



Consolidated Results

Fourth quarter, 2017

Most significant figures

(EUR Thousands)

	31/12/2017	31/12/2016	y - o - y	
			Abs.	%
Profit and Loss Account				
Net interest income	548,142	557,698	(9,555)	(1.7%)
Gross Income	977,557	1,013,367	(35,810)	(3.5%)
Recurring Gross Income	859,657	850,023	9,634	1.1%
Net Income before provisions	363,139	383,371	(20,232)	(5.3%)
Recurring Net Income before provisions	245,238	220,026	25,212	11.5%
Profit before tax	97,807	62,008	35,799	57.7%
Consolidated Net profit	80,058	76,141	3,917	5.1%
Attributable Net profit	80,058	76,137	3,921	5.1%
Business				
Total Assets	40,507,329	39,166,082	1,341,247	3.4%
Equity	3,052,262	2,932,913	119,349	4.1%
On-balance sheet retail funds	25,940,869	25,353,410	587,459	2.3%
Off-balance sheet funds	4,126,567	3,241,508	885,059	27.3%
Loans to customers (gross)	31,054,234	31,000,143	54,091	0.2%
Performing loans to customers	27,693,644	26,788,929	904,715	3.4%
Risk management				
Gross Loans	31,054,234	31,339,783	(285,549)	(0.9%)
Non-performing loans	3,360,590	4,211,214	(850,624)	(20.2%)
NPL ratio (%)	10.82%	13.44%	(2.62)	
NPL coverage ratio (%) *	40.28%	42.12%	(1.84)	
Total risks	36,164,426	35,695,013	469,413	1.3%
Other non-performing assets	2,154	2,154	-	-
Global NPL ratio (%)	9.30%	11.80%	(2.50)	
Liquidity				
LTD (%)	110.08%	109.64%	0.44	
LCR (%) **	214.62%	283.00%	(68.38)	
NSFR (%)	112.30%	115.54%	(3.24)	
Commercial Gap position	(5,081,043)	(5,199,870)	118,827	(2.3%)
Solvency phased in				
CET1 ratio (%)	11.19%	11.36%	(0.17)	
Tier 2 ratio (%)	2.18%	1.60%	0.58	
Capital ratio (%)	13.37%	12.96%	0.41	
Leverage ratio (%)	6.44%	6.52%	(0.08)	
Solvency fully loaded				
CET1 ratio (%)	10.90%	10.99%	(0.09)	
Tier 2 ratio (%)	2.18%	1.60%	0.58	
Capital ratio (%)	13.08%	12.59%	0.49	
Leverage ratio (%)	6.29%	6.32%	(0.03)	
Profitability and efficiency				
ROA (%)	0.20%	0.19%	0.01	
RORWA (%)	0.34%	0.34%	-	
ROE (%)	2.64%	2.65%	(0.01)	
Cost-income ratio (%)	62.85%	62.17%	0.68	
Recurring cost-income ratio (%)	71.47%	74.12%	(2.65)	
Other data				
Cooperative members	1,433,980	1,428,900	5,080	0.4%
Employees	5,586	6,036	(450)	(7.5%)
Branches	1,057	1,191	(134)	(11.3%)

* If we consider the impact of IFRS 9 the NPL coverage increases to 46.24%.

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

Balance Sheet

(EUR Thousands)

	31/12/2017	31/12/2016	y- o -y	
			Abs.	%
Cash, cash balances at central banks and other demand deposits	1,083,920	668,874	415,046	62.1%
Financial assets held for trading	2,142	913	1,229	134.6%
Financial assets designated at fair value through profit or loss	123,733	93,590	30,143	32.2%
<i>Of which:</i>				
Loans and advances to Customers	123,733	92,233	31,500	34.2%
Available-for-sale financial assets	4,895,235	4,172,155	723,080	17.3%
Loans and receivables	30,011,204	29,810,807	200,397	0.7%
<i>Of which:</i>				
Loans and advances to Customers	29,579,017	29,476,094	102,923	0.3%
Derivatives – Hedge accounting	-	10	(10)	(100.0%)
Investments in subsidiaries, joint ventures and associates	93,219	96,679	(3,460)	(3.6%)
Tangible assets	1,002,326	984,014	18,312	1.9%
Intangible assets	221,026	249,058	(28,032)	(11.3%)
Tax assets	1,052,749	1,068,533	(15,784)	(1.5%)
Other assets	1,539,894	1,492,942	46,952	3.1%
Non-current assets and disposal groups classified as held for sale	481,881	528,506	(46,625)	(8.8%)
TOTAL ASSETS	40,507,329	39,166,082	1,341,247	3.4%
Financial liabilities held for trading	532	437	95	21.7%
Financial liabilities measured at amortised cost	36,657,371	35,385,599	1,271,772	3.6%
<i>Of which:</i>				
Central Banks deposits	5,055,698	5,087,000	(31,302)	(0.6%)
Central counterparty deposits	998,148	613,490	384,658	62.7%
Customer deposits	25,940,869	25,318,081	622,788	2.5%
Debt securities issued	2,666,045	2,351,789	314,256	13.4%
Derivatives – Hedge accounting	48	647	(599)	(92.6%)
Provisions	114,211	306,834	(192,623)	(62.8%)
Tax liabilities	108,998	147,227	(38,229)	(26.0%)
Other liabilities	572,342	371,155	201,187	54.2%
<i>of which: Welfare funds</i>	4,962	7,808	(2,846)	(36.4%)
TOTAL LIABILITIES	37,453,501	36,211,898	1,241,603	3.4%
Equity	3,052,262	2,932,913	119,349	4.1%
<i>Of which:</i>				
Capital / Equity instruments issued other than capital / Treasury shares	2,602,380	2,535,545	66,835	2.6%
Retained earnings / Revaluation reserves / Other reserves	387,604	356,320	31,284	8.8%
Accumulated other comprehensive income	1,565	20,727	(19,162)	(92.4%)
Minority interests	-	544	(544)	(100.0%)
TOTAL EQUITY	3,053,828	2,954,184	99,644	3.4%

Funds managed

(EUR Thousands)

	31/12/2017	31/12/2016	y- o -y	
			Abs.	%
Sight deposits	18,477,861	16,214,090	2,263,771	14.0%
Term deposits	7,463,008	9,103,991	(1,640,983)	(18.0%)
Customer deposits	25,940,869	25,318,081	622,788	2.5%
Other funds	-	35,329	(35,329)	(100.0%)
On-balance sheet retail funds (a)	25,940,869	25,353,410	587,459	2.3%
Bonds and other securities *	2,959,370	3,084,850	(125,480)	(4.1%)
Subordinated liabilities	412,171	100,773	311,398	309.0%
Central counterparty deposits	998,148	613,490	384,658	62.7%
ECB	5,055,698	5,087,000	(31,302)	(0.6%)
Wholesale funds (b)	9,425,387	8,886,113	539,274	6.1%
Total balance sheet funds (c) = (a) + (b)	35,366,256	34,239,523	1,126,733	3.3%
Mutual funds	2,196,249	1,347,364	848,885	63.0%
Pension plans	790,191	759,349	30,842	4.1%
Savings insurances	637,625	606,841	30,784	5.1%
Fixed-equity income	502,502	527,955	(25,453)	(4.8%)
Off-balance sheet funds (d)	4,126,567	3,241,508	885,059	27.3%
Customer funds under management (a) + (d)	30,067,436	28,594,918	1,472,518	5.1%
Funds under management (c) + (d)	39,492,823	37,481,031	2,011,792	5.4%

* Covered bonds, territorial bonds and securitization.

Loans and advances to Customers

(EUR Thousands)

	31/12/2017	31/12/2016	y- o -y	
			Abs.	%
General governments	783,290	900,139	(116,849)	(13.0%)
Other financial corporations	646,487	587,909	58,578	10.0%
Non-financial corporations	10,954,820	10,161,276	793,544	7.8%
Households	18,669,637	19,350,819	(681,182)	(3.5%)
Loans to customers (gross) ^(a)	31,054,234	31,000,143	54,091	0.2%
<i>Of which:</i>				
Real estate developers	1,605,970	2,070,040	(464,070)	(22.4%)
<i>Performing loans to customers</i>	27,693,644	26,788,929	904,715	3.4%
<i>Non-performing loans ^(b)</i>	3,360,590	4,211,214	(850,624)	(20.2%)
Other loans ^(c)	-	339,640	(339,640)	(100.0%)
Gross Loans ^{(a) = (a) + (c)}	31,054,234	31,339,783	(285,549)	(0.9%)
Performing Loans ^{(a) - (b)}	27,693,644	27,128,569	565,075	2.1%
<i>Credit losses and impairment</i>	(1,351,449)	(1,771,457)	420,008	(23.7%)
Total Loans and advances to Customers	29,702,750	29,568,327	134,423	0.5%

Risk management

(EUR Thousands)

	31/12/2017	31/12/2016	y- o -y	
			Abs.	%
Defaulting debtors				
Non-performing loans (gross)	3,360,590	4,211,214	(850,624)	(20.2%)
Gross loans	31,054,234	31,339,783	(285,549)	(0.9%)
Gross loans coverage	(1,353,603)	(1,773,611)	420,008	(23.7%)
NPL ratio (%)	10.82%	13.44%	(2.62)	
NPL coverage ratio (%) ⁽¹⁾	40.28%	42.12%	(1.84)	
Foreclosed Assets (gross) ⁽²⁾	3,677,937	3,842,179	(164,242)	(4.3%)
Foreclosed Assets (net) ⁽²⁾	1,929,686	2,049,207	(119,521)	(5.8%)
Foreclosed assets coverage ratio (%) ⁽⁴⁾	47.53%	46.67%	0.87	
NPA ratio (%)	16.04%	18.75%	(2.71)	
NPA coverage (%) ^{(3), (5)}	44.07%	44.29%	(0.22)	
Coverage breakdown (loan impairments breakdown)				
Total coverage	1,370,065	1,819,721	(449,656)	(24.7%)
Non-performing coverage	1,184,174	1,485,307	(301,133)	(20.3%)
Performing coverage	185,891	334,414	(148,523)	(44.4%)
NPL breakdown				
Past due >90 days	3,023,404	3,750,646	(727,242)	(19.4%)
Doubtful non past due	337,186	460,568	(123,382)	(26.8%)
Total	3,360,590	4,211,214	(850,624)	(20.2%)
<i>Of which:</i>				
<i>Forborne loans</i>	2,302,142	3,064,309	(762,167)	(24.9%)
NPL breakdown by segment				
General governments	2,105	3,041	(936)	(30.8%)
Other financial corporations	694	8,999	(8,305)	(92.3%)
Other corporations	1,927,318	2,545,771	(618,453)	(24.3%)
Households	1,430,473	1,653,403	(222,930)	(13.5%)
Total	3,360,590	4,211,214	(850,624)	(20.2%)
<i>Of which:</i>				
<i>Real estate developers</i>	1,081,190	1,540,910	(459,720)	(29.8%)
Forborne loans				
Non-performing	2,302,142	3,064,309	(762,167)	(24.9%)
Performing	760,905	1,359,360	(598,455)	(44.0%)
Total Forborne loans	3,063,047	4,423,669	(1,360,622)	(30.8%)

(1) It does not include the floor clauses provisions. Considering the impact of IFRS 9 the NPL coverage ratio increases to 46.24%.

(2) Including the amount of the loans that is the origin of the foreclosed asset. Including 120 millions € financing to non consolidated firms holding foreclosed assets, in gross terms, and 45 M€ , in net terms.

(3) Considering the impact of IFRS 9 the NPA coverage ratio stands at 46.91%.

Considering write-offs in the foreclosure procedure:

(4) The foreclosed assets coverage ratio stands up to 49.92% in 2016 and 51.57% in 2017.

(5) The NPA coverage ratio stands up to 45.96% in 2016 and to 49.13% in 2017.

Foreclosed assets

(EUR Thousands)

	31/12/2017	31/12/2016	y - o - y	
			Abs.	%
Foreclosed Assets (gross) ⁽¹⁾	3,677,937	3,842,179	(164,242)	(4.3%)
Coverage ⁽²⁾	(1,748,250)	(1,792,971)	44,721	(2.5%)
Foreclosed Assets (net) ⁽¹⁾	1,929,686	2,049,207	(119,521)	(5.8%)
Foreclosed assets coverage ratio (%) ⁽³⁾	47.53%	46.67%	0.87	

Foreclosed assets according to the origin of the Loan

Foreclosed assets (gross) ⁽¹⁾	3,677,937	3,842,179	(164,242)	(4.3%)
Developers	2,208,827	2,404,535	(195,707)	(8.1%)
Land	1,004,558	1,046,184	(41,626)	(4.0%)
Finished buildings	1,009,621	1,139,110	(129,489)	(11.4%)
Under construction	194,648	219,240	(24,592)	(11.2%)
Homes	703,975	643,526	60,449	9.4%
Other	645,247	672,855	(27,608)	(4.1%)
Financing to entities holding real estate assets that have been foreclosed or received as	119,887	121,263	(1,376)	(1.1%)

Coverage ⁽²⁾	(1,748,250)	(1,792,971)	44,721	(2.5%)
Developers	(1,108,188)	(1,179,434)	71,246	(6.0%)
Land	(601,230)	(609,168)	7,939	(1.3%)
Finished buildings	(400,466)	(453,317)	52,851	(11.7%)
Under construction	(106,493)	(116,948)	10,455	(8.9%)
Homes	(297,679)	(269,338)	(28,341)	10.5%
Other	(267,610)	(271,941)	4,331	(1.6%)
Financing to entities holding real estate assets that have been foreclosed or received as	(74,773)	(72,259)	(2,514)	3.5%

Foreclosed assets (net) ⁽¹⁾	1,929,686	2,049,207	(119,521)	(5.8%)
Developers	1,100,639	1,225,101	(124,462)	(10.2%)
Land	403,328	437,016	(33,687)	(7.7%)
Finished buildings	609,155	685,793	(76,638)	(11.2%)
Under construction	88,156	102,292	(14,137)	(13.8%)
Homes	406,296	374,188	32,108	8.6%
Other	377,637	400,914	(23,277)	(5.8%)
Financing to entities holding real estate assets that have been foreclosed or received as payment in lieu of debts	45,114	49,004	(3,890)	(7.9%)

Coverage (%) ⁽³⁾	47.53%	46.67%	0.87	
Developers	50.17%	49.05%	1.12	
Land	59.85%	58.23%	1.62	
Finished buildings	39.66%	39.80%	(0.13)	
Under construction	54.71%	53.34%	1.37	
Homes	42.29%	41.85%	0.43	
Other	41.47%	40.42%	1.06	
Financing to entities holding real estate assets that have been foreclosed or received as	62.37%	59.59%	2.78	

Foreclosed assets by asset type

Foreclosed assets (gross) ⁽¹⁾	3,677,937	3,842,179	(164,242)	(4.3%)
Finished houses	1,675,314	1,758,491	(83,177)	(4.7%)
Lands	1,218,675	1,254,093	(35,418)	(2.8%)
RED and under construction	268,433	287,427	(18,994)	(6.6%)
Commercial	394,147	392,671	1,476	0.4%
Other	121,367	149,496	(28,129)	(18.8%)

Coverage ⁽²⁾	(1,748,250)	(1,792,971)	44,721	(2.5%)
Finished houses	(661,121)	(695,699)	34,578	(5.0%)
Lands	(721,593)	(723,981)	2,388	(0.3%)
RED and under construction	(142,438)	(149,437)	6,999	(4.7%)
Commercial	(161,057)	(155,808)	(5,249)	3.4%
Other	(62,041)	(68,046)	6,005	(8.8%)

Foreclosed assets (net) ⁽¹⁾	1,929,686	2,049,207	(119,521)	(5.8%)
Finished houses	1,014,193	1,062,792	(48,599)	(4.6%)
Lands	497,083	530,112	(33,030)	(6.2%)
RED and under construction	125,995	137,990	(11,995)	(8.7%)
Commercial	233,089	236,863	(3,774)	(1.6%)
Other	59,326	81,450	(22,123)	(27.2%)

Coverage (%) ⁽³⁾	47.53%	46.67%	0.87	
Finished houses	39.46%	39.56%	(0.10)	
Lands	59.21%	57.73%	1.48	
RED and under construction	53.06%	51.99%	1.07	
Commercial	40.86%	39.68%	1.18	
Other	51.12%	45.52%	5.60	

(1) Including the amount of the loans that is the origin of the foreclosed asset. Including 120 millions € financing to non consolidated firms holding foreclosed assets, in gross terms, and 45 M€, in net terms.

(2) Including the provisions of the loans at the time of the repossession procedure. It does not include write-offs during the life of the original loan.

(3) Considering write-offs in the foreclosure procedure the foreclosed assets coverage ratio stands up to 49.92% in 2016 and 51.57% in 2017.

Solvency

(EUR Thousands)

Phased-in	31/12/2017	31/12/2016	y- o -y	
			Abs.	%
Capital	2,602,380	2,535,546	66,834	2.6%
Reserves	430,361	396,273	34,088	8.6%
AFS Surplus	1,252	12,436	(11,184)	
Minority	-	-	-	-
Capital deductions	(356,284)	(323,586)	(32,698)	10.1%
Ordinary Tier 1 Capital	2,677,709	2,620,669	57,040	2.2%
CET1 ratio (%)	11.19%	11.36%	(0.17)	
Tier2 Capital	522,396	369,568	152,828	41.4%
Tier 2 ratio (%)	2.18%	1.60%	0.58	
Eligible capital	3,200,106	2,990,237	209,869	7.0%
Capital ratio (%)	13.37%	12.96%	0.41	
Total risk-weighted assets ^{(a) + (b) + (c)}	23,935,148	23,069,970	865,178	3.8%
Credit risk ^(a)	22,438,544	21,565,404	873,140	4.0%
Operational risk ^(b)	1,443,904	1,431,675	12,229	0.9%
Other risk ^(c)	52,700	72,891	(20,191)	(27.7%)

Fully-loaded

Capital	2,602,380	2,535,546	66,834	2.6%
Reserves	430,361	396,273	34,088	8.6%
AFS Surplus	1,565	20,727	(19,162)	
Minority	-	-	-	-
Capital deductions	(425,057)	(417,135)	(7,922)	1.9%
Ordinary Tier 1 Capital	2,609,250	2,535,411	73,839	2.9%
CET1 ratio (%)	10.90%	10.99%	(0.09)	
Tier2 Capital	522,396	369,568	152,828	41.4%
Tier 2 ratio (%)	2.18%	1.60%	0.58	
Eligible capital	3,131,646	2,904,979	226,667	7.8%
Capital ratio (%)	13.08%	12.59%	0.49	
Total risk-weighted assets ^{(a) + (b) + (c)}	23,935,148	23,069,970	865,178	3.8%
Credit risk ^(a)	22,438,544	21,565,404	873,140	4.0%
Operational risk ^(b)	1,443,904	1,431,675	12,229	0.9%
Other risk ^(c)	52,700	72,891	(20,191)	(27.7%)

Consolidated Profit & Loss Account

(EUR Thousands)

	31/12/2017	o/ATA	31/12/2016	o/ATA	y- o -y	
					Abs.	%
Interest income	670,865	1.68%	712,015	1.80%	(41,150)	(5.8%)
Interest expenses	(122,723)	(0.31%)	(154,317)	(0.39%)	31,595	(20.5%)
NET INTEREST INCOME	548,142	1.38%	557,698	1.41%	(9,556)	(1.7%)
Dividend income	7,919	0.02%	4,909	0.01%	3,010	61.3%
Income from equity-accounted method	23,101	0.06%	15,767	0.04%	7,334	46.5%
Net fees and commissions	267,093	0.67%	261,452	0.66%	5,641	2.2%
Gains (losses) on financial transactions	153,768	0.39%	186,149	0.47%	(32,381)	(17.4%)
Exchange differences [gain or (-) loss], net	2,124	0.01%	2,764	0.01%	(641)	(23.2%)
Other operating incomes/expenses	(24,590)	(0.06%)	(15,372)	(0.04%)	(9,218)	60.0%
of which: Mandatory transfer to Education and Development Fund	(2,372)	(0.01%)	(1,949)	-	(423)	21.7%
GROSS INCOME	977,557	2.45%	1,013,367	2.56%	(35,810)	(3.5%)
Administrative expenses	(538,417)	(1.35%)	(554,455)	(1.40%)	16,038	(2.9%)
Personnel expenses	(340,980)	(0.86%)	(350,625)	(0.89%)	9,645	(2.8%)
Other administrative expenses	(197,437)	(0.50%)	(203,830)	(0.51%)	6,393	(3.1%)
Depreciation and amortisation	(76,001)	(0.19%)	(75,541)	(0.19%)	(460)	0.6%
NET INCOME BEFORE PROVISIONS	363,139	0.91%	383,371	0.97%	(20,232)	(5.3%)
Provisions or (-) reversal of provisions	41,988	0.11%	(239,539)	(0.60%)	281,527	(117.5%)
Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss	(166,837)	(0.42%)	22,253	0.06%	(189,090)	(849.7%)
OPERATING INCOME	238,290	0.60%	166,085	0.42%	72,205	43.5%
Impairment or reversal of impairment of investments in joint ventures or associates (net)	(2)	-	-	-	(2)	100.0%
Impairment or (-) reversal of impairment on non-financial assets	(92,907)	(0.23%)	(86,898)	(0.22%)	(6,009)	6.9%
Negative goodwill recognised in profit or loss	-	-	-	-	-	-
Gains or (-) losses on derecognition of non financial assets, net	(23,520)	(0.06%)	6,630	0.02%	(30,150)	(454.8%)
Profit or (-) loss from non-current assets and disposal groups classified as held for sale	(24,054)	(0.06%)	(23,809)	(0.06%)	(245)	1.0%
PROFIT BEFORE TAX	97,807	0.25%	62,008	0.16%	35,799	57.7%
Tax	(17,750)	(0.04%)	14,132	0.04%	(31,882)	(225.6%)
CONSOLIDATED NET PROFIT	80,058	0.20%	76,141	0.19%	3,917	5.1%

Quarterly Yields & Costs

(EUR Thousands and annualised rates)

	31/12/2017				31/12/2016			
	Average balance	Distribution (%)	Income or expense	Average rate (%)	Average balance	Distribution (%)	Income or expense	Average rate (%)
Financial system								
Loans to customers without NPL ^(a)	1,251,216	3.14%	464	0.04%	1,440,736	3.64%	311	0.02%
Securities portfolio	27,273,809	68.49%	589,311	2.16%	26,827,612	67.74%	662,739	2.47%
Other assets	4,457,007	11.19%	39,349	0.88%	4,358,541	11.00%	29,310	0.67%
	6,842,021	17.18%	41,741	0.61%	6,978,361	17.62%	19,655	0.28%
Total earning assets ^(b)	39,824,053	100.00%	670,865	1.68%	39,605,250	100.00%	712,015	1.80%
Financial system								
Customer deposits ^(c)	730,645	1.83%	8,349	1.14%	812,929	2.05%	12,128	1.49%
<i>Sight deposits</i>	25,922,478	65.09%	28,196	0.11%	25,429,085	64.21%	63,770	0.25%
<i>Term deposits</i>	17,705,409	44.46%	14,891	0.08%	14,896,620	37.61%	9,859	0.07%
Wholesale funds	8,217,069	20.63%	13,305	0.16%	10,532,465	26.59%	53,911	0.51%
Other funds	8,842,761	22.20%	83,604	0.95%	9,443,375	23.84%	73,925	0.78%
Equity	1,293,891	3.25%	2,573	0.20%	1,045,011	2.64%	4,494	0.43%
	3,034,277	7.62%	0	-	2,874,850	7.26%	0	-
Total funds ^(d)	39,824,053	100.00%	122,723	0.31%	39,605,250	100.00%	154,317	0.39%
Customers' spread ^{(a)-(c)}				2.05				2.22
NII o/ATA ^{(b)-(d)}			548,142	1.38			557,698	1.41