2026-03-25

PRESS RELEASE

Regulated information (inside information) released by the National Bank of Belgium on 25 March 2026 at 17:45 CET.

Financial result and allocation thereof for financial year 2025

On 25 March 2026, the Council of Regency of the National Bank of Belgium approved the annual accounts for 2025, in accordance with Article 44 of the Bank's articles of association. The external auditor issued an unqualified opinion on the annual accounts and confirmed that the accounting data in this press release are consistent with the annual accounts.

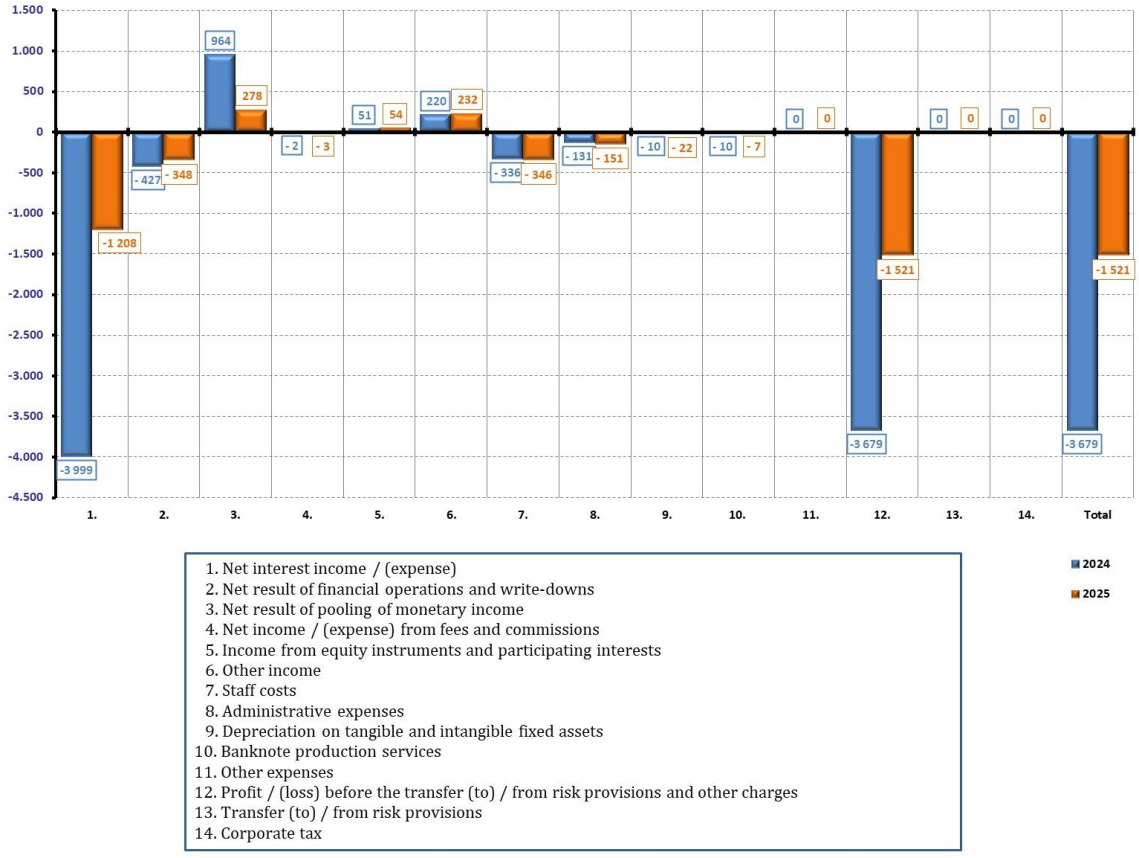
The annual accounts and the management report are available on the Bank's website.

Financial result

In 2025, the Bank realised a loss of €1 521 million, compared with a loss of €3 679 million the preceding financial year (+€2 158 million).[1]

The main factors explaining this result are detailed below.

Breakdown of the financial result (€ million)



1. Net interest income / (expense)
2. Net result of financial operations and write-downs
3. Net result of pooling of monetary income
4. Net income / (expense) from fees and commissions
5. Income from equity instruments and participating interests
6. Other income
7. Staff costs
8. Administrative expenses
9. Depreciation on tangible and intangible fixed assets
10. Banknote production services
11. Other expenses
12. Profit / (loss) before the transfer (to) / from risk provisions and other charges
13. Transfer (to) / from risk provisions
14. Corporate tax

This result was mainly due to a significant decrease in net interest expense (+€2 791 million), stemming primarily from the cost of financing monetary policy portfolios: the interest expense on deposits held by credit institutions with the Bank fell, while the yields on the mostly long-term assets that make up these portfolios remained stable but low. A subsequent improvement in the net result of financial operations (+€79 million) somewhat reinforced the narrowing of the loss.

[1] The amounts between brackets indicate the effect on the profit and loss account.

However, this effect was partially mitigated by a drop in the amount allocated to the Bank further to the pooling of monetary income (-€686 million).

The decrease in net interest expense can be explained primarily by:

- lower interest rates (+€3 418 million) on the deposit facility, excess reserves and other current accounts;
- an increase in the volume of the TARGET balance (+€876 million);
- lower interest rates on liabilities denominated in foreign currencies (+€204 million);
- higher interest rates on securities held in monetary policy portfolios (+€178 million).

However, these developments were offset by:

- lower interest rates on the TARGET balance (-€1 060 million);
- a decrease in the volume of monetary policy portfolios (-€214 million);
- an increase in the amounts held in the deposit facility, excess reserves and other current accounts (-€205 million);
- a decrease in the volume of own portfolios (-€90 million);
- a rise in the liability related to the allocation of euro banknotes within the Eurosystem (-€84 million);
- a drop in the volume of monetary policy operations (-€65 million);
- lower interest rates on own portfolios (-€64 million);
- lower interest rates on monetary policy operations (-€45 million).

The net amount of monetary income allocated to the Bank decreased significantly, by €686 million, mainly as a result of:

- a decrease in the amount pooled with the Eurosystem (+€60 million);
- a decrease in monetary income allocated to the Bank, due to a fall in the Eurosystem's total monetary income (-€744 million);
- the absence of reversal of the provision related to monetary policy (-€2 million).

The net result of financial operations improved, mainly due to lower losses on sales of securities in the statutory portfolio which were required in order to ensure compliance with the ceiling set pursuant to the rules established by the Council of Regency (+€61 million). On the euro securities market, capital losses decreased as a result of transactions in securities held for monetary policy purposes (+€2 million). Unrealised losses on dollar-denominated securities charged to the income statement fell slightly (+€28 million). Lastly, there was a very marginal unrealised loss on the dollar (-€1 million).

Allocation of the financial result

While inflation fell in 2025, it nevertheless remained above the target set by central banks, causing interest rates to be lowered several times, in both Europe and the United States. The interest rate risk identified by the Bank in its previous annual reports continued to materialise, as did 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 2025.

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, it would result in a cumulative loss of €1.2 billion over the next five years[2], assuming the composition of the balance sheet remains unchanged. In this scenario and under unchanged circumstances, the Bank expects the magnitude of its losses to gradually diminish in the coming years and will return to profitability within this five-year horizon. If interest rates were to rise relative to market expectations, these losses would be exacerbated, and vice versa if interest rates were to fall more rapidly. It is impossible to make sufficiently reliable estimates for a horizon beyond five years, given the many uncertainties. For 2026, the sensitivity of the Bank's financial result to an immediate change of 25 basis points in the policy rates is estimated at €167 million on an annual basis.

[2] Having regard to the geopolitical situation (see Section 3.1.3 of the Corporate Report) and the associated volatility on the financial markets, the Bank emphasises that any multi-year earnings forecast based on market expectations regarding the future path of interest rates is also highly volatile and liable to fluctuate considerably from day to day. For example, we note that if the Bank were to base its five-year earnings forecast on current market expectations rather than those prevailing on the balance sheet date, there would be an additional loss of around €700 million.

An estimate of the quantifiable financial risks forms the basis for determining the Bank's minimum level of reserves. All of the Bank's financial risks are quantified using either the value-at-risk or expected shortfall method, for which it uses very cautious parameters in terms of distributions, probabilities and time horizons, or long-term scenarios/stress tests. These methods are also used by other Eurosystem members.

Based on these calculations, the Bank determines (i) the minimum level of reserves to cover its estimated risks and (ii) the desired level of reserves for the medium term, taking into account exceptional residual risks, stress scenarios and – pursuant to the reserve and dividend policy updated on 27 March 2024 – risks that do not appear on the balance sheet but that could arise rapidly as a result of the performance of the Bank's core tasks as a central bank.

The Bank's risk estimates and projected results are highly subject to a number of uncertainties, including future market developments and possible monetary policy decisions by the ECB Governing Council. The longer the time horizon, the greater the uncertainty.

At the end of 2025, the estimated minimum level of reserves and the desired level of reserves for the medium term amounted to approximately €3.9 billion and €9.9 billion, respectively.

These calculations are based, among other factors, on estimates of the results expected in the coming years and the risks pertaining to:

- the Bank's own portfolios of securities denominated in euro and foreign currencies;
- the monetary policy operations and portfolios included on the Bank's balance sheet, for which it alone bears the risks;
- the monetary policy operations and portfolios included on the balance sheet of all Eurosystem NCBs, whose risk is shared between them (see notes 5 and 7 to the annual accounts).

In accordance with the reserve policy, negative earnings (losses) are first charged to the available reserve. Subsequently, if necessary, they are covered by the reserve fund. The reserves were depleted to cover the loss related to FY2024. Consequently, an amount of €1 521 million was carried forward to the next financial year. As was the case in the last financial year, the Bank will not distribute either a fixed or variable dividend for FY2025.

The remaining profit for the financial year, if any, is allocated to the State in accordance with the Bank's Organic Act. For 2025, no amount is allocated to the State in this respect.

Although the income statement shows a loss for four successive financial years, the accounts are prepared on a going concern basis. A central bank may indeed, if necessary, continue to perform its tasks with a negative capital position without jeopardising the continuity of its operations. Moreover, the law does not provide for a minimum capital requirement.