

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	08 - latest	y-on-y
Total lending	2,106	1,951	1,716	1,651	1,603	1,556	1,522	Sep-17	217%	-30.1%	-2.3%
<i>Public corporations</i>	90	114	87	101	90	88	81	Sep-17	69%	53.6%	-12.2%
<i>Domestic resident sector</i>	1,783	1,605	1,448	1,380	1,327	1,276	1,249	Sep-17	234%	-33.2%	-2.3%
<i>Non residents</i>	234	232	180	169	186	191	191	Sep-17	164%	-24.5%	2.1%
Fixed income securities and equity stakes	656	766	773	754	662	610	611	Sep-17	132%	22.8%	-4.6%
<i>Fixed income securities</i>	406	509	493	492	415	366	354	Sep-17	135%	8.7%	-10.1%
<i>Of which: sovereign debt</i>	198	247	264	288	251	225	221	Sep-17	6%	120%	-10.0%
<i>Equity</i>	251	258	280	262	246	244	257	Sep-17	128%	49.7%	4.3%
Interbank lending	251	279	211	155	164	163	209	Sep-17	81%	-20.7%	35.3%
Other assets (net of interbank lending/deposits)	387	426	326	354	331	319	301	Sep-17	230%	4.9%	-12.9%
Total assets	3,400	3,423	3,026	2,913	2,760	2,647	2,642	Sep-17	184%	-18.0%	-2.1%
Liabilities and Shareholders' Equity											
Customer deposits	1,934	1,725	1,684	1,686	1,637	1,578	1,557	Sep-17	169%	-22.7%	-2.2%
<i>Public corporations</i>	70	69	63	76	77	54	65	Sep-17	263%	-15.2%	9.4%
<i>Domestic resident sector</i>	1,373	1,317	1,314	1,289	1,261	1,243	1,223	Sep-17	192%	-14.7%	-1.8%
<i>Non residents</i>	492	339	306	320	299	281	270	Sep-17	113%	-46.5%	-6.7%
Interbank deposits	373	573	381	312	303	288	321	Sep-17	95%	1.8%	7.9%
<i>Pro memoria: net interbank position</i>	122	294	171	157	139	125	112	Sep-17	215%	116%	-21.8%
Debt issued	435	394	297	249	225	201	195	Sep-17	625%	-50.6%	-4.9%
Other liabilities	439	535	430	436	368	352	335	Sep-17	253%	4.9%	-9.6%
Shareholders' equity	220	195	233	230	227	227	234	Sep-17	134%	29.7%	1.1%
<i>Pro memoria: ECB funding</i>	132	357	207	142	133	140	175	Oct-17	566%	89%	29.2%
Total Liabilities and Shareholders' Equity	3,400	3,423	3,026	2,913	2,760	2,647	2,642	Sep-17	184%	-18.0%	-2.1%

Source: Banco de España Statistical Bulletin

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	08-latest	y-on-y
Net interest revenue	29,565	32,739	26,816	27,118	26,410	24,296	11,809	Jun-17	92%	-32.8%	-3.0%
Net fees and commissions	11,750	11,275	10,931	11,257	11,237	11,059	5,989	Jun-17	79%	-8.0%	8.8%
Trading gains and other revenue	15,811	15,493	17,797	17,043	13,885	13,085	6,326	Jun-17	276%	-30.5%	-23.9%
Total revenue	57,126	59,507	55,544	55,418	51,532	48,440	24,124	Jun-17	118%	-27.3%	-7.2%
Operating expenses	-28,464	-26,951	-26,798	-26,116	-26,261	-26,388	-13,391	Jun-17	54%	-9.2%	2.0%
Personnel expenses	-16,889	-15,587	-15,108	-14,329	-14,182	-13,943	-6,818	Jun-17	54%	-23.8%	-2.6%
Other operating expenses	-11,574	-11,364	-11,690	-11,787	-12,079	-12,445	-6,572	Jun-17	54%	13.3%	7.3%
Pre-provision profit	28,662	32,556	28,746	29,302	25,271	22,052	10,733	Jun-17	226%	-41.8%	-16.6%
Loan-loss provisions	-22,668	-82,547	-21,800	-14,500	-10,699	-8,342	-5,651	Jun-17	620%	-25.9%	52.7%
Other income, net	-23,430	-37,142	-2,789	-1,739	-3,819	-6,993	-9,148	Jun-17	-299%	1375.1%	281.5%
Profit before taxes	-17,436	-87,133	4,156	13,063	10,753	6,717	-4,066	Jun-17	108%	-139.9%	-160.1%
Net attributable income	-14,717	-73,706	8,790	11,343	9,312	6,078	-6,177	Jun-17	122%	-167.1%	-200.7%

Source: Statistical Bulletin of the Bank of Spain

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

	2011	2012	2013	2014	2015	2016	2017	Date	Growth rate		
									00-'08	08-latest	y-on-y
Lending to the private sector / GDP	166%	152%	139%	133%	123%	115%	110%	Sep-17	94%	-34.2%	-10.0%
Private sector deposits / GDP	128%	125%	126%	124%	117%	112%	108%	Sep-17	69%	-15.9%	-9.5%
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	28,123	Jun-17	17%	-39.1%	-7.4%

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	656	Jun-17	236%	-20.0%	-1.4%
Of which:											
Housing loans	627	605	581	558	531	517	510	Jun-17	270%	-18.6%	-2.5%
Other loans to households	167	151	134	132	132	136	146	Jun-17	159%	-24.5%	2.7%
Lending to corporates and SMEs	971	830	719	674	644	605	592	Jun-17	237%	-41.8%	-3.6%
Of which:											
Lending to real estate	397	300	237	200	179	161	152	Jun-17	517%	-67.6%	-8.4%
Other lending to corporates and SMEs	574	530	482	474	465	444	440	Jun-17	142%	-19.6%	-1.8%
Total lending to domestic private sector *	1,783	1,605	1,448	1,380	1,327	1,276	1,249	Sep-17	234%	-33.2%	-2.3%
Non-performing loans											
Loans to households	28.7	37.0	49.4	46.8	37.0	35.7	35.7	Jun-17	1062%	46.7%	0.9%
Of which:											
Housing loans	18.2	24.0	34.6	32.6	25.5	24.1	23.8	Jun-17	1878%	60.5%	-2.2%
Other loans to households	10.5	13.0	14.8	14.1	11.4	11.6	11.9	Jun-17	607%	25.2%	7.9%
Lending to corporates and SMEs	109.9	128.4	146.1	124.6	94.2	79.2	68.6	Jun-17	818%	83.9%	-20.2%
Of which:											
Lending to real estate	81.9	84.8	87.8	70.7	50.4	42.4	34.9	Jun-17	2790%	30.0%	-23.8%
Other lending to corporates and SMEs	28.0	43.6	58.2	53.9	43.7	36.8	33.6	Jun-17	232%	222.9%	-16.0%
Total lending to domestic private sector *	139.8	167.5	197.2	172.6	134.3	116.3	104.0	Sep-17	808%	64.9%	-11.6%
NPL ratio											
Loans to households	3.6%	4.9%	6.9%	6.8%	5.6%	5.5%	5.4%	Jun-17	246%	83.4%	2.4%
Of which:											
Housing loans	2.9%	4.0%	6.0%	5.9%	4.8%	4.7%	4.7%	Jun-17	434%	97.1%	0.3%
Other loans to households	6.3%	8.6%	11.1%	10.7%	8.7%	8.5%	8.2%	Jun-17	173%	65.9%	5.0%
Lending to corporates and SMEs	11.3%	15.5%	20.3%	18.5%	14.6%	13.1%	11.6%	Jun-17	173%	215.8%	-17.2%
Of which:											
Lending to real estate	20.6%	28.2%	37.1%	35.3%	28.2%	26.4%	22.9%	Jun-17	369%	300.7%	-16.8%
Other lending to corporates and SMEs	4.9%	8.2%	12.1%	11.4%	9.4%	8.3%	7.7%	Jun-17	37%	301.8%	-14.5%
Total lending to domestic private sector *	7.8%	10.4%	13.6%	12.5%	10.1%	9.1%	8.3%	Sep-17	172%	146.9%	-9.6%

(*) 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

Lending volume	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	62.7	Sep-17	0.7%	-56.7%	5.3%
Of which:											
Housing loans	37.5	32.3	21.9	26.8	35.7	37.5	28.3	Sep-17	-15.6%	-56.9%	0.6%
Other loans to households	36.8	31.0	29.4	33.7	40.0	43.1	34.3	Sep-17	21.3%	-56.4%	9.6%
Lending to corporates and SMEs	527.5	484.8	392.6	357.2	392.6	323.6	250.5	Sep-17	29.2%	-65.2%	4.0%
Of which:											
Less than €250,000	136.4	114.4	106.1	112.3	128.7	133.6	105.5	Sep-17	n.d.	-18.7%	7.3%
Between €250,000 and €1million)	37.7	31.6	28.3	34.0	36.8	36.3	29.2	Sep-17	n.d.	-21.0%	9.3%
Corporates (loans > €1mill.)	353.4	338.9	258.2	210.3	227.2	152.6	115.8	Sep-17	43.5%	-66.4%	0.8%
Total new lending flows	601.8	548.1	443.9	417.7	468.3	404.1	313.1	Sep-17	23%	-58.0%	4.2%

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	482	475	500	563	650	754	831	Sep-17	90%	88.5%	15.6%
Term deposits	706	693	677	597	509	404	320	Sep-17	272%	-56.9%	-26.6%
Total retail deposits	1,188	1,168	1,177	1,160	1,159	1,157	1,151	Sep-17	163%	-2.7%	-0.4%
Other deposits											
Repurchase agreements	60	60	64	60	42	32	24	Sep-17	-23%	-71.7%	-28.1%
Funds from financial asset transfers	54	43	37	32	25	23	22	Sep-17	14%	-76.2%	-8.0%
Hybrid financial liabilities	27	20	16	22	17	14	11	Sep-17	33%	-61.3%	-29.2%
Subordinated deposits	44	26	20	16	18	16	15	Sep-17	n.s.	-67.3%	-12.8%
<i>Pro-memoria: Deposits in foreign currency</i>	<i>28</i>	<i>30</i>	<i>30</i>	<i>27</i>	<i>29</i>	<i>28</i>	<i>26</i>	<i>Sep-17</i>	<i>739%</i>	<i>-29.0%</i>	<i>-9.0%</i>
Total deposits of domestic resident sector	1,373	1,317	1,314	1,289	1,261	1,243	1,223	Sep-17	159%	-14.7%	-1.8%

(*) 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

									Growth rate (bps)		
	2011	2012	2013	2014	2015	2016	2017	Date	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	1.22	Sep-17	178	-443	-11
Other loans to households	5.73	5.78	5.80	6.10	5.98	6.17	6.19	Sep-17	113	-88	10
Loans to corporates and SMEs	3.90	3.47	3.44	2.84	2.38	2.04	1.95	Sep-17	204	-360	-13
Loans. New lending transactions (APRC)											
Loans to households											
Housing loans	3.66	2.93	3.16	2.64	2.31	2.19	2.21	Sep-17	238	-362	-16
Consumer loans	9.11	8.32	9.52	8.98	8.43	8.14	8.83	Sep-17	237	-216	13
Other	6.29	6.23	5.92	4.91	4.28	4.26	4.41	Sep-17	224	-262	-37
Loans to corporates and SMEs (synthetic average)	4.03	3.66	3.57	2.73	2.58	2.30	2.35	Sep-17	112	-253	-15
Less than €250,000	5.57	5.67	5.54	4.56	3.61	3.29	3.07	Sep-17	n.a.	-148	-12
Between €250,000 and €1million)	4.79	4.27	4.03	2.91	2.20	1.91	1.83	Sep-17	n.a.	-206	-5
Corporates (loans > €1mill.)	3.53	3.00	2.83	2.10	2.07	1.63	1.76	Sep-17	n.a.	-95	-12

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

									Growth rate (bps)		
	2011	2012	2013	2014	2015	2016	2017	Date	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	0.04	Sep-17	6.5	-64	-3
Term deposits	2.76	2.72	2.08	1.39	0.75	0.30	0.17	Sep-17	232	-424	-23
Corporates and SMEs deposits											
Sight deposits	0.61	0.37	0.35	0.31	0.24	0.15	0.11	Sep-17	111	-167	-5
Term deposits	2.68	2.64	1.93	1.40	0.91	0.65	0.71	Sep-17	223	-367	0
Deposits. New transactions (NDER)											
Households deposits											
Sight deposits	0.28	0.21	0.22	0.17	0.12	0.06	0.04	Sep-17	30	-64	-3
Term deposits	2.79	2.83	1.50	0.66	0.39	0.11	0.10	Sep-17	225	-408	-5
Corporates and SMEs deposits											
Sight deposits	0.61	0.37	0.35	0.31	0.24	0.15	0.11	Sep-17	111	-167	-5
Term deposits	2.13	2.08	1.31	0.51	0.31	0.13	0.22	Sep-17	146	-326	4

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

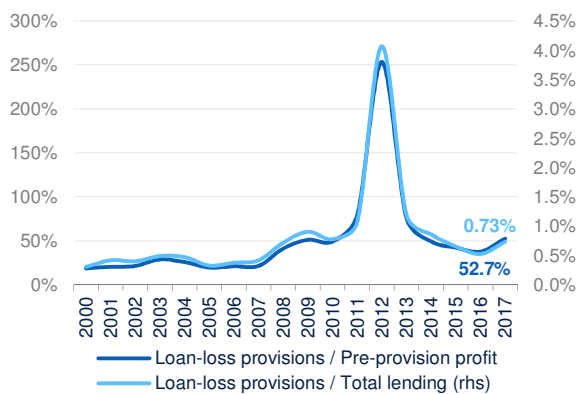
Table 9 Main ratios

										Growth rate		
	2011	2012	2013	2014	2015	2016	2017	Date		00-'08	08- latest	y-on-y
Productivity												
Business volume* per branch (€'000)	78,494	76,409	81,761	83,229	83,085	86,975	85,350	Sep-17		168.2%	19.3%	2.7%
Profit before tax per branch (€'000)	-433.7	-2,279	123.0	407.3	345.2	231.9	-289.2	Jun-17		77.5%	-165.5%	-164.9%
Efficiency												
Cost-to-Income ratio (Oper. expenses / Total revenue)	49.8%	45.3%	48.2%	47.1%	51.0%	54.5%	55.5%	Jun-17		-29.3%	24.9%	9.9%
Operating expenses / ATA	0.86%	0.79%	0.83%	0.88%	0.93%	0.98%	1.01%	Jun-17		-43.4%	5.9%	10.4%
Profitability												
RoE	-7.4%	-35.5%	4.1%	4.9%	4.1%	2.7%	-5.4%	Jun-17		-3.4%	-151.6%	-199.8%
RoA	-0.52%	-2.55%	0.13%	0.44%	0.38%	0.25%	-0.31%	Jun-17		-23.6%	-146.5%	-162.7%
NIM (Net interest rev. / ATA)	0.89%	0.96%	0.83%	0.91%	0.93%	0.90%	0.89%	Jun-17		-29.6%	-21.6%	1.3%
Liquidity												
Loans-to-Deposits (resident sector)	150%	137%	123%	119%	115%	110%	108%	Sep-17		14.8%	-31.4%	-1.9%
Funding gap (Loans - Deposits, EUR bn)	594.4	436.8	270.9	220.1	168.3	118.9	97.7	Sep-17		349%	-85.8%	-20.1%
Funding gap / Total assets	17.5%	12.8%	9.0%	7.6%	6.1%	4.5%	3.7%	Sep-17		57.7%	-82.6%	-18.5%
Solvency and Asset Quality												
Leverage (Shareholders' equity / Total assets)	6.5%	5.7%	7.7%	7.9%	8.2%	8.6%	8.9%	Sep-17		-17.8%	58.3%	3.2%
Shareholders' equity / NPLs	158%	117%	118%	133%	169%	196%	225%	Sep-17		-74.3%	-21.3%	14.4%
Provisioning effort (Loan-loss prov. / Pre-provision profit)	79.1%	253.6%	75.8%	49.5%	42.3%	37.8%	52.7%	Jun-17		121%	27.4%	83.0%
Cost of Risk (Loan-loss provisions / total lending)	1.06%	4.07%	1.19%	0.86%	0.66%	0.53%	0.73%	Jun-17		134%	-26.7%	14.0%
NPL ratio (resident sector)	7.8%	10.4%	13.6%	12.5%	10.1%	9.1%	8.3%	Sep-17		172%	147%	-9.6%
NPL coverage ratio (total)	59.6%	73.8%	58.0%	58.1%	58.9%	58.9%	60.1%	Sep-17		-58.2%	-15.0%	1.4%
NPL coverage ratio (specific provisions)	37.1%	44.7%	46.9%	46.7%	47.0%	46.2%	43.7%	Jun-17		-39.0%	46.3%	-3.9%

(*) ORS Credit plus ORS Deposits.

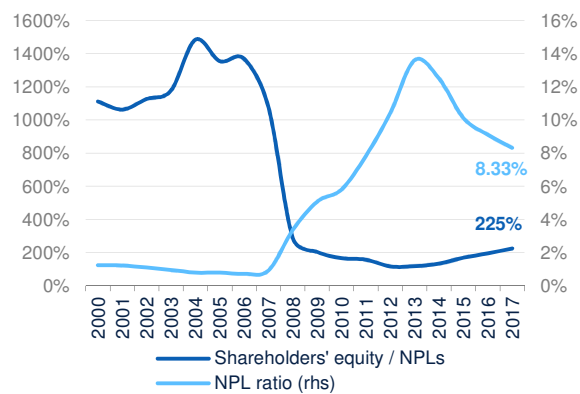
Source: Statistical Bulletin of the Bank of Spain

Figure A1.1 “Provisioning effort”
(additions to provisions / net margin)



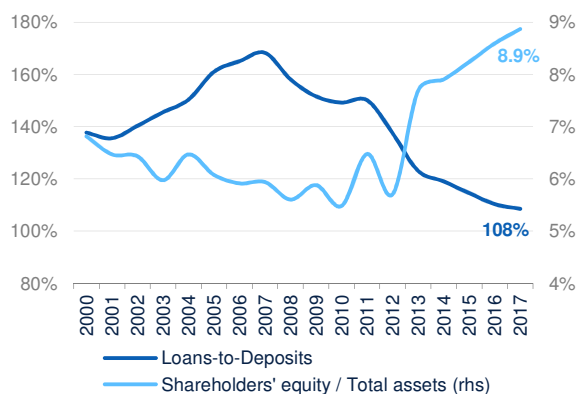
Source: BBVA Research

Figure A1.2 NPLs and Capital as % of NPLs



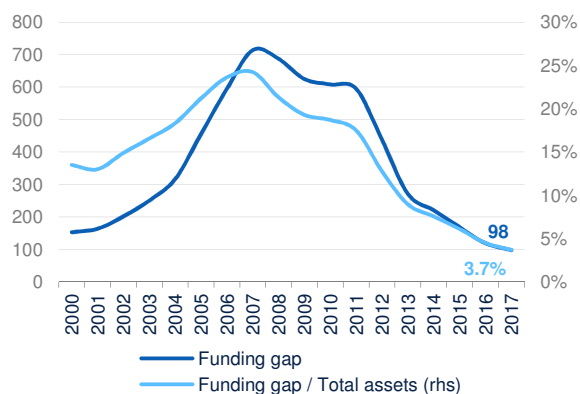
Source: BBVA Research

Figure A1.3 Liquidity and leverage



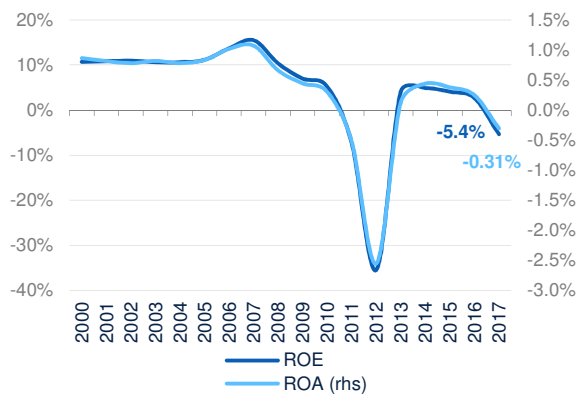
Source: BBVA Research

Figure A1.4 Funding gap
(ORS lending – ORS deposits, € billions)



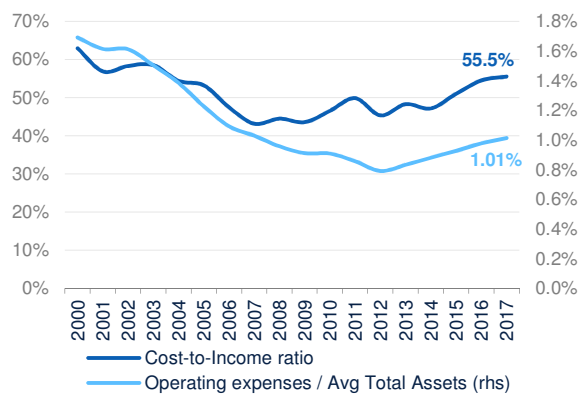
Source: BBVA Research

Figure A1.5 Profitability



Source: BBVA Research

Figure A1.6 Cost/income ratio



Source: BBVA Research

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