



Press Release

Paris, 28 July 2023

Results of the 2023 stress tests carried out by the European Banking Authority and the European Central Bank

On the 31st of January 2023, the European Banking Authority (EBA) launched a stress test that covered the 70 largest European banking groups, including 57 banking groups under direct supervision by the European central bank (ECB), and representing approximately 75% of the European banking system's total assets. Concurrently, and on the same day, the ECB launched an additional stress test on another set of 41 banks under its direct supervisory remit.

The aim of these tests is to assess the resilience of the largest European banking groups against especially adverse macroeconomic and financial shocks, in order to ensure that these banks hold sufficient levels of own funds to withstand them. In both cases, the EBA and the ECB used the same scenarios and methodology.

7 French banks were included in the scope of the EBA-led stress test: BNP Paribas, Bank of America Securities Europe, BPCE Group, Crédit Agricole Group, Crédit Mutuel Group, La Banque Postale and Société Générale. 3 French institutions were included in the additional stress test led by the ECB: Bpifrance, RCI Banque and SFIL.

The final results of these tests are published today by the EBA and the ECB:

[EBA publishes the results of its 2023 EU-wide stress test | European Banking Authority \(europa.eu\)](#) [Link 2023 stress test of euro area banks \(europa.eu\)](#)

Participating banking institutions have carried out solvency and leverage ratio projections over a three-year horizon according to a baseline scenario based on the macroeconomic forecasts published by central banks in December 2022. The banks involved also provided additional projections corresponding to an adverse scenario deemed severe but plausible.

The adverse scenario considered is more severe than both that of the financial crisis of 2008 and those applied in the course of the previous stress tests led by the EBA. The assumptions of this scenario include, for France, a cumulative drop in real GDP by 5.7% over the three-year span of the exercise, while at the same time, the country's unemployment rate would rise and the value of financial and real estate assets would decrease significantly. Moreover, the methodology used in the stress-testing exercise imposes specific constraints to ensure that financial projections are very conservative; to that end, the increase in interest rates assumed by the scenario must be reflected on a major proportion of customers' overnight deposits, in line with the assumption of a swift and massive transfer to interest-bearing liabilities.

Given these prudent assumptions and the particularly unfavourable conditions assumed in the adverse macroeconomic and financial scenario, the results of the stress tests make it possible to confirm the resilience of the French banking system as a whole, thanks to its sound shock-absorption capacity. Indeed, the aggregate CET1 ratio of French banks would decrease from

15.5% to 9.3% (down by 6.2 points), and the leverage ratio would go down from 5% to 3.6% (down by 1.4 point).

The results of this stress test must also be assessed in light of the new IFRS 17 accounting framework to measure the financial soundness of banks through prudential ratios¹. The institutions concerned were given the opportunity to submit additional projections based on the IFRS 17 standard that is now in force, thus making it possible to verify that each of the participating banks is sufficiently robust should the adverse scenario materialise.

The results of this stress test are also taken into consideration as part of the supervisory review and evaluation process (SREP).

About the ACPR

The Autorité de contrôle prudentiel et de résolution (ACPR) is the administrative authority operationally attached to the Banque de France that supervises the banking and insurance sectors and ensures financial stability. The ACPR is also responsible for protecting the customers of the supervised institutions and ensuring the fight against money laundering and the financing of terrorism. It also has resolution powers. The ACPR's operational departments come under its General Secretariat.

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¹ In line with the methodology set out by the EBA, the projections stemming from these stress tests are based on the accounting and regulatory frameworks in force as at 31 December 2022. More specifically, they do not take into account the transition to the new IFRS 17 accounting standard concerning insurance contracts, which has been applicable since 1 January 2023 and better reflects the economic reality of insurance liabilities. For several banks with large insurance subsidiaries, this methodological constraint results in significant differences between solvency ratios, those measured under the new accounting framework being higher.