

2011 EBA STRESS TEST: PRESENTATION OF THE RESULTS FOR THE SPANISH INSTITUTIONS. PART TWO

GENERAL OVERVIEW OF EBA TEMPLATES



- **Template 0: Summary**
- **Template 1: Aggregate information and evolution of capital**
- **Template 2: Capital composition as of 31 December 2010**
- **Template 3: Overview of mitigating measures**
- **Template 4: Credit risk exposures (EAD) as of 31 December 2010**
- **Template 5: Exposures to sovereigns (central and local governments) as of 31 December 2010**

COMPARING EBA AND SPANISH TEMPLATES



Template 1: Aggregate information and evolution of capital

•Summary of the results of the baseline and adverse scenarios under full static balance sheet assumptions:

- A. Without any mitigating actions, mandatory restructuring or capital raisings post 31 December 2010.
- B. Recognising capital issuance and mandatory restructuring plans publicly announced and fully committed before 31 December 2010.
- C. Recognising capital issuance and mandatory restructuring plans publicly announced and fully committed before 30 April 2011, together with additional information on P&L and provisions.
- D. Other mitigating measures.

Spanish additional templates :

- Section A: Gross impairment cumulative 2011-2012
- Section B: Available resources cumulative 2011-2012
- Section C: impact on Core Tier 1 EBA
- Section D: Other loss-absorbing elements.

COMPARISON EBA AGGREGATE INFORMATION AND SPANISH TEMPLATE



A. Results of the stress test based on the full static balance sheet assumption without any mitigating actions, mandatory restructuring or capital raisings post 31 December 2010 (all government support measures fully paid in before 31 December 2010 are included)

	2010	Baseline scenario		Adverse scenario	
		2011	2012	2011	2012
Capital adequacy					
Risk weighted assets (full static balance sheet assumption)					
Common equity according to EBA definition					
<i>of which ordinary shares subscribed by government</i>					
Other existing subscribed government capital (before 31 December 2010)					
Core Tier 1 capital (full static balance sheet assumption)					
Core Tier 1 capital ratio (%)					

B. Results of the stress test recognising capital issuance and mandatory restructuring plans publicly announced and fully committed before 31 December 2010

	2010	Baseline scenario		Adverse scenario	
		2011	2012	2011	2012
Capital adequacy					
Risk weighted assets (full static balance sheet assumption)					
<i>Effect of mandatory restructuring plans, publicly announced and fully committed before 31 December 2010 on RWA (+/-)</i>					
Risk weighted assets after the effects of mandatory restructuring plans publicly announced and fully committed before 31 December 2010					
Core Tier 1 Capital (full static balance sheet assumption)					
<i>Effect of mandatory restructuring plans, publicly announced and fully committed before 31 December 2010 on Core Tier 1 capital (+/-)</i>					
Core Tier 1 capital after the effects of mandatory restructuring plans publicly announced and fully committed before 31 December 2010					
Core Tier 1 capital ratio (%)					

	Benchmark scenario		Adverse scenario	
	€ million	% assets	€ million	% assets
A1. Credit assets				
Sovereign & Financial institutions				
Corporates				
Property developers and foreclosures				
SMEs				
Mortgages				
Other retail				
A2. Trading assets and other equity				
A3. GROSS IMPAIRMENT (A1+ A2)				
B1. SPECIFIC PROVISIONS				
B2. NET OPERATING INCOME AND OTHER INCOME				
B3. TAX EFFECT				
B4. NET IMPAIRMENT (B1 + B2 + B3)				
	Benchmark scenario		Adverse scenario	
	€ million	% RWA 2010	€ million	% RWA 2010
INITIAL SITUATION 2010				
C1. Core Tier 1 dec. 2010				
FINAL SITUATION 2012				
C2. Net impairment (B4)				
C3. Dividend and others				
C4. Core Tier 1 Dec 2012 before BDL 2/2011 and before capital increases (C1 + C2 + C3)				
C5. BDL 2/2011 or capital increases				
C6. Core Tier 1 Dec 2012 (C4 + C5)				
C7. Additional capital to reach Core Tier1 5%				
TAKING INTO ACCOUNT GENERAL PROVISIONS				
C8. General provisions				
C9. Core Tier 1 dec. 2012 plus general provisions				
C10. Additional capital to reach Core Tier1 5% after general provisions				
	Benchmark scenario		Adverse scenario	
	€ million	% RWA 2010	€ million	% RWA 2010
FINAL SITUATION 2012 AFTER INCLUDING OTHER LOSS-ABSORBING ELEMENTS				
D1. Disinvestments and other business decisions up to 30.04.11				
D2. Other bonds subject to mandatory conversion				
D3. Others				
D4. Core TIER 1 dec. 2012 plus other loss-absorbing elements (C9 + D1 +D2 +D3)				
D5. Additional capital to reach Core TIER 1 5%, after including other loss-absorbing elements				

COMPARISON EBA AGGREGATE INFORMATION AND SPANISH TEMPLATE



C. Results of the stress test recognising capital issuance and mandatory restructuring plans publicly announced and fully committed before 30 April 2011

	2010	Baseline scenario		Adverse scenario	
		2011	2012	2011	2012
Capital adequacy					
Risk weighted assets after the effects of mandatory restructuring plans publicly announced and fully committed before 31 December 2010					
Effect of mandatory restructuring plans, publicly announced and fully committed in period from 31 December 2010 to 30 April 2011 on RWA (+/-)					
Risk weighted assets after the effects of mandatory restructuring plans publicly announced and fully committed before 30 April 2011					
of which RWA in banking book					
of which RWA in trading book					
RWA on securitisation positions (banking and trading book)					
Total assets after the effects of mandatory restructuring plans publicly announced and fully committed and equity raised and fully committed by 30 April 2011					
Core Tier 1 capital after the effects of mandatory restructuring plans publicly announced and fully committed before 31 December 2010					
Equity raised between 31 December 2010 and 30 April 2011					
Equity raisings fully committed (but not paid in) between 31 December 2010 and 30 April 2011					
Effect of government support publicly announced and fully committed in period from 31 December 2010 to 30 April 2011 on Core Tier 1 capital (+/-)					
Effect of mandatory restructuring plans, publicly announced and fully committed in period from 31 December 2010 to 30 April 2011 on Core Tier 1 capital (+/-)					
Core Tier 1 capital after government support, capital raisings and effects of restructuring plans fully committed by 30 April 2011					
Tier 1 capital after government support, capital raisings and effects of restructuring plans fully committed by 30 April 2011					
Total regulatory capital after government support, capital raisings and effects of restructuring plans fully committed by 30 April 2011					
Core Tier 1 capital ratio (%)					
Additional capital needed to reach a 5% Core Tier 1 capital benchmark					

	2010	Baseline scenario		Adverse scenario	
		2011	2012	2011	2012
Profit and losses					
Net interest income					
Trading income					
of which trading losses from stress scenarios					
of which valuation losses due to sovereign shock					
Other operating income ⁽⁵⁾					
Operating profit before impairments					
Impairments on financial and non-financial assets in the banking book ⁽⁶⁾					
Operating profit after impairments and other losses from the stress					
Other income ^(5,6)					
Net profit after tax ⁽⁷⁾					
of which carried over to capital (retained earnings)					
of which distributed as dividends					

	Benchmark scenario		Adverse scenario	
	€ million	% assets	€ million	% assets
A1. Credit assets				
Sovereign & Financial institutions				
Corporates				
Property developers and foreclosures				
SMEs				
Mortgages				
Other retail				
A2. Trading assets and other equity				
A3. GROSS IMPAIRMENT (A1+ A2)				
B1. SPECIFIC PROVISIONS				
B2. NET OPERATING INCOME AND OTHER INCOME				
B3. TAX EFFECT				
B4. NET IMPAIRMENT (B1 + B2 + B3)				
INITIAL SITUATION 2010	€ million	% RWA 2010	€ million	% RWA 2010
C1. Core Tier 1 dec. 2010				
FINAL SITUATION 2012	€ million	% RWA 2012	€ million	% RWA 2012
C2. Net impairment (B4)				
C3. Dividend and others				
C4. Core Tier 1 Dec 2012 before RDL 2/2011 and before capital increases (C1 + C2 + C3)				
C5. RDL 2/2011 or capital increases				
C6. Core Tier 1 Dec 2012 (C4 + C5)				
C7. Additional capital to reach Core Tier 1 5%				
TAKING INTO ACCOUNT GENERAL PROVISIONS				
C8. General provisions				
C9. Core Tier 1 dec. 2012 plus general provisions				
C10. Additional capital to reach Core Tier 1 5% after general provisions				
FINAL SITUATION 2012 AFTER INCLUDING OTHER LOSS-ABSORBING ELEMENTS	€ million	% RWA 2012	€ million	% RWA 2012
D1. Disinvestments and other business decisions up to 30.04.11				
D2. Other bonds subject to mandatory conversion				
D3. Others				
D4. Core TIER 1 dec. 2012 plus other loss-absorbing elements (C9 + D1 + D2 + D3)				
D5. Additional capital to reach Core TIER 1 5%, after including other loss-absorbing elements				

COMPARISON EBA AGGREGATE INFORMATION AND SPANISH TEMPLATE



Additional information	2010	Baseline scenario		Adverse scenario	
		2011	2012	2011	2012
Deferred Tax Assets ⁽⁸⁾					
Stock of provisions ⁽⁹⁾					
of which stock of provisions for non-defaulted assets					
of which Sovereigns ⁽¹⁰⁾					
of which Institutions ⁽¹⁰⁾					
of which Corporate (excluding Commercial real estate)					
of which Retail (excluding Commercial real estate)					
of which Commercial real estate ⁽¹¹⁾					
of which stock of provisions for defaulted assets					
of which Corporate (excluding Commercial real estate)					
of which Retail (excluding commercial real estate)					
of which Commercial real estate					
Coverage ratio (%) ⁽¹²⁾					
Corporate (excluding Commercial real estate)					
Retail (excluding Commercial real estate)					
Commercial real estate					
Loss rates (%) ⁽¹³⁾					
Corporate (excluding Commercial real estate)					
Retail (excluding Commercial real estate)					
Commercial real estate					
Funding cost (bps)					

D. Other mitigating measures (see Mitigating measures worksheet for details), million EUR ⁽¹⁴⁾

All effects as compared to regulatory aggregates as reported in Section C	Baseline scenario		Adverse scenario	
	2011	2012	2011	2012
A) Use of provisions and/or other reserves (including release of countercyclical provisions), capital ratio effect ⁽⁶⁾				
B) Divestments and other management actions taken by 30 April 2011, RWA effect (+/-)				
B1) Divestments and other business decisions taken by 30 April 2011, capital ratio effect (+/-)				
C) Other disinvestments and restructuring measures, including also future mandatory restructuring not yet approved with the EU Commission under the EU State Aid rules, RWA effect (+/-)				
C1) Other disinvestments and restructuring measures, including also future mandatory restructuring not yet approved with the EU Commission under the EU State Aid rules, capital ratio effect (+/-)				
D) Future planned issuances of common equity instruments (private issuances), capital ratio effect				
E) Future planned government subscriptions of capital instruments (including hybrids), capital ratio effect				
F) Other (existing and future) instruments recognised as appropriate back-stop measures by national supervisory authorities, RWA effect (+/-)				
F1) Other (existing and future) instruments recognised as appropriate back-stop measures by national supervisory authorities, capital ratio effect (+/-)				
Risk weighted assets after other mitigating measures (B+C+F)				
Capital after other mitigating measures (A+B1+C1+D+E+F1)				
Supervisory recognised capital ratio (%) ⁽¹⁵⁾				

	Benchmark scenario		Adverse scenario	
	€ million	% assets	€ million	% assets
A1. Credit assets				
Sovereign & Financial institutions				
Corporates				
Property developers and foreclosures				
SMEs				
Mortgages				
Other retail				
A2. Trading assets and other equity				
A3. GROSS IMPAIRMENT (A1+ A2)				

B1. SPECIFIC PROVISIONS				
B2. NET OPERATING INCOME AND OTHER INCOME				
B3. TAX EFFECT				

B4. NET IMPAIRMENT (B1 + B2 + B3)				
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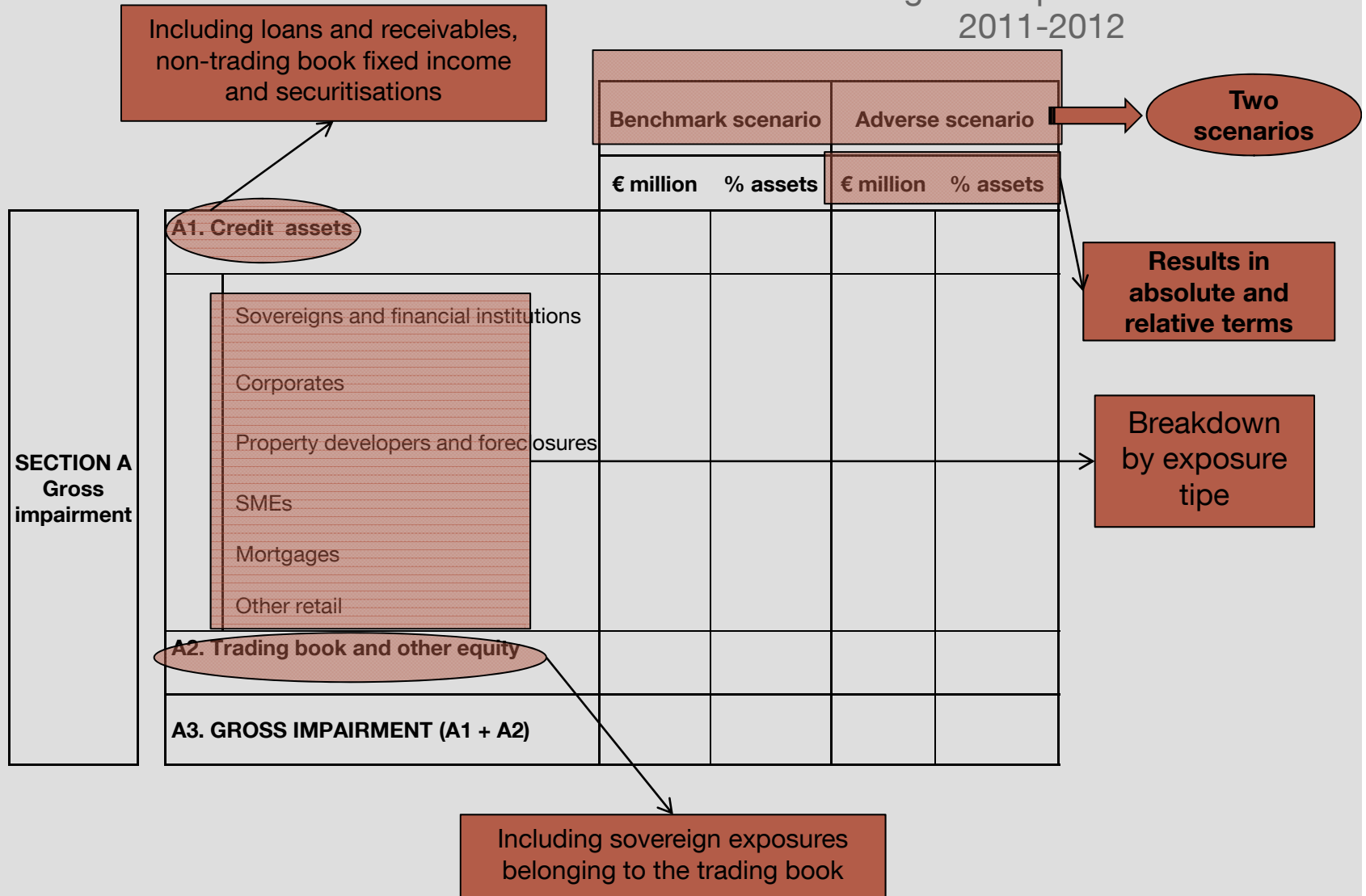
	Benchmark scenario		Adverse scenario	
	€ million	% RWA 2010	€ million	% RWA 2010
INITIAL SITUATION 2010				
C1. Core Tier 1 dec. 2010				
FINAL SITUATION 2012				
C2. Net impairment (B4)				
C3. Dividend and others				
C4. Core Tier 1 Dec 2012 before RDL 2/2011 and before capital increases (C1 + C2 +C3)				
C5. RDL 2/2011 or capital increases				
C6. Core Tier 1 Dec 2012 (C4 + C5)				
C7. Additional capital to reach Core Tier1 5%				
TAKING INTO ACCOUNT GENERAL PROVISIONS				
C8. General provisions				
C9. Core Tier 1 dec. 2012 plus general provisions				
C10. Additional capital to reach Core Tier1 5% after general provisions				

	Benchmark scenario		Adverse scenario	
	€ million	% RWA 2010	€ million	% RWA 2010
FINAL SITUATION 2012 AFTER INCLUDING OTHER LOSS-ABSORBING ELEMENTS				
D1. Disinvestments and other business decisions up to 30.04.11				
D2. Other bonds subject to mandatory conversion				
D3. Others				
D4. Core TIER 1 dec. 2012 plus other loss-absorbing elements (C9 + D1 +D2 +D3)				
D5. Additional capital to reach Core TIER 1 5%, after including other loss-absorbing elements				

SPANISH TEMPLATES



Section A: gross impairment cumulative 2011-2012

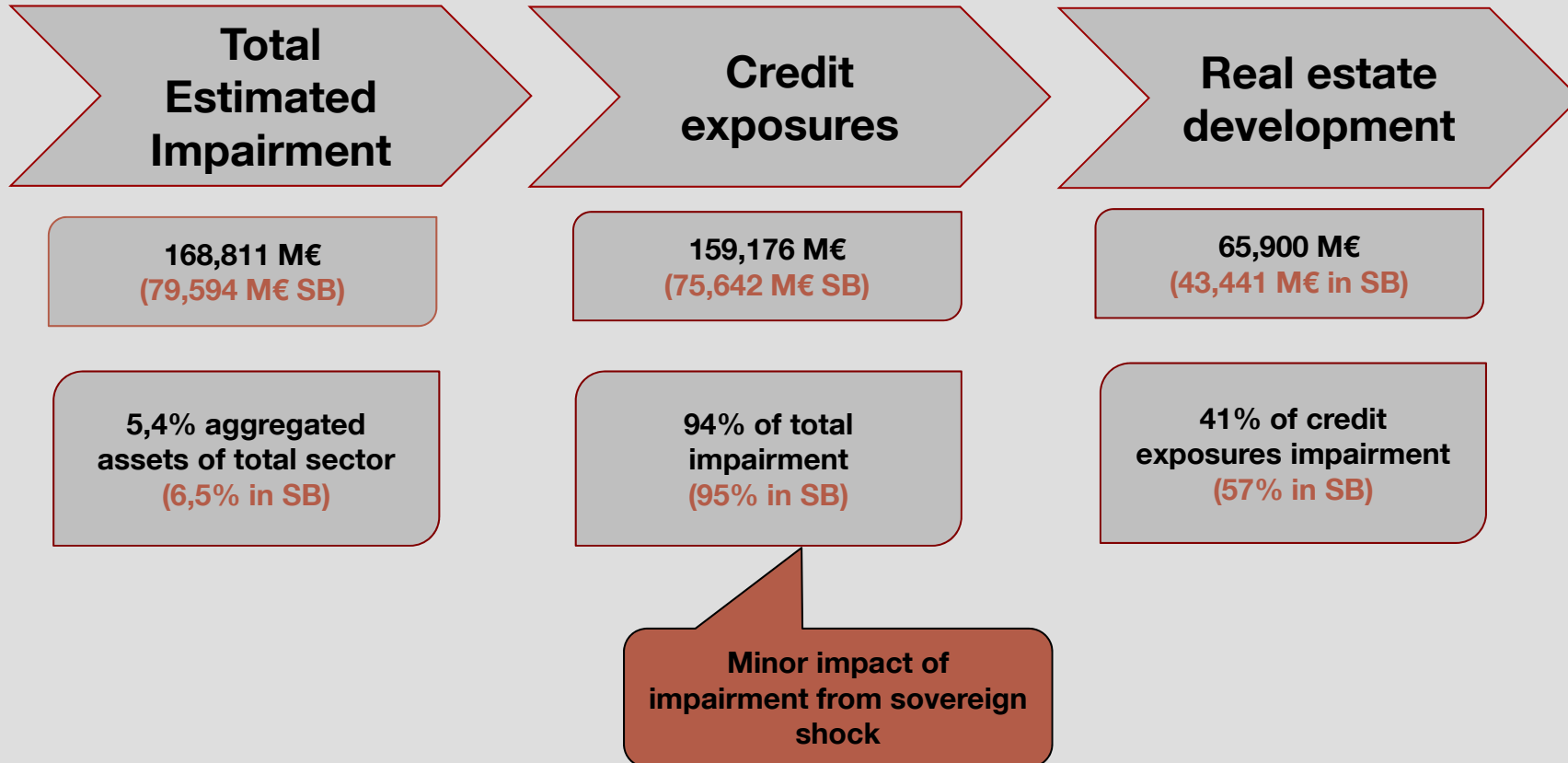


SPANISH RESULTS: GROSS IMPAIRMENT



Adverse scenario

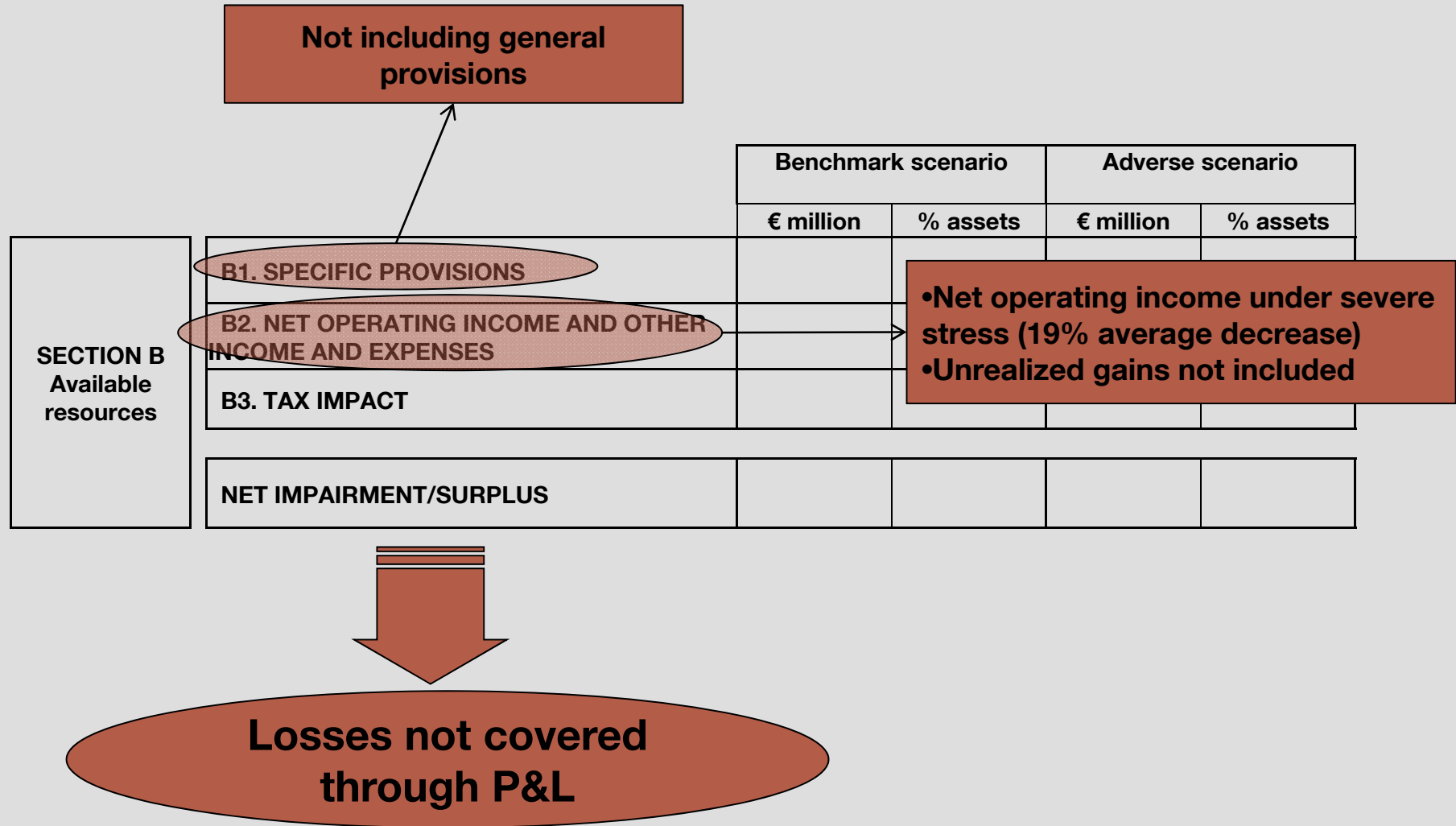
Gross impairment in the adverse scenario



SPANISH TEMPLATES



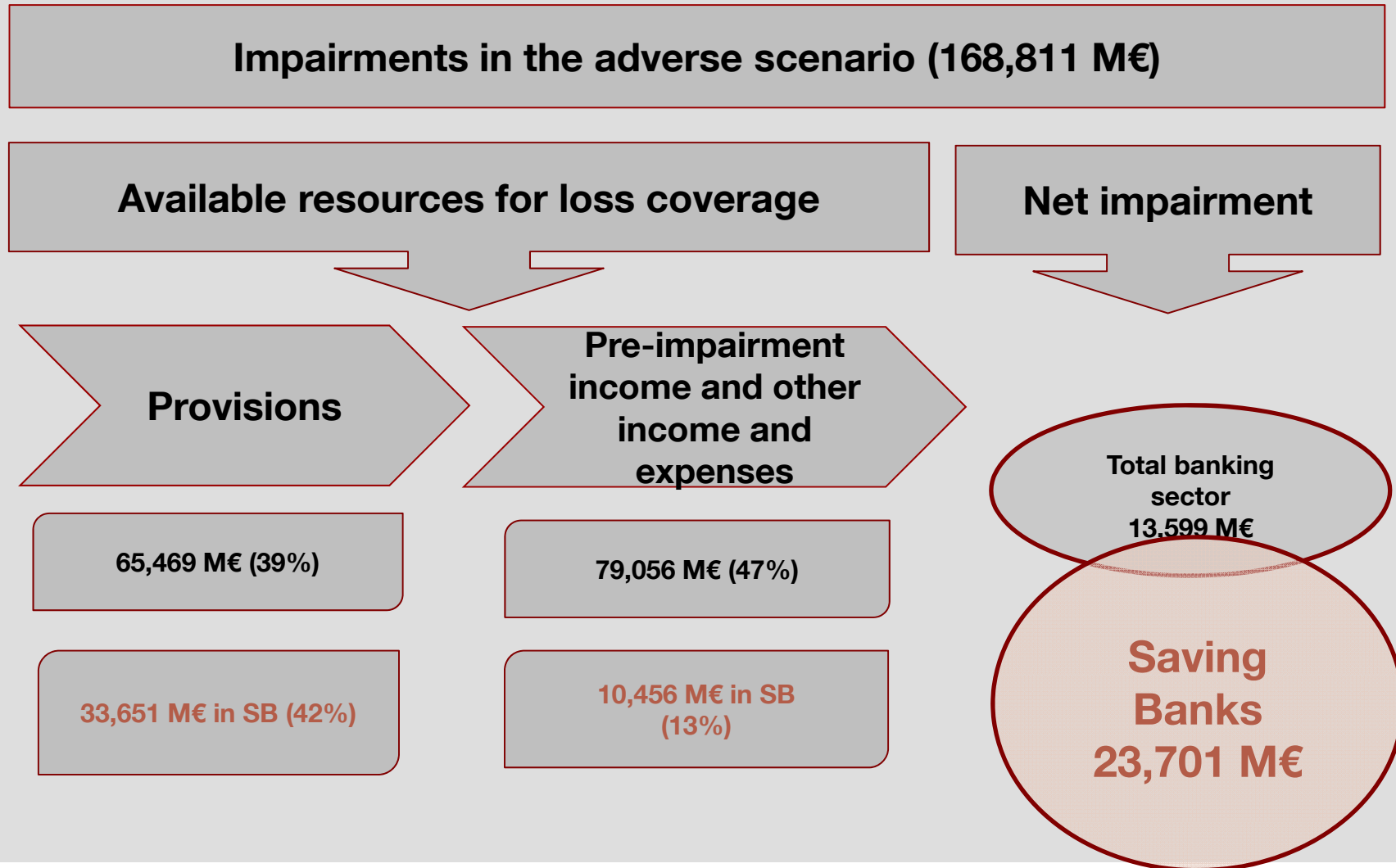
Section B: available resources cumulative 2011-2012



SPANISH RESULTS: RESOURCES TO COVER LOSSES



Adverse scenario



SPANISH TEMPLATES



Section C: impact on Core TIER 1

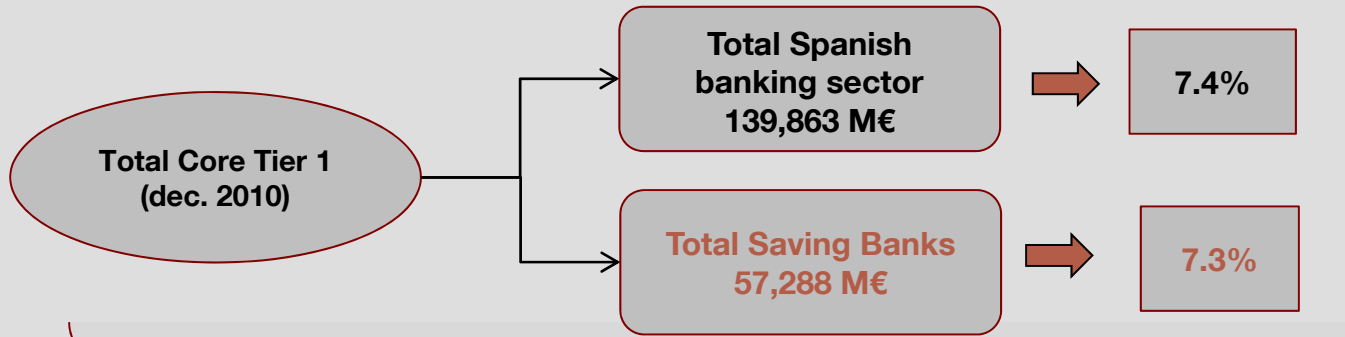
	Benchmark scenario		Adverse scenario	
	€ million	% RWA 2010	€ million	% RWA 2010
INITIAL SITUATION 2010				
C1. Core Tier 1 Dec 2010				
FINAL SITUATION 2012	€ million	% RWA 2012	€ million	% RWA 2012
C2. Net impairment/surplus (B4)				
C3. Dividend and others				
C4. Core Tier 1 Dec 2012 without RDL 2/2011 and before capital increases (C1 + C2 + C3)				
C5. RDL 2/2011 or capital increases				
C6. Core Tier 1 Dec 2012 (C4 + C5)				
C7. Additional capital to reach Core Tier1 5%				
TAKING INTO ACCOUNT GENERAL PROVISIONS				
C8. General provisions				
C9. Core Tier 1 Dec. 2012 plus general provisions (C6 + C8)				
C10. Additional capital to reach Core Tier 1 5%, after including general provisions				

SECTION C
Impact on Tier 1
own funds

**EBA Benchmark:
Capital needs before
general provisions and
other loss-absorbing
elements**

**Public support (FROB) and
capital issuances and
bonds conversion during
the stress test period**

SPANISH RESULTS: CORE TIER 1



-	Net impairment: 13,599 M€ (23,701 M€ SB)
+ / -	Dividends and others: 3,798 M€ (139 M€ SB)
=	Core Tier 1 before capital increase and RDL 2/2011: 130,063 M€ (33,727 M€ SB)
+	RDL 2/2011 and capital increases: 14,471 M€ (13,924 M€ SB)
=	Core Tier 1: 144,534 M€ (47,651 M€ SB)

(Dec 2012)
 Additional capital needed to reach 5% benchmark
 Core TIER 1 ratio
 1.563 M€* (1.247 M€ SB)

*Before general provisions and other loss-absorbing elements



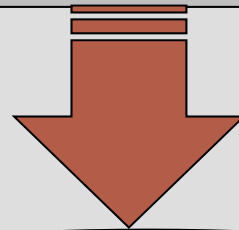
SPANISH RESULTS: INCLUDING GENERAL PROVISIONS



If general provisions are added to the Core Tier 1...

General provisions: 17,573 M€ (11,659 M€ SB)

Core Tier 1 plus general provisions: 162,107 M€ (59,309 M€ SB)



Additional capital to reach Core Tier 1 5% after general provisions: 143 M€ (0 M€ SB)

SPANISH TEMPLATES



Section D: Other loss-absorbing elements

	FINAL SITUATION AFTER INCLUDING OTHER LOSS-ABSORBING ELEMENTS	Benchmark scenario		Adverse scenario	
		€ million	% RWA 2012	€ million	% RWA 2012
SECTION D Other loss-absorbing elements	D1. Disinvestments and other business decisions up to 30.04.11				
	D2. Other bonds subject to mandatory conversion				
	D3. Others				
	D4. Core Tier 1 Dec. 2012 plus other loss-absorbing elements (C9 + D1 +D2 +D3)				
	D5. Additional capital to reach Core Tier 1 5%, after including other loss-absorbing elements				

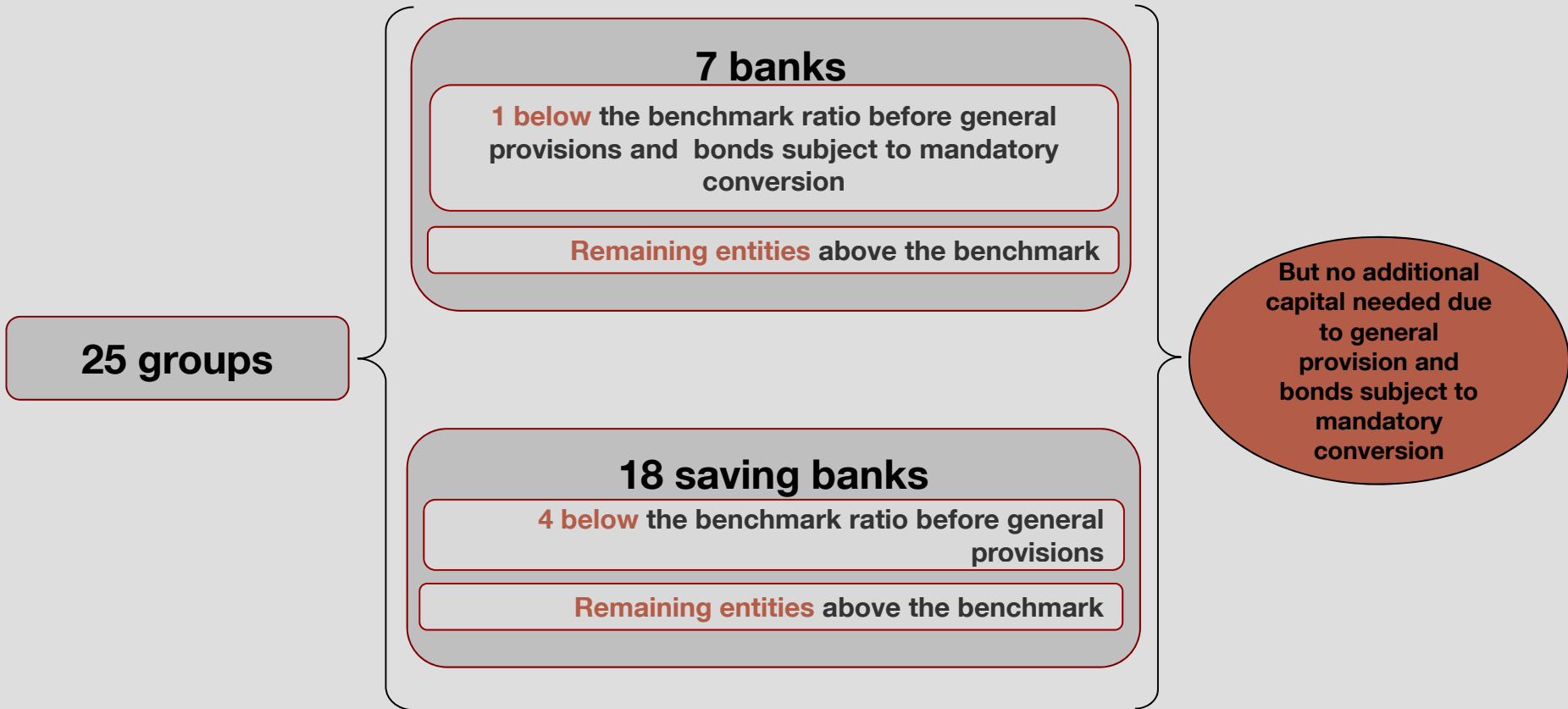
Including other convertible bonds not included in template C: 1.264 M€

Final capital needs in Spanish entities to meet the benchmark: 0 M€

SPANISH RESULTS



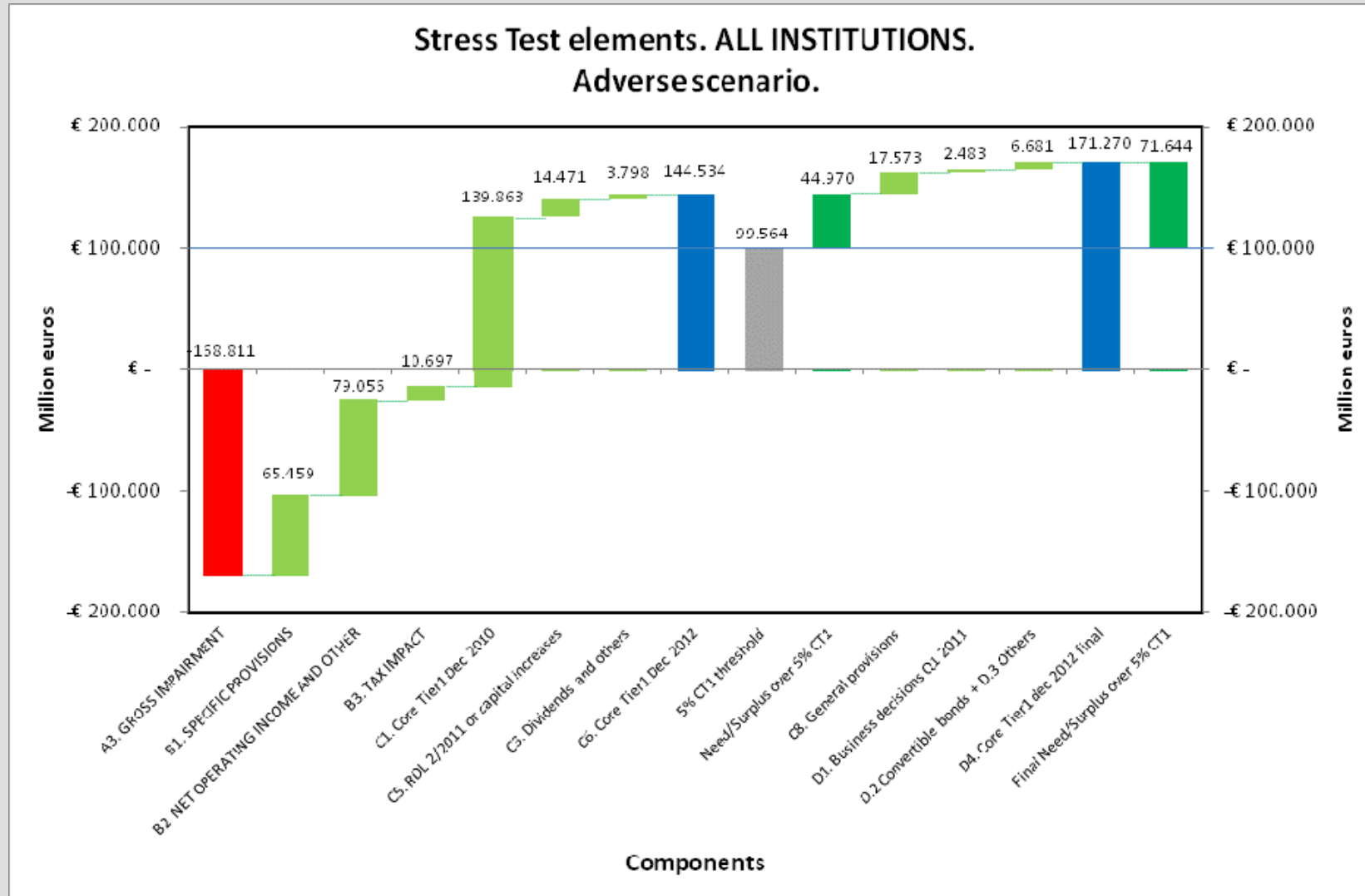
Adverse scenario



SUMMARY OF THE RESULTS ALL BANKS



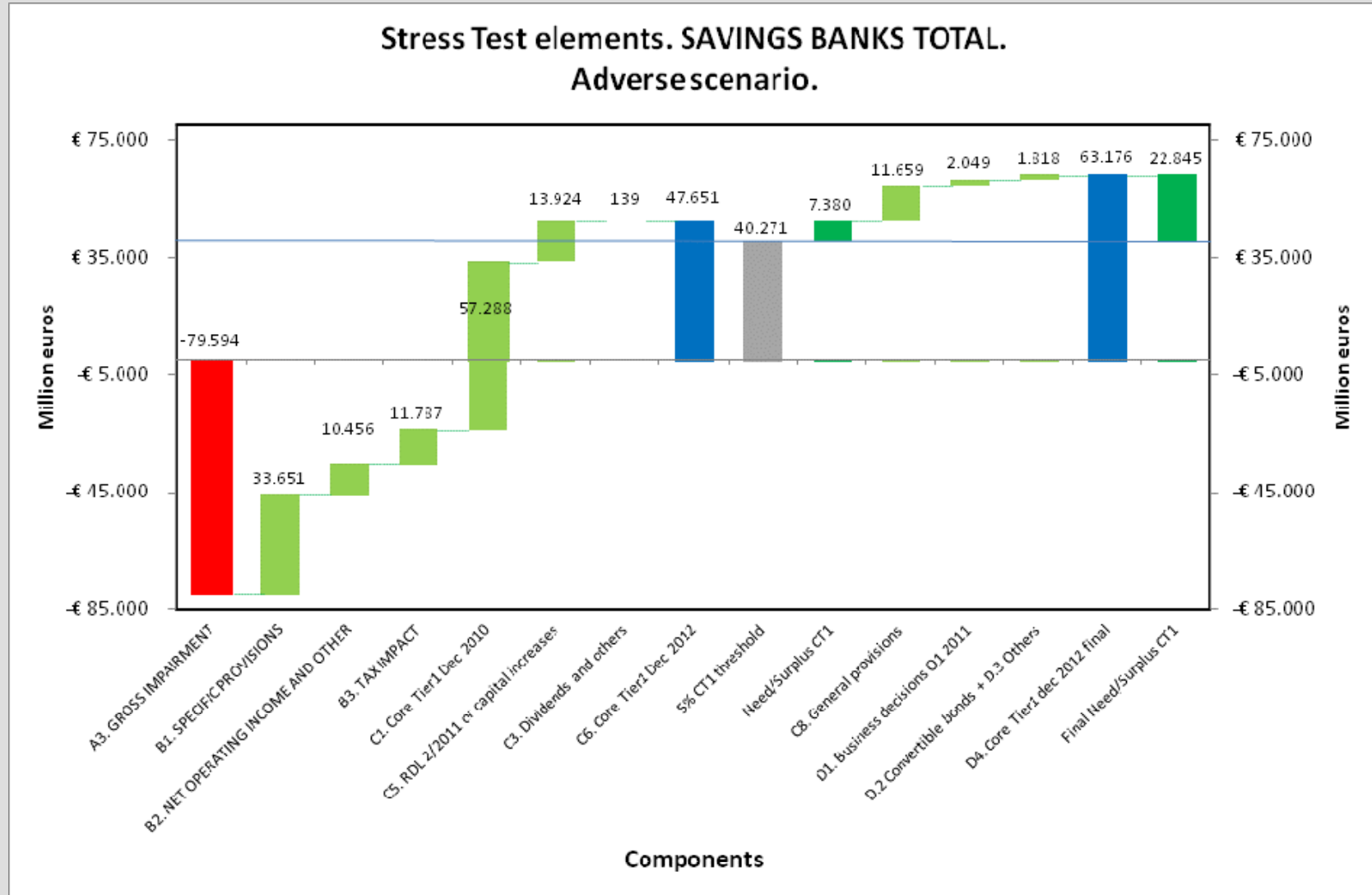
Adverse scenario



SUMMARY OF THE RESULTS SAVINGS BANKS



Adverse scenario



RECAPITALISATION. GROUPS UNDER BENCHMARK

5 entities (1 bank and 4 saving banks) below the benchmark core TIER 1 ratio in the adverse scenario



All of them are above regulatory minimum in both scenarios

CAM	3.0%
Pastor	3.3%
Caja3	4.0%
Unnim	4.5%
Catalunya Caixa	4.8%

Including general provisions and other loss-absorbing elements, all comply with the benchmark

No further capital needs

INDIVIDUAL RESULTS



	Market share dec-2010	Accumulated market share dec-2010	Core Tier 1 capital ratio (EBA benchmark)	Core TIER 1 capital ratio after general provisions and other loss-absorbing elements	
SANTANDER	17,4	17,4	8,4	8,9	European minimum scope
BBVA	13,6	31,0	9,2	10,2	
BFA-BANKIA	13,0	44,0	5,4	6,5	
CAIXA	11,1	55,1	6,4	9,2	
POPULAR	4,8	59,9	5,3	7,4	
SABADELL	3,7	63,7	5,7	8,0	
CATALUNYA CAIXA	3,1	66,8	4,8	6,2	
NOVACAIXAGALICIA	2,9	69,6	5,3	6,5	
BANCA CÍVICA	2,9	72,5	5,6	9,4	
CAM	2,9	75,4	3,0	5,1	
BMN	2,8	78,2	6,1	9,3	
BANKINTER	2,2	80,4	5,3	6,8	
ESPIGA	1,8	82,2	7,3	8,4	
IBERCAJA	1,7	83,9	6,7	7,3	
UNICAJA	1,4	85,3	9,4	12,3	
EFFIBANK	1,4	86,7	6,8	8,3	
PASTOR	1,2	87,9	3,3	5,6	
BBK	1,2	89,1	8,8	11,3	
UNNIM	1,1	90,3	4,5	6,2	
KUTXA	0,8	91,1	10,1	10,5	
CAJA 3	0,8	91,9	4,0	6,6	
MARCH	0,5	92,4	23,5	27,8	
VITAL	0,3	92,8	8,7	9,2	
ONTINYENT	0,0	92,8	5,6	7,2	
POLLENSA	0,0	92,8	6,2	8,0	
					Spanish wider scope