REPORT
2023

Corporate Report

National Bank OF BELGIUM
Eurosystem

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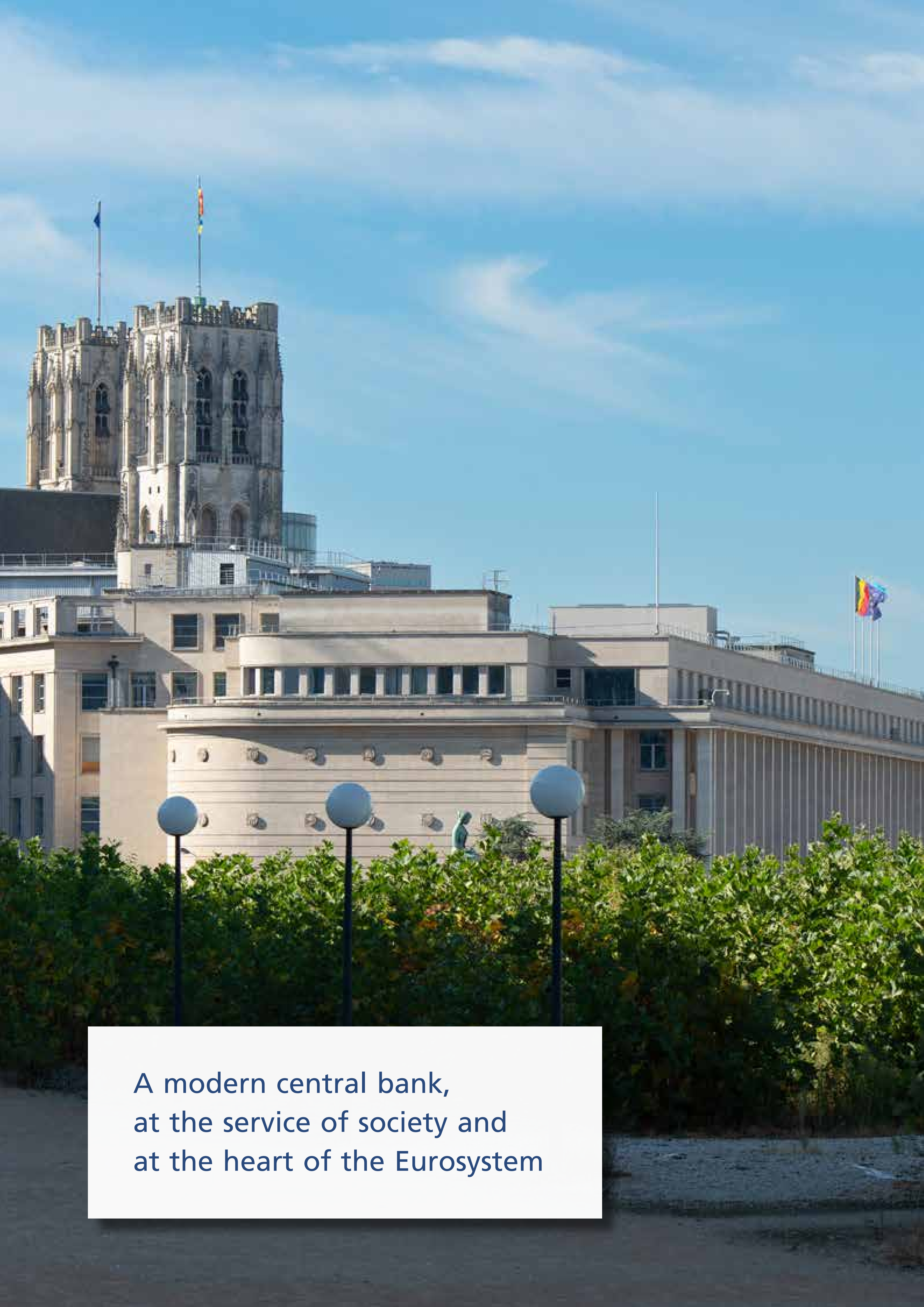

A modern central bank,
at the service of society and
at the heart of the Eurosystem

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Foreword

Dear Reader,

The National Bank of Belgium is an institution with more than one string to its bow. Some of our missions are well known, while others are less so. For some years now, our Corporate Report has summarised not only the Bank's financial results but also the activities of its many management bodies, departments and services.

For this edition of the Corporate Report, we have chosen the theme of central banking in times of inflation. Some of you may think that the interest rate policy we follow to keep inflation under control is set in Frankfurt by the European Central Bank (ECB) rather than by the National Bank in Brussels. They forget, however, that monetary policy is not prepared solely by the ECB and that the national central banks of the Eurosystem are also involved. The decisions that my colleagues and I take on interest rate policy are based, among other things, on the outlook and forecasts for economic growth drawn up by the Eurosystem central banks. This Corporate Report focuses on the NBB's role in this process.

As announced in 2022 and reiterated at our Annual General Meeting in 2023, the monetary policy that we help to shape and implement had a severely negative impact on our bottom line in 2023.

This past year was also one in which we made significant progress on a number of strategic projects launched in recent years with the aim of making the NBB a modern central bank. It is impossible to list them all in this foreword, but if you take the time to read this report, you will see that the Bank did not rest on its laurels in 2023. Our biggest project, the new cash centre in Zellik, is well under way. We are also preparing to renovate our main building in the centre of Brussels, which is outdated and not very energy efficient. This will enable us down the road to significantly reduce the number of workstations. But we're also building in the figurative sense. For example, we have completely overhauled our human resources tools so that we are better equipped to cope with the fierce war for talent that is impacting our sector.

Adapting our organisation to technological advances and new trends in the financial sector has become an ongoing task. In order to prepare for the possible introduction of a digital euro by the ECB, a Digital Euro and Payments Policy Unit was set up in 2023.

One of our main missions is to demonstrate the societal relevance of our actions and to be of service to society. We relentlessly pursue efforts to make our statistics, studies and recommendations even more accessible and relevant to our many target audiences. I am therefore delighted that the Bank's figures, analyses and scientific research once again received a great deal of attention in 2023, and that they often stoked debate.

Finally, we have once again made significant progress in the areas of diversity, inclusion and corporate social responsibility. We discuss these matters in more detail in the corporate social responsibility section of this report.

Happy reading !

Pierre Wunsch
Governor
February 2024

1. The National Bank as a company*

** This section of the Corporate Report should be read in the light of the developments and trends described in the “Economic and financial developments” report for 2023. It may also be useful to refer to the list of abbreviations appended to that report when reading this section.*

The National Bank of Belgium at the service of society

The tasks carried out by the National Bank of Belgium – at the Belgian, European or even global level – are first and foremost in the general interest. Some of these tasks fall within the traditional remit of a central bank, such as:

- Putting into circulation and withdrawing banknotes (on behalf of the Eurosystem) and coins (on behalf of the Belgian Treasury).
- Participating in the preparation of the Eurosystem's monetary policy and the implementation of its decisions.
- Carrying out economic and financial research at the Belgian, euro area and international levels. These studies underpin both the Bank's own decision-making and the policy of the federal government and other levels of government in Belgium.
- Drawing up the Belgian balance of payments, financial accounts and statistics relating to financial markets and institutions.
- Working to maintain financial stability.
- Supervising, within a European framework, financial infrastructures established in Belgium.
- Managing, within a European framework, central bank settlement systems, large-value interbank transfers in euros and other transfers in euros.
- Providing advice to public authorities, both regularly and on a periodic basis.

In carrying out the above activities, many of the Bank's representatives sit on international bodies such as the IMF, the Bank for International Settlements, the OECD, the ECB, the Single Supervisory Mechanism, the three European supervisory authorities (the European Banking Authority or EBA, the European Securities and Markets Authority or ESMA, and the European Insurance and Occupational Pensions Authority or EIOPA) and others. The Bank also assists and advises the Belgian public authorities, in particular through the Council of the European Union and Belgium's Permanent Representation to the EU.

Printing banknotes was long one of the Bank's core activities, but as the purchase of banknotes proved more efficient, the Bank ceased its printing operations in 2019. Since then, the Bank has purchased banknotes from the Portuguese and Austrian central banks.

Over time, the government has entrusted the National Bank with other tasks, so that it now plays a unique role in the Eurosystem.

- Acting as State cashier, since 1850.
- Ensuring the prudential supervision of credit institutions, stockbroking firms, settlement and clearing institutions, electronic money institutions and insurance companies, whether or not in cooperation with the relevant European bodies.
- Performing tasks as the national resolution authority within the Single Resolution Mechanism of the banking union.
- Ensuring the continuity of the country's financial sector and crisis management.
- Preparing the national and regional accounts.
- Producing statistics on public finances.
- Managing a platform to collect and publish the annual accounts of most legal entities active in Belgium.
- Operating the Individual Credit Register, the Corporate Credit Register and the Central Point of Contact (CPC).
- Analysing microeconomic data on companies, industries and economic operators in general.
- Operating a securities settlement system for fixed-income financial assets.

Maintaining economic relations with the country's main socio-economic players (employers, employee representatives, trade associations, professional organisations, academia, local authorities, etc.) is and remains one of the Bank's main tasks. To this end, it acts as secretary of the Belgian Financial Forum, which organises conferences, debates and symposia in Brussels and within its 11 regional committees. The aim of the forum is to stimulate economic and financial reflection, bring together professionals, public authorities, academics and business people, and serve as a conduit for the spread of economic and financial knowledge and information.

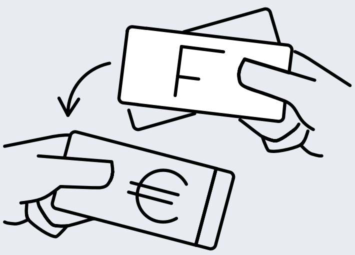
The Bank also strives to make an active contribution to financial education in Belgium and operates a museum that is open to the general public.

The National Bank of Belgium in 2023 **in a few figures**

73 931

Belgian franc banknotes

exchanged for a value of 1 871 040 euros

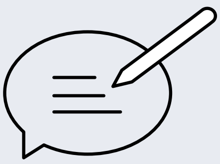


most attractive employer

in Belgium according to Randstad

22

blog posts



11 056
counterfeit notes
withdrawn from circulation or 16 per million banknotes (estimate)

14
meetings of
the Governing Council
attended by the Bank's governor

32 873
visitors to the Museum
(a record number)

563 895 130
notes deposited
with the Bank totalling 19 925 280 790 euros

52 720
followers *on LinkedIn, X, Facebook and YouTube*

10 257 046
visits *to nbb.be*

1.1

A year marked by **inflation and implementation of the Bank's Strategy 2025**

Central banking **in times of inflation**

A central bank carries out a wide array of tasks, such as ensuring the circulation of money in the country and the security of (cash and digital) payments. The NBB monitors the health of financial and payment institutions in order to reduce the risk of a financial crisis. It also carries out numerous studies and collects important statistical information that sheds light on the economic situation and outlook. However, one of the NBB's main tasks is to control inflation so that money retains its value. In this way, the Bank creates the confidence needed for a healthy economic climate in which businesses can invest and households can consume, enabling the economy to grow.

One of the key objectives of central banks' monetary policy is to keep inflation under control. In the euro area, monetary policy is determined by the Governing Council of the European Central Bank (ECB). As the head of a central bank that forms part of the Eurosystem, the Bank's governor is a member of the Governing Council. Together with the other national central bank governors and the members of the ECB's Executive Board, he therefore plays a leading role in setting the ECB's interest rate policy.

The ECB aims for an inflation rate of 2 % in the medium term. Until 2021, inflation was below this level and the ECB had to conduct a very accommodative monetary policy to achieve its inflation target. However, in the wake of the reopening of the economy following the Covid-19 pandemic and Russia's invasion of Ukraine, a strong wave of inflation swept through the euro area. Between July 2022 and September 2023, the Governing Council raised interest rates at each of its ten monetary policy meetings; 2023 was thus largely marked by the fight against excessively high inflation in the euro area.

This chapter provides an overview of what high inflation means for a central bank like the National Bank of Belgium.

The governor's role in interest rate policy

Inflation kept the governor and many of the Bank's departments and services busy throughout the year. In 2023, the governor played an active role in the discussions and assessments that preceded each interest rate decision, just as he was of course present when the ECB Governing Council determined the course of interest rates and/or purchasing policy. The international media consider Governor Wunsch to be hawkish when it comes to monetary policy and believe he is more inclined to fight excessively high inflation by raising interest rates.

As a member of the ECB Governing Council, the governor had to answer questions from the international media on interest rate policy and inflation expectations on an almost weekly basis. Following the IMF Spring Meetings and Annual Meetings in Washington and Marrakech, for example, the Bank's Communications team facilitated the organisation of interviews between the governor and reputable press agencies and specialised media outlets.

The governor's views on the ECB's interest rate hikes were set out in numerous interviews given to leading international newspapers such as the *Financial Times*, the *New York Times* and the *Böersen Zeitung*.

In the autumn, the ECB organised a meeting between the governor and around twenty Belgian and Dutch journalists to explain monetary policy and the interaction between Frankfurt and the Eurosystem central banks. This meeting provided an opportunity for a fascinating discussion on the setting of interest rate policy and the role of central bank governors in this regard.

The governor also spoke about monetary policy at several international conferences. In the early spring, he was invited to take part in "The ECB and its Watchers" event in Frankfurt, while in the autumn he was a panellist at the Frankfurt European Banking Congress. Finally, when he presented the Bank's annual report to the Finance Committee, the governor dwelt at length on monetary policy and inflation.

The Bank prepares interest rate policy

The governor can count on the support of the Bank's many experts in Brussels when preparing for monetary policy meetings. He can thus form an opinion based on their advice and is well equipped to take part in monetary policy discussions. These experts include monetary policy specialists in the Economics

Governor Wunsch spoke at, among other events, the 33rd Frankfurt European Banking Congress and the annual "The ECB and its Watchers" conference, also held in Frankfurt.

and Research Department and staff from the Financial Markets Department, the Legal Department and the International Coordination and Eurosystem Department. The Communications Department keeps a close eye on the international media, so that the governor is kept informed of statements made by his peers to the press or on social networks. This preparation is discussed in more detail later in this report (see section 1.3.2).

Vice-Governor Steven Vanackere shed light on the spring 2023 economic projections for Belgium during a webinar.

The impact of inflation: study and follow-up

Twice a year, the Bank's Economics and Research Department publishes economic projections for Belgium, based on its own models. These projections are traditionally released in June and December. Inflation and the effects of interest rate policy on purchasing power or on the property market following the rise in mortgage rates, the risks of recession and the impact of inflation-induced wage indexation in Belgium are obviously important themes. The Bank's economic projections for Belgium also supply the euro area data on which the ECB bases its interest rate policy discussions. This past year, the Economics and Research Department also investigated whether Belgium had experienced "greedflation". Based on an analysis of microdata from several thousand Belgian companies, it concluded that, in general, companies had not sought to make excessive profits by raising their prices faster than the rise in their production costs.

In its capacity as the financial sector supervisor, the Bank also closely monitored the impact of inflation on financial institutions (banks and insurance companies). To find out more, see the section of this report on supervisory activity.

Interest rates on savings accounts

The ECB's key interest rates obviously strongly influence market rates, which help to determine the interest rates charged by Belgian banks to borrowers and the interest banks themselves pay on current and term accounts. Several years of low policy rates kept the interest rates charged by banks at historically low levels in recent years. Following publication of the Bank's annual report in March 2023, the governor stated that, in view of the ECB's rate rise, banks certainly had room to raise interest rates on savings and term accounts. However, he also pointed out that Belgian banks had many loans with low, fixed rates and long maturities on their balance sheets and that, as a result, the interest rates on savings could only be raised gradually. This point was widely discussed in the press and political circles.

In order to oblige banks to increase their interest rates more quickly, Parliament proposed linking the minimum interest rate on savings accounts to an ECB policy rate or the yield on ten-year Belgian government bonds. The Bank, as the supervisory authority responsible for ensuring the health of the financial sector, was asked to give its opinion on these legislative proposals. It concluded that such initiatives presented risks for the profitability and stability of Belgian credit institutions. The governor explained the Bank's opinion at a hearing before the finance committee of the Federal Parliament.

The new State note

Over the summer, the finance minister decided to put pressure on banks to raise their interest rates by issuing a one-year State note that benefited from advantageous tax treatment. The Bank's opinion on this note was also sought. Belgians subscribed massively, which led to a sharp fall in household bank deposits. The Bank, in its capacity as the supervisory authority, monitored the situation closely. Both the governor and the vice-governor gave interviews on the subject.

Behind the scenes, the Bank's Financial Markets Department played a key role in issuance of the State note. The Payments and Securities Department, for example, created a bond in NBB-SSS, the Bank's central securities depository. The Front Office closely monitored the participation of certain banks in short- and longer-term refinancing operations. The Financial Markets Department also kept a watchful eye on liquidity standards between payment platforms and answered questions from banks on lending facilities. The Back Office examined the effects of the liquidity provided by monetary policy on collateral (i.e. securities deposited by banks borrowing from the central bank). Finally, CASPER, the Bank's application that makes payments and manages the government's accounts, made daily entries and checked the balance at the end of each day of issuance.

The impact of rising interest rates on payment defaults

A rise in interest rates on mortgages or consumer credit can impact households' ability to pay back their loans, especially if they have borrowed at variable interest rates and now face higher repayment costs. The Bank's Individual Credit Register records all loans extended by financial institutions in Belgium, including those granted to businesses. If a loan is not repaid, the lender is obliged to notify the Bank, which will result in the borrower being placed on the blacklist of bad debtors. Monthly statistics are compiled based on the information recorded in the register. The Bank therefore has a very precise idea of the number of defaulting debtors in the country and can quickly assess whether a rise in interest rates on loans is putting Belgian households or businesses in financial difficulty. The good news is that this was not the case in 2023. As three quarters of mortgages in Belgium are fixed rate, the impact of the ECB's interest rate hikes has been limited. The number of defaults actually fell slightly last year. These statistics and more information can be found on the Central Credit Register pages on the Bank's website.

Conferences and debates on inflation

The Communications Department helped organise several debates and conferences on the subject of inflation and interest rates in 2023. The Bank's experts spoke on subjects such as the repercussions of inflation and Belgian wage indexation on the competitiveness of Belgian firms, the impact of inflation on businesses and households, inflation and its effects on purchasing power, and the risk of recession caused by the tightening of monetary policy.

Continued implementation of **the Bank's Strategy 2025** and the development of **a prudential strategy**

Strategy 2025 and its follow-up: "Ability to execute change"

Faced with a host of challenges, the Bank launched a number of cross-cutting projects. Given their number, it was decided to favour an ad hoc or project-based approach, without losing sight of the need to make the Bank more agile in the face of a rapidly changing world.

Efficiency, cost and performance management

The Bank faces significant workforce challenges, with around 30 % of its staff set to retire in the next few years. While this represents a challenge, it is also a key factor in increasing the Bank's overall efficiency. Each department is responsible for identifying and launching a series of efficiency-enhancing initiatives to provide budget headroom.

A new performance management dashboard will be launched in 2024, aimed in particular at senior management. The tool will provide new indicators on the Bank's recurring activities (e.g. supervision, economic analyses) as well as on cross-cutting functions (HR, finance, risk management). These indicators will be monitored on an annual basis. The new dashboard will complement the existing reports drawn up by various departments and services, as well as the dashboard used to implement the Bank's Strategy 2025.

These initiatives are designed not only to meet the challenges of mass retirement but also to modernise and optimise processes, thereby creating opportunities for long-term efficiency gains across the organisation.

Finance and Strategy Department

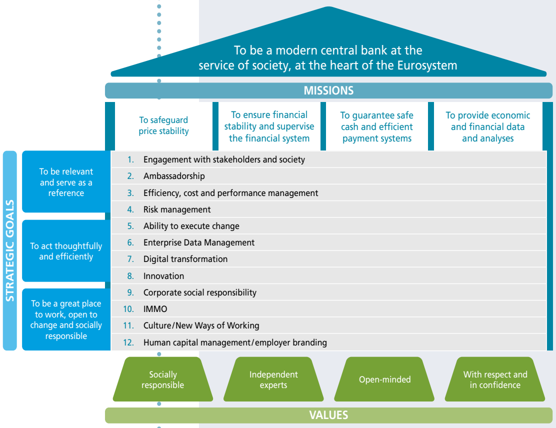
The Finance and Strategy Department provides cross-cutting support to the Bank's stakeholders on financial information and management.

Its role goes beyond financial management and extends to providing senior management, departments and services with the methods, tools and resources they need to establish and implement strategy, stimulate innovation and increase management efficiency.

The department is also responsible for corporate accounting and the administrative handling of all purchases.

The midpoint in implementation of the strategic plan

The Bank aims to be a modern central bank at the service of society and at the heart of the Eurosystem. To realise this ambition, it devised a strategy for 2025 focused on four missions and three strategic objectives which it intends to achieve through 12 themes.



2023 is the midpoint of the Strategy 2025. In implementing this strategy, the Bank faces four major challenges:

1. The **retirement of more than 25 %** of its workforce by 2025.
2. The **standardisation and digitalisation** of internal processes.
3. A series of **crises and a rapidly changing environment** (flooding in Wallonia, the Ukraine crisis, high inflation, etc.).
4. The need to clearly delineate **the Bank's public advisory role**, as its advice and expertise are increasingly being sought on various subjects that are sometimes far removed from its core missions.

Given these challenges, how has the strategy been implemented thus far and what are the results?

Twice a year, the strategy team organises a strategic review for the Board of Directors, senior management and those responsible for the twelve cross-cutting themes and three of the four strategic missions (monetary policy is the responsibility of the ECB).

Halfway through the strategic plan, steady progress has been made on the various projects. Of the 311 actions undertaken, 39 % have been completed and 45 % are in progress. It should be noted that, compared with 2022, actions relating to prudential supervision have been added following the completion by the prudential departments of their strategic plan.

At the same time, a number of initiatives have been launched, including a business architecture project aimed at describing the Bank's key activities and compiling an inventory of over 700 underlying processes. The next strategic reviews are scheduled for mid-June and early October 2024. The aim will be to take stock of what has been achieved thus far and what remains to be done, before looking ahead to the next challenges.

Under the banner of innovation

Innovation is one of the 12 themes of the Strategy 2025. The aim is to strengthen the Bank's relevance, efficiency and social responsibility. Convinced of the need to increase cooperation between the Bank's various departments and their commitment to innovation, the Board of Directors approved at the start of the year an action plan consolidating the ideas and proposals of each entity.

The Innovation Board

A strategic body composed of key members from all of the Bank's departments, the Innovation Board, which was set up in 2022, continued to guide and spur innovation efforts throughout the year. The constant support of its Steering Committee, whose members are the innovation officer, the head of the IT department, the chief data officer (CDO) and the project portfolio manager, was essential in ensuring that initiatives were aligned with strategic objectives.

One of this year's new developments was the creation of an "ideation room", an environment dedicated to creativity. A wide range of sessions was organised there, from simple brainstorming to project development and look-back exercises. This new space is intended to ensure and optimise collective stimulation and creativity.

Putting innovation to the test

The commitment to innovation has been consolidated within the Bank through a case-based approach to allow new technologies to be tested, explore innovative ways of working and adopt forward-thinking solutions.

The "innovation intake funnel", introduced in 2022, confirmed its central role in formalising the process to identify, evaluate, launch and document innovative cases.

An "initiative hub" has been set up to optimise the sharing of innovative ideas and proposals within the Bank. It ensures comprehensive follow-up of the project development process, from preliminary analysis to development and final deployment. This approach has strengthened the Bank's ability to manage from start to finish the lifecycle of innovative projects, thus fostering a dynamic culture of innovation.

Several tools were tested:

- A supervision and inspection method using advanced data analysis techniques for prudential supervision.
- IoT (Internet of Things) solutions to test, understand and analyse systems likely to be used within

the Bank to optimise energy consumption, monitor the use of workspaces, etc.

- Production of a chatbot to answer questions from external users of the Central Balance Sheet Office.

- An automated solution for financial market payments that allows the processing time for ISIN code generation to be reduced and increases transaction quality.

Faced with the technological revolution embodied by the advent of ChatGPT and the expansion of LLM (large language model) solutions, an initiative was launched to:

- Demystify technology, its scope of applications and constantly evolving functionalities

- Test technology by developing use cases; a first case is being developed for the prudential services, to facilitate the search for decrees, laws, regulations and circulars.

- Put in place the infrastructure and environment needed to support technology, while assessing IT impacts and associated risks.

- Define a legal framework for the use of these technologies within the Bank, to ensure that generative AI is used appropriately, protect confidential data and avoid security breaches

Communication and a culture of innovation

Special efforts have been made to promote a spirit of innovation within the Bank:

1. *The Innovation Forum*, set up in 2022, has been enriched through the sharing of new trends as well as by reports, conferences, use cases and so on. All of these developments are covered in a regular newsletter sent to staff members.

2. *"Design thinking"* sessions have enabled certain departments to analyse their internal challenges and develop innovative solutions, some of which are currently being implemented.

3. An *innovation week* enabled over 400 staff members to immerse themselves in the world of innovation, with a particular focus on generative artificial intelligence, data visualisation, blockchain, decentralised finance, the metaverse and their impact on the Bank's work.

Outside the Bank

The Bank works closely with Belgian and international institutional partners (Belgian universities, the Eurosystem's Single Supervisory Mechanism, the Bank for International Settlements' Innovation Forum). Collaboration also continued with other central banks (De Nederlandsche Bank, the Banque de France and the European Central Bank, among others). These partnerships encourage the exchange of knowledge, co-innovation and the sharing of best practices in the financial sector.

Digital, influential and efficient: the new prudential strategy

Against the backdrop of an ever-changing financial landscape, the National Bank of Belgium developed a prudential strategy in 2023 aimed at maintaining its relevance in the years ahead and fulfilling its societal missions.

This strategy is based on three pillars.

Pillar 1 – Being a digital supervisor

The Bank intends to meet a series of challenges in its supervisory role and has set itself ambitious targets for the coming years. This vision reflects the Bank's commitment to excellence and has been translated into a roadmap designed to ensure its relevance and efficiency in a constantly evolving financial sector.

The roadmap sets out four ambitions:

1. Simple digital interaction

By adopting smooth and efficient digital processes, supervisors will be able to focus on their core tasks, so as to improve regulatory compliance monitoring and risk assessment. This will also promote a more streamlined operating environment both internally and externally.

> Ambition: Supervisory teams will carry out their activities with a focus on digitalised processes, ensuring efficient and effective interaction with supervised entities.

2. Analytics to support supervisors

Leveraging big data and advanced algorithms will enable supervisory teams to conduct more accurate, timely and thorough risk assessments. This data-driven approach will comply with regulatory requirements, enabling supervisors to make quick and informed decisions.

> Ambition: Supervisory teams will harness the power of analytical tools to enhance risk assessment capabilities, ensuring a proactive and agile response to emerging challenges.

3. Embedding the NBB in the suptech ecosystem

The Bank's teams will play a central role in the digitalisation of supervision through close cooperation with other national competent authorities (NCAs) and the Single Supervisory Mechanism (SSM). This approach positions the Bank at the heart of technological advances in supervision.

Ambition: The Bank will actively contribute to the development of digital and analytical solutions, fostering collaboration with NCAs and the SSM to shape the future of supervision technologies.

4. Staying up to speed with financial sector developments

Anticipating and proactively responding to the challenges arising from fintech developments is a priority. The Bank's supervisory teams will adopt a proactive stance to interpreting regulations in the context of new business and technological models, ensuring that regulatory frameworks are aligned with developments in the sector.

Ambition: Supervisory teams will adopt a proactive stance to the interpretation of regulations, aligning them with fintech developments to ensure the stability and integrity of the financial sector.

Pillar 2 – Being an influential supervisor

The Bank aims to play an active role in the Belgian financial sector, while strengthening dialogue with the entities it supervises, including by:

1. Supporting the strategic objectives of the sectors it supervises and promoting them with key partners. This involves encouraging initiatives considered strategic in order to make the financial ecosystem more robust.

2. Maintaining dialogue with supervised sectors on the subject of regulations and their implementation. One focus area will be support for innovative fintech initiatives (suptech, RegTech, insurtech, PayTech, etc.).

Various initiatives will be launched in order to implement this strategy. These include developing collaborations with the fintech sector and helping link strategic developments in the sector to societal concerns.

Pillar 3 – Being an efficient supervisor

The aim is to improve the Bank's performance by making new, leaner ways of working the norm across the organisation and digitising internal processes and relations with supervised institutions. Internally, the objective is also to develop mechanisms to facilitate the convergence of action plans in accordance with observed risks as well as with the Bank's missions and values. A transformation programme has been put in place to this end.

In conclusion, the Bank's commitment to a sustainable digital strategy reflects its ambition for excellence and innovation and its desire to remain a relevant partner in the constantly evolving financial ecosystem.

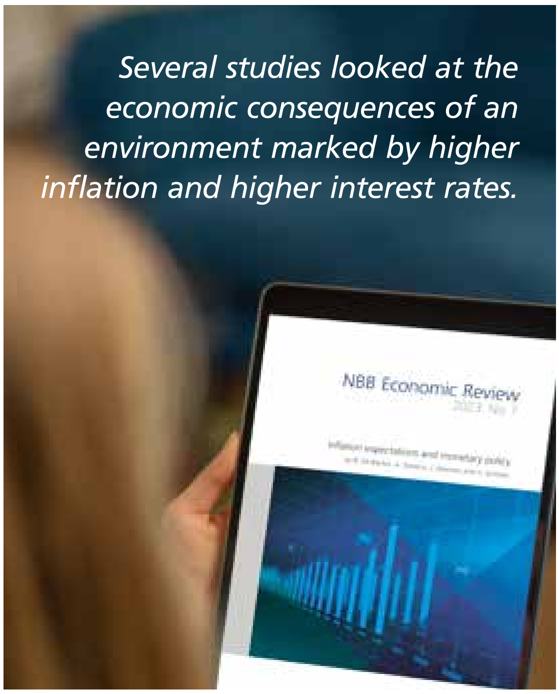
News from **the Bank's various departments**

Furthering knowledge to inform public debate

The fight against inflation triggered by the upheavals of the post-Covid-19 economic recovery and Russia's invasion of Ukraine continued to dominate the national and international economic landscape in 2023.

In this context, and building on its work in 2022, the ECB raised rates seven times during the year, pushing them to their highest level since the single currency came into being in January 1999. This more restrictive monetary policy stance was deemed necessary to guarantee price stability in the euro area, the Eurosystem's primary objective.

As a member of the ECB Governing Council, Governor Pierre Wunsch participates extensively in the Eurosystem's monetary policy decision-making. To this end, he draws on the detailed analyses of economic and financial developments in the euro area carried out by the Bank's Economics and Research Department.



A higher interest rate environment

In addition to the economic analyses and cutting-edge research that underpin monetary policy decisions, several studies carried out by the department focused on the economic consequences of an environment marked by higher inflation and higher interest rates.

Economics and Research Department

The Economics and Research Department consists of various teams dedicated to macroeconomic analysis and research. The fifty or so economists who work in this department boast expertise covering a wide range of subjects, from monetary and fiscal policy to labour economics, the real economy, competitiveness, financial economics, international economics and macroeconomic modelling.

On the one hand, the Bank's economists are responsible for producing detailed analyses leading to economic policy recommendations. Their work thus contributes to the shaping of the Bank's stance on monetary and macroprudential policy, public finances and structural reforms.

In addition, they inform the public debate on economic and financial developments in order to highlight economic policy choices and promote coherent decision-making.

Lastly, they ensure their work is communicated as clearly as possible to the general public. In this way, they provide citizens with information about the country's economic developments and the challenges that lie ahead.

An article published in the Bank's *Economic Review* showed that, despite the strong inflationary surge that hit the euro area, inflation expectations for the medium and long term (five or ten years) remained close to the ECB's 2 % target. In other words, the rapid rise in inflation since 2021 was largely seen as temporary, not least because the ECB's credibility in maintaining price stability remained strong.

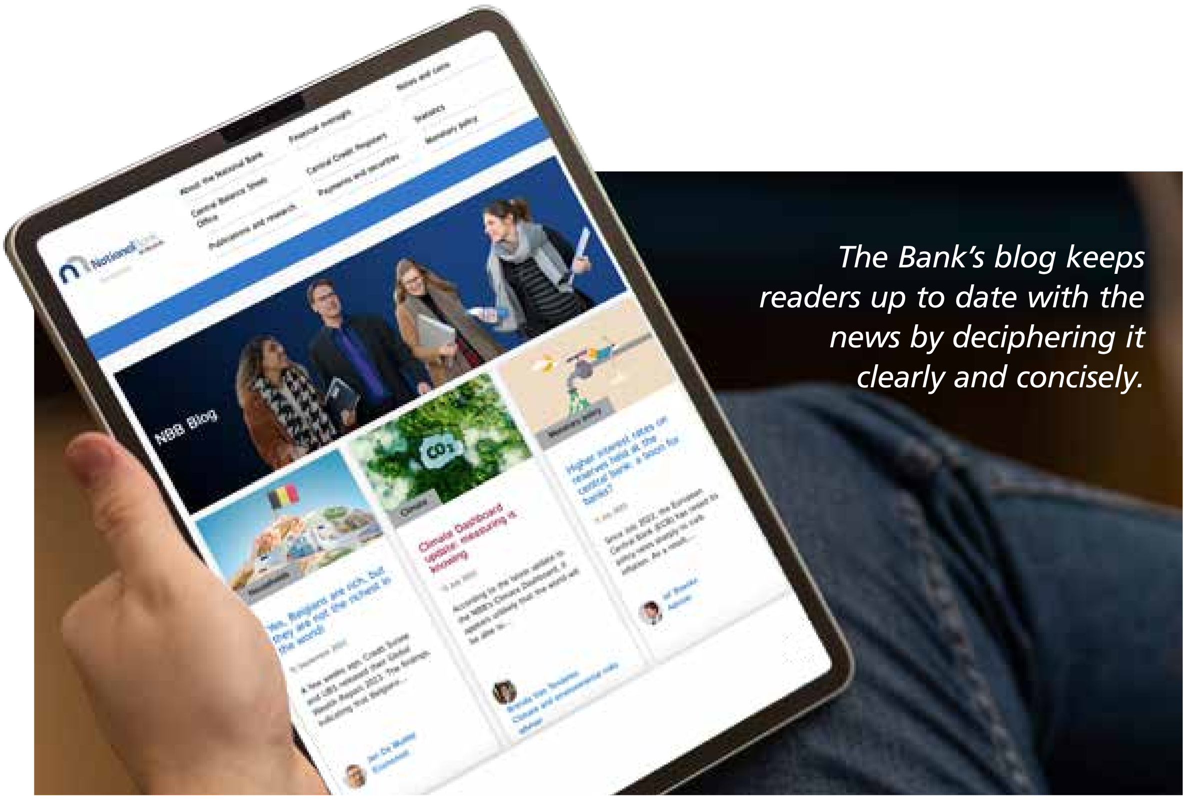
Another article demonstrated that the monetary policy tightening orchestrated by the Eurosystem between July 2022 and September 2023 had been transmitted fairly evenly across euro area countries. As a result, it did not rekindle concerns over the possible splintering of the euro area.

Other studies looked at firm-level behaviour in this particular economic context. One analysis found that price increases essentially reflected rises in input costs and that, in general, firms had not been taking advantage of the inflationary climate to pad their profit margins to the detriment of consumers. Another study shed light on the fact that the much higher level of energy inflation seen in Belgium in 2022, compared with Germany, was partly due to electricity price formation mechanisms. It also noted a link with the measure of inflation being used, which in Belgium reflects only the prices of new electricity contracts. Other research highlighted the effects of inflation on public finances, such as a temporary fall in the debt-to-GDP ratio.

A communications push

To make its work more accessible to the general public, the NBB has expanded its communication channels in recent years. The Economics and Research Department is resolutely committed to this objective, through its numerous contributions to the Bank's blog and the production of webinars and short videos, among other activities.

In 2023, the department produced blog posts on interest rate trends; the winner of the 2023 Nobel Prize in Economics, Claudia Goldin; Belgian household wealth; climate-related issues; and inflation. These publications are intended to be more topical and "accessible" than the department's other output, such as articles for the Economic Review and working papers, and help to clearly and concisely decipher current events.



Topics covered by webinars included the impact of high inflation on households and businesses, the economic consequences of artificial intelligence, and the economic strengths of Brussels compared with other European metropolitan regions. Webinars are regularly produced in collaboration with other organisations and institutions.

Key societal challenges

Taking a step back from current economic and financial developments, the Economics and Research Department examined a number of major socio-economic challenges affecting Belgium: an ageing population, climate change, inequality, and the digital and energy transitions. These issues were identified as priorities in the Bank’s Strategy 2025.

For the fifth time, the NBB coordinated the Belgian wave of the European Household Finance and Consumption Survey, which provides microeconomic data on the financial situation of households.

Finally, for the second year running, the NBB produced a climate dashboard, gathering information and indicators relating to climate change and sustainable finance. Through this initiative, the Bank aims to provide the general public with more information on the impact for the economy and the financial system of climate change and the transition to net zero.

Deglobalisation, decarbonisation and digitalisation

Following the 2022 biannual research conference on the implications of household heterogeneity for economic policy, the Economics and Research Department is preparing for its next such conference in October 2024, which will focus on deglobalisation, decarbonisation and digitalisation. This event will look specifically at the impact of these phenomena on prices, profit margins and business productivity. Twelve research projects, which are being conducted with colleagues from other institutions and with academic researchers, have been selected for the conference, following a call for proposals by the Bank.

Improving information on the economic and financial consequences of climate change and the energy transition

"CLIMATE CHANGE TAKES CENTRE STAGE AT CENTRAL BANKS"

Thomas STOERK / Climate economist in the Economics and Research Department

Thomas Stoerk is a climate economist in the Economics and Research Department of the National Bank of Belgium. In this capacity, he draws on a vast network that includes European central banks, international institutions and experts from academia, both in Belgium and at the European and global levels.

Thomas Stoerk: "I joined the Bank in 2021 as a climate economist. It's a new role at the Bank, one that shows that the issue of climate change has become very topical.

I advise colleagues from my department as well as from other departments who need advice on climate-related issues, in consultation with my colleagues from the Climate Hub (see below). Sometimes I work directly for Governor Wunsch who is very plugged into climate-related issues."

A wealth of expertise

"The Bank has set up a Climate Hub, which I co-chair with my colleague Brenda Van Tendeloo from the Financial Stability, AML Supervision and Banking Prudential Policy Department. The hub brings together around forty colleagues from different departments with a wide range of skills. The aim is to establish expertise in the field and exchange information. To this end, each member is active in various networks, within the European System of Central Banks (ESCB) or international institutions, e.g. the IMF, the European Commission, the OECD or academia. The result is a centre of excellence, capable of responding as quickly as possible to any question relating to climate change."

Wide-ranging collaboration

"My work is based on research carried out by my colleagues, on the vast quantities of data collected by the Bank – which is a true statistical centre – as well as on collaboration with various recognised specialists, notably from the London School of Economics, Pompeo Fabra University, Duke University, Yale University, etc. And I would be remiss if I did not mention Mirabelle Muûls, Associate Professor at Imperial College London, with whom I have the pleasure of working regularly in her capacity as a Climate Research Fellow at the Bank. These various forms of collaboration enable us to carry out analyses based on different methodologies."

Independent expertise

"The various parties making climate-related policy recommendations generally draw on their own analyses which, by definition, are not independent. Central banks play an important role in this regard by developing independent expertise. They are well positioned to formulate proposals to strengthen climate policies at the EU level, as we have seen in the area of carbon pricing."

Central banks and climate change

"Climate-related risks are a matter of concern for all European central banks. In the long term, it is clear that climate change will have a pronounced impact on the economy. In the short and medium term, central banks are primarily focused on the cost of decarbonisation. They therefore need to develop methodologies to quantify its impact, particularly on price stability and the financial system – which is fully within their remit. This is how the European System Climate Change Forum, which ensures consistency in the actions carried out by its members, came into being. I represent the NBB in the Forum, along with my colleague Brenda Van Tenderloo from the Climate Hub."

An optimistic note

"I'll end on an optimistic note: central banks are moving in the right direction, even if their role is essentially confined to research. Given the measures adopted at European level, I also believe that the climate transition is on the right track, but we must not lose sight of the fact that it is a dynamic process which needs to be constantly reassessed. There will always be work to do to ensure coherent and effective climate policy!"

"Central banks play an important role by developing independent climate-related expertise."

Monitoring turbulence
in the global banking system

In March and April 2023, the global financial system was shaken by turbulence in the banking sector. Tighter monetary policy and higher interest rates increased banks' funding costs and reduced the market value of their long-term fixed-rate assets. As a result, interest rate, liquidity and other risks materialised at certain institutions with specific business models, and the financial markets became increasingly nervous.

To avoid wider financial instability, the US authorities had to take action with regard to three medium-sized banks: Silicon Valley Bank, Signature Bank and First Republic Bank. The systemically important Swiss bank Credit Suisse also ran into serious problems, which led to its takeover by UBS. The prudential section of the Bank's Annual Report looks in detail at the causes and consequences of this financial turmoil.[1]

Tighter controls

This turbulence in the banking sector had repercussions beyond the borders of the United States and Switzerland. Consequently, the NBB, in its capacity as the macroprudential authority responsible for overseeing financial stability, the microprudential authority or the financial supervisor, took the following measures, among others, to ensure close monitoring of the situation and to assess the consequences for the Belgian financial system.

- Market and sector surveillance

The Bank intensified its surveillance of developments on the financial markets and among financial actors. The potential impact of major events on the financial sector was documented and assessed.

- Horizontal analyses

The sensitivities and vulnerabilities of Belgian banks were the focus of in-depth analyses, particularly with regard to the specific risks that had put foreign banks in difficulty. These analyses included an assessment of Belgian banks' exposure to the institutions concerned, the composition and evolution of their

Prudential supervision and resolution

Financial Stability, AML Supervision and Banking Prudential Policy Department

This department ensures a wide range of prudential missions and tasks:

- The detection of risks liable to jeopardise the stability of the financial sector (financial stability) and the mitigation of these risks through the use of appropriate macroprudential policy instruments.

- Preventive monitoring of systems to combat money laundering and the financing of terrorism.

- The definition and development, at international level, of prudential standards for banks and stockbroking firms and their implementation at national level.

1 NBB Annual Report 2023, p. 245.

deposit base, the proportion of deposits covered by the deposit guarantee scheme, the size and composition of liquidity buffers, certain components of capital buffers, and the specific sensitivities of interest rate risk management.

- Analysis of the impact on financial market infrastructures

An in-depth analysis of the impact of developments on Belgian financial market infrastructures was also carried out.

- Frequent interaction with banks and financial market infrastructures

In this context, the Bank consulted Belgian banks and financial market infrastructures regularly, in order to monitor closely the impact of developments and, among other things, the risks and liquidity positions of these institutions.

Intensive cooperation and communication

International cooperation is crucial in times of financial turbulence. As such, in its capacity as the supervisor of major Belgian banks, the NBB maintained contacts with other authorities, including the ECB and the Single Supervisory Mechanism (SSM). It was also in close contact with international bodies such as the European Banking Authority (EBA) and the Basel Committee on Banking Supervision, in order to exchange information and monitor the situation at international level.

Through regular communication with the cabinet of the finance minister, the NBB ensured that the government was kept informed of developments and the possible implications for the Belgian financial system, while the IMF, which was carrying out its periodic review of the Belgian financial sector as part of the Financial Sector Assessment Programme, was also kept up to speed.

Recent events underscored the need for a resilient banking system, supported by an effective governance structure, sound risk management, robust regulation and rigorous financial supervision. Cross-border cooperation remains essential, while central banks and supervisory authorities must adapt in order to be able to act quickly, step up their monitoring of financial markets and institutions and, where necessary, take crisis measures.

Analysis of the Belgian fintech sector

In 2023, the National Bank conducted a study of the Belgian fintech sector, which involved extensive interaction with both national financial authorities and players in the field. Various services and departments from across the Bank contributed to this exercise, with the prudential departments and the Economics and Research Department pooling their expertise.

In 2023, fintech was identified as a possible strategic sector by the federal government. Belgium has several major advantages in this respect, including the presence of key structural players on its territory and the advanced degree of digitalisation of the financial products and services offered by Belgian banks. The federal government wished to identify the potential of the sector for the Belgian economy and any levers that could be used to strengthen Belgium’s position in the global fintech market and optimise the conditions to carry out fintech activities domestically. The Bank’s study entailed both quantitative and qualitative analyses.

The quantitative dimension: mapping the sector

In quantitative terms, the mapping of the sector was based on a new database integrating various sources: the National Bank, public administrations, and the private sector.

A taxonomy of fintech products and services available on the market was drawn up prior to classifying the companies identified. Data from the Central Balance Sheet Office were used to estimate the value added and employment generated by the sector, as well as the financial profile of fintech firms.

The resulting mapping identified two main segments of the ecosystem:

- fintechs offering business-to-business (B2B) financial solutions, particularly to the financial sector (Tech4Fin) and

- fintechs active in the payments segment, partly reflecting the presence of leading international players in Belgium.

The qualitative dimension: an innovative and diversified ecosystem that would benefit from improved connectivity

A qualitative analysis was also carried out through interviews with representatives from the sector. The study covered various topics, including market structure, access to financial, human and technological resources, and the environment underpinning the fintech ecosystem.

These exchanges initially involved Belgian and international financial institutions with which the Bank maintains regular dialogue as part of its prudential remit (e.g. banks, insurance companies, payment institutions). However, as the sector is broader, the scope was extended to other key actors, such as start-ups, incubators, venture capital funds and other investors.

It appears that the Belgian ecosystem benefits from a pool of talent and cutting-edge technological skills, due to the quality of Belgian scientific research and its specialisation in promising areas for the future development of digitalised financial services (i.e. cybersecurity, artificial intelligence, quantum computing, etc.).

Nevertheless, the scaling-up of start-ups to the growth and acceleration phase remains complicated. More could therefore be done to match start-ups with private and public funds that suit their profile.

Lastly, regular exchanges and consultation with the FSMA, as well as meetings with the cabinets of several government ministers, were organised in line with a roadmap and predetermined timetable. The results of the study will be published by the Bank in 2024.

The National Bank plays a central role in the IMF's five-yearly assessment

According to the findings of the five-yearly IMF assessment of the Belgian financial system carried out in 2023, the Belgian financial sector proved resilient to the shocks of recent years and remains well capitalised and profitable. The Bank played an important coordinating role in this exercise and was satisfied with the results.

In 2023, the IMF assessed the Belgian financial sector and the quality of the supervision thereof. This exercise formed part of the IMF's Financial Sector Assessment Program (FSAP), which aims to assess the robustness of the local financial sector and provide countries and supervisory authorities with recommendations on how they should operate, particularly in the event of a financial crisis. In this context, the Bank presented its analyses and concerns to the IMF. As such, this was more of a collaborative exercise than a crisis review or simulation. The FSAP is in addition to the IMF's annual Article IV consultations, which focus on economic and fiscal policy.

The FSAP entails an in-depth examination of a country, focusing on financial stability, specifically the local financial sector, the statutory framework, the institutional framework and how supervision is exercised in practice. The Bank, in its capacity as the country's financial system supervisor, was closely involved and played a coordinating role.

Belgium is one of more than 30 countries that are required to undergo an FSAP every five years. The last such assessment took place in 2017. Belgium falls into this group due to the fact that it is home to a relatively large financial sector and important financial market infrastructures (such as Swift and Euroclear), meaning domestic problems could have repercussions for the global financial system.

Three pillars

The FSAP is based on three pillars which together provide an overview of the general state of the financial system, the supervision thereof and its resilience in the event of a crisis.

How is the financial system faring?
IMF experts use so-called stress tests to assess the health and resilience of the financial system. They also examine the main risks to financial stability.

International standards and best practices
The second pillar of the FSAP includes an evaluation of the prudential framework and policy, as well as (inter)national supervision.

Crisis management and safety nets
The third and final pillar of the FSAP entails an assessment of local financial safety nets and crisis management.

A dual role

The Bank acted as the in-country point of contact for the IMF and Belgian stakeholders and helped coordinate the organisation of some 200 face-to-face meetings. In practice, the entire process lasted for more than a year, from the initial phase in September 2022 to publication of the results in December 2023. The review also included a virtual exploratory mission at the end of 2022 and two in-person three-week missions to Belgium and Frankfurt in March and June 2023.

At the end of this process, the IMF delegation sent its provisional conclusions to the Belgian and European authorities and drew up a detailed assessment of the stability of the Belgian financial system.

Challenges and recommendations

According to the IMF's final report, the Belgian financial sector proved resilient to the shocks of recent years and remains well capitalised and profitable. Belgian banks, insurance companies and investment funds are also capable of absorbing severe macro-financial risks and shocks.

Alongside this generally positive assessment, the IMF pointed to a number of challenges that need to be addressed. In its recommendations, it calls specifically for greater alignment of the Bank's powers to set macroprudential policy with its financial stability mandate and points to possible improvements to financial sector supervision and financial crisis management in Belgium.

The NBB's prudential departments will now examine the sixty or so recommendations related to the supervisory framework and, if they deem them feasible and necessary, will implement them in the coming years. The IMF will address these recommendations again during Belgium's annual Article IV consultation and assess the progress made by the Bank in implementing them, prior to carrying out another in-depth review during the next FSAP in five years' time.

The National Bank at the centre of cooperation

The assessment was overseen by the Bank's Financial Stability, AML Supervision and Banking Prudential Policy Department and International and Eurosystem Coordination Department. The prudential services, Legal Service, Economics and Research Department and Resolution Unit also provided support. Other organisations were also involved in the review:

- **Belgian authorities:** the FSMA, the FPS Finance, the cabinet of the finance minister and the Guarantee Fund;
- **European authorities:** the ESM and the ECB.

Creation of a centre of expertise for **crisis management in the context of banking supervision**

In the euro area, banking supervision is ensured by the SSM, which is based on cooperation between the ECB and the national supervisory authorities. The ECB directly supervises all significant institutions (SIs), with the assistance of the national supervisory authorities.

In 2023, the Bank participated in nine joint supervisory teams (JSTs), which carry out off-site supervision of significant Belgian institutions under the direction of the ECB. In addition, Belgian inspectors are involved in the on-site supervision of Belgian SIs, as well as other SIs based in the euro area, through cross-border supervisory missions.

The national supervisory authorities continue to supervise less significant institutions (LSIs) directly. However, the ECB reserves the right to resume direct supervision to ensure the consistent application of supervisory standards.

Prudential supervision and resolution

Department for the Prudential Supervision of Banks and Stockbroking Firms

As the national supervisory authority, the Bank is responsible for the micro-prudential supervision of banks in the context of the Single Supervisory Mechanism (SSM) as well as of stockbroking firms. The **department for the Prudential Supervision of Banks and Stockbroking Firms** carries out this supervisory work both off-site and on-site and also examines internal models, with a particular focus on solvency, liquidity, the business model and governance.

2023: creation of a centre of expertise for crisis management

In 2023, the Board of Directors reviewed the Bank's strategy in terms of its prudential supervisory powers.

This evaluation revealed that it is essential to pool knowledge and expertise more effectively in the surveillance and prudential oversight of financial institutions subject to enhanced supervision. This applies to both the substantive and procedural aspects of such supervision.

Financial institutions can run into difficulties for a wide variety of reasons: problems relating to solvency, liquidity or profitability, but also concerning their organisation, management and administration, internal controls, fraud or compliance with statutory and regulatory provisions.

In such situations, the supervisory authority has a wide range of powers allowing it to act quickly and thoroughly. In this respect, it is essential not only for the supervisory authority to have direct access to operational resources but also to be able to support its actions with in-depth and reliable financial and legal analyses.

A wide range of tasks

- Preparing protocols for cooperation with relevant departments within the Bank, such as the Resolution Unit and the Operational Risk Management Unit (payments, liquidation, etc.).
- Drafting a crisis management manual describing processes, the development of operational scenarios, governance within the Bank, recourse to external support and the establishment of contact lists, the policy on post-mortem analysis, etc.
- Establishing and maintaining contacts with the relevant Belgian, foreign and international competent authorities.
- Providing crisis management training.
- Taking part in testing exercises.
- Acting as a point of contact for external parties.
- Providing operational and technical support to teams dealing with the various aspects of crisis management.

To support the centre of expertise in its initial phase, the Board of Directors has assigned a legal position to the department for a temporary period (of two years).

The choice of a single centre of expertise

While other supervisors have chosen to entrust the oversight of institutions subject to enhanced supervision to specific departments, the Board of Directors decided to create a single centre of expertise. Its mission is to enhance operational preparedness for crisis management, to establish a crisis ecosystem that builds strategic alliances with various stakeholders inside and outside the Bank, and to bring together the knowledge, experience and documentation needed to deal effectively with complex crises.

The centre of expertise will provide support to the operational supervisory teams when an institution under their supervision encounters serious problems that could lead to the restriction or even withdrawal of the institution's licence and/or jeopardise compliance with its obligations. In addition, the centre will serve as a link between prudential supervision and the resolution process in the event of the failure or likely failure of a credit institution that requires the intervention of the resolution authority.

In order to implement the decision of the Board of Directors, a team from the Prudential Supervision of Banks and Stockbroking Firms Department was entrusted with drafting terms of reference and an action plan for the centre of expertise.

Artificial intelligence and prudential supervision: "If it works, it works!"

Given the increasing use of artificial intelligence in commercial banking, the Bank is developing its own tools to make inspections more efficient.

The Bank is increasingly developing AI-based tools for use by prudential supervisors, both to analyse the credit risks of commercial banks and to detect atypical behaviour or transactions as part of AML inspections. The experience gained not only strengthens supervisory activities but also allows supervisors to better understand commercial banks' business models.

How does an approach based on artificial intelligence (AI) differ from traditional models?

Vincent Sapin, head of on-site inspectors for internal models: "The traditional approach relies on simpler, more comprehensible models, which generally focus on a limited number of variables. AI-based models, on the other hand, place the emphasis on predictive performance, sometimes to the detriment of transparency. They are based on large quantities of data, which requires a great deal of computing power. The pragmatic approach – if it works, it works – allows the use of unconventional data, such as text or images from social media."

Why use AI?

"Because these complex models are often more efficient and commercial banks are using them more and more. As supervisors, we have to be proactive! In addition, the development of such techniques allows us to improve our inspections. We can also become more familiar with the technology and better understand how banks can take advantage of these developments, while mitigating the additional risks associated with these models."

But there are two sides to every coin.

"AI provides more accurate predictions, but it doesn't make it possible to determine the criteria on which they are based. This lack of clarity presents certain risks. A model that performs well on average across the whole population could still make biased or unethical decisions, such as refusing loan applications on the basis of an applicant's gender or ethnic origin, without prior explicit consideration of these criteria. Due to the complexity of the model, it may be difficult to identify the grounds on which the refusal is based, which can give rise to reputational risks.

Another example is what we call 'model deviation', that is performance degradation after deployment. In principle, an expert could remedy this. But how can you improve a model if you don't understand how it works? In other words, how can a risk manager validate the use of a model that they don't fully understand? In this respect, it is important to stress that such problems also apply to conventional models, to a certain extent. This is also why we are working with our colleague Kris Martens (head of off-site supervision) to develop supervisory expectations for the use of these models by banks."

What does ChatGPT have to say?

"The use of artificial intelligence raises ethical issues, particularly with regard to the protection of privacy and liability in the event of harm caused by algorithmic decisions. Banks must use it responsibly and transparently, ensuring that decisions are fair and impartial."

Who is responsible for these developments?

"These developments are put into practice by teams of on-site and off-site supervisors, with the support of the Bank's Data Science Centre and Innovation Board. This cooperation between supervisors and experts from outside banking supervision fosters the creation of synergies and enables rapid progress to be made."

Do you work with other supervisory authorities?

"Technology is evolving rapidly, so it's important to keep abreast of progress within the supervisory community. This leads to enriching exchanges, including outside the SSM. With this in mind, representatives from the Bank's various prudential departments meet periodically within the NBB SupTech team. This enables them to stay informed of new trends in the various areas of supervision and to respond to staff needs. One result of this is the development of a chatbot project on prudential regulation, which is currently the subject of a feasibility study."

Prudential supervision of insurance and reinsurance companies **in uncertain times**

Throughout the year, the Bank closely monitored the impact of interest rate fluctuations, inflation and developments on the financial markets on the insurance and reinsurance companies under its supervision.

Rising interest rates have impacted insurers' business model

On the one hand, life insurance companies are facing greater liquidity risk as higher interest rates could lead some households to surrender (or let lapse) life insurance contracts concluded at low rates in order to switch to investments that have grown more attractive, at a time when the value of certain assets held in the investment portfolio of insurance companies is deteriorating. Conversely, higher interest rates allow insurance companies to offer higher rates on new guaranteed-rate life insurance contracts and to reinvest in assets with higher returns. Companies regularly touched on these developments and their impact on asset-liability management in periodic interviews carried out by the Bank.

The impact of inflation

Inflation impacts not only companies' overhead but also the assessment of claims and, gradually, the (re) pricing of premiums in certain sectors. Monitoring by the Bank suggests that insurance companies absorbed the negative impact of inflation relatively well. The Bank also selected several companies for on-site inspections focused on this subject, in order to identify, among other things, best practices in the management of inflation-related risk by the insurance sector.

Reinsurance conditions

Ongoing uncertainty, coupled with climate change, has also had an impact on reinsurance terms and conditions, forcing companies to accept substantial rate increases and/or higher attachment points. In parallel, new reinsurance clauses have emerged. The Bank monitored these developments in 2023 and will continue to do so in 2024.

Interaction with key players

Over the past year, the Bank stepped up its interaction with various key players in prudential supervision to significantly strengthen its approach to complex files.

Prudential supervision and resolution

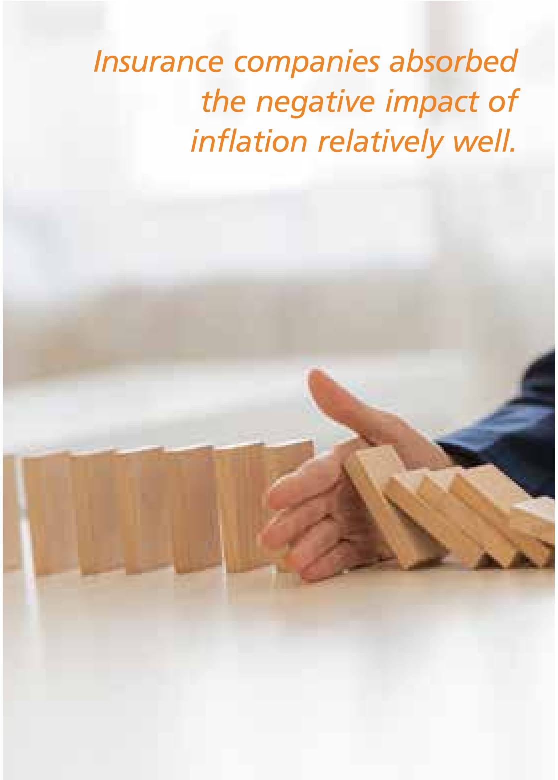
Department responsible for the Prudential Supervision of Insurance and Reinsurance Companies

This department oversees Belgian insurance and reinsurance companies in order to protect the rights of policyholders and guarantee the continuity of insurance companies. It ensures that these companies, whether small players, niche actors or large insurers with an international presence, comply with regulatory provisions and manage their risks soundly and prudently.

Depending on the case, these parties included independent directors,[1] other supervisors in the framework of supervisory colleges, and accredited auditors.

As in previous years, a large number of issues concerning subcontracting and document retention, as well as portfolio transfers, were the subject of operational inspections at insurance companies. Particular attention was also paid to the adequacy of life and non-life technical provisions, the preferential rights of insurance creditors, perpetual inventories, and cyber risks.

Lastly, in anticipation of imminent legislative changes affecting systemically important companies or groups, the Bank proactively initiated discussions on the development of pre-emptive recovery plans. It also participated in relevant discussions within the crisis management groups (CMGs) of insurance companies.



Solvency II Directive

In 2023, progress was made on revision of the Solvency II Directive. The Bank's experts in prudential policy for the insurance sector actively supported the Belgian Permanent Representation to the EU in this field.

On 22 September 2021, the European Commission put forward a series of legislative proposals to revise the Solvency II Directive. These were intended to address the shortcomings of the current system and to support the EU's political priorities, such as financing the post-Covid-19 economic recovery, completing the capital markets union, and stimulating investment under the European Green Deal. On 17 June 2022, the Member States agreed on a common approach within the Council of the EU. The European Parliament, in particular the Committee on Economic and Monetary Affairs (ECON), also reached an agreement on 18 July 2023.

On 13 September 2023, the European Parliament confirmed the decision to start inter-institutional negotiations, during which the European Commission, the European Parliament and the Council worked together to resolve key issues. Spain led these discussions in the second half of 2023, and Belgium took over in the first half of 2024.

The Bank's prudential policy experts supported the Belgian Permanent Representation to the EU in this matter. This support intensified in the second half of 2023, in order to ensure a smooth transition between the Spanish and Belgian EU presidencies. In December, a political agreement was reached on the revision to the directive, under the Spanish presidency. However, the technical aspects of the agreement still need to be finalised under the Belgian presidency by means of a new directive.

1 Independent directors are directors who do not represent the company's shareholders. As such, they provide impartial advice, take an objective view of the company and ensure discipline and a sense of responsibility within the board of directors.

Trends and developments in **payments and the digital euro**

Payment trends and developments

Chaired by Director Tim Hermans, the National Retail Payments Committee (NRPC) aims to identify trends and developments in payments, facilitate the exchange of information, and discuss topical issues in this field.

The committee's members are active in various sectors directly involved in retail payments in Belgium. Five sub-groups support the committee in order to inform its discussions and carry out more specific work.

Back-up payment cards

The number of purchases made using a payment card increases every year in Belgium. Although cash is still used for just under half of all transactions, cards have become an essential part of everyday life. The aim of the back-up payment cards sub-group is to identify those actors whose failure could have a significant impact on the functioning of card payments in Belgium and to examine the solutions that would make it possible to cope with the unavailability of their services.

These solutions are summarised in a "crisis manual" intended for key actors. This is not a contingency plan in the strict sense of the term, but rather an inventory of solutions and procedures that could be put into practice if necessary.

Central bank digital currencies (CBDC)

The CBDC sub-group monitors the work of the European Central Bank and the Eurosystem with a view to the possible introduction of a digital euro. This project forms the object of a more in-depth article in this report.

Instant payments

The roll-out of instant payments in the European Union has been slow and uneven across Member States. As a result, the European authorities have proposed legislation aimed at developing this type of payment and stepping up its use in order to make it the new norm.

Prudential supervision and resolution

Supervision of Financial Market Infrastructures, Payment Services and Cyber Risks Department

This department is responsible for the prudential supervision of payment institutions and issuers of electronic money, as well as both domestic and international operators of central securities depositories established in Belgium. It also oversees the systems operated by these infrastructures, as well as payment systems, payment schemes and certain critical service providers. The department analyses IT risks as part of surveillance and prudential supervision procedures and works to increase the cyber-awareness and resilience of the most important financial entities.

The European legislative initiative aims to overcome the major obstacles to the introduction of instant payments. To this end, it sets out obligations for payment service providers, limits costs for users, harmonises the verification of compliance with sanctions and, to combat fraud, makes it compulsory to check that the IBAN matches the name of the beneficiary.

This sub-group's work focuses on this initiative and its implications for Belgium, where instant payments account for more than 20 % of all transfers.

Cash

This sub-group focuses on the accessibility of cash and its status as legal tender.

In terms of access to cash, the high point of 2023 was undoubtedly the agreement reached between the banking sector and the federal government on access to ATMs.

As it is responsible for the circulation and quality of cash in Belgium, the Bank developed a model to measure the accessibility and capacity of the ATM network (see the article on "Cash" in this report). The model is based on a European methodology, refined to take better account of Belgium's high population density.

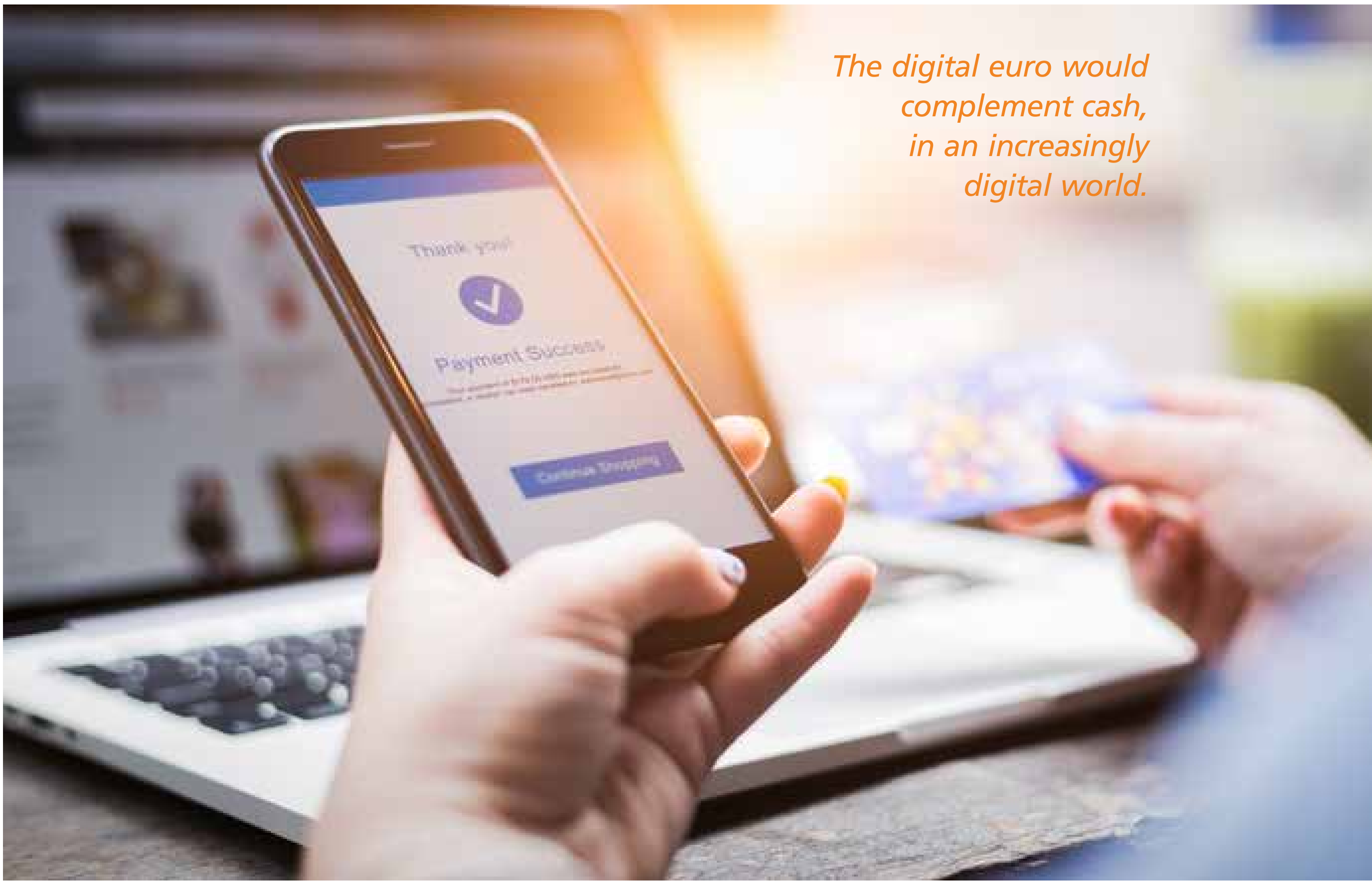
With regard to cash as legal tender, the sub-group follows the European Commission's proposal for a regulation in this area, the aim of which is to ensure that citizens can pay in cash if they wish to do so. The proposed regulation defines the concept of legal tender and sets out the obligations of Member States in terms of acceptance of and access to cash, as well as various organisational and procedural aspects (e.g. the designation of a competent authority, the establishment of indicators and sanctions, the role of the Commission in the event of non-compliance, etc.).

Coins

This sub-group is chaired by the General Administration of the Treasury (FPS Finance), which is responsible for issuing and financing coins. Its work focuses mainly on the availability of coins in the economy, with specific attention given to shortages of certain coins and the causes thereof, as well as the solutions deployed by the FPS Finance in response to this issue. Overall, the stock of coins in circulation in the country should be sufficient, but coin returns remain too low. In addition, a shortage of raw materials to meet demand is delaying the supply of new coins.

The digital euro

The National Bank is actively working with the European Central Bank and the other central banks in the euro area to create favourable conditions for the possible introduction of a digital euro.



The first stage of the preparatory phase for a digital euro, which began in November 2023, will be completed in 2025. The aim is to put in place the necessary technical solutions and commercial agreements for the possible issuance of a digital euro. Depending on the results of this first stage and the progress made in the legislative process, the Governing Council will decide whether to proceed to the next stage, i.e. operational preparation for the issuance and roll-out of a digital euro.

A new, independent unit

Since 2020, management of the preparatory phase has been ensured by a number of working groups set up by the ECB, such as the High-Level Task Force (hereinafter the "HLTF") and the Project Steering Group (hereinafter the "PSG"), with which the Bank works closely. The HLTF is responsible for taking major decisions relating to the functionalities and intrinsic features of the digital euro, while the PSG plans and oversees the progress made on the project, particularly with regard to possible procurement procedures.

It should be noted that the development of the project over the last few years has generated a growing workload. This led, in the summer of 2023, to the approval by the Board of Directors of the creation of a new, independent entity, the Digital Euro and Payments Policy Unit, falling under the authority of Director Hermans. This unit consolidates all activities carried out in this field, in line with the trend seen in many central banks in the euro area.

"THANKS TO THE DIGITAL EURO, PUBLIC MONEY WILL REMAIN AVAILABLE."

Filip CARON / Head of the Digital Euro and Payments Policy Unit

In October 2023, the Eurosystem launched the preparatory phase for a digital euro. The Bank is also working on this project, which led to the creation of a new Digital Euro and Payments Policy Unit. Since late 2023, the unit has been led by Filip Caron, who is very familiar with this subject.

ECB

"I have headed the Bank's Digital Euro and Payments Policy Unit since 16 December. Prior to that, I was at the ECB, where I also worked on the digital euro. After completing my doctorate, I joined the National Bank in the field of prudential supervision. More specifically, I was responsible for overseeing Swift (Society for Worldwide Interbank Financial Telecommunication, the world's leading provider of financial messaging services). I also represented the Bank in international working groups on digital innovation and digital currencies. I then moved to Frankfurt because I wanted to be involved in the digital euro project. I hoped to contribute to its design and approach the subject from a different angle, after having been in a supervisory role. I returned to the Bank as this newly created unit deals with some interesting issues. I'm pleased to be able to support this initiative.

During my time at the ECB, when we were still in the investigative phase, we started considering what a digital euro might look like. A number of major issues were raised, including in relation to privacy, the settlement of transactions and user criteria. We carried out an in-depth analysis at the European level, which now needs to be completed, including with information from local markets. This is part of the preparatory phase, which officially began on 18 October."

Preparatory phase

"This new phase aims to answer the most important questions. In which situations will we be able to use the digital euro ? What technologies are needed ? Which infrastructure do we already have ? How much money will we be able to hold ? Are there specific local needs ? Who are the potential suppliers ? These are all questions that our unit will look into. This requires not only a great deal of analysis, but also information campaigns targeting future users, such as individuals and businesses. If the ECB ultimately decides to issue a digital euro, major efforts will be needed to communicate, raise awareness and explain the subject to the general public.

The ECB has split the preparatory phase into two stages. An interim review will take place in two years' time. That may seem like a long time, but there's a lot of work to do ! A project of this scale is incredibly time consuming. We also have to work with a large number of partners – all the central banks in the euro area – and develop a common vision with them.

After these two years, if the project continues, we'll get down to business. We will then begin preparations for a smooth launch, before gradually shifting up a gear."

A public currency

"The main aim of the digital euro is to ensure that public money – with its unique and interesting features – remains available in the digital age. Everyone should be able to employ the means of payment of their choice, one that is relatively easy to use and adapted to the demands of the modern world. In addition, the development of strategic autonomy in Europe is an important aspect."

A multidisciplinary project

"Fortunately, we are not the only ones working on the digital euro at the Bank. The idea, with this new unit, is to work in a more coordinated and structured way, drawing of course on the expertise of the Bank's many entities. For the legal framework, for example, which still needs to be further developed, we are working closely with the Legal Department, of course, but also with the department responsible for the prevention of money laundering. There are also economic, technical and security aspects, on which we are working intensively with various experts. It's a multidisciplinary project."

"Fortunately, we are not the only ones working on the digital euro at the Bank."

The digital euro: what is and isn't it?

A complement to notes and coins

The digital euro would complement banknotes and coins. It would therefore be an additional means of payment for small amounts, alongside cash. This central bank currency issued in digital form would enable electronic payments to be made uniformly throughout Europe, free of charge, safely and securely, whether in shops, online or between individuals. It would also offer the possibility to make payments offline. The digital euro could be held in an electronic wallet with a bank or public operator.

Not a cryptocurrency

The digital euro would not be a cryptocurrency, as it would be guaranteed by a central bank. Central banks are responsible for preserving the value of money, whether fiat or digital. Cryptocurrencies, on the other hand, are neither guaranteed nor managed by a central institution, which makes them risky and unstable.

Protection of privacy

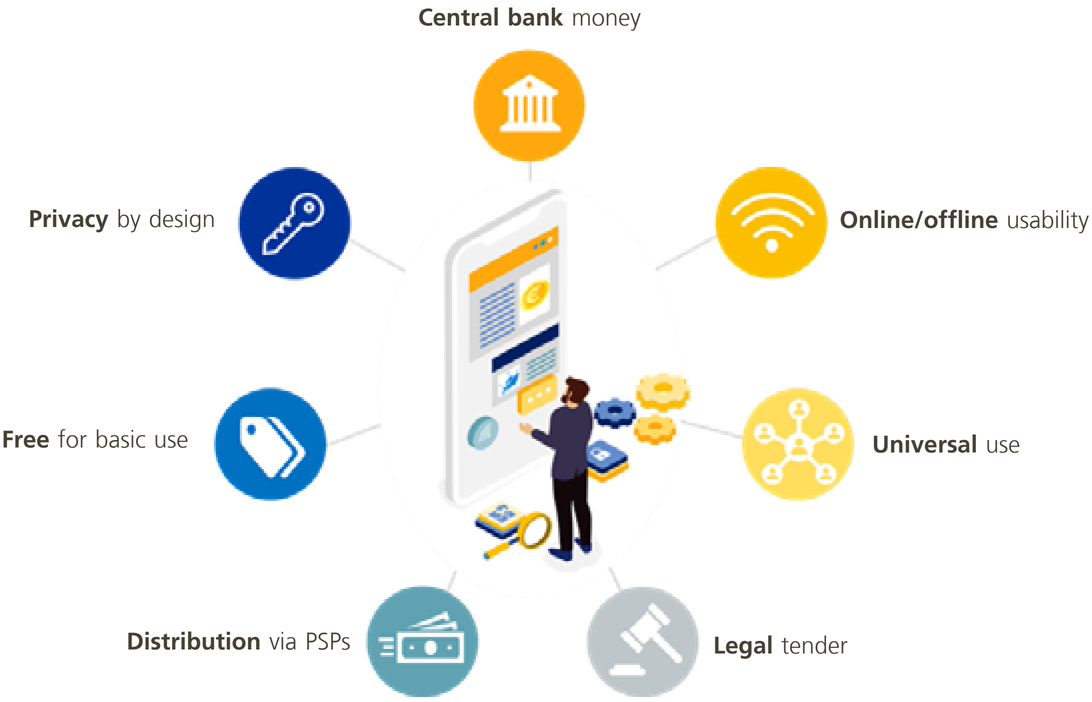
The protection of privacy is an essential condition for the design of a digital euro. Central banks would not have access to personal data. For offline payments, only the originator and the beneficiary would be aware of the transaction.

Phases

Investigative phase	Preparatory phase	
Oct 2021	**Nov 2023** Stage 1	**Nov 2025** Stage 2
Concept definition, technological exploration, design proposal.	Preparation for development, selection of service providers, continued pursuit of technological exploration, support for the legislative process.	Once a legal framework for the digital euro has been established at European level, a final decision can be taken.

Universal use

The joint work of the HLTF and the PSG has made it possible to prepare guidelines for the design and functionalities of a possible digital euro. The Eurosystem conceives of the digital euro as a multi-purpose currency, one that would be accessible both online and offline, covering all retail payment use cases, instantly and free of charge (for basic use) throughout the euro area. Its main applications would include person-to-person (P2P) transactions, as well as e-commerce and point-of-sale (POS) situations, allowing payments to be made in public currency both in-store and online. The digital euro could also be used for government-to-person (G2X) or business-to-business (B2B) transactions, including the payment of allowances or subsidies.



However, it should be noted that all of these decisions, which are described in greater detail in the "Economic and financial developments" section of the Annual Report 2023 are the sole responsibility of the Eurosystem. They will therefore have to be confirmed by the European co-legislators: the Commission, the Council and the Parliament. These institutions will play a crucial role in the development of the legal framework for a digital euro, an essential step to enable the Eurosystem to potentially issue this new form of currency.

Two sides of the same coin

In June 2023, the European Commission published the Single Currency Package. This initiative, which is currently being scrutinised by the European Parliament and the Council, recognises the importance of adapting the key characteristics of physical money to the digital context. More specifically, the draft stresses the need to adapt the fundamental aspects of physical money, such as confidentiality, offline use, resilience, compulsory acceptance and a distinct European identity, to the digital domain. The digital euro would therefore serve as a complement to cash in a world that is becoming increasingly digital. This is why the European Commission also included in the package provisions on the status of cash as legal tender, aimed at preserving and protecting the role of cash in our society.

A socially minded project

In addition to Europe's central banks and policymakers, the common currency and its form – physical or digital – are a matter of concern for all citizens. This is why public consultations, discussion groups, advisory committees, such as the European Retail Payments Board (ERPB) at ECB level and the National Retail Payments Committee (NRPC) at Belgian level, and conferences were organised throughout the year. The aim of these initiatives was to raise as much awareness as possible of the project, thereby ensuring inclusive participation that is representative of society as a whole.

Preparedness to resolve a banking crisis **without recourse to the public purse**

The difficulties encountered by some foreign banks in the first half of the year were a reminder of how important it is for the authorities to be prepared to manage crises. This is one of the National Bank's main tasks.

The National Bank carries out its activities as Belgium's resolution authority in the framework of the Single Resolution Mechanism, the second pillar of the European banking union. Resolution mechanisms should enable the authorities to resolve a crisis affecting a credit institution without placing the burden on public finances and while preventing the impact of these disruptions from spreading to the system as a whole. Each year, the Bank draws up an action plan that reflects both its own priorities and those established for the European banking union by the Single Resolution Board. The 2023 action plan focused on four areas deemed crucial to ensuring, if necessary, the handling of a bank failure without impacting the real economy, affecting financial stability or resorting to the public purse.

Prudential supervision and resolution

Resolution Unit

The Bank has been designated as the national resolution authority and must therefore – in the framework of the Single Resolution Mechanism – make preparations so that credit institutions can fail without compromising the stability of the financial system and without the cost falling on taxpayers. **The Resolution Unit** acts as the secretariat for the Resolution Board, the body within the Bank responsible for this task, and ensures in particular that each credit institution has a resolution plan and meets the regulatory requirements for resolution.

These four areas cover:

1. The preparations made by each banking group established in Belgium, as well as stockbroking firms, to strengthen their resolvability. The National Bank, together with the Single Resolution Board, ensures that these groups are sufficiently prepared to apply resolution tools in the event of failure. This implies, among other things, the integration of resolvability considerations into their governance.

2. The development of a statutory and regulatory framework that is sufficiently robust to allow failures to be dealt with rapidly. This framework must, among other things, define preparedness requirements for credit institutions and stockbroking firms, including in relation to the structure of their liabilities.

   In particular, at the request of the Council, the Commission adopted on 18 April 2023 a proposal amending certain aspects of the bank crisis management framework. This proposal focuses on the resolution of medium-sized and smaller banks. In its capacity as an independent expert, the National Bank is participating in the negotiations on these initiatives at European level and will play a leading role

under the Belgian Presidency of the Council of the European Union.

3. The development of crisis management capability, based on the drafting of crisis manuals describing the various steps to be taken, both legal and operational, to implement the various resolution tools in a Belgian context.

4. The creation of resolution funds, pre-financed by the sector, to ensure that funding is available when resolution tools are needed. This funding essentially takes the form of a European resolution fund. In 2023, the Single Resolution Fund raised contributions amounting to €11.7 billion, bringing it to €77.6 billion. Belgian credit institutions contributed €330.1 million to the fund in 2023, compared with €447.6 million in 2022.

At the crossroads of law and finance, the resolution framework provides a favourable environment for lawyers and financial analysts to develop their talents. It requires analytical, conceptual, negotiating and diplomatic skills, as well as the ability to develop solutions that must be put into practice in a Belgian and European environment, working with credit institutions and the Belgian and European authorities.

Statistics at the Bank: renewed resilience in a spirit of continuity

In 2023, the General Statistics Department continued to provide internal and external users with relevant, high-quality statistics for macroeconomic and monetary policy. At the beginning of the year, the new head of the department took up his post and, in September, a new director was given responsibility for the department.

General Statistics Department

The **General Statistics Department** plays a key role in providing figures that are essential to gain a proper understanding of the workings of the Belgian economy. The figures produced by the Bank also have a direct influence on the day-to-day decisions taken by public authorities, businesses and citizens. By working with the most recent data, the Bank keeps its finger on the pulse of the Belgian economy and its place in the world. It also contributes to the public interest and serves society. The Bank produces and disseminates statistics by focusing on innovation and relevance, with a strong European and international dimension, in order to guarantee quality and reliability. In this way, it contributes to achieving a better economy and society.

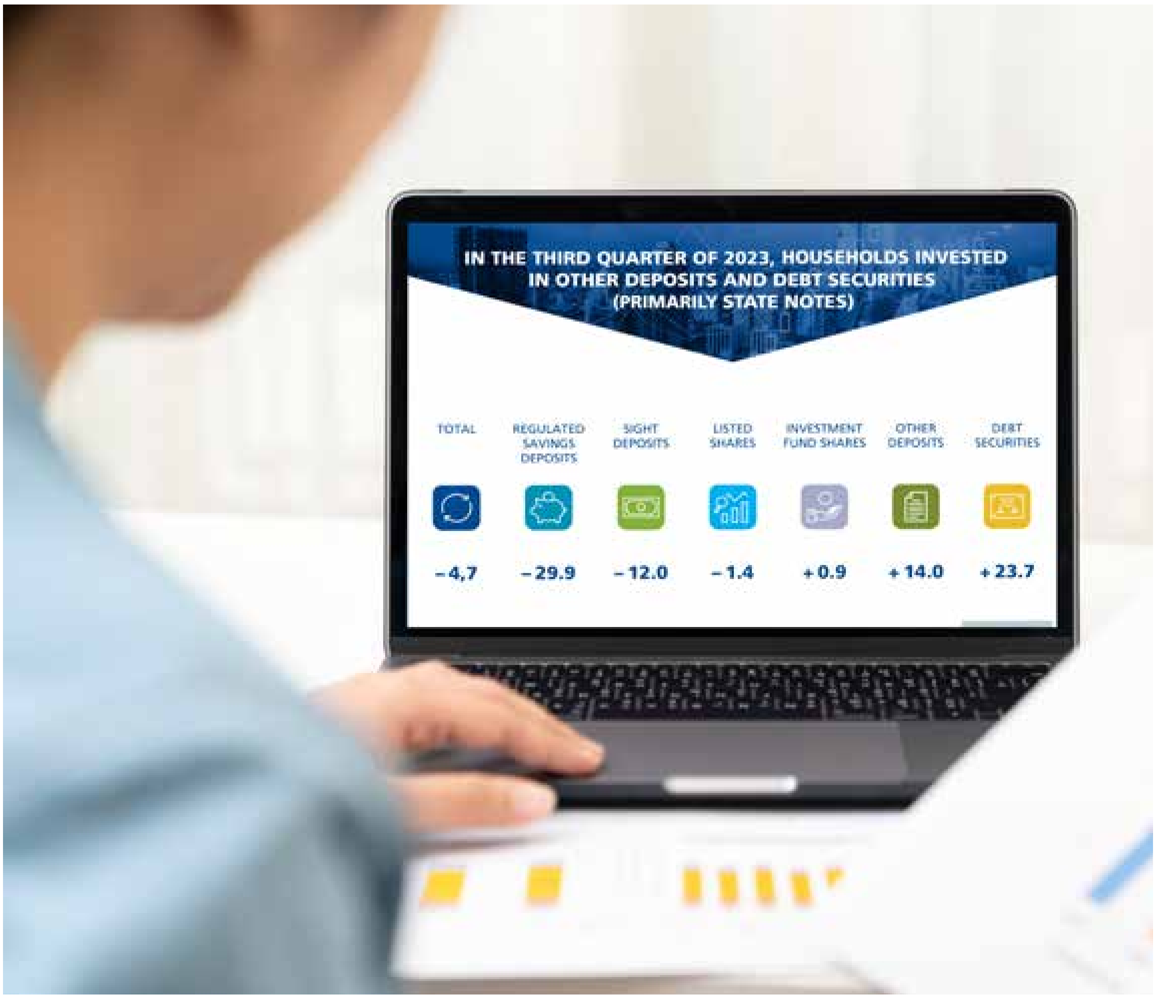
In 2023, the department thus embarked on a process of change and renewal, the top priority of which is to develop a new strategy for the Bank's statistical services. The aim is to ensure continuity in the production and dissemination of the Bank's statistics while meeting the highest standards in terms of quality. In this context, the Bank remains attentive to new user needs and innovative best practices in official statistics, based on international standards. It pays particular attention to the accessible dissemination of its statistics and provides targeted support to members of the Statistics Department in this regard. In this way, the Bank aims to contribute to the production and dissemination of statistics in the public interest.

In order to apply these principles, various initiatives will be launched in the coming months and years. Their main objective will be to produce and disseminate relevant, high-quality statistics for the widest possible audience. In particular, this will entail strengthening the coherence and cross-disciplinary nature of the work carried out by the department's various entities, as described in more detail below.

New figures on savings and payments, the distribution of household wealth and climate-related indicators

Major shift in household financial assets

The rise in interest rates was not passed on at the same pace to different types of savings vehicles in 2023. This led to a significant shift in the composition of household financial assets. These developments were closely tracked in the monthly statistics on bank interest rates and household deposits and loans, as well as in the quarterly sector accounts. On 3 October 2023, the Bank published a blog article entitled "Belgian households flock to new State note, leading to record fall in bank deposits", which examined the success of the State note that



resulted in a shift in household financial assets and an outflow of funds for banks. Infographics were regularly published to present the impact to the general public.

Mapping of Belgian payment habits

Since 2022, the Bank has been collecting more and more data on payment transactions. This information provides insight into how, where and to whom Belgian households, businesses and public authorities make payments. On 14 April 2023, the Bank published a blog post entitled “Mapping the payment behaviour of Belgians”, describing the wealth of information contained in the new payment statistics. Initial findings for the first half of 2022 were also presented. In January 2024, the Bank published data for 2022 and the first half of 2023 on its website (NBB.Stat), including on transfers and card payments.

Distribution of household wealth

At the beginning of 2024, the Bank published distributional wealth accounts (DWA) for the first time. These new experimental statistics add a distributional dimension to the macroeconomic aggregates of the national financial and non-financial accounts relating to household wealth. Statistics users and policymakers increasingly want to be able to better assess, among other things, the impact of economic shocks on household wealth.

With this in mind, the ECB developed a new methodology in cooperation with the Bank, using microdata from the Household Finance and Consumption Survey (HFCS). The DWA make it possible to break down the various types of household assets into deciles or according to demographic variables. Other indicators are also calculated, such as the Gini coefficient, average and median wealth, etc.

The initial results show a slight reduction in net wealth inequality between Belgian households in recent years, as measured by the Gini coefficient or the percentage of wealth held by the top 10 %. The DWA are available as from 2010 and will be updated quarterly. These statistics are also published by the ECB for the euro area and by other member countries.

Further improvement of climate-related indicators

The effects of climate change continue to dominate the news and political debate. The Bank supports the further development of experimental climate-related indicators for the financial sector. These are published by the ECB on its website and provide information, among other things, on the climate-related risks to which financial institutions are exposed through the securities and corporate loans they hold in their portfolios.

2023 was marked by the preparation of methodological improvements and extension of the indicators relating to the physical risks associated with climate change. The scope of the indicators on sustainable finance was broadened to include data on sustainable instruments, which formed the object of an external study. The Bank mainly contributed to the indicators relating to corporate greenhouse gas emissions in financial sector portfolios. Efforts focused in particular on improving data coverage and analysing the determining factors in the evolution of

Statistics in the public interest: towards better communication of our figures

As an organisation that serves the public interest, the Bank strives to continue to play a leading role in the dissemination and communication of financial and economic data and statistics. In this way, it aims to support policymakers and public debate.

The Bank facilitates and oversees the submission of statistics to national and international institutions, in accordance with legal requirements. In addition, a new strategy for the communication of data and statistics is currently being developed. The emphasis will be on transparent and accessible disclosure to as broad an audience as possible, i.e. both experts and the general public. To this end, the Bank has begun to reorganise the teams responsible for disseminating statistics. New staff with the necessary knowledge and experience have also been recruited.

In addition, obsolete software and database infrastructure will be replaced. These innovations will form the backbone of the new strategy. To facilitate the visualisation of data, the Bank is examining the possibilities to integrate relevant innovative technologies. It has also begun drafting a set of standards designed to ensure consistent visualisation of the figures it produces.

One of the first results of this new approach is the creation of an interactive dashboard summarising the Bank’s main statistics, to be published on its website by the end of 2023.

these indicators over time. Information on the new indicators and their benchmarks can be found on the ECB's website.

In the "engine room": innovations and improvements in the production and distribution of the Bank's statistics

Continuous improvement of the national accounts methodology

Given the importance of gross national income for the European budget, the national accounts methodology is constantly being improved. Every five years, Eurostat checks the accuracy and consistency of Member States' calculation methods. The current cycle runs from 2020 to 2024. Belgium, considered a low-risk country, was visited by Eurostat in June 2023. The visit focused on an analysis of the trade sector and identified eleven areas for improvement. Work on the methodology began in 2023. The revised national accounts incorporating the latest improvements are expected to be published in October 2024.

The NAPA project: a new data architecture to assess gross value added

As part of the NAPA project, the Bank is working on a new method to calculate the gross value added of the various sectors of economic activity

Last (transversal) reservation concerning Belgian gross national income (GNI) lifted

On 9 October 2023, the General Statistics Department was informed by Eurostat (acting on behalf of the European Commission) that the last specific outstanding reservation concerning Belgian gross national income had been successfully dealt with by the Large Cases Unit (LCU). The LCU is the unit within the Bank responsible for ensuring the enhanced statistical monitoring of multinationals. Globalisation is increasing the importance of multinational groups in the Belgian economy. Through the LCU, the Bank strives to gather the knowledge and information necessary to improve correspondence between the national accounts and the balance of payments as well as the quality of the statistics produced.

The transversal reservation stemmed from Eurostat's 2016-2021 audit cycle and related to globalisation. It required the Member States to cooperate with one another and arrange for the recording of statistical issues related to globalisation in a coherent and consistent manner in the macroeconomic statistics. More specifically, pursuant to this reservation, each Member State had to ensure the statistical monitoring of three large multinationals.

in Belgium. This project uses advanced calculation methods and techniques to improve the accuracy of these estimates. The aim is to establish a clearer link between financial data on the national and regional economy through the introduction of data storage at the most fundamental level. The first tests of this new method, carried out in 2023, were successful and further improvements are planned for 2024. The ultimate goal is to align regional statistics with national statistics better and faster.

CSDB

The General Statistics Department collects and analyses data on the issuance and holding of financial instruments in order to gain insight into and visualise the financial relationships between the various sectors of the economy. To better manage these complex financial data, the department developed and has been using a new system called the CSDB (Centralised Securities Database) since the end of 2023. This system converts the financial data provided by external sources and the Bank's own departments into a standardised statistical format, allowing detailed statistics on financial instruments to be compiled and shared with internal and external users.

Other examples of innovation: Bessy, R, Python and SALSA

In 2023, the General Statistics Department developed a new tool for compiling external statistics, called Bessy (Belgian External Statistics System). Bessy is used to calculate the balance of payments, the international investment position and international trade in services.

In 2023, the Bank also introduced major innovations in its statistical analysis methods. By using programming languages such as R and Python, the Bank is aligning itself with wider developments in statistical information systems, in which the importance of the application of data science is growing. Consequently, the Bank is also investing in providing the necessary support for its expert analysts.

Finally, under the name SALSA, the Bank is working on a complete overhaul of its software. SALSA allows the Bank to receive and store statistical data, send

An ambassadorial role: contributing to innovation in statistics at the international level

In order to ensure the relevance of the Bank's statistics in an international context, experts from the General Statistics Department participate in international working groups and forums so as to keep up to date with the latest developments in economic and financial circles and incorporate them into statistics. Indeed, in a globalised and rapidly changing global economy, it is important to contribute knowledge and expertise to new initiatives by international organisations such as Eurostat, the ECB, the OECD and the IMF. Through its proactive participation in these discussions, the department also contributes to the Bank's ambassadorial role, one of the twelve themes identified in the Strategy 2025. In 2023, the Bank's representatives took on a number of additional responsibilities in international working groups with the aim of contributing to important new themes. For example, they participated in discussions and working groups on topics such as measuring green investments, sustainability and well-being, and the modern communication of statistics.

The KULeuven Faculty of Social Sciences elected Roeland Beerten, head of the NBB's Statistics Department, as an alumni ambassador in September 2023. "Roeland has dedicated his career to the effective communication to the general public of independently produced statistics," said KUL professor Jan Van Bavel in his congratulatory remarks. "This is an especially important task in times when we are often bombarded with numbers and figures in public discourse."

them to international organisations and make them available on its website. The technology is based on the SDMX international standard for statistical reporting. This integrated solution includes several components based on the .STAT suite developed by the OECD and will provide a user-friendly interface for internal and external users.

Progress on the ECB's Integrated Reporting Framework (IReF) for banks

In 2023, the ECB's European Statistics Committee adopted strategic decisions on the further development of the Integrated Reporting Framework (IReF). The aim of this project is twofold: to reduce the reporting burden on banks and to ensure a harmonised process for compiling banking statistics.

Towards a single set of rules

After a cost-benefit analysis published in 2021-2022 demonstrated the benefits of the IReF, despite a high initial investment, a further such analysis was conducted in 2023. The results, published in early 2024, will determine the extent to which (i) country-specific reporting requirements can be integrated into the IReF, (ii) reporting can be extended to include, for example, relevant climate-related data and (iii) alignment with solo FINREP prudential reporting can be improved.

As a next step, a full cost-benefit comparison will be carried out to serve as the basis for drafting the IReF Regulation, which will replace the various existing regulations on the statistical reporting obligations of banks.

The research phase is underway

In addition to the development of a regulatory framework, the research phase focuses on organisation of the statistical business process and the development of IT solutions to support this process. This IT infrastructure will allow common data management (CDM) principles to be applied within the European System of Central Banks and the Single Supervisory Mechanism. These principles will provide for the exchange and security of data, as well as the use of harmonised reference databases on financial instruments and counterparties.

Extension to prudential reporting and resolution

The IReF project also provides for cooperation with the European Banking Authority (EBA) to eventually integrate prudential and resolution reporting. To this end, the Joint Bank Reporting Committee (JBRC) was set up at the beginning of 2024. This is a consultative body made up of representatives of various European and national competent authorities and the banking sector. The Eurosystem is already working closely with the banking sector to optimise reporting and reduce the burden through the Banks' Integrated Reporting Dictionary (BIRD). BIRD provides a logical data model that allows banks' input to be transformed into the data to be reported to the authorities.

Consequences at national level

With the introduction of the IReF, national reporting frameworks for statistical purposes, such as Scheme A, will be replaced by a single reporting scheme. However, Scheme A is also used for prudential supervision. The Bank is therefore working on an alternative and is examining how the figures needed for its various tasks can be retrieved via the IReF or other (existing) reporting frameworks, such as FINREP Solo. In 2023, dialogue was initiated between the sector and the Bank on this issue. This analysis will continue in the coming years in order to find an appropriate solution that meets the needs and allays the concerns of both the Bank and the banking sector.

A WOMAN ON THE BOARD

Géraldine THIRY / Director

Géraldine Thiry was appointed to the NBB's Board of Directors on 1 September 2023. She is the first female director since 2018 and is responsible for overseeing the General Statistics Department and the Resolution Unit.

The Bank is well known to Director Thiry. Since 2021, she had been a member of the Council of Regency, in which capacity she shared her perspective from the academic world, where she was involved in developing indicators of economic sustainability at the European level. By joining the Board of Directors, this academic moved from theory to practice. A step she took with enthusiasm.

A(nother) woman on the Board of Directors of the National Bank of Belgium: it's about time!

"Above all, I think it's an important signal that this type of position is accessible to women, or indeed to any other profile that is statistically under-represented on management bodies. That said, I have been warmly welcomed by the Board and feel respected for my skills and the manner in which I perform my duties, without regard to my gender. I've encountered a lot of goodwill and respect, in line with the Bank's values!"

Statistics is your area of expertise. Is it as complex as it seems?

"Statistics are often viewed as a tool used to describe reality. However, we mustn't lose sight of the fact that they reflect a set of conventions, standards and methodological choices. For example, when is a price increase considered to be due to inflation or rather to reflect an improvement in the quality of the product?

These conventions shape the way we present economic and social facts and impact decision-making in the area of economic policy and, of course, monetary policy and financial stability.

However, they are not immutable and often reflect the geopolitical, historical or cultural context in which they were developed. The world is changing, in social, economic and environmental terms. Statistics therefore need to be adapted to the current reality if they are to remain relevant. This means regularly revising the System of National Accounts (SNA). The last review took place in 2008. The next one is scheduled for 2025 and, like other statistical authorities around the world, the Bank's teams are already working on it. It's a complex and time-consuming project, but one that is essential to ensure the relevance of our work."

Climate-related aspects are becoming increasingly important for our figures. What should a central bank do in this regard?

"Central banks certainly have a role to play in producing high-quality statistical data on the climate and energy transitions, both for research purposes and for the general public. The Bank is no exception in this regard and publishes a regularly updated climate dashboard on its website. This type of communication is also a way for the Bank – which is an institution that serves the public interest – to demonstrate its social responsibility.

Of course, climate aspects are also taken into account in monetary policy, which is set at the level of the ECB's Governing Council, on which Governor Wunsch sits. Finally, as a supervisory authority, the Bank plays an important role in ensuring that the institutions it supervises implement the regulations imposed on them and fulfil their reporting obligations."

Bank resolution is also one of your responsibilities. How did you get up to speed on this subject?

"I got up to speed with the subject fairly quickly, in the wake of the Silicon Valley Bank and Credit Suisse crises. These crises could have caused a wave of panic, but that was not the case in Europe. I see this as proof of the importance of having a credible prudential supervision and resolution framework. And the Bank is working on this, within the Single Supervisory Mechanism and the Single Resolution Mechanism!

Resolution is a long-term process. Its aim is to prevent contagion effects if a bank fails. The Single Resolution Mechanism was launched in 2014 in the wake of the 2008 global financial crisis. It marked two important milestones in 2023:

- the Single Resolution Fund – a European fund that can be used to facilitate the resolution of banks, funded by banks themselves – now totals around €77 billion;
- almost all banks meet the conditions to be "resolvable" set out in the Single Resolution Board's Expectations for Banks, in other words they are as prepared as possible to deal with a failure.

"I feel respected for my skills and for the manner in which I perform my duties, without regard to my gender."

It all looks very good on paper. All that remains is to put it to the test, which is on the agenda for 2024, as part of a more empirical strategic review being prepared by the SRB. The Bank's Resolution Unit will therefore have its work cut out for it. In addition to this review, the Bank will work on two major matters under the Belgian Presidency of the Council of the European Union, namely a directive on the recovery and resolution of insurance institutions (IRRD) and crisis management and deposit insurance (CMDI). But let's not get ahead of ourselves."

What's your take of the situation five months after joining the Board of Directors?

"Apart from the fact that I feel I am in the right place, I would say that it's a pleasure to work with people with so much expertise, in the areas of both statistics and resolution, and who demonstrate a high degree of professionalism combined with high availability."

Increasingly efficient **management of microdata**

The Microdata Management Department organises and collects data from external sources, such as (financial and non-financial) companies, public authorities and households. These data are used for prudential supervision and research purposes. They are also used to compile financial and non-financial statistics, some of which are made available to the Belgian public authorities.

Microdata Management Department

The **Microdata Management Department** centralises the collection and validation of the economic and/or financial data produced by the National Bank of Belgium. In doing so, it facilitates the task of filers by acting as a single interface, while minimising costs and guaranteeing that the quality of the data provided meets users' needs.

The department also heads up the Enterprise Data Management programme, which aims to ensure that the Bank's data are organised and processed in a modern and efficient way, so as to maximise quality and availability.

A growing volume of data

The department supports the Bank's strategy that aims to gather a growing amount of data and provide increasingly high-quality economic and financial analyses. It also contributes to the task of supervising the financial sector with a view to guaranteeing financial and monetary stability. At the same time, it works to achieve operational efficiency and cost control objectives.

In 2023, projects started in previous years were pursued. Efforts to guarantee the stability, confidentiality and security of operations were continued, while aiming for greater operational efficiency, including through optimisation of the interfaces for external parties providing data, be it voluntarily or further to a legal obligation, as well as improvement of the services provided to the users of these data.

The Enterprise Data Management (EDM) project continued to look at ways of improving data management, with a view to developing a cross-cutting vision for the Bank as a whole.

Achievements in 2023

In practical terms, 2023 was marked by a number of developments that are gradually changing the ways in which data are collected and validated. With regard to data collection, for example:

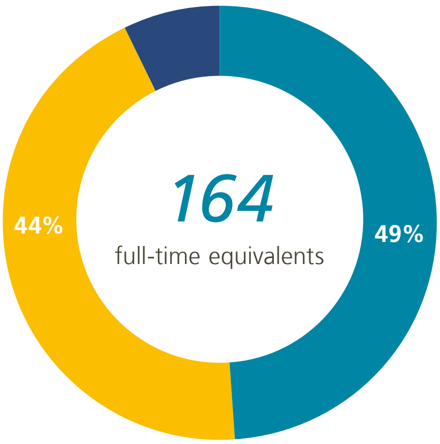
- Improvements were made to the website to make it easier for filers to navigate.
- Identification of OneGate users was further strengthened to enhance security.
- Computerisation of the business surveys to make them more representative continued.

Data management rules are currently being tightened to increase security and confidentiality for users. As the data are stored in a cloud environment, this can be done without compromising ease of use and flexibility. This project requires not only training efforts – in particular the establishment of a Data Academy – but also the documentation, description and inventorying of all aspects related to data management.

This work is being carried out in cooperation with the IT Department, the data protection officer (DPO), the chief data officer (CDO) and the data governance office (DGO). It forms part of a process to take into account legislative developments, such as the reporting required by the Corporate Sustainability Reporting Directive (CSRD), Country-by-Country Reporting (CBCR) and the Integrated Reporting Framework (IRef) for the banking sector.

HR challenges

At the Bank, 164 full-time equivalents perform data collection and validation activities:



Statistics and research

Tasks entrusted to the Bank by law: the Central Balance Sheet Office, the Central Point of Contact and the Central Credit Registers

Prudential tasks

Managing staff is challenging given that the average age is close to 50 and 22 % of employees are over the age of 60. Fifteen percent of the workforce was renewed this year, and the next few years will require a large number of new hires, which will mean major efforts in terms of training and integration while, most likely, continuing to rely heavily on external consultants to carry out one-off assignments.

"ARTIFICIAL INTELLIGENCE IS AN INVALUABLE TOOL FOR IMPROVING CUSTOMER SERVICE."

Catherine CRABBE / Head of the Contact Centre for data collection

Every year, 500,000 companies file their annual accounts with the National Bank's Central Balance Sheet Office. This activity peaks in July and August, months when the Contact Centre is regularly besieged with questions, by telephone and e-mail. How can we best manage these numerous requests and ensure that they are dealt with efficiently and on time? The answer can be summed up in one word: a chatbot.

Catherine: "The Central Balance Sheet Office's Contact Centre is the first point of contact for anyone with a question about the filing of annual accounts with the Bank. Given that there are around 500,000 filings each year, this works out to around a hundred calls a day and 150-200 daily emails at peak times."

A two-fold advantage

The same questions tend to pop up again and again. There is of course a list of FAQs, but this is not sufficient.

Catherine: "Artificial intelligence offers interesting opportunities for a department like ours. We came up with the idea of developing a chatbot to answer questions on the Central Balance Sheet Office's web-page. Our aim was twofold: to lessen the workload of Contact Centre staff so that we can focus on the more complex questions we receive and, above all, to improve the user experience.

Cybo – the name of our chatbot – can answer the most frequently asked questions directly. It's much faster than a phone call or e-mail, which it can some-times take us a while to get around to answering. In this way, we free up time to deal with more complex matters. This represents a major step forward in our work. You could even say it's a revolution!

Chatbot 2.0

Cybo has only been up and running for a few months, so it's too soon to draw definitive conclusions. However, the initial feedback is encouraging: we see that customers are using it. What's next?

"Artificial intelligence offers interesting opportunities for a service like ours."

Catherine: "The current chatbot is relatively basic, with a limited number of functions. For the time being, we're the ones who 'feed' it with the answers it needs to reply to customers. Our aim is to move to a version 2.0 in the relatively short term, one that allows the chatbot to search for information on the Central Balance Sheet Office's website on its own. By 'short term', I mean possibly as early as mid-2024, so stay tuned."

Further streamlining of **the cash cycle**

Through controlling costs, monitoring the quality of banknotes in circulation and ensuring the accessibility and acceptance of cash, the Bank strives to rationalise the cash cycle, which will become even more efficient in 2024 with the inauguration of its new cash centre.

Streamlining the cash cycle

The Bank aims to streamline, insofar as possible, the lifecycle of the cash it puts into circulation through banks and cash-in-transit companies.

A large proportion of the banknotes in circulation is recycled directly by private companies in accordance with strict standards set and overseen by the National Bank. Banknotes that are not recycled are returned to the Bank. In 2023, this concerned a total of 563,896,130 banknotes with a value of €19,925,280,790. The Bank checks both the authenticity and quality of these notes using the most-efficient and best-performing machines available, equipped with high-tech detectors specific to central banks. As a result:

- 11,056 counterfeit banknotes were withdrawn from circulation in 2023, a fall of 8 % compared with the preceding year; €20 (35 %) and €50 (38 %) bills remain the most counterfeited in Belgium.
- 70,788,720 euro banknotes were withdrawn from circulation for destruction and replacement.

Cash Department

The **Cash Department** guarantees the country’s supply of banknotes through commercial banks and cash-in-transit companies, whose banknote processing machines it regularly tests. It also checks the quality of banknotes in circulation and ensures that counterfeit and soiled notes are quickly withdrawn. By investing in a new cash centre in Zellik, the Bank is positioning itself as a leader among central banks in terms of cash security, storage, technology and logistics.

11 056
counterfeit banknotes were withdrawn from circulation in 2023

Only authentic, good-quality notes are put back into circulation.

It should also be noted that Belgian franc banknotes issued since 1944 can still be exchanged at the Bank. In 2023, 73,931 Belgian franc banknotes were exchanged, with a value of €1,871,040.

An accessible means of payment…

The National Bank is responsible for supplying the country with banknotes and ensuring the quality of the banknotes in circulation. In this context, it pays particular attention to ensuring that cash remains an accessible and accepted means of payment, in the same way as electronic payments. Everyone should be able to use the payment method of their choosing.

As a result of the closure of many bank branches as well as initiatives by the banking sector to consolidate and rationalise ATM networks (including Batopin), the number of cash withdrawal points in Belgium is declining.

In this regard, it is important to examine the effects of the reduction in cash machines in terms of the impact on users, not necessarily in terms of numbers. To this end, the Bank developed a model to assess the accessibility and capacity of the ATM network in Belgium. This model served as the basis for negotiations between the government and the banking sector, which resulted in an agreement on access to ATMs in March 2023. The targets set out in the agreement will be assessed each year based on analyses carried out by the Bank.

… and one that is accepted

Cash must remain not only accessible but also accepted. Ensuring that cash is universally accepted is an essential part of any payment system and in keeping with the legal tender status of cash. Consumers should be able to choose their payment method, and people who do not have access to electronic payments should not be placed at a disadvantage.

In this respect, the European Commission recently tabled a proposal for a regulation on the legal tender status of cash. The aim of this proposal is to ensure

Suggested illustration: 3D aerial view of the new centre.

that citizens who so wish can continue to pay with cash. The regulation is intended to clarify an important ruling by the Court of Justice of the European Union in this area and to specify the obligations of the Member States in terms of both the acceptance of and access to cash.

A new cash centre in 2024

The Bank's new cash centre will open in 2024. The building will meet the latest security standards and will have a fully automated vault and robot-fed banknote sorting machines. The resulting efficiency gains should lead to a 30 % reduction in the number of staff working on cash-related activities.

Financial markets,
at the heart of central banking activity

In 2023, the Bank took two major steps in its portfolio management to further the transition to a net-zero, sustainable and inclusive economy. It also played a central role in the issuance of the one-year State note, the success of which exceeded all expectations. The year also saw the launch of a new payments platform. The Bank's earnings are not covered in this section. You can find more information on this subject in part III of this report, "Annual accounts and reports on the year".

Financial Markets Department

The Financial Markets Department is responsible for carrying out the Bank's fundamental operational tasks as a national central bank and a member of the Eurosystem. The department thus makes an essential contribution to the twin missions of ensuring price stability and efficient payment systems. As an operational entity, this department is not engaged in either research or supervision. It is composed of independent, open-minded experts who contribute to the preparation and development of policy at national, Eurosystem and international levels, thanks to their experience and expertise in markets, transactions and infrastructures.

Day-to-day monetary policy

The National Bank plays a crucial role in the implementation of monetary policy. Since the creation of the euro, this task has been carried out jointly by the central banks of the euro area countries, in collaboration with the European Central Bank. Operational aspects are decentralised, with each national central bank providing the commercial banks in its country with liquidity. Loans by the central bank to commercial banks are made on a short- or longer-term basis in exchange for collateral, which takes the form of securities or other assets, meaning a large number of transactions take place on a daily basis.

The Bank is also an active participant in the various bond purchase programmes (sovereign, corporate, etc.) launched almost 10 years ago, including programmes related specifically to the pandemic (PEPP). These purchase programmes, which are gradually coming to an end, have contributed to the strong growth of its balance sheet.

Payment systems intermediary

In its role as a financial intermediary, the National Bank of Belgium manages payment and securities settlement systems. It helps to ensure that everyone can make payments and/or transfer securities in a safe, reliable, efficient and swift manner, be it in Belgium or abroad. More than 1.5 million transactions were processed in 2023.

These financial market infrastructure services include:

- T2 (*Target2*):
  for the settlement of payments,
- T2S (*Target2 Securities*):
  for securities settlement,
- TIPS (*Target Instant Payment Settlement*):
  for the settlement of instant payments.

The TARGET services apply ISO20022. A new consolidated platform was launched on 20 March 2023.

Investment of foreign currencies

The Bank holds and manages the Belgian State's official foreign exchange reserves (gold and foreign currencies). These reserves are earmarked for tasks and operations in the public interest. The Bank invests these currencies in portfolios of various assets, the management of which must meet four objectives set by the Board of Directors: liquidity, safety, return and sustainability.

Climate-related aspects are also important. In 2023, the Bank took two major steps to further the transition to a net-zero, sustainable and inclusive economy, namely:

- the publication of a Sustainable and Responsible Investment Charter and
- the publication for the first time of climate-related financial disclosures for its non-monetary policy portfolios.

The Bank also changed the benchmark for its equity portfolio to an EU climate transition benchmark. The underlying assets are selected, weighted or excluded to place the portfolio on a decarbonisation path.

Central securities depository

The Bank acts as a central securities depository (CSD) through its management of NBB-SSS (National Bank of Belgium Securities Settlement System). This system holds dematerialised bonds and ensures their automatic settlement on both the primary market, where new issuances are made, and the secondary market, where existing bonds are traded. These transactions are carried out by transferring securities between the accounts of participants in NBB-SSS. The securities traded are mainly issued by the Belgian State, but also by other public bodies and commercial entities.

A major milestone for NBB-SSS was reached in July 2022 with the European Commission's decision to rely on it for the issuance of securities by the European Union and Euratom with a view to financing, in particular, the NextGenerationEU programme. This project will gradually double the volume of securities issued through NBB-SSS, which already handles more than 1.5 million transactions a year without losing sight of the quality of the services provided.

State cashier

The Bank is responsible for managing the State's cash position, which it does using a tool called Casper. In particular, it keeps the government's cash accounts and makes a limited number of payments on behalf of the government. The Debt Agency can monitor this position in real time, with a view to carrying out the transactions required for day-to-day cash management.

State note

At the end of the summer, Belgians flocked to the new one-year State note, a government bond targeting retail investors (gross rate : 3.30 %, net yield : 2.81 %). The issuance raised a record €21.896 billion, of which €7.1 billion was subscribed directly by the Treasury, and led to the sharpest fall in retail bank deposits in 20 years, causing a considerable liquidity shock for both Belgian banks and the Debt Agency, which had to revise the Treasury's financing plan.

The Bank – more specifically its Financial Markets Department – was instrumental in settlement of the State note in the Bank's central securities depository, NBB-SSS (see above). It should also be noted that the resulting liquidity shock had an impact on monetary policy liquidity operations, while the TARGET team, responsible for monitoring flows between banks, had to cope with a sharp increase in the volume of transactions.

1.3

Innovation in **support functions**

Renewal of the IT landscape

As in previous years, the IT Department focused heavily on the renewal and standardisation of the IT landscape over the past year.

For example, a new application for secure cash management went live at the Bank. This application will also be used by De Nederlandsche Bank and will be rolled out to several ESCB countries in 2024. The infrastructure for the new cash centre in Zellik was prepared in 2023, with maximum use being made of the latest automation techniques and technologies.

IT Department

The **IT Department** provides the technology, expertise and policies that enable the Bank's various entities to carry out their tasks. It helps staff work productively and efficiently and the Bank's departments to provide efficient services to stakeholders. It constantly strives to reduce the risks associated with the use of technology in innovation, automation and digitalisation, bearing in mind the availability of digital solutions, the growing threat of cybercrime and the need to preserve data confidentiality.

TARGET 2

The new TARGET 2 payment system went live in the Eurosystem, providing a European platform for processing large-value payments for central and commercial banks. The IT Department worked with colleagues in the Financial Markets Department to achieve this, adapting all of the Bank's payment applications with a view to optimum integration with TARGET 2.

Enhancement of the cloud environment

The Bank's cloud environment was enhanced through the introduction of technologies that can be deployed in all business areas. The objectives of greater scalability and agility, as well as faster access to new technologies and applications, are the main drivers of this push. The choice of transversal standards, promotion of the re-use of technology already in place and the integration of a high level of IT security allow the department not only to provide technical solutions but also to ensure risk management and integrate sustainable maintenance and long-term innovation into its approach.

In 2023, for example, the Bank's Automation Platform was extended to include various chatbots, including for users of the Central Balance Sheet Office.

To support the Bank's EDM (Enterprise Data Management) strategy, the data platform has been expanded to include a data catalogue and many staff members have been trained in new business intelligence and data science tools, while the Economics and Research department is facilitating access by universities to data and research through collaboration on the data platform.

In the cloud-based innovation sandbox, IT Department staff are testing new generative AI technologies through various proof-of-concepts, together with colleagues from other services. The aim is to enable secure and targeted integration of these technologies in 2024.

To ensure the secure and efficient coupling of applications in the NBB landscape, the department has also added a new API gateway to the integration platform. (An API or application programming interface is software that allows two applications to communicate with each other.) Given that the Bank wishes to integrate not only its own applications but also those of the Eurosystem and those proposed by the market, integration tools are an important part of its strategy.

A cross-cutting, forward-looking strategy

All of these initiatives fit seamlessly with the Bank's strategy to deploy new technologies and their advantages in a transversal and standardised manner. The idea is to develop cutting-edge, innovative tools to improve efficiency and security while enabling smooth integration into the Eurosystem. In the coming years, the department will continue to invest in the renewal of its applications in accordance with their lifecycle and in the integration of solutions to meet new business requirements.

This ongoing renewal of the Bank's IT landscape will only be possible if sufficient attention is paid to the new IT skills required and to the adoption of digital technologies by all of the Bank's staff, which is a crucial part of the IT strategy.

In these various initiatives, the Bank aims for sound IT risk management, an essential task of the IT Department. The IT Department achieved excellent results in 2023 in terms of its service levels (handling of incidents and application availability) which it continues to monitor closely.

In 2023, the IT Department also created an IT security service, with a clear mandate and solid knowledge of cyber-risk policy and management. Its objective is to be able to offer innovative technological solutions while guaranteeing security and stability.

Modern tools for **effective cross-cutting support**

Paperless project

Led by the General Secretariat, the paperless project is a key initiative in the Bank's organisational strategy, one that plays an important role in modernising the institution's working methods and significantly reducing paper consumption through the adoption of innovative digital tools. Digital solutions are at the heart of this transformation. Likewise, operational processes are being reviewed and optimised.

The paperless project is not just a green or technological initiative. It is a strategic part of the Bank's drive to work more efficiently in a more modern, flexible environment. This multi-year project requires cross-cutting collaboration with all of the Bank's departments and services, thereby underscoring our ongoing commitment to innovation and operational excellence.

General Secretariat

The General Secretariat provides cross-cutting support to the Bank's various departments, services and bodies in the areas of management, coordination, international relations, CSR, public affairs, events, translation, communication and public relations. The General Secretariat supports the work of the Bank's management bodies, including the Council of Regency and the Board of Directors. It also organises the annual general meeting and is responsible for the Bank's auditorium and museum, which have been modernised in recent years to accommodate hybrid events and meetings.

"IN THE BANK OF TOMORROW, ALL DOCUMENTS WILL BE DIGITAL."

Jille FLORIDOR / Enterprise Information Manager

The best paper is that which never leaves the printer! As a socially responsible company, the National Bank of Belgium has been working for several years to reduce its paper consumption. This digital transformation is at the heart of the strategy to make the NBB a modern and efficient central bank. As well as doing away with paper, the project entails reviewing working methods and, more broadly, the way in which the Bank manages its documents.

Jille: "While the basic idea was to reduce our dependence on paper, it very quickly became clear that we needed to go further by reviewing and adapting our document management processes and ensuring that they are anchored in the digital world. It's not possible to go from being a paper-based business to a digital one in the blink of an eye. If, from one day to the next, we no longer print anything, that means all our documents are now in electronic form. How do we manage them? Where do we save them? And where do we archive them, if necessary? How do we share documents with colleagues? How do we work together on a single document? These are all practical questions that require a systematic and organised approach.

Three projects, for the time being

"We are currently focusing our efforts on three major projects. Firstly, the introduction of a digital signature solution to facilitate the conclusion of contracts and exchanges with external parties, especially now that remote working has become widespread. Secondly, workflow management, i.e. the management of workflows involving electronic document management and approval processes. For example, all of the stages involved in preparing, proofreading and publishing a press release. This is a complex process, involving a large number of players and requiring many different exchanges. And finally, digital archiving, the final stage in the lifecycle of a document.

From start to finish

"Our aim is to cover every stage in the lifecycle of a document, from creation to archiving, and to streamline document management. It's a gigantic jigsaw puzzle, because there are so many different processes and so many people involved, each with their own specific needs. For example, a prudential supervision service will have completely different processes from a department like Communications. But, first of all, what we're trying to do is introduce new tools and develop an overall digital document management policy that applies to everyone at the Bank. Then, of course, the various services and departments can turn to us to find the solution that best meets their needs.

It's a long-term project which involves other aspects that I haven't mentioned. Of course, the methods we're developing have to be user friendly; after all, we don't want to complicate our colleagues' lives – quite the opposite! But these new working methods must also meet very high security standards, particularly in a context where documents are managed and backed up in the cloud. These are all aspects that we need to address, while new ones are emerging, such as the issue of artificial intelligence. But that's also what makes this project so exciting!

"The paperless programme is more than just a green initiative; it's part of our drive to achieve greater efficiency."

International Coordination and Eurosystem

The International Coordination and Eurosystem team plays an important role in preparing the governor for meetings of the ECB Governing Council.

The Governing Council is the main decision-making body of the European Central Bank (ECB). It comprises the six members of the ECB's Executive Board and the 20 governors of the national central banks of the euro area countries. The members of the Governing Council attend meetings in a personal and independent capacity: they do not represent their country or their central bank. They act in the interests of the euro area as a whole. For the Bank, in addition to Governor Wunsch, Vice-Governor Steven Vanackere also takes part (as an alternate) in meetings of the ECB Governing Council. Outside holiday periods, the Council meets around twice a month to take the decisions necessary to carry out the tasks of the ECB and the Eurosystem.

Every six weeks, the Governing Council meets to take decisions on monetary policy in the euro area. These decisions relate to key interest rates, purchase programmes and other instruments used to steer the course and transmission of monetary policy with a view to stabilising inflation at 2 % over the medium term. While regular Governing Council meetings are often held virtually, monetary policy meetings are always held in person, usually at the ECB's headquarters in Frankfurt. At these meetings, the members of the Governing Council hold in-depth discussions on macroeconomic, financial and monetary developments that have a bearing on inflation in the euro area. Monetary policy decisions are taken by consensus and are then commented on in detail by the ECB president and vice-president at a press conference.

At the Eurosystem level, the Bank, like other national central banks in the euro area, is closely involved in the preparation of monetary policy meetings and decisions. Prior to each meeting, the ECB provides extensive documentation including in-depth analyses of, among other things, the European economy, inflation and inflation expectations, employment, the financial sector and financial markets. Each quarter, the Council is provided with new macroeconomic projections for the euro area, which it uses to assess economic developments and risks to price stability. The documentation for the meetings and the macroeconomic projections are prepared in collaboration with experts from the national central banks and discussed in various ESCB committees.

14
meetings of the Governing Council attended by the Bank's governor

© Andrej Hanzekovic/ECB

In the run-up to a monetary policy meeting of the Governing Council, the Bank organises a preparatory meeting attended by the governor and the vice-governor. The Economics and Research, Financial Markets and Legal Departments are those most closely involved in the substantive preparations for these meetings. International Coordination and Eurosystem is responsible for overall coordination of the process and organisation of the meeting. During the preparatory meeting, staff comment on the latest economic developments, in their respective areas of expertise, and the impact thereof on price stability. The documentation for the meetings provided by the ECB forms the starting point. The discussions are enriched by the ECB's own analyses, with a view to obtaining as comprehensive an overview as possible and addressing the various policy options on that basis.

Communications Department

In the context of the Bank's outreach strategy, the Communications Department continued its efforts in 2023 to optimise communication with various stakeholders.

The "green key" studio was successfully launched in the spring, enabling the Bank to create its own webinars and audiovisual productions. In particular, the webinars organised to coincide with the publication of the Bank's economic projections were broadcast live from this new studio.

Again as part of it outreach strategy, the **editorial, copywriting and rewriting** teams made substantial efforts to improve the linguistic accessibility and readability of external and internal publications. In collaboration with Training & Development, training courses in this area were also offered to staff. The purpose of these workshops was to teach staff how to better tailor their language to the audience the Bank aims to reach with its publications.

Redesign of the Bank's website

Since 2022, the Communications Department has been developing a new website. The goal is to tailor the website more closely to the expectations of the Bank's various target groups. Unlike the current site, which is structured around the Bank's internal

organisation, the new site will focus on making the information visitors are looking for more readily available and accessible.

A needs analysis, supplemented by the results of internal and external user surveys, was completed in the spring of 2023. Following a public call for tenders, an external partner was selected to support the Bank's internal experts in developing the new website. Throughout the year, the **web team** worked hard on the new site, which is scheduled to go live in late 2024 or early 2025.

Media relations

Press coverage in Belgium

In 2023, the Bank's main interaction with the press concerned the presentation of its annual report and Financial Stability Report, as well as the spring and autumn economic projections for Belgium. As always, the press conferences organised by the **external communications team** attracted a great deal of interest.

Numerous studies and publications from the Economics and Research, Statistics and Cash Departments as well as figures from the Central Balance Sheet Office were published in newspapers and magazines, or on websites. The wide range of subjects covered included the digital euro, household loans, public spending and debt, pensions and pension expenditure, corporate profit margins and inflation, the effects of interest rates on businesses, climate policy, the impact of inflation on public finances, figures from the Central Balance Sheet Office, the results of consumer confidence and business surveys and various statistics. The external communications team ensured that the governor and members of the Board of Directors were not the only points of contact for the press; experts in various fields were regularly called upon to respond to interview requests.

The fact that the increases in key ECB interest rates were not matched by similar increases in interest rates on savings accounts gave rise to much public debate, including at Rue de la Loi. The press asked the Bank to comment on this issue on several occasions. The opinion issued by the Bank on this subject, at the request of the finance minister, received substantial press coverage.

The press conference on the Bank's annual report always attracts a great deal of interest.

In 2023, the Bank's Communications Department also took part in the hit Radio 2 (VRT) programme "Mysteries of Flanders", more specifically an episode devoted to the SNCB's "golden railway line" which ran from the north-south junction in Brussels to the Bank's headquarters.

Most of the press coverage was neutral, positive and/or very accurate. However, over the course of the year, the Communications Department noted that, on occasion, research results or statements by members of the Board of Directors or NBB experts were reported or presented in an incorrect or unbalanced manner. Journalists have an increasing tendency towards precipitation in their reporting and are under pressure to produce articles that attract as many clicks as possible (clickbait). This is an unfortunate trend which other central banks have also witnessed.

10 257 046
visits to
nbb.be

International press coverage

The ECB's change of course in monetary policy, which began in the autumn of 2022, was the subject of substantial press coverage over the past year. Almost every week, Governor Wunsch received questions from the international press in his capacity as a member of the ECB Governing Council. The Communications Department regularly organised meetings with media outlets such as Reuters, Bloomberg, CNBC and numerous specialist media on the occasion of the IMF's Annual and Spring Meetings. The governor's views on inflation also received extensive coverage at the ECB Forum on Central Banking in Sintra.

Another highlight was the long live interview the governor gave to CNN, for which the well-known anchor Richard Quest travelled to Brussels. This was the first time in the history of the Bank that its governor had been invited to appear on this prestigious American news channel. The governor's position on ECB rate hikes was also widely covered in interviews with leading newspapers such as the *Financial Times*, the *New York Times* and the German daily *Böersen-Zeitung*.

As mentioned in the section entitled "Central banking in times of inflation", the governor's remarks on monetary policy at the ECB Watchers event and at the Frankfurt European Banking Conference resonated strongly with both the press and opinion leaders on social media. The governor also accepted an invitation from the prestigious Peterson Institute for International Economics in Washington, DC, where he gave an enthusiastically received speech on the macroeconomic implications of climate action.

"The ECB's change of course in monetary policy, which began in the autumn of 2022, was the subject of substantial press coverage over the past year."

Stakeholder outreach

The Bank communicates not only through channels such as its website, social media, press releases and press conferences. Events organised at the Bank or elsewhere in Belgium are also important, as they enable the Bank to meet its various stakeholders in person and engage in direct dialogue with them. Experience in 2022 and 2023 showed that, despite the development of digital communication channels such as webinars, physical meetings remain essential and are much appreciated by stakeholders.

The **Economic Relations Division** is responsible for organising these face-to-face events, which take the form of debates, conferences and presentations. Around half of these events are organised in-house, while the other half are organised in cooperation with the Belgian Financial Forum.

The division's flagship event is the annual outreach campaign on the annual report, which attracted a great deal of interest in around fifteen cities across the country this past year. The public response to conferences and debates on topical subjects such as the digital euro, pensions, artificial intelligence, the sustainability of public finances, inflation and its impact on businesses was also very satisfactory.

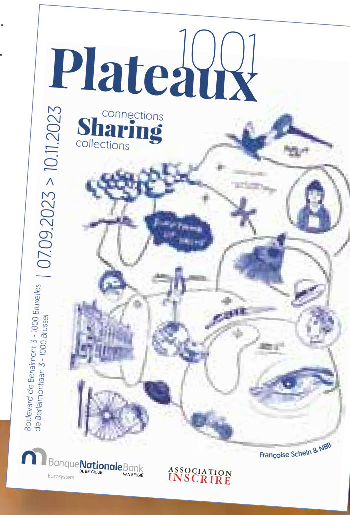
Other activities

In 2023, the **internal communications team** prepared for the launch of a new staff magazine and conducted a large-scale employee satisfaction survey on internal communication, the results of which will enable the team to further improve its efforts for the benefit of staff.

The Communications Department also plays an active role in the Bank's paperless project. As part of its digitalisation efforts, the Digital Printing Room (DPR) is increasingly scanning incoming mail and documents, which also furthers this purpose.

Art collection

The General Secretariat is responsible for overseeing the Bank's contemporary art collection, which now numbers more than 2,000 works and was established in 1972. In 2023, a participatory artwork entitled "1001 Plateaux" was created. This work is discussed in more detail below. The Bank aims to share its art collection with the general public. In 2023, 21 works of art were lent for exhibitions in Belgium and abroad.



ANOTHER – MORE HUMAN – SIDE TO THE BANK

Anne BAMBYNEK / Curator of the Bank's contemporary art collection
Pauline LANDA / Curator of the Museum of the National Bank of Belgium

The Bank is first and foremost known for its independent experts, who carry out complex tasks in the areas of economics and finance. For those unfamiliar with these fields, understanding what goes on can be a challenge. Through its museum, the Bank is able to make its activities known to the general public in a more accessible manner. The Bank also has a contemporary art collection which it uses to build bridges and create ties.

2023 was a special year, as the museum and the art collection joined forces on a project to create a participatory artwork with 155 colleagues. The "1001 Plateaux" project helped to forge ties between colleagues, between staff and the Bank's collections, and between the Bank and the art world.

Anne Bambynek: A project that created ties that bind

"The most immersive project I worked on in 2023 was undoubtedly '1001 Plateaux'. Carine Fol, the external adviser to the Bank for its contemporary art collection, came up with the idea. We entrusted execution of the project to Brussels-born artist Françoise Schein. She led workshops in which 155 staff members painted their own interpretation of a work from the collections [of the Bank and the museum] on porcelain trays. All of the trays together make up the artwork entitled '1001 Plateaux', which is now part of the Bank's collection.

It's hard to explain this project in just a few sentences, because there are so many layers to it: the preparation with Françoise, the workshops with colleagues, and the crowning moment: the unveiling of the artwork, when we were finally able to share it. It was a very moving experience for me. And then there were the artists who came to see the interpretation of their works, the colleagues who proudly passed by with their friends and family and those who organised guided tours. This project represents more than just the realisation of a work of art; it's a permanent trace of the Bank's ambassadorial mission. And it's important to point out that the work is of very high quality, as visitors from the art world have unanimously expressed.

The art team, of course, notched up other achievements over the year:

- We purchased works by five artists, paying particular attention to diversity: Ana Torfs, Jean Katambayi Mukendi, Elise Peroi, Léa Belooussovitch and Françoise Schein.
- We organised the '1001 Plateaux' exhibition and produced a brochure presenting the works.
- We took part in the Eclectic Architecture Biennial and organised lunchtime outings for colleagues (such as visits to exhibitions and the presentation of a book) as well as various tailor-made guided tours.

Finally, we worked to raise the profile of the collection through loans in Belgium and abroad, exchanges of information with similar collections and partnerships with organisations and universities."

Pauline Landa: An all-consuming passion

"The '1001 Plateaux' project was important for me as well. It was an excellent opportunity to get colleagues actively involved and to enhance the museum's visibility. People who work at the Bank are surrounded by works of art; this project helped them really connect with these works and reconnect with each other after the pandemic. It was easy to convince 155 colleagues to take part.

From left to right, Juliette Renard (assistant curator of the Bank's art collection), Pauline Landa (curator of the Museum of the National Bank of Belgium), Anne Bambynek (curator of the Bank's art collection), Françoise Schein (artist), Carine Fol (external consultant for the Bank's art collection), Yves Randaxhe (former curator of the Bank's art collection), Laurence Van Nieuwenhoven (ceramist), Katia de Radiguès (assistant to Françoise Schein).

155
colleagues took part in a participatory artwork

With '1001 Plateaux', we minted 155 ambassadors [for the Bank] at one go, not to mention many other colleagues who may regret not having dared to take the plunge.

This unique, participatory project become a real passion, to which a great deal of energy was devoted. In addition, the museum's team completed a number of other projects over the year. In 2023, we welcomed no fewer than 32,873 visitors. In principle, we're only open during the week, from Monday to Friday, but we also take part in evening and weekend events, such as Heritage Days, Museum Night Fever, Pyjama Day and so on. In May, we organised "Tales at the Museum" with guided tours and, during the school holidays, we offer an educational "trail" for children to follow.

But our greatest achievement is that our museum, which is free of charge, is open to everyone: schools, senior citizens and associations (for example for migrants learning French or Dutch). In this way, these groups get to know our language and a part of Belgian history in a very different way."

"All of our achievements are only possible thanks to excellent cooperation with the various teams and departments within the Bank. We would like to thank everyone warmly for this!"

Reform of **human resources and remuneration policies**

Following lengthy negotiations between the social partners, a collective bargaining agreement was signed in 2023 formalising the reform of the Bank's human resources and remuneration policies.

From 2024, the Bank will be able to rely on redesigned processes for career development (recruitment, internal mobility and promotion), organisational charts, job descriptions, the salary model and benefits management.

This reform creates a more motivating and transparent human resources system, with remuneration in line with responsibilities, skills and performance. A single human resources system now applies to all staff, both employees and management personnel.

Hybrid working policy

In 2023, the evaluation of hybrid working was completed and the Bank's teleworking policy was enshrined in a collective agreement.

Human Resources

The **Human Resources Department** comprises two entities. The first, Payroll and Employee Benefits, is responsible for managing employment contracts, salaries and benefits. The second, Human Resources Management, oversees skills acquisition, recruitment, the integration of new employees and talent development.

Members of staff whose duties allow them to do so may telework. The rule is that, on a quarterly basis, they must work 50 % of their time at the Bank's premises in Brussels. On-site work remains possible at all times, particularly for members of staff whose teleworking environment is not ideal.

To ensure that hybrid working time arrangements are effective and sustainable, management is encouraged to conclude sound agreements with staff. Raising awareness is also a major priority. Particular attention is paid to issues such as the right to disconnect, social cohesion and training for new colleagues.

Hybrid working is an integral part of one of the Bank's strategic projects, called New Ways of Working, the aim of which is to organise work according to the activity performed. Employees choose their place of work according to the tasks they have to carry out. Around a third of staff already have a working environment that has been redesigned in this way. This should be the case for the entire workforce by the end of 2025.

With respect and trust

In 2023, the Bank's values of "respect" and "trust" were put in the spotlight. In keeping with these values, actions were taken in the areas of psychological safety, feedback, employee well-being and engagement.

The starting point was the organisation of a Bank-wide survey on well-being and engagement, in which 62 % of staff took part. The survey resulted in a positive score of 78 %. Afterwards, teams were able to choose the theme they wished to focus on : 23 % chose feedback and 25 % psychological safety.

Team workshops were organised on these two themes, each introduced by a role play. Over 850 employees took part.

The remaining teams opted to focus on engagement and organised a workshop on this theme.

Fifth place in the Randstad Employer Brand Research

After ranking sixth in 2022, the Bank did even better in 2023, coming in fifth out of 182 participating Belgian companies with more than 1,000 employees. Remuneration, job security and work-life balance were some of the criteria for which the Bank received high marks.

Pioneering Employer award

In November 2023, the Bank was recognised as a Pioneering Employer for a period of one year.

This joint initiative of the Antwerp Management School, Jobat and De Lijn focuses on three themes

- less travel ;
- smarter, greener mobility ; and
- hybrid work that is centred around people.

Candidates must present a one-year pathway on one of these three themes.

The Bank picked the third theme, i.e. hybrid, people-centred work.

In this context, issues such as feedback, psychological safety, engagement and well-being were some of the focus areas.

Diversity and inclusion

Over the past year, the Bank finalised its policy on diversity and the inclusion of people with disabilities, based on a quantitative assessment and the findings of the multidisciplinary working group that studied this subject in 2021 and 2022.

The Board of Directors decided on measures to support the recruitment and retention of people with disabilities with the objective of achieving a win-win outcome, i.e. one that is also beneficial for the business as it allows it to assume its social responsibility and to offer teams the opportunity to welcome colleagues with unique life experiences under the best possible conditions, thereby strengthening their cohesion. For people with disabilities, a more suitable welcome and working environment are a precursor to a lasting and sustainable career.

Although the Bank has not set a quantitative target, it will remain attentive to the evolution in the number of employees requiring specific adaptations in order to perform their duties. But the most significant development was undoubtedly the heightened attention paid to the harmonious functioning of teams in which people with disabilities work, which benefited from support ranging from generally accepted adaptations to reinforced human resources.

The Human Resources Department and the internal health and safety service took a number of measures designed to facilitate the recruitment and integration of people with disabilities. For instance, they launched an awareness campaign, which included the publication of several in-house articles, the creation of a testimonial video and the organisation of interactive workshops. Attention was also paid to accessibility in recruitment procedures and how disabilities can be taken into account in renovation projects.

Non-financial risk management

Three lines of defence

The Bank's non-financial risk management framework is based on three lines of defence.

The **first line** consists of all operational and cross-cutting departments which are responsible for identifying, assessing and dealing with the risks inherent in their activities. These front-line departments carry out analyses of the risks arising from their activities, to ensure that they remain within acceptable limits in order to achieve the objectives that have been set.

On the **second line**, the Bank has a fully-fledged unit dedicated to implementing and monitoring the non-financial risk management framework. It develops and updates the various components of the Bank's risk management system and provides support to the first line in managing all non-financial risks, particularly in the areas of physical security, business continuity, outsourcing, IT security, information protection and cyber security, as well as compliance, including with anti-money laundering legislation, the General Data Protection Regulation (GDPR) and the code of ethics.

Finally, the **third line of defence** is responsible for independently and objectively assessing the effectiveness of internal controls and, where necessary, making recommendations to strengthen risk management.

In 2023, the Bank continued to develop and expand a major focus area of its non-financial risk management framework. Working closely with other departments, a comprehensive inventory of all business processes and key sub-processes was compiled. Among other things, the impact that a serious disruption to one of these processes could have on the proper functioning and reputation of the Bank was examined. This exercise makes it possible to set more focused priorities and allocate resources to the most business-critical processes and their main risks in the context of non-financial risk management. In addition, the first manual on managing the risks inherent in employees' use of generative artificial intelligence was produced.

Second Line of Defence

The Second Line of Defence deploys an overall risk management framework for the first line of defence, i.e. the Bank's departments, services and units. It also conducts risk analyses and independently ensures the effective and appropriate management of non-financial risks and compliance with laws and regulations.

"In 2023, the Bank continued to develop and expand a major focus area of its non-financial risk management framework."

Cybersecurity and business continuity

In the area of cybersecurity and business continuity, the Bank is constantly striving to develop and improve the maturity and robustness of its security and prevention rules.

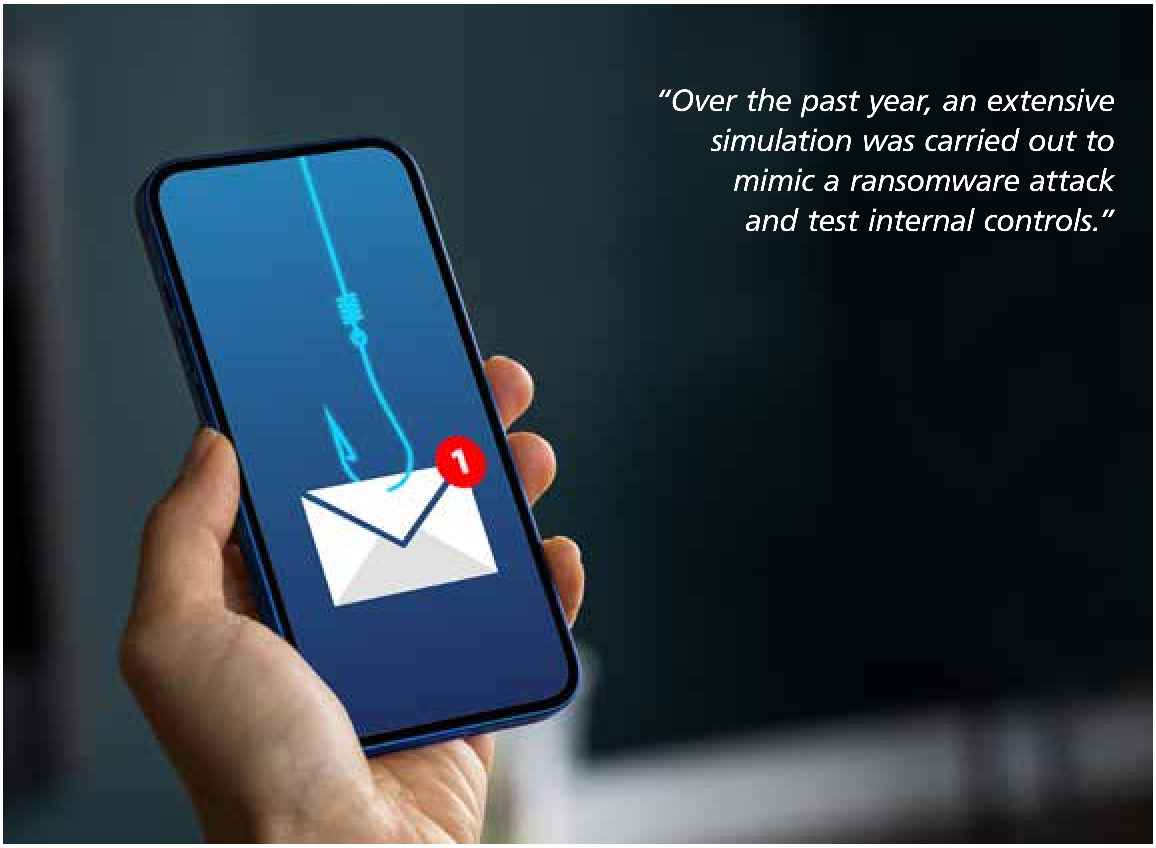
In this respect, heightened attention was paid to the potentially disruptive effects that cyber-attacks could have on the Bank, as well as on its essential service providers and critical utilities companies, be it directly or indirectly. A specific point for attention was the threat of ransomware attacks. Over the past year, an extensive simulation was carried out to mimic a ransomware attack and test internal controls. This exercise was conducted with the help of various experts and departments from within the Bank.

To keep staff alert to potential cyber threats, such as phishing emails and other malicious techniques, unannounced campaigns are regularly organised, during which real threats are simulated in a controlled manner. Staff who receive these emails and fail to respond appropriately or are misled are asked to undergo refresher training to brush up on their skills.

In order to further improve awareness and training and tailor them to the specific needs of different target groups such as new hires, IT and other experts, and (senior) managers, it was decided to work with an external company specialising in awareness and training programmes.

In 2023, the Bank's Crisis Management Committee successfully navigated two real crises.[1] In addition, the Bank organised a three-day conference for Eurosystem central banks on the topics of operational risk management (ORM), business continuity management (BCM) and resilience. The conference covered important topical issues such as the use of cloud services and their impact on cyber resilience, best practices in this area and protection against cyber threats from external service providers.

1 Namely, a water leak that caused a fire in an electrical installation and the attack on Swedish football fans in the centre of Brussels.



Update of the information security policy

As far as information security is concerned, roles and responsibilities are clearly divided between the first and second lines of defence. The Bank thoroughly revised its information security policy in order to clarify the rules that need to be complied with by all employees when it comes to securing data and information systems. The policy covers aspects such as the protection of personal data in accordance with the GDPR and the handling of sensitive data at workplaces outside the Bank (at home or remotely, given the widespread use of teleworking).

In addition to clear governance, user awareness also contributes to better information security. That's why the Bank provides online awareness training for all staff. Moreover, in order to deal appropriately with the risks associated with the use and migration of applications and data to the cloud, the eponymous working group has drawn up guidelines and a decision tree for operational departments. The aim is to assess whether and under which conditions applications and data can be transferred to the cloud. Compliance with legislation and the protection of personal data in accordance with the GDPR, as well as the applicable contractual agreements with third parties, are of particular importance in this respect.

Frequent checks of banknotes

As part of the second-line monitoring of banknote activity, an independent team within the Central Cash Office carries out checks on an ongoing basis to detect and prevent risks. This activity includes cash inspections, the handling of cash discrepancies and complaints from financial institutions, internal verification of damaged banknotes and incorrectly packaged valuables, offline destruction of valuables, admission testing of BPS machines, supplier checks, and actions related to the prevention of money laundering and terrorist financing (AML/CFT). Compliance checks are also carried out using independent video footage to ensure that staff are aware of and comply with internal instructions and procedures.

Second-line oversight of compliance and the protection of personal data

In accordance with the code of ethics and the EU General Data Protection Regulation, the Compliance unit dealt with a total of 48 questions of interpretation, six requests for authorisation of a financial transaction and 125 benefit declarations from members of staff and management in 2023. It also handled 25 GDPR-related requests.

Pursuant to the requirements of the GDPR, the implications of several new operations likely to present a high risk to privacy were assessed. To comply with the provisions of the Belgian legislation on the processing of personal data, transfers of personal data to other authorities were formalised by means of a protocol published on the Bank's website.

On 1 June 2023, a number of new rules and standards of conduct relating to the Bank's code of ethics entered into force, transposing two ECB guidelines defining the principles of an ethics framework for the Eurosystem.

The real estate project: an innovative strategy

The foundation stone for the new cash centre in Zellik was laid in 2022. Work has progressed well in the meantime, with completion scheduled for the spring of 2024. This will be followed by a phase during which the infrastructure will be tested, banknote processing machines and valuables transferred and staff relocated, with the aim of being fully operational by early 2025.

Facilities Department

The **Facilities Department** manages the Bank's real property (buildings and technical installations) and provides general services to all entities. It ensures that these assets are constantly adapted to changing needs in terms of workspace and the specific security requirements of a central bank. Over the next few years, the Bank will be carrying out a major renovation of a portion of its property portfolio with a view to ensuring its long-term future, sustainability and energy efficiency.

In addition, the department is responsible for catering services, organising the cleaning of premises, managing the flow of goods within the Bank, the mailroom and general logistics services. It also plays an important role in the promotion of sustainability within the Bank.

This step is a crucial milestone in the Bank's real estate strategy, as the renovation of the head office cannot begin until the new cash centre is up and running.

Building a cash centre in the heart of a residential area poses a number of challenges, given the impact it will have on local residents. The Bank is grateful for the understanding they have shown towards the inconveniences inherent in a project of this scale (dust, dirt and noise) and will remain attentive to the proper integration of its site in Zellik.

In terms of environmental considerations and sustainability, solar panels and a geothermal system will significantly reduce the building's dependence on fossil fuels, while minimising its ecological footprint.

Biodiversity has not been forgotten either. A substantial number of trees and shrubs will be planted on the site to encourage its ecological development, and the main building will be surrounded by a large water feature which will be naturally purified by means of aquatic plants.

NBB1

In 2022, the Bank commissioned a multidisciplinary engineering firm to transform, renovate and restore its headquarters in Brussels. The contract was awarded to the Statuur Consortium, which includes the architecture firms of KAAN and Low.

The renovation of its headquarters forms part of the Bank's ambitious real estate strategy, which aims to make its infrastructure more modern and efficient. The new cash centre will enable highly automated cash processing, carried out under optimum security conditions and in accordance with international recommendations. The renovation of NBB1 will bring together the Bank's staff in a modern, pleasant and user-friendly building, one that is fully adapted to the Bank's needs. By centralising its staff and activities in

The new headquarters will be an energy-neutral and future-proof building designed in accordance with circular economy principles.

a single building, the Bank will be able to make more efficient use of its operational resources. Its operating costs will also be considerably reduced thanks to the sale of the building on the other side of Boulevard de Berlaimont.

The project submitted by the Statuur Consortium aims to transform the headquarters into a sustainable, future-proof, energy-neutral building that meet the principles of the circular economy, while maximising the potential for re-use of existing materials. The idea is to create high added value with minimum intervention. The renovation is complex and the challenges daunting, as the various parts of the building, some of which have significant heritage value, need to be integrated into an efficient whole, with a focus on sustainability and energy performance.

In 2023, the initial specifications were revised in depth to take into account the changed context resulting from the pandemic and the energy crisis. On this basis, a preliminary design is being drawn up and will be definitively validated at the beginning of 2024 so that the application for the environmental permit can be submitted and works on the final project can start.

Refurbishment works in NBB2 and NBB3

In 2023, the Bank continued to refurbish the building on the west side of Boulevard de Berlaimont (NBB2) and the office building on Place Sainte-Gudule (NBB3). The aim is to accommodate all staff in these buildings during the renovation works on the main building which are scheduled to start in 2025.

To avoid empty office space and unnecessary operating costs, the number of physical workstations for staff has been limited to 70 % of the workforce.

Overall, the works are on schedule. By the end of the first half of 2024, more than half the Bank's staff will have moved. In 2025, the remaining staff, around 700, will follow suit.

A PASSION FOR SUSTAINABLE DEVELOPMENT

Thibault ROY / Project manager in the Facilities Management Department

Project manager Thibault Roy is faced with the Herculean task of bringing the NBB's main building, most of which dates from the 1950s, into the 21st century, a daunting technical feat. We sat down with him to learn more about it.

"Renovation is by definition a challenge," he explains. "Harmoniously integrating the NBB's multiple functions into a building that was never designed for that purpose is a real brainteaser. I see five major technical challenges."

Renovation means innovation

Technology in the service of comfort

"Anyone entering NBB1 needs to feel at home. A dedicated mobile app will allow colleagues to communicate with the building and with Facilities Management. Visitors will benefit from modern signage, including dynamic displays."

… and of the building itself

"The management of the building will be based on the data it provides. The use of BIM (building information modelling) technology will be essential in this respect."

No more fossil fuels

"We are opting for 100 % electric heating, with the emphasis insofar as possible on autonomous production and efficient consumption. We foresee a groundwater heat pump, 2,500 solar panels and maximum insulation. The latter will be a tall order, as the building's façade is a showpiece of the cityscape."

No more wasted rainwater

"We will collect as much rainwater as possible via a green roof and store it in a reservoir with a capacity of at least 420 cubic metres. We will then reuse this water for sanitary purposes, among other things, or let it seep naturally into the interior garden."

Ready for tomorrow

“The Bank will have a flexible, modular building whose layout can be easily adapted. This means it will be possible to customise the heating, wi-fi antennas, audio system, ventilation, etc.”

A story of personal fulfilment

“I’m an electrical engineer by training, specialising in the energy production cycle. My work has gradually evolved. I like the satisfaction of building something – seeing a project through to completion and then following up on it. That way, you remain in control of the project and are more involved.

Sustainable development is not an empty catchphrase for me. Making the NBB headquarters as passive as possible is a challenge, especially in terms of energy and the circular economy. I’m a firm believer in the latter. Quality materials should be ‘recycled’ to the extent possible, cleaned and reused again and again. To achieve this, we also made the wise choice of enlisting the services of the Statuur consortium.

This project is truly a challenge. There are many parties involved, and we have to get everyone – in other words, all future users – around the table: those responsible for the cash-in-transit system, the data centre, the restaurant, the meeting areas, and so on. We’ve already organised several workshops to explain the spirit of the project, to present the initial plans and to get everyone on board. It wasn’t easy, but we succeeded. The trust is there. The project will run all the more smoothly as a result.

Next year, in addition to internal stakeholders, we will be involving external stakeholders, in particular as part of a communication campaign on the environmental permit. Also on the agenda: the refinement of the layout plans and the building permit application. On a more practical level, geothermal exploratory drilling will be carried out using large trucks. This phase will involve some noise pollution, which is why we are reserving it for a holiday period.”

The National Bank of Belgium is strongly committed to social responsibility and sustainability, both as an organisation and as a central bank and regulator.

By embracing corporate social responsibility (CSR), the Bank demonstrates its commitment to society, its employees and its stakeholders, in particular financial institutions, for which it hopes to serve as an example.

In short, the Bank wishes to make a deeper and more sustainable contribution to society, through both its core tasks and its other activities, while striving to limit any negative impacts. This implies being subject to specific constraints, such as legal obligations, as well as risks, which need to be properly managed. However, it also presents opportunities, such as the possibility to stand out as a modern, transparent and relevant employer.

The non-financial statement in this chapter allows the Bank to put these ambitions into practice.

2. The NBB as a socially responsible organisation

The NBB's CSR **objectives**

1

Caring for the ***environment***

2

Striving for ***diversity*** *and* ***inclusion***

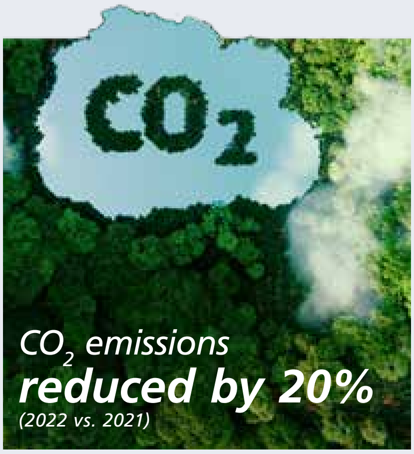
3

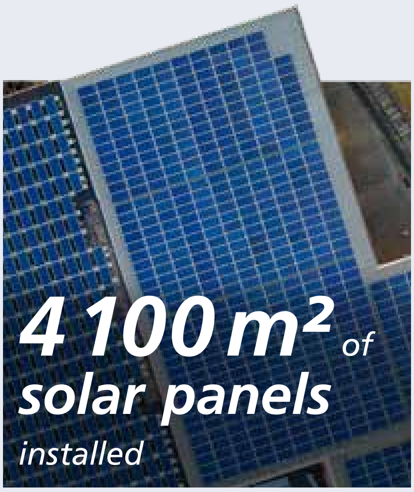
Leading by example in ***good governance***

4

Thinking sustainably *as a central bank and regulator*

CSR **Highlights** 2023





I.

General information

1.1 Introduction

Non-financial statement

This chapter sets out the statement of non-financial information of the National Bank of Belgium (hereinafter "the NBB" or "the Bank"), in short the "non-financial statement", as provided for by Article 3:6 §4 of the Code of Companies and Associations.

Reference model

In preparing its non-financial statement, the Bank follows the requirements of Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (Non-Financial Reporting Directive or NFRD) and its subsequent amendments. It also follows the common standards for sustainability reporting (European Sustainability Reporting Standards or ESRS) set out in Directive (EU) 2022/2464 of the European Parliament and the Council on 14 December 2022 (Corporate Sustainability Reporting Directive or CSRD), specifically Delegated Regulation (EU) 2023/2772 of 31 July 2023.

These standards play an important role in ensuring that sustainability reporting is streamlined, transparent and reliable within the EU. They are therefore particularly relevant for the Bank.

The Bank draws inspiration from these standards but does not aim for full adherence to the CSRD. This allows it to continue to take into account in its disclosures the specificity of its tasks and objectives as a (non-commercial) organisation within the ESCB and the confidentiality of certain data. In addition, the Bank reports annually on GHG emissions related to its non-monetary policy portfolios based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Activities

In its capacity as Belgium's central bank within the Eurosystem and as the prudential supervisor of the Belgian financial sector, the National Bank performs a multitude of tasks in the public interest, provides data and carries out economic and financial analyses. The Bank's various activities are described in more detail in chapter 1 of this report, "The National Bank of Belgium at the service of society". The Bank works to carry out these tasks in an efficient and sustainable manner, thereby ensuring its relevance to society.

Structure

This report follows the structure of the various categories of ESRS standards that make up the CSRD architecture. The rest of this first part provides general information on various sustainability matters, in line with the cross-cutting standards. In parts II to IV, information on the environment, society and governance is presented in accordance with the thematic standards.

This report strives to cover the reporting areas and minimum content disclosure requirements set out in the standards, with regard to policies; actions; impact, risk and opportunity management; and metrics and targets.

However, the data, objectives and information disclosed vary by topic. The greater the availability and consistency of data and the better our understanding of them, the further they can be refined.

Materiality

Whether or not the Bank addresses a particular (sub)topic, and thus reports under the respective standard, depends on the extent to which that topic is considered material, i.e. the extent to which the topic is relevant to the organisation. Here the perspective of double materiality applies. On the one hand, consideration is given to the impact of the Bank's activities on relevant sustainability issues, while on the other hand the risks and opportunities of these issues for the Bank's own tasks and activities is noted. For each topic covered in the sections below, its materiality was assessed.

Materiality was assessed based on the structure of topics in the CSRD. Thus, for each (sub)topic, the scale and scope of a material or financial impact and the risks and/or opportunities that arise for relevant stakeholders were considered. For each reporting requirement, the necessary information was included if assessed as material. In view of the specific nature of the NBB, a distinction was made, where relevant, between impact on the Bank as a company and impact on the Bank in its capacity as a central bank/supervisory authority.

1.2 Governance

Sustainability issues are an integral part of the Bank's policies and are thus woven into the work of its departments and services. In this sense, the Bank's existing governance framework[1] also applies to reporting on sustainability, managing risks or opportunities and setting and monitoring metrics and targets. As such, the Bank takes key decisions relating to sustainability reporting under the guidance of its Board of Directors.

The Corporate Social Responsibility (CSR) Board plays an advisory, cross-cutting role with regard to sustainability issues. It is composed of the individuals responsible for the business areas dealing with sustainability issues and is chaired by the head of the General Secretariat. The CSR Board supports the Board of Directors in setting sustainability priorities, ensures consistency between policy initiatives, and coordinates relevant communications tasks.

Specific aspects of the governance framework, applicable to the management of certain risks and opportunities, are set out in more detail in the relevant sections. This includes, for example, the Climate Hub for certain climate-related issues and the Diversity Council, which focuses on equal opportunities and non-discrimination within the workforce.

1 The composition, role, functioning and diversity policy of the governing bodies are described in chapter 3, section 3.1 of the Annual Report

COMPOSITION OF THE CSR BOARD		
Human Resources	General Secretariat	Economics and Research
Facilities Management	Financial Markets	Financial Stability
General Statistics	Finance and Strategy	IT
Communication	Diversity Manager	CSR coordinator

1.3 Strategy

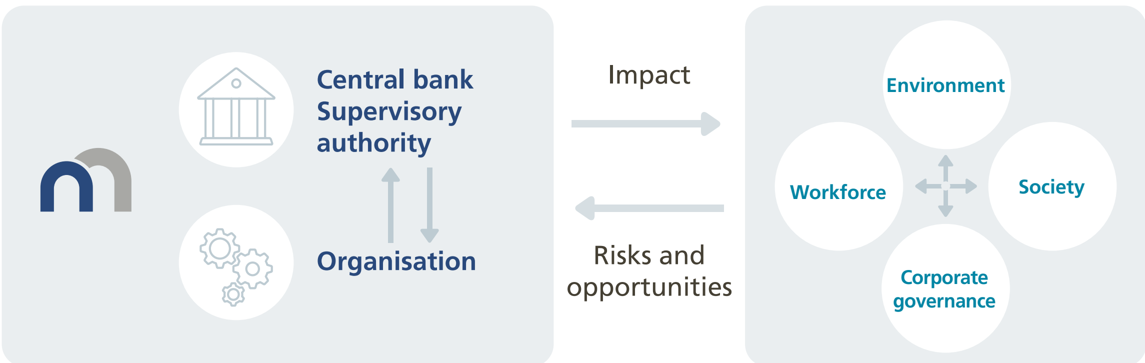
In its capacity as Belgium's central bank within the Eurosystem and as the prudential supervisor of the Belgian financial sector, the National Bank performs a multitude of tasks in the public interest, provides data, and carries out economic and financial analyses. It therefore has a material impact on various stakeholders.

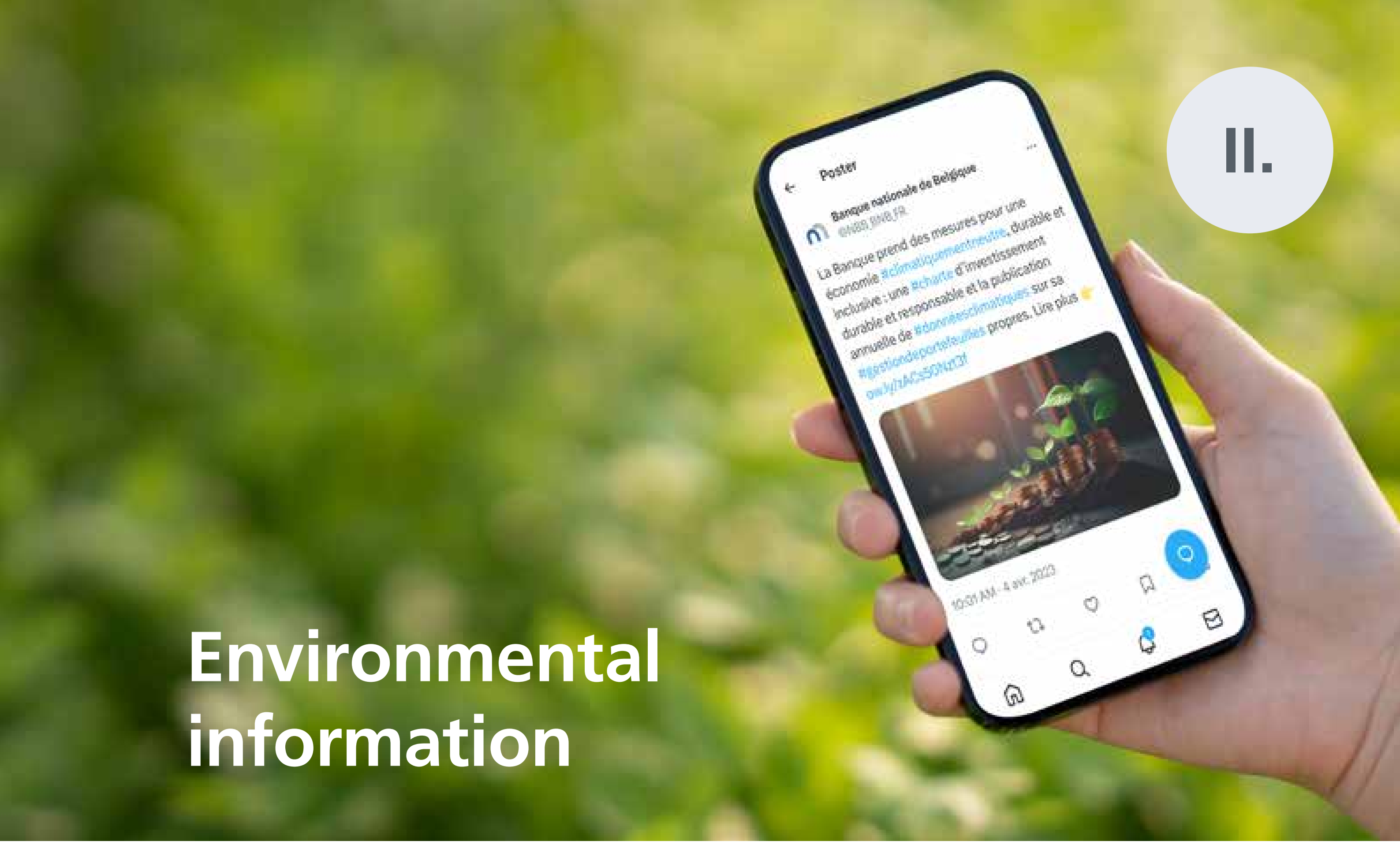
To ensure that this impact is sustainable and effective, the Bank must proactively manage risks and detect opportunities. Sustainability issues such as climate change can influence how central banks and regulators exercise their functions. The definition of sustainability and how it is integrated into the Bank's strategy via its environmental, social and governance policies are described in more detail below.

As an organisation and an employer, the Bank is also a part of the society it serves. The importance it attaches to sustainability in this capacity is reflected in initiatives such as those aimed at limiting carbon emissions and waste from its own operations, increasing diversity and inclusion within its workforce, and focusing on corporate governance.

This dual responsibility, as both a central bank/supervisory authority and a company, is at the heart of the Bank's relevance to society and is woven into its non-financial reporting.

Transparency plays a crucial role in the Bank's sustainability policy. As early as 2019, it took the initiative of reporting annually on sustainability issues in its corporate report. In the years that followed, the Bank continued to expand its policy and expertise, both as a central bank/supervisory authority and as a company. Since 2022, it has published an annual Climate Dashboard with information and indicators related to climate change and sustainable finance. In 2023, the Bank published its Sustainable and Responsible Investment Charter and released, for the first time, climate-related financial disclosures for its non-monetary policy portfolios. As it is now basing its broader non-financial reporting on the CSRD architecture, the Bank is reaffirming its commitment to transparency.





II.

Environmental information

The Bank has an impact on the environment due both to its corporate operations and its role as a central bank/supervisory authority, particularly via the issuance of banknotes.

As a company, the Bank contributes negatively to climate change, as evidenced by its carbon emissions. Climate change brings both risks and opportunities for the Bank. For example, it has to comply with environmental legislation and consider the transition risk exposure of its real estate due to climate change.

In order to ensure that its proprietary investments are more sustainable, the Bank takes into account not only climate change but also other environmental factors in the context of procurement.

Whether as a central bank or a supervisory authority, the Bank needs to understand thoroughly the impacts and risks of climate change on the financial system and the economy in order to fulfil its duties. It can also contribute to a better understanding and management of the impacts of climate change, to the ultimate benefit of society.

The Bank's climate change strategy and the associated management of impacts, risks and opportunities are addressed in section 2.1, in accordance with the requirements of ESRS E1.

In addition, the Bank also has a material, albeit more limited, impact on resource use and the circular economy. This is addressed in section 2.2, in line with ESRS E5.

2.1 Climate change

In the short term, the primary objective of the Bank's environmental policy as a company is compliance with the relevant legal requirements. To this end, the Bank conducts environmental accounting for which purpose data on resources, waste, energy, mobility, etc. are collected each year. These data are also important for calculating the Bank's carbon footprint.

However, the Bank goes beyond simply meeting its legal requirements – as evidenced by the fact that since 2019, Brussels Environment has recognised the Bank as an Ecodynamic Organisation, awarding it a three-star label. This label recognises organisations that act to reduce the environmental impact of their operations. In order to receive it, the Bank was assessed against 368 action points relating, in particular, to energy consumption, procurement, mobility, waste, green spaces and water use. [1]

1 Some of the action points considered under the Ecodynamic Label overlap with the climate mitigation measures or actions to reduce energy consumption discussed in section 2.1.2.

As a company, the Bank's climate impact is expressed by its CO_2 emissions, also known as its "corporate carbon footprint". In the short to medium term, the Bank aims to reduce its CO_2 emissions from all sources (climate mitigation), with a particular focus on reducing the energy consumption of its buildings and switching to renewable energy sources, as these measures deliver the greatest impact. In the longer term, the goal is to achieve climate neutrality.

2.1.1 Climate mitigation

Since the closure of its printing works, the Bank no longer carries out any industrial activities. The Bank's main (negative) environmental impacts, principally in the form of carbon emissions, result from its office-related activities, in particular, the heating and cooling of buildings, employee commuting and business travel, and catering services. There are also emissions associated with the issuance and processing of banknotes. Although the latter activities are part of the Bank's duties as a central bank, they are included in the environmental impact of the Bank as a company due to the emissions they generate.

Strategy

Office-related activities (including employee commuting and business travel)

The National Bank aims to reduce, or at least minimise, CO_2 emissions from its own operations every year, especially after the significant (emissions-reducing) impact of Covid-19 and the gradual resumption of operations in full. This is achieved by monitoring, analysing and reducing total scope 1, scope 2 and a portion of scope 3 emissions. Scope 3 emissions include those related to equipment purchased by the Bank, catering services, employee commuting, business travel, teleworking, and third-party disposal and treatment of waste. The NBB's corporate carbon footprint is compiled in accordance with the Greenhouse Gas (GHG) Protocol.

Scope 1 :

- The NBB is investing significantly in reducing its scope 1 emissions, which account for almost half its total emissions. It is doing so on the basis of a long-term real estate strategy, complemented by interim investments to upgrade existing technical installations and to produce renewable energy, such as with solar panels and geothermal infrastructure.
- In line with the Paris Climate Accords, the NBB is following a scope 1 reduction trajectory, aimed at bringing fossil fuel consumption to zero in its main building once the renovation is completed.

Scope 2 :

- Since 2016, the Bank has only purchased electricity generated entirely from renewable sources, resulting in zero scope 2 emissions.

Scope 3 :

- Equipment use (including catering services and banknotes) and employee commuting and business travel are particularly significant upstream and downstream emission sources.
- To limit emissions from these sources, the Bank focuses primarily on increasing employee awareness of environmental issues.
- The definition of scope 3 emissions has remained unchanged since 2017. Emissions related to fixed assets, leased assets (especially IT), cloud storage or proprietary investments or investments in the framework of monetary policy, construction works and projects are not included in the calculation. As certain activities are outsourced, some emissions may be only partially captured.
- The aim is to further identify and reduce in particular scope 3 emissions.

Issuance of banknotes

In its capacity as Belgium's central bank within the Eurosystem, the Bank is responsible for issuing banknotes. The carbon footprint generated by banknote issuance, expressed in terms of CO_2 emissions, derives from the equipment and energy needed to produce and transport the notes. Energy consumption to sort and transport notes withdrawn from circulation, as well as waste generated by the destruction of unfit (soiled) notes, also plays a role.

Currently, the Bank includes in the calculation of its carbon footprint only a proportion of the emissions generated by activities related to banknotes, whether before or after they are put into circulation.

Scope 1 :
- Energy consumed to sort and destroy banknotes in circulation, for sorting done by the Bank (the Central Cash Office).
- Emissions generated by transportation using the Bank's fleet vehicles.

Scope 2 : Not applicable.

Scope 3 :
- Material use (paper and ink) is dealt with later (see section 2.2.1, "Resources used for the issuance of banknotes").
- Emissions from the incineration of banknote waste, in the context of waste management and from which there is some heat recovery.

Not included :
- Emissions resulting from international or national transportation not using the Bank's fleet vehicles.
- Energy consumption for the overseas production of the Bank's allocated quota of banknotes. This was included until mid-2020 when notes were still produced at the Bank's printing works.

Impact, risk and opportunity management

Reducing overall emissions is a goal in itself and provides an opportunity for the Bank to establish itself as a climate-conscious organisation, which is one of its objectives. Failure by the Bank to reduce its own emissions could lead to reputational risks.

Office-related activities

The Bank focuses its investments primarily on reducing emissions generated by the use of fossil fuels at its premises, procurement (including catering services) and mobility. These emission sources have the greatest impact and also offer the greatest scope for action in the framework of the Bank's long-term real estate strategy.

Scope 1 :
Through investments in and adjustments to technology and procedures, scope 1 emissions have been almost halved in recent years (see also the explanations and disclaimer on energy consumption).

Heating and cooling of buildings

Among the investments being made as part of the Bank's long-term real estate strategy are those related to the renovation of buildings. These include a new, energy-efficient cash centre equipped with solar panels and a geothermal energy system, which will become operational in 2024, and the renovation of the Bank's main building, to make it fossil-free and more compact, which should be completed by 2032.

The long-term real estate strategy is exposed to the risk of project delays which could lead to the postponement of emissions reductions.

Construction works and projects generate a temporary increase in emissions, which is not separately tracked.

Further investments have been made to improve the energy efficiency of existing buildings, such as in LED lighting and monitoring. Through the installation of solar panels, heat recovery equipment and cogeneration systems, the Bank is also increasing the amount of electricity it produces itself.

In the winter of 2022-2023, the Bank implemented a plan to reduce gas consumption by 15 % during the winter months (see section 2.1.2, "Energy").

Moreover, other adjustments, such as allowing staff to work remotely for up to 50 % of their scheduled working time and reducing the number of workstations through desk sharing, have had an impact.

Coolants

Refrigerant leaks are addressed on an *ad hoc* basis by means of technical improvements and adjustments to maintenance procedures.

Fleet vehicles

The Bank has fourteen cars at its disposal, of which two are owned and twelve are leased. Five of these still run exclusively on fossil fuels, while the rest are hybrid or fully electric. Complete electrification of the fleet, entailing the use of only hybrid or fully electric cars, will be completed by 2024.

In addition, the Bank owns four lorries, which run on diesel, for the transportation of high-value goods.

Although the number of kilometres driven by the fleet increased after a period of very little movement during the Covid-19 pandemic, the emissions contribution of the Bank's fleet vehicles, generated through fuel consumption, remains limited.

Purchased goods

The Bank runs awareness-raising campaigns in order to reduce emissions linked to the purchase of equipment and catering services. In terms of the latter, for example, effort is made to reduce meat consumption by offering and promoting vegetarian options in the canteen.

As for the procurement of equipment, awareness-raising takes place through management training courses, for example (see section 2.1.6, "Sustainable public procurement and fair trade").

Employee commuting

A significant share of unavoidable emissions is related to employee commuting and the means of transport used by visitors to the Bank. These are choices made by our employees and visitors, with the Bank mainly playing a supporting role.

The Bank closely follows the commuting practices of its employees and has developed a company travel plan for this purpose, approved by Brussels Environment. The plan includes specific actions to improve the current situation. Moreover, the Bank regularly initiates activities to raise awareness in this regard.

Specifically, the Bank tries to make climate-friendly modes of transport as attractive as possible, responding to needs and removing potential obstacles. For example, employees have the possibility to make use of a free public transport pass and can use a secure parking area for scooters and bicycles, complete with charging points and showers. For those commuting by electric car, charging stations are available. Employees can also use public transport and electric bicycles free of charge when travelling from the Bank's premises for work purposes.

In view of its location in the city centre, within walking distance of train and metro stations, the Bank encourages its visitors to use public transport.

Teleworking

The Bank's employees have the option of working from home for up to 50 % of their scheduled working time. Since 2021, the Bank has applied a correction factor to its energy consumption emissions data to factor in employee teleworking. This factor is based on the number of days of teleworking and the estimated energy consumption per person (i.e. one room in a standard dwelling, cooling, heating, use of a PC, printer, etc.). [1]

Business travel

For business travel within short distances, employees are encouraged to use the train and, for very short journeys, other modes of public transport. When choosing a mode of transport, the Bank considers sustainability, cost, efficiency and welfare.

Since the Covid-19 pandemic, business travel has decreased significantly. Around a half of all Eurosystem and SSM meetings, in particular, are now conducted online. As these meetings are held primarily in Frankfurt, train use has significantly dropped. The switch to virtual meetings is much less noticeable with respect to business travel by plane. Since 2022, the total number of physical meetings has been rising again.

1 Nevertheless, it is important to be careful when drawing conclusions about the environmental impact of commuting and teleworking due to the limitations of survey-based methods and the various assumptions made when analysing the data collected.

Waste

The Bank's carbon emissions from waste are negligible. Since the closure of its printing works, the Bank's waste generation has been limited to that from office activities and the destruction of unfit banknotes by the Central Cash Office (see section (b) below, "Issuance of banknotes"). The volumne of hazardous waste has decreased significantly.

Today, the focus is on preventing waste and recycling unavoidable waste. To reduce this type of waste, the Bank strongly relies on the cooperation of its employees and runs awareness-raising campaigns. To step up employee engagement, sustainable alternatives are made available, such as reusable cups and insulated mugs in place of single-use plastic and investment in digital tools as a substitute for printing.

In recent years, the Bank has taken successful steps to reduce the use of disposable coffee cups and single-use plastic water bottles.

Data storage

Over the next few years, the Bank plans to track the emissions generated by data storage in the cloud. There has been a noticeable shift from emissions generated by in-house data centres (whose energy consumption falls under scope 1) to emissions from cloud storage (scope 3).

Mode of transport	Number of business trips		Difference (in %)	Share of total (in %)
	2019	2022	2019-2022	2022
Train	1 590	397	–300	47
(Intercontinental) air travel	146	46	–217	5
(Continental) air travel	1 139	408	–179	48
Car	67	0		0
Total	2 942	851	–246	100

Issuance of banknotes

Emissions resulting from performance of the Bank's task, as part of the Eurosystem, of issuing euro banknotes can be attributed to resource use (see section 2.2.1, "Resource use for the issuance of banknotes"), waste generation and the transport of high-value goods.

As part of the Eurosystem, the Bank contributes to research and development aimed at making future euro banknotes more environmentally friendly throughout their life cycle.

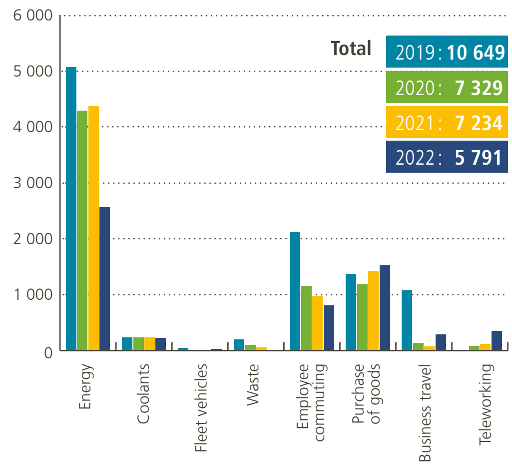
Waste arises from the destruction of banknotes deemed unfit for circulation by the Central Cash Office. Banknotes that are too soiled are taken out of circulation and shredded. The shredded notes are then taken to an incinerator equipped with a heat recovery and reuse system, thereby reducing its climate impact. About 84 tonnes of waste per year are incinerated, which is comparable to the annual electricity consumption of fifteen households.

The ECB and the Eurosystem are working to optimise international transport between banknote production sites and issuing central banks, through the pooling system. The Bank is making similar efforts regarding the necessary transport associated with the issuance and sorting of banknotes.

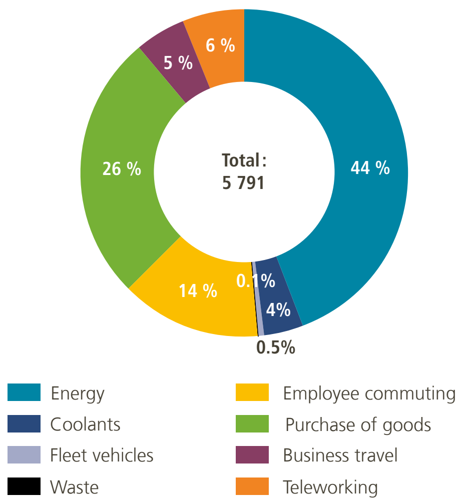
Metrics and targets

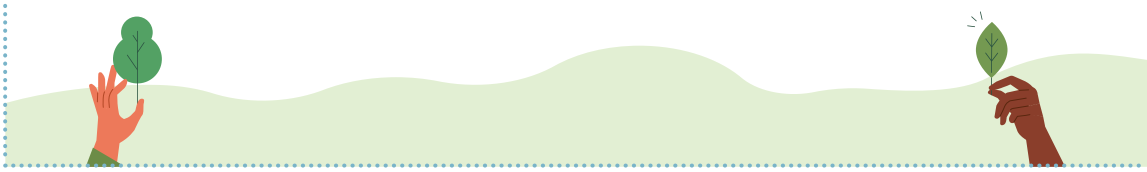
Full data for 2023 will not be available until after the publication of this report. Therefore, most of the data reported here relate to 2022.

Total CO_2 emissions
(scope 1-2-3, in tCO_2eq)



NBB CO_2 emissions
(per emission source, 2022)



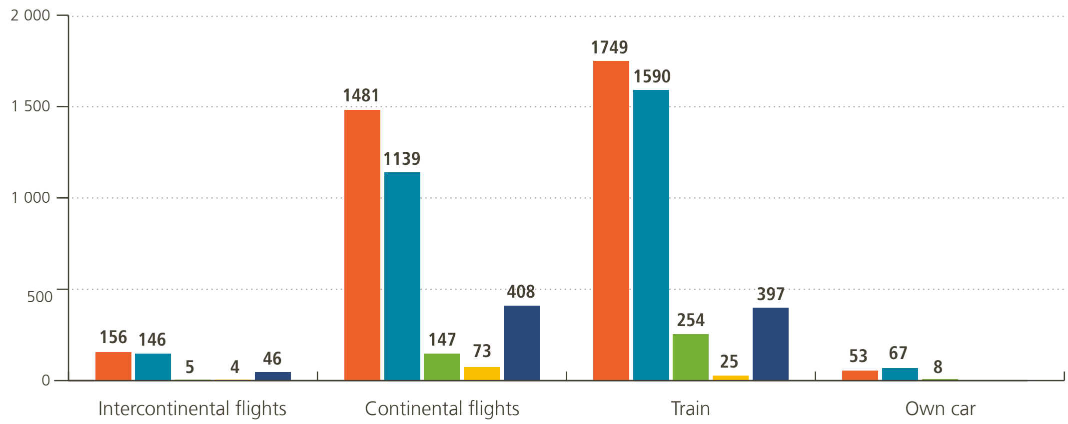


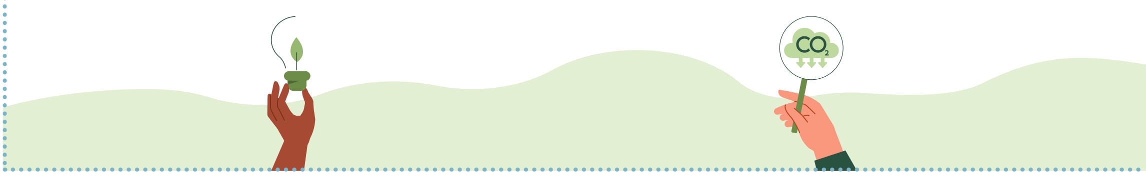
The decrease in total emissions shows the extent to which the Bank's efforts are having an effect on its scope 1, 2 and 3 emissions. There was a noticeable decrease in total emissions by 20 % compared with last year and by about 46 % compared with the pre-Covid-19 period.

Indicator	Emissions in 2022 (in tCO_2eq)	Difference from 2021	Difference from 2019 (pre-Covid-19)
		(in %)	
Total CO_2 emissions	5 791	–20	–46
Scope 1 emissions	2 820	–64	–89
Natural gas	2 562	–41	–49
Coolants	229	–1	–1
Fleet vehicles	29	+222	–33
Scope 2 emissions	0	N/A	N/A
Purchased electricity	0	N/A	N/A
(Significant) Scope 3 emissions	2 972	+13	–79
Purchased goods	1 525	+8	+11
Employee commuting	809	–16	–62
Teleworking [1]	350	+202	–
Business travel [2]	284	+311	–74
Waste	4	–92	–98

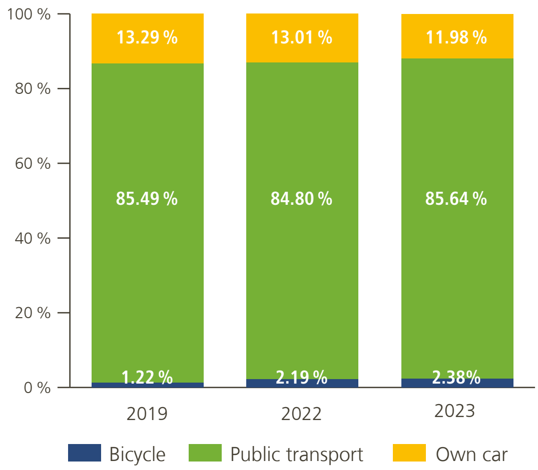
1 The sharp increase in emissions in 2022, compared with 2021, despite the return to the office after the pandemic, was due to a new, more realistic calculation method.
2 Emissions from overnight stays are not included.

Business travel (number of trips per year)





Employee commuting
(% of total)



The Bank aims to reduce CO_2 emissions from its own operations every year, or at least to keep emissions as low as possible, without short-term targets or a transition plan.

2.1.2 Energy

Strategy

The Bank is committed to reducing its energy consumption, improving energy efficiency, maximising the share of renewables in its energy mix, and producing more renewable energy on its premises.

For its main building, the Bank follows the Brussels Region's PLAGE (Plan for Local Action for Energy Use) regulations. The Bank is also contributing to meeting the European target of reducing demand for natural gas during the winter months by 15 % in all member states, compared with average consumption during the same period over the last five years.

Impact, risk and opportunity management

Reducing energy consumption

In 2021 and 2022, the Bank invested € 950 000 in energy-saving technical changes to its main buildings, with the aim of reducing energy consumption by 6.7 %.[1][2]

1 Examples of such improvements include the replacement of a cogeneration heat exchanger, heat recovery from the data centre, adjustments to usage (placing boilers in a cascade arrangement), humidity optimisation, the installation of solar panels and the discontinuation of steam production in the summer/inter-seasonal period (in the canteen kitchen).

2 From 2021 onwards, the printing works were no longer heated and have since been sold. This also contributed to a reduction in gas consumption, which, however, is difficult to quantify.

Additional measures were also taken during the winter months, such as the temporary closure of certain premises, limited heating of toilets and corridors, and lowering of the temperature in the remaining work areas. The result was a 17 % reduction in gas consumption between August 2022 and March 2023 (compared with the average over the previous five years).

Part of this reduction was due to the repair of a cogeneration heat exchanger. As a result, more electricity, but a lower volume of gas, was consumed in winter 2022. This reduction was not structural in nature, meaning an increase in gas consumption and associated CO_2 emissions is possible in 2023.

Increased energy efficiency

Measures taken in this regard include the implementation of a cogeneration system, the installation of energy-efficient servers, the installation of LED lighting in renovated offices, switching from gas to electricity to produce steam for the kitchen, the use of a ceiling cooling system, smart thermostatic controls and a facilities management system with decentralised control. These measures led to an additional reduction in gas consumption in 2022.

Energy mix

The electricity purchased by the Bank is generated entirely from renewable sources, resulting in about 2 800 tCO_2eq fewer emissions compared with fossil-fuel based sources.

The Bank's own production of renewable electricity increased as follows:

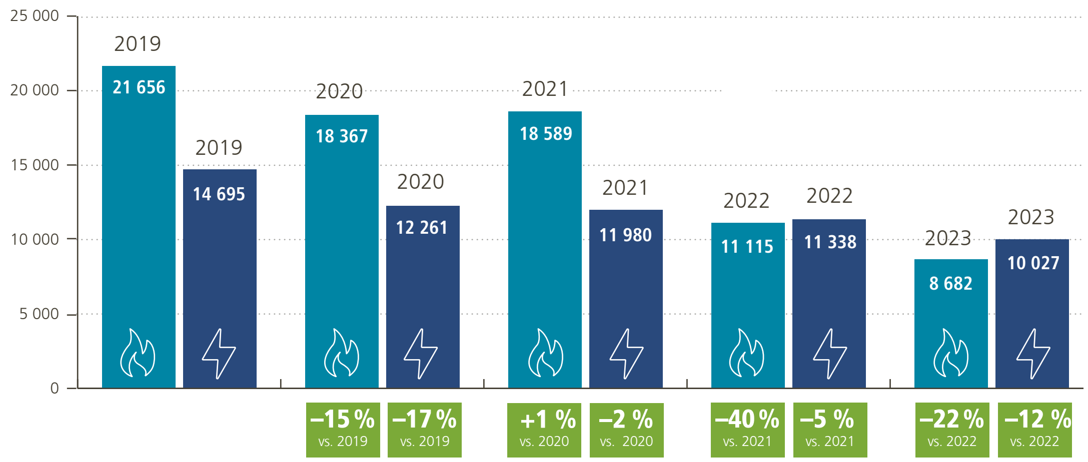
- **Brussels headquarters:** 806 solar panels had been installed by the end of 2023, covering a total area of around 1 800m² and with an estimated production of 340MWh per year, representing 3 % of the headquarters' electricity consumption.
- **New cash centre in Zellik:** 2 300m² of solar panels have been installed and will be operational in 2024 (estimated production of 600MWh/year).

In addition, the new cash centre features a geothermal heating and cooling system (operational as from 2024) which will generate 260MWh annually for cooling and 200 MWh for heating.

Metrics and targets

Measure	Share of energy mix 2022 (in %)	Consumption 2022 (in MWh)	Difference with 2021 (in %)
Total energy consumption	100	22 453	–27
Natural gas	50	11 115	–40
Electricity (purchased, green)	50	11 338	–5

Gas and electricity consumption
(MWh)



In the short term, the aim is to improve energy efficiency and reduce energy consumption. Based on the applicable PLAGE regulations, this implies a quantitative annual reduction target in primary (electricity and gas) energy consumption of around 1.5 %. In the longer term, the Bank aims to achieve carbon neutrality through the renovation of its own buildings (see section 2.1.3).

2.1.3 Climate-related transition and physical risks to real estate

Strategy

The Bank's real estate policy enables it to manage the climate-related transition risks to its own buildings. One of the biggest risks relates to modification of the regulations aimed at climate change mitigation, such as in relation to energy efficiency requirements, parking spaces, rainwater harvesting and energy consumption (e.g. PLAGE). The real estate policy aims to make the Bank's buildings future-proof, with a specific focus on climate resilience.

Impact, risk and opportunity management

The Bank adheres to a proactive and sustainable real estate policy to take into account potential or expected climate-related regulatory changes in its renovation projects. This is monitored by a dedicated Compliance unit within the Facilities Management Department. For larger construction projects, the Bank works with engineering firms.

Ongoing renovation work is aimed at significantly reducing the surface area of the Bank's premises (from 185 000m^2 to 80 000m^2), combined with ensuring more efficient insulation and installations. It includes, for example, switching to 100 % electric heating, using a groundwater heat pump system and maximising rainwater harvesting.

Investment in energy efficiency and the rollout of renewable energy also offer opportunities to reduce direct carbon emissions, with the Bank taking care to use resources as responsibly as possible.

Due to its flexible, modular construction, the Bank's renovated premises will also be sustainable (see section 2.2, "Resource use and circular economy").

The potential impact of physical climate-related risks is also being considered as part of the renovation of the Bank's main building. The primary physical risks identified during the design phase are rising average temperatures, changing (and more intense) rainfall and wind patterns, drought and soil degradation. The Bank will mitigate these risks in collaboration with the engineering firm overseeing the renovation, by making appropriate decisions regarding the materials used for facades, a water management plan, vegetation and the building's storm resilience.

Metrics and targets

The climate neutrality of the Bank's buildings is the long-term goal. A transition plan to achieve this goal is being integrated into the renovation works to be carried out over the next few years.

2.1.4 Offsetting unavoidable residual emissions

Strategy

The Bank closely monitors its emissions and aims to reduce them as much as possible each year. To offset its unavoidable residual emissions, the Bank finances projects in developing countries through carbon credits. These projects combine the objectives of greenhouse gas reduction and socio-economic development.

Impact, risk and opportunity management

The Bank offsets its calculated emissions in full. For 2022, scope 1 and 2 emissions were fully offset by two carbon removal projects, focused on the reforestation of degraded grasslands. Scope 3 emissions were offset via two carbon avoidance projects, providing access to efficient and climate- and environmentally friendly cookstoves. A total of 5 791 carbon credits were purchased in this way.

The Bank strives for the highest guarantee that its investments benefit both the environment and the socio-economic situation on the ground. It therefore takes the following measures:

- It spreads risks by investing in a variety of projects and countries, including in terms of types of projects (i.e. both emission avoidance and carbon removal).
- It selects only projects that meet the highest quality standards (Gold Standard or VCS), as assessed and verified by independent certification organisations.
- It does not support projects that pose too high a reputational risk, even if they benefit from a recognised quality label or certification.
- The projects it supports contribute not only to climate action but also to at least three other Sustainable Development Goals.

Given the above factors, the Bank is currently reconsidering its long-term strategy with regard to carbon credits and climate neutrality.

2.1.5 Sustainable and responsible investment

Principles of sustainable and responsible investment are increasingly shaping the Bank's activities. In 2023, the Bank published its Sustainable and Responsible Investment Charter (SRI Charter). This document informs and guides the management of its non-monetary policy portfolios and is available on the Bank's website. The Charter contains environmental, social and governance (ESG) criteria. The environmental criteria include, but are not limited to, those related to climate change.

Metrics and targets

For its carbon offsetting and climate change mitigation activities, the Bank was awarded the "CO_2 Neutral Label" between 2017 and 2021. This label constitutes recognition that the Bank actively calculates, reduces and offsets its CO_2 emissions. However, the receipt of this label is not an end in itself.

The five pillars of the Sustainable and Responsible Investment Charter

Sustainable and responsible investment principles are increasingly shaping the Bank's activities. In particular, the Bank recognises sustainability as a fourth objective of its strategic asset allocation policy, alongside liquidity, safety and return. In this context, the Charter serves as an essential source of information and guidance for the management of non-monetary policy portfolios.

The Bank's Sustainable and Responsible Investment Charter consists of five pillars:

Screening

Exclusion of certain assets, issuers and counterparties based on sustainability and responsibility criteria.

Embedding

Integration of climate and other environmental, social and governance criteria into investment decisions.

Financing

Supporting the transition to a net-zero, sustainable and inclusive economy by investing in thematic assets such as green, social and sustainable bonds.

Disclosing

Transparent implementation of the Sustainable and Responsible Investment Charter, including through the publication of annual climate-related disclosures.

Engaging

Encouraging internal and external stakeholder engagement in sustainable and responsible investment activities.

The SRI Charter can be consulted on the Bank's website.

Governance

Information and decisions on integrating the principles of sustainable and responsible investment are shared and discussed at various levels of the Bank. For example, the pillars and objectives of the Charter were developed with input from the Bank's staff and senior management. The Investment Committee then endorsed the Charter, which was subsequently approved by the Board of Directors. The Investment Committee oversees implementation of the Charter and decides on tactical aspects, while the Board of Directors takes decisions on the Charter's strategic direction, pillars and targets.

Teams from the Financial Markets Department are responsible for implementing the Charter and regular monitoring of key indicators. Their experts also report to the Investment Committee and the Board of Directors on the progress made and challenges faced so as to inform decision-making at the appropriate levels. In addition, involvement of the Bank's Corporate Social Responsibility (CSR) Board, Climate Hub and Task Force on Climate-related Financial Disclosures (TCFD) team ensures a coherent approach to sustainable and responsible investing. The Bank intends to regularly review the Charter and update it as required, in line with the latest developments.

Strategy

The integration of sustainable and responsible investment principles influences the Bank's strategy and management of its own reserves. With respect to climate change, the Bank committed in its SRI Charter to achieving the long-term target of net zero greenhouse gas emissions for its consolidated portfolio by 2050 at the latest. It has also committed to setting and gradually publishing interim climate targets and benchmarks for certain individual portfolios (see "Metrics and targets"). These commitments have direct implications for its strategy and operational management.

Impact, risk and opportunity management

In recent years, principles of sustainable and responsible investment have been gradually integrated into the Bank's portfolio management.

As part of its diversification strategy, the Bank has been investing part of its own reserves , since 2004, in corporate bonds, which offer greater opportunities to apply sustainable and responsible investment criteria than government bonds, which traditionally make up a very large share of most central banks' balance sheets. Thus, the Bank excludes issuers that do not sufficiently consider the non-financial impact of their activities.

Since 2019, the Bank has been investing in equities, continuing to emphasise diversification and the integration of ESG criteria. From the outset, it transferred the passive management of its equity portfolio to an external fund manager, who is tasked with investing in companies that meet specific ESG standards based on a benchmark. In 2023, the Bank decided to change this benchmark to a European Union climate transition benchmark. This means that the underlying assets are selected, weighted or excluded to ensure that the portfolio follows a decarbonisation trajectory. This decision will be put into practice in 2024.

In 2021, the Bank put together a portfolio investing exclusively in "thematic" bonds, such as green, social and sustainability bonds. In 2022, the nominal investment value of this portfolio reached the target of \$ 1 billion. This specific sub-portfolio plays a non-negligible role in implementing the Sustainable and Responsible Investment Charter. By investing in thematic assets, the Bank helps finance the transition to a climate-neutral, sustainable and inclusive economy. These bonds are issued by companies, governments and supranational institutions to finance projects of environmental or social importance. To this end, the Bank invests in bonds that meet international standards, with such compliance verified by a third party, such as the principles of the International Capital Market Association. The purchase of these securities also supports the UN Sustainable Development Goals. By the end of 2023, approximately 12.3 % of the Bank's consolidated portfolio was invested in such assets, a share that is set to increase.

The Bank's sustainability-related efforts go beyond the management of its own portfolios, however. For instance, in 2022, it was selected as the central securities depository for the NextGenerationEU (NGEU) programme, which is expected to reach a total value of € 800 billion by 2026 and aims to issue 30 % green bonds. Moreover, the Bank will continue to waive fees in its securities settlement system for the issuance of green, social and sustainability bonds to finance investments beneficial to the environment and society. This exemption from issuance fees also supports the NGEU programme.

Metrics and targets

Transparency on greenhouse gas emissions is essential in the transition to a climate-neutral economy. As explained above, the Bank discloses information, including metrics and targets, on the greenhouse gas emissions associated with its non-monetary policy portfolios.

Since 2023, the Bank has published annual climate-related financial disclosures for its non-monetary policy portfolios (based on figures from the previous financial year). This reporting ensures transparency on climate-related data and informs the public about the role climate-related risks play in the Bank's portfolio management. The section on the Bank's key metrics and targets provides a concrete assessment of the climate impact of its investments and the progress made towards the long-term goal of achieving climate neutrality for the consolidated portfolio (by 2050 at the latest). The Bank is also committed to setting and gradually disclosing interim climate-related targets for selected portfolios and their benchmarks. Following the decision to change the equity portfolio benchmark to a European Union climate transition benchmark, the Bank has also set an interim climate-related target for this externally managed portfolio: by 2030, the Bank aims to reduce the CO_2 footprint of the portfolio by 50 % compared with its 2021 level.

The annual climate-related financial disclosures are based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD is an international organisation established by the Financial Stability Board. All Eurosystem central banks publish in a uniform manner climate-related data on their investments based on the TCFD recommendations. The Bank has also integrated recommendations from the Network for Greening the Financial System (NGFS).

Information on emissions from the Bank's own operations is completed with data on the greenhouse gas emissions financed indirectly by the Bank's investments.

The National Bank's annual climate-related disclosures

The Bank publishes climate-related information on four aspects of the portfolios it manages. The report covers only non-monetary policy investment portfolios and provides information on the following:

1. **Governance:** the governance of climate-related risks and opportunities.

2. **Strategy:** the current and potential impact of climate-related risks and opportunities on activities, strategy and financial planning.

3. **Risk management:** the processes followed to identify, assess and manage climate-related risks.

4. **Metrics and targets:** the metrics and targets used to assess and manage climate-related risks and opportunities.

The metrics published in this framework include emissions the Bank finances as an asset owner. These emissions form a specific part of the Bank's so-called Scope 3 emissions.

This information complements that on emissions from the Bank's own activities.

2.1.6 Sustainable public procurement and fair trade

Strategy

The Bank is committed to reducing its environmental impact by integrating sustainability into its procurement processes. This goes beyond climate change. In practice, it means taking into account:

- the presence or absence of toxic substances
- air quality
- emissions of greenhouse gases and pollutants
- water quality and consumption
- energy and resource consumption
- soil quality
- (air, light, noise) pollution
- biodiversity
- land use and mobility.

The department issuing the tender is ultimately responsible for determining the technical requirements, the selection and award criteria and the complete specifications, in accordance with the statutory provisions on public procurement and the Bank's internal rules.

The Bank also aims to increase the share of fair-trade goods in the range of products consumed in-house. Fair trade goods are those whose producers receive a fair and guaranteed minimum price and which meet additional criteria related to ecological farming methods and working conditions.

Impact, risk and opportunity management

Sustainable public procurement

To make public procurement more sustainable, the Bank follows best practices and recommendations from the ECB, focusing on products with the greatest potential environmental benefits and impact. Examples include office and IT equipment, cleaning and catering services, building renovation works and transport. When procuring goods or services with specific environmental characteristics, the Bank may, provided the statutory requirements are met, request, or in some cases require, that suppliers have a sustainability label or certification.

Where possible, the Bank prefers to integrate technical exclusion clauses in tender specifications rather than carry out a qualitative assessment to award points for sustainability.

The aim is to strengthen requirements over time, taking into account legislative and technological developments. Employees in the procurement department and colleagues involved in tenders are requested to undergo training in sustainable procurement.

Regarding the broader dimension of sustainability, the Bank aims, wherever possible, to procure from sheltered workshops (*entreprises de travail adapté*) and contractors that promote the social and professional integration of disadvantaged or disabled people.

Fair trade

All hot drinks (e.g. coffee, tea, hot chocolate) from vending machines placed at the disposal of employees are fair trade. Fair trade beverages are also increasingly served at events organised on the NBB's premises.

The canteen uses locally sourced, organic and fair trade products wherever possible. It also offers seasonal fruit and vegetables and serves a wide range of vegetarian dishes.

The tender for catering services includes a specification related to the use of fair trade products.

Metrics and targets

Sustainable public procurement

- By 2025, at least 75 % of purchasing officers and specialists in the procurement department should have undergone sustainability-related training within the last three years.
- By 2025, at least 75 % of tenders should be handled by a technical manager who has undergone sustainability-related training within the last three years.
- The share (in €) of awarded publicly tendered contracts that are potentially sustainable and that effectively cover sustainability-related aspects is evaluated annually. The objective is for this share to trend upwards over time.

Fair trade

- Since 2022, the Bank's efforts have been recognised by a Fairtrade@Work Award.
- For several years, the Bank's canteen has received the "Good Food" label (two out of three forks), in recognition of its use of locally sourced, organic and fair trade products, seasonal fruit and vegetables, and its vegetarian offering.

2.1.7 Financial system resilience and price stability

Climate change and the transition to a carbon-neutral economy affect some of the Bank's core tasks such as maintaining price stability, in its capacity as a central bank, and ensuring financial stability, in its capacity as a regulator. To fulfil these tasks effectively, it is vital to track, understand and manage the impact and risks to the financial system and the wider economy posed by climate change. By contributing knowledge and data, the Bank can have a positive societal impact in this area.

Governance

An internal, cross-cutting Climate Hub was established in 2021, with the aim of promoting cooperation and the exchange of information between departments on climate change and sustainable finance. The hub, composed of experts from different departments, meets on a quarterly basis. It analyses developments and communicates relevant information to the Bank's senior management and the wider public.

Strategy

Although the severity and timescale of global warming are unclear, the effects are already noticeable. Periods of drought, intense rainfall and flooding are becoming increasingly common. The extent to which we will have to face these impacts in the future will depend on the actions taken today to combat climate change.

If the measures taken are insufficient and implemented too slowly and if the transition is not rapid enough, the impacts from climate change, such as physical risks, will be greater.

If the transition to a more sustainable economy happens too suddenly, however, it could cause significant losses, through abrupt structural changes. This is known as transition risk. The longer we wait to act, the more drastic the actions that will need to be taken to achieve established goals and thus the greater the transition risk.

Given the close ties of financial institutions with economic agents such as businesses and households, their credit, market and reputational risk exposure will increase when climate-related risks arise.

The transition risk associated with real estate exposures is considered the main climate-related risk for Belgian banks. This is due to the high level of emissions generated by the housing stock and banks' significant exposure to real estate.

Climate-related risks can affect inflation through both physical impacts and transition risk. In the context of price stability, the term "transition risk" refers to the fact that companies and assets that generate greenhouse gases may lose value if climate policies become more stringent. This is certainly the case in the European Union, which is aiming for climate neutrality by 2050 and has adopted comprehensive climate legislation to this end. For a central bank, it is important to study the impact of climate-related risks as part of its main tasks.

With its July 2021 Climate Change Action Plan, the ECB decided to incorporate climate change into several of its core activities, including monetary policy. While it is agreed that climate-related risks should be taken seriously, there is still uncertainty about the specific tools that the central bank should deploy. Nor is it yet clear how it should do so, in order to complement climate-related measures implemented through fiscal and environmental policy, such as carbon taxation.

Impact, risk and opportunity management

Energy efficiency has been identified as a major risk for both property values and mortgage loan collateral. It can also affect the repayment capacity of mortgage borrowers. Therefore, in late 2020, the Bank issued a circular asking financial institutions to request information on the EPC ratings of their real estate exposures and to take this information into account in their risk management. Since 2021, financial institutions have had to report this information to the Bank for new residential mortgages.

In 2022, the Bank informed less significant institutions (LSIs) that the ECB's expectations for significant institutions regarding climate-related and environmental risk management were being extended to them, albeit with adaptations to reflect the nature, scope and complexity of their activities. An earlier self-assessment had revealed that significant weaknesses remained. In 2023, the Bank requested a new self-assessment. From 2024, the assessment of climate-related and environmental risk management will be included in the Supervisory Review and Evaluation Process (SREP) for LSIs.

At European and international level, supervisory authorities are taking several initiatives to include climate-related and environmental risks in disclosure obligations (Pillar 3), assessment of firm-specific risks (Pillar 2) and minimum capital requirements (Pillar 1). The Bank is actively contributing to these initiatives.

The Bank's climate-related research can be roughly divided into two categories. With respect to physical risks, the Bank is modelling the long-term effects of climate change and carrying out empirical research focused on Belgian companies to study, for example, the physical risks due to flooding. In terms of transition risk, the Bank's work is at the intersection of research and policy: an understanding of the development of climate policy, in the EU and beyond, is crucial in order to be able to accurately and expertly assess the direction in which climate policy will evolve. Various research projects, relying on firm-level data, are being carried out to better understand the impact of transition risk on the Belgian economy.

The Climate Dashboard is an essential tool to analyse and monitor climate-related impacts and risks in the financial sector. Moreover, it provides valuable information to the general public on the effects of climate change and the transition to net zero emissions on both the economy and the financial system.

The Bank also contributed to the further development of experimental climate indicators for the financial sector. The indicators were published by the ECB and provide information on the climate-related risks facing financial institutions, through their holdings of securities and corporate loans. They mark the start of an action plan to make harmonised climate-related financial data available and will be further refined and expanded in the coming years in cooperation with the national central banks and the ECB.

Metrics and targets

The Bank has no quantitative targets in this area but discloses qualitative output in the form of a Climate Dashboard. This is a compilation of information and indicators regularly updated by the Bank related to climate change and sustainable finance; the most recent version dates from July 2023. The dashboard is written in accessible language and is partly based on the Bank's own sources.

The four key takeaways from the latest Climate Dashboard are:

- Global greenhouse gas emissions continue to rise, making it unlikely the world can limit global warming to 1.5°C.
- A carbon price is crucial to changing relative prices.
- The macroeconomic costs of the transition to climate neutrality are manageable.
- The energy inefficiency of real estate is the main source of transition risk for the Belgian financial sector

2.2 **Resource** use and **circular economy**

2.2.1 Resource use

Resource use for the issuance of banknotes

More than 95 % of the CO_2 emissions resulting from the purchase of materials by the Bank can be attributed to its task within the Eurosystem of issuing euro banknotes (see above). Only the volumes of cotton paper and inks used are taken into account to calculate the Bank's corporate carbon footprint. Other materials used in smaller quantities, such as foil and thread, are not included.

The ECB and the Eurosystem are making efforts to reduce the ecological impact of banknote issuance, mainly through the use of more sustainable materials. In 2022, about 85 % of the cotton fibres used to produce euro banknote paper was from environmentally and socially responsible sources, although the ECB was aiming to increase the share of sustainable cotton in euro banknote paper to 100 % [1] by the end of 2023. Insofar as possible, water- or oil-based inks and solvent-based inks are avoided.

Office supplies and furniture

The Bank aims to significantly reduce its stock of office supplies and takes sustainability into account in its purchasing decisions (see section 2.1.6, "Sustainable public procurement and fair trade").

The volume of printing paper purchased by the Bank has been significantly cut by reducing the number of printers in use, establishing centralised "printing corners", organising awareness campaigns, and investing in digitalisation. A cross-cutting "paperless" project

1 See the 2023 update of the ECB's environmental statement here and the environmental footprint study of euro banknotes as a payment instrument, published on 11 December 2023, available here.

was set up for this purpose, with the aim of drastically reducing paper consumption.

2.2.2 Circularity in the workplace and the reuse of office equipment

Strategy

The Bank strives to contribute to the circular economy wherever possible. This is particularly visible in its real estate policy, the refurbishment of office space and the reuse of office equipment.

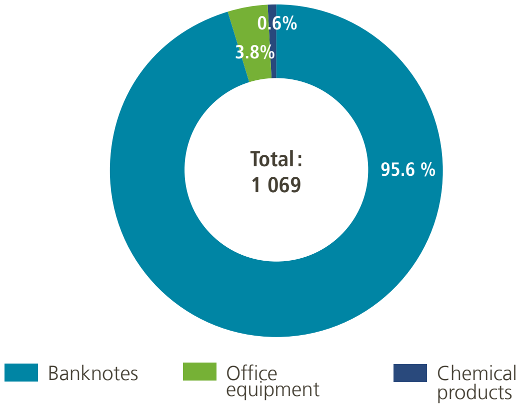
Impact, risk and opportunity management

The Bank is focusing on a "future-proof" approach to renovation works, in terms of both construction and demolition. Insofar as possible, repositionable floor, wall and ceiling treatments, which can be reused, are preferred. Techniques that allow space and equipment to be used more flexibly are also favoured. During renovation works, efforts are made to minimise waste production. For example, 700 tonnes of recovered sheet piling were used in the new cash centre.

When renewing office equipment, most used furniture is given a second life through collaboration with non-profit organisations.

CO_2 emissions from purchased materials and equipment in 2022

(in tonnes of CO_2, per emission source)



Redundant IT equipment is also given a second life: it is sold to employees, reused by the leasing company or sold through a broker. Some items are donated to non-profit organisations working for digital inclusion.

Surplus food from the canteen is donated to charity.

Financial support for projects that **benefit society**

The Bank supports a number of projects focused specifically on sustainable development and the circular economy. For example:

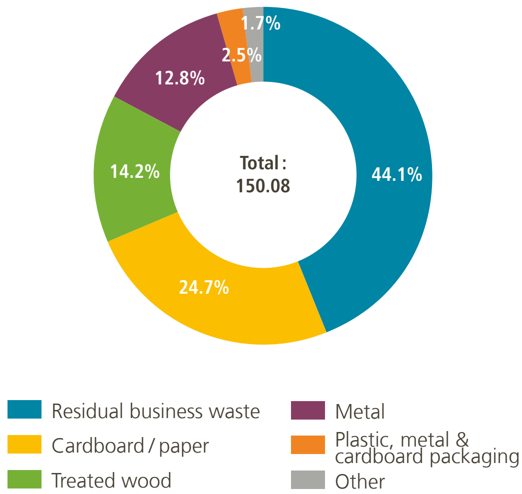
VELO provides services in the field of sustainable mobility and the reuse of bicycle parts and training for people facing difficulties accessing the labour market. The Bank supports a bicycle repair training course, which provides a dozen or so people a year with better prospects for sustainable integration into the labour market.

Retrival combines selective demolition activities and the circular use of building materials with the provision of training and support to low-skilled workers. The Bank supported the standardisation and certification of a training course on circular waste processing, intended to facilitate the recognition of these skills throughout the sector, thus contributing to a more sustainable economy.

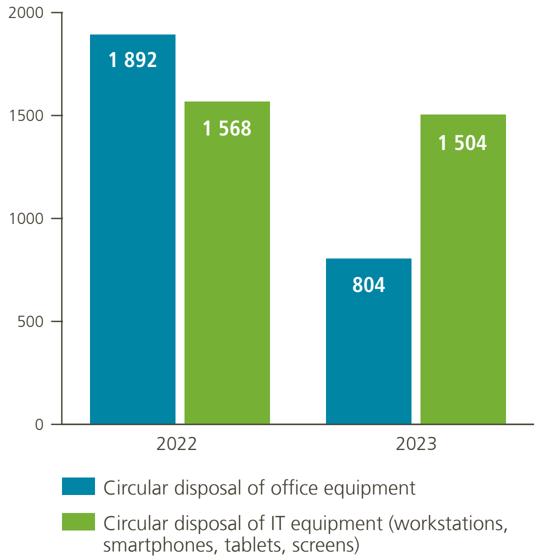
Goods to Give collects unsold non-food products from companies and distributes them to people in need. This circular approach prevents waste and contributes to the fight against poverty

Metrics and targets

Waste generation in 2022
(in tonnes)



Circular reuse of IT and office equipment



2.3 Other matters

The Bank's impact on other environment-related matters, as well as the associated risks and opportunities, is not considered material. The "water and marine resources" theme (ESRS E3) is not relevant to the Bank; likewise, neither is "pollution" (ESRS E2) since the closure of the printing works.

The "biodiversity and ecosystems" theme (ESRS E4) is somewhat relevant but has not yet been sufficiently developed to allow extensive reporting.

The Bank will continue to explore these matters from the perspective of dual materiality in the coming years. As developments progress and more data become available, these issues will be covered in greater detail in future annual reporting.

12 300m^2

green belt of grass and trees

117 trees

of five different native species will be planted

130m

of hedges and 370m of defensive planting

5 926m^2

of ivy on embankments and slopes

15 764m^3

of watercourses will be purified ecologically

The NBB is committed to increasing biodiversity around its facilities

Opportunities to increase biodiversity around the Bank's premises will present themselves from 2025 (e.g. at the new cash centre in Zellik) or 2030 (at the renovated headquarters in Brussels).

In Zellik, green space is foreseen around the cash centre. Specifically, there will be a green belt of grass and trees (12 300m^2), which ties in with the plantings on surrounding streets. In addition, 117 trees of five different native species will be planted, along with 130m of hedges and 370m of defensive planting. There will also be ivy (1 566m^2 on the embankment and 4 360m^2 on the slopes) around the building. Watercourses (15 764m^3) will be purified ecologically with reed plantings on floating platforms, in lieu of a pumping or treatment plant. The landscaping will further include flowering carpeting plants of different colours, to attract insects and thereby increase biodiversity at the site.

The enhanced biodiversity at the new headquarters, compared with the current premises, will be clear for all to see. The building will be opened up, to the extent possible, and will incorporate an arboretum, intensive and extensive green roofs, and a terrace garden with close attention paid to biodiversity.

III.

Social information

3.1 Own **workforce**

The “own workforce” theme (ESRS S1) is considered a material matter for the Bank given its impact on staff. This impact is particularly significant with regard to working conditions, equal treatment, equal opportunities and well-being at work. At the same time, the Bank’s human resources (HR) policies in these areas allow it to manage risks and take advantage of opportunities, thus further increasing the impact of this theme.

Human resources strategy

With its HR strategy, the Bank aims to be an attractive employer for both current and future employees. It is intended to reinforce the Bank’s strategic vision by enabling it to:

- attract the necessary talent;
- allow employees to develop skills in the course of their careers;
- ensure that employees are appropriately compensated for their performance;
- ensure that employees are treated with respect.

Working for the Bank means contributing to the public good. This is an important factor in the battle for talent. A well-designed sustainability strategy can further enhance this attractiveness.

The HR department’s ongoing strategic projects are focused primarily on the following issues:

- promoting internal mobility by investing in talent and career management, training and development for all employees;
- supporting the performance of employees and therefore the organisation;
- leadership development to ensure that managers have the required skills to lead a team effectively;
- ensuring that every team understands the Bank’s values and puts them into practice;
- maintaining the attractiveness of the Bank as an employer, by strengthening its image (“employer branding”);
- supervising major transition projects within the Bank;

- ensuring that employees feel comfortable, engaged and safe so that everyone can actively contribute to the Bank's work and community.

3.1.1 Working conditions

Strategy

The Bank needs highly skilled, often specialised professionals to carry out its tasks. These profiles are often in high demand in the sector. Thus, there is a risk that the Bank may struggle to fill vacancies in a timely manner and/or retain existing personnel. The departure of employees, either voluntarily or through retirement, also carries risks, such as the loss of experience and know-how.

To enhance its attractiveness as an employer, good employment conditions are an important strategic goal for the Bank. It is convinced that good working conditions help to optimise the performance of its employees.

Good working conditions alone, however, are not enough to remain attractive and make a difference. HR policy must evolve alongside societal developments, respond to needs, identify opportunities and manage risks. It is thus essential to modernise working conditions in a timely manner.

Impact, risk and opportunity management

With the above context in mind, the working conditions most relevant to the Bank are :

a. Secure employment

Within the Joint Committee for Public Credit Institutions, under which the Bank falls, a sectoral collective bargaining agreement has been concluded that emphasises the importance of maintaining job security. This means that the Bank is committed to the training of its staff and endeavours to facilitate internal mobility should certain positions be eliminated.

Employees have ample opportunities to pursue continuing professional education in order to acquire the necessary skills to perform new functions. In 2023, a talent and career manager was appointed within the HR department, who will eventually provide more proactive support for this purpose.

b. Working time

Most employees work a variable schedule, with extensive flexibility. Within certain periods, known as flex-periods, they can choose when their working day starts and ends.

There are specific arrangements pertaining, for example, to working at unusual times and overtime, with flexibility being key.

Moreover, the framework for hybrid working (see below, "A good work-life balance") also offers substantial flexibility.

c. Adequate wages

The Bank ensures that all of its employees receive a decent salary, in line with market conditions and applicable benchmarks, and offers attractive fringe benefits. It regularly participates in external salary surveys and makes wage adjustments where necessary.

d. Social dialogue and freedom of association

The Bank is committed to constructive social dialogue through its employee representative bodies – the Works Council and the health and safety committee – and regular meetings with the unions. During these consultations, the Bank provides detailed answers to questions raised by staff representatives and provides explanations on specific projects or issues.

The Bank respects the relevant rules and regulations and supports the work of the employee representative bodies by providing the necessary resources, such as facilities (offices and meeting rooms) and an information channel on the intranet. In addition, staff receive special dispensations for union activities carried out within or outside the Bank.

Alongside these opportunities for formal dialogue, there are numerous occasions for informal interaction with staff representatives.

Several years ago, the Bank set up a network of diversity ambassadors, consisting of staff members working on diversity and inclusion issues. Any employee can apply to be part of the network, the objective being to achieve a composition representative of the NBB's workforce. The Diversity & Inclusion Council's activities are coordinated by the Bank's diversity manager. At regular intervals, members also hold discussions with the governor and senior managers.

e. Collective bargaining, including the CBA coverage rate

The Bank strives to conclude collective agreements with staff representatives in a constructive manner, even in areas where this is not strictly required. With regard to particularly important issues or negotiations, special joint working groups are set up to negotiate collective agreements. Within the Bank, numerous collective agreements have been concluded with staff representative bodies, applicable to specific groups or to the entire workforce.

In addition, the Bank is an active member of the Joint Committee for Public Credit Institutions, within which sectoral collective bargaining agreements are negotiated every two years.

f. Social protection

All of the Bank's employees are covered against loss of income due to major events and incidents such as illness, unemployment (as from their entry into service), occupational accidents and non-congenital disabilities, parental leave and retirement.

g. Work-life balance

Employees who wish to do so have the option to work part time, take a career break or make use of flexible working arrangements. In recent years, flexibility, for both junior and senior positions, has been expanded in response to social developments that benefit all employees.

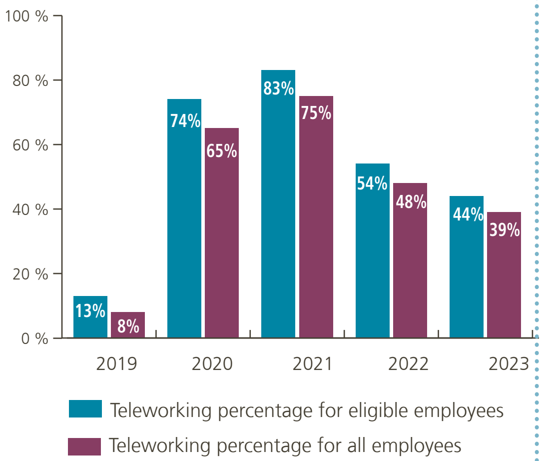
Staff members can telework if their job so allows. The rule is that staff must work 50 % of their time, calculated on a quarterly basis, in Brussels. Limited teleworking from abroad is also permitted. Working more than 50 % on-site at the Bank remains an option, for example for staff who do not have the optimal conditions to work from home.

To ensure hybrid working-time arrangements are efficient and sustainable, managers are asked to take specific measures for their team in consultation with staff, which may include awareness raising. Specific attention is paid to issues such as the right to disconnect, social cohesion and training for new staff.

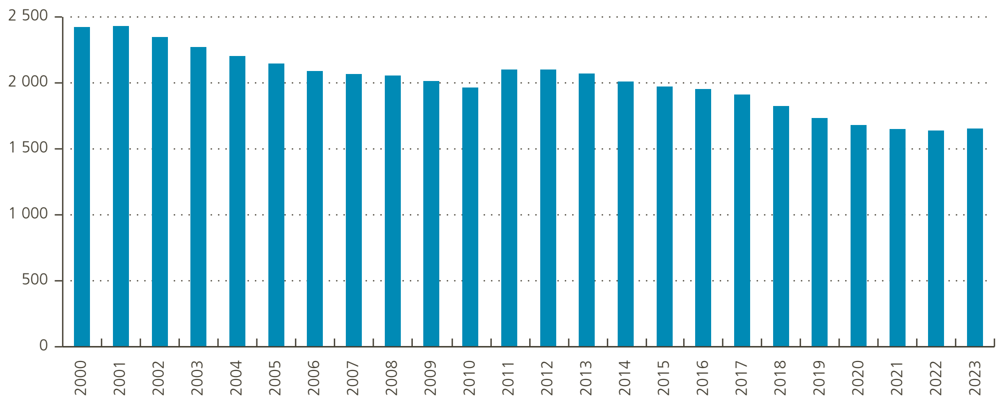
(Anonymous) staff surveys are an important means of evaluating work-life balance and identifying potential problems. For example, the difficulty of disconnecting at the end of the working day emerged as an issue for improvement in 2023.

Metrics and targets

Teleworking



Bank workforce size
(number of FTEs per year)



An attractive employer

The most compelling evidence of the efforts being made by the Bank to be an attractive employer is that it is able to fill its vacancies in a tight labour market. The results of Randstad's annual employer brand study confirm this. In the most recent ranking, the Bank placed fifth out of 182 participating companies in Belgium with more than 1 000 employees, after being ranked in the sixth and sixteenth place in previous years. The NBB scored particularly well in terms of remuneration, job security and work-life balance.

3.1.2 Equal treatment and opportunities for all

Strategy

Society is constantly changing. To evolve along with it, the Bank needs all kinds of talented people. Embracing difference and offering equal opportunities lead to the establishment of an open and inclusive corporate culture. A culture of inclusion enables everyone, regardless of background, to contribute to the Bank's objectives. Employees from diverse backgrounds bring new perspectives and enhance collective intelligence and the Bank's capacity to innovate.

In the coming years, a large number of Bank employees will retire. Therefore, the Bank aims to attract new, talented individuals, welcome new faces and ensure greater diversity. To improve the representation of women and achieve more diversity in general, at all levels, targeted action is required. Only in this way is it possible to eliminate social bias, which can influence recruitment and promotion decisions.

Given the Bank's purpose and social responsibility, its workforce should reflect society. Without a well-developed diversity and inclusion policy, the Bank runs the risks of jeopardising its credibility and reputation.

The NBB's reputation can also be adversely impacted by the under-representation of women and minorities amongst speakers at the events it organises.

Impact, risk and opportunity management

a. Gender equality and equal pay for work of equal value

The current remuneration system is based mainly on seniority and does not allow for wage differentiation on the basis of gender. The NBB closely monitors promotion statistics to identify possible differences in career progression.

Variable remuneration is limited, but evaluations and associated bonuses are subject to an annual statistical analysis to ensure gender equality.

Finally, the Bank seeks to recognise talented, ambitious female employees and to encourage them to apply for internal vacancies.

b. Training and skills development

The Bank encourages both new and existing staff to participate in refresher courses and continuing professional education. As such, it offers the possibility to take part in internal or external training and grants educational leave. The Bank aims for a target of five training days per year per employee, as stipulated in the legislation on workable and agile work.

To adequately respond to new developments relevant to the Bank, the range of training offered to staff has been expanded in recent years to cover, for example, digital agility and innovation. Learning methods have also undergone a major overhaul with the addition of e-learning modules and the use of blended learning pathways which combine traditional classroom lessons with self-study, peer coaching and e-learning. The traditional lunch lectures, which reach a large audience, have been revamped and can now be watched remotely in real time. Finally, in cooperation with the Bank's digital coaches, active efforts are being made to improve employees' digital skills.

The Bank considers skills development to be an inclusive process that is cross-generational and relevant to both current and future functions. Cooperation and knowledge sharing is a two-way process by which older employees guide younger ones, but a reversal of these roles is also possible, for example in the field of digitalisation.

c. Employment and inclusion of persons with disabilities

People with disabilities are entitled to the same opportunities as others to find employment and build a career within the Bank. This policy of inclusion is not confined to new employees: existing employees may also have to cope with a disability during their careers, as more than 80 % of disabilities arise during the course of one's life.

The Bank is taking active steps to remove both physical and psychological barriers, be it through HR processes, support by the internal health and safety service, building design and IT support.

It is also essential that employees with disabilities have access to all necessary information and receive support from those they encounter in the course of their careers, in order to be able to realise their ambitions.

Information about the amenities offered by the Bank and the contact persons for employees with disabilities can be found on a dedicated intranet page. If necessary, an employee with a disability can ask to be supported by a coach. Colleagues and managers who have a team member with a disability can also benefit from *ad hoc* support.

An internal working group, made up of diversity ambassadors, experts from the internal health and safety service and representatives from HR, deals with raising awareness and training. In 2023, a number of role playing workshops were organised in cooperation with the non-profit DiversiCom, allowing employees without a disability to put themselves in the shoes of their colleagues with a disability. An awareness and information workshop on autism was also held. In addition, several employees with various (less visible) forms of neurodiversity shared their experiences and explained how their unique characteristics can give rise to misunderstandings.

d. Diversity

The Bank considers diversity to be an asset. Therefore, open-mindedness and respect are two of the NBB's core values.

The Bank's diversity and inclusion policy provides for ongoing efforts to raise awareness and transform the corporate culture.

Awareness raising

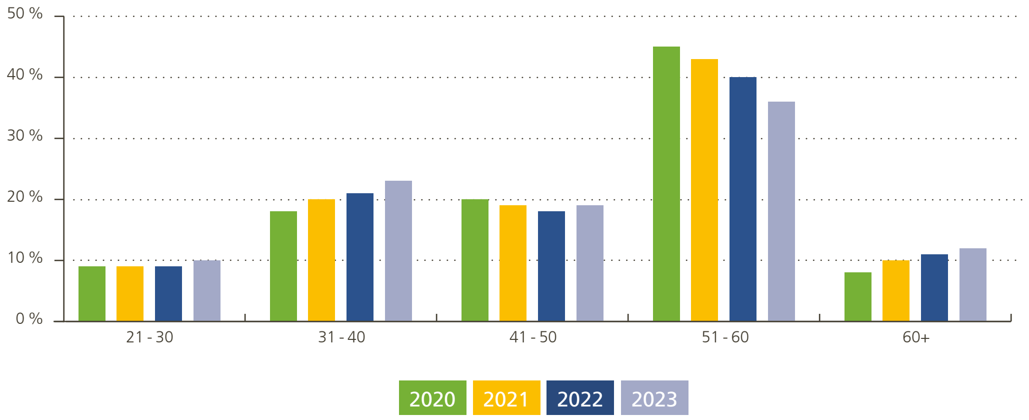
- Diversity ambassadors: Ambassadors receive training to understand the challenges of diversity in the workplace and organise various activities.
- Management awareness: Every employee should feel like a full member of their team. This requires a commitment from team leaders at every level. A module on diversity and inclusion is included in the training offered to managers, to provide support in this regard.
- Women in Finance Belgium: The NBB is a member of this association which includes all major financial institutions and strives for equal opportunities in the financial sector.
- Initiatives for the LGBTQIA+ community: The diversity ambassadors have taken initiatives to support the LGBTQIA+ community in order to promote respect and tolerance regardless of sexual orientation and gender identity.
- Launch of the Multicultural Bankers Network: The Bank participated in the launch of this network, which aims to improve the visibility of multicultural profiles and promote greater cultural inclusion within the sector.

Corporate culture

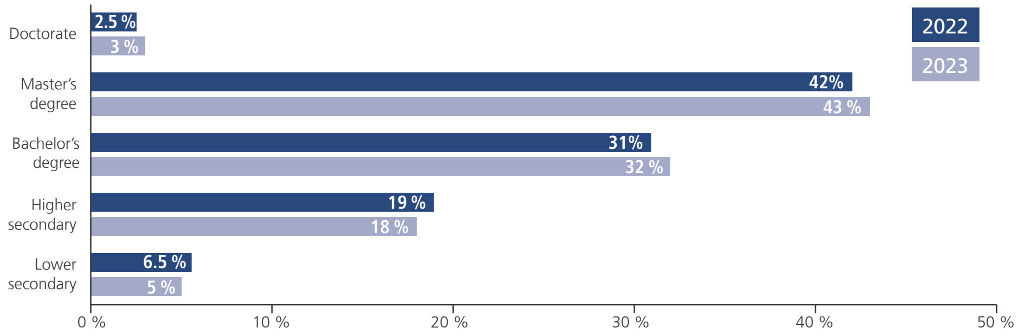
- Special attention is paid to gender neutrality during the revision of skills' profiles and the drafting of new job descriptions.
- Together with other central banks and supervisory authorities in the Eurosystem, the Bank signed the "Inclusive Panels" charter in 2021, thereby committing itself to supporting equity, diversity and inclusion. In keeping with the charter, the Bank strives to ensure a better gender balance amongst the speakers at events it organises, such as conferences and colloquia.
- The Bank identifies and promotes internal role models.

Metrics and targets

Share of employees by age group



Level of educational attainment of personnel



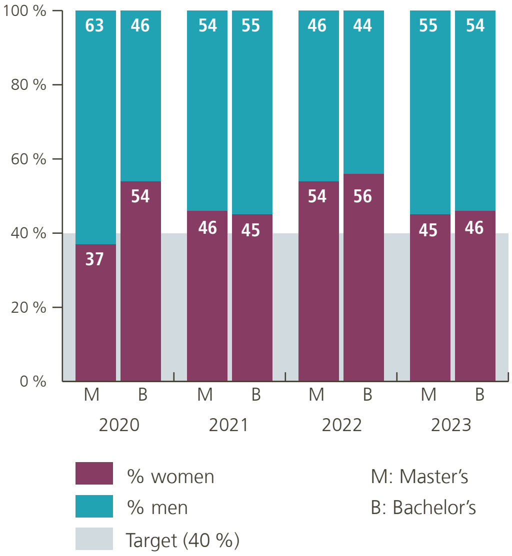
The Bank closely monitors two quantitative targets to increase the representation of women at all levels of the organisation, namely:

- 40 % of women among new hires and
- 40 % of women among those promoted to management level.

For the third year in a row, the gender diversity target was achieved for new hires holding either a bachelor's or a master's degree, with women making up 46 % and 45 % of these categories, respectively.

Since 2019, the Bank has applied a diversity policy that aims, among other things, to increase the representation of women at management level. To be able to make genuine progress in this regard by 2025, a target was established to ensure that women make up 40 % of employees promoted to management level. Five years on, despite an improvement in female representation

Gender diversity in recruitment by degree type



at the highest levels of the hierarchy, the Bank is not meeting this target year on year, despite the resources specifically allocated to this purpose. The Bank has a large pool of talented women in its workforce, yet women account for only 30 % of the applicants for senior management or expert positions. This is insufficient to achieve the target of 40 % women among employees promoted to management level.

It is therefore necessary to make additional efforts to eliminate the obstacles women face in their careers, mainly through a change in corporate culture, the acceptance of diverse management styles and a rethinking of the skills considered important.

3.1.3 Well-being at work

Strategy

In line with the common definition of the International Labour Organisation (ILO), the World Health Organisation (WHO) and the Act of 4 August 1996 on the well-being of employees in the performance of their work (the Employee Welfare Act), the Bank, as an employer, has three objectives for well-being at work :

- maintaining a high level of physical, mental and social well-being for all employees ;
- preventing workplace risks and protecting workers from all forms of harm ;
- ensuring that workers have tasks that are in line with their physical and psychological capabilities.

To achieve these goals, the internal health and safety service, together with HR, employs a multifaceted approach targeting both individual employees and the organisation as a whole.

HR specifically emphasises psychological safety, as the possibility for employees to share ideas, ask questions, express doubts and report mistakes without fear of judgment or reprisals is deemed crucial for effective teamwork. This premise is based on the research of the American scholar Amy Edmondson. Fostering psychological safety promotes not only the resolution of complex challenges but also creativity and innovation. Moreover, psychological safety contributes to a

pleasant working environment, which is essential for the creation of a positive atmosphere where cooperation thrives on the basis of respect and trust.

Psychological safety creates a climate conducive to open dialogue in which new ideas can flourish and plays a crucial role in the ability of employees to champion change. Both aspects are essential for the Bank to remain relevant and play a leading role in society.

Impact, risk and opportunity management

a. Measures against violence and harassment in the workplace

The internal health and safety service (IHSS), using a dynamic risk management system,[1] focuses on occupational health and safety, psychosocial stress, violence, harassment, sexual harassment, ergonomics, occupational hygiene, workplace beautification, and the impact of the environment on working conditions. To this end, the service includes a prevention adviser/occupational physician, two prevention advisers for occupational safety, and two prevention advisers for psychosocial aspects. The latter can be contacted for confidential discussions about internal workplace issues.

1 The purpose of the dynamic risk management system is to enable the planning of prevention activities and the implementation of policies related to the well-being of workers in the performance of their work.

Prevention advisers detect hazards and risks at work and monitor compliance with legal safety requirements and regulations, e.g. through periodic checks or visits to workplaces. After analysis and evaluation, preventive measures are taken to eliminate or limit risks and prevent or reduce damage. Special attention is also paid to the transmission of safety information to the employees of external service providers.

The IHSS addresses specific risks and challenges, including:

- the resurgence or emergence of epidemics or pandemics and preparedness to take special preventive measures;
- the adaptation of the work station to each employee, both at the Bank and when teleworking;
- the reintegration of workers on sick leave;
- the prevention of psychosocial risks, including burnout and depression, in particular.

In addition to statutory obligations, such as the provision of first aid, the prevention of occupational accidents, health monitoring, ergonomics, etc., the Bank

offers its employees vaccinations, external medical check-ups, and the opportunity to donate blood on its premises.

Moreover, the company doctor invites employees to undergo preventive check-ups at regular intervals.

b. Psychological safety of employees

To improve psychological safety, the Bank organises workshops on how teams can create a safe and supportive working environment, thereby enhancing cooperation. Regular basic training for managers on psychological safety also forms part of this initiative.

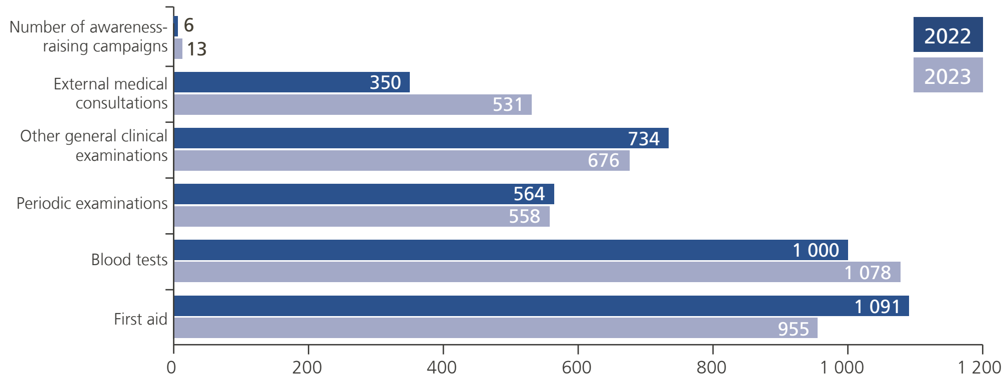
Various initiatives focus specifically on promoting a corporate culture open to change. Workshops are organised and a cross-cutting skills centre has been established to support the successful implementation of changes to projects.

To assess employee perceptions of their psychological safety at work, (anonymous) surveys are carried out and preventive measures subsequently taken.

Annual staff surveys may focus specifically on psychological safety or the broader issue of employee well-being and engagement. Managers are provided afterwards with tools to discuss the results with their teams, and employees can make suggestions or take initiatives. In line with the previous year, the results of the 2023 survey were excellent.

Metrics and targets

a. IHSS



b. HR

- Key elements from the 2023 survey on well-being at work:
  - **62 %** participation rate
  - A high average score (**78.2 %** positive response rate)

- Workshops focused on well-being at work in 2023 and participation:
  - Creating more psychological safety in teams: **450** participants
  - Giving and receiving feedback: **350** participants

A pioneering employer

The Bank has been recognised as a "Pioneering Employer" for a period of one year starting in November 2023.

The Pioneering Employer label is an initiative of the Antwerp Management School, Jobat and De Lijn. Candidate firms develop a plan to focus on one of three suggested themes for a year. The Bank chose the theme of people-focused hybrid working, specifically feedback, psychological safety, employee engagement and well-being.

3.1.4 Other work-related rights

Other work-related rights discussed under ESRS S1 ("Own workforce") are not considered material to the Bank. These include child labour, forced labour and suitable housing.

Privacy, especially data processing, is relevant and is discussed in part IV, "Corporate governance", under business conduct, as are the rules imposed on suppliers and their subcontractors in the context of public tenders.

3.2 Society

This section addresses a number of material matters that fall under the CSRD themes "Workers in the value chain" and "Consumers and end-users", or ESRS S2 and ESRS S4, respectively. Given the specific nature of the Bank, these matters are grouped under the theme "Society".

In its capacity as Belgium's central bank within the Eurosystem and as prudential supervisor of the Belgian financial sector, the Bank's strategic activities span its four core tasks, which are also the main reasons for its existence.

Price stability gives citizens and businesses the footing they need to plan for the future. Financial stability and robust financial institutions are prerequisites for maintaining prosperity. Payments must be able to be made smoothly and with full confidence in order for the economy to perform well. Data and analyses are needed to study problems, make informed recommendations and implement sound policies. All of these basic tasks are aimed at maintaining prosperity, providing certainty and instilling confidence.

In addition to these four core tasks, the Bank fulfils other functions at the service of society. For example, it acts as the State cashier, serves as the hub of the financial sector (i.e. operating the securities settlement system, NBB-SSS, and TARGET Services), facilitates the exchange of notes and coins, and operates the Individual Credit Register and the Central Balance Sheet Office.

The Bank's positive social impact through the performance of these core tasks and missions arises from public goods that are difficult to capture in economic concepts such as value and production chains.[1] In this context, the Bank interacts with diverse groups of stakeholders. Depending on the task, the focus is at either the macro or micro level and may target businesses or households. It is important to note that, strictly speaking, the Bank does not deal directly with consumers or end-users.

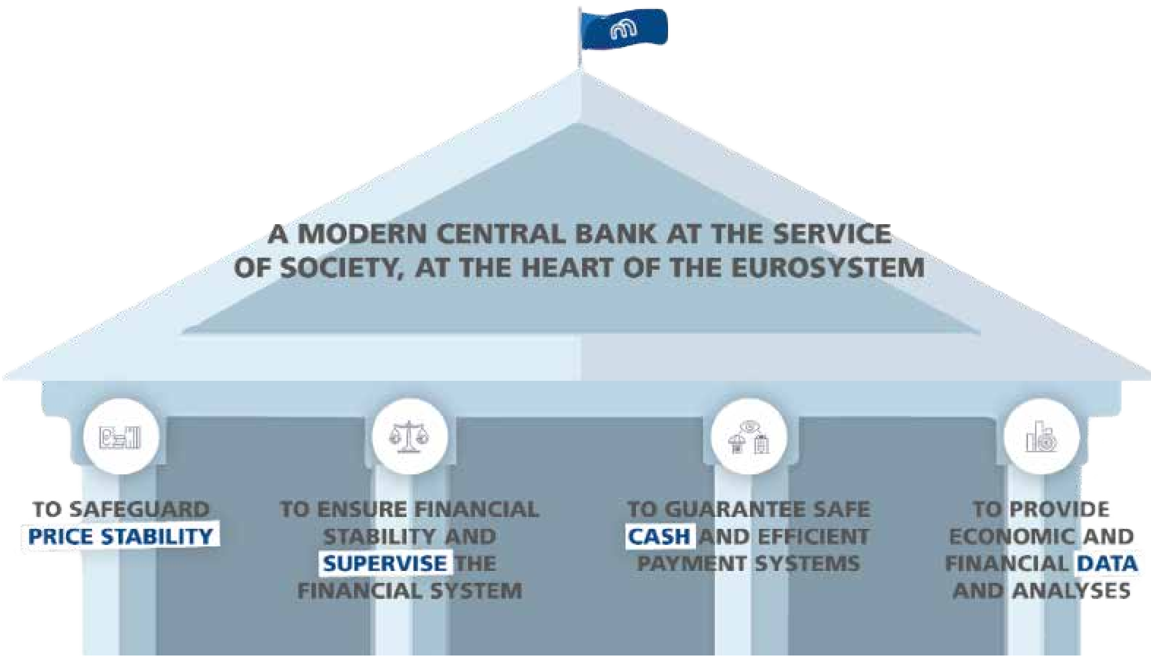
By properly and efficiently carrying out its core tasks and managing risks and opportunities well, the Bank can maximise its societal impact.[2]

The Bank's prudential policy is aimed at ensuring financial stability. It can potentially have a negative indirect impact on consumers, however. For instance, macro-prudential policy aims to contain vulnerabilities caused by the mortgage lending market. Measures put in place in this context could, for example, impact first-time buyers (e.g. young families) by limiting the loan-to-value (LTV) ratio of mortgage loans.

However, sufficient safeguards have been incorporated into the framework to ensure, for example, access to the housing market for young families. The share of loans extended to young borrowers – an indicator of potential impact – is also monitored.

In light of the foregoing, this report delves deeper into three ways in which the Bank has a positive impact on society through the performance of its core tasks and one way it does so as an organisation.

1 Banknote production and distribution differ in this regard as they have a physical dimension with environmental and social impacts, risks and opportunities.
2 Each of these core tasks is discussed separately in chapter 1 of this report.



3.2.1 Raising public awareness of the Bank's core tasks

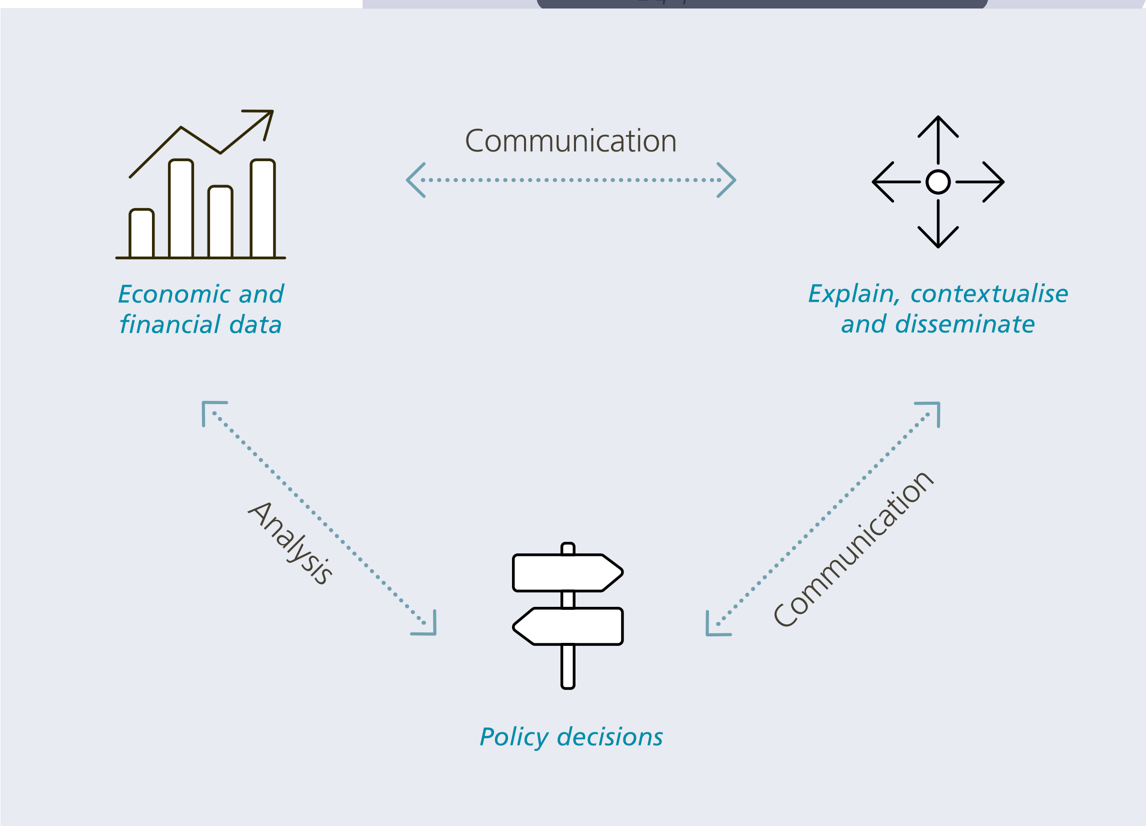
Strategy

As part of its core tasks, the Bank collects and analyses economic and financial data, conducts analyses and formulates policy advice. Explaining its core tasks, clarifying and contextualising decisions and advice, and disseminating data constitute a policy strategy in and of themselves. This includes outreach, i.e. effective and clear communication to the widest possible audience.

This strategy results from a shift in societal expectations, meaning the Bank can no longer act without explanation or justification. In addition to generating reputational risks, doing so could undermine its credibility and social relevance.

Moreover, the Bank can better perform its tasks within a society that is well informed and aware of the context in which it operates. This awareness can range from understanding the causes and consequences of high inflation and the impact of parental leave on pay and career opportunities to the importance of the "fit & proper" assessment of bank managers or how to recognise counterfeit euro notes. In this sense, public outreach offers an opportunity to increase the Bank's impact.

Another important factor is that the Bank occupies the position of a privileged, independent observer with extensive expertise, which can be valuable to government and society. Through its analyses, statistics and surveys, the Bank can inform public debate.



Impact, risk and opportunity management

To reach the widest possible audience, the Bank uses a number of communication channels. In recent years, it has invested in a social media presence, a blog written in accessible language, and the production of high-quality videos and webinars. As such, the Bank is responding to the demand of (a section of) the public that no longer gathers information through more traditional channels such as the website, seminars or interviews. Thanks to a pedagogical approach, the – predominantly technical – content can be tailored to the individual audience, thereby increasing the impact of the message. Improving the accessibility of language and the readability of publications is also important.

To remain relevant and have a sustainable impact, it is essential to stay in touch with the actors that make up Belgium's socio-economic fabric. The Bank needs to keep abreast of what is happening and, conversely, the outside world must be able to discover what the Bank means to them. A team within the Communications Department therefore liaises with academia, the financial sector and the business community across Belgium and organises numerous events.

The spread and transfer of knowledge take place at all levels, building on the diversity of profiles within the Bank. Board members present the Bank's annual report, give lectures and meet with students. Experts publish blog articles in their areas of expertise and speak at universities and (high) schools. Staff from the prudential departments give presentations to financial institutions, students, and the Professional Credit Association, etc. Every year, the Bank organises a seminar for secondary school economics teachers.

The Bank's museum targets young and old alike. Visitors can discover the history, role and functions of money through an audio guide and/or guidebook and test their knowledge through videos, multimedia and games. Entry to the museum is free and a professional guide is on hand for groups. During school holidays, the museum makes special efforts to welcome families with children.

The Bank makes its statistics and archive available to external researchers. The archive contains information on the monetary history of Belgium and is a popular research tool for students and academics from Belgium and beyond. A portion of the archive has been digitised.

Metrics and targets

It is difficult to quantify the impact of the Bank's outreach efforts. The number of articles published on the blog, of webinar participants or citations may provide an idea, but this figure does not constitute an end in itself and is influenced by external factors. Therefore, the focus is on the quality and diversity of outreach efforts.

Financial support for projects that **benefit society**

The Bank supports a number of projects focused specifically on diversity and inclusion, targeting young talent in particular. Wherever possible, the Bank tries to involve its employees in the activities of these organisations. The idea behind this is that a limited investment of time can give an extra boost to an organisation and provide an enriching experience for those involved. Examples include :

TEACH for BELGIUM

Teach for Belgium aims to reduce educational inequalities. To this end, it trains people to become inspiring teachers who work in schools with a high proportion of socio-economically vulnerable pupils.


© Teach for Belgium

DiversiCom facilitates the employment of persons with disabilities based on their skills.

DiversiCom
Making disability work

Merhaba empowers LGBTQIA+ individuals from migrant backgrounds and contributes to building an inclusive society.

merhaba

Boost supports talented young people from challenging socio-economic backgrounds. Proactive mentorship is intended to provide young people with better opportunities in terms of education and personal development and on the labour market.

Boost

Interface3 organises vocational training courses to give job-seeking women better opportunities on the labour market, especially in the IT sector. The Bank focuses its support on the intensive orientation course that helps women choose between specific IT courses.

#Shedidit coaches female entrepreneurs from diverse cultural backgrounds. The Bank supported the “SheMeansBusiness” programme, which provides individualised coaching to women on all aspects of the development and launch of a business concept.

DUO for a JOB puts job-seeking young people from migrant backgrounds in touch with over-50s who volunteer their professional experience to guide these young people on the labour market.

An art collection that is visible both internally and externally

The Bank supports the Belgian art world through its contemporary collection of works by promising Belgian artists. The collection – which now includes more than **2 000 works** – is displayed at the Bank's premises. The artworks stimulate dialogue and open doors to new perspectives or insights. The Bank's art policy extends beyond the mere purchase of art and also aims to share it with the public.

3.2.2 Secure and sustainable cash and efficient payments

Strategy

Like the other members of the Eurosystem, the National Bank issues euro notes. Banknote issuance is aligned to demand from financial institutions, which are the link between withdrawals and deposits by the public.

The Bank monitors the quality and authenticity of banknotes. Particular attention is paid to maintaining cash as a readily available, efficient, socially inclusive and accepted means of payment.

Impact, risk and opportunity management

The Bank guarantees the quality and authenticity of euro notes in circulation. Each note is checked on average once a year for authenticity and cleanliness. High-tech machines detect counterfeit notes, and soiled notes are destroyed. Only notes in good condition are put back into circulation, with withdrawn notes replaced by new ones.

In addition to detecting counterfeit and soiled notes, the machines also remove from circulation notes stained by security ink or damaged by anti-theft measures. The Bank works closely with the federal police in the fight against counterfeiting.

The Bank organises free training for professionals working with cash on the security features of euro banknotes.

The number of bank branches and ATMs is decreasing due to digitalisation and the proliferation of electronic means of payment. The Bank is monitoring the impact of these developments on the availability and accessibility of cash and

remains objectively neutral concerning the evolution of payment methods. It strives to ensure that everyone can continue to use their preferred means of payment, especially those with little or no access to online banking services. The Bank developed a model to assess ATM network accessibility and capacity, which formed the basis for the agreement signed in March 2023 between the government and the banking sector on ATM access. The Bank is responsible for annually measuring ATM accessibility and capacity.

To minimise the (social) costs of cash, the Bank aims to rationalise banknote circulation and has invested in a highly automated cash centre in Zellik. The new cash centre, which will be put into operation in 2024, will allow a more thorough automation of cash processing. This will be done under optimal security conditions, in accordance with international recommendations.

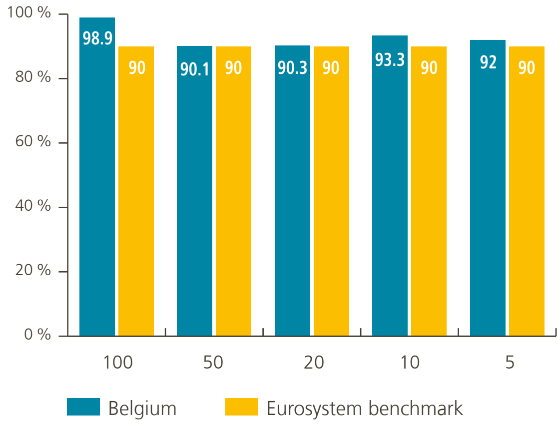
The safety of cash-in-transit and ATMs remains an important topic of discussion with the sector. The Bank contributes to the authentication of intelligent banknote neutralisation systems and cash recycler machines and also carries out on-site checks to ensure recyclers comply with the applicable regulations.

Regardless of the type of payment (cash, contactless or payment app), the Bank acts as an intermediary. It manages settlement and payment systems and supervises payment traffic, so that money and securities move safely and efficiently from seller to buyer, both within Belgium and internationally.

Metrics and targets

Comparisons with the other countries in the Eurosystem show that banknote quality in Belgium, for all denominations, is very good year after year. The aim is to keep it that way.

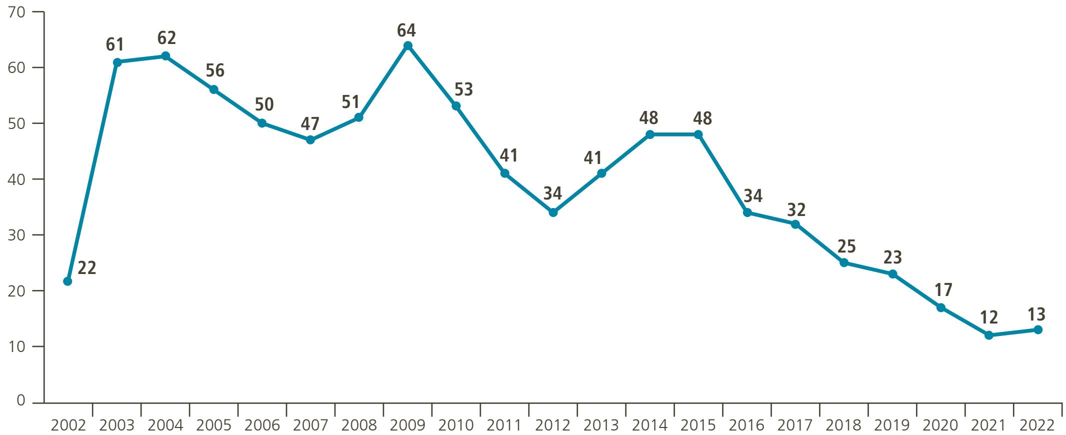
Quality of euro notes in circulation
(% of notes fit for circulation by denomination, 2022) (Source: ECB)



At the euro area level, the number of counterfeit notes per million authentic notes in circulation is very low.

In Belgium, 11 056 counterfeit notes were removed from circulation in 2023. This corresponds to the 2022 volume, but is lower than the volumes recorded in previous years.

Number of counterfeit notes per million authentic notes in circulation (euro area)
(Source : ECB)



3.2.3 Prudential expectations in terms of diversity

Governance

Together with the ECB and other national supervisory authorities, the Bank supervises financial institutions within the Single Supervisory Mechanism (SSM). In this regard, the ECB is the competent authority for significant credit institutions, while the Bank supervises less significant credit institutions and listed companies.

The promotion of diversity in management bodies, especially in terms of gender, is enshrined in European regulations and in the supervisory legislation transposing European directives. The European Banking Authority (EBA) has clarified expectations at the European level in its guidelines on internal governance and suitability assessments. At the Belgian level, the Bank has published prudential expectations as part of the revision of its governance and "fit & proper" manuals.

Strategy

At the prudential level, diversity is considered a criterion in the composition of management bodies. This pertains not only to gender, but also to age, education, professional background and geographical origin.

For the ECB, promoting diversity is a priority within the Single Supervisory Mechanism. Diverse statutory governing bodies have access to a wider range of views, opinions, experiences, values and backgrounds. This benefits decision-making on strategy and risk management.

Diversity is a powerful risk management tool. It helps prevent groupthink, promotes independent opinion-forming and a climate in which decisions can be questioned. It also improves risk monitoring and the resilience of financial institutions.

Impact, risk and opportunity management

Statutory and regulatory requirements have been introduced to manage risks arising from a lack of diversity and to encourage financial institutions to embrace a culture of diversity.

For credit institutions and listed companies, diversity should be a criterion in the composition of their management bodies. To this end, they should:

- develop a policy to promote diversity in the management body, including in terms of age, gender, education, professional background and, for internationally active institutions, geographical origin;
- set a target for the representation of the under-represented gender on the body and develop associated policies to achieve this target;
- develop a gender-neutral remuneration policy.

Specific rules apply to listed companies, including a minimum target of one-third of the underrepresented gender on the management body, with corresponding sanctions if this target is not achieved, and disclosure requirements in annual reports.

Metrics and targets

The Bank participates in periodic comparative analyses carried out by the EBA of diversity practices and the gender pay gap. The most recent analysis (based on data from 2021) showed a lack of progress in recent years :

20.02 % of **Belgian financial institutions** in the sample **did not have a diversity policy** in 2021 ; this was slightly higher than at European level.

On average, **17.59 %** of the **executive directors** of Belgian financial institutions are **women** (below the European average). For non-executive directors, this figure was 32.91 % (slightly better than the European average).

Excluding CEO pay and based on median pay, **male executive directors earn** on average **7.07 % more** than their female peers. For male non-executive directors, the average is 4.30 % more. This is slightly better than at European level, but does not meet the legislative objective of neutrality.

The Bank recommended that financial institutions step up their efforts, with a special focus on gender diversity on boards in the short to medium term.

3.2.4 Socially responsible investment

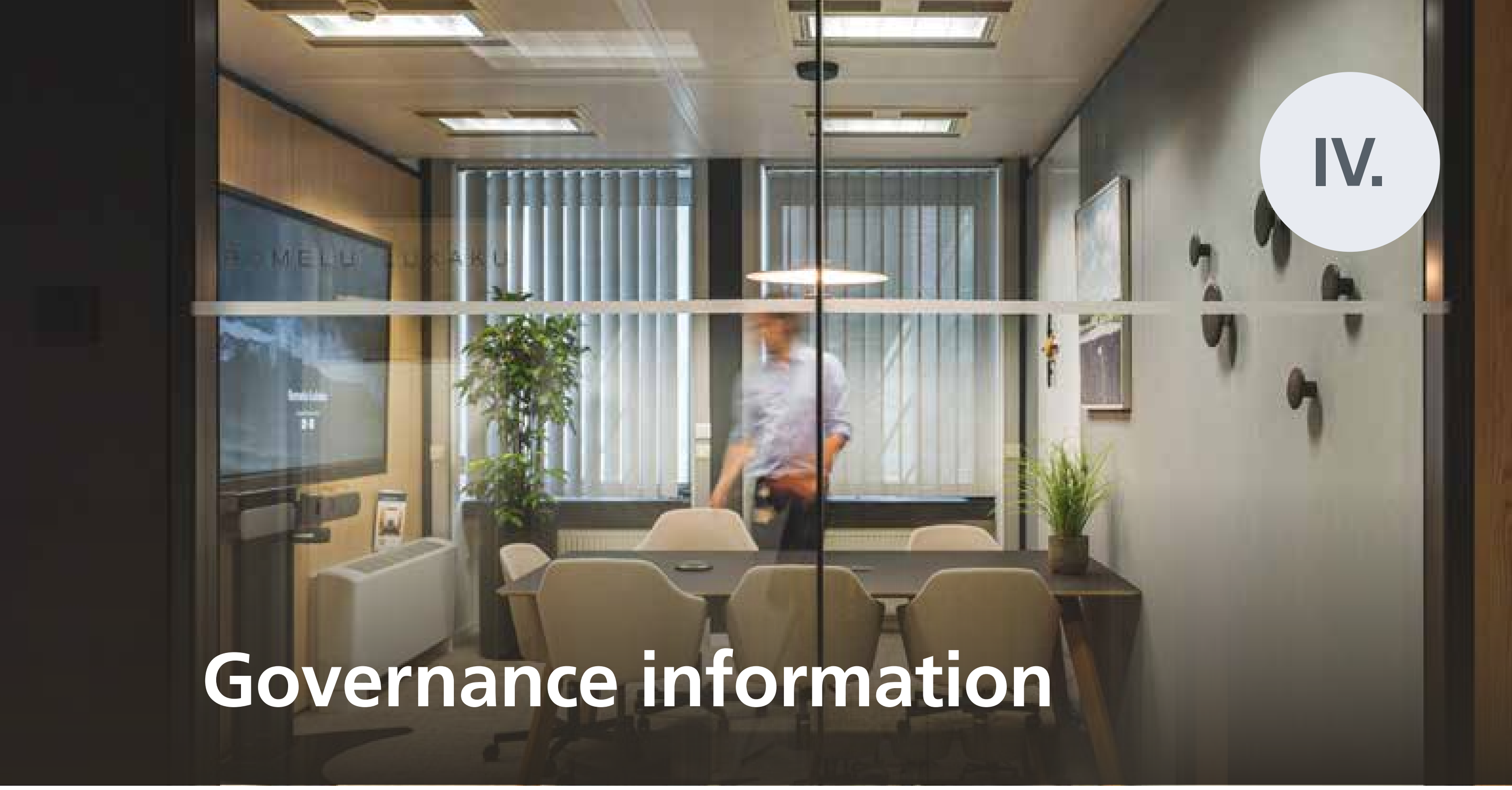
As part of its diversification strategy, the Bank has been investing a portion of its own reserves in corporate bonds since 2004. Such bonds offer more opportunities to apply sustainable and responsible investment criteria than those issued by governments, which traditionally account for a very large share of most central banks' balance sheets. Consequently, the Bank started excluding bond issuers that do not take into account the non-financial impact of their activities. Several years later, the Bank began to limit its investments to corporate bonds whose performance, as measured against environmental, social and governance (ESG) criteria, was sufficiently high in their sector. Using that approach, the Bank increased the share of corporate bonds in its portfolio in 2019, thereby reinforcing its sustainability credentials.

Through its own investments, the Bank is exposed to risks related to social criteria, such as corruption, violations of labour standards and the production of controversial weapons. It therefore screens its investments, for instance excluding issuers and counterparties that do not respect human rights. This approach is based on internationally accepted standards, such as the Ten Principles of the United Nations (UN) Global Compact, the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises.

The Bank also invests in labelled assets (about 12.3 % of its consolidated bond portfolio at the end of 2023), such as social bonds to finance projects with a societal purpose.

3.3 **Other matters**

The “affected communities” theme (ESRS S3) within “society” is not yet considered relevant or material to the Bank. The “Workers in the value chain” (ESRS S2) and “Consumers and end-users” (ESRS S4) theme are somewhat relevant but should be considered within the Bank’s specific context. Relevant aspects are covered in section 3.2 of this report (“Society”), which does not constitute a comprehensive overview.



IV.

Governance information

4.1 Business conduct

Business conduct (ESRS G1) is essential for the Bank as an organisation due to the (legal) risks of non-compliance which could expose it to sanctions, financial losses and reputational harm. These risks include those related to the code of ethics, money laundering, terrorist financing, data processing and public procurement. By effectively managing these risks, the Bank can avoid negative impacts and potentially have a positive impact.

In the performance of its core tasks, the Bank also makes an important positive contribution to good governance in society at large, especially as a prudential supervisor.

Governance

As described in section 3 ("Annual accounts and reports on the financial year"), the Bank has a specific governance structure defined by its articles of association and statute and by European regulations. This structure is at least as strict as that provided for by the Belgian Corporate Governance Code in terms of supervision of business conduct. The organisation, governance and oversight of this supervision are explained in detail in the Bank's Corporate Governance Charter.

Business conduct falls under non-financial risks. The Board of Directors is responsible for the development and suitability of the policy and the internal controls put in place in relation to these risks, as part of its overall management of the organisation. The Non-Financial Risk Management Committee (NFRC) advises, drives the development of and monitors the implementation of the non-financial risk management strategy, the broader framework and policy initiatives. The NFRC consists of representatives from the first, second and third lines of defence. A member of the Board of Directors is designated as responsible for non-financial risks.

The Bank's non-financial risk management framework rests on three lines of defence (see section 3.1.2.2). Business conduct falls under the second line – with specialised supervision of non-financial risk management.

Within the second line, the Compliance team plays a guiding and coordinating role to ensure an integrated approach across the Bank, focusing on the code of conduct, the fight against money laundering and terrorist financing, and data protection, among other issues.

The independent internal audit service bears third-line responsibility for the efficient functioning of the system of internal controls and reports to the Board of Directors and the Audit Committee. The Audit Committee plays an advisory role and monitors the effectiveness of the Bank's internal control and risk management systems and internal audit function.

Strategy

The code of conduct aims to prevent non-compliance risks by identifying and detecting them. It also covers the raising of awareness and the provision of advice and information. The focus is on creating a specific mindset and fostering engagement, so that all staff members are able to recognise non-financial risks and take them seriously.

Particular attention is paid to cross-cutting issues and so-called "significant" risks, such as private investment and its rules, as well as the risks associated with a data breach that could seriously harm the Bank's reputation.

As part of the reporting requirements laid down in ESRS G1 "Business conduct", the section below on impact, risk and opportunity management takes a deeper look at ethics, the code of conduct, the corporate culture, anti-money laundering and terrorist financing (ML/FT), data protection and public procurement.

Impact, risk and opportunity management

4.1.1 Ethics, the code of conduct and the corporate culture

The Bank has an employee handbook and a code of conduct which are applicable to all staff members, including members of the Board of Directors.

These documents contain rules on independence, impartiality, the duty of discretion, professional secrecy, professional ethics, conflicts of interest and staff integrity. They include provisions on the acceptance (or refusal) of gifts, the use of IT equipment, secondary occupations, dealing with conflicts of interest and much more. NBB employees are not authorised to engage in private activities related to financing and lending. NBB employees are further prohibited from providing investment advice or asset management services or making editorial contributions to investment periodicals. Moreover, subject to certain strictly defined exceptions, the code of conduct prohibits employees from holding equity or debt instruments issued by the NBB or supervised institutions.

In 2023, the code of conduct was updated to further refine the rules relating to financial transactions carried out on one's own behalf and to make clear that conflicts of interest can also be non-financial in nature.

The code includes arrangements for members of the Board of Directors and staff to (anonymously) report suspected cases of internal non-compliance with the provisions on conflicts of interest, gifts and benefits, and financial transactions and to make urgent enquiries.

Compliance with these provisions is monitored by the chair of the Sanctions Committee or the responsible director, depending on who is involved: a member of the Board of Directors or a staff member.

Governor Pierre Wunsch, Vice-Governor Steven Vanackere and Director Tom Dechaene, as members or alternate members of the Governing Council or Supervisory Council of the ECB, are also subject to the Code of Conduct for Senior Officials of the European Central Bank. They must observe the highest standards of integrity and ethical behaviour in the performance of their duties and responsibilities. They should act honestly, independently, impartially and discreetly and not be driven by self-interest. The code also contains rules on professional secrecy, confidentiality, conflicts of interest, benefits, hospitality, private financial transactions, private activities, roles and offices, relations with interest groups and public appearances.

Among other things, this means that the agendas of Governor Wunsch and Director Dechaene are made public on the National Bank's website with a three-month delay. The information published includes all public events and meetings with third parties. However, details on meetings with representatives from financial institutions supervised by the National Bank are not disclosed, having regard to the rules on professional secrecy. The governor's participation in external meetings and events is always assessed in advance in accordance with the Code of Conduct of Senior Officials of the European Central Bank, by the Communications Department and the compliance officer.

The NBB's desired risk or corporate culture stems directly from its four core values: independent experts who are open-minded, socially responsible, respectful and trustworthy. To raise staff awareness of non-financial risks and promote its corporate culture, the Bank uses several approaches.

- From January 2024, all employees and members of the Bank's Board of Directors will have to sign the code of conduct annually to endorse the rules.
- Regular awareness campaigns and information sessions are organised to refresh employees' knowledge of the rules and procedures relating to ethics and integrity at work, such as the (acceptance or refusal of) gifts and invitations, financial transactions carried out on one's own behalf, discussions with the financial sector and conflicts of interest. To increase employee engagement, it is emphasised that the purpose of reporting risks and incidents is to learn from them and improve the Bank's functioning and resilience.
- Contact persons have been appointed within all departments for questions related to non-financial risks.
- New employees must attend a mandatory training session on the code of conduct and data protection, which is organised twice a year. Mandatory training on the code of conduct and data protection is also provided annually for inspectors in the prudential departments.

The aim is to continuously improve the available information, awareness tools and training offering.

Managers take organisational measures to ensure compliance with ethics rules within their departments.

The internal web page of the Compliance unit describes the applicable rules and procedures. Templates are also available for the reporting of gifts/invitations or to obtain a prior authorisation for a financial transaction covered by the code of conduct. Specific contact points have been set up within the Internal Audit service for the reporting of fraud and the loss or theft of NBB material.

4.1.2 Combating money laundering and terrorist financing

The National Bank of Belgium is subject to the Act of 18 September 2017 on the prevention of money laundering and terrorist financing (ML/FT) and on restriction of the use of cash. In this context, the Bank is obliged to be vigilant and to take measures to prevent, detect and prevent ML/FT-related transactions.

The AML/CTF policy applies to all members of the Bank's bodies and staff, as well as to persons providing services on behalf of the Bank. Specific procedures apply to certain entities and their employees.

As a central bank responsible for the exchange of euro notes and coins, the NBB is exposed to specific ML/FT risks associated with transactions carried out by the Central Cash Office. Specific procedures have been developed to manage these risks.

4.1.3 Data protection

The Bank has internal rules on the processing of personal data. This policy applies to all employees, regardless of their position or function. It has been approved by the Board of Directors and is regularly updated in line with legislative changes and the Bank's practical experience.

In line with the GDPR and Belgian law, this policy covers the Bank's internal rules on the processing of personal data. It sets out the basic principles, procedures for new data processing operations, data subject rights and possible breaches.

The policy also aims to make the Bank's staff aware of their rights and obligations in this regard, with guidelines and procedures. Thus, any processing of personal data is recorded in a register managed by the data protection officer (DPO). In doing so, the Bank requests the full cooperation of all entities involved.

The Bank has prepared a practical guide with a standard reporting form and guidelines to be followed when an employee discovers a personal data breach or has reason to believe that such a breach has occurred. Another practical guide contains information on the procedures and steps to follow when an individual (from within or outside the Bank) wishes to exercise their (data subject) rights vis-à-vis the Bank.

In addition to mandatory general training on non-financial risks (see above), the Bank provides compliance and data protection training for new employees every two years.

Just as for promotion of the corporate culture surrounding non-financial risks, the Bank has established a list of contact persons within each department for data protection matters. These individuals coordinate GDPR risks within their departments and act as intermediaries between their entity and the DPO in the event of data breaches or access requests.

4.1.4 Impartial public procurement procedures

As a public institution, the Bank is subject to public procurement legislation. Any non-compliance in this area can give rise to legal, reputational and financial risks. When putting contracts out to tender, the Bank therefore respects the principles of transparency, equal treatment and fair competition.

Transparency

The Bank publishes contract notices (calls for tender) through official channels (e.g. the Bulletin of Procurements and/or the Official Journal of the European Union) so that all potential candidates can apply. Applicants are informed of the results of each phase (e.g. candidature and award) by registered letter after the minutes of the meeting are signed by the competent person (the head of the Procurement and Management Control Department or the responsible director). Finally, the Bank discloses the award of the contract, including the identity of the selected service provider and the contract amount, in official publications.

Equality

In calls for tender, the Bank publishes the selection criteria (including minimum thresholds) it uses to assess applications. In the tender specifications, the Bank discloses the criteria (including the weighting thereof and any sub-criteria) used to award bids clearly and fairly. At each stage (candidature/offer), the criteria are thus clearly and distinctly defined in advance to ensure equal treatment.

Competition

Competition is ensured by publishing all contracts with an estimated valued in excess of € 140 000 through official channels (the Bulletin of Procurements and/or the Official Journal of the European Union). For contracts with an estimated value of less than € 140 000, the Bank selects (at its own initiative) at least three service providers, as required by law.

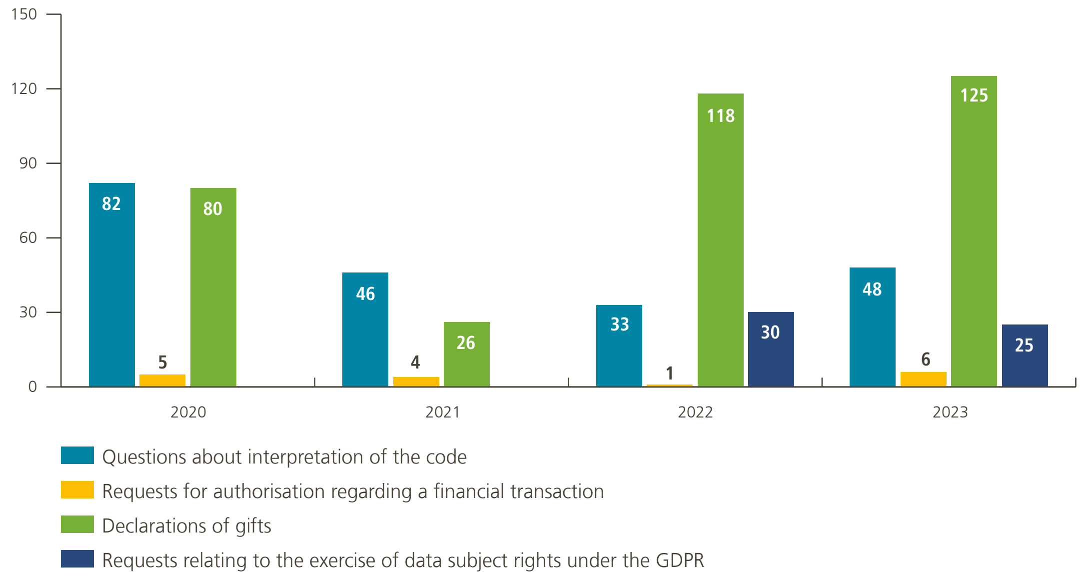
4.1.5 Proprietary investments

Much of the Bank's Sustainable and Responsible Investment Charter is devoted to governance criteria. One of the pillars of the charter is screening, so as to exclude companies or sectors possibly linked to money laundering, terrorist financing or corruption. Screening is also based on internationally accepted standards, such as the Ten Principles of the UN Global Compact, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. More information on the Bank's non-monetary policy portfolio management and governance can be found on its website (see here).

Metrics and targets

- No member of the Board of Directors had a direct or indirect interest of a proprietary nature that conflicted with a decision or transaction falling under the responsibility of the Board of Directors during the year under review (as was the case in previous years).
  - There were no incidents of corruption or bribery during the reporting period.
  - The Bank respected contractual payment terms, including for payments to SMEs.

Code of conduct compliance indicators



4.1.6 Prudential standards for business conduct

Under its prudential remit, the Bank makes a significant contribution to society by setting an example of good governance. This contribution, which is an extension of the impact discussed in section 3.2 ("Society"), focuses specifically on business conduct.

In its supervisory role, the Bank establishes prudential standards with which all financial institutions under its supervision must comply. It also assesses the suitability of directors, senior managers and persons responsible for the independent control functions. While this "fit & proper" assessment is primarily the responsibility of the institution itself, the Bank has the authority to assess the competencies of candidates. These standards should also be taken into account by financial institutions in their policies on employee recruitment, evaluation and training.

In line with the anti-money laundering legislation, it is up to the NBB to verify that financial institutions comply with European and national obligations on the prevention of money laundering and terrorist financing, as well as the rules on the freezing of assets and money transfers. The NBB carries out both remote (off-site, e.g. examining the reports it receives from financial institutions) and on-site checks.

List of publications in 2023

Economic Review articles

The Economic Review is an exclusively digital publication, available on the Bank's website. Articles are published in full in English only, with a digest provided in French and Dutch. Each article is published separately, as and when produced. Data featured in graphs and tables in Economic Review articles are systematically published in a database available on the Bank's website. This link increases the transparency of the Bank's analyses and ensures universal and uniform access to the data.

December 2023
- Economic projections for Belgium – Autumn 2023
- Older workers and retirement decisions in Belgium: mapping insights from survey data

November 2023
- Critical raw materials: from dependency to open strategic autonomy?
- Inflation and the evolution of corporate profit margins
- Is public spending on pensions in Belgium sustainable? A comparison with other euro area countries
- How did Belgian firms benefit from three decades of declining interest rates?

October 2023
- Inflation expectations and monetary policy

July 2023
- Do all roads lead to Paris? Climate change mitigation policies in the world's largest greenhouse gas emitters
- The impact of high inflation on Belgian public finances: a simulation exercise

June 2023
- Transmission of recent monetary policy tightening: fragmented or not?
- Economic projections for Belgium – Spring 2023
- The economic consequences of artificial intelligence

January 2023
- The Impact of the Low-Carbon Transition on Financial Markets

PROJECTIONS
- ECONOMIC PROJECTIONS

  Each year, in June and December, the Bank publishes on its website economic projections for Belgium, based on technical assumptions and international forecasts drawn up jointly by the ECB and the national central banks of the euro area. Detailed results are published in the form of an article in the Economic Review.

- BUSINESS ECHO
  In 2023, the Bank launched a new publication, the NBB Business Echo. This publication draws on information gathered through targeted interviews with business leaders from across Belgium's regions and sectors, as well as other sources including the Bank's monthly business surveys. While the latter enable analyses to be made on the basis of a representative sample, the former provide additional information (e.g. on business dynamics, context, etc.) that it is not always possible to capture in a standardised survey.
  The NBB Business Echo supports our macroeconomic analyses and constitutes an important input for the Business Cycle Monitor (BCM), which provides a quantitative estimate of quarterly growth.
  The NBB Business Echo is published at least twice a year, in early June and early December, approximately a week before the BCM.

- BUSINESS CYCLE MONITOR
  Each quarter, the Bank publishes the Business Cycle Monitor, analysing the economic situation in Belgium during the current quarter. The Business Cycle Monitor includes an estimate of economic growth for the quarter, some seven to eight weeks before the first official quarterly statistics from the National Accounts Institute become available.

Working papers

The working papers published by the National Bank are on economic or financial issues or relate to subjects relevant to central banking activities. They are intended for a specialised audience and are written in English. National Bank staff publish working papers in their personal capacity. Some working papers are authored by doctoral candidates or academics that have benefited from the Bank's support through its collaboration with universities. By giving researchers access to data that is not available to the general public, the Bank aims to contribute to a better understanding of the economic sphere in Belgium. Working papers are only available in electronic format and can be consulted on the Bank's website.

- 445 Nowcasting GDP through the lens of economic states
- 444 The Belgian business-to-business transactions dataset 2002-2021
- 443 Input varieties and growth : a micro-to-macro analysis
- 442 Debtor (non-)participation in sovereign debt relief : A real option approach
- 441 Review essay : Central banking in Italy
- 440 Review essay : The young Hayek
- 439 Managerial and financial barriers to the green transition
- 438 Does pricing carbon mitigate climate change ? Firm-level evidence from the European Union emissions trading scheme
- 437 FDI and superstar spillovers : Evidence from firm-to-firm transactions
- 436 Alexandre Lamfalussy and the origins of instability in capitalist economies
- 435 BEMGIE : Belgian Economy in a Macro General and International Equilibrium model
- 434 Endogenous Production Networks with Fixed Costs
- 433 Empirical DSGE model evaluation with interest rate expectations measures and preferences over safe assets
- 432 Poor and wealthy hand-to-mouth households in Belgium
- 431 From the 1931 sterling devaluation to the breakdown of Bretton Woods : Robert Triffin's analysis of international monetary crises
- 430 Measuring the share of imports in final consumption
- 429 Export Entry and Network Interactions : Evidence from the Belgian Production Network

Belgian Prime News

This quarterly English-language publication is the result of collaboration between the Bank, the Federal Public Service Finance (FPS Finance) and several primary dealers (market makers in Belgian government securities). Each issue includes a consensus forecast on the expected evolution of key macroeconomic indicators for Belgium, as well as a description of the most notable recent economic developments. An overview of the government securities market is also provided. The "Treasury Highlights" section provides information on Treasury decisions relating to public debt management. Belgian Prime News is available on the National Bank's website. Hard copies can also be ordered via the website.

- Issue 98 SPECIAL TOPIC : Firms and margins
- Issue 99 SPECIAL TOPIC : Transmission of tighter monetary policy to bank retail rates
- Issue 100 SPECIAL TOPIC : Belgian house prices since 2022 : a slowdown but no crash
- Issue 101 SPECIAL TOPIC : The most successful issuance of a State note in history

Statistical publications

The Bank makes a large volume of macroeconomic statistics available to the public via its website and statistical database, NBB.Stat (https ://stat.nbb.be/). Users can subscribe to NBB.Stat to be notified of updates to specific datasets and can save search criteria in order to consult specific information regularly.
Other statistical publications and press releases are also available on the Bank's website.

GENERAL STATISTICS

- Key figures dashboard

OPINION SURVEYS

- Monthly business survey
- Biannual business investment survey
- Monthly consumer survey

EXTERNAL STATISTICS

- Foreign trade
- International investment position, foreign direct investment, balance of payments

FINANCIAL STATISTICS

- Financial accounts of Belgium (annual and quarterly)
- Monitoring Centre for Credit to Non-financial Corporations
- Monetary financial institutions' interest rates
- Bank lending survey (an indicator of the perception of credit constraints)

NATIONAL ACCOUNTS

- Flash estimate, quaterly accounts, quarterly sector accounts
- Detailed annual accounts, supply and use tables
- Labour market

REGIONAL ACCOUNTS

- Regional breakdown of economic activity, employment and investment
- Regional breakdown of Belgian imports and exports of goods and services
- Regional breakdown of household accounts

MICROECONOMIC DATA

- Individual Credit Register
  - Annual statistical report
  - Monthly key figures on consumer credit and mortgage loans
- Corporate Credit Register
- Publication of statistics on authorised and extended credit via the Monitoring Centre for Credit to Non-financial Corporations :
  - Monthly flash
  - Quaterly update
- Central Balance Sheet Office
  Since October 2022, the Central Balance Sheet Office has offered a new application called "Extract", which allows anyone to extract information based on selected criteria and develop their own analytical tools.

Other topics

- Report 2022 – Economic and financial developments
- Report 2022 – Corporate report
- Update on asset management and non-bank financial intermediation in Belgium
- (joint publication of the FSMA and the National Bank of Belgium)
- Financial Stability Report 2023
- Financial Market Infrastructures and Payment Services Report 2023

Blog posts

- Are interest rates going to drop ?
- What do bonds and Trivial Pursuit have in common ?
- What does the National Bank of Belgium have to do with insurance ?
- Virtual cash in your pocket : soon a reality ?
- What are "greedy jobs" and why do women avoid them ?
- Belgian households flock to new State note, leading to record fall in bank deposits
- A problem shared is a problem halved : how the NBB shares risk within the Eurosystem
- Yes, Belgians are rich, but they are not the richest in the world !
- Climate Dashboard update : measuring is knowing
- Higher interest rates on reserves held at the central bank : a boon for banks ?
- Are price hikes in Belgium being driven by greed ?
- Lessons from Silicon Valley Bank and Credit Suisse : What would happen if a Belgian bank were to fail ?
- The macroeconomic aspects of climate neutrality – a European perspective
- 25 years of euro unity
- What if you received money as quickly as e-mail ?
- 1001 Plateaux : Participatory artwork connects NBB employees
- The perils of tracking year-on-year inflation
- Two sides of the same coin : money supply, budget deficits and inflation
- Mapping the payment behaviour of Belgians
- Mandatory shared parental leave as a means of reducing gender inequality
- The Bank's annual pièce de resistance
- Climate change doesn't leave the financial sector cold

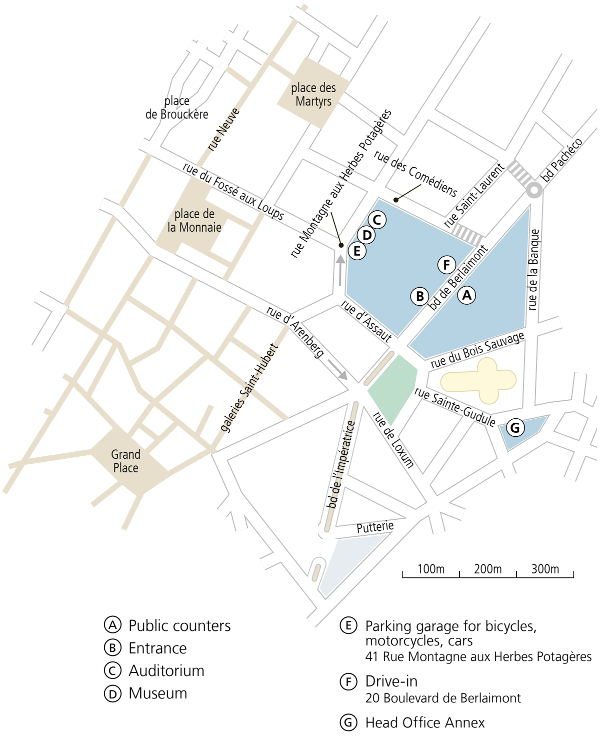
Contacts

Company number

Brussels RLE – BE 0203.201.340

Addresses

Head office	**Service entrance** 3 Boulevard de Berlaimont, 1000 Brussels **Visitors' entrance and postal address** 14 Boulevard de Berlaimont, 1000 Brussels
Annex	19 Place Sainte-Gudule, 1000 Brussels
Museum	57 Rue Montagne aux Herbes Potagères, 1000 Brussels
Auditorium	61 Rue Montagne aux Herbes Potagères, 1000 Brussels



Information

Website	www.nbb.be
Information requests	info@nbb.be, Tel. +32 2 221 21 11
Job applications	https://jobs.nbb.be, hrb@nbb.be
Contact for the press	Geert Sciot, Head of Communication pressoffice@nbb.be, Tel. +32 2 221 46 28
Contact for the financial service for the Bank's shares	Marc Lejoly, Head of the Payments and Securities Service securities@nbb.be, Tel. +32 2 221 52 30

Public services

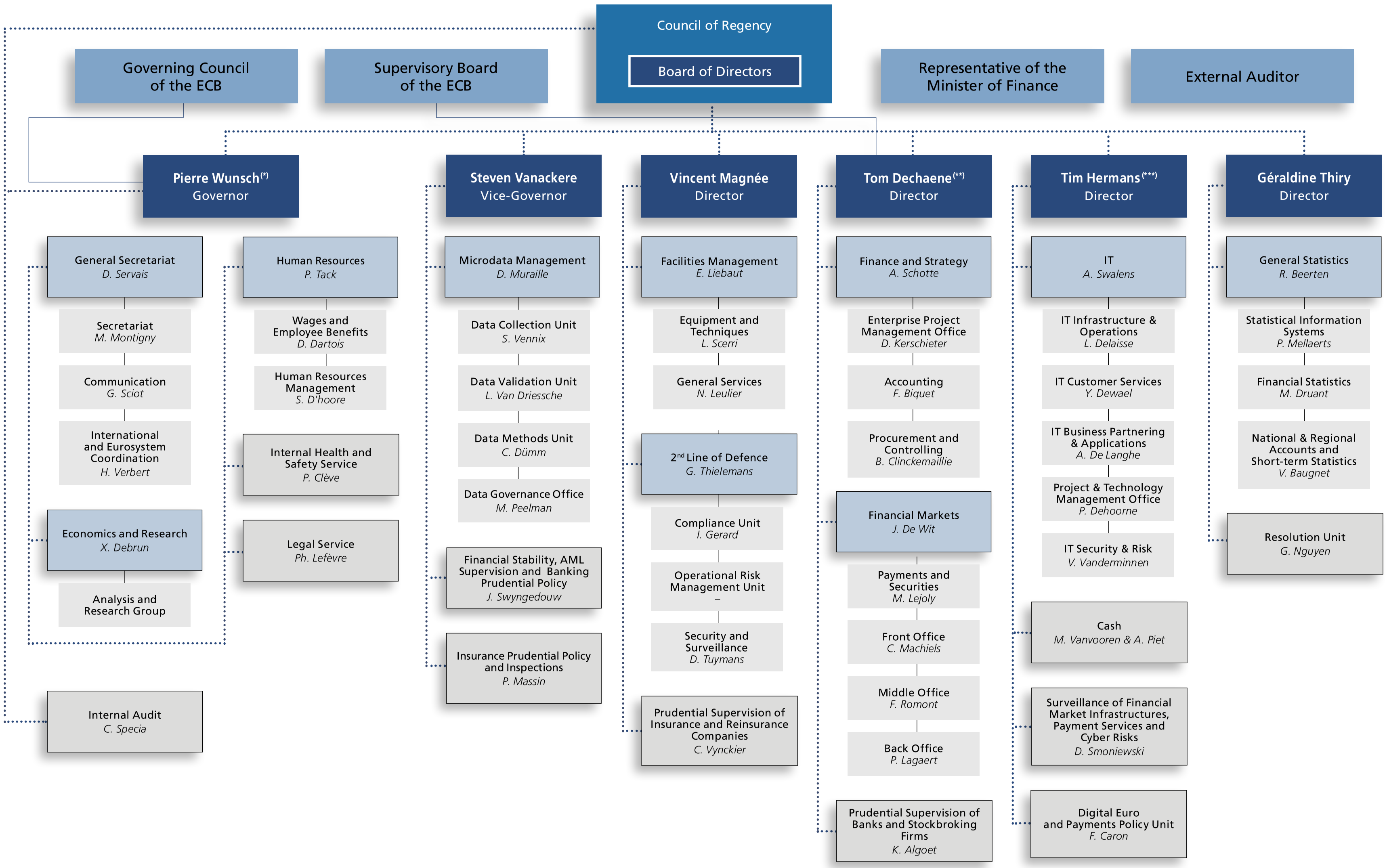
Counters
(banknotes and coins,
Individual Credit Register)

Open from Monday to Friday
from 08:45 to 15:30

Museum

Open from Monday to Friday from 09:00 to 17:00
Free admission.
Also open on special occasions.
See www.nbbmuseum.be.
Guided tours can be booked via the website.

Organisational chart as of 31 December 2023



(*) Is also a member of the Governing Council of the European Central Bank.
(**) Is also a member of the Supervisory Board of the European Central Bank.
(***) Is also Secretary of the Bank.
(****) The Middle Office (MX) reports to Director V. Magnée on financial risks.


Actif

3. Annual accounts and reports on the financial year

3.1 Management report [1]

3.1.1 Developments affecting the Bank's financial result and position

3.1.1.1 Balance sheet

The balance sheet total fell by 15.5 %, or –€ 52.6 billion, to € 286.4 billion.

In the framework of monetary policy operations, liquidity in euros granted to credit institutions was impaired primarily by the drop in longer-term lending (–€ 40 billion) and in securities portfolios (–€ 8.3 billion). For its part, the Bank slightly increased the size of its euro-denominated MTM portfolio (+€ 0.2 billion) and strongly reduced its foreign currency-denominated MTM portfolio (–€ 2.8 billion). It also stopped investing in its foreign-currency HTM portfolio, which had reached the desired level, and reduced its euro-denominated HTM portfolio (–€ 0.7 billion).

These operations led to a reduction in excess liquidity on the deposit facility (–€ 21.5 billion) and a slight increase in current account liquidity (+€ 1.6 billion). Similarly, the net amount of outbound payments via TARGET fell significantly (–€ 23.7 billion) which, combined with the increase in the balance receivable further to the allocation of monetary income within the Eurosystem, led to the intra-Eurosystem liability becoming an intra-Eurosystem claim at the end of the financial year.

At the end of the year, banknotes put into circulation by the Bank had increased (+8 %) while Eurosystem issuance had decreased (–1 %), leading to a transformation of the claim existing at the end of 2022 into a liability at the end of 2023.

The following table provides an overview of the Bank's securities portfolios, which represent a substantial proportion of its balance sheet assets.

Summary of the securities portfolios at book value
(end-of-period data, in € billion)

	2023	2022
▪ fixed-income securities in foreign currencies ("MTM portfolio")	7.3	10.1
▪ fixed-income securities in foreign currencies held to maturity ("HTM portfolio")	0.9	0.9
▪ fixed-income securities in euro ("MTM portfolio")	0.0	0.0
▪ investment funds in euro ("MTM portfolio")	1.2	1.0
▪ fixed-income securities in euro held to maturity ("HTM portfolio")	1.2	1.9
▪ fixed-income securities in euro of the statutory portfolio	6.4	7.0
Total own investment portfolios	17.0	20.9
▪ securities held for monetary policy purposes	221.1	229.4
Total portfolios	238.1	250.3

On the balance sheet date, the MTM portfolios are marked to market. The HTM, statutory and monetary policy portfolios are recorded at their amortised purchase price.

1 Drawn up pursuant to Article 3:6 of the Code of Companies and Associations.

The value of the Bank's MTM own investment portfolios fell by € 2.6 billion. Its HTM own investment securities portfolios also declined by € 0.7 billion, further to the non-renewal of maturing securities denominated in euro.

The size of the statutory portfolio is determined by the sum of the capital, reserves and depreciation accounts. Following allocation of the earnings for financial year 2022, maturing fixed-income securities in this portfolio were not renewed, in order to respect the ceiling fixed by the Council of Regency (see the valuation rules, point 3.2.7.2.III.3).

Until the end of February 2023, the Eurosystem continued to reinvest in full the principal payments on maturing securities under its asset purchase programmes (APP). Thereafter, the APP portfolio was reduced at a steady and predictable pace. Through June 2023, the decline averaged € 15 billion per month, as the Eurosystem did not reinvest all of the principal payments on maturing securities. In June 2023, the Governing Council decided to suspend reinvestment under the APP as from July 2023. Thereafter, the APP portfolio decreased due to maturities. The reduction amounted to € 8.1 billion for the Bank in 2023.

With regard to the Pandemic Emergency Purchase Programme (PEPP), the Eurosystem continued to reinvest in full the principal payments on maturing securities purchased throughout the year. The Governing Council intends to continue reinvesting in full the principal payments on maturing securities purchased under this programme in the first half of 2024. It also intends to reduce the PEPP portfolio by an average of € 7.5 billion per month in the second half of 2024 and to cease reinvestment under this programme at the end of the year. In addition, the Governing Council will continue to demonstrate flexibility in the reinvestment of maturing redemptions in the PEPP portfolio, in order to counter pandemic-related risks to the monetary policy transmission mechanism. For the Bank, the amount outstanding under this programme is € 61.3 billion.

With regard to the CSPP, the Bank, as in previous years, purchased securities for the account of the Eurosystem in a much greater proportion than its share in the ECB's capital.

The geographical breakdown of own investment portfolio securities is shown below.

(in € million)

	Book value	Market value	Revaluation accounts
Belgium	3 315.0	2 942.4	–
United States	6 816.5	6 797.4	33.0
Germany	1 115.1	1 056.3	–
Spain	208.6	207.7	0.1
France	1 317.0	1 228.9	0.8
Austria	239.8	231.7	–
Italy	25.0	25.2	–
Japan	224.9	220.0	0.3
International organisations	874.7	793.1	–
The Netherlands	344.4	323.6	0.2
Luxembourg	38.0	33.3	–
Canada	387.3	360.9	0.8
Switzerland	195.6	195.6	1.6
Finland	319.2	301.3	–
United Kingdom	50.7	50.7	0.1
Other	429.4	403.6	0.6
Total fixed-income securities	**15 901.2**	**15 171.7**	**37.5**
Investment funds	**1 178.9**	**1 178.9**	**178.9**
Total portfolios	**17 080.1**	**16 350.6**	**216.4**

If the Bank had disposed of all its own investment portfolios on the balance sheet date, it would have realised: (i) the (unrealised) gains currently recorded in the revaluation accounts (€ 216.4 million) on the liabilities side of the balance sheet and (ii) the negative difference between the market value and the book value (–€ 729.5 million). Thus, in total, an additional loss of € 513.1 million would have been recorded.

As was the case in 2022, impairment tests carried out in 2023 did not lead to any write-downs on the Bank's own investment portfolios. On the other hand, impairment tests on the PECSPP portfolio led to the assumption of € 1.6 million in write-downs (corresponding to 3.61394 % of the total impairment recognised at Eurosystem level) on this portfolio.

The Bank again entered into forward transactions to reduce the foreign exchange risk on its dollar and SDR holdings. As a result, the net dollar position increased slightly to $ 2.5 billion (€ 2.2 billion) in 2023 from $ 2.2 billion (€ 2.1 billion) in 2022. The net SDR position fell from SDR 27.1 million (€ 33.9 million) in 2022 to SDR 25.6 million (€ 31.2 million). Positions in Chinese yuan and South Korean won were fully liquidated in 2023. At the end of the financial year, the revaluation accounts on the liabilities side of the balance sheet showed positive foreign exchange differences of € 158.9 million.

Monetary policy operations to which risk-sharing applies
(in € billion)

	NCB balance sheets	NBB key: 3.61 %	NBB balance sheet
Lending to euro area credit institutions related to monetary policy operations denominated in euro	**410.3**	**14.8**	**9.0**
Main refinancing operations	14.1	0.5	0.1
Longer-term refinancing operations	396.2	14.3	8.9
Marginal lending facility	0.0	0.0	–
Securities held for monetary policy purposes	**1 048.7**	**38.0**	**99.9**
SMP	1.9	0.1	0.0
CBPP3	262.1	9.5	6.3
ABSPP	–	–	–
PSPP-Supranational securities	255.3	9.2	–
CSPP	323.9	11.7	80.2
PECBPP	5.2	0.2	0.1
PEABSPP	–	–	–
PEPSPP-Supranational securities	154.3	5.6	–
PECSPP	46.0	1.7	13.3
Total	1 459.0	52.8	108.9

In order to determine the shared risks, the Bank's share in the monetary policy portfolios and credit operations of the Eurosystem central banks, which amounts to € 52.8 billion, must be taken into account. In addition, securities whose risks are not shared must be considered; the book value of these securities amounts to € 121.2 billion and is included in item 7 of the balance sheet (see note 7).

Agreement on Net Financial Assets (ANFA)

At the end of 2023, the Bank's net financial assets totalled € 14.6 billion.

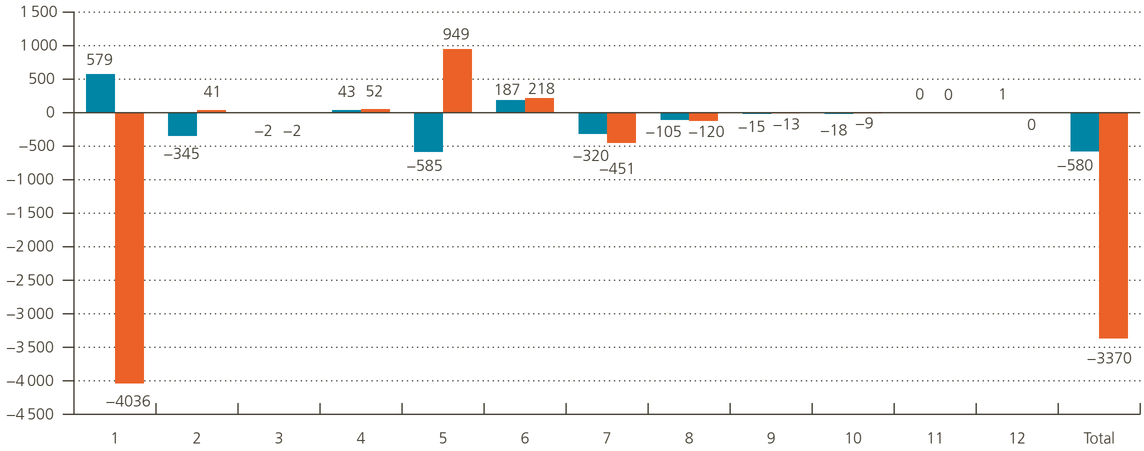
The Agreement on Net Financial Assets, concluded between the national central banks (NCBs) of the euro area and the European Central Bank (ECB), sets an overall limit on the total amount of net financial assets relating to national tasks unconnected with monetary policy.

A limit on the amount the NCBs can hold is necessary to ensure that the Governing Council has full control over the size of the Eurosystem's balance sheet, to permit the effective implementation of monetary policy.

Net financial assets are equal to the difference between assets that are not directly related to monetary policy and liabilities that are not directly related to monetary policy.

3.1.1.2 Result

Composition of the result
(in € million)



2022
2023

1. Net interest income
2. Net result of financial operations, write-downs and provisions
3. Net income / expense 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 of tangible and intangible fixed assets
10. Banknote production services
11. Other expenses
12. Corporate tax

In 2023, the Bank realised a loss of € 3 370 million, compared with a loss of € 580 million the preceding financial year (–€ 2 790 million).[1]

This change was mainly due to a significant decrease in net interest income (–€ 4 615 million), further to the rising cost of servicing monetary policy portfolios: interest expenses on deposits held by credit institutions with the Bank increased, while the (mostly long-term) assets that make up these portfolios were acquired at low yields. However, this effect was partially mitigated by an improvement in net income from financial operations (+€ 386 million) and greater recovery by the Bank in the context of monetary income pooling (+€ 1 535 million).

The decrease in net interest income was mainly due to:

- higher interest rates (–€ 6 305 million) on the deposit facility, excess reserves and other current accounts coupled with an increase in their volume (–€ 1 432 million);
- higher interest rates on TARGET balances (–€ 1 391 million);
- a drop in the volume of monetary policy credit operations (–€ 1 680 million);
- a fall in the total value of the claim relating to the allocation of banknotes within the Eurosystem (–€ 155 million); and
- lower returns on own euro-denominated portfolios (–€ 7 million).

However, these developments were partially offset by:

- an increase in interest income from monetary policy credit operations (+€ 2 976 million);
- the change in the volume of the TARGET balance (+€ 2 574 million);
- an increase in the volume of monetary policy portfolios (+€ 33 million) coupled with reinvestment of securities at a higher rate (+€ 457 million); and

1 In point 3.1.1.2, the amounts between brackets indicate the effect on the income statement.

- the higher rates applicable to intra-Eurosystem claims (+€ 242 million).

Net receipts by the Bank further to the allocation of monetary income increased significantly by € 1 535 million mainly as a result of:
- a decrease in the amount pooled with the Eurosystem (+€ 324 million); and
- an increase in monetary income reallocated to the Bank, due to a rise in the Eurosystem's total monetary income (+€ 1 212 million).

Net income from financial operations improved, mainly due to a fall in US dollar-denominated interest rates (+€ 90 million). The liquidation of positions in Chinese yuan and South Korean won also had a positive effect (+€ 51 million). On the euro-denominated securities market, capital losses increased following transactions in securities held for monetary policy purposes (–€ 10 million). Unrealised losses on dollar-denominated securities charged to the income statement decreased significantly (+€ 313 million). The average depreciation of the dollar led to a fall in realised foreign exchange gains (–€ 56 million).

3.1.1.3 Allocation of the result

2023 was marked by persistent inflation in excess of the target set by central banks, causing interest rates to be raised on several occasions in both Europe and the United States. This resulted in partial realisation of the interest rate risk the Bank had warned about in its previous annual reports, as well as to very high volatility on the equity and bond markets. This combination of factors led the Bank to record a loss at the end of financial year 2023.

In the scenario representing the interest rate environment and market expectations of future interest rates at the balance sheet date, the Bank's bottom line remains under pressure. If this scenario were to materialise, which is subject to considerable uncertainty, and assuming the composition of the balance sheet remains unchanged, it would result in a total loss of € 6.1 billion over a five-year horizon. If interest rates were to rise relative to these market expectations, this negative effect would be exacerbated, and vice versa if interest rates were to fall further. It is impossible to make sufficiently reliable estimates for a period longer than five years, given the many uncertainties. However, in this scenario and under unchanged circumstances, the Bank would not incur substantial losses beyond this time horizon and would return to profitability.

An estimate of the quantifiable financial risks forms the basis for determining the minimum level of the Bank's reserves. All of the Bank's financial risks are quantified using either the expected shortfall methodology, for which the Bank uses very conservative parameters in terms of distributions, probabilities and time horizons, or long-term scenarios/stress tests. These methods are also used by other members of the Eurosystem.

Based on these calculations, the Bank determines (i) the minimum level of reserves to cover the estimated risks and (ii) the desired level of reserves over the medium term, for which it takes into account exceptional residual risks, stress scenarios and – pursuant to the reserve and dividend policy as updated on 27 March 2024 – risks that do not appear on the balance sheet, but which could arise rapidly due to the Bank's tasks as a central bank.

The Bank's risk estimates and earnings projections are subject to a number of uncertainties, in particular as regards future market developments and possible decisions by the Governing Council of the ECB. The longer the time horizon, the greater the degree of uncertainty.

The estimated minimum level of reserves at the end of 2023 and the desired level of reserves over the medium term are € 7.5 billion and € 13.6 billion, respectively. [1]

The calculation of these levels takes into account, among other things, both an estimate of the earnings expected in the coming years and an estimate of the risks pertaining to:
- the Bank's own securities portfolios denominated in euro and foreign currencies;
- the credit operations and monetary policy securities portfolios included on the Bank's balance sheet, for which the Bank alone bears the risks;
- credit operations and monetary policy securities portfolios included on the balance sheets of all

1 Compared with an amount of around € 15.2 billion at the end of 2022, for the desired level. It should be noted that, from financial year 2023 onwards, the Bank will make public both the minimum level of reserves and the desired level of reserves for the medium term, in view of the update of its reserve and dividend policy dated 27 March 2024.

Eurosystem NCBs, whose risk is shared between them (see notes 5 and 7 to the annual accounts).

Pursuant to the reserve policy, a loss is first charged to the available reserve. Thus, an amount of € 3 371.0 million was deducted from the available reserve. This deduction also included the amount needed to pay the minimum dividend of € 1.5 per share (6 % of the capital) guaranteed by the reserve fund and by the available reserve, in accordance with the Bank's Organic Act, i.e. € 0.6 million. Following allocation of the financial result, the Bank's buffers amount to € 3.1 billion. In view of the estimated minimum level of reserves at the balance sheet date and in accordance with the dividend policy approved by the Council of Regency, [1] a second dividend will not be granted for financial year 2023. Following the drawdown from the available reserve, the Bank will proceed with sales of securities from its statutory portfolio in order to comply with the applicable ceiling (see point 3.2.7.2.III.3 of the accounting rules).

According to the Bank's Organic Act, the remaining profit for the year is allocated to the State. For 2023, no amount is allocated to the State in this respect.

Although the income statement shows a loss for the year for two consecutive years, the accounts are prepared on a going concern basis. A central bank may indeed, if necessary, continue to carry out its tasks with a negative capital position without jeopardising the continuity of its operations.

3.1.2 Risk management

As regards risk management, the Bank applies the "three lines of defence" model.

Its departments, stand-alone services and units assume **front-line responsibility** for the effectiveness of the system of internal control. This entails:

- identifying, assessing, monitoring and mitigating the risks to which they are subject;
- putting in place adequate internal controls and risk management measures to manage these risks within the risk tolerance limits set by the Board of Directors;
- ensuring that these objectives, policies and internal controls are respected within the entities concerned.

Second-line responsibility for ensuring the effectiveness of the system of internal control lies with the director in charge of the Financial Markets Department, as regards financial risks (see section 3.1.2.1). For non-financial risks (see section 3.1.2.2), second-line responsibility rests with the director in charge of the second line of defence.

The Internal Audit Service assumes **third-line responsibility** for the effectiveness of the system of internal control. Its role is to provide the Board of Directors with further assurance, based on the highest degree of organisational independence and objectivity, as to the effectiveness of the Bank's governance, risk management and internal controls, including the achievement of risk management and monitoring objectives by the first and second lines of defence.

The Bank's financial and non-financial risk management over the year under review is described below.

3.1.2.1 Financial risk management

3.1.2.1.1 Portfolios and risk factors

Management of gold and foreign currency reserves, securities portfolios denominated in euro, and monetary policy operations (intervention portfolios, loans, etc.) exposes the Bank, like any financial institution, to financial risks (such as market and credit risk) and operational risks.

The Bank conducts lending operations with other Eurosystem central banks and participates in purchase programmes as part of its conduct of monetary policy. Sovereign issuer risk arising from the ECB's asset purchase programmes (APP) and Pandemic Emergency Purchase Programme (PEPP) has a specific impact on credit risk due to sovereign concentration and is not, for the most part, shared within the Eurosystem. On the other hand, the risks associated with the other purchase programmes are shared between the central banks on the basis of the Eurosystem's capital key. In principle, the risks associated with credit operations are shared within the Eurosystem.

1 See point 3.2.7.3.

The Bank also manages its own investments, which are held in various portfolios. Transactions relating to the Bank's portfolios are carried out taking into account the priority given to monetary policy programmes and pursuant to a strict organisational separation designed to avoid conflicts of interest. Euro-denominated securities portfolios consist mainly of government securities issued by EU member states and, to a lesser extent, covered bonds. Foreign currency securities portfolios consist mainly of liquid securities issued by sovereigns. In addition, in order to improve the long-term risk-return ratio on its assets, the Bank invests a portion of its proprietary investment portfolios in dollar-denominated corporate bonds and a limited share in an exchange-traded investment fund composed of shares of European companies that reflects as closely as possible the performance of a European index, excluding the United Kingdom and Switzerland, and applying ESG criteria. The fund is managed externally and passively so as to avoid conflicts of interest. The Bank also uses derivatives to manage its reserves.

3.1.2.1.2 Risk appetite

For the management of its own investment portfolios, the Bank first determines a risk appetite that identifies the various types of financial risk and sets a level, for both individual risks and overall risk, that it considers appropriate depending on its degree of risk aversion. This risk appetite is tied to its strategic objectives and to obligations related to the fulfilment of its tasks, under all circumstances, as well as its capacity to sustain even exceptional losses. The level of risk and risk allocation are reassessed at regular intervals in the light of the progress made and development of the Bank's tasks, particularly in the area of monetary policy, as well as actual or expected changes in the various risks and their interaction. The restrictions imposed on risk factors and portfolio composition therefore reflect the level of risk the Bank deems acceptable and are adapted, where necessary, to market developments and the consequences of performance of the Bank's tasks, specifically in terms of the composition of monetary policy portfolios. It then establishes a policy to mitigate and manage these risks and maintain them at a pre-determined level. In particular, the Bank determines the composition of its own investment portfolios, in terms of issuer creditworthiness, duration, currencies, markets and financial instruments.

3.1.2.1.3 Risk management

Monetary policy credit risk

With regard to credit operations and asset purchase programmes, which the Bank carries out with othercentral banks further to the conduct of monetary policy, the Eurosystem has put in place, through its Risk Management Committee (RMC), a framework enabling harmonised risk management throughout the euro area. Thus, the purchase criteria for securities have been harmonised and eligible assets can be used in a non-discriminatory manner. Measures to monitor the credit risks associated with monetary policy operations are also uniform throughout the Eurosystem.

Credit risk in the management of own investment portfolios

To limit credit risk (including migration risk), i.e. the risk of potential losses from default (including debt restructuring) or a deterioration in the creditworthiness of counterparties or issuers, the Bank gives preference to sovereign risk instruments with high credit quality or those backed by collateral and strictly limits other investments, in particular bank deposits. To estimate the credit risk of each issuer or counterparty, the Bank relies in particular on the ratings issued by specialised agencies and on "prediction methods" that take into account developments on certain markets (credit default swaps, probability of default, market value, etc.). The Bank requires the issuers of the instruments in which it invests and the counterparties with which it works to have a good credit rating, and it diversifies its investments wherever possible. For derivatives, counterparty credit risk is limited through the use of central counterparties and/or minimum rating requirements and maturity restrictions. Corporate bonds in own investment portfolios are subject to specific rules (minimum rating, high diversification requirement, etc.), which are reviewed regularly to further limit credit risk and potential losses.

Market risk in the management of own investment portfolios

Market risk (that is, losses that could result from unfavourable fluctuations in exchange rates, asset prices and interest rates) is managed by setting the strategic duration and authorised maximum spread for each internal bond portfolio as part of active management, using the value-at-risk methodology. The Bank also determines the maximum open foreign currency position and the maximum interest rate risk arising from the management of its own investment portfolios.

Liquidity risk in the management of own investment portfolios

To mitigate exchange risk, the Bank finances a proportion of its foreign currency portfolio using repos and swaps. The Bank is thus exposed to specific liquidity (funding) risk (namely, the risk arising from an inability to fund these assets in foreign currencies). In addition, in the conduct of its statutory tasks, the Bank must hold a sufficient volume of liquid assets in foreign currencies, which exposes it to (market) liquidity risk (the risk of not being able to realise the assets at a reasonable price). For these two risks, the Bank has defined minimum ratios to be met by foreign currency portfolios as well as for the financing thereof.

Interest rate risk arising from monetary policy operations and the management of the Bank's own investment portfolios

Of the Bank's sources of revenue, that derived from the issuance of banknotes is traditionally the most important. For central banks, banknotes are a non-interest-bearing liability. As a counterpart, they hold profitable or productive assets. The income from these assets, as well as the income received by the Bank from the assets held as a counterpart to liabilities to credit institutions, as deposits, are pooled at Eurosystem level and redistributed between the national central banks in proportion to their share of the ECB's capital.

As a result of the APP and PEPP, the counterpart to a large proportion of the assets on the Bank's balance sheet is not banknotes but rather other liabilities, such as credit institution current accounts and the deposit facility, which are remunerated at the (positive or negative) short-term rate set by the Governing Council of the ECB. This has led to an increase in longer-term interest rate risk. The interest rate risk arising from the management of own investment portfolios is mitigated by a set of limitations (see "Market risk in the management of own investment portfolios").

Climate-related risk

With regard to the management of climate-related financial risks, the Bank is continuing to implement its policy of integrating ESG criteria into the management of its assets, in accordance with its Sustainable and Responsible Investment Charter.

The market and credit risk of portfolios, as well as foreign exchange liquidity risk, interest rate risk and climate-related risk, are closely monitored. The Bank has risk management procedures that include limitations and criteria to be respected for securities tracked in the integrated portfolio management system; these form the object of regular internal reporting.

Lastly, the Bank limits operational risk by splitting activities related to investment transactions between three separate departments: the Front Office, which is responsible for carrying out transactions, the Back Office, which handles settlement, and the Middle Office, which manages risk.

3.1.2.1.4 Risk assessment

Estimates of financial risks are based primarily on quantitative methods that require certain choices in terms of the assumptions, parameters and scenarios used. These choices in turn are likely to have a substantial impact on the final risk measure. This model risk is managed through (i) regular reassessment in the light of changes in endogenous and exogenous factors, (ii) alignment with the Eurosystem's risk management methods, (iii) analysis of the sensitivity of the results to the choices made, and (iv) validation at the highest level of the proposals drawn up by the Bank's experts.

For the overall assessment of various risks, the Bank uses a number of methods with different parameters, assumptions or scenarios. On the one hand, the Bank adopts a stochastic approach ("expected shortfall") using prudent and consistent parameters whose relevance is periodically adjusted. Secondly, the Bank carries out scenario analyses and stress tests in order to estimate short- and long-term changes in its earnings. These scenarios are prepared by both experts within the Bank and external institutions and are supplemented by sensitivity analyses for the main risk factors. These methods result in an estimate of the Bank's overall financial risk that takes into account the relevant risks and, where appropriate, the sharing of income and risks within the Eurosystem.

These financial risk estimates based on quantitative methods, such as the expected shortfall method, and long-term scenarios and stress tests are used to determine the desired lower limit of reserves. Since the Bank, in accordance with its accounting rules, does not make provision for future losses, the negative (future) impact on reserves must be considered if the baseline scenario, which reflects market expectations, indicates future losses. Consequently, the lower limit and the desired level of the reserves are determined by increasing the amounts at risk – calculated using the abovementioned methods – by the effect that the future losses, as per the baseline scenario, will have on the reserves over a time horizon corresponding to that used for the various risk calculation methods.

3.1.2.2 Non-financial risk management

Second line of defence

The **second line of defence** implements a global risk management framework for the first line of defence, i.e. the Bank's departments, services and units. It also conducts risk analyses and independently ensures the effective and appropriate management of non-financial risks and compliance with laws and regulations.

Three lines of defence

The Bank's framework for the management of non-financial risks is based on three lines of defence.

The first line of defence includes all operational and cross-cutting departments and services, responsible for identifying, assessing and dealing with the risks inherent in their activities. These front-line departments analyse the risks associated with their activities to ensure that they remain within acceptable limits in order to achieve the objectives set.

Secondly, the Bank has a fully-fledged department specialising in non-financial risk management. This department is responsible for implementing and monitoring the non-financial risk management framework. It develops and maintains the various components of the Bank's risk management framework and supports the first line in the management of all non-financial risks, including those related to physical security, business continuity, outsourcing, IT security, information and cyber security, as well as compliance – including with anti-money laundering legislation, the General Data Protection Regulation (GDPR) and the code of ethics.

Finally, the third line of defence is responsible for independently and objectively assessing the effectiveness of the internal controls and, where necessary, making recommendations to strengthen risk management.

In 2023, the Bank continued to develop and expand a major focus area of its non-financial risk management framework. Working closely with other departments, a comprehensive inventory of all operational processes and key sub-processes was drawn up. One of the aims was to examine the impact a serious disruption to one of these processes could have on the Bank's operations and reputation. This exercise makes it possible to set more targeted priorities and allocate resources more efficiently to business critical processes and the associated risks in the context of non-financial risk management. In addition, initial guidance on managing the risks arising from employee use of generative artificial intelligence was developed.

Cybersecurity and business continuity

In terms of cyber security and business continuity, the Bank is continuing to develop and improve its level of maturity and the robustness of its security and prevention rules.

In this context, particular attention was paid to the disruptive impact, be it direct or indirect, of potential cyber-attacks on the Bank, critical service providers and/or critical utilities. In particular, the threat of ransomware attacks was studied. Against this backdrop, an extensive simulation was carried out in 2023 mimicking a ransomware attack and testing internal systems. This exercise was conducted with the support of a number of the Bank's experts and departments.

To keep employees alert to potential cyberthreats and the associated risks, unannounced campaigns are regularly organised in which threats such as phishing emails are imitated in a controlled environment. Employees who fail to react appropriately or who fall into the trap are asked to explain their actions and are required to undergo refresher training and pass a test.

In order to further improve and tailor awareness actions and training to the specific needs of different target groups, such as new arrivals, IT and other experts, and (senior) managers, it was decided to call upon an external company specialising in awareness and training programmes.

In 2023, the Bank's Crisis Management Committee also successfully navigated two real crises.[1] In addition, the Bank organised a three-day conference for Eurosystem central banks on operational risk management (ORM), business continuity management (BCM) and resilience. The conference covered topical issues such as the use of cloud services and their impact on cyber resilience, best practices in this area and protection against cyber threats posed by external service providers.

Update of the information security policy

In the area of information security, there is a clear division of roles and responsibilities between the first and second lines of defence.

To ensure that all employees are fully aware of the rules that need to be observed when it comes to information security, the Bank thoroughly revised its policy on this subject. In particular, the new policy covers in greater detail the protection of personal data in accordance with the GDPR, as well as the handling of sensitive data in workplaces outside the Bank, i.e. when working at home or remotely, given the increased flexibility of work in terms of location and working time.

In addition to ensuring clear governance, properly informed users contribute to better information security. Therefore, the Bank makes awareness materials available online to all employees. In order to adequately address the risks associated with the use and migration of applications and data to the cloud, the cloud risk working group developed guidelines and a decision tree for operational departments. These are used to assess whether, and under which conditions, applications and data can be transferred to the cloud. The guidelines focus in particular on compliance with legislation and the protection of personal data in accordance with the GDPR, as well as the applicable contractual agreements with third parties.

1 A water leak that caused a fire in an electrical system and the attacks on Swedish football fans in the centre of Brussels.

Regular banknote checks

As part of second-line oversight of banknote-related activities, an independent second-line team carries out compliance checks at the Central Cash Office on an ongoing basis in order to detect and avert risks. These include cash inspections, the handling of cash discrepancies and complaints from financial institutions, checks of damaged banknotes, dealing with incorrectly packaged valuables and the offline destruction of valuables, admission tests on BPS (banknotes processing system) machines, checks at suppliers and measures to combat money laundering and the financing of terrorism (AML/CFT). In addition, compliance checks by means of video footage are also carried out to verify that employees are familiar with and apply instructions and procedures.

Second-line oversight in the area of compliance and the GDPR

In accordance with the code of ethics and the GDPR, the Bank's Compliance unit handled a total of 48 questions of interpretation, six requests to authorise financial transactions and 125 declarations of benefits by members of staff and management. In addition, 25 GDPR-related requests were dealt with.

In accordance with the requirements of the GDPR, the consequences of a number new data processing operations likely to give rise to a high risk to privacy were subjected to an impact assessment. To meet the requirements of the framework legislation on the processing of personal data, transfers of personal data to third-party authorities were formalised by means of a protocol published on the Bank's website.

On 1 June 2023, new rules and standards of conduct relating to the Bank's code of ethics entered into force. These implement two ECB guidelines defining the principles of an ethics framework for the Eurosystem and the Single Supervisory Mechanism.

3.1.3 Post-balance-sheet events

There were no post-balance-sheet events with a significant influence on the Bank's financial situation and earnings as at 31 December 2023.

3.1.4 Circumstances that could have a significant influence on the Bank's development

In June 2023, the Governing Council decided to discontinue reinvestments under the APP as from July 2023.

As a result, the APP portfolio decreased and will continue to be reduced due to maturities.

With regard to the Pandemic Emergency Purchase Programme (PEPP), the Governing Council intends to continue to reinvest in full the principal payments on maturing securities in the first half of 2024. It also intends to reduce the PEPP portfolio by an average of € 7.5 billion per month in the second half of 2024 and to cease reinvestment under this programme at the end of the year. In addition, the Governing Council will continue to show flexibility in the reinvestment of maturing redemptions in the PEPP portfolio, in order to counter the pandemic-related risks to the monetary policy transmission mechanism.

Further adjustments to monetary policy are of course possible, particularly taking into account geopolitical uncertainties and their potential impact on inflation in the euro area.

The implications of these decisions could put the Bank's bottom line under pressure.

3.1.5 Research and development

Last year, the Bank made a major contribution to various working groups with other national central banks, including those in the Eurosystem. Research and development activities focused mainly on the provision of services within the Eurosystem, including measures to combat counterfeiting, banknote circulation and the development of new security features. With regard to the latter, the Bank is an active participant in projects focusing on the future renewal of the current series of euro banknotes, on which the ECB has yet to take a final decision regarding the timeline.

3.1.6 Conflict of interests

During the year under review, no member of the Board of Directors had a direct or indirect financial interest conflicting with a decision or transaction falling under the remit of the Board of Directors.

3.1.7 Financial instruments

In managing its portfolios, the Bank uses financial instruments such as (reverse) repurchase agreements, currency and interest rate swaps and futures. Information on this subject is included in the annual accounts, particularly the sections entitled "Accounting principles and valuation rules" (I.3 and I.7) and the notes to the accounts (notes 2, 3, 6, 9, 13, 15, 16, 17, 25, 38 and 39).

For a description of the Bank's financial risk management policy, please refer to point 3.1.2.1.

3.1.8 Expertise and independence of the Audit Committee

The members of the Audit Committee are experts in accountancy and auditing, in view of their training in economics or finance and/or their relevant professional experience in these fields. All members meet the independence criteria mentioned in Article 7:87(1) of the Code of Companies and Associations.

3.1.9 Corporate governance statement

3.1.9.1 Belgian Corporate Governance Code and the Bank's Corporate Governance Charter

For listed companies in Belgium, the Belgian Corporate Governance Code ("the Code") is the reference text on governance. The Code, available at www.corporategovernancecommittee.be, sets out governance principles and guidelines that complement the legislation in force and cannot be interpreted in a manner contrary to the law.

Established in the form of a listed public limited-liability company, the Bank is Belgium's central bank. It forms an integral part of the Eurosystem whose primary aim is the maintenance of price stability. It is also responsible for supervising the financial sector and 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 primacy of the Bank's public interest tasks, the legislature deemed fit to make it subject to a specific statutory framework. Thus, the provisions on public limited-liability companies are applicable to the Bank only by default, i.e. with regard to matters not governed by the Treaty on the Functioning of the European Union, the Protocol on the Statute of the ESCB and the ECB appended to that treaty, or the Bank's Organic Act and articles of association, and provided these provisions do not conflict with the aforementioned standards to which priority is given. Moreover, as a member of the Eurosystem, the Bank is subject to special accounting rules. It also enjoys a special status regarding information disclosure obligations. For instance, the rules on the production and circulation of periodic information do not apply to the Bank.

The Bank's public interest tasks pursuant to its role as a central bank justify a special governance structure, laid down in its Organic Act and articles of association. The specific provisions on arrangements to appoint the members of its organs, the specific composition and 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 public interest tasks assigned to it with due regard for the independence requirements imposed by the TFEU.

This explains why certain provisions of the Code of Companies and Associations do not apply to the Bank. Nevertheless, the Bank considers the system of governance imposed on it by, on the one hand, its Organic Act and articles of association and, on the other hand, EU rules, to be just as exacting as the Code of Companies and Associations, if not more so in some respects.

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

3.1.9.2 Internal control and risk management in connection with the financial reporting process

The financial and non-financial risks associated with the Bank's activities and their management, as well as the organisation of risk management in accordance with the three lines of defence model, are discussed in point 3.1.2 of this report.

The Audit Committee is responsible for monitoring the financial reporting process and ensuring that the main risks, including those relating to compliance with the appliable legislation and rules, are correctly identified, managed and brought to its attention and 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 process 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 the accounting rules drawn up by the Council of Regency, examines proposed changes to those rules and expresses an opinion on this subject. It also assesses the accuracy, exhaustiveness and consistency of the financial information and, in particular, 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 this subject and report back to it.

In accordance with the Protocol on the Statute of the ESCB and of the ECB appended to the Treaty on the Functioning of the European Union, the annual accounts are audited and certified by an independent auditor. The latter reports to the Audit Committee on significant questions that arise in the performance of the statutory audit, particularly significant weaknesses in internal control of financial reporting process. Each year, the auditor must provide the Audit Committee with written confirmation of independence from the Bank and examine with the Audit Committee the potential risks to this independence and the measures taken to mitigate these risks.

3.1.9.3 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, are held by the Belgian State. The remaining 200 000 shares are held by members of the public and listed on Euronext Brussels. With the exception of the shareholding of the Belgian State, the Bank is unaware of any shareholdings representing 5 % or more of the voting rights.

There is no current or planned programme to issue or redeem shares. There are no securities conferring special rights of control. There are no restrictions provided for by law or in the Bank's articles on the exercise of voting rights. However, the Bank's shareholders should be aware of the fact that the powers of the general meeting of shareholders are limited. The general meeting in fact only has the power to elect the regents (from a double list of candidates), to appoint the auditor, to acquaint itself with the annual accounts and the annual report, and to amend the articles based on a proposal by the Council of Regency in cases where the latter does not itself have the power to do so.

The Council of Regency amends the articles in order to bring them into line with the Organic Act and international obligations binding on Belgium. Other amendments to the articles may be made by the general meeting of shareholders further to a proposal by the Council of Regency. The general meeting must be convened for that purpose and can only pass valid resolutions if the proposed amendments are mentioned in the convocation notice and if those shareholders present or represented hold at least half the share capital. If that proportion of the capital is not represented at the first meeting, a second meeting may be called which can adopt resolutions regardless of the proportion of capital present or represented. Amendments to the articles must be approved by a three-quarter majority of the votes attached to all shares present or represented at the general meeting and be approved by royal decree.

The Council of Regency determines the dividend to be paid to shareholders. For more information, see the Bank's reserve and dividend policy (point 3.2.7.3). The dividend is payable on the fourth working day following the annual general meeting.

3.1.9.4 Composition and functioning of the management bodies and other actors

GOVERNOR

The governor is appointed by royal decree for a renewable term of five years. The governor may be removed from office by royal decree only for serious misconduct or if the governor no longer meets the conditions required for the performance of this office. An appeal may be lodged with the Court of Justice of the European Union against such a decision.

Mr Pierre Wunsch was appointed governor effective 2 January 2019.

BOARD OF DIRECTORS

The directors are appointed by royal decree further to a proposal of the Council of Regency, for a renewable term of six years. They may be removed from office by royal decree only if they are found guilty of serious misconduct or no longer meet the conditions required to perform their official duties.

Composition of the Board of Directors as at 31 December 2023:

Member	Position
Pierre Wunsch	Governor
Steven Vanackere	Vice-Governor
Vincent Magnée	Director
Tom Dechaene	Director
Tim Hermans	Director
Géraldine Thiry	Director

The office of treasurer is held by Director Vincent Magnée and that of secretary by Director Tim Hermans.

The curricula vitae of the directors are available on the Bank's website.

The Board of Directors met 47 times in 2023 for central banking matters, 44 times for prudential supervision and 13 times to discuss matters of macroprudential policy. The Board of Directors held 36 physical meetings in the presence of a majority of its members and met 11 times by means of telecommunication.

COUNCIL OF REGENCY

Pursuant to Article 20 of the Organic Act as amended by the Act of 2 May 2019 laying down miscellaneous financial provisions, the Council of Regency is composed of the governor, the directors and fourteen regents. The regents are appointed by the general meeting of shareholders for a renewable term of three years. Two regents are chosen based on a proposal submitted by the most representative labour organisations, three based on a proposal by the most representative organisations from industry and trade, agriculture and small and medium-sized enterprises, and nine based on a proposal of the finance minister. The term of office of the regents ends after the annual general meeting. Grouped departures take place every year, with four members leaving in one year and five members in each of the two following years. A regent appointed to replace a member who has died or resigned serves out the latter's term of office. The representative of the finance minister attends *ex officio* meetings of the Council of Regency.

At the annual general meeting held on 15 May 2023, the terms of office of Ms Estelle Cantillon and Ms Mia De Schamphelaere came to an end, while the terms of office of Ms Claire Tillekaerts, Mr Danny Van Assche, Mr Eric Mathay and Ms Géraldine Van der Stichele were renewed. Ms Griet Smaers and Mr Marc Bourgeois were elected as regents.

Regents as at 31 December 2023:

Ms Claire Tillekaerts, [1] Chair of the Council of Regency
Mr Marc Leemans [2]
Mr Pieter Timmermans [3]
Mr Danny Van Assche [3]
Ms Géraldine Van der Stichele [1]
Mr Thierry Bodson [2]
Ms Louise Fromont [1]
Ms Helga Coppen [1]
Ms Christine Mahy [1]
Mr Lode Ceyssens [3]
Ms Griet Smaers [1]
Mr Marc Bourgeois [1]

1 Regent elected based on a proposal by the finance minister.
2 Regent elected based on a proposal by the most representative labour organisations.
3 Regent elected based on a proposal by the most representative organisations from industry and trade, agriculture and small and medium-sized enterprises.

At 31 December 2023, only 12 of the 14 seats on the Council of Regency were filled due to the resignation of Ms Géraldine Thiry as regent on 3 July 2023 and of Mr Eric Mathay on 8 September 2023. Ms Thiry was appointed to the Bank's Board of Directors on 1 September 2023. These two vacancies will be filled at the annual general meeting of shareholders to be held on 21 May 2024.

The Council of Regency met 24 times in 2023. Its meetings focused in particular on approval of the 2022 annual accounts and annual report, including the remuneration report, and the allocation of the Bank's earnings for the financial year. The Council of Regency approved the Bank's 2024 budget and, after examination by the Audit Committee, established the accounting rules for financial year 2023. It took note of the report on the activities of the Audit Committee. Finally, it exchanged views on general matters relating to the Bank and to the Belgian, European and global economy. The Council of Regency met physically on 21 occasions with a majority of its members present and three times by means of telecommunication.

AUDIT COMMITTEE

The Audit Committee advises the Council of Regency on the monitoring of the financial reporting process and the Board of Directors on the effectiveness of the internal audit process, internal controls and risk management.

The Audit Committee is composed of three regents appointed by the Council of Regency. The representative of the finance minister attends *ex officio* meetings of the Audit Committee.

wMs Griet Smaers, Regent and Chair
Mr Marc Bourgeois, Regent
Ms Helga Coppen, Regent

The Audit Committee met eight times in 2023. At these meetings, it examined the annual accounts and the annual report for 2022. In addition, the Audit Committee took note of the work programme and the work of the internal audit service and verified the external auditor's independence. It also oversaw preparation of the Bank's 2024 budget and issued a positive opinion on the accounting rules for financial year 2023.

REMUNERATION AND APPOINTMENTS COMMITTEE

The Remuneration and Appointments Committee advises the Council of Regency on the remuneration of the directors and regents. It also provides opinions for the attention of the organs and entities responsible for proposing candidates for vacancies on the Board of Directors and the Council of Regency, so as to ensure respect for the applicable statutory, regulatory and ethical rules and the provisions of the Bank's article of association and the balanced composition of the Bank's organs.

The Remuneration and Appointments Committee is composed of three regents appointed by the Council of Regency. The representative of the finance minister attends *ex officio* meetings of the Remuneration and Appointments Committee, while the governor attends in an advisory capacity.

Composition of the Remuneration and Appointments Committee as at 31 December 2023 :

Ms Claire Tillekaerts, Regent and Chair
Mr Pieter Timmermans, Regent
Ms Géraldine Van der Stichele, Regent

The Remuneration and Appointments Committee met four times in 2023. Its meetings are confidential. However, in order to demonstrate proper transparency to the public, the activities and decisions of the Remuneration and Appointments Committee concerning the Bank's remuneration policy and remuneration are described in the remuneration report (see point 3.1.10).

REPRESENTATIVE OF THE FINANCE MINISTER

Pursuant to Article 22 of the Organic Act, the representative of the finance minister attends *ex officio* meetings of the Council of Regency, the Audit Committee and the Remuneration and Appointments Committee. Since 1 October 2012, Mr Hans D'Hondt has served as the representative of the finance minister.

GENERAL MEETING OF SHAREHOLDERS

At the annual general meeting held on 15 May 2023, the vice-governor and Director Tom Dechaene reported on the work and activities carried out in 2022. The members of the Board of Directors answered many questions. Finally, the shareholders present proceeded with the necessary elections to fill the vacancies on the Council of Regency. The minutes of the meeting were published on the Bank's website.

AUDITOR

The accountancy firm KPMG Réviseurs d'entreprises, represented by Mr Olivier Macq, acts as the Bank's auditor. At the annual general meeting of 15 May 2023, KPMG was selected as the Bank's new external auditor for a term of three years.

3.1.9.5 Diversity policy

The Bank strives to support diversity in all its forms and attaches importance to the balanced composition of its management bodies and workforce.

In particular, the Remuneration and Appointments Committee, which is responsible for issuing opinions on appointments, takes diversity into account in its discussions.

Nevertheless, the Bank is bound by specific provisions of its Organic Act and articles of association. Thus, the governor is appointed by royal decree. The other members of the Board of Directors are also appointed by royal decree, further to a proposal by the Council of Regency. The regents are appointed based on a proposal by the finance minister and representatives of civil society. In view of the arrangements for the appointment of the members of its organs, it is therefore not up to the Bank alone to establish and put into practice its diversity policy.

With regard to gender balance, the Bank is obliged to ensure that at least one third of the regents are of the opposite sex from the other members. In addition, if the governor is Dutch-speaking, the regent appointed by royal decree to chair the Council of Regency must be French-speaking, and vice versa, and must be of the opposite sex from the governor.

The Bank has met this statutory obligation, bringing to six the number of female regents. Moreover, Ms Claire Tillekaerts has been appointed chair of the Council of Regency.

3.1.10 Remuneration report

3.1.10.1 Powers and decision-making

The Council of Regency is authorised to define the remuneration policy and the remuneration of the Bank's directors and regents. Members of the Board of Directors do not take part in the discussions or vote on their own remuneration.

The Remuneration and Appointments Committee assists the Council of Regency in the exercise of this power. The committee's role, composition and functioning are detailed in its terms of reference, available on the Bank's website.

The remuneration policy and the remuneration of the directors and regents are set out below.

3.1.10.2 Remuneration policy

GOVERNOR, VICE-GOVERNOR AND DIRECTORS

The purpose of the remuneration policy is to safeguard the Bank's strategy and long-term interests by offering a remuneration package capable of attracting, retaining and motivating experienced directors.

The level of the salaries of the governor, vice-governor and directors was fixed in 1949 by the former General Council. It was also at that time that the ratio of these salaries to the salaries of personnel was defined.

In 2014, in view of the debate on pay in the public sector, the Council of Regency decided to reduce the salaries of the governor, vice-governor and directors by more than 12 % across the board. Despite this straight-line reduction, comparison of the level of the governor's salary showed that it was still high in international terms and that the pay differential between the governor and the directors was relatively large. In November 2020, the Council of Regency therefore decided, at the initiative of the Board of Directors and based on a favourable opinion from the Remuneration and Appointments Committee, to reduce the governor's gross base remuneration by a further 10 % with effect from 2021. The gross base remuneration for the position of vice-governor was cut by 5 %.

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

Since the Bank, in its capacity as a central bank, is unlike other listed companies in that maximising profits is not its primary objective, the remuneration policy does not include financial performance criteria. By the same token, the Organic Act stipulates that the remuneration of the governor, the vice-governor and the directors must not include a profit share. Consequently, their remuneration consists solely of a fixed component, with no variable element. It does not include any bonuses, shares, share options or other rights to acquire shares.

The governor, the vice-governor and the directors hand over to the Bank the remuneration they receive for any external positions held in connection with their role at the Bank. As the sole exception to this rule, the governor may keep the fee he receives as a director of the Bank for International Settlements. Conversely, the provision of the Bank's articles stipulating that the Bank covers the cost of accommodation and furnishings for the governor is not applied.

The governor, the vice-governor and the directors receive no compensation for their duties on the Council of Regency.

The governor, the vice-governor and the directors are prohibited from holding shares issued by the Bank, institutions subject to the Bank's supervision, Belgian institutions subject to supervision by the European Central Bank or foreign institutions established in Belgium subject to supervision by the European Central Bank as well as shares in other companies belonging to groups comprising institutions subject to supervision by the Bank or the European Central Bank as mentioned above, except for shares they already held when taking office. They may trade in such securities only with the prior authorisation of the Board of Directors. When determining whether to grant or refuse such an authorisation, the Board of Directors takes into account 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 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 were to take place. The Board of Directors produces an annual report for the attention of the Council of Regency, describing in general terms the authorisations it has granted or refused. If members of the Board of Directors trade in 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 a supplementary pension in addition to the state pension. The supplementary pension plan is a "defined benefit" plan. The pensions of members of the Board of Directors are subject to the Act of 5 August 1978 on economic and fiscal reforms (the "Wyninckx Act").

Members of the Board of Directors serve for a fixed term. The governor is appointed for a five-year term while the directors are appointed for a six-year term. They may be removed from office by royal decree only if they are found guilty of serious misconduct or no longer fulfil the conditions required for the performance of their duties. Pursuant to Article 26 of the Organic Act, the governor, the vice-governor and the directors may not perform any duties for, or hold a position or office in, institutions subject to the Bank's supervision for a period of one year after leaving office. On the advice of the Remuneration and Appointments Committee, the Council of Regency therefore decided that, as a general rule, a payment equivalent to twelve months' salary can be made to members of the Board of Directors whose term of office is not renewed, provided they are not 67 years of age.

To reflect recent developments at European level, the Council of Regency, acting on a proposal of the Remuneration and Appointments Committee, approved an update to the remuneration policy in January 2023. The new remuneration policy is better aligned with the rules applicable at the ECB [1] and modernises a number of aspects of the previous policy, in particular the conditions applicable to severance pay and the introduction of a system to report activities performed after leaving the Bank.

Under the new remuneration policy, severance is now paid on a monthly basis, with one twelfth of the package paid each month.

The Council of Regency further clarified that severance, in accordance with the abovementioned general rule, can also be paid to a member of the Board of Directors who is removed from office by royal decree at the director's own request or who is unavailable for reappointment upon expiry of the director's term of office. The severance pay of a member of the Board of Directors who has not served at least one full term of office is nevertheless capped at 60 % of the full severance package. The amount of severance pay is determined on a case-by-case basis after consultation with the Remuneration and Appointments Committee, taking into account the effective period in office.

The payment of severance is now independent of the exercise of new activities insofar as these new activities (i) are not in violation of the prohibition provided for by Article 26 of the Organic Act, (ii) comply with the general principles of ethics and integrity, including the duty to avoid conflicts of interest and respect for professional secrecy, and (iii) are not likely to harm the Bank's reputation. In particular, severance may never be combined with a position or office in an entity active in consultancy, lobbying and/or advocacy in the Belgian financial sector during the first six months following the end of the term of office.

If, during the year immediately after leaving office, a member of the Board of Directors engages in paid professional activity that is not in violation of Article 26 of the Organic Act and the preceding paragraph, the net remuneration received for this activity shall be deducted from the severance paid by the Bank. This provision shall not apply to remuneration for activities previously exercised and reported by the director.

Members of the Board of Directors must inform the chairperson of the Council of Regency in writing of their intention to engage in a professional activity during the year following the end of their term of office.

This update provides the Council of Regency with new tools to safeguard the Bank's reputation and integrity, enabling it to verify compliance with the restrictions applicable to outgoing directors.

1 In particular its Code of Conduct for high-level ECB officials (EUR-Lex – 52019XB0308(01) – EN – EUR-Lex (europa.eu)) and its ethics framework (Publications Office (europa.eu)).

REGENTS

The regents receive attendance fees, consisting solely of a fixed component, with no variable portion, for each meeting of the Council of Regency, the Audit Committee and the Remuneration and Appointments Committee actually attended. If a meeting is organised via the written procedure or by means of telecommunication, the attendance fee is paid to those regents who effectively take part in the meeting.

The attendance fees are adjusted annually in line with the health index.

Regents whose place of work is located outside the Brussels metropolitan area receive a travel allowance. The method used to calculate this allowance is in line with the rules of tax law (fixed amount per kilometre). The travel allowance is granted per journey actually made to the Bank's headquarters.

3.1.10.3 Remuneration and other benefits granted

GOVERNOR, VICE-GOVERNOR AND DIRECTORS

The total amount received by the governor, the vice-governor and the directors as remuneration during the last financial year is broken down below.

Last year, the gross salaries amounted to € 534 803 for the position of governor, € 451 611 for the position of vice-governor and € 409 810 for the position of director.

The ratio between the lowest remuneration for staff and a director's salary is 1 to 8.5. The ratio between the lowest remuneration for staff and the governor's salary is 1 to 11.1. The salaries of the governor, vice-governor and directors are adjusted based on the health index. Staff remuneration is adjusted based on the health index and the scale-based promotion system.

As stated above, in November 2020, in view of the relatively large pay differential between the governor and staff, the Council of Regency decided to reduce the governor's gross salary by 10 % as from 2021 and to reduce the gross salary of the vice-governor by 5 % as from 2021. This decision was taken at the initiative of the Board of Directors based on a favourable opinion from the Remuneration and Appointments Committee.

The group insurance policy for members of the Board of Directors includes a pension plan and death cover. The table below shows the insurance premiums paid over the last financial year for each member of the Board of Directors. Variations in the premiums are due to a number of factors, including base remuneration, the length of the individual's terms of office, acquired reserves and the period remaining until retirement age.

Group insurance premium

(in €)

Member	Group insurance premium
Pierre Wunsch	132 174
Steven Vanackere	134 691
Jean Hilgers [1]	22 956
Vincent Magnée	114 508
Tom Dechaene	390 940
Tim Hermans	79 511
Géraldine Thiry [2]	10 147

1 The term of office of Director Hilgers ended on 28 February 2023.
2 The term of office of Director Thiry started on 1 September 2023.

Members of the Board of Directors have a guaranteed income policy covering occupational incapacity (for which the premiums paid last year came to € 48 379) and a policy covering occupational and non-occupational accidents (for which the premiums paid last year amounted to € 6 813). In addition, group health insurance and group directors' liability insurance are also concluded for the Board of Directors. Finally, members of the Board of Directors are provided with a company car. Last year, the value of this benefit in kind came to € 3 309 for the governor and € 13 580 for the other directors jointly.

In accordance with the principles of the Organic Act and the remuneration policy determined by the Council of Regency, no variable remuneration was paid to the governor, the vice-governor and other members of the Board of Directors last year, nor were they granted any shares, share options or other rights to acquire shares. Finally, no severance was paid last year.

The remuneration paid last year conformed to the decisions of the General Council and the Council of Regency mentioned in point 3.1.10.2. As explained above, the remuneration policy does not include any financial performance criteria.

In accordance with the remuneration policy laid out above, severance of € 329 835.56 was paid to Director Jean Hilgers in 2023.

Severance, equal to 12 months' salary, is being paid on a monthly basis to Director Jean Hilgers following the end of his term of office on 28 February 2023, until 29 February 2024. The total severance pay for Director Hilgers amounts to € 395 802.67 and includes the various components of remuneration described above, with the exception of the group insurance premium and the directors' liability insurance given that his term of office has ended.

The remuneration received by Director Hilgers for new professional activities is deducted from the amount paid to him by the Bank.

REGENTS

Last year, the attendance fee for meetings of the Council of Regency, the Audit Committee and the Remuneration and Appointments Committee amounted to € 641 gross per meeting. This amount has remained unchanged for the past five years, but is indexed so the figures are as follows: € 545 in 2019, € 549 in 2020, € 554 in 2021, € 576 in 2022 and € 641 in 2023.

In 2023, the following fees were paid for attendance of meetings of the Council of Regency, the Audit Committee and the Remuneration and Appointments Committee (in alphabetical order, excluding travel allowances):

3.1.11 Non-financial statement

The non-financial statement is set out in chapter 2 of this report, in the section entitled "TBC" (see p. 105).

In particular:
- see section II ("Environment") for information on environmental issues;

(number of meetings, unless otherwise stated)

Member	Council of Regency	Audit Committee	Remuneration and Appointments Committee	Total number of meetings	Total remuneration (in €)
Thierry Bodson	18	–	–	18	11 538
Marc Bourgeois [1]	13	4	–	17	10 897
Estelle Cantillon [2]	9	–	–	9	5 769
Lode Ceyssens	13	–	–	13	8 333
Helga Coppen [3]	19	2	–	21	13 461
Mia De Schamphelaere [4]	11	3	–	14	8 974
Louise Fromont	14	–	–	14	8 974
Marc Leemans	16	–	–	16	10 256
Christine Mahy	11	–	–	11	7 051
Eric Mathay † [5]	15	4	–	19	12 179
Griet Smaers [6]	11	5	–	16	10 256
Géraldine Thiry [7]	2	3	–	5	3 205
Claire Tillekaerts	23	–	4	27	17 307
Pieter Timmermans	22	–	4	26	16 666
Danny Van Assche	18	–	–	18	11 538
Géraldine Van der Stichele	20	–	3	23	14 743

1 Regent as from 15 May 2023 and member of the Audit Committee as from 12 July 2023.
2 Regent and member of the Audit Committee until 15 May 2023.
3 Member of the Audit Committee as from 4 October 2023.
4 Regent and member of the Audit Committee until 15 May 2023.
5 Regent and member of the Audit Committee until 8 September 2023.
6 Regent as from 15 May 2023 and member of the Audit Committee as from 21 June 2023.
7 Regent and member of the Audit Committee until 3 July 2023.

- see section III (“Social”) for information on social and personnel issues as well as respect for human rights;
- see section IV (“Governance”) for information on the fight against corruption.

3.1.12 Branches

The Bank has no branches.

Council of Regency

Claire Tillekaerts
Regent
President

Marc Leemans
Regent

Pieter Timmermans
Regent

Danny Van Assche
Regent

Géraldine Van der Stichele
Regent

Thierry Bodson
Regent

Louise Fromont
Regent

Helga Coppen
Regent

Christine Mahy
Regent

Lode Ceyssens
Regent

Griet Smaers
Regent

Marc Bourgeois
Regent

Pierre Wunsch
Governor

Steven Vanackere
Vice-Governor

Vincent Magnée
Director
Treasurer

Tom Dechaene
Director

Tim Hermans
Director
Secretary

Géraldine Thiry
Director

Hans D'Hondt
Representative of the Minister of Finance

* As at 31 December 2023, only 12 of the 14 seats on the Council of Regency were filled owing to the resignation of Ms Géraldine Thiry, effective 3 July 2023, and of Mr Eric Mathay, effective 8 September 2023. Ms Thiry was appointed to the Bank's Board of Directors on 1 September 2023. Both vacancies will be filled at the general meeting of shareholders to be held on 21 May 2024.

3.2 Annual accounts

3.2.1 Balance Sheet

(before allocation of the profit or loss)

Assets

(end-of-period data, in € thousand)

	See note below	2023	2022
1. Gold and gold receivables	1	13 655 980	12 473 379
2. Claims on non-euro area residents denominated in foreign currency	2	24 028 269	26 908 048
2.1 Receivables from the IMF		15 844 853	15 917 080
2.2 Balances with banks and security investments, external loans and other external assets		8 183 416	10 990 968
3. Claims on euro area residents denominated in foreign currency	3	263 749	284 018
4. Claims on non-euro area residents denominated in euro	4	30	24
5. Lending to euro area credit institutions related to monetary policy operations denominated in euro	5	8 998 300	48 986 510
5.1 Main refinancing operations		80 000	50 000
5.2 Longer-term refinancing operations		8 918 300	48 936 510
5.3 Fine-tuning reverse operations		–	–
5.4 Structural reverse operations		–	–
5.5 Marginal lending facility		–	–
5.6 Credits related to margin calls		–	–
6. Other claims on euro area credit institutions denominated in euro	6	328 669	901 624
7. Securities of euro area residents denominated in euro	7	223 492 235	232 279 769
7.1 Securities held for monetary policy purposes		221 117 685	229 355 020
7.2 Other securities		2 374 550	2 924 749
8. Intra-Eurosystem claims	8	2 028 933	6 065 549
8.1 Participating interest in ECB capital		380 551	380 551
8.2 Claims equivalent to the transfer of foreign currency reserves		1 469 828	1 469 828
8.3 Net claims related to the allocation of euro banknotes within the Eurosystem		–	4 215 170
8.4 Other claims within the Eurosystem (net)		178 554	–
9. Other assets	9	10 206 124	10 503 476
9.1 Coins of euro area		6 589	7 734
9.2 Tangible and intangible fixed assets		494 794	440 936
9.3 Other financial assets		6 772 075	7 493 799
9.4 Off-balance-sheet instruments revaluation differences		89 775	156 050
9.5 Accruals and prepaid expenditure		2 723 564	2 330 968
9.6 Sundry		119 327	73 989
10. Loss for the year	10	3 370 413	579 593
Total assets		286 372 702	338 981 990

Liabilities
(end-of-period data, in € thousand)

	See note below	2023	2022
1. Banknotes in circulation	11	52 110 298	52 694 546
2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	12	192 575 662	212 455 590
2.1 Current accounts (covering the minimum reserve system)		8 592 836	7 014 103
2.2 Deposit facility		183 982 826	205 441 487
2.3 Fixed-term deposits		–	–
2.4 Fine-tuning reverse operations		–	–
2.5 Deposits related to margin calls		–	–
3. Other liabilities to euro area credit institutions denominated in euro	13	983 721	1 401 357
4. Liabilities to other euro area residents denominated in euro	14	1 116 908	4 299 060
4.1 General government		699 985	3 641 859
4.2 Other liabilities		416 923	657 201
5. Liabilities to non-euro area residents denominated in euro	15	812 143	3 650 731
6. Liabilities to euro area residents denominated in foreign currency	16	3 879 638	2 061 223
7. Liabilities to non-euro area residents denominated in foreign currency	17	645 249	2 626 570
8. Counterpart of special drawing rights allocated by the IMF	18	12 725 597	13 102 434
9. Intra-Eurosystem liabilities	19	229 779	25 019 859
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		229 779	–
9.3 Other liabilities within the Eurosystem (net)		–	25 019 859
10. Other liabilities	20	740 583	1 767 750
10.1 Off-balance-sheet instruments revaluation differences		–	–
10.2 Accruals and income collected in advance		217 212	1 050 188
10.3 Sundry		523 371	717 562
11. Provisions	21	1 551	–
11.1 For future exchange losses		–	–
11.2 For new premises		–	–
11.3 For contingencies		–	–
11.4 In respect of monetary policy operations		1 551	–
12. Revaluation accounts	22	13 714 283	12 492 431
13. Capital, reserve fund and available reserve	23	6 837 290	7 410 439
13.1 Capital		10 000	10 000
13.2 Reserve fund:			
Statutory reserve		1 168 694	1 168 694
Extraordinary reserve		1 153 603	1 153 603
Depreciation accounts in respect of tangible and intangible fixed assets		330 183	323 139
13.3 Available reserve		4 174 810	4 755 003
14. Profit for the year	24	–	–
Total liabilities		286 372 702	338 981 990

3.2.2 Profit and loss account

(end-of-period data, in € thousand)

	See note below	2023	2022
1. Net interest income	25	–4 036 184	578 629
1.1 Interest income [1]		4 934 620	1 788 508
1.2 Interest expense [1, 2]		–8 970 804	–1 209 879
2. Net result of financial operations, write-downs and provisions	26	41 234	–344 574
2.1 Realised gains/losses arising from financial operations [1, 2]		52 195	–20 278
2.2 Write-downs on financial assets and positions [2]		–10 961	–324 296
2.3 Transfer to/from provisions		–	–
3. Net income/expense from fees and commissions	27	–2 256	–1 596
3.1 Fees and commissions income		8 944	10 940
3.2 Fees and commissions expense		–11 200	–12 536
4. Income from equity shares and participating interests [1]	28	52 240	43 477
5. Net result of pooling of monetary income	29	949 469	–585 046
6. Other income [1]	30	218 398	187 327
7. Staff costs	31	–451 341	–319 980
8. Administrative expenses [1]	32	–120 397	–105 196
9. Depreciation of tangible and intangible fixed assets	33	–12 509	–14 990
10. Banknote production services	34	–9 066	–18 163
11. Other expenses	35	0	0
12. Corporate tax	36	–1	519
Profit / Loss (–) for the year		–3 370 413	–579 593

1 Of which proceeds from statutory investments and similar:			
1.1 Interest income		71 621	83 413
1.2 Interest expense		–1 087	105
2.1 Realised gains/losses arising from financial operations		–321	507
4. Income from equity shares and participating interests		17 432	17 435
6. Other income: Proceeds from sale of real estate		–	–
8. Administrative expenses: Costs related to the sale of real estate		–	–
Immovable replacement investments (not taken into consideration in the profit en loss account)		–	–
Total		87 645	101 461

2 Of which due to (–) / by (+) the State:			
1.2 Interest expense		–24 442	–24 442
2.1 Realised gains/losses arising from financial operations		24 091	33 107
2.2 Write-downs on financial assets and positions		364	–
Total		13	8 665

3.2.3 Allocation of the profit or loss

(in € thousand)

	See note below	2023	2022
Profit for the year	37	–	–
The annual profits shall be distributed as follows, in accordance with Article 32 of the Organic Act:			
1. A first dividend of 6 % of the capital shall be 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, shall be allocated to the reserve fund or to the available reserve		–	–
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		–	–
4. The balance shall be allocated to the State; it shall be exempted from corporate tax		–	–
Loss for the year	37	–3 370 413	–579 593
In accordance with the reserve policy, the negative result for the financial year is first charged to the available reserve; then, if necessary, it is covered by the reserve fund:			
1. Withdrawal from the available reserve		–3 371 013	–580 193
2. Withdrawal from the reserve fund		0	0
In accordance with the dividend policy:			
3. A first dividend[1] of € 1.50 euro per share (6 % of the capital) is allocated to shareholders		600	600
4. A second dividend is allocated to the shareholders[2], set by the Council of Regency, at a minimum of 50 % of the net proceeds of the assets that form the counterpart to the reserve fund and the available reserve		0	0

1 Guaranteed by both the available reserve and the reserve fund.
2 Unless a withdrawal from the available reserve would reduce the reserves to a level insufficient to cover the estimated risks.

3.2.4 Dividend per share

(in €)

	2023	2022
Gross dividend	1.50	1.50
Withholding tax	0.45	0.45
Net dividend	1.05	1.05

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

3.2.5 Off-Balance-Sheet Items

(end-of-period data, in € thousand)

	See note below	2023	2022
Forward transactions in foreign currencies and in euro	38		
Forward claims		4 971 911	8 118 481
Forward liabilities		4 894 396	7 991 218
Forward transactions on interest rate and fixed-income securities	39	111 493	510 032
Liabilities which could lead to a credit risk	40		
Commitments to make funds available within the framework of loans to the IMF		67 000	0
Commitments towards international institutions		15 998 224	15 617 691
Commitments towards other institutions		1 247 168	763 276
Valuables and claims entrusted to the institution	41		
For encashment		–	–
Assets managed on behalf of the Treasury		394 724	212 866
Assets managed on behalf of the ECB		2 071 782	2 102 822
Custody deposits		1 002 386 826	970 131 268
Capital to be paid up on participations	42	228 400	235 163

3.2.6 Social Balance Sheet

Numbers of the joint committees under which the company falls: 325

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	1 665.40	1 099.10	566.30
Part-time	332.30	99.60	232.70
Total in full-time equivalents (FTE)	1 902.66	1 170.90	731.76
b. Number of hours actually worked			
Full-time	2 204 512.00	1 477 550.00	726 962.00
Part-time	285 200.00	87 845.00	197 355.00
Total	2 487 256.70	1 565 077.00	922 179.70
c. Staff costs (in €)			
Full-time	386 408 167.40	269 734 163.85	116 674 003.55
Part-time	48 997 137.94	15 492 095.58	33 505 042.36
Total	435 405 305.34	285 226 259.43	150 179 045.91
d. Amount of benefits additional to wages	3 125 840.29	2 047 682.29	1 078 158.00
2. During the previous financial year			
Average number of workers in FTEs	1 968.66	1 223.40	745.26
Number of hours actually worked	2 621 197.10	1 659 495.00	961 702.10
Staff costs (in €)	300 897 017.37	199 013 287.29	101 883 730.08
Amount of benefits additional to wages (in €)	2 697 111.14	1 783 869.31	913 241.83

	Full-time	Part-time	Total in full-time equivalents
3. On the balance sheet date			
a. Number of workers	1 666	313	1 889.86
b. By type of employment contract			
Permanent contract	1 589	308	1 809.56
Fixed-term contract	77	5	80.30
Contract for a specific project	–	–	–
Substitution contract	–	–	–
c. By gender and level of education			
Men	1 100	92	1 165.80
Elementary	45	13	54.00
Secondary	217	29	236.80
Higher non-university	317	24	335.10
University	521	26	539.90
Women	566	221	724.06
Elementary	29	31	49.36
Secondary	86	66	131.80
Higher non-university	181	71	233.30
University	270	53	309.60
d. By occupational category			
Management staff	20	0	20.00
Clerical workers	1 646	313	1 869.86
Manual workers	–	–	–
Other	–	–	–

B. Agency staff and persons on secondment

	Agency staff	Persons on secondment
During the financial year		
Average number of persons employed	1.85	–
Number of hours actually worked	3 650.33	–
Costs to the enterprise (in €)	66 843.00	–

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	**176**	**10**	**183.10**
b. By type of employment contract			
Permanent contract	108	5	112.00
Fixed-term contract	68	5	71.10
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	**182**	**53**	**220.50**
b. By type of employment contract			
Permanent contract	126	49	161.70
Fixed-term contract	56	4	58.80
Contract for a specific project	–	–	–
Substitution contract	–	–	–
c. By reason for termination of contract			
Retirement	106	46	139.60
Unemployment with company supplement	–	–	–
Redundancy	10	2	11.60
Other reason	66	5	69.30
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	964	639
Number of hours of training completed	27 522.52	21 657.26
Net cost to the enterprise (in €)	6 770 777.42	5 327 873.81
of which :		
Gross cost directly relating to training	6 770 777.42	5 327 873.81
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	1 108	706
Number of hours of training completed	22 484.91	13 511.61
Net cost to the enterprise (in €)	3 935 983.50	2 365 207.33
3. Basic vocational training at the employer's expense		
Number of workers concerned	–	–
Number of hours of training completed	–	–
Net cost to the enterprise	–	–

3.2.7 Notes to the annual accounts

3.2.7.1 Legal framework

The annual accounts are drawn up in accordance with Article 33 of the Act 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 Act and the mandatory rules established 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° otherwise in accordance with the rules laid down by the Council of Regency.

Articles 2 to 4, 6 to 9 and 16 of the Act 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."

In accordance with Articles 11 and 12 of the Act of 17 July 2013 inserting Book III "Freedom of establishment, freedom to provide services, and general obligations of undertakings" in the Code of Economic Law and inserting the definitions and implementing provisions specific to Book III in Books I and XV of the Code of Economic Law, this provision should be read as follows: *"Articles III.82 to III.84, III.86 to III.89 and XV.75 of the Code of Economic Law and their implementing decrees shall apply to the Bank with the exception of the decrees implementing the seventh paragraph of Article III.84 and Article III.89 §2."*

The mandatory rules referred to in Article 33(1) are defined in the Guideline of the ECB of 3 November 2016 on the legal framework for accounting and financial reporting in the ESCB (recast) (ECB/2016/34), OJ L347 of 20 December 2016, as amended by the Guideline of 28 November 2019 (ECB/2019/34), OJ L332 of 23 December 2019, and the Guideline of 11 November 2021 (ECB/2021/51), OJ L419 of 24 November 2021.

The accounts are prepared on a going concern basis, in accordance with Article 4 of the abovementioned ECB Guideline.[1]

In accordance with Article 20 §4 of the Organic Act, the Council of Regency approves the expenditure budget and the annual accounts presented by the Board of Directors. It also finally approves the allocation of profits proposed by the Board of Directors.

The accounts for the financial year under review have been drawn up in accordance with the abovementioned Article 33, in accordance with the format and accounting rules approved by the Council of Regency on 6 December 2023. The accounting rules for the following items have been amended: point 3.2.7.2.II.4 (addition of the new agreement with the Belgian State on interest-bearing deposits). For the sake of clarity, a new point 3.2.7.2.III.7 (funding of the pension plan)[2] has been inserted and certain other subparagraphs have been amended, it being noted that these modifications do not constitute changes to the accounting principles or valuation rules.

The accounts are presented in thousands of euros unless otherwise stated.

3.2.7.2 Accounting principles and valuation rules

I. MANDATORY ACCOUNTING RULES PURSUANT TO THE ESCB/ECB STATUTE

The accounts, which are drawn up on a historical cost basis, are adjusted to reflect the valuation at market prices of marketable instruments (other than the statutory portfolio, held-to-maturity portfolios, and portfolios held for monetary policy purposes), gold and all other items denominated in foreign currencies, both on and off balance sheet.

Spot and forward foreign exchange transactions are recorded off balance sheet on the contract date and on balance sheet on the settlement date.

1 For the sake of completeness, it should be noted that a central bank can, if necessary, continue to operate with a negative capital position without jeopardising the continuity of its operations.
2 The numbering of points 7 to 10 (corporate tax, calculation of the second dividend, allocation in the event of a loss, off-balance-sheet items) has been changed accordingly.

1. Assets and liabilities in gold and foreign currencies

The Belgian State's official gold and foreign exchange reserves, which are presented 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 prevailing on the balance sheet date.

Foreign currencies are revalued on a currency-by-currency basis ; both on-balance-sheet and off-balance-sheet items are revalued.

The revaluation of securities at market price is treated separately from the revaluation of foreign currencies at market (exchange) rates.

2. Securities

Fixed-income marketable securities (excluding those in the statutory portfolio, those held to maturity (HTM), and those held for monetary policy purposes) are valued at the market price prevailing on the balance sheet date (MTM). The revaluation of securities is done line by line.

The held-to-maturity (HTM) portfolios consist exclusively of fixed- or determinable-income securities and fixed-term securities which the Bank expressly intends to hold to maturity. These securities are treated as a separate portfolio and valued at amortised cost.

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

Securities valued at amortised cost may be subject to impairment.[1]

Marketable investment funds are valued at the market price prevailing on the balance sheet date. These funds are revalued on a net basis rather than on the basis of the underlying assets if they meet certain criteria,[2] without netting between the various funds.

3. Repurchase and reverse repurchase agreements

A repurchase agreement is a sale of securities in which the transferor expressly undertakes to repurchase the securities 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 its balance sheet, the liquidity received as a debt to the transferee and values the transferred securities in accordance with the accounting rules applicable to the securities portfolio in which they are held.

The transferee, for its part, records on the assets side of its balance sheet a claim against the transferor corresponding to the amount paid, while the securities acquired are not recorded on balance sheet but rather off balance sheet.

The Bank considers the abovementioned transactions to constitute a repurchase agreement or a reverse repurchase agreement, depending on whether it acts as the transferor or transferee of the securities.

Repurchase agreement and reverse repurchase agreement transactions denominated in foreign currencies have no effect on the position in the currency in question.

4. Share of the ECB's capital

Pursuant to Article 28 of the Statute of the ESCB and of the ECB, the national central banks (NCBs) are the sole subscribers to the ECB's capital. Shares depend on the ECB's capital 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 that have adopted the euro, which together comprise the Eurosystem, issue euro banknotes.[3] The total value of the euro banknotes in circulation is allocated on the

1 Due to a permanent loss of value following a credit event.
2 These criteria are defined in Article 11a of the ECB Guideline of 3 November 2016, amended by the Guideline of 28 November 2019 (ECB/2019/34), OJ L332 of 23 December 2019, and the Guideline of 11 November 2021 (ECB/2021/51), OJ L419 of 24 November 2021.

3 Decision of the ECB of 13 December 2010 on the issue of euro banknotes (recast) (ECB/2010/29, OJ L35 of 09 February 2011), as amended by the Decision of 27 November 2014 (ECB/2014/49, OJ L50 of 21 February 2015) and by the Decision of 22 January 2020 (ECB/2020/7, OJ L27 of 1 February 2020).

last working day of each month in accordance with the banknote allocation key.

Of the total value of the euro banknotes in circulation, 8 % is allocated to the ECB, while the remaining 92 % is allocated to the NCBs based on their paid-up share of the ECB's capital. The share allocated to each NCB is included on the liabilities side of its balance sheet, under the 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 actually put into circulation by each NCB gives rise to intra-Eurosystem balances. These claims or liabilities, which bear interest, are disclosed under the sub-item "Net claims/liabilities related to the allocation of euro banknotes within the Eurosystem" under item 8.3 on the assets side or item 9.2 on the liabilities side of the balance sheet.

6. Recognition of profit and loss

6.1 Profits and losses are recognised 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 carried to the profit and loss (P&L) account;
- at the end of the year, positive revaluation differences (on securities and foreign reserves) are not booked as income but rather in the revaluation accounts on the liabilities side of the balance sheet;
- negative revaluation differences are first deducted from the corresponding revaluation account, with any remainder carried to the income statement;
- these losses carried to the income statement are not netted against any positive revaluation differences in subsequent years, nor are negative revaluation differences on a given security, currency or gold asset netted against positive revaluation differences on other securities, currencies or gold assets;
- for gold, no distinction is made between revaluation differences in the price of gold and those in the currency in which the price is denominated;
- in order to calculate the acquisition cost of securities or currencies sold, the average cost method is applied on a daily basis; at the end of the year, if any negative revaluation differences are carried to the income statement, the average cost price of the asset in question (gold, currency or securities) is reduced to the level of the current exchange rate or market price.

6.2 Premiums or discounts arising from the difference between the average acquisition cost and the redemption price of securities are treated as interest income and amortised over the remaining life of the line of securities in question.

6.3 Interest accrued but not yet due which influences foreign exchange positions is recorded daily and converted at the exchange rate prevailing on the recognition date.

6.4 The monetary income of each NCB in the Eurosystem is determined by calculating the effective annual income from the earmarkable assets held as a counterpart to the liability items which serve as the basis for their calculation. This basis is composed of the following items:
- banknotes in circulation;
- liabilities to euro area credit institutions related to monetary policy operations denominated in euro;
- net intra-Eurosystem liabilities resulting from TARGET transactions;
- net intra-Eurosystem liabilities arising from the allocation of euro banknotes in the Eurosystem;
- accrued interest on monetary policy liabilities with a maturity of one year or longer.

Any interest on liabilities is included in the calculation basis for the monetary income pooled by each NCB.

Earmarkable assets consist of the following items:
- lending to euro area credit institutions related to monetary policy operations denominated in euro;
- intra-Eurosystem claims for the transfer of foreign reserve assets to the ECB;
- net intra-Eurosystem claims resulting from TARGET transactions;
- claims resulting from the allocation of euro banknotes in the Eurosystem;
- securities held for monetary policy purposes;
- a limited amount of each NCB's gold holdings, in proportion to its subscribed capital key; gold is considered to generate no income;

- accrued interest on monetary policy assets with a maturity of one year or longer;
- accrued interest on impaired securities held for monetary policy purposes;
- claims on central banks not belonging to the Eurosystem and relating to liquidity-providing transactions.

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

6.5 The ECB's income arising from the 8 % share of euro banknotes allocated to it and from purchases of securities for its monetary policy portfolios (under the SMP, CBPP3, ABSPP, PSPP and PEPP) is payable to the NCBs in the financial year in which it is generated. The ECB distributes this income to the NCBs in January of the next financial year. Th income is distributed in full 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 this 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 foreign exchange gains and losses.

For 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 do not affect the "Revaluation accounts" item on the liabilities side of the balance sheet.

Interest-rate swaps and futures are revalued on a line-by-line basis and booked under off-balance-sheet items. For futures, daily margin calls are booked on the income statement and influence the currency position.

Gains and losses arising from off-balance-sheet instruments are recognised and treated in the same way as those relating to on-balance-sheet instruments. In particular, differences between the spot and forward prices of currency swaps (premiums or discounts) are treated as interest income and recorded in the same way as interest on on-balance-sheet instruments.

8. Post balance sheet events

Assets and liabilities are adjusted to take into account information obtained between the balance sheet date and the closing date of the annual accounts by the Bank's Board of Directors, if the information has a significant impact on the asset and liability items on the balance sheet at the balance sheet date. Otherwise, it is mentioned in the notes, with no adjustment made to the accounts, if the information is such that its omission would affect the ability of readers of the annual accounts to form their own assessments and take decisions.

II. RULES PURSUANT TO THE ORGANIC ACT, LAWS, THE BANK'S ARTICLES OF ASSOCIATION AND AGREEMENTS

1. Gold and gold receivables

The capital gains realised by the Bank on arbitrage between gold and other foreign reserve components are booked in a special unavailable reserve account in accordance with Article 30 of the Organic Act and Article 54 of the Bank's articles of association. This account appears under item 10.3 "Sundry" on the liabilities side of the balance sheet.

2. IMF transactions

Pursuant to Article 1 of the agreement of 14 January 1999 between the Belgian State and the

1 Decision of the ECB of 3 November 2016 on the allocation of monetary income of the national central banks of Member States whose currency is the euro (recast) (ECB/2016/36, OJ L347 of 20 December 2016), as amended by the Decision of 12 November 2020 (ECB/2020/55, OJ L390 of 20 November 2020).
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), as amended by the Decision of 2 July 2015 (ECB/2015/25, OJ L193 of 21/07/2015) and by the Decision of 12 November 2020 (ECB/2020/56, OJ L 390 of 20 November 2020).

Bank determining certain procedures for the implementation of Article 9 of the Organic Act, the Bank books the rights that the State holds as a member of the IMF in its accounts as owns assets. Article 9(2) of the Organic Act stipulates moreover that the State shall guarantee the Bank against any losses as well as the repayment of any loans granted by the Bank in the context of these transactions.

3. Loans granted and other transactions related to financial stability

Pursuant to Article 9(2) of the Organic Act, the State guaranteed to reimburse any loans granted by the Bank in connection with its contribution to the stability of the financial system and any losses sustained as a result of any transactions necessary to this end.

However, given that such an automatic State guarantee would cause, according to the European Commission, the provision of emergency liquidity to be classified as State aid – which could restrict the Bank's ability to perform its role as lender of last resort – this provision was repealed.[1] In the event of a sudden crisis on the financial markets or a serious threat of a systemic crisis, it is still possible – at the Bank's recommendation – to grant the Bank an *ad hoc* guarantee via a royal decree deliberated in the Council of Ministers on the basis of Article 36/24 §1(2) of the Organic Act.

4. Treasury's current account

Pursuant to an agreement of 3 May 2023, the end-of-day credit balance of the Treasury's current account at the close of TARGET is remunerated at the euro short-term rate (€STR) less 20 basis points.

5. Capital, reserve fund and available reserve

5.1 Capital

Pursuant to Article 4 of the Organic Act, the share capital, totalling €10 million, is represented by 400 000 shares, without par (i.e. 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, as provided for by Article 31 of the Organic Act, consists of the statutory reserve, the extraordinary reserve and the depreciation accounts.

It is intended to be used to:
1° compensate for losses in the share capital;
2° supplement any shortfall in the annual profits, up to a dividend of 6 % of the capital.

Upon expiry 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 amongst all shareholders.[2]

5.3 Available reserve

The available reserve, provided for by Article 32 of the Organic Act may, by way of a decision of the Council of Regency, be used to offset losses or to pay the dividend.

6. Recognition of profit or losses

6.1 Income assigned in full to the State

Pursuant to Article 30 of the Organic Act, the net income from the assets that form the counterpart to the capital gains realised by the Bank through arbitrage in gold assets against other foreign reserve components, booked in a special unavailable reserve account, is assigned to the State. The implementing procedures for these provisions are governed by an agreement dated 30 June 2005 between the State and the Bank, published in the *Moniteur belge/Belgisch Staatsblad* on 5 August 2005, and an amendment thereto

1 Act of 18 December 2016 on the recognition and definition of crowdfunding, and laying down miscellaneous provisions concerning financing (Article 76), Moniteur belge/Belgisch Staatsblad of 20 December 2016.

2 Pursuant to Article 141 §9 of the Act of 2 August 2002 on the supervision of the financial sector and on financial services, Article 31(2) of the Act 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).

dated 10 July 2009, published in the *Moniteur belge/ Belgisch Staatsblad* on 17 July 2009.

In addition, the Bank pays annually to the Treasury, in accordance with the Act of 2 January 1991 on the market in public debt securities and monetary policy instruments, a sum of €24.4 million to offset the additional expenses resulting for the State 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

Pursuant to Article 9 of the Organic Act, international monetary cooperation agreements or transactions which the Bank carries out on behalf of the State or with the latter's express consent 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 Act, capital gains realised on the sale of gold with a view to issuance by the State of numismatic or commemorative coins are remitted to the State. These sales may not exceed 2.75 % of the weight of gold in the assets of the Bank on 1 January 1987.

7. Allocation of profits [1]

Pursuant to Article 32 of the Organic Act, the profits for the year are allocated as follows:

1. a first dividend of 6 % of the capital is allocated to the shareholders;
2. from the remainder, 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 remainder, a second dividend, established by the Council of Regency, is allocated to the shareholders, representing at least 50 % of the net income from the assets that form the counterpart to the reserve fund and the available reserve;
4. the balance is allocated to the State and is exempt from corporate tax.

1 The appropriation of earnings in the event of a loss (negative earnings) is explained under point 3.2.7.2.III.9.

III. ACCOUNTING RULES ESTABLISHED BY THE COUNCIL OF REGENCY

1. Holdings in the statutory investment portfolio

The Bank's holdings in the form of shares representing the capital of various institutions are recorded on the balance sheet at their acquisition price, as recommended by the aforementioned ECB Guideline.

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

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

3. Ceiling on the portfolio of statutory investments

The ceiling on statutory portfolio investments is determined annually at the time of the final allocation of profits. It is equal to the sum of the following items:

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

Statutory portfolio investments are valued based on the principles described under points 1 and 2 above.

4. Transfer of securities between portfolios

Transfers of securities between portfolios subject to different accounting rules are carried out at market price.

5. Tangible and intangible fixed assets

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

Buildings under construction are booked at the cost actually paid.

Property, plant and equipment, and intangible fixed assets, including ancillary costs, with a finite economic life are depreciated over the probable economic life accepted for tax purposes, for acquisitions from financial year 2009. Depreciation begins the month following effective commissioning. If there is a change in the probable economic life of property, plant and equipment, or intangible fixed assets, accelerated depreciation is recorded.

Economic life of the main items:

■ land	unlimited
■ buildings	34 years
■ renovations	10 years
■ furnishings/fittings	10 years
■ software	5 years
■ machinery	5 years
■ security work	3 years
■ hardware	3 years
■ improvements to property held for lease	no more than the duration of the lease

6. Stocks

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

7. Funding of the pension plan

The funding of the defined benefit pension plan, from which some of the Bank's staff benefit, is the subject of regular studies by actuaries using the aggregate cost method, an actuarial method that compares the present value of pension entitlements over the entire career of the staff members concerned, calculated on an individual basis and then aggregated, with the value of the assets managed under the plan. The negative difference is compared to the present value of future salaries to determine a funding rate, which is applied each year to the total payroll. This method makes it possible to smooth the cost of pensions and spread it over the entire career of staff members, by means of annual payments. No provision is made for this on the liabilities side of the balance sheet. If necessary, exceptional payments may be made to take into account one-off factors, such as a very sharp rise in inflation which, for a defined benefit plan, has an impact throughout the staff member's career, unlike under a defined contribution plan where the impact is only felt on future contributions.

Since 1 January 2017, new hires have benefited from a defined contribution plan, to which the Bank pays in a percentage of the remuneration of each staff member affiliated to the plan.

8. Corporate tax

Pursuant to Article 32 of the Organic Act, the balance of profit for the financial year allocated to the State, after 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 profit share accruing to the State is deducted from the profits for the financial year.

Tax adjustments for preceding financial years, regardless of whether they were positive or negative, are taken into account when calculating the average tax rate.

9. Calculation of the second dividend

The net income from the assets defined in Article 32(3) of the Organic Act is equal to the gross income after deduction of the tax due, calculated at the average tax rate defined in point 7 above.

The gross income is equal to the income from statutory portfolio investments, excluding that generated by the capital which is remunerated by the first dividend.

10. Allocation of losses

In the event of a loss, it is first charged to the available reserve in accordance with the reserve policy. Subsequently, if necessary, it is covered by the reserve fund or carried forward.

In accordance with the dividend policy, a first dividend of € 1.5 per share (6 % of the capital) is guaranteed by both the available reserve and the reserve fund. A second dividend is guaranteed by the available reserve, unless drawing down this reserve would lead to a level of reserves insufficient to cover the estimated risks.

11. Off-balance-sheet items

	Category of off-balance-sheet items	Valuation rule
Liabilities that 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 accounts	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

3.2.7.3 Reserve and dividend policy

The rules set out in the reserve and dividend policy, determined by the Council of Regency pursuant to Article 32 of the Organic Act, are as follows:

Reserve policy

The earnings for the financial year are the first buffer used to absorb losses. In the event of negative earnings, the loss shall first be charged to the available reserve. Next, if necessary, it shall be covered by the reserve fund. In the absence of reserves, it shall be carried forward. Future profits, after distribution of the first dividend, shall be allocated with priority to absorb losses carried forward.

An estimate of quantifiable risks forms the basis for determining the minimum level of reserves. To calculate its financial risks, the Bank applies either the value-at-risk/expected shortfall method, for which it uses very cautious parameters in terms of probabilities and time horizons, or long-term scenarios/stress tests. These methods are also applied by other Eurosystem members.

Based on these calculations, the Bank determines (i) the minimum level of reserves to cover the estimated risks and (ii) the desired level of reserves for the medium term, taking into account exceptional residual risks, stress scenarios and risks that are not on the balance sheet and could arise rapidly as a result of performance of its tasks as a central bank.

If the reserves are below the minimum level, the entire annual profit shall be allocated to the reserves, with the exception of an amount required to pay the first and second dividends to shareholders. If the reserves are between the minimum level and the desired level for the medium term, 75 % of the profit shall be allocated to the reserves. If the reserves exceed the desired medium-term level, the Council of Regency shall decide annually whether an additional allocation to the reserves is necessary having regard to the level of risks.

When comparing existing reserves with the minimum level of reserves, the depreciation accounts shall be disregarded as they cannot be used to offset losses or supplement profits.

Since the reserve fund is almost entirely unavailable and given its level in relation to the capital, profits to be set aside shall be allocated to the available reserve.

If the level of the reserves is considered excessive, drawdowns from the available reserve may be made. These must be exceptional and duly substantiated. Any such drawdowns may only be paid out as dividends.

Dividend policy

1. The dividend paid to shareholders consists of a first dividend of 6 % of the capital and a second dividend established by the Council of Regency pursuant to Article 32(3) of the Organic Act.

   The first dividend of € 1.5 per share (6 % of the capital) is guaranteed by both the available reserve and the reserve fund.

   The second dividend is set by the Council of Regency at 50 % of the net income from the assets forming the counterpart to the reserves (the “statutory portfolio”).[1]

1 It is recalled that, if need be, profits are used first to absorb losses carried forward, without the second dividend being guaranteed.

Net income means the amount mentioned in the profit and loss account ("income from statutory investments"), after the deduction of income generated by capital and corporate tax at the effective rate for the financial year in question.

If the annual profit is insufficient, the second dividend shall be guaranteed by the available reserve, unless drawing down this reserve would cause the reserves to fall to below the minimum level. The objectives of ensuring the Bank's financial soundness and independence shall take priority.

2. If an amount of less than half the net income from the statutory portfolio is allocated to the reserves, the allocation to the reserves shall be supplemented until it reaches 50 % of this net income insofar as the net profit after deduction of the second dividend so allows.

   If the Bank is no longer required to fund the reserves and provided the profit is sufficient, the second dividend shall be increased until it corresponds to the total net income (100 %) from the statutory portfolio.

   The reserve and dividend policy therefore guarantees that, provided the profit is sufficient (and any losses carried forward have been absorbed), the net income from the statutory portfolio is either allocated to the reserves, thus increasing the calculation basis for the second dividend, or paid directly to shareholders as a second dividend. The balance, allocated to the State, may never include any share of the net income from this portfolio.

3. For purposes of this policy, net income from the sale of real estate shall be treated entirely as income from the statutory portfolio. Net income means sales proceeds after the deduction of all costs (including taxes) and any replacement investments in property.

4. Equity, transparency and stability are the guiding principles of this policy. The Bank expressly aims to ensure that this policy is consistently applied. Any change to this policy must be duly substantiated and made public immediately.

3.2.7.4 Notes to the balance sheet

NOTE 1. GOLD AND GOLD RECEIVABLES

Gold stock
(end-of-period data)

	2023	2022
In ounces of fine gold	7 311 154.9	7 311 154.9
In kg of fine gold	227 402.4	227 402.4
At market price (in € million)	13 656.0	12 473.4

On 31 December 2023, nine tonnes of gold were still available for the issuance of coins by the State for numismatic or commemorative purposes.

Most of the gold stock is held at the Bank of England. A much smaller portion is held at the Bank for International Settlements (BIS) and at the Bank of Canada. 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, as provided by the ECB.

Gold price
(end-of-period data, in €)

	2023	2022
Ounce of fine gold	1 867.83	1 706.08
Kg of fine gold	60 052.06	54 851.58

NOTE 2. CLAIMS ON NON-EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

Exchange rates
(end-of-period data, per €)

	2023	2022
SDR	0.8226	0.7989
USD	1.1050	1.0666
JPY	156.3300	140.6600
CNY	7.8509	7.3582
KRW	1 433.6600	1 344.0900

This item is broken down into two sub-items:
- receivables from the International Monetary Fund (IMF);

- balances held in accounts with banks that do not belong to the euro area as well as loans to non-residents of the euro area, securities and other foreign currency-denominated assets issued by the latter.

Net positions in SDR and USD

Net position in SDR
(million)

	in SDR	in €
Balance sheet		
Claims	13 033.5	15 844.9
Liabilities	–10 467.7	–12 725.6
Pro rata interest	16.7	20.3
Off balance sheet		
Net liabilities	–2 556.9	–3 108.4
Net position	25.6	31.2

The position in special drawing rights (SDR) is guaranteed by the State. In order to reduce the exchange rate risk, the Bank concluded forward transactions which limit the net position to SDR 25.6 million.

Net position in USD
(million)

	in USD	in €
Balance sheet		
Claims	9 291.5	8 408.6
Liabilities	–5 000.0	–4 524.9
Pro rata interest	29.0	26.3
Off balance sheet		
Claims	123.0	111.3
Liabilities	–1 973.5	–1 786.0
Pro rata interest	0.0	0.0
Net position	2 470.0	2 235.3

The net position in USD is 2.5 billion. The majority of the portfolio invested in dollars is financed by foreign exchange swaps or repurchase agreements.

Receivables from the IMF

Receivables from the IMF
(end-of-period data, in € million)

	2023	2022
Special drawing rights	13 160.5	13 360.7
Participation in the IMF	2 156.8	2 215.4
Loans to the IMF	12.1	47.9
Loans to the PRGT	448.6	293.1
Loans to the RST	66.9	0.0
Total	15 844.9	15 917.1

Special drawing rights (SDR)

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

Since the general allocation of SDRs decided by the IMF in August 2021 in connection with the Covid-19 pandemic, of which Belgium received a share equal to SDR 6 144.4 million, the net cumulative allocation to Belgium has risen from SDR 4 323.3 million to SDR 10 467.7 million.

The SDR 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 stipulates that the Bank's SDR holdings must total between 65 % and 135 % of the net cumulative allocation.

As at 31 December 2023, the holdings recorded in the special drawing rights account stood at SDR 10 825.4 million, compared with SDR 10 647.0 million a year earlier. Net accumulation of SDR holdings, i.e. the difference between the SDR allocation and SDR holdings, was SDR 357.7 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 (RTP). It is equal to the difference between Belgium's quota in the IMF, namely SDR 6 410.7 million, and the IMF'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 to finance a balance of payments deficit. Changes to the RTP may also result from a contribution by Belgium to credit granted by the IMF to a member country faced with such a deficit or from the repayment of such loans by a country, as well as from euro transactions carried out by the IMF on its own behalf. The interest rate on such loans is adjusted weekly. On the balance sheet date, the reserve tranche position amounted to SDR 1 774.1 million, compared with SDR 1 769.9 million a year earlier. This increase was due to net borrowing by IMF member countries.

Loans to the IMF

These receivables represent the countervalue of the loans granted to the IMF by the Bank in its own name and claims of the Belgian State on the IMF in the event of the implementation of lending agreements to increase the IMF's resources, namely the New Arrangements to Borrow. As at 31 December 2023, the Bank's claims in respect of new loan agreements came to SDR 9.9 million compared with SDR 38.3 million a year earlier, as a result of partial repayment by various IMF member countries.

Loans to the PRGT

The amount shown under this item is the counter-value of the funds lent by the Bank to the Poverty Reduction and Growth Trust (PRGT), managed by the IMF. This credit facility is intended to support macroeconomic and structural adjustment programmes in low-income developing countries. The amounts lent to the PRGT are used by the IMF to fund loans to developing countries under the facility.

Pursuant to the 2012, 2017 and 2020 lending agreements and a new agreement for SDR 250 million concluded in 2023, the PRGT has a credit line with the Bank totalling SDR 1 300 million. On 31 December 2023, the Bank's claims under this heading amounted to SDR 369.0 million, compared with SDR 234.1 million a year earlier, as a result of repayments during the financial year.

Loans to the RST

The counter-value of currencies that the Bank has lent to the IMF-managed Resilience and Sustainability Trust (RST) is recorded under this heading. This credit facility was established in April 2022 to help IMF members build resilience to external shocks and ensure long-term balance of payments stability, with a particular focus on the financing challenges posed by climate change and pandemic preparedness.

The RST is made up of three accounts: the loan account to finance the principal amount of loans granted to IMF members under this facility; the deposit account to generate surplus investment income to build up additional reserves; and the reserve account to act as a primary buffer against credit and liquidity risk. Belgium's contribution to the reserve account is financed by the State.

In 2023, an initial loan agreement between the Bank and the RST was concluded for a total amount of € 804 million, including € 670 million for the loan account and € 134 million for the deposit account. Only 50 % of these amounts were made available to the IMF in 2023. The balance will be made available in 2024. The Bank's claims under the RST amounted to SDR 55.0 million at 31 December 2023.

Balances with banks and security investments, external loans and other external assets

Breakdown by type of investment
(end-of-period data, in € million)

	2023	2022
Sight deposits	4.0	13.4
Term deposits	–	–
Reverse repurchase agreements	177.4	202.6
Fixed-income securities	8 002.0	10 775.0
Total	**8 183.4**	**10 991.0**

Breakdown by currency
(end-of-period data, in € million)

	2023	2022
USD	8 182.3	9 583.4
JPY	0.6	1 074.7
CNY	0.0	237.1
KRW	0.0	95.2
Other	0.5	0.6
Total	**8 183.4**	**10 991.0**

Breakdown of fixed-income securities in foreign currencies by residual maturity
(end-of-period data, in € million)

	MTM		HTM	
	2023	2022	2023	2022
≤ 1 year	1 715.0	3 929.2	66.4	11.9
> 1 year and ≤ 5 years	4 410.7	4 606.7	398.6	405.8
> 5 years	1 095.9	1 463.4	315.4	358.0
Total	7 221.6	9 999.3	780.4	775.7

Value of fixed-income securities in foreign currencies per issuer country
(in € million)

	MTM		HTM	
	Book value	Market value	Book value	Market value
United States	6 544.4	6 544.4	272.1	253.0
Japan	110.9	110.9	104.0	99.7
International institutions	14.5	14.5	248.7	234.9
United Kingdom	50.7	50.7	–	–
Switzerland	195.6	195.6	–	–
Other	305.5	305.5	155.6	145.4
Total	7 221.6	7 221.6	780.4	733.0

Upon revaluation on the balance sheet date, the unrealised gains and losses on mark-to-market securities totalled € 36.3 million and € 10.9 million, respectively.

NOTE 3. CLAIMS ON EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

Breakdown by type of investment (USD)
(end-of-period data, in € million)

	2023	2022
Sight deposits	0.2	0.3
Term deposits	–	–
Reverse repurchase agreements	–	–
Fixed-income securities	263.5	283.7
Total	263.7	284.0

Breakdown of fixed-income securities in foreign currencies by residual maturity
(end-of-period data, in € million)

	MTM		HTM	
	2023	2022	2023	2022
≤ 1 year	16.8	14.2	33.4	–
> 1 year and ≤ 5 years	79.7	94.5	104.6	142.3
> 5 years	13.1	16.5	15.9	16.2
Total	109.6	125.2	153.9	158.5

Value of fixed-income securities in foreign currencies per issuer country
(in € million)

	MTM		HTM	
	Book value	Market value	Book value	Market value
Belgium	5.8	5.8	–	–
Germany	–	–	42.6	39.7
Spain	15.5	15.5	–	–
France	35.5	35.5	26.3	25.0
Luxembourg	11.0	11.0	–	–
The Netherlands	41.8	41.8	85.0	82.7
Total	109.6	109.6	153.9	147.4

Upon revaluation on the balance sheet date, the unrealised gains and losses on mark-to-market securities totalled € 1.2 million and € 0.1 million, respectively.

NOTE 4. CLAIMS ON NON-EURO AREA RESIDENTS DENOMINATED IN EURO

Breakdown by type of investment
(end-of-period data, in € million)

	2023	2022
Reverse repurchase agreements	–	–
Fixed-income securities	–	–
Total	–	–

NOTE 5. LENDING TO EURO AREA CREDIT INSTITUTIONS RELATED TO MONETARY POLICY OPERATIONS DENOMINATED IN EURO

This item came to € 410.3 billion for the Eurosystem as a whole, of which € 9.0 billion was for the National Bank of Belgium. In accordance with Article 32.4 of the ESCB/ECB Statute, the entirety of any loss resulting from operations under this heading, upon realisation, shall in principle be shared between the Eurosystem NCBs in proportion to their shares of the ECB's capital.

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 weekly main refinancing operations was € 14.1 billion, compared with € 2.4 billion at the end of 2022 for the euro area as a whole, with an amount of € 80 million being attributed to credit institutions in Belgium.

Longer-term refinancing operations

Reverse transactions intended to provide additional longer-term liquidity to credit institutions. These operations were conducted at fixed or variable rates with allocation of the total amount of the offer.

At the Eurosystem level, these operations were reduced from € 1 321.4 billion in 2022 to € 396.2 billion in 2023, mainly due to repayments under TLTRO III totalling € 925.4 billion. Some outstanding TLTRO III operations matured (€ 649.3 billion) while others were voluntarily redeemed early (€ 276.1 billion). Participation in three-month long-term refinancing operations (LTROs) amounted to € 3.9 billion at the end of 2023, compared with € 2.7 billion the previous year.

At the end of 2023, Belgian banks' longer-term refinancing operations amounted to € 8.9 billion, made up entirely of TLTRO III. At the end of 2022, Belgian banks' outstanding TLTRO III transactions amounted to € 48.9 billion.

NOTE 6. OTHER CLAIMS ON EURO AREA CREDIT INSTITUTIONS DENOMINATED IN EURO

Claims on credit institutions not relating to monetary policy operations

Breakdown by type of investment
(end-of-period data, in € million)

	2023	2022
Current accounts	0.6	0.3
Reverse repurchase agreements	328.1	901.3
Total	328.7	901.6

NOTE 7. SECURITIES OF EURO AREA RESIDENTS DENOMINATED IN EURO

Securities held for monetary policy purposes

Until the end of February 2023, the Eurosystem continued to reinvest in full the principal payments on maturing securities purchased under the asset purchase programmes (APP). Thereafter, the APP portfolio was reduced at a measured and predictable pace. Through the end of June 2023, the reduction averaged € 15 billion per month, as the Eurosystem did not reinvest all of the principal payments on maturing securities. In June 2023, the Governing Council decided to suspend reinvestment under the APP as from July 2023. Subsequently, the APP portfolio decreased due to maturities.

With regard to the Pandemic Emergency Purchase Programme (PEPP), the Eurosystem continued throughout the year to reinvest in full the principal payments on maturing securities. The Governing Council intends to continue reinvesting in full the principal payments on maturing securities purchased under this programme in the first half of 2024. It also intends to reduce the PEPP portfolio by an average of € 7.5 billion per month in the second half of 2024 and to cease reinvestment at the end of the year. In addition, the Governing Council will continue to exercise flexibility in the reinvestment of maturing redemptions in the PEPP portfolio, in order to counter the pandemic-related risks to the monetary policy transmission mechanism.

All securities held under the first and second covered bond purchase programmes (CBPP1 and CBPP2) matured in 2022. As a result, the Bank no longer held any securities in these portfolios at 31 December 2023.

Composition of the Bank's monetary policy portfolios
(end-of-period data, in € million)

	Book value	Market value	Book value	Market value
	2023		2022	
With shared risks				
CBPP3	6 296.4	5 838.8	6 934.9	6 237.1
SMP	34.4	36.5	38.1	42.0
CSPP	80 200.0	74 097.2	83 463.2	72 736.0
PECBPP	90.2	83.6	98.3	88.0
PECSPP	13 326.2	12 200.3	12 591.5	10 628.7
Subtotal	99 947.2	92 256.4	103 126.0	89 731.8
With non-shared risks				
CBPP1	–	–	–	–
CBPP2	–	–	–	–
PSPP	73 325.9	66 645.4	77 475.1	67 175.3
PEPSPP	47 844.6	43 155.8	48 753.9	41 577.1
Subtotal	121 170.5	109 801.2	126 229.0	108 752.4
Total	221 117.7	202 057.6	229 355.0	198 484.2

In accordance with Article 32.4 of the ESCB/ECB Statute, the entirety of any loss incurred by NCBs on CBPP3, PECBPP and SMP securities, securities of international or supranational organisations in the PSPP and PEPSPP portfolio and CSPP and PECSPP securities, upon realisation, shall be shared between the Eurosystem NCBs in proportion to their shares of the ECB's capital as determined by the capital key. On the balance sheet date the Bank held securities in these portfolios with a total book value of € 99 947.2 million.

Conversely, the Bank bears the risk for the PSPP and PEPSPP portfolios included on the balance sheet. On 31 December 2023, the Bank held securities in these portfolios with a total book value of € 121 170.5 million.

Third Covered Bonds Purchase Programme (CBPP3)

Third programme for the purchase of euro-denominated covered bonds issued by euro area credit institutions. These purchases are spread throughout the euro area and are being carried out progressively by the ECB and the Eurosystem NCBs on the primary and secondary markets.

At 31 December 2023, the Bank held € 6 296.4 million in covered bonds under this programme.

Breakdown of the third purchase programme of covered bonds by residual maturity
(end-of-period data, in € million)

	2023	2022
≤ 1 year	697.0	1 019.4
> 1 year and ≤ 5 years	3 725.2	3 705.3
> 5 years	1 874.2	2 210.2
Total	6 296.4	6 934.9

Securities Markets Programme (SMP)

This programme, which ended on 6 September 2012, involved buying up both private and government bonds in the euro area. On 31 December 2023, the Bank held SMP securities totalling € 34.4 million.

Breakdown of SMP bonds by residual maturity
(end-of-period data, in € million)

	2023	2022
≤ 1 year	14.9	4.9
> 1 year and ≤ 5 years	19.5	33.2
> 5 years	–	–
Total	34.4	38.1

Public Sector Purchase Programme (PSPP)

Purchases made on the secondary market under this programme started on 9 March 2015. On 31 December 2023, the Bank held PSPP securities issued by Belgian public authorities totalling € 73 325.9 million.

Breakdown of bonds acquired under the PSPP by residual maturity
(end-of-period data, in € million)

	2023	2022
≤ 1 year	6 293.5	4 999.3
> 1 year and ≤ 5 years	28 810.1	25 581.5
> 5 years	38 222.3	46 894.3
Total	73 325.9	77 475.1

Corporate Sector Purchase Programme (CSPP)

Purchases under this programme began on 8 June 2016. On 31 December 2023, the Bank held CSPP securities of issuers located in various European countries (BE, LU, NL, PT and SK) totalling € 80 200.0 million.

Breakdown of CSPP bonds by residual maturity

(end-of-period data, in € million)

	2023	2022
≤ 1 year	8 126.0	6 153.5
> 1 year and ≤ 5 years	39 162.2	35 785.9
> 5 years	32 911.8	41 523.8
Total	80 200.0	83 463.2

Pandemic emergency covered bonds purchase programme (PECBPP)

Purchases made on the secondary market under this programme started in March 2020. On 31 December 2023, the Bank held PECBPP securities amounting to € 90.2 million.

Breakdown of covered bonds acquired under the pandemic emergency purchase programme by residual maturity

(end-of-period data, in € million)

	2023	2022
≤ 1 year	1.8	7.3
> 1 year and ≤ 5 years	75.3	66.4
> 5 years	13.1	24.6
Total	90.2	98.3

Pandemic Emergency Public Sector Purchase Programme (PEPSPP)

Purchases made on the secondary market under this programme started in March 2020. On 31 December 2023, the Bank held PEPSPP securities amounting to € 47 844.6 million.

Breakdown of securities acquired under the PEPSPP by residual maturity

(end-of-period data, in € million)

	2023	2022
≤ 1 year	4 438.0	3 881.2
> 1 year and ≤ 5 years	20 150.9	17 360.8
> 5 years	23 255.7	27 511.9
Total	47 844.6	48 753.9

Pandemic Emergency Corporate Sector Purchase Programme (PECSPP)

Purchases made on the secondary market under this programme started in March 2020. On 31 December 2023, the Bank held PECSPP securities totalling € 13 326.2 million.

Breakdown of securities acquired under the pandemic emergency corporate sector purchase programme by residual maturity

(end-of-period data, in € million)

	2023	2022
≤ 1 year	1 324.9	162.7
> 1 year and ≤ 5 years	5 495.6	4 777.9
> 5 years	6 505.7	7 650.9
Total	13 326.2	12 591.5

Other securities

Portfolio of euro-denominated securities held for investment purposes and consisting mainly of negotiable euro-denominated sovereign bonds issued by Member States of the European Union, bonds issued by certain credit institutions in euro area countries and backed by investment-grade claims (*Pfandbriefe* type), bonds issued by national public organisations and, since 2019, investment funds.

Composition of the portfolio of euro-denominated securities

(end-of-period data, in € million)

	MTM		HTM	
	2023	2022	2023	2022
Fixed-income securities	–	–	1 195.7	1 906.6
Investment funds	1 178.9	1 018.1	–	–
Total	1 178.9	1 018.1	1 195.7	1 906.6

Breakdown of fixed-income securities by residual maturity
(end-of-period data, in € million)

	MTM		HTM	
	2023	2022	2023	2022
≤ 1 year	–	–	664.7	665.3
> 1 year and ≤ 5 years	–	–	531.0	1 241.3
> 5 years	–	–	–	–
Total	–	–	1 195.7	1 906.6

Value of fixed-income securities, per issuer country
(in € million)

	MTM		HTM	
	Book value	Market value	Book value	Market value
Belgium	–	–	368.0	362.5
Germany	–	–	234.9	228.7
Spain	–	–	19.7	19.6
France	–	–	320.0	313.4
Austria	–	–	101.5	99.7
Italy	–	–	15.0	15.0
The Netherlands	–	–	69.2	68.2
Finland	–	–	67.4	66.1
Total	–	–	1 195.7	1 173.2

Upon revaluation on the balance sheet date, the unrealised gains on mark-to-market securities amounted to € 178.9 million.

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 of this capital is 2.9630 % as of 1 February 2020, following the exit of the Bank of England from the ESCB, and amounted to € 320.7 million at the end of 2023. The redistribution between the NCBs of their shares in the ECB's accumulated reserves, following successive changes to the distribution of the ECB's capital, brought the Bank's holding to € 380.6 million.

Claims on the ECB equivalent to the transfer of foreign currency reserves

This claim amounting to € 1 469.8 million is remunerated at the Eurosystem's main refinancing operations rate, adjusted to reflect a zero return on the gold component. The Bank manages the reserves it transferred to the ECB at the beginning of 1999, which are recorded off balance sheet.

Net claims related to the allocation of euro banknotes within the Eurosystem

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

Net claims related to the allocation of euro banknotes within the Eurosystem
(end-of-period data, in € million)

	2023	2022
Banknotes in circulation	–	52 694.5
Banknotes placed in circulation by the Bank	–	–48 479.3
Total	–	4 215.2

The increase in banknotes put into circulation by the Bank was much more sustained than that of the Eurosystem and led to transformation of the claim existing at the end of 2022 into a liability at the end of 2023, listed under item 9 on the liabilities side (see note 19).

Other claims within the Eurosystem (net)

The Bank's net claim arising from all liabilities and claims vis-à-vis the Eurosystem.

Intra-Eurosystem balances result from cross-border payments made in euro within the EU and settled in central bank money. Most of these transactions are carried out by private entities (credit institutions, firms or individuals). They are settled via TARGET and give rise to bilateral balances on the TARGET accounts of EU central banks. These bilateral balances are allocated to the ECB on a daily basis, with each NCB thus having a single net bilateral position vis-à-vis the ECB. The net position of the National Bank of Belgium in TARGET vis-à-vis the ECB and other euro-denominated liabilities to the Eurosystem (such as interim dividends paid to the NCBs) are presented on the

Bank's balance sheet as a net position under assets or liabilities and are shown under "Other claims within the Eurosystem (net)" or "Other liabilities within the Eurosystem (net)". The balances of non-euro area NCBs vis-à-vis the ECB arising from their participation in TARGET are included under "Liabilities to non-euro area residents denominated in euro".

Intra-Eurosystem balances arising from the allocation of euro banknotes within the Eurosystem are shown as a single net liability under "Net liabilities related to the allocation of euro banknotes within the Eurosystem" (see note 19). Intra-Eurosystem balances resulting from the transfer of reserve assets to the ECB by NCBs joining the Eurosystem are denominated in euro and recorded under "Claims on the ECB resulting from the transfer of foreign reserve assets".

As part of the SURE (Support to mitigate Unemployment Risks in an Emergency), the European Union provided nearly € 8.2 billion to Belgium in the form of back-to-back loans. In accordance with Council Regulation (EU) 2020/672 of 19 May 2020, the Belgian State opened, via the Bank, a dedicated account with the ECB for the management of the funds received. The funds held in this special account serve two purposes only: payment and repayment of interest and principal, which must be deposited in the account twenty TARGET business days before the corresponding due date. During this period, the amounts are recorded under "Other claims within the Eurosystem (net)" or "Other liabilities within the Eurosystem (net)".

The Bank's net claim within the Eurosystem can be broken down as follows:
1. the liability to the ECB arising from transfers via TARGET (€ 779.3 million);
2. the intra-Eurosystem claim of € 951.0 million, resulting from the mechanism for pooling and distributing monetary income within the Eurosystem (see note 29);
3. the intra-Eurosystem claim of € 6.8 million relating to SURE.

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 Treasury's account. In accordance with the ECB's decision of 8 November 2022 on approval of the volume of coin issuance (ECB/2022/40), the maximum value of euro coins to be issued in 2023 for Belgium was € 38.0 million. As the net amount issued in 2022 was € 1 518.3 million, the total amount authorised for 2023 was € 1 551.2 million. As at 31 December 2023, the amount effectively issued stood at € 1 528.5 million.

Tangible and intangible fixed assets

In 2023, the Bank's investments in tangible and intangible fixed assets totalled € 59.3 million. In addition, an amount of € 5.5 million, corresponding to the acquisition value of assets sold or taken out of use, was deducted from the "Tangible and intangible fixed assets" account.

Other financial assets

In accordance with Article 19(4) of the Organic Act, the Board of Directors decides on statutory investments after consulting the Council of Regency. Statutory investments consist primarily of negotiable government bonds, bonds issued by certain credit institutions in euro area countries and backed by investment-grade claims (*Pfandbriefe* type), and shares in the Bank for International Settlements (BIS).

Breakdown by type of investment
(end-of-period data, in € million)

	2023	2022
Fixed-income securities	6 440.0	6 990.7
Participating interests	332.1	332.1
Reverse repurchase agreements	–	171.0
Total	6 772.1	7 493.8

Value of fixed-income securities, per issuer country (market value provided for information purposes only)

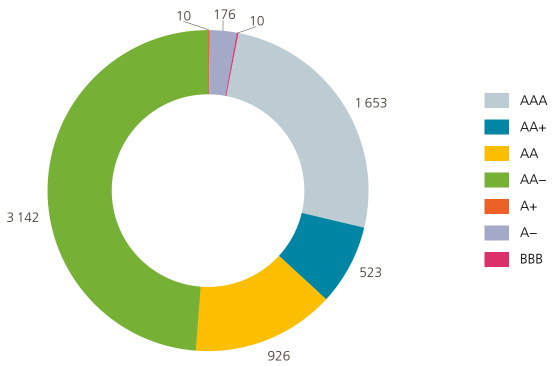
(end-of-period data, in € million)

	Book value		Market value	
	2023	2022	2023	2022
Belgium	2 941.2	3 128.3	2 574.1	2 600.3
Germany	837.6	862.2	787.8	780.8
Spain	173.4	245.9	172.6	245.6
France	935.3	1 117.9	855.0	992.6
Austria	138.3	138.9	132.1	128.1
Italy	10.0	43.5	10.2	43.9
International institutions	611.6	611.8	543.7	513.6
The Netherlands	148.4	172.1	130.9	146.0
Finland	251.8	253.0	235.2	225.4
Other	392.4	417.1	345.3	349.0
Total	6 440.0	6 990.7	5 786.9	6 025.3

The net unrealised losses on fixed-income securities totalled € 653.1 million as at 31 December 2023, compared with € 965.4 million at the end of the previous financial year.

Rating on fixed-income securities

(Book value in € million)



Yield on fixed-income securities by maturity, at 31 December 2023

Maturity	Book value	Average volume	Income	Yield
	(in € million)			(in %)
2023	–	120.5	2.8	2.3
2024	480.6	481.7	10.0	2.1
2025	425.6	425.8	6.6	1.6
2026	334.3	335.6	6.6	2.0
2027	626.5	627.4	6.3	1.0
2028	697.2	701.0	10.2	1.5
2029	520.6	522.2	1.5	0.3
2030	214.2	214.7	0.1	0.0
2031	545.1	545.6	3.3	0.6
2032	350.6	351.5	3.7	1.0
2033	268.9	269.8	1.8	0.7
2034	281.7	283.3	2.4	0.8
2035	418.3	422.8	2.8	0.7
2036	158.2	158.1	1.4	0.9
2037	346.9	347.5	4.0	1.2
2038	319.7	320.4	3.7	1.1
2039	64.4	64.4	1.4	2.2
2040	343.1	343.0	1.5	0.4
2041	37.2	37.2	0.3	0.9
2042	6.9	6.9	0.1	0.8
Interest income	6 440.0	6 579.4	70.5	1.1
Realised gains/losses			–0.3	
Total	6 440.0	6 579.4	70.2	1.1

Breakdown of participating interests

(end-of-period data)

	Number of shares	In € million	Number of shares	In € million
	2023		2022	
BIS	50 100	329.8	50 100	329.8
SBI	801	2.0	801	2.0
SWIFT	113	0.3	113	0.3
Total		332.1		332.1

Off-balance-sheet instrument revaluation differences

Net positive revaluation differences on forward foreign currency and interest rate transactions, as well as on spot foreign currency transactions between the transaction date and the settlement date (€ 89.8 million).

Accruals and prepaid expenditures

These are sub-divided into:

- expenses carried forward (€ 9.7 million);
- deferred income (€ 2 713.9 million), essentially interest accrued but not yet received on securities and other assets.

Sundry

Mainly:

- interest due on the claim arising from the transfer of foreign reserves to the ECB and on the net claim related to the allocation of euro banknotes in the Eurosystem (€ 118.0 million);
- trade receivables (€ 0.8 million).

NOTE 10. LOSS FOR THE YEAR

The loss for the financial year amounted to € 3 370.4 million at 31 December 2023. This was mainly due to increasing financing costs for monetary policy portfolios: interest expenses on the deposits held by credit institutions with the Bank increased, while the (mostly long-term) assets that make up these portfolios were acquired at low yields.

NOTE 11. BANKNOTES IN CIRCULATION

Share of euro banknotes in circulation in the Eurosystem allocated to the Bank (see notes 8 and 19).

NOTE 12. 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 must be respected on average over the reserve maintenance period in accordance with the schedule published by the ECB. Minimum reserves were remunerated at the main refinancing operations rate until 20 December 2022. From the reserve maintenance period beginning on 21 December 2022 until the reserve maintenance period ending on 19 September 2023, minimum reserves were remunerated at a rate corresponding to the Eurosystem's average deposit facility rate over the maintenance period. From the reserve maintenance period starting on 20 September 2023, minimum reserves are remunerated at 0 %.

Amounts held in current accounts by euro area credit institutions (including excess reserves) fell by € 45.0 billion in 2023 to € 174.0 billion at year's end.

The Eurosystem's purchase programmes and longer-term refinancing operations have created liquidity, which is held in current accounts as excess reserves, in the deposit facility or in TARGET (see note 8).

In Belgium, amounts held in current accounts rose from € 7.0 billion to € 8.6 billion, in line with bank minimum reserve requirements.

Deposit facility

Standing facility allowing credit institutions to make 24-hour deposits with the Bank at a pre-specified interest rate. This rate was gradually raised from 2 % at the end of December 2022 to 4 % at the end of December 2023.

Credit institutions in Belgium decreased their deposits from € 205.4 billion in 2022 to € 184.0 billion in 2023. Credit institutions essentially placed their excess liquidity in the deposit facility wherever possible, rather than leaving it on their current accounts in the form of excess reserves. However, large repayments of TLTRO III loans sharply reduced recourse to the deposit facility, including at the level of the Eurosystem, where it fell from € 3 778.8 billion to € 3 334.8 billion.

NOTE 13. OTHER LIABILITIES TO EURO AREA CREDIT INSTITUTIONS DENOMINATED IN EURO

This concerns repurchase agreement operations relating to management of the securities portfolios.

NOTE 14. LIABILITIES TO OTHER EURO AREA RESIDENTS DENOMINATED IN EURO

General government

Balances of current accounts opened in the name of the State and general government. On the balance sheet date, the Treasury's current account balance was € 0.7 billion.

Other liabilities

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

NOTE 15. 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. Repurchase agreement operations relating to the management of the securities portfolios.

NOTE 16. LIABILITIES TO EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

These repurchase agreements in USD relate to the Bank's investment policy.

NOTE 17. LIABILITIES TO NON-EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

These repurchase agreements in USD relate to the Bank's investment policy.

NOTE 18. COUNTERPART OF SPECIAL DRAWING RIGHTS ALLOCATED BY THE IMF

Counterpart of SDRs which must be returned to the IMF if the 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, amounted to SDR 10 467.7 million, as at the end of the previous financial year (see note 2).

NOTE 19. INTRA-EUROSYSTEM LIABILITIES

Net liabilities related to the allocation of euro banknotes within the Eurosystem

Net liabilities related to the allocation of euro banknotes within the Eurosystem (see the accounting principles and valuation rules applicable to "Banknotes in circulation"). This remunerated intra-Eurosystem position corresponds to the difference between the amount of banknotes in circulation allocated to the Bank and the amount of banknotes it has put into circulation.

Net liabilities related to the allocation of euro banknotes within the Eurosystem
(end-of-period data, in € million)

	2023	2022
Banknotes put into circulation by the Bank	52 340.1	–
Banknotes in circulation	–52 110.3	–
Total	229.8	–

NOTE 20. OTHER LIABILITIES

Accruals and income collected in advance

Costs carried forward (€ 217.2 million) including interest accrued but not yet due on liabilities and outstanding invoices.

Sundry

In particular:

- unavailable reserve of capital gains on gold (€ 298.9 million);
- tax, payroll and social security debts (€ 211.4 million);
- trade payables (€ 5.3 million).

NOTE 21. PROVISIONS

In accordance with the reserve and dividend policy established in 2009 (see section 3.2.7.3) and owing to the creation of the available reserve, the Bank does not set aside any general provisions.

Provision for monetary policy operations

In accordance with Article 32.4 of the Statute of the ESCB/ECB, all losses incurred by NCBs on CBPP3, PECBPP and SMP securities, securities issued by international or supranational organisations in the PSPP and PEPSPP portfolios, and CSPP and PECSPP securities, once realised, are shared in full between the Eurosystem NCBs in proportion to their share in the ECB's capital key.

Impairment tests conducted on the PECSPP portfolio showed that securities held by an NCB must be written down. Consequently, the Governing Council of the ECB considered it appropriate to establish a provision to cover losses on monetary policy operations in 2023. This provision amounts to € 42.9 million, i.e. an amount of € 1.6 million for the Bank corresponding to 3.61394 % of the subscribed capital.

NOTE 22. REVALUATION ACCOUNTS

Positive currency and price revaluation differences between the market value of net foreign reserve and securities positions (other than those valued at amortised cost) and their average cost value.

(end-of-period data, in € million)

	2023	2022
Positive currency revaluation differences on:		
▪ gold	13 339.0	12 156.4
▪ foreign currencies	158.9	270.6
Positive price revaluation differences on:		
▪ securities in foreign currencies (asset items 2 and 3)	37.5	47.3
▪ securities in euro (asset items 4 and 7)	178.9	18.1
Total	13 714.3	12 492.4

NOTE 23. CAPITAL, RESERVE FUND AND AVAILABLE RESERVE

Capital

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

Representation of the capital
(end-of-period data, number of shares)

	2023	2022
Registered shares	210 748	210 880
Dematerialised shares	189 252	189 120
Total	400 000	400 000

Reserve fund

The reserve fund increased by € 7.1 million in 2023 as a result of an increase in the depreciation accounts for tangible and intangible fixed assets.

The tax-exempt portion of the extraordinary reserve amounts to € 18.5 million.

Change in the depreciation accounts in 2023
(in € million)

Balance as at 31-12-2022	323.1
Recorded	+12.5
Withdrawn of cancelled following sales or disposals	–5.4
Balance as at 31-12-2023	330.2

Available reserve

An amount of € 580.2 million related to the allocation of loss for the previous year was withdrawn from the available reserve.

Capital, reserve fund, available reserve and corresponding allocation of profit or loss
(end-of-period data, in € million)

	2023	2022
Capital	10.0	10.0
Reserve fund	2 652.5	2 645.4
Available reserve	4 174.8	4 755.0
Total before allocation	6 837.3	7 410.4
Profit or loss allocation	–3 371.0	–580.2
Total after allocation	3 466.3	6 830.2

Upon expiry of the bank's right of issue, the State has a priority right to one-fifth of the reserve fund. This rule does not apply to the available reserve.

3.2.7.5 Notes to the profit and loss account

NOTE 25. NET INTEREST INCOME

In order to cope with high inflation, the ECB raised interest rates several times in 2023. However, certain assets that were marketed in a negative interest rate environment (LTROs, other euro-denominated claims on euro area credit institutions, etc.) generate interest expenses while certain liabilities (current accounts, the deposit facility, etc.) generate interest income.

In view of the harmonisation in the Eurosystem of the presentation of interest income/expenses related to monetary policy assets and liabilities, interest income and expenses are presented in net values under item 1.1 “Interest income” or item 1.2 “Interest expense”, depending on whether the value is positive or negative. Interest is calculated by balance sheet sub-item. This approach is also followed for other sub-items not related to monetary policy.

Interest income

(end-of-period data)

	Income	Average volume	Average rate	Income	Average volume	Average rate
	(in € million)		(in %)	(in € million)		(in %)
	2023			2022		
Interest income of assets in euro						
Credit operations related to monetary policy	0.9	22.8	4.1	0.0	3.4	0.6
Longer-term credit operations related to monetary policy	870.2	28 947.3	3.0	–	–	–
Securities portfolios in euro held for monetary policy purposes	1 769.1	227 207.8	0.8	1 279.1	226 453.5	0.6
Other securities portfolios in euro	19.1	1 551.3	1.2	34.9	2 238.3	1.6
Claims equivalent to the transfer of foreign currency reserves	48.2	1 469.8	3.3	7.3	1 469.8	0.5
Net claims related to the allocation of euro banknotes within the Eurosystem	75.0	2 142.6	3.5	29.0	6 519.8	0.4
Net TARGET claims on the ECB	1 141.3	27 840.4	4.1	–	–	–
Statutory investments (bonds, reverse repurchase agreements and repurchase agreements)	70.5	6 579.4	1.1	83.5	6 914.4	1.2
Other claims	0.0	0.0	0.0	0.0	0.0	0.0
Total	**3 994.4**	**295 761.4**	**1.4**	**1 433.8**	**243 599.2**	**0.6**
Interest income of external assets						
Claims related to international cooperation transactions	604.7	15 973.5	3.8	191.7	15 551.0	1.2
Investments in gold and in foreign currencies	335.5	9 066.0	3.7	163.0	9 989.2	1.6
Total	**940.2**	**25 039.5**	**3.8**	**354.7**	**25 540.2**	**1.4**
Interest income of liabilities in euro						
Monetary reserve accounts, deposit facility and other interest-bearing deposits	–	–	–	–	–	–
Repurchase agreement transactions in euro	–	–	–	0.0	1.5	0.0
Total	**–**	**–**	**–**	**0.0**	**1.5**	**0.0**
Total interest income	**4 934.6**			**1 788.5**		

Interest expenses

(end-of-period data)

	Expense	Average volume	Average rate	Expense	Average volume	Average rate
	(in € million)		(in %)	(in € million)		(in %)
	2023			2022		
Interest expenses on liabilities in euro						
Net liabilities to the ECB related to TARGET	–	–	–	–41.6	34 931.5	–0.1
Monetary reserve accounts, deposit facility and other interest-bearing deposits	–8 209.1	249 893.8	–3.3	–472.6	243 064.3	–0.2
Other liabilities	–1.2	48.2	–2.5	–	–	–
Total	–8 210.3	249 942.0	–3.3	–514.2	277 995.8	–0.2
Interest expenses on external liabilities						
Liabilities in SDR	–493.4	12 874.3	–3.8	–162.2	13 039.7	–1.2
Repurchase agreement transactions in foreign currencies	–242.7	4 203.3	–5.8	–83.8	4 110.2	–2.0
Total	–736.1	17 077.6	–4.3	–246.0	17 149.9	–1.4
Interest expenses on assets in euro						
Longer-term credit operations related to monetary policy	–	–	–	–425.3	84 837.3	–0.5
Total	–	–	–	–425.3	84 837.3	–0.5
Income accruing in full to the State						
Income resulting from capital gains on gold recorded in a special unavailable reserve account [1]	–			–		
Annual amount paid to the State in compensation for additional expenses due to the conversion of its consolidated debt to the Bank into freely negotiable securities [2]	–24.4			–24.4		
Total	–24.4			–24.4		
Total interest expenses	–8 970.8			–1 209.9		

1 This income is calculated by applying to the average balance of the unavailable reserve over the year a yield obtained by comparing the net financial income with the difference between the average value, calculated on an annual basis, of the interest-bearing assets and the interest-bearing liabilities. The counterpart to the capital, reserves and depreciation accounts and the corresponding income are excluded from this calculation. For 2023, the average balance of the unavailable reserve amounted to € 298.9 million, the net financial income to € –3 056.0 million, the average value of interest-bearing assets, on an annual basis, to € 287.7 billion, and the average value of interest-bearing liabilities, on an annual basis, to € 239.1 billion. In 2023, the net financial income was negative; therefore, no income from capital gains on gold held in the special unavailable reserve account was paid to the State.

2 The additional cost to 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 the time, and the 0.1% fixed allocation due from the State at that time on its consolidated debt to the Bank. The application of this difference to the amount of the debt, namely 34 billion francs, yields a figure of 986 million francs, i.e. € 24.4 million.

NOTE 26. NET RESULT FROM FINANCIAL OPERATIONS, WRITE-DOWNS AND PROVISIONS

Realised gains/losses arising from financial operations

(end-of-period data, in € million)

	2023	2022
Capital gains (+)/losses (–)		
on statutory investments	–0.3	0.5
on investments		
in USD	–2.1	–91.8
in EUR	–12.0	–1.4
in other currencies	50.9	–
Foreign exchange gains (+)/losses (–)		
on USD	15.7	72.4
on other currencies	–	–
on SDR	–24.1	–33.1
on gold	–	–
Foreign exchange gains (–) / losses (+) accruing to the State (SDR and gold)	24.1	33.1
Total	52.2	–20.3

Write-downs on financial assets and foreign exchange positions

(end-of-period data, in € million)

	2023	2022
Capital losses on investments		
in USD	–11.0	–324.3
in EUR	–	–
Foreign exchange losses		
on USD	–	–
on CNY	–	–
on KRW	–	–
on SDR	–0.4	–
on other currencies	–	–
Foreign exchange losses charged to the State (SDR)	0.4	–
Total	–11.0	–324.3

Total realised gains/losses and write-downs

(end-of-period data, in € million)

	2023	2022
Realised gains/losses	52.2	–20.3
Write-downs	–11.0	–324.3
Total	41.2	–344.6

For dollar-denominated investments, the fall in bond yields led to a sharp reduction in realised capital losses. For investments in other currencies (Korean won and Chinese renminbi), the total liquidation of positions generated capital gains.

Similarly, revaluation gains on dollar-denominated securities recorded on the liabilities side of the balance sheet were higher and the unrealised losses on these same securities fell sharply.

In addition, as a result of depreciation of the dollar, the Bank recorded lower foreign exchange gains than in the previous year.

SDR operations resulted in realised and unrealised foreign exchange losses of € 24.5 million charged to the State.

NOTE 27. NET INCOME/EXPENSE FROM FEES AND COMMISSIONS

Fees and commissions income

Fees received by the Bank as remuneration for services provided in its capacity as a financial intermediary (€ 8.9 million), of which € 7.5 million related to collateralisation operations for monetary policy.

The majority of this income originated from the collateral managed by the Bank in the framework of the Correspondent Central Banking Model (CCBM). The decrease compared with 2022 in fees received by the Bank was related to monetary policy.

Fees and commissions expense

Commissions paid by the Bank for financial services rendered to the Bank by third parties (€ 11.2 million), of which € 8.9 million related to monetary policy.

The reduction in fees paid by the Bank compared with 2022 was due to monetary policy.

NOTE 28. INCOME FROM SHARES AND SHAREHOLDINGS

(end-of-period data, in € million)

	2023	2022
Dividend on participation in the ECB	–	1.5
Income distributed by the ECB	–	–
Dividends on participations in the statutory investment portfolio	17.4	17.5
Dividends on investment funds	34.8	24.5
Total	52.2	43.5

As the ECB closed financial year 2022 with a loss, no dividend on the Bank's share in the ECB capital was paid in February 2023.

Taking into account the ECB's overall financial result for 2023, the Governing Council decided to retain the full amount of income from banknotes in circulation, as well as income generated by securities purchased under the SMP, APP and PEPP. As a result, no related amounts were due at the end of 2023.

For the 2022-2023 financial year, the BIS paid a dividend of € 17.4 million (SDR 285 per share). Last year, an amount of € 17.5 million (SDR 275 per share) was paid.

NOTE 29. NET RESULT OF POOLING OF MONETARY INCOME

Net result of pooling of monetary income
(end-of-period data, in € million)

	Income (+) / Expense (–)		
	Result	Pooling of monetary income	Real result
	(1)	(2)	(3) = (1) + (2)
		2023	
Monetary income pooled by the Bank within the Eurosystem		–521.7	
Monetary income allocated to the Bank by the Eurosystem		1 473.0	
		951.3	
Items included in monetary income			
Credit operations related to monetary policy	871.1	99.2	970.3
Securities portfolios in euro held for monetary policy purposes	1 769.1	–1 155.7	613.4
Claims equivalent to the transfer of foreign currency reserves	48.2	0.0	48.2
Net claims related to the allocation of euro banknotes within the Eurosystem	75.0	–249.1	–174.1
Net claim on the ECB in respect of TARGET	1 141.3	–629.6	511.7
Monetary reserve accounts and deposit facility	–8 103.4	3 391.3	–4 712.1
Non-earmarkable assets	–	–513.1	–513.1
	–4 198.6	943.0	–3 255.6
Items not included in monetary income			
Net investments in gold and in foreign currencies	92.9		92.9
Net claims relating to international cooperation transactions	111.3		111.3
Other securities portfolios in euro	19.1		19.1
Statutory investment portfolio	70.5		70.5
Other claims	0.0		0.0
Other liabilities	–1.2		–1.2
Interest-bearing deposits not related to monetary policy	–105.7		–105.7
Income accruing entirely to the State	–24.4		–24.4
	162.4		162.4
Net interest income (item 1)	–4 036.2	943.0	–3 093.2
Net result from financial operations (item 2)		8.4	
Revision of previous years		–0.3	
		951.1	
Provision in respect of monetary policy operations		–1.6	
		949.5	

Monetary income is apportioned among the euro area NCBs in accordance with the allocation of paid-up capital (3.61394 % for the Bank since 1 January 2023).

The impact on the allocated net monetary income stems from the balance sheet structure of the NCBs.

The Bank plays a specific role in the CSPP and PECSPP and contributes to the purchase of corporate securities in amounts proportionately greater than its share of the ECB's capital. In addition, the yield on securities acquired by the Bank in these portfolios exceeds the average yield on securities acquired by the Eurosystem.

Conversely, the Bank benefitted from interest earned on supranational securities held by other NCBs under the PSPP and PEPSPP.

Belgian credit institutions leave larger volumes in current accounts and the deposit facility, in excess of the (capital allocation) key, which means a portion of the expense can be passed on to other Eurosystem NCBs.

This item also includes, if applicable, changes in the provision for risks related to monetary policy operations.

NOTE 30. OTHER INCOME

(end-of-period data, in € million)

	2023	2022
Amounts recovered from third parties	218.1	187.1
Other	0.3	0.2
Total	218.4	187.3

The amounts recovered from third parties concern income from the supply of goods and the provision of services in various areas, such as:

- the Central Balance Sheet Office, the Individual Credit Register, the Corporate Credit Register and the Central Contact Point (€ 56.6 million);
- prudential supervision (€ 133.3 million);
- the TARGET payment system (€ 1.4 million);
- the securities settlement system (€ 12.6 million);
- the internationalisation of IT applications (€ 10.6 million).

In accordance with Article 12bis of the Organic Act, the Bank's operating costs related to the prudential supervision of financial institutions are borne by the institutions concerned.

In addition, pursuant to Article 12ter of the Organic Act, the Bank performs tasks as a resolution authority, with the corresponding operating costs also borne by the institutions concerned.

The operating costs are calculated annually and charged to the financial institutions in accordance with the Royal Decree of 17 July 2012, as amended by the Royal Decrees of 1 October 2012, 21 December 2013, and 5 July 2015.

For 2023, the costs came to € 84.4 million for banks and stockbroking firms, and € 48.1 million for insurance and reinsurance companies.

Other institutions subject to supervision, such as clearing and settlement institutions, mutual guarantee schemes and payment companies, pay a flat contribution which totalled € 0.8 million for 2023.

NOTE 31. STAFF COSTS

These costs include salaries and social security contributions for the Bank's personnel and directors as well as the attendance fees for members of the Council of Regency.

In 2023, a non-recurring allocation of € 108.9 million to fund the defined-benefit pension plan from which some staff members benefit was booked, to cover the impact of the sharp rise in inflation in 2022.

NOTE 32. ADMINISTRATIVE EXPENSES

This item includes in particular administrative and IT expenses (€ 37.2 million), expenses related to the repair and maintenance of buildings (€ 15.3 million), and works and services provided by third parties (€ 33.4 million). This item also comprises property tax, non-deductible VAT and regional, provincial and municipal taxes (€ 6.0 million).

NOTE 33. DEPRECIATION OF TANGIBLE AND INTANGIBLE FIXED ASSETS

Depreciation covers the following investments :

(end-of-period data, in € million)

	2023	2022
Renovation of buildings	6.1	6.6
Hardware and software	2.7	3.5
Other equipment and furniture	3.7	4.9
Total	12.5	15.0

NOTE 34. BANKNOTE PRODUCTION SERVICE

This item includes the cost of services by external firms producing banknotes on the Bank's behalf.

NOTE 35. OTHER EXPENSES

This item includes the tax-exempt amount, if any, recorded in the extraordinary reserve (see note 23) in accordance with the tax legislation.

NOTE 36. CORPORATE TAX

Tax due

(end-of-period data, in € million)

	2023	2022
Tax on earnings for the year	–	–
Tax on earnings for previous years	0.0	–0.5
Total (1)	0.0	–0.5

Main differences

(end-of-period data, in € million)

	2023	2022
Result before tax	–3 370.4	–580.1
Tax-free profit allocated to the State	–	–
Earnings subject to tax (2)	–3 370.4	–580.1
Differences		
Commitments to employees	0.0	6.5
Risk capital deduction	0.0	0.0
Depreciation surplus	–0.9	–1.3
Other	13.9	11.6
Fiscal loss carried forward	–564.0	–
Taxable income	–3 921.4	–563.3
Average tax rate (in %) (1) ÷ (2)	0.0	0.0

3.2.7.6 Notes on the allocation of profit or loss for the financial year (note 37)

2023 was marked by persistent inflation in excess of the target set by central banks, causing interest rates to be raised on several occasions in both Europe and the United States. This led to partial realisation of the interest rate risk the Bank had warned about in its previous annual reports, as well as to very high volatility on the equity and bond markets. This combination of factors led the Bank to record a loss at the end of the 2023 financial year.

In the baseline scenario, which represents the interest rate environment and market expectations of future interest rate movements at the balance sheet date, the Bank's bottom line remains under pressure. If this scenario were to materialise, which is subject to considerable uncertainty, and assuming the composition of the balance sheet remains unchanged, it would result in a total loss of € 6.1 billion over a five-year horizon. If interest rates were to rise relative to these market expectations, this negative effect would be exacerbated, and vice versa if interest rates were to fall further. It is impossible to make sufficiently reliable estimates for a period longer than five years, given the many uncertainties. However, in this scenario and under unchanged circumstances, the Bank would not incur substantial losses beyond this time horizon and would return to profitability.

An estimate of the quantifiable financial risks forms the basis for determining the minimum level of the Bank's reserves. All of the Bank's financial risks are quantified using either the expected shortfall methodology, for which the Bank uses very conservative parameters in terms of distributions, probabilities and time horizons, or long-term scenarios/stress tests. These methods are also used by the other members of the Eurosystem.

Based on these calculations, the Bank determines (i) the minimum level of reserves to cover the estimated risks and (ii) the desired level of reserves in the medium term, taking into account exceptional residual risks, stress scenarios and – in application of the reserve and dividend policy as amended on 27 March 2024 – risks that do not appear on the balance sheet, but could arise rapidly as a result of the the Bank's tasks as a central bank.

The Bank's risk estimates and earnings projections are subject to a number of uncertainties, particularly as regards future market developments and possible monetary policy decisions of the ECB's Governing Council. The longer the time horizon, the greater the uncertainty.

The estimates for the minimum level of reserves at the end of 2023 and the desired level of reserves in the medium term are approximately € 7.5 billion and € 13.6 billion, respectively.[1]

These levels are calculated based on, among other factors, estimated projected earnings for the coming years as well as the estimated risks pertaining to:

- the Bank's own securities portfolios denominated in euro and foreign currencies;
- credit operations and monetary policy securities portfolios included on the Bank's balance sheet, for which it alone bears the risk;
- credit operations and monetary policy securities portfolios included on the balance sheets of all Eurosystem NCBs, the risk for which is shared amongst them (see notes 5 and 7 to the annual accounts).

1 Compared with an amount of €15.2 billion at the end of 2022 for the desired level of reserves. It should be noted that the Bank, as from financial year 2023, discloses both the minimum level of reserves as well as the desired level of reserves for the medium term, having regard to the update of its reserve and dividend policy on 27 March 2024.

In accordance with the reserve policy, losses are first charged to the available reserve. Subsequently, if necessary, they are covered by the reserve fund (millions of euro):

1. drawdown from the available reserve	–3 371.0
2. drawdown from the reserve fund	–

In accordance with the dividend policy:

3. a first dividend of € 1.5 per share (6 % of the capital) is paid to the shareholders, guaranteed by the reserve fund and the available reserve	0.6
4. a second dividend, determined by the Council of Regency, is allocated to the shareholders, up to at least 50 % of the net income from the assets that form the counterpart to the reserve fund and the available reserve. In view of the estimated level of risk at the balance sheet date, no second dividend was allocated for financial year 2023	–
Loss for the financial year	**–3 370.4**

3.2.7.7 Notes to off-balance-sheet items

NOTE 38. FORWARD TRANSACTIONS IN FOREIGN CURRENCIES AND IN EURO

(end-of-period data, in € million)

	2023	2022
Forward claims		
EUR	4 971.9	7 127.0
USD	0.0	991.5
SDR	0.0	0.0
Forward liabilities		
EUR	0.0	0.0
USD	1 786.0	4 124.8
JPY	0.0	1 073.5
SDR	3 108.4	2 792.0

Most currency swaps were entered into against the euro. Forward claims and liabilities in foreign currencies were revalued in euro at the same exchange rates as those used for spot holdings of foreign currencies.

Forward transactions are intended to limit the net foreign currency position.

NOTE 39. FORWARD TRANSACTIONS ON INTEREST RATES AND ON FIXED-INCOME SECURITIES

At the end of the financial year, the Bank held a net long position of € 111.5 million in futures on dollar-denominated securities. These transactions form part of active portfolio management.

NOTE 40. LIABILITIES WHICH COULD LEAD TO CREDIT RISK

Liabilities to international bodies include the Bank's commitment to lend SDR 1 300 million to the PRGT and € 469 million to the RST (including € 67 million for the commitment to make funds available for the deposit account in 2024). With regard to the latter, it should be noted that the commitment to the RST corresponds to half the value of the 2023 loan agreement. The other half of the funds provided for by the loan agreement will be made available and included in the Bank's liabilities in 2024.

In 2020, the IMF decided to double the size of the new loan agreements which serve as a second line of defence after the quotas and to reduce by a similar amount the bilateral loans serving as a third line of defence. Since 1 January 2021, the new loan agreements have totalled SDR 361 billion and the bilateral loans SDR 138 billion. The aim of this operation was to consolidate the IMF's resources at close to their historical level for the coming years and to spread contribution efforts more evenly amongst the various IMF members. In that context, the Bank signed a loan agreement for SDR 7.99 billion in respect of new borrowing agreements for the period 2021-2025 and an agreement for € 4.3 billion in respect of bilateral loans. These loans replaced the previous ones (for SDR 3 994.3 million and € 9 990.0 million, respectively) and slightly reduced Belgium's exposure to the IMF. They are guaranteed by the Belgian State and entered into force on 1 January 2021. The new agreement on IMF quotas, new arrangements to borrow and bilateral loans, concluded at the end of 2023, will only enter into force once it has been ratified by Belgium and by the other IMF member states.

The remaining amount available at the end of 2023 (PRGT, RST, new loan agreements and bilateral loans) amounted to € 15 182.4 million. These loans are guaranteed by the Belgian State.

Liabilities towards other bodies include the guarantees granted by the Bank in connection with clearing operations on behalf of credit institutions established in Belgium. In return, the Bank receives guarantees from these institutions.

At the end of 2023, the outstanding amount came to € 1 247.2 million.

NOTE 41. VALUABLES AND CLAIMS ENTRUSTED TO THE INSTITUTION

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 in the securities settlement system and held on behalf of third parties.

The increase in custody deposits was mainly due to the increase in securities issued by firms registered in the securities settlement system, partially offset by the decrease in collateral received on behalf of other central banks and Belgian counterparties.

NOTE 42. CAPITAL TO BE PAID UP ON PARTICIPATIONS

The BIS shares held by the Bank are 25 % paid up. The amount shown under this item represents the uncalled capital, totalling SDR 187.9 million (€ 228.4 million).

3.2.7.8 Auditor's fees

The total fees allocated to KPMG Réviseurs d'entreprises amounted to € 271 848. This amount included:

- € 189 000 for the statutory audit, including certification of the annual accounts and a limited audit of the interim accounts;
- € 39 843 for certification tasks for the ECB's auditor;

- an amount of € 43 005 for a specific assignment falling under the legal category of other attest audits, in the framework of certification of the calculation method for prudential supervisory costs and their allocation to various sectors. This certification was carried out in accordance with ISA805.

The auditor did not receive any further remuneration for other assignments carried out for the Bank.

3.2.7.9 Legal proceedings

On 27 May 2022, a shareholder filed an action against the Bank with the Brussels Business Court, seeking cancellation of the decisions of the Council of Regency concerning approval of the annual accounts and the allocation of profits for financial years 2018, 2019, 2020 and 2021.

On 11 October 2023, the court handed down its judgment, rejecting all claims of the shareholder in question. The court held that the Bank had correctly applied the rules on the allocation of profits laid down by law and that it did not act abusively or otherwise wrongfully by not derogating from its pre-established dividend policy. The court ruled that it is "logical and correct that the net income from performance of the Bank's statutory public interest tasks accrue to the Belgian State and therefore to society, rather than to the Bank's private shareholders".

An appeal against this judgment was filed on 16 November 2023.

There is no quantifiable impact on the Bank's assets, financial position or earnings. Consequently, the Bank has made no provision for this dispute.

There are no other pending disputes which, due to their criticality or materiality, would require the Bank to set aside a provision or to make a comment under this heading.

3.2.7.10 Post-balance-sheet events

In accordance with Article 29.3 of the Statute of the ESCB, the key for subscription to the capital of the ECB is adjusted every five years. The previous adjustment took place on 1 January 2019. In accordance with the Council Decision of 15 July 2003 on the statistical data to be used for the adjustment of the key for subscription to the capital of the European Central Bank, the NCBs' shares were adjusted as follows on 1 January 2024.

Key for subscription to the ECB's capital
(in %)

National central banks of	on 31 December 2023	as from 1 January 2024
Belgium	2.9630	3.0005
Germany	21.4394	21.7749
Estonia	0.2291	0.2437
Ireland	1.3772	1.7811
Greece	2.0117	1.8474
Spain	9.6981	9.6690
France	16.6108	16.3575
Croatia	0.6595	0.6329
Italy	13.8165	13.0993
Cyprus	0.1750	0.1802
Latvia	0.3169	0.3169
Lithuania	0.4707	0.4826
Luxembourg	0.2679	0.2976
Malta	0.0853	0.1053
The Netherlands	4.7662	4.8306
Austria	2.3804	2.4175
Portugal	1.9035	1.9014
Slovenia	0.3916	0.4041
Slovakia	0.9314	0.9403
Finland	1.4939	1.4853
Subtotal for euro area NCBs	81.9881	81.7681
Bulgaria	0.9832	0.9783
Czech Republic	1.8794	1.9623
Denmark	1.7591	1.7797
Hungary	1.5488	1.5819
Poland	6.0335	6.0968
Romania	2.8289	2.8888
Sweden	2.9790	2.9441
Subtotal for non-euro area NCBs	18.0119	18.2319
Total	100.0000	100.0000

On 1 January 2024, the Bank's share in the subscribed capital of the ECB increased by 0.0375 % to 3.0005 %. As a result, asset item 8.1, "Participating interest in ECB", rose by € 4.1 million to € 324.8 million due to an increase in the share in the capital.

The adjustment of the key for subscription to the ECB's capital results not only in a change in the euro area NCBs' shares of the ECB's subscribed capital, but also an adjustment of the ECB's liabilities to the euro area NCBs as a result of the latter's transfer of foreign reserve assets to the ECB. As a result, the Bank's claim on the ECB in respect of the transfer of foreign reserve assets (asset item 8.2) increased by € 18.6 million to €1 488.4 million on 1 January 2024.

In addition, the adjustment of the key modifies the Bank's share in the allocation of euro banknotes and monetary income in the Eurosystem.

3.2.8 Comparison over five years

3.2.8.1 Balance sheet

Assets
(in € thousand)

	2023	2022	2021	2020	2019
1. Gold and gold receivables	13 655 980	12 473 379	11 767 180	11 287 575	9 900 064
2. Claims on non-euro area residents denominated in foreign currency	24 028 269	26 908 048	25 582 833	15 822 963	15 872 290
2.1 Receivables from the IMF	15 844 853	15 917 080	15 337 049	6 950 671	6 595 494
2.2 Balances with banks and security investments, external loans and other external assets	8 183 416	10 990 968	10 245 784	8 872 292	9 276 796
3. Claims on euro area residents denominated in foreign currency	263 749	284 018	180 721	400 034	474 210
4. Claims on non-euro area residents denominated in euro	30	24	17	138 376	169 538
5. Lending to euro area credit institutions related to monetary policy operations denominated in euro	8 998 300	48 986 510	87 638 230	81 017 880	19 279 480
5.1 Main refinancing operations	80 000	50 000	–	–	423 000
5.2 Longer-term refinancing operations	8 918 300	48 936 510	87 638 230	81 017 880	18 856 480
5.3 Fine-tuning reverse operations	–	–	–	–	–
5.4 Structural reverse operations	–	–	–	–	–
5.5 Marginal lending facility	–	–	–	–	–
5.6 Credits related to margin calls	–	–	–	–	–
6. Other claims on euro area credit institutions denominated in euro	328 669	901 624	434 816	909 600	65 646
7. Securities of euro area residents denominated in euro	223 492 235	232 279 769	216 071 007	171 031 799	119 704 133
7.1 Securities held for monetary policy purposes	221 117 685	229 355 020	212 653 610	167 023 248	113 918 412
7.2 Other securities	2 374 550	2 924 749	3 417 397	4 008 551	5 785 721
8. Intra-Eurosystem claims	2 028 933	6 065 549	9 248 186	9 121 199	7 939 450
8.1 Participating interest in ECB capital	380 551	380 551	358 324	336 097	328 735
8.2 Claims equivalent to the transfer of foreign currency reserves	1 469 828	1 469 828	1 469 828	1 469 828	1 465 002
8.3 Net claims related to the allocation of euro banknotes within the Eurosystem	–	4 215 170	7 420 034	7 315 274	6 145 713
8.4 Other claims within the Eurosystem (net)	178 554	–	–	–	–
9. Other assets	10 206 124	10 503 476	8 476 908	8 864 955	8 384 276
9.1 Coins of euro area	6 589	7 734	8 711	8 009	8 453
9.2 Tangible and intangible fixed assets	494 794	440 936	403 730	412 926	436 525
9.3 Other financial assets	6 772 075	7 493 799	7 195 259	6 988 312	6 507 559
9.4 Off-balance-sheet instruments revaluation differences	89 775	156 050	–	90 592	57 050
9.5 Accruals and prepaid expenditure	2 723 564	2 330 968	837 199	1 360 459	1 358 129
9.6 Sundry	119 327	73 989	32 009	4 657	16 560
10. Loss for the year	3 370 413	579 593	–	–	–
Total assets	286 372 702	338 981 990	359 399 897	298 594 381	181 789 087

Liabilities

(in € thousand)

	2023	2022	2021	2020	2019
1. Banknotes in circulation	52 110 298	52 694 546	51 767 819	48 084 842	43 190 510
2. Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	192 575 662	212 455 590	171 421 401	145 672 939	45 443 128
2.1 Current accounts (covering the minimum reserve system)	8 592 836	7 014 103	97 194 582	97 076 814	36 466 154
2.2 Deposit facility	183 982 826	205 441 487	74 226 819	48 596 125	8 976 974
2.3 Fixed-term deposits	–	–	–	–	–
2.4 Fine-tuning reverse operations	–	–	–	–	–
2.5 Deposits related to margin calls	–	–	–	–	–
3. Other liabilities to euro area credit institutions denominated in euro	983 721	1 401 357	908 212	1 479 685	301 391
4. Liabilities to other euro area residents denominated in euro	1 116 908	4 299 060	5 947 992	1 914 597	612 745
4.1 General government	699 985	3 641 859	5 440 401	1 304 531	80 616
4.2 Other liabilities	416 923	657 201	507 591	610 066	532 129
5. Liabilities to non-euro area residents denominated in euro	812 143	3 650 731	5 476 602	6 864 942	857 264
6. Liabilities to euro area residents denominated in foreign currency	3 879 638	2 061 223	2 953 293	2 320 512	3 350 988
7. Liabilities to non-euro area residents denominated in foreign currency	645 249	2 626 570	1 461 240	1 346 671	654 709
8. Counterpart of special drawing rights allocated by the IMF	12 725 597	13 102 434	12 937 044	5 095 493	5 334 574
9. Intra-Eurosystem liabilities	229 779	25 019 859	86 357 768	66 198 276	63 974 101
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	229 779	–	–	–	–
9.3 Other liabilities within the Eurosystem (net)	–	25 019 859	86 357 768	66 198 276	63 974 101
10. Other liabilities	740 583	1 767 750	568 036	665 831	660 484
10.1 Off-balance-sheet instruments revaluation differences	–	–	24 608	–	–
10.2 Accruals and income collected in advance	217 212	1 050 188	23 892	15 396	41 546
10.3 Sundry	523 371	717 562	519 536	650 435	618 938
11. Provisions	1 551	–	–	–	3 146
11.1 For future exchange losses	–	–	–	–	–
11.2 For new premises	–	–	–	–	–
11.3 For contingencies	–	–	–	–	–
11.4 In respect of monetary policy operations	1 551	–	–	–	3 146
12. Revaluation accounts	13 714 283	12 492 431	12 018 744	11 381 836	10 068 000
13. Capital, reserve fund and available reserve	6 837 290	7 410 439	7 226 355	6 907 813	6 512 795
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	1 153 603	1 153 603	1 153 603	1 153 603	1 153 603
Depreciation accounts in respect of tangible and intangible fixed assets	330 183	323 139	316 750	328 680	346 288
13.3 Available reserve	4 174 810	4 755 003	4 577 308	4 246 836	3 834 210
14. Profit for the year	–	–	355 391	660 944	825 252
Total liabilities	286 372 702	338 981 990	359 399 897	298 594 381	181 789 087

3.2.8.2 Profit and loss account

(in € thousand)

	2023	2022	2021	2020	2019
1. Net interest income	–4 036 184	578 629	1 229 612	1 174 757	1 427 590
1.1 Interest income	4 934 620	1 788 508	2 133 819	1 714 322	1 700 539
1.2 Interest expense	–8 970 804	–1 209 879	–904 207	–539 565	–272 949
2. Net result of financial operations, write-downs and provisions	41 234	–344 574	77 065	103 866	87 790
2.1 Realised gains/losses arising from financial operations	52 195	–20 278	107 639	111 813	91 854
2.2 Write-downs on financial assets and positions	–10 961	–324 296	–30 575	–7 947	–4 064
2.3 Transfer to/from provisions	–	–	–	–	–
3. Net income/expense from fees and commissions	–2 256	–1 596	592	2 446	–661
3.1 Fees and commissions income	8 944	10 940	11 435	10 713	7 217
3.2 Fees and commissions expense	–11 200	–12 536	–10 843	–8 267	–7 878
4. Income from equity shares and participating interests	52 240	43 477	65 432	79 958	80 530
5. Net result of pooling of monetary income	949 469	–585 046	–705 627	–325 693	–313 502
6. Other income	218 398	187 327	195 667	171 805	169 788
7. Staff costs	–451 341	–319 980	–301 037	–300 155	–311 572
8. Administrative expenses	–120 397	–105 196	–94 594	–90 194	–101 332
9. Depreciation of tangible and intangible fixed assets	–12 509	–14 990	–16 024	–18 004	–18 755
10. Banknote production services	–9 066	–18 163	–12 682	–13 563	n.
11. Other expenses	0	0	0	0	–3
12. Corporate tax	–1	519	–83 013	–124 279	–194 621
Profit / Loss (–) for the year	–3 370 413	–579 593	355 391	660 944	825 252

3.2.8.3 Dividend per share

(in €)

	2023	2022	2021	2020	2019
Gross dividend	1.50	1.50	138.04	105.77	122.57
Withholding tax	0.45	0.45	41.41	31.73	36.77
Net dividend	1.05	1.05	96.63	74.04	85.80

3.3 Auditor's report to the Council of Regency

KPMG

Auditor's report to the Council of Regency of The National Bank of Belgium SA/NV on the annual accounts as of and for the year ended 31 December 2023

FREE TRANSLATION OF UNQUALIFIED AUDITOR'S REPORT ORIGINALLY PREPARED IN FRENCH AND DUTCH

In the context of the statutory audit of the annual accounts of The National Bank of Belgium SA/NV ("the Company"), we provide you with our auditor's report. This includes our report on the annual accounts for the year ended on 31 December 2023, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as auditor by the general meeting of 15 May 2023, in accordance with the public procurement regulation, on the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers' council. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended on 31 December 2025. This is the first exercise for which we have performed the statutory audit of the annual accounts of the National Bank of Belgium SA/NV.

Report on the annual accounts

Unqualified opinion

In compliance with article 27.1 of the Protocole (No 4) on the statute 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 SA/NV as of and for the year ended on 31 December 2023, prepared in accordance with the financial reporting framework applicable to the Bank as described in the paragraph "Emphasis of matter - Accounting framework applicable to the Bank" (hereinafter "the accounting framework applicable to the Bank"). These annual accounts comprise the balance sheet as at 31 December 2023, the income statement for the year then ended and the notes. The balance sheet total amounts to KEUR 286.372.702 and the income statement shows a loss for the year of KEUR 3.370.413.

In our opinion, the annual accounts give a true and fair view of the Bank's equity and financial position as at 31 December 2023 and of its financial performance for the year then ended in accordance with the accounting framework applicable to the Bank.

Basis for our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Auditors' responsibility for the audit of the annual accounts" section of our report. We have complied with the ethical requirements that are relevant to our audit of the annual accounts in Belgium, including the independence requirements.

Zetel - Siège:
Luchthaven Brussel Nationaal 1K
B-1930 Zaventem

KPMG Bedrijfsrevisoren - KPMG Réviseurs d'Entreprises BV/SRL
Ondernemingsnummer / Numéro d'entreprise 0419.122.548
BTW - TVA BE 0419.122.548
RPR Brussel - RPM Bruxelles
IBAN : BE 95 0018 4771 0358
BIC : GEBABEBB

We have obtained from the board of directors and the Bank's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Accounting framework applicable to the Bank

We draw attention to section "3.2.7.1. Legal framework » of the annual accounts which describes the accounting framework applicable to the Bank. The annual accounts are drawn up in accordance with article 33 of the Act of 22 February 1998 establishing the organic statute of the National Bank of Belgium.

Our opinion is not modified in respect of this matter.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Credit risk linked to the bond portfolios

We refer to the notes 2 "Claims on non-euro area residents denominated in foreign currency", 3 "Claims on euro area residents denominated in foreign currency", 7 "Securities of euro area residents denominated in euro", 9 "Other assets", 21 "Provisions" of the annual accounts as well as sections "3.1.2.1.1 Portfolios and risk factors" and "3.1.2.1.3 Risk Management" of the management report.

- Description

In the context of its market and monetary policy support activities, the Bank holds bond portfolios, including securities held for monetary policy purposes resulting from asset purchase programs, and is exposed to the risk of credit, considered significant due to amongst others the size of said portfolios. Furthermore, in accordance with the concept of risk sharing applicable within the network of European central banks, the Bank is also partially exposed to credit risk on bond portfolios held by other European central banks. This exposure is presented in the "Monetary policy operations to which risk-sharing applies" section of the management report.

As of 31 December 2023, the amount of the Bank's bond portfolios amounts to EUR 238.1 billion, of which EUR 229.7 billion are valued at amortized cost. The amount of write-down recorded as of 31 December 2023 amounts to EUR 1.5 million.

Due to the importance of the portfolios held by the Bank, its exposure to risk on portfolios held by other European central banks and the judgment required to determine the amount of write-down (provision in Bank terminology), we consider the credit risk linked to the bond portfolios as a key audit matter.

- *Our audit procedures*
  - Acquire an understanding of the processes and internal control measures relevant to the monitoring of credit risk linked to the portfolios held by the Bank and the bond portfolios held by other European central banks;
  - Assess the design and implementation of key controls relating to the credit risk provisioning process;
  - Analyze the minutes of the committees within the network of European central banks "Risk Management Committee" (RMC) and "Accounting and Monetary Income Committee" (AMICO) and the justification for the conclusions included therein;
  - Analyze internal audit reports or other reports issued by management and the bodies of the European Central Bank and assess the basis for the conclusions and the impacts, where applicable, on our risk assessment;
  - Based on a sample of securities as of 31 December 2023 presenting possible indicators of write-down in accordance with internal policy (including the watch list as well as the list of securities whose decline in market value could indicate a deteriorated credit environment), discuss and assess the appropriateness of the Bank's conclusion as well as assess the relevance of management's documentation;
  - Assess the procedure applicable at the level of the European Central Bank for the identification of credit risks on the portfolio held by the Bank and the bond portfolios held by other European central banks;
  - For exposures held by other European central banks: inspect the correspondence between the European Central Bank and the Bank and analyze the minutes of the relevant European write-down committees in order to identify the exposures subject to a write-down as well as the amount thereof;
  - For the exposures listed above, obtain confirmation from the auditor of the European Central Bank of the completeness of the write-down having been the subject of risk sharing;
  - Recalculate the amount of the value reduction based on the risk sharing methodology.
  - Retrospective analysis of write-down recognized in application of risk sharing in order to corroborate the correct application of the procedure.

Other matter

The Bank's annual accounts for the financial year ended on 31 December 2022 were audited by another auditor who expressed in its report dated 24 March 2023, an unqualified opinion on these annual accounts.

Board of directors' responsibilities for the preparation of the annual accounts

The board of directors is responsible for the preparation of these annual accounts that give a true and fair view in accordance with the accounting reporting framework applicable to the Bank, and for such internal control as board of directors determines, is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the board of directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance as to whether the annual accounts as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these annual accounts.

When performing our audit, we comply with the legal, regulatory and professional requirements applicable to audits of the annual accounts in Belgium. The scope of the statutory audit of the annual accounts does not extend to providing assurance on the future viability of the Bank nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Company. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- Identify and assess the risks of material misstatements of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls relevant to the audit 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 Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by board of directors;
- Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee regarding, among other, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the Board of Directors

The board of directors is responsible for the preparation and the content of the board of directors' annual report on the annual accounts, the statement of the non-financial information attached to the board of directors' annual report on the annual accounts and the other information included in the annual report, of the documents required to be filed in accordance with the legal and regulatory requirements, for maintaining the Bank's accounting records in compliance with the law of 22 February 1998 establishing the organic status of the National Bank of Belgium, the provisions of the Companies and Associations Code which apply to it, the legal and regulatory provisions relating to accounting and annual accounts and the Bank's bylaws.

Auditor's responsibilities

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the annual accounts, the statement of the non-financial information attached to the board of directors' annual report on the annual accounts and the other information included in the annual report, certain documents to be filed in accordance with legal and regulatory requirements, compliance with the law of 22 February 1998 establishing the organic statute of the National Bank of Belgium SA/NV, the provisions of the Companies and Associations Code applicable to it, the legal and regulatory provisions relating to accounting and annual accounts and the bylaws of the Bank, as well as reporting on these elements.

Aspects concerning the board of directors' annual report on the annual accounts and other information included in the annual report

Based on specific work performed on the board of directors' annual report on the annual accounts, we are of the opinion that this report is consistent with the annual accounts for the same period and has been prepared in accordance with articles 3:5 and 3:6 of the Companies' and Associations' Code.

In the context of our audit of the annual accounts, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the annual accounts and other information included in the annual report:

- 3.1.2. Risk Management
- 3.1.9.2. Internal control and risk management in connection with the financial reporting process
- 3.1.10. Remuneration report
- Chapitre 2 – section II – Environmental information
- Chapitre 2 – section III – Social information
- Chapitre 2 – section IV – Governance information

contain material misstatements, or information that is incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

The non-financial information required by article 3:6 §4 of the Companies' and Associations' Code has been included in the board of directors' annual report on the annual accounts, which is part of section "Chapter 2 – The NBB as a socially responsible organization" of the annual report. The Bank has prepared this non-financial information based on the Directive 2013/34/EU on the publication of non-financial information and information relating to diversity by large companies and large groups (Non-Financial Reporting Directive, NFRD). In accordance with art 3:75 §1, 1st paragraph, 6° of the Companies' and Associations' Code, we do not comment on whether this non-financial information has been prepared in accordance with the mentioned Directive 2013/34/UE.

Information regarding the documents to be filed in accordance with article 3:12 §1 5° of the Companies' and Associations' Code

The following documents, which are to be filed the National Bank of Belgium in accordance with article 3:12 §1 5° of the Companies' and Associations' Code, include, with respect to form and content, the information required by law and do not present any material inconsistencies with the information that we became aware of during the performance of our engagement:

- a document with the following information, unless already separately disclosed in the annual accounts:
  - at the closing of the financial year, the amount of the debts or parts of the debts guaranteed by the Belgian government;
  - on the same date, the amount of the debts due and payable to any tax authorities and to the National Social Security Service, irrespective of whether an extension of payment has been obtained;
  - in respect of the closed financial year, the amount of the capital and interest subsidies paid or granted by public authorities or institutions.

Information about the independence

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the annual accounts and our audit firm remained independent of the Bank during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit of the annual accounts referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the annual accounts.

Other aspects

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable to the Bank.
- The appropriation of results proposed to the Council of Regency complies with the legal provisions and the provisions of the articles of association.
- We do not have to inform you of any transactions undertaken or decisions taken in breach of the law of 22 February 1998 establishing the organic statute of the National Bank of Belgium SA/NV, the provisions of the Companies and Associations Code applicable to it, the legal and regulatory provisions relating to accounting and annual accounts and the bylaws of the Bank.
- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

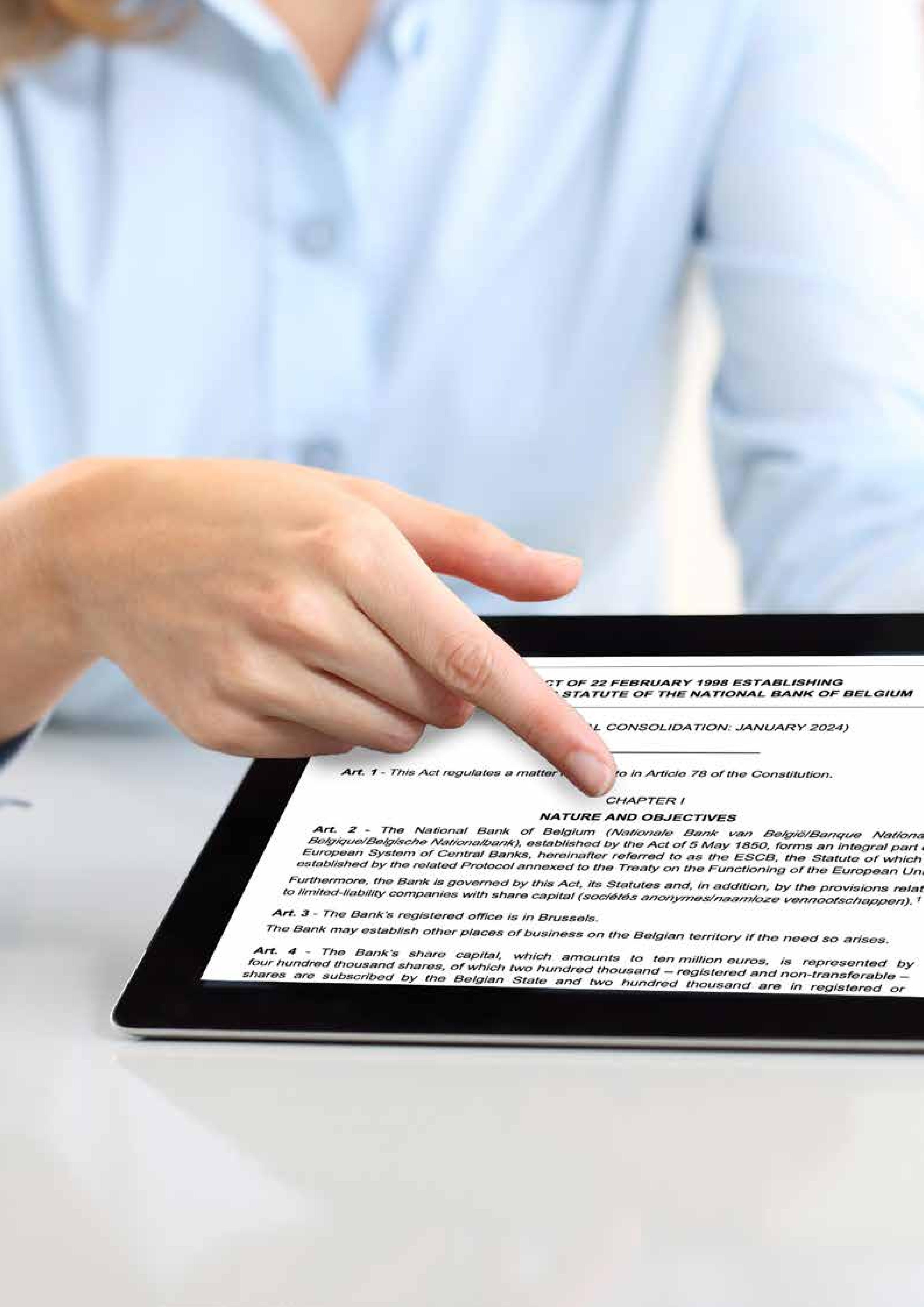
Zaventem, 27 March 2024

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Auditor
represented by

Olivier Macq
Bedrijfsrevisor / Réviseur d'Entreprises

3.4 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 2023 on 27 March 2024 and determined the final allocation of the result 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.


CHAPTER I
NATURE AND OBJECTIVES
Art. 3 - The Bank's registered office is in Brussels.
The Bank may establish other places of business on the Belgian territory if the need so arises.

4. Annexes

The Bank's Organic Act and Corporate Governance Charter are set out below.

The Statutes, the Rules of Procedure, the Audit Committee Bylaws, the Remuneration and Appointments Committee Bylaws and many other legislative and regulatory texts covering the National Bank, its activities and its reference framework are available on the Bank's website.

The Bank does its best to ensure that the documents presented on its website are continually updated to take account of recent changes.

Annex 1 Organic Act [1]

Article 1. – This Act regulates a matter referred to in Article 78 of the Constitution.

Chapter I – Nature and objectives

Art. 2. – The National Bank of Belgium (*Nationale Bank van België / Banque Nationale de Belgique / Belgische Nationalbank*), established by the Act of 5 May 1850, forms an integral part of the European System of Central Banks, hereinafter referred to as the ESCB, the Statute of which was established by the related Protocol annexed to the Treaty on the Functioning of the European Union.

Furthermore, the Bank is governed by this Act, its Statutes and, in addition, by the provisions relating to limited-liability companies with share capital (*sociétés anonymes / naamloze vennootschappen*). [2]

Art. 3. – The Bank's registered office is in Brussels.

The Bank may establish other places of business on the Belgian territory if the need so arises.

Art. 4. – The Bank's share capital, which amounts to ten million euros, is represented by four hundred thousand shares, of which two hundred thousand – registered and non-transferable – shares are subscribed by the Belgian State and two hundred thousand are in registered or dematerialised form. The share capital is fully paid up.

Except for those shares held by the State, the Bank's shares may be converted into registered or dematerialised form, free of charge, at their holder's choosing.

Chapter II – Tasks and transactions

Art. 5. – 1. In order to achieve the objectives of the ESCB and to carry out its tasks, the Bank may:

- carry out transactions on the financial markets, by buying and selling outright (spot and forward transactions) or under repurchase agreements or by lending or borrowing receivables and marketable securities denominated in Community or non-Community currencies, as well as precious metals;
- carry out credit operations with credit institutions and other money market or capital market participants, with lending based on adequate collateral.

2. The Bank shall comply with the general principles defined by the ECB for open market and credit operations, including those relating to announcement of the conditions under which such transactions are carried out.

Art. 6. – Within the limits and in accordance with the terms and conditions adopted by the ECB, the Bank may also carry out *inter alia* the following types of transactions:

1. the issuance and redemption of its own debt instruments;

2. the acceptance of deposits of securities and precious metals, the redemption of securities and the

1 Act of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium (Unofficial consolidated translation: January 2024).

2 The provisions on limited-liability companies do not apply to the National Bank of Belgium except:
1. in regard to matters which are not governed either by the provisions of Title VII of Part Three of the Treaty establishing the European Community and the Protocol on the Statute of the European System of Central Banks and of the European Central Bank or by the abovementioned Act of 22 February 1998 or the Statutes of the National Bank of Belgium; and
2. insofar as they are not in conflict with the provisions referred to in point (1) (*Article 141 §1 of the Act of 2 August 2002 on the supervision of the financial sector and on financial services*).

performance of acts on behalf of other parties in transactions in securities, other financial instruments and precious metals;

3. transactions in interest-rate instruments;

4. transactions in foreign currencies, gold or other precious metals;

5. transactions with a view to the investment and financial management of its holdings of foreign currencies and other external reserve components;

6. the obtention of credit from foreign sources and the provision of guarantees for that purpose;

7. transactions relating to European or international monetary cooperation.

Art. 7. – The Bank's claims arising from lending transactions shall take precedence over any securities the debtor may hold in an account with the Bank or in its securities clearing system as equity.

These preferred claims shall have the same ranking as the claims of secured creditors and shall take precedence over the rights set out in Article 8(3) of the Act of 2 January 1991 on the market in public debt securities and monetary policy instruments, Articles 12(4) and 13(4) of Royal Decree No 62 on the deposit of fungible financial instruments and the settlement of transactions involving such instruments, consolidated by the Royal Decree of 27 January 2004, and Article 471(4) of the Company Code.

In the absence of payment of the Bank's claims referred to in the first paragraph, the Bank may, after having sent the debtor a formal notice of default, proceed automatically, without a prior court order, with realisation of the securities that form the object of its preferred claim, notwithstanding the possible bankruptcy of the debtor or any other situation involving competing claims on the part of the latter's creditors. The Bank shall strive to realise the securities at the most advantageous price as quickly as possible, taking into account the volume of transactions. The proceeds from realisation shall be allocated to the Bank's claim (principal, interest and costs), with any balance remaining after settlement reverting to the debtor.

When the Bank accepts a pledge of receivables as collateral, as soon as the pledge agreement has been entered into, an entry shall be made in a register kept at the National Bank or with a third party designated by the Bank for this purpose.

Through recordation in the register, which is not subject to any specific formalities, the pledge in favour of the National Bank of Belgium is given a firm date and becomes enforceable against all parties, with the exception of the obligor of the pledged receivables.

The register may only be consulted by third parties that are considering accepting a right *in rem* (a security interest) in receivables that could be pledged to the National Bank of Belgium. Consultation of the register shall be governed by the terms stipulated by the National Bank of Belgium.

In the event of the opening of insolvency proceedings, as set out in Article 3(5) of the Act of 15 December 2004 on financial collateral and laying down various tax provisions in relation to agreements establishing security interests and loans involving financial instruments, against a credit institution that has pledged receivables to the National Bank of Belgium as collateral, the following provisions shall apply:

a) the National Bank of Belgium's registered right as pledgee shall take precedence over all other security interests subsequently arranged or granted to third parties in the same receivables, regardless of whether the aforementioned pledge has been notified to and recognised by the obligor of the pledged receivables; if the National Bank of Belgium informs the obligor of the pledged receivables of the pledge, the latter may then only discharge its obligations through payment to the National Bank of Belgium;

b) third parties acquiring a pledge competing with that of the National Bank of Belgium, as described in the preceding paragraph, are obliged, in any event, to transfer to the National Bank of Belgium, without delay, the amounts they receive from the obligor of the pledged receivables upon the commencement of insolvency proceedings. The National Bank of Belgium is entitled to request payment of these amounts, without prejudice to its right to claim damages;

c) notwithstanding any provision to the contrary, as set-off could extinguish all or part of the receivables pledged to the Bank or realised by it, it may not under any circumstances be raised against the Bank or third-party purchasers in the event of realisation ;

d) Article 8 of the Act of 15 December 2004 on financial collateral and laying down various tax provisions in relation to agreements establishing security interests and loans involving financial instruments, shall apply by analogy to the acceptance of pledged receivables as collateral by the National Bank of Belgium, with the words "financial instruments" replaced by "receivables" ;

e) the combined provisions of Articles 5 and 40 of the Mortgage Act (*Loi hypothécaire*) do not apply.

Art. 8. – **§ 1.** The Bank shall ensure that clearing, settlement and payment systems operate properly and that they are effective and sound, in accordance with this Act, specific laws and regulations and, where relevant, applicable European rules.

For this purpose, it may carry out all transactions and grant facilities.

It shall provide for application of the regulations adopted by the ECB in order to ensure the effectiveness and soundness of clearing and payment systems within the European Union and with other countries.

§ 2. In respect of the matters for which it is responsible pursuant to this article, the Bank may adopt regulations to supplement the applicable legislative or regulatory provisions on technical points.

Without prejudice to any consultation procedure provided for by other laws or regulations, the Bank, may, in accordance with the public consultation procedure, clarify, in the course of a consultation, the content of any regulation it intends to adopt and publish such information on its website for comment by interested parties.

These regulations shall enter into force only after their approval by royal decree and their publication in the *Moniteur belge / Belgisch Staatsblad* (Belgian Official Gazette). By way of royal decree, these regulations may be amended or rules set if the Bank fails to do so.

§ 3. The Bank shall exercise the powers conferred on it by this article exclusively in the general interest. Except in the event of fraud or gross negligence, the Bank, the members of its management bodies and its staff may not be held civilly liable for their decisions, acts, omissions or conduct in the fulfilment of these tasks.

Art. 9. – Without prejudice to the powers of the institutions and bodies of the European Communities, the Bank shall implement the international monetary cooperation agreements by which Belgium is bound in accordance with the procedures laid down by agreements concluded between the Minister of Finance and the Bank. It shall provide and receive the means of payment and the loans required for the implementation of these agreements.

The State shall guarantee the Bank against any loss and the repayment of any credit granted by the Bank further to implementation of the agreements referred to in the preceding paragraph or as a result of its participation in international monetary cooperation agreements or transactions to which, subject to approval by the Council of Ministers, the Bank is a party.

Art. 9*bis*. – Within the framework set by Article 105(2) of the Treaty establishing the European Union and Articles 30 and 31 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank, the Bank shall hold and manage the official foreign currency reserves of the Belgian State. These holdings shall constitute assets allocated to the tasks and transactions described in this chapter and other tasks in the public interest entrusted to the Bank by the State. The Bank shall record these assets and the income and expenses relating thereto in its accounts in accordance with the rules referred to in Article 33.

Art. 10. – The Bank may, at the conditions laid down by, or by virtue of, law, and subject to their compatibility with the tasks falling within the ambit of the ESCB, be entrusted with the performance of tasks in the public interest.

Art. 11. – The Bank shall act as State Cashier at the conditions determined by law.

It shall be entrusted, to the exclusion of all other Belgian or foreign bodies, with the conversion into euros of the currencies of States not participating in the Monetary Union or of States that are not members of the European Union borrowed by the State.

The Bank shall be informed of all plans for the contracting of foreign currency loans by the State, the Communities and the Regions. At the request of the Bank, the Minister of Finance and the Bank shall consult whenever the latter considers that these loans are liable to prejudice the effectiveness of monetary or foreign exchange policy. The terms and conditions of this provision of information and consultation shall be laid down in an agreement concluded between the Minister of Finance and the Bank, which is subject to approval by the ECB.

Art. 12. – **§ 1.** The Bank shall contribute to the stability of the financial system. In this respect and in accordance with the provisions of Chapter IV.3, it shall ensure in particular the identification, assessment and monitoring of various factors and developments that could affect the stability of the financial system. It shall issue recommendations on measures to be implemented by the various competent authorities in order to contribute to the stability of the financial system as a whole, particularly through strengthening the robustness of the financial system, preventing the occurrence of systemic risks and limiting the effects of potential disruptions, and shall adopt measures falling within the scope of its authority with a view to achieving these objectives.

For all decisions and transactions carried out in the context of its contribution to the stability of the financial system, the Bank shall enjoy the same degree of independence as that determined by Article 130 of the Treaty on the Functioning of the European Union.

§ 2. The Bank may further be entrusted with the gathering of statistical information or with international cooperation in relation to any task referred to in Article 10.

Art. 12*bis*. – **§ 1.** The Bank shall supervise financial institutions in accordance with this Act and specific laws governing the supervision of such institutions and the European rules governing the Single Supervisory Mechanism.

§ 2. Within the areas of supervision for which it is responsible, the Bank may lay down regulations supplementing the legislative or regulatory provisions on technical points.

Without prejudice to any consultation provided for by other laws or regulations, the Bank may, in accordance with the open consultation procedure, explain, in an advisory note, the content of any regulation it is considering adopting and publish the same on its website for comment by interested parties.

These regulations shall enter into force only after their approval by royal decree and their publication in the *Moniteur belge / Belgisch Staatsblad* (Belgian Official Gazette). These regulations may be amended by royal decree or regulations may be enacted by royal decree should the Bank fail to do so.

§ 3. The Bank shall carry out its supervisory duties exclusively in the general interest. The Bank, the members of its management bodies and its personal may not be held civilly liable for decisions, acts, omissions or conduct take or carried out in the performance of the Bank's statutory supervisory duties, except in the event of fraud or gross negligence. Likewise, any special auditors or interim managers appointed by the Bank pursuant to the supervisory legislation applicable at sector level with which it is responsible for ensuring compliance may not be held civilly liable as a result of decisions, acts, omissions or conduct taken or performed in the context of the tasks entrusted to them by the Bank, except in the event of fraud or gross negligence.

The Bank shall cover the defence costs the persons referred to in the preceding paragraph accused of being civilly or criminally liable in connection with their duties. It shall also cover the costs of any conviction resulting from the civil liability of the aforementioned special auditors and interim managers, notwithstanding the limitation on civil liability referred to in the preceding paragraph. Where the conviction is the result of fraud with intent to deceive, the special auditor or interim manager found guilty of such fraud shall reimburse these costs to the Bank along with any amounts paid by the Bank to the injured parties in execution of the judgment.

§ 4. The Bank's operating expenses in relation to the supervision referred to in § 1 shall be borne by the institutions subject to its supervision, in accordance with the terms and conditions laid down by royal decree.

The Bank may entrust the recovery of unpaid contributions to the Federal Public Service Finance's General Administration of Tax Collection and Recovery.

Art. 12*ter*. – **§ 1.** The Bank shall exercise the duties of a resolution authority and shall, in that capacity, be authorised to apply the resolution tools and exercise the resolution powers set out in the Act of 25 April 2014 on the legal status and supervision of credit institutions.

§ 1/1. The Bank shall perform the duties of a resolution authority empowered to apply resolution tools and exercise resolution powers in accordance with the provisions laid down by or pursuant to Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/ 2365, as well as Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132.

§ 2. The operating expenses relating to the tasks referred to in the first paragraph shall be borne by the institutions subject to the legislation referred to in that paragraph, in accordance with the terms and conditions laid down by royal decree.

§ 2/1. The operating expenses relating to the tasks referred to in paragraph 1/1 shall be borne by the central counterparties authorised pursuant to Article 36/25 § 3, in accordance with the terms and conditions laid down by royal decree.

§ 3. The provisions of Article 12*bis* § 3 apply to the tasks referred to in this article. In particular, the existence of gross negligence shall be assessed with reference to the concrete circumstances of the case, specifically the urgency with which the persons concerned were confronted, practices on the financial markets, the complexity of the case, threats to savings, and the risk of harm to the national economy.

Art. 12*quater*. – **§ 1.** In addition to the exceptions provided for by Articles 14(5)(c) and (d), 17(3)(b), 18(2), and 20(3) of Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC, to safeguard the objectives of Article 23(1)(d), (e) and (h) of the aforementioned Regulation, exercise of the rights referred to in Articles 12 (transparent information, communication and modalities for the exercise of the rights of the data subject), 13 (information to be provided where personal data are collected from the data subject), 15 (right of access), 16 (right to rectification), 19 (notification obligation regarding rectification or erasure of personal data or restriction of processing), 21 (right to object) and 34 (communication of a personal data breach to the data subject) of this Regulation shall be completely restricted, when it comes to the processing of personal data as referred to in Article 4(1) of the same Regulation by the Bank in its capacity as a controller performing tasks in the public interest, tasks relating to the prevention and detection of criminal offences, and monitoring, inspection or regulatory tasks in connection with the exercise of official authority:

1. with a view to carrying out the tasks listed in Article 12*bis* of this Act or any other task relating to the prudential supervision of financial institutions assigned to the Bank by any other provision of national or European law, when such data have not been obtained from the data subject;

2. in the context of the performance of its tasks as a resolution authority, as referred to in Article 12*ter* of this Act, or any other resolution powers assigned to the Bank by any other provision of national or European law, when such data have not been obtained from the data subject;

3. in the context of performance of the task assigned to the Bank by Article 8 of this Act to ensure that clearing, settlement and payment systems operate properly and that they are effective and sound, when such data have not been obtained from the data subject;

4. in the context of procedures for the imposition of administrative fines by the Bank pursuant to sections 2 and 3 of Chapter IV.1 of this Act and exercise of the power granted to the Bank in this regard to impose penalty payments pursuant to section 3*bis* of this same chapter, insofar as the personal data concerned are linked to the subject of the investigation or supervision.

The derogations referred to in § 1(1), (2) and (3) shall apply as long as the data subject has not, where appropriate, lawfully gained access to his/her/their administrative file held by the Bank and containing the relevant personal data.

§ 2. Article 5 of the aforementioned Regulation 2016/679 shall not apply to the processing of personal data referred to in § 1 insofar as the provisions of that article correspond to the rights and obligations provided for by Articles 12 to 22 of the Regulation.

Art. 12*quinquies*. – Insofar as the Bank has the status of an administrative authority within the meaning of Article 22*quinquies* of the Act of 11 December 1998 on security classification, clearances, certificates and notices, it is authorised to process personal data concerning criminal convictions or punishable acts where necessary for performance of the tasks conferred on it pursuant to the aforementioned Act of 11 December 1998. Articles 12 to 22 and Article 34 of Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC, shall not apply to these types of processing or to other types of personal data processing by the Bank in this capacity when the processing is necessary for the performance of its tasks. Article 5 of this Regulation also shall not apply to these types of personal data processing insofar as the provisions of that article correspond to the rights and obligations provided for by Articles 12 to 22 of that Regulation.

Art. 13. – The Bank may carry out all transactions and provide all services that are ancillary to or stem from the tasks referred to in this Act.

Art. 14. – The Bank may entrust the performance of tasks not falling within the ambit of the ESCB with which it is entrusted or for which it takes the initiative to one or more legal entities specifically set up for this purpose and in which the Bank holds a substantial shareholding; one or more members of the Bank's Board of Directors shall participate in the management of such entities.

If a task is entrusted by law to the Bank, prior approval by royal decree, further to a proposal by the competent minister, shall be required.

Art. 15. – *Repealed*.

Art. 16. – The legal entities referred to in Article 14 that are controlled exclusively by the Bank shall be subject to oversight by the Court of Auditors [*Cour des Comptes – Rekenhof*].

Chapter III – Management bodies – Composition – Ineligibility

Art. 17. – The management bodies of the Bank are the Governor, the Board of Directors, the Council of Regency, the Sanctions Committee and the Resolution Board.

Art. 18. – 1. The Governor shall lead the Bank and preside over the Board of Directors and the Resolution Board.

2. In the event of an impediment, the Governor shall be substituted by the Vice-Governor, without prejudice to the application of Article 10.2 of the Statute of the ESCB.

Art. 19. – 1. In addition to the Governor, who chairs it, the Board of Directors shall be composed of a maximum of five directors, one of whom shall bear the title of Vice-Governor, conferred by the King. The Board of Directors shall include an equal number of French-speaking and Dutch-speaking members.

2. The Board shall be responsible for the administration and management of the Bank and shall determine its policy stance.

3. It shall exercise regulatory powers in the cases laid down by law. It shall lay down measures in circulars or recommendations with a view to clarifying the application of the legislative or regulatory provisions whose application the Bank supervises.

4. It shall decide on the investment of the capital, reserves and depreciation accounts after consultation with the Council of Regency and without prejudice to the rules adopted by the ECB.

5. It shall settle all matters not expressly reserved to another body by law, the Statutes or the Rules of Procedure.

6. It shall provide opinions to the various authorities exercising statutory or regulatory powers on all draft legislation or regulations relating to the supervisory tasks with which the Bank is or may be entrusted.

7. It may take decisions by way of a written procedure or a means of telecommunication allowing participatory discussion in accordance with the specific rules laid down in the Bank's Rules of Procedure.

Art. 20. – 1. The Council of Regency shall be composed of the Governor, the Directors and fourteen regents. It shall include an equal number of French- and Dutch-speaking regents.

At least one-third of the members of the Council of Regency must be of a different gender from the other members. In applying this provision, the minimum required number of members of a different gender shall be rounded to the nearest whole number.

2. The Council shall exchange views on general issues relating to the Bank, monetary policy and the economic situation of the country and the European Union, supervisory policy with regard to each sector subject to the Bank's supervision, Belgian, European and international developments in the field of supervision, as well as, in general, any developments concerning the financial system subject to the Bank's supervision, without however having any authority to act at operational level or deal with individual files. It shall familiarise itself each month with the institution's situation.

Further to a proposal by the Board of Directors, it shall lay down Rules of Procedure, containing basic rules on the functioning of the Bank's management bodies and the organisation of its departments, services and places of business.

3. The Council shall fix the individual salaries and pensions of the members of the Board of Directors. These salaries and pensions may not include a share of the profits and no remuneration whatsoever may be added thereto by the Bank, either directly or indirectly.

4. The Council shall approve the expenditure budget and the annual accounts submitted by the Board of Directors. It shall definitively approve the allocation of profits proposed by the Board.

5. A regent to chair the Council of Regency shall be appointed by royal decree. The chairperson of the Council of Regency shall be independent within the meaning of Article 526*ter* of the Company Code and be of a different linguistic group and a different gender than the Governor. When a new governor is appointed, the appointment of the incumbent chairperson or of a new chairperson shall be confirmed by royal decree.

The chairperson of the Council of Regency shall preside over meetings of this body, except when it is discussing general issues as referred to in the first sentence of point (2) of this article. These exchanges of views shall be chaired by the Governor.

6. The Council of Regency may take decisions by way of a written procedure or a means of telecommunication allowing participatory discussion in accordance with the specific rules laid down in the Bank's Rules of Procedure.

Art. 21. – **§ 1.** An audit committee shall be set up within the Council of Regency, comprised of three regents appointed by the Council. A majority of members of the audit committee shall be independent within the meaning of Article 526*ter* of the Company Code.

The audit committee shall exercise the advisory powers laid down by Article 21*bis* and supervise the preparation and implementation of the Bank's budget.

The Council of Regency appoints the chairperson of the audit committee who shall be independent within the meaning of Article 526*ter* of the Company Code. The chairperson of the Council of Regency may not serve as chairperson of the audit committee.

§ 2. A remuneration and nomination committee shall be set up within the Council of Regency, comprised of three regents appointed by the latter. A majority of members of the remuneration and nomination committee shall be independent within the meaning of Article 526*ter* of the Company Code.

The remuneration and nomination committee shall exercise the advisory powers in the field of remuneration and appointments attributed to it by the Council of Regency.

The Governor shall attend meetings of the remuneration and nomination committee in an advisory capacity.

Art. 21*bis*. – 1. Without prejudice to the legal responsibilities of the Bank's management bodies and performance of the tasks and transactions falling within the ambit of the ESCB and their review by the statutory auditor, the audit committee shall be entrusted with at least the following:

a) monitoring the financial reporting process;

b) monitoring the effectiveness of the internal control and risk management systems and of the Bank's internal audit;

c) monitoring the statutory audit of the annual accounts, including compliance with the questions and recommendations formulated by the statutory auditor;

d) reviewing and monitoring the independence of the statutory auditor, in particular the provision of additional services to the Bank.

2. Without prejudice to Article 27.1 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank and the nomination power of the works council, the proposal of the Board of Directors regarding the appointment of the statutory auditor shall be based on a proposal by the audit committee, which shall be provided to the works council. The audit committee shall also advise on the tender procedure for selection of the statutory auditor.

3. Without prejudice to any reports or warnings addressed by the statutory auditor to the management bodies of the Bank, the statutory auditor shall report to the audit committee on key matters arising from the statutory audit, in particular on material internal control weaknesses in relation to the financial reporting process.

4. The statutory auditor shall:

a) confirm annually in writing to the audit committee its independence from the Bank;

b) disclose annually to the audit committee any additional services provided to the Bank;

c) examine with the audit committee risks to the auditor's independence and the safeguards applied to mitigate these risks, as recorded in the audit documentation.

5. The Rules of Procedure shall contain provisions on the functioning of the audit committee.

Art. 21*ter*. – **§ 1.** The Bank hereby establishes a Resolution Board, responsible for performing the tasks described in this article.

§ 2. The Resolution Board shall be composed of the following persons:

1. the Governor;

2. the Vice-Governor;

3. the director responsible for the department in charge of the prudential supervision of banks and stockbroking firms;

4. the director of the department in charge of prudential policy and financial stability;

5. the director designated by the Bank as the person responsible for the resolution of credit institutions;

6. *repealed*;

7. the chairperson of the management committee of the Federal Public Service Finance;

8. the official in charge of the Resolution Fund;

9. four members designated by way of a royal decree deliberated in the Council of Ministers; and

10. a magistrate designated by royal decree.

§ 2/1. The chairperson of the Financial Services and Markets Authority shall attend meetings of the Resolution Board in an advisory capacity.

§ 3. The persons referred to in § 2(9) shall be appointed based on their particular experience in banking and financial analysis.

The persons referred to in § 2(9) and (10) shall be appointed for a renewable term of four years. They shall remain in office until provision is made for their replacement. These persons can be removed from office by the authorities that appointed them only if they no longer meet the conditions necessary for the performance of their duties or for gross negligence.

§ 4. A royal decree deliberated in the Council of Ministers shall determine:

1. the organisation and functioning of the Resolution Board and the departments tasked with preparing its work;

2. the conditions under which the Resolution Board shares information with third parties, including other bodies and departments of the Bank; and

3. measures to prevent any conflicts of interest on the part of members of the Resolution Board and between the Resolution Board and other bodies and departments of the Bank.

§ 5. The Board of Directors shall be substituted by the Resolution Board for purposes of the application of Section 3 of Chapter IV.1 of this Act in the event of a violation of:

1. the provisions of Book II, Titles IV and VIII, and Book XI of the Act of 25 April 2014 on the legal status and supervision of credit institutions and the implementing measures for these provisions;

2. Article 279 of the Act of 20 July 2022 on the legal status and supervision of stockbroking firms and laying down various other provisions and the measures implementing these provisions;

3. the provisions laid down by or pursuant to Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/ 2365, as well as Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132.

Art. 22. – 1. Except as regards the tasks and transactions falling within the ambit of the ESCB, the supervisory tasks referred to in Article 12*bis* and the tasks referred to in Article 12 and Chapter IV.3, the Minister of Finance, through the latter's representative, shall have the right to supervise the Bank's transactions and to object to the implementation of any measure that is contrary to the law, the Bank's Statutes or the interests of the State.

2. The representative of the Minister of Finance shall attend *ex officio* meetings of the Council of Regency, the audit committee and the remuneration and nomination committee in an advisory capacity. Except as regards tasks and transactions falling within the ambit of the ESCB, the supervisory tasks referred to in Article 12*bis* and the tasks referred to in Article 12 and Chapter IV.3, the representative shall supervise the Bank's transactions and suspend and call to the attention of the Minister of Finance any decision contrary to the law, the Bank's Statutes or the interests of the State.

If the Minister of Finance does not take a decision within eight days from the date of suspension, the decision may be implemented.

3. The salary of the representative of the Minister of Finance shall be fixed by the Minister of Finance in consultation with the management of the Bank and shall be borne by the latter.

The representative shall report to the Minister of Finance each year on the performance of these tasks.

Art. 23. – 1. The Governor shall be appointed by royal decree for a renewable term of five years. The Governor may be removed from office by royal decree only if (s)he no longer meets the conditions required for the performance of his or her duties or for gross negligence. With regard to this decision, the Governor shall have a right of appeal as provided for by Article 14.2 of the Statute of the ESCB.

2. The other members of the Board of Directors shall be appointed by royal decree, further to a proposal by the Council of Regency, for a renewable term of six years. They may be removed from office by royal decree only if they no longer meet the conditions required for the performance of their duties or for gross negligence.

3. The regents shall be appointed for a renewable three-year term by the general meeting.

Two regents shall be selected based on a proposal by the most representative labour organisations.

Three regents shall be selected based on a proposal by the most representative organisations of industry and commerce, agriculture and small businesses.

Nine regents shall be selected based on a proposal submitted by the Minister of Finance.

The methods used to propose candidates for these appointments shall be laid down in a royal decree deliberated in the Council of Ministers.

4. *Repealed*.

Art. 24. – The regents shall receive attendance fees and, if appropriate, a travel allowance. The amount of such remuneration shall be fixed by the Council of Regency.

Art. 25. – Members of both houses of the federal Parliament, the European Parliament, the parliaments of the Communities and the Regions, persons who hold the position of minister or secretary of state or serve as a member of the government of a Community or Region as well as staff members of a member of the federal government or of the government of a Community or Region may not hold the office of Governor, Vice-Governor, member of the Board of Directors, member of the Sanctions Committee, member of the Resolution Board or regent. The latter offices shall automatically cease when their holder takes the oath of office to exercise any of the abovementioned offices or effectively performs such functions.

Art. 26. – **§ 1.** The Governor, the Vice-Governor and the other members of the Board of Directors may not hold any office in a commercial company or a company that takes a commercial form or in any public body that carries on an industrial, commercial or financial activity. Subject to the approval of the Minister of Finance, they may however hold office in :

1. international financial institutions established under agreements to which Belgium is party ;

2. the Deposits and Financial Instruments Protection Fund (*Fonds de protection des dépôts et des instruments financiers – Beschermingsfonds voor deposito's en financiële instrumenten*), the Rediscounting and Guarantee Institute (*Institut de Réescompte et de Garantie – Herdiscontering- en Waarborginstituut*) and the National Export Credit Insurance Office (*Office National du Ducroire – Nationale Delcrederedienst*) ;

3. the legal entities referred to in Article 14.

For positions and offices in an institution subject to supervision by the Bank or an institution incorporated under Belgian or foreign law established in Belgium or a subsidiary of any such institution subject to supervision by the European Central Bank, the prohibitions referred to in the first paragraph shall continue to apply to the Governor, Vice-Governor and other members of the Board of Directors for one year after leaving office.

The Council of Regency shall determine the conditions relating to the relinquishment of office. It may, on the advice of the Board of Directors, waive the ban on holding other positions for a certain period after leaving office if it finds that the activity in question will have no significant influence on the independence of the person concerned.

§ 2. The regents may not be members of the administrative, management or supervisory bodies of an institution subject to supervision by the Bank or of an institution incorporated under Belgian or foreign law established in Belgium or a subsidiary of any such institution subject to supervision by the European Central Bank, nor may they exercise management functions in any such institution.

§ 3. Further to a proposal by the Board of Directors, the Council of Regency shall lay down the code of conduct to be respected by the members of the Board of Directors and staff, as well as measures to oversee compliance with this code. Persons responsible for supervising compliance with the code are bound by a duty of professional secrecy as provided for by Article 458 of the Criminal Code.

Art. 27. – The terms of office of members of the Board of Directors and the Council of Regency shall expire no later than when they reach the age of sixty-seven.

However, subject to authorisation by the Minister of Finance, they may serve out their current term. The term of office of members of the Board of Directors may subsequently be extended for a renewable period of one year. For the Governor, an authorisation to serve out the current term of office or to extend it shall be granted by way of a royal decree deliberated in the Council of Ministers.

Under no circumstances may the holders of the offices referred to above remain in office beyond the age of seventy.

Art. 28. – The Governor shall send the chairperson of the House of Representatives the annual report referred to in Article 284(3) of the Treaty on the Functioning of the European Union, as well as an annual report on the tasks of the Bank in the field of prudential supervision of financial institutions and its tasks relating to its contribution to the stability of the financial system as referred to in Chapter IV.3. The Governor may be heard by the competent committees of the House of Representatives at the request of these committees or at the Governor's own initiative.

Communications made under this article may not, due to their content or the circumstances, jeopardise the stability of the financial system.

Chapter IV – Financial provisions and amendment of the Bank's statutes

Art. 29. – *Repealed*.

Art. 30. – Any capital gain realised by the Bank through arbitrage transactions of gold assets against other external reserve components shall be credited to a special unavailable reserve account. This capital gain shall be exempt from all forms of taxation. However, where certain external reserve components are arbitraged against gold, the difference between the purchase price of the gold and the average purchase price of the existing gold stock shall be deducted from the special reserve account.

The net income from the assets which form the counterpart to the capital gain referred to in the first paragraph shall be allocated to the State.

External reserve components acquired as a result of the transactions referred to in the first paragraph shall be covered by the State guarantee provided for by Article 9(2) of this Act.

The terms and conditions for application of the provisions set out in the preceding paragraphs shall be fixed by agreements to be concluded between the State and the Bank. These agreements shall be published in the *Moniteur belge / Belgisch Staatsblad*.

Art. 31. – The reserve fund is intended to be used for:

1. compensating for losses of share capital;

2. supplementing any shortfall in the annual profits up to a dividend of six per cent of the capital.

Upon expiry of the Bank's right of issuance,[1] the State shall have a priority claim to one-fifth of the reserve fund. The remaining four-fifths shall be distributed amongst all the shareholders.

Art. 32. – The annual profits shall be distributed as follows:

1. a first dividend of 6 % of the capital shall be allocated to the shareholders;

2. from the excess, an amount proposed by the Board of Directors and set by the Council of Regency shall be allocated, in a fully independent manner, to the reserve fund or to the available reserve;

3. from the new remainder, a second dividend, established by the Council of Regency, of at least 50 % of the net proceeds from the assets forming the counterpart to the reserve fund and the available reserve, shall be allocated to the shareholders;

4. the balance shall be allocated to the State and shall be exempt from company tax.

Art. 33. – The accounts and, if appropriate, the consolidated accounts of the Bank shall be drawn up:

in accordance with this Act and the mandatory rules established pursuant to Article 26.4 of the Protocol on the Statute of the European System of Central Banks and of the European Central Bank; 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 Act 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.[2]

Art. 34. – The Bank and its establishments shall comply with the legislative provisions on the use of languages in administrative matters.

1 The right of issuance includes the right which the Bank may exercise pursuant to Article 106(1) of the Treaty establishing the European Community (Article 141 § 9 of the Act of 2 August 2002 on the supervision of the financial sector and on financial services).

2 Pursuant to Articles 11 and 12 of the Act of 17 July 2013 inserting Book III on "Freedom of establishment, freedom to provide services and general obligations of undertakings" in the Code of Economic Law and specific definitions and implementing legislation under Book III in Books I and XV of the Code of Economic Law, this provision should be read as follows: *"Articles III.82 to III.84, III.86 to III.89 and XV.75 of the Code of Economic Law and their implementing decrees shall apply to the Bank, with the exception of the decrees implementing Articles III.84(7) and III.89 § 2"*.

Art. 35 – § 1. Except when called upon to give evidence before a court of law in criminal proceedings and for communications made in the context of parliamentary committees of inquiry, the Bank, the members and former members of its management bodies, its staff and the experts it engages are bound by a duty of professional secrecy and may not disclose to any person or authority whatsoever confidential information of which they become aware in the performance of their duties.

The persons referred to in the preceding paragraph shall be exempt from the obligation laid down in Article 29 of the Code of Criminal Procedure.

Violations of this article are punishable by the sanctions referred to in Article 458 of the Criminal Code. The provisions of Book 1 of the Criminal Code, including Chapter VII and Article 85, shall be applicable to violations of this article.

This article does not prevent the observance, by the Bank, the members of its organs and its staff, of specific legislative provisions on professional secrecy, be they more restrictive or not, notably when the Bank is entrusted with collecting statistical data or information on prudential supervision.

§ 2. Without prejudice to § 1, the Bank may disclose confidential information:

1. where the communication of such information is stipulated or authorised by or pursuant to this Act and the laws regulating the tasks entrusted to the Bank;

2. to report criminal offences to the judicial authorities;

3. in the context of administrative or judicial proceedings against acts or decisions of the Bank and in any other proceedings to which the Bank is a party;

4. in abridged or summary form, so that individual natural or legal persons cannot be identified.

The Bank may make public a decision to report criminal offences to the judicial authorities.

§ 3. Within the limits of European Union law and any restrictions expressly laid down by or pursuant to law, the Bank may use any confidential information in its possession in the performance of its statutory duties, in order to accomplish the tasks referred to in Articles 8, 12 § 1, 12*ter*, 36/2 and 36/3 and its tasks within the ESCB.

Art. 35/1. – § 1er. By way of derogation from Article 35 and within the limits of European Union law, the Bank may disclose confidential information:

1. *repealed*;

2. in the performance of the tasks referred to in Article 12*ter* § 1 and for the purpose of carrying out those tasks,

a) to the resolution authorities of the European Union and of other Member States of the European Economic Area as well as to the authorities of third countries entrusted with equivalent tasks to those referred to in Article 12*ter* § 1;

b) to the persons or authorities referred to in Article 36/14 § 1(1), (2), (3), (4), (5), (8), (11), (18) and (19);

c) to the Minister of Finance;

d) to any person, whether governed by Belgian or foreign law, whenever deemed necessary for the planning or execution of a resolution measure, in particular,

- the special administrators appointed pursuant to Article 281 § 2 of the Act of 25 April 2014 on the legal status and supervision of credit institutions;
- the body responsible for resolution financing arrangements;
- auditors, accountants, legal and professional advisors, appraisers and other experts engaged directly or indirectly by the Bank, a resolution authority, a competent ministry or a potential purchaser;
- a bridge institution within the meaning of Article 260 of the Act of 25 April 2014 on the legal status and supervision of credit institutions or an asset management vehicle within the meaning of Article 265 of the same Act;
- persons or authorities referred to in Article 36/14 § 1(6), (7), (9), (10), (12), (15) and (20);

- potential purchasers of securities or assets issued or held, as the case may be, by the institution subject to resolution proceedings.

e) without prejudice to points (a) to (d), to any person or authority with a function or duty under Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, when the disclosure of confidential information concerning a person referred to in Article 1(1)(a), (b), (c) or (d) of that Directive has been approved in advance by that person or by an authority carrying out identical tasks to those referred to in Articles 12 § 1 and 12*ter* as regards this person, when the information originates from that person or authority.

3. in the performance of the tasks referred to in Article 12*ter* § 1/1 and, for the purpose of carrying out those tasks, within the limits of the provisions laid down by or pursuant to Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/ 2365, as well as Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/113 and in particular:

a) to the resolution authorities of the Member States of the European Union and of other Member States of the European Economic Area, as well as to the authorities of third countries entrusted with tasks equivalent to those referred to in Article 12*ter* § 1/1;

b) to the persons or authorities referred to in Article 36/14 § 1(1), (2), (3), (4), (5), (8), (11), (18) and (19);

c) to the Minister of Finance;

d) to any person, whether governed by Belgian or foreign law, where this is necessary for the planning or execution of a resolution measure, in particular

- the special administrators appointed pursuant to Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/ 2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132;

- the body responsible for resolution financing arrangements;

- auditors, accountants, legal and professional advisers, appraisers and other experts engaged directly or indirectly by the Bank, a resolution authority, a competent ministry or a potential purchaser;

- a bridge central counterparty within the meaning of Article 42 of Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014 and (EU) 2015/ 2365, and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132;

- the persons or authorities referred to in Article 36/14 § 1(6), (7), (9), (10), (12), (15) and (20);

- potential purchasers contacted by the competent authorities or by the resolution authority.

§ 2. The Bank may disclose confidential information in accordance with § 1 only if the disclosed information will be used by the authorities, institutions or persons receiving it for the performance of their tasks and they are subject to a duty of professional secrecy, with regard to the disclosed information, equivalent to that referred to in Article 35. Furthermore, information communicated by an authority of another Member State may be disclosed to a third-country authority only with the express consent of the former authority and, as the case may be, only for the purposes to which that authority has consented. Likewise, information originating from a third-country authority may only be disclosed with the express consent of that authority and, as the case may be, only for the purposes to which that authority has consented.

The Bank may only disclose confidential information pursuant to § 1 to the authorities of third countries with which it has concluded a cooperation agreement providing for an exchange of information.

§ 3. Without prejudice to the more stringent provisions of the specific laws to which they are subject, Belgian persons, authorities and bodies shall be bound by the duty of professional secrecy referred to in Article 35 as regards confidential information they receive from the Bank pursuant to § 1 and shall ensure that their internal rules guarantee that any confidential information received from the Bank in accordance with § 1(2) by persons involved in the resolution process is treated as confidential.

Art. 35/2. – By way of derogation from Article 35 and within the limits of European Union law, the Bank may provide confidential information to the Belgian Data Protection Authority (*Gegevensbeschermingsautoriteit / Autorité de protection des données*) insofar as this information is necessary for the performance of this authority's official tasks.

Art. 35/3. – Article 35 shall apply to accredited auditors (*commissaires agréés*), statutory auditors and experts as regards information of which they become aware through performance of the tasks entrusted to them in establishments subject to supervision by the Bank or in whose supervision the Bank participates, pursuant to Articles 12*bis* and 36/2.

Further to their obligation to report to the supervisory authority, on their own initiative, decisions or facts that could constitute violations of the legislation governing the supervision of the sector, accredited auditors working for institutions subject to supervision by the Bank or in whose supervision the Bank participates, pursuant to Articles 12*bis* and 36/2, are obliged to report to the Bank concrete knowledge of unusual mechanisms, within the meaning of Article 36/4, of which they become aware in the performance of their duties.

The first paragraph [of this article] and Article 86 § 1(1) of the Act of 7 December 2016 on the organisation of the profession and public supervision of auditors shall not apply to the disclosure of information to the Bank that is provided for or authorised by the legislative or regulatory provisions governing the tasks of the Bank.

Art. 36. – The Council of Regency shall amend the Statutes in order to bring them into line with this Act and with the international obligations binding on Belgium.

Other amendments to the Statutes shall be adopted, further to a proposal by the Council of Regency, by a majority of three-quarters of the votes attached to the total number of shares present or represented at the general meeting of shareholders.

Amendments to the Statutes must be approved by royal decree.

Chapter IV/1 – Supervision of financial institutions

Section 1 – General provisions

Art. 36/1. – Definitions: For purposes of this chapter and Chapter IV.2, the following definitions shall apply:

1. "Act of 2 August 2002": the Act of 2 August 2002 on the supervision of the financial sector and on financial services;

2. "financial instrument": an instrument as defined in Article 2(1) of the Act of 2 August;

3. "credit institution": an institution referred to in Book II and in Titles I and II of Book III of the Act of 25 April 2014 on the legal status and supervision of credit institutions;

4. "electronic money institution": an institution referred to in Article 2(74) of the Act of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money and access to payment systems;

5. "investment firm with the status of a stockbroking firm": an investment undertaking referred to in the Act of 20 July 2022 on the legal status and supervision of stockbroking firms and laying down various other provisions that is licensed as a stockbroking firm or authorised to provide investment services that would require a licence to operate as a stockbroking firm if they were provided by a Belgian investment firm;

6. "insurance or reinsurance company": a company referred to in Article 5(1) or (2) of the Act of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies;

7. *repealed*;

8. “mutual guarantee society” : a company referred to in Article 57 of the Omnibus Act of 10 February 1998 on the promotion of self-employment ;

9. “payment institution” : an undertaking referred to in Article 2(8) of the Act of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money and access to payment systems ;

10. “regulated market” : a Belgian or foreign regulated market ;

11. “Belgian regulated market” : a multilateral system, run and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments, in accordance with non-discretionary rules, in a way that results in a contract, in respect of the financial instruments admitted to trading under the system’s rules and / or arrangements, and which is authorised and functions regularly and in accordance with the provisions of Chapter II of the Act of 2 August ;

12. “foreign regulated market” : a market for financial instruments that is organised by a market operator whose home State is a Member State of the European Economic Area other than Belgium and that has been recognised in this Member State as a regulated market pursuant to Title III of Directive 2014/65/EU ;

13. “central counterparty” : a central counterparty as defined in Article 2(1) of Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ;

14. *repealed* ;

15. “FSMA” : the Financial Services and Markets Authority (“*Autorité des services et marchés financiers*” / “*Autoriteit voor Financiële Diensten en Markten*”, in German “*Autorität Finanzielle Dienste und Märkte*”) ;

16. “competent authority” : the Bank, the FSMA or the authority indicated by each Member State pursuant to Article 67 of Directive 2014/65/EU, Article 22 of Regulation 648/2012, Article 11 or Article 2(21) of Regulation 909/2014, or Article 12 of Regulation 2022/858, unless otherwise specified in the aforementioned directive or regulations ;

17. “Directive 2014/65/EU” : Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ;

18. “CSRSFI” : the Committee for Systemic Risks and System-Relevant Financial Institutions ;

19. *repealed* ;

20. “European Banking Authority” : the European Banking Authority set up by Regulation 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision 716/2009/EC and repealing Commission Decision 2009/78/EC ;

21. “European Insurance and Occupational Pensions Authority” : the European Insurance and Occupational Pensions Authority set up by Regulation 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision 716/2009/EC and repealing Commission Decision 2009/79/EC ;

21/1. “European Securities and Markets Authority” : the European Securities and Markets Authority set up by Regulation 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision 716/2009/EC and repealing Commission Decision 2009/77/EC ;

22. “Regulation 648/2012” : Regulation (EU) No 648/2012 of the European Parliament and of the European Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ;

23. “financial counterparty” : a counterparty as defined in Article 2(8) of Regulation 648/2012 or Article 3(3) of Regulation 2015/2365 ;

24. “non-financial counterparty” : a counterparty as defined in Article 2(9) of Regulation 648/2012 or Article 3(4) of Regulation 2015/2365 ;

25. "central securities depository": a central securities depository as defined in Article 2(1)(1) of Regulation 909/2014;

26. "Regulation 909/2014": Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) 236/2012;

27. "Regulation 2015/2365": Regulation (EU) No 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) 648/2012;

28. "Act of 7 April 2019": the Act of 7 April 2019 establishing a framework for the security of networks and information systems of general interest for public security;

29. "bankruptcy court": the bankruptcy court referred to in Article I.22(4) of the Code of Economic Law.

30. "Act of 18 September 2017": the Act of 18 September 2017 on the prevention of money laundering and terrorist financing and on restriction of the use of cash;

31. "SSM Regulation": Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions;

32. "Directive 2015/849": Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission.

33. "Regulation 2021/23": Regulation (EU) 2021/23 of the European Parliament and of the Council of 16 December 2020 on a framework for the recovery and resolution of central counterparties and amending Regulations (EU) No 1095/2010, (EU) No 648/2012, (EU) No 600/2014, (EU) No 806/2014, (EU) 2015/2365 and Directives 2002/47/EC, 2004/25/EC, 2007/36/EC, 2014/59/EU and (EU) 2017/1132:

34. "Regulation 2022/858": Regulation (EU) 2022/858 of the European Parliament and of the Council of 30 May 2022 on a pilot regime for market infrastructures based on distributed ledger technology, and amending Regulations (EU) No 600/2014 and (EU) No 909/2014 and Directive 2014/65/EU;

35. "entity operating a DLT settlement system or a DLT trading and settlement system": a central securities depository or an investment firm or the market operator of a DLT settlement system or a DLT trading and settlement system as referred to in Article 97(13) and (14) of the Act of … and laying down miscellaneous financial provisions.

Art. 36/2. – **§ 1.** In accordance with Article 12*bis*, the provisions of this chapter and the specific laws governing the supervision of financial institutions, the Bank is entrusted with the prudential supervision of credit institutions, investment firms with the status of stockbroking firms, insurance companies, reinsurance companies, mutual guarantee societies, central counterparties, settlement institutions, institutions equivalent to settlement institutions, payment institutions, electronic money institutions, central securities depositories, entities operating a DLT settlement system or a DLT trading and settlement system, institutions providing support to central securities depositories and custodian banks.

As regards the supervision of insurance companies, the Bank shall appoint, from amongst the members of its Board of Directors or staff, a representative who shall sit in an advisory capacity on the occupational accidents management committee and certain technical committees of Fedris.

By way of derogation from paragraph 1, supervision of the health insurance funds referred to in Articles 43*bis* § 5 and 70, §§ 6, 7 and 8 of the Act of 6 August 1990 on health insurance funds and national federations of health insurance funds, as well as their operations, falls under the authority of the Office for the Oversight of Health Insurance Funds and National Federations of Health Insurance Funds.

In carrying out its tasks, the Bank shall take into account, in its capacity as the authority responsible for prudential supervision, the convergence, in terms of supervisory instruments and practices, of legislative, regulatory and administrative obligations imposed by the applicable European directives.

To this end, it is required to:

a) participate in the activities of the European Banking Authority, the European Insurance and Occupational Pensions Authority and, if necessary, the European Securities and Markets Authority;

b) comply with the guidelines, recommendations, standards and other measures agreed by the European Banking Authority, the European Insurance and Occupational Pensions Authority and, if necessary, the European Securities and Markets Authority and, if it fails to do so, provide an explanation.

In its capacity as the authority responsible for prudential supervision, when carrying out its public interest tasks, the Bank shall take due account of the potential impact of its decisions on the stability of the financial system in all other Member States concerned and, particularly, in times of crisis, having regard to the information available at the time.

§ 2. In accordance with Article 12*bis* and the provisions of this chapter and to the extent laid down by Article 85 of the Act of 18 September 2017, the Bank is also responsible for monitoring compliance by the financial institutions referred to in the first paragraph of § 1 above with the legislative and regulatory provisions or the provisions of European law designed to prevent the use of the financial system for purposes of money laundering and terrorist financing as well as the financing of the proliferation of weapons of mass destruction.

Art. 36/3. – **§ 1.** Without prejudice to Article 36/2 and in accordance with Articles 12 and 12*bis* and the specific laws governing the supervision of financial institutions, the Bank's tasks shall also include:

1. intervention in the detection of any threats to the stability of the financial system, in particular by ensuring follow-up and assessing strategic developments and the risk profile of systemic financial institutions;

2. the provision of advice to the federal government and the federal parliament on measures necessary or useful for the stability, the smooth running and the efficiency of the country's financial system;

3. the coordination of the management of financial crises;

4. contribution to the missions of European and international institutions, organisations and bodies in the areas mentioned in points (1) to (3) and cooperation in particular with the European Systemic Risk Board.

§ 2. The Bank shall determine, from amongst the financial institutions referred to in Article 36/2, with the exception of credit institutions, stockbroking firms, payment institutions and electronic money institutions and insurance and reinsurance companies, those that must be considered systemically important and shall inform each accordingly. From that point on, these institutions shall be required to submit to the Bank their proposed strategic decisions. Within two months from receipt of a complete file supporting a strategic decision, the Bank may oppose the decision if it feels it would go against sound and prudent management of the systemically important financial institution or is liable to have a significant effect on the stability of the financial system. It may exercise all powers conferred on it by this Act and the specific laws governing the supervision of the financial institution concerned.

Strategic decisions shall be understood to mean those that, provided a certain threshold is met, concern an investment, divestment, holding or relationship of strategic cooperation on the part of the systemically important financial institution, notably decisions to acquire or establish another institution, to set up a joint venture in another State, and to conclude cooperation agreements or agreements on investment or the acquisition of a branch of activity, a merger or split.

The Bank may specify the decisions to be considered strategic and of a certain significance for purposes of this article. In this case, it shall publish this information.

§ 3. When the Bank finds that a systemically important financial institution has an inadequate risk profile or that its policy is liable to have a negative impact on the stability of the financial system, it may impose specific measures on the institution in question, notably particular requirements in terms of solvency, liquidity, risk concentration and risk positions.

§ 4. To enable the Bank to exercise the powers laid down by the preceding paragraphs, each systemically important financial institution is required to submit to the Bank a report on developments concerning its business, risk position and financial situation.

The Bank shall determine the content of the information to be provided as well as the frequency of and arrangements for this reporting.

§ 5. Noncompliance with the provisions of this article may give rise to the imposition of administrative fines, penalties and the criminal sanctions provided for by this Act and the specific laws applicable to the financial institution in question.

§ 6. The FSMA shall provide the Bank with the information in its possession which the latter requests for the purpose of performance of the tasks referred to in this article.

Art. 36/4. – In carrying out the tasks referred to in Articles 12*bis* and 36/2, the Bank shall have no powers in respect of tax matters. However, should it gain concrete knowledge of unusual mechanisms within an institution which it supervises or in whose supervision it participates, it shall report them to the judicial authorities.

An "unusual mechanism" is defined as a process or procedure that meets the following cumulative conditions:

1. the purpose or effect is to permit or encourage tax evasion by third parties;

2. it originates within the institution itself or clearly involves the active cooperation of the institution or is the result of gross negligence on the part of the institution;

3. it involves a set of acts or omissions;

4. the nature of the mechanism is such that the institution knows or should know that it derogates from the norms and standard practices governing banking, insurance and financial operations.

Art. 36/5. – **§ 1.** In the cases stipulated by the legislation governing the task in question, the Bank may give its prior consent in writing to an operation. The Bank may make its consent dependent on the conditions it deems appropriate.

§ 2. The consent referred to in § 1 shall be binding on the Bank, except:

1. where it appears that the operations to which it relates were incompletely or incorrectly described in the request for consent;

2. where the operations are not performed in the manner proposed to the Bank;

3. where the effects of the operations are modified by one or more subsequent operations, with the result that the operations to which the consent relates no longer conform to the definition given in the request for consent;

4. where the conditions on which the consent depends are not or are no longer fulfilled.

§ 3. Based on the Bank's advice, the terms and conditions for the application of this article shall be determined by royal decree.

Art. 36/6. – **§ 1.** The Bank shall set up a website and keep it up to date. The website shall contain all regulations, proceedings and decisions required to be published in the performance of the Bank's statutory duties pursuant to Article 12*bis*, as well as any other information the Bank deems appropriate to communicate in the interest of these same duties.

Without prejudice to the means of publication prescribed by the appropriate legislative or regulatory provisions, the Bank shall specify other possible means of publishing the regulations, decisions, opinions, reports and other proceedings it renders public.

§ 2. The Bank shall also provide the following information on its website:

1. in addition to the legislation on the legal status and supervision of credit institutions, the legislation on the legal status and supervision of stockbroking firms and the legislation on the legal status and supervision of insurance and reinsurance companies, along with any decrees, regulations and circulars issued under or pursuant to this legislation or regulations of European Union law relating to these matters, a transposition table for the provisions of European directives on the prudential supervision of credit institutions, the prudential supervision of stockbroking firms and the

supervision of insurance and reinsurance companies, indicating the selected options;

2. the supervisory objectives it exercises pursuant to the legislation referred to in point (1), in particular the functions and activities carried out to this end, the verification criteria and the methods it uses to carry out the assessment referred to in Article 142 of the Act of 25 April 2014 on the legal status and supervision of credit institutions, including the criteria for application of the principle of proportionality referred to in paragraph 4 of the aforementioned Article 142, Article 131 of the Act of 20 July 2022 on the legal status and supervision of stockbroking firms and laying down various other provisions, and Articles 318 to 321 of the Act of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies;

3. aggregate statistical data on the main aspects relating to application of the legislation referred to in point (1);

4. any other information laid down by the decrees and regulations issued under this Act.

The information referred to in § 1 shall be published in accordance with the guidelines established, as the case may be, by the European Commission, the European Banking Authority or the European Insurance and Occupational Pensions Authority. The Bank shall ensure that the information posted on its website is updated regularly.

The Bank shall also publish any other information required by the European Union legislation applicable to the supervision of credit institutions, the supervision of stockbroking firms and the supervision of insurance and reinsurance companies.

The Bank may publish, under arrangements it shall determine and in compliance with European Union law, the results of stress tests carried out in accordance with European Union law.

Art. 36/7. – All notifications required to be made by registered letter or with an acknowledgment of receipt by the Bank or the Minister, in accordance with the laws and regulations whose application is supervised by the Bank, may be accomplished through service by bailiff or by any other procedure determined by royal decree.

Art. 36/7/1. – *Repealed*.

Section 2 – Sanctions Committee

Art. 36/8. – **§ 1.** The Sanctions Committee shall rule on imposition of the administrative fines provided for by the laws referred to in Articles 8, 12*bis*, 12*ter* and 161 of the Act of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money and access to payment systems.

§ 2. The Sanctions Committee shall be composed of six members appointed by royal decree:

1. a councillor of state or honorary councillor of state, appointed further to a proposal by the chief justice of the Council of State

2. a councillor at the Court of Cassation or honorary councillor at the Court of Cassation, appointed further to a proposal by the chief justice of the Court of Cassation;

3. two magistrates who are neither councillors at the Court of Cassation nor at the Brussels Court of Appeal;

4. two other members.

§ 3. The chairperson shall be elected by the members of the Sanctions Committee from amongst the persons mentioned in § 2(1), (2) and (3).

§ 4. For three years preceding their appointment, candidates for the Sanctions Committee may not have been members of the Bank's Board of Directors, Resolution Board or staff or of the Committee for Systemic Risks in Systemically Important Financial institutions (CSRSFI).

During their term of office, members may not carry out any duties whatsoever or hold any office in an institution subject to supervision by the Bank or in a professional association representing institutions subject to supervision by the Bank, nor may they provide services for a professional association representing institutions subject to supervision by the Bank.

§ 5. The term of office for members of the Sanctions Committee shall be six years and is renewable. In the event of non-renewal, the members shall remain in office until the first meeting of the newly composed Sanctions Commission. Members may be removed from office by royal decree only if they no longer meet the conditions necessary to perform their duties or for gross negligence.

Should a seat on the Sanctions Committee fall vacant, for whatsoever reason, a replacement shall be appointed to serve out the remainder of the outgoing member's term of office.

§ 6. The Sanctions Committee may validly take decisions if two of its members and the chair are present and able to deliberate. If the chairperson is unable to attend, the committee may take decisions if three of its members are present and able to deliberate.

Members of the Sanctions Committee may not deliberate in cases where they have a personal interest that could influence their decision.

§ 7. In consultation with the Bank's management, the compensation of the chairperson and members of the Sanctions Committee shall be determined by royal decree, based on the matters on which they have deliberated.

§ 8. The Sanctions Committee shall lay down in bylaws rules of procedure and rules of conduct applicable to the handling of sanctions cases and submit the same for approval by royal decree.

Section 3 – Procedural rules on the imposition of administrative fines

Art. 36/9. – **§ 1.** Where, in carrying out its statutory tasks pursuant to Articles 8, 12*bis* and 12*ter*, the Bank determines that there are serious indications of the existence of a practice liable to give rise to the imposition of an administrative fine or where, following a complaint, it is made aware of such a practice, the Board of Directors shall decide to open an investigation and entrust it to the investigations officer. The officer shall investigate both sides of the matter.

The investigations officer shall be appointed by the Council of Regency from amongst the members of the Bank's staff. The officer shall enjoy complete independence in the performance of his or her official duties.

In order to carry out these duties, the investigations officer may exercise all powers of investigation vested in the Bank by the legislative and regulatory provisions governing the matter concerned. The officer shall be assisted in the conduct of each investigation by one or more members of the Bank's staff chosen by the officer from amongst the members of staff designated to this end by the Board of Directors.

§ 1/1. Notwithstanding the provisions of the third paragraph of § 1, the investigations officer has the power to call to appear and interview any person, in accordance with the rules set out below.

A convocation to an interview may be notified informally, sent by registered letter or served by bailiff.

Any person who receives a convocation to an interview as indicated above must appear.

When interviewing persons in any capacity whatsoever, the investigations officer shall observe at least the following rules:

1. at the start of the interview, the interviewee shall be informed of the following possibilities:

a) to request that all questions asked and answers given be transcribed exactly as stated;

b) to request that a particular type of taking of evidence or hearing be conducted;

c) that the statements given may be used as evidence in court;

2. interviewees may use documents in their possession, provided doing so would not cause the interview to be postponed; they may, during the interview or afterwards, request that these documents be appended to the transcript;

3. at the end of the interview, the transcript shall be given to the interviewee to read, unless the interviewee asks that it be read out; the interviewee shall be asked whether any of the statements need to be corrected or completed;

4. if interviewees wish to express themselves in a language other than the language of the proceedings, their statements shall be set down in this language or they shall be asked to transcribe the statements themselves;

5. interviewees shall be informed that they may obtain a copy of the transcript free of charge; as the case may be, a copy will be provided or sent immediately or within one month's time.

§ 2. At the end of the investigation, once the persons concerned have been heard or at least duly called to an interview, the investigations officer shall draw up a report and submit it to the Board of Directors.

Art. 36/10. – **§ 1.** Based on the investigations officer's report, the Board of Directors shall decide to close the case, propose a settlement or refer the matter to the Sanctions Committee.

§ 2. If the Board of Directors decides to close the case, it shall inform the persons concerned of this decision and may make its decision public.

§ 3. If the Board of Directors proposes a settlement and its proposal is accepted, the settlement shall be published on the Bank's website in anonymised form, except in cases where the settlement relates to violations of Articles 4, 5 and 7 to 11 of Regulation 648/2012 and publication would seriously jeopardise the financial markets or cause disproportionate harm to the relevant central counterparties or their members.

The settlement amount shall be recovered for the benefit of the Treasury by the Federal Public Service Finance's General Administration of Tax Collection and Recovery.

§ 4. If the Board of Directors decides to refer the case to the Sanctions Committee, it shall send a notification of grievance, together with the investigation report, to the persons concerned and the chairperson of the Sanctions Committee.

§ 5. If any of the grievances could constitute a criminal offence, the Board of Directors shall inform the public prosecution service. The Board of Directors may decide to make its decision to do so public.

If the public prosecution service decides to commence criminal proceedings based on the charges to which the notification of grievance relates, it shall immediately inform the Bank. The public prosecution service may provide the Bank, automatically or upon request, with a copy of any evidence relating to the charges that form the object of the proceedings.

Decisions taken by the Board of Directors pursuant to this article may not be appealed.

Art. 36/11. – **§ 1.** Persons to whom a notification of grievance has been addressed have two months within which to submit their written observations on the charges to the chairperson of the Sanctions Committee. In exceptional circumstances, the chairperson of the Sanctions Committee may extend this period.

§ 2. Persons concerned by a notification of grievance may obtain a copy of the case file from the Sanctions Committee and may be assisted or represented by a lawyer of their choosing.

They may request the recusal of a member of the Sanctions Committee if they have doubts as to the independence or impartiality of this member. The Sanctions Committee shall rule on any such request in a substantiated decision.

§ 3. Following an inter partes procedure and after the investigations officer has been heard, the Sanctions Committee may impose an administrative fine on the persons concerned. The Sanctions Committee shall issue a substantiated decision in this regard. No sanctions may be imposed without the persons concerned or their representative first having been heard or at least duly summoned. At the hearing, the Board of Directors shall be represented by the person of its choosing and may make its observations heard.

§ 4. Except where additional or different criteria are provided for by specific laws, the amount of the fine shall be determined based on the seriousness of the violations committed and any advantages or benefits that may have been obtained therefrom.

§ 5. The Sanctions Committee's decision shall be sent by registered letter to the persons concerned. The letter shall indicate the possibilities to appeal, the authorities responsible for hearing appeals, as well as the formalities and deadlines to be respected. If this information is not included, the limitations period to appeal shall not start to run.

§ 6. The Sanctions Committee shall post its decisions on the Bank's website, specifying the names of the persons concerned, for a period of at least five years, unless such publication is liable to jeopardise the stability of the financial system or an ongoing criminal investigation or proceedings or would be disproportionately detrimental to the persons or the institutions concerned, in which case the decision shall be published on the Bank's website in anonymised form. If the decision is appealed, it shall be published in anonymised form pending the outcome of the appeal; the fact that the decision has been appealed shall be mentioned. The outcome of the appeal, including a decision to overturn the sanction, shall also be published.

Sanctions for violations of Articles 4, 5 and 7 to 11 of Regulation 648/2012 shall not be disclosed where such disclosure would seriously jeopardise the financial markets or cause disproportionate harm to the relevant central counterparties or their members.

The Board of Directors shall be notified of the Sanctions Committee's decisions before they are published.

Art. 36/12. – Administrative fines imposed by the Sanctions Committee that have become final, as well as settlements concluded before a criminal court has issued a final decision on the same facts, shall count towards the amount of any criminal fine imposed on the same person in relation to those facts.

Art. 36/12/1. – **§ 1.** Without prejudice to other measures laid down by this Act, the Bank may, where it ascertains a violation of the third paragraph of Article 36/9 § 1/1 of this Act, impose on the offender an administrative fine which shall not be less than € 2 500 or, for the same facts or set of facts, more than € 2 500 000.

§ 2. Any fines imposed pursuant to § 1 shall be recovered for the benefit of the Treasury by the Federal Public Service Finance's General Administration of Tax Collection and Recovery.

Section 3bis – Penalty payments imposed by the Bank

Art. 36/12/2. – **§ 1.** The Bank may order any person to comply with the third paragraph of Article 36/9 § 1/1 of this Act within the time limit specified by it.

If the person to which it has addressed an order pursuant to the preceding paragraph fails to comply with it by the specified deadline, the Bank may, provided this person has been given an opportunity to be heard, impose a penalty payment, which shall not exceed € 50 000 per calendar day or € 2 500 000 in total.

§ 2. Any penalty payments imposed pursuant to § 1 shall be recovered for the benefit of the Treasury by the Federal Public Service Finance's General Administration of Tax Collection and Recovery.

Art. 36/12/3. – Where a penalty payment is imposed by the Bank pursuant to this Act or other legislative or regulatory provisions, the Bank may publish its decision to impose the penalty on its website, specifying the name of the person concerned, until the person in question complies with the obligation to which the penalty relates.

Section 3ter – Duty of professional secrecy – purpose principle

Art. 36/12/4. – The Bank may use the information obtained by it through exercise of the powers referred to in Articles 36/2 and 36/3 solely for the purpose of performing its tasks, including the imposition of sanctions, or in the context of an administrative appeal or legal action against one of its decisions. With regard to the tasks mentioned in Article 36/2 § 1, this includes in particular the use of such information to monitor compliance with the conditions governing access to the activity of the institutions subject to its supervision pursuant to Article 36/2 and to facilitate supervision, on an individual or consolidated basis, of the conditions for the conduct of this activity, so as to impose corrective measures or sanctions, where applicable, in the framework of the extrajudicial mechanism for the settlement of investor complaints.

Section 4 – Exceptions to the duty of professional secrecy

Sub-section 1 – In relation to the prevention of money laundering and terrorist financing

Art. 36/13. – **§ 1.** By way of derogation from Article 35 and within the limits of European Union law and the provisions of specific laws, in particular the Act of 18 September 2017, the Bank may disclose to the following authorities and institutions confidential information received in the performance of the tasks referred to in Article 36/2 § 2:

1. the Belgian supervisory authorities referred to in Article 85 of the Act of 18 September 2017;

2. the supervisory authorities of other Member States of the European Economic Area and the supervisory authorities of third countries which exercise one or more supervisory powers pursuant to Directive 2015/849 or equivalent provisions of their national law;

3. the FSMA;

4. the Federal Public Service Economy, SMEs, Middle Classes and Energy, in its capacity as a supervisory authority within the meaning of Article 120/2(7) of the Act of 18 September 2017;

5. the competent authorities of the European Union and of other Member States of the European Economic Area and the competent authorities of third countries that perform tasks related to the supervision of compliance with the provisions of European or national law on the supervision of credit institutions and/or financial institutions as referred to in Article 2(1) and (2) of Directive 2015/849 or the equivalent provisions of national law, and the European Central Bank with regard to the tasks conferred on it by the SSM Regulation;

6. the Financial Intelligence Processing Unit (CTIF-CFI);

7. the General Treasury Administration of the Federal Public Service Finance, where such disclosure is provided for by the laws of the European Union or by a legislative or regulatory provision regarding financial sanctions (in particular binding provisions relating to financial embargos as laid down in Article 4(6) of the Act of 18 September 2017) or where the General Treasury Administration acts as a supervisory authority ensuring compliance with Council Regulation (EC) 2271/96 of 22 November 1996 protecting against the effects of the extra-territorial application of legislation adopted by a third country and actions based thereon or resulting therefrom;

8. within the limits of European Union law, the European Securities and Markets Authority, the European Insurance and Occupational Pensions Authority and the European Banking Authority.

§ 2. The Bank may only disclose confidential information pursuant to § 1 subject to the following conditions:

1. the information is intended to help accomplish the tasks of the receiving authorities or institutions, including the disclosure of such information to third parties pursuant to a legal obligation applicable to these authorities or institutions; in other cases, the Bank may authorise, within the limits of European Union law, the recipients of the information to disclose it to third parties with the Bank's prior consent and, where applicable, only for the purposes for which the Bank has given its consent;

2. the information disclosed in this manner to foreign authorities and institutions is subject to a duty of professional secrecy equivalent to that referred to in Article 35;

3. if the exchange takes place with the authorities of a third country, a cooperation agreement has been concluded;

4. where the information concerned originates from an authority of another Member State of the European Economic Area, it may only be disclosed to an authority of a third country with the express consent of the communicating authority and, where applicable, only for the purposes for which this authority has given its consent.

§ 3. Without prejudice to more stringent provisions of the specific laws to which they are subject, the persons, authorities and institutions governed by Belgian law referred to in § 1 shall be bound by the duty of professional secrecy referred to in Article 35 as regards confidential information they receive from the Bank pursuant to § 1.

Sub-section 2 – In relation to prudential supervision

Art. 36/14. – **§ 1.** By way of derogation from Article 35, the Bank may also disclose confidential information in the performance of the tasks referred to in Article 36/2 § 1:

1. to the European Central Bank and other central banks and institutions with a similar mission in their capacity as monetary authorities, when such information is relevant for carrying out their respective statutory duties, notably the conduct of monetary policy and the related provision of liquidity, the oversight of payment, clearing and settlement systems, and the preservation of the stability of the financial system, and to other public authorities in charge of overseeing payment systems.

Whenever a crisis arises, including unfavourable developments on the financial markets, that is likely to threaten market liquidity and the stability of the financial system in a Member State in which entities of a group comprising credit institutions or investment firms have been authorised or in which branches of significant importance are established within the meaning of Article 3(65) of the Act of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms, the Bank may pass on information to the national central banks in the European System of Central Banks when this information is relevant for carrying out their respective statutory duties, notably the conduct of monetary policy and the related provision of liquidity, the oversight of payment, clearing and settlement systems, and the preservation of the stability of the financial system.

In the event of a crisis situation as referred to above, the Bank may disclose, in all Member States concerned, any information that may be of interest for central government departments responsible for legislation governing the supervision of credit institutions, financial institutions, investment services and insurance companies;

2. within the limits of European Union law, to the competent authorities of the European Union and of other Member States of the European Economic Area that exercise one or more powers comparable to those referred to in Articles 36/2 and 36/3, including the European Central Bank as regards the tasks conferred on it by the SSM Regulation;

2/1. within the limits of European Union law, to the competent authorities of other Member States of the European Economic Area that exercise one or more supervisory powers with regard to the obliged entities listed in Article 2(1)(1) and (2) of Directive (EU) 2015/849, for the purpose of complying with that directive, for performance of the tasks conferred on them by that directive;

3. in compliance with European Union law, to the competent authorities of third countries that exercise one or more powers comparable to those referred to in Articles 36/2 and 36/3, including authorities with powers of the same nature as those of the authorities referred to in point 2/1*and* with which the Bank has concluded a cooperation agreement providing for the exchange of information;

4. to the FSMA;

5. to Belgian institutions or to institutions of other Member States of the European Economic Area that manage a system for the protection of deposits, investors or life insurance and to the body in charge of financing resolution facilities;

6. to central counterparties, institutions for the settlement of financial instruments or central securities depositories authorised to provide services for transactions in financial instruments conducted on a Belgian organised market, where the Bank deems that disclosure of the information concerned is necessary to ensure the orderly functioning of those central counterparties, settlement institutions and central securities depositories having regard to the breaches – even potential – committed by participants on the market in question;

7. within the limits of European Union law, to market operators to ensure the orderly operation, control and supervision of the markets they organise;

8. in the course of civil or commercial proceedings, to the authorities and legal representatives involved in bankruptcy or judicial reorganisation proceedings or similar collective proceedings concerning institutions subject to the Bank's supervision, with the exception of confidential information concerning the participation of third parties in rescue attempts prior to such proceedings;

9. to statutory auditors, company auditors and other persons entrusted with auditing the accounts of institutions subject to supervision by the Bank, the accounts of other Belgian financial institutions or the accounts of similar foreign institutions;

10. to receivers for the exercise of their duties as set out in the laws governing the tasks entrusted to the Bank;

11. to the Belgian Audit Oversight Board (*College van toezicht op de bedrijfsrevisoren / Collège de supervision des réviseurs d'entreprises*) and the authorities of Member States or third parties supervising the persons entrusted with the statutory audit of the annual accounts of institutions subject to supervision by the Bank;

12. within the limits of European Union law, to the Belgian Competition Authority;

13. *repealed*;

14. to the General Treasury Administration of the Federal Public Service Finance, where such disclosure is provided for by the laws of the European Union or by a legislative or regulatory provision regarding financial sanctions (in particular binding provisions relating to financial embargos as laid down in Article 4(6) of the Act of 18 September 2017) or where the General Treasury Administration acts as supervisory authority ensuring compliance with Council Regulation (EC) 2271/96 of 22 November 1996 protecting against the effects of the extra- territorial application of legislation adopted by a third country and actions based thereon or resulting therefrom;

15. within the limits of European Union law, to independent actuaries of institutions exercising, by law, supervisory tasks over these institutions and to the bodies in charge of supervising these actuaries;

16. to Fedris;

17. within the limits of European Union law, to the Federal Public Service Economy, in its capacity as the authority responsible for monitoring compliance with the provisions referred to in Book VII, Titles 1 to 3, Title 5, Chapter 1, and Titles 6 and 7 of the Code of Economic Law, as well as to agents commissioned by the Minister who have authority, within the context of the tasks conferred on them by Article XV.2 of the Code of Economic Law, to investigate and report violations of the provisions of Article XV.89 of the aforementioned code;

18. to authorities subject to the laws of Member States of the European Union that are responsible for macroprudential oversight and to the European Systemic Risk Board established by Regulation (EU) 1092/2010 of the European Parliament and of the Council of 24 November 2010;

19. within the limits of European regulations and directives, to the European Securities and Markets Authority, the European Insurance and Occupational Pensions Authority and the European Banking Authority;

20. within the limits of European Union law, to the Government Coordination and Crisis Centre of the Federal Public Service Home Affairs, the Coordination Unit for Threat Analysis established by the Act of 10 July 2006 on threat analysis, the authority referred to in Article 7 § 1 of the Act of 7 April 2019, and the police services referred to in the Act of 7 December 1998 organising an integrated two-tier police service, should the application of Article 19 of the Act of 1 July 2011 on security and the protection of critical infrastructure so require;

20/1. within the limits of European Union law, to the police services and the authority referred to in Article 7 § 1 of the Act of 7 April 2019 establishing a framework for the security of network and information systems of general interest for public security (the NIS Act), for purposes of the implementation of Article 53 § 2 of the Act of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money and access to payment systems;

20/2. within the limits of European Union law, to the authority referred to in Article 5 § 1 of the Act of 20 July 2022 on the cybersecurity certification of information and communication technologies and designating a national cybersecurity certification authority or to the authorities designated by royal decree pursuant to Article 5 § 2 of this act;

21. to the Office for the Oversight of Health Insurance Funds and National Federations of Health Insurance Funds, for the exercise of its statutory duties as referred to in Article 303 § 3 of the Act of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies, as regards the health insurance funds referred to in Articles 43*bis* § 5 and 70 §§ 6, 7 and 8 of the Act of 6 August 1990 of health insurance funds and national federations of health insurance funds and their operations;

22. within the limits of European Union law, to the resolution authorities referred to in Article 3 of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, to the authorities of third countries entrusted with equivalent tasks to those referred to in Article 12*ter* § 1, with which the Bank has concluded a cooperation agreement providing for the exchange of information, as well as to the competent ministries of the Member States of the European Economic Area whenever deemed necessary for the planning or execution of a resolution measure;

22/1. within the limits of European Union law, to the resolution authorities referred to in Article 3 of Regulation 2021/23, to the authorities of third countries entrusted with tasks equivalent to those referred to in Article 12*ter* § 1/1, with which the Bank has concluded a cooperation agreement providing for the exchange of information, and to the competent ministries of the Member States of the European Economic Area when this proves necessary for the planning or execution of a resolution measure;

23. to any person performing a task provided for by or pursuant to the law, that takes part in or contributes to the performance of the Bank's supervisory tasks, if that person was designated by the Bank or with the Bank's approval for purposes of that task, such as:

a) the cover pool monitor referred to in Article 16 of Annex III to the Act of 25 April 2014 on the legal status and supervision of credit institutions;

b) the cover pool administrator referred to in Article 8 of Annex III to the Act of 25 April 2014 on the legal status and supervision of credit institutions; and

c) the special auditor and interim manager referred to in Article 236(1) of the aforementioned Act of 25 April 2014, Article 204(1) of the Act of 20 July 2022 on the legal status and supervision of stockbroking firms and laying down various other provisions, Article 517(1) of the Act of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies, Article 117(1) of the Act of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and to the activity of issuing electronic money and access to payment systems, Article 215 § 1 of the aforementioned act, Article 48, first paragraph, of the Royal Decree of 30 April 1999 governing the legal status and supervision of mutual guarantee societies, and Article 36/30 § 1, second paragraph, and § 2 of this act;

24. within the limits of European Union law, to the authorities referred to in Article 7 of the Act of 7 April 2019 for purposes of implementing the provisions of the Act of 7 April and the Act of 1 July 2011 on security and the protection of critical infrastructure;

25. to the Federal Public Service Economy, SMEs, Middle Classes and Energy in performance of the tasks referred to in Article 85 § 1(5) of the Act of 18 September 2017 with regard to the entities referred to in Article 5 § 1(21) of the same act;

26. within the limits of European Union law, to the financial intelligence units referred to in Article 4(15) of the Act of 18 September 2017 on the prevention of money laundering and terrorist financing and on restriction of the use of cash.

27. in the event of a deterioration in the financial situation of a financial institution referred to in Article 36/2, to the public prosecution service;

28. within the limits of European Union law, to the European Commission where such information is necessary for the exercise of the latter's powers.

§ 2. The Bank may only disclose confidential information pursuant to § 1 at the following conditions:

1. the information is intended to help accomplish the tasks of the receiving authorities or institutions, including disclosure of such information to third parties pursuant to a legal obligation applicable to those authorities or institutions; in other cases, the Bank may authorise, within the limits of European Union law, the recipients of the information to disclose it to third parties, with the Bank's prior consent and, where applicable, only for the purposes for which the Bank has given its consent;

2. the information disclosed in this manner to foreign authorities and institutions is subject to a duty of professional secrecy equivalent to that referred to in Article 35; and

3. where the information concerned comes from an authority of another Member State of the European Economic Area, it may only be disclosed to the following authorities or institutions with the express consent of the communicating authority and, where applicable, only for the purposes for which the latter has given its consent:

a) authorities or institutions referred to in § 1(5), (6), (8) and (11);

b) third-country authorities or institutions referred to in § 1(3), (5), (8), (9), (11), (18) and (22);

c) third-country authorities or institutions carrying out tasks equivalent to those of the FSMA.

§ 3. Without prejudice to more stringent provisions of the specific laws to which they are subject, the persons, authorities and institutions governed by Belgian law referred to in § 1 shall be bound by the duty of professional secrecy referred to in Article 35 as regards confidential information they receive from the Bank pursuant to § 1.

Art. 36/15. – **§ 1.** By way of derogation from Article 35 and within the limits of European Union law, the Bank shall also be permitted to disclose confidential information:

1. to the International Monetary Fund and the World Bank, for purposes of assessments for the Financial Sector Assessment Program;

2. to the Bank for International Settlements, for purposes of quantitative impact analyses;

3. to the Financial Stability Board, for purposes of its supervisory functions.

§ 2. The Bank shall be permitted to disclose confidential information pursuant to § 1 only at the explicit request of the institution concerned and providing the following conditions are met:

1. the request is duly justified with regard to the specific tasks undertaken by the requesting institution, in accordance with its duties, and the information provided is therefore limited to what is strictly necessary for the performance of these tasks;

2. the request is sufficiently precise as to the nature, extent and format of the information requested, as well as the manner of its disclosure;

3. the information is disclosed exclusively to persons directly participating in the performance of the specific task;

4. the information is covered by a duty of professional secrecy on the part of the requesting institution equivalent to that provided for by Article 35.

§ 3. Confidential information may be disclosed pursuant to § 1 only in aggregate or anonymised form or, failing that, by way of in-person access at the Bank's premises.

§ 4. Insofar as the disclosure of information involves the processing of personal data, any processing of such data by the requesting institution shall comply with the requirements of Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the General Data Protection Regulation).

Section 4/1 – Cooperation with foreign authorities and the exchange of information

Sub-section 1 – General duty to cooperate

Art. 36/16. – **§ 1.** Without prejudice to Articles 35, 35/2, 35/3, 36/13 and 36/14 and to the provisions of specific laws, the Bank shall, in matters that fall within its authority, cooperate with foreign competent authorities exercising any powers comparable to those referred to in Articles 36/2 and 36/3.

In particular, for purposes of Directive 2015/849, the Bank shall cooperate, in the context of the powers referred to in Article 36/2 § 1, with the foreign authorities referred to in Articles 130 and 131/1 of the Act of 18 September 2017.

Likewise, in accordance with European Union law, the Bank shall cooperate with the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Securities and Markets Authority, as well as the European Central Bank as regards the tasks conferred on it by the SSM Regulation.

§ 2. Without prejudice to Belgium's obligations under European Union law, the Bank may, on the basis of reciprocity, conclude agreements with competent authorities, as referred to in the first paragraph of § 1 with a view to establishing the terms and conditions of that cooperation, including the method for any allocation of supervisory tasks, the designation of a competent authority as supervision coordinator and the method of supervision through on-site inspections or otherwise, determination of the applicable cooperation procedures as well as the terms and conditions governing the collection and exchange of information.

§ 3. Without prejudice to Articles 35, 35/2, 35/3, 36/13 and 36/14 and to the provisions of specific laws, the Bank shall conclude cooperation agreements with the Office for the Oversight of Health Insurance Funds and National Federations of Health Insurance Funds with regard to the supplementary health insurance offered by the health insurance funds referred to in Articles 43*bis* § 5 and 70 § 6, 7 and 8 of the Act of 6 August 1990 on health insurance funds and national federations of health insurance funds. The cooperation agreements shall govern inter alia the exchange of information and uniform application of the applicable legislation.

Sub-section 2 – Specific cooperation obligations in relation to the tasks of prudential supervision arising from Directive 2014/65/EU

Art. 36/17. – § 1. Without prejudice to the relevant provisions of Article 36/19, the following provisions shall apply in the context of the powers referred to in Articles 36/2 and 36/3 with regard to mutual cooperation between the Bank and the other competent authorities referred to in Article 4(1)(26) of Directive 2014/65/EU and Article 3(1)(36) of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, for purposes of meeting the obligations arising from Directive 2014/65/EU:

1. The Bank shall cooperate with other competent authorities whenever necessary for the accomplishment of their duties, using the legal powers at its disposal. The Bank shall offer assistance to the competent authorities of other Member States. In particular, it shall exchange information and cooperate with other competent authorities in enquiries or supervisory activities including on-site inspections, even if the practices that form the object of an investigation or verification do not constitute a violation of any rules in Belgium. The Bank may also cooperate with other competent authorities in order to facilitate the collection of fines.

2. The Bank shall immediately provide any information required for the purposes referred to in (1). To this end, apart from appropriate organisational measures to facilitate the effectiveness of the cooperation referred to in (1), the Bank shall immediately take the necessary measures to collect the requested information. As regards the powers referred to in this paragraph, when the Bank receives a request for an on-site verification or an enquiry, it shall follow this up within the limits of its powers:

- by inspecting or investigating itself;
- by allowing the authority submitting the request or its auditors or experts to carry out the inspection or investigation directly.

3. The information exchanged in the context of this cooperation is covered by the duty of professional secrecy referred to in Article 35. When it passes on information in the framework of such cooperation, the Bank may specify that the information cannot be disclosed without its express consent or can only be disclosed for purposes for which it has given its consent. Likewise, when it receives information, the Bank must, in derogation from Article 36/14, respect any restrictions that could be stipulated by the foreign authority as to the possibility of passing on the information thus received.

4. Where the Bank has good reason to believe that acts violating the provisions of Directive 2014/65/EU or Regulation 600/2014 are being or have been committed on the territory of another Member State, it shall inform the competent authority of that Member State, the European Securities and Markets Authority and the FSMA of the acts in question in as detailed a manner as possible. If the Bank has been informed by an authority of another Member State that such acts have been committed in Belgium, it shall inform the FSMA accordingly, take appropriate measures and communicate the results to the authority that informed it, the European Securities and Markets Authority and the FSMA, specifying insofar as possible any significant factors that have emerged in the meantime.

§ 2. In acting in accordance with § 1, the Bank may refuse to follow up on a request for information, investigation, on-site verification or monitoring if:

- following up on such a request could threaten Belgium's sovereignty, security or public order or
- legal proceedings have already been initiated for the same charges against the same persons in Belgium or
- a final decision has already been rendered in Belgium on the same charges, against the same persons.

In these cases, the Bank shall inform the competent authority and the European Securities and Markets Authority of the situation, providing them, if necessary, with as much detailed information as possible about the proceedings or judgment in question.

§ 3. *Repealed*.

§ 4. §§ 1 and 2 shall also apply, at the conditions determined in the cooperation agreements, in the context of cooperation with the authorities of third countries.

§ 5. The FSMA shall act as the single point of contact responsible for receiving requests for the exchange of information or cooperation pursuant to § 1.

The Minister shall notify the European Commission, the European Securities and Markets Authority and the other Member States of the European Economic Area accordingly.

Art. 36/18. – *Repealed*.

Section 5 – Investigative powers, criminal provisions and remedies

Art. 36/19. – Without prejudice to the investigative powers conferred on it by the legislative and regulatory provisions governing its tasks, the Bank may, in order to verify whether an operation or activity is covered by the laws and regulations whose application it is responsible for supervising, request all necessary information from the parties carrying out the operation or activity in question and from all third parties allowing the operation or activity to take place.

Likewise, the Bank shall have the power to investigate, in the framework of a cooperation agreement concluded with a foreign authority and with respect to the specific points indicated in a written request from that authority, whether an operation or activity carried out in Belgium is covered by the laws and regulations whose application that foreign authority is responsible for supervising.

The person or institution concerned shall provide the requested information by the deadline and in the form specified by the Bank.

The Bank may verify or have verified against the books and documents of interested parties the accuracy of the information provided to it.

If the person or institution in question has not provided the information requested upon expiry of the deadline set by the Bank, the Bank may, provided the person or institution concerned has been given an opportunity to be heard and without prejudice to other measures provided for by law, impose a fine of at least € 250 and no more than € 50 000 per calendar day or € 2 500 000 in total.

The penalties and fines imposed pursuant to this article shall be recovered for the benefit of the Treasury by the Federal Public Service Finance's General Administration of Tax Collection and Recovery.

Art. 36/20. – **§ 1.** The following shall be punishable by a prison term of one month to one year and a fine of between € 250 and € 2 500 000 or by one of these sanctions alone:

- those who hinder the Bank's investigations pursuant to the present chapter or who knowingly provide it with inaccurate or incomplete information;
- those who intentionally, by statements or otherwise, infer or suggest that the operation or operations they are carrying out or intend to carry out are conducted under the conditions stipulated by laws and regulations whose application is supervised by the Bank, whereas these laws and regulations either do not apply to them or have not been respected by them.

§ 2. The provisions of Book I of the Criminal Code shall apply to the violations referred to in § 1, including Chapter VII and Article 85 without exception.

Art. 36/21. – **§ 1.** An appeal to the Market Court may be lodged against any decision by the Bank imposing an administrative fine.

§ 2. Without prejudice to the special provisions laid down by or pursuant to the law, an appeal must be filed within 30 days in order to be valid.

The period to appeal shall start to run upon service of the contested decision.

§ 3. The appeals referred to in § 1 shall be lodged by way of a signed petition filed with the registry of the Brussels Court of Appeal in as many copies as there are parties. Otherwise, the appeal shall be deemed inadmissible by operation of law.

In order to be admissible, the petition must contain:

1. a mention of the date, month and year;

2. where the appellant is a natural person, the appellant's full name and address; where the appellant is a legal entity, its name, corporate form, registered office address and the body that is representing it;

3. a mention of the contested decision that forms the object of the appeal;

4. a statement of the grounds for appeal;

5. an indication of the place, date and time of appearance fixed by the registry of the court of appeal;

6. a list of exhibits and substantiating documents filed along with the petition with the court's registry.

The petition shall be served by the registry of the Brussels Court of Appeal on all parties named in the proceedings by the appellant.

The Market Court may at any time officially summon to appear all other persons whose situation could be affected by the contested decision.

The Market Court shall set a timetable for the exchange of written submissions by the parties and the filing of these submissions with the registry. It shall also set a hearing date.

The parties may file their submissions with the registry of the Brussels Court of Appeal and consult the registry's file in situ.

The Market Court shall determine the time period within which submissions are to be filed and notify the parties accordingly.

§ 4. Within five days from inclusion of the appeal on the court's docket, the registry of the Brussels Court of Appeal shall request the Bank to submit its case file. The case file must be submitted within five days from receipt of this request.

§ 5. An appeal as referred to in § 1 shall serve to suspend the Bank's decision.

Art. 36/22. – Pursuant to an expedited procedure determined by royal decree, an appeal may be lodged with the Council of State:

1. by an applicant for a licence, against licensing decisions taken by the Bank pursuant to Article 12 of the Act of 25 April 2014 on the legal status and supervision of credit institutions. Such an appeal may also be lodged where the Bank fails to take a decision within the time limits set out in the first paragraph of the aforementioned Article 12; in the latter case, the appeal shall be handled as if the application had been rejected;

2. by a credit institution, against decisions taken by the Bank pursuant to the fourth paragraph of Article 86 and Article 88/1 of the aforementioned Act of 25 April 2014, insofar as the latter article renders the fourth paragraph of Article 86 applicable;

3. by a credit institution or stockbroking firm, against decisions taken by the Bank pursuant to Articles 234 § 2(1) to (12) and 236 § 1(1) to (6) of the aforementioned Act of 25 April 2014 and against equivalent decisions taken pursuant to Articles 328, 329 and 340 of this act. The appeal shall serve to suspend the decision and its publication save where the Bank, due to a serious threat to savers or investors, has declared its decision enforceable notwithstanding any possible appeal;

3*bis*. by a credit institution, against decisions of the Resolution Board pursuant to Article 232 of the aforementioned Act of 25 April 2014;

4. by an applicant for a licence, against licensing decisions taken by the Bank pursuant to Article 9 of the Act of 20 July 2022 on the legal status and supervision of stockbroking firms and laying down various other provisions. Such an appeal may also be lodged by the applicant where the Bank does not take a decision within the time limit set out in the first paragraph of Article 9 of the aforementioned Act of 20 July 2022. In the latter case, the appeal shall be handled as if the application had been rejected;

5. by a stockbroking firm, against decisions taken by the Bank pursuant to Article 98 § 1, fourth paragraph, and Article 101 of the aforementioned Act of 20 July 2022, insofar as the latter article renders the fourth paragraph of Article 98 § 1 applicable;

6. by a stockbroking firm, against decisions taken by the Bank pursuant to Article 202 § 2, first paragraph, (1) to (13) and the second paragraph, insofar as it renders Article 234 §§ 2(1), (2), (6), (8), (9) and (10) of the Act of 25 April 2014 applicable to large stockbroking firms, and Article 204 § 1(1) to (7) of the aforementioned Act of 20 July 2022 and against equivalent decisions taken pursuant to Articles 222 and 234 of this act. The appeal shall serve to suspend the decision and its publication unless, due to a serious risk of harm to investors, the Bank declared its decision enforceable notwithstanding any possible appeal;

6/1. by a stockbroking firm against decisions of the Resolution Board taken pursuant to Article 279 of the aforementioned Act of 20 July 2022, insofar as this article renders Article 232 of the Act of 25 April 2014 on the legal status and supervision of credit institutions applicable to stockbroking firms;

7. by an applicant for a licence, against decisions taken by the Bank pursuant to Articles 28 and 584 of the Act of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies;

8. *repealed*;

9. by an insurance or reinsurance company, against decisions to raise rates taken by the Bank pursuant to Article 504 of the Act of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies;

10. by an insurance or reinsurance company, against decisions taken by the Bank pursuant to Articles 508 § 2(1) to (10) and 517 § 1(1), (2), (4), (6) and (7) of the aforementioned Act of 13 March 2016;

11. by an insurance or reinsurance company, against decisions to withdraw a licence taken by the Bank pursuant to Articles 517 § 1(8), 541 and 598 § 2 of the aforementioned Act of 13 March 2016;

12. by an insurance or reinsurance company, against opposition decisions taken by the Bank pursuant to Articles 108 § 3 and 115 § 2 of the aforementioned Act of 13 March 2016, or where the Bank does not take a decision within the periods laid down in the second paragraph of Article 108 § 3 and the second paragraph of Article 115 § 2 of the same act;

12*bis*. by an insurance company, against decisions taken by the Bank pursuant to Article 569 of the aforementioned Act of 13 March 2016;

13. by an applicant for a licence or by a licensed institution, against a decision by the Bank to refuse, suspend or revoke the licence pursuant to Articles 3, 12 and 13 of the Act of 2 January 1991 on the public debt securities market and monetary policy instruments and its implementing decrees. The appeal shall serve to suspend the decision unless the Bank has, for serious cause, declared its decision enforceable notwithstanding any possible appeal;

14. *repealed*;

15. by a reinsurance company, against opposition decisions taken by the Bank pursuant to Articles 114 and 121 of the aforementioned Act insofar as they refer, respectively, to Articles 108 § 3 and 115 § 2 of the same act or where the Bank has not taken a decision within the time limits laid down in the second paragraph of Articles 108 § 3 and Article 121(2) of the same act;

16. *repealed*;

17. *repealed*;

18. by a reinsurance company, against decisions taken by the Bank pursuant to Articles 600 and 601 insofar as they refer, respectively, to Articles 580 and 598 of the aforementioned act;

19. by an applicant for a licence, against licensing decisions taken by the Bank pursuant to Article 12 of the Act of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money and access to payment systems. An appeal may also be lodged where the Bank does not take a decision within the time limits laid down in the first paragraph of the aforementioned Article 12. In the latter case, the appeal shall be handled as if the application had been rejected;

19*bis*. by an applicant for the registrations referred to in Articles 82 § 2 and 91 of the Act of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money and access to payment systems, against decisions taken by the Bank in this respect. An appeal may also be lodged by the applicant where the Bank does not take a decision within the time limits laid down in the first paragraph of the aforementioned Article 82 § 2 and the first paragraph of the aforementioned Article 91, respectively. In the latter case, the appeal shall be handled as if the application had been rejected;

20. by the licensed and registered payment institutions referred to, respectively, in Articles 12 and 91 of the Act of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money and access to payment systems, against decisions taken by the Bank pursuant to Article 61 of the aforementioned act;

21. by a payment institution, against decisions taken by the Bank pursuant to Articles 116 § 2 and 117 §§ 1 and 2 and similar decisions taken pursuant to Article 142 § 1 of the Act of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money and access to payment systems. The appeal shall serve to suspend the decision and its publication, save where the Bank, due to a serious threat to the users of payment services, has declared its decision enforceable notwithstanding any possible appeal;

22. by the institution concerned, against decisions taken by the Bank pursuant to Article 517 § 6 of the Act of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies and Article 204 § 8 of the Act of 20 July 2022 on the legal status and supervision of stockbroking firms and laying down various other provisions;

23. by an applicant for a licence, against decisions taken by the Bank pursuant to Article 36/25 § 3;

24. *repealed*;

25. *repealed*;

26. *repealed*;

26/1. by an applicant for a licence, against decisions taken by the Bank pursuant to Articles 17 and 55 of Regulation 909/2014. An appeal may also be lodged where the Bank has not taken a decision within the time limits laid down in the aforementioned Article 17(8). In the latter case, the appeal shall be handled as if the application had been rejected;

26/2. by an applicant for a licence, against decisions taken by the Bank pursuant to Article 36/26/1 § 5 or § 6. Such an appeal may also be lodged where the Bank has not taken a decision within the time limits laid down pursuant to the aforementioned article. In the latter case, the appeal shall be handled as if the application had been rejected;

26/3. by a central securities depository, against decisions taken by the Bank pursuant to Article 23(4) of Regulation 909/2014 and by an institution providing support to a central securities depository or by a custodian bank, against similar decisions taken by the Bank pursuant to Article 36/26/1 § 5 or § 6;

26/4. by a central securities depository, against decisions taken by the Bank pursuant to Articles 20 and 57 of Regulation 909/2014, and by an institution providing support to a central securities depository or by a custodian bank, against similar decisions taken by the Bank pursuant to Article 36/26/1 § 5 or § 6. The appeal shall serve to suspend the decision and its publication, save where the Bank, due to a serious threat to clients or the financial markets, has declared its decision enforceable notwithstanding any possible appeal;

26/5. by a central securities depository, against decisions taken by the Bank pursuant to Article 36/30/1 § 2(3) to (6) and by an institution providing support to a central securities depository or by a custodian bank, against similar decisions taken by the Bank pursuant to Article 36/26/1 § 5 or § 6. The appeal shall serve to suspend the decision and its publication, save where the Bank, due to a serious threat to clients or the financial markets, has declared its decision enforceable notwithstanding any possible appeal.

27. *repealed*;

28. *repealed*;

29. *repealed*;

30. *repealed*;

31. *repealed*;

32. by an applicant for a licence, against licensing decisions taken by the Bank pursuant to Article 169 of the Act of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money and access to payment systems. An appeal may also be lodged where the Bank does not take a decision within the time limits laid down in the first paragraph of the aforementioned Article 169. In the latter case, the appeal shall be handled as if the application had been rejected;

32*bis*. by an applicant for the registration referred to in Article 200 § 2 of the Act of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money, and access to payment systems, against decisions taken by the Bank in this respect. A similar appeal may be lodged by the applicant where the Bank fails to take a decision within the time limits laid down in the first paragraph of the aforementioned Article 200 § 2. In the latter case, the appeal shall be handled as if the application had been rejected;

33. by a payment institution, against decisions taken by the Bank pursuant to Article 186 of the Act of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money and access to payment systems, insofar as it renders Article 61 of the same act applicable;

34. by an electronic money institution, against decisions taken by the Bank pursuant to Article 214, insofar as it renders Article 116 § 2 applicable, and Article 215 § 1, and against similar decisions taken pursuant to Article 227 of the Act of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money and access to payment systems, insofar as they render Article 142 § 1 applicable. The appeal shall serve to suspend the decision and its publication, save where the Bank, due to a serious threat to the holders of electronic money, has declared its decision enforceable notwithstanding any possible appeal;

34*bis*. by a regulated entity referred to in Article 5 § 1(4) to (10) of the Act of 18 September 2017 on the prevention of money laundering and terrorist financing and on restriction of the use of cash, against decisions taken by the Bank pursuant to Articles 94 and 95 of that act;

34*ter*. by a payment scheme operator, against the prohibition imposed by the Bank pursuant to Article 19 § 1 of the Act of 24 March 2017 on the oversight of payment transaction processors;

35. by any person on whom a penalty has been imposed by the Bank pursuant to Articles 36/3 § 5, 36/19 (fifth paragraph), 36/30 § 1 (paragraph 2(2)) and 36/30/1 § 2(2) of this act, Article 93 § 2(2) of the Act of 18 September 2017 on the prevention of money laundering and terrorist financing and on restriction of the use of cash, the third paragraph of Article 603 § 2 of the Act of 13 March on the legal status and supervision of insurance and reinsurance companies, Articles 147 § 2 (third paragraph), 161 § 1(2) and 229 § 2 (third paragraph) of the Act of 11 March 2018 on the legal status and supervision of payment institutions and electronic money institutions, access to the activity of payment service provider and the activity of issuing electronic money and access to payment systems, Article 16 § 2 of the Act of 24 March 2017 on the oversight of payment transaction processors, Article 346 § 2 of the Act of 25 April 2014 on the legal status and supervision of credit institutions and Article 236 § 2 of the Act of 20 July 2022 on the legal status and supervision of stockbroking firms and laying down various other provisions.

Art. 36/23. – For the purpose of requesting the application of criminal law, the Bank shall be entitled to intervene, at any stage of the proceedings, before the criminal court before which an offence punishable by this Act or by a law entrusting the Bank with the supervision of compliance with its provisions has been brought, without the Bank being required to demonstrate any damage. Such intervention shall be in accordance with the rules applicable to civil parties.

Section 6 – Anti-crisis measures

Art. 36/24. – **§ 1.** On the Bank's advice, in the event of a sudden crisis affecting the financial markets or a serious threat of a systemic crisis, for the purpose of mitigating the extent or consequences of this crisis, it shall be possible by royal decree to:

1. draw up regulations supplementing or derogating from the Act of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies, the Act of 2 January 1991 on the public debt securities market and monetary policy instruments, the Act of 25 April 2014 on the legal status and supervision of credit institutions, the Act of 20 July 2022 on the legal status and supervision of stockbroking firms and laying down various other provisions, the Act of 25 October 2016 on the regulation of investment services and on the legal status and supervision of companies for portfolio management and investment advice, the Act of 2 August 2002 on the supervision of the financial sector and on financial services, Book VIII, Title III, Chapter II, Section III of the Company Code, and Royal Decree 62 on the deposit of fungible financial instruments and the settlement of transactions in these instruments, consolidated by the Royal Decree of 27 January 2004;

2. put in place a system for the grant of a State guarantee for commitments entered into by institutions supervised pursuant to the aforementioned laws or grant a State guarantee to certain claims held by these institutions;

3. put in place, if necessary by means of regulations laid down in accordance with point (1), a system for the grant of a State guarantee for the reimbursement of partners who are natural persons of their share of the capital of cooperative companies, licensed in accordance with the Royal Decree of 8 January 1962 on the licensing requirements for national groups of cooperative companies and cooperative companies that are supervised institutions pursuant to the aforementioned laws or at least half of whose capital is invested in such institutions;

4. put in place a system for the grant by the State of cover for losses incurred on certain assets or financial instruments by institutions supervised pursuant to the aforementioned laws;

5. put in place a system for the grant of a State guarantee for commitments entered into by entities whose activity consists of acquiring and managing certain assets held by institutions supervised pursuant to the aforementioned laws.

The royal decrees adopted under the terms of § 1(1) shall cease to have effect if they have not been confirmed by law within twelve months from their date of entry into force. The confirmation shall have retroactive effect as from the date of entry into force of the royal decrees. Royal decrees adopted pursuant to § 1(2) to (6) shall be deliberated in the Council of Ministers.

§ 2. As regards the application of § 1(2) to (5), institutions supervised pursuant to the laws referred to in § 1(1) are financial companies included on the list referred to in the second paragraph of Article 14 of the Act of 25 April 2014 on the legal status and supervision of credit institutions, mixed financial companies, credit institutions, investment firms and insurance companies, as well as their direct or indirect subsidiaries.

§ 3. The total principal amount of the guarantees referred to in § 1(2) and (5) and of the cover referred to in § 1(4) shall not exceed € 25 billion per supervised institution or group of affiliated supervised institutions within the meaning of Article 11 of the Company Code.

In determining the groups referred to in the preceding paragraph, any links between institutions resulting from State control over them shall not be taken into account.

Should the limit set out in the first paragraph be exceeded due to exchange rate fluctuations, this shall not affect the validity of the guarantees or funding commitments granted.

Chapter IV/2 – Provisions on the authorisation, supervision and oversight of central counterparties and financial and non-financial counterparties and on the authorisation and supervision of settlement institutions, institutions equivalent to settlement institutions, central securities depositories, institutions providing support to central securities depositories and custodian banks

Art. 36/25. – **§ 1.** Institutions authorised or licensed to act as central counterparties in their home Member State, or recognised as such in accordance with Regulation 648/2012, may provide services as central counterparties in and from Belgium.

§ 2. Pursuant to Article 22 of Regulation 648/2012, the Bank is the authority responsible for carrying out the duties resulting from this regulation as regards the licensing, supervision and oversight of central counterparties, without prejudice to the powers conferred on the FSMA by Article 22 of the Act of 2 August 2002.

§ 3. In accordance with the provisions of Regulation 648/2012, the Bank shall license institutions established in Belgium that intend to offer services as central counterparties. The Bank shall take a decision on an application for a licence based on the advice of the FSMA in accordance with Article 22 of the Act of 2 August 2002.

The Bank shall monitor compliance with the conditions for licensing by central counterparties and shall review and evaluate central counterparties in accordance with Article 21 of Regulation 648/2012.

§ 3*bis*. The Bank shall decide on interoperability agreements governed by Title V of Regulation 648/2012. Furthermore the Bank shall monitor compliance by central counterparties with the rules relating to interoperability agreements.

§ 4. The Bank is responsible for the prudential supervision of central counterparties.

The Bank shall monitor compliance by central counterparties with the provisions of Chapters 1 and 3 of Title IV of Regulation 648/2012, with the exception of Article 33 of Regulation 648/2012, which falls under the authority of the FSMA.

Pursuant to Chapter 2 of Title IV of Regulation 648/2012, the Bank shall monitor the admission criteria and their application pursuant to Article 37 of Regulation 648/2012 in order to ensure that they are sufficient to contain the risk to which central counterparties are exposed, without prejudice to the powers conferred on the FSMA by Article 22 § 5 of the Act of 2 August 2002.

Central counterparties shall be prohibited from setting up unusual mechanisms within the meaning of the second paragraph of Article 36/4, the norms and standard practices referred to in (4) of that article being the norms and standard practices for transactions carried out in the framework of the services referred to in Articles 14 and 15 of Regulation 648/2012.

§ 5. The Bank shall provide the FSMA with all relevant and useful information on the operational requirements defined in Chapter 1 of Title IV of Regulation 648/2012 in order to allow the FSMA to exercise the powers conferred on it by Articles 31(1) and 31(2) of Regulation 648/2012.

The Bank shall consult with the FSMA when assessing the professional integrity of natural persons nominated to serve on the management body of a central counterparty, the board of directors, or, if there is no board of directors, natural persons who will be responsible for the effective running of the institution, when these persons are proposed for the first time for a position of this kind in a financial institution subject to the Bank's supervision pursuant to Article 36/2.

Any natural or legal person that has decided to acquire, directly or indirectly, a qualifying holding in a central counterparty or to increase, directly or indirectly, its qualifying holding in a central counterparty must notify the Bank in advance in accordance with Regulation 648/2012. The Bank shall assess this notification in accordance with the provisions of Regulation 648/2012, after consultation with the FSMA when the potential purchaser is a regulated company subject to supervision by the FSMA.

The Bank shall publish the list referred to in Article 32(4) of Regulation 648/2012.

§ 6. The provisions of this article and of its implementing decrees shall be without prejudice to the powers of the Bank laid down in Article 8 of this Act.

§ 7. Pursuant to the second subparagraph of Article 22(1) of Regulation 648/2012, the Bank shall coordinate cooperation and the exchange of information with the European Commission, the European Securities and Markets Authority (ESMA), other Member States' competent authorities, the European Banking Authority (EBA) and the relevant members of the European System of Central Banks (ESCB), in accordance with Articles 23, 24, 83 and 84 of Regulation 648/2012.

Art. 36/25*bis*. – **§ 1.** The Bank shall have the power to ensure compliance with the provisions laid down by or pursuant to Regulation 648/2012 by financial and non-financial counterparties that are subject to its supervision pursuant to Article 36/2 of this Act.

The Bank is in particular responsible for monitoring compliance by the counterparties referred to in the first paragraph with Title II of Regulation 648/2012 concerning the clearing obligation, reporting obligation and risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty and with Article 37(3) of Regulation 648/2012 in respect of the financial resources and the operational capacity required to perform clearing member activity in accordance with Regulation 648/2012.

§ 2. The Bank shall have the power to ensure compliance with Articles 4 and 15 of Regulation 2015/2365 by financial and non-financial counterparties that are subject to its supervision pursuant to Article 36/2.

Art. 36/25*ter*. – **§ 1.** To fulfil the tasks referred to in Article 36/25*bis*, the Bank shall exercise the powers conferred on it by the provisions of Chapters IV.1 and IV.2.

§ 2. Non-compliance with the provisions laid down by or pursuant to Regulation 648/2012 or of Regulation 2015/2365 by a central counterparty, a financial counterparty or a non-financial counterparty subject to supervision by the Bank pursuant to Article 36/2 of this Act may give rise to the application of penalties and other enforcement measures as well as the sanctions laid down in this Act and in the specific laws applicable to the institutions subject to the Bank's supervision.

Art. 36/26/1. – **§ 1.** Pursuant to Article 11 of Regulation 909/2014, the Bank shall be designated as the competent authority for the authorisation and supervision of central securities depositories established in Belgium, without prejudice to the specific powers conferred by this regulation on the authorities responsible for the supervision of trading platforms.

In its capacity as the designated competent authority, the Bank shall have the power to monitor compliance with the provisions of Regulation 909/2014, including those of Title II, unless the regulation provides otherwise and without prejudice to the powers conferred on the FSMA by Article 23*bis* of the Act of 2 August 2002.

Without prejudice to the powers of the Bank, the FSMA shall supervise central securities depositories established in Belgium, in terms of their compliance with the rules referred to in Article 45 § 1(1) of the Act of 2 August 2002 and the rules for ensuring honest, fair and professional treatment of participants and their customers. In this respect, the FSMA shall monitor compliance by central securities depositories with Articles 26(3), 29, 32 to 35, 38, 49 and 53 of Regulation 909/2014.

In applying Regulation 909/2014, the Bank shall consult the FSMA for matters falling within the scope of its powers, in accordance with Article 23*bis* of the Act of 2 August 2002. If the Bank does not follow the opinion of the FSMA, it shall mention this fact and state the reasons for derogating from it in the explanation accompanying its decision. The FSMA's opinion shall be appended to the Bank's decision, unless it relates to matters referred to in the fourth paragraph of Article 23*bis* § 3 of the Act of 2 August 2002.

The FSMA and the Bank may conclude a protocol setting out the terms of their cooperation, in particular as regards the cooperation arrangements established by the Bank in accordance with Article 24 of Regulation 909/2014.

§ 1/1. The Bank shall be empowered to carry out the tasks referred to in Regulation 2022/858 with regard to the authorisation and supervision of entities operating a DLT settlement system or a DLT trading and settlement system. The Bank shall exercise this power in accordance with the statutory division of powers between the Bank and FSMA.

§ 2. In accordance with Regulation 909/2014, the Bank may provide services as a central securities depository.

§ 3. The Bank shall be responsible for the supervision of authorised central securities depositories pursuant to § 1. Without prejudice to the provisions of Regulation 909/2014, a royal decree may, based on the Bank's advice, set out:

1. rules as well as corrective measures for the prudential supervision of central securities depositories as referred to in § 1 that are not credit institutions established in Belgium;

2. on a consolidated and individual basis, the minimum requirements for the organisation, operation, financial position, and internal control and risk management applicable to the central securities depositories referred to in § 1 that are not credit institutions established in Belgium.

§ 4. Central securities depositories may, in accordance with Article 30 of Regulation 909/2014, entrust an institution providing support to central securities depositories with the provision of support services or the performance of important operational functions to ensure the performance of their services and activities, including the operational management of ancillary banking services.

§ 5. Institutions providing support to central securities depositories as referred to in § 4 are required to obtain an authorisation from the Bank, based on the FSMA's advice. The Bank shall be responsible for supervising such institutions. Based on the advice of the Bank and the FSMA, the following in particular shall be laid down by royal decree:

1. on a consolidated and individual basis, the conditions and procedure for the authorisation of such institutions by the Bank, including the scope of the FSMA's opinion and the requirements persons responsible for effective management and those with a substantial shareholding must meet;

2. rules on the prudential supervision, including remedial measures, exercised by the Bank over the institutions referred to in § 4 that are not credit institutions established in Belgium;

3. the minimum requirements in terms of organisation, functioning, financial position and internal control and risk management applicable to the institutions referred to in § 4 that are not credit institutions established in Belgium.

The Bank may authorise an institution providing support to central securities depositories to provide services other than those referred to in § 4 and shall determine the conditions for any such authorisation.

Further to an opinion issued by the Bank and the FSMA and in accordance with Belgium's international obligations, the rules referred to in §§ 4 and 5 may be made fully or partially applicable by royal decree to institutions established abroad whose business consists, in whole or in part, of ensuring the provision of support services or essential operational tasks to ensure performance of the services and activities provided by central securities depositories established in Belgium.

Paragraphs 4 and 5 shall not apply to the provision of support services or the performance of essential operational tasks to ensure performance of the services and activities of central securities depositories where these services or functions are provided or performed by one or more Eurosystem central banks.

§ 5/1. Central securities depositories and institutions providing support to central securities depositories shall be prohibited from setting up unusual mechanisms within the meaning of the second paragraph of Article 36/4, the norms and standard practices referred to in (4) of that article being the norms and standard practices for transactions carried out in the framework of the services referred to in the Annex to Regulation 909/2014.

§ 6. For purposes of the present provision, custodian banks shall be understood to mean credit institutions established in Belgium whose business consists exclusively of providing custody, account maintenance and financial instrument settlement services, as well as associated non-banking services, apart from the activities referred to in the first paragraph of Article 1 § 3 of the Act of 25 April 2014 on the legal status and supervision of credit institutions and stockbroking firms, when these activities are ancillary or related to the abovementioned services.

The custodian banks referred to in the first paragraph are required to obtain a licence from the Bank, based on the FSMA's advice. The Bank is responsible for the prudential supervision of these institutions. Based on the advice of the Bank and the FSMA, a royal decree shall lay down in particular, on a consolidated and non-consolidated basis, the conditions and procedures for the grant of such an authorisation and for maintaining the authorisation of such institutions by the Bank, including the scope of the FSMA's opinion and the conditions persons responsible for effective management and those with a substantial shareholding must meet.

The Bank may authorise custodian banks to provide services other than those referred to in the first paragraph and shall determine the conditions for such an authorisation.

§ 7. The provisions of this article shall be without prejudice to the powers of the Bank as laid down in Article 8. Based on the Bank's advice, a royal decree may determine:

1. standards for the supervision of securities settlement systems;

2. the obligation for the operator of a securities settlement system or institution providing support to disclose information requested by the Bank;

3.. coercive measures where the operator of a securities settlement system or institution providing support no longer satisfies the standards laid down or where the obligation to disclose has not been observed.

§ 8. The Bank shall coordinate cooperation and the exchange of information with other Member States' competent authorities, the relevant [national] authorities, the European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA).

§ 9. Without prejudice to Articles 273 and 378 of the Act of 25 April 2014 on the legal status and supervision of credit institutions, before any decision is taken on the opening of bankruptcy proceedings with respect to a central securities depository or an institution providing support to central securities depositories, the president of the bankruptcy court shall request an opinion from the Bank. The court's registry shall transmit this request immediately and inform the public prosecution service.

The request to the Bank shall be in writing. It shall be accompanied by all documents necessary to inform the Bank.

The Bank shall render an opinion within fifteen days from receipt of a request. If, in the Bank's opinion, a procedure relating to a central securities depository or an institution providing support to central securities depositories could have major systemic implications or requires prior coordination with foreign authorities, the Bank may extend this time period, provided, however, that the total period does not exceed thirty days. If the Bank considers an extension necessary, it shall inform the court accordingly. The period granted to the Bank to render an opinion shall serve to suspend the period within which the bankruptcy court must rule. If the Bank does not render an opinion within the specified period, the court may rule on the request.

The opinion of the Bank shall be in writing. It may be transmitted by any means to the court's registry, which shall forward it to the president of the bankruptcy court and the public prosecution service. The opinion shall be added to the case file.

Art. 36/27. – **§ 1.** When a settlement institution or an equivalent institution, as referred to in Article 36/26, or a central securities depository or an institution providing support to central securities depositories, as referred to in Article 36/26/1, is not operating in accordance with the provisions of this Act and its implementing decrees, when its management or financial position is of such a nature as to call into question the performance of its obligations or does not provide sufficient guarantees for its solvency, liquidity or profitability, or when its management structures, administrative or accounting organisation or internal audit reveal serious shortcomings such that the stability of the Belgian or international financial system is likely to be affected, it shall be possible by way of a royal decree deliberated in the Council of Ministers, either at the Bank's request or on the Bank's advice, to lay down any instrument of disposal, in favour of the State or any other person, Belgian or foreign, of public or private law, notably any instrument of disposal, sale or contribution with regard to:

1. assets, liabilities or one or more branches of activity and, more generally, all or part of the rights and obligations of the institution concerned, including procedures to transfer client assets consisting of financial instruments governed by consolidated Royal Decree 62 on the deposit of fungible financial instruments and the settlement of transactions in these instruments, as well as underlying securities held with

depositories in the name of the institution concerned, and procedures to transfer resources, notably information technology resources, necessary for processing transactions involving these assets and the rights and obligations related to such processing ;

2. securities or shares, representative or not of the institution's capital, with or without voting rights, issued by the institution concerned.

§ 2. The royal decree adopted pursuant to § 1 shall fix the compensation to be paid to the owners of the assets or to the holders of the rights that form the object of the instrument of disposal. If the transferee designated by the royal decree is a person other than the State, the price payable by the transferee under the terms of the contract concluded with the State shall pass to the owners or right holders as compensation, in accordance with the distribution formula determined by the same decree.

A portion of the compensation may be variable as long as this share is determinable.

§ 3. The institution concerned shall be notified of the royal decree adopted pursuant to § 1. Furthermore, the measures provided for in this decree shall be published in the *Moniteur belge / Belgisch Staatsblad*.

As soon as it has received the notification referred to in § 1, the institution shall lose the right to dispose of the assets referred to in the instrument of disposal provided for by the royal decree.

§ 4. The acts referred to in § 1 may not be declared or considered unenforceable pursuant to Articles XX.111, XX.112 or XX.114 of the Code of Economic Law.

Notwithstanding any contractual provisions to the contrary, the measures determined by royal decree pursuant to § 1 may not have the effect of modifying the terms of a contract concluded between the institution and one or more third parties, of terminating such a contract or of giving any of the parties concerned the right to terminate it unilaterally.

With regard to the measures decreed by royal decree pursuant to pursuant to § 1, any approval or pre-emption clause provided for by contract or in the institution's articles, any third-party purchase option and any provisions of the articles of association or contractual provisions preventing a change in the supervision of the institution concerned shall be deemed null and void.

Any other provisions necessary to ensure proper execution of the measures adopted pursuant to § 1 may be adopted by royal decree.

§ 5. The civil liability of persons, acting in the name of the State or at its request, involved in the measures referred to in this article, arising as a result of or in relation to their decisions, acts or conduct in the context of these measures, shall be limited to cases of fraud or gross negligence. The existence of gross negligence shall be assessed in view of the concrete circumstances of the case, in particular the urgency with which these persons were faced, practices on the financial markets, the complexity of the matter, threats to the protection of savings and the risk of harm to the national economy due to the failure of the institution concerned.

§ 6. Any disputes that may arise as a result of the measures referred to in this article, as well as the liability referred to in § 5, shall be submitted to the exclusive jurisdiction of the Belgian courts, which shall apply solely Belgian law.

§ 7. For purposes of applying Collective Bargaining Agreement No 32*bis* concluded on 7 June 1985 within the National Labour Council, concerning the safeguarding of employee rights in the event of a change of employer resulting from a transfer of undertaking and governing the transferred rights of employees further to an assumption of assets following bankruptcy, acts committed pursuant to § 1(1) shall be considered as having been committed by the settlement institution or equivalent institution or by the central securities depository or institution providing support to central securities depositories.

§ 8. Without prejudice to any general principles of law on which it could rely, the board of directors of the institution concerned may derogate from the restrictions provided for by law on its managerial powers when a specific circumstance as described in § 1 is liable to affect the stability of the Belgian or international financial system. The board of directors shall draw up a special report justifying the use of this provision and setting out the decisions taken ; this report shall be submitted to the general meeting within two months' time.

Art. 36/28. – **§ 1.** For purposes of this article, the following definitions shall apply:

1. royal decree: the royal decree deliberated in the Council of Ministers pursuant to Article 36/27 § 1;

2. instrument of disposal: the transfer or other instrument of disposal provided for in the royal decree;

3. the court: the Brussels Court of First Instance;

4. the owners: the natural persons or legal entities that, on the date of the royal decree, are the owners of the assets or shares or holders of the rights that form the object of the instrument of disposal;

5. third-party transferee: the natural person or legal entity other than the Belgian State that, according to the royal decree, is called on to acquire the assets, shares or rights forming the object of the instrument of disposal;

6. compensation: the indemnification provided for by the royal decree for the owners further to the instrument of disposal.

§ 2. The royal decree shall enter into force on the publication date in the *Moniteur belge / Belgisch Staatsblad* of the judgment referred to in § 8.

§ 3. The Belgian State shall file a petition with the court's registry stating that the instrument of disposal is in conformity with the law and that the compensation is considered fair, taking into account in particular the criteria referred to in the fourth indent of § 7.

In order to be valid, the petition must contain the following information:

1. the identity of the settlement institution or equivalent institution, the identity of the central securities depository or the institution providing support to central securities depositories;

2. if applicable, the identity of the third-party transferee;

3. a justification for the transfer having regard to the criteria laid down in Article 36/27 § 1;

4. the compensation, the basis on which it has been determined, notably as regards the variable portion and, if necessary, the key for distribution of the capital amongst the owners;

5. if applicable, any authorisations required from the public authorities and any other conditions precedent to which the instrument of disposal is subject;

6. if applicable, the price agreed with the third-party transferee for the assets or shares that form the object of the instrument of disposal and the mechanisms to revise or adjust this price;

7. an indication of the day, month and year;

8. the signature of the person representing the Belgian State or of the State's lawyer.

A copy of the royal decree shall be appended to the petition.

The provisions of Part IV, Book II, Title V*bis* of the Judicial Code, including Articles 1034*bis* to 1034*sexies*, shall not apply to the petition.

§ 4. The procedure commenced by the petition referred to in § 3 excludes all other simultaneous or future appeals or actions against the royal decree or the instrument of disposal, with the exception of the request referred to in § 1. The filing of the petition renders void any other procedure against the royal decree or the instrument of disposal that may have been previously introduced and is pending before another court or administrative body.

§ 5. Within seventy-two hours from the filing of the petition referred to in § 3, the president of the court shall fix, by court order, the date and time for the hearing referred to in § 7, which must take place within seven days following the filing of the petition. This order shall reproduce the entire wording specified in the second indent of § 3.

The order shall be served by the court's registry on the Belgian State, the institution concerned as well as the third-party transferee, as the case may be. It shall be published at the same time in the *Moniteur belge / Belgisch Staatsblad*. This publication shall constitute service on any possible owners other than the institution concerned.

Within twenty-four hours from service of the abovementioned order, the institution concerned shall also publish it on its website.

§ 6. Until pronouncement of the judgment referred to in § 8, the persons referred to in the second indent of § 5 may consult the petition referred to in § 3 as well as its appendices, free of charge, at the registry office.

§ 7. During the hearing set by the president of the court and at any later hearings the court may deem useful to arrange, the court shall hear the Belgian State, the institution concerned and, as the case may be, the third-party transferee as well as owners that intervene voluntarily in the proceedings.

By way of derogation from the provisions of Part IV, Book II, Title III, Chapter II of the Judicial Code, no person other than those referred to in the preceding paragraph may intervene in the proceedings.

After having heard the observations of the parties, the court shall verify whether the instrument of disposal is in conformity with the law and the compensation is fair.

The court shall take into account the situation of the institution concerned at the time of the instrument of disposal, in particular its financial situation such as it was or would have been had the public assistance from which it benefited, either directly or indirectly, not been granted. For purposes of this paragraph, emergency advances of funds and guarantees granted by a public law legal entity shall be treated as public assistance.

The court shall render its decision in a single judgment which shall be handed down within twenty days following the hearing fixed by the president of the court.

§ 8. The judgment in which the court rules that the instrument of disposal is in conformity with the law and that the compensation is deemed fair shall convey title to the assets or shares that form the object of the instrument of disposal, albeit subject to the conditions precedent referred to in § 3(5).

§ 9. The judgment referred to in § 8 may not be appealed or form the object of an application to have it set aside, by either a party to the proceedings or a third party.

It shall be served by way of an official letter from the court on the Belgian State, the institution concerned as well as the third-party transferee, as the case may be, and shall be published at the same time by extract in the *Moniteur belge / Belgisch Staatsblad*.

This publication shall constitute service on any possible owners other than the institution concerned and renders the instrument of disposal enforceable against third parties, without any further formalities being required.

Within twenty-four hours from service of the judgment, the institution concerned shall publish it on its website.

§ 10. Following service of the judgment referred to in § 8, the Belgian State or, as the case may be, the third-party transferee shall deposit the compensation with the *Caisse des dépôts et consignations / Deposito- en Consignatiekas* (Deposit and Consignment Office), without any formalities being required in this respect.

The Belgian State shall take steps to have a notice confirming fulfilment of the conditions precedent referred to in § 3(5) published in the *Moniteur belge / Belgisch Staatsblad*.

Upon publication of the abovementioned notice, the Deposit and Consignment Office is required to hand over to the owners, in accordance with the terms and conditions laid down in a royal decree, the consigned compensation, without prejudice to any possible garnishment or attachment orders duly filed against the consigned sum.

§ 11. The owners may lodge a request with the court for review of the compensation, within a period

of two months from publication in the Moniteur belge / *Belgisch Staatsblad* of the judgment referred to in § 8. This request shall have no effect on the transfer of title to the assets or shares that form the object of the instrument of disposal.

For the remaining aspects, a request for judicial review is provided for by the Judicial Code. The fourth indent of § 7 shall apply.

Art. 36/29. – With regard to central counterparties, settlement institutions, central securities depositories, entities operating a DLT settlement system or a DLT trading and settlement system, institutions providing support to central securities depositories, and custodian banks, including their subsidiaries established on the territory of the European Union, the Bank may exercise the following investigative powers in performing its supervisory tasks, as referred to in Articles 36/25, 36/26 and 36/26/1 or their implementing decrees, or responding to requests for cooperation from competent authorities within the meaning of Article 36/14 § 1(2) and (3):

it may have forwarded to it all information and documents, in any form whatsoever;

it may undertake on-site investigations and appraisals, familiarise itself with and copy, on site, any document, file or recording and access any IT system;

it may ask the statutory auditors or persons responsible for auditing the financial statements of the institutions concerned to send it special reports, at the institution's expense, on subjects of its choosing;

if the institutions are established in Belgium, it may require them to forward to it all useful information and documentation regarding companies established abroad that form part of the same group.

Art. 36/30. – **§ 1.** The Bank may order any central counterparty, as well as any central securities depository, any entity operating a DLT settlement system or a DLT trading and settlement system, any institution providing support to central securities depositories or any custodian bank, to comply with the provisions laid down by or pursuant to Articles 36/25, 36/26 and 36/26/1, as well as with any provisions laid down by or pursuant to Regulation 648/2012, Regulation 909/2014, Regulation 2015/2365 or Regulation 2022/858, within a period specified by the Bank.

Without prejudice to other measures provided for by law, if an institution to which the Bank has addressed an order pursuant to § 1 fails to comply by the specified deadline, and provided the institution in question has been given an opportunity to be heard, the Bank may:

1. make public the violation concerned;

2. impose a penalty payment, which may not exceed € 50 000 per calendar day of delay or € 2 500 000 in total;

3. appoint a special auditor for the institution concerned, provided it has its registered office in Belgium, whose authorisation shall be required for the acts and decisions determined by the Bank.

In urgent cases, the Bank may take the measures referred to in points (1) and (3) above without first issuing an order as referred to in § 1, provided the institution concerned has been given an opportunity to be heard.

§ 2. Without prejudice to other measures laid down by law, the Bank may, where, pursuant to Articles 36/9 to 36/11, it establishes a violation of the provisions laid down by or pursuant to Articles 36/25, 36/26 and 36/26/1, or of any provisions laid down by or pursuant to Regulation 648/2012, Regulation 909/2014, Regulation 2015/2365 or Regulation 2022/858, impose an administrative fine on any central securities depository, any entity operating a DLT settlement system or a DLT trading and settlement system, any institution providing support to central securities depositories or any custodian bank, which may not exceed, for the same act or set of acts, € 2 500 000. Where the violation resulted in a financial gain for the offender, this maximum amount shall be raised to twice the amount of the financial gain or, in the event of a recurring offence, three times this amount.

By way of derogation from the preceding paragraph, the following maximum amounts shall apply in the event of violation by a central counterparty of Article 4 or 15 of Regulation 2015/2365 or of the provisions adopted on the basis or in implementation of these articles:

a) for natural persons, € 5 000 000; and,

b) for legal persons, € 5 000 000 for a violation of Article 4 and € 15 000 000 for a violation of

Article 15 or ten per cent of the legal person's total annual turnover for the preceding financial year if the amount obtained by applying this percentage is higher.

Where the violation resulted in a profit for the offender or enabled the offender to avoid a loss, this maximum may be raised to three times the amount of the profit or loss.

§ 3. The penalties and fines imposed pursuant to §§ 1 or 2 shall be recovered for the benefit of the

Treasury by the Federal Public Service Finance's General Administration of Tax Collection and Recovery.

§ 4. The amount of the penalties and fines imposed pursuant to §§ 1 and 2 shall be set by the Bank based on all relevant circumstances, in particular if applicable:

a) the seriousness and duration of the violations;

b) the degree of liability of the person concerned;

c) the financial capacity/resources of the person concerned, as evidenced by total turnover for a legal person or the annual income of a natural person;

d) any benefits or profit that may have been gained from the violations;

e) any harm suffered by third parties as a result of the violations, insofar as it can be determined;

f) the degree of cooperation with the competent authorities demonstrated by the natural or legal person in question;

g) any previous violations committed by the person concerned;

h) any potential negative impact of the violations on the stability of the financial system.

Art. 36/30/1. – **§ 1.** When the Bank establishes a violation as referred to in Article 63 of Regulation 909/2014, it may impose on any central securities depository, any entity operating a DLT settlement system or a DLT trading and settlement system or the person responsible for the violation, the sanctions and other administrative measures defined by or pursuant to Article 63 of Regulation 909/2014. When determining the type of sanction or other administrative measure and the level thereof, the Bank shall in particular take into account the relevant circumstances referred to in Article 64 of Regulation 909/2014. In particular, where, in accordance with Articles 36/9 to 36/11, the Bank establishes a violation referred to in or pursuant to Article 63 of Regulation 909/2014, it may impose on any central securities depository, any entity operating a DLT settlement system or a DLT trading and settlement system or the person responsible for the violation an administrative fine, the maximum amount of which shall be set in accordance with Article 63(2) (e), (f) and (g) of Regulation 909/2014. Decisions imposing a sanction or other administrative measure shall be published in accordance with Article 62 of Regulation 909/2014.

§ 2. If the central securities depository or entity operating a DLT settlement system or a DLT trading and settlement system to which the Bank has addressed an order to comply with provisions laid down by or pursuant to Regulation 909/2014, Articles 4 and 15 of Regulation 2015/2365 or Regulation 2022/858 fails to do so by the specified deadline, and provided the institution concerned has been given an opportunity to be heard, the Bank may:

1. make public the violation in question;

2. impose a penalty payment which may not exceed € 50 000 per calendar day of delay or € 2 500 000 in total;

3. appoint a special auditor for the institution concerned, provided it has its registered office in Belgium, whose authorisation shall be required for the acts and decisions determined by the Bank;

4. suspend or prohibit for a specified duration the exercise, either directly or indirectly, of all or some of the business activities of the institution concerned.

Members of the administrative and management bodies and persons responsible for management who engage in conduct or take decisions in violation of the abovementioned suspension or prohibition shall be jointly and severally liable for the resulting damage to the institution or to third parties.

If the Bank has published the suspension or prohibition in the *Moniteur belge / Belgisch Staatsblad*, any actions and decisions taken in violation thereof shall be considered null and void;

5. impose stricter requirements in terms of solvency, liquidity, risk concentration and other limitations;

6. order the replacement of some or all members of the legal administrative body of the institution concerned within a time period it shall determine and, failing replacement within this time period, substitute for the administrative or management bodies of the institution concerned one or more interim directors or managers who, alone or collectively, as the case

may be, shall exercise the powers of the members they replace. The Bank shall publish its decision in the *Moniteur belge / Belgisch Staatsblad*.

The remuneration of the interim director(s) or manager(s) shall be set by the Bank and borne by the institution concerned.

The Bank may at any time replace the interim director(s) or manager(s), either at its own initiative or at the request of a majority of the shareholders or members when the latter can justify that management by these persons no longer provides the necessary guarantees.

In urgent cases, the Bank may take the measures referred to in § 2(1), (3) and (4) to (6) without a prior order pursuant to § 1, provided the institution concerned has been given an opportunity to be heard.

§ 2/1. Without prejudice to any other measures provided for by law, where, in accordance with Articles 36/9 to 36/11, the Bank establishes a violation of provisions laid down by or pursuant to Articles 4 and 15 of Regulation 2015/2365, it may impose an administrative fine on any central securities depository. The following maximum amounts shall apply:

a) for natural persons, € 5 000 000; and

b) for legal persons, € 5 000 000 for a violation of Article 4 and € 15 000 000 for a violation of Article 15 or ten per cent of the legal person's total annual turnover for the preceding financial year, if the amount obtained by applying this percentage is higher.

Where the offence resulted in a profit for the offender or enabled the offender to avoid a loss, this maximum may be raised to three times the amount of the profit or loss.

§ 3. The fines and penalty payments imposed pursuant to this article shall be recovered for the benefit of the Treasury by the Federal Public Service Finance's General Administration of Tax Collection and Recovery.

§ 4. The amount of the penalties and fines imposed pursuant to §§ 2 and 3 shall be set by the Bank based on all relevant circumstances, in particular where applicable:

a) the seriousness and duration of the violations;

b) the degree of liability of the person concerned;

c) the financial capacity/resources of the person concerned, as evidenced by total turnover for a legal person or the annual income of a natural person;

d) any benefits or profit that may have been gained from the violations;

e) any harm suffered by third parties as a result of the violations, insofar as it can be determined;

f) the degree of cooperation with the competent authorities demonstrated by the natural or legal person in question;

g) any previous violations committed by the person concerned;

h) any potential negative impact of the violations on the stability of the financial system.

Art. 36/30/2. – **§ 1.** For the purpose of performing its duties as a resolution authority, as referred to in Article 12*ter* § 1/1 or in provisions laid down by or pursuant to that article, or responding to cooperation requests from resolution authorities within the meaning of Article 36/14 § 1(22/1), the Bank shall have the following powers with regard to central counterparties, including their branches established within the territory of the European Union:

1. it may request any information and documents, in any form whatsoever;

2. it may carry out on-site inspections and expert appraisals, take note of and copy on site any documents, files or records, and access any computer system;

3. it may ask the auditors or persons responsible for auditing the financial statements of the entity concerned to submit to it, at the latter's expense, special reports on the subjects it determines;

4. it may require such entities, where they are established in Belgium, to provide it with any useful information and documents relating to institutions established abroad that form part of the same group.

§ 2. Where the Bank establishes a violation of the provisions laid down by or pursuant to Regulation 2021/23, it may order the central counterparty or the person responsible for the violation to remedy the situation within a period it determines and, where appropriate, to refrain from repeating the conduct constituting the violation.

Without prejudice to any other measures provided for by or pursuant to Regulation 2021/23, where the Bank has addressed an order pursuant to § 1 and the central counterparty or the person responsible for the violation fails to remedy the situation by expiry of the indicated time limit, the Bank may, provided the central counterparty or the person concerned has been given an opportunity to be heard:

1. make public the violation in question and disclose the identity of the central counterparty or person responsible for the violation as well as the nature thereof;

2. impose a penalty payment of up to € 2 500 000 per violation and € 50 000 per day of delay;

3. temporarily ban the members of the central counterparty's management bodies or any other natural person held liable from exercising functions within a central counterparty.

In urgent cases, the Bank may take the measures referred to in § 2, points (1) and (3), without first issuing an order pursuant to § 1, provided the central counterparty or other natural person held liable has been given an opportunity to be heard.

§ 3. Without prejudice to other measures provided for by or pursuant to Regulation 2021/23, where, in accordance with Articles 36/9 to 36/11, the Bank establishes a violation of the provisions laid down by or pursuant to Regulation 2021/23, it may impose an administrative fine on any central counterparty, subject to the following maximum amounts:

a) for natural persons, € 5 000 000; and

b) for legal persons, ten per cent of the total annual turnover for the preceding financial year. Where the legal person is a branch of a parent company, the turnover to be taken into account is that shown in the consolidated accounts of the ultimate parent company for the preceding financial year.

Where the violation resulted in a profit for the offender, this maximum may be raised to twice the amount of the gain so obtained.

§ 4. Penalties and fines imposed pursuant to §§ 2 and 3 shall be recovered for the benefit of the Treasury by the Federal Public Service Finance's General Administration of Tax Collection and Recovery.

§ 5. Where the penalty payments referred to in § 2 and the administrative fines referred to in § 3 are imposed for non-compliance with obligations laid down by or pursuant to Regulation 2021/23, the Bank shall publish the imposition of these penalties and fines in accordance with Article 83 of Regulation 2021/23.

§ 6. The amount of the periodic penalty payments and fines imposed pursuant to §§ 2 and 3 shall be determined by the Bank taking into account all relevant circumstances, in particular where applicable:

a) the seriousness and duration of the violations;

b) the degree of liability of the person concerned;

c) the financial capacity/resources of the person concerned, as evidenced by total turnover for a legal person or the annual income of a natural person;

d) any benefits or profit that may have been gained from the violations;

e) any harm suffered by third parties as a result of the violations, insofar as it can be determined;

f) the degree of cooperation with the competent authorities demonstrated by the natural or legal person in question;

g) any previous violations committed by the person concerned;

h) any potential negative impact of the violations on the stability of the financial system.

Art. 36/31. – **§ 1.** The following shall be punishable by a prison term of one month to one year and a fine of € 50 to € 10 000 or by one of these penalties alone:

1. those that, in Belgium, carry out clearing or settlement activities in respect of financial instruments,

without being authorised to do so pursuant to Articles 36/25, 36/26 and 36/26/1 or when this authorisation has been withdrawn;

2. those that violate the provisions laid down pursuant to Articles 36/25, 36/26 and 36/26/1 and indicated in the relevant royal decrees;

3. those that hamper the investigations and appraisals of the FSMA pursuant to the present chapter or that knowingly provide it with incorrect or incomplete information.

4. when central counterparties referred to in Article 36/25 § 4, central securities depositories or institutions providing support to central securities depositories as referred to in Article 36/26/1 knowingly set up unusual mechanisms within the meaning of these provisions.

§ 2. The provisions of Book I of the Criminal Code shall, without the exception of Chapter VII and Article 85, be applicable to the violations referred to in § 1.

Chapter IV/3 – Tasks of the Bank in the context of its contribution to the stability of the financial system

Section 1 – General provisions

Art. 36/32. – **§ 1.** This chapter defines certain tasks of the Bank and the legal instruments available to it in the context of its duty to contribute to the stability of the financial system, as referred to in Article 12 § 1.

§ 2. For purposes of this chapter, the following definitions shall apply:

1. "stability of the financial system": a situation in which the probability of discontinuity or disruption in the financial system is low or, should such disruptions occur, the consequences for the economy would be limited;

2. "national authorities": the Belgian authorities, regardless of whether they fall under the federal State or the Regions, which, by virtue of their respective powers, may implement the recommendations issued by the Bank pursuant to this chapter;

3. "SSM Regulation": Regulation (EU) 1024/2013 of the Council of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions;

4. "European supervisory authorities": the European Banking Authority established by Regulation (EU) 1093/2010, the European Insurance and Occupational Pensions Supervisors established by Regulation (EU) 1094/2010 and the European Financial Markets Authority established by Regulation (EU) 1095/2010.

Section 2 – Detection and monitoring of factors that could affect the stability of the financial system

Art. 36/33. – **§ 1.** The Bank shall be responsible for detecting, evaluating and monitoring various factors and developments that could affect the stability of the financial system, particularly in terms of affecting the resilience of the financial system or an accumulation of systemic risks. In this context, the Bank shall have access to any information that could be useful for the performance of this task.

§ 2. In particular, for the purposes referred to in § 1, the Bank shall be authorised to:

1. use the information in its possession pursuant to its other statutory tasks, as resulting from or specified by or under other legislation, including that governing the status and supervision of the financial institutions referred to in Article 36/2 or the supervision on a consolidated basis of these institutions;

2. use the prerogatives regarding access to information available to it by virtue of its other statutory tasks, as resulting from or specified by or under other legislation, including that governing the status and supervision of the financial institutions referred to in Article 36/2 or the supervision on a consolidated basis of these institutions;

3. request information relevant to the performance of this task from any private sector entity which is not subject to its supervision or, where appropriate, the authorities responsible for these entities.

§ 3. Notwithstanding the duty of professional secrecy to which they may be subject, public sector entities, regardless of their level of autonomy, shall cooperate with the Bank in order to provide it with any information and any expertise that could be relevant for the performance of its tasks as referred to in this article. To this end, this information shall be made available to the Bank on the entity's own initiative or at the request of the Bank. Any confidential information communicated by the Bank to the recipient entity shall be covered, with respect to the latter, by the rules of professional secrecy provided for in Article 35 § 1 and may be used solely for the proper accomplishment of the cooperation referred to in this paragraph.

§ 4. For purposes of this article, the Bank may also conclude cooperation agreements with the Regions, the European Central Bank, the European Systemic Risk Board (ESRB), the European Supervisory Authorities and relevant foreign authorities in the field of macroprudential oversight and disclose confidential information to these institutions.

Section 3 – Adoption of legal instruments in order to contribute to the stability of the financial system

Art. 36/34. – **§ 1.** Without prejudice to European directives and regulations, in particular with regard to the prerogatives of the European Central Bank in the field of banking supervision, including in the macro – prudential area, the Bank may, for macroprudential policy purposes, in order to contribute to the stability of the financial system, exercise any prerogatives, including regulatory prerogatives, provided for by or under this Act or the legislation governing the status and supervision of the financial institutions referred to in Article 36/2 or the supervision on a consolidated basis of these institutions.

In addition to the prerogatives referred to in § 1, the Bank may, in order to contribute to the stability of the financial system and without prejudice to the powers assigned to the European Central Bank, make use of the following tools with respect to financial institutions subject to its supervision:

1. the imposition of capital or liquidity requirements which complement or are more stringent than those provided by or under prudential legislation, for all institutions or per category of institutions subject to its supervision

2. in the context of capital requirements, the imposition of specific requirements according to the nature of the exposures or the value of collateral received, or according to the industry or the geographical area of the debtor, which complement or are more stringent than those provided by or under prudential legislation, for all institutions or per category of institutions subject to its supervision;

3. the power to impose quantitative limits on exposures to a single counterparty or a group of related counterparties, or on an industry or geographical area, which complement or are more stringent than those provided by or under prudential legislation, for all institutions or per category of institutions subject to its supervision;

4. the imposition of limits on the total level of business of institutions subject to its supervision as compared to their capital (leverage ratio), that complement or are more stringent than those provided by or under prudential legislation, for all institutions or per category of institutions subject to its supervision;

5. the imposition of conditions for the assessment of collateral for loans granted for verification of compliance with solvency requirements provided by or under prudential legislation;

6. the imposition of a total or partial retention of distributable profits;

7. the imposition of rules for valuing assets which differ from those provided for under accounting regulations, with a view to monitoring compliance with the requirements provided by or under prudential legislation;

8. the power to impose the disclosure of information and the terms for such disclosure, complementing those provided by or under prudential legislation, for all institutions or per category of institution subject to its supervision;

9. the power to communicate on measures adopted pursuant to this article and the objectives of such measures, in accordance with the procedures established by the Bank;

10. *repealed*.

§ 2. Where the measures adopted pursuant to the second paragraph of § 1 are general in scope and therefore regulatory, their adoption shall require compliance with the approval procedure by royal decree laid down by the third paragraph of Article 12*bis* § 2.

§ 3. For purposes of this article, the Bank shall take into account the recommendations adopted by the European Systemic Risk Board (ESRB) and, if necessary, render them applicable by means of regulations adopted pursuant to Article 12*bis* § 2, in accordance with the procedures established by the Bank. The Bank shall also take into account the positions or decisions of the European Commission and the European Central Bank, in particular when the latter requires credit institutions to comply with additional capital requirements or other measures to reduce systemic risk

Before implementing the measures referred to in § 1, the Bank shall inform the European Systemic Risk Board (ESRB), the European Central Bank and, where relevant, the European Supervisory Authorities and the European Commission of the concrete measures it intends to take. Except in duly substantiated cases of urgency and unless Community law provides for specific deadlines for the implementation of legal instruments, the Bank shall wait, for a period not exceeding one month, for the aforementioned institutions to respond before effectively implementing the planned measures.

The Bank shall also take into account the objections raised by the European Central Bank or, if applicable, other European authorities, where they require credit institutions or the groups to which they belong to comply with additional capital requirements or to take other measures in order to reduce systemic risk.

Section 4 – Recommendations issued in order to contribute to the stability of the financial system

Art. 36/35. – The Bank shall determine, by way of recommendations, the measures to be adopted and implemented by the relevant national authorities, the European Central Bank or other European authorities, each for the matters for which they are responsible, in order to contribute to the stability of the financial system as a whole, in particular by strengthening the resilience of the financial system, preventing systemic risks and limiting the impact of any disruptions.

The Bank shall follow up on its recommendations by verifying their effective implementation, in particular by the relevant national authorities, and by assessing the impact of the measures taken to that end.

Moreover, the Bank shall ensure consistency between these tasks and the tasks relating to the prudential supervision of credit institutions, including in the macroprudential area, which, pursuant to Community law, have been conferred *inter alia* on the European Central Bank.

Art. 36/36. – The sole purpose of the Bank's recommendations shall be to contribute to the stability of the financial system. They shall take into account the recommendations adopted by the European Systemic Risk Board (ESRB) and the positions or decisions of European institutions, including the European Commission and the European Central Bank. The recommendations shall be duly substantiated and shall be forwarded on a confidential basis to the national authorities responsible for their implementation, as well as to the European Systemic Risk Board (ESRB) and the European Central Bank.

If it deems necessary, the Bank may also make proposals to the European Central Bank or other European authorities where the instruments to be implemented fall within their authority.

The Bank shall respond within the period laid down by Community law to notifications made by the European Central Bank pursuant to Article 5(4) of the SSM Regulation, informing it of its intention to increase the capital requirements for credit institutions or to adopt other measures to reduce systemic risks. Any objections to such a measure shall be duly justified to the European Central Bank.

Art. 36/37. – Notwithstanding Articles 35 and 36/36 and without prejudice to paragraph 2, the Bank shall publish its recommendations and determine the arrangements for this publication.

Communications made pursuant to this article may not, due to their content or the circumstances, pose a risk to the stability of the financial system.

Art. 36/38. – **§ 1.** In order to implement the recommendations of the Bank that fall within their authority, national authorities may use any instruments, decision-making powers, regulatory powers and prerogatives provided by or under the legislation and/or decrees governing their legal status and tasks.

§ 2. In particular, the King, by way of a royal decree deliberated in the Council of Ministers and further to the Bank's opinion, may require credit providers to comply with coefficients :

1. for coverage, which determine up to which percentage of the value of collateral a loan may be granted (loan-to-value ratio) ;

2. for the maximum total indebtedness compared to the borrower's disposable income.

The Bank's opinion is not required where the measure adopted by the King pursuant to this paragraph is, in all respects, consistent with a recommendation issued by the Bank pursuant to Article 36/35.

Art. 36/39. – Without prejudice to specific procedures provided for by Community law, the federal authorities shall inform the Bank of the concrete measures they intend to take in order to comply with its recommendations. The Bank shall inform without delay the European Systemic Risk Board (ESRB), the European Central Bank and, if applicable, the European Supervisory Authorities and the European Commission. Except in duly substantiated cases of urgency and unless Community law provides for specific deadlines for the implementation of legal instruments, the relevant authorities shall wait, for a period not exceeding one month from the date of notifying the Bank, for the aforementioned institutions to respond before effectively implementing the planned measures.

Art. 36/40. – Where the federal authorities concerned fail to comply with the recommendations of the Bank, they shall indicate to the Bank, by way of a reasoned opinion, their reasons for departing from its recommendations. This reasoned opinion shall accompany the notification referred to in Article 36/39.

Art. 36/41. – Where the federal authorities fail to adopt measures in order to implement the recommendations issued by the Bank pursuant to this chapter within the time limit specified or, in the absence of a time limit, within two months from notification of the recommendations or are affected by any of the circumstances referred to in Article 36/40, the King shall be empowered by royal decree deliberated in the Council of Ministers, to take the measures referred to in Article 36/38 § 1. In this case, the procedure provided for in Article 36/39 shall apply.

Section 5 – Objectives, special provisions and sanctions

Art. 36/42. – In adopting acts and measures pursuant to this chapter, the Bank and the national authorities shall contribute to the stability of the financial system as a whole, in particular by strengthening the resilience of the financial system and preventing the occurrence of systemic risks.

Art. 36/43. – The Act of 11 April 1994 on open government shall not apply to the Bank in the context of its tasks as referred to in this chapter or to the national authorities, in the context of the implementation of the Bank's recommendations in accordance with this chapter.

Art. 36/44. – The Bank and the national authorities as well as the members of their respective bodies and staff shall not be liable for acts or conduct in connection with measures and acts adopted pursuant to this chapter, except in the case of fraud or gross negligence.

Art. 36/45. – **§ 1.** No petition to suspend or set aside the Bank's recommendations issued pursuant to this chapter may be submitted to the Council of State.

§ 2. To the exclusion of any other possibility of recourse, an application to set aside may be submitted to the Council of State against acts of a regulatory or individual nature adopted by the Bank pursuant to Article 36/34 or by the national authorities pursuant to Articles 36/38 and 36/41, pursuant to an expedited procedure determined by the King. This appeal shall not have suspensive effect.

Art. 36/46. – A fine ranging from € 50 to € 10 000 may be imposed on any person :

1. who is required to provide information that is available or easily accessible, pursuant to this chapter or to its implementing measures, but does not comply with this requirement ;

2. who hinders the inquiries and findings of the Bank pursuant to Article 36/33 ;

3. who fails to comply with the measures imposed by this chapter.

The provisions of Book I of the Criminal Code, without the exception of Chapter VII and Article 85, shall apply to the violations that are punishable pursuant to this chapter.

Chapter IV/4 – Specific tasks of the Bank with respect to the prevention and management of crises and risks in the financial sector

Art. 36/47. – For purposes of the Act of 7 April 2019 establishing a framework for the security of network and information systems of general interest for public security, the Bank is designated as the sector authority and inspection service for financial services providers, with the exception of trading platform operators within the meaning of Article 3(6) of the Act of 21 November 2017 on market infrastructures for financial instruments and transposing Directive 2014/65/EU.

Articles 36/19 and 36/20 shall apply.

The Sanctions Committee shall rule on the imposition of administrative fines laid as down by Article 52 of the abovementioned Act of 7 April 2019. Articles 36/8 to 36/12/3 and Article 36/21 shall apply.

The Bank shall share all relevant information on incident reports it receives pursuant to the Act of 7 April 2019 with the ECB as soon as possible.

Art. 36/48. – The Bank shall carry out the tasks assigned to it as the financial sector authority pursuant to the Act of 1 July 2011 on security and the protection of critical infrastructures.

Art. 36/48/1. – At the Bank's request and depending on the purpose of the cybersecurity certification scheme concerned, the Bank may be entrusted in whole or in part, by way of a royal decree deliberated in the Council of Ministers, provided it has the expertise required for such purposes, with the tasks referred to in Chapters 5 and 6, with the exception of Articles 21 and 22, of the Act of 20 July 2022 on the cybersecurity certification of information and communication technologies and designating a national cybersecurity certification authority. In this case, the opinion of and prior consultation with the authority referred to in Article 5 § 1 of the aforementioned act and the Bank shall be required. The Bank may carry out these supervisory duties only in respect of entities it is responsible for supervising pursuant to Articles 8 and 12*bis* and the specific legislation governing the supervision of financial institutions.

Art. 36/49. – The Bank shall be designated as an administrative authority within the meaning of article 22*quinquies* of the Act of 11 December 1998 on security classification, clearances, certificates and notices. The Bank shall have authority over the financial sector entities it identifies as being critical infrastructure pursuant to the Act of 1 July 2011 on the security and protection of critical infrastructure.

Art. 36/50. – **§ 1.** The Bank shall exercise the powers conferred on it by the present chapter exclusively in the general interest. Save in the event of fraud or gross negligence, the Bank, the members of its management bodies and its staff may not be held civilly liable for decisions, acts, omissions or conduct in the fulfilment of this duty.

§ 2. The Bank shall be permitted to recover the operating costs relating to the powers referred to in § 1 from the entities over which it exercises these powers, in accordance with the terms and conditions laid down by royal decree. The Bank shall be permitted to task the Federal Public Service Finance's General Administration of Tax Collection and Recovery with the recovery of unpaid taxes.

Chapter V – Transitional and repealing provisions – entry into force

Art. 37. – The gain made from the transfer of assets in gold with regard to the issuance by the State of numismatic or commemorative coins shall be allocated to the State up to the unused balance of 2.75 % of the weight of gold in the Bank's assets on 1 January 1987, which can be used by the State, in particular for the issuance of coins, pursuant to Article 20*bis* (2) of the Act of 24 August 1939 on the National Bank of Belgium.

Art. 38. – *p.m.*

Annex 2 Corporate Governance Charter [1]

1. Introduction

The National Bank of Belgium, established by the Act of 5 May 1850 to take on tasks in the public interest, has always had a special governance structure, deviating from ordinary law. Designed from the start to enable the Bank to perform its tasks in the public interest, this special system of governance has evolved in line with the role and objectives assigned to the Bank as the country's central bank.

Today, as the central bank of the Kingdom of Belgium, the Bank – together with the European Central Bank (ECB) and the central banks of the other European Union Member States – is one of the components of the European System of Central Banks (ESCB), set up by the Treaty on the Functioning of the European Union (the Treaty).

By that token, it is governed first of all by the relevant provisions of the Treaty (Title VIII of Part Three) and by the Protocol on the Statute of the ESCB and of the ECB which is annexed to the Treaty, and then by the Act of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium (Organic Act), and its own Statutes, approved by Royal Decree.

The provisions relating to public limited liability companies are applicable only additionally, i.e. in respect of subjects not governed by the Treaty, the Protocol annexed to it, the Organic Act and the Bank's Statutes, and provided the provisions on public limited liability companies do not clash with those higher level rules.

As a central bank, it shares the main objective which the Treaty assigns to the ESCB, namely maintaining price stability. It contributes towards the performance of the basic tasks of the ESCB which consist in defining and implementing the monetary policy of the European Union, conducting foreign exchange operations in accordance with Article 219 of the Treaty, holding and managing the official foreign exchange reserves of the Member States, and promoting the smooth operation of payment systems.

In addition, it is entrusted with microprudential supervision (governing credit institutions and investment firms with the status of stockbroking firm, insurance and reinsurance companies, central counterparties, settlement institutions, institutions equivalent to settlement institutions, payment institutions, electronic money institutions, central securities depositories, institutions providing support to central securities depositories, custodian banks and surety companies) as well as macroprudential policy in Belgium. The Bank has also been designated as national resolution authority. All these tasks are carried out under a European framework, in particular, the single supervisory mechanism (SSM) as regards prudential supervision of banks and the single resolution mechanism (SRM) for responsibilities in the field of resolution. Subject to compatibility with the tasks which come under the ESCB, the Bank is furthermore entrusted with carrying out other tasks in the public interest, on conditions laid down by law. The pre-eminence of its tasks in the public interest, present from the start and now anchored in the Treaty on the Functioning of the European Union, is reflected in a system of governance whose very objectives are different from those of the governance of a company incorporated under ordinary law.

1 Latest amendments: September 2022.

First, in accordance with the Treaty, it has to ensure that the rules which govern it are compatible with those of the Treaty itself, and with the Statute of the ESCB, including the requirement concerning the independence of the Bank and of the members of its decision-making bodies in the exercise of their powers and the performance of their tasks, assigned to them by the Treaty and the Statute of the ESCB, in respect of the institutions and bodies of the European Union, governments and all other bodies.

Next, in its governance, the Bank has to reserve a dominant position for the expression of the interests of Belgian society as a whole. That explains, in particular, the arrangements for appointing members of its organs, the specific composition and role of the Council of Regency, the limited powers of the General Meeting of Shareholders, the special arrangements for the exercise of supervision, including the powers of the representative of the Minister of Finance, and the way in which the Bank reports on the performance of its tasks. That also explains the provisions governing the financial aspects of its activities, intended to give it a sound financial basis and to allocate to the State, as a sovereign State, any surplus seigniorage revenue, after covering costs, including the constitution of required reserves and return on capital.

The Bank's special tasks and its specific, unique role in Belgium caused the legislator to give this institution its own particular legal framework and a special form of governance.

This explains why a number of provisions in the Belgian corporate governance code obviously do not apply to the Bank.

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

It believes that, even though the Belgian corporate governance code is inappropriate to the Bank, it is its duty, in view of its dual status as a central bank and a listed company, to accept an obligation to provide extensive information and report on its activities to the public in general. That is the spirit in which it has drawn up this corporate governance charter.

2. Organisation, governance and supervision of the Bank

2.1 Comparison of the allocation of powers at the Bank and in limited liability companies governed by ordinary law

The table below shows the atypical character of the Bank's organisation.

2.2 Presentation of the Bank's organs and other institutions

The Bank's organs are the Governor, the Board of Directors, the Council of Regency, the Sanctions Committee and the Resolution College (cf. Article 17 of the Organic Act).

Other institutions of the Bank are the General Meeting, the representative of the Minister of Finance, the auditor and the Works Council.

The Bank's organs and their respective powers are fundamentally different from those of conventional public limited liability companies (see table).

2.3 Organs of the Bank

2.3.1 Governor

Powers

The Governor exercises the powers conferred on him by the Statute of the ESCB, the Organic Act, and the Bank's Statutes and Rules of Procedure.

He directs the Bank and its staff with the assistance of the Directors. He presides over the Board of Directors, arranging the implementation of its decisions, and over the meetings of the Council of Regency when it exchanges views as provided for in Article 20, point 2, first paragraph of the Organic Act. He also presides over the Resolution College and chairs the General Meeting. He attends the meetings of the Remuneration and Appointments Committee in an advisory capacity. He exercises direct authority over the members of staff, whatever their grade and their function.

At the General Meeting, he presents the annual accounts and the Annual Report which have been approved by the Council of Regency. He submits to the

Allocation of powers at the Bank and in public limited liability companies governed by ordinary law

The Bank		Public limited liability companies governed by ordinary law	
King	Appointment of the Governor Appointment of the Directors (on the proposal of the Council of Regency)	Appointment of the directors	General Meeting
General Meeting	Election of the Regents (from a dual list of candidates)		
	Appointment of the auditor (on the proposal of the Works Council and with the approval of the EU Council of Ministers, on the recommendation of the ECB Governing Council)	Appointment of the auditors	
	Hearing of the Annual Report	Hearing of the annual report, auditors’ report and discharge of the auditors	
	Amendment of the Statutes except for Council of Regency prerogatives	Amendment of the articles of association	
Council of Regency	Amendment of the Statutes to bring them into line with the Organic Act and international obligations which are binding on Belgium		
	Discussion and approval of the annual accounts	Discussion and approval of the annual accounts	
	Approval of the Annual Report		
	Appropriation of the profits	Appropriation of the profits	
	Discharge of the Board of Directors	Discharge of the directors	
	Setting the remuneration of the members of the Board of Directors	Setting the remuneration of the Board of Directors	
	Approval of the budget	Approval of the budget	Board of Directors
Board of Directors	Definition of company policy ▪ as central bank ▪ as microprudential authority ▪ as macroprudential authority	Definition of company policy	
	Administration and management	Administration and management	
	Drawing up of the annual accounts	Drawing up of the annual accounts	
	Preparation of the Annual Report	Drawing up of the annual report	
		Optional delegation of day-to-day management (day-to-day managers)	
Sanctions Committee	Pronounces on the imposition by the Bank of the administrative fines laid down by the laws applicable to the institutions that it supervises		
Resolution College	Resolution authority authorised to apply the resolution instruments and to exercise the resolution powers		
Representative of the Minister of Finance	Monitoring of the Bank's operations (right to oppose any measure which is contrary to the law, the Statutes or the interests of the State), except for those which come under the ESCB		

Chairmen of the Chamber of Representatives and the Senate the Annual Report referred to in Article 284.3 of the Treaty on the Functioning of the European Union, as well as a yearly report on the activities of the Bank in the field of prudential supervision. He may be heard by the competent committees of the Chamber of Representatives and of the Senate, at the request of those committees or on his own initiative.

He represents the Bank in legal proceedings

He submits proposals to the Board of Directors on the allocation of the Departments and Services among the Board's members, and on the representation of the Bank in national and international organisations and institutions.

He also has a seat on the ECB Governing Council, which decides inter alia on the monetary policy for the euro area.

Appointment

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 against such a decision, on the initiative of the Governor or of the ECB Governing Council.

Thus, the EU and Belgian legislation ensures the personal independence of the Governor, both by the length of his term of office and by the restrictions on his removal from office.

2.3.2 Board of Directors

Powers

The Governor and the Directors jointly exercise their powers as members of the Board of Directors.

The Board of Directors is a collegiate body, responsible for the administration and management of the Bank in accordance with the Organic Act, the Statutes and the Rules of Procedure, and is in charge of the direction of its policy.

The Governor and the Directors each have authority over one or more of the Bank's departments and services. They ensure that the latter implement, within the framework of their respective duties, the decisions taken by the organs.

The Board of Directors appoints and dismisses the members of staff and determines their salaries.

It has the right to make settlements and compromises. It exercises regulatory power in the cases laid down by law.

In Circulars or Recommendations, it lays down all measures with a view to clarifying the application of the legal or regulatory provisions whose application the Bank supervises. It provides opinions to the various authorities that exercise legal or regulatory power on all draft legislative or regulatory acts relating to the supervisory tasks with which the Bank is or may be charged.

It pronounces on all matters which are not expressly reserved for another organ by law, the Bank's Statutes or Rules of Procedure.

It draws up the budget and prepares the Annual Report and the annual accounts, which it submits to the Council of Regency for approval.

It decides on the investment of the capital, the reserves and the amortisation accounts after consultation with the Council of Regency and without prejudice to the regulations adopted by the ECB.

It proposes the Bank's Rules of Procedure for the approval of the Council of Regency.

The Bank's Board of Directors therefore exercises the powers of administration, management and strategic direction of the enterprise which are delegated to the administrative board in public limited liability companies governed by ordinary law, as well as the actual management powers.

It is not accountable for its activities to the General Meeting, which has no power to give it a discharge; instead, it is accountable to the Council of Regency to which it submits the Annual Report and the annual accounts. The approval of the annual accounts by the Council of Regency constitutes a discharge for the members of the Board of Directors.

Composition

The Board of Directors is composed of the Governor and a maximum of five Directors. It includes an equal number of French and Dutch speakers. The members of the Board of Directors must be Belgians.

The Directors are appointed by the King, on the proposal of the Council of Regency. The method of nominating the Directors was specifically designed by law in 1948 to emphasise the character of the Bank's activities as tasks performed in the public interest.

The Directors are appointed for a renewable term of six years.

The King confers the title of Vice-Governor on one of the Directors. The Vice-Governor replaces the Governor if the latter is unable to perform his duties, without prejudice to Article 10.2. of the Statute of the ESCB.

In order to avoid any conflict of interests, the Organic Act stipulates that, except in a limited number of specified instances, the members of the Board of Directors may not perform duties in commercial companies or companies which are commercial in form, or in public institutions engaged in industrial, commercial or financial activities. They are also prohibited from taking on certain political posts (as members of a parliament, government or ministerial cabinet).

The members of the Board of Directors 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.

Thus, the Organic Act ensures the personal independence of the members of the Board of Directors, both by the length of their term of office and by the restrictions on their removal from office.

Functioning

The functioning of the Board of Directors is governed by the Organic Act, the Statutes and the Rules of Procedure.

The Board of Directors meets whenever circumstances dictate, and at least once a week. It may take decisions by written procedure or via telecommunication tools allowing interactive deliberation, according to the terms laid down in the Bank's rules of procedure. The number of meetings in which all members attend exclusively via such a tool should be approximately 25 % of the total number of meetings per year. Preference should be given to physical meetings.

If a member of the Board of Directors has, directly or indirectly, an interest relating to proprietary rights which conflicts with a decision or transaction within the sphere of competence of the Board of Directors, he informs the other members before the Board deliberates. He does not attend discussions concerning that transaction or decision and does not take part in the voting. His declaration and the reasons underlying the conflicting interest are entered in the minutes of the meeting. The Board of Directors describes in the minutes the nature of the decision or transaction, justifies the decision taken and specifies the implications in terms of proprietary rights of that decision for the Bank. Those minutes are included in the Annual Report for the year in question.

The Director concerned also informs the auditor of his conflicting interest. The auditor's report must contain a separate description of the implications in terms of proprietary rights for the Bank resulting from Board of Directors decisions involving a conflicting interest within the meaning of the previous paragraph.

2.3.3 Council of Regency

Powers

The Council of Regency exchanges views on general issues relating to the Bank, monetary policy and the economic situation of the country and the European Union, supervisory policy with regard to each of the sectors subject to the Bank's supervision, Belgian, European and international developments in the field of supervision, as well as, in general, any development concerning the financial system subject to the Bank's supervision ; without however having any competence to intervene at operational level or take note of individual dossiers. Every month it takes note of the institution's situation.

It has power to lay down the accounting rules for all aspects of the annual accounts which are not covered by the provisions of the Bank's Organic Act and are not mandatory for the compilation of the consolidated balance sheet of the Eurosystem. It approves the expenditure budget and the annual accounts. It has the power, as an independent body, to set the Bank's reserve and dividend policy. It determines the final distribution of the profits proposed by the Board of Directors and ensures that the financial interests of the Bank, its shareholders and the State, as a sovereign State, are taken into account in a balanced manner.

It approves the Annual Report.

It amends the Statutes of the Bank in order to bring them into line with the Organic Act and the international obligations which are binding on Belgium.

On a proposal from the Board of Directors, it lays down the Rules of Procedure, containing the basic rules for the operation of the Bank's organs and the organisation of its departments, services and outside offices, and the code of conduct which must be respected by the members of the Board of Directors and the staff.

It appoints and dismisses the Secretary and the Treasurer.

The Council of Regency has the power to set remuneration policy and fix the salaries of the members of the Board of Directors, including the Governor, and of the Council of Regency. More detailed information about the remuneration policy and salaries is provided on an annual basis in the remuneration report which forms part of the Governance Statement included in the Annual Report.

The Council of Regency therefore exercises certain powers which, in companies governed by ordinary law, are reserved for the Board of Directors, and others reserved for the General Meeting of Shareholders. This is a very special organ which introduces an element of duality into the Bank's governance structure. Composed predominantly of non-executive members, the Council of Regency plays a key role in the appointment of Directors, remuneration and supervision, and does so on a more continuous basis than the special committees of ordinary companies, in view of the frequency of its meetings.

In regard to the budget, the Council of Regency is assisted by the Audit Committee, which has the power to examine the Bank's budget before it is submitted for approval to the Council of Regency.

The Audit Committee is established within the Council of Regency and is composed of three Regents appointed by the Council of Regency. The chair of the Audit Committee is appointed by the Council of Regency. The Audit Committee exercises the advisory powers referred to in Article 21*bis* of the Organic Act (specified in the Audit Committee Regulations) and supervises the preparation and implementation of the Bank's budget. The Audit Committee Regulations further define the powers, composition and functioning of that committee.

In the performance of its duties in relation to remuneration and appointments, the Council of Regency is assisted by the Remuneration and Appointments Committee, which comprises three Regents appointed by the Council of Regency. The Governor attends the meetings of this committee in an advisory capacity. The Remuneration and Appointments Committee Regulations define the powers, composition and functioning of that committee.

Composition

The Council of Regency is composed of the Governor, the Directors and fourteen Regents. It includes an equal number of French- and Dutch-speaking Regents.

At least one third of the members of the Council of Regency are of a different gender than the other members.

The Regents are elected by the General Meeting for a renewable term of three years, on the basis of dual lists of candidates. 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 nine on the proposal of the Minister of Finance.

The method of appointing the Regents has been organised in a special way. In the preparations for the Act of 28 July 1948 which amended the Organic Act and reorganised the Bank, the legislator expressed its desire that the method of appointing the Directors and Regents should ensure both the Bank's total independence vis-à-vis individual interests and the technical competence of the candidates. The procedure for proposing the Regents was designed to ensure that the various Belgian socio-economic interests were fairly represented.

In order to avoid any conflict of interests, the Organic Act stipulates that the Regents may not be members of the administrative, management or supervisory bodies of an institution subject to the supervision of the Bank, a Belgian institution or institution established in Belgium subject to the supervision of the ECB or a subsidiary of one of these institutions subject to the supervision of the ECB, nor may they perform management duties in such an institution or take on certain political posts (as members of a parliament, government or ministerial cabinet).

The Regents may be dismissed by the General Meeting of Shareholders deciding by a majority of three-quarters of the votes of the shareholders present, holding at least three-fifths of the shares.

One of the Regents is appointed President of the Council of Regency by the King. The President of the Council of Regency is independent within the meaning of Article 7:78, first paragraph of the Companies and Associations Code, comes from a different linguistic group than the Governor and is of a different gender than the Governor. The President of the Council of Regency presides over the meetings of the Council of Regency except when it exchanges views on the general issues referred to in Article 20, point 2 of the Organic Act. These exchanges of views are presided over by the Governor.

Functioning

The functioning of the Council of Regency is governed by the Organic Act, the Statutes and the Rules of Procedure.

The Council of Regency meets at least twenty times a year and passes its decisions by a majority of the votes. It may take decisions by written procedure or via telecommunication tools allowing interactive deliberation, according to the terms laid down in the Bank's rules of procedure. The number of meetings in which all members attend exclusively via such a tool should be approximately 25 % of the total number of meetings per year. Preference should be given to physical meetings.

If a member of the Council of Regency has, directly or indirectly, an interest relating to proprietary rights which conflicts with a decision within the sphere of competence of the Council of Regency, he informs the other members before the Council deliberates. He must not attend discussions concerning that decision, or take part in the voting. In particular, the Governor and the Directors are not permitted to attend the discussions and take part in the voting concerning the approval of the annual accounts.

2.3.4 Sanctions Committee

Powers

The Sanctions Committee pronounces on the imposition by the Bank of administrative fines laid down by the laws applicable to the institutions that it supervises. The rules of procedure for the imposition of administrative fines are set out in the Organic Act.

Composition

The Sanctions Committee is composed of six members appointed by the King:

1. a State counsellor or honorary State counsellor, appointed on a proposal from the First President of the Council of State;

2. a counsellor at the Court of Cassation or honorary counsellor at the Court of Cassation, appointed on a proposal from the First President of the Court of Cassation;

3. two magistrates who are neither counsellors at the Court of Cassation, nor at the Brussels Court of Appeal;

4. two other members.

The chairman is elected by the members of the Sanctions Committee from among the persons mentioned in (1), (2) and (3).

For the three years preceding their appointment, the members of the Sanctions Committee may not have been on either the Board of Directors of the Bank or the Resolution College of the Bank, or a member of the Bank's staff.

During the course of their mandate, members may not carry out any duties whatsoever or any mandate whatsoever in an institution subject to the supervision of the Bank or in a professional association representing institutions subject to the supervision of the Bank, nor may they provide services for a professional association representing institutions subject to the supervision of the Bank.

They are also prohibited from taking on certain political posts (as members of a parliament, government or ministerial cabinet).

The mandate of the members of the Sanctions Committee is six years and renewable. Members may be removed from office by the King only if they no longer fulfil the conditions for the performance of their duties or if they have been guilty of serious misconduct.

Functioning

The functioning of the Sanctions Committee is governed by the Organic Act, the Statutes and the Rules of Procedure which it has adopted.

The Sanctions Committee meets whenever the chairman deems necessary. Its decisions are passed by a majority of the votes.

Members of the Sanctions Committee may not deliberate in a case in which they have a personal interest that may influence their opinion.

2.3.5 Resolution College

Powers

The Resolution College is the body competent to perform the tasks of the resolution authority authorised to apply the resolution instruments and to exercise the resolution powers in accordance with the legislation on the status and supervision of credit institutions.

Composition

The Resolution College is composed of the following persons:

1. the Governor;

2. the Vice-Governor;

3. the Director of the Department in charge of the prudential supervision of banks and stockbroking firms;

4. the Director of the Department in charge of prudential policy and financial stability;

5. the Director designated by the Bank as the person responsible for resolution of credit institutions;

6. the President of the Management Committee of the Federal Public Service Finance;

7. the official in charge of the Resolution Fund;

8. four members designated by the King by Royal Decree deliberated in the Council of Ministers; and appointed in view of their particular expertise in banking and financial analysis; and

9. a magistrate designated by the King.

The Chairman of the Financial Services and Markets Authority attends Resolution College meetings in an advisory capacity.

The persons referred to in (8) and (9) are appointed for a renewable term of four years. These persons can be relieved of their duties by the authorities which have appointed them only if they no longer fulfil the conditions necessary for their role or in the event of serious misconduct.

Members of the Resolution College may not take on certain political posts (as members of a parliament, government or ministerial cabinet).

Functioning

The functioning of the Resolution College is governed by the Organic Act, the Royal Decree of 22 February 2015 and the Rules of Procedure which it has adopted.

Unless it is unable to do so, the Resolution College meets at least four times a year and whenever circumstances dictate or whenever three of its members request a meeting. Its decisions are passed by a majority of the votes. In urgent cases determined by its chairman, the Resolution College may take decisions by written procedure or by using a voice telecommunications system.

In the event of a conflict of interests, the member concerned refrains from taking part in the deliberations and the voting on the agenda items in question.

2.4 Other institutions of the Bank

2.4.1 General Meeting

Powers

The Ordinary General Meeting hears the Annual Report on the past year and elects the Regents for the offices which have become vacant, in accordance with the stipulations of the Organic Act. It appoints the external auditor. It amends the Statutes in cases where that power is not reserved for the Council of Regency.

The General Meeting deliberates concerning the matters mentioned in the convening notice and those submitted to it by the Council of Regency.

The Organic Act does not confer organ status on the General Meeting, whose powers are limited.

Composition

The General Meeting is composed of the shareholders who have fulfilled the legal formalities for admission to the general meeting of a listed company.

The General Meeting represents the totality of the shareholders.

Functioning

The General Meeting is chaired by the Governor. The Ordinary General Meeting is held on the third Monday in May or, if that is a public holiday, on the next bank working day. An Extraordinary General Meeting may be convened whenever the Council of Regency deems fit. A meeting must be convened if the number of Regents falls below the absolute majority or if it is requested by shareholders representing one tenth of the capital stock.

Before the meeting is opened, the shareholders sign the attendance register.

The function of scrutineers shall be performed by the two shareholders present who own the largest number of shares, who do not form part of the administration and who accept this duty.

Each share confers entitlement to one vote.

All resolutions are passed by an absolute majority of the votes. If the votes are equally divided, the proposal is rejected. Voting will take place either electronically, by roll call, by a show of hands, or by ballot papers. Elections or dismissals take place by secret ballot.

Decisions passed in accordance with the rules are binding on all the shareholders.

Minutes are drawn up in respect of each meeting. They are signed by the tellers, the chairman and the other members of the bureau. They are published on the Bank's website. Exemplified copies and extracts to be issued to third parties are signed by the Secretary.

2.4.2 Representative of the Minister of Finance

Except as regards the tasks and operations within the domain of the ESCB, the tasks of prudential supervision and the tasks of the Bank in contributing to the stability of the financial system, the representative of the Minister of Finance supervises the Bank's operations, and suspends and brings to the attention of the Minister of Finance any decision which is contrary to the law, the Statutes or the interests of the State. If the Minister of Finance has not given a decision within one week of the suspension, the decision may be implemented.

The representative of the Minister of Finance attends, ex officio, in an advisory capacity, the meetings of the Council of Regency, the Audit Committee and the Remuneration and Appointments Committee.

He attends the General Meetings when he deems fit.

He reports to the Minister of Finance each year on the performance of his duties.

Via his representative, the Minister of Finance thus exercises, on behalf of the sovereign State, supervision over the Bank's activities in regard to tasks in the national interest.

The salary of the representative of the Minister of Finance is set by the said Minister in consultation with the management of the Bank, and is paid by the Bank.

2.4.3 Auditor

The auditor performs the auditing functions prescribed by Article 27.1 of the Protocol on the Statute of the ESCB and of the ECB, and reports to the Council of Regency on those activities. He certifies the annual accounts. He also performs certification functions for the attention of the ECB auditor.

He reports to the Works Council once a year on the annual accounts and the Annual Report. He certifies the accuracy and completeness of the information supplied by the Board of Directors. He analyses and explains, particularly for the members of the Works Council appointed by the employees, the economic and financial information submitted to this Council, in terms of its significance in relation to the financial structure and the assessment of the Bank's financial position.

The auditor is appointed on the basis of a procedure in accordance with the public procurement legislation to which the Bank is subject. He is then appointed by the General Meeting of the Bank on the proposal of the Works Council. He must be approved by the EU Council of Ministers, on the recommendation of the ECB.

2.4.4 Works Council

Pursuant to the Act of 20 September 1948 on the organisation of the economy, the Bank has a Works Council, a joint consultation body composed of representatives of the employer and representatives of the staff, elected every four years.

The main function of the Works Council is to give its opinion and formulate any suggestions or objections in regard to all measures which could change the working arrangements, working conditions and efficiency of the enterprise.

Specific economic and financial information is made available by the Board of Directors, in accordance with the law.

2.5 Mechanisms for controlling the activities

A series of control mechanisms ranging from operational to external controls govern the Bank's activities and operations, ensuring that they proceed smoothly with due regard for the set objectives and in accordance with the dual concern for security and the economical use of resources.

The control requirements applicable to the Bank on account of its tasks as the country's central bank and its membership of the ESCB differ from, and extend beyond, those laid down in the Belgian corporate governance code recommended for public limited liability companies governed by ordinary law.

From the point of view of the general management of the enterprise, the Board of Directors is responsible for establishing an internal control system and for ensuring its adequacy.

This internal control system is based on the concept of three lines of defence.

The departments and autonomous services take on *primary responsibility* for the actual operation of the internal control system. That involves:

- identifying, assessing and attenuating the risks of their entities;
- establishing adequate internal control and management systems in order to control the risks of their entities within the risk tolerance limits set by the Board of Directors;
- ensuring that their entities respect the objectives, policies and internal control.

Secondary responsibility for the actual operation of the internal control system rests with the members of the Board of Directors designated for this purpose:

- as regards financial risks, the Director-Treasurer is responsible for the Middle Office, which is in charge of identifying, assessing, managing and reporting on the risks resulting from the Bank's portfolio management activities. The Middle Office reports monthly and quarterly to the Board of Directors via the Director-Treasurer.
- as regards non-financial risks, the member of the Board of Directors designated for this purpose is responsible for Operational Risk Management (ORM), Business Continuity Management (BCM), the compliance function, information security, secondary aspects of physical security and of activities concerning banknotes.

The Internal Audit Service takes on *tertiary responsibility* for the actual operation of the internal control system.

The Internal Audit Service is tasked with giving the Board of Directors additional assurance, based on the highest degree of organisational independence and objectivity, concerning the effectiveness of the Bank's governance, risk management and internal control, including the attainment of the risk management and control objectives by the first and second lines of defence.

In order to guarantee its independence vis-à-vis the Departments and Services, the Internal Audit Service comes directly under the Governor and does not carry any direct operational responsibility. It reports to the Board of Directors and the Audit Committee.

The head of the Internal Audit Service is a member of the Internal Auditors Committee (IAC) of the ESCB. The Internal Audit Service conforms to the methodology, objectives, responsibilities and reporting procedure laid down within the ESCB, including those in the Eurosystem/ESCB Audit Charter approved by the ECB Governing Council. An Internal Audit Charter, approved by the Board of Directors and the Council of Regency on the proposal of the Audit Committee, describes the role of the audit function, its responsibilities and the powers conferred on it for the performance of its tasks.

Certain control functions are performed by specific administrative entities (e.g. the management of access to computer systems), while structural conflicts of interest are resolved by segregating the activities concerned (system of Chinese walls): thus, for example, the operation and oversight of the payment systems are entrusted to two different departments.

The Audit Committee supervises the preparation and implementation of the budget and takes note of the activities of the Internal Audit Service. Every year, its chair informs the Council of Regency and answers its questions.

The Audit Committee is responsible, in an advisory capacity, for the monitoring of the effectiveness of the internal control and risk management systems and the monitoring of the Bank's internal audit.

To that end, the Audit Committee periodically examines, in accordance with a plan which it draws up, the internal control and risk management systems set up by the various Departments and Services. It ensures that the main risks, including the risks relating to compliance with the current legislation and rules, are correctly identified, managed and drawn to its own attention and to that of the Board of Directors. The Audit Committee also examines the notes contained in the Annual Report concerning internal control and risk management.

The Audit Committee examines the effectiveness of the internal audit. It examines the internal audit charter and verifies whether the Internal Audit Service has the resources and expertise appropriate to the nature, size and complexity of the Bank. Where appropriate, it makes recommendations on this subject to the Board of Directors. Before the internal audit's programme of work is approved by the Board of Directors, the Audit Committee examines that programme, taking account of the complementarity with the work of the statutory auditor. The Audit Committee receives the periodic internal audit reports. It examines the extent to which the Departments and Services take account of the internal audit's findings and recommendations. At the request of the Board of Directors, the Audit Committee gives its opinion concerning the profile of the internal audit officer.

The Audit Committee also assesses the relevance and consistency of the accounting rules drawn up by the Council of Regency.

The Council of Regency approves the annual accounts, the annual budget, 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 this committee to examine specific questions on that subject and report back to it.

The Bank is also subject to various external controls.

The first form of control is provided by the auditor, who verifies and certifies the Bank's accounts.

Except as regards the tasks and operations within the domain of the ESCB, the tasks of prudential supervision and the tasks of the Bank in contributing to the stability of the financial system, the representative of the Minister of Finance supervises the Bank's operations on the behalf of the Minister. The latter in fact has the right to monitor those operations and to oppose the implementation of any measure which would be contrary to the law, the Statutes or the interests of the State.

In addition, the Governor may be heard by the competent committees of the Chamber of Representatives and of the Senate, at the request of those committees or on his own initiative.

Finally, pursuant to the Statute of the ESCB and of the ECB, the Bank acts in accordance with the directions and instructions of the ECB. The Governing Council takes the necessary measures to ensure compliance with those directions and instructions, and requires all necessary information to be supplied to it.

2.6 Rules of conduct

A code of conduct imposes strict rules of behaviour on the members of the Board of Directors and on the Bank's employees.

The members of the Board of Directors maintain the highest standards of professional ethics.

The members of the Bank's organs and staff are subject to strict professional secrecy pursuant to Article 35 of the Organic Act. They are also subject to the legal rules on insider trading and market manipulation.

The members of the Council of Regency – namely, the Directors and the Regents – have a legal obligation to submit an annual list of their mandates, duties and occupations to the Court of Auditors. In addition, they are bound to make an annual wealth declaration, unless there have been no appointments, terminations or renewals in the past year with regard to the mandates, duties and occupations that they have to declare.

The Bank's code of conduct lays down rules for members of the Board of Directors and of its staff on the holding of and transactions in the Bank's shares and shares or parts issued by certain enterprises subject to supervision by the Bank or the ECB, and rules on urgent withdrawals concerning certain enterprises subject to supervision by the Bank or the ECB. The Chairman of the Sanctions Committee and the competent Director exercise supervision over compliance with these provisions, respectively by the members of the Board of Directors and by the members of staff.

The Regents do not effect any transactions, for their own account or on behalf of a third party, in shares of the Bank or financial instruments relating to those shares during the annual closed period of thirty calendar days before publication of the annual accounts. Outside of those fixed closed periods, they exercise prudence in trading in the Bank's shares and refrain at all times from any speculative transaction in those shares. They also respect the closed periods fixed ad hoc by the Board of Directors.

2.7 The Secretary and the Treasurer

The Secretary draws up the minutes and the records of the meetings of the Board of Directors and of the Council of Regency. He draws up the minutes of the General Meeting of Shareholders and has them signed by the chairman of the General Meeting, the scrutineers and the other members of the bureau. He certifies copies conforming to the original. He deals with changes to the Bank's Rules of Procedure.

Under the Bank's internal control system based on the concept of three lines of defence, the Treasurer carries secondary responsibility for the management of all financial risks.

3. Shareholders

3.1 Capital and shares

The Bank's share capital totals ten million euro. It is represented by four hundred thousand shares of no face value. Two hundred thousand registered, non-transferable shares are held by the Belgian State. The two hundred thousand other registered, bearer or dematerialised shares are held by the public and listed on Euronext Brussels.

The share capital is fully paid up.

Except for those belonging to the State, the shares can be converted to registered or dematerialised shares, free of charge, at the owner's request.

Ownership of the registered shares is established by entry in the Bank's shareholders register. The registered shareholder receives a certificate which does not constitute a transferable instrument. Dematerialised shares are represented by an account entry in the name of their owner or holder with an authorised intermediary or with the settlement institution, S.A. Euroclear Belgium.

3.2 Shareholder structure

Since 1948, and pursuant to the Organic Act, the Belgian State has held two hundred thousand of the Bank's shares, or 50% of the total voting rights.

The Bank has no knowledge of other holdings of 5% or more of the voting rights.

3.3 Dividends

The setting of the dividends is organised by the Organic Act. A first dividend of 6% of the capital is guaranteed by all reserves. The second dividend corresponds to 50% of the net proceeds from the portfolio which the Bank holds as a counterpart to its total reserves. The second dividend is guaranteed by the available reserve, unless the level of the reserves were to fall too low as a result.

In view of the special nature of the Bank and its tasks in the public interest, including the primary objective of maintaining price stability, the dividend is largely dissociated from profit or loss. In this way, the shareholder is protected against the volatility of the Bank's results, which are influenced by the monetary policy of the Eurosystem and exogenous factors such as demand for banknotes or exchange rate movements.

4. Communication with shareholders and the public

4.1 Principles

As the country's central bank, the Bank performs special tasks in the public interest, on which it has to render account to the democratic institutions and to the public in general, and not only to its shareholders and employees.

4.2 Reports

Every year, the Bank publishes a Report providing the public with extensive information on recent economic and financial developments in Belgium and abroad. The summary presented by the Governor on behalf of the Council of Regency focuses on key events in the past year and delivers the Bank's main messages concerning economic policy.

Each year, the Bank also publishes a report on its activities in the field of prudential supervision, as well as a Corporate Report presenting for the shareholders' and the public's attention the Annual Report and the annual accounts for the preceding year and explaining the organisation and governance of the Bank.

These Reports are made available in printed form to the shareholders and the public. They are also published on the Bank's website, which offers all the Annual Reports issued since 1998.

The Bank is not subject to the rules governing the drawing up and issuing of periodical information.

4.3 Relations with parliament

Pursuant to the Organic Act and the Statutes, the Governor may be heard by the competent committees of the Chamber of Representatives and of the Senate, at their request or on his own initiative. He shall send to the Chairmen of the Chamber of Representatives and the Senate the Annual Report on the activities of the Bank in the field of prudential supervision.

4.4 General Meetings

The Bank's Ordinary General Meeting provides an opportunity for shareholders and the Bank's management to meet. Every year at the meeting, the Board of Directors presents the Annual Report and the annual accounts for the past financial year.

4.5 Website

On its website, the Bank offers the public and the shareholders a large quantity of regularly updated information on its activities and operations, available at all times.

The Rules of Procedure, Audit Committee Regulations and Remuneration and Appointments Committee Regulations are available on the Bank's website.

5. Representation of the Bank and signing of acts

5.1 Representation of the Bank

The Governor represents the Bank in legal proceedings.

The Governor and the Board of Directors may expressly or tacitly grant special authority to represent the Bank.

5.2 Signing of acts

All acts which are binding upon the Bank may be signed either by the Governor, or, in the absence of the latter, by the Vice-Governor, either by a majority of the members of the Board of Directors or by a Director together with the Secretary, without any need to substantiate their authority to third parties. They may also be signed by one or two persons mandated either by the Governor or by a majority of the members of the Board of Directors or by a Director together with the Secretary.

Moreover, routine administrative acts may be signed either by the Vice-Governor or a Director, or by the Secretary or the Treasurer or by one or two members of the staff mandated by the Board of Directors.

National Bank of Belgium
Limited liability company
Brussels RLE – Company number: 0203.201.340
Registered office: 14 Boulevard de Berlaimont – BE-1000 Brussels
www.nbb.be

ECODYNAMIC ORGANISATION
BRUSSELS ENVIRONMENT
02.2019

Publisher

Pierre Wunsch
Governor

National Bank of Belgium
14 Boulevard de Berlaimont – BE-1000 Brussels

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Cover and layout: NBB CM – Prepress & Image

Published in May 2024

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