

Biggest French Banks May Have Ratings Cut by Moody's on Greek Holdings

By **Helene Fouquet** –

Sep 11, 2011 1:27 AM GMT-0500

[BNP Paribas \(BNP\)](#) SA, [Societe Generale SA](#) and [Credit Agricole SA \(ACA\)](#), [France's](#) largest banks by market value, may have their credit ratings cut by Moody's Investors Service as soon as this week because of their Greek holdings, two people with knowledge of the matter said.

Moody's placed the three banks' ratings on review in June to examine "the potential for inconsistency between the impact of a possible Greek default or restructuring and current rating levels," the rating company said at the time. Cuts are likely as the review period concludes, said the people, who declined to be identified because the matter is confidential. Group of Seven finance chiefs vowed on Sept. 9 to support banks and buoy slowing economic growth as [Europe's](#) debt crisis roiled financial markets and threatened a global recession. Renewed fears that European policy makers are failing to prevent a Greek default and contain their debt woes prompted investors to sell stocks and push the euro to a six-month low against the dollar. European bank and sovereign credit risk reached all-time highs as 10-year Treasury and German bund yields fell to record lows on demand for a haven.

"We will take all necessary actions to ensure the resilience of banking systems and financial markets," G-7 finance ministers and central bankers said in a statement released during talks in Marseille, France.

Moody's currently rates BNP Paribas' long-term debt at Aa2, the third-highest investment grade. [Credit Agricole](#) is rated Aa1, the second highest, while [Societe Generale \(GLE\)](#) is Aa2.

www.obela.org

12-Septiembre-2011

Stocks Decline

Credit Agricole spokeswoman Anne-Sophie Gentil declined to comment late yesterday, as did BNP Paribas spokesman Antoine Sire. Societe Generale spokeswoman Laetitia Maurel said she couldn't immediately comment. Voicemail messages left on the mobile and office lines of Moody's chief European spokesman Daniel Piels yesterday, outside of working hours, weren't immediately answered.

Societe Generale has dropped 55 percent in Paris trading since June 15, while Credit Agricole tumbled 45 percent and BNP Paribas has declined 42 percent. The Bloomberg Europe Banks and Financial Services Index of 46 companies has fallen 30 percent in the period.

The reviews of Credit Agricole and BNP Paribas are unlikely to lead to downgrades of more than one level, Moody's said when it put the banks under review. Societe Generale's debt and deposit ratings may be cut as much as two grades because of the "uplift it receives from systemic support, which is currently higher than average for the French banking system," the rating company said at the time.

Credit Agricole's main risk arises from its Greek subsidiary Emporiki Bank of [Greece](#) SA, Moody's said in June. Societe Generale, France's second-largest bank by market value, faces risks from its stake in General Bank of Greece. Credit Agricole is France's third-largest bank. BNP Paribas doesn't have a local unit in Greece and is instead at risk from direct holdings of Greek government debt, Moody's said.

To contact the reporter on this story: Helene Fouquet at hfouquet1@bloomberg.net

To contact the editor responsible for this story: James Hertling at jhertling@bloomberg.net;