2019-03-27

PRESS RELEASE

Regulated information (inside information) circulated by the National Bank of Belgium on 27 March 2019 at 17.45 CET.

Result and profit distribution for the year 2018

On this day, 27 March 2019, the Council of Regency of the National Bank of Belgium approved the 2018 annual accounts in accordance with Article 44 of the Statutes. The auditor has issued an unqualified opinion on the annual accounts and confirmed that the accounting data in this press release conform with the annual accounts.

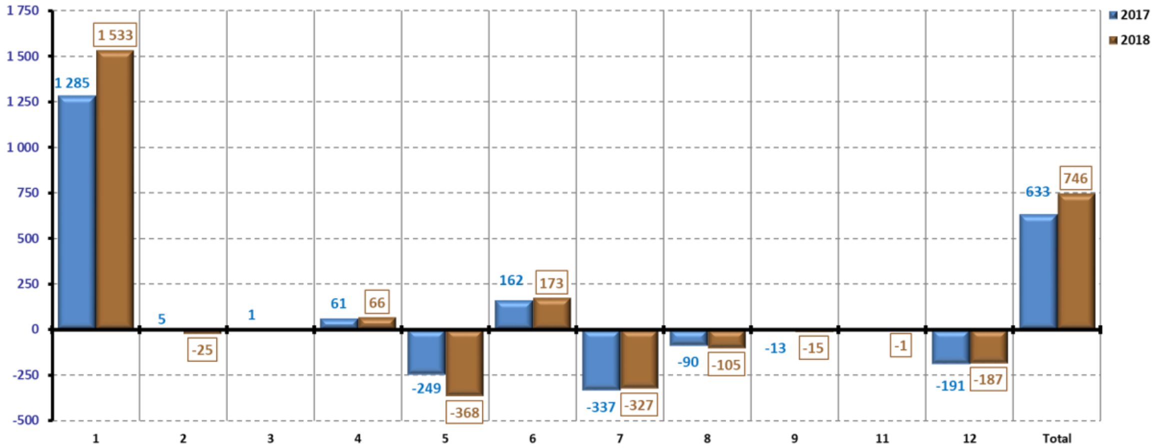
The annual accounts and the Directors' Report are available on the Bank's website (www.nbb.be) in French and Dutch and will shortly be published in English.

Result

In 2018, the Bank made a net profit of € 746 million, higher than the previous year's figure (+ € 113 million).

The main factors are detailed below:

General structure of the result *(€ million)*



1. Net interest income
2. Net result of financial operations, write-downs and provisions
3. Net income/expenses from fees and commissions
4. Income from equity shares and participating interests
5. Net result of pooling of monetary income
6. Other income
7. Staff costs
8. Administrative expenses
9. Depreciation on tangible and intangible fixed assets
11. Other expenses
12. Corporate tax

Net interest income has risen sharply (+ € 248 million), but this was partly offset by the increase in the Bank's contribution to monetary income (- € 119 million) and the decline in the net result of financial operations (- € 30 million).

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

- the rise in the volume of the monetary policy asset purchase programmes (APP) (+ € 209 million) and higher interest on these programmes (+30 million);
- the increased volume on current accounts and the deposit facility (+ € 81 million).

Communication – Geert Sciot
National Bank of Belgium Ltd.
boulevard de Berlaimont 14
1000 Brussels
phone + 32 2 221 46 28
www.nbb.be
Company's number:
0203.201.340 – RLP Brussels

That effect was partially offset by:

- the decline in the volume of the Bank's own euro-denominated portfolios (- € 25 million) and the lower interest on these portfolios (- € 23 million);
- the decline in the volume of the monetary policy portfolios for which the purchase programmes have ended (- € 28 million).

Higher dollar interest rates in 2018 led to realised and unrealised capital losses on securities totalling € 61 million compared to € 10 million in 2017 (€ -51 million).

Although, in 2017, the Bank had recorded unrealised foreign exchange losses of € 20 million on CNY and KRW, in 2018, unrealised foreign exchange losses on the yuan were only € 2 million.

The Bank's contribution to the allocation of monetary income was larger than in the previous year (- € 119 million), mainly because of its specific role in the Corporate Sector Purchase Programme (CSPP).

The impairment tests conducted on monetary-policy-related securities in the Eurosystem have led to the constitution of a provision of € 6 million.

Profit distribution

The minimum amount of the Bank's reserves is determined on the basis of an estimate of the quantifiable risks. All the Bank's financial risks are quantified according to the value at risk/expected shortfall methodology, for which the Bank uses very cautious parameters with regard to probabilities and timescales.

The estimate of the minimum level of risks at the end of 2018 resulted in a figure of around € 5.4 billion.

That amount comprises the financial risks on:

- the Bank's own securities portfolios in euro and in foreign currencies;
- the monetary policy portfolios shown on the Bank's balance sheet for which the Bank alone bears the risks;
- the monetary policy credit operations and securities portfolios shown on the balance sheet of all national central banks (NCBs) in the Eurosystem, for which the risk is shared among the NCBs (see notes 5 and 7 to the annual accounts).

The volume and the composition of the balance sheet, and particularly the Expanded Asset Purchase Programme, imply a risk of the Bank's results coming under pressure. Consequently, the Bank is maintaining its reserve policy at 50 % of the profit for the year for so long as the period of non-standard monetary measures persists.

Thus, an amount of € 372.8 million is allocated to the available reserve. Following the profit distribution, the Bank's buffers total € 6.2 billion. In addition, the current profit is the first buffer used to cover any losses.

The dividend policy remains unchanged. This results in a gross dividend of € 138.47 per share, up by 8.5 % on the year 2017.

The balance of the profit for the year is assigned to the State in accordance with the Organic Law. For 2018, this amounts to € 317.4 million.

The dividend is payable on the fourth bank working day following the General Meeting of Shareholders, scheduled for 20 May 2019. On that date, it will be paid automatically to holders of dematerialised shares and registered shares.

Communication – Geert Sciot
National Bank of Belgium Ltd.
boulevard de Berlaimont 14
1000 Brussels
phone + 32 2 221 46 28
www.nbb.be
Company's number:
0203.201.340 – RLP Brussels