Condensed Interim Consolidated Financial Statements and Interim Consolidated Management Report corresponding to the nine month period ended September 30, 2019

KPMG

Banco Bilbao Vizcaya Argentaria, S.A. and Subsidiaries

Condensed Interim Consolidated
Financial Statements
September 30, 2019

Interim Consolidated Management Report
September 30, 2019

(With Limited Review Report Thereon)

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

KPMG Auditores, S.L.
Pº. de la Castellana 259 C
28046 Madrid

Limited Review on the Condensed Interim Consolidated Financial Statements

(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.
commissioned by its Board of Directors

REPORT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have carried out a limited review of the accompanying condensed interim consolidated financial statements (the "interim financial statements") of Banco Bilbao Vizcaya Argentaria, S.A. (the "Bank") and subsidiaries which, along with the Bank, form the Banco Bilbao Vizcaya Argentaria Group (the "Group"), which comprise the condensed consolidated balance sheet as of September 30, 2019, the condensed consolidated income statement, the consolidated statement of recognized income and expense, the consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the accompanying notes to the condensed interim consolidated financial statements corresponding to the nine-month period then ended. Pursuant to article 12 of Royal Decree 1362/2007 the Directors of the Bank are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our limited review, which can under no circumstances be considered an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the nine-month period ended September 30, 2019 have not been prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting", as adopted by the European Union, for the preparation of condensed interim financial statements, pursuant to article 12 of Royal Decree 1362/2007.

Emphasis of Matter

We draw your attention to the accompanying note 1, which states that these interim financial statements do not include all the information required in complete consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accompanying interim financial statements should therefore be read in conjunction with the Group's consolidated annual accounts for the year ended December 31, 2018. This matter does not modify our conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The accompanying interim consolidated management report for the nine-month period ended September 30, 2019 contains such explanations as the Directors of the Bank consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The interim consolidated management report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with the interim financial statements for the nine-month period ended September 30, 2019. Our work is limited to the verification of the interim consolidated management report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Banco Bilbao Vizcaya Argentaria, S.A. and subsidiaries.

Paragraph on Other Matters

This report has been prepared at the request of the Bank's Board of Directors in relation to the publication of the quarterly financial report voluntarily prepared within the framework of article 120 of Royal Legislative Decree 4/2015 of October 23, 2015, which approves the Revised Securities Market Law, enacted by Royal Decree 1362/2007 of October 19, 2007.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Luis Martín Riaño

October 31, 2019

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE ACCOMPANYING CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONSOLIDATED MANAGEMENT REPORT

BBVA

Condensed consolidated balance sheets as of September 30, 2019 and December 31, 2018

CONDENSED CONSOLIDATED BALANCE SHEETS (Millions of Euros)

ASSETS	Notes	September 2019	December 2018 (*)
Cash, cash balances at central banks and other demand deposits	8	40,932	58,196
Financial assets held for trading	9	110,874	90,117
Non-trading financial assets mandatorily at fair value through profit or loss	10	5,209	5,135
Financial assets designated at fair value through profit or loss	11	1,400	1,313
Financial assets at fair value through other comprehensive income	12	63,275	56,337
Financial assets at amortized cost	13	437,792	419,660
Hedging derivatives		4,012	2,892
Fair value changes of the hedged items in portfolio hedges of interest rate risk		68	(21)
Joint ventures and associates	14	1,550	1,578
Insurance and reinsurance assets		355	366
Tangible assets	15	10,208	7,229
Intangible assets	16	8,508	8,314
Tax assets	17	16,889	18,100
Other assets	18	4,779	5,472
Non-current assets and disposal groups classified as held for sale	19	3,167	2,001
TOTAL ASSETS		709,017	676,689

LIABILITIES AND EQUITY	Notes	September 2019	December 2018 (*)
Financial liabilities held for trading	9	92,407	80,774
Financial liabilities designated at fair value through profit or loss	11	9,583	6,993
Financial liabilities at amortized cost	20	518,215	509,185
Hedging derivatives		4,825	2,680
Fair value changes of the hedged items in portfolio hedges of interest rate risk		-	-
Liabilities under insurance and reinsurance contracts	21	10,834	9,834
Provisions	22	6,459	6,772
Tax liabilities	17	2,679	3,276
Other liabilities	18	5,387	4,301
Liabilities included in disposal groups classified as held for sale		1,600	-
TOTAL LIABILITIES		651,988	623,814
SHAREHOLDERS' FUNDS		56,844	54,326
Capital	24	3,267	3,267
Share premium		23,992	23,992
Equity instruments issued other than capital		-	-
Other equity		49	50
Retained earnings	25	26,381	23,018
Revaluation reserves	25	-	3
Other reserves	25	(114)	(58)
Less: Treasury shares		(92)	(296)
Profit or loss attributable to owners of the parent		3,667	5,324
Less: Interim dividend		(306)	(975)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	26	(6,114)	(7,215)
MINORITY INTERESTS (NON-CONTROLLING INTEREST)	27	6,299	5,764
TOTAL EQUITY		57,029	52,874
TOTAL EQUITY AND TOTAL LIABILITIES		709,017	676,689

MEMORANDUM: OFF BALANCE SHEET EXPOSURES	Notes	September 2019	December 2018 (*)
Loan commitments given	28	130,474	118,959
Financial guarantees given	28	15,094	16,454
Other commitments given	28	37,263	35,098

(*) Presented solely and exclusively for comparison purposes (see Note 1).

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the nine months ended September 30, 2019.

Condensed consolidated income statements for the nine months ended September 30, 2019 and 2018

CONDENSED CONSOLIDATED INCOME STATEMENTS (Millions of Euros)

	Notes	September 2019	September 2018 (*)
Interest and other income	29.1	23,448	21,711
Interest expense	29.2	(9,973)	(8,812)
NET INTEREST INCOME		**13,475**	**12,899**
Dividend income	30	104	95
Share of profit or loss of entities accounted for using the equity method		(25)	11
Fee and commission income	31	5,561	5,259
Fee and commission expense	31	(1,818)	(1,606)
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	32	123	124
Gains (losses) on financial assets and liabilities held for trading, net	32	250	858
Gains (losses) on on-trading financial assets mandatorily at fair value through profit or loss	32	67	7
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	32	(55)	195
Gains (losses) from hedge accounting, net	32	78	48
Exchange differences, net	32	431	(326)
Other operating income	33	497	1,606
Other operating expense	33	(1,375)	(2,335)
Income from insurance and reinsurance contracts	34	2,136	2,204
Expense from insurance and reinsurance contracts	34	(1,325)	(1,445)
GROSS INCOME		**18,124**	**17,596**
Administration costs	35	(7,627)	(7,818)
Depreciation and amortization	36	(1,193)	(903)
Provisions or reversal of provisions	37	(373)	(307)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	38	(2,964)	(2,629)
NET OPERATING INCOME		**5,967**	**5,940**
Impairment or reversal of impairment of investments in joint ventures and associates		-	-
Impairment or reversal of impairment on non-financial assets	39	(51)	(6)
Gains (losses) on derecognition of non-financial assets and subsidiaries, net	40	12	76
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	41	10	869
OPERATING PROFIT BEFORE TAX		**5,938**	**6,878**
Tax expense or income related to profit or loss from continuing operations		(1,623)	(1,874)
PROFIT FROM CONTINUING OPERATIONS		**4,315**	**5,004**
Profit from discontinued operations, net		-	-
PROFIT		**4,315**	**5,004**
Attributable to minority interest (non-controlling interests)	27	648	682
Attributable to owners of the parent		3,667	4,323

EARNINGS PER SHARE (Euros)

	September 2019	September 2018 (*)
EARNINGS PER SHARE	**0.51**	**0.62**
Basic earnings per share from continued operations	0.51	0.62
Diluted earnings per share from continued operations	0.51	0.62
Basic earnings per share from discontinued operations	-	-
Diluted earnings per share from discontinued operations	-	-

(*) Presented solely and exclusively for comparison purposes (see Note 1).

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the nine months ended September 30, 2019.

BBVA

Consolidated statements of recognized income and expense for the nine months ended September 30, 2019 and 2018

CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE (Millions of Euros)	September 2019	September 2018 (*)
PROFIT RECOGNIZED IN INCOME STATEMENT	**4,315**	**5,004**
OTHER RECOGNIZED INCOME (EXPENSE)	**1,092**	**(3,405)**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**(285)**	**(279)**
Actuarial gains (losses) from defined benefit pension plans	(227)	(47)
Non-current assets available for sale	1	-
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	(45)	(296)
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	(105)	109
Income tax related to items not subject to reclassification to income statement	91	(44)
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**1,377**	**(3,126)**
Hedge of net investments in foreign operations [effective portion]	**(611)**	**(8)**
Valuation gains (losses) taken to equity	(611)	(60)
Transferred to profit or loss	-	-
Other reclassifications	-	52
Foreign currency translation	**1,118**	**(2,530)**
Valuation gains (losses) taken to equity	1,107	(2,449)
Transferred to profit or loss	-	6
Other reclassifications	11	(86)
Cash flow hedges [effective portion]	**(10)**	**(69)**
Valuation gains (losses) taken to equity	14	(130)
Transferred to profit or loss	(24)	61
Transferred to initial carrying amount of hedged items	-	-
Other reclassifications	-	-
Hedging instruments	**-**	**-**
Valuation gains (losses) taken to equity	-	-
Transferred to profit or loss	-	-
Other reclassifications	-	-
Available-for-sale financial assets	**1,260**	**(754)**
Valuation gains (losses) taken to equity	1,325	(705)
Transferred to profit or loss	(64)	(48)
Other reclassifications	-	-
Non-current assets held for sale	**(12)**	**20**
Valuation gains (losses) taken to equity	(1)	-
Transferred to profit or loss	-	20
Other reclassifications	(11)	-
Entities accounted for using the equity method	**6**	**(10)**
Income tax	**(374)**	**224**
TOTAL RECOGNIZED INCOME/EXPENSE	**5,407**	**1,599**
Attributable to minority interest (non-controlling interests)	639	(1,107)
Attributable to the parent company	4,768	2,706

(*) Presented solely and exclusively for comparison purposes (see Note 1).

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the nine months ended September 30, 2019.

Consolidated statements of changes in equity for the nine months ended September 30, 2019

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Millions of Euros)

September 2019	Capital (Note 24)	Share Premium	Equity instruments issued other than capital	Other Equity	Retained earnings (Note 25)	Revaluation reserves (Note 25)	Other reserves (Note 25)	(-) Treasury shares	Profit or loss attributable to owners of the parent	Interim dividends (Note 4)	Accumulated other comprehensive income (Note 26)	Non-controlling interest: Accumulated other comprehensive income (Note 27)	Non-controlling interest: Other (Note 27)	Total
Balances as of December 31, 2018	3,267	23,992	-	50	23,017	3	(57)	(296)	5,324	(975)	(7,215)	(3,236)	9,000	52,874
Total income/expense recognized	-	-	-	-	-	-	-	-	3,667	-	1,101	(9)	648	5,407
Other changes in equity	-	-	-	(1)	3,363	(3)	(57)	203	(5,324)	669	-	-	(103)	(1,252)
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	-	-	-	-	(1,059)	-	(5)	-	-	-	-	-	(141)	(1,204)
Purchase of treasury shares	-	-	-	-	-	-	-	(870)	-	-	-	-	-	(870)
Sale or cancellation of treasury shares	-	-	-	-	37	-	-	1,074	-	-	-	-	-	1,110
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between total equity entries	-	-	-	-	4,407	(3)	(56)	-	(5,324)	975	-	-	-	-
Increase (-) reduction of equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	(3)	-	-	-	-	-	-	-	-	-	(3)
Other increases or (-) decreases in equity	-	-	-	2	(22)	-	3	-	-	(306)	-	-	38	(285)
Balances as of September 30, 2019	3,267	23,992	-	49	26,381	-	(114)	(92)	3,667	(306)	(6,114)	(3,245)	9,544	57,029

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the nine months ended September 30, 2019.

BBVA

Consolidated statements of changes in equity for the nine months ended September 30, 2018

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Millions of Euros)

												Non-controlling interest		
September 2018 (*)	**Capital (Note 24)**	**Share Premium**	**Equity instruments issued other than capital**	**Other Equity**	**Retained earnings (Note 25)**	**Revaluation reserves (Note 25)**	**Other reserves (Note 25)**	**(-) Treasury shares**	**Profit or loss attributable to owners of the parent (Note 5)**	**Interim dividends (Note 4)**	**Accumulated other comprehensive income (Note 26)**	**Accumulated other comprehensive income (Note 27)**	**Other (Note 27)**	**Total**
Balances as of December 31, 2017	3,267	23,992	-	54	25,474	12	(44)	(96)	3,519	(1,043)	(8,792)	(3,378)	10,358	53,323
Effect of changes in accounting policies	-	-	-	-	(2,713)	-	9	-	-	-	1,756	850	(822)	(919)
Balances as of January 1, 2018	3,267	23,992	-	54	22,761	12	(34)	(96)	3,519	(1,043)	(7,036)	(2,528)	9,536	52,404
Total income/expense recognized	-	-	-	-	-	-	-	-	4,323	-	(1,419)	(1,699)	682	1,886
Other changes in equity	-	-	-	(13)	185	(9)	(43)	(146)	(3,519)	144	1,096	540	(1,429)	(3,193)
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	-	-	-	-	(992)	-	(4)	-	-	(899)	-	-	(376)	(2,272)
Purchase of treasury shares	-	-	-	-	-	-	-	(1,242)	-	-	-	-	-	(1,242)
Sale or cancellation of treasury shares	-	-	-	-	(1)	-	-	1,097	-	-	-	-	-	1,095
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers between total equity entries	-	-	-	-	1,418	(9)	(29)	-	(3,519)	1,043	1,096	540	(540)	-
Increase or (-) reduction of equity due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	-	-	-	(20)	-	-	-	-	-	-	-	-	-	(20)
Other increases or (-) decreases in equity	-	-	-	7	(239)	-	(9)	-	-	-	-	-	(513)	(754)
Balances as of September 30, 2018	3,267	23,992	-	42	22,947	3	(77)	(242)	4,323	(899)	(7,358)	(3,688)	8,789	51,097

(*) Presented solely and exclusively for comparison purposes (see Note 1).

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the nine months ended September 30, 2019.

Condensed consolidated statements of cash flows for the nine months ended September 30, 2019 and 2018

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Millions of Euros)

	September 2019	September 2018 (*)
CASH FLOW FROM OPERATING ACTIVITIES (1)	**(15,188)**	**(10)**
Profit for the period	**4,315**	**5,004**
Adjustments to obtain the cash flow from operating activities	**6,049**	**5,484**
Depreciation and amortization	1,193	903
Other adjustments	4,856	4,581
Net increase/decrease in operating assets/liabilities	**(24,685)**	**(8,736)**
Financial assets/liabilities held for trading	(8,982)	2,773
Non-trading financial assets mandatorily at fair value through profit or loss	37	(208)
Other financial assets/liabilities designated at fair value through profit or loss	2,394	1,121
Financial assets at fair value through other comprehensive income	(5,221)	(6,462)
Loans and receivables / Financial liabilities at amortized cost	(16,161)	(4,535)
Other operating assets/liabilities	3,248	(1,425)
Collection/Payments for income tax	**(867)**	**(1,762)**
CASH FLOWS FROM INVESTING ACTIVITIES (2)	**(977)**	**3,810**
Tangible assets	(1,093)	296
Intangible assets	(562)	(530)
Investments in joint ventures and associates	603	(33)
Subsidiaries and other business units	-	1,983
Non-current assets/liabilities held for sale	-	1,898
Other settlements/collections related to investing activities	75	196
CASH FLOWS FROM FINANCING ACTIVITIES (3)	**(1,572)**	**(4,238)**
Dividends	(1,370)	(1,117)
Subordinated liabilities	49	(2,598)
Common stock amortization/increase	-	-
Treasury stock acquisition/disposal	240	(147)
Other items relating to financing activities	(491)	(376)
EFFECT OF EXCHANGE RATE CHANGES (4)	**2,304**	**(4,909)**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)	**(15,434)**	**(5,347)**
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**54,138**	**45,549**
CASH OR CASH EQUIVALENTS AT END OF THE PERIOD	**38,704**	**40,203**

	September 2019	September 2018 (*)
Cash	5,828	5,895
Balance of cash equivalents in central banks (**)	32,876	34,308
Other financial assets	-	-
Less: Bank overdraft refundable on demand	-	-
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**38,704**	**40,203**

(*) Presented solely and exclusively for comparison purposes (see Note 1).

(**) Balance of cash equivalent in central banks includes short-term deposits at central banks under the heading "Financial assets at amortized cost" in the accompanying condensed consolidated balance sheets.

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the nine months ended September 30, 2019.

Notes to the condensed interim consolidated financial statements as of and for the nine month period ended September 30, 2019

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" or "BBVA") 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, 2018 were approved by the shareholders at the Annual General Meeting ("AGM") on March 15, 2019.

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") are presented in accordance with the International Accounting Standard "Interim Financial Reporting" ("IAS 34") and have been presented to the Board of Directors at its meeting held on October 30, 2019. 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 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, 2018.

The aforementioned annual consolidated financial statements were presented in accordance with the EU-IFRS applicable as of December 31, 2018 respectively, considering the Bank of Spain Circular 4/2017, (and as amended thereafter) and any other legislation governing financial reporting applicable to the Group in Spain.

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, 2018, taking into consideration the new Standards and Interpretations that became effective on January 1, 2019 (see Note 2.1), so that they present fairly the Group's consolidated equity and financial position as of September 30, 2019, together with the consolidated results of its operations and the consolidated cash flows generated by the Group during the nine months ended September 30, 2019.

The consolidated financial statements and explanatory 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 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 explanatory notes relating to December 31, 2018 and September 30, 2018 that was prepared with the standards for the year 2018 is presented for the purpose of comparison with the information for September 30, 2019.

Leases

As of January 1, 2019, IFRS 16 "Leases" replaced IAS 17 "Leases" and includes changes in the lessee accounting model (see Note 2.1). This amendment was applied using the modified retrospective method and the previous periods have not been restated for comparison purposes as allowed by the standard itself.

Income taxes

As mentioned in Note 2.1, derived from the IFRS 2015-2017 Annual Improvements Project, the amendment to IAS 12 "Income Tax" meant that the tax impacts of the distribution of dividends must be recorded in the "Tax expense or income related to profit or loss from continuing operations" line of the consolidated income statements for the period. Previously they were recorded under total equity. This amendment was applied prospectively from January 1, 2019. The amount derived from having applied this amendment to IAS 12 to prior years would have resulted in a benefit of €66 million in the consolidated income statement for the first nine months of 2018, which would have meant an increase of 1.5% of the profit attributable to owners of the parent result of that period). This reclassification has no impact on the consolidated total equity.

Operating segments

In 2019, there have been changes to the BBVA Group business segments in comparison to the segment structure in 2018 (See Note 5). The information related to business segments as of December 31, 2018 and as of September 30, 2018 has been restated in order to make them comparable, as required by IFRS 8 "Information by business segments".

1.4 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, expenses and commitments. These estimates relate mainly to the following:

- Impairment losses on certain financial assets (see Notes 6, 12, 13 and 14).
- The assumptions used to quantify certain provisions and for the actuarial calculation of post-employment benefit liabilities and commitments (see Notes 22 and 23).
- The useful life and impairment losses of tangible and intangible assets (see Notes 15 and 16).
- The valuation of goodwill and price allocation of business combinations (see Note 16).
- The fair value of certain unlisted financial assets and liabilities (see Note 7).
- The recoverability of deferred tax assets (see Note 17).

Although these estimates were made on the basis of the best information available as of the end of the reporting period, future events may make it necessary to modify them (either up or down) over the coming years. This would be done prospectively in accordance with applicable standards, recognizing the effects of changes in the estimates in the corresponding consolidated income statement.

During the nine months ended September 30, 2019 there were no significant changes to the assumptions made as of December 31, 2018, except as indicated in these consolidated financial statements.

1.5 Related-party transactions

The information related to these transactions is presented in Note 53 of the consolidated financial statements of the Group for the year ended December 31, 2018.

As financial institutions, BBVA and other entities in the Group engage in transactions with related parties in the regular course of their business. None of these transactions are considered significant and the transactions are carried out under normal market conditions.

1.6 Separate 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, and as amended thereafter, and following other regulatory requirements of financial information applicable to the Bank).

Appendix I shows the condensed financial statements of Banco Bilbao Vizcaya Argentaria, S.A. as of and for the nine-months ended September 30, 2019.

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

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, 2018 (Note 2), except for the entry into force of new standards in 2019.

2.1. Standards and interpretations that became effective in the first nine months of 2019

The following amendments to the IFRS standards or their interpretations (hereinafter "IFRIC") became effective on or after January 1, 2019, and have therefore been implemented for the BBVA Group's consolidated financial statements corresponding to the period ended September 30, 2019.

IFRS 16 – "Leases"

On January 1, 2019, IFRS 16 replaced IAS 17 "Leases" for financial statements. The new standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases. The standard provides two exceptions that can be applied in the case of short-term contracts and those in which the underlying assets have low value. BBVA has elected to apply both exceptions. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset, which is recorded under the headings "Tangible assets – Property, plant and equipment" and "Tangible assets - Investment properties" of the condensed consolidated balance sheet (see Note 15) and a lease liability representing its obligation to make lease payments which are recorded under the heading "Financial liabilities at amortized cost - Other financial liabilities" in the condensed consolidated balance sheet (see Note 20.5). In the condensed Consolidated Income Statement, the amortization of the right to use assets is recorded in the heading "Depreciation and amortization – tangible assets" (see Note 36) and the financial cost associated with the lease liability is recorded in the heading "Interest expense – financial liabilities at amortized cost" (see Note 29.2).

With regard to lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor will continue to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

At the transition date, the Group decided to apply the modified retrospective approach which requires recognition of a lease liability equal to the present value of the future payments committed to as of January 1, 2019. Regarding the measurement of the right-of-use asset, the Group elected to record an amount equal to the lease liability, adjusted for the amount of any advance or accrued lease payment related to that lease recognized in the balance sheet before the date of initial application.

As of January 1, 2019, the Group recognized assets for the right-of-use and lease liabilities for an amount of €3,419 and €3,472 million, respectively. The impact in terms of capital (CET1) of the Group amounted to -11 basis points.

IFRIC 23 - Uncertainty over Income Tax Treatments

IFRIC 23 provides guidance on how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments.

If the entity considers that it is probable that the taxation authority will accept an uncertain tax treatment, the Interpretation requires the entity to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings.

If the entity considers that it is not probable that the taxation authority will accept an uncertain tax treatment, the Interpretation requires the entity to use the most likely amount or the expected value (sum of the probability weighted amounts in a range of possible outcomes) in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The method used should be the method that the entity expects to provide the better prediction of the resolution of the uncertainty.

The implementation of this standard has not had a significant impact on the Group's consolidated financial statements.

Amended IAS 28 – Long-term Interests in Associates and Joint Ventures

The amendments to IAS 28 clarify that an entity is required to apply IFRS 9 to long term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The implementation of this standard has not had a significant impact on the Group's consolidated financial statements.

Annual improvements cycle to IFRSs 2015-2017

The annual improvements cycle to IFRSs 2015-2017 includes minor changes and clarifications to IFRS 3 ''Business Combinations'', IFRS 11 ''Joint Arrangements'', IAS 12 ''Income Taxes'' and IAS 23 ''Borrowing Costs''. The implementation of these standards as of January 1, 2019 has not had a significant impact on the Group's consolidated financial statements.

Additionally, this project has introduced an amendment to IAS 12, whose entry into force on January 1, 2019 meant that the tax impact of the distribution of generated benefits must be recorded in the "Expenses or income for taxes on the profits of the continuing activities" line of the consolidated income statement for the year. The amount derived from this amendment to IAS 12 resulted in a credit of €57 million in the consolidated income statement for the first nine months of the 2019 fiscal year (see Note 1.3).

Amended IAS 19 – Plan Amendment, curtailment or settlement

The minor amendments in IAS 19 concern the cases if a plan is amended, curtailed or settled during the period. In these cases, an entity should ensure that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions applied for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The implementation of this standard as of January 1, 2019 has not had a significant impact on the Group's consolidated financial statements.

2.2. Standards and interpretations issued but not yet effective as of September 30, 2019

The following new International Financial Reporting Standards together with their Interpretations had been published at the date of preparation of the accompanying consolidated financial statements, but are not mandatory as of September 30, 2019. 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.

IAS 1 and IAS 8 – Definition of material

This Standard will be applied to the accounting years starting on or after January 1, 2020.

IFRS 3 – Definition of a business

This Standard will be applied to the accounting years starting on or after January 1, 2020.

Amendments to IFRS 9, IAS 39 and IFRS 7- IBOR Reform

This Standard will be applied to the accounting years starting on or after January 1, 2020.

IFRS 17 – Insurance contracts

This Standard will be applied to the accounting years starting on or after January 1, 2022.

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 Consolidated Financial Statements of the Group for the year ended December 31, 2018:

- 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, the United States and Turkey, with an active presence in other areas of Europe and Asia (see Note 5).

Significant transactions in the first nine months of 2019

Sale of BBVA's stake in BBVA Paraguay

BBVA reached an agreement with Banco GNB Paraguay S.A., a subsidiary of Grupo Financiero Gilinski, for the sale of its shareholding, directly and indirectly, in Banco Bilbao Vizcaya Argentaria Paraguay, S.A. ("BBVA Paraguay"). BBVA owned, direct and indirect 100% of its share capital in BBVA Paraguay.

The sale price of the BBVA Paraguay shares amounts to approximately $270 million. In this type of transaction, the price is subject to adjustments between the date of signature and the closing date of the operation.

It is estimated that the gains (net of taxes) will amount to approximately €20 million and the positive impact on the Common Equity Tier 1 (fully loaded) of the BBVA Group will be approximately 5 basis points.

The closing of the transaction is subject to obtaining regulatory authorizations from the competent authorities.

Significant transactions in 2018

The following transactions are detailed in Note 3 of the consolidated financial statements of the Group for the year ended December 31, 2018:

- Sale of BBVA's stake in BBVA Chile (July).
- Agreement for the creation of a "joint-venture" and transfer of the real estate business in Spain (October)

4. Shareholder remuneration system

The Board of Directors, at the Annual General Meeting of March 15, 2019, approved the payment in cash of €0.16 (€0.1296 net of withholding tax) per BBVA share as final dividend for 2018. The dividend was paid on April 10, 2019.

The Board of Directors, at its meeting held on October 2, 2019, approved the payment in cash of €0,10 (€0.081 net of withholding tax rate of 19%) per BBVA share, as gross interim dividend based on 2019 results. The dividend was paid on October 15, 2019.

5. Operating segment reporting

Operating segment reporting represents a basic tool in the oversight and management of the BBVA Group's various activities. The BBVA Group compiles reporting information on disaggregated business activities. These business activities are then aggregated in accordance with the organizational structure determined by the BBVA Group and, ultimately, into the reportable operating segments themselves.

As of September 30, 2019, the reporting structure of the BBVA Group's business areas differs from the one presented at the end of the year 2018, as a result of the integration of the Non-Core Real Estate business area into Banking Activity in Spain, which has been renamed "Spain". Additionally, balance sheet intra-group adjustments between Corporate Center and the operating segments have been reallocated to the corresponding operating segments. In addition, certain expenses related to global projects and activities have been reallocated between the Corporate Center and the corresponding operating segments. In order to make the information as of and for the nine months ended September 30, 2019 comparable as required by IFRS 8 "Information by business segments", figures as of December 31, 2018 and for the nine months ended September 30, 2018 have been restated in conformity with the new segment reporting structure. The BBVA Group's operating segments are summarized below:

- Spain

  Includes mainly the banking and insurance business that the Group carries out in Spain.

- The United States

  Includes the financial business activity of BBVA USA in the country and the activity of the branch of BBVA Spain in New York.

- Mexico

  Includes banking and insurance businesses in this country as well as the activity of 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

  Includes basically the Group´s banking and insurance businesses in the region.

- Rest of Eurasia

  Includes the banking business activity carried out by the Group in Europe, excluding Spain, and in Asia.

Lastly, Corporate Center performs centralized Group functions, including: the costs of the head offices with a corporate function; management of structural exchange rate positions; some equity instruments issuances to ensure an adequate management of the Group's global solvency. It also includes portfolios whose management is not linked to customer relationships, such as industrial holdings, certain tax assets and liabilities; funds due to commitments to employees; goodwill and other intangible assets.

The accompanying Interim Consolidated Management Report presents the condensed consolidated income statements and the 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 September 30, 2019 do not differ significantly from those included in the Consolidated Financial Statements of the Group for the year ended December 31, 2018 (see Note 7 of such financial statements).

BBVA Group's credit risk, not including its impairment losses, by headings in the balance sheets as of September 30, 2019 and December 31, 2018 is provided below. It does not consider the availability of collateral or other credit enhancements to guarantee compliance with payment obligations. The details are broken down by financial instruments and counterparties:

Maximum credit risk exposure (Millions of Euros)

	Notes	September 2019	Stage 1	Stage 2	Stage 3
Financial assets held for trading		**72,915**			
Debt securities	9	29,028			
Equity instruments	9	8,167			
Loans and advances	9	35,720			
Non-trading financial assets mandatorily at fair value through profit or loss	**10**	**5,209**			
Loans and advances to customers		1,089			
Debt securities		121			
Equity instruments		4,000			
Financial assets designated at fair value through profit or loss	**11**	**1,400**			
Derivatives (trading and hedging)		**50,614**			
Financial assets at fair value through other comprehensive income		**63,337**	**63,210**	**126**	**-**
Debt securities	12	60,727	60,600	126	-
Equity instruments	12	2,577	2,577	-	-
Loans and advance to credit institutions	12	33	33	-	-
Financial assets at amortized cost		**450,421**	**399,633**	**34,348**	**16,385**
Loans and advances to central banks		4,544	4,544	-	-
Loans and advances to credit institutions		15,140	15,038	88	14
Loans and advances to customers		391,273	340,767	34,170	16,337
Debt securities		39,409	39,284	90	35
Total financial assets risk		**643,895**	**462,844**	**34,473**	**16,385**
Total loan commitments and financial guarantees	**28**	**182,831**	**171,740**	**10,203**	**888**
Total maximum credit exposure		**826,726**			

Maximum credit risk exposure (Millions of Euros)

	Notes	December 2018	Stage 1	Stage 2	Stage 3
Financial assets held for trading		**59,581**			
Debt securities	9	25,577			
Equity instruments	9	5,254			
Loans and advances	9	28,750			
Non-trading financial assets mandatorily at fair value through profit or loss	**10**	**5,135**			
Loans and advances to customers		1,803			
Debt securities		237			
Equity instruments		3,095			
Financial assets designated at fair value through profit or loss	**11**	**1,313**			
Derivatives (trading and hedging)		**38,249**			
Financial assets at fair value through other comprehensive income		**56,365**	**56,362**	**3**	**-**
Debt securities	12	53,737	53,734	3	-
Equity instruments	12	2,595	2,595	-	-
Loans and advances to credit institutions	12	33	33	-	-
Financial assets at amortized cost		**431,927**	**384,632**	**30,902**	**16,394**
Loans and advances to central banks		3,947	3,947	-	-
Loans and advances to credit institutions		9,175	9,131	34	10
Loans and advances to customers		386,225	339,204	30,673	16,348
Debt securities		32,580	32,350	195	35
Total financial assets risk		**592,570**	**440,993**	**30,905**	**16,394**
Total loan commitments and financial guarantees	**28**	**170,511**	**161,404**	**8,120**	**987**
Total maximum credit exposure		**763,081**			

The table below presents the change in the impaired financial assets, other commitments and guarantees given during the period of nine months ended September 30, 2019 and the year ended December 31, 2018:

Changes in impaired financial assets, other commitments and guarantees given (Millions of Euros)

	September 2019	December 2018
Beginning balance	**17,134**	**20,590**
Additions	7,377	9,792
Decreases (*)	(4,363)	(6,909)
Amounts written off	(2,725)	(5,076)
Exchange differences and other	(282)	(1,264)
Ending balance	**17,141**	**17,134**

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

Below are the changes in the nine months ended September 30, 2019, and the year ended December 31, 2018 in the provisions recognized on the accompanying consolidated balance sheets to cover estimated impairment losses in loans and advances and debt securities measured at amortized cost and financial assets at fair value through other comprehensive income:

Changes in the accumulated impairment losses (Millions of Euros)

	September 2019	December 2018
Balance as of January 1,	**12,295**	**14,004**
Acquisition of subsidiaries in the period	-	-
Increase in impairment losses charged to income	8,639	9,070
Stage 1	*1,546*	*1,411*
Stage 2	*1,708*	*1,071*
Stage 3	*5,385*	*6,589*
Decrease in impairment losses charged to income	(5,473)	(4,547)
Stage 1	*(1,260)*	*(1,469)*
Stage 2	*(1,268)*	*(799)*
Stage 3	*(2,945)*	*(2,279)*
Transfer to written-off loans, exchange differences and other	*(2,826)*	*(6,231)*
Closing balance	**12,636**	**12,295**

7. Fair value of financial instruments

The criteria and valuation methods used to calculate the fair value of financial assets as of September 30, 2019 do not differ significantly from those included in Note 8 from the Consolidated Financial Statements for the year ended December 31, 2018.

Below is a comparison of the carrying amount of the Group's financial instruments in the accompanying consolidated balance sheets and their respective fair values as of September 30, 2019 and December 31, 2018:

Fair value and carrying amount (Millions of Euros)

		September 2019		December 2018	
	Notes	Carrying amount	Fair value	Carrying amount	Fair value
ASSETS					
Cash, cash balances at central banks and other demand deposits	8	40,932	40,932	58,196	58,196
Financial assets held for trading	9	110,874	110,874	90,117	90,117
Non-trading financial assets mandatorily at fair value through profit or loss	10	5,209	5,209	5,135	5,135
Financial assets designated at fair value through profit or loss	11	1,400	1,400	1,313	1,313
Financial assets at fair value through other comprehensive income	12	63,275	63,275	56,337	56,337
Financial assets at amortized cost	13	437,792	442,540	419,660	419,857
Hedging derivatives		4,012	4,012	2,892	2,892
LIABILITIES					
Financial liabilities held for trading	9	92,407	92,407	80,774	80,774
Financial liabilities designated at fair value through profit or loss	11	9,583	9,583	6,993	6,993
Financial liabilities at amortized cost	20	518,215	516,881	509,185	510,300
Hedging derivatives		4,825	4,825	2,680	2,680

The following table shows the financial instruments in the accompanying consolidated balance sheets, broken down by the measurement technique used to determine their fair value as of September 30, 2019 and December 31, 2018:

Fair value of financial instruments by levels (Millions of Euros)							
		September 2019			December 2018		
	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	40,743	-	189	58,024	-	172
Financial assets held for trading	9	35,483	74,954	437	26,730	62,983	404
Loans and advances		1,986	33,611	123	47	28,642	60
Debt securities		20,922	8,009	97	17,884	7,494	199
Equity instruments		8,107	-	60	5,194	-	60
Derivatives		4,469	33,333	157	3,605	26,846	85
Non-trading financial assets mandatorily at fair value through profit or loss	10	3,991	78	1,140	3,127	78	1,929
Loans and advances		77	-	1,012	25	-	1,778
Debt securities		10	76	35	90	71	76
Equity instruments		3,905	2	93	3,012	8	75
Financial assets designated at fair value through profit or loss	11	1,400	-	-	1,313	-	-
Loans and advances		-	-	-	-	-	-
Debt securities		1,400	-	-	1,313	-	-
Equity instruments		-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	12	52,624	9,702	949	45,824	9,323	1,190
Loans and advances		33	-	-	33	-	-
Debt securities		50,633	9,561	472	43,788	9,211	711
Equity instruments		1,958	141	477	2,003	113	479
Financial assets at amortized cost	13	27,036	214,779	200,725	21,419	204,619	193,819
Hedging derivatives		50	3,962	-	7	2,882	3
LIABILITIES							
Financial liabilities held for trading	9	28,704	63,354	349	22,932	57,573	269
Deposits		11,512	28,857	-	7,989	29,945	-
Trading derivatives		5,206	34,494	348	3,919	27,628	267
Other financial liabilities		11,986	3	1	11,024	-	1
Financial liabilities designated at fair value through profit or loss	11	-	9,579	4	-	4,478	2,515
Customer deposits		-	987	-	-	976	-
Debt certificates		-	4,396	4	-	2,858	-
Other financial liabilities		-	4,196	-	-	643	2,515
Financial liabilities at amortized cost	20	67,672	289,650	159,559	58,225	269,128	182,948
Derivatives – Hedge accounting		241	4,572	12	223	2,454	3

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 2018. Nonetheless, certain interest rate curves have been adapted to those observable in the market, which mainly affects the valuation of certain deposit classes recorded under "Financial liabilities at amortized cost" and certain insurance products recorded under "Financial liabilities designated at fair value through profit or loss - Other financial liabilities", and, a result thereof, their classification as instruments of Level 2 from Level 3 previously. 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 2018.

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

Cash, cash balances at central banks and other demand deposits (Millions of Euros)	September 2019	December 2018
Cash on hand	5,784	6,346
Cash balances at central banks	28,180	43,880
Other demand deposits	6,968	7,970
Total	**40,932**	**58,196**

The change in "Cash balances at central banks" is mainly due to the decrease in Bank of Spain.

9. Financial assets and liabilities held for trading

Financial assets and liabilities held-for-trading (Millions of Euros)	Notes	September 2019	December 2018
Derivatives		37,959	30,536
Debt securities	6	29,028	25,577
Loans and advances	6	35,720	28,750
Equity instruments	6	8,167	5,254
Total assets		**110,874**	**90,117**
Derivatives		40,047	31,815
Short positions		11,990	11,025
Deposits		40,369	37,934
Total liabilities		**92,407**	**80,774**

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

Non-trading financial assets mandatorily at fair value through profit or loss (Millions of Euros)	Notes	September 2019	December 2018
Equity instruments		4,000	3,095
Debt securities		121	237
Loans and advances to customers		1,089	1,803
Total	**6**	**5,209**	**5,135**

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

Financial assets and liabilities designated at fair value through profit or loss (Millions of Euros)	Notes	September 2019	December 2018
Debt securities		1,400	1,313
Total assets	**6**	**1,400**	**1,313**
Deposits		987	976
Debt certificates		4,400	2,858
Other financial liabilities (Unit-linked products)		4,196	3,159
Total liabilities		**9,583**	**6,993**

12. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (Millions of Euros)			
	Notes	September 2019	December 2018
Debt securities	6	60,727	53,737
Impairment losses		*(61)*	*(28)*
Subtotal		**60,666**	**53,709**
Equity instruments	6	2,577	2,595
Loans and advances to credit institutions	6	33	33
Total		**63,275**	**56,337**

13. Financial assets at amortized cost

Financial assets at amortized cost (Millions of Euros)			
	Notes	September 2019	December 2018
Debt securities		**39,363**	**32,530**
Of which: Impairment losses		*(47)*	*(51)*
Loans and advances to central banks		**4,535**	**3,941**
Of which: Impairment losses		*(9)*	*(6)*
Loans and advances to credit institutions		**15,120**	**9,163**
Of which: Impairment losses		*(20)*	*(12)*
Loans and advances to customers		**378,775**	**374,027**
Government		27,805	28,114
Other financial corporations		9,766	9,468
Non-financial corporations		165,787	163,922
Other		175,416	172,522
Of which: Impairment losses		*(12,499)*	*(12,199)*
Total		**437,792**	**419,660**

14. Investments in joint ventures and associates

Joint ventures and associates (Millions of Euros)		
	September 2019	December 2018
Joint ventures	157	173
Associates	1,393	1,405
Total	**1,550**	**1,578**

15. Tangible assets

Tangible assets (Millions of Euros)	September 2019	December 2018
Property, plant and equipment	**9,956**	**7,066**
For own use	**9,693**	**6,756**
Land and Buildings	6,062	5,939
Work in Progress	66	70
Furniture, Fixtures and Vehicles	6,363	6,314
Right to use assets	3,485	
Accumulated depreciation	(5,907)	(5,350)
Impairment	(374)	(217)
Leased out under an operating lease	**263**	**310**
Assets leased out under an operating lease	339	386
Accumulated depreciation	(76)	(76)
Impairment	-	-
Investment property	**252**	**163**
Building rental	211	195
Other	4	5
Right to use assets	78	
Accumulated depreciation	(13)	(11)
Impairment	(28)	(27)
Total	**10,208**	**7,229**

The change is mainly due to the implementation of IFRS 16 on January 1, 2019 (see Note 2.1).

The right to use asset consists mainly of the rental of commercial real estate premises for the network branches located in the countries where the Group operates. The clauses of the rental contracts correspond to a large extent to rental contracts under normal market conditions in the country where the property is rented. From January 1 to September 30, 2019, there have been no significant changes in the "right to use" asset for leases.

16. Intangible assets

Intangible assets (Millions of Euros)	September 2019	December 2018
Goodwill	6,459	6,180
Other intangible assets	2,049	2,134
Total	**8,508**	**8,314**

17. Tax assets and liabilities

Tax assets and liabilities (Millions of Euros)	September 2019	December 2018
Current tax assets	1,446	2,784
Deferred tax assets	15,443	15,316
Total tax assets	**16,889**	**18,100**
Current tax liabilities	508	1,230
Deferred tax liabilities	2,171	2,046
Total tax liabilities	**2,679**	**3,276**

In accordance with IAS 34, income tax expense is recognized in each interim period based on the Group's estimate of the weighted average annual income tax rate expected for the full financial year.

18. Other assets and liabilities

Other assets and liabilities (Millions of Euros)	September 2019	December 2018
Inventories	588	635
Real estate	587	633
Others	1	2
Transactions in progress	267	249
Accruals	1,137	702
Prepaid expenses	580	465
Other prepayments and accrued income	556	237
Other items	2,788	3,886
Total other assets	**4,779**	**5,472**
Transactions in progress	224	39
Accruals	2,815	2,558
Accrued expenses	2,005	2,119
Other accrued expenses and deferred income	810	439
Other items	2,348	1,704
Total other liabilities	**5,387**	**4,301**

19. Non-current assets and disposal groups classified as held for sale

Non-current assets and disposal groups classified as held for sale (Millions of Euros)	September 2019	December 2018
Foreclosures and recoveries	1,699	2,211
Other assets from tangible assets	245	433
Business assets (**)	1,758	29
Accumulated amortization (*)	(34)	(44)
Impairment losses	(501)	(628)
Total	**3,167**	**2,001**

(*) Accumulated amortization until related asset was reclassified as "non-current assets and disposal groups held for sale".

(**) As of September 30, 2019, includes mainly BBVA's stake in BBVA Paraguay (see Note 3).

20. Financial liabilities at amortized cost

Financial liabilities measured at amortized cost (Millions of Euros)

	September 2019	December 2018
Deposits	439,887	435,229
Deposits from central banks	29,140	27,281
Deposits from credit institutions	31,414	31,978
Customer deposits	379,333	375,970
Debt certificates	63,324	61,112
Other financial liabilities	15,003	12,844
Total	**518,215**	**509,185**

20.1 Deposits from central banks

Deposits from central banks (Millions of Euros)

	September 2019	December 2018
Demand deposits	67	20
Time deposits	28,133	26,886
Repurchase agreements	940	375
Total	**29,140**	**27,281**

20.2 Deposits from credit institutions

Deposits from credit institutions (Millions of Euros)

	September 2019	December 2018
Demand deposits	9,332	8,370
Time deposits	17,992	17,658
Repurchase agreements	2,660	4,593
Subordinated deposits	205	191
Other deposits	1,225	1,166
Total	**31,414**	**31,978**

20.3 Customer deposits

Customer deposits (Millions of Euros)

	September 2019	December 2018
Demand deposits	272,729	260,573
Time deposits	99,262	106,385
Repurchase agreements	388	1,209
Subordinated deposits	201	220
Other deposits	6,754	7,582
Total	**379,333**	**375,970**

20.4 Debt certificates

Debt certificates (Millions of Euros)	September 2019	December 2018
In euros	**38,140**	**37,436**
Promissory bills and notes	855	267
Non-convertible bonds and debentures	10,275	9,638
Covered bonds (*)	15,885	15,809
Hybrid financial instruments	563	814
Securitization bonds issued	1,539	1,630
Wholesale funding	1,020	142
Subordinated liabilities	8,003	9,136
Convertible (convertible perpetual securities)	5,000	5,490
Non-convertible	3,003	3,647
Preferred Stock	*82*	*107*
Other subordinated liabilities	*2,921*	*3,540*
In foreign currencies	**25,184**	**23,676**
Promissory bills and notes	1,358	3,237
Non-convertible bonds and debentures	11,118	9,335
Covered bonds (*)	438	569
Hybrid financial instruments	1,483	1,455
Securitization bonds issued	20	38
Wholesale funding	763	544
Subordinated liabilities	10,003	8,499
Convertible (convertible perpetual securities)	1,835	873
Non-convertible	8,168	7,626
Preferred Stock	*75*	*74*
Other subordinated liabilities	*8,092*	*7,552*
Total	**63,324**	**61,112**

(*) Includes mortgage-covered bonds.

20.5 Other financial liabilities

Other financial liabilities (Millions of Euros)	September 2019	December 2018
Lease liabilities	3,385	
Creditors for other financial liabilities	3,607	2,891
Collection accounts	2,987	4,305
Creditors for other payment obligations	5,024	5,648
Total	**15,003**	**12,844**

Lease liabilities are recognized after the implementation of IFRS 16 on January 1, 2019 (see Note 2.1).

21. Liabilities under insurance and reinsurance contracts

Technical reserves and provisions (Millions of Euros)	September 2019	December 2018
Mathematical reserves	9,443	8,504
Provisions for unpaid claims reported	671	662
Provisions for unexpired risks and other provisions	720	668
Total	**10,834**	**9,834**

22. Provisions

Provisions. Breakdown by concepts (Millions of Euros)	September 2019	December 2018
Provisions for pensions and similar obligations	4,563	4,787
Other long term employee benefits	56	62
Provisions for taxes and other legal contingencies	696	686
Provisions for contingent risks and commitments	655	636
Other provisions (*)	489	601
Total	**6,459**	**6,772**

(*) Individually insignificant provisions or contingencies, for various concepts in different geographies.

23. 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, the United States and Turkey. In Mexico, the Group provides post-retirement medical benefits to a closed group of employees and their family members.

The amounts relating to post-employment benefits charged to the profit and loss account and other comprehensive income for the nine month periods ended September 30, 2019 and 2018 are as follows:

Condensed consolidated income statement impact (Millions of Euros)	Notes	September 2019	September 2018
Interest expense	29.2	51	45
Personnel expense		121	121
Defined contribution plan expense	35.1	83	76
Defined benefit plan expense	35.1	38	45
Provisions, net	37	171	112
Total impact on condensed consolidated income statement: expense (income)		**343**	**278**

24. Capital

As of September 30, 2019 and December 31, 2018, BBVA's share capital amounted to €3,267,264,424.20 divided into 6,667,886,580 shares fully subscribed and paid-up registered shares, 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.

25. Retained earnings, revaluation reserves and other reserves

Retained earnings, revaluation reserves and other reserves (Millions of Euros)	September 2019	December 2018
Retained earnings	26,381	23,018
Revaluation reserves	-	3
Other reserves	(114)	(58)
Total	**26,267**	**22,963**

26. Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss) (Millions of Euros)	September 2019	December 2018
Items that will not be reclassified to profit or loss	**(1,574)**	**(1,284)**
Actuarial gains (losses) on defined benefit pension plans	(1,407)	(1,245)
Non-current assets and disposal groups classified as held for sale	1	-
Share of other recognized income and expense of investments in subsidiaries, joint ventures and associates	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income	(211)	(155)
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	43	116
Items that may be reclassified to profit or loss	**(4,540)**	**(5,932)**
Hedge of net investments in foreign operations (effective portion)	(828)	(218)
Foreign currency translation	(5,521)	(6,643)
Hedging derivatives. Cash flow hedges (effective portion)	29	(6)
Fair value changes of debt instruments measured at fair value through other comprehensive income	1,794	943
Hedging instruments (non-designated items)	-	-
Non-current assets and disposal groups classified as held for sale	(11)	1
Share of other recognized income and expense of investments in subsidiaries, joint ventures and associates	(3)	(9)
Total	**(6,114)**	**(7,215)**

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

27. Minority interest (non-controlling interest)

Non-controlling interests: Breakdown by subgroups (Millions of Euros).	September 2019	December 2018
Garanti BBVA	4,400	4,058
BBVA Perú	1,295	1,167
BBVA Argentina	404	352
BBVA Colombia	72	67
BBVA Venezuela	71	67
Other entities	57	53
Total	**6,299**	**5,764**

Profit attributable to non-controlling interests. Breakdown by subgroups (Millions of Euros)

	September 2019	September 2018
Garanti BBVA	393	501
BBVA Perú	181	149
BBVA Argentina	62	-
BBVA Colombia	8	7
BBVA Venezuela	-	(5)
Other entities	3	29
Total	**648**	**682**

28. Commitments and guarantees given

Commitments and guarantees given (Millions of Euros)

	Notes	September 2019	December 2018
Loan commitments given		130,474	118,959
Financial guarantees given		15,094	16,454
Contingent commitments given		37,263	35,098
Total	**6**	**182,831**	**170,511**

29. Net Interest income

29.1 Interest and other income

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

	September 2019	September 2018
Financial assets held for trading	1,601	1,229
Financial assets designated at fair value through profit or loss	117	108
Financial assets at fair value through other comprehensive income	1,411	1,156
Financial assets at amortized cost	19,383	18,019
Adjustments of income as a result of hedging transactions	(42)	173
Insurance activity	759	824
Other income	220	201
Total	**23,448**	**21,711**

29.2 Interest expense

Interest expense. Breakdown by origin (Millions of Euros)

	Notes	September 2019	September 2018
Financial liabilities held for trading		1,016	211
Financial liabilities designated at fair value through profit or loss		8	-
Financial liabilities at amortized cost (*)		8,417	7,471
Adjustments of expense as a result of hedging transactions		(186)	413
Insurance activity		518	591
Cost attributable to pension funds	23	51	45
Other expense		149	80
Total		**9,973**	**8,812**

(*) Includes €86 million as of September 30, 2019 corresponding to interest expense on leases (see Note 20.5).

30. Dividend income

Dividend income (Millions of Euros)	September 2019	September 2018
Dividends from:		
Non-trading financial assets mandatorily at fair value through profit or loss	24	16
Financial assets at fair value through other comprehensive income	80	79
Total	**104**	**95**

31. Fee and commissions income and expense

Fee and commission income (Millions of Euros)	September 2019	September 2018
Bills receivables	29	29
Demand accounts	353	337
Credit and debit cards, ATMs and TPV	2,337	2,095
Checks	149	139
Transfers and other payment orders	482	438
Insurance product commissions	126	126
Commitment fees	93	171
Contingent risks	293	286
Asset Management	779	772
Securities fees	240	260
Custody securities	91	93
Other fees and commissions	589	514
Total	**5,561**	**5,259**

Fee and commission expense (Millions of Euros)	September 2019	September 2018
Credit and debit cards	1,207	1,070
Transfers and other payment orders	107	72
Commissions for selling insurance	37	36
Other fees and commissions	467	427
Total	**1,818**	**1,606**

32. Gains (losses) on financial assets and liabilities and exchange differences, net

Gains (losses) on financial assets and liabilities and exchange differences. Breakdown by heading of the consolidated income statements (Millions of Euros)

	September 2019	September 2018
Gains or losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	123	124
Financial assets at amortized cost	22	36
Other financial assets and liabilities	101	88
Gains (losses) on financial assets and liabilities held for trading, net	250	858
Reclassification of financial assets from fair value through other comprehensive income	-	-
Reclassification of financial assets from amortized cost	-	-
Other gains (losses)	250	858
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	67	7
Reclassification of financial assets from fair value through other comprehensive income	-	-
Reclassification of financial assets from amortized cost	-	-
Other gains (losses)	67	7
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	(55)	195
Gains (losses) from hedge accounting, net	78	48
Subtotal Gains (losses) on financial assets and liabilities	**463**	**1,233**
Exchange differences	431	(326)
Total	**893**	**907**

Gains (losses) on financial assets and liabilities. Breakdown by nature of the financial instrument (Millions of Euros)

	September 2019	September 2018
Debt instruments	1,093	226
Equity instruments	897	212
Loans and advances to customers	159	(163)
Trading derivatives and hedge accounting	(989)	574
Customer deposits	(28)	311
Other	(669)	73
Total	**463**	**1,233**

33. Other operating income and expense

Other operating income (Millions of Euros)

	September 2019	September 2018
Gains from sales of non-financial assets (*)	180	1,229
Other operating income	317	377
Of which: Hyperinflation adjustment	*106*	*63*
Total	**497**	**1,606**

(*) The variation is mainly as a result of lower income from real estate related services in Spain following the various dispositions of real estate related assets completed by BBVA (see Note 3).

Other operating expense (Millions of Euros)	September 2019	September 2018
Change in inventories (*)	73	1,116
Other operating expense	1,301	1,219
Of which: Contributions to guaranteed banks deposits funds	*464*	*441*
Of which: Hyperinflation adjustment	*373*	*312*
Total	**1,375**	**2,335**

(*) The variation is mainly as a result of lower expense from real estate related services in Spain following the various dispositions of real estate related assets completed by BBVA (see Note 3).

34. Income and expense on insurance and reinsurance contracts

Income and expense on insurance and reinsurance contracts (Millions of Euros)	September 2019	September 2018
Income from insurance and reinsurance contracts	2,136	2,204
Expense from insurance and reinsurance contracts	(1,325)	(1,445)
Total	**812**	**759**

35. Administration costs

35.1 Personnel expense

Personnel expense (Millions of Euros)	Notes	September 2019	September 2018
Wages and salaries		3,660	3,582
Social security costs		589	543
Defined contribution plan expense	23	83	76
Defined benefit plan expense	23	38	45
Other personnel expense		333	317
Total		**4,703**	**4,563**

35.2 Other administrative expense

Other administrative expense (Millions of Euros)	September 2019	September 2018
Technology and systems	906	855
Communications	163	179
Advertising	234	249
Property, fixtures and materials	406	727
Of which: Rent expense (*)	*79*	*413*
Taxes other than income tax	296	306
Other expense	919	938
Total	**2,924**	**3,255**

(*) The change is mainly due to the implementation of IFRS 16 on January 1, 2019 (see Note 2.1).

36. Depreciation and amortization

Depreciation and amortization (Millions of Euros)

	September 2019	September 2018
Tangible assets	730	443
For own use	436	440
Investment properties	2	3
Right-of-use assets (*)	292	
Other intangible assets	463	461
Total	**1,193**	**903**

(*) The change is mainly due to the implementation of IFRS 16 on January 1, 2019 (see Note 2.1).

37. Provisions or (reversal) of provisions

Provisions or (reversal) of provisions (Millions of Euros)

	Notes	September 2019	September 2018
Pensions and other post-employment defined benefit obligations	23	171	112
Commitments and guarantees given		23	(93)
Pending legal issues and tax litigation		116	163
Other provisions		63	125
Total		**373**	**307**

38. Impairment or (reversal) of impairment on financial assets not measured at fair value through profit or loss

Impairment or (reversal) of impairment on financial assets not measured at fair value through profit or loss (Millions of Euros)

	September 2019	September 2018
Financial assets at fair value through other comprehensive income - debt securities	33	(15)
Financial assets at amortized cost	2,931	2,643
Of which: Recovery of written-off assets	*(674)*	*(457)*
Total	**2,964**	**2,629**

39. Impairment or (reversal) of impairment on non-financial assets

Impairment or (reversal) of impairment on non-financial assets (Millions of Euros)

	September 2019	September 2018
Tangible assets	37	(5)
Intangible assets	3	4
Others	11	7
Total	**51**	**6**

40. Gains (losses) on derecognition of non-financial assets and subsidiaries, net

Gains (losses) on derecognition of non-financial assets and subsidiaries, net (Millions of Euros)	September 2019	September 2018
Gains		
Disposal of investments in non-consolidated subsidiaries	7	52
Disposal of tangible assets and other	23	78
Losses		
Disposal of investments in non-consolidated subsidiaries	-	(12)
Disposal of tangible assets and other	(17)	(42)
Total	**12**	**76**

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

Gains (losses) from non-current assets and disposal groups held for sale not qualifying as discontinued operations (Millions of Euros)	September 2019	September 2018
Gains on sale of real estate	49	142
Impairment of non-current assets held for sale	(39)	(139)
Gains (losses) on sale of non-consolidated subsidiaries classified as non-current assets held for sale (*)	-	866
Total	**10**	**869**

(*) The change is mainly as a result of the sale of the BBVA stake in BBVA Chile (see Note 3).

42. Subsequent events

From October 1, 2019 to the date of preparation of these consolidated financial statements, no subsequent events requiring disclosure in these consolidated financial statements have taken place that significantly affect the Group's earnings or its equity position, except the one mentioned in Note 4 concerning the Dividend.

APPENDIX I. Condensed balance sheets and income statements of Banco Bilbao Vizcaya Argentaria, S.A.

BBVA, S.A. - Condensed balance sheets (Millions of Euros)

ASSETS	September 2019	December 2018 (*)
Cash, cash balances at central banks and other demand deposits	15,086	30,922
Financial assets held for trading	92,055	75,210
Non-trading financial assets mandatorily at fair value through profit or loss	829	1,726
Financial assets designated at fair value through profit or loss	-	-
Financial assets at fair value through other comprehensive income	26,848	19,273
Financial assets at amortized cost	222,715	219,127
Hedging derivatives	2,099	1,090
Fair value changes of the hedged items in portfolio hedges of interest rate risk	68	(21)
Joint ventures, associates and unconsolidated subsidiaries	31,121	30,734
Insurance and reinsurance assets	-	-
Tangible assets	4,556	1,739
Intangible assets	881	898
Tax assets	13,804	13,990
Other assets	3,243	4,187
Non-current assets and disposal groups held for sale	981	1,065
TOTAL ASSETS	414,285	399,940

LIABILITIES	September 2019	December 2018 (*)
Financial liabilities held for trading	76,647	68,242
Financial liabilities designated at fair value through profit or loss	2,731	1,746
Financial liabilities at amortized cost	285,539	283,157
Hedging derivatives	2,984	1,068
Fair value changes of the hedged items in portfolio hedges of interest rate risk	-	-
Liabilities under insurance and reinsurance contracts	-	-
Provisions	4,649	5,125
Tax liabilities	1,000	1,197
Share capital repayable on demand	-	-
Other liabilities	3,199	1,996
Liabilities included in disposal groups classified as held for sale	-	-
TOTAL LIABILITIES	376,749	362,531
SHAREHOLDERS' FUNDS	37,769	37,417
Capital	3,267	3,267
Share premium	23,992	23,992
Equity instruments issued other than capital	41	46
Other equity	-	-
Retained earnings	-	-
Revaluation reserves	-	3
Other reserves	9,129	8,796
Less: Treasury shares	(13)	(23)
Profit or loss of the period	1,659	2,316
Less: Interim dividends	(306)	(980)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	(234)	(8)
TOTAL EQUITY	37,536	37,409
TOTAL EQUITY AND TOTAL LIABILITIES	414,285	399,940

MEMORANDUM	September 2019	December 2018 (*)
Loan commitments given	72,817	69,513
Financial guarantees given	8,960	9,197
Other commitments given	30,317	27,202

(*) Presented solely and exclusively for comparison purposes (see Note 1).

APPENDIX I. Condensed balance sheets and income statements of Banco Bilbao Vizcaya Argentaria, S.A. (continuation)

BBVA, S.A. - Condensed income statements (Millions of Euros)

	September 2019	September 2018 (*)
Interest income	3,757	3,580
Interest expense	(1,185)	(1,000)
NET INTEREST INCOME	**2,572**	**2,580**
Dividend income	1,961	1,898
Share of profit or loss of entities accounted for using the equity method	-	-
Fee and commission income	1,570	1,526
Fee and commission expense	(323)	(288)
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	23	27
Gains (losses) on financial assets and liabilities held for trading, net	295	294
Gains (losses) on on-trading financial assets mandatorily at fair value through profit or loss	15	15
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	(119)	(9)
Gains (losses) from hedge accounting, net	44	22
Exchange differences, net	(97)	(33)
Other operating income	94	81
Other operating expense	(255)	(244)
Income from insurance and reinsurance contracts	-	-
Expense from insurance and reinsurance contracts	-	-
GROSS INCOME	**5,779**	**5,869**
Administration costs	(2,899)	(3,037)
Depreciation and amortization	(505)	(339)
Provisions or reversal of provisions	(293)	(565)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(103)	(226)
NET OPERATING INCOME	**1,979**	**1,702**
Impairment or reversal of impairment of investments in subsidiaries, joint ventures and associates	(303)	24
Impairment or reversal of impairment on non-financial assets	(36)	(21)
Gains (losses) on derecognition of non-financial assets and subsidiaries, net	(1)	(16)
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	(8)	1,044
OPERATING PROFIT BEFORE TAX	**1,632**	**2,733**
Tax expense or income related to profit or loss from continuing operations	27	(120)
PROFIT FROM CONTINUING OPERATIONS	**1,659**	**2,613**
Profit from discontinued operations, net	-	-
PROFIT	**1,659**	**2,613**

(*) Presented solely and exclusively for comparison purposes (see Note 1).

This Appendix is an integral part of Note 1.6 of the condensed interim consolidated financial statements corresponding to the nine month period ended September 30, 2019.

APPENDIX II. Condensed consolidated statements of recognized income and expense for the three and nine months ended September 30, 2019 and 2018

Condensed consolidated income statements (Millions of Euros)	September 2019	September 2018 (*)	3rd Quarter 2019	3rd Quarter 2018 (*)
Interest and other income	23,448	21,711	7,770	7,293
Interest expense	(9,973)	(8,812)	(3,281)	(2,983)
NET INTEREST INCOME	**13,475**	**12,899**	**4,488**	**4,309**
Dividend income	104	95	1	12
Share of profit or loss of entities accounted for using the equity method	(25)	11	(6)	(2)
Fee and commission income	5,561	5,259	1,900	1,706
Fee and commission expense	(1,818)	(1,606)	(627)	(533)
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	123	124	56	(6)
Gains (losses) on financial assets and liabilities held for trading, net	250	858	77	529
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	67	7	(31)	4
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	(55)	195	(52)	88
Gains (losses) from hedge accounting, net	78	48	4	(3)
Exchange differences, net	431	(326)	297	(400)
Other operating income	497	1,606	160	1,052
Other operating expense	(1,375)	(2,335)	(380)	(1,273)
Income from insurance and reinsurance contracts	2,136	2,204	589	603
Expense from insurance and reinsurance contracts	(1,325)	(1,445)	(342)	(354)
GROSS INCOME	**18,124**	**17,596**	**6,135**	**5,733**
Administration costs	(7,627)	(7,818)	(2,543)	(2,521)
Depreciation and amortization	(1,193)	(903)	(403)	(304)
Provisions or reversal of provisions	(373)	(307)	(113)	(123)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	(2,964)	(2,629)	(1,187)	(1,023)
NET OPERATING INCOME	**5,967**	**5,940**	**1,889**	**1,762**
Impairment or reversal of impairment of investments in subsidiaries, joint ventures and associates	-	-	-	-
Impairment or reversal of impairment on non-financial assets	(51)	(6)	(8)	(6)
Gains (losses) on derecognition of non - financial assets and subsidiaries, net	12	76	5	(4)
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	10	869	(1)	840
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	**5,938**	**6,878**	**1,886**	**2,593**
Tax expense or income related to profit or loss from continuing operations	(1,623)	(1,874)	(488)	(652)
PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS	**4,315**	**5,004**	**1,398**	**1,940**
Profit or loss after tax from discontinued operations, net	-	-	-	-
PROFIT FOR THE PERIOD	**4,315**	**5,004**	**1,398**	**1,941**
Attributable to minority interest (non-controlling interest)	648	682	173	154
Attributable to owners of the parent	3,667	4,323	1,225	1,787

(*) Presented solely and exclusively for comparison purposes (see Note 1).

Interim Consolidated Management report

January-September 2019

Index

BBVA Group highlights

BBVA GROUP HIGHLIGHTS (CONSOLIDATED FIGURES)	30-09-19	Δ %	30-09-18	31-12-18
Balance sheet (millions of euros)				
Total assets	709,017	6.0	668,985	676,689
Loans and advances to customers (gross)	391,273	2.1	383,111	386,225
Deposits from customers	379,333	3.7	365,687	375,970
Total customer funds	485,159	4.0	466,683	474,120
Total equity	57,029	11.6	51,097	52,874
Income statement (millions of euros)				
Net interest income	13,475	4.5	12,899	17,591
Gross income	18,124	3.0	17,596	23,747
Operating income	9,304	4.8	8,875	12,045
Net attributable profit	3,667	(15.2)	4,323	5,324
The BBVA share and share performance ratios				
Number of shares (million)	6,668	-	6,668	6,668
Share price (euros)	4.78	(12.9)	5.49	4.64
Earning per share (euros) [(1)]	0.51	(17.8)	0.62	0.76
Book value per share (euros)	7.63	9.9	6.94	7.12
Tangible book value per share (euros)	6.35	11.4	5.70	5.86
Market capitalization (millions of euros)	31,876	(12.9)	36,607	30,909
Yield (dividend/price; %)	5.4		4.4	5.4
Significant ratios (%)				
ROE (net attributable profit/average shareholders' funds +/- average accumulated other comprehensive income) [(2)]	10.1		12.1	11.5
ROTE (net attributable profit/average shareholders' funds excluding average intangible assets +/- average accumulated other comprehensive income) [(2)]	12.2		14.8	14.1
ROA (Profit or loss for the year/average total assets)	0.84		0.95	0.91
RORWA (Profit or loss for the year/average risk-weighted assets - RWA)	1.60		1.82	1.74
Efficiency ratio	48.7		49.6	49.3
Cost of risk	1.01		0.90	1.01
NPL ratio	3.9		4.1	3.9
NPL coverage ratio	75		73	73
Capital adequacy ratios (%)				
CET1 fully-loaded	11.6		11.3	11.3
CET1 phased-in [(3)]	11.8		11.6	11.6
Total ratio phased-in [(3)]	16.2		15.9	15.7
Other information				
Number of clients (million)	77.3	3.3	74.8	74.8
Number of shareholders	884,412	(1.3)	895,809	902,708
Number of employees	126,332	(0.0)	126,357	125,627
Number of branches	7,798	(2.5)	7,999	7,963
Number of ATMs	32,830	2.6	31,999	32,635

(1) Adjusted by additional Tier 1 instrument remuneration.

(2) The ROE and ROTE ratios include, in the denominator, the Group's average shareholders' funds and take into account the item called "Accumulated other comprehensive income", which forms part of the equity. Excluding this item, the ROE would stand at 8.8%, in January-September of 2019; 10.1%, in 2018; and 10.6%, in January-September of 2018; and the ROTE at 10.4%, 11.9% and 12.6%, respectively.

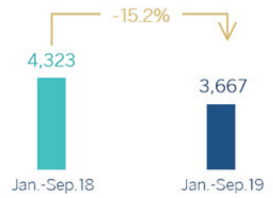
(3) As of September 30, 2019, phased-in ratios include the temporary treatment on the impact of IFRS 9, calculated in accordance with Article 473 bis of the Capital Requirements Regulation (CRR).

Relevant events

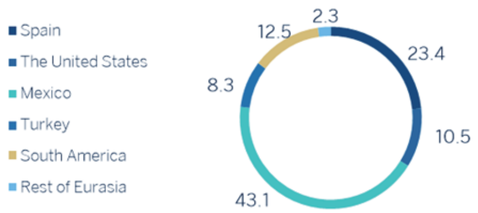
Results

- In the January–September period of 2019, the overall growth in **recurring revenue items** is maintained, with a positive evolution in terms of net interest income in most business areas.
- The trend of containing **operating expenses** continued, improving the efficiency ratio compared to the same period of the previous year.
- As a result of the above, **operating income** increased 4.8% year-on-year.
- **Impairment on financial assets** increased by 12.7% year-on-year, mainly as a result of the higher loan-loss provisions in the United States.
- Finally, net attributable **profit** stood at €3,667m, a 15.2% lower than in the January–September period of 2018. Excluding the corporate operations from the 2018 comparison, the net attributable profit closed in line with the same period of the previous year.

NET ATTRIBUTABLE PROFIT
(MILLIONS OF EUROS)



NET ATTRIBUTABLE PROFIT BREAKDOWN (1)
(PERCENTAGE. JAN.-SEP. 2019)



(1) Excludes the Corporate Center.

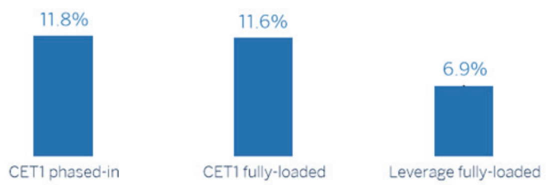
Balance sheet and business activity

- As of September 30, 2019, **loans and advances to customers** (gross) grew by 1.3% compared to December 31, 2018, with improved levels in the business areas of Mexico and, to a lesser extent, South America and Rest of Eurasia.
- Strong performance of **customer funds** (up 2.3% compared to December 31, 2018) thanks to the positive evolution in demand deposits, mutual funds and pension funds.

Solvency

- The **fully loaded CET1** ratio stood at 11.6% as of September 30, 2019, up 22 basis points in the first nine months of the year, due to recurring organic capital generation. Thus, this ratio is positioned within the range of this capital target defined for the Group.

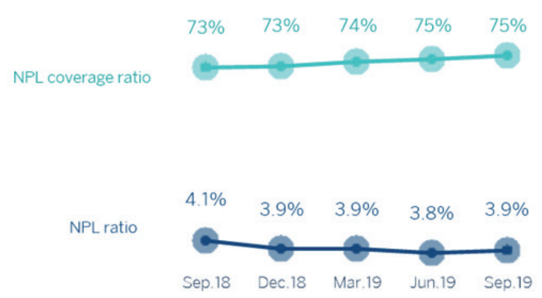
CAPITAL AND LEVERAGE RATIOS
(PERCENTAGE AS OF 30-09-19)



Risk management

- Positive performance of the **risk metrics**. **Non-performing loans** remained flat from January to September 2019. The NPL ratio stood at 3.9%, the NPL coverage ratio was 75% and the cost of risk 1.01%, all figures as of September 30, 2019.

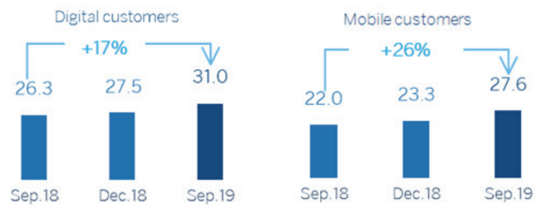
NPL AND NPL COVERAGE RATIOS
(PERCENTAGE)



Transformation

- The unification of the BBVA **brand** in all the countries in which BBVA operates, announced in June 2019, is now a visible reality in most of the Group's digital and physical environments.
- The Group's **digital and mobile customer** base continues to grow, as well as its **digital sales**.

DIGITAL AND MOBILE CUSTOMERS (MILLIONS)



Dividends

- On October 15, there was a gross cash payment of €0.10 per share, corresponding to the dividend for 2019 that was approved at the Board of Directors Meeting held on October 2.

Other matters of interest

- On August 7, 2019, BBVA reached an agreement with Banco GNB Paraguay S.A., for the sale of its shareholding, direct and indirect, in Banco Bilbao Vizcaya Argentaria Paraguay, S.A. (**BBVA Paraguay**), which amounts to 100% of its share capital. As a result of the above, all items in BBVA Paraguay's balance sheet have been reclassified into the category of 'Non-current assets (liabilities) and disposal groups held for sale' (hereinafter NCA&L).
- On January 1, 2019, **IFRS 16** 'Leases' entered into force, which requires the lessee to recognize the assets and liabilities arising from the rights and obligations of lease agreements. The main impacts are the recognition of an asset through the right of use and a liability based on future payment obligations. The impact of the first implementation was €3,419m and €3,472m, respectively, resulting in a decrease of 11 basis points of the CET1 capital ratio.
- In order to ensure that the information for 2019 is comparable to that of 2018, the balance sheets, income statements and ratios of the first three quarters of 2018 financial year for the Group and the South America business area have been restated to reflect the impact of the hyperinflation in Argentina as a result of the application of **IAS 29** “Financial Reporting in Hyperinflationary Economies”. This impact was first registered in the third quarter of 2018, but with accounting effects as of January 1, 2018.

Group information

Macro and industry trends

Global growth continued to slow to rates slightly below 3.0% in annual terms in recent quarters, significantly below the 3.7% expansion registered in 2018. Growing trade protectionism and high uncertainty are having a negative impact on economic activity, mainly on exports and investment, adding to the cyclical moderation of the U.S. and eurozone economies. The announced countercyclical policies, led by central banks, will not be able to fully compensate for the impact of multiple sources of uncertainty. Thus, world growth forecasts stand at around 3.2% in 2019.

In terms of **monetary policy**, the main central banks have announced further relaxation measures in recent months. In the United States, the Federal Reserve (Fed) cut interest rates by 50 basis points between July and September to 2% and left the door open for new cuts if necessary. In the eurozone, the European Central Bank (ECB) announced in September a package of monetary measures to support the economy and the financial system, including: (i) a deposit facility interest rate cut of 10 basis points, leaving them at -0.50%; (ii) the adoption of a phased interest rate system for such deposit facility (tiering of deposit system); (iii) a new debt purchase program of €20,000m per month; and (iv) an improvement in financing conditions for banks in the ECB's liquidity auctions. In China, in addition to fiscal stimulus decisions and exchange rate depreciation, a cut in reserve requirements for banks was recently announced and official or monetary interest rates have been reduced. Accordingly, **interest rates** will remain low in major economies, enabling more flexibility to emerging countries for maneuver.

Spain

The latest data confirms that GDP continues to grow at a faster pace than in the rest of the eurozone, but has slowed to 0.4% quarterly in the second quarter from an average growth of around 0.7% since 2014. This shows a moderation in domestic demand, in both private consumption and investment, as well as some fading out of some stimulus and the negative impact of uncertainty.

With regard to the banking system, both the deleveraging of the system and the improvement in asset quality indicators continue (the NPL ratio stood at 5.2% in July 2019). Profitability remained under pressure (ROE of 4.8% in the first half of 2019) due to low interest rates and lower business volumes. Spanish banks maintain comfortable levels of capital adequacy and liquidity.

The United States

In the second quarter of 2019, growth decreased to 2% in annualized quarterly rates from 3.1% in the first quarter; a gradual moderation is expected for the rest of the year. The strength of consumption continues to contrast with weak investment, negatively affected by political uncertainty and lower global growth, coupled with unfavorable performance of net exports and inventories. In the absence of inflationary pressures, the Fed may lower interest rates further, which would be in addition to the cuts made between July and August 2019, which would be a factor that could contribute to prevent further slowdown in the face of rising uncertainty and the extension of still-unresolved trade disputes.

The most recent banking activity data (August 2019) shows that loans and deposits in the system grew at rates of 5.4% and 4.0%, respectively. NPLs continued to decrease, with the non-performing loan ratio stood at 1.45% in the second quarter of 2019.

Mexico

The economy stagnated in the first half of the year and there are no signs of recovery in the short term, especially in terms of investment. There are a number of factors behind this behavior: the delay in the ratification of the new trade agreement with the United States and Canada, the continued uncertainty due to external and internal factors, the deceleration of the manufacturing sector in the United States, as well as the slowdown in employment and private consumption. In this context, inflation moderated significantly from mid-year to 3% in September, which led the central bank to initiate the cycle of interest rate decreases, with two 25 basis points cuts in August and September to 7.75%. There are likely to be further cuts in the future to alleviate the slowdown in growth and the persisting uncertainty.

The banking system continues to grow year-on-year terms. According to data from August 2019, loans and deposits grew by 7.9% and 7.3% respectively, with increases in all portfolios. Non-performing loans remained under control (NPL ratio of 3.2%, compared to 3.3% twelve months earlier) and capital indicators remain at comfortable levels.

Turkey

The Turkish economy technically moved out of recession in the first quarter of 2019, growing at a quarterly rate of 1.6% and the recovery continued in the second quarter with growth of 1.2%. The correction of domestic demand seems to be coming to an end, although going forward the strong contribution from foreign demand is likely to moderate. The economy is expected to grow by 0.3% in 2019. The slowdown in inflation continued in recent months, dropping to below 10% in September. In this context, the central bank cut the interest rate by 425 basis points in July and another 325 basis points in September to 16.5%.

As of August 2019, total loan volumes in the system decreased 6.1% year-on-year (up 0.6% in local currency and down 14.6% in foreign currency) while the system's NPL ratio stood at 4.6%.

Argentina

Following the outcome of the primary elections in mid-August, capital outflows led to sharp exchange rate depreciation, a situation that the government attempted to alleviate with highly restrictive monetary policy and with capital control measures. All this resulted in a sharp rise in inflation, a fall in real wages and hence in consumption and investment. The external sector will be the sole support for the activity, prompted by the depreciation impact on exports along with a considerable adjustment of imports. Moving forward, there is uncertainty about the measures and policies that will be implemented after the elections to combat the crisis.

In the financial system, loans and deposits grew at high rates, albeit with the notable influence of high inflation. Profitability indicators are very high (ROE: 41.1% and ROA: 4.5% in July 2019) while non-performing loans increased to show a NPL ratio of 4.7% in July 2019.

Colombia

The economy continues to recover, with average annual growth of about 3.0% in the first two quarters of the year, after growing 2.6% in all 2018. Recovery is still driven by consumption, while non-construction investment is being consolidated. Moving forward, some moderation of private consumption is expected in light of the deterioration of the labor market and weakened confidence, although this will be partly offset by higher expenditure linked to the increase in immigration, while investment in construction should begin to show signs of recovery. However, growth is expected to remain relatively stable at about 3% in the coming quarters. Colombia's monetary authority maintained the benchmark rate at 4.25% during the quarter.

The total loans system grew by 7.7% year-on-year in July 2019, with a NPL ratio of 4.7%. Total deposits increased by 6.9% year-on-year in the same period.

Peru

Activity continued to slow in the second quarter of the year, reflected in an average annual growth of under 2% in the first half of the year from rates of around 4% in 2018. This weak growth responds to the unfavorable performance of primary activities, which remains negative due to temporary factors. The latest indicators suggest that annual growth could rise slightly above 3% on average in the second half of the year. However, the risk remains that the recent increase in political uncertainty will end up weighing on confidence in the coming quarters. In this context, with inflation below the target of 2%, the central bank lowered the interest rate by 25 basis points to 2.5% in August and, despite not having made any changes in the last months, the possibility of an additional decrease in the future remains.

The banking system is showing moderate year-on-year growth rates in loans and deposits (up 7.1% and up 9.5% respectively in July 2019), with reasonably high levels of profitability (ROE: 18.8%) and contained non-performing loans (NPL ratio: 2.6%).

INTEREST RATES (PERCENTAGE)

	30-09-19	30-06-19	31-03-19	31-12-18	30-09-18	30-06-18	31-03-18
Official ECB rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Euribor 3 months (1)	(0.42)	(0.33)	(0.31)	(0.31)	(0.32)	(0.32)	(0.33)
Euribor 1 year (1)	(0.34)	(0.19)	(0.11)	(0.13)	(0.17)	(0.18)	(0.19)
USA Federal rates	1.90	2.40	2.43	2.40	2.18	1.91	1.67
TIIE (Mexico) (1)	8.20	8.51	8.52	8.41	8.11	7.93	7.83
CBRT (Turkey)	16.31	23.86	25.50	24.06	24.01	17.77	12.75

(1) Calculated as the month average.

EXCHANGE RATES (EXPRESSED IN CURRENCY/EURO)

	Year-end exchange rates			Average exchange rates	
	30-09-19	Δ % on 30-09-18	Δ % on 31-12-18	Jan.-Sep. 19	Δ % on Jan.-Sep. 18
Mexican peso	21.4522	1.5	4.8	21.6315	5.1
U.S. dollar	1.0889	6.3	5.2	1.1236	6.3
Argentine peso	62.4130	(26.7)	(30.6)	62.4130	(26.7)
Chilean peso	790.19	(3.1)	0.7	770.44	(2.6)
Colombian peso	3,769.78	(8.2)	(0.6)	3,639.63	(5.3)
Peruvian sol	3.6805	3.6	4.9	3.7378	4.2
Turkish lira	6.1491	13.3	(1.5)	6.3401	(13.1)

Results

The BBVA Group generated a net attributable **profit** of €3,667m during the first nine months of 2019. This figure is 15.2% lower compared to the same period of the previous year (down 15.6% at constant exchange rates), which included the result of corporate operations generated by the capital gains (net of taxes) from the sale of BBVA Chile. Excluding the corporate operations from the 2018 comparison, the net attributable profit closed in line with the same period of the previous year (down 0.6% at current exchange rates, down 1.2% at constant exchange rates). In the third quarter of 2019, net attributable profit increased by 0.5% at constant exchange rates compared to the second quarter of the year (down 4.2% at current exchange rates). The good performance of net fees and commissions and, primarily, the strong performance of net trading income (NTI) in the quarter explain this increase.

CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (MILLIONS OF EUROS)

	2019			2018			
	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Net interest income	**4,488**	**4,566**	**4,420**	**4,692**	**4,309**	**4,302**	**4,287**
Net fees and commissions	1,273	1,256	1,214	1,226	1,173	1,244	1,236
Net trading income	351	116	426	316	212	285	410
Other operating income and expenses	22	(18)	8	(83)	38	6	92
Gross income	**6,135**	**5,920**	**6,069**	**6,151**	**5,733**	**5,838**	**6,026**
Operating expenses	(2,946)	(2,952)	(2,922)	(2,981)	(2,825)	(2,921)	(2,975)
Personnel expenses	(1,572)	(1,578)	(1,553)	(1,557)	(1,459)	(1,539)	(1,565)
Other administrative expenses	(971)	(976)	(977)	(1,119)	(1,062)	(1,087)	(1,106)
Depreciation	(403)	(398)	(392)	(305)	(304)	(295)	(304)
Operating income	**3,189**	**2,968**	**3,147**	**3,170**	**2,908**	**2,917**	**3,050**
Impairment on financial assets not measured at fair value through profit or loss	(1,187)	(753)	(1,023)	(1,353)	(1,023)	(783)	(823)
Provisions or reversal of provisions	(113)	(117)	(144)	(66)	(123)	(85)	(99)
Other gains (losses)	(4)	(3)	(22)	(183)	(36)	67	41
Profit/(loss) before tax	**1,886**	**2,095**	**1,957**	**1,568**	**1,727**	**2,116**	**2,170**
Income tax	(488)	(577)	(559)	(421)	(419)	(605)	(617)
Profit/(loss) after tax from ongoing operations	**1,398**	**1,519**	**1,398**	**1,147**	**1,307**	**1,511**	**1,553**
Results from corporate operations (1)	-	-	-	-	633	-	-
Profit/(loss) for the year	**1,398**	**1,519**	**1,398**	**1,147**	**1,941**	**1,511**	**1,553**
Non-controlling interests	(173)	(241)	(234)	(145)	(154)	(265)	(262)
Net attributable profit	**1,225**	**1,278**	**1,164**	**1,001**	**1,787**	**1,245**	**1,290**
Net attributable profit excluding results from corporate operations	**1,225**	**1,278**	**1,164**	**1,001**	**1,154**	**1,245**	**1,290**
Earning per share (euros) (2)	**0.17**	**0.17**	**0.16**	**0.14**	**0.26**	**0.17**	**0.18**

General note: the application of accounting for hyperinflation in Argentina was performed for the first time in September 2018 with accounting effects on January 1, 2018, recording the impact of the 9 months in the third quarter. In order to make the 2019 information comparable to the 2018, the income statements for the first three quarters of 2018 have been reexpressed to reflect the impacts of inflation on their income and expenses.

(1) Includes net capital gains from the sale of BBVA Chile.

(2) Adjusted by additional Tier 1 instrument remuneration.

CONSOLIDATED INCOME STATEMENT (MILLIONS OF EUROS)

	Jan.-Sep. 19	Δ %	Δ % at constant exchange rates	Jan.-Sep. 18
Net interest income	**13,475**	**4.5**	**5.2**	**12,899**
Net fees and commissions	3,743	2.4	2.9	3,653
Net trading income	893	(1.5)	(0.3)	907
Other operating income and expenses	13	(90.8)	(90.3)	136
Gross income	**18,124**	**3.0**	**3.8**	**17,596**
Operating expenses	(8,820)	1.1	1.4	(8,721)
Personnel expenses	(4,703)	3.1	3.5	(4,563)
Other administrative expenses	(2,924)	(10.2)	(9.9)	(3,255)
Depreciation	(1,193)	32.1	31.9	(903)
Operating income	**9,304**	**4.8**	**6.1**	**8,875**
Impairment on financial assets not measured at fair value through profit or loss	(2,964)	12.7	14.5	(2,629)
Provisions or reversal of provisions	(373)	21.7	24.3	(307)
Other gains (losses)	(29)	n.s.	n.s.	73
Profit/(loss) before tax	**5,938**	**(1.2)**	**(0.3)**	**6,012**
Income tax	(1,623)	(1.1)	(0.9)	(1,641)
Profit/(loss) after tax from ongoing operations	**4,315**	**(1.3)**	**(0.0)**	**4,371**
Results from corporate operations[1]	-	-	-	633
Profit/(loss) for the year	**4,315**	**(13.8)**	**(12.8)**	**5,004**
Non-controlling interests	(648)	(5.0)	7.1	(682)
Net attributable profit	**3,667**	**(15.2)**	**(15.6)**	**4,323**
Net attributable profit excluding results from corporate operations	**3,667**	**(0.6)**	**(1.2)**	**3,689**
Earning per share (euros) [2]	**0.51**			**0.62**

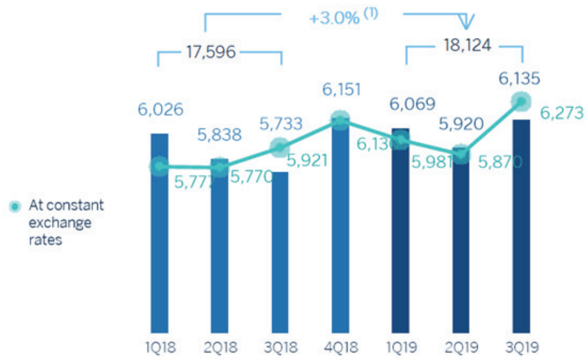
(1) Includes net capital gains from the sale of BBVA Chile
(2) Adjusted by additional Tier 1 instrument remuneration.

Unless expressly indicated otherwise, to better understand the changes in the main headings of the Group's income statement, the year-on-year percentage changes provided below refer to **constant exchange rates** and the quarterly changes are for the quarter ending with respect to the previous quarter.

Gross income

Gross income showed a year-on-year growth of 3.8%, supported by the favorable performance of net interest income and, to a lesser extent, the growth of net fees and commissions.

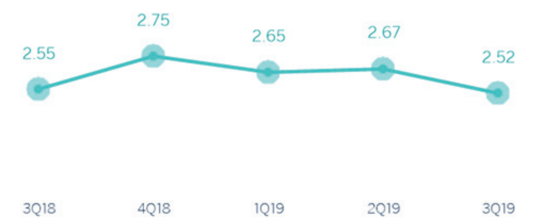
GROSS INCOME (MILLIONS OF EUROS)



(1) At constant exchange rates: +3.8%.

Net interest income grew by 5.2% year-on-year and 1.3% compared to the previous quarter. By business area and on year-on-year basis, it is important to highlight the good performance of Mexico, South America and Turkey.

NET INTEREST INCOME/ATAS (PERCENTAGE)



Cumulative **net fees and commissions** registered a positive performance with a growth of 2.9% year-on-year, influenced by their appropriate diversification. In the third quarter they grew by 2.8%.

As a result, **recurring revenue items** (net interest income plus net fees and commissions) increased by 4.7% year-on-year (up 1.7% over the quarter).

NET INTEREST INCOME PLUS NET FEES AND COMMISSIONS (MILLIONS OF EUROS)

(1) At constant exchange rates: +4.7%.

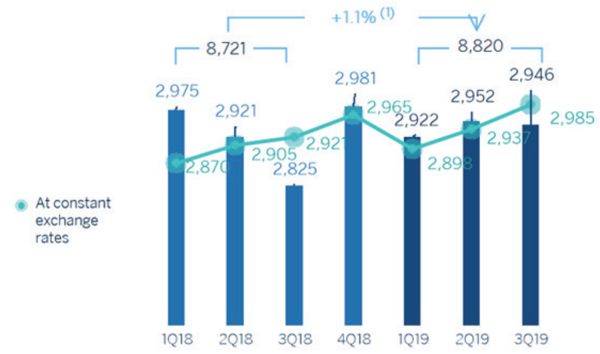
NTI closed in line with the figures registered from January to September 2018 (down 0.3%), mainly explained by a lower contribution from the Global Markets unit and ALCO, partially offset by capital gains coming from the sale, in the first quarter of the year, of Prisma Medios de Pago, S.A. in Argentina. There was a greater contribution from NTI in the third quarter due to the good performance of foreign exchange transactions, especially in South America.

The **other operating income and expenses** improved in the third quarter, compared to the negative balance of the second quarter, as a result of BBVA's annual contribution in Spain to the Single Resolution Fund (SRF), which amounted to €144m. In the year-on-year comparison, the higher contribution to the SRF (€20m higher than in 2018), and especially the higher adjustment for hyperinflation in Argentina, explain the decrease of 90.3% compared to the same period of 2018, despite the higher net contribution coming from the insurance business (up 6.9% year-on-year).

Operating income

Operating expenses for the first nine months of 2019 increased by 1.4% compared to the same period of the previous year (1.1% at current exchange rates) with a variation below inflation levels registered in most of the countries where BBVA operates. During this period, the continued cost reductions in Spain stand out, as a result of the expense control plans. The decrease in South America was explained by the change in the perimeter resulting from the sale of BBVA Chile in the third quarter of 2018.

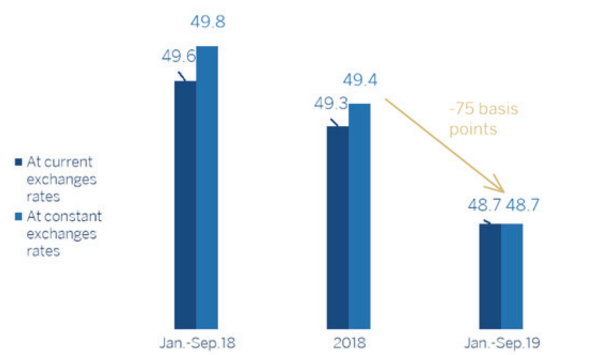
OPERATING EXPENSES (MILLIONS OF EUROS)



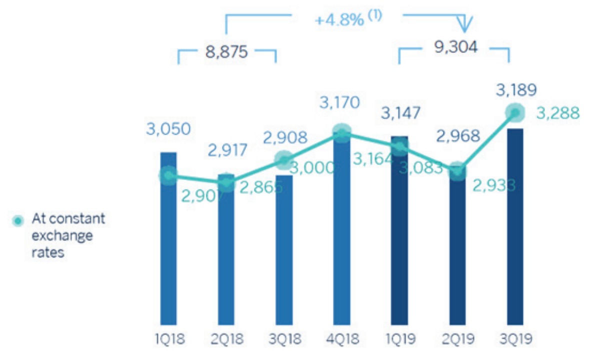
(1) At constant exchange rates: +1.4%.

The **efficiency ratio** continued to improve as a result of expenses growing below gross income, which stood at 48.7% in the third quarter, significantly below the level reached at the end of September 2018 (49.6%). As a result of the aforementioned, **operating income** registered a year-on-year growth of 6.1%.

EFFICIENCY RATIO (PERCENTAGE)



OPERATING INCOME (MILLIONS OF EUROS)

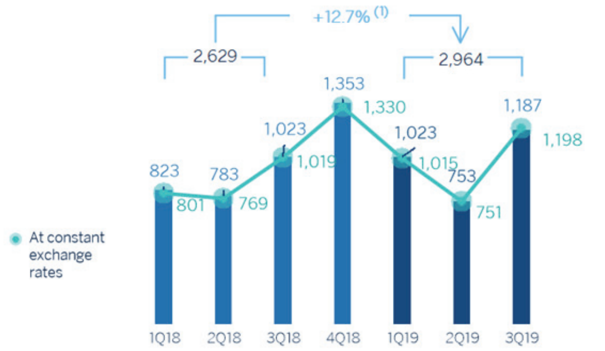


(1) At constant exchange rates: +6.1%.

Provisions and other

The impairment on financial assets not measured at fair value through profit or loss (**impairment on financial assets**) for the first nine months of the year, showed an increase of 14.5%. By business area, the United States recorded higher loan-loss provisions for specific customers in the commercial portfolio and increased write-offs in consumer loans, in Turkey it is explained by the deterioration of retail customers portfolio, and in Mexico, mainly due to the consumer portfolio increase and impact of the deterioration in the macro scenario. On the other hand, Spain registered a decrease of 63.0% year-on-year for lower loan-loss provisions, mainly due to the positive effect of the sale of non-performing and write-offs portfolio, especially those carried out in the second quarter of 2019.

IMPAIRMENT ON FINANCIAL ASSETS (MILLIONS OF EUROS)



(1) At constant exchange rates: +14.5%.

Provisions or reversal of provisions (**provisions**) was 24.3% higher compared to the same period of 2018, due to higher provisions for guarantees and contingent commitments. Other gains (losses) registered a loss of €29m, compared to a positive contribution of €73m in September 2018, as a result of capital gains from certain sales of subsidiaries in Mexico, Turkey and the former business area of Non Core Real Estate carried out in 2018.

The **results from corporate operations** at the end of September 2018 stood at €633m and registered the capital gains (net of taxes) resulting from the sale of BBVA Chile stake.

Results

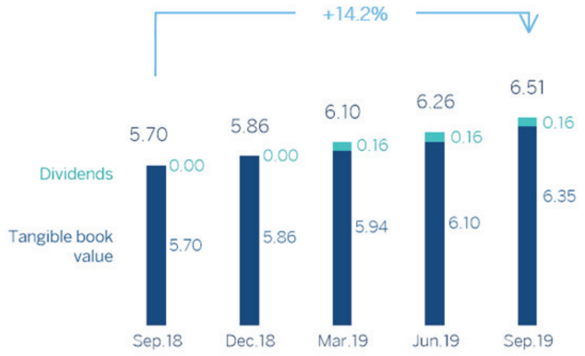
As a result of the above, the Group's **net attributable profit** during the first nine months of 2019 stood at €3,667m, 15.6% lower than in the same period of the previous year (down 15.2% at current exchange rates), featured by higher levels of recurring revenues but negatively impacted by higher loan-loss provisions requirements and the absence of corporate operations in the period.

NET ATTRIBUTABLE PROFIT (MILLIONS OF EUROS)

(1) At constant exchange rates: -15.6%.

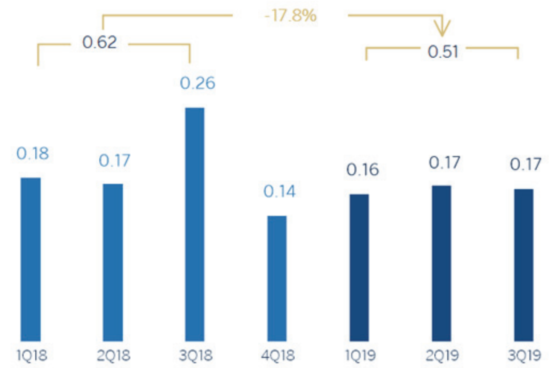
By **business areas**, and in millions of euros, during the first nine months of the year Spain generated 1,064, the United States contributed 478, Mexico registered a profit of 1,965, Turkey contributed 380, South America registered a profit of 569 and Rest of Eurasia contributed 103.

TANGIBLE BOOK VALUE PER SHARE AND DIVIDENDS [1] (EUROS)



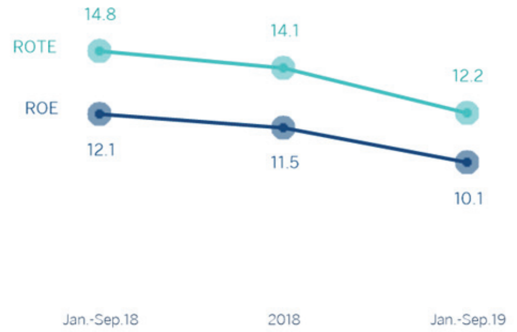
(1) Replenishing dividends paid in the period.

EARNING PER SHARE [1] (EUROS)



(1) Adjusted by additional Tier 1 instrument remuneration.

ROE AND ROTE [1] (PERCENTAGE)



(1) The ROE and ROTE ratios include, in the denominator, the Group's average shareholders' funds and take into account the item called "Accumulated other comprehensive income", which forms part of the equity. Excluding this item, the ROE would stand at 10.6% in January-September of 2018, 10.1% in 2018 and 8.8% in January-September of 2019; and the ROTE on 12.6%, 11.9% and 10.4%, respectively.

ROA AND RORWA (PERCENTAGE)

Balance sheet and business activity

The most relevant **aspects** of the Group's balance sheet and business activity as of September 30, 2019 are summarized below:

- **Loans and advances to customers** (gross) increased by 1.3% during the first nine months of 2019, with increases in the business areas of Mexico, and, to a lesser extent, South America and Rest of Eurasia.
- **Non-performing loans** increased by 2.3% in the quarter and is in line with the balance as of December 31, 2018. This quarterly increase is the result of the higher balance registered in Turkey. The year-on-year comparison fell by 3.4%, mainly due to the sales of non-performing loan portfolios in Spain.
- In customer **deposits**, overall good performance in the third quarter in both time deposits and demand deposits (up 1.4% and 0.5%, respectively). In the year-on-year comparison and compared to the balance as of December 31, 2018, the fall in time deposits was more than offset by the increase in demand deposits balances.
- **Off-balance sheet funds** grew by 7.8% compared to December 31, 2018, thanks to the good performance of both mutual funds and pension funds.
- In **tangible assets**, the balance as of September 30, 2019 was primarily affected by the implementation of IFRS 16 "Leases," which led to a growth of 41.2% compared to the end of the previous financial year.
- The figure for **other assets/other liabilities** at the end of September 2019 includes the assets and liabilities of BBVA Paraguay, which have been classified as non-current assets and liabilities held for sale in the consolidated public balance sheet, once the BBVA Group made public through a relevant event to the Spanish Securities Market Commission (hereinafter CNMV for its acronym in Spanish) the sales agreement, aforementioned in the relevant events section.

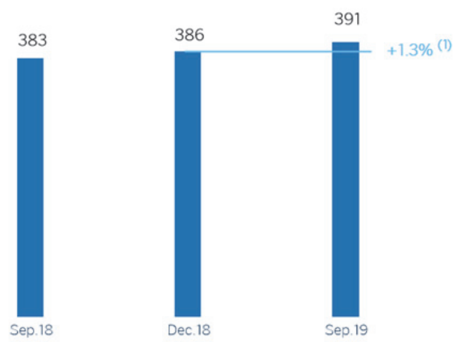
CONSOLIDATED BALANCE SHEET (MILLIONS OF EUROS)

	30-09-19	Δ %	31-12-18	30-09-18
Cash, cash balances at central banks and other demand deposits	40,932	(29.7)	58,196	44,800
Financial assets held for trading	110,874	23.0	90,117	90,405
Non-trading financial assets mandatorily at fair value through profit or loss	5,209	1.4	5,135	4,692
Financial assets designated at fair value through profit or loss	1,400	6.6	1,313	1,302
Financial assets at fair value through accumulated other comprehensive income	63,275	12.3	56,337	61,602
Financial assets at amortized cost	437,792	4.3	419,660	417,893
Loans and advances to central banks and credit institutions	19,655	50.0	13,103	15,355
Loans and advances to customers	378,775	1.3	374,027	370,496
Debt securities	39,363	21.0	32,530	32,042
Investments in subsidiaries, joint ventures and associates	1,550	(1.8)	1,578	972
Tangible assets	10,208	41.2	7,229	6,688
Intangible assets	8,508	2.3	8,314	8,213
Other assets	29,269	1.6	28,809	32,417
Total assets	**709,017**	**4.8**	**676,689**	**668,985**
Financial liabilities held for trading	92,407	14.4	80,774	81,810
Other financial liabilities designated at fair value through profit or loss	9,583	37.0	6,993	6,782
Financial liabilities at amortized cost	518,215	1.8	509,185	501,439
Deposits from central banks and credit institutions	60,554	2.2	59,259	62,339
Deposits from customers	379,333	0.9	375,970	365,687
Debt certificates	63,324	3.6	61,112	62,022
Other financial liabilities	15,003	16.8	12,844	11,390
Liabilities under insurance and reinsurance contracts	10,834	10.2	9,834	9,994
Other liabilities	20,949	23.0	17,029	17,862
Total liabilities	**651,988**	**4.5**	**623,814**	**617,888**
Non-controlling interests	6,299	9.3	5,764	5,100
Accumulated other comprehensive income	(6,114)	(15.3)	(7,215)	(7,358)
Shareholders' funds	56,844	4.6	54,326	53,355
Total equity	**57,029**	**7.9**	**52,874**	**51,097**
Total liabilities and equity	**709,017**	**4.8**	**676,689**	**668,985**
Memorandum item:				
Guarantees given	45,655	1.0	47,574	45,207

LOANS AND ADVANCES TO CUSTOMERS (MILLIONS OF EUROS)

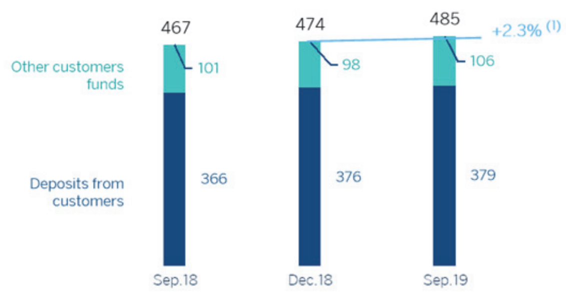
	30-09-19	Δ %	31-12-18	30-09-18
Public sector	**27,782**	**(2.5)**	**28,504**	**28,702**
Individuals	**173,744**	**1.9**	**170,501**	**169,594**
Mortgages	110,958	(0.5)	111,528	112,278
Consumer	35,144	0.6	34,939	34,190
Credit cards	14,469	7.1	13,507	12,527
Other loans	13,173	25.1	10,527	10,598
Business	**173,410**	**1.5**	**170,872**	**167,771**
Non-performing loans	**16,337**	**(0.1)**	**16,348**	**17,045**
Loans and advances to customers (gross)	**391,273**	**1.3**	**386,225**	**383,111**
Loan-loss provisions	(12,499)	2.5	(12,199)	(12,614)
Loans and advances to customers	**378,775**	**1.3**	**374,027**	**370,496**

LOANS AND ADVANCES TO CUSTOMERS (GROSS. BILLIONS OF EUROS)



(1) At constant exchange rates: +0.2%.

CUSTOMER FUNDS (BILLIONS OF EUROS)



(1) At constant exchange rates: +1.3%.

CUSTOMER FUNDS (MILLIONS OF EUROS)

	30-09-19	Δ %	31-12-18	30-09-18
Deposits from customers	**379,333**	**0.9**	**375,970**	**365,687**
Current accounts	272,729	4.7	260,573	251,666
Time deposits	100,147	(7.5)	108,313	107,458
Other deposits	6,457	(8.9)	7,084	6,564
Other customer funds	**105,826**	**7.8**	**98,150**	**100,995**
Mutual funds and investment companies	66,748	8.7	61,393	64,081
Pension funds	36,179	7.0	33,807	33,715
Other off-balance sheet funds	2,899	(1.7)	2,949	3,199
Total customer funds	**485,159**	**2.3**	**474,120**	**466,683**

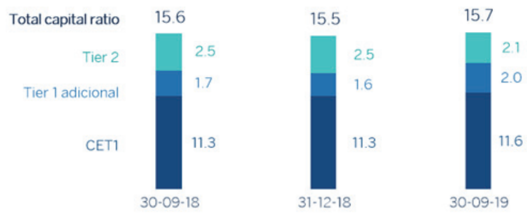
Solvency

Capital base

BBVA's **fully loaded CET1** ratio stood at 11.6% as of the end of September 2019, isolating the impact of the first IFRS 16 implementation which came into effect on January 1, 2019 (-11 basis points) represents a growth of 33 basis points compared to December 2018. This increase is supported by the recurring organic capital generated and the impacts on the capital ratio of the positive evolution of the markets registered, mainly during the first six months of the year.

Risk-weighted assets (RWA) increased at current euros by approximately €19,800m in the first nine months of 2019 as a result of the growth of activity, mainly in the emerging markets, the incorporation of regulatory impacts (IFRS 16 implementation and TRIM — Targeted Review of Internal Models) for approximately €7,300m (which have had an impact on the CET1 ratio of -24 basis points); additionally, the impact of appreciation, particularly the U.S. Dollar and Mexican Peso, has increased the RWA by approximately €5,300m. Finally, in the second quarter of the year, the European Commission recognized Argentina as a country whose supervisory and regulatory[1] requirements are considered equivalent, which has a positive impact on the RWA evolution.

FULLY-LOADED CAPITAL RATIOS (PERCENTAGE)



CAPITAL BASE (MILLIONS OF EUROS)

	CRD IV phased-in			CRD IV fully-loaded		
	30-09-19 (1) (2)	31-12-18	30-09-18	30-09-19 (1) (2)	31-12-18	30-09-18
Common Equity Tier 1 (CET 1)	43,423	40,313	39,662	42,626	39,571	38,925
Tier 1	51,029	45,947	45,765	50,103	45,047	44,868
Tier 2	8,638	8,756	8,847	7,798	8,861	8,670
Total Capital (Tier 1 + Tier 2)	**59,668**	**54,703**	**54,612**	**57,901**	**53,907**	**53,538**
Risk-weighted assets	**368,136**	**348,264**	**343,051**	**368,630**	**348,804**	**343,271**
CET1 (%)	11.8	11.6	11.6	11.6	11.3	11.3
Tier 1 (%)	13.9	13.2	13.3	13.6	12.9	13.1
Tier 2 (%)	2.3	2.5	2.6	2.1	2.5	2.5
Total capital ratio (%)	**16.2**	**15.7**	**15.9**	**15.7**	**15.5**	**15.6**

(1) As of September 30, 2019, the difference between the phased-in and fully-loaded ratios arises from the temporary traetment of certain capital items, mainly of the impact of IFRS9, to which the BBVA Group has adhered voluntarily (in accordance with article 473bis of the CRR).
(2) Provisional data.

In terms of capital **issuances**, BBVA S.A. conducted three public capital issuances: the issuance of preferred securities that may be converted into ordinary BBVA shares (CoCos), registered with the Spanish Securities Market Commission (CNMV) for €1,000m, at an annual coupon of 6.0% and an amortization option after five years of being issued; another issuance of CoCos, registered with the Securities Exchange Commission (SEC), for US$1,000m and a coupon of 6.5% with an amortization option after five and a half years; and a Tier 2 subordinated debt issuance of €750m, with a maturity period of 10 years, an amortization option after five years of being issued and a coupon of 2.575%[2]. In the first nine months of the year the Group continued its funding program to meet the **MREL** (minimum requirement for own funds and eligible liabilities) requirements published in May 2018, by closing three public issuances of senior non-preferred debt for a total of €3,000m, one of which, for €1,000m, was a green bond.

[1] On April 1, 2019, the Official Journal of the European Union published Commission Implementing Decision (EU) No 2019/536, which includes Argentina within the list of third countries and territories whose supervisory and regulatory requirements are considered equivalent for the purposes of the treatment of exposures in accordance with Regulation (EU) No 575/2013.
2 These issuances are calculated as capital instruments (as additional Tier 1 the first two and as Tier 2 the last one) without prior authorization required, all in accordance with the Royal Decree 309/2019, of April 26, which partially implements Law 5/2019, of March 15, regulating real estate loan agreements and adopting other financial measures.

Additionally, the early amortization options on three issuances were exercised: one for CoCos, for €1,500m with a coupon of 7% issued in February 2014; another issuance of Tier 2 subordinated debt, for €1,500m with a coupon of 3.5% issued in April 2014 and amortized in April 2019; and a further Tier 2 debt issued in June 2009 by Caixa d'Estalvis de Sabadell with an outstanding nominal amount of €4,878,000, amortized in June 2019.

In terms of the Group's remaining subsidiaries, Mexico carried out the issuance of a Tier 2 debt instrument for US$750m with a maturity period of 15 years with an early amortization option in the tenth year and a coupon of 5.875%. The funds obtained were used to carry out a partial repurchase of two subordinated issuances (US$250m with maturity in 2020 and US$500m with maturity in 2021).

Regarding **shareholder remuneration**, on October 15 a gross cash dividend was paid for the financial year 2019 of €0.10 per share, in line with the Group's dividend policy of maintaining a pay-out ratio of 35-40% of recurring profit.

The **phased-in CET1** ratio stood at 11.8% as of September 30, 2019, taking into account the effect of the IFRS 9 standard. **Tier 1** stood at 13.9% and **Tier 2** at 2.3%, resulting in a **total capital ratio** of 16.2%.

These levels are above the requirements established by the supervisor in its SREP letter (Supervisory Review and Evaluation Process), applicable in 2019. Since March 1, 2019, at the consolidated level, this requirement has been established at 9.26% for the CET1 ratio and 12.76% for the total capital ratio. Its variation compared to 2018 is explained by the end of the transitional period for the implementation of the capital conservation buffer and the capital buffer applicable to Other Systemically Important Institutions, as well as the progression of the countercyclical capital buffer. For its part, the CET1 Pillar 2 requirement (P2R) remains unchanged at 1.5%.

Finally, the Group's maintained a solid **leverage** ratio of 6.9% fully-loaded (7.0% phased-in), the highest among its peer group.

Ratings

During the first nine months of the year, Moody's, S&P, DBRS and Scope confirmed the rating they assign to BBVA's senior preferred debt (A3, A-, A (high) and A+ respectively). Fitch increased this rating by a notch in July 2019, considering that BBVA's loss-absorbing capital buffers (such as senior non-preferred debt) are sufficient to materially reduce the risk of default. In these actions, the agencies highlighted the Group's diversification and self-sufficient franchise model, with subsidiaries responsible for managing their own liquidity. These ratings, together with their outlooks, are shown in the following table:

RATINGS

Rating agency	Long term [1]	Short term	Outlook
DBRS	A (high)	R-1 (middle)	Stable
Fitch	A	F-1	Negative
Moody's	A3	P-2	Stable
Scope Ratings	A+	S-1+	Stable
Standard & Poor's	A-	A-2	Negative

(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.

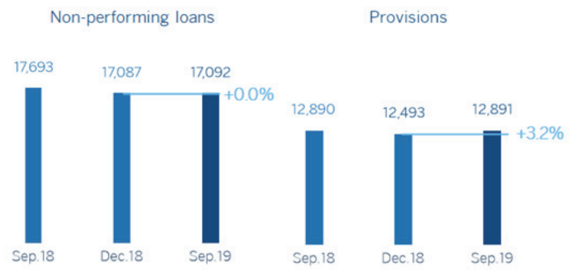
Risk management

Credit risk

Between the period of January-September of 2019, BBVA Group's risk metrics performed well:

- **Credit risk** increased slightly by 0.7% in the third quarter at current exchange rates. At constant exchange rates, it contracted -0.7%, where the decrease in Spain and Turkey was not offset by the growth in the rest of the business areas.
- The **balance of non-performing loans** remained flat between January and September of 2019, however it decreased by 3.4% in year-on-year terms, primarily due to the sale of non-performing loans portfolios in Spain.
- The **NPL ratio** stood at 3.9% as of September 30, 2019, which represents a decrease of 4 basis points compared to the end of December 2018 (- 23 basis points year-on-year).
- **Loan-loss provisions** increased by 3.2% in the last nine months (up 2.6% at constant exchange rates).
- The **NPL coverage ratio** closed at 75% in the first nine months, which was an improvement of 231 basis points compared to the close of 2018 and 257 basis points year-on-year.
- The accumulated **cost of risk** as of September 2019 stood at 1.01%, in line with the figure at the end of 2018.

NON-PERFORMING LOANS AND PROVISIONS
(MILLIONS OF EUROS)



CREDIT RISK (1) (MILLIONS OF EUROS)

	30-09-19 (2)	30-06-19	31-03-19	31-12-18	30-09-18
Credit risk	**438,177**	**434,955**	**439,152**	**433,799**	**428,318**
Non-performing loans	17,092	16,706	17,297	17,087	17,693
Provisions	12,891	12,468	12,814	12,493	12,890
NPL ratio (%)	**3.9**	**3.8**	**3.9**	**3.9**	**4.1**
NPL coverage ratio (%)	**75**	**75**	**74**	**73**	**73**

(1) Include gross loans and advances to customers plus guarantees given.
(2) Figures without considering the classification of non-current assets held for sale (NCA&L).

NON-PERFORMING LOANS EVOLUTION (MILLIONS OF EUROS)

	3Q19 (1) (2)	2Q19	1Q19	4Q18	3Q18
Beginning balance	**16,706**	**17,297**	**17,087**	**17,693**	**19,654**
Entries	2,563	2,458	2,353	3,019	2,168
Recoveries	(1,423)	(1,531)	(1,409)	(1,560)	(1,946)
Net variation	**1,140**	**927**	**944**	**1,459**	**222**
Write-offs	(992)	(958)	(775)	(1,693)	(1,606)
Exchange rate differences and other	238	(561)	41	(372)	(576)
Period-end balance	**17,092**	**16,706**	**17,297**	**17,087**	**17,693**
Memorandum item:					
Non-performing loans	16,337	15,999	16,559	16,348	17,045
Non performing guarantees given	755	707	738	739	649

(1) Preliminary data.
(2) Figures without considering the classification of non-current assets held for sale (NCA&L).

Structural risks

Liquidity and funding

Management of **liquidity and funding** 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, always in compliance with current regulatory requirements.

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 (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 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 financial soundness of the BBVA Group’s banks continues to be based on the funding of lending activity, fundamentally through the use of stable customer funds. During the first nine months of 2019**, liquidity** conditions remained comfortable across all countries in which the BBVA Group operates:

- In the eurozone, the liquidity situation remains comfortable, with a slight increase in the credit gap over the first nine months of the year. BBVA did not participate in the first auction of the European Central Bank's long-term lending program, known as TLTRO III, which took place in September. The possibility of being involved in the next auction in December will be assessed by the bank as part of its quarterly process of updating the financing plan.
- In the United States, the liquidity situation is solid. In the first nine months of this year, there has been a decrease in the credit gap due primarily to the increase in deposits as a result of deposit-taking campaigns, and a slowdown in lending activity. It should be noted that recent tensions in the very short-term American repo market, which forced the Federal Reserve to intervene and inject liquidity, have had no impact on BBVA USA due to its limited dependence on this type of operation and the maintenance of an adequate liquidity buffer.
- In Mexico, the credit gap increased in the first nine months of the year due to higher growth in lending activity than deposits, although the liquidity position remains strong.
- In Turkey, the good liquidity situation continues despite the wholesale funding maturities seen during the year, with an adequate buffer against a possible liquidity stress scenario. A reduction in loans and growth in deposits led to the credit gap improving in the first nine months of the year in terms of the balance sheet in foreign currency, while in terms of local currency the credit gap increased due to higher growth in loans than deposits.
- In South America, the liquidity situation remains comfortable throughout the region. In Argentina, the volatility generated in the markets following the results of the primary elections produced an outflow of deposits in dollars in the banking system (gradually decreasing in recent weeks), which BBVA Argentina successfully managed as a result of its solid liquidity position, as shown by its comfortable liquidity ratios.

The BBVA Group's **liquidity coverage** ratio (LCR) remained comfortably above 100% during the first nine months of 2019, and stood at 127% as of September 30, 2019. It comfortably exceeded 100% in all subsidiaries (eurozone 144%, Mexico 135%, the United States 144% and Turkey 174%). For the calculation of the ratio, it is assumed that there is no transfer of liquidity among subsidiaries; i.e. no kind 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 152% (25 percentage points above 127%).

The **Net Stable Funding** Ratio (NSFR), defined as the ratio between the amount of stable funding available and the amount of stable funding required, is one of the Basel Committee's essential reforms, and requires 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. BBVA Group’s, NSFR ratio, calculated according to Basel requirements, remained above 100% throughout the first nine months of 2019 and stood at 122% as of September 30, 2019. It comfortably exceeded 100% in all subsidiaries (eurozone 115%, Mexico 129%, the United States 114% and Turkey 150%).

The wholesale **financing** markets in which the Group operates remained stable.

The main **transactions** carried out in the first nine months of 2019 by entities of the BBVA Group were:

- BBVA, S.A. completed three senior non-preferred debt issuances, the first for €1,000m with a fixed-rate annual coupon of 1.125% and a maturity period of five years; the second a green bond (its second after the first issuance in May 2018), also for €1,000m, with an annual coupon of 1% and a maturity period of seven years; and the third in September for €1,000m with a maturity period of five years and a final interest rate of midswap +80 basis points, with a coupon of 0.375%, this being the lowest achieved by a senior non-preferred debt issuance in Spain and the lowest paid by BBVA for senior debt (preferred and non-preferred).

- Regarding capital issuances, BBVA, S.A. carried out three public issuances: an issuance of preferred securities that may be converted into ordinary BBVA shares (CoCos), registered in the Spanish Securities Market Commission (CNMV) for €1,000m with an annual coupon of 6.0% and amortization option from the fifth year; another issuance of CoCos, registered in the Security Exchange Commission (SEC), for $1,000m with a coupon of 6.5% and amortization option after five and a half years; and a Tier 2 subordinated debt issuance for €750m, with a maturity period of ten years, an amortization option in the fifth year and a coupon of 2.575%.

- Additionally, during the first nine months, the early amortization option for the issuance of CoCos for €1,500m with a coupon of 7%, issued in February 2014, was exercised; and a Tier 2 subordinated debt issuance for €1,500m with a coupon of 3.5%, issued in April 2014, was amortized. In June 2019, BBVA, S.A., as the successor to Unnim Banc, S.A.U., exercised the early amortization of the issuance of subordinated bonds, originally issued by Caixa d'Estalvis de Sabadell, for an outstanding nominal amount of €4,878,000.
- In the United States, BBVA USA completed a public issuance of US$600m in senior format in the third quarter of the year, with a maturity period of five years and a coupon of 2.5%. The purpose of this issuance was to renew a maturity for the same amount.
- In Mexico, €458m of senior debt was issued in the local market in the second quarter of the year, in two tranches: €229m with a maturity period of three years at the Interbank Equilibrium Interest Rate (TIIE) +28 basis points, and €229m with a maturity period of eight years at the Mbono rate +80 basis points, obtaining the lowest cost of funds in history in the local market in both maturities. In the third quarter, a Tier 2 issuance of US$750m was issued with a maturity period of 15 years including an early amortization option in the tenth year and a coupon of 5.875%. The funds obtained were used to carry out a partial repurchase of two subordinated issuances that were no longer being calculated in capital (250m with maturity in 2020 and 500m with maturity in 2021).
- In Turkey, in the first quarter Garanti BBVA issued a Diversified Payment Rights (DPR) securitization for US$150m with a maturity period of five years. It also renewed syndicated loans for US$784m.
- In South America, in the third quarter BBVA Peru issued senior bonds with a maturity period of three years for an equivalent amount of €50m. In previous quarters, BBVA Argentina issued negotiable instruments on the local market for an amount equivalent to €25m, while Forum in Chile issued a bond on the local market for an amount equivalent to €107m.

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 ratios and ensure the stability of its income statement.

In the first nine months of **2019**, the Argentine peso (down 30.6%) and the Turkish lira (down 1.5%) depreciated against the euro, while the Mexican peso (up 4.8%) and the US dollar (up 5.2%) appreciated compared to the closing rates at December 31, 2018. BBVA has maintained 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 excess. Based on this policy, the sensitivity of the CET1 ratio to a depreciation of 10% against the euro of the main emerging-market currencies stands at -3 basis points for the Mexican peso and -2 basis points for the Turkish lira. In the case of the US dollar, the sensitivity to a depreciation of 10% against the euro is approximately +9 basis points, as a result of RWAs denominated in US dollars outside the United States. At the close of September, the coverage level for expected earnings for 2019 stood at 76% for Mexico and 75% for Turkey.

Interest rate

The aim of managing **interest rate** risk is to limit the sensitivity of the balance sheet to interest rate fluctuations. BBVA carries out this work through an internal procedure following the guidelines established by the European Banking Authority (EBA), measuring the sensitivity of net interest income and economic value to determine the potential impact of a range of scenarios on the Group's different balance sheets.

The model is based on assumptions intended to realistically replicate the performance of the balance sheet. Of particular relevance are assumptions about the performance of accounts with no explicit maturity and prepayment estimates. These assumptions are reviewed and adapted at least once a year to consider any changes in the performance.

BBVA maintains, at the aggregate level, a favorable position in net interest income in the face of an increase in interest rates, as well as a moderate risk profile, in line with its objective , through effective management of structural risk of the balance sheet risk.

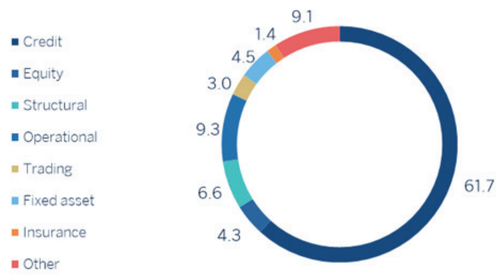
By area, the main aspects of the balance sheets are:

- Spain and the United States have balance sheets characterized by a high proportion of variable-rate loans in their portfolios (basically, mortgages in Spain and corporate loans in both countries) and liabilities composed mainly of customer deposits. The ALCO portfolios act as a hedge of the bank's balance sheet, reducing its sensitivity to interest rate fluctuations.
- In Mexico there is a better equilibrium between balance sheet items referenced to fixed and variable interest rates. Among the most sensitive assets to interest rates fluctuations, the corporate portfolio stands out, while consumer loans and mortgages are mostly fixed rate. The ALCO portfolio is used to neutralize the longer duration of customer deposits.
- In Turkey, the interest rate risk (broken down into Turkish lira and U.S. dollars) is very limited: on the asset side, the sensitivity of loans, mostly fixed rate but with relatively short maturities, and the ALCO portfolio, including inflation-linked bonds, is balanced by the sensitivity of deposits, which are re-priced over short maturities on the liability side.
- In South America, interest rate risk remains low because the fixed/variable composition and maturities are very similar for assets and liabilities in most countries in the region. Likewise, in balance sheets with several currencies, interest rate risk management is also carried out for each of the currencies, showing a very low level of risk.

Economic capital

Economic risk capital (ERC) consumption reached €29,183m at the end of August 2019 in consolidated terms, equivalent to an increase of 1.2% compared to the end of May 2019. The variation, in the same period and at constant exchange rates was up 1.9%. This increase was primarily due to credit risk and exchange rate.

CONSOLIDATED ECONOMIC RISK CAPITAL BREAKDOWN (PERCENTAGE. AUGUST 2019)



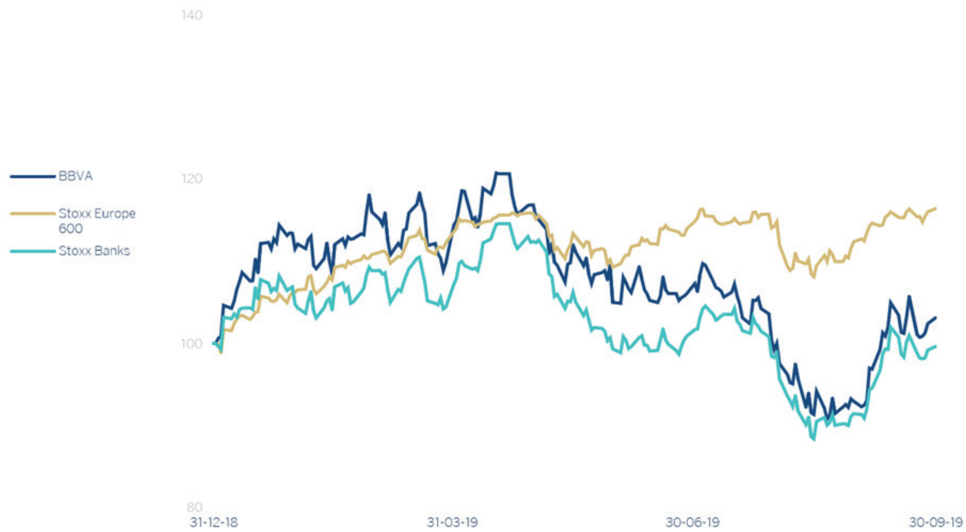
The BBVA share

The main **stock market** indexes performed strongly during the first nine months of 2019, thanks particularly to the positive start in the first quarter. In Europe, the Stoxx Europe 600 index increased by 12.9% between January and September, although it fell slightly in the third quarter (-1.3% compared to June 2019). In Spain, the rise of the Ibex 35 during the same period was more moderate at 8.3%, remaining practically flat in the third quarter (+0.5%). In the United States, the main stock indexes maintain the high growth rates observed throughout the year. The S&P 500 Index rose 18.7% in the first nine months of the year, although this increase has slowed in the third quarter (+ 1.2%).

With regard to the European **banking sector indexes**, particularly in Europe, its performance in the first nine months of the year was worse than the general market indexes, and the positive start of the first quarter was offset by the decline in the second and third quarters of the year. The Stoxx Europe 600 Banks index, which includes banks in the United Kingdom and the Euro Stoxx Banks index for the Eurozone remained flat during the year (-0.4% and +0.8% respectively, as of September 2019), while in the United States, the S&P Regional Banks Select Industry Index upgraded 12.9% compared to the close of the 2018 financial year.

For its part, the **BBVA share** registered a better performance compared to the European banking sector during the first nine months of the year, with the share price increasing by 3.1% and closing September 2019 at €4.78.

BBVA SHARE EVOLUTION COMPARED WITH EUROPEAN INDICES (BASE INDICE 100=31-12-18)



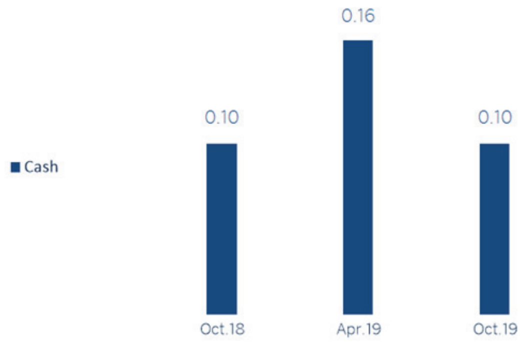
THE BBVA SHARE AND SHARE PERFORMANCE RATIOS

	30-09-19	31-12-18
Number of shareholders	884,412	902,708
Number of shares issued	6,667,886,580	6,667,886,580
Daily average number of shares traded	28,631,263	35,909,997
Daily average trading (millions of euros)	144	213
Maximum price (euros)	5.68	7.73
Minimum price (euros)	4.19	4.48
Closing price (euros)	4.78	4.64
Book value per share (euros)	7.63	7.12
Tangible book value per share (euros)	6.35	5.86
Market capitalization (millions of euros)	31,876	30,909
Yield (dividend/price; %) (1)	5.4	5.4

(1) Calculated by dividing shareholder remuneration over the last twelve months by the closing price of the period.

Regarding **shareholder remuneration** in 2019, on October 15, BBVA paid a cash interim dividend of €0.10 (gross) per share on account of the 2019 dividend. This payment is in line with the policy announced in the Relevant Event released on February 1, 2017, in which BBVA plans to distribute between 35% and 40% of annual earnings in dividends. This shareholder remuneration policy, will consist of two cash payments, the aforementioned in October and the foreseen in April 2020, all subject to the appropriate approvals by the relevant governing bodies.

SHAREHOLDER REMUNERATION
(EUROS PER SHARE)



As of September 30, 2019, the number of BBVA **shares** remained at 6.668 billion, held by 884,412 **shareholders**, of which 43.59% are Spanish residents and the remaining 56.41% are non-residents.

SHAREHOLDER STRUCTURE (30-09-2019)

	Shareholders		Shares	
Number of shares	**Number**	**%**	**Number**	**%**
Up to 150	174,725	19.8	12,353,130	0.2
151 to 450	174,662	19.7	47,919,315	0.7
451 to 1800	277,401	31.4	271,773,883	4.1
1,801 to 4,500	135,514	15.3	386,115,280	5.8
4,501 to 9,000	63,147	7.1	397,898,075	6.0
9,001 to 45,000	52,561	5.9	911,679,986	13.7
More than 45,001	6,402	0.7	4,640,146,911	69.6
Total	**884,412**	**100.0**	**6,667,886,580**	**100.0**

BBVA **shares** are included on the main stock market indexes, including the Ibex 35, and the Stoxx Europe 600 index, with a weighting of 6.5% and 0.4%, respectively at the closing of September of 2019. They are also included on several sector indexes, including Stoxx Europe 600 Banks, which includes the United Kingdom, with a weighting of 4.0% and the Euro Stoxx Banks index for the Eurozone with a weighting of 8.4%.

Finally, BBVA maintains a significant presence on a number of international **sustainability indexes** or Environmental, Social and Governance (ESG) indexes, which evaluates companies' performance in these areas. In September, BBVA continued to be included in the Dow Jones Sustainability Index (DJSI), the markets leading benchmark index, which measures the economic, environmental and social performance of the most valuables companies by market capitalization of the world (in the DJSI World and DJSI Europe), achieving the highest score in financial inclusion and occupational health and safety and the highest score in climate strategy, environmental reporting and corporate citizenship and philanthropy.

MAIN SUSTAINABILITY INDICES ON WHICH BBVA IS LISTED AS OF 30-09-19

Listed on the DJSI World and DJSI Europe indices

(1)

Listed on the MSCI ESG Leaders Indexes

AAA Rating

Listed on the FTSE4Good Global Index Series

Listed on the Euronext Vigeo Eurozone 120 and Europe 120 indices

Listed on the Ethibel Sustainability Excellence Europe and Eithebel Sustainability Excellence Global indices

Listed on the Bloomberg Gender-Equality Index

In 2018, BBVA obtained a "B" rating

(1) The inclusion of BBVA in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of BBVA by MSCI or any of its affiliates. The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Responsible banking

At BBVA we have a **differential** banking **model** that we refer to as responsible banking, based on seeking out the profitability adjusted to principles, strict legal compliance, best practices and the creation of long-term value for all stakeholders. The four **pillars** of BBVA's responsible banking model are as follows:

- Balanced relationships with its customers, based on transparency, clarity and responsibility.
- Sustainable finance to combat climate change, respect human rights and achieve the United Nations Sustainable Development Goals (SDGs).
- Responsible practices with employees, suppliers and other stakeholders.
- Community investment to promote social change and create opportunities for all.

In 2018, BBVA announced its **2025 Pledge**. This sets out the Bank's strategy for climate change and sustainable development, working toward meeting the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. The pledge is an eight-year commitment based on three lines of action:

- To finance: BBVA is pledging to mobilize €100 billion in green and social financing, sustainable infrastructure and agribusiness, social entrepreneurship and financial inclusion.
- To manage the environmental and social risks associated with the Group's activity in order to minimize its potential direct and indirect negative impacts. BBVA pledges that 70% of energy used by the Group will be renewable by 2025, reaching 100% by 2030, and to reduce direct CO_2 emissions by 68% with respect to 2015.
- To engage all stakeholders to collectively promote the financial sector's contribution to sustainable development.

The figure for **sustainable finance** mobilized since the launch of the Pledge amounts to €22,000m (figure as of June 2019, latest available data). Additionally, BBVA published the first monitoring report on its first green bond, issued in 2018, which has contributed to reduce around 275,000 tons of CO_2 in its first year.

In Spain, BBVA is positioned at the forefront of sustainable products, being one of the most active financial entities regarding this issue. In this sense, the Bank is developing products which offer sustainable solutions for all customers (individuals, SMEs, large companies and institutions), i.e., products that seek to respond to a growing demand from society, which is increasingly aware of the fight against climate change. Among them, the highlighted lines are, loan for promotion of high energy-efficient housing with a bonus on the differential of the mortgage and loans for all customers wishing to purchase electric or hybrid cars.

As part of its objective to engage its stakeholders, BBVA signed in September the **Principles of Responsible Banking**, promoted by the Financial Initiative of the United Nations Environment Program (UNEP FI) at the United Nations General Assembly held in New York on September 22. It is a joint response of 130 banking entities and the UN to align the banking business with long-term objectives which integrate social and environmental challenges.

In addition, the Bank joined the **Collective Commitment to Climate Action** launched by 31 international financial institutions within the framework of the United Nations climate summit, which was held in New York on September 23. This statement was born within the Principles of Responsible Banking which intends to its promoters determination to align their portfolios to reflect and finance the low-carbon, climate-resilient economy required to limit global warming to well-below 2, striving for 1.5 degrees Celsius. Also, these 31 international financial institutions will pursue a set of common goals to help facilitate the economic transition necessary to achieve climate neutrality; and they have committed to work together and support each other in developing each bank’s capabilities and the necessary methodologies to measure climate impact and alignment with global and local climate goals. For BBVA and all signatory institutions, this commitment aims to align its products and services with a collective strategy in the face of the climate crisis.

Regarding **responsible practices with employees**, BBVA launched the Be Yourself proposal, carried out by its employees to work on diversity. This project aims to achieve a diverse and inclusive work environment, and has been presented by the working group to the rest of the employees with the support of the senior management of the Bank and a group of speakers who have discussed about the challenges and difficulties that LGTBI people face.

Within the framework of **community investment**, education for society has an important weight. From 2008 to 2018, BBVA allocated more than €80 million to financial education programs worldwide that benefited more than 13 million people.

In July 2019, BBVA hosted in Madrid the third edition of the **EduFin Summit 2019**, the global meeting of the BBVA Center for Financial Education and Capability in which financial health and education are discussed every year. The event brought together over 30 experts in financial education from 16 countries, including agents of public administrations, universities, think-tanks and professionals in education and finance. This edition addressed the issue of how digitalization contributes to improving the health of people's finances, and the discussion about the need for the technological revolution to become more inclusive or about the use of chatbots and artificial intelligence in the daily life of personal finances.

Finally, as aforementioned in the BBVA share section, BBVA continued to be included in the **Dow Jones Sustainability Index** (DJSI), the market’s leading benchmark index, which measures the economic, environmental and social performance of the most valuables companies by market capitalization of the world (in the DJSI World and DJSI Europe), while Garanti BBVA continued to be included in the DJSI Emerging Markets. In the renewal of 2019, BBVA achieved the highest score in financial inclusion and occupational health and safety, and highest scores in climate strategy, environmental reporting and corporate citizenship and philanthropy.

Business areas

This section presents and analyzes the most relevant aspects of the Group's different business areas. Specifically, for each one of them, it shows a summary of the income statement and balance sheet, the business activity figures and the most significant ratios.

In 2019, BBVA Group's business areas ***reporting*** **structure** of the BBVA Group's business areas differs from the one presented at the end of 2018, as a result of the integration of the Non-Core Real Estate business area into Banking Activity in Spain, now reported as "Spain". In order to make the 2019 information comparable to 2018, the figures for this area have been reexpressed.

BBVA Group's business areas are summarized below:

- **Spain** mainly includes the banking and insurance businesses that the Group carries out in this country.
- **The United States** includes the financial business activity that BBVA carries out in the country and the activity of the BBVA, S.A branch in New York.
- **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 BBVA Garanti group that is mainly carried out in this country and, to a lesser extent, in Romania and the Netherlands.
- **South America** basically includes banking and insurance businesses in the region.
- **Rest of Eurasia** includes the banking business activity carried out in Asia and in Europe, excluding Spain.

The **Corporate Center** exercises centralized Group functions, including: the costs of the head offices with a corporate function; management of structural exchange rate positions; some equity instruments issuances to ensure an adequate management of the Group's global solvency. It also includes portfolios whose management is not linked to customer relationships, such as industrial holdings; certain tax assets and liabilities; funds due to commitments to employees; goodwill and other intangible assets.

The **information by business area** is based on units at the lowest level and/or companies that comprise the Group, which are assigned to the different areas according to the main region or company group in which they carry out their activity.

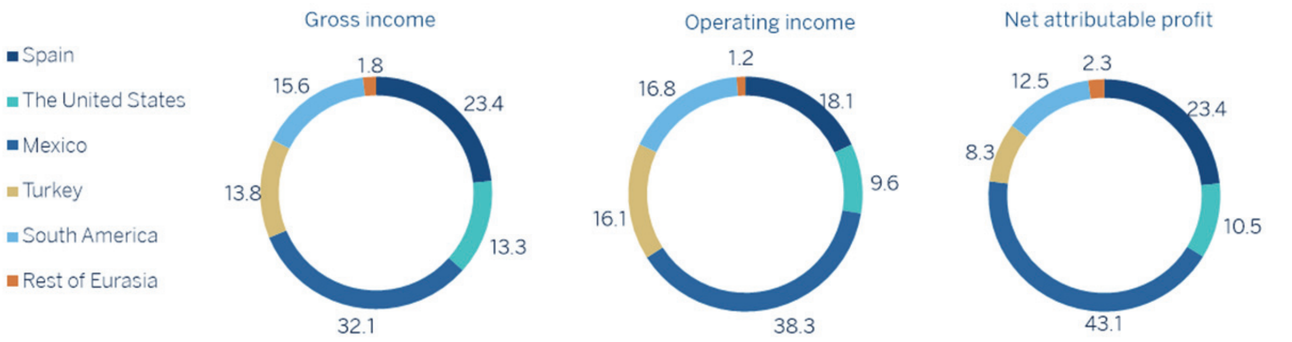
As usual, in the case of the different business areas in America and in Turkey, the results of applying constant **exchange rates** are given as well as the year-on-year variations at current exchange rates.

MAJOR INCOME STATEMENT ITEMS BY BUSINESS AREA (MILLIONS OF EUROS)

		Business areas							
	BBVA Group	Spain	The United States	Mexico	Turkey	South America	Rest of Eurasia	∑ Business areas	Corporate Center
Jan.-Sep. 19									
Net interest income	13,475	2,721	1,813	4,599	2,029	2,376	130	13,667	(193)
Gross income	18,124	4,307	2,442	5,912	2,548	2,884	338	18,432	(308)
Operating income	9,304	1,866	989	3,954	1,661	1,733	126	10,329	(1,025)
Profit/(loss) before tax	5,938	1,489	588	2,702	982	1,137	129	7,027	(1,089)
Net attributable profit	3,667	1,064	478	1,965	380	569	103	4,558	(891)
Jan.-Sep. 18 (1)									
Net interest income	12,899	2,775	1,665	4,110	2,204	2,226	126	13,105	(206)
Gross income	17,596	4,494	2,182	5,340	2,801	2,777	318	17,911	(315)
Operating income	8,875	1,976	811	3,562	1,884	1,513	104	9,850	(975)
Profit/(loss) before tax	6,012	1,481	687	2,539	1,264	972	98	7,041	(1,029)
Net attributable profit	4,323	1,092	542	1,838	485	457	61	4,474	(151)

(1) The income statements for 2018 were reexpressed due to changes in the reallocation of some expenses related to global projects and activities between the Corporate Center and the business areas incorporated in 2019.

GROSS INCOME(1), OPERATING INCOME(1) AND NET ATTRIBUTABLE PROFIT(1) BREAKDOWN
(PERCENTAGE. JANUARY-SEPTEMBER 2019)



(1) Excludes the Corporate Center.

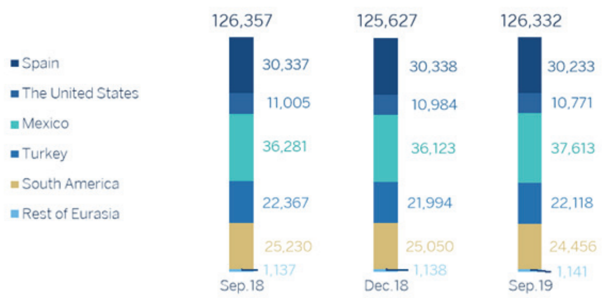
MAJOR BALANCE-SHEET ITEMS AND RISK-WEIGHTED ASSETS BY BUSINESS AREA (MILLIONS OF EUROS)

		Business areas									
	BBVA Group	Spain	The United States	Mexico	Turkey	South America	Rest of Eurasia	Σ Business areas	Corporate Center	Deletions	NCA&L(1)
30-09-19											
Loans and advances to customers	378,775	166,217	63,210	56,510	40,776	35,875	18,473	381,061	125	(1,217)	(1,194)
Deposits from customers	379,333	180,653	67,376	52,826	41,651	36,159	4,366	383,031	311	(2,499)	(1,510)
Off-balance sheet funds	105,826	64,728	-	24,155	3,460	12,986	497	105,826	-	-	-
Total assets/liabilities and equity	709,017	372,162	88,730	107,131	67,156	55,973	21,686	712,838	10,385	(12,443)	(1,764)
Risk-weighted assets	368,136	105,866	65,902	57,454	58,521	45,284	17,612	350,638	17,498	-	-
31-12-18											
Loans and advances to customers	374,027	170,438	60,808	51,101	41,478	34,469	16,598	374,893	990	(1,857)	-
Deposits from customers	375,970	183,414	63,891	50,530	39,905	35,842	4,876	378,456	36	(2,523)	-
Off-balance sheet funds	98,150	62,559	-	20,647	2,894	11,662	388	98,150	-	-	-
Total assets/liabilities and equity	676,689	354,901	82,057	97,432	66,250	54,373	18,834	673,848	16,281	(13,440)	-
Risk-weighted assets	348,264	104,113	64,175	53,177	56,486	42,724	15,476	336,151	12,113	-	-

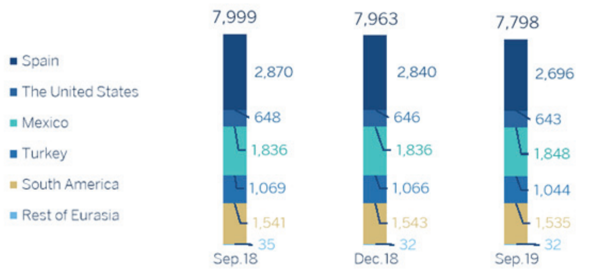
(1) Non-current assets and liabilities held for sale of BBVA Paraguay.

Since 2019, a column has been included in the balance sheet, which includes the **deletions** and balance adjustments between different business areas, especially in terms of the relationship between the areas in which the parent company operates, i.e. Spain, Rest of Eurasia and Corporate Center. In previous years, these deletions were allocated to the different areas, mainly in Banking Activity in Spain. Accordingly, the figures from the previous year have been reexpressed to show comparable series.

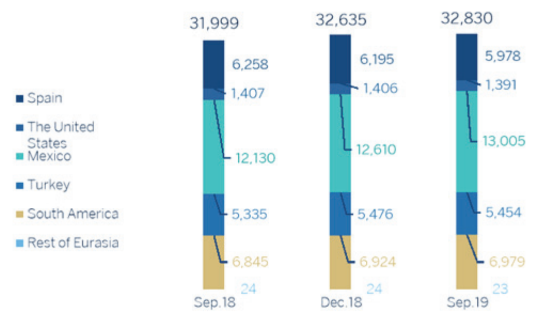
NUMBER OF EMPLOYEES



NUMBER OF BRANCHES



NUMBER OF ATMS

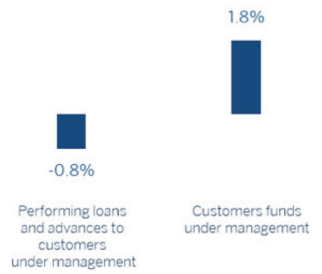


Spain

Highlights

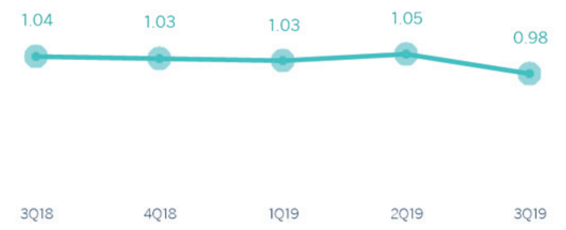
- **Activity affected by the seasonality of the third quarter.**
- **Net Interest income influenced by lower ALCO contribution and the impact of IFRS 16.**
- **Continued decrease in operating expenses.**
- **Positive impact of the sale of non-performing and write-off portfolios on loan loss provisions and risk indicators.**

BUSINESS ACTIVITY[1]
(YEAR-ON-YEAR CHANGE. DATA AS OF 30-09-19)

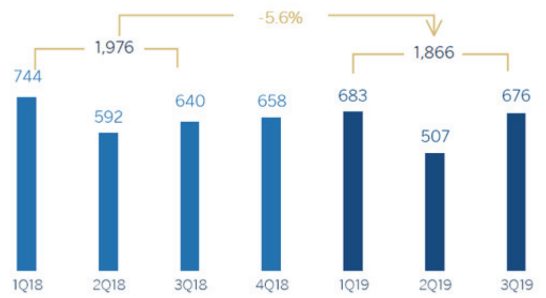


(1) Excluding repos.

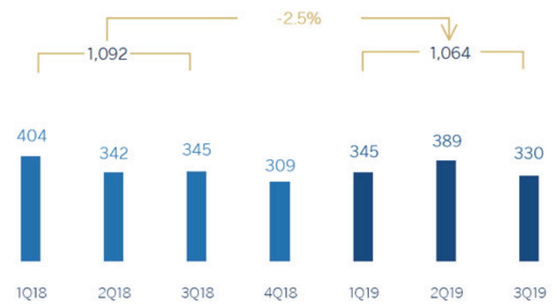
NET INTEREST INCOME/ATAS
(PERCENTAGE)



OPERATING INCOME
(MILLIONS OF EUROS)



NET ATTRIBUTABLE PROFIT
(MILLIONS OF EUROS)



FINANCIAL STATEMENTS AND RELEVANT BUSINESS INDICATORS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	Jan.-Sep. 19	Δ %	Jan.-Sep. 18
Net interest income	**2,721**	**(1.9)**	**2,775**
Net fees and commissions	1,287	1.3	1,271
Net trading income	121	(62.5)	324
Other operating income and expenses	177	42.5	124
Of which: Insurance activities (1)	385	8.1	356
Gross income	**4,307**	**(4.2)**	**4,494**
Operating expenses	(2,441)	(3.0)	(2,518)
Personnel expenses	(1,414)	(0.2)	(1,416)
Other administrative expenses	(668)	(23.3)	(871)
Depreciation	(359)	56.1	(230)
Operating income	**1,866**	**(5.6)**	**1,976**
Impairment on financial assets not measured at fair value through profit or loss	(106)	(63.0)	(287)
Provisions or reversal of provisions and other results	(271)	30.0	(208)
Profit/(loss) before tax	**1,489**	**0.6**	**1,481**
Income tax	(423)	9.3	(387)
Profit/(loss) for the year	**1,066**	**(2.5)**	**1,094**
Non-controlling interests	(2)	(20.8)	(2)
Net attributable profit	**1,064**	**(2.5)**	**1,092**

(1) Includes premiums received net of estimated technical insurance reserves.

Balance sheets	30-09-19	Δ %	31-12-18
Cash, cash balances at central banks and other demand deposits	12,719	(55.4)	28,545
Financial assets designated at fair value	132,383	23.4	107,320
Of which: Loans and advances	35,587	17.8	30,222
Financial assets at amortized cost	196,380	0.5	195,467
Of which: Loans and advances to customers	166,217	(2.5)	170,438
Inter-area positions	19,145	36.5	14,026
Tangible assets	3,405	163.3	1,294
Other assets	8,129	(1.5)	8,249
Total assets/liabilities and equity	**372,162**	**4.9**	**354,901**
Financial liabilities held for trading and designated at fair value through profit or loss	80,835	13.8	71,033
Deposits from central banks and credit institutions	46,720	1.8	45,914
Deposits from customers	180,653	(1.5)	183,414
Debt certificates	33,562	7.0	31,352
Inter-area positions	-	-	-
Other liabilities	21,508	48.1	14,519
Economic capital allocated	8,883	2.5	8,670

Relevant business indicators	30-09-19	Δ %	31-12-18
Performing loans and advances to customers under management (1)	162,860	(2.1)	166,396
Non-performing loans	8,836	(12.3)	10,073
Customer deposits under management (1)	180,653	(1.3)	182,984
Off-balance sheet funds (2)	64,728	3.5	62,559
Risk-weighted assets	105,866	1.7	104,113
Efficiency ratio (%)	56.7		55.9
NPL ratio (%)	4.6		5.1
NPL coverage ratio (%)	59		57
Cost of risk (%)	0.08		0.21

(1) Excluding repos.
(2) Includes mutual funds, pension funds and other off-balance sheet funds.

Activity

The most relevant aspects related to the area's activity as of September 30, 2019 were:

- **Lending activity** (performing loans under management) was below the figure seen at the end of 2018 (down 2.1% in the last nine months, down 0.8% year-on-year), affected by the seasonality of the third quarter and despite the very positive performance of consumer loans (including credit cards, up 10.8% in the last nine months, up 15.6% year-on-year) and retail and medium-sized enterprises (up 2.6% in the last nine months, up 4.5% year-on-year), which could not offset the reduction seen in both the mortgage and institutions loans (down 2.8% and down 5.7% respectively in the last nine months, down 3.9% and down 8.0% respectively year-on-year).
- In **asset quality**, the reduction in NPL balances continued over the quarter, with a positive impact on the area's NPL ratio, which fell by two basis points to 4.6% as of September 30, 2019 (5.1% as of December 31, 2018). This evolution was mainly explained by the sale of non-performing real estate developer loans and write-offs in the second quarter, as well as a lower level of non-performing mortgage loans. The coverage stood at 59%, above the closing of 2018 (57%).
- Customer **deposits** under management closed the quarter in line with the balance at the end of June 2019, with a slight growth in demand deposits (up 0.4% in the quarter, up 7.2% year-on-year), and a decrease in time deposits of 1.1% (down 16.5% year-on-year). Total deposits, however, decreased compared to the end of December 2018 (down 1.3%) and grew by 2.1% year-on-year. Demand deposits now account for more than 82% of total customer deposits.
- **Off-balance sheet funds** performed well (up 3.5% since December 31, 2018 and up 0.9% year-on-year), in both mutual and pension funds.

Results

The **net attributable profit** generated by BBVA in Spain in the first nine months of 2019 was €1,064m, below the figure registered in the same period of the previous year (down 2.5%).

The main highlights of the area's income statement are:

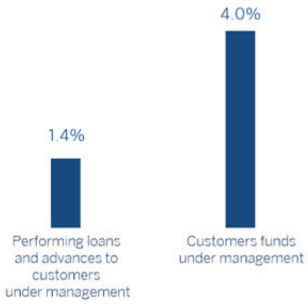
- **Net interest income** decreased by 1.9% year-on-year, strongly influenced by the lower contribution from the ALCO portfolios and the effect of IFRS 16 implementation on January 1, 2019.
- **Net fees and commissions** were 1.3% higher compared to the registered in the same period of the previous year, thanks to a good performance in credit cards, fees charged for insurance sales and those charged to wholesale customers.
- Positive performance from **NTI** in the quarter with a contribution of €30m to the profit and loss account, compared to- €16m between April and June. The year-on-year comparison for the first nine months of 2019 was unfavorable (down 62.5%) due to the uneven market performance in 2019, and lower portfolio sales.
- **Other operating income and expenses** showed a year-on-year growth (up 42.5%) driven by the strong performance of the net earnings from the insurance business and the lower costs associated with the real estate business, which offset the greater contribution to the Single Resolution Fund (SRF) carried out in the second quarter of 2019.
- The positive trend in **operating expenses** (down 3.0% year-on-year) continued as a result of cost reduction plans driving the **efficiency** ratio to stand at 56.7%.
- The **impairment on financial assets** (down 63.0% year-on-year) is positively affected by the aforementioned sale of non-performing loans and write-offs from real estate developers loans carried out in the second quarter of the year.
- Finally, **provisions (net) and other gains (losses)** closed at -€271m and showed a year-on-year increase of 30.0%, partly due to higher provisions for contingent liabilities, as well as for real estate assets.

The United States

Highlights

- Moderation of the activity growth rate.
- Good performance of the recurring revenue items.
- Continued improvement of the efficiency ratio.
- Net attributable profit affected by the impairment on financial assets.

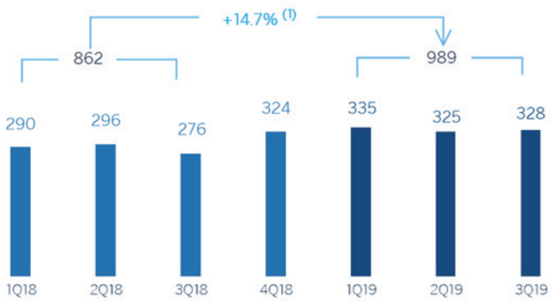
BUSINESS ACTIVITY (1)
(YEAR-ON-YEAR CHANGE AT CONSTANT EXCHANGE RATE. DATA AS OF 30-09-19)



(2) Excluding repos.

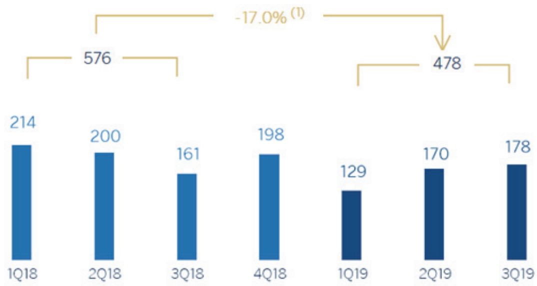
NET INTEREST INCOME/ATAS
(PERCENTAGE. CONSTANT EXCHANGE RATE)

OPERATING INCOME
(MILLIONS OF EUROS AT CONSTANT EXCHANGE RATE)



(1) At current exchange rate: +21.9%.

NET ATTRIBUTABLE PROFIT
(MILLIONS OF EUROS AT CONSTANT EXCHANGE RATE)



(1) At current exchange rate: -11.8%.

FINANCIAL STATEMENTS AND RELEVANT BUSINESS INDICATORS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	**Jan.-Sep. 19**	**Δ %**	**Δ % (1)**	**Jan.-Sep. 18**
Net interest income	**1,813**	**8.9**	**2.4**	**1,665**
Net fees and commissions	489	9.0	2.5	448
Net trading income	139	99.8	88.0	69
Other operating income and expenses	2	n.s.	n.s.	(0)
Gross income	**2,442**	**11.9**	**5.3**	**2,182**
Operating expenses	(1,454)	6.0	(0.3)	(1,372)
Personnel expenses	(839)	7.1	0.7	(784)
Other administrative expenses	(449)	(1.5)	(7.3)	(456)
Depreciation	(165)	25.4	18.0	(132)
Operating income	**989**	**21.9**	**14.7**	**811**
Impairment on financial assets not measured at fair value through profit or loss	(406)	194.6	177.1	(138)
Provisions or reversal of provisions and other results	5	(64.3)	(66.4)	14
Profit/(loss) before tax	**588**	**(14.4)**	**(19.5)**	**687**
Income tax	(110)	(24.2)	(28.7)	(145)
Profit/(loss) for the year	**478**	**(11.8)**	**(17.0)**	**542**
Non-controlling interests	-	-	-	-
Net attributable profit	**478**	**(11.8)**	**(17.0)**	**542**

Balance sheets	**30-09-19**	**Δ %**	**Δ % (1)**	**31-12-18**
Cash, cash balances at central banks and other demand deposits	7,666	58.5	50.8	4,835
Financial assets designated at fair value	8,346	(20.4)	(24.3)	10,481
Of which: Loans and advances	246	57.3	49.6	156
Financial assets at amortized cost	69,343	9.1	3.8	63,539
Of which: Loans and advances to customers	63,210	3.9	(1.1)	60,808
Inter-area positions	-	-	-	-
Tangible assets	951	42.3	35.4	668
Other assets	2,425	(4.3)	(9.0)	2,534
Total assets/liabilities and equity	**88,730**	**8.1**	**2.8**	**82,057**
Financial liabilities held for trading and designated at fair value through profit or loss	249	6.2	1.0	234
Deposits from central banks and credit institutions	4,049	20.2	14.3	3,370
Deposits from customers	67,376	5.5	0.3	63,891
Debt certificates	3,710	3.1	(2.0)	3,599
Inter-area positions	3,024	57.0	49.3	1,926
Other liabilities	6,654	17.7	11.9	5,654
Economic capital allocated	3,668	8.4	3.1	3,383

Relevant business indicators	**30-09-19**	**Δ %**	**Δ % (1)**	**31-12-18**
Performing loans and advances to customers under management (2)	63,326	4.2	(0.9)	60,784
Non-performing loans	727	(9.3)	(13.7)	802
Customer deposits under management (2)	67,374	5.5	0.3	63,888
Off-balance sheet funds (3)	-	-	-	-
Risk-weighted assets	65,902	2.7	(2.3)	64,175
Efficiency ratio (%)	59.5			62.2
NPL ratio (%)	1.1			1.3
NPL coverage ratio (%)	102			85
Cost of risk (%)	0.87			0.39

(1) Figures at constant exchange rate.
(2) Excluding repos.
(3) Includes mutual funds, pension funds and other off-balance sheet funds.

Activity

Unless expressly stated otherwise, all the comments below on rates of change, for both activity and earnings, will be given at constant exchange rate. These rates, together with changes at current exchange rate, can be seen in the attached tables of financial statements and relevant business indicators. In addition, the quarterly variations are from the quarter ending with respect to the previous quarter.

The most relevant aspects related to the evolution of the area's activity during the first nine months of 2019 were:

- **Lending activity** (performing loans under management) showed a slight decrease compared to the close of 2018 (down 0.9%), mainly due to a lower dynamism in the commercial portfolio and the contraction in the retail portfolio. On a quarterly basis lending activity showed flat growth that led to a year-on-year growth rate of 1.4%.
- The **commercial portfolio** showed a flat evolution in the first nine months (up 0.5%) but increased year-on-year (up 2.4%). The rest of **retail** portfolios, credit cards and consumer loan portfolios, that have higher margins and are increasingly being granted through digital channels, showed a decrease in the last nine months of 2.4%, but increased by 1.6% year-on-year.
- Regarding **risk indicators**, non-performing loans showed a significant reduction in the quarter, causing the NPL ratio to stand at 1.1% as of September 30, 2019 while the NPL coverage ratio improved to 102%.
- As the competition for deposits continue to be intense, customer **deposits** under management remained flat during the first nine months of 2019 (up 0.3%) but increased 4.0% year-on-year, mainly due to the increase in demand deposits (up 6.6%), which offset the decrease registered in time deposits (down 3.4%).

Results

The United States generated a cumulative net attributable **profit** of €478m during the first nine months of 2019, down 17.0% year-on-year, as a result of higher impairments on financial assets in comparison to the same period of the previous year. The most relevant aspects of the evolution of the results are summarized below:

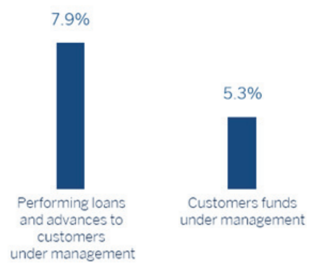
- **Net interest income** continued to perform positively, with an increase of 2.4% on year-on-year basis, thanks to the updating of yields in the performing loan portfolio and to higher volumes, despite a higher cost of deposits and wholesale funding.
- **Net fees and commissions** increased by 2.5% year-on-year, mainly due to the increase in those fees related with investment banking, credit cards, merchants and, to a lesser extent, those associated to syndicated loans.
- Higher contribution from **NTI**, as a result of higher gains in the ALCO portfolio sales.
- **Operating expenses** remained flat (down 0.3%), which along with the performance of gross income (up 5.3%) led to a further improvement in the efficiency ratio that stood at 59.5%.
- **Impairment on financial assets** increased by 177.1% in the first nine months of 2019, due to provisions for some specific customers in the commercial portfolio, increased write-offs in consumer loans, and to a lesser extent, the macro scenario adjustments. In addition, the comparison is affected by the release of provisions related to the hurricanes in 2018. As a result, the cumulative cost of risk on September 30, 2019 increased to 0.87% compared to 0.39% on December 31, 2018.

Mexico

Highlights

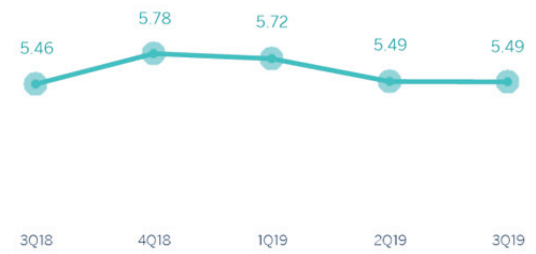
- **Good performance of the lending activity, boosted by growth in the retail portfolio.**
- **Positive trend of customer funds especially in time deposits and off-balance sheet funds.**
- **Net interest income growing in line with the activity.**
- **NTI recovery in the third quarter.**
- **Higher provisions due to the increase in loan portfolios mainly in consumer.**

BUSINESS ACTIVITY [(1)]
(YEAR-ON-YEAR CHANGE AT CONSTANT EXCHANGE RATE. DATA AS OF 30-09-19)

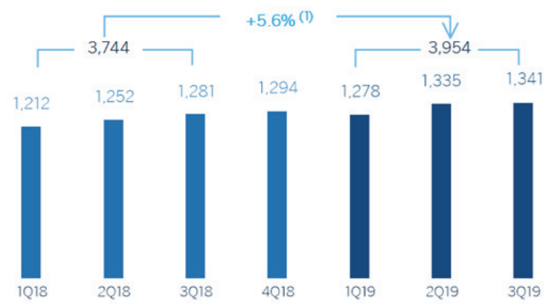


(3) Excluding repos.

NET INTEREST INCOME/ATAS
(PERCENTAGE. CONSTANT EXCHANGE RATE)

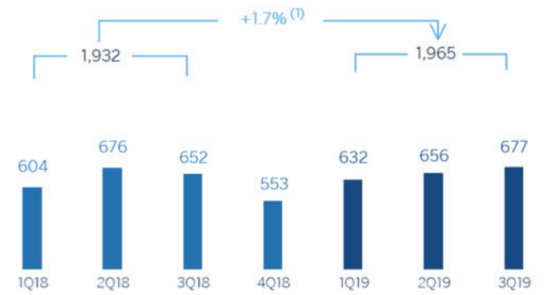


OPERATING INCOME
(MILLIONS OF EUROS AT CONSTANT EXCHANGE RATE)



(1) At current exchange rate: +11.0%.

NET ATTRIBUTABLE PROFIT
(MILLIONS OF EUROS AT CONSTANT EXCHANGE RATE)



(1) At current exchange rate: +6.9%.

FINANCIAL STATEMENTS AND RELEVANT BUSINESS INDICATORS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	Jan.-Sep. 19	Δ %	Δ % (1)	Jan.-Sep. 18
Net interest income	**4,599**	**11.9**	**6.5**	**4,110**
Net fees and commissions	952	5.7	0.6	900
Net trading income	241	21.3	15.4	199
Other operating income and expenses	121	(8.0)	(12.5)	131
Gross income	**5,912**	**10.7**	**5.3**	**5,340**
Operating expenses	(1,958)	10.2	4.8	(1,777)
Personnel expenses	(832)	9.3	4.0	(761)
Other administrative expenses	(866)	4.5	(0.5)	(829)
Depreciation	(260)	38.3	31.6	(188)
Operating income	**3,954**	**11.0**	**5.6**	**3,562**
Impairment on financial assets not measured at fair value through profit or loss	(1,238)	17.3	11.6	(1,055)
Provisions or reversal of provisions and other results	(14)	n.s.	n.s.	32
Profit/(loss) before tax	**2,702**	**6.4**	**1.2**	**2,539**
Income tax	(737)	5.1	(0.0)	(701)
Profit/(loss) for the year	**1,965**	**6.9**	**1.7**	**1,838**
Non-controlling interests	(0)	8.4	3.2	(0)
Net attributable profit	**1,965**	**6.9**	**1.7**	**1,838**

Balance sheets	30-09-19	Δ %	Δ %(1)	31-12-18
Cash, cash balances at central banks and other demand deposits	6,831	(17.4)	(21.3)	8,274
Financial assets designated at fair value	30,669	17.9	12.4	26,022
Of which: Loans and advances	2,014	n.s.	n.s.	72
Financial assets at amortized cost	64,580	11.9	6.7	57,709
Of which: Loans and advances to customers	56,510	10.6	5.5	51,101
Tangible assets	1,997	11.7	6.5	1,788
Other assets	3,054	(16.1)	(19.9)	3,639
Total assets/liabilities and equity	**107,131**	**10.0**	**4.9**	**97,432**
Financial liabilities held for trading and designated at fair value through profit or loss	22,831	26.6	20.8	18,028
Deposits from central banks and credit institutions	2,105	208.0	193.7	683
Deposits from customers	52,826	4.5	(0.3)	50,530
Debt certificates	9,343	9.1	4.0	8,566
Other liabilities	15,591	0.7	(4.0)	15,485
Economic capital allocated	4,436	7.1	2.2	4,140

Relevant business indicators	30-09-19	Δ %	Δ % (1)	31-12-18
Performing loans and advances to customers under management (2)	57,040	11.0	5.9	51,387
Non-performing loans	1,462	28.5	22.5	1,138
Customer deposits under management (2)	52,390	5.3	0.5	49,740
Off-balance sheet funds (3)	24,155	17.0	11.6	20,647
Risk-weighted assets	57,454	8.0	3.0	53,177
Efficiency ratio (%)	33.1			33.3
NPL ratio (%)	2.4			2.1
NPL coverage ratio (%)	136			154
Cost of risk (%)	2.98			3.07

(1) Figures at constant exchange rate.
(2) Excluding repos.
(3) Includes mutual funds, pension funds and other off-balance sheet funds.

Activity

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 changes at current exchange rates, can be found in the attached tables of financial statements and relevant business indicators. In addition, the quarterly variations are from the quarter ending with respect to the previous quarter.

The most relevant aspects related to the area's activity as of September 30, 2019 were:

- **Lending activity** (performing loans under management) increased by 5.9% during the first nine months of the year (up 7.9% year-on-year). Despite a complex environment and low economic growth, BBVA has retained its leading position in Mexico, with a market share of 22.5% in performing loans according to local figures from the National Banking and Securities Commission (CNBV) at the end of August 2019.
- The **wholesale** portfolio, which represents 50% of total lending, showed an increase of 0.3% in the first nine months of the year, driven mainly by the good performance of corporate loans which also grew by 0.3% during the same time horizon. The **retail** portfolio maintained a positive growth trend (up 6.8% compared to December 2018), strongly supported by consumer loans (mainly payroll and car-purchase loans) and mortgages (up 12.1% and 8.1% respectively compared to December 2018). This performance confirms the bank's strategy of increasing the placement of these products among its customer base, despite the fall in sales in the automotive sector and the slowdown in the construction sector.
- In terms of **asset quality** indicators, the NPL ratio stood at 2.4% while the NPL coverage ratio stood at 136%.
- Total customer **funds** (customer deposits under management, mutual funds and other off-balance sheet funds) grew by 3.7% in the first nine months of the year (up 5.3% year-on-year), despite the highly competitive market. The increase is mostly explained by an 11.1% increase in time deposits (up 7.2% year-on-year), mainly driven by the corporate segment, and a 14.3% increase in mutual funds during the same period (up 9.3% year-on-year). Demand deposits continue representing 74% of total customer deposits under management, despite the transfer of demand deposits to time deposits and mutual funds, favored by high interest rates.

Results

BBVA in Mexico showed a net attributable **profit** of €1,965m in the first nine months of 2019, an increase of 1.7% year-on-year. In the third quarter of the year the net attributable profit recorded an improved performance (up 3.3% on a quarterly variation). The most relevant aspects related to the income statement are summarized below:

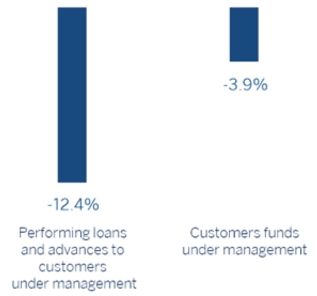
- Strong performance of **net interest income** that registered a year-on-year growth of 6.5%, driven by higher income from the retail portfolio.
- **Net fees and commissions** registered a slight year-on-year improvement of 0.6% due to a higher dynamism in investment banking activities and, credit card, mainly due to higher revenue.
- **NTI** grew by 15.4% thanks to the continued contribution of exchange differences; additionally, during the third quarter of the year, extraordinary revenues were recorded from sales of securities held for trading and those available-for-sale.
- The **other operating income and expenses** line registered a year-on-year decrease of 12.5%, mainly due to a higher contribution to the Deposit Guarantee Fund.
- **Gross income** grew by 5.3% year-on-year, which is higher than the increase registered in **operating expenses** (up 4.8%) that despite being heavily influenced by the effect of doubling the contribution to the BBVA Bancomer Foundation, remain subject to a strict cost control policy. As a result, the efficiency ratio improved slightly in the first nine months of 2019 standing at 33.1%.
- The **impairment on financial assets** line grew by 11.6% due to the higher provisions required by the consumer portfolio, caused by higher origination and the negative impact of the deterioration in the macro scenario. The cumulative cost of risk stood at 2.98% during the first nine months of 2019, improving slightly from the 3.07% in 2018.
- In the **provisions (net) and other gains (losses)** line, the comparison was negative due to extraordinary income in the first half of 2018 from the sale of holdings in real estate developments by BBVA in Mexico.

Turkey

Highlights

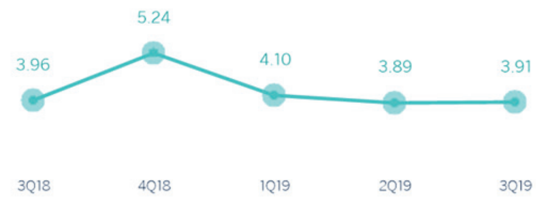
- **Recovery of the activity in Turkish lira.**
- **Good performance of the net interest income.**
- **Operating expenses growth below the inflation rate.**
- **Positive evolution of the recurring revenue items offset by higher loan-loss provisions on financial assets.**

BUSINESS ACTIVITY [(1)]
(YEAR-ON-YEAR CHANGE AT CONSTANT EXCHANGE RATE. DATA AS OF 30-09-19)

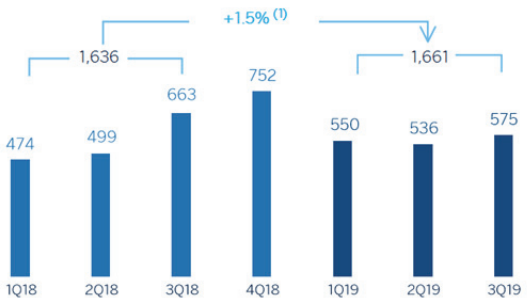


(1) Excluding repos.

NET INTEREST INCOME/ATAS
(PERCENTAGE. CONSTANT EXCHANGE RATE)

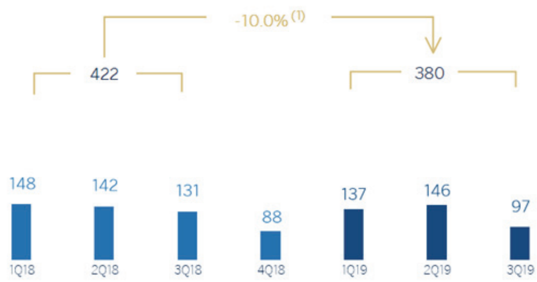


OPERATING INCOME
(MILLIONS OF EUROS AT CONSTANT EXCHANGE RATE)



(1) At current exchange rate: -11.8%.

NET ATTRIBUTABLE PROFIT
(MILLIONS OF EUROS AT CONSTANT EXCHANGE RATE)



(1) At current exchange rate: -21.8%

FINANCIAL STATEMENTS AND RELEVANT BUSINESS INDICATORS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	Jan.-Sep. 19	Δ %	Δ %[1]	Jan.-Sep. 18
Net interest income	**2,029**	**(7.9)**	**6.0**	**2,204**
Net fees and commissions	547	6.2	22.3	515
Net trading income	(65)	n.s.	n.s.	31
Other operating income and expenses	37	(27.6)	(16.6)	51
Gross income	**2,548**	**(9.0)**	**4.7**	**2,801**
Operating expenses	(886)	(3.3)	11.3	(917)
Personnel expenses	(507)	4.3	20.1	(486)
Other administrative expenses	(247)	(24.1)	(12.6)	(326)
Depreciation	(132)	25.8	44.8	(105)
Operating income	**1,661**	**(11.8)**	**1.5**	**1,884**
Impairment on financial assets not measured at fair value through profit or loss	(645)	1.1	16.4	(638)
Provisions or reversal of provisions and other results	(34)	n.s.	n.s.	17
Profit/(loss) before tax	**982**	**(22.3)**	**(10.5)**	**1,264**
Income tax	(209)	(24.5)	(13.0)	(277)
Profit/(loss) for the year	**773**	**(21.6)**	**(9.8)**	**986**
Non-controlling interests	(393)	(21.5)	(9.6)	(501)
Net attributable profit	**380**	**(21.8)**	**(10.0)**	**485**

Balance sheets	30-09-19	Δ %	Δ %[1]	31-12-18
Cash, cash balances at central banks and other demand deposits	7,039	(10.4)	(9.0)	7,853
Financial assets designated at fair value	5,598	1.7	3.2	5,506
Of which: Loans and advances	432	5.5	7.1	410
Financial assets at amortized cost	51,878	3.1	4.6	50,315
Of which: Loans and advances to customers	40,776	(1.7)	(0.2)	41,478
Tangible assets	1,184	11.8	13.4	1,059
Other assets	1,457	(4.0)	(2.5)	1,517
Total assets/liabilities and equity	**67,156**	**1.4**	**2.9**	**66,250**
Financial liabilities held for trading and designated at fair value through profit or loss	2,490	34.5	36.5	1,852
Deposits from central banks and credit institutions	4,938	(26.7)	(25.6)	6,734
Deposits from customers	41,651	4.4	5.9	39,905
Debt certificates	4,836	(18.9)	(17.7)	5,964
Other liabilities	10,655	15.0	16.7	9,267
Economic capital allocated	2,586	2.3	3.8	2,529

Relevant business indicators	30-09-19	Δ %	Δ %[1]	31-12-18
Performing loans and advances to customers under management [2]	39,856	(2.8)	(1.3)	40,996
Non-performing loans	3,818	32.8	34.7	2,876
Customer deposits under management [2]	41,647	4.4	5.9	39,897
Off-balance sheet funds [3]	3,460	19.6	21.4	2,894
Risk-weighted assets	58,521	3.6	5.1	56,486
Efficiency ratio (%)	34.8			32.0
NPL ratio (%)	7.2			5.3
NPL coverage ratio (%)	75			81
Cost of risk (%)	1.99			2.44

(1) Figures at constant exchange rate.
(2) Excluding repos.
(3) Includes mutual funds, pension funds and other off-balance sheet funds.

Activity

Unless expressly stated and communicated otherwise, rates of changes explained ahead, both for activity and for income, will be presented at constant exchange rates. These rates, together with changes at current exchange rates, can be observed in the attached tables of the financial statements and relevant business indicators. In addition, the quarterly variations are from the quarter ending with respect to the previous quarter.

The most relevant aspects related to the area's activity year-to-date as of September 30, 2019 were:

- **Lending** activity (performing loans under management) decreased slightly by 1.3% year-to-date (down 12.4% year-on-year) due to the ongoing decrease in foreign currency loans, mainly in U.S. dollars (down 14.7% since December 2018). Recovery of Turkish Lira loans in the third quarter by +1.1% bringing the year-to-date growth to 3.1%.
- Turkish Lira **commercial loans** grew year-to-date thanks to a strong performance in the first quarter supported by the Credit Guarantee Fund (CGF) utilization and short term corporate loans. In quarterly terms, Turkish Lira commercial loans improved as well. Additionally, retail loans remained flat in the quarter as the growth in credit cards was compensated with the downward trend in mortgage loans.
- In terms of **asset quality**, the NPL ratio increased to 7.2% from 6.3% as of June 30, 2019 due to the deterioration of some specific wholesale portfolios. The NPL coverage ratio remained stable at 75% reached as of June 30, 2019.
- Customer **deposits** (62% of total liabilities in the area as of September 30, 2019) remained the main source of funding for the balance sheet and increased by 5.9% on a year to date basis.

Results

Turkey generated a net attributable **profit** of €380m in the first nine months period of 2019, representing a 10.0% decrease in year-on-year terms (down 33.4% in the third quarter of 2019). The most significant aspects of the year-on-year evolution in the income statement are the following:

- Positive performance of **net interest income** (up 6.0%) due to successful price management that led to an increase in foreign currency spread and slightly higher inflation-linked bonds contribution.
- Income from **net fees and commissions** grew by 22.3%. This significant increase was mainly driven by the positive performance in payment systems and backed by money transfers and non-cash loans.
- **NTI** amounted to -€65m compared with the positive from the previous year, due to the unfavorable market conditions which resulted in lower gains on derivatives and lower results from Global Markets unit.
- **Gross income** grew 4.7% in the first nine months period of 2019 compared to the same period of 2018, thanks to increased core banking revenues supported with the contribution from inflation-linked bonds.
- **Operating expenses** increased by 11.3%, significantly below the average inflation rate during the last 12 months of 18.3%. As a result of strict cost-control discipline, the efficiency ratio remained at low levels (34.8%).
- **Operating income** grew by 1.5%.
- **Impairment losses on financial assets** rose by 16.4% on a year on year basis due to some negative impacts from the deterioration of retail portfolio. As a result, the cumulative cost of risk of the area stood at 1.99%.

South America

Highlights

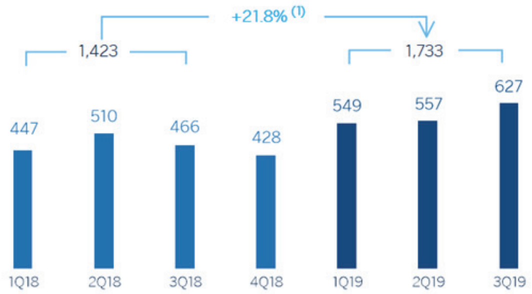
- **Positive evolution of activity in the main countries: Argentina, Colombia and Peru.**
- **Improved efficiency ratio, supported by the growth in net interest income and the reduction in operating expenses.**
- **Higher contribution from the NTI in the third quarter due to the positive performance of foreign currencies operations.**
- **Net attributable profit impacted by Argentina's inflation adjustment.**
- **Positive contribution of the main countries to the Group's attributable profit.**

BUSINESS ACTIVITY [(1)]
(YEAR-ON-YEAR CHANGE AT CONSTANT EXCHANGE RATES. DATA AS OF 30-09-19)

(1) Excluding repos.

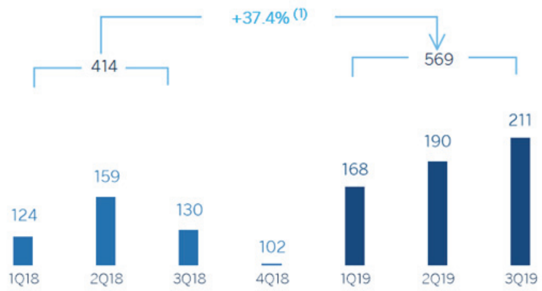
NET INTEREST INCOME/ATAS
(PERCENTAGE. CONSTANT EXCHANGE RATE)

OPERATING INCOME
(MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



(1) At current exchange rate: +14.6%.

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



(1) At current exchange rate: +24.5%

FINANCIAL STATEMENTS AND RELEVANT BUSINESS INDICATORS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	Jan.-Sep. 19	Δ %	Δ % (1)	Jan.-Sep. 18
Net interest income	**2,376**	**6.7**	**12.9**	**2,226**
Net fees and commissions	424	(6.8)	(2.1)	455
Net trading income	417	37.9	48.8	303
Other operating income and expenses	(333)	60.5	54.7	(207)
Gross income	**2,884**	**3.9**	**10.8**	**2,777**
Operating expenses	(1,151)	(9.0)	(2.5)	(1,264)
Personnel expenses	(584)	(6.8)	0.3	(626)
Other administrative expenses	(444)	(18.8)	(13.2)	(547)
Depreciation	(123)	35.4	41.3	(91)
Operating income	**1,733**	**14.6**	**21.8**	**1,513**
Impairment on financial assets not measured at fair value through profit or loss	(563)	12.1	16.3	(502)
Provisions or reversal of provisions and other results	(34)	(11.4)	3.1	(38)
Profit/(loss) before tax	**1,137**	**16.9**	**25.5**	**972**
Income tax	(321)	(4.0)	(0.2)	(334)
Profit/(loss) for the year	**816**	**27.9**	**39.6**	**638**
Non-controlling interests	(247)	36.4	45.0	(181)
Net attributable profit	**569**	**24.5**	**37.4**	**457**

Balance sheets	30-09-19	Δ %	Δ % (1)	31-12-18
Cash, cash balances at central banks and other demand deposits	7,163	(20.3)	(13.9)	8,987
Financial assets designated at fair value	7,101	26.0	30.8	5,634
Of which: Loans and advances	302	134.3	135.9	129
Financial assets at amortized cost	38,231	4.3	7.3	36,649
Of which: Loans and advances to customers	35,875	4.1	7.0	34,469
Tangible assets	961	18.3	23.1	813
Other assets	2,518	9.9	11.8	2,290
Total assets/liabilities and equity	**55,973**	**2.9**	**6.8**	**54,373**
Financial liabilities held for trading and designated at fair value through profit or loss	1,641	21.0	22.3	1,357
Deposits from central banks and credit institutions	3,682	19.7	18.5	3,076
Deposits from customers	36,159	0.9	5.6	35,842
Debt certificates	3,307	3.2	1.4	3,206
Other liabilities	8,808	3.1	7.3	8,539
Economic capital allocated	2,375	0.9	6.0	2,355

Relevant business indicators	30-09-19	Δ %	Δ % (1)	31-12-18
Performing loans and advances to customers under management (2)	35,598	3.1	6.0	34,518
Non-performing loans	1,862	6.6	6.9	1,747
Customer deposits under management (3)	36,164	0.5	5.2	35,984
Off-balance sheet funds (4)	12,986	11.4	9.1	11,662
Risk-weighted assets	45,284	6.0	11.0	42,724
Efficiency ratio (%)	39.9			46.2
NPL ratio (%)	4.4			4.3
NPL coverage ratio (%)	97			97
Cost of risk (%)	1.91			1.44

(1) Figures at constant exchange rates.
(2) Excluding repos.
(3) Excluding repos and including specific marketable debt securities.
(4) Includes mutual funds, pension funds and other off-balance sheet funds.

SOUTH AMERICA. DATA PER COUNTRY (MILLIONS OF EUROS)

	Operating income				Net attributable profit			
Country	Jan.-Sep. 19	∆ %	∆ % (1)	Jan.-Sep. 18	Jan.-Sep. 19	∆ %	∆ % (1)	Jan.-Sep. 18
Argentina	421	230.6	n.s.	127	117	n.s.	n.s.	(4)
Chile	103	(59.2)	(58.1)	254	47	(59.1)	(58.0)	116
Colombia	483	1.7	7.3	475	198	12.2	18.4	177
Peru	624	17.6	12.9	531	153	22.8	17.8	125
Other countries (2)	101	(19.5)	(16.4)	126	53	20.5	28.8	44
Total	**1,733**	**14.6**	**21.8**	**1,513**	**569**	**24.5**	**37.4**	**457**

(1) Figures at constant exchange rates.
(2) Venezuela, Paraguay, Uruguay and Bolivia. Additionally, it includes eliminations and other charges.

SOUTH AMERICA. RELEVANT BUSINESS INDICATORS PER COUNTRY (MILLIONS OF EUROS)

	Argentina		Chile		Colombia		Peru	
	30-09-19	31-12-18	30-09-19	31-12-18	30-09-19	31-12-18	30-09-19	31-12-18
Performing loans and advances to customers under management (1)(2)	3,332	2,928	2,036	2,059	12,240	11,759	15,035	14,010
Non-performing loans and guarantees given (1)	129	60	68	58	703	763	817	744
Customer deposits under management (1)(3)	4,392	4,152	9	10	12,564	12,462	14,629	13,476
Off-balance sheet funds (1)(4)	658	543	-	-	1,473	1,278	1,802	1,748
Risk-weighted assets	6,070	8,036	2,248	2,243	14,051	12,680	19,130	15,739
Efficiency ratio (%)	44.5	73.7	33.1	42.1	35.9	37.1	35.3	36.0
NPL ratio (%)	3.7	2.0	3.2	2.8	5.2	6.0	4.1	4.0
NPL coverage ratio (%)	133	111	89	93	96	100	95	93
Cost of risk (%)	4.49	1.60	2.36	0.81	1.66	2.16	1.50	0.98

(1) Figures at constant exchange rates.
(2) Excluding repos.
(3) Excluding repos and including specific marketable debt securities.
(4) Includes mutual funds, pension funds and other off-balance sheet funds.

Activity and results

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 changes at current exchange rates, can be found in the attached tables of financial statements and relevant business indicators. In addition, the quarterly variations are from the quarter ending with respect to the previous quarter.

The most relevant aspects related to the area's activity as of September 30, 2019 were:

- **Lending activity** (performing loans under management) remains above the end of the previous year, increasing by 6.0%. Strong performance of the retail portfolio (especially positive in consumer loans and credit cards).
- With regard to **asset quality**, the NPL ratio stood at 4.4% as of September 30, 2019, slightly higher than the balance as of December 31, 2018, while the coverage stood at 97%, in line with the end of the previous year.
- In terms of customer **funds**, customer deposits increased by 5.2% in the first nine months, mainly due to the growth of time deposits and, to a lesser extent, demand deposits. Off-balance sheet funds grew by 9.1% in the same period.

With respect to results, South America generated cumulative net attributable **profit** of €569m in the first nine months of 2019, representing a year-on-year increase of 37.4% (up 24.5% at current exchange rates). The cumulative impact from January to September 2019 of the inflation in Argentina on the area's net attributable profit was -€72m.

The most relevant aspects of the income statement are summarized below:

- Continued growth of recurring revenue items, that is, **net interest income** and **net fees and commissions**, which grew as a whole by 10.3% in the last twelve months (up 4.4% at current exchange rates).
- Higher contribution from **NTI** (up 48.8%, and 37.9% at current exchange rates) due to the positive contribution, especially in the third quarter, of foreign exchange operations.
- Reduction of **operating costs** compared to the same period in the previous financial year (down 2.5%, and down 9.0% at current exchange rates).

- **Impairment on financial assets** increased (up 16.3%, and up 12.1% at current exchange rates), bringing the cumulative cost of risk to 1.91% at the end of September 2019.
- Higher **provisions (net) and other gains (losses)** compared to the same period of the previous year (up 3.1%, down 11.4% at constant exchange rates).

On homogeneous comparison, excluding BBVA Chile due to the sale completed in July 2018, net attributable profit grew by 45.0% year-on-year in the first nine months of 2019 at current exchange rates (up 62.0% at constant exchange rates).

The most significant countries in the business area, **Argentina**, **Colombia** and **Peru**, performed as follows in the first nine months of 2019 in terms of activity and results:

Argentina

- **Lending activity** grew by 13.8% during the first nine months of 2019, driven by the growth in retail consumer portfolios, credit cards and, to a lesser extent, mortgages. With regard to asset quality, there was an increase in the non-performing loan ratio, which stood at 3.7% as of September 30, 2019, although it continues to perform better than the system.
- In terms of customer **funds**, customer deposits increased by 5.8%, mainly supported by demand deposits, while off-balance sheet funds increased by 21.1%, both compared to the figures of December 2018.
- Net attributable **profit** stood at €117m, supported by the strong performance of net interest income (driven by an increased contribution from the securities portfolios and a better customer spread) as well as an increase in NTI (positively impacted by the sale of the holding in Prisma Medios de Pago S.A. in the first quarter of 2019 and foreign exchange operations). This strong performance was partially offset by an increase in operating expenses, significantly influenced by the high levels of inflation and greater requirements due to impairment on financial assets as a result of the recent downgrading of the country's rating.

Colombia

- **Lending activity** grew by 4.1% in the first nine months of the year, driven by the performance of retail portfolios (mainly consumer loans and mortgages). In terms of asset quality, the NPL ratio fell to 5.2% as of September 2019.
- Customer **deposits** increased slightly (up 0.8%) compared to the end of the 2018 financial year (up 1.8% year-on-year).
- The net attributable **profit** stood at €198m, with an increase of 18.4% year-on-year, driven by the growth of recurring revenue items, the good performance from NTI (up 18.3%), portfolio sales of inflation-linked assets and the valuation of the securities portfolio, the cost containment efforts and lower impairments on financial assets and provisions (down 10.7%).

Peru

- **Lending activity** was 7.3% higher than the end of the financial year 2018, mainly due to the wholesale portfolio and also supported by the strong performance of the retail portfolio (mainly consumer lending and mortgages). With regards to asset quality, there was a slight increase in both the NPL and NPL coverage ratios to 4.1% and 95%, respectively.
- Customer **deposits** increased by 8.6% in the first nine months of 2019, mainly due to time deposits (up 24.8% in the last nine months).
- Double-digit growth in net interest income, which grew by 11.6% year-on-year due to higher activity volumes in both the wholesale and retail portfolios. Increase from NTI year-on-year (up 19.8%) due to the growth of foreign exchange operations. As a result, the net attributable **profit** stood at €153m, with a year-on-year growth of 17.8%.

Rest of Eurasia

Highlights

- Good performance in lending.
- Positive trend of net interest income, in an environment of negative interest rates.
- Controlled growth of operating expenses.
- Improved risk indicators.

FINANCIAL STATEMENTS AND RELEVANT BUSINESS INDICATORS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	Jan.-Sep. 19	Δ %	Jan.-Sep. 18
Net interest income	**130**	**3.6**	**126**
Net fees and commissions	105	(7.6)	114
Net trading income	94	21.4	77
Other operating income and expenses	9	n.s.	1
Gross income	**338**	**6.4**	**318**
Operating expenses	(212)	(0.6)	(214)
Personnel expenses	(103)	1.9	(101)
Other administrative expenses	(96)	(11.0)	(108)
Depreciation	(13)	191.6	(5)
Operating income	**126**	**21.1**	**104**
Impairment on financial assets not measured at fair value through profit or loss	(7)	(26.2)	(9)
Provisions or reversal of provisions and other results	10	193.3	3
Profit/(loss) before tax	**129**	**31.2**	**98**
Income tax	(27)	(29.9)	(38)
Profit/(loss) for the year	**103**	**69.4**	**61**
Non-controlling interests	-	-	-
Net attributable profit	**103**	**69.4**	**61**

Balance sheets	30-09-19	Δ %	31-12-18
Cash, cash balances at central banks and other demand deposits	228	(4.1)	238
Financial assets designated at fair value	494	(1.9)	504
Of which: Loans and advances	-	-	-
Financial assets at amortized cost	20,650	16.0	17,799
Of which: Loans and advances to customers	18,473	11.3	16,598
Inter-area positions	-	-	-
Tangible assets	74	87.5	39
Other assets	239	(5.8)	254
Total assets/liabilities and equity	**21,686**	**15.1**	**18,834**
Financial liabilities held for trading and designated at fair value through profit or loss	47	13.2	42
Deposits from central banks and credit institutions	919	(27.7)	1,271
Deposits from customers	4,366	(10.5)	4,876
Debt certificates	622	192.3	213
Inter-area positions	14,466	26.8	11,406
Other liabilities	420	55.7	270
Economic capital allocated	844	11.6	757

Relevant business indicators	30-09-19	Δ %	31-12-18
Performing loans and advances to customers under management (1)	18,464	11.5	16,553
Non-performing loans	364	(15.3)	430
Customer deposits under management (1)	4,366	(10.5)	4,876
Off-balance sheet funds (2)	497	28.1	388
Risk-weighted assets	17,612	13.8	15,476
Efficiency ratio (%)	62.8		69.3
NPL ratio (%)	1.3		1.7
NPL coverage ratio (%)	97		83
Cost of risk (%)	0.05		(0.11)

(1) Excluding repos.
(2) Includes mutual funds, pension funds and other off-balance sheet funds.

Activity and results

The most relevant aspects of the activity and results in the area as of September 30, 2019 were:

- **Lending activity** (performing loans under management) recorded an increase of 11.5% in the first nine months of 2019 (up 10.4% year-on-year), mainly explained by the good performance in Asia.
- **Credit risk** indicators improved in the first nine months of the year: the NPL ratio closed at 1.3% and the NPL coverage ratio at 97% (1.7% and 83%, respectively at the end of December 2018).
- Customer **deposits** under management fell by 10.5% in the first nine months of 2019, affected by the negative interest rate environment in Europe.
- Regarding **results**, good performance of **net interest income** (up 3.6% year-on-year) and especially of NTI (up 21.4% year-on-year) thanks to the contribution of commercial activity in the Global Markets unit, partially offset by a reduction in **net fees and commissions** (down 7.6% year-on-year although improved 8.9% in the quarter). **Operating expenses** showed a decline (down 0.6% year-on-year) due to the continuous management of discretionary spending. The **impairment on financial assets** line showed a decrease compared to the first nine months of the previous year (down 26.2%), which included specific provisions of some wholesale customers in Europe and Asia. **Provisions** performance compared to 2018 is affected by higher releases last year, as result of lower loan-loss provisions requirements in Europe. The area's cumulative net attributable **profit** for the first nine months of 2019 was €103m (up 69.4% year-on-year).

Corporate Center

FINANCIAL STATEMENTS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	Jan.-Sep. 19	Δ %	Jan.-Sep. 18
Net interest income	**(193)**	**(6.5)**	**(206)**
Net fees and commissions	(61)	22.9	(50)
Net trading income	(53)	(44.1)	(96)
Other operating income and expenses	(0)	n.s.	37
Gross income	**(308)**	**(2.2)**	**(315)**
Operating expenses	(718)	8.7	(660)
Personnel expenses	(425)	9.2	(389)
Other administrative expenses	(153)	29.0	(118)
Depreciation	(140)	(8.3)	(153)
Operating income	**(1,025)**	**5.2**	**(975)**
Impairment on financial assets not measured at fair value through profit or loss	-	-	-
Provisions or reversal of provisions and other results	(64)	18.3	(54)
Profit/(loss) before tax	**(1,089)**	**5.8**	**(1,029)**
Income tax	203	(15.9)	241
Profit/(loss) after tax from ongoing operations	**(886)**	**12.5**	**(788)**
Results from corporate operations (1)	-	-	633
Profit/(loss) for the year	**(886)**	**n.s.**	**(154)**
Non-controlling interests	(5)	n.s.	3
Net attributable profit	**(891)**	**n.s.**	**(151)**
Net attributable profit excluding results from corporate operations	**(891)**	**13.6**	**(784)**

(1) Includes net capital gains from the sale of BBVA Chile.

Balance sheets	30-09-19	Δ %	31-12-18
Cash, cash balances at central banks and other demand deposits	811	10.8	732
Financial assets designated at fair value	2,610	(4.7)	2,738
Of which: Loans and advances	-	-	-
Financial assets at amortized cost	1,839	(31.0)	2,665
Of which: Loans and advances to customers	125	(87.3)	990
Inter-area positions	(19,145)	36.5	(14,026)
Tangible assets	2,217	40.9	1,573
Other assets	22,053	(2.4)	22,598
Total assets/liabilities and equity	**10,385**	**(36.2)**	**16,281**
Financial liabilities held for trading and designated at fair value through profit or loss	16	(58.0)	39
Deposits from central banks and credit institutions	737	0.6	733
Deposits from customers	311	n.s.	36
Debt certificates	7,985	(2.8)	8,212
Inter-area positions	(29,988)	31.5	(22,808)
Other liabilities	682	(65.5)	1,975
Economic capital allocated	(22,793)	4.4	(21,833)
Shareholders' funds	53,434	7.0	49,927

The Corporate Center registered a net attributable **loss** of €891m in the first nine months of 2019, compared to the loss of €151m in the same period of 2018, which included €633m profit of corporate operations generated by the capital gains (net of taxes) from the sale of BBVA Chile. The most relevant aspects as of September 30, 2019 were:

- Positive performance from **NTI** during the third quarter of the year, which contributed €20m to the income statement. As a result, the year-on-year comparison in this line is positive, since the losses generated in the first nine months of 2019 were lower than the cumulative amount during the same period of the previous year, mainly due to higher capital gains from the industrial and financial portfolio.
- **Other operating income and expenses** includes primarily the Telefónica, S.A. dividends, as well as the earnings of companies accounted for using the equity method, including holdings in real estate companies.
- **Operating expenses** include those expenses of the holding that have a corporate function and whose year-on-year increase (up 8.7%) is associated with those expenses related to data and cybersecurity.

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 (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). These guidelines 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 (paragraphs 21-25).
- 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 (paragraphs 26-32).
- Are standard measures generally used in the financial industry, so their use provides comparability in the analysis of performance between issuers (paragraphs 33-34).
- Do not have greater preponderance than measures directly stemming from financial statements (paragraphs 35-36).
- Are accompanied by comparatives for previous periods (paragraphs 37-40).
- Are consistent over time (paragraphs 41-44).

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 in the most recent period for each currency of the geographies where 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.

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:

$$\frac{\text{Shareholders' funds} + \text{Accumulated other comprehensive income}}{\text{Number of shares outstanding} - \text{Treasury shares}}$$

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). 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			30-09-19	31-12-18	30-09-18
Numerator (million euros)	+	Shareholders' funds	56,844	54,326	53,355
	+	Dividend-option adjustment	-	-	-
	+	Accumulated other comprehensive income	(6,114)	(7,215)	(7,358)
Denominator (million euros)	+	Number of shares outstanding	6,668	6,668	6,668
	+	Dividend-option	-	-	-
	-	Treasury shares	16	47	38
=		**Book value per share (euros / share)**	**7.63**	**7.12**	**6.94**

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:

$$\frac{\text{Shareholders' funds} + \text{Accumulated other comprehensive income} - \text{Intangible assets}}{\text{Number of shares outstanding} - \text{Treasury shares}}$$

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). 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			30-09-19	31-12-18	30-09-18
Numerator (million euros)	+	Shareholders' funds	56,844	54,326	53,355
	+	Dividend-option adjustment	-	-	-
	+	Accumulated other comprehensive income	(6,114)	(7,215)	(7,358)
	-	Intangible assets	8,508	8,314	8,213
Denominator (million euros)	+	Number of shares outstanding	6,668	6,668	6,668
	+	Dividend-option	-	-	-
	-	Treasury shares	16	47	38
=		**Tangible book value per share (euros / share)**	**6.35**	**5.86**	**5.70**

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				
		30-09-19	31-12-18	30-09-18
Numerator (euros)	∑ Dividends	0.26	0.25	0.24
Denominator (euros)	Closing price	4.78	4.64	5.49
=	Dividend yield	5.4%	5.4%	4.4%

Non-performing loan (NPL) ratio

This is the ratio between the risks classified for accounting purposes as non-performing loans and the total credit risk balance for customers and contingent risks. It is calculated as follows:

$$\frac{\text{Non} - \text{performing loans}}{\text{Total credit risk}}$$

Explanation of the formula: ''Non-performing loans'' include those related to loans and advances to customers (gross) and those related to contingent risk, excluding the non-performing loans of credit institutions and securities. ''Total credit risk'' includes both pending and contingent risk. Their calculation is based on the headings in the first table on "Risk management" section of this report.

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.

Non-Performing Loans (NPLs) ratio				
		30-09-19	31-12-18	30-09-18
Numerator (million euros)	NPLs	17,092	17,087	17,693
Denominator (million euros)	Credit Risk	438,177	433,799	428,318
=	Non-Performing Loans (NPLs) ratio	3.9%	3.9%	4.1%

NPL coverage ratio

This ratio reflects the degree to which the impairment of non-performing loans has been covered in the accounts via loan-loss provisions. It is calculated as follows:.

$$\frac{\text{Provisions}}{\text{Non} - \text{performing loans}}$$

Explanation of the formula: ''Non-performing loans'' include those related to lending activity and those related to contingent risk, excluding non-performing loans from credit institutions and securities. ''Provisions'' are loan-loss provisions, for both customer loans and contingent risk. Their calculation is based on the headings in the first table on "Risk management" section of this report.

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 loan-loss provisions.

NPL coverage ratio		30-09-19	31-12-18	30-09-18
Numerator (million euros)	Provisions	12,891	12,493	12,890
Denominator (million euros)	NPLs	17,092	17,087	17,693
=	NPL coverage ratio	75%	73%	73%

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, included in the "impairment on financial assets not measured at fair value through profit or loss" line) of each unit of loans and advances to customers (gross). It is calculated as follows:

$$\frac{\text{Annualized loan} - \text{loss provisions}}{\text{Average loans and advances to customers (gross)}}$$

Explanation of the formula: ''Annualized loan-loss provisions'' are calculated by accumulating and annualizing the loan-loss provisions of each month of the period under analysis, to standardize the comparison between different periods. For example, loan-loss provisions for six months (180 days)are divided by 180 to obtain daily loan-loss provisions and multiplied by 365 to obtain the annualized figure. This calculation uses the calendar days of the period under consideration.

''Loans and advances to customers (gross)'' refers to the portfolio of financial assets at amortized cost of the Group's consolidated balance sheet. The average of loans and advances 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.

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		30-09-19	31-12-18	30-09-18
Numerator (million euros)	Annualized loan-loss provisions	3,919	3,964	3,533
Denominator (million euros)	Average loans and advances to customers (gross)	389,416	392,037	393,855
=	Cost of risk	1.01%	1.01%	0.90%

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. It is also a ratio linked to one of the Group's six Strategic Priorities.

Efficiency ratio				
		Jan.-Sep.2019	Jan.-Dec.2018	Jan.-Sep.2018
Numerator (million euros)	Operating expenses	(8,820)	(11,702)	(8,721)
Denominator (million euros)	Gross income	18,124	23,747	17,596
=	Efficiency ratio	48.7%	49.3%	49.6%

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:

$$\frac{\text{Annualized net attributable profit}}{\text{Average shareholders}'\text{funds} + \text{Average accumulated other comprehensive income}}$$

Explanation of the formula: ''Annualized net attributable profit'' is taken directly from the Group's consolidated income statement. If the metric is presented on a date before the close of the fiscal year, the numerator must be annualized. If extraordinary items (results from corporate operations) are included in the net attributable profit for the months covered, they are eliminated from the figure before it is annualized, and then added to the metric once it has been 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.-Sep.2019	Jan.-Dec.2018	Jan.-Sep.2018
Numerator (million euros)	Annualized net attributable profit	4,903	5,324	5,566
Denominator (million euros)	+ Average shareholder's funds	55,407	52,877	52,523
	+ Average accumulated other comprehensive income	(6,756)	(6,743)	(6,600)
=	ROE	10.1%	11.5%	12.1%

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:

$$\frac{\text{Annualized net attributable profit}}{\text{Average shareholders}'\text{funds} + \text{Average accumulated other comprehensive income} - \text{Average intangible assets}}$$

Explanation of the formula: The numerator (annualized net attributable profit) 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.-Sep.2019	Jan.-Dec.2018	Jan.-Sep.2018
Numerator (million euros)		Annualized net attributable profit	4,903	5,324	5,566
Denominator (million euros)	+	Average shareholder's funds	55,407	52,877	52,523
	+	Average accumulated other comprehensive income	(6,756)	(6,743)	(6,600)
	-	Average intangible assets	8,352	8,296	8,284
=		ROTE	12.2%	14.1%	14.8%

ROA

The ROA (return on assets) ratio measures the return obtained on an entity's assets. It is calculated as follows:

$$\frac{\text{Annualized profit for the year}}{\text{Average total assets}}$$

Explanation of the formula: ''Annualized profit for the year'' is taken directly from the Group's consolidated income statement. If the metric is presented on a date before the close of the fiscal year, the numerator must be annualized. If extraordinary items (results from corporate operations) are included in the net attributable profit for the months covered, they are eliminated from the figure before it is annualized and then added to the metric once it has been annualized.

''Average total assets'' are taken from the Group's consolidated balance sheet. The average balance is calculated in the same way as explained for shareholders' funds in 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.-Sep.2019	Jan.-Dec.2018	Jan.-Sep.2018
Numerator (million euros)		Annualized profit for the year	5,769	6,151	6,477
Denominator (million euros)		Average total assets	689,484	678,905	679,489
=		ROA	0.84%	0.91%	0.95%

RORWA

The RORWA (return on risk-weighted assets) ratio measures the accounting return obtained on average risk-weighted assets. It is calculated as follows:

$$\frac{\text{Annualized profit for the year}}{\text{Average risk} - \text{weighted assets}}$$

Explanation of the formula: ''Annualized profit for the year'' is the same figure as explained for ROA.

''Average risk-weighted assets''(RWA) is the moving weighted average of the risk-weighted assets at the end of each month of the period under analysis and is calculated in the same way as explained for shareholders' funds in ROE.

Relevance of its use: This ratio is generally used in the banking sector to measure the return obtained on RWA.

RORWA

		Jan.-Sep.2019	Jan.-Dec.2018	Jan.-Sep.2018
Numerator (million euros)	Annualized profit for the year	5,769	6,151	6,477
Denominator (million euros)	Average RWA	359,805	353,199	355,301
=	RORWA	1.60%	1.74%	1.82%

Other customer funds

This includes off-balance sheet funds, these are, mutual funds, pension funds and other off-balance sheet funds.

Explanation of the formula: It is the period-end sum on a given date of the mutual funds, pension funds and other off-balance sheet funds; as displayed in the table on "Balance sheet and business activity" section of this report.

Relevance of its use: This metric is generally used in the banking sector, as apart from on-balance sheet funds, financial institutions manage other types of customer funds, such as mutual funds, pension funds, other off-balance sheet funds, etc.

Other customer funds

Million euros		30-09-19	31-12-18	30-09-18
+	Mutual funds	66,748	61,393	64,081
+	Pension Funds	36,179	33,807	33,715
+	Other off-balance sheet funds	2,899	2,949	3,199
=	Other customer funds	105,826	98,150	100,995