2016 EU-WIDE STRESS TEST

RESULTS

29 July 2016

EBA EUROPEAN BANKING AUTHORITY

Contents

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Abbreviations

AFS	Available for sale (as defined in International Accounting Standard 39)
BCBS	Basel Committee on Banking Supervision
bps	Basis points
CCR	Counterparty credit risk
CET1	Common Equity Tier 1
CRD	Capital Requirements Directive 2013/36/EU
CRR	Capital Requirements Regulation (EU) No 575/2013
CVA	Credit valuation adjustment
IRB	Internal ratings-based (approach)
EBA	European Banking Authority
EEA	European Economic Area
EU	European Union
FVO	Fair value option (designated at fair value through profit or loss – as defined in International Accounting Standard 39)
HFT	Held for trading (as defined in International Accounting Standard 39)
HTM	Held to maturity (as defined in International Accounting Standard 39)
NII	Net interest income
P&L	Profit and loss (account)
REA	Risk exposure amount (risk-weighted exposure amount)
SREP	Supervisory review and evaluation process
SSM	Single Supervisory Mechanism
STA	Standardised approach
TSCR	Total SREP capital requirement

Disclaimer

This report is provided for analytical and transparency purposes only. The only official results are those stated in the original PDF files published by the EBA, which were submitted and confirmed by the competent authorities and by the banks. The cut-off date for the data shown in this report is 29 July 2016 – 10:00 CEST.

Executive summary

The objective of the EU-wide stress test is to provide supervisors, banks and market participants with a common analytical framework to consistently compare and assess the resilience of large EU banks and the EU banking system to adverse economic shocks. The 2016 EU-wide stress test does not contain a pass fail threshold and is designed to be used as a crucial input into the SREP in 2016, with the primary aim of setting Pillar 2 capital guidance[1] although no supervisory actions are precluded.

The stress test exercise is based on a common methodology and scenarios, and is accompanied by uniform data templates that capture starting point data and stress test results to allow a rigorous and comparable assessment of the banks in the sample. The EBA was responsible for coordinating the exercise and for the final dissemination of the results in line with its commitment to enhancing the transparency of the EU banking sector. Competent authorities were responsible for assuring the quality of the results and are responsible for any necessary supervisory follow-up measures as part of the SREP.

The adverse scenario implies EU real GDP growth rates over the three years of the exercise of -1.2%, -1.3% and 0.7% respectively – a deviation of 7.1% from its baseline level in 2018. It assesses 51 banks from 15 EU and EEA countries – 37 from SSM countries and 14 from Denmark, Hungary, Norway, Poland, Sweden and the UK.

Following a concerted effort to strengthen the capital base of the EU banking system since 2011, the starting point for the 2016 stress test was a weighted average CET1 capital ratio of 13.2% as of end-2015 – more than 200bps above the starting point for the 2014 and more than 400bps over average capital level in 2011. Since December 2013 CET1 capital increased by approximately €180bn for the banks in the sample.

The impact of the adverse scenario demonstrates the value of this capital strengthening as the weighted average CET1 capital ratio falls by -380bps[2] bringing the ratio across the sample to 9.4% at the end of 2018. This fall in the capital ratio is mostly driven by a capital depletion of €269bn although REAs also increase by 10%. The impact on a fully loaded basis is lower at -340bps (from 12.6% in 2015 to 9.2% in 2018). The impact varies significantly across banks with 14 institutions projecting an impact of more than -500bps on a transitional basis. One bank reports a reduction in the CET1 ratio of more than 14 percentage points. The aggregate leverage ratio decreases from 5.2% to 4.2% in the adverse scenario.

The impact is mostly driven by credit risk losses of €-349bn contributing -370bps to the impact on the CET1 capital ratio. The remaining losses are due to operational risk including conduct losses (€-105bn or -110bps) and market risk across all portfolios including CCR (€-98bn or -100bps). Although losses are partly offset by income, this is also stressed, for example NII decreases significantly in the adverse scenario (-20% relative to the starting point) highlighting strains in

[1] Also see http://www.eba.europa.eu/-/eba-clarifies-use-of-2016-eu-wide-stress-test-results-in-the-srep-process

[2] All impact numbers in bps shown in the main part of this report are rounded to the next 10bps.

profitability. In turn this results in a net total cumulative loss of €-90bn over the three years (-100bps) – excluding €91bn (100bps) of market risk losses directly recognised in capital. The remaining capital depletion is mostly due to dividends paid and transitional arrangements.

The outcome demonstrates resilience in the EU banking sector as a whole thanks to significant capital raising. The results for individual banks vary significantly and will inform supervisory discussions in the SREP to understand each banks' resilience to shocks, after taking into account their specific circumstances and credible management actions.

The key capital ratios and selected profit and loss items are summarised in the table below.

Table 1: Summary of key results

Metric	Starting 2015	Adverse 2018	Delta adverse 2018
Transitional CET1 capital ratio	13.2%	9.4%	-380bps
Fully loaded CET1 capital ratio	12.6%	9.2%	-340bps
Transitional leverage ratio	5.2%	4.2%	-100bps
Transitional CET1 capital	1,238bn	970bn	-269bn
Cumulative credit risk losses (impairment or reversal of impairment on financial assets not measured at fair value through profit or loss)	N/A	-349bn (-370bps)	N/A
Cumulative gains or losses arising from operational risk	N/A	-105bn (-110bps)	N/A
Cumulative market risk losses including CCR	N/A	-98bn (-100bps)	N/A
Cumulative profit or loss for the year	N/A	-90bn (-100bps)	N/A

The objective of this report is to summarise the key quantitative aggregate results of the exercise and to analyse their main drivers. The report does not describe the underlying methodology and scenario which were published in advance[3]. The use of the stress test results by competent authorities will be communicated by those authorities. The remainder of this report is structured as follows:

- Section 1 summarises certain key aspects of the exercise;
- Section 2 describes the impact of the scenario on main capital ratios, in particular on CET1 ratios for banks in the sample on a transitional as well as on a fully loaded basis and analyses main drivers of the impact by risk type;

[3] http://www.eba.europa.eu/-/eba-launches-2016-eu-wide-stress-test-exercise

- Section 3 gives the impact on aggregate capital, profitability, risk exposure amount and leverage;
- Section 4 discusses at a more detailed level the impact of specific risk types and methodological assumptions;
- The annex lists the main starting and projected capital ratios on a bank-by-bank level.

1. Key aspects of the 2016 EU-wide stress test

The EU wide stress test is designed to assess the resilience of the EU banking sector and major EU banks in a consistent way to hypothetical adverse economic conditions. It is not a forecast and does not include a pass fail threshold. Instead it is a crucial input into the SREP in 2016 as well as a key element of transparency designed to foster market discipline. The results of the EU-wide stress test will allow supervisors to assess banks' ability to meet applicable capital requirements under stressed scenarios based on a common methodology and assumptions.[4]

The EBA's stress test methodology is, by design, very restrictive. In particular, the assumption of a static balance sheet means that assets and liabilities that mature within the time horizon of the exercise are replaced with similar financial instruments as at the start of the exercise. No workout or cure of defaulted assets or other mitigating management actions are assumed in the exercise. In particular, no capital measures taken after the reference date 31 December 2015 were to be assumed. In any case, the impact of the static balance sheet assumption – as well as other methodological aspects – should be carefully taken in consideration in evaluating the result of the stress test.

This restrictive methodology facilitates comparability and consistency and means that the results provide a solid starting point for supervisory discussions with individual banks to better understand (i) how a bank's capital position may be affected by the adverse economic conditions, and (ii) credible mitigating management actions.

The EU-wide stress test is based on a general macroeconomic downturn scenario over a 3-year time-horizon. The scenario is hypothetical and not designed to capture every possible confluence of events. However, in combination with risk-type specific scenarios and methodological constraints, it does serve as an analytical tool to understand what happens to banks' balance sheets if an economic downturn materialises, regardless of the specific triggering shock.

The stress test was carried out on a sample of 51[5] banks from 15 EU and EEA countries – 37 from SSM countries and 14 from the Denmark, Hungary, Norway, Poland, Sweden and the UK. The participating banks are listed in the annex.

More details on the methodology, the scenario as well as the sample of the stress test can be found on a dedicated page of the EBA website.[6]

[4] Also see https://www.eba.europa.eu/-/eba-clarifies-use-of-2016-eu-wide-stress-test-results-in-the-srep-process

[5] As stated in the methodological note, two other banks were not assessed in the 2016 EU-wide stress test: DZ Bank AG Deutsche Zentral-Genossenschaftsbank was in a merging process; National Bank of Greece S.A. was covered by the ECB's Comprehensive Assessment 2015.

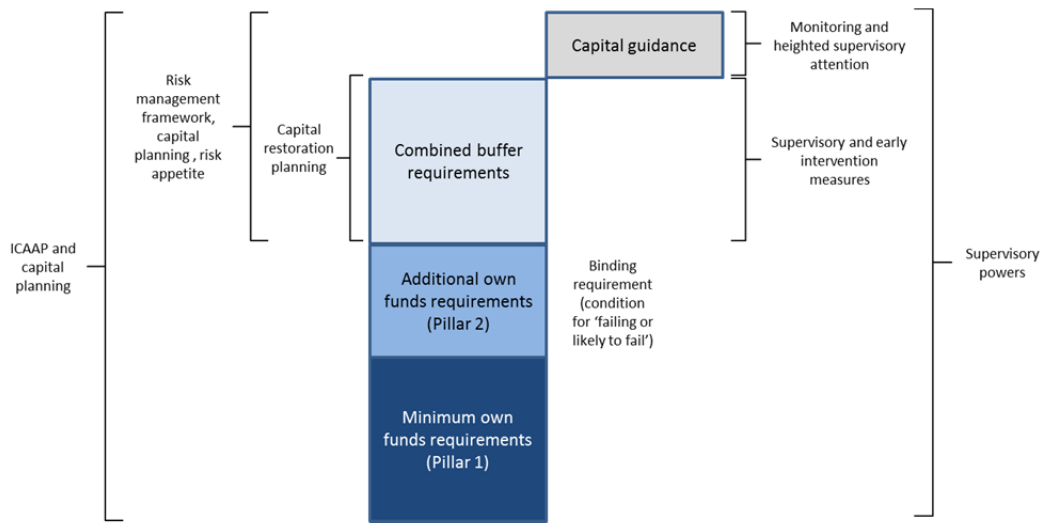
[6] http://www.eba.europa.eu/-/eba-launches-2016-eu-wide-stress-test-exercise

Box 1: Use of 2016 EU-wide stress test results in the SREP

The SREP is the key mechanism by which supervisors review the risks not covered, or not fully covered, under Pillar 1 and decide whether capital (and liquidity) resources are adequate. Supervisors can use the SREP to decide that additional Pillar 2 required capital is needed, as a new minimum, where Pillar 1 does not capture the risks adequately.

In addition, supervisors review whether banks are able to meet relevant capital requirements also in adverse economic circumstances. Stress tests are a key component of this latter assessment. The 2016 stress test deliberately does not include a pass fail threshold to facilitate this incorporation into each banks unique SREP although supervisors may use internal benchmarks.

Figure 1: Illustration of stacking order of capital requirements and reaction function



Competent authorities are expected to take the following steps following the release of the stress test results:

- Competent authorities will discuss the quantitative impact of the stress test with the institution and understand the extent to which credible management actions may offset some of the impact of the adverse scenario. As the EU-wide stress test is conducted on the assumption of a static balance sheet, the assessment may also take into account some natural dynamics in the balance sheet, based on existing strategic and capital planning;

- Competent authorities will assess the net impact of the stress test on the institution's forward looking capital plans and its capacity to meet applicable own funds requirements, although previously published TSCRs may not be directly relevant as they are being updated during 2016;

- A wide range of potential actions may result, including reviewing the TSCR where the stress test reveals an imminent risk to the solvency of the institution; or using the qualitative outcomes to inform the SREP assessments in areas such as risk management; or identifying hidden concentrations. More generally however, authorities may consider the following: (i) requesting changes to the institutions' capital plan (e.g. potential restrictions on dividends) or strategy, (ii) setting capital guidance, above the combined buffer requirement. In cases where capital guidance is provided, that guidance will not be included in calculations of the Maximum Distributable Amount, but competent authorities would expect banks to meet that guidance except when explicitly agreed, for example in severe adverse economic conditions. Competent authorities have remedial tools if an institution refuses to follow such guidance.

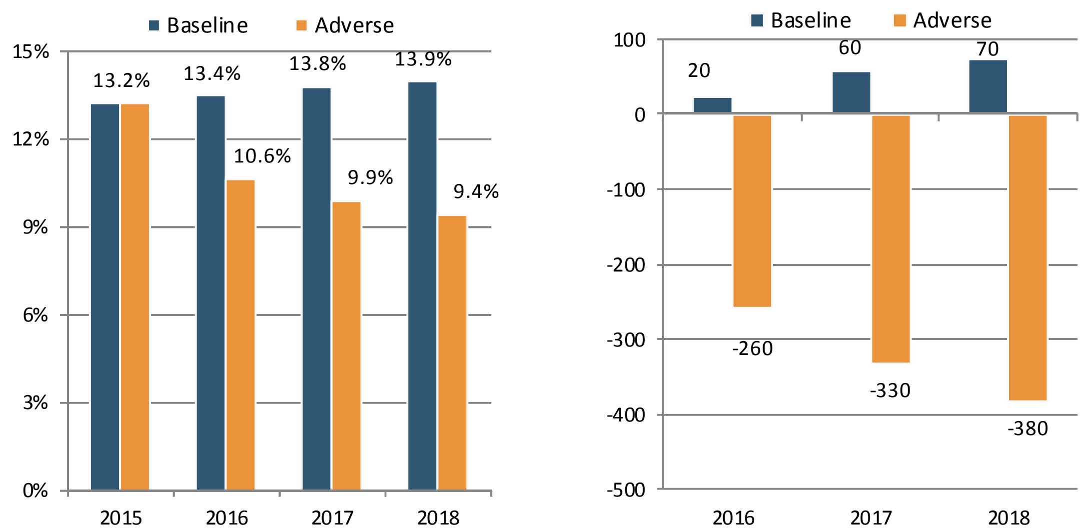
2. Impact of the stress test on capital ratios

2.1 Impact on CET1 capital ratios

The starting weighted average transitional CET1 capital ratio in the sample as of December 2015 is 13.2%. This value confirms the continued capital strengthening of EU banks since 2011[7]. The equivalent starting value for the first stress test carried out by the EBA in 2011, i.e. the capital ratio as of end-2010, was 8.9%, albeit measured using a slightly different capital definition ahead of the introduction of the CRR/CRD; the value as of end-2013 that served as starting point for the 2014 exercise was 11.1% CET1 capital.[8] Overall, the 51 banks in the stress test sample increased their capital position on a transitional basis by about €180bn between December 2013 and December 2015 and by more than €260bn since December 2010.

The impact of the adverse scenario on the CET1 capital ratio is -380bps, bringing the CET1 ratio across the sample from 13.2% to 9.4% at the end of 2018 (see Figure 2). Since a part of this decrease is driven by the transitional provisions of CRR/CRD requirements during the projection period, the impact on a fully loaded basis is lower at 340bps. The fully loaded CET1 ratio therefore decreases from 12.6% in 2015 to 9.2% in 2018 (see Figure 3).

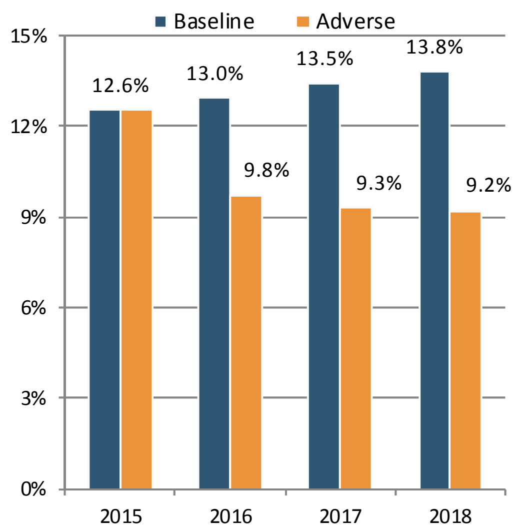
Figure 2: Evolution of aggregate CET1 capital ratio (%) and delta to starting point 2015 (bps)



[7] Also see http://www.eba.europa.eu/risk-analysis-and-data/eu-capital-exercise

[8] The sample for the 2011 EU-wide stress test included 90 banks.The sample for the 2014 EU-wide stress test included 123 banks. However, the CET1 capital ratio at the starting point December 2013 only for the 51 banks included in the 2016 EU-wide stress test was also 11.1%. 11.1% was the starting point after the effect of the asset quality review.

Figure 3: Evolution of aggregate fully loaded CET1 capital ratio (%) and delta to starting point 2015 (bps)



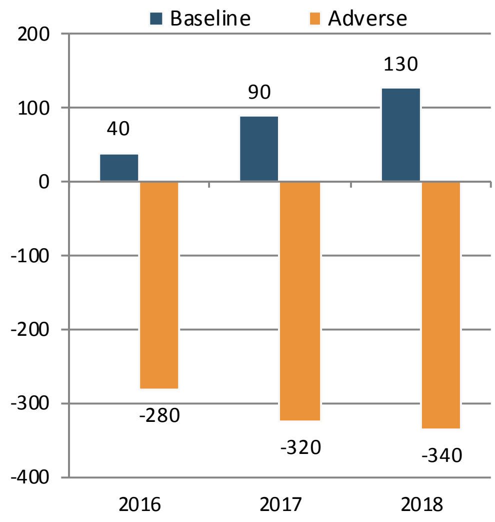
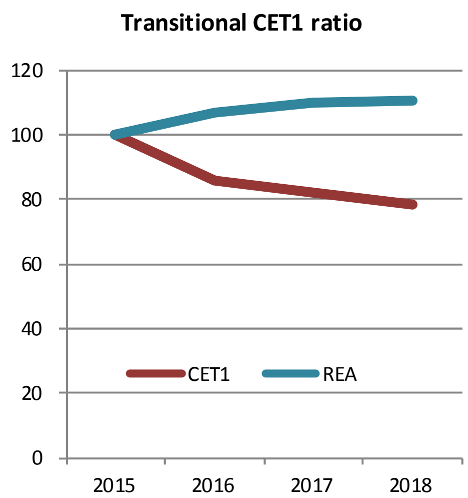
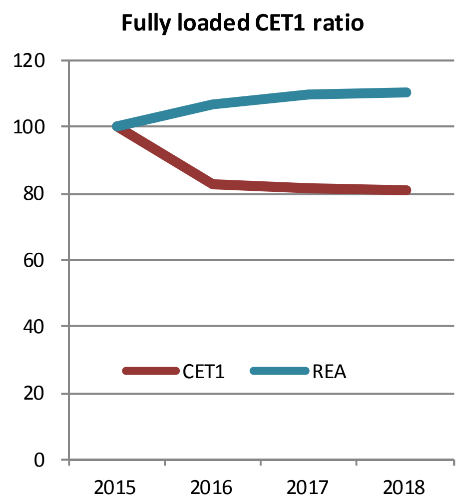


Figure 4: Evolution of numerator and denominator of aggregate CET1 capital ratio in the adverse scenario (2015 = 100)

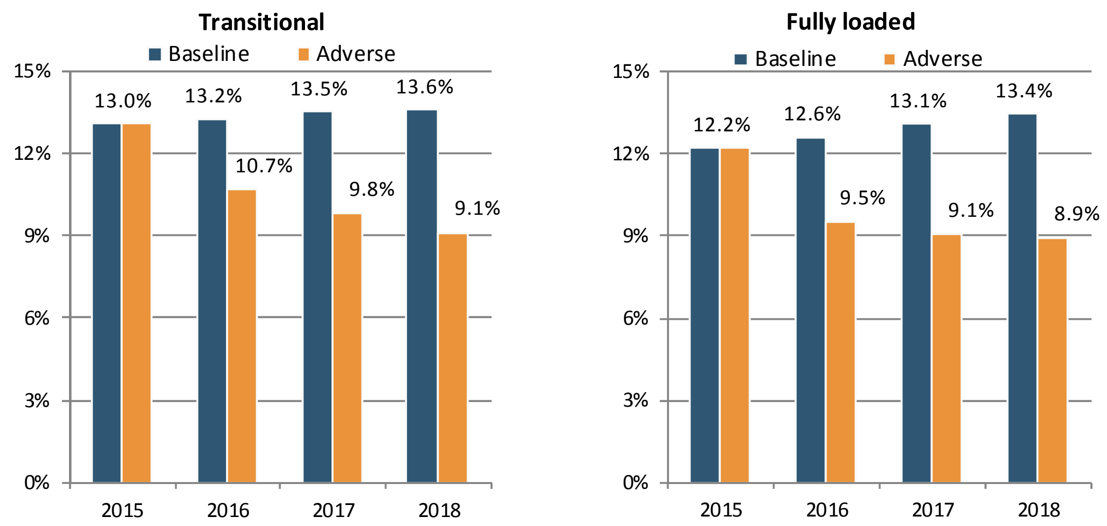




For both ratios the stress impact is driven by capital depletion and increased REA with a larger impact from the former. Transitional CET1 capital decreases by 22% in the adverse scenario while risk exposure amount increases by 10% (see Figure 4). It is also worth noting that the difference between the transitional and the fully loaded ratio is mainly due to the different impact on the capital side rather than on REA.

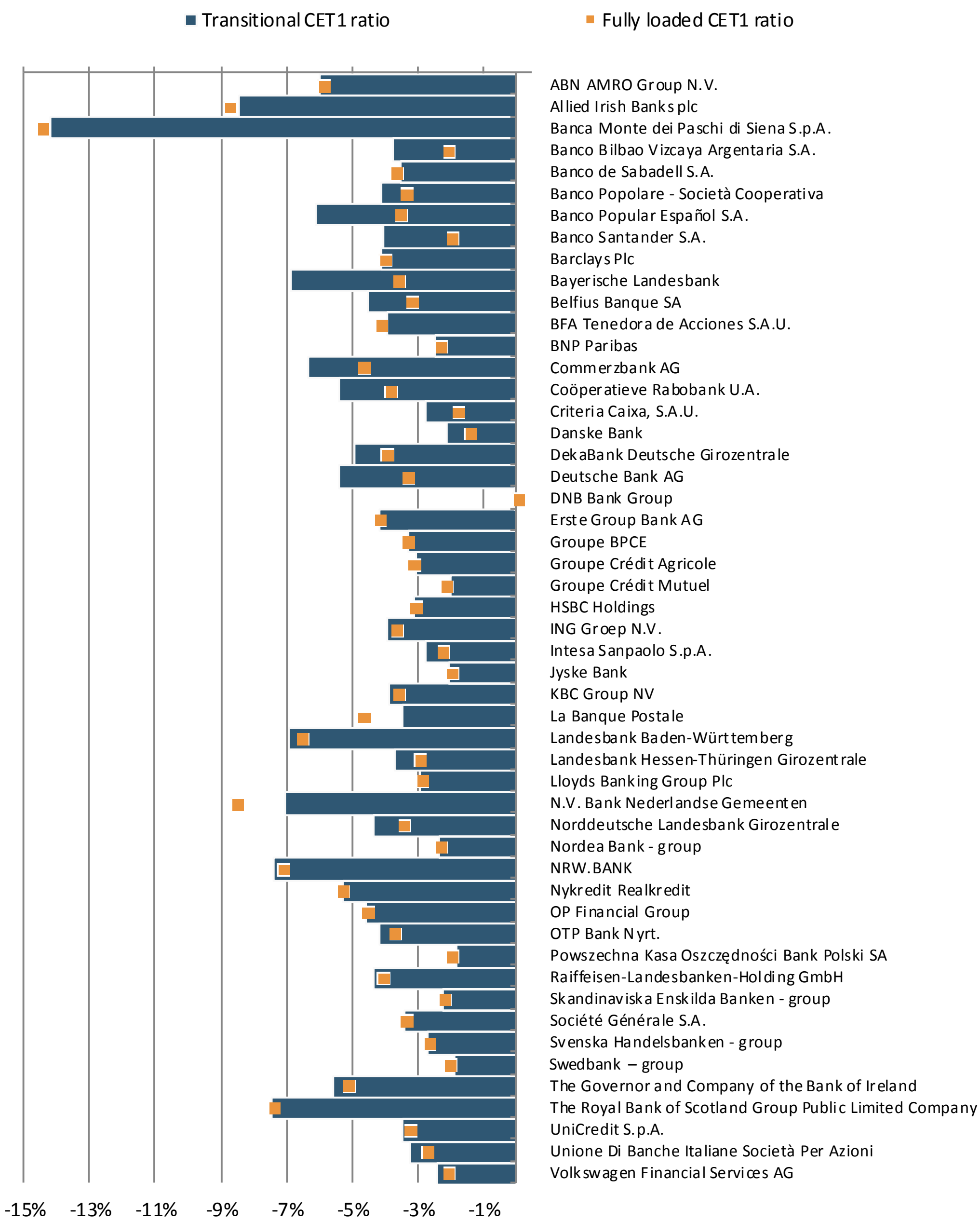
The results of the stress test show a large dispersion across jurisdictions and banks. The impact on the aggregate CET1 capital ratio in the adverse scenario for the 37 SSM banks only (that account for approximately 70% of total REA in the sample) is -390bps on a transitional and -330bps on a fully loaded basis (see Figure 5).

Figure 5: Evolution of aggregate transitional and fully loaded CET1 capital ratio for the SSM (%)



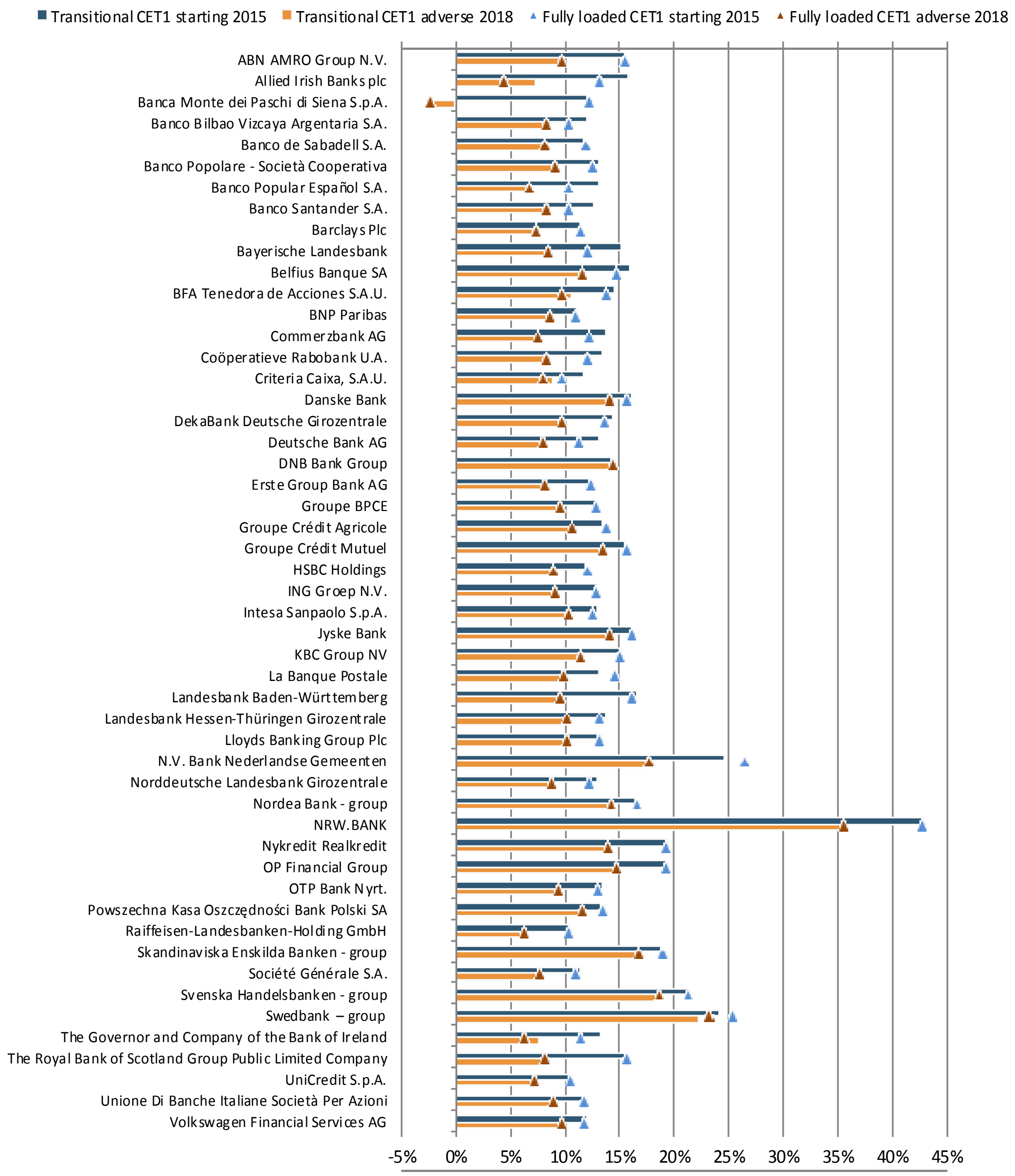
The impact ranges from close to 0 for the Norwegian bank in the sample to more than -700bps for banks from Ireland albeit with large differences within each country. The dispersion across all banks is thus not surprisingly larger with 14 banks projecting an impact of more than -500bps on a transitional basis (see Figure 6). One bank reports a reduction in the CET1 ratio of more than 14 percentage points. While for the majority of banks the impact on a transitional basis is approximately equal to or higher than the fully loaded impact, a few banks report a significantly, i.e. around 20%, higher fully loaded impact. For a small number of banks around half of the transitional CET1 capital ratio impact is explained by transitional arrangements. Different phase-in schedules across countries explain why for some countries the impact on a fully loaded and the impact on a transitional basis are identical while other countries show relatively large discrepancies. In this respect the largest differences are visible for banks from Germany and Spain.

Figure 6: Impact on CET1 capital ratio from 2015 to 2018 in the adverse scenario by bank in alphabetical order



The resulting transitional CET1 capital ratio 2018 in the adverse scenario ranges from -2.2% to 35.4% and on a fully loaded basis this range is broadly the same (see Figure 7). Apart from the one bank that reports negative CET1 capital at the end of the projection period, all other banks report minimum levels of capital above Pillar 1 capital requirements, with a transitional CET1 capital ratio above 4.5%, a Tier 1 capital ratio above 6% and total capital above 8%.

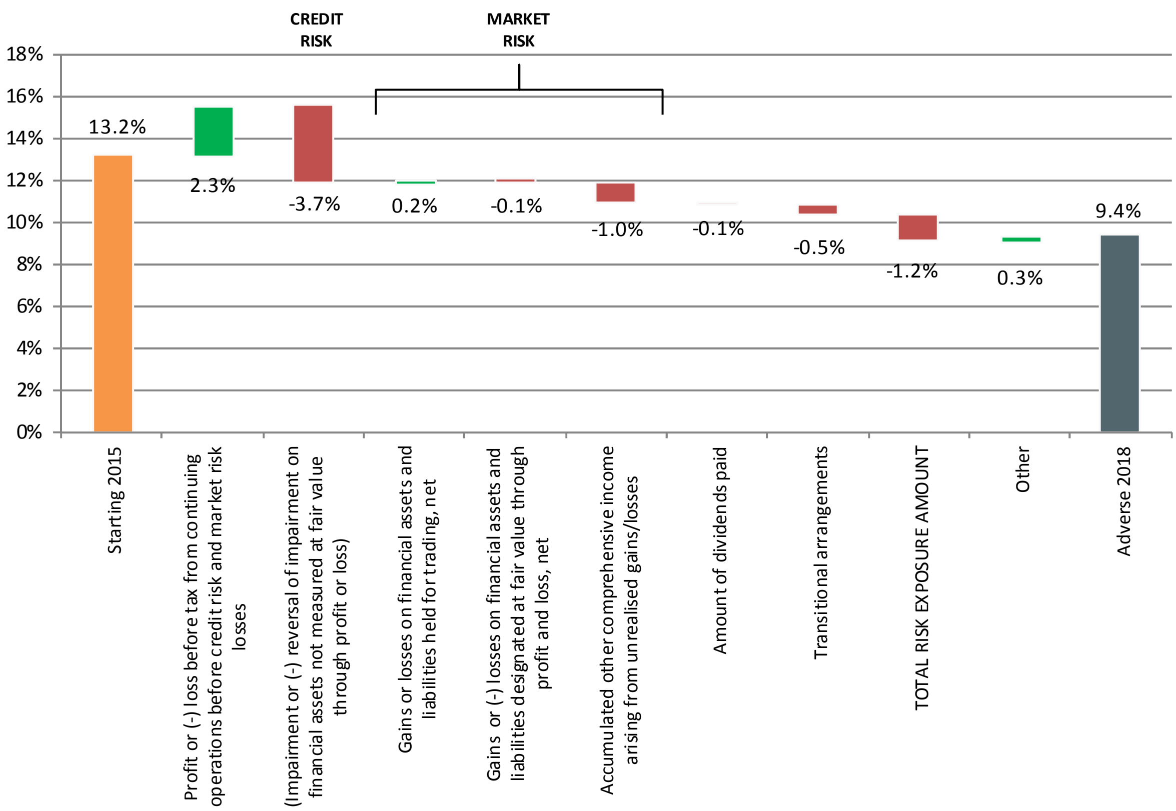
Figure 7: CET1 capital ratio in the adverse scenario by bank in alphabetical order (%)



2.2 Main drivers of the impact

Figure 8 shows the contribution of different P&L and balance sheet items to the change in the aggregate CET1 capital ratio between 2015 and 2018.[9] Credit losses (Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss) have the highest impact with -370bps (-€349bn). Other relevant impacts include an increase in risk exposure amounts that leads to a negative impact of -120bps on the capital ratio. The market risk shock, that precedes the three year economic downturn, accounts for a negative impact of -90bps on capital (-€83bn) (i.e. gains or losses on financial assets and liabilities held for trading, gains or losses on financial assets and liabilities designated at fair value through profit and loss, net and accumulated other comprehensive income arising from unrealised gains/losses). Transitional arrangements impact capital by -50bps. The negative impacts on capital are partly offset by positive income items such as net interest income after expenses (profit or loss before tax from continuing operations before risk specific losses). Although these items have a positive impact on CET1 capital over the projection period, they are stressed based on the adverse scenario and are significantly lower than the starting point. This will be further discussed in section 4.

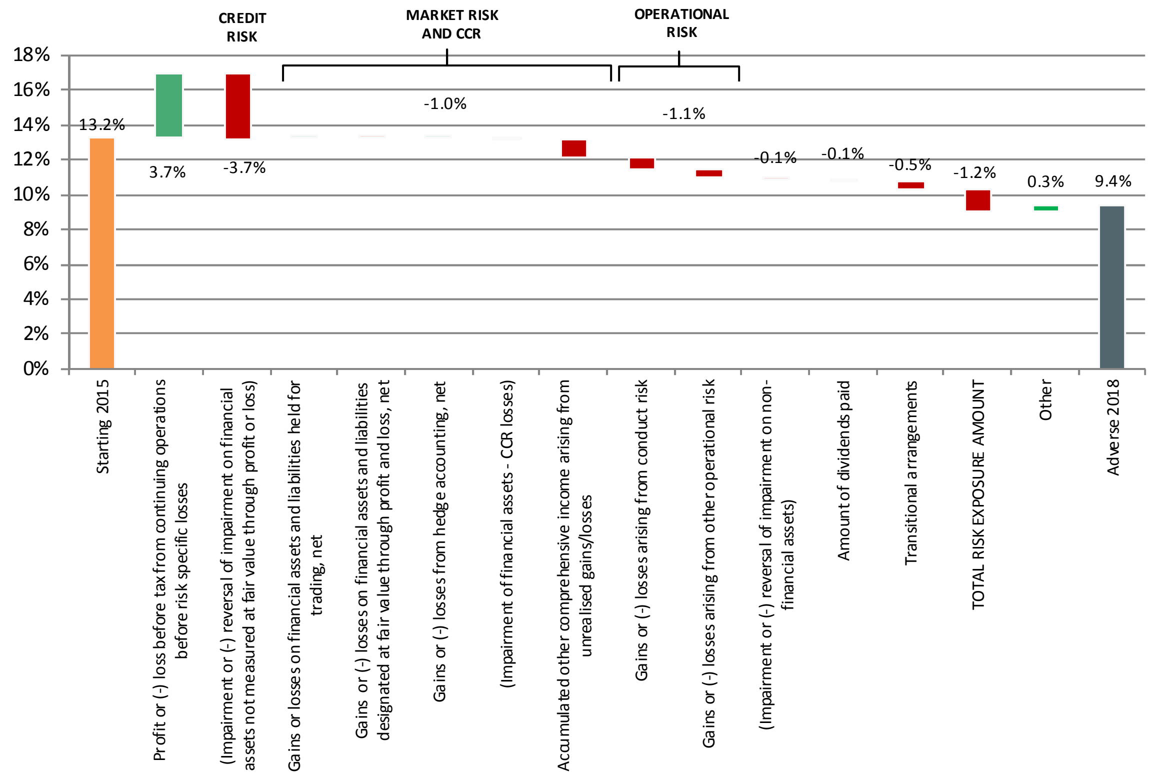
Figure 8: Contribution of main drivers to the change in CET1 capital ratio from 2015 to 2018 in the adverse scenario



[9] Impact of single drivers are reported gross of taxes – taxes included in 'other'.

A more detailed analysis of the drivers, i.e. by differentiating sub-components of the positive income items, shows the contribution of other risk types (see Figure 9). Operational risk has a -110bps impact (-€105bn) mostly driven by conduct risk (-80bps, -€71bn). The positive contribution of gains on financial assets held for trading is mostly due to a positive impact of net trading income after the stress (30bps, €30bn) partly offset by credit valuation adjustments (-20bps, -€15bn). CCR losses add -20bps (-€16bn) to the stress impact. A detailed overview on the aggregate P&L is given in Figure 11 in the next section.

Figure 9: Contribution of detailed drivers to the change in CET1 capital ratio from 2015 to 2018 in the adverse scenario



3. Impact on profitability, risk exposure amount and leverage

3.1 Impact on profitability

The aggregate P&L account of the sample shows the absolute contribution of different components to profitability and CET1 capital over the three years of the exercise and relative to the starting point 2015 (see Figure 11). By far the biggest positive contributors to the aggregate cumulative P&L are net interest income (€834bn) and net fee and commission income (€453bn). Other operating income stays broadly constant and contributes €228bn. Consistent with the driver analysis in section 2.2, the largest losses are due to credit risk (-€349bn) and operational risk (-€105bn). The aggregate loss over the three years is -€90bn – also considering expenses. By far the biggest impact is visible in the first year of the scenario with a loss of -€84bn after tax (-€112bn before tax). For the third year of the exercise banks in the sample report a marginally positive profit for the year. Additional losses in the AFS portfolio of -€91bn are directly captured in capital. The remaining capital impact is mostly due to transitional arrangements and dividends paid. In total the adverse scenario leads to a depletion of €269bn in capital – a fall of 22% relative to 2015.

Box 2: Return on RoRC

The banks in the sample of the 2016 EU-wide stress test reported an aggregate weighted average return on regulatory capital (RoRC[10]) of 6.5% as of December 2015. This figure is below the cost of equity estimated by banks and the return on equity that banks consider as sustainable on a long-term basis, above 8% and 10% respectively, according to the majority of banks participating in the EBA June 2016 risk assessment questionnaire.[11] This data shows that profitability remains an important source of concern and a challenge for the EU banking system, in a context of continued low interest rates, high level of impairments linked to large volumes of non-performing loans especially in some jurisdictions and provisions arising from conduct and other operational risk related losses.

The stress scenario further impairs banks' profitability, having the largest impact in 2016, when the banks report a net loss and therefore a negative RoRC. Profitability recovers slightly during 2017 and 2018, leading to levels that in any case remain severely subdued as of end of 2018, when the banks report a weighted average RoRC close to zero. The main drivers of the stress test impact on profitability in 2018 are the reduction of the NII, the rise by 270bps of impairments on

[10] RoRC is estimated as the ratio of the banks' net profit/loss of the year compared to the regulatory Tier 1 capital (net of deductions and after transitional adjustments) as of December 2015.

[11] http://www.eba.europa.eu/documents/10180/1515215/2016+June+RAQ-consolidated.pdf/f3843807-2130-4f90-83af-f71fe2a7453e

financial assets and the decline by almost 180bps of the income linked to market risk activities.

Figure 10: Impact on the return on regulatory capital in the adverse scenario 2015-2018 (%)

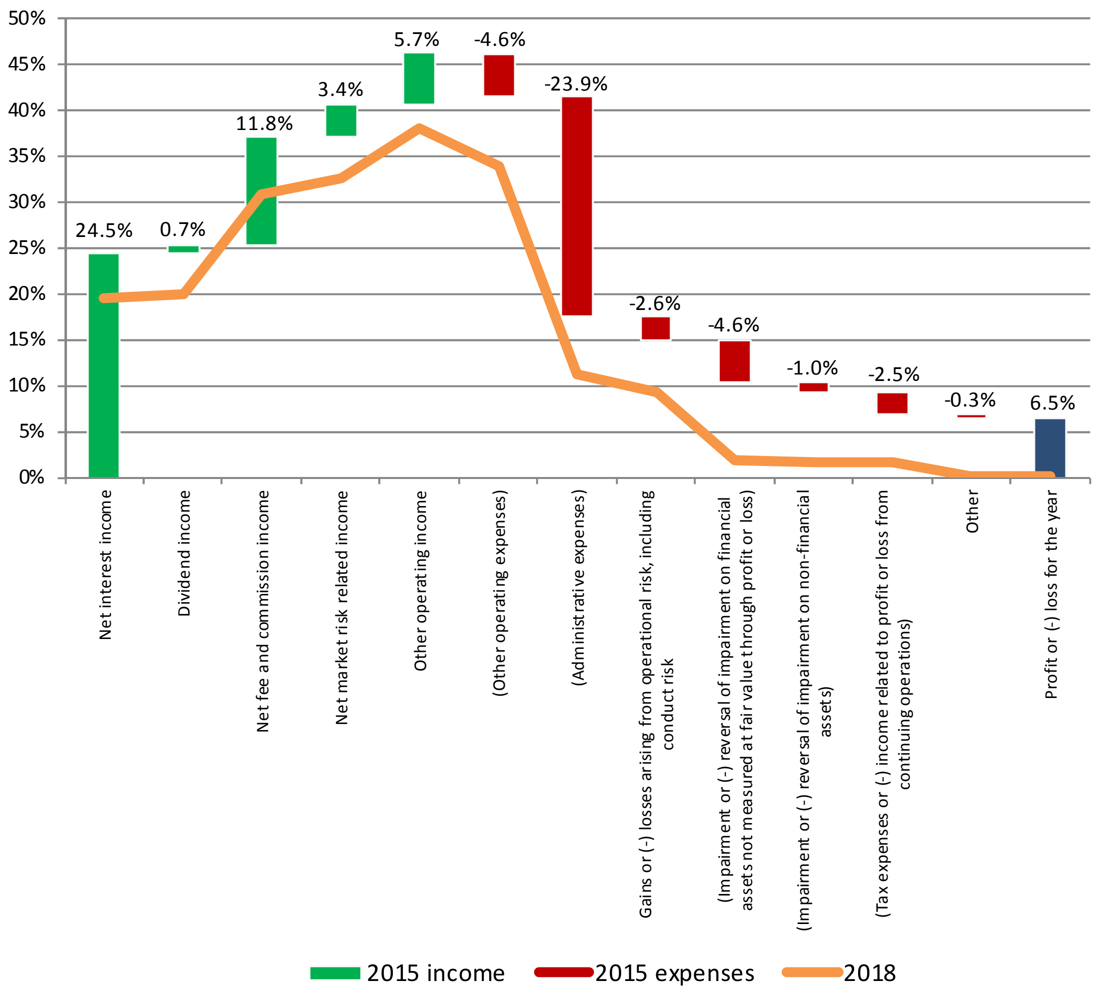


Figure 11: Evolution of stylised EU aggregate profit and loss account and absolute change in capital in the adverse scenario (€ bn)[12]

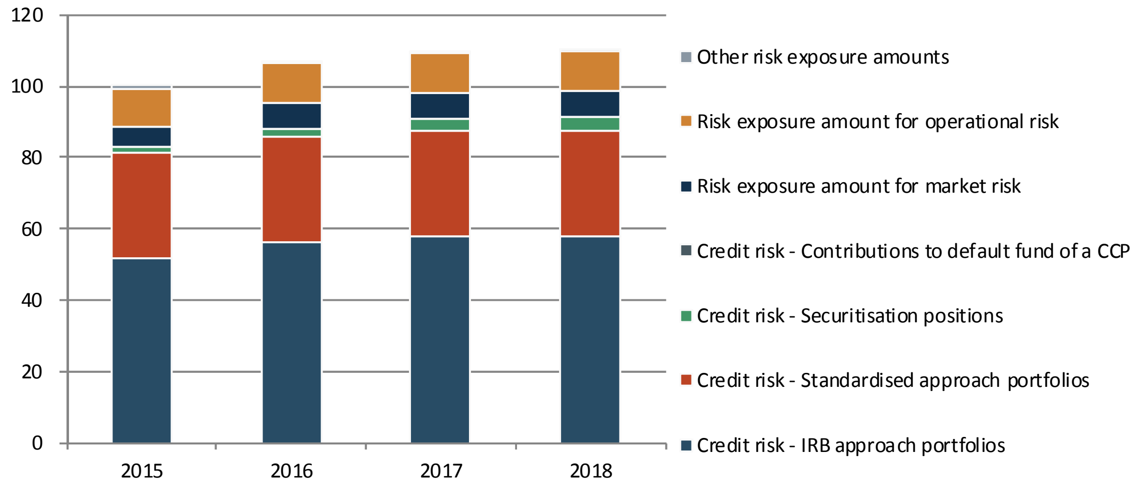
	2015	2016	2017	2018	2016-2018 cumulative
Net interest income	335	291	276	267	834
Dividend income	10	6	6	6	18
Net fee and commission income	162	151	151	151	453
Gains or (-) losses on financial assets and liabilities held for trading, net	37	-27	23	23	19
Net trading income after stress [gain or (-) loss]	N/A	-16	23	23	30
Credit valuation adjustments [gain or (-) loss]	N/A	-15	0	0	-15
Economic hedges [gain or (-) loss]	N/A	4	0	0	4
Gains or (-) losses on financial assets and liabilities designated at fair value through profit and loss, net	10	-11	0	0	-11
Gains or (-) losses from hedge accounting, net	0	0	0	0	0
Other operating income	78	76	76	76	228
(Other operating expenses)	-63	-59	-59	-59	-178
Total operating income, net	587	428	473	463	1363
(Administrative expenses)	-336	-317	-311	-310	-938
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	-64	-131	-117	-101	-349
(Impairment of financial assets - CCR losses)	N/A	-16	0	0	-16
(Impairment or (-) reversal of impairment on non-financial assets)	-14	-4	-3	-2	-10
Gains or (-) losses arising from operational risk	N/A	-48	-30	-26	-105
Gains or (-) losses arising from conduct risk	N/A	-37	-19	-15	-71
Gains or (-) losses arising from other operational risk	N/A	-11	-11	-11	-34
Profit or (-) loss before tax from continuing operations	122	-112	-11	2	-121
(Tax expenses or (-) income related to profit or loss from continuing operations)	-34	28	3	0	31
Profit or (-) loss for the year	89	-84	-7	1	-90
Amount of dividends paid	44	6	4	4	13
Attributable to owners of the parent net of estimated dividends	36	-87	-12	-4	-103
Change in accumulated other comprehensive income arising from unrealised gains/losses	N/A	-91	0	0	-91
Change in Common Equity Tier 1 Capital	N/A	-175	-47	-47	-269

[12] Only main items are included so that sub-items do not necessarily add up to the total.

3.2 Impact on risk exposure amount

The 10% increase of risk exposure amount in the adverse scenario is mostly driven by credit risk – IRB approach portfolios which account for the largest share of risk exposure amount and increase by 11% (see Figure 12). Credit risk – standardised approach portfolios stay approximately constant. Market risk exposure amount increases by 25%. The prescribed shock to risk exposure amount for securitisations results in the starting value more than doubling, albeit, with a small absolute impact. Risk exposure amount for operational risk rises by 7%.

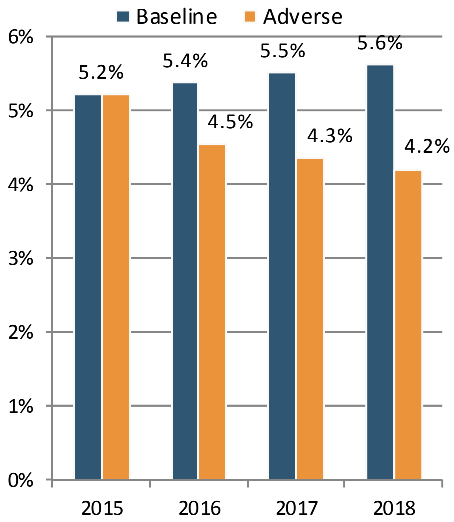
Figure 12: Evolution of risk exposure amount by risk type under the adverse scenario (2015 = 100)

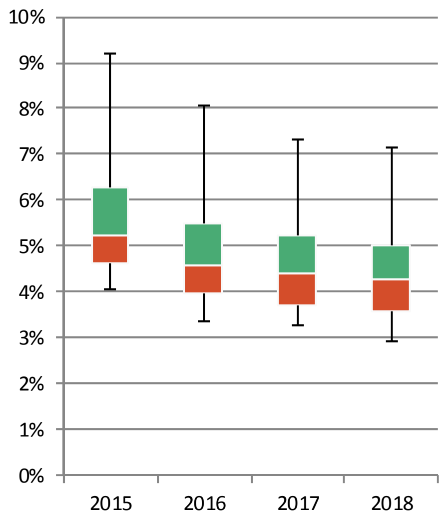


3.3 Impact on leverage ratios

The weighted average transitional leverage ratio in the sample falls from 5.2% in 2015 to 4.2% in 2018 in the adverse scenario – a 100bps drop (see Figure 13). It should be noted that the leverage exposure (i.e. the denominator of the ratio) is assumed to remain constant so that the drop is solely due to decreasing Tier 1 capital. The median leverage value across banks is almost identical to the weighted average, however, with wide dispersion in the sample (see Figure 13). In 2015 only one bank reports a ratio below 3%.[13] In 2018 under the adverse scenario this is the case for four banks (seven on a fully loaded basis).

Figure 13: Evolution of aggregate leverage ratio and its dispersion – 5th and 95th percentiles, interquartile range and median in the adverse scenario (%)





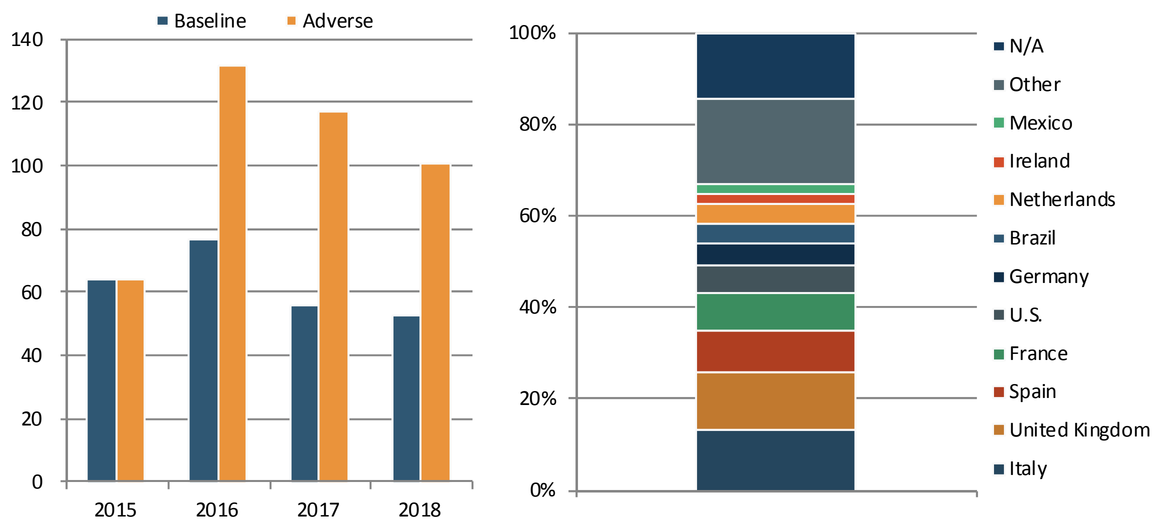
[13] The comparison with a 3% level is used here based on the BCBS press release (11 January 2016) informing the public about the agreement reached by its oversight body, the Group of Governors and Heads of Supervision (GHOS), according to which a minimum level of 3% based on Tier 1 capital is expected to apply for the LR from 1 January 2018 onwards (http://www.bis.org/press/p160111.htm).

4. Impact by risk type

4.1 Credit risk

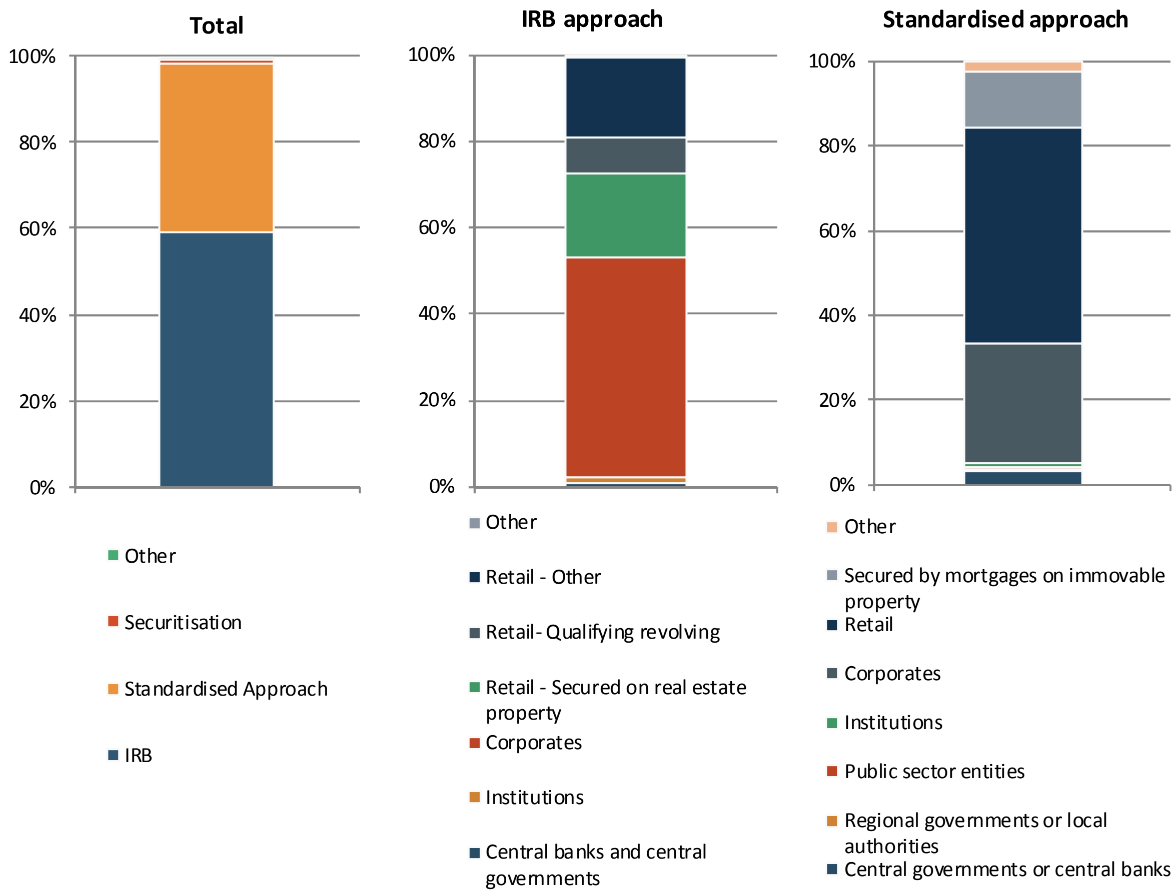
In the adverse scenario credit risk losses (i.e. impairment or reversal of impairment on financial assets not measured at fair value through profit or loss) increase by 107% in 2016 compared to 2015 to €131bn. The cumulative losses over the three years of the exercise in the adverse scenario are €349bn (see Figure 14) – leading to a -370bps impact on the CET1 capital ratio. Exposures towards counterparties in Italy, the UK, Spain and France are those contributing the most to credit losses (see Figure 14) in absolute terms, also reflecting their volumes.

Figure 14: Evolution of absolute credit losses (€ bn) and contribution of cumulative credit risk losses in the adverse scenario for selected countries of the counterparty (%)



The corporate exposures and retail exposures other than those secured by mortgages on real estate account for the majority of credit risk losses (see Figure 15). Corporate exposures (IRB and STA) contribute to total losses by €144bn (41%) followed by other retail exposures (IRB qualifying revolving and other retail, STA retail) with more than €125bn (36% of the total).

Figure 15: Contribution to cumulative credit losses in the adverse scenario – by regulatory exposure class (%)



The highest total impairments relative to starting defaulted and non-defaulted exposures are again reported for retail exposures not secured by real estate followed by corporate exposures (see Figure 16). The impact of credit risk in the stress test is also reflected in cumulative credit loss information for countries of counterparties of the banks in the sample. This does not represent country riskiness per se but this information does help explain the stress test impact for the banks in the sample. To that end the impairments relative to starting exposure by country of the counterparty are shown in Figure 16 with Brazil, Mexico, Italy, Ireland and Spain identified as countries of the counterparty with higher cumulative impairment rates. It should be noted that only the countries which contribute most to aggregate credit losses (i.e. as reported in Figure 14) are depicted. Corresponding information on coverage ratios is given in Figure 17. Aggregate coverage ratio for defaulted assets at the end of the stress period is 42%. As expected unsecured exposures, retail in particular, report the highest values. It can also be observed that coverage ratios vary significantly across countries.

Figure 16: Cumulative credit losses relative to December 2015 exposure in the adverse scenario – for selected countries of the counterparty and by regulatory exposure class (%)

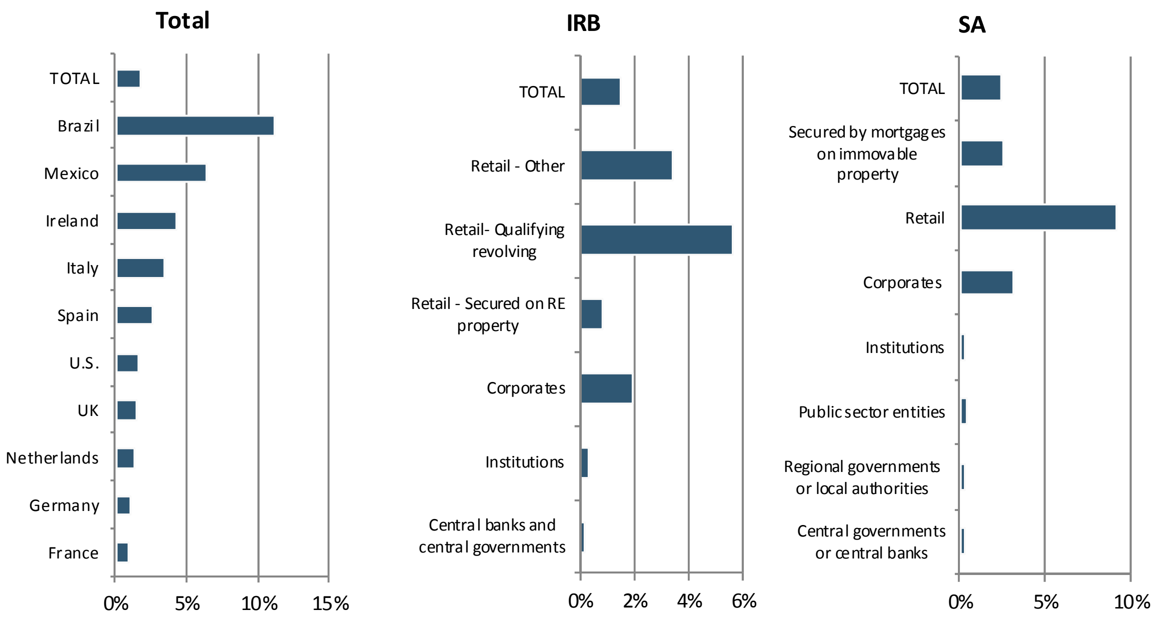
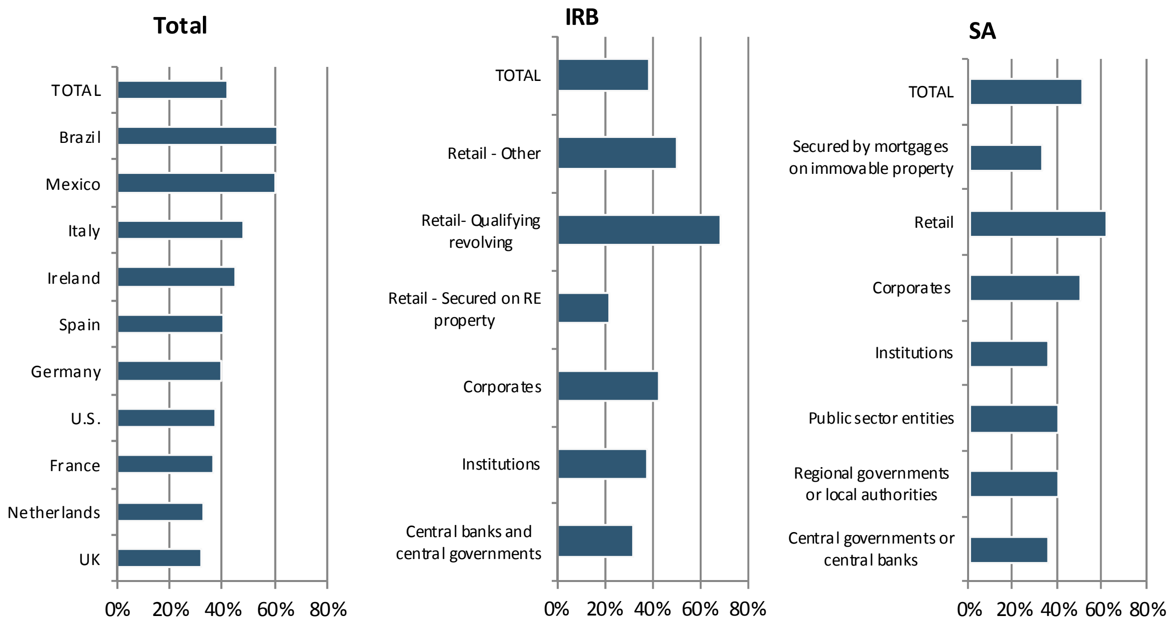


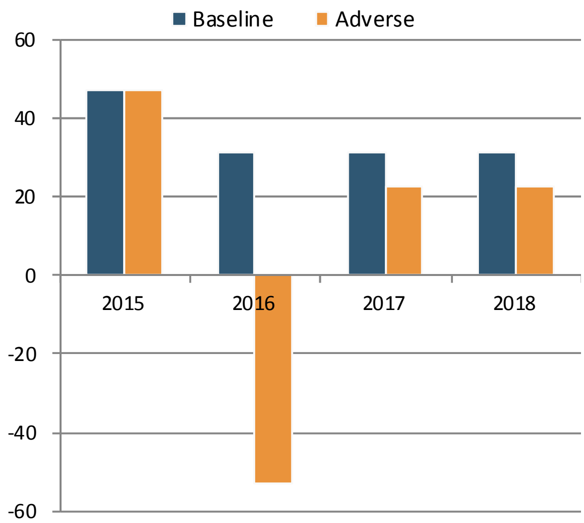
Figure 17: Coverage of defaulted exposures with provisions 2018 in the adverse scenario – for selected countries of the counterparty and by regulatory exposure class(%)



4.2 Market risk; CCR losses and CVA

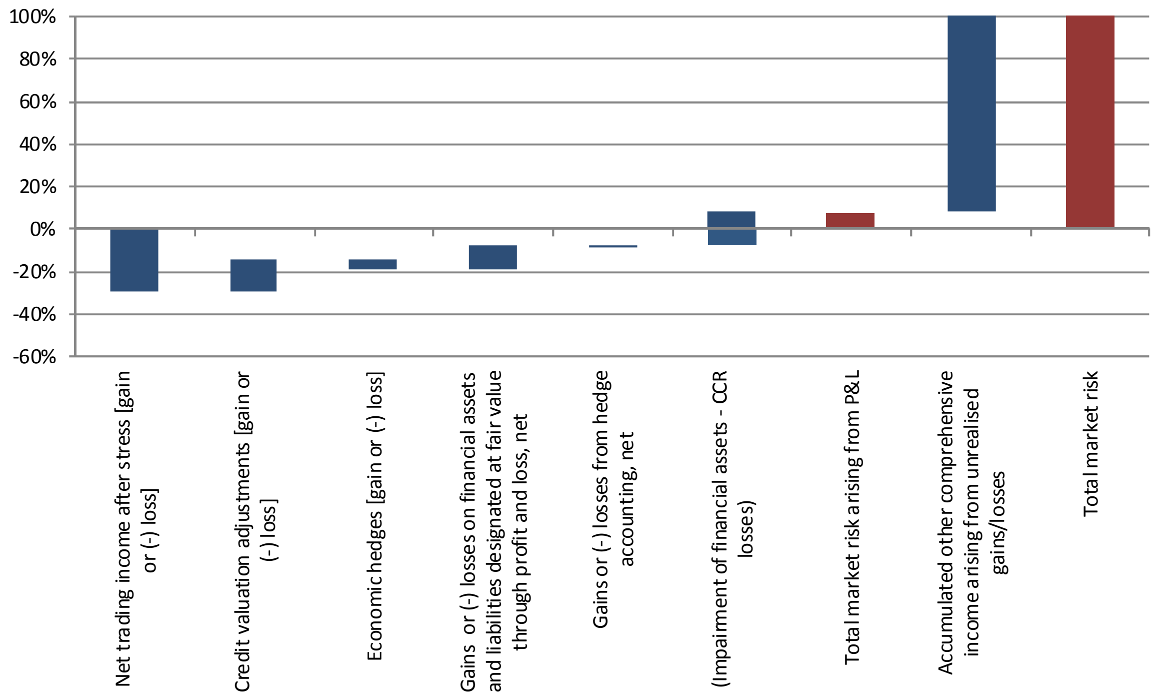
The market risk scenarios as well as the methodology are designed to lead to instantaneous losses followed by three years of subdued trading income. Market risk affects capital ratios via the P&L or via other comprehensive income, i.e. directly in capital. The total losses from market risk (HFT, FVO, hedging), CCR and CVA impact captured in the P&L in 2016 is -€53bn in the adverse scenario compared to positive income of €47bn in 2015 (see Figure 18). After this loss in the first year income is projected to recover somewhat. Although this means that aggregate net impact over the three years is -€8bn (-10bps), the impact is significant in comparison to the capital build up that would have resulted holding the starting value constant over the three years. On this basis the market risk P&L impact would be -€148bn (-160bps).

Figure 18: Evolution of market risk P&L impact (€ bn)



The bulk of the total impact of market risk is due to the effect that the market risk scenario has on assets booked as available for sale. These assets account for -€91bn or approximately 90% of the total market risk impact (see Figure 19). Due to the prescribed phase-out of the prudential filters from unrealized gains/losses from the AFS portfolio, by end 2018 100% of unrealized gains and losses from sovereign and non-sovereign AFS portfolios are captured in capital. Net trading income remains positive on aggregate in the adverse scenario and therefore has a negative contribution to the stress impact while the impact of other P&L components, e.g. credit valuation adjustments or CCR losses, is much smaller.

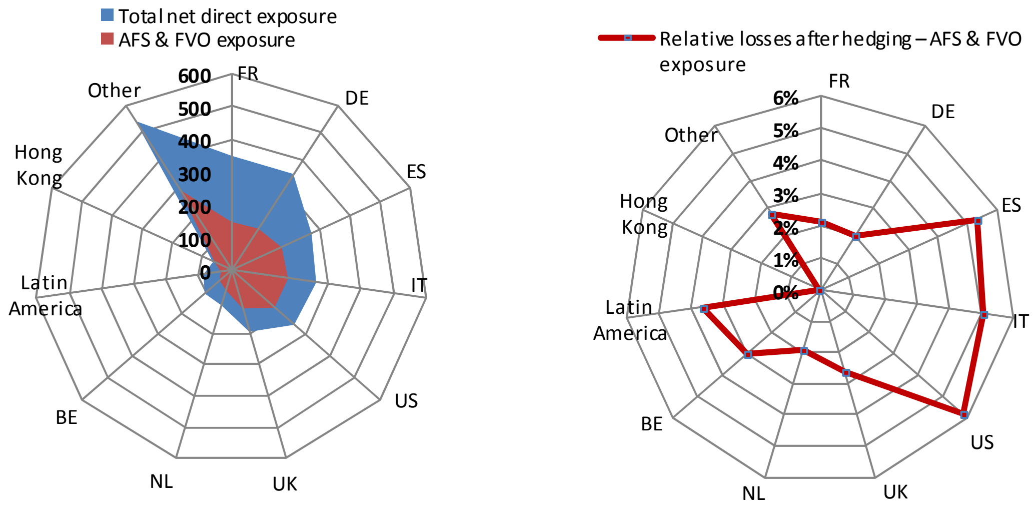
Figure 19: Contribution of different market risk components to cumulative market risk losses in the adverse scenario (%)



Box 3: Sovereign exposure

The aggregate net direct exposure (accounting value) of banks in the sample to sovereigns is approximately €2,600bn across all accounting portfolios (see Figure 20). Approximately €2,000bn of exposure is concentrated in the top ten countries. The largest exposures for the banks in the sample are towards Germany, France, Spain, Italy and the US. Of this total exposure 55% is booked as either available for sale or fair value option and therefore the shock was based on hypothetical stressed market values in the adverse scenario. Other exposures, i.e. held as HTM, loans & receivables or HFT, faced a stress in the form of credit risk losses or as part of the shock to trading income. The resulting relative credit spread and interest rate risk losses after hedging (accounting and economic hedges) in the adverse scenario in percent of the exposure is 3.4% of exposures for all countries reaching more than 5% for Spain, Italy and the US among the ten countries with largest holdings across the sample of banks.

Figure 20: AFS and FVO sovereign exposure by country (€ bn) and stress impact in the adverse scenario relative to exposure (%)



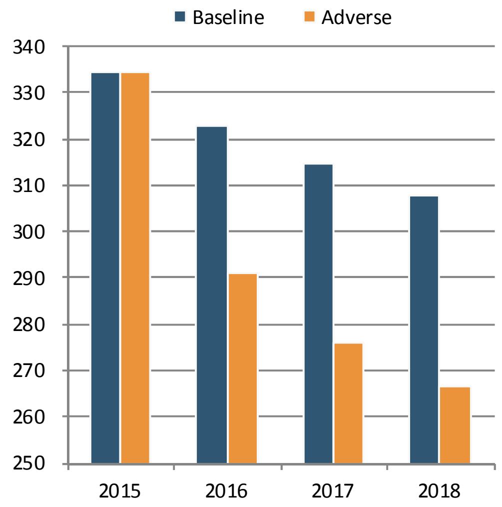
4.3 NII

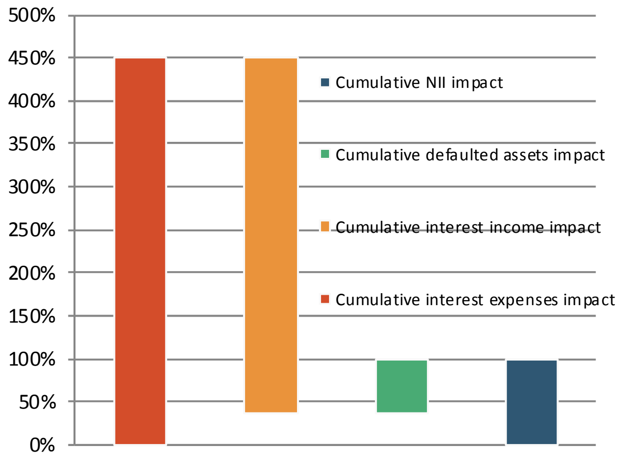
Aggregate NII in the sample falls by €68bn as of 2018 in the adverse scenario compared to the starting point – a 20% drop from €335bn to €267bn (see Figure 21). This decrease is driven by several components. While rising interest rates as defined in the scenario can have a positive impact on the income side, albeit limited by the constraint pass-through of rising rates, this is more than offset by an increasing cost of funding. Additionally the methodology requires banks to be conservative in their treatment of defaulting assets by assuming no interest income. The latter accounts for the largest portion of the overall NII impact on capital.

Although NII has a positive contribution to capital, it decreases significantly relative to the starting point, i.e. its contribution to capital formation is lower than it would have been assuming a constant (unstressed) NII. In particular, the cumulative NII over 3 years is €170bn lower than it would have been holding the starting value constant, which is equivalent to a 180bps lower contribution to the CET1 ratio at the end of 2018. This impact is driven by the increase in defaulted assets (64% of the total impact) and by the compressed net interest margin (36% of the impact). For the latter it should be noted that based on the methodology, which prescribes an idiosyncratic floor to the increase in the cost of funding mostly based on a bank's rating[14], the impact also depends on the external rating of a bank.

[14] See paragraph 327 of the methodological note

Figure 21: Evolution of aggregate NII (€ bn) and evolution of interest income and expenses and contribution to the cumulative impact[15] (%)





The change in NII relative to 2015 varies significantly across countries. The smallest impact is projected by banks from Denmark[16] (-7%) while banks from Finland, Ireland and Norway show an impact of more than 30% and in the case of Norway higher than 40%.

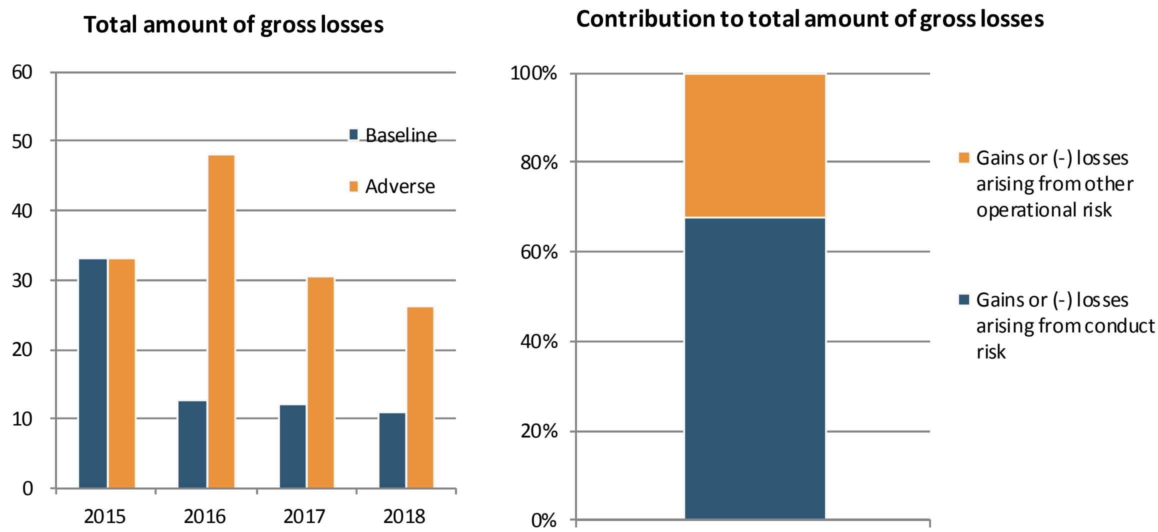
4.4 Conduct risk and other operational risk

The methodology of the 2016 EU-wide stress test required banks to project operational risk losses applying their internal models, but subject to strict floors based on their loss experience. In particular, additional guidance and reporting requirements were set for material conduct risk events determined primarily by interaction between supervisors and banks and featuring for example mis-selling, market manipulation and money laundering. Aggregate cumulative operational risk losses in the adverse scenario are €105bn. Conduct risk losses account for €71bn, the rest is composed of projected losses classified as other operational risk or losses that could not be classified due to the projection approach applied by the corresponding banks (see Figure 22). In total, 15 banks estimated an impact of conduct risk above €1bn. Relative to the starting point operational risk losses are projected to increase by 45% from €33bn in 2015 to €48bn in 2016 in the adverse scenario. Conduct risk losses increase from €27bn in 2015 to €37bn in 2016.

[15] Contribution to the total reduction in cumulative NII over 2016-2018

[16] The methodological note specifies that exceptional cases of legally prescribed funding matches between the asset and liability side may be identified as part of the quality assurance process, which would need to be taken into account in the stress test (paragraph 331). For example the Danish mortgage institutions adhere to a match funding principle which per construction implies a full pass-through of funding costs to the borrowers.

Figure 22: Evolution of operational risk losses (€ bn) and contribution of conduct risk and other operational risk to cumulative losses in the adverse scenario (%)



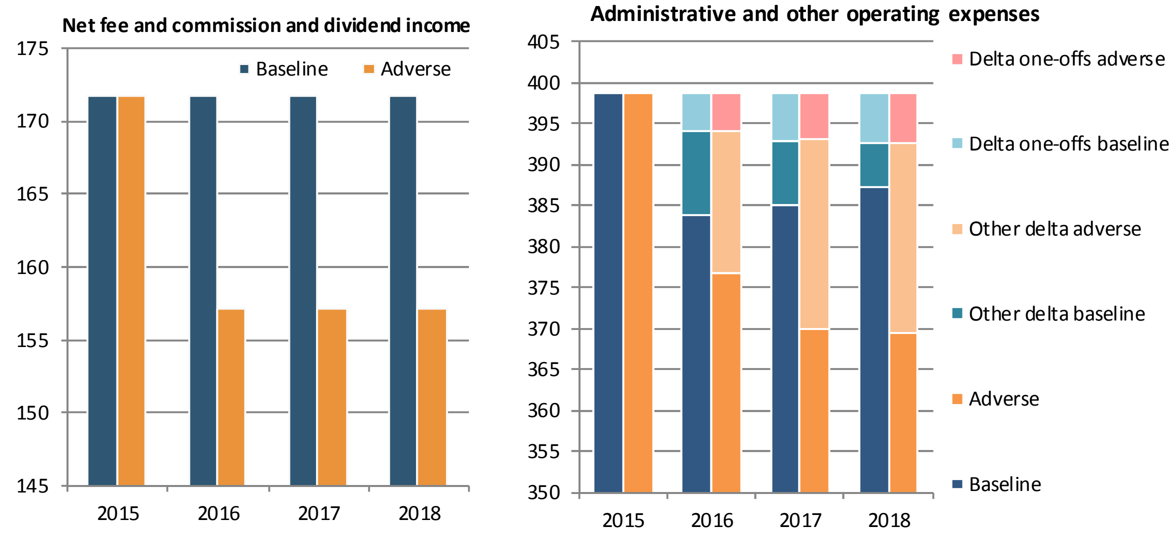
4.5 Non-interest income, expenses and capital

The main items accounting for the remaining changes in banks' capital position that are not due to the impact of risk types covered above include net fee and commission income and dividend income as well as administrative and other operating expenses. In the adverse scenario, net fee and commission income and dividend income decrease by €15bn or 8% from 2015 to each of the projected years. The common methodology requires banks to project administrative and other operating expenses floored at the starting level. However, projections can be below the 2015 values if competent authorities approved selected cost items in 2015 to be treated as one-off expenses that would not occur in 2016-2018[17]. Other cases in which the cost base was permitted to decrease include in particular the reduction of variable compensation to comply with Articles 129 and 140 of the CRD, i.e. restrictions on distributions if a bank fails to meet the combined buffer requirement. As a result the expenses decrease by €29bn or 7% in the adverse scenario from 2015 to 2018 – one-off adjustments accounting for €6bn (21%) of the reduction (see Figure 23). The cumulative reduction by one-off costs over the three years is €17bn in the baseline and €16bn in the adverse scenario.

As stated in section 3.1, another main contributor to the aggregate P&L is other operating income. Other operating income decreases by 3% from 2015 to 2018 in the adverse scenario. Its cumulative contribution to income is €228bn.

[17] Approved one-offs are disclosed along with banks' results.

Figure 23: Evolution of net fee and commission income and dividend income and administrative expenses and other operating expenses (€ bn)



Box 4: One-off adjustments

The methodology for the 2016 EU-wide stress test specified that administrative expenses and other operating expenses cannot fall below the value observed in 2015. Adjustments of this constraint for one-off effects were only permitted with a number of restrictions and were subject to a thorough quality assurance and approval by the competent authority after the review of the EBA Board of Supervisors. In particular the banks had to provide uncontroversial evidence of the non-recurrence of the event and a reasonable estimate of the recurring part of the cost. At most five cases could be submitted by a bank for consideration to the respective competent authority. The following instances were permissible for an assessment as a one-off event:

- Expected future cost reductions due to divestments of business units in 2015;
- Business unit restructuring completed in 2015, including measures that are part of a restructuring plan approved by the European Commission, leading to increased integration of one-off costs before synergies can be realised;
- Employee restructuring/lay-offs and the associated severance costs.

The resulting impact of one-off adjustments is disclosed in the individual results for each bank. It total, 21 banks adjusted their cost projections based on one-off events in 2015.

Annex: Capital ratios for individual banks

The tables below are provided for analytical and transparency purposes only. The only official results are those stated in the original PDF files published by the EBA, which were submitted and confirmed by the competent authorities and by the banks. The cut-off date for the data shown in this report is 29 July 2016 – 10:00 CEST.

Table 2: Transitional CET1 capital ratio starting, 2018 (%) and delta to starting 2015 (bps)

		Transitional CET1 capital ratio			
Country	**Bank**	**Starting 2015**	**Baseline 2018**	**Adverse 2018**	**Delta Adverse 2018**
AT	Erste Group Bank AG	12.35%	13.85%	8.19%	-416
AT	Raiffeisen-Landesbanken-Holding GmbH	10.47%	12.36%	6.14%	-432
BE	Belfius Banque SA	15.90%	17.60%	11.41%	-449
BE	KBC Group NV	15.17%	16.18%	11.27%	-389
DE	Bayerische Landesbank	15.23%	12.41%	8.34%	-690
DE	Commerzbank AG	13.77%	13.13%	7.42%	-636
DE	DekaBank Deutsche Girozentrale	14.44%	14.17%	9.53%	-492
DE	Deutsche Bank AG[18]	13.19%	12.08%	7.80%	-540
DE	Landesbank Baden-Württemberg	16.62%	15.90%	9.68%	-694
DE	Landesbank Hessen-Thüringen Girozentrale	13.79%	14.42%	10.10%	-369
DE	Norddeutsche Landesbank Girozentrale	12.99%	13.21%	8.67%	-432
DE	NRW.BANK	42.82%	39.44%	35.40%	-742
DE	Volkswagen Financial Services AG	11.97%	12.90%	9.56%	-241
DK	Danske Bank	16.12%	17.66%	14.02%	-210
DK	Jyske Bank	16.06%	19.85%	14.00%	-206
DK	Nykredit Realkredit	19.45%	22.47%	14.19%	-526
ES	Banco Bilbao Vizcaya Argentaria S.A.	12.04%	12.03%	8.29%	-375
ES	Banco de Sabadell S.A.	11.69%	12.96%	8.19%	-350
ES	Banco Popular Español S.A.	13.11%	13.45%	7.01%	-610
ES	Banco Santander S.A.	12.71%	13.24%	8.69%	-402
ES	BFA Tenedora de Acciones S.A.U.	14.57%	15.09%	10.64%	-393
ES	Criteria Caixa, S.A.U.	11.71%	11.67%	8.97%	-273

[18] The results include the sale of the stake in the Chinese legal entity HuaXia, which was agreed on 28 December 2015 and will be closed in 2016.

		Transitional CET1 capital ratio			
Country	**Bank**	**Starting 2015**	**Baseline 2018**	**Adverse 2018**	**Delta Adverse 2018**
FI	OP Financial Group[19]	19.48%	21.24%	14.90%	-458
FR	BNP Paribas	11.05%	12.13%	8.59%	-246
FR	Groupe BPCE	13.02%	14.52%	9.73%	-329
FR	Groupe Crédit Mutuel	15.53%	16.78%	13.54%	-199
FR	Groupe Crédit Agricole	13.52%	14.81%	10.49%	-303
FR	La Banque Postale	13.20%	14.76%	9.72%	-348
FR	Société Générale S.A.	11.42%	11.94%	8.03%	-339
HU	OTP Bank Nyrt.	13.41%	14.56%	9.22%	-419
IE	Allied Irish Banks plc	15.86%	16.97%	7.39%	-847
IE	The Governor and Company of the Bank of Ireland	13.30%	16.12%	7.69%	-560
IT	Banca Monte dei Paschi di Siena S.p.A.	12.01%	12.04%	-2.23%	-1423
IT	Banco Popolare - Società Cooperativa	13.15%	14.61%	9.05%	-410
IT	Intesa Sanpaolo S.p.A.	12.98%	12.83%	10.24%	-274
IT	Unicredit S.p.A.	10.59%	11.57%	7.12%	-347
IT	Unione Di Banche Italiane Società Per Azioni	12.08%	13.01%	8.85%	-323
NL	ABN AMRO Group N.V.	15.51%	16.21%	9.53%	-597
NL	Coöperatieve Rabobank U.A.[20]	13.49%	13.34%	8.11%	-538
NL	ING Groep N.V.	12.94%	12.52%	9.00%	-394
NL	N.V. Bank Nederlandse Gemeenten	24.67%	28.05%	17.62%	-706
NO	DNB Bank Group	14.31%	16.56%	14.30%	-1
PL	Powszechna Kasa Oszczędności Bank Polski SA	13.27%	14.74%	11.45%	-182
SE	Nordea Bank - group	16.45%	18.60%	14.09%	-236
SE	Skandinaviska Enskilda Banken - group	18.85%	21.55%	16.60%	-225
SE	Svenska Handelsbanken - group	21.25%	23.09%	18.55%	-270
SE	Swedbank – group	24.14%	26.44%	22.26%	-187
UK	Barclays Plc	11.42%	12.48%	7.30%	-412
UK	HSBC Holdings	11.87%	12.41%	8.76%	-312
UK	Lloyds Banking Group Plc	13.05%	16.44%	10.14%	-291
UK	The Royal Bank of Scotland Group Public Limited Company	15.54%	15.89%	8.08%	-746

[19] The name of this institution as published in the methodological note was OP Osuuskunta (formerly OP-Pohjola osk)

[20] The name of this institution as published in the methodological note was Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

Table 3: Fully loaded CET1 capital ratio starting, 2018 (%) and delta to starting 2015 (bps)

		Fully loaded CET1 capital ratio			
Country	Bank	Starting 2015	Baseline 2018	Adverse 2018	Delta Adverse 2018
AT	Erste Group Bank AG	12.25%	13.55%	8.02%	-423
AT	Raiffeisen-Landesbanken-Holding GmbH	10.20%	12.33%	6.12%	-408
BE	Belfius Banque SA	14.65%	17.60%	11.41%	-323
BE	KBC Group NV	14.88%	16.18%	11.27%	-361
DE	Bayerische Landesbank	11.99%	12.41%	8.34%	-365
DE	Commerzbank AG	12.13%	13.13%	7.42%	-471
DE	DekaBank Deutsche Girozentrale	13.50%	14.17%	9.53%	-397
DE	Deutsche Bank AG	11.11%	12.08%	7.80%	-332
DE	Landesbank Baden-Württemberg	15.98%	15.58%	9.40%	-658
DE	Landesbank Hessen-Thüringen Girozentrale	13.11%	14.42%	10.10%	-301
DE	Norddeutsche Landesbank Girozentrale	12.09%	13.16%	8.62%	-347
DE	NRW.BANK	42.54%	39.44%	35.40%	-714
DE	Volkswagen Financial Services AG	11.67%	12.90%	9.55%	-211
DK	Danske Bank	15.48%	17.66%	14.02%	-147
DK	Jyske Bank	16.00%	19.84%	13.99%	-201
DK	Nykredit Realkredit	19.19%	22.03%	13.86%	-533
ES	Banco Bilbao Vizcaya Argentaria S.A.	10.27%	12.03%	8.19%	-208
ES	Banco de Sabadell S.A.	11.72%	12.81%	8.04%	-369
ES	Banco Popular Español S.A.	10.20%	13.45%	6.62%	-358
ES	Banco Santander S.A.	10.19%	13.17%	8.20%	-199
ES	BFA Tenedora de Acciones S.A.U.	13.74%	14.42%	9.58%	-417
ES	Criteria Caixa, S.A.U.	9.65%	10.97%	7.81%	-184
FI	OP Financial Group[21]	19.16%	20.92%	14.61%	-455
FR	BNP Paribas	10.87%	12.09%	8.51%	-236
FR	Groupe BPCE	12.78%	14.36%	9.47%	-331
FR	Groupe Crédit Mutuel	15.55%	16.62%	13.38%	-216
FR	Groupe Crédit Agricole	13.68%	14.81%	10.49%	-319
FR	La Banque Postale	14.51%	14.95%	9.82%	-470
FR	Société Générale S.A.	10.91%	11.61%	7.50%	-341
HU	OTP Bank Nyrt.	12.94%	14.56%	9.22%	-372
IE	Allied Irish Banks plc	13.11%	13.90%	4.31%	-880
IE	The Governor and Company of the Bank of Ireland	11.28%	15.03%	6.15%	-513
IT	Banca Monte dei Paschi di Siena S.p.A.	12.07%	12.24%	-2.44%	-1451
IT	Banco Popolare - Società Cooperativa	12.39%	14.61%	9.00%	-339

[21] The name of this institution as published in the methodological note was OP Osuuskunta (formerly OP-Pohjola osk)

		Fully loaded CET1 capital ratio			
Country	**Bank**	**Starting 2015**	**Baseline 2018**	**Adverse 2018**	**Delta Adverse 2018**
IT	Intesa Sanpaolo S.p.A.	12.47%	12.80%	10.21%	-226
IT	Unicredit S.p.A.	10.38%	11.47%	7.10%	-329
IT	Unione Di Banche Italiane Società Per Azioni	11.62%	13.01%	8.85%	-277
NL	ABN AMRO Group N.V.	15.44%	16.20%	9.53%	-591
NL	Coöperatieve Rabobank U.A.[22]	11.97%	13.33%	8.10%	-387
NL	ING Groep N.V.	12.70%	12.50%	8.98%	-371
NL	N.V. Bank Nederlandse Gemeenten	26.17%	28.05%	17.62%	-855
NO	DNB Bank Group	14.31%	16.56%	14.30%	-1
PL	Powszechna Kasa Oszczędności Bank Polski SA	13.42%	14.73%	11.44%	-198
SE	Nordea Bank - group	16.45%	18.60%	14.09%	-236
SE	Skandinaviska Enskilda Banken - group	18.85%	21.55%	16.60%	-225
SE	Svenska Handelsbanken - group	21.25%	23.09%	18.55%	-270
SE	Swedbank – group	25.08%	27.47%	23.05%	-203
UK	Barclays Plc	11.35%	12.48%	7.30%	-405
UK	HSBC Holdings	11.87%	12.41%	8.76%	-312
UK	Lloyds Banking Group Plc	13.05%	16.44%	10.14%	-291
UK	The Royal Bank of Scotland Group Public Limited Company	15.53%	15.89%	8.08%	-745

Table 4: Transitional Tier 1 capital ratio starting, 2018 (%) and delta to starting 2015 (bps)

		Transitional Tier 1 capital ratio			
Country	**Bank**	**Starting 2015**	**Baseline 2018**	**Adverse 2018**	**Delta Adverse 2018**
AT	Erste Group Bank AG	12.35%	13.99%	8.32%	-402
AT	Raiffeisen-Landesbanken-Holding GmbH	10.47%	12.65%	6.26%	-421
BE	Belfius Banque SA	15.90%	17.60%	11.41%	-449
BE	KBC Group NV	16.83%	17.66%	12.65%	-418
DE	Bayerische Landesbank	15.56%	12.91%	8.79%	-677
DE	Commerzbank AG	13.77%	13.58%	7.83%	-594
DE	DekaBank Deutsche Girozentrale	15.43%	15.67%	10.92%	-451
DE	Deutsche Bank AG	14.65%	14.45%	9.85%	-480
DE	Landesbank Baden-Württemberg	17.65%	17.15%	10.79%	-686
DE	Landesbank Hessen-Thüringen Girozentrale	14.89%	15.17%	10.79%	-411
DE	Norddeutsche Landesbank Girozentrale	13.17%	13.77%	9.20%	-398
DE	NRW.BANK	42.82%	39.44%	35.40%	-742

[22] The name of this institution as published in the methodological note was Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

		Transitional Tier 1 capital ratio			
Country	Bank	Starting 2015	Baseline 2018	Adverse 2018	Delta Adverse 2018
DE	Volkswagen Financial Services AG	11.97%	12.90%	9.56%	-241
DK	Danske Bank	18.54%	19.73%	16.03%	-251
DK	Jyske Bank	16.51%	20.13%	14.26%	-225
DK	Nykredit Realkredit	20.57%	23.66%	15.10%	-546
ES	Banco Bilbao Vizcaya Argentaria S.A.	12.04%	13.45%	9.67%	-237
ES	Banco de Sabadell S.A.	11.69%	13.06%	8.29%	-340
ES	Banco Popular Español S.A.	13.11%	15.18%	8.73%	-438
ES	Banco Santander S.A.	12.71%	14.40%	9.84%	-288
ES	BFA Tenedora de Acciones S.A.U.	14.57%	15.61%	10.64%	-393
ES	Criteria Caixa, S.A.U.	11.71%	11.67%	8.97%	-273
FI	OP Financial Group[23]	19.82%	21.43%	15.08%	-474
FR	BNP Paribas	12.21%	13.08%	9.49%	-272
FR	Groupe BPCE	13.34%	14.64%	9.84%	-350
FR	Groupe Crédit Mutuel	16.16%	17.16%	13.90%	-226
FR	Groupe Crédit Agricole	15.26%	16.32%	11.87%	-340
FR	La Banque Postale	14.67%	16.21%	10.92%	-376
FR	Société Générale S.A.	14.00%	14.51%	10.45%	-355
HU	OTP Bank Nyrt.	13.41%	14.56%	9.22%	-419
IE	Allied Irish Banks plc	16.70%	17.80%	8.19%	-851
IE	The Governor and Company of the Bank of Ireland	14.81%	17.59%	9.01%	-580
IT	Banca Monte dei Paschi di Siena S.p.A.	12.85%	12.71%	-1.58%	-1443
IT	Banco Popolare - Società Cooperativa	13.15%	15.12%	9.57%	-358
IT	Intesa Sanpaolo S.p.A.	13.79%	13.60%	10.96%	-283
IT	Unicredit S.p.A.	11.50%	12.30%	7.81%	-369
IT	Unione Di Banche Italiane Società Per Azioni	12.08%	13.06%	8.90%	-318
NL	ABN AMRO Group N.V.	16.86%	17.11%	10.28%	-658
NL	Coöperatieve Rabobank U.A.[24]	16.45%	15.67%	10.23%	-622
NL	ING Groep N.V.	14.45%	13.96%	10.34%	-411
NL	N.V. Bank Nederlandse Gemeenten	27.98%	31.24%	20.63%	-736
NO	DNB Bank Group	15.28%	17.44%	15.18%	-10
PL	Powszechna Kasa Oszczędności Bank Polski SA	13.27%	14.74%	11.45%	-182
SE	Nordea Bank - group	18.50%	20.42%	15.72%	-279
SE	Skandinaviska Enskilda Banken - group	21.27%	23.95%	18.61%	-267
SE	Svenska Handelsbanken - group	23.77%	25.60%	20.75%	-302

[23] The name of this institution as published in the methodological note was OP Osuuskunta (formerly OP-Pohjola osk)

[24] The name of this institution as published in the methodological note was Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

		Transitional Tier 1 capital ratio			
Country	Bank	Starting 2015	Baseline 2018	Adverse 2018	Delta Adverse 2018
SE	Swedbank – group	26.87%	28.04%	23.72%	-315
UK	Barclays Plc	14.73%	14.80%	9.52%	-522
UK	HSBC Holdings	13.91%	14.18%	10.39%	-352
UK	Lloyds Banking Group Plc	16.64%	19.32%	12.77%	-387
UK	The Royal Bank of Scotland Group Public Limited Company	19.14%	18.19%	10.09%	-905

Table 5: Fully loaded Tier 1 capital ratio starting, 2018 (%) and delta to starting 2015 (bps)

		Fully loaded Tier 1 capital ratio			
Country	Bank	Starting 2015	Baseline 2018	Adverse 2018	Delta Adverse 2018
AT	Erste Group Bank AG	12.25%	13.55%	8.02%	-423
AT	Raiffeisen-Landesbanken-Holding GmbH	10.24%	12.57%	6.23%	-401
BE	Belfius Banque SA	14.65%	17.60%	11.41%	-323
BE	KBC Group NV	16.45%	17.63%	12.61%	-384
DE	Bayerische Landesbank	11.99%	12.41%	8.34%	-365
DE	Commerzbank AG	12.13%	13.13%	7.42%	-471
DE	DekaBank Deutsche Girozentrale	15.02%	15.61%	10.86%	-416
DE	Deutsche Bank AG	12.28%	13.22%	8.78%	-350
DE	Landesbank Baden-Württemberg	15.98%	15.58%	9.40%	-658
DE	Landesbank Hessen-Thüringen Girozentrale	13.11%	14.42%	10.10%	-301
DE	Norddeutsche Landesbank Girozentrale	12.09%	13.16%	8.62%	-347
DE	NRW.BANK	42.54%	39.44%	35.40%	-714
DE	Volkswagen Financial Services AG	11.67%	12.90%	9.55%	-211
DK	Danske Bank	16.81%	18.97%	15.29%	-151
DK	Jyske Bank	16.00%	19.84%	13.99%	-201
DK	Nykredit Realkredit	20.38%	23.23%	14.77%	-561
ES	Banco Bilbao Vizcaya Argentaria S.A.	11.54%	13.29%	9.43%	-211
ES	Banco de Sabadell S.A.	11.82%	12.90%	8.13%	-369
ES	Banco Popular Español S.A.	11.86%	15.11%	8.28%	-359
ES	Banco Santander S.A.	11.14%	14.11%	9.13%	-201
ES	BFA Tenedora de Acciones S.A.U.	13.74%	14.93%	9.58%	-417
ES	Criteria Caixa, S.A.U.	9.65%	10.97%	7.81%	-184
FI	OP Financial Group[25]	19.16%	20.92%	14.61%	-455
FR	BNP Paribas	11.69%	12.88%	9.26%	-242
FR	Groupe BPCE	12.78%	14.36%	9.47%	-331

[25] The name of this institution as published in the methodological note was OP Osuuskunta (formerly OP-Pohjola osk)

		Fully loaded Tier 1 capital ratio			
Country	**Bank**	**Starting 2015**	**Baseline 2018**	**Adverse 2018**	**Delta Adverse 2018**
FR	Groupe Crédit Mutuel	15.55%	16.62%	13.38%	-216
FR	Groupe Crédit Agricole	14.55%	15.63%	11.24%	-331
FR	La Banque Postale	16.01%	16.41%	11.03%	-498
FR	Société Générale S.A.	12.64%	13.33%	9.11%	-353
HU	OTP Bank Nyrt.	12.94%	14.56%	9.22%	-372
IE	Allied Irish Banks plc	13.95%	14.73%	5.11%	-884
IE	The Governor and Company of the Bank of Ireland	12.69%	16.43%	7.41%	-528
IT	Banca Monte dei Paschi di Siena S.p.A.	12.37%	12.54%	-2.15%	-1452
IT	Banco Popolare - Società Cooperativa	12.50%	14.71%	9.10%	-340
IT	Intesa Sanpaolo S.p.A.	12.95%	13.28%	10.66%	-229
IT	Unicredit S.p.A.	10.85%	11.94%	7.53%	-332
IT	Unione Di Banche Italiane Società Per Azioni	11.67%	13.06%	8.90%	-277
NL	ABN AMRO Group N.V.	16.36%	17.10%	10.27%	-609
NL	Coöperatieve Rabobank U.A.[26]	12.64%	13.99%	8.69%	-395
NL	ING Groep N.V.	13.13%	12.90%	9.35%	-378
NL	N.V. Bank Nederlandse Gemeenten	29.48%	31.24%	20.63%	-886
NO	DNB Bank Group	15.07%	17.32%	15.06%	-1
PL	Powszechna Kasa Oszczędności Bank Polski SA	13.42%	14.73%	11.44%	-198
SE	Nordea Bank - group	18.00%	20.15%	15.47%	-253
SE	Skandinaviska Enskilda Banken - group	20.47%	23.95%	18.61%	-186
SE	Svenska Handelsbanken - group	23.27%	25.11%	20.32%	-296
SE	Swedbank – group	28.26%	29.13%	24.56%	-370
UK	Barclays Plc	12.87%	13.94%	8.61%	-425
UK	HSBC Holdings	12.72%	13.65%	9.90%	-282
UK	Lloyds Banking Group Plc	15.45%	18.71%	12.21%	-324
UK	The Royal Bank of Scotland Group Public Limited Company	16.36%	16.67%	8.77%	-759

Table 6: Transitional total capital ratio starting, 2018 (%) and delta to starting 2015 (bps)

		Transitional Total capital ratio			
Country	**Bank**	**Starting 2015**	**Baseline 2018**	**Adverse 2018**	**Delta Adverse 2018**
AT	Erste Group Bank AG	17.87%	19.35%	13.24%	-463
AT	Raiffeisen-Landesbanken-Holding GmbH	13.12%	14.70%	8.79%	-432
BE	Belfius Banque SA	17.71%	19.13%	12.88%	-483

[26] The name of this institution as published in the methodological note was Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

		Transitional Total capital ratio			
Country	**Bank**	**Starting 2015**	**Baseline 2018**	**Adverse 2018**	**Delta Adverse 2018**
BE	KBC Group NV	19.82%	20.01%	14.78%	-504
DE	Bayerische Landesbank	17.71%	18.34%	13.84%	-387
DE	Commerzbank AG	16.55%	16.38%	10.42%	-613
DE	DekaBank Deutsche Girozentrale	18.09%	18.26%	13.33%	-476
DE	Deutsche Bank AG	16.23%	16.39%	11.59%	-465
DE	Landesbank Baden-Württemberg	22.17%	22.00%	15.07%	-710
DE	Landesbank Hessen-Thüringen Girozentrale	19.83%	20.03%	15.30%	-454
DE	Norddeutsche Landesbank Girozentrale	16.64%	16.54%	11.86%	-478
DE	NRW.BANK	46.72%	42.89%	38.51%	-821
DE	Volkswagen Financial Services AG	12.10%	12.99%	9.64%	-246
DK	Danske Bank	21.01%	22.67%	18.89%	-212
DK	Jyske Bank	17.01%	20.67%	14.49%	-251
DK	Nykredit Realkredit	23.94%	27.13%	17.77%	-617
ES	Banco Bilbao Vizcaya Argentaria S.A.	14.92%	16.15%	12.31%	-262
ES	Banco de Sabadell S.A.	13.12%	14.11%	9.36%	-375
ES	Banco Popular Español S.A.	13.76%	15.92%	9.46%	-431
ES	Banco Santander S.A.	14.59%	16.29%	11.71%	-289
ES	BFA Tenedora de Acciones S.A.U.	15.54%	17.02%	11.89%	-365
ES	Criteria Caixa, S.A.U.	13.82%	13.54%	10.78%	-304
FI	OP Financial Group[27]	22.85%	23.70%	17.15%	-570
FR	BNP Paribas	13.65%	14.14%	10.49%	-316
FR	Groupe BPCE	16.81%	17.39%	12.49%	-432
FR	Groupe Crédit Mutuel	18.24%	18.88%	15.57%	-267
FR	Groupe Crédit Agricole	19.29%	19.91%	15.15%	-414
FR	La Banque Postale	18.66%	20.11%	14.15%	-451
FR	Société Générale S.A.	16.80%	17.29%	13.07%	-373
HU	OTP Bank Nyrt.	16.29%	17.10%	11.70%	-459
IE	Allied Irish Banks plc	18.87%	19.98%	10.27%	-860
IE	The Governor and Company of the Bank of Ireland	17.96%	19.78%	11.24%	-672
IT	Banca Monte dei Paschi di Siena S.p.A.	15.95%	15.75%	1.03%	-1492
IT	Banco Popolare - Società Cooperativa	15.91%	18.28%	12.52%	-340
IT	Intesa Sanpaolo S.p.A.	16.64%	16.44%	14.06%	-257
IT	Unicredit S.p.A.	14.23%	13.94%	9.39%	-484
IT	Unione Di Banche Italiane Società Per Azioni	13.93%	15.41%	11.41%	-251
NL	ABN AMRO Group N.V.	21.68%	20.58%	13.17%	-851

[27] The name of this institution as published in the methodological note was OP Osuuskunta (formerly OP-Pohjola osk)

		Transitional Total capital ratio			
Country	**Bank**	**Starting 2015**	**Baseline 2018**	**Adverse 2018**	**Delta Adverse 2018**
NL	Coöperatieve Rabobank U.A.[28]	23.21%	21.70%	15.69%	-752
NL	ING Groep N.V.	16.91%	16.45%	12.63%	-428
NL	N.V. Bank Nederlandse Gemeenten	27.98%	31.24%	20.63%	-736
NO	DNB Bank Group	17.92%	20.08%	17.82%	-10
PL	Powszechna Kasa Oszczędności Bank Polski SA	14.61%	16.08%	12.78%	-182
SE	Nordea Bank - group	21.56%	21.96%	17.09%	-447
SE	Skandinaviska Enskilda Banken - group	23.79%	26.44%	20.69%	-311
SE	Svenska Handelsbanken - group	27.16%	28.99%	23.71%	-344
SE	Swedbank – group	30.28%	31.11%	26.51%	-376
UK	Barclays Plc	18.60%	18.38%	13.03%	-557
UK	HSBC Holdings	17.23%	16.86%	12.84%	-438
UK	Lloyds Banking Group Plc	21.77%	24.43%	17.21%	-456
UK	The Royal Bank of Scotland Group Public Limited Company	24.75%	22.93%	14.20%	-1055

Table 7: Transitional leverage ratio starting, 2018 (%) and delta to starting 2015 (bps)

		Transitional leverage ratio			
Country	**Bank**	**Starting 2015**	**Baseline 2018**	**Adverse 2018**	**Delta Adverse 2018**
AT	Erste Group Bank AG	5.78%	6.62%	4.30%	-147
AT	Raiffeisen-Landesbanken-Holding GmbH	4.62%	5.86%	3.05%	-157
BE	Belfius Banque SA	5.32%	6.03%	4.30%	-102
BE	KBC Group NV	6.32%	7.36%	5.68%	-64
DE	Bayerische Landesbank	4.65%	3.93%	2.95%	-170
DE	Commerzbank AG	5.14%	5.11%	3.20%	-194
DE	DekaBank Deutsche Girozentrale	4.47%	4.82%	3.61%	-86
DE	Deutsche Bank AG	4.16%	4.21%	3.31%	-85
DE	Landesbank Baden-Württemberg	5.44%	5.35%	3.81%	-163
DE	Landesbank Hessen-Thüringen Girozentrale	4.46%	4.62%	3.63%	-83
DE	Norddeutsche Landesbank Girozentrale	4.35%	4.58%	3.19%	-116
DE	NRW.BANK	11.80%	11.42%	11.36%	-43
DE	Volkswagen Financial Services AG	11.42%	12.87%	9.71%	-171
DK	Danske Bank	4.72%	5.07%	4.24%	-48
DK	Jyske Bank	5.29%	6.49%	5.00%	-29
DK	Nykredit Realkredit	4.40%	5.06%	4.21%	-19

[28] The name of this institution as published in the methodological note was Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

		Transitional leverage ratio			
Country	**Bank**	**Starting 2015**	**Baseline 2018**	**Adverse 2018**	**Delta Adverse 2018**
ES	Banco Bilbao Vizcaya Argentaria S.A.	6.34%	7.10%	5.23%	-111
ES	Banco de Sabadell S.A.	4.80%	5.65%	3.47%	-133
ES	Banco Popular Español S.A.	6.23%	7.24%	4.18%	-204
ES	Banco Santander S.A.	5.38%	6.19%	4.27%	-111
ES	BFA Tenedora de Acciones S.A.U.	5.83%	6.24%	4.28%	-155
ES	Criteria Caixa, S.A.U.	6.16%	6.56%	5.14%	-101
FI	OP Financial Group[29]	7.19%	7.82%	6.01%	-118
FR	BNP Paribas	4.19%	4.65%	3.56%	-63
FR	Groupe BPCE	4.66%	5.30%	3.73%	-93
FR	Groupe Crédit Mutuel	6.49%	6.97%	5.84%	-66
FR	Groupe Crédit Agricole	5.55%	6.27%	5.00%	-55
FR	La Banque Postale	3.50%	3.94%	3.20%	-29
FR	Société Générale S.A.	4.17%	4.36%	3.33%	-84
HU	OTP Bank Nyrt.	8.21%	8.91%	5.79%	-242
IE	Allied Irish Banks plc	9.20%	9.97%	4.76%	-444
IE	The Governor and Company of the Bank of Ireland	6.64%	7.91%	4.53%	-211
IT	Banca Monte dei Paschi di Siena S.p.A.	5.22%	5.16%	-0.65%	-587
IT	Banco Popolare - Società Cooperativa	4.98%	6.03%	3.73%	-126
IT	Intesa Sanpaolo S.p.A.	6.76%	6.69%	5.79%	-97
IT	Unicredit S.p.A.	4.63%	4.96%	3.26%	-138
IT	Unione Di Banche Italiane Società Per Azioni	6.00%	6.50%	4.43%	-157
NL	ABN AMRO Group N.V.	3.92%	4.07%	2.95%	-97
NL	Coöperatieve Rabobank U.A.[30]	5.11%	4.95%	3.57%	-154
NL	ING Groep N.V.	4.33%	4.54%	3.64%	-69
NL	N.V. Bank Nederlandse Gemeenten	2.57%	2.98%	2.08%	-49
NO	DNB Bank Group	6.39%	7.30%	6.35%	-4
PL	Powszechna Kasa Oszczędności Bank Polski SA	9.16%	10.20%	7.91%	-125
SE	Nordea Bank - group	4.60%	5.08%	4.38%	-22
SE	Skandinaviska Enskilda Banken - group	4.93%	5.61%	5.22%	29
SE	Svenska Handelsbanken - group	4.41%	4.76%	4.41%	-1
SE	Swedbank – group	4.97%	5.19%	4.82%	-15
UK	Barclays Plc	5.14%	5.38%	3.85%	-130
UK	HSBC Holdings	5.49%	5.70%	4.54%	-94
UK	Lloyds Banking Group Plc	5.22%	6.40%	4.63%	-59

[29] The name of this institution as published in the methodological note was OP Osuuskunta (formerly OP-Pohjola osk)

[30] The name of this institution as published in the methodological note was Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

		Transitional leverage ratio			
Country	Bank	Starting 2015	Baseline 2018	Adverse 2018	Delta Adverse 2018
UK	The Royal Bank of Scotland Group Public Limited Company	6.61%	6.56%	4.19%	-242

Table 8: Fully loaded leverage ratio starting, 2018 (%) and delta to starting 2015 (bps)

		Fully loaded leverage ratio			
Country	Bank	Starting 2015	Baseline 2018	Adverse 2018	Delta Adverse 2018
AT	Erste Group Bank AG	5.83%	6.53%	4.21%	-162
AT	Raiffeisen-Landesbanken-Holding GmbH	4.47%	5.82%	3.03%	-144
BE	Belfius Banque SA	4.90%	6.03%	4.30%	-60
BE	KBC Group NV	6.30%	7.35%	5.66%	-64
DE	Bayerische Landesbank	3.59%	3.78%	2.80%	-79
DE	Commerzbank AG	4.54%	4.96%	3.04%	-149
DE	DekaBank Deutsche Girozentrale	4.36%	4.81%	3.59%	-76
DE	Deutsche Bank AG	3.49%	3.86%	2.96%	-53
DE	Landesbank Baden-Württemberg	4.93%	4.86%	3.32%	-160
DE	Landesbank Hessen-Thüringen Girozentrale	3.93%	4.39%	3.40%	-53
DE	Norddeutsche Landesbank Girozentrale	4.00%	4.38%	2.99%	-100
DE	NRW.BANK	11.73%	11.43%	11.37%	-36
DE	Volkswagen Financial Services AG	11.13%	12.89%	9.72%	-140
DK	Danske Bank	4.29%	4.88%	4.05%	-24
DK	Jyske Bank	5.12%	6.40%	4.90%	-22
DK	Nykredit Realkredit	4.36%	4.97%	4.12%	-24
ES	Banco Bilbao Vizcaya Argentaria S.A.	6.07%	7.02%	5.07%	-100
ES	Banco de Sabadell S.A.	4.85%	5.57%	3.40%	-145
ES	Banco Popular Español S.A.	5.68%	7.24%	3.99%	-170
ES	Banco Santander S.A.	4.73%	6.08%	3.97%	-75
ES	BFA Tenedora de Acciones S.A.U.	5.53%	6.01%	3.87%	-166
ES	Criteria Caixa, S.A.U.	5.32%	6.27%	4.58%	-74
FI	OP Financial Group[31]	6.96%	7.63%	5.83%	-113
FR	BNP Paribas	4.03%	4.57%	3.47%	-56
FR	Groupe BPCE	4.47%	5.21%	3.59%	-88
FR	Groupe Crédit Mutuel	6.24%	6.75%	5.62%	-62
FR	Groupe Crédit Agricole	5.28%	5.99%	4.72%	-56
FR	La Banque Postale	3.75%	3.93%	3.19%	-56
FR	Société Générale S.A.	3.77%	4.01%	2.91%	-86

[31] The name of this institution as published in the methodological note was OP Osuuskunta (formerly OP-Pohjola osk)

		Fully loaded leverage ratio			
Country	Bank	Starting 2015	Baseline 2018	Adverse 2018	Delta Adverse 2018
HU	OTP Bank Nyrt.	7.95%	8.94%	5.81%	-214
IE	Allied Irish Banks plc	7.80%	8.38%	3.01%	-478
IE	The Governor and Company of the Bank of Ireland	5.74%	7.47%	3.74%	-200
IT	Banca Monte dei Paschi di Siena S.p.A.	4.93%	5.01%	-0.89%	-582
IT	Banco Popolare - Società Cooperativa	4.74%	5.87%	3.53%	-120
IT	Intesa Sanpaolo S.p.A.	6.37%	6.55%	5.65%	-72
IT	Unicredit S.p.A.	4.37%	4.82%	3.14%	-123
IT	Unione Di Banche Italiane Società Per Azioni	5.81%	6.51%	4.44%	-137
NL	ABN AMRO Group N.V.	3.80%	4.06%	2.94%	-86
NL	Coöperatieve Rabobank U.A.[32]	3.93%	4.43%	3.04%	-89
NL	ING Groep N.V.	3.93%	4.19%	3.29%	-64
NL	N.V. Bank Nederlandse Gemeenten	2.70%	2.98%	2.08%	-62
NO	DNB Bank Group	6.30%	7.25%	6.30%	-1
PL	Powszechna Kasa Oszczędności Bank Polski SA	9.25%	10.18%	7.90%	-136
SE	Nordea Bank - group	4.48%	5.02%	4.32%	-16
SE	Skandinaviska Enskilda Banken - group	4.74%	5.61%	5.22%	48
SE	Svenska Handelsbanken - group	4.32%	4.67%	4.31%	-1
SE	Swedbank – group	5.04%	5.19%	4.82%	-21
UK	Barclays Plc	4.49%	5.06%	3.48%	-101
UK	HSBC Holdings	5.02%	5.48%	4.33%	-69
UK	Lloyds Banking Group Plc	4.84%	6.19%	4.42%	-42
UK	The Royal Bank of Scotland Group Public Limited Company	5.65%	6.01%	3.64%	-201

[32] The name of this institution as published in the methodological note was Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.

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