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PRESS RELEASE

Regulatory information communicated by the National Bank of Belgium

Treatment of the provisions for contingencies and for future exchange losses under the future reserve and dividend policy

The National Bank of Belgium has, as the country's central bank, an Organic Statute that includes specific rules on the allocation of the financial proceeds of its activities.

Parliament has adopted a far-reaching reform of the financial provisions of the National Bank's Organic Statute. The adopted draft law firstly provides for the abolition of the so-called 3% rule, by virtue of which the National Bank maintains the net financial proceeds of its activities up to 3% of the annual average of its net profit-earning assets; the remainder goes to the State. These 3% of the National Bank serve to cover its operational costs. The balance is distributed, under strict rules, between the shareholders, the employees and the reserves, while the State receives a priority share. As of the financial year 2009, the distribution of the proceeds will take place on the basis of the net results of the financial year, whereby the National Bank decides on the part of the annual profit to be reserved and on the dividend, the State receiving the balance. Under the new rules it will furthermore be possible to constitute available reserves.

As already announced, the National Bank will adjust its reserve and dividend policy in line with the new financial provisions of its Organic Statute once the law has been published in the *Moniteur belge/Belgisch Staatsblad*. As soon as it has been determined, the future reserve and dividend policy will be publicly announced.

Questions have been raised on the treatment of the Bank's provision for contingencies once the new financial statute applies. In view of the uncertainties that exist in this respect, the Bank has decided that, under the new reserve policy – which has yet to be worked out in detail by the Council of Regency – <u>the amounts of the provisions for contingencies and for future exchange losses will be added in full to the available reserves.</u> In future, such available reserves can, as a matter of fact, be used for the purposes for which the general provisions were established. At the end of 2008 the provision for future exchange losses amounted to EUR 150 million. The provision for contingencies is intended to cover the fluctuations affecting the Bank's results, and the credit risk and other risks inherent in the Bank's activities. It now stands at EUR 804 million.

The adopted draft law provides that, given sufficient profits, there will be a minimum second dividend equal to half of the net proceeds from the assets forming the counterpart to the reserve fund and the available reserves. The transfer of the whole of the two general provisions to the available reserves will therefore have an important positive impact on the amount of that minimum dividend.

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