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PRESS RELEASE

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Result and profit distribution for the financial year 2021

On 30 March 2022, the Council of Regency of the National Bank of Belgium approved the annual accounts for 2021 in accordance with Article 44 of the Statutes. The auditor issued an unqualified opinion on the annual accounts and confirmed that the accounting data in this press release are consistent with the annual accounts.

The annual accounts and the Directors' Report are available on the Bank's website ([French](#) – [Dutch](#)).

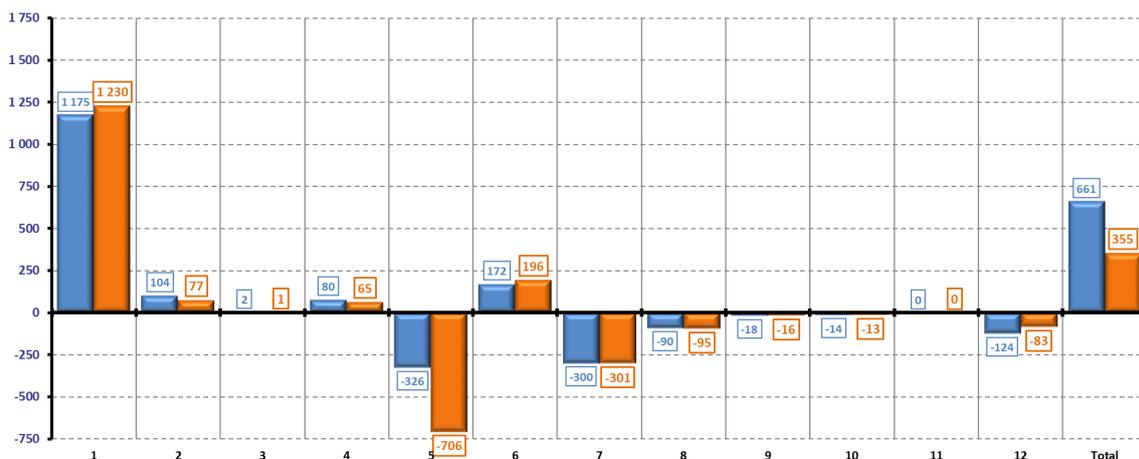
Result

In 2021 the Bank's net profit was lower than in the previous financial year (- € 306 million), at € 355 million.

The main explanatory factors 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/expenses 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
10. Banknote production services
11. Other expenses
12. Corporate tax

■ 2020
■ 2021

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:

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

- 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);
- 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.

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 either according to the value at risk/expected shortfall methodology, for which the Bank uses very cautious parameters with regard to probabilities and timescales, or 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 ECB 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 includes financial risks on:

- the Bank's own securities portfolios in euros and foreign currencies;
- the monetary policy securities portfolios shown on the Bank's balance sheet for which it bears the risks alone;
- the monetary policy credit operations and securities portfolios shown on the balance sheet of all Eurosystem NCBs, on 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. Moreover, 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 % on the 2021 financial year mainly due 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.

The dividend is payable on the fourth bank working day following the General Meeting of Shareholders, scheduled for 16 May 2022. On that date, it will be paid automatically to holders of dematerialised shares and registered shares.

Post-balance-sheet events

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.