisory tasks referred to in Article 12bis and the tasks referred to in Article 12 and Chapter IV/3, the Minister of

Finance, through his representative, shall have the right to supervise the Bank's transactions and to oppose the implementation of any measure which is contrary to the law, the Statutes or the interests of the State.

2. The representative of the Minister of Finance shall, *ex officio*, attend the meetings of the Council of Regency and the Board of Censors. Except as regards the functions and transactions within the domain of the ESCB, the supervisory tasks referred to in Article 12*bis* and the tasks referred to in Article 12 and Chapter IV/3, he shall supervise the Bank's transactions and suspend and bring to the attention of the Minister of Finance any decision which is contrary to the law, the Statutes or the interests of the State.

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

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

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

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

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

3. The Regents shall be elected for a three-year term by the General Meeting. Their term may be renewed. Two Regents shall be chosen on the proposal of the most representative labour organisations. Three Regents shall be chosen on the proposal of the most

representative organisations from industry and commerce, from agriculture and from small firms and traders. Five Regents shall be chosen on the proposal of the Minister of Finance. The methods of proposing candidates for these appointments shall be laid down by the King, after deliberation in the Council of Ministers.

4. *Repealed.*

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

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

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

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

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

3. the legal entities referred to in Article 14.

For duties and mandates in an institution subject to the Bank's supervision or in an institution incorporated under Belgian law or foreign law established in Belgium or in a subsidiary of these institutions and subject to the supervision of the European Central Bank, the prohibitions referred to in the first paragraph shall continue to apply for one year after the Governor, Vice-Governor and other members of the Board of Directors have relinquished their office.

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

§ 2. The Regents may not be a member of the administrative, management or supervisory bodies of an institution subject to the supervision of the Bank or in an institution incorporated under Belgian law or foreign law established in Belgium or in a subsidiary of these institutions and subject to the supervision of the European Central Bank, nor may they perform management duties in such an institution.

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

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

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

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

Art. 28. – The Governor shall send to the Chairman of the Chamber of Representatives the annual report referred to in Article 284(3) of the Treaty on the functioning of the European Union, as well as a yearly report on the tasks of the Bank in the field of prudential supervision of financial institutions and on its tasks relating to its contribution to the stability of the financial system as referred to in Chapter IV/3. The Governor may be heard by the competent committees of the Chamber of Representatives at the request of these committees or on his own initiative.

Communications made under this Article may not, because of their contents or the circumstances, jeopardise the stability of the financial system.

Chapter IV – Financial provisions and revision of the statutes

Art. 29. – *Repealed.*

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

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

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

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

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

1. compensating for losses in capital stock;

2. supplementing any shortfall in the annual profit up to a dividend of six per cent of the capital.

Upon expiration of the Bank's right of issue¹, the State shall have a priority claim to one fifth of the reserve fund. The remaining four fifths shall be distributed among all the shareholders.

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

1° a first dividend of 6 % of the capital shall be allocated to the shareholders;

2° from the excess, an amount proposed by the Board of Directors and established by the Council of Regency shall be independently allocated to the reserve fund or to the available reserves;

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

4° the balance shall be allocated to the State; it shall be exempt from company tax.

Art. 33. – The accounts and, if appropriate, the consolidated accounts of the Bank shall be drawn up:

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

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

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

² Pursuant to Articles 11 and 12 of the Law of 17 July 2013 inserting a Book III entitled "Freedom of establishment, to provide services and general obligations of undertakings" in the Code of Economic Law and inserting specific definitions under Book III and specific implementing legislation under Book III, in Books I and XV of the Code of Economic Law, this provision should be interpreted as: "Articles III.82 to III.84, III.86 to III.89 and XV.75 of the Code of Economic Law and their implementing Decrees shall apply to the Bank, with the exception of the Decrees implementing Articles III.84, paragraph 7, and III.89, § 2."

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, § 2.²

Art. 34. – The Bank and its outside offices shall comply with the statutory provisions on the use of languages in administrative matters.

Art. 35. – § 1. Except when called upon to give evidence in court in a criminal case, and except for communications given in the context of a parliamentary commission of inquiry, the Bank, members and former members of its bodies and its staff and experts upon whom it calls shall be subject to professional secrecy and may not divulge to any person or authority whatsoever confidential information of which they have had knowledge on account of their duties.

The persons referred to in § 1 shall be exempt from the obligation contained in Article 29 of the Code of Criminal Procedure.

Contraventions of this Article shall incur the penalties laid down by Article 458 of the Penal Code. The provisions of Book 1 of the Penal Code, including Chapter VII and Article 85, shall be applicable to contraventions of this Article.

This Article does not prevent the observance, by the Bank, the members of its bodies and its staff, of specific legal provisions as to professional secrecy, whether more restrictive or not, notably when the Bank is charged with collecting statistical data or information on prudential supervision.

§ 2. Notwithstanding paragraph 1, the Bank may communicate confidential information:

1° where the communication of such information is stipulated or authorised by or pursuant to this Law and the laws regulating the tasks entrusted to the Bank;

2° to expose criminal offences to the judicial authorities;

3° within the framework of administrative or judicial appeal proceedings against acts or decisions of the Bank and in any other proceedings to which the Bank is a party;

4° in abridged or summary form, in order that individual natural or legal persons cannot be identified.

The Bank may publish the decision to expose criminal offences to the judicial authorities.

§ 3. Within the limits of European Union law and any restrictions expressly laid down by or pursuant to a law, the Bank may use any confidential information that it holds in the context of its legal tasks, in order to carry out its tasks referred to in Articles 12, § 1, 12^{ter}, 36/2, 36/3 and its tasks within the ESCB.

Art. 35/1. – § 1. By derogation from Article 35 and within the limits of European Union law, the Bank may communicate confidential information:

1° *repealed*;

2° in performing its tasks referred to in Article 12^{ter}, § 1, for the purposes of carrying out these tasks,

a) to the resolution authorities of the European Union and of other Member States of the European Economic Area as well as the authorities of third countries entrusted with equivalent tasks to those referred to in Article 12^{ter}, § 1;

b) to persons or authorities referred to in Article 36/14, § 1, 1°, 2°, 3°, 4°, 5°, 8°, 11°, 18° and 19°;

c) to the Minister of Finance;

d) to any person, whether governed by Belgian or by foreign law, whenever deemed necessary for the planning or execution of a resolution measure, and notably;

- to the special administrators appointed pursuant to Article 281, § 2 of the Law of 25 April 2014 on the legal status and supervision of credit institutions;
- to the body in charge of resolution financing arrangements;
- to auditors, accountants, legal and professional counsellors, assessors and other experts hired directly or indirectly by the Bank, a resolution authority, a competent Ministry or a potential buyer;
- to a bridge institution referred to in Article 260 of the Law of 25 April 2014 on the legal status

and supervision of credit institutions or to an asset management vehicle referred to in Article 265 of the same Law;

- to persons or authorities referred to in Article 36/14, § 1, 6°, 7°, 9°, 10°, 12°, 15° and 20°;
- to potential buyers of securities or assets respectively issued or held by the institution subject to the resolution procedure.

e) without prejudice to points a) to d), to any person or authority that has a function or task pursuant to Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, when the communication of confidential information concerning a person referred to in Article 1, paragraph 1, point a), b), c) or d) of the said Directive has received the prior approval of this person or the authority carrying out identical tasks to those referred to in Articles 12, § 1 and 12^{ter} as regards this person, when the information comes from this person or authority.

§ 2. The Bank may communicate confidential information in accordance with § 1 only on condition that the recipient authorities, institutions or persons use that information to carry out their tasks and that, as regards that information, they are subject to an obligation of professional secrecy equivalent to that referred to in Article 35. Furthermore, information communicated by an authority of another Member State may be divulged to a third-country authority only with the express agreement of that authority and, as the case may be, only for the purposes for which that authority has given its consent. Likewise, information coming from a third-country authority may only be divulged with the express agreement of that authority and, as the case may be, only for the purposes for which that authority has given its consent.

The Bank may only communicate confidential information pursuant to § 1 to the authorities of the third-country State with which it has concluded a cooperation agreement providing for an exchange of information.

§ 3. Without prejudice to the more stringent provisions of the specific laws governing them, Belgian

persons, authorities and bodies shall be bound by professional secrecy as referred to in Article 35 as regards the confidential information they receive from the Bank pursuant to § 1 and shall ensure their internal regulations guarantee that any confidential information received from the Bank in accordance with paragraph 1, 2°, by persons involved in the resolution process is treated as confidential.

Art. 35/2. – By derogation from Article 35 and within the limits of European Union law, the Bank may send the Belgian Data Protection Authority (*Gegevensbeschermingsautoriteit / Autorité de protection des données*) confidential information insofar as this information is necessary for the performance of this Authority's tasks.

Art. 35/3. – Article 35 shall apply to approved auditors (*commissaires agréés*), to statutory auditors and to experts as regards the information of which they have become cognisant by virtue of the tasks entrusted to them in establishments subject to the supervision of the Bank or in the supervision of which the Bank participates, pursuant to articles 12*bis* and 36/2.

As part of the obligation incumbent on them to report on their own initiative to the supervisory authority as soon as they observe decisions or facts which may constitute violations of the legislation governing the supervision of the sector, the approved auditors attached to "institutions subject" to the supervision of the Bank or in the control of which the Bank participates pursuant to Articles 12*bis* and 36/2, are required, when they have, in the performance of their tasks, concrete knowledge of special mechanisms within the meaning of article 36/4, to report them to the Bank.

§ 1 and Article 86, § 1, first indent of the Law of 7 December 2016 on the organisation of the profession and the public supervision of auditors, shall not apply to the communication of information to the Bank that is stipulated or authorised by the legal or regulatory provisions governing the tasks of the Bank.

Art. 36. – The Council of Regency shall amend the Statutes in order to bring them into conformity with this Law and with the international obligations which are binding on Belgium.

Other amendments to the Statutes shall be adopted, on the proposal of the Council of Regency, by a

majority of three quarters of the votes pertaining to the total number of shares present or represented at the General Meeting of Shareholders.

Amendments to the Statutes shall require the approval of the King.

Chapter IV/1 – Provisions concerning the supervision of financial institutions

Section 1 – General provisions

Art. 36/1. – Definitions: For the purpose of this chapter and Chapter IV/2, the following definitions shall apply:

1° "the Law of 2 August 2002": the Law of 2 August 2002 on the supervision of the financial sector and on financial services;

2° "financial instrument": an instrument as defined in Article 2, 1° of the Law of 2 August 2002;

3° "credit institution": any institution referred to in Book II and in Titles I and II of Book III of the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms;

4° "electronic money institution": any institution referred to in Article 2, 74° of the Law of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money, and access to payment systems;

5° "investment firm with the status of stockbroking firm": any investment undertaking referred to in Book XII of the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms that is recognised as a stockbroking firm or authorised to provide investment services which would require authorisation to operate as a stockbroking firm to be obtained if they were being provided by a Belgian investment firm;

6° "insurance or reinsurance company": any undertaking referred to in Article 5, paragraph 1, 1°, or 2° of the Law of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies;

7° *repealed*;

8° “mutual insurance association”: any undertaking referred to in Article 57 of the Programme Law of 10 February 1998 on the promotion of the independent company;

9° “payment institution”: any undertaking referred to in Article 2, 8°, of the Law of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money, and access to payment systems;

10° “regulated market”: any Belgian or foreign regulated market;

11° “Belgian regulated market”: a multilateral system, run and/or managed by a market operator, which ensures or facilitates the matching – even within the system itself and according to its non-discretionary rules – of manifold interest expressed by third parties in buying and selling financial instruments, in a way that leads to making contracts in financial instruments admitted to trading under its rules and/or its systems, and that is recognised and operates regularly in accordance with the provisions of Chapter II of the Law of 2 August 2002;

12° “foreign regulated market”: any market for financial instruments that is organised by a market operator whose home State is a Member State of the European Economic Area other than Belgium and that has been recognised in this Member State as a regulated market pursuant to Title III of Directive 2014/65/EU;

13° “central counterparty”: a central counterparty as defined in Article 2(1) of Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories;

14° *repealed*;

15° “FSMA”: the Financial Services and Markets Authority (“*Autorité des services et marchés financiers*” / “*Autoriteit voor Financiële Diensten en Markten*”, in German “*Autorität Finanzielle Dienste und Märkte*”);

16° “competent authority”: the Bank, the FSMA or the authority indicated by each Member State pursuant to Article 67 of Directive 2014/65/EU, Article 22 of Regulation 648/2012 or Article 11 of Regulation 909/2014, unless otherwise specified in the said Directive or Regulations;

17° “Directive 2014/65/EU”: Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU;

18° “CSRSFI”: the Committee for Systemic Risks and System-Relevant Financial Institutions;

19° *repealed*;

20° “European Banking Authority”: the European Banking Authority set up by Regulation No. 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No. 716/2009/EC and repealing Commission Decision 2009/78/EC;

21° “European Insurance and Occupational Pensions Authority”: the European Insurance and Occupational Pensions Authority set up by Regulation No. 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No. 716/2009/EC and repealing Commission Decision 2009/79/EC;

21°/1 “European Securities and Markets Authority”: the European Securities and Markets Authority set up by Regulation No. 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No. 716/2009/EC and repealing Commission Decision 2009/77/EC;

22° “Regulation 648/2012”: Regulation (EU) No. 648/2012 of the European Parliament and of the European Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories;

23° “financial counterparty”: a counterparty as defined in Article 2(8) of Regulation 648/2012 or in Article 3(3) of Regulation 2015/2365;

24° “non-financial counterparty”: a counterparty as defined in Article 2(9) of Regulation 648/2012 or in Article 3(4) of Regulation 2015/2365;

25° “central securities depository”: a central securities depository as defined in Article 2(1)(1) of Regulation 909/2014;

26° “Regulation 909/2014”: Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012;

27° “Regulation 2015/2365”: of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No. 648/2012;

28° “the Law of 7 April 2019”: the Law of 7 April 2019 establishing a framework for the security of network and information systems of general interest for public security;

29° “Bankruptcy Court”: the Bankruptcy Court referred to in Article I.22, 4°, of the Code of Economic Law.

30° “the Law of 18 September 2017”: the Law of 18 September 2017 on preventing money laundering and terrorist financing and limiting the use of cash;

31° “SSM Regulation”: Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions;

32° “Directive 2015/849”: Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No. 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission.

Art. 36/2. – § 1. In accordance with Article 12*bis*, with the provisions of this chapter and the specific

laws governing the supervision of financial institutions, the Bank’s mission shall be to undertake prudential supervision of credit institutions, investment firms with the status of stockbroking firm, insurance companies, reinsurance companies, mutual insurance associations, central counterparties, settlement institutions, institutions equivalent to settlement institutions, payment institutions, electronic money institutions, central securities depositories, institutions providing support to central securities depositories and custodian banks.

As regards supervision of insurance companies, the Bank shall appoint within the Board of Directors or among member of staff a representative who shall sit in an advisory capacity on the management committee for occupational accidents and certain technical committees of Fedris.

By derogation from paragraph 1, supervision of mutual insurance companies referred to in Articles 43*bis*, § 5, and 70, § 6, 7 and 8 of the Law of 6 August 1990 on mutual insurance companies and national unions of mutual insurance companies, as well as their operations, falls within the competence of the Control Office of mutual health funds and national unions of mutual health funds.

In carrying out its tasks, the Bank shall take account, in its capacity as competent prudential authority, of the convergence, in terms of supervision instruments and practices, of the implementation of the legislative, regulatory and administrative obligations imposed under the applicable European Directives.

To this end, it is required to:

a) take part in the work of the European Banking Authority, the European Insurance and Occupational Pensions Authority and, if necessary, the European Securities and Markets Authority;

b) comply with the guidelines, recommendations, standards and other measures agreed by the European Banking Authority, by the European Insurance and Occupational Pensions Authority and, if necessary, the European Securities and Markets Authority and, if it fails to do so, shall explain the reasons.

In its capacity as competent prudential authority, when carrying out its general interest duties, the Bank shall take due account of the potential impact of its

decisions on the stability of the financial system in all the other Member States concerned and, particularly, in emergency situations, on the strength of information available at the time.

§ 2. In accordance with Article 12*bis* and the provisions of this chapter, and to the extent laid down by Article 85 of the Law of 18 September 2017, the Bank's mission shall also be to monitor respect by the financial institutions referred to in paragraph 1, first indent, for the legal and regulatory provisions or provisions of European law designed to prevent the use of the financial system for purposes of money laundering and terrorist financing, as well as financing of proliferation of weapons of mass destruction.

Art. 36/3. – § 1. Without prejudice to Article 36/2, and in accordance with Articles 12 and 12*bis* and the specific laws that govern the supervision of financial institutions, the Bank's mission shall also be,

1° to intervene in the detection of any threats to the stability of the financial system, in particular by following up and assessing strategic developments in and the risk profile of systemic financial institutions;

2° to submit recommendations to the federal government and federal parliament on measures that are necessary or useful for the stability, the smooth running and the efficiency of the country's financial system;

3° to coordinate financial crisis management;

4° to contribute to the missions of the European and international institutions, organisations and bodies in the areas described in 1° to 3° and to collaborate in particular with the European Systemic Risk Board.

§ 2. The Bank shall determine, among the financial institutions referred to in Article 36/2, with the exception of credit institutions, stockbroking firms, payment institutions and electronic money institutions and insurance and reinsurance companies, those that must be considered as system-relevant and shall inform each one of these institutions. From this moment onwards, these institutions are required to send the Bank their proposals for strategic decisions. Within two months of receipt of a complete file supporting the strategic decision, the Bank may oppose these decisions if it feels that they go against sound and prudent management of the system-relevant financial institution or are

liable to have a significant effect on the stability of the financial system. It may use all the powers conferred on it by this Law and the specific laws governing the supervision of the financial institutions concerned.

Strategic decisions shall be understood to mean decisions, once they assume a certain degree of importance, that concern any investment, disinvestment, participation or strategic cooperation relationship on the part of the system-relevant financial institution, notably decisions to acquire or establish another institution, to set up a joint venture established in another State, to conclude cooperation agreements or agreements on capital investment or acquisition of a branch of activity, merger or demerger.

The Bank shall specify the decisions that are to be considered as strategic and of a certain importance for the application of this Article. It shall publish these stipulations.

§ 3. When the Bank considers that a system financial institution has an inadequate risk profile or that its policy is liable to have a negative impact on the stability of the financial system, it may impose specific measures on the institution in question, notably particular requirements in respect of solvency, liquidity, risk concentration and risk positions.

§ 4. To enable the Bank to exercise the competences laid down by the preceding paragraphs, each system-relevant financial institution shall send it a report on developments in its business activities, its risk position and its financial situation.

The Bank shall determine the content of the information that must be sent to it as well as the frequency and the arrangements for this reporting.

§ 5. Failure to respect the provisions of this Article may give rise to the imposition of administrative fines, penalties and penal sanctions provided for by this Law and the specific laws applicable to the financial institutions in question.

§ 6. The FSMA shall provide the Bank with the information it possesses and which the latter has requested for the purposes of carrying out the tasks referred to in this Article.

Art. 36/4. – In carrying out its tasks referred to in Article 12*bis* and 36/2, the Bank shall have no

competence in respect of fiscal matters. However, should it have concrete knowledge of special mechanisms applied by an establishment of which it provides or participates in the supervision, it shall report them to the judicial authorities.

A “special mechanism” is defined as a process that cumulatively fulfils the following conditions:

1° its purpose or effect is to permit or encourage tax evasion by third parties;

2° the initiative originates from the establishment itself or clearly involves the active cooperation of the establishment or is the result of manifest negligence on the part of the establishment;

3° it involves a set of behaviours or failures to act;

4° it has a special character, such that the establishment knows or ought to know that the mechanism deviates from the norms and normal practices governing banking, insurance and financial operations.

Art. 36/5. – § 1. In the instances stipulated by the law regulating the task in question, the Bank may give prior written consent on an operation. The Bank make its consent dependent on the conditions that it deems appropriate.

§ 2. The consent referred to in § 1 shall be binding on the Bank, save:

1° where it appears that the operations to which it refers are incompletely or incorrectly described in the request for consent;

2° where those operations are not performed in the manner proposed to the Bank;

3° where the effects of those operations are modified by one or more subsequent operations, with the result that the operations to which the consent refers no longer conform to the definition given of them in the request for consent;

4° where the conditions upon which the consent is dependent are not or no longer fulfilled.

§ 3. Upon the recommendation of the Bank, the King determines the terms and conditions for application of the present Article.

Art. 36/6. – § 1. The Bank shall organise a website and keep it up to date. This website shall contain all regulations, proceedings and resolutions that are required to be published in the context of its legal tasks pursuant to Article 12*bis*, as well as any other information that the Bank deems appropriate to disseminate in the interest of these same tasks.

Without prejudice to the means of publication prescribed by the appropriate legal or regulatory provisions, the Bank shall specify other possible means of publishing the regulations, resolutions, opinions, reports and other proceedings it makes public.

§ 2. The Bank shall also provide the following information on its website:

1° besides the legislation on the legal status and supervision of credit institutions and stockbroking firms and the legislation on the legal status and supervision of insurance and reinsurance companies, along with any Decrees, Regulations and Circulars issued under or pursuant to this legislation or Regulations of European Union law relating to these matters, a table setting out the provisions of European Directives on the prudential supervision of credit institutions and stockbroking firms and on the legal status and supervision of insurance and reinsurance companies, stating the chosen options;

2° the supervisory objectives that it exercises pursuant to the legislation referred to in 1°, and in particular the functions and activities carried out as such, the verification criteria and the methods it uses to carry out the assessment referred to in Article 142 of the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms, including the criteria for the application of the principle of proportionality referred to in paragraph 4 of said Article 142, and Articles 318 to 321 of the Law of 13 March 2016 on the legal status and supervision of insurance and reinsurance;

3° aggregate statistical data on the main aspects relating to the application of the legislation referred to in 1°;

4° any other information laid down by the Decrees and Regulations issued under this Law.

The information referred to in paragraph 1 shall be published according to the guidelines established,

as the case may be, by the European Commission, the European Banking Authority or the European Insurance and Occupational Pensions Authority. The Bank shall ensure that the information provided on its website is updated regularly.

The Bank shall also publish any other information required under acts of European Union law applicable in the area of supervision of credit institutions and stockbroking firms and in the area of supervision of insurance and reinsurance companies.

The Bank may publish, under arrangements that it shall determine and in compliance with European Union law, the results of the stress tests carried out in accordance with European Union law.

Art. 36/7. – All notifications that the Bank or the Minister are required to make by registered letter or recorded delivery in accordance with the laws and regulations whose application is supervised by the Bank may be made by writ of execution or by any other method determined by the King.

Art. 36/7/1. – § 1. The person who has informed the Bank, in good faith, of an alleged or infringement of the laws and regulations governing the legal status and supervision of financial institutions referred to in Article 36/2, may not be subjected to any civil, penal or disciplinary proceedings nor have any professional sanctions imposed on him or her that might be lodged or imposed because he/she reported the said information. This report shall not be considered in breach of any restrictions on the disclosure or communication of information imposed by a contract or by a legal, regulatory or administrative provision, and the responsibility of the person who raised such an alert may not in any way be liable for having reported this information.

Paragraph 1 may not benefit the lawyers who report any information that they have received from one of their clients or obtained from one of their clients.

§ 2. The Bank shall not reveal the identity of the person who makes a report referred to in § 1, first indent. Unless this person consents, the Bank shall reject any request for consultation, explanation or communication, in any form whatsoever, of an administrative document in which his or her identity appears directly or indirectly.

Without prejudice to paragraph 1, upon request of the person concerned, the Bank may assist the person

who raised the alert as referred to in paragraph 1, first indent, before the administrative or judicial authorities asked to hear a case of unfair treatment or measure prohibited under paragraph 3, first indent, and on that occasion in particular may confirm in labour disputes the status of informant of the person who raised the alert.

§ 3. Reprisals, or any discrimination or other types of unfair treatment or measure related to the report referred to in § 1, first indent, shall be prohibited against anybody in a labour relationship who raises the alert in good faith, whether or not they are in a contractual or statutory relationship.

§ 4. In the event of any unfair treatment or measure for a period of twelve months from the alert being raised, the burden of proof that this treatment or measure is not related to the said report is on the employer, provided that the person concerned provides reasonable arguments suggesting that the unfair treatment constitutes reprisals because of this person raising the alert.

§ 5. If, in breach of paragraph 3, an employer terminates an employment relationship or unilaterally and unfavourably amends the working conditions of a person who raises an alert as referred to in paragraph 1, first indent, the person concerned or the representative organisation to which he or she belongs, may request his or her reintegration on the conditions prevailing before the breach of the employment relationship or the adverse amendment of the working conditions. The request shall be made by registered letter within thirty days of the date of notice of termination of employment or adverse amendment of the working conditions. The employer must act on that request within thirty days of receipt of the request for reintegration. The employer who reintegrates the person concerned under the same terms, is required to compensate for any lost benefits and salary during the period preceding the reintegration.

§ 6. Any employer who does not reinstate the person concerned on the same terms after the request referred to in paragraph 5, is required to pay them, without prejudice to any compensatory payment due in the event of any breach of contract. At the option of the person concerned, the compensation shall be equal to either a flat-rate sum corresponding to six months' total gross salary, including all non-statutory employee benefits, or to the actual harm suffered. In

the latter case, the person concerned has to prove the extent of that damage.

The employer is required to pay the same compensation, without the request referred to in paragraph 5 being introduced when the reprisals, discrimination and other types of unfair treatment or measure have been established by the competent jurisdiction as being applied because of the report referred to in § 1, first indent.

When a measure or any unfair treatment in breach of paragraph 3 is agreed after severance of the employment relationship, the person who raised the alert, referred to in § 1, first indent, has the right to the compensation referred to in the first indent, for the duration of the employment relationship, when the unfair treatment or measure has been established by the competent jurisdiction as being applied because of the report referred to in § 1, first indent.

§ 7. Contractual or statutory provisions or provisions set out in a collective labour agreement which run contrary to this Article or to the relevant implementing measures, as well as any contractual clauses that provide for a waiver of the protection conferred by this Article or the relevant implementing measures shall be deemed null and void.

Section 2 – Sanctions Committee

Art. 36/8. – § 1. The Sanctions Committee shall pronounce on the imposition of administrative fines laid down by the laws referred to in Articles 8, 12*bis* and 12*ter* and in Article 161 of the Law of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money, and access to payment systems.

§ 2. The Sanctions Committee shall comprise six members appointed by the King:

1° a State counsellor or honorary State counsellor, appointed on a proposal from the First President of the Council of State

2° a counsellor at the Court of Cassation or honorary counsellor at the Court of Cassation, appointed on a proposal from the First President of the Court of Cassation;

3° two magistrates who are neither councillors at the Court of Cassation, nor at the Brussels Court of Appeal;

4° two other members.

§ 3. The chairman is elected by the members of the Sanctions Committee from among the persons mentioned in § 2, 1°, 2° and 3.

§ 4. For the three years preceding their appointment, the members of the Sanctions Committee may not have been either member of the Board of Directors of the Bank, or of the Resolution College of the Bank, or of the Bank's staff, or of the CSRSFI.

During the course of their mandate, members may not carry out any duties whatsoever or any mandate whatsoever in an institution subject to the supervision of the Bank or in a professional association representing institutions subject to the supervision of the Bank, nor may they provide services for a professional association representing institutions subject to the supervision of the Bank.

§ 5. The mandate of the members of the Sanctions Committee is six years and renewable. In the event of non-renewal, the members shall remain in office until the first meeting of the Sanctions Commission in its new composition. Members may be removed from office by the King only if they no longer fulfil the conditions for the performance of their duties or if they have been guilty of serious misconduct.

Should a member of the Sanctions Committee's seat fall vacant, whatever the reason, a replacement for that member shall be found for the remaining term of office.

§ 6. The Sanctions Committee may take valid decisions when two of its members and its chairman are present and in a position to deliberate. If its chairman is unable to attend, it may take valid decisions when three of its members are present and in a position to deliberate.

Members of the Sanctions Committee may not deliberate in a case in which they have a personal interest that may influence their opinion.

§ 7. The King shall determine, in consultation with the management of the Bank, the amount of

compensation allocated to the chairman and to the members of the Sanctions Committee in accordance with the cases on which they have deliberated.

§ 8. The Sanctions Committee shall lay down its rules of procedure and its rules of conduct.

Section 3 – Rules of procedure for the imposition of administrative fines

Art. 36/9. – § 1. Where, in carrying out its legal tasks pursuant to Articles 8, 12*bis* or 12*ter*, the Bank determines that there are serious indications of the existence of a practice liable to give rise to the imposition of an administrative fine or where, following a complaint, it is made aware of such a practice, the Board of Directors shall decide to open an investigation and entrust the investigations officer with it. The investigations officer shall investigate the charges and the defence.

The investigations officer is designated by the Council of Regency from among the members of staff of the Bank. He shall enjoy total independence in the performance of his duties as investigations officer.

In order to carry out his task, the investigations officer may exercise all the powers of investigation vested in the Bank by the legal and regulatory provisions governing the matter concerned. He shall be assisted in the conduct of each inquiry by one or more members of the Bank's staff that he chooses from among the members of staff designated to this end by the Board of Directors.

§ 1/1. Notwithstanding § 1, paragraph 3, the investigations officer has the power to summon and interview any person, according to the rules set out below.

The summons to a hearing shall be delivered either by simple notification, by registered post, or by writ by a court officer.

Any person summoned under paragraph 1 must appear.

When interviewing persons in any capacity whatsoever, the investigations officer shall at least observe the following rules:

1° at the beginning of the hearing, the respondent shall be informed that

a) he may ask that all the questions asked to him and all the answers given by him be recorded exactly as stated;

b) he may ask that a specific taking of evidence or interview be carried out;

c) his statements may be used as evidence in court;

2° the respondent may use the documents in his possession, provided that this does not involve the hearing being delayed. He may, at the time of the hearing or thereafter, ask that these documents be attached to the minutes of the hearing;

3° at the end of the hearing, the report shall be given to the respondent to read, unless he asks for it to be read out to him. He shall be asked whether his statements need to be corrected or completed;

4° if the respondent wishes to express himself in a language other than the language of the proceedings, his statements shall be noted in his language, or he shall be asked to write his statement himself;

5° the respondent shall be informed that he may obtain a copy of his hearing free of charge; where applicable, this copy will be given or sent to him immediately or within a month.

§ 2. At the end of the investigation, once the persons concerned have been heard or at least duly summoned, the investigations officer shall draw up a report and send it to the Board of Directors.

Art. 36/10. – § 1. On the basis of the investigations officer's report, the Board of Directors shall decide to close the case, propose a compromise settlement or refer it to the Sanctions Committee.

§ 2. If the Board of Directors decides to close a case, it shall the persons concerned of this decision. It may make the decision public.

§ 3. If the Board of Directors puts forward a proposal for a compromise settlement, and its proposal is accepted, the compromise settlement shall be published on the Bank's website without specifying any names, except in cases where the compromise settlement is proposed for infringements of Articles 4, 5 and 7 to 11 of Regulation 648/2012 and where such publication would seriously jeopardise the financial

markets or cause disproportionate damage to the relevant central counterparties or their members.

The amount of the compromise settlements shall be recovered in favour of the Treasury by the Federal Public Service Finance's General Administration of Tax Collection and Recovery.

§ 4. If the Board of Directors decides to refer the case to the Sanctions Committee, it shall send a notification of grievance together with the investigation report to the persons concerned and the chairman of the Sanctions Committee.

§ 5. In the event that one of the grievances is liable to constitute a criminal offence, the Board of Directors shall inform the Crown prosecutor. The Board of Directors can decide to make its decision public.

When the Crown prosecutor decides to set criminal proceedings in motion for the charges to which the notification of grievances refers, he shall immediately inform the Bank. The Crown prosecutor can give the Bank, automatically or upon request from the latter, a copy of any material from the procedure relating to the charges that are the subject of the transmission.

Decisions taken by the Board of Directors pursuant to this Article are not open to appeal.

Art. 36/11. – § 1. Persons to whom a notification of grievances has been addressed have two months in which to submit their written observations on the charges to the chairman of the Sanctions Committee. In exceptional circumstances, the chairman of the Sanctions Committee may extend this period.

§ 2. Persons implicated may obtain copies of case documents from the Sanctions Committee and may be assisted or represented by a lawyer of their choice.

They may request an objection to a member of the Sanctions Committee if they have any doubts about the independence or impartiality of this member. The Sanctions Committee shall pronounce on this request by a reasoned decision.

§ 3. Following an adversary procedure and after the investigations officer has been heard, the Sanctions Committee may impose an administrative fine on the persons in question. The Sanctions Committee shall pronounce by a reasoned decision. No sanctions

may be decided without the person or his/her representative first having been heard or at least duly summoned. At the hearing, the Board of Directors shall be represented by the person of its choice and may have its observations heard.

§ 4. Except where additional or different criteria are set out in specific laws, the amount of the fine shall be set in accordance with the seriousness of the breaches committed and in relation to any benefits or profits that may have been drawn from these breaches.

§ 5. The Sanctions Committee's decision shall be sent by registered letter to the persons concerned. The letter of notification shall indicate the legal remedies, the competent authorities in order for cognisance to be taken of them, as well as the form and terms that are required to be respected, failing which the period of limitation for bringing an appeal shall not come into effect.

§ 6. The Sanctions Committee shall publish its decisions on the Bank's website, specifying the names of the persons concerned, for a period of at least five years, unless such publication is liable to jeopardise the stability of the financial system or an ongoing criminal investigation or proceedings, or to be disproportionately detrimental to the persons or the institutions involved, in which case the decision shall be published on the Bank's website without specifying any names. In the event of an appeal against the sanction decision, this decision shall be published without specifying any names pending the outcome of the legal proceedings, and mentioning the lodging of said appeal. Any subsequent information on the outcome of said appeal, including any decision overturning the sanction decision, shall also be published.

Sanctions concerning infringements of Articles 4, 5 and 7 to 11 of Regulation 648/2012 shall not be disclosed where such disclosure would seriously jeopardise the financial markets or cause disproportionate damage to the relevant central counterparties or their members.

The Board of Directors shall be notified of the Sanctions Committee's decisions before they are published.

Art. 36/12. – The administrative fines imposed by the Sanctions Committee and that have become definitive, as well as the compromise settlements made

before the criminal judge has made a definite pronouncement on the same facts, shall be imputed to the amount of any penal fine that is imposed for those facts in respect of the same person.

Art. 36/12/1. – § 1. Without prejudice to other measures laid down by this Law, the Bank may, where it ascertains an infringement of Article 36/9, § 1/1, paragraph 3 of this Law, impose on the offender an administrative fine which shall not be less than € 2 500 nor, for the same fact or the same set of facts, more than € 2 500 000.

§ 2. Any fines imposed pursuant to § 1 shall be recovered and payable to the Treasury by the Federal Public Service Finance's General Administration of Tax Collection and Recovery.

Section 3bis – Periodic penalty payments imposed by the Bank

Art. 36/12/2. – § 1. The Bank may order any person to comply with Article 36/9, § 1/1, paragraph 3 of this Law, within the time limit specified by the Bank.

If the person to whom it has addressed an order pursuant to paragraph 1 fails to comply at the end of the period specified, and provided that this person has been heard, the Bank may impose the payment of a periodic penalty which shall not be more than € 50 000 per calendar day, nor exceed the total sum of € 2 500 000.

§ 2. Any periodic penalty payments imposed pursuant to § 1 shall be recovered and payable to the Treasury by the Federal Public Service Finance's General Administration of Tax Collection and Recovery.

Art. 36/12/3. – Where a periodic penalty payment is imposed by the Bank pursuant to this Law or other legal or regulatory provisions, and as long as the person on whom it is imposed has not complied with the obligation underlying the imposition of this penalty, the Bank may publish its decision to impose the penalty on its website, specifying the names of the persons concerned.

Section 3ter – Professional secrecy – purpose principle

Art. 36/12/4. – The Bank may use the information obtained by it by virtue of its powers referred to

in Articles 36/2 and 36/3 solely for the purpose of performing its tasks, including the imposition of sanctions, or in the context of an administrative appeal or legal action taken against a decision by the Bank. This refers to the tasks mentioned in Article 36/2 § 1, including in particular the use of information to monitor respect for the conditions of access to the business of the institutions subject to its supervision pursuant to Article 36/2 and in order to facilitate supervision, on an individual or consolidated basis, of the conditions for carrying out this business, to impose corrective measures or sanctions, where applicable, in the framework of the extrajudicial mechanism for settling investors' complaints.

Section 4 – Exceptions to the professional secrecy obligation

Sub-section 1 – Task of preventing money laundering and terrorist financing

Art. 36/13. – § 1. By derogation from Article 35 and within the limits of European Union law and the provisions of specific laws, in particular the Law of 18 September 2017, the Bank may communicate to the following authorities and institutions confidential information received in the exercise of its tasks referred to in Article 36/2, § 2:

1° to the Belgian supervisory authorities referred to in Article 85 of the Law of 18 September 2017;

2° to the supervisory authorities of other Member States of the European Economic Area and the supervisory authorities of third-country States which exercise one or more supervisory powers by virtue of Directive 2015/849 or the equivalent provisions of their national law;

3° to the FSMA;

4° to the Federal Public Service Economy, SMEs, Middle Classes, and Energy in its capacity of supervisory authority within the meaning of Article 120/2, 7° of the Law of 18 September 2017;

5° to the competent authorities of the European Union and of other Member States of the European Economic Area and to the competent authorities of third-country States that perform tasks for the supervision of compliance with the provisions of European or national law relating to the supervision of credit

institutions and/or financial institutions as referred to by Article 2, (1) and (2) of Directive 2015/849 or the equivalent provisions of national law, and to the European Central Bank with regard to the tasks conferred on it by the SSM Regulation;

6° to the Financial Intelligence Processing Unit (CTIF/CFI);

7° to the General Treasury Administration of the Federal Public Service Finance, where such communication is provided for by the law of the European Union or by a legal or regulatory provision regarding financial sanctions (in particular binding provisions relating to financial embargos as laid down in Article 4, 6° of the Law of 18 September 2017) or where the General Treasury Administration acts as supervisory authority ensuring compliance with Council Regulation (EC) No. 2271/96 of 22 November 1996 protecting against the effects of the extra-territorial application of legislation adopted by a third country, and actions based thereon or resulting therefrom;

8° within the limits of European Union law, to the European Securities and Markets Authority, to the European Insurance and Occupational Pensions Authority and the European Banking Authority.

§ 2. The Bank may only communicate confidential information pursuant to § 1 subject to the following conditions:

1° the information is intended for the carrying-out of the tasks of the recipient authorities or institutions, including the communication of the said information to third parties under a legal obligation applying to such authorities or institutions; in other cases, the Bank may authorise, within the limits of European Union law, the recipients of the said information to divulge it to third parties, with the Bank's prior agreement and, where applicable, only for the purposes for which the Bank has given its consent;

2° the information communicated in this manner to foreign authorities and institutions is subject to an obligation of professional secrecy equivalent to that referred to in Article 35;

3° in the event that the exchange takes place with the authorities of a third-country State, a cooperation agreement has been concluded;

4° where the information concerned comes from an authority of another Member State of the European Economic Area, it may only be divulged to an authority of a third-country State with the explicit consent of the communicating authority and, where applicable, only for the purposes for which this authority has given its consent.

§ 3. Without prejudice to more stringent provisions of the specific laws governing them, persons, authorities and institutions governed by Belgian law referred to in § 1 shall be bound by professional secrecy as referred to in Article 35 as regards the confidential information they receive from the Bank pursuant to § 1.

Sub-section 2 – Tasks relating to prudential supervision

Art. 36/14. – § 1. By derogation from Article 35, the Bank may also communicate confidential information in the exercise of its tasks referred to in Article 36/2, § 1:

1° to the European Central Bank and the other central banks and institutions with a similar mission in their capacity as monetary authorities when such information is relevant for carrying out their respective legal duties, notably conduct of monetary policy and provision of liquidity connected with it, oversight of payment, clearing and settlement systems, as well as preserving the stability of the financial system, and also to other public authorities in charge of overseeing payment systems.

Whenever an emergency situation arises, including unfavourable developments on the financial markets, that is likely to threaten market liquidity and the stability of the financial system in one of the Member States in which entities of a group comprising credit institutions or investment firms have been authorised or in which branches of significant importance are established within the meaning of Article 3, 65° of the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms, the Bank may pass on information to the central banks in the European System of Central Banks when this information is relevant for carrying out their respective legal duties, notably conduct of monetary policy and provision of liquidity connected with it, oversight of payment, clearing and settlement systems, as well as preserving the stability of the financial system.

In the event of an emergency situation as referred to above, the Bank may disclose, in all the Member States concerned, any information that may be of interest for central government departments responsible for legislation governing the supervision of credit institutions, financial institutions, investment services and insurance companies;

2° within the limits of European Union law, to the competent authorities of the European Union and of other Member States of the European Economic Area that exercise one or more competences comparable to those referred to in Articles 36/2 and 36/3, including the European Central Bank as regards the tasks conferred on it by the SSM Regulation;

2°/1 within the limits of European Union law, to the competent authorities of other Member States of the European Economic Area that exercise one or more supervisory powers with regard to the obliged entities listed in Article 2(1), points 1) and 2) of Directive (EU) 2015/849, for the purpose of complying with the said directive, for the carrying-out of the tasks conferred on them by that directive;

3° in compliance with European Union law, to the competent authorities of third countries that exercise one or more competences comparable to those referred to in Articles 36/2 and 36/3, including authorities with competences of the same nature as those of the authorities referred to in 2°/1 and with which the Bank has concluded a cooperation agreement providing for the exchange of information;

4° to the FSMA;

5° to Belgian institutions or to institutions of other Member States of the European Economic Area that manage a system for the protection of deposits, investors or life insurance and to the body in charge of financing facilities for resolution;

6° to central counterparties, to institutions for the settlement of financial instruments or to central securities depositories that are authorised to provide services for transactions in financial instruments conducted on a Belgian organised market, where the Bank deems that communication of the information concerned is necessary for the orderly operation of those central counterparties, settlement institutions and central securities depositories to be protected

against the shortcomings – potential, even – of participants on the market in question;

7° within the limits of European Union law, to market operators for the orderly operation, control and supervision of the markets that they organise;

8° during civil or commercial proceedings, to the authorities and legal representatives involved in bankruptcy or composition proceedings or analogous collective proceedings concerning companies subject to the Bank's supervision, with the exception of confidential information in respect of the participation of third parties in rescue attempts prior to such proceedings;

9° to statutory auditors, to company auditors and to other persons charged with the legal examination of the accounts of companies subject to the supervision of the Bank, of the accounts of other Belgian financial institutions or of the accounts of similar foreign companies;

10° to sequestrators for the exercise of their task as envisaged in the laws regulating the tasks entrusted to the Bank;

11° to the Audit Oversight College (*College van toezicht op de bedrijfsrevisoren / Collège de supervision des réviseurs d'entreprises*) and the authorities of Member States or third parties supervising the persons charged with the legal examination of the annual accounts of companies subject to the supervision of the Bank;

12° within the limits of European Union law, to the Belgian Competition Authority;

13° *repealed*;

14° to the General Treasury Administration of the Federal Public Service Finance, where such communication is provided for by the law of the European Union or by a legal or regulatory provision regarding financial sanctions (in particular binding provisions relating to financial embargos as laid down in Article 4, 6° of the Law of 18 September 2017) or where the General Treasury Administration acts as supervisory authority ensuring compliance with Council Regulation (EC) No. 2271/96 of 22 November 1996 protecting against the effects of the extra-territorial application of legislation adopted by a third country, and actions based thereon or resulting therefrom;

15° within the limits of European Union law, to actuaries independent of enterprises who, by virtue of the law, carry out an assignment whereby they supervise those enterprises, and to the bodies in charge of supervising these actuaries;

16° to Fedris;

17° within the limits of European Union law, to the Federal Public Service Economy, in its capacity as competent authority for monitoring compliance with the provisions referred to in Book VII, Titles 1 to 3, Title 5, Chapter 1, and Titles 6 and 7 of the Code of Economic Law, as well as to officers commissioned by the Minister, who have authority, within the context of the task assigned to them under Article XV.2 of the Code of Economic Law, to investigate and report infringements of the provisions of Article XV.89 of the said Code;

18° to the authorities subject to the law of Member States of the European Union which have competence in macroprudential oversight, and to the European Systemic Risk Board established by Regulation (EU) No. 1092/2010 of the European Parliament and of the Council of 24 November 2010;

19° within the limits of the European Regulations and Directives, to the European Securities and Markets Authority, to the European Insurance and Occupational Pensions Authority and to the European Banking Authority;

20° within the limits of European Union law, to the Government Coordination and Crisis Centre of the Federal Public Service Home Affairs, to the Coordination Unit for Threat Analysis established by the Law of 10 July 2006 on threat analysis, to the authority referred to in Article 7, § 1, of the Law of 7 April 2019 and to the police services referred to in the Law of 7 December 1998 organising a two-level structured integrated police service, should the application of Article 19 of the Law of 1 July 2011 on security and protection of critical infrastructures require so;

20°/1 within the limits of European Union law, to the police services and the authority referred to in Article 7, § 1, of the Law of 7 April 2019 establishing a framework for the security of network and information systems of general interest for public security – the NIS Law For the purposes for the

purposes of implementing Article 53, § 2, of the Law of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money, and access to payment systems;

21° the Control Office of mutual health funds and national unions of mutual health funds, for carrying out its legal tasks referred to in Article 303, § 3 of the Law of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies, as regards mutual insurance companies referred to in Articles 43*bis*, § 5, and 70, §§ 6, 7 and 8 of the Law of 6 August 1990 on mutual insurance companies and national unions of mutual insurance companies and their operations;

22° within the limits of European Union law, to the resolution authorities referred to in Article 3 of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, to the authorities the authorities of third countries entrusted with equivalent tasks to those referred to in Article 12*ter*, § 1, with which the Bank has concluded a cooperation agreement providing for an exchange of information, as well as to the competent Ministries of the Member States of the European Economic Area whenever deemed necessary for the planning or execution of a resolution measure;

23° to any person performing a function specified by or pursuant to the law who takes part in or contributes to the performance of the Bank's supervision tasks, if that person was designated by the Bank or with the Bank's approval for the purposes of that function, such as:

a) the cover pool monitor referred to in Article 16 of Annex III to the Law of 25 April 2014 on the legal status and supervision of credit institutions and stock-broking firms;

b) the cover pool administrator referred to in Article 8 of Annex III to the Law of 25 April 2014 on the legal status and supervision of credit institutions and stock-broking firms; and

c) the special commissioner referred to in Article 236, § 1, 1° of the said law, Article 517, § 1, 1° of the

Law of 13 March 2016 on the legal status and supervision of insurance or reinsurance companies, Article 35, § 1 second indent, 1° of the Law of 21 December 2009 on the legal status of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing of electronic money, and on access to payment systems, Article 87, § 1, second indent, 1° of the said law, Article 48, first indent, 1° of the Royal Decree of 30 April 1999 regulating the legal status and supervision of mutual guarantee societies, and Article 36/30, § 1, second indent, 3° of this Law;

24° within the limits of European Union law, to the authorities referred to in Article 7 of the Law of 7 April 2019 for the purposes of implementing the provisions of the Law of 7 April 2019 and the Law of 1 July 2011 on security and protection of critical infrastructures;

25° to the Federal Public Service Economy, SMEs, Middle Classes, and Energy in the performance of its tasks referred to in Article 85, § 1 and 5° of the Law of 18 September 2017 with regard to the entities referred to in Article 5, § 1, 21° of the same law;

26° within the limits of European Union law, to the financial intelligence units referred to in Article 4, 15° of the Law of 18 September 2017 on preventing money laundering and terrorist financing and limiting the use of cash.

§ 2. The Bank may only communicate confidential information pursuant to § 1 subject to the following conditions:

1° the information is intended for the carrying-out of the tasks of the recipient authorities or institutions, including the communication of the said information to third parties under a legal obligation applying to such authorities or institutions; in other cases, the Bank may authorise, within the limits of European Union law, the recipients of the said information to divulge it to third parties, with the Bank's prior agreement and, where applicable, only for the purposes for which the Bank has given its consent;

2° the information communicated in this manner to foreign authorities and institutions is subject to an obligation of professional secrecy equivalent to that referred to in Article 35; and

3° where the information concerned comes from an authority of another Member State of the European Economic Area, it may only be divulged to the following authorities or institutions with the explicit consent of the communicating authority and, where applicable, only for the purposes for which the latter has given its consent:

a) the authorities or institutions referred to in § 1, 5°, 6°, 8° and 11°;

b) the authorities or institutions of third-country States referred to in § 1, 3°, 5°, 8°, 9°, 11°, 18° and 22°;

c) the authorities or institutions of third-country States carrying out tasks equivalent to those of the FSMA.

§ 3. Without prejudice to more stringent provisions of the specific laws governing them, persons, authorities and institutions governed by Belgian law referred to in § 1 shall be bound by professional secrecy as referred to in Article 35 as regards the confidential information they receive from the Bank pursuant to § 1.

Art. 36/15. – § 1. By derogation from Article 35 and within the limits of European Union law, the Bank shall also be permitted to communicate confidential information:

1° to the International Monetary Fund and the World Bank, for the purposes of assessments for the Financial Sector Assessment Program;

2° to the Bank for International Settlements, for the purposes of quantitative impact analyses;

3° to the Financial Stability Board, for the purposes of its supervisory functions.

§ 2. The Bank shall be permitted to communicate confidential information pursuant to paragraph 1 only at the explicit request of the institution concerned and providing the following conditions are met:

1° the request is duly justified with regard to the specific tasks undertaken by the requesting institution, in accordance with its missions, and the information communicated is therefore limited to what is strictly necessary for the performance of these tasks;

2° the request is sufficiently precise as to the nature, extent and format of the information requested, as well as the manner of its communication;

3° the information is communicated exclusively to persons directly participating in the performance of the specific task;

4° the information is covered by an obligation of professional secrecy on the part of the requesting institution equivalent to that provided for in Article 35.

§ 3. Communication of confidential information by virtue of paragraph 1 shall be permitted solely in aggregated or anonymised form, or failing that, by access to information on the Bank's premises.

§ 4. Insofar as the communication of information involves the processing of personal data, any processing of such data by the requesting institution shall comply with the requirements of Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

Section 4/1 – Cooperation with foreign authorities and exchange of information

Sub-section 1 – General obligation of cooperation

Art. 36/16. – § 1. Without prejudice to Articles 35, 35/2, 35/3, 36/13 and 36/14 and to the provisions of specific laws, the Bank shall, in matters pertaining to its competence, cooperate with foreign competent authorities that exercise one or more competences comparable to those referred to in Articles 36/2 and 36/3.

In particular, for the purposes of Directive 2015/849, the Bank shall cooperate, within the context of its competences referred to in Article 36/2, § 1 with the competent foreign authorities referred to in Articles 130 and 131/1 of the Law of 18 September 2017.

Likewise, in accordance with European Union law, the Bank cooperates with the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Securities and

Markets Authority, as well as the European Central Bank as regards the tasks conferred on it by the SSM Regulation.

§ 2. Without prejudice to the obligations arising for Belgium from the law of the European Union, the Bank may, on the basis of reciprocity, conclude agreements with competent authorities, as referred to in § 1, first indent, with a view to establishing the terms and conditions of that cooperation, including the method of any distribution of supervisory tasks, the designation of a competent authority as supervision coordinator and the method of supervision through on-the-spot inspections or otherwise, what cooperation procedures shall apply, as well as the terms and conditions governing the collection and exchange of information.

§ 3. Without prejudice to Articles 35, 35/2, 35/3, 36/13 and 36/14 and to the provisions of specific laws, the Bank shall conclude cooperation agreements with the Control Office of mutual health funds and national unions of mutual health funds on the subject of supplementary health insurance practised by the mutual insurance companies referred to in Articles 43*bis*, § 5, and 70, § 6, 7 and 8, of the Law of 6 August 1990 on mutual insurance companies and national unions of mutual insurance companies. The cooperation agreements shall govern, inter alia, exchange of information and the uniform application of the legislation concerned.

Sub-section 2 – Specific cooperation obligations in relation to the task of prudential supervision arising from Directive 2014/65/EU

Art. 36/17. – § 1. Without prejudice to the relevant provisions of Article 36/19, the following provisions shall apply in the context of the competences referred to in Articles 36/2 and 36/3 with regard to mutual cooperation between the Bank and the other competent authorities referred to in Article 4(1) (26) of Directive 2014/65/EU and Article 3(1)(36) of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, for the purposes of meeting the obligations arising from the said Directive 2014/65/EU:

1° The Bank shall collaborate with the other competent authorities whenever that is necessary in order to fulfil their duties, by making use of the legal prerogatives at its disposal. The Bank shall offer its assistance to the competent authorities of the other Member States. In particular, it shall exchange information and cooperate with the other competent authorities in enquiries or supervisory activities including on-the-spot checks, even if the practices that are subject to an investigation or verification do not constitute a violation of any rules in Belgium. The Bank may also cooperate with the other competent authorities in order to facilitate the collection of fines.

2° The Bank shall immediately notify any information required for the purposes referred to in 1°. To this end, apart from the appropriate organisational measures for facilitating the correct execution of the cooperation referred to in 1°, the Bank shall immediately take the necessary measures to collect the information requested. As regards the competences referred to in this paragraph, when the Bank receives a request for an on-the-spot verification or for an enquiry, it shall follow this up within the limits of its powers:

- by inspecting or investigating itself;
- by permitting the authority submitting the request or auditors or experts to carry out the inspection or investigation directly.

3° The information exchanged in the context of the cooperation is covered by the professional secrecy obligation referred to in Article 35. When it passes on information in the framework of such cooperation, the Bank may specify that this information cannot be disclosed without its express consent or can only be disclosed for purposes for which it has given its agreement. Likewise, when it receives information, the Bank must, by derogation from Article 36/14, respect any restrictions that may be set out to it by the foreign authority as to the possibility of passing on the information thus received.

4° Where the Bank has serious grounds to suspect that acts infringing the provisions of Directive 2014/65/EU or Regulation 600/2014 are being or have been committed on the territory of another Member State, it shall inform the competent authority of that other Member State, the European Securities and Markets Authority and also the FSMA, about those acts in as detailed a manner as possible. If the Bank has been informed by an authority of another Member State

that such acts have been committed in Belgium, it shall inform the FSMA accordingly, take appropriate measures and communicate the results of its intervention to the authority that informed it, the European Securities and Markets Authority and the FSMA, in so far as possible stating the significant points emerging in the meantime.

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

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

In these cases, it shall inform the competent applicant authority and the European Securities and Markets Authority of the situation, by providing them, if necessary, with as much detailed information as possible about the procedure or the judgment in question.

§ 3. *Repealed.*

§ 4. Paragraphs 1 and 2 shall also apply, according to the conditions determined in the cooperation agreements, in the context of cooperation with the authorities of third States.

§ 5. The FSMA is the authority that acts as the single point of contact in charge of receiving requests for exchange of information or cooperation in execution of § 1.

The Minister shall notify the European Commission, the European Securities and Markets Authority and the other Member States of the European Economic Area accordingly.

Art. 36/18. – *Repealed.*

Section 5 – Powers of investigation, penal provisions and means of appeal

Art. 36/19. – Without prejudice to the powers of investigation conferred upon it by the legal and

regulatory provisions governing its tasks, the Bank may, in order to verify whether an operation or an activity is envisaged by the laws and regulations whose application it is responsible for supervising, demand all necessary information from those carrying out the operation or activity in question and from all third parties permitting that operation or activity to take place.

The Bank shall have the same power of investigation in order to verify whether, within the framework of a cooperation agreement concluded with a foreign authority and in respect of the substantive points indicated in the written request from that authority, an operation or activity carried out in Belgium is envisaged by the laws and regulations whose application that foreign authority is responsible for supervising.

The person or institution concerned shall communicate that information within the deadline and in the form specified by the Bank.

The Bank may verify or have verified in the books and documents of interested parties the accuracy of the information communicated to it.

If the person or institution in question has not sent the information requested upon expiry of the deadline set by the Bank, once the person or institution concerned have been heard, and without prejudice to the other measures provided for by law, the Bank may impose the payment of a fine which may not be less than € 250 nor higher than € 50 000 per calendar day, nor exceed € 2 500 000 in total.

The penalties and fines imposed pursuant to this Article shall be recovered in favour of the Treasury by the Federal Public Service Finance's General Administration of Tax Collection and Recovery.

Art. 36/20. – § 1. The following shall be punishable by a prison term of between one month and one year and by a fine of between € 250 and € 2 500 000 or by one of these penalties alone:

- those who hamper the Bank's investigations pursuant to the present Chapter or who knowingly provide it with inaccurate or incomplete information;
- those who knowingly, through declarations or otherwise, intimate or allow it to be believed that

the operation or operations that they carry out or intend to carry out are conducted under the conditions stipulated by the laws and regulations whose application is supervised by the Bank, whereas those laws and regulations either do not apply to them or have not been respected by them.

§ 2. The provisions of Book I of the Penal Code shall, without the exception of Chapter VII and Article 85, be applicable to the infringements referred to in § 1.

Art. 36/21. – § 1. An appeal with the Market Court may be lodged against any decision by the Bank imposing an administrative fine.

§ 2. Without prejudice to the special provisions laid down by or pursuant to the law, the term for appeal shall, on pain of extinction, be 30 days.

The term for appeal shall commence from notification of the decision in dispute.

§ 3. On pain of inadmissibility, pronounced officially, the appeal as referred to in § 1 shall be lodged by signed petition delivered to the Registry of the Brussels Court of Appeal in as many copies as there are parties.

On pain of inadmissibility, the petition shall contain:

- 1° mention of the date, month and year;
- 2° where the petitioner is a natural person, his or her name, first names and address; where the petitioner is a legal entity, its name, legal form, registered office and the body that is representing it;
- 3° mention of the decision that is the subject of the appeal;
- 4° statement of the arguments;
- 5° indication of the place, day and hour of the court appearance fixed by the Registry of the Court of Appeal;
- 6° inventory of the supporting documents lodged together with the petition with the Registry.

Notification of the petition shall be given by the Registry of the Brussels Court of Appeal to all parties summoned in the suit by the petitioner.

The Market Court may at any time officially summon to appear in the suit all other persons whose situation threatens to be affected by the ruling on the appeal.

The Market Court shall determine the term within which the parties are required to exchange their written comments and to lodge a copy of those comments with the Registry. It shall likewise determine the date of the hearing.

Each of the parties may lodge his/her/its written comments with the Registry of the Brussels Court of Appeal and consult the dossier there on the spot.

The Market Court shall determine the term within which the comments are required to be produced. The Registry shall notify the parties of them.

§ 4. Within five days after registration of the petition, the Registry of the Brussels Court of Appeal shall request the Bank to forward the procedure dossier. The dossier shall be forwarded within five days after receipt of the request.

§ 5. The appeal as referred to in § 1 shall serve to suspend the decision of the Bank.

Art. 36/22. – According to an accelerated procedure determined by the King, an appeal may be lodged with the Council of State:

1° by the applicant for an authorisation, against decisions taken by the Bank in respect of authorisation pursuant to Article 12 of the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms. Such an appeal may also be lodged where the Bank has made no ruling within the periods laid down in paragraph 1 of the aforementioned Article 12; in the latter case, the appeal shall be handled as if the request had been rejected;

2° by the credit institution and by the stockbroking firm, against decisions taken by the Bank pursuant to, respectively, Articles 86, paragraph 4, 88/1, 544 and 546 of the aforementioned Law of 25 April 2014, insofar as these three articles render the said Article 86, paragraph 4, applicable;

3° by the credit institution and by the stockbroking firm, against decisions taken by the Bank pursuant to, respectively, Articles 234, § 2, 1° to 12°, 236, § 1,

1° to 6, and Articles 583 and 585, insofar as these articles render the above-mentioned Articles 234, § 2, 1° to 12° and 236, § 1, 1° to 6, applicable to stockbroking firms, and against similar decisions taken pursuant to, respectively, Articles 328, 329 and 340, and Articles 599 and 607 of the aforementioned Law of 25 April 2014, insofar as these latter articles render the said Articles 328, 329 and 340 applicable to stockbroking firms. The appeal shall serve to suspend the decision and its publication save where the Bank, for reasons of serious threat to savers or to investors, has declared its decision executory notwithstanding any appeal;

3°*bis* by the credit institution and by the stockbroking firm, against decisions taken by the Resolution College pursuant to, respectively, Article 232 and 581 of the aforementioned Law of 25 April 2014, insofar as this last article renders the said Articles 232 applicable to stockbroking firms;

4° by the applicant, against decisions taken by the Bank regarding authorisation pursuant to Article 495 of the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms. A like appeal may be lodged by the applicant where the Bank has made no ruling within the periods laid down in Article 495, first indent, paragraph 1 of the aforementioned Law of 25 April 2014. In the latter case, the appeal shall be handled as if the request had been rejected;

5° *repealed*;

6° *repealed*;

7° by the applicant for an authorisation, against decisions taken by the Bank pursuant to Articles 28 and 584 of the Law of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies;

8° *repealed*;

9° by the insurance or reinsurance undertaking, against decisions to raise tariffs taken by the Bank pursuant to Article 504 of the Law of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies;

10° by the insurance or reinsurance undertaking, against decisions taken by the Bank pursuant to

Articles 508, § 2, 1° to 10°, and 517, § 1, 1°, 2°, 4°, 6° and 7°, of the aforementioned Law of 13 March 2016;

11° by the insurance or reinsurance undertaking, against decisions to withdraw authorisation taken by the Bank pursuant to Article 517, § 1, 8°, 541 and 598, § 2, of the aforementioned Law of 13 March 2016;

12° by the insurance or reinsurance undertaking, against decisions to protest taken by the Bank pursuant to Articles 108, § 3 and 115, § 2, of the aforementioned Law of 13 March 2016, or where the Bank has not ruled within the period laid down in Articles 108, § 3, paragraph 2, and 115, § 2, paragraph 2, of the same Law;

12°*bis* by the insurance undertaking, against decisions taken by the Bank pursuant to Article 569 of the aforementioned Law of 13 March 2016;

13° by the applicant for authorisation and by the authorised institution, against the decision by the Bank to refuse, suspend or revoke the authorisation pursuant to Articles 3, 12 and 13 of the Law of 2 January 1991 on the national debt securities market and monetary policy instruments, and its implementing Decrees. The appeal shall serve to suspend the decision unless the Bank, for serious reasons, has declared its decision executory notwithstanding any appeal;

14° *repealed*;

15° by the reinsurance undertaking, against decisions to protest taken by the Bank pursuant to Articles 114 and 121 of the aforementioned Law as they refer respectively to Articles 108, § 3 and 115, § 2, of the same Law or where the Bank has not ruled within the period laid down in Articles 108, § 3, paragraph 2, and 121, 2°, of the same Law;

16° *repealed*;

17° *repealed*;

18° by the reinsurance undertaking, against decisions taken by the Bank pursuant to Articles 600 and 601 as they refer respectively to Articles 580 and 598 of the aforementioned Law;

19° by the applicant for an authorisation, against decisions taken by the Bank in respect of authorisation

pursuant to Article 12 of the Law of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money, and access to payment systems. A like appeal may be lodged where the Bank has made no ruling within the periods laid down in paragraph 1 of the aforementioned Article 12. In the latter case, the appeal shall be handled as if the request had been rejected;

19°*bis* by the applicant for the registrations referred to in Articles 82, § 2, and 91 of the Law of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money, and access to payment systems, against decisions taken by the Bank in this respect. A like appeal may be lodged by the registration applicant where the Bank has made no ruling within the periods laid down in paragraph 1 of the aforementioned Article 82, § 2 and paragraph 1 of the aforementioned Article 91, respectively. In the latter case, the appeal shall be handled as if the request had been rejected;

20° by the authorised and registered payment institution referred to, respectively, in Articles 12 and 91 of the Law of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money, and access to payment systems, against decisions taken by the Bank pursuant to Article 61 of the aforementioned Law;

21° by the payment institution, against decisions taken by the Bank pursuant to Articles 116, § 2, and 117, §§ 1 and 2 and against similar decisions taken pursuant to Article 142, § 1, of the Law of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money, and access to payment systems. The appeal shall serve to suspend the decision and its publication, save where the Bank, for reasons of serious threat to users of payment services, the Bank has declared its decision executory notwithstanding any appeal;

22° by the institution concerned, against decisions taken by the Bank pursuant to Article 517, § 6, of

the Law of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies and Article 585 of the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms, insofar as it renders Article 236, § 6 of the said Law applicable to stockbroking firms;

23° by the applicant for an authorisation, against decisions taken by the Bank pursuant to Article 36/25, § 3;

24° *repealed*;

25° *repealed*;

26° *repealed*;

26°/1 by the applicant for an authorisation, against decisions taken by the Bank pursuant to Articles 17 and 55 of Regulation 909/2014. A like appeal may be lodged where the Bank has made no ruling within the periods laid down in 17(8). In the latter case, the appeal shall be handled as if the request had been rejected;

26°/2 by the applicant for an authorisation, against decisions taken by the Bank pursuant to Article 36/26/1, § 5 or § 6. A like appeal may be lodged where the Bank has made no ruling within the periods laid down pursuant to the aforementioned Article. In the latter case, the appeal shall be handled as if the request had been rejected;

26°/3 by the central securities depository, against decisions taken by the Bank pursuant to Article 23 (4) of Regulation 909/2014, and by the institution providing support to a central securities depository or by the custodian bank, against similar decisions taken by the Bank pursuant to Article 36/26/1, § 5 or § 6;

26°/4 by the central securities depository, against decisions taken by the Bank pursuant to Articles 20 and 57 of Regulation 909/2014, and by the institution providing support to a central securities depository or by the custodian bank, against similar decisions taken by the Bank pursuant to Article 36/26/1, § 5 or § 6. The appeal shall serve to suspend the decision and its publication, save where the Bank, for reasons of serious threat to clients or financial markets, has declared its decision executory notwithstanding any appeal;

26°/5 by the central securities depository, against decisions taken by the Bank pursuant to Article 36/30/1,

§ 2, 3° to 6°, and by the institution providing support to a central securities depository or by the custodian bank, against similar decisions taken by the Bank pursuant to Article 36/26/1, § 5 or § 6. The appeal shall serve to suspend the decision and its publication, save where the Bank, for reasons of serious threat to clients or financial markets, has declared its decision executory notwithstanding any appeal;

27° *repealed*;

28° *repealed*;

29° *repealed*;

30° *repealed*;

31° *repealed*;

32° by the applicant for an authorisation, against decisions taken by the Bank in respect of authorisation pursuant to Article 169 of the Law of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money, and access to payment systems. A like appeal may be lodged where the Bank has made no ruling within the periods laid down in paragraph 1 of the aforementioned Article 169. In the latter case, the appeal shall be handled as if the request had been rejected;

32°*bis* by the applicant for the registration referred to in Article 200, § 2 of the Law of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money, and access to payment systems, against decisions taken by the Bank in this respect. A like appeal may be lodged by the registration applicant where the Bank has made no ruling within the periods laid down in paragraph 1 of the aforementioned Article 200, § 2. In the latter case, the appeal shall be handled as if the request had been rejected;

33° by the payment institution, against decisions taken by the Bank pursuant to Article 186 of the Law of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money,

and access to payment systems, insofar as it renders Article 61 of the same Law applicable;

34° by the electronic money institution, against decisions taken by the Bank pursuant to Article 214, insofar as it renders Article 116, § 2, applicable, and Article 215, § 1, and against similar decisions taken pursuant to Article 227 of the Law of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money, and access to payment systems, insofar as it renders Article 142, § 1, applicable. The appeal shall serve to suspend the decision and its publication, save where the Bank, for reasons of serious threat to holders of electronic money, the Bank has declared its decision executory notwithstanding any appeal;

34°*bis* by any regulated entity referred to in Article 5, § 1, 4° to 10°, of the Law of 18 September 2017 on preventing money laundering and terrorist financing and limiting the use of cash, against decisions taken by the Bank pursuant to Articles 94 and 95 of the said Law;

34°*ter* by the payment scheme operator, against the prohibition imposed by the Bank pursuant to Article 19, § 1, of the Law of 24 March 2017 on the oversight of payment transaction processors;

35° by any person to whom a penalty has been imposed by the Bank pursuant to Articles 36/3, § 5, 36/19, paragraph 5, 36/30, § 1, paragraph 2, 2°, and 36/30/1, § 2, 2°, of this Law, Article 93, § 2, 2° of the Law of 18 September 2017 on preventing money laundering and terrorist financing and limiting the use of cash, Article 603, § 2, paragraph 3 of the Law of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies, Articles 147, § 2, paragraph 3, 161, § 1, 2° and 229, § 2, paragraph 3 of the Law of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money, and access to payment systems, Article 16, § 2 of the Law of 24 March 2017 on the oversight of payment transaction processors, Article 346, § 2 of the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms and Article 608 of the aforementioned Law of 25 April 2014, insofar as it renders the said Article 346, § 2 applicable to stockbroking firms;

Art. 36/23. – With a view to requesting enforcement of the criminal law, the Bank is authorised to intervene, at any stage of the proceedings, before the criminal court to which an infraction punishable by this Law or by a law charging the Bank with supervision of its provisions has been referred, without the Bank thereby being required to demonstrate the existence of any prejudice. The intervention shall be according to the rules applying to the plaintiff.

Section 6 – Anti-crisis measures

Art. 36/24. – § 1. Upon the recommendation of the Bank, the King may, in the event of a sudden crisis on the financial markets or in the event of a serious threat of a systemic crisis, with a view to limiting the extent or the consequences of this crisis:

1° determine regulations supplementing or derogating from the Law of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies, the Law of 2 January 1991 on the national debt securities market and monetary policy instruments, the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms, the Law of 25 October 2016 on the regulation of investment services and on the legal status and supervision of companies for portfolio management and investment advice, the Law of 2 August 2002 on the supervision of the financial sector and on financial services, Book VIII, Title III, chapter II, section III, of the Company Code, and Royal Decree 62 on the deposit of fungible financial instruments and the settlement of transactions in these instruments, coordinated by Royal Decree of 27 January 2004;

2° put in place a system for granting a State guarantee for commitments entered into by institutions supervised pursuant to the aforementioned laws that He shall determine, or for granting the State guarantee to certain claims held by these institutions;

3° put in place, if necessary by means of regulations laid down in accordance with 1°, a system for granting a State guarantee for the reimbursement of associates who are natural persons of their share of the capital of cooperative societies, authorised in accordance with the Royal Decree of 8 January 1962 on the licence requirements for the national groups of cooperative societies and for cooperative societies,

which are institutions supervised pursuant to the aforementioned laws or at least half of whose capital is invested in such institutions;

4° put in place a system for granting State cover for losses incurred on certain assets or financial instruments by institutions supervised pursuant to the aforementioned laws;

5° put in place a system for granting a State guarantee for commitments entered into by entities whose activity consists of acquiring and managing certain assets held by institutions supervised pursuant to the aforementioned laws;

The Royal Decrees taken under the terms of paragraph 1, 1°, shall cease to have effect if they have not been confirmed by law within twelve months from their date of entry into force. The confirmation shall be retroactive to the date of entry into force of the Royal Decrees. The Royal Decrees taken pursuant to paragraph 1, 2° to 6°, shall be deliberated in the Council of Ministers.

§ 2. As regards the application of paragraph 1, first indent, 2° to 5°, institutions supervised pursuant to the laws referred to in paragraph 1, first indent, 1° are financial companies included on the list referred to in Article 14, paragraph 2 of the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms, mixed financial companies, credit institutions, investment firms and insurance undertakings, as well as their direct or indirect subsidiaries.

§ 3. The total principal amount of the guarantees referred to in § 1, paragraphs 1, 2° and 5°, and of the cover commitments referred to in § 1, paragraph 1, 4°, shall not exceed €25 billion per supervised institution, or group of supervised institutions affiliated within the meaning of Article 11 of the Company Code.

In determining the groups referred to in paragraph 1, any links between institutions that is the result of State control over such institutions shall not be taken into consideration.

Any crossing of the limit determined in paragraph 1 as a result of changes in exchange rates shall not affect the validity of the guarantees or cover commitments granted.

Chapter IV/2 – Provisions concerning the authorisation, supervision and oversight of central counterparties and financial and non-financial counterparties and provisions concerning the authorisation and supervision of settlement institutions, institutions equivalent to settlement institutions, central securities depositories, institutions providing support to central securities depositories and custodian banks

Art. 36/25. – § 1. Institutions authorised as central counterparties in their Member State of origin or recognised as such in accordance with Regulation 648/2012, may provide services as central counterparties in Belgium and from Belgium.

§ 2. Pursuant to Article 22 of Regulation 648/2012, the Bank is the designated competent authority responsible for carrying out the duties resulting from Regulation 648/2012 as regards the authorisation, supervision and oversight of central counterparties, without prejudice to the powers conferred on the FSMA by Article 22 of the Law of 2 August 2002.

§ 3. In accordance with the provisions of Regulation 648/2012, the Bank shall grant authorisation to institutions established in Belgium which intend to offer services as central counterparties. The Bank shall decide on the request for authorisation based upon a recommendation from the FSMA in accordance with Article 22 of the Law of 2 August 2002.

The Bank shall monitor compliance with the conditions for authorisation by a central counterparty and shall review and evaluate central counterparties in accordance with Article 21 of Regulation 648/2012.

§ 3bis. The Bank shall decide on interoperability agreements as governed by Title V of Regulation 648/2012. Furthermore the Bank shall monitor compliance by central counterparties of the rules relating to interoperability agreements.

§ 4. The Bank is responsible for the prudential supervision of central counterparties.

The Bank monitors compliance by central counterparties of the provisions of Chapters 1 and 3 of Title IV of

Regulation 648/2012, with the exception of Article 33 of Regulation 648/2012, which falls within the competence of the FSMA.

Pursuant to Chapter 2 of Title IV of Regulation 648/2012, the Bank shall control the admission criteria and their application pursuant to Article 37 of Regulation 648/2012 in order to ensure that they are sufficient to control the risk to which those central counterparties are exposed, without prejudice to the powers conferred on the FSMA by Article 22, § 5 of the Law of 2 August 2002.

Central counterparties shall be prohibited from setting up special mechanisms within the meaning of Article 36/4, paragraph 2, the norms and normal practices referred to in 4° of said article being the norms and normal practices with regard to transactions carried out in the framework of the services referred to in Articles 14 and 15 of Regulation 648/2012.

§ 5. The Bank shall provide the FSMA with all relevant and useful information on the operational requirements defined in Chapter 1 of Title IV of Regulation 648/2012 in order to allow the FSMA to exercise the powers conferred on it by Articles 31(1) and 31(2) of Regulation 648/2012.

The Bank shall consult with the FSMA when assessing the professional integrity of natural persons who will be members of the statutory administrative body of the central counterparty, the board of directors, or, if there is no board of directors, of the natural persons who will be responsible for the effective running of the credit institution, if these persons are being proposed for the first time for positions of this kind in a financial company which is subject to the Bank's supervision pursuant to Article 36/2.

Any natural or legal person who has taken the decision either to acquire, directly or indirectly, a qualifying holding in a central counterparty, or to increase, directly or indirectly, his qualifying holding in a central counterparty, must give the Bank advance notice in accordance with Regulation 648/2012. The Bank shall assess this notification in accordance with the provisions of Regulation 648/2012 and after consultation with the FSMA where the potential purchaser is a regulated company subject to supervision by the FSMA.

The Bank shall publish the list referred to in Article 32(4) of Regulation 648/2012.

§ 6. The provisions of this Article and of its implementing Decrees shall be without prejudice to the powers of the Bank as laid down in Article 8 of this Law.

§ 7. Pursuant to the second subparagraph of Article 22(1) of Regulation 648/2012, the Bank shall coordinate cooperation and the exchange of information with the Commission, the European Securities and Markets Authority (ESMA), other Member States' competent authorities, the European Banking Authority (EBA) and the relevant members of the European System of Central Banks (ESCB), in accordance with Articles 23, 24, 83 and 84 of Regulation 648/2012.

Art. 36/25bis. – § 1. The Bank shall have the power to ensure compliance with Regulation 648/2012 by financial and non-financial counterparties which are subject to its supervision pursuant to Article 36/2 of this Law.

The Bank is in particular responsible for monitoring compliance by the counterparties referred to in paragraph 1, with Title II of Regulation 648/2012 concerning the clearing obligation, reporting obligation and risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty and with Article 37(3) of Regulation 648/2012 in respect of the financial resources and the operational capacity required to perform the activity of clearing member in accordance with Regulation 648/2012.

§ 2. The Bank shall have the power to ensure compliance with Articles 4 and 15 of Regulation 2015/2365 by financial and non-financial counterparties which are subject to its supervision pursuant to Article 36/2.

Art. 36/25ter. – § 1. To fulfil the tasks referred to in Article 36/25bis, the Bank shall exercise the powers conferred upon it by the provisions of Chapters IV/1 and IV/2.

§ 2. Non-compliance with the provisions laid down by or pursuant to Regulation 648/2012 or of Regulation 2015/2365 by a central counterparty, a financial counterparty or a non-financial counterparty subject to supervision by the Bank pursuant to Article 36/2 of this Law may give rise to the application of penalties and other coercive measures as well as sanctions laid down in this Law and in the specific laws applicable to the institutions which are subject to the Bank's supervision.

Art. 36/26. – Repealed.

Art. 36/26/1. – § 1. Pursuant to Article 11 of Regulation 909/2014, the Bank shall be designated as the competent authority responsible for carrying out duties with regard to the authorisation and supervision of central securities depositories established in Belgium, without prejudice to the specific powers conferred by the said Regulation on the authorities responsible for monitoring trading venues.

In its capacity as designated competent authority, the Bank shall have the power to monitor compliance with the provisions of Regulation 909/2014, including those of Title II of this Regulation, unless the said Regulation provides otherwise and without prejudice to the powers conferred on the FSMA by Article 23*bis* of the Law of 2 August 2002.

Without prejudice to the powers of the Bank, the FSMA shall exercise supervision of central securities depositories established in Belgium, in terms of their compliance with the rules referred to in Article 45, § 1, 1° of the Law of 2 August 2002, and with the rules for ensuring honest, fair and professional treatment of participants and their customers. In this respect, the FSMA shall monitor compliance by central securities depositories with Articles 26(3), 29, 32 to 35, 38, 49 and 53 of Regulation 909/2014.

In applying Regulation 909/2014, the Bank shall consult the FSMA for matters falling within the ambit of its competences, in accordance with Article 23*bis* of the Law of 2 August 2002. If the Bank does not take account of the opinion of the FSMA, it shall mention this and state the reasons thereof in the explanation accompanying its decision. The opinion of the FSMA shall be attached to the notification of the Bank's decision, unless it relates to matters as referred to in Article 23*bis*, § 3, paragraph 4 of the Law of 2 August 2002.

The FSMA and the Bank may conclude a protocol setting out the terms of their cooperation, in particular as regards the cooperation arrangements established by the Bank in accordance with Article 24 of Regulation 909/2014.

§ 2. In accordance with Regulation 909/2014, the Bank may provide services as a central securities depository.

§ 3. The Bank shall be responsible for exercising supervision of the authorised central securities depositories pursuant to § 1. Without prejudice to the provisions of Regulation 909/2014, the King may, upon the recommendation of the Bank, determine:

1° the rules, as well as the corrective measures, regarding prudential supervision of central securities depositories as referred to in § 1 that are not credit institutions established in Belgium;

2° both on a consolidated basis and on an individual basis, the minimum requirements in respect of organisation, operation, financial position, internal control and risk management applicable to central securities depositories as referred to in § 1 that are not credit institutions established in Belgium.

§ 4. Central securities depositories may, in accordance with Article 30 of Regulation 909/2014, entrust an institution providing support with the provision of support services or the performance of important operational functions to ensure the performance of its services and activities, including the operational management of ancillary banking services.

§ 5. Institutions providing support as referred to in § 4 are required to obtain an authorisation from the Bank upon the recommendation of the FSMA. The Bank shall be responsible for exercising supervision of such institutions. On the recommendation of the Bank and the FSMA, the King shall lay down in particular:

1° both on a consolidated basis and on an individual basis, the conditions and procedures for the granting of the authorisation and for maintaining the authorisation of such institutions by the Bank, including the scope of the FSMA's opinion and the conditions that persons who are in charge of the actual management and persons who hold a major stake must meet;

2° the rules, as well as the corrective measures, regarding the prudential supervision exercised by the Bank on institutions as referred to in § 4 that are not credit institutions established in Belgium;

3° the minimum requirements in terms of organisation, operation, financial position, internal control and risk management applicable to institutions as referred to in § 4 that are not credit institutions established in Belgium.

The Bank may authorise an institution providing support to provide other services than those referred to in § 4 and shall determine the conditions for such authorisation.

Upon the recommendation of the Bank and the FSMA, the King may, in compliance with Belgium's international obligations, apply fully or partially the rules referred to in § 4 and 5 to institutions established abroad whose business consists in securing, in whole or in part, the provision of support services or the performance of important operational functions to ensure the performance of the services and activities of central securities depositories established in Belgium.

Paragraphs 4 and 5 shall not apply to the provision of support services or the performance of important operational functions to ensure the performance of the services and activities of central securities depositories, where these services or functions are provided or performed by one or more Eurosystem central banks.

§ 5/1. Central securities depositories and institutions providing support shall be prohibited from setting up specific mechanisms within the meaning of Article 36/4, paragraph 2, the norms and normal uses referred to in 4° of said article being the norms and normal practices with regard to transactions carried out within the framework of the services referred to in the Annex to Regulation 909/2014.

§ 6. For the purposes of this § 6, custodian banks shall be understood to mean credit institutions established in Belgium whose business consists exclusively in providing custody, account maintenance and financial instrument settlement services, as well as associated non-banking services, apart from the business activities referred to in Article 1, § 3, first paragraph of the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms, when these activities are ancillary or related to the above-mentioned services.

The custodian banks referred to in the first paragraph are required to obtain an authorisation from the Bank, upon the recommendation of the FSMA. The Bank is responsible for exercising prudential supervision of these institutions. Upon the recommendation of the Bank and the FSMA, the King shall notably regulate, both on a consolidated and non-consolidated basis, the conditions and procedures for the granting of the

authorisation and for maintaining the authorisation of such institutions by the Bank, including the scope of the FSMA's opinion and the conditions that persons who are in charge of the actual management and persons who hold a major stake must meet.

The Bank may authorise custodian banks to provide other services than those referred to in paragraph 1 and shall determine the conditions of such authorisation.

§ 7. The provisions of this Article shall be without prejudice to the powers of the Bank as laid down in Article 8. Upon recommendation of the Bank, the King may determine :

1° the standards regarding the supervision of securities settlement systems ;

2° the obligation on the operator of a securities settlement system or the institution providing support to disclose information requested by the Bank ;

3° coercive measures where the operator of a securities settlement system or the institution providing support no longer satisfies the standards laid down or where the obligation to disclose has not been observed.

§ 8. The Bank shall coordinate cooperation and the exchange of information with other Member States' competent authorities, the relevant authorities, the European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA).

§ 9. Without prejudice to Articles 273 and 378 of the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms, before any decision is taken on the opening of bankruptcy proceedings with respect to a central securities depository or of an institution providing support, the president of the Bankruptcy Court shall submit to the Bank a request for an opinion. The clerk of the court shall transmit this request immediately. He shall inform the Crown prosecutor.

The Bank shall submit the case to the court in writing. This request shall include the items necessary for information.

The Bank shall hand down its opinion within fifteen days from the date of receipt of the request for an

opinion. In the event of a procedure relating to a central securities depository or an institution providing support that it deems liable to have major systemic implications or which requires prior coordination with foreign authorities, the Bank may hand down its opinion within a longer timeframe, on condition, however, that the total period does not exceed thirty days. When it considers that it must make use of this exceptional period, the Bank shall inform the court called upon to decide. The period available to the Bank to hand down its opinion shall serve to suspend the period within which the Bankruptcy Court must rule. If the Bank has not responded within the period specified, the court may decide on the request.

The opinion of the Bank shall be in writing. It shall be transmitted by any means to the clerk, who shall hand it over to the president of the Bankruptcy Court and the Crown prosecutor. The opinion shall be annexed to the dossier.

Art. 36/27. – § 1. When a settlement institution or an equivalent institution as referred to in Article 36/26, or a central securities depository or an institution providing support as referred to in Article 36/26/1 is not operating in accordance with the provisions of this Law and of the decrees issued implementing them, when its management or financial position are of a nature to call into question the performance of its obligations or do not offer sufficient guarantees for its solvency, liquidity or profitability, or when its management structures, its administrative or accounting organisation or its internal audit reveal serious shortcomings such that the stability of the Belgian or international financial system is likely to be affected, the King may, by Decree deliberated in the Council of Ministers, either upon the Bank's request, or on own initiative, after receiving the Bank's opinion, lay down any act of disposal, in favour of the State or any other person, Belgian or foreign, a public or private legal entity, notably any act of disposal, sale or capital investment with regard to:

1° assets, liabilities or one or more branches of activity and, more generally, all or part of the rights and obligations of the institution concerned, including proceeding to transfer client assets consisting of financial instruments governed by coordinated Royal Decree 62 on the deposit of fungible financial instruments and the settlement of transactions in these instruments, as well as underlying securities held with depositories in the name of the institution concerned,

just as proceeding with the transfer of resources, notably information technology resources, necessary for processing transactions concerning these assets and the rights and obligations relating to such processing;

2° securities or shares, representative or not of the capital, with or without voting rights, issued by the institution concerned.

§ 2. The Royal Decree taken pursuant to paragraph 1 shall fix the compensation to be paid to the owners of the property or to the right-holders subject to the transfer specified by the Decree. If the transferee designated by the Royal Decree is a person other than the State, the price payable by the transferee under the terms of the contract concluded with the State shall pass to the said owners or right-holders as compensation, according to the distribution formula defined by the same Decree.

Part of the compensation may be variable as long as this part is determinable.

§ 3. The institution concerned shall be notified of the Royal Decree taken pursuant to paragraph 1. Furthermore, the measures provided for in this Decree shall be announced by publication of a notice in the *Moniteur belge / Belgisch Staatsblad*.

As soon as it has received the notification referred to in paragraph 1, the organisation shall lose the right to dispose of the assets referred to in the acts of disposal provided for by the Royal Decree.

§ 4. The acts referred to in paragraph 1 may not be subject to non-invocability pursuant to Articles XX.111, XX.112 or XX.114 of the Code of Economic Law.

Notwithstanding any conventional provision to the contrary, the measures determined by the King pursuant to the first paragraph may not have the effect of modifying the terms of a contract concluded between the institution and one or more third parties, or of terminating such a contract, nor of giving any of the parties concerned the right to terminate it unilaterally.

As regards the measures decreed by the King pursuant to paragraph 1, any statutory or contractual authorisation clause or pre-emption clause, any option to buy from a third party, as well as any statutory or contractual clause preventing a change in the supervision of the institution concerned, shall be ineffective.

The King has the power to make any other rules that are necessary for the proper execution of the measures taken pursuant to paragraph 1.

§ 5. The civil liability of persons, acting in the name of the State or upon its request, intervening in the framework of the measures referred to in this Article, incurred as a result of or in relation to their decisions, acts or conduct in the context of these measures is limited to cases of fraud or gross negligence concerning them. The existence of gross negligence must be assessed taking account of the concrete circumstances of the case, and in particular the urgency with which these persons were confronted, the practices on the financial markets, the complexity of the case, threats for the protection of savings and the risk of damage to the national economy due to the failure of the institution concerned.

§ 6. All disputes that might arise as a result of the measures referred to in this Article, as well as the liability referred to in paragraph 5, are subject to the exclusive jurisdiction of the Belgian courts, which only apply Belgian law.

§ 7. For the purposes of applying collective labour agreement 32*bis* concluded on 7 June 1985 within the National Labour Council, concerning the safeguarding of employees' rights in the event of a change of employer as a result of a conventional company transfer and governing the rights of employees taken on in the event of a takeover of assets following bankruptcy, acts committed pursuant to paragraph 1, 1°, are considered as acts committed by the settlement institution or equivalent institution itself or by the central securities depository or the institution providing support.

§ 8. Without prejudice to the general principles of law that it could invoke, the board of directors of the institution concerned may derogate from the statutory restrictions to its management powers when one of the specific circumstances laid down in paragraph 1 is liable to affect the stability of the Belgian or international financial system. The board of directors shall draw up a special report justifying the use of this provision and setting out the decisions taken; this report shall be sent to the General Meeting within two months.

Art. 36/28. – § 1. For the purposes of this Article, the following definitions shall apply:

1° Royal Decree: the Royal Decree deliberated in the Council of Ministers that shall apply to the extent of Article 36/27, § 1;

2° transfer act: the transfer or other ownership transfer act provided for in the Royal Decree;

3° the court: the Brussels Court of First Instance;

4° the owners: the natural persons or legal entities that, on the date of the Royal Decree, are the owners, or the right-holders, of the assets or shares subject to the transfer act;

5° the third-party transferee: the natural person or legal entity other than the Belgian State that, according to the Royal Decree, is called on to acquire the assets or shares, or rights, subject to the transfer act;

6° the compensation: the indemnification that the Royal Decree fixes in favour of the owners in compensation for the ownership transfer act.

§ 2. The Royal Decree shall enter into force on the day of publication in the *Moniteur belge* / *Belgisch Staatsblad* of the judgment referred to in paragraph 8.

§ 3. The Belgian State shall lodge with the office of the clerk of the court a petition with the purpose of stating that the ownership transfer act is in conformity with the law and that the compensation is deemed to be fair, taking account notably of the criteria referred to in paragraph 7, 4th indent.

On pain of extinction, the petition shall contain:

1° the identity of the settlement institution or equivalent institution concerned, the identity of the central securities depository or of the institution providing support concerned;

2° if necessary, the identity of the third-party transferee;

3° justification for the transfer from the point of view of the criteria laid down in Article 36/27, § 1;

4° the compensation, the bases on which this has been determined, notably as regards the variable part from which it is composed and, if necessary, the key for distribution of the capital between the owners;

5° if necessary, the authorisations required from the public authorities and all the other suspensive conditions to which the transfer act is subject;

6° if necessary, the price agreed with the third-party transferee for the assets or shares subject to the transfer act and the mechanisms for revising or adjusting this price;

7° indication of the day, month and year;

8° the signature of the person representing the Belgian State or the State's lawyer.

A copy of the Royal Decree shall be attached to the petition.

The provisions of Part IV, Book II, Title *Vbis* of the Legal Code, including Articles 1034*bis* to 1034*sexies* are not applicable to the petition.

§ 4. The proceedings introduced by the petition referred to in paragraph 3 excludes all other simultaneous or future appeals or actions against the Royal Decree or against the transfer, with the exception of the request referred to in paragraph 11. By virtue of the filing of the petition, there shall be no grounds for any other proceedings, directed against the Royal Decree or the act of disposal, that may have been previously introduced and still pending before another legal or administrative jurisdiction.

§ 5. Within seventy-two hours of the filing of the petition referred to in paragraph 3, the president of the court shall fix, by court order, the day and time for the hearing referred to in paragraph 7, which must take place within seven days following the filing of the petition. This order shall reproduce the entire wording specified in paragraph 3, second indent.

The order shall be notified by the clerk's office by judicial letter to the Belgian State, the institution concerned as well as the third-party transferee, as the case may be. It shall be published simultaneously in the *Moniteur belge / Belgisch Staatsblad*. This publication shall qualify as notification to any possible owners other than the institution concerned.

Within twenty-four hours of the notification, the institution concerned shall also publish the order on its website.

§ 6. Until the pronouncement of the judgment referred to in paragraph 8, the persons referred to in paragraph 5, second indent, may consult the petition referred to in paragraph 3 as well as its appendices, free of charge, at the clerk's office.

§ 7. During the hearing set by the president of the court and at any later hearings that the court may deem useful to arrange, the court shall hear the Belgian State, the institution concerned, as the case may be, the third-party transferee as well as the owners who intervene voluntarily in the proceedings.

By derogation from the provisions of Chapter II of Title III of Book II of the fourth Part of the Legal Code, no person other than those referred to in the previous paragraph may intervene in the proceedings.

After having heard the observations of the parties, the court shall verify whether the ownership transfer act is in conformity with the law and whether the compensation is deemed to be fair.

The court shall take account of the actual situation of the institution concerned at the time of the ownership transfer act, and notably of its financial situation such as it was or would have been had the public aid from which it benefited, either directly or indirectly, not been granted. For the purposes of application of this paragraph, advances of emergency liquidity and guarantees granted by a statutory corporate body shall be deemed similar to public aid.

The court shall pronounce by one and the same judgment that shall be handed down within twenty days following the hearing fixed by the president of the court.

§ 8. The judgment with which the court rules that the act of disposal is in conformity with the law and that the compensation is deemed to be fair, shall convey ownership of the assets or shares that are subject to the transfer act, albeit subject to the suspensive conditions referred to in paragraph 3, second indent, 5°.

§ 9. The judgment referred to in paragraph 8 is neither susceptible of appeal nor opposition nor third-party opposition.

It shall be notified by judicial letter to the Belgian State, the institution concerned as well as the third-party transferee, as the case may be, and shall be published

simultaneously by extract in the *Moniteur belge / Belgisch Staatsblad*.

This publication shall qualify as notification to any possible owners other than the institution concerned, and makes the act of disposal valid with regard to third parties, without further formalities.

Within twenty-four hours of the notification, the institution concerned shall also publish the judgment on its website.

§ 10. Following notification of the judgment referred to in paragraph 8, the Belgian State or, as the case may be, the third-party transferee shall deposit the compensation at the *Caisse des dépôts et consignations / Deposito- en Consignatiekas* (Deposit and Consignment Office), without any formalities being required in this respect.

The Belgian State shall take steps to have a notice confirming the fulfilment of the suspensive conditions referred to in paragraph 3, second indent, 5°, published in the *Moniteur belge / Belgisch Staatsblad*.

As soon as the notice referred to in paragraph 2 has been published, the Deposit and Consignment Office is required to hand over to the owners, according to the terms and conditions laid down by the King, the amount of compensation consigned, without prejudice to any possible distraints or oppositions regularly made on the sum consigned.

§ 11. On pain of extinction, the owners may lodge with the court a request for review of the compensation, within a period of two months from the publication in the *Moniteur belge / Belgisch Staatsblad* of the judgment referred to in paragraph 8. This request shall have no effect on the transfer of ownership of the assets or shares that are subject to the transfer act.

For the rest, the request for review is provided for by the Legal Code. Paragraph 7, fourth indent, shall apply.

Art. 36/29. – With regard to central counterparties, settlement institutions, central securities depositories, institutions providing support and custodian banks, including their subsidiaries established on the territory of the European Union, the Bank shall have the following powers of investigation for the execution of

its task of supervision, as referred to in Articles 36/25, 36/26 and 36/26/1 or their implementing Decrees, or for responding to requests for cooperation from competent authorities within the meaning of Article 36/14, § 1, 2° and 3°:

a) it may have forwarded to it all information and documents, in any form whatsoever;

b) it may undertake on-the-spot investigations and expert appraisals, take cognisance of and copy, on the spot, any document, file, and recording, and have access to any IT system;

c) it may demand the statutory auditors or persons in charge of supervising the financial statements of these entities, to send it special reports, at these entities' expense, on subjects that it shall determine;

d) when these entities are established in Belgium, it may require them to forward to it all useful information and documentation regarding the companies that form part of the same group and are established abroad.

Art. 36/30. – § 1. The Bank may order any central counterparty, as well as any settlement institution, institution providing support to a central securities depository or any custodian bank to comply with the provisions laid down by or pursuant to Articles 36/25, 36/26 and 36/26/1, as well as with any provisions laid down by or pursuant to Regulation 648/2012, Regulation 909/2014 or Regulation 2015/2365, within a period specified by the Bank.

Without prejudice to the other measures provided for by law, if the central counterparty, settlement institution, institution providing support to a central securities depository or custodian bank to which it has addressed an order pursuant to paragraph 1 fails to comply by the expiry of the period specified, and provided that the central counterparty, settlement institution, institution providing support to a central securities depository or custodian bank has been heard, the Bank may:

1° make public the infringement or shortcoming concerned;

2° impose the payment of a fine which may not be higher than € 50 000 per calendar day, nor exceed € 2 500 000 in total;

3° appoint a special auditor to a central counterparty, settlement institution, institution providing support to a central securities depository or custodian bank with registered office established in Belgium whose authorisation shall be required for the acts and decisions that the Bank determines.

In urgent cases, the Bank may take the measures as referred to in paragraph 2, 1° and 3°, without prior order pursuant to paragraph 1, provided that the central counterparty, settlement institution, institution providing support to a central securities depository or custodian bank has been heard.

§ 2. Without prejudice to other measures laid down by law, the Bank may, where, pursuant to Articles 36/9 to 36/11, it establishes an infringement of the provisions laid down by or pursuant to Articles 36/25, 36/26 and 36/26/1, as well as with any provisions laid down by or pursuant to Regulation 648/2012, Regulation 909/2014 or Regulation 2015/2365, impose an administrative fine on any central counterparty, as well as any settlement institution, institution providing support to a central securities depository or any custodian bank that, for the same offence or same totality of offences, may not be less than € 2 500 and not more than € 2 500 000. Where the infringement has resulted in the offender obtaining a capital gain, that maximum shall be raised to twice the capital gain and, in the event of a repeat offence, to three times the capital gain.

§ 3. The penalties and fines imposed pursuant to § 1 or 2, shall be recovered in favour of the Treasury by the Federal Public Service Finance's General Administration of Tax Collection and Recovery.

§ 4. The amount of the fine shall notably be set in accordance with

- a) the seriousness and the duration of the infringements committed;
- b) the degree of responsibility of the person concerned;
- c) the capital base of the person concerned, as apparent from the total turnover of the legal person in question or the annual income of the natural person concerned;
- d) any benefits or profit that may have been gained from these infringements;

e) any harm suffered by third parties as a result of the infringements, insofar as it can be ascertained;

f) the degree of cooperation with the competent authorities demonstrated by the natural or legal person in question;

g) any previous infringements committed by the person concerned;

h) any potential negative impact of the breaches on the stability of the financial system.

Art. 36/30/1. – § 1. When the Bank sees one of the infringements referred to in Article 63 of Regulation 909/2014, it may impose the sanctions and other administrative measures defined in Article 63 of Regulation 909/2014 on the offender. The sanctions and other administrative measures will be applied in accordance with Article 64 of Regulation 909/2014. In particular, the Bank may impose administrative fines as referred to in Article 63, paragraph 2, e), f) and g) of Regulation 909/2014 in accordance with Articles 36/9 to 36/11. The decisions imposing a sanction or any other administrative measure will be published in keeping with Article 62 of Regulation 909/2014.

§ 2. If the central securities depository to whom the Bank has addressed an order to comply with the provisions of Regulation 909/2014 fails to do so at the end of the period specified, and provided that the central securities depository has been heard, the Bank may:

- 1° make public its opinion with regard to the infringement or shortcoming concerned;
- 2° impose the payment of a fine which may not be higher than € 50 000 per calendar day, nor exceed € 2 500 000 in total;
- 3° appoint a special auditor to a central securities depository with registered office established in Belgium whose authorisation shall be required for the acts and decisions that the Bank determines.
- 4° suspend for the duration that it shall specify the exercise, either directly or indirectly, of all or part of the central securities depository's activities or prohibit such activities.

Members of the administrative and management bodies and the persons in charge of management

who engage in conduct or take decisions that violates the suspension or prohibition shall be jointly and severally liable for any resultant damage for the establishment or third parties.

If the Bank has published the suspension or prohibition in the *Moniteur belge / Belgisch Staatsblad*, any actions and decisions taken in contravention of it shall be null and void;

5° impose stricter requirements for solvency, liquidity, concentration of risk and other limitations;

6° order the replacement of the whole or part of the central securities depository's legal administrative body within a time limit that it shall determine, and, failing such replacement within this time limit, substitute all the administrative or management bodies of the central securities depository with one or several interim directors or managers who, alone or collectively, according to the individual case, have the powers of those replaced. The Bank shall publish its decision in the *Moniteur belge / Belgisch Staatsblad*.

The remuneration of the interim director(s) or manager(s) shall be set by the Bank and borne by the central securities depository.

The Bank may at any time replace the interim director(s) or manager(s), either automatically, or at the request of a majority of shareholders or members, when there is justification that the management of interested parties no longer provides the necessary guarantees.

In urgent cases, the Bank may take measures referred to in paragraphs 2, 1°, 3° and 4° to 6° without prior order pursuant to the 1st indent, provided the central securities depository has been heard.

§ 3. The fines and periodic penalty payments imposed pursuant to this Article shall be recovered for the benefit of the Federal Public Service Finance's General Administration of Tax Collection and Recovery.

§ 4. In accordance with Article 65 of Regulation 909/2014 and without prejudice to Article 36/7/1, the rules and procedures applicable to the reporting of infringements shall be set by the Bank through a Regulation pursuant to Article 12bis.

Art. 36/31. – § 1. The following shall be punishable by a prison term of between one month and one year

and by a fine of between € 50 and € 10 000 or by one of these penalties alone:

1° those that, in Belgium, carry out clearing or settlement activities in respect of financial instruments, without being authorised to do so pursuant to Articles 36/25, 36/26 and 36/26/1 or where that authorisation has been withdrawn;

2° those that contravene the provisions laid down pursuant to Articles 36/25, 36/26 and 36/26/1, and indicated by the King in the relevant Decrees;

3° those that hamper the investigations and expert appraisals of the FSMA pursuant to the present chapter, or knowingly provide it with incorrect or incomplete information;

4° the central counterparties referred to in Article 36/25, § 4, central securities depositories, institutions providing support referred to in Article 36/26/1 which knowingly set up special mechanisms within the meaning of said provisions.

§ 2. The provisions of Book I of the Penal Code shall, without the exception of Chapter VII and Article 85, be applicable to the infringements referred to in § 1.

Chapter IV/3 – Tasks of the Bank in the context of its contribution to the stability of the financial system

Section 1 – General provisions

Art. 36/32. – § 1. This chapter defines certain tasks of the Bank and the legal instruments available to it in the context of its task to contribute to the stability of the financial system as referred to in Article 12, § 1.

§ 2. For the purposes of this chapter, the following definitions shall apply:

1° "stability of the financial system": situation where the probability of discontinuity or disruption in the financial system is low or, if such disruptions should occur, where the consequences for the economy would be limited;

2° "national authorities": the Belgian authorities, regardless of whether they fall under the federal State or the Regions, which, by virtue of their respective

powers, may implement the recommendations issued by the Bank pursuant to this chapter;

3° “SSM Regulation” : Regulation (EU) No. 1024/2013 of the Council of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions;

4° “European supervisory authorities” : the European Banking Authority established by Regulation (EU) No. 1093/2010, the European Insurance and Occupational Pensions Supervisors established by Regulation (EU) No. 1094/2010 and the European Financial Markets Authority established by Regulation (EU) No. 1095/2010.

Section 2 – Detection and monitoring of factors which may affect the stability of the financial system

Art. 36/33. – § 1. The Bank shall be responsible for detecting, evaluating and monitoring various factors and developments which may affect the stability of the financial system, particularly in terms of affecting the resilience of the financial system or an accumulation of systemic risks. In this context, the Bank has access to any information which would be relevant for the exercise of this task.

§ 2. In particular, for the purposes referred to in § 1, the Bank shall be authorised to:

1° use the information available to it under its other statutory tasks, as resulting from or specified by or under other legislations, including those governing the status and supervision of the financial institutions referred to in Article 36/2 or the supervision on a consolidated basis of these institutions;

2° use the prerogatives regarding access to information available to it under its other statutory tasks, as resulting from or specified by or under other legislations, including those governing the status and supervision of the financial institutions referred to in Article 36/2 or the supervision on a consolidated basis of these institutions;

3° request the information which is relevant for the exercise of this task from any private sector entity which is not subject to its supervision, or, where appropriate, through the authorities responsible for these entities.

§ 3. Notwithstanding the obligation of professional secrecy to which they may be subject, the public sector entities, regardless of their level of autonomy, shall cooperate with the Bank in order to provide it with any information and any expertise which would be relevant for the exercise of its task as referred to in this Article. To this end, this information shall be made available to the Bank on the entity's own initiative or at the request of the Bank. Any confidential information communicated by the Bank to the recipient entity concerned shall be covered, with respect to the latter, by the professional secrecy regime provided for in Article 35, § 1. and may serve solely for the proper accomplishing of the collaboration referred to in this paragraph.

§ 4. For the purposes of this Article, the Bank may also conclude cooperation agreements with the Regions, the European Central Bank, the European Systemic Risk Board (ESRB), the European Supervisory Authorities and the relevant foreign authorities in the field of macroprudential oversight and disclose confidential information to these institutions.

Section 3 – Adoption of legal instruments in order to contribute to the stability of the financial system

Art. 36/34. – § 1. Without prejudice to the European Directives and Regulations, in particular with regard to the prerogatives of the European Central Bank in the field of banking supervision, including in the macro-prudential area, the Bank may, for macroprudential policy purposes, in order to contribute to the stability of the financial system, exercise any prerogatives, including regulatory prerogatives, provided for by or under this Law or the legislation governing the status and supervision of the financial institutions referred to in Article 36/2 or the supervision on a consolidated basis of these institutions.

In addition to the prerogatives referred to in paragraph 1, the Bank may, in order to contribute to the stability of the financial system and without prejudice to the powers assigned to the European Central Bank, use the following instruments towards the financial institutions subject to its supervision:

1° imposing capital or liquidity requirements which complement or are more stringent than those provided by or under prudential legislation, for all institutions or per category of institutions subject to its supervision;

2° as part of capital requirements, imposing specific requirements according to the nature of exposures or the value of collateral received, or according to the industry or the geographical area of the debtor, which complement or are more stringent than those provided by or under prudential legislation, for all institutions or per category of institutions subject to its supervision;

3° the power to impose quantitative limits on exposures to a single counterparty or a group of related counterparties, or on an industry or geographical area, which complement or are more stringent than those provided by or under prudential legislation, for all institutions or per category of institutions subject to its supervision;

4° imposing limits on the total level of business of companies subject to its supervision as compared to their capital (leverage ratio), that complement or are more stringent than those provided by or under prudential legislation, for all institutions or per category of institutions subject to its supervision;

5° imposing conditions for the assessment of collateral taken for loans granted for verification of compliance with solvency requirements provided by or under prudential legislation;

6° imposing a total or partial retention of distributable profits;

7° imposing rules for valuing assets which differ from those provided for under accounting regulations, with a view to monitoring compliance with the requirements provided by or under prudential legislation;

8° the power to impose disclosure of information, and to set the terms thereof, which complement the terms provided by or under prudential legislation, for all institutions or per category of institutions subject to its supervision;

9° the power to communicate about the measures adopted pursuant to this Article and about the objectives of such measures, according to the procedures established by the Bank.

10° the power to enforce compliance, either on an individual basis or per category or for all credit institutions and stockbroking firms established under

Belgian law, with a minimum funding requirement, which consists of:

a) core Tier 1 capital or additional Tier 1 or Tier 2 capital within the meaning of the Law of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms;

b) subordinate debt;

c) debt referred to in Article 389/1, 2° of the Law of 25 April 2014;

d) if appropriate, other eligible debts within the meaning of Article 242/10° of the Law of 25 April 2014, for which the Bank shall stipulate the conditions;

The power referred to in paragraph 2, 10° also implies the power to determine:

- the method for calculating this minimum funding requirement, if appropriate as a percentage of total liabilities;
- the respective proportion of the sources of funding referred to in paragraph 2, 10°, a) to d) within this minimum funding requirement.

This power shall also apply, on an individual or consolidated basis, to financial holding companies, mixed financial holding companies and mixed-activity holding companies established under Belgian law as referred to in Article 3, 38°, 39° and 40° of the Law of 25 April 2014.

§ 2. Where the measures adopted pursuant to § 1, paragraph 2, are general and therefore regulatory, their adoption shall require compliance with the royal approval procedure laid down by Article 12*bis*, § 2, paragraph 3.

§ 3. For the purposes of this Article, the Bank shall take into account the recommendations adopted by the European Systemic Risk Board (ESRB) and, if necessary, render them applicable by means of Regulations adopted pursuant to Article 12*bis*, § 2, according to the procedures established by the Bank. The Bank shall also take account of the positions or decisions of the European Commission and the European Central Bank, in particular when the latter requires credit institutions to comply with additional capital requirements or other measures to reduce systemic risk.

Before implementing the measures referred to in § 1, the Bank shall inform the European Systemic Risk Board (ESRB), the European Central Bank and, where relevant, the European Supervisory Authorities and the European Commission of the concrete measures it intends to take. Except in duly substantiated cases of urgency and unless Community law provides for specific deadlines for the implementation of legal instruments, the Bank shall wait, for a period not exceeding one month, for the aforementioned institutions to respond, before effectively implementing the measures planned.

The Bank shall also take into account the objections raised by the European Central Bank or, where applicable, by other European authorities, where they require credit institutions or the groups to which they belong to comply with additional capital requirements or to take other measures in order to reduce systemic risk.

Section 4 – Recommendations issued in order to contribute to the stability of the financial system

Art. 36/35. – The Bank shall determine, by way of recommendations, the measures to be adopted and implemented by the relevant national authorities, the European Central Bank or other European authorities, each for its own account, in order to contribute to the stability of the financial system as a whole, in particular by strengthening the resilience of the financial system, by preventing systemic risks and by limiting the impact of any disruptions.

The Bank shall follow up its recommendations by verifying their actual implementation, in particular by the relevant national authorities, and by assessing the impact of the measures taken to that effect

Moreover, the Bank shall ensure consistency between its task and the tasks relating to the prudential oversight of credit institutions, including in the macroprudential area, which, pursuant to Community law, have been assigned, *inter alia*, to the European Central Bank.

Art. 36/36. – The sole purpose of the recommendations of the Bank shall be to contribute to the stability of the financial system. They shall take into account the recommendations adopted by the European Systemic Risk Board (ESRB) and the positions or decisions of the European institutions, including the European

Commission and the European Central Bank. The recommendations shall be duly substantiated and shall be forwarded on a confidential basis to the national authorities charged with their implementation, as well as to the European Systemic Risk Board (ESRB) and to the European Central Bank.

If it deems it necessary, the Bank may also make proposals to the European Central Bank or other European authorities where the instruments to be implemented fall within their competence.

The Bank shall respond within the period laid down by Community law to notifications made by the European Central Bank pursuant to Article 5(4) of the SSM Regulation, informing it of its intention to increase the capital requirements for credit institutions or to adopt other measures to reduce systemic risk. Any objections against such a measure shall be duly supported by reasons vis-à-vis the European Central Bank.

Art. 36/37. – Notwithstanding Articles 35 and 36/36 and without prejudice to paragraph 2, the Bank shall publish its recommendations. It decides on the terms of this publication.

Communications made pursuant to this Article may not, because of their contents or the circumstances, present a risk to the stability of the financial system.

Art. 36/38. – § 1. In order to implement the recommendations of the Bank that fall within their competence, national authorities may use any instruments, decision-making powers, regulatory powers and prerogatives provided by or under the legislation and/or Decrees governing their legal status and tasks.

§ 2. In particular, the King, by Royal Decree deliberated in the Council of Ministers and on the advice of the Bank, may require credit providers to comply with coefficients:

1° regarding coverage, which determine up to which percentage of the value of collateral a loan may be granted (loan to value ratio);

2° regarding the maximum total debt in relation to the income available to the borrower.

The opinion of the Bank is not required where the measure adopted by the King pursuant to this paragraph

is, in all respects, consistent with a recommendation issued by the Bank pursuant to Article 36/35.

Art. 36/39. – Without prejudice to specific procedures provided for by Community law, the national authorities which fall under the federal State shall inform the Bank of the concrete measures they intend to take in order to comply with its recommendations. The Bank shall inform without delay the European Systemic Risk Board (ESRB), the European Central Bank and, where relevant, the European Supervisory Authorities and the European Commission. Except in duly substantiated cases of urgency and unless Community law provides for specific deadlines for the implementation of legal instruments, the relevant authorities shall wait, for a period not exceeding one month from the date of notifying the Bank, for the aforementioned institutions to respond, before effectively implementing the measures planned.

Art. 36/40. – Where the relevant authorities which fall under the federal State fail to comply with the recommendations of the Bank, they shall provide to the Bank, by reasoned opinion, the reasons for departing from its recommendations. This reasoned opinion shall accompany the notification referred to in Article 36/39.

Art. 36/41. – Where the national authorities which fall under the federal State fail to adopt measures in order to implement the recommendations issued by the Bank pursuant to this chapter within the time limit which may be specified or, in the absence of a time limit, within two months of the notification of the said recommendations, or are affected by any of the circumstances referred to in Article 36/40, the King shall be empowered by Royal Decree deliberated in the Council of Ministers, to take the measures referred to in Article 36/38, § 1. In this event, the procedure provided for in Article 36/39 shall apply.

Section 5 – Objectives, special provisions and sanctions

Art. 36/42. – In adopting acts and measures pursuant to this chapter, the Bank and the national authorities shall contribute to the stability of the financial system as a whole, in particular by strengthening the resilience of the financial system and by preventing the occurrence of systemic risks.

Art. 36/43. – The Law of 11 April 1994 on open government shall not apply to the Bank in the context

of its task as referred to in this chapter, nor to the national authorities, in the context of the implementation of the recommendations of the Bank in accordance with this chapter.

Art. 36/44. – The Bank and the national authorities as well as the members of their respective bodies and staff shall not be liable for their acts or conduct in connection with measures and acts adopted pursuant to this chapter, except in cases of fraud or gross negligence.

Art. 36/45. – § 1. No petition for suspension or appeal for annulment may be submitted to the Council of State against the recommendations issued by the Bank pursuant to this chapter.

§ 2. To the exclusion of any other possibility of recourse, an appeal for annulment may be submitted to the Council of State against acts of a regulatory or individual nature adopted by the Bank pursuant to Article 36/34 or by the national authorities pursuant to Articles 36/38 and 36/41, according to an accelerated procedure determined by the King. This appeal is not suspensive.

Art. 36/46. – Shall be punishable by a fine of € 50 to € 10 000, any person :

1° who is required to provide information which is available or which is easily accessible, pursuant to this chapter or to its implementing measures, but does not comply with this requirement;

2° who opposes the inquiries conducted by the Bank, and its findings, pursuant to Article 36/33;

3° who fails to comply with the measures imposed by this chapter.

The provisions of Book I of the Penal Code, without the exception of Chapter VII and Article 85, shall apply to the infringements which are punishable pursuant to this chapter.

Chapter IV/4 – Specific tasks of the bank with respect to the prevention and management of crises and risks in the financial sector

Art. 36/47. – For the purposes of the Law of 7 April 2019 establishing a framework for the security

of network and information systems of general interest for public security, the Bank is designated as sectoral authority and inspection service for financial service providers, with the exception of trading platform operators within the meaning of Article 3, 6°, of the Law of 21 November 2017 on the market infrastructures for financial instruments and transposing Directive 2014/65/EU.

Articles 36/19 and 36/20 shall apply.

The Sanctions Committee shall pronounce on the imposition of administrative fines laid down by Article 52 of the above-mentioned Law of 7 April 2019. Articles 36/8 to 36/12/3 and Article 36/21 shall apply.

The Bank shall share all relevant information with the ECB as soon as possible on incident reports that it receives pursuant to the Law of 7 April 2019.

Art. 36/48. – The Bank shall carry out the tasks assigned to it as sectoral authority for the finance sector by virtue of the Law of 1 July 2011 on security and protection of critical infrastructures.

Art. 36/49. – The Bank shall be designated as an administrative authority within the meaning of article 22*quiquies* of the law of 11 December 1998 on security classification, security clearance, security certificates and security advisory notices. The Bank shall have competence for the financial sector entities that it identifies as critical infrastructures by virtue of the law of 1 July 2011 on security and protection of critical infrastructures.

Art. 36/50. – § 1. The Bank shall exercise the powers conferred on it by the present chapter exclusively in the general interest. Save in the event of fraud or gross negligence, the Bank, the members of its bodies and the members of its staff shall not be held civilly liable for their decisions, inactions, acts or conduct in the fulfilment of this mission.

§ 2. The Bank shall be permitted to recover the operating costs relating to its powers referred to in paragraph 1, from the entities for which it exercises these powers, according to the terms and conditions laid down by the King. The Bank shall be permitted to task the Federal Public Service Finance's General Administration of Tax Collection and Recovery with the recovery of unpaid taxes.

Chapter V – Transitional and repealing provisions – entry into force

Art. 37. – The capital gain made from the transfer of assets in gold with regard to the issuing by the State of numismatic or commemorative coins, shall be allotted to the State to the extent of the unused balance of the 2.75 % of the weight of gold which appeared in the Bank's assets on 1 January 1987, and which could be used by the State, particularly for issuing coins, by virtue of Article 20*bis* (2) of the Law of 24 August 1939 on the National Bank of Belgium.

Art. 38. – *p.m.*

Annex 2 Corporate Governance Charter¹

1. Introduction

The National Bank of Belgium, established by the Law of 5 May 1850 to take on tasks in the public interest, has always had a special governance structure, deviating from ordinary law. Designed from the start to enable the Bank to perform its tasks in the public interest, this special system of governance has evolved in line with the role and objectives assigned to the Bank as the country's central bank.

Today, as the central bank of the Kingdom of Belgium, the Bank – together with the European Central Bank (ECB) and the central banks of the other European Union Member States – is one of the components of the European System of Central Banks (ESCB), set up by the Treaty on the Functioning of the European Union (the Treaty).

By that token, it is governed first of all by the relevant provisions of the Treaty (Title VIII of Part Three) and by the Protocol on the Statute of the ESCB and of the ECB which is annexed to the Treaty, and then by the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium (Organic Law), and its own Statutes, approved by Royal Decree.

The provisions relating to public limited liability companies are applicable only additionally, i.e. in respect of subjects not governed by the Treaty, the Protocol annexed to it, the Organic Law and the Bank's Statutes, and provided the provisions on public limited liability companies do not clash with those higher level rules.

As a central bank, it shares the main objective which the Treaty assigns to the ESCB, namely maintaining price stability. It contributes towards the performance of the basic tasks of the ESCB which

consist in defining and implementing the monetary policy of the European Union, conducting foreign exchange operations in accordance with Article 219 of the Treaty, holding and managing the official foreign exchange reserves of the Member States, and promoting the smooth operation of payment systems.

In addition, it is entrusted with microprudential supervision (governing credit institutions and investment firms with the status of stockbroking firm, insurance and reinsurance companies, central counterparties, settlement institutions, institutions equivalent to settlement institutions, payment institutions, electronic money institutions, central securities depositories, institutions providing support to central securities depositories, custodian banks and surety companies) as well as macroprudential policy in Belgium. The Bank has also been designated as national resolution authority. All these tasks are carried out under a European framework, in particular, the single supervisory mechanism (SSM) as regards prudential supervision of banks and the single resolution mechanism (SRM) for responsibilities in the field of resolution. Subject to compatibility with the tasks which come under the ESCB, the Bank is furthermore entrusted with carrying out other tasks in the public interest, on conditions laid down by law. The pre-eminence of its tasks in the public interest, present from the start and now anchored in the Treaty on the Functioning of the European Union, is reflected in a system of governance whose very objectives are different from those of the governance of a company incorporated under ordinary law.

¹ Latest amendments: January 2021.

First, in accordance with the Treaty, it has to ensure that the rules which govern it are compatible with those of the Treaty itself, and with the Statute of the ESCB, including the requirement concerning the independence of the Bank and of the members of its decision-making bodies in the exercise of their powers and the performance of their tasks, assigned to them by the Treaty and the Statute of the ESCB, in respect of the institutions and bodies of the European Union, governments and all other bodies.

Next, in its governance, the Bank has to reserve a dominant position for the expression of the interests of Belgian society as a whole. That explains, in particular, the arrangements for appointing members of its organs, the specific composition and role of the Council of Regency, the limited powers of the General Meeting of Shareholders, the special arrangements for the exercise of supervision, including the powers of the representative of the Minister of Finance, and the way in which the Bank reports on the performance of its tasks. That also explains the provisions governing the financial aspects of its activities, intended to give it a sound financial basis and to allocate to the State, as a sovereign State, any surplus seigniorage revenue, after covering costs, including the constitution of required reserves and return on capital.

The Bank's special tasks and its specific, unique role in Belgium caused the legislator to give this institution its own particular legal framework and a special form of governance.

This explains why a number of provisions in the Belgian corporate governance code obviously do not apply to the Bank.

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

It believes that, even though the Belgian corporate governance code is inappropriate to the Bank, it is its duty, in view of its dual status as a central bank and a listed company, to accept an obligation to provide extensive information and report on its activities to the public in general. That is the spirit in which it has drawn up this corporate governance charter.

2. Organisation, governance and supervision of the Bank

2.1 Comparison of the allocation of powers at the Bank and in limited liability companies governed by ordinary law

The table below shows the atypical character of the Bank's organisation.

2.2 Presentation of the Bank's organs and other institutions

The Bank's organs are the Governor, the Board of Directors, the Council of Regency, the Sanctions Committee and the Resolution College (cf. Article 17 of the Organic Law).

Other institutions of the Bank are the General Meeting, the representative of the Minister of Finance, the auditor and the Works Council.

The Bank's organs and their respective powers are fundamentally different from those of conventional public limited liability companies (see table).

2.3 Organs of the Bank

2.3.1 Governor

Powers

The Governor exercises the powers conferred on him by the Statute of the ESCB, the Organic Law, and the Bank's Statutes and Rules of Procedure.

He directs the Bank and its staff with the assistance of the Directors. He presides over the Board of Directors, arranging the implementation of its decisions, and over the meetings of the Council of Regency when it exchanges views as provided for in Article 20, point 2, first paragraph of the Organic Law. He also presides over the Resolution College and chairs the General Meeting. He attends the meetings of the Remuneration and Appointments Committee in an advisory capacity. He exercises direct authority over the members of staff, whatever their grade and their function.

At the General Meeting, he presents the annual accounts and the Annual Report which have been approved by the Council of Regency. He submits to the

Allocation of powers at the Bank and in public limited liability companies governed by ordinary law

The Bank		Public limited liability companies governed by ordinary law	
King	Appointment of the Governor Appointment of the Directors (on the proposal of the Council of Regency)	Appointment of the directors	General Meeting
General Meeting	Election of the Regents (from a dual list of candidates) Appointment of the auditor (on the proposal of the Works Council and with the approval of the EU Council of Ministers, on the recommendation of the ECB Governing Council) Hearing of the Annual Report Amendment of the Statutes except for Council of Regency prerogatives	Appointment of the auditors Hearing of the annual report, auditors' report and discharge of the auditors Amendment of the articles of association	
Council of Regency	Amendment of the Statutes to bring them into line with the Organic Law and international obligations which are binding on Belgium Discussion and approval of the annual accounts Approval of the Annual Report Appropriation of the profits Discharge of the Board of Directors Setting the remuneration of the members of the Board of Directors Approval of the budget	Discussion and approval of the annual accounts Appropriation of the profits Discharge of the directors Setting the remuneration of the Board of Directors	
Board of Directors	Definition of company policy <ul style="list-style-type: none"> ■ as central bank ■ as microprudential authority ■ as macroprudential authority Administration and management Drawing up of the annual accounts Preparation of the Annual Report Management and routine operation	Definition of company policy Administration and management Drawing up of the annual accounts Drawing up of the annual report Optional delegation of day-to-day management (day-to-day managers)	Board of Directors
Sanctions Committee	Pronounces on the imposition by the Bank of the administrative fines laid down by the laws applicable to the institutions that it supervises		
Resolution College	Resolution authority authorised to apply the resolution instruments and to exercise the resolution powers		
Representative of the Minister of Finance	Monitoring of the Bank's operations (right to oppose any measure which is contrary to the law, the Statutes or the interests of the State), except for those which come under the ESCB		

Chairmen of the Chamber of Representatives and the Senate the Annual Report referred to in Article 284.3 of the Treaty on the Functioning of the European Union, as well as a yearly report on the activities of the Bank in the field of prudential supervision. He may be heard by the competent committees of the Chamber of Representatives and of the Senate, at the request of those committees or on his own initiative.

He represents the Bank in legal proceedings

He submits proposals to the Board of Directors on the allocation of the Departments and Services among the Board's members, and on the representation of the Bank in national and international organisations and institutions.

He also has a seat on the ECB Governing Council, which decides *inter alia* on the monetary policy for the euro area.

Appointment

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

Thus, the EU and Belgian legislation ensures the personal independence of the Governor, both by the length of his term of office and by the restrictions on his removal from office.

2.3.2 Board of Directors

Powers

The Governor and the Directors jointly exercise their powers as members of the Board of Directors.

The Board of Directors is a collegiate body, responsible for the administration and management of the Bank in accordance with the Organic Law, the Statutes and the Rules of Procedure, and is in charge of the direction of its policy.

The Governor and the Directors each have authority over one or more of the Bank's departments and

services. They ensure that the latter implement, within the framework of their respective duties, the decisions taken by the organs.

The Board of Directors appoints and dismisses the members of staff and determines their salaries.

It has the right to make settlements and compromises. It exercises regulatory power in the cases laid down by law.

In Circulars or Recommendations, it lays down all measures with a view to clarifying the application of the legal or regulatory provisions whose application the Bank supervises. It provides opinions to the various authorities that exercise legal or regulatory power on all draft legislative or regulatory acts relating to the supervisory tasks with which the Bank is or may be charged.

It pronounces on all matters which are not expressly reserved for another organ by law, the Bank's Statutes or Rules of Procedure.

It draws up the budget and prepares the Annual Report and the annual accounts, which it submits to the Council of Regency for approval.

It decides on the investment of the capital, the reserves and the amortisation accounts after consultation with the Council of Regency and without prejudice to the regulations adopted by the ECB.

It proposes the Bank's Rules of Procedure for the approval of the Council of Regency.

The Bank's Board of Directors therefore exercises the powers of administration, management and strategic direction of the enterprise which are delegated to the administrative board in public limited liability companies governed by ordinary law, as well as the actual management powers.

It is not accountable for its activities to the General Meeting, which has no power to give it a discharge; instead, it is accountable to the Council of Regency to which it submits the Annual Report and the annual accounts. The approval of the annual accounts by the Council of Regency constitutes a discharge for the members of the Board of Directors.

Composition

The Board of Directors is composed of the Governor and a maximum of five Directors. It includes an equal number of French and Dutch speakers. The members of the Board of Directors must be Belgians.

The Directors are appointed by the King, on the proposal of the Council of Regency. The method of nominating the Directors was specifically designed by law in 1948 to emphasise the character of the Bank's activities as tasks performed in the public interest.

The Directors are appointed for a renewable term of six years.

The King confers the title of Vice-Governor on one of the Directors. The Vice-Governor replaces the Governor if the latter is unable to perform his duties, without prejudice to Article 10.2. of the Statute of the ESCB.

In order to avoid any conflict of interests, the Organic Law stipulates that, except in a limited number of specified instances, the members of the Board of Directors may not perform duties in commercial companies or companies which are commercial in form, or in public institutions engaged in industrial, commercial or financial activities. They are also prohibited from taking on certain political posts (as members of a parliament, government or ministerial cabinet).

The members of the Board of Directors may be removed from office by the King only if they have been guilty of serious misconduct or if they no longer fulfil the conditions required for the performance of their duties.

Thus, the Organic Law ensures the personal independence of the members of the Board of Directors, both by the length of their term of office and by the restrictions on their removal from office.

Functioning

The functioning of the Board of Directors is governed by the Organic Law, the Statutes and the Rules of Procedure.

The Board of Directors meets whenever circumstances dictate, and at least once a week. In urgent cases determined by the Governor, except for adopting

regulations, it may take decisions by written procedure or by using a voice telecommunications system.

If a member of the Board of Directors has, directly or indirectly, an interest relating to proprietary rights which conflicts with a decision or transaction within the sphere of competence of the Board of Directors, he informs the other members before the Board deliberates. He does not attend discussions concerning that transaction or decision and does not take part in the voting. His declaration and the reasons underlying the conflicting interest are entered in the minutes of the meeting. The Board of Directors describes in the minutes the nature of the decision or transaction, justifies the decision taken and specifies the implications in terms of proprietary rights of that decision for the Bank. Those minutes are included in the Annual Report for the year in question.

The Director concerned also informs the auditor of his conflicting interest. The auditor's report must contain a separate description of the implications in terms of proprietary rights for the Bank resulting from Board of Directors decisions involving a conflicting interest within the meaning of the previous paragraph.

2.3.3 Council of Regency

Powers

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

It has power to lay down the accounting rules for all aspects of the annual accounts which are not covered by the provisions of the Bank's Organic Law and are not mandatory for the compilation of the consolidated balance sheet of the Eurosystem. It approves the expenditure budget and the annual accounts. It has the power, as an independent body, to set the Bank's reserve and dividend policy. It determines the final distribution of the profits proposed by the Board of

Directors and ensures that the financial interests of the Bank, its shareholders and the State, as a sovereign State, are taken into account in a balanced manner.

It approves the Annual Report.

It amends the Statutes of the Bank in order to bring them into line with the Organic Law and the international obligations which are binding on Belgium.

On a proposal from the Board of Directors, it lays down the Rules of Procedure, containing the basic rules for the operation of the Bank's organs and the organisation of its departments, services and outside offices, and the code of conduct which must be respected by the members of the Board of Directors and the staff.

It appoints and dismisses the Secretary and the Treasurer.

The Council of Regency has the power to set remuneration policy and fix the salaries of the members of the Board of Directors, including the Governor, and of the Council of Regency. More detailed information about the remuneration policy and salaries is provided on an annual basis in the remuneration report which forms part of the Governance Statement included in the Annual Report.

The Council of Regency therefore exercises certain powers which, in companies governed by ordinary law, are reserved for the Board of Directors, and others reserved for the General Meeting of Shareholders. This is a very special organ which introduces an element of duality into the Bank's governance structure. Composed predominantly of non-executive members, the Council of Regency plays a key role in the appointment of Directors, remuneration and supervision, and does so on a more continuous basis than the special committees of ordinary companies, in view of the frequency of its meetings.

In regard to the budget, the Council of Regency is assisted by the Audit Committee, which has the power to examine the Bank's budget before it is submitted for approval to the Council of Regency.

The Audit Committee is established within the Council of Regency and is composed of three Regents appointed by the Council of Regency. The chair of the

Audit Committee is appointed by the Council of Regency. The Audit Committee exercises the advisory powers referred to in Article 21*bis* of the Organic Law (specified in the Audit Committee Regulations) and supervises the preparation and implementation of the Bank's budget. The Audit Committee Regulations further define the powers, composition and functioning of that committee.

In the performance of its duties in relation to remuneration and appointments, the Council of Regency is assisted by the Remuneration and Appointments Committee, which comprises three Regents appointed by the Council of Regency. The Governor attends the meetings of this committee in an advisory capacity. The Remuneration and Appointments Committee Regulations define the powers, composition and functioning of that committee.

Composition

The Council of Regency is composed of the Governor, the Directors and fourteen Regents. It includes an equal number of French- and Dutch-speaking Regents.

At least one third of the members of the Council of Regency are of a different gender than the other members.

The Regents are elected by the General Meeting for a renewable term of three years, on the basis of dual lists of candidates. Two Regents are chosen on the proposal of the most representative labour organisations, three on the proposal of the most representative organisations from industry and commerce, from agriculture and from small and medium-sized enterprises and traders, and nine on the proposal of the Minister of Finance.

The method of appointing the Regents has been organised in a special way. In the preparations for the Law of 28 July 1948 which amended the Organic Law and reorganised the Bank, the legislator expressed its desire that the method of appointing the Directors and Regents should ensure both the Bank's total independence vis-à-vis individual interests and the technical competence of the candidates. The procedure for proposing the Regents was designed to ensure that the various Belgian socio-economic interests were fairly represented.

In order to avoid any conflict of interests, the Organic Law stipulates that the Regents may not be members of the administrative, management or supervisory bodies of an institution subject to the supervision of the Bank, a Belgian institution or institution established in Belgium subject to the supervision of the ECB or a subsidiary of one of these institutions subject to the supervision of the ECB, nor may they perform management duties in such an institution or take on certain political posts (as members of a parliament, government or ministerial cabinet).

The Regents may be dismissed by the General Meeting of Shareholders deciding by a majority of three-quarters of the votes of the shareholders present, holding at least three-fifths of the shares.

One of the Regents is appointed President of the Council of Regency by the King. The President of the Council of Regency is independent within the meaning of Article 7:78, first paragraph of the Companies and Associations Code, comes from a different linguistic group than the Governor and is of a different gender than the Governor. The President of the Council of Regency presides over the meetings of the Council of Regency except when it exchanges views on the general issues referred to in Article 20, point 2 of the Organic Law. These exchanges of views are presided over by the Governor.

Functioning

The functioning of the Council of Regency is governed by the Organic Law, the Statutes and the Rules of Procedure.

The Council of Regency meets at least twenty times a year and passes its decisions by a majority of the votes. In urgent cases determined by the Governor, the Council of Regency may take decisions by written procedure or by using a voice telecommunications system.

If a member of the Council of Regency has, directly or indirectly, an interest relating to proprietary rights which conflicts with a decision within the sphere of competence of the Council of Regency, he informs the other members before the Council deliberates. He must not attend discussions concerning that decision, or take part in the voting. In particular, the Governor and the Directors are not permitted to attend the discussions and take part in the voting concerning the approval of the annual accounts.

2.3.4 Sanctions Committee

Powers

The Sanctions Committee pronounces on the imposition by the Bank of administrative fines laid down by the laws applicable to the institutions that it supervises. The rules of procedure for the imposition of administrative fines are set out in the Organic Law.

Composition

The Sanctions Committee is composed of six members appointed by the King:

- 1° a State counsellor or honorary State counsellor, appointed on a proposal from the First President of the Council of State;
- 2° a counsellor at the Court of Cassation or honorary counsellor at the Court of Cassation, appointed on a proposal from the First President of the Court of Cassation;
- 3° two magistrates who are neither counsellors at the Court of Cassation, nor at the Brussels Court of Appeal;
- 4° two other members.

The chairman is elected by the members of the Sanctions Committee from among the persons mentioned in 1°, 2° and 3°.

For the three years preceding their appointment, the members of the Sanctions Committee may not have been on either the Board of Directors of the Bank or the Resolution College of the Bank, or a member of the Bank's staff.

During the course of their mandate, members may not carry out any duties whatsoever or any mandate whatsoever in an institution subject to the supervision of the Bank or in a professional association representing institutions subject to the supervision of the Bank, nor may they provide services for a professional association representing institutions subject to the supervision of the Bank.

They are also prohibited from taking on certain political posts (as members of a parliament, government or ministerial cabinet).

The mandate of the members of the Sanctions Committee is six years and renewable. Members may be removed from office by the King only if they no longer fulfil the conditions for the performance of their duties or if they have been guilty of serious misconduct.

Functioning

The functioning of the Sanctions Committee is governed by the Organic Law, the Statutes and the Rules of Procedure which it has adopted.

The Sanctions Committee meets whenever the chairman deems necessary. Its decisions are passed by a majority of the votes.

Members of the Sanctions Committee may not deliberate in a case in which they have a personal interest that may influence their opinion.

2.3.5 Resolution College

Powers

The Resolution College is the body competent to perform the tasks of the resolution authority authorised to apply the resolution instruments and to exercise the resolution powers in accordance with the legislation on the status and supervision of credit institutions.

Composition

The Resolution College is composed of the following persons:

1° the Governor;

2° the Vice-Governor;

3° the Director of the Department in charge of the prudential supervision of banks and stockbroking firms;

4° the Director of the Department in charge of prudential policy and financial stability;

5° the Director designated by the Bank as the person responsible for resolution of credit institutions;

6° the President of the Management Committee of the Federal Public Service Finance;

7° the official in charge of the Resolution Fund;

8° four members designated by the King by Royal Decree deliberated in the Council of Ministers; and appointed in view of their particular expertise in banking and financial analysis; and

9° a magistrate designated by the King.

The Chairman of the Financial Services and Markets Authority attends Resolution College meetings in an advisory capacity.

The persons referred to in 8° and 9° are appointed for a renewable term of four years. These persons can be relieved of their duties by the authorities which have appointed them only if they no longer fulfil the conditions necessary for their role or in the event of serious misconduct.

Members of the Resolution College may not take on certain political posts (as members of a parliament, government or ministerial cabinet).

Functioning

The functioning of the Resolution College is governed by the Organic Law, the Royal Decree of 22 February 2015 and the Rules of Procedure which it has adopted.

Unless it is unable to do so, the Resolution College meets at least four times a year and whenever circumstances dictate or whenever three of its members request a meeting. Its decisions are passed by a majority of the votes. In urgent cases determined by its chairman, the Resolution College may take decisions by written procedure or by using a voice telecommunications system.

In the event of a conflict of interests, the member concerned refrains from taking part in the deliberations and the voting on the agenda items in question.

2.4 Other institutions of the Bank

2.4.1 General Meeting

Powers

The Ordinary General Meeting hears the Annual Report on the past year and elects the Regents for

the offices which have become vacant, in accordance with the stipulations of the Organic Law. It appoints the external auditor. It amends the Statutes in cases where that power is not reserved for the Council of Regency.

The General Meeting deliberates concerning the matters mentioned in the convening notice and those submitted to it by the Council of Regency.

The Organic Law does not confer organ status on the General Meeting, whose powers are limited.

Composition

The General Meeting is composed of the shareholders who have fulfilled the legal formalities for admission to the general meeting of a listed company.

The General Meeting represents the totality of the shareholders.

Functioning

The General Meeting is chaired by the Governor. The Ordinary General Meeting is held on the third Monday in May or, if that is a public holiday, on the next bank working day. An Extraordinary General Meeting may be convened whenever the Council of Regency deems fit. A meeting must be convened if the number of Regents falls below the absolute majority or if it is requested by shareholders representing one tenth of the capital stock.

Before the meeting is opened, the shareholders sign the attendance register.

The function of scrutineers shall be performed by the two shareholders present who own the largest number of shares, who do not form part of the administration and who accept this duty.

Each share confers entitlement to one vote.

All resolutions are passed by an absolute majority of the votes. If the votes are equally divided, the proposal is rejected. Voting will take place either electronically, by roll call, by a show of hands, or by ballot papers. Elections or dismissals take place by secret ballot.

Decisions passed in accordance with the rules are binding on all the shareholders.

Minutes are drawn up in respect of each meeting. They are signed by the tellers, the chairman and the other members of the bureau. They are published on the Bank's website. Exemplified copies and extracts to be issued to third parties are signed by the Secretary.

2.4.2 Representative of the Minister of Finance

Except as regards the tasks and operations within the domain of the ESCB, the tasks of prudential supervision and the tasks of the Bank in contributing to the stability of the financial system, the representative of the Minister of Finance supervises the Bank's operations, and suspends and brings to the attention of the Minister of Finance any decision which is contrary to the law, the Statutes or the interests of the State. If the Minister of Finance has not given a decision within one week of the suspension, the decision may be implemented.

The representative of the Minister of Finance attends, ex officio, in an advisory capacity, the meetings of the Council of Regency, the Audit Committee and the Remuneration and Appointments Committee.

He attends the General Meetings when he deems fit.

He reports to the Minister of Finance each year on the performance of his duties.

Via his representative, the Minister of Finance thus exercises, on behalf of the sovereign State, supervision over the Bank's activities in regard to tasks in the national interest.

The salary of the representative of the Minister of Finance is set by the said Minister in consultation with the management of the Bank, and is paid by the Bank.

2.4.3 Auditor

The auditor performs the auditing functions prescribed by Article 27.1 of the Protocol on the Statute of the ESCB and of the ECB, and reports to the Council of Regency on those activities. He certifies the annual accounts. He also performs certification functions for the attention of the ECB auditor.

He reports to the Works Council once a year on the annual accounts and the Annual Report. He certifies the accuracy and completeness of the information supplied

by the Board of Directors. He analyses and explains, particularly for the members of the Works Council appointed by the employees, the economic and financial information submitted to this Council, in terms of its significance in relation to the financial structure and the assessment of the Bank's financial position.

The auditor is appointed on the basis of a procedure in accordance with the public procurement legislation to which the Bank is subject. He is then appointed by the General Meeting of the Bank on the proposal of the Works Council. He must be approved by the EU Council of Ministers, on the recommendation of the ECB.

2.4.4 Works Council

Pursuant to the Law of 20 September 1948 on the organisation of the economy, the Bank has a Works Council, a joint consultation body composed of representatives of the employer and representatives of the staff, elected every four years.

The main function of the Works Council is to give its opinion and formulate any suggestions or objections in regard to all measures which could change the working arrangements, working conditions and efficiency of the enterprise.

Specific economic and financial information is made available by the Board of Directors, in accordance with the law.

2.5 Mechanisms for controlling the activities

A series of control mechanisms ranging from operational to external controls govern the Bank's activities and operations, ensuring that they proceed smoothly with due regard for the set objectives and in accordance with the dual concern for security and the economical use of resources.

The control requirements applicable to the Bank on account of its tasks as the country's central bank and its membership of the ESCB differ from, and extend beyond, those laid down in the Belgian corporate governance code recommended for public limited liability companies governed by ordinary law.

From the point of view of the general management of the enterprise, the Board of Directors is responsible

for establishing an internal control system and for ensuring its adequacy.

This internal control system is based on the concept of three lines of defence.

The departments and autonomous services take on *primary responsibility* for the actual operation of the internal control system. That involves:

- identifying, assessing and attenuating the risks of their entities;
- establishing adequate internal control and management systems in order to control the risks of their entities within the risk tolerance limits set by the Board of Directors;
- ensuring that their entities respect the objectives, policies and internal control.

Secondary responsibility for the actual operation of the internal control system rests with the members of the Board of Directors designated for this purpose:

- as regards financial risks, the Director-Treasurer is responsible for the Middle Office, which is in charge of identifying, assessing, managing and reporting on the risks resulting from the Bank's portfolio management activities. The Middle Office reports monthly and quarterly to the Board of Directors via the Director-Treasurer.
- as regards non-financial risks, the member of the Board of Directors designated for this purpose is responsible for Operational Risk Management (ORM), Business Continuity Management (BCM), the compliance function, information security, secondary aspects of physical security and of activities concerning banknotes.

The Internal Audit Service takes on *tertiary responsibility* for the actual operation of the internal control system.

The Internal Audit Service is tasked with giving the Board of Directors additional assurance, based on the highest degree of organisational independence and objectivity, concerning the effectiveness of the Bank's governance, risk management and internal control, including the attainment of the risk management and control objectives by the first and second lines of defence.

In order to guarantee its independence vis-à-vis the Departments and Services, the Internal Audit Service comes directly under the Governor and does not carry any direct operational responsibility. It reports to the Board of Directors and the Audit Committee.

The head of the Internal Audit Service is a member of the Internal Auditors Committee (IAC) of the ESCB. The Internal Audit Service conforms to the methodology, objectives, responsibilities and reporting procedure laid down within the ESCB, including those in the Eurosystem/ESCB Audit Charter approved by the ECB Governing Council. An Internal Audit Charter, approved by the Board of Directors and the Council of Regency on the proposal of the Audit Committee, describes the role of the audit function, its responsibilities and the powers conferred on it for the performance of its tasks.

Certain control functions are performed by specific administrative entities (e.g. the management of access to computer systems), while structural conflicts of interest are resolved by segregating the activities concerned (system of Chinese walls): thus, for example, the operation and oversight of the payment systems are entrusted to two different departments.

The Audit Committee supervises the preparation and implementation of the budget and takes note of the activities of the Internal Audit Service. Every year, its chair informs the Council of Regency and answers its questions.

The Audit Committee is responsible, in an advisory capacity, for the monitoring of the effectiveness of the internal control and risk management systems and the monitoring of the Bank's internal audit.

To that end, the Audit Committee periodically examines, in accordance with a plan which it draws up, the internal control and risk management systems set up by the various Departments and Services. It ensures that the main risks, including the risks relating to compliance with the current legislation and rules, are correctly identified, managed and drawn to its own attention and to that of the Board of Directors. The Audit Committee also examines the notes contained in the Annual Report concerning internal control and risk management.

The Audit Committee examines the effectiveness of the internal audit. It examines the internal

audit charter and verifies whether the Internal Audit Service has the resources and expertise appropriate to the nature, size and complexity of the Bank. Where appropriate, it makes recommendations on this subject to the Board of Directors. Before the internal audit's programme of work is approved by the Board of Directors, the Audit Committee examines that programme, taking account of the complementarity with the work of the statutory auditor. The Audit Committee receives the periodic internal audit reports. It examines the extent to which the Departments and Services take account of the internal audit's findings and recommendations. At the request of the Board of Directors, the Audit Committee gives its opinion concerning the profile of the internal audit officer.

The Audit Committee also assesses the relevance and consistency of the accounting rules drawn up by the Council of Regency.

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

The Bank is also subject to various external controls.

The first form of control is provided by the auditor, who verifies and certifies the Bank's accounts.

Except as regards the tasks and operations within the domain of the ESCB, the tasks of prudential supervision and the tasks of the Bank in contributing to the stability of the financial system, the representative of the Minister of Finance supervises the Bank's operations on the behalf of the Minister. The latter in fact has the right to monitor those operations and to oppose the implementation of any measure which would be contrary to the law, the Statutes or the interests of the State.

In addition, the Governor may be heard by the competent committees of the Chamber of Representatives and of the Senate, at the request of those committees or on his own initiative.

Finally, pursuant to the Statute of the ESCB and of the ECB, the Bank acts in accordance with the directions

and instructions of the ECB. The Governing Council takes the necessary measures to ensure compliance with those directions and instructions, and requires all necessary information to be supplied to it.

2.6 Rules of conduct

A code of conduct imposes strict rules of behaviour on the members of the Board of Directors and on the Bank's employees.

The members of the Board of Directors maintain the highest standards of professional ethics.

The members of the Bank's organs and staff are subject to strict professional secrecy pursuant to Article 35 of the Organic Law. They are also subject to the legal rules on insider trading and market manipulation.

The members of the Council of Regency – namely, the Directors and the Regents – have a legal obligation to submit an annual list of their mandates, duties and occupations to the Court of Auditors. In addition, they are bound to make an annual wealth declaration, unless there have been no appointments, terminations or renewals in the past year with regard to the mandates, duties and occupations that they have to declare.

The Bank's code of conduct lays down rules for members of the Board of Directors and of its staff on the holding of and transactions in the Bank's shares and shares or parts issued by certain enterprises subject to supervision by the Bank or the ECB, and rules on urgent withdrawals concerning certain enterprises subject to supervision by the Bank or the ECB. The Chairman of the Sanctions Committee and the competent Director exercise supervision over compliance with these provisions, respectively by the members of the Board of Directors and by the members of staff.

The Regents do not effect any transactions, for their own account or on behalf of a third party, in shares of the Bank or financial instruments relating to those shares during the annual closed period of thirty calendar days before publication of the annual accounts. Outside of those fixed closed periods, they exercise prudence in trading in the Bank's shares and refrain at all times from any speculative transaction in those shares. They also respect the closed periods fixed ad hoc by the Board of Directors.

2.7 The Secretary and the Treasurer

The Secretary draws up the minutes and the records of the meetings of the Board of Directors and of the Council of Regency. He draws up the minutes of the General Meeting of Shareholders and has them signed by the chairman of the General Meeting, the scrutineers and the other members of the bureau. He certifies copies conforming to the original. He deals with changes to the Bank's Rules of Procedure.

Under the Bank's internal control system based on the concept of three lines of defence, the Treasurer carries secondary responsibility for the management of all financial risks.

3. Shareholders

3.1 Capital and shares

The Bank's share capital totals ten million euro. It is represented by four hundred thousand shares of no face value. Two hundred thousand registered, non-transferable shares are held by the Belgian State. The two hundred thousand other registered, bearer or dematerialised shares are held by the public and listed on Euronext Brussels.

The share capital is fully paid up.

Except for those belonging to the State, the shares can be converted to registered or dematerialised shares, free of charge, at the owner's request.

Ownership of the registered shares is established by entry in the Bank's shareholders register. The registered shareholder receives a certificate which does not constitute a transferable instrument. Dematerialised shares are represented by an account entry in the name of their owner or holder with an authorised intermediary or with the settlement institution, S.A. Euroclear Belgium.

3.2 Shareholder structure

Since 1948, and pursuant to the Organic Law, the Belgian State has held two hundred thousand of the Bank's shares, or 50% of the total voting rights.

The Bank has no knowledge of other holdings of 5% or more of the voting rights.

3.3 Dividends

The setting of the dividends is organised by the Organic Law. A first dividend of 6% of the capital is guaranteed by all reserves. The second dividend corresponds to 50% of the net proceeds from the portfolio which the Bank holds as a counterpart to its total reserves. The second dividend is guaranteed by the available reserve, unless the level of the reserves were to fall too low as a result.

In view of the special nature of the Bank and its tasks in the public interest, including the primary objective of maintaining price stability, the dividend is largely dissociated from profit or loss. In this way, the shareholder is protected against the volatility of the Bank's results, which are influenced by the monetary policy of the Eurosystem and exogenous factors such as demand for banknotes or exchange rate movements.

4. Communication with shareholders and the public

4.1 Principles

As the country's central bank, the Bank performs special tasks in the public interest, on which it has to render account to the democratic institutions and to the public in general, and not only to its shareholders and employees.

4.2 Reports

Every year, the Bank publishes a Report providing the public with extensive information on recent economic and financial developments in Belgium and abroad. The summary presented by the Governor on behalf of the Council of Regency focuses on key events in the past year and delivers the Bank's main messages concerning economic policy.

Each year, the Bank also publishes a report on its activities in the field of prudential supervision, as well as a Corporate Report presenting for the shareholders' and the public's attention the Annual Report and the annual accounts for the preceding year and explaining the organisation and governance of the Bank.

These Reports are made available in printed form to the shareholders and the public. They are also

published on the Bank's website, which offers all the Annual Reports issued since 1998.

The Bank is not subject to the rules governing the drawing up and issuing of periodical information.

4.3 Relations with parliament

Pursuant to the Organic Law and the Statutes, the Governor may be heard by the competent committees of the Chamber of Representatives and of the Senate, at their request or on his own initiative. He shall send to the Chairmen of the Chamber of Representatives and the Senate the Annual Report on the activities of the Bank in the field of prudential supervision.

4.4 General Meetings

The Bank's Ordinary General Meeting provides an opportunity for shareholders and the Bank's management to meet. Every year at the meeting, the Board of Directors presents the Annual Report and the annual accounts for the past financial year.

4.5 Website

On its website, the Bank offers the public and the shareholders a large quantity of regularly updated information on its activities and operations, available at all times.

The Rules of Procedure, Audit Committee Regulations and Remuneration and Appointments Committee Regulations are available on the Bank's website.

5. Representation of the Bank and signing of acts

5.1 Representation of the Bank

The Governor represents the Bank in legal proceedings.

The Governor and the Board of Directors may expressly or tacitly grant special authority to represent the Bank.

5.2 Signing of acts

All acts which are binding upon the Bank may be signed either by the Governor, or, in the absence of the latter, by the Vice-Governor, either by a majority

of the members of the Board of Directors or by a Director together with the Secretary, without any need to substantiate their authority to third parties. They may also be signed by one or two persons mandated either by the Governor or by a majority of the members of the Board of Directors or by a Director together with the Secretary.

Moreover, routine administrative acts may be signed either by the Vice-Governor or a Director, or by the Secretary or the Treasurer or by one or two members of the staff mandated by the Board of Directors.

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