

# Consolidated Results

Third quarter, 2018



## Most significant figures

(EUR Thousands)

	30/09/2018	31/12/2017	30/09/2017	y- o -y		Annual	
				Abs.	%	Abs.	%
<b>Profit and Loss Account</b>							
Net interest income	431,344	548,142	421,807	9,537	2.3%		
Gross Income	714,352	977,558	727,417	(13,065)	(1.8%)		
Recurring Gross Income	664,421	859,657	659,802	4,619	0.7%		
Net Income before provisions	292,947	363,139	274,703	18,244	6.6%		
Recurring Net Income before provisions	243,016	245,239	207,088	35,929	17.3%		
Profit before tax	79,994	97,808	83,177	(3,183)	(3.8%)		
Consolidated Net profit	70,018	80,058	67,390	2,628	3.9%		
Attributable Net profit	70,018	80,058	67,390	2,628	3.9%		
<b>Business</b>							
Total Assets	42,718,227	40,507,329	39,910,114	2,808,113	7.0%	2,210,898	5.5%
Equity	3,019,108	3,052,262	3,037,411	(18,303)	(0.6%)	(33,154)	(1.1%)
On-balance sheet retail funds	27,816,578	25,940,894	26,344,841	1,471,737	5.6%	1,875,684	7.2%
Off-balance sheet funds	4,482,648	4,126,567	3,881,534	601,114	15.5%	356,081	8.6%
Performing Loans	28,710,305	27,968,427	27,858,610	851,695	3.1%	741,878	2.7%
<b>Risk management</b>							
Gross Loans	31,342,332	31,329,017	31,553,309	(210,977)	(0.7%)	13,315	0.0%
Contingent risks	688,053	650,724	637,755	50,298	7.9%	37,329	5.7%
Non-performing loans	2,632,027	3,360,590	3,694,699	(1,062,672)	(28.8%)	(728,563)	(21.7%)
Non-performing contingent risks	5,914	7,402	7,163	(1,249)	(17.4%)	(1,488)	(20.1%)
NPL ratio (%)	8.24%	10.53%	11.50%	(3.26)		(2.29)	
NPL coverage ratio (%)	43.99%	40.28%	42.73%	1.26		3.71	
<b>Liquidity</b>							
LTD (%)	104.11%	110.08%	107.12%	(3.01)		(5.97)	
LCR (%) *	207.24%	214.62%	218.59%	(11.35)		(7.38)	
NSFR (%)	116.69%	112.30%	114.90%	1.79		4.39	
Commercial Gap position	(3,425,362)	(5,081,043)	(4,419,427)	994,065	(22.5%)	1,655,681	(32.6%)
<b>Solvency phased in (*)</b>							
CET1 ratio (%)	12.40%	11.19%	11.44%	0.96		1.34	
Tier 2 ratio (%)	1.73%	2.18%	2.81%	(1.08)		0.06	
Capital ratio (%)	14.13%	13.37%	14.25%	(0.12)		1.39	
Leverage ratio (%)	6.57%	6.44%	6.61%	(0.04)		0.13	
<b>Solvency fully loaded (*)</b>							
CET1 ratio (%)	11.45%	10.90%	11.21%	0.24		1.30	
Tier 2 ratio (%)	1.74%	2.18%	2.81%	(1.07)		0.06	
Capital ratio (%)	13.18%	13.08%	14.02%	(0.84)		1.35	
Leverage ratio (%)	6.08%	6.29%	6.49%	(0.41)		(0.21)	
<b>Profitability and efficiency</b>							
ROA (%)	0.22%	0.20%	0.23%	(0.00)		0.02	
RORWA (%)	0.40%	0.34%	0.38%	0.02		0.06	
ROE (%)	3.13%	2.64%	2.97%	0.16		0.49	
Cost-income ratio (%)	58.99%	62.85%	62.24%	(3.25)		(3.86)	
Recurring cost-income ratio (%)	63.42%	71.47%	68.61%	(5.19)		(8.05)	
<b>Other data</b>							
Cooperative members	1,434,679	1,433,980	1,432,822	1,857	0.1%	699	0.0%
Employees	5,540	5,586	5,712	(172)	(3.0%)	(46)	(0.8%)
Branches	1,029	1,057	1,077	(48)	(4.5%)	(28)	(2.6%)

\* Annual variation from 01/01/2018

## Balance Sheet

(EUR Thousands)

	30/09/2018	31/12/2017	30/09/2017	y- o -y		Annual	
				Abs.	%	Abs.	%
Cash, cash balances at central banks and other demand deposits	1,152,476	1,083,920	589,387	563,089	95.5%	68,556	6.3%
Financial assets held for trading	2,775	2,142	1,379	1,396	101.2%	633	29.6%
Financial assets designated at fair value through profit or loss	277,893	123,733	123,377	154,516	125.2%	154,160	124.6%
<i>Of which:</i>							
<i>Loans and advances to Customers</i>	155,607	123,733	123,377	32,230	26.1%	31,874	25.8%
Financial assets at fair value through other comprehensive income	724,015	4,895,235	4,665,897	(3,941,882)	(84.5%)	(4,171,220)	(85.2%)
Financial assets at amortised cost	36,455,602	30,011,204	30,025,523	6,430,079	21.4%	6,444,398	21.5%
<i>Of which:</i>							
<i>Loans and advances to Customers</i>	29,751,572	29,579,017	29,604,544	147,028	0.5%	172,555	0.6%
Derivatives – Hedge accounting	-	-	9	(9)	(100.0%)	-	-
Investments in subsidiaries, joint ventures and associates	88,334	93,219	86,562	1,772	2.0%	(4,885)	(5.2%)
Tangible assets	995,433	1,002,326	990,078	5,355	0.5%	(6,893)	(0.7%)
Intangible assets	156,147	221,026	227,960	(71,813)	(31.5%)	(64,879)	(29.4%)
Tax assets	1,122,592	1,052,749	1,047,222	75,370	7.2%	69,843	6.6%
Other assets	1,303,845	1,539,894	1,638,996	(335,151)	(20.4%)	(236,049)	(15.3%)
Non-current assets and disposal groups classified as held for sale	439,115	481,881	513,723	(74,608)	(14.5%)	(42,766)	(8.9%)
<b>TOTAL ASSETS</b>	<b>42,718,227</b>	<b>40,507,329</b>	<b>39,910,114</b>	<b>2,808,113</b>	<b>7.0%</b>	<b>2,210,898</b>	<b>5.5%</b>
Financial liabilities held for trading	1,176	532	528	648	122.7%	644	121.1%
Financial liabilities measured at amortised cost	38,992,949	36,657,371	36,086,121	2,906,828	8.1%	2,335,578	6.4%
<i>Of which:</i>							
<i>Central Banks deposits</i>	5,040,261	5,055,698	5,060,911	(20,650)	(0.4%)	(15,437)	(0.3%)
<i>Central counterparty deposits</i>	711,243	998,148	-	711,243	100.0%	(286,905)	(28.7%)
<i>Customer deposits</i>	27,816,578	25,940,894	26,344,841	1,471,737	5.6%	1,875,684	7.2%
<i>Debt securities issued</i>	3,192,226	2,666,045	2,690,475	501,751	18.6%	526,181	19.7%
Derivatives – Hedge accounting	141,554	48	115	141,439	122990.4%	141,506	294804.2%
Provisions	74,360	114,211	92,992	(18,632)	(20.0%)	(39,851)	(34.9%)
Tax liabilities	84,948	108,998	111,233	(26,285)	(23.6%)	(24,050)	(22.1%)
Other liabilities	412,549	572,342	547,735	(135,186)	(24.7%)	(159,793)	(27.9%)
<i>of which: Welfare funds</i>	6,062	4,962	6,028	34	0.6%	1,100	22.2%
<b>TOTAL LIABILITIES</b>	<b>39,707,536</b>	<b>37,453,501</b>	<b>36,838,722</b>	<b>2,868,814</b>	<b>7.8%</b>	<b>2,254,035</b>	<b>6.0%</b>
Equity	3,019,108	3,052,262	3,037,411	(18,303)	(0.6%)	(33,154)	(1.1%)
<i>Of which:</i>							
<i>Capital / Equity instruments issued other than capital / Treasury shares</i>	2,732,751	2,602,380	2,591,144	141,607	5.5%	130,371	5.0%
<i>Retained earnings / Revaluation reserves / Other reserves</i>	234,419	387,604	396,036	(161,617)	(40.8%)	(153,185)	(39.5%)
<i>Profit or loss attributable to owners of the parent</i>	70,018	80,058	67,390	2,628	3.9%	(10,040)	(12.5%)
<i>(-) Interim dividends</i>	(18,080)	(17,779)	(17,158)	(922)	5.4%	(301)	1.7%
Accumulated other comprehensive income	(8,417)	1,565	33,981	(42,398)	(124.8%)	(9,982)	(637.8%)
Minority interests	-	-	-	-	100.0%	-	-
<b>TOTAL EQUITY</b>	<b>3,010,691</b>	<b>3,053,828</b>	<b>3,071,391</b>	<b>(60,700)</b>	<b>(2.0%)</b>	<b>(43,137)</b>	<b>(1.4%)</b>

## Funds managed

(EUR Thousands)

	30/09/2018	31/12/2017	30/09/2017	y- o -y		Annual	
				Abs.	%	Abs.	%
Sight deposits	20,724,778	18,477,886	18,513,655	2,211,123	11.9%	2,246,892	12.2%
Term deposits	7,091,800	7,463,008	7,831,186	(739,386)	(9.4%)	(371,208)	(5.0%)
<b>Customer deposits</b>	<b>27,816,578</b>	<b>25,940,894</b>	<b>26,344,841</b>	<b>1,471,737</b>	<b>5.6%</b>	<b>1,875,684</b>	<b>7.2%</b>
<b>On-balance sheet retail funds</b>	<b>27,816,578</b>	<b>25,940,894</b>	<b>26,344,841</b>	<b>1,471,737</b>	<b>5.6%</b>	<b>1,875,684</b>	<b>7.2%</b>
Bonds and other securities *	3,418,604	2,959,370	3,003,886	414,718	13.8%	459,234	15.5%
Subordinated liabilities	413,227	412,171	413,049	178	0.0%	1,056	0.3%
Central counterparty deposits	711,243	998,148	-	711,243	100.0%	(286,905)	(28.7%)
ECB	5,040,261	5,055,698	5,060,911	(20,650)	(0.4%)	(15,437)	(0.3%)
<b>Wholesale funds</b>	<b>9,583,335</b>	<b>9,425,387</b>	<b>8,477,846</b>	<b>1,105,489</b>	<b>13.0%</b>	<b>157,948</b>	<b>1.7%</b>
<b>Total balance sheet funds</b>	<b>37,399,913</b>	<b>35,366,281</b>	<b>34,822,687</b>	<b>2,577,226</b>	<b>7.4%</b>	<b>2,033,632</b>	<b>5.8%</b>
Mutual funds	2,556,166	2,196,249	1,977,426	578,740	29.3%	359,917	16.4%
Pension plans	789,448	790,191	767,038	22,410	2.9%	(743)	(0.1%)
Savings insurances	659,596	637,625	629,492	30,104	4.8%	21,971	3.4%
Fixed-equity income	477,438	502,502	507,578	(30,140)	(5.9%)	(25,064)	(5.0%)
<b>Off-balance sheet funds</b>	<b>4,482,648</b>	<b>4,126,567</b>	<b>3,881,534</b>	<b>601,114</b>	<b>15.5%</b>	<b>356,081</b>	<b>8.6%</b>
<b>Customer funds under management</b>	<b>32,299,226</b>	<b>30,067,461</b>	<b>30,226,375</b>	<b>2,072,851</b>	<b>6.9%</b>	<b>2,231,765</b>	<b>7.4%</b>
<b>Funds under management</b>	<b>41,882,561</b>	<b>39,492,848</b>	<b>38,704,221</b>	<b>3,178,340</b>	<b>8.2%</b>	<b>2,389,713</b>	<b>6.1%</b>

\* Covered bonds, territorial bonds and securitization.

## Loans and advances to Customers

(EUR Thousands)

	30/09/2018	31/12/2017	30/09/2017	y- o -y		Annual	
				Abs.	%	Abs.	%
General governments	789,455	783,290	888,860	(99,405)	(11.2%)	6,165	0.8%
Other financial corporations	916,606	646,487	639,207	277,399	43.4%	270,119	41.8%
Non-financial corporations	11,089,257	10,954,820	10,679,232	410,025	3.8%	134,437	1.2%
Households	18,268,683	18,669,637	18,777,604	(508,921)	(2.7%)	(400,954)	(2.1%)
<b>Loans to customers (gross)</b>	<b>31,064,001</b>	<b>31,054,234</b>	<b>30,984,903</b>	<b>79,098</b>	<b>0.3%</b>	<b>9,767</b>	<b>0.0%</b>
<i>Of which:</i>							
Real estate developers	1,192,800	1,605,970	1,747,540	(554,740)	(31.7%)	(413,170)	(25.7%)
<i>Performing loans to customers</i>	<b>28,431,974</b>	<b>27,693,644</b>	<b>27,290,204</b>	1,141,770	4.2%	738,330	2.7%
<i>Non-performing loans</i>	<b>2,632,027</b>	<b>3,360,590</b>	<b>3,694,699</b>	(1,062,672)	(28.8%)	(728,563)	(21.7%)
<b>Other loans *</b>	-	-	<b>319,486</b>	<b>(319,486)</b>	<b>(100.0%)</b>	-	-
<b>Debt securities from customers</b>	<b>278,331</b>	<b>274,783</b>	<b>248,920</b>	<b>29,411</b>	<b>11.8%</b>	<b>3,548</b>	<b>1.3%</b>
<b>Gross Loans</b>	<b>31,342,332</b>	<b>31,329,017</b>	<b>31,553,309</b>	<b>(210,977)</b>	<b>(0.7%)</b>	<b>13,315</b>	<b>0.0%</b>
<b>Performing Loans</b>	<b>28,710,305</b>	<b>27,968,427</b>	<b>27,858,610</b>	<b>851,695</b>	<b>3.1%</b>	<b>741,878</b>	<b>2.7%</b>
<i>Credit losses and impairment</i>	<b>(1,156,822)</b>	<b>(1,351,449)</b>	<b>(1,576,466)</b>	419,644	(26.6%)	194,627	(14.4%)
<b>Total lending</b>	<b>30,185,510</b>	<b>29,977,533</b>	<b>29,976,841</b>	<b>208,669</b>	<b>0.7%</b>	<b>207,977</b>	<b>0.7%</b>
<b>Off-balance sheet risks</b>							
<i>Contingent risks</i>	<b>688,053</b>	<b>650,724</b>	<b>637,755</b>	50,298	7.9%	37,329	5.7%
<i>of which: non-performing contingent risks</i>	<b>5,914</b>	<b>7,402</b>	<b>7,163</b>	(1,249)	(17.4%)	(1,488)	(20.1%)
<b>Total risks</b>	<b>32,030,385</b>	<b>31,979,741</b>	<b>32,191,064</b>	<b>(160,679)</b>	<b>(0.5%)</b>	<b>50,644</b>	<b>0.2%</b>
<b>Non-performing total risks</b>	<b>2,637,941</b>	<b>3,367,992</b>	<b>3,701,862</b>	<b>(1,063,921)</b>	<b>(28.7%)</b>	<b>(730,051)</b>	<b>(21.7%)</b>

\* Mainly reverse repurchase agreements

## Risk management

(EUR Thousands)

	30/09/2018	31/12/2017	30/09/2017	y- o -y		Annual	
				Abs.	%	Abs.	%
<b>Defaulting debtors</b>							
Non-performing total risks	2,637,941	3,367,992	3,701,862	(1,063,921)	(28.7%)	(730,051)	(21.7%)
Total risks	32,030,385	31,979,741	32,191,064	(160,679)	(0.5%)	50,644	0.2%
<b>NPL ratio (%)</b>	<b>8.24%</b>	<b>10.53%</b>	<b>11.50%</b>	<b>(3.26)</b>		<b>(2.29)</b>	
Gross loans coverage	(1,157,908)	(1,353,603)	(1,578,620)	420,712	(26.7%)	195,695	(14.5%)
<b>NPL coverage ratio (%)</b>	<b>43.99%</b>	<b>40.28%</b>	<b>42.73%</b>	<b>1.26</b>		<b>3.71</b>	
Foreclosed Assets (gross)	3,427,583	3,677,937	3,815,957	(388,374)	(10.2%)	(250,354)	(6.8%)
Foreclosed Assets (net)	1,826,061	1,929,686	2,021,733	(195,672)	(9.7%)	(103,625)	(5.4%)
<b>Foreclosed assets coverage ratio (%)</b>	<b>46.72%</b>	<b>47.53%</b>	<b>47.02%</b>	<b>(0.30)</b>		<b>(0.81)</b>	
<b>Foreclosed assets coverage ratio with debt forgiveness (%)</b>	<b>51.32%</b>	<b>51.57%</b>	<b>50.79%</b>	<b>0.53</b>		<b>(0.25)</b>	
<b>NPA ratio (%)</b>	<b>13.44%</b>	<b>15.91%</b>	<b>17.03%</b>	<b>(3.59)</b>		<b>(2.47)</b>	
<b>NPA coverage (%)</b>	<b>45.54%</b>	<b>44.07%</b>	<b>44.91%</b>	<b>0.63</b>		<b>1.47</b>	
<b>NPA coverage with debt forgiveness (%)</b>	<b>48.30%</b>	<b>46.41%</b>	<b>46.97%</b>	<b>1.33</b>		<b>1.89</b>	
<b>Coverage breakdown (loan impairments breakdown)</b>							
<b>Total coverage</b>	<b>1,174,379</b>	<b>1,370,065</b>	<b>1,610,001</b>	<b>(435,622)</b>	<b>(27.1%)</b>	<b>(195,686)</b>	<b>(14.3%)</b>
Non-performing coverage	970,768	1,184,174	1,302,551	(331,783)	(25.5%)	(213,406)	(18.0%)
Performing coverage	203,612	185,891	307,450	(103,838)	(33.8%)	17,721	9.5%
<b>NPL breakdown</b>							
Past due >90 days	2,383,817	3,023,404	3,325,915	(942,098)	(28.3%)	(639,587)	(21.2%)
Doubtful non past due	248,210	337,186	368,784	(120,574)	(32.7%)	(88,976)	(26.4%)
<b>Total</b>	<b>2,632,027</b>	<b>3,360,590</b>	<b>3,694,699</b>	<b>(1,062,672)</b>	<b>(28.8%)</b>	<b>(728,563)</b>	<b>(21.7%)</b>
<i>Of which:</i>							
<i>Forborne loans</i>	1,728,475	2,302,142	2,602,041	(873,566)	(33.6%)	(573,667)	(24.9%)
<b>NPL breakdown by segment</b>							
General governments	250	2,105	2,632	(2,382)	(90.5%)	(1,855)	(88.1%)
Other financial corporations	897	694	601	296	49.3%	203	29.3%
Other corporations	1,354,223	1,927,318	2,177,003	(822,780)	(37.8%)	(573,095)	(29.7%)
Households	1,276,657	1,430,473	1,514,463	(237,806)	(15.7%)	(153,816)	(10.8%)
<b>Total</b>	<b>2,632,027</b>	<b>3,360,590</b>	<b>3,694,699</b>	<b>(1,062,672)</b>	<b>(28.8%)</b>	<b>(728,563)</b>	<b>(21.7%)</b>
<i>Of which:</i>							
<i>Real estate developers</i>	687,258	1,081,191	1,233,751	(546,493)	(44.3%)	(393,933)	(36.4%)
<b>Forborne loans</b>							
Non-performing	1,728,475	2,302,142	2,602,041	(873,566)	(33.6%)	(573,667)	(24.9%)
Performing	621,731	760,905	815,321	(193,590)	(23.7%)	(139,174)	(18.3%)
<b>Total Forborne loans</b>	<b>2,350,206</b>	<b>3,063,047</b>	<b>3,417,362</b>	<b>(1,067,156)</b>	<b>(31.2%)</b>	<b>(712,841)</b>	<b>(23.3%)</b>

## Foreclosed assets

(EUR Thousands)

	30/09/2018	31/12/2017	30/09/2017	y- o -y		Annual	
				Abs.	%	Abs.	%
Foreclosed Assets (gross)	3,427,583	3,677,937	3,815,957	(388,375)	(10.2%)	(250,354)	(6.8%)
Coverage	(1,601,521)	(1,748,250)	(1,794,225)	192,703	(10.7%)	146,729	(8.4%)
Foreclosed Assets (net)	1,826,061	1,929,686	2,021,733	(195,671)	(9.7%)	(103,625)	(5.4%)
Foreclosed assets coverage ratio (%)	46.72%	47.53%	47.02%	(0.29)		(0.81)	
Foreclosed assets coverage ratio with debt forgiveness (%)	51.32%	51.57%	50.79%	0.53		(0.25)	

### Foreclosed assets according to the origin of the Loan

Foreclosed assets (gross)	3,427,583	3,677,937	3,815,957	(388,375)	(10.2%)	(250,354)	(6.8%)
Developers	2,118,725	2,321,201	2,427,715	(308,991)	(12.7%)	(202,477)	(8.7%)
Land	1,055,672	1,103,685	1,131,254	(75,581)	(6.7%)	(48,012)	(4.4%)
Finished buildings	884,164	1,021,140	1,086,667	(202,504)	(18.6%)	(136,977)	(13.4%)
Under construction	178,889	196,376	209,794	(30,906)	(14.7%)	(17,487)	(8.9%)
Homes	703,120	704,224	669,602	33,518	5.0%	(1,104)	(0.2%)
Other	605,738	652,512	718,640	(112,901)	(15.7%)	(46,773)	(7.2%)

Coverage	(1,601,521)	(1,748,250)	(1,794,225)	192,703	(10.7%)	146,729	(8.4%)
Developers	(1,081,563)	(1,179,468)	(1,212,288)	130,725	(10.8%)	97,905	(8.3%)
Land	(644,717)	(666,465)	(666,212)	21,495	(3.2%)	21,749	(3.3%)
Finished buildings	(341,580)	(405,643)	(433,343)	91,763	(21.2%)	64,064	(15.8%)
Under construction	(95,267)	(107,360)	(112,733)	17,467	(15.5%)	12,093	(11.3%)
Homes	(274,458)	(297,760)	(283,541)	9,083	(3.2%)	23,302	(7.8%)
Other	(245,500)	(271,022)	(298,395)	52,895	(17.7%)	25,521	(9.4%)

Foreclosed assets (net)	1,826,061	1,929,686	2,021,733	(195,671)	(9.7%)	(103,625)	(5.4%)
Developers	1,037,161	1,141,733	1,215,427	(178,266)	(14.7%)	(104,571)	(9.2%)
Land	410,955	437,219	465,042	(54,086)	(11.6%)	(26,264)	(6.0%)
Finished buildings	542,584	615,497	653,324	(110,740)	(17.0%)	(72,913)	(11.8%)
Under construction	83,622	89,016	97,061	(13,439)	(13.8%)	(5,394)	(6.1%)
Homes	428,662	406,464	386,062	42,601	11.0%	22,198	5.5%
Other	360,238	381,490	420,244	(60,006)	(14.3%)	(21,252)	(5.6%)

Coverage (%)	46.72%	47.53%	47.02%	(0.29)		(0.81)	
Developers	51.05%	50.81%	49.94%	1.11		0.24	
Land	61.07%	60.39%	58.89%	2.18		0.69	
Finished buildings	38.63%	39.72%	39.88%	(1.25)		(1.09)	
Under construction	53.25%	54.67%	53.74%	(0.48)		(1.42)	
Homes	39.03%	42.28%	42.34%	(3.31)		(3.25)	
Other	40.53%	41.54%	41.52%	(0.99)		(1.01)	

Coverage with debt forgiveness (%)	51.32%	51.57%	50.79%	0.53		(0.25)	
Developers	55.64%	55.00%	53.88%	1.77		0.65	
Land	64.48%	63.51%	61.79%	2.69		0.97	
Finished buildings	45.49%	45.84%	45.67%	(0.19)		(0.36)	
Under construction	55.06%	56.00%	55.04%	0.02		(0.94)	
Homes	43.56%	45.82%	45.75%	(2.18)		(2.26)	
Other	44.84%	45.31%	44.82%	0.02		(0.47)	

### Foreclosed assets by asset type

Foreclosed assets (gross)	3,427,583	3,677,937	3,815,957	(388,375)	(10.2%)	(250,354)	(6.8%)
Finished houses	1,556,795	1,675,314	1,695,580	(138,785)	(8.2%)	(118,518)	(7.1%)
Lands	1,177,042	1,218,675	1,242,685	(65,643)	(5.3%)	(41,634)	(3.4%)
RED and under construction	234,784	268,433	282,910	(48,126)	(17.0%)	(33,650)	(12.5%)
Commercial	365,069	394,147	411,026	(45,957)	(11.2%)	(29,078)	(7.4%)
Other	93,893	121,367	183,757	(89,864)	(48.9%)	(27,474)	(22.6%)

Coverage	(1,601,521)	(1,748,250)	(1,794,225)	192,703	(10.7%)	146,729	(8.4%)
Finished houses	(578,764)	(661,121)	(668,913)	90,149	(13.5%)	82,357	(12.5%)
Lands	(701,680)	(721,593)	(719,406)	17,726	(2.5%)	19,913	(2.8%)
RED and under construction	(120,163)	(142,438)	(147,856)	27,693	(18.7%)	22,276	(15.6%)
Commercial	(146,659)	(161,057)	(169,214)	22,555	(13.3%)	14,399	(8.9%)
Other	(54,258)	(62,041)	(88,836)	34,580	(38.9%)	7,785	(12.5%)

Foreclosed assets (net)	1,826,061	1,929,686	2,021,733	(195,671)	(9.7%)	(103,625)	(5.4%)
Finished houses	978,031	1,014,193	1,026,667	(48,636)	(4.7%)	(36,162)	(3.6%)
Lands	475,362	497,083	523,279	(47,917)	(9.2%)	(21,720)	(4.4%)
RED and under construction	114,621	125,995	135,054	(20,433)	(15.1%)	(11,374)	(9.0%)
Commercial	218,410	233,089	241,812	(23,402)	(9.7%)	(14,679)	(6.3%)
Other	39,637	59,326	94,920	(55,284)	(58.2%)	(19,690)	(33.2%)

Coverage (%)	46.72%	47.53%	47.02%	(0.29)		(0.81)	
Finished houses	37.18%	39.46%	39.45%	(2.27)		(2.29)	
Lands	59.61%	59.21%	57.89%	1.72		0.40	
RED and under construction	51.18%	53.06%	52.26%	(1.08)		(1.88)	
Commercial	40.17%	40.86%	41.17%	(1.00)		(0.69)	
Other	57.79%	51.12%	48.34%	9.44		6.67	

Coverage with debt forgiveness (%)	51.32%	51.57%	50.79%	0.53		(0.25)	
Finished houses	43.33%	44.72%	44.54%	(1.21)		(1.39)	
Lands	63.12%	62.41%	60.85%	2.27		0.71	
RED and under construction	53.32%	54.73%	53.82%	(0.50)		(1.41)	
Commercial	44.90%	45.49%	45.42%	(0.52)		(0.59)	
Other	58.01%	51.35%	48.75%	9.26		6.66	

## Solvency

(EUR Thousands)

Phased-in	30/09/2018	01/01/2018	31/12/2017	30/09/2017	y- o -y		Annual (*)	
					Abs.	%	Abs.	%
Capital	2,732,751	2,602,380	2,602,380	2,591,144	141,607	5.5%	130,371	5.0%
Reserves	473,726	419,113	430,361	437,496	36,230	8.3%	54,613	13.0%
AFS Surplus	(8,417)	20,215	1,252	27,184	(35,601)	(131.0%)	(28,632)	(141.6%)
Capital deductions	(335,261)	(395,753)	(356,284)	(335,525)	264	(0.1%)	60,492	(15.3%)
<b>Ordinary Tier 1 Capital</b>	<b>2,862,799</b>	<b>2,645,956</b>	<b>2,677,709</b>	<b>2,720,299</b>	<b>142,500</b>	<b>5.2%</b>	<b>216,843</b>	<b>8.2%</b>
<b>CET1 ratio (%)</b>	<b>12.40%</b>	<b>11.06%</b>	<b>11.19%</b>	<b>11.44%</b>	<b>0.96</b>		<b>1.34</b>	
Tier2 Capital	400,000	400,000	522,396	668,886	(268,886)	(40.2%)	-	-
<b>Tier 2 ratio (%)</b>	<b>1.73%</b>	<b>1.67%</b>	<b>2.18%</b>	<b>2.81%</b>	<b>(1.08)</b>		<b>0.06</b>	
Elegible capital	3,262,799	3,045,956	3,200,106	3,389,185	(126,386)	(3.7%)	216,843	7.1%
<b>Capital ratio (%)</b>	<b>14.13%</b>	<b>12.74%</b>	<b>13.37%</b>	<b>14.25%</b>	<b>(0.12)</b>		<b>1.39</b>	
<b>Total risk-weighted assets</b>	<b>23,092,813</b>	<b>23,915,106</b>	<b>23,935,148</b>	<b>23,778,280</b>	<b>(685,467)</b>	<b>(2.9%)</b>	<b>(822,293)</b>	<b>(3.4%)</b>
Credit risk	21,604,909	22,418,503	22,438,544	22,292,288	(687,379)	(3.1%)	(813,594)	(3.6%)
Operational risk	1,443,904	1,443,904	1,443,904	1,431,675	12,229	0.9%	0	0.0%
Other risk	44,000	52,700	52,700	54,317	(10,317)	(19.0%)	(8,700)	(16.5%)

## Fully-loaded

Capital	2,732,751	2,602,380	2,602,380	2,591,144	141,607	5.5%	130,371	5.0%
Reserves	278,041	223,392	430,361	437,495	(159,454)	(36.4%)	54,649	24.5%
AFS Surplus	(8,417)	20,215	1,565	33,981	(42,398)	(124.8%)	(28,632)	(141.6%)
Capital deductions	(365,439)	(427,796)	(425,057)	(396,684)	31,245	(7.9%)	62,357	(14.6%)
<b>Ordinary Tier 1 Capital</b>	<b>2,636,936</b>	<b>2,418,192</b>	<b>2,609,250</b>	<b>2,665,936</b>	<b>(29,000)</b>	<b>(1.1%)</b>	<b>218,744</b>	<b>9.0%</b>
<b>CET1 ratio (%)</b>	<b>11.45%</b>	<b>10.15%</b>	<b>10.90%</b>	<b>11.21%</b>	<b>0.24</b>		<b>1.30</b>	
Tier2 Capital	400,000	400,000	522,396	668,886	(268,886)	(40.2%)	-	-
<b>Tier 2 ratio (%)</b>	<b>1.74%</b>	<b>1.68%</b>	<b>2.18%</b>	<b>2.81%</b>	<b>(1.07)</b>		<b>0.06</b>	
Elegible capital	3,036,936	2,818,192	3,131,646	3,334,822	(297,886)	(8.9%)	218,744	7.8%
<b>Capital ratio (%)</b>	<b>13.18%</b>	<b>11.83%</b>	<b>13.08%</b>	<b>14.02%</b>	<b>(0.84)</b>		<b>1.35</b>	
<b>Total risk-weighted assets</b>	<b>23,036,840</b>	<b>23,825,239</b>	<b>23,935,148</b>	<b>23,778,280</b>	<b>(741,440)</b>	<b>(3.1%)</b>	<b>(788,399)</b>	<b>(3.3%)</b>
Credit risk	21,548,937	22,328,635	22,438,544	22,292,288	(743,351)	(3.3%)	(779,698)	(3.5%)
Operational risk	1,443,904	1,443,904	1,443,904	1,431,675	12,229	0.9%	0	0.0%
Other risk	43,999	52,700	52,700	54,317	(10,318)	(19.0%)	(8,701)	(16.5%)

\* Annual variation calculated with 01/01/18

## Consolidated Profit & Loss Account

(EUR Thousands)

	30/09/2018	o/ATA	30/09/2017	o/ATA	y- o -y		31/12/2017	o/ATA
					Abs.	%		
Interest income	530,258	1.69%	509,208	1.72%	21,050	4.1%	670,865	1.68%
Interest expenses	(98,914)	(0.32%)	(87,401)	(0.29%)	(11,513)	13.2%	(122,723)	(0.31%)
<b>NET INTEREST INCOME</b>	<b>431,344</b>	<b>1.37%</b>	<b>421,807</b>	<b>1.42%</b>	<b>9,537</b>	<b>2.3%</b>	<b>548,142</b>	<b>1.38%</b>
Dividend income	5,392	0.02%	5,720	0.02%	(328)	(5.7%)	7,919	0.02%
Income from equity-accounted method	21,469	0.07%	16,525	0.06%	4,945	29.9%	23,101	0.06%
Net fees and commissions	196,066	0.62%	195,226	0.66%	840	0.4%	267,093	0.67%
Gains (losses) on financial transactions	85,893	0.27%	100,988	0.34%	(15,095)	(14.9%)	153,768	0.39%
Exchange differences [gain or (-) loss], net	1,302	-	1,752	0.01%	(450)	(25.7%)	2,124	0.01%
Other operating incomes/expenses	(27,114)	(0.09%)	(14,601)	(0.05%)	(12,513)	85.7%	(24,590)	(0.06%)
of which: Mandatory transfer to Education and Development Fund	(3,939)	(0.01%)	(2,577)	(0.01%)	(1,362)	52.8%	(2,372)	(0.01%)
<b>GROSS INCOME</b>	<b>714,352</b>	<b>2.28%</b>	<b>727,417</b>	<b>2.45%</b>	<b>(13,065)</b>	<b>(1.8%)</b>	<b>977,558</b>	<b>2.45%</b>
Administrative expenses	(378,520)	(1.21%)	(395,616)	(1.33%)	17,096	(4.3%)	(538,417)	(1.35%)
Personnel expenses	(235,823)	(0.75%)	(252,940)	(0.85%)	17,117	(6.8%)	(340,980)	(0.86%)
Other administrative expenses	(142,697)	(0.45%)	(142,677)	(0.48%)	(21)	0.0%	(197,437)	(0.50%)
Depreciation and amortisation	(42,884)	(0.14%)	(57,098)	(0.19%)	14,213	(24.9%)	(76,001)	(0.19%)
<b>NET INCOME BEFORE PROVISIONS</b>	<b>292,947</b>	<b>0.93%</b>	<b>274,703</b>	<b>0.93%</b>	<b>18,244</b>	<b>6.6%</b>	<b>363,139</b>	<b>0.91%</b>
Provisions or (-) reversal of provisions	(21,298)	(0.07%)	82,650	0.28%	(103,948)	(125.8%)	41,988	0.11%
Impairment losses on financial assets	(88,655)	(0.28%)	(175,759)	(0.59%)	87,104	(49.6%)	(166,837)	(0.42%)
<b>OPERATING INCOME</b>	<b>182,994</b>	<b>0.58%</b>	<b>181,594</b>	<b>0.61%</b>	<b>1,400</b>	<b>0.8%</b>	<b>238,291</b>	<b>0.60%</b>
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	(7,180)	(0.02%)	(71,346)	(0.24%)	64,166	(89.9%)	(92,907)	(0.23%)
Gains or (-) losses on derecognition of non financial assets, net	(89,493)	(0.29%)	(14,572)	(0.05%)	(74,920)	514.1%	(23,520)	(0.06%)
Profit or (-) loss from non-current assets and disposal groups classified as held for sale	(6,306)	(0.02%)	(12,497)	(0.04%)	6,191	(49.5%)	(24,054)	(0.06%)
<b>PROFIT BEFORE TAX</b>	<b>79,994</b>	<b>0.25%</b>	<b>83,177</b>	<b>0.28%</b>	<b>(3,183)</b>	<b>(3.8%)</b>	<b>97,808</b>	<b>0.25%</b>
Tax	(9,976)	(0.03%)	(15,787)	(0.05%)	5,811	(36.8%)	(17,750)	(0.04%)
<b>CONSOLIDATED NET PROFIT</b>	<b>70,018</b>	<b>0.22%</b>	<b>67,390</b>	<b>0.23%</b>	<b>2,628</b>	<b>3.9%</b>	<b>80,058</b>	<b>0.20%</b>

## Quarterly Yields & Costs

(EUR Thousands and annualised rates)

	30/09/2018				30/09/2017			
	Average balance	Distribution (%)	Income or expense	Average rate (%)	Average balance	Distribution (%)	Income or expense	Average rate (%)
<b>Financial system</b>	1,489,816	3.55%	326	0.03%	1,191,852	3.01%	311	0.03%
Loans to customers (gross) <sup>(a)</sup>	31,148,031	74.21%	457,817	1.97%	31,144,717	78.54%	447,348	1.92%
Securities portfolio	6,130,581	14.61%	50,175	1.09%	4,407,791	11.12%	30,363	0.92%
Other assets	3,206,229	7.64%	21,940	0.91%	2,908,874	7.34%	31,187	1.43%
<b>Total earning assets<sup>(b)</sup></b>	<b>41,974,657</b>	<b>100.00%</b>	<b>530,258</b>	<b>1.69%</b>	<b>39,653,234</b>	<b>100.00%</b>	<b>509,208</b>	<b>1.72%</b>
<b>Financial system</b>	1,022,842	2.44%	4,062	0.53%	738,328	1.86%	6,616	1.20%
<b>Customer deposits<sup>(c)</sup></b>	26,956,896	64.22%	18,607	0.09%	25,917,911	65.36%	21,491	0.11%
<i>Sight deposits</i>	19,736,163	47.02%	12,175	0.08%	17,512,327	44.16%	10,715	0.08%
<i>Term deposits</i>	7,220,733	17.20%	6,432	0.12%	8,405,584	21.20%	10,775	0.17%
<b>Wholesale funds</b>	9,844,333	23.45%	69,471	0.94%	8,697,105	21.93%	57,311	0.88%
<b>Other funds</b>	1,163,203	2.77%	6,775	0.78%	1,270,501	3.20%	1,982	0.21%
<b>Equity</b>	2,987,385	7.12%	0	-	3,029,389	7.64%	0	-
<b>Total funds<sup>(d)</sup></b>	<b>41,974,657</b>	<b>100.00%</b>	<b>98,914</b>	<b>0.32%</b>	<b>39,653,234</b>	<b>100.00%</b>	<b>87,401</b>	<b>0.29%</b>
<b>Customers' spread<sup>(a)-(c)</sup></b>				1.87				1.81
<b>NII o/ATA<sup>(b)-(d)</sup></b>			431,344	1.37			421,807	1.42