Press release

Kutxabank is most solvent financial institution

- ● **With a Core Capital of 11.6% the Basque entity doubles capital requirements in the toughest of climates**

- ● **In Mario Fernández's opinion "it is a real landmark that in such a complicated stress test, we are the most solvent institution"**

- ● **It is one of only three Banks set up by Savings Banks that has passed the tough capitalisation tests**

Bilbao, 28 September 2012. Kutxabank is a leader in solvency from among all of Spain's banks, according to a stress test published by the Government today. In this difficult climate, the Basque financial group has managed to record a capital surplus of 2,188 million euros and a Core Capital of 11.6%, which is double the set requirement and makes Kutxabank the most solvent entity in the Spanish State. Consultancy firm Oliver Wyman has ranked Kutxabank in the test's so-called "Group 0". The European Financial Stability Fund shall use this analysis to establish the banking system's bailout conditions.

The final results of the stress tests, undergone by the top 14 banking groups, show that Kutxabank is one of the only three Saving Bank-owned institutions that have covered their capitalisation needs and, therefore, shall not need to resort to the aid of European financial stabilisation mechanisms.

Mario Fernández has expressed his "utmost satisfaction" with the results of the study, since it "represents a major achievement that, in such a complicated stress test, we should come out as the most solvent entity in the entire system". For the Chairman of Kutxabank, the fact that three savings bank-owned entities are in the so-called "Group 0" proves "that we are definitely not the entities that are jeopardising the Spanish financial system". He says the conclusions of the test are "the result of the accumulated experience of the Basque savings banks over years of excellent management" and that "the customers can be fully confident that our entity shall stand alongside them throughout their entire lives, with security; something so crucial in these times of confidence crisis".

In its report, Oliver Wyman has assessed what would be the potential decrease in the balance sheet figure of each entity in a hypothetical –and highly improbable– scenario of extremely adverse conditions, with a GDP drop of 6.6% between 2012 and 2014, housing prices down by 55%, property prices down by 85%, and unemployment down by 27%.

The Report has classified the rest of Spain's financial institutions under three other groupings: "Group 1" for those entities that have been bailed out and are now controlled by the FOBR; "Group 2" for those entities with recognised capital needs but without the capacity to raise new capital privately and are, therefore, in need of State aid; and "Group 3" for those entities with credible private recapitalisation plans that do not require public aid.

With a net equity of over 5,000 million euros, Kutxabank continues to be one of the most capitalised entities in the system. This position has enabled it to meet the successive capitalisation demands and provisions made by the Government since 2009, which have caused an ongoing toughening of capital conditions. After making significant allowances in the first half of 2012, Kutxabank has during that period generated profits of 108 million euros.

2014 SOLVENCY RANKING – adverse scenario

FINANCIAL GROUP	CT1 RATIO (%) Dec 2011	CT1 RATIO (%) Dec 2014	SURPLUS S/ 6% (Mn€)	SORTFALL S/ 6% (Mn€)	ASSIGNED GROUP
KUTXABANK	12.2%	11.6%	2,189	---	0
SANTANDER (inc. BANESTO)	9.7%	10.8%	25,297	---	0
BBVA (inc. UNNIM)	9.6%	9.6%	11,183	---	0
CAIXABANK (inc. BANCA CÍVICA)	9.6%	9.5%	5,720	---	0
BANC SABADELL (inc. CAM)	11.0%	7.4%	915	---	0
BANKINTER	9.3%	7.4%	399	---	0
UNICAJA - CEISS	13.4%	6.4%	128	---	0
POPULAR (inc. PASTOR)	10.2%	2.1%	---	-3,223	3
IBERCAJA - CAJA 3 - LIBERBANK	10.2%	2.1%	---	-2,108	3
BMN	9.3%	-1.1%	---	-2,208	2
BFA - BANKIA	4.9%	-17.0%	---	-24,743	1
NCG BANCO	8.0%	-19.6%	---	-7,176	1
BANCO DE VALENCIA	7.9%	-27.7%	---	-3,462	1
CATALUNYA BANC	8.2%	-29.6%	---	-10,825	1
TOTAL ANALYZED GROUPS			**45,831**	**-53,745**	

6%

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