8 December 2011

EBA test on European banks' capital requirements:

Results for French banks

The European Banking Authority has conducted an exercise to highlight possible capital shortfalls in order to address concerns over sovereign debt exposures, the terms of which were approved by the European Council of 26 October 2011.

The provisional results, published on 27 October 2011, were drawn up on the basis of data as of 30 June 2011, but the final determination of European banks' capital requirements is based on sovereign debt exposures as of 30 September 2011.

71 institutions, chosen from among those already included in the July 2011 stress test, were submitted to the exercise which aimed at building a capital buffer for demonstrating banks' ability to withstand various shocks while maintaining an adequate level of capital.

Banks are required to meet a "Core Tier 1" target ratio of 9% by the end of June 2012, including an impact reflecting the market values of European sovereign debt exposures as of 30 September 2011. A methodological note has been published on the EBA website (www.eba.europa.eu).

For the four French banks involved in the exercise – BNP PARIBAS, BPCE, CREDIT AGRICOLE and SOCIETE GENERALE which represent over 80% of the French banking sector – the total capital shortfall amounts to EUR 7.3 billion, an improvement from the provisional result of EUR 8.8 billion, due in particular to positive earnings recorded in the third quarter of 2011 by the four banks. Christian Noyer, Chairman of the *Autorité de contrôle prudentiel* (French Prudential Supervisory Authority) welcomed these good results and recalled that the increase in bank capital would not involve any government support.

Banks are required to submit their capital planning by 13 January 2012 to the *Autorité de contrôle prudentiel*, showing their ability to reach the "Core Tier 1" target ratio of 9% by 30 June 2012.

The detailed situation of individual banks is presented in appendix.

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Appendix

Capital requirements resulting from the EBA coordinated exercise

Situation as at 30 September 2011	Core Tier ratio 1 after application of CRD3 (1)	Core Tier 1 ratio after application of CRD3 (1) and of the buffer on sovereign exposures (2)	Capital shortfall relative to objective of 9% after application of CRD3 and of the buffer on sovereign exposures (2)	*of which buffer on sovereign exposures* *(2)*
BNP PARIBAS	**9.16%**	**8.76%**	**1.5 EUR billion**	***2.5 EUR billion***
BPCE GROUP	**8.34%**	**8.11%**	**3.7 EUR billion**	***1 EUR billion***
CREDIT AGRICOLE GROUP	**9.23%**	**9.23%**	**0**	***0***
SOCIETE GENERALE	**8.42%**	**8.42%**	**2.1 EUR billion**	***0***

(1) The calculation includes the estimated impact of CRD3 (due to come into effect on 31 December 2011) on the Core Tier 1 ratio as at 30 September 2011. It therefore differs from the regulatory requirement in force at the same date.

(2) Capital buffer calculated in accordance with the methodological note published by the EBA (www.eba.europa.eu) by reference to market values at 30 September 2011.