

2. Annual accounts and reports on the financial year

2.1 Directors' report

2.1.1 Developments concerning the Bank's results and position

2.1.1.1 BALANCE SHEET

The balance sheet total is more or less stable, at €75.5 billion compared with €77.8 billion. In the year 2014 as in 2013, the banks saw an improvement in their euro liquidity, that led to a €4.3 billion reduction in their recourse to refinancing operations at the Bank, mainly longer-term refinancing operations like in the previous year, albeit to a lesser extent. Movements on the asset side of the balance sheet led on the liabilities side to a €3.1 billion fall in the net amount of outgoing payments via the TARGET2 payment system, as well as a reduction in the liabilities related to monetary policy operations (€3.0 billion). The increase in the ECB's capital subscription key, together with the growth of banknotes in circulation in the Eurosystem, has triggered a €2.5 billion increase in banknotes recorded on the liabilities side of the balance sheet.

Since gold and dollar assets had appreciated against the euro, the impact is felt in the revaluation accounts on the liabilities side (€1.1 billion).

The following table gives an overview of the securities portfolios, which account for a substantial proportion of the assets on the balance sheet.

On the balance sheet date, the two outright portfolios are marked to market. The HTM portfolios as well as the

SUMMARY OF THE FIXED-INCOME SECURITIES PORTFOLIOS AT BOOK VALUE

(in € billion)

| | 31-12-2014 | 31-12-2013 |
|------------------------------------------------------------------------|-------------|-------------|
| – fixed-income securities in foreign currencies ("outright portfolio") | 6.5 | 5.8 |
| – fixed-income securities in euro ("outright portfolio") | 5.8 | 5.6 |
| – fixed-income securities in euro held to maturity ("HTM portfolio") | 9.2 | 8.7 |
| – statutory portfolio of fixed-income securities in euro | 4.5 | 4.3 |
| Total portfolios on the Bank's own account | 26.0 | 24.4 |
| – securities held for monetary policy purposes | 7.0 | 7.6 |
| Total portfolios | 33.0 | 32.0 |

statutory and monetary policy portfolios are recorded at the amortised purchase price.

In the case of the monetary policy portfolios where the asset purchasing programmes (Covered Bond Purchase Programmes 1 and 2 and the Securities Markets Programme) came to an end, securities maturing were redeemed. However, a new Covered Bond Purchase Programme (CBPP3) and an Asset-Backed Securities Purchase Programme (ABSPP) were launched in autumn 2014.

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 year 2013,

supplementary fixed-income securities could thus be added to this portfolio.

The outright foreign currency-denominated securities portfolio was driven up almost exclusively by exchange rate effects. As regards the euro-denominated HTM portfolio, the Bank resumed securities purchases for part of the year.

Below is the geographical breakdown of the fixed-income securities in the own-account portfolios.

BREAKDOWN BY ISSUER COUNTRY OF THE FIXED-INCOME SECURITIES MANAGED BY THE BANK FOR ITS OWN ACCOUNT
(in € million)

| | Nominal value | Book value | Market value | Revaluation accounts |
|---------------------------------|-----------------|-----------------|-----------------|----------------------|
| Belgium | 6 321.7 | 6 537.2 | 7 422.9 | 16.8 |
| United States . . . | 4 052.5 | 4 142.7 | 4 142.7 | 65.5 |
| Germany | 2 697.3 | 2 802.7 | 2 898.9 | 50.9 |
| Spain | 1 935.7 | 1 967.9 | 2 122.9 | 2.3 |
| France | 2 614.1 | 2 692.6 | 2 838.6 | 12.8 |
| Austria | 982.3 | 1 014.8 | 1 153.0 | 6.1 |
| Ireland | 614.2 | 609.7 | 700.4 | – |
| Italy | 767.1 | 803.3 | 850.6 | 25.0 |
| Japan | 1 049.1 | 1 049.2 | 1 049.2 | 0.2 |
| International organisations . . | 777.4 | 799.9 | 872.4 | 7.5 |
| The Netherlands | 921.9 | 958.0 | 1 003.1 | 10.7 |
| Portugal | 389.2 | 391.0 | 429.1 | 9.5 |
| Greece | 336.6 | 337.0 | 294.8 | 9.5 |
| Switzerland | 910.7 | 914.2 | 914.2 | 6.5 |
| Other | 986.0 | 1 022.2 | 1 049.6 | 13.0 |
| Total | 25 355.8 | 26 042.4 | 27 742.4 | 236.3 |

If the Bank had sold all its own-account portfolios on the balance sheet date, it would have realised: (i) the gains currently recorded as unrealised in the revaluation accounts (€ 236.3 million), and (ii) the positive difference between the market value and the book value (€ 1 700 million). Altogether, an additional gain of € 1 936.3 million would thus have been recorded in the results.

The impairment tests carried out in 2014 did not lead to any write-downs on the Bank's own-account portfolios.

In order to determine the Bank's overall exposure to risk on fixed-income securities, it is necessary to take account of the Bank's share in the Eurosystem monetary policy

portfolios as well. However, communication on that subject falls within the competence of the ECB.

With a view to reducing the exchange rate risk on its US dollar-denominated assets, the Bank once again concluded forward contracts. Thus, in 2014, the net position in USD remained unchanged at \$ 2.2 billion. At the end of the financial year, the revaluation accounts recorded positive exchange differences against this currency of € 265 million.

2.1.1.2 RESULT

In 2014, the Bank made a net profit after tax of € 680 million, down by € 267 million, or 28.2 %, on the previous year.

The origin of this reduction in after-tax profits lies mainly in the interest income recorded on the various securities portfolios (–€ 134 million).

The outright and HTM portfolios were influenced by falling interest rates, while the outstanding amounts in the monetary policy portfolios declined.

The drop in short-term euro interest rates also had a downward influence on the results for monetary assets and liabilities, and in particular monetary policy operations, net claims related to the allocation of banknotes, monetary reserves and payment transfers via TARGET2 (–€ 57 million).

The easing of long-term interest rates enabled much higher capital gains made on securities held in portfolio than in 2013 (+€ 29 million). Likewise, potential losses on these securities came down substantially (+€ 28 million).

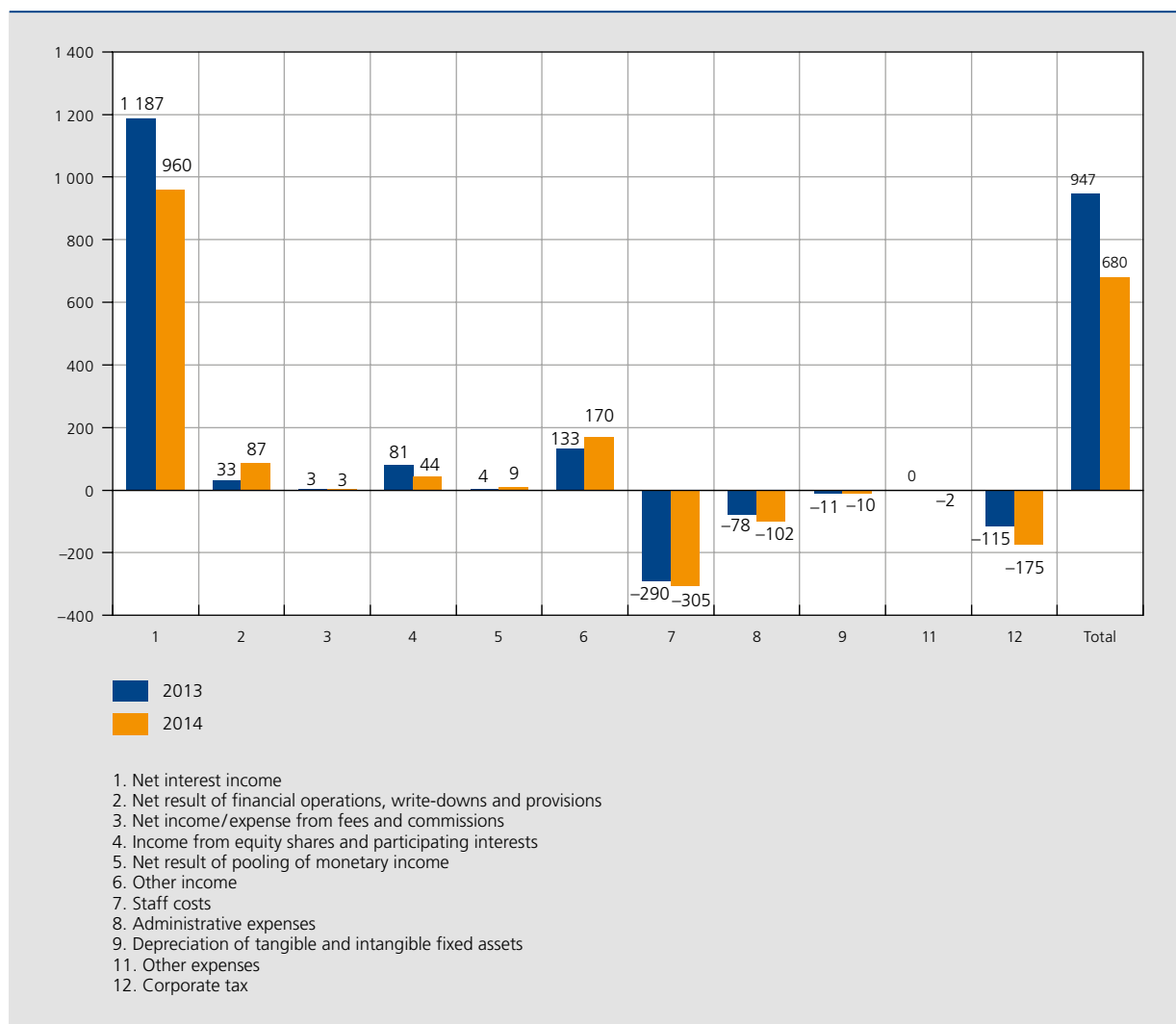
The fall in income from equity shares and participating interests results from the lower dividend received from the Bank's shares in the capital of the ECB and the BIS (–€ 19 million). In addition, the interim dividend paid out by the ECB for the year 2014 is also down by € 18 million.

The increase in other operating expenses should be set against the rise in other income. In fact, the consultancy costs incurred for the comprehensive assessment of banks have been fully recovered.

Despite the drop in the gross result, the corporation tax was € 60 million higher following the reduction in the State's share in the annual profits that is exempt from corporate tax.

GENERAL STRUCTURE OF THE RESULT

(in € million)



Source: NBB.

2.1.1.3 PROFIT DISTRIBUTION

An estimate of the risks that can be quantified forms the basis for setting the minimum amount of the Bank's reserves. The risks on assets that the Bank manages for its own account are quantified using the value-at-risk methodology, for which the Bank uses very cautious parameters in terms of probabilities and time horizons. For assessing the risk on its share in monetary policy operations and portfolios, the Bank bases its figures on ECB calculations.

The estimate of the risks at the end of 2014 amounts to a risk exposure of around € 4.9 billion, or € 0.6 billion less than a year earlier, not just on account of the reduction in monetary policy portfolios, but above all because of the

lower credit risk on the collateral received in the context of monetary policy operations.

However, the implications of the Expanded Asset Purchase Programme could lead to higher risks in the medium term, especially in a context of rising interest rates, thus putting the Bank's financial results under pressure.

Consequently, the Bank considers that greater caution is in order and has decided to set aside a supplementary reserve. For that reason, this year, 50% of the profit for 2014 (instead of 25%), i.e. a sum of 340 million, was allocated to the available reserve. This reserve policy will be reviewed each year.

Following the profit distribution, the Bank's financial buffers amount to € 4.9 billion. Furthermore, the current result forms the first buffer for covering losses. However, in the current circumstances, the financial results of past years do not predetermine future results.

The dividend policy remained unchanged, giving a gross dividend of € 144.92 per share, a drop of 12.5 % compared with the year 2013. This dividend takes account of the proceeds from a real estate sale. The balance of the annual profit accrues to the State in accordance with the Organic Law; for the year 2014, it comes to € 282 million.

2.1.2 Risk management

2.1.2.1 MANAGEMENT OF THE GOLD AND FOREIGN CURRENCY RESERVES, PORTFOLIOS OF SECURITIES IN EURO AND MONETARY POLICY OPERATIONS

Management of the gold and foreign currency reserves and that of the portfolios of euro-denominated securities exposes the Bank, like any financial institution, to financial risks (such as market and credit risks), and to operational risks.

The Bank defines a level of risk which it deems appropriate according to its risk aversion, the level of which depends among other things on its ability to take even exceptional losses. That level is reviewed regularly as the Bank's tasks evolve and develop, and in the light of actual or expected changes in market risks. The Bank then establishes a policy which aims to limit these risks and keep them at the pre-selected level. In particular, it determines the currency mix, the market mix and the strategic duration (and permitted deviations) of each bond portfolio 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 in order to estimate the potential losses in the event of a major market crisis. The limits set for the risk factors and the portfolio structure therefore reflect the level of risk which the Bank considers acceptable, and are adjusted if necessary on the basis of market developments and implications relating to the Bank's tasks, such as the formation of monetary policy portfolios (the Securities Markets Programme, Covered Bond Purchase Programmes, Outright Monetary Transactions, Asset-Backed Securities Purchase Programme).

Moreover, in order to limit its credit risk (risk of losses which could result from payment default – including debt restructuring – or deterioration in the credit quality of counterparties or issuers), the Bank gives preference

to sovereign risk instruments which have a high credit rating or which are collateralised, imposing strict limits on its other investments, especially bank deposits. It also demands a high rating for its investment instrument issuers and counterparties, and ensures that its investments are well diversified. In order to assess the credit risk of each issuer or counterparty, the Bank refers to the ratings accorded by a number of specialist agencies and uses "prediction" methods (such as "implied ratings") which take account of developments on certain markets (credit default swaps, stock market value, etc.), and financial ratios, and possibly financial analyses. For overall credit risk assessment, it uses the CreditMetrics method with very cautious parameters.

In order to improve the return on its USD assets in the long term, the Bank invests a very small proportion of them in corporate bonds. Specific rules have been drawn up for this type of bond (minimum rating, strict diversification constraint, etc.) to limit the credit risk and any losses.

The portfolios of securities in euro consist mainly of euro-denominated government paper issued by Member States of the European Union and bonds backed by first-rate claims (Pfandbriefe type or other covered bonds) which boost the expected yield.

As in the years 2012 and 2013, the markets continued to improve, leading to a substantial narrowing of the spreads on the debt of many euro area countries and other markets (notably the covered bond type).

Both market risks and credit risks for the portfolios are closely monitored. The Bank has risk management procedures in place to enable it to monitor the limits and criteria that securities must meet before they are bought into 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.

In regard to the lending transactions that the Bank makes in implementing the Eurosystem's monetary policy, a risk management framework is 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 can be applied in the Eurosystem. The risk management framework contains the eligibility

criteria, which make it possible, on the one hand, to draw up a single list of eligible securities and, on the other hand, to select non-marketable 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 allowed to define an additional framework for non-marketable assets, setting out eligibility rules and specific risk measures. These additional frameworks are approved by the Eurosystem. The Bank has not implemented any such framework.

2.1.2.2 INTEREST RATE RISK AND RISKS ASSOCIATED WITH THE VOLUME OF INTEREST-BEARING ASSETS

By far the most important component of the Bank's income is that obtained from issuing banknotes. For central banks, banknotes are unremunerated liabilities. As the counterpart, central banks hold interest-bearing or productive assets. The income from these assets is called "seigniorage income". It is pooled within the Eurosystem and redistributed among the central banks of the Eurosystem on the basis of their respective shares in the issuance of euro banknotes.

In return for the right of issue which it confers on the Bank, the State is entitled to the balance of the Bank's profits after the formation of reserves and payment of dividends. Thus, the State is the first to bear the consequences of the volatility in seigniorage income.

2.1.2.3 MANAGEMENT OF OPERATIONAL RISK AND BUSINESS CONTINUITY RISK

In 2013, the Bank confirmed the organisation of risk management on the standard three lines of defence and control model (line management, risk management and internal audit). All the non-financial risks are grouped under the generic name of "operational risks", as is customary in the Eurosystem central banks. Second-level operational risk management has been entrusted to the operational risk manager. This manager's responsibilities are based on the international standards generally applied and on risk management models used in the Eurosystem. The operational risk manager is also in charge of the Bank's business continuity management and the organisation of operational crisis management both at the Bank and in the wider Belgian financial sector.

In order to structure the operational risk management (ORM), five working groups have been formed, each being responsible for risks in a specific transverse field, namely IT security, physical security, business continuity management (BCM), legal compliance and strategic risk.

Each of these working groups works according to a multi-annual schedule approved by the Board of Directors.

During the year 2014, the IT security group concentrated mainly on cyber threats and cyber attacks, while the working groups on physical security and legal compliance focused on risks associated with the presence of non-NBB staff, sometimes instructed with carrying out crucial tasks, in the Bank's buildings. A register of ORM-related incidents has been compiled, with emphasis on the experience gained from actual incidents, in a bid to strengthen the Bank's resilience to operational incidents.

The general outline of the Bank's business continuity management (BCM) system is based partly on the 2004 recommendations of the former Financial Stability Committee (FSC) and partly on the resilience objectives endorsed by the Governing Council for the key tasks within the Eurosystem. The Bank has long had business continuity plans (BCPs) for all its critical activities. They are tested regularly. The Bank's business continuity manager is actively involved in dialogue within the Eurosystem. In this way, the Bank can make a constant comparison with the other Eurosystem central banks in the field of risks relating to BCM, BCP and crisis management.

Operational crisis management activities in the Belgian financial sector revolved mainly around the following axes in 2014: practical application of the lessons drawn from the sectoral operational crisis exercise carried out in 2013, followed by a draft business continuity circular put together by the prudential supervision services and intended for systemic players and the setting up of the role of sectoral contact point required under the 2011 Law on the protection of critical infrastructures in Belgium.

The operational crisis exercise held at sectoral level on 5 December 2013 brought together most of the critical players from the Belgian financial sector. It helped to point up certain areas for improvement in the existing crisis procedures. During the year 2014, solutions were developed to overcome these shortcomings, particularly as regards the organisation of a crisis unit and contact point with our main partners like Febelfin. As part of these sector-specific tests, the Bank is involved in a European working group where information is exchanged about the tests carried out in the financial sector, such as any crisis scenarios, sectoral crisis management, the lessons drawn from the sectoral tests, etc. This group is also looking into crises likely to have a cross-border impact.

At the request of the OCCO (operational crisis management structure in the financial sector), and with

a view to updating and replacing the business continuity recommendations that had been drawn up by the Financial Stability Committee in 2004, the Bank's supervision services have drafted a new set of recommendations addressed to systemic financial institutions. The next step involves consultations with the financial services industry.

In its capacity as sectoral authority for operational crisis management in the financial sector under the Law of 1 July 2011 on the protection of national critical infrastructures, the Bank took up its role as a contact point between the national Crisis Centre and the financial sector in view of the risk of power cuts or even a total black-out in Belgium. The Bank updated the existing impact analyses and held information exchange sessions with systemic players that could be affected.

2.1.3 Post-balance-sheet events

There were no post-balance-sheet events having a significant influence on the financial situation and results of the Bank as at 31 December 2014.

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

Securities purchasing under the Expanded Asset Purchase Programme that started in March 2015 will lead to a very substantial expansion of the Bank's balance sheet. The implications of this programme could lead to higher risks in the medium term, especially in a context of rising interest rates, and thus bring the Bank's financial results under pressure.

2.1.5 Research and development

The research and development activities focused mainly on the provision of services within the Eurosystem concerning, most notably, the circulation of banknotes. In particular, the Bank and its Printing Works made an important contribution to the development of the new € 20 banknote.

2.1.6 Conflict of interest

During the year under review, no member of the Board of Directors had, directly or indirectly, any interest relating to property conflicting with a decision or transaction for which the Board of Directors was responsible.

2.1.7 Financial instruments

In implementing monetary policy and managing its portfolios, the Bank uses financial instruments such as (reverse) repurchase agreements, currency and interest rate swaps and futures. The information on this subject is mentioned in the annual accounts, and in particular in the accounting principles and valuation rules (I.3 and I.7) and in the notes to the accounts (notes 2, 3, 5, 6, 9, 15, 16, 24, 37 and 38).

2.1.8 Expertise and independence of the Audit Committee

The Board of Censors is the Bank's Audit Committee.

In accordance with Article 36 of the Statutes, the Censors are chosen from among persons with specific qualifications in the field of supervisory procedures. They are experts in accountancy and auditing, in view of their training in economics and finance and/or their acknowledged professional experience in those fields. The majority of them satisfy the independence criteria mentioned in Article 526ter of the Company Code.

2.1.9 Corporate Governance statement

2.1.9.1 BELGIAN CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE CHARTER

For enterprises listed in Belgium, the Belgian Corporate Governance Code 2009 ("the Code") is the reference text on governance. The Code, which appears on the website www.corporategovernancecommittee.be, is a recommendation and sets out principles, provisions and lines of conduct in regard to governance which complement the legislation and cannot be interpreted in a manner contrary to the law.

Established in the form of a public limited company listed on the stock market, the Bank is Belgium's central bank. It forms an integral part of the Eurosystem whose primary aim is to maintain price stability. It also performs other tasks in the general interest entrusted to it by law. Its situation is therefore very different from that of an ordinary commercial company whose main objective is to maximise its profits.

In view of the pre-eminence of the Bank's tasks in the public interest, the law has given it a special legal framework. The provisions on public limited liability companies are applicable to it only additionally, i.e. in regard to matters not governed by the Treaty on the Functioning of the European Union, the Protocol on the Statutes of the

ESCB and the ECB annexed to that Treaty, the Organic Law and the Bank's Statutes, and provided that the provisions on public limited liability companies do not conflict with those priority rules. Moreover, as a member of the Eurosystem, the Bank is subject to special accounting rules. It also enjoys special status regarding the information disclosure obligations. For instance, the rules on the production and circulation of periodic information do not apply to the Bank.

The Bank's tasks in the public interest, which belong to its role as a central bank, also justify a special governance structure, laid down by its Organic Law and its Statutes. The specific provisions concerning the arrangements for appointing the members of its organs, the composition and specific role of the Council of Regency, the reduced powers of the General Meeting of Shareholders and the special arrangements for the exercise of supervision are intended to ensure that the Bank can perform the tasks in the public interest assigned to it with due regard for the independence requirements imposed by the Treaty.

That explains why certain provisions of the Belgian Corporate Governance Code, which is based on a governance model designed for ordinary companies with a monistic structure, with a board of directors which renders account to the general meeting of shareholders and whose members can be dismissed *ad nutum*, do not apply to the Bank.

Nevertheless, the Bank considers that the system of governance imposed on it partly by its own Organic Law and its Statutes, and partly by EU rules, is just as exacting as the recommendations of the Belgian Corporate Governance Code, or even more so in some respects, such as oversight.

In order to provide the public with full information on the corporate governance rules which it applies, the Bank has drawn up a Corporate Governance Charter which offers additional clarification regarding its organisation, governance and supervision. That Charter can be consulted on the Bank's website.

2.1.9.2 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN CONNECTION WITH THE FINANCIAL REPORTING PROCESS

The financial and operational risks associated with the Bank's activities, as well as the organisation of risk management according to the standard three lines of defence and control model (line management, risk management and internal audit) are discussed in point 2.1.2 of this report.

The Internal Audit Service systematically and methodically assesses the risk management, control and governance processes, and recommends ways of improving them. It bases its activities on the internal control system, and assesses whether that system is adequate and effective. It complies with the most widely accepted international auditing standards: the IIA's International Standards for the Professional Practice of International Auditing for operational audits, the ISACA (Information Systems Audit & Controls Association) standards for IT audits, the IFAC standards for financial audits and the IIA Code of Ethics. In regard to the ESCB audits, the Internal Audit Service conforms to the harmonised auditing approach devised by the ESCB.

In its capacity as the Audit Committee, the Board of Censors is responsible for monitoring the financial reporting process and ensures that the main risks, including those relating to compliance with the current legislation and rules, are correctly identified, managed and brought to its attention and to that of the Board of Directors. It also examines the notes on internal control and risk management in the Annual Report.

The Audit Committee discusses important questions relating to the financial reporting with the Board of Directors and the auditor. The Board of Directors informs the Audit Committee of the principles adopted for recording significant and abnormal transactions in cases where various accounting approaches are possible. The Audit Committee assesses the relevance and consistency of accounting rules drawn up by the Council of Regency, examines proposed changes to those rules and expresses an opinion on that subject. It also assesses the accuracy, exhaustiveness and consistency of the financial information and examines the annual accounts drawn up by the Board of Directors before they are discussed and approved by the Council of Regency.

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

In accordance with the Protocol on the 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. He/she reports to the Audit Committee on important questions which arise in the performance of his statutory auditing task, particularly on significant weaknesses in the

internal control regarding the financial reporting process. Each year, 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.

2.1.9.3 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) and Censors, to appoint the auditor, to take note of the annual accounts and the Annual Report, and to amend the Statutes on the proposal of the Council of Regency in cases where the latter does not itself have power to do so.

The Council of Regency amends the Statutes in order to bring them into line with the Organic Law and the international obligations which are binding on Belgium. Other amendments to the Statutes are made by the General Meeting of Shareholders on the proposal of the Council of Regency. The General Meeting has to be convened for that purpose and can only pass valid resolutions if the proposed amendments are mentioned in the convening notice and if the shareholders present or represented hold at least half of the share capital. If that proportion of the capital is not represented at a first meeting, a new meeting must be convened which can pass valid resolutions whatever the proportion of the capital held by the shareholders present or represented. Amendments to the Statutes must be approved by a three-quarters majority of the votes attached to all the shares present or represented at the General Meeting. They must also be approved by Royal Decree.

The dividend paid to shareholders is fixed by the Council of Regency. For details, see the Bank's reserve and dividend policy (point 2.2.7.3). The dividend is payable from the fourth working day following the General Meeting.

2.1.9.4 COMPOSITION AND FUNCTIONING OF THE ORGANS AND OTHER ACTORS

GOVERNOR

The Governor is appointed by the King for a renewable term of five years. He may be removed from office by the King only if he has been guilty of serious misconduct or if he no longer fulfils the conditions required for the performance of his duties. An appeal may be lodged with the Court of Justice of the European Union against such a decision.

A Royal Decree of 10 March 2014 extended Mr Luc Coene's mandate until 10 March 2015.

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.

Composition in 2014:

| Member | Function | Period |
|--------------------------------|--------------------|-------------------------|
| Luc Coene | Governor | 01-01-2014 – 31-12-2014 |
| Françoise Masai | Vice-Governor | 01-01-2014 – 31-05-2014 |
| Mathias Dewatripont | Director | 01-01-2014 – 31-05-2014 |
| | Vice-Governor | 01-06-2014 – 31-12-2014 |
| Jan Smets | Director | 01-01-2014 – 31-12-2014 |
| Marcia De Wachter | Director-Treasurer | 01-01-2014 – 31-12-2014 |
| Jean Hilgers | Director | 01-01-2014 – 31-12-2014 |
| Norbert De Batselier | Director | 01-01-2014 – 23-12-2014 |
| Pierre Wunsch | Director | 01-01-2014 – 31-12-2014 |
| Vincent Magnée | Director | 01-06-2014 – 31-12-2014 |
| Tom Dechaene | Director | 24-12-2014 – 31-12-2014 |

By a Royal Decree of 10 April 2014, Mr Vincent Magnée was appointed Director with effect from 1 June 2014. He replaced Mrs Françoise Masai, who retired on the same date.

The same Royal Decree of 10 April 2014 conferred the title of Vice-Governor on Director Mathias Dewatripont with effect from 1 June 2014. He took over this function from Mrs Françoise Masai, who retired on the same date.

By a Royal Decree dating from 13 December 2014, Mr Tom Dechaene was appointed Director with effect from 24 December 2014. He replaced Mr Norbert De Batselier, who retired on the same date.

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

The Board of Directors met 56 times in 2014 for central banking matters, 65 times for prudential supervision and three times to discuss macroprudential policy matters.

SPECIAL REPRESENTATIVES

In connection with the new prudential supervision architecture, two members of the Board of Directors of the former CBFA joined the Bank to advise the Board of Directors on the integration within the Bank of the competences and staff members which the Bank has taken over from the former CBFA. They have the title of special representative.

On 2 May 2013, the term of office of Mr Michel Flamée as a special representative ended. The term of office of Mr Rudi Bonte as a special representative ended on 2 May 2014.

SECRETARY

Mr Luc Dufresne performs the function of Secretary.

COUNCIL OF REGENCY

The Council of Regency is composed of the Governor, the Directors, and ten Regents. The Regents are elected by the General Meeting of Shareholders for a renewable term of three years. Two Regents are chosen on the proposal of the most representative labour organisations, three on the proposal of the most representative organisations from industry and commerce, from agriculture and from small and medium-sized enterprises and traders, and five on the proposal of the Minister of Finance. The terms of office of the Regents end after the Ordinary General Meeting. They leave office each year in groups, one of four members and the other two of three members. The Regent elected to replace a member who has died or resigned completes the term of office of the one whom he replaces.

Regents:

Mr Gérald Frère⁽¹⁾
Mr Didier Matray⁽¹⁾
Mr Rudy De Leeuw⁽³⁾
Mr Karel Van Eetvelt⁽¹⁾
Mrs Michèle Detaille⁽¹⁾
Mr Jean-François Cats⁽²⁾
Mrs Sonja De Becker⁽²⁾
Mr Marc Leemans⁽³⁾
Mr Jean-Louis Six⁽¹⁾
Mr Pieter Timmermans⁽²⁾

The Ordinary General Meeting on 26 May 2014 renewed the terms of office as Regents for Messrs Didier Matray, Karel Van Eetvelt and Jean-François Cats. These terms of office expire at the end of the Ordinary General Meeting in 2017.

The Council of Regency met 22 times in 2014. These meetings focused in particular on the approval of the 2013 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 budget for 2015 and, after examination by the Audit Committee's, it established on 11 February 2015 the accounting rules for the year 2014. It also took note of the report on the activities and auditing work of the Board of Censors. Finally, it discussed general questions relating to the Bank and to the Belgian, European and global economy.

BOARD OF CENSORS/AUDIT COMMITTEE

The Board of Censors is composed of ten members. The Censors are elected by the General Meeting of Shareholders for a renewable term of three years. They are chosen from among persons with special qualifications in the field of supervisory procedures. The terms of office of the Censors end after the Ordinary General Meeting. The Censors leave office each year in groups, one of four members and the other two of three members. The Censor elected to replace a member who has died or resigned completes the term of office of the one whom he replaces.

(1) Regent elected on the proposal of the Minister of Finance.

(2) Regent elected on the proposal of the most representative organisations from industry and commerce, from agriculture and from small and medium-sized enterprises and traders.

(3) Regent elected on the proposal of the most representative labour organisations.

Members:

Mr Jean-François Hoffelt
Mr Bernard Jurion
Mr Luc Carsauw
Mr Jan Vercamst
Mr Jean Eylenbosch
Mr David Szafran
Mrs Mia De Schampheleere
Mrs Christ' l Joris
Mrs Christine Lhoste
Mr Carl Devlies

The General Meeting on 26 May 2014 renewed the terms of office as Censors for Messrs Jan Vercamst and Jean Eylenbosch. Mrs Christine Lhoste and Mr Carl Devlies were elected as Censors to replace Mr Michel Moll and Mrs Francine Swiggers respectively. These terms of office expire at the end of the Ordinary General Meeting in 2017.

The Board of Censors met ten times in 2014. At these meetings, the Board of Censors, as the Audit Committee, examined *inter alia* the annual accounts and the Annual Report for the year 2013, took note of the work programme and the work of the Internal Audit Service, and checked the auditor's independence. The Board of Censors also supervised the preparation of the Bank's 2015 budget. In addition, it handed down a favourable opinion on amendments to the accounting rules for the year 2014.

BUDGET COMMITTEE

The Budget Committee is responsible for examining the Bank's budget before it is submitted to the Council of Regency for approval. It is chaired by a member of the Board of Censors and also comprises three Regents, two additional Censors, the representative of the Minister of Finance and – in an advisory capacity – the member of the Board of Directors responsible for the Controlling Department.

The Budget Committee is composed as follows:

Chairman: Mr. Bernard Jurion, Censor
Mr Gérald Frère, Regent
Mrs Michèle Detaille, Regent
Mr Karel Van Eetvelt, Regent
Mr Luc Carsauw, Censor
Mr Jan Vercamst, Censor
Mr Hans D'Hondt, representative of the Minister of Finance
Mr Pierre Wunsch, Director

This Committee met once in 2014. At that meeting, Director Pierre Wunsch commented on the key facts concerning the Bank's budget. The focus was first of all on funding the Bank's group insurance and then the budget forecasts were put into perspective with the NBB2020 strategic plan. The members also commented in some detail on the priorities for the 2015 financial year. Following an in-depth discussion, the Budget Committee gave a favourable opinion on the Bank's budget proposals for 2015.

REMUNERATION AND APPOINTMENTS COMMITTEE

The Remuneration and Appointments Committee advises the Council of Regency on the remuneration of the members of the Board of Directors, the Regents and Censors. It also expresses opinions for the attention of the organs and entities competent to propose candidates for vacancies on the Board of Directors, the Council of Regency and the Board of Censors, in order to enable those bodies and entities to respect all the legal, statutory and ethical rules applicable and to ensure that the composition of the Bank's organs is balanced in terms of competences and gender.

The Remuneration and Appointments Committee comprises two Regents, two Censors and the representative of the Minister of Finance. The Governor attends as an adviser.

The Remuneration and Appointments Committee is composed as follows:

Chairman: Mr Didier Matray, Regent
Mr Jean-François Cats, Regent
Mrs Christ' l Joris, Censor
Mr Carl Devlies, Censor
Mr Hans D'Hondt, representative of the Minister of Finance

The Remuneration and Appointments Committee met seven times in 2014. Its meetings are confidential. However, in order to demonstrate proper transparency in relation to the public, the activities and decisions of the Remuneration and Appointments Committee concerning remuneration policy and remuneration are spelt out in the remuneration report (see point 2.1.10).

SPECIAL FUND COMMITTEE

The Special Fund Committee is responsible for examining the allocation of the Special Fund for sponsorship by the Bank, prior to its approval by the Council of Regency. It is chaired by the Governor and also comprises two Regents, two Censors and one member of the Board of Directors.

The Special Fund Committee is composed as follows:

Chairman: Mr. Luc Coene, Governor
Mr Mathias Dewatripont, Vice-Governor
Mr Didier Matray, Regent
Mr Rudy De Leeuw, Regent
Mr Jean-François Hoffelt, Censor
Mrs Mia De Schamphelaere, Censor

The Special Fund Committee met once this year. On that occasion, it examined the various proposals for Bank sponsorship.

REPRESENTATIVE OF THE MINISTER OF FINANCE

Since 1 October 2012, Mr Hans D'Hondt has acted as representative of the Minister of Finance.

GENERAL MEETING OF SHAREHOLDERS

At the Ordinary General Meeting on 26 May 2014, the Vice-Governor and Director Pierre Wunsch reported on the operations of the financial year 2013. The Vice-Governor then read out the report of the Works Council on the annual information. The members of the Board of Directors answered numerous questions. Finally, the shareholders present conducted the necessary elections to fill the vacant posts of Regent and Censor, and agreed to the renewal of the auditor's term. The minutes of this General Meeting are available on the Bank's website.

AUDITOR

The firm Ernst & Young Bedrijfsrevisoren/Réviseurs d'entreprises, represented by Mrs Christel Weymeersch, acts as the Bank's auditor. The Ordinary General Meeting on 30 March 2011 had appointed this company for a three-year term, which was renewed for another three years by the General Meeting of Shareholders on 26 May 2014.

2.1.9.5 INITIATIVES ON GENDER EQUALITY

The Bank endeavours to have a balanced composition of its organs and entities, especially as regards gender.

2.1.10 Remuneration report

2.1.10.1 PROCEDURE FOR DEVELOPING THE REMUNERATION POLICY AND DETERMINING REMUNERATION

The Council of Regency is authorised to determine the remuneration policy and the remuneration of the members of the Board of Directors, including that of the Governor,

the Council of Regency and the Board of Censors. The Council of Regency is assisted by the Remuneration and Appointments Committee in the exercise of that power. The role, composition and functioning of the latter are set out in the Remuneration and Appointments Committee regulations, available on the Bank's website.

On the recommendation of the Remuneration and Appointments Committee, the Council of Regency decided to assess at least once a year the principles underlying the remuneration policy and the actual remuneration. In other words, the Council of Regency meets at least once a year to discuss remuneration. The Council of Regency may also at any time decide to hold additional meetings on this subject, e.g. in response to reports which it receives from the Remuneration and Appointments Committee, which meets at least twice a year.

The remuneration policy and the remuneration paid are discussed in the remuneration report which is included in the Annual Report each year. The present remuneration report relating to the year 2014 was prepared by the Remuneration and Appointments Committee at its meeting on 19 February 2015, and approved by the Council of Regency, in accordance with Article 30.5 of the Statutes, at its meeting on 25 March 2015.

2.1.10.2 STATEMENT ON THE REMUNERATION POLICY

PRINCIPLES UNDERLYING THE REMUNERATION

GOVERNOR, VICE-GOVERNOR AND DIRECTORS

The Council of Regency determines the salaries and pensions of members of the Board of Directors. The latter cannot be present during the discussions or the voting by the Council of Regency concerning their own remuneration.

Upon the advice of the Remuneration and Appointments Committee, and in light of the debate on salaries in the public sector, the Council of Regency decided to derogate from the policy that had been followed for many years which involved setting the remuneration of every new Governor, Vice-Governor or Director at the level of his predecessor. A lowering of remunerations by more than 12% across the board was agreed. This new salary level applies to Governors, Vice-Governors and Directors appointed from 1 June 2014 onwards, as well members of the Board of Directors whose term of office is renewed after this date.

Since the Bank, being a central bank, is unlike other listed companies in that maximising profits is not its primary

objective, the Organic Law stipulates that the remuneration of the Governor, the Vice-Governor and the Directors may not include a share in the profits. Consequently, their remuneration consists solely of a fixed component, with no variable element. No bonuses are paid.

The Governor and the other members of the Board of Directors hand over to the Bank the remuneration that they receive in respect of any external posts held in connection with their position at the Bank. As the sole exception to this principle, the Governor can keep the fee that he receives as a director of the Bank for International Settlements. However, reimbursement of the Governor's accommodation and furnishings expenses, as provided for by the Statutes, is not applied in practice.

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

Since 1 April 2011, the Bank's code of ethics has prohibited the Governor, Vice-Governor and Directors from holding shares issued by the Bank or by enterprises subject to the Bank's control, or derivative instruments with such shares as the underlying security, except for shares which they already held when taking office. They may trade such securities only with the prior authorisation of the Board of Directors. When determining whether to grant or refuse that authorisation, the Board of Directors takes account of a range of factors, such as the state of the market and the issuer of the securities in question, the size of the transaction, its justification and its urgency, the existence of unpublished information concerning the market or the issuer of the securities in question, and any risks to the Bank's reputation if the transaction takes place. The 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). In the year 2014 too, the Remuneration and Appointments Committee carried out an assessment of this pension plan in light of the legislation in force as well as any relevant case-law.

REGENTS AND CENSORS

The Regents and Censors receive attendance fees and travel expenses. The amount of these allowances is fixed by the Council of Regency, subject to the supervision of the Minister of Finance, exercised by his representative, and on the recommendation of the Remuneration and Appointments Committee.

The amount of the attendance fees comprises only a fixed component, with no variable element, and is granted for each meeting actually attended by members of the Council of Regency and the Board of Censors. The same attendance fees are paid to the Regents and Censors for each meeting attended by the members of the Remuneration and Appointments Committee, the Budget Committee and the Special Fund Committee, except if the meeting is held on the same day as a meeting of the Council of Regency or the Board of Censors.

The amount of the attendance fees is index-linked annually according to the movement in the health index, and is assessed periodically by the Council of Regency, on the recommendation of the Remuneration and Appointments Committee.

The calculation method and rules for granting travel expenses to the Regents and Censors are aligned with the rules of tax law (fixed allowance per kilometre).

RELATIVE IMPORTANCE OF THE VARIOUS REMUNERATION COMPONENTS

As explained above, the remuneration of the Governor, Directors, Regents and Censors comprises only a fixed component, and no variable remuneration.

CHARACTERISTICS OF PERFORMANCE BONUSES

No performance bonuses are paid in any form to the Governor, Directors, Regents and Censors.

INFORMATION ON THE REMUNERATION POLICY FOR THE NEXT TWO FINANCIAL YEARS

At its meeting on 25 March 2015, the Council of Regency analysed, assessed and confirmed the remuneration policy as described in this report, on the recommendation of the Remuneration and Appointments Committee. It did not propose any major changes for the coming financial years.

2.1.10.3 ATTENDANCE FEES PAID TO REGENTS AND CENSORS

The fee for attending the meetings of the Council of Regency, the Board of Censors, the Remuneration and Appointments Committee, the Budget Committee and the Special Fund Committee stood at € 515 gross per meeting attended in 2014.

(in €)

| | Attendance fees 2014 |
|----------------------------------------|----------------------|
| Regent | |
| Gérald Frère | 8 240 |
| Didier Matray | 11 330 |
| Rudy De Leeuw | 9 270 |
| Karel Van Eetvelt | 7 725 |
| Michèle Detaille | 7 725 |
| Jean-François Cats | 10 815 |
| Sonja De Becker | 7 725 |
| Marc Leemans | 8 240 |
| Jean-Louis Six | 4 635 |
| Pieter Timmermans | 10 815 |
| Censor | |
| Jean-François Hoffelt | 5 665 |
| Bernard Jurion | 5 150 |
| Luc Carsauw | 3 605 |
| Michel Moll ⁽¹⁾ | 1 030 |
| Jan Vercamst | 5 150 |
| Francine Swiggers ⁽¹⁾ | 1 545 |
| Jean Eylenbosch | 3 090 |
| David Szafran | 4 635 |
| Mia De Schampelaere | 3 605 |
| Christ'l Joris | 5 150 |
| Christine Lhoste ⁽²⁾ | 2 060 |
| Carl Devlies ⁽²⁾ | 3 605 |

(1) Member of the Board of Censors until 26 May 2014.

(2) Member of the Board of Censors with effect from 26 May 2014.

2.1.10.4 INFORMATION ON THE AMOUNT OF THE REMUNERATION PAID TO MEMBERS OF THE BOARD OF DIRECTORS AS MEMBERS OF THE COUNCIL OF REGENCY

The Governor, Vice-Governor and Directors do not receive any payment for the duties which they perform in the Council of Regency. Neither do they receive any payment for their positions on the Remuneration and Appointments Committee, the Budget Committee and the Special Fund Committee.

2.1.10.5 CRITERIA FOR ASSESSING PERFORMANCE IN CONNECTION WITH THE PAYMENT OF VARIABLE REMUNERATION

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

2.1.10.6 REMUNERATION AND OTHER BENEFITS GRANTED TO THE GOVERNOR, VICE-GOVERNOR AND OTHER MEMBERS OF THE BOARD OF DIRECTORS

Up until 31 May 2014, the annual gross salary for the post of Governor was € 550 234, while for the post of Vice-Governor it was € 442 022 and for the post of Director € 380 150. These remuneration levels have been lowered respectively to € 478 514, € 382 811 and € 330 009 for terms of office taking effect or being renewed from 1 June 2014 onwards.

These amounts are paid on the basis of self-employed status.

In accordance with the principles of the Organic Law and the remuneration policy determined by the Council of Regency, no variable remuneration is paid to the Governor, Vice-Governor and other members of the Board of Directors.

Under the pension plan, the Bank's contributions represent the amounts paid on the individual contracts of the members of the Board of Directors and the (non-individualised) amounts paid into the financing fund to spread the contributions evenly over time. For the year 2014, the Bank's contribution came to € 963 958.

Members of the Board of Directors are provided with a company car. For the past financial year, the value of this benefit in kind is assessed € 9 746.16 for the Governor and € 36 378.74 for all the other Directors taken together.

2.1.10.7 SHARES, SHARE OPTIONS AND OTHER RIGHTS TO ACQUIRE SHARES IN THE BANK

The Bank does not grant any shares, share options or other rights to acquire shares in the Bank to the Governor, Directors, Regents and Censors.

2.1.10.8 PROVISIONS ON SEVERANCE PAY FOR MEMBERS OF THE BOARD OF DIRECTORS

Pursuant to Article 26 of the Organic Law, the Governor, Vice-Governor and other members of the Board of Directors may not hold any office in institutions which are subject to the Bank's supervision until one year after leaving office. On the recommendation of the Remuneration and Appointments Committee, the Council of Regency therefore decided that, as a general principle, a payment equivalent to 12 months' salary can be made to members of the Board of Directors whose term of office is not renewed, so long as they do not take up any new professional activities and have not attained the age of 67 years. The Council of Regency will always ensure that these conditions are fulfilled on a case-by-case basis.

2.1.10.9 DECISIONS ON SEVERANCE PAY

No severance pay was granted to members of the Board of Directors in 2014.

2.1.10.10 RIGHT TO RECLAIM VARIABLE REMUNERATION

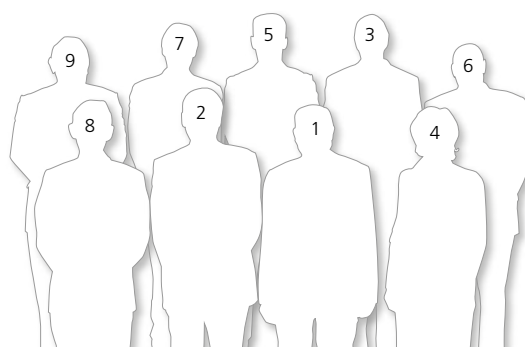
As already stated, the remuneration of the Governor, Directors, Regents and Censors comprises solely a fixed component and no variable remuneration is paid.

Board of Directors

as at 15 December 2014



- 1 **Luc Coene**, GOVERNOR
- 2 **Mathias Dewatripont**, VICE-GOVERNOR
- 3 **Jan Smets**, DIRECTOR
- 4 **Marcia De Wachter**, DIRECTOR – TREASURER
- 5 **Jean Hilgers**, DIRECTOR
- 6 **Norbert De Batselier**, DIRECTOR⁽¹⁾
- 7 **Pierre Wunsch**, DIRECTOR
- 8 **Vincent Magnée**, DIRECTOR
- 9 **Luc Dufresne**, SECRETARY

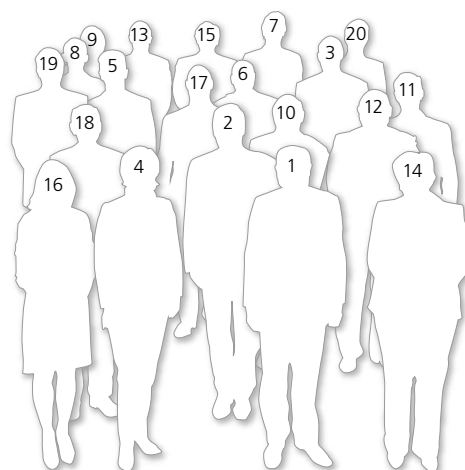


(1) Director De Batselier ended his term of office on 24 December 2014. Mr Tom Dechaene was appointed to the post of Director on the same date.

Council of Regency



- 1 **Luc Coene**, GOVERNOR
- 2 **Mathias Dewatripont**, VICE-GOVERNOR
- 3 **Jan Smets**, DIRECTOR
- 4 **Marcia De Wachter**, DIRECTOR – TREASURER
- 5 **Jean Hilgers**, DIRECTOR
- 6 **Norbert De Batselier**, DIRECTOR⁽¹⁾
- 7 **Pierre Wunsch**, DIRECTOR
- 8 **Vincent Magnée**, DIRECTOR
- 9 **Luc Dufresne**, SECRETARY
- 10 **Gérald Frère**, REGENT
- 11 **Didier Matray**, REGENT
- 12 **Rudy De Leeuw**, REGENT
- 13 **Karel Van Eetvelt**, REGENT
- 14 **Michèle Detaille**, REGENT
- 15 **Jean-François Cats**, REGENT
- 16 **Sonja De Becker**, REGENT
- 17 **Marc Leemans**, REGENT
- 18 **Jean-Louis Six**, REGENT
- 19 **Pieter Timmermans**, REGENT
- 20 **Hans D’Hondt**, REPRESENTATIVE OF THE MINISTER OF FINANCE



(1) Director De Batselier ended his term of office on 24 December 2014. Mr Tom Dechaene was appointed to the post of Director on the same date.

2.2 Annual accounts

2.2.1 Balance Sheet

(before profit distribution)

ASSETS

(in € thousand)

| | See note below | 31-12-2014 | 31-12-2013 |
|------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| 1. Gold and gold receivables | 1 | 7 222 523 | 6 370 322 |
| 2. Claims on non-euro area residents denominated in foreign currency .. | 2 | 13 826 457 | 13 108 998 |
| 2.1 Receivables from the IMF | | 7 234 732 | 7 233 510 |
| 2.2 Balances with banks and security investments, external loans and other external assets | | 6 591 725 | 5 875 488 |
| 3. Claims on euro area residents denominated in foreign currency | 3 | 455 438 | 269 221 |
| 4. Claims on non-euro area residents denominated in euro | 4 | 562 552 | 554 635 |
| 5. Lending to euro area credit institutions related to monetary policy operations denominated in euro | 5 | 11 675 601 | 15 985 000 |
| 5.1 Main refinancing operations | | 500 000 | 1 700 000 |
| 5.2 Longer-term refinancing operations | | 10 334 950 | 14 285 000 |
| 5.3 Fine-tuning reverse operations | | – | – |
| 5.4 Structural reverse operations | | – | – |
| 5.5 Marginal lending facility | | 840 651 | – |
| 5.6 Credits related to margin calls | | – | – |
| 6. Other claims on euro area credit institutions denominated in euro ... | 6 | 1 168 | 2 177 |
| 7. Securities of euro area residents denominated in euro | 7 | 21 484 163 | 21 369 099 |
| 7.1 Securities held for monetary policy purposes | | 7 040 768 | 7 602 663 |
| 7.2 Other securities | | 14 443 395 | 13 766 436 |
| 8. Intra-Eurosystem claims | 8 | 14 428 535 | 14 244 003 |
| 8.1 Participating interest in ECB capital | | 287 101 | 263 981 |
| 8.2 Claims equivalent to the transfer of foreign currency reserves | | 1 435 911 | 1 401 024 |
| 8.3 Net claims related to the allocation of euro banknotes within the Eurosystem | | 12 705 523 | 12 578 998 |
| 8.4 Other claims within the Eurosystem (net) | | – | – |
| 9. Other assets | 9 | 5 868 139 | 5 896 912 |
| 9.1 Coins of euro area | | 9 843 | 8 960 |
| 9.2 Tangible and intangible fixed assets | | 402 020 | 399 823 |
| 9.3 Other financial assets | | 4 861 766 | 4 626 991 |
| 9.4 Off-balance-sheet instruments revaluation differences | | – | 119 044 |
| 9.5 Accruals and prepaid expenditure | | 548 854 | 703 909 |
| 9.6 Sundry | | 45 656 | 38 185 |
| Total assets | | 75 524 576 | 77 800 367 |

LIABILITIES

(in € thousand)

| | See note below | 31-12-2014 | 31-12-2013 |
|------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| 1. Banknotes in circulation | 10 | 33 113 725 | 30 574 015 |
| 2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro | 11 | 10 763 491 | 13 797 835 |
| 2.1 Current accounts (covering the minimum reserve system) | | 6 975 888 | 10 620 579 |
| 2.2 Deposit facility | | 3 787 603 | 852 256 |
| 2.3 Fixed-term deposits | | – | 2 325 000 |
| 2.4 Fine-tuning reverse operations | | – | – |
| 2.5 Deposits related to margin calls | | – | – |
| 3. Other liabilities to euro area credit institutions denominated in euro | 12 | – | – |
| 4. Liabilities to other euro area residents denominated in euro | 13 | 286 264 | 268 209 |
| 4.1 General government | | 49 107 | 126 267 |
| 4.2 Other liabilities | | 237 157 | 141 942 |
| 5. Liabilities to non-euro area residents denominated in euro | 14 | 158 834 | 439 926 |
| 6. Liabilities to euro area residents denominated in foreign currency | 15 | – | – |
| 7. Liabilities to non-euro area residents denominated in foreign currency | 16 | – | – |
| 8. Counterpart of special drawing rights allocated by the IMF | 17 | 5 155 155 | 4 834 795 |
| 9. Intra-Eurosystem liabilities | 18 | 12 334 828 | 15 454 263 |
| 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) | | 12 334 828 | 15 454 263 |
| 10. Other liabilities | 19 | 739 492 | 526 727 |
| 10.1 Off-balance-sheet instruments revaluation differences | | 119 325 | – |
| 10.2 Accruals and income collected in advance | | 11 696 | 10 959 |
| 10.3 Sundry | | 608 471 | 515 768 |
| 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 | 7 408 511 | 6 309 603 |
| 13. Capital, reserve fund and available reserve | 22 | 4 884 714 | 4 648 111 |
| 13.1 Capital | | 10 000 | 10 000 |
| 13.2 Reserve fund: | | | |
| Statutory reserve | | 1 168 694 | 1 168 694 |
| Extraordinary reserve | | 1 152 963 | 1 150 831 |
| Amortisation accounts in respect of tangible and intangible fixed assets | | 341 942 | 344 191 |
| 13.3 Available reserve | | 2 211 115 | 1 974 395 |
| 14. Profit for the financial year | 23 | 679 562 | 946 883 |
| Total liabilities | | 75 524 576 | 77 800 367 |

2.2.2 Profit and loss account

(in € thousand)

| | See note below | 31-12-2014 | 31-12-2013 |
|-------------------------------------------------------------------------------------|-------------------|-----------------|------------------|
| 1. Net interest income | 24 | 960 225 | 1 186 500 |
| 1.1 Interest income ⁽¹⁾ | | 1 037 082 | 1 349 183 |
| 1.2 Interest expense ⁽¹⁾⁽²⁾ | | -76 857 | -162 683 |
| 2. Net result of financial operations, write-downs and provisions | 25 | 87 499 | 32 876 |
| 2.1 Realised gains/losses arising from financial operations ⁽¹⁾⁽²⁾ | | 89 051 | 62 776 |
| 2.2 Write-downs on financial assets and positions ⁽²⁾ | | -1 552 | -29 900 |
| 2.3 Transfer to/from provisions | | - | - |
| 3. Net income/expense from fees and commissions | 26 | 2 852 | 3 451 |
| 3.1 Fees and commissions income | | 8 041 | 9 307 |
| 3.2 Fees and commissions expense | | -5 189 | -5 856 |
| 4. Income from equity shares and participating interests⁽¹⁾ | 27 | 44 058 | 80 521 |
| 5. Net result of pooling of monetary income | 28 | 8 821 | 4 124 |
| 6. Other income⁽¹⁾ | 29 | 170 193 | 133 006 |
| 7. Staff costs | 30 | -304 575 | -290 224 |
| 8. Administrative expenses⁽¹⁾ | 31 | -101 878 | -77 581 |
| 9. Depreciation of tangible and intangible fixed assets | 32 | -10 026 | -10 729 |
| 10. Banknote production services | 33 | n. | n. |
| 11. Other expenses | 34 | -2 131 | -41 |
| 12. Corporate tax | 35 | -175 476 | -115 020 |
| Profit for the year | | 679 562 | 946 883 |
| (1) Of which proceeds from statutory investments and similar: | | | |
| 1.1 Interest income | | 142 651 | 139 446 |
| 1.2 Interest expense | | - | - |
| 2.1 Realised gains/losses arising from financial operations | | 4 228 | 19 897 |
| 4. Income from equity shares and participating interests | | 12 185 | 18 238 |
| 6. Other income: Proceeds from sale of real estate | | 6 637 | 4 130 |
| 8. Administrative expenses: Costs related to the sale of real estate | | -33 | -269 |
| Total | | 165 668 | 181 442 |
| (2) Of which due to (-) / by (+) the State: | | | |
| 1.2 Interest expense | | -33 708 | -36 279 |
| 2.1 Realised gains/losses arising from financial operations | | 2 196 | 5 716 |
| 2.2 Write-downs on financial assets and positions | | - | 683 |
| Total | | -31 512 | -29 880 |

2.2.3 Profit distribution

(in € thousand)

| | See note below | 2014 | 2013 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------|----------------|
| Profit for the financial year | 36 | 679 562 | 946 883 |
| 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 | | 339 781 | 236 721 |
| 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 | | 57 368 | 65 640 |
| 4. The balance shall be allocated to the State; it shall be exempt from corporate tax | | 281 813 | 643 922 |

2.2.4 Dividend per share

(in €)

| | 2014 | 2013 |
|-----------------------|--------|--------|
| Gross dividend | 144.92 | 165.60 |
| Withholding tax | 36.23 | 41.40 |
| Net dividend | 108.69 | 124.20 |

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

2.2.5 Off-Balance-Sheet Items

(in € thousand)

| | See note below | 31-12-2014 | 31-12-2013 |
|-------------------------------------------------------------------------|-------------------|----------------|----------------|
| Forward transactions in foreign currencies and in euro | 37 | | |
| Forward claims | | 8 781 155 | 8 305 354 |
| Forward liabilities | | 8 903 047 | 8 186 193 |
| Forward transactions on interest rate and fixed-income securities | 38 | 675 122 | 120 108 |
| Liabilities which could lead to a credit risk | 39 | | |
| Commitments towards international institutions | | 10 824 680 | 10 772 810 |
| Commitments towards other institutions | | 495 666 | 328 106 |
| Valuables and claims entrusted to the institution | 40 | | |
| For encashment | | 42 | 60 |
| Assets managed on behalf of the Treasury | | 148 933 | 131 561 |
| Assets managed on behalf of the ECB | | 1 633 888 | 1 438 199 |
| Custody deposits | | 701 537 633 | 705 036 999 |
| Capital to be paid up on participations | 41 | 224 022 | 210 101 |

2.2.6 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 | 1 784.30 | 1 315.00 | 469.30 |
| Part-time | 658.30 | 192.00 | 466.30 |
| Total in full-time equivalents (FTE) | 2 264.53 | 1 459.70 | 804.83 |
| b. Number of hours actually worked | | | |
| Full-time | 2 494 164.60 | 1 865 518.65 | 628 645.95 |
| Part-time | 605 115.88 | 191 296.85 | 413 819.03 |
| Total | 3 099 280.48 | 2 056 815.50 | 1 042 464.98 |
| c. Staff costs (in €) | | | |
| Full-time | 189 485 091 | 125 818 100 | 63 666 991 |
| Part-time | 94 806 822 | 62 951 730 | 31 855 092 |
| Total | 284 291 913 | 188 769 830 | 95 522 083 |
| d. Amount of benefits additional to wages | 2 299 318 | 1 526 747 | 772 571 |
| 2. During the previous financial year | | | |
| Average number of workers in FTEs | 2 300.77 | 1 489.70 | 811.07 |
| Number of hours actually worked | 3 171 179.87 | 2 104 093.95 | 1 067 085.92 |
| Staff costs (in €) | 270 590 562 | 179 672 133 | 90 918 429 |
| Amount of benefits additional to wages (in €) | 2 967 809 | 1 970 625 | 997 184 |
| | Full-time | Part-time | Total in full-time equivalents |
| 3. On the balance sheet date | | | |
| a. Number of workers | 1 756 | 657 | 2 234.76 |
| b. By type of employment contract | | | |
| Permanent contract | 1 681 | 653 | 2 156.96 |
| Fixed-term contract | 75 | 4 | 77.80 |
| Contract for a specific project | – | – | – |
| Substitution contract | – | – | – |
| c. By gender and level of education | | | |
| Men | 1 287 | 196 | 1 434.30 |
| Elementary | 151 | 25 | 169.40 |
| Secondary | 354 | 86 | 417.50 |
| Higher non-university | 300 | 48 | 338.20 |
| University | 482 | 37 | 509.20 |
| Women | 469 | 461 | 800.46 |
| Elementary | 91 | 98 | 159.46 |
| Secondary | 124 | 202 | 266.70 |
| Higher non-university | 80 | 105 | 157.20 |
| University | 174 | 56 | 217.10 |
| d. By occupational category | | | |
| Management staff | 20 | 0 | 20.00 |
| Clerical workers | 1 736 | 657 | 2 214.76 |
| Manual workers | – | – | – |
| Other | – | – | – |

B. AGENCY STAFF AND PERSONS ON SECONDMENT

| | Agency staff | Persons on secondment |
|------------------------------------------|--------------|-----------------------|
| During the financial year | | |
| Average number of persons employed | 0.11 | – |
| Number of hours actually worked | 174 | – |
| Costs to the enterprise (in €) | 3 502.90 | – |

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 | 250 | 5 | 253.60 |
| b. By type of employment contract | | | |
| Permanent contract | 40 | 1 | 40.80 |
| Fixed-term contract | 210 | 4 | 212.80 |
| 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 | 285 | 35 | 308.50 |
| b. By type of employment contract | | | |
| Permanent contract | 69 | 32 | 90.60 |
| Fixed-term contract | 216 | 3 | 217.90 |
| Contract for a specific project | – | – | – |
| Substitution contract | – | – | – |
| c. By reason for termination of contract | | | |
| Retirement | 52 | 28 | 70.90 |
| Unemployment with company supplement | – | – | – |
| Redundancy | 7 | 1 | 7.60 |
| Other reason | 226 | 6 | 230.00 |
| 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 | 1 201 | 711 |
| Number of hours of training completed | 30 726 | 19 892 |
| Net cost to the enterprise (in €) | 4 439 383 | 2 874 055 |
| of which: | | |
| Gross cost directly relating to training | 4 439 383 | 2 874 055 |
| 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 | 1 434 | 848 |
| Number of hours of training completed | 28 971 | 15 261 |
| Net cost to the enterprise (in €) | 2 578 709 | 1 358 382 |
| 3. Basic vocational training at the employer's expense | | |
| Number of workers concerned | - | - |
| Number of hours of training completed | - | - |
| Net cost to the enterprise | - | - |

2.2.7 Notes to the annual accounts

2.2.7.1 LEGAL FRAMEWORK

The annual accounts are drawn up in accordance with Article 33 of the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium, which provides that:

“The accounts and, if appropriate, the consolidated accounts of the Bank shall be drawn up:

1° in accordance with this Law and the mandatory rules drawn up pursuant to Article 26.4 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank;

2° and otherwise in accordance with the rules laid down by the Council of Regency.

Articles 2 to 4, 6 to 9 and 16 of the Law of 17 July 1975 on business accounting and their implementing decrees shall apply to the Bank with the exception of the decrees implementing Articles 4 (6) and 9, § 2.”

The mandatory rules referred to in Article 33 (1) are defined in the Guideline of the ECB of 11 November 2010 on the legal framework for accounting and financial reporting in the European System of Central Banks (re-cast) (ECB/2010/20), OJ L35 of 09/02/2011, as amended by the Guideline dated 21 December 2011 (ECB/2011/27), OJ L19 of 24/01/2012, the Guideline dated 10 December 2012 (ECB/2012/29), OJ L356 of 22/12/2012, and the Guideline dated 15 December 2014 (ECB/2014/54), OJ L68 of 13/03/2015.

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 11 February 2015.

They are presented in thousands of euro unless otherwise stated.

2.2.7.2 ACCOUNTING PRINCIPLES AND VALUATION RULES

The accounting rules have been adjusted as follows:

- On 15 December 2014, the ECB Governing Council confirmed that if Outright Monetary Transactions (OMTs) were carried out, the securities concerned should be valued at market prices. Any other securities portfolio held for monetary policy purposes will continue to be recorded at amortised cost subject to impairment regardless of the holding intention of the securities. This new rule has no impact on the profit and loss account because these securities were already recorded at amortised cost.
- On the same date, the ECB Governing Council also decided that all accrued interest arising on monetary policy assets (and liabilities) with a collection period that equals or exceeds one year will be earmarked for monetary income calculation purposes.
- Under a new agreement dated 13 November 2014, replacing the agreement of 12 March 1999 between the Bank and the Belgian State, the end-of-day credit balance on the Treasury's current account is remunerated at the Eonia rate subject to a maximum of € 100 million.

I. MANDATORY ACCOUNTING RULES UNDER THE ESCB/ECB STATUTE

The accounts, which are drawn up on the basis of historical cost, are adjusted to reflect the valuation at market prices of negotiable instruments (other than the statutory portfolio, 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 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.

Gold is revalued on the basis of the price in euro per fine ounce as derived from the quotation in USD established at the time of the London fixing on the last working day of the year.

2. Fixed-income securities

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

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

Securities held for monetary policy purposes are treated as separate portfolios and valued at amortised purchase price regardless of the holding intention of the securities.

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

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 NCBs are the sole subscribers to the capital of the ECB. Subscriptions depend on the ECB's capital subscription key which is determined in accordance with Article 29 of the ESCB Statute.

5. Banknotes in circulation

The ECB and the NCBs of the countries which have adopted the euro, and which together comprise the Eurosystem, issue euro banknotes⁽¹⁾. The total value of the euro banknotes in circulation is allocated on the last working day of each month in accordance with the banknote allocation key.

8 % of the total value of the banknotes in circulation is allocated to the ECB, while the remaining 92 % is allocated to the NCBs according to their weightings in the capital key of the ECB. The share of banknotes allocated to each NCB is disclosed under the balance sheet liability item "Banknotes in circulation".

The difference between the value of the euro banknotes allocated to each NCB in accordance with the banknote allocation key and the value of the euro banknotes that is actually put into circulation by each NCB gives rise to intra-Eurosystem balances. These claims or liabilities, which incur interest, are disclosed under the sub-item "Net claims/liabilities related to the allocation of euro banknotes within the Eurosystem".

6. Determination of the result

6.1 The result is determined in accordance with the following rules:

- income and expenses are recognised in the financial year in which they are earned or incurred;
- realised gains and losses are taken to the profit and loss account;
- at the end of the year, positive revaluation differences (on securities and foreign reserves) are not shown in the profit and loss account but are recorded in the revaluation accounts on the liabilities side of the balance sheet;
- negative revaluation differences are first of all deducted from the corresponding revaluation account, any balance then being taken to the profit and loss account;

(1) Decision of the ECB of 13 December 2010 on the issue of euro banknotes (recast) (ECB/2010/29, OJ L35 of 09/02/2011), as amended by the Decision of 29 August 2013 (ECB/2013/27, OJ L16 of 21/01/2014).

- 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 paid on liabilities included in the basis for calculation will be deducted from the monetary income pooled by each NCB.

The earmarkable assets consist of the following items:

- lending to euro area credit institutions related to monetary policy operations denominated in euro;

- intra-Eurosystem claims in respect of the transfer of foreign reserve assets to the ECB;
- net intra-Eurosystem claims resulting from TARGET2 transactions;
- net intra-Eurosystem claims 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.

Where the value of an NCB's earmarkable assets exceeds or falls short of the value of its liability base, the difference is remunerated at the latest marginal interest rate applicable to the main refinancing operations of the Eurosystem⁽¹⁾.

6.5 The whole of the income of the ECB arising from the 8% share in euro banknotes allocated to it and that arising from its purchases of portfolio securities for monetary policy purposes (SMP, CBPP3 and ABSPP) is payable to the NCBs in the financial year in which it is generated. The ECB distributes that income to the NCBs in January of the next financial year.

The whole of that income is distributed unless 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 risks⁽²⁾.

7. Off-balance-sheet instruments

Forward foreign exchange transactions, the forward leg of currency swaps and any other foreign currency instruments involving the exchange of one currency for another at a future date are included in the net foreign exchange position for the purpose of calculating the average cost price and exchange gains and losses.

In the case of foreign exchange swaps, the forward position is revalued at the same time as the spot position. Since spot and forward amounts in foreign currencies are converted to euro at the same exchange rate, they

(1) Decision of the ECB of 25 November 2010 on the allocation of monetary income of the national central banks of Member States whose currency is the euro (recast) (ECB/2010/23, OJ L35 of 09/02/2011), as amended by the Decision of 3 November 2011 (ECB/2011/18, OJ L319 of 02/12/2011), the Decision of 5 June 2014 (ECB/2014/24, OJ L117 of 07/06/2014) and the Decision of 15 December 2014 (ECB/2014/56, OJ L53 of 25/02/2015).

(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).

do not influence the "Revaluation accounts" item on the liabilities side.

Interest-rate swaps and futures are revalued individually and recorded under the off-balance-sheet items. In the case of futures, daily margin calls are recorded in the profit and loss account and influence the foreign exchange position.

Profits and losses arising from off-balance-sheet instruments are recognised and treated in the same manner as those appearing in the balance sheet.

8. Post-balance-sheet events

The assets and liabilities are adjusted to take account of information obtained between the balance sheet date and the date of adoption of the annual accounts by the Bank's Board of Directors if that information has a material effect on the balance sheet asset and liability items.

II. RULES PURSUANT TO THE ORGANIC LAW, LAWS, STATUTES AND CONVENTIONS

1. Gold and gold receivables

The capital gains realised by the Bank on arbitrage transactions in gold assets against other external reserve components are recorded in a special unavailable reserve account in accordance with Article 30 of the Organic Law and Article 54 of the Statutes.

2. IMF operations

Under Article 1 of the agreement of 14 January 1999 between the Belgian State and the Bank determining certain procedures for implementing Article 9 of the Organic Law, the Bank carries the rights that the State holds as a member of the IMF in its accounts as its own assets. Article 9 (2) of the Organic Law goes on to stipulate that the State shall guarantee the Bank against any loss and shall guarantee the repayment of any credit granted by the Bank for the purpose of these operations.

3. Loans granted and other operations relating to financial stability

Under Article 9 (2) of the Organic Law, the State guarantees the Bank the reimbursement of any loan granted in connection with its contribution to the stability of the financial system, and guarantees the Bank against

any loss incurred as a result of any operation required in that regard.

4. Treasury's current account

Pursuant to an agreement of 13 November 2014, the end-of-day credit balance of the Treasury's current account bears interest, up to a maximum of € 100 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.

Upon expiration 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 shareholders⁽¹⁾.

5.3 Available reserve

The available reserve, provided for in Article 32 of the Organic Law may, by decision of the Council of Regency, be used to compensate for losses or to pay out the dividend.

(1) Pursuant to Article 141, § 9 of the Law of 2 August 2002 on the supervision of the financial sector and on financial services, Article 31 (2) of the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium is interpreted as meaning that the right of issue in question includes that which the Bank may exercise pursuant to Article 106(1) of the Treaty establishing the European Community (Article 128(1) of the Treaty on the Functioning of the European Union).

6. Determination of the result

6.1 Proceeds fully assigned to the State

By virtue of Article 30 of the Organic Law, the net income from the assets which form the counterpart to the capital gains realised by the Bank through arbitrage transactions of gold assets against other external reserve components, entered in a special unavailable reserve account, is assigned to the State. The implementing procedures relating to these provisions are governed by an agreement dated 30 June 2005 between the State and the Bank, published in the *Moniteur belge / Belgisch Staatsblad* of 5 August 2005.

In addition, the Bank pays annually to the Treasury, in accordance with the Law of 2 January 1991 on the market in public debt securities and monetary policy instruments, a sum of €24.4 million to compensate for the additional expenses resulting for the latter from the conversion, in 1991, of the Treasury's consolidated debt to the Bank into freely negotiable securities.

6.2 Net foreign exchange differences accruing to the State

In accordance with Article 9 of the Organic Law, the international monetary cooperation agreements or transactions which the Bank carries out on behalf of the State or with its express approval are guaranteed by the State. Foreign exchange gains and losses realised on these operations accrue 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 portfolio

The participations which the Bank holds in the form of shares representing the capital of various institutions are recorded in the balance sheet at their acquisition price, as recommended by the said ECB Guideline.

2. Fixed-income securities held in the statutory investment portfolio

These securities constitute a separate portfolio; they are valued at their purchase price amortised on the basis of their actuarial yield, as recommended by the said ECB Guideline.

3. Ceiling on the portfolio of statutory investments

The ceiling on the statutory investments is determined annually at the time of the final profit distribution. It is equal to the sum of the following elements:

- the capital;
- the reserve fund (statutory reserve, extraordinary reserve and amortisation accounts);
- the available reserve;
- the additions to the reserves.

The valuation of the statutory investments is based on the principles described in points 1 and 2 above.

4. Transfer of securities between different portfolios

The transfer of securities between portfolios subject to different accounting rules is effected at market price.

5. Tangible and intangible fixed assets

Land, buildings, plant, machinery, computer hardware and software, furniture and vehicles are recorded at their acquisition value.

Buildings under construction are recorded at the cost actually paid.

Tangible and intangible fixed assets with a limited economic life, acquired from the 2009 financial year onwards, including ancillary costs, are written off in accordance with the probable useful economic life accepted under the tax rules.

Useful economic life of the principal items:

| | |
|-----------------|-----------|
| – land | unlimited |
| – buildings | 34 years |
| – renovations | 10 years |
| – furniture | 10 years |
| – software | 5 years |
| – machinery | 5 years |
| – security work | 3 years |
| – hardware | 3 years |

6. Stocks

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

7. 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 | |
| | Custody deposits | Nominal amount, currencies converted at the market exchange rate |
| Capital to be paid up on participations | | Nominal amount, currencies converted at the market exchange rate |

2.2.7.3 RESERVE AND DIVIDEND POLICY

On 22 July 2009, the Council of Regency defined the Bank's reserve and dividend policy pursuant to Article 32 of the Organic Law. For the year 2014, the Council of Regency revised the reserve policy.

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

The Bank determines the minimum amount of its reserves on the basis of an estimate of the quantifiable risks. That estimate is produced by the same methodologies as those used by other Eurosystem members and is based on the Bank's specific objectives on the subject, notably concerning portfolio management and its foreign exchange position.

On the basis of that estimate, and taking account of the implications of the Expanded Asset Purchase Programme which could lead to an increase in the risks in the medium term, particularly in a context of rising interest rates, and thus put the Bank's results under stress, the Council of Regency decided to allocate 50 % of the profit for 2014 to the available reserve.

The risk estimate is updated annually. 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 the profits.

Since the reserve fund is almost totally non-available, and in view of its size in relation to the capital, retained earnings are paid into the available reserve.

The shareholders' dividend comprises a first dividend of 6 % of the capital and a second dividend determined by the Council of Regency.

The Council of Regency maintains the second dividend at 50 % of the net income from the assets forming the counterpart to the reserves ("the statutory portfolio") as determined in 2009.

The *first dividend* is guaranteed both by the available reserve and by the reserve fund.

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, as the Bank's objectives of financial soundness and independence have to take priority.

If the annual estimate of the risks leads to an amount being allocated to the reserve which is less than half the net income from the statutory portfolio, the allocation to the reserves is supplemented until it corresponds to 50 % of that net income in so far 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 income (100 %) of the statutory portfolio.

The reserve and dividend policy therefore guarantees that, if the profit is sufficient, the net income from the statutory portfolio is either allocated to the reserve, 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 income from this portfolio.

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

If the level of the reserves is considered excessive, withdrawals may be made from the available reserve. They must be exceptional, limited in amount, and duly motivated. Such withdrawals can only be allocated to an increase in the dividend.

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.

2.2.7.4 NOTES TO THE BALANCE SHEET

Note 1. Gold and gold receivables

GOLD STOCK

| | 31-12-2014 | 31-12-2013 |
|------------------------------------------|-------------|-------------|
| In ounces of fine gold | 7 311 955.9 | 7 311 955.9 |
| In kg of fine gold | 227 427.3 | 227 427.3 |
| At market price (in € million) | 7 222.5 | 6 370.3 |

The major part of the gold stock is held at the Bank of England. A much smaller part is held at the Bank of Canada and at the Bank for International Settlements. 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 and derived from the quotation in USD established at the London fixing on 31 December 2014.

GOLD PRICE

(in €)

| | 31-12-2014 | 31-12-2013 |
|--------------------------|------------|------------|
| Ounce of fine gold | 987.77 | 871.22 |
| Kg of fine gold | 31 757.51 | 28 010.37 |

The Bank lent on average 15.7 tonnes of its gold assets, against guarantees covering 101.5% of the credit risk, compared to 24.1 tonnes last year.

Note 2. Claims on non-euro area residents denominated in foreign currency

EXCHANGE RATES

(per €)

| | 31-12-2014 | 31-12-2013 |
|-----------|------------|------------|
| SDR | 0.8386 | 0.8942 |
| USD | 1.2141 | 1.3791 |
| JPY | 145.2300 | 144.7200 |
| CHF | 1.2024 | 1.2276 |

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 | 6 067.4 | 7 234.7 |
| Pro rata interest | 0.1 | 0.2 |
| Liabilities | -4 323.3 | -5 155.2 |
| Off balance sheet | | |
| Liabilities | -1 723.6 | -2 055.1 |
| Net position | 20.6 | 24.6 |

The position in SDR is guaranteed by the State. In order to reduce the foreign exchange risk, the Bank concluded forward transactions which limit the net position to SDR 20.6 million.

NET POSITION IN USD

(million)

| | in USD | in € |
|---------------------------|----------------|----------------|
| Balance sheet | | |
| Claims | 7 220.2 | 5 946.9 |
| Pro rata interest | 27.3 | 22.6 |
| Liabilities | -0.8 | -0.7 |
| Off balance sheet | | |
| Claims | 1 320,6 | 1 087,7 |
| Pro rata interest | -1,7 | -1,4 |
| Liabilities | -6 350.9 | -5 231.0 |
| Net position | 2 214.7 | 1 824.1 |

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

(in € million)

| | 31-12-2014 | 31-12-2013 |
|------------------------------------|----------------|----------------|
| Special drawing rights | 4 815.8 | 4 626.6 |
| Participation in the IMF | 1 026.3 | 1 368.2 |
| Loans to the IMF | 1 116.7 | 1 121.3 |
| Loans to the PRGT | 275.9 | 117.4 |
| Total | 7 234.7 | 7 233.5 |

SPECIAL DRAWING RIGHTS (SDR)

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

The SDRs allocated to IMF members may be sold in exchange for convertible currency on the basis of swap agreements freely concluded between member countries. The agreement between the Bank and the IMF, which was revised in October 2009, stipulates that the Bank's SDR holdings must total between 65 and 135 % of the net cumulative allocation.

As at 31 December 2014, the holding recorded on the Special Drawing Rights account stood at SDR 4 038.7 million, against SDR 4 137.1 million a year earlier. The net use of the SDR holding, i.e. the difference between the SDR allocation and the SDR holdings, stood at SDR 284.6 million on the balance sheet date.

PARTICIPATION IN THE IMF

This liquid claim of Belgium on the IMF is also called the reserve tranche position. It is equal to the difference between Belgium's quota in the IMF, namely SDR 4 605.2 million, and the Fund's holdings of euro with the Bank. The quota determines Belgium's voting rights in the IMF.

Belgium's participation in the IMF may be called upon at any time in order to obtain convertible currencies for financing a balance of payments deficit. Changes in the participation may also result from a contribution by Belgium to the granting of credit by the IMF in favour of member countries faced with the same type of deficit, or from the repayment of such loans by those countries, as well as from euro transactions carried out by the Fund

on its own behalf. The rate of interest on such loans is adjusted weekly. On the balance sheet date, the reserve tranche position amounted to SDR 860.7 million against SDR 1 223.4 million a year earlier. This decrease is due to net repayments by Fund member countries.

LOANS TO THE IMF

These receivables represent the counter-value of the loans granted to the IMF by the Bank in its own name and the claims of the Belgian State on the IMF in the event of implementation of loan agreements intended to increase the IMF's resources, namely the General Arrangements to Borrow and the New Arrangements to Borrow.

As at 31 December 2014, the Bank's claims in respect of new loan agreements came to SDR 936.5 million against SDR 1 002.7 million a year earlier.

LOANS TO THE PRGT

The amount shown under this item is the equivalent of the money which the Bank has lent to the Poverty Reduction and Growth Trust (PRGT), managed by the IMF. This credit facility is intended to support the efforts of low-income developing countries that commit themselves to macro-economic 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 1999 lending agreement and a new agreement dated 12 November 2012, the PRGT has a credit line with the Bank totalling SDR 700 million. On 31 December 2014, the Bank's claims under this heading amounted to SDR 231.4 million, against SDR 105.0 million a year earlier, as the new credit line drawings more than offset repayments made during the year.

BALANCES WITH BANKS AND SECURITY INVESTMENTS,
EXTERNAL LOANS AND OTHER EXTERNAL ASSETS

BREAKDOWN BY TYPE OF INVESTMENT

(in € million)

| | 31-12-2014 | 31-12-2013 |
|-----------------------------------|----------------|----------------|
| Sight deposits | 43.6 | 38.3 |
| Time deposits | 95.6 | 103.0 |
| Reverse repurchase agreements ... | 165.1 | 109.6 |
| Securities | 6 287.4 | 5 624.6 |
| Total | 6 591.7 | 5 875.5 |

BREAKDOWN BY FOREIGN CURRENCY

(in € million)

| | 31-12-2014 | 31-12-2013 |
|--------------------|----------------|----------------|
| USD | 5 566.3 | 4 971.1 |
| JPY | 1 019.8 | 898.8 |
| GBP | 3.9 | 3.7 |
| CHF | 0.9 | 0.9 |
| Other | 0.8 | 1.0 |
| Total | 6 591.7 | 5 875.5 |

**BREAKDOWN OF FIXED-INCOME SECURITIES
BY THEIR RESIDUAL TERM**

(in € million)

| | 31-12-2014 | 31-12-2013 |
|------------------------------|----------------|----------------|
| ≤ 1 year | 2 361.3 | 2 147.2 |
| > 1 year and ≤ 5 years | 2 910.1 | 2 633.7 |
| > 5 years | 1 016.0 | 843.7 |
| Total | 6 287.4 | 5 624.6 |

**VALUE OF FIXED-INCOME FOREIGN CURRENCY SECURITIES
BY ISSUER COUNTRY**

(in € million)

| | Book value = Market value |
|-----------------------------------|------------------------------|
| United States | 4 142.7 |
| Japan | 1 049.2 |
| International organisations | 23.9 |
| United Kingdom | 34.0 |
| Switzerland | 914.2 |
| Other | 123.4 |
| Total | 6 287.4 |

On the balance sheet date, the unrealised gains and losses on the value of the securities at market prices came to € 73.6 million and € 1.4 million respectively.

**Note 3. Claims on euro area residents
denominated in foreign currency**

BREAKDOWN BY TYPE OF INVESTMENT

(in € million)

| | 31-12-2014 | 31-12-2013 |
|---------------------|--------------|--------------|
| Time deposits | 15.0 | 32.6 |
| Securities | 547.6 | 522.0 |
| Total | 562.6 | 554.6 |

**BREAKDOWN OF FIXED-INCOME FOREIGN CURRENCY SECURITIES
ACCORDING TO THEIR RESIDUAL TERM**

(in € million)

| | 31-12-2014 | 31-12-2013 |
|------------------------------|--------------|--------------|
| ≤ 1 year | 47.2 | 61.2 |
| > 1 year and ≤ 5 years | 185.4 | 85.5 |
| > 5 years | 1.7 | – |
| Total | 234.3 | 146.7 |

**VALUE OF FIXED-INCOME FOREIGN SECURITIES
BY ISSUER COUNTRY**

(in € million)

| | Book value = Market value |
|-----------------------|------------------------------|
| Belgium | 13.2 |
| Germany | 67.4 |
| France | 62.4 |
| The Netherlands | 76.5 |
| Other | 14.8 |
| Total | 234.3 |

On the balance sheet date, the unrealised gains and losses on the value of the securities at market prices came to € 1.3 million and € 0.1 million respectively.

**Note 4. Claims on non-euro area residents
denominated in euro**

BREAKDOWN BY TYPE OF INVESTMENT

(in € million)

| | 31-12-2014 | 31-12-2013 |
|---------------------|--------------|--------------|
| Time deposits | 15.0 | 32.6 |
| Securities | 547.6 | 522.0 |
| Total | 562.6 | 554.6 |

**BREAKDOWN OF FIXED-INCOME SECURITIES, OTHER THAN THOSE
HELD TO MATURITY, ACCORDING TO THEIR RESIDUAL TERM**

(in € million)

| | 31-12-2014 | 31-12-2013 |
|------------------------------|--------------|--------------|
| ≤ 1 year | 125.6 | 91.8 |
| > 1 year and ≤ 5 years | 188.9 | 180.5 |
| > 5 years | 36.7 | 53.3 |
| Total | 351.2 | 325.6 |

**VALUE OF FIXED-INCOME SECURITIES OTHER THAN THOSE HELD
TO MATURITY, BY ISSUER COUNTRY**

(in € million)

| | Book value = Market value |
|-----------------------------------|------------------------------|
| International organisations | 280.9 |
| Other | 70.3 |
| Total | 351.2 |

On the balance sheet date, the unrealised gains on the value of the securities at market prices came to € 10.4 million.

**BREAKDOWN OF SECURITIES HELD TO MATURITY,
ACCORDING TO THEIR RESIDUAL TERM**

(in € million)

| | 31-12-2014 | 31-12-2013 |
|------------------------------|--------------|--------------|
| ≤ 1 year | 29.7 | – |
| > 1 year and ≤ 5 years | 103.8 | 103.6 |
| > 5 years | 62.8 | 92.8 |
| Total | 196.3 | 196.4 |

**VALUE OF SECURITIES HELD TO MATURITY, BY ISSUER COUNTRY
(THE MARKET VALUE IS GIVEN FOR INFORMATION)**

(in € million)

| | Book value | Market value |
|-----------------------------------|------------|--------------|
| International organisations | 196.3 | 218.6 |

Note 5. Lending to euro area credit institutions related to monetary policy operations denominated in euro

This item comes to € 630.3 billion for the Eurosystem as a whole, of which € 11.7 billion is for the National Bank of Belgium. In accordance with Article 32.4 of the ESCB/ECB Statute, the whole of any loss resulting from operations under this heading, once realised, is shared in principle between the Eurosystem NCBs in proportion to their shares in the ECB's capital key.

MAIN REFINANCING OPERATIONS

Reverse transactions intended to grant liquidity to credit institutions for a one-week term via weekly tenders.

On the balance sheet date, the liquidity provided via the weekly main refinancing operations came to € 156.1 billion for the euro area as a whole, of which € 0.5 billion was attributed to credit institutions in Belgium, against € 168.7 billion and € 1.7 billion respectively at the end of 2013.

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 declined from € 583.3 billion in 2013 to € 473.3 billion in 2014 as a result of early repayments on three-year operations in a context of waning liquidity tensions in the euro area. This decline was attenuated by the introduction of longer-term refinancing operations with a maturity of 4 years, the first taking place on 24 September and the second on 17 December.

At the end of 2014, the longer-term refinancing operations for Belgian banks amounted to € 10.3 billion (€ 4.0 billion at three years and € 6.3 billion at four years), compared to € 14.3 billion at the end of 2013, indicating a reduction in the Belgian banks' need to obtain longer-term financing.

MARGINAL LENDING FACILITY

Loans granted via the standing facility enabling credit institutions to obtain 24-hour loans from the Bank at a pre-specified interest rate against eligible assets.

The amount of € 924 million at Eurosystem level at the end of 2014 is attributable mainly to Belgium (€ 841 million).

Note 6. Other claims on euro area credit institutions denominated in euro

Claims on credit institutions which do not relate to monetary policy operations.

BREAKDOWN BY TYPE OF INVESTMENT

(in € million)

| | 31-12-2014 | 31-12-2013 |
|-----------------------------------|------------|------------|
| Current accounts | 1.2 | 2.2 |
| Reverse repurchase agreements ... | - | - |
| Total | 1.2 | 2.2 |

Note 7. Securities of euro area residents denominated in euro

SECURITIES HELD FOR MONETARY POLICY PURPOSES

COMPOSITION OF THE MONETARY POLICY PORTFOLIOS

(in € million)

| | 31-12-2014 | | 31-12-2013 | |
|--------------------|----------------|----------------|----------------|----------------|
| | Amortised cost | Market value | Amortised cost | Market value |
| CBPP1 | 735.3 | 768.9 | 1 111.8 | 1 158.0 |
| CBPP2 | 308.1 | 320.8 | 367.6 | 382.0 |
| CBPP3 | 1 152.1 | 1 154.8 | - | - |
| SMP | 4 845.3 | 5 474.0 | 6 123.3 | 6 517.7 |
| Total | 7 040.8 | 7 718.5 | 7 602.7 | 8 057.7 |

In accordance with Article 32.4 of the ESCB/ECB Statute, the whole of any loss incurred by NCBs on CBPP3 and SMP securities, once realised, is shared between the Eurosystem NCBs in proportion to their shares in the ECB's capital key.

Conversely, the Bank bears the risks on the CBPP1 and CBPP2 portfolios.

CBPP1 – FIRST COVERED BOND PURCHASE PROGRAMME

Following the Governing Council's decisions (7 May and 4 June 2009) to purchase covered bonds in euro issued by euro area credit institutions for a planned nominal total of €60 billion at the level of the Eurosystem, the Bank held covered bonds amounting to €0.7 billion on 31 December 2014. This purchase programme expired on 30 June 2010.

**BREAKDOWN OF FIRST COVERED BOND PROGRAMME,
ACCORDING TO THEIR RESIDUAL TERM**

(in € million)

| | 31-12-2014 | 31-12-2013 |
|------------------------------|--------------|----------------|
| ≤ 1 year | 343.2 | 375.3 |
| > 1 year and ≤ 5 years | 382.1 | 705.9 |
| > 5 years | 10.0 | 30.6 |
| Total | 735.3 | 1 111.8 |

CBPP2 – SECOND COVERED BOND PURCHASE PROGRAMME

Following the ECB Governing Council's decision of 6 October 2011, a second programme was launched for the purchase of euro-denominated covered bonds issued in the euro area. These purchases for a planned nominal amount of €40 billion across the euro area as a whole were to be effected by the end of October 2012 at the latest. On that date the second programme ended at a nominal total of €16.4 billion. On 31 December 2014, the Bank held covered bonds amounting to €0.3 billion under this programme.

**BREAKDOWN OF SECOND COVERED BOND PROGRAMME,
ACCORDING TO THEIR RESIDUAL TERM**

(in € million)

| | 31-12-2014 | 31-12-2013 |
|------------------------------|--------------|--------------|
| ≤ 1 year | 126.3 | 57.3 |
| > 1 year and ≤ 5 years | 169.7 | 293.3 |
| > 5 years | 12.1 | 17.0 |
| Total | 308.1 | 367.6 |

CBPP3 – THIRD COVERED BOND PURCHASE PROGRAMME

On 4 September 2014, the ECB Governing Council decided to launch a third programme for the purchase of covered bonds in euro issued by euro area credit institutions. These purchases will be 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. The programme will continue for at least two years.

On 31 December 2014, the Bank held covered bonds amounting to €1.2 billion under this programme.

**BREAKDOWN OF THIRD COVERED BOND PROGRAMME,
ACCORDING TO THEIR RESIDUAL TERM**

(in € million)

| | 31-12-2014 | 31-12-2013 |
|------------------------------|----------------|------------|
| ≤ 1 year | 43.6 | – |
| > 1 year and ≤ 5 years | 731.9 | – |
| > 5 years | 376.6 | – |
| Total | 1 152.1 | – |

SMP – SECURITIES MARKETS PROGRAMME

On 9 May 2010, the Governing Council decided to purchase both private and government bonds under the Securities Markets Programme. This programme ended on 6 September 2012. As at 31 December 2014, the total amount of bonds held by the Eurosystem as a whole comes to €144 billion. The NCBs held SMP securities totalling €134 billion, of which €4.8 billion were held by the Bank.

**BREAKDOWN OF SECURITIES MARKETS PROGRAMME,
ACCORDING TO THEIR RESIDUAL TERM**

(in € million)

| | 31-12-2014 | 31-12-2013 |
|------------------------------|----------------|----------------|
| ≤ 1 year | 838.9 | 1 338.8 |
| > 1 year and ≤ 5 years | 2 628.7 | 2 354.8 |
| > 5 years | 1 377.7 | 2 429.7 |
| Total | 4 845.3 | 6 123.3 |

OTHER SECURITIES

Portfolio of euro securities held for investment purposes and consisting mainly of negotiable government bonds denominated in euro issued by Member States of the European Union, bonds issued by certain credit institutions in euro area countries and backed by first-rate claims (*Pfandbriefe* type), and bonds issued by national public organisations.

BREAKDOWN OF FIXED-INCOME SECURITIES, OTHER THAN THOSE HELD TO MATURITY, ACCORDING TO THEIR RESIDUAL TERM

(in € million)

| | 31-12-2014 | 31-12-2013 |
|------------------------------|----------------|----------------|
| ≤ 1 year | 1 561.8 | 1 516.9 |
| > 1 year and ≤ 5 years | 3 080.5 | 2 821.4 |
| > 5 years | 787.0 | 916.3 |
| Total | 5 429.3 | 5 254.6 |

VALUE OF FIXED-INCOME SECURITIES, OTHER THAN THOSE HELD TO MATURITY, BY ISSUER COUNTRY

(in € million)

| | Book value = Market value |
|-----------------------|------------------------------|
| Belgium | 954.1 |
| Germany | 1 802.6 |
| Spain | 45.5 |
| France | 1 381.1 |
| Austria | 123.8 |
| Italy | 140.1 |
| The Netherlands | 452.1 |
| Portugal | 24.8 |
| Greece | 15.6 |
| Other | 489.6 |
| Total | 5 429.3 |

On the balance sheet date, the unrealised gains on securities at their market price came to € 151.1 million.

BREAKDOWN OF SECURITIES HELD TO MATURITY, ACCORDING TO THEIR RESIDUAL TERM

(in € million)

| | 31-12-2014 | 31-12-2013 |
|------------------------------|----------------|----------------|
| ≤ 1 year | 1 072.5 | 987.4 |
| > 1 year and ≤ 5 years | 4 137.0 | 3 908.0 |
| > 5 years | 3 804.6 | 3 616.4 |
| Total | 9 014.1 | 8 511.8 |

VALUE OF SECURITIES HELD TO MATURITY, BY ISSUER COUNTRY (THE MARKET VALUE IS GIVEN FOR INFORMATION)

(in € million)

| | Book value | Market value |
|-----------------------|----------------|-----------------|
| Belgium | 3 660.0 | 4 220.6 |
| Germany | 486.3 | 531.5 |
| Spain | 1 584.2 | 1 700.2 |
| France | 698.7 | 763.7 |
| Austria | 647.2 | 741.1 |
| Ireland | 484.1 | 554.6 |
| Italy | 507.0 | 536.3 |
| The Netherlands | 292.8 | 323.6 |
| Portugal | 254.8 | 277.0 |
| Greece | 250.6 | 221.8 |
| Other | 148.4 | 164.4 |
| Total | 9 014.1 | 10 034.8 |

Note 8. Intra-Eurosystem claims

PARTICIPATING INTEREST IN ECB CAPITAL

Since 1 July 2013, the subscribed capital of the ECB has amounted to € 10 825 million. The Bank's share in that capital, which is fully paid, comes to 2.4778 %, or € 268.2 million. Following changes to the apportionment of the ECB's capital, a redistribution took place between the NCBs of their shares in the accumulated reserves of the ECB; that increased the Bank's share to € 287.1 million.

CLAIMS EQUIVALENT TO THE TRANSFER OF FOREIGN CURRENCY RESERVES

Euro-denominated claim amounting to € 1 435.9 million on the ECB arising from the transfer of foreign reserves. That claim is remunerated at the interest rate for the Eurosystem's main refinancing operations, adjusted to reflect a zero return on the gold component.

The reserves transferred at the beginning of 1999 are managed by the Bank on behalf of the ECB. They are recorded off-balance-sheet.

NET CLAIMS RELATED TO THE ALLOCATION OF EURO BANKNOTES WITHIN THE EUROSISTEM

Net claims on the Eurosystem relating to the allocation of euro banknotes in the Eurosystem (see accounting principles and valuation rules relating to the item "Banknotes in circulation"). This interest-bearing Eurosystem item corresponds to the difference between the amount of the banknotes in circulation allocated to the Bank and the amount of the banknotes which it has issued.

NET CLAIMS RELATED TO THE ALLOCATION OF EURO BANKNOTES WITHIN THE EUROSISTEM

(in € million)

| | 31-12-2014 | 31-12-2013 |
|-------------------------------------------------------|-----------------|-----------------|
| Banknotes in circulation | 33 113.7 | 30 574.0 |
| Banknotes placed in circulation by the Bank | -20 408.2 | -17 995.0 |
| Total | 12 705.5 | 12 579.0 |

The increase in the amount of banknotes issued by the Bank exceeded that in the Eurosystem, but owing to the increase in the banknote allocation key from 3.1975 % to 3.2575 %, the claim on the Eurosystem has risen.

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 2014, amending Decision ECB/2013/46 on the approval of the volume of coin issuance (ECB/2014/47), the maximum amount

of the euro coins to issue in 2014 was € 24.1 million for Belgium. Since the net amount issued in 2013 was € 1 394.9 million, the total authorised amount for 2014 was € 1 419 million. On 31 December 2014 the amount actually issued came to € 1 348.4 million.

TANGIBLE AND INTANGIBLE FIXED ASSETS

In 2014, the Bank's investment in tangible and intangible fixed assets totalled € 15.5 million. Apart from that, an amount corresponding to the acquisition price of assets disposed of or taken out of use, namely € 13.3 million, was deducted from the "Tangible and intangible fixed assets" account; that figure included € 7.6 million for the Antwerp branch (see note 29).

OTHER FINANCIAL ASSETS

In accordance with Article 19 (4) of the Organic Law, the Board of Directors decides on the statutory investments after consulting the Council of Regency. The statutory investments consist primarily of negotiable government bonds, bonds issued by certain credit institutions in euro area countries and backed by first-rate claims (*Pfandbriefe* type), and shares in the BIS.

BREAKDOWN BY TYPE OF INVESTMENT

(in € million)

| | 31-12-2014 | 31-12-2013 |
|-----------------------------------|----------------|----------------|
| Fixed-income securities | 4 529.8 | 4 295.0 |
| Participating interests | 332.0 | 332.0 |
| Total | 4 861.8 | 4 627.0 |

BREAKDOWN OF FIXED-INCOME SECURITIES ACCORDING TO THEIR RESIDUAL TERM

(in € million)

| | 31-12-2014 | 31-12-2013 |
|----------------------------------|----------------|----------------|
| ≤ 1 year | 312.5 | 390.6 |
| > 1 year and ≤ 5 years | 1 359.9 | 1 216.4 |
| > 5 years | 2 857.4 | 2 688.0 |
| Total | 4 529.8 | 4 295.0 |

**VALUE OF FIXED-INCOME SECURITIES BY ISSUER COUNTRY
(THE MARKET VALUE IS GIVEN FOR INFORMATION)**

(in € million)

| | Book value | Market value |
|-----------------------------------|----------------|----------------|
| Belgium | 1 909.9 | 2 235.0 |
| Germany | 446.4 | 497.3 |
| Spain | 338.2 | 377.2 |
| France | 550.4 | 631.4 |
| Austria | 234.1 | 278.4 |
| Ireland | 125.7 | 145.8 |
| Italy | 156.2 | 174.2 |
| International organisations | 298.8 | 349.0 |
| The Netherlands | 136.6 | 150.9 |
| Portugal | 111.3 | 127.4 |
| Greece | 70.9 | 57.4 |
| Other | 151.3 | 162.8 |
| Total | 4 529.8 | 5 186.8 |

**YIELD ON FIXED-INCOME SECURITIES
ACCORDING TO THEIR RESIDUAL TERM**

(in %)

| | 31-12-2014 | 31-12-2013 |
|------------------------------|------------|------------|
| ≤ 1 year | 2.9 | 2.5 |
| > 1 year and ≤ 5 years | 3.3 | 3.4 |
| > 5 years | 3.6 | 3.9 |

BREAKDOWN OF PARTICIPATING INTERESTS

| | 31-12-2014 | | 31-12-2013 | |
|--------------------|------------------|--------------|------------------|--------------|
| | Number of shares | In € million | Number of shares | In € million |
| BIS | 50 100 | 329.8 | 50 100 | 329.8 |
| SBI | 801 | 2.0 | 801 | 2.0 |
| SWIFT | 107 | 0.2 | 107 | 0.2 |
| Total | | 332.0 | | 332.0 |

ACCRUALS AND PREPAID EXPENDITURE

These are subdivided into:

- Expenses carried forward (€ 3.6 million);
- Income acquired (€ 545.3 million), essentially interest accrued but not received on securities and other assets.

SUNDRY

Principally:

- Interest receivable on the claim resulting from the transfer of foreign reserves to the ECB and on the net claim relating to the allocation of euro banknotes in the Eurosystem (€ 3.6 million);
- Trade receivables (€ 27.6 million);
- Printing Works stocks (€ 0.9 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. Since June 2014, excess reserves have been remunerated at 0% or at the negative deposit facility rate.

The amounts placed in current accounts by euro area credit institutions (including excess reserves) increased from € 283 billion in 2013 to € 318 billion on the balance sheet date. The banks prefer to hold a larger liquidity buffer as a precaution at the turn of the year.

In contrast, the amounts placed on accounts in Belgium decreased from € 10.6 billion in the previous year to € 7.0 billion last year.

DEPOSIT FACILITY

Standing facility allowing credit institutions to make 24-hour deposits with the Bank at a pre-specified interest rate.

On the last day of the year, credit institutions in Belgium increased their deposits, which were up from € 852 million in 2013 to € 3.8 billion in 2014. It does not matter to credit institutions whether they hold their excess liquidity on current account or in the deposit facility since the remuneration is the same. At the level of the Eurosystem, use of the deposit facility declined from € 85.7 billion to € 48.3 billion.

FIXED-TERM DEPOSITS

Deposits formed with the Bank for the purpose of absorbing market liquidity in connection with the Eurosystem's fine-tuning operations.

In mid-2014, the ECB suspended the liquidity-absorbing operations intended to neutralise the injection of liquidity resulting from the purchase of securities under the Securities Market Programme (SMP). Consequently, no amount was recorded at the end of the year.

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 € 0.8 million.

OTHER LIABILITIES

Current account balances held mainly by financial intermediaries which do not have access to standing facilities.

Note 14. Liabilities to non-euro area residents denominated in euro

Current accounts held by central banks, other banks, international and supranational institutions and other account holders situated outside the euro area.

Note 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 4 323.3 million.

Note 18. Intra-Eurosystem liabilities

OTHER LIABILITIES WITHIN THE EUROSYSYSTEM (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 effected by private entities (credit institutions, firms or individuals). They are settled via the TARGET2 system and lead to bilateral balances on the TARGET2 accounts of EU central banks. These bilateral balances are offset before being allocated daily to the ECB; each NCB thus has only one net bilateral position in relation to the ECB alone. 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 equivalent to the transfer of foreign currency reserves" (see note 8).

The Bank's net liabilities vis-à-vis the Eurosystem can be broken down as follows:

1. the Bank's liabilities vis-à-vis the ECB resulting from transfers effected via TARGET2 (€ 12 373.4 million);

2. the intra-Eurosystem claim of € 8.8 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 € 29.8 million relating to the allocation of the ECB's income (see note 27).

Note 19. Other liabilities

OFF-BALANCE-SHEET INSTRUMENT REVALUATION DIFFERENCES

Net negative revaluation differences on forward foreign exchange and interest rate transactions and on spot foreign exchange transactions between the contract date and the settlement date.

ACCRUALS AND INCOME COLLECTED IN ADVANCE

Costs carried forward (€ 11.7 million) including interest accrued but not yet paid on liabilities.

SUNDRY

In particular:

- unavailable reserve of capital gains on gold (€ 298.9 million);
- taxes, wages and social contributions due (€ 269.6 million);
- interest payable by the Bank on its net debt to the ECB in connection with TARGET2 (€ 0.5 million);
- proceeds accruing to the State (€ 31.5 million);
- trade debts (€ 6.3 million).

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.

(in € million)

| | 31-12-2014 | 31-12-2013 |
|----------------------------------------------------------------------|----------------|----------------|
| Positive exchange revaluation differences on: | | |
| – gold | 6 905.5 | 6 053.3 |
| – foreign currencies | 266.6 | 51.6 |
| Positive price revaluation differences on: | | |
| – securities in foreign currencies (items 2 and 3 of the assets) ... | 74.9 | 64.3 |
| – securities in euro (items 4 and 7 of the assets) ... | 161.5 | 140.4 |
| Total | 7 408.5 | 6 309.6 |

Note 22. Capital, reserve fund and available reserve

CAPITAL

The Bank has not received any declarations pursuant to Article 6 § 1 of the Law of 2 May 2007 on the disclosure of large shareholdings in listed companies, notifying shareholdings equal to 5 % or more of the voting rights, other than those held by the State.

REPRESENTATION OF THE CAPITAL

(number of shares)

| | 31-12-2014 | 31-12-2013 |
|-----------------------------|----------------|----------------|
| Registered shares | 206 802 | 206 585 |
| Dematerialised shares | 192 890 | 192 841 |
| Bearer shares | 308 | 574 |
| Total | 400 000 | 400 000 |

RESERVE FUND

The amortisation accounts in respect of tangible and intangible fixed assets decreased by € 2.2 million in 2014, as the amount written off on investments was less than the amount of assets sold or taken out of service.

The extraordinary reserve increased by € 2.1 million as a result of transfer of the tax-exempt part of the capital gain realised on the sale of the Antwerp branch (see note 34).

The tax-exempt part of the extraordinary reserve came to € 17.8 million against € 15.7 million in 2013.

AVAILABLE RESERVE

An amount of € 236.7 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

(in € million)

| | 31-12-2014 | 31-12-2013 |
|---------------------------|----------------|----------------|
| Capital | 10.0 | 10.0 |
| Reserve fund | 2 663.6 | 2 663.7 |
| Available reserve | 2 211.1 | 1 974.4 |
| Profit distribution | 339.8 | 236.7 |
| Total | 5 224.5 | 4 884.8 |

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.

Note 24. Net interest income

INTEREST INCOME

INTEREST INCOME OF ASSETS IN EURO

| | 31-12-2014 | | | 31-12-2013 | | |
|---------------------------------------------------------------------------------------------|----------------|-----------------|--------------|----------------|-----------------|--------------|
| | Income | Average volume | Average rate | Income | Average volume | Average rate |
| | (in € million) | | (in %) | (in € million) | | (in %) |
| Credit transactions related to monetary policy . . | 25.0 | 13 764.4 | 0.2 | 107.8 | 18 057.0 | 0.6 |
| Securities portfolio in euro | 776.5 | 21 293.2 | 3.6 | 913.6 | 22 414.7 | 4.1 |
| Claims on the ECB equivalent to the transfer of foreign currency reserves | 2.0 | 1 435.9 | 0.1 | 6.7 | 1 399.2 | 0.5 |
| Net claims related to the allocation of euro banknotes within the Eurosystem | 21.9 | 13 096.2 | 0.2 | 73.2 | 12 969.2 | 0.6 |
| Statutory investments (fixed-income securities and reverse repurchase agreements) | 142.7 | 4 450.3 | 3.2 | 139.4 | 4 213.9 | 3.3 |
| Other claims | -0.1 | 152.4 | -0.1 | 4.6 | 806.3 | 0.6 |
| Total | 968.0 | 54 192.4 | 1.8 | 1 245.3 | 59 860.3 | 2.1 |

INTEREST INCOME OF EXTERNAL ASSETS

| | 31-12-2014 | | | 31-12-2013 | | |
|--------------------------------------------------------------------|----------------|-----------------|--------------|----------------|-----------------|--------------|
| | Income | Average volume | Average rate | Income | Average volume | Average rate |
| | (in € million) | | (in %) | (in € million) | | (in %) |
| Claims related to international cooperation transactions | 6.1 | 7 147.4 | 0.1 | 44.2 | 7 539.6 | 0.6 |
| Investments in foreign currencies and in gold . . . | 62.9 | 6 090.8 | 1.0 | 59.7 | 5 994.6 | 1.0 |
| Total | 69.0 | 13 238.2 | 0.5 | 103.9 | 13 534.2 | 0.8 |

INTEREST EXPENSE

INTEREST EXPENSE ON LIABILITIES IN EURO

| | 31-12-2014 | | | 31-12-2013 | | |
|---------------------------------------------------------------------------------------|----------------|-----------------|--------------|----------------|-----------------|--------------|
| | Expense | Average volume | Average rate | Expense | Average volume | Average rate |
| | (in € million) | | (in %) | (in € million) | | (in %) |
| Monetary reserve accounts, deposit facility and other interest-bearing deposits | 14.7 | 11 611.5 | 0.1 | 34.2 | 20 156.5 | 0.2 |
| Net liabilities to the ECB related to TARGET2 | 24.2 | 15 304.2 | 0.2 | 86.8 | 14 402.5 | 0.6 |
| Total | 38.9 | 26 915.7 | 0.1 | 121.0 | 34 559.0 | 0.4 |

INTEREST EXPENSE ON EXTERNAL LIABILITIES

| | 31-12-2014 | | | 31-12-2013 | | |
|---------------------------------------------------------------|----------------|----------------|--------------|----------------|----------------|--------------|
| | Expense | Average volume | Average rate | Expense | Average volume | Average rate |
| | (in € million) | | (in %) | (in € million) | | (in %) |
| Repurchase agreement transactions in foreign currencies | 0.0 | 104.1 | 0.0 | 1.4 | 698.4 | 0.2 |
| Liabilities in SDR | 4.2 | 4 892.3 | 0.1 | 4.0 | 4 969.8 | 0.1 |
| Total | 4.2 | 4 996.4 | 0.1 | 5.4 | 5 668.2 | 0.1 |

PROCEEDS ACCRUING ENTIRELY TO THE STATE

(in € million)

| | 31-12-2014 | 31-12-2013 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Income resulting from the capital gains on gold recorded in a special unavailable reserve account | 9.3 | 11.9 |
| Annual sum paid to the State in compensation for the additional expenses due to the conversion of its consolidated debt to the Bank into freely negotiable securities ⁽¹⁾ | 24.4 | 24.4 |
| Total | 33.7 | 36.3 |

(1) The extra cost for the State of this conversion, which took place in 1991, amounts to the difference between the 3% which accrued to the Bank in accordance with the allocation rule prevailing at that time, and the 0.1% fixed allocation due from the State at that time on its consolidated debt to the Bank. That difference applied to the amount of that debt, namely 34 billion francs, gives a figure of 986 million francs, i.e. €24.4 million.

Note 25. Net result of financial operations, write-downs and provisions

REALISED GAINS/LOSSES ARISING FROM FINANCIAL OPERATIONS

(in € million)

| | 31-12-2014 | 31-12-2013 |
|----------------------------------------------------------------------------|-------------|-------------|
| Capital gains/losses (-) | | |
| on statutory investments | 4.2 | 19.9 |
| on investments | | |
| in USD | 12.4 | 1.9 |
| in EUR | 68.9 | 34.9 |
| Foreign exchange gains/losses (-) | | |
| on USD | 3.4 | 6.1 |
| on other currencies | 0.1 | - |
| on SDR | -2.2 | -6.5 |
| on gold | - | 0.8 |
| Foreign exchange gains (-)/losses (+) accruing to the State (SDR and gold) | 2.2 | 5.7 |
| Total | 89.0 | 62.8 |

WRITE-DOWNS ON FINANCIAL ASSETS AND POSITIONS

(in € million)

| | 31-12-2014 | 31-12-2013 |
|----------------------------------------------------|-------------|--------------|
| Capital losses on investments | | |
| in USD | -1.5 | -24.0 |
| in EUR | - | -5.9 |
| Foreign exchange losses | | |
| on USD | - | - |
| on other currencies | - | - |
| on SDR | - | -0.7 |
| Foreign exchange losses charged to the State (SDR) | - | 0.7 |
| Total | -1.5 | -29.9 |

The general easing of euro interest rates led to the realisation of substantially higher capital gains compared to last year.

In contrast to last year, interest rates on United States securities were relatively stable; the realised capital gains came from the sale of securities acquired in previous years.

SDR operations gave rise to realised exchange losses of € 2.2 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: € 8.0 million of which € 6.9 million related to collateralisation operations concerning monetary policy, and € 1.1 million to transactions with customers. Guarantees mobilised by the Bank within the framework of the Correspondent Central Banking Model (CCBM) fluctuated throughout 2014, maintaining on average the downward trend which had begun in 2009. These transactions generate the major part of this income.

FEES AND COMMISSIONS EXPENSE

Commissions paid by the Bank for financial services rendered to the Bank by third parties (€ 5.2 million), including € 3.7 million relating to monetary policy.

The slight fall in this item is due to a decline in assets deposited.

Note 27. Income from equity shares and participating interests

(in € million)

| | 31-12-2014 | 31-12-2013 |
|-------------------------------------------------------------------|-------------|-------------|
| Dividend on participation in the ECB | 2.1 | 14.7 |
| Income distributed by the ECB | 29.8 | 47.6 |
| Dividends on participations in the statutory investment portfolio | 12.2 | 18.2 |
| Total | 44.1 | 80.5 |

Since the interim dividend payment in 2013 (€ 47.6 million) was particularly high, the Bank received a dividend of only € 2.1 million on its share in the capital of the ECB in 2014.

For 2014, the ECB retained part of its allotted share in the issue of euro banknotes and the income generated

by the securities which it purchased under the SMP, CBPP3 and ABSPP programmes, in accordance with the Governing Council decision of 7 January 2015, in order to increase the provision for exchange rate, interest rate, credit and gold price risks. The balance distributed as an interim dividend payment accruing to the Bank came to € 29.8 million.

For the 2013-2014 financial year, the BIS paid a dividend of SDR 215 per share, or € 12.2 million, compared to € 18.2 million (SDR 315 per share) last year.

Note 28. Net result of pooling of monetary income

| (in € million) | | |
|--------------------------------------------------------------|------------|------------|
| | 31-12-2014 | 31-12-2013 |
| Net monetary income allocated . . . | 8.8 | -6.9 |
| Provision in respect of monetary policy operations | - | 11.0 |
| Total | 8.8 | 4.1 |

CALCULATION OF NET MONETARY INCOME ALLOCATED TO THE BANK

| (in € million) | | |
|---------------------------------------------------------------|------------|-------------|
| | 31-12-2014 | 31-12-2013 |
| Monetary income pooled by the Bank in the Eurosystem . . . | -367.2 | -586.1 |
| Monetary income allocated to the Bank by the Eurosystem . . . | 376.0 | 579.2 |
| Net monetary income allocated | 8.8 | -6.9 |

The monetary income is allocated to the euro area NCBs in accordance with the paid-up capital key (3.54081 % for the Bank since 1 January 2014).

The impact on the net monetary income allocated is due to the balance sheet structure of the NCBs.

The reduced recourse to monetary policy operations, lower interest rates on those operations, and the smaller average volume of monetary policy securities exerted a downward effect on the monetary income allocated to the Bank by the Eurosystem in 2014.

However, the net monetary income allocated to the Bank increased for two main reasons. First, the increase in the paid-up capital allocation key had the effect of augmenting the share of the monetary income allocated to the Bank; the second – primary – reason was the distribution to the NCBs of exceptional income from gains realised on claims relating to defaults on monetary transactions in 2008.

Note 29. Other income

(in € million)

| | 31-12-2014 | 31-12-2013 |
|------------------------------------------------|--------------|--------------|
| Amounts recovered from third parties | 163.6 | 129.0 |
| Other | 6.6 | 4.0 |
| Total | 170.2 | 133.0 |

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 (€ 42.6 million);
- prudential supervision (€ 94.6 million);
- work done by the Printing Works (€ 1.8 million);
- payment systems such as TARGET2 and the CEC (€ 1.7 million);
- the securities settlement system (€ 7.9 million);
- the Cash and Bond Centres (€ 2.8 million);
- the internationalisation of IT applications (€ 8.2 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.

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 and 21 December 2013.

For the year 2014, the costs came to € 41.4 million for banks and investment companies, and € 27.8 million for insurance and reinsurance companies.

Other institutions subject to supervision, such as clearing and settlement institutions and mutual guarantee schemes, pay a flat charge which totalled € 0.9 million for the year 2014.

In 2014, the ECB conducted a comprehensive assessment of certain credit institutions in conjunction with the Bank. In accordance with the Royal Decree of 30 June 2014, the Bank's external expenses in respect of that comprehensive assessment are charged to the credit institutions concerned on the basis of the actual cost of the assessment. The total cost came to € 24.5 million.

The item "Other" comprises proceeds from the sale of property, the disposal of used equipment and furniture, and miscellaneous other proceeds.

Sale of the Antwerp branch produced a capital gain of € 6.4 million.

Note 30. Staff costs

These costs comprise the remuneration and social costs of the staff, the Board of Directors, the special representative, attendance fees of the members of the Council of Regency and the Board of Censors, and the pensions of former members of the Board of Directors.

Note 31. Administrative expenses

This item comprises in particular administrative and IT expenses (€ 20.1 million), those related to the repair and maintenance of premises (€ 11.9 million), printing work (€ 9.1 million), and work done and services rendered by third parties (€ 37.6 million, including € 24.5 million for the comprehensive assessment). The withholding tax on income from immovable property, non-deductible VAT and the regional, provincial and municipal taxes are also included here (€ 3.7 million).

Note 32. Depreciation of tangible and intangible fixed assets

The depreciation covers the following investments:

| (in € million) | | |
|--------------------------------------|-------------|-------------|
| | 31-12-2014 | 31-12-2013 |
| Renovation of premises | 3.3 | 3.2 |
| Hardware and software | 3.2 | 3.5 |
| Equipment for the Printing Works . . | 0.9 | 1.1 |
| Other equipment and furniture . . . | 2.6 | 2.9 |
| Total | 10.0 | 10.7 |

Note 34. Other expenses

This item records the untaxed amount included in the extraordinary reserve (see note 22) of the capital gain on the sale of premises (see note 29) in accordance with Articles 44 (1) 2° and 190 of the Income Tax Code 1992.

Note 35. Corporate tax

| TAX DUE | | |
|----------------------------------------|--------------|--------------|
| (in € million) | | |
| | 31-12-2014 | 31-12-2013 |
| Tax on the profit for the year | 175.7 | 115.0 |
| Tax on the profit for previous years | -0.2 | - |
| Total (1) | 175.5 | 115.0 |

MAIN DIFFERENCES

(in € million)

| | 31-12-2014 | 31-12-2013 |
|----------------------------------------------|--------------|----------------|
| Profit before tax | 855.0 | 1 061.9 |
| Tax-free profit allocated to the State | -281.8 | -643.9 |
| Profit subject to tax (2) | 573.2 | 418.0 |
| Differences | | |
| Social provision | 35.2 | 13.6 |
| Risk capital deduction | -97.4 | -95.4 |
| Depreciation surplus | -3.7 | -5.4 |
| Other | 9.5 | 7.5 |
| Taxable profit | 516.8 | 338.3 |
| Average tax rate (in %) (1) / (2) | 30.6 | 27.5 |

2.2.7.6 NOTES ON THE PROFIT DISTRIBUTION FOR THE FINANCIAL YEAR (NOTE 36)

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 2014, the Council of Regency decided to allocate 50% of the profit for distribution to the available reserve, namely 339.8
- 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 reserves.
 - Gross proceeds from statutory investments and similar

| | Income | Average volume | Yield |
|-------------------------------|----------------|----------------|----------|
| | (in € million) | | (in %) |
| Bonds | 146.9 | 4 450.3 | 3.3 |
| Participating interests | 12.2 | 332.0 | 3.7 |
| Sale of real estate | 6.6 | – | – |
| Total | 165.7 | 4 782.3 | – |

- Share of the income generated by the capital in the total proceeds from the statutory investments:
 $10 \times 165.7 / 4\ 782.3 = 0.3$
 - Average tax rate: 30.6%
(see note 35)
 - Calculation of the second dividend:
 $[(165.7 - 0.3) \times (1 - 0.306) \times 0.5]$ 57.4
 - 4. the balance is allocated to the State; it is exempt from corporate tax. 281.8
- Profit for the year** 679.6

2.2.7.7 NOTES TO THE OFF-BALANCE-SHEET ITEMS

Note 37. Forward transactions in foreign currencies and in euro

(in € million)

| | 31-12-2014 | 31-12-2013 |
|---------------------|------------|------------|
| Forward claims | | |
| EUR | 7 393.1 | 7 194.8 |
| USD | 1 087.3 | 939.5 |
| SDR | 300.7 | 171.1 |
| Forward liabilities | | |
| EUR | 297.5 | 173.6 |
| USD | 5 230.6 | 4 568.6 |
| JPY | 1 019.1 | 898.3 |
| SDR | 2 355.8 | 2 545.7 |

The currency swaps were concluded for the major part against euro. The forward claims and liabilities in foreign currencies were revalued in euro at the same exchange rates as those used for spot holdings in foreign currencies.

Forward transactions in SDR are intended to limit the net position.

Note 38. Forward transactions on interest rate and fixed-income securities

At the end of the financial year, the Bank holds a net long position in futures on German government securities amounting to € 45.0 million and a net short position in futures on interest rates and securities in dollar of € 720.1 million.

Interest rate swaps in dollar for a nominal amount of € 8.2 million were current at the end of 2014.

These transactions relate to the management of the portfolios.

Note 39. Liabilities which could lead to a credit risk

Liabilities towards international institutions include the commitment signed by the Bank to lend to the IMF SDR 700 million (€ 834.7 million) via the PRGT.

To provide the IMF with additional resources, the euro area Member States decided to grant a new bilateral loan amounting to € 150 billion in 2013.

That amount is apportioned among the euro area countries on the basis of each member's quota. The Belgian share is thus € 9.99 billion in the form of a bilateral loan by the Bank to the IMF.

The available amount (PRGT and bilateral loan) comes to € 10 240.2 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 2014, the outstanding amount came to € 495.7 million.

Note 40. Valuables and claims entrusted to the institution

The custody deposits comprise the nominal amount of securities (Treasury Certificates, linear bonds, securities resulting from the splitting of linear bonds, Treasury bills, certificates of deposit and certain classical loans) recorded under the securities settlement system and held on behalf of third parties.

The decline in the custody deposits is due to the reduction in the guarantees received by the Bank in connection with monetary policy, partly offset by the expansion in securities issued by enterprises and recorded in the securities settlement system.

Note 41. Capital to be paid up on participations

The BIS shares held by the Bank are paid up to the extent of 25%. The amount shown under this item represents the uncalled capital, totalling SDR 187.9 million (€ 224.0 million).

2.2.7.8 AUDITOR'S REMUNERATION

The remuneration paid to Ernst & Young Reviseurs d'Entreprises SCCRL/ Ernst & Young Bedrijfsrevisoren BCVBA totalled € 102 719 for the audit assignment. That remuneration comprises a sum of € 53 335 for certification of the annual accounts, a sum of € 8 406 for the limited audit of the interim accounts, a sum of € 11 174 for certification of the method of calculating the prudential expenses and a sum of € 29 804 for certification work on behalf of the ECB auditor.

In addition, the auditor received remuneration totalling € 4 762 323 for other assignments, separate from the audit assignment. This concerned an expert opinion supplied by Ernst & Young on the comprehensive assessment of certain credit institutions in connection with the European banking supervision. On 26 February 2014, the Bank's Audit Committee found that this assignment, which was awarded by an objective public tendering procedure, did not affect the auditor's independence and that its award to Ernst & Young is therefore an authorised derogation from the one-to-one rule. The remuneration for these services was recovered from the financial sector and is therefore not charged to the Bank (see note 29).

2.2.7.9 LEGAL PROCEEDINGS

On 3 January 2014, a shareholder brought an action before the Brussels Commercial Court. That shareholder claims that the Bank's annual accounts for the 2012 financial year do not conform to the regulations applicable, and demands the correction of the annual accounts on three points. Since the Bank considers that its annual accounts were drawn up in accordance with the regulations and the action is unfounded, it has not formed any provision for these legal proceedings.

There are no other ongoing disputes which are so critical or material as to oblige the Bank to form a provision or to make more detailed comments under this heading.

2.2.8 Comparison over five years

2.2.8.1 BALANCE SHEET

ASSETS

(in € thousand)

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|----------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| 1. Gold and gold receivables | 7 222 523 | 6 370 322 | 9 222 696 | 8 898 631 | 7 719 706 |
| 2. Claims on non-euro area residents denominated in foreign currency | 13 826 457 | 13 108 998 | 14 021 524 | 13 927 309 | 12 409 314 |
| 2.1 Receivables from the IMF | 7 234 732 | 7 233 510 | 7 832 056 | 7 814 313 | 6 623 526 |
| 2.2 Balances with banks and security investments, external loans and other external assets | 6 591 725 | 5 875 488 | 6 189 468 | 6 112 996 | 5 785 788 |
| 3. Claims on euro area residents denominated in foreign currency | 455 438 | 269 221 | 242 076 | 7 895 734 | 420 739 |
| 4. Claims on non-euro area residents denominated in euro .. | 562 552 | 554 635 | 662 677 | 772 684 | 582 177 |
| 5. Lending to euro area credit institutions related to monetary policy operations denominated in euro | 11 675 601 | 15 985 000 | 40 010 000 | 40 420 650 | 7 215 000 |
| 5.1 Main refinancing operations | 500 000 | 1 700 000 | 90 000 | 8 211 000 | 3 100 000 |
| 5.2 Longer-term refinancing operations | 10 334 950 | 14 285 000 | 39 920 000 | 17 965 000 | 4 115 000 |
| 5.3 Fine-tuning reverse operations | – | – | – | – | – |
| 5.4 Structural reverse operations | – | – | – | – | – |
| 5.5 Marginal lending facility | 840 651 | – | – | 14 244 650 | – |
| 5.6 Credits related to margin calls | – | – | – | – | – |
| 6. Other claims on euro area credit institutions denominated in euro | 1 168 | 2 177 | 1 439 010 | 9 234 449 | 2 299 437 |
| 7. Securities of euro area residents denominated in euro | 21 484 163 | 21 369 099 | 22 962 277 | 23 395 730 | 19 088 255 |
| 7.1 Securities held for monetary policy purposes | 7 040 768 | 7 602 663 | 8 955 542 | 9 113 796 | 4 768 180 |
| 7.2 Other securities | 14 443 395 | 13 766 436 | 14 006 735 | 14 281 934 | 14 320 075 |
| 8. Intra-Eurosystem claims | 14 428 535 | 14 244 003 | 15 344 052 | 17 972 233 | 20 051 968 |
| 8.1 Participating interest in ECB capital | 287 101 | 263 981 | 261 010 | 220 584 | 180 157 |
| 8.2 Claims equivalent to the transfer of foreign currency reserves | 1 435 911 | 1 401 024 | 1 397 304 | 1 397 304 | 1 397 304 |
| 8.3 Net claims related to the allocation of euro banknotes within the Eurosystem | 12 705 523 | 12 578 998 | 13 685 738 | 16 354 345 | 18 474 507 |
| 8.4 Other claims within the Eurosystem (net) | – | – | – | – | – |
| 9. Other assets | 5 868 139 | 5 896 912 | 5 848 814 | 5 197 597 | 4 911 442 |
| 9.1 Coins of euro area | 9 843 | 8 960 | 10 127 | 9 997 | 13 362 |
| 9.2 Tangible and intangible fixed assets | 402 020 | 399 823 | 401 291 | 394 590 | 383 914 |
| 9.3 Other financial assets | 4 861 766 | 4 626 991 | 4 298 841 | 4 084 389 | 3 904 369 |
| 9.4 Off-balance-sheet instruments revaluation differences | – | 119 044 | 164 820 | – | – |
| 9.5 Accruals and prepaid expenditure | 548 854 | 703 909 | 921 362 | 627 276 | 541 293 |
| 9.6 Sundry | 45 656 | 38 185 | 52 373 | 81 345 | 68 504 |
| Total assets | 75 524 576 | 77 800 367 | 109 753 126 | 127 715 017 | 74 698 038 |

LIABILITIES

(in € thousand)

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| 1. Banknotes in circulation | 33 113 725 | 30 574 015 | 29 107 122 | 28 342 790 | 26 849 471 |
| 2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro | 10 763 491 | 13 797 835 | 19 572 474 | 22 569 665 | 12 995 940 |
| 2.1 Current accounts (covering the minimum reserve system) | 6 975 888 | 10 620 579 | 6 481 433 | 9 612 694 | 11 777 570 |
| 2.2 Deposit facility | 3 787 603 | 852 256 | 11 291 041 | 10 796 971 | 718 370 |
| 2.3 Fixed-term deposits | - | 2 325 000 | 1 800 000 | 2 160 000 | 500 000 |
| 2.4 Fine-tuning reverse operations | - | - | - | - | - |
| 2.5 Deposits related to margin calls | - | - | - | - | - |
| 3. Other liabilities to euro area credit institutions denominated in euro | - | - | - | - | 21 906 |
| 4. Liabilities to other euro area residents denominated in euro | 286 264 | 268 209 | 568 457 | 540 374 | 131 343 |
| 4.1 General government | 49 107 | 126 267 | 296 324 | 65 330 | 82 277 |
| 4.2 Other liabilities | 237 157 | 141 942 | 272 133 | 475 044 | 49 066 |
| 5. Liabilities to non-euro area residents denominated in euro | 158 834 | 439 926 | 329 370 | 339 995 | 268 792 |
| 6. Liabilities to euro area residents denominated in foreign currency | - | - | 297 863 | 1 264 394 | 679 502 |
| 7. Liabilities to non-euro area residents denominated in foreign currency | - | - | 1 106 943 | 1 739 702 | 1 657 312 |
| 8. Counterpart of special drawing rights allocated by the IMF | 5 155 155 | 4 834 795 | 5 039 722 | 5 130 512 | 5 002 973 |
| 9. Intra-Eurosystem liabilities | 12 334 828 | 15 454 263 | 38 059 300 | 52 859 185 | 13 870 537 |
| 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) | 12 334 828 | 15 454 263 | 38 059 300 | 52 859 185 | 13 870 537 |
| 10. Other liabilities | 739 492 | 526 727 | 579 097 | 895 018 | 742 945 |
| 10.1 Off-balance-sheet instruments revaluation differences | 119 325 | - | - | 303 053 | 65 811 |
| 10.2 Accruals and income collected in advance | 11 696 | 10 959 | 14 445 | 20 719 | 21 470 |
| 10.3 Sundry | 608 471 | 515 768 | 564 652 | 571 246 | 655 664 |
| 11. Provisions | - | - | 10 990 | 33 643 | 78 240 |
| 11.1 For future exchange losses | - | - | - | - | - |
| 11.2 For new premises | - | - | - | - | - |
| 11.3 For contingencies | - | - | - | - | - |
| 11.4 In respect of monetary policy operations | - | - | 10 990 | 33 643 | 78 240 |
| 12. Revaluation accounts | 7 408 511 | 6 309 603 | 9 432 953 | 9 013 808 | 7 689 840 |
| 13. Capital, reserve fund and available reserve | 4 884 714 | 4 648 111 | 4 311 663 | 4 086 842 | 3 877 208 |
| 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 | 1 152 963 | 1 150 831 | 1 150 790 | 1 150 790 | 1 150 790 |
| Amortisation accounts in respect of tangible and intangible fixed assets | 341 942 | 344 191 | 342 077 | 342 029 | 340 402 |
| 13.3 Available reserve | 2 211 115 | 1 974 395 | 1 640 102 | 1 415 329 | 1 207 322 |
| 14. Profit for the financial year | 679 562 | 946 883 | 1 337 172 | 899 089 | 832 029 |
| Total liabilities | 75 524 576 | 77 800 367 | 109 753 126 | 127 715 017 | 74 698 038 |

2.2.8.2 PROFIT AND LOSS ACCOUNT

(in € thousand)

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|--------------------------------------------------------------------------------|-----------------|------------------|------------------|------------------|-----------------|
| 1. Net interest income | 960 225 | 1 186 500 | 1 503 529 | 1 175 478 | 943 380 |
| 1.1 Interest income | 1 037 082 | 1 349 183 | 1 960 218 | 1 673 577 | 1 375 550 |
| 1.2 Interest expense | -76 857 | -162 683 | -456 689 | -498 099 | -432 170 |
| 2. Net result of financial operations, write-downs and provisions | 87 499 | 32 876 | 59 509 | -10 194 | 43 518 |
| 2.1 Realised gains/losses arising from financial operations | 89 051 | 62 776 | 60 122 | 49 967 | 103 455 |
| 2.2 Write-downs on financial assets and positions | -1 552 | -29 900 | -613 | -60 161 | -59 937 |
| 2.3 Transfer to/from provisions | - | - | - | - | - |
| 3. Net income/expense from fees and commissions | 2 852 | 3 451 | 3 764 | 4 172 | 7 033 |
| 3.1 Fees and commissions income | 8 041 | 9 307 | 10 350 | 10 904 | 15 024 |
| 3.2 Fees and commissions expense | -5 189 | -5 856 | -6 586 | -6 732 | -7 991 |
| 4. Income from equity shares and participating interests ... | 44 058 | 80 521 | 41 098 | 44 905 | 91 719 |
| 5. Net result of pooling of monetary income | 8 821 | 4 124 | 104 269 | 29 923 | 49 195 |
| 6. Other income | 170 193 | 133 006 | 136 489 | 110 098 | 70 561 |
| 7. Staff costs | -304 575 | -290 224 | -265 293 | -261 285 | -203 235 |
| 8. Administrative expenses | -101 878 | -77 581 | -81 166 | -84 200 | -79 109 |
| 9. Depreciation of tangible and intangible fixed assets | -10 026 | -10 729 | -9 382 | -6 011 | -3 331 |
| 10. Banknote production services | n. | n. | n. | n. | n. |
| 11. Other expenses | -2 131 | -41 | - | - | - |
| 12. Corporate tax | -175 476 | -115 020 | -155 645 | -103 797 | -87 702 |
| Profit for the year | 679 562 | 946 883 | 1 337 172 | 899 089 | 832 029 |

2.2.8.3 DIVIDEND PER SHARE

(in €)

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|-----------------------|--------|--------|--------|--------|--------|
| Gross dividend | 144.92 | 165.60 | 154.04 | 141.76 | 166.12 |
| Withholding tax | 36.23 | 41.40 | 38.51 | 35.44 | 41.53 |
| Net dividend | 108.69 | 124.20 | 115.53 | 106.32 | 124.59 |

2.3 Auditor's report to the Council of Regency

Free translation from the Dutch/French original

AUDITOR'S REPORT TO THE COUNCIL OF REGENCY OF THE NATIONAL BANK OF BELGIUM AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2014

As required by law and the Bank's by-laws, we report to you in the context of our auditor's mandate. This report includes our opinion on the balance sheet as at 31 December 2014, the income statement for the year ended 31 December 2014 and the disclosures (all elements together "the Annual Accounts") and includes as well our report on other legal and regulatory requirements.

REPORT ON THE ANNUAL ACCOUNTS – UNQUALIFIED OPINION

In accordance with Article 27.1 of the Protocol on the Statutes of the European System of Central Banks and of the European Central Bank, we have audited the Annual Accounts of the National Bank of Belgium ("the Bank") as of and for the year ended 31 December 2014, prepared in accordance with the financial reporting framework applicable to the Bank, which show a balance sheet total of € 75 524 576 thousands and of which the income statement shows a profit for the year of € 679 562 thousands.

RESPONSIBILITY OF THE BOARD OF DIRECTORS FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The Board of Directors is responsible for the preparation of Annual Accounts that give a true and fair view in accordance with the financial reporting framework applicable to the Bank. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of Annual Accounts that give a true and fair view and that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the given circumstances.

RESPONSIBILITY OF THE AUDITOR

Our responsibility is to express an opinion on these Annual Accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Those standards require that we comply with the ethical requirements and plan and perform the audit to

obtain reasonable assurance about whether the Annual Accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Annual Accounts, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and presentation of the Annual Accounts that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the Annual Accounts.

We have obtained from the Board of Directors and the Bank's officials the explanations and information necessary for performing our audit procedure and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

UNQUALIFIED OPINION

In our opinion, the Annual Accounts give a true and fair view of the Bank's net equity and financial position as at 31 December 2014, and of its results for the year then ended, prepared in accordance with the financial reporting framework applicable to the Bank.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Board of Directors is responsible for the preparation and the content of the Board of Director's report on the Annual Accounts, in accordance with article 96 of the Belgian Company Code, as well as the Bank's compliance with the Organic Law, its by-laws, the applicable requirements of the Company Code and the legal and regulatory requirements applicable to the accounting records and the Annual Accounts of the Bank.

In the context of our mandate and in accordance with the additional standard issued by the 'Instituut van de Bedrijfsrevisoren/Institut des Réviseurs d'Entreprises' as

published in the Belgian Gazette on 28 August 2013 (the “Additional Standard”), it is our responsibility to perform certain procedures to verify, in all material respects, compliance with certain legal and regulatory requirements, as defined in the Additional Standard. On this basis, we make the following additional statements, which do not modify the scope of our opinion on the Annual Accounts.

- The Board of Director’s report on the Annual Accounts includes the information required by law, is consistent with the Annual Accounts and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.
- Without prejudice to certain formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable to the accounting records and the Annual Accounts of the Bank.
- The appropriation of the results proposed to you complies with the legal and statutory requirements.
- There are no transactions undertaken or decisions taken in breach of the Organic Law, the Bank’s by-laws or the requirements of the Company Code applicable to the Bank, that we have to report to you.

Brussels, 16 March 2015

Ernst & Young Réviseurs d’Entreprises scrl/Ernst & Young Bedrijfsrevisoren bcvba

Auditor

Represented by Christel Weymeersch Partner, permanent representative of Christel Weymeersch bvba

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2.4 Approval by the Council of Regency

Having taken note of the examination by the Audit Committee, the Council of Regency approved the annual accounts and the report on the company’s activities in the year 2014 at its meeting on 25 March 2015 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.