

## **French Banks Losses From Crisis Total €20 Billion**

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PARIS: French banks have lost about €20 billion (\$28.5 billion) so far this year in the global financial crisis, but they remain much healthier than banks in the United States, France's finance minister said Monday.

Speaking on French radio station RMC, Christine Lagarde said French banks lost €1.5 billion (\$2.14 billion) last week alone because of the bankruptcy of Lehman Brothers Holding Inc., but added "there's nothing to worry about."

"All the banks in the world are necessarily affected," Lagarde said, adding "French banks are much more solid than American banks."

Lagarde said the French banking system is "solid" because it is "much more diversified and much more balanced than the American system."

Banks around the world have written off billions of euros in losses stemming from bad mortgage debt.

In the past two weeks, the U.S. government has taken over the two biggest U.S. mortgage companies, Fannie Mae and Freddie Mac, and its biggest insurance company, American International Group Inc., and stood by while the nation's fourth-largest investment bank, Lehman Brothers, was forced to declare bankruptcy and another investment giant, Merrill Lynch, was forced to sell itself to Bank of America.

U.S. Treasury Secretary Henry Paulson and Federal Reserve Chairman Ben Bernanke made a joint decision last week that the only way to stop the carnage was to deal with the root cause of all the troubles, billions of dollars of bad mortgage debt sitting on the books of major financial companies.

This debt has triggered the worst credit crisis in decades, causing credit markets to essentially freeze up last week despite the fact that the Fed joined with major central banks around the world to pump billions of dollars of reserves into the financial system.

The plan the administration has developed with support from the Fed would have the government buy up to \$700 billion of the bad loans, taking them off the books of financial firms with the hope that this will allow those companies to resume normal lending operations.

**Source: The Associated Press**