



02

THE BCL AS AN ORGANISATION

2 THE BCL AS AN ORGANISATION

2.1 CORPORATE GOVERNANCE

2.1.1 The Council

Article 6 of the Founding Law of 23 December 1998 defines the powers of the Council of the Bank. The Council consisted of the following members:

President: Gaston Reinesch

Members: Pierre Beck

Betty Fontaine (until 18 September 2014)

Pit Hentgen

Serge Kolb

Jacques F. Poos

Simone Retter (as from 1st December 2014⁵³)

Romain Schintgen

Michel Wurth

Claude Zimmer

During 2014, the Council held nine meetings. The level of participation by the members was as follows: Pierre Beck (8 meetings), Betty Fontaine (4 meetings), Pit Hentgen (5 meetings), Serge Kolb (9 meetings), Jacques F. Poos (8 meetings), Simone Retter (/), Romain Schintgen (7 meetings), Michel Wurth (8 meetings) and Claude Zimmer (9 meetings). Within the framework of monitoring the financial situation of the Bank, the Council approved the financial accounts as per 31 December 2013, the budgetary trends and subsequently the budget for the 2015 financial exercise.

The Council also observed and commented on economic and financial developments on a national and international basis and was kept informed of the decisions taken by the Governing Council of the ECB.

⁵³ The BCL had been informed by mail dated 23rd December 2014 about the appointment of Simone Retter as a member of the Council of the BCL as of 1st December 2014. The BCL will not be liable for the effects of such retroactivity and any interrogations linked to this situation notably in terms of governance.

The Audit Committee

Since 2001, the Audit Committee assists the Council in its choice of the statutory auditor to be proposed to the Government, in specifying the scope of the potential specific controls to be performed by the statutory auditor and in the approval of the financial accounts by the Council. It is kept informed on the internal audit plan.

It may invite the head of the internal audit unit and the statutory auditor of the Bank to participate in its work.

In 2014, the Audit Committee was chaired by one of its non-executive members, Claude Zimmer, and held four meetings. At its meeting on 12 December 2014, the Council nominated the non-executive members of the Audit Committee for 2015: Jacques F. Poos, Romain Schintgen and Claude Zimmer.

2.1.2 The Governor

His Royal Highness Grand-Duke Henri of Luxembourg, on a proposal by the Government in Cabinet, appointed Gaston Reinesch as the Governor of the BCL for a six-year period as of 1 January 2013.

2.1.3 The Executive Board

The Executive Board is the superior executive authority of the BCL. It takes the decisions and draws up the measures necessary for the BCL to carry out its tasks. Without prejudice to the independence of the Governor with regard to all instructions in his capacity as a member of the Governing Council of the ECB, the decisions of the Executive Board shall be taken collectively.

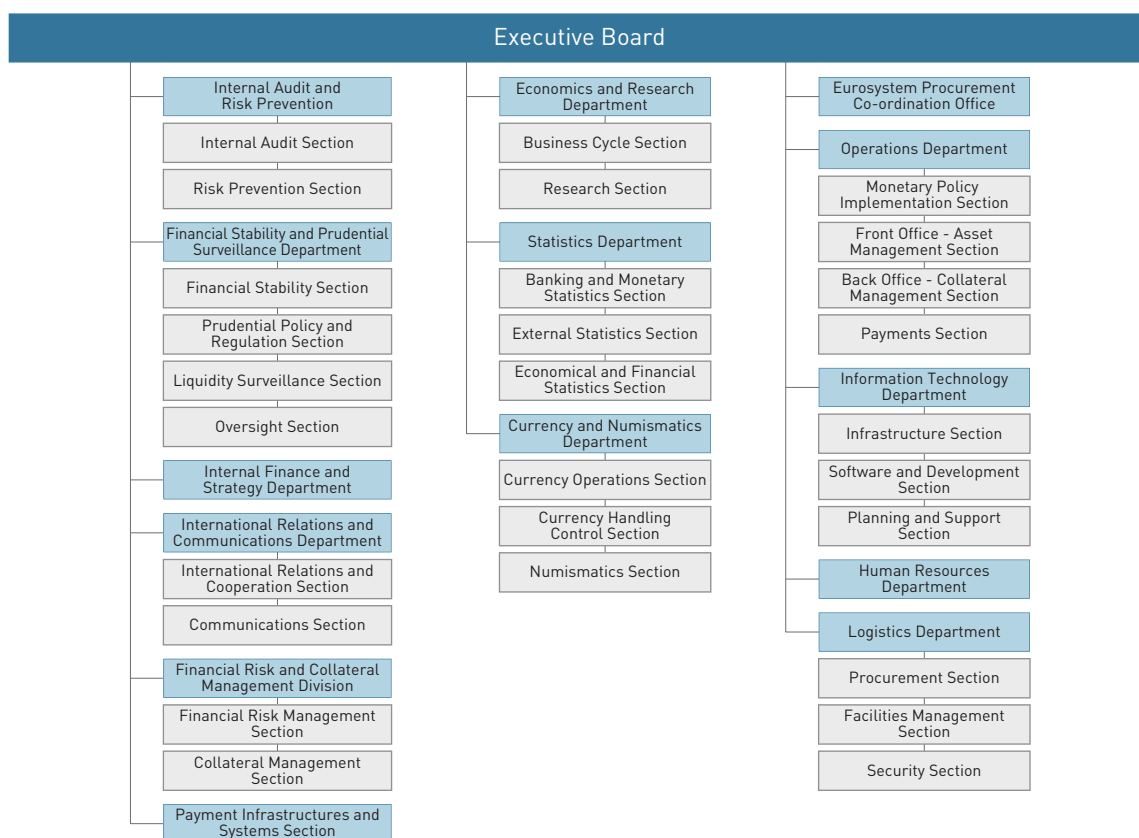
The Executive Board consists of a Governor and two Executive Directors:

Governor: Gaston Reinesch

Directors: Serge Kolb
Pierre Beck

The members of the Executive Board receive a salary according to the wage scale in the public sector as well as different allowances. The remuneration components are subject to the current legal tax rates (i.e. the progressive tax rate) in Luxembourg.

2.1.4 Organisation Chart as of 1 January 2014



* This organisation chart does not include the functions and the staff of the Governor in his capacity as a member of the Governing Council.

2.1.5 Internal control and risk management

The BCL's internal control system is based on generally accepted principles in the financial sector and the ESCB, taking into consideration the BCL's specific needs as a central bank.

The Executive Board has defined the general framework and the principles of the internal control system.

The management of the BCL and their staff are responsible for the proper functioning of the internal control system. Functional reviews are carried out by specific administrative units, ensuring an adequate segregation of duties. These units are the Financial Risk Management and Collateral Management sections, the Risk Prevention section as well as the Controlling function within the Internal Finance and Strategy department.

- The Financial Risk Management section is in charge of the analysis of financial risks, of the surveillance of the implementation of decisions made by the internal committees and by the Executive Board, of the surveillance of the established limits and of the production of regular reports on these issues;
- The Collateral Management section is entrusted with the risk management responsibility in the field of the management of collateral, in particular for ABS (asset-backed securities);
- The Risk Prevention section is in charge of the surveillance of operational risks, of risks related to information systems and of non-compliance risks.

Whereas the departments are responsible for identifying the risks linked to their fields of activities and for taking appropriate actions to mitigate these risks, the Risk Prevention section has the following responsibilities:

- establish a common methodology for risk analysis;
- provide assistance in the identification and evaluation of risks;
- ensure periodical reporting on the residual operational risks.

The Risk Prevention section is also in charge of coordinating the Business Continuity Plan and related testing.

The purpose of the Compliance function, situated in the Risk Prevention section, is to identify, evaluate and monitor the Bank's risk of non-compliance. The risk of non-compliance is defined as the risk of judicial, administrative or disciplinary sanctioning, of financial losses or reputational damage which could harm the BCL in the event that it does not comply with the laws, regulations, professional and ethical standards or internal instructions falling under the competence of the compliance function.

The Executive Board of the BCL identified several areas of intervention for the compliance function, in particular:

- anti-money laundering (AML) and financing of terrorist activities,
 - professional code of ethics,
 - prevention of insider trading and market abuse,
 - conflict of interests,
 - professional secrecy and confidentiality,
 - privacy and protection of personal data,
 - regulation of public markets.
- The Controlling function, located within the Internal Finance and Strategy department, provides the assurance that the available resources are used effectively and that an eventual misuse is detected without delay. It ensures the proper functioning of the budgetary procedure and it supervises the execution of the budget. It reports on a regular basis on the follow-up thereof.

The Internal Audit unit is in charge of the independent and objective assessment of the internal control system and its functioning. The Internal Audit unit is independent from the other administrative units and reports directly to the President of the Council. When performing its tasks, the Internal Audit unit complies with internationally accepted professional standards, as applied by the ESCB. The internal annual audit plan comprises audit engagements on a national level, as well as audit objects that are coordinated by the Internal Auditors Committee of the ESCB, in compliance with the ESCB audit charter. The Internal Audit unit follows-up on the implementation of the recommendations issued during its audit activities.

Finally, the Audit Committee is informed about the internal control and risk management framework and its functioning.

2.1.6 External control

In accordance with art. 15 of the BCL's organic law, the Bank's financial accounts are audited by an external auditor, nominated for five years by the Government, whose mandate is to certify the correctness and completeness of BCL's financial accounts. Moreover, the external auditor is mandated by the Bank's Council to perform additional reviews and specific controls on an annual basis.

At European level, the BCL's external auditor's nomination is approved by the Council of Ministers, upon recommendation of the Governing Council of the ECB. In this context, the external auditor is also entrusted with the performance of a certain number of specific engagements at Eurosystem level. Considering that the mandate of the external auditor of the BCL expired at the end of 2013, the BCL launched a European public market tender. The mandate of the external auditor of the BCL for the years 2014 to 2018 was granted to DELOITTE Audit S.à.r.l. Luxembourg, following the selection and agreement process according to Article 27.1 of the ESCB/ECB Statutes.

2.1.7 Code of Conduct

A Code of Conduct defines the internal and external rules of conduct applicable to all staff members. The Code is valid without prejudice to some rules defined by the public services legislation, the social legislation as well as existing contractual commitments and it prescribes ethical standards of nondiscrimination, integrity, independence, and professional secrecy to which the BCL's staff has to strictly adhere to.

The implementation of the Code of Conduct, as far as the Governor is concerned, was, at his request, reinforced at his expenses. Furthermore, in order to avoid any suspicion of a potential conflict of interest with regard to his function as a member of the Governing Council of the ECB, the Governor does not participate in the investment committees of the BCL which are entrusted with the management of the BCL's own funds. In addition, as far as the Executive Board of the BCL is concerned, the Governor does not take part in the deliberations regarding the latter. His responsibilities are limited, as the President of the Council, to those of an administrator.

Moreover, the European Central Bank requires the Members of the Governing Council to strictly adhere to its Code of Conduct, which foresees particularly strict standards of professional and ethical conduct. The members of the Governing Council shall act with honesty, independence, impartiality, and discretion. The members shall not consider their personal interests and shall avoid any situation that may lead to a conflict of interests. These obligations are extended up to one year after the termination of their function. The conditions for the acceptance of gifts and other benefits as well as for the participation in conferences, receptions or cultural events are also specified in the Code of Conduct.

The Governors are invited to be particularly careful with regard to individual invitations. The same rules apply to their spouses or partners who are equally obliged to respect the generally accepted rules concerning international relations, as well as concerning events happening outside of the ESCB which the members of the Governing Council may attend. Finally, members of the Governing Council must neither disclose nor make use of confidential information when performing, either directly or indirectly via intermediaries, financial transactions on a private basis.

2.2 THE BCL'S STAFF

2.2.1 Quantitative evolution

Over the course of 2014, the BCL staff increased by 4.95 % to reach a total of 318 staff members on December 31, 2014, equivalent to 301.25 full-time positions. The staff members are of 18 different nationalities, thus contributing to the diversity of the human capital and to its cultural enrichment.

On December 31, 2014, 30 staff members occupied a part-time position:

- Part-time work (50 %): 12 staff members
- Part-time work (75 %): 7 staff members
- Leave for half-time work: 11 staff members

One staff member was on full-time parental leave and 5 staff members were on part-time parental leave.

Furthermore, 5 staff members were on unpaid leave and 2 staff members were on special leave.

The average number of staff members working at the BCL in 2014 was 309,44 persons or 292,33 full-time equivalents (FTE).

The overall approved headcount cap for the year 2014 was 351,25 full-time equivalent positions.

During the year 2014, 14 staff members left the bank. On the other hand, 29 new staff members joined the bank during that same period.

2.2.2 The pension fund

Article 14 of the Organic Law of the BCL provides that the legal pension entitlements of each BCL agent are determined by their legal status: civil servant, State employee, private employee or worker.

Paragraph 4(b) of the same article states that: "The pensions of the BCL's agents shall be paid by the Bank. These costs shall be financed by a pension fund of the Central Bank. The pension fund shall be financed on the one hand by statutory deductions from agents' salaries in accordance with the rules governing the pension scheme corresponding to their status, and on the other hand by contributions made by the Bank itself."

The BCL's pension fund, which started operating in 2001, is governed by internal regulations and two committees, one executive and one consultative.

The executive committee is the Comité directeur which is composed of the BCL's Board of Directors, two elected representatives from the staff, two co-opted members acting as delegated managers and one member of the Staff Committee. The consultative committee is the Tactical Benchmark Committee.

2.3 INTERNAL FINANCE AND STRATEGY

2.3.1 Accounting and reporting

The BCL continues to update its accounting system and its procedures in order to meet the quality standards of the Eurosystem. As in previous years, the BCL has participated in the Working Group on ESCB's financial framework and has transposed the accounting revisions accordingly.

Based on harmonised rules, the Eurosystem imposes specific rules on the daily reporting of balance sheet data by each central bank.

The control systems have been adapted to the changes in relation to operations carried out during the reporting period.

The BCL regularly checks the development of balance sheet items, off-balance-sheets and the profit and loss accounts. Investments, revenues and expenses are especially closely monitored with special attention paid to the correct execution of signing powers.

The monthly balance sheet of the BCL is published on its website.

The *management information system*, in the form of dashboard reports, meets the continuous need to follow the Bank's activities. These tables include all activities of the Bank. The BCL strictly controls the development of the interest margin and compares the profitability of its investments to set benchmarks.

The BCL's decision-making bodies are regularly informed of the results in order to be in a position to determine future targets and actions to be taken.

2.3.2 Budget

Budget preparation, in accordance with the Organic Law of the BCL, is part of the multiannual planning process of the BCL, whose primary purpose is to ensure the Bank's long term financial equilibrium. In addition, the annual budget determines the upper boundary of the operating expenditure and investments the Bank may incur during a given financial year.

The 2014 budget of the BCL has been established in accordance with the BCL's budgetary procedure and the guidelines set by the Bank's Council on 10 July 2013. The 2014 budget was approved by the Council of the BCL on 6 December 2013.

In particular, the budget includes the following elements:

- The number of tasks assigned to the BCL at both the national and European level continues to increase, especially in the field of prudential supervision (with the implementation of the Single Supervisory Mechanism), the unconventional Monetary Policy Operations adopted by the Eurosystem to overcome the crises and the enhancement of statistics to be produced. The continuous assignment of new tasks has required a reinforcement of the Bank's staff in both operational and support units;
- Taking into account the effects of the ongoing financial crisis, the low level of key interest rates and the fact that the BCL still lacks appropriate own funds, the decision-making bodies of the BCL continue to apply a strict cost control to all missions and tasks that the Bank has to fulfil;
- The continuous increase of staff has entailed the need to acquire a forth building in 2012. The refurbishment of this building is currently close to completion;

- The 2014 budget has been impacted by a high production of circulation coins, which were produced in order to build up an appropriated stock of coins to cope with the expected future demands;
- The BCL continues to implement a number of internal and European projects, which have a direct impact on the headcount and the overall budget size of the Bank.

The Internal Finance and Strategy Department monitors the execution of the budget and prepares quarterly reports for the Executive Board of the Bank. At the end of each fiscal year, a detailed gap analysis of initial budget vs. actual expenditure is prepared. This analysis is submitted to the Executive Board and the Council of the Bank for information and approval. Finally, the conclusions drawn from this analysis are taken into account for the preparation of future budgets.

The expenditure for operating costs and investments as at 31 December 2014 stayed within the boundaries set by the Bank's annual budget.

2.3.3 Strategic planning and management control

Management control aims at enhancing efficiency and accountability within the BCL, allowing the Executive Board to concentrate its involvement on decision making at the strategic level. To this end, management control assists the Executive Board of the Bank by providing quantitative and qualitative analyses, thus facilitating and supporting an efficient decision-making process.

In addition, management control is entrusted with the coordination and monitoring of the Bank's internal projects. It issues regular project monitoring reports and is in charge of the BCL's project steering committee (BISC) secretariat as well as the prioritisation exercise for internal projects. The "Overall Project Monitoring Reports" (OPMR), prepared by the Internal Finance and Strategy Department, allow the BISC to better monitor and control the progress of the BCL's various projects. In 2014, the internal regulation of the management of projects was reviewed - in collaboration with the IT department and Internal Audit - and subsequently updated to better meet the risen needs of the BCL.

BCL representatives have participated in a series of project controlling activities at the ESCB/Eurosystem level related to the preparation and monitoring of common IT projects. Furthermore, the BCL has been represented in the EISC (Eurosystem IT Steering Committee) as well as in related working groups.

Cost accounting, as part of the BCL's management control function, serves as the basis for identifying, analysing and monitoring activity related costs (Activity Based Costing). Moreover, it establishes the financial figures for the invoicing of services. The applied cost accounting methodology follows the common rules adopted by the Eurosystem. It consists of allocating the BCL's operational expenses according to their category i.e. according to the respective sections and units, allowing cost identification of each of the Bank's activities.

In order to facilitate planning and monitoring of staff resources, the BCL applies a specific analytic tool for measuring and evaluating the allocation of human resources and material with respect to the various functions of the central bank. Together with the cost accounting system this allows the management and the Executive Board to better monitor the operational performance of the Bank. Furthermore, reports containing both financial and operational indicators facilitate the alignment of tasks and activities with strategic orientations on one hand and identified objectives of the Bank on the other hand.

As the BCL continues to develop its activities, a more comprehensive medium and long term planning remains a core requirement. The efforts in the field of strategic planning have been intensified in order to safeguard a smooth alignment of the BCL with the current economic, financial and institutional environment. Moreover, in order to monitor the capital adequacy with respect to its financial independence, the BCL performs assessments of its long-term financial situation. It carries out prospective analyses based on internal factors (e.g. costs and revenues) and external factors (e.g. interest rates, exchange rates and other variables of the Eurosystem and of the economic situation).

2.4 FINANCIAL STATEMENTS

Preamble

Only the French version of the present financial statements has been reviewed by the Independent Auditor. Consequently, the present financial statements only refer to the French version of the financial statements; other versions result from a conscientious translation made under the responsibility of the Executive Board. In case of differences between the French version and this translation, only the French version is legally binding.

2.4.1 Key figures as of year-end (in euro)

	2014	2013	Change in % 2014/2013
Total assets	117 097 829 518	118 560 343 356	-1 %
Liabilities to credit institutions	16 663 675 776	24 565 392 606	-32 %
Lending to credit institutions	3 357 142 385	5 819 000 000	-42 %
Own funds ⁽¹⁾ , revaluation accounts, administrative provisions and specific banking risks provisions	1 256 885 814	1 180 157 100	7 %
Net result from banking activities ⁽²⁾	185 915 686	442 058 203	-58 %
Total net income	133 849 927	94 987 233	41 %
Administrative expenses	127 151 030	88 380 978	44 %
Net profit	1 646 171	1 911 549	-14 %
Cash Flow ⁽³⁾	48 539 712	246 130 093	-80 %
Staff	318	303	5 %
BCL's weighting in the capital of the ECB	0.2030 %	0.1739 %	
BCL's weighting in lending to credit institutions related to monetary policy operations	0.533 %	0.774 %	

⁽¹⁾ Capital, reserves, provisions for general banking risks and net profit to be allocated to the reserves

⁽²⁾ Net adjusted interest income, net result from fees and commissions, net result on financial operations

⁽³⁾ Net profit plus depreciation of tangible / intangible assets and write-downs on financial assets, as well as net transfer to administrative provisions and provisions for banking risks

2.4.2 Report of the *Réviseur d'Entreprises agréé*

We have audited the accompanying financial statements of Banque centrale du Luxembourg, which comprise the balance sheet as at December 31, 2014 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The financial statements are the responsibility of the Directors and are approved by the Council. The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles and those defined by the European System of central banks, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the Réviseur d'Entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the *Réviseur d'Entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the *Réviseur d'Entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Banque centrale du Luxembourg as of December 31, 2014, and of the results of its operations for the year then ended in accordance with generally accepted accounting principles and those defined by the European System of central banks.

For Deloitte Audit, *Cabinet de révision agréé*

Martin Flaunet, *Réviseur d'entreprise agréé*
Partner

June 1, 2015

2.4.3 Balance sheet as at 31 December 2014

ASSETS	Note	2014 EUR	2013 EUR
Gold and gold receivables	3	71 594 050	63 070 482
Claims on non-euro area residents denominated in foreign currency	4	638 887 797	686 841 414
- Receivables from the IMF		483 875 214	502 202 535
- Balances with banks, security investments, external loans and other external assets		155 012 583	184 638 879
Claims on euro area residents denominated in foreign currency	5	2 103 019 172	1 311 147 611
Claims on non-euro area residents denominated in euro	6	1 528 572 335	1 025 997 742
- Balances with banks, security investments and loans		1 528 572 335	1 025 997 742
Lending to euro area credit institutions related to monetary policy operations denominated in euro	7	3 357 142 385	5 819 000 000
- Main refinancing operations	7.1	1 300 000 000	4 629 000 000
- Longer-term refinancing operations	7.2	2 057 140 000	1 190 000 000
- Marginal lending facility	7.5	2 385	-
Other claims on euro area credit institutions denominated in euro	8	431 451 459	2 599 902 128
Securities of euro area residents denominated in euro	9	3 270 015 535	2 954 104 966
- Securities held for monetary policy purposes	9.1	490 637 316	483 869 824
- Other securities	9.2	2 779 378 219	2 470 235 142
Intra-Eurosystem claims	10	105 219 638 314	103 670 039 952
- Participating interest in the ECB	10.1	36 396 638	24 628 803
- Claims related to the transfer of foreign reserves	10.2	117 640 617	100 776 864
- Other claims within the Eurosystem	10.3	105 065 601 059	103 544 634 285
Items in course of settlement		46	182
Other assets	11	477 508 425	430 238 879
- Tangible and intangible assets	11.1	61 899 701	62 927 236
- Other financial assets	11.2	302 336 903	234 288 721
- Accruals and prepaid expenses	11.3	103 831 610	110 819 223
- Sundry	11.4	9 440 211	22 203 699
Total assets		117 097 829 518	118 560 343 356

The accompanying notes form an integral part of the financial statements.

LIABILITIES	Note	2014 EUR	2013 EUR
Banknotes in circulation	12	2 714 156 460	2 199 225 500
Liabilities to euro area credit institutions related to monetary policy operations denominated in euro	13	16 663 675 776	24 565 392 606
- Current accounts (covering the minimum reserve system)	13.1	12 780 675 776	11 580 392 606
- Deposit facility	13.2	3 883 000 000	7 849 600 000
- Fixed-term deposit	13.3	-	5 135 400 000
Liabilities to other euro area residents denominated in euro	14	2 418 077 103	576 442 874
- General government	14.1	578 993 301	576 367 135
- Other liabilities	14.2	1 839 083 802	75 739
Liabilities to non-euro area residents denominated in euro	15	527 265 350	2 749 366 441
Liabilities to non-euro area residents denominated in foreign currency	16	2 108 906 558	1 366 345 288
Counterpart of special drawing rights allocated by the IMF	17	294 072 620	275 797 896
Intra-Eurosystem liabilities	18	90 777 374 330	85 326 850 130
- Net liabilities related to the allocation of euro banknotes within the Eurosystem	18.1	90 777 374 330	85 326 850 130
Items in course of settlement		375 598	-
Other liabilities	19	34 049 516	119 393 238
- Accruals and income collected in advance		15 848 391	82 374 535
- Sundry		18 201 125	37 018 703
Provisions	20	1 183 567 010	1 040 824 609
- Provision for banking risks	20.1	880 456 617	839 402 326
- Provision for pensions	20.2	302 990 393	201 372 283
- Other provisions		120 000	50 000
Revaluation accounts	21	186 193 332	152 235 079
Capital and reserves	22	188 469 694	186 558 146
- Capital	22.1	175 000 000	175 000 000
- Reserves	22.2	13 469 694	11 558 146
Profit for the year	39	1 646 171	1 911 549
Total liabilities		117 097 829 518	118 560 343 356

The accompanying notes form an integral part of the financial statements.

2.4.4 Off-balance sheet as at 31 December 2014

	Note	2014 EUR	2013 EUR
Securities received as collateral	23	133 330 745 366	146 851 686 663
Foreign currency reserve assets managed on behalf of the ECB	24	361 011 986	299 387 312
		133 691 757 352	147 151 073 975

The accompanying notes form an integral part of the financial statements.

2.4.5 Profit and loss account for the year ending 31 December 2014

	Note	2014 EUR	2013 EUR
Interest income	25	304 368 851	851 981 760
Interest expense	25	(159 425 577)	(464 355 280)
Net interest income	25	144 943 275	387 626 480
Realised gains / (losses) arising from financial operations	26	43 042 325	58 065 957
Write-downs on financial assets and positions	27	(716 525)	(2 762 514)
Transfer to/from provisions for risks	28	(41 124 291)	(236 761 324)
Net result of financial operations, write-downs and risk provisions		1 201 509	(181 457 881)
Fees and commissions income	29	10 223 976	11 012 033
Fees and commissions expense	29	(11 577 363)	(11 883 754)
Net result from fees and commissions	29	(1 353 387)	(871 721)
Income from participating interest	30	3 509 905	4 646 498
Net result of pooling of monetary income	31	(21 207 230)	(125 857 340)
Other income	32	6 755 858	10 901 197
Total net income		133 849 929	94 987 233
Staff costs	33	(33 360 689)	(32 099 546)
-Gross salaries		(31 332 701)	(30 120 844)
-Other staff costs		(2 027 988)	(1 978 702)
BCL's contribution to the legal pension scheme	34	(78 078 196)	(37 960 504)
Other administrative expenses	35	(11 875 948)	(11 311 493)
Depreciation of tangible and intangible assets	11.1, 36	(5 052 725)	(4 694 706)
Banknote production services	37	(870 182)	(1 107 630)
Other expenses	38	(2 966 015)	(5 901 804)
Profit for the year	39	1 646 171	1 911 549

The accompanying notes form an integral part of the financial statements.

2.4.6 Notes to the financial statements as at 31 December 2014

NOTE 1 – GENERAL INFORMATION

The Banque centrale du Luxembourg (“BCL” or “Central Bank”) was founded in accordance with the law of 22 April 1998. The Founding Law of 23 December 1998 as modified, stipulates that the main task of the BCL shall be to contribute to the exercise of the tasks of the European System of Central Banks (ESCB) so as to achieve the objectives of the ESCB. The BCL is also responsible for the oversight of the general market liquidity situation and the evaluation of the market participants in this respect. The BCL is authorised to take and sell participations as well as, in exceptional circumstances, to make short-term lending to counterparties with appropriate guarantees. In addition, establishing the European banking union implies new tasks for the BCL. The BCL is a sui generis and independent institution, endowed with legal personality and financial independence.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below:

2.1 Layout of the financial statements

The financial statements of the BCL have been prepared and drawn up in accordance with the generally accepted accounting principles and those defined by the ESCB.

2.2 Accounting principles

The following accounting principles have been applied:

- economic reality and transparency;
- prudence;
- recognition of post-balance sheet events;
- continuity of methods and comparability;
- relative significance;
- going concern concept;
- recognition of charges and income in the accounting period they relate to.

2.3 Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the valuation at market prices of securities (other than those classified as held-to-maturity and those held for monetary policy purposes), gold and of all other on-balance-sheet and off-balance-sheet assets and liabilities denominated in foreign currency.

Transactions in financial assets and liabilities are reflected in the accounts of the BCL on the basis of their settlement date.

2.4 Gold, assets and liabilities in foreign currencies

Assets and liabilities denominated in foreign currencies (including gold) are converted into euro at the exchange rate prevailing on the balance sheet closing date. Income and expenses are converted at the exchange rate prevailing on the dates of the transactions.

Foreign currencies are revalued on a currency by currency basis including on-balance sheet and off-balance sheet items.

Securities are revalued separately from the revaluation of foreign exchange for securities denominated in foreign currencies.

Gold is revalued on the basis of the euro price per fine ounce as derived from the quotation in US dollars established at the time of the London fixing on the last working day of the year.

2.5 Securities

The Governing Council decided in 2014 that the securities currently held for monetary policy purposes shall be accounted for at amortised cost (subject to impairment), regardless of the holding intention. The new valuation approach did not result in any adjustment of the comparable numbers given that these securities were already valued accordingly.

The other negotiable securities denominated in foreign currencies and in euro are valued at the market price prevailing on the balance sheet date. Securities held to maturity are valued at amortised cost (purchase or transfer price adjusted by premiums and discounts). Write-downs are applied to held-to-maturity securities in case of impairment.

The revaluation of securities takes place item-by-item on the basis of their ISIN code.

2.6 Recognition of gains and losses

Income and expenses are recognised in the period in which they are earned or incurred.

Realised gains and losses on foreign exchange transactions, securities and financial instruments linked to interest rates and market prices are taken to the profit and loss account.

At the end of the year, unrealised revaluation gains on foreign currencies, securities and financial instruments are not considered in the profit and loss account, but transferred to a revaluation account on the liabilities side of the balance sheet.

Unrealised losses are recognised in the profit and loss account when they exceed previous revaluation gains registered in the corresponding revaluation account. They may not be reversed against new unrealised gains in subsequent years. Unrealised losses regarding a specific security, financial instrument, currency or in gold holdings are not netted with unrealised gains in other securities, financial instruments, currencies or gold holdings.

In order to calculate the acquisition cost of securities or currencies that are sold, the average cost method is used on a daily basis. If any negative revaluation differences are taken to the profit and loss account, the average cost of the asset in question is adjusted downwards to the level of the current exchange rate or market price thereof.

For fixed-income securities, the premiums or discounts arising from the difference between the average acquisition cost and the redemption price are calculated and presented on a prorata basis as part of the interest positions and amortised over the remaining life of the securities.

2.7 Events after the reporting period

Assets and liabilities are adjusted to take account of events occurring between the balance sheet date and the date on which the BCL's Council approves the annual accounts if such events have a material effect on the assets and liabilities on the balance sheet date.

2.8 Banknotes in circulation

The ECB and the euro area NCBs, which together comprise the Eurosystem, issue euro banknotes. The total value of euro banknotes in circulation is allocated to the Eurosystem central banks on the last working day of each month in accordance with the banknote allocation key.

The ECB has been allocated a share of 8 % of the total value of euro banknotes in circulation, whereas the remaining 92 % has been allocated to NCBs according to their weightings in the capital key of the ECB. The share of banknotes allocated to each NCB is disclosed in the balance sheet under liability 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 that it actually puts into circulation also gives rise to remunerated intra-Eurosystem balances. These claims or liabilities, which incur interest, are disclosed under the sub-item "Intra-Eurosystem: Net claims/liabilities related to the allocation of euro banknotes within the Eurosystem".

The interest income and expense on these balances is cleared through the accounts of the ECB and is disclosed under "Net interest income."

2.9 Intra-Eurosystem claims and liabilities

Intra-Eurosystem balances result primarily from cross-border payments in the EU that are settled in central bank money in euro. They are settled in TARGET2 (Trans-European Automated Real-time Gross settlement Express Transfer system) and give rise to bilateral balances in the TARGET2 accounts of EU central banks. These bilateral balances are netted out and then assigned to the ECB on a daily basis, leaving each NCB with a single net bilateral position vis-à-vis the ECB only. Intra-Eurosystem balances of the BCL vis-à-vis the ECB arising from TARGET2, as well as other intra-Eurosystem balances denominated in euro are presented on the balance sheet of the BCL as a single net asset position and disclosed under "Other claims within the Eurosystem (net)".

There are other claims and liabilities of the BCL vis-à-vis the Eurosystem due to its participation in the capital of the ECB, the transfer of a part of foreign reserves, the interim profit distributions and accrued liabilities from the ECB resulting from the distribution of the monetary income results and the allocation of euro banknotes between the NCBs and the ECB.

Intra-Eurosystem balances arising from the allocation of euro banknotes within the Eurosystem are included as a single net position under "Net liabilities related to the allocation of euro banknotes within the Eurosystem".

Intra-Eurosystem claims and liabilities arising from TARGET2 balances and counterparties accounts are shown as a single net position on the balance sheet of the BCL.

2.10 Treatment of tangible and intangible assets

The tangible and intangible assets, except for land and works of art, are stated at their acquisition cost less depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the fixed asset:

	Years
Buildings	25
Renovation of buildings	10
Furniture and equipment	3-5
Computer hardware and software	4

2.11 Pension fund

Since 1 January 1999, after the entry into force of the Founding Law of 23 December 1998, as modified, the legal pension claims (1st pillar) of the BCL's staff are fully borne by the BCL. The pension fund was set up in 2000.

The actuarial method determines the pension fund's liability related to old age, disability or survival for each member of staff. The actuarial model is based, among other things, on each member of staff's personal and past and foreseeable career data, on the forecast of the cost and standard of living as well as on an average rate of return generated by the fund's assets.

The BCL's liabilities related to pensions are shown in the account "Provisions for pensions". The provision increases as a result of regular transfers from the wage share and the payment by the BCL and decrease by pension payments to retirees. At the year end, the provision is adjusted in the light of the new actuarial calculation. In addition, if necessary, periodic transfers from the account "Booking reserve of the pension fund", equivalent to the gains generated by the fund's assets, are made to adjust the account "Provision for pensions". In cases where regular transfers and the results of the pension fund would be insufficient to cover the BCL's pension liabilities, the difference between the existing provision and the accrued liabilities valued by the actuary is covered in the same trend by a contribution from the BCL.

During the reporting year 2014, the BCL revised the method for determining the pension provisions and has adopted the method of "projected unit credit" (PUC) in line with international standards.

In accordance with the prudence principle, the management body of the BCL has decided to gradually apply the IAS 19 standard.

2.12 Provision for banking risks

In accordance with the prudence principle, the BCL's provision policy intends to cover specific and general risks resulting from the BCL's activities.

NOTE 3 – GOLD AND GOLD RECEIVABLES

As at 31 December 2014, the BCL holds 72 480.56 ounces of fine gold amounting to 71.59 million euro (72 393.29 ounces of fine gold amounting to 63.07 million euro on 31 December 2013).

On the balance sheet date, gold is valued on the basis of the euro price per fine ounce derived from the quotation in US dollars established at the London fixing on 31 December.

NOTE 4 - CLAIMS ON NON-EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

	2014 EUR	2013 EUR
Receivables from the IMF	483 875 214	502 202 535
Balances with banks, security investments, external loans and other external assets	155 012 583	184 638 879
	638 887 797	686 841 414

Under this item are recorded the BCL's foreign exchange reserve holdings with counterparties situated outside the euro area (including international and supranational institutions and non-Eurosystem central banks).

This item is broken down into two sub-items:

- receivables from the International Monetary Fund (IMF) are made up of reserve tranche position, SDR holdings and new arrangements to borrow. SDR are reserve assets created by the IMF and allocated by it to its members. A member's SDR holdings initially amount to the SDR allocated. Afterwards, SDR holdings are subject to fluctuations as a result of encashments and transactions. The reserve tranche position corresponds to the net amount of the quota and the IMF's currency holding and takes into account the re-evaluation of the general account. The new arrangements to borrow are credit agreements between the IMF and the Government of Luxembourg.
- balances held on accounts with banks outside the euro area as well as securities, loans and other foreign currency assets issued by non-residents of the euro area. This sub-item includes in particular the US dollar securities portfolio which could be used, if needed, for monetary policy operations.

This portfolio, which amounts to 144 million euro as at 31 December 2014 (114.3 million euro on 31 December 2013), mainly consists of government bonds and bonds issued by international and supranational institutions denominated in US dollars. Securities are valued at market prices. As at 31 December 2014, their value at market prices included a negative net revaluation adjustment amounting to 0.3 million euro (negative net revaluation adjustment amounting to 0.01 million euro on 31 December 2013).

Balances with banks amounted to 11 million euro as at 31 December 2014 (70.3 million euro on 31 December 2013).

NOTE 5 – CLAIMS ON EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

This item contains balances in foreign currency held by the BCL on accounts with euro area counterparties which amounts to 2.103 million euro as at 31 December 2014 (1 311.1 million euro on 31 December 2013).

NOTE 6 – CLAIMS ON NON-EURO AREA RESIDENTS DENOMINATED IN EURO

	2014 EUR	2013 EUR
Balances with banks	8 321	2 115 801
Marketable securities	1 528 564 014	1 023 881 941
	1 528 572 335	1 025 997 742

This item contains balances held on accounts with banks outside the euro area as well as securities, deposits, loans and other euro-denominated assets issued by non-residents of the euro area.

The marketable securities portfolio contains government bonds and bonds issued by companies outside the euro area denominated in euro. Securities are valued at market value. As at 31 December 2014, the market value of the latter comprised a positive net revaluation adjustment amounting to 18.9 million euro including the premium and discount amortisation (positive net revaluation adjustment amounting to 47.8 million euro on 31 December 2013).

NOTE 7 - LENDING TO EURO AREA CREDIT INSTITUTIONS RELATED TO MONETARY POLICY OPERATIONS DENOMINATED IN EURO

This balance sheet item represents the liquidity-providing transactions executed by the BCL with Luxembourg credit institutions.

The item is divided into various sub-items depending on the type of instrument used to provide liquidity to the financial sector:

	2014 EUR	2013 EUR
Main refinancing operations	1 300 000 000	4 629 000 000
Longer-term refinancing operations	2 057 140 000	1 190 000 000
Fine-tuning reverse operations	-	-
Structural reverse operations	-	-
Marginal lending facility	2 385	-
Credits related to margin calls	-	-
	3 357 142 385	5 819 000 000

The total Eurosystem holding of monetary policy assets amounts to 630 342 million euro of which the BCL holds 3 357 million euro. In accordance with Article 32.4 of the Statute, any risks from monetary policy operations, if they were to materialise, should be shared in full by the Eurosystem NCBs, in proportion to the prevailing ECB capital key shares.

Losses can only materialise if the counterparty fails and the recovery of funds received from the resolution of the collateral provided by the counterparty is not sufficient.

It should be noted that for specific collateral which can be accepted by NCBs at their own discretion, risk sharing has been excluded by the Governing Council of the ECB.

7.1 Main refinancing operations

This sub-item includes the amount of liquidity provided to credit institutions by way of weekly one-week tenders.

Since October 2008, these operations were conducted as fixed rate tender procedures. These operations play a key role in achieving the aims of steering interest rate, managing market liquidity and signalling the monetary policy stance.

7.2 Longer-term refinancing operations

This sub-item includes the amount of credit extended to credit institutions by way of tenders with three, thirty six or forty eight month maturities.

7.3 Fine-tuning reverse operations

This sub-item includes open market operations carried out on a non-regular basis, intended primarily to meet unexpected fluctuations in market liquidity.

7.4 Structural reverse operations

These are open market operations carried out with the primary intention of bringing about a lasting change in the structural liquidity position of the financial sector vis-à-vis the Eurosystem.

7.5 Marginal lending facility

This sub-item includes a standing facility enabling counterparties to obtain overnight credit from the BCL at a pre-specified interest rate against eligible collateral.

7.6 Credits related to margin calls

This sub-item includes additional credit extended to credit institutions and resulting from the increase in the value of the securities pledged as collateral for other credits extended to these same institutions.

NOTE 8 – OTHER CLAIMS ON EURO AREA CREDIT INSTITUTIONS DENOMINATED IN EURO

This item includes the BCL's current accounts and fixed-term deposits not related to monetary policy operation with credit institutions inside the euro area.

NOTE 9 – SECURITIES OF EURO AREA RESIDENTS DENOMINATED IN EURO

	2014 EUR	2013 EUR
Securities held for monetary policy purposes	490 637 316	483 869 824
Other securities	2 779 378 219	2 470 235 142
- <i>marketable securities</i>	2 368 526 155	1 925 039 595
- <i>held-to-maturity securities</i>	410 852 064	545 195 547
	3 270 015 535	2 954 104 966

9.1 Securities held for monetary policy purposes

This item contains securities acquired by the BCL within the scope of the purchase programme for covered bonds and the securities markets programme. These securities are valued at amortised cost and are subject to impairment tests.

Securities held for monetary policy purposes	2014 EUR		2013 EUR	
	Amortised cost	Market value	Amortised cost	Market value
First covered bond purchase programme	5 971 376	6 204 900	32 946 338	33 507 850
Second covered bond purchase programme	28 374 479	31 025 647	28 451 346	30 399 790
Third covered bond purchase programme	92 234 840	92 587 342	-	-
Securities market programme	364 056 621	394 430 158	422 472 140	446 184 687
	490 637 316	524 248 047	483 869 824	510 092 327

First covered bond purchase programme

Under this programme, the ECB and the NCBs purchased euro-denominated covered bonds issued in the euro area. The purchases under this programme were fully implemented by the end of June 2010.

Second covered bond purchase programme

Under this programme, the ECB and the NCBs purchased euro-denominated covered bonds issued in the euro area with the objective of easing funding conditions for credit institutions and enterprises, as well as encouraging credit institutions to maintain and expand lending to their clients. The programme ended on 31 October 2012.

Third covered bond purchase programme

On 2 October 2014, the Governing Council announced the technical features of the third covered bond purchase programme. Under this programme, the ECB and the NCBs began to purchase euro-denominated covered bonds issued in the euro area with the objective of easing funding conditions for credit institutions. This programme will last at least two years.

Securities market programme

Under this programme, the ECB and the NCBs were able to purchase euro area public and private debt securities in order to address the malfunctioning of certain segments of the euro area debts securities markets and to restore proper functioning of the monetary policy transmission mechanism. In September 2012 the Governing Council decided to terminate the Securities Markets Programme with immediate effect.

The Governing Council assesses on a regular basis the financial risks associated with the securities held under the securities markets programme, the three covered bond purchase programmes and the asset-backed securities purchase programme.

The total Eurosystem holding of the securities markets programme, of the third covered bond purchase programme and of the asset-backed securities purchase programme amounts to 175.6 billion euro as at 31 December 2014, of which the BCL holds 456.3 million euro. In accordance with Article 32.4 of the Statute, any risks arising from the holding of these securities, if they were to materialise, should be shared in full by the Eurosystem, in proportion to the prevailing ECB capital key shares.

On the basis of the results of an impairment test as at 31 December 2014, the Governing Council considered that all estimated future cash flows on the relevant securities are expected to be received and that, therefore, no impairment losses should be recorded at year end.

Market values are indicative and were derived on the basis of market quotes. When market quotes were not available, the amortised cost was used for the evaluation of the securities portfolio.

9.2 Other securities

The securities portfolio recorded under this item includes:

- the marketable securities portfolio in euro issued by residents of the euro area amount to 2 369 million euro as at 31 December 2014 (1 925 million euro on 31 December 2013). This portfolio contains government bonds in euro issued by Member States of the euro area and bonds issued by companies of the euro area. Securities are valued at market value. As at 31 December 2014, the market value of the latter comprised a positive net revaluation adjustment amounting to 25.1 million euro including premium and discount amortisation (positive net revaluation adjustment amounting to 41.3 million euro on 31 December 2013).
- the held-to-maturity portfolio which securities are intended to be held until maturity. This portfolio is valued at amortised cost, purchase or transfer price adjusted by premiums, discounts and impairment. As at 31 December 2014, these securities amounted to 410.9 million euro (545.2 million euro on 31 December 2013).

NOTE 10 – INTRA-EUROSISTEM CLAIMS

10.1 Participating interest in ECB

Pursuant to Article 28 of the ESCB Statute, the ESCB national central banks are the sole subscribers to the capital of the ECB. Subscriptions depend on shares which are fixed in accordance with Article 29.3 of the ESCB Statute and which are subject to adjustment every five years.

On 1 January 2014, following the five-yearly adjustment of the key for capital subscription and the entry of Latvia in the Eurosystem, the NCB's participations key in ESCB and in the Eurosystem changed.

Based on Council Decision 2003/517/EC of 15 July 2003 on the statistical data to be used for the adjustment of the key for subscription of the capital of the ECB, the NCBs' capital key shares were adjusted as follows in 2014:

Country	Capital key in ESCB (in %)		Eurosystem key (in %)	
	from 1 January 2014	until 31 December 2013	from 1 January 2014	until 31 December 2013
Belgium	2.4778	2.4176	3.54081	3.47566
Denmark	1.4873	1.4754	-	-
Germany	17.9973	18.7603	25.71840	26.97069
Greece	2.0332	1.9483	2.90547	2.80097
Spain	8.8409	8.2533	12.63377	11.86533
France	14.1792	14.1342	20.26228	20.31999
Ireland	1.1607	1.1111	1.65866	1.59737
Italy	12.3108	12.4570	17.59231	17.90877
Luxembourg	0.2030	0.1739	0.29009	0.25001
Netherlands	4.0035	3.9663	5.72106	5.70214
Austria	1.9631	1.9370	2.80530	2.78472
Portugal	1.7434	1.7636	2.49134	2.53543
Finland	1.2564	1.2456	1.79541	1.79073
Sweden	2.2729	2.2612	-	-
United Kingdom	13.6743	14.4320	-	-
Czech Republic	1.6075	1.4539	-	-
Estonia	0.1928	0.1780	0.27551	0.25590
Cyprus	0.1513	0.1333	0.21621	0.19164
Latvia	0.2821	0.2742	0.40312	-
Lithuania	0.4132	0.4093	-	-
Hungary	1.3798	1.3740	-	-
Malta	0.0648	0.0635	0.09260	0.09129
Poland	5.1230	4.8581	-	-
Slovenia	0.3455	0.3270	0.49372	0.47011
Slovak Republic	0.7725	0.6881	1.10391	0.98924
Bulgaria	0.8590	0.8644	-	-
Romania	2.6024	2.4449	-	-
Croatia	0.6023	0.5945	-	-
Total	100.0000	100.0000	100.00000	100.00000

The capital shares of the NCBs in the ECB in 2014 are shown in the following table (in euro):

	Subscribed capital from 1 January 2014	Subscribed capital until 31 December 2013	Paid-up capital from 1 January 2014	Paid-up capital until 31 December 2013
Banque Nationale de Belgique	268 222 025.17	261 705 370.91	268 222 025.17	261 705 370.91
Deutsche Bundesbank	1 948 208 997.34	2 030 803 801.28	1 948 208 997.34	2 030 803 801.28
Eesti Pank	20 870 613.63	19 268 512.58	20 870 613.63	19 268 512.58
Central Bank of Ireland	125 645 857.06	120 276 653.55	125 645 857.06	120 276 653.55
Banque de Grèce	220 094 043.74	210 903 612.74	220 094 043.74	210 903 612.74
Banco de España	957 028 050.02	893 420 308.48	957 028 050.02	893 420 308.48
Banque de France	1 534 899 402.41	1 530 028 149.23	1 534 899 402.41	1 530 028 149.23
Banca d'Italia	1 332 644 970.33	1 348 471 130.66	1 332 644 970.33	1 348 471 130.66
Central Bank of Cyprus	16 378 235.70	14 429 734.42	16 378 235.70	14 429 734.42
Latvijas Banka	30 537 344.94	-	30 537 344.94	-
Banque centrale du Luxembourg	21 974 764.35	18 824 687.29	21 974 764.35	18 824 687.29
Central Bank of Malta	7 014 604.58	6 873 879.49	7 014 604.58	6 873 879.49
De Nederlandsche Bank	433 379 158.03	429 352 255.40	433 379 158.03	429 352 255.40
Oesterreichische Nationalbank	212 505 713.78	209 680 386.94	212 505 713.78	209 680 386.94
Banco de Portugal	188 723 173.25	190 909 824.68	188 723 173.25	190 909 824.68
Banka Slovenije	37 400 399.43	35 397 773.12	37 400 399.43	35 397 773.12
Národná banka Slovenska	83 623 179.61	74 486 873.65	83 623 179.61	74 486 873.65
Suomen Pankki – Banque de Finlande	136 005 388.82	134 836 288.06	136 005 388.82	134 836 288.06
Subtotal for euro area NCBs	7 575 155 922.19	7 529 669 242.48	7 575 155 922.19	7 529 669 242.48
Българска народна банка (Bulgarian National Bank)	92 986 810.73	93 571 361.11	3 487 005.40	3 508 926.04
Česká národní banka	174 011 988.64	157 384 777.79	6 525 449.57	5 901 929.17
Danmarks Nationalbank	161 000 330.15	159 712 154.31	6 037 512.38	5 989 205.79
Latvijas Banka	-	29 682 169.38	-	1 113 081.35
Lietuvos bankas	44 728 929.21	44 306 753.94	1 677 334.85	1 661 503.27
Magyar Nemzeti Bank	149 363 447.55	148 735 597.14	5 601 129.28	5 577 584.89
Narodowy Bank Polski	554 565 112.18	525 889 668.45	20 796 191.71	19 720 862.57
Banca Națională a României	281 709 983.98	264 660 597.84	10 564 124.40	9 924 772.42
Sveriges Riksbank	246 041 585.69	244 775 059.86	9 226 559.46	9 179 064.74
Bank of England	1 480 243 941.72	1 562 265 020.29	55 509 147.81	58 584 938.26
Hrvatska narodna banka	65 199 017.58	64 354 667.03	2 444 963.16	2 413 300.01
Subtotal for non-euro area NCBs	3 249 851 147.43	3 295 337 827.14	121 869 418.02	123 575 168.51
Total	10 825 007 069.62	10 825 007 069.62	7 697 025 340.21	7 653 244 410.99

The share that the BCL held in the accumulated net profits of the ECB reflects the repayment of 14.4 million euro of ECB reserves (5.8 million euro on 31 December 2013).

10.2 Claims equivalent to the transfer of foreign reserves

This sub-item represents the euro-denominated claims of the ECB with respect to the transfer of part of the BCL's foreign reserves. The claims are denominated in euro at a value fixed at the time of their transfer.

They are remunerated at the latest available marginal interest rate used by the Eurosystem in its tender for main refinancing operations, adjusted to reflect a zero return on the gold component.

As at 31 December 2014, the claim of the BCL amounted to 117 640 617 euro (100 776 864 euro on 31 December 2013). This increase resulted from the adjustment of the ECB capital key share as at 1 January 2014.

10.3 Other claims within the Eurosystem

This sub-item represents the BCL's net claims towards the Eurosystem, mostly from transactions resulting from cross-border payments initiated for monetary or financial operations, made via the TARGET2 system, between the BCL and the other NCBs as well as the ECB. This claim amounts to 105.1 billion euro as at 31 December 2014 (103.5 billion euro on 31 December 2013).

The net position vis-à-vis the ECB bears interest at the marginal interest rate applying to the main refinancing operations.

NOTE 11 – OTHER ASSETS

11.1 Tangible and intangible assets

Tangible and intangible assets are as follows:

	Lands and Buildings EUR	Furniture and equipment EUR	Software EUR	Other EUR	Total EUR
Cost as at 1 January 2014	108 331 130	14 712 609	8 540 791	1 740 732	133 325 262
Disposals/Transfers	5 487	97 898	320 056	(423 441)	-
Acquisitions	1 321 739	1 864 447	59 904	779 099	4 025 189
Cost as at 31 December 2014	109 658 356	16 674 954	8 920 751	2 096 390	137 350 451
Accumulated depreciation as at 1 January 2014	50 455 696	13 405 132	6 537 197	-	70 398 025
Disposals	-	-	-	-	-
Depreciation	3 624 367	677 715	750 643	-	5 052 725
Accumulated depreciation as at 31 December 2014	54 080 063	14 082 847	7 287 840	-	75 450 750
Net book value as at 31 December 2014	55 578 293	2 592 107	1 632 911	2 096 390	61 899 701

The sub-item "Lands and Buildings" comprises:

- the acquisition cost of the two premises located on 2, boulevard Royal;
- the renovations made to the main building ("Siège Royal");
- the costs incurred in relation to the reconstruction and transformation of the "Pierre Werner" building;
- the costs incurred in relation to the reconstruction and transformation of the "Monterey" building;
- the acquisition cost of the building "7 boulevard Royal";
- the renovations made to the building "7 boulevard Royal".

11.2 Other financial assets

The components of this item are as follows:

	2014 EUR	2013 EUR
Other participating interests	85 519 216	80 357 237
Pension fund	216 817 687	153 931 484
	302 336 903	234 288 721

The other participating interests comprise the BCL's investments in Swift, ATTF, LuxCSD SA., Islamic Liquidity Management Corporation and Bank for International Settlements.

The assets of the pension fund are recorded in the accounts under "Pension fund BCL". The balance of this account corresponds to the net asset value of the fund as calculated by the depositary bank as at

31 December 2014. In 2014, the BCL transferred an exceptional amount of 34.3 million euro to the assets of the pension fund.

11.3 Accruals and prepaid expenses

Most of this item consists of the accrued interests on monetary policy operations, securities and receivables from the IMF. Also included under this item are the commissions receivables, prepaid expenses, including salaries paid for January 2015, and other income receivables.

11.4 Sundry

	2014 EUR	2013 EUR
Others	9 440 211	22 203 699
	9 440 211	22 203 699

This item also consists of the counterpart of the unrealised loss on SDR recorded in the financial statements of the BCL which is guaranteed by the Government according to the agreement signed in May 1999 establishing the financial relationship between the Government of Luxembourg and the BCL (4 million euro as at 31 December 2014; 18 million euro as at 31 December 2013).

NOTE 12 – BANKNOTES IN CIRCULATION

This item includes the BCL's share of the total euro banknotes put into circulation by the central banks of the Eurosystem according to their weightings in the capital of the ECB, which totalled 2 714.2 million euro (2 199.2 million euro on 31 December 2013).

NOTE 13 – LIABILITIES TO EURO AREA CREDIT INSTITUTIONS RELATED TO MONETARY POLICY OPERATIONS DENOMINATED IN EURO

	2014 EUR	2013 EUR
Current accounts (including the minimum reserves)	12 780 675 776	11 580 392 606
Deposit facility	3 883 000 000	7 849 600 000
Fixed-term deposits	-	5 135 400 000
Fine-tuning reverse operations	-	-
Deposits related to margin calls	-	-
	16 663 675 776	24 565 392 606

This item primarily comprises credit institutions' accounts held within the framework of the requirements of the minimum reserve system and deposit facilities.

13.1 Current accounts (including the minimum reserves)

This sub-item comprises accounts denominated in euro of credit institutions which mainly serve to meet minimum reserve requirements. Banks' minimum reserve balances have been remunerated since January 1, 1999 at the latest available marginal interest rate used by the Eurosystem in its tenders for main refinancing operations.

13.2 Deposit facility

This sub-item comprises the standing facility allowing credit institutions to make overnight deposits with the BCL at a pre-specified interest rate.

13.3 Fixed-term deposits

This sub-item comprises deposits made at the BCL for the purpose of absorbing market liquidity in connection with fine-tuning operations in the Eurosystem.

13.4 Fine-tuning reverse operations

This sub-item comprises other monetary policy operations aimed at tightening liquidity.

13.5 Deposits related to margin calls

This sub-item comprises deposits made by credit institutions to compensate for the decrease in the value of securities pledged as collateral for other credits granted to these same institutions.

NOTE 14 – LIABILITIES TO OTHER EURO AREA RESIDENTS DENOMINATED IN EURO

14.1 Liabilities to general government

This item records the amounts as follows:

	2014 EUR	2013 EUR
Current accounts	12	488 412
Account related to euro coins issued by the Treasury	260 143 289	248 753 723
Specific account	178 850 000	187 125 000
Fixed-term deposit	140 000 000	140 000 000
	578 993 301	576 367 135

The item current accounts records an amount of 12 euro owed to the Luxembourg Treasury.

In accordance with the amendment of 10 April 2003 to the agreement between the Government of Luxembourg and the BCL establishing their financial relationship, the "Account related to euro coins issued by the Treasury" corresponds to the amount of coins issued by the BCL in the name and for the account of the Treasury.

The specific account was opened for the State of Luxembourg in 2011 in order to realise operations with the IMF.

The fixed-term deposit, unchanged since 2010, relates to the above-mentioned agreement.

14.2 Other liabilities

	2014 EUR	2013 EUR
Other liabilities	1 839 083 802	75 739
	1 839 083 802	75 739

As at 31 December 2014, this item included mainly a current account held by a European institution.

NOTE 15 – LIABILITIES TO NON-EURO AREA RESIDENTS DENOMINATED IN EURO

This item includes current accounts held by central banks, international and supranational institutions and other account holders outside the euro area.

NOTE 16 – LIABILITIES TO NON-EURO AREA RESIDENTS DENOMINATED IN FOREIGN CURRENCY

This item includes current accounts in foreign currency held by central banks outside the euro area.

NOTE 17 – COUNTERPART OF SPECIAL DRAWING RIGHTS ALLOCATED BY THE IMF

The amount shown under this item represents the countervalue of SDR, converted to euro at the same rate as applied to the SDR assets, which should be returned to the IMF in the event of the SDR being cancelled, the SDR Department established by the IMF being closed or if Luxembourg decides to withdraw from it. This liability, of unlimited duration, amounts to SDR 246.6 million, or 294.1 million euro as at 31 December 2014 (SDR 246.6 million, or 275.8 million euro on 31 December 2013).

NOTE 18 – INTRA-EUROSISTEM LIABILITIES

18.1 Net liabilities related to the allocation of euro banknotes within the Eurosystem

This item consists of the liabilities of the BCL vis-à-vis the Eurosystem relating to the allocation of euro banknotes within the Eurosystem. The net position bears interest at the marginal interest rate applying to the main refinancing operations.

NOTE 19 – OTHER LIABILITIES

This item mainly comprises the accrued interest, including accrued interest on intra-Eurosystem liabilities, as well as miscellaneous expenses payable, including suppliers, and the Luxembourg francs banknotes not yet returned.

The Luxembourg franc banknotes still circulating as at 31 December 2014 amount to 5.1 million euro (5.1 million euro on 31 December 2013).

NOTE 20 - PROVISIONS

Provisions are as follows:

	2014 EUR	2013 EUR
Provision for banking risks	880 456 617	839 402 326
Provision for pensions	302 990 393	201 372 283
Other provisions	120 000	50 000
	1 183 567 010	1 040 824 609

20.1 Provision for banking risks

Provision for banking risks includes the following items:

Provisions for specific banking risks	2014 EUR	2013 EUR
Provision covering credit and market risk	501 504 599	464 700 622
Provision covering operational risk	32 980 000	29 370 000
Provision covering liquidity risk	16 667 044	16 489 922
Provision for doubtful debts	2 327 055	1 863 863
	553 478 698	512 424 407
Provisions for general banking risks	2014 EUR	2013 EUR
Provision for liabilities resulting from monetary agreements	32 341 954	32 341 954
Other provision for general banking risks	294 635 965	294 635 965
	326 977 919	326 977 919
	880 456 617	839 402 326

20.1.1 Provision covering credit and market risk

The provision of 501.5 million euro (464.7 million euro on 31 December 2013) corresponds to:

- 7.30 % (7.69 % on 31 December 2013) of the BCL's own securities portfolio existing as at 31 December 2014 and participations other than the participating interest in the capital of the ECB;
- 7.30 % (7.69 % on 31 December 2013) of the amount lent by the Eurosystem (main and longer-term refinancing operations) as at year-end for monetary policy purposes multiplied by the BCL's capital key in Eurosystem including securities held in the framework of the Securities Markets Programme and the third covered bond purchase programme (excluding securities held by the ECB).

The decrease of the coverage ratio of the provisions in 2014 is due to the increase of the basis of liabilities of the Bank, notwithstanding the net positive provision.

According to the BCL's guidelines of the Bank's Council, the objective is to target a rate of 12 % on all items above.

In order to achieve this objective in the light of non-conventional measures, this provision should be progressively increased by an additional amount of approximately 800 million euro over the next few years in order to cover the current liabilities. It is worth noting that the current capacity of the Bank is insufficient to generate the required level of income.

Yet this situation goes against the ECB recommendations on 7 September 2012 in relation to the capital increase of the BCL (CON/2012/69) in which it is noted that: *"The principle of financial independence requires a national central bank (NCB) within the European System of Central Banks (ESCB) to have sufficient means not only to perform its ESCB or Eurosystem-related tasks, but also its national tasks, e.g. financing its administration and own operations. [...] Financial independence primarily implies that an NCB should always be sufficiently capitalised. In particular, the ECB is of the view that the higher the level of capital, reserves and provisions against financial risks is, the higher the safeguards against future losses are."*

20.1.2 Provision covering operational risk

This provision is intended to cover the risk of losses resulting from the inadequacy or fault attributable to procedures, to the human factor or to the BCL's systems or to external causes. Due to a lack of relevant statistics on the dimensions of risk, the transfer to the provision is based on the Basic Indicator Approach described in the consultative working paper of the Basel Committee as being 15 % of the average for the last three years of the net banking product (including payments allocated on monetary income).

In 2014, the average has been based on previous years in accordance with these rules.

20.1.3 Provision for doubtful debts

The provision for doubtful debts covers non paid debts amounting to 2.3 million euro as at 31 December 2014 (1.9 million euro on 31 December 2013).

20.1.4 Provision for liabilities resulting from monetary agreements

The provision created in order to face any future monetary liabilities monetary liabilities did not change in 2014.

20.1.5 Other provision for general banking risks

This provision is intended to cover non-specific risks of losses resulting from central bank's activities. Due to the uncertainties of the financial markets, these risks can not be quantified in advance.

This provision did not change in 2014.

20.2 Provisions for pensions

Provisions for pensions include the following items:

	2014 EUR	2013 EUR
Provision for pensions	302 990 393	201 372 283
	302 990 393	201 372 283

In accordance with its Organic Law, the statutory pensions (first pillar) of its staff members are fully borne by the BCL.

The financing of pension obligations is provided on the one hand through deductions from wages and salaries in accordance with the rules governing the pension regime at the BCL and the other hand by payments made by the BCL.

The pension liabilities of the employer vis-à-vis all its staff members amounted to 303 million euro at 31 December 2014 compared with 201.4 million euro at 31 December 2013. This increase results in particular from a change of method and assumptions made following a recommendation of the BCL's new actuary. The introduction in 2014 of the method of projected unit credit includes an individual calculation - affiliate by affiliate, year by year - taking into account a projection of the individual contributions until the age of retirement.

The demographic, economic and financial assumptions applied as part of the assessment of pension liabilities at 31 December 2014 are:

Discount rate	3.50 %
Wage growth rate (incl. index)	3.30 %
Expected return on plan assets	3.80 %
Pension growth rate (incl. index)	2.35 %
Mortality table	German DAV 2004 tables
Disability rate	0.5 %
Staff turnover	0 %

Pension liabilities have been assessed based on the principles of the IAS 19 accounting standard. This standard requires both the use of actuarial method of projected unit credit and the use of a discount rate corresponding to the Eurozone "corporate" bond rate with an AA rating and a duration - at value date - reflecting those of the liabilities. For the fiscal year 2014, this rate was estimated at 2.20 %.

The full adoption of the IAS 19 standard for the fiscal year 2014 would have resulted in pension fund liabilities of a total of 444.4 million euro. As a consequence, this would have amounted in a total 243 million euro to make up for in 2014.

It should be noted that the adoption of this method is not mandatory for the BCL. However, in order to best reflect the economic and financial reality and to be able to meet the requirement of its Organic Law to bear all the expenses for pensions of its staff members, the Bank has decided to progressively increase its pension provisions in line with the application of IAS 19, thus smoothing the major burden over several years.

The difference of 101.6 million euro in pension liabilities as at 31 December 2014 (303 million euro) compared to those at 31 December 2013 (201.4 million euro) includes:

- salary and wage deductions (employees' share) accounting for 2.4 million euro;
- a transfer from the "Booking reserve of the pension fund" account (adjustment of the actuarial value of the pension fund assets) to the account "Provision for pensions" for 22 million euro;
- a contribution of 78.1 million euro borne by the BCL;
- pension payments for retired staff members of 0.9 million euro.

NOTE 21 – REVALUATION ACCOUNTS

This item includes positive revaluation differences related to the spread between the exchange rate as at year-end and the average exchange rate of the BCL's currency and gold positions, as well as positive revaluation differences related to the spread between the market value as at year-end and the amortised cost for securities positions.

NOTE 22 - CAPITAL AND RESERVES

22.1 Capital

The State of Luxembourg is the sole shareholder of the BCL's capital for an amount of 175 million euro (unchanged since June 2009).

22.2 Reserves

The reserves amount to 13.5 million euro (11.6 million euro on 31 December 2013). This amount was increased by 1.9 million euro following the allocation of profit for 2013 according to the decision of the BCL's Council in application of its Founding Law (Article 31).

NOTE 23 – SECURITIES RECEIVED AS COLLATERAL

This item includes the securities received as collateral from Luxembourg credit institutions to cover their liabilities related to refinancing operations, marginal lending facilities and intra-day credits.

This item also includes the securities received as collateral in Luxembourg and used as a guarantee by commercial banks incorporated in other member states according to the "Correspondent Central Banking Model" (CCBM). This agreement allows commercial banks to obtain funding from their country of residence's central bank by using the securities held in another Member State as a guarantee.

As at 31 December 2014, the market value of these securities amounts to 133.3 billion euro (146.9 billion euro on 31 December 2013).

NOTE 24 - FOREIGN RESERVE ASSETS MANAGED ON BEHALF OF THE ECB

This item includes the foreign currency reserves at market value managed by the BCL on behalf of the ECB.

NOTE 25 – NET INTEREST INCOME

This item includes interest income, after deduction of interest expense, on assets and liabilities in foreign currency and in euro. Interest income and expense are as follows:

Composition of interest income	Amounts in foreign currency EUR	Amounts in euro EUR	Total EUR
	2014	2014	2014
IMF	417 960	-	417 960
Monetary policy	-	2 752 965	2 752 965
Intra-Eurosystem claims	-	172 343 215	172 343 215
Securities	633 678	113 100 545	113 734 223
Gold	-	-	-
Other	2 941 896	12 178 592	15 120 488
Total	3 993 534	300 375 317	304 368 851
Composition of interest expense	Amounts in foreign currency EUR	Amounts in euro EUR	Total EUR
	2014	2014	2014
IMF	(240 838)	-	(240 838)
Current accounts (including minimum reserves) and deposits related to monetary policy operations	-	(11 839 969)	(11 839 969)
Liabilities related to the reallocation of euro banknotes in the Eurosystem	-	(143 745 295)	(143 745 295)
Other intra-Eurosystem liabilities	-	(31 047)	(31 047)
Interests on term deposits	-	-	-
Other liabilities	(1 879 182)	(1 689 246)	(3 568 428)
Interest on swap operation	-	-	-
Total	(2 120 020)	(157 305 557)	(159 425 577)
Composition of interest income	Amounts in foreign currency EUR	Amounts in euro EUR	Total EUR
	2013	2013	2013
IMF	413 983	-	413 983
Monetary policy	-	16 895 482	16 895 482
Intra-Eurosystem claims	-	577 943 845	577 943 845
Securities	596 086	250 361 047	250 957 133
Gold	-	-	-
Other	3 903 519	1 867 798	5 771 317
Total	4 913 588	847 068 172	851 981 760
Composition of interest expense	Amounts in foreign currency EUR	Amounts in euro EUR	Total EUR
	2013	2013	2013
IMF	(226 175)	-	(226 175)
Current accounts (including minimum reserves) and deposits related to monetary policy operations	-	(25 942 352)	(25 942 352)
Liabilities related to the reallocation of euro banknotes in the Eurosystem	-	(435 705 930)	(435 705 930)
Other intra-Eurosystem liabilities	-	(225 386)	(225 386)
Interests on term deposits	-	-	-
Other liabilities	(2 083 630)	(171 807)	(2 255 437)
Interest on swap operation	-	-	-
Total	(2 309 805)	(462 045 475)	(464 355 280)

NOTE 26 – REALISED GAINS / (LOSSES) ARISING FROM FINANCIAL OPERATIONS

This item includes the results from transactions in foreign currencies, from securities and from financial instruments linked to interest rates and market prices, i.e. realised gains minus realised losses on these transactions. In 2014, they amount to 43.08 million euro (58.2 million euro on 31 December 2013) and to 0.04 million euro (0.2 million euro on 31 December 2013) respectively, giving a net gain of 43.04 million euro (a net gain of 58 million euro on 31 December 2013).

NOTE 27 - WRITE-DOWNS ON FINANCIAL ASSETS AND FOREIGN CURRENCY POSITIONS

This item includes revaluation losses on securities for 0.7 million euro (revaluation losses on securities for 2.8 million euro in 2013).

NOTE 28 - TRANSFER TO/FROM PROVISIONS FOR RISKS

This item includes the transfers to and from provisions for banking risks (excluding the reversal of provisions for the buffer against counterparty risks in Eurosystem in 2013, see note 31).

NOTE 29 - NET RESULT FROM FEES AND COMMISSIONS

Fees and commissions income and expense are as follows:

	Fees and commissions income EUR		Fees and commissions expense EUR	
	2014	2013	2014	2013
Securities	8 842 870	9 796 265	(10 999 520)	(11 317 525)
Others	1 381 106	1 215 768	(577 843)	(566 229)
Total	10 223 976	11 012 033	(11 577 363)	(11 883 754)

NOTE 30 - INCOME FROM PARTICIPATING INTEREST

The ECB's seigniorage income, which arises from the 8 % share of euro banknotes allocated to the ECB, as well as the income arising from securities purchased under the Securities Markets Programme, the asset-backed securities purchase programme and the third covered bond purchase programme is due in full to the euro area NCBs in the same financial year it accrues. Unless otherwise decided by the Governing Council, the ECB distributes this income in January of the following year by means of an interim profit distribution. It is distributed in full unless the ECB's net profit for the year is less than its income earned on euro banknotes in circulation and the aforementioned asset purchase programmes, and subject to any decisions by the Governing Council to make transfers to the provision for foreign exchange rate, interest rate, credit and gold price risks.

In 2014, the BCL received 2.8 million euro from the ECB.

In 2014, the BCL also received a dividend of 0.6 million SDR (0.7 million euro) due to the participating interest held in the Bank for International Settlements (BIS).

In total, this item amounts to 3.5 million euro as at 31 December 2014 (4.6 million euro on 31 December 2013).

NOTE 31 - NET RESULT OF POOLING OF MONETARY INCOME

The monetary income of each Eurosystem NCB is determined by measuring the actual annual income that derives from the earmarkable assets held against its liability base. The liability base consists of the following items:

- banknotes in circulation;
- liabilities to credit institutions related to monetary policy operations denominated in euro;

- net intra-Eurosystem liabilities resulting from TARGET2 transactions;
- net intra-Eurosystem liabilities related to the allocation of euro banknotes within the Eurosystem.

Any interest paid on liabilities included within the liability base is to be deducted from the monetary income to be pooled.

The earmarkable assets consist of the following items:

- lending to euro area credit institutions related to monetary policy operations denominated in euro;
- intra-Eurosystem claims equivalent to the transfer of foreign reserve assets to the ECB;
- securities held for monetary policy purposes;
- net intra-Eurosystem claims resulting from TARGET2 transactions;
- net intra-Eurosystem claims related to the allocation of euro banknotes within the Eurosystem;
- a limited amount of each NCBs' gold holdings in proportion to its capital key.

Gold is considered as generating no income whereas covered bonds held in the first and second covered bond purchase programme, under decision of the Governing Council of 2 July 2009 and of 3 November 2011, are considered to generate income at the latest available marginal rate for the Eurosystem's main refinancing operations.

Where the value of an NCB's earmarkable assets exceeds or falls short of the value of its liability base, the difference shall be offset by applying to that difference the marginal rate on the main refinancing operations.

The monetary income pooled by the Eurosystem is allocated among NCBs according to the subscribed capital key set at 0.29009 % since 1 January 2014 (0.25001 % for the BCL as at 31 December 2013).

This item includes the net monetary income allocated to the BCL for 2014 representing an expense amounting to 21 207 230 euro (expense of 126 557 878 euro on 31 December 2013).

As a reminder, this item also included in 2013 the amount of 700 538 euro due to the decrease of the buffer against counterparty risks in the Eurosystem.

NOTE 32 – OTHER INCOME

Other income includes revenue for services rendered to third parties, transfers from administrative provisions, income from numismatic activities and the recovered functioning costs of EPCO (Eurosystem procurement Co-ordination Office).

In 2013, this item also included rental income from buildings "Monterey" and "7 Royal".

Other income also includes the BCL's revenue from financial agreements between the Government of Luxembourg and the BCL.

NOTE 33 – STAFF COSTS

	2014 EUR	2013 EUR
Gross wages and salaries	(31 332 701)	(30 120 844)
Other staff costs	(2 027 988)	(1 978 702)
	(33 360 689)	(32 099 546)

This item includes the gross wages and salaries, compensations as well as other staff costs (the employer's share of contributions to the social security scheme and meal vouchers).

The compensations paid to the Board of Directors amounted to 704 861 euro for the year 2014 (575 124 euro for the year 2013). These compensations include in particular an adjustment to the representation expenses re-established by the Government and which have not been readjusted since the creation of the Bank.

As at 31 December 2014, the BCL employed 318 persons (303 on 31 December 2013). The average number of persons working for the BCL from 1 January to 31 December 2014 was 309 (303 for the year 2013).

NOTE 34 – BCL'S CONTRIBUTION TO THE LEGAL PENSION SCHEME OF ITS STAFF

	2014 EUR	2013 EUR
Notional employer's share	(5 010 710)	(4 889 013)
Adjustments to the pension liabilities	(73 067 486)	(33 071 491)
	(78 078 196)	(37 960 504)

This item includes the notional employer's share of the BCL determined on the basis of the gross wages and salaries for an amount of 5 million euro as well as the contribution of the BCL for an amount of 73.1 million euro, resulting from changes to the methodology applied in the context of the measurement of pension liabilities, as well as from the underlying demographic and financial assumptions (see also Note 20.2 "Provisions for pensions").

It is worth noting that the BCL contribution amounted to 38 million euro in 2013. In 2013, the notional employer's share (4.9 million euro) was included in the item related to staff costs and the adjustment to the pension liabilities (33.1 million euro) was included in the item "Other expenses" (see Note 38). These reclassifications were applied in order to foster transparency.

NOTE 35 – ADMINISTRATIVE EXPENSES

This item includes all general and recurring expenses, meaning leasing, cleaning and repair of buildings and equipment, small goods and materials, fees paid and other services and supplies as well as training expenses. The compensations paid to the members of the Council amounted to 85 794 euro in 2014 (83 241 euro in 2013).

NOTE 36 – DEPRECIATION OF TANGIBLE AND INTANGIBLE ASSETS

This item shows the depreciation applied to buildings, renovations of buildings, furniture and office equipment, computer hardware and software.

NOTE 37 – BANKNOTE PRODUCTION SERVICES

This item mainly shows the costs related to the production and issue of banknotes denominated in euro.

NOTE 38 – OTHER EXPENSES

This item includes in particular costs related to numismatic activities and to consultancy.

In 2013, this item also included an amount of 33.1 million euro which has been reclassified to the item "BCL's contribution to the legal pension scheme of its staff" (see Note 34).

NOTE 39 – RESULT FOR THE YEAR

	2014 EUR	2013 EUR
Profit for the year	1 646 171	1 911 549

The fiscal year 2014 shows a profit of 1 646 171 euro (profit of 1 911 549 in 2013).

When taking the BCL's pension liabilities into consideration (see Note 20.2) and the provisions for risks (see Note 20.1.1), the provisional results indicate a trend toward a significant structural loss.

NOTE 40 – EVENTS AFTER THE REPORTING PERIOD

On 1 January 2015, following the entry of Lithuania in the Eurosystem, the NCB's participations keys in the Eurosystem changed as follows:

Country	Eurosystem key (in %)	
	from 1 January 2015	until 31 December 2014
Belgium	3.52003	3.54081
Germany	25.56743	25.71840
Greece	2.88842	2.90547
Spain	12.55961	12.63377
France	20.14334	20.26228
Ireland	1.64892	1.65866
Italy	17.48904	17.59231
Luxembourg	0.28839	0.29009
Netherlands	5.68748	5.72106
Austria	2.78883	2.80530
Portugal	2.47672	2.49134
Finland	1.78487	1.79541
Estonia	0.27390	0.27551
Cyprus	0.21494	0.21621
Latvia	0.40076	0.40312
Lithuania	0.58700	-
Malta	0.09206	0.09260
Slovenia	0.49083	0.49372
Slovak Republic	1.09743	1.10391
Total	100.00000	100.00000

