



PRESS RELEASE

Madrid, 30 July 2021

Spanish institutions show resilience in the European Banking Authority's stress tests

The European Banking Authority (EBA) has today published the results of the stress test of 50 European Union credit institutions accounting for approximately 70% of EU banking sector assets. Of these 50 institutions, 38 are supervised by the Single Supervisory Mechanism (SSM).

In parallel, and following criteria consistent with those applied in the EBA exercise, the ECB has stress-tested another 51 medium-sized significant institutions in the euro area.

Compared with previous exercises, the design of the adverse scenario this year has involved stressing bank balance sheets to a greater extent, following the sizable decline in GDP in 2020, as shown by the greater overall impact when compared with the previous stress test in 2018.

The Spanish banking groups that have participated in both exercises have shown resilience, with satisfactory capital levels under the adverse scenario, despite its greater severity.

As in past exercises, minimum capital thresholds have not been set. The results of the adverse scenario will provide a basis for determining the Pillar 2 Guidance (P2G) recommendations. Moreover, in the annual supervisory review and evaluation process (SREP), certain qualitative aspects of this exercise will also be taken into account.

European stress tests

The EBA has coordinated the exercise and defined the methodology, with the competent authorities entrusted with quality control. In the case of euro area institutions, this process was conducted by the ECB along with the national authorities comprising the SSM.

Taking their figures as at 31 December 2020 as a starting point, the institutions have drawn up their earnings and capital projections for a three-year period (2021-2023) under two (one baseline, the other adverse) macroeconomic scenarios. The ECB has provided the baseline scenario, while the adverse scenario has been devised by the European Systemic Risk Board (ESRB) along with the ECB, in cooperation with the EBA, the competent authorities and the national central banks.

Main results of the exercise

As indicated in the report published by the EBA, the solvency starting point of the EU banks in this test is better than that of previous exercises, reflecting a continuous strengthening of their capital position.

Under the adverse scenario, the fully loaded CET1 ratio as at 31 December 2023 of the 50 EBA institutions is expected to stand at 10.2%, with the aggregate impact showing a decline of 4.9 pp relative to the end-2020 ratio.

In the case of the 89 institutions supervised directly by the ECB, their fully loaded CET1 ratio would be 9.9% at the end of the exercise under the adverse scenario, representing an average impact of 5.2 pp.

Results of Spanish institutions

Four Spanish banking groups have participated in the EBA-coordinated exercise: Santander, BBVA, Sabadell and Bankinter. It should be pointed out that the EBA approved the exclusion of Caixabank and BFA Bankia, as they are undergoing a merger process.

The breakdown by institution of the impact on their CET1 ratio is summarised in the following table:

Bank	Transitional CET1 ratio			Fully loaded CET1 ratio		
	31.12.20	31.12.23 adverse scenario	Impact in pp	31.12.20	31.12.23 adverse scenario	Impact in pp
Bankinter	12.3%	11.3%	-1.0	12.3%	11.3%	-1.0
BBVA	12.2%	9.0%	-3.2	11.7%	8.7%	-3.0
Sabadell	12.6%	7.1%	-5.5	12.0%	6.5%	-5.5
Santander	12.3%	9.9%	-2.4	11.9%	9.3%	-2.6

Publication of results by bank

The following [link to the EBA website](#) offers information on the results of these tests:

- Reporting templates of all participating institutions.
- Aggregate report on the full results of the exercise for all institutions.

As the authority competent for the direct supervision of 38 of the 50 institutions subject to the EBA test, the ECB has issued a [press release](#) assessing the results of the exercise. For the first time, it has also published [selected results](#) of the 51 medium-sized institutions it has stress-tested.