

Banking Outlook

MAY 2018



Trends and developments in the Spanish banking sector

Losses in 2017 €3.9 billion due to the resolution of **Banco Popular**

The deleveraging of the private sector seems to **be coming to an end**

The **solvency** of the system continues to increase: the volume of capital reached

IFRS9:

Supervisory practices, behavioral impacts and regulatory interactions

The accounting standard **impacts** European banks' capital ratios and provisioning stock

The implementation of the ECL approach could trigger impacts in banks' strategic decisions related to lending

Quantitative impact in CET1:

for significant institutions

59pbs for less significant institutions

Addendum to **ECB Guidelines** on NPLs Impact on regulatory provisions

For the European banks as a whole, the **NPL Addendum** may rise provisions by

73 billions EUR over 10 quarters





provisions of about 20%-25%

The highest impact estimated in Sweden, the Netherlands, France, and Spain

x10

the largest impacts of the NPL Addendum are estimated to occur in Germany, the Netherlands and Finland with an increase in provisions of more than

Regarding corporate portfolios:

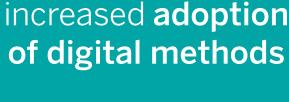


The use of cash and its determinants



terms of number of transactions in the euro area

Cash is still used in 79% of retail payments in





the reduction in



European banks grew stronger in 2017

EBA Risk Dashboard:

14.8%

Best figure since December 2014

CET1 of

NPL ratio

Best figure since December 2014

Aspects for improvement

Volume of **NPLs**

weak profitability in the current interest rate environment