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PRESS RELEASE

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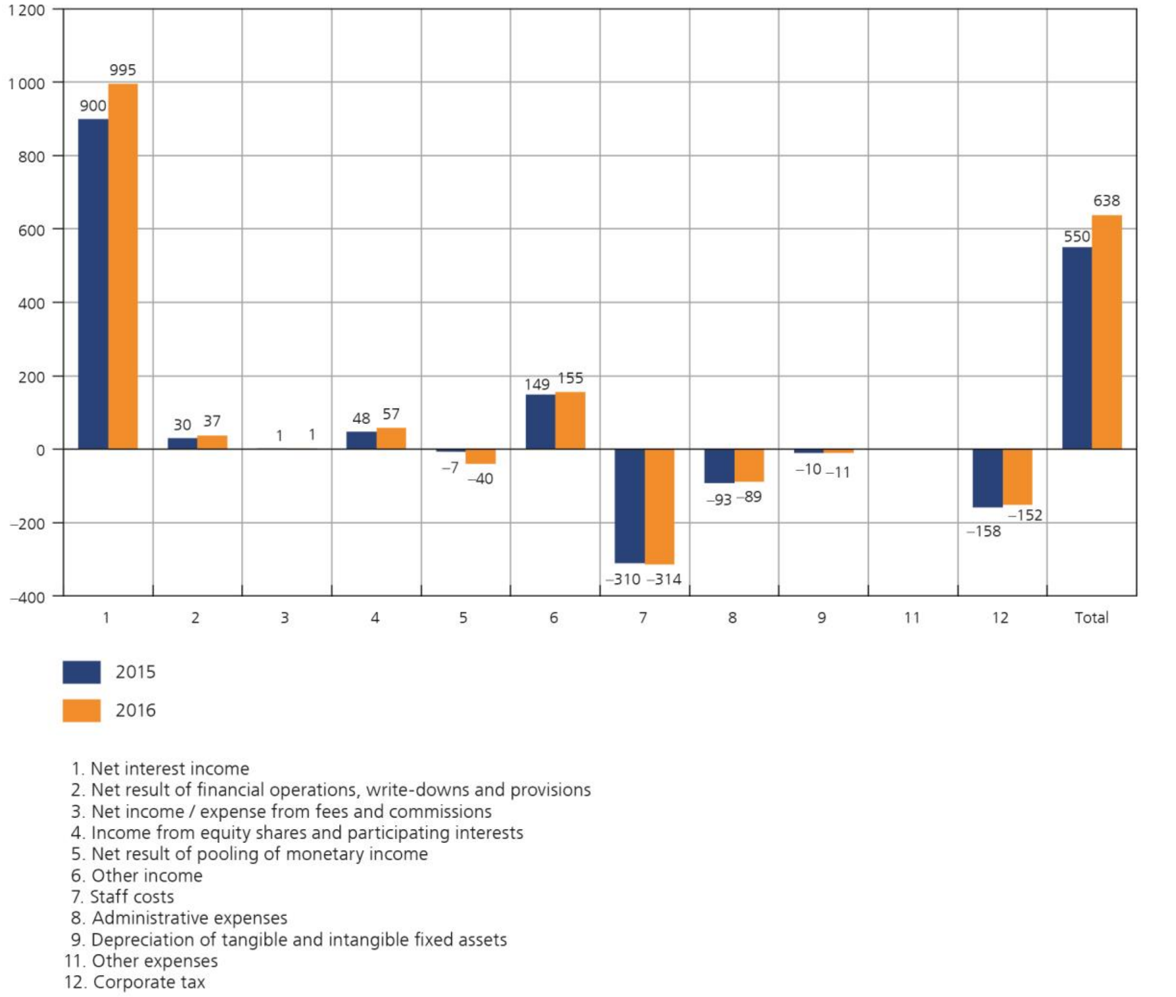
Result and profit distribution for the year 2016

The National Bank of Belgium's Council of Regency has today, 29 March 2017, approved the annual accounts for 2016, pursuant to Article 44 of the Bank's Statutes. The external auditor has issued an unqualified opinion on the annual accounts and confirmed that the accounting data contained in this release are in accordance with the annual accounts.
The annual accounts and the Directors' Report are available on the Bank's website (www.nbb.be) in French and Dutch and will be shortly available in English.

Result

In 2016, the Bank made a net profit after tax of € 638 million, up by € 88 million or an increase of 16 % on the previous year. The main factors behind this increase in profits are set out below:

General structure of the result *(in € million)*



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The growth of the net profit stems largely from the items “net interest income” (+ € 95 million) and “net result of financial operations, write-downs and provisions”) (+ € 7 million).

Net interest income was up sharply under the influence of:

- the growth in the volume of the latest monetary-policy-related securities purchase programmes (+ € 150 million);
- the increase in the volumes and interest (+ € 116 million) on current accounts and the deposit facility (negative interest).

This effect was partly offset by:

- the fall in interest rates on the euro-denominated own portfolios (- € 63 million);
- the reduction in the volume of monetary policy portfolios for which purchase programmes have expired (- € 55 million);
- the rise in the cost of funding the foreign exchange position (- € 25 million);
- lending to credit institutions at negative interest rates instead of at positive or zero rates (- € 28 million);
- the fall in interest collected on net claims relating to the allocation of euro banknotes (- € 5 million).

On the market in euro-denominated securities, realised capital gains increased as interest rates were eased to a greater extent than in the previous financial year (+ € 5 million).

Conversely, in the case of dollar-denominated securities, the interest rate rise led to a fall in realised gains and an increase in unrealised losses (- € 18 million).

The Bank’s contribution to the pooling of monetary income was bigger than the previous year (- € 33 million), mainly as a result of its specific role in the CSPP programme.

Profit distribution

An estimate of the quantifiable risks forms the basis for setting the minimum amount of the Bank’s reserves. All the Bank’s financial risks are quantified using the value-at-risk/expected shortfall methodology, for which the Bank uses very cautious parameters in terms of probabilities and time horizons.

The estimate of the lower boundary of risks at the end of 2016 leads to an amount of around € 5.1 billion. The Expanded Asset Purchase Programme carries higher risks which could put the Bank’s financial results under pressure. Consequently, the Bank is maintaining its policy of setting aside 50 % of the profits for the year, as long as the period of non-conventional monetary policy measures persists.

Thus, a sum of € 319.1 million has been allocated to the available reserve. Following the profit distribution, the Bank’s financial buffers amount to € 5.5 billion. Moreover, the result for the year forms the first buffer for absorbing losses.

The dividend policy remains unchanged, giving a gross dividend of € 140.79 per share, an increase of 4.0 % compared with the year 2015.

The balance of the annual profits accrues to the State in accordance with the Bank’s Organic Law. For the year 2016, it comes to € 262.8 million.

The dividend will be payable on the fourth bank working day following the General Meeting of Shareholders which takes place on 15 May 2017. On that date, it will be paid automatically to holders of dematerialised shares and registered shares.

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