

**Table 59: Cumulative interest rate sensitivity as a % of 2016 pretax profits**

	Y1	Y2	Y3	Y4	Y5	Cumulative Y1 to Y5 (% Year 0*)
CaixaBank	0%	28%	0%	0%	0%	50%
Liberbank	0%	81%	0%	0%	0%	46%
UBI Banca (pre-deal)	59%	0%	0%	0%	0%	38%
Bankia	0%	33%	0%	0%	0%	38%
Commerzbank	51%	10%	7%	6%	0%	37%
Intesa Sanpaolo	20%	0%	0%	0%	0%	28%
Banco BPM	58%	0%	0%	0%	0%	26%
Deutsche Bank	29%	5%	0%	0%	0%	23%
ABN AMRO	1%	7%	7%	5%	1%	22%
Aareal	17%	2%	3%	0%	0%	21%
UBS	5%	4%	3%	0%	0%	17%
BNP Paribas	3%	3%	3%	3%	3%	17%
Bankinter	0%	12%	0%	0%	0%	17%
ING	3%	5%	2%	4%	1%	16%
Deutsche Pbb	6%	6%	6%	0%	0%	15%
Sabadell	0%	11%	0%	0%	0%	15%
Société Générale	-1%	3%	10%	0%	0%	15%
Credit Suisse	15%	3%	2%	-1%	0%	12%
Unicredit	15%	0%	0%	0%	-1%	12%
Santander	0%	10%	0%	0%	0%	12%
KBC	2%	5%	7%	-1%	-1%	10%
BPER	24%	0%	0%	0%	0%	10%
BBVA	0%	7%	0%	0%	0%	8%
Natixis	5%	0%	0%	0%	0%	6%
Montepaschi Siena	-160%	0%	0%	0%	0%	2%
Crédit Agricole SA	-1%	0%	0%	0%	1%	0%
Mediobanca (FY end June)	0%	0%	0%	0%	0%	-1%
Popular	0%	158%	0%	0%	0%	-3%

\*2020E PTP used for Commerzbank and Deutsche Bank, 2019E used for Unicredit, BPM, UBI, BPER and Credit Suisse; 2016 PTP is adjusted from the Heta effect for Pbb. Source: Kepler Cheuvreux

The outcome is predictable: three Spanish banks among the top five contributors, one Italian and one German. Among the top ten: three Spanish, three Italians, and three Germans.

### The ranking is clear, but what is priced in?

Because of the sharp performance of the banking sector since the bottoming out of bond yields in the summer of 2016, it is quite clear that at least some of these profit impacts have already been priced in.

Quantifying the proportion of the NII increase that is priced in is nonetheless fraught with difficulties.

We have looked at different permutations but settled with a rather simple premise of asking our local analysts about their perception of the net profits that had been priced in by the market in their own assessment of the interest rate sensitivity of each bank.

However, before that, we can look at the intuitive correlation between the pretax impact as shown in Table 59 and the share price performance of each name, both YTD and on a 12-month view.