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PRESS RELEASE

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Result and profit distribution for the year 2017

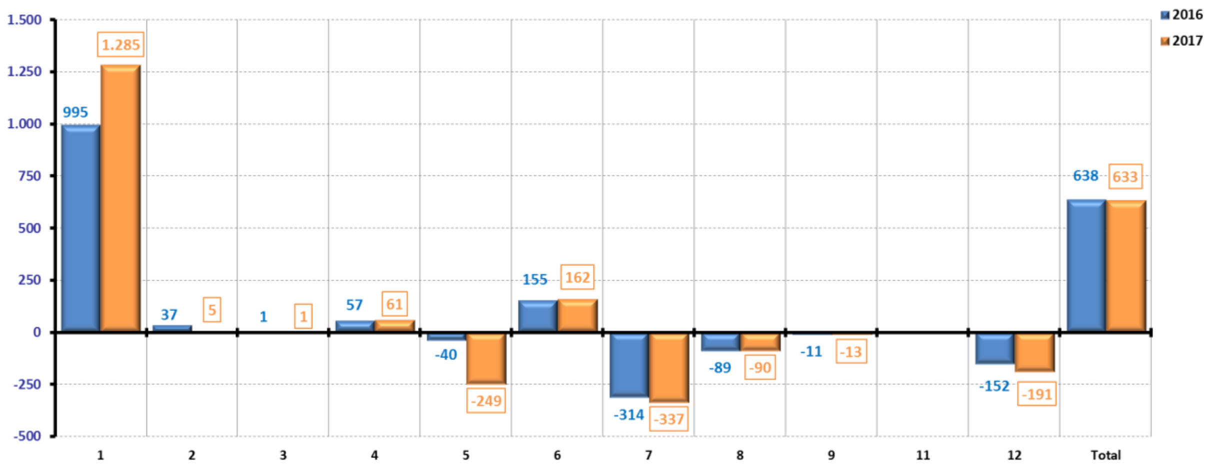
On this day, 28 March 2018, the Council of Regency of the National Bank of Belgium approved the 2017 annual accounts in accordance with Article 44 of the Statutes. The auditor has issued an unqualified opinion on the annual accounts and confirmed that the accounting data in this press release conform to the annual accounts.

The annual accounts and the Directors' Report are available on the Bank's website (www.nbb.be) in French and Dutch and will be shortly available in English.

Result

In 2017 the Bank made a net profit of € 633 million comparable to that in the previous year. The main factors explaining this status quo are detailed below:

General structure of the result *(€ 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 on tangible and intangible fixed assets
11. Other expenses
12. Corporate tax

Net interest income has risen sharply (+ € 290 million), but this was partly offset by the increase in the Bank's contribution to the monetary income (- € 208 million) and the decline in the net results of financial operations (- € 32 million).

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Corporate tax increased by € 39 million.

The main factors driving up the net interest income have been:

- the rise in the volume of the monetary policy asset purchase programmes (APP) (+ € 273 million) ;
- the increased volume and interest (+ € 199 million) on current accounts and the deposit facility (negative interest).

That effect was partially offset by:

- the decline in the volume of the Bank's own euro-denominated portfolios (- € 67 million);
- the decline in the volume of the monetary policy portfolios for which the purchase programmes ended (- € 39 million) ;
- lending at negative interest rates to credit institutions (- € 64 million).

The higher euro and dollar interest rates caused a reduction in unrealised capital gains on securities. In euros, the realised capital gains were down by € 10 million. Conversely, in dollars, temporary interest rate falls in the first half of the year enabled the Bank to realise larger capital gains on securities (+ € 17 million).

Following the euro's appreciation, the Bank recorded smaller realised capital gains on the dollar (- € 16 million) and unrealised losses on the yuan and the won (- € 20 million).

The Bank's contribution to the allocation of monetary income was larger than in the previous year (- € 208 million), mainly on account of its specific role in the Corporate Sector Purchase Programme (CSPP).

Corporate tax increased (+ € 39 million) due to the reduction in the risk capital allowance and the increase in taxable staff commitments.

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 timescales.

The estimate of the minimum level of risks at the end of 2017 resulted in a figure of around € 5,4 billion.

That amount comprises the financial risks on:

– the Bank's own securities portfolios in euros and in foreign currencies;
– the monetary policy 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 the NCBs (see notes 5 and 7 to the annual accounts).

The Expanded Asset Purchase Programme implies an increase in the risks that could put pressure on the Bank's results. Consequently, the Bank is maintaining its reserve policy at 50 % of the profit for the year for so long as the period of non-standard monetary measures persists.

Thus, an amount of € 316,3 million is allocated to the available reserve. Following the profit distribution, the Bank's buffers total € 5,8 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 € 127,63 per share, down by 9,3 % compared to the year 2016.

The balance of the profit for the year is assigned to the State in accordance with the Organic Law. For 2017, this amounts to € 265,3 million.

The dividend is payable on the fourth bank working day following the general meeting of shareholders, scheduled for 22 May 2018. On that date it will be paid automatically to holders of dematerialised shares and registered shares.

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