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RESULTS OF THE STRESS TESTS FOR SPANISH BANKS AND SAVINGS BANKS

Introduction

Today the Committee of European Banking Supervisors (CEBS) has published a report on the methodological aspects and results of the stress tests which were coordinated between the EU countries for a total of 91 credit institutions, 27 of which are Spanish. This exercise (hereafter "European exercise") in transparency has been undertaken thanks to the collaboration between the CEBS and the European Central Bank (ECB), which defined scenarios and a uniform methodology for calculations for all participant institutions. These scenarios (benchmark and adverse) incorporate stressed factors, and have a low probability of materialising, especially in the case of the adverse scenario. This information is available at:

<http://www.c-ebs.org/EU-wide-stress-testing.aspx>.

Likewise, the document, "Stress Tests 2010-2011: individual bank-by-bank results" is available on the Banco de España's website. It includes the results for the 27 Spanish institutions in the common format of the European stress test exercise including information on institutions' exposure to sovereign risk. The 27 Spanish institutions include all savings banks and all listed banks. This document also includes the additional information which it has been decided to disclose about Spanish institutions to help to dispel doubts about the Spanish banking system. These doubts centre largely on the situation of the savings banks and their exposure to the real estate sector. This additional information breaks down the hypothetical gross impairment losses on their main credit risk portfolio in the stressed scenarios mentioned earlier and the items which absorb these losses to arrive at the final impact on Tier 1 capital ("Tier 1").

This note presents and comments on this additional information about the stress tests for Spanish institutions from an aggregated perspective.

The stress tests are part of a far-reaching reform of the Spanish financial system, centred on the savings banks, which the institutions have been working on intensively for more than two years. The important features of this reform are: the integration of savings banks, which have decreased in number from a total of 45 to 19 institutions or groups, in addition to the CECA (the Spanish Confederation of Savings Banks), thus reducing the sector's capacity and increasing institutions' size; the recapitalisation of many of them;

and the new Savings Banks Law which equates them to banks in terms of the possibility of issuing core capital and professionalising their governing bodies.

Scope of the stress tests in the Spanish banking system

As indicated, the exercise was undertaken for all Spanish savings banks and listed banks.

In the case of the savings banks, which are being restructured through twelve integration processes, the exercise considered each of these processes as a unit, although they are at different stages.¹ The reason for this is that the objective of the exercise is to assess institutions' resilience in the face of various adverse scenarios; therefore, it is worth considering the institutions participating in each of these processes as a whole, since their resilience depends precisely on the outcome of each of these processes. Furthermore, the support committed by the FROB, which is taken into account in the exercise, has not been granted individually to each savings bank participating in a process but rather to the group of savings banks participating in the process, and on the basis of the situation of the group.

Annex I "Stress Tests 2010-2011" presents the results for the respective totals for the system, for savings banks, for internationally active banks and for other listed banks. The comments below refer to these aggregates. Nonetheless, it should be pointed out that these aggregate data arise from very different situations across institutions - as can be seen in the document which includes the individual results of each credit institution.

Content of the additional information: from hypothetical stressed gross impairment to the calculation of capital needed to reach Tier 1 of 6%.

The information is broken down for each of the two macroeconomic scenarios established and includes the following components:

Section A in the aggregate table presents the **cumulative gross impairment in 2010-2011 in each stressed scenario** by portfolio ("Cumulative gross impairment 2010-2011"). This is calculated by multiplying the loss rate of each portfolio in a stressed scenario by the amounts of the respective portfolios. In turn, this stressed potential loss rate is calculated as the product of "probabilities of default" and "loss given defaults" consistent with the macroeconomic scenarios used. In order to determine the specific values of the risk parameters to be used, the values observed in Spain in 2009 in each segment have been taken as a starting point and the rates of increase defined by the European Central Bank for 2010 and 2011 in the various scenarios have been applied. Furthermore, this section includes a line "impact of sovereign risk and others". This reflects the theoretical impairment for sovereign risk, both for trading book securities and for other assets which are subject to this risk, in this case as a consequence of the increases taken into account in the "probabilities of default" and the "loss given defaults". Among the other effects included in this line are the impacts on trading book assets and available for sales equity securities.

¹ Some of these processes have already been registered in the Mercantile Registers; others have been approved by the General Assemblies and are pending register and, lastly, some have been (or are about to be) approved by the Boards of Directors and are pending definitive approval by the institutions' General Assemblies.

Section B in the table presents the **available resources for absorbing cumulative gross impairment in a stressed scenario**: first, the stock of general and specific provisions and other provisions as at December 2009. Second, the net operating income estimated for 2010-2011 under the stressed assumptions and the institutions' unrealised capital gains on assets which may be disposed of during the term referred to in the exercise, net of the estimated restructuring costs of the integration processes under way. And, third, the tax effect is shown which would arise for future years from recording the impairment losses resulting from the stress tests. This deduction can be undertaken because the institutions, although they would record sizeable impairment losses in the stressed scenarios, would continue to have positive equity and, consequently, their continuity would be assured.

The difference between the hypothetical gross impairment and the resources for absorbing it is the **uncovered impairment net of taxes in a stressed scenario** ("Net impairment").

Section C includes the impact on Tier 1. The first figure presented is the amount of Tier 1 and the Tier 1 ratio as at December 2009. Then, the amount of "net impairment" is deducted. The effects arising from "dividends, fair value of mergers and other" are added or subtracted to this result, to arrive at the stressed figure of Tier 1 and the stressed Tier 1 ratio as at December 2011 (without taking into account support committed by the FROB). The heading "dividends, fair value of mergers and other" includes:

- Dividends: estimated dividends payable in the period 2010-2011;
- Fair value of mergers: variations in reserves originated through valuation of assets at fair value in merger or integration processes in the savings banks
- Other: includes the remaining impacts expected on Tier 1 in the period 2010-2011, such as issuance net of redemptions of instruments eligible as Tier 1 carried out or committed from 1 January 2010; impact on total assets of estimated exchange rate movements from the same date; and deductions from capital due to the acquisition of holdings in financial institutions, among other things.

Once the stressed Tier 1 ratio has been obtained for 2011 in each of the two scenarios, the support already committed by the FROB, where appropriate, is added to it. The resulting ratio is compared with the benchmark set by Ecofin: Tier 1 of 6%, giving "Additional capital needed to reach a 6% Tier 1 ratio".

Most of the institutions exceed the benchmark ratio, while four would be below the benchmark level of Tier 1 of 6% set for the European exercise, as discussed below.

The scenarios and the meaning of the stress tests

The starting point for the stress tests is the close of 2009. From there, stressed impairment losses for 2010 and 2011 as a whole are calculated in the two scenarios designed for the European exercise: the benchmark and adverse scenarios.

It is worth indicating the following with regard to these scenarios:

- **The stressed benchmark scenario. Using this scenario does not generate predictions about institutions' solvency under normal circumstances since it is also a stressed scenario.** Although it is based on the baseline scenario of the macroeconomic variables provided by the European authorities, it includes very significant stressed factors, applied to the parameters used to calculate impairment losses. Similarly, the net operating income has been highly stressed. In the case of the savings banks, it is projected to fall by an average of 35%, which is almost as high as in the adverse scenario (40%). As a result of the foregoing, the results in this scenario should not be considered as an estimate of the volume of impairment losses which the institutions would have to bear in the time period considered, but a test of resilience in circumstances not free from stress.
- **The adverse stressed scenario considers a cumulative 2.6 pp decrease in Spanish GDP** over the period 2010–2011, on top of the 3.6 pp decline posted in 2009. This hypothetical contraction is far removed from those taken into account in the current projections of various national and international agencies and of market analysts.

The stress test results for the **adverse stressed scenario** are described below.

Cumulative hypothetical gross impairment 2010-2011 according to the stress tests in the adverse stressed scenario (Section A)

The stressed gross impairment arising from the stress tests for Spanish institutions as a whole amounts to €207,473 million, approximately 7.3% of total assets (9.5% at savings banks). This percentage is very high when compared with that observed in past crises and similar, in the case of savings banks, to that considered in the stress tests conducted in the United States (SCAP).

The major source of these impairment losses is in the credit risk portfolio, [€173,619 million] (€86,759 million at savings banks), i.e. 84% of total impairment losses (81% at savings banks), the impact on the securities portfolio being on a lesser scale, despite having added sovereign risk to the stress scenario.

A substantial portion of the impairment losses on the banking book arises from the property developers' portfolio ([€76,012 million], which represents 44% of the total impairment losses due to credit risk). However, there is considerable dispersion in this heading depending on the type of institution; at savings banks the losses arising on their property developers' portfolio account for 63% of the impairment losses on their credit risk portfolio.

Resources available in 2010-2011 to meet impairment under stress (Section B)

A substantial portion of the above-mentioned hypothetical gross impairment may be absorbed by the provisions set aside as at December 2009. These provisions total

€69,918 million, which will permit absorption of 34% of the total gross impairment (29% at savings banks). Accordingly, impairment net of provisions amounts to €137,555 million (€75,711 million for savings banks).

Another very significant portion of the gross impairment - 48% for the banking sector as a whole - may be absorbed by institutions' income-generating capacity and their existing capital gains.

Accordingly, after taking account of the tax effect, the uncovered impairment net of taxes ("net impairment") for the banking system as a whole amounts to €28,075 million, and to €38,636 million for savings banks².

Impact on Tier 1 own funds (Section C)

Tier 1 own funds for the entire banking sector stood at €181,865 million as at December 2009, representing a Tier 1 ratio of 9.5%. For savings banks alone, these figures are €78,097 million and 9.2%.

Deducting total uncovered impairment net of tax (€28,075 million for the banking sector as a whole and €38,636 million for savings banks), and taking into account the effect of "Dividends, fair value of mergers, and others" (-€5,451 million for the entire banking sector and +€5,563 million for savings banks), stressed Tier 1 own funds as at December 2011 are reduced to €148,339 million (a ratio of 7.7%) for the entire banking sector and to €45,024 million (a ratio of 5.5%) for savings banks.

However, these aggregate figures conceal different values for different institutions, as shown by the bank-by-bank data which can be consulted in the document "Stress tests 2010-2011: individual bank-by-bank results". Thus, while some post ratios well in excess of the 6% benchmark, others fall below this level and, were the adverse scenario to materialise, would need to be recapitalised to reach the 6% Tier 1 benchmark considered in the exercise. A portion of these recapitalisation needs has already been committed by the FROB (whose total commitments amount to €10,583 million). Considering the resources available to institutions to meet possible impairment losses, the FROB support committed and support provided by the Deposit Guarantee Funds (DGFs), there are four institutions, all savings banks, that fall below the 6% Tier 1 benchmark level set by the Ecofin, for an amount of €1,835 million.

One of the added advantages of the savings bank integration processes is that they have grouped together institutions with very different own funds levels, meaning that capital shortfalls have been offset by surplus capital to reach the 6% benchmark in the adverse scenario. This has reduced the resultant estimated need for additional own funds.

Note that, in accordance with the methodology established for the European exercise, public support received by institutions is included in the calculation of Tier 1 own funds. And countries were required to cover a minimum of 50% of their system's total assets in the exercise, including first the largest institutions and following a descending order of

² This net amount is less for the total system than for the total of savings banks because there are institutions with capacity to generate revenues, including in the adverse scenario, which exceed the impairment resulting from that scenario.

size. According to this approach, none of the Spanish institutions accounting for 50% of the system's total assets would have a Tier 1 as at December 2011, under the adverse stressed scenario, below the 6% benchmark. Moreover, a coverage level of more than 75% would be needed in order to find a single Spanish institution with a stressed Tier 1 as at 31 December 2011 below 6%.

Results of the stress tests on a bank-by-bank basis

In the adverse stressed scenario, all Spanish banks would have a Tier 1 ratio above the 6% benchmark set for the EU-wide exercise.

In the case of the savings banks, four would not reach the 6% Tier 1 benchmark proposed in the EU-wide exercise, in addition to Cajasur, which was taken over by BBK further to a competitive procedure on 15 July and is therefore in the process of being recapitalised via integration with the latter savings bank. Another four savings banks would reach the benchmark thanks to the FROB support already committed.

Recapitalisation of institutions below the 6% benchmark

Including the FROB support committed and that granted by the DGFs (see next section), there are four institutions, all savings banks, whose Tier 1 own funds ratio would fall below the 6% benchmark in the adverse scenario: Diada (3.9%); UNNIM (4.5%); Espiga (5.6%) and Banca Cívica (4.7%).

This does not signify actual or foreseeable failure by these institutions to comply with minimum capital requirements, as this is an extremely stressed and highly improbable hypothetical situation. Moreover, even in this extreme scenario, only one of the four institutions cited would fail to meet the minimum solvency ratio (Tier 1 of 4%), and that only marginally.

Nevertheless, as these four institutions do not reach the level set by Ecofin, they will have to submit private recapitalisation plans. If need be, the FROB would be in a position to inject, at any time, sufficient Tier 1 own funds to enable them to reach this benchmark level. The amount of these potential capital injections is perfectly assumable.

Total support and additional funds needed to meet the target

The last part of the aggregate table shows that the sum total of the support received by the two savings banks that have been taken over and by those that have requested support for integration processes, and the additional support calculated, amounts to €16,193 million, broken down as follows:

- €10,583 million already committed by the FROB (includes support to Cajasur);
- €3,775 million provided by the DGF to Caja Castilla-La Mancha (CCM);
- €1,835 million additional support that the FROB would be ready to provide were the institutions unable to recapitalise via the markets.
- **€16,193 million in total.**

It should be noted that on 15 July 2010, the FROB resolved to draw up a restructuring plan for Cajasur. This plan envisages assignment of all the savings bank's assets and liabilities to a Spanish savings bank of notable solvency (BBK), determined via the competitive procedure envisaged in the FROB legislation. This restructuring plan will shortly be submitted to the Banco de España for final approval. Under the plan, the provisional support provided by the FROB, totalling €800 million in the form of capital, would be reduced to €392 million, which is the amount reflected in the total of €10,583 million indicated above.

The bank-by-bank figures in the "Stress tests 2010-2011: individual bank-by-bank results" show that some institutions that have already received FROB support may apply for further support after the stress tests, while for others the FROB support received has enabled them to post Tier 1 own funds ratios above 6%. This is the case because the integration processes undertaken thanks to the FROB legislation are not comparable with the stress tests.

First, because the stress tests consider a time period of two years, whereas the integration processes, including those receiving FROB support, have a five-year horizon, providing time for the synergies to mature and for the rationalisation of productive structures to bear fruit. And second, because in the case of the integration processes, the scenario considered is not an adverse one that is highly unlikely to materialise, but rather a scenario which, although prudent, is considered reasonably likely to materialise.

This explains why some institutions that have already received FROB support now need to recapitalise further to reach the 6% benchmark. From the standpoint of the Spanish supervisor, institutions' current own funds levels are perfectly acceptable, as are the own funds levels that will very foreseeably be reached once consolidation of the integration processes is complete. But, insofar as the Ecofin has set a Tier 1 benchmark of 6%, it would seem advisable to reach this level.

The Spanish banking system after the recapitalisation resulting from the stress tests

Once the additional recapitalisation is completed, either via the market or the FROB, the Spanish banking system as a whole will have a Tier 1 ratio of 8.4% in the adverse scenario and of 10.2% in the benchmark scenario (which is also adverse, although less so). These capital levels mean that all institutions are in a sound position to face not only present challenges but also the challenges of a highly unlikely future scenario since, as indicated earlier, the EU-wide stress tests are highly rigorous and demanding and do not in any way represent a projection, forecast or estimate of expected performance of institutions' results or capital in 2010 and 2011, but rather an analysis of their resilience in adverse hypothetical scenarios that are unlikely to materialise.

ANNEX 1

STRESS TEST 2010-2011: AGGREGATED CHARTS

Stress tests 2010-2011

TOTAL SYSTEM

| | | Stressed benchmark scenario | | Adverse stressed scenario | |
|--|---|-----------------------------|-----------------|---------------------------|----------|
| | | € million | % assets | € million | % assets |
| SECTION A Gross impairment cumulative 2010-2011 | Credit assets¹ | -146.608 | -5,2% | -173.619 | -6,1% |
| | Financial institutions | -1.988 | -0,6% | -2.273 | -0,7% |
| | Corporates | -18.242 | -3,2% | -22.904 | -4,0% |
| | Property developers and foreclosures | -63.679 | -14,5% | -76.012 | -17,3% |
| | SMEs | -18.269 | -6,0% | -22.968 | -7,6% |
| | Mortgages | -13.884 | -1,6% | -15.345 | -1,7% |
| | Other retail | -30.546 | -10,6% | -34.116 | -11,8% |
| | Impact sovereign risk and others² | -10.429 | -0,4% | -33.854 | -1,2% |
| GROSS IMPAIRMENT | -157.036 | -5,6% | -207.473 | -7,3% | |

¹ Includes loans and receivables, non-trading book fixed income and permanent participations

² Included in others: trading book, equity securities available for sale

| | | | | | | |
|---|---|-----------------|---------|-------|---------|-------|
| SECTION B Available resources cumulative 2010-2011 | PROVISIONS | Specific | 50.122 | 1,8% | 50.122 | 1,8% |
| | | General | 19.796 | 0,7% | 19.796 | 0,7% |
| | NET OPERATING INCOME AND CAPITAL GAINS | | 107.284 | 3,8% | 99.483 | 3,5% |
| | TAX IMPACT | | -4.487 | -0,2% | 9.998 | 0,4% |
| | NET IMPAIRMENT | | 15.678 | 0,6% | -28.075 | -1,0% |

| | | Stressed benchmark scenario | | Adverse stressed scenario | |
|---|---|-----------------------------|------------|---------------------------|------------|
| | | € million | % RWA 2009 | € million | % RWA 2009 |
| SECTION C Impact on Tier 1 own funds | INITIAL SITUATION 2009 | | | | |
| | Tier 1 Dec 2009 | 181.865 | 9,5% | 181.865 | 9,5% |
| | FINAL SITUATION 2011 | | | | |
| | Net impairment | 15.678 | 0,8% | -28.075 | -1,5% |
| | Dividend, fair value of mergers and other | -13.801 | -0,7% | -5.451 | -0,3% |
| | Tier 1 Dec 2011 without FROB | 183.742 | 9,6% | 148.339 | 7,7% |
| | Committed FROB | 10.991 | 0,6% | 10.991 | 0,6% |
| | Tier 1 Dec 2011 | 194.733 | 10,2% | 159.330 | 8,3% |
| | Additional capital to reach Tier1 6% | 0 | 0,0% | 2.042 | 0,1% |

| | | Stressed benchmark scenario | | Adverse stressed scenario | |
|------------------------|---------------------------------------|-----------------------------|------------|---------------------------|------------|
| | | € million | % RWA 2009 | € million | % RWA 2009 |
| NOTE Support | DGF Support | 3.775 | | 3.775 | |
| | Committed FROB* | 10.583 | | 10.583 | |
| | Additional capital to reach Tier1 6%* | 0 | | 1.835 | |
| | TOTAL | 14.358 | | 16.193 | |

* Total additional amount to reach 6% tier 1 for those 4 institutions below that level. The aggregate calculations take account of the new situation of Caja Sur, once the restructuring process has been concluded.

Stress tests 2010-2011

TOTAL SAVINGS BANKS

| | | Stressed benchmark scenario | | Adverse stressed scenario | |
|---|----------------|--|----------------------------------|---------------------------|----------|
| | | € million | % assets | € million | % assets |
| | | SECTION A Gross impairment cumulative 2010-2011 | Credit assets¹ | -70.731 | -6,3% |
| Financial institutions | -847 | | -0,9% | -1.010 | -1,1% |
| Corporates | -6.762 | | -4,4% | -8.975 | -5,9% |
| Property developers and for closures | -45.136 | | -14,9% | -54.800 | -18,1% |
| SMEs | -7.930 | | -6,7% | -10.346 | -8,8% |
| Mortgages | -6.401 | | -1,6% | -7.203 | -1,8% |
| Other retail | -3.655 | | -6,0% | -4.425 | -7,3% |
| Impact sovereign risk and others² | -7.129 | | -0,6% | -20.166 | -1,8% |
| GROSS IMPAIRMENT | -77.860 | -6,9% | -106.925 | -9,5% | |

¹ Includes loans and receivables, non-trading book fixed income and permanent participations

² Included in others: trading book, equity securities available for sale

| | | | | | | |
|---|---|-----------------|---------|-------|---------|-------|
| SECTION B Available resources cumulative 2010-2011 | PROVISIONS | Specific | 23.337 | 2,1% | 23.337 | 2,1% |
| | | General | 7.877 | 0,7% | 7.877 | 0,7% |
| | NET OPERATING INCOME AND CAPITAL GAINS | | 25.336 | 2,2% | 24.197 | 2,1% |
| | TAX IMPACT | | 5.328 | 0,5% | 12.879 | 1,1% |
| | NET IMPAIRMENT | | -15.983 | -1,4% | -38.636 | -3,4% |

| | | Stressed benchmark scenario | | Adverse stressed scenario | |
|-----------------------------|--|-------------------------------|------------|---------------------------|------------|
| | | € million | % RWA 2009 | € million | % RWA 2009 |
| | | INITIAL SITUATION 2009 | | | |
| | Tier 1 Dec 2009 | 78.097 | 9,2% | 78.097 | 9,2% |
| | | € million | % RWA 2011 | € million | % RWA 2011 |
| FINAL SITUATION 2011 | | | | | |
| | Net impairment | -15.983 | -2,0% | -38.636 | -4,7% |
| | Dividend, fair value of mergers and other | 4.830 | 0,6% | 5.563 | 0,7% |
| | Tier 1 Dec 2011 without FROB | 66.944 | 8,2% | 45.024 | 5,5% |
| | Committed FROB | 10.991 | 1,3% | 10.991 | 1,3% |
| | Tier 1 Dec 2011 | 77.935 | 9,5% | 56.015 | 6,9% |
| | Additional capital to reach Tier1 6% | 0 | 0,0% | 2.042 | 0,2% |

| NOTE Support | | Escenario tensionado de referencia | Escenario tensionado adverso | |
|------------------------|--|--|------------------------------|--------|
| | | DGF Support | 3.775 | 3.775 |
| | | Committed FROB* | 10.583 | 10.583 |
| | | Additional capital to reach Tier1 6%* | 0 | 1.835 |
| | | TOTAL | 14.358 | 16.193 |

* Total additional amount to reach 6% tier 1 for those 4 institutions below that level. The aggregate calculations take account of the new situation of Caja Sur, once the restructuring process has been concluded.

Stress tests 2010-2011

TOTAL INTERNATIONALLY ACTIVE BANKS

| | | Stressed benchmark scenario | | Adverse stressed scenario | |
|--|---|------------------------------------|----------------|------------------------------|------------|
| | | € million | % assets | € million | % assets |
| SECTION A Gross impairment cumulative 2010-2011 | Credit assets¹ | -57.527 | -4,1% | -64.376 | -4,6% |
| | Financial institutions | -854 | -0,4% | -917 | -0,4% |
| | Corporates | -9.601 | -2,6% | -11.391 | -3,1% |
| | Property developers and foreclosures | -8.374 | -12,2% | -9.270 | -13,5% |
| | SMEs | -5.895 | -5,0% | -6.810 | -5,8% |
| | Mortgages | -6.789 | -1,7% | -7.351 | -1,8% |
| | Other retail | -26.014 | -12,2% | -28.637 | -13,4% |
| | Impact sovereign risk and others² | -2.807 | -0,2% | -10.992 | -0,8% |
| GROSS IMPAIRMENT | -60.334 | -4,3% | -75.368 | -5,4% | |
| 1 Includes loans and receivables, non-trading book fixed income and permanent participations | | | | | |
| 2 Included in others: trading book, equity securities available for sale | | | | | |
| SECTION B Available resources cumulative 2010-2011 | PROVISIONS | | | | |
| | Specific | 21.204 | 1,5% | 21.204 | 1,5% |
| | General | 9.722 | 0,7% | 9.722 | 0,7% |
| | NET OPERATING INCOME AND CAPITAL GAINS | 70.279 | 5,0% | 64.069 | 4,6% |
| | TAX IMPACT | -9.664 | -0,7% | -4.427 | -0,3% |
| NET IMPAIRMENT | 31.208 | 2,2% | 15.200 | 1,1% | |
| SECTION C Impact on Tier 1 own funds | | Stressed benchmark scenario | | Adverse stressed scenario | |
| | INITIAL SITUATION 2009 | € million | % RWA 2009 | € million | % RWA 2009 |
| | Tier 1 Dec 2009 | 83.260 | 9,8% | 83.260 | 9,8% |
| | FINAL SITUATION 2011 | € million | % RWA 2011 | € million | % RWA 2011 |
| | Net impairment | 31.208 | 3,5% | 15.200 | 1,7% |
| | Dividend, fair value of mergers and other | -18.571 | -2,1% | -11.291 | -1,3% |
| | Tier 1 Dec 2011 without FROB | 95.897 | 10,9% | 87.169 | 9,7% |
| | Committed FROB | 0 | 0,0% | 0 | 0,0% |
| | Tier 1 Dec 2011 | 95.897 | 10,9% | 87.169 | 9,7% |
| | Additional capital to reach Tier1 6% | 0 | 0,0% | 0 | 0,0% |
| NOTE Support | | Escenario tensionado de referencia | | Escenario tensionado adverso | |
| | DGF Support | 0 | | 0 | |
| | Committed FROB* | 0 | | 0 | |
| | Additional capital to reach Tier1 6%* | 0 | | 0 | |
| TOTAL | 0 | | 0 | | |

Stress tests 2010-2011**TOTAL OTHER LISTED BANKS**

| | | Stressed benchmark scenario | | Adverse stressed scenario | |
|--|---|------------------------------------|----------------|------------------------------|------------|
| | | € million | % assets | € million | % assets |
| SECTION A Gross impairment cumulative 2010-2011 | Credit assets¹ | -18.349 | -6,1% | -22.484 | -7,5% |
| | Financial institutions | -287 | -0,7% | -347 | -0,9% |
| | Corporates | -1.880 | -4,2% | -2.538 | -5,6% |
| | Property developers and foreclosures | -10.169 | -15,3% | -11.942 | -17,9% |
| | SMEs | -4.443 | -6,7% | -5.812 | -8,7% |
| | Mortgages | -693 | -1,0% | -790 | -1,2% |
| | Other retail | -877 | -6,2% | -1.055 | -7,4% |
| | Impact sovereign risk and others² | -493 | -0,2% | -2.696 | -0,9% |
| GROSS IMPAIRMENT | -18.842 | -6,3% | -25.180 | -8,4% | |
| 1 Includes loans and receivables, non-trading book fixed income and permanent participations | | | | | |
| 2 Included in others: trading book, equity securities available for sale | | | | | |
| SECTION B Available resources cumulative 2010-2011 | PROVISIONS | | | | |
| | Specific | 5.582 | 1,9% | 5.582 | 1,9% |
| | General | 2.197 | 0,7% | 2.197 | 0,7% |
| | NET OPERATING INCOME AND CAPITAL GAINS | 11.668 | 3,9% | 11.217 | 3,7% |
| | TAX IMPACT | -151 | -0,1% | 1.546 | 0,5% |
| NET IMPAIRMENT | 453 | 0,2% | -4.639 | -1,5% | |
| SECTION C Impact on Tier 1 own funds | | Stressed benchmark scenario | | Adverse stressed scenario | |
| | INITIAL SITUATION 2009 | € million | % RWA 2009 | € million | % RWA 2009 |
| | Tier 1 Dec 2009 | 20.508 | 9,4% | 20.508 | 9,4% |
| | FINAL SITUATION 2011 | € million | % RWA 2011 | € million | % RWA 2011 |
| | Net impairment | 453 | 0,2% | -4.639 | -2,1% |
| | Dividend, fair value of mergers and other | -60 | 0,0% | 277 | 0,1% |
| | Tier 1 Dec 2011 without FROB | 20.901 | 9,6% | 16.146 | 7,4% |
| | Committed FROB | 0 | 0,0% | 0 | 0,0% |
| | Tier 1 Dec 2011 | 20.901 | 9,6% | 16.146 | 7,4% |
| | Additional capital to reach Tier1 6% | 0 | 0,0% | 0 | 0,0% |
| NOTE Support | | Escenario tensionado de referencia | | Escenario tensionado adverso | |
| | DGF Support | 0 | | 0 | |
| | Committed FROB* | 0 | | 0 | |
| | Additional capital to reach Tier1 6%* | 0 | | 0 | |
| TOTAL | 0 | | 0 | | |