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PRESS RELEASE

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Result and profit distribution for the year 2020

On 31 March 2021, the Council of Regency of the National Bank of Belgium approved the 2020 annual accounts in accordance with Article 44 of the Statutes. The auditor has issued an unqualified opinion on the annual accounts and confirmed that the accounting data in this press release conform to the annual accounts.

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

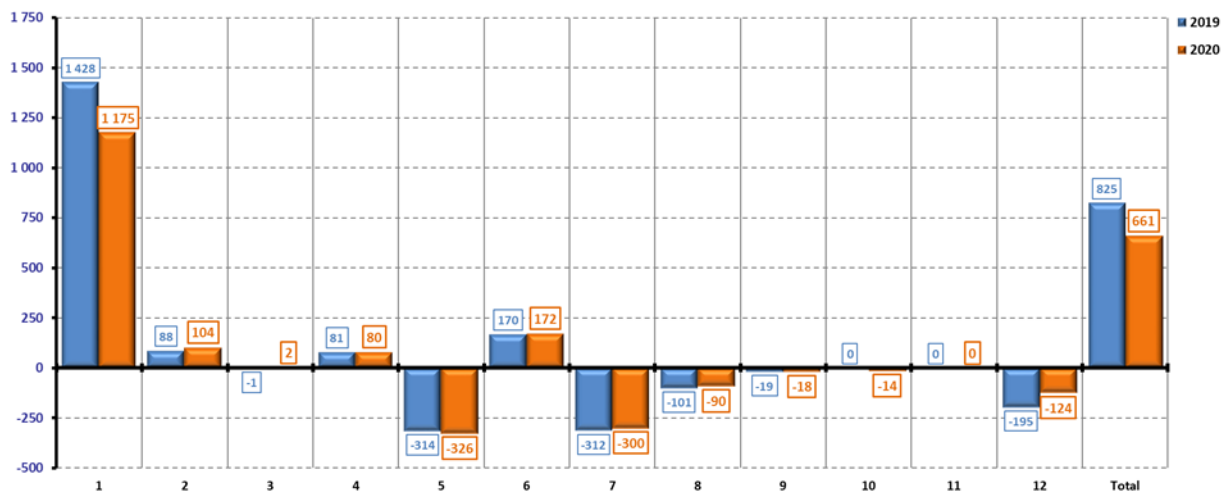
Result

In 2020, the Bank made a smaller net profit than in the previous financial year (- € 164 million) or € 661 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
10. Banknote production services
11. Other expenses
12. Corporate tax

This change in profit stems mainly from the reduction in net interest income (- € 253 million) and the increase in the Bank's contribution to monetary income (- € 12 million). However, this effect was partly offset by the net results of financial operations which rose by € 16 million.

Net interest income fell by € 253 million essentially as a result of:

- the rise in the volume (- € 276 million) and the decline in interest rates (- € 104 million) of credit operations for monetary policy purposes that were carried out at negative interest rates;
- the increase in volumes on current accounts and the deposit facility, also subject to negative interest rates, partially offset by the exemption of part of the excess reserves (+ € 16 million);
- the rise in the volume of monetary policy portfolios (+ € 102 million).

The Bank's contribution to the allocation of monetary income was larger than in the previous year (- € 13 million), mainly as a result of the increase in monetary policy portfolios. The provision for monetary policy operations constituted in 2018 was used to cover the loss incurred following the sale in 2020 of depreciated CSPP securities held by an NCB (€ 2 million). The residual amount of the provision, € 1 million, had been fully taken up by the end of the financial year. These two effects together boost the contribution to the allocation of monetary income by - € 12 million.

The net results of financial operations increased largely under the influence of the fall in dollar interest rates (+ € 26 million). By contrast, capital gains on the market for euro-denominated securities were down slightly owing to the lower sales volume owing to the liquidation of the fixed-income securities portfolio (- € 9 million).

Unlike the last financial year, there are no longer any costs related to implementation of the early retirement plan, which largely explains the reduction in staff costs (+ € 12 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 either according to the value at risk/expected shortfall methodology, for which the Bank uses very cautious parameters with regard to probabilities and timescales, or to long-term scenarios.

The estimate of the lower boundary of risks at the end of 2020 leads to an amount of approximately € 6.5 billion, compared with € 4.6 billion at the end of 2019.

This figure includes financial risks on:

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

The growing volume and the composition of the balance sheet, and in particular the APP and the PEPP, imply a risk of seeing the Bank's results coming under pressure, especially if interest rates rise. In such conditions, the Bank is maintaining its reserve policy at 50 % of the profit for the year for as long as the period of non-standard monetary measures persists.

Thus, an amount of € 330.5 million is allocated to the available reserve. Following the profit distribution, the Bank's buffers total € 6.9 billion. Moreover, the current profit is the first buffer used to cover any losses.

The dividend policy remains unchanged. This results in a gross dividend of € 105.77 per share, down by 13.7 % on the 2019 financial year mainly because there has not been any dividend paid out by the BIS this year.

The balance of the profit for the year is assigned to the State, in accordance with the Organic Law. For the year 2020, it comes to € 288.2 billion.

The dividend is payable on the fourth bank working day following the General Meeting of Shareholders, scheduled for 17 May 2021. On that date, it will be paid automatically to holders of dematerialised shares and registered shares.

Post-balance-sheet events

Available information concerning the sale of the Printing Works building is given in points 3.1.3 of the Directors' Report and 3.2.7.10 in the notes to the annual accounts, as well as in the press release dated 26 January 2021 that can be found on the Bank's website.