Ratings On Two Spanish Banks Raised, Most Affirmed On Receding Economic Risks

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PRIMARY CREDIT ANALYST

Elena Iparraguirre
Madrid
(34) 91-389-6963
elena.iparraguirre@spglobal.com

SECONDARY CONTACTS

Antonio Rizzo
Madrid
(34) 91-788-7205
Antonio.Rizzo@spglobal.com

Lucia Gonzalez
Madrid
+ 34 91 788 7219
lucia.gonzalez@spglobal.com

Marta Heras
Madrid
(34) 91-389-6967
marta.heras@spglobal.com

Miriam Fernandez, CFA
Madrid
(34) 91-788-7232
Miriam.Fernandez@spglobal.com

Philippe Raposo
Paris
(33) 1-4420-7377
philippe.raposo@spglobal.com

OVERVIEW

- Spanish banks, led by the large ones, have accelerated the reduction of problematic assets through sizable disposals, primarily of real estate assets. We expect the trend to continue, with the banking system stock of nonperforming assets reducing to 4.5% of loans by 2021.
- Macroeconomic conditions continue to support recovery in the profitability of the nonfinancial corporate sector, and massive deleveraging since the crisis has reduced corporate indebtedness to levels in line with European peers.
- Notwithstanding the current political situation, with a new government yet to be formed, we expect sound economic growth and positive labor dynamics to continue. Political fragmentation could constrain the ability of the new government to undertake reforms, however.
- We have improved our assessment of the economic risks faced by Spanish banks, which in turn reinforces our view on the capacity of banks' capital to absorb unexpected losses.
- Capital strengthening was substantial enough to lead to rating changes for two banks.
- We raised our long-term rating on Cecabank S.A. and the long- and short-term ratings on Caja Laboral Popular Cooperativa de Crédito. We affirmed all other Spanish bank ratings.
- Our outlooks on Spanish banks are all stable, except that of Kutxabank S.A., which remains positive, and Banco Bilbao Vizcaya Argentaria S.A. and BBVA Global Markets B.V., which remain negative.

MADRID (S&P Global Ratings) May 31, 2019--S&P Global Ratings today took the following rating actions on Spanish banks:

- We raised the long-term rating on Cecabank S.A. to 'BBB+' from 'BBB'. We affirmed the 'A-2' short-term rating on Cecabank. The outlook is stable.
- We raised the long- and short-term rating on Caja Laboral Popular Cooperativa de Crédito to 'BBB/A-2' from 'BBB-/A-3'. The outlook is stable.
- We affirmed the long- and short-term ratings on the rest of the Spanish banks we rate: Banco Santander S.A. at 'A/A-1'; Santander Consumer Finance S.A. and Banco Bilbao Vizcaya Argentaria S.A., and its subsidiary BBVA Global Markets B.V., at 'A-/A-2'; CaixaBank S.A. and Bankinter S.A. at 'BBB+/A-2'; Kutxabank S.A., Bankia S.A. and Banco de Sabadell S.A. at 'BBB/A-2'; BFA Tenedora de Acciones, S.A.U. at 'BBB-/A-3'; and Abanca Corporación Bancaria S.A. and Ibercaja Banco S.A. at 'BB+/B'.

- Our outlooks are stable for all, except Kutxabank S.A., which carries a positive outlook, and Banco Bilbao Vizcaya Argentaria S.A. and BBVA Global Markets B.V., which have a negative outlook.

RATIONALE

Amid supportive economic conditions, both Spanish banks and nonfinancial corporates continue to strengthen and repair the damage left by the crisis.

After largely completing the provisioning of the legacy problematic assets and reducing credit costs to normalized levels (43 basis points [bps] of average loans in 2018), banks have focused on managing down their stock of unproductive assets. We believe that in a couple of years' time, the stock of nonperforming assets (NPAs) could reduce to about 4.5% of loans, a more reasonable level and more comparable with that of other countries (although still high, suggesting the reduction should continue). Banks' decision to divest large portfolios of primarily real estate assets to institutional investors has certainly represented a meaningful step forward in accelerating the reduction of NPAs. The sales completed (or announced and about to be completed) by large banks, Banco Santander, BBVA, CaixaBank, and Sabadell--which total about €65 billion in gross terms--are three times the size of the NPAs that we estimate the total banking system could otherwise reduce organically in one year. Moreover, other players followed suit, selling smaller portfolios.

Massive deleveraging, which continues despite ongoing economic growth, has contributed to strengthening the financial profile of the Spanish corporate and household sector too. Both now report levels of indebtedness in line with European averages, and benefit from very low debt burdens by historical standards given also the prevailing low interest rates. While deleveraging is close to an end, it is unlikely that we will see a large pick up in credit in the near future. Corporates in particular are resorting more to equity and retained earnings to finance growth and investment, also taking advantage of their strengthened profitability.

Our economic outlook for Spain remains solid, despite the more uncertain global trade outlook. We expect Spain's real GDP growth (which we forecast at 2.1% this year and 1.9% in 2020) to continue to outperform the eurozone average, supported by domestic demand. Although Spain's political spectrum is fragmented and a government has yet to be formed post the general elections held on April 28, we do not see it as a material risk for growth prospects over the next few years. The country still has challenges to address, however, including high unemployment and a high social security deficit. If not tackled, these could weigh on economic performance over the longer term.

We have therefore revised our assessment of economic risks in Spain to '4' from '5'. Countries with a similar economic assessment to Spain include Israel, Iceland, Estonia, Chile, Australia, and the U.K. Our assessment of industry risks and the overall Banking Industry Country Risk Assessment (BICRA) are unchanged at '4'. The anchor for banks operating primarily in Spain also remains 'bbb'.

In our view, the more supportive economic environment and stronger financial profile of banks' borrowers reduces the magnitude of the unexpected losses banks could face in a stress scenario and thus improves the capacity of their existing capital cushions to deal with such a scenario. As a result, we have lowered our capital charges on Spanish exposures, which results in an increase in banks' risk-adjusted capital (RAC) ratios by, on average, about 70 bps (closer to 100 bps for largely domestically focused entities). For two institutions, Cecabank and Caja Laboral, the capital strengthening was meaningful enough to support upgrades.

Over recent years, Spanish banks have gradually strengthened their capital through higher retained earnings, hybrid issuance, and de-risking initiatives. But the process will probably continue, in our view. Capitalization is adequate but only a strength for a minority of Spanish banks.

The build-up of cushions of loss-absorbing instruments in a resolution scenario will also be on Spanish banks' agenda. Most banks have received (or will soon receive) their binding minimum requirements for own funds and eligible liabilities (MREL) from the SRB (Single Resolution Board) and will have to design their funding plans for the next few years accordingly. While funding conditions appear favorable, raising "bail-inable" debt will represent a test for some banks, particularly for those that have been out of the market for some time and have weaker profitability prospects, as they will be competing with several other European institutions to attract investors. So far, senior nonpreferred debt has been largely issued by one bank, Banco Santander. At present, none of the ratings on Spanish banks benefit from uplift for additional loss-absorbing capacity (ALAC). That is because, though we expect that banks will make progress in the build-up of loss-absorbing instruments, we don't think their buffers will be large enough to meaningfully reduce the likelihood of default of senior obligations; not even considering our lower calculation of risk-weighted assets (RWAs). Additionally, for midsize Spanish institutions, for which we understand the resolution would likely be handled using the "sale of business tool" but which will also be required to comply with MREL, ALAC uplift would also be contingent on the final shape of their resolution plans, which in particular would have to provide assurance on the degree of protection envisaged for all senior creditors.

The main challenge ahead for Spanish banks, as for European peers generally, is to improve profitability. For many players, profitability remains below the cost of capital, a situation that could ultimately put into question the long-term viability of their business models. Midsize players face more challenges, in our view, as their regional, less-diversified profiles and smaller size limit the scope for earnings growth compared with larger peers, particularly in an environment of low volume growth, low interest rates, and high competition. Their limited scale makes it harder for midsize players to improve efficiency, as well. We therefore continue to see a rationale for consolidation in the Spanish banking system. However, the lack of success in recent merger talks between Unicaja and Liberbank highlights the difficulties encountered by management teams and ultimate owners to move the process forward.

At present, our outlooks on Spanish bank ratings are largely stable, reflecting that the repositioning of ratings after the crisis, in response to their gradual balance sheet strengthening, has been completed. Future rating changes are more likely to be the result of bank-specific developments than systemwide factors. The unweighted average rating for Spanish banks stands at 'BBB'.

OUTLOOKS

Banco Santander S.A.: Stable

The stable outlook on Banco Santander S.A. assumes that the bank will deliver on the strategic priorities outlined in its recently disclosed strategic plan, notably improving profitability and strengthening capital. Over the next few years, we expect operating performance to improve, with the bank benefiting from business growth in the Americas and cost savings in the mature European market. We expect return on equity (ROE) of 8.0%-8.5% in 2019-2020, and the bank's risk-adjusted capital (RAC) ratio to gradually increase to about 7.5%-8% by 2020. While asset quality indicators could deteriorate somewhat in some business segments or geographies, overall we expect the group will keep whittling down its stock of NPAs. We expect the bank to remain focused in its countries of operations. Our ratings therefore do not incorporate sizeable inorganic growth.

Wide geographic diversification will continue to benefit the bank, with economic momentum in Spain offsetting a potentially less favorable U.K. economy and economic policy uncertainty in

Brazil and Mexico following recent changes in governments.

Given that the bank is complying with its MREL requirements and has no plans to issue further senior nonpreferred debt in 2019, we see it as unlikely that the buffer of bail-inable debt will reach 400 basis points of its S&P Global Ratings risk-weighted assets, a level that would enable it to benefit from one notch of rating uplift.

Our base case is that the ratings will not change. However, we could consider taking a positive rating action if the bank shows a stronger build-up of loss-absorbing instruments than we currently expect. Conversely, the ratings could come under pressure if unexpected events undermine the bank's capital position, the bank engages in challenging acquisitions, or we lower our sovereign credit rating on Spain.

Santander Consumer Finance S.A.: Stable

Our stable outlook on Santander Consumer Finance S.A. (SCF) reflects that on the parent, Banco Santander S.A. (A/Stable/A-1). So long as we continue to assess SCF as highly strategic to Santander, our ratings on SCF will remain one notch below those on the parent and move in tandem with them.

Although our base-case scenario is for the ratings to remain unchanged, an upgrade of SCF in the next two years could be triggered by a similar action on both the parent and Spain (unsolicited A-/Positive/A-2), or by our revision of SCF's status within the group to core. Conversely, we could lower the ratings on SCF following a similar action on the parent, or if we believed that the parent's commitment to SCF had weakened, leading us to revise downward our view of the subsidiary's long-term strategic importance for Santander.

Banco Bilbao Vizcaya Argentaria S.A. and BBVA Global Markets B.V.: Negative

Our negative outlook on Banco Bilbao Vizcaya Argentaria S.A. (BBVA) reflects the possibility of a downgrade over our two-year outlook horizon if a material worsening of the economic and operating environment in Turkey hampers BBVA's financial strength. Specifically, this could happen if the bank is unable to strengthen its capital, with its RAC ratio failing to stand sustainably above 7.0%, or if the BBVA group's asset quality deteriorates materially. The ratings could also be under pressure if BBVA significantly increases its exposure to Turkey by providing capital or funding assistance to the subsidiary, or if, in addition to persistent difficulties in Turkey, BBVA faces challenges in any other key market of operation, such as Mexico.

Aside from that, we will continue following the ongoing investigations into the alleged tapping of private communications on behalf of BBVA. We will monitor whether any evidence emerges that could affect our view of BBVA's corporate governance, reputation, and financial profile.

We could revise the outlook to stable if BBVA manages to absorb the damage stemming from its Turkish subsidiary without meaningfully impairing its profitability, capital build-up, and asset quality trends. A stable outlook would also depend on the domestic business remaining supportive of the ratings--with growing returns and declining NPAs--and no other meaningful risks emerging in Latin America.

The negative outlook on BBVA Global Markets B.V. mirrors that on its parent, given the subsidiary's core status for the group. As such, the ratings on both entities will move in tandem.

CaixaBank S.A.: Stable

The stable outlook on CaixaBank S.A. assumes that the bank will remain committed to further strengthening its financial profile, as indicated in its strategic plan and, in particular, deliver on the restructuring of its distribution network to achieve targeted efficiency gains. We expect that profitability will gradually improve and support further capital strengthening. Specifically, we project our RAC ratio to stand sustainably above 7% in the next two years. Moreover, we believe that CaixaBank will remain a dominant player in Spain while strengthening its position in Portugal, maintain a prudent liquidity profile, and continue to improve its asset quality metrics towards international peers' level.

All other things being equal, we could raise the ratings on CaixaBank if the group makes more substantial progress than expected in terms of MREL issuance. In order to benefit from one notch of ratings uplift, CaixaBank's ALAC buffer would have to stand sustainably above 5% of RWAs. We estimate the ALAC buffer at 2.1% at the end of 2018.

Conversely, we would most likely lower the ratings if CaixaBank's performance appears likely to significantly undershoot our current expectations. Specifically, this could be triggered by lower profitability and, in turn, organic capital generation, to the extent the bank's RAC ratio remains below 7%.

Bankinter S.A.: Stable

The stable outlook on Bankinter reflects our view that the bank will maintain a solid financial profile, conservative underwriting standards, and contained reliance on short-term wholesale funding while continues expanding at a sound pace. We also expect the bank to develop its Portuguese activities and that the integration of EVO's activities over the next 18 months will be completed smoothly.

While we anticipate that the bank's capitalization will continue improving, thanks to both organic capital generation and issuance of hybrid instruments, we do not foresee this trend leading to a higher rating. Our expectation is that the bank's RAC ratio will stand at around 9.5%-10.0% by the end of 2021.

At this stage, we consider an upgrade unlikely. That said, we could consider such an action if, contrary to our base case, Bankinter's solvency strengthened materially over the next two years, supporting a RAC ratio sustainably above 10%. We could also upgrade Bankinter if it manages to build up and maintain a large enough buffer of bail-inable instruments--equivalent to at least 5% of RWAs--that would protect senior borrowers in a resolution scenario. But for that to happen we should also have more clarity on the final shape of the bank's resolution plans, including on the degree of protection envisaged for all senior unsecured creditors. Conversely, we could lower our ratings if Bankinter's risk appetite increases as it expands lending, or engages in aggressive acquisitions that impair its financial profile, or its funding profile relies more heavily on short-term sources.

Cecabank S.A.: Stable

The stable outlook on Cecabank reflects our expectation that the entity will maintain robust capitalization over the next two years, with a RAC ratio sustainably above 15%, while preserving its low-risk profile. In our view, this will compensate the comparative weakness that results from the limited scope of Cecabank's operations and from its business concentration on a limited number of clients.

We could lower the ratings on Cecabank if we were to conclude that its franchise value had deteriorated, or it the bank were to engage in aggressive acquisitions or increase its risk appetite, undermining its risk-adjusted capitalization.

We consider an upgrade unlikely at this stage, given Cecabank's concentrated business model and rating level.

Bankia S.A. and BFA Tenedora de Acciones, S.A.U. (BFA): Stable

The stable outlook reflects our view that, over the next 18-24 months, Bankia will remain focused on improving its returns amid still-muted volume growth and extremely low interest rates, and that it will maintain adequate capitalization. We anticipate that return on equity before minority interests will increase to a high-single-digit level by end-2021, with bottom-line profitability supported by low credit losses and further costs synergies and savings. We see Bankia's RAC ratio improving to 9.0%-9.5% by end-2021, on the back of further earnings retention. At the same time, we expect Bankia to continue reducing its NPA ratio to below 5% of gross loans over our outlook horizon.

Our stable outlook also assumes no changes in management or strategic direction at Bankia, which remains ultimately owned by the Spanish government through the Fund for Orderly Bank Resolution (FROB). The deadline for privatization was extended recently until the end of 2021.

At this stage, we see an upgrade as unlikely. We could consider raising the ratings if, contrary to our expectations, Bankia managed to strengthen its RAC ratio sustainably above 10%, while materially improving its asset quality metrics; or if its ALAC buffer were to exceed 5% of RWAs, which is the standard threshold for a one-notch uplift.

Conversely, we could downgrade Bankia if its asset quality metrics start lagging those of its domestic and international peers, or if it engages in an overly aggressive growth strategy or in acquisitions that impair its financial profile.

The stable outlook on BFA mirrors that on the group's operating entity, Bankia, as we expect the ratings on both the operating and holding company to move in tandem.

Banco de Sabadell S.A.: Stable

Our stable outlook on Sabadell balances the challenges posed by the severe problems experienced by its U.K. subsidiary following the migration of its IT platform with the benefits stemming from the continued improvement of its domestic operations' financial profile. Over the next 18-24 months, we expect that Sabadell will focus on implementing the measures aimed at restoring its reputation and commercial strategy in the U.K. But we anticipate that it will be at least two years before TSB becomes a meaningful contributor to the group's overall profitability. We also assume that Sabadell will remain adequately capitalized (we expect our risk-adjusted capital ratio to stand between 7.25%-7.75% by end-2021) and that any additional financial impact from its U.K. business' extraordinary costs will be contained.

We could lower the ratings on Sabadell if we believed that TSB's franchise would remain impaired over the long term and the bank would struggle to restore its brand in the U.K. This could happen if the U.K. bank were to experience further IT disruptions, affecting its ability to adequately provide service to customers and resulting in material attrition of client numbers. We could also lower the ratings if potential regulatory actions and the outcome of pending investigations were to result in an additional negative impact on the bank's reputation or its capitalization.

At this stage, we consider an upgrade to be unlikely. However, we could consider it if, contrary to our expectations, Sabadell's ALAC buffer exceeded the 5% threshold for one notch of uplift. We estimate that Sabadell's ALAC buffer was equivalent to 0.9% of S&P Global Ratings risk-weighted assets in December 2018, and we anticipate that it will increase to about 3.0% by end-2020.

Kutxabank S.A.: Positive

The positive outlook on Kutxabank reflects our views of the bank's ongoing capital strengthening. We could consider raising the ratings over the next 12-24 months if the bank's RAC ratio grows and stands sustainably above 10%, from the pro forma level of 8.9% achieved at end-2018, and it continues reducing its stock of NPAs. Before taking such a decision, however, we would also assess its rating position relative to peers. In particular, given the lack of nationwide scale of Kutxabank, we would have to be convinced of the higher value of its banking franchise, management, and profitability prospects. At present, despite expecting some moderate improvement in profitability, thanks to fee-related business and contained costs, we forecast only mid-single-digit ROE this year and next.

We could also upgrade Kutxabank if it manages to build up and maintain a large enough buffer of bail-inable instruments—equivalent to at least 5% of RWAs—that would protect senior borrowers in a resolution scenario. But for that to happen, we should also have more clarity on the final shape of the bank's resolution plans, including on the degree of protection envisaged for all senior unsecured creditors.

Conversely, we could revise the outlook to stable if:

- Kutxabank's capitalization looks unlikely to strengthen materially enough;
- The bank engages in acquisitions that impair its financial profile or represent a managerial challenge; or
- The bank's business model proves insufficiently profitable.

Caja Laboral Popular Cooperativa de Crédito: Stable

Our stable outlook on Caja Laboral reflects our expectation that the entity will preserve its capital strength, which helps compensate the comparative weakness that results from its small scale and geographic concentration, and that its strategy will remain prudent and focused on its traditional business model in its core market. In particular, we expect that the bank will continue to post strong capitalization--with its RAC ratio above 10% over our outlook horizon, fueled by further earnings retention and modest growth. Over our outlook horizon, we also expect the bank's return on equity to stand at 7.0%-7.5%. While operating revenues will remain pressured by extremely low interest rates, we expect this will be more than compensated by the bank's commitment to controlling operating expenses and maintaining a low cost of risk of about 10 bps. We also believe that Caja Laboral will continue to reduce its portfolio of NPAs to less than 5% of gross loans by end-2021, while keeping adequate coverage.

We could downgrade Caja Laboral if its exposure to the Mondragon group turns out to be more risky than we currently assess, or if it is unable to preserve its franchise in the context of a more competitive operating environment.

We consider an upgrade unlikely at this stage, as it is improbable that we would give more weight in the ratings to the bank's risk-adjusted capital strength or to the potential build up of a cushion of other loss-absorbing instruments. While we understand that authorities may be in favor of using the resolution route if Caja Laboral were to be under stress, and thus the entity may potentially be required to hold some MREL, we understand that resolution planning is today in early stages.

Abanca Corporación Bancaria S.A.: Stable

The stable outlook reflects our expectation that, in the next 12-18 months, Abanca will remain focused on integrating recently acquired banks in Portugal and Spain, and assumes that the integration will be smooth. We anticipate that the bank will remain adequately capitalized, with its RAC ratio hovering around 7.75%-8.25% next year, post the acquisition of Banco Caixa Geral in Spain, and despite above-average lending growth in the targeted SME and consumer segments. We also believe that Abanca will continue to reduce its portfolio of NPAs to around 4.5% of gross loans by end-2020, while keeping adequate coverage levels. Even though we anticipate that Abanca's returns will improve further, we believe its underlying profitability will remain limited overall, with low efficiency compared with domestic and international peers. While Abanca remains open to growing inorganically, as witnessed with the interest it expressed in February

2019 in acquiring Spanish Liberbank, we do not incorporate inorganic growth in our ratings. If an acquisition were to be announced, we would assess and comment on its potential rating impact.

We could upgrade Abanca if it enhanced its efficiency and underlying profitability to levels closer to those of its higher rated domestic peers, and if the integration process of acquired entities is completed without disruptions. We could also upgrade Abanca if it manages to build up and maintain a large enough buffer of bail-inable instruments—equivalent to at least 5% of RWAs—that would protect senior borrowers in a resolution scenario. But for that to happen, we should also have more clarity on the final shape of the bank's resolution plans, including on the degree of protection envisaged for all senior unsecured creditors.

We could consider a downgrade if Abanca's risk appetite increased as it grows, if the bank faced difficulties in financing new lending with stable funding sources, or if it engaged in acquisitions that impair its financial profile or pose managerial challenges.

Ibercaja Banco S.A.: Stable

The stable outlook indicates that our view of Ibercaja's creditworthiness is unlikely to change materially in the next 12-18 months. We expect Ibercaja, like its Spanish peers, to remain focused on gradually reducing NPAs organically and through sales. We anticipate that NPAs could decline to around 4.5% of gross loans by end-2020. At the same time, we expect that profitability will remain subdued, both in absolute and relative terms, which will translate into limited organic capital strengthening. In particular, we anticipate that the RAC ratio will be around 6.75%-7.25% by end-2020, and that ROE will remain below 5%.

We could upgrade Ibercaja if it strengthens its capital and, at the same time, significantly shores up its financial profile. This could occur if Ibercaja substantially improves its underlying profitability, reporting ROE close to double digits, and enhances its asset quality so that its NPAs are more in line with those of higher-rated Spanish and international peers. We could also upgrade Ibercaja if it manages to build up and maintain a large enough buffer of bail-inable instruments—equivalent to at least 5% of RWAs—that would protect senior borrowers in a resolution scenario. But for that to happen, we should also have more clarity on the final shape of the bank's resolution plans, including on the degree of protection envisaged for all senior unsecured creditors.

Conversely, we could downgrade Ibercaja if it engages in acquisitions that impair its financial profile, or if it fails to reduce its stock of problematic assets.

Table 1

BICRA Score Snapshot For Spain

	To	From
BICRA Group	4	4
Economic risk	4	5
Economic resilience	Intermediate risk	Intermediate risk
Economic imbalances	Intermediate risk	Intermediate risk
Credit risk in the economy	Intermediate risk	High risk
Industry risk	4	4
Institutional framework	Intermediate risk	Intermediate risk
Competitive dynamics	Intermediate risk	Intermediate risk
Systemwide funding	Intermediate risk	Intermediate risk

Table 1

BICRA Score Snapshot For Spain (cont.)

	To	From
Trends		
Economic risk trend	Stable	Positive
Industry risk trend	Stable	Stable

BICRA--Banking Industry Country Risk Assessment.

Table 2

Ratings Score Snapshots

	To	From
Banco Santander S.A.		
Issuer Credit Rating	A/Stable/A-1	A/Stable/A-1
SACP	a	a
Anchor	bbb	bbb
Business Position	Very Strong (+2)	Very Strong (+2)
Capital and Earnings	Adequate (0)	Adequate (0)
Risk Position	Strong (+1)	Strong (+1)
Funding and Liquidity	Average and Adequate (0)	Average and Adequate (0)
Support	0	0
GRE Support	0	0
Group Support	0	0
ALAC Support	0	0
Sovereign Support	0	0
Additional Factors	0	0
Santander Consumer Finance S.A.		
Issuer Credit Rating	A-/Stable/A-2	A-/Stable/A-2
SACP	bbb	bbb
Anchor	bbb+	bbb+
Business Position	Moderate (-1)	Moderate (-1)
Capital and Earnings	Strong (+1)	Strong (+1)
Risk Position	Moderate (-1)	Moderate (-1)
Funding and Liquidity	Average and Adequate (0)	Average and Adequate (0)
Support	2	2
GRE Support	0	0
Group Support	2	2
ALAC Support	0	0
Sovereign Support	0	0
Additional Factors	0	0

Table 2

Ratings Score Snapshots (cont.)

	To	From
Banco Bilbao Vizcaya Argentaria S.A.		
Issuer Credit Rating	A-/Negative/A-2	A-/Negative/A-2
SACP	a-	a-
Anchor	bbb	bbb
Business Position	Strong (+1)	Strong (+1)
Capital and Earnings	Adequate (0)	Adequate (0)
Risk Position	Strong (+1)	Strong (+1)
Funding and Liquidity	Average and Adequate (0)	Average and Adequate (0)
Support	0	0
GRE Support	0	0
Group Support	0	0
ALAC Support	0	0
Sovereign Support	0	0
Additional Factors	0	0
Caixabank S.A.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB+/Stable/A-2
SACP	bbb+	bbb+
Anchor	bbb	bbb
Business Position	Strong (+1)	Strong (+1)
Capital and Earnings	Adequate (0)	Moderate (-1)
Risk Position	Adequate (0)	Strong (+1)
Funding and Liquidity	Average and Adequate (0)	Average and Adequate (0)
Support	0	0
GRE Support	0	0
Group Support	0	0
ALAC Support	0	0
Sovereign Support	0	0
Additional Factors	0	0
Bankinter S.A.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB+/Stable/A-2
SACP	bbb+	bbb+
Anchor	bbb	bbb
Business Position	Adequate (0)	Adequate (0)
Capital and Earnings	Adequate (0)	Adequate (0)
Risk Position	Strong (+1)	Strong (+1)
Funding and Liquidity	Average and Adequate (0)	Average and Adequate (0)
Support	0	0

Table 2

Ratings Score Snapshots (cont.)

	To	From
GRE Support	0	0
Group Support	0	0
ALAC Support	0	0
Sovereign Support	0	0
Additional Factors	0	0
Cecabank S.A.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB/Positive/A-2
SACP	bbb+	bbb
Anchor	bbb	bbb
Business Position	Moderate (-1)	Moderate (-1)
Capital and Earnings	Very Strong (+2)	Strong (+1)
Risk Position	Adequate (0)	Adequate (0)
Funding and Liquidity	Average and Adequate (0)	Average and Adequate (0)
Support	0	0
GRE Support	0	0
Group Support	0	0
ALAC Support	0	0
Sovereign Support	0	0
Additional Factors	0	0
Bankia S.A.		
Issuer Credit Rating	BBB/Stable/A-2	BBB/Stable/A-2
SACP	bbb	bbb
Anchor	bbb	bbb
Business Position	Adequate (0)	Adequate (0)
Capital and Earnings	Adequate (0)	Adequate (0)
Risk Position	Adequate (0)	Adequate (0)
Funding and Liquidity	Average and Adequate (0)	Average and Adequate (0)
Support	0	0
GRE Support	0	0
Group Support	0	0
ALAC Support	0	0
Sovereign Support	0	0
Additional Factors	0	0
Banco de Sabadell S.A.		
Issuer Credit Rating	BBB/Stable/A-2	BBB/Stable/A-2
SACP	bbb	bbb
Anchor	bbb	bbb

Table 2

Ratings Score Snapshots (cont.)

	To	From
Business Position	Adequate (0)	Adequate (0)
Capital and Earnings	Adequate (0)	Adequate (0)
Risk Position	Adequate (0)	Adequate (0)
Funding and Liquidity	Average and Adequate (0)	Average and Adequate (0)
Support	0	0
GRE Support	0	0
Group Support	0	0
ALAC Support	0	0
Sovereign Support	0	0
Additional Factors	0	0
Kutxabank S.A.		
Issuer Credit Rating	BBB/Positive/A-2	BBB/Positive/A-2
SACP	bbb	bbb+
Anchor	bbb	bbb
Business Position	Adequate (0)	Adequate (0)
Capital and Earnings	Adequate (0)	Adequate (0)
Risk Position	Adequate (0)	Strong (+1)
Funding and Liquidity	Average and Adequate (0)	Average and Adequate (0)
Support	0	0
GRE Support	0	0
Group Support	0	0
ALAC Support	0	0
Sovereign Support	0	0
Additional Factors	0	(1)
Caja Laboral Popular Cooperativa de Credito		
Issuer Credit Rating	BBB/Stable/A-2	BBB-/Positive/A-3
SACP	bbb	bbb-
Anchor	bbb	bbb
Business Position	Moderate (-1)	Moderate (-1)
Capital and Earnings	Strong (+1)	Adequate (0)
Risk Position	Adequate (0)	Adequate (0)
Funding and Liquidity	Average and Adequate (0)	Average and Adequate (0)
Support	0	0
GRE Support	0	0
Group Support	0	0
ALAC Support	0	0

Table 2

Ratings Score Snapshots (cont.)

	To	From
Sovereign Support	0	0
Additional Factors	0	0
Abanca Corporacion Bancaria S.A.		
Issuer Credit Rating	BB+/Stable/B	BB+/Stable/B
SACP	bb+	bb+
Anchor	bbb	bbb
Business Position	Weak (-2)	Weak (-2)
Capital and Earnings	Adequate (0)	Adequate (0)
Risk Position	Adequate (0)	Adequate (0)
Funding and Liquidity	Average and Adequate (0)	Average and Adequate (0)
Support	0	0
GRE Support	0	0
Group Support	0	0
ALAC Support	0	0
Sovereign Support	0	0
Additional Factors	0	0
Ibercaja Banco S.A.		
Issuer Credit Rating	BB+/Stable/B	BB+/Stable/B
SACP	bb+	bb+
Anchor	bbb	bbb
Business Position	Moderate (-1)	Moderate (-1)
Capital and Earnings	Moderate (-1)	Moderate (-1)
Risk Position	Adequate (0)	Adequate (0)
Funding and Liquidity	Average and Adequate (0)	Average and Adequate (0)
Support	0	0
GRE Support	0	0
Group Support	0	0
ALAC Support	0	0
Sovereign Support	0	0
Additional Factors	0	0

Related Criteria

- Criteria - Financial Institutions - General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Criteria | Financial Institutions | Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- General Criteria: Principles For Rating Debt Issues Based On Imputed Promises, Dec. 19, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria | Financial Institutions | Banks: Commercial Paper I: Banks, March 23, 2004

RATINGS LIST

*** * * * * * * * * * * * * * * Cecabank S.A. * * * * * * * * * * * * * * ***		
Upgraded; Ratings Affirmed		
	To	**From**
Cecabank S.A.		
Issuer Credit Rating	BBB+/Stable/A-2	BBB/Positive/A-2
*** * * * * * * * Caja Laboral Popular Cooperativa de Credito * * * * * * ***		
Upgraded		
	To	**From**
Caja Laboral Popular Cooperativa de Credito		
Issuer Credit Rating	BBB/Stable/A-2	BBB-/Positive/A-3
*** * * * * * * * * * * * * * Banco Santander S.A. * * * * * * * * * * * * * ***		
Ratings Affirmed		
Banco Santander S.A.		
Issuer Credit Rating	A/Stable/A-1	
Santander Consumer Finance S.A.		
Issuer Credit Rating	A-/Stable/A-2	

*** * * * * * * * * * Banco Bilbao Vizcaya Argentaria S.A. * * * * * * * * ***	
Ratings Affirmed	
Banco Bilbao Vizcaya Argentaria S.A.	
BBVA Global Markets B.V.	
Issuer Credit Rating	A-/Negative/A-2
*** * * * * * * * * * * * * * * CaixaBank S.A. * * * * * * * * * * * * * * ***	
Ratings Affirmed	
CaixaBank S.A.	
Issuer Credit Rating	BBB+/Stable/A-2
*** * * * * * * * * * * * * * * Bankinter S.A. * * * * * * * * * * * * * * ***	
Ratings Affirmed	
Bankinter S.A.	
Issuer Credit Rating	BBB+/Stable/A-2
*** * * * * * * * * * * * Kutxabank S.A. * * * * * * * * * * * ***	
Ratings Affirmed	
Kutxabank S.A.	
Issuer Credit Rating	BBB/Positive/A-2
*** * * * * * * * * * * BFA Tenedora de Acciones, S.A.U. * * * * * * * * * ***	
Ratings Affirmed	
Bankia S.A.	
Issuer Credit Rating	BBB/Stable/A-2
BFA Tenedora de Acciones, S.A.U.	
Issuer Credit Rating	BBB-/Stable/A-3
*** * * * * * * * * * * * * Banco de Sabadell S.A. * * * * * * * * * * * * ***	
Ratings Affirmed	
Banco de Sabadell S.A.	
Issuer Credit Rating	BBB/Stable/A-2
*** * * * * * * * * * * Abanca Corporacion Bancaria S.A. * * * * * * * * * ***	
Ratings Affirmed	
Abanca Corporacion Bancaria S.A	
Issuer Credit Rating	BB+/Stable/B
*** * * * * * * * * * * Ibercaja Banco S.A. * * * * * * * * * * ***	
Ratings Affirmed	
Ibercaja Banco S.A.	
Issuer Credit Rating	BB+/Stable/B

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following S&P Global Ratings numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.