Appendix 1: Main indicators for monitoring the Spanish banking system

Table 1 Summary Balance of the banking system. € bn and % variation

Assets	2011	2012	2013	2014	2015	2016	2017	Date	Growth rate 00-'08	Growth rate 08-latest	Growth rate y-on-y
Total lending	2,106	1,951	1,716	1,651	1,603	1,556	1,555	Mar-17	217%	-28.5%	-1.2%
Public corporations	*90*	*114*	*87*	*101*	*90*	*88*	*88*	Mar-17	*69%*	*65.9%*	*-7.9%*
Domestic resident sector	*1,783*	*1,605*	*1,448*	*1,380*	*1,327*	*1,276*	*1,266*	Mar-17	*234%*	*-32.3%*	*-2.1%*
Non residents	*234*	*232*	*180*	*169*	*186*	*191*	*201*	Mar-17	*164%*	*-20.6%*	*9.0%*
Fixed income securities and equity stakes	656	766	773	754	662	610	612	Mar-17	132%	23.1%	-8.5%
Fixed income securities	*406*	*509*	*493*	*492*	*415*	*366*	*366*	Mar-17	*135%*	*12.3%*	*-13.8%*
Of which: sovereign debt	*198*	*247*	*264*	*288*	*251*	*225*	*224*	Mar-17	*6%*	*123%*	*-14.6%*
Equity	*251*	*258*	*280*	*262*	*246*	*244*	*247*	Mar-17	*128%*	*43.5%*	*0.6%*
Interbank lending	251	279	211	155	164	163	152	Mar-17	81%	-42.1%	-3.9%
Other assets (net of interbank lending/deposits)	387	426	326	354	331	319	304	Mar-17	230%	6.1%	-10.0%
Total assets	**3,400**	**3,423**	**3,026**	**2,913**	**2,760**	**2,647**	**2,624**	**mar-17**	**184%**	**-18.6%**	**-4.2%**
Liabilities and Shareholders' Equity											
Customer deposits	1,934	1,725	1,684	1,686	1,637	1,578	1,562	Mar-17	169%	-22.4%	-3.9%
Public corporations	*70*	*69*	*63*	*76*	*77*	*54*	*50*	Mar-17	*263%*	*-34.8%*	*-28.7%*
Domestic resident sector	*1,373*	*1,317*	*1,314*	*1,289*	*1,261*	*1,243*	*1,233*	Mar-17	*192%*	*-13.9%*	*-0.9%*
Non residents	*492*	*339*	*306*	*320*	*299*	*281*	*279*	Mar-17	*113%*	*-44.7%*	*-10.5%*
Interbank deposits	373	573	381	312	303	288	311	Mar-17	95%	-1.2%	3.6%
Pro memoria: net interbank position	*122*	*294*	*171*	*157*	*139*	*125*	*159*	Mar-17	*215%*	*206%*	*11.9%*
Debt issued	435	394	297	249	225	201	188	Mar-17	625%	-52.5%	-10.9%
Other liabilities	439	535	430	436	368	352	335	Mar-17	253%	4.7%	-11.0%
Shareholders' equity	220	195	233	230	227	227	229	Mar-17	134%	26.7%	1.1%
Pro memoria: ECB funding	*132*	*357*	*207*	*142*	*133*	*140*	*173*	*May-17*	*566%*	*87%*	*36.2%*
Total Liabilities and Shareholders' Equity	**3,400**	**3,423**	**3,026**	**2,913**	**2,760**	**2,647**	**2,624**	**mar-17**	**184%**	**-18.6%**	**-4.2%**

(*) Includes ORS credit, credit to the Public Administration and credit to non-residents
(**) Includes ORS deposits, deposits by the Public Administration and deposits by non-residents
Source: Statistical Bulletin of the Bank of Spain

Table 2 Summarized balance sheet of the banking system. Cumulative annual earnings € mn and % change

	2011	2012	2013	2014	2015	2016	2017	Date	Growth rate 00-'08	Growth rate 08-latest	Growth rate y-on-y
Net interest revenue	29,565	32,739	26,816	27,118	26,410	24,296	5,908	Mar-17	92%	-32.8%	-3.2%
Net fees and commissions	11,750	11,275	10,931	11,257	11,237	11,059	2,913	Mar-17	79%	-10.6%	6.9%
Trading gains and other revenue	15,811	15,493	17,797	17,043	13,885	13,085	3,967	Mar-17	276%	-12.8%	-3.0%
Total revenue	**57,126**	**59,507**	**55,544**	**55,418**	**51,532**	**48,440**	**12,788**	**Mar-17**	**118%**	**-22.9%**	**-1.0%**
Operating expenses	-28,464	-26,951	-26,798	-26,116	-26,261	-26,388	-6,426	Mar-17	54%	-12.9%	-1.6%
Personnel expenses	-16,889	-15,587	-15,108	-14,329	-14,182	-13,943	-3,400	Mar-17	54%	-24.0%	-2.7%
Other operating expenses	-11,574	-11,364	-11,690	-11,787	-12,079	-12,445	-3,026	Mar-17	54%	4.3%	-0.3%
Pre-provision profit	**28,662**	**32,556**	**28,746**	**29,302**	**25,271**	**22,052**	**6,361**	**Mar-17**	**226%**	**-31.0%**	**-0.5%**
Loan-loss provisions	-22,668	-82,547	-21,800	-14,500	-10,699	-8,342	-1,888	Mar-17	620%	-50.5%	1.7%
Other income, net	-23,430	-37,142	-2,789	-1,739	-3,819	-6,993	-652	Mar-17	-299%	110.4%	-52.8%
Profit before taxes	-17,436	-87,133	4,156	13,063	10,753	6,717	3,820	Mar-17	108%	-25.1%	21.2%
Net attributable income	**-14,717**	**-73,706**	**8,790**	**11,343**	**9,312**	**6,078**	**3,514**	**Mar-17**	**122%**	**-23.7%**	**31.2%**

Source: Statistical Bulletin of the Bank of Spain

Tabla 3 Relative size and resources %, number and % variation of the banking system

	2011	2012	2013	2014	2015	2016	2017	Date	Growth rate 00-'08	Growth rate 08-latest	Growth rate y-on-y
Lending to the private sector / GDP	166%	152%	139%	133%	123%	115%	113%	Mar-17	94%	-32.8%	-9.2%
Private sector deposits / GDP	111%	111%	113%	111%	108%	104%	102%	Mar-17	69%	-3.4%	-6.7%
Number of employees	248,093	236,504	217,878	208,291	202,954	194,283	n.d.	Dec-16	14%	-30.2%	-4.3%
Number of branches	40,202	38,237	33,786	32,073	31,155	28,959	28,553	Mar-17	17%	-38.2%	-7.5%

Source: Statistical Bulletin of the Bank of Spain

Table 4 ORS credit breakdown, defaults and non-performing asset ratios by portfolio. € bn and % variation

									Growth rate		
Lending volume	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**Date**	**00-'08**	**08-latest**	**y-on-y**
Loans to households	**793**	**756**	**715**	**690**	**663**	**652**	**648**	**Mar-17**	**236%**	**-20.9%**	**-1.5%**
Of which:											
Housing loans	627	605	581	558	531	517	513	Mar-17	270%	-18.2%	-2.6%
Other loans to households	167	151	134	132	132	136	136	Mar-17	159%	-29.7%	2.7%
Lending to corporates and SMEs	**971**	**830**	**719**	**674**	**644**	**605**	**598**	**Mar-17**	**237%**	**-41.2%**	**-2.9%**
Of which:											
Lending to real estate	397	300	237	200	179	161	158	Mar-17	517%	-66.4%	-8.1%
Other lending to corporates and SMEs	574	530	482	474	465	444	441	Mar-17	142%	-19.5%	-1.0%
Total lending to domestic private sector *	**1,783**	**1,605**	**1,448**	**1,380**	**1,327**	**1,276**	**1,266**	**Mar-17**	**234%**	**-32.3%**	**-2.1%**
Non-performing loans											
Loans to households	**28.7**	**37.0**	**49.4**	**46.8**	**37.0**	**35.7**	**36.0**	**Mar-17**	**1062%**	**47.8%**	**-0.6%**
Of which:											
Housing loans	18.2	24.0	34.6	32.6	25.5	24.1	24.2	Mar-17	1878%	63.3%	-3.7%
Other loans to households	10.5	13.0	14.8	14.1	11.4	11.6	11.8	Mar-17	607%	23.6%	6.4%
Lending to corporates and SMEs	**109.9**	**128.4**	**146.1**	**124.6**	**94.2**	**79.2**	**74.3**	**Mar-17**	**818%**	**99.3%**	**-17.6%**
Of which:											
Lending to real estate	81.9	84.8	87.8	70.7	50.4	42.4	39.2	Mar-17	2790%	46.0%	-18.3%
Other lending to corporates and SMEs	28.0	43.6	58.2	53.9	43.7	36.8	35.1	Mar-17	232%	237.0%	-16.7%
Total lending to domestic private sector *	**139.8**	**167.5**	**197.2**	**172.6**	**134.3**	**116.3**	**111.8**	**Mar-17**	**808%**	**77.2%**	**-13.5%**
Ratios de mora											
Loans to households	**3.6%**	**4.9%**	**6.9%**	**6.8%**	**5.6%**	**5.5%**	**5.5%**	**Mar-17**	**246%**	**86.8%**	**1.0%**
Of which:											
Housing loans	2.9%	4.0%	6.0%	5.9%	4.8%	4.7%	4.7%	Mar-17	434%	99.5%	-1.1%
Other loans to households	6.3%	8.6%	11.1%	10.7%	8.7%	8.5%	8.7%	Mar-17	173%	75.8%	3.7%
Lending to corporates and SMEs	**11.3%**	**15.5%**	**20.3%**	**18.5%**	**14.6%**	**13.1%**	**12.4%**	**Mar-17**	**173%**	**238.9%**	**-15.1%**
Of which:											
Lending to real estate	20.6%	28.2%	37.1%	35.3%	28.2%	26.4%	24.9%	Mar-17	369%	335.1%	-11.1%
Other lending to corporates and SMEs	4.9%	8.2%	12.1%	11.4%	9.4%	8.3%	8.0%	Mar-17	37%	318.5%	-15.9%
Total lending to domestic private sector *	**7.8%**	**10.4%**	**13.6%**	**12.5%**	**10.1%**	**9.1%**	**8.8%**	**Mar-17**	**172%**	**161.8%**	**-11.6%**

(*) Total ORS credit incorporates total credit to households, total credit for productive activities, non-profit institutions serving households (NPISHs) and unclassified credit. From January 2014 it includes credit to Financial Institutions.
Source: Statistical Bulletin of the Bank of Spain

Table 5 Details of new lending transactions Cumulative annual earnings € bn and % change

	2011	2012	2013	2014	2015	2016	2017	Date	Growth rate 03-'08	08-'16	y-on-y
Loans to households	**74.3**	**63.3**	**51.2**	**60.5**	**75.7**	**80.6**	**34.2**	**May-17**	**0.7%**	**-56.7%**	**-0.7%**
Of which:											
Housing loans	37.5	32.3	21.9	26.8	35.7	37.5	15.3	May-17	-15.6%	-56.9%	-9.4%
Other loans to households	36.8	31.0	29.4	33.7	40.0	43.1	18.8	May-17	21.3%	-56.4%	7.8%
Lending to corporates and SMEs	**527.5**	**484.8**	**392.6**	**357.2**	**392.6**	**323.6**	**135.3**	**May-17**	**29.2%**	**-65.2%**	**1.8%**
Of which:											
Less than €250,000	136.4	114.4	106.1	112.3	128.7	133.6	57.8	May-17	n.d.	-18.7%	7.1%
Between €250,000 and €1million)	37.7	31.6	28.3	34.0	36.8	36.3	15.7	May-17	n.d.	-21.0%	6.9%
Corporates (loans > €1mill.)	353.4	338.9	258.2	210.3	227.2	152.6	61.7	May-17	43.5%	-66.4%	-2.4%
Total new lending flows	**602**	**548**	**444**	**418**	**468**	**404**	**169.4**	**May-17**	**23%**	**-58.0%**	**-1.3%**

Source: Banco de España.

Table 6 Detail of deposits of residents. € bn and % variation

	2011	2012	2013	2014	2015	2016	2017	Date	Growth rate 00-'08	08-latest	y-on-y
Sight deposits	270	265	282	329	384	454	475	Mar-17	100%	94%	20.0%
Savings deposits	203	199	206	222	254	288	296	Mar-17	73%	64.6%	15.4%
Term deposits	698	684	668	588	499	394	359	Mar-17	270%	-50.7%	-23.8%
Foreign currency deposits	18	20	21	22	21	20	21	Mar-17	527%	-28.0%	1.5%
Total deposits of domestic resident sector *	**1,188**	**1,168**	**1,177**	**1,160**	**1,159**	**1,157**	**1,152**	**Mar-17**	**163%**	**-2.7%**	**0.6%**

(*) Total ORS deposits does not match the data of Table 1 because it incorporates liabilities from asset transfer, subordinated deposits, CTAs and hybrid instruments.
Source: Statistical Bulletin of the Bank of Spain

Table 7 Interest rates on credit operations. Rates in % and variation in pbs

	2011	2012	2013	2014	2015	2016	2017	Date	Growth rate (pbs) 03-'08	08-latest	y-on-y
Loans. Stock (NDER)											
Loans to households											
Housing loans	3.12	2.61	2.11	1.89	1.53	1.30	1.26	Apr-17	178	-439	-15
Other loans to households	5.73	5.78	5.80	6.10	5.98	6.17	6.19	Apr-17	113	-88	18
Loans to corporates and SMEs	3.90	3.47	3.44	2.84	2.38	2.04	2.00	Apr-17	204	-356	-25
Loans. New lending transactions (APRC)											
Loans to households											
Housing loans	3.66	2.93	3.16	2.64	2.31	2.19	2.19	Apr-17	238	-365	-12
Consumer loans	9.11	8.32	9.52	8.98	8.43	8.14	8.67	Apr-17	237	-233	70
Other	6.29	6.23	5.92	4.91	4.28	4.26	4.65	Apr-17	224	-239	-12
Loans to corporates and SMEs (synthetic average)	4.03	3.66	3.57	2.73	2.58	2.30	2.58	Apr-17	112	-230	-18
Less than €250,000	5.57	5.67	5.54	4.56	3.61	3.29	3.45	Apr-17	n.d.	-110	-23
Between €250,000 and €1million)	4.79	4.27	4.03	2.91	2.20	1.91	1.91	Apr-17	n.d.	-197	-24
Corporates (loans > €1mill.)	3.53	3.00	2.83	2.10	2.07	1.63	1.80	Apr-17	n.d.	-91	-6

NDER: Narrowly Defined Effective Rate (APR less commissions)
APR: Equivalent Annual Rate. Narrowly Defined Effective Rate (APR less commissions)
Source: Statistical Bulletin of the Bank of Spain

Table 8 Deposit interest rate* Rates in % and variation in pbs

	2011	2012	2013	2014	2015	2016	2017	Date	Growth rate (pbs) 03-'08	08-latest	y-on-y
Deposits. Stock (NDER)											
Households deposits											
Sight deposits	0.28	0.21	0.22	0.17	0.12	0.06	0.05	Apr-17	6,5	-64	-5
Term deposits	2.76	2.72	2.08	1.39	0.75	0.30	0.22	Apr-17	232	-418	-34
Corporates and SMEs deposits											
Sight deposits	0.61	0.37	0.35	0.31	0.24	0.15	0.12	Apr-17	111	-165	-13
Term deposits	2.68	2.64	1.93	1.40	0.91	0.65	0.66	Apr-17	223	-372	-12
Deposits. New transactions (NDER)											
Households deposits											
Sight deposits	0.28	0.21	0.22	0.17	0.12	0.06	0.05	Apr-17	30	-64	-5
Term deposits	2.79	2.83	1.50	0.66	0.39	0.11	0.09	Apr-17	225	-409	-16
Corporates and SMEs deposits											
Sight deposits	0.61	0.37	0.35	0.31	0.24	0.15	0.12	Apr-17	111	-165	-13
Term deposits	2.13	2.08	1.31	0.51	0.31	0.13	0.19	Apr-17	146	-328	-8

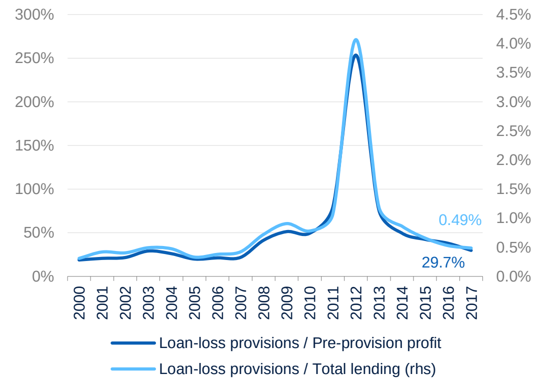
NDER: Narrowly Defined Effective Rate (APR less commissions)
APR: Equivalent Annual Rate. Narrowly Defined Effective Rate (APR less commissions)
Source: Statistical Bulletin of the Bank of Spain

Table 9 Main ratios

	2011	2012	2013	2014	2015	2016	2017	Date	Growth rate 00-'08	08-latest	y-on-y
Productivity											
Business volume* per branch (€'000)	73,894	72,524	77,713	79,197	79,794	84,027	83,495	Mar-17	170%	26.3%	5.7%
Profit before tax per branch (€'000)	-433.7	-2.279	123.0	407.3	345.2	231.9	535.2	Mar-17	77.5%	21.2%	31.0%
Efficiency											
Cost-to-Income ratio (Oper. expenses / Total revenue)	49.8%	45.3%	48.2%	47.1%	51.0%	54.5%	50.3%	Mar-17	-29.3%	13.1%	-0.6%
Operating expenses / ATA	0.86%	0.79%	0.83%	0.88%	0.93%	0.98%	0.98%	Mar-17	-43.4%	2.0%	7.6%
Profitability											
RoE	-7.4%	-35.5%	4.1%	4.9%	4.1%	2.7%	6.2%	Mar-17	-3.4%	-40.5%	30.5%
RoA	-0.52%	-2.55%	0.13%	0.44%	0.38%	0.25%	0.58%	Mar-17	-23.6%	-12.3%	26.5%
NIM (Net interest rev. / ATA)	0.89%	0.96%	0.83%	0.91%	0.93%	0.90%	0.90%	Mar-17	-29.6%	-21.3%	1.0%
Liquidity											
Loans-to-Deposits (resident sector)	150%	137%	123%	119%	115%	110%	110%	Mar-17	14.8%	-30.4%	-2.7%
Funding gap (Loans - Deposits, EUR bn)	594.4	436.8	270.9	220.1	168.3	118.9	114.4	Mar-17	349%	-83.3%	-22.8%
Funding gap / Total assets	17.5%	12.8%	9.0%	7.6%	6.1%	4.5%	4.4%	Mar-17	57.7%	-79.5%	-19.4%
Solvency and Asset Quality											
Leverage (Shareholders' equity / Total assets)	6.5%	5.7%	7.7%	7.9%	8.2%	8.6%	8.7%	Mar-17	-17.8%	55.6%	5.5%
Shareholders' equity / NPLs	158%	117%	118%	133%	169%	196%	205%	Mar-17	-74.3%	-28.5%	16.9%
Provisioning effort (Loan-loss prov. / Pre-provision profit)	79.1%	253.6%	75.8%	49.5%	42.3%	37.8%	29.7%	Mar-17	121%	-28.2%	2.2%
Cost of Risk (Loan-loss provisions / total lending)	1.06%	4.07%	1.19%	0.86%	0.66%	0.53%	0.49%	Mar-17	134%	-26.7%	13.0%
NPL ratio (resident sector)	7.8%	10.4%	13.6%	12.5%	10.1%	9.1%	8.8%	Mar-17	172%	162%	-11.6%
NPL coverage ratio (total)	59.6%	73.8%	58.0%	58.1%	58.9%	58.9%	59.1%	Mar-17	-58.2%	-16.5%	0.0%
NPL coverage ratio (specific provisions)	37.1%	44.7%	46.9%	46.7%	47.0%	46.2%	n.d.	Dec-16	-39.0%	54.4%	-0.9%

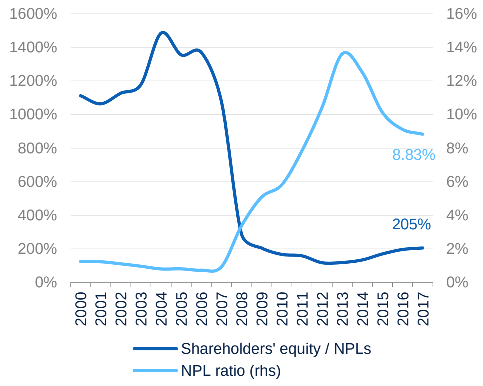
(*) ORS Credit plus ORS Deposits
Source: Statistical Bulletin of the Bank of Spain

Figure A1.1 Effort in provisions



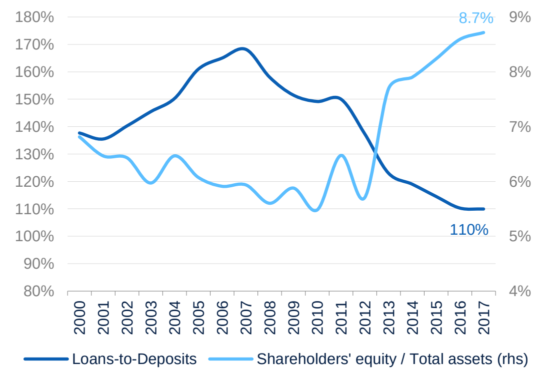
Source: BBVA Research

Figure A1.2 Delinquency and Capital Delinquency



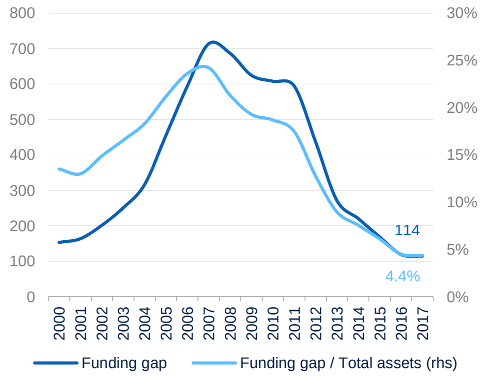
Source: BBVA Research

Figure A1.3 Liquidity and leverage



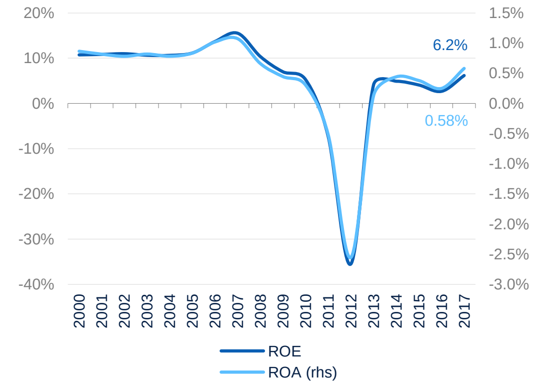
Source: BBVA Research

Figure A1.4 Funding gap
(ORS credit – ORS deposits, € bn)



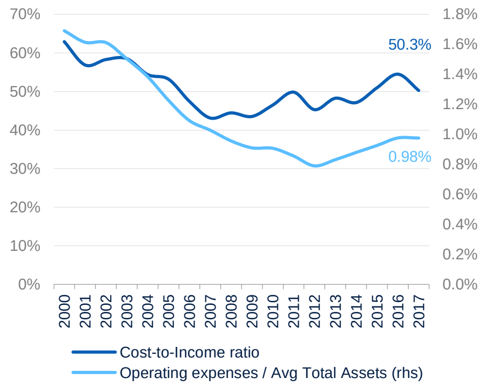
Source: BBVA Research

Figure A1.5 Return



Source: BBVA Research

Figure A1.6 Efficiency



Source: BBVA Research

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