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## GOLD AND RESERVE MANAGEMENT BANQUE DE FRANCE EXPERIENCE

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### Gold and BdF asset allocation:

*A changing environment long before the crisis...*


### BdF and Gold asset:

*Still a strategic asset...*

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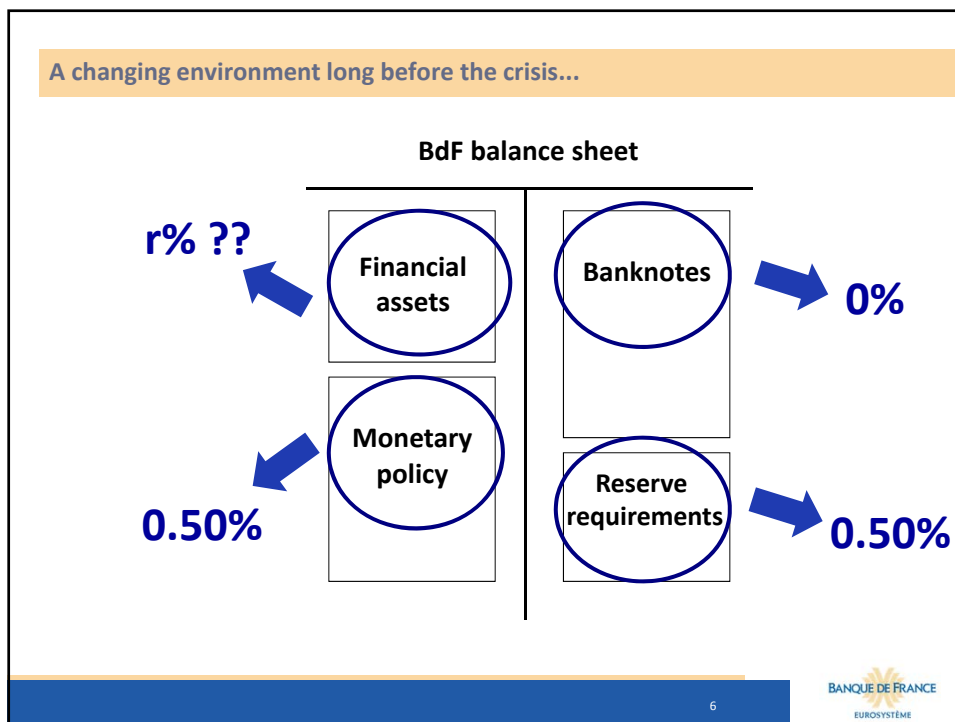
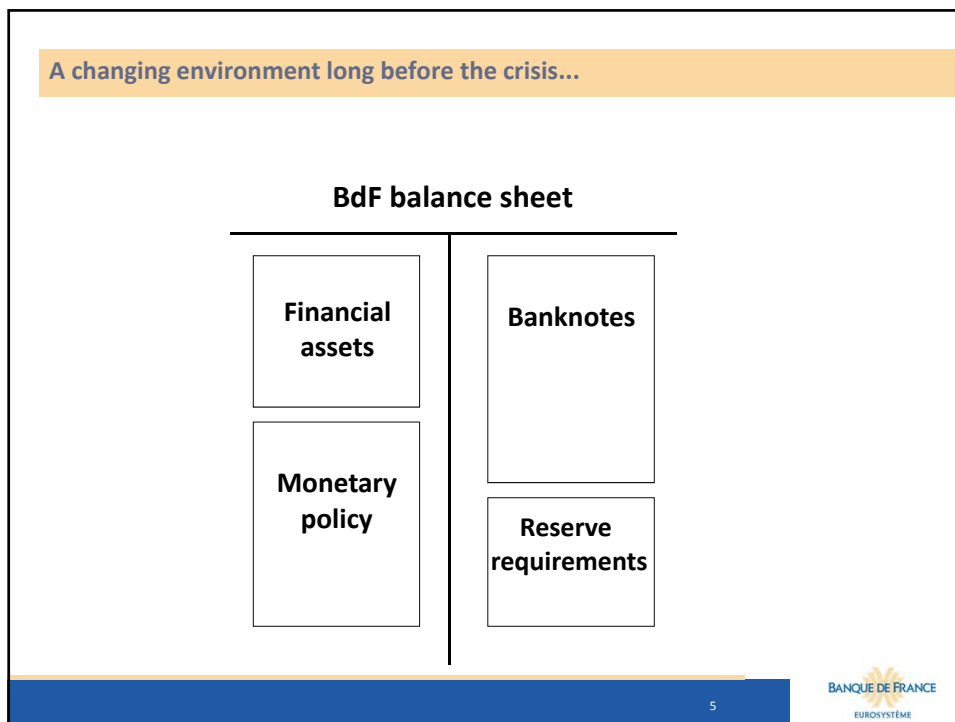


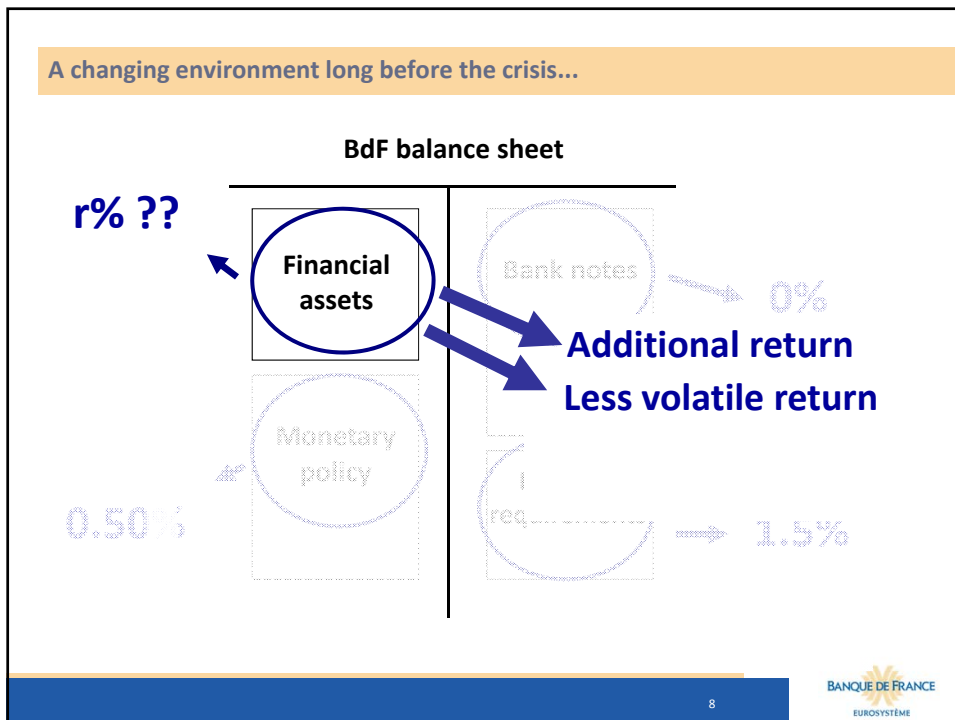
**A changing environment long before the crisis...**

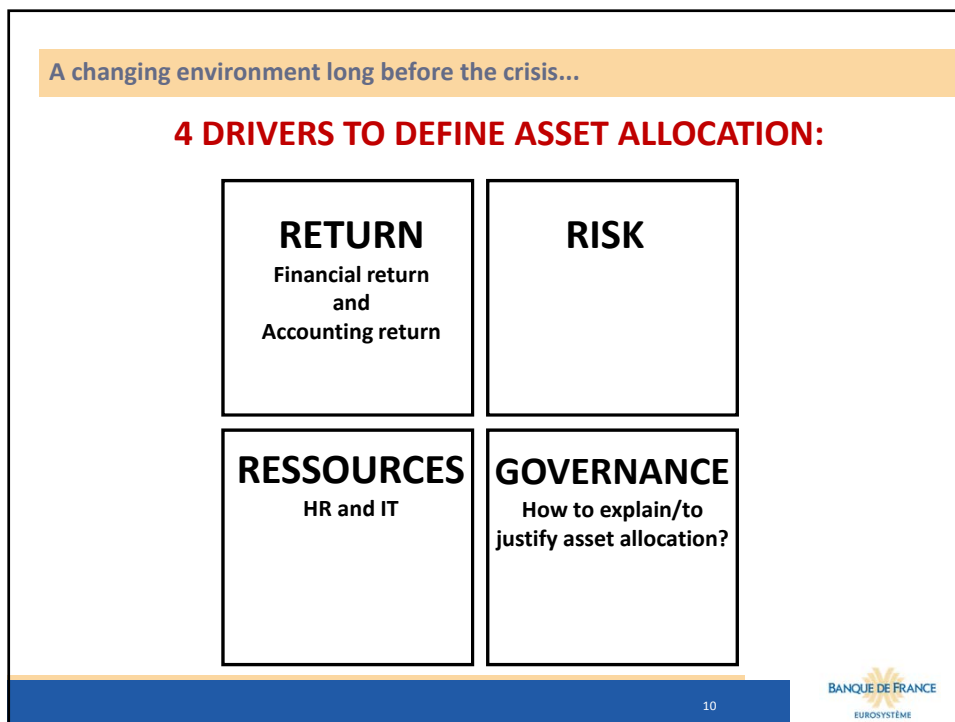
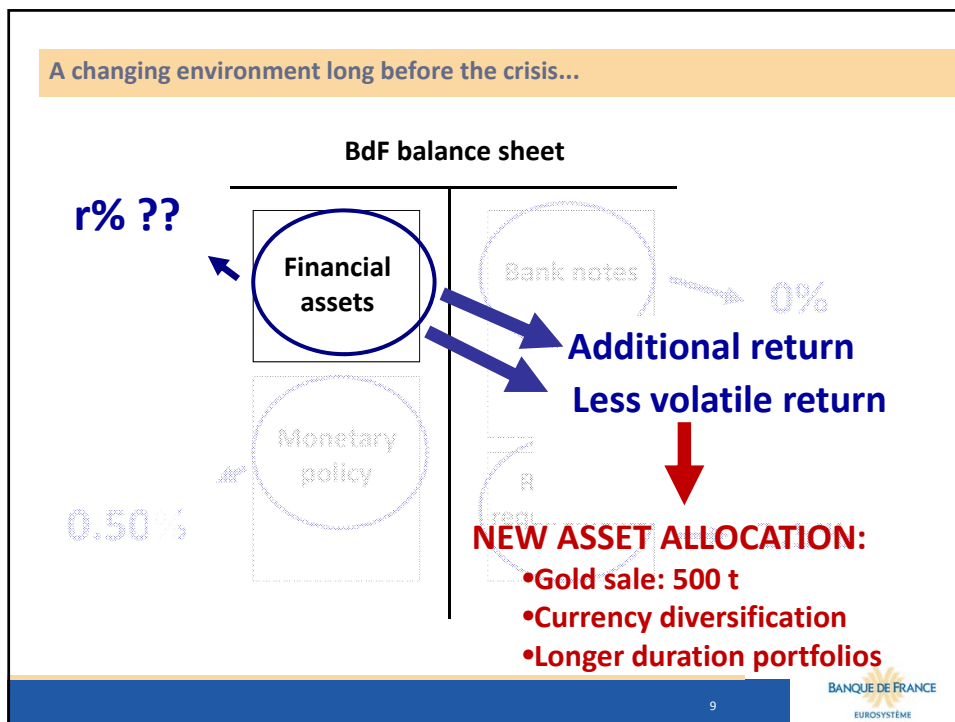
- Holding of FX reserves by the ECB alleviated liquidity constraint for management of NCBs FX reserves
- Public sector entities management turned towards cost efficiency and therefore best practices in terms of asset management
- Functioning of Eurosystem favors sharing of skills and therefore facilitates introduction of new financial instruments (Futures, options..)
- Wider dissemination of market finance knowledge especially among new staff
- New IT system matching markets standards (2004 with recurrent updates )

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A changing environment long before the crisis...

**4 DRIVERS TO DEFINE ASSET ALLOCATION:**

|   |  |
|---|--|
| <p><b>RETURN</b><br/>Financial return<br/>and<br/>Accounting return</p> <p>GOLD = 😞</p> | <p><b>RISK</b></p> <p>GOLD = 😊</p>   |
| <p><b>RESSOURCES</b><br/>HR and IT</p> <p>GOLD = 🙄</p>                                  | <p><b>GOVERNANCE</b><br/>How to explain/to<br/>justify asset allocation?</p> <p>GOLD = 🙄</p> |

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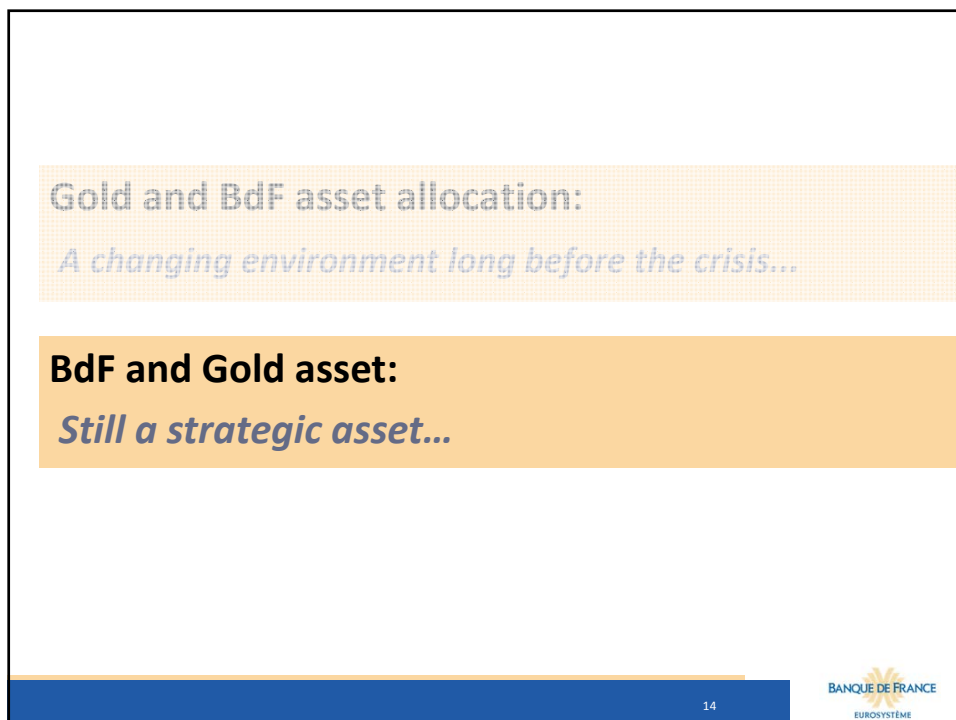
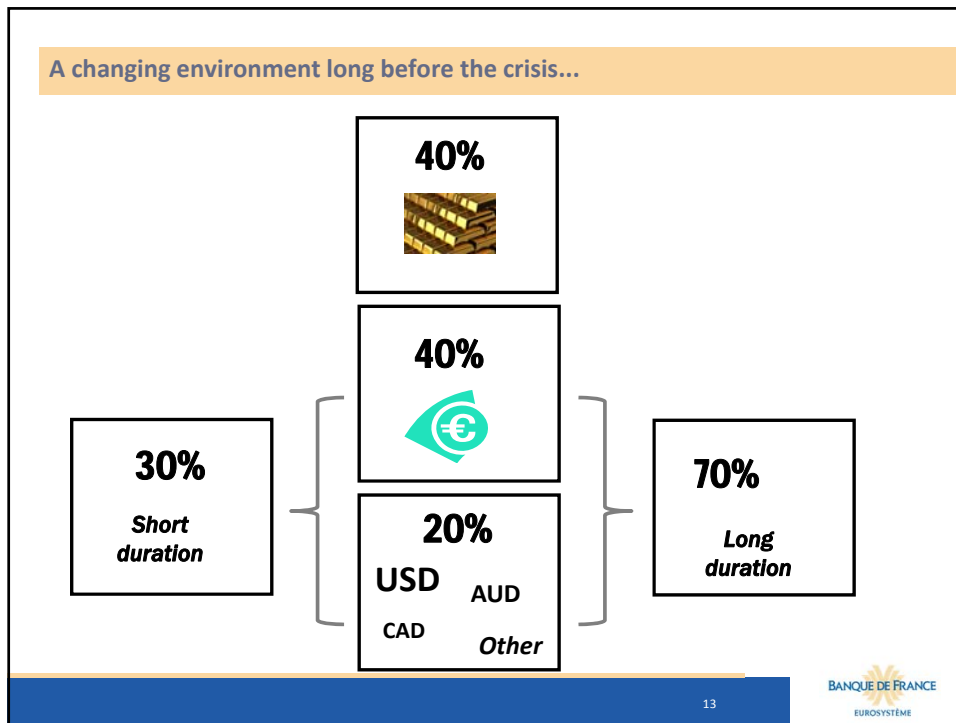
BANQUE DE FRANCE  
EUROSISTÈME

A changing environment long before the crisis...

- 516 tons sold over 4 years (Sept 2004 – Sept 2009) for an amount of 7.8 GEUR (from June 1968 to June 1969 BdF sold 1 538 tons)
- Current gold holdings : 2 435 tons

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Still a strategic asset...



- 91% located in Paris and 9% abroad
- Bars are not all LGD but improvement still on going

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Still a strategic asset...

- No plan to sell gold
- BdF still active in the gold market (1/2) for its own account: trading desk in gold / Loan restart still pending
- BdF still active in the gold market (2/2) for Central Banks and official institutions :
  - Custody
  - Buy/sell
  - Gold deposits
  - Gold Swap

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Questions ?