



MANAGEMENT
REPORT 2025



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MANAGEMENT REPORT 2025

This document, “Management report”, has been prepared to give an overview of the financial statements of the Banque de France in a way that is both analytical and educational. It adopts a multi-year perspective to highlight the main developments and to explain the context, the challenges and the long-term effects.

It provides the general public with a clear and accessible insight into how the tasks carried out by the Banque de France and the monetary policy decisions made are reflected in the structure of its balance sheet and profit and loss account. As such, it serves as a source of information and a vehicle for greater transparency with regard to the Institution’s financial management.

It is also important to note that – in contrast to the financial statements – this document is not subject to validation by the Statutory Auditors. Its approach is therefore one of institutional analysis and communication, rather than accounting certification.

The monetary policy context

From 2015 onwards, the implementation of unconventional monetary policies led to a significant expansion of euro area central bank balance sheets, with a marked acceleration between 2020 and 2022 driven by asset purchases under the Pandemic Emergency Purchase Programme (PEPP) and the large-scale use of targeted longer-term refinancing operations (TLTROs). The normalisation of monetary policy that began in 2022 against a backdrop of sustained inflation, with the rapid rise in key interest rates and the cessation of asset purchase programmes, resulted in a decline in (i) monetary policy securities on the assets side of our balance sheet, and (ii) excess liquidity¹ on the liabilities side.

Monetary policy operations on the Eurosystem's balance sheet

Excess liquidity, which had exceeded EUR 4,500 billion in 2022 owing to asset purchases under the PEPP and long-term loans (TLTROs) to the banking sector, subsequently began to contract sharply. The change in the remuneration conditions of TLTROs in 2022 triggered a massive wave of early repayments, while the discontinuation of reinvestments of maturities under the asset purchase programme (APP) in 2023 and the PEPP in December 2024 sped up the decline in excess liquidity. By the end of 2024, it had thus fallen to EUR 2,900 billion and continued to fall to EUR 2,500 billion by the end of 2025.

Changes in key interest rates

After a period of highly accommodative monetary policy, with a main refinancing operations (MRO) rate set at 0% from March 2016 and a deposit facility rate cut to as low as -0.50% in September 2019, 2022 marked a major turning point. To contend with an inflationary shock of unprecedented proportions, the Eurosystem embarked on the fastest monetary tightening cycle in its history. Consequently, the deposit facility rate was raised from -0.50% in July 2022 to 4.00% in September 2023. As a result of monetary tightening and the normalisation of energy prices, inflation fell back significantly from 2024 onwards; a trend that paved the way for gradual cuts

to the deposit facility rate in 2024 (a 100 basis point reduction), followed by more cuts in 2025 (a further 100 basis point reduction) that brought the rate down to 2.00% in June 2025.

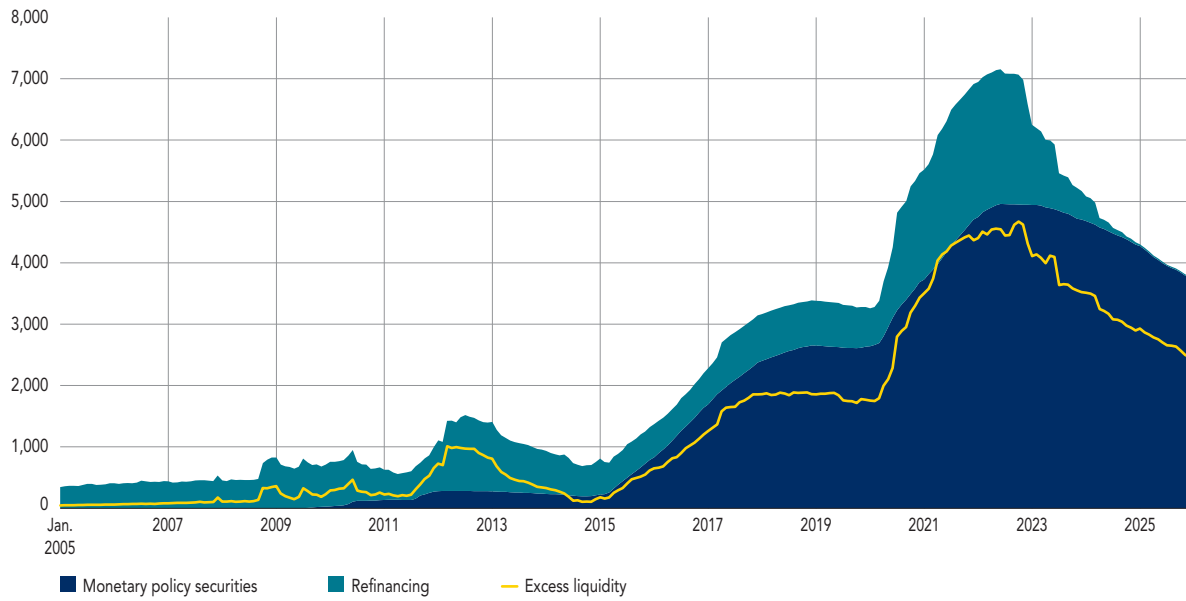
Although the unconventional monetary policies implemented by the euro area central banks contributed to a sharp rise in their income – particularly given the scale of the asset purchase programmes and earnings from bank deposits due to negative interest rates – the combination of substantial excess liquidity and the rapid rise in key interest rates has had, and still has, a major negative impact on the financial statements of the Banque de France and of the other Eurosystem central banks.

Within the framework of the asset purchase programmes, the Eurosystem central banks acquired public and private sector bonds with long maturities to counter the risk of deflation after key rates had been reduced to close to zero. These securities, acquired at low fixed rates – sometimes even negative – generated excess liquidity, which was reflected on the liabilities side in the form of large bank deposits remunerated at the variable rate of the deposit facility, which, when positive, constitutes an expense for central banks.

The income imbalance was massive in 2023 and in 2024 when the deposit facility rate hit 4.00%. The decrease in the deposit facility rate since June 2024 meant that this imbalance narrowed very significantly in 2025, but the difference in remuneration between monetary assets and liabilities continued to have a negative impact on the 2025 financial statements.

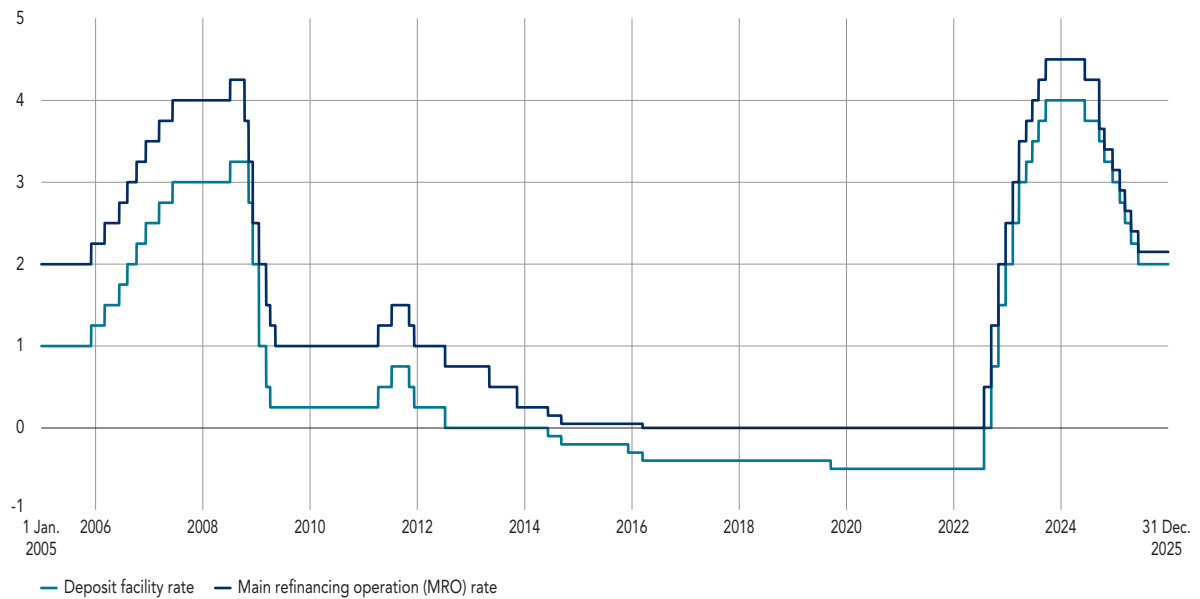
¹ Excess liquidity is the money in the banking system that is left over after commercial banks have met specific requirements to hold minimum levels of reserves.

Excess liquidity in the euro area (EUR billions)



Source: European Central Bank (ECB).

Changes in key interest rates (%)



Source: Banque de France.

Changes in the Banque de France's balance sheet

After substantial growth in the size of the Banque de France's balance sheet while the accommodative monetary policy was in place, the balance sheet has since contracted significantly with the monetary policy normalisation that began in mid-2022 (a EUR 516 billion reduction between 31 December 2021 and 31 December 2025).

The normalisation has resulted in a sharp decline in monetary policy assets (of EUR 732 billion between the end of 2021 and the end of 2025), notably through the reductions in lending to credit institutions and in portfolios of securities purchased as part of monetary policy operations. At the same time, deposits from credit institutions eligible for monetary policy operations recorded on the liabilities side of the balance sheet also declined significantly (down EUR 564 billion since 2021).

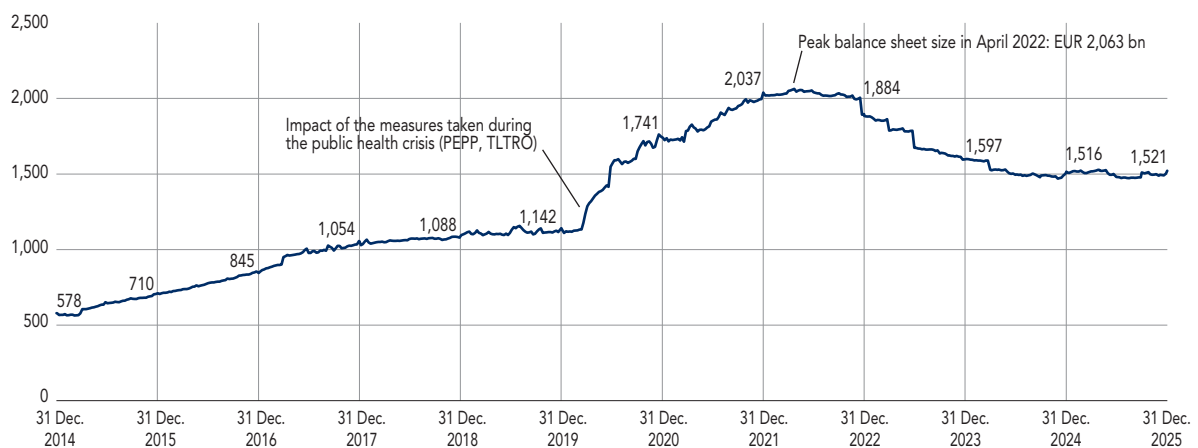
This reduction in the size of the monetary balance sheet was partially offset by the rise in **the price of gold**, which was up 128% between 2021 and 2025, leading to a EUR 161 billion increase in the value of the Banque de France's gold and gold receivables

– while volumes remained unchanged – and net equity that rose by EUR 119 billion, including unrealised capital gains on gold and foreign currency assets and available-for-sale securities.

During the 2025 financial year, **the Banque de France's balance sheet** remained relatively stable in size, at EUR 1,521 billion at 31 December 2025 compared with EUR 1,516 billion at 31 December 2024. This stability was mainly due to two offsetting factors.

- First, there was a contraction in the balance sheet as a result of the ongoing monetary policy normalisation, which led to a reduction in the portfolios of monetary policy securities in 2025. As a result, the outstanding amounts of euro-denominated securities acquired under purchase programmes fell again by EUR 117 billion in 2025, with a significant decline in deposits from credit institutions eligible for monetary policy operations recorded in liabilities (down EUR 123 billion by the end of 2025).
- Second, there was an expansion of the balance sheet as a result of the rise in the price of gold, which was up 46% in 2025, leading to a EUR 91 billion increase in the value of the Banque de France's gold and gold receivables and an improvement in net equity of EUR 81 billion (see above).

Banque de France balance sheet size (EUR billions)

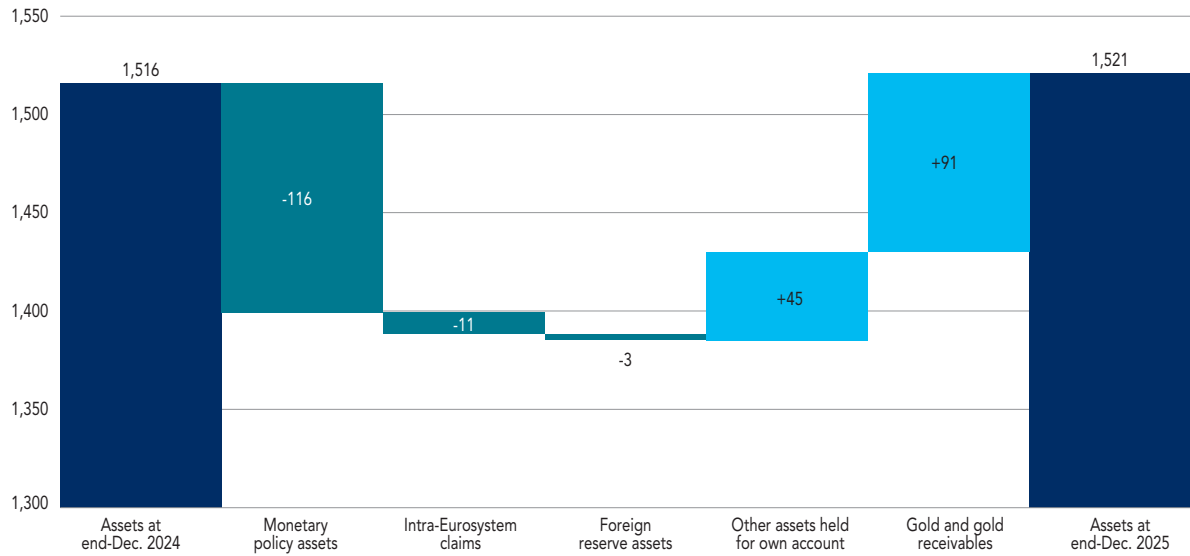


Source: Banque de France.

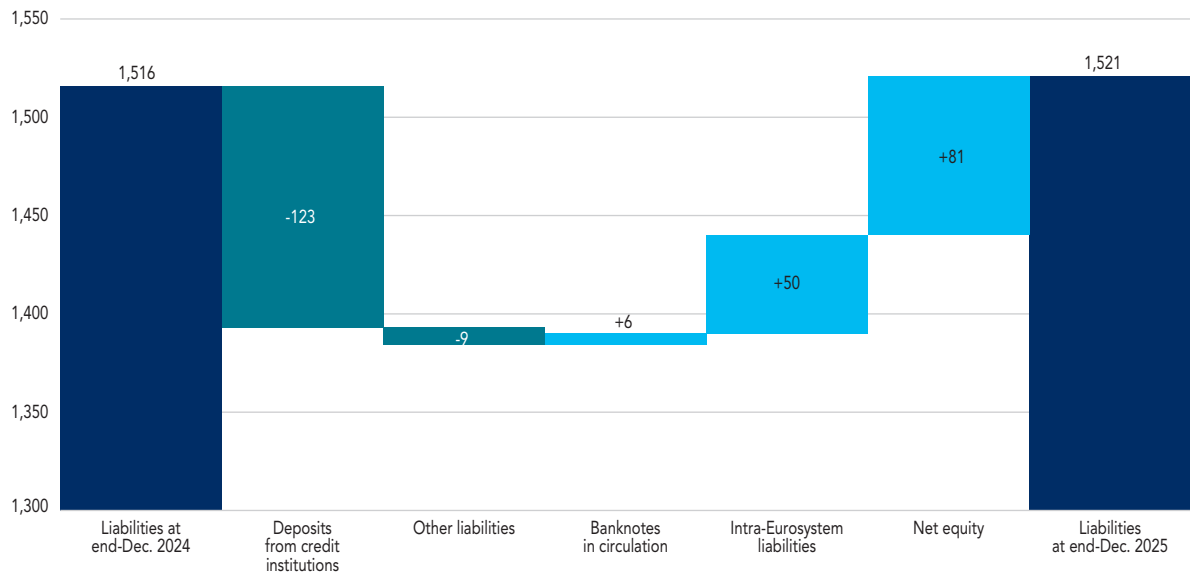
Note: PEPP, pandemic emergency purchase programme; TLTRO, targeted longer-term refinancing operations.

Changes in Banque de France balance sheet items in 2025 (EUR billions)

a) Assets



b) Liabilities



Source: Banque de France.

An analysis of the profit and loss account

Net financial income

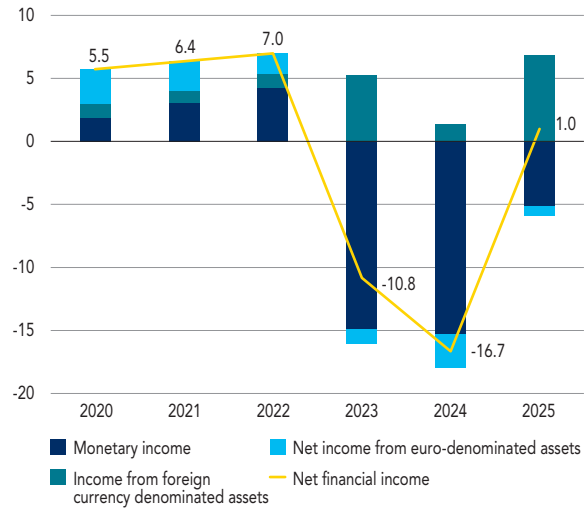
Net financial income returned to positive territory in 2025, at EUR 1.0 billion, having recorded an expense of EUR 16.7 billion in 2024. It is analysed by breaking down (i) income derived from monetary policy implementation (bank loans and deposits, and asset purchase programmes decided by the Governing Council of the European Central Bank) from (ii) other income, which comprises all positions managed by the Banque de France for its own account (excluding monetary policy).

Monetary income

While the contribution from monetary income to the Banque de France’s profit and loss account had been strongly positive until 2022, the considerable and rapid rise in key interest rates resulted in the recognition of substantial monetary policy operation expenses in 2023 and 2024 (EUR 14.9 billion and EUR 15.3 billion, respectively), arising from the difference in remuneration between monetary resources and the monetary policy assets backing them (see above).

In 2025, the monetary losses were reduced significantly, leading to a net expense of EUR 5.2 billion, due to the

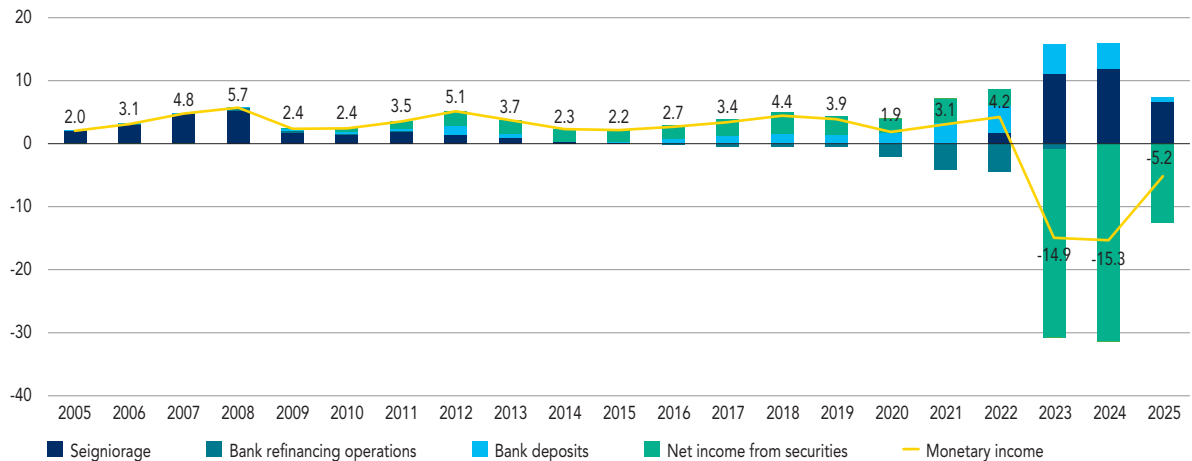
Main items of financial income (EUR billions)



Source: Banque de France.

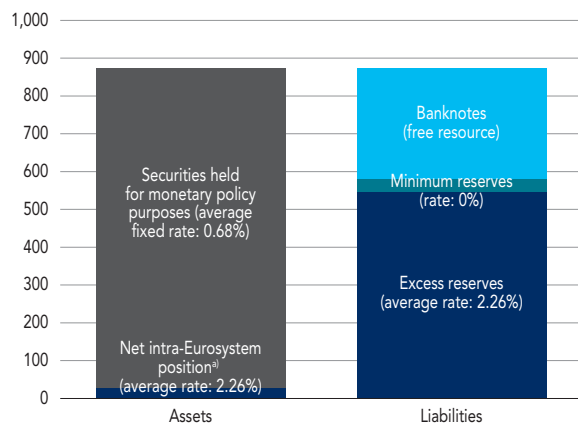
combined effect of lower interest rates on bank deposits and reduced excess liquidity. Nevertheless, the balance reported continued to represent an expense due to the difference in remuneration between monetary assets and liabilities, whose average outstanding amount stood at EUR 875 billion. Monetary assets are overwhelmingly (97%) fixed-rate securities acquired under the APP and PEPP programmes, with an average rate of remuneration of 0.68%. However, two-thirds of those assets are backed by bank deposits – excluding minimum reserves –

Main items of monetary income (EUR billions)



Source: Banque de France.

Difference in remuneration between assets and liabilities resulting in monetary expense (EUR billions)



Source: Banque de France.

a) Net intra-Eurosystem positions are made up of foreign reserve assets transferred to the ECB, TARGET 2 claims and liabilities and receivables/payables for adjustment for banknotes.

that represent excess liquidity, which have an average remuneration rate, indexed to the deposit facility rate, of 2.26% in 2025.

The Banque de France's monetary income can be broken down into four components.

- **Seigniorage income:** banknotes put into circulation in the euro area are recorded as liabilities on the balance sheets of the Eurosystem central banks. This is considered a "free resource" as they are not remunerated. Investing this resource in the market generates seigniorage income, which is pooled within the Eurosystem, with the share allocated to the Banque de France based on the European Central Bank capital key mechanism amounting to 20%. Historically, seigniorage income had been the main component of monetary income, but was zero between 2016 and 2022 when key interest rates returned to positive territory. Seigniorage income for 2025 amounted to EUR 6.6 billion, but was down EUR 5.4 billion on 2024 due to the cuts in key interest rates.
- **The intermediation margin on banking sector refinancing,²** which is also pooled within the Eurosystem. The margin on lending to credit institutions allocated to the Banque de France, which had been slightly negative in 2024 (-EUR 0.2 billion), had a

net zero balance in 2025, following the repayment of the final TLTRO III longer-term loans, which were remunerated at a negative rate.

- **The intermediation margin on bank deposits,³** which generated income of EUR 0.8 billion in 2025. This was down on 2024, mainly due to a narrowing of the difference between the actual remuneration paid to banks (0% on minimum reserves and 2.26% – the average deposit facility rate for 2025 – on excess reserves) and the remuneration received by the Banque de France under the Eurosystem's monetary income-pooling framework (at the deposit facility rate since January 2025, and the main refinancing operations [MRO] rate previously).
- **The margin on monetary policy securities acquired under the APP and PEPP programmes,** which continued to be negative in 2025, with an expense recorded of EUR 12.6 billion due to an average remuneration rate of 0.68%, which is lower than the refinancing cost for these securities that is based on the deposit facility rate (2.26% on average in 2025). However, the cost incurred by the Banque de France under these programmes fell sharply from EUR 31.1 billion in 2024, due both to the decline in the outstanding amount of securities held on the balance sheet (down 11%) and to the drop in the refinancing rate (2.26% in 2025 down from 4.2% in 2024).

² The intermediation margin on refinancing operations is calculated as follows: *real income from refinancing operations (MRO rate) – outstanding refinancing amount × the deposit facility rate.*

³ The intermediation margin on bank deposits is calculated as follows: *real return on bank deposits – bank deposits × the deposit facility rate.*

Non-monetary policy income

In addition to monetary policy income, which reported a EUR 10.2 billion improvement on 2024, other items also made a very positive contribution to the growth in net financial income (up EUR 7.5 billion compared with 2024).

- **Income from foreign currency assets** came in at EUR 6.9 billion, up EUR 5.5 billion year-on-year, mainly due to market operations to bring the Banque de France's gold reserves into line with guidelines, which generated a realised exchange gain of EUR 11.0 billion. Of this gain, EUR 5.5 billion was taken to profit and loss and the balance was allocated to reserves, in accordance with the agreement of July 2024 between the state and the Banque de France on the management and accounting treatment of foreign exchange reserves.
- **Net income/expense from euro-denominated assets** rose by EUR 2 billion, but continued to represent an expense at -EUR 0.7 billion. The improvement in results is driven by income from portfolios of euro-denominated securities, which rose by EUR 1.5 billion to EUR 3.3 billion, driven by the increase in outstanding amounts. The decline in the average rate of interest paid on deposits from non-financial customers also contributed to this trend (an expense of EUR 0.4 billion).

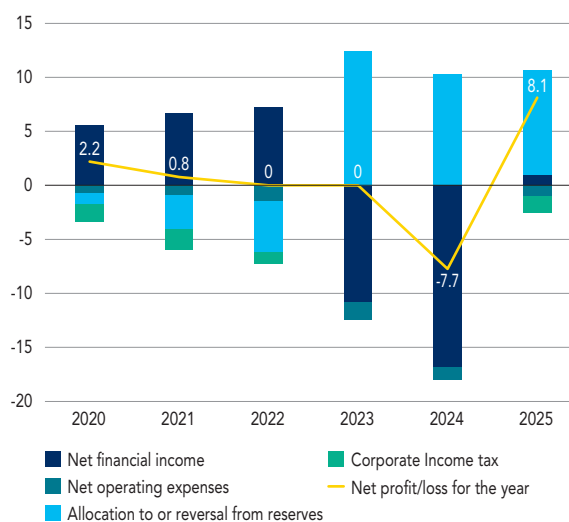
Net profit/loss for the year and payments to the state

A strongly positive net profit of EUR 8.1 billion for 2025 meant that the losses carried forward from 2024 could be cleared in full.

The Banque de France's net profit for 2025 was very positive at EUR 8.1 billion, compared with a loss of EUR 7.7 billion for 2024.

Net financial income for 2025 amounted to EUR 1.0 billion and thus covered the net operating expenses for the year, which also came in at EUR 1.0 billion. Net operating expenses are mainly staff costs and overheads, net of income generated by non-financial activities. They are well controlled (down EUR 0.2 billion compared with 2024), thanks to stabilised expenses combined with a positive momentum in revenue growth.

Net profit/loss for the year (EUR billions)



Source: Banque de France.

In addition, the Banque de France reversed EUR 9.7 billion of the reserves it had set aside, partly funded by a EUR 4.6 billion allocation from net foreign currency gains not taken to the profit and loss account, which resulted in pre-tax earnings of EUR 9.7 billion.

After the payment of EUR 1.5 billion in corporate income tax, net profit for the year came to EUR 8.1 billion.

Reconciling net financial income to net profit for the year for 2025 (EUR billions)

Monetary income	-5.2
Income from foreign currency denominated assets	6.9
Income from euro-denominated assets	-0.7
Net financial income	1.0
Net operating expenses	-1.0
Fraction of net foreign currency gains exceeding profit	4.6
Foreign exchange gains allocated to the RRRROE (a)	-4.6
RRROE reversal	9.7
Corporate income tax	-1.5
Net profit for the year	8.1

Source: Banque de France.

a) Revaluation reserve for state gold and foreign exchange reserves.

This net profit, which comprises net financial income plus a reversal from reserves previously set aside, allowed EUR 0.4 billion to be transferred to the special reserve (in accordance with the provisions of Article R.144-4 of the French Monetary and Financial Code, which allows for the allocation of 5% of annual net profit, thereby bringing the reserve to its maximum level of EUR 2 billion) while the remaining EUR 7.7 billion was used to clear the negative balance on retained earnings recorded at year-end 2024. **Following the allocation of net profit for 2025, all losses carried forward were cleared.**

The Banque de France is a significant contributor to the French budget and has paid a total of EUR 36.8 billion to the state since 2015.

Payments to the state are made in three forms:

- Corporate income tax payments (EUR 17.8 billion since 2015);
- Dividend payouts (EUR 15.5 billion);
- An annual refund to the state of the overfunding of pension liabilities in the Banque de France’s special pension reserve fund (EUR 3.5 billion). This mechanism for returning surplus coverage was introduced in 2020, after a balance was achieved between the value of the asset portfolios and amount of the pension liabilities

of staff covered by the scheme, which was closed with the reform of 2023.

The year’s return to profit – upon which the corporate income tax paid is based – and the strong performance of the financial assets in the pension liabilities portfolios means that a payment of EUR 2.2 billion will be made to the state in respect of the 2025 financial year.

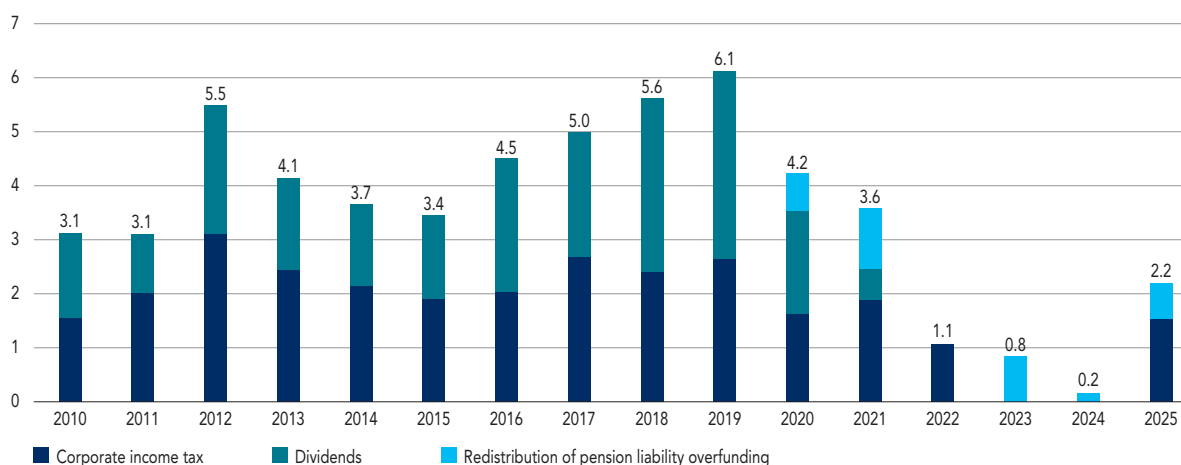
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Net equity

Net equity, consisting of capital, reserves, losses carried forward, net profit, fund for general risks, revaluation reserve for state gold and foreign exchange reserves and unrealised capital gains on assets held, provides an indication of the Banque de France’s financial solidity.

From 2015 to 2025, the Banque de France’s net equity improved considerably, increasing from EUR 108.6 billion to EUR 283.4 billion – 2.6 times higher than ten years ago. This trend is mainly attributable to the steady increase in the gold and gold receivables revaluation account, which rose over the period from EUR 56.8 billion in 2015 to EUR 257.0 billion in 2025. This increase – of approximately EUR 200.2 billion – is a direct reflection of the change in the price of gold, which has risen by nearly 274% since 2015.

Amounts paid to the state (EUR billions)

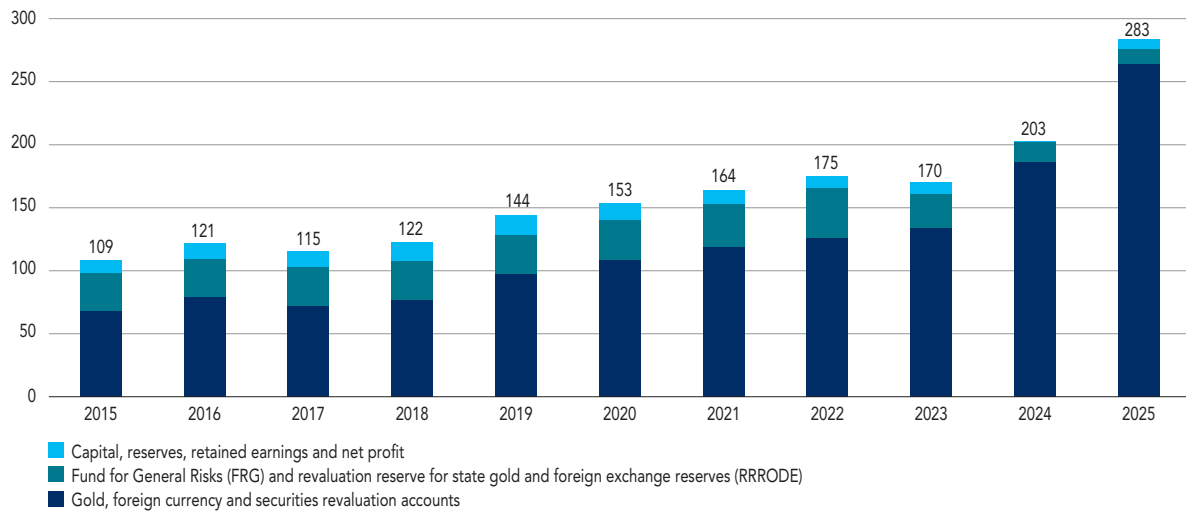


Source: Banque de France.

At the end of 2025, the Banque de France's net equity stood at EUR 283.4 billion, up EUR 80.7 billion year-on-year from EUR 202.7 billion at the end of 2024. This change is very largely due to the sharp rise in the price of gold, which was up 46% in 2025 alone (see Note 20

of the Annual Report). Furthermore, the Banque de France will make an allocation from profit for the year 2025 to clear the negative balance on retained earnings recorded at year-end 2024 (see Note 23 of the Annual Report).

Change in net equity (EUR billions)



Source: Banque de France.