Creating Opportunities

Condensed Interim Consolidated Financial Statements and Interim Consolidated Management Report as of and for the nine months ended September 30, 2023

BBVA Group

Report on Limited Review

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
AND SUBSIDIARIES
Condensed Interim Consolidated Financial Statements and
Interim Consolidated Management Report
for the nine months ended September 30, 2023

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REPORT ON LIMITED REVIEW OF 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. at the request of 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, 2023, the condensed consolidated income statement, the condensed consolidated statement of recognized income and expenses, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the notes to the accompanying condensed interim consolidated financial statements corresponding to the nine-month period then ended. Pursuant to article 12 of Royal Decree 1362/2007, the Directors 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 said interim financial statements based on our limited review.

Scope of the 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 information 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 audit regulations 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

As a result of our limited review, which under no circumstances should be considered an audit of financial statements, nothing came to our attention that would lead us to conclude that the accompanying interim financial statements for the nine-month period ended as of September 30, 2023 are not prepared, in all material respects, in conformity with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements, pursuant to article 12 of Royal Decree 1362/2007.

Emphasis of matter

We draw attention to the matter described in accompanying explanatory note 1, which indicates that these interim financial statements do not include all the information that would be required for complete financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated annual accounts for the year ended December 31, 2022. 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, 2023 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, 2023. 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 by the Directors of the Bank.

ERNST & YOUNG, S.L.

(Signed on the original version in Spanish)

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José Carlos Hernández Barrasús

October 31, 2023

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Condensed consolidated balance sheets as of September 30, 2023 and December 31, 2022

ASSETS (Millions of Euros)	Notes	September 2023	December 2022 (1)
Cash, cash balances at central banks and other demand deposits	8	66,859	79,756
Financial assets held for trading	9	134,804	110,671
Non-trading financial assets mandatorily at fair value through profit or loss	10	8,490	6,888
Financial assets designated at fair value through profit or loss	11	939	913
Financial assets at fair value through other comprehensive income	12	63,792	65,374
Financial assets at amortized cost	13	446,046	414,421
Derivatives - hedge accounting		1,596	1,891
Fair value changes of the hedged items in portfolio hedges of interest rate risk		(135)	(148)
Joint ventures and associates	14	926	916
Insurance and reinsurance assets	21	198	183
Tangible assets	15	9,385	8,737
Intangible assets	16	2,310	2,156
Tax assets	17	17,799	16,725
Other assets	18	3,713	2,586
Non-current assets and disposal groups classified as held for sale	19	1,013	1,022
TOTAL ASSETS		**757,736**	**712,092**

LIABILITIES AND EQUITY (Millions of Euros)	Notes	September 2023	December 2022 (1)
Financial liabilities held for trading	9	118,276	95,611
Financial liabilities designated at fair value through profit or loss	11	12,862	10,580
Financial liabilities at amortized cost	20	544,853	529,172
Derivatives - hedge accounting		3,204	3,303
Liabilities under insurance and reinsurance contracts	21	11,260	10,131
Provisions	22	4,760	4,933
Tax liabilities	17	3,160	2,935
Other liabilities	18	5,908	4,909
Liabilities included in disposal groups classified as held for sale	19	—	—
TOTAL LIABILITIES		**704,283**	**661,575**
SHAREHOLDERS' FUNDS		**65,963**	**64,535**
Capital	24	2,923	2,955
Share premium		20,514	20,856
Other equity		34	63
Retained earnings	25	36,285	32,711
Other reserves	25	1,249	2,345
Less: Treasury shares		(51)	(29)
Profit or loss attributable to owners of the parent		5,961	6,358
Less: Interim dividends		(952)	(722)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	**26**	**(16,213)**	**(17,642)**
MINORITY INTERESTS (NON-CONTROLLING INTERESTS)	**27**	**3,703**	**3,623**
TOTAL EQUITY		**53,453**	**50,517**
TOTAL EQUITY AND TOTAL LIABILITIES		**757,736**	**712,092**

MEMORANDUM ITEM (OFF-BALANCE SHEET EXPOSURES) (Millions of Euros)	Notes	September 2023	December 2022 (1)
Loan commitments given	28	155,636	136,920
Financial guarantees given	28	17,299	16,511
Other commitments given	28	41,996	39,137

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

The Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the nine months ended September 30, 2023.

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Condensed consolidated income statements for the nine months ended September 30, 2023 and 2022

CONDENSED CONSOLIDATED INCOME STATEMENTS (Millions of Euros)	Notes	September 2023	September 2022 [1]
Interest and other income	29.1	35,766	22,155
Financial assets at fair value through other comprehensive income		3,054	2,214
Financial assets at amortized cost		28,220	17,208
Other interest income		4,493	2,734
Interest expense	29.2	(17,923)	(8,366)
NET INTEREST INCOME		**17,843**	**13,790**
Dividend income	30	75	79
Share of profit or loss of entities accounted for using the equity method		20	15
Fee and commission income	31	7,239	6,152
Fee and commission expense	31	(2,646)	(2,108)
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	32	(16)	50
Gains (losses) on financial assets and liabilities held for trading, net	32	766	141
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	32	(50)	(27)
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	32	167	360
Gains (losses) from hedge accounting, net	32	51	(36)
Exchange differences, net	32	513	1,180
Other operating income	33	443	407
Other operating expense	33	(3,242)	(2,592)
Income from insurance and reinsurance contracts	34	2,625	2,076
Expense from insurance and reinsurance contracts	34	(1,685)	(1,234)
GROSS INCOME		**22,104**	**18,255**
Administration costs	35	(8,187)	(6,836)
Depreciation and amortization	36	(1,054)	(990)
Provisions or reversal of provisions	37	(210)	(241)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	38	(3,203)	(2,380)
NET OPERATING INCOME		**9,450**	**7,807**
Impairment or reversal of impairment of investments in joint ventures and associates		10	13
Impairment or reversal of impairment on non-financial assets	39	(17)	(7)
Gains (losses) on derecognition of non-financial assets and subsidiaries, net		6	(12)
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	40	37	(92)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**9,487**	**7,710**
Tax expense or income related to profit or loss from continuing operations		(3,204)	(2,655)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**6,283**	**5,054**
Profit (loss) after tax from discontinued operations	19	—	—
PROFIT (LOSS)		**6,283**	**5,054**
ATTRIBUTABLE TO MINORITY INTERESTS (NON-CONTROLLING INTERESTS)	**27**	**322**	**259**
ATTRIBUTABLE TO OWNERS OF THE PARENT		**5,961**	**4,795**

	September 2023	September 2022 [1]
EARNINGS (LOSSES) PER SHARE (Euros)	**0.96**	**0.73**
Basic earnings (losses) per share from continuing operations	0.96	0.73
Diluted earnings (losses) per share from continuing operations	0.96	0.73
Basic earnings (losses) per share from discontinued operations	—	—
Diluted earnings (losses) per share from discontinued operations	—	—

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

The Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the nine months ended September 30, 2023.

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Condensed consolidated statements of recognized income and expense for the nine months ended September 30, 2023 and 2022

CONDENSED CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE (Millions of Euros)	September 2023	September 2022 [1]
PROFIT (LOSS) RECOGNIZED IN INCOME STATEMENT	**6,283**	**5,054**
OTHER RECOGNIZED INCOME (EXPENSE)	**1,406**	**1,767**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**(59)**	**213**
Actuarial gains (losses) from defined benefit pension plans	(236)	303
Non-current assets and disposal groups held for sale	—	—
Share of other recognized income and expense of entities accounted for using the equity method	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income, net	177	(120)
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	(41)	180
Income tax related to items not subject to reclassification to income statement	41	(150)
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**1,465**	**1,554**
Hedge of net investments in foreign operations (effective portion)	**(975)**	**(1,534)**
Valuation gains (losses) taken to equity	(975)	(1,534)
Transferred to profit or loss	—	—
Other reclassifications	—	—
Foreign currency translation	**2,483**	**5,280**
Translation gains (losses) taken to equity	2,483	5,280
Transferred to profit or loss	—	—
Other reclassifications	—	—
Cash flow hedges (effective portion)	**543**	**(517)**
Valuation gains (losses) taken to equity	543	(546)
Transferred to profit or loss	—	29
Transferred to initial carrying amount of hedged items	—	—
Other reclassifications	—	—
Debt securities at fair value through other comprehensive income	**(583)**	**(2,677)**
Valuation gains (losses) taken to equity	(672)	(2,727)
Transferred to profit or loss	89	50
Other reclassifications	—	—
Non-current assets and disposal groups held for sale	**—**	**—**
Valuation gains (losses) taken to equity	—	—
Transferred to profit or loss	—	—
Other reclassifications	—	—
Entities accounted for using the equity method	**14**	**1**
Income tax relating to items subject to reclassification to income statements	**(17)**	**1,001**
TOTAL RECOGNIZED INCOME (EXPENSE)	**7,689**	**6,821**
Attributable to minority interests (non-controlling interests)	**306**	**1,380**
ATTRIBUTABLE TO THE PARENT COMPANY	**7,383**	**5,441**

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

The Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the nine months ended September 30, 2023.

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Condensed consolidated statements of changes in equity for the nine months ended September 30, 2023 and 2022

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

September 2023	Capital (Note 24)	Share Premium	Equity instruments issued other than capital	Other Equity	Retained earnings (Note 25)	Revaluation reserves	Other reserves (Note 25)	Treasury shares	Profit or loss attributable to owners of the parent	Interim dividend (Note 4)	Accumulated other comprehensive income (Note 26)	Minority interests		Total
												Accumulated other comprehensive income (Note 27)	Other (Note 27)	
Balances as of January 1, 2023 [(1)]	**2,955**	**20,856**	**—**	**63**	**32,536**	**—**	**2,345**	**(29)**	**6,420**	**(722)**	**(17,432)**	**(3,112)**	**6,736**	**50,615**
Effect of changes in accounting policies (Note 1.3)	**—**	**—**	**—**	**—**	**175**	**—**	**—**	**—**	**(62)**	**—**	**(210)**	**4**	**(4)**	**(98)**
Adjusted initial balance	**2,955**	**20,856**	**—**	**63**	**32,711**	**—**	**2,345**	**(29)**	**6,358**	**(722)**	**(17,642)**	**(3,109)**	**6,732**	**50,517**
Total income (expense) recognized	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**5,961**	**—**	**1,422**	**(16)**	**322**	**7,689**
Other changes in equity	**(32)**	**(342)**	**—**	**(29)**	**3,574**	**—**	**(1,096)**	**(22)**	**(6,358)**	**(230)**	**7**	**—**	**(226)**	**(4,753)**
Issuances of common shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuances of preferred shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Settlement or maturity of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of debt on equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Common Stock reduction	(32)	(342)	—	—	25	—	(74)	422	—	—	—	—	—	—
Dividend distribution (shareholder remuneration)	—	—	—	—	(1,857)	—	—	—	—	(952)	—	—	(227)	(3,036)
Purchase of treasury shares	—	—	—	—	—	—	—	(1,510)	—	—	—	—	—	(1,510)
Sale or cancellation of treasury shares	—	—	—	—	—	—	(2)	1,065	—	—	—	—	—	1,063
Reclassification of other equity instruments to financial liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial liabilities to other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers among components of equity	—	—	—	2	5,648	—	(21)	—	(6,358)	722	7	—	—	—
Increase/Reduction of equity due to business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share based payments	—	—	—	(41)	—	—	—	—	—	—	—	—	—	(41)
Other increases or (-) decreases in equity	—	—	—	10	(242)	—	(998)	—	—	—	—	—	1	(1,229)
Balances as of September 30, 2023	**2,923**	**20,514**	**—**	**34**	**36,285**	**—**	**1,249**	**(51)**	**5,961**	**(952)**	**(16,213)**	**(3,125)**	**6,828**	**53,453**

(1) Balances as of December 31, 2022 as originally reported in the consolidated financial statements for the year 2022.

The Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the nine months ended September 30, 2023.

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Condensed consolidated statements of changes in equity for the nine months ended September 30, 2023 and 2022

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

												Minority interests		
September 2022 [1]	**Capital (Note 24)**	**Share Premium**	**Equity instruments issued other than capital**	**Other Equity**	**Retained earnings (Note 25)**	**Revaluation reserves**	**Other reserves (Note 25)**	**Treasury shares**	**Profit or loss attributable to owners of the parent**	**Interim dividend (Note 4)**	**Accumulated other comprehensive income (Note 26)**	**Accumulated other comprehensive income (Note 27)**	**Other (Note 27)**	**Total**
Balances as of January 1, 2022 [2]	**3,267**	**23,599**	**—**	**60**	**31,841**	**—**	**(1,857)**	**(647)**	**4,653**	**(532)**	**(16,476)**	**(8,414)**	**13,267**	**48,760**
Effect of changes in accounting policies (Note 1.3)	**—**	**—**	**—**	**—**	**178**	**—**	**—**	**—**	**—**	**—**	**(186)**	**1**	**(6)**	**(12)**
Adjusted initial balance	**3,267**	**23,599**	**—**	**60**	**32,019**	**—**	**(1,857)**	**(647)**	**4,653**	**(532)**	**(16,662)**	**(8,413)**	**13,261**	**48,748**
Total income (expense) recognized	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4,795**	**—**	**646**	**1,121**	**259**	**6,821**
Other changes in equity	**(313)**	**(2,743)**	**—**	**(6)**	**783**	**—**	**4,186**	**598**	**(4,653)**	**(190)**	**(822)**	**4,255**	**(6,831)**	**(5,736)**
Issuances of common shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuances of preferred shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Settlement or maturity of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of debt on equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Common Stock reduction	(313)	(2,743)	—	—	250	—	(355)	3,160	—	—	—	—	—	—
Dividend distribution (shareholder remuneration)	—	—	—	—	(1,463)	—	—	—	—	(722)	—	—	(184)	(2,369)
Purchase of treasury shares	—	—	—	—	—	—	—	(2,915)	—	—	—	—	—	(2,915)
Sale or cancellation of treasury shares	—	—	—	—	—	—	8	353	—	—	—	—	—	361
Reclassification of other equity instruments to financial liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial liabilities to other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers among components of equity [3]	—	—	—	—	2,244	—	2,698	—	(4,653)	532	(822)	4,255	(4,255)	—
Increase/Reduction of equity due to business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share based payments	—	—	—	(22)	—	—	—	—	—	—	—	—	—	(22)
Other increases or (-) decreases in equity [3]	—	—	—	16	(248)	—	1,834	—	—	—	—	—	(2,393)	(791)
Balances as of September 30, 2022	**2,955**	**20,856**	**—**	**54**	**32,802**	**—**	**2,329**	**(48)**	**4,795**	**(722)**	**(16,838)**	**(3,037)**	**6,689**	**49,833**

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

(2) Balances as of December 31, 2021 as originally reported in the consolidated financial statements for the year 2021.

(3) The headings "Transfers among components of equity" and "Other increases or decreases in equity" include the effects of the application of IAS 29 in the subsidiaries in Turkey for amounts of €-1,873 million in "Retained earnings", €1,862 million in "Accumulated other comprehensive income (loss)" and, under the heading of "Minority interests" include, €-1,621 million in "Other" and €1,480 million in "Accumulated other comprehensive income (loss)".

The Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the nine months ended September 30, 2023.

Condensed consolidated statements of cash flows for the nine months ended September 30, 2023 and 2022

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Millions of Euros)	September 2023	September 2022 (1)
CASH FLOWS FROM OPERATING ACTIVITIES (1)	**(11,809)**	**28,679**
Of which hyperinflation effect from operating activities	1,958	2,590
Profit for the period	**6,283**	**5,054**
Adjustments to obtain the cash flow from operating activities	**9,211**	**8,783**
Depreciation and amortization	1,054	990
Other adjustments	8,157	7,792
Net increase/decrease in operating assets/liabilities	**(23,514)**	**16,782**
Financial assets/liabilities held for trading	(935)	17,229
Non-trading financial assets mandatorily at fair value through profit or loss	(930)	(405)
Other financial assets/liabilities designated at fair value through profit or loss	1,371	71
Financial assets at fair value through other comprehensive income	412	(3,063)
Financial assets/liabilities at amortized cost	(22,678)	4,130
Other operating assets/liabilities	(754)	(1,180)
Collection/Payments for income tax	**(3,790)**	**(1,941)**
CASH FLOWS FROM INVESTING ACTIVITIES (2)	**(1,247)**	**(3,888)**
Of which hyperinflation effect from investing activities	768	606
Tangible assets	(992)	(1,656)
Intangible assets	(456)	(447)
Investments in joint ventures and associates	29	32
Subsidiaries and other business units	6	(1,389)
Non-current assets/liabilities held for sale	166	(428)
Other settlements/collections related to investing activities	—	—
CASH FLOWS FROM FINANCING ACTIVITIES (3)	**(376)**	**(6,720)**
Of which hyperinflation effect from financing activities	—	—
Dividends	(1,857)	(1,463)
Subordinated liabilities	2,451	(2,183)
Common stock amortization/increase	(31.675)	(313)
Treasury stock acquisition/disposal	(444)	(2,256)
Other items relating to financing activities	(495)	(505)
EFFECT OF EXCHANGE RATE CHANGES (4)	**535**	**2,207**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (1+2+3+4)	**(12,896)**	**20,277**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**79,756**	**67,799**
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**66,859**	

COMPONENTS OF CASH AND EQUIVALENT AT END OF THE PERIOD (Millions of Euros)	Notes	September 2023	September 2022 (1)
Cash on hand	8	6,866	6,640
Cash balances at central banks	8	53,671	70,913
Other demand deposits	8	6,323	10,523
Less: Bank overdraft refundable on demand		—	—
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**8**	**66,859**	**88,076**

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

The Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the nine months ended September 30, 2023.

BBVA

Notes to the condensed interim consolidated financial statements as of and for the nine months ended September 30, 2023

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

1.1. Introduction

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

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

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

The consolidated financial statements of the BBVA Group for the year ended December 31, 2022 were approved by the shareholders at the Annual General Meeting (“AGM”) on March 17, 2023.

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

The BBVA Group’s condensed interim consolidated financial statements (hereinafter the “Consolidated Financial Statements”) as of and for the nine-month period ended September 30, 2023 are presented in accordance with the International Accounting Standard 34 “Interim Financial Reporting” (hereinafter “IAS 34”) and have been approved by the Board of Directors at its meeting held on October 30, 2023. In accordance with IAS 34, the interim financial information is prepared solely for the purpose of updating the last annual consolidated financial statements, focusing on new activities, events and circumstances that occurred during the period without duplicating the information previously published in those consolidated financial statements.

Therefore, the 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, 2022.

The aforementioned annual consolidated financial statements were prepared in accordance with the EU-IFRS applicable as of December 31, 2022, considering the Bank of Spain Circular 4/2017, as well as its successive amendments, and with any other legislation governing financial reporting which is applicable and with the format and mark-up requirements established in the EU Delegated Regulation 2019/815 of the European Commission.

The 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, 2022, except for the new Standards and Interpretations that became effective from January 1, 2023 (see Note 2.1), so that they present fairly the Group’s consolidated equity and financial position as of September 30, 2023, together with the consolidated results of its operations and the consolidated cash flows generated by the Group during the nine months ended September 30, 2023.

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

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

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

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

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

1.3. Comparative information

The information included in the Consolidated Financial Statements and the Notes relating to the nine months ended September 30, 2022 and as of December 31, 2022, is presented for the purpose of comparison with the information for September 30, 2023.

IFRS 17 "Insurance Contracts"

As of January 1, 2023, IFRS 17 "Insurance Contracts" replaced IFRS 4 in the accounting treatment of insurance contracts. IFRS 17 is mandatory for financial years beginning on January 1, 2023, with comparative information of at least one year, that is, for the BBVA Group, from January 1, 2022, therefore the information referring to December 31, 2022 and September 30, 2022 has been restated (see Note 2.1 and Appendix III).

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

- Loss allowances on certain financial assets (see Notes 6, 12, 13 and 14).
- The assumptions used in the valuation of insurance and reinsurance contracts (see Note 21), to quantify certain provisions (see Note 22), and in the actuarial calculation of post-employment benefit liabilities and other commitments (see Note 23).
- The useful life and impairment losses of tangible and intangible assets (see Notes 15, 16 and 19).
- The valuation of goodwill and price allocation of business combinations (see Note 16).
- The fair value of certain unlisted financial assets and liabilities (see Notes 6, 7, 9, 10, 11 and 12).
- The recoverability of deferred tax assets and the forecast of corporate tax expense (see Note 17).

The significant prevailing geopolitical and economic uncertainties (see Note 6.1) entail a greater complexity in developing reliable estimations and applying judgment.

Estimates have been made on the basis of the best available information on the matters analyzed as of September 30, 2023. However, it is possible that events may take place subsequent to such date which could make it necessary to amend these estimations (upward or downward), which would be carried out prospectively, recognizing the effects of the change in estimation in the corresponding consolidated income statement.

During the nine-month period ended on September 30, 2023 there have been no significant changes in the estimates made at the end of the 2022 financial year, other than those 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, 2022.

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 condensed interim financial statements

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

Appendix I shows the condensed interim financial statements of Banco Bilbao Vizcaya Argentaria, S.A. as of and for the nine months ended September 30, 2023.

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

The accounting policies and methods applied for the preparation of the Consolidated Financial Statements do not differ significantly to those applied in the consolidated financial statements of the Group for the year ended December 31, 2022 (as set forth in Note 2 thereto) except for the entry into force of new standards and interpretations in the year 2023.

2.1. Standards and interpretations that became effective in the first nine months of 2023

Entry into force of IFRS 17 – Insurance contracts

Initial application

IFRS 17 has superseded IFRS 4 as the accounting standard applicable to the recognition, measurement and presentation of contracts that transfer significant insurance risk, based on a model that uses updated assumptions at each reporting period. The Group has applied IFRS 17 to "insurance contracts" as of January 1, 2023. As IFRS 17 requires at least one year of comparative information, financial information has been restated from January 1, 2022 to December 31, 2022 (see Appendix III).

The application of IFRS 17 has not had a significant impact on the consolidated financial statements of the BBVA Group (see Appendix III). The main differences in accounting come from long-term contracts, and have been recorded in accumulated other comprehensive income (loss) and retained earnings. In short-term contracts there are no significant differences in their accounting with respect to the previous situation, nor a significant equity impact in initial application. The impact on the Group of "onerous" products has been not significant.

During 2022, a generalized neutral effect has been observed in the results, comparing those expressed under IFRS 4 with those restated under IFRS 17, except in specific cases, affecting reserves in the initial application. For its part, the evolution of interest rates during 2022 included, in other accumulated comprehensive income (loss), the net effect of the change in the fair value of the liabilities under insurance and reinsurance contracts and the associated financial assets.

IFRS 17 has introduced substantial changes in the accounting of insurance contracts with the aim of achieving greater homogeneity and increasing comparability among entities. For this reason, the BBVA Group has developed an accounting policy on insurance contracts under IFRS 17 and an operational guide to govern the calculation process, which seeks to ensure adequate control in the preparation of the aforementioned financial information.

This note includes a non-exhaustive summary of the main judgments and estimates, as well as the accounting policy options chosen.

Grouping and classification

The BBVA Group groups insurance contracts taking into account whether they are subject to similar risks and are managed jointly, their profitability or onerousness, and their year of issuance or cohort, grouping by this last criterion the contracts issued in the calendar year, i.e., between January 1 and December 31 of each year. In general, the Group classifies the profitability of contracts into two groups: onerous contracts, and non-onerous contracts or contracts without a significant possibility of becoming onerous[1].

Since the Group has chosen the fair value transition approach, for long-term contracts issued prior to the transition date (January 1, 2022), it has not been necessary to aggregate the contracts by previous cohorts. For contracts issued after the transition date, the Group classifies them by year of issuance, and therefore, the Group has not accepted the exception provided for in the adoption of the standard by the European Union on annual cohorts in products with matched cash flows[2].

The Group has evaluated whether a significant insurance risk from another party is accepted in its contracts, agreeing to compensate the holder of the insurance policy if an uncertain future event occurs that affects it adversely. From this evaluation it has been concluded that all the insurance contracts that were under the scope of IFRS 4 meet the definition of insurance contract and therefore, the introduction of IFRS 17 does not imply any reclassification, with the exception of certain insurance products of BBVA Seguros, S.A de Seguros y Reaseguros, which do not transfer significant insurance risk, and therefore, are valued under IFRS 9.

Valuation methods

The Group has carried out an analysis of the limits of insurance and reinsurance contracts under IFRS 17, separately, applying the General Model (Building Block Approach) by default to all contracts, except those eligible to be valued by the Simplified Model (Premium Allocation Approach), or the Variable Fee Approach.

The General Model requires that insurance contracts are valued for the total of:

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

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[1] There is the possibility of defining three or more onerous groups.
[2] Article 2 of Regulation (EU) 2021/2036 of the Commission of November 19, 2021.

- and the Contractual Service Margin (CSM), which represents the expected unearned profit from insurance contracts, which will be recognized in the entity's income statement as the service is provided in the future, instead of being recognized at the time of the estimation.

The amount recognized in the balance sheet for each group of insurance contracts measured under this model comprises the liability for remaining coverage, which includes the aforementioned fulfillment cash flows and margin, and the liability for incurred claims, which includes the cash flows from related to claims that have occurred, but have not been paid, discounted to reflect the time value of money, the financial risk associated with future cash flows, and a risk adjustment for non-financial risk that would represent the compensation required by the uncertainty associated with the amount and timing of the expected cash flows. The Group uses the General Model for the valuation of liabilities under insurance and reinsurance contracts that correspond to long-term commitments, a portfolio that represents the majority of what is recorded in the balance sheet.

The BBVA Group has defined and identified for each group of contracts the hedging units to be used for the release to profit or loss of the contractual service margin, in accordance with IFRS 17, and subsequent interpretations issued by the Transition Resource Group for IFRS 17 and the IFRIC. Furthermore, the Group has chosen the accounting policy option of not changing the treatment of accounting estimates made in previous interim closings.

The Group used the Simplified Model in the valuation of the liability for remaining coverage of contracts with a coverage period of one year or less, or in those contracts with a duration of more than one year but which are not expected to have a material valuation different from that of the General Model. Under this model, the liability for remaining coverage is made up of the premiums received (collected), less the cash flows for the acquisition of the insurance paid, plus or minus the premiums or expected acquisition cash flows recorded in the income statement, respectively. The income statement recording is carried out on a linear basis throughout the coverage period of the contract, in the event that the accrual of income is also accrued. By default, it has chosen to defer acquisition expenses, although there is an option to recognize such expenses when they are incurred. In turn, the groups of contracts valued under this model have a liability for incurred claims calculated in a manner similar to that of the General Model.

On the other hand, the contracts valued following the Variable Fee Approach represent a residual amount in the Group.

Discount rate

The methodology used to obtain the discount rate differs according to the entity and portfolio to which it is applied, highlighting mainly the cases of the companies in Spain and Mexico. In the first case, the top-down approach has been mainly applied and it has been verified that the Internal Rate of Return (hereinafter "IRR") of the entity's asset portfolio converges with the IRR of a reference portfolio from which the EIOPA (European Insurance and Occupational Pensions Authority) fundamental spread is discounted for. In the second case, the top-down approach has been used for immunized portfolios, eliminating the spread for credit risk through the EIOPA fundamental spread. However, in non-immunized portfolios, the bottom-up approach has been used, using the swap curve as the risk-free curve.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk represents the compensation required for bearing uncertainty about the amount and timing of the associated cash flows. To estimate the non-financial risk adjustment, the Group has used its own methodologies based on calculations of the Value at Risk (VaR) of the commitments associated with the Life and Non-Life businesses.

Onerosity

The Group has classified the contracts valued under the General Model into groups of onerous contracts, considering the fulfillment cash flows, acquisition expenses and any other attributable cash flow. The evaluation is normally carried out contract by contract, except in those cases in which it can be grouped into sets of homogeneous contracts. With contracts valued by the Simplified Model, by default it is assumed that they are not onerous at their initial recognition, unless there are facts and circumstances that indicate otherwise.

In the same way as the contractual service margin, which represents the estimated future benefit of the insurance contract, the loss component is the estimated loss of the contract. The accounting record of these two concepts has a different temporality: while the margin is deferred throughout the duration of the contract according to the contractual limits, the loss component is recognized in the income statement as soon as it is known. Throughout the life of a contract, the assumptions used to project future cash flows may change and, consequently, the expected return on a contract may increase or decrease. This means that a group of contracts initially classified as onerous may become more onerous, or on the contrary, in the subsequent measurement the assumptions used in the cash flows may change so much that the previously recognized loss could be reversed.

Results

In general, for the presentation of the financial income or expenses from insurance contracts that arise as a result of the change in the discount rate, both due to the effect of the time value of money as well as the effect of financial risk, the Group has chosen the accounting policy option of disaggregating these financial income or expenses from insurance contracts between recording them in the "Net interest income" and "Accumulated other comprehensive income (loss)", in order to minimize accounting asymmetries in the valuation and recognition of financial investments under IFRS 9 and insurance contracts under IFRS 17.

The Group has chosen to disaggregate the changes in the risk adjustment between financial and non-financial, so that the change in the value of the risk adjustment derived from the effect of the time value of money, and changes in it, is recorded as a financial income or expense from insurance contracts. Insurance revenue is recognized over the period the entity provides insurance coverage, excluding any investment component.

Transition

Of liabilities under insurance contracts held as of the transition date, January 1, 2022, those corresponding to long-term commitments to which the General Model has been applied, have been valued in transition using the fair value approach, given the impracticability of applying IFRS 17 retroactively, given the disproportionate cost and difficulty of obtaining the historical data necessary to apply a full retrospective approach given the age of these products on the balance sheet and their remaining duration. The fair value approach contemplates the determination of the contractual service margin or the loss component of the liability for remaining coverage, based on the difference between the fair value based on the requirements of IFRS 13 and the present value of the fulfillment cash flows based on IFRS 17. The application of the fair value in transition criteria allows contracts issued more than one year apart to be included in the same group and therefore not to differentiate by cohorts, an option that the Group has opted for. On the other hand, the short-term contracts valued by the Simplified Model, in transition have been valued using the full retrospective approach.

Redesignation of financial assets

On the date of initial application of IFRS 17, as the BBVA Group was already applying IFRS 9, it has accepted the option of reassessing the classification of financial assets associated with contracts within the scope of IFRS 17, redesignating as of January 1, 2022 certain financial assets previously classified in the portfolio of "Financial assets at amortized cost" to "Financial assets at fair value through other comprehensive income (loss)", considering that the business model that best suits the objectives of the insurance contracts to which these investments are subject is to obtain the contractual cash flows and sell such financial assets (see Appendix III).

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

In February 2021 the International Accounting Standards Board (hereinafter "IASB") issued amendments to this IAS with the aim of improving the quality of the disclosures in relation to the accounting policies applied by the entities with the ultimate aim of providing useful and material information in the financial statements. The amendments to IAS 1 require entities to disclose accounting policies that are material rather than significant accounting policies and provide guidance to help apply the concept of materiality in financial statement disclosures. The amendments to IAS 8 introduce clarifications to distinguish between the concept of accounting estimate and that of accounting policy. The amendments have entered into force on January 1, 2023, with no significant impact on the consolidated financial statements of the BBVA Group.

Amendment IAS 12 – Income taxes

The IASB issued an amendment to IAS 12 to clarify that entities should recognize deferred tax arising on transactions such as leases or decommissioning obligations. The amendment requires entities to recognize a deferred tax asset and liability separately when the temporary differences arising in the recognition of an asset and a liability are the same, not being possible to apply the initial recognition exception provided for in the standard. The purpose of the amendments has been to reduce the diversity in the presentation of information on deferred taxes in said transactions. The modification entered into force on January 1, 2023, although its early application was allowed, with no significant impact on the consolidated financial statements of the BBVA Group.

2.2. Standards and interpretations issued but not yet effective as of September 30, 2023

The following new International Financial Reporting Standards together with their Interpretations or Modifications had been published at the date of preparation of the Consolidated Financial Statements, which are not mandatory as of September 30, 2023. The Group is currently evaluating the potential effects of these new standards and amendments. Although in some cases the IASB allows early adoption before their effective date, the BBVA Group has not proceeded with this option for any such new interpretations or amendments.

Amendment to IFRS 16 "Leases"

The IASB has issued an amendment to IFRS 16 that clarifies the requirements for sale-and-leaseback transactions. The new requirements established that the seller-lessee shall determine ‘lease payments’ or ‘revised lease payments’ in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments will be effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. No significant impact is expected on the BBVA Group´s consolidated financial statements.

Amendment to IAS 12 - International Tax Reform Pillar Two Model Rules

On December 20, 2021, the OECD published an international tax initiative that sets forth a framework of rules (“GloBE -Global Anti-Base Erosion Rules”) for the application of the “Pillar Two Model Rules”, establishing a supplementary tax system that makes the effective rate of taxation of certain multinational groups in certain jurisdiction reach the minimum rate of 15%.

The European Union has published a Directive incorporating this initiative into European law. As of September 30, 2023, Spain has not yet transposed such Directive into the national tax legislation. The BBVA Group is analyzing the implications of this new regulation.

For its part, and in relation to this initiative, in May 2023 the IASB published an amendment to IAS 12 to clarify how to deal with the accounting treatment of the results derived from the Pillar II initiative (as enacted or substantially enacted) in each country. The amendment to IAS 12:

- sets a temporary exception to the accounting of deferred taxes in relation to the implementation of the rules of the Pillar 2 model.
- requires qualitative and quantitative disclosures that allow users to understand the entities' exposure to taxes that may arise from this initiative and/or the entity's progress in its implementation.

These amendments to IAS 12 will become effective immediately upon their publication and adoption in the EU.

Amendment to - IAS 21 "Effects of changes in foreign exchange rates"

On August 15, 2023, the IASB issued a series of amendments to IAS 21 - The effect of changes in exchange rates. The standard has a double objective, on the one hand to provide guidance on when one currency is convertible into another and, second, how to determine the exchange rate to be used in accounting when it is concluded that such convertibility does not exist.

In relation to the first objective, one currency is convertible into another when an entity can obtain the other currency within a time frame that allows for a normal administrative delay; and through markets or exchange mechanisms in which an exchange transaction creates enforceable rights and obligations. If the entity determines that there is no convertibility between currencies, it must estimate an exchange rate. The standard does not establish a specific estimation technique for them, but rather establishes guidelines for their determination, allowing the use of an observable type without adjusting or using an estimation technique.

The modification to the standard will come into force on January 1, 2025. Early application is permitted.

3. BBVA Group

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

The following information is detailed in the Appendices to the consolidated financial statements of the Group for the year ended December 31, 2022:

- Appendix I shows relevant information related to the consolidated subsidiaries and structured entities.
- Appendix II shows relevant information related to investments in 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, Turkey and South America, with an active presence in other areas of Europe, the United States and Asia (see Note 5).

Significant transactions in the first nine months of 2023

During the first nine months of 2023, no significant transactions have been carried out.

Significant transactions in 2022

Investments

Announcement of the agreement with Neon Payments Limited

On February 14, 2022, BBVA announced the agreement with the company "Neon Payments Limited" ("the Company" in this section) for the subscription of 492,692 preference shares, representing approximately 21.7% of its share capital, through a share capital increase and in consideration of approximately USD 300 million (equal to approximately €263 million, using the applicable 1.14 EUR/USD exchange rate as of February 11, 2022).

The Company, which is incorporated and domiciled in the United Kingdom, is the owner of 100% of the shares of the Brazilian company "Neon Pagamentos S.A.".

As of February 14, 2022, BBVA was already the indirect owner of approximately 10.2% of the share capital of the Company through companies where BBVA owns more than 99% of the share capital, As of December 31, 2022, BBVA held, directly and indirectly, approximately 29.2% of the share capital of the Company. Despite owning more than 20% of the share capital, BBVA's ability to influence Neon Payments Limited financial and operating decisions policies is very limited, so the investment is recognized under the heading "Non-trading financial assets mandatorily at fair value through profit or loss".

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

On November 15, 2021, BBVA announced a voluntary takeover bid (hereinafter "VTB") addressed to the 2,106,300,000 shares[3] not controlled by BBVA, which represented 50.15% of the total share capital of Türkiye Garanti Bankası A.Ş (hereinafter "Garanti BBVA"). BBVA submitted for authorization an application of the VTB to the supervisor of the securities markets in Turkey (Capital Markets Board, hereinafter "CMB") on November 18, 2021.

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

On May 18, 2022, BBVA announced the finalization of the offer acceptance period, with the acquisition of 36.12% of Garanti BBVA's share capital. The total amount paid by BBVA was approximately 22,758 million Turkish lira (equivalent to approximately €1,390 million[4] including the expenses associated with the transaction and net of the collection of the dividends corresponding to the stake acquired).

The transaction resulted in a capital gain of approximately €924 million (including the impacts after the application of IAS 29, see Note 2.2.19 of the consolidated financial statements of the Group for the year ended December 31, 2022). An amount of €3,609 million was recorded under the heading "Other reserves" and there was a reclassification to "Accumulated other comprehensive income (loss)" corresponding to the 36.12% acquired from minority interests to "Accumulated other comprehensive income (loss)" of the parent company for an amount of €-2,685 million. The total derecognition associated with the transaction of the heading "Minority interests" considering "Other items" and "Accumulated other comprehensive income (loss)" amounted to €-2,541 million.

The percentage of total share capital of Garanti BBVA owned by BBVA (after the completion of the VTB on May 18, 2022) is 85.97%.

4. Shareholder remuneration system

The Annual General Shareholder's Meeting of BBVA held on March 17, 2023, approved, under item 1.3 of the Agenda, a cash distribution against the 2022 results as a final dividend for the 2022 fiscal year, for an amount equal to €0.31 (€0.2511 net of withholding tax) per outstanding BBVA share entitled to participate in this distribution, which was paid on April 5, 2023. The total amount paid amounted to €1,860 million.

The Board of Directors, at its meeting held on September 27, 2023, resolved the payment of a cash interim dividend of €0.16 (€0.1296 net of withholding tax) per outstanding BBVA share entitled to participate in this distribution, to be paid on October 11, 2023. The total amount paid amounted to €952 million.

Share buyback program

On March 17, 2023, after receiving the required authorization from the European Central Bank (hereinafter "ECB"), BBVA announced through an Inside Information notice the execution of a time-scheduled buyback program for the repurchase of own shares in accordance with the provisions of Regulation (EU) No. 596/2014 of the Parliament Commission and Council of April 16, 2014 on market abuse and Commission Delegated Regulation (EU) No. 2016/1052 of March 8, 2016 (hereinafter "the Regulations"), aimed at reducing BBVA's share capital by a maximum monetary amount of €422 million. The execution was carried out internally by the Company, executing the trades through BBVA.

By means of an Other Relevant Information notice dated April 21, 2023, BBVA announced the completion of the share buyback program upon reaching the maximum monetary amount, having acquired 64,643,559 own shares, between March 20 and April 20, 2023, representing, approximately, 1.07% of BBVA's share capital as of said date.

On June 2, 2023, BBVA notified through an Other Relevant Information notice a partial execution of the share capital reduction resolution adopted by the Annual General Shareholders' Meeting of BBVA held on March 17, 2023, under item 3 of the agenda through the reduction of BBVA's share capital in a nominal amount of €31,675,343.91 and the consequent redemption, charged to unrestricted reserves, of 64,643,559 own shares of €0.49 par value each acquired derivatively by BBVA in execution of the share buyback program scheme and which were held in treasury shares (see Note 24).

BBVA requested on July 27, 2023 to the ECB, the correspondent supervisory authorization in order to carry out a buyback program of BBVA shares up to €1,000 million. Its execution, if the authorization requested is finally granted, would be subject to the adoption of the correspondent corporate resolutions and to the communication of the specific terms and conditions of the share buyback

[3] All references to "shares" or "share" shall be deemed made to lots of 100 shares, which is the trading unit in which Garanti BBVA shares are listed at Borsa Istanbul.
[4] Using the effective exchange rate of 16.14 Turkish lira per euro.

program before its execution. This share buyback program would be considered to be an extraordinary shareholder distribution and is therefore not included in the scope of the ordinary distribution policy.

On October 2, 2023, after receiving the required authorization from the ECB, BBVA announced that it would implement a buyback program for the repurchase of own shares in accordance with the Regulations, aimed at reducing BBVA’s share capital by a maximum monetary amount of €1,000 million, having acquired 60,000,000 shares between October 2 and October 27, 2023.

The execution is being carried out internally by the Company, executing the trades through BBVA.

5. Operating segment reporting

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

As of September 30, 2023, the structure of the information by operating segment reported by the BBVA Group remains the same as that of the closing of 2022 financial year.

The BBVA Group's operating areas or segments are summarized below:

- Spain includes mainly the banking, insurance and asset management businesses that the Group carries out in Spain.
- Mexico includes banking, insurance and asset management businesses in this country as well as the activity that BBVA Mexico carries out through its agency 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 banking, financial, insurance and asset management activity that are carried out mainly in Argentina, Chile, Colombia, Peru, Uruguay and Venezuela.
- Rest of business mainly incorporates the wholesale activity carried out in Europe (excluding Spain), the United States, and the BBVA branches located in Asia.

The Corporate Center performs centralized Group functions, including: the costs of the head offices with a corporate function, management of structural exchange rate positions; portfolios whose management is not linked to customer relationships, such as financial and industrial holdings; stakes in Funds & Investment Vehicles in tech companies; certain tax assets and liabilities; funds for employee commitments; goodwill and other intangible assets, as well as the financing of such portfolios and assets.

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

6. Risk management

The principles and risk management policies, as well as tools and procedures established and implemented in the Group as of September 30, 2023 do not differ significantly from those included in Note 7 of the consolidated financial statements of the Group for the year ended December 31, 2022.

6.1 Risk factors

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

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

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

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

In this context, there are a number of emerging risks that could affect the evolution of the Group’s business, including the below and those mentioned in Note 7.1 to the consolidated financial statements of the Group for the year ended December 31, 2022:

– Macroeconomic and geopolitical risks

The Group is sensitive to the deterioration of economic conditions or the alteration of the institutional environment of the countries in which it operates, and especially Spain, Mexico and Turkey. Additionally, the Group is exposed to sovereign debt, especially in these geographical areas.

The global economy is currently facing a number of extraordinary challenges. The war in Ukraine and the sanctions imposed against and by Russia have led to significant disruption, instability and volatility in global markets, as well as higher inflation and lower economic growth. The economic effects include higher commodity prices, mainly of energy commodities. While certain of these tendencies moderated in recent months, they have recently been exacerbated, and may be further exacerbated, by the recent tensions in the Middle East, which have led to a spike in energy prices and may exert further downward pressure on growth and upward pressure on inflation. Another global macroeconomic risk is the possibility of a sharp growth slowdown in China, which could lead to lower GDP expansion than currently expected in many geographies. Although it may be possible to offset part of the expected growth slowdown in China through the adoption of certain fiscal, monetary and regulatory measures, there are risks related to tensions in the real estate markets and the possible effects of U.S. economic sanctions, among others.

Geopolitical and economic risks have also increased in recent years as a result of trade tensions between the United States and China, Brexit, and the rise of populism, among other factors. Growing tensions may lead, among other things, to a deglobalization of the world economy, an increase in protectionism, a general reduction of international trade in goods and services and a reduction in the integration of financial markets, any of which could materially and adversely affect the Group’s business, financial condition and results.

Moreover, the world economy could be vulnerable to other factors such as the aggressive interest rate hikes by central banks due to the high inflationary pressures, which could cause a significant growth slowdown - and, even, a sharp economic recession - as well as new episodes of financial stress.

The Group’s results of operations have been particularly affected by the increases in interest rates adopted by central banks in an attempt to tame inflation, contributing to the rise in both interest revenue and interest expenses. In addition, increases in interest rates could adversely affect the Group by reducing the demand for credit, limiting the Group's ability to generate credit for its clients and leading to an increase in the default rate of its borrowers and other counterparties. In particular, the U.S. Federal Reserve (the "Fed") and the ECB have increased their policy interest rates over the last two years. Although uncertainty is high, policy rates (refinancing rates in the case of the ECB) may remain high, around 5.50% in the United States and 4.50% in the Eurozone for a relatively long period of time. Furthermore, liquidity reduction measures by the Fed and the ECB are expected to continue to contribute to the monetary tightening process. Moreover, the Group´s results of operations have been affected by the high inflation in all countries in which BBVA operates, especially Turkey and South America.

The Group is exposed, among others, to the following general risks with respect to the economic and institutional environment in the countries in which it operates: a deterioration in economic activity in the countries in which it operates, including recession scenarios; more persistent inflationary pressures, which could trigger a more severe tightening of monetary conditions; stagflation due to more intense or prolonged supply crises; changes in exchange rates; an unfavorable evolution of the real estate market; very high oil and gas prices, which could have a negative impact on disposable income levels in areas that are net energy importers, such as Spain or Turkey, to which the Group is particularly exposed; changes in the institutional environment of the countries in which the Group operates, which could give rise to sudden and sharp drops in GDP and/or changes in regulatory or government policy, including in terms of exchange controls and restrictions on the distribution of dividends or the imposition of new taxes or charges; growth in the public debt or in the external deficit could lead to a downward revision of the credit ratings of the sovereign debt and even a possible default or restructuring of such debt; and episodes of volatility in the financial markets, which could cause significant losses for the Group. In particular, in Argentina, overall macroeconomic conditions have continued to deteriorate, increasing the risk of economic and financial turbulence in the context of general elections in the last quarter of the year. Further, political uncertainty in Spain since the general elections held in July could have an adverse impact on Spain’s economy.

Any of these factors may have a significant adverse impact on the Group’s business, financial condition and results of operations.

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

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

There are increasing signs of changes in economic policy, in general, and monetary policy, in particular, since the general elections held in May 2023, which may lead to a gradual correction of the current macroeconomic distortions, especially the high external financing needs. Nonetheless, the situation remains unstable, characterized by a strong depreciation of the Turkish lira, high inflation, a significant trade deficit, low central bank’s foreign reserves and high external financing costs. The earthquakes of February 2023 have deepened Turkey's economic struggles. In addition to the vast human losses, the earthquakes and the government's response thereto have added pressure on inflation as well as the external and tax balances. Continuing unfavorable economic conditions in Turkey may result in a potential deterioration in the purchasing power and creditworthiness of our clients (both individuals and corporations). In addition, the relatively low official interest rates (despite the recent upward adjustments) in a context of still high inflation, the policies affecting the banking sector and currency depreciation have affected and may continue to affect the Group’s results.

Additionally, certain geopolitical factors, such as the war in Ukraine and recent tensions in the Middle East, and internal political developments, generate uncertainty about the evolution of the economy and could trigger scenarios of greater instability.

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

6.2 Credit risk

Credit risk arises from the probability that one party to a financial instrument will fail to meet its contractual obligations for reasons of insolvency or inability to pay and cause a financial loss for the other party. The general principles governing credit risk management in the BBVA Group, as well as the credit risk management in the Group as of September 30, 2023 do not differ significantly from those included in Note 7 of the consolidated financial statements of the Group for the year ended December 31, 2022.

Support measures

Since the beginning of the pandemic, the Group offered support measures to its customers in all the geographical areas where it operates, consisting of both deferrals on existing loans and new public-guaranteed lending. Deferral support schemes have expired in all geographical areas. The measures adopted in 2022 which remained in force in 2023 were limited to Spain. In Peru, the deadline for requesting extensions of the Reactiva program ended on September 30, 2023 and to the date of the preparation of these Consolidated Financial Statements no extension has been published.

In addition in Spain, in March 2022, the Council of Ministers (RDL 6/2022) approved a line of financing with public guarantees of 70% and 80% of the principal amount of loans for self-employed and enterprises in order to alleviate the liquidity tensions due to increases in energy prices and raw materials, available until December 2023.

Finally, Royal Decree-Law 19/2022, of November 22, was published. It amends the Code of Good Practices, regulated by Royal Decree Law 6/2012, and establishes a new Code of Good Practices that eases the impact of interest rates hikes on mortgage loans related to primary residences and provides for other structural measures aiming to ease access to lending. As of the date of the preparation of these Consolidated Financial Statements, the number and amount of the transactions granted to clients in accordance with the new Code of Good Practices have been low.

Credit risk exposure

In accordance with IFRS 7 "Financial Instruments: Disclosures", the BBVA Group's credit risk exposure by headings in the consolidated balance sheets as of September 30, 2023 and December 31, 2022 is provided below. It does not consider the loss allowances and the availability of collateral or other credit enhancements to ensure compliance with payment obligations. The details are broken down by category of financial instruments:

Maximum credit risk exposure (Millions of Euros)

	Notes	September 2023	Stage 1	Stage 2	Stage 3
Financial assets held for trading		**94,780**			
Equity instruments	9	3,637			
Debt securities	9	30,623			
Loans and advances	9	60,519			
Non-trading financial assets mandatorily at fair value through profit or loss		**8,490**			
Equity instruments	10	7,793			
Debt securities	10	411			
Loans and advances	10	286			
Financial assets designated at fair value through profit or loss	**11**	**939**			
Derivatives (trading and hedging)		**51,463**			
Financial assets at fair value through other comprehensive income		**63,909**			
Equity instruments	12	1,303			
Debt securities		62,581	61,676	884	21
Loans and advances to credit institutions	12	26	26	—	—
Financial assets at amortized cost		**457,389**	**410,118**	**33,291**	**13,980**
Debt securities		48,122	47,855	234	33
Loans and advances to central banks		5,454	5,454	—	—
Loans and advances to credit institutions		16,247	16,231	16	—
Loans and advances to customers		387,565	340,578	33,041	13,947
Total financial assets risk		**676,970**			
Total loan commitments and financial guarantees		**214,931**	**206,224**	**7,635**	**1,073**
Loan commitments given	28	155,636	150,603	4,880	153
Financial guarantees given	28	17,299	16,244	818	237
Other commitments given	28	41,996	39,378	1,936	682
Total maximum credit exposure		**891,901**			

Maximum credit risk exposure (Millions of Euros)	Notes	December 2022	Stage 1	Stage 2	Stage 3
Financial assets held for trading		**70,763**			
Equity instruments	9	4,404			
Debt securities	9	24,367			
Loans and advances	9	41,993			
Non-trading financial assets mandatorily at fair value through profit or loss		**6,888**			
Equity instruments	10	6,511			
Debt securities	10	129			
Loans and advances	10	247			
Financial assets designated at fair value through profit or loss	**11**	**913**			
Derivatives (trading and hedging)		**53,101**			
Financial assets at fair value through other comprehensive income		**65,497**			
Equity instruments	12	1,198			
Debt securities		64,273	63,425	822	26
Loans and advances to credit institutions	12	26	26	—	—
Financial assets at amortized cost		**425,803**	**378,407**	**33,873**	**13,523**
Debt securities		36,730	36,463	237	30
Loans and advances to central banks		4,420	4,420	—	—
Loans and advances to credit institutions		16,066	15,997	69	—
Loans and advances to customers		368,588	321,528	33,568	13,493
Total financial assets risk		**622,965**			
Total loan commitments and financial guarantees		**192,568**	**181,427**	**9,993**	**1,147**
Loan commitments given	28	136,920	130,459	6,283	177
Financial guarantees given	28	16,511	15,214	1,015	281
Other commitments given	28	39,137	35,753	2,695	689
Total maximum credit exposure		**815,533**			

The changes in the nine months ended September 30, 2023 and the year ended December 31, 2022 of impaired financial assets (financial assets and guarantees given) are as follows:

Changes in impaired financial assets and guarantees given (Millions of Euros)	September 2023	December 2022
Balance at the beginning	**14,521**	**15,467**
Additions	8,028	8,084
Decreases (1)	(4,423)	(5,742)
Net additions	**3,605**	**2,342**
Amounts written-off	(2,788)	(2,771)
Exchange differences and other	(419)	(517)
Balance at the end	**14,920**	**14,521**

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

Loss allowances

Below are the changes in the nine months ended September 30, 2023, and the year ended December 31, 2022 in the loss allowances recognized on the condensed consolidated balance sheets to cover the estimated impairment or reversal of impairment on loans and advances at amortized cost:

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

	September 2023	December 2022
Balance at the beginning of the period	**(11,291)**	**(11,142)**
Increase in loss allowances charged to income	(6,875)	(8,288)
Stage 1	*(1,282)*	*(1,556)*
Stage 2	*(1,576)*	*(1,443)*
Stage 3	*(4,016)*	*(5,289)*
Decrease in loss allowances charged to income	3,787	4,891
Stage 1	*1,066*	*1,342*
Stage 2	*944*	*1,213*
Stage 3	*1,776*	*2,336*
Transfer to written-off loans, exchange differences and other	3,123	3,248
Balance at the end of the period	**(11,256)**	**(11,291)**

Additional adjustments to expected losses measurement

To estimate expected losses, what is described in Note 7 of the 2022 consolidated financial statements on individual and collective estimates of expected losses must be taken into account, as well as macroeconomic estimates.

The Group periodically reviews its individual estimates and its models for the collective estimate of expected losses as well as the effect of macroeconomic scenarios on them. In addition, the Group may supplement the expected losses to account for the effects that may not be included, either by considering additional risk factors, or by the incorporation of sectorial particularities or particularities that may affect a set of operations or borrowers, following a formal internal approval process established for this purpose.

Thus, in Spain, during 2021 and 2022, the Loss Given Default (LGD) of certain specific operations considered unlikely to pay was reviewed upwards, with a remaining adjustment as of September 30, 2023 of €407 million, without significant variation since the end of the year 2022. In addition, due to the earthquakes that affected an area in the south of Turkey, during the month of February 2023 the classification of the credit exposure recorded in the five most affected cities was reviewed, which led to its reclassification to Stage 2. As of September 30, 2023 the amounts recorded in Stage 2 were €337 million on the balance sheet and €441 million off-balance sheet, with allowances for losses of approximately €38 million at contract level.

On the other hand, the complementary adjustments pending allocation to specific operations or customers as of September 30, 2023 totaled €71 million, of which €39 million corresponded to BBVA, S.A., €30 million to Mexico, and €2 million to Colombia. As of December 31, 2022, the complementary adjustments pending allocation to specific operations or customers totaled €302 million, of which €170 million corresponded to BBVA, S.A., €92 million to Mexico, €25 million to Peru, €11 million to Colombia and €5 million to Chile. The change during the nine months ended September 30, 2023 is mainly due to use of provisions and partial releases.

7. Fair value of financial instruments

The criteria and valuation methods used to calculate the fair value of financial assets as of September 30, 2023 do not differ significantly from those included in Note 8 from the consolidated financial statements for the year ended December 31, 2022.

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 ended December 31, 2022.

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 ended December 31, 2022.

7.1. Fair value of financial instruments recognized at fair value according to valuation method

The fair value of the Group's financial instruments from the attached condensed consolidated balance sheets recognized at fair value is presented below, broken down according to the valuation method used to determine their fair value, and their respective book value as of September 30, 2023 and December 31, 2022:

Fair value of financial instruments recognized at fair value by levels. September 2023 (Millions of Euros)

	Notes	Book value	Fair value		
			Level 1	Level 2	Level 3
ASSETS					
Financial assets held for trading	9	134,804	24,743	108,063	1,999
Derivatives		40,024	927	38,839	259
Equity instruments		3,637	3,574	—	64
Debt securities		30,623	20,242	9,987	394
Loans and advances		60,519	—	59,236	1,283
Non-trading financial assets mandatorily at fair value through profit or loss	10	8,490	7,054	246	1,190
Equity instruments		7,793	6,565	54	1,174
Debt securities		411	203	192	15
Loans and advances to customers		286	285	—	1
Financial assets designated at fair value through profit or loss	11	939	886	53	—
Debt securities		939	886	53	—
Financial assets at fair value through other comprehensive income	12	63,792	51,160	11,903	728
Equity instruments		1,303	1,120	67	116
Debt securities		62,463	50,014	11,837	612
Loans and advances to credit institutions		26	26	—	—
Derivatives – Hedge accounting		1,596	—	1,596	—
LIABILITIES					
Financial liabilities held for trading	9	118,276	16,497	100,458	1,322
Trading derivatives		38,645	578	37,318	748
Short positions		17,083	15,918	976	189
Deposits		62,549	—	62,164	385
Financial liabilities designated at fair value through profit or loss	11	12,862	6	11,003	1,853
Deposits from credit institutions		27	—	27	—
Customer deposits		706	—	706	—
Debt certificates issued		3,668	6	1,809	1,853
Other financial liabilities		8,460	—	8,460	—
Derivatives – Hedge accounting		3,204	—	3,204	—

Fair value of financial Instruments recognized at fair value by levels. December 2022 (Millions of Euros)

	Notes	Book value	Fair value		
			Level 1	Level 2	Level 3
ASSETS					
Financial assets held for trading	9	110,671	22,710	85,636	2,325
Derivatives		39,908	795	38,140	974
Equity instruments		4,404	4,369	—	34
Debt securities		24,367	16,284	7,934	148
Loans and advances		41,993	1,262	39,562	1,169
Non-trading financial assets mandatorily at fair value through profit or loss	10	6,888	5,720	151	1,017
Equity instruments		6,511	5,457	40	1,014
Debt securities		129	19	111	—
Loans and advances to customers		247	245	—	3
Financial assets designated at fair value through profit or loss	11	913	913	—	—
Debt securities		913	913	—	—
Financial assets at fair value through other comprehensive income	12	65,374	53,248	11,537	589
Equity instruments		1,198	1,040	58	100
Debt securities		64,150	52,182	11,479	489
Loans and advances to credit institutions		26	26	—	—
Derivatives – Hedge accounting		1,891	4	1,887	—
LIABILITIES					
Financial liabilities held for trading	9	95,611	20,611	73,871	1,129
Trading derivatives		37,909	746	36,161	1,002
Short positions		13,487	13,354	133	—
Deposits		44,215	6,511	37,577	127
Financial liabilities designated at fair value through profit or loss	11	10,580	—	8,990	1,590
Deposits from credit institutions		—	—	—	—
Customer deposits		700	—	700	—
Debt certificates issued		3,288	—	1,698	1,590
Other financial liabilities		6,592	—	6,592	—
Derivatives – Hedge accounting		3,303	100	3,179	25

7.2 Fair value of financial instruments recognized at amortized cost according to valuation method

Below is shown the fair value of the Group's financial instruments from the attached condensed consolidated balance sheets recognized at amortized cost, broken down according to the valuation method used to determine their fair value, and their respective book value as of September 30, 2023 and December 31, 2022:

Fair value of financial instruments recognized at amortized cost by levels. September 2023 (Millions of Euros)

	Notes	Book value	Fair value			
			Total	Level 1	Level 2	Level 3
ASSETS						
Cash, cash balances at central banks and other demand deposits	8	66,859	66,859	66,578	—	281
Financial assets at amortized cost	13	446,046	441,023	42,945	10,810	387,268
Debt securities		48,036	46,391	37,550	7,981	860
Loans and advances to central banks		5,437	5,360	5,360	—	—
Loans and advances to credit institutions		16,237	16,261	35	1,379	14,847
Loans and advances to customers		376,336	373,011	—	1,451	371,561
LIABILITIES						
Financial liabilities at amortized cost	20	544,853	542,825	62,549	287,222	193,053
Deposits from central banks		22,305	22,305	22,131	—	173
Deposits from credit institutions		37,835	37,776	—	31,492	6,284
Customer deposits		403,861	401,532	1,287	225,178	175,067
Debt certificates issued		65,241	65,492	39,131	21,973	4,388
Other financial liabilities		15,612	15,719	—	8,578	7,141

Fair value of financial Instruments recognized at amortized cost by levels. December 2022 (Millions of Euros)

	Notes	Book value	Fair value			
			Total	Level 1	Level 2	Level 3
ASSETS						
Cash, cash balances at central banks and other demand deposits	8	79,756	79,756	79,463	—	293
Financial assets at amortized cost	13	414,421	412,965	30,587	12,173	370,206
Debt securities		36,639	36,311	26,239	9,313	759
Loans and advances to central banks		4,401	4,401	4,259	—	142
Loans and advances to credit institutions		16,031	16,089	89	1,289	14,711
Loans and advances to customers		357,351	356,164	—	1,571	354,594
LIABILITIES						
Financial liabilities at amortized cost	20	529,172	525,595	77,112	266,194	182,289
Deposits from central banks		38,323	38,312	38,012	—	300
Deposits from credit institutions		26,935	26,777	—	20,546	6,231
Customer deposits		394,404	392,805	1,158	230,821	160,826
Debt certificates issued		55,429	53,550	37,942	7,240	8,368
Other financial liabilities		14,081	14,151	—	7,587	6,564

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 2023	December 2022
Cash on hand	6,866	6,533
Cash balances at central banks	53,671	67,314
Other demand deposits	6,323	5,909
Total	**66,859**	**79,756**

9. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading (Millions of Euros)	Notes	September 2023	December 2022
ASSETS			
Derivatives		40,024	39,908
Equity instruments	6.2	3,637	4,404
Debt securities [1]	6.2	30,623	24,367
Loans and advances [2]	6.2	60,519	41,993
Total assets	**7**	**134,804**	**110,671**
LIABILITIES			
Derivatives		38,645	37,909
Short positions		17,083	13,487
Deposits [2]		62,549	44,215
Total liabilities	**7**	**118,276**	**95,611**

(1) The variation is mainly due to the increase in positions of the Public Treasury.
(2) The variation is mainly due to the evolution of "Reverse repurchase agreement" of BBVA, S.A. compensated with the evolution of "Repurchase agreement" of BBVA, S.A.

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 2023	December 2022
Equity instruments	6.2	7,793	6,511
Debt securities	6.2	411	129
Loans and advances to customers	6.2	286	247
Total	**7**	**8,490**	**6,888**

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 2023	December 2022
ASSETS			
Debt securities	6.2 / 7	939	913
LIABILITIES			
Deposits from credit institutions		27	—
Customer deposits		706	700
Debt certificates issued		3,668	3,288
Other financial liabilities: Unit-linked products		8,460	6,592
Total liabilities	**7**	**12,862**	**10,580**

12. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (Millions of Euros)	Notes	September 2023	December 2022
Equity instruments	6.2	1,303	1,198
Debt securities [1]		62,463	64,150
Loans and advances to credit institutions	6.2	26	26
Total	**7**	**63,792**	**65,374**
Of which: loss allowances of debt securities		*(118)*	*(123)*

(1) This includes redesignations from the heading "Financial assets at amortized cost" due to the application of IFRS 17 (see Note 2.1 and Appendix III).

13. Financial assets at amortized cost

Financial assets at amortized cost (Millions of Euros)	Notes	September 2023	December 2022
Debt securities (1)		**48,036**	**36,639**
Loans and advances to central banks		**5,437**	**4,401**
Loans and advances to credit institutions		**16,237**	**16,031**
Loans and advances to customers		**376,336**	**357,351**
Government		23,178	20,892
Other financial corporations		13,811	12,765
Non-financial corporations		169,738	165,433
Other		169,610	158,261
Total	**7**	**446,046**	**414,421**
Of which: impaired assets of loans and advances to customers	*6.2*	*13,947*	*13,493*
Of which: loss allowances of loans and advances	*6.2*	*(11,256)*	*(11,291)*
Of which: loss allowances of debt securities		*(86)*	*(91)*

(1) This includes redesignations to the heading "Financial assets at fair value through other comprehensive income" due to the application of IFRS 17 (see Note 2.1 and Appendix III).

14. Investments in joint ventures and associates

Joint ventures and associates (Millions of Euros)	September 2023	December 2022
Joint ventures	92	100
Associates	834	816
Total	**926**	**916**

15. Tangible assets

Tangible assets. Breakdown by type (Millions of Euros)	September 2023	December 2022
Property, plant and equipment	**9,124**	**8,441**
For own use	**8,429**	**7,911**
Land and buildings	6,566	6,255
Work in progress	203	93
Furniture, fixtures and vehicles	6,382	5,833
Right to use assets	2,204	1,871
Accumulated depreciation	(6,722)	(5,920)
Impairment	(205)	(220)
Leased out under an operating lease	**696**	**530**
Assets leased out under an operating lease	747	582
Accumulated depreciation	(51)	(52)
Investment property	**261**	**296**
Building rental	212	242
Other	1	2
Right to use assets	232	213
Accumulated depreciation	(110)	(94)
Impairment	(74)	(67)
Total	**9,385**	**8,737**

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

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

The Tree purchase transaction has been considered an asset purchase given that the Group has determined that it is not acquiring a set of activities that present elements that could constitute a business. After the closing of this transaction, the BBVA Group has once again become owner of the properties and recorded them at their acquisition price in the Group's consolidated financial statements as of June 30, 2022. The assets acquired that are not used for the Bank's activity are recorded under the heading "Non-current assets and disposal groups classified as held for sale and liabilities included in disposal groups classified as held for sale" (see Note 19).

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

16. Intangible assets

Intangible assets (Millions of Euros)	September 2023	December 2022
Goodwill	**799**	**707**
Other intangible assets	**1,511**	**1,449**
Computer software acquisition expense	1,473	1,393
Other intangible assets with an infinite useful life	9	13
Other intangible assets with a definite useful life	30	43
Total	**2,310**	**2,156**

Goodwill

As of September 30, 2023 and December 31, 2022, the principal amount of the goodwill is due to the cash-generating unit (hereinafter "CGU") of Mexico for an amount of €631 million and €559 million, respectively.

Impairment Test

As mentioned in Note 2.2.7 of the consolidated financial statements of the Group for the year 2022, the CGUs to which goodwill has been allocated are periodically tested for impairment by including the allocated goodwill in their carrying amount. This analysis is performed at least annually or whenever there is any indication of impairment.

As of and for the nine months ended September 30, 2023, no indicators of impairment have been identified in any CGU.

17. Tax assets and liabilities

Tax assets and liabilities (Millions of Euros)	September 2023	December 2022
Tax assets		
Current tax assets	2,406	1,978
Deferred tax assets	15,393	14,747
Total	**17,799**	**16,725**
Tax liabilities		
Current tax liabilities	965	1,415
Deferred tax liabilities	2,195	1,520
Total	**3,160**	**2,935**

Tax expense or income related to profit or loss from continuing operations

The heading "Tax expense or income related to profit or loss from continuing operations" recorded an expense amounting €3,204 million for the nine months ended September 30, 2023 applying the estimated tax rate for BBVA Group for the year 2023. For the nine months ended September 30, 2022, an expense of €2,655 million was recorded. For the nine months ended September 30, 2023, it includes the revaluation for tax purposes of the immovable properties and other depreciable assets of Garanti BBVA arising from the application of the temporary article no. 32 as well as paragraph (ç) of article no. 298 of the Tax Procedure Law no. 213. The impact of this law led to a corporate income tax expense credit in the consolidated financial statements of the BBVA Group in the first quarter of the year, amounting to approximately €260 million, due to the higher tax base of the assets. The increase in the tax base of the assets, which represents a corrective effect of inflation with relation to taxation, will be taken into account when calculating the corporate income tax liability every year.

Corporate Income Tax in Turkey

Following its publication in the Official Gazette on July 15, 2023, Law No. 7456 on Additional Motor Vehicle Tax and Amendments to Certain Laws as well as Decree Law No. 375, for Compensation of Economic Losses Caused by the Earthquakes on February 6, 2023, entered into force in Turkey. Among other aspects, this Law provides for the modification of the general corporate income tax rate in Turkey from 20% to 25%. However, the general tax rate for banks and financial institutions is increased to 30% (it was already 25%). This change is applicable to profits generated in tax periods beginning on or after January 1, 2023. This has not had a material impact on the consolidated financial statements of the BBVA Group.

18. Other assets and liabilities

Other assets and liabilities (Millions of Euros)	September 2023	December 2022
ASSETS		
Inventories	659	325
Transactions in progress	81	93
Accruals	1,712	1,461
Other items	1,260	706
Total	**3,713**	**2,586**
LIABILITIES		
Transactions in progress	333	44
Accruals	2,986	2,595
Other items	2,589	2,269
Total	**5,908**	**4,909**

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

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

	September 2023	December 2022
ASSETS		
Foreclosures and recoveries	1,028	1,070
Other assets from tangible assets	1,029	1,063
Companies held for sale	46	40
Accrued amortization	(88)	(93)
Impairment losses	(1,003)	(1,057)
Total	**1,013**	**1,022**
LIABILITIES		
Companies held for sale	—	—
Total	**—**	**—**

20. Financial liabilities at amortized cost

20.1 Breakdown of the balance

Financial liabilities at amortized cost (Millions of Euros)

	Notes	September 2023	December 2022
Deposits		464,000	459,662
Deposits from central banks		22,305	38,323
Demand deposits		706	205
Time deposits and other		10,237	33,534
Repurchase agreements		11,361	4,584
Deposits from credit institutions		37,835	26,935
Demand deposits		8,205	11,434
Time deposits and other		12,013	11,787
Repurchase agreements		17,616	3,714
Customer deposits		403,861	394,404
Demand deposits		309,847	316,082
Time deposits and other		90,351	76,063
Repurchase agreements		3,662	2,259
Debt certificates issued		65,241	55,429
Other financial liabilities		15,612	14,081
Total	**7**	**544,853**	**529,172**

The amount recorded in "Deposits from central banks - Time deposits and other" includes the drawdowns of the TLTRO III facilities of the ECB, mainly by BBVA S.A., amounting to €3,660 million as of September 30, 2023 and €26,711 million as of December 31, 2022, having started in December 2022 the repayment of the TLTRO III program for an approximate amount of €35,000 million.

The positive income generated by the drawdowns of the TLTRO III facilities was recorded under the heading of "Interest and other income – Other income" in the condensed consolidated income statements, while the negative remuneration generated by the drawdown of the TLTRO III facilities is recorded under the heading "Interest expense" in the condensed consolidated income statements (see Notes 29.1 and 29.2, respectively).

20.2 Debt certificates issued

Debt certificates issued (Millions of Euros)	September 2023	December 2022
In Euros	**43,462**	**35,611**
Promissory bills and notes	4,436	1,079
Non-convertible bonds and debentures	16,578	16,979
Covered bonds	6,667	7,665
Hybrid financial instruments (1)	1,287	959
Securitization bonds	2,455	2,501
Wholesale funding	5,193	139
Subordinated liabilities	6,846	6,289
Convertible perpetual certificates	3,000	3,000
Other non-convertible subordinated liabilities	3,846	3,289
In foreign currencies	**21,780**	**19,819**
Promissory bills and notes	334	351
Non-convertible bonds and debentures	8,200	9,323
Covered bonds	108	114
Hybrid financial instruments (1)	4,766	3,724
Securitization bonds	—	—
Wholesale funding	49	111
Subordinated liabilities	8,322	6,196
Convertible perpetual certificates	2,834	1,876
Other non-convertible subordinated liabilities	5,488	4,320
Total	**65,241**	**55,429**

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

20.3 Other financial liabilities

Other financial liabilities (Millions of Euros)	September 2023	December 2022
Lease liabilities	1,516	1,398
Creditors for other financial liabilities	3,470	3,584
Collection accounts	2,839	3,426
Creditors for other payment obligations (1)	7,787	5,673
Total	**15,612**	**14,081**

(1) In 2023, this caption includes the amount committed for the acquisition of own shares under the share buyback program and the interim dividend for the year 2023 (see Note 4).

21. Assets and liabilities under insurance and reinsurance contracts

As of September 30, 2023 and December 31, 2022, the balance under the heading "Insurance and reinsurance assets" in the condensed consolidated balance sheets amounted to €198 million and €183 million, respectively.

The breakdown of the balance in the "Liabilities under insurance and reinsurance contracts" heading of the condensed consolidated balance sheets is:

Liabilities under insurance and reinsurance contracts (Millions of Euros)	September 2023	December 2022
Liabilities for remaining coverage	10,146	9,157
Liabilities for incurred claims	1,114	974
Total	**11,260**	**10,131**

22. Provisions

Provisions. Breakdown by concepts (Millions of Euros)

	September 2023	December 2022
Provisions for pensions and similar obligations	2,478	2,632
Other long term employee benefits	447	466
Provisions for taxes and other legal contingencies	670	685
Commitments and guarantees given	768	770
Other provisions (1)	397	380
Total	**4,760**	**4,933**

(1) Individually non-significant provisions for various concepts and corresponding to different geographical areas.

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 and Turkey. In Mexico, the Group provides post-retirement medical benefits to a closed group of employees and their family members, both in active service and retirement.

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

Condensed consolidated income statement impact (Millions of Euros)

	Notes	September 2023	September 2022
Interest income and expense		98	45
Personnel expense		140	94
Defined contribution plan expense	*35.1*	*105*	*65*
Defined benefit plan expense	*35.1*	*35*	*29*
Provisions or reversal of provisions	37	40	(12)
Total expense (income)		**278**	**126**

24. Capital

As of September 30, 2023 BBVA’s share capital amounted to €2,923,081,772.45 divided into 5,965,473,005 shares (€2,954,757,116.36 divided into 6,030,116,564 shares as of December 31, 2022). The variation is due to the partial execution of the share capital reduction resolution adopted by the Annual General Shareholders' Meeting of BBVA held on March 17, 2023, under item 3 of the agenda and which was carried out on June 2, 2023 (see Note 4).

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

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

25. Retained earnings and other reserves

Retained earnings and other reserves (Millions of Euros)

	September 2023	December 2022
Retained earnings	36,285	32,711
Other reserves	1,249	2,345
Total	**37,535**	**35,056**

26. Accumulated other comprehensive income (loss)

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

	September 2023	December 2022
Items that will not be reclassified to profit or loss	**(1,938)**	**(1,881)**
Actuarial gains (losses) on defined benefit pension plans	(958)	(760)
Non-current assets and disposal groups classified as held for sale	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income	(1,023)	(1,194)
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	43	72
Items that may be reclassified to profit or loss	**(14,275)**	**(15,760)**
Hedge of net investments in foreign operations (effective portion)	(2,382)	(1,408)
Mexican peso	(3,032)	(1,751)
Turkish lira	670	358
Other exchanges	(20)	(15)
Foreign currency translation	(10,578)	(13,078)
Mexican peso	(394)	(2,791)
Turkish lira	(6,721)	(6,599)
Argentine peso	(923)	(868)
Venezuela Bolívar	(1,863)	(1,850)
Other exchanges	(677)	(969)
Hedging derivatives. Cash flow hedges (effective portion)	(66)	(447)
Fair value changes of debt instruments measured at fair value through other comprehensive income	(1,242)	(809)
Non-current assets and disposal groups classified as held for sale	—	—
Share of other recognized income and expense of investments in joint ventures and associates	(7)	(18)
Total	**(16,213)**	**(17,642)**

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

27. Minority interests (non-controlling interests)

Minority interests (non-controlling interests). Breakdown by subgroups (Millions of Euros)

	September 2023	December 2022
Garanti BBVA	1,147	1,179
BBVA Peru	1,562	1,469
BBVA Argentina	700	687
BBVA Colombia	72	73
BBVA Venezuela	106	95
Other entities	116	119
Total	**3,703**	**3,623**

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

	September 2023	September 2022
Garanti BBVA	64	(18)
BBVA Peru	180	192
BBVA Argentina	65	69
BBVA Colombia	(6)	6
BBVA Venezuela	21	11
Other entities	(3)	(2)
Total	**322**	**259**

28. Commitments and guarantees given

Commitments and guarantees given (Millions of Euros)

	Notes	September 2023	December 2022
Loan commitments given	6.2	155,636	136,920
Financial guarantees given	6.2	17,299	16,511
Other commitments given	6.2	41,996	39,137
Total	**6.2**	**214,931**	**192,568**

29. Net interest income

29.1 Interest and other income

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

	September 2023	September 2022
Financial assets held for trading	3,483	1,332
Financial assets at fair value through other comprehensive income	3,054	2,214
Financial assets at amortized cost	28,220	17,208
Insurance activity	772	972
Adjustments of income as a result of hedging transactions	16	(34)
Other income (1)	222	464
Total	**35,766**	**22,155**

(1) The balance includes the interest accrued from TLTRO III operations which amounted to €222 million for the nine months ended September 30, 2022 (See Note 20.1).

29.2 Interest expense

Interest expense. Breakdown by origin (Millions of Euros)

	September 2023	September 2022
Financial liabilities held for trading	2,604	814
Financial liabilities designated at fair value through profit or loss	85	37
Financial liabilities at amortized cost	14,108	6,682
Adjustments of expense as a result of hedging transactions	546	(231)
Insurance activity	457	717
Cost attributable to pension funds	83	42
Other expense	38	305
Total	**17,923**	**8,366**

30. Dividend income

Dividend income (Millions of Euros)

	September 2023	September 2022
Non-trading financial assets mandatorily at fair value through profit or loss	11	15
Financial assets at fair value through other comprehensive income	65	64
Total	**75**	**79**

31. Fee and commission income and expense

Fee and commission income. Breakdown by origin (Millions of Euros)	September 2023	September 2022
Bills receivables	19	19
Demand accounts	243	341
Credit and debit cards and POS	3,316	2,574
Checks	139	124
Transfers and other payment orders	665	609
Insurance product commissions	287	192
Loan commitments given	226	193
Other commitments and financial guarantees given	358	314
Asset management	1,009	915
Securities fees	252	193
Custody securities	151	141
Other fees and commissions	575	535
Total	**7,239**	**6,152**

Fee and commission expense. Breakdown by origin (Millions of Euros)	September 2023	September 2022
Demand accounts	5	4
Credit and debit cards	1,718	1,383
Transfers and other payment orders	117	97
Commissions for selling insurance	32	37
Custody securities	61	71
Other fees and commissions	712	517
Total	**2,646**	**2,108**

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

Gains (losses) on financial assets and liabilities, hedge accounting and exchange differences, net (Millions of Euros)	September 2023	September 2022
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	(16)	50
Financial assets at amortized cost	42	9
Other financial assets and liabilities	(58)	41
Gains (losses) on financial assets and liabilities held for trading, net	766	141
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	(50)	(27)
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	167	360
Gains (losses) from hedge accounting, net	51	(36)
Subtotal gains (losses) on financial assets and liabilities and hedge accounting	**917**	**489**
Exchange differences, net	513	1,180
Total	**1,430**	**1,669**

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

	September 2023	September 2022
Debt instruments	(101)	(1,965)
Equity instruments	455	(1,351)
Trading derivatives and hedge accounting	(857)	1,418
Loans and advances to customers	42	(224)
Customer deposits	(21)	206
Other	1,400	2,404
Total	**917**	**489**

33. Other operating income and expense

Other operating income (Millions of Euros)

	September 2023	September 2022
Gains from sales of non-financial services	249	205
Other operating income	193	202
Total	**443**	**407**

Other operating expense (Millions of Euros)

	September 2023	September 2022
Change in inventories	104	92
Contributions to guaranteed banks deposits funds	611	623
Hyperinflation adjustment (1)	1,736	1,398
Other operating expense (2)	792	478
Total	**3,242**	**2,592**

(1) For the nine months ended September 30, 2023, it includes €760 million due to Turkey and €953 million due to Argentina. For the nine months ended September 30, 2022, it includes €719 million due to Turkey and €670 million due to Argentina.

(2) For the nine months ended September 30, 2023, it includes €215 million corresponding to the total annual amount disbursed under the temporary tax on credit institutions and financial credit establishments, according to Law 38/2022 of December 27, 2022.

34. Income and expense from insurance and reinsurance contracts

Income and expense from insurance and reinsurance contracts (Millions of Euros)

	September 2023	September 2022
Income from insurance and reinsurance contracts	2,625	2,076
Expense from insurance and reinsurance contracts	(1,685)	(1,234)
Total	**941**	**843**

35. Administration costs

35.1 Personnel expense

Personnel expense (Millions of Euros)

	Notes	September 2023	September 2022
Wages and salaries		3,704	3,128
Social security costs		639	549
Defined contribution plan expense	23	105	65
Defined benefit plan expense	23	35	29
Other personnel expense		354	282
Total		**4,837**	**4,053**

35.2 Other administrative expense

Other administrative expense. Breakdown by main concepts (Millions of Euros)

	September 2023	September 2022
Technology and systems	1,205	1,035
Communications	171	152
Advertising	259	190
Property, fixtures and materials	383	332
Taxes other than income tax	340	258
Surveillance and cash courier services	185	164
Other expense	807	651
Total	**3,350**	**2,783**

36. Depreciation and amortization

Depreciation and amortization (Millions of Euros)

	September 2023	September 2022
Tangible assets	653	611
For own use	411	368
Right-of-use assets	238	240
Investment properties and other	3	4
Intangible assets	401	379
Total	**1,054**	**990**

37. Provisions or reversal of provisions

Provisions or reversal of provisions (Millions of Euros)

	Notes	September 2023	September 2022
Pensions and other post-employment defined benefit obligations	23	40	(12)
Commitments and guarantees given		40	70
Pending legal issues and tax litigation		105	157
Other provisions		25	26
Total		**210**	**241**

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

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

	September 2023	September 2022
Financial assets at fair value through other comprehensive income - debt securities	43	79
Financial assets at amortized cost	3,160	2,302
Of which: recovery of written-off assets by cash collection	*(268)*	*(279)*
Total	**3,203**	**2,380**

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

Impairment or reversal of impairment on non-financial assets (Millions of Euros)	September 2023	September 2022
Tangible assets	(8)	(33)
Intangible assets	12	8
Others	12	31
Total	**17**	**7**

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

Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations (Millions of Euros)	September 2023	September 2022
Gains on sale of real estate	41	81
Impairment of non-current assets held for sale	(5)	(173)
Gains (losses) on sale of investments classified as non-current assets held for sale	—	—
Total	**37**	**(92)**

41. Subsequent events

From October 1, 2023 to the date of preparation of these Consolidated Financial Statements, except for the payment of the dividend and the execution of the share buyback program mentioned in Note 4, no subsequent events requiring disclosure in these Consolidated Financial Statements have taken place that significantly affect the Group's earnings or its consolidated equity position.

42. Explanation added for translation into English

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

Appendices

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

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

ASSETS	September 2023	December 2022 (1)
Cash, cash balances at central banks and other demand deposits	38,567	52,973
Financial assets held for trading	108,422	91,391
Non-trading financial assets mandatorily at fair value through profit or loss	637	546
Financial assets at fair value through comprehensive income	21,638	24,854
Financial assets at amortized cost	258,197	246,950
Derivatives - hedge accounting	790	1,169
Fair value changes of the hedged items in portfolio hedges of interest rate risk	(135)	(148)
Joint ventures, associates and unconsolidated subsidiaries	22,643	21,960
Tangible assets	3,341	3,531
Intangible assets	868	855
Tax assets	12,314	12,479
Other assets	2,490	1,677
Non-current assets and disposal groups classified as held for sale	553	651
TOTAL ASSETS	**470,327**	**458,888**

LIABILITIES	September 2023	December 2022 (1)
Financial liabilities held for trading	100,228	80,853
Financial liabilities designated at fair value through profit or loss	2,166	1,859
Financial liabilities at amortized cost	327,477	335,941
Hedging derivatives	2,443	2,599
Provisions	3,096	3,385
Tax liabilities	868	943
Other liabilities	3,184	2,552
TOTAL LIABILITIES	**439,462**	**428,133**
SHAREHOLDERS' FUNDS	**32,617**	**32,928**
Capital	2,923	2,955
Share premium	20,514	20,856
Other equity	34	49
Retained earnings	7,467	5,453
Other reserves	(1,562)	(474)
Less: Treasury shares	(5)	(3)
Profit or loss of the period	4,201	4,816
Less: Interim dividends	(954)	(724)
ACCUMULATED OTHER COMPREHENSIVE INCOME	**(1,752)**	**(2,172)**
TOTAL EQUITY	**30,865**	**30,756**
TOTAL EQUITY AND TOTAL LIABILITIES	**470,327**	**458,888**

MEMORANDUM	September 2023	December 2022 (1)
Loan commitments given	103,726	95,948
Financial guarantees given	17,871	16,305
Contingent commitments given	29,256	26,850

(1) Presented for comparison purposes only.

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

BBVA, S.A. - Condensed interim income statements (Millions of Euros)	September 2023	September 2022 (1)
Interest and other income	10,267	3,805
Interest expense	(6,220)	(1,102)
NET INTEREST INCOME	**4,047**	**2,703**
Dividend income	3,249	2,392
Fee and commission income	1,995	1,977
Fee and commission expense	(426)	(367)
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	(69)	(2)
Gains (losses) on financial assets and liabilities held for trading, net	(230)	300
Gains (losses) on on-trading financial assets mandatorily at fair value through profit or loss	12	(54)
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	57	139
Gains (losses) from hedge accounting, net	87	2
Exchange differences, net	157	55
Other operating income	345	254
Other operating expense	(499)	(358)
GROSS INCOME	**8,726**	**7,041**
Administration costs	(3,027)	(2,737)
Depreciation and amortization	(485)	(479)
Provisions or reversal of provisions	(62)	(45)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(424)	(327)
NET OPERATING INCOME	**4,727**	**3,454**
Impairment or reversal of impairment of investments in subsidiaries, joint ventures and associates	15	606
Impairment or reversal of impairment on non-financial assets	20	62
Gains (losses) on derecognition of non-financial assets and subsidiaries, net	(1)	—
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	7	11
OPERATING PROFIT BEFORE TAX	**4,767**	**4,132**
Tax expense or income related to profit or loss from continuing operations	(567)	(356)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**4,201**	**3,776**
Profit or loss after tax from discontinued operations	—	—
PROFIT (LOSS)	**4,201**	**3,776**

(1) Presented for comparison purposes only.

This Appendix I is an integral part of Note 1.6 of the condensed interim Consolidated Financial Statements corresponding to the nine-month period ended September 30, 2023.

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

APPENDIX II. Condensed consolidated income statements for the nine and three months ended September 30, 2023 and 2022

CONDENSED CONSOLIDATED INCOME STATEMENTS (Millions of Euros)	September 2023	September 2022 (1)	Third Quarter 2023	Third Quarter 2022 (1)
Interest and other income	35,766	22,155	13,869	8,753
Financial assets at fair value through other comprehensive income	*3,054*	*2,214*	*—*	*910*
Financial assets at amortized cost	*28,220*	*17,208*	*—*	*6,813*
Other interest income	*4,493*	*2,734*	*13,869*	*1,029*
Interest expense	(17,923)	(8,366)	(7,435)	(3,501)
NET INTEREST INCOME	**17,843**	**13,790**	**6,434**	**5,252**
Dividend income	75	79	2	3
Share of profit or loss of entities accounted for using the equity method	20	15	6	1
Fee and commission income	7,239	6,152	2,741	2,188
Fee and commission expense	(2,646)	(2,108)	(1,056)	(803)
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	(16)	50	(15)	11
Gains (losses) on financial assets and liabilities held for trading, net	766	141	483	130
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	(50)	(27)	(15)	8
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	167	360	17	12
Gains (losses) from hedge accounting, net	51	(36)	(22)	(52)
Exchange differences, net	513	1,180	209	464
Other operating income	443	407	110	110
Other operating expense	(3,242)	(2,592)	(1,298)	(788)
Income from insurance and reinsurance contracts	2,625	2,076	980	734
Expense from insurance and reinsurance contracts	(1,685)	(1,234)	(620)	(431)
GROSS INCOME	**22,104**	**18,255**	**7,956**	**6,838**
Administration costs	(8,187)	(6,836)	(2,925)	(2,465)
Depreciation and amortization	(1,054)	(990)	(378)	(338)
Provisions or reversal of provisions	(210)	(241)	(81)	(129)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	(3,203)	(2,380)	(1,210)	(940)
NET OPERATING INCOME	**9,450**	**7,807**	**3,362**	**2,966**
Impairment or reversal of impairment of investments in joint ventures and associates	10	13	—	(5)
Impairment or reversal of impairment on non-financial assets	(17)	(7)	(4)	(7)
Gains (losses) on derecognition of non-financial assets and subsidiaries, net	6	(12)	(1)	3
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	37	(92)	8	28
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**9,487**	**7,710**	**3,365**	**2,985**
Tax expense or income related to profit or loss from continuing operations	(3,204)	(2,655)	(1,226)	(1,005)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**6,283**	**5,054**	**2,139**	**1,980**
Profit (loss) after tax from discontinued operations	—	—	—	—
PROFIT (LOSS)	**6,283**	**5,054**	**2,139**	**1,980**
ATTRIBUTABLE TO MINORITY INTERESTS (NON-CONTROLLING INTERESTS)	**322**	**259**	**56**	**143**
ATTRIBUTABLE TO OWNERS OF THE PARENT	**5,961**	**4,795**	**2,083**	**1,838**

(1) Presented for comparison purpose only.

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

APPENDIX III. Condensed consolidated balance sheets at the IFRS 17 transition date and effective date and condensed consolidated income statements for the nine months ended September 30, 2022

Condensed consolidated balance sheet at the IFRS 17 transition date

ASSETS (Millions of Euros)	December 31, 2021 disclosed	IFRS 17 Impact	Opening balance as of January 1, 2022
Cash, cash balances at central banks and other demand deposits	67,799	—	67,799
Financial assets held for trading	123,493	—	123,493
Non-trading financial assets mandatorily at fair value through profit or loss	6,086	—	6,086
Financial assets designated at fair value through profit or loss	1,092	—	1,092
Financial assets at fair value through other comprehensive income	60,421	5,812	66,233
Financial assets at amortized cost	372,676	(6,054)	366,622
Derivatives - hedge accounting	1,805	—	1,805
Fair value changes of the hedged items in portfolio hedges of interest rate risk	5	—	5
Joint ventures and associates	900	—	900
Insurance and reinsurance assets	269	(45)	224
Tangible assets	7,298	—	7,298
Intangible assets	2,197	—	2,197
Tax assets	15,850	251	16,101
Other assets	1,934	(24)	1,910
Non-current assets and disposal groups classified as held for sale	1,061	—	1,061
TOTAL ASSETS	**662,885**	**(60)**	**662,825**

LIABILITIES AND EQUITY (Millions of Euros)	December 31, 2021 disclosed	IFRS 17 Impact	Opening balance as of January 1, 2022
Financial liabilities held for trading	91,135	—	91,135
Financial liabilities designated at fair value through profit or loss	9,683	—	9,683
Financial liabilities at amortized cost	487,893	592	488,485
Derivatives - hedge accounting	2,626	—	2,626
Liabilities under insurance and reinsurance contracts	10,865	(893)	9,972
Provisions	5,889	—	5,889
Tax liabilities	2,413	228	2,641
Other liabilities	3,621	25	3,646
Liabilities included in disposal groups classified as held for sale	—	—	—
TOTAL LIABILITIES	**614,125**	**(48)**	**614,077**
SHAREHOLDERS' FUNDS	**60,383**	**178**	**60,562**
Capital	3,267	—	3,267
Share premium	23,599	—	23,599
Other equity	60	—	60
Retained earnings	31,841	178	32,019
Other reserves	(1,857)	—	(1,857)
Less: Treasury shares	(647)	—	(647)
Profit or loss attributable to owners of the parent	4,653	—	4,653
Less: Interim dividends	(532)	—	(532)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	**(16,476)**	**(186)**	**(16,662)**
MINORITY INTERESTS (NON-CONTROLLING INTERESTS)	**4,853**	**(5)**	**4,848**
TOTAL EQUITY	**48,760**	**(12)**	**48,748**
TOTAL EQUITY AND TOTAL LIABILITIES	**662,885**	**(60)**	**662,825**

Condensed consolidated income statements for the nine months ended September 30, 2022

INCOME STATEMENTS (Millions of Euros)

	September 30, 2022 disclosed	IFRS 17 Impact	September 30, 2022 restated (1)
NET INTEREST INCOME	**13,811**	**(21)**	**13,790**
Dividend income	79	—	79
Share of profit or loss of entities accounted for using the equity method	15	—	15
Fee and commission income	6,152	—	6,152
Fee and commission expense	(2,122)	14	(2,108)
Net trading income and exchange difference, net	1,669	—	1,669
Other operating income and expense	(2,185)	—	(2,185)
Income from insurance and reinsurance contracts	2,311	(235)	2,076
Expense from insurance and reinsurance contracts	(1,365)	132	(1,234)
GROSS INCOME	**18,366**	**(111)**	**18,255**
Administration costs	(6,881)	45	(6,836)
Depreciation and amortization	(990)	—	(990)
Provisions or reversal of provisions	(241)	—	(241)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	(2,380)	—	(2,380)
NET OPERATING INCOME	**7,873**	**(66)**	**7,807**
Impairment or reversal of impairment of investments in joint ventures and associates	13	—	13
Impairment or reversal of impairment on non-financial assets	(7)	—	(7)
Gains (losses) on derecognition of non-financial assets and subsidiaries, net	(12)	—	(12)
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(92)	—	(92)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**7,775**	**(66)**	**7,710**
Tax expense or income related to profit or loss from continuing operations	(2,673)	18	(2,655)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**5,103**	**(48)**	**5,054**
Profit (loss) after tax from discontinued operations	—	—	—
PROFIT (LOSS)	**5,103**	**(48)**	**5,054**
ATTRIBUTABLE TO MINORITY INTERESTS (NON-CONTROLLING INTERESTS)	**260**	**(1)**	**259**
ATTRIBUTABLE TO OWNERS OF THE PARENT	**4,842**	**(47)**	**4,795**

(1) The restated information contained in this Appendix III is presented only and exclusively for comparison purposes with the information published in 2022 (see Note 2.1).

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Condensed consolidated balance sheet at the IFRS 17 effective date

ASSETS (Millions of Euros)	December 31, 2022 disclosed	IFRS 17 Impact	December 31, 2022 restated (1)
Cash, cash balances at central banks and other demand deposits	79,756	—	79,756
Financial assets held for trading	110,671	—	110,671
Non-trading financial assets mandatorily at fair value through profit or loss	6,888	—	6,888
Financial assets designated at fair value through profit or loss	913	—	913
Financial assets at fair value through other comprehensive income	58,980	6,395	65,374
Financial assets at amortized cost	422,061	(7,639)	414,421
Derivatives - hedge accounting	1,891	—	1,891
Fair value changes of the hedged items in portfolio hedges of interest rate risk	(148)	—	(148)
Joint ventures and associates	916	—	916
Insurance and reinsurance assets	210	(27)	183
Tangible assets	8,737	—	8,737
Intangible assets	2,156	—	2,156
Tax assets	16,472	253	16,725
Other assets	2,614	(29)	2,586
Non-current assets and disposal groups classified as held for sale	1,022	—	1,022
TOTAL ASSETS	**713,140**	**(1,048)**	**712,092**

LIABILITIES AND EQUITY (Millions of Euros)	December 31, 2022 disclosed	IFRS 17 Impact	December 31, 2022 restated (1)
Financial liabilities held for trading	95,611	—	95,611
Financial liabilities designated at fair value through profit or loss	10,580	—	10,580
Financial liabilities at amortized cost	528,629	543	529,172
Derivatives - hedge accounting	3,303	—	3,303
Liabilities under insurance and reinsurance contracts	11,848	(1,717)	10,131
Provisions	4,933	—	4,933
Tax liabilities	2,742	194	2,935
Other liabilities	4,880	29	4,909
Liabilities included in disposal groups classified as held for sale	—	—	—
TOTAL LIABILITIES	**662,526**	**(950)**	**661,575**
SHAREHOLDERS' FUNDS	**64,422**	**113**	**64,535**
Capital	2,955	—	2,955
Share premium	20,856	—	20,856
Other equity	63	—	63
Retained earnings	32,536	175	32,711
Other reserves	2,345	—	2,345
Less: Treasury shares	(29)	—	(29)
Profit or loss attributable to owners of the parent	6,420	(62)	6,358
Less: Interim dividends	(722)	—	(722)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	**(17,432)**	**(210)**	**(17,642)**
MINORITY INTERESTS (NON-CONTROLLING INTERESTS)	**3,624**	**(1)**	**3,623**
TOTAL EQUITY	**50,615**	**(98)**	**50,517**
TOTAL EQUITY AND TOTAL LIABILITIES	**713,140**	**(1,048)**	**712,092**

(1) The restated information contained in this Appendix III is presented only and exclusively for comparison purposes with the information published in 2022 (see Note 2.1).

Effect on redesignations of assets as of January 1, 2022

Effect on redesignations of assets (Millions of Euros)

	December 31, 2021	Of which portfolio redesignations	Of which gains / losses	Opening balance as of January 1, 2022
Financial assets at amortized cost	**372,676**	**(5,549)**	**—**	**366,622**
Of which debt securities	34,781	(5,549)	—	29,231
Financial assets at fair value through other comprehensive income	**60,421**	**5,549**	**152**	**66,233**
Of which debt securities	59,074	5,549	152	64,774
Deferred tax assets/liabilities			**(46)**	
Accumulated other comprehensive income (loss)			**106**	

Creating Opportunities

Interim Consolidated Management Report

January - September 2023

9M23 - BBVA reports solid results

Net Attributable Profit
€5,961 Mn

Excellent **core revenues evolution and activity growth**

NII + Fees	Lending activity
+32.1%	**+8.0%**
vs. 9M22 (constant €)	vs. Sep 2022[1]

1 Variation at constant exchange rates. Performing loans under management excluding repos.

At the top of the **profitability** and **efficiency** rankings[1]

Efficiency Ratio	ROTE	ROE
41.8%	**17.0%**	**16.3%**

1 European Peer Group: BARC, BNPP, CASA, CABK, DB, HSBC, ING, ISP, LBG, NDA, SAN, SG, UBS, UCG. Peers data are based on reported figures as of 6M23. BBVA data as of 9M23.

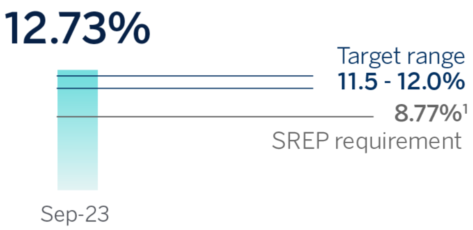
Stability of **asset quality metrics**

NPL ratio	NPL coverage ratio
3.3%	**79%**

Sep-23

Strong **capital position**

CET1 fully-loaded



1 Includes the update of the countercyclical capital buffer calculated on the basis of exposure at end June 2023.

TRANSFORMATION

New customers[1]

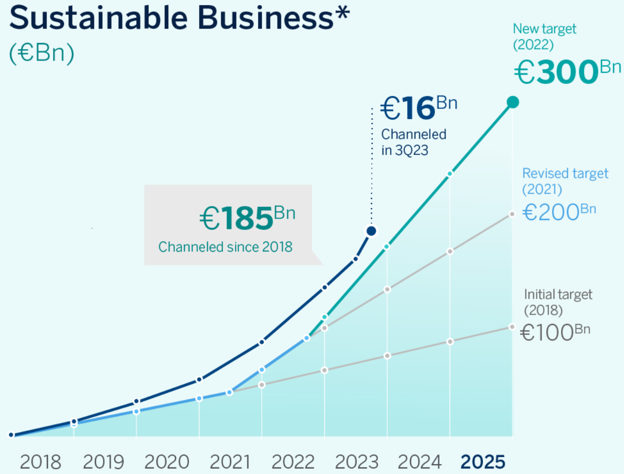
(BBVA Group, Million: % acquisition through digital channels)

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

SUSTAINABILITY

Sustainable Business*

(€Bn)



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

#1 FOR THIRD YEAR IN A ROW EUROPEAN BANKS RANKING

* **Note:** sustainable business channeling is considered to be any mobilization of funds, cumulatively, towards activities or clients considered to be sustainable in accordance with existing regulations, internal and market standards and best practices. The foregoing is understood without prejudice to the fact that said mobilization, both at an initial stage or at a later time, may not be registered on the balance sheet. To determine the funds channeled to sustainable business, internal criteria is used based on both internal and external information.

BBVA
Creating Opportunities

Main data

BBVA GROUP MAIN DATA (CONSOLIDATED FIGURES)				
	30-09-23	Δ %	30-09-22	31-12-22
Balance sheet (millions of euros)				
Total assets	757,736	2.7	737,890	712,092
Loans and advances to customers (gross)	387,565	3.8	373,210	368,588
Deposits from customers	403,861	3.5	390,277	394,404
Total customer funds	564,346	4.4	540,781	544,576
Total equity	53,453	7.3	49,833	50,517
Income statement (millions of euros)				
Net interest income	17,843	29.4	13,790	19,124
Gross income	22,104	21.1	18,255	24,743
Operating income	12,863	23.3	10,428	14,042
Net attributable profit (loss)	5,961	24.3	4,795	6,358
Net attributable profit (loss) excluding non-recurring impacts (1)	5,961	19.3	4,997	6,559
The BBVA share and share performance ratios				
Number of shares issued (million)	5,965	(1.1)	6,030	6,030
Share price (euros)	7.71	66.9	4.62	5.63
Adjusted earning (loss) per share (euros) (1)	0.96	21.4	0.79	1.04
Earning (loss) per share (euros) (1)	0.96	31.0	0.73	0.98
Book value per share (euros) (1)	8.53	11.1	7.67	7.78
Tangible book value per share (euros) (1)	8.13	11.3	7.30	7.43
Market capitalization (millions of euros)	45,994	65.1	27,862	33,974
Dividend yield (dividend/price; %) (1) (2)	5.6		6.7	6.2
Significant ratios (%)				
Adjusted ROE (net attributable profit (loss)/average shareholders' funds +/- average accumulated other comprehensive income) (1)	16.3		14.8	14.4
Adjusted ROTE (net attributable profit (loss)/average shareholders' funds excluding average intangible assets +/- average accumulated other comprehensive income) (1)	17.0		15.6	15.1
Adjusted ROA (profit (loss) for the period / average total assets - ATA) (1)	1.13		1.02	0.99
Adjusted RORWA (profit (loss) for the period / average risk-weighted assets - RWA) (1)	2.40		2.16	2.12
Efficiency ratio (1)	41.8		42.9	43.2
Cost of risk (1)	1.11		0.86	0.91
NPL ratio (1)	3.3		3.5	3.4
NPL coverage ratio (1)	79		83	81
Capital adequacy ratios (%)				
CET1 fully-loaded	12.73		12.45	12.61
CET1 phased-in (3)	12.73		12.55	12.68
Total ratio phased-in (3)	16.51		16.07	15.98
Other information				
Number of active customers (million)	70.8	7.3	65.9	67.3
Number of shareholders	764,567	(6.0)	813,683	801,216
Number of employees	120,457	5.4	114,311	115,675
Number of branches	6,017	(0.5)	6,050	6,040
Number of ATMs	30,058	1.5	29,621	29,807

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

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

(3) Phased-in ratios include the temporary treatment on the impact of IFRS 9, calculated in accordance with Article 473 bis amendments of the Capital Requirements Regulation (CRR), introduced by the Regulation (EU) 2020/873. As of September 30, 2023, there are no differences between phased-in and fully-loaded ratios due to the aforementioned temporary treatment.

Contents

Highlights

Results and business activity

The BBVA Group generated a net attributable profit of €5,961m between January and September of 2023, which represents an increase of 24.3% compared to the same period of the previous year, driven by the performance of recurring income from the banking business, mainly the net interest income, which grew at a rate of 29.4%.

These results include the recording for the total annual amount paid for the temporary tax on credit institutions and financial credit institutions for €215m, included in the other operating income and expenses line of the income statement.

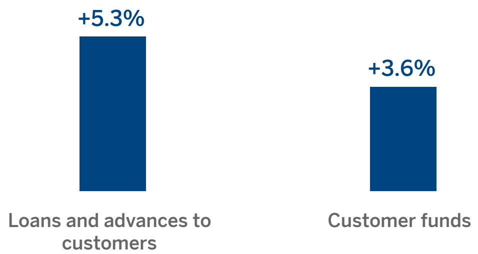
Operating expenses increased by 18.1% at Group level, largely impacted by the inflation rates observed in the countries in which the Group operates. Notwithstanding the above, thanks to the remarkable growth in gross income, higher than the growth in expenses, the efficiency ratio stood at 41.8% as of September 30, 2023, with an improvement of 328 basis points, in constant terms, compared to the ratio recorded 12 months earlier.

The provisions for impairment on financial assets increased (+35.5% in year-on-year terms and at constant exchange rates), with lower requirements in Turkey, which were offset by higher provisioning needs, mainly in South America and Mexico, in a context of rising interest rates and growth in the most profitable segments, in line with the Group's strategy.

Loans and advances to customers recorded an increase of 5.3% compared to the end of December 2022, strongly favored by the evolution of retail loans (+6.9% at Group level).

Customer funds increased by 3.6% compared to the end of December 2022 thanks both to the growth in deposits from customers which increased by 2.4% and to the increase in off-balance sheet funds, which grew by +6.9%.

LOANS AND ADVANCES TO CUSTOMERS AND TOTAL CUSTOMER FUNDS (VARIATION COMPARED TO 31-12-2022)



Business areas

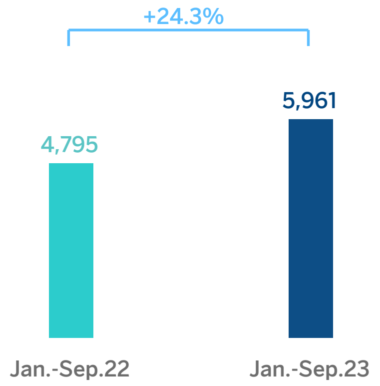
As for the business areas evolution, excluding the effect of currency fluctuation in those areas where it has an impact, in each of them it is worth mentioning:

- Spain generated a net attributable profit of €2,110m in the first nine months of 2023, 61.9% higher than in the same period of the previous year, thanks again to the strength of the net interest income, which boosted gross income growth.
- In Mexico, BBVA achieved a cumulative net attributable profit of €3,987m by the end of September 2023, representing an increase of 22.3% compared to the same period in 2022, mainly as a result of the significant growth in net interest income, thanks to the strong boost of the activity and the improvement in the customer spread.
- Turkey generated a net attributable profit of €367m during the first nine months of 2023, which compares positively with the accumulated result reached at the end of September 2022, both periods reflecting the impact of the application of hyperinflation accounting.
- South America generated a cumulative net attributable profit of €496m at the end of the first nine months of the year 2023, which represents a year-on-year increase of +20.5%, driven again by the good performance of recurring income (+59.1%) and the area's NTI, which offset the increase in expenses and higher provisioning needs for impairment on financial assets.
- Rest of Business achieved an accumulated net attributable profit of €322m at the end of the first nine months of 2023, 80.8% higher than in the same period of the previous year, thanks to a favorable performance of recurring income, especially the net interest income, and the NTI.

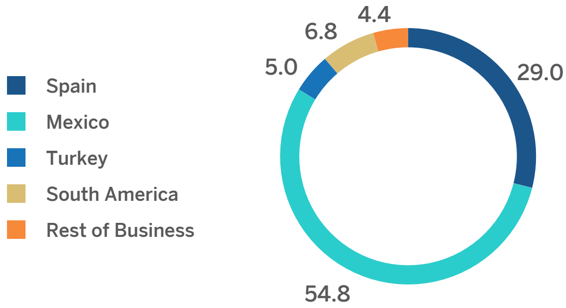
The Corporate Center recorded, between January and September of 2023 a net attributable profit of €-1,321m, compared with €-566m recorded in the same period of the previous year, mainly due to a negative contribution in the NTI line from exchange rate hedges as a result of a better than expected currency performance, in particular the Mexican peso.

Lastly, and for a broader understanding of the Group's activity and results, supplementary information is provided below for the wholesale business carried out by BBVA, Corporate & Investment Banking (CIB), in the countries where it operates. CIB generated a net attributable profit of €1,763m between January and September of 2023. These results, which do not include the application of hyperinflation accounting, represent an increase of 43.8% on a year-on-year basis and reflect the contribution of the diversification of products and geographical areas, as well as the progress of the Group's wholesale businesses in its strategy, leveraged on globality and sustainability, with the purpose of being relevant to its clients.

NET ATTRIBUTABLE PROFIT (LOSS) (MILLIONS OF EUROS)



NET ATTRIBUTABLE PROFIT BREAKDOWN (1) (PERCENTAGE. JAN.-SEP. 2023)



(1) Excludes the Corporate Center.

Solvency

The Group's CET1 fully-loaded ratio stood at 12.73% as of September 30, 2023, including the effect of the share buyback program launched on October 2, 2023 for a total amount of €1,000m (-32 basis points), which allows to keep maintaining a large management buffer over the Group's CET1 requirement (8.77%)[1] and above the Group's established target management range of 11.5-12.0% of CET1.

Dividend

The Board of Directors of BBVA resolved on its meeting hold on September 27, 2023, the payment of a cash interim dividend of €0.16 gross per share on account of the 2023 dividend, which was paid on October 11, 2023. This dividend is already considered in the Group's capital adequacy ratios and represents an increase of 33.3% compared to the gross amount paid in October 2022 (€0.12 per share).

Share buyback program

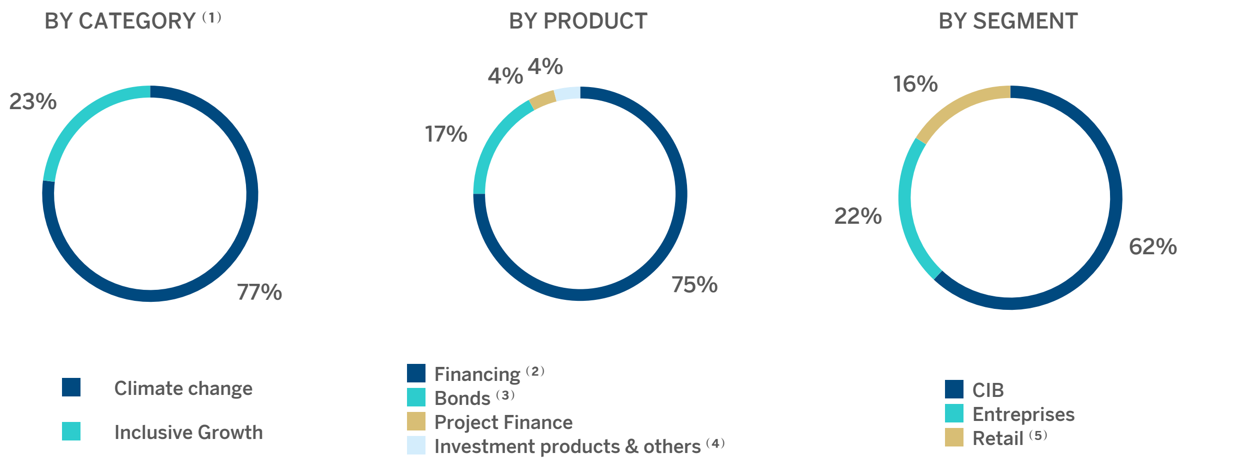
On October 2, and having received the required authorization from the European Central Bank, the Group started the execution of a new share buyback program for a total amount of €1,000m. This share buyback program is considered to be an extraordinary shareholder distribution and is therefore not included in the scope of the shareholder ordinary distribution policy. For more information on this, see "Solvency" chapter within this report.

[1] This includes the update of the countercyclical capital buffer calculated on the basis of exposure at end June 2023.

Sustainability

Channeling sustainable business[2]

SUSTAINABLE BUSINESS BREAKDOWN (PERCENTAGE. TOTAL AMOUNT CHANNELED 2018-SEPTEMBER 2023)



(1) In those cases where it is not feasible or there is not enough information available to allow an exact distribution between the categories of climate change and inclusive growth, internal estimates are made based on the information available.

(2) Non-Project Finance and transactional banking activity.

(3) Bonds in which BBVA acts as bookrunner.

(4) Investment products art. 8 or 9 under Sustainable Finance Disclosure Regulation (SFDR) or similar criteria outside the European Union, managed, intermediated or marketed by BBVA. Others includes, in Retail: structured deposits, insurance policies for electric vehicles and self-renting of electric vehicles, mainly; and in CIB and Enterprise: structured deposits, mainly.

(5) Includes the activity of the BBVA Microfinance Foundation (FMBBVA), which is not part of the consolidated Group and has channeled during the third quarter around €400m to support vulnerable entrepreneurs through microloans. This represents a 7% decrease compared to the same quarter of the previous year, while it remains stable for the first nine months of 2023 compared to the previous year.

Regarding the objective of channeling €300 billion between 2018 and 2025 as part of the sustainability strategy, the BBVA Group has mobilized an approximate total of €185 billion in sustainable business between 2018 and September 2023, of which approximately 77% is allocated toward the fight against climate change, while the remaining 23% is dedicated to promoting inclusive growth. The channeled amount includes financing, intermediation, investment, off-balance sheet, or insurance operations. These operations have contractual maturity or amortization dates, so the above mentioned accumulated figure does not represent the amount reflected on the balance sheet.

During the first nine months of 2023, around €49 billion was mobilized (+25% compared to the same period of the previous year), of which around €16 billion corresponds to the third quarter of 2023. This channeling during the third quarter of 2023, represents an increase of about 13% compared to the same quarter of 2022 and is the second best quarter in sustainable business channeling for the Group, following the quarterly record achieved in the second quarter of this year.

In this third quarter, the retail business has mobilized around €1.700m, to reach a cumulative amount of around €7,300m since January 2023 (+69% compared to the same period last year). The good behavior of the channeling related to the acquisition of hybrid or electric vehicles stands out with €87m, representing a growth of 78% compared to the same period of the previous year (+35% compared to the accumulated amount of the first 9 months of 2023 on a year-on-year basis). The contribution from Spain, which has channeled over half of this amount, is the most relevant.

Between July and September 2023, the commercial business (enterprises) has mobilized around €5.400m. In cumulative terms, mobilization in the first 9 months of the 2023 financial year has reached nearly €15,600m (+95% year-on-year). As in the previous quarter, the funding allocated to promote or improve the energy efficiency of buildings stands out with €1.088m, representing a 21% year-on-year increase (+55% when comparing the accumulated amount for the first 9 months of 2023 with the same period last year). In this area, Mexico's contribution is fundamental, with a 37% increase.

CIB has channeled approximately €8,100m during this quarter, and during the first 9 months of this year, around €26,200m (-3% year-on-year). During this quarter, the positive development of short-term financing or sustainable transactional banking activity stands out, which contributed approximately €4,400m, more than half the amount channeled by the corporate segment, representing a 34% year-on-year growth (and 10% if considering the accumulated amount from January 2023 compared to the same period last year). Since the beginning of 2023, signs of slowdown have been noted in the field of sustainable corporate financing, especially in long-term financing, as well as a revitalization of the sustainable bond market in which BBVA acts as bookrunner.

[2] Channeling sustainable business is considered to be any mobilization of financial flows, cumulatively, towards activities or clients considered sustainable in accordance with existing regulations, both internal and market standards and best practices. The foregoing is understood without prejudice to the fact that such mobilization, both initially and at a later time, may not be recorded on the balance sheet. To determine the amounts of channeled sustainable business, internal criteria based on both internal and external information are used.

Macroeconomic environment

The economic slowdown has continued in recent months, with differences emerging among the main geographic areas. Growth was stronger than expected in the United States, relatively weak in the Eurozone and surprisingly weak in China. High inflation, tightening monetary conditions and the gradual fading of the positive effects of the reopening after the COVID-19 pandemic all contributed to the slowing of global growth. However, economic activity continues to benefit from the dynamism of the labor markets and the relative easing of the supply shocks triggered by the pandemic and the war in Ukraine.

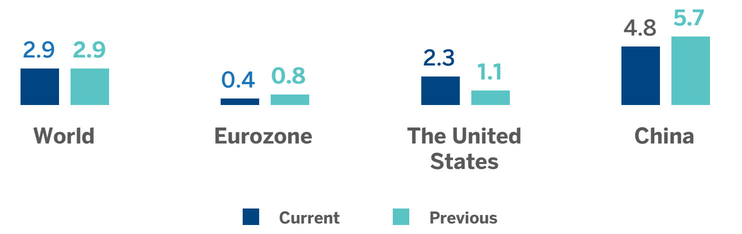
Falling commodity prices compared to the levels seen in 2022—despite the recent upward trend in oil prices—and improvements in production process bottlenecks supported a softening of headline inflation, which, in annual terms, reached 3.7% in the United States and 4.3% in the Eurozone in September. Core inflation measures, however, still show no significant improvement.

In this context, although the possibility of further adjustments in the coming months cannot be ruled out, the trend of interest rate hikes seems to have come to an end. BBVA Research believes that an eventual reduction in inflation in the coming months will most likely prevent further interest rate hikes. Rates are expected to remain at restrictive levels for a longer period than expected, at around 5.50% until mid-2024 in the United States and 4.50% until the end of 2024 in the Eurozone. Moreover, measures to reduce liquidity by the U.S. Federal Reserve ("Fed") and the European Central Bank ("ECB") are expected to continue to contribute to the monetary tightening.

BBVA Research forecasts that global growth will gradually taper off, reaching 2.9% in 2023 (unchanged from the forecast of three months ago) and 3.0% in 2024 (10 basis points higher than the previous forecast). In the United States, strong domestic demand supports an upward revision of growth forecasts to 2.3% in 2023 and 1.5% in 2024 (respectively, 120 and 90 basis points higher than the previous forecast) and makes a recession unlikely. In China, recent stimulus measures are expected to help avoid a sharp slowdown in activity. However, growth forecasts have been revised downward to 4.8% in 2023 and 4.4% in 2024 (respectively, 90 and 40 points lower than the previous forecast). In the Eurozone, economic expansion is likely to be more modest than expected, at around 0.4% in 2023 and 1.0% in 2024 (respectively, 40 and 30 basis points less than the previous forecast). In addition, the slowing of global growth is expected to encourage a gradual reduction in inflation, which, however, will remain above inflation targets in the United States and the Eurozone until at least the end of 2024.

Uncertainty remains high, and a number of factors could lead to more adverse scenarios unfolding. Persistently high inflation and interest rates could trigger a deep and widespread recession, as well as new bouts of financial volatility. Moreover, the slowdown in China could proceed more sharply and more severely than anticipated. Finally, another key risk is that the current geopolitical turbulence will eventually feed through to higher energy prices.

GDP GROWTH ESTIMATES IN 2023 (PERCENTAGE. YEAR-ON-YEAR VARIATION)



Source: BBVA Research estimates.

Group

Quarterly evolution of results

The result achieved by the BBVA Group in the third quarter of 2023 stood at €2,083m, 2.5% above the previous quarter with the following trends standing out:

- The good performance of recurring income continues, that is, the sum of net interest income and net fees and commissions, which accelerate its quarterly growth to 13.4 % (at constant exchange rates).
- Favorable evolution of NTI (+79.9% at constant exchange rates) supported by the good performance of Global Markets in Turkey in the quarter and the better performance of the Corporate Center.
- Higher negative adjustment for hyperinflation in Turkey during the quarter, recorded in the "Other operating income and expenses" line.
- Operating expenses increase, mainly in the emerging geographical areas.

CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (MILLIONS OF EUROS)

	2023			2022			
	3Q	2Q	1Q	4Q	3Q	2Q	1Q
Net interest income	**6,434**	**5,768**	**5,642**	**5,334**	**5,252**	**4,595**	**3,943**
Net fees and commissions	1,685	1,470	1,439	1,328	1,385	1,413	1,247
Net trading income	658	334	438	269	573	516	580
Other operating income and expenses	(820)	(383)	(561)	(443)	(372)	(501)	(374)
Gross income	**7,956**	**7,189**	**6,958**	**6,489**	**6,838**	**6,022**	**5,395**
Operating expenses	(3,303)	(2,922)	(3,016)	(2,875)	(2,803)	(2,618)	(2,406)
Personnel expenses	*(1,756)*	*(1,530)*	*(1,551)*	*(1,547)*	*(1,471)*	*(1,344)*	*(1,238)*
Other administrative expenses	*(1,169)*	*(1,054)*	*(1,127)*	*(990)*	*(993)*	*(935)*	*(855)*
Depreciation	*(378)*	*(337)*	*(339)*	*(338)*	*(338)*	*(340)*	*(313)*
Operating income	**4,654**	**4,267**	**3,942**	**3,614**	**4,035**	**3,404**	**2,989**
Impairment on financial assets not measured at fair value through profit or loss	(1,210)	(1,025)	(968)	(998)	(940)	(704)	(737)
Provisions or reversal of provisions	(81)	(115)	(14)	(50)	(129)	(64)	(48)
Other gains (losses)	2	50	(16)	(6)	19	(3)	20
Profit (loss) before tax	**3,365**	**3,178**	**2,944**	**2,559**	**2,985**	**2,634**	**2,225**
Income tax	(1,226)	(1,028)	(950)	(850)	(1,005)	(680)	(903)
Profit (loss) for the period	**2,139**	**2,150**	**1,994**	**1,709**	**1,980**	**1,954**	**1,321**
Non-controlling interests	(56)	(118)	(148)	(146)	(143)	(120)	3
Net attributable profit (loss) excluding non-recurring impacts	**2,083**	**2,032**	**1,846**	**1,563**	**1,838**	**1,834**	**1,325**
Discontinued operations and Other [(1)]	—	—	—	—	—	(201)	—
Net attributable profit (loss)	**2,083**	**2,032**	**1,846**	**1,563**	**1,838**	**1,633**	**1,325**
Adjusted earning (loss) per share (euros) [(2)]	**0.33**	**0.33**	**0.30**	**0.25**	**0.29**	**0.29**	**0.21**
Earning (loss) per share (euros) [(2)]	**0.33**	**0.33**	**0.29**	**0.24**	**0.28**	**0.24**	**0.19**

General note: 2022 figures have been restated according to IFRS 17 - Insurance contracts.

(1) Includes the net impact arisen from the purchase of offices in Spain in the second quarter of 2022 for €-201m.

(2) Adjusted by additional Tier 1 instrument remuneration. For more information, see Alternative Performance Measures at the end of this report.

Year-on-year performance of results

The BBVA Group generated a net attributable profit of €5,961m between January and September of 2023, which represents an increase of 24.3% compared to the same period of the previous year, driven by the performance of recurring income from the banking business, mainly the net interest income, which grew at a rate of 29.4%.

These results include the recording for the total annual amount paid for the temporary tax on credit institutions and financial credit institutions[3] for €215m, included in the other operating income and expenses line of the income statement.

CONSOLIDATED INCOME STATEMENT (MILLIONS OF EUROS)

	Jan.-Sep.23	Δ %	Δ % at constant exchange rates	Jan.-Sep.22
Net interest income	**17,843**	**29.4**	**36.5**	**13,790**
Net fees and commissions	4,594	13.6	17.5	4,044
Net trading income	1,430	(14.3)	(0.8)	1,669
Other operating income and expenses	(1,763)	41.3	6.4	(1,248)
Gross income	**22,104**	**21.1**	**31.8**	**18,255**
Operating expenses	(9,241)	18.1	22.3	(7,826)
Personnel expenses	*(4,837)*	*19.3*	*24.8*	*(4,053)*
Other administrative expenses	*(3,350)*	*20.4*	*24.8*	*(2,783)*
Depreciation	*(1,054)*	*6.4*	*5.6*	*(990)*
Operating income	**12,863**	**23.3**	**39.7**	**10,428**
Impairment on financial assets not measured at fair value through profit or loss	(3,203)	34.6	35.5	(2,380)
Provisions or reversal of provisions	(210)	(12.8)	0.5	(241)
Other gains (losses)	37	—	29.7	37
Profit (loss) before tax	**9,487**	**20.9**	**42.4**	**7,844**
Income tax	(3,204)	23.8	41.7	(2,588)
Profit (loss) for the period	**6,283**	**19.5**	**42.7**	**5,256**
Non-controlling interests	(322)	24.1	n.s.	(259)
Net attributable profit (loss) excluding non-recurring impacts	**5,961**	**19.3**	**31.8**	**4,997**
Discontinued operations and Other (1)	—	—	—	(201)
Net attributable profit (loss)	**5,961**	**24.3**	**37.9**	**4,795**
Adjusted earning (loss) per share (euros) (2)	**0.96**			**0.79**
Earning (loss) per share (euros) (2)	**0.96**			**0.73**

General note: 2022 figures have been restated according to IFRS 17 - Insurance contracts.

(1) Includes the net impact arisen from the purchase of offices in Spain in the second quarter of 2022 for €-201m.

(2) Adjusted by additional Tier 1 instrument remuneration. For more information, see Alternative Performance Measures at the end of this report.

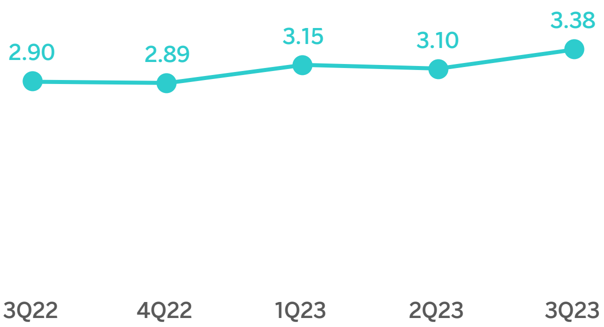
Unless expressly indicated otherwise, to better understand the changes under the main headings of the Group's income statement, the year-on-year rates of change provided below refer to constant exchange rates. When comparing two dates or periods in this report, the impact of changes in the exchange rates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

The accumulated net interest income as of September 30, 2023 was higher than the same period of the previous year (+36.5%), with increases in all business areas due to the customer spread improvement in the main geographical areas and higher performing loan volumes. The good evolution in Mexico, South America and Spain is noteworthy.

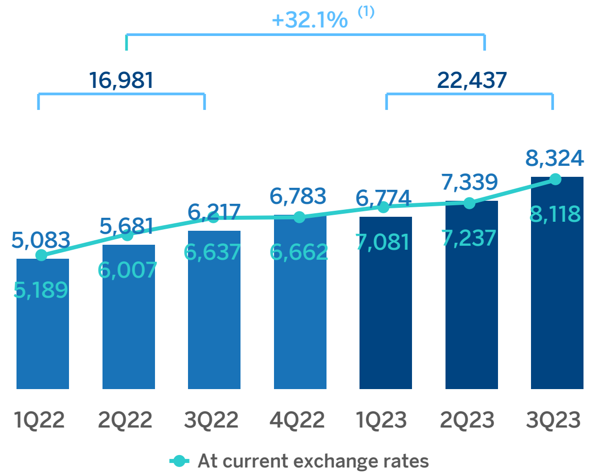
Positive evolution in the net fees and commissions line, which increased by 17.5% year-on-year due to favorable performance in payment systems and demand deposits. By business areas, All geographical areas, except Spain, showed a favorable evolution.

[3] In compliance with Law 38/2022, of December 27, which establishes the obligation to pay a patrimonial benefit of a public and non-taxable nature during the years 2023 and 2024 for credit institutions that operate in Spanish territory whose sum of total interest income and fee and commission income corresponding to the year 2019 is equal to or greater than €800m.

NET INTEREST INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE)



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

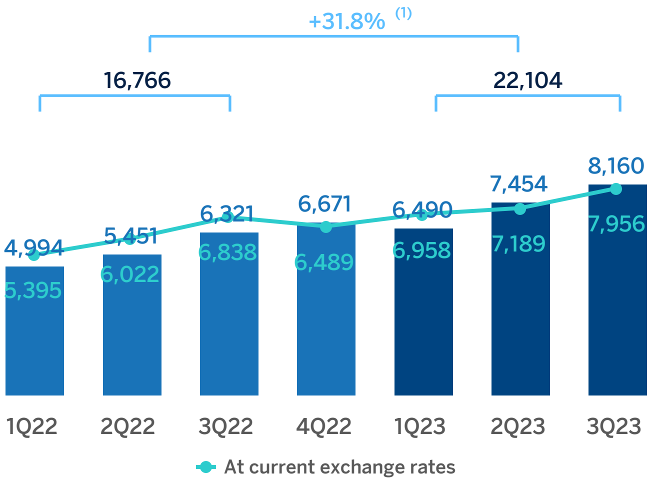


(1) At current exchange rates: +25.8%.

NTI recorded a flat evolution (-0.8%) at the end of September 2023, due to the negative results recorded in the Corporate Center, partially offset by the favorable evolution of this line in all business areas except Spain.

The other operating income and expenses line accumulated a result of €-1,763m as of September 30, 2023, compared to €-1,248m in the same period of the previous year, mainly due to the higher negative adjustment for hyperinflation in Argentina. This line also includes the contribution to the Single Resolution Fund (SRF) in Spain, which in 2023 was lower than the previous year's contribution, and the recognition, in the first nine months of 2023, of €215m, corresponding to the total annual amount paid for the temporary tax on credit institutions and financial credit establishments, also in Spain.

GROSS INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)

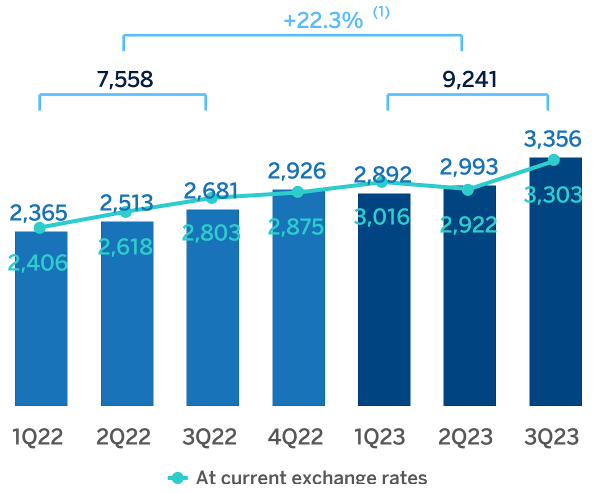


(1) At current exchange rates: +21.1%.

Year-on-year basis, operating expenses increased by 22.3% at the Group level. This increase is largely impacted by the inflation rates observed in the countries in which the Group operates, which, on the one hand, have been affected by the measures implemented by the Group in 2023 to compensate the loss of purchasing power of the workforce and, on the other hand, have had an effect in general expenses.

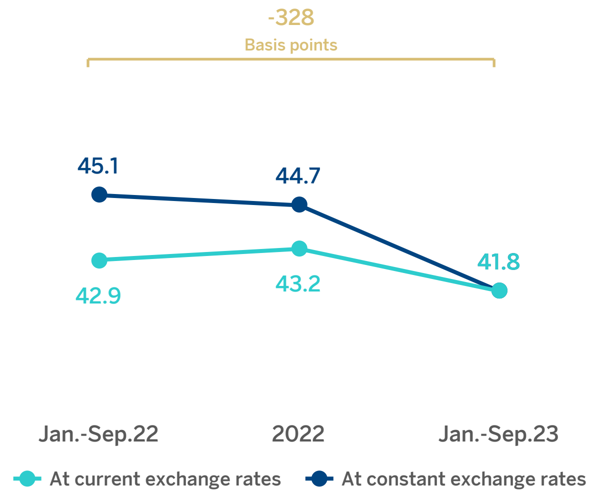
Notwithstanding the above, thanks to the remarkable growth in gross income (+31.8%), the efficiency ratio stood at 41.8% as of September 30, 2023, with an improvement of 328 basis points compared to the ratio recorded 12 months earlier. All business areas had a favorable performance in terms of efficiency.

OPERATING EXPENSES (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



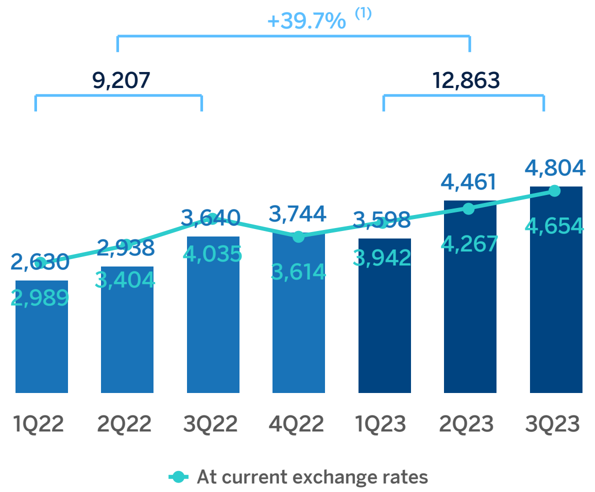
(1) At current exchange rates: +18.1%.

EFFICIENCY RATIO (PERCENTAGE)



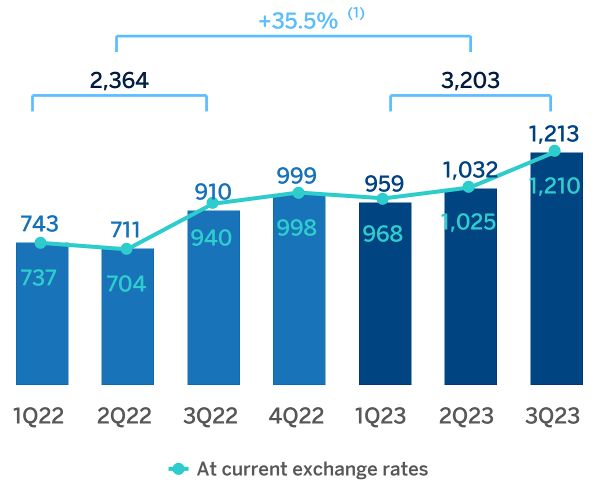
Impairment on financial assets not measured at fair value through profit or loss (impairment on financial assets) at the end of September 2023 was 35.5% higher than in the same period of the previous year, with lower requirements in Turkey, which were offset by higher provisioning needs, mainly in South America and Mexico, in a context of rising interest rates and growth in the most profitable segments, in line with the Group's strategy.

OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



(1) At current exchange rates: +23.3%.

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



(1) At current exchange rates: +34.6%.

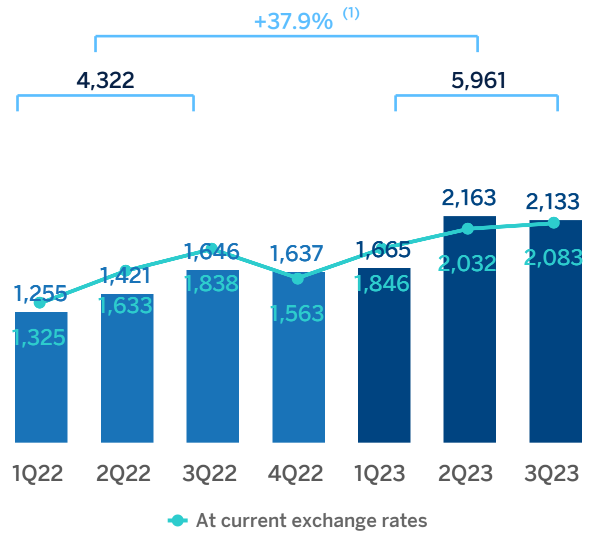
The provisions or reversal of provisions line (hereinafter, provisions) remained stable compared to the same period of the previous year, with lower provisions in Mexico and South America, offset by higher provisions in the rest of areas and the Corporate center.

For its part, the other gains (losses) line closed September 2023 with a balance of €37m, which compares favorably with the also positive result of the same period of the previous year.

As a result of the above, the BBVA Group generated a net attributable profit of €5,961m between January and September of the year 2023, which compares very positively with the result for the same period of the previous year (+37.9%). These solid results are supported by the favorable evolution of net interest income and, to a lesser extent, net fees and commissions, which offset higher operating expenses and the increase in provisions for impairment losses on financial assets.

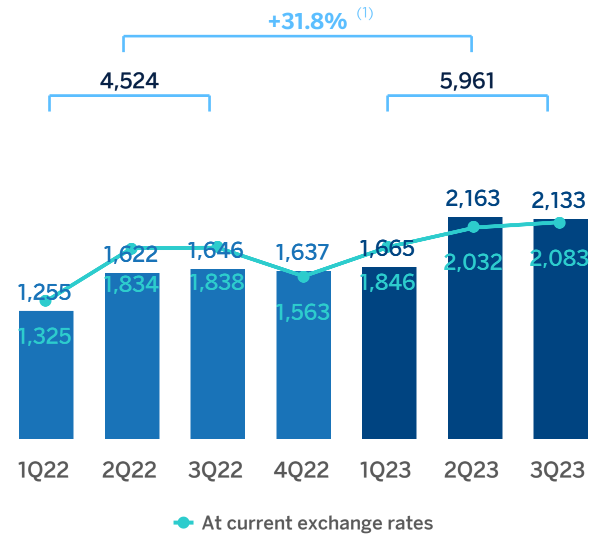
The cumulative net attributable profits, in millions of euros, at the end of September 2023 for the business areas that compose the Group were as follows: €2,110m in Spain, €3,987m in Mexico, €367m in Turkey, €496m in South America and €322m in Rest of Business.

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



(1) At current exchange rates: +24.3%

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

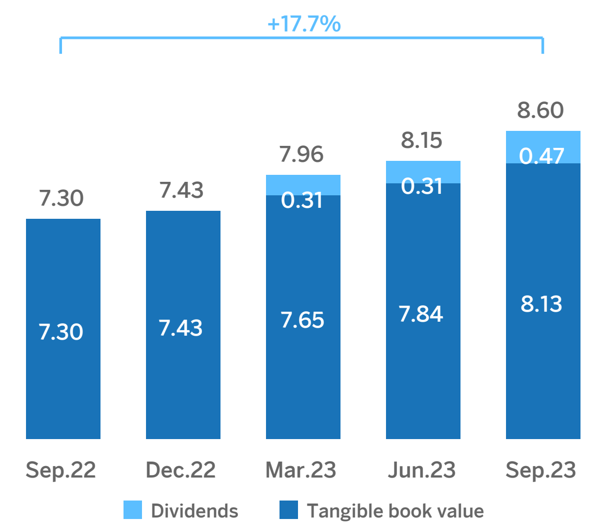


General note: non-recurring impacts include the net impact arisen from the purchase of offices in Spain in 2Q22.

(1) At current exchange rates: +19.3%.

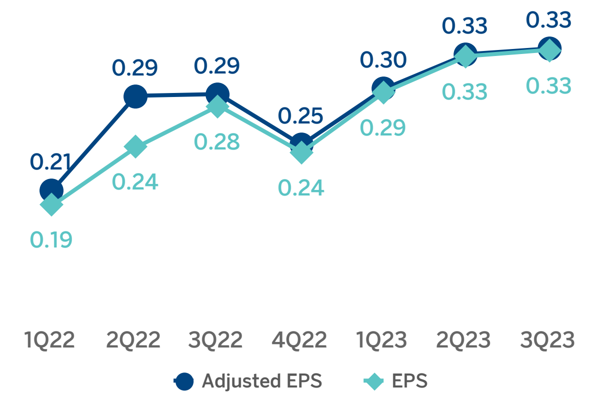
The Group's excellent performance has also allowed to accelerate value creation, as reflected in the growth of the tangible book value per share and dividends, which at the end of September 2023 was 17.7% higher than in the same period of the previous year.

TANGIBLE BOOK VALUE PER SHARE AND DIVIDENDS (EUROS)



General note: replenishing dividends paid in the period. For more information, see Alternative Performance Measures at the end of this report.

EARNING (LOSS) PER SHARE (1) (EUROS)

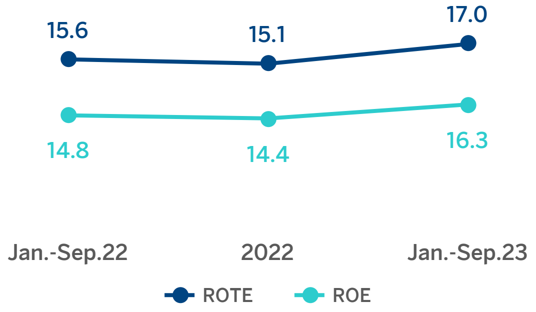


General note: adjusted by additional Tier 1 instrument remuneration. Adjusted EPS excludes, in addition, the net impact arisen from the purchase of offices in Spain in 2Q22. For more information, see Alternative Performance Measures at the end of this report

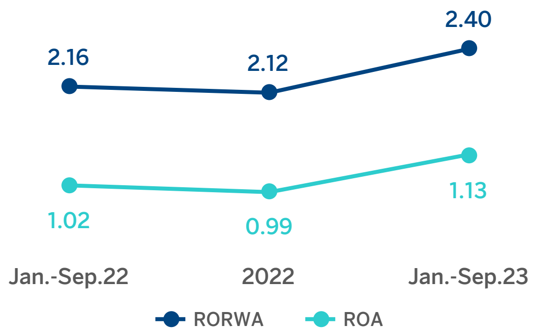
(1) The accumulated EPS stands at €0.73 and €0.96 in 9M22 and 9M23, respectively.

The Group's profitability indicators improved not only in year-on-year terms but also compared to the end of December, supported by the favorable performance of results.

ROE AND ROTE (1) (PERCENTAGE)



ROA AND RORWA (1) (PERCENTAGE)



(1) The ratio of January-September 2022 and 2022 excludes the net impact arisen from the purchase of offices in Spain.

Balance sheet and business activity

The most relevant aspects related to the evolution of the Group's balance sheet and business activity as of September 30, 2023 are summarized below:

- Loans and advances to customers recorded an increase of 5.3% compared to the end of December 2022, strongly favored by the evolution of retail loans (+6.9% at Group level), supported by both the good performance of credit cards and consumer loans (+12.5% overall at Group level) in Mexico, Turkey and South America, and mortgage loans, mainly in Mexico. On the other hand, loans to the public sector and business loans (+11.0% and +3.0%, respectively) showed a positive dynamic, originating mainly in Mexico.
- Customer funds increased by 3.6% compared to the end of December 2022, thanks both to the growth in deposits from customers which increased by 2.4% due to the positive evolution of time deposits in all business areas and to the increase in off-balance sheet funds, which grew by +6.9% thanks to the evolution of mutual funds and customer portfolios, highlighting the good performance in Mexico and Spain.

CONSOLIDATED BALANCE SHEET (MILLIONS OF EUROS)

	30-09-23	Δ %	31-12-22	30-09-22
Cash, cash balances at central banks and other demand deposits	66,859	(16.2)	79,756	88,076
Financial assets held for trading	134,804	21.8	110,671	119,966
Non-trading financial assets mandatorily at fair value through profit or loss	8,490	23.2	6,888	7,290
Financial assets designated at fair value through profit or loss	939	2.9	913	978
Financial assets at fair value through accumulated other comprehensive income	63,792	(2.4)	65,374	69,374
Financial assets at amortized cost	446,046	7.6	414,421	418,032
Loans and advances to central banks and credit institutions	*21,674*	*6.1*	*20,431*	*22,797*
Loans and advances to customers	*376,336*	*5.3*	*357,351*	*361,176*
Debt securities	*48,036*	*31.1*	*36,639*	*34,059*
Investments in joint ventures and associates	926	1.1	916	903
Tangible assets	9,385	7.4	8,737	8,567
Intangible assets	2,310	7.1	2,156	2,211
Other assets	24,184	8.6	22,259	22,494
Total assets	**757,736**	**6.4**	**712,092**	**737,890**
Financial liabilities held for trading	118,276	23.7	95,611	104,534
Other financial liabilities designated at fair value through profit or loss	12,862	21.6	10,580	10,678
Financial liabilities at amortized cost	544,853	3.0	529,172	545,288
Deposits from central banks and credit institutions	*60,140*	*(7.8)*	*65,258*	*84,196*
Deposits from customers	*403,861*	*2.4*	*394,404*	*390,277*
Debt certificates	*65,241*	*17.7*	*55,429*	*54,811*
Other financial liabilities	*15,612*	*10.9*	*14,081*	*16,003*
Liabilities under insurance and reinsurance contracts	11,260	11.1	10,131	10,787
Other liabilities	17,032	5.9	16,081	16,771
Total liabilities	**704,283**	**6.5**	**661,575**	**688,057**
Non-controlling interests	3,703	2.2	3,623	3,652
Accumulated other comprehensive income	(16,213)	(8.1)	(17,642)	(16,838)
Shareholders' funds	65,963	2.2	64,535	63,019
Total equity	**53,453**	**5.8**	**50,517**	**49,833**
Total liabilities and equity	**757,736**	**6.4**	**712,092**	**737,890**
Memorandum item:				
Guarantees given	57,520	4.2	55,182	54,954

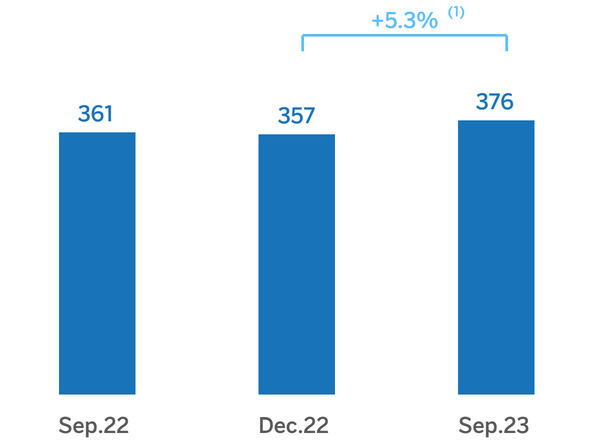
General note: 2022 figures have been restated according to IFRS 17 - Insurance contracts.

LOANS AND ADVANCES TO CUSTOMERS (MILLIONS OF EUROS)

	30-09-23	Δ %	31-12-22	30-09-22
Public sector	**23,178**	**11.0**	**20,884**	**20,488**
Individuals	**167,675**	**6.9**	**156,838**	**157,928**
Mortgages	*93,306*	*1.9*	*91,569*	*93,244*
Consumer	*38,672*	*7.5*	*35,965*	*36,327*
Credit cards	*21,350*	*22.8*	*17,382*	*16,453*
Other loans	*14,347*	*20.4*	*11,921*	*11,904*
Business	**182,766**	**3.0**	**177,374**	**180,539**
Non-performing loans	**13,947**	**3.4**	**13,493**	**14,256**
Loans and advances to customers (gross)	**387,565**	**5.1**	**368,588**	**373,210**
Allowances [(1)]	(11,229)	(0.1)	(11,237)	(12,035)
Loans and advances to customers	**376,336**	**5.3**	**357,351**	**361,176**

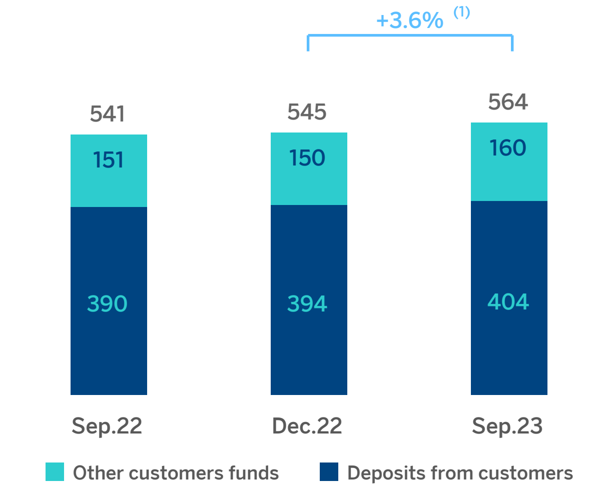
[(1)] Allowances include valuation adjustments for credit risk throughout the expected residual life in those financial instruments that have been acquired (mainly originating from the acquisition of Catalunya Banc, S.A.). As of September 30, 2023, December 31, 2022 and September 30, 2022, the remaining amount was €153m, €190m and €202m, respectively.

LOANS AND ADVANCES TO CUSTOMERS (BILLIONS OF EUROS)



[(1)] At constant exchange rates: +5.8%.

CUSTOMER FUNDS (BILLIONS OF EUROS)



[(1)] At constant exchange rates: +4.2%.

CUSTOMER FUNDS (MILLIONS OF EUROS)

	30-09-23	Δ %	31-12-22	30-09-22
Deposits from customers	**403,861**	**2.4**	**394,404**	**390,277**
Current accounts	*309,847*	*(2.0)*	*316,082*	*314,631*
Time deposits	*90,102*	*19.1*	*75,646*	*73,564*
Other deposits	*3,911*	*46.2*	*2,676*	*2,082*
Other customer funds	**160,485**	**6.9**	**150,172**	**150,504**
Mutual funds and investment companies and customer portfolios [(1)]	*128,985*	*18.4*	*108,936*	*108,315*
Pension funds	*27,304*	*(29.4)*	*38,653*	*39,178*
Other off-balance sheet funds	*4,196*	*62.5*	*2,582*	*3,011*
Total customer funds	**564,346**	**3.6**	**544,576**	**540,781**

[(1)] Includes the customer portfolios in Spain, Mexico, Colombia and Peru.

Solvency

Capital base

The BBVA Group's strong results during the quarter, which exceeded those of the second quarter, contributed to the consolidated CET1 fully-loaded ratio to reach 12.73% as of September 30, 2023, including the effect of the share buyback program launched on October 2, 2023 for a total amount of €1,000m (-32 basis points), which allows to keep maintaining a large management buffer over the Group's CET1 requirement (8.77%)[4] and above the Group's established target management range of 11.5-12.0% of CET1.

During the third quarter of the year, the CET1 ratio increased by 6 basis points (excluding the share buyback program by -32 basis points). The strong generation of profit, net of dividends and remuneration of capital instruments, generated a contribution of 27 basis points in the CET1 ratio, which allowed it to partially absorb the growth of risk-weighted assets (RWA) derived from the increase in activity in the quarter (consumption of 39 basis points), in line with the Group's strategy of promoting profitable growth. For its part, among the other impacts, it is worth highlighting those associated with market variables, which have had a negative evolution in the quarter, especially in FX and portfolio valuation, although it is more than offset by the credit in equity due to the hyperinflation accounting.

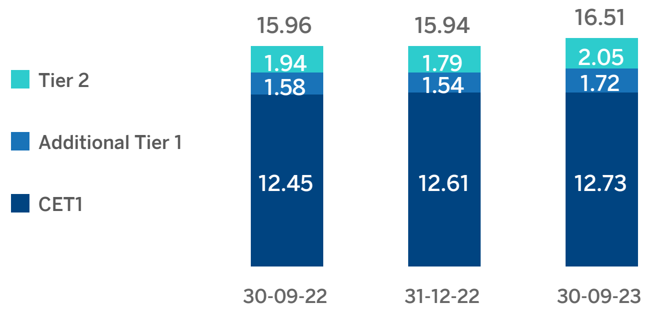
Fully-loaded RWA increased by approximately €10,530m in the quarter, mainly as a result of activity growth. Excluding the currency effect, RWA associated with activity grew by around €10,211 billion.

The consolidated fully-loaded additional Tier 1 capital (AT1) stood at 1.72% as of September 30, 2023, resulting in a 6 basis points decrease from the previous quarter, mainly due to RWA increase. In the quarter, it should be noted that there was an issuance of a contingent convertible bond with a nominal value of USD1 billion and the amortization of an issuance with a nominal value of €1 billion. There was no impact in the quarter in the additional Tier 1 capital due to this movement.

On the other hand, the consolidated fully-loaded Tier 2 ratio at the end of September 2023 stood at 2.05%, with an increase of 4 basis points in the quarter, mainly due to the issuance of a subordinated bond in Spain for GBP300m. The total fully-loaded capital ratio stands at 16.51%.

It is worth mentioning that, with effect from January 1, 2023, the application of part of the transitional effects applied by the Group in the determination of the phased-in ratio has ended, so that as of September 30, 2023, this ratio coincides with the fully-loaded ratio.

FULLY-LOADED CAPITAL RATIOS (PERCENTAGE)



CAPITAL BASE (MILLIONS OF EUROS)

	CRD IV phased-in			CRD IV fully-loaded		
	30-09-23 (1) (2)	31-12-22	30-09-22	30-09-23 (1) (2)	31-12-22	30-09-22
Common Equity Tier 1 (CET1)	45,567	42,738	42,876	45,567	42,484	42,494
Tier 1	51,735	47,931	48,281	51,735	47,677	47,899
Tier 2	7,350	5,930	6,614	7,350	6,023	6,613
Total capital (Tier 1 + Tier 2)	**59,085**	**53,861**	**54,895**	**59,085**	**53,699**	**54,512**
Risk-weighted assets	**357,972**	**337,066**	**341,678**	**357,972**	**336,884**	**341,448**
CET1 (%)	12.73	12.68	12.55	12.73	12.61	12.45
Tier 1 (%)	14.45	14.22	14.13	14.45	14.15	14.03
Tier 2 (%)	2.05	1.76	1.94	2.05	1.79	1.94
Total capital ratio (%)	**16.51**	**15.98**	**16.07**	**16.51**	**15.94**	**15.96**

(1) The difference between the phased-in and fully-loaded ratios arises from the temporary treatment of certain capital items, mainly of the impact of IFRS 9, to which the BBVA Group has adhered voluntarily (in accordance with article 473bis of the CRR and the subsequent amendments introduced by the Regulation (EU) 2020/873). As of September 30, 2023, there are no differences between phased-in and fully-loaded ratios due to the aforementioned temporary treatment.

(2) Preliminary data.

[4] This includes the update of the countercyclical capital buffer calculated on the basis of exposure at end June 2023.

Regarding shareholder remuneration, as approved by the General Shareholders' Meeting on March 17, 2023, at the top of the agenda, on April 5, 2023, a cash payment of €0.31 gross per each outstanding BBVA share entitled to receive such amount was made and charged to the 2022 results, as final dividend for the financial year 2022. Thus, the total amount of cash distributions for 2022, taking into account the €0.12 gross per share that was distributed in October 2022, amounted to €0.43 gross per share. The Board of Directors of BBVA resolved on its meeting hold on September 27, 2023, the payment of a cash interim dividend of €0.16 gross per share on account of the 2023 dividend, which was paid on October 11, 2023. This dividend is already considered in the Group's capital adequacy ratios.

Total shareholder remuneration includes, in addition to the cash payments mentioned above, the remuneration resulting from the execution of the share buyback programs that the Group may execute. Regarding BBVA's buyback program announced past February 1, 2023 for an amount of €422m, on April 21, 2023, BBVA announced the completion of this share buyback program, having acquired 64,643,559 own shares between March 20 and April 20, 2023, representing approximately 1.07% of BBVA's share capital as of said date.

Likewise, on October 2, 2023, after receiving the required authorization from the ECB, BBVA announced that it would implement a buyback program for the repurchase of own shares in accordance with the Regulations, aimed at reducing BBVA's share capital by a maximum monetary amount of €1,000 million, having acquired 60,000,000 shares between October 2 and October 27, 2023. The execution is being carried out internally by the Company, executing the trades through BBVA. This share buyback program would be considered to be an extraordinary shareholder distribution and is therefore not included in the scope of the ordinary distribution policy.

As of September 30, 2023, BBVA's share capital stood at €2,923,081,772.45 divided into 5,965,473,005 shares, at €0.49 par value each, once the Group has carried out the partial execution, announced on June 2, 2023, of the share capital reduction resolution adopted by the Ordinary General Shareholders' Meeting of BBVA held on March 17, 2023, under item 3 of the agenda through the reduction of BBVA's share capital in a nominal amount of €31,675,343.91 and the consequent redemption, charged to unrestricted reserves, of 64,643,559 own shares of €0.49 par value each acquired derivatively by BBVA in execution of the share buyback program scheme and which were held in treasury shares.

SHAREHOLDER STRUCTURE (30-09-23)

	Shareholders		Shares issued	
Number of shares	**Number**	**%**	**Number**	**%**
Up to 500	320,518	41.9	59,850,509	1.0
501 to 5,000	347,619	45.5	617,318,453	10.3
5,001 to 10,000	51,682	6.8	362,663,173	6.1
10,001 to 50,000	40,326	5.3	770,406,978	12.9
50,001 to 100,000	2,857	0.4	195,173,818	3.3
100,001 to 500,000	1,290	0.2	231,643,198	3.9
More than 500,001	275	0.04	3,728,416,876	62.5
Total	**764,567**	**100**	**5,965,473,005**	**100**

With regard to MREL (Minimum Requirement for own funds and Eligible Liabilities) requirements, BBVA must maintain, from January 1, 2022, an amount of own funds and eligible liabilities equal to 21.46% of the total RWA of its resolution group, on sub-consolidated[5] level (hereinafter, the "MREL in RWA"). This MREL in RWA does not include the combined capital buffer requirement which, according to applicable regulations and supervisory criteria, would be at 3.32%, considering the exposures subject to the calculation of the countercyclical buffer as of June 2023. Given the own funds and eligible liabilities structure of the resolution group, as of September 30, 2023, the MREL in RWA ratio stands at 27.23%[6],[7] complying with the aforementioned requirement.

In addition, BBVA must reach, since January 1, 2022, an amount of own funds and eligible liabilities in terms of the total exposure considered for calculating the leverage ratio of 7.27% (the "MREL in LR"), of which 5.61% in terms of the total exposure considered for calculating the leverage ratio shall be met with subordinated instruments (the "subordination requirement in LR").

With the aim of reinforcing compliance with these requirements, BBVA has made several debt issues during the first nine months of 2023. For more information on made issues, see "Structural risks" section within the "Risk management" chapter.

It should be noted that on June 14, 2023 the Group disclosed the receipt of a new communication from the Bank of Spain regarding its MREL requirement, established by the Single Resolution Board (hereinafter "SRB"). In accordance with this communication, BBVA has to reach, starting January 1, 2024, an MREL in RWA equal to 22.11%. This MREL in RWA does not include the applicable combined capital buffer requirement which, according to current regulations and supervisory criteria, would be at 3.32%, considering the exposures subject to the calculation of the countercyclical buffer[8] as of June 2023. Given the own funds and eligible liabilities structure of the resolution group, as of September 30, 2023 the MREL in RWA would already comply with the aforementioned requirement.

Lastly, as of September 30, 2023, the Group's fully-loaded leverage ratio stood at 6.59%[9].

[5] In accordance with the resolution strategy MPE ("Multiple Point of Entry") of the BBVA Group, established by the SRB, the resolution group is made up of Banco Bilbao Vizcaya Argentaria, S.A. and subsidiaries that belong to the same European resolution group. As of September 30, 2023, the total RWA of the resolution group amounted to €207,953m and the total exposure considered for the purpose of calculating the leverage ratio amounted to €500,586m.
[6] Own resources and eligible liabilities to meet, both, MREL and the combined capital buffer requirement applicable.
[7] As of September 30, 2023, the MREL ratio in terms of Leverage Ratio Exposure stands at 11.31% and the subordination ratios in terms of RWA and in terms of Leverage Ratio Exposure, stand at 22.50% and 9.35%, respectively, being preliminary data.
[8] The Bank of Spain communicated to BBVA a resolution on the identification of BBVA as Other Systemically Important Institution (hereinafter referred to as O-SII) and the corresponding capital buffer established. According to this resolution the O-SII capital buffer would increase by 25 basis points compared to the previous year applicable buffer, which stands at 100 basis points (1%) by January 1, 2024. This increase is due to the adaptation of the Bank of Spain's methodology for the determination of the OSII capital buffers in line with the revision of the methodological framework established by the European Central Bank.
[9] The Group's leverage ratio is provisional at the date of release of this report.

Ratings

During the first nine months of 2023, BBVA's rating has continued to show its strength and all agencies have maintained their rating in the A category. DBRS in March, Fitch in September and Moody's in October communicated the result of its annual review of BBVA, affirming the rating at A (high), A- and A3, respectively, all three with a stable outlook. On the other hand, S&P has maintained BBVA's ratings unchanged since the beginning of the year at A, with a stable outlook. The following table shows the credit ratings and outlook assigned by the agencies:

RATINGS

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

[1] Ratings assigned to long term senior preferred debt. Additionally, Moody's and Fitch assign A2 and A- rating, respectively, to BBVA's long term deposits.

Risk management

Credit risk

Since the beginning of the year, persistent inflation, Central Banks rate increases and the uncertainty surrounding economic growth have been the main factors that have impacted the markets, affecting to a greater or lesser extent depending on the region, reducing credit demand and causing a strain on the payment capacity of families and companies.

Uncertainty continues to be high, and the geopolitical turbulence at the time of drafting of this report could contribute to a rebound in oil prices, and therefore, increase the biases towards more negative scenarios, with downward growth and upward inflation.

By region, the evolution during the year is uneven. In Spain, although an environment of high inflation and higher interest rates continues, the level of household debt is far from its historical highs, and the labor market is expected to remain strong. In Mexico, the improvements in the growth outlook due to the dynamism of private consumption, and the effect of the relocation of industrial production (nearshoring), is positively impacting the labor market. The uncertainty in Turkey continues, although growth remains solid. Despite changes in economic policy, system quality indicators remain at low levels. Finally, in general, growth has been less dynamic in South America, in a context of high inflation and interest rates, negative effects related to the slowdown in China, as well as adverse climatic factors and social conflicts, affecting the economic situation of families and companies.

Calculation of expected losses due to credit risk

For the estimation of expected losses, the models include individual and collective estimates, taking into account the macroeconomic forecasts in accordance with IFRS 9. Thus, the estimate at the end of the quarter includes the effect on expected losses of updating macroeconomic forecasts, which take into account the current global environment.

Additionally, the Group may supplement the expected losses either by the consideration of additional risk drivers, the incorporation of sectorial particularities or that may affect a set of operations or borrowers, following a formal internal process established for the purpose.

Thus, in Spain, during 2021 and 2022, the Loss Given Default (LGD) of certain specific operations considered unlikely to pay was reviewed upwards, with a remaining adjustment as of September 30, 2023 of €407 million without significant variation since the end of the year 2022. In addition, due to the earthquakes that affected an area in the south of Turkey, during the month of February 2023 the classification of the credit exposure recorded in the five most affected cities was reviewed, which led to its reclassification to Stage 2. As of September 30, 2023 the amounts recorded in Stage 2 were €337 million on the balance sheet and €441 million off-balance sheet, with allowances for losses of approximately €38 million at contract level.

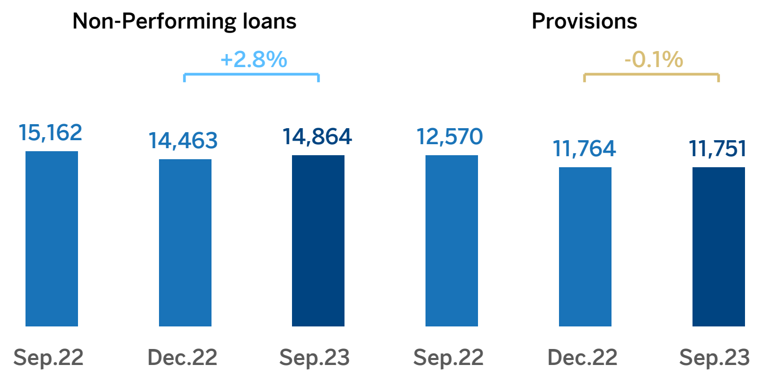
On the other hand, the complementary adjustments pending allocation to specific operations or customers as of September 30, 2023 totaled €71m of which €33m correspond to Spain, €30m to Mexico, €2m to Colombia, and €6m to Rest of Business of the Group. As of December 31, 2022, the complementary adjustments pending allocation to specific operations or customers totaled €302m, of which €163m corresponded to Spain, €92m to Mexico, €25m to Peru, €11m to Colombia, €5m to Chile and €6m to Rest of Business of the Group. The change during the nine months ended September 30, 2023 is mainly due to use of provisions and partial releases.

BBVA Group's credit risk indicators

The evolution of the Group’s main credit risk indicators is summarized below:

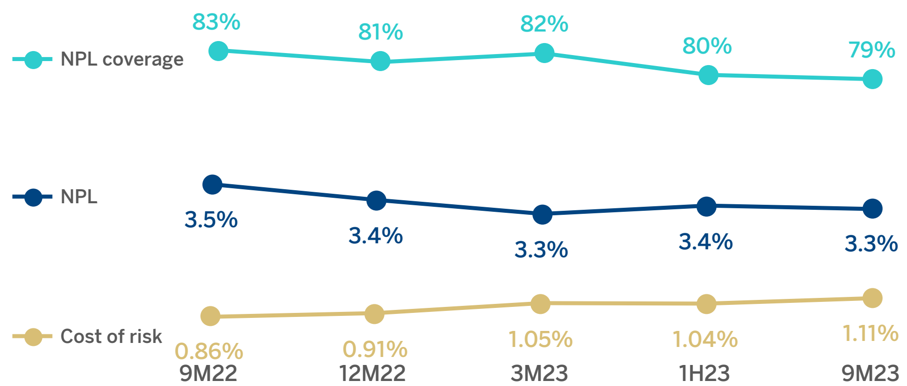
- Credit risk increased in the third quarter of the year by 2.0% (in current and constant terms), with generalized growth at constant exchange rates in all geographic areas except in Peru, where cancellations in both wholesale and "Plan Reactiva" portfolios continue, both with a practically stable evolution.
- Non-performing loans presented a slight increase at the Group level between June and September 2023 (+1.2% in current and constant terms), with decline in Spain and Turkey, which offset the increases in the rest of the geographical areas. Compared to the end of the previous year, the balance of non-performing loans increased by 2.8% (+3,2% at constant exchange rates), focused on retail portfolio in South America and Mexico, and to a lesser extent, in Rest of Business, affected by three singular customers inflows.

NON-PERFORMING LOANS AND PROVISIONS (MILLIONS OF EUROS)



- The NPL ratio declined slightly to 3.3% as of September 30, 2023, which represents an improvement of 3 basis points compared to the previous quarter (7 basis points below that of the end of 2022).
- Loan-loss provisions remained practically stable compared to the figure at the end of the previous quarter (+0.5% and -0.1% with respect to December 2022), affected by the sale of a default loan portfolio without collateral in Spain.
- The NPL coverage ratio ended the quarter at 79% (57 basis points below the previous quarter and 228 basis points lower than the end of 2022).
- The cumulative cost of risk as of September 30, 2023 stood at 1.11%, which is above the previous quarter due to the higher requirements in the retail portfolio in the main geographical areas, offset by the positive dynamics of the wholesale portfolio.

NPL AND NPL COVERAGE RATIOS AND COST OF RISK (PERCENTAGE)



CREDIT RISK [1] (MILLIONS OF EUROS)

	30-09-23	30-06-23	31-03-23	31-12-22	30-09-22
Credit risk	**444,984**	**436,174**	**428,423**	**423,669**	**428,064**
Stage 1	*394,329*	*386,711*	*377,908*	*371,930*	*374,509*
Stage 2	*35,791*	*34,772*	*36,373*	*37,277*	*38,394*
Stage 3 (non-performing loans)	*14,864*	*14,691*	*14,141*	*14,463*	*15,162*
Provisions	**11,751**	**11,697**	**11,661**	**11,764**	**12,570**
Stage 1	*2,143*	*2,107*	*2,062*	*2,067*	*2,203*
Stage 2	*2,198*	*2,181*	*2,243*	*2,111*	*2,247*
Stage 3 (non-performing loans)	*7,410*	*7,409*	*7,357*	*7,586*	*8,120*
NPL ratio (%)	**3.3**	**3.4**	**3.3**	**3.4**	**3.5**
NPL coverage ratio (%) [2]	**79**	**80**	**82**	**81**	**83**

[1] Includes gross loans and advances to customers plus guarantees given.

[2] The NPL coverage ratio includes the valuation adjustments for credit risk throughout the expected residual life in those financial instruments that have been acquired (mainly originating from the acquisition of Catalunya Banc, S.A.). If these valuation corrections had not been taken into account, the NPL coverage ratio would have stood at 78% as of September 30, 2023, 80% as of December 31, 2022 and 82% as of September 30, 2022.

NON-PERFORMING LOANS EVOLUTION (MILLIONS OF EUROS)

	3Q23 [1]	2Q23	1Q23	4Q22	3Q22
Beginning balance	**14,691**	**14,141**	**14,463**	**15,162**	**15,501**
Entries	2,896	2,875	2,256	2,332	1,871
Recoveries	(1,537)	(1,394)	(1,489)	(1,180)	(1,595)
Net variation	**1,360**	**1,481**	**767**	**1,152**	**276**
Write-offs	(830)	(877)	(1,081)	(928)	(683)
Exchange rate differences and other	(357)	(54)	(8)	(923)	67
Period-end balance	**14,864**	**14,691**	**14,141**	**14,463**	**15,162**
Memorandum item:					
Non-performing loans	13,947	13,787	13,215	13,493	14,256
Non performing guarantees given	918	905	926	970	906

[1] Preliminary data.

Structural risks

Liquidity and funding

Liquidity and funding management at BBVA aims to finance the recurring growth of the banking business at suitable maturities and costs using a wide range of instruments that provide access to a large number of alternative sources of financing. BBVA's business model, risk appetite framework and funding strategy are designed to reach a solid funding structure based on stable customer deposits, mainly retail (granular). As a result of this model, deposits have a high degree of assurance in each geographical area, close to 60% in Spain and Mexico. In this regard, it is important to note that, given the nature of BBVA's business, lending is mainly financed through stable customer funds.

One of the key elements in the BBVA Group's liquidity and funding management is the maintenance of large high-quality liquidity buffers in all geographical areas. In this respect, the Group has maintained during the last 12 months an average volume of high quality liquid assets (HQLA) of €134.29 billion, of which 97% corresponds to maximum quality assets (level 1 in the liquidity coverage ratio, LCR).

Due to its subsidiary-based management model, BBVA is one of the few major European banks that follows the Multiple Point of Entry (MPE) resolution strategy: the parent company sets the liquidity policies, but the subsidiaries are self-sufficient and responsible for managing their own liquidity and funding (taking deposits or accessing the market with their own rating). This strategy limits the spread of a liquidity crisis among the Group's different areas and ensures that the cost of liquidity and financing is correctly reflected in the price formation process.

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

- LCR requires banks to maintain a volume of high-quality liquid assets sufficient to withstand liquidity stress for 30 days. BBVA Group's consolidated LCR remained comfortably above 100% during 2022 and stood at 143% as of September 30, 2023. It should be noted that, given the MPE nature of BBVA, this ratio limits the numerator of the LCR for subsidiaries other than BBVA S.A. to 100% of its net outflows. Therefore, the resulting ratio is below that of the individual units (the LCR of the main components reaches 166% in BBVA, S.A., 163% in Mexico and 230% in Turkey). If this restriction was eliminated, the Group's LCR ratio would reach 181%.
- The net stable funding ratio (NSFR) requires banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. The BBVA Group's NSFR ratio stood at 130% as of September 30, 2023.

The breakdown of these ratios in the main geographical areas in which the Group operates is shown below:

LCR AND NSFR RATIOS (PERCENTAGE. 30-09-23)

	BBVA, S.A.	Mexico	Turkey	South America
LCR	166%	163%	230%	All countries >100
NSFR	120%	133%	182%	All countries >100

In addition to the above, the most relevant aspects related to the main geographical areas are the following:

- BBVA, S.A. has maintained a strong position with a large high-quality liquidity buffer, having repaid almost the entire TLTRO III program. During the first nine months of 2023, commercial activity has not had a significant impact on the Bank's liquidity with a relatively flat evolution in lending, in line with customer deposits. The latter fell in the first quarter, influenced by the seasonal component and by the transfer to off-balance sheet funds, it recovered during the second quarter and it remained stable in the third quarter. On the other hand, in December 2022 the Bank started the repayment of the TLTRO III program for an amount of €12 billion, plus an additional repayment of €12 billion between February and March 2023 and another one of €11 billion in June 2023, which together represent more than the 90% of the original amount, maintaining at all times the regulatory liquidity metrics well above the established minimums.
- BBVA Mexico continues to present a solid liquidity situation, which has contributed to an efficient management of the cost of funds in an environment of rising interest rates. During the first nine months of the year, however, commercial activity has drained liquidity due to a sustained loan growth, together with outflows of funds in the first months of the year (seasonal effect after relevant inflows at the end of the year), which are not able to recover because of transfers to off-balance sheet funds with higher remuneration.
- In Turkey, during the first nine months of 2023, the lending gap in local currency has been reduced, due to a greater growth in deposits than in loans. The lending gap in foreign currency has increased due to higher reductions in deposits. Garanti BBVA continues to maintain a stable liquidity position with comfortable ratios. On the other hand, the Central Bank of Turkey has begun to promote a gradual change of FX protected scheme to standard deposits in Turkish lira as an additional step on the economy dedollarization process.
- In South America, the liquidity situation remains adequate throughout the region. In Argentina, liquidity in the system continues to increase, and so does in BBVA due to a higher growth in deposits than in loans in local currency, without significant variations in foreign currency. In BBVA Colombia, the credit gap declined due to a higher volume of deposits and a slowdown in lending growth. BBVA Peru maintains solid liquidity levels, showing a reduction in the credit gap since the beginning of the year thanks to the positive performance of deposits in contrast to a lower dynamism in lending activity, affected by the expiration of loans covered by COVID-19 programs.

The main wholesale financing transactions carried out by the BBVA Group during the first nine months of 2023 are listed below:

Type of issue	Date of issue	Nominal (millions)	Currency	Coupon	Early redemption	Maturity date
Senior non-preferred	Jan-23	1,000	EUR	4.625 %	Jan-30	Jan-31
Covered bonds	Jan-23	1,500	EUR	3.125 %	—	Jul-27
Senior preferred	May-23	1,000	EUR	4.125 %	May-25	May-26
Tier 2	Jun-23	750	EUR	Midswap + 280 basis points	Jun-Sep 28	Sep-33
AT1	Jun-23	1,000	EUR	8.375%	Dec-28	Perpetual
Tier 2	Aug-23	300	GBP	8.250%	Aug-Nov 28	Nov-33
AT1	Sep-23	1,000	USD	9.375%	Sep-29	Perpetual

Additionally, in June 2023 BBVA, S.A. completed a securitization of a portfolio of car loans for an amount of €800m.

BBVA Mexico, for its part, carried out two senior issues in the first quarter of the year and a subordinated issue in the second quarter. The first of the senior issues consists of a green bond for 8,689 million Mexican pesos (approximately €470m) with a maturity of 4 years, using the TIIE (Balanced Interbank Interest Rate used in Mexico) rate as a benchmark, at one day +32 basis points; and the second one involves the issuance of a senior bond for 6,131 million Mexican pesos (approximately €331m) at a fixed rate of 9.54% and a term of 7 years. Regarding the subordinated issue carried out in June, it was a USD 1 billion Tier 2 issue for a term of 15 years with an early redemption option after 10 years and at a fixed rate of 8.45%. The main objective of this issue is to achieve a comfortable loss-absorbing capital buffer to comply with TLAC (Total Loss-Absorbing Capacity) requirements, with full implementation in Mexico in 2025.

In Turkey, Garanti BBVA renewed in June a syndicated loan associated with environmental, social and corporate governance (ESG) criteria, consisting of two separate tranches of USD199m and €218.5m, both maturing in one year.

BBVA Colombia announced the launch of the first blue bond in Colombia, together with the International Finance Corporation (IFC), for an amount of USD50m.

Foreign exchange

Foreign exchange risk management aims to reduce both the sensitivity of the capital ratios and the net attributable profit variability to currency fluctuations.

The performance of the Group's main currencies during the first nine months of 2023 has been very uneven. Due to its relevance for the Group, it should be noted the strength of the Mexican peso, which has appreciated 12.7% against the euro. The other currency which stands out was the Colombian peso (+18.5%). On the negative side, the depreciation of both the Turkish lira (-31.3%), mainly focused on June after the elections, and the Argentine peso (-49.2%), stands out. In both cases, the currencies have been pressured by the negative dynamism of inflation. The rest of currencies evolved moderately during the first nine months of the year: the Peruvian sol (+1.5%), the U.S. dollar (+0.7%) and the Chilean peso (-4.6%).

EXCHANGE RATES (EXPRESSED IN CURRENCY/EURO)

	Year-end exchange rates			Average exchange rates	
	30-09-23	Δ % on 30-09-22	Δ % on 31-12-22	Jan.-Sep.23	Δ % on Jan.-Sep.22
U.S. dollar	1.0594	(8.0)	0.7	1.0834	(1.8)
Mexican peso	18.5030	6.1	12.7	19.2867	11.8
Turkish lira (1)	29.0514	(37.8)	(31.3)	—	—
Peruvian sol	3.9965	(3.2)	1.5	4.0332	0.5
Argentine peso (1)	370.82	(61.3)	(49.2)	—	—
Chilean peso	960.71	(2.0)	(4.6)	890.01	2.5
Colombian peso	4,328.25	2.1	18.5	4,777.63	(9.5)

(1) According to IAS 21 "The effects of changes in foreign exchange rates", the year-end exchange rate is used for the conversion of the Turkey and Argentina income statement.

In relation to the hedging of the capital ratios, BBVA covers, in aggregate, 70% of its subsidiaries' capital excess. The sensitivity of the Group's CET1 fully-loaded ratio to 10% depreciations in major currencies is estimated at: +18 basis points for the U.S. dollar, -9 basis points for the Mexican peso and -5 basis points for the Turkish lira[10]. With regard to the hedging of results, BBVA hedges between 40% and 50% of the aggregate net attributable profit it expects to generate in the next 12 months. For each currency, the final amount hedged depends on its expected future evolution, the costs and the relevance of the incomes related to the Group's results as a whole.

[10] This sensitivity does not include the cost of capital hedges, which are currently estimated at 3 basis points per quarter for Mexican peso and 4 basis points per quarter for Turkish lira.

Interest rate

Interest rate risk management seeks to limit the impact that BBVA may suffer, both in terms of net interest income (short-term) and economic value (long-term), from adverse movements in the interest rate curves in the various currencies in which the Group operates. BBVA carries out this work through an internal procedure, pursuant to the guidelines established by the European Banking Authority (EBA), with the aim of analyzing the potential impact that could derive from a range of scenarios on the Group's different balance sheets.

The model is based on assumptions intended to realistically mimic the behavior of the balance sheet. Of particular relevance are assumptions regarding the behavior of accounts with no explicit maturity and prepayment estimates. These assumptions are reviewed and adapted at least once a year, to take into account any changes in observed behavior.

At the aggregate level, BBVA continues to have a positive sensitivity toward interest rate increases in the net interest income.

The first nine months of 2023 were characterized by persistent inflation in most of the countries where the Group operates. Although headline inflation continued to show signs of slowing down, core inflation remains at high levels, which together with the growth indicators strength, served as reason for both the ECB and the Fed to consolidate their hawkish messages of high interest rates for a longer time. This positioning from monetary authorities has contributed the sovereign curves to certain rises, particularly in both intermediate and long tranches, and has delayed the expectation of starting a rates cut cycle in the main occidental economies. On the other hand, the peripheral curves spreads started to rise after having been well supported during the year, particularly in Italy. In the case of Mexico, the cycle of rate increases is considered to have ended, but the rates cut expectation is delayed until the first semester of 2024. The central bank of Turkey delves into the tighten of its monetary policy, with significant rate hikes in the third quarter of the year. In South America, after Uruguay, Brazil and Chile, Peru started its rate cut cycle with 25 basis points on September (25 additional basis points on October), and Colombia to follow it is expected before the end of the year. Argentina remains within an uncertainty environment because of the general elections on November.

By area, the main features are:

- Spain has a balance sheet characterized by a high proportion of variable-rate loans (mortgages and corporate lending) and liabilities composed mainly by customer demand deposits. The ALCO portfolio acts as a management lever and hedging for the balance sheet, mitigating its sensitivity to interest rate fluctuations. In an environment of higher rates, currently close to their market-predicted terminal values, the interest rate risk profile of the balance sheet has been reduced during the year.

  On the other hand, the ECB raised interest rates by 25 basis points at each of its meetings in July and September, bringing the benchmark interest rate to 4.5%, the marginal deposit facility rate at 4.0% and the marginal loan facility rate at 4.75% at the end of the quarter. In this environment, Euribor reference rates continued to rise in the third quarter of 2023, although at a slower pace than in the first six months of the year. Thus, the customer spread is benefiting from the interest rate hikes and the containment in the cost of deposits.
- Mexico continues to show a balance between fixed and variable interest rates balances, which results in a limited sensitivity to interest rates fluctuations. In terms of assets that are most sensitive to interest rate movements, the commercial portfolio stands out, while consumer loans and mortgages are mostly at a fixed rate. With regard to the customer funds, the high proportion of non-interest bearing deposits, which are insensitive to interest rate movements, should be highlighted. The ALCO portfolio is invested primarily in fixed-rate sovereign bonds with limited maturities. The monetary policy rate stands at 11.25%, 75 basis points above the end-of-year level of 2022, but stable in the quarter. Regarding customer spread, there has been improvement so far between January and September of 2023, favored by both the containment of the cost of deposits and the positive evolution of the loan yield.
- In Turkey, the sensitivity of loans, which are mostly fixed-rate but with relatively short maturities, and the ALCO portfolio balance the sensitivity of deposits on the liability side. Thus, the sensitivity of net interest income remains limited, both in Turkish lira and in foreign currencies. The CBRT increased the monetary policy rates, with two hikes each of 500 basis points on September and October from the 25% rate established on its August meeting. The customer spread improved in the third quarter due to the loan yield increases as a result of a positioning strategy against interest rates rises.
- In South America, the interest rate risk profile remains low as most countries in the area have a fixed/variable composition and maturities that are very similar for assets and liabilities, with limited net interest income sensitivity. In addition, the balance sheets with several currencies, interest rate risk is managed for each of the currencies, showing a very low level of risk. Regarding benchmark rates, in Peru it stood at 7.25% at the end of October after the two cut rates of 25 basis points made by the Peru's central bank in September and October. In Colombia, with no changes from April, interest rates stand at 13.25%. In Argentina, after the presidential elections in August, interest rates increased significantly by 2,100 basis points to 118%, and has continued to increase to 133%% after the last decision of the central bank on October. The customer spread in Colombia continues to recover as seen in the previous quarter, as well as in Peru, which maintains a constant improvement in the year.

INTEREST RATES (PERCENTAGE)

	30-09-23	30-06-23	31-03-23	31-12-22	30-09-22	30-06-22	31-03-22
Official ECB rate	4.50	4.00	3.50	2.50	1.25	0.00	0.00
Euribor 3 months [(1)]	3.88	3.54	2.91	2.06	1.01	(0.24)	(0.50)
Euribor 1 year [(1)]	4.15	4.01	3.65	3.02	2.23	0.85	(0.24)
USA Federal rates	5.50	5.25	5.00	4.50	3.25	1.75	0.50
TIIE (Mexico)	11.25	11.25	11.25	10.50	9.25	7.75	6.50
CBRT (Turkey)	30.00	15.00	8.50	9.00	12.00	14.00	14.00

[(1)] Calculated as the month average.

Business areas

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

The structure of the business areas reported by the BBVA Group as of September 30, 2023, is the same as the one presented at the end of 2022.

The composition of BBVA Group's business areas is summarized below:

- Spain mainly includes the banking, insurance and asset management activities that the Group carries out in this country.
- Mexico includes banking, insurance and asset management activities in this country, as well as the activity that BBVA Mexico carries out through its agency in Houston.
- Turkey reports the activity of the group Garanti BBVA that is mainly carried out in this country and, to a lesser extent, in Romania and the Netherlands.
- South America includes banking, financial, insurance and asset management activities conducted, mainly, in Argentina, Chile, Colombia, Peru, Uruguay and Venezuela.
- Rest of Business mainly incorporates the wholesale activity carried out in Europe (excluding Spain), the United States, and BBVA's branches in Asia.

The Corporate Center contains the centralized functions of the Group, including: the costs of the head offices with a corporate function; structural exchange rate positions management; portfolios whose management is not linked to customer relations, such as financial and industrial holdings; stakes in Funds & Investment Vehicles in tech companies; certain tax assets and liabilities; funds due to commitments to employees; goodwill and other intangible assets as well as such portfolios and assets' funding. Finally, in the description of this aggregate, it is worth mentioning that the Corporate Center tax expense includes the difference between the effective tax rate in the period of each business area and the expected tax rate of the Group for the year as a whole.

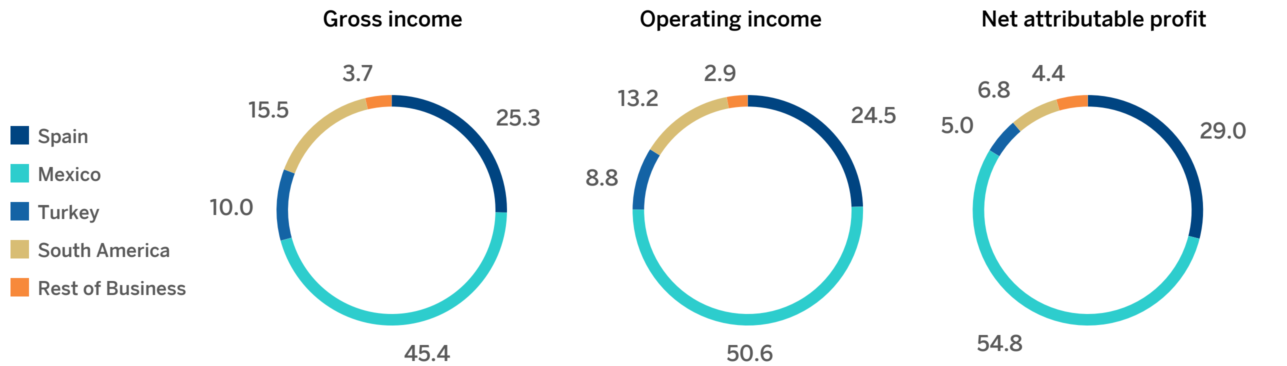
In addition to these geographical breakdowns, supplementary information is provided for the wholesale business carried out by BBVA, Corporate & Investment Banking (CIB), in the countries where it operates. This business is relevant to have a broader understanding of the Group's activity and results due to the important features of the type of customers served, products offered and risks assumed.

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

Regarding the shareholders' funds allocation, in the business areas, a capital allocation system based on the consumed regulatory capital is used.

Finally, it should be noted that, as usual, in the case of the different business areas, that is, Mexico, Turkey, South America and Rest of Business, and, additionally, CIB, in addition to the year-on-year variations applying current exchange rates, the variations at constant exchange rates are also disclosed.

GROSS INCOME [1], OPERATING INCOME [1] AND NET ATTRIBUTABLE PROFIT [1] BREAKDOWN (PERCENTAGE. JAN.-SEP. 2023)



[1] Excludes the Corporate Center.

MAIN INCOME STATEMENT LINE ITEMS BY BUSINESS AREA (MILLIONS OF EUROS)

		Business areas						
	BBVA Group	Spain	Mexico	Turkey	South America	Rest of Business	∑ Business areas	Corporate Center
Jan.-Sep.23								
Net interest income	17,843	4,053	8,164	1,581	3,892	405	18,096	(253)
Gross income	22,104	5,833	10,475	2,310	3,577	852	23,047	(943)
Operating income	12,863	3,532	7,300	1,264	1,900	424	14,420	(1,557)
Profit (loss) before tax	9,487	3,053	5,472	1,089	1,021	410	11,044	(1,558)
Net attributable profit (loss) excluding non-recurring impacts	5,961	2,110	3,987	367	496	322	7,282	(1,321)
Net attributable profit (loss)	5,961	2,110	3,987	367	496	322	7,282	(1,321)
Jan.-Sep.22 (1)								
Net interest income	13,790	2,687	5,922	1,961	3,074	243	13,887	(97)
Gross income	18,255	4,620	7,661	2,347	3,186	584	18,399	(144)
Operating income	10,428	2,477	5,218	1,561	1,693	217	11,166	(737)
Profit (loss) before tax	7,844	2,107	3,896	1,205	1,148	229	8,585	(741)
Net attributable profit (loss) excluding non-recurring impacts (2)	4,997	1,505	2,918	333	625	182	5,563	(566)
Net attributable profit (loss)	4,795	1,304	2,918	333	625	182	5,361	(566)

(1) Balances restated according to IFRS 17 - Insurance contracts.

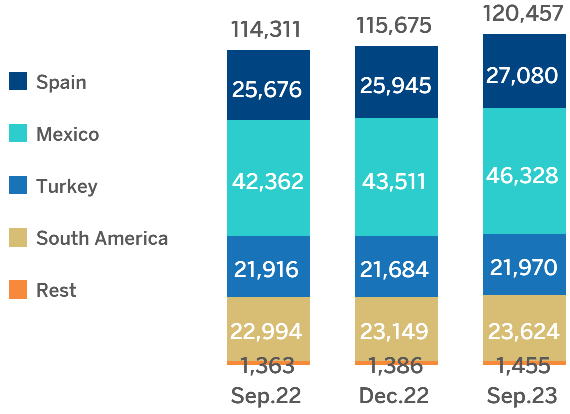
(2) Non-recurring impacts includes the net impact arisen from the purchase of offices in Spain in the second quarter of 2022.

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

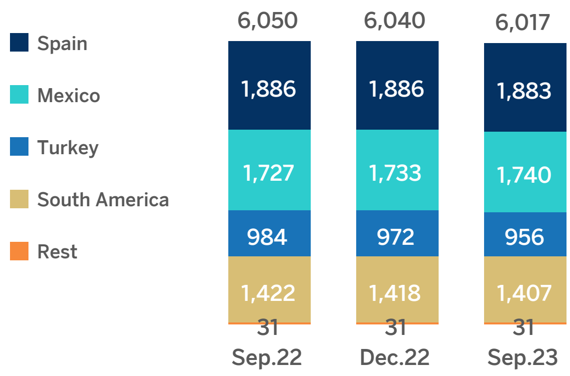
		Business areas							
	BBVA Group	Spain	Mexico	Turkey	South America	Rest of Business	∑ Business areas	Corporate Center	Deletions
30-09-23									
Loans and advances to customers	376,336	173,619	86,727	37,466	42,119	37,862	377,794	129	(1,587)
Deposits from customers	403,861	212,725	86,373	51,104	44,535	10,204	404,942	191	(1,272)
Off-balance sheet funds	160,485	93,024	52,741	7,894	6,345	480	160,484	1	—
Total assets/liabilities and equity	757,736	437,757	173,017	69,272	67,136	55,740	802,923	22,671	(67,858)
RWAs	357,972	117,112	88,290	53,056	50,255	35,087	343,799	14,173	—
31-12-22 (1)									
Loans and advances to customers	357,351	173,971	71,231	37,443	38,437	37,375	358,456	278	(1,383)
Deposits from customers	394,404	221,019	77,750	46,339	40,042	9,827	394,978	187	(760)
Off-balance sheet funds	150,172	86,759	38,196	6,936	17,760	520	150,170	2	—
Total assets/liabilities and equity	712,092	427,116	142,557	66,036	61,951	49,952	747,613	22,719	(58,239)
RWAs	337,066	114,474	71,738	56,275	46,834	35,064	324,385	12,682	—

(1) Balances restated according to IFRS 17 - Insurance contracts.

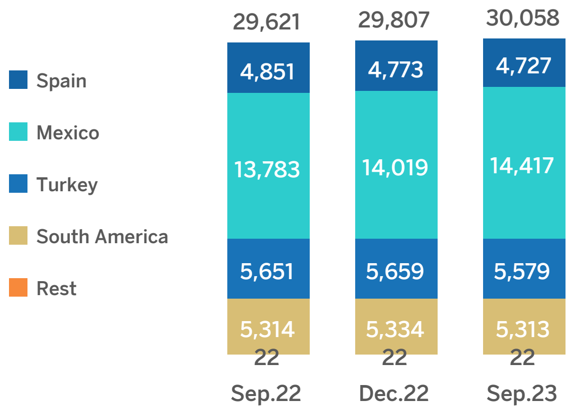
NUMBER OF EMPLOYEES



NUMBER OF BRANCHES



NUMBER OF ATMS

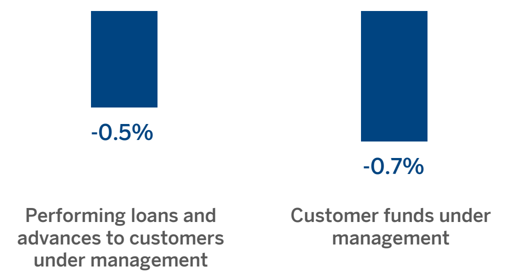


Spain

Highlights

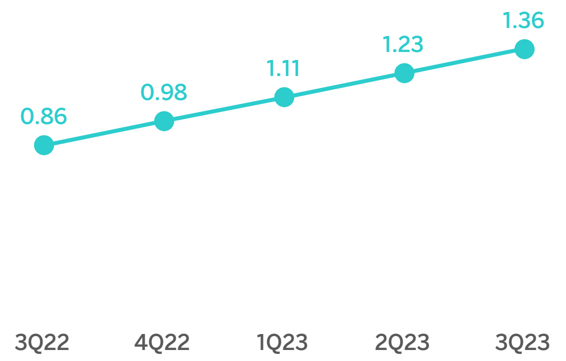
- **Growth in consumer loans, SMEs and public sector during the year**
- **Net interest income dynamism continues**
- **Very significant improvement of the efficiency ratio**
- **Cost of risk remains at low levels**

BUSINESS ACTIVITY [1] (VARIATION COMPARED TO 31-12-22)

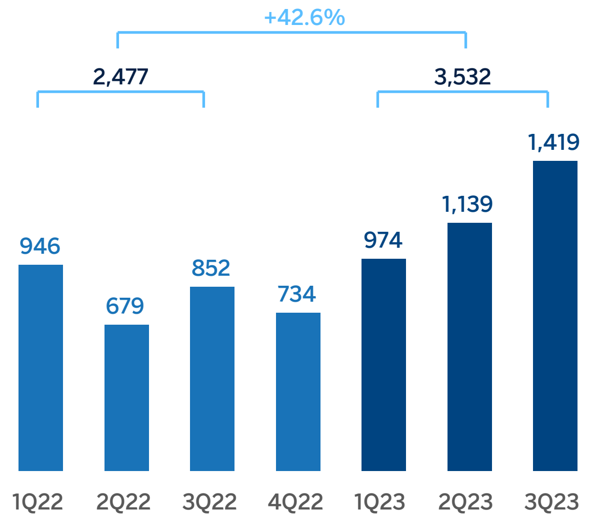


[1] Excluding repos.

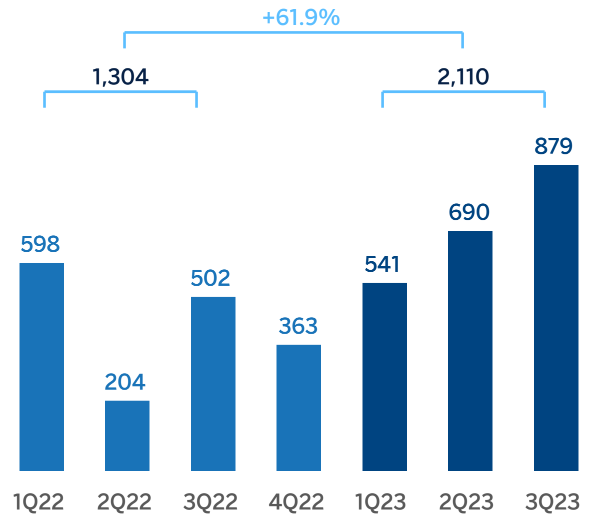
NET INTEREST INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE)



OPERATING INCOME (MILLIONS OF EUROS)



NET ATTRIBUTABLE PROFIT (LOSS) (MILLIONS OF EUROS)



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

Income statement	Jan.-Sep.23	Δ %	Jan.-Sep. 22 [1]
Net interest income	**4,053**	**50.8**	**2,687**
Net fees and commissions	1,603	(2.0)	1,635
Net trading income	309	(6.2)	329
Other operating income and expenses	(132)	n.s.	(31)
Of which: Insurance activities	*278*	*2.9*	*270*
Gross income	**5,833**	**26.3**	**4,620**
Operating expenses	(2,301)	7.3	(2,144)
Personnel expenses	*(1,292)*	*10.5*	*(1,169)*
Other administrative expenses	*(723)*	*8.3*	*(668)*
Depreciation	*(286)*	*(6.8)*	*(307)*
Operating income	**3,532**	**42.6**	**2,477**
Impairment on financial assets not measured at fair value through profit or loss	(405)	21.9	(332)
Provisions or reversal of provisions and other results	(74)	100.4	(37)
Profit (loss) before tax	**3,053**	**44.9**	**2,107**
Income tax	(941)	56.9	(600)
Profit (loss) for the period	**2,112**	**40.1**	**1,507**
Non-controlling interests	(2)	(31.6)	(3)
Net attributable profit (loss) excluding non-recurring impacts	**2,110**	**40.2**	**1,505**
Net impact arisen from the purchase of offices in Spain	—	—	(201)
Net attributable profit (loss)	**2,110**	**61.9**	**1,304**

Balance sheets	30-09-23	Δ %	31-12-22 [1]
Cash, cash balances at central banks and other demand deposits	34,461	(29.9)	49,185
Financial assets designated at fair value	138,913	9.9	126,413
Of which: Loans and advances	*58,053*	*38.5*	*41,926*
Financial assets at amortized cost	214,593	4.9	204,528
Of which: Loans and advances to customers	*173,619*	*(0.2)*	*173,971*
Inter-area positions	41,660	7.0	38,924
Tangible assets	2,882	(3.6)	2,990
Other assets	5,248	3.4	5,076
Total assets/liabilities and equity	**437,757**	**2.5**	**427,116**
Financial liabilities held for trading and designated at fair value through profit or loss	104,052	23.0	84,619
Deposits from central banks and credit institutions	41,839	(19.1)	51,702
Deposits from customers	212,725	(3.8)	221,019
Debt certificates	48,733	19.5	40,782
Inter-area positions	—	—	—
Other liabilities	15,979	0.7	15,870
Regulatory capital allocated	14,429	9.9	13,124

Relevant business indicators	30-09-23	Δ %	31-12-22
Performing loans and advances to customers under management [2]	170,282	(0.5)	171,209
Non-performing loans	7,931	0.5	7,891
Customer deposits under management [2]	211,611	(3.9)	220,140
Off-balance sheet funds [3]	93,024	7.2	86,759
Risk-weighted assets	117,112	2.3	114,474
Efficiency ratio (%)	39.4		47.5
NPL ratio (%)	4.0		3.9
NPL coverage ratio (%)	55		61
Cost of risk (%)	0.31		0.28

[1] Balances restated according to IFRS 17 - Insurance contracts.

[2] Excluding repos.

[3] Includes mutual funds, customer portfolios and pension funds.

Macro and industry trends

According to the latest estimate from BBVA Research, GDP growth will converge to around 2.4% in 2023 (unchanged from the previous forecast) and 1.8% in 2024 (30 basis points lower than previously expected). Despite the relative resilience of activity in recent quarters, largely related to the dynamism of the services sector, exports, and the labor market, as well as the effect of the European recovery funds, growth is expected to continue to moderate going forward, in line with the slowdown in growth in the Eurozone and the prospects of tighter monetary conditions and higher oil prices. Annual inflation, which reached 3.5% in September, will remain slightly above this level—and higher than previously expected—in the last quarter of 2023 and during most of 2024, pressured by recent increases in oil prices and the strength of the services sector.

As for the banking system, data at the end of July 2023 showed that the volume of credit to the private sector declined by 3.1% year-on-year. At the June close, household and corporate loan portfolios fell by 1.7% and 3.7% year-on-year, respectively. Customer deposits fell by 3.9% year-on-year as of the end of July 2023, due to an 8.1% reduction in demand deposits. This was not offset by the growth in time deposits (+49.6% year-on-year). The NPL ratio continued to decline, falling to 3.56% in August 2023, 30 basis points below the figure of the same period of the previous year. Furthermore, the system maintains comfortable solvency and liquidity levels.

Activity

The most relevant aspects related to the area's activity during the first nine months of 2023 were:

- Lending balances were in line with the end of December (-0.5%). By portfolios, loans to the public sector (+6.5%), consumer loans (+4.2%, including credit cards) and loans to SMEs (+2.3%) were offset by mortgage cancellations made by some customers and deleveraging by large corporations (-2.4%).
- Total customer funds remained relatively stable (-0.7%). Lower demand deposit balances (-5.5%) were partially offset mainly by off-balance sheet funds growth (mutual and pension funds, 7.2% overall), which increased mainly as a result of net contributions during the first nine months of the year.

The most relevant aspects related to the area's activity during the third quarter of 2023 were:

- Lending activity remained flat compared to the previous quarter (-0.3%) mainly due to the seasonal reduction in loans to the public sector (-13.3%), offset by the consumer loans (+3.4%, including credit cards), loans to large corporations (+2.6%) and SMEs (+0.6%). On the other hand, mortgage loans remained stable during the quarter (+0.1%).
- Regarding credit quality, the NPL ratio decreased 7 basis points compared to the previous quarter and stands at 4.0%, favored by both the positive dynamics of the wholesale portfolio and the impact of the sale of a default loan portfolio without collateral (non-performing loans and write-offs). As a result of this sale and given the high coverage level of the portfolio sold, the NPL coverage ratio decreased during the quarter to 55%.
- Total customer funds remained stable in the quarter (-0.4%). Customer deposits declined (-0.7%) influenced by seasonality, while off-balance sheet funds (mutual and pension funds) increased slightly (+0.2%), mainly due to the volume of net contributions, which offset the slight negative impact of the market evolution.

Results

Spain generated a net attributable profit of €2,110m in the first nine months of 2023, 61.9% higher than in the same period of the previous year, thanks again to the strength of the net interest income, which boosted gross income growth and comfortably offset the increase in expenses.

The most notable aspects of the year-on-year changes in the area's income statement at the end of September 2023 were:

- Net interest income grew by 50.8% and continues to benefit from the improvement in customer spreads derived from the interest rate hikes.
- Net fees and commissions were lower than the same period of the previous year (-2.0%), as a result of a lower contribution from banking services fees.
- Decrease in the year-on-year NTI contribution (-6.2%), despite the favorable evolution of Global Markets.
- Other operating income and expenses compare negatively with the same period of the previous year, due to the €215m recorded in this line, corresponding to the total annual amount paid for the temporary tax on credit institutions and financial credit establishments. On the other hand, the contribution to SRF was lower than in the same period of the previous year, and the performance of the insurance business improved compared to the same period of 2022.
- Operating expenses continued to increase (+7.3%), although well below the growth of gross income (+26.3%), which allowed a very significant improvement of the efficiency ratio by 695 basis points in the last twelve months. The increase in operating expenses is due to both higher fixed remuneration to personnel, with additional measures that improve those of the sectoral wage increase agreement, and higher general expenses, especially higher IT expenses.
- Impairment on financial assets increased 21.9% due to higher loan-loss provisions, mainly in the retail portfolio, which were affected by a higher rate environment, and together with some positive non-recurring items recorded in the first nine months of 2022. As a result of the above, the cumulative cost of risk at the end of September 2023 increased to 0.31%, which is 4 basis points above the cumulative figure at the end of the first half of the year.

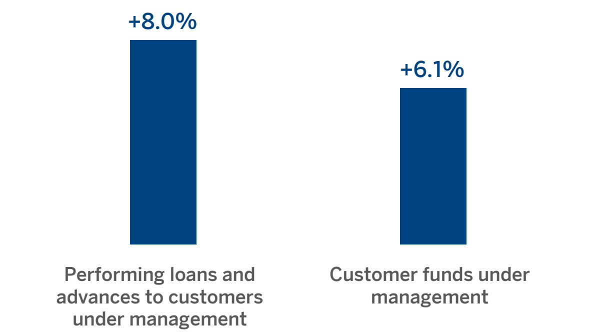
In the third quarter of 2023, Spain generated a net attributable profit of €879m, which represents a growth of +27.4% compared to the previous quarter. The evolution between July and September was marked again by both the favorable performance of the net interest income (+11.0%), as well as by the improvement in the other operating income and expenses line compared to the second quarter, which included the contribution to the SRF.

Mexico

Highlights

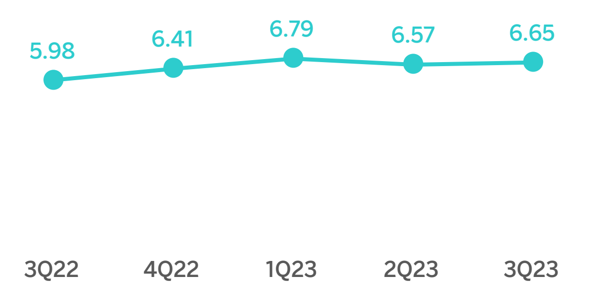
- **Lending activity acceleration in the quarter, with greater dynamism of the retail segment**
- **Net interest income continues to grow at double digit rates**
- **Favorable evolution of the efficiency ratio**
- **Quarterly net attributable profit continues at high levels**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATE COMPARED TO 31-12-22)

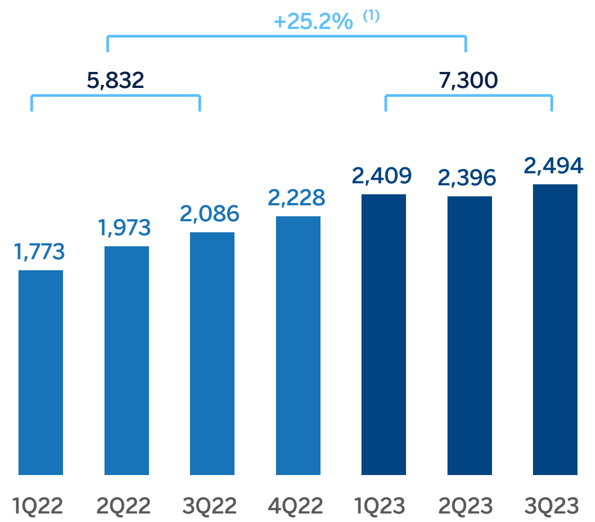


[1] Excluding repos.

NET INTEREST INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE AT CONSTANT EXCHANGE RATE)

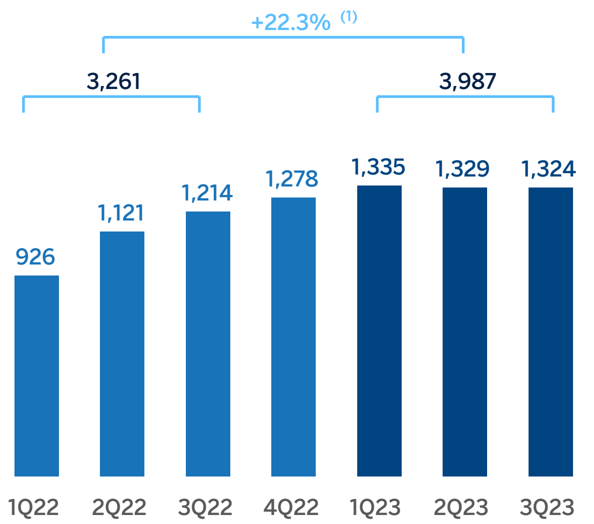


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATE)



[1] At current exchange rate: +39.9%.

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



[1] At current exchange rate: +36.7%.

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

Income statement	Jan.-Sep.23	Δ %	Δ % [1]	Jan.-Sep. 22 [2]
Net interest income	**8,164**	**37.9**	**23.3**	**5,922**
Net fees and commissions	1,626	38.2	23.6	1,176
Net trading income	384	18.8	6.3	324
Other operating income and expenses	300	25.7	12.5	239
Gross income	**10,475**	**36.7**	**22.3**	**7,661**
Operating expenses	(3,175)	30.0	16.3	(2,443)
Personnel expenses	*(1,492)*	*34.6*	*20.4*	*(1,109)*
Other administrative expenses	*(1,337)*	*28.1*	*14.6*	*(1,043)*
Depreciation	*(346)*	*18.9*	*6.4*	*(291)*
Operating income	**7,300**	**39.9**	**25.2**	**5,218**
Impairment on financial assets not measured at fair value through profit or loss	(1,827)	43.1	28.0	(1,277)
Provisions or reversal of provisions and other results	(1)	(97.4)	(97.7)	(45)
Profit (loss) before tax	**5,472**	**40.4**	**25.7**	**3,896**
Income tax	(1,484)	51.8	35.8	(978)
Profit (loss) for the period	**3,988**	**36.7**	**22.3**	**2,918**
Non-controlling interests	(1)	37.0	22.6	(1)
Net attributable profit (loss)	**3,987**	**36.7**	**22.3**	**2,918**

Balance sheets	30-09-23	Δ %	Δ % [1]	31-12-22 [2]
Cash, cash balances at central banks and other demand deposits	9,781	(26.1)	(34.4)	13,228
Financial assets designated at fair value	60,945	30.9	16.1	46,575
Of which: Loans and advances	*4,162*	*176.2*	*145.1*	*1,507*
Financial assets at amortized cost	94,960	23.0	9.1	77,191
Of which: Loans and advances to customers	*86,727*	*21.8*	*8.0*	*71,231*
Tangible assets	2,329	18.2	4.9	1,969
Other assets	5,002	39.2	23.5	3,593
Total assets/liabilities and equity	**173,017**	**21.4**	**7.7**	**142,557**
Financial liabilities held for trading and designated at fair value through profit or loss	33,063	28.0	13.5	25,840
Deposits from central banks and credit institutions	11,677	165.3	135.3	4,402
Deposits from customers	86,373	11.1	(1.4)	77,750
Debt certificates	9,189	18.5	5.1	7,758
Other liabilities	21,868	28.8	14.3	16,976
Regulatory capital allocated	10,845	10.3	(2.1)	9,831

Relevant business indicators	30-09-23	Δ %	Δ % [1]	31-12-22
Performing loans and advances to customers under management [3]	87,362	21.7	8.0	71,788
Non-performing loans	2,385	23.0	9.1	1,939
Customer deposits under management [3]	85,157	10.4	(2.0)	77,117
Off-balance sheet funds [4]	52,741	38.1	22.5	38,196
Risk-weighted assets	88,290	23.1	9.2	71,738
Efficiency ratio (%)	30.3			31.7
NPL ratio (%)	2.6			2.5
NPL coverage ratio (%)	127			129
Cost of risk (%)	2.94			2.49

[1] At constant exchange rate.

[2] Balances restated according to IFRS 17 - Insurance contracts.

[3] Excluding repos.

[4] Includes mutual funds, customer portfolios and other off-balance sheet funds.

Macro and industry trends

The economy continues to expand at a relatively high rate, faster than anticipated, due to the dynamism of private consumption, the resilience of the manufacturing sector, the effects on private investment of the prospects for nearshoring of industrial production outside of China and the impact of higher public spending on the construction sector, amid improved growth prospects in the United States. According to BBVA Research, GDP could grow around 3.2% in 2023 and 2.6% in 2024 (in both cases, 80 basis points higher than the previous forecast). Annual inflation eased to 4.5% in September and will probably continue to gradually moderate in the coming quarters, remaining around 3.8% on average in 2024. Policy rates, which stood at 11.25% at the end of September, are expected to begin to be cut somewhat later than expected, starting at the beginning of 2024.

With respect to the banking system, at the end of August 2023 the volume of outstanding credit to the non-financial private sector increased by 10.5% in year-on-year terms, with a greater boost from the consumer portfolio (+18.2%), followed by mortgages (+10.3%) and businesses (+7.5%). Growth in total deposits remained at 8.7% in August 2023, in line with recent months. Time deposits slowed slightly in August (+15.3% year-on-year). The industry's non-performing loans remained stable at around 2.36% and capital ratios are at comfortable levels.

Unless expressly stated otherwise, all the comments below on rates of change, for both activity and results, will be given at constant exchange rate. These rates, together with changes at current exchange rates, can be found in the attached tables of financial statements and relevant business indicators.

Activity

The most relevant aspects related to the area's activity during the first nine months of 2023 were:

- Lending activity (performing loans under management) grew by 8.0% between January and September 2023 due to the positive evolution of the retail portfolio and the wholesale portfolio, the latter with better dynamics compared to the first half of 2023. The wholesale portfolio, which includes large companies and public sector, grew by 4.5%, highlighting the dynamism of the business segment (+4.0%). On the other hand, the retail portfolio grew at a rate of 10.8%, which supports the trend observed since the beginning of the year. Within this segment, consumer loans grew by 13.5%, credit cards by 12.8%, mortgage loans by 6.0%, and loans to SMEs by 17.1%. The loans portfolio continued to show a high diversification, of which 47.9% of the total correspond to the wholesale portfolio and the remaining 52.1% to the retail portfolio.
- Customer deposits under management declined between January and September of 2023 (-2.0%) due to the high rates environment and the containment of the cost of liabilities policy implemented by BBVA Mexico. The above was mainly offset by the growth of off-balance sheet funds, which was very relevant, particularly in mutual funds, which increased at a rate of 20.9% between January and September 2023.

The most relevant aspects related to the area's activity in the third quarter of 2023 were:

- Lending activity (performing loans under management) recorded a quarterly increase of 3.3%, with growth in both the wholesale and retail portfolios (+2.8% and +3.4%, respectively). During the quarter, the dynamism of the retail segment stands out as a result of the strong private consumption, which is supported by the favorable evolution of employment and the increase in real wages. In the wholesale portfolio, the public sector segment stood out, which increased by 8.9% in the third quarter.
- With regard to the asset quality indicators, the NPL ratio continues to be at comfortable levels and stood at 2.6% at the end of September 2023, which represents a growth of 9 basis points compared to the previous quarter and practical stability compared to the end of the year 2022 (+4 basis points). On the other hand, the NPL coverage ratio decreased to 127% at the end of September 2023, affected by the partial release of previous provisions, because of additional adjustments not assigned to particular clients or operations due to the performance observed in the portfolios associated with them.
- Customer deposits under management increased compared to the previous quarter (+1.9%), due to both higher demand deposits (+0.9%) and time deposits (+7.2%). On the other hand, off-balance sheet funds continued to grow at a rate of 5.9%.

Results

In Mexico, BBVA achieved a cumulative net attributable profit of €3,987m by the end of September 2023, representing an increase of 22.3% compared to the same period in 2022, mainly as a result of the significant growth in net interest income, thanks to the strong boost of the activity and the improvement in the customer spread.

The most relevant aspects of the year-on-year changes in the income statement at the end of September 2023 are summarized below:

- Net interest income recorded a significant growth (+23.3%), as a result of strong dynamism of lending activity and a price management efficiency (keeping the cost of deposits contained), with an improvement in customer spreads associated with a higher bias towards retail portfolio.
- Net fees and commissions, boosted by greater transactional banking, continued to increase at double digit (+23.6%), with growth in almost all commissions types, highlighting both credit cards and those derived from mutual funds management.
- The contribution from NTI increased (+6.3%) mainly as a result of the good performance of Global Markets, with a significant contribution from the foreign currency operations. The NTI showed a decline as a result of a bond swap operation associated with balance-sheet management.
- The other operating income and expenses line grew 12.5%, driven by the evolution of the insurance business.
- Operating expenses increased (+16.3%), with higher personnel expenses due to salary adjustments and an increase in the workforce in a context of strong growth in activity, and the increase of general expenses linked to inflation, particularly

marketing and technology. Despite the above, the efficiency ratio continued to evolve favorably, with a significant improvement of 158 basis points compared to twelve months earlier.

– Loan-loss provisions increased (+28.0%), mainly due to the higher provisioning needs of the retail portfolio, mainly in consumer and credit cards, partially affected by the strong increase of these segments. For its part, the cumulative cost of risk at the end of September 2023 stood at 2.94%, which is above the one registered at the end of June 2023 (+8 basis points).

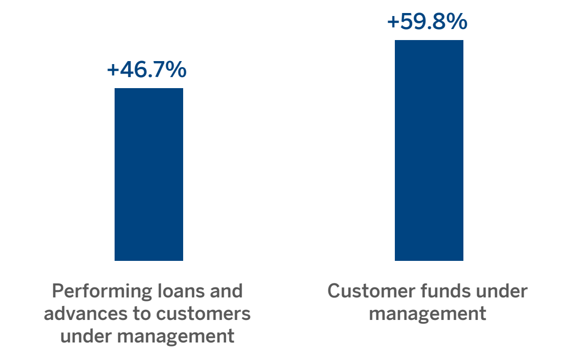
In the quarter, and excluding the exchange rate effects, BBVA Mexico generated net attributable profit of €1,324m. The good performance of the recurring income during the quarter was partially offset by a lower contribution of the NTI (mainly by the bond swap mentioned above), which, together with a somewhat higher impairment on financial assets, keeps the net attributable profit in line with the previous quarter(-0.4%).

Turkey

Highlights

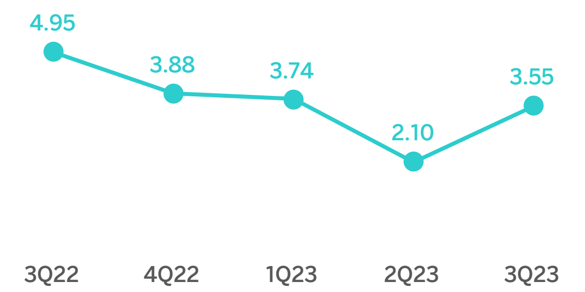
- **The dedollarization of the balance sheet continues in the quarter**
- **Improvement of the NPL ratio and NPL coverage ratio**
- **The cost of risk remains at low levels**
- **Net attributable profit of the third quarter negatively impacted by the hyperinflation adjustment and the increase in the tax rate**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATE COMPARED TO 31-12-22)

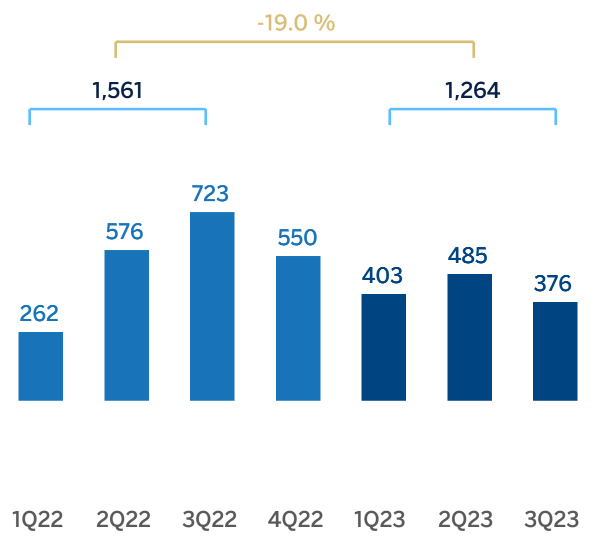


[1] Excluding repos.

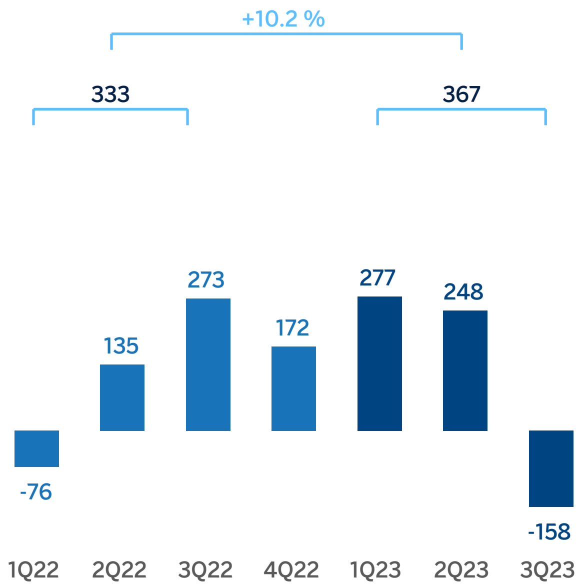
NET INTEREST INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE AT CURRENT EXCHANGE RATE)



OPERATING INCOME (MILLIONS OF EUROS AT CURRENT EXCHANGE RATE)



NET ATTRIBUTABLE PROFIT (LOSS) (MILLIONS OF EUROS AT CURRENT EXCHANGE RATE)



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

Income statement	Jan.-Sep.23	Δ %	Δ % [1]	Jan.-Sep. 22 [2]
Net interest income	**1,581**	**(19.3)**	**21.3**	**1,961**
Net fees and commissions	630	35.9	103.6	463
Net trading income	798	35.0	102.4	591
Other operating income and expenses	(699)	4.6	(41.5)	(668)
Gross income	**2,310**	**(1.6)**	**184.0**	**2,347**
Operating expenses	(1,046)	33.1	93.6	(786)
Personnel expenses	*(589)*	*29.7*	*94.1*	*(454)*
Other administrative expenses	*(346)*	*46.4*	*116.9*	*(236)*
Depreciation	*(112)*	*16.4*	*44.0*	*(96)*
Operating income	**1,264**	**(19.0)**	**n.s.**	**1,561**
Impairment on financial assets not measured at fair value through profit or loss	(84)	(70.4)	(55.5)	(285)
Provisions or reversal of provisions and other results	(91)	28.3	75.0	(71)
Profit (loss) before tax	**1,089**	**(9.7)**	**n.s.**	**1,205**
Income tax	(658)	(26.1)	8.6	(890)
Profit (loss) for the period	**431**	**36.7**	**n.s.**	**315**
Non-controlling interests	(64)	n.s.	n.s.	18
Net attributable profit (loss)	**367**	**10.2**	**n.s.**	**333**

Balance sheets	30-09-23	Δ %	Δ % [1]	31-12-22 [2]
Cash, cash balances at central banks and other demand deposits	11,493	89.6	175.9	6,061
Financial assets designated at fair value	4,134	(20.5)	15.6	5,203
Of which: Loans and advances	*1*	*(75.4)*	*(64.1)*	*3*
Financial assets at amortized cost	50,311	(2.5)	41.8	51,621
Of which: Loans and advances to customers	*37,466*	*0.1*	*45.6*	*37,443*
Tangible assets	1,471	21.3	66.4	1,213
Other assets	1,863	(3.9)	37.5	1,938
Total assets/liabilities and equity	**69,272**	**4.9**	**52.4**	**66,036**
Financial liabilities held for trading and designated at fair value through profit or loss	2,089	(2.3)	42.2	2,138
Deposits from central banks and credit institutions	2,447	(14.8)	24.0	2,872
Deposits from customers	51,104	10.3	60.5	46,339
Debt certificates	2,777	(14.2)	24.9	3,236
Other liabilities	4,333	(8.6)	30.5	4,741
Regulatory capital allocated	6,521	(2.8)	41.1	6,711

Relevant business indicators	30-09-23	Δ %	Δ % [1]	31-12-22
Performing loans and advances to customers under management [3]	37,493	0.8	46.7	37,191
Non-performing loans	1,991	(23.3)	11.5	2,597
Customer deposits under management [3]	49,775	9.2	58.9	45,592
Off-balance sheet funds [4]	7,894	13.8	65.6	6,936
Risk-weighted assets	53,056	(5.7)	36.9	56,275
Efficiency ratio (%)	45.3			33.5
NPL ratio (%)	3.8			5.1
NPL coverage ratio (%)	100			90
Cost of risk (%)	0.26			0.94

[1] At constant exchange rate.

[2] Balances restated according to IFRS 17 - Insurance contracts.

[3] Excluding repos.

[4] Includes mutual funds and pension funds.

Macro and industry trends

Since the general elections held in May 2023, there are increasing signs of changes in economic policy in general, and monetary policy in particular, which point to a gradual reversal of the current macroeconomic distortions. Benchmark interest rates were increased from 8.5% to 35% in October and may continue to rise further in the coming months in order to curb inflation, which reached 61.5% in September on a year-on-year basis, and thus provide greater stability for the Turkish lira. Economic growth is expected to reach 4.5% in 2023 (the same forecast as three months ago) and 3.5% in 2024 (150 basis points higher than the previous forecast), supported by a still dovish fiscal policy. Despite the high uncertainty, due in large part to doubts about the duration and scale of the current economic policy fine-tuning, it is likely that the pace of GDP growth will slow down. Eventually, pressures on inflation will ease, although it will remain at high levels, fueled by fiscal stimulus, exchange rate depreciation and the high momentum of the repricing process, among other factors.

As for the Turkish banking system, the effect of inflation remains strong. Total lending in the system increased 57.7% on a year-on-year basis in August, at similar levels to the previous months. The credit stock continued to be driven by the rise of consumer finance and credit cards (+110.3% year-on-year) while credit to businesses grew slightly less (+46.9% year-on-year). Total deposits increased at the end of August to 68.5% on a year-on-year basis. Turkish lira deposits continued to grow in the same month (+114.3%), while U.S. dollar deposits grew much more slowly (+28.6%). Dollarization stood at 42% at the end of August 2023 (versus 55% a year earlier, boosted by regulatory measures put in place since last year to encourage the growth of Turkish lira deposits). The system's NPL ratio continued to fall in recent months and in August 2023 was 1.61% (77 basis points lower than in the same month of 2022) and capital indicators remained at more than comfortable levels on the same date.

Unless expressly stated otherwise, all comments below on rates of changes for both activity and results, 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. For the conversion of these figures, the end of period exchange rate as of September 30, 2023 is used, reflecting the considerable depreciation by the Turkish lira in the last year, in particular during the second quarter of 2023, with a negative impact in the accumulated results at the end of September 2023. Likewise, the Balance sheet, the Risk-Weighted Asset (RWA) and the equity are affected.

Activity

The most relevant aspects related to the area's[11] activity in the first nine months of 2023 were:

- Lending activity (performing loans under management) increased by 46.7% between January and September 2023, mainly driven by the growth in Turkish lira loans (+42.0%). This growth was mainly supported by the performance of credit cards and, to a lesser extent, of loans to companies. Foreign currency loans (in U.S. dollars) increased by 4.5%, favored by the increase in activity with customers focused on foreign trade (with natural hedging of exchange rate risk).
- Customer deposits (74% of the area's total liabilities as of September 30, 2023) remained the main source of funding for the balance sheet and increased by 58.9%. The positive performance of Turkish lira time deposits (+93.7%), which represent a 80% of total customer deposits in local currency, is noteworthy. Balances deposited in foreign currency (in U.S. dollars) continued their downward path and decreased by 11.1%, with transfers from foreign currency time deposits to Turkish lira time deposits observed under a foreign exchange protection scheme. Thus, as of September 30, 2023, Turkish lira deposits accounted for 61% of total customer deposits in the area. For its part, off-balance sheet funds grew by 65.6%.

The most relevant aspects related to the area's activity in the third quarter of 2023 were:

- Lending activity (performing loans under management) increased by 8.0%, mainly driven by the growth in Turkish lira loans (+11.3%). On the other hand, the foreign currency loan balance remained stable compared to the end of the previous quarter (-0.8%).
- In terms of asset quality, the NPL ratio decreased 36 basis points from that at the end of June 2023 to 3.8% and 126 basis points below the figure at the end of 2022 mainly due to higher activity, supported by recoveries and repayments in the wholesale segment, which continued in the quarter. The NPL coverage ratio recorded an increase of 307 basis points in the quarter to 100% as of June 30, 2023, mainly due to a decrease in non-performing balances, which is higher than the decrease of provisions.
- Customer deposits increased by 3.1%, mainly thanks to the performance of Turkish lira time deposits (+11.8%) and off-balance sheet funds, which grew by 19.1%. On the other hand, balances deposited in foreign currency (in U.S. dollars) remained flat (-0.7%).

Results

Turkey generated a net attributable profit of €367m during the first nine months of 2023, which compares positively with the accumulated result reached at the end of September 2022, both periods reflecting the impact of the application of hyperinflation accounting.

As mentioned above, the year-on-year comparison of the accumulated income statement at the end of September 2023 at current exchange rate is affected by the strong depreciation of the Turkish lira in the last year (-37.8%). To exclude this effect, the highlights of the results for the first nine months of the year at constant exchange rate are summarized below:

- Net interest income recorded a year-on-year growth of 21.3%, mainly due to the growth in Turkish lira loans, as well as higher income from the securities portfolio in Turkish lira. This is partially offset by the decline in the Turkish lira spread.

[11] The variation rates of loans in Turkish lira and loans in foreign currency (U.S. dollars) only refer to Garanti Bank. Thus they exclude the subsidiaries of Garanti BBVA, mainly in Romania and Netherlands.

- Net fees and commissions increased by 103.6%, favored by the performance in payment systems fees, money transfers, brokerage activity, guarantees and asset management.
- NTI showed an excellent performance (+102.4%) thanks to the increase in the results of the Global Markets unit, favored by foreign exchange operations and portfolio sales.
- The other operating income and expenses line showed a balance of €-699m, which compares favorably with the previous year. This line includes, among others, the loss in the value of the net monetary position due to the country's inflation rate, which stood below the loss recorded in the first nine months of 2022, partially offset by the income derived from inflation-linked bonds (CPI linkers), which were higher in relation to those obtained in the first nine months of 2022. It is also worth highlighting the improved performance of the results of Garanti BBVA's subsidiaries, also included in this line.
- Operating expenses increased by 93.6%, with growth both in personnel, as a result of salary improvements to compensate for the loss of purchasing power of the workforce, and in general expenses, where higher expenses in technology stand out, as well as the institutional donation made by the BBVA Group to help those affected by the earthquake that struck an area in the south of the country last February.
- Impairment on financial assets decreased by 55.5%, mainly due to improvements in credit quality and the repayments in the wholesale segments, which led to a significant improvement in the accumulated cost of risk as of September 30, 2023 to 0.26% from the 0.89% at the end of September of the previous year.
- The provisions and other results line closed September 2023 with a higher loss than in the same period of the previous year, mainly due to the update of the provisions for commitments with personnel and also as a result of higher provisions for contingent risks and commitments.
- Lastly, the accumulated tax expense at the end of September 2023 reflects both the positive impact of the revaluation, for tax purposes, of Garanti BBVA's real estate and other depreciable assets that has generated a credit in corporate income tax rate -mainly in the first quarter of the year-, due to the higher tax base of the assets, and the increase of the corporate tax rate in Turkey from 25% to 30%, with retrospective application from January 1, 2023, which has negatively impacted the financial statements since the third quarter.

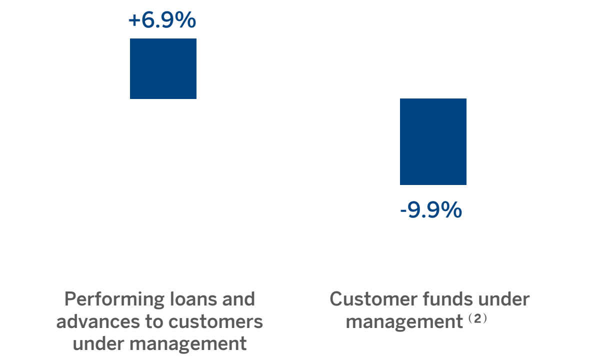
In the third quarter of 2023, the net attributable profit stood at €-158m, mainly due to the negative adjustment for hyperinflation, which has been significantly higher than in the previous quarter due to the higher inflation rate registered in the third quarter (25.1% vs 6.4% in the previous quarter), as well as to the tax rate increase mentioned above.

South America

Highlights

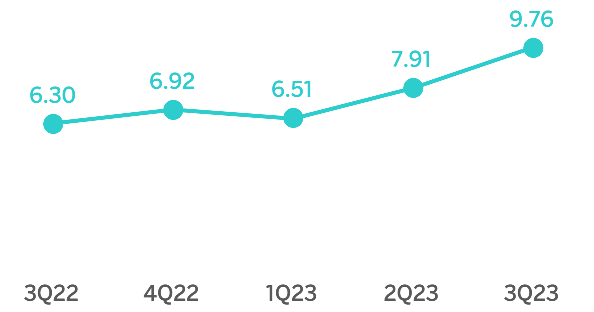
- **Growth in lending activity**
- **Excellent evolution of the net interest income**
- **Favorable NTI evolution**
- **Higher adjustment for hyperinflation in Argentina**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATES COMPARED TO 31-12-22)

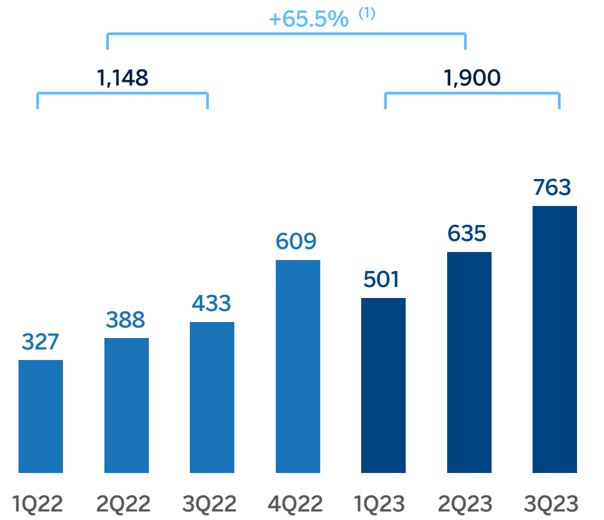


[1] Excluding repos.

NET INTEREST INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE AT CONSTANT EXCHANGE RATES)

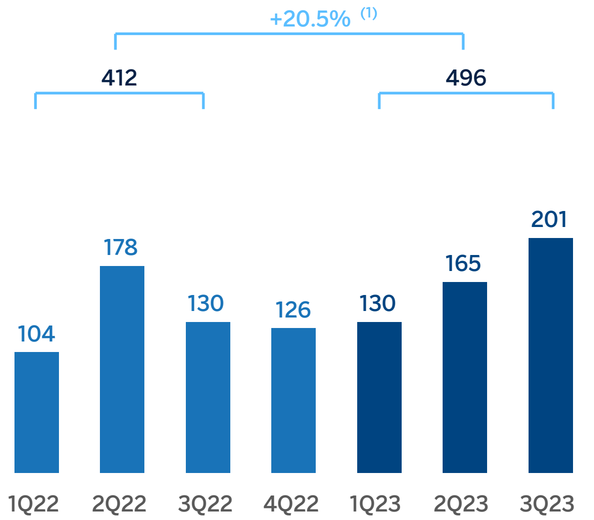


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



[1] At current exchange rates: +12.2%.

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



[1] At current exchange rates: -20.6%.

[2] The variation in customer funds under management is affected by the transfer of the pension funds managed by the Pension Fund Administrator that the BBVA Group maintains in Bolivia to the Public Long-Term Social Security Manager of Bolivia.

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

Income statement	Jan.-Sep.23	Δ %	Δ % (1)	Jan.-Sep. 22 (2)
Net interest income	**3,892**	**26.6**	**67.6**	**3,074**
Net fees and commissions	584	(4.1)	18.9	608
Net trading income	386	8.7	33.6	355
Other operating income and expenses	(1,285)	51.0	68.5	(851)
Gross income	**3,577**	**12.3**	**52.9**	**3,186**
Operating expenses	(1,677)	12.3	40.8	(1,493)
Personnel expenses	*(779)*	*9.1*	*39.4*	*(714)*
Other administrative expenses	*(762)*	*17.3*	*48.8*	*(650)*
Depreciation	*(136)*	*4.7*	*13.0*	*(130)*
Operating income	**1,900**	**12.2**	**65.5**	**1,693**
Impairment on financial assets not measured at fair value through profit or loss	(864)	79.2	110.0	(482)
Provisions or reversal of provisions and other results	(15)	(75.9)	(70.7)	(63)
Profit (loss) before tax	**1,021**	**(11.0)**	**49.1**	**1,148**
Income tax	(265)	9.8	215.8	(241)
Profit (loss) for the period	**756**	**(16.6)**	**25.8**	**906**
Non-controlling interests	(260)	(7.6)	37.5	(281)
Net attributable profit (loss)	**496**	**(20.6)**	**20.5**	**625**

Balance sheets	30-09-23	Δ %	Δ % (1)	31-12-22 (2)
Cash, cash balances at central banks and other demand deposits	7,228	(6.1)	(1.3)	7,695
Financial assets designated at fair value	11,519	7.3	18.9	10,739
Of which: Loans and advances	*224*	*47.9*	*24.8*	*152*
Financial assets at amortized cost	45,000	11.3	9.5	40,448
Of which: Loans and advances to customers	*42,119*	*9.6*	*7.3*	*38,437*
Tangible assets	1,115	2.5	8.5	1,088
Other assets	2,274	14.8	15.7	1,981
Total assets/liabilities and equity	**67,136**	**8.4**	**9.9**	**61,951**
Financial liabilities held for trading and designated at fair value through profit or loss	3,209	14.1	(1.9)	2,813
Deposits from central banks and credit institutions	5,121	(8.7)	(11.7)	5,610
Deposits from customers	44,535	11.2	13.1	40,042
Debt certificates	3,055	3.3	3.0	2,956
Other liabilities	5,189	11.5	33.9	4,655
Regulatory capital allocated	6,028	2.6	4.1	5,874

Relevant business indicators	30-09-23	Δ %	Δ % (1)	31-12-22
Performing loans and advances to customers under management (3)	42,014	9.2	6.9	38,484
Non-performing loans	2,253	22.8	16.9	1,835
Customer deposits under management (4)	44,535	11.2	13.1	40,042
Off-balance sheet funds (5)	6,345	(64.3)	(62.9)	17,760
Risk-weighted assets	50,255	7.3	8.5	46,834
Efficiency ratio (%)	46.9			46.3
NPL ratio (%)	4.6			4.1
NPL coverage ratio (%)	93			101
Cost of risk (%)	2.50			1.69

(1) At constant exchange rates.

(2) Balances restated according to IFRS 17 - Insurance contracts.

(3) Excluding repos.

(4) Excluding repos and including specific marketable debt securities.

(5) Includes mutual funds, customer portfolios in Colombia and Peru and pension funds in Bolivia as of 31-12-2022.

SOUTH AMERICA. DATA PER COUNTRY (MILLIONS OF EUROS)

	Operating income				Net attributable profit (loss)			
Country	**Jan.-Sep.23**	**Δ %**	**Δ % [1]**	**Jan.-Sep. 22 [2]**	**Jan.-Sep.23**	**Δ %**	**Δ % [1]**	**Jan.-Sep. 22 [2]**
Argentina	487	51.9	n.s.	321	138	(11.9)	n.s.	156
Colombia	356	(31.7)	(24.6)	522	115	(47.5)	(41.9)	218
Peru	817	20.2	19.6	680	155	(8.0)	(8.4)	168
Other countries [3]	240	40.4	36.8	171	89	8.2	5.2	83
Total	**1,900**	**12.2**	**65.5**	**1,693**	**496**	**(20.6)**	**20.5**	**625**

[1] Figures at constant exchange rates.

[2] Balances restated according to IFRS 17 - Insurance contracts.

[3] Bolivia, Chile (Forum), Uruguay and Venezuela. Additionally, it includes eliminations and other charges.

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

	Argentina		Colombia		Peru	
	30-09-23	**31-12-22**	**30-09-23**	**31-12-22**	**30-09-23**	**31-12-22**
Performing loans and advances to customers under management [1] [2]	3,752	1,947	16,444	15,743	17,285	17,198
Non-performing loans [1]	74	32	848	712	1,175	1,070
Customer deposits under management [1] [3]	6,974	3,540	16,958	15,471	16,758	16,467
Off-balance sheet funds [1] [4]	2,399	1,171	2,189	2,425	1,755	1,475
Risk-weighted assets	6,678	8,089	18,616	15,279	19,436	17,936
Efficiency ratio (%)	57.6	61.3	48.0	40.4	36.6	37.2
NPL ratio (%)	1.8	1.6	4.7	4.2	5.4	4.9
NPL coverage ratio (%)	144	173	92	106	88	91
Cost of risk (%)	3.60	2.61	1.97	1.56	2.79	1.58

[1] Figures at constant exchange rates.

[2] Excluding repos.

[3] Excluding repos and including specific marketable debt securities.

[4] Includes mutual funds and customer portfolios (in Colombia and Peru).

Unless expressly stated otherwise, all the comments below on rates of change, for both activity and results, will be given at constant exchange rates. These rates, together with the changes at current exchange rates, can be found in the attached tables of the financial statements and relevant business indicators.

Activity and results

The most relevant aspects related to the area's activity during the first nine months of the year 2023 were:

- Lending activity (performing loans under management) increased by 6.9%, with growth focused on the retail portfolio, which grew more than the wholesale portfolio (+11.2% versus +3.1%), mainly favored by the evolution of consumer loans (+11.2%), and credit cards (+36.9%). On the other hand, corporate loans also increased (+3.2%).
- Customer funds under management decreased (-9.9%) compared to the closing balances at the end of 2022, with an increase in time deposits (+29.7%) and a reduction of off-balance sheet funds (-62.9%) due to the transfer of pension funds managed by the Pension Fund Administrator that the BBVA Group maintains in Bolivia to the Public Long-Term Social Security Management Company of this country.

The most relevant aspects related to the area's activity during the third quarter of the year 2023 were:

- Lending activity (performing loans under management) increased by +2.8%, also boosted by consumer loans (+3.4%), credit cards (+11.5%) and corporate loans (+1.5%).
- With regard to asset quality, the NPL ratio stood at 4.6%, with an increase of 28 basis points in the quarter at the regional level, generalized in all countries, except Argentina which was positively affected by activity growth. On the other hand, the area's NPL coverage ratio decreased to 93%.
- Customer funds under management increased (+7.6%) compared to the previous quarter thanks to both good evolution of customer deposits (+6.5%) and off-balance sheet funds (+16.3%).

South America generated a cumulative net attributable profit of €496m at the end of the first nine months of the year 2023, which represents a year-on-year increase of +20.5%, driven again by the good performance of recurring income (+59.1%) and the area's NTI, which offset the increase in expenses, in a highly inflationary environment throughout the region and higher provisioning needs for impairment on financial assets.

The heading "Other operating income and expenses" mainly includes the impact of the adjustment for hyperinflation in Argentina, whose net monetary loss stood at €953m in the period January-September 2023, which is higher than the €670m registered in the period January-September 2022.

More detailed information on the most representative countries of the business area is provided below:

Argentina

Macro and industry trends

The macroeconomic environment has continued to deteriorate. Risk of economic and financial turbulence has increased, in a context of high uncertainty related to the presidential elections in the fourth quarter of 2023. BBVA Research estimates that GDP will fall by around 3.5% this year, the same forecast as three months ago, largely due to the impact of the adverse weather shock on the production and export of agricultural goods. Despite high uncertainty about the future economic policy, an eventual tightening of fiscal and monetary conditions will most likely help bring inflation (which reached 138.3% in September and could converge to around 200% by the end of 2023) under control, despite an expected further depreciation of the Argentine peso. Given this environment, GDP could decline by around 2.5% in 2024, 50 basis points more than previously expected.

The banking sector continues to grow at a stable pace but feels the burden of high inflation. At the end of September 2023, total credit grew by 108% compared to the same month in 2022, favored by both consumer and corporate portfolios, which reached year-on-year growth rates of 96% and 131%, respectively. Deposits slowed slightly compared to the previous month, growing by 113% in September. Finally, the NPL ratio remained stable at 3.1% in July 2023 (7 basis points lower than in the same month of 2022).

Activity and results

- Between January and September of 2023, performing loans under management increased by 92.7%, with growth in both the business portfolio (+107.3%) and the retail portfolio (+78.6%), highlighting in the latter credit cards (+78.4%) and consumer loans (+72.0%). The NPL ratio stood at 1.8%, which represents a decrease of 9 basis points compared to the previous quarter, positively affected by activity growth, which offset higher entries in NPLs in mainly credit cards and consumer loans. On the other hand, the NPL coverage ratio stood at 144%, with decline compared to the previous quarter due to a non-recurring item.
- Balance sheet funds grew by 97.0% between January and September of 2023, with time deposits increasing at a faster rate than demand deposits (+112.2% versus +75.3%). On the other hand, mutual funds also increased (+104.9%).
- The cumulative net attributable profit at the end of September 2023 stood at €138m, well above the figure achieved in the same period of 2022, which is mainly explained by the favorable evolution of the net interest income, driven by both volume and price effect, mainly in credit cards and business portfolio, as well as a higher profitability of the securities portfolios. This evolution was partially offset by a more negative adjustment for hyperinflation (mainly collected in the other operating income and expenses line), higher expenses -both in personnel due to salary revisions, as well as general expenses-, and provisions, due to both the credit and the fixed income securities portfolio. In the quarterly evolution, the net interest income and NTI growth was partially offset by a higher negative adjustment for hyperinflation within the other operating income and expenses line as well as by the operating expenses increase.

Colombia

Macro and industry trends

Economic activity lost momentum throughout 2023, in line with the expectations of BBVA Research, which maintains unchanged GDP growth forecasts of 1.2% in 2023 and 1.5% in 2024. Lower growth in domestic demand is expected to favor a gradual moderation of inflation from 11.0% in September to around 7.1%, on average, in 2024. This will probably allow interest rates, which at the date of drafting of this report are at 11.25%, to be gradually cut from the fourth quarter of 2023 onwards.

Total credit growth in the banking system stood at 8.9% year-on-year in June 2023, and continues to be driven by corporate lending at 10.9% and mortgages at 10.8%. Consumer credit deceleration stands out, as it slowed from a year-on-year growth rate of 20% throughout the full year 2022 to 5.1% in June 2023. Total deposits showed a year-on-year growth rate of 9.8% in June 2023, with a strong increase in time deposits (up 50.5% year-on-year) and a fall in demand deposits (down 9.6% year-on-year). The NPL ratio of the system has climbed in recent months to 4.7% in June 2023, 101 basis points higher than in the same month of 2022.

Activity and results

- Lending activity registered a growth of 4.4% compared to the end of 2022. Both the retail and wholesale portfolio increased (+5.9% and +2.5%, respectively) thanks to the performance of consumer loans, credit cards and business loans, although the latter showed deleveraging in the third quarter (-1.7%). In terms of asset quality, the NPL ratio increased in the third quarter of the year (+24 basis points) to 4.7%, originating from retail portfolios, mainly consumer and credit cards portfolios. On the other hand, the NPL coverage ratio declined in the quarter to 92% due to the lower average provisions of balances with NPL inflows during the quarter.
- In the first nine months of 2023, customer deposits increased by 9.6% thanks to the positive evolution of time deposits (+24.7%).
- The cumulative net attributable profit at the end of the first nine months of 2023 stood at €115m, that is 41.9% lower than at the end of the same period of the previous year. The lower contribution from net interest income was affected by the high cost of funds and was partially offset by the net fees and commissions evolution. On the lower part of the income statement, higher operating expenses and increase in provisions for impairment of financial assets due to higher requirements in the retail portfolio within a more complex macroeconomic environment. In the third quarter of 2023, net interest income

evolved favorably, although a lower income from commissions and particularly a worse NTI performance (negative in the quarter due to the Global Markets results) were registered. On the other hand, a higher operating expenses and loan-loss provisions was observed. As a result of the above, the quarterly net attributable profit closed 71.9% below the previous quarter.

Peru

Macro and industry trends

Economic activity has shown weakness in recent months in a setting marked by adverse weather shocks. BBVA Research has therefore revised its forecast for GDP growth in 2023 from 1.6% to 0.4%. In addition, the easing of inflation (which reached 5.0% in September and will average around 3.5% in 2024) and the process of cutting interest rates (which will probably fall from the October level of 7.25%, reached after two cuts of 25 basis points in recent months, to around 5.25% at the end of next year) will presumably support a recovery in activity and GDP growth of 2.3% in 2024 (30 basis points below the previous forecast).

Total credit in the Peruvian banking system fell in August 2023 (-3.6% year-on-year). Performance by portfolio is uneven, with the biggest slowdown continuing to be seen in corporate lending, with a year-on-year contraction in the balance of -10.3%. However, consumer finance remained buoyant, growing by 13.2% year-on-year in August 2023, while the mortgage portfolio maintained a stable growth rate of around 4.6% year-on-year. Total deposits in the system dropped in August (-1.2% year-on-year), with a continued shift towards time deposits (+26.1% year-on-year) to the detriment of demand deposits (-12.8% year-on-year). The NPL ratio across the banking system rose very slightly to 4.3% in August 2023 (36 basis points above the same month in 2022).

Activity and results

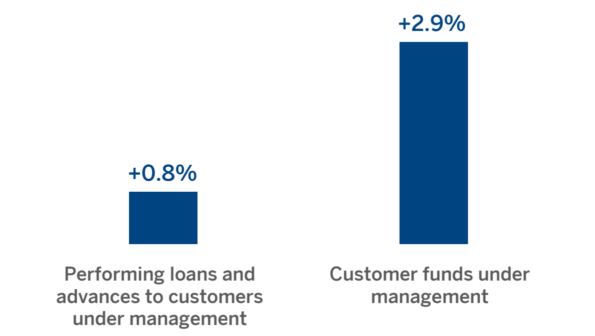
- Lending activity remained flat compared to the close of December 2022 (+0.5%) mainly due to the deleveraging of the corporate portfolio (-4.3%), principally due to the maturities of the "Reactiva Perú" program and some CIB operations, offset by a favorable evolution of consumer loans (+15.9%), credit cards (+18.2%) and mortgage portfolios (+3.0%). In terms of credit quality indicators, the NPL ratio increased by 41 basis points to stand at 5.4%, with entries mainly in retail portfolio, which were affected by the current environment. On the other hand, the NPL coverage ratio increased to 88% in the quarter.
- Customers funds under management increased during the first nine months of 2023 (+3.2%) due to the good performance of time deposits (+29.0%), favored by high rates environment by the central bank and, to a lesser extent, by the off-balance sheet funds (+19.0%), which offset the lower balances in demand deposits (-9.2%).
- BBVA Peru's net attributable profit stood at €155m at the end of September 2023, 8.4% below the figure achieved at the end of the same period of the previous year, favored by the good performance of net income and NTI. On the lower part of the income statement, there was an increase in operating expenses (+18.0%) and provisions for impairment of financial assets (+130.1%), with higher requirements due to the worsening of the macroeconomic environment. In the third quarter of 2023, net interest income increased, favored by the growth of corporates portfolio rates, but it was offset by a lower level of fees and commissions, higher operating expenses and particularly by higher loan-loss provisions, mainly due to the macroeconomic scenario update and higher loan-loss provisions in retail portfolios. Thus, and excluding the effect of exchange rate fluctuations, BBVA Peru's net attributable profit at the end of the third quarter stood at €43m, 19.8% lower than in the second quarter.

Rest of Business

Highlights

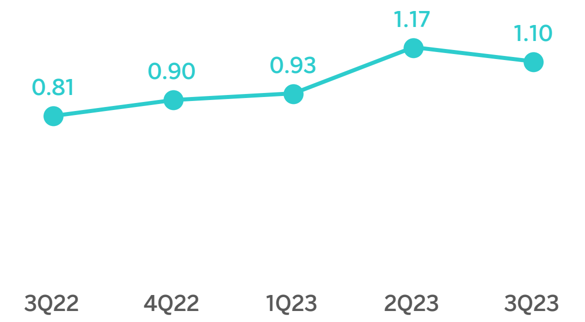
- **Recovery in lending activity during the quarter**
- **Dynamism in recurring income and NTI in the year**
- **NPL ratio and cost of risk remain at low levels**
- **Efficiency improvement continues in year-on-year terms**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATES COMPARED TO 31-12-22)

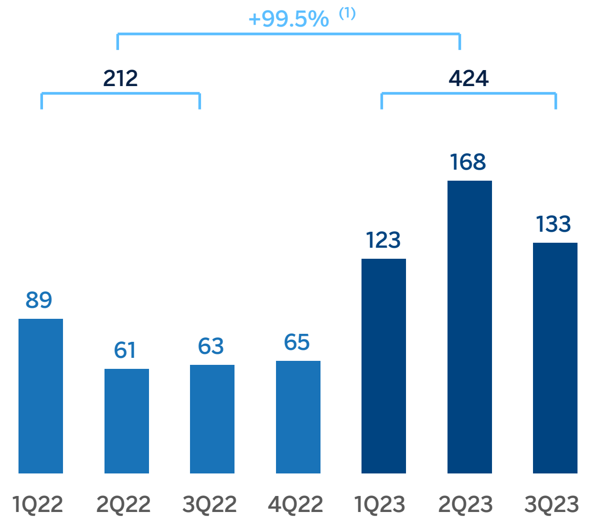


[1] Excluding repos.

NET INTEREST INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE AT CONSTANT EXCHANGE RATES)

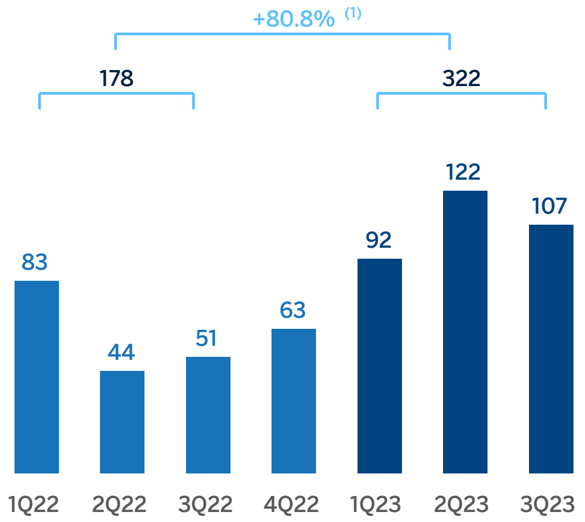


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



[1] At current exchange rates: +95.4%.

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



[1] At current exchange rates: +76.7%.

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

Income statement	Jan.-Sep.23	Δ %	Δ % [1]	Jan.-Sep.22
Net interest income	**405**	**66.6**	**70.2**	**243**
Net fees and commissions	192	3.5	5.0	186
Net trading income	251	66.6	69.6	151
Other operating income and expenses	4	(21.5)	(11.4)	5
Gross income	**852**	**45.8**	**48.6**	**584**
Operating expenses	(428)	16.5	18.6	(367)
Personnel expenses	*(211)*	*9.6*	*11.8*	*(193)*
Other administrative expenses	*(198)*	*25.7*	*27.9*	*(157)*
Depreciation	*(19)*	*9.0*	*9.5*	*(17)*
Operating income	**424**	**95.4**	**99.5**	**217**
Impairment on financial assets not measured at fair value through profit or loss	(25)	n.s.	n.s.	(4)
Provisions or reversal of provisions and other results	10	(33.0)	(26.7)	15
Profit (loss) before tax	**410**	**79.2**	**83.3**	**229**
Income tax	(88)	89.2	93.1	(46)
Profit (loss) for the period	**322**	**76.7**	**80.8**	**182**
Non-controlling interests	—	—	—	—
Net attributable profit (loss)	**322**	**76.7**	**80.8**	**182**

Balance sheets	30-09-23	Δ %	Δ % [1]	31-12-22
Cash, cash balances at central banks and other demand deposits	4,395	9.5	8.7	4,015
Financial assets designated at fair value	9,466	86.0	84.8	5,090
Of which: Loans and advances	*8,731*	*106.4*	*105.1*	*4,230*
Financial assets at amortized cost	41,296	2.2	1.9	40,425
Of which: Loans and advances to customers	*37,862*	*1.3*	*1.1*	*37,375*
Inter-area positions	—	—	—	—
Tangible assets	151	92.9	92.5	78
Other assets	433	26.1	25.6	343
Total assets/liabilities and equity	**55,740**	**11.6**	**11.3**	**49,952**
Financial liabilities held for trading and designated at fair value through profit or loss	8,598	95.5	94.2	4,397
Deposits from central banks and credit institutions	1,305	(52.5)	(52.6)	2,745
Deposits from customers	10,204	3.8	3.5	9,827
Debt certificates	1,380	(11.6)	(11.8)	1,561
Inter-area positions	28,853	10.7	10.5	26,060
Other liabilities	1,334	31.5	30.9	1,014
Regulatory capital allocated	4,066	(6.5)	(6.7)	4,348

Relevant business indicators	30-09-23	Δ %	Δ % [1]	31-12-22
Performing loans and advances to customers under management [2]	37,807	1.0	0.8	37,431
Non-performing loans	296	53.6	53.6	192
Customer deposits under management [2]	10,204	3.8	3.5	9,827
Off-balance sheet funds [3]	480	(7.7)	(7.7)	520
Risk-weighted assets	35,087	0.1	(0.2)	35,064
Efficiency ratio (%)	50.2			65.0
NPL ratio (%)	0.6			0.4
NPL coverage ratio (%)	82			131
Cost of risk (%)	0.09			0.04

[1] At constant exchange rates.

[2] Excluding repos.

[3] Includes pension funds.

Unless expressly stated otherwise, all the comments below on rates of change, for both activity and results, will be given at constant exchange rates. These rates, together with the changes at current exchange rates, can be found in the attached tables of the financial statements and relevant business indicators. Comments that refer to Europe exclude Spain.

Activity

The most relevant aspects of the evolution of BBVA Group's Rest of Business activity between January and September 2023 were:

- Lending activity (performing loans under management) remained practically stable (+0.8%), mainly due to the favorable performance of the New York branch and, to a lesser extent, the business in Europe, which have offset the deleveraging of the wholesale business in Asia.
- Customer funds under management grew by 2.9%, thanks to the growth in time deposits in the Asian and, to a lesser extent, New York branches, which offset the decline in demand deposits.

The most relevant aspects of the evolution of BBVA Group's Rest of Business activity during the third quarter of 2023 were:

- Lending activity (performing loans under management) grew at a rate of 3.7%, highlighting the good performance in Europe and New York.
- Regarding credit risk indicators, the NPL ratio increased to 0.6%, which is above the previous quarter but still within contained levels, due to an NPL inflow from a specific customer. On the other hand, the coverage ratio decreased to 82%.
- Customer funds under management decreased by 3.6% due to the performance of deposits in the European and New York branches, partially offset by the time deposits evolution in Asia. Off-balance-sheet customer funds registered a decline of 5.1% compared to the previous quarter.

Results

Rest of Business achieved an accumulated net attributable profit of €322m at the end of the first nine months of 2023, 80.8% higher than in the same period of the previous year, thanks to a favorable performance of recurring income, especially the net interest income, and the NTI, which offset the increase in expenses in a context of higher inflation and normalization of loan-loss provisions.

In the year-on-year evolution of the main lines of the area's income statement at the end of September 2023, this was particularly noteworthy:

- The net interest income improved 70.2% as a result of generalized interest rate hikes by central banks in the geographical areas included in this aggregate. The performance in Europe and, to a lesser extent, of the New York branch, were particularly worthy of mention.
- Net fees and commissions increased (+5.0%), with a good performance especially in the New York office, BBVA Securities and, to a lesser extent, the CIB business in Asia, which offset lower fees and commissions recorded in Europe.
- The NTI grew by 69.6% supported by the results of the businesses that the Group maintains in the United States, with the New York branch standing out, and, to a lesser extent, by the results in Europe and Asia.
- Increase in operating expenses of 18.6%, mainly due to higher general and personnel expenses, mainly in Europe and the New York branch.
- The impairment on financial assets line at the end of September 2023 registered a provision of €25m, mainly originated in Europe.
- The provisions or reversal of provisions line and other results as a whole showed a decline of 26.7% partly due to lower releases for risks and contingent commitments compared to the same period of the previous year, originated in the New York branch.

In the third quarter of 2023 and excluding the effect of the variation in exchange rates, the Group's Rest of Businesses as a whole generated a net attributable profit of €107m (-12.0% compared to the previous quarter) mainly due to the decline of recurring revenues and NTI, mainly in the Group's wholesale businesses in Europe, and the growth in operating expenses, partially offset by lower loan-loss provisioning requirements and provision releases.

Corporate Center

FINANCIAL STATEMENTS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	Jan.-Sep.23	Δ %	Jan.-Sep.22
Net interest income	**(253)**	**159.8**	**(97)**
Net fees and commissions	(40)	59.8	(25)
Net trading income	(697)	n.s.	(80)
Other operating income and expenses	48	(18.1)	59
Gross income	**(943)**	**n.s.**	**(144)**
Operating expenses	(614)	3.5	(593)
Personnel expenses	*(475)*	*14.4*	*(415)*
Other administrative expenses	*16*	*n.s.*	*(29)*
Depreciation	*(155)*	*3.9*	*(149)*
Operating income	**(1,557)**	**111.1**	**(737)**
Impairment on financial assets not measured at fair value through profit or loss	1	n.s.	(1)
Provisions or reversal of provisions and other results	(2)	(44.1)	(3)
Profit (loss) before tax	**(1,558)**	**110.1**	**(741)**
Income tax	232	38.2	168
Profit (loss) for the period	**(1,326)**	**131.2**	**(574)**
Non-controlling interests	5	(36.3)	7
Net attributable profit (loss)	**(1,321)**	**133.4**	**(566)**

Balance sheets	30-09-23	Δ %	31-12-22
Cash, cash balances at central banks and other demand deposits	649	(24.2)	856
Financial assets designated at fair value	2,422	1.3	2,390
Of which: Loans and advances	*16*	*n.s.*	*—*
Financial assets at amortized cost	3,446	5.7	3,262
Of which: Loans and advances to customers	*129*	*(53.5)*	*278*
Inter-area positions	—	—	—
Tangible assets	1,775	(4.7)	1,863
Other assets	14,379	0.2	14,349
Total assets/liabilities and equity	**22,671**	**(0.2)**	**22,719**
Financial liabilities held for trading and designated at fair value through profit or loss	382	253.0	108
Deposits from central banks and credit institutions	779	14.3	682
Deposits from customers	191	2.3	187
Debt certificates	108	n.s.	(863)
Inter-area positions	3,850	(51.7)	7,963
Other liabilities	5,798	44.5	4,011
Regulatory capital allocated	(41,890)	5.0	(39,887)
Total equity	53,453	5.8	50,517

Results

The Corporate Center recorded, between January and September of 2023, a net attributable profit of €-1,321m , compared with €-566m recorded in the same period of the previous year, mainly due to a negative contribution in the NTI line from exchange rate hedges as a result of a better than expected currency performance, in particular the Mexican peso.

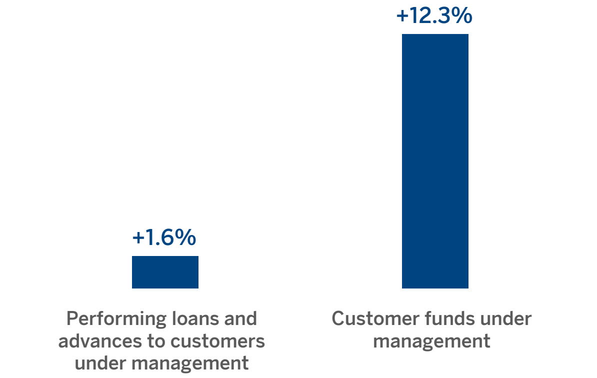
In the quarterly evolution of this aggregate, it is worth highlighting the favorable performance of NTI, which together with a contained operating expenses, have supported the improvement in the quarterly net attributable profit compared to the previous quarter.

Other information: Corporate & Investment Banking

Highlights

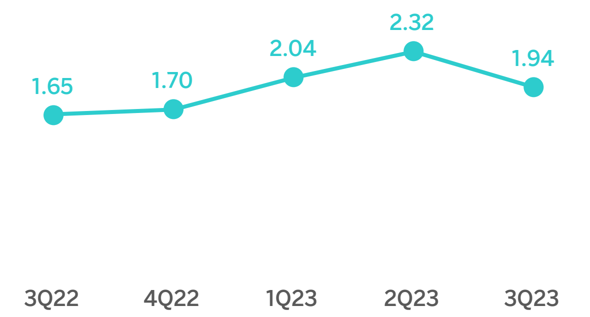
- **Slight increase in lending activity**
- **Excellent performance of NTI and favorable evolution of recurring income**
- **Efficiency improvement**
- **Year-on-year increase in net attributable profit**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATES COMPARED TO 31-12-22)

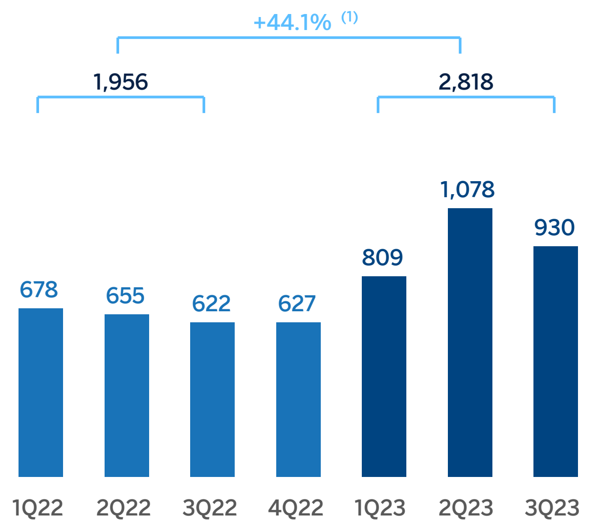


[1] Excluding repos.

GROSS INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE AT CONSTANT EXCHANGE RATES)

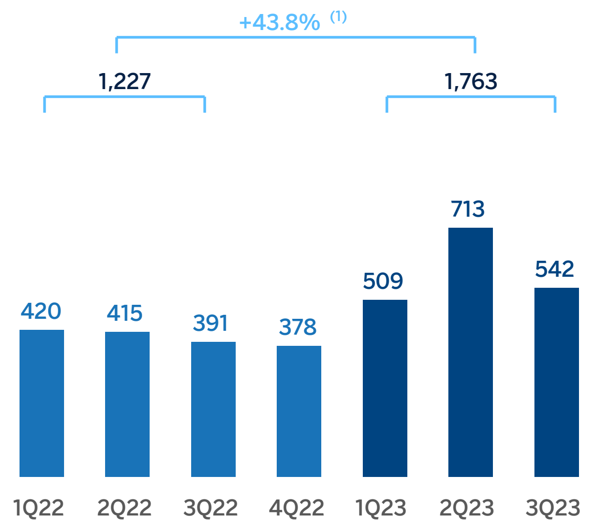


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



[1] At current exchange rates: +28.3%.

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



[1] At current exchange rates: +32.8%.

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

Income statement	Jan.-Sep.23 [1]	Δ %	Δ % [2]	Jan.-Sep.22
Net interest income	**1,568**	**6.6**	**17.1**	**1,471**
Net fees and commissions	795	17.5	23.7	677
Net trading income	1,438	59.5	81.7	902
Other operating income and expenses	(58)	95.1	104.5	(30)
Gross income	**3,743**	**24.0**	**36.4**	**3,019**
Operating expenses	(926)	12.5	17.3	(823)
Personnel expenses	*(438)*	*15.6*	*18.9*	*(379)*
Other administrative expenses	*(408)*	*12.0*	*20.0*	*(364)*
Depreciation	*(79)*	*(0.2)*	*(1.2)*	*(80)*
Operating income	**2,818**	**28.3**	**44.1**	**2,197**
Impairment on financial assets not measured at fair value through profit or loss	(39)	(40.1)	1.9	(65)
Provisions or reversal of provisions and other results	14	49.5	86.3	9
Profit (loss) before tax	**2,792**	**30.5**	**45.1**	**2,140**
Income tax	(805)	32.1	46.6	(609)
Profit (loss) for the period	**1,988**	**29.8**	**44.5**	**1,531**
Non-controlling interests	(224)	10.3	50.1	(203)
Net attributable profit (loss)	**1,763**	**32.8**	**43.8**	**1,328**

Balance sheets	30-09-23	Δ %	Δ % [2]	31-12-22
Cash, cash balances at central banks and other demand deposits	5,315	(3.8)	(7.3)	5,524
Financial assets designated at fair value	146,069	23.8	21.9	117,958
Of which: Loans and advances	*66,648*	*46.9*	*46.7*	*45,360*
Financial assets at amortized cost	96,132	7.5	7.7	89,440
Of which: Loans and advances to customers	*78,283*	*1.4*	*1.8*	*77,208*
Inter-area positions	—	—	—	—
Tangible assets	137	163.8	159.8	52
Other assets	9,754	n.s.	n.s.	862
Total assets/liabilities and equity	**257,406**	**20.4**	**19.4**	**213,836**
Financial liabilities held for trading and designated at fair value through profit or loss	117,905	19.3	17.9	98,790
Deposits from central banks and credit institutions	29,867	42.3	41.4	20,987
Deposits from customers	55,267	14.7	14.9	48,180
Debt certificates	6,573	24.2	22.5	5,292
Inter-area positions	29,300	14.4	13.8	25,609
Other liabilities	7,458	80.8	63.3	4,124
Regulatory capital allocated	11,036	1.7	4.0	10,855

Relevant business indicators	30-09-23	Δ %	Δ % [2]	31-12-22
Performing loans and advances to customers under management [3]	78,194	1.2	1.6	77,291
Non-performing loans	859	14.0	49.0	753
Customer deposits under management [3]	50,289	6.4	6.6	47,270
Off-balance sheet funds [4]	4,306	146.0	203.1	1,750
Efficiency ratio (%)	24.7			28.5

(1) For the translation of the income statement in those countries where hyperinflation accounting is applied, the punctual exchange rate as of September 30, 2023 is used.

(2) At constant exchange rates.

(3) Excluding repos.

(4) Includes mutual funds, customer portfolios and other off-balance sheet funds.

Unless expressly stated otherwise, all the comments below on rates of change, for both activity and results, will be given at constant exchange rates. For the conversion of these figures in those countries in which accounting for hyperinflation is applied, the end of period exchange rate as of September 30, 2023 is used. These rates, together with changes at current exchange rates, can be found in the attached tables of financial statements and relevant business indicators.

Activity

The most relevant aspects related to the area's activity in the first nine months of 2023 were:

- Lending activity (performing loans under management) was slightly higher than at the end of December 2022 (+1.6%). By products, the evolution of Investment Banking & Finance is noteworthy, and by geographical areas, the performance in the United States stands out. On the other hand, the evolution of the rest of the areas continues to be slower than expected.
- Customer funds continued to grow by 12.3% between January and September of 2023, maintaining the positive trend in price management.

The most relevant aspects related to the area's activity in the third quarter of 2023 were:

- Lending activity balances were above the figure for the end of June (+3.0%).
- Customer funds increased (+4.7%), with outflows of some customers in Europe and the United States, offset by the rest of geographical areas.

Results

CIB generated a net attributable profit of €1,763m between January and September of 2023. These results, which do not include the application of hyperinflation accounting, represent an increase of 43.8% on a year-on-year basis and reflect the contribution of the diversification of products and geographical areas, as well as the progress of the Group's wholesale businesses in its strategy, leveraged on globality and sustainability, with the purpose of being relevant to its clients.

The contribution by business areas, excluding the Corporate Center, to CIB's accumulated net attributable profit at the end of September 2023 was as follows: 16% Spain, 26% Mexico, 29% Turkey, 13% South America and 16% Rest of Business.

All business line results have performed well, highlighting particularly the Global Markets performance, mainly in the United States and emerging markets, the Global Transactional Banking (GTB) in all geographical areas, and Project Finance within Investment Banking & Finance (IB&F).

The most relevant aspects of the year-on-year evolution in the income statement of this aggregate are summarized below:

- Net interest income was 17.1% higher than in the same period last year. GTB stands out, which evolved favorably in all geographic areas, especially in Spain and the American region.
- Net fees and commissions registered an increase of 23.7%, with positive evolution in all businesses.
- Excellent NTI performance (+81.7%), mainly due to the performance of the Global Markets due to the income generated by foreign currency operations in emerging markets. By geographical areas, all of them showed growth, except Spain.
- The operating expenses increased by 17.3%, driven by higher personnel expenses, partly due to measures taken by the Group to compensate for the loss in purchasing power of the workforce and salary review processes, as well as the increase in the number of employees in the area. On the other hand, general expenses continue to be affected by inflation and higher technology-related expenses. Despite this, the efficiency ratio improved to 24.7%, which represents an improvement compared to the same period of the previous year.
- Provisions for impairment on financial assets stood slightly below the previous year, mainly due to releases in Spain and Mexico.

In the third quarter of 2023 and excluding the effect of the variation in exchange rates, the Group's wholesale businesses generated a net attributable profit of €542m (-24.0% compared to the previous quarter), which is mainly explained by the more modest NTI results in the third quarter compared to the second quarter. It should to be noted the excellent income in all businesses, highlighting GM in the United States, IB&F in Rest of Europe, and GTB in Spain, Mexico and South America.

Alternative Performance Measures (APMs)

BBVA presents its results in accordance with the International Financial Reporting Standards (EU-IFRS). Additionally, the Group also considers that some Alternative Performance Measures (hereinafter APMs) provide useful additional financial information that should be taken into account when evaluating performance. These APMs are also used when making financial, operational and planning decisions within the Entity. The Group firmly believes that they give a true and fair view of its financial information. These APMs are generally used in the financial sector as indicators for monitoring the assets, liabilities and economic and financial situation of entities.

BBVA Group's APMs are given below. They are presented in accordance with the European Securities and Markets Authority (ESMA) guidelines, published on October 5, 2015 (ESMA/2015/1415en). The guideline mentioned before is 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 aforementioned guideline, BBVA Group's APMs:

- Include clear and readable definitions of the APMs.
- Disclose the reconciliations to the most directly reconcilable line item, subtotal or total presented in the financial statements of the corresponding period, separately identifying and explaining the material reconciling items.
- Are standard measures generally used in the financial industry, so their use provides comparability in the analysis of performance between issuers.
- Do not have greater preponderance than measures directly stemming from financial statements.
- Are accompanied by comparatives for previous periods.
- Are consistent over time.

Constant exchange rates

When comparing two dates or periods in this management report, the impact of changes in the exchange rates against the euro of the currencies of the countries in which BBVA operates is sometimes excluded, assuming that exchange rates remain constant. This is done for the amounts in the income statement by using the average exchange rate against the euro in the most recent period for each currency[12] of the geographical areas in which the Group operates, and applying it to both periods; for amounts in the balance sheet and activity, the closing exchange rates in the most recent period are used.

Reconciliation of the Financial Statements of the BBVA Group

Below is the reconciliation between the income statements of the Consolidated Financial Statements and the consolidated management income statement, for the first nine months of the year 2022.

The main difference between the two accounts is in the treatment of the impact of the purchase from Merlin of 100% of the shares of Tree, which in turn owns 662 offices in Spain. For management purposes, this impact is included in a single line, net of taxes, of the income statement called "Discontinued operations and Other", compared to the treatment in the Consolidated Financial Statements, which record the gross impact and its tax effect under the corresponding headings that are applicable to them.

[12] With the exception of those countries whose economies have been considered hyperinflationary, for which the closing exchange rate of the most recent period will be used.

CONCILIATION OF THE BBVA GROUP'S INCOME STATEMENTS (MILLIONS OF EUROS)

CONSOLIDATED INCOME STATEMENT		ADJUSTMENTS	MANAGEMENT INCOME STATEMENT	
	Jan.-Sep.22		Jan.-Sep.22	
NET INTEREST INCOME	**13,790**	**—**	**13,790**	**Net interest income**
Dividend income	79			(1)
Share of profit or loss of entities accounted for using the equity method	15			(1)
Fee and commission income	6,152		6,152	Fees and commissions income
Fee and commission expense	(2,108)		(2,108)	Fees and commissions expenses
	4,044	—	4,044	Net fees and commissions
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	50			
Gains (losses) on financial assets and liabilities held for trading, net	141			
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	(27)			
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	360			
Gains (losses) from hedge accounting, net	(36)			
Exchange differences, net	1,180			
	1,669	—	1,669	Net trading income
Other operating income	407			
Other operating expense	(2,592)			
Income from insurance and reinsurance contracts	2,076			
Expense from insurance and reinsurance contracts	(1,234)			
	(1,248)	—	(1,248)	Other operating income and expenses
GROSS INCOME	**18,255**	**—**	**18,255**	**Gross income**
Administration costs	(6,836)		(7,826)	Operating expenses (2)
Personnel expense	(4,053)	—	(4,053)	Personnel expenses
Other administrative expense	(2,783)	—	(2,783)	Other administrative expenses
Depreciation and amortization	(990)	—	(990)	Depreciation
	10,428	**—**	**10,428**	**Operating income**
Provisions or reversal of provisions	(241)	—	(241)	Provisions or reversal of provisions
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	(2,380)	—	(2,380)	Impairment on financial assets not measured at fair value through profit or loss
NET OPERATING INCOME	**7,807**	**—**	**7,807**	
Impairment or reversal of impairment of investments in joint ventures and associates	13			
Impairment or reversal of impairment on non-financial assets	(7)			
Gains (losses) on derecognition of non - financial assets and subsidiaries, net	(12)			
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	(92)			
	(97)	134	37	Other gains (losses)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**7,710**	**134**	**7,844**	**Profit (loss) before tax**
Tax expense or income related to profit or loss from continuing operations	(2,655)	67	(2,588)	Income tax
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**5,054**	**201**	**5,256**	**Profit (loss) for the period**
Profit (loss) after tax from discontinued operations	—	—		
PROFIT (LOSS) FOR THE PERIOD	**5,054**	**201**	**5,256**	**Profit (loss) for the period**
ATTRIBUTABLE TO MINORITY INTEREST (NON-CONTROLLING INTERESTS)	**(259)**	**—**	**(259)**	**Non-controlling interests**
ATTRIBUTABLE TO OWNERS OF THE PARENT	**4,795**	**201**	**4,997**	**Net attributable profit (loss) excluding non-recurring impacts**
		(201)	(201)	Discontinued operations and Others
ATTRIBUTABLE TO OWNERS OF THE PARENT	**4,795**	**—**	**4,795**	**Net attributable profit (loss)**

(1) Included within the Other operating income and expenses of the Management Income Statements

(2) Depreciations included.

Adjusted profit (loss) for the period (excluding non-recurring impacts)

Explanation of the formula: the adjusted profit (loss) for the period is defined as the profit (loss) for the period from the Group's consolidated income statement, excluding those non-recurring impacts that, for management purposes, are defined at any given moment. If the described metric is presented on a date prior to the end of the year, it will be presented on an annualized basis.

Relevance of its use: this measure is commonly used, not only in the banking sector, for homogeneous comparison purposes.

Adjusted profit (loss) for the period					
			Jan.-Sep.2023	Jan.-Dec.2022	Jan.-Sep.2022
(Millions of euros)	+	Annualized profit (loss) after tax	8,400	6,763	6,826
(Millions of euros)	-	Net impact arisen from the purchase of offices in Spain	—	(201)	(201)
	=	**Adjusted profit (loss) for the period**	**8,400**	**6,965**	**7,027**

Adjusted net attributable profit (loss) (excluding non-recurring impacts)

Explanation of the formula: the adjusted net attributable profit (loss) is defined as the net attributable profit (loss) of the Group's consolidated income statement excluding those non-recurring impacts that, for management purposes are defined at any given moment. If the described metric is presented on a date prior to the end of the year, it will be presented on an annualized basis.

Relevance of its use: this measure is commonly used, not only in the banking sector, for comparison purposes.

Adjusted net attributable profit (loss)					
			Jan.-Sep.2023	Jan.-Dec.2022	Jan.-Sep.2022
(Millions of euros)	+	Annualized net attributable profit (loss)	7,970	6,358	6,479
(Millions of euros)	-	Net impact arisen from the purchase of offices in Spain	—	(201)	(201)
	=	**Adjusted net attributable profit (loss)**	**7,970**	**6,559**	**6,680**

ROE

The ROE (return on equity) ratio measures the accounting return obtained on an entity's shareholders' funds plus accumulated other comprehensive income. It is calculated as follows:

$$\frac{\text{Net attributable profit (loss)}}{\text{Average shareholders' funds + Average accumulated other comprehensive income}}$$

Explanation of the formula: the numerator is the net attributable profit (loss) of the Group's consolidated income statement. If the metric is presented on a date before the close of the fiscal year, the numerator will be annualized.

Average shareholders' funds are the weighted moving average of the shareholders' funds at the end of each month of the period analyzed, adjusted to take into account the execution of the "dividend-option" at the closing dates on which it was agreed to deliver this type of dividend prior to the publication of the Group´s results.

Average accumulated other comprehensive income is the moving weighted average of "Accumulated other comprehensive income", which is part of the equity on the Entity's balance sheet and is calculated in the same way as average shareholders' funds (above).

Relevance of its use: this ratio is very commonly used not only in the banking sector but also in other sectors to measure the return obtained on shareholders' funds.

ROE					
			Jan.-Sep.2023	Jan.-Dec.2022	Jan.-Sep.2022
Numerator (Millions of euros)	=	Annualized net attributable profit (loss)	7,970	6,358	6,479
Denominator (Millions of euros)	+	Average shareholder's funds	65,527	61,517	60,729
	+	Average accumulated other comprehensive income	(16,491)	(16,055)	(15,672)
	=	**ROE**	**16.3 %**	**14.0 %**	**14.4 %**

Adjusted ROE

The adjusted ROE (return on equity) ratio measures the return obtained on an entity's shareholders' funds plus accumulated other comprehensive income. It is calculated as follows:

$$\frac{\text{Adjusted net attributable profit (loss)}}{\text{Average shareholders' funds + Average accumulated other comprehensive income}}$$

Explanation of the formula: the numerator is the adjusted net attributable profit (loss) previously defined in these alternative performance measures. If the metric is presented on a date before the close of the fiscal year, the numerator will be annualized. The denominator items "Average shareholders' funds" and "Average accumulated other comprehensive income" are the same and they are calculated in the same way as that explained for ROE.

Relevance of its use: this ratio is very commonly used not only in the banking sector but also in other sectors to measure the return obtained on shareholders' funds.

Adjusted ROE			Jan.-Sep.2023	Jan.-Dec.2022	Jan.-Sep.2022
Numerator (Millions of euros)	=	Annualized adjusted net attributable profit (loss)	7,970	6,559	6,680
Denominator (Millions of euros)	+	Average shareholder's funds	65,527	61,517	60,729
	+	Average accumulated other comprehensive income	(16,491)	(16,055)	(15,672)
	=	**Adjusted ROE**	**16.3 %**	**14.4 %**	**14.8 %**

ROTE

The ROTE (return on tangible equity) ratio measures the accounting return on an entity's shareholders' funds, plus accumulated other comprehensive income, and excluding intangible assets. It is calculated as follows:

$$\frac{\text{Net attributable profit (loss)}}{\text{Average shareholders' funds + Average accumulated other comprehensive income - Average intangible assets}}$$

Explanation of the formula: the numerator "Net attributable profit (loss)" and the items in the denominator "Average intangible assets" and "Average accumulated other comprehensive income" are the same items and are calculated in the same way as explained for ROE.

Average intangible assets are the intangible assets on the Group's consolidated 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.2023	Jan.-Dec.2022	Jan.-Sep.2022
Numerator (Millions of euros)	=	Annualized net attributable profit (loss)	7,970	6,358	6,479
Denominator (Millions of euros)	+	Average shareholder's funds	65,527	61,517	60,729
	+	Average accumulated other comprehensive income	(16,491)	(16,055)	(15,672)
	-	Average intangible assets	2,233	2,119	2,097
	=	**ROTE**	**17.0 %**	**14.7 %**	**15.1 %**

Adjusted ROTE

The adjusted ROTE (return on tangible equity) ratio measures the return on an entity's shareholders' funds, plus accumulated other comprehensive income, and excluding intangible assets. It is calculated as follows:

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

Explanation of the formula: the numerator "Adjusted net attributable profit (loss)" is the same and is calculated in the same way as explained for adjusted ROE, and the items of the denominator "Average shareholders' funds" and " Average accumulated other comprehensive income" are the same and are calculated in the same way as explained for ROE.

Average intangible assets are the intangible assets on the Group's consolidated balance sheet, which include goodwill and other intangible assets. The average balance is calculated in the same way as explained for shareholders' funds in the ROE.

Relevance of its use: this metric is generally used not only in the banking sector but also in other sectors to measure the return obtained on shareholders' funds, not including intangible assets.

Adjusted ROTE			Jan.-Sep.2023	Jan.-Dec.2022	Jan.-Sep.2022
Numerator (Millions of euros)	=	Annualized adjusted net attributable profit (loss)	7,970	6,559	6,680
Denominator (Millions of euros)	+	Average shareholder's funds	65,527	61,517	60,729
	+	Average accumulated other comprehensive income	(16,491)	(16,055)	(15,672)
	-	Average intangible assets	2,233	2,119	2,097
	=	**Adjusted ROTE**	**17.0 %**	**15.1 %**	**15.6 %**

ROA

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

$$\frac{\text{Profit (loss) for the period}}{\text{Average total assets}}$$

Explanation of the formula: the numerator is the profit (loss) for the period of 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.

Average total assets are taken from the Group’s consolidated balance sheet. The average balance is calculated as explained for average shareholders' funds in the ROE.

Relevance of its use: this ratio is generally used not only in the banking sector but also in other sectors to measure the return obtained on assets.

ROA		Jan.-Sep.2023	Jan.-Dec.2022	Jan.-Sep.2022
Numerator (Millions of euros)	Annualized profit (loss) for the period	8,400	6,763	6,826
Denominator (Millions of euros)	Average total assets	743,031	701,093	690,279
	= **ROA**	**1.13 %**	**0.96 %**	**0.99 %**

Adjusted ROA

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

$$\frac{\text{Adjusted profit (loss) for the period}}{\text{Average total assets}}$$

Explanation of the formula: the numerator is the adjusted profit (loss) for the period previously defined in these alternative performance measures. If the metric is presented on a date before the close of the fiscal year, the numerator will be annualized.

Average total assets are taken from the Group's consolidated balance sheet. The average balance is calculated in the same way as explained for average equity in the ROE.

Relevance of its use: this ratio is generally used not only in the banking sector but also in other sectors to measure the return obtained on assets.

Adjusted ROA		Jan.-Sep.2023	Jan.-Dec.2022	Jan.-Sep.2022
Numerator (Millions of euros)	Annualized adjusted profit (loss) for the period	8,400	6,965	7,027
Denominator (Millions of euros)	Average total assets	743,031	701,093	690,279
	= **Adjusted ROA**	**1.13 %**	**0.99 %**	**1.02 %**

RORWA

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

$$\frac{\text{Profit (loss) for the period}}{\text{Average risk-weighted assets}}$$

Explanation of the formula: the numerator "Profit (loss) for the period" is the same and is calculated in the same way as explained for ROA.

Average risk-weighted assets (RWA) are the moving weighted average of the RWA at the end of each month of the period under analysis.

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

RORWA

		Jan.-Sep.2023	Jan.-Dec.2022	Jan.-Sep.2022
Numerator (Millions of euros)	Annualized profit (loss) for the period	8,400	6,763	6,826
Denominator (Millions of euros)	Average RWA	349,598	327,998	324,957
=	**RORWA**	**2.40 %**	**2.06 %**	**2.10 %**

Adjusted RORWA

The adjusted RORWA (return on risk-weighted assets) ratio measures the return obtained on an entity's assets. It is calculated as follows:

$$\frac{\text{Adjusted profit (loss) for the period}}{\text{Average risk-weighted assets}}$$

Explanation of the formula: the numerator "Adjusted profit (loss) for the period" is the same and is calculated in the same way as explained for adjusted ROA.

Average risk-weighted assets (RWA) are the moving weighted average of the risk-weighted assets at the end of each month of the period under analysis.

Relevance of its use: this ratio is generally used not only in the banking sector but also in other sectors to measure the return obtained on assets.

Adjusted RORWA

		Jan.-Sep.2023	Jan.-Dec.2022	Jan.-Sep.2022
Numerator (Millions of euros)	Annualized adjusted profit (loss) for the period	8,400	6,965	7,027
Denominator (Millions of euros)	Average RWA	349,598	327,998	324,957
=	**Adjusted RORWA**	**2.40 %**	**2.12 %**	**2.16 %**

Earning (loss) per share

The earning (loss) per share is calculated in accordance to the criteria established in the IAS 33 "Earnings per share".

Earning (loss) per share

			Jan.-Sep.2023	Jan.-Dec.2022	Jan.-Sep.2022
(Millions of euros)	+	Net attributable profit (loss)	5,961	6,358	4,795
(Millions of euros)	-	Remuneration related to the Additional Tier 1 securities (CoCos)	243	313	238
Numerator (millions of euros)	=	Net attributable profit (loss) ex.CoCos remuneration	5,718	6,045	4,557
Denominator (millions)	+	Average number of shares issued	6,001	6,424	6,556
	-	Average treasury shares of the period	6	9	11
	-	Share buyback program (average)	14	225	301
	=	**Earning (loss) per share (euros)**	**0.96**	**0.98**	**0.73**

Additionally, for management purposes, earning (loss) per share is presented excluding non-recurring impacts. Specifically, for 2022 periods, the net impact from the purchase of offices in Spain in the second quarter of 2022 is excluded.

Adjusted earning (loss) per share

			Jan.-Sep.2023	Jan.-Dec.2022	Jan.-Sep.2022
(Millions of euros)	+	Net attributable profit (loss) ex. CoCos remuneration	5,718	6,045	4,557
(Millions of euros)	-	Net impact arisen from the purchase of offices in Spain	—	(201)	(201)
Numerator (millions of euros)	=	Net Attributable profit (loss) ex.CoCos and non-recurring impacts	5,718	6,246	4,758
Denominator (millions)	+	Number of shares issued	5,965	6,030	6,030
	-	Average treasury shares of the period	6	9	11
	=	**Adjusted earning (loss) per share (euros)**	**0.96**	**1.04**	**0.79**

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, other operating income and expenses, and income from assets and expenses from liabilities under insurance and reinsurance contracts. For a more detailed calculation of this ratio, the graphs on "Results" section of this report should be consulted, one of them with calculations with figures at current exchange rates and another with the data at constant exchange rates.

Relevance of its use: this ratio is generally used in the banking sector. In addition, it is the metric for one of the six Strategic Priorities of the Group.

Efficiency ratio

			Jan.-Sep.2023	Jan.-Dec.2022	Jan.-Sep.2022
Numerator (Millions of euros)	+	Operating expenses	9,241	10,701	7,826
Denominator (Millions of euros)	+	Gross income	22,104	24,743	18,255
	=	**Efficiency ratio**	**41.8 %**	**43.2 %**	**42.9 %**

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

		30-09-23	31-12-22	30-09-22
Numerator (Euros)	∑ Dividends	0.43	0.35	0.31
Denominator (Euros)	Closing price	7.71	5.63	4.62
=	**Dividend yield**	**5.6 %**	**6.2 %**	**6.7 %**

Book value per share

The book value per share determines the value of a company on its books for each share held. It is calculated as follows:

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

Explanation of the formula: the figures for both "Shareholders' funds" and "Accumulated other comprehensive income" are taken from the balance sheet. Shareholders' funds are adjusted to take into account the execution of the "dividend-option" at the closing dates on which it was agreed to deliver this type of dividend prior to the publication of the Group´s results. The denominator includes the final number of outstanding shares excluding own shares (treasury shares) and excluding the shares corresponding to share buyback programs which are deducted from the shareholders' funds (see note 2 of the "Book value per share" table). In addition, 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

			30-09-23	31-12-22	30-09-22
Numerator (Millions of euros)	+	Shareholders' funds (1)	65,963	64,535	63,019
	+	Accumulated other comprehensive income	(16,213)	(17,642)	(16,838)
Denominator (Millions of shares)	+	Number of shares issued	5,965	6,030	6,030
	-	Treasury shares	7	5	10
	-	Share buyback program (2)	123	—	—
	=	**Book value per share (euros / share)**	**8.53**	**7.78**	**7.67**

(1) At the close of September 2023, the deduction for an amount of €1,000m corresponding to the share buyback program approved by the BBVA Board of Directors on July 2023 is included, whose execution started on October 2, 2023.

(2) At the close of September 2023, the estimated shares pending from buyback corresponding to the share buyback program approved by the BBVA Board of Directors on July 2023 is included, whose execution started on October 2, 2023.

Tangible book value per share

The tangible book value per share determines the value of the company on its books for each share held by shareholders in the event of liquidation. It is calculated as follows:

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

Explanation of the formula: the figures for "Shareholders' funds", "Accumulated other comprehensive income" and "Intangible assets" are all taken from the balance sheet. Shareholders' funds are adjusted to take into account the execution of the "Dividend-option" at the closing dates on which it was agreed to deliver this type of dividend prior to the publication of the Group´s results. The denominator includes the final number of shares outstanding excluding own shares (treasury shares) and excluding the shares corresponding to share buyback programs which are deducted from the shareholders' funds (see note 2 of the "Tangible book value per share" table). In addition, 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

			30-09-23	31-12-22	30-09-22
Numerator (Millions of euros)	+	Shareholders' funds (1)	65,963	64,535	63,019
	+	Accumulated other comprehensive income	(16,213)	(17,642)	(16,838)
	-	Intangible assets	2,310	2,156	2,211
Denominator (Millions of shares)	+	Number of shares issued	5,965	6,030	6,030
	-	Treasury shares	7	5	10
	-	Share buyback program (2)	123	—	—
	=	**Tangible book value per share (euros / share)**	**8.13**	**7.43**	**7.30**

(1) At the close of September 2023, the deduction for an amount of €1,000m corresponding to the share buyback program approved by the BBVA Board of Directors on July 2023 is included, whose execution started on October 2, 2023.

(2) At the close of September 2023, the estimated shares pending from buyback corresponding to the share buyback program approved by the BBVA Board of Directors on July 2023 is included, whose execution started on October 2, 2023.

Non-performing loan (NPL) ratio

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

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

Explanation of the formula: non-performing loans and the credit risk balance are gross, meaning they are not adjusted by associated accounting provisions.

Non-performing loans are calculated as the sum of “loans and advances at amortized cost” and the “contingent risk” in stage 3[13] and the following counterparties:

- other financial entities
- public sector
- non-financial institutions
- households

The credit risk balance is calculated as the sum of "Loans and advances at amortized cost" and "Contingent risk" in stage 1 + stage 2 + stage 3 of the previous counterparts.

This indicator is shown, as others, at a business area level.

Relevance of its use: this is one of the main indicators used in the banking sector to monitor the current situation and changes in credit risk quality, and specifically, the relationship between risks classified in the accounts as non-performing loans and the total balance of credit risk, with respect to customers and contingent liabilities.

Non-Performing Loans (NPLs) ratio

		30-09-23	31-12-22	30-09-22
Numerator (Millions of euros)	NPLs	14,864	14,463	15,162
Denominator (Millions of euros)	Credit Risk	444,984	423,669	428,064
=	**Non-Performing Loans (NPLs) ratio**	**3.3 %**	**3.4 %**	**3.5 %**

General note: credit risk figures for 2022 periods have been restated according to IFRS 17 - Insurance contracts.

[13] IFRS 9 classifies financial instruments into three stages, which depend on the evolution of their credit risk from the moment of initial recognition. The stage 1 includes operations when they are initially recognized, stage 2 comprises operations for which a significant increase in credit risk has been identified since their initial recognition and, stage 3, impaired operations.

NPL coverage ratio

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

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

Explanation of the formula: it is calculated as "Provisions" from stage 1 + stage 2 + stage 3, divided by non-performing loans, formed by "credit risk" from stage 3.

This indicator is shown, as others, at a business area level.

Relevance of its use: this is one of the main indicators used in the banking sector to monitor the situation and changes in the quality of credit risk, reflecting the degree to which the impairment of non-performing loans has been covered in the accounts via value adjustments.

NPL coverage ratio				
		30-09-23	31-12-22	30-09-22
Numerator (Millions of euros)	Provisions	11,751	11,764	12,570
Denominator (Millions of euros)	NPLs	14,864	14,463	15,162
=	**NPL coverage ratio**	**79 %**	**81 %**	**83 %**

Cost of risk

This ratio indicates the current situation and changes in credit-risk quality through the annual cost in terms of impairment losses (accounting loan-loss provisions) of each unit of loans and advances to customers (gross). It is calculated as follows:

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

Explanation of the formula: "Loans to customers (gross)" refers to the "Loans and advances at amortized cost" portfolios with the following counterparts:

- other financial entities
- public sector
- non-financial institutions
- households, excluding central banks and other credit institutions.

Average loans to customers (gross) is calculated by using the average of the period-end balances of each month of the period analyzed plus the previous month. "Annualized loan-loss provisions" are calculated by accumulating and annualizing the loan-loss provisions of each month of the period under analysis.

Loan-loss provisions refer to the aforementioned loans and advances at amortized cost portfolios.

This indicator is shown, as others, at a business area level.

Relevance of its use: this is one of the main indicators used in the banking sector to monitor the situation and changes in the quality of credit risk through the cost over the year.

Cost of risk				
		Jan.-Sep.2023	Jan.-Dec.2022	Jan.-Sep.2022
Numerator (Millions of euros)	Annualized loan-loss provisions	4,181	3,252	3,041
Denominator (Millions of euros)	Average loans to customers (gross)	376,106	356,064	352,058
=	**Cost of risk**	**1.11 %**	**0.91 %**	**0.86 %**

General note: average loans to customers (gross) figures for 2022 periods have been restated according to IFRS 17 - Insurance contracts.

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This document contains forward-looking statements that constitute or may constitute “forward-looking statements” (within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995) with respect to intentions, objectives, expectations or estimates as of the date hereof, including those relating to future targets of both a financial and non-financial nature (such as environmental, social or governance (“ESG”) performance targets).

Forward-looking statements may be identified by the fact that they do not refer to historical or current facts and include words such as “believe”, “expect”, “estimate”, “project”, “anticipate”, “duty”, “intend”, “likelihood”, “risk”, “VaR”, “purpose”, “commitment”, “goal”, “target” and similar expressions or variations of those expressions. They include, for example, statements regarding future growth rates or the achievement of future targets, including those relating to ESG performance.

The information contained in this document reflects our current expectations and targets, which are based on various assumptions and projections, including non-financial considerations such as those related to sustainability. Forward-looking statements are not guarantees of future results, and actual results may differ materially from those anticipated in the forward-looking statements as a result of certain risks, uncertainties and other factors. These factors include, but are not limited to, (1) market conditions, macroeconomic factors, domestic and international stock market movements, exchange rates, inflation and interest rates; (2) regulatory and oversight factors, political and governmental guidelines, social and demographic factors; (3) changes in the financial condition, creditworthiness or solvency of our clients, debtors or counterparties, such as changes in default rates, as well as changes in consumer spending, savings and investment behavior, and changes in our credit ratings; (4) competitive pressures and actions we take in response thereto; (5) performance of our IT, operations and control systems and our ability to adapt to technological changes; (6) climate change and the occurrence of natural or man-made disasters, such as an outbreak or escalation of hostilities; and (7) our ability to appropriately address any ESG expectations or obligations (related to our business, management, corporate governance, disclosure or otherwise), and the cost thereof. In the particular case of certain targets related to our ESG performance, such as, decarbonization targets or alignment of our portfolios, the achievement and progress towards such targets will depend to a large extent on the actions of third parties, such as clients, governments and other stakeholders, and may therefore be materially affected by such actions, or lack thereof, as well as by other exogenous factors that do not depend on BBVA (including, but not limited to, new technological developments, regulatory developments, military conflicts, the evolution of climate and energy crises, etc.). Therefore, these targets may be subject to future revisions.

The factors mentioned in the preceding paragraphs could cause actual future results to differ substantially from those set forth in the forecasts, intentions, objectives, targets or other forward-looking statements included in this document or in other past or future documents. Accordingly, results, including those related to ESG performance targets, among others, may differ materially from the statements contained in the forward-looking statements.

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