



Paris, 23 March 2021

**THE BANQUE DE FRANCE IS TO PAY EUR 4.2 BILLION BACK TO THE NATIONAL COMMUNITY
AND HAS SET OUT ITS TARGETS FOR 2024**

The General Council of the Banque de France has approved the Banque de France's annual accounts for 2020 and decided on how to allocate the profit for the year. The 2020 Annual Report has been published today.

ACCOUNTS FOR THE 2020 FISCAL YEAR

Profit before tax and exceptional items came to EUR 4.97 billion, compared with EUR 6.49 billion in 2019. Each year, the Banque de France pays the bulk of its profits to the government and the national community in the form of corporate income tax and dividends. This year it will pay a total of EUR 4.24 billion.

Net income from Banque de France activities amounted to EUR 6.4 billion in 2020, down 25.8% compared with 2019. The decline essentially reflects the increase in expenses linked to refinancing operations, combined with a fall in income from securities held for monetary policy purposes. On the liabilities side, deposits from credit institutions rose sharply as a result of the liquidity-providing operations, while the value of Banque de France banknotes in circulation continued to rise (growth of EUR 27 billion or 11% between end-2019 and end-2020).

The implementation of monetary policy operations led to a rise of over 52% in the size of the Banque de France's balance sheet, from EUR 1,142 billion to EUR 1,741 billion. Among the reasons for this significant balance sheet expansion are the asset purchase programmes and the targeted longer-term refinancing operations.

In light of the increased risks carried on its balance sheet, the Bank allocated EUR 1.15 billion to its **fund for general risks**, which is intended to cover financial risks excluding exchange rate risk, **thereby increasing it to EUR 9.15 billion**. After recognition of this allocation and corporate income tax, net profit for 2020 was EUR 2.19 billion, representing a decline of EUR 1.656 billion versus 2019.

The Banque de France's gold and foreign exchange assets amounted to EUR 177.5 billion at end-2020, up 10%, notably due to the very sharp appreciation of gold against the euro.

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Thanks to continuing tight control of operating expenses, the net expenditure of the Bank's activities continued to decline in 2020, falling by 0.4% or EUR 3.5 million to EUR 911.9 million. This is fully in line with the target set out in the Ambitions 2020 transformation plan, which was for a reduction of 10% between 2015 and 2020. Since 2015, net expenditure of activities has fallen by EUR 137 million (–13.5% in 5 years), with the decline stemming notably from a reduction of over 20% in headcount.

THE TRANSFORMATION OF THE BANQUE DE FRANCE

The transformations launched over the last five years under the Ambitions 2020 strategic plan have been successfully completed, and have allowed our services and missions to continue uninterrupted throughout the health crisis. All the indicators used to measure whether we have achieved our transformation goals have been reached and in most cases exceeded, strengthening our institution's ability to deliver its three missions.

Despite the crisis, the Banque de France has also finalised its next strategic plan: "Building 2024 together". Put together as of January 2020 with the participation of staff, it incorporates the lessons learned from the public health crisis while also addressing the challenges related to our environment.

To meet these challenges, the Banque de France has chosen 30 actions, grouped together under 4 key targets:

- Through our expertise and independence, supporting the economy
- Through our openness, serving society and Europe
- Through our sustainable performance, securing the future
- Through our solidarity, being an attractive employer.

The success of the plan will be assessed against ten indicators, as part of the Bank's management of its resources. These indicators and all 30 actions are being made public today.

About the Banque de France. The Banque de France is an independent institution with three core missions: monetary strategy, financial stability, and the provision of services to the economy. It contributes to the definition of euro area monetary policy and ensures its implementation in France. It supervises banks and insurance companies, and works to mitigate risks. It also offers a range of economic services to businesses and private individuals.

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