Translation of the Interim Consolidated Financial Statements originally issued in Spanish and prepared in accordance with IAS 34, as adopted by the European Union (See Note 1 and 10). In the event of a discrepancy, the Spanish-language version prevails.

BBVA

Condensed interim consolidated financial statements, management report and limited review report corresponding to the three months ended March 31, 2016

Deloitte.

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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Banco Bilbao Vizcaya Argentaria, S.A.,
at the request of the Board of Directors,

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have performed a limited review of the accompanying interim condensed consolidated financial statements ("the interim financial statements") of Banco Bilbao Vizcaya Argentaria, S.A. ("the Bank") and Subsidiaries composing, together with the Bank, the Banco Bilbao Vizcaya Argentaria, S.A. Group ("the Group"), which comprise the condensed interim consolidated balance sheet as at 31 March 2016, and the condensed interim consolidated income statement, condensed interim consolidated statement of recognised income and expense, condensed interim consolidated statement of changes in equity, condensed interim consolidated statement of cash flows and explanatory notes thereto for the three-month period then ended. The Bank's directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information, in conformity with Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these 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 statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the audit regulations in force in Spain and, consequently, it 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 may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the three-month period ended 31 March 2016 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, pursuant to Article 12 of Royal Decree 1362/2007, for the preparation of interim condensed financial statements.

Emphasis of Matter

We draw attention to explanatory Note 1 to the accompanying interim financial statements, which indicates that the aforementioned accompanying interim financial statements do not include all the information that would be required for a complete set of consolidated 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 financial statements for the year ended 31 December 2015. Our conclusion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

The accompanying interim consolidated directors' report (entitled "Management Report 1st quarter 2016") for the three-month period ended 31 March 2016 contains the explanations which the Bank's directors consider appropriate about the significant events which took place in that period and their effect on the interim financial statements presented, of which it does not form part, and about the information required under Article 15 of Royal Decree 1362/2007. We have checked that the accounting information in the interim consolidated directors' report is consistent with that contained in the interim financial statements for the three-month period ended 31 March 2016. Our work was confined to checking the interim consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Banco Bilbao Vizcaya Argentaria, S.A. and Subsidiaries.

Paragraph on Other Matters

This report was prepared at the request of the Bank's Board of Directors in relation to the publication of the quarterly financial report prepared voluntarily in the framework of Article 35 of Spanish Securities Market Law 24/1988, of 28 July, implemented by Royal Decree 1362/2007, of 19 October.

DELOITTE, S.L.

José M. Domínguez

José Manuel Domínguez

May 4, 2016

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE ACCOMPANYING CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT REPORT

BBVA Group

Condensed Interim Consolidated balance sheets as of March 31, 2016 and December 31, 2015.

	Millions of Euros	
ASSETS	**March 2016**	**December 2015 (*)**
CASH AND BALANCES WITH CENTRAL BANKS	39,315	43,467
FINANCIAL ASSETS HELD FOR TRADING	81,706	78,326
OTHER FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	2,281	2,311
AVAILABLE-FOR-SALE FINANCIAL ASSETS	92,476	113,426
LOANS AND RECEIVABLES	453,325	457,644
HELD-TO-MATURITY INVESTMENTS	17,504	-
HEDGES OF INTEREST RATE RISK	90	45
HEDGING DERIVATIVES	3,535	3,538
NON-CURRENT ASSETS HELD FOR SALE	3,108	3,369
EQUITY METHOD	1,179	879
INSURANCE CONTRACTS LINKED TO PENSIONS	-	-
REINSURANCE ASSETS	511	511
TANGIBLE ASSETS	9,697	9,944
INTANGIBLE ASSETS	9,858	10,275
TAX ASSETS	17,691	17,779
OTHER ASSETS	8,671	8,566
TOTAL ASSETS	**740,947**	**750,078**

	Millions of Euros	
LIABILITIES AND EQUITY	**March 2016**	**December 2015 (*)**
FINANCIAL LIABILITIES HELD FOR TRADING	55,107	55,203
OTHER FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	2,600	2,649
FINANCIAL LIABILITIES AT AMORTIZED COST	597,709	606,113
HEDGES OF INTEREST RATE RISK	359	358
HEDGING DERIVATIVES	3,149	2,726
SALE	-	-
LIABILITIES UNDER INSURANCE CONTRACTS	9,379	9,407
PROVISIONS	8,521	8,852
TAX LIABILITIES	4,958	4,721
OTHER LIABILITIES	4,650	4,610
TOTAL LIABILITIES	**686,431**	**694,638**
STOCKHOLDERS' FUNDS	50,555	50,639
Common Stock	3,120	3,120
Share premium	23,992	23,992
Reserves	23,771	22,512
Other equity instruments	21	35
Less: Treasury stock	(179)	(309)
Income attributed to the parent company	709	2,642
Less: Dividends and remuneration	(878)	(1,352)
VALUATION ADJUSTMENTS	(4,171)	(3,349)
NON-CONTROLLING INTEREST	8,132	8,149
TOTAL EQUITY	**54,516**	**55,439**
TOTAL LIABILITIES AND EQUITY	**740,947**	**750,078**

MEMORANDUM ITEM		
CONTINGENT RISKS	50,147	49,876
CONTINGENT COMMITMENTS	124,285	135,733

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

The accompanying Notes 1 to 10 are an integral part of the condensed interim consolidated balance sheet as of March 31, 2016.

BBVA Group

Condensed Interim Consolidated income statements for the three months ended March 31, 2016 and 2015

	Millions of Euros	
	March 2016	**March 2015 (*)**
INTEREST AND SIMILAR INCOME	6,859	5,197
INTEREST AND SIMILAR EXPENSES	(2,707)	(1,744)
NET INTEREST INCOME	**4,152**	**3,453**
DIVIDEND INCOME	45	42
SHARE OF PROFIT OR LOSS OF ENTITIES ACCOUNTED FOR USING THE EQUITY METHOD	7	88
FEE AND COMMISSION INCOME	1,634	1,359
FEE AND COMMISSION EXPENSES	(473)	(332)
NET GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES	55	443
EXCHANGE DIFFERENCES (NET)	302	347
OTHER OPERATING INCOME	1,326	1,188
OTHER OPERATING EXPENSES	(1,259)	(1,119)
GROSS INCOME	**5,788**	**5,469**
ADMINISTRATION COSTS	(2,830)	(2,385)
DEPRECIATION AND AMORTIZATION	(344)	(282)
PROVISIONS (NET)	(181)	(228)
IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NET)	(1,033)	(1,086)
NET OPERATING INCOME	**1,400**	**1,487**
IMPAIRMENT LOSSES ON OTHER ASSETS (NET)	(44)	(52)
GAINS (LOSSES) ON DERECOGNIZED ASSETS NOT CLASSIFIED AS NON-CURRENT ASSETS HELD FOR SALE	18	30
NEGATIVE GOODWILL	-	-
GAINS (LOSSES) IN NON-CURRENT ASSETS HELD FOR SALE NOT CLASSIFIED AS DISCONTINUED OPERATIONS	(36)	693
OPERATING PROFIT BEFORE TAX	**1,338**	**2,159**
INCOME TAX	(362)	(520)
PROFIT FROM CONTINUING OPERATIONS	**976**	**1,639**
PROFIT FROM DISCONTINUED OPERATIONS (NET)	-	-
PROFIT	**976**	**1,639**
Profit attributable to parent company	709	1,536
Profit attributable to non-controlling interests	266	103

	March 2016	**March 2015 (*)**
EARNINGS PER SHARE	**0.10**	**0.23**
Basic earnings per share from continued operations	0.10	0.23
Diluted earnings per share from continued operations	0.10	0.23
Basic earnings per share from discontinued operations	-	-
Diluted earnings per share from discontinued operations	-	-

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

The accompanying Notes 1 to 10 are an integral part of the consolidated income statement corresponding to the three months ended March 31, 2016.

BBVA Group

Condensed Interim Consolidated statements of recognized income and expenses for the three months ended March 31, 2016 and 2015

	Millions of Euros	
	March 2016	March 2015 (*)
PROFIT RECOGNIZED IN INCOME STATEMENT	**976**	**1,639**
OTHER RECOGNIZED INCOME (EXPENSES)	**(893)**	**(64)**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**11**	**(18)**
Actuarial gains and losses from defined benefit pension plans	19	(26)
Non-current assets available for sale	-	-
Entities under the equity method of accounting	-	-
Income tax related to items not subject to reclassification to income statement	(8)	8
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**(904)**	**(46)**
Available-for-sale financial assets	**295**	**333**
Valuation gains/(losses)	433	1,448
Amounts reclassified to income statement	(138)	(1,118)
Reclassifications (other)	-	3
Cash flow hedging	**(57)**	**(175)**
Valuation gains/(losses)	(56)	(175)
Amounts reclassified to income statement	(1)	-
Amounts reclassified to the initial carrying amount of the hedged items	-	-
Reclassifications (other)	-	-
Hedging of net investment in foreign transactions	**(103)**	**(399)**
Valuation gains/(losses)	(103)	(399)
Amounts reclassified to income statement	-	-
Reclassifications (other)	-	-
Exchange differences	**(965)**	**194**
Valuation gains/(losses)	(965)	194
Amounts reclassified to income statement	-	-
Reclassifications (other)	-	-
Non-current assets held for sale	**-**	**-**
Valuation gains/(losses)	-	-
Amounts reclassified to income statement	-	-
Reclassifications (other)	-	-
Entities accounted for using the equity method	**(4)**	**(46)**
Valuation gains/(losses)	(6)	(46)
Amounts reclassified to income statement	2	-
Reclassifications (other)	-	-
Rest of recognized income and expenses	**-**	**-**
Income tax	**(70)**	**47**
TOTAL RECOGNIZED INCOME/EXPENSES	**83**	**1,575**
Attributable to the parent company	(113)	2,212
Attributable to non-controlling interest	196	(637)

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

The accompanying Notes 1 to 10 are an integral part of the condensed interim consolidated statement of recognized income and expenses for the three months ended March 31, 2016.

BBVA Group

Condensed Interim Consolidated statements of changes in equity for the three months ended March 31, 2016 and 2015

Millions of Euros

	Total Equity Attributed to the Parent Company												
	Stockholders' Funds												
			Reserves										
MARCH 2016	Common Stock	Share Premium	Reserves (Accumulated Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Stock	Profit for the Year Attributed to Parent Company	Less: Dividends and Remunerations	Total Stockholders' Funds	Valuation Adjustments	Total	Non-controlling Interests	Total Equity
Balances as of January 1, 2016	**3,120**	**23,992**	**22,610**	**(98)**	**34**	**309**	**2,642**	**1,352**	**50,639**	**(3,349)**	**47,290**	**8,149**	**55,439**
Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted initial balance	**3,120**	**23,992**	**22,610**	**(98)**	**34**	**309**	**2,642**	**1,352**	**50,639**	**(3,349)**	**47,290**	**8,149**	**55,439**
Total income/expense recognized	-	-	-	-	-	-	**709**	-	**709**	**(821)**	**(112)**	**196**	**84**
Other changes in equity	**-**	**-**	**1,269**	**(11)**	**(13)**	**(129)**	**(2,642)**	**(473)**	**(795)**	**-**	**(795)**	**(212)**	**(1,007)**
Common stock increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	-	5	-	-	-	5	-	5	-	5
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	9	(9)	-	-	-	(879)	879	-	879	211	1,090
Transactions including treasury stock and other equity instruments (net)	-	-	(29)	-	-	(129)	-	-	100	-	100	-	100
Transfers between total equity entries	-	-	1,303	(13)	-	-	(2,642)	(1,352)	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	(3)	-	(18)	-	-	-	(21)	-	(21)	-	(21)
Rest of increases/reductions in total equity	-	-	(11)	11	-	-	-	-	-	-	-	(1)	(1)
Balances as of March 31, 2016	**3,120**	**23,992**	**23,879**	**(109)**	**21**	**180**	**709**	**879**	**50,553**	**(4,170)**	**46,383**	**8,133**	**54,516**

Millions of Euros

	Total Equity Attributed to the Parent Company												
	Stockholders' Funds												
			Reserves										
MARCH 2015	Common Stock	Share Premium	Reserves (Accumulated Losses)	Reserves (Losses) from Entities Accounted for Using the Equity Method	Other Equity Instruments	Less: Treasury Stock	Profit for the Year Attributed to Parent Company	Less: Dividends and Remunerations	Total Stockholders' Funds	Valuation Adjustments	Total	Non-controlling Interests	Total Equity (*)
Balances as of January 1, 2015	**3,024**	**23,992**	**20,304**	**633**	**67**	**(350)**	**2,618**	**(841)**	**49,446**	**(348)**	**49,098**	**2,511**	**51,609**
Effect of changes in accounting policies			-				-		-		-		-
Effect of correction of errors													
Adjusted initial balance	**3,024**	**23,992**	**20,304**	**633**	**67**	**(350)**	**2,618**	**(841)**	**49,446**	**(348)**	**49,098**	**2,511**	**51,609**
Total income/expense recognized	-	-	-	-	-	-	**1,536**	-	**1,536**	**675**	**2,213**	**(637)**	**1,575**
Other changes in equity	26	**-**	**1,327**	**338**	**(40)**	**339**	**(2,618)**	**(8)**	**(636)**	-	**(636)**	**(182)**	**(818)**
Common stock increase	26	-	(26)	-	-	-	-	-	-	-	-	-	-
Common stock reduction	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of financial liabilities into capital	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase of other equity instruments	-	-	-	-	8	-	-	-	8	-	8	-	8
Reclassification of financial liabilities to other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of other equity instruments to financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution	-	-	6	(6)	-	-	-	(849)	(849)	-	(849)	(129)	(978)
Transactions including treasury stock and other equity instruments (net)	-	-	5	-	-	339	-	-	344	-	344	-	344
Transfers between total equity entries	-	-	1,433	344	-	-	(2,618)	841	-	-	-	-	-
Increase/Reduction due to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments with equity instruments	-	-	2	-	(48)	-	-	-	(46)	-	(46)	-	(46)
Rest of increases/reductions in total equity	-	-	(93)	-	-	-	-	-	(93)	-	(93)	(53)	(146)
Balances as of March 31, 2015	**3,050**	**23,992**	**21,631**	**971**	**26**	**(11)**	**1,536**	**(848)**	**50,347**	**327**	**50,675**	**1,692**	**52,366**

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

The accompanying Notes 1 to 10 are an integral part of the condensed interim consolidated statement of changes in equity for the three months ended March 31, 2016.

BBVA Group

Condensed Interim Consolidated statements of cash flows for the three months ended March 31, 2016 and 2015

Millions of Euros	March 2016	March 2015 (*)
CASH FLOW FROM OPERATING ACTIVITIES (1)	**(2,745)**	**(2,703)**
Profit for the year	**976**	**1,639**
Adjustments to obtain the cash flow from operating activities:	**1,412**	**661**
Depreciation and amortization	344	282
Other adjustments	1,068	379
Net increase/decrease in operating assets	**(4,771)**	**(4,483)**
Financial assets held for trading	(3,955)	(48)
Other financial assets/liabilities designated at fair value through profit or loss	(20)	(31)
Available-for-sale financial assets	2,487	(227)
Loans and receivables / Financial liabilities at amortized cost	(3,575)	(3,640)
Other operating assets/liabilities	292	(537)
Collection/Payments for income tax	**(362)**	**(520)**
CASH FLOWS FROM INVESTING ACTIVITIES (2)	**200**	**(230)**
Tangible assets	79	(198)
Intangible assets	(57)	(36)
Investments	39	-
Subsidiaries and other business units	(18)	(125)
Non-current assets held for sale and associated liabilities	157	129
Held-to-maturity investments	-	-
Other settlements/collections related to investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES (3)	**(444)**	**639**
Dividends	(588)	(125)
Subordinated liabilities	-	552
Common stock amortization/increase	-	-
Treasury stock acquisition/disposal	171	341
Other items relating to financing activities	(27)	(129)
EFFECT OF EXCHANGE RATE CHANGES (4)	**(1,177)**	**(4,013)**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)	**(4,166)**	**(6,307)**
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**43,466**	**31,430**
CASH OR CASH EQUIVALENTS AT END OF THE YEAR	**39,300**	**25,123**

COMPONENTS OF CASH AND EQUIVALENT AT END OF THE YEAR (Millions of Euros)	March 2016	March 2015 (*)
Cash	6,952	5,872
Balance of cash equivalent in central banks	32,348	19,251
Other financial assets	-	-
Less: Bank overdraft refundable on demand	-	-
TOTAL CASH OR CASH EQUIVALENTS AT END OF THE YEAR	**39,300**	**25,123**

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

The accompanying Notes 1 to 10 are an integral part of the condensed interim consolidated statement of cash flows for the three months ended March 31, 2016.

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BBVA Group

Notes to the condensed interim consolidated financial statements as of and for the period ended March 31, 2016

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

Introduction

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

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

In addition to the transactions it carries out directly, the Bank heads a group of subsidiaries, joint venture and associated entities 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 therefore required to prepare the Group's consolidated financial statements.

The consolidated financial statements of the BBVA Group for the year ended December 31, 2015 were approved by the shareholders at the Annual General Meeting ("AGM") on March 11, 2016.

Basis for the presentation of the condensed interim consolidated financial statements

The BBVA Group's unaudited condensed interim consolidated financial statements (hereinafter, the "consolidated financial statements") are presented in accordance with the International Accounting Standard 34 ("IAS 34"), on interim financial information for the preparation of financial statements for an interim period and have been presented to the Board of Directors at its meeting held on April 27, 2016. According to IAS 34, the interim financial information is prepared solely with the purpose of updating the last prepared consolidated financial statements, focusing on new activities, events and circumstances that occurred during the period without duplicating the information previously published in the last consolidated financial statements. Therefore, the accompanying consolidated financial statements do not include all information required by a complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, consequently for an appropriate understanding of the information included in them, they should be read together with the consolidated financial statements of the Group for the year ended December 31, 2015. The consolidated financial statements of the Group for the year ended December 31, 2015 were presented in accordance with the International Financial Reporting Standards endorsed by the European Union (hereinafter, "EU-IFRS") applicable as of December 31 2015, considering the Bank of Spain Circular 4/2004, of 22 December (and as amended thereafter), and with any other legislation governing financial reporting applicable to the Group.

The accompanying consolidated financial statements were prepared applying the same 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 for the year ended December 31, 2015, taking into account the standards and interpretations issued during the first quarter of 2016, so that they presented fairly the Group's consolidated equity and financial position of the Group as of March 31, 2016, together with the consolidated results of its operations and the consolidated cash flows generated in the Group during the three months ended March 31, 2016. These consolidated financial statements and explanatory notes were prepared on the basis of the accounting records kept by the Bank and each of the other entities in the Group, they include the adjustments and reclassifications required to harmonize the accounting policies and valuation criteria used by the Group.

All effective accounting standards and valuation criteria with a significant effect in the consolidated financial statements were applied in their preparation.

The amounts reflected in the accompanying consolidated financial statements are presented in millions of euros, unless it is more appropriate to use smaller units. Some items that appear without a total in these consolidated financial statements do so because of the size of the units used. 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.

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

Comparative information

The information included in the accompanying consolidated financial statements and the explanatory notes referring to December 31, 2015 and March 31, 2015 is presented exclusively for the purpose of comparison with the information for March 31, 2016.

In the first quarter of 2016, the BBVA Group operating segments have not changed with regard to the existing structure in 2015 (See Note 5).

Seasonal nature of income and expenses

The nature of the most significant operations carried out by the BBVA Group's entities is mainly related to traditional activities carried out by financial institutions, which are not significantly affected by seasonal factors.

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 have to be made at times when preparing these consolidated financial statements in order to calculate the recorded amount of some assets, liabilities, income, expenses and commitments. These estimates (see Notes 6, 7, 8 and 9) relate mainly to the following:

- Impairment on certain financial assets.
- The assumptions used to quantify certain provisions and for the actuarial calculation of post-employment benefit liabilities and commitments.
- The useful life and impairment losses of tangible and intangible assets.
- The valuation of goodwill and price allocation of business combinations.
- The fair value of certain unlisted financial assets and liabilities.
- The recoverability of deferred tax assets.
- The Exchange rate and the inflation rate of Venezuela.

Although these estimates were made on the basis of the best information available as of March 31, 2016 on the events analyzed, future events may make it necessary to modify them (either up or down) over the coming years. This would be done prospectively in accordance with applicable standards, recognizing the effects of changes in the estimates in the corresponding consolidated income statement.

During the three months ended March 31, 2016 there have been no significant changes to the assumptions made as of December 31, 2015, other than those indicated in these consolidated financial statements.

Related-party transactions

The information related to these transactions is presented in Note 52 of consolidated financial statements of the Group for the year ended December 31, 2015.

As financial institutions, BBVA and other entities in the Group engage in transactions with related parties in the normal course of their business. All of these transactions are of little relevance and are carried out under normal market conditions.

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

The accounting policies and methods applied for the preparation of the accompanying consolidated financial statements are the same as those applied in the 2015 consolidated financial statements (see Note 2).

Recent IFRS pronouncements

Changes introduced in 2016

The following modifications to the IFRS standards or their interpretations (hereinafter "IFRIC") came into force after January 1, 2016. They have not had a significant impact on the BBVA Group's consolidated financial statements corresponding to the period ended March 31, 2016.

Amended IFRS 11 - "Joint Arrangements"

The amendments made to IFRS 11 require the acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs.

Amended IAS 16 - "Property, Plant and Equipment" and Amended IAS 38 – "Intangible Assets".

The amendments made to IAS 16 and IAS 38 exclude, as general rule, as depreciation method to be used, those methods based on revenue that is generated by an activity that includes the use of an asset, because the revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits of the asset.

Amended IAS 27 – "Separate financial statements"

Changes to IAS 27 allow entities to use the equity method to account for investment in subsidiaries, joint ventures and associates, in their separate financial statements.

Annual improvements cycle to IFRSs 2012-2014

The annual improvements cycle to IFRSs 2012-2014 includes minor changes and clarifications to IFRS 5 – Non current assets held for sale and discontinued operations, IFRS 7 – Financial instruments: Information to disclose, IAS 19 – Employee benefits and IAS 34 – interim financial information.

Amended IAS 1 – Presentation of Financial Statements

The amendments made to IAS 1 further encourage companies to apply professional judgment in determining what information to disclose in their financial statements, in determining when line items are disaggregated and additional headings and subtotals included in the statement of financial position and the statement of profit or loss and other comprehensive income, and in determining where and in what order information is presented in the financial disclosures.

Amended IFRS 10 - "Consolidated Financial Statements", Amended IFRS 12 – "Disclosure of interests in other entities" and Amended IAS 28 – "Investments in Associates and Joint Ventures"

The amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities in three aspects:

- The amendments confirm that a parent entity that is a subsidiary of an investment entity has the possibility to apply the exemption from preparing consolidated financial statements
- The amendments clarify that if an investment entity has a subsidiary whose main purpose is to support the investment entity's investment activities by providing investment-related services or activities, to the entity or other parties, and that is not itself an investment entity, it shall consolidate that subsidiary; but if that subsidiary is itself an investment entity, the investment entity parent shall measure the subsidiary at fair value through profit or loss.
- The amendments require a non-investment entity investor to retain, when applying the equity method, the fair value measurement applied by an investment entity associate or joint venture to its interests in subsidiaries.

Standards and interpretations issued but not yet effective as of March 31, 2016

New International Financial Reporting Standards together with their interpretations had been published at the date of preparation of the accompanying consolidated financial statements, but are not obligatory as of March, 2016.

IFRS 9 - "Financial instruments"

The IASB has established January 1, 2018, as the mandatory application date, with the possibility of early adoption.

Amended IFRS 7 - "Financial instruments: Disclosures"

The IASB modified IFRS 7 in December 2011 to include new disclosures on financial instruments that entities will have to provide as soon as they apply IFRS 9 for the first time.

IFRS 15 - "Revenue from contracts with customers"

This Standard will be applied to the accounting years starting on or after January 1, 2018, although early adoption is permitted.

Amended IFRS 10 – "Consolidated financial statements" and IAS 28 amended

These changes will be applicable to accounting periods beginning on the effective date, still to be determined, although early adoption is allowed.

.IAS 12 – "Income Taxes. Recognition of Deferred Tax Assets for Unrealized Losses"

These modifications will be applied to the accounting periods beginning on or after January 1, 2017, although early application is permitted.

IFRS 16 – "Leases"

The standard will be applied to the accounting years starting on or after January 1, 2019, although early application is permitted if IFRS 15 is also applied.

IAS 7 – "Statement of Cash Flows. Disclosure Initiative"

These modifications will be applied to the accounting periods beginning on or after January 1, 2017, although 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, asset management and private banking. The Group also operates in other sectors such as insurance, real estate, operational leasing, etc.

Appendices I and II of the 2015 consolidated financial statements show relevant information as of December 31, 2015 related to the main subsidiaries and structured entities and joint ventures and associates accounted for using the equity method. Appendix III of the 2015 consolidated financial statements show the main changes and notification of investments and divestments in the BBVA Group in 2015. Appendix IV show fully consolidated subsidiaries with more than 10% owned by non-Group shareholders as of December 31, 2015.

The BBVA Group's activities are mainly located in Spain, Mexico, South America, the United States and Turkey, with an active presence in other areas of Europe and Asia (see Note 5). There have been no significant variations in the Group during the first quarter of 2016.

Ongoing operations

Mergers

The BBVA Group, at its Board of Directors meeting held on March 31, 2016, adopted a resolution to begin a merger process of BBVA S.A. (absorbing company), Catalunya Banc, S.A., Banco Depositario BBVA, S.A. y Unoe Bank, S.A. This transaction is part of the corporate reorganization of its banking subsidiaries in Spain.

These transactions have no impact in the consolidated financial statements both from the accounting and the solvency stand points. The BBVA Group owns 99.05% of the share capital of Catalunya Banc, S.A. and 100% of the Banco Depositario BBVA, S.A and Unoe Bank, S.A.

4. Shareholder remuneration system

In April, 2016, a capital increase was executed to implement the Dividend Option, charged to voluntary reserves as agreed by the AGM held on March 11, 2016. As a result of this increase, the Bank's common stock increased by €55,702,125.43 (113,677,807 shares at a €0.49 par value each). 82.13% of shareholders have opted to receive new BBVA ordinary shares. The other 17.87% of the right owners opted to sell the rights assigned to them to BBVA, and as a result, BBVA acquired 1,137,500,965 rights for a total amount of €146,737,624.49; said shareholders were paid in cash at a gross fixed price of €0.129 per right.

At the Board of Directors meeting held on December 22, 2015, the Board of Directors approved the distribution in cash, as gross interim dividend against 2015 results, of 0.08 (0.0648 withholding tax) for each of all current issued shares. The dividend was paid on January 12, 2016.

5. Operating segment reporting

The information about operating segments is provided in accordance with IFRS 8. Operating segment reporting represents a basic tool in the oversight and management of the BBVA Group's various activities. The BBVA Group compiles reporting information on as disaggregated level as possible, and all data relating to the businesses these units manage is recognized in full. These minimum level units are then aggregated in accordance with the organizational structure determined by the BBVA Group management into higher level units and, ultimately, the reportable segments themselves.

During 2016, there have not been significant changes in the reporting structure of the operating segments of the BBVA Group with regard to the existing structure at the end of 2015. The structure of the operating segment is as follows:

- Banking activity in Spain which as in previous years includes the Retail network; Corporate and Business Banking (CBB); Corporate & Investment Banking (CIB); insurance business BBVA Seguros and Asset Management. It also includes the portfolios, finance and structural interest-rate positions of the euro balance sheet. And since April 24, 2015 the balance sheet and the results of Catalunya Banc.
- Real estate activity in Spain

  It mainly combines loans to real-estate developers and foreclosed real estate assets.
- Turkey

  Includes the stake in Garanti Group.
- Mexico

  Comprising of the banking, real estate activity and insurance businesses. The banking business includes retail business through its Commercial Banking, Consumer Finance and Corporate and Institutional Banking units; and wholesale banking through CIB.
- The United States

  Encompasses the Group's businesses in the United States.
- South America

  Includes the banking and insurance businesses that BBVA carries out in the region.

- Rest of Eurasia

  Includes the business carried out in the rest of Europe and Asia, i.e. the retail and wholesale businesses of the BBVA Group in the area.

Finally, Corporate Center is an aggregate that contains the remainder of the items that have not been allocated to the operating segments, as it basically corresponds to the Group's holding function. It groups together the costs of the headquarters that have a corporate function; management of structural exchange-rate positions; specific issues of capital instruments to ensure adequate management of the Group's global solvency; portfolios and their corresponding results, whose management is not linked to customer relations, such as industrial holdings; certain tax assets and liabilities; funds due to commitments with pensioners; goodwill and other intangibles; and the results of certain corporate transactions.

The breakdown of the BBVA Group's total assets by operating segments as of March 31, 2016 and December 31. 2015, is as follows:

Total Assets by Operating Segments	Millions of Euros March 2016	December 2015 (*)
Banking Activity in Spain	336,131	339,775
Real Estate Activity in Spain	16,618	17,122
Turkey	91,332	89,003
Rest of Eurasia	23,636	23,469
Mexico	96,263	99,594
South America	68,714	70,661
United States	85,846	86,454
Subtotal Assets by Operating Segments	718,540	726,079
Corporate Center and other adjustments	22,407	23,999
Total Assets BBVA Group	**740,947**	**750,078**

(*) The figures corresponding to December 31, 2015 have been restated under 2016 operating segment reporting structure for the purpose of comparison with the information for March 31, 2016 (see Note 1).

The profit and main earning figures in the consolidated income statements for the three months ended March 31, 2016 and 2015 by operating segments are as follows:

		Millions of Euros								
		Operating Segments								
Main Margins and Profits by Operating Segments	BBVA Group	Spain	Real Estate Activity in Spain	Turkey	Rest of Eurasia	Mexico	South America	United States	Corporate Center	Adjusments (2)
March 2016										
Net interest income	4,152	955	26	775	43	1,290	717	478	(132)	-
Gross income	5,788	1,560	12	977	112	1,654	985	667	(180)	-
Net operating income (1)	2,614	658	(20)	554	27	1,055	524	210	(394)	-
Operating profit /(loss) before tax	1,338	342	(148)	424	27	652	375	75	(410)	-
Profit	**709**	**234**	**(113)**	**133**	**18**	**489**	**182**	**49**	**(282)**	**-**
March 2015 (*)										
Net interest income	3,453	966	(9)	210	43	1,339	802	434	(124)	(210)
Gross income	5,469	1,787	(51)	250	161	1,755	1,159	648	(77)	(163)
Net operating income (1)	2,802	1,023	(79)	140	71	1,106	656	217	(278)	(55)
Operating profit /(loss) before tax	2,159	438	(221)	107	53	695	469	185	(284)	717
Profit	**1,536**	**307**	**(154)**	**86**	**34**	**525**	**227**	**131**	**381**	**-**

(1) Gross Income less Administrative Cost and Amortization

(2) Year 2015 Includes adjustments due to Garanti Group accounted for using the equity method instead of using management criteria (proportionally integrated) . Additionally, the sale of the 6.34% stake in CNCB and the result of the fair value measurement of the stake we already held in Garanti is under the heading of "Results from corporate operations" below the tax income

(*) The figures corresponding to March 31, 2015 have been restated under 2016 operating segment reporting structure for the purpose of comparison with the information for March 31, 2016 (see Note 1).

6. Risk management

The principles and risk management policies, as well as tools and procedures established and implemented in the Group as of March 31, 2016 do not differ significantly from those included in the consolidated financial statements for the year ended December 31, 2015 (see Note 7).

The table below shows the evolution of the main items related to the credit risk of the Group as of March 31, 2016 and 31 December 2015. Balances are presented gross and excluding any valuation adjustments or impairment losses, or the risk of derivatives detailed in Note 8:

	Millions of euros	
Maximum Credit Risk Exposure	**March 2016**	**December 2015**
Financial assets held for trading	**37,847**	**37,424**
Debt securities	33,448	32,826
Equity instruments	4,315	4,534
Customer lending	85	65
Other financial assets designated at fair value through profit or loss	**2,281**	**2,311**
Loans and advances to credit institutions	62	62
Debt securities	176	173
Equity instruments	2,043	2,075
Available-for-sale financial assets	**92,754**	**113,710**
Debt securities	87,730	108,448
Government	63,515	81,579
Credit institutions	5,518	8,069
Other sectors	18,697	18,800
Equity instruments	5,023	5,262
Loans and receivables	**471,444**	**476,396**
Loans and advances to credit institutions	31,615	33,014
Loans and advances to customers	428,515	432,856
Of which:		
Mortgage loans	142,360	144,203
Secured loans, except mortgage	59,340	57,041
Debt securities	11,315	10,526
Held-to-maturity investments	**17,504**	**-**
Government	15,785	-
Credit institutions	1,504	-
Other sectors	215	-
Derivatives (trading and hedging)	**53,164**	**49,350**
Total Financial Assets Risk	**674,993**	**679,193**
Total Contingent Risks and Commitments	**174,432**	**185,609**
Total Maximum Credit Exposure	**849,425**	**864,802**

The table below shows the composition of the impaired financial assets and risks as of March 31, 2016 and December 31, 2015, broken down by heading in the accompanying consolidated balance sheet:

	Millions of euros	
Impaired Risks. Breakdown by Type of Asset and by Sector	**March 2016**	**December 2015**
Asset Instruments Impaired		
Available-for-sale financial assets	129	76
Debt securities	129	76
Loans and receivables	24,857	25,363
Loans and advances to credit institutions	27	25
Loans and advances to customers	24,826	25,333
Debt securities	4	5
Total Asset Instruments Impaired	**24,986**	**25,439**
Contingent Risks Impaired	**647**	**664**
Total impaired risks	**25,633**	**26,103**

Below is presented the change in the impaired financial assets in the period of three months ended March 31, 2016 and 2015:

	Millions of Euros	
Changes in Impaired Financial Assets and Contingent Risks	**March 2016**	**December 2015**
Balance at the beginning	**26,103**	**23,234**
Additions	2,523	14,872
Decreases (*)	(1,571)	(6,720)
Net additions	**952**	**8,152**
Amounts written-off	(1,401)	(4,989)
Exchange differences and other	(21)	(295)
Balance at the end	**25,633**	**26,103**

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

Below is a breakdown of the impairment losses and provisions for contingent risks recognized on the accompanying consolidated balance sheets to cover estimated impairment losses as of March 31, 2016 and December 31, 2015, broken down by heading in the accompanying consolidated balance sheet:

	Millions of Euros	
Impairment Losses and Provisions for Contingent Risks	**March 2016**	**December 2015**
Available-for-sale portfolio	**277**	**284**
Loans and receivables	**18,119**	**18,752**
Loans and advances to customers	18,057	18,691
Loans and advances to credit institutions	53	51
Debt securities	9	10
Held to maturity investments	**12**	**-**
Impairment losses	**18,408**	**19,036**
Provisions to Contingent Risks and Commitments	**734**	**714**
Total	**19,142**	**19,750**

Below are the changes in the period of three months ended March 31, 2016 and 2015, in the estimated impairment losses:

	Millions of Euros	
Changes in the Impaired financial assets	**March 2016**	**December 2015**
Balance at the beginning	**19,750**	**14,833**
Increase in impairment losses charged to income	2,038	13,819
Decrease in impairment losses charged to income	(846)	(2,070)
Transfer to written-off loans, exchange differences and other	(1,801)	(6,831)
Balance at the end	**19,142**	**19,750**

7. Fair Value

The criteria and valuation methods used to calculate the fair value of financial assets do not differ significantly from those included in the consolidated financial statements for the year ended December 31, 2015.

During the three months ended March 31, 2016, there is no material entry due to financial instruments transfers between the different levels of measurement and the changes are due to the variations in the fair value of the financial instruments.

8. Balance sheet

During the first quarter of 2016, the balance sheet was affected by the negative impact of exchange rates.

Cash and balances with central banks

Cash and Balances with Central Banks	Millions of Euros March 2016	 December 2015
Cash	6,952	7,192
Balances at the Central Banks (*)	31,136	36,126
Reverse repurchase agreements	1,227	149
Total Assets	**39,315**	**43,467**
Deposits from Central Banks (*)	20,881	21,022
Repurchase agreements	15,200	19,065
Total Liabilities	**36,081**	**40,087**

(*) Includes Accrued Interest

Financial assets and liabilities held for trading

Financial Assets and Liabilities Held-for-Trading	Millions of Euros March 2016	 December 2015
Loans and advances to customers	85	65
Debt securities	33,448	32,825
Equity instruments	4,315	4,534
Trading derivatives	43,858	40,902
Total Assets	**81,706**	**78,326**
Trading derivatives	44,342	42,149
Short positions	10,764	13,053
Total Liabilities	**55,107**	**55,203**

Debt Securities Held-for-Trading Breakdown by issuer	Millions of Euros March 2016	 December 2015
Issued by Central Banks	141	214
Spanish government bonds	7,961	7,419
Foreign government bonds	21,981	21,821
Issued by Spanish financial institutions	193	328
Issued by foreign financial institutions	1,337	1,438
Other debt securities	1,836	1,606
Total	**33,448**	**32,825**

Other financial assets and liabilities at fair value through profit or loss

Other Financial Assets Designated at Fair Value through Profit or Loss	Millions of Euros March 2016	December 2015
Loans and advances to credit institutions	62	62
Debt securities	176	173
Unit-linked products	162	163
Other securities	14	9
Equity instruments	2,043	2,075
Unit-linked products	1,930	1,960
Other securities	113	115
Total Assets	**2,281**	**2,311**
Other financial liabilities	2,600	2,649
Unit-linked products	2,600	2,649
Total Liabilities	**2,600**	**2,649**

Available-for-sale financial assets and Held-to-maturity investment

Available-for-Sale Financial Assets	Millions of Euros March 2016	December 2015
Debt securities	87,730	108,448
Impairment losses	(112)	(139)
Subtotal	87,618	108,310
Equity instruments	5,023	5,262
Impairment losses	(165)	(146)
Subtotal	4,858	5,116
Total	**92,476**	**113,426**

Available-for-Sale Financial Assets. Debt securities	Millions of Euros March 2016	December 2015
Debt securities		
Issue by Central Banks	2,054	2,273
Spanish government bonds	31,434	40,394
Foreign government bonds	30,027	38,913
Issue by credit institutions	5,519	8,069
Resident	1,610	2,789
Non-resident	3,908	5,279
Other debt securities	17,509	18,150
Resident	1,578	2,074
Non-resident	15,930	16,076
Total gross	**86,542**	**107,798**
Impairment losses	(112)	(139)
Accruals and adjustments for hedging derivatives	1,189	650
Total	**87,618**	**108,310**

During the first quarter of 2016, the heading “Available for sale financial assets” decreased mainly due to the reclassification of certain debt securities to the heading “Held to maturity investments” in BBVA S.A. and in Garanti Group, mainly related to government debt securities.

At the time of the reclassification, the nominal value of these securities amounted to €15,764 million and the losses recognized under the heading "Valuation adjustments – Available for sale" were €521 million. The fair value carrying amount of these financial asset on the date of the reclasification becomes its new amortised cost. The previous gain on that asset that has been recognised in "Valuation Adjustments – Available for sale financial assets" shall be amortised to profit or loss over the remaining life of the held-to-maturity investment using the effective interest method. Any difference between the new amortised cost and maturity amount shall also be amortised over the remaining life of the financial asset using the effective interest method, similar to the amortisation of a premium and a discount. This reclassification has triggered by a change in the Group´s strategy regarding the management of these securities.

Loans and receivables

Loans and receivables	Millions of euros March 2016	December 2015
Loans and advances to credit institutions	**31,561**	**32,962**
Loans and advances to customers	**410,458**	**414,165**
Mortgage secured loans	142,360	144,203
Other loans secured with security interest	59,340	57,041
Unsecured loans	135,168	137,322
Credit lines	13,784	13,758
Commercial credit	12,117	13,434
Receivable on demand and other	9,300	9,226
Credit cards	14,751	15,360
Finance leases	8,939	9,032
Reverse repurchase agreements	4,530	5,036
Financial paper	1,023	1,063
Impaired assets	24,826	25,333
Total gross	**426,138**	**430,808**
Valuation adjustments	(15,681)	(16,643)
Impairment losses	(18,057)	(18,691)
Hedging derivatives and others	1,369	1,199
Rest of valuation adjustments	1,007	849
Debt securities	**11,306**	**10,516**
Total	**453,325**	**457,644**

The heading "Loans and receivables – Loans and advances to customers" in the accompanying consolidated balance sheets also includes certain secured loans that pursuant to the Mortgage Market Act, are linked to long-term mortgage-covered bonds. This heading also includes some loans that have been securitized. The balances recognized in the accompanying consolidated balance sheets as of March 31, 2016 and December 31, 2015 amounted to €31.710 million and €32.621 million, respectively.

Held to maturity investments

Millions of Euros

Held-to-Maturity Investments	March 2016
Domestic Debt Securities	
Spanish Government and other government agency debt securities	7,515
Other Domestic Securities	696
Credit institutions	549
Other resident	159
Valuation adjustments	(12)
Subtotal	**8,211**
Foreign Debt Securities	
Government and other government agency debt securities	8,270
Others securities	1,023
Credit institutions	955
Other non resident	68
Subtotal	**9,293**
Total	**17,504**

During the first quarter of 2016 certain debt securities were reclassified from the heading of “Available for sale assets” to the heading “Held to maturity investments”.

Non-current assets held for sale

Millions of Euros

Non-Current Assets Held-for-Sale and Liabilities Associated	March 2016	December 2015
Foreclosures and recoveries	3,944	3,991
Other assets from:	426	706
Business sale - Assets	36	37
Accrued amortization (*)	(59)	(80)
Impairment losses	(1,239)	(1,285)
Total Non-Current Assets Held-for-Sale	**3,108**	**3,369**

(*) Net of accumulated amortization before reclassification to non-current assets held for sale.

Investments in entities accounted for using the equity method

Millions of Euros

Investments in Entities Accounted for Using the Equity Method	March 2016	December 2015
Associates entities	982	636
Joint ventures	197	243
Total	**1,179**	**879**

The increase is mainly due to two capital increases in Metrovacesa, S.A. executed through a debt swap and sale of real-estate assets in January, 2016.

Tangible assets

	Millions of euros	
Tangible Assets. Breakdown by Type of Asset Cost Value, Amortizations and impairments	**March 2016**	**December 2015**
Property, plants and equipment		
For own use		
Land and Buildings	5,819	5,860
Work in Progress	383	545
Furniture, Fixtures and Vehicles	7,427	7,628
Accumulated depreciation	(5,648)	(5,654)
Impairment	(353)	(354)
Subtotal	7,628	8,021
Assets leased out under an operating lease		
Assets leased out under an operating lease	910	668
Accumulated depreciation	(225)	(202)
Impairment	(11)	(10)
Subtotal	675	456
Subtotal	**8,303**	**8,477**
Investment properties		
Building rental	1,937	2,013
Other	348	378
Accumulated depreciation	(117)	(116)
Impairment	(774)	(808)
Subtotal	**1,394**	**1,467**
Total	**9,697**	**9,944**

Intangible assets

	Millions of Euros	
Intangible Assets.	**March 2016**	**December 2015**
Goodwill	6,556	6,811
Other intangible assets	3,301	3,464
Total	**9,858**	**10,275**

Tax assets and liabilities

Tax assets and liabilities	Millions of Euros March 2016	 December 2015
Tax assets-	**17,691**	**17,779**
Current	1,650	1,901
Deferred (*)	16,041	15,878
Tax Liabilities-	**4,958**	**4,721**
Current	1,430	1,238
Deferred	3,529	3,483

(*) Includes guarantee deferred assets totaling €9,538 and €9,536 million as of March 31, 2016 and December 31, 2015 respectively.

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

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

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

The balance under the heading "Tax assets" in the accompanying consolidated balance sheets includes deferred tax assets. The balance under the "Tax liabilities" heading includes to the Group's various deferred tax liabilities.

Other assets and liabilities

Other assets and liabilities. Breakdown by nature	Millions of Euros March 2016	 December 2015
Inventories	4,213	4,303
Real estate companies	4,035	4,172
Others	178	131
Transactions in progress	171	148
Accruals	1,183	804
Unaccrued prepaid expenses	936	558
Other prepayments and accrued income	247	246
Other items	3,104	3,311
Total Assets	**8,671**	**8,566**
Transactions in progress	100	52
Accruals	2,275	2,609
Unpaid accrued expenses	1,669	2,009
Other accrued expenses and deferred income	606	600
Other items	2,275	1,949
Total Liabilities	**4,650**	**4,610**

Financial liabilities at amortized cost

	Millions of Euros	
Financial Liabilities at Amortized Cost	**March 2016**	**December 2015**
Deposits from Central Banks	36,081	40,087
Deposits from Credit Institutions	64,314	68,543
Customer deposits	408,971	403,069
Debt certificates	59,154	66,165
Subordinated liabilities	15,917	16,109
Other financial liabilities	13,272	12,141
Total	**597,709**	**606,113**

Deposits from credit institutions

	Millions of euros	
Deposits from credit institutions	**March 2016**	**December 2015**
Reciprocal accounts	233	160
Deposits with agreed maturity	36,794	37,859
Demand deposits	4,776	4,121
Other accounts	156	149
Repurchase agreements	22,151	26,069
Subtotal	64,110	68,358
Accrued interest until expiration	204	185
Total	**64,314**	**68,543**

Customer deposits

	Millions of euros	
Customer deposits	**March 2016**	**December 2015**
Government and other government agencies	33,191	25,343
Of which:		
Repurchase agreements	2,558	7,556
Current accounts	107,801	112,273
Savings accounts	79,662	82,975
Fixed-term deposits	167,117	165,125
Repurchase agreements	19,473	15,711
Other accounts	715	811
Accrued interests	1,011	831
Total	**408,971**	**403,069**
Of which:		
In Euros	207,394	202,982
In foreign currency	201,577	200,087
Of which:		
Deposits from other creditors without valuation adjustment	408,254	402,400
Accrued interests	717	669

Debt certificates (including bonds)

Debt Certificates	Millions of Euros March 2016	December 2015
Promissory notes and bills		
In euros	557	456
In other currencies	218	192
Subtotal	775	648
Bonds and debentures issued		
In euros -		
Non-convertible bonds and debentures	9,544	9,764
Mortgage Covered bonds	23,894	28,740
Hybrid financial instruments	425	384
Securitization bonds realized by the Group	3,758	4,580
Accrued interest and others (*)	1,111	1,425
In foreign currency -		
Non-convertible bonds and debentures	14,198	14,793
Mortgage Covered bonds	146	146
Hybrid financial instruments	2,208	2,392
Securitization bonds realized by the Group	2,837	3,039
Accrued interest and others (*)	259	254
Subtotal	58,379	65,517
Total	**59,154**	**66,165**

(*) Hedging transactions and issuance expenses

During the first quarter of 2016, BBVA, S.A.and Catalunya Banc amortized €4,500 million and €1,750 million of mortgage bonds respectively. BBVA SA issued €1,250 million of mortgage bonds, in the same period.

Subordinated liabilities

Subordinated Liabilities	Millions of euros March 2016	December 2015
Convertible	4,377	4,439
Convertible perpetual securities	4,377	4,439
Convertible subordinated debt	-	-
Non-convertible	10,856	11,144
Preferred Stock	957	974
Other subordinated liabilities	9,899	10,170
Subtotal	15,233	15,583
Valuation adjustments (*)	683	526
Total	**15,917**	**16,109**

(*) Includes accrued interest payable and valuation adjustment of hedging derivatives.

Other subordinated liabilities

Other financial liabilities	Millions of Euros March 2016	December 2015
Creditors for other financial liabilities	4,165	3,303
Collection accounts	2,553	2,369
Creditors for other payment obligations	6,554	5,960
Dividend payable but pending payment (Note 4)	-	509
Total	**13,272**	**12,141**

Liabilities under insurance contracts

Liabilities under Insurance Contracts Technical Reserve and Provisions	Millions of Euros March 2016	December 2015
Mathematical reserves	8,014	8,101
Provision for unpaid claims reported	684	697
Provisions for unexpired risks and other provisions	681	609
Total	**9,379**	**9,407**

Provisions

Provisions. Breakdown by concepts	Millions of Euros March 2016	December 2015
Provisions for pensions and similar obligations	6,001	6,299
Provisions for taxes and other legal contingencies	619	370
Provisions for contingent risks and commitments	734	714
Other provisions (*)	1,167	1,469
Total	**8,521**	**8,852**

(*) Provisions or contingencies in different geographies, those, individually, are not significant.

Pension and other post-employment commitments

Employees are covered by defined contribution plans in practically all of the countries in which the Group operates, with the plans in Spain and Mexico being the most significant. Most defined benefit plans are closed to new employees and with liabilities relating largely to inactive employees, the most significant being those in Spain, Mexico, the United States and Turkey. In Mexico, the Group provides post-retirement medical benefits to a closed group of employees and their family members.

The amounts relating to post-employment benefits charged to the profit and loss account and other comprehensive income for the three months ended March 31, 2016 and 2015 are as follows:

	Millions of Euros	
Consolidated Income Statement Impact	**March 2016**	**March 2015**
Interest and similar expenses (*)	30	33
Personnel expenses	42	42
Defined contribution plan expense	24	22
Defined benefit plan expense	18	20
Provisions (net)	70	152
Total impact on Income Statement: Debit (Credit)	**142**	**227**

(*) Interest and similar charges includes interest charges/credits.

Common stock

As of March 31, 2016, BBVA's share capital amounted to €3,119,673,257.82 divided into 6,366,680,118 shares. As a result of the increase carried out on April, 2015, due to the execution of the first of the capital increase described in Note 4, BBVA's share capital, at the date of preparation of these consolidated financial statements, amounted to €3,175,375,383.25 divided into 6,480,357,925 fully subscribed and paid-up registered shares, all of the same class and series, at €0.49 par value each, represented through book-entry accounts. All of the Bank 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 common stock.

Reserves

	Millions of Euros	
	March 2016	**December 2015 (*)**
Accumulated reserves (losses)	23,880	22,610
Reserves (losses) of entities accounted for using the equity method	(110)	(98)
Total	**23,771**	**22,512**

Valuation adjustments

	Millions of Euros	
Valuation Adjustments	**March 2016**	**December 2015**
Available-for-sale financial assets	1,827	1,674
Cash flow hedging	(73)	(49)
Hedging of net investments in foreign transactions	(387)	(274)
Exchange differences	(4,750)	(3,905)
Non-current assets held for sale	-	-
Entities accounted for using the equity method	60	64
Other valuation adjustments (Remeasurements)	(849)	(859)
Total	**(4,171)**	**(3,349)**

Non-controlling interests

	Millions of euros	
Non-Controlling Interest	**March 2016**	**December 2015**
BBVA Colombia Group	56	58
BBVA Chile Group	310	314
BBVA Banco Continental Group	849	913
BBVA Banco Provincial Group	87	100
BBVA Banco Francés Group	203	220
Garanti Group	6,545	6,460
Other companies	83	85
Total	**8,132**	**8,149**

	Millions of Euros	
Profit attributable to Non-Controlling Interests	**March 2016**	**March 2015**
BBVA Colombia Group	2	3
BBVA Chile Group	6	11
BBVA Banco Continental Group	44	52
BBVA Banco Provincial Group	(8)	12
BBVA Banco Francés Group	19	18
Garanti Group	203	-
Other companies	1	7
Total	**266**	**103**

Contingent risks and commitments

	Millions of euros	
Contingent Risks and Commitments	**March 2016**	**December 2015**
Contingent Risks		
Collateral, bank guarantees and indemnities	40,474	39,971
Rediscounts, endorsements and acceptances	586	538
Letter of credit and others	9,086	9,367
Total Contingent Risks	**50,147**	**49,876**
Contingent Commitments		
Balances drawable by third parties:	110,796	123,620
Credit institutions	866	921
Government and other government agencies	2,416	2,570
Other resident sectors	27,035	27,334
Non-resident sector	80,479	92,795
Other contingent liabilities	13,489	12,113
Total Contingent Commitments	**124,285**	**135,733**
Total contingent risks and contingent commitments	**174,432**	**185,609**

Off-balance sheet customer funds

	Millions of Euros	
Off-Balance Sheet Customer Funds by Type	**March 2016**	**December 2015**
Investment companies and mutual funds	53,147	54,419
Pension funds	31,410	31,542
Customer portfolios managed on a discretionary basis	42,907	42,074
Other resources	3,611	3,786
Total	**131,076**	**131,822**

9. Income statement

During 2015, the following events took place: acquisition of Catalunya Banc (second quarter), the consolidation of Garanti from the date of effective control (third quarter) and the negative impact of exchange rates. These effects impact all the income statement lines of the Group.

Interest income and expense and similar items

Interest and similar income

	Millions of Euros	
Interest and Similar Income. Breakdown by Origin.	**March 2016**	**March 2015**
Central Banks	48	31
Loans and advances to credit institutions	86	54
Loans and advances to customers	5,277	4,036
Government and other government agency	110	149
Resident sector	778	820
Non resident sector	4,389	3,067
Debt securities	1,079	744
Held for trading	248	235
Available-for-sale financial assets	831	509
Adjustments of income as a result of hedging transactions	(97)	(74)
Insurance activity	323	270
Other income	143	136
Total	**6,859**	**5,197**

Interest and similar expense

Interest and Similar Expenses. Breakdown by Origin	Millions of Euros March 2016	 March 2015
Bank of Spain and other central banks	41	20
Deposits from credit institutions	369	214
Customers deposits	1,430	847
Debt certificates	507	442
Subordinated liabilities	127	120
Adjustments of expenses as a result of hedging transactions	(149)	(224)
Cost attributable to pension funds	30	33
Insurance activity	228	202
Other charges	125	90
Total	**2,707**	**1,744**

Income from equity instruments

Dividend Income	Millions of Euros March 2016	 March 2015
Dividends from:		
Financial assets held for trading	37	27
Available-for-sale financial assets	8	14
Total	**45**	**42**

Share of profit or loss of entities accounted for using the equity method

"Investments in Entities Accounted for Using the Equity Method" amounted to €7 million for the three months ended March 31, 2016 compared with the €88 million recorded for the three months ended March 31, 2015 mainly as a result of the decrease in the contribution from Garanti Group due to the change in consolidation method that took place in the third quarter of 2015.

Commissions

Fee and Commission Income	Millions of Euros March 2016	 March 2015
Bills receivables	13	18
Current accounts	114	85
Credit and debit cards	631	449
Checks	50	57
Transfers and others payment orders	136	90
Insurance product commissions	42	23
Commitment fees	70	44
Contingent risks	100	78
Asset Management	212	163
Securities fees	78	70
Custody securities	31	78
Other fees and commissions	157	204
Total	**1,634**	**1,359**

Fee and Commission Expenses	Millions of Euros March 2016	March 2015
Commissions for selling insurance	15	19
Credit and debit cards	312	202
Transfers and others payment orders	26	19
Other fees and commissions	120	93
Total	**473**	**332**

Net gains (losses) on financial assets and liabilities (net)

Gains (Losses) on Financial Assets and Liabilities Breakdown by Heading of the Balance Sheet	Millions of Euros March 2016	March 2015
Financial assets held for trading	(109)	88
Other financial assets designated at fair value through profit or loss	10	10
Other financial instruments not designated at fair value through profit or loss	155	344
Available-for-sale financial assets	138	335
Loans and receivables	32	12
Other	(15)	(3)
Total	**55**	**443**

Gains (Losses) on Financial Assets and Liabilities Breakdown by Nature of the Financial Instrument	Millions of Euros March 2016	March 2015
Debt instruments	170	203
Equity instruments	(266)	514
Loans and advances to customers	33	16
Derivatives	116	(296)
Customer deposits	2	(2)
Rest	-	9
Total	**55**	**443**

The balance in the heading “Net gains (losses) on financial assets and liabilities (net)” decreased due to markets instability during the first quarter of 2016 and because of the lower volume of sales in portfolios classified as available for sale.

Exchange differences (net)

The balance of the heading "Exchange differences (net)" stood at €302 million in the first quarter of 2016, compared with €347 million in the first quarter of 2015.

Other operating income and expenses

Other Operating Income (Millions of Euros)	March 2016	March 2015
Income on insurance and reinsurance contracts	1,029	951
Financial income from non-financial services	183	156
Of Which: Real estate companies	110	109
Rest of other operating income	113	80
Of Which: from rented buildings	19	16
Total	**1,326**	**1,188**

Other Operating Expenses (Millions of Euros)	March 2016	March 2015
Expenses on insurance and reinsurance contracts	764	700
Change in inventories	119	119
Of Which: Real estate companies	92	104
Rest of other operating expenses	376	299
Total	**1,259**	**1,119**

Administration costs

Personnel expenses

Personnel Expenses (Millions of Euros)	March 2016	March 2015
Wages and salaries	1,293	1,072
Social security costs	203	172
Defined contribution plan expense	24	22
Defined benefit plan expense	18	20
Other personnel expenses	131	118
Total	**1,669**	**1,405**

General and administrative expenses

General and Administrative Expenses (Millions of Euros)	March 2016	March 2015
Technology and systems	160	139
Communications	78	60
Advertising	58	46
Property, fixtures and materials	274	226
Of which: Rent expenses (*)	160	121
Taxes other than income tax	130	106
Other expenses	461	403
Total	**1,161**	**980**

(*) The consolidated companies do not expect to terminate the lease contracts early.

Depreciation and amortization

	Millions of Euros	
Depreciation and Amortization	**March 2016**	**March 2015**
Tangible assets	171	142
For own use	165	137
Investment properties	6	5
Assets leased out under financial lease	-	-
Other Intangible assets	172	141
Total	**344**	**282**

Provisions (net)

	Millions of Euros	
Provisions (Net)	**March 2016**	**March 2015**
Provisions for pensions and similar obligations	70	152
Provisions for contingent risks and commitments	43	3
Provisions for taxes and other legal contingencies	20	10
Other Provisions	48	64
Total	**181**	**228**

Impairment losses on financial assets (net)

	Millions of Euros	
Impairment Losses on Financial Assets (Net)	**March 2016**	**March 2015**
Available-for-sale financial assets	48	-
Debt securities	45	-
Other equity instruments	3	-
Loans and receivables	985	1,086
Of which: Recovery of written-off assets	117	108
Total	**1,033**	**1,086**

Impairment losses on other assets (net)

	Millions of Euros	
Impairment Losses on Other Assets (Net)	**March 2016**	**March 2015**
Goodwill and investment in entities	-	-
Other intangible assets	-	3
Tangible assets	7	7
For own use	3	7
Investment properties	4	-
Inventories	41	40
Rest	(3)	2
Total	**44**	**52**

Gains (losses) on derecognized assets not classified as non-current assets held for sale

Gains and Losses on Derecognized Assets Not Classified as Non-current Assets Held for Sale	March 2016	March 2015
	Millions of Euros	
Gains		
Disposal of investments in subsidiaries	27	-
Disposal of tangible assets and other	6	40
Losses:		
Disposal of investments in subsidiaries	(2)	(2)
Disposal of tangible assets and other	(13)	(7)
Total	**18**	**30**

Gains (losses) on non-current assets held for sale

Gains (Losses) in Non-current Assets Held for Sale not classified as discontinued operations	March 2016	March 2015
	Millions of Euros	
Gains (losses) on sale of real estate	12	59
Impairment of non-current assets held for sale	(48)	(103)
Impairment and gains (losses) on sale of investments classified as assets held for sale	-	-
Gains (losses) on sale of equity instruments classified as assets held for sale (*)	-	738
Total	**(36)**	**693**

(*) The balance of this heading includes the gains from the sale of its 5.6% stake in CNCB during the first quarter of 2015

10. Subsequent events

On April 7, 2016, BBVA SA has agreed to carry out an issue of perpetual contingent convertible securities, convertible into issued ordinary shares of BBVA, without pre-emption rights, for a total amount of 1 billion Euros.

From April 1, 2016 to the date of preparation of these consolidated financial statements, no other subsequent events not mentioned above in these interim financial statements, except the one mentioned in note 4 concerning to the dividend option, have taken place that significantly affect the Group’s earnings or its equity position.

Management Report 1st quarter 2016

Contents

BBVA Group highlights

BBVA Group highlights

(Consolidated figures)

	31-03-16	Δ%	31-03-15	31-12-15
Balance sheet (million euros)				
Total assets	740,947	10.2	672,598	750,078
Loans and advances to customers (gross)	428,515	14.3	374,873	432,855
Deposits from customers	408,971	20.4	339,675	403,069
Other customer funds	131,076	(1.3)	132,844	131,822
Total customer funds	540,047	14.3	472,519	534,891
Total equity	54,516	4.1	52,366	55,439
Income statement (million euros)				
Net interest income	4,152	13.3	3,663	16,426
Gross income	5,788	2.8	5,632	23,680
Operating income	2,614	(8.5)	2,857	11,363
Income before tax	1,338	(7.2)	1,442	5,879
Net attributable profit	709	(53.8)	1,536	2,642
The BBVA share and share performance ratios				
Number of shares (millions)	6,367	2.3	6,225	6,367
Share price (euros)	5.84	(37.9)	9.41	6.74
Earning per share (euros) (1)	0.10	(56.0)	0.23	0.38
Book value per share (euros)	7.29 (2)	(10.0)	8.15 (2)	7.47
Tangible book value per share (euros)	5.76 (2)	(12.7)	6.65 (2)	5.85
Market capitalization (million euros)	37,194	(36.5)	58,564	42,905
Yield (dividend/price; %)	6.3	46.0	4.3	5.5
Significant ratios (%)				
ROE (net attributable profit/average shareholders' funds)	5.6 (2)		8.8 (2)	5.2
ROTE (net attributable profit/average shareholders' funds excluding intangible assets)	7.0 (2)		10.8 (2)	6.4
ROA (net income/average total assets)	0.52		0.73	0.46
RORWA (net income/average risk-weighted assets)	0.98		1.34	0.87
Efficiency ratio	54.8		49.3	52.0
Cost of risk	0.92		1.21	1.06
NPA ratio	5.3		5.6	5.4
NPA coverage ratio	74		65	74
Capital adequacy ratios (%) (3)				
CET1	11.6		12.7	12.1
Tier I	12.1		12.7	12.1
Total ratio	15.0		15.8	15.0
Other information				
Number of shareholders	942,343	(0.2)	944,631	934,244
Number of employees (4)	137,445	26.3	108,844	137,968
Number of branches (4)	9,173	24.6	7,360	9,145
Number of ATMs (4)	30,794	34.6	22,882	30,616

General note: From the third quarter of 2015, the total stake in Garanti is consolidated by the full integration method. For previous periods, the financial information provided in this document is presented integrated in the proportion corresponding to the percentage of the Group's stake then (25.01%).

(1) Adjusted by additional Tier I instrument remuneration.
(2) Adjusted by the results of the dividend-option execution in April 2016 and April 2015 respectively.
(3) The capital ratios are calculated under CRD IV from Basel III regulation, applying a 60% phase-in for 2016 and a 40% for 2015.
(4) Includes Garanti since the third quarter 2015.

Group information

Relevant events

Results (pages 4-9)

- Year-on-year changes are affected by the incorporation of **Catalunya Banc** (CX) in April 2015 and by the effects of the purchase of an additional 14.89% stake in **Garanti**, which has been incorporated into the Group's financial statements by the full consolidation method since the third quarter of 2015.
- Lack of **corporate operations** in the quarter.
- Very negative effect of **exchange rates** against the euro of the main currencies that influence the Group's financial statements.
- Taking into account the stake in Garanti on a comparable basis, i.e. including it as if it had been incorporated by the full integration method since January 1, 2015, if the impact of corporate operations in the first quarter of 2015 is excluded, and if the exchange-rate effect is isolated, the most relevant aspects of the Group's income statement in the quarter are as follows:
  - Positive performance of the **most recurring revenues**, in a context of very low interest rates in developed countries.
  - Reduced contribution from **NTI** as a result of lower sales in ALCO portfolios, volatility and low market activity.
  - Growth of **operating expenses** strongly influenced by the incorporation of CX, the high inflation in some countries and the exchange rate effect.
  - Reduction in **impairment losses on financial assets**.

Balance sheet and business activity (pages 10-11)

- Over the quarter, gross **lending** to customers (excluding non-performing balances) has fallen slightly in the domestic sector (down 0.4%), despite the positive performance of new production, and declined 1.4% in the non-domestic sector due to the negative impact of exchange rates.
- The Group's **non-performing loans** have continued to decline, particularly in Spain (banking and real-estate activity).
- Customer **deposits** under management have performed very well across the Group's global footprint.
- **Off-balance-sheet funds** have fallen slightly as a consequence of a very complex environment in the markets and negative effect of exchange rates.

Solvency (page 12)

- Comfortable **capital** position (phased-in CET1 ratio of 11.6% and fully-loaded ratio of 10.5% as of the close of March 2016), above regulatory requirements, and with good quality (the fully-loaded leverage ratio is 6.3%).
- In April, there was an **issue** of instruments eligible as additional Level 1 capital for €1,000m.

Risk management (pages 13-14)

- Favorable performance of the main **asset quality indicators**: lower NPL ratio, stable coverage ratio and reduced cost of risk.

The BBVA share (pages 15-16)

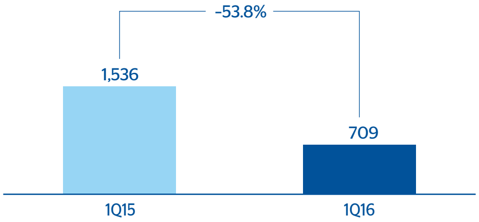
- There was a new bonus share issue in April to implement the **"dividend-option"**. On this occasion, the holders of 82.13% of the free allocation rights chose to receive new shares, which once more demonstrates the success of this remuneration system.

Other matters of interest

- Announcement on March 7 of the acquisition of **Holvi**, a Helsinki-based online banking service for companies. This operation is part of BBVA's strategy to expand its portfolio of digital businesses in order to complete the Group's digital transformation.
- The number of **digital and mobile customers** continues to increase (up 4.4% and 7.6%, respectively, over the quarter).
- **Intra-group mergers**: The integration of Catalunya Banc, S.A, Banco Depositario BBVA, S.A. and Uno-e Bank, S.A. has begun within the framework of a reorganization process of banking subsidiaries of BBVA in Spain.

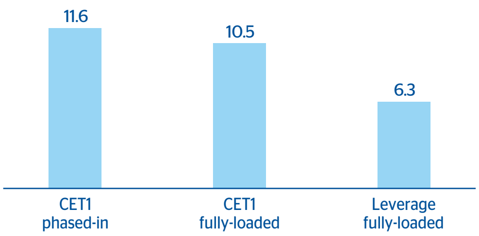
Net attributable profit

(Million euros)



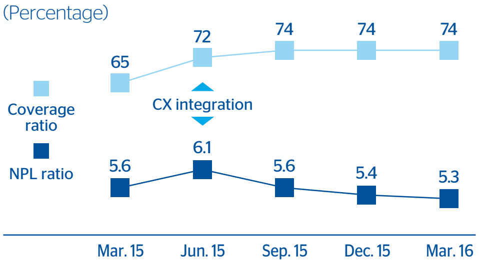
Capital and leverage ratios

(Percentage as of 31-03-2016)



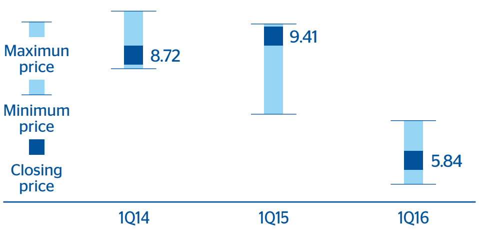
NPL and coverage ratios

(Percentage)



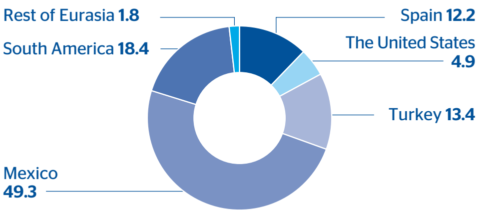
BBVA share

(Euros)



Net attributable profit breakdown [(1)]

(Percentage. 1Q16)



(1) Excludes the Corporate Center.

Results

BBVA Group's earnings for the **first quarter of 2016** were determined in general by a very negative impact of exchange rates against the euro of the main currencies that affect the Group's financial statements, and by the lack of corporate operations. Unless expressly indicated otherwise, to better understand the changes in the Group's earnings figures, the percentages given below refer to constant exchange rates.

In addition, it should be recalled that year-on-year changes are affected by the incorporation of CX in April 2015 and by the effects of the purchase of an additional 14.89% stake in Garanti, which has been incorporated into the Group's financial statements by the full consolidation method since the third quarter of 2015. In order to make comparison against the same period of 2015 easier, the end of this section includes an income statement with rates of change that take into account the business area of Turkey on a comparable basis, i.e. including BBVA's stake in Garanti as if it had been incorporated by the full integration method since January 1, 2015.

The most significant aspects of the Group's income statement are as follows.

Consolidated income statement: quarterly evolution (1)

(Million euros)

	2016	2015			
	1Q	4Q	3Q	2Q	1Q
Net interest income	**4,152**	**4,415**	**4,490**	**3,858**	**3,663**
Net fees and commissions	1,161	1,263	1,225	1,140	1,077
Net trading income	357	451	133	650	775
Dividend income	45	127	52	194	42
Income by the equity method	7	(16)	3	18	3
Other operating income and expenses	66	(94)	76	62	73
Gross income	**5,788**	**6,146**	**5,980**	**5,922**	**5,632**
Operating expenses	(3,174)	(3,292)	(3,307)	(2,942)	(2,776)
Personnel expenses	(1,669)	(1,685)	(1,695)	(1,538)	(1,460)
General and administrative expenses	(1,161)	(1,268)	(1,252)	(1,106)	(1,024)
Depreciation and amortization	(344)	(340)	(360)	(299)	(291)
Operating income	**2,614**	**2,853**	**2,673**	**2,980**	**2,857**
Impairment on financial assets (net)	(1,033)	(1,057)	(1,074)	(1,089)	(1,119)
Provisions (net)	(181)	(157)	(182)	(164)	(230)
Other gains (losses)	(62)	(97)	(127)	(123)	(66)
Income before tax	**1,338**	**1,544**	**1,289**	**1,604**	**1,442**
Income tax	(362)	(332)	(294)	(429)	(386)
Net income from ongoing operations	**976**	**1,212**	**995**	**1,175**	**1,056**
Results from corporate operations (2)	-	4	(1,840)	144	583
Net income	**976**	**1,215**	**(845)**	**1,319**	**1,639**
Non-controlling interests	(266)	(275)	(212)	(97)	(103)
Net attributable profit	**709**	**940**	**(1,057)**	**1,223**	**1,536**
Net attributable profit excluding corporate operations	**709**	**936**	**784**	**1,078**	**953**
Earning per share (euros) (3)	**0.10**	**0.14**	**(0.17)**	**0.18**	**0.23**
Earning per share (excluding corporate operations; euros) (3)	**0.10**	**0.14**	**0.11**	**0.16**	**0.14**

(1) From the third quarter of 2015, BBVA's total stake in Garanti is consolidated by the full integration method. For previous periods, Garanti's revenues and costs are integrated in the proportion corresponding to the percentage of the Group's stake then (25.01%).
(2) 2015 includes the capital gains from the various sale operations equivalent to 6.34% of BBVA Group's stake in CNCB, the effect of the valuation at fair value of the 25.01% initial stake held by BBVA in Garanti, the impact of the sale of BBVA's 29.68% stake in CIFH and the badwill from the CX operation.
(3) Adjusted by additional Tier I instrument remuneration.

Consolidated income statement [1]

(Million euros)

	1Q16	∆%	∆% at constant exchange rates	1Q15
Net interest income	**4,152**	**13.3**	**27.9**	**3,663**
Net fees and commissions	1,161	7.8	17.7	1,077
Net trading income	357	(53.9)	(48.8)	775
Dividend income	45	6.5	7.5	42
Income by the equity method	7	148.8	n.m.	3
Other operating income and expenses	66	(8.5)	1.9	73
Gross income	**5,788**	**2.8**	**14.9**	**5,632**
Operating expenses	(3,174)	14.4	24.8	(2,776)
Personnel expenses	(1,669)	14.3	23.7	(1,460)
General and administrative expenses	(1,161)	13.4	26.2	(1,024)
Depreciation and amortization	(344)	17.9	24.9	(291)
Operating income	**2,614**	**(8.5)**	**4.9**	**2,857**
Impairment on financial assets (net)	(1,033)	(7.7)	0.7	(1,119)
Provisions (net)	(181)	(21.1)	(9.6)	(230)
Other gains (losses)	(62)	(6.1)	(10.6)	(66)
Income before tax	**1,338**	**(7.2)**	**11.7**	**1,442**
Income tax	(362)	(6.2)	15.4	(386)
Net income from ongoing operations	**976**	**(7.6)**	**10.4**	**1,056**
Results from corporate operations [2]	-	-	-	583
Net income	**976**	**(40.5)**	**(33.5)**	**1,639**
Non-controlling interests	(266)	159.4	229.6	(103)
Net attributable profit	**709**	**(53.8)**	**(48.8)**	**1,536**
Net attributable profit excluding corporate operations	**709**	**(25.6)**	**(11.6)**	**953**
Earning per share (euros) [3]	**0.10**			**0.23**
Earning per share (excluding corporate operations; euros) [3]	**0.10**			**0.14**

(1) From the third quarter of 2015, BBVA's total stake in Garanti is consolidated by the full integration method. For previous periods, Garanti's revenues and costs are integrated in the proportion corresponding to the percentage of the Group's stake then (25.01%).
(2) 2015 includes the capital gains from the various sale operations equivalent to 5.6% of BBVA Group's stake in CNCB.
(3) Adjusted by additional Tier I instrument remuneration.

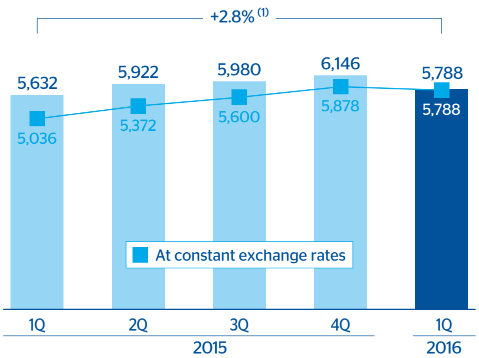
Gross income

The Group's **gross income** was €5,788m, 14.9% more than in the same period of 2015 (up 1.9% with Turkey on a comparable basis). Of particular note in this amount is the good performance of more recurring revenue and the lower contribution from NTI.

Net interest income is up 27.9% over the last twelve months (or 9.7% with Turkey on a comparable basis), with a positive trend in the

Gross income

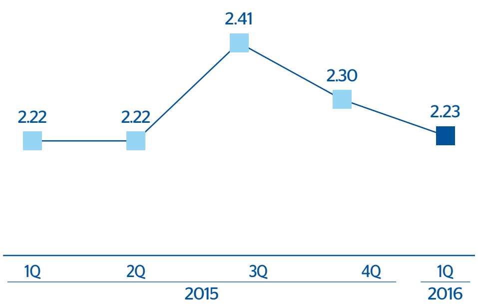
(Million euros)



(1) At constant exchange rates: +14.9%.

Net interest income/ATA

(Percentage)



United States, Turkey, Mexico and South America. There was a slight downturn in banking activity in Spain and the Rest of Eurasia as a result of an environment with interest rates at an all-time low. In these geographical areas, the lower yield on loans has not been offset by lower cost of funding. As a result, customer spreads have narrowed. Also worth mentioning is the deleveraging process still underway in Spain, although at a slower pace than in the past.

Positive performance of **income from fees and commissions** (up 17.7% year-on-year and up 4.2% with Turkey on a comparable basis). The negative effect of regulatory limitations and the complex situation of the markets have been offset by an increasingly diversified revenue base, thanks to the improvement plans being carried out in a number of geographical areas, particularly in Spain and Turkey.

As a result, **more recurring revenue** (net interest income plus fees and commissions) is still an extremely relevant element of the income statement, with an increase of 25.5% over the last year (up 8.4% with Turkey on a comparable basis).

Lower contribution from **NTI** compared to the same period in 2015, with a negative contribution in all the geographical areas except South America and Turkey. This trend is explained by the complex situation of the financial markets over the quarter, combined with lower ALCO portfolio sales in Spain and the United States.

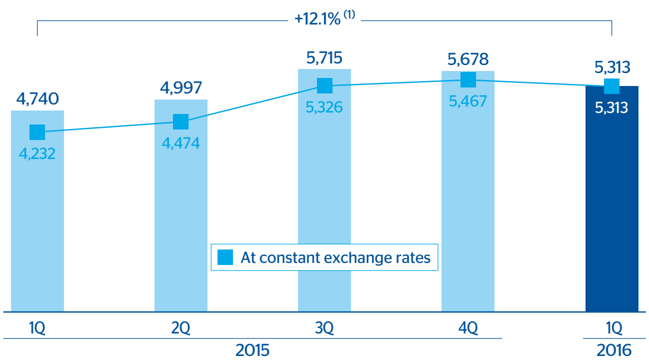
There are no changes in the rest of the items making up gross income (dividends, income by the equity method and other operating income and expenses), which have performed slightly better than twelve months ago.

Operating income

Operating expenses have grown 24.8% year-on-year (up 12.4% with Turkey on a comparable basis), affected basically by the

Net interest income plus fees and commissions

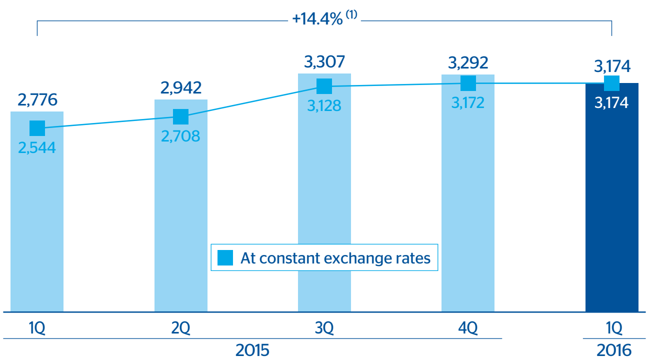
(Million euros)



(1) At constant exchange rates: +25.5%.

Operating expenses

(Million euros)



(1) At constant exchange rates: +24.8%.

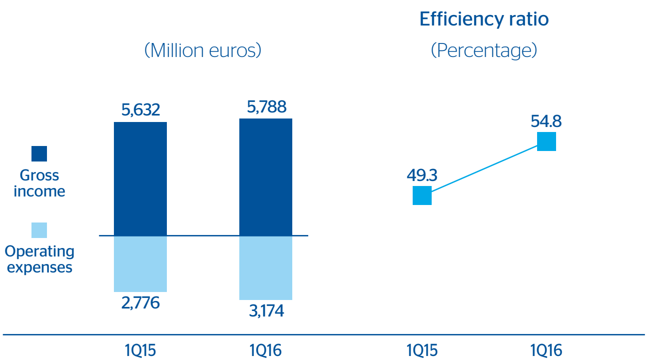
Breakdown of operating expenses and efficiency calculation

(Million euros)

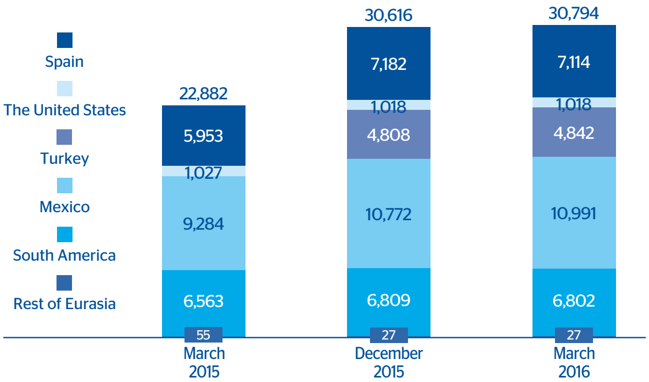
	1Q16	Δ%	1Q15
Personnel expenses	**1,669**	**14.3**	**1,460**
Wages and salaries	1,293	15.9	1,115
Employee welfare expenses	245	10.3	222
Training expenses and other	131	7.2	123
General and administrative expenses	**1,161**	**13.4**	**1,024**
Premises	276	14.8	241
IT	233	14.9	203
Communications	78	20.8	64
Advertising and publicity	97	16.2	83
Corporate expenses	24	14.7	21
Other expenses	323	7.4	301
Levies and taxes	130	16.7	111
Administration expenses	**2,830**	**13.9**	**2,484**
Depreciation and amortization	**344**	**17.9**	**291**
Operating expenses	**3,174**	**14.4**	**2,776**
Gross income	**5,788**	**2.8**	**5,632**
Efficiency ratio (operating expenses/gross income; %)	**54.8**		**49.3**

incorporation of CX and its associated integration costs, the high level of inflation in some geographical areas where BBVA operates, the negative effect that currency depreciation is having on cost items denominated in dollars and euros and the investment plans still underway in some geographical areas (mainly Turkey, Mexico and South America). As a result, the efficiency ratio stood at 54.8% in the quarter.

Efficiency

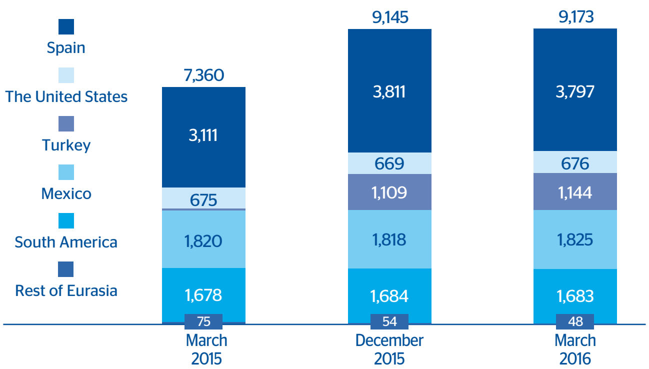


Number of ATMs [(1)]



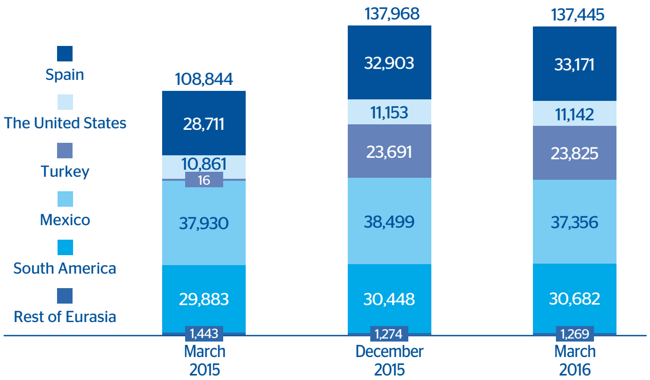
(1) Includes Garanti since the third quarter of 2015.

Number of branches [(1)]



(1) Includes Garanti since the third quarter 2015.

Number of employees [(1)]

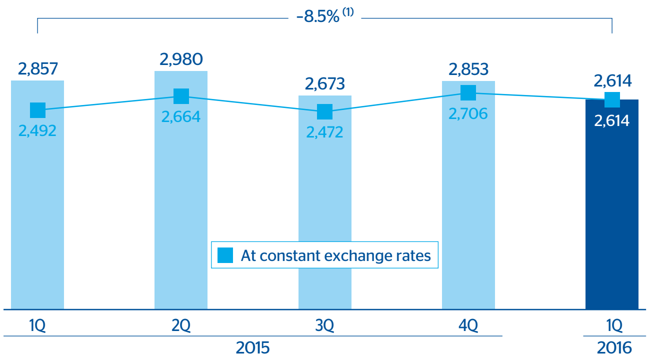


(1) Includes Garanti since the third quarter of 2015.

As a result, **operating income** totals €2,614m, up 4.9% on the first three months of 2015 (down 8.4% with Turkey on a comparable basis).

Operating income

(Million euros)



(1) At constant exchange rates: +4.9%.

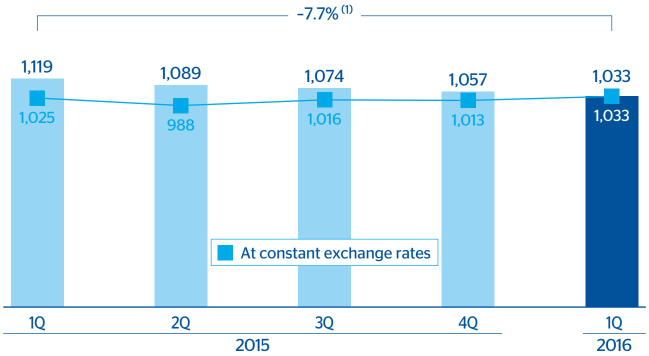
Provisions and others

Impairment losses on financial assets have been kept in check. In the first quarter of 2016 they amounted to €1,033m, a year-on-year rise of 0.7%. With Turkey included on a comparable basis, this item continues the declining trend that was observed in 2015, with a year-on-year decline of 6.9%. By areas, there was a decline in the Eurozone and a limited increase in the rest of the geographical areas, very much in line with the growth in activity. It is worth pointing out that in the United States, the reduction in oil prices, with the resulting downgrade in the ratings of some companies in the energy sector, has meant an increase in loan-loss provisioning in this portfolio. Despite the above, the Group's cost of risk has fallen compared with that registered in 2015, from a cumulative 1.06% as of 31-Dec-2015 to 0.92% as of 31-Mar-2016.

Allocation to **provisions (net) and other gains/losses**, which includes provisions for contingent liabilities, contributions to pension funds and write-downs against buildings and foreclosed assets, were below the figure for the first quarter

Impairment losses on financial assets

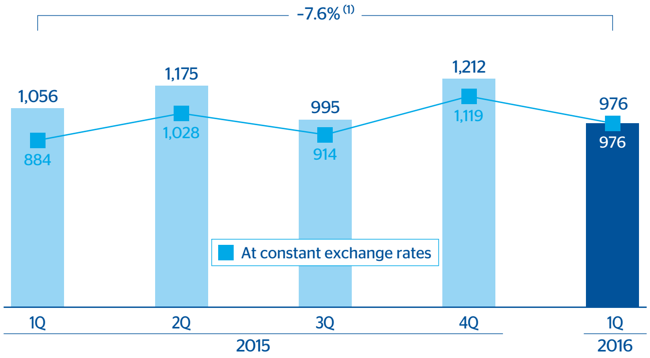
(Million euros)



(1) At constant exchange rates: +0.7%.

Net income from ongoing operations

(Million euros)



(1) At constant exchange rates: +10.4%.

of 2015 (down 9.9% or 10.3% with Turkey on a comparable basis).

Profit

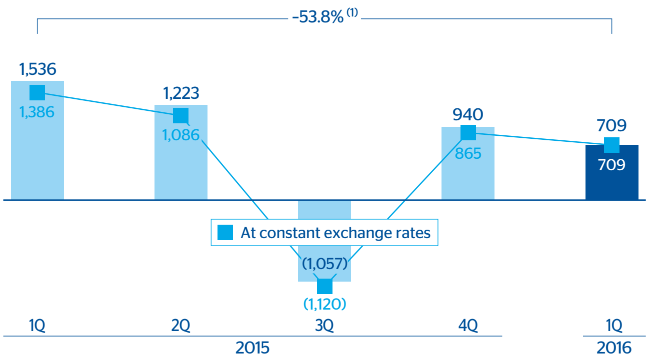
As a result of the above, **net income after tax from ongoing operations** grew by 10.4% in year-on-year terms, though it fell 11.7% with Turkey on a comparable basis.

The heading **results from corporate operations** does not include any transactions in this period. In the first quarter of 2015 it included the capital gains from the various sale transactions equivalent to 5.6% of BBVA Group's stake in China Citic Bank (CNCB).

Overall, **net attributable profit** in the first quarter of 2016 was €709m, of which banking activity in Spain contributed €234m, real-estate activity in Spain generated a loss of €113m, the

Net attributable profit

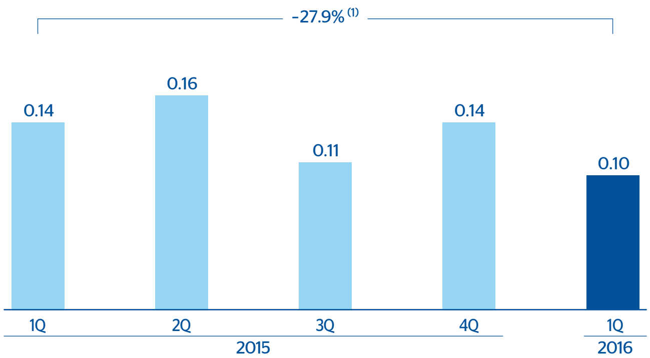
(Million euros)



(1) At constant exchange rates: -48.8%.

Earnings per share (1)

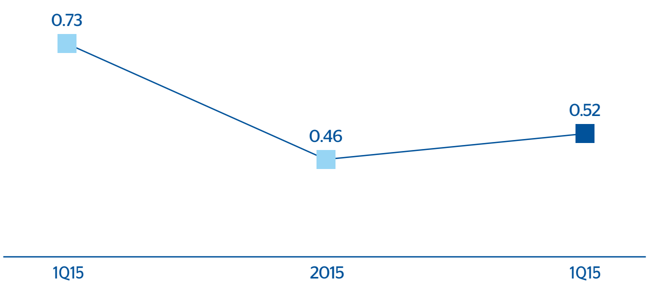
(Excluding corporate operations. Euros)



(1) Adjusted by additional Tier I instrument remuneration.

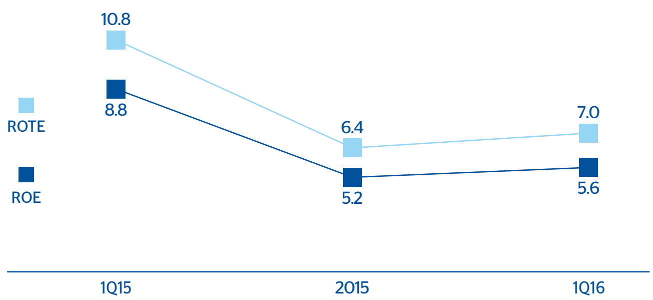
ROA

(Percentage)



ROE and ROTE

(Percentage)



United States generated €49m, Turkey €133m, Mexico €489m, South America €182m, and the Rest of Eurasia €18m.

Evolution of the Group's income statement with Turkey on a comparable basis

To ensure comparable figures, the Group's income statement with year-on-year rates of change taking into account Turkey on a comparable basis is presented below (to isolate the effects of the purchase of an additional 14.89% stake in Garanti, as explained above).

Evolution of the consolidated income statement with Turkey proforma on a comparable basis (1)

(Millon euros)

	1Q16	Δ%	Δ% at constant exchange rates
Net interest income	**4,152**	**(3.3)**	**9.7**
Net fees and commissions	1,161	(5.3)	4.2
Net trading income	357	(51.2)	(45.9)
Other income/expenses	118	(10.3)	(0.1)
Gross income	**5,788**	**(9.3)**	**1.9**
Operating expenses	(3,174)	2.3	12.4
Operating income	**2,614**	**(20.3)**	**(8.4)**
Impairment on financial assets (net)	(1,033)	(15.2)	(6.9)
Provisions (net) and other gains (losses)	(243)	(18.1)	(10.3)
Income before tax	**1,338**	**(24.2)**	**(9.2)**
Income tax	(362)	(19.5)	(1.7)
Net income from ongoing operations	**976**	**(25.8)**	**(11.7)**
Results from corporate operations (2)	-	-	-
Net income	**976**	**(48.6)**	**(42.2)**
Non-controlling interests	(266)	(14.1)	3.2
Net attributable profit	**709**	**(55.3)**	**(50.4)**
Net attributable profit excluding corporate operations	**709**	**(29.4)**	**(16.3)**

(1) Variations taking into account the financial statements of Garanti Group calculated by the full integration method since January 1, 2015, without involving a change of the data already published.
(2) 2015 includes the capital gains from the various sale operations equivalent to 5.6% of BBVA Group's stake in CNCB.

Balance sheet and business activity

The rates of change of BBVA Group's balance-sheet and business activity balances from the end of December 2015 to the close of March 2016 have been negatively affected by the depreciation against the euro of the main currencies that have an impact on the Group's financial statements and by the difficult situation in the markets during the period. The Group's assets and liabilities have declined by 1.2%. The trends observed in the quarter are summed up below:

- Slight reduction in **gross lending to customers**. The deleveraging process continues in the domestic sector, although at an increasingly lower pace due to better performance in new loan production. There is an increase in the other loans heading, although the higher amount of mortgage repayments (this portfolio accounts for 55% of lending to the domestic sector) and in funding for public sector explains the slight decline in lending to the domestic sector. The decline in loans to the non-domestic sector is strongly influenced by the aforementioned negative impact of currencies. Not including the exchange-rate effect, there has been growth in practically all the portfolios across the Group's global footprint (the United States, Turkey, Mexico, South America and Rest of Eurasia).

Consolidated balance sheet (1)

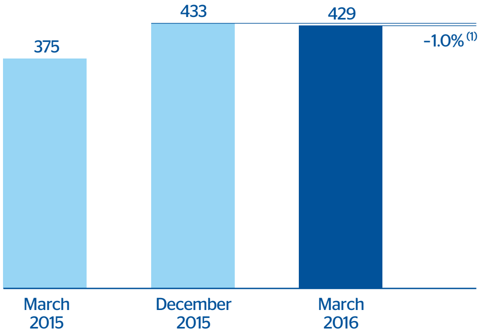
(Million euros)

	31-03-16	Δ%	31-12-15	31-03-15
Cash and balances with central banks	39,315	(9.6)	43,467	27,553
Financial assets held for trading	81,706	4.3	78,326	94,883
Other financial assets designated at fair value	2,281	(1.3)	2,311	3,603
Available-for-sale financial assets	92,476	(18.5)	113,426	101,183
Loans and receivables	453,325	(0.9)	457,644	398,558
Loans and advances to credit institutions	31,561	(4.3)	32,962	33,672
Loans and advances to customers	410,458	(0.9)	414,165	360,265
Debt securities	11,306	7.5	10,516	4,622
Held-to-maturity investments	17,504	n.m.	-	-
Investments in entities accounted for using the equity method	1,179	34.1	879	674
Tangible assets	9,697	(2.5)	9,944	8,057
Intangible assets	9,858	(4.1)	10,275	9,493
Other assets	33,607	(0.6)	33,807	28,593
Total assets	**740,947**	**(1.2)**	**750,078**	**672,598**
Financial liabilities held for trading	55,107	(0.2)	55,203	67,438
Other financial liabilities designated at fair value	2,600	(1.8)	2,649	3,903
Financial liabilities at amortized cost	597,709	(1.4)	606,113	518,819
Deposits from central banks and credit institutions	100,395	(7.6)	108,630	92,547
Deposits from customers	408,971	1.5	403,069	339,675
Debt certificates	59,154	(10.6)	66,165	58,259
Subordinated liabilities	15,917	(1.2)	16,109	15,723
Other financial liabilities	13,272	9.3	12,141	12,616
Liabilities under insurance contracts	9,379	(0.3)	9,407	11,193
Other liabilities	21,637	1.7	21,267	18,879
Total liabilities	**686,431**	**(1.2)**	**694,638**	**620,232**
Non-controlling interests	8,132	(0.2)	8,149	1,692
Valuation adjustments	(4,171)	24.6	(3,349)	327
Shareholders' funds	50,555	(0.2)	50,639	50,347
Total equity	**54,516**	**(1.7)**	**55,439**	**52,366**
Total equity and liabilities	**740,947**	**(1.2)**	**750,078**	**672,598**
Memorandum item:				
Contingent liabilities	50,147	0.5	49,876	38,923

(1) From the third quarter of 2015, BBVA's total stake in Garanti is consolidated by the full integration method. For previous periods, Garanti's assets and liabilities are integrated in the proportion corresponding to the percentage of the Group's stake then (25.01%).

Loans and advances to customers (gross)

(Billion euros)

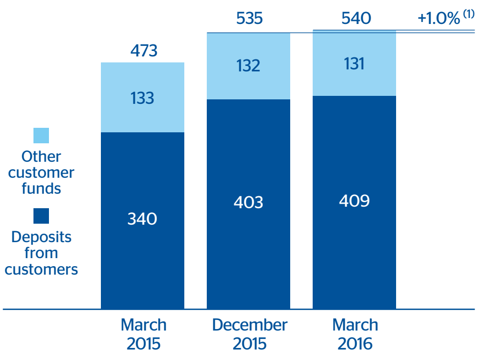


(1) At constant exchange rates: +0.3%.

- The Group's **non-performing loans** have continued to decline, particularly in Spain (banking and real-estate activity). In the rest of the geographical areas, the increase is explained basically by the unfavorable impact of currencies and the increase in non-performing loans related to the energy sector in the United States.
- **Customer deposits** continue to perform favorably in practically all the geographical areas.
- **Off-balance-sheet funds** have declined in the quarter, strongly influenced, also, by the difficult situation in the markets. However, under this heading, customer portfolios have posted good figures, particularly outside Spain.
- Lastly, certain debt securities have been reclassified from the available-for-sale heading to the held-to-maturity portfolio in the balance sheet as of 31-Mar-2016.

Customer funds

(Billion euros)



(1) At constant exchange rates: +2.6%.

Loans and advances to customers

(Million euros)

	31-03-16	Δ%	31-12-15	31-03-15
Domestic sector	**175,462**	**(0.4)**	**176,090**	**161,008**
Public sector	21,114	(1.7)	21,471	23,106
Other domestic sectors	154,348	(0.2)	154,620	137,902
Secured loans	96,720	(1.2)	97,852	86,144
Other loans	57,628	1.5	56,768	51,758
Non-domestic sector	**228,227**	**(1.4)**	**231,432**	**191,078**
Secured loans	104,598	1.5	103,007	79,500
Other loans	123,628	(3.7)	128,425	111,578
Non-performing loans	**24,826**	**(2.0)**	**25,333**	**22,787**
Domestic sector	18,538	(4.9)	19,499	18,058
Non-domestic sector	6,288	7.8	5,834	4,729
Loans and advances to customers (gross)	**428,515**	**(1.0)**	**432,855**	**374,873**
Loan-loss provisions	(18,057)	(3.4)	(18,691)	(14,607)
Loans and advances to customers	**410,458**	**(0.9)**	**414,165**	**360,265**

Customer funds

(Million euros)

	31-03-16	Δ%	31-12-15	31-03-15
Deposits from customers	**408,971**	**1.5**	**403,069**	**339,675**
Domestic sector	**179,091**	**2.3**	**175,142**	**150,512**
Public sector	15,998	4.1	15,368	13,142
Other domestic sectors	163,093	2.1	159,774	137,370
Current and savings accounts	78,830	0.4	78,502	62,783
Time deposits	69,114	(0.3)	69,326	56,571
Assets sold under repurchase agreement and other	15,150	26.8	11,947	18,016
Non-domestic sector	**229,880**	**0.9**	**227,927**	**189,163**
Current and savings accounts	122,986	(0.7)	123,854	113,399
Time deposits	100,831	2.3	98,596	69,107
Assets sold under repurchase agreement and other	6,063	10.7	5,477	6,657
Other customer funds	**131,076**	**(0.6)**	**131,822**	**132,844**
Spain	**77,766**	**(1.8)**	**79,181**	**76,079**
Mutual funds	30,274	(3.9)	31,490	30,583
Pension funds	22,697	(0.9)	22,897	22,595
Other off-balance sheet funds	53	(56.9)	123	180
Customer portfolios	24,742	0.3	24,671	22,721
Rest of the world	**53,310**	**1.3**	**52,641**	**56,765**
Mutual funds and investment companies	22,874	(0.2)	22,930	25,723
Pension funds	8,713	0.8	8,645	6,349
Other off-balance sheet funds	3,558	(2.9)	3,663	3,660
Customer portfolios	18,165	4.4	17,404	21,033
Total customer funds	**540,047**	**1.0**	**534,891**	**472,519**

Solvency

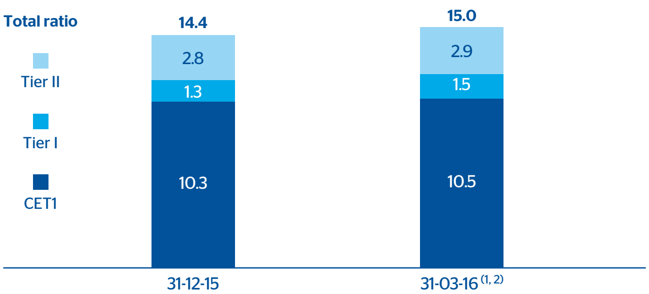
Capital base

BBVA closed the **first quarter of 2016** with a fully-loaded CET1 ratio of 10.5%[1], which compares with a 10.3% ratio at the close of 2015. The highlights so far are summarized below:

- A new **issue** of contingent convertible bonds[2] in April classified as additional Tier 1 capital instruments under the solvency rules, for €1,000m and with an 8.875% coupon. This issue raises the level of additional Tier 1 to that recommended by the regulations (1.5% of risk-weighted assets - RWA).
- The "**dividend-option**" program recently completed in April has once more been highly successful. Holders of 82.13% of free allocation rights have chosen to receive bonus BBVA shares, which resulted in a capital increase of €55,702,125.43 through the issue of 113,677,807 new ordinary shares.
- Lastly, there was a slight reduction in **RWA** over the quarter (down 0.5% on a phased-in basis), partly due to the changes in currencies.

Evolution of fully-loaded capital ratios

(Percentage)



Due to these factors, combined with the other **CET1** impacts, the **phased-in** ratio stands at 11.6%. As of January 1, 2016, the ratio is affected by what is set out in the European solvency regulations, i.e. the gradual transition in some items, the most relevant being the deductions for goodwill and intangible assets, which since 2014 have increased by 20% every January 1, and will be fully phased-in on January 1, 2018.

The **phased-in Tier I** and **Tier II** ratios are at similar levels to the close of December 2015. Under fully-loaded criteria, Tier I closed the quarter at 12.0% and Tier II at 2.9%, above the figure established by regulations (2.0%).

Lastly, BBVA Group continues to maintain a high **leverage ratio**: 6.3%[1, 2] under fully-loaded criteria (6.4% phased-in), which continues to compare very favorably with the rest of its peer group.

Ratings

In the first four months of 2016 there was no change in BBVA's rating. On April 13, DBRS downgraded BBVA's outlook from positive to stable, as a result of a similar change in outlook of Spain's sovereign rating announced on April 8.

Ratings

Rating agency	Long term	Short term	Outlook
DBRS	A	R-1 (low)	Stable
Fitch	A–	F-2	Stable
Moody's[1]	Baa1	P-2	Stable
Scope Ratings	A	S-1	Stable
Standard & Poor's	BBB+	A-2	Stable

(1) Additionally, Moody's assigns an A3 rating to BBVA's long term deposits.

(1) Includes a proforma positive impact of 15 basic points from the ongoing corporate reorganization agreed in Peru so we can include, for solvency purposes and subject to CRD-IV limits, the minority interests held in BBVA Banco Continental. This transaction has no impact on BBVA Group's consolidated equity, financial position, results or on the economic interest held in Banco Continental.
(2) Eligible as Tier I and included in the pro-forma fully-loaded ratios as of March 2016.

Capital base[1]

(Million euros)

	CRD IV phased-in				
	31-03-16	31-12-15	30-09-15	30-06-15	31-03-15
Common equity Tier I	46,468	48,554	46,460	43,422	43,995
Capital (Tier I)	48,268	48,554	46,460	43,422	43,995
Other eligible capital (Tier II)	11,563	11,646	11,820	11,276	10,686
Capital base	59,831	60,200	58,280	54,698	54,681
Risk-weighted assets	399,227	401,285	397,936	352,782	347,096
Total ratio (%)	15.0	15.0	14.6	15.5	15.8
CET1 (%)	11.6	12.1	11.7	12.3	12.7
Tier I (%)	12.1	12.1	11.7	12.3	12.7
Tier II (%)	2.9	2.9	3.0	3.2	3.1

(1) The capital ratios are calculated under CRD IV from Basel III regulation, applying a 60% phase-in for 2016 and a 40% for 2015.

Risk management

Credit risk

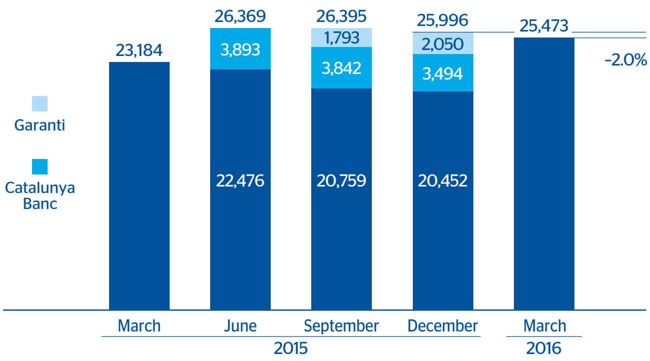
In the **first quarter of 2016**, the main variables related to the Group's credit risk management continued to be positive, both in general terms and compared to the previous quarter.

- **Credit risk** was affected during the last quarter by exchange rate variations. In current terms there has been a reduction of 0.8%, while at constant exchange rates there was an increase of 0.6%. Over the last twelve months, the rates of change are +15.7% and +22.7%, respectively.

- **Non-performing loans**, which account for 5.3% of the Group's total credit risk, have once more performed well over the last three months. Since 31-Dec-2015, their balance has declined by 2.0%. This positive performance is once more explained by Banking Activity in Spain (down 4.7%) and Real-estate Activity in Spain (down 5.3%). In the other geographical areas, the performance has been more uneven: Mexico was practically flat (up 0.5%), while South America registered an 8.4% increase. The United States posted the largest increase, 52.0%, due mainly to the additions to NPL from customers linked to the Energy sector.

Non-performing loans

(Million euros)



- **Loan-loss provisions** have fallen since the end of 2015 by 3.4% due to their decline in Spain, since in the rest of the geographical areas they are up in constant exchange-rate terms. In year-on-year terms, the increase was 24.9%, partly due to the incorporation of CX.

Credit risks [1]

(Million euros)

	31-03-16	31-12-15	30-09-15	30-06-15	31-03-15
Non-performing loans and contingent liabilities	25,473	25,996	26,395	26,369	23,184
Credit risks	478,429	482,518	474,693	430,870	413,687
Provisions	18,740	19,405	19,473	18,909	15,002
NPL ratio (%)	5.3	5.4	5.6	6.1	5.6
NPL coverage ratio (%)	74	74	74	72	65

(1) Include gross customer lending plus contingent exposures.

Non-performing loans evolution

(Million euros)

	1Q16 [1]	4Q15	3Q15	2Q15	1Q15
Beginning balance	**25,996**	**26,395**	**26,369**	**23,184**	**23,590**
Entries	2,469	2,944	1,999	2,208	2,359
Recoveries	(1,571)	(2,016)	(1,657)	(1,621)	(1,746)
Net variation	**898**	**928**	**342**	**587**	**613**
Write-offs	(1,401)	(1,263)	(1,508)	(1,105)	(1,152)
Exchange rate differences and other	(21)	(63)	1,191	3,702	133
Period-end balance	**25,473**	**25,996**	**26,395**	**26,369**	**23,184**
Memorandum item:					
Non-performing loans	24,826	25,333	25,747	25,766	22,787
Non-performing contingent liabilities	647	664	647	602	398

(1) Temporary data.

- As a result, the downward trend in the Group's **NPL ratio** continues, with a decline on the close of the previous quarter to 5.3%. The **coverage ratio** remains stable at 74%.

- Lastly, the **cost of risk** continues to perform favorably, in both quarterly terms (down 14 basis points) and year-on-year (down 29 basis points), closing March at 0.92%.

Structural risks

Liquidity and funding

Management of **liquidity and funding** 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 finance, always in compliance with the regulatory requirements in place at present.

A core principle in BBVA's management of the Group's liquidity and funding is the financial independence of its banking subsidiaries abroad. This principle prevents the propagation of a liquidity crisis among the Group's different areas and ensures that the cost of liquidity is correctly reflected in price formation.

In the first quarter of 2016, liquidity and funding conditions have remained comfortable across BBVA Group's global footprint. Specifically:

- The European Central Bank (ECB) announced at its meeting on March 10 a further cut in interest rates, expansion of the monthly purchases and assets eligible under the asset purchase program, and further rounds of liquidity injection through targeted longer-term refinancing operations (TLTRO) with a maturity of 4 years, in June, September and December 2016 and March 2017.
- BBVA S.A. has had recourse to the long-term wholesale funding markets, with two successful operations that have attracted the attention of the most important investors: senior debt in the European market for €1,000m at 5 years, and a mortgage-covered bond in the euro market for €1,250m with a maturity of 7 years.
- The long-term wholesale funding markets have remained stable in the other geographical areas where the Group operates.
- Short-term funding has also continued to perform extremely well, in a context marked by a high level of liquidity.
- In general, the financial soundness of the Group's banks is based on the funding of lending activity basically through the use of customer funds.
- With respect to the new LCR regulatory liquidity ratio, BBVA has levels that are clearly higher than demanded by regulations, both at Group level and in all its banking subsidiaries.

Foreign exchange

Foreign-exchange risk management of BBVA's long-term investments, basically stemming from its franchises abroad, aims to preserve the Group's capital adequacy ratios and ensure the stability of its income statement.

The first quarter of 2016 was characterized by some volatility in the currencies of emerging economies in January and February, which was corrected in March. They were affected by weak global growth and the fall in oil prices. In this context, BBVA has maintained a policy of actively hedging its investments in Mexico, Chile, Colombia, Peru, Turkey and the dollar area. In addition to this corporate-level hedging, dollar positions are held at a local level by some of the subsidiary banks. The foreign-exchange risk of the earnings expected from abroad in 2016 has also been managed.

Interest rates

The aim of managing **interest-rate risk** is to maintain sustained growth of net interest income in the short and medium term, irrespective of interest-rate fluctuations.

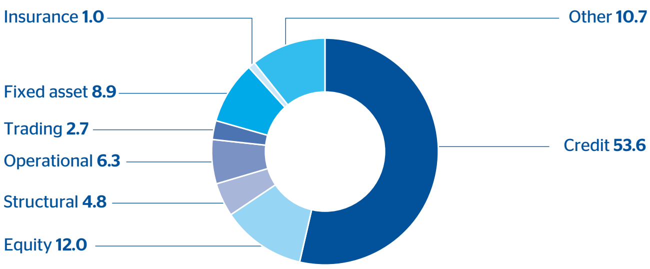
In the first quarter of 2016, the results of this management have been satisfactory, with limited risk strategies in all the Group's banks. The amount of NTI generated in Europe, the United States and Mexico is the result of prudent portfolio management strategies, particularly in terms of sovereign debt, in a context marked by low interest rates.

Economic capital

Economic risk capital (ERC) consumption in consolidated terms at the close of February 2016 stood at €40,205m, down 0.6% with respect to the close of December 2015[1]. It was mainly as a result of the depreciation of the local currencies against the euro and the decline in ERC due to equity risk (fall in the share price of Telefónica and CNCB). The above has been offset partially by the expansion in the loan portfolios in local currency and the increase in ERC due to structural interest-rate and exchange-rate risk.

Attributable economic risk capital breakdown

(Percentage at the end of March 2016)



(1) The rate of change is calculated against the consolidated like-for-like figure for close of December 2015 (€40,461m). This consolidated figure includes the annual effects of the updates of the credit risk methodology and parameters at year-end (Mexico, South America, the United States, Garanti and CX), the review of the models for the rest of risks and the start of the allocation of new types of risk (grouped under other risks), in accordance with the taxonomy required for 2016.

The BBVA share

The **global economy** grew 2.6% in the first quarter of 2016, according to BBVA Research estimates, below the 3.1% on average registered in 2015. The main reason for the loss of momentum continues to be the slowdown in growth of the main emerging economies, which the developed world has been unable to compensate. The global economic scenario for 2016 will be set by the uncertainty surrounding the size of the downturn in China and its global impact through commodity prices, increased financial volatility, and the effect of the pace of interest-rate hikes announced by the Federal Reserve (Fed). Global GDP in 2016 is not expected to grow much above 3%.

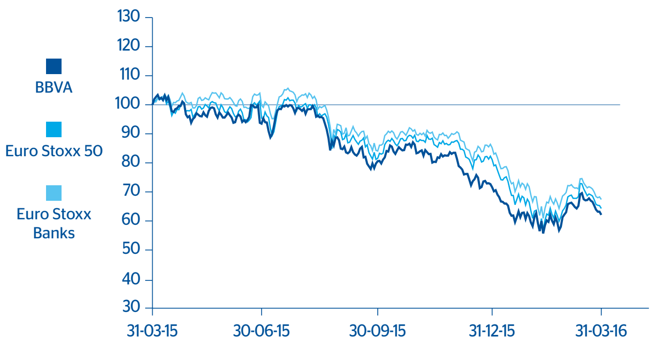
In this context, the main **stock market indices** have started the year with significant corrections. In Europe, the Stoxx 50 index lost 10.0% from the closing levels in 2015. In the Eurozone, the Euro Stoxx 50 is down 8.0% and in a situation of political uncertainty in Spain the Ibex-35 is 8.6% down over the same period. In contrast, in the United States, the S&P 500 index closed the quarter with a 0.8% gain.

The **banking sector** is bearing the brunt, due mainly to its exposure to the economic cycle, the negative interest rates in developed countries and the increase in risk aversion. The European bank index, Stoxx Banks, and the Eurozone bank index have contracted 20.9% and 20.7% over the quarter, respectively, while in the United States the S&P Regional Banks banking sector index has lost 12.9% since 31-Dec-2015.

In the first quarter of 2016, the price of the **BBVA share** performed relatively better than the European banking sector. It has lost 13.3% since the close of 2015 to €5.84 per share.

BBVA share evolution compared with European indices

(Base indice 100=31-03-2015)



The BBVA share and share performance ratios

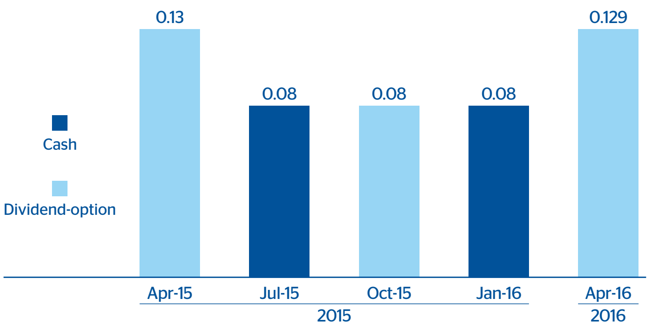
	31-03-16	31-12-15
Number of shareholders	942,343	934,244
Number of shares issued	6,366,680,118	6,366,680,118
Daily average number of shares traded	64,299,971	46,641,017
Daily average trading (million euros)	389	393
Maximum price (euros)	6.88	9.77
Minimum price (euros)	5.24	6.70
Closing price (euros)	5.84	6.74
Book value per share (euros)	7.29 (1)	7.47
Tangible book value per share (euros)	5.76 (1)	5.85
Market capitalization (million euros)	37,194	42,905
Yield (dividend/price; %) (2)	6.3	5.5

(1) Adjusted by the results of the dividend-option execution in April 2016 and April 2015 respectively.
(2) Calculated by dividing shareholder remuneration over the last twelve months over the closing price at the end of the period.

As part of the **shareholder remuneration** policy, the Board of Directors of BBVA agreed at its meeting on March 31, 2016 to perform a capital increase against reserves under the terms agreed by the Annual General Meeting of Shareholders held on March 11, 2016. This capital increase is the instrument used to implement the shareholder remuneration system called "dividend-option", which offers BBVA shareholders the chance to choose between receiving all or part of their remuneration in either new BBVA shares or in cash. The terms and conditions of this capital increase establish that the number of free allocation rights needed to receive one new share is 46. As an alternative, shareholders who wish to receive their remuneration in cash may sell to BBVA their free

Shareholder remuneration

(Euros -gross-/share)



allocation rights at a gross fixed price of €0.129 per right during the first ten calendar days of their trading period, or on the market during the full trading period. This system seeks to optimize and customize the remuneration scheme so that shareholders can benefit from greater flexibility, since they can adapt their remuneration to their preferences and personal circumstances. The holders of 82.13% of these rights chose to receive new shares, a high acceptance percentage that once more confirms the success of this remuneration system.

From the close of 2015 to the end of the first quarter of 2016, the number of BBVA shares has remained stable at 6,367 million. The **number of BBVA shareholders** is up 0.9% to 942,343 as of 31-Mar-2016. The granularity of the shareholders has continued in 2016 and there are no individual shareholders with a significant direct shareholding. Investors resident in Spain hold 45.3% of the share capital, while the percentage owned by non-resident shareholders stands at 54.7%.

Shareholder structure

(31-03-2016)

	Shareholders		Shares	
Number of shares	Number	%	Number	%
Up to 150	215,941	22.9	15,406,644	0.2
151 to 450	196,703	20.9	53,497,502	0.8
451 to 1800	286,864	30.4	271,377,883	4.3
1,801 to 4,500	127,143	13.5	362,247,540	5.7
4,501 to 9,000	59,304	6.3	372,857,008	5.9
9,001 to 45,000	49,817	5.3	867,425,616	13.6
More than 45,001	6,571	0.7	4,423,867,925	69.5
Total	**942,343**	**100.0**	**6,366,680,118**	**100.0**

BBVA **shares** are traded on the Continuous Market of the Spanish Stock Exchanges and also on the stock exchanges in London and Mexico. BBVA American Depositary Shares (ADS) are traded on the New York Stock Exchange and also on the Lima Stock Exchange (Peru) under an exchange agreement between these two markets. In addition, the shares of BBVA Banco Continental, S.A., Banco Provincial, S.A., BBVA Colombia, S.A., BBVA Chile, S.A. and BBVA Banco Francés, S.A. are traded on their respective local stock exchanges. BBVA Banco Francés, S.A. shares are also traded on the Latin American market (Latibex) of the Madrid Stock Exchange and on the New York Stock Exchange.

Among the main stock-market indices, BBVA shares are included on the Ibex 35 and Euro Stoxx 50, with an 8.5% weighting in the former and 1.9% in the latter, as well as in several banking industry indices, most notably Stoxx Banks, with a weighting of 4.7%, and the Euro Stoxx Banks, with a weighting of 9.7%.

In addition, BBVA maintains a significant presence on the main international **sustainability indices** or ESG (Environmental, Social and Governance) indices, which evaluate the performance of companies in this area.

Sustainability indices on which BBVA is listed

MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM	Listed on the DJSI World and DJSI Europe
MSCI 2016 Constituent MSCI Global Sustainability Indexes (1)	Listed on the MSCI Global Sustainability indices AAA Rating
FTSE4Good	Listed on the FTSE4Good Global, FTSE4Good Europe and FTSE4Good IBEX indices
SUSTAINALYTICS	Industry leader according to the latest ESG 2015 rating
EURONEXT vigeo	Listed on the Euronext Vigeo Eurozone 120 and Euronext Vigeo Europe 120 indices
member of the INVESTMENT REGISTER ETHIBEL EXCELLENCE	Included on the Ethibel Excellence Investment Register
Member 2015/2016 STOXX ESG LEADERS INDICES	Included on the STOXX Global and Europe ESG Leaders indices
CDP DRIVING SUSTAINABLE ECONOMIES	In 2015, BBVA received a score of 94 points for disclosure and a Band C rating for performance

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

Responsible banking

In the first quarter of 2016, BBVA published a number of indicators that reveal the **impact** of the Group's activity in 2015 on the societies where it operates. Of note in this respect are the following:

- We have invested more than €103m in social programs, 3.9% of the Group's net attributable profit.
- We have supported 1,720,968 SMEs, micro-enterprises and self-employed workers, through more than €23,500m of finance.
- We have financed 1.7 million homes.
- Our total tax contribution worldwide was €8,157m.

In addition, worth noting are the steps taken toward integrating corporate information into the publication of the **report BBVA in 2015**, where all the Group's non-financial information has been published together in the same document. In this way, we align our approach with the demands of our stakeholders and regulatory trends. This report has been prepared using the guidelines established by the International Integrated Reporting Council (IIRC).

TCR Communication

The **Transparency Report on the Tax Responsibility of Ibex 35 Companies** by the Commitment and Transparency Foundation (Fundación Compromiso y Transparencia) puts BBVA in second place in the ranking of companies that report best on their tax responsibility.

Products with a high social impact

The **BBVA Microfinance Foundation** has published its 2015 Social Impact Report: Measuring what Really Matters. It sums up its work in the seven Latin American countries where it operates, helping the most vulnerable people to create small businesses and thus emerge from poverty. Since its creation in 2007, the Foundation has delivered a volume of loans totaling US$ 7,200m to nearly five million entrepreneurs in a vulnerable situation.

The 8th Edition of the **Integra Awards** have been held to recognize the innovative initiatives that generate quality employment for people with disabilities in Spain. A total of €3m have been granted in the seven years of the awards so far, 700 jobs have been created for people with disabilities and a further 4,000 jobs have been maintained.

Society

The environment

BBVA has once more joined the **Earth Hour** campaign called by the World Wide Fund for Nature (WWF). On March 19, the lights were put out in 123 buildings and 342 branches in 154 cities in the countries where BBVA operates. This campaign is a symbolic gesture in the fight against climate change. As WWF explains on its website, it has become the biggest environmental mobilization campaign in history.

Science and Culture

The **BBVA Foundation Frontiers of Knowledge Awards** have recognized the economist Martin Ravallion in the category of Development Cooperation; the neuroscientists Edward Boyden, Karl Deisseroth and Gero Miesenböck in Biomedicine; Veerabhadran Ramanathan in Climate Change; and Ilkka Hanski in Ecology and Conservation Biology. For more information, consult the website www.fbbva.es.

The **BBVA Foundation** has launched a call for new aid for scientific research teams and cultural researchers and creators. The aim is to support the development of projects that are characterized by an innovative spirit in areas such as ecology and big data.

Innovation

BBVA Bancomer opens the first Innovation Center in the banking sector in Mexico as a meeting point for the country's innovation ecosystem (entrepreneurs, developers and startups). The BBVA Innovation Centers were launched four years ago in Madrid, Colombia and the United States. Their success is reflected in three main figures: over 20,000 visits received, 200 events in BBVA CIB, Madrid, a website with more than a million visits and 100,000 followers on Facebook.

Business areas

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

In 2016 the **reporting structure** of BBVA Group's business areas remains basically the same as in 2015:

- **Banking activity in Spain** includes, as in previous years, the Retail Network in Spain, Corporate and Business Banking (CBB), Corporate & Investment Banking (CIB), BBVA Seguros and Asset Management units in Spain. It also includes the portfolios, finance and structural interest-rate positions of the euro balance sheet. Since April 2015 it also includes the activity, balance sheet and earnings of CX.
- **Real-estate activity in Spain** covers specialist management of real-estate assets in the country (excluding buildings for own use), including: foreclosed real-estate assets from residential mortgages and developers; as well as lending to developers. Since April 2015 it also includes these same assets and loans from CX.
- **The United States** includes the Group's business activity in the country through the BBVA Compass group and the BBVA New York branch.
- **Turkey** includes the activity of the Garanti Group. BBVA's stake in Garanti (39.9% since the third quarter of 2015) has been incorporated into the Group's financial statements since then by the full integration method. The above has had an impact on the year-on-year rates of change in the earnings, balance-sheet and activity of this area due to the change in the scope of consolidation. In order to make the comparison against 2015 easier, rates of change are shown by taking into account the stake in Garanti on a comparable basis, i.e. including the stake in Garanti as if it had been incorporated by the full integration method since January 1, 2015 (Turkey on a comparable basis or Turkey proforma).
- **Mexico** includes all the banking, real-estate and insurance businesses in the country.
- **South America** basically includes BBVA's banking and insurance businesses in the region.
- **The rest of Eurasia** includes business activity in the rest of Europe and Asia, i.e. the Group's retail and wholesale businesses in the area.

In addition to the above, all the areas include a remainder made up basically of other businesses and a supplement that includes deletions and allocations not assigned to the units making up the above areas.

Lastly, the **Corporate Center** is an aggregate that contains the rest of the items that have not been allocated to the business areas, as it basically corresponds to the Group's holding function. It includes: the costs of the head offices that have a corporate function; management of structural exchange-rate positions; specific issues of capital instruments to ensure adequate management of the Group's global solvency; portfolios and their corresponding results, whose management is not linked to customer relations, such as industrial holdings; certain tax assets and liabilities; funds due to commitments with employees; goodwill and other intangibles. It also comprises the result from certain corporate operations carried out by the Group in 2015.

In addition to this geographical breakdown, **supplementary information** is provided for all the wholesale businesses carried out by BBVA, i.e. Corporate & Investment Banking (CIB), in all the geographical areas where it operates. This aggregate business is considered relevant to better understand the Group because of the characteristics of the customers served, the type of products offered and the risks assumed.

Lastly, as usual, in the case of the Americas, Turkey and CIB areas, the results of applying constant **exchange rates** are given in addition to the year-on-year variations at current exchange rates.

The **information by areas** is based on units at the lowest level and/or companies making up the Group, which are assigned to the different areas according to the geographical area in which they carry out their activity.

Once the composition of each business area has been defined, certain **management criteria** are applied, of which the following are particularly important:

- **Capital**. Capital is allocated to each business according to economic risk capital (ERC) criteria. This is based on the concept of unexpected loss at a specific confidence level, depending on the Group's capital adequacy targets. The calculation of the ERC combines credit risk, market risk, structural balance-sheet risk, equity positions, operational risk, fixed-asset risk and technical risks in the case of insurance companies. These calculations are carried out using internal models that have been defined following the guidelines and requirements established under the Basel III capital accord, with economic criteria taking precedence over regulatory ones.

  ERC is risk-sensitive and thus linked to the management policies of the businesses themselves. It standardizes capital allocation among them in accordance with the risks incurred. In other words, it is calculated in a way that is standard for all kinds of risks and for each operation, balance or risk position, allowing its risk-adjusted return to be assessed and an aggregate to be calculated for profitability by client, product, segment, unit or business area.

- **Internal transfer prices**. BBVA Group has a transfer prices system whose general principles apply in the Bank's different entities, business areas and units. Within each geographical area, internal transfer rates are established to calculate the net interest income of its businesses, under both the asset and liability headings. These rates consist of a reference rate (an index whose use is generally accepted on the market) that is applied based on the transaction's revision period or maturity, and a liquidity premium, i.e. a spread that is established based on the conditions and outlook of the financial markets in this respect. There are also agreements for the allocation of earnings between the product-generating units and the distribution units.

- **Allocation of operating expenses**. Both direct and indirect costs are allocated to the business areas, except where there is no clearly defined relationship with the businesses, i.e. when they are of a clearly corporate or institutional nature for the Group as a whole.

- **Cross-selling**. In some cases, consolidation adjustments are required to eliminate shadow accounting entries that are registered in the earnings of two or more units as a result of cross-selling incentives.

Mayor income statement items by business area

(Million euros)

		Business areas								
	BBVA Group [1]	Banking activity in Spain	Real-estate activity in Spain	The United States	Turkey [1]	Mexico	South America	Rest of Eurasia	∑ Business areas	Corporate Center
1Q16										
Net interest income	4,152	955	26	478	775	1,290	717	43	4,284	(132)
Gross income	5,788	1,560	12	667	977	1,654	985	112	5,967	(180)
Operating income	2,614	658	(20)	210	554	1,055	524	27	3,008	(394)
Income before tax	1,338	342	(148)	75	424	652	375	27	1,748	(410)
Net attributable profit	**709**	**234**	**(113)**	**49**	**133**	**489**	**182**	**18**	**992**	**(282)**
1Q15										
Net interest income	3,663	966	(9)	434	210	1,339	802	43	3,787	(124)
Gross income	5,632	1,787	(51)	648	250	1,755	1,159	161	5,709	(77)
Operating income	2,857	1,023	(79)	217	140	1,106	656	71	3,135	(278)
Income before tax	1,442	438	(221)	185	107	695	469	53	1,726	(284)
Net attributable profit	**1,536**	**307**	**(154)**	**131**	**86**	**525**	**227**	**34**	**1,155**	**381**

(1) From the third quarter of 2015, BBVA's total stake in Garanti is consolidated by the full integration method. For previous periods, Garanti's revenues and costs are integrated in the proportion corresponding to the percentage of the Group's stake then (25.01%).

Breakdown of gross income, operating income and net attributable profit by geography [1]

(1Q16. Percentage)

	Banking activity in Spain	Spain [2]	The United States	Turkey	Mexico	South America	Rest of Eurasia
Gross income	26.1	26.3	11.2	16.4	27.7	16.5	1.9
Operating income	21.9	21.2	7.0	18.4	35.1	17.4	0.9
Net attributable profit	**23.6**	**12.2**	**4.9**	**13.4**	**49.3**	**18.4**	**1.8**

(1) Excludes the Corporate Center.
(2) Including real-estate activity in Spain.

Interest rates

(Quarterly averages)

	2016	2015			
	1Q	4Q	3Q	2Q	1Q
Official ECB rate	0.04	0.05	0.05	0.05	0.05
Euribor 3 months	(0.19)	(0.09)	(0.03)	(0.01)	0.05
Euribor 1 year	0.01	0.09	0.16	0.17	0.25
USA Federal rates	0.36	0.29	0.25	0.25	0.25
TIIE (Mexico)	3.80	3.35	3.32	3.30	3.30
CBRT (Turkey)	8.98	8.78	8.66	8.26	7.99

Exchange rates

(Expressed in currency/euro)

	Year-end exchange rates			Average exchange rates	
	31-03-16	Δ% on 31-03-15	Δ% on 31-12-15	1Q16	Δ% on 1Q15
Mexican peso	19.5902	(15.7)	(3.4)	19.8954	(15.4)
U.S. dollar	1.1385	(5.5)	(4.4)	1.1022	2.2
Argentinean peso	16.6412	(43.0)	(15.1)	15.9289	(38.6)
Chilean peso	768.64	(12.3)	0.2	773.40	(9.1)
Colombian peso	3,436.43	(19.4)	(0.3)	3,584.23	(22.5)
Peruvian new sol	3.7825	(11.9)	(1.9)	3.8019	(9.4)
Venezuelan bolivar fuerte	735.8352	(71.8)	(36.2)	735.8352	(71.8)
Turkish lira	3.2118	(12.4)	(1.1)	3.2465	(14.6)

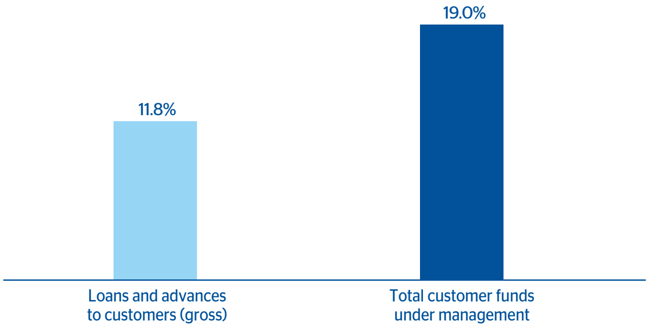
Banking activity in Spain

Highlights

- The recovery of the Spanish economy continues in 2016.
- New loan production and customer deposits continue to grow at a good pace.
- Profit influenced by a lower contribution from NTI and an increase in expenses, partly offset by the good performance in loan-loss provisions.
- Reduction in the cost of risk.

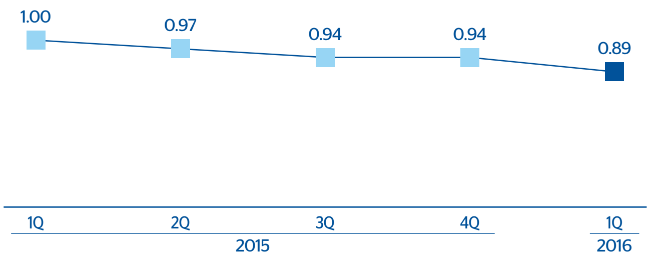
Business activity

(Year-on-year change. Data as of 31-03-2016)



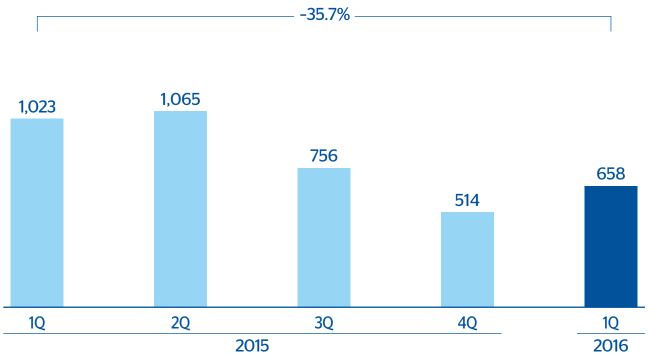
Net interest income/ATA

(Percentage)



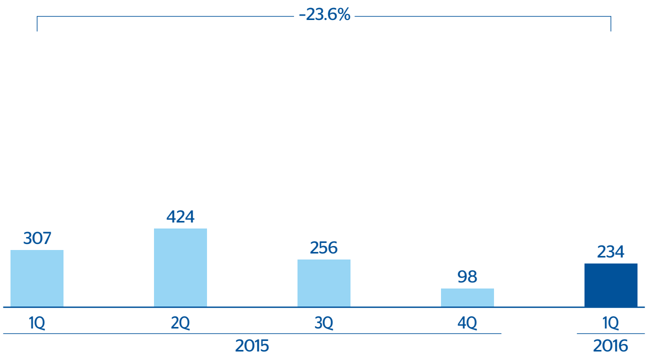
Operating income

(Million euros)



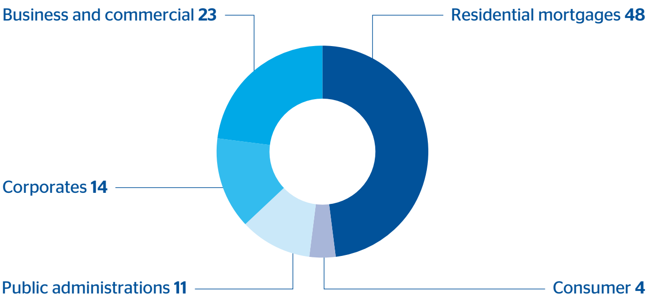
Net attributable profit

(Million euros)



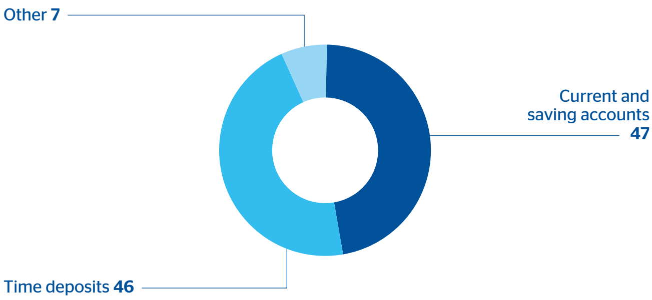
Breakdown of loans and advances to customers (gross)

(Percentage as of 31-03-2016)



Breakdown of customer deposits under management

(Percentage as of 31-03-2016)



Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	1Q16	∆%	1Q15
Net interest income	**955**	**(1.2)**	**966**
Net fees and commissions	392	3.9	378
Net trading income	77	(77.2)	337
Other income/expenses	136	28.1	106
Gross income	**1,560**	**(12.7)**	**1,787**
Operating expenses	(902)	18.1	(764)
Personnel expenses	(502)	17.2	(428)
General and administrative expenses	(323)	25.3	(258)
Depreciation and amortization	(78)	(0.9)	(78)
Operating income	**658**	**(35.7)**	**1,023**
Impairment on financial assets (net)	(258)	(38.6)	(421)
Provisions (net) and other gains (losses)	(58)	(64.8)	(164)
Income before tax	**342**	**(22.0)**	**438**
Income tax	(107)	(18.2)	(130)
Net income	**235**	**(23.6)**	**308**
Non-controlling interests	(1)	(7.0)	(1)
Net attributable profit	**234**	**(23.6)**	**307**

Balance sheet	31-03-16	∆%	31-12-15
Cash and balances with central banks	4,618	(46.7)	8,670
Financial assets	119,284	1.4	117,631
Loans and receivables	209,267	(0.2)	209,742
Loans and advances to customers	181,902	(1.2)	184,115
Loans and advances to credit institutions and other	27,365	6.8	25,627
Inter-area positions	-	(100.0)	692
Tangible assets	710	1.1	702
Other assets	2,252	(3.7)	2,338
Total assets/liabilities and equity	**336,131**	**(1.1)**	**339,775**
Deposits from central banks and credit institutions	55,473	(6.7)	59,456
Deposits from customers	189,568	2.2	185,471
Debt certificates	35,671	(13.9)	41,422
Subordinated liabilities	2,261	(4.2)	2,360
Inter-area positions	1,135	n.m.	-
Financial liabilities held for trading	40,541	1.5	39,955
Other liabilities	2,558	38.0	1,854
Economic capital allocated	8,923	(3.6)	9,259

Relevant business indicators	31-03-16	∆%	31-12-15
Loans and advances to customers (gross) (1)	185,382	(1.2)	187,719
Customer deposits under management (1)	172,615	3.3	167,026
Off-balance sheet funds (2)	53,018	(2.7)	54,504
Risk-weighted assets	122,123	(0.1)	122,226
Efficiency ratio (%)	57.8		50.6
NPL ratio (%)	6.4		6.6
NPL coverage ratio (%)	59		59
Cost of risk (%)	0.45		0.71

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

Macro and industry trends

The trend observed in the variables indicates that the recovery of the Spanish **economy** is continuing into 2016. Information available suggests GDP growth will be around 0.8% in the first quarter of 2016. If this is confirmed, it would mean the rate of expansion has stabilized. Growth is still supported by cheaper oil prices and an ECB monetary policy of low interest rates and liquidity provision. With respect to domestic elements, the tone of fiscal policy is still slightly expansive, supported by the economic reforms carried out.

In the **financial sector**, the volume of non-performing loans continues to decline, leaving the NPL ratio at 10.1%, according to information for February 2016. The sector maintains its capital adequacy levels. At the same time, the deleveraging process is continuing (the year-on-year fall in the stock of loans as of January 2016 was 3.66%), although the flow of new lending is speeding up (up 13% year-on-year through February 2016).

Activity

Recovery of the balance of **lending**: it declined 1.2% over the quarter but rose 11.8% year-on-year. This year-on-year trend is the result of the incorporation of CX, and also due to the good performance in the production of new loans over the last twelve months: new mortgages have grown by 26%, consumer loans by 32% and finance to companies has risen by 17% (figures not including CX).

As regards **asset quality**, NPL flows over the quarter have continued to decline, thanks to gross additions being kept in check. As a result, the NPL ratio improved by 22 basis points to 6.4%. The coverage ratio is stable, ending the period at 59%.

Customer **deposits** under management grew over the quarter by 3.3% (up 26.7% year-on-year), strongly affected by progress in both sight and time deposits.

Off-balance-sheet customer funds have grown by 2.7% since the close of 2015, with a slight decline in the last twelve months of 0.6%, due to the unfavorable market trend.

Earnings

The most relevant aspects of the income statement in this area continue to be:

- In an environment of all-time low interest rates, there was a slight year-on-year decline in **net interest income** (down 1.2%). The fall in yield on loans, chiefly the result of the drop in interest rates, has not been fully offset by cheaper funding, both retail (reduction in deposit costs) and wholesale.
- However, it is worth of note the good performance of **income from fees and commissions** (up 3.9%).
- The contribution from **NTI** is smaller than in 2015, due mainly to lower ALCO portfolio sales, and a very complex quarter in the markets, which has affected the Global Markets unit negatively.
- Growth of 18.1% in **operating expenses** as a result of the inclusion of CX and related integration costs.
- The continued improvement in asset quality is reflected in lower **impairment losses on financial assets** compared to the first quarter of 2015 (down 38.6%). As a result, the cost of risk now stands at 0.45%, well below the cumulative figure for 2015 (0.71%).
- **Provisions (net) and other gains/losses** have declined with respect to previous quarters (down 64.8% year-on-year) related to lower costs of the transformation process.
- As a result, the **net attributable profit** generated by banking activity in Spain in the first quarter of 2016 was €234m, a year-on-year decline of 23.6%.

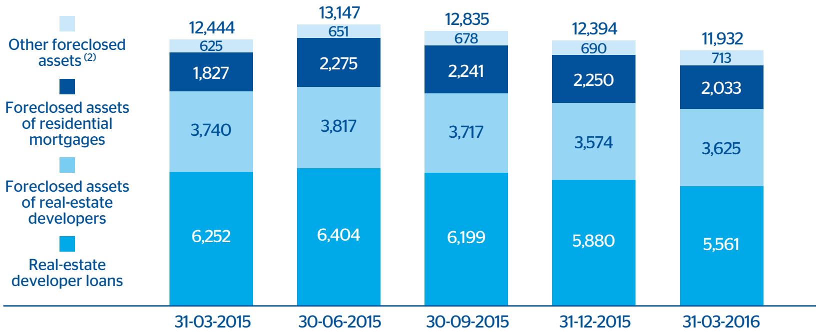
Real-estate activity in Spain

Highlights

- The growing trend in demand, prices and activity in mortgage lending continues.
- The negative contribution of the area to earnings continues to decline.
- Improved risk indicators.

Net exposure to real estate (1)

(Million euros)



(1) Transparency scope according to Bank of Spain Circular 5/2011 dated November 30.
(2) Other foreclosed assets include foreclosed assets that do not stem from financing family home buying.

Coverage of real-estate exposure in Spain (1)

(Million of euros as of 31-03-16)

	Risk amount	Provision	% Coverage over risk
NPL + Substandard	6,547	3,528	54
NPL	5,792	3,344	58
Substandard	755	184	24
Foreclosed real-estate and other assets	15,109	8,738	58
From real-estate developers	9,093	5,468	60
From dwellings	4,600	2,567	56
Other	1,416	703	50
Subtotal	**21,656**	**12,266**	**57**
Performing	2,542		
With collateral	2,215		
Finished properties	1,712		
Construction in progress	267		
Land	236		
Without collateral and other	328		
Real-estate exposure	**24,198**	**12,266**	**51**

(1) Transparency scope according to Bank of Spain Circular 5/2011 dated November 30.

Industry trends

Recovery in the growth trend of **housing sales** (which appeared to have weakened in the second half of 2015) supported strongly by the good performance of the fundamentals of the Spanish economy: job creation, interest-rates at all-time lows and consumer confidence at record levels. According to data from Centro de Información Estadística del Notariado (Center for Statistical Information of the Notaries' Association), a total of 27,568 homes were sold in the first month of 2016 (up 26.6% year-on-year).

Slight growth in **prices**. According to data for the fourth quarter of 2015, prices increased by 1.8% in year-on-year terms, 0.4 percentage points more than in the previous quarter.

Improvement in the **mortgage market** thanks largely to the decline in the cost of finance. According to cumulative figures from the Bank of Spain for January to February 2016, the volume of new loans granted to families to buy homes increased by 19.5% in year-on-year terms.

The reduction in the housing stock has boosted housing starts. Figures on **construction activity** show that housing starts are recovering strongly, although from a low starting point. Specifically, 10% more housing permits were issued in January than in the previous month.

Exposure

BBVA continues with its strategy of reducing its **net exposure** to the real-estate sector in Spain, both in the developer segment (lending to real-estate developers plus foreclosed assets derived from those loans) and to foreclosed real-estate assets from retail mortgage loans. As of 31-Mar-2016, the figure stood at €11,932m, down 4.1% on the figure for March 2015, despite the fact that balances of CX were not incorporated until April 2015. The reduction was 3.7% on the figure for December 2015.

In terms of total real-estate exposure, including outstanding loans to developers, foreclosed assets and other assets, the **coverage ratio** was 51% at the close of March 2016, which is 42 basis points better than the figure as on 31-Dec-2015.

Non-performing loans have fallen again over the quarter, with new additions to NPL declining over the period. The coverage ratio for non-performing and substandard loans stayed at 54%.

Sales of real-estate assets amounted to a total of 3,860 units in the quarter (at a sale price of €436m), or 5,474 units (with a sale price of €588m) including the sales of assets on the developer books (all these figures do not take into account the figures from CX), with an increase over the same period the previous year in terms of units of 83% (or 85% in sale price) and 34% (or 62% in sale price), respectively.

Earnings

This business area posted a loss of €113m in the first quarter of 2016, a figure that is less negative than in the same period in 2015 (a loss of €154m), mainly due to lower needs for loans and real-estate provisions, due to a better scenario of the cost of funding in the asset portfolios and lower financed volumes as a result of reduced exposure.

Financial statements

(Million euros)

Income statement	1Q16	∆%	1Q15
Net interest income	**26**	**n.m.**	**(9)**
Net fees and commissions	1	(29.2)	1
Net trading income	(0)	n.m.	0
Other income/expenses	(15)	(65.3)	(44)
Gross income	**12**	**n.m.**	**(51)**
Operating expenses	(32)	12.8	(28)
Personnel expenses	(16)	(3.1)	(16)
General and administrative expenses	(9)	40.8	(7)
Depreciation and amortization	(7)	27.1	(5)
Operating income	**(20)**	**(74.6)**	**(79)**
Impairment on financial assets (net)	(47)	(18.5)	(57)
Provisions (net) and other gains (losses)	(81)	(4.3)	(85)
Income before tax	**(148)**	**(33.0)**	**(221)**
Income tax	34	(48.6)	67
Net income	**(113)**	**(26.3)**	**(154)**
Non-controlling interests	0	n.m.	(1)
Net attributable profit	**(113)**	**(26.5)**	**(154)**

Balance sheet	31-03-16	∆%	31-12-15
Cash and balances with central banks	10	88.8	5
Financial assets	902	112.1	425
Loans and receivables	7,868	(4.4)	8,228
Loans and advances to customers	7,868	(4.4)	8,228
Loans and advances to credit institutions and other	-	-	-
Inter-area positions	-	-	-
Tangible assets	1,230	(5.6)	1,302
Other assets	6,609	(7.7)	7,162
Total assets/liabilities and equity	**16,618**	**(2.9)**	**17,122**
Deposits from central banks and credit institutions	-	-	-
Deposits from customers	191	46.2	131
Debt certificates	-	-	-
Subordinated liabilities	871	1.6	857
Inter-area positions	12,077	(5.0)	12,708
Financial liabilities held for trading	-	-	-
Other liabilities	0	n.m.	0
Economic capital allocated	3,479	1.5	3,427

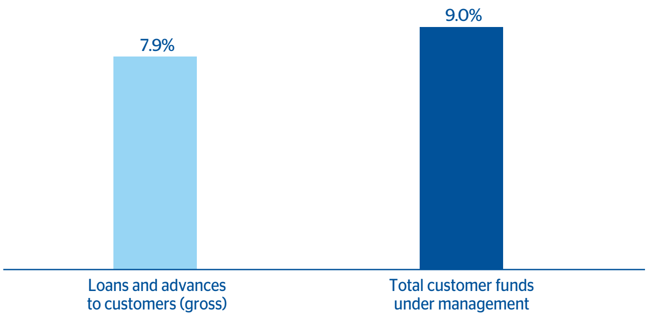
The United States

Highlights

- Moderate increase in lending, focused on profitable growth.
- Positive performance of net interest income.
- Increased cost of risk, affected by the impairment of the energy sector portfolio.

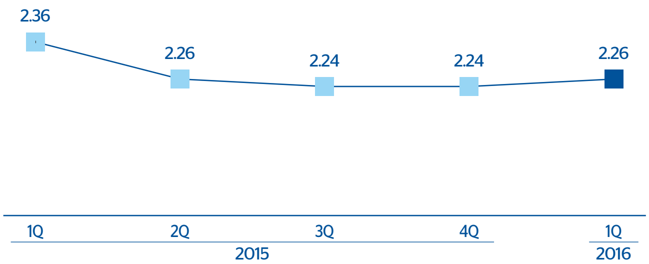
Business activity

(Year-on-year change at constant exchange rate. Data as of 31-03-2016)



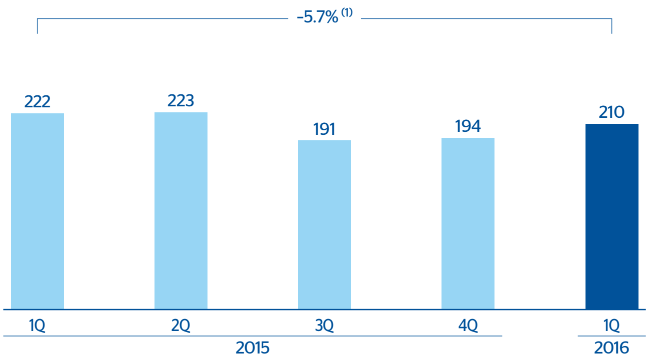
Net interest income/ATA

(Percentage. Constant exchange rate)



Operating income

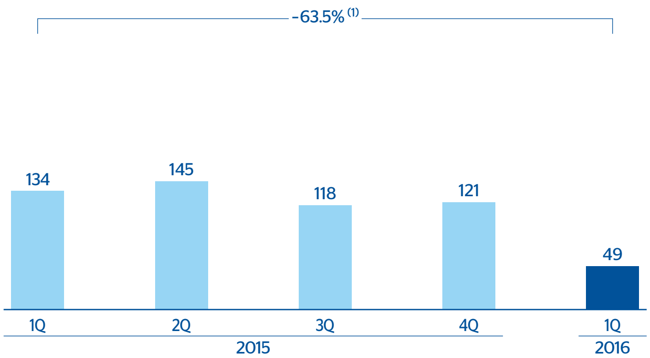
(Million euros at constant exchange rate)



(1) At current exchange rate: -3.5%.

Net attributable profit

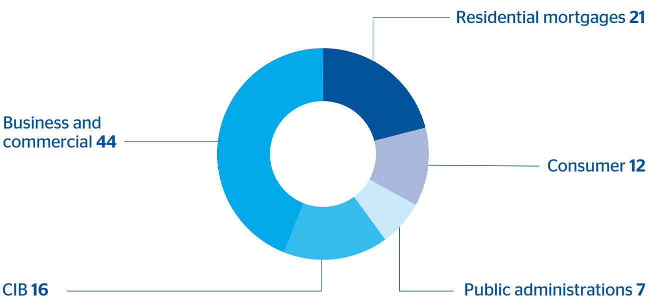
(Million euros at constant exchange rate)



(1) At current exchange rate: -62.5%.

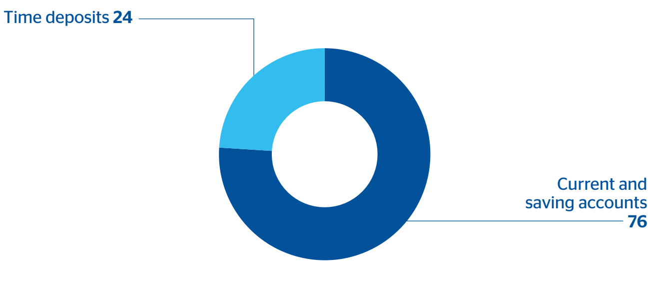
Breakdown of loans and advances to customers (gross)

(Percentage as of 31-03-2016)



Breakdown of customer deposits under management

(Percentage as of 31-03-2016)



Macro and industry trends

The United States **economy** seems to be proceeding at a steady, albeit gradual, pace after a modest start to 2016. The most recent data points to slower growth in the first quarter, partly as a purely seasonal adjustment. Household spending has remained in positive territory, but it is not as strong as would be expected in an environment of persistently low inflation with a buoyant labor market. Non-residential investment and investment in inventories, as well as exports, have slowed down in an environment of uncertainty regarding the strength of future demand. As a result, the forecast for U.S. GDP growth in 2016 remains unchanged at 2.5%.

In December, the Fed raised the target range for the **interest rate** for federal funds to 0.25-0.50%. It is expected to remain firm in its strategy of adapting monetary-policy changes to the information available at any given time, paying special attention to **inflation**.

With regard to the trend in the dollar's **exchange rate** against the euro, there has been both a year-on-year and a quarterly depreciation in final exchange rates. Average exchange rates have appreciated slightly over the last twelve months. The currency's impact on the financial statements has therefore been slightly positive in terms of earnings (compared with those registered in the same period last year), but negative in terms of activity and balance sheet (both over the last twelve months and in the quarter). All the comments below on rates of change will be expressed at constant exchange rates, unless expressly stated otherwise.

The **financial sector** remains in good shape, despite the low interest rate environment and the increase in loan-loss provisions. Growth in lending at the start of 2016 maintains a firm pace (up 8.1% in year-on-year terms through February 2016), with greater strength in commercial loans, which are up 14%, and commercial real estate loans, up 11%. On the liabilities side there has been a reduction in the proportion of time deposits due to low interest rates.

Activity

The year-on-year growth rates in gross **lending** to customers, which moderated during the second half of 2015, continued on this trend during the first quarter of 2016 (up 2.0% in the quarter and up 7.9% in the last

Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	1Q16	Δ%	Δ% (1)	1Q15
Net interest income	**478**	**10.0**	**7.7**	**434**
Net fees and commissions	147	(6.0)	(7.8)	156
Net trading income	46	(8.7)	(10.7)	51
Other income/expenses	(3)	n.m.	n.m.	7
Gross income	**667**	**3.0**	**0.9**	**648**
Operating expenses	(458)	6.3	4.3	(431)
Personnel expenses	(271)	10.8	8.6	(245)
General and administrative expenses	(140)	4.0	2.2	(134)
Depreciation and amortization	(47)	(8.7)	(10.5)	(52)
Operating income	**210**	**(3.5)**	**(5.7)**	**217**
Impairment on financial assets (net)	(95)	219.3	215.9	(30)
Provisions (net) and other gains (losses)	(40)	n.m.	n.m.	(2)
Income before tax	**75**	**(59.5)**	**(60.5)**	**185**
Income tax	(26)	(52.2)	(53.2)	(54)
Net incomes	**49**	**(62.5)**	**(63.5)**	**131**
Non-controlling interests	(0)	-	(2.1)	-
Net attributable profit	**49**	**(62.5)**	**(63.5)**	**131**

Balance sheet	31-03-16	Δ%	Δ% (1)	31-12-15
Cash and balances with central banks	8,063	17.5	22.9	6,859
Financial assets	14,342	(0.9)	3.7	14,468
Loans and receivables	60,240	(2.7)	1.8	61,890
Loans and advances to customers	58,274	(2.5)	1.9	59,796
Loans and advances to credit institutions and other	1,966	(6.1)	(1.8)	2,094
Inter-area positions	-	-	-	-
Tangible assets	737	(5.5)	(1.2)	780
Other assets	2,465	0.3	4.9	2,457
Total assets/liabilities and equity	**85,846**	**(0.7)**	**3.8**	**86,454**
Deposits from central banks and credit institutions	5,286	(13.3)	(9.4)	6,100
Deposits from customers	62,997	(1.1)	3.4	63,715
Debt certificates	876	(4.9)	(0.6)	921
Subordinated liabilities	1,445	(1.0)	3.6	1,459
Inter-area positions	2,975	94.5	103.4	1,529
Financial liabilities held for trading	3,740	(2.7)	1.8	3,844
Other liabilities	5,113	(10.6)	(6.5)	5,718
Economic capital allocated	3,413	7.8	12.7	3,167

Relevant business indicators	31-03-16	Δ%	Δ% (1)	31-12-15
Loans and advances to customers (gross) (2)	59,088	(2.5)	2.0	60,599
Customer deposits under management (2)	60,163	(0.0)	4.6	60,173
Off-balance sheet funds (3)	-	-	-	-
Risk-weighted assets	59,590	0.3	4.9	59,429
Efficiency ratio (%)	68.6			68.6
NPL ratio (%)	1.4			0.9
NPL coverage ratio (%)	103			151
Cost of risk (%)	0.63			0.25

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

twelve months). This was the result of the area's strategy of selective growth in the most profitable portfolios and segments.

Asset quality indicators continue to move within expected levels given the current economic cycle; however, the prolonged period of low oil prices which hit its lowest level during the first quarter of 2016, has negatively impacted the energy (exploration & production) and metal & mining (basic materials) portfolios. While this area maintains a conservatively underwritten and highly-collateralized portfolios in these industries (the exploration & production portfolio represents 3.6% of BBVA Compass loans), it experienced an increase in loans classified as non-performing during the quarter, like many other financial institutions. As a result, the NPL ratio increased from 0.9% at year-end to 1.4% at the end of the quarter. All the other portfolios maintain the NPL levels registered in previous quarters and up to now, all the segments of the energy portfolio other than exploration & production have not shown any material impact. The coverage ratio ended at 103%.

Customer **deposits** under management continued to experience strong growth, above the rate seen at the end of 2015: up 4.6% in the quarter and up 9.0% in the last year, supported by favorable performance of both current and savings accounts (up 4.2% and 5.9%, respectively) and time deposits (up 5.8% and 19.9%, respectively).

Earnings

The area generated a net attributable **profit** in the first quarter of 2016 of €49m, which represents a year-on-year decrease of 63.5%. The main features of the income statement have been:

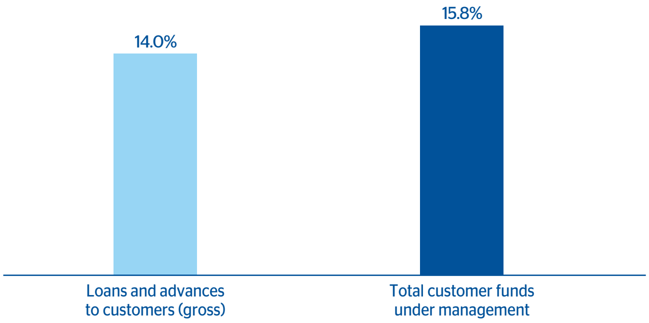
- Solid business activity levels and maintenance of spreads in the area resulted in **net interest income** growth of 7.7% year-on-year.
- This trend in net interest income has offset the more sluggish performance in **income from fees and commissions**, which declined 7.8% over the same period.
- Lower **NTI** compared to the figure registered in the first quarter of 2015. The good performance of the Global Markets unit in the quarter has not offset the capital gains registered the previous year from the sale of ALCO portfolios.
- 4.3% increase in **operating costs** as a result of the increase in headcount stemming from the incorporation of Simple and Spring Studio, and to the investments in the area's transformation process.
- Lastly, **impairment losses on financial assets** have increased, due to increased business activity and, primarily, to greater provisions following the downgrading of certain companies operating in the energy (exploration & production) and metal & mining (basic materials) sectors, which were affected by the aforementioned continued decline in oil prices. This has resulted in the area's cost of risk rising from the cumulative 0.25% registered in 2015 to 0.63% in the first quarter of 2016.

Turkey

Highlights

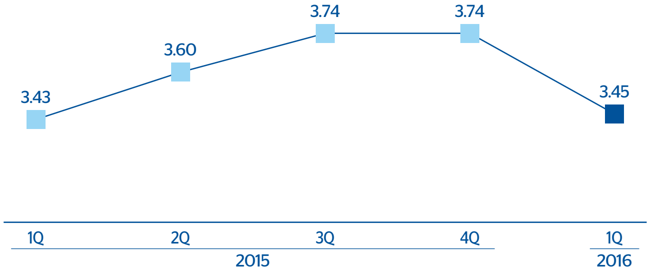
- Sound economic growth in a complex geopolitical environment and with financial turmoil in the global markets.
- Strong activity continues, focused on loans in Turkish lira to the business banking segment and foreign-currency deposits.
- Favorable trend in revenues.
- Good and superior performance of the main asset quality indicators.

Business activity. Turkey presented on a comparable basis (Year-on-year change at constant exchange rate. Data as of 31-03-2016)



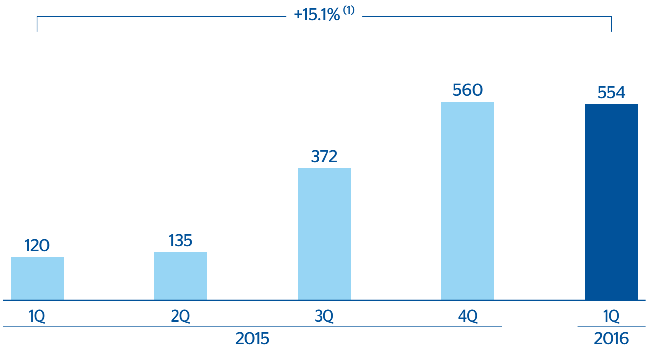
Net interest income/ATA

(Percentage. Constant exchange rate)



Operating income

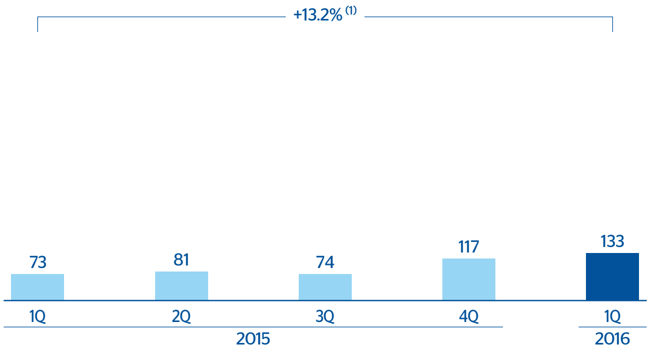
(Million euros at constant exchange rate and year-on-year change with Turkey on a comparable basis)



(1) At current exchange rate: -1.7%.

Net attributable profit

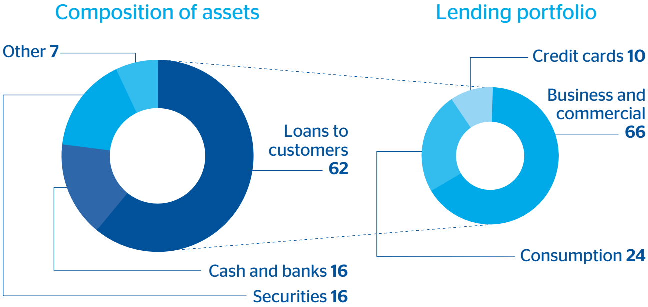
(Million euros at constant exchange rate and year-on-year change with Turkey on a comparable basis)



(1) At current exchange rate: -3.4%.

Garanti. Composition of assets and lending portfolio (1)

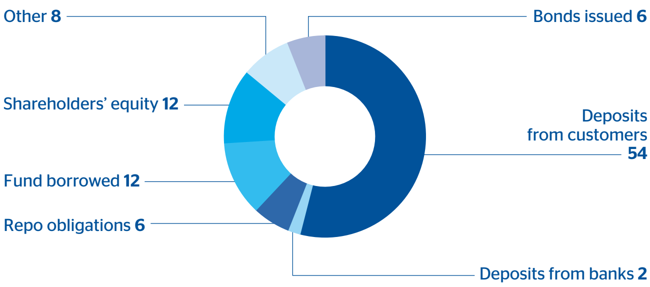
(Percentage as of 31-03-2016)



(1) Garanti Bank only.

Garanti. Composition of liabilities (1)

(Percentage as of 31-03-2016)



(1) Garanti Bank only.

Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	1Q16	Δ% [1]	Δ% [1, 2]	1Q15
Net interest income	**775**	**(7.9)**	**7.9**	**210**
Net fees and commissions	181	(8.8)	6.8	50
Net trading income	10	n.m.	n.m.	(15)
Other income/expenses	10	(46.4)	(37.2)	5
Gross income	**977**	**(2.3)**	**14.3**	**250**
Operating expenses	(423)	(3.2)	13.3	(110)
Personnel expenses	(220)	(1.1)	15.7	(56)
General and administrative expenses	(159)	(9.6)	5.8	(44)
Depreciation and amortization	(44)	14.8	34.4	(10)
Operating income	**554**	**(1.7)**	**15.1**	**140**
Impairment on financial assets (net)	(121)	(8.3)	7.3	(33)
Provisions (net) and other gains (losses)	(9)	n.m.	n.m.	(0)
Income before tax	**424**	**(1.3)**	**15.6**	**107**
Income tax	(88)	3.8	21.6	(21)
Net income	**336**	**(2.5)**	**14.1**	**86**
Non-controlling interests	(203)	(2.0)	14.7	0
Net attributable profit	**133**	**(3.4)**	**13.2**	**86**

Balance sheet	31-03-16	Δ%	Δ% [2]	31-12-15
Cash and balances with central banks	9,473	4.2	5.4	9,089
Financial assets	14,778	(1.5)	(0.4)	15,006
Loans and receivables	62,871	3.6	4.7	60,702
Loans and advances to customers	56,307	2.0	3.2	55,182
Loans and advances to credit institutions and other	6,564	18.9	20.3	5,520
Tangible assets	1,393	(1.0)	0.1	1,406
Other assets	2,817	0.6	1.7	2,801
Total assets/liabilities and equity	**91,332**	**2.6**	**3.8**	**89,003**
Deposits from central banks and credit institutions	16,112	(4.2)	(3.2)	16,823
Deposits from customers	49,314	4.6	5.8	47,148
Debt certificates	7,956	0.0	1.1	7,954
Subordinated liabilities	0	(99.5)	(99.5)	51
Financial liabilities held for trading	951	12.8	14.1	843
Other liabilities	14,432	(0.6)	0.5	14,521
Economic capital allocated	2,566	54.3	56.1	1,663

Relevant business indicators	31-03-16	Δ%	Δ% [2]	31-12-15
Loans and advances to customers (gross) [3]	58,877	1.9	3.1	57,768
Customer deposits under management [3]	45,109	4.0	5.1	43,393
Off-balance sheet funds [4]	3,657	1.0	2.1	3,620
Risk-weighted assets	76,085	4.5	5.7	72,778
Efficiency ratio (%)	43.3			47.7
NPL ratio (%)	2.8			2.8
NPL coverage ratio (%)	129			129
Cost of risk (%)	0.84			1.11

(1) Variations taking into account the financial statements of Garanti Group calculated by the full integration method since January 1, 2015, without involving a change of the data already published.
(2) Figures at constant exchange rate.
(3) Excluding repos.
(4) Includes mutual funds, pension funds and other off-balance sheet funds.

Macro and industry trends

Economic growth in Turkey has once again picked up in the fourth quarter of 2015 to 5.7%, with an annual average of 4%. This high rate of growth is particularly remarkable in a complex geopolitical environment and with financial tensions in the global markets to which the Turkish economy is vulnerable. Growth has been supported mainly by increased private consumption, influenced by a combination of expansive demand economic policies and low oil prices.

Inflation fell to 7.5% according to the latest available data as of March 2016. Overall, the expected depreciation of the **exchange rate** (so far this year, the Turkish lira has lost 1.1% in final exchange rates) and the effect of increased domestic demand will add pressure to inflation in the second half 2016. In this scenario, even though the Central Bank of Turkey (CBRT) could seize the window of opportunity in the short term to cut interest rates, it would have to raise them again later on in the year to anchor inflation expectations.

The Turkish **financial sector** maintains a moderate rate of loan growth. Not including the effect of the depreciation of the Turkish lira on loans in foreign currency, the year-on-year increase is closer to 10%, according to the latest available information as of March 2016. Fund gathering has also slowed its growth, although it has registered double-digit year-on-year gains. Meanwhile, the NPL ratio remains at relatively low levels in the international comparison, and continues to be one of the sector's main strengths (3.2% as of March according to BRSA –Banking Regulation and Supervision Agency– weekly database). Lastly, the sector has sound levels of capitalization.

Activity

BBVA's stake in Garanti (39.9% since the third quarter of 2015) has been incorporated into the Group's financial statements since then by the full integration method. The above has had an impact on the year-over-year rates of change in earnings, balance-sheet and activity of this area due to the change in the scope of consolidation. In order to make comparison against 2015 easier, rates of change are shown by taking into account the stake in Garanti on an equivalent basis, i.e. including it as if it had been incorporated by the full integration method since January 1, 2015 (hereinafter "Turkey on a comparable basis or Turkey proforma"). In addition, all the comments below on rates of change will be expressed at constant exchange rates, unless expressly stated otherwise.

The area's gross **lending** to customers has increased so far this year by 3.1%, which represents year-on-year growth of 14.0%. In the first quarter of 2016, Garanti's strategy was focused on selective growth in the more profitable products. Thus, loans in Turkish lira continue to be the main driver for the entity. Garanti Bank registered an increase above that obtained by the sector in this portfolio. This increase is due mainly to the positive trend in business banking loans, the residential mortgage portfolio and in general purpose loans (basically consumer loans), portfolios in which Garanti further strengthened its market position. Loans in foreign currency (also in Garanti Bank) are up 4.0% in the first quarter of 2016 and 2.0% since the end of the first quarter of 2015, strongly affected by project finance.

Good performance over the quarter in the main **asset-quality** indicators. The balance of non-performing loans has been almost flat (up 0.3%). Thus, the NPL ratio remains stable at 2.8%, below the average for the sector, while the coverage ratio also remains at the same levels registered at the close of 2015, at 129%.

On the liabilities side, customer **deposits** under management are up 5.1% since the end of December 2015 (up 16.1% year-on-year). Worth noting is the positive trend in time deposits over the quarter (up 6.6%) and current and savings accounts over the last year (up 22.2%). This is explained basically by the increase in funds in foreign currency.

Lastly, of particular note is the good **capital** management carried out by Garanti, thanks to which the bank maintains strong solvency levels, among the highest in its peer group.

Earnings

Turkey generated a net attributable **profit** of €133m in the first quarter of 2016, up 13.2% on the figure registered in the same period in 2015. The most relevant aspects of earnings in the area are summarized below:

- Good performance of **net interest income**, which is up 7.9%, despite the fact that starting in 2016 the cost of swaps is included under this heading (in previous periods it was incorporated under NTI). The increased cost of deposits has been offset by higher business volumes and the repricing of new loan production.

- Favorable trend also in **income from fees and commissions**, despite the negative effect from the suspension of account maintenance and administration fees (in January 2016, the Turkish Council of State suspended temporarily the collection of this type of fees. Garanti stopped charging them from February onwards). The growth in this heading is supported by the increase in fees for payment and collection services and by greater diversification of these revenues. Fees from activities such as insurance, remittances, brokerage, etc. are up.

- Positive contribution from **NTI**, €10m in the quarter, which compares with a negative figure for the same period of last year. This good performance is explained by the favorable trend in the Global Markets unit and by the inclusion of the cost of swaps in the net interest income starting in 2016, as mentioned above (in previous periods it was included under this heading).

- Decline in the year-on-year rate of growth in **operating expenses** compared to the figure for 2015. This heading continues to be affected by the impact of the depreciation of the Turkish lira on cost headings denominated in foreign currency, the still high inflation rate and the investments made in the upgrading, modernization and digitalization of traditional channels. The efficiency ratio has improved compared to the figure for 2015 and stands at 43.3%.

- Lastly, 7.3% year-on-year growth in **impairment losses on financial assets**, below the growth in lending activity, with a favorable impact on the area's cost of risk, which in the cumulative figure to 31-Mar-2016 stands at 0.84%.

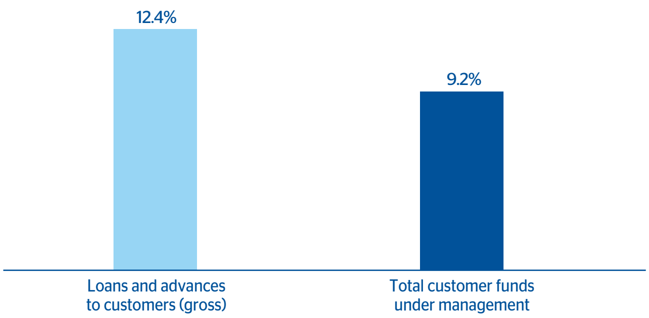
Mexico

Highlights

- Strong lending and good performance of deposits.
- Positive trend in recurring revenues.
- Operating expenses grow below gross income.
- Stability in risk indicators, which continue to be better than those of the peer group.

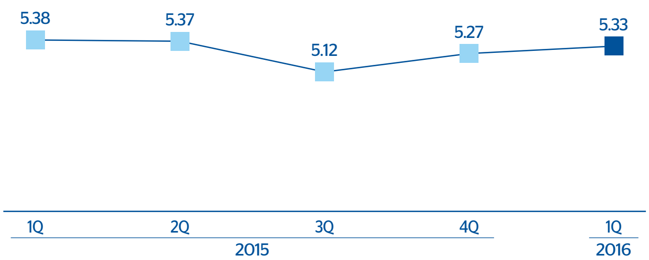
Business activity

(Year-on-year change at constant exchange rate. Data as of 31-03-2016)



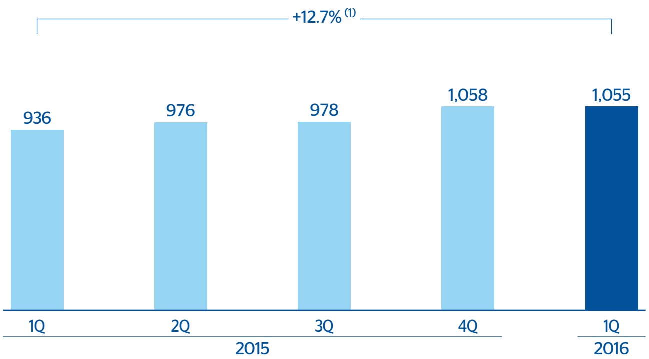
Net interest income/ATA

(Percentage. Constant exchange rate)



Operating income

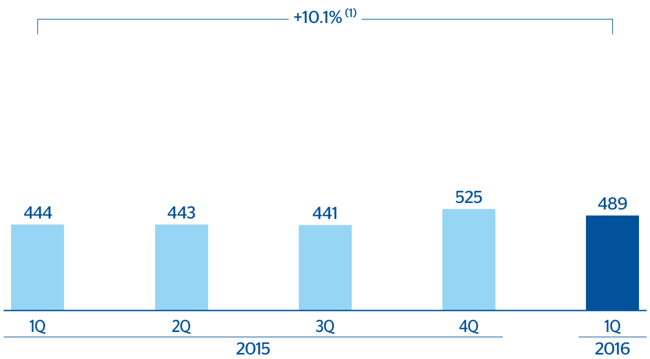
(Million euros at constant exchange rate)



(1) At current exchange rate: –4.6%.

Net attributable profit

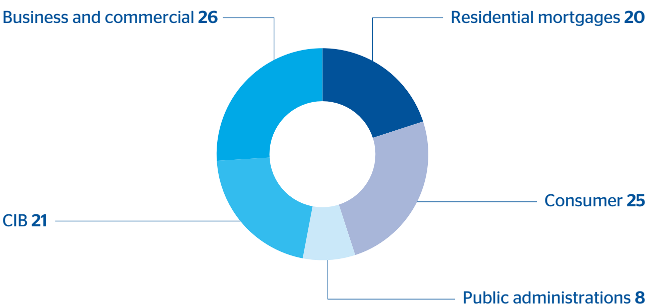
(Million euros at constant exchange rate)



(1) At current exchange rate: –6.9%.

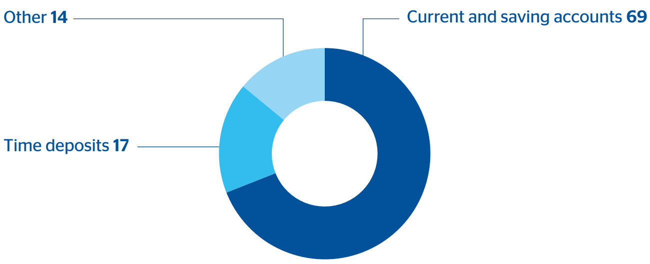
Breakdown of loans and advances to customers (gross)

(Percentage as of 31-03-2016)



Breakdown of customer deposits under management

(Percentage as of 31-03-2016)



Macro and industry trends

Mexico's **GDP** lost steam in the second half of 2015 and this trend has probably continued into the start of 2016, given the deterioration in exports and public spending. Nevertheless, the outlook is still for growth of 2.2% in 2016, thanks to the expected performance of private consumption in an environment of increasing employment and inflation anchored at levels close to 3%, which is the Mexican Central Bank's target. In this situation an additional interest-rate hike can be expected from the current 3.75% to 4% by the end of the year.

Over the quarter, **interest rates** have reflected global risk premiums, oil prices and the reforms announced in PEMEX. Overall, according to data as of the close of March 2016, the Mexican peso has depreciated by 15.7% over the last three months in terms of final rates (down 3.4% in year-on-year terms), which has a negative impact on the area's financial statements.

The country's **financial system** remains highly solvent, with a total capital adequacy ratio of 14.6% as of January 2016, according to the latest information available from the National Securities Banking Commission (CNBV). The NPL ratio is still falling (2.6% in February 2016, according to the latest public information from the CNBV). In terms of activity, in February 2016 the balance of the loans granted by retail banks to the private sector posted a nominal year-on-year rise of 14.6%, boosted by growth in commercial lending (due to the exchange-rate impact), and consumer finance. Mortgage lending has grown by 11.2%, in line with the strength observed in the last quarter of 2015. Deposit gathering (up 10.4% year-on-year according to February figures) was weaker, in both demand and time deposits.

Activity

All the comments below on rates of change will be given at constant exchange rates, unless expressly stated otherwise.

According to data as of the close of the first quarter of 2016, BBVA in Mexico has performed well in **lending**, which has increased by 3.7% since the end of 2015, and 12.4% in year-on-year terms, with growth in each of its segments. Although the increase in the wholesale portfolio has once more been the most notable (up 3.8% so far this year,

Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	1Q16	Δ%	Δ% [1]	1Q15
Net interest income	**1,290**	**(3.7)**	**13.9**	**1,339**
Net fees and commissions	273	(7.6)	9.2	295
Net trading income	43	(17.1)	(2.0)	52
Other income/expenses	49	(29.3)	(16.5)	69
Gross income	**1,654**	**(5.8)**	**11.4**	**1,755**
Operating expenses	(599)	(7.6)	9.2	(649)
Personnel expenses	(263)	(8.6)	8.0	(288)
General and administrative expenses	(276)	(10.0)	6.4	(306)
Depreciation and amortization	(60)	10.8	31.1	(54)
Operating income	**1,055**	**(4.6)**	**12.7**	**1,106**
Impairment on financial assets (net)	(383)	(9.1)	7.5	(422)
Provisions (net) and other gains (losses)	(19)	n.m.	n.m.	10
Income before tax	**652**	**(6.2)**	**11.0**	**695**
Income tax	(163)	(4.0)	13.5	(169)
Net income	**489**	**(6.9)**	**10.1**	**525**
Non-controlling interests	(0)	98.2	134.3	(0)
Net attributable profit	**489**	**(6.9)**	**10.1**	**525**

Balance sheet	31-03-16	Δ%	Δ% [1]	31-12-15
Cash and balances with central banks	5,829	(8.4)	(5.1)	6,363
Financial assets	31,970	(3.4)	0.0	33,097
Loans and receivables	49,479	(7.1)	(3.8)	53,285
Loans and advances to customers	47,312	(0.5)	3.1	47,534
Loans and advances to credit institutions and other	2,167	(62.3)	(61.0)	5,751
Tangible assets	2,067	(2.9)	0.5	2,130
Other assets	6,919	46.6	51.8	4,719
Total assets/liabilities and equity	**96,263**	**(3.3)**	**0.1**	**99,594**
Deposits from central banks and credit institutions	10,707	(16.5)	(13.5)	12,817
Deposits from customers	49,597	0.1	3.7	49,553
Debt certificates	4,341	(16.6)	(13.6)	5,204
Subordinated liabilities	4,382	(1.2)	2.3	4,436
Financial liabilities held for trading	6,729	(5.7)	(2.3)	7,134
Other liabilities	15,735	4.6	8.3	15,045
Economic capital allocated	4,771	(11.7)	(8.6)	5,404

Relevant business indicators	31-03-16	Δ%	Δ% [1]	31-12-15
Loans and advances to customers (gross) [2]	48,846	0.1	3.7	48,784
Customer deposits under management [2]	43,021	(0.7)	2.8	43,332
Off-balance sheet funds [3]	21,127	(2.0)	1.5	21,557
Risk-weighted assets	49,657	(2.4)	1.1	50,896
Efficiency ratio (%)	36.2			37.0
NPL ratio (%)	2.6			2.6
NPL coverage ratio (%)	119			120
Cost of risk (%)	3.19			3.28

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

13.4% year-on-year), the rate of increase in the retail portfolio has accelerated on previous quarters.

Outstanding within the **wholesale portfolio** is lending to real estate developers, which has performed well since the third quarter of 2015, with growth of 7.5% so far this year and 25.9% in the last twelve months. Commercial lending (midsized companies and large corporations, not including the developer portfolio), which accounts for 79% of lending to the wholesale segment and 36% of the total balance of gross lending to customers in the area, has grown by 4.8% over the quarter and 16.1% year-on-year.

The **retail portfolio** ended the quarter with a rise of 3.2% since December and 12.3% on the close of March 2015. These increases continue to be boosted by consumer finance and SMEs, where growth has been 5.8% and 9.1% respectively compared with the close of 2015 (up 24.0% and 27.5% respectively in year-on-year terms). The strength of consumer finance is due to the good performance of pre-approved loans for the existing customer base. Credit cards, despite performing favorably in terms of new production (up 19.1% over the last year), have fallen slightly in the balance for the quarter by 0.2%, though over the last twelve months there has been a rise of 5.2%. This is due to the high level of prepayments and, to a lesser extent, to the effect of canceling the management agreement for a co-branded card with Walmart, which will continue to impact the first half of 2016. The mortgage portfolio grew over the quarter by 1.3% and year-on-year by 4.2%, figures that are comparatively better than those in previous quarters. There was outstanding performance in new mortgage loans, which posted a year-on-year growth of 15.2% in the first three months of the year.

As regards **asset quality**, there was stability in the NPL flows, leaving the NPL ratio at very similar levels to the close of 2015 (2.6%). The coverage ratio was also stable (119%). This means that BBVA in Mexico continues to have better risk indicators than the average of its peers.

Total customer **funds** (customer deposits under management, mutual funds, pension funds and other off-balance-sheet funds) grew over the quarter by 2.4% (up 9.2% year-on-year). All the products performed well: current and saving accounts increased by 13.6% in year-on-year terms (down 4.3% over the quarter) and time deposits grew by 8.8% (up 4.6% year-to-date).

There was also a positive performance over the quarter of off-balance-sheet funds, which grew by 1.5% (up 2.5% in year-on-year terms). All the above means that BBVA in Mexico can maintain a profitable funding mix, as lower-cost funds account for most of the funds managed by the area (46%).

Earnings

In the first quarter of the year, BBVA in Mexico had a net attributable **profit** of €489m. This represents a year-on-year rate of growth of 10.1%. The most significant aspects of the income statement are outlined below:

- Positive performance of **net interest income**, which shows a year-on-year rise greater than in previous quarters: up 13.9%. This positive performance is explained by increased activity and maintenance of spreads.
- Good performance of **income from fees and commissions**, which also accelerated its year-on-year growth to 9.2%, largely due to the positive trend in fees from credit cards (mainly from cash advances), as well as corporate and investment banking and cash management fees.
- Slight decline in **NTI** (down 2.0% year-on-year) due to the difficulties in the financial markets during the period, despite the positive trend of the exchange-rate business.
- Decline in **other income/expenses** (down 16.5% year-on-year), due to the rise in the contribution to the local Deposit Guarantee Fund (FGD) as a result of the increased volume of deposits. The income from the insurance business (up 2.3% year-on-year) has not offset the negative impact of this increased contribution.
- As a result, gross income has increased year-on-year by 11.4%, which compares with the 9.2% rise in **operating expenses**. This positive trend in income and expenses is reflected by a clear improvement in the efficiency ratio, which closed March 2016 at 36.2%.
- **Impairment losses on financial assets** have grown year-on-year by 7.5%, below the growth of lending. As a result, the cumulative cost of risk as of 31-Mar-2016 has fallen compared to the figure for 2015 to 3.19%.

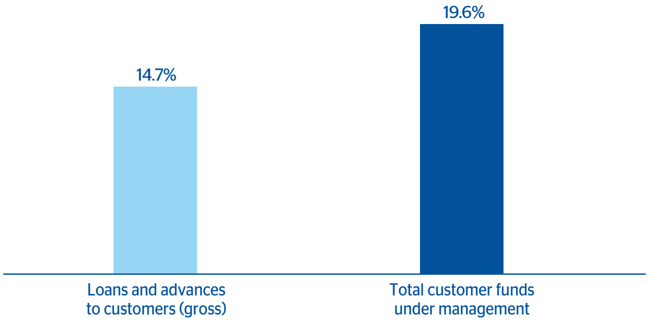
South America

Highlights

- Strong activity.
- High capacity to generate recurring revenues and favorable trend in NTI.
- Expenses conditioned by investment plans, high inflation in some countries and the exchange-rate effect.
- Slight worsening of risk indicators, strongly affected by the moderate environment, but improvement in the cost of risk.

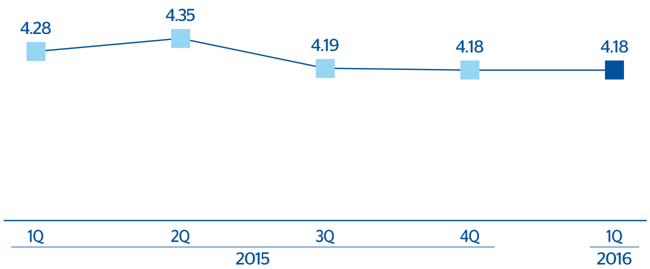
Business activity

(Year-on-year change at constant exchange rates. Data as of 31-03-2016)



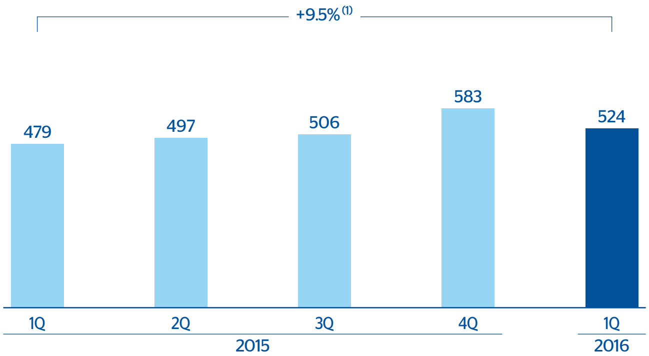
Net interest income/ATA

(Percentage. Constant exchange rates)



Operating income

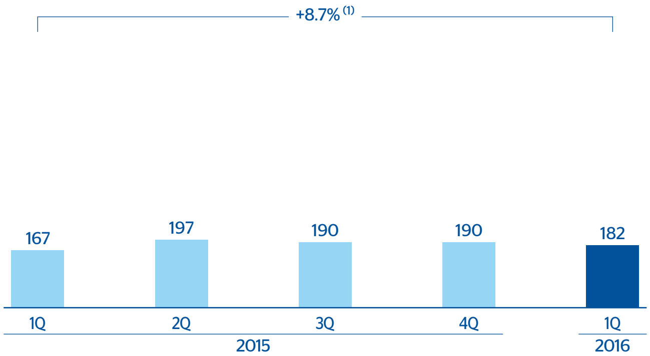
(Million euros at constant exchange rates)



(1) At current exchange rates: –20.1%.

Net attributable profit

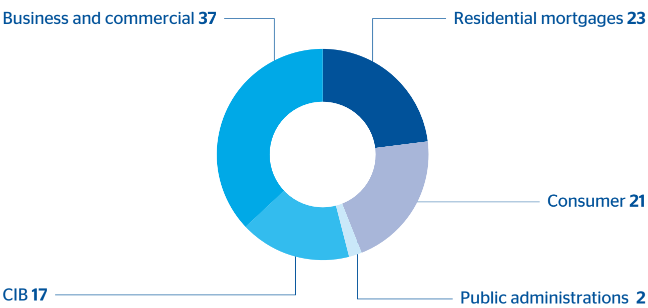
(Million euros at constant exchange rates)



(1) At current exchange rates: –19.8%.

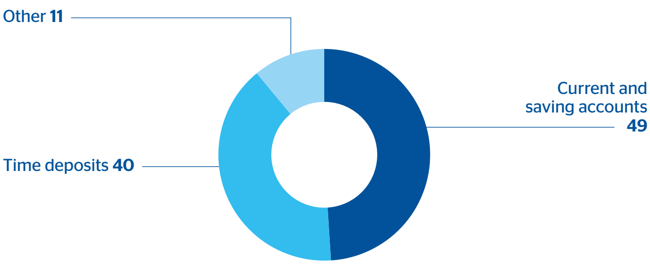
Breakdown of loans and advances to customers (gross)

(Percentage as of 31-03-2016)



Breakdown of customer deposits under management

(Percentage as of 31-03-2016)



Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	1Q16	∆%	∆% [1]	1Q15
Net interest income	**717**	**(10.6)**	**17.0**	**802**
Net fees and commissions	141	(19.2)	5.2	174
Net trading income	160	(10.9)	49.9	180
Other income/expenses	(33)	n.m.	n.m.	2
Gross income	**985**	**(15.0)**	**14.1**	**1,159**
Operating expenses	(461)	(8.2)	19.9	(503)
Personnel expenses	(241)	(9.2)	18.3	(265)
General and administrative expenses	(197)	(6.4)	22.6	(210)
Depreciation and amortization	(23)	(12.8)	14.2	(27)
Operating income	**524**	**(20.1)**	**9.5**	**656**
Impairment on financial assets (net)	(131)	(4.4)	16.6	(137)
Provisions (net) and other gains (losses)	(18)	(64.3)	(22.1)	(50)
Income before tax	**375**	**(19.9)**	**9.2**	**469**
Income tax	(131)	(9.3)	29.9	(145)
Net income	**244**	**(24.7)**	**0.6**	**324**
Non-controlling interests	(62)	(36.1)	(17.5)	(97)
Net attributable profit	**182**	**(19.8)**	**8.7**	**227**

Balance sheet	31-03-16	∆%	∆% [1]	31-12-15
Cash and balances with central banks	10,865	(5.1)	0.5	11,447
Financial assets	9,300	(2.7)	0.4	9,561
Loans and receivables	46,208	(2.3)	1.1	47,284
Loans and advances to customers	42,509	(2.5)	0.6	43,596
Loans and advances to credit institutions and other	3,699	0.3	6.8	3,688
Tangible assets	673	(6.3)	1.5	718
Other assets	1,668	1.0	5.4	1,652
Total assets/liabilities and equity	**68,714**	**(2.8)**	**1.0**	**70,661**
Deposits from central banks and credit institutions	6,914	(14.3)	(13.1)	8,070
Deposits from customers	41,690	(0.7)	3.9	41,998
Debt certificates	4,776	(0.6)	0.4	4,806
Subordinated liabilities	1,974	(1.0)	0.1	1,994
Financial liabilities held for trading	3,056	(8.6)	(8.1)	3,342
Other liabilities	7,744	(1.0)	4.0	7,825
Economic capital allocated	2,559	(2.5)	3.5	2,626

Relevant business indicators	31-03-16	∆%	∆% [1]	31-12-15
Loans and advances to customers (gross) [2]	43,917	(2.3)	0.8	44,970
Customer deposits under management [3]	41,876	(0.4)	4.3	42,032
Off-balance sheet funds [4]	10,025	3.0	7.2	9,729
Risk-weighted assets	54,929	(2.2)	2.6	56,164
Efficiency ratio (%)	46.8			44.2
NPL ratio (%)	2.6			2.3
NPL coverage ratio (%)	118			123
Cost of risk (%)	1.18			1.26

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

Macro and industry trends

Economic activity in South America continues to adapt to the deteriorating external environment of lower commodity prices and demand, together with global financial volatility. As a result, the cost of finance is rising. This less favorable external situation is leading to weaker private domestic demand and a decline in household and business confidence. Given the above, the Andean economies could grow by around 2.4% in 2016.

The central banks in the area are expected to maintain a policy of interest rate hikes to anchor inflation expectations, given the major depreciation of the region's **currencies** in the last twelve months.

The **financial sector** remains sound, with acceptable capital adequacy ratios, good profitability and NPL ratios in check. In terms of activity, up to February 2016 lending maintained its dynamism, showing growth of 16% year-on-year. Deposits notwithstanding, grew at 10.8% in January.

Activity

Unless expressly stated otherwise, all percentage changes are expressed at constant exchange rates.

Gross **lending** to customers in the area performed well over the quarter (up 0.8% since 31-Dec-2015), particularly in the private individual segment, and with significant growth in Argentina, Colombia and Uruguay. By portfolio, within the private individual segment there was a positive performance since the close of 2015 of consumer finance (up 2.2% year to date), residential mortgages (up 2.0% in the same period) and credit cards (up 1.5% since the close of 2015). In year-on-year terms, lending has grown in South America at levels similar to those registered in December 2015: +14.7%.

The most notable in **asset quality** is the increase of the NPL ratio (up 25 basis points) and a reduction of the coverage ratio, both as a consequence of the moderate economic cycle. Each closed the first quarter of 2016 at 2.6% and 118% respectively.

On-balance-sheet and off-balance sheet customer **funds** have grown by 4.8% with respect to the close of 2015. Most of the geographical areas have performed well, particularly Colombia (up 12.9%) and Argentina (up 7.7%). This quarterly evolution has led to an increase in the average annual rate of growth of this heading, improving on the figure at the end of 2015 to reach 19.6%. By product, growth has been significant in all businesses. South America maintains a balanced mix, in which transactional customer funds are the main source of finance within the structure of deposits.

Earnings

In this situation, South America closed the first quarter of the year with a **net attributable profit** of €182m, a year-on-year increase of 8.7%. The most significant changes are summarized below:

- Very good **recurring revenue** thanks to strong lending activity and growing customer spreads. Net interest income and income from fees and commissions grew at a year-on-year rate of 17.0% and 5.2%, respectively.
- Positive performance of **NTI**, which has increased by more than 49.9% in the last twelve months. The most significant growth has been in Argentina (in a volatile but more favorable environment following the removal of exchange-rate restrictions known as the "cepo cambiario") and Colombia (which includes additional earnings in the quarter from disposal of equity holdings).
- **Operating expenses** have increased by 19.9% compared with the same period in 2015. Once more, the high rate of inflation in some countries, the negative effect of the exchange rate of currencies in the region against the U.S. dollar and the investments in several countries explain this trend.
- **Impairment losses on financial assets** are growing at a similar pace as net interest income, with a positive trend despite moderation in the macroeconomic environment in the region. Overall, the cumulative cost of risk as of 31-March-2016 stands at 1.18%, which compares with 1.26% in 2015.

By country, **Argentina** has grown significantly in all its income lines thanks to strong activity and greater contribution from its portfolio investments, which offset the higher level of expenses, closely tied to inflation levels. Profit in **Colombia** continues to be based on the good performance of the more recurring revenues and NTI, despite the bigger increase of impairments. In **Peru**, the annual average growth rate of recurring revenues is accelerating (due to a combination of strong business activity and good price management). The growth in impairment losses on financial assets is below the growth in lending, though this has not resulted in a higher net attributable profit because of a lower contribution from NTI. In **Chile**, positive net interest income figures, lower loan-loss provisions and the increased stake in Forum have offset a more moderate income from fees and commissions and NTI.

South America. Relevant business indicators per country

(Million euros)

	Argentina		Chile		Colombia		Peru		Venezuela	
	31-03-16	31-12-15	31-03-16	31-12-15	31-03-16	31-12-15	31-03-16	31-12-15	31-03-16	31-12-15
Loans and advances to customers (gross)[1, 2]	3,596	3,448	12,690	12,819	11,033	10,821	13,053	13,073	630	529
Customer deposits under management[1, 3]	4,766	4,532	8,674	8,807	11,696	10,331	11,660	11,914	1,118	887
Off-balance sheet funds[1, 4]	685	527	1,597	1,331	562	530	1,304	1,286	-	-
Risk-weighted assets[1]	7,223	7,737	14,151	13,451	12,218	10,930	16,961	17,115	1,421	1,141
Efficiency ratio (%)	48.3	51.3	54.7	47.0	39.9	38.9	38.9	34.9	63.2	33.3
NPL ratio (%)	0.6	0.6	2.5	2.3	2.7	2.3	3.0	2.8	0.5	0.6
NPL coverage ratio (%)	489	517	72	72	130	137	120	124	506	457
Cost of risk (%)	1.13	1.52	0.91	1.05	1.59	1.55	1.19	1.40	1.39	0.43

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

South America. Data per country

(Million euros)

	Operating income				Net attributable profit			
Country	1Q16	Δ%	Δ% at constant exchange rates	1Q15	1Q16	Δ%	Δ% at constant exchange rates	1Q15
Argentina	145	(2.3)	59.1	149	66	10.3	79.7	60
Chile	70	(20.5)	(12.6)	88	28	(7.5)	1.7	30
Colombia	124	(18.0)	5.9	151	53	(27.1)	(5.9)	72
Peru	156	(11.7)	(2.5)	176	37	(18.4)	(9.9)	45
Venezuela	9	(89.1)	(61.5)	79	(10)	n.m.	n.m.	15
Other countries[1]	20	64.6	156.0	12	9	71.1	259.5	5
Total	**524**	**(20.1)**	**9.5**	**656**	**182**	**(19.8)**	**8.7**	**227**

(1) Paraguay, Uruguay and Bolivia. Additionally, it includes eliminations and other charges.

Rest of Eurasia

Highlights

- Improved lending activity.
- Significant increase in customer deposits.
- Lower contribution from NTI.

Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	1Q16	Δ%	1Q15
Net interest income	**43**	**(0.2)**	**43**
Net fees and commissions	43	(6.1)	46
Net trading income	24	(66.9)	73
Other income/expenses	1	n.m.	(1)
Gross income	**112**	**(30.5)**	**161**
Operating expenses	(85)	(6.1)	(90)
Personnel expenses	(49)	(5.4)	(51)
General and administrative expenses	(33)	(6.3)	(35)
Depreciation and amortization	(3)	(14.5)	(4)
Operating income	**27**	**(61.6)**	**71**
Impairment on financial assets (net)	2	n.m.	(22)
Provisions (net) and other gains (losses)	(2)	n.m.	4
Income before tax	**27**	**(48.0)**	**53**
Income tax	(10)	(47.9)	(19)
Net income	**18**	**(48.1)**	**34**
Non-controlling interests	-	-	-
Net attributable profit	**18**	**(48.1)**	**34**

Balance sheet	31-03-16	Δ%	31-12-15
Cash and balances with central banks	456	(55.8)	1,031
Financial assets	1,841	(1.5)	1,868
Loans and receivables	17,262	5.4	16,377
Loans and advances to customers	16,155	3.7	15,579
Loans and advances to credit institutions and other	1,106	38.6	798
Inter-area positions	3,700	(2.4)	3,790
Tangible assets	40	(4.1)	42
Other assets	338	(6.3)	360
Total assets/liabilities and equity	**23,636**	**0.7**	**23,469**
Deposits from central banks and credit institutions	5,901	10.0	5,364
Deposits from customers	15,613	3.7	15,053
Debt certificates	0	(1.2)	0
Subordinated liabilities	314	(1.0)	317
Inter-area positions	-	-	-
Financial liabilities held for trading	89	3.8	85
Other liabilities	463	(66.5)	1,381
Economic capital allocated	1,256	(1.0)	1,269

Macro and industry trends

In the **Eurozone**, low oil prices and an expansive monetary policy have contributed to GDP growth. The main pillar of this growth continues to be household consumption, given the strong labor market and the low level of inflation, which contribute to the real increase in household disposable income. In the first quarter of 2016, GDP is expected to repeat the quarterly figure of 0.3% posted in the fourth quarter of 2015, despite the deteriorating external environment.

Increased global financial volatility and the depreciation of the currencies of emerging economies are largely the result of the current situation in **China**. The slowdown in growth in the second half of 2015 has led to a new round of fiscal and monetary stimuli aimed at offsetting the deterioration of the manufacturing sector and the effects of increased domestic financial tension due to the falls in the stock market and the devaluation of the renminbi. The downside risks for the outlook in China can be explained by the difficult balance between continuing to improve the allocation of resources with a greater weight in the market and seeking a “soft landing” for the economy.

Activity and earnings

The **loan book** closed the quarter with a 3.6% increase year to date (down 0.8% on the figure for the same period last year). Worth noting is its positive performance in Europe (up 9.5% in the quarter and 1.8% over the last twelve months).

Asset quality showed a slight deterioration in the quarter as a consequence of the current economic cycle: the NPL ratio stands at 2.6% and the coverage ratio at 91%.

Financial statements and relevant business indicators

(Million euros and percentage)

Relevant business indicators	31-03-16	∆%	31-12-15
Loans and advances to customers (gross) [(1)]	16,725	3.6	16,143
Customer deposits under management [(1)]	15,523	3.8	14,959
Off-balance sheet funds [(2)]	335	1.0	331
Risk-weighted assets	15,730	2.3	15,375
Efficiency ratio (%)	75.7		74.4
NPL ratio (%)	2.6		2.5
NPL coverage ratio (%)	91		96
Cost of risk (%)	(0.12)		0.02

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

Customer **deposits** under management also show a positive trend and are up 3.8% compared with the figure for the end of 2015. Of particular note is the significant year-on-year increase of this heading in the area (up 20.7%), as a result of increased activity with customers in both Europe and Asia.

The following is worth mentioning as regards the **income** statement:

- Year-on-year decline in **gross income** of 30.5%, due basically to the impact of the current global macro environment, reduced generation of income from fees and commissions and a scenario of very low interest rates, which has led to a narrowing of spreads that has not been offset by the strong activity. What is more, the comparison is with an exceptionally high first quarter of 2015. In turn, the limited transactions in the debt capital markets (DCM) compared with the same period in 2015 and the unfavorable bond spreads of the peripheral European countries have had a negative effect on the gross income of the Global Markets unit.
- **Operating costs** remain under control: they are down 6.1% year-on-year, while impairment losses on financial assets continue to come down.
- All this has generated a net attributable **profit** of €18m in cumulative terms, which represents a year-on-year reduction of 48.1%, but an 87.8% increase compared with the profit for the fourth quarter of 2015. This figure is in line with the average quarterly profit generation in the area in 2015.

Corporate Center

Financial statements

(Million euros)

Income statement	1Q16	Δ%	1Q15
Net interest income	**(132)**	**6.9**	**(124)**
Net fees and commissions	(16)	(28.0)	(22)
Net trading income	(4)	n.m.	96
Other income/expenses	(27)	0.5	(27)
Gross income	**(180)**	**133.6**	**(77)**
Operating expenses	(214)	6.6	(201)
Personnel expenses	(108)	(1.0)	(110)
General and administrative expenses	(25)	(17.8)	(30)
Depreciation and amortization	(81)	31.9	(62)
Operating income	**(394)**	**41.7**	**(278)**
Impairment on financial assets (net)	0	(80.1)	2
Provisions (net) and other gains (losses)	(17)	110.8	(8)
Income before tax	**(410)**	**44.6**	**(284)**
Income tax	128	48.9	86
Net income from ongoing operations	**(282)**	**42.7**	**(198)**
Results from corporate operations (1)	-	-	583
Net income	**(282)**	**n.m.**	**385**
Non-controlling interests	(0)	(98.9)	(4)
Net attributable profit	**(282)**	**n.m.**	**381**
Net attributable profit excluding corporate operations	**(282)**	**39.7**	**(202)**

(1) 2015 includes the capital gains from the various sale operations equivalent to 5.6% of BBVA Group's stake in CNCB.

Balance sheet	31-03-16	Δ%	31-12-15
Cash and balances with central banks	3	39.5	2
Financial assets	2,730	(5.4)	2,885
Loans and receivables	130	(4.6)	136
Loans and advances to customers	130	(4.6)	136
Loans and advances to credit institutions and other	-	-	-
Inter-area positions	-	-	-
Tangible assets	2,847	(0.6)	2,865
Other assets	20,398	(9.7)	22,593
Total assets/liabilities and equity	**26,108**	**(8.3)**	**28,481**
Deposits from central banks and credit institutions	-	-	-
Deposits from customers	-	-	-
Debt certificates	5,534	(5.5)	5,857
Subordinated liabilities	4,670	0.7	4,636
Inter-area positions	(12,486)	28.0	(9,755)
Financial liabilities held for trading	-	-	-
Other liabilities	4,655	(11.2)	5,242
Shareholders' funds	50,703	2.8	49,315
Economic capital allocated	(26,968)	0.6	(26,814)

The Corporate Center's income statement is influenced mainly by:

- Lower contribution from **NTI** compared to the first three months of 2015, when capital gains from the Holdings in Industrial and Financial Companies unit were booked.
- Lack of **corporate operations**. Earnings from corporate operations in 2015 basically includes €583m in capital gains after tax from the various sale operations equivalent to 5.6% of BBVA Group's stake in CNCB (no amount in the first quarter of 2016).

The Corporate Center posted a negative cumulative **result** of €282m, which compares with a negative net attributable profit excluding corporate operations of €202m in the first quarter of 2015.

Annex

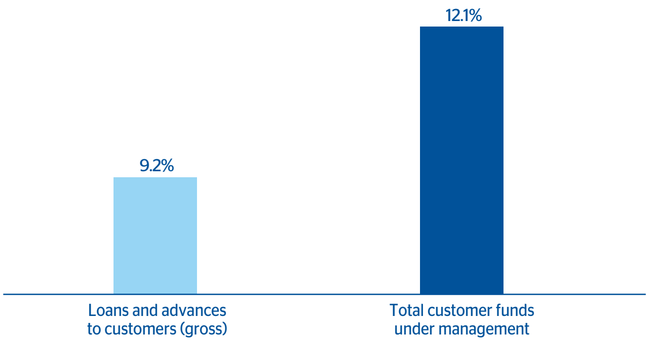
Other information: Corporate & Investment Banking

Highlights

- Environment conditioned by the difficult situation in the financial markets.
- Positive performance in lending.
- Profit influenced by a lower contribution from NTI and increased loan-loss provisions.
- The difficult environment has affected the asset quality indicators.

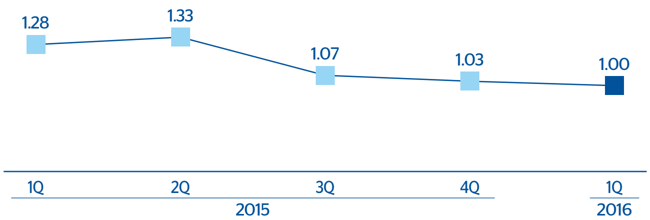
Business activity

(Year-on-year change at constant exchange rates. Data as of 31-03-2016)



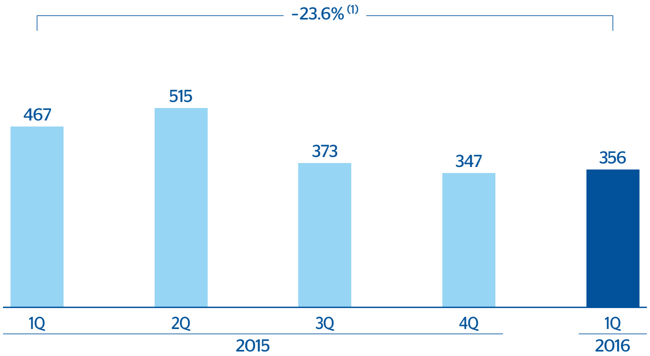
Gross income/ATA

(Percentage. Constant exchange rates)



Operating income

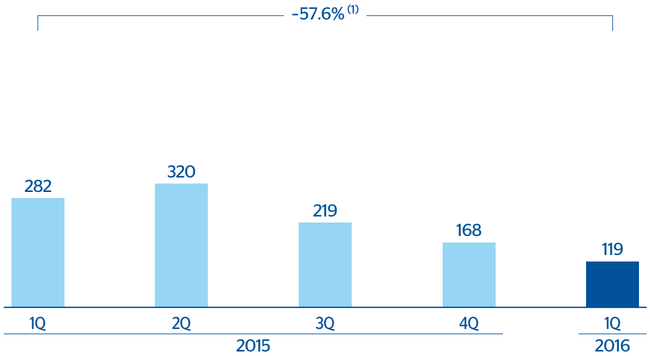
(Million euros at constant exchange rates)



(1) At current exchange rates: -32.3%.

Net attributable profit

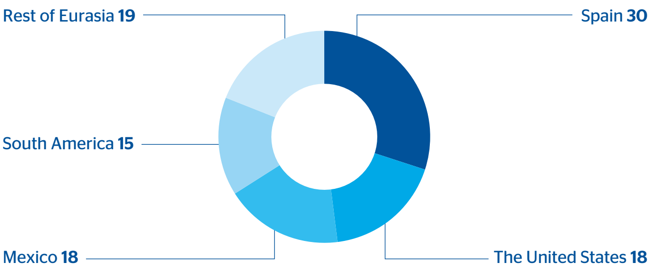
(Million euros at constant exchange rates)



(1) At current exchange rates: -61.6%.

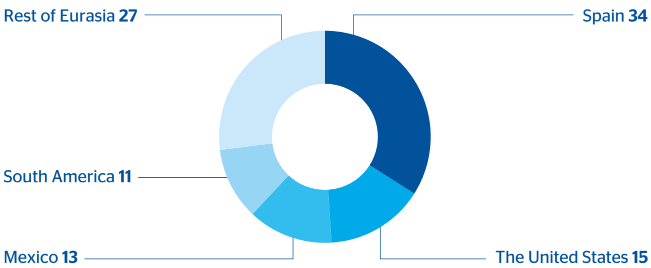
Breakdown of loans and advances to customers (gross)

(Percentage as of 31-03-2016)



Breakdown of customer deposits under management

(Percentage as of 31-03-2016)



Financial statements and relevant business indicators

(Million euros and percentage)

Income statement	1Q16	Δ%	Δ% (1)	1Q15
Net interest income	**345**	**0.8**	**10.1**	**342**
Net fees and commissions	151	(19.6)	(14.8)	188
Net trading income	78	(65.9)	(60.3)	228
Other income/expenses	27	72.0	58.8	16
Gross income	**600**	**(22.4)**	**(14.6)**	**773**
Operating expenses	(244)	(1.2)	3.3	(247)
Personnel expenses	(127)	(1.3)	2.4	(128)
General and administrative expenses	(92)	(6.8)	(1.0)	(99)
Depreciation and amortization	(25)	26.9	30.7	(20)
Operating income	**356**	**(32.3)**	**(23.6)**	**526**
Impairment on financial assets (net)	(102)	274.8	273.9	(27)
Provisions (net) and other gains (losses)	(36)	n.m.	n.m.	(0)
Income before tax	**218**	**(56.2)**	**(50.3)**	**499**
Income tax	(77)	(46.0)	(39.0)	(142)
Net income	**142**	**(60.3)**	**(54.9)**	**357**
Non-controlling interests	(22)	(50.8)	(31.6)	(45)
Net attributable profit	**119**	**(61.6)**	**(57.6)**	**311**

Balance sheet	31-03-16	Δ%	Δ% (1)	31-12-15
Cash and balances with central banks	5,037	24.0	29.4	4,063
Financial assets	92,605	2.5	3.3	90,367
Loans and receivables	79,704	(5.7)	(4.4)	84,544
Loans and advances to customers	57,480	(0.8)	0.8	57,944
Loans and advances to credit institutions and other	22,224	(16.5)	(15.5)	26,601
Inter-area positions	-	-	-	-
Tangible assets	46	1.1	4.1	45
Other assets	3,860	0.6	1.2	3,837
Total assets/liabilities and equity	**181,252**	**(0.9)**	**0.3**	**182,856**
Deposits from central banks and credit institutions	48,770	(10.3)	(9.4)	54,362
Deposits from customers	55,198	4.4	6.0	52,851
Debt certificates	(14)	(60.2)	(64.8)	(36)
Subordinated liabilities	2,098	1.1	3.7	2,075
Inter-area positions	12,513	30.8	35.9	9,568
Financial liabilities held for trading	55,129	(0.3)	0.2	55,274
Other liabilities	3,047	(27.6)	(26.6)	4,207
Economic capital allocated	4,511	(1.0)	0.8	4,557

Relevant business indicators	31-03-16	Δ%	Δ% (1)	31-12-15
Loans and advances to customers (gross) (2)	54,442	0.3	2.0	54,281
Customer deposits under management (2)	41,329	(4.9)	(3.2)	43,478
Off-balance sheet funds (3)	1,376	27.0	33.2	1,084
Efficiency ratio (%)	40.6			35.0
NPL ratio (%)	1.7			1.4
NPL coverage ratio (%)	72			86
Cost of risk (%)	0.37			0.21

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

Macro and industry trends

The most relevant macroeconomic and industry aspect affecting the Group's wholesale business is still the difficult situation of the financial markets. Although there has been a recovery in recent weeks, it has been rather weak. The main uncertainties are still associated with the rate of growth of the Chinese economy and the volatility in oil prices.

- There are no compelling reasons to reduce the uncertainty regarding the rate of growth in China or the expectations of a depreciation of the renminbi.
- The recent increase in oil prices is supported by temporary or uncertain factors such as a possible quota agreement, which has not materialized.

Overall, the following is worth mentioning in this regard:

- Deterioration in the macroeconomic outlook in emerging markets.
- High volatility on the currency markets.
- Low levels of activity in the markets and risk aversion.
- Continued low commodity prices.

Activity

All the comments below on rates of change will be expressed at constant **exchange rates**, unless expressly stated otherwise.

The main aspects of the Group's wholesale business activity are:

- Good performance of gross **lending** to customers, which as of 31-Mar-2016 grows 2.0% since year-end 2015 and 9.2% year-on-year. By geographical areas, good performance of the United States (up 7.7% and 11.8% respectively), Mexico (up 9.1% and 15.1% respectively), and to a lesser extent Spain (down 0.9% year-to-date but up 10.2% year-on-year) with the main driver being Corporate Lending. This positive trend in lending has been accompanied by high pressure on prices due to market reality and excess liquidity, although there has been a significant effort in lending operations by both Global Finance and Global Transaction Banking to increase customer spreads.

- **Asset quality** indicators have performed unfavorably so far this year, with an NPL ratio of 1.7% and a coverage ratio of 72%. However, it should be noted that these indicators were already at very positive levels.

- Customer **deposits** under management as of 31-Mar-2016 they were 3.2% below the figure for the close of 2015, but 12.0% up on the figure as of 31-Mar-2015. However, the results by geographical area varied. There was notable growth in Eurasia (up 5.8% in the quarter and 34.7% year-on-year) and the United States (up 1.0% and 45.8% respectively). Worth of note in South America is the good management of customer fund management, which is helping change the mix to more profitable products.

Earnings

CIB generated a net attributable **profit** in the first quarter of 2016 of €119m, 28.9% below the figure for the previous quarter and 57.6% below that for the same period in 2015, largely due to loan-loss provisions. The most significant aspects of the CIB income statement are as follows:

- A slight increase in **gross income**, up 1.8% on the previous quarter, although it is 14.6% below the figure for the first quarter of 2015, mainly due to the difficult market situation mentioned above, with limited activity in the banking business and lack of one-off transactions.

  The Deep Blue commercial plan has been implemented in **Global Finance** to address this difficult situation. The plan is at the origination stage and aims to maximize business and product profitability, with a focus on 40 clients in Europe and 67 in the Americas.

  Of note in **Global Markets** is the slowdown in DCM activity, particularly in Europe, and at the same time the very positive performance of the exchange-rate business, especially in South America, where the volatility of local currencies is leveraged to generate earnings.

  With respect to **Corporate Finance**, in the first quarter of 2016 BBVA has participated in Europe in the accelerated bookbuild offering of a block of shares in the Dutch insurance company NN Group (€1,023m) and the capital increase of Arcelor Mittal (€2,777m). In Spain, BBVA has been the agent bank for the Repsol scrip dividend (€228m). These first months of the year have featured very limited levels of activity in the Spanish equity market. However, excellent marketing work has been carried out, thanks to which BBVA expects to obtain numerous mandates.

- **Operating expenses** have increased by 3.3% on the same period in 2015. The key to this figure continues to be growth in technological costs, associated with the Investment Plan, and the close check being kept on personnel expenses.

- Lastly, a major effort has been made over the quarter to increase provisions for **impairment losses on financial assets**, due mainly to the mentioned downgrades in the rating of the oil & gas portfolio in the United States.

Conciliation of the BBVA Group's financial statements

These headings present the reconciliation of the Group's income statements with Garanti using the equity method versus consolidation in proportion to the percentage of BBVA Group's stake in the Turkish bank up to the second quarter of 2015 (25.01%). From the third quarter of 2015, BBVA's stake in Garanti (currently 39.9%) is consolidated by the full integration method. Therefore, the differences are due to periods prior to the third quarter of 2015. Furthermore, the corporate operations heading in the first quarter of 2015 includes the capital gains from the various sale operations equivalent to 5.6% of BBVA Group's stake in CNCB.

Consolidated income statement BBVA Group

(Million euros)

	Garanti integrated proportionally in the first quarter of 2015 and with the corporate operations heading		Garanti by the equity method in the first quarter of 2015	
	1Q16	1Q15	1Q16	1Q15
Net interest income	**4,152**	**3,663**	**4,152**	**3,453**
Net fees and commissions	1,161	1,077	1,161	1,027
Net trading income (1)	357	775	357	790
Dividend income	45	42	45	42
Income by the equity method	7	3	7	88
Other operating income and expenses	66	73	66	69
Gross income	**5,788**	**5,632**	**5,788**	**5,469**
Operating expenses	(3,174)	(2,776)	(3,174)	(2,667)
Personnel expenses	(1,669)	(1,460)	(1,669)	(1,405)
General and administrative expenses	(1,161)	(1,024)	(1,161)	(980)
Depreciation and amortization	(344)	(291)	(344)	(282)
Operating income	**2,614**	**2,857**	**2,614**	**2,802**
Impairment on financial assets (net)	(1,033)	(1,119)	(1,033)	(1,086)
Provisions (net)	(181)	(230)	(181)	(228)
Other gains (losses) (2)	(62)	(66)	(62)	671
Income before tax	**1,338**	**1,442**	**1,338**	**2,159**
Income tax	(362)	(386)	(362)	(520)
Net income from ongoing operations	**976**	**1,056**	**976**	**1,639**
Net income from discontinued operations	-	-	-	-
Results from corporate operations (3)	-	583	-	-
Net income	**976**	**1,639**	**976**	**1,639**
Non-controlling interests	(266)	(103)	(266)	(103)
Net attributable profit	**709**	**1,536**	**709**	**1,536**

(1) Includes "Net trading income" and "Exchange rate differences (net)".
(2) Includes "Impairment losses on other assets (net)", "Gains (losses) on derecognized assets not classified as non-recurrent assets held for sale" and "Gains (losses) in non-current assets held for sale not classified as discontinued operations".
(3) 2015 includes the capital gains from the various sale operations equivalent to 5.6% of BBVA Group's stake in CNCB.