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Interim Consolidated Report BBVA Group 2022

Auditors' Report, Condensed Interim Consolidated Financial Statements and Interim Consolidated Management Report as of and for the six-months ended June 30, 2022

Audit Report on Condensed Interim Consolidated Financial Statements issued by an Independent Auditor

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
AND SUBSIDIARIES
Condensed Interim Consolidated Financial Statements and Consolidated Interim Management Report
for the six-month period from 1 January to 30 June 2022

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

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AUDIT REPORT ON CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the shareholders of Banco Bilbao Vizcaya Argentaria, S.A.:

Audit report on the Condensed Interim Consolidated Financial Statements

Opinion

We have audited the condensed interim consolidated financial statements of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, the "Bank") and its subsidiaries which, together with the Bank, form the Banco Bilbao Vizcaya Argentaria Group (hereinafter, the "Group"), which comprise the balance sheet at 30 June 2022, the income statement, the statement of recognised income and expenses, the statement of total changes in equity, the cash flow statement and the notes thereto, all condensed and consolidated, for the six-month period then ended.

In our opinion, the accompanying condensed interim consolidated financial statements of the Group for the six-month period ended 30 June 2022 have been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the condensed interim consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the condensed interim consolidated financial statements of the current period. These matters were addressed in the context of our audit of the condensed interim consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Estimate of impairment losses due to credit risk on the portfolio of loans and advances to customers at amortized cost

Description

The Group's portfolio of loans and advances to customers at amortized cost presented a balance of Euros 350,110 million at June 30, 2022, net of valuation adjustments. Valuation adjustments included Euros 11,724 million of provisions for impairment losses due to credit risk, as disclosed in notes 6.2 and 13 to the accompanying condensed interim consolidated financial statements. Estimating provisions for impairment on the portfolio of loans and advances to customers at amortized cost is important and complex. It considers a number of variables, such as classification of the financial assets, the use of measurement methods and models, and the estimate of assumptions used in the calculation. Allowances and provisions are calculated on both an individual and collective basis. This calculation requires high degree of judgment by management according to the principles and policies applied by the Group, as described in note 6.2 to the accompanying condensed interim consolidated financial statements and disclosed in greater detail in note 7 to the consolidated financial statements for the year ended December 31, 2021.

For the purpose of estimating impairment, financial assets measured at amortized cost are classified into three categories or stages according to whether a significant increase in credit risk since their initial recognition has been identified (stage 2), whether the financial assets are credit-impaired (stage 3), or whether neither of these circumstances has arisen (stage 1). Establishing this classification is a relevant process for the Group as the calculation of allowances and provisions for credit risk varies depending on the stage in which the financial asset has been included.

Individual estimates of impairment losses consider the borrower's payment capacity based on estimates of its future business performance and the market value of the collateral provided for credit transactions.

Meanwhile, collective estimates of impairment losses are performed by means of internal models that use large databases, different macroeconomic scenarios, and present, past and future information. Estimating expected loss is a highly automated and complex process that relies on segmentation criteria for exposures and the use of judgment in determining exposure at default (EAD) and the parameters of expected loss: probability of default (PD) and loss given default (LGD). The Group periodically recalibrates and performs contrast tests on its internal models and analyzes sensitivity to macroeconomic scenarios with a view to improving their predictive power on the basis of actual past experience.

Moreover, as described in note 6.2.4 to the accompanying condensed interim consolidated financial statements, the uncertainties surrounding the effects of the COVID-19 pandemic on the economy and business activities of the countries where the Group operates continued in the first half of 2022, not to mention the fallout from the Ukraine conflict. These aspects heighten the uncertainty surrounding the variables considered by the Group to quantify expected loss, such as its customers' future business performance, the realizable value of collateral provided for operations granted, the macroeconomic variables considered, etc. Therefore, as described in note 6.2.4, the Group recognized, among other things, the adverse effects of the macroeconomic situation by supplementing expected credit losses calculated using internal models by making certain temporary adjustments considered necessary to factor in the specific characteristics of certain borrowers, sectors or portfolios that may not be identified in the general process for estimating collective provisions.

Given the importance for the Group of the portfolio of loans and advances to customers at amortized cost and, thus, the related allowances and provisions, the complexity and high degree of judgment used in classifying exposures and calculating those allowances and provisions, we determined the estimate of impairment losses due to credit risk on this portfolio to be a key audit matter.

Our response

Our audit approach in relation to this matter included understanding the processes put in place by management to estimate impairment of loans and advances to customers at amortized cost due to credit risk, evaluating the design and implementation of the relevant controls established in those processes and verifying their operating effectiveness, and performing tests of detail on that estimate, to which end we involved our credit risk specialists. We focused on evaluating the methodology applied by the Group to calculate expected losses, the data and assumptions used in determining the expected loss parameters, the macroeconomic variables used, and the qualitative and quantitative criteria used to adjust the collective allowances and provisions arising from the internal models and the mathematical accuracy of the calculations.

Our procedures related to the assessment of the design and implementation of the relevant controls and verification of their operating effectiveness focused primarily on the following key areas:

- Credit risk management framework, including the design and approval of accounting policies, and of the methodologies and models for estimating expected loss.
- Classification of transactions into stages based on credit risk, whether or not there has been an increase in credit risk since their initial recognition or whether they are credit-impaired based on criteria defined by the Group.
- The methods and assumptions used to estimate EAD, PD and LGD and to determine the macroeconomic variables and the integrity, accuracy and updating of the databases used to calculate expected loss.
- The control framework on internal models for the collective estimate of impairment losses and the variables used to estimate impairment losses calculated individually.

- The governance framework on additional adjustments to expected losses identified in the general process and, where applicable, adaptation of the estimate accordingly, considering uncertainties in markets deriving from macroeconomic scenarios and other geopolitical issues.
- Procedures followed by the Internal Validation Unit in relation to the recalibration and contrast testing of the models for estimating collective impairment losses.

Our tests of detail on the estimated impairment losses included the following:

- We assessed the suitability of accounting policies applied by the Group in accordance with the applicable financial reporting framework.
- We performed a test of detail on the integrity, accuracy and updating of the databases used by the Group in determining the stage of exposures and the estimate of expected loss parameters (e.g., days past due, existence of refinancing operations or value of collateral and guarantees and, with the involvement of our economic research specialists, the estimate of macroeconomic variables). We also performed tests of detail on a sample of transactions to assess the correctness of their classification and segmentation for purposes of estimating impairment.
- We assessed the suitability of the discounted cash flow models used by the Group for estimating impairment losses on an individual basis. We also reviewed a sample of transactions to assess the correctness of their classification and the assumptions used by management to identify and quantify impairment losses, including the borrower's financial position, forecasts of future cash flows and, where applicable, the value of collateral and guarantees, as well as the discount rates applied. We evaluated, during our analysis, how management factored the uncertainties arising from COVID-19 and the aid initiatives promoted by the governments of the various countries in which the Group operates into these borrowers' cash flow projections.
- We evaluated, with the assistance of our credit risk specialists, the approach and methodology used by the Group for collectively estimating impairment losses by analyzing a sample of internal models. We also assessed the operation of the expected loss calculation engine by recalculating impairment losses on a collective basis for a sample of portfolios.
- We assessed the suitability of making additional adjustments to the expected losses identified in the general process and evaluated the correctness of the data and assumptions used by the Group in its calculation.

In addition, we assessed whether the detailed disclosures in the notes to the condensed interim consolidated financial statements were prepared in conformity with the criteria provided in the financial reporting framework applicable to the Group.

Fair value measurement of financial instruments

Description	At June 30, 2022, the Group had financial assets and financial liabilities recognized at fair value that had been measured using valuation techniques as no quoted price in an active market was available. Therefore, they were classified, for measurement purposes, in levels 2 or 3, as disclosed in note 7 to the accompanying condensed interim consolidated financial statements.

In the absence of a quoted price in an active market, determining the fair value of financial instruments requires an estimate using valuation techniques that may take into consideration market data that are neither directly nor indirectly observable, or complex pricing models which involves a high degree of judgment by management. Therefore, we determined the estimate of fair value using this valuation method to be a key audit matter.

Our response

Our audit procedures focused on assessing the models and valuation methods used by the Group to estimate fair value of complex financial instruments. To do so, we obtained an understanding of the process followed by management to measure financial instruments at fair value, assessed the design and implementation of the relevant controls established by the Group in that process, and verified the operating effectiveness of those controls. We also performed tests of detail on the estimates made by the Group, with the involvement of our financial instrument valuation specialists.

Our procedures related to the assessment of the design and implementation of the relevant controls of the process and verification of their operating effectiveness focused primarily on the following key areas:

- Identification and approval of the risk management framework and controls relating to operations in the financial markets in which the Group operates.
- Evaluation of the design and application of the Group's accounting policies.
- Examination of the key controls associated with the process of measuring financial instruments.
- Analysis of the integrity, accuracy and updating of the data used and of the control and management process in place with regard to existing databases.

Our procedures as regards the tests of detail performed were as follows:

- We assessed the reasonableness of the most significant valuation models used by the Group, and of the significant assumptions applied, particularly inputs not directly observable in the market, such as interest rates, issuer credit risk, volatility and correlations between these factors.
- We selected a sample of complex financial instruments measured at fair value, for which we assessed the correctness of their classification for measurement purposes, the appropriateness of the valuation criteria applied and the reasonableness of their valuation by contrasting this with a valuation performed independently by our specialists.

In addition, we assessed whether the detailed disclosures in the notes to the condensed interim consolidated financial statements were prepared in conformity with the criteria provided in the financial reporting framework applicable to the Group.

Application of IAS 29 "Financial Reporting in Hyperinflationary Economies" to businesses in Turkey and recognition of the voluntary takeover bid for Türkiye Garanti Bankası A.Ş.

Description	At 30 June 2022, Turkey's economy was considered to have high inflation given the country's prevailing economic situation and the fact that cumulative inflation over three years was above 100% in the first half of the year. Accordingly, the financial statements of the Group's entities in Turkey were restated to reflect the effects of inflation in accordance with IAS 29 "*Financial Reporting in Hyperinflationary Economies*". This restatement was made retrospectively as of January 1, 2022. Note 2.1 to the accompanying condensed interim consolidated financial statements describe the criteria followed by the Group and the impacts on the consolidated financial statements at January 1 and June 30, 2022. Applying this accounting standard is complex and involves a high degree of judgment by management regarding issues such as selecting a consumer price index, adjusting the historical cost of non-monetary assets and liabilities to reflect changes in general purchasing power of the currency due to inflation or the calculation of the loss on the net monetary position. Because of this and the considerable impact it has on the condensed interim consolidated financial statements, we determined this to be a key audit matter. In addition, after applying the said accounting standard on the opening balances at June 1, 2022, as described in note 3 to the condensed interim consolidated financial statements, on May 18, 2022, the Bank announced the end of the acceptance period for the voluntary takeover bid, announced on November 15, 2021, for the shares it did not control in Türkiye Garanti Bankası A.Ş. ("Garanti BBVA") with the acquisition of a 36.12% stake in Garanti BBVA. The total amount paid by the Bank was approximately 22,758 million Turkish lira (approximately Euros 1,390 million), including transaction costs and net of dividends received in proportion to the interest acquired. This resulted in a gain in equity of approximately Euros 924 million recognized under "Other reserves" in the accompanying condensed consolidated balance sheet. We have considered this transaction to be a key audit matter given the significance and the amounts involved, the accounting implications derived from it and the fact that it is a transaction outside the normal course of business of the Group.
Our response	We obtained an understanding of the process established by management for developing an accounting policy to apply IAS 29 "Financial Reporting in Hyperinflationary Economies" and for calculating and recognizing the effects of applying the policy to the financial reports of the businesses in Turkey. We also evaluated the design and implementation of the relevant controls established by the Group in that process and verified the operating effectiveness of those controls. Moreover, we assessed the appropriateness of the accounting policy designed by the Group relative to IAS 29 and performed tests of detail to verify its application to the financial statements of the Group entities based in Turkey as at January 1, 2022 and June 30, 2022, and during the six months then ended. This entailed primarily: ▶ Evaluating the suitability of the consumer price index used. ▶ Recalculating the adjustment to the historical cost of non-monetary assets and liabilities to reflect changes in general purchasing power of the currency due to inflation and the calculation of the loss on the net monetary position. ▶ Checking the accounting treatment of the effects of those calculations.

In addition, we obtained an understanding of the process established by management for developing an accounting policy to recognize the voluntary takeover bid for Türkiye Garanti Bankası A.Ş. and for calculating and recognizing the related effects. We also evaluated the design and implementation of the relevant controls established in that process and verified the operating effectiveness of those controls. We also assessed the suitability of the accounting policy designed by the Group in accordance with the applicable financial reporting framework and performed tests of detail, which consisted mainly of (i) inspecting the supporting documentation of the acquisitions of shares of Garanti BBVA and comparing the prices considered by the Group with those effectively settled for a sample of days during which the window for acceptance of the takeover bid was open and (ii) recalculating the effects of the transactions on the Group's equity.

In addition, we assessed whether the detailed disclosures in the notes to the condensed interim consolidated financial statements were prepared in conformity with the criteria provided in the financial reporting framework applicable to the Group.

Risks associated with information technology

Description

The continuity of the Group's business operations is highly dependent upon its IT infrastructure. In this respect, the Group has a complex technological operating environment, with large data processing centers in Spain and Mexico providing support to the various countries in which the Group operates, as well as local data processing centers. This technological environment must reliably and efficiently satisfy business requirements and ensure that the Group's financial information is processed correctly.

In this environment, it is essential to assess issues such as the organization of the Technology area, which must ensure appropriate coordination and standardization in the management of technological risks that could impact on information systems, physical and logical security, and the operation, development and maintenance of the systems, databases and applications used in the financial reporting process. We have therefore determined the risks associated with information technology to be a key audit matter.

Our response

Within the context of our audit, we obtained an understanding, with the assistance of our specialists in information systems, of the information flows and the internal control environment of the Group regarding the key systems, databases and applications involved in the financial reporting process. Our audit procedures included, among others, the following:

- Testing access controls and logical security to key operating systems, databases and applications for generating financial information.
- Testing controls over the operation, maintenance and development of applications and systems.
- Testing automated processes used in generating financial information.

In environments where deficiencies were identified in relation to systems access or change management, we performed additional procedures to evaluate the potential impact on the reliability of the information systems.

Emphasis of matter paragraph

We draw attention to note 1.2 of the accompanying explanatory notes, where it is stated that the accompanying condensed interim consolidated financial statements do not include all the information required in a complete set of consolidated financial statements prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and therefore the accompanying condensed interim consolidated financial statements should be read in conjunction with the Group's consolidated annual accounts for the year ended December 31, 2021. Our opinion is not modified in respect of this matter.

Other matters

On February 11, 2022, other auditors issued their audit report on the 2021 consolidated annual accounts, in which they expressed an unqualified opinion. In addition, on July 30, 2021, other auditors issued their report on the condensed interim consolidated financial statements for the six-month period ended June 30, 2021, in which they expressed an unqualified opinion.

Other information: consolidated interim management report

Other information refers exclusively to the consolidated interim management report for the six-month period ended 30 June 2022, the preparation of which is the responsibility of the Bank's Directors and is not an integral part of the condensed interim consolidated financial statements.

Our audit opinion on the condensed interim consolidated financial statements does not cover the consolidated interim management report. In conformity with prevailing audit regulations in Spain, our responsibility in terms of the consolidated interim management report is to assess and report on the consistency of the consolidated interim management report with the condensed interim consolidated financial statements based on the knowledge of the Group obtained during the audit, and to assess and report on whether the content and presentation of the consolidated interim management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described in the above paragraph, the information contained in the consolidated interim management report is consistent with that provided in the condensed interim consolidated financial statements for the six-month period ended 30 June 2022 and its content and presentation are in conformity with applicable regulations.

Responsibilities of the Bank's Directors and the Audit Committee for the condensed interim consolidated financial statements

The directors of the Bank are responsible for the preparation of the accompanying condensed interim consolidated financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information, and for such internal control as they determine is necessary to enable the preparation of condensed interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed interim consolidated financial statements, the directors of the Bank are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Bank's Audit Committee is responsible for overseeing the preparation and presentation of the condensed interim consolidated financial statements.

Auditor's responsibilities for the audit of the condensed interim consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the condensed interim consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed interim consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed interim consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Bank's Directors.

- Conclude on the appropriateness of the Bank's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed interim consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the condensed interim consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the condensed interim consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Bank's Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Bank's Audit Committee with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Bank's Audit Committee, we determine those matters that were of most significance in the audit of the condensed interim consolidated financial statements for the six-month period ended 30 June 2022 and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Term of engagement

The ordinary general shareholders' meeting held on 18 March 2022 appointed us as auditors of the Group for 3 years, for the year commenced 1 January 2022.

Services provided

The services in addition to the statutory audit provided by Ernst & Young, S.L. to the Group during the six-month period ended 30 June 2022 comprised limited review work on the interim financial statements and work related to regulatory requirements imposed by supervisory bodies.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under Nº S0530)

(Signed on the original version in Spanish)

José Carlos Hernández Barrasús
(Registered in the Official Register of Auditors under Nº 17469)

July 29, 2022

Translation of the Interim Consolidated Financial Statements originally issued in Spanish and prepared in accordance with IAS 34, as adopted by the European Union. In the event of a discrepancy, the Spanish-language version prevails.

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INTERIM CONSOLIDATED MANAGEMENT REPORT

Condensed consolidated balance sheets as of June 30, 2022 and December 31, 2021

ASSETS (Millions of Euros)	Notes	June 2022	December 2021 (*)
CASH, CASH BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS	**8**	**81,508**	**67,799**
FINANCIAL ASSETS HELD FOR TRADING	**9**	**120,823**	**123,493**
Derivatives		42,813	30,933
Equity instruments		6,199	15,963
Debt securities		30,171	25,790
Loans and advances to central banks		1,878	3,467
Loans and advances to credit institutions		30,239	31,916
Loans and advances to customers		9,523	15,424
NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS	**10**	**6,775**	**6,086**
Equity instruments		6,411	5,303
Debt securities		124	128
Loans and advances to customers		240	655
FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**11**	**1,003**	**1,092**
Debt securities		1,003	1,092
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	**12**	**63,223**	**60,421**
Equity instruments		1,612	1,320
Debt securities		61,584	59,074
Loans and advances to credit institutions		27	27
FINANCIAL ASSETS AT AMORTIZED COST	**13**	**408,148**	**372,676**
Debt securities		38,276	34,781
Loans and advances to central banks		6,748	5,681
Loans and advances to credit institutions		13,014	13,276
Loans and advances to customers		350,110	318,939
DERIVATIVES - HEDGE ACCOUNTING	**14**	**1,858**	**1,805**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**14**	**(98)**	**5**
JOINT VENTURES AND ASSOCIATES	**15**	**894**	**900**
Joint ventures		99	152
Associates		796	749
INSURANCE AND REINSURANCE ASSETS	**22**	**279**	**269**
TANGIBLE ASSETS	**16**	**8,337**	**7,298**
Properties, plant and equipment		8,043	7,107
For own use		7,784	6,874
Other assets leased out under an operating lease		259	233
Investment properties		294	191
INTANGIBLE ASSETS	**17**	**2,139**	**2,197**
Goodwill		727	818
Other intangible assets		1,413	1,379
TAX ASSETS	**18**	**15,836**	**15,850**
Current tax assets		1,115	932
Deferred tax assets		14,721	14,917
OTHER ASSETS	**19**	**3,423**	**1,934**
Insurance contracts linked to pensions		—	—
Inventories		379	424
Other		3,044	1,510
NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE	**20**	**1,147**	**1,061**
TOTAL ASSETS	**5**	**715,294**	**662,885**

(*) Presented solely and exclusively for comparison purposes (see Note 1.3).

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2022.

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Condensed consolidated balance sheets as of June 30, 2022 and December 31, 2021

LIABILITIES AND EQUITY (Millions of Euros)	Notes	June 2022	December 2021 (*)
FINANCIAL LIABILITIES HELD FOR TRADING	**9**	**102,305**	**91,135**
Derivatives		41,117	31,705
Short positions		15,658	15,135
Deposits from central banks		9,227	11,248
Deposits from credit institutions		25,943	16,176
Customer deposits		10,361	16,870
FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**11**	**9,878**	**9,683**
Customer deposits		734	809
Debt certificates		2,882	3,396
Other financial liabilities		6,262	5,479
Memorandum item: Subordinated liabilities		*—*	*—*
FINANCIAL LIABILITIES AT AMORTIZED COST	**21**	**527,275**	**487,893**
Deposits from central banks		52,696	47,351
Deposits from credit institutions		26,431	19,834
Customer deposits		376,973	349,761
Debt certificates		54,757	55,763
Other financial liabilities		16,418	15,183
Memorandum item: Subordinated liabilities		*14,364*	*14,808*
DERIVATIVES - HEDGE ACCOUNTING	**14**	**3,181**	**2,626**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**14**	**—**	**—**
LIABILITIES UNDER INSURANCE AND REINSURANCE CONTRACTS	**22**	**11,622**	**10,865**
PROVISIONS	**23**	**5,134**	**5,889**
Pensions and other post-employment defined benefit obligations		2,849	3,576
Other long term employee benefits		502	632
Provisions for taxes and other legal contingencies		620	623
Commitments and guarantees given		743	691
Other provisions		420	366
TAX LIABILITIES	**18**	**2,105**	**2,413**
Current tax liabilities		893	644
Deferred tax liabilities		1,212	1,769
OTHER LIABILITIES	**19**	**5,001**	**3,621**
LIABILITIES INCLUDED IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE	**20**	**—**	**—**
TOTAL LIABILITIES		**666,501**	**614,125**

(*) Presented solely and exclusively for comparison purposes (see Note 1.3).

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2022.

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Condensed consolidated balance sheets as of June 30, 2022 and December 31, 2021

LIABILITIES AND EQUITY (Continued) (Millions of Euros)	Notes	June 2022	December 2021 (*)
SHAREHOLDERS' FUNDS		**61,894**	**60,383**
Capital	**25**	**3,129**	**3,267**
Paid up capital		3,129	3,267
Unpaid capital which has been called up		—	—
Share premium		**22,333**	**23,599**
Equity instruments issued other than capital		**—**	**—**
Other equity		**49**	**60**
Retained earnings	**26**	**32,559**	**31,841**
Revaluation reserves	**26**	**—**	**—**
Other reserves	**26**	**1,872**	**(1,857)**
Reserves or accumulated losses of investments in joint ventures and associates		(233)	(247)
Other		2,105	(1,610)
Less: treasury shares		**(1,049)**	**(647)**
Profit or loss attributable to owners of the parent		**3,001**	**4,653**
Less: Interim dividends		**—**	**(532)**
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	**27**	**(16,452)**	**(16,476)**
Items that will not be reclassified to profit or loss		**(1,446)**	**(2,075)**
Actuarial gains (losses) on defined benefit pension plans		(765)	(998)
Non-current assets and disposal groups classified as held for sale		—	—
Share of other recognized income and expense of investments in joint ventures and associates		—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income		(777)	(1,079)
Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income		—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk		97	2
Items that may be reclassified to profit or loss		**(15,006)**	**(14,401)**
Hedge of net investments in foreign operations (effective portion)		(1,028)	(146)
Foreign currency translation		(12,881)	(14,988)
Hedging derivatives. Cash flow hedges (effective portion)		(784)	(533)
Fair value changes of debt instruments measured at fair value through other comprehensive income		(301)	1,274
Hedging instruments (non-designated items)		—	—
Non-current assets and disposal groups classified as held for sale		—	—
Share of other recognized income and expense of investments in joint ventures and associates		(12)	(9)
MINORITY INTERESTS (NON-CONTROLLING INTERESTS)	**28**	**3,351**	**4,853**
Accumulated other comprehensive income (loss)		(3,008)	(8,414)
Other items		6,358	13,267
TOTAL EQUITY		**48,793**	**48,760**
TOTAL EQUITY AND TOTAL LIABILITIES		**715,294**	**662,885**

MEMORANDUM ITEM (OFF-BALANCE SHEET EXPOSURES) (Millions of Euros)	Notes	June 2022	December 2021 (*)
Loan commitments given	30	132,088	119,618
Financial guarantees given	30	14,308	11,720
Other commitments given	30	38,502	34,604

(*) Presented solely and exclusively for comparison purposes (see Note 1.3).

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2022.

BBVA

Condensed consolidated income statements for the six months ended June 30, 2022 and 2021

CONDENSED CONSOLIDATED INCOME STATEMENTS (Millions of Euros)	Notes	June 2022	June 2021 (*)
Interest and other income	32.1	13,403	10,962
Financial assets at fair value through other comprehensive income		1,304	814
Financial assets at amortized cost		10,395	8,849
Other interest income		1,704	1,299
Interest expense	32.2	(4,852)	(4,007)
NET INTEREST INCOME		**8,551**	**6,955**
Dividend income	33	76	125
Share of profit or loss of entities accounted for using the equity method		15	(5)
Fee and commission income	34	3,964	3,311
Fee and commission expense	34	(1,314)	(996)
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	35	39	121
Gains (losses) on financial assets and liabilities held for trading, net	35	11	463
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	35	(35)	280
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	35	348	96
Gains (losses) from hedge accounting, net	35	16	(81)
Exchange differences, net	35	716	206
Other operating income	36	297	340
Other operating expense	36	(1,803)	(997)
Income from insurance and reinsurance contracts	37	1,537	1,350
Expense from insurance and reinsurance contracts	37	(908)	(909)
GROSS INCOME		**11,509**	**10,259**
Administration costs		(4,401)	(3,983)
Personnel expense	38.1	(2,587)	(2,371)
Other administrative expense	38.2	(1,815)	(1,612)
Depreciation and amortization	39	(652)	(615)
Provisions or reversal of provisions	40	(112)	(928)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	41	(1,441)	(1,580)
Financial assets measured at amortized cost		(1,391)	(1,587)
Financial assets at fair value through other comprehensive income		(50)	8
NET OPERATING INCOME		**4,903**	**3,153**
Impairment or reversal of impairment of investments in joint ventures and associates		19	—
Impairment or reversal of impairment on non-financial assets	42	—	(196)
Tangible assets		22	(158)
Intangible assets		(5)	(5)
Other assets		(17)	(33)
Gains (losses) on derecognition of non-financial assets and subsidiaries, net		(15)	5
Negative goodwill recognized in profit or loss		—	—
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	43	(120)	(73)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**4,787**	**2,889**
Tax expense or income related to profit or loss from continuing operations		(1,668)	(782)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**3,119**	**2,107**
Profit (loss) after tax from discontinued operations	20	—	280
PROFIT (LOSS)		**3,119**	**2,387**
ATTRIBUTABLE TO MINORITY INTEREST (NON-CONTROLLING INTEREST)	**28**	**117**	**476**
ATTRIBUTABLE TO OWNERS OF THE PARENT		**3,001**	**1,911**

	June 2022	June 2021 (*)
EARNINGS (LOSSES) PER SHARE (Euros)	**0.45**	**0.26**
Basic earnings (losses) per share from continuing operations	0.45	0.21
Diluted earnings (losses) per share from continuing operations	0.45	0.21
Basic earnings (losses) per share from discontinued operations	—	0.04
Diluted earnings (losses) per share from discontinued operations	—	0.04

(*) Presented solely and exclusively for comparison purposes (see Note 1.3).

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2022.

BBVA

Condensed consolidated statements of recognized income and expense for the six months ended June 30, 2022 and 2021

CONDENSED CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE (Millions of Euros)	June 2022	June 2021 (*)
PROFIT (LOSS) RECOGNIZED IN INCOME STATEMENT	**3,119**	**2,387**
OTHER RECOGNIZED INCOME (EXPENSE)	**1,808**	**(1,818)**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**631**	**361**
Actuarial gains (losses) from defined benefit pension plans	343	214
Non-current assets and disposal groups held for sale	—	(3)
Share of other recognized income and expense of entities accounted for using the equity method	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income, net	295	205
Gains (losses) from hedge accounting of equity instruments at fair value through other comprehensive income, net	—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	135	22
Income tax related to items not subject to reclassification to income statement	(142)	(77)
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**1,177**	**(2,179)**
Hedge of net investments in foreign operations (effective portion)	**(791)**	**(137)**
Valuation gains (losses) taken to equity	(791)	(137)
Transferred to profit or loss	—	—
Other reclassifications	—	—
Foreign currency translation	**3,678**	**(453)**
Translation gains (losses) taken to equity	3,678	(435)
Transferred to profit or loss	—	(18)
Other reclassifications	—	—
Cash flow hedges (effective portion)	**(367)**	**(458)**
Valuation gains (losses) taken to equity	(398)	(321)
Transferred to profit or loss	31	(137)
Transferred to initial carrying amount of hedged items	—	—
Other reclassifications	—	—
Debt securities at fair value through other comprehensive income	**(2,048)**	**(825)**
Valuation gains (losses) taken to equity	(2,079)	(737)
Transferred to profit or loss	31	(88)
Other reclassifications	—	—
Non-current assets and disposal groups held for sale	**—**	**(663)**
Valuation gains (losses) taken to equity	—	(30)
Transferred to profit or loss	—	(634)
Other reclassifications	—	—
Entities accounted for using the equity method	**1**	**5**
Income tax relating to items subject to reclassification to income statements	**703**	**353**
TOTAL RECOGNIZED INCOME (EXPENSE)	**4,927**	**569**
Attributable to minority interest (non-controlling interests)	**1,080**	**32**
Attributable to the parent company	**3,847**	**537**

(*) Presented solely and exclusively for comparison purposes (see Note 1.3).

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2022.

BBVA

Condensed consolidated statements of changes in equity for the six months ended June 30, 2022 and 2021

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Millions of Euros)

June 2022	Capital (Note 25)	Share Premium	Equity instruments issued other than capital	Other Equity	Retained earnings (Note 26)	Revaluation reserves (Note 26)	Other reserves (Note 26)	Treasury shares	Profit or loss attributable to owners of the parent	Interim dividend (Note 4)	Accumulated other comprehensive income (Note 27)	Non-controlling interest: Accumulated other comprehensive income (Note 28)	Non-controlling interest: Other (Note 28)	Total
Balances as of January 1, 2022 (*)	**3,267**	**23,599**	**—**	**60**	**31,841**	**—**	**(1,857)**	**(647)**	**4,653**	**(532)**	**(16,476)**	**(8,414)**	**13,267**	**48,760**
Total income (expense) recognized	—	—	—	—	—	—	—	—	3,001	—	846	962	117	4,927
Other changes in equity	(138)	(1,265)	—	(11)	718	—	3,729	(403)	(4,653)	532	(822)	4,444	(7,026)	(4,894)
Issuances of common shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuances of preferred shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Settlement or maturity of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of debt on equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Common Stock reduction	(138)	(1,265)	—	—	110	—	(207)	1,500	—	—	—	—	—	—
Dividend distribution (shareholder remuneration)	—	—	—	—	(1,463)	—	—	—	—	—	—	—	(181)	(1,644)
Purchase of treasury shares	—	—	—	—	—	—	—	(2,408)	—	—	—	—	—	(2,408)
Sale or cancellation of treasury shares	—	—	—	—	—	—	9	505	—	—	—	—	—	514
Reclassification of other equity instruments to financial liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial liabilities to other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers within total equity (**)	—	—	—	—	2,244	—	2,699	—	(4,653)	532	(822)	4,444	(4,444)	—
Increase/Reduction of equity due to business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share based payments	—	—	—	(22)	—	—	—	—	—	—	—	—	—	(22)
Other increases or (-) decreases in equity (**)	—	—	—	11	(173)	—	1,228	—	—	—	—	—	(2,401)	(1,334)
Balances as of June 30, 2022	**3,129**	**22,333**	**—**	**49**	**32,559**	**—**	**1,872**	**(1,049)**	**3,001**	**—**	**(16,452)**	**(3,008)**	**6,358**	**48,793**

(*) Balances as of December 31, 2021 as originally reported in the consolidated Financial Statements for the year 2021.
(**) The headings "Transfers within total equity" and "Other increases or decreases in equity" include the effects associated with the application of IAS 29 in the subsidiaries in Turkey (see Note 2.1) for amounts of €-1,873 million in "Retained earnings", and €1,862 million in "Accumulated other comprehensive income (loss)" and, under the heading of "Non-controlling interests" include, €-1,480 million in "Other" and €1,621 million in "Accumulated other comprehensive income (loss).

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2022.

BBVA

Condensed consolidated statements of changes in equity for the six months ended June 30, 2022 and 2021

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Millions of Euros)

												Non-controlling interest		
June 2021 (*)	Capital (Note 25)	Share Premium	Equity instruments issued other than capital	Other Equity	Retained earnings (Note 26)	Revaluation reserves (Note 26)	Other reserves (Note 26)	Treasury shares	Profit or loss attributable to owners of the parent	Interim dividend (Note 4)	Accumulated other comprehensive income (Note 27)	Accumulated other comprehensive income (Note 28)	Other (Note 28)	Total
Balances as of January 1, 2021 (**)	**3,267**	**23,992**	**—**	**42**	**30,508**	**—**	**(164)**	**(46)**	**1,305**	**—**	**(14,356)**	**(6,949)**	**12,421**	**50,020**
Total income (expense) recognized	—	—	—	—	—	—	—	—	1,911	—	(1,374)	(444)	476	569
Other changes in equity	—	(393)	—	1	813	—	(75)	8	(1,305)	—	382	—	(75)	(645)
Issuances of common shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuances of preferred shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Settlement or maturity of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of debt on equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Common Stock reduction	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividend distribution (shareholder remuneration)	—	(393)	—	—	—	—	—	—	—	—	—	—	(84)	(477)
Purchase of treasury shares	—	—	—	—	—	—	—	(270)	—	—	—	—	—	(270)
Sale or cancellation of treasury shares	—	—	—	—	15	—	—	278	—	—	—	—	—	293
Reclassification of other equity instruments to financial liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial liabilities to other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers within total equity	—	—	—	—	996	—	(73)	—	(1,305)	—	382	—	—	—
Increase/Reduction of equity due to business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share based payments	—	—	—	(11)	—	—	—	—	—	—	—	—	—	(11)
Other increases or (-) decreases in equity	—	—	—	12	(199)	—	(1)	—	—	—	—	—	8	(180)
Balances as of June 30, 2021	**3,267**	**23,599**	**—**	**43**	**31,320**	**—**	**(239)**	**(38)**	**1,911**	**—**	**(15,348)**	**(7,393)**	**12,821**	**49,944**

(*) Presented solely and exclusively for comparison purposes (see Note 1.3).

(**) Balances as of December 31, 2020 as originally reported in the consolidated Financial Statements for the year 2020.

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2022.

BBVA

Condensed consolidated statements of cash flows for the six months ended June 30, 2022 and 2021

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF CASH FLOWS (Millions of Euros)	Notes	June 2022	June 2021 (*)
A) CASH FLOWS FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4 + 5)		**20,481**	**(10,343)**
Of which hyperinflation effect from operating activities	2.1	2,044	—
1. Profit for the period		**3,119**	**2,387**
2. Adjustments to obtain the cash flow from operating activities		**5,561**	**4,366**
Depreciation and amortization		652	615
Other adjustments		4,909	3,750
3. Net increase/decrease in operating assets		**(30,455)**	**(7,222)**
Financial assets held for trading		4,828	3,466
Non-trading financial assets mandatorily at fair value through profit or loss		(243)	(486)
Other financial assets designated at fair value through profit or loss		89	10
Financial assets at fair value through other comprehensive income		(3,130)	(4,171)
Financial assets at amortized cost		(30,617)	(6,308)
Other operating assets		(1,382)	267
4. Net increase/decrease in operating liabilities		**43,787**	**(9,065)**
Financial liabilities held for trading		9,232	(4,167)
Other financial liabilities designated at fair value through profit or loss		(368)	(443)
Financial liabilities at amortized cost		34,867	(5,124)
Other operating liabilities		56	669
5. Collection/Payments for income tax		**(1,530)**	**(808)**
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)		**(3,537)**	**(1,925)**
Of which hyperinflation effect from investing activities	2.1	489	—
1. Investment		**(3,766)**	**(11,778)**
Tangible assets		(1,442)	(10)
Intangible assets		(288)	(270)
Investments in joint ventures and associates		(53)	(23)
Subsidiaries and other business units		(1,389)	—
Non-current assets classified as held for sale and associated liabilities	20	(594)	(11,476)
Other settlements related to investing activities		—	—
2. Divestments		**228**	**9,854**
Tangible assets		11	19
Intangible assets		—	—
Investments in joint ventures and associates		93	53
Subsidiaries and other business units		—	8
Non-current assets classified as held for sale and associated liabilities	20	125	9,773
Other collections related to investing activities		—	—
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)		**(4,502)**	**(2,706)**
Of which hyperinflation effect from financing activities	2.1	—	—
1. Payments		**(5,016)**	**(2,999)**
Dividend distribution (shareholders remuneration)		(1,463)	(393)
Subordinated liabilities		(730)	(2,031)
Treasury stock amortization		—	—
Treasury stock acquisition		(2,423)	(270)
Other items relating to financing activities		(400)	(305)
2. Collections		**514**	**293**
Subordinated liabilities		—	—
Treasury shares increase		—	—
Treasury shares disposal		514	293
Other items relating to financing activities		—	—
D) EFFECT OF EXCHANGE RATE CHANGES		**1,268**	**(228)**
E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (A+B+C+D)		**13,709**	**(15,201)**
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD (**)		**67,799**	**76,888**
G) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (E+F)		**81,508**	**61,687**

COMPONENTS OF CASH AND EQUIVALENT AT END OF THE PERIOD (Millions of Euros)	Notes	June 2022	June 2021 (*)
Cash	8	6,671	5,872
Balance of cash equivalent in central banks	8	66,302	50,154
Other financial assets	8	8,535	5,661
Less: Bank overdraft refundable on demand		—	—
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**8**	**81,508**	**61,687**

(*) Presented solely and exclusively for comparison purposes (see Note 1.3).

(**) In 2021 it includes the balance of the Group's businesses in the United States included within the scope of the sale to PNC (see Note 3).

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the six months ended June 30, 2022.

Notes to the condensed interim consolidated financial statements as of and for the six months ended June 30, 2022

1. Introduction, basis for the presentation of the condensed interim consolidated financial statements and other information

1.1. Introduction

Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter "the Bank", "BBVA" or "BBVA, S.A.") is a private-law entity subject to the laws and regulations governing banking entities operating in Spain. It carries out its activity through branches and agencies across the country and abroad.

The Bylaws and other public information are available for inspection at the Bank's registered address (Plaza San Nicolás, 4, Bilbao) as noted on its web site (www.bbva.com).

In addition to the activities it carries out directly, the Bank heads a group of subsidiaries, joint ventures and associates which perform a wide range of activities and which together with the Bank constitute the Banco Bilbao Vizcaya Argentaria Group (hereinafter, "the Group" or "the BBVA Group"). In addition to its own separate financial statements, the Bank is required to prepare consolidated financial statements comprising all consolidated subsidiaries of the Group.

The consolidated financial statements of the BBVA Group for the year ended December 31, 2021 were approved by the shareholders at the Annual General Meeting ("AGM") on March 18, 2022.

1.2. Basis for the presentation of the condensed interim consolidated financial statements

The BBVA Group's condensed interim consolidated financial statements (hereinafter, the "Consolidated Financial Statements") as of and for the six months ended June 30, 2022 are presented in accordance with the International Accounting Standard "Interim Financial Reporting" (hereinafter, "IAS 34"), pursuant to article 12 of Royal Decree 1362/2007 as regards the preparation of condensed interim financial information and taking into account the requirements of Circular 3/2018, of June 28, of the Spanish Securities and Exchange Commission (CNMV) and have been approved by the Board of Directors at its meeting held on July 28, 2022. In accordance with IAS 34, the interim financial information is prepared solely for the purpose of updating the last annual consolidated financial statements, focusing on new activities, events and circumstances that occurred during the period without duplicating the information previously published in those consolidated financial statements.

Therefore, the accompanying Consolidated Financial Statements do not include all information required by a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards endorsed by the European Union (hereinafter, "EU-IFRS"), consequently for an appropriate understanding of the information included in them, they should be read together with the consolidated financial statements of the Group as of and for the year ended December 31, 2021. The aforementioned annual consolidated financial statements were prepared in accordance with the EU-IFRS applicable as of December 31, 2021, considering the Bank of Spain Circular 4/2017, and with any other legislation governing financial reporting which is applicable and with the format and mark-up requirements established in the EU Delegated Regulation 2019/815 of the European Commission.

The accompanying Consolidated Financial Statements were prepared applying principles of consolidation, accounting policies and valuation criteria, which, as described in Note 2, are the same as those applied in the consolidated financial statements of the Group as of and for the year ended December 31, 2021, taking into consideration the new Standards and Interpretations that became effective from January 1, 2022 (see Note 2.1), so that they present fairly the Group's consolidated equity and financial position as of June 30, 2022, together with the consolidated results of its operations and the consolidated cash flows generated by the Group during the six months ended June 30, 2022.

The Consolidated Financial Statements and Notes were prepared on the basis of the accounting records kept by the Bank and each of the other entities in the Group. They include the adjustments and reclassifications required to harmonize the accounting policies and valuation criteria used by the entities in the Group.

All effective accounting standards and valuation criteria with a significant effect in the Consolidated Financial Statements were applied in their preparation.

The amounts reflected in the accompanying Consolidated Financial Statements are presented in millions of euros, unless it is more appropriate to use smaller units. Therefore, some items that appear without a balance in these Consolidated Financial Statements are due to how the units are expressed. Also, in presenting amounts in millions of euros, the accounting balances have been rounded up or down. It is therefore possible that the totals appearing in some tables are not the exact arithmetical sum of their component figures.

The percentage changes in amounts have been calculated using figures expressed in thousands of euros.

When determining the information to disclose about various items of the Consolidated Financial Statements, the Group, in accordance with IAS 34, has taken into account their materiality in relation to the Consolidated Financial Statements.

1.3. Comparative information

The information included in the accompanying Consolidated Financial Statements and the Notes relating to December 31, 2021 and June 30, 2021, is presented for the purpose of comparison with the information for June 30, 2022.

1.4. Seasonal nature of income and expense

The nature of the most significant activities carried out by the BBVA Group's entities is mainly related to typical activities carried out by financial institutions, and are not significantly affected by seasonal factors within the same year.

1.5. Responsibility for the information and for the estimates made

The information contained in the BBVA Group's Consolidated Financial Statements is the responsibility of the Group's Directors.

Estimates were required to be made at times when preparing these Consolidated Financial Statements in order to calculate the recorded or disclosed amount of some assets, liabilities, income, expense and commitments. These estimates relate mainly to the following:

- Loss allowances on certain financial assets (see Notes 6, 11, 12, 13 and 15).
- The assumptions used to quantify certain provisions (see Notes 22 and 23) and for the actuarial calculation of post-employment benefit liabilities and other commitments (see Note 24).
- The useful life and impairment losses of tangible and intangible assets (see Notes 16, 17 and 20).
- The valuation of goodwill and price allocation of business combinations (see Note 17).
- The fair value of certain unlisted financial assets and liabilities (see Notes 6, 7, 9, 10, 11 and 12).
- The recoverability of deferred tax assets (see Note 18).

The great uncertainty associated to the unprecedented nature of the COVID-19 pandemic and the geopolitical uncertainties (see Note 6.1) entails a greater complexity of developing reliable estimations and applying judgment.

Therefore, these estimates have been made on the basis of the best available information on the matters analyzed, as of June 30, 2022. However, it is possible that events may take place in the future which could make it necessary to amend these estimations (upward or downward), which would be carried out prospectively, recognizing the effects of the change in estimation in the corresponding consolidated income statement.

During the six-month period ended on June 30, 2022 there have been no other significant changes in the estimates made at the end of the 2021 financial year, other than those indicated in these Consolidated Financial Statements.

1.6. Separate interim financial statements

The separate financial statements of the parent company of the Group (Banco Bilbao Vizcaya Argentaria, S.A.) are prepared under Spanish regulations (Circular 4/2017 of the Bank of Spain, as amended thereafter, and following other regulatory requirements of financial information applicable to it).

Appendix I, attached to these Consolidated Financial Statements, shows the interim financial statements of Banco Bilbao Vizcaya Argentaria, S.A. as of and for the six-months ended June 30, 2022.

2. Principles of consolidation, accounting policies, measurement bases applied and recent IFRS pronouncements and interpretations

The accounting policies and methods applied for the preparation of the accompanying Consolidated Financial Statements do not differ significantly to those applied in the Consolidated Financial Statements of the Group for the year ended December 31, 2021 (Note 2), except for the application of IAS 29 "Financial reporting in hyperinflationary economies" to the financial statements of the companies that the BBVA Group maintains in Turkey, and for the entry into force of new standards and interpretations in the year 2022.

2.1. Standards and interpretations that became effective in the first six months of 2022

The accounting principles and policies and valuation methods applied for the preparation of the attached Consolidated Financial Statements do not differ significantly from those detailed in Note 2 of the consolidated financial statements of the Group for the year ended December 31, 2021, except for the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" to the financial statements of the companies that the BBVA Group maintains in Turkey, and due to the entry into force of new standards and interpretations in the year 2022:

Standards and interpretations effective and with impact on the consolidated financial statements as of June 30, 2022

As stated in Note 2.2.19 to the consolidated financial statements of the Group for the year ended December 31, 2021, in accordance with the criteria established in IAS 29 "Financial Reporting in Hyperinflationary Economies", to determine whether an economy has a high inflation rate the country's economic situation is examined, analyzing whether certain circumstances are fulfilled, such as whether the general population prefers to keep its wealth or savings in non-monetary assets or in a relatively stable foreign currency, whether prices may be quoted in that currency, whether interest rates, wages and prices are linked to a price index or whether the cumulative inflation rate over three years is approaching or exceeds 100%. The fact that any of these circumstances is fulfilled will not be a decisive factor in considering an economy hyperinflationary, but it does provide some reasons to consider it as such.

Turkey

As of June 30, 2022, Turkey's economy has been considered highly hyperinflationary based on the above criteria mentioned above. As a result, the financial statements of the BBVA Group's entities located in Turkey have been adjusted to correct them for the effects of inflation, in accordance with IAS 29, with retrospective application from January 1, 2022. This means that:

- The historical cost of non-monetary assets and liabilities (see Notes 16, 17 and 18), assets contractually linked to changes in prices and various headings in equity must be adjusted to reflect changes in the purchasing power of the currency due to inflation from their date of acquisition or inclusion in the consolidated balance sheet, or if this is later, with the limit of its recoverable value. The restatement has been made using the Consumer Price Index published by the Turkish Statistical Institute.

- The different lines of the income statement are adjusted by the inflation index since their inception, with a corresponding entry under the heading "Accumulated other comprehensive income (loss)".

- The loss of the net monetary position, which represents the loss of purchasing power of the entity due to maintaining an excess of monetary assets not linked to inflation (mainly loans, credits and bonds) over monetary liabilities, is registered in the line "Other operating expense" in the income statement and with a credit to "Accumulated other comprehensive income (loss)".

- All the components of the financial statements of the subsidiaries are converted at the closing exchange rate, registering the conversion differences to the euro within "Accumulated other comprehensive income (loss)" as stated in IAS 21.

- The figures for years prior to 2022 have not been modified since the Group's presentation currency is the euro.

The combined result derived from the application of the above criteria amounts to a loss of €1,776 million, of which €1,022 million is attributed to the parent company of the Group. This impact includes mainly the loss of the net monetary position, which amounts to a gross amount of €1,686 million and is recorded in the line "Other operating expense" in the consolidated income statement, partially offset by the positive impact of the revaluation of certain bonds linked to inflation, for a gross amount of €1,132 million, given that, under IAS 29, these types of bonds are considered protective assets (see Note 36).

The first application of IAS 29 in the Turkish subsidiaries led to an increase in equity of €130 million as of January 1, 2022, and is mainly the result of the revaluation of tangible assets and inflation-linked bonds.

Accumulated inflation in the first half of 2022 stood at 42.35% and the exchange rate used as of June 30, 2022 was 17.32 TRY/€.

Minor changes to IFRS Standards (IAS 37 Provisions - Onerous contracts, IAS 16 Property, Plant and Equipment and IFRS 3 Business Combination) and Annual Improvements to IFRS 2018 - 2020 (IFRS 1 - First application of IFRS, IFRS 9 Financial Instruments, IAS 41 Agriculture and modifications to the illustrative examples of IFRS 16 - Leases)

From January 1, 2022, the following amendments to the IFRS standards or their interpretations (hereinafter "IFRIC" or "interpretation") became effective:

The IASB has issued minor amendments and improvements to various IFRS to clarify the wording or correct minor consequences, oversights or conflicts between the requirements of the Standards as of January 1, 2022. The modified standards are: IAS 37 Provisions, IAS 16 Property, Plant and Equipment, IFRS 3 Business Combination, IFRS 1 First application of IFRS, IFRS 9 Financial Instruments, IAS 41 Agriculture and IFRS 16 Leases.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with no significant impact on the BBVA Group's consolidated financial statements.

2.2. IBOR Reform

As detailed in Note 2.3 of the Consolidated Financial Statements for the year 2021, the transition from Ibor to risk-free rates (RFR) is a complex initiative, which has affected and affects the BBVA Group in different geographical areas and business lines, as well as in multitude of products, systems and processes.

As of June 30, 2022, the Group continues to hold financial assets and liabilities whose contracts are referenced to USD Libor rates, as they are used, among others, for loans, deposits and debt issues as well as underlying derivative financial instruments.

Below is the BBVA Group's exposure to financial assets and liabilities maturing after June 2023 at USD Libor (date of discontinuation of publication of these indices). As of June 30, 2022, the BBVA Group has robust transition fallbacks or a synthetic, statutory or counter-clearinghouse solution for all transactions that have not transitioned to the new benchmark as of June 2022. The table shows the gross amounts in the case of loans and advances to customers, asset and liability debt instruments and deposits and, the notional amount for derivatives.

Millions of Euros	Loans & Advances	Debt Securities Assets	Debt Securities Issued (Liabilities)	Deposits	Derivatives (notional)
LIBOR ex USD & LIBOR USD 1W/2M with maturity > December 31, 2021	157	—	—	—	—
LIBOR USD with maturity > June 30, 2023	22,110	175	2,112	191	513,549
Total	**22,266**	**175**	**2,112**	**191**	**513,549**

It should be noted that all these exposures (with the exception of USD LIBOR for terms other than one week and two months) effectively transition, in accordance with the established mechanisms described, from January 1, 2022, as the next fixings of interest rates occurs.

Out of the derivative instruments, 93% of the exposure is either settled by Clearing Houses (mainly London Clearing House or EUREX) or is operational with counterparties currently adhered to the International Swaps and Derivatives Association (ISDA) protocol.

2.3. Standards and interpretations issued but not yet effective as of June 30, 2022

The following new International Financial Reporting Standards together with their Interpretations or modifications had been published at the date of preparation of the accompanying Consolidated Financial Statements, which are not mandatory as of June 30, 2022. Although in some cases the International Accounting Standards Board ("IASB") allows early adoption before their effective date, the BBVA Group has not proceeded with this option for any such new standards.

IFRS 17 – Insurance contracts

In May 2017, the IASB issued the new accounting standard for insurance contracts, which was later amended in June 2020, with the aim of helping entities in the implementation of the standard and to facilitate the understanding of the financial statements, although the amendment maintained the fundamental principles of the original standard. An entity shall apply IFRS 17 for annual reporting periods beginning on or after January 1, 2023 (with at least one year of comparative information). The standard has already been adopted by the European Union.

IFRS 17 establishes the accounting principles for insurance contracts. This new standard supersedes IFRS 4, by introducing substantial changes in the accounting of insurance contracts with the aim of achieving greater homogeneity and increasing comparability among entities.

Unlike IFRS 4, the new standard establishes minimum requirements for grouping insurance contracts for the purposes of their recognition and measurement, determining the units of account by considering three levels: portfolios (contracts subject to similar risks and managed together), annual cohorts and their possibility of becoming onerous.

Regarding the measurement model, the new standard contemplates several methods, being the General Model (Building Block Approach) the method that will be applied by default for the valuation of insurance contracts, unless the conditions are given to apply any of the two other methods: the Variable Fee Approach, or the Simplified Model (Premium Allocation Approach).

With the implementation of IFRS 17, the valuation of insurance contracts will be based on a model that will use updated assumptions at each balance sheet date.

The General Model requires entities to value insurance contracts for the total of:

- fulfillment cash flows, which comprise the estimation of future cash flows discounted to reflect the time value of money, the financial risk associated with future cash flows, and a risk adjustment for non-financial risk that would represent the compensation required for the uncertainty associated with the amount and timing of the expected cash flows;

– and the contractual service margin, which represents the expected unearned benefit from the insurance contracts, which will be recognized in the entity's income statement as the service is provided in the future, instead of being recognized at the time of the estimation.

The amounts recognized in the income statement shall be classified into insurance revenue, insurance service expenses and insurance finance income or expenses, assuming a relevant change with respect to the current disclosures as concepts such as volume of premiums and variation in technical provisions disappear. Insurance revenue and insurance service expenses shall exclude any investment components. Insurance revenue shall be recognized over the period the entity provides insurance coverage.

Since 2019, the Group has been developing a project to implement IFRS 17 in order to harmonize the criteria in the Group and with the participation of all involved areas and countries. A sound governance has been established in this project, through a Global Steering Committee with representation from the senior management of the affected areas and countries, which periodically reviews its progress. At the local level, each geography has defined a local governance structure with the participation of senior management.

The Group continues with the planned roadmap for the implementation of the standard, progressing during the years 2019, 2020 and 2021 with the definition of criteria, the actuarial modelling of cash flows and components required by the standard, the data supply, the systems technological adaptation, the preparation of accounting information, the governance of the reporting process to the Group and the development of the transition.

In 2022, the Group will continue advancing with the tasks mentioned above according to the planning carried out. Additionally, the Group is focusing on the preparation of the parallel of the financial statements under IFRS 17, as well as on the calculation of the transition impact on the consolidated financial statements.

From the heading liabilities under insurance contracts held as of December 31, 2021, the Group estimates that approximately 89% correspond to long-term commitments that will be valued using the Building Block Approach. These contracts will be valued in transition using the fair value approach, given the disproportionate cost and difficulty of obtaining the historical data necessary to apply a full retrospective approach given the age of these products on the balance sheet and their remaining duration. Its impact in transition will come mainly from the "interest rate effect", resulting from the valuation of long-term insurance liabilities by the difference between the locked-in rate and the current rate, as the Group has chosen the option to disaggregate the financial income or expense of the insurance between the income statements and accumulated other comprehensive income. This effect will be partly offset by the associated financial assets, in some cases by the elimination of shadow accounting and, in others, by the fair value measurement of certain financial asset portfolios, in order to mitigate accounting asymmetries.

On the other hand, another part of the impact, although to a lesser extent, will come from the different hypotheses used with respect to the calculations under IFRS 4, including the additional components to it. The part from the identification of products classified as "onerous" is considered immaterial.

Regarding short-term contracts as of December 31, 2021, it is estimated that they represent approximately 11% of the total liabilities covered by the Group's insurance contracts. These will be valued by the Premium Allocation Approach, and in transition following the full retrospective approach, although no significant differences are expected in their accounting compared to the current situation.

Lastly, the Group expects that the contracts valued by the Variable Fee Approach represent a residual amount.

Consequently, the differences in accumulated other comprehensive income and in retained earnings will basically come from long-term contracts, although a significant impact on the Group's equity is not expected.

The Group does not plan to adopt the European exception on annual cohorts in cash-flow matched products.

Amendments to IAS 1 "Presentation of financial statements" and IAS 8 "Accounting policies, changes in accounting estimates and errors"

In February 2021 the IASB issued amendments to these standards with the aim of improving the quality of the disclosures in relation to the accounting policies applied by the entities with the ultimate aim of providing useful and material information in the Financial Statements.

The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies and include guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments to IAS 8 also clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. No significant impact is expected on BBVA's consolidated financial statements.

Amendment to IAS 12 "Accounting for deferred tax"

The IASB has issued an amendment to IAS 12 that clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations.

The amendments clarify that companies are required to recognize deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. The amendments will be effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. No significant impact is expected on the BBVA Group´s consolidated financial statements.

3. BBVA Group

The BBVA Group is an international diversified financial group with a significant presence in retail banking, wholesale banking and asset management. The Group also operates in the insurance sector.

The following information is detailed in the Appendices to the consolidated financial statements of the Group for the year ended December 31, 2021:

- Appendix I shows relevant information related to the consolidated subsidiaries and structured entities.
- Appendix II shows relevant information related to investments in subsidiaries, joint ventures and associates accounted for using the equity method.
- Appendix III shows the main changes and notification of investments and divestments in the BBVA Group.
- Appendix IV shows fully consolidated subsidiaries with more than 10% owned by non-Group shareholders.

The BBVA Group’s activities are mainly located in Spain, Mexico, South America and Turkey, with an active presence in other areas of Europe, The United States and Asia (see Note 5).

Significant transactions in the first six months of 2022

Announcement of the agreement with Neon Payments Limited

On February 14, 2022, BBVA announced the agreement with the company “Neon Payments Limited” ("the Company" in this section) for the subscription of 492,692 preference shares, representing approximately 21.7% of its share capital, through a share capital increase and in consideration of approximately USD 300 million (equal to approximately €263 million, using the applicable 1.14 EUR/USD exchange rate as of February 11, 2022). Despite owning more than 20% of the share capital, BBVA's ability to influence Neon Payments Limited financial and operating decisions policies is very limited, so the investment is recognized under the heading "Non-trading financial assets mandatorily at fair value through profit or loss".

Neon Payments Limited, a company incorporated and domiciled in the United Kingdom, is the owner of 100% of the shares of the Brazilian company “*Neon Pagamentos S.A*.”.

As of February 14, 2022, BBVA was already the indirect owner of approximately 10.2% of the share capital of the Company (through “Propel Venture Partners Global, S.L.” and “Propel Venture Partners Brazil, S.L.”. BBVA owns more than 99% of the share capital of these two companies), consequently, once the subscription was completed, BBVA holds, direct and indirectly, approximately 29.7% (equal to approximately 25.6% of the share capital on a fully diluted basis) of the share capital of the Company.

Voluntary takeover bid for the entire share capital of Türkiye Garanti Bankası A.Ş (Garanti BBVA)

On November 15, 2021, BBVA announced a voluntary takeover bid (hereinafter, "VTB") addressed to the 2,106,300,000 shares[1] not controlled by BBVA, which represented the 50.15% of the total share capital of Türkiye Garanti Bankası A.Ş (hereinafter, "Garanti BBVA"). BBVA submitted for authorization an application of the VTB to the supervisor of the securities markets in Turkey (Capital Markets Board, hereinafter, "CMB") on November 18, 2021.

On March 31, 2022, CMB approved the offer information document and on the same day, BBVA announced the commencement of the VTB acceptance period on April 4, 2022. On April 25, 2022 BBVA informed of an increase of the cash offer price per Garanti BBVA share from the initially announced (12.20 Turkish lira) to 15.00 Turkish lira.

On May 18, 2022, BBVA announced the finalization of the offer acceptance period, with the acquisition of 36.12% of Garanti BBVA’s share capital. The total amount paid by BBVA was approximately 22,758 million Turkish lira (equivalent to approximately €1,390 million[2]) including the expenses associated with the transaction and net of the collection of the dividends corresponding to the stake acquired.

The transaction has resulted in a capital gain of approximately €924 million (including the impacts after the application of IAS 29, see Note 2.1). An amount of €3,609 million has been recorded under the heading “Other reserves” and there was a reclassification to “Accumulated other comprehensive income (loss)” corresponding to the 36.12% acquired from minority interests to “Accumulated other comprehensive income (loss)” of the parent company for an amount of €-2,685 million. The total derecognition associated with the transaction of the heading “Minority interests” considering “Other items” and “Accumulated other comprehensive income (loss)” amounted to €-2,541 million.

[1] All references to “shares” or “share” shall be deemed made to lots of 100 shares, which is the trading unit in which Garanti BBVA shares are listed at Borsa Istanbul.

[2] Using the effective exchange rate of 16.14 Turkish lira per euro.

The percentage of total share capital of Garanti BBVA owned by BBVA (after the VTB) is 85.97%.

In relation to the rest of the effects of the application of IAS 29 "Financial Reporting in hyperinflationary economies" on the entities of the Group in Turkey, see Note 2.1 to these Consolidated Financial Statements.

Significant transactions in 2021

Sale of BBVA's U.S. Bancshares, Inc. to PNC Financial Service Group

On June 1 2021, after obtaining all the required authorizations, BBVA completed the sale to The PNC Financial Services Group, Inc. of 100% of the capital stock of its subsidiary BBVA USA Bancshares, Inc., which in turn owns all the capital stock of the bank, BBVA USA.

The consideration received in cash by BBVA, as a consequence of the referred sale, amounts to approximately 11,500 million USD (price provided in the agreement minus the agreed closing price adjustments) equivalent to approximately €9,600 million (with an exchange rate of 1.20 EUR / USD).

The accounting of both the results generated by BBVA USA Bancshares, Inc. since the announcement of the transaction and of its closing, have had an aggregate positive impact on the BBVA Group's Common Equity Tier 1 (fully loaded) ratio of approximately 294 basis points, which includes the generation of capital contributed by the subsidiary to the Group until the closing of the transaction (June 1, 2021) and a profit net of taxes of €582 million. Thus, the BBVA Group has been reflecting the results that BBVA USA Bancshares, Inc. has been generating, as well as the positive impact, mainly, of these results on the Common Equity Tier 1 ("fully loaded") ratio of BBVA Group. The calculation of the impact on Common Equity Tier 1 was made taking into account the amount of the transaction in euros and BBVA Group's financial statements as of June 2021.

The BBVA Group continues to develop the institutional and wholesale business in the US that it currently carries out through its broker-dealer BBVA Securities Inc. and its branch in New York. BBVA also maintains its investment activity in the fintech sector through its participation in Propel Venture Partners US Fund I, L.P.

Note 21 to the consolidated financial statements for 2021 shows a breakdown of the financial information of the companies sold in the United States as of December 31, 2021, 2020 and 2019 and the results for the first five months of 2021 and for 2020 and 2019.

4. Shareholder remuneration system

BBVA's Board of Directors announced, on November 18, the amendment of the Group's shareholder remuneration policy, which was communicated through relevant information on February 1, 2017, establishing as a new policy to distribute annually between 40% and 50% of the consolidated ordinary profit for each year (excluding amounts and items of an extraordinary nature included in the consolidated profit and loss account), compared to the previous policy that established a distribution between 35% and 40%.

This policy is implemented through the distribution of an interim dividend for the year (which is expected to be paid in October of each year) and a final dividend or final distribution (which is expected to be paid at the end of the year and once the application of the result is approved, foreseeably in April of each year), with the possibility of combining cash distributions with share repurchases (the execution of the share repurchase program scheme described below is considered as extraordinary shareholder remuneration and is therefore not included in the scope of the policy), all subject to the corresponding authorizations and approvals applicable at any given time.

The Annual General Meeting of BBVA held on March 18, 2022, approved, under item 2 of the Agenda, a cash distribution from to the voluntary reserves account as additional shareholder remuneration for the 2021 fiscal year, for an amount equal to €0.23 (€0.1863 net of withholding tax) per outstanding BBVA share entitled to participate in this distribution, which was paid on April 8, 2022. The total amount paid amounted to €1,463 million.

Share buyback program

On October 26, 2021, BBVA obtained the pertinent authorization from the European Central Bank (hereinafter, "ECB") to buy back up to 10% of its share capital for a maximum of €3,500 million, in one or several tranches and over the course of a 12-month period (the “Authorization”).

Upon receiving the authorization and making use of the delegation conferred by the BBVA Annual General Meeting held on March 16, 2018, at its meeting of October 28, 2021, BBVA Board of Directors resolved to carry out a share buyback program scheme in compliance with Regulation (EU) no. 596/2014 of the European Parliament and the Council of April 16, 2014 on market abuse and Delegate Regulation (EU) no. 2016/1052 of the Commission, of March 8, 2016, executed in various tranches up to a maximum of €3,500 million, with the aim of reducing BBVA's share capital (the “Program Scheme”), notwithstanding the possibility of terminating or cancelling the Program Scheme at an earlier date where advisable due to the concurrence of a series of specific circumstances, as well as to carry out a first share buyback program within the scope of the Program Scheme (the "First Tranche") for the purpose of reducing BBVA's share capital, which was notified by means of Inside Information on October 29, 2021.

On November 19, 2021, BBVA notified by means of Inside Information that the First Tranche would be executed externally, starting on November 22, 2021, through J.P. Morgan AG as lead manager, for a maximum amount of €1,500 million, for the purchase of a maximum number of shares of 637,770,016 representing, approximately, 9.6% of BBVA's share capital. By means of Other Relevant Information dated March 3, 2022, BBVA announced the completion of the execution of the First Tranche upon reaching the maximum monetary amount of €1,500 million, having acquired 281,218,710 own shares in execution of the First Tranche, representing, approximately, 4.22% of BBVA's share capital as of that date. On June 15, 2022, BBVA notified the partial execution of the share capital reduction resolution adopted by the Annual General Shareholders' Meeting of BBVA held on 18 March 2022, through the reduction of BBVA's share capital in a nominal amount of €137,797,167.90 and the consequent redemption, charged to unrestricted reserves, of 281,218,710 own shares of €0.49 par value each acquired by the bank in execution of the First Tranche and which were held in treasury shares (see Note 25).

On February 3, 2022, BBVA notified that its Board of Directors had agreed, within the scope of the Program Scheme, to carry out a second buyback program for the repurchase of own shares (the "Second Tranche") aimed at reducing BBVA's share capital, for a maximum amount of €2,000 million and a maximum number of shares to be acquired equal to the result of subtracting from 637,770,016 own shares (9.6% of BBVA's share capital at that date) the number of own shares finally acquired in execution of the First Tranche.

As a continuation of the previous communication, on March 16, 2022, BBVA informed by means of Inside Information that it had agreed to execute the Second Tranche: i) through the execution of a first segment for an amount of up to €1,000 million, and with a maximum number of shares to be acquired of 356,551,306 treasury shares (the "First Segment"), externally through Goldman Sachs International as lead manager, who would execute the purchase transactions through the broker Kepler Cheuvreux, S.A.; and (ii) once execution of the First Segment has been completed, through the execution of a second segment that would complete the Framework Program (the "Second Segment").

By means of Other Relevant Information dated May 16, 2022, BBVA announced the completion of the execution of the First Segment upon reaching the maximum monetary amount of €1,000 million, having acquired 206,554,498 own shares in execution of the First Segment, representing, approximately, 3.1% of BBVA's share capital as of said date.

On June 28, 2022, BBVA communicated through Inside Information the agreement to complete the Program Scheme by executing the Second Segment , for a maximum amount of €1,000 million and a maximum number of BBVA shares to be acquired of 149,996,808. As of June 30, 2022, BBVA's best estimate for this maximum amount is €610 million and is recorded under the heading "Financial liabilities at amortized cost - Other financial liabilities". This Second Segment, has been executing externally since July 1, 2022 through the lead manager Citigroup Global Markets Europe AG, and is scheduled to end no later than September 29, 2022. From July 1 to July 21, 2022, Citigroup Global Markets Europe AG, acting as lead manager for the Second Segment of the Second Tranche, has acquired 63,750,000 BBVA shares.

5. Operating segment reporting

Operating segment reporting represents a basic tool for monitoring and managing the different activities of the BBVA Group. In preparing the information by operating segment, the starting point is the lowest-level units, which are aggregated in accordance with the organizational structure determined by the Group's Management to create higher-level units and, finally, the reportable operating segments themselves.

As of June 30, 2022, the structure of the information by operating segments reported by the BBVA Group remains the same as that of the closing of 2021 financial year.

The BBVA Group's operating segments and the agreements reached are summarized below:

- Spain

  Includes mainly the banking and insurance business that the Group carries out in Spain, including the proportional share of results of the new company that emerged from the bancassurance agreement reached with Allianz at the end of 2020.

- Mexico

  Includes banking and insurance businesses in this country as well as the activity that BBVA Mexico carries out through its branch in Houston.

- Turkey

  Reports the activity of Garanti BBVA group that is mainly carried out in this country and, to a lesser extent, in Romania and the Netherlands.

- South America

  Mainly includes the banking and insurance activity carried out in the region.

- Rest of Business

  Mainly incorporates the wholesale activity carried out in Europe (excluding Spain), and the United States, as well as the banking business developed through the BBVA branches located in Asia.

The Corporate Center performs centralized Group functions, including: the costs of the head offices with a corporate function, management of structural exchange rate positions; portfolios whose management is not linked to customer relationships, such as financial and industrial holdings; stakes in Funds & Investment Vehicles in tech companies; certain tax assets and liabilities; funds for employee commitments; goodwill and other intangible assets, as well as the financing of such portfolios and assets. Additionally, the results obtained by the Group's businesses in the United States until the sale to PNC on June 1, 2021 (see Note 20), are presented in a single line under the heading "Profit (loss) after tax from discontinued operations" in the condensed consolidated income statement.

Finally, the costs related to the Banco Bilbao Vizcaya Argentaria, S.A. restructuring process carried out in Spain in 2021 are included in this aggregated area and are registered in the line "Provisions" (see Note 23) and for the six months ended June 30, 2021 in the lines "Provisions or reversal of provisions", "Impairment or reversal of impairment on non-financial assets" and "Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations", respectively (see Notes 40, 42 and 43).

The breakdown of the BBVA Group's total assets by operating segments as of June 30, 2022 and December 31, 2021, is as follows:

Total Group assets by operating segments (Millions of Euros)

	June 2022	December 2021 (*)
Spain	432,012	413,430
Mexico	140,360	118,106
Turkey	64,101	56,245
South America	66,343	56,124
Rest of Business	46,176	40,328
Subtotal assets by operating segments	**748,991**	**684,233**
Corporate Center and adjustments	(33,698)	(21,348)
Total assets BBVA Group	**715,294**	**662,885**

(*) In the first quarter of 2022 the Group changed the allocation criteria for certain expenses related to global technology projects between the Corporate Center and the business areas, therefore, to ensure that year-on-year comparisons are homogeneous, the figures corresponding to the financial year 2021 have been revised, which has not affected the consolidated financial information of the Group. Also in the first quarter of 2022, an equity team from the Global Markets unit was transferred from Spain to New York, with the corresponding transfer of the costs associated with this reallocation from Spain to Rest of Business.

The following table sets forth the attributable profit and main margins of the condensed consolidated income statement by operating segment and the Corporate Center for the six months ended June 30, 2022 and 2021:

Main margins and profit by operating segments (Millions of Euros)

		Operating Segments					
	BBVA Group	Spain	Mexico	Turkey	South America	Rest of Business	Corporate Center and adjustments (***)
June 2022							
Net interest income	8,551	1,763	3,684	1,163	1,849	155	(64)
Gross income	11,509	3,069	4,887	1,342	1,975	384	(147)
Operating profit /(loss) before tax	4,787	1,414	2,502	637	738	162	(667)
Attributable profit (loss) (*)	**3,001**	**808**	**1,821**	**62**	**413**	**128**	**(230)**
June 2021 (**)							
Net interest income	6,955	1,761	2,771	1,036	1,328	141	(82)
Gross income	10,259	3,035	3,604	1,571	1,480	422	146
Operating profit /(loss) before tax	2,889	985	1,593	952	414	205	(1,259)
Attributable profit (loss) (*)	**1,911**	**725**	**1,119**	**384**	**210**	**159**	**(687)**

(*) See Note 46.1
(**) In the first quarter of 2022 the Group changed the allocation criteria for certain expenses related to global technology projects between the Corporate Center and the business areas, therefore, to ensure that year-on-year comparisons are homogeneous, the figures corresponding to the financial year 2021 have been revised, which has not affected the consolidated financial information of the Group. Also in the first quarter of 2022, an equity team from the Global Markets unit was transferred from Spain to New York, with the corresponding transfer of the costs associated with this reallocation from Spain to Rest of Business.
(***) Corresponds to the impact gross of taxes for the purchase of Tree *Inversiones Inmobiliarias* SOCIMI, S.A.U. (Tree) to Merlin Properties SOCIMI, S.A. (see Note 16).

The accompanying Interim Consolidated Management Report presents the consolidated income statements under management criteria, as well as the main figures of the consolidated balance sheets by operating segments.

6. Risk management

The principles and risk management policies, as well as tools and procedures established and implemented in the Group as of June 30, 2022 do not differ significantly from those included in Note 7 of the consolidated financial statements of the Group for the year ended December 31, 2021.

6.1. Risk factors

The BBVA Group has processes in place for identifying risks and analyzing scenarios in order to enable the Group to manage risks in a dynamic and proactive way.

The risk identification processes are forward looking to seek the identification of emerging risks and take into account the concerns of both the business areas, which are close to the reality of the different geographical areas, and the corporate areas and senior management.

Risks are identified and measured consistently using the methodologies deemed appropriate in each case. Their measurement includes the design and application of scenario analyses and stress testing and considers the controls to which the risks are subjected.

As part of this process, a forward projection of the Risk Appetite Framework (hereinafter, "RAF") variables in stress scenarios is conducted in order to identify possible deviations from the established thresholds. If any such deviations are detected, appropriate measures are taken to keep the variables within the target risk profile.

In this context, there are a number of emerging risks that could affect the evolution of the Group's business, including the below:

– Macroeconomic and geopolitical risks

The Group is sensitive to the deterioration of economic conditions or the alteration of the institutional environment of the countries in which it operates, and especially Spain, Mexico and Turkey. Furthermore, the Group has recently increased its shareholding stake in *Turkey Garanti Bankası A.Ş.* (Garanti BBVA) in an additional 36.12% (reaching 85.97%) as a result of the voluntary takeover bid for the shares of Garanti BBVA not already owned by BBVA announced in November 2021.

In addition to the significant macroeconomic problems triggered by the COVID-19 pandemic, the global economy is currently facing a number of extraordinary challenges. Russia's invasion of Ukraine, the largest military attack on a European state since World War II, has led to significant disruption, instability and volatility in global markets, as well as higher inflation (including by contributing to further increases in the prices of oil, gas and other commodities and further disrupting supply chains) and lower growth. The EU, United States and other governments have imposed significant sanctions and export controls against Russia and Russian interests and threatened additional sanctions and controls.

The conflict represents a significant supply shock for the global economy, which is likely to reinforce the moderating trend in economic growth and add to ongoing inflationary pressures, mainly in European countries, due to their relatively significant economic ties with Ukraine and Russia. The economic effects of the war are being felt mainly through the higher commodity prices, but also through the financial and confidence channels, as well as through a further deterioration of the problems in global supply chains.

The impact of these challenges and measures, as well as potential responses to these measures by Russia, is currently unknown and, while the Group's direct exposure to Ukraine and Russia is immaterial, they could adversely affect the Group's business, financial condition and results of operations. Geopolitical and economic risks have also increased over the past few years as a result of trade tensions between the United States and China, Brexit, the rise of populism, among others. Growing tensions may lead, among others things, to a deglobalization of the world economy, an increase in protectionism or barriers to immigration, a general reduction of international trade in goods and services and a reduction in the integration of financial markets, any of which could materially and adversely affect the Group's business, financial condition and results of operations.

Moreover, the world economy could be vulnerable to other factors such as the withdrawal of monetary stimulus due to growing and widespread inflationary pressures, which could cause a significant growth slowdown - and, even, a sharp economic recession - as well as financial crises. The central banks of many developed and emerging economies have begun to withdraw the monetary stimulus introduced in previous years and the process of tightening monetary conditions is likely to continue going forward in most economies. In the United States, the Federal Reserve has begun in March 2022 to adjust up the policy rate, which, according to BBVA Research, could converge towards around 3.50% by the end of 2022. In the Eurozone, the ECB has completed the extraordinary purchase program designed to deal with the pandemic (PEPP) as well as the standard program (APP), and has decided in July 2022 a rise of 50 basis points in its reference interest rates. According to BBVA Research, the interest rate on refinancing operations could converge to around 2.0% in the coming months.

Another risk is a sharp slowdown in the global GDP growth caused by a deceleration in the Chinese economy due to the potential restrictions on mobility adopted to try to control eventual new waves of coronavirus infections or other factors.

The Group bears, among others, the following general risks with respect to the economic and institutional environment in which it operates: a deterioration in economic activity in the countries in which it operates, including recession scenarios; more persistent inflationary pressures (in June 2022 annual inflation has reached 10.2% in Spain, 8.0% in Mexico, 78.6% in Turkey, 64% in Argentina, 8.8% in Peru and 9.7% in Colombia), which could trigger a more severe tightening of monetary conditions; stagflation due to more intense or prolonged supply crises; changes in exchange rates; an unfavorable evolution of the real estate market, to which the Group continues to be significantly exposed; very high oil and gas prices could have a negative impact on disposable income levels in areas that are net energy importers, such as Spain or Turkey, to which the Group is particularly exposed; changes in the institutional environment of the countries in which the Group operates could give rise to sudden and sharp drops in GDP and/or changes in regulatory or government policy, including in terms of exchange controls and restrictions on the distribution of dividends; a growth in the public debt or in the external deficit could lead to a downward revision of the credit ratings of the sovereign debt and even a possible default or restructuring of said debt; and episodes of volatility in the markets, which could cause the Group significant losses.

– Risks relating to the political, economic and social conditions in Turkey

In May 2022, the Group increased its shareholding stake in Garanti BBVA (Turkey) from 49.85% to 85.97% following the completion of a voluntary tender offer (see Note 3).

Turkey has, from time to time, experienced volatile political, economic and social conditions. As of the date of the approval of these consolidated financial statements, Turkey is facing an economic crisis characterized by strong depreciation of the Turkish lira, high inflation (the Turkish National Statistics Institute (TUIK) established the inflation rate at 42.35% for the six months ended June 30, 2022; see Note 2.1 for information on the impact of the application of IAS 29), a soaring trade deficit, depletion of the central bank's foreign reserves and rising external financing costs. Continuing unfavorable economic conditions in Turkey, such as the accelerated inflation and devaluation of the Turkish lira, may result in a potential deterioration in the purchasing power and creditworthiness of our clients (both individual and corporate).

Additionally, certain ongoing geopolitical and domestic political factors, referred to in this section, as well as continuing regional conflicts (such as in Syria, Armenia/Azerbaijan), may pose further strain on the country's economy.

There can be no assurance that these and other factors will not have an impact on Turkey and will not cause further deterioration of the Turkish economy, which may have a material adverse effect on the Turkish banking sector and the Group's business, financial condition and results of operations in Turkey.

– Risk associated with the COVID-19 pandemic

The COVID-19 (coronavirus) pandemic has adversely affected the world economy, and economic activity and conditions in the countries in which the Group operates. New waves of contagion continue to be a source of concern and the emergence of new strains remains a risk, although increasing vaccination rates may continue to reduce its impact on economic activity. Among other challenges, these countries are still dealing with relatively high unemployment levels, supply disruptions and increasing inflationary pressures, while public debt has increased significantly due to the support and spending measures implemented by the government authorities. Furthermore, there has been an increase in loan losses from both companies and individuals, which has so far been slowed down by the impact of government support measures, including bank payment deferrals, credit with public guarantee and direct aid measures. Likewise, volatility in the financial markets may continue affecting exchange rates and the value of assets and investments, which has adversely affected the Group's capital base and results in the past, and could do so again. There are still uncertainties about the future impact of the COVID-19 pandemic, mainly if there is an increase in infections caused by the new variants of the coronavirus.

With the outbreak of COVID-19, the Group experienced a decline in its activity. For example, the granting of new loans to individuals decreased during lockdowns. In addition, in several countries, including Spain, the Group closed a significant number of its branches and reduced the opening hours of working with the public, with central services teams having to work remotely. While these measures were progressively reversed, additional restrictions on mobility could be adopted that affect the Group's operations. Furthermore, the Group has been and may be affected by the measures or recommendations adopted by regulatory authorities in the banking sector, such as variations in reference interest rates, the modification of prudential requirements, the temporary suspension of dividend payments, the modification of the deferral of monthly installments for certain loans and the granting of guarantees or public guarantees to credit operations for companies and self-employed persons, the adoption of further similar measures or the termination of those already approved, as well as any changes in financial assets purchase programs by the ECB.

Furthermore, pandemics like the COVID-19 pandemic could adversely affect the business and transactions of third parties that provide critical services to the Group and, in particular, the higher demand and/or the lower availability of certain resources, compounded by ongoing supply bottlenecks could, in some cases, make it more difficult for the Group to maintain the required service levels. In addition, the widespread use of remote work has increased the risks related to cybersecurity, as the use of non-corporate networks has increased.

Further, despite the progressive lessening of restrictions since 2020 and the increasing resumption of activities, the Group continues to face various risks, such as a greater impairment of the value of its assets (including financial instruments valued at fair value, which may suffer significant fluctuations) and of the securities held for liquidity reasons, an increase in non-performing loans (NPLs) and risk-weighted assets (RWAs), as well as an increase in the Group's cost of financing and a reduction in its access to financing (especially in an environment where credit ratings are affected).

The COVID-19 pandemic has also exacerbated and may continue to exacerbate other risks disclosed in this section, including but not limited to risks associated with the credit quality of the Group's borrowers and counterparties or collateral, any withdrawal of ECB funding (of which the Group has made and continues to make significant use), the Group's exposure to sovereign debt and rating downgrades, the Group's ability to comply with its regulatory requirements, including MREL (as defined herein) and other capital requirements, and the deterioration of economic conditions or changes in the institutional environment.

The COVID-19 pandemic has had a substantial impact on the Spanish economy and its sovereign fiscal position. Despite the 5.1% expansion in 2021, Spanish GDP remains below the level observed immediately before the pandemic given its 10.8% contraction in 2020. The relative weakness of economic activity and the measures the fiscal stimulus adopted have generated fears about the sustainability of public debt in the medium and long term, amid the European Central Bank's withdrawal of monetary stimulus introduced following the beginning of the COVID-19 pandemic. The risk of (renewed) fragmentation in the Eurozone is on the rise, once the ECB has significantly reduced its asset purchase programs. In addition, the annual inflation rate for 2021 (6.5% in December) was the highest since 1989. Against this backdrop, the consequences of the war in Europe (mainly through higher prices and supply restriction in commodity markets) could slow growth down (and eventually cause a recession) and keep inflation at high levels at least in 2022 and 2023. On the other hand, although the economic recovery is expected to be supported by the adoption of initiatives by the European Union, in particular the financial support linked to the Next Generation EU (NGEU) plan, there are risks associated with the capacity of the Spanish economy to absorb EU funds and translate this support into productive investments.

The final magnitude of the impact of the COVID-19 pandemic on the Group's business, financial condition and results of operations, which has been significant, will depend on future and uncertain events, including the intensity and persistence over time of the consequences arising from the COVID-19 pandemic in the different geographies in which the Group operates.

– Regulatory and reputational risks

Financial institutions are exposed to a complex and ever-changing regulatory environment defined by governments and regulators which may lead to the announcement of new regulations or the imposition of new taxes on banking business, in Spain or in the jurisdictions in which the Group operates (as it is the case of the new tax for banks recently announced in Spain), or higher liquidity and capital requirements, which could influence its growth capacity, the development of certain businesses by financial entities and their lower profitability ratios. The Group constantly monitors changes in the regulatory framework that allow for anticipation and adaptation to them in a timely manner, adopt industry practices and more efficient and rigorous criteria in its implementation.

The financial sector is under ever closer scrutiny by regulators, governments and society itself. In the course of activities, situations which might cause relevant reputational damage to the entity could raise and might affect the regular course of business. The attitudes and behaviors of the Group and its members are governed by the principles of integrity, honesty, long-term vision and industry practices through, inter alia, the internal control model, the Code of Conduct, the Corporate Principles in tax matters and Responsible Business Strategy of the Group.

– Business, operational and legal risks

New technologies and forms of customer relationships: Developments in the digital world and in information technologies pose significant challenges for financial institutions, entailing threats (new competitors, disintermediation, etc.) but also opportunities (new framework of relations with customers, greater ability to adapt to their needs, new products and distribution channels, etc.). Digital transformation is a priority for the Group as it aims to lead digital banking of the future as one of its objectives.

Technological risks and security breaches: The Group is exposed to new threats such as cyber-attacks, theft of internal and customer databases, fraud in payment systems, etc. that require major investments in security from both the technological and human point of view. The Group gives great importance to the active operational and technological risk management and control.

Regarding legal risks, the financial sector faces an environment of increasing regulatory and litigious pressure, and thus, the various Group entities are usually party to individual or collective judicial proceedings (including class actions) resulting from their activity and operations, as well as arbitration proceedings. The Group is also party to other government procedures and investigations, such as those carried out by the antitrust authorities in certain countries which, among other things, have in the past and could in the future result in sanctions, as well as lead to claims by customers and others. In addition, the regulatory framework, in the jurisdictions in which the Group operates, is evolving towards a supervisory approach more focused on the opening of sanctioning proceedings while some regulators are focusing their attention on consumer protection and behavioral risk.

In Spain and in other jurisdictions where the Group operates, legal and regulatory actions and proceedings against financial institutions, prompted in part by certain judgments in favor of consumers handed down by national and supranational courts (with regards to matters such as credit cards and mortgage loans), have increased significantly in recent years and this trend could continue in the future. The legal and regulatory actions and proceedings faced by other financial institutions in relation to these and other matters, especially if such actions or proceedings result in favorable resolutions for the consumer, could also adversely affect the Group.

All of the above may result in a significant increase in operating and compliance costs or even a reduction of revenues, and it is possible that an adverse outcome in any proceedings (depending on the amount thereof, the penalties imposed or the procedural or management costs for the Group) could damage the Group's reputation, generate a knock-on effect or otherwise adversely affect the Group.

It is difficult to predict the outcome of legal and regulatory actions and proceedings, both those to which the Group is currently exposed and those that may arise in the future, including actions and proceedings relating to former Group subsidiaries or in respect of which the Group may have indemnification obligations. Any of such outcomes could be significantly adverse to the Group. In addition, a decision in any matter, whether against the Group or against another credit entity facing similar claims as those faced by the Group, could give rise to other claims against the Group. In addition, these actions and proceedings attract resources from the Group and may occupy a great deal of attention on part of the Group's management and employees.

As of June 30, 2022, the Group had €620 million in provisions for the proceedings it is facing (included in the line "Provisions for taxes and other legal contingencies" in the consolidated balance sheet) (see Note 23), of which €534 million correspond to legal contingencies and €86 million to tax related matters. However, the uncertainty arising from these proceedings (including those for which no provisions have been made, either because it is not possible to estimate them or for other reasons) makes it impossible to guarantee that the possible losses arising from these proceedings will not exceed, where applicable, the amounts that the Group currently has provisioned and, therefore, could affect the Group's consolidated results in a given period.

As a result of the above, legal and regulatory actions and proceedings currently faced by the Group or to which it may become subject in the future or otherwise affected by, individually or in the aggregate, if resolved in whole or in part adversely to the Group's interests, could have a material adverse effect on the Group's business, financial condition and results of operations.

Spanish judicial authorities are investigating the activities of *Centro Exclusivo de Negocios y Transacciones, S.L.* (Cenyt). Such investigation includes the provision of services by Cenyt to the Bank. On 29th July, 2019, the Bank was named as an investigated party *(investigado)* in a criminal judicial investigation (Preliminary Proceeding No. 96/2017 – Piece No. 9, Central Investigating Court No. 6 of the National High Court) for alleged facts which could be constitutive of bribery, revelation of secrets and corruption. On February 3, 2020, the Bank was notified by the Central Investigating Court No. 6 of the National High Court of the order lifting the secrecy of the proceedings. Certain current and former officers and employees of the Group, as well as former directors have also been named as investigated parties in connection with this investigation. The Bank has been and continues to be proactively collaborating with the Spanish judicial authorities, including sharing with the courts the relevant information obtained in the internal investigation hired by the entity in 2019 to contribute to the clarification of the facts. As of the date of the approval of the Consolidated Financial Statements, no formal accusation against the Bank has been made.

This criminal judicial proceeding is at the pre-trial phase. Therefore, it is not possible at this time to predict the scope or duration of such proceeding or any related proceeding or its or their possible outcomes or implications for the Group, including any fines, damages or harm to the Group's reputation caused thereby.

6.2. Credit risk

Credit risk arises from the probability that one party to a financial instrument will fail to meet its contractual obligations for reasons of insolvency or inability to pay and cause a financial loss for the other party. The general principles governing credit risk management in the BBVA Group, as well as the credit risk management in the Group as of June 30, 2022 do not differ significantly from those included in Note 7 of the consolidated financial statements of the Group for the year ended December 31, 2021.

6.2.1. COVID-19 support measures

Since the beginning of the pandemic, the Group offered COVID-19 support measures to its customers (individuals, SMEs and wholesale) in all the geographic areas where it operates, consisting of both deferrals on existing loans and new public-guaranteed lending. These measures were extended to individual customers and, in the case of legal entities, to different sectors, with Leisure and Real Estate being the sectors that have used them most. Deferral support schemes have expired in all geographical areas.

With regard to new government-guaranteed loans, the Group's involvement in Spain and Peru is noteworthy:

Spain:

- The Official Credit Institute (ICO by its Spanish acronym) published several support programs aimed at the self-employed, small and medium-sized enterprises (hereinafter "SMEs") and companies, through which a guarantee of between 60% and 80% (in SMEs always 80%) for a term of up to 5 years was granted to new loans (RDL Mar/2020).

- The amount of the guarantee and its term were based on the size of the company and the type of support, being eligible to an extension of the expiry date up to a maximum of 3 additional years and of the grace period up to 12 additional months with respect to the terms and grace periods initially agreed (RDL Nov/2020).

- Likewise, facilities were provided in term extensions (up to a maximum term of 10 years), in the conversion of financing transactions into Participative Loans and acquaintances of part of the financing (RDL 5/2021 and the Code of Best Practices).

- In March, 2022, the Council of Ministers agreed to modify the Code of Best Practices to lessen access conditions given the difficulties of clients, which are facing sharp increases in costs due to their special exposure to tensions in the prices of energy and other raw materials.

- As an additional measure of the Code of Best Practices, the Council of Ministers has approved the agreement to establish the possibility of term extensions of ICO financing given to self-employed and companies, after June 30, 2022, after the expiry of the Temporary Framework of state support approved by the European Commission European Commission.

Peru:

- There were public support programs such as *Reactiva, Crecer* or FAE aimed at companies and micro-enterprises with secured amounts ranging from 60% to 98%, depending on the program and the type of company.

– Through a Decree published in May, for loans granted under the *Reactiva* program, both the maturity and grace period of such loans could be extended. Until December 31, 2022, the possibility to benefit from this measure exists.

New government-guaranteed financing was also granted in Turkey, Colombia and Argentina.

The outstanding balance of existing loans for which a payment deferral was granted (split by those existing at end of the period and those that were completed by period-end closing) under EBA standards and for which financing was granted with public guarantees given at a Group level, as well as the number of customers of both measures, as of June 30, 2022 and December 31, 2021, are as follows:

Amount of payment deferrals and financing with public guarantees of the Group (Millions of Euros)

	Payment deferrals				Financing with public guarantees			
	Existing	Completed	Total	Number of customers	Total	Number of customers	Total payment deferrals and guarantees	(%) credit investment
June 2022	—	19,998	19,998	1,940,865	16,032	254,945	36,030	9.4 %
December 2021	189	21,743	21,931	2,188,720	16,093	264,809	38,025	10.9 %

Amount of payment deferral and financing with public guarantees (Millions of Euros)

	Payment deferrals						Financing with public guarantees	
	Existing		Completed		Total			
	June 2022	December 2021	June 2022	December 2021	June 2022	December 2021	June 2022	December 2021
Group	**—**	**189**	**19,998**	**21,743**	**19,998**	**21,931**	**16,032**	**16,093**
Customers	—	107	14,310	14,904	14,310	15,011	1,515	1,376
Of which: Mortgages	*—*	*97*	*10,191*	*10,195*	*10,191*	*10,291*	*6*	*6*
SMEs	—	44	3,528	3,950	3,528	3,994	11,115	10,911
Non-financial corporations	—	37	2,044	2,766	2,044	2,803	3,381	3,788
Other	—	—	116	122	116	122	21	18

Amount of payment deferrals by stages (Millions of Euros)

	Stage 1		Stage 2		Stage 3		Total	
	June 2022	December 2021	June 2022	December 2021	June 2022	December 2021	June 2022	December 2021
Group	**12,584**	**13,236**	**4,489**	**6,252**	**2,925**	**2,444**	**19,998**	**21,931**
Customers	9,127	9,167	3,222	3,707	1,961	2,137	14,310	15,011
Of which: Mortgages	*6,599*	*6,360*	*2,179*	*2,444*	*1,413*	*1,487*	*10,191*	*10,291*
SMEs	2,530	2,609	745	1,131	253	254	3,528	3,994
Non-financial corporations	832	1,364	500	1,387	712	53	2,044	2,803
Other	94	95	23	27	—	—	116	122

6.2.2. Credit risk exposure

In accordance with IFRS 7 "Financial Instruments: Disclosures", the BBVA Group's credit risk exposure by headings in the consolidated balance sheets as of June 30, 2022 and December 31, 2021 is provided below. It does not consider the loss allowances and the availability of collateral or other credit enhancements to guarantee compliance with payment obligations. The details are broken down by the nature of the financial instruments:

Maximum credit risk exposure (Millions of Euros)

	Notes	June 2022	*Stage 1*	*Stage 2*	*Stage 3*
Financial assets held for trading		**78,010**			
Equity instruments	9	6,199			
Debt securities	9	30,171			
Loans and advances	9	41,640			
Non-trading financial assets mandatorily at fair value through profit or loss		**6,775**			
Equity instruments	10	6,411			
Debt securities	10	124			
Loans and advances	10	240			
Financial assets designated at fair value through profit or loss	**11**	**1,003**			
Derivatives (trading and hedging)		**53,006**			
Financial assets at fair value through other comprehensive income		**63,335**			
Equity instruments	12	1,612			
Debt securities		61,697	60,900	772	25
Loans and advances to credit institutions	12	27	27	—	—
Financial assets at amortized cost		**419,942**	**372,736**	**32,580**	**14,626**
Debt securities		38,347	38,079	238	29
Loans and advances to central banks		6,764	6,764	—	—
Loans and advances to credit institutions		13,031	13,009	22	—
Loans and advances to customers		361,800	314,884	32,320	14,597
Total financial assets risk		**622,071**			
Total loan commitments and financial guarantees		**184,898**	**171,912**	**11,857**	**1,128**
Loan commitments given	30	132,088	124,593	7,271	224
Financial guarantees given	30	14,308	12,887	1,121	300
Other commitments given	30	38,502	34,433	3,465	604
Total maximum credit exposure		**806,969**			

Maximum credit risk exposure (Millions of Euros)	Notes	December 2021	Stage 1	Stage 2	Stage 3
Financial assets held for trading		**92,560**			
Equity instruments	9	15,963			
Debt securities	9	25,790			
Loans and advances	9	50,807			
Non-trading financial assets mandatorily at fair value through profit or loss		**6,086**			
Equity instruments	10	5,303			
Debt securities	10	128			
Loans and advances	10	655			
Financial assets designated at fair value through profit or loss	**11**	**1,092**			
Derivatives (trading and hedging)		**43,687**			
Financial assets at fair value through other comprehensive income		**60,495**			
Equity instruments	12	1,320			
Debt securities		59,148	58,587	561	—
Loans and advances to credit institutions	12	27	27	—	—
Financial assets at amortized cost		**383,870**	**334,772**	**34,418**	**14,680**
Debt securities		34,833	34,605	205	22
Loans and advances to central banks		5,687	5,687	—	—
Loans and advances to credit institutions		13,295	13,285	10	—
Loans and advances to customers		330,055	281,195	34,203	14,657
Total financial assets risk		**587,789**			
Total loan commitments and financial guarantees		**165,941**	**152,914**	**12,070**	**957**
Loan commitments given	30	119,618	112,494	6,953	171
Financial guarantees given	30	11,720	10,146	1,329	245
Other commitments given	30	34,604	30,274	3,789	541
Total maximum credit exposure		**753,730**			

The breakdown by geographical location and stage of the maximum credit risk exposure, the accumulated allowances recorded and the carrying amount of the loans and advances to customers at amortized cost as of June 30, 2022 and December 31, 2021 is shown below:

June 2022 (Millions of Euros)	Gross exposure				Accumulated allowances				Carrying amount			
	Total	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
Spain (*)	211,506	183,564	19,865	8,077	(5,229)	(593)	(796)	(3,840)	206,278	182,972	19,070	4,236
Mexico	69,445	62,512	4,893	2,041	(2,424)	(951)	(447)	(1,025)	67,022	61,560	4,446	1,016
Turkey (**)	37,754	31,408	3,744	2,602	(2,145)	(302)	(336)	(1,507)	35,610	31,107	3,408	1,095
South America (***)	42,059	36,376	3,815	1,868	(1,886)	(337)	(345)	(1,203)	40,173	36,039	3,470	665
Others	1,035	1,024	3	9	(8)	(1)	—	(7)	1,027	1,023	2	2
Total (****)	**361,800**	**314,884**	**32,320**	**14,597**	**(11,691)**	**(2,184)**	**(1,925)**	**(7,583)**	**350,110**	**312,700**	**30,395**	**7,014**
Of which: individual					*(2,148)*	*(29)*	*(550)*	*(1,568)*				
Of which: collective					*(9,543)*	*(2,154)*	*(1,375)*	*(6,014)*				

(*) Spain includes all the countries where BBVA, S.A. operates

(**) Turkey includes all the countries in which Garanti BBVA operates.

(***) In South America, BBVA Group operates in Argentina, Colombia, Peru and Uruguay.

(****) The amount of the accumulated impairment includes the provisions recorded for credit risk over the remaining expected lifetime of purchased financial instruments. Those provisions were determined at the moment of the Purchase Price Allocation (PPA) and were originated mainly in the acquisition of Catalunya Banc S.A. (as of June 30, 2022, the remaining balance was €223 million). These valuation adjustments are recognized in the consolidated income statement during the residual life of the instrument or applied as allowances in the value of the financial instrument when the losses materialize.

December 2021 (Millions of Euros)

	Gross exposure				Accumulated allowances				Carrying amount			
	Total	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**
Spain (*)	201,405	171,883	21,380	8,143	(5,277)	(722)	(923)	(3,631)	196,129	171,161	20,457	4,511
Mexico	57,847	51,665	4,261	1,921	(2,038)	(740)	(381)	(916)	55,809	50,925	3,880	1,005
Turkey (**)	33,472	26,497	4,134	2,841	(2,058)	(224)	(424)	(1,410)	31,414	26,273	3,711	1,431
South America (***)	36,335	30,166	4,425	1,744	(1,736)	(277)	(362)	(1,096)	34,599	29,889	4,062	648
Others	996	984	3	9	(8)	(1)	—	(7)	988	983	3	2
Total (****)	**330,055**	**281,195**	**34,203**	**14,657**	**(11,116)**	**(1,964)**	**(2,091)**	**(7,061)**	**318,939**	**279,231**	**32,112**	**7,596**
Of which: individual					*(2,528)*	*(4)*	*(657)*	*(1,867)*				
Of which: collective					*(8,587)*	*(1,959)*	*(1,434)*	*(5,194)*				

(*) Spain includes all the countries where BBVA, S.A. operates.

(**) Turkey includes all the countries in which Garanti BBVA operates.

(***) In South America, BBVA Group operates in Argentina, Colombia, Peru and Uruguay.

(****) The amount of the accumulated impairment includes the provisions recorded for credit risk over the remaining expected lifetime of purchased financial instruments. Those provisions were determined at the moment of the Purchase Price Allocation (PPA) and were originated mainly in the acquisition of Catalunya Banc S.A. (as of December 31, 2021, the remaining balance was €266 million). These valuation adjustments are recognized in the consolidated income statement during the residual life of the instrument or applied as allowances in the value of the financial instrument when the losses materialize.

The breakdown by counterparty and product of the maximum credit risk exposure, the accumulated allowances recorded, as well as the carrying amount by type of product, classified in different headings of the assets as of June 30, 2022 and December 31, 2021 is shown below:

June 2022 (Millions of Euros)

	Central banks	**General governments**	**Credit institutions**	**Other financial corporations**	**Non-financial corporations**	**Households**	**Total**	**Gross carrying amount**
On demand and short notice	—	6	—	249	2,837	639	3,731	3,920
Credit card debt	—	1	—	2	1,722	14,377	16,102	17,177
Commercial debtors		670	26	617	19,597	75	20,984	21,235
Finance leases	—	192	—	14	7,775	335	8,315	8,637
Reverse repurchase loans	890	—	2,086	2	—	—	2,977	2,981
Other term loans	5,447	20,025	3,672	6,648	125,046	141,799	302,636	312,463
Advances that are not loans	412	372	7,257	4,854	1,764	732	15,392	15,450
LOANS AND ADVANCES	**6,748**	**21,266**	**13,041**	**12,386**	**158,741**	**157,957**	**370,138**	**381,862**
By secured loans								
Of which: mortgage loans collateralized by immovable property		*312*	*—*	*245*	*23,976*	*96,526*	*121,060*	*124,210*
Of which: other collateralized loans	*692*	*4,940*	*1,757*	*435*	*6,041*	*2,103*	*15,968*	*16,328*
By purpose of the loan								
Of which: credit for consumption						*47,635*	*47,635*	*50,915*
Of which: lending for house purchase						*96,780*	*96,780*	*98,336*
By subordination								
Of which: project finance loans					*9,599*		*9,599*	*10,130*

December 2021 (Millions of Euros)	Central banks	General governments	Credit institutions	Other financial corporations	Non-financial corporations	Households	Total	Gross carrying amount
On demand and short notice	—	6	—	321	2,339	495	3,161	3,345
Credit card debt	—	—	—	1	1,504	12,523	14,030	14,949
Commercial debtors		791	—	476	18,191	66	19,524	19,766
Finance leases	—	191	—	14	7,388	317	7,911	8,256
Reverse repurchase loans	1,192	—	2,788	23	—	—	4,004	4,013
Other term loans	4,174	18,440	4,004	5,413	110,204	134,505	276,739	286,127
Advances that are not loans	315	394	6,510	3,554	1,805	630	13,208	13,263
LOANS AND ADVANCES	**5,681**	**19,822**	**13,303**	**9,804**	**141,431**	**148,536**	**338,577**	**349,719**
By secured loans								
Of which: mortgage loans collateralized by immovable property		*324*	*—*	*220*	*21,531*	*94,821*	*116,897*	*119,980*
Of which: other collateralized loans	*1,180*	*1,413*	*2,534*	*390*	*3,512*	*1,950*	*10,979*	*11,335*
By purpose of the loan								
Of which: credit for consumption						*42,294*	*42,294*	*45,236*
Of which: lending for house purchase						*95,209*	*95,209*	*96,612*
By subordination								
Of which: project finance loans					*8,863*		*8,863*	*9,423*

The value of guarantees received as of June 30, 2022 and December 31, 2021, is as follows:

Guarantees received (Millions of Euros)	June 2022	December 2021
Value of collateral	**125,757**	**117,362**
Of which: guarantees normal risks under special monitoring	*11,132*	*11,768*
Of which: guarantees impaired risks	*3,723*	*3,981*
Value of other guarantees	**38,957**	**48,680**
Of which: guarantees normal risks under special monitoring	*6,806*	*7,404*
Of which: guarantees impaired risks	*992*	*886*
Total value of guarantees received	**164,714**	**166,042**

6.2.3. Impaired secured loans

The breakdown of loans and advances, within the heading "Financial assets at amortized cost", impaired loans and advances and accumulated impairment, as well as the gross carrying amount, by counterparties as of June 30, 2022 and December 31, 2021, is as follows:

June 2022 (Millions of Euros)	Gross carrying amount	Impaired loans and advances	Accumulated impairment	Impaired loans and advances as a % of the total
Central banks	6,764	—	(16)	—
General governments	21,300	52	(35)	0.2 %
Credit institutions	13,031	—	(17)	—
Other financial corporations	12,434	40	(48)	0.3 %
Non-financial corporations	164,461	7,167	(5,875)	4.4 %
Households	163,604	7,339	(5,732)	4.5 %
LOANS AND ADVANCES	**381,596**	**14,597**	**(11,724)**	**3.8%**

December 2021 (Millions of Euros)	Gross carrying amount	Impaired loans and advances	Accumulated impairment	Impaired loans and advances as a % of the total
Central banks	5,687	—	(6)	—
General governments	19,719	62	(37)	0.3%
Credit institutions	13,295	—	(19)	—
Other financial corporations	9,826	24	(23)	0.2%
Non-financial corporations	146,797	7,290	(5,804)	5.0%
Households	153,714	7,281	(5,253)	4.7%
LOANS AND ADVANCES	**349,037**	**14,657**	**(11,142)**	**4.2%**

The changes during the six months ended June 30, 2022, and the year ended December 31, 2021 of impaired financial assets (financial assets and guarantees given) are as follows:

Changes in impaired financial assets and guarantees given (Millions of Euros)	June 2022	December 2021
Balance at the beginning	**15,467**	**15,478**
Additions	3,908	8,556
Decreases (*)	(2,981)	(4,555)
Net additions	**927**	**4,001**
Amounts written-off	(1,158)	(3,613)
Exchange differences and other	342	(399)
Balance at the end	**15,578**	**15,467**

(*) Reflects the total amount of impaired loans derecognized from the consolidated balance sheet throughout the period as a result of monetary recoveries as well as mortgage foreclosures and real estate assets received in lieu of payment.

6.2.4. Measurement of Expected Credit Loss (ECL)

As of June 30, 2022, the models for calculating expected losses used by the Group to prepare the attached Consolidated Financial Statements do not differ significantly from those detailed in Note 7 to the consolidated financial statements of the Group for the year ended, December 31, 2021, except for the application of the new scenarios derived from the macroeconomic and geopolitical situation in the first half of 2022.

BBVA Research forecasts a maximum of five years for the macroeconomic variables. The following estimates for the next five years of the Gross Domestic Product (GDP) growth, of the unemployment rate and of the House Price Index (HPI), for the most relevant countries where it represents a significant factor, are determined by BBVA Research and have been used at the time of the calculation of the ECL as of June 30, 2022:

Positive scenario of GDP, unemployment rate and HPI for the main geographies

	Spain			Mexico			Turkey	
Date	GDP	Unemployment	HPI	GDP	Unemployment	HPI	GDP	Unemployment
2022	4.77%	12.98%	(0.52)%	2.09%	3.43%	1.26%	6.43%	10.98%
2023	3.76%	12.25%	4.93%	2.78%	3.24%	3.16%	5.36%	11.98%
2024	3.89%	11.29%	1.69%	1.91%	3.21%	3.63%	4.15%	13.19%
2025	2.78%	10.25%	0.90%	1.83%	3.17%	3.73%	3.37%	13.86%
2026	2.69%	9.06%	0.59%	1.78%	3.12%	3.85%	3.11%	14.05%
2027	2.56%	8.14%	0.62%	1.78%	3.07%	3.80%	3.08%	14.05%

	Peru		Argentina		Colombia	
Date	GDP	Unemployment	GDP	Unemployment	GDP	Unemployment
2022	4.63%	8.90%	8.30%	11.50%	5.85%	12.06%
2023	4.62%	8.39%	4.88%	9.35%	3.42%	11.76%
2024	2.71%	7.53%	2.18%	7.86%	3.21%	11.15%
2025	2.29%	7.47%	2.59%	6.85%	3.52%	10.30%
2026	2.26%	7.16%	2.63%	6.89%	3.53%	9.65%
2027	2.17%	6.96%	2.63%	6.81%	3.56%	9.46%

Estimate of GDP, unemployment rate and HPI for the main geographies

	Spain			Mexico			Turkey	
Date	**GDP**	**Unemployment**	**HPI**	**GDP**	**Unemployment**	**HPI**	**GDP**	**Unemployment**
2022	4.14%	14.18%	(1.93)%	1.23%	3.55%	1.32%	2.51%	12.19%
2023	3.28%	13.85%	3.34%	2.15%	3.43%	3.04%	3.03%	13.36%
2024	3.80%	12.90%	1.15%	1.81%	3.36%	3.52%	3.99%	13.80%
2025	2.78%	11.83%	0.47%	1.79%	3.30%	3.76%	3.25%	14.09%
2026	2.69%	10.58%	0.14%	1.77%	3.25%	3.83%	2.98%	14.24%
2027	2.56%	9.38%	0.17%	1.76%	3.19%	3.78%	2.96%	14.23%

	Peru		Argentina		Colombia	
Date	**GDP**	**Unemployment**	**GDP**	**Unemployment**	**GDP**	**Unemployment**
2022	1.99%	9.04%	3.50%	12.35%	4.46%	12.26%
2023	2.82%	8.62%	2.00%	10.40%	2.54%	12.05%
2024	2.56%	7.75%	2.00%	8.60%	3.21%	11.44%
2025	2.29%	7.66%	2.50%	7.38%	3.53%	10.59%
2026	2.26%	7.33%	2.50%	7.38%	3.53%	9.93%
2027	2.17%	7.14%	2.50%	7.30%	3.56%	9.52%

Negative scenario of GDP, unemployment rate and HPI for the main geographies

	Spain			Mexico			Turkey	
Date	**GDP**	**Unemployment**	**HPI**	**GDP**	**Unemployment**	**HPI**	**GDP**	**Unemployment**
2022	3.54%	15.34%	(3.35)%	0.39%	3.68%	1.33%	(1.48)%	13.38%
2023	2.82%	15.40%	1.93%	1.50%	3.62%	2.83%	0.39%	14.80%
2024	3.72%	14.48%	0.57%	1.72%	3.53%	3.33%	3.84%	14.45%
2025	2.74%	13.40%	(0.17)%	1.73%	3.44%	3.68%	3.16%	14.33%
2026	2.65%	12.10%	(0.62)%	1.72%	3.38%	3.83%	2.91%	14.42%
2027	2.53%	10.88%	(0.59)%	1.72%	3.32%	3.78%	2.88%	14.39%

	Peru		Argentina		Colombia	
Date	**GDP**	**Unemployment**	**GDP**	**Unemployment**	**GDP**	**Unemployment**
2022	(0.66)%	9.18%	(1.25)%	13.17%	3.06%	12.46%
2023	1.02%	8.87%	(1.25)%	11.41%	1.63%	12.33%
2024	2.41%	7.98%	1.79%	9.33%	3.20%	11.71%
2025	2.29%	7.87%	2.37%	7.88%	3.54%	10.86%
2026	2.26%	7.54%	2.34%	7.84%	3.53%	10.18%
2027	2.17%	7.35%	2.35%	7.79%	3.56%	9.59%

Sensitivity to macroeconomic scenarios

A sensitivity exercise has been carried out on the expected losses due to variations in the key hypotheses as they are the ones that introduce the greatest uncertainty in estimating such losses. As a first step, GDP and the House Price Index have been identified as the most relevant variables. These variables have been subjected to shocks of +/- 100 bps in their entire window with impact of the macro models. Independent sensitivities have been assessed, under the assumption of assigning a 100% probability to each determined scenario with these independent shocks.

Variation in expected loss is determined both by re-staging (that is: in worse scenarios due to the recognition of lifetime credit losses for additional operations that are transferred to stage 2 from stage 1 where 12 months of losses are valued; or vice versa in improvement scenarios) as well as variations in the collective risk parameters (PD and LGD) of each financial instrument due to the changes defined in the macroeconomic forecasts of the scenario.

June 2022 (*)

	BBVA Group					Spain			Mexico			Turkey		
GDP	**Total**	**Retail**	**Mortgages**	**Wholesaler**	**Fixed income**	**Total**	**Mortgages**	**Companies**	**Total**	**Mortgages**	**Cards**	**Total**	**Mortgages**	**Cards**
-100 bps	2.58%	2.46%	*1.89%*	3.33%	1.35%	2.82%	1.96%	4.12%	3.14%	1.83%	4.65%	2.37%	2.36%	2.47%
+100 bps	(2.35)%	(2.24)%	*(1.64)%*	(2.98)%	(1.43)%	(2.53)%	(1.70)%	(3.65)%	(2.97)%	(1.69)%	(4.40)%	(1.94)%	(2.05)%	(1.88)%
Housing price														
-100 bps							3.37%	0.28%		1.96%				
+100 bps							(3.34)%	(0.28)%		(1.83)%				

(*) Last available data as of May 31, 2022.

Additional adjustments to expected losses measurement

The description in Note 7 to the consolidated financial statements of the Group for the year ended December 31, 2021 on individualized and collective estimates of expected losses and macroeconomic estimates, must be taken into account for the estimation of the expected losses.

The estimate at the end of the six months ended June 30, 2022, includes the effect on the expected losses of the update of the macroeconomic forecasts, which have been affected by the war in Ukraine, the evolution of interest rates, inflation rates or the prices of commodities. The estimate includes the update of such forecast which has been reviewed following the internal approval circuits established for this purpose, to reflect the effects of the new inflationary environment on the results of the collective estimates. This adaptation is expected to be reviewed and, if appropriate, incorporated into the calculation methodology within the periodic review process that is carried out each year. The adaptations to the parameters of the models made in 2022 amounted to a total of €299 million, of which €135 million were recorded in the second quarter, assigned to the impaired group for subjective reasons.

Additionally, the Group can supplement the expected losses either by the consideration of additional risk drivers, the incorporation of sectorial particularities or that may affect a set of operations or borrowers. These adjustments should be of temporary nature, until the reasons for them disappear or they materialize. As of June 30, 2022, there are adjustments to expected losses which amounted to €259 million at Group level, €174 million in Spain, €11 million in Peru and €74 million in Mexico. As of December 31, 2021 there were €311 million at the Group level for the same concept, €226 million in Spain, €18 million in Peru and €68 million in Mexico.

6.2.5. Loss allowances

Below are the changes in the six months ended June 30, 2022, and the year ended December 31, 2021 in the loss allowances recognized on the accompanying condensed consolidated balance sheets to cover the estimated impairment or reversal of impairment on loans and advances of financial assets at amortized cost:

Changes in loss allowances of loans and advances at amortized cost (Millions of Euros)

	June 2022	December 2021
Balance at the beginning of the period	**(11,142)**	**(12,141)**
Increase in loss allowances charged to income	(4,366)	(9,000)
Stage 1	(1,158)	(1,563)
Stage 2	(712)	(1,200)
Stage 3	(2,497)	(6,237)
Decrease in loss allowances charged to income	2,937	5,969
Stage 1	942	1,441
Stage 2	864	1,210
Stage 3	1,131	3,318
Transfer to written-off loans, exchange differences and other	846	4,031
Closing balance	**(11,724)**	**(11,142)**

6.3. Liquidity and funding risk

Liquidity and funding management at BBVA aims to finance the recurring growth of the banking business at suitable maturities and costs, using a wide range of instruments that provide access to a large number of alternative sources of financing. In this context, it is important to notice that, given the nature of BBVA's business, the funding of lending activity is fundamentally carried out through the use of stable customer funds.

Due to its subsidiary-based management model, BBVA is one of the few major European banks that follows the Multiple Point of Entry (MPE) resolution strategy: the parent company sets the liquidity policies, but the subsidiaries are self-sufficient and responsible for managing their own liquidity and funding (taking deposits or accessing the market with their own rating), without fund transfers or financing occurring between either the parent company and the subsidiaries or between the different subsidiaries. This strategy limits the spread of a liquidity crisis among the Group's different areas and ensures that the cost of liquidity and financing is correctly reflected in the price formation process.

The BBVA Group maintains a solid liquidity position in every geographical area in which it operates, with ratios well above the minimum required:

- The BBVA Group's liquidity coverage ratio (LCR) remained comfortably above 100% throughout the first six months of 2022, and stood at 170% as of June 30, 2022. For the calculation of this ratio, it is assumed that there is no transfer of liquidity among subsidiaries; i.e. no type of excess liquidity levels in foreign subsidiaries are considered in the calculation of the consolidated ratio. When considering these excess liquidity levels, the BBVA Group's LCR would stand at 220%.

- The net stable funding ratio (NSFR), defined as the ratio between the amount of stable funding available and the amount of stable funding required, demands banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. This ratio should be at least 100% at all times. The BBVA Group's NSFR ratio, calculated based on the criteria established in the Regulation (UE) 2019/876 of the European Parliament and of the Council of May 20, 2019, with entry into force in June 2021, stood at 134% as of June 30, 2022.

One of the key elements in BBVA's Group liquidity and funding management is the maintenance of large high quality liquidity buffers in all the geographical areas where the Group operates. In this respect, the Group has maintained for the last 12 months an average volume of high quality liquid assets (HQLA) accounting to €133.7 billion, among which, 94% correspond to maximum quality assets (LCR Tier 1).

The main wholesale financing transactions carried out by the companies of the BBVA Group are listed below:

- In January 2022, BBVA, S.A. issued a €1 billion senior non-preferred bond, with a maturity of 7 years and the option for early redemption in the sixth year, with a coupon of 0.875%. In May 2022, BBVA, S.A. carried out a preferred senior debt issue for a term of three and a half years and separated into two tranches, one with a fixed coupon of 1.75% for an amount of €1,250 million and another with a variable coupon set at three-month Euribor plus 64 basis points of spread (3-month Euribor coupon plus 100 basis points) for an amount of €500 million. On the other hand, two private issues have been closed for €100 million at a fixed 1% in May 2022 and €400 million at the 3-month floating rate Euribor plus 70 basis points in July 2022, both with a 2-year term, and in June 2022 a securitization of loans for the financing of vehicles was completed for an amount of €1,200 million. In addition, in May 2022, the Group carried out the early redemption of the preference shares contingently convertible into ordinary shares of BBVA (CoCos) issued in May 2017 by BBVA.

- On June 21, BBVA Mexico issued a sustainable bond for 10 billion Mexican pesos (€470 million, approximately), thus becoming the first private bank to carry out an issue of this type in Mexico, taking TIIE (Equilibrium Interbank Interest Rate used in Mexico) as the funding benchmark.

- On June 7, Garanti BBVA renewed 100% of a syndicated loan indexed to environmental, social and corporate governance (ESG) criteria that consists of two separate tranches of USD 283.5 million and €290.5 million, both with a maturity of one year. Garanti BBVA also made sustainable funding of USD 75 million in the first semester.

- On June 28, BBVA Colombia closed a 5-year financing with the International Finance Corporation (IFC) for USD 200m, the aim of which is to promote the financing and construction of energy-sustainable buildings and reduce CO_2 emissions, among others.

7. Fair value of financial instruments

The criteria and valuation methods used to calculate the fair value of financial assets as of June 30, 2022 do not differ significantly from those included in Note 8 from the consolidated financial statements for the year ended December 31, 2021.

The techniques and unobservable inputs used for the valuation of the financial instruments classified in the fair value hierarchy as Level 3, do not significantly differ from those detailed in Note 8 of the consolidated financial statements for the year 2021.

The effect on the consolidated income statements and on the consolidated equity, resulting from changing the main assumptions used in the valuation of Level 3 financial instruments for other reasonably possible assumptions, does not differ significantly from that detailed in Note 8 of the consolidated financial statements for the year 2021.

Below is a comparison of the carrying amount of the Group's financial instruments in the accompanying condensed consolidated balance sheets and their respective fair values as of June 30, 2022 and December 31, 2021:

Fair value and carrying amount of the financial instruments (Millions of Euros)

		June 2022		December 2021	
	Notes	Carrying Amount	Fair Value	Carrying Amount	Fair Value
ASSETS					
Cash, cash balances at central banks and other demand deposits	8	81,508	81,508	67,799	67,799
Financial assets held for trading	9	120,823	120,823	123,493	123,493
Non-trading financial assets mandatorily at fair value through profit or loss	10	6,775	6,775	6,086	6,086
Financial assets designated at fair value through profit or loss	11	1,003	1,003	1,092	1,092
Financial assets at fair value through other comprehensive income	12	63,223	63,223	60,421	60,421
Financial assets at amortized cost	13	408,148	409,324	372,676	377,451
Derivatives – Hedge accounting	14	1,858	1,858	1,805	1,805
LIABILITIES					
Financial liabilities held for trading	9	102,305	102,305	91,135	91,135
Financial liabilities designated at fair value through profit or loss	11	9,878	9,878	9,683	9,683
Financial liabilities at amortized cost	21	527,275	524,793	487,893	488,733
Derivatives – Hedge accounting	14	3,181	3,181	2,626	2,626

The following table shows the financial instruments in the accompanying condensed consolidated balance sheets, broken down by the measurement technique used to determine their fair value as of June 30, 2022 and December 31, 2021:

Fair Value of financial Instruments by Levels (Millions of Euros)

		June 2022			December 2021		
	Notes	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
ASSETS							
Cash, cash balances at central banks and other demand deposits	**8**	**81,199**	**—**	**309**	**67,581**	**—**	**218**
Financial assets held for trading	**9**	**33,653**	**83,938**	**3,232**	**32,371**	**87,736**	**3,386**
Derivatives		7,502	34,498	813	3,954	26,732	247
Equity instruments		6,137	—	62	15,925	—	37
Debt securities		18,856	11,100	215	11,877	13,725	189
Loans and advances		1,158	38,340	2,142	615	47,279	2,913
Non-trading financial assets mandatorily at fair value through profit or loss	**10**	**2,758**	**2,882**	**1,135**	**4,378**	**522**	**1,186**
Equity instruments		2,518	2,772	1,121	4,158	394	751
Debt securities		—	110	14	—	128	—
Loans and advances		240	—	—	220	—	435
Financial assets designated at fair value through profit or loss	**11**	**1,000**	**3**	**—**	**916**	**176**	**—**
Equity instruments					—	—	—
Debt securities		1,000	3	—	916	176	—
Loans and advances					—	—	—
Financial assets at fair value through other comprehensive income	**12**	**52,030**	**10,740**	**453**	**52,157**	**7,545**	**719**
Equity instruments		1,454	37	121	1,178	36	106
Debt securities		50,549	10,703	332	50,952	7,509	613
Loans and advances		27	—	—	27	—	—
Financial assets at amortized cost	**13**	**27,965**	**19,638**	**361,721**	**33,213**	**13,033**	**331,205**
Derivatives – Hedge accounting	**14**	**35**	**1,823**	**—**	**63**	**1,733**	**9**
LIABILITIES							
Financial liabilities held for trading	**9**	**32,170**	**68,582**	**1,553**	**26,215**	**64,305**	**615**
Trading derivatives		7,686	32,703	729	4,755	26,560	389
Short positions		15,654	4	—	15,124	11	—
Deposits		8,831	35,876	824	6,335	37,733	226
Financial liabilities designated at fair value through profit or loss	**11**	**—**	**8,369**	**1,510**	**1**	**8,243**	**1,439**
Customer deposits		—	569	165	—	809	—
Debt certificates		—	1,537	1,345	1	1,956	1,439
Other financial liabilities		—	6,262	—	—	5,479	—
Financial liabilities at amortized cost	**21**	**96,255**	**256,152**	**172,386**	**91,870**	**243,847**	**153,016**
Derivatives – Hedge accounting	**14**	**196**	**2,948**	**36**	**53**	**2,573**	**—**

8. Cash, cash balances at central banks and other demand deposits

The breakdown of the balance under the heading "Cash, cash balances at central banks and other demand deposits" in the accompanying condensed consolidated balance sheets is as follows:

Cash, cash balances at central banks and other demand deposits (Millions of Euros)

	June 2022	**December 2021**
Cash on hand	6,671	6,877
Cash balances at central banks (*)	66,302	55,004
Other demand deposits	8,535	5,918
Total	**81,508**	**67,799**

(*) The variation is mainly due to an increase in balances of BBVA, S.A. at the Bank of Spain.

9. Financial assets and liabilities held for trading

The breakdown of the balance under these headings in the accompanying condensed consolidated balance sheets is as follows:

Financial assets and liabilities held for trading (Millions of Euros)

	Notes	June 2022	December 2021
ASSETS			
Derivatives (*)		42,813	30,933
Equity instruments (**)	6.2	6,199	15,963
Debt securities	6.2	30,171	25,790
Issued by central banks		1,060	936
Issued by public administrations		26,265	21,946
Issued by financial institutions		1,286	1,130
Other debt securities		1,559	1,778
Loans and advances	6.2	41,640	50,807
Loans and advances to central banks		1,878	3,467
Reverse repurchase agreement		*1,878*	*3,467*
Loans and advances to credit institutions		30,239	31,916
Reverse repurchase agreement		*30,205*	*31,901*
Loans and advances to customers (***)		9,523	15,424
Reverse repurchase agreement		*8,922*	*14,916*
Total assets	**7**	**120,823**	**123,493**
LIABILITIES			
Derivatives (*)		41,117	31,705
Short positions		15,658	15,135
Deposits		45,530	44,294
Deposits from central banks		9,227	11,248
Repurchase agreement		*9,227*	*11,248*
Deposits from credit institutions (****)		25,943	16,176
Repurchase agreement		*25,579*	*15,632*
Customer deposits (***)		10,361	16,870
Repurchase agreement		*10,314*	*16,824*
Total liabilities	**7**	**102,305**	**91,135**

(*) The variation is mainly due to the evolution of exchange rate derivatives at BBVA, S.A.
(**) The variation is mainly due to sales at BBVA, S.A.
(***) The variation corresponds mainly to the evolution of "Reverse repurchase agreement" of BBVA S.A., partially offset by the evolution of "Repurchase agreement".
(****) The variation corresponds mainly to the evolution of "Repurchase agreement" of BBVA S.A.

10. Non-trading financial assets mandatorily at fair value through profit or loss

The breakdown of the balance under this heading in the accompanying condensed consolidated balance sheets is as follows:

Non-trading financial assets mandatorily at fair value through profit or loss (Millions of Euros)

	Notes	June 2022	December 2021
Equity instruments	6.2	6,411	5,303
Debt securities	6.2	124	128
Loans and advances to customers	6.2	240	655
Total	**7**	**6,775**	**6,086**

11. Financial assets and liabilities designated at fair value through profit or loss

The breakdown of the balance under these headings in the accompanying condensed consolidated balance sheets is as follows:

Financial assets and liabilities designated at fair value through profit or loss (Millions of Euros)	Notes	June 2022	December 2021
ASSETS			
Debt securities	6.2 / 7	1,003	1,092
LIABILITIES			
Customer deposits		734	809
Debt certificates issued		2,882	3,396
Other financial liabilities: Unit-linked products		6,262	5,479
Total liabilities	**7**	**9,878**	**9,683**

12. Financial assets at fair value through other comprehensive income

12.1. Breakdown of the balance

The breakdown of the balance of this heading of the accompanying condensed consolidated balance sheets by type of financial instruments is as follows:

Financial assets at fair value through other comprehensive income (Millions of Euros)	Notes	June 2022	December 2021
Equity instruments	6.2	1,612	1,320
Debt securities		61,584	59,074
Loans and advances to credit institutions	6.2	27	27
Total	**7**	**63,223**	**60,421**
Of which: loss allowances of debt securities		*(112)*	*(74)*

12.2. Equity instruments

The breakdown of the balance under the heading "Equity instruments" of the accompanying condensed consolidated balance sheets as of June 30, 2022 and December 31, 2021, is as follows:

Financial assets at fair value through other comprehensive income. Equity instruments (Millions of Euros)	June 2022		December 2021	
	Cost	Fair value	Cost	Fair value
Equity instruments				
Spanish companies shares	2,235	1,374	2,235	1,088
Foreign companies shares	88	116	98	125
The United States	*29*	*29*	*29*	*29*
Mexico	*1*	*30*	*1*	*29*
Turkey	*—*	*4*	*—*	*5*
Other countries	*58*	*53*	*69*	*63*
Subtotal equity instruments listed	**2,323**	**1,491**	**2,333**	**1,214**
Equity instruments				
Spanish companies shares	6	12	5	11
Foreign companies shares	22	109	55	95
Mexico	*1*	*1*	*—*	*1*
Turkey	*3*	*3*	*3*	*3*
Other countries	*19*	*105*	*51*	*91*
Subtotal unlisted equity instruments	**28**	**121**	**60**	**107**
Total	**2,351**	**1,612**	**2,393**	**1,320**

12.3. Debt securities

The breakdown of the balance under the heading "Debt securities" of the accompanying condensed consolidated balance sheets as of June 30, 2022 and December 31, 2021, is as follows:

Financial assets at fair value through other comprehensive income. Debt securities (Millions of Euros)				
	June 2022		December 2021	
	Amortized cost	Fair value	Amortized cost	Fair value
Domestic debt securities				
Government and other government agency	17,346	17,515	15,889	16,544
Central banks			—	—
Credit institutions	891	896	1,125	1,176
Other issuers	533	534	612	635
Subtotal	**18,770**	**18,945**	**17,625**	**18,355**
Foreign debt securities				
Mexico	**11,710**	**10,881**	**11,097**	**10,769**
Government and other government agency	11,099	10,297	10,467	10,141
Central banks	—	—	—	—
Credit institutions	131	121	120	118
Other issuers	480	464	509	510
Italy	**5,917**	**5,914**	**7,407**	**7,608**
Government and other government agency	5,757	5,756	7,274	7,474
Central banks	—	—	—	—
Credit institutions	55	55	47	47
Other issuers	104	103	86	87
Japan	**4,604**	**4,606**	**4,961**	**4,968**
Government and other government agency	4,512	4,515	4,906	4,913
Central banks	—	—	—	—
Credit institutions	14	14	18	18
Other issuers	78	78	36	37
The United States	**5,332**	**5,159**	**3,900**	**3,926**
Government and other government agency	3,148	2,976	1,754	1,744
Central banks	—	—	—	—
Credit institutions	120	120	114	116
Other issuers	2,065	2,063	2,032	2,065
Turkey	**3,195**	**3,928**	**2,888**	**2,920**
Government and other government agency	3,195	3,928	2,888	2,920
Central banks	—	—	—	—
Credit institutions	—	—	—	—
Other issuers	—	—	—	—
Other countries	**12,245**	**12,152**	**10,298**	**10,529**
Other foreign governments and government agency	3,076	2,999	2,488	2,574
Central banks	3,338	3,339	1,698	1,696
Credit institutions	2,196	2,192	2,306	2,382
Other issuers	3,635	3,622	3,807	3,877
Subtotal	**43,003**	**42,639**	**40,551**	**40,719**
Total	**61,773**	**61,584**	**58,176**	**59,074**

The credit ratings of the issuers of debt securities as of June 30, 2022 and December 31, 2021, are as follows:

Debt securities by rating

	June 2022		December 2021	
	Fair value (Millions of Euros)	%	Fair value (Millions of Euros)	%
AAA	3,656	5.9 %	2,413	4.1 %
AA+	527	0.9 %	586	1.0 %
AA	511	0.8 %	646	1.1 %
AA-	473	0.8 %	327	0.6 %
A+	5,543	9.0 %	6,179	10.5 %
A	1,581	2.6 %	1,676	2.8 %
A-	20,293	33.0 %	18,760	31.8 %
BBB+	11,392	18.5 %	11,465	19.4 %
BBB	8,876	14.4 %	10,961	18.6 %
BBB-	1,331	2.2 %	1,310	2.2 %
BB+ or below	7,093	11.5 %	4,379	7.4 %
Unclassified	308	0.5 %	372	0.6 %
Total	**61,584**	**100.0%**	**59,074**	**100.0%**

12.4. Gains/losses

Changes in gains (losses)

The changes in the gains/losses (net of taxes) during the six months ended June 30, 2022 and in the year ended December 31, 2021 of debt securities recognized under the equity heading "Accumulated other comprehensive income – Items that may be reclassified to profit or loss – Fair value changes of debt instruments measured at fair value through other comprehensive income" and equity instruments recognized under the equity heading "Accumulated other comprehensive income – Items that will not be reclassified to profit or loss – Fair value changes of equity instruments measured at fair value through other comprehensive income" in the accompanying condensed consolidated balance sheets are as follows:

Other comprehensive income - Changes in gains (losses) (Millions of Euros)

	Notes	Debt securities		Equity instruments	
		June 2022	December 2021	June 2022	December 2021
Balance at the beginning		**1,274**	**2,069**	**(1,079)**	**(1,256)**
Valuation gains and losses		(2,185)	(1,058)	287	183
Amounts transferred to income		(11)	(63)		
Amounts transferred to Reserves					—
Income tax and other		621	325	16	(7)
Balance at the end	**27**	**(301)**	**1,274**	**(777)**	**(1,079)**

13. Financial assets at amortized cost

13.1. Breakdown of the balance

The breakdown of the balance under this heading in the accompanying condensed consolidated balance sheets according to the nature of the financial instrument is as follows:

Financial assets at amortized cost (Millions of Euros)	Notes	June 2022	December 2021
Debt securities		**38,276**	**34,781**
Loans and advances to central banks		**6,748**	**5,681**
Loans and advances to credit institutions		**13,014**	**13,276**
Loans and advances to customers		**350,110**	**318,939**
Government		21,266	19,682
Other financial corporations		12,386	9,804
Non-financial corporations		158,586	140,993
Other		157,872	148,461
Total	**7**	**408,148**	**372,676**
Of which: impaired assets of loans and advances to customers	*6.2*	*14,597*	*14,657*
Of which: loss allowances of loans and advances	*6.2*	*(11,724)*	*(11,142)*
Of which: loss allowances of debt securities		*(71)*	*(52)*

During the six months ended June 30, 2022 and the year ended December 31, 2021, there have been no significant reclassifications neither from “Financial assets at amortized cost” to other headings nor from other headings to “Financial assets at amortized cost”.

13.2. Loans and advances to customers

The breakdown of the balance under this heading in the accompanying condensed consolidated balance sheets according to the nature of the financial instrument is as follows:

Loans and advances to customers (Millions of Euros)	June 2022	December 2021
On demand and short notice	3,731	3,161
Credit card debt	16,102	14,030
Trade receivables	20,958	19,524
Finance leases	8,315	7,911
Reverse repurchase agreements	2	23
Other term loans	293,278	268,047
Advances that are not loans	7,723	6,243
Total	**350,110**	**318,939**

The heading “Financial assets at amortized cost – Loans and advances to customers” in the accompanying condensed consolidated balance sheets also includes certain secured loans that, as mentioned in Appendix II and pursuant to the Mortgage Market Act, are linked to long-term mortgage covered bonds.

14. Derivatives – Hedge accounting and fair value changes of the hedged items in portfolio hedges of interest rate risk

The breakdown of the balance under these headings in the accompanying condensed consolidated balance sheets is as follows:

Derivatives – Hedge accounting and fair value changes of the hedged items in portfolio hedge of interest rate risk (Millions of Euros)

	June 2022	December 2021
ASSETS		
Derivatives - Hedge accounting	1,858	1,805
Fair value changes of the hedged items in portfolio hedges of interest rate risk	(98)	5
LIABILITIES		
Derivatives - Hedge accounting	3,181	2,626
Fair value changes of the hedged items in portfolio hedges of interest rate risk	—	—

15. Investments in joint ventures and associates

The breakdown of the balance of "Investments in joint ventures and associates" in the accompanying condensed consolidated balance sheets is as follows:

Joint ventures and associates (Millions of Euros)

	June 2022	December 2021
Joint ventures	99	152
Associates	796	749
Total	**894**	**900**

16. Tangible assets

The breakdown of the balance and changes of this heading in the accompanying condensed consolidated balance sheets, according to the nature of the related items, is as follows:

Tangible assets. Breakdown by type (Millions of Euros)

	June 2022	December 2021
Property, plant and equipment	**8,043**	**7,107**
For own use	**7,784**	**6,874**
Land and buildings (*)	6,256	4,350
Work in progress	72	67
Furniture, fixtures and vehicles	5,699	5,388
Right to use assets (*)	1,748	3,154
Accumulated depreciation	(5,723)	(5,543)
Impairment (**)	(267)	(542)
Leased out under an operating lease	**259**	**234**
Assets leased out under an operating lease	289	267
Accumulated depreciation	(31)	(33)
Investment property	**294**	**191**
Building rental	241	146
Other	2	2
Right to use assets	188	162
Accumulated depreciation	(81)	(64)
Impairment	(57)	(55)
Total	**8,337**	**7,298**

(*) The variation in 2022 corresponds mainly to the closing of the transaction with Merlin Properties for which 100% of the shares of Tree *Inversiones Inmobiliarias,* SOCIMI, S.A. were acquired by BBVA Group and the effect of the IAS 29 implementation in Turkey (see Note 2.1).
(**) In 2021, it includes allowances on right of use of the rented offices after the agreement with the union representatives on the collective layoff procedure proposed for Banco Bilbao Vizcaya Argentaria, S.A. in Spain (see Notes 20 and 23).

Purchase of Tree *Inversiones Inmobiliarias* SOCIMI, S.A.U. (Tree) to Merlin Properties SOCIMI, S.A.

On June 15, 2022, BBVA acquired from Merlin Properties SOCIMI, S.A. the shares representing the entire share capital of Tree *Inversiones Inmobiliarias* SOCIMI, S.A (hereinafter, "Tree") for an amount of €1,987 million. This company has 662 properties leased to BBVA that were part of the set of properties that BBVA sold between 2009 and 2010 under a sale and leaseback agreement. Prior to that date, these properties were registered as "Rights of use" in the assets of the consolidated balance sheet of the BBVA Group under the headings "Tangible assets - Property, plant and equipment" and "Tangible assets - Investment property" of the consolidated balance sheet and that, in liabilities, the payment obligation was reflected under the heading "Financial liabilities at amortized cost – Other financial liabilities", in accordance with IFRS 16 Leases.

The Tree purchase transaction has been considered an asset purchase given that the Group has determined that it is not acquiring a set of activities that present elements that could constitute a business. After the closing of this transaction, the BBVA Group has once again become owner of the properties and has recorded them at their acquisition price in the Group's Consolidated Financial Statements as of June 30, 2022. The assets acquired that are not used for the Bank's activity are recorded under the heading "Non-current assets and disposal groups classified as held for sale and liabilities included in disposal groups classified as held for sale" (see Note 20).

The impact of the transaction amounted to €-201 million (losses net of taxes) which have been registered under the headings "Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations" for an amount of €-134 million and "Tax expense or income related to profit or loss from continuing operations" for an amount of €-67 million from the consolidated income statement of the BBVA Group.

17. Intangible assets

17.1. Goodwill

The breakdown of the balance under this heading in the accompanying condensed consolidated balance sheets, according to the cash-generating unit (hereinafter "CGU") to which goodwill has been allocated, is as follows:

Goodwill. Breakdown by CGU and changes of the year (Millions of Euros)

	Mexico	Turkey	Colombia	Chile	Other	Total
Balance as of December 31, 2020	**478**	**254**	**143**	**27**	**8**	**910**
Additions	—	—	—	—	—	—
Exchange difference	26	(102)	(9)	(3)	—	(88)
Impairment	—	—	—	—	(4)	(4)
Companies held for sale	—	—	—	—	—	—
Other	—	—	—	—	—	—
Balance as of December 31, 2021	**504**	**152**	**134**	**24**	**4**	**818**
Additions	—	—	—	—	—	—
Exchange difference	53	—	7	—	1	61
Impairment	—	—	—	—	—	—
Companies held for sale	—	—	—	—	—	—
Other	—	(152)	—	—	—	(152)
Balance as of June 30, 2022	**557**	**—**	**141**	**24**	**5**	**727**

Impairment test

As mentioned in Note 2.2.7 of the consolidated financial statements for the year 2021, the CGUs to which goodwill has been allocated are periodically tested for impairment by including the allocated goodwill in their carrying amount. This analysis is performed at least annually or whenever there is any indication of impairment.

As a result of the application of IAS 29, as indicated in Note 2.1, the book value of the Turkish CGU has increased above the existing recoverable value as of December 31, 2021, and as a consequence the goodwill has been derecognized as well as other intangible assets (see Note 17.2) assigned to the Turkish CGU.

As of and for the six months ended June 30, 2022, no indicators of impairment have been identified in any of the CGU.

17.2. Other intangible assets

The breakdown of the balance and changes of this heading in the accompanying condensed consolidated balance sheets, according to the nature of the related items, is as follows:

Other intangible assets (Millions of Euros)	June 2022	December 2021
Computer software acquisition expense	1,349	1,239
Other intangible assets with an infinite useful life	11	12
Other intangible assets with a definite useful life	53	128
Total	**1,413**	**1,379**

18. Tax assets and liabilities

18.1. Consolidated tax group

Pursuant to current legislation, BBVA consolidated tax group in Spain includes the Bank (as the parent company) and its Spanish subsidiaries that meet the requirements provided for under Spanish legislation regulating the taxation regime for the consolidated profit of corporate groups.

The Group's non-Spanish banks and subsidiaries file tax returns in accordance with the tax legislation in force in each country.

18.2. Current and deferred taxes

The balance under the heading "Tax assets" in the accompanying condensed consolidated balance sheets includes current and deferred tax assets. The balance under the "Tax liabilities" heading includes the Group's various current and deferred tax liabilities. The details of the mentioned tax assets and liabilities are as follows:

Tax assets and liabilities (Millions of Euros)	June 2022	December 2021
Tax assets		
Current tax assets	1,115	932
Deferred tax assets	14,721	14,917
Total	**15,836**	**15,850**
Tax liabilities		
Current tax liabilities	893	644
Deferred tax liabilities (*)	1,212	1,769
Total	**2,105**	**2,413**

(*) The variation is mainly due to the impact of the application of IAS 29 in Turkey (see Note 2.1).

19. Other assets and liabilities

The breakdown of the balance under these headings in the accompanying condensed consolidated balance sheets is as follows:

Other assets and liabilities (Millions of Euros)

	June 2022	December 2021
ASSETS		
Inventories	379	424
Transactions in progress	306	131
Accruals	956	730
Other items (*)	1,782	649
Total	**3,423**	**1,934**
LIABILITIES		
Transactions in progress	174	48
Accruals	2,152	2,137
Other items (*)	2,676	1,436
Total	**5,001**	**3,621**

(*) The increases are mainly due to the bank in Spain for items pending settlement.

20. Non-current assets and disposal groups classified as held for sale and liabilities included in disposal groups classified as held for sale

The composition of the balance under the heading “Non-current assets and disposal groups classified as held for sale and liabilities included in disposal groups classified as held for sale” in the accompanying condensed consolidated balance sheets, broken down by the origin of the assets, is as follows:

Non-current assets and disposal groups classified as held for sale and liabilities included in disposal groups classified as held for sale. Breakdown by items (Millions of Euros)

	June 2022	December 2021
ASSETS		
Foreclosures and recoveries	1,178	1,218
Other assets from tangible assets (*)	1,125	563
Companies held for sale	44	41
Other assets classified as held for sale	—	—
Accrued amortization (**)	(102)	(112)
Impairment losses (*)	(1,098)	(650)
Total	**1,147**	**1,061**
LIABILITIES		
Companies held for sale	—	—
Total	**—**	**—**

(*) The variation in 2022 corresponds mainly to the reclassification of offices previously in own use and now closed after the closing of the transaction with Merlin Properties (see Note 16). In 2021 it includes the adjustments due to the closure of the owned offices and the decommissioning of facilities after the agreement with the union representatives on the collective layoff procedure proposed for Banco Bilbao Vizcaya Argentaria, S.A. in Spain (see Note 23).

(**) Accumulated depreciation until related asset was reclassified as “Non-current assets and disposal groups classified as held for sale".

Assets and liabilities from discontinued operations

As mentioned in Note 3, the agreement for the sale of the BBVA subsidiary in the United States was announced in 2020 and finally completed on June 1, 2021. The assets and liabilities corresponding to the 37 companies sold were reclassified to the headings “Non-current assets and disposal groups classified as held for sale” and “Liabilities included in disposal groups classified as held for sale” of the consolidated balance sheet; and the earnings of these companies for the six months ended June 30, 2021 were classified under the heading "Profit (loss) after tax from discontinued operations" of the accompanying condensed consolidated income statements.

The condensed consolidated income statements for the first five months of 2021 of the companies sold in the United States are provided below:

Condensed consolidated income statements of companies sold in the United States subsidiary for the period ended June 30, 2021

CONDENSED CONSOLIDATED INCOME STATEMENTS (Millions of Euros)	June 2021
Interest and other income	974
Interest expense	(53)
NET INTEREST INCOME	**921**
Dividend income	2
Fee and commission income	285
Fee and commission expense	(86)
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	(4)
Gains (losses) on financial assets and liabilities held for trading, net	26
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	2
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	2
Gains (losses) from hedge accounting, net	(1)
Exchange differences, net	5
Other operating income	9
Other operating expense	(30)
GROSS INCOME	**1,132**
Administration costs	(661)
Depreciation and amortization	(80)
Provisions or reversal of provisions	4
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	(66)
NET OPERATING INCOME	**330**
Impairment or reversal of impairment on non-financial assets	—
Gains (losses) on derecognition of non-financial assets and subsidiaries, net	(2)
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	3
PROFIT (LOSS) BEFORE TAX	**330**
Tax expense or income related to profit or loss	(80)
PROFIT (LOSS) AFTER TAX	**250**
Profit (loss) after tax from the sale	29
PROFIT (LOSS) FOR THE PERIOD	**280**
ATTRIBUTABLE TO MINORITY INTEREST (NON-CONTROLLING INTEREST)	**—**
ATTRIBUTABLE TO OWNERS OF THE PARENT	**280**

21. Financial liabilities at amortized cost

21.1. Breakdown of the balance

The breakdown of the balance under these headings in the accompanying condensed consolidated balance sheets is as follows:

Financial liabilities measured at amortized cost (Millions of Euros)

	Notes	June 2022	December 2021
Deposits		456,100	416,947
Deposits from central banks		52,696	47,351
Demand deposits		*574*	*8*
Time deposits and other		*44,395*	*41,790*
Repurchase agreements		*7,727*	*5,553*
Deposits from credit institutions		26,431	19,834
Demand deposits		*12,476*	*7,601*
Time deposits and other		*10,694*	*8,599*
Repurchase agreements		*3,261*	*3,634*
Customer deposits		376,973	349,761
Demand deposits		*310,752*	*293,015*
Time deposits and other		*65,252*	*55,479*
Repurchase agreements		*970*	*1,267*
Debt certificates issued		54,757	55,763
Other financial liabilities		16,418	15,183
Total	**7**	**527,275**	**487,893**

The amount recorded in "Deposits from central banks - Time deposits and other" includes the provisions of the TLTRO III facilities of the European Central Bank, mainly BBVA S.A., amounting to €38,692 million, in both periods, for the six months ended June 30, 2022 and December 31, 2021, respectively.

The positive income currently being generated by the drawdowns of the TLTRO III facilities is recorded under the heading of "Interest income and other similar income – other income" in the condensed consolidated income statements (see Note 32.1).

21.2. Deposits from credit institutions

The breakdown by geographical area and the nature of the related instruments of this heading in the accompanying condensed consolidated balance sheets is as follows:

Deposits from credit institutions (Millions of Euros)

	Demand deposits	Time deposits and others (*)	Repurchase agreements	Total
June 2022				
Spain	1,258	1,625	—	2,883
Mexico	695	671	—	1,366
Turkey	393	566	50	1,009
South America	675	2,026	—	2,702
Rest of Europe	4,134	2,810	1,171	8,114
Rest of the world	5,320	2,997	2,040	10,358
Total	**12,476**	**10,694**	**3,261**	**26,431**
December 2021				
Spain	1,671	375	—	2,047
Mexico	444	558	—	1,002
Turkey	83	672	37	792
South America	532	1,225	—	1,757
Rest of Europe	1,841	3,110	2,549	7,500
Rest of the world	3,030	2,657	1,048	6,736
Total	**7,601**	**8,599**	**3,634**	**19,834**

(*) Subordinated deposits are included amounting to €15 million and €14 million as of June 30, 2022 and December 31, 2021, respectively.

21.3. Customer deposits

The breakdown by geographical area and the nature of the related instruments of this heading in the accompanying condensed consolidated balance sheets is as follows:

Customer deposits (Millions of Euros)

	Demand deposits	Time deposits and others	Repurchase agreements	Total
June 2022				
Spain	185,622	10,874	2	196,498
Mexico	60,492	12,352	476	73,320
Turkey	20,561	16,523	2	37,085
South America	31,141	13,735	—	44,876
Rest of Europe	11,465	8,774	491	20,730
Rest of the world	1,471	2,993	—	4,465
Total	**310,752**	**65,252**	**970**	**376,973**
December 2021				
Spain	181,565	10,407	2	191,974
Mexico	53,359	10,383	505	64,247
Turkey	19,725	13,644	6	33,376
South America	28,039	9,822	—	37,861
Rest of Europe	8,933	9,546	754	19,234
Rest of the world	1,393	1,677	—	3,070
Total	**293,015**	**55,479**	**1,267**	**349,761**

21.4. Debt certificates

The breakdown of the condensed balance under this heading, by financial instruments and by currency, is as follows:

Debt certificates (Millions of Euros)

	June 2022	December 2021
In Euros	**33,287**	**36,289**
Promissory bills and notes	269	319
Non-convertible bonds and debentures	15,442	15,712
Covered bonds (*)	7,856	9,930
Hybrid financial instruments (**)	406	366
Securitization bonds	2,912	2,302
Wholesale funding	30	438
Subordinated liabilities	6,372	7,221
Convertible perpetual certificates	3,000	3,500
Other non-convertible subordinated liabilities	3,372	3,721
In foreign currencies	**21,470**	**19,475**
Promissory bills and notes	592	579
Non-convertible bonds and debentures	8,488	7,885
Covered bonds (*)	140	178
Hybrid financial instruments (**)	4,010	2,843
Securitization bonds	—	4
Wholesale funding	264	412
Subordinated liabilities	7,977	7,574
Convertible perpetual certificates	1,927	1,771
Other non-convertible subordinated liabilities	6,050	5,803
Total	**54,757**	**55,763**

(*) Including mortgage-covered bonds (see Appendix II).

(**) Corresponds to structured note issuance with embedded derivatives that have been segregated according to IFRS 9.

21.5. Other financial liabilities

The breakdown of the balance under this heading in the accompanying condensed consolidated balance sheets is as follows:

Other financial liabilities (Millions of Euros)	June 2022	December 2021
Lease liabilities (*)	1,342	2,560
Creditors for other financial liabilities	3,941	2,657
Collection accounts	4,947	3,839
Creditors for other payment obligations (**)	6,188	6,127
Total	**16,418**	**15,183**

(*) The variation in 2022 corresponds mainly to the closing of the transaction with Merlin Properties for which 100% of the shares of Tree *Inversiones Inmobiliarias,* SOCIMI, S.A. were acquired by BBVA Group (see Note 16).
(**) This caption includes the amount committed for the acquisition of own shares under the repurchase program (see Note 4).

22. Assets and liabilities under insurance and reinsurance contracts

The heading "Assets under reinsurance and insurance contracts" in the accompanying condensed consolidated balance sheets includes the amounts that the consolidated insurance entities are entitled to receive under the reinsurance contracts entered into by them with third parties and, more specifically, the share of the reinsurer in the technical provisions recognized by the consolidated insurance subsidiaries. As of June 30, 2022 and December 31, 2021, the balance under this heading amounted to €279 million and €269 million, respectively.

The most significant provisions recognized by consolidated insurance subsidiaries with respect to insurance policies issued by them are under the heading "Liabilities under insurance and reinsurance contracts" in the accompanying condensed consolidated balance sheets.

The breakdown of the condensed balance under the heading "Liabilities under reinsurance and insurance contracts" is as follows:

Technical reserves (Millions of Euros)	June 2022	December 2021
Mathematical reserves	10,033	9,495
Provision for unpaid claims reported	751	706
Provisions for unexpired risks and other provisions	839	664
Total	**11,622**	**10,865**

23. Provisions

The breakdown of the balance under this heading in the accompanying condensed consolidated balance sheets, based on type of provisions, is as follows:

Provisions. Breakdown by concepts (Millions of Euros)	Notes	June 2022	December 2021
Provisions for pensions and similar obligations (*)		2,849	3,576
Other long term employee benefits (**)		502	632
Provisions for taxes and other legal contingencies	6.1	620	623
Commitments and guarantees given	30	743	691
Other provisions (***)		420	366
Total		**5,134**	**5,889**

(*) The variation is mainly due to the lower valuation of defined benefit commitments after the interest rate hike in Spain.
(**) It also includes a provision for the collective layoff procedure that was carried out at Banco Bilbao Vizcaya Argentaria, S.A in 2021.
(***) Individually insignificant provisions or contingencies for various concepts in different geographies.

Collective layoff procedure

On June 8, 2021, BBVA reached an agreement with the union representatives on the collective layoff procedure proposed for Banco Bilbao Vizcaya Argentaria, S.A. in Spain on April 13, 2021, which would affect a maximum of 2,935 employees. The agreement also included the closing of 480 offices (all closed as of June 30, 2022). The cost of the process amounted to €994 million before taxes, of which €754 million correspond to the collective layoff and €240 million to the closing of offices (see Note 16 and 20). By the time the procedure was over, 2,899 employees had accepted the agreement and effectively departed BBVA.

Ongoing legal proceedings and litigation

The financial sector faces an environment of increased regulatory pressure and litigation. In this environment, the various Group entities are often sued on lawsuits and are therefore involved in individual or collective legal proceedings and litigation arising from their activity and operations, including proceedings arising from their lending activity, from their labor relations and from other commercial, regulatory or tax issues, as well as in arbitration.

On the basis of the information available, the Group considers that, at June 30, 2022, the provisions made in relation to judicial proceedings and arbitration, where so required, are adequate and reasonably cover the liabilities that might arise, if any, from such proceedings. Furthermore, on the basis of the information available and with the exceptions indicated in Note 6.1 "Risk factors", BBVA considers that the liabilities that may arise from such proceedings will not have, on a case-by-case basis, a significant adverse effect on the Group's business, financial situation or results of operations.

24. Pension and other post-employment commitments

The Group sponsors defined-contribution plans for the majority of its active employees, with the plans in Spain and Mexico being the most significant. Most of the defined benefit plans are for individuals already retired, and are closed to new employees, the most significant being those in Spain, Mexico and Turkey. In Mexico, the Group provides post-retirement medical benefits to a closed group of employees and their family members, both active service and in retirees.

The amounts relating to post-employment benefits charged to the condensed consolidated income statement are as follows:

Condensed consolidated income statement impact (Millions of Euros)

	Notes	June 2022	June 2021
Interest income and expense		21	22
Personnel expense		61	64
Defined contribution plan expense	*38.1*	*41*	*37*
Defined benefit plan expense	*38.1*	*20*	*27*
Provisions, net	40	(49)	90
Total expense (income)		**34**	**177**

25. Capital

As of June 30, 2022 BBVA’s share capital amounted to €3,129,467,256.30 divided into 6,386,667,870 shares (€3,267,264,424.20 divided into 6,667,886,580 shares as of December 31, 2021) as a result of the partial execution of the share capital reduction resolution adopted by the Ordinary General Shareholders' Meeting of BBVA held on March 18, 2022, under item seven of its agenda, which was notified by means of Other Relevant Information on June 15, 2022 (see Note 4).

In both periods mentioned, the shares were fully subscribed and paid-up registered, all of the same class and series, at €0.49 par value each, represented through book-entry accounts. All of the Bank´s shares carry the same voting and dividend rights, and no single stockholder enjoys special voting rights. Each and every share is part of the Bank’s capital.

BBVA is not aware of any direct or indirect interests through which control of the Bank may be exercised. BBVA has not received any information on stockholder agreements including the regulation of the exercise of voting rights at its Annual General Meetings or restricting or placing conditions on the free transferability of BBVA shares. BBVA is not aware of any agreement that could give rise to changes in the control of the Bank.

26. Retained earnings, revaluation reserves and other reserves

The breakdown of the balance under this heading in the accompanying condensed consolidated balance sheet is as follows:

Retained earnings, revaluation reserves and other reserves (Millions of Euros)

	June 2022	December 2021
Retained earnings	32,559	31,841
Revaluation reserves	—	—
Other reserves	1,872	(1,857)
Total	**34,431**	**29,984**

27. Accumulated other comprehensive income

The breakdown of the balance under this heading in the accompanying condensed consolidated balance sheet is as follows:

Accumulated other comprehensive income (loss). Breakdown by concepts (Millions of Euros)

	Notes	June 2022	December 2021
Items that will not be reclassified to profit or loss		**(1,446)**	**(2,075)**
Actuarial gains (losses) on defined benefit pension plans		(765)	(998)
Non-current assets and disposal groups classified as held for sale		—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income	12.4	(777)	(1,079)
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk		97	2
Items that may be reclassified to profit or loss		**(15,006)**	**(14,401)**
Hedge of net investments in foreign operations (effective portion)		(1,028)	(146)
Mexican peso		*(1,427)*	*(681)*
Turkish lira		*424*	*555*
Other exchanges		*(25)*	*(19)*
Foreign currency translation		(12,881)	(14,988)
Mexican peso		*(2,880)*	*(4,503)*
Turkish lira		*(6,667)*	*(6,607)*
Argentine peso		*(836)*	*(1,024)*
Venezuela Bolívar		*(1,855)*	*(1,858)*
Other exchanges		*(643)*	*(995)*
Hedging derivatives. Cash flow hedges (effective portion)		(784)	(533)
Fair value changes of debt instruments measured at fair value through other comprehensive income	12.4	(301)	1,274
Non-current assets and disposal groups classified as held for sale		—	—
Share of other recognized income and expense of investments in joint ventures and associates		(12)	(9)
Total		**(16,452)**	**(16,476)**

The balances recognized under these headings are presented net of tax.

28. Non-controlling interest

The table below is a breakdown by groups of consolidated entities of the balance under the heading "Minority interests (non-controlling interest)" of the accompanying condensed consolidated balance sheets is as follows:

Non-controlling interests. Breakdown by subgroups (Millions of Euros)	June 2022	December 2021
Garanti BBVA (*)	1,048	2,851
BBVA Peru	1,412	1,212
BBVA Argentina	652	557
BBVA Colombia	78	76
BBVA Venezuela	74	70
Other entities	87	87
Total	**3,351**	**4,853**

(*) The change corresponds mainly to the voluntary takeover bid for the entire share capital of Türkiye Garanti Bankası A.Ş completed on May 18, 2022 (see Note 3).

These amounts are broken down by groups of consolidated entities under the heading "Profit (Loss) - Attributable to minority interest (non-controlling interest)" in the accompanying condensed consolidated income statement:

Profit attributable to non-controlling interests. Breakdown by subgroups (Millions of Euros)	June 2022	June 2021
Garanti BBVA (*)	(60)	394
BBVA Peru	130	63
BBVA Argentina	45	3
BBVA Colombia	4	4
BBVA Venezuela	2	3
Other entities	(3)	8
Total	**117**	**476**

(*) The change corresponds mainly to the IAS 29 implementation and the voluntary takeover bid for the entire share capital of Türkiye Garanti Bankası A.Ş completed on May 18, 2022 (see Notes 2.1 and 3).

29. Capital base and capital management

The eligible capital instruments and the risk-weighted assets of the Group (phased-in) are shown below, calculated in accordance with the applicable regulation, considering the entities in scope required by such regulation, as of June 30, 2022 and December 31, 2021:

Capital ratios (phased-in)	June 2022 (*)	December 2021
Eligible Common Equity Tier 1 capital (millions of Euros) (a)	41,555	39,949
Eligible Additional Tier 1 capital (millions of Euros) (b)	5,264	5,737
Eligible Tier 2 capital (millions of Euros) (c)	6,833	7,383
Risk Weighted Assets (millions of Euros) (d)	330,819	307,795
Common Tier 1 capital ratio (CET 1) (A)=(a)/(d)	12.56 %	12.98 %
Additional Tier 1 capital ratio (AT 1) (B)=(b)/(d)	1.59 %	1.86 %
Tier 1 capital ratio (Tier 1) (A)+(B)	14.15 %	14.84 %
Tier 2 capital ratio (Tier 2) (C)=(c)/(d)	2.07 %	2.40 %
Total capital ratio (A)+(B)+(C)	**16.22 %**	**17.24 %**

(*) Provisional data.

BBVA's fully-loaded CET1 ratio stood at 12.45% at June 30, 2022, which represents a decrease of 30 basis points compared to December 31, 2021. The consolidated phased-in CET1 ratio stood at 12.56%. The difference is mainly explained by the effect of the transitory adjustments for the treatment of the impacts of IFRS 9 in capital ratios.

These ratios include the effect of the operations carried out during the second quarter, with a combined impact of -30 basis points of CET1. These operations are the voluntary takeover bid for Garanti BBVA and the acquisition of 100% of TREE from Merlin, owner of 662 properties leased to BBVA. Additionally, they also include the negative impact of -10 basis points from the agreement reached with Neon Payments during the first quarter. Excluding these effects, the CET1 ratio for the semester increased by +10 basis points.

Fully loaded risk-weighted assets (RWA) increased in the first half of the year by approximately €23 billion, mainly as a result of organic generation and the currency effect.

The fully-loaded additional Tier 1 capital ratio (AT1) stood at 1.59% (1.59% phased-in) at June 30, 2022, which included the impact of €-500 million due to the early amortization of a series of CoCos issued in 2017.

The fully-loaded Tier 2 ratio stood at 2.07%, which represents a decrease of -30 basis points compared to December 31, 2021, mainly explained by the RWA increase during the first half of the year. The phased-in Tier 2 ratio also stood at 2.07%.

As result of the above, the total fully-loaded capital ratio stood at 16.11% as of June 30, 2022, and total phased-in ratio stood at 16.22%.

Regarding MREL (Minimum Requirement for own funds and Eligible Liabilities) requirements, on March, 8, 2022 BBVA disclosed the reception of a new communication from the Bank of Spain regarding its minimum requirement for own funds and eligible liabilities, established by the Single Resolution Board (hereinafter, "SRB"), calculated taking into account the financial and supervisory information as of June 30, 2021.

In accordance with this new MREL communication, BBVA has to reach, starting January 1, 2022, an amount of own funds and eligible liabilities equal to 21.46% of the total RWA of its resolution group, on sub-consolidated level, (the “MREL in RWA”). Within this MREL in RWA, an amount equal to 13.50% of the RWA shall be met with subordinated instruments (the "subordination requirement in RWA"). In accordance with the new applicable regulation, the MREL in RWA and the subordination requirement in RWA do not include the combined capital buffer requirement; for these purposes, the applicable combined capital buffer requirement would be 3.26%, without prejudice to any other buffer that may be applicable at any time.

Likewise, the MREL in RWA is equal to 7.50% in terms of the total exposure considered for calculating the leverage ratio (the “MREL in LR”), while the subordination requirement in RWA is equal to 5.84% in terms of the total exposure considered for calculating the leverage ratio (the "subordination requirement in LR"). For BBVA, the most restrictive requirement as of today is the one expressed in MREL in RWA.

The current own funds and eligible liabilities structure of the resolution group as of June 30 2022 meets the MREL in RWA, being the MREL ratio in terms of RWA of 26.28%. Finally, as of June 30 2022, the MREL in LR is 10.25% and the subordination ratios in terms of RWA and in terms of LR are 21.97% and 8.57%, respectively.

The breakdown of the leverage ratio as of June 30, 2022 and December 31, 2021, calculated according to CCR, is as follows:

Leverage ratio

	June 2022 (*)	December 2021
Tier 1 (millions of Euros) (a)	46,820	45,686
Exposure to leverage ratio (millions of Euros) (b)	752,718	671,789
Leverage ratio (a)/(b) (percentage)	6.22 %	6.80 %

(*) Provisional data

Finally, as of June 30, 2022, the phased-in leverage ratio, which includes the transitory treatment of certain capital elements (mainly the impact of IFRS 9), stood at 6.22% with a significant reduction in the first half of the year, which is mainly explained by the reduction in Tier 1 capital as a result of the operations abovementioned, as well as the increase in exposure to the leverage ratio.

30. Commitments and guarantees given

The breakdown of the balance under these headings in the accompanying condensed consolidated balance sheets is as follows:

Commitments and guarantees given (Millions of Euros)

	Notes	June 2022	December 2021
Loan commitments given	**6.2.2**	**132,088**	**119,618**
Of which: impaired		*224*	*171*
Central banks		674	—
General governments		2,964	3,483
Credit institutions		19,060	16,085
Other financial corporations		5,659	4,583
Non-financial corporations		63,259	59,475
Households		40,472	35,991
Financial guarantees given	**6.2.2**	**14,308**	**11,720**
Of which: impaired (*)		*300*	*245*
Central banks		—	—
General governments		186	162
Credit institutions		347	312
Other financial corporations		1,019	1,026
Non-financial corporations		12,565	10,039
Households		192	181
Other commitments given	**6.2.2**	**38,502**	**34,604**
Of which: impaired (*)		*604*	*541*
Central banks		—	2
General governments		184	212
Credit institutions		4,882	4,266
Other financial corporations		1,679	1,753
Non-financial corporations		31,599	28,224
Households		159	147
Total	**6.2.2**	**184,898**	**165,941**

(*) Impaired financial guarantees given amounted to € 904 and €786 million, respectively, as of June 30, 2022 and December 31, 2021, respectively.

As of June 30, 2022 and December 31, 2021, the provisions for loan commitments given, financial guarantees given and other commitments given, recorded in the consolidated balance sheet amounted €274 million, €179 million and €290; and €272 million, €164 million and €256 million, respectively (see Note 23).

Since a significant portion of the amounts above will expire without any payment being made by the consolidated entities, the aggregate balance of these commitments cannot be considered the actual future requirement for financing or liquidity to be provided by the BBVA Group to third parties.

31. Other contingent assets and liabilities

As of June 30, 2022 and December 31, 2021, there were no material contingent assets or liabilities other than those disclosed in these Notes.

32. Net interest income

32.1. Interest and other income

The breakdown of the interest and other income recognized in the accompanying condensed consolidated income statement is as follows:

Interest and other income. Breakdown by origin (Millions of Euros)

	June 2022	June 2021
Financial assets held for trading	774	518
Financial assets designated at fair value through profit or loss	6	2
Financial assets at fair value through other comprehensive income	1,304	814
Financial assets at amortized cost	10,395	8,849
Insurance activity	602	508
Adjustments of income as a result of hedging transactions	(63)	(55)
Other income (*)	385	326
Total	**13,403**	**10,962**

(*) The balance includes the interest accrued from TLTRO III operations which amounts to €191 million and €187 million for the six months ended June 30, 2022 and 2021 respectively (See Note 21.1).

32.2. Interest expense

The breakdown of the balance under this heading in the accompanying condensed consolidated income statements is as follows:

Interest expense. Breakdown by origin (Millions of Euros)

	June 2022	June 2021
Financial liabilities held for trading	553	651
Financial liabilities designated at fair value through profit or loss	20	33
Financial liabilities at amortized cost	3,775	2,980
Adjustments of expense as a result of hedging transactions	(178)	(200)
Insurance activity	426	362
Cost attributable to pension funds	31	30
Other expense	225	150
Total	**4,852**	**4,007**

33. Dividend income

The balances for this heading in the accompanying condensed consolidated income statements correspond to dividends on shares and equity instruments other than those from shares in entities accounted for using the equity method, as per the breakdown below:

Dividend income (Millions of Euros)

	June 2022	June 2021
Non-trading financial assets mandatorily at fair value through profit or loss	13	59
Financial assets at fair value through other comprehensive income	63	66
Total	**76**	**125**

34. Fee and commission income and expense

The breakdown of the balance under these headings in the accompanying condensed consolidated income statements is as follows:

Fee and commission income. Breakdown by origin (Millions of Euros)

	June 2022	June 2021
Bills receivables	13	11
Demand accounts	233	199
Credit and debit cards and POS	1,610	1,181
Checks	81	64
Transfers and other payment orders	389	305
Insurance product commissions	128	109
Loan commitments given	123	111
Other commitments and financial guarantees given	200	178
Asset management	610	607
Securities fees	131	169
Custody securities	91	78
Other fees and commissions	354	299
Total	**3,964**	**3,311**

The breakdown of the balance under these headings in the accompanying condensed consolidated income statements is as follows:

Fee and commission expense. Breakdown by origin (Millions of Euros)

	June 2022	June 2021
Demand accounts	2	2
Credit and debit cards	851	612
Transfers and other payment orders	62	56
Commissions for selling insurance	33	25
Custody securities	48	25
Other fees and commissions	318	275
Total	**1,314**	**996**

35. Gains (losses) on financial assets and liabilities, hedge accounting and exchange differences, net

The breakdown of the balance under these headings, by source of the related items, in the accompanying condensed consolidated income statements is as follows:

Gains (losses) on financial assets and liabilities, hedge accounting and exchange differences, net (Millions of Euros)	June 2022	June 2021
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	39	121
Financial assets at amortized cost	*8*	*5*
Other financial assets and liabilities	*31*	*115*
Gains (losses) on financial assets and liabilities held for trading, net	11	463
Reclassification of financial assets from fair value through other comprehensive income	—	—
Reclassification of financial assets from amortized cost	—	—
Other gains (losses)	*11*	*463*
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	(35)	280
Reclassification of financial assets from fair value through other comprehensive income	—	—
Reclassification of financial assets from amortized cost	—	—
Other gains (losses)	*(35)*	*280*
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	348	96
Gains (losses) from hedge accounting, net	16	(81)
Subtotal gains (losses) on financial assets and liabilities	**379**	**878**
Exchange differences, net	716	206
Total	**1,095**	**1,084**

The breakdown of the balance (excluding exchange rate differences) under this heading in the accompanying income statements by the nature of financial instruments is as follows:

Gains (losses) on financial assets and liabilities. Breakdown by nature of the financial instrument (Millions of Euros)	June 2022	June 2021
Debt instruments	(1,354)	47
Equity instruments	(1,224)	1,207
Trading derivatives and hedge accounting	1,189	(810)
Loans and advances to customers	(100)	85
Customer deposits	179	42
Other	1,690	307
Total	**379**	**878**

36. Other operating income and expense

The breakdown of the balance under the heading "Other operating income" in the accompanying condensed consolidated income statements is as follows:

Other operating income (Millions of Euros)	June 2022	June 2021
Gains from sales of non-financial services	135	168
Other operating income	161	172
Total	**297**	**340**

The breakdown of the balance under the heading "Other operating expense" in the accompanying condensed consolidated income statements is as follows:

Other operating expense (Millions of Euros)	June 2022	June 2021
Change in inventories	62	83
Contributions to guaranteed banks deposits funds	490	401
Hyperinflation adjustment (*)	916	280
Other operating expense	335	232
Total	**1,803**	**997**

(*) It includes €554 million due to Turkey (see Note 2.1) and €360 million due to Argentina.

37. Income and expense from insurance and reinsurance contracts

The detail of the headings "Income and expense from insurance and reinsurance contracts" in the accompanying condensed consolidated income statements is as follows:

Income and expense from insurance and reinsurance contracts (Millions of Euros)	June 2022	June 2021
Income from insurance and reinsurance contracts	1,537	1,350
Expense from insurance and reinsurance contracts	(908)	(909)
Total	**629**	**441**

38. Administration costs

38.1. Personnel expense

The breakdown of the balance under this heading in the accompanying condensed consolidated income statements is as follows:

Personnel expense (Millions of Euros)	Notes	June 2022	June 2021
Wages and salaries		2,001	1,823
Social security costs		354	333
Defined contribution plan expense	24	41	37
Defined benefit plan expense	24	20	27
Other personnel expense		171	152
Total		**2,587**	**2,371**

38.2. Other administrative expense

The breakdown of the balance under this heading in the accompanying condensed consolidated income statements is as follows:

Other administrative expense. Breakdown by main concepts (Millions of Euros)	June 2022	June 2021
Technology and systems	666	565
Communications	98	87
Advertising	129	101
Property, fixtures and materials	216	190
Taxes other than income tax	170	201
Surveillance and cash courier services	104	85
Other expense	433	383
Total	**1,815**	**1,612**

39. Depreciation and amortization

The breakdown of the balance under this heading in the accompanying condensed consolidated income statements is as follows:

Depreciation and amortization (Millions of Euros)	June 2022	June 2021
Tangible assets	405	370
For own use	*237*	*216*
Right-of-use assets	*166*	*152*
Investment properties and other	*2*	*2*
Intangible assets	247	245
Total	**652**	**615**

40. Provisions or reversal of provisions

In the six months ended June 30, 2022 and 2021 the net provisions recognized in this condensed income statement line item were as follows:

Provisions or reversal of provisions (Millions of Euros)	Notes	June 2022	June 2021
Pensions and other post-employment defined benefit obligations	24	(49)	90
Commitments and guarantees given		27	(17)
Pending legal issues and tax litigation		105	38
Other provisions (*)		29	817
Total		**112**	**928**

(*) In 2021, it included the agreement with the union representatives on the collective layoff procedure proposed for Banco Bilbao Vizcaya Argentaria, S.A. in Spain (see Note 23).

41. Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification

The breakdown of impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification by the nature of those assets in the accompanying condensed consolidated income statements is as follows:

Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification (Millions of Euros)	Notes	June 2022	June 2021
Financial assets at fair value through other comprehensive income - Debt securities	12.4	50	(8)
Financial assets at amortized cost		1,391	1,587
Of which: recovery of written-off assets by cash collection		*(192)*	*(225)*
Total		**1,441**	**1,580**

42. Impairment or reversal of impairment on non-financial assets

The impairment losses on non-financial assets broken down by the nature of those assets in the accompanying condensed consolidated income statements are as follows:

Impairment or reversal of impairment on non-financial assets (Millions of Euros)	June 2022	June 2021
Tangible assets (*)	(22)	158
Intangible assets	5	5
Others	17	33
Total	**—**	**196**

(*) In 2021, it included the impairment due to the closure of rented offices after the agreement with the union representatives on the collective layoff procedure proposed for Banco Bilbao Vizcaya Argentaria, S.A. in Spain (see Notes 16 and 23).

43. Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations

The breakdown of the balance under this heading in the accompanying condensed consolidated income statements is as follows:

Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (Millions of Euros)	June 2022	June 2021
Gains on sale of real estate	53	(9)
Impairment of non-current assets held for sale (*)	(173)	(75)
Gains (losses) on sale of investments classified as non-current assets held for sale	—	10
Total	**(120)**	**(73)**

(*) In 2022 it includes the closing of the transaction with Merlin Properties for which 100% of the shares of Tree *Inversiones Inmobiliarias*, SOCIMI, S.A. were acquired by BBVA Group (see Note 16). In 2021, it included the impairment due to the closure of owned offices and the decommissioning of facilities after the agreement with the union representatives on the collective layoff procedure proposed for Banco Bilbao Vizcaya Argentaria, S.A. in Spain (see Notes 20 and 23).

44. Related-party transactions

As financial institutions, BBVA and other entities in the Group engage in transactions with related parties in the normal course of their business. All of these transactions are not material and are carried out under normal market conditions. As of June 30, 2022 and December 31, 2021, the transactions with related parties are the following:

44.1 Transactions with significant shareholders

As of June 30, 2022 and December 31, 2021 there were no shareholders considered significant (see Note 25).

44.2 Transactions with BBVA Group entities

The balances of the main captions in the accompanying condensed consolidated balance sheets arising from the transactions carried out by the BBVA Group with associates and joint venture entities accounted for using the equity method are as follows:

Balances arising from transactions with entities of the Group (Millions of Euros)	June 2022	December 2021
Assets		
Loans and advances to credit institutions	—	9
Loans and advances to customers	2,125	2,031
Debt securities	8	7
Liabilities		
Deposits from credit institutions	2	1
Customer deposits	202	296
Memorandum accounts		
Financial guarantees given	156	154
Other commitments given	756	1,056
Loan commitments given	11	11

The balances of the main aggregates in the accompanying condensed consolidated income statements resulting from transactions with associates and joint venture entities are as follows:

Balances of consolidated income statement arising from transactions with entities of the Group (Millions of Euros)	June 2022	June 2021
Income statement		
Interest and other income	10	9
Fee and commission income	3	4
Fee and commission expense	18	12

There were no other material effects in the Consolidated Financial Statements arising from dealings with these entities, other than the effects from using the equity method (see Note 2.1 to the consolidated financial statements of 2021) and from the insurance policies to cover pension or similar commitments (see Note 25 to the consolidated financial statements of 2021) and the derivatives transactions arranged by BBVA Group with these entities, associates and joint ventures.

In addition, as part of its regular activity, the BBVA Group has entered into agreements and commitments of various types with shareholders of subsidiaries and associates, which have no material effects on the accompanying Consolidated Financial Statements.

44.3 Transactions with members of the Board of Directors and Senior Management

The transactions entered into between BBVA or its Group companies with members of the Board of Directors and Senior Management of the Bank or their related parties were within the scope of the ordinary course of business of the Bank and were immaterial, defined as transactions the disclosure of which is not necessary to present a true and fair view of the Bank's equity, financial position and results, and were concluded on normal markets terms or on terms applicable to the rest of employees.

The amount and nature of the main transactions carried out with members of the Board of Directors and Senior Management of the Bank, or their respective related parties, are shown below.

Balance (thousands of Euros)	30th June 2022				31st December 2021			
	Directors	Related parties of Directors	Senior Management (*)	Related parties of Senior Management	Directors	Related parties of Directors	Senior Management (*)	Related parties of Senior Management
Loans and credits	774	2,018	6,425	786	765	207	5,419	573
Bank guarantees	—	—	10	—	—	—	10	—
Business credit	—	—	—	—	—	—	—	—

(*) Excluding executive directors

The information on the remuneration and other benefits for the members of the BBVA Board of Directors and Senior Management is included in Note 45.

45. Remuneration and other benefits for the Board of Directors and members of the Bank's Senior Management

Note 54 of the BBVA Group's Consolidated Annual Financial Statements Report for the year ended December 31, 2021 includes a detail of the remuneration and other benefits paid to the members of the Bank's Board of Directors and Senior Management, including a description of the remuneration policy and system applicable to them, as well as information on the conditions for receiving remuneration and other benefits for that year. All of it, in accordance with the BBVA Directors Remuneration Policy applicable to the remunerations of 2021, 2022 and 2023 financial years, which was approved by the Bank's Annual General Meeting, held on April 20, 2021.

Below is the information on the remuneration and other benefits of the members of the Board of Directors and Bank's Senior Management for the first half of 2022 and 2021, in application of these remuneration policies and systems.

Remuneration of non-executive directors

The remuneration accrued by non-executive directors during the first half of 2022 and 2021 is shown below, individualized:

Remuneration for non-executive directors (thousands of Euros)

	Board of Directors	Executive Committee	Audit Committee	Risk and Compliance Committee	Remuneration Committee	Appointments and Corporate Governance Committee	Technology and Cybersecurity Committee	Other positions (*)	Total	
									June 2022	June 2021
José Miguel Andrés Torrecillas	64	83	33	-	-	58	-	25	263	263
Jaime Caruana Lacorte	64	83	83	53	-	-	-	-	284	284
Raúl Galamba de Oliveira	64	-	-	53	-	-	21	13	153	139
Belén Garijo López	64	-	33	-	54	23	-	-	174	174
Connie Hedegaard (**)	43	-	-	-	-	-	-	-	43	-
Lourdes Máiz Carro	64	-	33	-	21	-	-	-	119	119
José Maldonado Ramos	64	83	-	-	-	23	-	-	171	171
Ana Peralta Moreno	64	-	33	-	21	-	-	-	119	119
Juan Pi Llorens	64	-	-	107	-	23	21	27	243	256
Ana Revenga Shanklin	64	-	-	53	-	-	7	-	125	118
Susana Rodríguez Vidarte	64	83	-	53	-	23	-	-	224	224
Carlos Salazar Lomelín	64	-	-	-	21	-	-	-	86	86
Jan Verplancke	64	-	-	-	21	-	21	-	107	107
Total (***)	**815**	**333**	**215**	**321**	**139**	**150**	**71**	**65**	**2,111**	**2,061**

(*) Amounts accrued by José Miguel Andrés Torrecillas in his capacity as Deputy Chair of the Board of Directors, by Juan Pi Llorens in his capacity as Lead Director (until April 28, 2022), and by Raúl Galamba de Oliveira (since his appointment as Lead Director on April 28, 2022).

(**) Director appointed by the General Shareholders Meeting on March 18, 2022. Accrued compensation from the date of acceptance of the position.

(***) Includes amounts corresponding to the position as member of the Board of Directors and the various committees.

Likewise, Sunir Kumar Kapoor, who ceased to hold office as director on March 18, 2022, accrued a total of €43 thousand in the first quarter of 2022 and a total of €86 thousand in the first half of 2021 for his membership on the Board of Directors and the various Board Committees.

Additionally, Carlos Salazar Lomelín accrued a total of €54 thousand[1] in the first half of 2022 and a total of €52 thousand[2] in the first half of 2021 as attendance fees for his membership in the management body of BBVA Bancomer, S.A. de C.V. and *Grupo Financiero* BBVA México, S.A. de C.V. and in the BBVA México Strategy Forum.

In addition, €110 thousand and €97 thousand of health and accident insurance premiums were accrued in favor of non-executive directors in the first half of 2022 and 2021, respectively.

[1] Amount in euros calculated using the average MXN/EUR exchange rate for the month of June 2022.
[2] Amount in euros calculated using the average MXN/EUR exchange rate for the month of June 2021.

Remuneration system with deferred delivery of shares of non-executive directors

In the first half of fiscal years 2022 and 2021, the following "theoretical shares" were allocated derived from the remuneration system with deferred delivery of shares for non-executive directors. The shares, if applicable, will be delivered to each beneficiary upon termination of his or her service as a director for any reason other than a serious breach of duty:

	June 2022		June 2021	
	Theoretical shares assigned	**Theoretical shares accumulated at June 30**	**Theoretical shares assigned**	**Theoretical shares accumulated at June 30**
José Miguel Andrés Torrecillas	19,253	118,025	22,860	98,772
Jaime Caruana Lacorte	20,733	77,705	25,585	56,972
Raúl Galamba de Oliveira	10,177	19,677	9,500	9,500
Belén Garijo López	12,741	90,589	15,722	77,848
Lourdes Máiz Carro	8,696	64,356	10,731	55,660
José Maldonado Ramos	12,493	136,477	15,416	123,984
Ana Peralta Moreno	8,696	35,092	10,731	26,396
Juan Pi Llorens	18,703	134,599	23,079	115,896
Ana Revenga Shanklin	8,611	16,179	7,568	7,568
Susana Rodríguez Vidarte	16,400	177,775	20,237	161,375
Carlos Salazar Lomelín	6,270	11,912	5,642	5,642
Jan Verplancke	7,835	29,251	9,024	21,416
Total (*)	**150,608**	**911,637**	**176,095**	**761,029**

(*) The number of "theoretical shares" allocated to each non-executive director in 2022 and 2021 is equal to 20% of the total annual fixed allowance in cash received by each of them in 2021 and 2020, respectively, based on the average of the closing prices of BBVA shares during the 60 trading sessions preceding the General Shareholders' Meetings of March 18, 2022 and April 20, 2021, which were €5.47 and €4.44 per share, respectively.

In addition, during the first half of 2022 and 2021, 6,270 and 7,737 "theoretical shares", respectively, were allocated to Sunir Kumar Kapoor, who ceased to hold office as a director on March 18, 2022. Applying the system, this director received a total of 36,922 BBVA shares after he ceased to hold office at a price of €5.43 per share, corresponding to the sum of the "theoretical shares" accumulated up to that date.

Remuneration of executive directors

The remuneration accrued by executive directors during the first half of 2022 and 2021 is shown below, individualized and itemized:

Annual Fixed Remuneration (thousands of Euros)	June 2022	June 2021
Chair	1,462	1,462
Chief Executive Officer (*)	1,090	1,090
Total	**2,551**	**2,551**

(*) In addition, in the first half of 2022 and 2021, the Chief Executive Officer accrued, each financial year, an amount of €327 thousand as cash in lieu of pension and €300 thousand as mobility allowance, in accordance with the contractual terms and conditions and the BBVA Directors' Remuneration Policy in force at the time.

The accrual and award of the Annual Variable Remuneration (hereinafter, "AVR") takes place, if so, once the financial year has ended, and therefore, no amount is shown for the first half of 2022 and 2021.

In 2023, the amount of Annual Variable Remuneration for 2022 will be determined, and if the conditions are met, the Initial Portion (40%) will be paid in the first half of the 2023 financial year. All this, in accordance with the rules applicable to the Annual Variable Remuneration set out in the BBVA Directors' Remuneration Policy.

With regard to the Annual Variable Remuneration for 2021, the Initial Portion (40%) was paid in the first half of 2022 in equal parts in cash and BBVA shares (€849 thousand and 159,235 shares in the case of the Chair and €645 thousand and 120,977 shares in the case of the Chief Executive Officer). The remaining 60% has been deferred (40% in cash and 60% in shares) for a period of 5 years (Deferred Portion) and, if the conditions are met, will be paid out after each of the 5 years of deferral on a pro rata basis equal to 20% of the Deferred Portion each year. The Deferred Portion may be reduced, but never increased, depending on the results of the multi-year performance indicators, determined by the Board of Directors at the beginning of 2021. At the end of the year corresponding to the third year of the deferral, the result of the multi-year performance indicators will determine the ex-post adjustments, if any, to be made to the amount of the Deferred Portion not yet paid. All of this, subject to the rules for Annual Variable Remuneration set forth in the BBVA Directors' Remuneration Policy.

In addition, in the first half of 2022, the executive directors received the remuneration corresponding to the Deferred AVR for 2018 financial year, whose payment was due in 2022, together with the update of the cash portion (€364 thousand and 107,386 shares in the case of the Chair and €332 thousand and 61,282 shares in the case of the Chief Executive Officer). In addition, the Chair has received, during the first half of 2022, the remuneration corresponding to the second payment of the Deferred AVR for 2017 financial year, together with the update of the cash portion (€146 thousand and 27,898 shares). These remunerations generated during the exercise of his previous positions as Chief Executive Officer and President & CEO of BBVA USA, respectively.

In addition, in the first half of 2022 and 2021, remuneration in kind for the executive directors, including insurance and other premiums, accrued for a joint total of €411 thousand and €458 thousand, respectively, of which €259 thousand and €304 thousand correspond to the Chair, and €151 thousand and €154 thousand to the CEO.

Pension commitments with executive directors

Executive directors (thousands of Euros)	Contributions (*)				Accumulated funds	
	Retirement		Death and disability			
	June 2022	June 2021	June 2022	June 2021	June 2022	June 2021
Chair	232	121	237	287	22,973	24,053
Chief Executive Officer	-	-	143	147	-	-
Total	**232**	**121**	**379**	**435**	**22,973**	**24,053**

(*) Contributions recognized to settle pension obligations entered into with executive directors in the pro rata portion of the first half of 2022 and 2021. In the case of the Chair, these correspond to the sum of the annual contribution to the retirement pension and the adjustment of the portion considered as "discretionary pension benefits" for 2021 and 2020, whose contribution corresponded in 2022 and 2021, respectively, as well as death and disability premiums. In the case of the Chief Executive Officer, the contributions shown represent solely the insurance premiums paid by the Bank in the first half of 2022 and 2021 for the death and disability contingencies, as there are no pension obligations for retirement contingency in his case.

Remuneration of members of Senior Management

The remuneration of the whole of Senior Management, excluding executive directors, for the first half of 2022 and 2021 (16 members with such status as of June 30, 2022 and 15 members with such status as of June 30, 2021) is set forth below by remuneration item:

Fixed remuneration (thousands of Euros)	June 2022	June 2021
Senior Management Total	8,966	7,319

The accrual and award of the Annual Variable Remuneration takes place, if so, once the financial year has ended and, therefore, no amount is shown for the first half of 2022 and 2021.

In 2023, the amount of Annual Variable Remuneration for fiscal year 2022 will be determined, and if the conditions are met, the Initial Portion (40%) will be paid in the first half of the 2023 financial year. All this in accordance with the rules applicable to the Annual Variable Remuneration of members of Senior Management established in the BBVA Group General Remuneration Policy.

With regard to the Annual Variable Remuneration for 2021, the Initial Portion (40%) was paid in the first half of 2022, in equal parts in cash and in BBVA shares, amounting to a total of €1,849 thousand and 346,106 shares for the members of Senior Management as a whole. The remaining 60% has been deferred (40% in cash and 60% in shares) for a period of 5 years (Deferred Portion) and, if the conditions are met, will be paid out after each of the 5 years of deferral on a pro rata basis equal to 20% of the Deferred Portion each year. The Deferred Portion may be reduced, but never increased, depending on the results of the multi-year performance indicators, determined by the Board of Directors at the beginning of 2021. At the end of the year corresponding to the third year of the deferral, the result of the multi-year performance indicators will determine the ex-post adjustments, if any, to be made to the amount of the Deferred Portion not yet paid. All of this, subject to the rules for Annual Variable Remuneration set forth in the BBVA Group General Remuneration Policy.

In addition, in the first half of 2022, the members of Senior Management who were beneficiaries received the remuneration corresponding to the Deferred AVR for 2018 and 2017 financial years whose payment corresponded in 2022, together with their update of the cash portion. In particular, a total of €697 thousand and 177,104 shares corresponding to the Deferred AVR 2018 and a total of €158 thousand and 29,267 shares corresponding to the Deferred AVR 2017 has been paid to the whole of the members of Senior Management.

In addition, in the first half of 2022 and 2021, remuneration in kind in favor of the whole of the members of Senior Management, including insurance premiums and others, accrued for a joint total of €831 thousand and €780 thousand, respectively.

Pension commitments with members of Senior Management

Senior Management (thousands of Euros)	Contributions (*)				Accumulated funds	
	Retirement		Death and disability			
	June 2022	June 2021	June 2022	June 2021	June 2022	June 2021
Senior Management Total	1,875	1,332	730	612	28,076	24,296

(*) Contributions recorded to meet pension obligations entered into with Senior Management, in the pro rata portion of the first half of 2022 and 2021, equal to the sum of the annual pension contributions and adjustments to the portion considered "discretionary pension benefits" for 2021 and 2020, whose contribution corresponded in 2022 and 2021, respectively, and the insurance premiums paid by the Bank for death and disability contingencies.

Payments for the termination of the contractual relationship

In accordance with BBVA's Directors' Remuneration Policy, the Bank has no commitments to make severance payments to executive directors.

With respect to Senior Management, no amount has been accrued for payments arising from the termination of the contractual relationship in the first half of 2022 and 2021.

46. Other information

46.1 Reporting requirements of the Spanish National Securities Market Commission (CNMV)

Dividends paid

The table below presents the dividends per share paid in cash during the six months ended June 30, 2022 and 2021 (cash basis dividend, regardless of the year in which they were accrued):

Paid Dividends	June 2022			June 2021		
	% Over nominal	Euros per share	Amount (Millions of Euros)	% Over nominal	Euros per share	Amount (Millions of Euros)
Ordinary shares	46.94	0.23	1,463	—	—	—
Rest of shares	—	—	—	—	—	—
Total dividends paid in cash	**46.94**	**0.23**	**1,463**	**—**	**—**	**—**
Dividends with charge to income	—	—	—	—	—	—
Dividends with charge to reserve or share premium	46.94	0.23	1,463	—	—	—
Dividends in kind	—	—	—	—	—	—

Ordinary income and attributable profit by operating segment

The detail of the consolidated ordinary income and profit for each operating segment is as follows for the six months ended June 30, 2022 and 2021:

Ordinary income and attributable profit by operating segment (Millions of Euros)

	Income from ordinary activities (*) (**)		Profit/ (loss) (**) (***)	
	June 2022	June 2021	June 2022	June 2021
Spain	4,424	4,221	808	725
Mexico	7,362	5,586	1,821	1,119
Turkey	3,666	3,689	62	384
South America	3,799	2,684	413	210
Rest of Business	508	500	128	159
Subtotal operating segments	**19,759**	**16,680**	**3,232**	**2,598**
Corporate Center	(104)	204	(230)	(687)
Total	**19,656**	**16,884**	**3,001**	**1,911**

(*) The line comprises interest income; dividend income; fee and commission income; gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net; gains (losses) on financial assets and liabilities held for trading, net; gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net; gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net; gains (losses) from hedge accounting, net; other operating income; and income from insurance and reinsurance contracts.
(**) In the first quarter of 2022 the Group changed the allocation criteria for certain expenses related to global technology projects between the Corporate Center and the business areas, therefore, to ensure that year-on-year comparisons are homogeneous, the figures corresponding to the financial year 2021 have been revised, which did not affected the consolidated financial information of the Group. Also in the first quarter of 2022, an equity team from the Global Markets unit was transferred from Spain to New York, with the corresponding transfer of the costs associated with this reallocation from Spain to the Rest of Business.
(***) See Note 5.

Interest income and similar income by geographical area

The breakdown of the balance of “Interest income and similar income” in the accompanying consolidated income statements by geographical area is as follows:

Interest income. Breakdown by geographical area (Millions of Euros)

	Notes	June 2022	June 2021
Domestic		2,256	2,168
Foreign		11,147	8,794
European Union		*203*	*173*
Eurozone		*116*	*104*
Not Eurozone		*87*	*68*
Other countries		*10,944*	*8,621*
Total	**32.1**	**13,403**	**10,962**
Of which BBVA, S.A.:			
Domestic		2,087	1,985
Foreign		239	170
European Union		*89*	*74*
Eurozone		*65*	*61*
Not Eurozone		*24*	*13*
Other countries		*150*	*96*
Total		**2,326**	**2,155**

Average number of employees

The breakdown of the average number of employees in the BBVA Group as of June 30, 2022 and 2021 is as follows:

Average number of employees	June 2022	June 2021
BBVA Group	**111,649**	**120,092**
Men	52,586	55,505
Women	59,063	64,586
Of which BBVA, S.A.:	**21,132**	**24,414**
Men	10,290	11,970
Women	10,842	12,444

46.2 Mortgage market policies and procedures

The information on "Mortgage market policies and procedures" (for the granting of mortgage loans and for debt issues secured by such mortgage loans) required by Bank of Spain Circular 5/2011, applying Royal Decree 716/2009, dated April 24, on the regulation of the mortgage market and other mortgage and financial market regulations and Royal Decree 24/2021, dated November 2, on transposition of European Union directives in matters of covered bonds and cross-border distribution of undertakings for collective investment, can be found in Appendix II.

47. Subsequent events

From July 1 to July 21, 2022, Citigroup Global Markets Europe AG, acting as lead manager for the Second Segment of the Second Tranche, has acquired 63,750,000 BBVA shares (see Note 4).

From July 1, 2022 to the date of preparation of these Consolidated Financial Statements, no subsequent events requiring disclosure in these interim Consolidated Financial Statements have taken place that significantly affect the Group's earnings or its consolidated equity position.

48. Explanation added for translation into English

These Consolidated Financial Statements are presented on the basis of IFRS, as adopted by the European Union. Certain accounting practices applied by the Group that conform to EU-IFRS may not conform to other generally accepted accounting principles.

Appendices

APPENDIX I. Interim Financial Statements of Banco Bilbao Vizcaya Argentaria, S.A.

ASSETS (Millions of Euros)

	June 2022	December 2021 (*)
CASH, CASH BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS	**47,983**	**38,821**
FINANCIAL ASSETS HELD FOR TRADING	**100,776**	**105,391**
Derivatives	37,535	28,389
Equity instruments	5,363	15,146
Debt securities	16,342	11,546
Loans and advances to central banks	1,878	3,467
Loans and advances to credit institutions	29,082	31,300
Loans and advances to customers	10,576	15,543
NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS	**632**	**437**
Equity instruments	510	172
Debt securities	122	125
Loans and advances to customers	—	140
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**—**	**—**
FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME	**28,945**	**28,205**
Equity instruments	1,387	1,103
Debt securities	27,558	27,102
FINANCIAL ASSETS AT AMORTIZED COST	**239,993**	**231,276**
Debt securities	21,989	22,312
Loans and advances to central banks	100	254
Loans and advances to credit institutions	8,524	8,371
Loans and advances to customers	209,379	200,339
DERIVATIVES - HEDGE ACCOUNTING	**907**	**841**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**(98)**	**5**
INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES	**22,309**	**17,504**
Subsidiaries	22,000	17,226
Joint ventures	36	54
Associates	273	225
TANGIBLE ASSETS	**3,389**	**3,482**
Property, plant and equipment	3,291	3,396
For own use	*3,291*	*3,396*
Other assets leased out under an operating lease	*—*	*—*
Investment properties	97	87
INTANGIBLE ASSETS	**865**	**841**
Goodwill	—	—
Other intangible assets	865	841
TAX ASSETS	**12,454**	**12,294**
Current	775	546
Deferred	11,679	11,748
OTHER ASSETS	**3,072**	**2,296**
Insurance contracts linked to pensions	1,478	1,882
Inventories	—	—
Other	1,593	414
NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE	**796**	**885**
TOTAL ASSETS	**462,020**	**442,279**

(*) Presented for comparison purposes only.

LIABILITIES AND EQUITY (Millions of Euros)	**June 2022**	**December 2021 (*)**
FINANCIAL LIABILITIES HELD FOR TRADING	**85,386**	**77,859**
Trading derivatives	33,831	27,054
Short positions	13,919	13,148
Deposits from central banks	4,117	8,946
Deposits from credit institutions	25,220	14,821
Customer deposits	8,299	13,890
Debt certificates	—	—
Other financial liabilities	—	—
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,771**	**2,238**
Deposits from central banks	—	—
Deposits from credit institutions	—	—
Customer deposits	1,771	2,238
Debt certificates	—	—
Other financial liabilities	—	—
Of which: Subordinated liabilities	*—*	*—*
FINANCIAL LIABILITIES AT AMORTIZED COST	**334,813**	**321,848**
Deposits from central banks	43,773	40,839
Deposits from credit institutions	20,356	14,936
Customer deposits	223,483	216,452
Debt certificates	34,433	37,866
Other financial liabilities	12,770	11,756
Of which: Subordinated liabilities	*9,271*	*9,912*
DERIVATIVES - HEDGE ACCOUNTING	**2,590**	**2,126**
FAIR VALUE CHANGES OF THE HEDGED ITEMS IN PORTFOLIO HEDGES OF INTEREST RATE RISK	**—**	**—**
PROVISIONS	**3,704**	**4,488**
Provisions for pensions and similar obligations	2,375	3,027
Other long term employee benefits	466	600
Provisions for taxes and other legal contingencies	396	401
Commitments and guarantees given	280	310
Other provisions	187	150
TAX LIABILITIES	**981**	**999**
Current	295	187
Deferred	686	812
OTHER LIABILITIES	**2,910**	**1,885**
LIABILITIES INCLUDED IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE	**—**	**—**
TOTAL LIABILITIES	**432,156**	**411,443**

(*) Presented for comparison purposes only.

Translation of the Interim Consolidated Financial Statements originally issued in Spanish and prepared in accordance with IAS 34, as adopted by the European Union. In the event of a discrepancy, the Spanish-language version prevails.

LIABILITIES AND EQUITY (Continued) (Millions of Euros)

	June 2022	December 2021 (*)
SHAREHOLDERS' FUNDS	**31,625**	**32,296**
Capital	**3,129**	**3,267**
Paid up capital	3,129	3,267
Unpaid capital which has been called up	—	—
Share premium	**22,333**	**23,599**
Equity instruments issued other than capital	**—**	**—**
Equity component of compound financial instruments	—	—
Other equity instruments issued	—	—
Other equity	**36**	**49**
Retained earnings	**5,464**	**6,436**
Revaluation reserves	**—**	**—**
Other reserves	**(937)**	**(1,026)**
Less: Treasury shares	**(1,005)**	**(574)**
Profit or loss of the period	**2,603**	**1,080**
Less: Interim dividends	**—**	**(533)**
ACCUMULATED OTHER COMPREHENSIVE INCOME	**(1,760)**	**(1,461)**
Items that will not be reclassified to profit or loss	**(774)**	**(1,177)**
Actuarial gains or (-) losses on defined benefit pension plans	(28)	(52)
Non-current assets and disposal groups classified as held for sale	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income	(843)	(1,127)
Hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income (hedged item)	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income (hedging instrument)	—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	97	2
Items that may be reclassified to profit or loss	**(986)**	**(284)**
Hedge of net investments in foreign operations (effective portion)	—	—
Foreign currency translation	—	—
Hedging derivatives. Cash flow hedges (effective portion)	(845)	(626)
Fair value changes of debt instruments measured at fair value through other comprehensive income	(141)	342
Hedging instruments (non-designated items)	—	—
Non-current assets and disposal groups classified as held for sale	—	—
TOTAL EQUITY	**29,865**	**30,836**
TOTAL EQUITY AND TOTAL LIABILITIES	**462,020**	**442,279**

MEMORANDUM ITEM - OFF BALANCE SHEET EXPOSURES (Millions of Euros)

	June 2022	December 2021 (*)
Loan commitments given	95,612	89,353
Financial guarantees given	14,290	11,662
Contingent commitments given	26,050	24,181

(*) Presented for comparison purposes only.

Translation of the Interim Consolidated Financial Statements originally issued in Spanish and prepared in accordance with IAS 34, as adopted by the European Union. In the event of a discrepancy, the Spanish-language version prevails.

INCOME STATEMENTS (Millions of Euros)	June 2022	June 2021 (*)
Interest and other income	2,326	2,155
Financial assets and liabilities at fair value through other comprehensive income	182	98
Financial assets at amortized cost	1,801	1,759
Other interest income	343	298
Interest expense	(561)	(428)
NET INTEREST INCOME	**1,765**	**1,727**
Dividend income	1,485	898
Fee and commission income	1,323	1,183
Fee and commission expense	(234)	(204)
Gains (losses) on recognition of financial assets and liabilities not measured at fair value through profit or loss, net	(1)	61
Financial assets at amortized cost	—	—
Other financial assets and liabilities	(1)	61
Gains (losses) from hedge accounting, net	215	229
Reclassification of financial assets from fair value through other comprehensive income	—	—
Reclassification of financial assets from amortized cost	—	—
Other gains or losses	215	229
Gains (losses) on on-trading financial assets mandatorily at fair value through profit or loss, net	(48)	79
Reclassification of financial assets from fair value through other comprehensive income	—	—
Reclassification of financial assets from amortized cost	—	—
Other gains or losses	(48)	79
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	81	42
Gains (losses) from hedge accounting, net	3	(28)
Exchange differences,	59	28
Other operating income	165	89
Other operating expense	(325)	(264)
GROSS INCOME	**4,489**	**3,840**
Administration costs	(1,808)	(1,816)
Personnel expense	(1,040)	(1,086)
Other administrative expense	(767)	(729)
Depreciation and amortization	(317)	(322)
Provisions or reversal of provisions	(11)	(939)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(183)	(326)
Financial assets at amortized cost	(166)	(330)
Financial assets at fair value through other comprehensive income	(17)	5
NET OPERATING INCOME	**2,170**	**437**
Impairment or reversal of impairment of investments in joint ventures and associates	634	(35)
Impairment or reversal of impairment on non-financial assets	47	(155)
Tangible assets	47	(156)
Intangible assets	(1)	—
Other assets	1	1
Gains (losses) on derecognized assets not classified as non-current assets held for sale, net	1	3
Negative goodwill recognized in profit or loss	—	—
Profit or loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(10)	110
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**2,843**	**360**
Tax expense or income related to profit or loss from continuing operations	(240)	208
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**2,603**	**568**
Profit or loss after tax from discontinued operations	—	277
PROFIT FOR THE PERIOD	**2,603**	**845**

(*) Presented for comparison purposes only.

STATEMENTS OF RECOGNIZED INCOME AND EXPENSE (Millions of Euros)

	June 2022	June 2021 (*)
PROFIT RECOGNIZED IN INCOME STATEMENT	**2,603**	**845**
OTHER RECOGNIZED INCOME (EXPENSES)	**(301)**	**(113)**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**401**	**192**
Actuarial gains (losses) from defined benefit pension plans	33	(10)
Non-current assets available for sale	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income, net	283	187
Gains or losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	135	22
Income tax related to items not subject to reclassification to income statement	(50)	(6)
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**(702)**	**(305)**
Hedge of net investments in foreign operations [effective portion]	**—**	**—**
Foreign currency translation	**—**	**—**
Translation gains or (losses) taken to equity	—	—
Transferred to profit or loss	—	—
Other reclassifications	—	—
Cash flow hedges [effective portion]	**(313)**	**(428)**
Valuation gains or (losses) taken to equity	(343)	(428)
Transferred to profit or loss	29	—
Transferred to initial carrying amount of hedged items	—	—
Other reclassifications	—	—
Hedging instruments [non-designated elements]	**—**	**—**
Debt securities at fair value through other comprehensive income	**(690)**	**39**
Valuation gains (losses)	(690)	100
Amounts reclassified to income statement	—	(61)
Reclassifications (other)	—	—
Non-current assets held for sale and disposal groups held for sale	**—**	**—**
Valuation gains (losses)	**—**	**—**
Income tax related to items subject to reclassification to income statement	**301**	**85**
TOTAL RECOGNIZED INCOME/EXPENSES	2,302	732

(*) Presented for comparison purposes only.

Statement of changes in equity for the six months ended June 30, 2022 of BBVA, S.A.

STATEMENTS OF CHANGES IN EQUITY (Millions of Euros)

June 2022	Capital	Share Premium	Equity instruments issued other than capital	Other Equity	Retained earnings	Revaluation reserves	Other reserves	Treasury shares	Profit or loss attributable to owners of the parent	Interim dividends	Accumulated other comprehensive income	Total
Balances as of January 1, 2022	**3,267**	**23,599**	**—**	**49**	**6,436**	**—**	**(1,026)**	**(574)**	**1,080**	**(533)**	**(1,461)**	**30,836**
Total income (expense) recognized	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,603**	**—**	**(301)**	**2,302**
Other changes in equity	**(138)**	**(1,265)**	**—**	**(12)**	**(972)**	**—**	**90**	**(431)**	**(1,080)**	**533**	**2**	**(3,273)**
Issuances of common shares	—	—	—	—	—	—	—	—	—	—	—	—
Issuances of preferred shares	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Period or maturity of other issued equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of debt on equity	—	—	—	—	—	—	—	—	—	—	—	—
Common Stock reduction	(138)	(1,265)	—	—	110	—	(207)	1,500	—	—	—	—
Dividend distribution	—	—	—	—	(1,467)	—	—	—	—	—	—	(1,467)
Purchase of treasury shares	—	—	—	—	—	—	—	(2,145)	—	—	—	(2,145)
Sale or cancellation of treasury shares	—	—	—	—	—	—	(6)	215	—	—	—	208
Reclassification of financial liabilities to other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of other equity instruments to financial liabilities	—	—	—	—	—	—	—	—	—	—	—	—
Transfers between total equity entries	—	—	—	1	547	—	(2)	—	(1,080)	533	2	—
Increase/Reduction of equity due to business combinations	—	—	—	—	—	—	—	—	—	—	—	—
Share based payments	—	—	—	—	—	—	—	—	—	—	—	—
Other increases or (-) decreases in equity	—	—	—	(13)	(162)	—	306	—	—	—		130
Balances as of June 30, 2022	**3,129**	**22,333**	**—**	**36**	**5,464**	**—**	**(937)**	**(1,005)**	**2,603**	**—**	**(1,760)**	**29,865**

Statement of changes in equity for the six months ended June 30, 2021 of BBVA, S.A.

STATEMENTS OF CHANGES IN EQUITY (Millions of Euros)

June 2021 (*)	Capital	Share Premium	Equity instruments issued other than capital	Other Equity	Retained earnings	Revaluation reserves	Other reserves	Treasury shares	Profit or loss attributable to owners of the parent	Interim dividends	Accumulated other comprehensive income	Total
Balances as of January 1, 2021	**3,267**	**23,992**	**—**	**34**	**8,859**	**—**	**31**	**(9)**	**(2,182)**	**—**	**(1,124)**	**32,867**
Total income(expense) recognized	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**845**	**—**	**(113)**	**732**
Other changes in equity	**—**	**(393)**	**—**	**—**	**(2,385)**	**—**	**2**	**1**	**2,182**	**—**	**—**	**(594)**
Issuances of common shares	—	—	—	—	—	—	—	—	—	—	—	—
Issuances of preferred shares	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Period or maturity of other issued equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of debt on equity	—	—	—	—	—	—	—	—	—	—	—	—
Common Stock reduction	—	—	—	—	—	—	—	—	—	—	—	—
Dividend distribution	—	(393)	—	—	—	—	—	—	—	—	—	(393)
Purchase of treasury shares	—	—	—	—	—	—	—	(234)	—	—	—	(234)
Sale or cancellation of treasury shares	—	—	—	—	—	—	(3)	235	—	—	—	233
Reclassification of financial liabilities to other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of other equity instruments to financial liabilities	—	—	—	—	—	—	—	—	—	—	—	—
Transfers between total equity entries	—	—	—	(2)	(2,184)	—	4	—	2,182	—	—	—
Increase/Reduction of equity due to business combinations	—	—	—	—	—	—	—	—	—	—	—	—
Share based payments	—	—	—	—	—	—	—	—	—	—	—	—
Other increases or (-) decreases in equity	—	—	—	2	(201)	—	—	—	—	—	—	(199)
Balances as of June 30, 2021	**3,267**	**23,599**	**—**	**33**	**6,474**	**—**	**33**	**(8)**	**845**	**—**	**(1,237)**	**33,006**

(*) Presented for comparison purposes only.

CASH FLOW STATEMENTS (Millions of Euros)	June 2022	June 2021 (*)
A) CASH FLOW FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4 + 5)	**17,237**	**(17,147)**
1. Profit for the period	**2,603**	**845**
2. Adjustments to obtain the cash flow from operating activities:	**(620)**	**278**
Depreciation and amortization	317	322
Other adjustments	(937)	(44)
3. Net increase/decrease in operating assets	**(7,154)**	**(4,217)**
Financial assets held for trading	4,615	124
Non-trading financial assets mandatorily at fair value through profit or loss	(195)	17
Other financial assets designated at fair value through profit or loss	—	—
Financial assets at fair value through other comprehensive income	(740)	(2,735)
Financial assets at amortized cost	(8,766)	(1,395)
Other operating assets	(2,068)	(228)
4. Net increase/decrease in operating liabilities	**22,456**	**(14,172)**
Financial liabilities held for trading	7,528	(2,096)
Other financial liabilities designated at fair value through profit or loss	(467)	(769)
Financial liabilities at amortized cost	13,869	(13,156)
Other operating liabilities	1,527	1,848
5. Collection/Payments for income tax	**(49)**	**119**
B) CASH FLOWS FROM INVESTING ACTIVITIES (1 + 2)	**(3,418)**	**9,676**
1. Investment	**(3,632)**	**(238)**
Tangible assets	(13)	(12)
Intangible assets	(186)	(163)
Investments in subsidiaries, joint ventures and associates	(3,433)	(51)
Other business units	—	—
Non-current assets held for sale and associated liabilities	—	(12)
Other settlements related to investing activities	—	—
2. Divestments	**214**	**9,914**
Tangible assets	5	35
Intangible assets	—	—
Investments in subsidiaries, joint ventures and associates	44	58
Other business units	—	—
Non-current assets held for sale and associated liabilities	164	9,822
Other collections related to investing activities	—	—
C) CASH FLOWS FROM FINANCING ACTIVITIES (1 + 2)	**(4,236)**	**(1,708)**
1. Investment	**(4,430)**	**(2,033)**
Dividends (or remuneration to partners)	(1,467)	(393)
Subordinated liabilities	(730)	(1,400)
Common stock amortization	—	—
Treasury stock acquisition	(2,145)	(239)
Other items relating to financing activities	(88)	—
2. Divestments	**194**	**325**
Subordinated liabilities	—	—
Common stock increase	—	—
Treasury stock disposal	194	233
Other items relating to financing activities	—	92
D) EFFECT OF EXCHANGE RATE CHANGES	**(420)**	**(127)**
E) NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (A + B + C + D)	**9,162**	**(9,307)**
F) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**38,821**	**44,107**
G) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (E + F)	**47,983**	**34,800**

COMPONENTS OF CASH AND EQUIVALENTS AT END OF THE PERIOD (Millions of Euros)	June 2022	June 2021 (*)
Cash	808	749
Balance of cash equivalent in central banks	45,598	32,209
Other financial assets	1,576	1,842
Less: Bank overdraft refundable on demand	—	—
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**47,983**	**34,800**

(*) Presented for comparison purposes only.

This Appendix is an integral part of Note 1.7 of the Consolidated Financial Statements for the six months ended June 30, 2022.

APPENDIX II. Information on data derived from the special accounting registry and other information on bonds

The Bank has implemented policies and procedures for its activities in the mortgage market and in the financing of exportation of goods and services or the process of internationalization of companies, which allow ensuring compliance with the applicable regulations of the mortgage market and for the issuance of bonds.

a) Mortgage market policies and procedures

Information required pursuant to Circular 5/2011 of the Bank of Spain is indicated as follows.

The mortgage origination policy is based on principles focused on assessing the adequate ratio between the amount of the loan, and the payments, and the income of the applicant. Applicants must in all cases prove sufficient repayment ability (present and future) to meet their repayment obligations, for both the mortgage debt and for other debts detected in the financial system. Therefore, the applicant's repayment ability is a key aspect within the credit decision-making tools and retail risk acceptance manuals, and has a high weighting in the final decision.

During the mortgage risk transaction analysis process, documentation supporting the applicant's income (payroll, etc.) is required, and the applicant's position in the financial system is checked through automated database queries (internal and external). This information is used for calculation purposes in order to determine the level of indebtedness/compliance with the remainder of the system. This documentation is kept in the transaction's file.

In addition, the mortgage origination policy assesses the adequate ratio between the amount of the loan and the appraisal value of the mortgaged asset. The policy also establishes that the property to be mortgaged be appraised by an independent appraisal company as established by Circular 4/2017. BBVA selects those companies whose reputation, standing in the market and independence ensure that their appraisals adapt to the market reality in each region. Each appraisal is reviewed and checked before the loan is granted and, in those cases where the loan is finally granted, it is kept in the transaction's file.

As for issues related to the mortgage market, the Finance area annually defines the strategy for wholesale finance issues, and more specifically mortgage bond issues, such as mortgage covered bonds or mortgage securitization. The Assets and Liabilities Committee tracks the budget monthly. The volume and type of assets in these transactions is determined in accordance with the wholesale finance plan, the trend of the Bank's "Loans and advances" outstanding balances and the conditions in the market.

The Board of Directors of the Bank authorizes each of the issues of Mortgage Transfer Certificates and/or Mortgage Participations issued by BBVA to securitize the credit rights derived from loans and mortgage loans. Likewise, the Board of Directors authorizes the establishment of a Base Prospectus for the issuance of fixed-income securities through which the mortgage-covered bonds are implemented.

As established on the applicable regulation, the Bank has set up a series of controls for mortgage covered bonds, which regularly control the total volume of issued mortgage covered bonds issued and the collateral which serves as guarantee and the eligible collateral, to avoid exceeding any limit which is applicable in accordance with the applicable regulations at any time. In the case of securitizations, the preliminary portfolio of loans and mortgage loans to be securitized is checked according to an agreed procedures engagement, by the Bank's external auditor as required by the Spanish Securities and Exchange Commission. There is also a series of filters through which some mortgage loans and credits are excluded in accordance with legal, commercial and risk concentration criteria.

b) Quantitative information on activities in the mortgage market

The quantitative information on activities in the mortgage market required by Bank of Spain Circular 5/2011 as of June 30, 2022 and December 31, 2021 is shown below.

b.1) Ongoing transactions

Mortgage loans. Eligibility for the purpose of the mortgage market (Millions of Euros)

		June 2022	December 2021
Nominal value of outstanding loans and mortgage loans	(A)	84,467	86,112
Minus: Nominal value of all outstanding loans and mortgage loans that form part of the portfolio, but have been mobilized through mortgage bond holdings or mortgage transfer certificates.	*(B)*	*(26,584)*	*(27,106)*
Nominal value of outstanding loans and mortgage loans, excluding securitized loans	**(A)-(B)**	**57,883**	**59,006**
Of which: Loans and mortgage loans which would be eligible if the calculation limits set forth in Article 12 of Spanish Royal Decree 716/2009 were not applied.	*(C)*	*42,118*	*45,006*
Of which: Minus: Loans and mortgage loans which would be eligible but, according to the criteria set forth in Article 12 of Spanish Royal Decree 716/2009, cannot be used to collateralize any issuance of mortgage bonds.	*(D)*	*(432)*	*(1,043)*
Eligible loans and mortgage loans that, according to the criteria set forth in Article 12 of Spanish Royal Decree 716/2009, can be used as collateral for the issuance of mortgage bonds	**(C)-(D)**	**41,686**	**43,963**
Issuance limit: 80% of eligible loans and mortgage loans that can be used as collateral	(E)	33,349	35,170
Issued Mortgage-covered bonds	**(F)**	**28,445**	**31,899**
Outstanding Mortgage-covered bonds		**7,943**	**9,399**
Capacity to issue mortgage-covered bonds	(E)-(F)	4,904	3,271
Memorandum items:			
Percentage of overcollateralization across the portfolio		*203 %*	*185 %*
Percentage of overcollateralization across the eligible used portfolio		*147 %*	*138 %*
Nominal value of available sums (committed and unused) from all loans and mortgage loans.		5,914	5,765
Of which: Potentially eligible		*3,647*	*4,972*
Of which: Ineligible		*2,267*	*793*
Nominal value of all loans and mortgage loans that are not eligible, as they do not meet the thresholds set in Article 5.1 of Spanish Royal Decree 716/2009, but do meet the rest of the eligibility requirements indicated in Article 4 of the Royal Decree.		778	7,623
Nominal value of the replacement assets subject to the issue of mortgage-covered bonds.		—	—

Mortgage loans. Eligibility for the purpose of the mortgage market (Millions of Euros)

		June 2022	December 2021
Total loans	**(1)**	**84,467**	**86,112**
Issued mortgage participations	**(2)**	**9,219**	**3,703**
Of which: recognized on the balance sheet		*8,209*	*2,632*
Issued mortgage transfer certificates	**(3)**	**17,365**	**23,403**
Of which: recognized on the balance sheet		*15,651*	*21,530*
Mortgage loans as collateral of mortgages bonds	**(4)**		
Loans supporting the issuance of mortgage-covered bonds	**1-2-3-4**	**57,883**	**59,006**
Non eligible loans		15,765	14,000
Comply requirements to be eligible except the limit provided for under the article 5.1 of the Spanish Royal Decree 716/2009		778	7,623
Other		14,987	6,377
Eligible loans		42,118	45,006
That cannot be used as collateral for issuances		432	1,043
That can be used as collateral for issuances		41,686	43,963
Loans used to collateralize mortgage bonds		—	—
Loans used to collateralize mortgage-covered bonds		41,686	43,963

Mortgage loans. Classification of the nominal values according to different characteristics (Millions of Euros)

	June 2022			December 2021		
	Total mortgage loans	Eligible Loans (*)	Eligible that can be used as collateral for issuances (**)	Total mortgage loans	Eligible Loans (*)	Eligible that can be used as collateral for issuances (**)
Total	**57,883**	**42,118**	**41,686**	**59,006**	**45,006**	**43,963**
By source of the operations						
Originated by the bank	53,882	38,872	38,451	54,830	41,426	40,413
Subrogated by other institutions	671	513	513	687	549	545
Rest	3,330	2,733	2,722	3,489	3,031	3,005
By Currency						
In Euros	57,770	42,043	41,612	58,873	44,908	43,865
In foreign currency	113	75	74	133	98	98
By payment situation						
Normal payment	51,614	39,931	39,546	53,002	42,477	41,789
Other situations	6,269	2,187	2,140	6,004	2,529	2,174
By residual maturity						
Up to 10 years	12,715	10,303	10,150	11,948	9,776	9,505
10 to 20 years	23,835	19,299	19,036	24,634	21,332	20,653
20 to 30 years	19,231	12,166	12,151	19,513	13,139	13,064
Over 30 years	2,102	350	349	2,911	759	741
By Interest rate						
Fixed rate	16,883	12,977	12,943	16,657	12,529	12,462
Floating rate	41,000	29,141	28,743	42,349	32,477	31,501
Mixed rate	—	—	—	—	—	—
By target of operations						
For business activity	9,178	5,106	4,710	9,494	6,316	5,482
Of which: RE development	*1,875*	*780*	*388*	*2,116*	*1,415*	*695*
Household and NPISHs	48,705	37,012	36,976	49,512	38,690	38,481
By type of guarantee						
Secured by completed assets/buildings	**56,258**	**41,638**	**41,306**	**57,390**	**44,052**	**43,275**
Residential use	49,863	37,720	37,450	50,941	39,806	39,182
Of which: public housing	*3,234*	*2,655*	*2,575*	*3,418*	*2,851*	*2,728*
Commercial	6,365	3,910	3,848	6,407	4,236	4,083
Other	30	8	8	42	10	10
Secured by assets/buildings under construction	**1,155**	**290**	**240**	**1,132**	**779**	**556**
Residential use	850	135	89	836	619	400
Of which: public housing	*1*	*—*	*—*	*1*	*—*	*—*
Commercial	305	155	151	296	160	156
Other	—	—	—	—	—	—
Secured by land	**470**	**190**	**140**	**484**	**175**	**132**
Urban	178	94	46	178	73	33
Non-urban	292	96	94	306	102	99

(*) Not taking into account the thresholds established by article 12 of Spanish Royal Decree 716/2009.
(**) Taking into account the thresholds established by article 12 of Spanish Royal Decree 716/2009.

Nominal value of the total mortgage loans (Millions of Euros)

	Loan to Value (Last available appraisal risk)				
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80%	Total
June 2022					
Home mortgages	13,085	13,053	12,243	—	38,381
Other mortgages	2,003	1,734			3,737
Total	**15,088**	**14,787**	**12,243**	**—**	**42,118**
December 2021					
Home mortgages	13,612	13,935	13,004	—	40,551
Other mortgages	2,264	2,191			4,455
Total	**15,876**	**16,126**	**13,004**	**—**	**45,006**

Eligible and non-eligible mortgage loans. Changes of the nominal values in the period (Millions of Euros)

	June 2022		December 2021	
	Eligible (*)	Non eligible	Eligible (*)	Non eligible
Balance at the beginning	**45,006**	**14,000**	**44,854**	**16,350**
Retirements	**5,962**	**3,140**	**6,829**	**6,033**
Held-to-maturity cancellations	2,059	363	4,008	1,013
Anticipated cancellations	1,160	312	2,283	971
Subrogations to other institutions	45	14	56	20
Rest	2,698	2,451	482	4,029
Additions	**3,074**	**4,905**	**6,981**	**3,684**
Originated by the bank	1,928	1,779	5,275	3,138
Subrogations to other institutions	14	7	25	10
Rest	1,132	3,119	1,682	535
Balance at the end	**42,118**	**15,765**	**45,006**	**14,000**

(*) Not taking into account the thresholds established by article 12 of Spanish Royal Decree 716/2009.

Mortgage loans supporting the issuance of mortgage-covered bonds. Nominal value (Millions of Euros)

	June 2022	December 2021
Potentially eligible	3,647	4,972
Ineligible	2,267	793
Total	**5,914**	**5,765**

b.2) Liabilities operations

Issued Mortgage Bonds (Millions of Euros)

	June 2022		December 2021	
	Nominal value	Average residual maturity	Nominal value	Average residual maturity
Mortgage bonds	**—**		**—**	
Mortgage-covered bonds	**28,445**		**31,899**	
Of which: Non recognized as liabilities on balance	*20,502*		*22,500*	
Of Which: outstanding	*7,943*		*9,399*	
Debt securities issued through public offer	6,450		7,700	
Residual maturity up to 1 year	2,250		1,250	
Residual maturity over 1 year and less than 2 years	1,000		2,250	
Residual maturity over 2 years and less than 3 years	2,000		1,000	
Residual maturity over 3 years and less than 5 years	1,000		3,000	
Residual maturity over 5 years and less than 10 years	—		—	
Residual maturity over 10 years	200		200	
Debt securities issued without public offer	20,606		22,610	
Residual maturity up to 1 year	3,500		2,000	
Residual maturity over 1 year and less than 2 years	5,500		9,000	
Residual maturity over 2 years and less than 3 years	2,000		—	
Residual maturity over 3 years and less than 5 years	6,500		8,500	
Residual maturity over 5 years and less than 10 years	3,106		3,110	
Residual maturity over 10 years	—		—	
Deposits	1,389		1,589	
Residual maturity up to 1 year	168		368	
Residual maturity over 1 year and less than 2 years	100		100	
Residual maturity over 2 years and less than 3 years	371		—	
Residual maturity over 3 years and less than 5 years	100		371	
Residual maturity over 5 years and less than 10 years	650		750	
Residual maturity over 10 years	—		—	
Mortgage participations	**8,209**	**250**	**2,632**	**251**
Issued through public offer	8,209	250	2,632	251
Issued without public offer	—	—	—	—
Mortgage transfer certificates	**15,651**	**250**	**21,530**	**251**
Issued through public offer	15,651	250	21,530	251
Issued without public offer	—	—	—	—

Given the characteristics of the type of covered bonds issued by the Bank, there is no substituting collateral related to these issues.

The Bank does not hold any derivative financial instruments relating to mortgage bond issues, as defined in the aforementioned Royal Decree.

c) Quantitative information on internationalization covered bonds

Below is the quantitative information of BBVA, S.A. internationalization covered bonds required by Bank of Spain Circular 4/2017 as of June 30, 2022 and December 31, 2021.

c.1) Assets operations

Principal outstanding payment of loans (Millions of Euros)

	Nominal value June 2022	Nominal value December 2021
Eligible loans according to article 34.6 and 7 of the Law 14/2013	3,504	3,539
Minos: Loans that support the issuance of internationalization bonds	—	—
Minos: NPL to be deducted in the calculation of the issuance limit, according to Article 13 of Royal Decree 579/2014	1	15
Total loans included in the base of all issuance limit	**3,503**	**3,524**

c.2) Liabilities operations

Internationalization covered bonds (Millions of Euros)

	Nominal value June 2022	Nominal value December 2021
(1) Debt securities issued through public offer (a)	**—**	**1,500**
Of which: treasury shares	—	1,500
Residual maturity up to 1 year	—	1,500
Residual maturity over 1 year and less than 2 years	—	—
Residual maturity over 2 years and less than 3 years	—	—
Residual maturity over 3 years and less than 5 years	—	—
Residual maturity over 5 years and less than 10 years	—	—
Residual maturity over 10 years	—	—
(2) Debt securities issued without public offer (a)	**—**	**—**
Of which: treasury shares	—	—
Residual maturity up to 1 year	—	—
Residual maturity over 1 year and less than 2 years	—	—
Residual maturity over 2 years and less than 3 years	—	—
Residual maturity over 3 years and less than 5 years	—	—
Residual maturity over 5 years and less than 10 years	—	—
Residual maturity over 10 years	—	—
(3) Deposits (b)	**—**	**—**
Residual maturity up to 1 year	—	—
Residual maturity over 1 year and less than 2 years	—	—
Residual maturity over 2 years and less than 3 years	—	—
Residual maturity over 3 years and less than 5 years	—	—
Residual maturity over 5 years and less than 10 years	—	—
Residual maturity over 10 years	—	—
TOTAL: (1) + (2) + (3)	**—**	**1,500**
	Percentage	**Percentage**
Coverage ratio of internationalization covered bonds on loans (c)	**— %**	**43 %**

(a) Balance that includes all internationalization covered bonds issued by the entity pending amortization, although they are not recognized in the liability (because they have not been placed to third parties or have been repurchased).

(b) Nominative bonds.

(c) Percentage that results from the value of the quotient between the nominal value of the issued and non-overdue bonds, even if they are not recognized in the liability, and the nominal value balance pending collection of the loans that serve as

Given the characteristics of the Bank's internationalization covered bonds, there are no substitute assets assigned to these issuances.

d) Territorial bonds

d.1) Territorial bonds

Loans that serves as collateral for the territorial bonds"

	Nominal Value (a)		
	Total	**Spanish Residents**	**Residents in other countries of the European Economic Area**
June 2022			
Central Governments	1,080	1,067	13
Regional Governments	7,660	7,632	28
Local Governments	3,750	3,750	—
Total loans	**12,490**	**12,449**	**41**
December 2021			
Central Governments	1,435	1,422	13
Regional Governments	7,756	7,729	27
Local Governments	3,598	3,598	—
Total loans	**12,789**	**12,749**	**40**

(a) Principal pending payment of loans,

d.2) Liabilities operations

TERRITORIAL BONDS

	Nominal value June 2022	Nominal value December 2021
Territorial bonds issued (a)	**6,240**	**6,540**
Issued through a public offering	6,240	6,540
Of which: Treasury stock	*6,040*	*6,040*
Residual maturity up to 1 year	—	840
Residual maturity over 1 year and less than 2 years	200	200
Residual maturity over 2 years and less than 3 years	2,000	500
Residual maturity over 3 years and less than 5 years	4,040	5,000
Residual maturity over 5 years and less than 10 years	—	—
Residual maturity over 10 years	—	—
Other issuances	—	—
Of which: Treasury stock	—	—
Residual maturity over 1 year and less than 2 years	—	—
Residual maturity over 2 years and less than 3 years	—	—
Residual maturity over 3 years and less than 5 years	—	—
Residual maturity over 5 years and less than 10 years	—	—
Residual maturity over 10 years	—	—
	Percentage	**Percentage**
Coverage ratio of the territorial bonds on loans (b)	**50 %**	**51 %**

(a) Includes the nominal value of all loans that serve as collateral for the territorial bonds, regardless of the item in which they are included in the balance sheet. Principal pending payment of loans. The territorial bonds include all the instruments issued by the entity pending amortization, although they are not recognized in the liability (because they have not been placed to third parties or have been repurchased).

(b) Percentage that results from the value of the quotient between the nominal value of the issued and non-overdue bonds, even if they are not recognized in the liability, and the nominal value balance pending collection of the loans that serve as guarantee.

This Appendix is an integral part of Note 13.2, 21.4 and 46.2 of the Consolidated Financial Statements for the six months ended June 30, 2022.

APPENDIX III. Quantitative information on refinancing and restructuring operations and other requirements under Bank of Spain Circular 6/2012

a) Quantitative information on refinancing and restructuring operations

The breakdown of refinancing and restructuring operations as of June 30, 2022 and December 31, 2021, is as follows:

JUNE 2022 BALANCE OF FORBEARANCE (Millions of Euros)

	TOTAL						
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk
					Maximum amount of secured loans that can be considered		
	Number of operations	Gross carrying amount	Number of operations	Gross carrying amount	Real estate mortgage secured	Rest of secured loans	
Credit institutions	—	—	—	—	—	—	—
General Governments	58	44	24	10	6	—	(11)
Other financial corporations and individual entrepreneurs (financial business)	329	40	25	6	2	2	(17)
Non-financial corporations and individual entrepreneurs (corporate non-financial activities)	53,866	6,679	9,537	3,329	1,815	53	(3,379)
Of which: financing the construction and property (including land)	*363*	*492*	*1,186*	*609*	*217*	*1*	*(527)*
Other households (*)	250,410	1,656	91,382	5,673	4,391	20	(1,642)
Total	**304,663**	**8,419**	**100,968**	**9,018**	**6,214**	**75**	**(5,049)**

	Of which: IMPAIRED						
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk
					Maximum amount of secured loans that can be considered		
	Number of operations	Gross carrying amount	Number of operations	Gross carrying amount	Real estate mortgage secured	Rest of secured loans	
Credit institutions	—	—	—	—	—	—	—
General Governments	28	26	23	9	6	—	(10)
Other financial corporations and individual entrepreneurs (financial business)	249	18	14	5	1	2	(14)
Non-financial corporations and individual entrepreneurs (corporate non-financial activities)	40,981	3,626	6,486	1,759	718	7	(2,854)
Of which: financing the construction and property (including land)	*320*	*482*	*840*	*391*	*113*	*—*	*(487)*
Other households (*)	126,823	954	37,935	2,618	1,735	4	(1,420)
Total	**168,081**	**4,625**	**44,458**	**4,392**	**2,459**	**13**	**(4,298)**

(*) Number of operations does not include Garanti BBVA.

Includes mortgage-backed real estate operations with loan to value ratio of greater than 1, and secured operations, other than transactions secured by real estate mortgage regardless of their loan to value ratio.

DECEMBER 2021 BALANCE OF FORBEARANCE
(Millions of Euros)

	TOTAL						
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk
					Maximum amount of secured loans that can be considered		
	Number of operations	Gross carrying amount	Number of operations	Gross carrying amount	Real estate mortgage secured	Rest of secured loans	
Credit institutions	—	—	—	—	—	—	—
General Governments	59	63	32	22	15	—	(11)
Other financial corporations and individual entrepreneurs (financial business)	377	30	25	2	2	—	(6)
Non-financial corporations and individual entrepreneurs (corporate non-financial activities)	99,852	6,590	11,417	3,552	2,108	45	(3,196)
Of which: financing the construction and property (including land)	*739*	*155*	*1,785*	*486*	*322*	*—*	*(513)*
Other households (*)	275,927	1,813	96,312	5,877	4,473	25	(1,622)
Total	**376,215**	**8,496**	**107,786**	**9,453**	**6,599**	**70**	**(4,834)**

	Of which: IMPAIRED						
	Unsecured loans		Secured loans				Accumulated impairment or accumulated losses in fair value due to credit risk
					Maximum amount of secured loans that can be considered		
	Number of operations	Gross carrying amount	Number of operations	Gross carrying amount	Real estate mortgage secured	Rest of secured loans	
Credit institutions	—	—	—	—	—	—	—
General Governments	29	29	23	10	6	—	(10)
Other financial corporations and individual entrepreneurs (financial business)	255	11	17	1	1	—	(5)
Non-financial corporations and individual entrepreneurs (corporate non-financial activities)	74,054	3,701	7,423	1,799	855	10	(2,639)
Of which: financing the construction and property (including land)	*592*	*148*	*1,229*	*320*	*179*	*—*	*(464)*
Other households (*)	143,791	948	39,962	2,701	1,799	3	(1,377)
Total	**218,129**	**4,689**	**47,425**	**4,512**	**2,661**	**13**	**(4,031)**

(*) Number of operations does not include Garanti BBVA. Includes mortgage-backed real estate operations with loan to value ratio of greater than 1, and secured operations, other than transactions secured by real estate mortgage regardless of their loan to value ratio.

In addition to the restructuring and refinancing transactions mentioned in this section, loans that were not considered impaired or renegotiated have been modified based on the criteria set out in the accounting regulation that applies. These loans have not been classified as renegotiated or impaired, since they were modified for commercial or competitive reasons (for instance, to improve relationships with clients) rather than for economic or legal reasons relating to the borrower's financial situation.

The table below provides a breakdown by segments of the forbearance operations (net of provisions) as of June 30, 2022 and December 31, 2021:

Forbearance operations. Breakdown by segments (Millions of Euros)

	June 2022	December 2021
Credit institutions	—	—
Central governments	43	74
Other financial corporations and individual entrepreneurs (financial activity)	30	26
Non-financial corporations and individual entrepreneurs (non-financial activity)	6,629	6,946
Of which: Financing the construction and property development (including land)	*574*	*128*
Households	5,687	6,068
Total carrying amount	**12,388**	**13,114**

NPL ratio by type of renegotiated loan

The non-performing ratio of the renegotiated portfolio is defined as the impaired balance of renegotiated loans that shows signs of difficulties as of the closing of the reporting period, divided by the total payment outstanding in that portfolio.

As of June 30, 2022 and December 31, 2021, the non-performing ratio for each of the portfolios of renegotiated loans is as follows:

December 2021. NPL ratio renegotiated loan portfolio

	June 2022	December 2021
General governments	66 %	45 %
Commercial	54 %	54 %
Of which: Construction and developer	*79 %*	*73 %*
Other consumer	49 %	47 %

b. Qualitative information on the concentration of risk by activity and guarantees

June 2022 (Millions of Euros)

				Loans to customers. Loan to value				
	Total (*)	Mortgage loans	Secured loans	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%
General governments	20,957	312	4,940	1,154	1,548	275	2,231	45
Other financial institutions and individual entrepreneurs	16,455	251	8,665	166	153	546	4,814	3,237
Non-financial institutions and individual entrepreneurs	165,079	25,359	6,334	10,051	6,943	4,457	3,580	6,662
Construction and property development	5,427	3,604	97	1,310	1,080	709	289	313
Construction of civil works	6,360	645	292	283	190	100	42	322
Other purposes	153,293	21,109	5,945	8,457	5,673	3,648	3,249	6,027
Large companies	96,410	7,195	3,965	3,364	1,539	1,236	1,604	3,418
SMEs (**) and individual entrepreneurs	56,882	13,915	1,979	5,093	4,134	2,412	1,646	2,609
Rest of households and NPISHs (***)	149,658	94,895	1,898	19,971	23,867	30,962	15,519	6,474
Housing	96,765	93,492	131	19,413	23,476	30,663	14,026	6,045
Consumption	46,568	477	1,534	218	191	126	1,297	179
Other purposes	6,325	926	233	340	200	173	196	250
TOTAL	**352,149**	**120,817**	**21,838**	**31,341**	**32,512**	**36,240**	**26,144**	**16,418**
MEMORANDUM ITEM:								
Forbearance operations (****)	*12,388*	*7,013*	*131*	*1,695*	*1,334*	*1,533*	*1,120*	*1,461*

(*) The amounts included in this table are net of loss allowances.
(**) Small and medium enterprises
(***) Non-profit institutions serving households.
(****) Net of provisions.

December 2021 (Millions of Euros)

				Loans to customers. Loan to value				
	Total (*)	**Mortgage loans**	**Secured loans**	**Less than or equal to 40%**	**Over 40% but less than or equal to 60%**	**Over 60% but less than or equal to 80%**	**Over 80% but less than or equal to 100%**	**Over 100%**
General governments	19,928	324	1,907	472	834	129	783	14
Other financial institutions and individual entrepreneurs	20,711	219	14,495	153	575	2,933	10,151	901
Non-financial institutions and individual entrepreneurs	146,988	22,945	3,842	8,074	6,361	4,679	2,407	5,266
Construction and property development	5,091	3,594	79	1,203	1,055	675	278	462
Construction of civil works	6,614	625	259	252	194	96	51	291
Other purposes	135,284	18,726	3,504	6,620	5,112	3,908	2,077	4,513
Large companies	84,147	6,208	2,197	2,327	1,420	1,680	632	2,346
SMEs (**) and individual entrepreneurs	51,137	12,518	1,307	4,292	3,692	2,228	1,445	2,167
Rest of households and NPISHs (***)	141,007	93,384	1,757	19,716	23,528	29,555	15,339	7,003
Housing	95,199	92,030	132	19,120	23,175	29,258	13,982	6,628
Consumption	41,798	416	1,421	245	172	119	1,176	126
Other purposes	4,010	938	203	352	181	178	181	250
TOTAL	**328,635**	**116,872**	**22,001**	**28,415**	**31,298**	**37,295**	**28,679**	**13,185**
MEMORANDUM ITEM:								
Forbearance operations (****)	*13,114*	*7,513*	*98*	*1,611*	*1,460*	*1,600*	*1,176*	*1,765*

(*) The amounts included in this table are net of loss allowances.
(**) Small and medium enterprises
(***) Non-profit institutions serving households.
(****) Net of provisions.

c. Information on the concentration of risk by activity and geographical area

June 2022 (Millions of Euros)

	TOTAL (*)	**Spain**	**European Union Other**	**America**	**Other**
Credit institutions	175,030	53,515	39,000	51,303	31,212
General governments	132,544	55,390	16,850	44,870	15,433
Central Administration	111,136	40,893	16,480	39,040	14,723
Other	21,408	14,497	370	5,830	711
Other financial institutions	44,280	8,405	11,507	14,967	9,402
Non-financial institutions and individual entrepreneurs	227,483	81,022	22,912	75,756	47,794
Construction and property development	8,800	2,742	627	2,001	3,429
Construction of civil works	10,324	5,934	1,060	1,153	2,177
Other purposes	208,359	72,345	21,224	72,602	42,188
Large companies	145,591	45,196	20,622	48,593	31,179
SMEs and individual entrepreneurs	62,769	27,149	603	24,009	11,009
Other households and NPISHs	150,550	91,035	2,662	47,992	8,862
Housing	96,766	72,143	1,564	21,353	1,706
Consumer	46,568	14,021	216	25,484	6,848
Other purposes	7,216	4,871	882	1,155	308
TOTAL	**729,887**	**289,366**	**92,930**	**234,887**	**112,703**

(*) The definition of risk for the purpose of this statement includes the following items on the public balance sheet: "Loans and advances to credit institutions", "Loans and advances", "Debt securities", "Equity instruments", "Other equity securities", "Derivatives and hedging derivatives", "Investments in subsidiaries, joint ventures and associates" and "Guarantees given". The amounts included in this table are net of loss allowances.

December 2021 (Millions of Euros)	TOTAL(*)	Spain	European Union Other	America	Other
Credit institutions	153,178	46,282	35,157	37,840	33,898
General governments	122,518	53,621	15,822	41,510	11,564
Central Administration	101,719	38,601	15,451	36,397	11,269
Other	20,799	15,020	371	5,113	295
Other financial institutions	44,470	9,988	16,039	11,474	6,969
Non-financial institutions and individual entrepreneurs	211,437	77,227	25,485	64,123	44,602
Construction and property development	8,594	3,029	662	2,050	2,853
Construction of civil works	10,345	5,641	1,210	1,030	2,465
Other purposes	192,498	68,557	23,614	61,044	39,284
Large companies	136,229	42,462	23,133	40,931	29,703
SMEs and individual entrepreneurs	56,269	26,095	481	20,113	9,581
Other households and NPISHs	141,747	89,769	2,715	40,819	8,444
Housing	95,200	73,145	1,645	18,455	1,955
Consumer	41,799	13,431	745	21,399	6,224
Other purposes	4,749	3,193	325	966	265
TOTAL	**673,350**	**276,887**	**95,218**	**195,768**	**105,477**

(*) The definition of risk for the purpose of this statement includes the following items on the public balance sheet: "Loans and advances to credit institutions", "Loans and advances", "Debt securities", "Equity instruments", "Other equity securities", "Derivatives and hedging derivatives", "Investments in subsidiaries, joint ventures and associates" and "Guarantees given". The amounts included in this table are net of loss allowances.

This appendix is an integral part of the Note 6.2 of the Consolidated Financial Statement for the six months ended June 30, 2022.

APPENDIX IV. Additional information on risk concentration

Quantitative information on activities in the real-estate market in Spain

The following quantitative information on real-estate activities in Spain has been prepared using the reporting models required by Bank of Spain Circular 5/2011, of November 30.

Lending for real estate development of the loans as of June 30, 2022, and December 31, 2021 is shown below:

Financing Allocated by credit institutions to Construction and Real Estate Development and lending for house purchase (Millions of Euros)	Gross amount		Drawn over the guarantee value		Accumulated impairment	
	June 2022	December 2021	June 2022	December 2021	June 2022	December 2021
Financing to construction and real estate development (including land) (Business in Spain)	**1,962**	**2,123**	**365**	**455**	**(183)**	**(197)**
Of which: Impaired assets	*271*	*337*	*89*	*132*	*(135)*	*(142)*
Memorandum item:						
Write-offs	*2,099*	*2,155*				
Memorandum item:						
Total loans and advances to customers, excluding the General Governments (Business in Spain) (book Value)	*163,953*	*168,734*				
Total consolidated assets (total business) (book value)	*715,294*	*662,885*				
Impairment and provisions for normal exposures	*(5,027)*	*(4,610)*				

The following is a description of the real estate credit risk based on the types of associated guarantees:

Financing allocated by credit institutions to construction and real estate development and lending for house purchase (Millions of Euros)	June 2022	December 2021
Without secured loan	**220**	**248**
With secured loan	**1,742**	**1,875**
Terminated buildings	1,001	1,172
Homes	791	936
Other	210	235
Buildings under construction	548	517
Homes	532	509
Other	16	8
Land	193	186
Urbanized land	127	124
Rest of land	66	62
Total	**1,962**	**2,123**

The table below provides the breakdown of the financial guarantees given as of June 30, 2022 and December 31, 2021:

Financial guarantees given (Millions of Euros)	June 2022	December 2021
Houses purchase loans	52	56
Without mortgage	3	3

The information on the retail mortgage portfolio risk (housing mortgage) as of June 30, 2022 and December 31, 2021 is as follows:

Financing allocated by credit institutions to construction and Real Estate development and lending for house purchase (Millions of Euros)	Gross amount		Of which: impaired loans	
	June 2022	December 2021	June 2022	December 2021
Houses purchase loans	73,062	74,094	2,548	2,748
Without mortgage	1,649	1,631	10	13
With mortgage	71,412	72,463	2,538	2,735

The loan to value (LTV) ratio of the above portfolio is as follows:

LTV breakdown of mortgage to households for the purchase of a home (business in Spain) (Millions of Euros)	Total risk over the amount of the last valuation available (Loan to value-LTV)					
	Less than or equal to 40%	Over 40% but less than or equal to 60%	Over 60% but less than or equal to 80%	Over 80% but less than or equal to 100%	Over 100%	Total
Gross amount June 30, 2022	15,390	18,070	23,380	9,263	5,309	71,412
Of which: Impaired loans	*240*	*350*	*475*	*461*	*1,013*	*2,538*
Gross amount December 31, 2021	15,189	18,107	22,782	9,935	6,449	72,463
Of which: Impaired loans	*216*	*327*	*462*	*483*	*1,246*	*2,735*

Outstanding home mortgage loans as of June 30, 2022 and December 31, 2021 had an average LTV of 45.6% and 46.0%, respectively.

The breakdown of foreclosed, acquired, purchased or exchanged assets from debt from loans relating to business in Spain, as well as the holdings and financing to non-consolidated entities holding such assets is as follows:

Information about Assets Received in Payment of Debts (business in Spain) (Millions of Euros)

	Gross Value		Provisions		Of which: Valuation adjustments on impaired assets, from the time of foreclosure		Carrying amount	
	June 2022	December 2021	June 2022	December 2021	June 2022	December 2021	June 2022	December 2021
Real estate assets from loans to the construction and real estate development sectors in Spain	**599**	**654**	**(391)**	**(407)**	**(219)**	**(214)**	**208**	**247**
Terminated buildings	152	196	(78)	(94)	(40)	(44)	74	102
Homes	63	87	(30)	(39)	(12)	(17)	33	48
Other	89	109	(48)	(55)	(28)	(27)	41	54
Buildings under construction	22	23	(17)	(17)	(8)	(6)	5	6
Homes	21	22	(16)	(16)	(8)	(6)	5	6
Other	1	1	(1)	(1)	—	—	—	—
Land	426	435	(297)	(296)	(171)	(164)	129	139
Urbanized land	392	406	(278)	(281)	(158)	(153)	114	125
Rest of land	33	29	(18)	(15)	(13)	(11)	15	14
Real estate assets from mortgage financing for households for the purchase of a home	**904**	**970**	**(492)**	**(520)**	**(151)**	**(154)**	**412**	**450**
Rest of foreclosed real estate assets	**477**	**494**	**(264)**	**(264)**	**(62)**	**(62)**	**213**	**230**
Equity instruments, investments and financing to non-consolidated companies holding said assets	**689**	**708**	**(430)**	**(449)**	**(391)**	**(410)**	**259**	**259**
Total	**2,670**	**2,828**	**(1,578)**	**(1,641)**	**(823)**	**(840)**	**1,092**	**1,187**

APPENDIX V. Consolidated income statements for the six months ended June 30, 2022 and 2021 and for the second quarter of 2022 and 2021

CONDENSED CONSOLIDATED INCOME STATEMENTS (Millions of Euros)

	June 2022	June 2021 (*)	2nd Quarter 2022	2nd Quarter 2021 (*)
Interest and other income	13,403	10,962	7,332	5,478
Financial assets at fair value through other comprehensive income	1,304	814	801	425
Financial assets at amortized cost	10,395	8,849	5,654	4,442
Other interest income	1,704	1,299	877	611
Interest expense	(4,852)	(4,007)	(2,730)	(1,974)
NET INTEREST INCOME	**8,551**	**6,955**	**4,602**	**3,504**
Dividend income	76	125	72	119
Share of profit or loss of entities accounted for using the equity method	15	(5)	10	—
Fee and commission income	3,964	3,311	2,097	1,702
Fee and commission expense	(1,314)	(996)	(688)	(521)
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	39	121	5	(2)
Gains (losses) on financial assets and liabilities held for trading, net	11	463	(160)	349
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	(35)	280	(99)	160
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	348	96	234	(57)
Gains (losses) from hedge accounting, net	16	(81)	34	(56)
Exchange differences, net	716	206	503	107
Other operating income	297	340	137	199
Other operating expense	(1,803)	(997)	(1,020)	(609)
Income from insurance and reinsurance contracts	1,537	1,350	722	593
Expense from insurance and reinsurance contracts	(908)	(909)	(353)	(388)
GROSS INCOME	**11,509**	**10,259**	**6,094**	**5,104**
Administration costs	(4,401)	(3,983)	(2,290)	(1,987)
Personnel expense	(2,587)	(2,371)	(1,346)	(1,187)
Other administrative expense	(1,815)	(1,612)	(944)	(800)
Depreciation and amortization	(652)	(615)	(340)	(307)
Provisions or reversal of provisions	(112)	(928)	(64)	(777)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	(1,441)	(1,580)	(704)	(656)
Financial assets measured at amortized cost	(1,391)	(1,587)	(708)	(661)
Financial assets at fair value through other comprehensive income	(50)	8	4	4
NET OPERATING INCOME	**4,903**	**3,153**	**2,696**	**1,377**
Impairment or reversal of impairment of investments in joint ventures and associates	19	—	19	—
Impairment or reversal of impairment on non-financial assets	—	(196)	(9)	(196)
Tangible assets	22	(158)	4	(161)
Intangible assets	(5)	(5)	(2)	(2)
Other assets	(17)	(33)	(11)	(33)
Gains (losses) on derecognition of non-financial assets and subsidiaries, net	(15)	5	(16)	5
Negative goodwill recognized in profit or loss	—	—	—	—
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(120)	(73)	(130)	(56)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**4,787**	**2,889**	**2,560**	**1,130**
Tax expense or income related to profit or loss from continuing operations	(1,668)	(782)	(765)	(293)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**3,119**	**2,107**	**1,795**	**837**
Profit (loss) after tax from discontinued operations	—	280	—	103
PROFIT (LOSS)	**3,119**	**2,387**	**1,795**	**940**
ATTRIBUTABLE TO MINORITY INTEREST (NON-CONTROLLING INTEREST)	**117**	**476**	**120**	**239**
ATTRIBUTABLE TO OWNERS OF THE PARENT	**3,001**	**1,911**	**1,675**	**701**

(*) Presented for comparison purpose only.

BBVA

Creating Opportunities

Interim consolidated Management Report
January-June 2022

BBVA reports another very strong quarter

Net Attributable Profit
€1,877 Mn

Excellent **core revenues evolution and activity growth**

NII + Fee income	Lending activity
+24.3%	**+12.6%**
vs. 1H21 (constant €)	**vs. Jun 2021**[1]

[1] Variation at constant exchange rates. Excluding repos.

Leading **efficiency and solid profitability metrics**

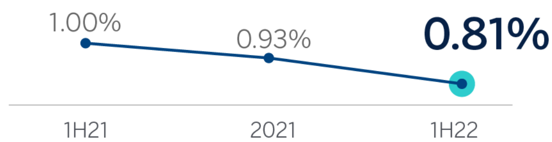
Efficiency Ratio (YTD)	ROTE	ROE
43.9%	**14.8%**	**14.1%**

#1 EFFICIENCY RANKING PEER GROUP[1]

[1] European Peer Group: BARC, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, NWG, SAN, SG, UBS, UCG. Peers data as of 3M22. BBVA data as of 6M22.

Good evolution of the **Cost of Risk**

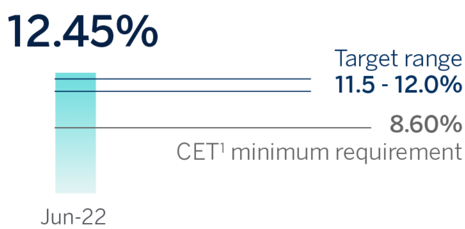
Cost of Risk
(YTD)



2021 data excludes the US business sold to PNC.

Capital position above the target range

CET1 fully-loaded

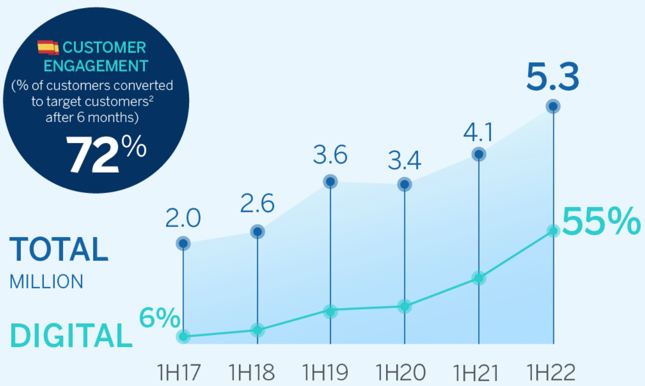


[1] CET 1 SREP letter requirement.

TRANSFORMATION

New Customer Acquisition[1]

(Million; % acquisition through digital channels)



[1] Gross customer acquisition through own channels for retail segment. Excludes the US business sold to PNC.

[2] Target customers refers to those customers in which the bank wants to grow and retain, as they are considered valuable due to their assets, liabilities and/or transactionality with BBVA.

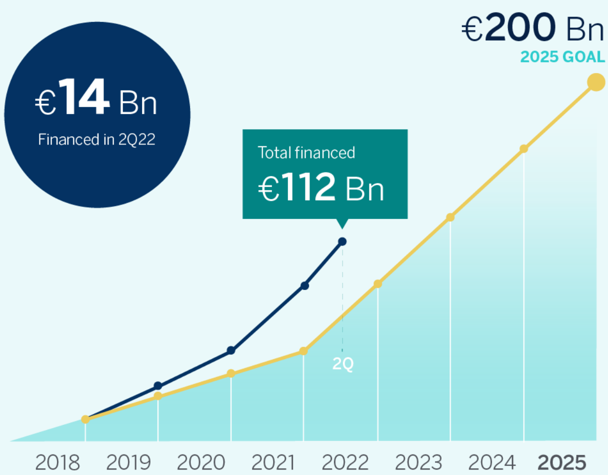
BBVA, digital experience leader in European **mobile banking five years in a row**

BBVA DIGITAL EXPERIENCE LEADER 5 YEARS IN A ROW

FORRESTER
The Forrester Digital Experience Review™: European Mobile Banking Apps, Q3 2021

SUSTAINABILITY

Sustainable Financing (€Bn)



Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

#1
BANK IN THE WORLD[1]
[1] Sharing the position in ranking.

BBVA
Creating Opportunities

Main data

BBVA GROUP MAIN DATA (CONSOLIDATED FIGURES)	30-06-22	Δ %	30-06-21	31-12-21
Balance sheet (millions of euros)				
Total assets	715,294	10.8	645,292	662,885
Loans and advances to customers (gross)	361,800	10.5	327,372	330,055
Deposits from customers	376,973	11.3	338,795	349,761
Total customer funds	523,672	9.7	477,418	496,954
Total equity	48,793	(2.3)	49,944	48,760
Income statement (millions of euros)				
Net interest income	8,551	22.9	6,955	14,686
Gross income	11,509	12.2	10,259	21,066
Operating income	6,456	14.0	5,661	11,536
Net attributable profit (loss)	3,001	57.1	1,911	4,653
Adjusted net attributable profit (loss) (1)	3,203	37.6	2,327	5,069
The BBVA share and share performance ratios				
Number of shares issued (million)	6,387	(4.2)	6,668	6,668
Share price (euros)	4.33	(17.2)	5.23	5.25
Adjusted earning (loss) per share (euros) (1) (2)	0.48	50.2	0.32	0.71
Earning (loss) per share (euros) (2)	0.45	74.4	0.26	0.67
Book value per share (euros) (3)	7.55	12.9	6.69	6.86
Tangible book value per share (euros) (3)	7.19	13.5	6.34	6.52
Market capitalization (millions of euros)	27,657	(20.7)	34,860	35,006
Dividend yield (dividend/price; %) (4)	7.2		1.1	2.6
Significant ratios (%)				
Adjusted ROE (net attributable profit (loss)/average shareholders' funds +/- average accumulated other comprehensive income) (1)	14.1		10.4	11.4
Adjusted ROTE (net attributable profit (loss)/average shareholders' funds excluding average intangible assets +/- average accumulated other comprehensive income) (1)	14.8		11.0	12.0
Adjusted ROA (Profit (loss) for the period / average total assets - ATA) (1)	0.96		0.90	0.94
Adjusted RORWA (Profit (loss) for the period / average risk-weighted assets - RWA) (1)	2.03		1.90	2.01
Efficiency ratio	43.9		44.8	45.2
Cost of risk	0.81		1.00	0.93
NPL Ratio	3.7		4.2	4.1
NPL coverage ratio	78		77	75
Capital adequacy ratios (%)				
CET1 fully-loaded	12.45		14.17	12.75
CET1 phased-in (5)	12.56		14.37	12.98
Total ratio phased-in (5)	16.22		18.75	17.24
Other information				
Number of clients (million)	85.1	7.2	79.4	82.2
Number of shareholders	821,537	(3.3)	849,605	826,835
Number of employees	112,465	1.0	111,322	110,432
Number of branches	6,062	(8.4)	6,617	6,083
Number of ATMs	29,504	0.9	29,248	29,148

(1) For more information, see Alternative Performance Measures at the end of this report.

(2) Adjusted by additional Tier 1 instrument remuneration. As of 30-06-22, the average number of shares acquired from the start of the share buyback program to June 30, 2022, was included, taking into account the redemption of shares carried out on June 15, 2022. As of 31-12-21, 112 million shares acquired from the start of the share buyback program to December 31, 2022 were included, and additionally, for the calculation of the earning (loss) per share, the estimated number of shares pending from buyback as of December 31, 2021 of the first tranche, in process at the end of that period, was included.

(3) As of 30-06-22, the shares acquired from the start of the share buyback program to June 30, 2022, are included, taking into account the redemption of shares carried out on June 15, 2022 and the shares pending from buyback corresponding to the second segment of the second share buyback tranche. As of 31-12-21, 112 million shares acquired from the start of the share buyback program to the end of the period and the estimated number of shares pending from buyback as of December 31, 2021 of the first tranche, in process at the end of that date, were included.

(4) Calculated by dividing the dividends paid in the last twelve months by the closing price of the period.

(5) Phased-in ratios include the temporary treatment on the impact of IFRS 9, calculated in accordance with Article 473 bis amendments of the Capital Requirements Regulation (CRR), introduced by the Regulation (EU) 2020/873.

Contents

Highlights

Invasion of Ukraine

Russia's invasion of Ukraine, the largest military attack on a European state since World War II, has had an immediate impact on geopolitics and the global economy. There has also been an increase in the level of uncertainty, which remains high at the date of elaboration of this report. The European Union, the United States, the United Kingdom and other governments have imposed harsh sanctions against Russia and Russian interests. The impact of these measures, as well as the potential response by Russia, are currently uncertain and could negatively affect the Bank's business, financial position and results, although the Group's direct exposure to Ukraine and Russia is limited.

The Group observes the events with particular concern and unease because of the human tragedy that they entail. In this regard, the Bank has contributed to the response to the humanitarian emergency in Ukraine with a donation of €1m, a campaign among customers and employees that, until June 30, 2022, has raised €2,273,965, in addition to the possibility of free transfers from individuals to Ukraine. Finally, BBVA joined a declaration signed by more than 50 companies from around the world to provide support to people fleeing Ukraine and to attend their immediate needs. Thus, the Group has offered the Ministry of Inclusion, Social Security and Migration of the Government of Spain 200 homes for the reception of refugees and, in order to facilitate the financial inclusion of the refugees, the Basic Payment Account has been made available to them, so that they can have a free account and a card, which allows them to access basic banking services.

Results and business activity

The BBVA Group generated a net attributable profit excluding non-recurring impacts of €3,203m in the first half of 2022, representing a year-on-year variation of +37.6%. Including those non-recurring impacts, i.e. €-201m from the purchase of offices in Spain from Merlin in June 2022 and €-416m from the results of discontinued operations and corresponding to BBVA USA and the rest of the companies sold to PNC on June 1, 2021, together with the net cost related to the restructuring process of the same year, the Group's net attributable profit registered a year-on-year increase of 57.1%. For more information on the operation with Merlin, see Business Areas - Spain, on the next page.

The Group's net attributable profit for the first half of 2022 includes the application of IAS 29[1] "Financial Reporting in Hyperinflationary Economies" to the Group's entities in Turkey. For more information, see the section Turkey in business areas.

Operating expenses increased at Group level (+12.0% in year-on-year terms and excluding the exchange rate effect), in an environment of high inflation in all countries in which BBVA operates.

Notwithstanding the above, thanks to the remarkable growth in gross income, fostered by the performance of the recurring income from banking activity (net interest income and fees and commissions), the efficiency ratio stood at 43.9% as of June 30, 2022, with an improvement of 203 basis points in constant terms, compared to the ratio at the end of December 2021, placing BBVA, once again, in a leading position among its European peer group[2].

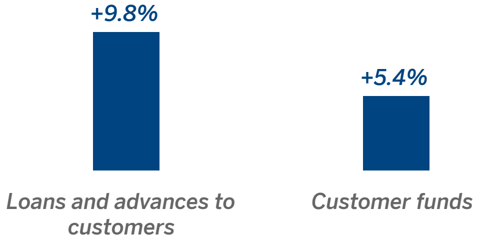
The provisions for impairment on financial assets decreased (-9.1% in year-on-year terms and at constant exchange rates), mainly due to decline in the main business areas excluding Turkey.

In the first half of 2022, provisions were lower than in the same period of the previous year.

Loans and advances to customers grew by 9.8% compared to the end of December 2021, strongly favored by the evolution of business loans in all business areas and, to a lesser extent, by the dynamism of retail loans.

Customer funds increased by 5.4% compared to the end of December 2021, thanks to the contribution of demand deposits (+6.1%) and time deposits (+17.5%).

LOANS AND ADVANCES TO CUSTOMERS AND TOTAL CUSTOMER FUNDS (VARIATION COMPARED TO 31-12-2021)



[1] IAS 29 has not been applied to operations outside Turkey, in particular to the financial statements of Garanti Bank in Romania and Garanti Bank International N.V. in the Netherlands.

[2] European peer group: Barclays, BNP Paribas, Crédit Agricole, Commerzbank, Credit Suisse, Deutsche Bank, HSBC, Intesa Sanpaolo, Lloyds Banking Group, Natwest, Banco Santander, Société Générale, UBS and Unicredit, data at the end of March 2022.

Business areas

As for the business areas, excluding the effect of currency fluctuation in those areas where it has an impact, in each of them it is worth mentioning:

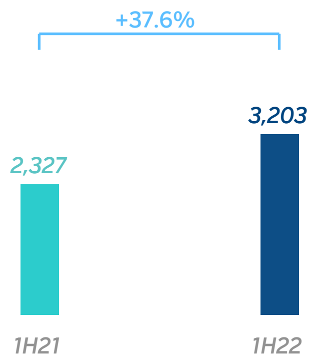
- Spain generated a net attributable profit of €1,010m during the first half of 2022, up 39.2% from the result achieved during the first half of the previous year, due to the strength of the gross income, driven by commissions and the significant reduction in personnel expenses, as well as lower loan-loss provisions and provisions. This result does not include the initial net impact of €-201m from the purchase of Merlin Properties, SOCIMI, S.A. (hereinafter Merlin) of 100% of the shares of Tree Inversiones Inmobiliarias Socimi, S.A. (hereafter Tree), owner of 662 offices leased to BBVA. Including this impact, the area's net attributable profit amounts to €808m, an increase of 11.5% compared to the net attributable profit of the same period of the previous year.
- In Mexico, BBVA achieved a net attributable profit of €1,821m between January and June 2022, representing an increase of 48.3% compared to the first half of 2021, mainly as a result of the good performance of recurring revenues, especially favored by the dynamism of the net interest income and contained loan-loss provisions, which compensated the increase in operating expenses.
- Turkey generated a net attributable profit of €62m between January and June 2022. This result includes the impact of the application of IAS 29 to the Group's entities in Turkey previously mentioned.

  With regard to this business area, after the end on May 18, 2022 of the acceptance period of the voluntary takeover bid, submitted by the BBVA Group for the entire share capital of Garanti BBVA not already owned, the Group's stake increased to 85.97% from the 49.85% prior to the voluntary takeover bid.
- South America generated €413m in the first half of 2022, a year-on-year increase of +102.1%, mainly due to the improved performance of recurring income (+41.1%) and lower loan-loss provisions (-23.3%), which more than offset the growth of expenses (+32.6 %) in an environment of high inflation throughout the region.
- Rest of Business achieved a net attributable profit of €128m accumulated at the end of the first half of 2022, 24.0% less than in the first half of the previous year, mainly due to the lower performance of the Group's broker dealer in the United States.

The Corporate Center recorded a net attributable loss of €-230m in the first half of 2022. This result compares positively to €-687m recorded in the same period of the previous year, although it must be taken into account that this figure included the results generated by the Group's businesses in the United States until their sale to PNC on June 1, 2021 and the net costs associated with the restructuring process in Spain carried out by the Group in 2021.

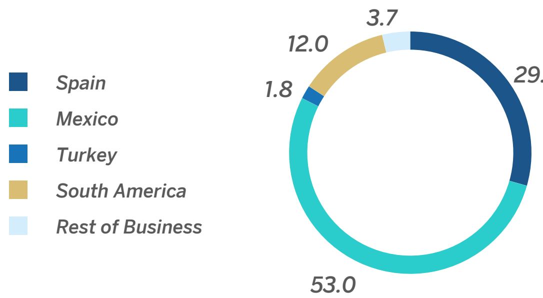
Lastly and for a broader understanding of the Group's activity and results, supplementary information is provided below for the wholesale business carried out by BBVA, Corporate & Investment Banking (CIB), in the countries where it operates. CIB generated a net attributable profit of €904m in the first half of 2022. These results, which do not include the application of hyperinflation accounting, represent an increase of 45.3% on a year-on-year basis, due to the growth in recurring income, NTI and lower loan-loss provisions, which offset the growth in operating expenses. It should also be noted that all business lines of the CIB area recorded growth compared to the first half of 2021, both in revenues and net attributable profit.

NET ATTRIBUTABLE PROFIT (LOSS) (MILLIONS OF EUROS)



General note: 1H22 excludes net impact arisen from the purchase of offices in Spain. 1H21 excludes BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021 and the net cost related to the restructuring process.

NET ATTRIBUTABLE PROFIT BREAKDOWN (1) (PERCENTAGE. 1H22)



(1) Excludes the Corporate Center and net impact arisen from the purchase of offices in Spain.

Solvency

The Group's CET1 Fully-loaded ratio stood at 12.45% as of June 30, 2022, which allows to maintain a large management buffer over the Group's CET1 requirement (8.60%), and also above the Group's established target management range of 11.5-12% of CET1. This CET1 level includes the deduction of the total amount of the share buyback program authorized by the supervisor, amounting to maximum €3,500m that were already registered at the end of December 2021.

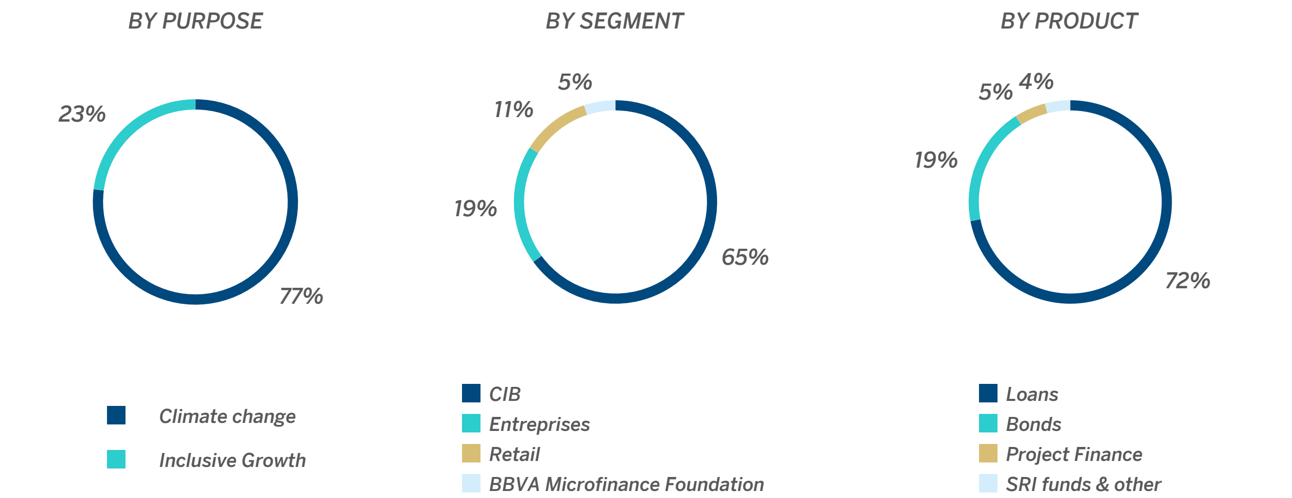
Share buyback program

- On October 29, 2021 BBVA announced the execution of the program for the buyback of own shares for a maximum amount of €3,500m to be executed in several tranches.
- On November 19, 2021, BBVA announced that it had decided to execute the first tranche for a maximum amount of 1,500 million euros and with a maximum number of shares to be acquired of 637,770,016 shares, in turn communicating on March 3, 2022 the completion of the program, having reached the maximum monetary amount of €1,500m with the acquisition of 281,218,710 treasury shares which were amortized on June 15, 2022 charged to unrestricted reserves. After the effective amortization of the 281,218,710 own shares for a nominal amount of €137,797,167.90, the share capital of BBVA was set at the amount of €3,129,467,256.30, represented by 6,386,667,870 shares of €0.49 of face value each.
- Likewise, on February 3, 2022, BBVA announced that it had agreed to carry out a second tranche for a maximum amount of 2,000 million euros and a maximum number of shares to be acquired based on the shares finally acquired in execution of the first tranche. In this regard, on March 16, 2022, the Bank announced the execution of the second tranche: (i) through the execution of a first segment for an amount of up to 1,000 million euros and with a maximum number of shares to be acquired of 356,551,306 treasury shares, which ended on May 16, 2022, having reached the maximum monetary amount of 1,000 million euros, having acquired 206,554,498 treasury shares; and (ii) once the execution of the first segment is completed, by executing a second segment that completes the program scheme.
- Finally, on June 28, 2022, BBVA announced that it had agreed to execute the second segment for a maximum amount of 1,000 million euros and a maximum number of shares to be acquired of 149,996,808. As of June 30, 2022, BBVA's best estimate for this maximum amount is 610 million euros.From July 1 to July 21, 2022, Citigroup Global Markets Europe AG, acting as lead manager for the Second Segment, has acquired 63,750,000 BBVA shares.

Sustainability

Channeling sustainable financing

SUSTAINABLE FINANCING BREAKDOWN (PERCENTAGE. TOTAL AMOUNT MOBILIZED 2018-JUNE 2022)



BBVA has channeled a total of €111,700m in sustainable financing between 2018 and June 2022. Close to €14,500m were channeled this quarter, which represents an increase of 50% compared to the same period in 2021 and the quarter with the highest amount mobilized since 2018.

Thus, for example, the good performance of retail financing related to energy efficiency stands out, which has tripled in this quarter compared to the same quarter last year. The role of Turkey stands out in the second quarter of 2022, doubling its mobilization in energy efficiency compared to the first quarter of this year. The increase of 67% in retail financing related to sustainable mobility has also been relevant, with financing lines for the acquisition of hybrid and electric vehicles, which has already exceeded that of the same quarter of the previous year and where Colombia has been crucial by channeling more than a quarter of the total. Mexico stands out in financing companies in sustainable mobility, multiplying by 7 its mobilization compared to the same quarter of the previous year.

In inclusive growth, great progress has also been made, highlighting the financing of inclusive infrastructures, such as non-polluting public transportation, social housing or healthcare infrastructures, doubling the financing of the latter compared to the same quarter of 2021 and where Spain plays an important role with a contribution of 90% of overall channeling.

Finally, in corporate financing, channeling has also increased by more than 72% compared to the same quarter of the previous year. Likewise, the bond intermediation activity has increased about 65% compared to the same quarter of 2021.

Relevant advances in sustainability matters

- **Risks**

Beyond financing, BBVA wants to provide a comprehensive support service to its customers, retail and companies, including advice so that they can take advantage of investment opportunities in sustainability and future technologies, and be more efficient and competitive. To this end, different services and tools have been developed, such as the Transition Risk Indicator (TRi). The TRi is a transition risk indicator for corporate clients that allows assessing the client's current emissions profile and its decarbonization strategies. In this way, business can be promoted with well-positioned companies and risk mitigation measures can be applied to clients who are lagging behind. This quarter the steel sector has been incorporated into the sectors already included in the tool (automotive, energy and utilities), thus expanding the portfolio of clients to help in the transition towards low-carbon business models.

- **Training**

BBVA considers sustainability as a necessary strategic capability to meet the challenges which the society is facing. Therefore, the Entity provides general knowledge to the entire workforce about this topic, and has deployed different specific training itineraries and specific certifications to broaden this knowledge in the positions that require it.

As a result of all these initiatives, 80% of BBVA employees have received training in sustainability and more than 1,000 professionals in Spain have obtained specialized certification such as IASE (International Association For Sustainable Economy, certification recognized worldwide) and EFPA (European Financial Planning Association, certification recognized in Europe).

- **Biodiversity and natural capital**

BBVA actively participates in the main international working groups and has therefore joined the global initiative promoted by the Taskforce on Nature-related Financial Disclosures ("TNFD"), with BBVA being the first Spanish bank that joins this forum, which already includes more than 400 entities, organizations or regulators from all over the world. The TNFD aims to develop a framework for companies around the world to report and act on the evolution of their impacts, dependencies, as well as risks and opportunities related to nature, with the ultimate goal of supporting a change in global financial flows.

- **Investments in innovation to accelerate the technological transition**

BBVA wants to support its customers not only by providing financing, but also by investing in companies that are revolutionizing this transition and driving innovation. For this reason, BBVA has announced the first two investments in this field, the first in Lowercarbon Capital, one of the few venture capital funds specializing in innovative companies in the fields of climate change and decarbonization. The second in Fifth Wall, a fund specialized in investing in new green technologies that seek to decarbonize the real estate sector.

Macroeconomic environment

In 2021, the global economy grew significantly, partly recovering from the pandemic-generated crisis, which led to a sharp drop in global GDP in 2020. The significant rebound in global growth was due to progress in vaccination against COVID-19 and the significant economic stimuli adopted by the authorities

Activity indicators show that, despite a clear trend of moderation, economic growth remained at relatively high levels during the first half of 2022. The savings previously accumulated, the normalization of activity following the restrictions and disruptions generated by the pandemic, as well as the dynamism of labor markets, have contributed significantly the performance of private consumption and the service sector.

The relative resilience of demand, the persistence of disruptions in global supply chains and, mainly, the impact of the war in Ukraine on commodity prices have all reinforced pressures on inflation. This has caused inflation to continue to surprise on the upside (8.6% in the Eurozone and 9.1% in the US as of June 2022). Inflationary pressures are not only more persistent, but have spread to more types of goods and services in recent months.

Against this backdrop, central banks have responded by paving the way for aggressive tightening of monetary conditions in the future. In particular, the US Federal Reserve (“the Fed”) has raised policy rates by 150 basis points since the beginning of the year to 1.75% in June and started selling assets to reduce the size of its balance sheet. The Fed has also announced that interest rates will continue to rise in the coming months. According to BBVA Research, they are expected to reach around 4.0% by the beginning of 2023. In the Eurozone, the ECB at its monetary policy meeting in July, decided to raise official interest rates by 50 basis points. Refinancing rates are expected to converge to levels close to 2.0% in the coming months. The ECB's monetary tightening would therefore be less significant than what is expected to be implemented by the Fed. This is partly due to the fact that current demand pressures are lower in the Eurozone, where there are also concerns regarding financial fragmentation.

Although the current economic outlook is highly uncertain, BBVA Research's central scenario estimates that the global economy will slow down significantly in the near future, with possible episodes of recession in the United States and the Eurozone. The tightening on monetary conditions would be the main contributor to this slowdown in growth in a environment where commodity price and supply disruptions will continue to weigh negatively on activity.

According to BBVA Research, after rising 6.2% in 2021, global GDP will grow 3.4% in 2022 and 2.5% in 2023, down 0.6 and 1.1 percentage points, respectively, from the previous estimate three months ago. In the US, growth would slow to 2.7% in 2022 and 0.7% in 2023, when strong monetary tightening would generate a mild recession. In the Eurozone, GDP is expected to see slight falls in the coming quarters, mainly due to the disruptions caused by the war in Ukraine, including energy shortages. Annual growth in the region would be 2,7% in 2022 and 0.6% in 2023. China's economy is expected to grow at a moderate pace of 4.5% in 2022 and 5.2% in 2023. However, the continued implementation of strict measures to contain the spread of Coronavirus could lead to further restrictions on mobility, which could weigh on economic growth.

The risks around this central scenario are significant and have a downward bias on BBVA Research's growth forecasts. In particular, sustained inflation could trigger even stronger interest rates hikes and a deeper and more widespread recession, as well as financial crises and volatility.

Group

Quarterly evolution of results

The result achieved by the BBVA Group in the second quarter of 2022 stood at €1,675m, 26.3% above the previous quarter[3], with the following trends standing out:

- Good performance in recurring income, which is the sum of the net interest income plus net fees and commissions, which together increased by 15.8% and compensated the lower NTI.
- Increase in operating expenses in an inflationary environment in all the countries where BBVA operates.
- Recording in the "Discontinued operations and Other" line the net impact of €-201m for the purchase of offices in Spain. Excluding this non-recurring impact, the Group's net attributable profit stands at €1,877m, 41.5% above that achieved in the previous quarter.

CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (MILLIONS OF EUROS)

	2022		2021			
	2Q	1Q	4Q	3Q	2Q	1Q
Net interest income	**4,602**	**3,949**	**3,978**	**3,753**	**3,504**	**3,451**
Net fees and commissions	1,409	1,242	1,247	1,203	1,182	1,133
Net trading income	516	580	438	387	503	581
Other operating income and expenses	(432)	(355)	(187)	(13)	(85)	(11)
Gross income	**6,094**	**5,416**	**5,477**	**5,330**	**5,104**	**5,155**
Operating expenses	(2,630)	(2,424)	(2,554)	(2,378)	(2,294)	(2,304)
Personnel expenses	*(1,346)*	*(1,241)*	*(1,399)*	*(1,276)*	*(1,187)*	*(1,184)*
Other administrative expenses	*(944)*	*(870)*	*(850)*	*(788)*	*(800)*	*(812)*
Depreciation	*(340)*	*(313)*	*(305)*	*(314)*	*(307)*	*(309)*
Operating income	**3,464**	**2,992**	**2,923**	**2,953**	**2,810**	**2,850**
Impairment on financial assets not measured at fair value through profit or loss	(704)	(737)	(832)	(622)	(656)	(923)
Provisions or reversal of provisions	(64)	(48)	(40)	(50)	(23)	(151)
Other gains (losses)	(3)	20	7	19	(7)	(17)
Profit (loss) before tax	**2,694**	**2,227**	**2,058**	**2,299**	**2,124**	**1,759**
Income tax	(697)	(904)	(487)	(640)	(591)	(489)
Profit (loss) for the period	**1,997**	**1,324**	**1,571**	**1,659**	**1,533**	**1,270**
Non-controlling interests	(120)	3	(230)	(259)	(239)	(237)
Net attributable profit (loss) excluding non-recurring impacts	**1,877**	**1,326**	**1,341**	**1,400**	**1,294**	**1,033**
Discontinued operations and Other (1)	(201)	—	—	—	(593)	177
Net attributable profit (loss)	**1,675**	**1,326**	**1,341**	**1,400**	**701**	**1,210**
Adjusted earning per share (euros) (2)	**0.28**	**0.19**	**0.19**	**0.20**	**0.18**	**0.14**
Earning (loss) per share (euros) (2) (3)	**0.25**	**0.19**	**0.20**	**0.20**	**0.09**	**0.17**

(1) Include: (I) the net impact arisen from the purchase of offices in Spain in 2022 for €-201m; (II) the net costs related to the restructuring process in 2021 for €-696m; and (III) the results generated by BBVA USA and the rest of the companies in the United States sold to PNC on June1, 2021 for €+280m.

(2) Adjusted by additional Tier 1 instrument remuneration. In the first two quarters of 2022, the average number of shares acquired from the start of the share buyback program to their closing, was included, taking into account in the second quarter the redemption of shares carried out on June 15, 2022. In the fourth quarter of 2021, 112 million shares acquired from the start of the share buyback program to December 31, 2021 were included.

(3) In the fourth quarter of 2021, the estimated number of shares pending from buyback as of December 31, 2021 of the first tranche (€1,500m), in process at the end of that year, was included.

[3] The Group's results for the first quarter of 2022 have been restated, reflecting the application to the Group's entities in Turkey of IAS 29, "Financial Reporting in Hyperinflationary Economies". These results, already restated, can be seen in the table CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION.

Year-on-year performance of results

The BBVA Group generated a net attributable profit excluding non-recurring impacts of €3,203m in the first half of 2022, representing a year-on-year variation of +37.6%. Including those non-recurring impacts, i.e. €-201m from the purchase of offices in Spain from Merlin in June 2022 and €-416m from the results of discontinued operations and corresponding to BBVA USA and the rest of the companies sold to PNC on June 1, 2021, together with the net cost related to the restructuring process of the same year, the Group's net attributable profit registered a year-on-year increase of 57.1%.

The Group's net attributable profit for the first half of 2022 includes the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" to the Group's entities in Turkey. For more information, see the section "Turkey" in business areas.

CONSOLIDATED INCOME STATEMENT (MILLIONS OF EUROS)

	1H22	Δ %	Δ % at constant exchange rates	1H21
Net interest income	**8,551**	**22.9**	**26.5**	**6,955**
Net fees and commissions	2,650	14.5	17.8	2,315
Net trading income	1,095	1.0	5.5	1,084
Other operating income and expenses	(787)	n.s.	n.s.	(95)
Gross income	**11,509**	**12.2**	**15.8**	**10,259**
Operating expenses	(5,054)	9.9	12.0	(4,598)
Personnel expenses	*(2,587)*	*9.1*	*12.3*	*(2,371)*
Other administrative expenses	*(1,815)*	*12.6*	*13.2*	*(1,612)*
Depreciation	*(652)*	*6.0*	*7.8*	*(615)*
Operating income	**6,456**	**14.0**	**19.0**	**5,661**
Impairment on financial assets not measured at fair value through profit or loss	(1,441)	(8.8)	(9.1)	(1,580)
Provisions or reversal of provisions	(112)	(35.8)	(40.9)	(174)
Other gains (losses)	18	n.s.	n.s.	(24)
Profit (loss) before tax	**4,921**	**26.7**	**35.8**	**3,883**
Income tax	(1,601)	48.2	52.4	(1,080)
Profit (loss) for the period	**3,320**	**18.5**	**29.1**	**2,803**
Non-controlling interests	(117)	(75.3)	(60.5)	(476)
Net attributable profit (loss) excluding non-recurring impacts	**3,203**	**37.6**	**40.8**	**2,327**
Discontinued operations and Other (1)	(201)	(51.6)	(48.4)	(416)
Net attributable profit (loss)	**3,001**	**57.1**	**59.3**	**1,911**
Adjusted earning per share (euros) (2)	**0.48**			**0.32**
Earning (loss) per share (euros) (2)	**0.45**			**0.26**

(1) Include: (I) the net impact arisen from the purchase of offices in Spain in 2022 for €-201m; (II) the net costs related to the restructuring process in 2021 for €-696m; and (III) the results generated by BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021 for €+280m.

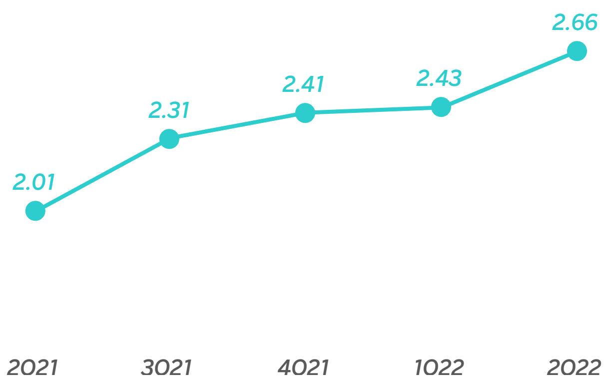
(2) Adjusted by additional Tier 1 instrument remuneration. In the first half of 2022, the average number of shares acquired from the start of the share buyback program to June 30, 2022 was included, taking into account the redemption of shares carried out on June 15, 2022.

Unless expressly indicated otherwise, to better understand the changes under the main headings of the Group's income statement, the year-on-year rates of change provided below refer to constant exchange rates. When comparing two dates or periods in this report, the impact of changes in the exchange rates against the euro of the currencies of the countries in which BBVA operates is sometimes excluded, assuming that exchange rates remain constant. For this purpose, the average exchange rate of the currency of each geographical area of the most recent period is used for both periods, except for those countries whose economies have been considered hyperinflationary, for which the closing exchange rate of the most recent period is used.

The accumulated net interest income as of June 30, 2022 was higher than in the same period of the previous year (+26.5%), due to the good performance in Mexico, Turkey and South America. These geographical areas compensated for the flat performance in Spain.

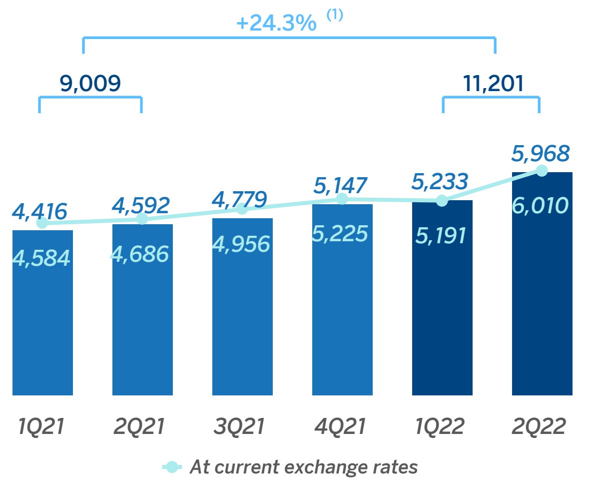
All areas, with the exception of Rest of Business, showed a positive performance in the net fees and commissions line compared to the accumulated amount reported at the end of June 2021 (+17.8% at Group level), which is partly explained by the increase in activity and higher fees from payment systems and deposits in the first half of 2022.

NET INTEREST INCOME / AVERAGE TOTAL ASSETS (1) (PERCENTAGE)



(1) Excluding BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021 for the 2021 figures.

NET INTEREST INCOME PLUS NET FEES AND COMMISSIONS (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)

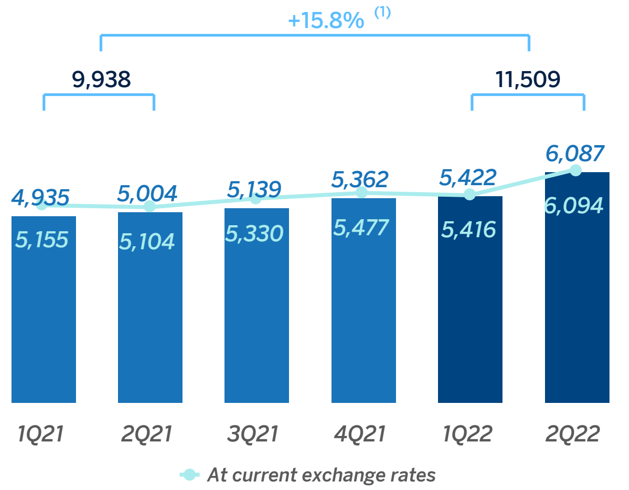


(1) At current exchange rates: +20.8%.

NTI showed a year-on-year variation of +5.5% at the end of June 2022, mainly due to the good performance of the Global Markets unit in Spain and Turkey, which offset the lower results recorded by Corporate Center.

The other operating income and expenses line accumulated a result of €-787m as of June 30, 2022, compared to €-95m in the same period last year, mainly due to the more negative adjustment for inflation in Argentina, the recording of this adjustment in the Group's entities in Turkey in 2022 and the higher contribution to the Single Resolution Fund ("SRF") in Spain.

GROSS INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)

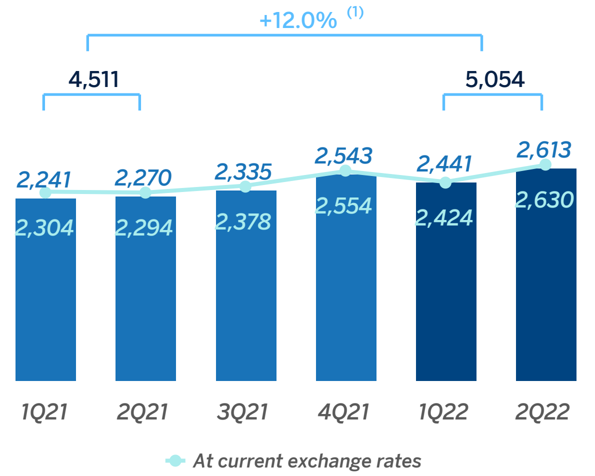


(1) At current exchange rates: +12.2%.

In year-on-year terms, operating expenses increased at the Group level (+12.0%), in an environment of high inflation in all countries in which BBVA operates. By areas, there was a year-on-year decrease in Spain, due to the lower headcount, and to a lesser extent, in the Corporate Center and in the aggregated Rest of Business.

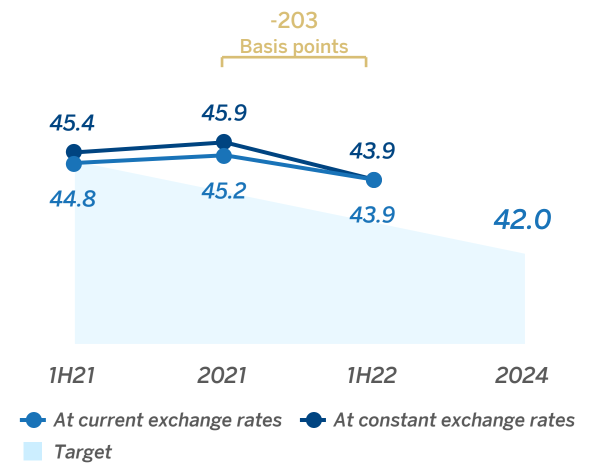
Notwithstanding the above, thanks to the remarkable growth in gross income (+15.8%), the efficiency ratio stood at 43.9% as of June 30, 2022, with an improvement of 203 basis points compared to the ratio at the end of December 2021. All geographical areas recorded a favorable performance in terms of efficiency, except Turkey.

OPERATING EXPENSES (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



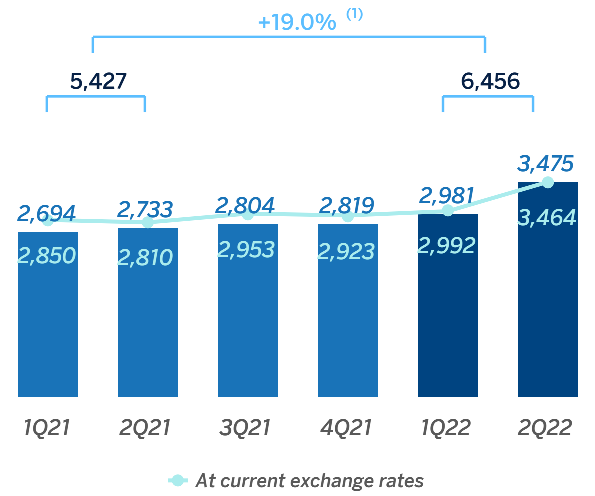
(1) At current exchange rates: +9.9%.

EFFICIENCY RATIO (PERCENTAGE)



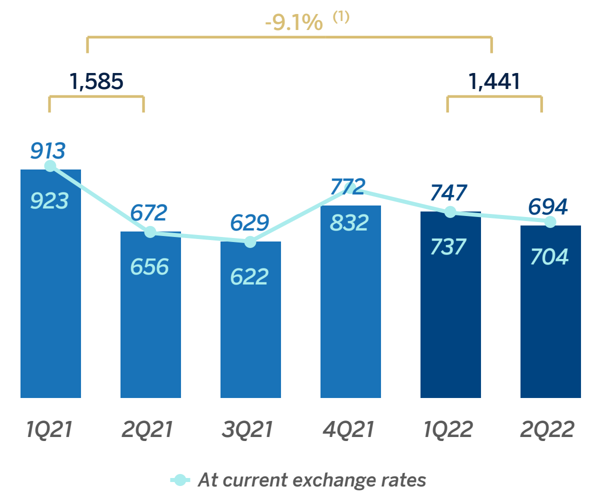
Impairment on financial assets not measured at fair value through profit or loss (impairment on financial assets) closed June 2022 with a negative balance of €1,441m, lower than the previous year (-9.1%), despite the more unfavorable macroeconomic environment, with a decline in the main business areas excluding Turkey.

OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



(1) At current exchange rates: +14.0%.

IMPAIRMENT ON FINANCIAL ASSETS (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



(1) At current exchange rates: -8.8%.

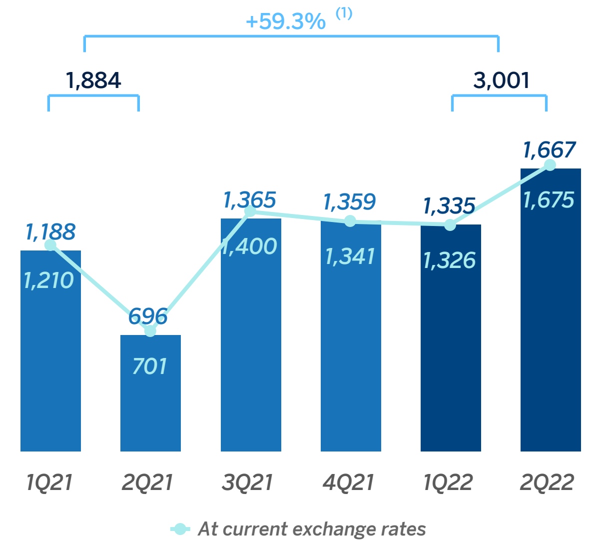
The provisions or reversal of provisions line (hereinafter "provisions") accumulated a negative balance of €112m as of June 30, 2022, mainly due to provisions for legal contingencies in Spain and was 40.9% below the accumulated figure in the same period of the last year.

For its part, the other gains (losses) line closed June 2022 with a positive balance of €18m, which compares positively to the figure reached the previous year (€-24m).

As a result of the above, the BBVA Group generated a net attributable profit excluding non-recurring impacts of €3,203m in the first half of 2022, representing a year-on-year increase of +40.8%. Taking into account the non-recurring impacts, registered within the line "Discontinued operations and Other," that is: (I) €-201m recorded in the second quarter of 2022 for the purchase of offices in Spain; (II) €280m for the results generated by BBVA USA and the rest of the companies sold to PNC on June 1, 2021; and (III) €-696m of the net costs associated with the restructuring process, the cumulative net attributable profit of the Group at the end of June 2022 stood at €3,001m, 59.3% higher than that achieved in the first semester of 2021.

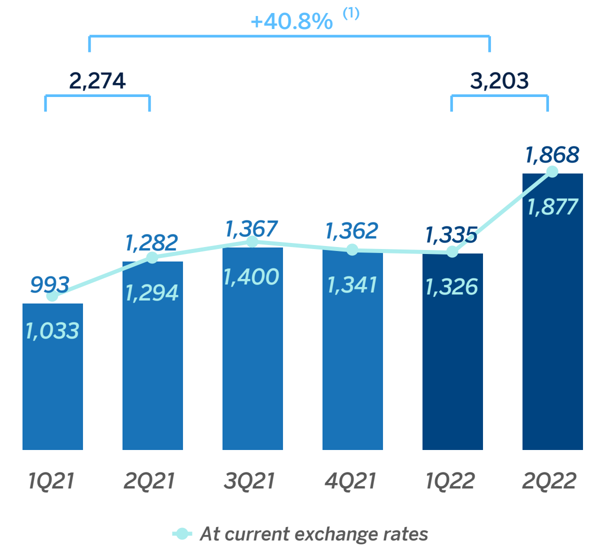
The cumulative net attributable profits, in millions of euros, at the end of June 2022 for the various business areas that compose the Group were as follows: €1,010m in Spain (excluding the impact from the purchase of offices), €1,821m in Mexico, €62m in Turkey, €413m in South America and €128m in Rest of Business.

NET ATTRIBUTABLE PROFIT (LOSS) (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



(1) At current exchange rates: +57.1%.

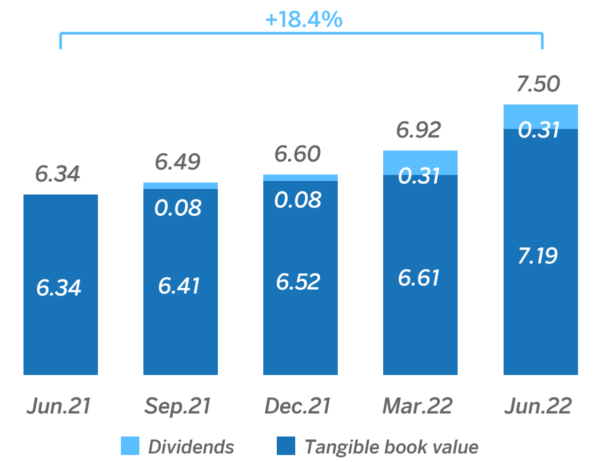
NET ATTRIBUTABLE PROFIT (LOSS) EXCLUDING NON-RECURRING IMPACTS (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



General note: non-recurring impacts include the net impact arisen from the purchase of offices in Spain in 2Q22, BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021 for the periods 1Q21 and 2Q21 and the net cost related to the restructuring process in 2Q21.

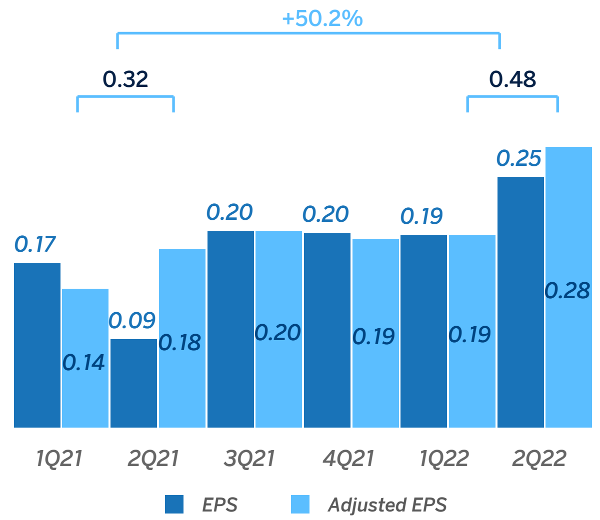
(1) At current exchange rates: +37.6%.

TANGIBLE BOOK VALUE PER SHARE (1) AND DIVIDENDS (EUROS)



General note: replenishing dividends paid in the period.

ADJUSTED EARNING PER SHARE (2) AND EARNING PER SHARE (2) (EUROS)



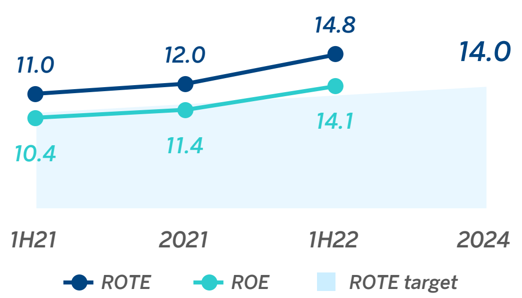
General note: adjusted earning per share excludes: (I) the net impact arisen from the purchase of offices in Spain in 2Q22; (II) the net cost related to the restructuring process for the period 2Q21; and (III) the profit (loss) after tax from discontinued operations derived from the sale of BBVA USA and the rest of the companies in the United States to PNC on June 1, 2021 for the periods 1Q21 and 2Q21.

(1) At the end of June 2022, the shares acquired as from the start of the share buyback program to June 30, 2022 were included, taking into account the redemption of shares carried out on June 15, 2022 and the shares pending from buyback corresponding to the second segment of the second share buyback tranche. At the end of March 2022 and December 2021, the shares acquired as from the start of the share buyback program until the end of their periods and the estimated number of shares pending from buyback of the tranches or segments, as appropiate, that were in process at the end of that date, were included.

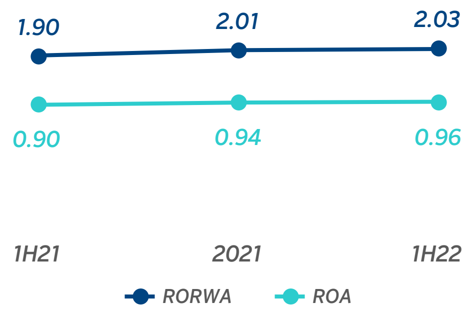
(2) Adjusted by additional Tier 1 instrument remuneration. In 2Q22 and 1Q22, the average number of shares acquired as from the start of the share buyback program until the end of their periods, was taken into account. Additionally, for 2Q22, the redemption of shares carried out on June 15, 2022, was taken into account. In 4Q21, the shares acquired as from the start of the share buyback program until the end of the period were taken into account and, in addition, for the calculation of the earning (loss) per share, the estimated number of shares pending from buyback as of December 31, 2021 of the first tranche (€1,500m), in process at the end of that period, was included.

The Group's profitability indicators improved in year on year terms, supported by the favorable performance of results.

ROE AND ROTE [(1)] (PERCENTAGE)



ROA AND RORWA [(1)] (PERCENTAGE)



(1) Excludes the net impact arisen from the purchase of offices in Spain in 1H22. Excludes BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021 and the net cost related to the restructuring process for the periods 1H21 and 2021.

Balance sheet and business activity

The most relevant aspects related to the evolution of the Group's balance sheet and business activity as of June 30, 2022 are summarized below:

- Loans and advances to customers grew by 9.8% compared to the end of December 2021, strongly favored by the evolution of business loans (+13.6%) in all business areas and, to a lesser extent, by the dynamism of retail loans, especially in Mexico and South America (+6.7% at Group level), supported by the good performance of consumer loans, credit cards (+12.7% overall at Group level) and mortgage loans (+2.5% at Group level).
- Customer funds increased by 5.4% compared to the end of December 2021, thanks to the contribution of demand deposits (+6.1%) and time deposits (+17.5%). For its part, off-balance sheet funds remained stable in the first half of 2022.

CONSOLIDATED BALANCE SHEET (MILLIONS OF EUROS)

	30-06-22	Δ %	31-12-21	30-06-21
Cash, cash balances at central banks and other demand deposits	81,508	20.2	67,799	61,687
Financial assets held for trading	120,823	(2.2)	123,493	102,647
Non-trading financial assets mandatorily at fair value through profit or loss	6,775	11.3	6,086	5,742
Financial assets designated at fair value through profit or loss	1,003	(8.1)	1,092	1,107
Financial assets at fair value through accumulated other comprehensive income	63,223	4.6	60,421	73,186
Financial assets at amortized cost	408,148	9.5	372,676	368,026
Loans and advances to central banks and credit institutions	*19,762*	*4.2*	*18,957*	*16,947*
Loans and advances to customers	*350,110*	*9.8*	*318,939*	*315,752*
Debt securities	*38,276*	*10.0*	*34,781*	*35,327*
Investments in subsidiaries, joint ventures and associates	894	(0.7)	900	1,400
Tangible assets	8,337	14.2	7,298	7,321
Intangible assets	2,139	(2.6)	2,197	2,303
Other assets	22,444	7.3	20,923	21,874
Total assets	**715,294**	**7.9**	**662,885**	**645,292**
Financial liabilities held for trading	102,305	12.3	91,135	79,986
Other financial liabilities designated at fair value through profit or loss	9,878	2.0	9,683	9,811
Financial liabilities at amortized cost	527,275	8.1	487,893	479,618
Deposits from central banks and credit institutions	*79,127*	*17.8*	*67,185*	*71,645*
Deposits from customers	*376,973*	*7.8*	*349,761*	*338,795*
Debt certificates	*54,757*	*(1.8)*	*55,763*	*55,047*
Other financial liabilities	*16,418*	*8.1*	*15,183*	*14,132*
Liabilities under insurance and reinsurance contracts	11,622	7.0	10,865	10,535
Other liabilities	15,421	6.0	14,549	15,398
Total liabilities	**666,501**	**8.5**	**614,125**	**595,348**
Non-controlling interests	**3,351**	(31.0)	4,853	5,428
Accumulated other comprehensive income	(16,452)	(0.1)	(16,476)	(15,348)
Shareholders' funds	61,894	2.5	60,383	59,864
Total equity	**48,793**	**0.1**	**48,760**	**49,944**
Total liabilities and equity	**715,294**	**7.9**	**662,885**	**645,292**
Memorandum item:				
Guarantees given	52,327	13.9	45,956	42,976

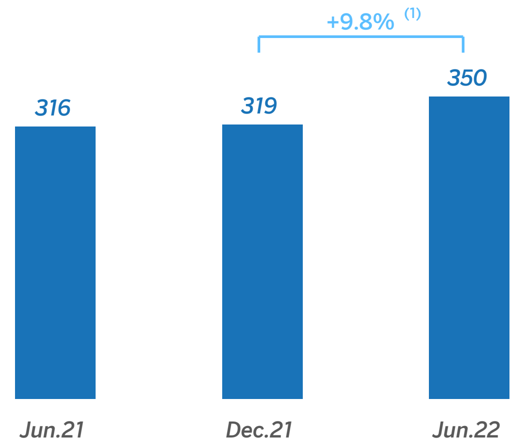
LOANS AND ADVANCES TO CUSTOMERS (MILLIONS OF EUROS)

	30-06-22	Δ %	31-12-21	30-06-21
Public sector	**21,249**	**8.1**	**19,656**	**19,645**
Individuals	**156,266**	**6.7**	**146,433**	**147,287**
Mortgages	*93,576*	*2.5*	*91,324*	*91,623*
Consumer	*34,663*	*11.7*	*31,026*	*30,852*
Credit cards	*14,886*	*15.1*	*12,936*	*12,194*
Other loans	*13,141*	*17.9*	*11,146*	*12,617*
Business	**169,689**	**13.6**	**149,309**	**145,427**
Non-performing loans	**14,597**	**(0.4)**	**14,657**	**15,013**
Loans and advances to customers (gross)	**361,800**	**9.6**	**330,055**	**327,372**
Allowances [1]	(11,691)	5.2	(11,116)	(11,620)
Loans and advances to customers	**350,110**	**9.8**	**318,939**	**315,752**

(1) Allowances include the valuation adjustments for credit risk during the expected residual life of those financial instruments which have been acquired (mainly originated from the acquisition of Catalunya Banc, S.A.). As of June 30, 2022, December 31, 2021 and June 30, 2021 the remaining amount was €223m, €266m and €301m, respectively.

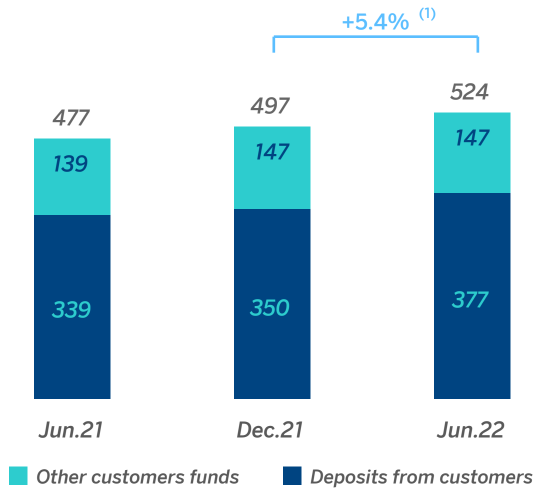
The evolution of loans and advances to customers and the customer funds of the BBVA Group as of June 30, December 31, 2021 and June 30, 2022 is shown below.

LOANS AND ADVANCES TO CUSTOMERS (BILLIONS OF EUROS)



(1) At constant exchange rates: +7.9%.

CUSTOMER FUNDS (BILLIONS OF EUROS)



(1) At constant exchange rates: +3.5%.

CUSTOMER FUNDS (MILLIONS OF EUROS)

	30-06-22	Δ %	31-12-21	30-06-21
Deposits from customers	**376,973**	**7.8**	**349,761**	**338,795**
Current accounts	*310,752*	*6.1*	*293,015*	*271,721*
Time deposits	*64,670*	*17.5*	*55,059*	*65,034*
Other deposits	*1,552*	*(8.0)*	*1,687*	*2,039*
Other customer funds	**146,698**	**(0.3)**	**147,192**	**138,623**
Mutual funds and investment companies and customer portfolios [1]	*105,280*	*(0.9)*	*106,235*	*98,840*
Pension funds	*38,453*	*(0.8)*	*38,763*	*37,709*
Other off-balance sheet funds	*2,966*	*35.1*	*2,195*	*2,074*
Total customer funds	**523,672**	**5.4**	**496,954**	**477,418**

(1) Includes the customer portfolios in Spain, Mexico, Colombia and Peru.

Solvency

Capital base

The Group's CET1 fully-loaded ratio stood at 12.45%[4] as of June 30, 2022, maintaining a large management buffer over the Group's CET1 requirement (8.60%), and also above the Group's established target management range of 11.5-12% of CET1.

This ratio includes the effect of the operations carried out during the second quarter, with a combined impact of -30 basis points of CET1. These operations are the voluntary takeover bid for Garanti BBVA and the acquisition from Merlin of 100% of Tree, owner of 662 offices leased to BBVA.

Risk-weighted assets (RWA) fully-loaded increased approximately €14.5 billion euros in the quarter, mainly as a consequence of the organic capital generation and currency effect.

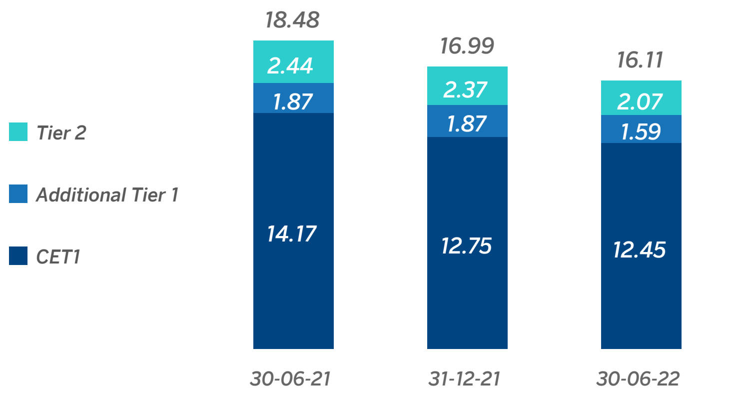
The consolidated fully-loaded additional Tier 1 capital (AT1) stood at 1.59% as of June 30, 2022, resulting in a -25 basis points decrease from the previous quarter. In this regard, on May 24, 2022, the Group early redeemed an issue of preferred shares eventually convertible into ordinary shares (CoCos) of BBVA, carried out on May 24, 2017, for a joint nominal amount of €500m. The impact of this amortization has been recorded in the second quarter of 2022, and has drawn down the fully loaded AT1 ratio by -15 basis points.

The consolidated fully-loaded Tier 2 ratio as of June 30, 2022 stood at 2.07%, a decrease of -10 basis points in the quarter. The total fully-loaded capital adequacy ratio stands at 16.11%.

Following the latest SREP (Supervisory Review and Evaluation Process) decision, received in February 2022 and with entry into force as from March 1, 2022, the ECB has informed the Group that the Pillar 2 requirement remains unchanged at 1.5% (of which at least 0.84% must be fulfilled with CET1). Therefore, BBVA must maintain a CET1 capital ratio of 8.60% and a total capital ratio of 12.76% at the consolidated level.

The phased-in CET1 ratio at the consolidated level stood at 12.56% as of June 30, 2022, considering the transitory effect of the IFRS 9 standard. AT1 reached 1.59% and Tier 2 reached 2.07%, resulting in a total capital adequacy ratio of 16.22%.

FULLY-LOADED CAPITAL RATIOS (PERCENTAGE)



[4] This level of CET1 includes the deduction of the total amount of the share buyback program authorized by the supervisor for a maximum amount of €3,500m that were already registered as of December 2021.

CAPITAL BASE (MILLIONS OF EUROS)	CRD IV phased-in			CRD IV fully-loaded		
	30-06-22 (1) (2)	31-12-21	30-06-21	30-06-22 (1) (2)	31-12-21	30-06-21
Common Equity Tier 1 (CET 1)	41,555	39,949	43,903	41,173	39,184	43,306
Tier 1	46,820	45,686	49,599	46,437	44,922	49,007
Tier 2	6,833	7,383	7,688	6,832	7,283	7,466
Total Capital (Tier 1 + Tier 2)	**53,653**	**53,069**	**57,287**	**53,269**	**52,205**	**56,473**
Risk-weighted assets	**330,819**	**307,795**	**305,599**	**330,589**	**307,335**	**305,543**
CET1 (%)	12.56	12.98	14.37	12.45	12.75	14.17
Tier 1 (%)	14.15	14.84	16.23	14.05	14.62	16.04
Tier 2 (%)	2.07	2.40	2.52	2.07	2.37	2.44
Total capital ratio (%)	**16.22**	**17.24**	**18.75**	**16.11**	**16.99**	**18.48**

(1) As of June 30, 2022, the difference between the phased-in and fully-loaded ratios arises from the temporary treatment of certain capital items, mainly of the impact of IFRS 9, to which the BBVA Group has adhered voluntarily (in accordance with article 473bis of the CRR and the subsequent amendments introduced by the Regulation (EU) 2020/873).

(2) Preliminary data.

Regarding shareholder remuneration, on April 8, 2022 and as approved by the Annual General Meeting held on March 18, 2022 in its second item of the agenda, a cash gross payment of €0.23 was made against voluntary reserves for each outstanding share of BBVA as an additional shareholder remuneration for the year 2021. Thus, the total amount of cash distributions for the year 2021 was €0.31 gross per share, the largest distribution in 10 years.

The total shareholder remuneration includes, in addition to the aforementioned cash payments, the extraordinary remuneration resulting from the execution of the program scheme for the buyback of own shares announced on October 29, 2021 up to a maximum amount of €3,500m.

After the effective redemption of the 281,218,710 treasury shares for a nominal amount of €137,797,167.90 acquired during the execution of the first tranche of the program scheme, BBVA's share capital has been set at €3,129,467,256.30, represented by 6,386,667,870 shares with a nominal value of €0.49 each.

In relation to the execution of the second tranche, on March 16, BBVA began the execution of its first segment of the second tranche, for a maximum amount of €1,000m or a maximum number of 356,551,306 shares. The execution of this segment ended on May 16, with the repurchase of a total of 206,554,498 shares for an amount of €1,000m.

Lastly, with regard to the program scheme for the buyback of shares on June 28, 2022, BBVA announced that it had agreed to execute the second segment for a maximum amount of 1,000 million euros and a maximum number of shares to be acquired of 149,996,808. As of June 30, 2022, BBVA's best estimate for this maximum amount is 610 million euros for the purpose of reducing BBVA's share capital, for a maximum amount of €1,000m and a maximum number of BBVA shares to be acquired of 149,996,808. As of June 30, 2022, BBVA's best estimate for this maximum amount is €610m. From July 1 to July 21, 2022, Citigroup Global Markets Europe AG, acting as lead manager for the second segment of the second tranche, has acquired 63,750,000 BBVA shares.

SHAREHOLDER STRUCTURE (30-06-2022)	Shareholders		Shares issued	
Number of shares	Number	%	Number	%
Up to 500	334,912	40.8	62,899,496	1.0
501 to 5,000	380,195	46.3	676,839,209	10.6
5,001 to 10,000	57,109	7.0	402,543,605	6.3
10,001 to 50,000	44,420	5.4	850,276,426	13.3
50,001 to 100,000	3,159	0.4	215,009,771	3.4
100,001 to 500,000	1,454	0.2	263,184,961	4.1
More than 500,001	288	0.04	3,915,914,402	61.3
Total	**821,537**	**100.0**	**6,386,667,870**	**100.0**

With regard to MREL (Minimum Requirement for own funds and Eligible Liabilities) requirements, BBVA must reach, by January 1, 2022, an amount of own funds and eligible liabilities equal to 21.46% of the total RWAs of its resolution group, at a sub-consolidated[5] level (hereinafter, the "MREL in RWAs"). This MREL in RWA does not include the combined capital buffer requirement which, according to applicable regulations and supervisory criteria, would currently be 3.26%, and it is currently the most restrictive

[5] In accordance with the resolution strategy MPE ("Multiple Point of Entry") of the BBVA Group, established by the SRB, the resolution group is made up of Banco Bilbao Vizcaya Argentaria, S.A. and subsidiaries that belong to the same European resolution group. As of June 30, 2021, the total RWAs of the resolution group amounted to €190,377m and the total exposure considered for the purpose of calculating the leverage ratio amounted to €452,275m.

requirement for BBVA. Given the structure of own funds and admissible liabilities of the resolution group, as of June 30, 2022, the MREL ratio in RWAs stands at 26.28%[6,7], complying with the aforementioned requirement.

With the aim of reinforcing compliance with these requirements, in January 2022, BBVA, S.A. issued a €1,000m senior non-preferred bond, with a maturity of 7 years and the option for early redemption in the sixth year, with a coupon of 0.875% and in May 2022 a senior preferential double tranche for €1,250m at a fixed rate of 1.750% and €500m at a floating rate of 3-months Euribor plus 64 basis points (leaving a coupon of 3-months Euribor plus 100 basic points) at three years and a half, in addition to two private operations at two-year terms for €100m at a fixed 1% rate, in May, and €400m at the 3-months Euribor floating rate plus 70 basis points, in July, not being considered the last one in the MREL ratio as of June closing.

Lastly, as of June 30, 2022, the Group's fully-loaded leverage ratio stood at 6.2% (6.2% phased-in)[8].

Ratings

During the first half of 2022, BBVA's rating has continued to show its strength and all agencies have maintained their rating in the A category. In March, S&P changed the outlook of BBVA's rating from negative to stable (affirming the rating at A), after taking a similar action in the Spanish sovereign rating. Following annual reviews of BBVA, Fitch and DBRS Morningstar affirmed their ratings at A- (May) and A (high) (March), respectively, both with a stable outlook. For its part, Moody's has kept BBVA's rating unchanged in the semester at A3 (with a stable outlook). The following table shows the credit ratings and outlook assigned by the agencies:

RATINGS

Rating agency	Long term (1)	Short term	Outlook
DBRS	A (high)	R-1 (middle)	Stable
Fitch	A-	F-2	Stable
Moody's	A3	P-2	Stable
Standard & Poor's	A	A-1	Stable

(1) Ratings assigned to long term senior preferred debt. Additionally, Moody's and Fitch assign A2 and A- rating, respectively, to BBVA's long term deposits.

6 Own resources and eligible liabilities to meet, both, MREL and the combined capital buffer requirement applicable.

7 As of June 30, 2022, the MREL ratio in Leverage Ratio stands at 10,25% and the subordination ratios in terms of RWAs and in terms of exposure of the leverage ratio, stand at 21.97% and 8.57%, respectively, being preliminary data.

8 The Group's leverage ratio is provisional at the date of release of this report. On April, 1st 2022 ended the period of temporary exclusion of certain positions with central banks.

Risk management

Credit risk

In addition to the significant macroeconomic challenges posed by the COVID-19 pandemic that led to a decline in GDP in 2020 in many of the countries where the Group operates, the global economy is currently facing a number of exceptional challenges. Russia's invasion of Ukraine has caused significant disruption, instability and volatility in the world markets, as well as increased inflation (contributing to further increases in energy, oil and other commodity prices and further affecting supply chains), leading to slower economic growth as expected at the beginning of 2022.

In relation to the relief measures for customers affected by the pandemic and with the aim of mitigating the impact of these measures for the Group as much as possible, due to the high concentration in the time of their maturities, continuous monitoring of the their effectiveness has been made in order to verify their compliance and their dynamic adjustment to the evolution of the crisis. With regard to these measures, both in Spain and Peru, the possibility of carrying out extensions in the expiration period and in the grace period has been established. In Spain, they may be requested by companies and self-employed as of June 30, 2022 after the expiration of the Temporary State Aid Framework approved by the European Commission. In Peru, the Decree was approved in May, and this measure may be used until December 31, 2022.

As for the direct impact that the war between Russia and Ukraine could have on the Group, it can be qualified as non-material for BBVA given the low direct exposure to customers from those countries. However, the indirect risk is greater due to the activity of clients in the affected area or sectors. The economic effects are coming mainly through higher commodity prices, but also through financial and confidence channels, as well as a further deterioration of global supply chain issues.

The Group has taken different measures geared towards reducing the impact that the war may have, amongst which, the lowering of limits at first followed by the suspension of operations with Russia; the lowering of internal ratings; and, the inclusion of the country and its debtors in the subjective doubtful loans category.

Calculation of expected losses due to credit risk

The estimate at the end of the six months ended June 30, 2022, includes the effect on the expected losses of the update of the macroeconomic forecasts, which have been affected by the war in Ukraine, the evolution of interest rates, inflation rates or the prices of commodities. The estimate includes the update of such forecast which has been reviewed following the internal approval circuits established for this purpose, to reflect the effects of the new inflationary environment on the results of the collective estimates. This adaptation is expected to be reviewed and, if appropriate, incorporated into the calculation methodology within the periodic review process that is carried out each year.

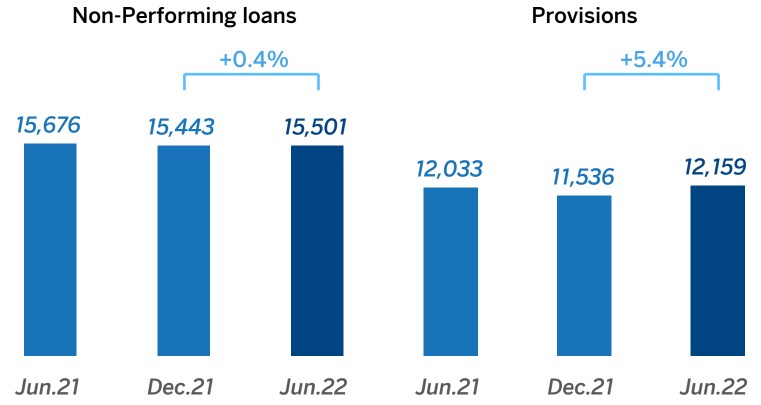
Additionally, the Group can supplement the expected losses either by the consideration of additional risk drivers, the incorporation of sectorial particularities or that may affect a set of operations or borrowers. These adjustments should be of temporary nature, until the reasons for them disappear or they materialize. As of June 30, 2022, there are adjustments to expected losses which amounted to €259 million at Group level, €174 million in Spain, €11 million in Peru and €74 million in Mexico. As of December 31, 2021 there were €311 million at the Group level for the same concept, €226 million in Spain, €18 million in Peru and €68 million in Mexico.

BBVA Group's credit risk indicators

The Group’s main credit risk indicators showed the following development in the first half of 2022:

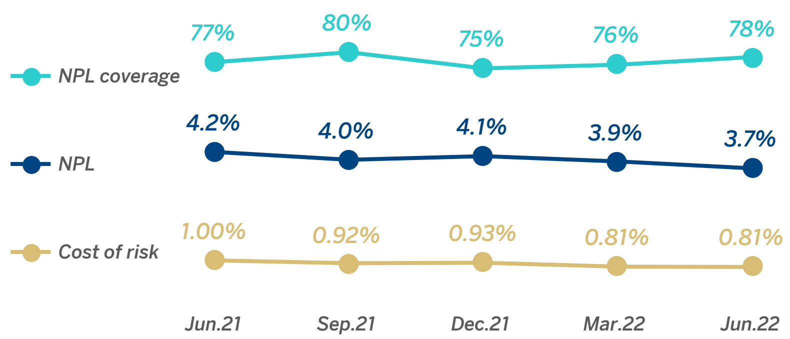
- Credit risk has increased by 4.8% during the second quarter of 2022 (+3.7% at constant exchange rates). An almost generalized growth, at constant exchange rates, was observed at Group level during the first months of the year, led by Turkey, Mexico and South America.
- Slight reduction in the balance of non-performing loans at Group level between March and June 2022 (-0.7% in current terms and -1.7% at constant rates) in the main geographical areas. Compared to the end of December 2021, the amount of non-performing loans remained practically stable.

NON-PERFORMING LOANS AND PROVISIONS (MILLIONS OF EUROS)



- The NPL ratio stood at 3.7% as of June 30, 2022 (3.9% in March 2022 and 4.1% in December 2021), -21 basis points below the figure recorded in March 2022 and -36 basis points below the one of December 2021.
- Loan-loss provisions increased by 2.6% compared to the figure of the first quarter (+5.4 with respect to December 2021) with growth in almost all geographical areas.
- The NPL coverage ratio amounted to 78%, 253 basis points above the figure of March 2022 (+375 basis points higher than at the end of 2021).
- The cumulative cost of risk as of June 30, 2022 stood at 0.81% in line with the end of the first quarter 2022 and 13 basis points below the close of 2021.

NPL AND NPL COVERAGE RATIOS AND COST OF RISK (PERCENTAGE)



CREDIT RISK [(1)] (MILLIONS OF EUROS)

	30-06-22	31-03-22	31-12-21	30-09-21	30-06-21
Credit risk	**414,128**	**395,325**	**376,011**	**371,708**	**370,348**
Non-performing loans	15,501	15,612	15,443	14,864	15,676
Provisions	12,159	11,851	11,536	11,895	12,033
NPL ratio (%)	**3.7**	**3.9**	**4.1**	**4.0**	**4.2**
NPL coverage ratio (%) (2)	**78**	**76**	**75**	**80**	**77**

(1) Includes gross loans and advances to customers plus guarantees given.

(2) The NPL coverage ratio includes the valuation adjustments for credit risk during the expected residual life of those financial instruments which have been acquired (mainly originated from the acquisition of Catalunya Banc, S.A.). Excluding these allowances, the NPL coverage ratio would stand at 77% as of June 30, 2022, 73% as of December 31, 2021 and 75% as of June 30, 2021.

NON-PERFORMING LOANS EVOLUTION (MILLIONS OF EUROS)					
	2Q22 [(1)]	1Q22	4Q21	3Q21	2Q21
Beginning balance	**15,612**	**15,443**	**14,864**	**15,676**	**15,613**
Entries	2,084	1,762	2,875	1,445	2,321
Recoveries	(1,695)	(1,280)	(1,235)	(1,330)	(1,065)
Net variation	**388**	**482**	**1,640**	**115**	**1,256**
Write-offs	(579)	(581)	(832)	(848)	(1,138)
Exchange rate differences and other	79	269	(228)	(80)	(55)
Period-end balance	**15,501**	**15,612**	**15,443**	**14,864**	**15,676**
Memorandum item:					
Non-performing loans	14,597	14,731	14,657	14,226	15,013
Non-performing guarantees given	904	881	786	637	663

(1) Preliminary data.

Structural risks

Liquidity and funding

Liquidity and funding management at BBVA aims to finance the recurring growth of the banking business at suitable maturities and costs, using a wide range of instruments that provide access to a large number of alternative sources of financing. In this context, it is important to notice that, given the nature of BBVA's business, the funding of lending activity is fundamentally carried out through the use of stable customer funds.

Due to its subsidiary-based management model, BBVA is one of the few major European banks that follows the Multiple Point of Entry (MPE) resolution strategy: the parent company sets the liquidity policies, but the subsidiaries are self-sufficient and responsible for managing their own liquidity and funding (taking deposits or accessing the market with their own rating), without fund transfers or financing occurring between either the parent company and the subsidiaries or between the different subsidiaries. This strategy limits the spread of a liquidity crisis among the Group's different areas and ensures that the cost of liquidity and financing is correctly reflected in the price formation process.

The BBVA Group maintains a solid liquidity position in every geographical area in which it operates, with ratios well above the minimum required:

- The BBVA Group's liquidity coverage ratio (LCR) remained comfortably above 100% throughout the first six months of 2022, and stood at 170% as of June 30, 2022. For the calculation of this ratio, it is assumed that there is no transfer of liquidity among subsidiaries; i.e. no type of excess liquidity levels in foreign subsidiaries are considered in the calculation of the consolidated ratio. When considering these excess liquidity levels, the BBVA Group's LCR would stand at 220 %.
- The net stable funding ratio (NSFR), defined as the ratio between the amount of stable funding available and the amount of stable funding required, demands banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. This ratio should be at least 100% at all times. The BBVA Group's NSFR ratio, calculated based on the criteria established in the Regulation (UE) 2019/876 of the European Parliament and of the Council of May 20, 2019, with entry into force in June 2021, stood at 134% as of June 30, 2022.

The breakdown of these ratios in the main geographical areas in which the Group operates is shown below:

LCR AND NSFR RATIOS (PERCENTAGE. 30-06-22)				
	Eurozone [(1)]	Mexico	Turkey	South America
LCR	**200%**	**226%**	**248%**	**All countries >100**
NSFR	**125%**	**138%**	**164%**	**All countries >100**

[(1)] BBVA, S.A. liquidity management perimeter: Spain + branches of the outside network.

One of the key elements in BBVA's Group liquidity and funding management is the maintenance of large high quality liquidity buffers in all the geographical areas where the Group operates. In this respect, the Group has maintained for the last 12 months an average volume of high quality liquid assets (HQLA) accounting to € 133.7 billion, among which, 94% correspond to maximum quality assets (LCR Tier 1).

It should be noted that the war in Ukraine has not had a significant impact on the liquidity and financing situation of the BBVA Group units during the first half of 2022. The most relevant aspects related to the main geographical areas are the following:

- BBVA, S.A. has maintained a sound position with a large high-quality liquidity buffer. During the first half of 2022, commercial activity has provided liquidity amounting to approximately €4 billion due to the growth in customer deposits above lending activity. On the other hand, collateral generation activities have continued with the issuance of mortgage and regional bonds to be retain for an amount of €2 billion, highlighting the creation of a new mortgage securitization fund held as collateral for an amount of €12.4 billion, which groups the assets previously held in seven funds, generating an additional collateral of approximately €3 billion.

- In BBVA Mexico, commercial activity has drained liquidity for the amount of approximately 57 billion Mexican pesos between January and June 2022, derived from a growth in lending activity that exceeded the growth of customer funds. Despite the aforementioned liquidity drain, BBVA Mexico continues to present a comfortable liquidity position, which contributed to a cost-efficient funding management in an environment of rising rates.
- In Turkey, in the first half of 2022, both local and foreign currency lending gaps have increased. The lending gap in local currency increased due to a higher growth in loans than in deposits and the lending gap in foreign currency due to greater reductions in deposits, as a result of the mechanism to encourage local currency deposits, partially offset by a reduction in loans. Garanti BBVA continues to maintain a stable liquidity position with comfortable ratios. The Central Bank of Turkey has continued to implement measures to reduce the dollarization of the economy.
- In South America, the liquidity situation remains adequate throughout the region. In Argentina, liquidity in the system and in BBVA continues to increase due to the higher growth in deposits than in loans in local currency. In BBVA Colombia, lending activity and funds grow at similar levels. For its part, BBVA Peru maintains solid levels of liquidity, in a quarter in which liquidity has slightly decreased in the local currency balance and has increased in the foreign currency balance.

The main wholesale financing transactions carried out by the companies of the BBVA Group are listed below:

- In January 2022, BBVA, S.A. issued a €1 billion senior non-preferred bond, with a maturity of 7 years and the option for early redemption in the sixth year, with a coupon of 0.875%. In May of the same year, BBVA, S.A. carried out a preferred senior debt issue for a term of three and a half years and separated into two tranches, one with a fixed coupon of 1.75% for an amount of €1,250m and another with a variable coupon set at three-month Euribor plus 64 basis points of spread (3-month Euribor coupon plus 100 basis points) for an amount of €500m. On the other hand, two private issues have been closed, one in May for €100m at a fixed 1% and another in July for €400m at the 3-month floating rate Euribor plus 70 basis points, both with a 2-year term, and in June 2022 a securitization of loans for the financing of vehicles was completed for an amount of €1,200m. In addition, in May 2022, the Group carried out the early redemption of the preference shares contingently convertible into ordinary shares of BBVA (CoCos) issued in May 2017 by BBVA.

- On June 21, BBVA Mexico issued a sustainable bond for 10 billion Mexican pesos (€470m, approximately), thus becoming the first private bank to carry out an issue of this type in Mexico, taking TIIE (Balanced Interbank Interest Rate used in Mexico) as the funding benchmark.

- On June 7, Garanti BBVA renewed 100% of a syndicated loan indexed to environmental, social and corporate governance (ESG) criteria that consists of two separate tranches of USD 283.5m and €290.5m, both with a maturity of one year. Garanti BBVA also made sustainable funding of USD 75m in the first semester.

- On June 28, BBVA Colombia closed a 5-year financing with the International Finance Corporation (IFC) for USD 200m, the aim of which is to promote the financing and construction of energy-sustainable buildings and reduce CO_2 emissions, among others.

Foreign exchange

Foreign exchange risk management of BBVA's long-term investments, principally stemming from its overseas franchises, aims to preserve the Group's capital adequacy ratio and ensure the stability of its income statement.

During the first half of the year, the foreign exchange markets have not been immune to the volatility observed in other financial assets. In a context of great uncertainty, the US dollar has benefited, appreciating 9.0% against a euro more affected by the consequences of the war in Ukraine. The currencies of Latin America have presented, in general, a good performance in the first half of 2022. The Mexican peso accumulates an appreciation of 10.4% against the euro, the Peruvian sol by 14.8%, the Colombian peso by 5.2% and the Chilean peso by 0.1%. For its part, the Argentine peso accumulated a depreciation of 10.4%. With regard to the Turkish lira, the environment of high inflation continues to penalize it and it lost 12.1% against the euro in the first half of the year.

EXCHANGE RATES (EXPRESSED IN CURRENCY/EURO)

	Year-end exchange rates			Average exchange rates	
	30-06-22	Δ % on 30-06-21	Δ % on 31-12-21	1H22	Δ % on 1H21
U.S. dollar	1.0387	14.4	9.0	1.0934	10.2
Mexican peso	20.9641	12.5	10.4	22.1618	9.8
Turkish lira (1)	17.3220	(40.4)	(12.1)	—	—
Peruvian sol	3.9243	17.6	14.8	4.1247	8.9
Argentine peso (1)	129.88	(12.4)	(10.4)	—	—
Chilean peso	955.57	(8.6)	0.1	902.47	(3.8)
Colombian peso	4,287.20	4.1	5.2	4,281.05	2.0

(1) According to IAS 21 "The effects of changes in foreign exchange rates", the year-end exchange rate is used for the conversion of the Turkey and Argentina income statement.

BBVA maintains its policy of actively hedging its main investments in emerging markets, covering on average between 30% and 50% of annual earnings and around 70% of the CET1 capital ratio surplus. The sensitivity of the Group's CET1 fully-loaded ratio to 10% depreciations in major currencies is estimated at: +18 basis points for the US dollar, -3 basis points for the Mexican peso and -3 basis points for the Turkish lira. The coverage levels of the expected results for 2022 is close to 100% in the case of Mexico, Peru and Colombia. In the case of Turkey, the transition to hyperinflation accounting generates a relevant reduction in the expected profits in 2022, even if it is neutral at the level of wealth accumulation.

Interest rate

Interest rate risk management seeks to limit the impact that BBVA may suffer, both in terms of net interest income (short-term) and economic value (long-term), from adverse movements in the interest rate curves in the various currencies in which the Group operates. BBVA carries out this work through an internal procedure, pursuant to the guidelines established by the European Banking Authority (EBA), in order to analyze the potential impact that could derive from a range of scenarios on the Group's different balance sheets.

The model is based on assumptions intended to realistically mimic the behavior of the balance sheet. Of particular relevance are assumptions regarding the behavior of accounts with no explicit maturity and prepayment estimates. These assumptions are reviewed and adapted at least once a year to take into account any changes in observed behavior.

At the aggregate level, BBVA continues to maintain a moderate risk profile, in accordance with the established objective, showing positive sensitivity toward interest rate increases in the net interest income.

At the market level, during the first half of 2022, the United States sovereign curve has continued to flatten, in an environment of higher inflation levels, with the Fed raising interest rates by 150 basis points in the year. Regarding the Eurozone, the ECB has kept official rates unchanged during the semester and, as announced, has ended its asset purchase programs Pandemic Emergency Purchase Program (PEPP) and Asset Purchase Program (APP). Subsequently, at its July meeting it decided to raise official rates by 50 basis points and approved the Transmission Protection Instrument (TPI) with the aim of ensuring the appropriate transmission of monetary policy in the Eurozone as a whole Germany's sovereign curve has experienced strong rises in the first half of the year, also increasing its slope, while the curves of peripheral countries have behaved similarly, with additional slight upturns. With regard to the emerging world, flattening moves have occurred similar to those of the United States, continuing with the rate hikes cycle, even accelerating the pace in many countries. Turkey, for its part, has kept the monetary policy rate unchanged at 14%. Regarding the behavior of sovereign curves, there is divergence between the real rate curve (lower yields) and the nominal curve (higher yields).

By area, the main features are:

- Spain has a balance sheet characterized by a high proportion of variable-rate loans (basically mortgages and corporate lending) and liabilities composed mainly of customer demand deposits. The ALCO portfolio acts as a management lever and hedging for the bank's balance sheet, mitigating its sensitivity to interest rate fluctuations. The balance sheet interest rate risk profile remained stable during the year, showing a positive net interest income sensitivity to 100 basis points increases by the interest rates slightly around 15 to 20%.

  On the other hand, as mentioned, the ECB held the marginal deposit facility rate unchanged at -0.50% during the first half of 2022. However, European benchmark interest rates (Euribor) began to pick up the ECB's expectations of rate hikes in the second half of the year, especially the 12-month Euribor which closed June at 1.04%, representing an increase of 154 basis points in the semester. In this sense, customer spread will benefit from interest rate hikes in the coming quarters.
- Mexico continues to show a balance between fixed and variable interest rates balances. In terms of assets that are most sensitive to interest rate fluctuations, the commercial portfolio stands out, while consumer loans and mortgages are mostly at a fixed rate. With regard to the customer funds, the high proportion of non-interest bearing deposits should be highlighted, which are insensitive to interest rate movements. The ALCO portfolio is invested primarily in fixed-rate sovereign bonds with limited maturities. Net interest income sensitivity continues to be limited, registering a positive impact against 100 basis points increases in the Mexican peso, which is around 2.6%. The monetary policy rate stands at 7.75%, 225 basis points above the end-of-year level of 2021, accelerating the rate of hikes at the last meeting in June in line with the rise made by the Fed. Regarding the client spread, an improvement can be appreciated so far in 2022, a trend which should continue due to the higher interest rates environment.
- In Turkey, the sensitivity of loans, which are mostly fixed-rate but with relatively short maturities, and the ALCO portfolio balance the sensitivity of deposits on the liability side. The interest rate risk is thus limited, both in Turkish lira and in foreign currencies. With regard to benchmark rates, the Central Bank of the Republic of Turkey has kept them unchanged during the first half of 2022. In addition, there has been a sharp upturn in inflation, which has generated positive impacts on Garanti BBVA's net interest income and on the valuation of the bond portfolio linked to it. The customer spread has continued to improve during the first half of 2022.
- In South America, the interest rate risk profile remains low as most countries in the area have a fixed/variable composition and maturities that are very similar for assets and liabilities, with limited net interest income sensitivity. In addition, in balance sheets with several currencies, interest rate risk is managed for each of the currencies, showing a very low level of risk. The benchmark rates of the central banks of Peru and Colombia continued to rise during the first half of the year, with increases of 300 and 450 basis points, respectively (Peru's Central Bank continued its 50 basis point hike cycle at the July meeting). Customer spreads have changed little during the half of the year in both geographical areas, with slight increases in Peru and slight falls in Colombia, although they are expected to improve during 2022, favored by an environment of higher interest rates.

INTEREST RATES (PERCENTAGE)

	30-06-22	31-03-22	31-12-21	30-09-21	30-06-21	31-03-21
Official ECB rate	0.00	0.00	0.00	0.00	0.00	0.00
Euribor 3 months [(1)]	(0.24)	(0.50)	(0.58)	(0.55)	(0.54)	(0.54)
Euribor 1 year [(1)]	0.85	(0.24)	(0.50)	(0.49)	(0.48)	(0.49)
USA Federal rates	1.75	0.50	0.25	0.25	0.25	0.25
TIIE (Mexico)	7.75	6.50	5.50	4.75	4.25	4.00
CBRT (Turkey)	14.00	14.00	14.00	18.00	19.00	19.00

[(1)] Calculated as the month average.

Business areas

This section presents the most relevant aspects of the Group's different business areas. Specifically, for each one of them, it shows a summary of the income statements and balance sheets, the business activity figures and the most significant ratios.

The structure of the business areas reported by the BBVA Group as of June 30, 2022, is identical with the one presented at the end of 2021.

The composition of BBVA Group's business areas is summarized below:

- Spain mainly includes the banking and insurance businesses that the Group carries out in this country, including the proportional share of the results of the company created from the bancassurance agreement reached with Allianz at the end of 2020.
- Mexico includes banking and insurance businesses in this country, as well as the activity that BBVA Mexico carries out through its branch in Houston.
- Turkey reports the activity of the group Garanti BBVA that is mainly carried out in this country and, to a lesser extent, in Romania and the Netherlands.
- South America mainly includes banking and insurance activity conducted in the region.
- Rest of Business mainly incorporates the wholesale activity carried out in Europe (excluding Spain) and in the United States, as well as the banking business developed through BBVA's branches in Asia.

The Corporate Center contains the centralized functions of the Group, including: the costs of the head offices with a corporate function; structural exchange rate positions management; portfolios whose management is not linked to customer relations, such as financial and industrial holdings; stakes in Funds & Investment Vehicles in tech companies; certain tax assets and liabilities; funds due to commitments to employees; goodwill and other intangible assets as well as such portfolios and assets' funding. Additionally, the results obtained by BBVA USA and the rest of the companies included in the sale agreement to PNC until the closing of the transaction on June 1, 2021, are presented in a single line of the income statements called "Profit (loss) after taxes from discontinued operations". Finally, the costs related to the BBVA, S.A. restructuring process carried out in Spain during the first half of the year 2021, are included in this aggregate and are recorded in the line "Net cost related to the restructuring process".

In addition to these geographical breakdowns, supplementary information is provided for the wholesale business carried out by BBVA, Corporate & Investment Banking (CIB), in the countries where it operates. This business is relevant to have a broader understanding of the Group's activity and results due to the important features of the type of customers served, products offered and risks assumed.

The information by business areas is based on units at the lowest level and/or companies that make up the Group, which are assigned to the different areas according to the main region or company group in which they carry out their activity. With regard to the information related to the business areas, in the first quarter of 2022 the Group changed the allocation criteria for certain expenses related to global technology projects between the Corporate Center and the business areas, therefore, to ensure that year-on-year comparisons are homogeneous, the figures corresponding to the financial year 2021 have been restated, which did not affected the consolidated financial information of the Group. Also in the first quarter of 2022, an equity team from the Global Markets unit was transferred from Spain to New York, with the corresponding transfer of the costs associated with this relocation from the Spain area to the Rest of Business area.

Regarding the shareholders' funds allocation, in the business areas, a capital allocation system based on the consumed regulatory capital is used.

Finally, it should be noted that, as usual, in the case of the different business areas, that is, Mexico, Turkey, South America and Rest of Business, and, additionally, CIB, in addition to the year-on-year variations applying current exchange rates, the variations at constant exchange rates are also disclosed.

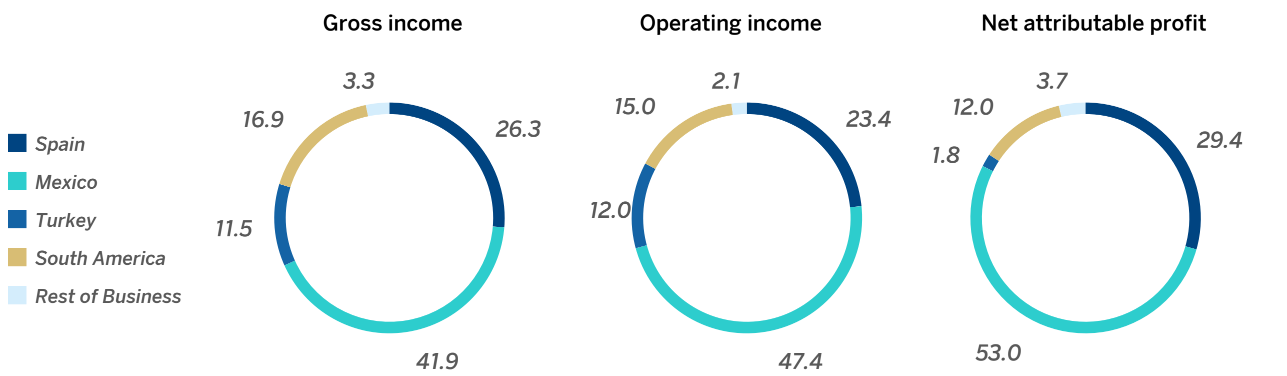
MAIN INCOME STATEMENT LINE ITEMS BY BUSINESS AREA (MILLIONS OF EUROS)

		Business areas						
	BBVA Group	Spain	Mexico	Turkey	South America	Rest of Business	∑ Business areas	Corporate Center
1H22								
Net interest income	8,551	1,763	3,684	1,163	1,849	155	8,614	(64)
Gross income	11,509	3,069	4,887	1,342	1,975	384	11,656	(147)
Operating income	6,456	1,635	3,316	842	1,052	150	6,995	(539)
Profit (loss) before tax	4,921	1,414	2,502	637	738	162	5,454	(533)
Net attributable profit (loss) excluding non-recurring impacts (1)	3,203	1,010	1,821	62	413	128	3,433	(230)
Net attributable profit (loss)	3,001	808	1,821	62	413	128	3,232	(230)
1H21 (2)								
Net interest income	6,955	1,761	2,771	1,036	1,328	141	7,037	(82)
Gross income	10,259	3,035	3,604	1,571	1,480	422	10,112	146
Operating income	5,661	1,529	2,325	1,072	786	194	5,907	(247)
Profit (loss) before tax	3,883	985	1,593	952	414	205	4,148	(265)
Net attributable profit (loss) excluding non-recurring impacts (1)	2,327	725	1,119	384	210	159	2,598	(271)
Net attributable profit (loss)	1,911	725	1,119	384	210	159	2,598	(687)

(1) Non-recurring impacts include: (I) the net impact arisen from the purchase of offices in Spain in 2022; (II) the net costs related to the restructuring process; and (III) the profit (loss) after tax from discontinued operations derived from the sale of BBVA USA and the rest of the companies in the United States to PNC on June 1, 2021.

(2) Restated balances.

GROSS INCOME (1), OPERATING INCOME (1) AND NET ATTRIBUTABLE PROFIT (1) BREAKDOWN (PERCENTAGE. 1H22)

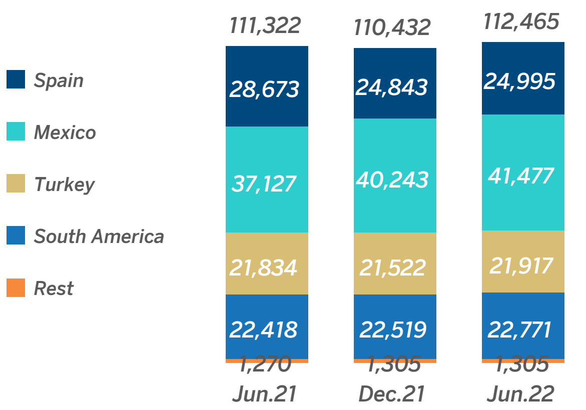


(1) Excludes the Corporate Center and the net impact arisen from the purchase of offices in Spain.

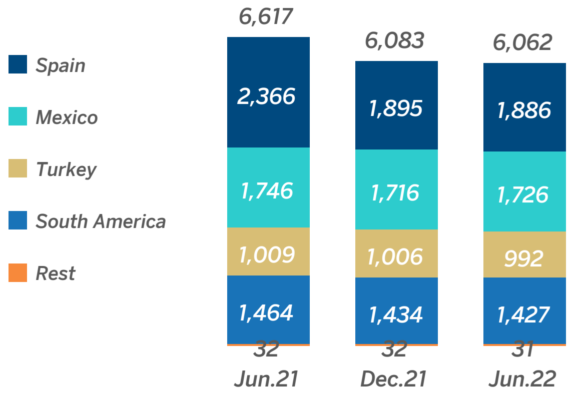
MAIN BALANCE-SHEET ITEMS AND RISK-WEIGHTED ASSETS BY BUSINESS AREA (MILLIONS OF EUROS)

		Business areas							
	BBVA Group	Spain	Mexico	Turkey	South America	Rest of Business	∑ Business areas	Corporate Center	Deletions
30-06-22									
Loans and advances to customers	350,110	176,109	67,020	35,610	40,176	32,142	351,057	343	(1,291)
Deposits from customers	376,973	211,023	72,692	42,688	43,314	7,735	377,453	191	(670)
Off-balance sheet funds	146,698	86,828	36,908	4,925	17,511	523	146,695	3	—
Total assets/liabilities and equity	715,294	432,012	140,360	64,101	66,343	46,176	748,991	26,103	(59,800)
RWAs	330,819	109,821	73,869	51,055	49,641	34,389	318,775	12,044	—
31-12-21									
Loans and advances to customers	318,939	171,081	55,809	31,414	34,608	26,965	319,877	1,006	(1,945)
Deposits from customers	349,761	206,663	64,003	38,341	36,340	6,266	351,613	175	(2,027)
Off-balance sheet funds	147,192	94,095	32,380	3,895	16,223	597	147,190	2	—
Total assets/liabilities and equity	662,885	413,430	118,106	56,245	56,124	40,328	684,233	30,835	(52,182)
RWAs	307,795	113,797	64,573	49,718	43,334	29,280	300,703	7,092	—

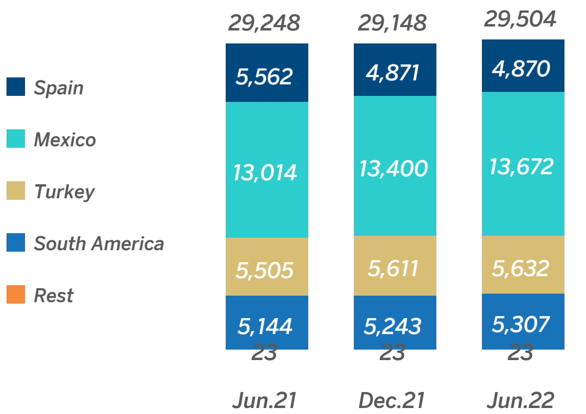
NUMBER OF EMPLOYEES



NUMBER OF BRANCHES



NUMBER OF ATMS

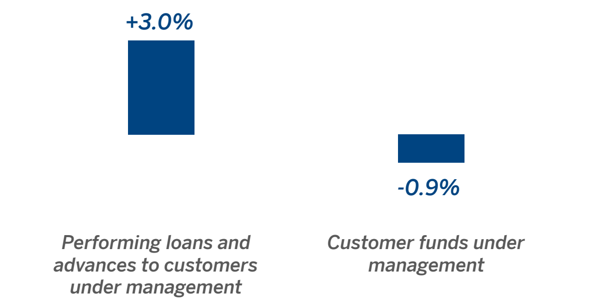


Spain

Highlights

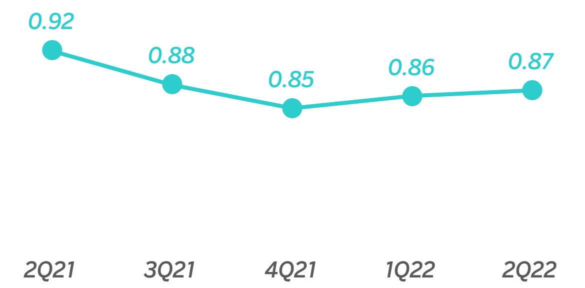
- **Growth in lending activity and stable customer funds in the quarter**
- **Solid asset quality indicators**
- **Significant improvement in efficiency**
- **Year-on-year decrease of impairment on financial assets during the semester**

BUSINESS ACTIVITY [(1)] (VARIATION COMPARED TO 31-12-21)

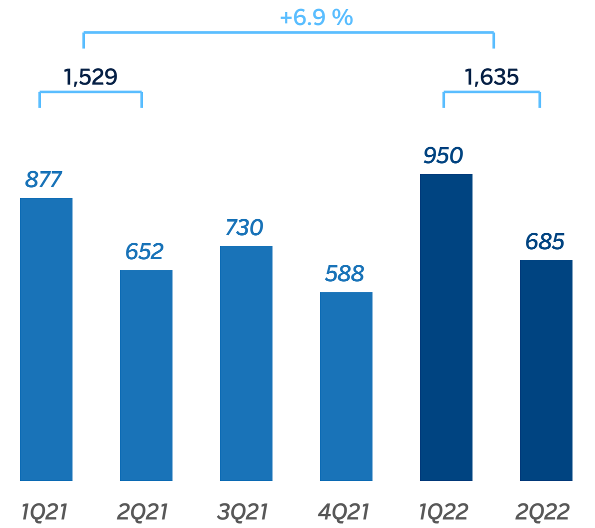


[(1)] Excluding repos.

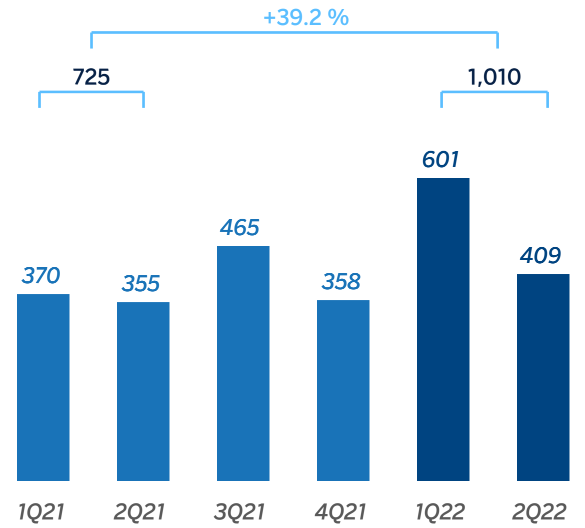
NET INTEREST INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE)



OPERATING INCOME (MILLIONS OF EUROS)



NET ATTRIBUTABLE PROFIT (LOSS) (1) (MILLIONS OF EUROS)



(1) Excludes the net impact arisen from the purchase of offices in Spain in 2Q22.

FINANCIAL STATEMENTS AND RELEVANT BUSINESS INDICATORS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	1H22	Δ %	1H21 [(1)]
Net interest income	**1,763**	**0.1**	**1,761**
Net fees and commissions	1,110	4.6	1,061
Net trading income	288	11.2	259
Other operating income and expenses	(92)	98.9	(46)
Of which: Insurance activities [(2)]	*194*	*7.9*	*180*
Gross income	**3,069**	**1.1**	**3,035**
Operating expenses	(1,434)	(4.8)	(1,506)
Personnel expenses	*(768)*	*(9.7)*	*(851)*
Other administrative expenses	*(457)*	*5.1*	*(435)*
Depreciation	*(209)*	*(4.9)*	*(220)*
Operating income	**1,635**	**6.9**	**1,529**
Impairment on financial assets not measured at fair value through profit or loss	(193)	(43.7)	(343)
Provisions or reversal of provisions and other results	(27)	(86.6)	(202)
Profit (loss) before tax	**1,414**	**43.7**	**985**
Income tax	(403)	56.2	(258)
Profit (loss) for the period	**1,012**	**39.2**	**727**
Non-controlling interests	(2)	36.7	(1)
Net attributable profit (loss) excluding non-recurring impacts	**1,010**	**39.2**	**725**
Net impact arisen from the purchase of offices in Spain	(201)	—	—
Net attributable profit (loss)	**808**	**11.5**	**725**

(1) Restated balances. For more information, please refer to the "Business Areas" section.

(2) Includes premiums received net of estimated technical insurance reserves.

Balance sheets	30-06-22	Δ %	31-12-21
Cash, cash balances at central banks and other demand deposits	37,732	43.0	26,386
Financial assets designated at fair value	140,377	(3.6)	145,546
Of which: Loans and advances	*41,721*	*(17.6)*	*50,633*
Financial assets at amortized cost	204,749	2.6	199,646
Of which: Loans and advances to customers	*176,109*	*2.9*	*171,081*
Inter-area positions	39,466	16.2	33,972
Tangible assets	2,973	17.3	2,534
Other assets	6,714	25.6	5,346
Total assets/liabilities and equity	**432,012**	**4.5**	**413,430**
Financial liabilities held for trading and designated at fair value through profit or loss	89,119	9.5	81,376
Deposits from central banks and credit institutions	62,815	14.7	54,759
Deposits from customers	211,023	2.1	206,663
Debt certificates	36,805	(3.7)	38,224
Inter-area positions	—	—	—
Other liabilities	17,745	(3.6)	18,406
Regulatory capital allocated	14,505	3.6	14,002

Relevant business indicators	30-06-22	Δ %	31-12-21
Performing loans and advances to customers under management [(1)]	173,268	3.0	168,235
Non-performing loans	8,378	(0.9)	8,450
Customer deposits under management [(1)]	210,533	2.2	205,908
Off-balance sheet funds [(2)]	86,828	(7.7)	94,095
Risk-weighted assets	109,821	(3.5)	113,797
Efficiency ratio (%)	46.7		51.7
NPL ratio (%)	4.0		4.2
NPL coverage ratio (%)	61		62
Cost of risk (%)	0.20		0.30

(1) Excluding repos.

(2) Includes mutual funds, customer portfolios and pension funds.

Macro and industry trends

Economic activity has been quite dynamic in the first half of the year, despite the war in Ukraine. However, this has put upward pressure on energy and food prices, contributing to a rise in inflation to 10.2% in June. According to BBVA Research, GDP is expected to grow by 4.1% this year, unchanged from the previous forecast. Although GDP fell short of expectations in the first quarter, the latest data points to a better-than-expected performance in the second quarter. The interest rate hikes by the ECB and the global and European slowdown are expected to moderate the economy, and GDP growth in 2023 would be around 1.8%. Inflation will remain high and above the ECB target of 2%, especially in 2022 but also in 2023 (averaging around 7,9% in 2022 and 3.2% in 2023).

With regard to the banking system, credit to the private sector increased slightly by 0.6% year-on-year as of April 2022, following an overall decrease of 0.1% in 2021. The non-performing loan ("NPL") ratio continued to fall and stood at 4.19% in April 2022, 34 basis points lower than April 2021 and 10 basis points better than end-2021. The system also maintains comfortable solvency and liquidity levels.

Activity

The most relevant aspects related to the area's activity during the first half of 2022 were:

- Lending activity (performing loans under management) was higher than at the end of 2021 (+3.0%), due largely to the growth in business segments, especially loans to SMEs (+7.6%) and companies (+4.2%), to institutions belonging to the public sector (+9.8%) and higher consumer balances (+4.1%, including credit cards).
- Total customer funds decreased -0.9% compared to 2021 year-end. In the first half of the year, off-balance sheet funds recorded a decrease of 7.7%, mainly due to the negative effect of the markets evolution. For its part, the balance of customer deposits under management increased by 2.2% between January and June with the following breakdown by product: demand deposits grew by 3.4%, compensating for the drop in time deposits (-10.1%).

The most relevant of the evolution of the area's activity in the second quarter of 2022 has been:

- Lending activity was above the previous quarter (+2.5%), fostered by the growth in public sector institutions (+11.9%), business segments (+3.5%) and consumer loans (+3.4%, including credit cards).
- With regard to asset quality, the NPL ratio decreased 14 basis points in the quarter to 4.0% mainly due to the increase in activity, supported by a slight reduction in non-performing loans. In terms of coverage, the ratio remained stable in the quarter at 61%.
- Total customer funds remained stable between April and June (+0.2%). By products, growth in demand deposits (+2.5%) and reduction in off-balance sheet funds (-4.4%), affected by the unfavorable evolution of the markets, and in time deposits (-1.0%).

Results

Spain generated a net attributable profit of €1,010m during the first half of 2022, up 39.2% from the result achieved during the first half of the previous year, due to the strength of the gross income, driven by commissions and the significant reduction in personnel expenses, as well as lower loan-loss provisions and provisions. This result does not include the net impact of €-201m from the purchase of offices from Merlin. If this impact is taken into account, the cumulative attributable result of the area at the end of June 2022 stands at €808m, 11.5% above the attributable result for the same period of the previous year.

The most notable aspects of the year-on-year changes in the area's income statement at the end of June 2022 were:

- Net interest income registered a slight year-on-year increase of 0.1%, mainly as a result of better performance of the portfolios. The area's net interest income increased by 5.2% between April and June, mainly due to a better investment performance, reflecting a more favorable interest rate environment.
- Fees and commissions had a positive performance (+4.6% year-on-year), mainly favored by a greater contribution from fees and commissions associated with banking services and, to a lesser extent, from insurance revenues.
- NTI at the end of June 2022 was 11.2% above the one achieved in the same period of the previous year, due in part to the greater contribution of the Global Markets area.
- The other operating income and expenses line compares negatively to the first half of the previous year, mainly due to the higher contribution to the SRF, which offset the good performance of the insurance business.
- Operating expenses were lower than at the end of the first half of 2021 (-4.8% in year-on-year terms), mainly due to lower personnel expenses as a result of the staff reduction.
- As a result of gross income growth and the declined expenses, the efficiency ratio stood at 46.7%, representing a significant improvement compared to the 49.6% recorded at the end of June 2021.
- Impairment on financial assets was 43.7% below the first half of 2021, due to the good performance of the underlying asset in the first half of 2022. As a result, the accumulated cost of risk at the end of June 2021 stood at 0.20%.
- The provisions and other results line closed the first half of the year at €-27m, which positively compares with last year, due to, among other factors, the higher results from real estate assets and lower provisions for off-balance sheet risks compared to the same period in 2021.

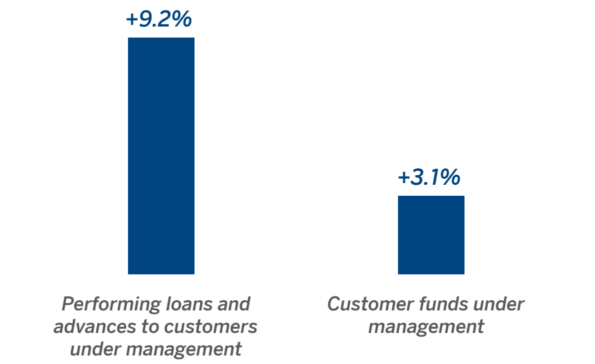
In the second quarter of 2022, Spain generated a net attributable profit of €409m (-31.9% compared to the previous quarter). The recurring income grew between April and June, even if the evolution has been mainly affected by the contribution to the SRF made in the quarter together with a lower NTI. If the net impact of the purchase of offices from Merlin is included, the area's net attributable profit stands at €208m.

Mexico

Highlights

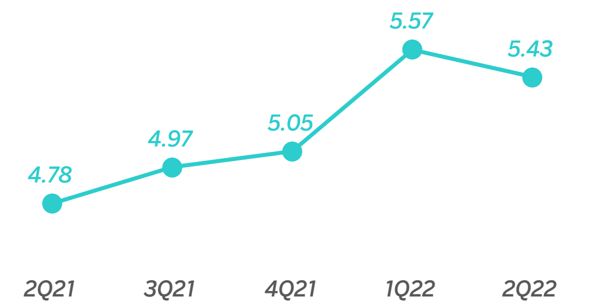
- **Growth in lending activity in all segments during the first semester**
- **Improved customer spread, which is reflected in the net interest income**
- **Significant improvement in the efficiency ratio**
- **Loan-loss provisions in line with the first half of 2021**

BUSINESS ACTIVITY [(1)] (VARIATION AT CONSTANT EXCHANGE RATE COMPARED TO 31-12-21)

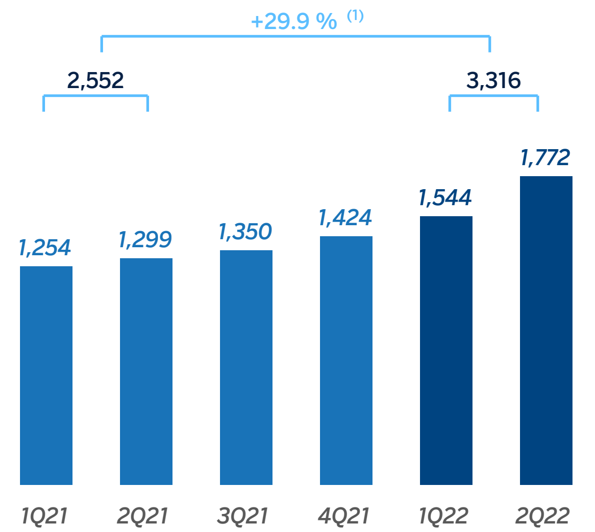


[(1)] Excluding repos.

NET INTEREST INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE AT CONSTANT EXCHANGE RATE)

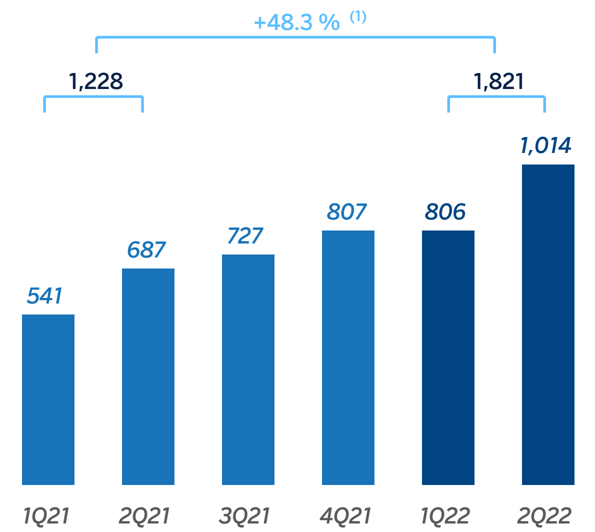


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATE)



[(1)] At current exchange rate: +42.6%.

NET ATTRIBUTABLE PROFIT (LOSS) (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATE)



[(1)] At current exchange rate: +62.8%.

FINANCIAL STATEMENTS AND RELEVANT BUSINESS INDICATORS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	1H22	Δ %	Δ % [(1)]	1H21 [(2)]
Net interest income	**3,684**	**32.9**	**21.1**	**2,771**
Net fees and commissions	744	28.0	16.6	581
Net trading income	227	37.8	25.6	165
Other operating income and expenses	232	165.7	142.1	87
Gross income	**4,887**	**35.6**	**23.5**	**3,604**
Operating expenses	(1,571)	22.9	11.9	(1,279)
Personnel expenses	*(699)*	*33.3*	*21.4*	*(524)*
Other administrative expenses	*(684)*	*14.7*	*4.5*	*(597)*
Depreciation	*(188)*	*19.2*	*8.6*	*(158)*
Operating income	**3,316**	**42.6**	**29.9**	**2,325**
Impairment on financial assets not measured at fair value through profit or loss	(805)	8.6	(1.0)	(741)
Provisions or reversal of provisions and other results	(9)	n.s.	n.s.	9
Profit (loss) before tax	**2,502**	**57.0**	**43.1**	**1,593**
Income tax	(681)	43.5	30.8	(474)
Profit (loss) for the period	**1,821**	**62.8**	**48.3**	**1,119**
Non-controlling interests	(0)	57.3	43.3	(0)
Net attributable profit (loss)	**1,821**	**62.8**	**48.3**	**1,119**

(1) At constant exchange rate.

(2) Restated balances. For more information, please refer to the "Business Areas" section.

Balance sheets	30-06-22	Δ %	Δ % [(1)]	31-12-21
Cash, cash balances at central banks and other demand deposits	16,589	27.8	15.7	12,985
Financial assets designated at fair value	39,991	13.9	3.1	35,126
Of which: Loans and advances	*1,397*	*67.2*	*51.5*	*835*
Financial assets at amortized cost	78,487	20.2	8.9	65,311
Of which: Loans and advances to customers	*67,020*	*20.1*	*8.8*	*55,809*
Tangible assets	1,854	7.1	(3.0)	1,731
Other assets	3,439	16.5	5.5	2,953
Total assets/liabilities and equity	**140,360**	**18.8**	**7.6**	**118,106**
Financial liabilities held for trading and designated at fair value through profit or loss	26,796	35.0	22.3	19,843
Deposits from central banks and credit institutions	5,141	57.3	42.5	3,268
Deposits from customers	72,692	13.6	2.9	64,003
Debt certificates	9,353	17.2	6.1	7,984
Other liabilities	17,429	10.5	0.1	15,779
Regulatory capital allocated	8,949	23.8	12.1	7,229

Relevant business indicators	30-06-22	Δ %	Δ % [(1)]	31-12-21
Performing loans and advances to customers under management [(2)]	67,418	20.5	9.2	55,926
Non-performing loans	2,041	6.3	(3.7)	1,921
Customer deposits under management [(2)]	72,038	13.7	3.0	63,349
Off-balance sheet funds [(3)]	36,908	14.0	3.2	32,380
Risk-weighted assets	73,869	14.4	3.6	64,573
Efficiency ratio (%)	32.2			35.3
NPL ratio (%)	2.8			3.2
NPL coverage ratio (%)	119			106
Cost of risk (%)	2.57			2.67

(1) At constant exchange rate.

(2) Excluding repos.

(3) Includes mutual funds, customer portfolios and other off-balance sheet funds.

Macro and industry trends

Economic growth has surprised on the upside during the beginning of 2022, mainly due to the good performance of domestic demand. This has led BBVA Research to revise upwards its forecast for GDP growth this year to 2.0% (eight-tenths of a percentage point higher than the previous forecast). It is also expected that growth will moderate next year to 1.6%, in line with the global economic slowdown and in an environment in which inflation will remain elevated (around 7.7% in 2022 and 5.2% in 2023, on average). This may require Banxico to raise interest rates above the current level of 7.75%. With regards to the banking system, based on data of May 2022, lending volumes grew by 9.3% over the past year. This growth is reflected by similar rates in the main portfolios: housing credit (+10,7%), consumer credit (+11,0%), and corporate credit (+9,8%). In addition, deposits (demand and time deposits) increased by 10.1% year-on-year to May 2022. The NPL ratio for the system decreased to 2.41% in May 2022 from 2.52% twelve months earlier, and capital indicators are within comfortable levels.

Unless expressly stated otherwise, all the comments below on rates of change, for both activity and results, will be given at constant exchange rate. These rates, together with changes at current exchange rates, can be found in the attached tables of financial statements and relevant business indicators.

Activity

The most relevant aspects related to the area's activity during the first half of 2022 were:

- Lending activity (performing loans under management) grew 9.2% between January and June 2022, with growth in the wholesale portfolio above that of the retail portfolio. The wholesale portfolio, which includes larger companies and the public sector, recorded a growth of 9.9%, due to commercial efforts to attract and retain new customers. For its part, the retail segment accelerated its rate of growth to 7.3% in the semester. Within this segment, mortgage loans, consumer loans and credit cards (+6.1%, +8.3% and +6.1%, respectively) showed the greatest dynamism. The aforementioned has made it possible to maintain a stable composition in lending activity.
- Customer deposits under management increased in the first half of 2022 (+3.0%). This performance is explained by both the growth in demand deposits (+2.7%) and by time deposits (+4.6%). For its part, off-balance sheet funds grew at a rate of 3.2% between January and June 2022.

The most relevant of the evolution of the area's activity in the second quarter of 2022 has been:

- Lending activity increased by 4.8% in the quarter, with growth in the wholesale segment (+5.4%) reflecting greater dynamism in demand (mainly in the SMEs portfolio) above the retail segment (+3.9%) where consumer portfolios and credit cards stood out.
- With regard to the asset quality indicators, the NPL ratio stood at 2.8% at the end of June, an improvement of 14 basis points in the quarter, as a result of a generalized increase in activity in the quarter led by the corporate and retail portfolio. Non-performing loans where supported by the good performance of recoveries, which has offset higher inflows in the quarter, a consequence of the consumer portfolio and the one-off deterioration of one customer. For its part, the NPL coverage ratio improved 354 basis points in the quarter and stood at 119% at the end of June.
- Total funds under management remained stable in the quarter (-0.1%) with growth in time deposits, which registered a variation of +3.6%, favored by the 125 basis points increase in interest rates made by Banxico during the second quarter and in off-balance sheet funds (+1.7%).

Results

In Mexico, BBVA achieved a net attributable profit of €1,821m between January and June 2022, representing an increase of 48.3% compared to the first half of 2021, mainly as a result of the good performance of recurring revenues, especially favored by the dynamism of the net interest income and contained loan-loss provisions, which compensated the increase in operating expenses.

The most relevant aspects of the year-on-year changes in the income statement at the end of June 2022 are summarized below:

- Net interest income increased by 21.1%, mainly as a result of both higher volumes of loans under management and the price effect, as some portfolios already reflect increased official interest rates together with better results from the securities portfolio.
- Net fees and commissions increased by 16.6% thanks to the increase in the level of transactions, especially on credit cards, as well as those arising from investment banking operations and mutual fund management.
- NTI increased by 25.6% year-on-year, mainly due to the excellent results of the Global Markets unit.
- The other operating income and expenses line recorded a year-on-year growth of 142.1%, thanks to higher results of the insurance business.
- Operating expenses increased (+11.9%), mainly due to higher personnel expenses, impacted by the employee internalization process carried out in the second half of 2021. General expenses also increased, in an environment of rising prices where certain expenses are indexed to inflation, as well as by higher marketing and technology expenses. Notwithstanding the above, there was a significant improvement of 333 basis points in the efficiency ratio, which stood at 32.2% compared to 35.5% recorded twelve months earlier.
- The impairment on financial assets remained very much in line with the first half of 2021 (-1.0%), due to the good performance of the portfolio together with an adequate management of recoveries. As a result of all the above, the cumulative cost of risk at the end of June 2022 stood at 2.57%, -27 basis points below the previous quarter.
- The provisions and other results line showed an unfavorable comparison, mainly due to provisions for contingent liabilities and commitments.

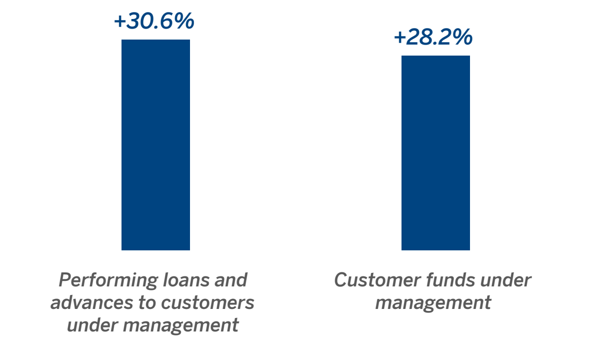
In the quarter, excluding the exchange rate effects, BBVA Mexico generated net attributable profit of € 1,014m, showing a growth of +25.8% compared to the previous quarter. This result was driven by the good performance of insurance income, as a result of the annual renewal of policies for the insured group, together with the performance of recurring revenue items (net interest income and fees and commissions, which grew by +4.3%), and the NTI, supported by contained operating expenses (+0.2%) and a positive evolution of provisions for impairment on financial assets (-14.6%) in the quarter.

Turkey

Highlights

- **Growth in activity, again driven by loans and deposits in Turkish lira**
- **Year-on-year growth in recurring revenue and NTI**
- **Solid risk indicators**
- **Positive half-year net attributable profit**

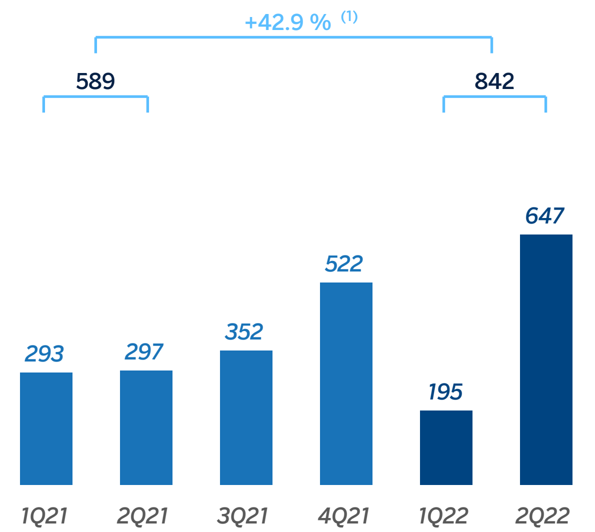
BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATE COMPARED TO 31-12-21)



[1] Excluding repos.

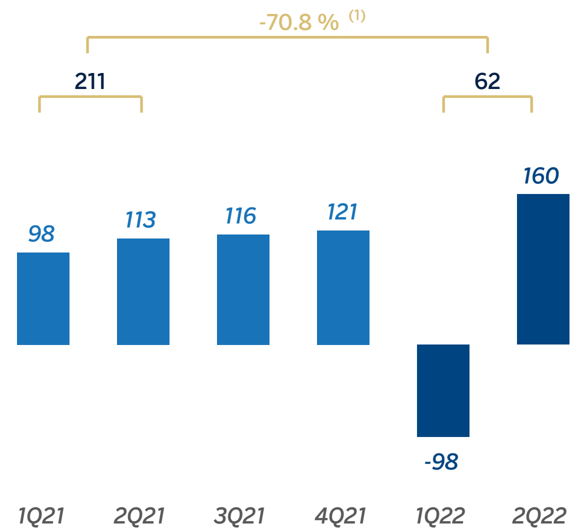
NET INTEREST INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE AT CONSTANT EXCHANGE RATE)

OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATE)



[1] At current exchange rate: -21.4%.

NET ATTRIBUTABLE PROFIT (LOSS) (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATE)



[1] At current exchange rate: -84.0%.

FINANCIAL STATEMENTS AND RELEVANT BUSINESS INDICATORS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	1H22	Δ %	Δ % (1)	1H21 (2)
Net interest income	**1,163**	**12.2**	**104.2**	**1,036**
Net fees and commissions	295	(0.8)	80.4	297
Net trading income	395	119.9	300.0	180
Other operating income and expenses	(511)	n.s.	n.s.	58
Gross income	**1,342**	**(14.6)**	**55.4**	**1,571**
Operating expenses	(500)	0.1	82.1	(499)
Personnel expenses	*(280)*	*(0.5)*	*80.9*	*(282)*
Other administrative expenses	*(156)*	*1.2*	*84.1*	*(154)*
Depreciation	*(64)*	*0.3*	*82.4*	*(64)*
Operating income	**842**	**(21.4)**	**42.9**	**1,072**
Impairment on financial assets not measured at fair value through profit or loss	(171)	2.1	85.8	(168)
Provisions or reversal of provisions and other results	(34)	n.s.	n.s.	48
Profit (loss) before tax	**637**	**(33.1)**	**21.7**	**952**
Income tax	(636)	264.7	n.s.	(174)
Profit (loss) for the period	**1**	**(99.8)**	**(99.7)**	**778**
Non-controlling interests	60	n.s.	n.s.	(394)
Net attributable profit (loss)	**62**	**(84.0)**	**(70.8)**	**384**

(1) At constant exchange rate.

(2) Restated balances due to reallocation of some technology expenses. For more information, please refer to the "Business Areas" section.

Balance sheets	30-06-22	Δ %	Δ % (1)	31-12-21
Cash, cash balances at central banks and other demand deposits	8,051	3.7	17.9	7,764
Financial assets designated at fair value	5,598	5.8	20.3	5,289
Of which: Loans and advances	*1*	*(99.8)*	*(99.8)*	*295*
Financial assets at amortized cost	48,362	16.4	32.4	41,544
Of which: Loans and advances to customers	*35,610*	*13.4*	*28.9*	*31,414*
Tangible assets	921	47.8	68.1	623
Other assets	1,168	14.0	29.7	1,025
Total assets/liabilities and equity	**64,101**	**14.0**	**29.6**	**56,245**
Financial liabilities held for trading and designated at fair value through profit or loss	2,381	4.8	19.2	2,272
Deposits from central banks and credit institutions	5,307	29.9	47.7	4,087
Deposits from customers	42,688	11.3	26.6	38,341
Debt certificates	3,897	7.7	22.5	3,618
Other liabilities	3,007	38.8	57.9	2,166
Regulatory capital allocated	6,821	18.4	34.6	5,761

Relevant business indicators	30-06-22	Δ %	Δ % (1)	31-12-21
Performing loans and advances to customers under management (2)	35,152	14.8	30.6	30,610
Non-performing loans	2,863	(4.4)	8.7	2,995
Customer deposits under management (2)	42,687	11.4	26.6	38,335
Off-balance sheet funds (3)	4,925	26.5	43.8	3,895
Risk-weighted assets	51,055	2.7	16.8	49,718
Efficiency ratio (%)	37.2			29.5
NPL ratio (%)	5.9			7.1
NPL coverage ratio (%)	83			75
Cost of risk (%)	0.88			1.33

(1) At constant exchange rate.

(2) Excluding repos.

(3) Includes mutual funds and pension funds.

Macro and industry trends

Despite the complex local and global macroeconomic environment, economic activity has been stronger than expected in the first half of the year. According to BBVA Research’s estimates, the resilience in activity could lead to growth of 5.0% in 2022. This figure is significantly higher than the 2.5% forecasted 3 months ago. Moreover, the relative strength of demand, high commodity prices and the sharp depreciation of the Turkish lira in a context of negative interest rates in real terms have all contributed to an inflationary spike, with annual inflation reaching 78.6% in June 2022. According to BBVA Research's estimates, growth could slow to 3.0% in 2023, which would reduce inflationary pressures and improve the external accounts. However, the economic environment remains highly unstable due to the combination of high inflation, very low real rates, pressure on the Turkish lira, high external funding needs, and the current global context.

Total credit volumes in the banking system increased by 57.6% year-on-year in local currency terms as of May 2022, including +49,6% growth in the Turkish lira portfolio and +71,3% growth in the foreign currency credit portfolio. Meanwhile, deposits grew by 73.0%. These growth rates are adjusted for inflation and the depreciation of the Turkish lira. The system's NPL ratio stood at 2.61% in May 2022 (3.69% in May 2021 and 3.16% at the end of 2021).

Unless expressly stated otherwise, all comments below on rates of changes for both activity and income, will be presented at constant exchange rates. For the conversion of these figures, the exchange rate as of June 30, 2022 is used. These rates, together with changes at current exchange rates, can be observed in the attached tables of the financial statements and relevant business indicators.

Activity

The most relevant aspects related to the area’s activity during the first six months of 2022 were:

- Lending activity (performing loans under management) increased by 30.6% between January and June 2022, driven by the growth in Turkish lira loans (+36.0%). This growth was mainly supported by commercial loans and, to a lessor extent, credit cards and consumer loans. Foreign currency loans (in U.S. dollars) continued decreasing in the first half of 2022 (-4.8%).
- Customer deposits under management (67% of the area's total liabilities as of June 30, 2022) remained the main source of funding for the balance sheet and increased by 26.6%. Especially noteworthy is the positive performance of Turkish lira time deposits (+51.3%), which represent a 72.1% of total customer deposits in local currency, as well as demand deposits (+45.5%). Foreign currency deposits (in U.S. dollars) decreased by 11.1%. For its part, the evolution of off-balance sheet funds (+43.8%) also stood out.

The most relevant of the evolution of the area's activity in the second quarter of 2022 has been:

- Lending activity (performing loans under management) was above the previous quarter (+13.4%) thanks to the similar dynamism of the evolution as observed during the first six months of 2022: positive evolution of the Turkish lira loans, highlighting consumer loans (+15.3%),credit cards (+21.7%) and, especially, business loans (+18.6%).
- In terms of asset quality, the NPL ratio decreased by 78 basis points compared to the end of March 2022 to 5.9%, due to increased activity in the quarter, especially in Turkish lira loans, together with NPL flows where the entries of individualized cases were offset by recoveries and, retail portfolio sales. The NPL coverage ratio improved to 83% as of June 30, 2022.
- Total funds under management showed a positive quarterly evolution (+13.6%), highlighting the growth of local currency time and demand deposits (+14.0% and +23.4%, respectively), as well as the growth of off-balance sheet funds (+18.5%).

Results

Turkey generated a net attributable profit of €62m between January and June 2022. This result includes the application of accounting for hyperinflation in Turkey in the second quarter of 2022, with effect from January 1 of the same year, which includes, among others, the loss of the net monetary position for a gross import of €-1,686m, partially offset by the gross impact of income derived from inflation-linked bonds (CPI linkers) for €+1,132m, both recorded in the "Other operating income and expenses" line, and includes the impact from the application of the spot exchange rate as of June 30, 2022. It also includes the effect on the result attributed to the Group after the acquisition of 1,517,195,890 shares equivalent to 36.12% of the share capital of Garanti BBVA after the completion of the voluntary takeover bid. These results are not comparable with those from the first half of 2021, as accounting for hyperinflation has been applied since January 1, 2022.

The most significant aspects of quarterly evolution in the area's income statement were:

- Net interest income recorded significant growth (+49.0%), due to higher Turkish lira loan volumes and an increase in the customer spread.
- Net fees and commissions increased by 35.8%, mainly driven by the positive performance in payment systems, money transfers, asset management, contingent commitments and Project Finance.
- NTI performed significantly well (+40.3%), mainly due to FX trading gains, the earnings generated by the Global Markets unit, as well as gains from derivatives transactions.
- Other operating income and expenses line, which includes, among others, the aforementioned loss in value of the net monetary position due to the country's inflation rate, compares positively with the first quarter of 2022. It should be noted that said loss is partially offset by the income derived from the inflation-linked bonds (CPI linkers), which increased between April and June, in relation to those obtained in the first quarter of 2022. Apart from the above, a greater contribution from the subsidiaries of Garanti BBVA.
- Operating expenses grew by 21.7%, mainly due to higher personnel expenses.

- Impairment on financial assets decreased by 9.7% mainly due to lower requirements in the collective wholesale portfolio due to recoveries and repayments of singular clients. As a result of the above and also favored by the growth in lending activity, the accumulated cost of risk at the end of June 2022 decreased to 0.88% from the 0.99% accumulated at the end of the previous quarter.
- The provisions and other results line closed June with a higher loss than the previous quarter, mainly due to higher provisions for special funds and contingent liabilities.

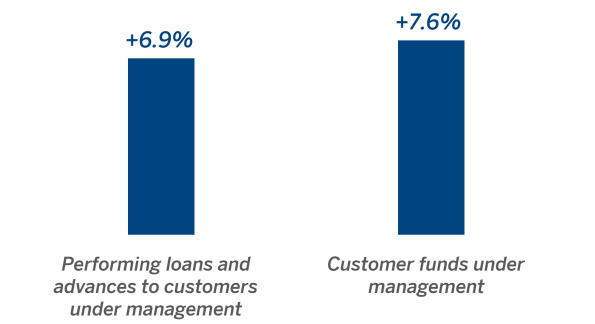
Ultimately, the accumulated income tax at the end of June 2022 is affected by the application of IAS 29, generating additional adjustments to the tax expense, together with the increase in the tax rate from 23% to 25% with effect as from April 2022.

South America

Highlights

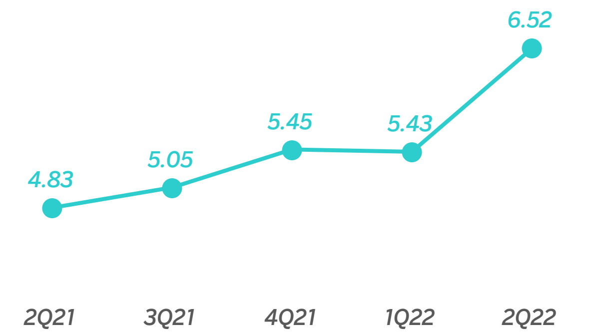
- **Growth in lending activity and customer funds**
- **Significant momentum in recurring income**
- **Stability in the efficiency ratio despite the growth in expenses in an inflationary environment**
- **Outstanding growth in net attributable profit in the quarter**

BUSINESS ACTIVITY [(1)] (VARIATION AT CONSTANT EXCHANGE RATES COMPARED TO 31-12-21)

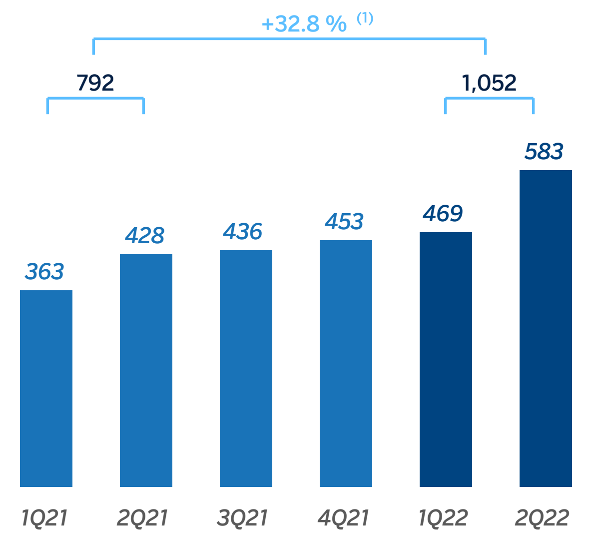


[(1)] Excluding repos.

NET INTEREST INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE AT CONSTANT EXCHANGE RATES)

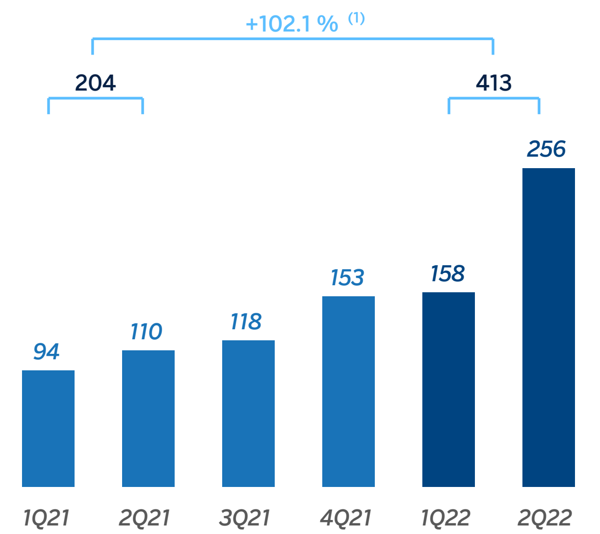


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



[(1)] At current exchange rates: +33.7%.

NET ATTRIBUTABLE PROFIT (LOSS) (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



[(1)] At current exchange rates: +96.3%.

FINANCIAL STATEMENTS AND RELEVANT BUSINESS INDICATORS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	1H22	Δ %	Δ % [(1)]	1H21 [(2)]
Net interest income	**1,849**	**39.3**	**39.8**	**1,328**
Net fees and commissions	401	50.3	47.5	267
Net trading income	203	12.7	10.3	180
Other operating income and expenses	(478)	62.2	64.9	(295)
Gross income	**1,975**	**33.4**	**32.7**	**1,480**
Operating expenses	(923)	33.1	32.6	(693)
Personnel expenses	*(447)*	*34.5*	*34.2*	*(332)*
Other administrative expenses	*(394)*	*35.2*	*35.1*	*(291)*
Depreciation	*(83)*	*18.1*	*14.6*	*(70)*
Operating income	**1,052**	**33.7**	**32.8**	**786**
Impairment on financial assets not measured at fair value through profit or loss	(272)	(20.9)	(23.3)	(343)
Provisions or reversal of provisions and other results	(42)	41.0	36.7	(29)
Profit (loss) before tax	**738**	**78.5**	**81.4**	**414**
Income tax	(142)	10.9	10.7	(128)
Profit (loss) for the period	**597**	**108.7**	**113.9**	**286**
Non-controlling interests	(183)	143.5	146.2	(75)
Net attributable profit (loss)	**413**	**96.3**	**102.1**	**210**

(1) At constant exchange rates.

(2) Restated balances. For more information, please refer to the “Business Areas” section.

Balance sheets	30-06-22	Δ %	Δ % [(1)]	31-12-21
Cash, cash balances at central banks and other demand deposits	8,883	3.9	(2.9)	8,549
Financial assets designated at fair value	11,048	54.0	43.8	7,175
Of which: Loans and advances	*363*	*131.5*	*120.1*	*157*
Financial assets at amortized cost	43,317	14.8	6.4	37,747
Of which: Loans and advances to customers	*40,176*	*16.1*	*6.8*	*34,608*
Tangible assets	1,100	23.0	18.1	895
Other assets	1,995	13.5	9.1	1,758
Total assets/liabilities and equity	**66,343**	**18.2**	**10.0**	**56,124**
Financial liabilities held for trading and designated at fair value through profit or loss	3,105	64.8	54.1	1,884
Deposits from central banks and credit institutions	5,653	2.8	(8.2)	5,501
Deposits from customers	43,314	19.2	10.6	36,340
Debt certificates	3,818	18.8	10.9	3,215
Other liabilities	4,407	4.8	4.6	4,207
Regulatory capital allocated	6,046	21.5	13.1	4,977

Relevant business indicators	30-06-22	Δ %	Δ % [(1)]	31-12-21
Performing loans and advances to customers under management [(2)]	40,175	16.2	6.9	34,583
Non-performing loans	1,960	8.1	(1.5)	1,813
Customer deposits under management [(3)]	43,333	19.2	10.6	36,364
Off-balance sheet funds [(4)]	17,511	7.9	0.9	16,223
Risk-weighted assets	49,641	14.6	6.6	43,334
Efficiency ratio (%)	46.7			48.2
NPL ratio (%)	4.2			4.5
NPL coverage ratio (%)	100			99
Cost of risk (%)	1.24			1.65

(1) At constant exchange rates.

(2) Excluding repos.

(3) Excluding repos and including specific marketable debt securities.

(4) Includes mutual funds, customer portfolios in Colombia and Peru and pension funds.

SOUTH AMERICA. DATA PER COUNTRY (MILLIONS OF EUROS)

	Operating income				Net attributable profit (loss)			
Country	**1H22**	**Δ %**	**Δ % (1)**	**1H21 (2)**	**1H22**	**Δ %**	**Δ % (1)**	**1H21 (2)**
Argentina	183	103.9	n.s.	90	101	n.s.	n.s.	13
Colombia	350	22.6	20.1	285	149	44.1	41.2	103
Peru	427	25.7	15.4	340	117	122.4	104.2	53
Other countries (3)	92	28.5	24.9	72	46	12.0	9.8	41
Total	**1,052**	**33.7**	**32.8**	**786**	**413**	**96.3**	**102.1**	**210**

(1) Figures at constant exchange rates.

(2) Restated balances. For more information, please refer to the "Business Areas" section.

(3) Bolivia, Chile (Forum), Uruguay and Venezuela. Additionally, it includes eliminations and other charges.

SOUTH AMERICA. RELEVANT BUSINESS INDICATORS PER COUNTRY (MILLIONS OF EUROS)

	Argentina		Colombia		Peru	
	30-06-22	**31-12-21**	**30-06-22**	**31-12-21**	**30-06-22**	**31-12-21**
Performing loans and advances to customers under management (1) (2)	4,018	2,986	14,584	12,972	17,578	17,852
Non-performing loans and guarantees given (1)	58	73	703	733	1,111	1,109
Customer deposits under management (1) (3)	7,491	5,450	15,291	13,477	16,146	16,008
Off-balance sheet funds (1) (4)	1,987	1,538	2,309	2,498	1,445	1,874
Risk-weighted assets	7,344	6,775	16,834	14,262	20,344	18,016
Efficiency ratio (%)	66.4	69.0	34.9	37.0	36.9	38.2
NPL ratio (%)	1.4	2.3	4.3	5.0	5.0	4.9
NPL coverage ratio (%)	172	146	106	103	89	89
Cost of risk (%)	2.15	2.20	1.54	1.85	0.84	1.59

(1) Figures at constant exchange rates.

(2) Excluding repos.

(3) Excluding repos and including specific marketable debt securities.

(4) Includes mutual funds and customer portfolios (in Colombia and Peru).

Unless expressly stated otherwise, all the comments below on rates of change, for both activity and results, will be given at constant exchange rates. These rates, together with the changes at current exchange rates, can be found in the attached tables of the financial statements and relevant business indicators.

Activity and results

The most relevant aspects related to the area's activity during the first half of 2022 were:

- Lending activity (performing loans under management) increased +6.9% in the first six months of the year, with growth in all segments highlighting the performance of the consumer (+13.4%) and business (+4.1%) portfolios.
- Customer funds under management increased (+7.6%) compared to the closing balances at the end of 2021, with growth in customer deposits, both in time deposits (+35.5%) and in demand deposits (+2.5%), as well as off-balance sheet funds (+0.9%).

The most relevant aspects of the evolution of the area's activity in the quarter were:

- Lending activity (performing loans under management) was higher than in the previous quarter (+5.1%) with growth in all segments, in particular, the business portfolio (+4.0%) and consumer (+6.6%).
- With regard to asset quality, the NPL ratio stood at 4.2%, a decrease of 13 basis points in the quarter, with reductions in Colombia and Argentina as a result of a good management of recoveries and activity growth. For its part, the NPL coverage rate reached 100%.
- Total customer funds increased in the quarter, boosted by growth in, both, time deposits (+31.4%) and demand deposits (+3.2%). Off-balance sheet funds remained stable in the quarter (-0.6%).

South America generated €413m in the first half of 2022, a year-on-year increase of +102.1%, mainly due to the improved performance of recurring income (+41.1%) and lower loan-loss provisions (-23.3%), which more than offset the growth of expenses (+32.6%) in an environment of high inflation throughout the region. At the end of June 2022, the cumulative impact of hyperinflation in Argentina in the "Other operating income and expenses" line of the area was €-360m compared to €-189m accumulated at the end of June 2021.

In the quarter and excluding the effect of exchange rate fluctuations, South America generated a net attributable profit of €256m, supported mainly by the good performance of recurring income (+28.1% compared to the previous quarter). The aforementioned, together with a positive performance of the NTI (+17.4%), a lower level of loan loss provisions (-7.7%) and a reduced tax rate originated in Argentina, offset the increase in operating expenses (+23.2%) in the context of higher activity and inflation.

More detailed information on the most representative countries of the business area is provided below:

Argentina

Macro and industry trends

Volatility in financial markets has increased significantly in recent months, particularly in the foreign exchange and local currency government debt markets. This is largely due to the less favorable global economic backdrop, the difficulty in correcting current macroeconomic distortions, further exacerbated by the question of meeting the targets set in March 2022 in the loan agreement with the International Monetary Fund. There is a lot of uncertainty regarding future policy developments. However, BBVA Research projects that inflation, which was 64,0% in May, will rise further. It also forecasts that GDP is expected to grow by 2.5% in 2022, down from the previous forecast of 3.5%, and slowing (or even shrinking) through 2023.

Inflation continues to drive the banking system's balances. At the end of June 2022, lending grew by 51.2% compared to the same month in 2021, while deposits grew by 52.0%. The NPL ratio fell to 3.6% in April 2022 (a decrease of 60 basis points compared to April 2021).

Activity and results

- Lending activity increased by 34.6% compared to the close of December 2021, a figure that is below inflation, with similar growth in the business segment (+42.8%) and in the retail segment (+29.3%) balances, highlighting in the latter consumer loans (+33.1%) and, especially, credit cards (+29.6%). In the quarter, the NPL ratio stood at 1.4% mainly driven by activity, together with a decrease in the balance of non-performing loans. For its part, the NPL coverage ratio increased to 172% thanks to the aforementioned decrease in the balance of non-performing loans in the quarter.
- Balance sheet funds grew by 37.5% in the first half of 2022 and off-balance sheet funds (mutual funds) grew by 29.2% in the same period.
- The cumulative net attributable profit at the end of June 2022 stood at €101m, above the figure achieved in the first half of 2021. The good year-on-year performance of the net interest income was mainly favored by a higher investment volume, and a favorable evolution of fees, highlighting payment channels, which were partially offset by a more negative adjustment for inflation, as well as higher expenses. In the second quarter of 2022, the growth in recurring income and NTI as well as an extraordinary payment in the income tax, as a result of the regularization of its tax deferrals due to considering the tax revaluation of certain fixed assets, can be highlighted.

Colombia

Macro and industry trends

Economic activity in general and domestic demand, in particular, have been more dynamic than expected in recent months. Thus, growth in 2022 could be 6.8%. This is significantly higher than the previous forecast of 4.5% by BBVA Research. High inflation has contributed to the Bank of the Republic raising interest rates in June to 7.5% from 1.75% in August 2021. BBVA Research forecasts that, with additional interest rate hikes on the horizon, inflation will stay relatively high in 2022 (9.1%, on average) and ease somewhat in 2023 (5.9%, on average), and for growth to converge at around 2.0% in 2023.

May 2022 saw total credit growth accelerate to 15.3% year-on-year in the banking system. This was largely driven by loans for households (consumer and mortgages grew 21.5% and 14.3% year-on-year, respectively). Corporate credit growth also accelerated to 11.8% year-on-year in the same month. Total deposits at the end of May 2022 stabilized at 12.9% year-on-year, with clearer indications of return to growth in term deposits (+15.9% year-on-year at the end of May) and still significant growth in demand deposits of 11.5% for the same month. The system's NPL ratio fell to 3.81% in April 2022, down 110 basis points from the same month in 2021.

Activity and results

- Lending activity accelerated its growth rate compared to the end of 2021 to 12.4%, with a more dynamic performance in the wholesale portfolio (+18.4%), due to the behavior of the business segment and slightly less in the retail portfolio (+8.8%), where the consumer loans "*libranzas*" and "*free investment*" stood out, both aimed at customers with payroll or fixed income. In terms of asset quality, the NPL ratio stood at 4.3% at the end of the first half of 2022, which represents a reduction of 28 basis points in the quarter driven by activity (wholesale and consumer) together with retail NPL entries, offset by a good management of recoveries, portfolio sales and write-offs. For its part, the NPL coverage ratio increased to 106%, due to the good performance of the non-performing loans.
- Customer deposits under management increased by 13.5% during the first half of 2022, as a result of the recovery of time deposits (+23.2%) resulting from the rate hikes implemented by the central bank, as well as the growth in demand deposits, which accelerated their growth rate between April and June (+8.8% during the first semester). For its part, off-balance sheet funds (mutual funds and managed portfolios) registered a decrease in the same time horizon (-7.6%) between January and June 2022.
- The net attributable profit in the first half of 2022 stood at €149m, or 41.2% above that achieved in the same period of the previous year, due to the boost in net interest income and the favorable evolution of the NTI, as well as lower provisions for impairment on financial assets. This offset the increase in operating expenses and income tax because of the increase in the tax rate from 34% to 38%. In the second quarter of 2022, the dynamics shown by the BBVA Colombia account are similar to those mentioned in the accumulated year-on-year evolution, although commissions remained flat and the effective tax rate for the second quarter was lower than in the previous quarter.

Peru

Macro and industry trends

Activity indicators have been more positive than expected in the first months of the year, partly due to the process of economic reopening after pandemic-related mobility restrictions, the high level of private savings and fiscal stimulus measures. High inflation, tightening of monetary conditions, and the global slowdown in economic growth will all negatively impact future growth. Therefore, BBVA Research has revised its growth forecast for 2022 and expects growth of around 2% — unchanged from the previous forecast — while it expects a growth rate of 2.8% in 2023. Inflation is expected to remain relatively high in 2022 (around 7.4%, on average), but should ease somewhat in 2023 (around 4.8%, on average), due in part to the tightening of local monetary conditions.

Total credit growth in the banking system reached 7.4% year-on-year in April 2022. The moderation in lending to corporates continues, following a 4.4% year-on-year increase. This is offset by the strong momentum in consumer loans, which grew by 19.8% year-on-year in April. The housing loans portfolio maintained its year-on-year growth rate and stood at 8.1% in the same month. The system's total deposits have continued to shrink since the start of the year. They fell by 2.3% year-on-year to April. The NPL ratio for the system remained stable at around 3.2% in May of 2022, 3 basis points higher than at the same month in 2021).

Activity and results

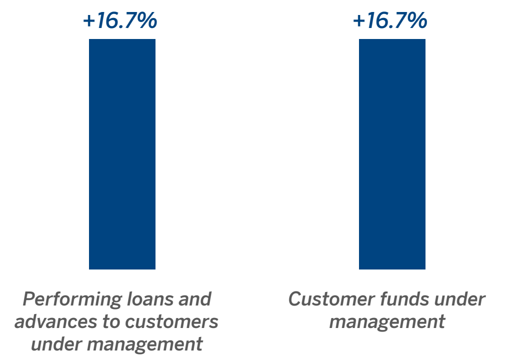
- Lending activity decreased 1.5% between January and June 2022, mainly due to the deleveraging of loans to companies (-5.5%) in an environment of high competition, which makes it difficult to offset the amortizations of the program *Reactiva Peru*. In the quarter, the NPL ratio increased to 5.0%, mainly due to the growth in non-performing loans and positively affected by the evolution of lending activity. For its part, the NPL coverage ratio stood at 89%, in line with the end of 2021.
- Customers funds under management decreased by 1.6% in the first half of 2022, mainly due to lower balances in demand deposits (-9.1%) and, to a lesser extent, to the decrease in off-balance sheet funds (-22.9%), which together offset the growth of time deposits (+52.0%).
- BBVA Peru's net attributable profit stood at €117m at the end of June 2022, 104.2% higher than the figure achieved at the end of the first half of 2021. During the first half of 2022, recurring income grew by 20.1%, thanks to the favorable evolution of the net interest income, which benefited from the increase in the customer spread, the income from marketable debt securities and those derived from excess liquidity, and commissions, which include the reactivation of the economic activity in 2022. The aforementioned, together with the lower provisions for impairment of financial assets (-53.8%), offset the increase in operating expenses (+12.0%). In the second quarter, BBVA Peru has shown an outstanding evolution in the net interest income, due to the higher yield of surplus liquidity, supported by the higher benchmark rates and a somehow more favorable evolution of the activity. This, together with the increase in fees and commissions, linked to the aforementioned greater activity, and an improvement in NTI, largely explain the quarterly evolution of the income statement.

Rest of Business

Highlights

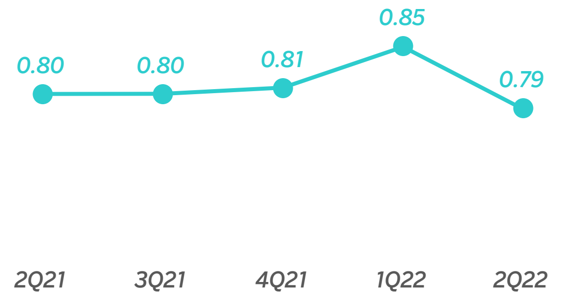
- **Balanced growth in lending activity and in customer funds in the first half of 2022**
- **Strong net interest income**
- **The cost of risk remains at low levels**
- **Year-on-year growth in the net attributable profit of the European businesses**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATES COMPARED TO 31-12-21)

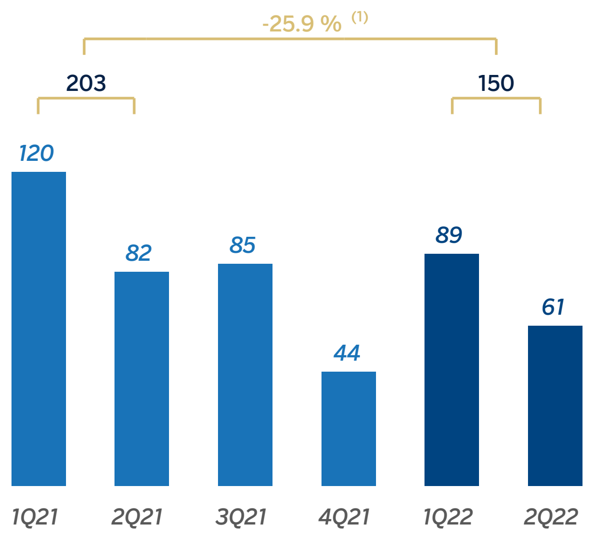


[1] Excluding repos.

NET INTEREST INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE AT CONSTANT EXCHANGE RATES)

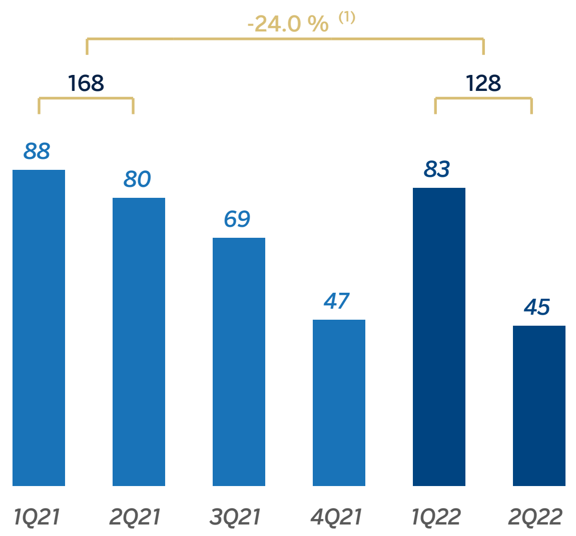


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



[1] At current exchange rates: -22.8%.

NET ATTRIBUTABLE PROFIT (LOSS) (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



[1] At current exchange rates: -19.8%.

FINANCIAL STATEMENTS AND RELEVANT BUSINESS INDICATORS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	1H22	Δ %	Δ % (1)	1H21 (2)
Net interest income	**155**	**10.0**	**6.4**	**141**
Net fees and commissions	122	(8.0)	(12.8)	132
Net trading income	103	(22.2)	(25.9)	133
Other operating income and expenses	4	(77.1)	(78.8)	16
Gross income	**384**	**(9.1)**	**(13.3)**	**422**
Operating expenses	(234)	2.5	(2.6)	(228)
Personnel expenses	*(119)*	*4.2*	*(1.3)*	*(114)*
Other administrative expenses	*(104)*	*(0.3)*	*(5.0)*	*(104)*
Depreciation	*(11)*	*12.0*	*8.8*	*(10)*
Operating income	**150**	**(22.8)**	**(25.9)**	**194**
Impairment on financial assets not measured at fair value through profit or loss	—	n.s.	n.s.	15
Provisions or reversal of provisions and other results	12	n.s.	n.s.	(4)
Profit (loss) before tax	**162**	**(20.9)**	**(25.1)**	**205**
Income tax	(34)	(24.9)	(28.7)	(46)
Profit (loss) for the period	**128**	**(19.8)**	**(24.0)**	**159**
Non-controlling interests	—	—	—	—
Net attributable profit (loss)	**128**	**(19.8)**	**(24.0)**	**159**

(1) At constant exchange rates.

(2) Restated balances. For more information, please refer to the "Business Areas" section.

Balance sheets	30-06-22	Δ %	Δ % (1)	31-12-21
Cash, cash balances at central banks and other demand deposits	5,108	28.7	18.5	3,970
Financial assets designated at fair value	5,715	0.6	(7.1)	5,682
Of which: Loans and advances	*4,570*	*(2.6)*	*(10.7)*	*4,691*
Financial assets at amortized cost	34,950	15.3	12.9	30,315
Of which: Loans and advances to customers	*32,142*	*19.2*	*16.6*	*26,965*
Inter-area positions	—	—	—	—
Tangible assets	77	10.0	8.7	70
Other assets	326	12.0	8.3	291
Total assets/liabilities and equity	**46,176**	**14.5**	**10.5**	**40,328**
Financial liabilities held for trading and designated at fair value through profit or loss	5,024	(0.7)	(8.9)	5,060
Deposits from central banks and credit institutions	1,839	7.6	2.4	1,709
Deposits from customers	7,735	23.4	19.4	6,266
Debt certificates	1,414	21.3	18.2	1,166
Inter-area positions	25,141	13.8	11.0	22,085
Other liabilities	964	27.7	23.7	755
Regulatory capital allocated	4,058	23.4	20.2	3,287

Relevant business indicators	30-06-22	Δ %	Δ % (1)	31-12-21
Performing loans and advances to customers under management (2)	32,188	19.2	16.7	27,000
Non-performing loans	251	(3.9)	(3.9)	261
Customer deposits under management (2)	7,735	23.4	19.4	6,266
Off-balance sheet funds (3)	523	(12.5)	(12.5)	597
Risk-weighted assets	34,389	17.4	14.5	29,280
Efficiency ratio (%)	60.9			58.4
NPL ratio (%)	0.5			0.7
NPL coverage ratio (%)	120			116
Cost of risk (%)	0.00			(0.11)

(1) At constant exchange rates.

(2) Excluding repos.

(3) Includes pension funds.

Unless expressly stated otherwise, all the comments below on rates of change, for both activity and results, will be given at constant exchange rates. These rates, together with the changes at current exchange rates, can be found in the attached tables of the financial statements and relevant business indicators. Comments that refer to Europe exclude Spain.

Activity

The most relevant aspects of the activity of Rest of Business of BBVA Group between January and June 2022 were:

- Lending activity (performing loans under management) registered an increase (+16.7%), due to a favorable performance, mainly from BBVA's branches located in Europe, Asia and, to a lesser extent, in New York.
- Customer funds under management increased by 16.7% in the semester, with growth in time deposits, mainly from the New York branch, which more than offset the decline in demand deposits and off-balance sheet funds.

The most relevant of the evolution of the area's activity in the second quarter of 2022 has been:

- Lending activity remained stable between April and June 2022 (+0.4%) compared to the previous quarter due to the growth in the business segment that offset the deleveraging in the retail segment.
- Regarding credit risk indicators, the NPL ratio stood at 0.5%, 2 basis points below the previous quarter, mainly due to an increase in activity. The NPL coverage ratio improved by 418 basis points to 120%.
- Total customer funds grew in the quarter (+11.0%) thanks to the increase in time deposits (+21.4%), originating mainly in the New York branch, which benefited from the increase in interest rates.

Results

The most significant aspects of the year-on-year evolution in the area's income statement at the end of June 2022 are the following:

- The net interest income increased +6.4% compared to the same period of the previous year, with a positive performance in the New York branch and especially in Europe.
- Net fees and commissions decreased by 12.8% compared to the end of June 2021, due to the lower fees and commissions recorded by BBVA Securities, despite the good performance of investment banking, especially in Europe, and guarantees in the New York branch.
- The NTI line registered a year-on-year decrease of -25.9% mainly driven by the lower results of Global Markets in the United States, affected by the instability of the current context.
- Decrease in the contribution of the other operating income and expenses line, as a result of the lower contribution from BBVA Securities.
- Year-on-year decrease in operating expenses of 2.6% due to the lower expenses recorded by BBVA Securities.
- The impairment on financial assets line closed June 2022 with a slight provision compared to the release of the previous year, originated in the New York branch.
- Favorable performance of the provisions or reversal of provisions line and other results focused on lower provisions in Europe.
- As a result, the area's cumulative net attributable profit between January and June 2022 was €128m (-24.0% year-on-year).

In the second quarter of 2022 and excluding the effect of the variation in exchange rates, the Group's Rest of Businesses as a whole generated a net attributable profit of €45m (-46.3% compared to the previous quarter) mainly affected by the lower NTI generated between April and June.

Corporate Center

FINANCIAL STATEMENTS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	1H22	Δ %	1H21 (1)
Net interest income	**(64)**	**(22.0)**	**(82)**
Net fees and commissions	(20)	(12.5)	(23)
Net trading income	(121)	n.s.	168
Other operating income and expenses	58	(30.2)	84
Gross income	**(147)**	**n.s.**	**146**
Operating expenses	(392)	(0.3)	(393)
Personnel expenses	*(274)*	*2.3*	*(268)*
Other administrative expenses	*(20)*	*(35.6)*	*(31)*
Depreciation	*(98)*	*3.8*	*(95)*
Operating income	**(539)**	**118.5**	**(247)**
Impairment on financial assets not measured at fair value through profit or loss	1	n.s.	0
Provisions or reversal of provisions and other results	5	n.s.	(19)
Profit (loss) before tax	**(533)**	**100.7**	**(265)**
Income tax	294	n.s.	—
Profit (loss) for the period	**(238)**	**(10.3)**	**(266)**
Non-controlling interests	8	n.s.	(5)
Net attributable profit (loss) excluding non-recurring impacts	**(230)**	**(14.8)**	**(271)**
Profit (loss) after tax from discontinued operations (2)	—	—	280
Net cost related to the restructuring process	—	—	(696)
Net attributable profit (loss)	**(230)**	**(66.4)**	**(687)**

(1) Restated balances. For more information, please refer to the "Business Areas" section.

(2) Including the results generated by BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021.

Balance sheets	30-06-22	Δ %	31-12-21
Cash, cash balances at central banks and other demand deposits	6,309	(34.3)	9,609
Financial assets designated at fair value	2,811	33.9	2,099
Of which: Loans and advances	*—*	*n.s.*	*—*
Financial assets at amortized cost	1,044	(52.0)	2,175
Of which: Loans and advances to customers	*343*	*(65.9)*	*1,006*
Inter-area positions	—	—	—
Tangible assets	1,898	(3.3)	1,964
Other assets	14,041	(6.3)	14,988
Total assets/liabilities and equity	**26,103**	**(15.3)**	**30,835**
Financial liabilities held for trading and designated at fair value through profit or loss	188	123.5	84
Deposits from central banks and credit institutions	779	(5.6)	825
Deposits from customers	191	9.0	175
Debt certificates	(531)	n.s.	1,556
Inter-area positions	12,047	55.3	7,758
Other liabilities	5,015	(27.7)	6,932
Regulatory capital allocated	(40,379)	14.5	(35,257)
Total equity	48,793	0.1	48,760

Results

The Corporate Center recorded a net attributable loss of €-230m in the first half of 2022. This result compares positively to €-687m recorded in the same period of the previous year, although it must be taken into account that this figure included the results generated by the Group's businesses in the United States until their sale to PNC on June 1, 2021 and the net costs associated with the restructuring process in Spain carried out by the Group in 2021.

In addition to the above, the most relevant aspects of the year-on-year evolution of this aggregate are summarized below:

- Between January and June 2022, the NTI registered a negative result of €121m, which contrasts with the gains of €168m in the same period of the previous year, mainly due to the lower contribution of the portfolio of industrial and financial holdings.
- Operating expenses remained under control (-0.3%), mainly due to lower IT-related costs.

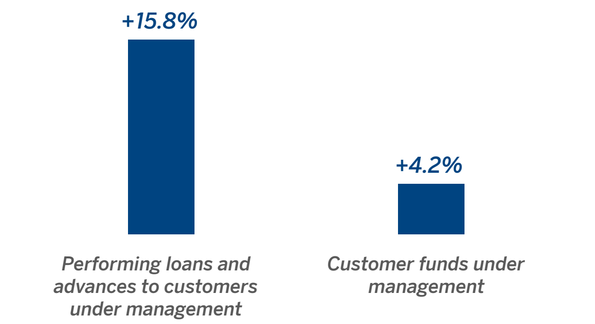
In the quarterly evolution of this aggregate, the record of Telefónica's dividends stands out.

Other information: Corporate & Investment Banking

Highlights

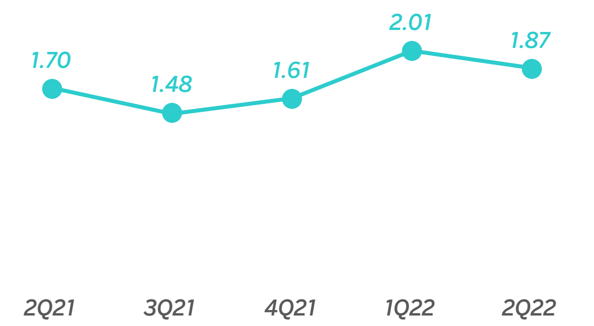
- **Strong performance in lending activity and customer funds in the quarter**
- **Double-digit gross income growth**
- **Improved efficiency ratio**
- **Impairment on financial assets well below those recorded in the first half of 2021**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATES COMPARED TO 31-12-21)

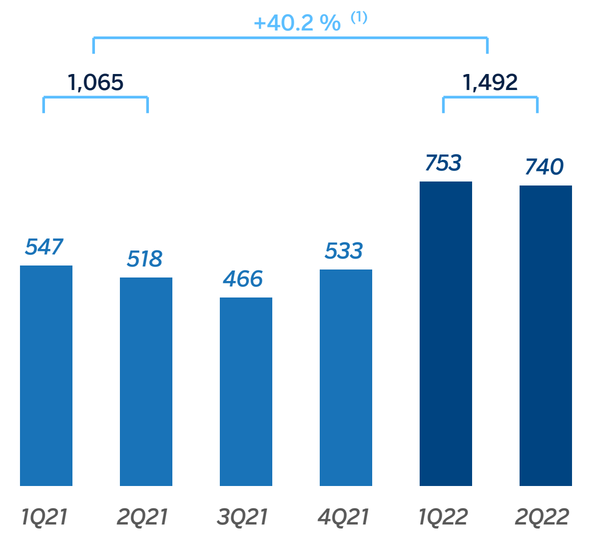


[1] Excluding repos.

GROSS INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE AT CONSTANT EXCHANGE RATES)

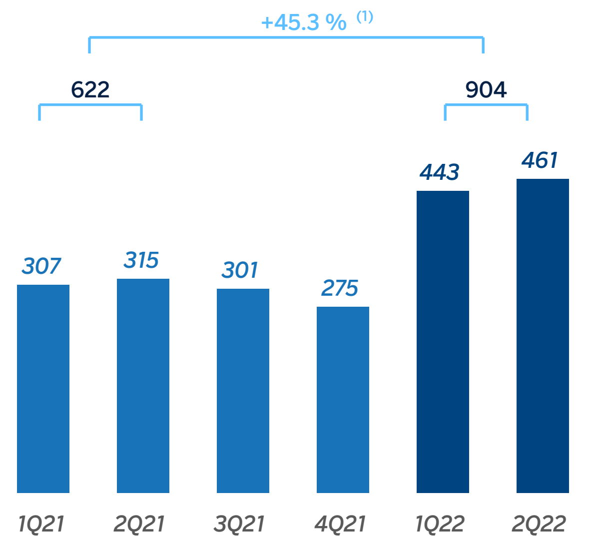


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



[1] At current exchange rates: +30.0%.

NET ATTRIBUTABLE PROFIT (LOSS) (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



[1] At current exchange rates: +42.5%.

FINANCIAL STATEMENTS AND RELEVANT BUSINESS INDICATORS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	1H22 [(1)]	Δ %	Δ % [(2)]	1H21 [(3)]
Net interest income	**945**	**25.7**	**32.0**	**752**
Net fees and commissions	434	12.4	18.8	386
Net trading income	654	30.7	36.9	500
Other operating income and expenses	(16)	(12.4)	(16.2)	(18)
Gross income	**2,018**	**24.5**	**31.0**	**1,621**
Operating expenses	(525)	11.2	10.4	(472)
Personnel expenses	*(236)*	*11.4*	*10.4*	*(212)*
Other administrative expenses	*(236)*	*14.7*	*14.2*	*(206)*
Depreciation	*(52)*	*(3.4)*	*(4.4)*	*(54)*
Operating income	**1,492**	**30.0**	**40.2**	**1,148**
Impairment on financial assets not measured at fair value through profit or loss	5	n.s.	n.s.	(54)
Provisions or reversal of provisions and other results	9	n.s.	n.s.	(16)
Profit (loss) before tax	**1,506**	**39.8**	**48.0**	**1,078**
Income tax	(424)	40.8	47.7	(301)
Profit (loss) for the period	**1,083**	**39.3**	**48.1**	**777**
Non-controlling interests	(179)	25.1	64.5	(143)
Net attributable profit (loss)	**904**	**42.5**	**45.3**	**634**

(1) For the translation of the income statement in those countries where hyperinflation accounting is applied, the punctual exchange rate as of June 30, 2022 is used.

(2) At constant exchange rates.

(3) Restated balances. For more information, please refer to the “Business Areas” section.

Balance sheets	30-06-22	Δ %	Δ % [(1)]	31-12-21
Cash, cash balances at central banks and other demand deposits	8,195	59.9	48.3	5,125
Financial assets designated at fair value	127,392	(3.3)	(4.7)	131,711
Of which: Loans and advances	*45,470*	*(17.7)*	*(18.2)*	*55,232*
Financial assets at amortized cost	84,300	16.5	14.3	72,363
Of which: Loans and advances to customers	*72,966*	*17.6*	*15.2*	*62,042*
Inter-area positions	—	—	—	—
Tangible assets	51	19.4	15.8	43
Other assets	2,001	n.s.	n.s.	110
Total assets/liabilities and equity	**221,939**	**6.0**	**4.1**	**209,352**
Financial liabilities held for trading and designated at fair value through profit or loss	104,489	9.7	8.1	95,283
Deposits from central banks and credit institutions	21,020	63.2	61.0	12,884
Deposits from customers	40,542	5.7	2.5	38,360
Debt certificates	5,005	(12.9)	(16.9)	5,746
Inter-area positions	35,438	(19.8)	(20.6)	44,196
Other liabilities	4,183	44.2	44.7	2,901
Regulatory capital allocated	11,261	12.8	9.3	9,983

Relevant business indicators	30-06-22	Δ %	Δ % [(1)]	31-12-21
Performing loans and advances to customers under management [(2)]	72,898	18.4	15.8	61,588
Non-performing loans	982	(30.7)	(25.8)	1,417
Customer deposits under management [(2)]	39,977	6.8	3.4	37,445
Off-balance sheet funds [(3)]	1,624	23.6	25.2	1,314
Efficiency ratio (%)	26.0			30.9

(1) At constant exchange rate.

(2) Excluding repos.

(3) Includes mutual funds, customer portfolios and other off-balance sheet funds.

Unless expressly stated otherwise, all the comments below on rates of change, for both activity and results, will be given at constant exchange rates. For the conversion of these figures in those countries in which accounting for hyperinflation is applied, the punctual exchange rate as of June 30, 2022 is used. These rates, together with changes at current exchange rates, can be found in the attached tables of financial statements and relevant business indicators.

Activity

The most relevant aspects related to the area's activity in the first half of 2022 were:

- Lending activity (performing loans under management) continued to grow at double digit rates and accumulates a growth of +15.8% in the first half of 2022, with a positive performance in all geographical areas except South America. By product, the Global Transaction Banking operation stands out, although Investment Banking & Finance also performed positively.
- Customer funds increased during the first half of the year (+4.2%), due to the active management of the area. Deposits from the Group’s wholesale customers continue to be a relevant lever for the Group’s liquidity management. By geographical areas, the positive evolution in South America (+22.6%) and New York (+52.9%) stands out.

The most relevant developments in the area's activity in the second quarter of 2022 were:

- Lending activity (performing loans under management) increased between April and June (+3.5%), mainly due to the factoring activity, the management of the recurring activity in Mexico as well as Investment banking.
- Customer funds increased by +4.0% in the quarter mainly due to the efficient management of the balances, the renewal of operations reached its maturity and the closing of new operations, especially in Spain.

Results

CIB generated a net attributable profit of €904m in the first half of 2022. These results, which do not include the application of hyperinflation accounting, represent an increase of 45.3% on a year-on-year basis, due to the growth in recurring income, NTI and lower loan-loss provisions, which offset the growth in operating expenses. It should also be noted that all business lines of the CIB area recorded growth compared to the first half of 2021, both in revenues and net attributable profit.

The contribution by business areas, excluding the Corporate Center, to CIB's accumulated net attributable profit at the end of June 2022 was as follows: 31% Spain, 26% Mexico, 19% Turkey, 14% South America and 13% Rest of Business.

The most relevant aspects of the year-on-year evolution in the income statement of this aggregate are summarized below:

- At the end of the first half of the year, net interest income was +32.0% above the same period last year, with growth in all geographical areas thanks to the aforementioned good performance of lending activity and the performance of the Global Markets and Global Transactional Banking units.
- Net fees and commissions recorded an increase of +18.8%, mainly due to the performance of investment banking, with outstanding operations in Project Finance, Corporate Lending and M&A, as well as transactional banking.
- NTI showed a good evolution (+36.9%), mainly due to the performance of the Global Markets unit, driven by the income from business activity and intraday trading in foreign exchange positions.
- Operating expenses increased by 10.4% in the first half of 2022, in a year-on-year comparison affected by the cost containment plans implemented by CIB in 2021, in addition to the high inflationary environment, although the area continues to focus its efforts on discretionary expenses. Despite the aforementioned, the efficiency ratio stood at 26.0%, which is a significant improvement over the same period last year (-312 basis points).
- Provisions for impairment on financial assets were impacted by a release compared to the provision of the same period in the previous year, due to recoveries achieved in the second quarter.
- Finally, the provision line recorded a net release at the end of the first half of 2022, which contrasts with the provisions made twelve months earlier, mainly in Europe and New York.

In the second quarter of 2022 and excluding the effect of the variation in exchange rates, the Group's wholesale businesses generated a net attributable profit of €461m (+4.1% compared to the previous quarter). This performance was mainly due to the good performance in recurring income (net interest income and fees and commissions) and lower loan-loss provisions.

Alternative Performance Measures (APMs)

BBVA presents its results in accordance with the International Financial Reporting Standards (EU-IFRS). However, it also considers that some Alternative Performance Measures (hereinafter APMs) provide useful additional financial information that should be taken into account when evaluating performance. These APMs are also used when making financial, operational and planning decisions within the Entity. The Group firmly believes that they give a true and fair view of its financial information. These APMs are generally used in the financial sector as indicators for monitoring the assets, liabilities and economic and financial situation of entities.

BBVA Group's APMs are given below. They are presented in accordance with the European Securities and Markets Authority (ESMA) guidelines, published on October 5, 2015 (ESMA/2015/1415en) as well as the statement published by the ESMA on May 20, 2020 (ESMA 32-63-972), about implications of the COVID-19 outbreak on the half-yearly financial reports. The guidelines mentioned before are aimed at promoting the usefulness and transparency of APMs included in prospectuses or regulated information in order to protect investors in the European Union. In accordance with the indications given in the guidelines, BBVA Group's APMs:

- Include clear and readable definitions of the APMs.
- Disclose the reconciliations to the most directly reconcilable line item, subtotal or total presented in the financial statements of the corresponding period, separately identifying and explaining the material reconciling items.
- Are standard measures generally used in the financial industry, so their use provides comparability in the analysis of performance between issuers.
- Do not have greater preponderance than measures directly stemming from financial statements.
- Are accompanied by comparatives for previous periods.
- Are consistent over time.

Constant exchange rates

When comparing two dates or periods in this management report, the impact of changes in the exchange rates against the euro of the currencies of the countries in which BBVA operates is sometimes excluded, assuming that exchange rates remain constant. This is done for the amounts in the income statement by using the average exchange rate against the euro[9] in the most recent period for each currency of the geographical areas in which the Group operates, and applying it to both periods; for amounts in the balance sheet and activity, the closing exchange rates in the most recent period are used.

Reconciliation of the Financial Statements of the BBVA Group

Below is the reconciliation between the income statements of the Condensed Interim Consolidated Financial Statements (hereinafter, "consolidated Financial Statements") and the consolidated management income statement, shown throughout this report, for the first semester of 2022 and 2021.

In the first half of 2022, the main difference between the two accounts is in the treatment of the impact of the purchase from Merlin of 100% of the shares of Tree, which in turn owns 662 offices in Spain. For management purposes, this impact is included in a single line, net of taxes, of the income statement called "Net impact of the purchase of offices in Spain", compared to the treatment in the Consolidated Financial Statements, which record the impacts gross and its tax effect in the corresponding headings that are applicable to them.

In the first half of 2021, the main difference between them is the treatment of the cost related to the restructuring process carried out in the first semester of 2021 which, for management purposes, are included in a single line, net of taxes, of the income statement called "Net cost related to the restructuring process", compared to the treatment in the consolidated Financial Statements, which record the gross impacts and their tax effect in the corresponding headings.

In addition, there is a difference in the positioning of the results generated during the first semester of 2021 by BBVA USA and the rest of the companies sold to PNC on June 1, 2021. In the Consolidated financial statements, these results are included in the line "Profit (loss) after tax from discontinued operations" and are taken into account both for the calculation of the "Profit (loss) for the period" and for the profit (loss) "Attributable to the owners of the parent" whereas, for management purposes, they are not included in the "Profit (loss) for the period", as they are included in a line below it, as can be seen in the following table.

[9] With the exception of those countries whose economies have been considered hyperinflationary, for which the closing exchange rate of the most recent period will be used.

CONCILIATION OF THE BBVA GROUP'S INCOME STATEMENTS (MILLIONS OF EUROS)

CONSOLIDATED INCOME STATEMENT	1H22	ADJUSTMENTS	1H22	MANAGEMENT INCOME STATEMENT
NET INTEREST INCOME	**8,551**	**—**	**8,551**	**Net interest income**
Dividend income	76			(*)
Share of profit or loss of entities accounted for using the equity method	15			(*)
Fee and commission income	3,964		3,964	Fees and commissions income
Fee and commission expense	(1,314)		(1,314)	Fees and commissions expenses
	2,650	—	2,650	Net fees and commissions
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	39			
Gains (losses) on financial assets and liabilities held for trading, net	11			
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	-35			
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	348			
Gains (losses) from hedge accounting, net	16			
Exchange differences, net	716			
	1,095	—	1,095	Net trading income
Other operating income	297			
Other operating expense	(1,803)			
Income from insurance and reinsurance contracts	1,537			
Expense from insurance and reinsurance contracts	(908)			
	(787)	—	(787)	Other operating income and expenses
GROSS INCOME	**11,509**	**—**	**11,509**	**Gross income**
Administration costs	(4,401)		(5,054)	Operating expenses (**)
Personnel expense	(2,587)	—	(2,587)	Personnel expenses
Other administrative expense	(1,815)	—	(1,815)	Other administrative expenses
Depreciation and amortization	(652)	—	(652)	Depreciation
	6,456	**—**	**6,456**	**Operating income**
Provisions or reversal of provisions	(112)	—	(112)	Provisions or reversal of provisions
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	(1,441)	—	(1,441)	Impairment on financial assets not measured at fair value through profit or loss
NET OPERATING INCOME	**4,903**	**—**	**4,903**	
Impairment or reversal of impairment of investments in joint ventures and associates	18.83			
Impairment or reversal of impairment on non-financial assets	—			
Gains (losses) on derecognition of non - financial assets and subsidiaries, net	(15)			
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(120)			
	(116)	134	18	Other gains (losses)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**4,787**	**134**	**4,921**	**Profit (loss) before tax**
Tax expense or income related to profit or loss from continuing operations	(1,668)	67	(1,601)	Income tax
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**3,119**	**201**	**3,320**	**Profit (loss) for the period**
Profit (loss) after tax from discontinued operations	—	—		
PROFIT (LOSS) FOR THE PERIOD	**3,119**	**201**	**3,320**	**Profit (loss) for the period**
ATTRIBUTABLE TO MINORITY INTEREST (NON-CONTROLLING INTERESTS)	**(117)**	**—**	**(117)**	**Non-controlling interests**
ATTRIBUTABLE TO OWNERS OF THE PARENT	**3,001**	**201**	**3,203**	**Net attributable profit (loss) excluding non-recurring impacts**
		(201)	(201)	Net impact arisen from the purchase of offices in Spain
ATTRIBUTABLE TO OWNERS OF THE PARENT	**3,001**	**—**	**3,001**	**Net attributable profit (loss)**

(*) Included within the Other operating income and expenses of the Management Income Statements

(**) Depreciations included.

CONCILIATION OF THE BBVA GROUP'S INCOME STATEMENTS (MILLIONS OF EUROS)

CONSOLIDATED INCOME STATEMENT	1H21	ADJUSTMENTS	1H21	MANAGEMENT INCOME STATEMENT
NET INTEREST INCOME	**6,955**	**—**	**6,955**	**Net interest income**
Dividend income	125			(*)
Share of profit or loss of entities accounted for using the equity method	(5)			(*)
Fee and commission income	3,311		3,311	Fees and commissions income
Fee and commission expense	(996)		(996)	Fees and commissions expenses
	2,315	—	2,315	Net fees and commissions
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	121			
Gains (losses) on financial assets and liabilities held for trading, net	463			
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	280			
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	96			
Gains (losses) from hedge accounting, net	(81)			
Exchange differences, net	206			
	1,084	—	1,084	Net trading income
Other operating income	340			
Other operating expense	(997)			
Income from insurance and reinsurance contracts	1,350			
Expense from insurance and reinsurance contracts	(909)			
	(95)	—	(95)	Other operating income and expenses
GROSS INCOME	**10,259**	**—**	**10,259**	**Gross income**
Administration costs	(3,983)		(4,598)	Operating expenses (**)
Personnel expense	(2,371)	—	(2,371)	Personnel expenses
Other administrative expense	(1,612)	—	(1,612)	Other administrative expenses
Depreciation and amortization	(615)	—	(615)	Depreciation
	5,661	**—**	**5,661**	**Operating income**
Provisions or reversal of provisions	(928)	754	(174)	Provisions or reversal of provisions
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	(1,580)	—	(1,580)	Impairment on financial assets not measured at fair value through profit or loss
NET OPERATING INCOME	**3,153**	**754**	**3,907**	
Impairment or reversal of impairment of investments in joint ventures and associates	—			
Impairment or reversal of impairment on non-financial assets	(196)			
Gains (losses) on derecognition of non - financial assets and subsidiaries, net	5			
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(73)			
	(264)	240	(24)	Other gains (losses)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**2,889**	**994**	**3,883**	**Profit (loss) before tax**
Tax expense or income related to profit or loss from continuing operations	(782)	(298)	(1,080)	Income tax
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**2,107**	**696**	**2,803**	**Profit (loss) for the period**
Profit (loss) after tax from discontinued operations	280	(280)		
PROFIT (LOSS) FOR THE PERIOD	**2,387**	**416**	**2,803**	**Profit (loss) for the period**
ATTRIBUTABLE TO MINORITY INTEREST (NON-CONTROLLING INTERESTS)	**(476)**	**—**	**(476)**	**Non-controlling interests**
ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,911**	**416**	**2,327**	**Net attributable profit (loss) excluding non-recurring impacts**
		280	280	Profit (loss) after tax from discontinued operations
		(696)	(696)	Net cost related to the restructuring process
ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,911**	**—**	**1,911**	**Net attributable profit (loss)**

(*) Included within the Other operating income and expenses of the Management Income Statements

(**) Depreciations included.

Profit (loss) for the period

Explanation of the formula: the profit (loss) for the period is the profit (loss) for the period from the Group's consolidated income statement, which comprises the profit (loss) after tax from continued operations and the profit (loss) after tax from discontinued operations which, for the periods of 2021, includes the results generated by BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021. If the described metric is presented on a date prior to the end of the year, it will be presented on an annualized basis.

Relevance of its use: this measure is commonly used, not only in the banking sectors, for homogeneous comparison purposes.

Profit (loss) for the period

			Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
(Millions of euros)	+	Annualized profit (loss) after tax from continued operations	6,289	5,338	4,956
(Millions of euros)	+	Profit (loss) after tax from discontinued operations (1)	—	280	280
	=	**Profit (loss) for the period**	**6,289**	**5,618**	**5,236**

(1) The periods of 2021 include the results generated by BBVA USA and the rest of the companies in the United States included in the agreement until its sale to PNC as of June 1, 2021.

Adjusted profit (loss) for the period (excluding non-recurring impacts)

Explanation of the formula: the adjusted profit (loss) for the period is the profit (loss) from continued operations for the period from the Group's consolidated income statement, excluding those non-recurring impacts that, for management purposes, are defined at any given moment. If the described metric is presented on a date prior to the end of the year, it will be presented on an annualized basis.

Relevance of its use: this measure is commonly used, not only in the banking sector, for homogeneous comparison purposes.

Adjusted profit (loss) for the period

			Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
(Millions of euros)	+	Annualized profit (loss) after tax from continued operations	6,289	5,338	4,956
(Millions of euros)	-	Net cost related to the restructuring process	—	(696)	(696)
(Millions of euros)	-	Net impact arisen from the purchase of offices in Spain	(201)	—	—
	=	**Adjusted profit (loss) for the period**	**6,491**	**6,034**	**5,652**

Net attributable profit (loss)

Explanation of the formula: the net attributable profit (loss) is the net attributable profit (loss) of the Group's consolidated income statement from continued operations and the profit (loss) after tax from discontinued operations which, for the periods of 2021, includes the results generated by BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021. If the described metric is presented on a date prior to the end of the year, it will be presented on an annualized basis.

Relevance of its use: this measure is commonly used, not only in the banking sector, for homogeneous comparison purposes.

Net attributable profit (loss)

			Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
(Millions of euros)	+	Annualized net attributable profit (loss) from continued operations	6,052	4,373	3,997
(Millions of euros)	+	Net attributable profit (loss) from discontinued operations (1)	—	280	280
	=	**Net attributable profit (loss)**	**6,052**	**4,653**	**4,276**

(1) The periods of 2021 include the results generated by BBVA USA and the rest of the companies in the United States included in the agreement until its sale to PNC as of June 1, 2021.

Adjusted net attributable profit (loss) (excluding non-recurring impacts)

Explanation of the formula: the adjusted net attributable profit (loss) is the net attributable profit (loss) of the Group's consolidated income statement from continued operations excluding those non-recurring impacts that, for management purposes are defined at any given moment. If the described metric is presented on a date prior to the end of the year, it will be presented on an annualized basis.

Relevance of its use: this measure is commonly used, not only in the banking sector, for comparison purposes.

Adjusted net attributable profit (loss)					
			Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
(Millions of euros)	+	Annualized net attributable profit (loss) from continued operations	6,052	4,373	3,997
(Millions of euros)	-	Net cost related to the restructuring process	—	(696)	(696)
(Millions of euros)	-	Net impact arisen from the purchase of offices in Spain	(201)	—	—
	=	**Adjusted net attributable profit (loss)**	**6,254**	**5,069**	**4,692**

ROE

The ROE (return on equity) ratio measures the return obtained on an entity's shareholders' funds plus accumulated other comprehensive income. It is calculated as follows:

$$\frac{\text{Net attributable profit (loss)}}{\text{Average shareholders' funds + Average accumulated other comprehensive income}}$$

Explanation of the formula: the numerator is the net attributable profit (loss) previously defined in these alternative performance measures, If the metric is presented on a date before the close of the fiscal year, the numerator will be annualized.

Average shareholders' funds are the weighted moving average of the shareholders' funds at the end of each month of the period analyzed, adjusted to take into account the execution of the "dividend-option" at the closing dates on which it was agreed to deliver this type of dividend prior to the publication of the Group´s results.

Average accumulated other comprehensive income is the moving weighted average of "Accumulated other comprehensive income", which is part of the equity on the Entity's balance sheet and is calculated in the same way as average shareholders' funds (above).

Relevance of its use: this ratio is very commonly used not only in the banking sector but also in other sectors to measure the return obtained on shareholders' funds.

ROE					
			Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
Numerator (Millions of euros)	=	Annualized net attributable profit (loss)	6,052	4,653	4,276
Denominator (Millions of euros)	+	Average shareholder's funds	59,554	60,030	59,819
	+	Average accumulated other comprehensive income	(15,134)	(15,396)	(14,881)
	=	**ROE**	**13.6 %**	**10.4 %**	**9.5 %**

Adjusted ROE

The adjusted ROE (return on equity) ratio measures the return obtained on an entity's shareholders' funds plus accumulated other comprehensive income. It is calculated as follows:

$$\frac{\text{Adjusted net attributable profit (loss)}}{\text{Average shareholders' funds + Average accumulated other comprehensive income}}$$

Explanation of the formula: the numerator is the adjusted net attributable profit (loss) previously defined in these alternative performance measures. If the metric is presented on a date before the close of the fiscal year, the numerator will be annualized.

Average shareholders' funds are the weighted moving average of the shareholders' funds at the end of each month of the period analyzed, adjusted to take into account the execution of the "dividend-option" at the closing dates on which it was agreed to deliver this type of dividend prior to the publication of the Group´s results.

Average accumulated other comprehensive income is the moving weighted average of "Accumulated other comprehensive income", which is part of the equity on the entity's balance sheet and is calculated in the same way as average shareholders' funds (above).

Relevance of its use: this ratio is very commonly used not only in the banking sector but also in other sectors to measure the return obtained on shareholders' funds.

Adjusted ROE			Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
Numerator (Millions of euros)	=	Annualized adjusted net attributable profit (loss)	6,254	5,069	4,692
Denominator (Millions of euros)	+	Average shareholder's funds	59,554	60,030	59,819
	+	Average accumulated other comprehensive income	(15,134)	(15,396)	(14,881)
	=	**Adjusted ROE**	**14.1 %**	**11.4 %**	**10.4 %**

ROTE

The ROTE (return on tangible equity) ratio measures the return on an entity's shareholders' funds, plus accumulated other comprehensive income, and excluding intangible assets. It is calculated as follows:

$$\frac{\textbf{Net attributable profit (loss)}}{\textbf{Average shareholders' funds + Average accumulated other comprehensive income - Average intangible assets}}$$

Explanation of the formula: the numerator "Net attributable profit (loss)" and the items in the denominator "Average intangible assets" and "Average accumulated other comprehensive income" are the same items and are calculated in the same way as explained for ROE.

Average intangible assets are the intangible assets on the balance sheet, including goodwill and other intangible assets. The average balance is calculated in the same way as explained for shareholders funds in ROE.

Relevance of its use: this metric is generally used not only in the banking sector but also in other sectors to measure the return obtained on shareholders' funds, not including intangible assets.

ROTE			Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
Numerator (Millions of euros)	=	Annualized net attributable profit (loss)	6,052	4,653	4,276
Denominator (Millions of euros)	+	Average shareholder's funds	59,554	60,030	59,819
	+	Average accumulated other comprehensive income	(15,134)	(15,396)	(14,881)
	-	Average intangible assets	2,067	2,265	2,286
	-	Average intangible assets from BBVA USA	—	897	1,809
	=	**ROTE**	**14.3 %**	**11.2 %**	**10.5 %**

Adjusted ROTE

The adjusted ROTE (return on tangible equity) ratio measures the return on an entity's shareholders' funds, plus accumulated other comprehensive income, and excluding intangible assets. It is calculated as follows:

$$\frac{\textbf{Adjusted net attributable profit (loss)}}{\textbf{Average shareholders' funds + Average accumulated other comprehensive income - Average intangible assets}}$$

Explanation of the formula: the numerator [adjusted net attributable profit (loss)] and the items of the denominator "Average shareholders' funds" and " Average accumulated other comprehensive income" are the same and calculated in the same way as explained for adjusted ROE.

Average intangible assets are the intangible assets on the balance sheet, excluding for the periods of 2021 the assets from BBVA USA and the rest of the companies in the United States included in the sale agreement signed with PNC, whose sale took place on June 1 of that same year. The average balance is calculated in the same way as explained for shareholders' funds in the adjusted ROE.

Relevance of its use: this metric is generally used not only in the banking sector but also in other sectors to measure the return obtained on shareholders' funds, not including intangible assets.

Adjusted ROTE					
			Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
Numerator (Millions of euros)	=	Annualized adjusted net attributable profit (loss)	6,254	5,069	4,692
Denominator (Millions of euros)	+	Average shareholder's funds	59,554	60,030	59,819
	+	Average accumulated other comprehensive income	(15,134)	(15,396)	(14,881)
	-	Average intangible assets	2,067	2,265	2,286
	=	**Adjusted ROTE**	**14.8 %**	**12.0 %**	**11.0 %**

ROA

The ROA (return on assets) ratio measures the return obtained on an entity's assets. It is calculated as follows:

$$\frac{\text{Profit (loss) for the period}}{\text{Average total assets}}$$

Explanation of the formula: the numerator is the profit (loss) for the period, previously defined in these alternative performance measures. If the metric is presented on a date before the close of the fiscal year, the numerator must be annualized.

Average total assets are taken from the Group's consolidated balance sheet. The average balance is calculated as explained for average shareholders' funds in the ROE.

Relevance of its use: this ratio is generally used not only in the banking sector but also in other sectors to measure the return obtained on assets.

ROA					
			Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
Numerator (Millions of euros)		Annualized profit (loss) for the period	6,289	5,618	5,236
Denominator (Millions of euros)		Average total assets	676,815	678,563	707,328
	=	**ROA**	**0.93 %**	**0.83 %**	**0.74 %**

Adjusted ROA

The adjusted ROA (return on assets) ratio measures the return obtained on an entity's assets. It is calculated as follows:

$$\frac{\text{Adjusted profit (loss) for the period}}{\text{Average total assets}}$$

Explanation of the formula: the numerator is the adjusted profit (loss) for the period previously defined in these alternative performance measures. If the metric is presented on a date before the close of the fiscal year, the numerator will be annualized.

Average total assets are taken from the Group's consolidated balance sheets, excluding for the periods of 2021 the assets from BBVA USA and the rest of the companies in the United States sold to PNC on June 1 of that same year. The average balance is calculated in the same way as explained for average equity in the adjusted ROE.

Relevance of its use: this ratio is generally used not only in the banking sector but also in other sectors to measure the return obtained on assets.

Adjusted ROA					
			Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
Numerator (Millions of euros)		Annualized adjusted profit (loss) for the period	6,491	6,034	5,652
Denominator (Millions of euros)		Average total assets	676,815	640,142	629,850
	=	**Adjusted ROA**	**0.96 %**	**0.94 %**	**0.90 %**

RORWA

The RORWA (return on risk-weighted assets) ratio measures the accounting return obtained on average risk-weighted assets. It is calculated as follows:

$$\frac{\text{Profit (loss) for the period}}{\text{Average risk-weighted assets}}$$

Explanation of the formula: the numerator [profit (loss) for the period] is the same and is calculated in the same way as explained for ROA.

Average risk-weighted assets (RWA) are the moving weighted average of the risk-weighted assets at the end of each month of the period under analysis.

Relevance of its use: this ratio is generally used in the banking sector to measure the return obtained on RWA.

RORWA				
		Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
Numerator (Millions of euros)	Annualized profit (loss) for the period	6,289	5,618	5,236
Denominator (Millions of euros)	Average RWA	319,203	324,819	346,770
=	**RORWA**	**1.97 %**	**1.73 %**	**1.51 %**

Adjusted RORWA

The adjusted RORWA (return on risk-weighted assets) ratio measures the return obtained on an entity's assets. It is calculated as follows:

$$\frac{\text{Adjusted profit (loss) for the period}}{\text{Average risk-weighted assets}}$$

Explanation of the formula: the numerator [adjusted profit (loss) for the period] is the same and is calculated in the same way as explained for adjusted ROA.

Average risk-weighted assets (RWA) are the moving weighted average of the risk-weighted assets at the end of each month of the period under analysis, excluding for the periods of 2021 those from BBVA USA and the rest of the companies in the United States sold to PNC on June 1 of that same year.

Relevance of its use: this ratio is generally used not only in the banking sector but also in other sectors to measure the return obtained on assets.

Adjusted RORWA				
		Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
Numerator (Millions of euros)	Annualized adjusted profit (loss) for the period	6,491	6,034	5,652
Denominator (Millions of euros)	Average RWA	319,203	300,276	297,277
=	**Adjusted RORWA**	**2.03 %**	**2.01 %**	**1.90 %**

Earning per share

The earning per share is calculated in accordance to the criteria established in the IAS 33 "Earnings per share".

Earnings (losses) per share

			Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
(Millions of euros)	+	Net attributable profit (loss)	3,001	4,653	1,911
(Millions of euros)	+	Remuneration related to the Additional Tier 1 securities (CoCos)	162	359	201
Numerator (millions of euros)	=	Net attributable profit (loss) ex.CoCos remuneration	2,839	4,293	1,710
Denominator (millions)	+	Average number of shares issued [1]	6,645	6,668	6,668
	-	Average treasury shares of the period	11	12	10
	-	Share buyback program [2]	296	255	—
	=	**Earning (loss) per share (euros)**	**0.45**	**0.67**	**0.26**

[1] On June 15, 2022, 281 million shares corresponding to the first tranche of the share buyback program were redeemed.

[2] The period January-June 2022, includes the average number of shares acquired from the start of the share buyback program to June 30, 2022, taking into account the redemption of shares made in that period. The period January-December 2021, includes 112 million shares acquired from the start of the share buyback program to December 31, 2021 and the estimated number of shares pending from buyback as of December 31, 2021 of the first tranche, in process at the end of that period.

Additionally, for management purposes, earnings per share are presented excluding: (I) the profit after tax from discontinued operations, that is, the results generated by BBVA USA and the rest of the companies in the United States until their sale to PNC on June 1, 2021, for the periods of 2021; and (II) the net cost related to the restructuring process recorded in the second quarter of fiscal year 2021.

Adjusted earnings (losses) per share

			Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
(Millions of euros)	+	Net attributable profit (loss) ex. CoCos remuneration	2,839	4,293	1,710
(Millions of euros)	-	Discontinued operations	—	280	280
(Millions of euros)	-	Net cost related to the restructuring process	—	(696)	(696)
(Millions of euros)	-	Net impact arisen from the purchase of offices in Spain	(201)	—	—
Numerator (millions of euros)	=	Net Attributable profit (loss) ex.CoCos and non-recurring impacts	3,040	4,709	2,126
Denominator (millions)	+	Average number of shares issued [1]	6,645	6,668	6,668
	-	Average treasury shares of the period [2]	307	21	10
	=	**Adjusted earning (loss) per share (euros)**	**0.48**	**0.71**	**0.32**

[1] On June 15, 2022, 281 million shares corresponding to the first tranche of the share buyback program were redeemed.

[2] The period January-June 2022, includes the shares acquired from the start of the share buyback program to June 30, 2022, taking into account the redemption of shares made in that period. The period January-December 2021, includes the shares acquired from the start of the share buyback program to the end of that period.

Efficiency ratio

This measures the percentage of gross income consumed by an entity's operating expenses. It is calculated as follows:

$$\frac{\text{Operating expenses}}{\text{Gross income}}$$

Explanation of the formula: both "Operating expenses" and "Gross income" are taken from the Group's consolidated income statement. Operating expenses are the sum of the administration costs (personnel expenses plus other administrative expenses) plus depreciation. Gross income is the sum of net interest income, net fees and commissions, net trading income dividend income, share of profit or loss of entities accounted for using the equity method, and other operating income and expenses. For a more detailed calculation of this ratio, the graphs on "Results" section of this report should be consulted, one of them with calculations with figures at current exchange rates and another with the data at constant exchange rates.

Relevance of its use: this ratio is generally used in the banking sector. In addition, it is the metric for one of the six Strategic Priorities of the Group.

Efficiency ratio				
		Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
Numerator (Millions of euros)	Operating expenses	5,054	9,530	4,598
Denominator (Millions of euros)	Gross income	11,509	21,066	10,259
=	**Efficiency ratio**	**43.9 %**	**45.2 %**	**44.8 %**

Dividend yield

This is the remuneration given to the shareholders in the last twelve calendar months, divided by the closing price for the period. It is calculated as follows:

$$\frac{\sum \text{Dividend per share over the last twelve months}}{\text{Closing price}}$$

Explanation of the formula: the remuneration per share takes into account the gross amounts per share paid out over the last twelve months, both in cash and through the flexible remuneration system called "dividend option".

Relevance of its use: this ratio is generally used by analysts, shareholders and investors for companies that are traded on the stock market. It compares the dividend paid out by a company every year with its market price at a specific date.

Dividend yield				
		30-06-22	31-12-21	30-06-21
Numerator (Euros)	∑ Dividends	0.31	0.14	0.06
Denominator (Euros)	Closing price	4.33	5.25	5.23
=	**Dividend yield**	**7.2 %**	**2.6 %**	**1.1 %**

Book value per share

The book value per share determines the value of a company on its books for each share held. It is calculated as follows:

$$\frac{\text{Shareholders' funds + Accumulated other comprehensive income}}{\text{Number of shares outstanding - Treasury shares}}$$

Explanation of the formula: the figures for both "Shareholders' funds" and "Accumulated other comprehensive income" are taken from the balance sheet. Shareholders' funds are adjusted to take into account the execution of the "dividend-option" at the closing dates on which it was agreed to deliver this type of dividend prior to the publication of the Group´s results. The denominator includes the final number of outstanding shares excluding own shares (treasury shares) and also excluding the shares corresponding to the first tranche of the first share buyback program and the first and second segment of the second tranche of the share buyback program, as appropriate for each period breakdown. The denominator is also adjusted to include the capital increase resulting from the execution of the dividend options explained above. Both the numerator and the denominator take into account period-end balances.

Relevance of its use: it shows the company's book value for each share issued. It is a generally used ratio, not only in the banking sector but also in others.

Book value per share					
			30-06-22	31-12-21	30-06-21
Numerator (Millions of euros)	+	Shareholders' funds	61,894	60,383	59,864
	+	Dividend-option adjustment	—	—	—
	+	Accumulated other comprehensive income	(16,452)	(16,476)	(15,348)
Denominator (Millions of shares)	+	Number of shares issued [1]	6,387	6,668	6,668
	+	Dividend-option	—	—	—
	-	Treasury shares	10	15	9
	-	Share buyback program [2]	357	255	—
	=	**Book value per share (euros / share)**	**7.55**	**6.86**	**6.69**

(1) On June 15, 2022, 281 million shares corresponding to the first tranche of the share buyback program were redeemed.

(2) As of 30-06-22, the shares acquired from the start of the share buyback program to June 30, 2022 are included, taking into account the redemption of shares made and the shares pending from buyback corresponding to the second segment of the second share buyback tranche. As of 31-12-21, 112 million of shares acquired from the start of the share buyback program to the end of the period and the estimated number of shares pending from buyback as of December 31, 2021 of the first tranche, in process at the end of that date, were considered.

Tangible book value per share

The tangible book value per share determines the value of the company on its books for each share held by shareholders in the event of liquidation. It is calculated as follows:

$$\frac{\text{Shareholders' funds + Accumulated other comprehensive income - Intangible assets}}{\text{Number of shares outstanding - Treasury shares}}$$

Explanation of the formula: the figures for "Shareholders' funds", "Accumulated other comprehensive income" and "Intangible assets" are all taken from the balance sheet. Shareholders' funds are adjusted to take into account the execution of the "Dividend-option" at the closing dates on which it was agreed to deliver this type of dividend prior to the publication of the Group´s results. The denominator includes the final number of shares outstanding excluding own shares (treasury shares) and also excluding the shares corresponding to the first tranche of the first share buyback program and the first and second segment of the second tranche of the share buyback program, as appropriate for each period breakdown. The denominator is also adjusted to include the result of the capital increase resulting from the execution of the dividend options explained above. Both the numerator and the denominator take into account period-end balances.

Relevance of its use: it shows the company's book value for each share issued, after deducting intangible assets. It is a generally used ratio, not only in the banking sector but also in others.

Tangible book value per share

			30-06-22	31-12-21	30-06-21
Numerator (Millions of euros)	+	Shareholders' funds	61,894	60,383	59,864
	+	Dividend-option adjustment	—	—	—
	+	Accumulated other comprehensive income	(16,452)	(16,476)	(15,348)
	-	Intangible assets	2,139	2,197	2,303
Denominator (Millions of shares)	+	Number of shares issued [1]	6,387	6,668	6,668
	+	Dividend-option	—	—	—
	-	Treasury shares	10	15	9
	-	Share buyback program [2]	357	255	—
	=	**Tangible book value per share (euros / share)**	**7.19**	**6.52**	**6.34**

(1) On June 15, 2022, 281 million shares corresponding to the first tranche of the share buyback program were redeemed.

(2) As of 30-06-22, the shares acquired from the start of the share buyback program to June 30, 2022 are included, taking into account the redemption of shares made and the shares pending from buyback corresponding to the second segment of the second share buyback tranche. As of 31-12-21, 112 million of shares acquired from the start of the share buyback program to the end of the period and the estimated number of shares pending from buyback as of December 31, 2021 of the first tranche, in process at the end of that date, were considered.

Non-performing loan (NPL) ratio

It is the ratio between the risks classified for accounting purposes as non-performing loans and the total credit risk balance. It is calculated as follows:

$$\frac{\text{Non-performing loans}}{\text{Total credit risk}}$$

Explanation of the formula: non-performing loans and the credit risk balance are gross, meaning they are not adjusted by associated accounting provisions.

Non-performing loans are calculated as the sum of “loans and advances at amortized cost” and the “contingent risk” in stage 3[10] and the following counterparties:

- other financial entities
- public sector
- non-financial institutions
- households

The credit risk balance is calculated as the sum of "Loans and advances at amortized cost" and "Contingent risk" in stage 1 + stage 2 + stage 3 of the previous counterparts.

This indicator is shown, as others, at a business area level.

Relevance of its use: this is one of the main indicators used in the banking sector to monitor the current situation and changes in credit risk quality, and specifically the relationship between risks classified in the accounts as non-performing loans and the total balance of credit risk, with respect to customers and contingent liabilities.

[10] IFRS 9 classifies financial instruments into three stages, which depend on the evolution of their credit risk from the moment of initial recognition. The stage 1 includes operations when they are initially recognized, stage 2 comprises operations for which a significant increase in credit risk has been identified since their initial recognition and,stage 3, impaired operations.

Non-Performing Loans (NPLs) ratio				
		30-06-22	31-12-21	30-06-21
Numerator (Millions of euros)	NPLs	15,501	15,443	15,676
Denominator (Millions of euros)	Credit Risk	414,128	376,011	370,348
=	**Non-Performing Loans (NPLs) ratio**	**3.7 %**	**4.1 %**	**4.2 %**

NPL coverage ratio

This ratio reflects the degree to which the impairment of non-performing loans has been covered in the accounts via allowances. It is calculated as follows:

$$\frac{\text{Provisions}}{\text{Non-performing loans}}$$

Explanation of the formula: it is calculated as "Provisions" from stage 1 + stage 2 + stage 3, divided by non-performing loans, formed by "credit risk" from stage 3.

This indicator is shown, as others, at a business area level.

Relevance of its use: this is one of the main indicators used in the banking sector to monitor the situation and changes in the quality of credit risk, reflecting the degree to which the impairment of non-performing loans has been covered in the accounts via value adjustments.

NPL coverage ratio				
		30-06-22	31-12-21	30-06-21
Numerator (Millions of euros)	Provisions	12,159	11,536	12,033
Denominator (Millions of euros)	NPLs	15,501	15,443	15,676
=	**NPL coverage ratio**	**78 %**	**75 %**	**77 %**

Cost of risk

This ratio indicates the current situation and changes in credit-risk quality through the annual cost in terms of impairment losses (accounting loan-loss provisions) of each unit of loans and advances to customers (gross). It is calculated as follows:

$$\frac{\text{Loan-loss provisions}}{\text{Average loans and advances to customers (gross)}}$$

Explanation of the formula: "Loans to customers (gross)" refers to the "Loans and advances at amortized cost" portfolios with the following counterparts:

- other financial entities
- public sector
- non-financial institutions
- households, excluding central banks and other credit institutions.

Average loans to customers (gross) is calculated by using the average of the period-end balances of each month of the period analyzed plus the previous month. "Annualized loan-loss provisions" are calculated by accumulating and annualizing the loan-loss provisions of each month of the period under analysis.

Loan-loss provisions refer to the aforementioned loans and advances at amortized cost portfolios.

This indicator is shown, as others, at a business area level.

Relevance of its use: this is one of the main indicators used in the banking sector to monitor the situation and changes in the quality of credit risk through the cost over the year.

Cost of risk				
		Jan.-Jun.2022	Jan.-Dec.2021	Jan.-Jun.2021
Numerator (Millions of euros)	Annualized loan-loss provisions	2,788	3,026	3,229
Denominator (Millions of euros)	Average loans to customers (gross)	345,949	325,013	322,386
=	**Cost of risk**	**0.81 %**	**0.93 %**	**1.00 %**

Main risks and uncertainties

At the date of formulation of this management report, the main risks and uncertainties to which BBVA Group is exposed are described in Note 6.1 "Risk factors" of the attached Condensed Interim Consolidated Financial Statements corresponding to the first half of the financial year 2022.

Subsequent events

From July 1 to July 21, 2022, Citigroup Global Markets Europe AG, acting as lead manager for the Second Segment of the Second Tranche, has acquired 63,750,000 BBVA shares.

From July 1, 2022 to the date of preparation of these Consolidated Financial Statements, no subsequent events requiring disclosure in these interim Consolidated Financial Statements have taken place that significantly affect the Group's earnings or its consolidated equity position.