Gold and BdF asset allocation:

* A changing environment long before the crisis...

BdF and Gold asset:

* Still a strategic asset...
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)
A changing environment long before the crisis...

**BdF balance sheet**

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>Banknotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monetary policy</td>
<td>Reserve requirements</td>
</tr>
</tbody>
</table>

0.50% 0.50% 0% 0.50%

r% ??
A changing environment long before the crisis...

- Low yields environment already met in the 2000s:

![Chart showing interest rates over time]

BdF balance sheet

<table>
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<tr>
<th>Financial assets</th>
<th>Additional return</th>
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<td>Monetary policy</td>
<td>Less volatile return</td>
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- Additional return
- Less volatile return
A changing environment long before the crisis...

**BdF balance sheet**

- Financial assets

**Additional return**

- Less volatile return

**NEW ASSET ALLOCATION:**

- Gold sale: 500 t
- Currency diversification
- Longer duration portfolios

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**4 DRIVERS TO DEFINE ASSET ALLOCATION:**

- **RETURN**
  - Financial return and Accounting return

- **RISK**

- **RESSOURCES**
  - HR and IT

- **GOVERNANCE**
  - How to explain/to justify asset allocation?
A changing environment long before the crisis...

4 DRIVERS TO DEFINE ASSET ALLOCATION:

- **RETURN**
  - Financial return and Accounting return
  - \( \text{GOLD} = \rightarrow \)

- **RISK**
  - \( \text{GOLD} = \rightarrow \)

- **RESSOURCES**
  - HR and IT
  - \( \text{GOLD} = \rightarrow \)

- **GOVERNANCE**
  - How to explain/to justify asset allocation?
  - \( \text{GOLD} = \rightarrow \)

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- 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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A changing environment long before the crisis...

Gold and BdF asset allocation:

BdF and Gold asset:

Still a strategic asset...
Still a strategic asset...

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

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 depositis
  - Gold Swap
Questions?