

Banking Outlook March 2019

Trends and developments in the Spanish banking system

2018

Cost control and lower provisions were the drivers of the **system's results** in 2018

-207 pbs

Asset quality improved further (NPL ratio declined by 207 pbs year-on-year to 5.82%) while the deleveraging of the private sector continues



4,033 million euros

Net profit in Q3'18: 4,033 million euros, the highest quarterly earnings since 2009

Homogenisation of the framework of covered bonds in the European Union: analysis of the Spanish banking system



■ The **new framework** is expected to have a **limited impact** on the Spanish covered bond market, which is regarded as highly developed and mature

■ Spanish entities have **ample room** to issue covered bonds (between €221bn and €271bn in 2022)

■ **National transposition** of the EU directive will be key for the **future development** of this market

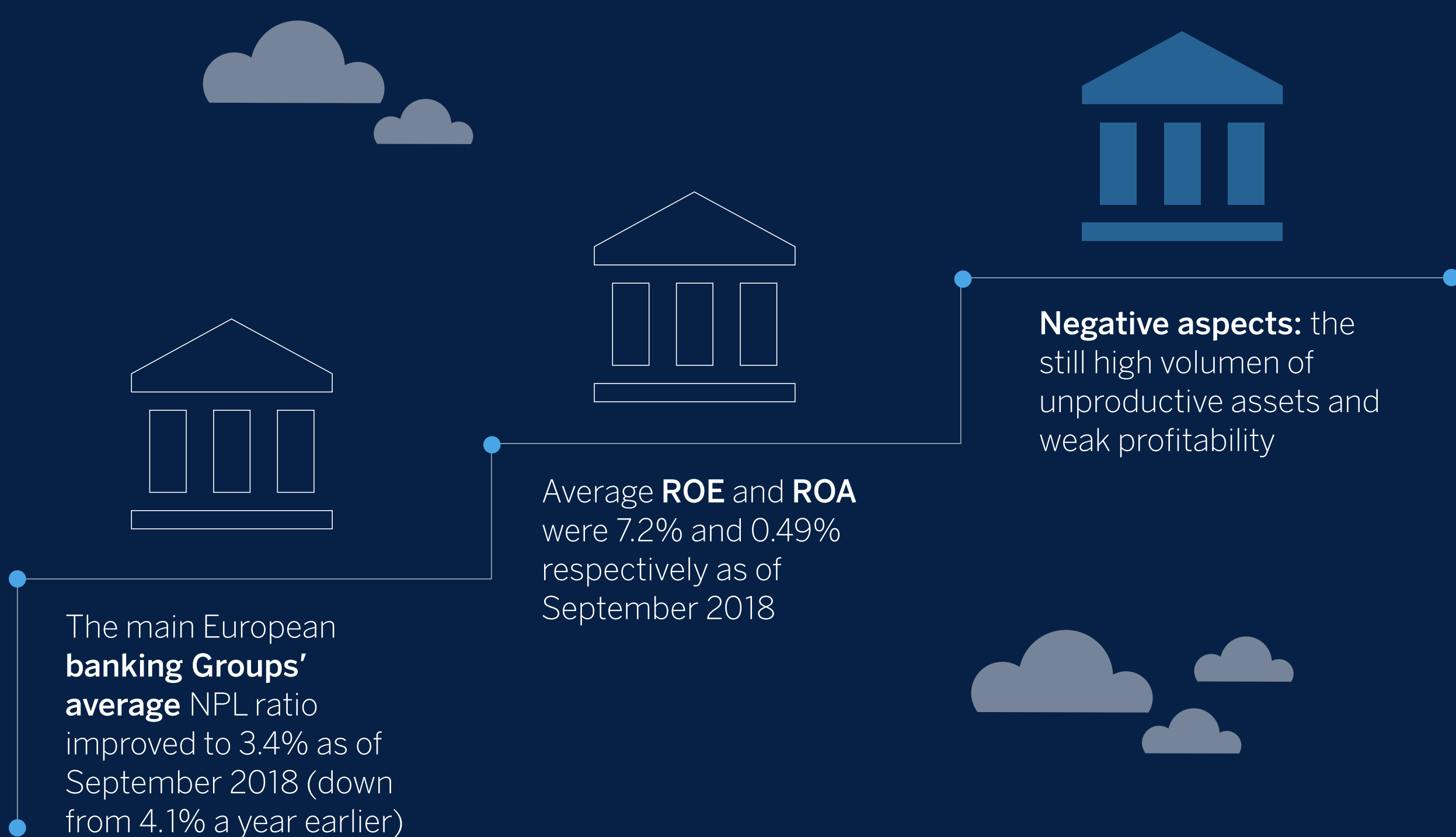
EU banks' sovereign exposure. Recent trends

■ The total sovereign-to-Tier 1 ratio experienced an increase of 5pp in the period 2017Q2-2018Q2 for the total sample (107 banks from 15 countries)

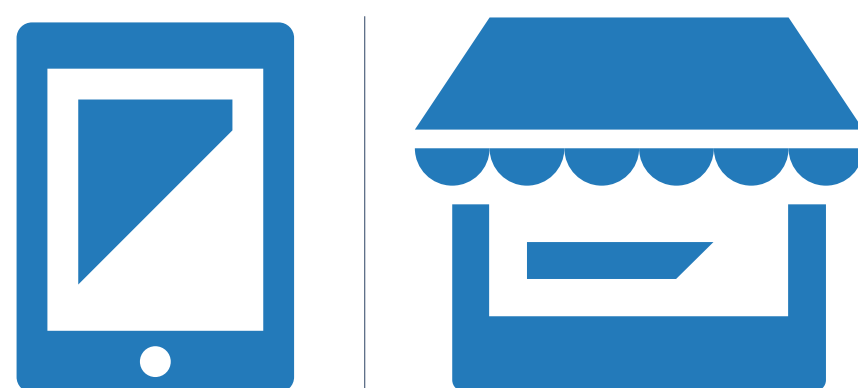
■ The home sovereign-to-Tier 1 ratio as of June 2018 was 114% for the whole sample (55% in non-Euro area countries, 136% in Peripheral countries and 135% in Core countries)



EBA Risk Dashboard: the European banking industry improves its position in 2018



The (difficult) co-existence between e-commerce and traditional commerce: analysis with BBVA data



■ Revenue from **e-commerce reached** €35bn in 2018, 7.5 times more than in 2008

■ The weight of e-commerce has increased to 20% of consumer spending and 10% of Spanish firms' revenue as of 2018 year-end

■ The increase in the market share of online commerce is greater the higher the volume of the firm's revenue