

The logo consists of two overlapping, dark grey, curved shapes that resemble a stylized 'B' or a winged figure. The top shape is slightly offset to the left of the bottom shape.

*Banesto*

March 2013

# Banesto Group. Key financial indicators

## Data at 31 March 2013 and year-on-year comparison

(€ 000)

BALANCE SHEET	31/03/13	31/03/12	Change	OTHER OPERATING INDICATORS	31/03/13	31/03/12	Change
Total assets	92,330,693	108,876,462	-15.2%	Employees	8,266	8,550	-284
Equity	4,493,880	5,446,904	-17.5%	Branches	1,647	1,702	-55
Total loans	61,269,110	67,333,437	-9.0%	Bis Ratio	9.97%	9.84%	-
Total customer funds	59,522,576	63,623,941	-6.4%	Core Capital	9.45%	9.23%	-
NPL ratio (%)	6.57%	4.93%	-	Closing share price	3.24	3.59	-9.7%
NPL coverage ratio (%)	66.81%	51.15%	-				

INCOME STATEMENT	31/03/13	31/03/12	Change
Net interest income	316,691	347,792	-8.9%
Net fee and commission income	157,721	152,362	3.5%
Gross operating income	524,488	533,183	-1.6%
Operating expenses	242,965	244,687	-0.7%
Net operating income	281,523	288,496	-2.4%
Ordinary profit before tax	29,468	16,139	82.6%
Net attributable profit	20,298	20,234	0.3%
Cost-to-income ratio (%)	46.47%	44.09%	-

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## Notes to the financial statements

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The financial statements presented in this report have been prepared in conformity with the International Financial Reporting Standards adopted by the European Union (IFRS-EU), as enacted and adapted for the banking sector in Spain by Bank of Spain Circular 4/2004, subsequently amended by Bank of Spain Circulars 6/2008 and 3/2010.

The basis of presentation of the accompanying financial statements, the consolidation principles followed and the accounting policies and measurement criteria used are detailed in notes 1 and 2 to the consolidated financial statements of the Banco Español de Crédito Group for 2012.

There have been no changes in any of the rules or principles outlined in the notes to the aforementioned annual financial statements.

Under IFRS-EU, the consolidation scope includes all companies within the Group over which the parent has management control, regardless of the core businesses.

Notwithstanding the foregoing, in order to provide a reporting structure that allows users of these financial statements to perform a financial analysis of the Group's core business performance, the earnings generated by the Group's non-financial investees forming part of the consolidation scope (those in which the Group has an equity interest of over 50%) are aggregated under 'Net profit/(loss) from non-financial investees' to the extent of the Group's ownership interest.

The earnings contributed by non-financial entities in which the Group holds an equity interest of less than 50% are presented under 'Share of profit/(loss) of entities accounted for using the equity method'. A logical consequence of this reporting structure is that the dividends paid out by these companies are eliminated from the consolidated financial statements. By the same token, the headcount figures refer to the employees of the companies falling with the Banesto Group's consolidation scope for financial reporting purposes.

# 1. Introduction

- Banesto generated €20 million in profit in 1Q13, year-on-year growth of 0.3%
- Customer funds have grown by close to €300 million since year-end
- The NPL ratio remains below the sector average at 6.57%, while the NPL coverage ratio stands at 66.8%
- The core capital ratio stands at 9.45%, marking a quarterly improvement of 23bp

During the first quarter of 2013, shaped by a still-challenging business environment, Banesto focused strategically on its core customer business, while continuing to actively manage liquidity, profitability and risk. As a result, Banesto managed to generate high-quality earnings that topped the Bank's targets for the period.

Net interest income stabilized at €316.7 million, just 0.3% below the fourth-quarter 2012 figure.

Service-related income performed well, despite the downtrend in overall business volumes, thanks to Banesto's ability to leverage its customer bundling strategy and its prioritisation of higher-potential business areas, unlocking growth in value-added niches. Fees and commissions from services rose by 3.9% year-on-year to €142.4 million, while fee and commission income from mutual and pension funds inched 0.4% higher to €15.4 million.

Net trading income (net gains on financial assets and liabilities), which included gains on financial asset sales in 1Q13 in addition to the core and recurring component (customer trades), amounted to €63.6 million, year-on-year growth of 61%.

Gross operating income in the first quarter of 2013 totalled 524.5 million, down 1.6% on 1Q12. Note that the profits from Banesto's investment in Santander Seguros, sold in March 2012, were still consolidated in 1Q12; stripping out the impact of this sale, like-for-like gross operating income shows growth of 0.4%.

Stringent cost management and efficiency control remains one of the bank's management priorities: as a result, operating expenses narrowed by 0.7% in 1Q13 to €243.0 million. The Group's cost-income ratio was 46.5% in the first quarter of 2013, in line with the previous quarter. Banesto outperforms the Spanish banks on this measure, according to the most recent information available.

Net operating income in the first quarter totalled €281.5 million, down 2.4% on 1Q12, but up 9.0% on 4Q12.

Loan-loss provisions amounted to €187.2 million, broadly flat year-on-year. Lastly, other items amounted to a net loss of €59.2 million in 1Q13, down from €84.9 million in 2012, almost entirely due to real estate asset sales and write-downs.

As a result, profit before tax was €29.5 million, compared to €16.1 million in 1Q12. The tax charge left profit attributable to owners of the parent at €20.3 million, up 0.3% year-on-year.

## 2. Consolidated earnings performance

### Banesto Group – Consolidated earnings performance

Data at 31 March 2013 and year-on-year comparison  
(€ 000)

	31/03/13	31/03/12	Change	
			Absolute	%
Interest income	614,316	747,205	-132,889	-17.8
Interest expense	297,625	399,413	-101,788	-25.5
NET INTEREST INCOME	316,691	347,792	-31,101	-8.9
Income from capital instruments	6,427	4,442	1,985	44.7
Income from financial affiliates	-1,741	-317	-1,424	449.2
Net fee and commission income	157,721	152,362	5,359	3.5
Mutual and pension funds	15,364	15,300	64	0.4
Service fees	142,357	137,062	5,295	3.9
Gains on financial instruments	63,555	39,469	24,086	61.0
Other operating income/expense	-18,434	-19,709	1,275	-6.5
Income from non financial affiliates	269	9,144	-8,875	-97.1
GROSS OPERATING INCOME	524,488	533,183	-8,695	-1.6
Operating expenses	242,965	244,687	-1,722	-0.7
NET OPERATING INCOME	281,523	288,496	-6,973	-2.4
Loan-loss provisions	187,189	186,864	325	0.2
Impairment losses on other assets	5,682	629	5,053	803.3
Other gains/losses	-59,184	-84,864	25,680	n.s.
PROFIT BEFORE TAX	29,468	16,139	13,329	82.6
Income tax	9,179	-4,092	13,271	n.s.
ATTRIBUTABLE PROFIT	20,289	20,231	58	0.3
Minority interest	-9	-3	-6	n.s.
NET ATTRIBUTABLE PROFIT	20,298	20,234	64	0.3

## Average yield on assets (\*)

(€ 000)

	1Q 2013			1Q 2012			Year-on-year change		
	Average balance	Average yield %	Interest income	Average balance	Average yield %	Interest income	By volume	By yield	Total
<b>Assets</b>									
Cash and due from banks	9,942,141	1.23	30,640	9,675,340	2.02	48,857	1,347	-19,564	-18,217
Loans to customers in euros	56,567,500	3.46	489,550	60,861,530	3.94	599,030	-43,063	-66,417	-109,480
Public sector	3,584,296	3.23	28,973	2,699,761	3.47	23,451	7,683	-2,161	5,522
Private sector	52,012,137	3.49	453,365	56,894,120	3.98	566,418	-48,603	-64,450	-113,053
Non-resident sector	971,066	2.97	7,212	1,267,649	2.89	9,161	-2,143	194	-1,949
Loans to customers in foreign currency	1,455,986	2.59	9,418	1,795,492	2.20	9,877	-1,868	1,409	-459
Securities portfolio and financial assets	15,707,612	2.14	83,963	16,173,056	2.17	87,925	-2,530	-1,432	-3,962
Average earning assets	83,673,238	2.93	613,571	88,505,417	3.37	745,689	-46,114	-86,004	-132,118
Investment in affiliates	352,713	0.00	0	197,493	0.00	0	0	0	0
Property and equipment	985,509	0.00	0	1,088,754	0.00	0	0	0	0
Other assets	3,586,690	0.80	7,171	5,148,356	0.46	5,958	-1,807	3,020	1,213
Average total assets	88,598,150	2.80	620,742	94,940,020	3.17	751,647	-47,921	-82,984	-130,905

(\*) Includes income from equity products

## Average cost of liabilities

(€ 000)

	1Q 2013			1Q 2012			Year-on-year change		
	Average balance	Average cost %	Interest expense	Average balance	Average cost %	Interest expense	By volume	By rate	Total
<b>Liabilities</b>									
Due to banks and other financial liabilities	11,879,260	0.97	28,946	7,725,293	1.24	24,006	12,877	-7,937	4,940
Deposits from customers in euros	48,525,873	1.53	185,084	50,654,912	1.63	206,008	-8,531	-12,393	-20,924
Public sector	4,404,272	2.98	32,854	4,089,829	2.30	23,564	1,812	7,478	9,290
Private sector	34,938,665	1.45	126,566	33,049,576	1.59	131,713	7,529	-12,676	-5,147
Non-resident sector	3,448,652	1.62	13,994	7,435,006	1.68	31,264	-16,763	-508	-17,271
Repos	5,734,284	0.81	11,670	6,080,501	1.28	19,466	-1,108	-6,687	-7,796
Deposits from customers in foreign currency	1,594,498	1.28	5,083	2,480,473	1.66	10,316	-3,685	-1,548	-5,233
Marketable debt securities	19,565,279	1.36	66,651	24,772,581	2.26	140,080	-29,445	-43,983	-73,429
Subordinated liabilities and capital having the substance of a financial liability	158,085	4.05	1,602	1,148,243	2.37	6,792	-5,857	667	-5,190
Total interest bearing liabilities	81,722,995	1.41	287,366	86,781,502	1.78	387,202	-34,641	-65,195	-99,836
Other liabilities	2,427,542	1.69	10,259	2,700,199	1.81	12,211	-1,233	-719	-1,952
Equity	4,447,614	0.00	0	5,458,319	0.00	0	0	0	0
Average total liabilities	88,598,150	1.34	297,625	94,940,020	1.68	399,413	-35,874	-65,914	-101,788



## Net fee and commission income

Data at 31 March 2013 and year-on-year comparison  
(€ 000)

	31/03/13	31/03/12	Change	
			Absolute	%
Fee and commission income	166,554	162,488	4,066	2.5%
Collection and payment services	67,221	69,912	-2,691	-3.8%
Risk related	28,821	28,033	788	2.8%
Securities services	4,886	7,174	-2,288	-31.9%
Insurance	19,458	15,131	4,327	28.6%
Other	46,168	42,238	3,930	9.3%
Mutual and pension fund management	15,364	15,300	64	0.4%
Fee and commission expense	-24,197	-25,426	1,229	-4.8%
Net commission and fee income	157,721	152,362	5,359	3.5%

## Gross operating income by business line

Data at 31 March 2013 and year-on-year comparison  
(€ 000)

	31/03/13	31/03/12	% Change
Commercial banking	409,506	429,073	-4.6%
Corporate banking	54,513	49,332	10.5%
Markets	51,237	48,782	5.0%
Corporate activities	9,232	5,996	54.0%
Total	524,488	533,183	-1.6%

## 3. Balance sheet analysis

Total customer funds under management rose by 0.5% from the year-end balance to €59.52 billion.

Lending activity continues to be shaped by weak demand for credit and the current environment of heightened credit risk. The loan book at the 1Q13 close stood at €61.27 billion, 9.0% less than the year-earlier balance, in line with the broader sector trend. This trend was influenced substantially by the paring back of the bank's exposure to real estate risk, which was cut by 30% year-on-year.

The economic deterioration continues to drive defaults higher. At the end of March 2013, the non-performing debt balance stood at €4.72 billion, implying an NPL ratio of 6.57% and a NPL coverage ratio of 66.8%.

Balance sheet management, coupled with reduced exposure to credit risk, particularly real estate risk, drove an improvement in Banesto's solvency in the first quarter: as of the 1Q13 close, the core capital ratio stood at 9.45%, up 23bp from the year-end figure.

### Consolidated balance sheet

Data at 31 March 2013 year-on-year comparison  
(€ 000)

Assets	31/03/13	31/03/12	Change	
			Absolute	%
Cash and balances with central banks	531,200	6,262,930	-5,731,730	-91.5
Financial assets held for trading, derivatives and other financial assets	14,575,750	20,180,582	-5,604,832	-27.8
Loans to customers	61,269,110	67,333,437	-6,064,327	-9.0
Other loans	11,072,897	8,980,308	2,092,589	23.3
Investments	352,231	88,325	263,906	298.8
Property and equipment	989,694	1,091,625	-101,931	-9.3
Intangible assets	50,543	69,005	-18,462	-26.8
Other assets	3,489,268	4,870,250	-1,380,982	-28.4
<b>Total assets</b>	<b>92,330,693</b>	<b>108,876,462</b>	<b>-16,545,769</b>	<b>-15.2</b>

Liabilities	31/03/13	31/03/12	Change	
			Absolute	%
Financial liabilities held for trading and financial liabilities	6,133,832	6,685,046	-551,214	-8.2
Deposits from customers	49,651,411	54,403,697	-4,752,286	-8.7
Marketable debt securities	17,966,404	24,813,947	-6,847,543	-27.6
Subordinated liabilities	156,516	734,986	-578,470	-78.7
Other financial liabilities at amortised cost	11,554,954	13,971,875	-2,416,921	-17.3
Other liabilities	438,839	717,109	-278,270	-38.8
Provisions	1,973,579	2,094,897	-121,318	-5.8
Minority interest	968	1,041	-73	-7.0
Net equity adjustments due to valuation changes	-39,690	6,960	-46,650	n.s.
Capital and reserves	4,473,582	5,426,670	-953,088	-17.6
Profit for the year	20,298	20,234	64	0.3
<b>Total liabilities</b>	<b>92,330,693</b>	<b>108,876,462</b>	<b>-16,545,769</b>	<b>-15.2</b>

Loans to customers  
(€ 000)

	31/03/13	31/03/12	% Change
Public sector	3,636,596	2,871,814	26.6
Private sector	54,078,388	60,147,937	-10.1
Commercial loan book	3,633,716	3,419,883	6.3
Secured loans	31,093,710	33,698,729	-7.7
Other loans and credit facilities	19,350,962	23,029,325	-16.0
Non-resident sector	2,045,553	2,527,307	-19.1
Total loans	59,760,537	65,547,058	-8.8
Doubtful loans	4,519,676	3,695,446	22.3
Less: loan-loss provisions	-3,103,823	-1,931,437	60.7
Valuation adjustments	92,720	22,370	314.5
Total net loans	61,269,110	67,333,437	-9.0

Customer funds  
(€ 000)

	31/03/13	31/03/12	% Change
Public sector	5,163,192	7,664,906	-32.6
Private sector	44,112,796	44,873,080	-1.7
Current and savings accounts	16,416,823	16,717,687	-1.8
Term deposits	20,935,604	17,675,295	18.4
Repurchase agreements and other accounts	6,760,369	10,480,098	-35.5
Non-resident sector	2,016,133	2,888,038	-30.2
On-balance sheet customer funds	51,292,121	55,426,024	-7.5
Funds under management	8,230,455	8,197,917	0.4
Investment funds	4,240,899	4,357,202	-2.7
Insurance accounts	2,731,586	2,600,971	5.0
Pension funds	1,257,970	1,239,744	1.5
Total customer funds	59,522,576	63,623,941	-6.4

## Statement of changes in equity

Data at 31 March 2013 and year-on-year comparison  
(€ 000)

	Capital	Reserves	Valuation adjustments	Profit for the period	Less: own shares	Total equity
31 December 2012 balance	543,036	4,907,682	-17,890	1,412	-27,954	5,406,286
Appropriation of profit		1,412		-1,412		0
Income and expense recognised directly in equity			24,850			24,850
Profit for the period				20,234		20,234
Gains/losses on trading in own shares		-2,009			4,503	2,494
31 March 2012 balance	543,036	4,907,085	6,960	20,234	-23,451	5,453,864
31 December 2012 balance	543,036	4,905,319	14,637	-955,012	-22,285	4,485,695
Appropriation of profit		-955,012		955,012		0
Income and expense recognised directly in equity			-54,327			-54,327
Profit for the period				20,298		20,298
Gains/(losses) on trading in own shares		-1,301			3,825	2,524
31 March 2013 balance	543,036	3,949,006	-39,690	20,298	-18,460	4,454,190

## Capital

(€ 000)

	March 2013	March 2012
Core Capital	4,380,400	5,430,369
Tier I	4,423,517	5,581,829
Tier II	199,848	204,617
Total equity	4,623,365	5,786,446
BIS ratio (%)	9.97%	9.84%
Tier 1 (%)	9.54%	9.49%
Core Capital (%)	9.45%	9.23%

## Trend in doubtful loans

Data at 31 March 2013 and year-on-year comparison  
(€ 000)

	31/03/13	31/03/12
Opening balance	4,444,859	3,943,581
Additions	592,845	367,877
Recoveries	-202,367	-398,873
Write-offs	-114,316	-95,328
Closing balance	4,721,021	3,817,257
NPL ratio	6.57%	4.93%

## Trend in loan-loss provisions

(€ 000)

	31/03/13	31/03/12
Opening balance	3,204,799	2,078,887
Increase in impairment provisions	270,669	251,527
Reversal of impairment	-69,640	-87,973
Write-offs and other	-251,496	-289,736
Closing balance	3,154,332	1,952,705
NPL coverage ratio	66.81%	51.15%

## Breakdown of loan-loss provisions

(€ 000)

Breakdown	31/03/13	NPL coverage ratio. %
Specific	3,092,004	65.49%
Generic	62,328	1.32%
Total	3,154,332	66.81%

## 4. Appendices: Quarterly Breakdown

### Quarterly Income statement

(€ 000)

	2012				2013
	1Q	2Q	3Q	4Q	1Q
Interest income	747,205	719,351	678,941	659,008	614,316
Interest expense	399,413	366,606	345,736	341,513	297,625
NET INTEREST INCOME	347,792	352,745	333,205	317,495	316,691
Income from capital instruments	4,442	12,852	12,849	7,244	6,427
Income from financial affiliates	-317	75	-183	211	-1,741
Net fee and commission income	152,362	151,224	145,438	146,151	157,721
Mutual and pension funds	15,300	14,729	14,469	14,543	15,364
Service fees	137,062	136,495	130,969	131,608	142,357
Gains on financial instruments	39,469	39,103	30,725	36,519	63,555
Other operating income/expense	-19,709	-16,706	-13,278	-17,528	-18,434
Income from non financial affiliates	9,144	-2,558	-1,894	-2,000	269
GROSS OPERATING INCOME	533,183	536,735	506,862	488,092	524,488
Operating expenses	244,687	243,401	239,279	229,916	242,965
NET OPERATING INCOME	288,496	293,334	267,583	258,176	281,523
Loan-loss provisions	186,864	305,288	200,393	201,878	187,189
Impairment losses on other assets	629	-1,997	256	28,772	5,682
Other gains/losses	-84,864	26,550	-65,476	-1,464,805	-59,184
PROFIT BEFORE TAX	16,139	16,593	1,458	-1,437,279	29,468
Income tax	-4,092	2,251	-14,076	-432,093	9,179
ATTRIBUTABLE PROFIT	20,231	14,342	15,534	-1,005,186	20,289
Minority interest	-3	-17	-22	-25	-9
NET ATRIBUTABLE PROFIT	20,234	14,359	15,556	-1,005,161	20,298

(€ 000)					
Loans to customers	31-March-2012	30-June-2012	30-September-2012	31-December-2012	31-March-2013
Public sector	2,871,814	3,805,764	3,734,117	3,565,319	3,636,596
Private sector	60,147,937	57,817,171	57,152,021	55,928,342	54,078,388
Discounted bills	3,419,883	3,407,245	3,566,608	3,881,057	3,633,716
Secured Loans	33,698,729	32,685,949	31,946,055	31,610,774	31,093,710
Other loans and credit facilities	23,029,325	21,723,977	21,639,358	20,436,511	19,350,962
Non-resident sector	2,527,307	2,683,621	2,398,691	2,178,006	2,045,553
TOTAL LENDING	65,547,058	64,306,556	63,284,829	61,671,667	59,760,537
Doubtful loans	3,695,446	3,708,068	3,979,418	4,282,732	4,519,676
Less: loan-loss provisions	-1,931,437	-1,576,411	-1,736,842	-3,160,007	-3,103,823
Valuation adjustments	22,370	21,049	104,101	70,385	92,720
Total Net Lending	67,333,437	66,459,262	65,631,506	62,864,777	61,269,110

(€ 000)					
Customer funds	31-March-2012	30-June-2012	30-September-2012	31-December-2012	31-March-2013
Public sector	7,664,906	4,316,459	4,362,361	3,893,366	5,163,192
Private sector	44,873,080	44,617,945	45,540,253	45,080,175	44,112,796
Current and savings accounts	16,717,687	16,790,096	15,986,199	16,229,744	16,416,823
Term deposits	17,675,295	17,805,818	18,586,182	20,709,745	20,935,604
Repurchase agreements and other accounts	10,480,098	10,022,031	10,967,872	8,140,686	6,760,369
Non-resident sector	2,888,038	2,616,308	2,180,453	2,255,299	2,016,133
On-balance sheet customer funds	55,426,024	51,550,712	52,083,067	51,228,840	51,292,121
Funds under management	8,197,917	7,969,042	8,036,603	8,011,013	8,230,455
Investment funds	4,357,202	4,162,122	4,221,990	4,128,759	4,240,899
Insurance accounts	2,600,971	2,615,093	2,591,267	2,624,432	2,731,586
Pension funds	1,239,744	1,191,827	1,223,346	1,257,822	1,257,970
Total Customer Funds	63,623,941	59,519,754	60,119,670	59,239,853	59,522,576

## Average yield on assets (\*)

(€ 000)

ASSETS	1Q2012		2Q2012		3Q2012		4Q2012		1Q2013	
	Average balance	Average Yield %	Average balance	Average Yield %	Average balance	Average Yield %	Average balance	Average Yield %	Average balance	Average Yield %
Cash and due from banks	9,675,340	2.02	9,988,312	1.35	11,646,630	1.04	10,983,836	1.25	9,942,141	1.23
Loans to customers in euros	60,861,530	3.94	60,087,851	3.92	59,783,156	3.72	58,577,710	3.65	56,567,500	3.46
Public sector	2,699,761	3.47	2,899,096	3.16	3,778,701	2.96	3,652,165	3.29	3,584,296	3.23
Private sector	56,894,120	3.98	55,957,670	3.97	54,747,607	3.79	53,780,391	3.69	52,012,137	3.49
Non-resident sector	1,267,649	2.89	1,231,085	3.23	1,256,849	2.99	1,145,154	2.90	971,066	2.97
Loans to customers in foreign currency	1,795,492	2.20	1,832,355	2.33	1,697,496	2.47	1,577,689	2.71	1,455,986	2.59
Securities portfolio and financial assets	16,173,056	2.17	16,352,399	2.25	14,489,366	2.44	15,002,379	2.12	15,707,612	2.14
Average earning assets	88,505,417	3.37	88,260,917	3.28	87,616,649	3.13	86,141,614	3.06	83,673,238	2.93
Investments in affiliates	197,493	0.00	386,542	0.00	380,456	0.00	367,330	0.00	352,713	0.00
Property and equipment	1,088,754	0.00	1,074,413	0.00	1,058,769	0.00	997,562	0.00	985,509	0.00
Other assets	5,148,356	0.46	5,005,868	0.48	4,953,926	0.56	3,776,661	0.83	3,586,690	0.80
Average total assets	94,940,020	3.17	94,727,739	3.09	94,009,799	2.94	91,283,167	2.92	88,598,150	2.80

(\*) Includes income from equity products

## Average cost of liabilities

(€ in 000's)

LIABILITIES	1Q2012		2Q2012		3Q2012		4Q2012		1Q2013	
	Average balance	Average Yield %	Average balance	Average Yield %	Average balance	Average Yield %	Average balance	Average Yield %	Average balance	Average Yield %
Due to banks and other financial liabilities	7,725,293	1.24	7,605,054	1.23	10,615,009	1.21	13,191,745	1.10	11,879,260	0.97
Deposits from customers in euros	50,654,912	1.63	52,636,851	1.55	50,964,368	1.48	48,305,653	1.61	48,525,873	1.53
Public sector	4,089,829	2.30	4,203,520	2.38	4,753,163	2.52	4,286,069	2.59	4,404,272	2.98
Private sector	33,049,576	1.59	33,730,843	1.54	32,918,145	1.49	33,386,007	1.58	34,938,665	1.45
Non-resident sector	7,435,006	1.68	6,532,611	1.82	5,374,585	1.79	4,548,358	1.85	3,448,652	1.62
Repos	6,080,501	1.28	8,169,876	0.94	7,918,476	0.62	6,085,219	0.88	5,734,284	0.81
Deposits from customers in foreign currency	2,480,473	1.66	2,451,332	1.27	1,890,518	1.16	1,688,356	1.34	1,594,498	1.28
Marketable debt securities	24,772,581	2.26	23,588,168	1.96	22,461,266	1.87	20,907,539	1.78	19,565,279	1.36
Subordinated liabilities and capital having the substance of a financial liability	1,148,243	2.37	235,954	4.61	195,934	4.05	175,354	4.09	158,085	4.05
Total interest-bearing liabilities	86,781,502	1.78	86,517,358	1.63	86,127,095	1.55	84,268,647	1.57	81,722,995	1.41
Other liabilities	2,700,199	1.81	2,880,676	1.88	2,591,920	1.96	2,229,898	1.87	2,427,542	1.69
Equity	5,458,319	0.00	5,329,705	0.00	5,290,785	0.00	4,784,622	0.00	4,447,614	0.00
Average total liabilities	94,940,020	1.68	94,727,739	1.55	94,009,799	1.47	91,283,167	1.50	88,598,150	1.34



**Gross operating income by business line**

(€ 000)

	2012				2013
	1Q	2Q	3Q	4Q	1Q
Commercial banking	429,073	441,027	419,031	400,043	409,506
Corporate banking	49,332	49,855	54,311	54,472	54,513
Markets	48,782	50,187	42,930	46,248	51,237
Corporate activities	5,996	-4,334	-9,410	-12,671	9,232
Total	533,183	536,735	506,862	488,092	524,488

**FORWARD-LOOKING STATEMENTS**

This presentation contains forward-looking statements with respect to the business, financial condition, results of operations, strategy, plans and objectives of the Banesto Group. Some, but not all, of these statements may be identified by the use of words such as “anticipates”, “targets”, “objectives”, “should”, “expects”, “estimates”, “believes” or similar expressions. These statements are intended as “Forward-Looking Statements” under the U.S. Private Securities Litigation Reform Act of 1995. By their nature, forward-looking statements involve risk and uncertainty because they reflect the Banesto Group’s

current expectations and assumptions as to future events and circumstances that may not prove accurate. A number of factors, including political, economic and regulatory developments in Spain and the European Union, shortages of customer deposits, changes in interest or exchange rates, the impact of competition and developments relating to our controlling shareholder, could cause the Banesto Group’s actual results and developments to differ materially from those expressed or implied in any forward-looking statements contained herein.