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PRESS RELEASE

**Publication of 2016 stress tests by the European Banking Authority:
the solidity of French banks and the relevance of the their universal banking
model confirmed once again**

French banks have once again passed the stress tests conducted by the European Banking Authority (EBA).

The tests showed that French banks would be among the least affected by a crisis in Europe. In the test scenarios, which are based on a more severe methodology than in 2014, the impact on French banks' equity was below the European average and they would still have a satisfactory level of capital. Their resilience is therefore confirmed.

“After the positive results of November 2014, the 2016 stress test results confirm once again the robustness of French banks. The relevance of our universal banking model ensures proper diversification of risks and income, and proper financing of the economy”, said Marie-Anne Barbat-Layani, general director of the French Banking Federation (FBF).

Background:

On 29 July the EBA released its 2016 stress tests findings of European banks, launched the 24 February. The EBA's tests, conducted in coordination with the ECB and the Bank of England, targeted 51 EU banks accounting for about 70% of the banking system, including 37 in the euro zone. The EBA's 2014 tests were conducted when the Banking Union and the Single Supervisory Mechanism were being set up, covering a perimeter of 123 banks, including 103 in the euro zone.

The 2016 scenarios dealt with the main risks facing banks, including credit risk, market risk, operating risk, their business model's sensitivity to the macroeconomic environment, and reputational risk. Compared to the 2014, the methodology of these tests increases the level of requirements for all stress-tested banks.

In 2014, the stress tests had set a threshold of “success” based on capital levels under stress scenarios. The methodology is different in 2016, in that banks don't have to achieve a minimum capital, as in 2014. For the first time, the EBA's test results will serve as a basis for discussion between each bank and its supervisor within the framework of the Supervisory Review and Evaluation Process (SREP). The European regulator's stress tests are now a long-term bank supervision tool.

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