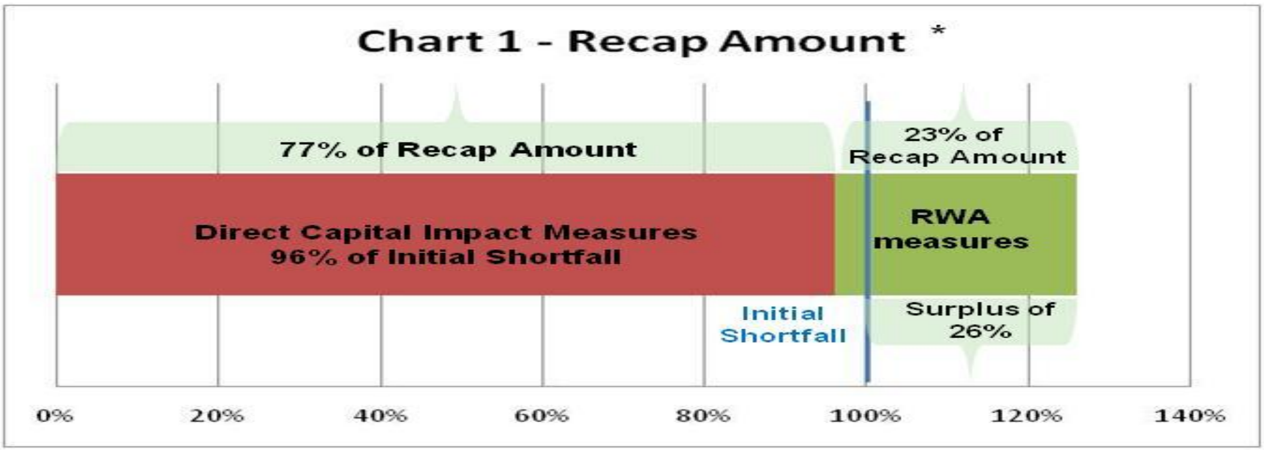
Overview of the Capital Plans following the EBA Recommendation on the creation and supervisory oversight of temporary capital buffers to restore market confidence (EBA December 2011 Recommendation)[1]

1. The EBA has received, via National Authorities, relevant information from banks who were asked to submit recapitalisation plans as a result of the Recommendation on the creation and supervisory oversight of temporary capital buffers to restore market confidence (EBA/REC/2011/1).

2. The EBA is in the process of reviewing these plans in detail and this week the Board of Supervisors made their first aggregate assessment of the plans. Further, in-depth, analysis will be undertaken by National Authorities, the EBA and Colleges of Supervisors throughout February and beyond to determine the eligibility and viability of the plans. Banks should expect to receive clear guidance on their plans from national supervisors in early March.

3. According to the plans submitted by banks the capital shortfall identified by the EBA would, in aggregate, be adequately covered by the measures in the plans, including an additional buffer of approximately 26% of the initial shortfall[2]. (See Chart 1 below)

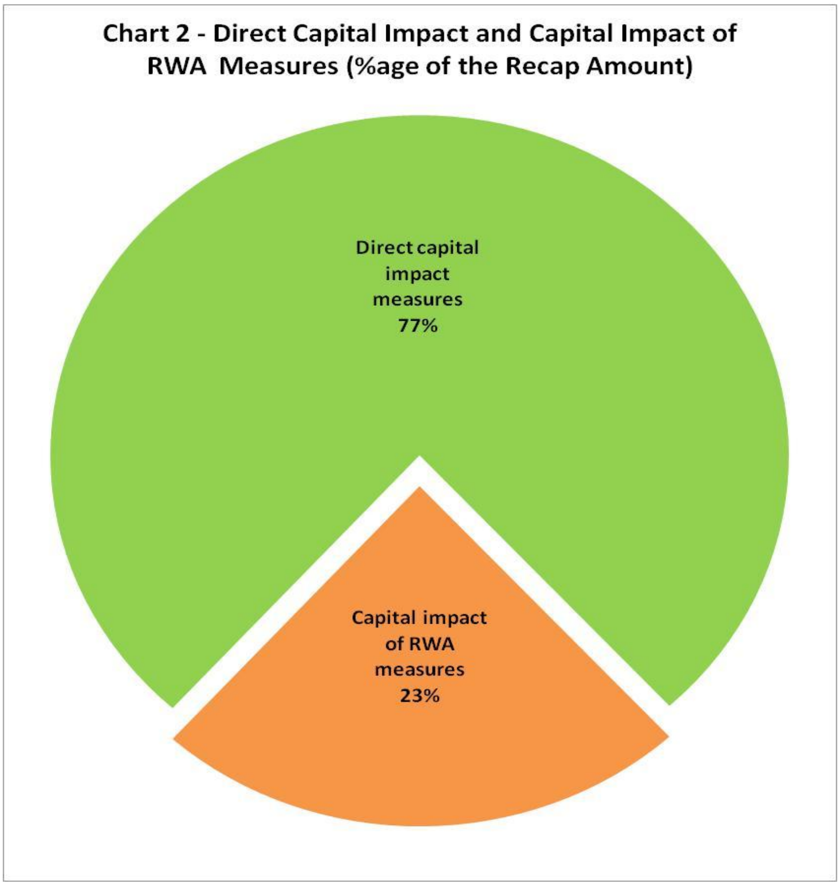


* Recap Amount = Initial Shortfall + Surplus

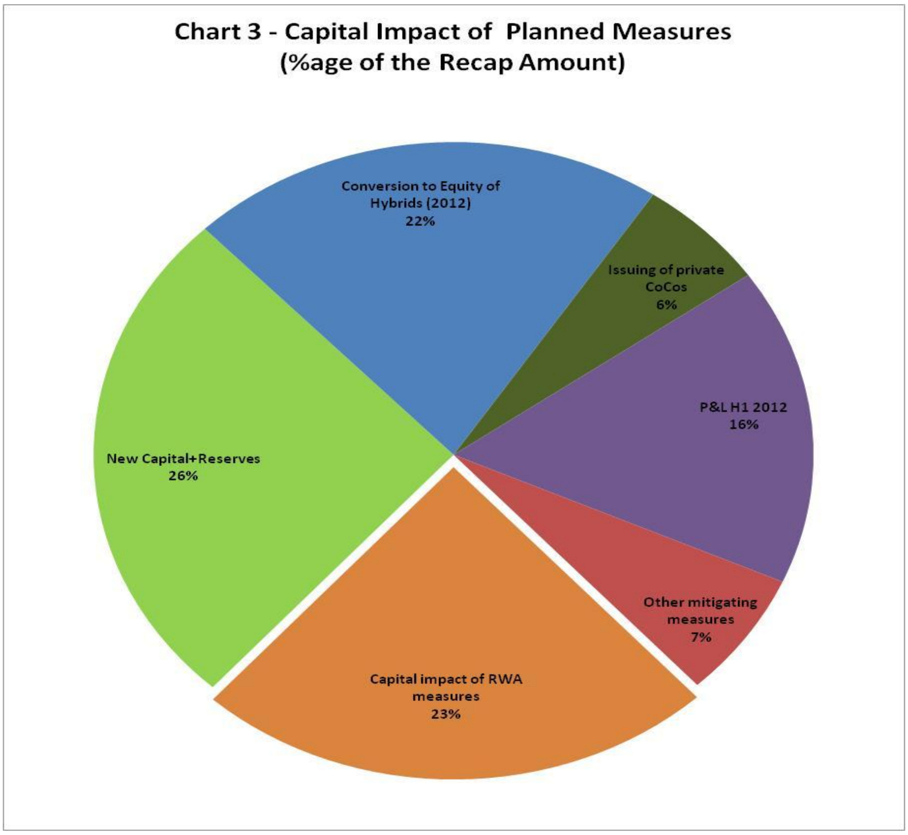
[1] *EBA Recommendation on the creation and supervisory oversight of temporary capital buffers to restore market confidence*

[2] *Three banks (Öesterreichische Volksbank AG, Dexia, WestLB AG) from the original list of banks with shortfalls have been identified as undergoing a significant restructuring process, which the EBA has agreed is an appropriate response to the December Recapitalisation Recommendation. Therefore, they will not be assessed against the capital levels of 9% after accounting for an appropriate sovereign buffer. In addition, the shortfall related to Greek banks was identified as a component of pre-agreed arrangements under the EU/IMF assistance programme and is treated separately. Therefore the focus of the recapitalisation plans under review by the Board of Supervisors is the EUR78bn shortfall identified for the other banks in the sample.*

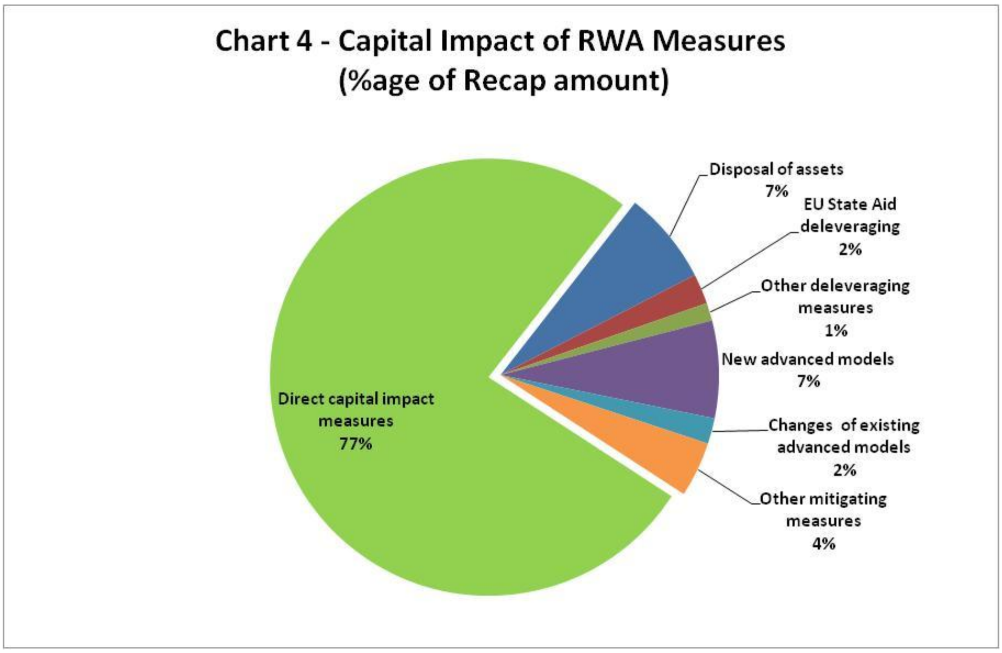
4. The actions in the plans submitted focus predominately on direct capital measures to cover the shortfall. On an aggregate basis, and without an assessment of the viability of the actions, direct capital measures for 96% of the shortfall identified and for 77% of all the measures proposed that both address the shortfall and create a buffer (See chart 2 below). A further set of measures which result in changes to risk weighted assets (RWAs) account for 23% of the impact of all actions.



5. New capital accounts for 26% of the impact from the actions in the plans. This includes capital raising, retained earnings from 2011 and scrip dividends. A further 22% is attributed to the conversion of existing hybrid instruments to core tier 1 whilst 16% comprises projected retained earnings for 2012. Around 6% is issuance of convertibles and 7% accounts for other mitigating measures.

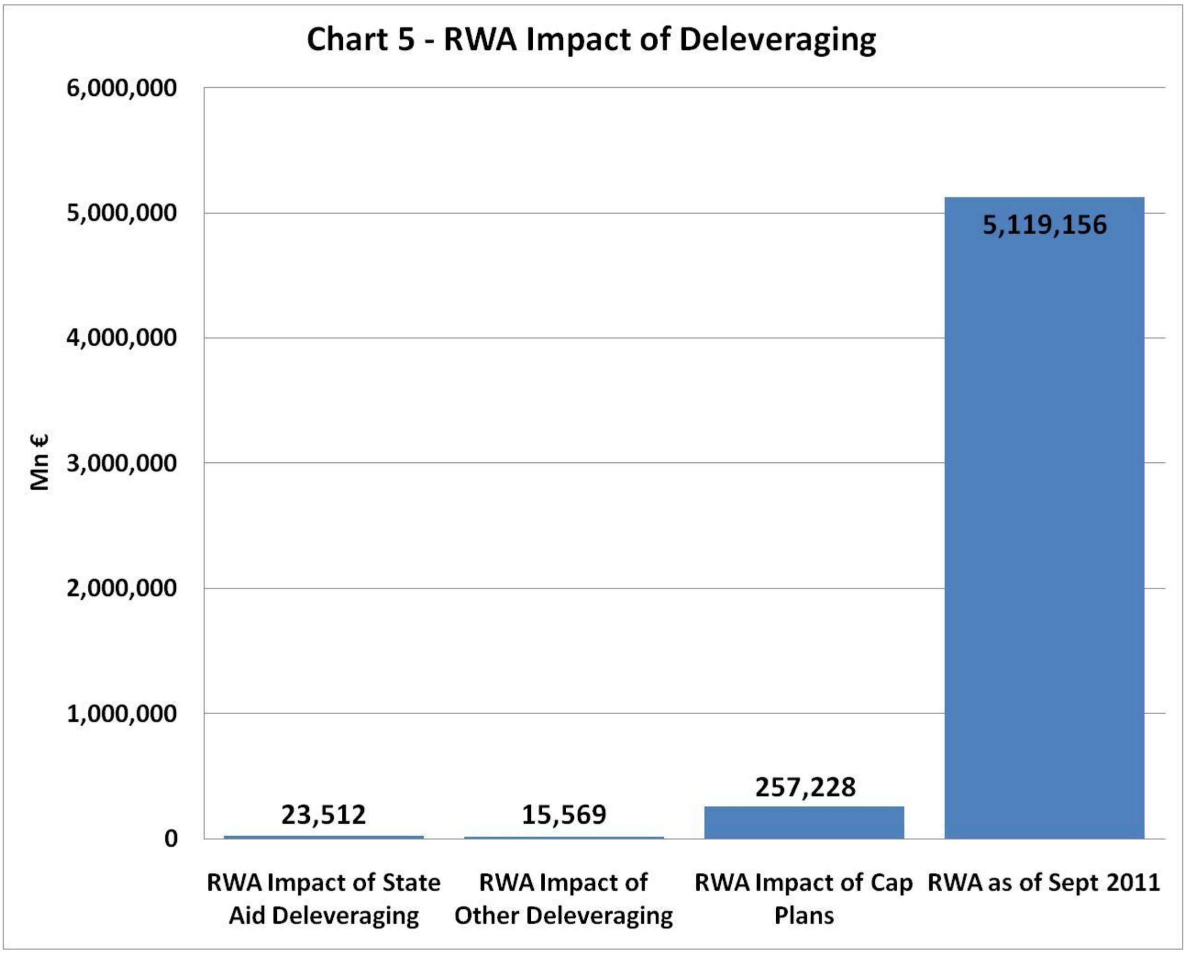


6. Of the actions impacting RWAs submitted, the majority are related to the disposal of assets (7% of the total, which are subject to supervisory agreement and discussion in Colleges) and to the approval of new advanced models (7% of the total, which are part of long term supervisory plans to migrate portfolios from the standardised approach to advanced approaches). Other measures relating to RWA changes include some changes to existing models, also subject to supervisory approval.



7. In a small number of cases (3% of the total) reductions in lending into the economy, labelled as "deleveraging" in the chart, are included in the plans. The majority of these deleveraging activities correspond to conditions laid out in State Aid rules to ensure appropriate restructuring and return to long term viability or other official programmes. Therefore less than 1% of the total impact will be addressed through other decrease in lending.

8. Although EU banks are going through a process of restructuring their business models, and therefore reducing their lending, such measures are not factored into banks' recapitalisation plans. To that end, the impact on Risk Weighted Assets (RWAs) of the recapitalisation plans is very small in relation to the total RWAs of the banks who submitted plans.



9. All of the recapitalisation plans are being discussed between National Supervisory Authorities (NSAs), the EBA and colleges of supervisors. These discussions will continue throughout February 2012 to assess the viability of actions and ensure adequate consultation between home and host authorities on the appropriateness of the plans. During this time, it is possible that capital plans may be revised and this information is therefore preliminary and subject to change.