

# **Les régulations financières: un point de vue européen**

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Table Ronde LECE

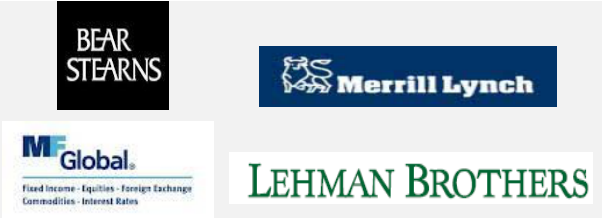
5 Juin 2015

# All types of banking structures were affected by the crisis

## Bankrupt or taken over

## Kept alive with a bailout

### Investment Banks



### Universal Banks



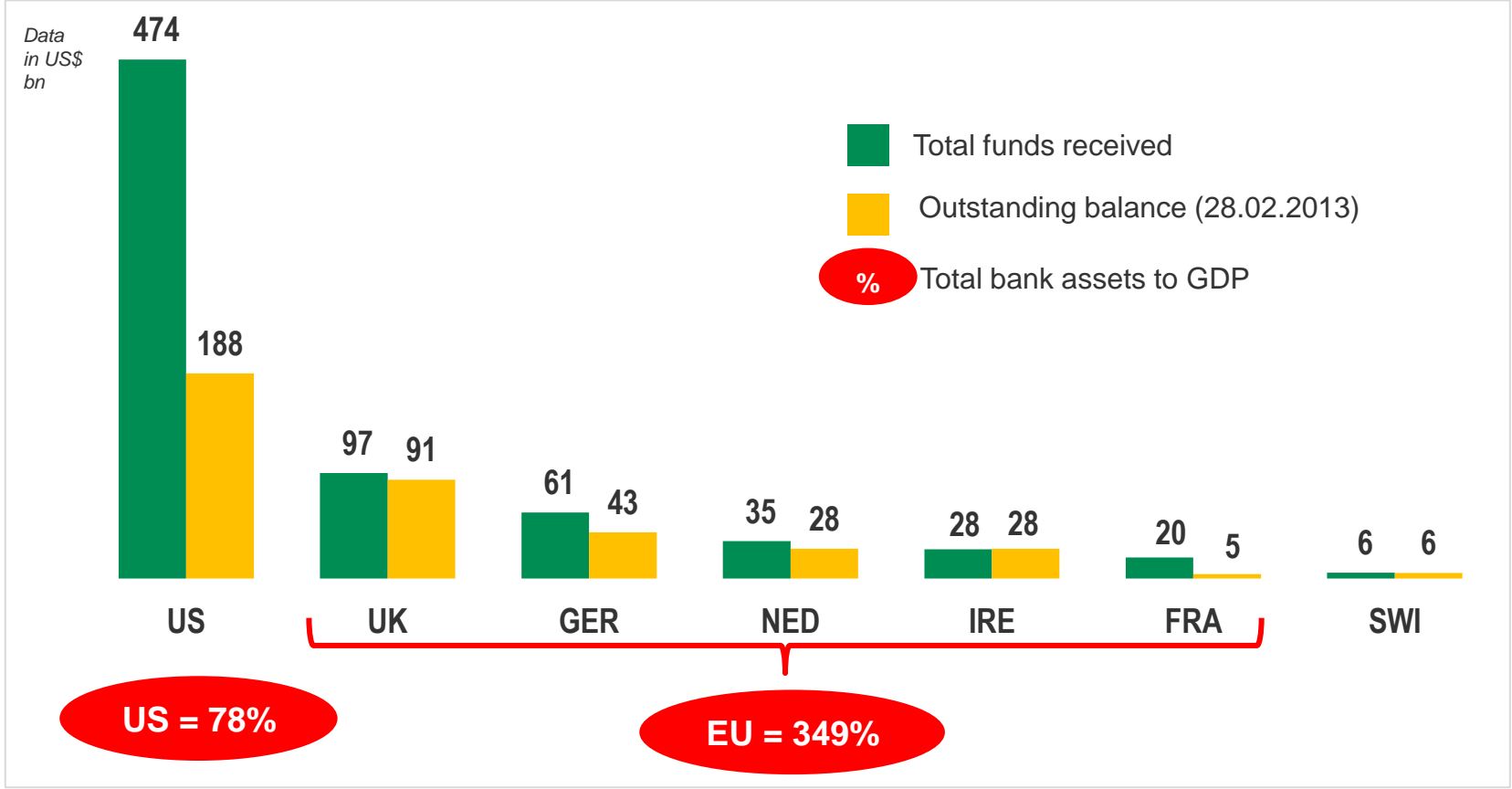
### Retail specialised banks



### Wholesale specialised banks



# The magnitude of banking rescues explains the excitement of wounded countries on banking reforms

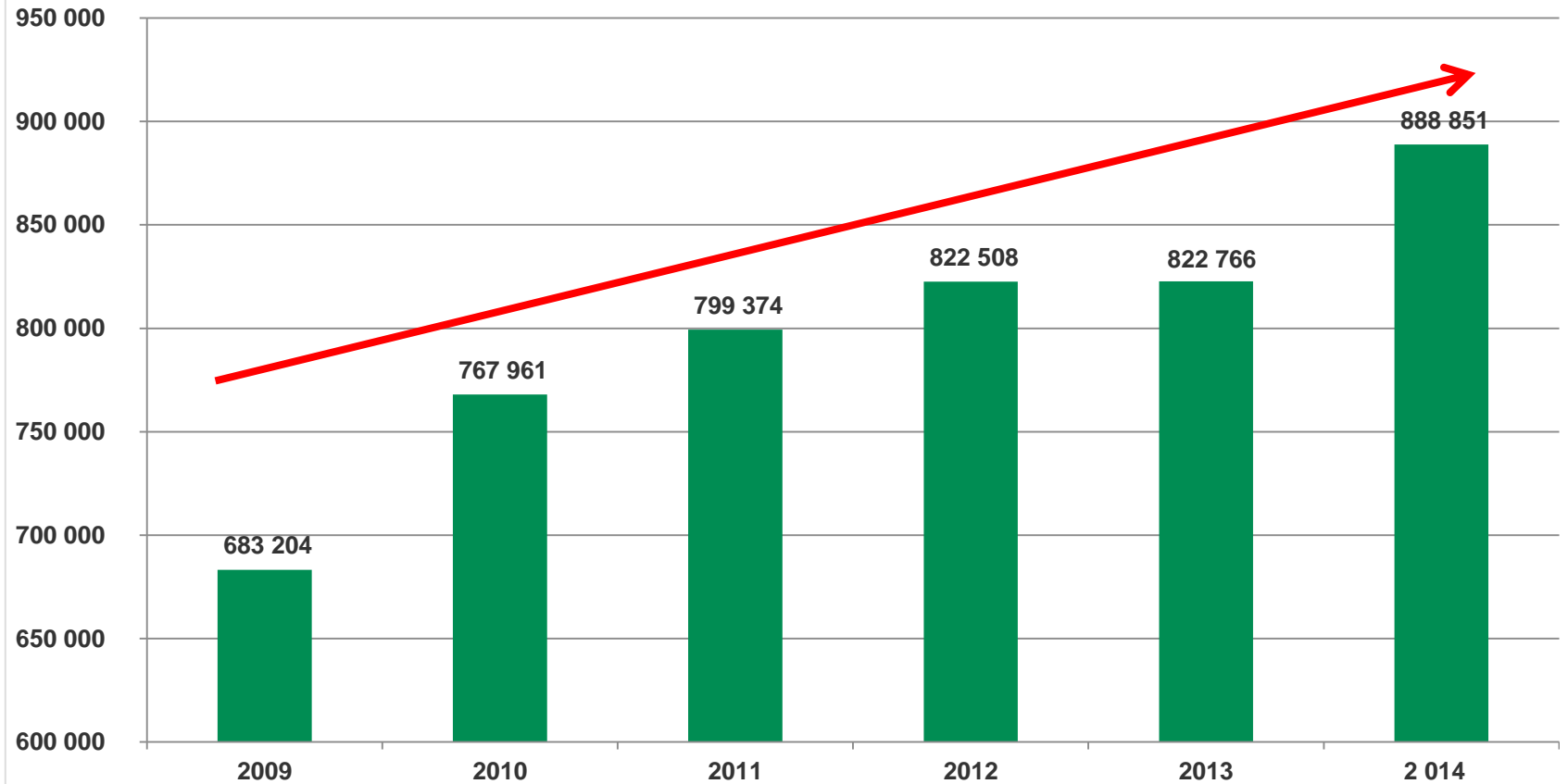


Source : Bloomberg KPMG

> Given the smaller weight of US banks vs. EU (1/4), the size of US rescues is huge

# Regulation has led to massive increases in bank capital for European Banks since 2009

> Total Common Equity Tier 1 of a sample \* of European Banks (in € mln)

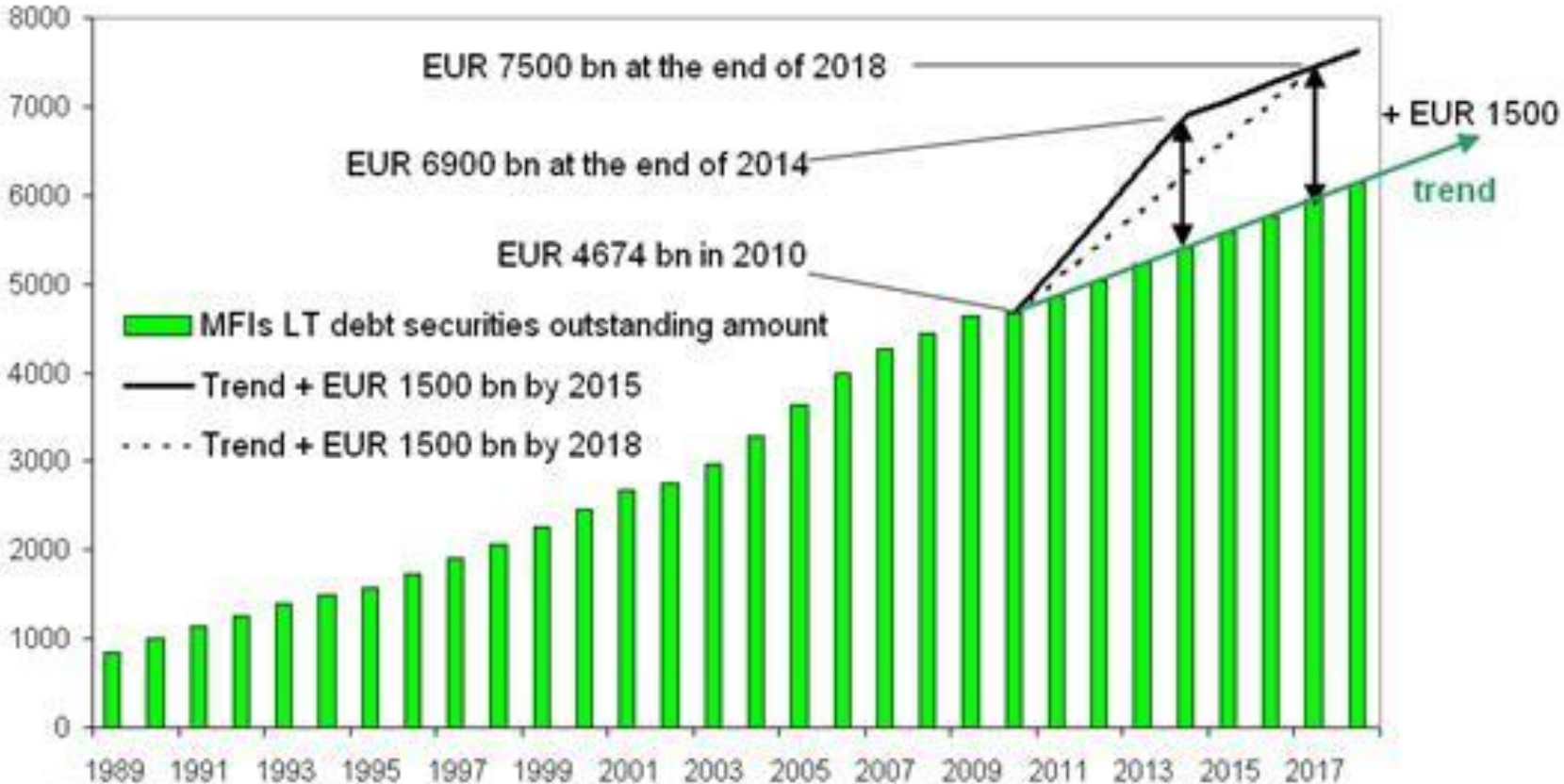


(\*) EU banks: SG, BNPP, BBVA, Santander, Deutsche Bank, Commerzbank, Intesa Sanpaolo, Unicredit, HSBC, Barclays, RBS, Lloyds, UBS, Credit Suisse

The NSFR would massively expand (~+25%) the outstanding long-term debt of Eurozone banks...

### Euro area MFIs\* long term debt securities

Outstanding amounts, EUR bn



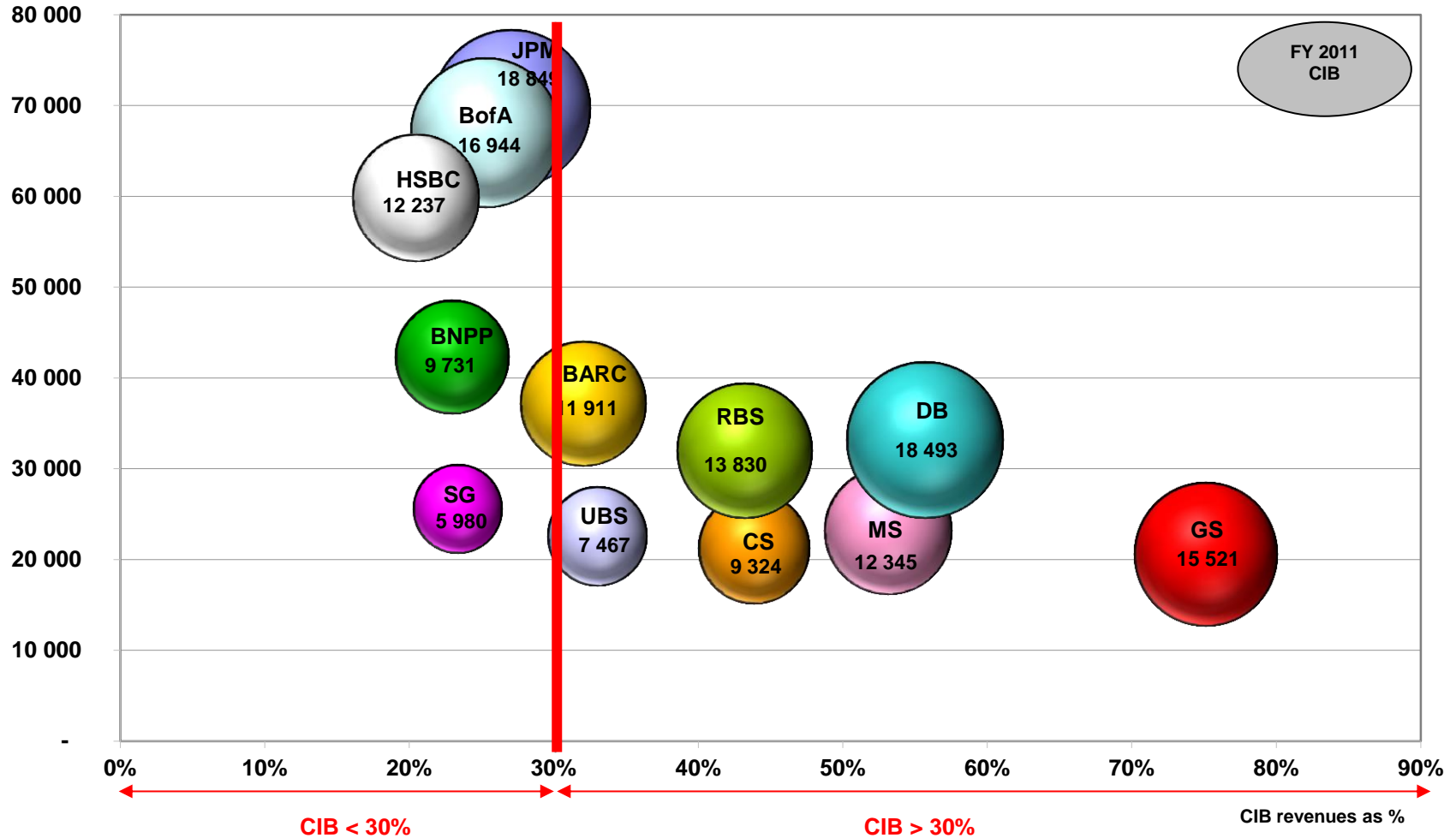
Source ECB,

\* Monetary and Financial Institutions consist of Credit institutions and Monetary mutual funds

# Excessive weight of CIB increases banks' vulnerability

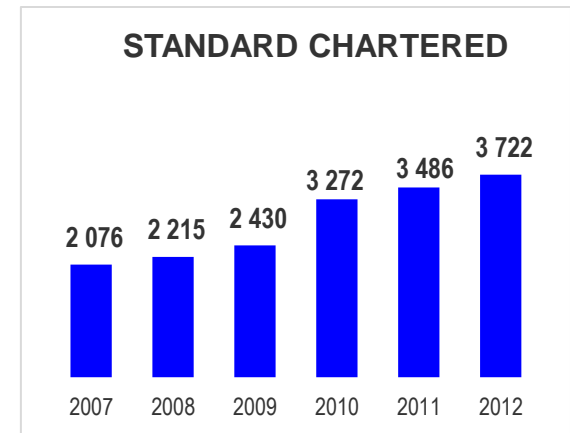
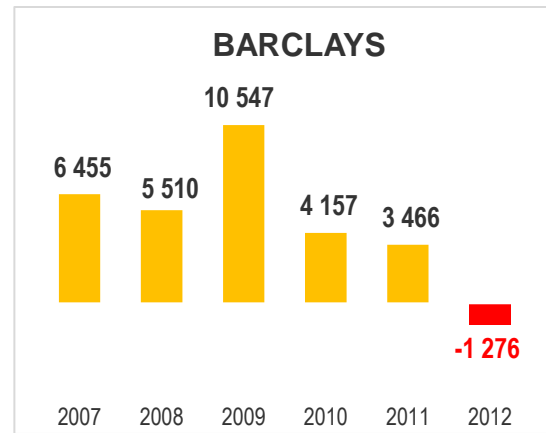
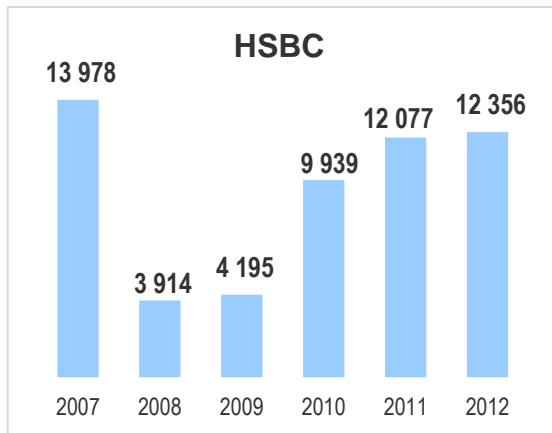
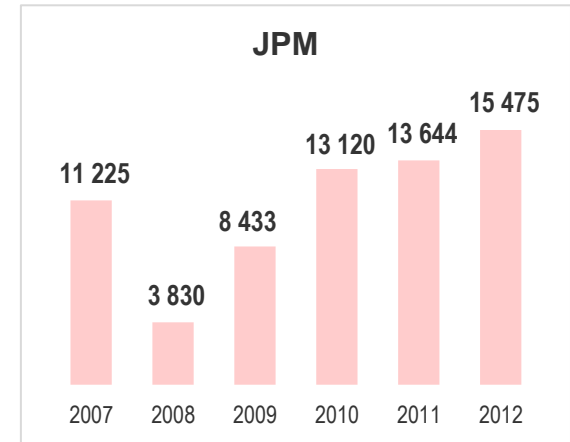
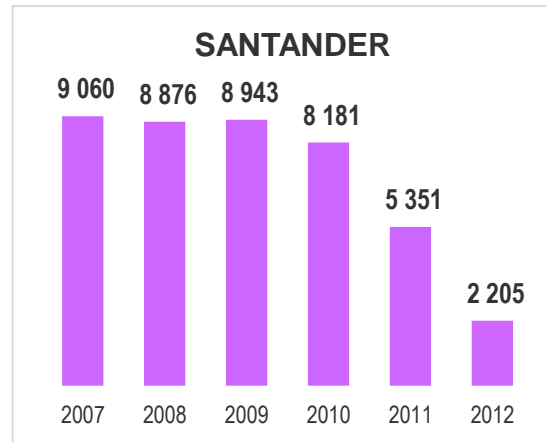
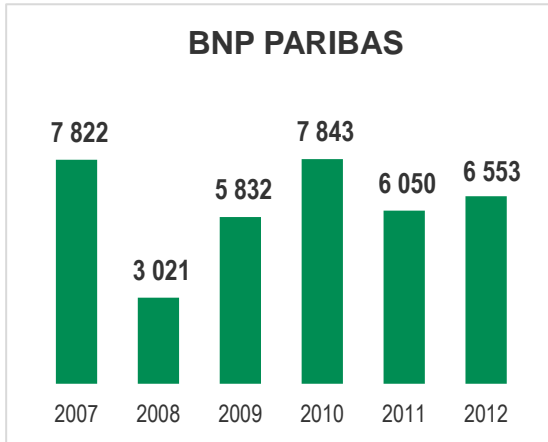
FY 2011 Group revenues

## BENCHMARKING OF CIB REVENUES IN FY 2011



# Universal banking: a model that has performed well during the crisis

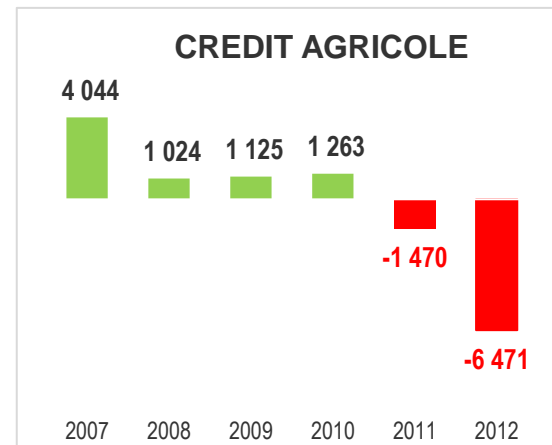
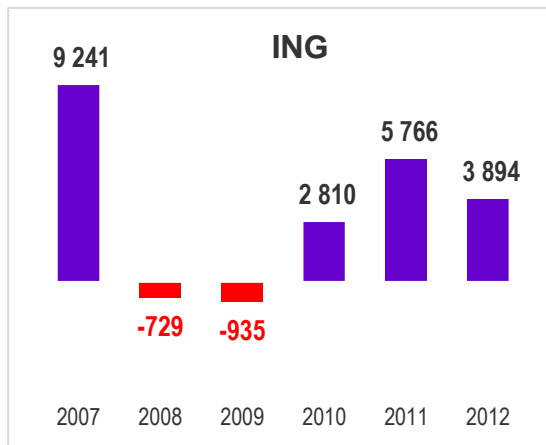
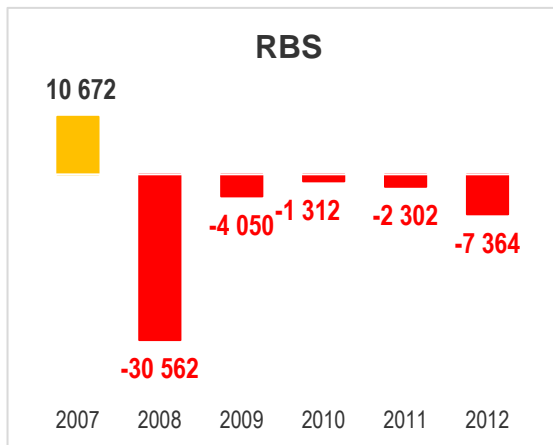
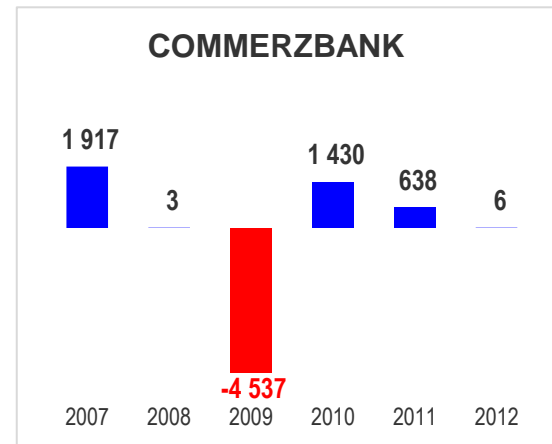
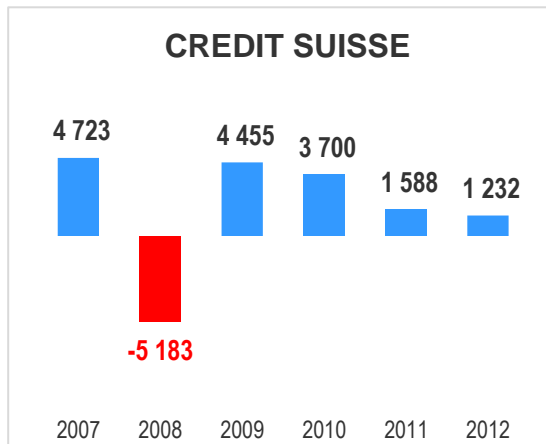
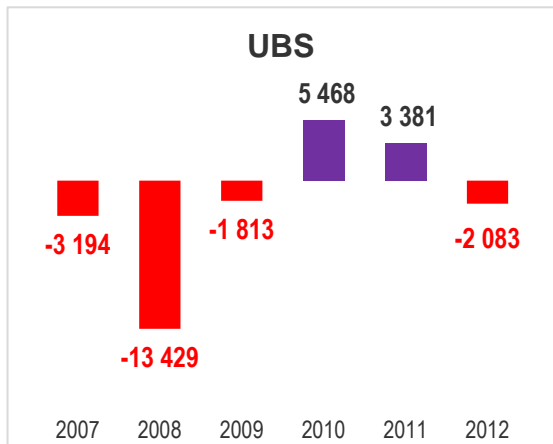
Evolution of net profit 2007-2012 (in € ml)



**Some universal banks have perfectly withstood the crisis...**

# ... but universal banks were not always successful

Evolution of net profit 2007-2012 (in € ml)



Source: Bloomberg

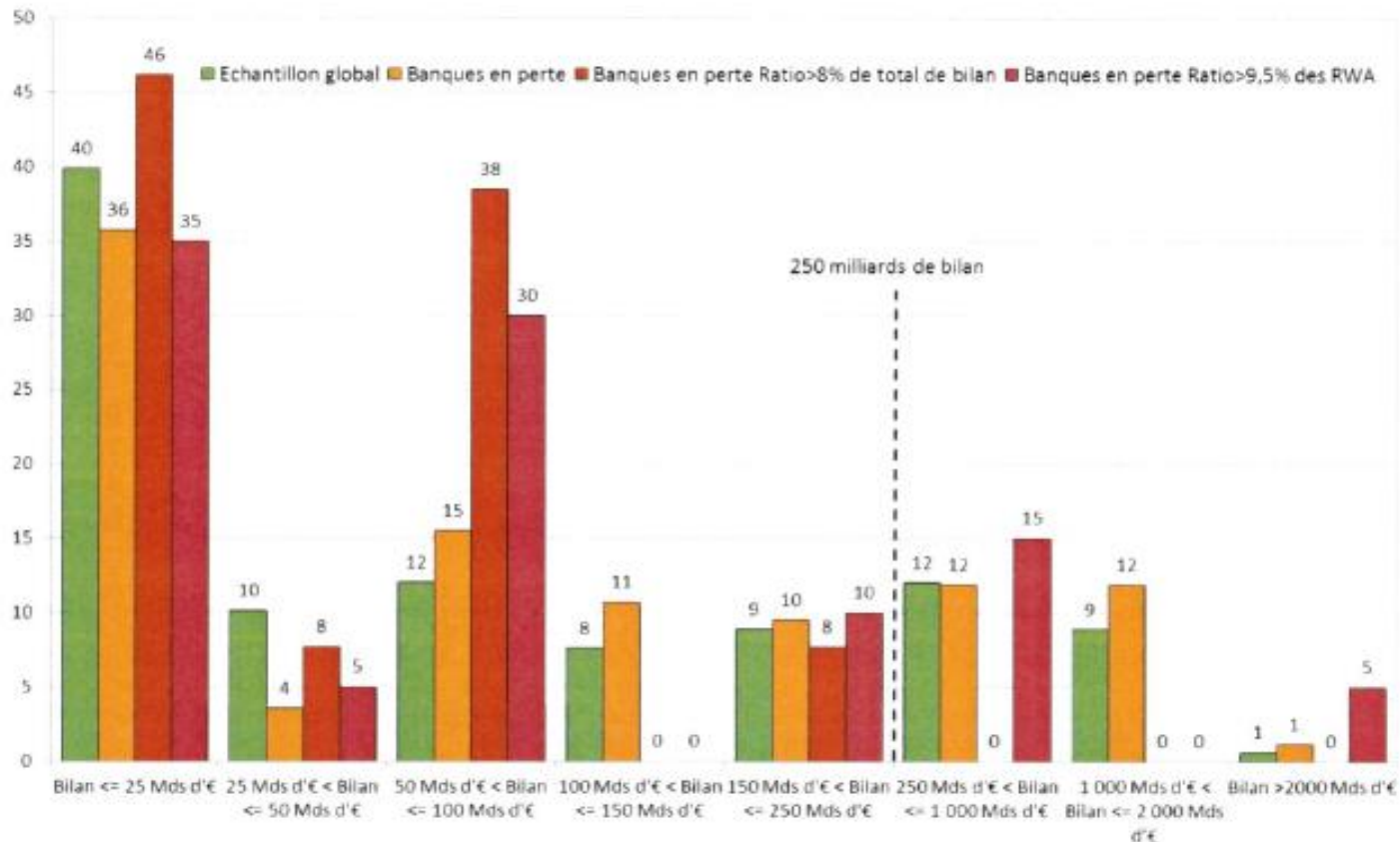


**Bad strategic choices, management mistakes or insufficient supervision are at the origin of reported losses**



# The higher losses were coming from small and medium size banks

## > Distribution of bank losses according to size (total assets end-2007, as a %)



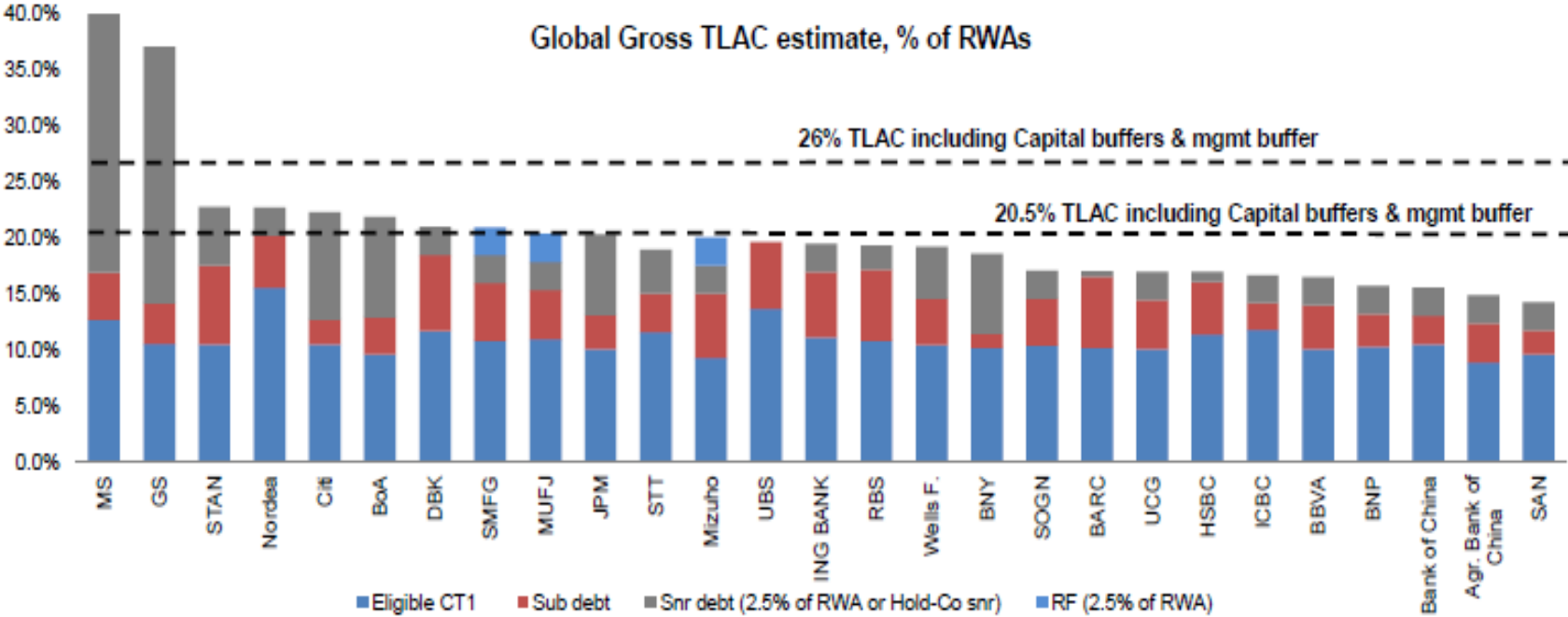
Sources : Bankscope et communiqués des établissements

Source : BNP Paribas

> **Losses are concentrated on smaller banks. For large banks (total assets > €250bn), losses are less than 8% of total assets**

# TLAC: a radical shift from a 10-12% capital buffer (Basel 3) to a 20-25% hurdle !!

## > Global TLAC including Capital Buffers

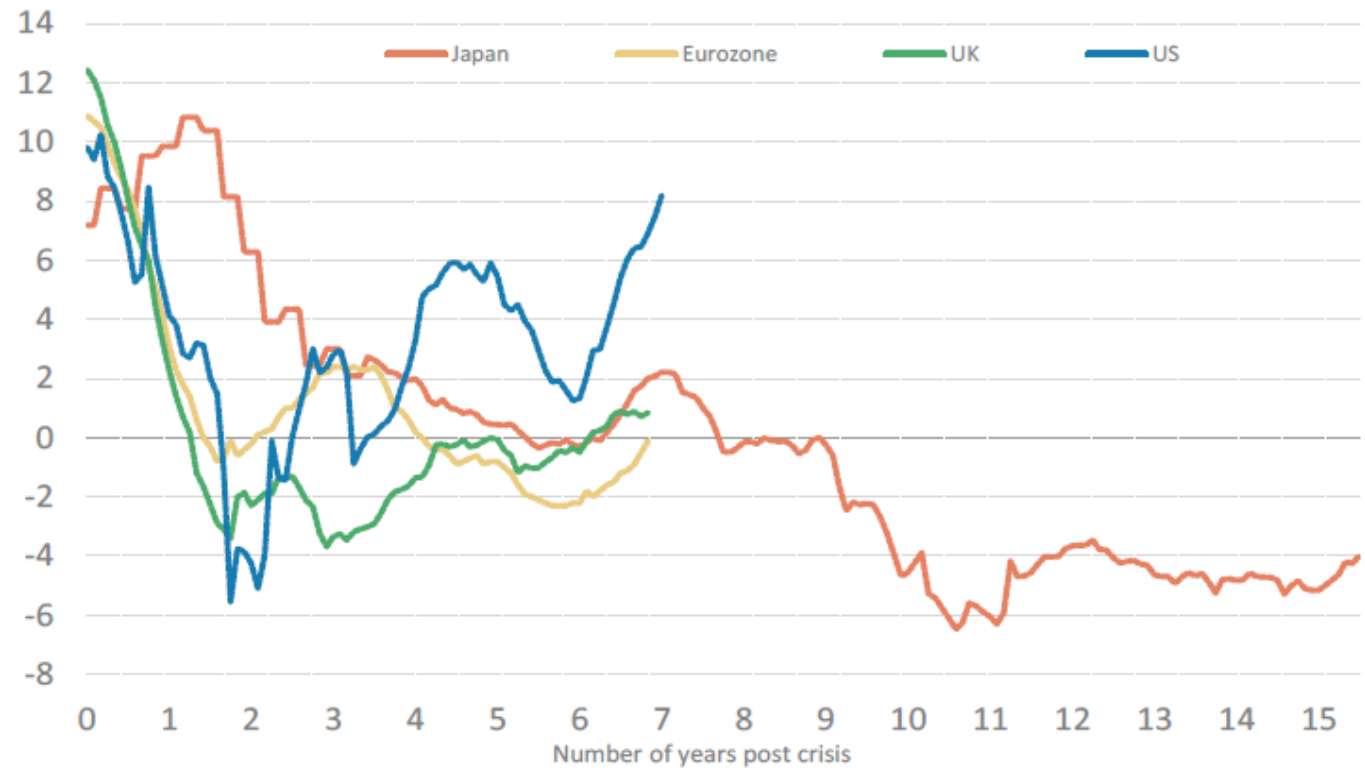


Source: Credit Suisse research. \*We include B3 Capital buffers and a 1% management buffer

> **The TLAC regime is tailored to the largest US global institutions and will hurt EU banks**

# Compared to the US and the UK, Eurozone lending dynamics remain weak

Yoy growth in lending



Source: Bank of Japan, FED, ECB (using private sector lending adjusted for sales and securitisations), Morgan Stanley Research. Latest data as at Jan 2015.

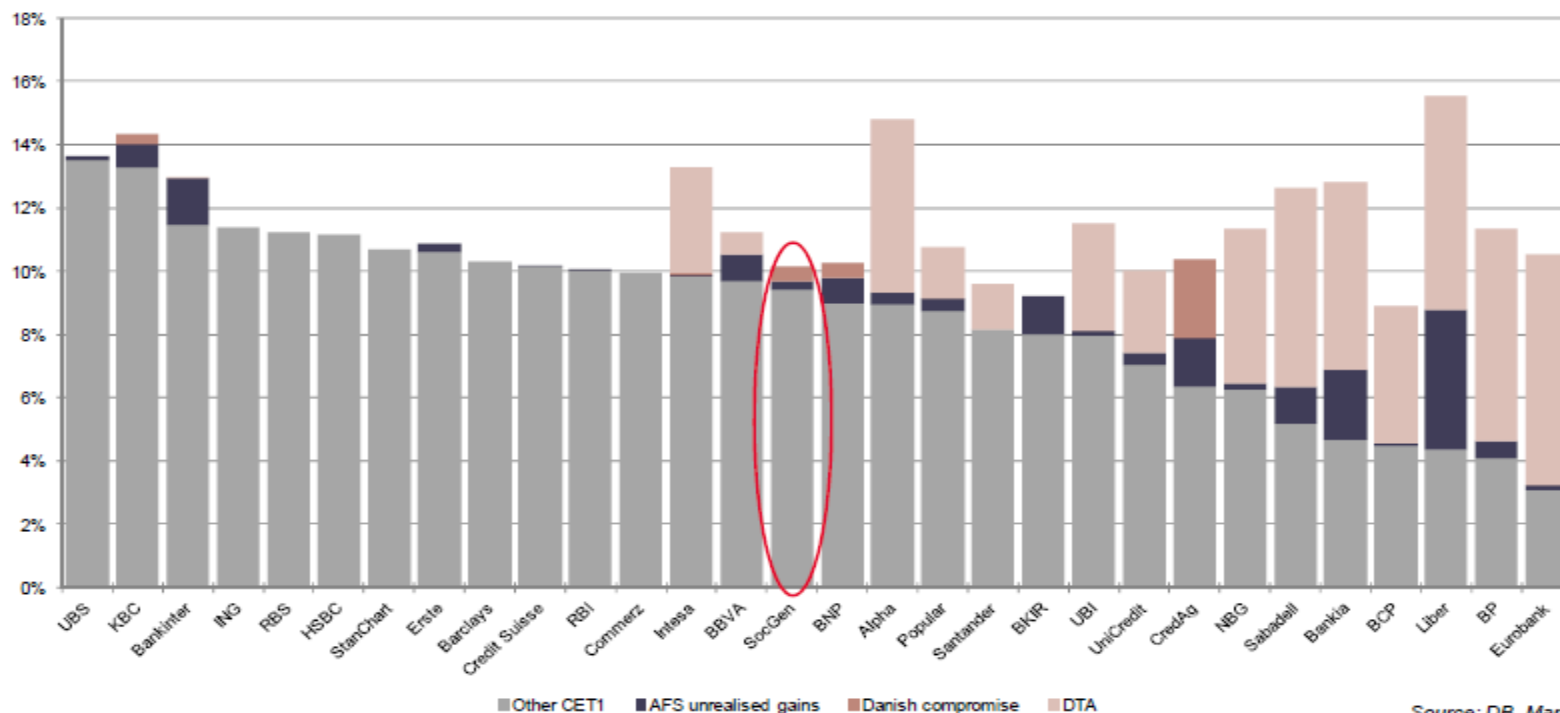
> **Credit de-leveraging seven years after the crisis explains in part the sluggishness of Eurozone economy**

# National discretions in capital requirements are particularly significant in Europe

SOCIETE GENERALE GROUP

**SOCIETE GENERALE HAS A SOUND CAPITAL POSITION**

2014 reported CET1 vs. national discretions



Source: DB, March 2015

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