

Consolidated Results

Second quarter, 2018



Most significant figures

(EUR Thousands)

	30/06/2018	31/12/2017	30/06/2017	y- o -y		Annual	
				Abs.	%	Abs.	%
Profit and Loss Account							
Net interest income	294,175	548,142	292,791	1,384	0.5%		
Gross Income	510,924	977,558	493,027	17,897	3.6%		
Recurring Gross Income	459,159	859,657	458,480	679	0.1%		
Net Income before provisions	216,724	363,139	195,335	21,389	10.9%		
Recurring Net Income before provisions	164,959	245,239	160,789	4,170	2.6%		
Profit before tax	54,117	97,808	50,770	3,347	6.6%		
Consolidated Net profit	45,178	80,058	44,296	882	2.0%		
Attributable Net profit	45,178	80,058	44,296	882	2.0%		
Business							
Total Assets	42,815,704	40,507,329	39,943,077	2,872,627	7.2%	2,308,375	5.7%
Equity	2,962,714	3,052,262	3,022,189	(59,475)	(2.0%)	(89,548)	(2.9%)
On-balance sheet retail funds	27,694,266	25,940,894	26,358,453	1,335,813	5.1%	1,753,372	6.8%
Off-balance sheet funds	4,428,907	4,126,567	3,736,073	692,834	18.5%	302,340	7.3%
Performing Loans	28,908,999	27,968,427	27,740,977	1,168,022	4.2%	940,572	3.4%
Risk management							
Gross Loans	31,646,581	31,329,017	31,626,276	20,305	0.1%	317,564	1.0%
Contingent risks	665,748	650,724	614,043	51,705	8.4%	15,024	2.3%
Non-performing loans	2,737,582	3,360,590	3,885,299	(1,147,717)	(29.5%)	(623,008)	(18.5%)
Non-performing contingent risks	6,028	7,402	7,892	(1,864)	(23.6%)	(1,374)	(18.6%)
NPL ratio (%)	8.49%	10.53%	12.08%	(3.59)		(2.04)	
NPL coverage ratio (%)	44.31%	40.28%	44.38%	(0.07)		4.03	
Liquidity							
LTD (%)	104.63%	110.08%	107.75%	(3.12)		(5.45)	
LCR (%) *	198.64%	214.62%	248.90%	(50.26)		(15.98)	
NSFR (%)	116.50%	112.30%	116.47%	0.03		4.20	
Commercial Gap position	(3,612,412)	(5,081,043)	(4,648,159)	1,035,747	(22.3%)	1,468,631	(28.9%)
Solvency phased in (**)							
CET1 ratio (%)	12.01%	11.19%	11.59%	0.42		0.95	
Tier 2 ratio (%)	1.71%	2.18%	2.87%	(1.16)		0.04	
Capital ratio (%)	13.72%	13.37%	14.46%	(0.74)		0.98	
Leverage ratio (%)	6.45%	6.44%	6.65%	(0.20)		0.01	
Solvency fully loaded (**)							
CET1 ratio (%)	11.07%	10.90%	11.38%	(0.31)		0.92	
Tier 2 ratio (%)	1.71%	2.18%	2.87%	(1.16)		0.03	
Capital ratio (%)	12.78%	13.08%	14.25%	(1.47)		0.95	
Leverage ratio (%)	5.96%	6.29%	6.53%	(0.57)		(0.33)	
Profitability and efficiency							
ROA (%)	0.22%	0.20%	0.23%	(0.01)		0.02	
RORWA (%)	0.38%	0.34%	0.38%	-		0.04	
ROE (%)	3.06%	2.64%	2.96%	0.10		0.42	
Cost-income ratio (%)	57.58%	62.85%	60.38%	(2.80)		(5.27)	
Recurring cost-income ratio (%)	64.07%	71.47%	64.93%	(0.86)		(7.40)	
Other data							
Cooperative members	1,434,092	1,433,980	1,432,886	1,206	0.1%	112	0.0%
Employees	5,570	5,586	5,743	(173)	(3.0%)	(16)	(0.3%)
Branches	1,036	1,057	1,090	(54)	(5.0%)	(21)	(2.0%)

* LCR re-calculated for all the dates excluding the contribution of the amount available in the assets pledge policy with Bank of Spain.

** Annual variation from 01/01/2018

Balance Sheet

(EUR Thousands)

	30/06/2018	31/12/2017	30/06/2017	y- o -y		Annual	
				Abs.	%	Abs.	%
Cash, cash balances at central banks and other demand deposits	1,470,541	1,083,920	606,261	864,280	142.6%	386,621	35.7%
Financial assets held for trading	2,221	2,142	2,332	(111)	(4.8%)	79	3.7%
Financial assets designated at fair value through profit or loss	288,164	123,733	123,003	165,161	134.3%	164,431	132.9%
<i>Of which:</i>							
<i>Loans and advances to Customers</i>	155,148	123,733	123,003	32,145	26.1%	31,415	25.4%
Financial assets at fair value through other comprehensive income	741,646	4,895,235	4,854,587	(4,112,941)	(84.7%)	(4,153,589)	(84.8%)
Financial assets at amortised cost	36,178,178	30,011,204	29,997,652	6,180,526	20.6%	6,166,974	20.5%
<i>Of which:</i>							
<i>Loans and advances to Customers</i>	30,009,780	29,579,017	29,544,642	465,138	1.6%	430,763	1.5%
Derivatives – Hedge accounting	-	-	1	(1)	(100.0%)	-	-
Investments in subsidiaries, joint ventures and associates	80,911	93,219	76,405	4,506	5.9%	(12,308)	(13.2%)
Tangible assets	1,006,585	1,002,326	980,670	25,915	2.6%	4,259	0.4%
Intangible assets	151,211	221,026	233,955	(82,744)	(35.4%)	(69,815)	(31.6%)
Tax assets	1,115,792	1,052,749	1,066,539	49,253	4.6%	63,043	6.0%
Other assets	1,322,512	1,539,894	1,476,456	(153,944)	(10.4%)	(217,382)	(14.1%)
Non-current assets and disposal groups classified as held for sale	457,942	481,881	525,216	(67,274)	(12.8%)	(23,939)	(5.0%)
TOTAL ASSETS	42,815,704	40,507,329	39,943,077	2,872,627	7.2%	2,308,375	5.7%
Financial liabilities held for trading	636	532	151	485	321.2%	104	19.5%
Financial liabilities measured at amortised cost	39,122,061	36,657,371	36,028,415	3,093,646	8.6%	2,464,690	6.7%
<i>Of which:</i>							
<i>Central Banks deposits</i>	5,045,458	5,055,698	5,066,130	(20,672)	(0.4%)	(10,240)	(0.2%)
<i>Central counterparty deposits</i>	808,902	998,148	-	808,902	100.0%	(189,246)	(19.0%)
<i>Customer deposits</i>	27,694,266	25,940,894	26,358,453	1,335,813	5.1%	1,753,372	6.8%
<i>Debt securities issued</i>	3,170,754	2,666,045	2,670,541	500,213	18.7%	504,709	18.9%
Derivatives – Hedge accounting	145,962	48	186	145,776	78374.2%	145,914	303987.5%
Provisions	89,502	114,211	216,407	(126,905)	(58.6%)	(24,709)	(21.6%)
Tax liabilities	104,051	108,998	157,049	(52,998)	(33.7%)	(4,947)	(4.5%)
Other liabilities	390,302	572,342	473,963	(83,661)	(17.7%)	(182,040)	(31.8%)
<i>of which: Welfare funds</i>	6,807	4,962	6,973	(166)	(2.4%)	1,845	37.2%
TOTAL LIABILITIES	39,852,514	37,453,501	36,876,171	2,976,343	8.1%	2,399,013	6.4%
Equity	2,962,714	3,052,262	3,022,189	(59,475)	(2.0%)	(89,548)	(2.9%)
<i>Of which:</i>							
<i>Capital / Equity instruments issued other than capital / Treasury shares</i>	2,694,483	2,602,380	2,598,964	95,519	3.7%	92,103	3.5%
<i>Retained earnings / Revaluation reserves / Other reserves</i>	223,870	387,604	396,085	(172,215)	(43.5%)	(163,734)	(42.2%)
<i>Profit or loss attributable to owners of the parent</i>	45,178	80,058	44,296	882	2.0%	(34,880)	(43.6%)
<i>(-) Interim dividends</i>	(817)	(17,779)	(17,158)	16,341	(95.2%)	16,962	(95.4%)
Accumulated other comprehensive income	476	1,565	44,718	(44,242)	(98.9%)	(1,089)	(69.6%)
Minority interests	-	-	-	-	100.0%	-	-
TOTAL EQUITY	2,963,190	3,053,828	3,066,906	(103,716)	(3.4%)	(90,638)	(3.0%)

Funds managed

(EUR Thousands)

	30/06/2018	31/12/2017	30/06/2017	y- o -y		Annual	
				Abs.	%	Abs.	%
Sight deposits	20,526,395	18,477,886	18,190,153	2,336,242	12.8%	2,048,509	11.1%
Term deposits	7,167,871	7,463,008	8,168,300	(1,000,429)	(12.2%)	(295,137)	(4.0%)
Customer deposits	27,694,266	25,940,894	26,358,453	1,335,813	5.1%	1,753,372	6.8%
On-balance sheet retail funds	27,694,266	25,940,894	26,358,453	1,335,813	5.1%	1,753,372	6.8%
Bonds and other securities *	3,425,561	2,959,370	3,033,220	392,341	12.9%	466,191	15.8%
Subordinated liabilities	405,128	412,171	405,285	(157)	(0.0%)	(7,043)	(1.7%)
Central counterparty deposits	808,902	998,148	-	808,902	100.0%	(189,246)	(19.0%)
ECB	5,045,458	5,055,698	5,066,130	(20,672)	(0.4%)	(10,240)	(0.2%)
Wholesale funds	9,685,049	9,425,387	8,504,635	1,180,414	13.9%	259,662	2.8%
Total balance sheet funds	37,379,315	35,366,281	34,863,088	2,516,227	7.2%	2,013,034	5.7%
Mutual funds	2,503,931	2,196,249	1,832,525	671,406	36.6%	307,682	14.0%
Pension plans	786,184	790,191	761,243	24,941	3.3%	(4,007)	(0.5%)
Savings insurances	654,662	637,625	622,359	32,303	5.2%	17,037	2.7%
Fixed-equity income	484,130	502,502	519,946	(35,816)	(6.9%)	(18,372)	(3.7%)
Off-balance sheet funds	4,428,907	4,126,567	3,736,073	692,834	18.5%	302,340	7.3%
Customer funds under management	32,123,173	30,067,461	30,094,526	2,028,647	6.7%	2,055,712	6.8%
Funds under management	41,808,222	39,492,848	38,599,161	3,209,061	8.3%	2,315,374	5.9%

* Covered bonds, territorial bonds and securitization.

Loans and advances to Customers

(EUR Thousands)

	30/06/2018	31/12/2017	30/06/2017	y- o -y		Annual	
				Abs.	%	Abs.	%
General governments	798,629	783,290	1,004,678	(206,049)	(20.5%)	15,339	2.0%
Other financial corporations	893,967	646,487	692,907	201,060	29.0%	247,480	38.3%
Non-financial corporations	10,995,000	10,954,820	10,640,966	354,034	3.3%	40,180	0.4%
Households	18,482,573	18,669,637	19,051,514	(568,941)	(3.0%)	(187,064)	(1.0%)
Loans to customers (gross)	31,170,169	31,054,234	31,390,065	(219,896)	(0.7%)	115,935	0.4%
<i>Of which:</i>							
Real estate developers	1,270,080	1,605,970	1,850,870	(580,790)	(31.4%)	(335,890)	(20.9%)
<i>Performing loans to customers</i>	28,432,587	27,693,644	27,504,766	927,821	3.4%	738,943	2.7%
<i>Non-performing loans</i>	2,737,582	3,360,590	3,885,299	(1,147,717)	(29.5%)	(623,008)	(18.5%)
Other loans *	206,605	-	-	206,605	100.0%	206,605	100.0%
Debt securities from customers	269,807	274,783	236,211	33,596	14.2%	(4,976)	(1.8%)
Gross Loans	31,646,581	31,329,017	31,626,276	20,305	0.1%	317,564	1.0%
Performing Loans	28,908,999	27,968,427	27,740,977	1,168,022	4.2%	940,572	3.4%
<i>Credit losses and impairment</i>	(1,211,844)	(1,351,449)	(1,722,108)	510,264	(29.6%)	139,605	(10.3%)
Total lending	30,434,735	29,977,533	29,904,169	530,566	1.8%	457,202	1.5%
Off-balance sheet risks							
<i>Contingent risks</i>	665,748	650,724	614,043	51,705	8.4%	15,024	2.3%
<i>of which: non-performing contingent risks</i>	6,028	7,402	7,892	(1,864)	(23.6%)	(1,374)	(18.6%)
Total risks	32,312,329	31,979,741	32,240,319	72,010	0.2%	332,588	1.0%
Non-performing total risks	2,743,610	3,367,992	3,893,191	(1,149,581)	(29.5%)	(624,382)	(18.5%)

* Mainly reverse repurchase agreements

Risk management

(EUR Thousands)

	30/06/2018	31/12/2017	30/06/2017	y- o -y		Annual	
				Abs.	%	Abs.	%
Defaulting debtors							
Non-performing total risks	2,743,610	3,367,992	3,893,191	(1,149,581)	(29.5%)	(624,382)	(18.5%)
Total risks	32,312,329	31,979,741	32,240,319	72,010	0.2%	332,588	1.0%
NPL ratio (%)	8.49%	10.53%	12.08%	(3.59)		(2.04)	
Gross loans coverage	(1,212,930)	(1,353,603)	(1,724,262)	511,332	(29.7%)	140,673	(10.4%)
NPL coverage ratio (%)	44.31%	40.28%	44.38%	(0.07)		4.03	
Foreclosed Assets (gross)	3,517,231	3,677,937	3,775,534	(258,303)	(6.8%)	(160,706)	(4.4%)
Foreclosed Assets (net)	1,861,840	1,929,686	2,037,298	(175,458)	(8.6%)	(67,846)	(3.5%)
Foreclosed assets coverage ratio (%)	47.07%	47.53%	46.04%	1.03		(0.47)	
Foreclosed assets coverage ratio with debt forgiveness (%)	51.57%	51.57%	49.74%	1.83		-	
NPA ratio (%)	13.73%	15.91%	17.59%	(3.86)		(2.18)	
NPA coverage (%)	45.86%	44.07%	45.20%	0.66		1.79	
NPA coverage with debt forgiveness (%)	48.55%	46.41%	47.12%	1.43		2.14	
Coverage breakdown (loan impairments breakdown)							
Total coverage	1,229,668	1,370,065	1,774,055	(544,387)	(30.7%)	(140,397)	(10.2%)
Non-performing coverage	1,009,552	1,184,174	1,430,578	(421,026)	(29.4%)	(174,622)	(14.7%)
Performing coverage	220,115	185,891	343,477	(123,362)	(35.9%)	34,224	18.4%
NPL breakdown							
Past due >90 days	2,478,859	3,023,404	3,513,539	(1,034,680)	(29.4%)	(544,545)	(18.0%)
Doubtful non past due	258,723	337,186	371,760	(113,037)	(30.4%)	(78,463)	(23.3%)
Total	2,737,582	3,360,590	3,885,299	(1,147,717)	(29.5%)	(623,008)	(18.5%)
<i>Of which:</i>							
<i>Forborne loans</i>	1,832,755	2,302,142	2,767,267	(934,512)	(33.8%)	(469,387)	(20.4%)
NPL breakdown by segment							
General governments	251	2,105	3,217	(2,966)	(92.2%)	(1,854)	(88.1%)
Other financial corporations	907	694	836	71	8.5%	213	30.7%
Other corporations	1,420,389	1,927,318	2,298,787	(878,398)	(38.2%)	(506,929)	(26.3%)
Households	1,316,035	1,430,473	1,582,459	(266,424)	(16.8%)	(114,438)	(8.0%)
Total	2,737,582	3,360,590	3,885,299	(1,147,717)	(29.5%)	(623,008)	(18.5%)
<i>Of which:</i>							
<i>Real estate developers</i>	752,566	1,081,191	1,321,493	(568,927)	(43.1%)	(328,625)	(30.4%)
Forborne loans							
Non-performing	1,832,755	2,302,142	2,767,267	(934,512)	(33.8%)	(469,387)	(20.4%)
Performing	666,276	760,905	881,025	(214,749)	(24.4%)	(94,629)	(12.4%)
Total Forborne loans	2,499,031	3,063,047	3,648,292	(1,149,261)	(31.5%)	(564,016)	(18.4%)

Foreclosed assets

(EUR Thousands)

	30/06/2018	31/12/2017	30/06/2017	y- o -y		Annual	
				Abs.	%	Abs.	%
Foreclosed Assets (gross)	3,517,231	3,677,937	3,775,534	(258,303)	(6.8%)	(160,705)	(4.4%)
Coverage	(1,655,392)	(1,748,250)	(1,738,236)	82,844	(4.8%)	92,859	(5.3%)
Foreclosed Assets (net)	1,861,840	1,929,686	2,037,298	(175,458)	(8.6%)	(67,846)	(3.5%)
Foreclosed assets coverage ratio (%)	47.07%	47.53%	46.04%	1.03		(0.47)	
Foreclosed assets coverage ratio with debt forgiveness (%)	51.57%	51.57%	49.74%	1.83		-	

Foreclosed assets according to the origin of the Loan

Foreclosed assets (gross)	3,517,231	3,677,937	3,775,534	(258,303)	(6.8%)	(160,705)	(4.4%)
Developers	2,177,112	2,321,201	2,408,759	(231,647)	(9.6%)	(144,089)	(6.2%)
Land	1,069,375	1,103,685	1,100,450	(31,075)	(2.8%)	(34,309)	(3.1%)
Finished buildings	930,505	1,021,140	1,095,570	(165,065)	(15.1%)	(90,636)	(8.9%)
Under construction	177,232	196,376	212,739	(35,507)	(16.7%)	(19,144)	(9.7%)
Homes	718,934	704,224	648,163	70,771	10.9%	14,710	2.1%
Other	621,185	652,512	718,612	(97,427)	(13.6%)	(31,327)	(4.8%)

Coverage	(1,655,392)	(1,748,250)	(1,738,236)	82,844	(4.8%)	92,859	(5.3%)
Developers	(1,112,972)	(1,179,468)	(1,193,863)	80,891	(6.8%)	66,496	(5.6%)
Land	(652,534)	(666,465)	(647,526)	(5,008)	0.8%	13,932	(2.1%)
Finished buildings	(362,371)	(405,643)	(431,159)	68,788	(16.0%)	43,272	(10.7%)
Under construction	(98,067)	(107,360)	(115,178)	17,111	(14.9%)	9,292	(8.7%)
Homes	(284,811)	(297,760)	(266,974)	(17,837)	6.7%	12,950	(4.3%)
Other	(257,609)	(271,022)	(277,399)	19,790	(7.1%)	13,413	(4.9%)

Foreclosed assets (net)	1,861,840	1,929,686	2,037,298	(175,458)	(8.6%)	(67,846)	(3.5%)
Developers	1,064,140	1,141,733	1,214,896	(150,756)	(12.4%)	(77,593)	(6.8%)
Land	416,842	437,219	452,924	(36,082)	(8.0%)	(20,378)	(4.7%)
Finished buildings	568,134	615,497	664,411	(96,277)	(14.5%)	(47,363)	(7.7%)
Under construction	79,165	89,016	97,561	(18,396)	(18.9%)	(9,851)	(11.1%)
Homes	434,124	406,464	381,189	52,934	13.9%	27,660	6.8%
Other	363,576	381,490	441,213	(77,637)	(17.6%)	(17,914)	(4.7%)

Coverage (%)	47.07%	47.53%	46.04%	1.03		(0.47)	
Developers	51.12%	50.81%	49.56%	1.56		0.31	
Land	61.02%	60.39%	58.84%	2.18		0.63	
Finished buildings	38.94%	39.72%	39.35%	(0.41)		(0.78)	
Under construction	55.33%	54.67%	54.14%	1.19		0.66	
Homes	39.62%	42.28%	41.19%	(1.57)		(2.67)	
Other	41.47%	41.54%	38.60%	2.87		(0.06)	

Coverage with debt forgiveness (%)	51.57%	51.57%	49.74%	1.83		-	
Developers	55.68%	55.00%	53.42%	2.26		0.69	
Land	64.23%	63.51%	61.53%	2.70		0.73	
Finished buildings	45.94%	45.84%	45.18%	0.76		0.10	
Under construction	57.16%	56.00%	55.44%	1.72		1.16	
Homes	43.94%	45.82%	44.44%	(0.50)		(1.88)	
Other	45.65%	45.31%	41.90%	3.75		0.34	

Foreclosed assets by asset type

Foreclosed assets (gross)	3,517,231	3,677,937	3,775,534	(258,303)	(6.8%)	(160,705)	(4.4%)
Finished houses	1,606,170	1,675,314	1,689,547	(83,377)	(4.9%)	(69,144)	(4.1%)
Lands	1,189,783	1,218,675	1,210,625	(20,842)	(1.7%)	(28,893)	(2.4%)
RED and under construction	254,766	268,433	285,664	(30,897)	(10.8%)	(13,667)	(5.1%)
Commercial	375,855	394,147	402,850	(26,995)	(6.7%)	(18,292)	(4.6%)
Other	90,658	121,367	186,848	(96,191)	(51.5%)	(30,710)	(25.3%)

Coverage	(1,655,392)	(1,748,250)	(1,738,236)	82,844	(4.8%)	92,859	(5.3%)
Finished houses	(601,944)	(661,121)	(654,822)	52,878	(8.1%)	59,177	(9.0%)
Lands	(709,884)	(721,593)	(699,803)	(10,082)	1.4%	11,708	(1.6%)
RED and under construction	(136,633)	(142,438)	(149,996)	13,363	(8.9%)	5,805	(4.1%)
Commercial	(154,284)	(161,057)	(159,206)	4,922	(3.1%)	6,773	(4.2%)
Other	(52,646)	(62,041)	(74,409)	21,763	(29.2%)	9,395	(15.1%)

Foreclosed assets (net)	1,861,840	1,929,686	2,037,298	(175,458)	(8.6%)	(67,846)	(3.5%)
Finished houses	1,004,226	1,014,193	1,034,725	(30,499)	(2.9%)	(9,967)	(1.0%)
Lands	479,898	497,083	510,822	(30,924)	(6.1%)	(17,185)	(3.5%)
RED and under construction	118,133	125,995	135,667	(17,534)	(12.9%)	(7,862)	(6.2%)
Commercial	221,571	233,089	243,644	(22,074)	(9.1%)	(11,518)	(4.9%)
Other	38,012	59,326	112,439	(74,428)	(66.2%)	(21,314)	(35.9%)

Coverage (%)	47.07%	47.53%	46.04%	1.03		(0.47)	
Finished houses	37.48%	39.46%	38.76%	(1.28)		(1.99)	
Lands	59.67%	59.21%	57.81%	1.86		0.45	
RED and under construction	53.63%	53.06%	52.51%	1.12		0.57	
Commercial	41.05%	40.86%	39.52%	1.53		0.19	
Other	58.07%	51.12%	39.82%	18.25		6.95	

Coverage with debt forgiveness (%)	51.57%	51.57%	49.74%	1.83		-	
Finished houses	43.64%	44.72%	43.81%	(0.18)		(1.08)	
Lands	62.98%	62.41%	60.55%	2.43		0.57	
RED and under construction	55.68%	54.73%	53.99%	1.69		0.94	
Commercial	45.80%	45.49%	43.79%	2.01		0.31	
Other	58.31%	51.35%	40.56%	17.75		6.97	

Solvency

(EUR Thousands)

Phased-in	30/06/2018	01/01/2018	31/12/2017	30/06/2017	y- o -y		Annual (*)	
					Abs.	%	Abs.	%
Capital	2,694,484	2,602,380	2,602,380	2,598,965	95,519	3.7%	92,104	3.5%
Reserves	448,664	419,113	430,361	423,218	25,446	6.0%	29,551	7.1%
AFS Surplus	476	20,215	1,252	35,774	(35,298)	(98.7%)	(19,739)	(97.6%)
Capital deductions	(330,527)	(395,753)	(356,284)	(329,790)	(737)	0.2%	65,226	(16.5%)
Ordinary Tier 1 Capital	2,813,097	2,645,956	2,677,709	2,728,167	84,930	3.1%	167,141	6.3%
CET1 ratio (%)	12.01%	11.06%	11.19%	11.59%	0.42		0.95	
Tier2 Capital	400,000	400,000	522,396	675,637	(275,637)	(40.8%)	-	-
Tier 2 ratio (%)	1.71%	1.67%	2.18%	2.87%	(1.16)		0.04	
Elegible capital	3,213,097	3,045,956	3,200,106	3,403,803	(190,706)	(5.6%)	167,141	5.5%
Capital ratio (%)	13.72%	12.74%	13.37%	14.46%	(0.74)		0.98	
Total risk-weighted assets	23,424,252	23,915,106	23,935,148	23,540,165	(115,913)	(0.5%)	(490,854)	(2.1%)
Credit risk	21,935,024	22,418,503	22,438,544	22,050,934	(115,910)	(0.5%)	(483,479)	(2.2%)
Operational risk	1,443,904	1,443,904	1,443,904	1,431,675	12,229	0.9%	0	0.0%
Other risk	45,324	52,700	52,700	57,556	(12,232)	(21.3%)	(7,376)	(14.0%)

Fully-loaded

Capital	2,694,484	2,602,380	2,602,380	2,598,965	95,519	3.7%	92,104	3.5%
Reserves	252,943	223,392	430,361	423,218	(170,275)	(40.2%)	29,551	13.2%
AFS Surplus	476	20,215	1,565	44,718	(44,242)	(98.9%)	(19,739)	(97.6%)
Capital deductions	(360,529)	(427,796)	(425,057)	(388,681)	28,152	(7.2%)	67,267	(15.7%)
Ordinary Tier 1 Capital	2,587,374	2,418,192	2,609,250	2,678,220	(90,846)	(3.4%)	169,182	7.0%
CET1 ratio (%)	11.07%	10.15%	10.90%	11.38%	(0.31)		0.92	
Tier2 Capital	400,000	400,000	522,396	675,637	(275,637)	(40.8%)	-	-
Tier 2 ratio (%)	1.71%	1.68%	2.18%	2.87%	(1.16)		0.03	
Elegible capital	2,987,374	2,818,192	3,131,646	3,353,856	(366,482)	(10.9%)	169,182	6.0%
Capital ratio (%)	12.78%	11.83%	13.08%	14.25%	(1.47)		0.95	
Total risk-weighted assets	23,368,202	23,825,239	23,935,148	23,540,165	(171,963)	(0.7%)	(457,037)	(1.9%)
Credit risk	21,878,974	22,328,635	22,438,544	22,050,934	(171,960)	(0.8%)	(449,661)	(2.0%)
Operational risk	1,443,904	1,443,904	1,443,904	1,431,675	12,229	0.9%	0	0.0%
Other risk	45,324	52,700	52,700	57,556	(12,232)	(21.3%)	(7,376)	(14.0%)

* Annual variation calculated with 01/01/18

Consolidated Profit & Loss Account

(EUR Thousands)

	30/06/2018	o/ATA	30/06/2017	o/ATA	y- o -y		31/12/2017	o/ATA
					Abs.	%		
Interest income	357,638	1.73%	347,582	1.77%	10,056	2.9%	670,865	1.68%
Interest expenses	(63,464)	(0.31%)	(54,791)	(0.28%)	(8,672)	15.8%	(122,723)	(0.31%)
NET INTEREST INCOME	294,175	1.42%	292,791	1.49%	1,384	0.5%	548,142	1.38%
Dividend income	2,654	0.01%	2,344	0.01%	311	13.3%	7,919	0.02%
Income from equity-accounted method	13,595	0.07%	10,423	0.05%	3,172	30.4%	23,101	0.06%
Net fees and commissions	132,532	0.64%	130,592	0.67%	1,940	1.5%	267,093	0.67%
Gains (losses) on financial transactions	86,028	0.42%	66,194	0.34%	19,834	30.0%	153,768	0.39%
Exchange differences [gain or (-) loss], net	768	-	1,009	0.01%	(241)	(23.9%)	2,124	0.01%
Other operating incomes/expenses	(18,828)	(0.09%)	(10,326)	(0.05%)	(8,502)	82.3%	(24,590)	(0.06%)
of which: Mandatory transfer to Education and Development Fund	(2,490)	(0.01%)	(2,296)	(0.01%)	(194)	8.5%	(2,372)	(0.01%)
GROSS INCOME	510,924	2.47%	493,027	2.51%	17,897	3.6%	977,558	2.45%
Administrative expenses	(262,471)	(1.27%)	(259,876)	(1.32%)	(2,595)	1.0%	(538,417)	(1.35%)
Personnel expenses	(169,655)	(0.82%)	(169,050)	(0.86%)	(605)	0.4%	(340,980)	(0.86%)
Other administrative expenses	(92,816)	(0.45%)	(90,826)	(0.46%)	(1,990)	2.2%	(197,437)	(0.50%)
Depreciation and amortisation	(31,729)	(0.15%)	(37,816)	(0.19%)	6,087	(16.1%)	(76,001)	(0.19%)
NET INCOME BEFORE PROVISIONS	216,724	1.05%	195,335	1.00%	21,389	10.9%	363,139	0.91%
Provisions or (-) reversal of provisions	(19,731)	(0.10%)	62,498	0.32%	(82,229)	(131.6%)	41,988	0.11%
Impairment losses on financial assets	(32,611)	(0.16%)	(146,946)	(0.75%)	114,335	(77.8%)	(166,837)	(0.42%)
OPERATING INCOME	164,382	0.79%	110,888	0.57%	53,494	48.2%	238,291	0.60%
Impairment or reversal of impairment of investments in joint ventures or associates (net)	(22)	-	(2)	-	(20)	883.3%	(2)	-
Impairment losses on non financial assets	(22,270)	(0.11%)	(51,644)	(0.26%)	29,374	(56.9%)	(92,907)	(0.23%)
Gains or (-) losses on derecognition of non financial assets, net	(81,236)	(0.39%)	(4,345)	(0.02%)	(76,891)	1769.6%	(23,520)	(0.06%)
Profit or (-) loss from non-current assets and disposal groups classified as held for sale	(6,737)	(0.03%)	(4,127)	(0.02%)	(2,611)	63.3%	(24,054)	(0.06%)
PROFIT BEFORE TAX	54,117	0.26%	50,770	0.26%	3,347	6.6%	97,808	0.25%
Tax	(8,938)	(0.04%)	(6,473)	(0.03%)	(2,465)	38.1%	(17,750)	(0.04%)
CONSOLIDATED NET PROFIT	45,178	0.22%	44,296	0.23%	882	2.0%	80,058	0.20%

Quarterly Yields & Costs

(EUR Thousands and annualised rates)

	30/06/2018				30/06/2017			
	Average balance	Distribution (%)	Income or expense	Average rate (%)	Average balance	Distribution (%)	Income or expense	Average rate (%)
Financial system	1,508,435	3.62%	281	0.04%	1,154,985	2.92%	213	0.04%
Loans to customers (gross) ^(a)	31,176,041	74.71%	309,226	2.00%	31,197,988	78.85%	302,078	1.95%
Securities portfolio	5,823,979	13.96%	34,081	1.18%	4,397,651	11.11%	21,203	0.97%
Other assets	3,218,346	7.71%	14,051	0.88%	2,816,983	7.12%	24,088	1.72%
Total earning assets^(b)	41,726,800	100.00%	357,638	1.73%	39,567,607	100.00%	347,582	1.77%
Financial system	948,091	2.27%	2,799	0.60%	734,529	1.86%	4,612	1.27%
Customer deposits^(c)	26,670,335	63.92%	12,444	0.09%	25,775,601	65.14%	14,731	0.12%
<i>Sight deposits</i>	19,406,625	46.51%	8,170	0.08%	17,178,551	43.42%	6,812	0.08%
<i>Term deposits</i>	7,263,710	17.41%	4,274	0.12%	8,597,050	21.73%	7,918	0.19%
Wholesale funds	9,931,332	23.80%	45,258	0.92%	8,770,191	22.17%	34,026	0.78%
Other funds	1,197,428	2.87%	2,963	0.50%	1,271,897	3.21%	1,422	0.23%
Equity	2,979,616	7.14%	0	-	3,015,389	7.62%	0	-
Total funds^(d)	41,726,800	100.00%	63,464	0.31%	39,567,607	100.00%	54,791	0.28%
Customers' spread^{(a)-(c)}				1.91				1.84
NII o/ATA^{(b)-(d)}			294,175	1.42			292,791	1.49