



Paris, 24 March 2015

The Banque de France records a profit before tax and exceptional items of EUR 4.8 billion in 2014

Net income from activities: EUR 7 billion
Profit before tax and exceptional items: EUR 4,809 million
Net profit: EUR 2,066 million

The General Council of the Banque de France met today to approve the annual accounts of the Bank for 2014. As in previous years, they were certified without reservation by the auditors.

The net income from the Bank's activities stood at EUR 7,013 million in 2014, compared with EUR 8,331 million in 2013 (down 16%).

This decrease results essentially from the monetary policy decisions taken in 2014: on the one hand, the cut in ECB key rates with a historically low MRO rate of 0.05%, and on the other, the effectiveness of our forward guidance which led commercial banks to reduce their precautionary liquidity needs, thereby strengthening the credibility of our monetary policy.

In 2014, commercial banks made early repayments of the long-term loans that had been extended to them in the framework of non-standard monetary policy operations and these early repayments were only partially offset by the 5.6% average annual increase in currency circulation.

Given that the first securities purchases conducted under the quantitative easing programme started in the last quarter of 2014, these did not have a significant impact on the Bank's profits for 2014.

The size of the Bank's balance sheet declined throughout 2014 before picking up at the end of the year due to the combined effect of a currency and gold appreciation against the euro on the markets between the two closing dates. Foreign exchange gains were recorded on several reserve currencies and were credited to the Revaluation Reserve of State Gold and Foreign Currency Reserves (RRRODE) for a total amount of EUR 229 million. In the end, the size of the Bank's balance sheet rose from EUR 550 to 578 billion between end-2013 and end-2014.

Operating costs were down by almost 2% to stand at EUR 2,150 million, excluding one-off expenses related to the review of French bank assets conducted throughout the year (EUR 54 million). Staff numbers fell by 2% to reach 12,480 (FTE). The Bank's break-even point remained unchanged at 0.73%.

Overall, in 2014, the Banque de France generated a profit before tax and exceptional items of EUR 4,809 million, against EUR 6,140 million in 2013.

In order to guard against risks that remain high, a EUR 590 million contribution was made to the Bank's Fund for General Risks. The FGR is a fund whose purpose is to cover all risks for which operating profits may prove insufficient, excluding foreign exchange risk that is hedged separately, such as the default of bank counterparties or securities issuers. Following this contribution, the Fund stood at EUR 7.5 billion.

After taking account of this contribution and after a corporate income tax charge of EUR 2,151 million (EUR 2,449 million in 2013), **net profit for the year stood at EUR 2,066 million (EUR 2,441 million in 2013).**

Detailed information on accounts is available on the Bank's website (<http://www.banque-france.fr>) and in the 2014 annual report.

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