



Paris, 12 March 2018

## PRESS RELEASE ON THE 2017 ACCOUNTS AND ANNUAL REPORT

The General Council of the Banque de France met today to approve the annual accounts of the Bank for 2017. As in previous years, they were certified without reservation by the auditors.

### **Profit before exceptional items and tax came in at EUR 6 billion**

Aggregate net banking income was up by 5.7% on the previous year to stand at EUR 8.2 billion. This rise can be attributed to the 25% increase in the balance sheet, from EUR 855 billion to EUR 1,054 billion, due to the ECB Governing Council's decision to make further asset purchases within the monetary policy framework and, to a lesser extent, to the ongoing strong growth in currency in circulation in 2017 (up 4% from one year-end to the next).

The monetary policy measures included several asset purchase programmes and targeted longer-term refinancing operations (TLTROs) that provide financing to credit institutions; only operations conducted in France are booked as assets on the Banque de France's balance sheet. In 2017, securities held on account of monetary policy operations rose by EUR 151 billion to stand at EUR 486 billion.

This balance sheet expansion resulted in an increase in excess liquidity remunerated at the deposit facility rate, set at -0.40% since March 2016 and unchanged in 2017. This pushed up the Bank's net interest income, while the rate applied to the Eurosystem's main refinancing operations remained set at 0%.

Growth in the Bank's balance sheet was accounted for by an increase in high quality assets, mainly French government securities, and did not worsen its risk profile. It was therefore not necessary to continue to consolidate the fund for general risks, which remains stable at EUR 8 billion.

Moreover, the Bank's gold and foreign exchange assets stood at EUR 133 billion, down EUR 5 billion, notably due to the rise in the euro against the dollar. The Banque de France's investment portfolio, excluding monetary policy operations, stood at EUR 71 billion.

**Net expenditure fell by 2%** to EUR 1,006 million.

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Like each year, **the bulk of the Banque de France's profits were paid to the government and hence to the national community** in the form of income tax and dividends, with EUR 5 billion due for 2017.

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Through its nationwide network and a headcount of 11,021 employees at end-2017 – down 5.7% against end-2016, **the Banque de France conducted its three main tasks**: monetary strategy, financial stability and providing services to the economy.

As regards **monetary strategy**, the Banque de France, thanks to its recognised expertise on the markets, continued to play an active role in the Eurosystem's asset purchases, with purchases amounting to EUR 493 billion since the start of 2015, when the quantitative easing programme was first implemented. In addition, it bolstered its banknote printing and processing capabilities through the modernisation of its paper mill and several banknote sorting centres. In 2017, 1.4 billion banknotes were produced and delivered. The launch of the new EUR 50 banknote was a success.

As regards **financial stability** and the prevention of systemic risks, 185 on-site inspections of insurance companies and banks were conducted by the ACPR in 2017, plus 45 inspections carried out on behalf of the ECB in the framework of the Single Supervisory Mechanism. Six financial institutions were sanctioned for non-compliance with their anti-money laundering and counterterrorist financing obligations.

As regards **services to the economy**, over 251,500 firms were rated in 2017, roughly 180,000 applications to the household debt commission were processed and in 62,300 cases, a credit institution was designated under the right to an account procedure. The Banque de France implemented a support policy for very small enterprises: 2,129 entrepreneurs were given support in 2017 and 88% were satisfied with the service provided.

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**About the Banque de France.** As an independent institution, the Banque de France has three main tasks: monetary strategy, financial stability, and services to the economy. It contributes to the definition of monetary policy in the euro area and its implementation in France; it supervises banks and insurance companies and ensures the sound management of risk; it provides many services to businesses and individuals.

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