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Condensed Interim Consolidated Financial Statements and Interim Consolidated Management Report as of and for the three months ended March 31, 2022

BBVA Group

Report on Limited Review

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
AND SUBSIDIARIES
Condensed Interim Consolidated Financial Statements and
Interim Consolidated Management Report
for the three months ended March 31, 2022

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REPORT ON LIMITED REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

To the shareholders of Banco Bilbao Vizcaya Argentaria, S.A. at the request of its Board of Directors:

Report on the condensed interim consolidated financial statements

Introduction

We have carried out a limited review of the accompanying condensed interim consolidated financial statements (the "interim financial statements") of Banco Bilbao Vizcaya Argentaria, S.A. (the "Bank") and subsidiaries which, along with the Bank, form the Banco Bilbao Vizcaya Argentaria Group (the "Group"), which comprise the condensed consolidated balance sheet as of March 31, 2022, the condensed consolidated income statement, the condensed consolidated statement of recognized income and expenses, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the notes to the accompanying condensed interim consolidated financial statements corresponding to the three-month period then ended. Pursuant to article 12 of Royal Decree 1362/2007, the Directors are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union. Our responsibility is to express a conclusion on said interim financial statements based on our limited review.

Scope of the review

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

Conclusion

As a result of our limited review, which under no circumstances should be considered an audit of financial statements, nothing came to our attention that would lead us to conclude that the accompanying interim financial statements for the three-month period ended as of March 31, 2022 are not prepared, in all material respects, in conformity with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements, pursuant to article 12 of Royal Decree 1362/2007.

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

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Emphasis of matter

We draw attention to the matter described in accompanying explanatory note 1, which indicates that these interim financial statements do not include all the information that would be required for complete financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and therefore, the accompanying interim financial statements should be read in conjunction with the Group's consolidated annual accounts for the year ended December 31, 2021. This matter does not modify our conclusion.

Report on other legal and regulatory requirements

The accompanying interim consolidated management report for the three-month period ended March 31, 2022 contains such explanations as the Directors of the Bank consider relevant with respect to the significant events that have taken place in this period and their effect on the interim financial statements, as well as the disclosures required by article 15 of Royal Decree 1362/2007. The interim consolidated management report is not an integral part of the interim financial statements. We have verified that the accounting information contained therein is consistent with the interim financial statements for the three-month period ended March 31, 2022. Our work is limited to the verification of the interim consolidated management report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of Banco Bilbao Vizcaya Argentaria, S.A. and subsidiaries.

Paragraph on other matters

This report has been prepared at the request of the Bank's Board of Directors in relation to the publication of the quarterly financial report voluntarily prepared by the Directors of the Bank.

The consolidated annual accounts of Banco Bilbao Vizcaya Argentaria, S.A. and subsidiaries for the year ended December 31, 2021 were audited by other auditors that expressed an unqualified opinion on said consolidated annual accounts on February 11, 2022. Additionally, the condensed interim consolidated financial statements of Banco Bilbao Vizcaya Argentaria, S.A. and subsidiaries for the three-month period ended March 31, 2021 were reviewed by other auditors that expressed a favourable conclusion on said interim financial statements on April 30, 2021.

ERNST & YOUNG, S.L.

(Signed on the original version in Spanish)

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José Carlos Hernández Barrasús

April 29, 2022

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

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INTERIM CONSOLIDATED MANAGEMENT REPORT

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

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

ASSETS (Millions of Euros)

	Notes	March 2022	December 2021 (*)
Cash, cash balances at central banks and other demand deposits	8	70,937	67,799
Financial assets held for trading	9	112,131	123,493
Non-trading financial assets mandatorily at fair value through profit or loss	10	6,625	6,086
Financial assets designated at fair value through profit or loss	11	1,036	1,092
Financial assets at fair value through other comprehensive income	12	65,103	60,421
Financial assets at amortized cost	13	388,031	372,676
Derivatives - hedge accounting		1,605	1,805
Fair value changes of the hedged items in portfolio hedges of interest rate risk		(51)	5
Joint ventures and associates	14	911	900
Insurance and reinsurance assets	21	286	269
Tangible assets	15	7,375	7,298
Intangible assets	16	2,224	2,197
Tax assets	17	16,198	15,850
Other assets	18	2,403	1,934
Non-current assets and disposal groups classified as held for sale	19	1,029	1,061
TOTAL ASSETS		**675,842**	**662,885**

LIABILITIES AND EQUITY (Millions of Euros)

	Notes	March 2022	December 2021 (*)
Financial liabilities held for trading	9	85,960	91,135
Financial liabilities designated at fair value through profit or loss	11	9,761	9,683
Financial liabilities at amortized cost	20	504,480	487,893
Derivatives - hedge accounting		3,178	2,626
Liabilities under insurance and reinsurance contracts	21	11,094	10,865
Provisions	22	5,642	5,889
Tax liabilities	17	2,860	2,413
Other liabilities	18	4,608	3,621
Liabilities included in disposal groups classified as held for sale	19	—	—
TOTAL LIABILITIES		**627,585**	**614,125**
SHAREHOLDERS' FUNDS		**59,467**	**60,383**
Capital	24	3,267	3,267
Share premium		23,599	23,599
Other equity		45	60
Retained earnings	25	34,429	31,841
Other reserves	25	(1,892)	(1,857)
Less: Treasury shares		(1,632)	(647)
Profit or loss attributable to owners of the parent		1,651	4,653
Less: Interim dividends		—	(532)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	**26**	**(16,467)**	**(16,476)**
MINORITY INTERESTS (NON-CONTROLLING INTERESTS)	**27**	**5,258**	**4,853**
TOTAL EQUITY		**48,258**	**48,760**
TOTAL EQUITY AND TOTAL LIABILITIES		**675,842**	**662,885**

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

	Notes	March 2022	December 2021 (*)
Loan commitments given	28	130,130	119,618
Financial guarantees given	28	12,965	11,720
Other commitments given	28	36,590	34,604

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

The accompanying Notes and Appendix are an integral part of the condensed interim consolidated financial statements as of and for the three months ended March 31, 2022.

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

Condensed consolidated income statements for the three months ended March 31, 2022 and 2021

CONDENSED CONSOLIDATED INCOME STATEMENTS (Millions of Euros)

	Notes	March 2022	March 2021 (*)
Interest and other income	29.1	6,270	5,483
Interest expense	29.2	(2,112)	(2,033)
NET INTEREST INCOME		**4,158**	**3,451**
Dividend income	30	4	6
Share of profit or loss of entities accounted for using the equity method		5	(6)
Fee and commission income	31	1,865	1,609
Fee and commission expense	31	(624)	(476)
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	32	34	122
Gains (losses) on financial assets and liabilities held for trading, net	32	169	114
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	32	65	120
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	32	115	153
Gains (losses) from hedge accounting, net	32	(17)	(25)
Exchange differences, net	32	213	99
Other operating income	33	222	142
Other operating expense	33	(530)	(388)
Income from insurance and reinsurance contracts	34	815	757
Expense from insurance and reinsurance contracts	34	(555)	(522)
GROSS INCOME		**5,939**	**5,155**
Administration costs	35	(2,109)	(1,996)
Depreciation and amortization	36	(306)	(309)
Provisions or reversal of provisions	37	(48)	(151)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	38	(738)	(923)
NET OPERATING INCOME		**2,738**	**1,776**
Impairment or reversal of impairment on non-financial assets	39	9	—
Gains (losses) on derecognition of non-financial assets and subsidiaries, net		1	1
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	40	17	(18)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**2,766**	**1,759**
Tax expense or income related to profit or loss from continuing operations		(788)	(489)
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS		**1,978**	**1,270**
Profit (loss) after tax from discontinued operations	19	—	177
PROFIT (LOSS)		**1,978**	**1,447**
ATTRIBUTABLE TO MINORITY INTEREST (NON-CONTROLLING INTEREST)	**27**	**328**	**237**
ATTRIBUTABLE TO OWNERS OF THE PARENT		**1,651**	**1,210**

	March 2022	March 2021 (*)
EARNINGS (LOSSES) PER SHARE (Euros)	**0.24**	**0.17**
Basic earnings (losses) per share from continuing operations	0.24	0.14
Diluted earnings (losses) per share from continuing operations	0.24	0.14
Basic earnings (losses) per share from discontinued operations	—	0.03
Diluted earnings (losses) per share from discontinued operations	—	0.03

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

The accompanying Notes and Appendix are an integral part of the condensed interim consolidated financial statements as of and for the three months ended March 31, 2022.

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

Condensed consolidated statements of recognized income and expense for the three months ended March 31, 2022 and 2021

CONDENSED CONSOLIDATED STATEMENTS OF RECOGNIZED INCOME AND EXPENSE (Millions of Euros)

	March 2022	March 2021 (*)
PROFIT (LOSS) RECOGNIZED IN INCOME STATEMENT	**1,978**	**1,447**
OTHER RECOGNIZED INCOME (EXPENSE)	**246**	**(593)**
ITEMS NOT SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**152**	**151**
Actuarial gains (losses) from defined benefit pension plans	(17)	(9)
Non-current assets and disposal groups held for sale	—	(6)
Share of other recognized income and expense of entities accounted for using the equity method	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income, net	154	159
Gains (losses) from hedge accounting of equity instruments at fair value through other comprehensive income, net	—	—
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	12	3
Income tax related to items not subject to reclassification to income statement	2	4
ITEMS SUBJECT TO RECLASSIFICATION TO INCOME STATEMENT	**94**	**(744)**
Hedge of net investments in foreign operations (effective portion)	**(331)**	**(40)**
Valuation gains (losses) taken to equity	(331)	(40)
Transferred to profit or loss	—	—
Other reclassifications	—	—
Foreign currency translation	**964**	**(234)**
Translation gains (losses) taken to equity	964	(234)
Transferred to profit or loss	—	—
Other reclassifications	—	—
Cash flow hedges (effective portion)	**(533)**	**(392)**
Valuation gains (losses) taken to equity	(535)	(392)
Transferred to profit or loss	1	—
Transferred to initial carrying amount of hedged items	—	—
Other reclassifications	—	—
Debt securities at fair value through other comprehensive income	**(287)**	**(678)**
Valuation gains (losses) taken to equity	(245)	(592)
Transferred to profit or loss	(42)	(87)
Other reclassifications	—	—
Non-current assets and disposal groups held for sale	**—**	**417**
Valuation gains (losses) taken to equity	—	373
Transferred to profit or loss	—	44
Other reclassifications	—	—
Entities accounted for using the equity method	**1**	**4**
Income tax relating to items subject to reclassification to income statements	**281**	**178**
TOTAL RECOGNIZED INCOME (EXPENSE)	**2,224**	**853**
Attributable to minority interest (non-controlling interests)	**566**	**5**
ATTRIBUTABLE TO THE PARENT COMPANY	**1,658**	**848**

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

The accompanying Notes and Appendix are an integral part of the condensed interim consolidated financial statements as of and for the three months ended March 31, 2022.

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

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Condensed consolidated statements of changes in equity for the three months ended March 31, 2022 and 2021

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

March 2022	Capital (Note 24)	Share Premium	Equity instruments issued other than capital	Other Equity	Retained earnings (Note 25)	Revaluation reserves	Other reserves (Note 25)	Treasury shares	Profit or loss attributable to owners of the parent	Interim dividend (Note 4)	Accumulated other comprehensive income (Note 26)	Non-controlling interest		Total
												Accumulated other comprehensive income (Note 27)	Other (Note 27)	
Balances as of January 1, 2022 (*)	**3,267**	**23,599**	**—**	**60**	**31,841**	**—**	**(1,857)**	**(647)**	**4,653**	**(532)**	**(16,476)**	**(8,414)**	**13,267**	**48,760**
Total income (expense) recognized	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,651**	**—**	**7**	**239**	**328**	**2,224**
Other changes in equity	**—**	**—**	**—**	**(15)**	**2,589**	**—**	**(35)**	**(985)**	**(4,653)**	**532**	**2**	**—**	**(161)**	**(2,727)**
Issuances of common shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuances of preferred shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Settlement or maturity of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of debt on equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Common Stock reduction	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividend distribution (shareholder remuneration)	—	—	—	—	(1,464)	—	—	—	—	—	—	—	(162)	(1,625)
Purchase of treasury shares	—	—	—	—	—	—	—	(1,162)	—	—	—	—	—	(1,162)
Sale or cancellation of treasury shares	—	—	—	—	—	—	10	177	—	—	—	—	—	187
Reclassification of other equity instruments to financial liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial liabilities to other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers within total equity	—	—	—	—	4,132	—	(13)	—	(4,653)	532	2	—	—	—
Increase/Reduction of equity due to business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share based payments	—	—	—	(22)	—	—	—	—	—	—	—	—	—	(22)
Other increases or (-) decreases in equity	—	—	—	7	(80)	—	(32)	—	—	—	—	—	1	(104)
Balances as of March 31, 2022	**3,267**	**23,599**	**—**	**45**	**34,429**	**—**	**(1,892)**	**(1,632)**	**1,651**	**—**	**(16,467)**	**(8,175)**	**13,433**	**48,258**

(*) Balances as of December 31, 2021 as originally reported in the consolidated Financial Statements for the year 2021.

The accompanying Notes and Appendix are an integral part of the condensed interim consolidated financial statements as of and for the three months ended March 31, 2022.

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

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Condensed consolidated statements of changes in equity for the three months ended March 31, 2022 and 2021

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

March 2021 (*)	Capital (Note 24)	Share Premium	Equity instruments issued other than capital	Other Equity	Retained earnings (Note 25)	Revaluation reserves	Other reserves (Note 25)	Treasury shares	Profit or loss attributable to owners of the parent	Interim dividend (Note 4)	Accumulated other comprehensive income (Note 26)	Non-controlling interest		Total
												Accumulated other comprehensive income (Note 27)	Other (Note 27)	
Balances as of January 1, 2021 (**)	**3,267**	**23,992**	**—**	**42**	**30,508**	**—**	**(164)**	**(46)**	**1,305**	**—**	**(14,356)**	**(6,949)**	**12,421**	**50,020**
Effect of changes in accounting policies	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Adjusted initial balance	**3,267**	**23,992**	**—**	**42**	**30,508**	**—**	**(164)**	**(46)**	**1,305**	**—**	**(14,356)**	**(6,949)**	**12,421**	**50,020**
Total income (expense) recognized	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,210**	**—**	**(361)**	**(232)**	**237**	**853**
Other changes in equity	**—**	**—**	**—**	**(12)**	**1,292**	**—**	**(67)**	**11**	**(1,305)**	**—**	**(1)**	**—**	**(80)**	**(162)**
Issuances of common shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuances of preferred shares	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Issuance of other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Settlement or maturity of other equity instruments issued	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion of debt on equity	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Common Stock reduction	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividend distribution (shareholder remuneration)	—	—	—	—	—	—	—	—	—	—	—	—	(83)	(83)
Purchase of treasury shares	—	—	—	—	—	—	—	(159)	—	—	—	—	—	(159)
Sale or cancellation of treasury shares	—	—	—	—	16	—	—	170	—	—	—	—	—	186
Reclassification of other equity instruments to financial liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reclassification of financial liabilities to other equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Transfers within total equity	—	—	—	—	1,373	—	(67)	—	(1,305)	—	(1)	—	—	—
Increase/Reduction of equity due to business combinations	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Share based payments	—	—	—	(16)	—	—	—	—	—	—	—	—	—	(16)
Other increases or (-) decreases in equity	—	—	—	4	(97)	—	—	—	—	—	—	—	3	(90)
Balances as of March 31, 2021	**3,267**	**23,992**	**—**	**31**	**31,799**	**—**	**(231)**	**(35)**	**1,210**	**—**	**(14,718)**	**(7,181)**	**12,577**	**50,711**

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

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

The accompanying Notes and Appendix are an integral part of the condensed interim consolidated financial statements as of and for the three months ended March 31, 2022.

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

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Condensed consolidated statements of cash flows for the three months ended March 31, 2022 and 2021

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Millions of Euros)

	March 2022	March 2021 (*)
CASH FLOW FROM OPERATING ACTIVITIES (1)	**3,563**	**(8,970)**
Profit for the period	**1,978**	**1,447**
Adjustments to obtain the cash flow from operating activities	**1,771**	**1,991**
Depreciation and amortization	306	309
Other adjustments	1,465	1,682
Net increase/decrease in operating assets/liabilities	**161**	**(12,101)**
Financial assets/liabilities held for trading	6,399	2,025
Non-trading financial assets mandatorily at fair value through profit or loss	(337)	(278)
Other financial assets/liabilities designated at fair value through profit or loss	(142)	(484)
Available-for-sale financial assets	(4,266)	(3,659)
Loans and receivables / Financial liabilities at amortized cost	(1,479)	(10,789)
Other operating assets/liabilities	(13)	1,084
Collection/Payments for income tax	**(347)**	**(306)**
CASH FLOWS FROM INVESTING ACTIVITIES (2)	**3**	**94**
Tangible assets	61	(5)
Intangible assets	(111)	(118)
Investments in joint ventures and associates	—	14
Subsidiaries and other business units	—	3
Non-current assets/liabilities held for sale	54	200
Other settlements/collections related to investing activities	—	—
CASH FLOWS FROM FINANCING ACTIVITIES (3)	**(1,346)**	**(1,147)**
Dividends	—	—
Subordinated liabilities	(80)	(968)
Common stock amortization/increase	—	—
Treasury stock acquisition/disposal	(982)	27
Other items relating to financing activities	(284)	(207)
EFFECT OF EXCHANGE RATE CHANGES (4)	**918**	**443**
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS (1+2+3+4)	**3,137**	**(9,580)**
CASH OR CASH EQUIVALENTS AT BEGINNING OF THE PERIOD (**)	**67,799**	**76,888**
CASH OR CASH EQUIVALENTS AT END OF THE PERIOD (**)	**70,937**	**67,308**

COMPONENTS OF CASH AND EQUIVALENT AT END OF THE PERIOD (Millions of Euros)

	Notes	March 2022	March 2021 (*)
Cash on hand	8	8,318	5,970
Cash balances at central banks	8	54,929	44,549
Other demand deposits	8	7,689	4,431
Less: Bank overdraft refundable on demand		—	—
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**8**	**70,937**	**54,950**
TOTAL CASH AND CASH EQUIVALENTS CLASSIFIED AND NON-CURRENT ASSETS AND DISPOSABLE GROUPS CLASSIFIED AS HELD FOR SALE IN THE UNITED STATES		**—**	**12,358**

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

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

The accompanying Notes and Appendices are an integral part of the condensed interim consolidated financial statements as of and for the three months ended March 31, 2022.

Notes to the condensed interim consolidated financial statements as of and for the three months ended March 31, 2022

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

1.1. Introduction

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

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

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

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

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

The BBVA Group's condensed interim consolidated financial statements (hereinafter, the "Consolidated Financial Statements") as of and for the three-month period ended March 31, 2022 are presented in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") and have been approved by the Board of Directors at its meeting held on April 28, 2022. In accordance with IAS 34, the interim financial information is prepared solely for the purpose of updating the last annual consolidated financial statements, focusing on new activities, events and circumstances that occurred during the period without duplicating the information previously published in those consolidated financial statements.

Therefore, the accompanying Consolidated Financial Statements do not include all information required by a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards endorsed by the European Union (hereinafter, "EU-IFRS"), consequently for an appropriate understanding of the information included in them, they should be read together with the consolidated financial statements of the Group as of and for the year ended December 31, 2021.

The aforementioned annual consolidated financial statements were prepared in accordance with the EU-IFRS applicable as of December 31, 2021, considering the Bank of Spain Circular 4/2017, and with any other legislation governing financial reporting which is applicable and with the format and mark-up requirements established in the EU Delegated Regulation 2019/815 of the European Commission.

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

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

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

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

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

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

1.3. Comparative information

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

1.4. Management and impacts of the COVID-19 pandemic and geopolitical uncertainties

In 2020, the COVID-19 pandemic had adverse effects on the Group's results and capital base. During 2021, the pandemic continued to evolve with gradual improvements in the global economic conditions, mainly due to the vaccination progress against the COVID-19 and the significant economic stimuli adopted by authorities, which have supported the improvement in the 2021 results of the Group. As of March 31, 2022, there are still uncertainties about the future final impact of the COVID-19 pandemic. The Group continuously monitors these changes and their impacts on the business. In addition, the BBVA Group could experience negative impacts to its businesses, financial condition and results of operations as a result of geopolitical and other challenges and uncertainties globally.

The main impacts of COVID-19 pandemic in the BBVA Group's Condensed Interim Consolidated Financial Statements are detailed in the following explanatory notes:

- Note 1.5 includes information on the consideration of the COVID-19 pandemic and geopolitical uncertainties in the estimates made.
- Note 6.1 details the main risks associated with the pandemic and geopolitical uncertainties as well as the impacts that have occurred both in the activity and in the Consolidated Financial Statements as of and for the three months ended March 31, 2022.
- Note 6.2 includes information, regarding COVID-19 pandemic, related to the initiatives carried out by the Group to help the most affected clients, jointly with the measures of the corresponding governments. Likewise, it contains, among others, information regarding the number of operations and the amount corresponding to payment deferrals' measures, both public and private, granted by the Group worldwide.

1.5. Responsibility for the information and for the estimates made

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

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

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

As mentioned before, the pandemic has continued to evolve with gradual improvements in the global economic conditions, although there is still uncertainty about the final future impact (see Note 1.4). The increased uncertainty associated with the unprecedented nature of this pandemic and the geopolitical uncertainties have entailed greater complexity in developing reliable estimates and applying judgment.

Therefore, these estimates have been made on the basis of the best available information on the matters analyzed, as of March 31, 2022. However, it is possible that events may take place in the future which could make it necessary to amend these estimations (upward or downward), which would be carried out prospectively, recognizing the effects of the change in estimation in the corresponding consolidated income statement.

During the three-month period ended on March 31, 2022 there have been no significant changes in the estimates made at the end of the 2021 financial year, other than those indicated in these Consolidated Financial Statements.

1.6. Related party transactions

The information related to these transactions is presented in Note 53 of the consolidated financial statements of the Group for the year ended December 31, 2021.

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

1.7. Separate condensed interim financial statements

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

Appendix I shows the interim financial statements of Banco Bilbao Vizcaya Argentaria, S.A. as of and for the three months ended March 31, 2022.

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

The accounting policies and methods applied for the preparation of the accompanying Consolidated Financial Statements do not differ significantly to those applied in the consolidated financial statements of the Group for the year ended December 31, 2021 (Note 2), except for the entry into force of new standards and interpretations in the year 2022.

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

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

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

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

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

2.2. Standards and interpretations issued but not yet effective as of March 31, 2021

The following new International Financial Reporting Standards together with their Interpretations had been published at the date of preparation of the accompanying Consolidated Financial Statements, but are not mandatory as of March 31, 2022. Although in some cases the IASB allows early adoption before their effective date, the BBVA Group has not proceeded with this option for any such new standards.

IFRS 17 – Insurance contracts

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

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

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

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

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

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

- fulfillment cash flows, which comprise the estimation of future cash flows discounted to reflect the time value of money, the financial risk associated with future cash flows, and a risk adjustment for non-financial risk;

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

The amounts recognized in the income statement shall be classified into insurance revenue, insurance service expenses and insurance finance income or expenses. Insurance revenue and insurance service expenses shall exclude any investment components. Insurance revenue shall be recognized over the period the entity provides insurance coverage.

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

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

In 2022, work is underway to finish the assessment of the transition impact on the Group's consolidated financial statements, and in the parallel accounting under both existing standard and IFRS 17. Initially, the Group considers that, if applicable, the quantitative impact of the transition would come from the difference in accumulated other comprehensive income, which results from the difference in the valuation of insurance liabilities between the discount rates at inception (locked-in) and the closing rates (current), which depend on the rate curves used. In the same line, there could be impacts on long-term products, mainly motivated by the identification of units of account that should be classified as "onerous", if any, as well as others derived from the risk adjustment.

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

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

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

Amendment to IAS 12 "Accounting for deferred tax"

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

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

3. BBVA Group

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

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

- Appendix I shows relevant information related to the consolidated subsidiaries and structured entities.

- Appendix II shows relevant information related to investments in joint ventures and associates accounted for using the equity method.

- Appendix III shows the main changes and notification of investments and divestments in the BBVA Group.

- Appendix IV shows fully consolidated subsidiaries with more than 10% owned by non-Group shareholders.

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

Significant transactions in the first three months of 2022

Investments

Announcement of the agreement with Neon Payments Limited

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

Neon Payments Limited, a company incorporated and domiciled in the United Kingdom, is the owner of 100% of the shares of the Brazilian company "Neon Pagamentos S.A.". As of February 14, 2022, BBVA was already the indirect owner of approximately 10.2% of the share capital of the Company (through "Propel Venture Partners Global, S.L." and "Propel Venture Partners Brazil, S.L.". BBVA owns more than 99% of the share capital of these two companies), consequently, once the subscription was completed, BBVA holds, direct and indirectly, approximately 29.7% (equal to approximately 25.6% of the share capital on a fully diluted basis) of the share capital of the Company.

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

On November 15, 2021, BBVA announced a voluntary takeover bid addressed to the holders of the 2,106,300,000 shares[1] not controlled by BBVA, representing 50.15% of Garanti's total share capital. BBVA submitted for authorization an application of the voluntary takeover bid to the Capital Markets Board of Turkey (CMB) on November 18, 2021.

On March 31, 2022, the Turkish stock market supervisor (Capital Markets Board) approved the information memorandum and on the same day, BBVA announced the start of the offer acceptance period on April 4, 2022.

On April 25, 2022, BBVA reported the increase in the price offered in cash per Garanti share, from the initially announced price (12.20 Turkish Lira) to 15.00 Turkish Lira. The maximum amount payable by BBVA will be 31,595 million Turkish Liras (equivalent to approximately €1,985 million at an exchange rate of 15.91 Turkish Liras per Euro estimated as of April 22, 2022) assuming all of Garanti's shareholders sell their shares. BBVA will pay the consideration with its current shareholder's funds. BBVA reserves the right to reduce or otherwise modify the voluntary takeover bid price by an amount equal to the gross amount of the distribution per share, if Garanti declares or distributes dividends, reserves or any other kind of distribution to its shareholders at any time from the date of the announcement on November 15, 2021 until the day of completion of the voluntary takeover bid.

As a consequence of the increase in the voluntary takeover bid price, and in accordance with Turkish takeover bid regulations, the acceptance period for the voluntary takeover bid has been extended for a period of 2 weeks (May 18, 2022[2] being the last day of the voluntary takeover bid acceptance period).

The estimated impact will depend on the percentage of shares that are tendered, BBVA estimates maximum impact of minus 34 basis points in the Common Equity Tier 1 fully loaded ratio[3] (assuming that all Garanti shareholders accept the offer).

Significant transactions in 2021

Divestitures

Sale of BBVA's U.S. subsidiary to PNC Financial Service Group

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

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[1] All references to "shares" or "share" shall be deemed made to lots of 100 shares, which is the trading unit at Borsa Istanbul.
[2] This date takes into consideration the national holidays in Turkey from May 2 to May 4, but will need to be adjusted if the Government of Turkey sets as banking holidays also May 5 to May 6 as a consequence of the end of Ramadan festivities.
[3] The determination of the impact on Common Equity Tier 1 was made taking into consideration the estimated group's financial statements as of March 31, 2022, assuming an exchange rate of 15.91 Turkish Lira per Euro. The amount of the impact on Common Equity Tier 1 will vary from the date of this information up to the date of closing of the voluntary takeover bid due to, among other circumstances, changes in the book value of Garanti and changes in the Euro/Turkish Lira exchange rate.

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

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

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

Note 21 of the consolidated financial statements of the Group for the year ended December 31, 2021 showed a breakdown of the financial information of the companies sold in the United States as of December 31, 2021, 2020 and 2019 and the results of those companies as of and for the first five months of 2021 and the years ended 2020 and 2019.

Sale of the BBVA Group's stake in Paraguay

On January 22, 2021, once the mandatory authorizations were obtained, BBVA completed the sale of its direct and indirect shareholding of 100% of the capital stock of Banco Bilbao Vizcaya Argentaria Paraguay, S.A. ("BBVA Paraguay") to Banco GNB Paraguay S.A., a subsidiary of the Gilinski Group. This transaction was originally agreed in 2019. The total amount received by BBVA amounted to approximately USD 250 million (approximately €210 million). The transaction generated a capital loss net of taxes of approximately €9 million. This transaction had a positive impact on the Common Equity Tier 1 (fully loaded) of the BBVA Group of approximately 6 basis points, which is reflected in the capital base of the BBVA Group in the fiscal year 2021.

4. Shareholder remuneration system

BBVA notified on January 29, 2021, by means of Inside Information, that it intended to resume its shareholder remuneration policy in 2021, announced on February 1, 2017, via Relevant Event, contingent upon the repealing of recommendation ECB/2020/62 and the absence of further restrictions or limitations.

The Annual General Meeting held on April 20, 2021 approved, in the third item of its agenda, a cash distribution from the issue premium account of €0.059 per share as shareholder remuneration in respect of the Group's 2020 earnings for each of the Bank's outstanding shares, all this in compliance with recommendation ECB/2020/62, which was paid on April 29, 2021. The total amount was €393 million and was recognized under the heading "Total Equity – Share Premium" of the consolidated balance sheet as of December 31, 2021.

On July 23, 2021, the European Central Bank published the approval of recommendation ECB/2021/31 repealing recommendation ECB/2020/62 from September 30, 2021, whereby the ECB indicated that it would assess capital, dividend distribution and share buyback plans of each financial institution in the context of their ordinary supervisory process, eliminating the remaining restrictions on dividend and share buyback related matters established in recommendation ECB/2020/62.

In keeping with the above, the Board of Directors, at its meeting held on September 30, 2021, approved the payment in cash of €0.08 (€0.0648 net of withholding tax) per BBVA share, as gross interim dividend against 2021 results. The total amount paid to shareholders on October 12, 2021, after deducting treasury shares held by the Group's companies, amounted to €532 million and is recognized under the heading "Shareholder's funds - Total equity - Interim dividends" of the consolidated balance sheet as of December 31, 2021.

On November 18, 2021, BBVA announced that its Board of Directors agreed to modify the Group's shareholder remuneration policy, which was communicated through relevant information on February 1, 2017, establishing as a new policy to distribute annually between 40% and 50% of the consolidated ordinary profit for each year (excluding amounts and items of an extraordinary nature included in the consolidated profit and loss account), compared to the previous policy that established a distribution between 35% and 40%.

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

The Annual General Meeting of BBVA held on March 18, 2022, approved, under item 2 of the Agenda, a cash distribution from to the voluntary reserves account as additional shareholder remuneration for the 2021 fiscal year, for an amount equal to €0.23 (€0,1863 net of withholding tax) per outstanding BBVA share entitled to participate in this distribution, which was paid on April 8, 2022. The total amount paid amounted to €1,463 million.

Share buyback program

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

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

On November 19, 2021, BBVA notified by means of Inside Information that the First Tranche would be executed externally, starting on November 22, 2021, through J.P. Morgan AG as lead manager, for a maximum amount of €1,500 million, for the purchase of a maximum number of shares of 637,770,016 representing, approximately, 9.6% of BBVA's share capital. By means of Other Relevant Information dated March 3, 2022, BBVA announced the completion of the execution of the First Tranche upon reaching the maximum monetary amount of €1,500 million, having acquired 281,218,710 own shares in execution of the First Tranche, representing, approximately, 4.22% of BBVA's share capital as of that date.

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

As a continuation of the previous communication, on March 16, 2022, BBVA informed that it had agreed to execute the Second Tranche, which will be carried out:

(i) by executing a First Segment through Goldman Sachs International as lead manager, who will execute the purchase transactions through the broker Kepler Cheuvreux, S.A., for a maximum amount of up to €1,000 million, with a maximum number of 356,551,306 own shares to be acquired, with a completion date between May 16 and June 30, 2022 and, in any event, when the maximum monetary amount is reached or the maximum number of shares indicated is acquired within that period (the "First Segment"); and

(ii) upon completion of the execution of the First Segment, through the execution of a second segment completing the Program Scheme, for a maximum amount of €1,000 million or for a maximum number of shares to be determined based on the number of own shares finally acquired in execution of the First Segment.

From March 16 to March 31, 2022 and from April 1 to April 21, 2022, Goldman Sachs International, acting as lead manager for the First Segment of the Second Tranche through the broker Kepler Cheuvreux, S.A., has acquired 8,540,302 and 60,285,015 BBVA shares of the First Segment, respectively.

5. Operating segment reporting

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

As of March 31, 2022, the structure of the information by operating segments reported by the BBVA Group remains the same as that of the closing of 2021 financial year.

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

- Spain

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

- Mexico

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

- Turkey

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

- South America

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

- Rest of business

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

Corporate Center performs centralized Group functions, including: the costs of the head offices with a corporate function, management of structural exchange rate positions; portfolios whose management is not linked to customer relationships, such as financial and industrial holdings; stakes in Funds & Investment Vehicles in tech companies including the venture capital fund Propel Venture Partners; certain tax assets and liabilities; funds for employee commitments; goodwill and other intangible assets, as well as the financing of such portfolios and assets. Additionally, the results obtained by the Group's businesses in the United States until the sale to PNC on June 1, 2021 (see Note 19), are presented in a single line under the heading "Profit (loss) after tax from discontinued operations" in the condensed consolidated income statement.

Finally, the costs related to the Banco Bilbao Vizcaya Argentaria, S.A. restructuring process carried out in Spain in the second half of 2021, which is considered a strategic decision, are included in this aggregated area and are registered in the line "Provisions" (see Note 22).

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

At the end of February 2022, the accumulated inflation of the last three years in Turkey exceeded 100%, as published in its March 16, 2022 alert by the IPTF (The International Practices Task Force). As indicated in Note 2.2.19 of the consolidated financial statements for the year ended December 31, 2021, according to the criteria established by IAS 29 "Financial information in hyperinflationary economies", to assess whether an economy has a high rate of inflation, the economic environment of the country is examined, analyzing whether certain circumstances manifest themselves or not, such as, for example, if the country's population prefers to keep their wealth or savings in non-monetary assets or in a relatively stable foreign currency; whether prices can be marked in that currency; if interest rates, wages and prices are linked to a price index; or if the cumulative inflation rate for three annual periods approaches or exceeds 100%. The fact that some characteristic exists will not be a decisive factor in considering a highly inflationary economy, but it does provide certain elements of judgment for its consideration as such. Taking into account all of the above, as of the date of the interim Consolidated Financial Statements for the first quarter of 2022, the economy of Turkey has not been considered highly inflationary.

The Group is monitoring the development of the economic environment in Turkey, in accordance with the criteria indicated in the previous paragraph, in order to assess, at each financial reporting date, whether the circumstances exist to consider that the Turkish economy could be highly inflationary, which is likely to happen as early as in the second quarter of 2022.

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

6. Risk management

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

6.1 Risk factors

Risk associated with the COVID-19 pandemic

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

Furthermore, the Group has been and may be affected by the measures or recommendations adopted by regulatory authorities in the banking sector, such as variations in reference interest rates, the modification of prudential requirements, the temporary suspension of dividend payments, the modification of the deferral of monthly installments for certain loans and the granting of guarantees or public guarantees to credit operations for companies and self-employed persons, the adoption of further similar measures or the termination of those already approved, as well as any changes in financial assets purchase programs by the ECB.

Although with the outbreak of the COVID-19 pandemic, the Group experienced a decline in its activity, after the different measures taken by governments and with the increase in vaccination rates among other actions, an increase in dynamism in activity is taking place. The Group still faces various risks, such as an increased risk of volatility in the value of its assets (including financial instruments valued at fair value, which may suffer significant fluctuations) and of the securities held for liquidity reasons, a possible increase in the NPL ratio and risk-weighted assets, as well as a negative impact on the Group's cost of financing and on its access to financing (especially in an environment where credit ratings are affected). Concerning credit risk monitoring, it should be noted that once most of the mobility restrictions that occurred during the pandemic have been eliminated, the specific characteristics of each client are being considered, regardless of the sector to which they belong.

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

In summary, while the COVID-19 pandemic had adverse effects on the Group's results and capital base during 2020, these have been mitigated since then, as a result of the actions adopted by the different Governments and by the regulatory authorities. However, there are still uncertainties about the economic environment, not only due to the final impact of the pandemic but also to the effects in the global economic environment caused by the geopolitical risks and uncertainties.

Geopolitical and other challenges and uncertainties globally could have a material adverse effect on the Group

In addition to the significant macroeconomic challenges posed by the COVID-19 pandemic, the BBVA Group could experience negative impacts to its businesses, financial condition and results of operations as a result of geopolitical and other challenges and uncertainties globally. Currently, the world economy is facing several exceptional challenges. Russia's invasion of Ukraine, the largest military attack on a European state since World War II, has led to significant disruption, instability and volatility in global markets, as well as higher inflation (including by contributing to further increases in the prices of energy, oil and other commodities and further disrupting supply chains) and lower or negative growth. The EU, UK, US and other governments have imposed significant sanctions and export controls against Russia and Russian interests and threatened additional sanctions and controls.

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

6.2 Credit risk

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

COVID-19 support measures

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

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

Spain:

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

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

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

- On March 29, 2022, the Council of Ministers agreed to modify the Code of Best Practices to lessen access conditions given the difficulties of clients, which are facing sharp increases in costs due to their special exposure to tensions in the prices of energy and other raw materials. These measures include:

    - A commitment to maintain at least until September 30, 2022 the limits and conditions of the working capital lines granted to all clients. If the client requests adherence to the Code of Best Practices, the working capital lines will be maintained at least until June 30, 2023.

    - The requirement for a turnover volume decrease of at least 30% between 2019 and 2020 to be eligible to the measures is removed due to the new circumstances.

    - Member entities are obliged, for new applications, to apply, if the debtor so requests, a six-month temporary suspension of principal repayment installments, either by extending the grace period by six months or by means of an additional grace period. This obligation will be limited to applications submitted by self-employed and SMEs belonging to the agricultural, livestock, fishing and road transport sectors, which are particularly affected by the increase in energy costs; provided that they meet the eligibility criteria.

Peru:

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

- For loans granted under the Reactiva program, both the maturity and grace period of such loans could be extended.

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

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

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

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

	Payment deferrals				Financing with public guarantees			
	Existing	Completed	Total	Number of customers	Total	Number of customers	Total payment deferrals and guarantees	(%) credit investment
March 2022	—	21,369	21,369	2,034,036	16,282	251,852	37,651	10.4 %
December 2021	189	21,743	21,931	2,188,720	16,093	264,809	38,025	10.9 %

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

	Payment deferrals						Financing with public guarantees	
	Existing		Completed		Total			
	March 2022	December 2021	March 2022	December 2021	March 2022	December 2021	March 2022	December 2021
Group	**—**	**189**	**21,369**	**21,743**	**21,369**	**21,931**	**16,282**	**16,093**
Households	—	107	14,762	14,904	14,762	15,011	1,402	1,376
Of which: Mortgages	*—*	*97*	*10,350*	*10,195*	*10,350*	*10,291*	*7*	*6*
SMEs	—	44	3,613	3,950	3,613	3,994	11,076	10,911
Non-financial corporations	—	37	2,868	2,766	2,868	2,803	3,785	3,788
Other	—	—	127	122	127	122	19	18

Amount of payment deferrals by stages (Millions of Euros)

	Stage 1		*Stage 2*		*Stage 3*		Total	
	March 2022	December 2021	March 2022	December 2021	March 2022	December 2021	March 2022	December 2021
Group	**13,101**	**13,236**	**5,188**	**6,252**	**3,080**	**2,444**	**21,369**	**21,931**
Households	9,128	9,167	3,520	3,707	2,115	2,137	14,762	15,011
Of which: Mortgages	*6,541*	*6,360*	*2,335*	*2,444*	*1,475*	*1,487*	*10,350*	*10,291*
SMEs	2,486	2,609	857	1,131	270	254	3,613	3,994
Non-financial corporations	1,387	1,364	785	1,387	696	53	2,868	2,803
Other	101	95	26	27	—	—	127	122

Credit risk exposure

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

Maximum credit risk exposure (Millions of Euros)

	Notes	March 2022	Stage 1	Stage 2	Stage 3
Financial assets held for trading		**78,850**			
Equity instruments	9	10,955			
Debt securities	9	25,998			
Loans and advances	9	41,897			
Non-trading financial assets mandatorily at fair value through profit or loss		**6,625**			
Equity instruments	10	6,112			
Debt securities	10	130			
Loans and advances	10	383			
Financial assets designated at fair value through profit or loss	**11**	**1,036**			
Derivatives (trading and hedging)		**45,047**			
Financial assets at fair value through other comprehensive income		**65,230**			
Equity instruments	12	1,481			
Debt securities		63,722	63,005	692	25
Loans and advances to credit institutions	12	27	27	—	—
Financial assets at amortized cost		**399,547**	**351,540**	**33,250**	**14,757**
Debt securities		36,327	36,089	212	26
Loans and advances to central banks		4,860	4,860	—	—
Loans and advances to credit institutions		11,927	11,901	25	—
Loans and advances to customers		346,434	298,690	33,013	14,731
Total financial assets risk		**551,287**			
Total loan commitments and financial guarantees	**28**	**179,685**	**165,841**	**12,791**	**1,054**
Loan commitments given	28	130,130	122,680	7,278	172
Financial guarantees given	28	12,965	11,440	1,249	276
Other commitments given	28	36,590	31,721	4,264	605
Total maximum credit exposure		**730,973**			

Maximum credit risk exposure (Millions of Euros)

	Notes	December 2021	Stage 1	Stage 2	Stage 3
Financial assets held for trading		**92,560**			
Equity instruments	9	15,963			
Debt securities	9	25,790			
Loans and advances	9	50,807			
Non-trading financial assets mandatorily at fair value through profit or loss		**6,086**			
Equity instruments	10	5,303			
Debt securities	10	128			
Loans and advances	10	655			
Financial assets designated at fair value through profit or loss	**11**	**1,092**			
Derivatives (trading and hedging)		**43,687**			
Financial assets at fair value through other comprehensive income		**60,495**			
Equity instruments	12	1,320			
Debt securities		59,148	58,587	561	—
Loans and advances to credit institutions	12	27	27	—	—
Financial assets at amortized cost		**383,870**	**334,772**	**34,418**	**14,680**
Debt securities		34,833	34,605	205	22
Loans and advances to central banks		5,687	5,687	—	—
Loans and advances to credit institutions		13,295	13,285	10	—
Loans and advances to customers		330,055	281,195	34,203	14,657
Total financial assets risk		**587,789**			
Total loan commitments and financial guarantees	**28**	**165,941**	**152,914**	**12,070**	**957**
Loan commitments given	28	119,618	112,494	6,953	171
Financial guarantees given	28	11,720	10,146	1,329	245
Other commitments given	28	34,604	30,274	3,789	541
Total maximum credit exposure		**753,730**			

The changes in the three months ended March 31, 2022 and the year ended December 31, 2021 of impaired financial assets (financial assets and guarantees given) are as follows:

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

	March 2022	December 2021
Balance at the beginning	**15,467**	**15,478**
Additions	1,801	8,556
Decreases (*)	(1,286)	(4,555)
Net additions	**515**	**4,001**
Amounts written-off	(579)	(3,613)
Exchange differences and other	263	(399)
Balance at the end	**15,666**	**15,467**

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

Loss allowances

Below are the changes in the three months ended March 31, 2022, and the year ended December 31, 2021 in the provisions recognized on the accompanying condensed consolidated balance sheets to cover the estimated loss allowances in loans and advances of financial assets at amortized cost:

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

	March 2022	December 2021
Balance at the beginning of the period	**(11,142)**	**(12,141)**
Increase in loss allowances charged to income	(2,722)	(9,000)
Stage 1	*(759)*	*(1,563)*
Stage 2	*(496)*	*(1,200)*
Stage 3	*(1,467)*	*(6,237)*
Decrease in loss allowances charged to income	1,975	5,969
Stage 1	*622*	*1,441*
Stage 2	*650*	*1,210*
Stage 3	*703*	*3,318*
Transfer to written-off loans, exchange differences and other	435	4,031
Closing balance	**(11,454)**	**(11,142)**

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

The estimate at the end of the quarter includes the effect on the expected losses of the update of the macroeconomic forecasts, which have been affected by the war in Ukraine, the evolution of interest rates, inflation rates or the prices of commodities. Such update includes an adaptation of such forecasts, which has been reviewed following the internal approval circuits established for this purpose, to reflect the effects of the new inflationary environment on the results of the collective estimates. It is expected that this adaptation will be reviewed and, if appropriate, incorporated into the calculation methodology within the periodic review process that is carried out each year.

Additionally, the Group can supplement the expected losses either by the consideration of additional risk drivers, the incorporation of sectorial particularities or that may affect a set of operations or borrowers. These adjustments should be of temporary nature, until the reasons for them disappear or they materialize. As of March 31, 2022, there are adjustments to expected losses which amounted to €295 million at Group level, €208 million in Spain, €16 million in Peru and €71 million in Mexico. As of December 31, 2021 there were €311 million, €226 million in Spain, €18 million in Peru and €68 million in Mexico.

The variation in the first quarter of 2022 is due to the use in Spain and Peru and without any additional allocation during the period.

7. Fair value of financial instruments

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

The techniques and unobservable inputs used for the valuation of the financial instruments classified in the fair value hierarchy as Level 3, do not significantly differ from those detailed in Note 8 of the consolidated financial statements for the year ended December 31, 2021.

The effect on the consolidated income statements and on the consolidated equity, resulting from changing the main assumptions used in the valuation of Level 3 financial instruments for other reasonably possible assumptions, does not differ significantly from that detailed in Note 8 of the consolidated financial statements for the year ended December 31, 2021.

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

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

		March 2022		December 2021	
	Notes	Carrying Amount	Fair Value	Carrying Amount	Fair Value
ASSETS					
Cash, cash balances at central banks and other demand deposits	8	70,937	70,937	67,799	67,799
Financial assets held for trading	9	112,131	112,131	123,493	123,493
Non-trading financial assets mandatorily at fair value through profit or loss	10	6,625	6,625	6,086	6,086
Financial assets designated at fair value through profit or loss	11	1,036	1,036	1,092	1,092
Financial assets at fair value through other comprehensive income	12	65,103	65,103	60,421	60,421
Financial assets at amortized cost	13	388,031	392,554	372,676	377,451
Derivatives – Hedge accounting		1,605	1,605	1,805	1,805
LIABILITIES					
Financial liabilities held for trading	9	85,960	85,960	91,135	91,135
Financial liabilities designated at fair value through profit or loss	11	9,761	9,761	9,683	9,683
Financial liabilities at amortized cost	20	504,480	503,181	487,893	488,733
Derivatives – Hedge accounting		3,178	3,178	2,626	2,626

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

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

	March 2022			December 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
ASSETS						
Cash, cash balances at central banks and other demand deposits	**70,676**	**—**	**261**	**67,581**	**—**	**218**
Financial assets held for trading	**32,265**	**77,310**	**2,556**	**32,371**	**87,736**	**3,386**
Derivatives	5,643	27,215	422	3,954	26,732	247
Equity instruments	10,891	1	63	15,925	—	37
Debt securities	14,614	11,243	141	11,877	13,725	189
Loans and advances	1,116	38,851	1,930	615	47,279	2,913
Non-trading financial assets mandatorily at fair value through profit or loss	**2,777**	**2,617**	**1,231**	**4,378**	**522**	**1,186**
Equity instruments	2,533	2,504	1,075	4,158	394	751
Debt securities	17	113	—	—	128	—
Loans and advances	227	—	155	220	—	435
Financial assets designated at fair value through profit or loss	**1,017**	**18**	**—**	**916**	**176**	**—**
Debt securities	1,017	18	—	916	176	—
Financial assets at fair value through other comprehensive income	**56,695**	**7,700**	**709**	**52,157**	**7,545**	**719**
Equity instruments	1,329	38	114	1,178	36	106
Debt securities	55,339	7,662	595	50,952	7,509	613
Loans and advances	27	—	—	27	—	—
Financial assets at amortized cost	**33,968**	**10,938**	**347,648**	**33,213**	**13,033**	**331,205**
Derivatives – Hedge accounting	**39**	**1,565**	**—**	**63**	**1,733**	**9**
LIABILITIES						
Financial liabilities held for trading	**28,882**	**56,325**	**754**	**26,215**	**64,305**	**615**
Trading derivatives	5,946	26,285	496	4,755	26,560	389
Short positions	16,061	53	—	15,124	11	—
Deposits	6,875	29,987	258	6,335	37,733	226
Financial liabilities designated at fair value through profit or loss	**—**	**8,350**	**1,412**	**1**	**8,243**	**1,439**
Customer deposits	—	767	—	—	809	—
Debt certificates issued	—	1,712	1,412	1	1,956	1,439
Other financial liabilities	—	5,872	—	—	5,479	—
Financial liabilities at amortized cost	**87,869**	**251,396**	**163,917**	**91,870**	**243,847**	**153,016**
Derivatives – Hedge accounting	**143**	**3,004**	**31**	**53**	**2,573**	**—**

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

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

	March 2022	December 2021
Cash on hand	8,318	6,877
Cash balances at central banks	54,929	55,004
Other demand deposits	7,689	5,918
Total	**70,937**	**67,799**

9. Financial assets and liabilities held for trading

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

	Notes	March 2022	December 2021
ASSETS			
Derivatives		33,281	30,933
Equity instruments	6.2	10,955	15,963
Debt securities	6.2	25,998	25,790
Loans and advances (*)	6.2	41,897	50,807
Total assets	**7**	**112,131**	**123,493**
LIABILITIES			
Derivatives		32,726	31,705
Short positions		16,114	15,135
Deposits (*)		37,120	44,294
Total liabilities	**7**	**85,960**	**91,135**

(*) The variation in 2022 corresponds mainly to the evolution of "Reverse repurchase agreement" of BBVA S.A., partially offset by the evolution of "Repurchase agreement".

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

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

	Notes	March 2022	December 2021
Equity instruments	6.2	6,112	5,303
Debt securities	6.2	130	128
Loans and advances to customers	6.2	383	655
Total	**7**	**6,625**	**6,086**

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

Financial assets and liabilities designated at fair value through profit or loss (Millions of Euros)

	Notes	March 2022	December 2021
ASSETS			
Debt securities	6.2 / 7	1,036	1,092
Loans and advances		—	—
Total assets	**6**	**1,036**	**1,092**
LIABILITIES			
Customer deposits		767	809
Debt certificates issued		3,123	3,396
Other financial liabilities: Unit-linked products		5,872	5,479
Total liabilities	**7**	**9,761**	**9,683**

12. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (Millions of Euros)

	Notes	March 2022	December 2021
Equity instruments	6.2	1,481	1,320
Debt securities		63,596	59,074
Loans and advances to credit institutions	6.2	27	27
Total	**7**	**65,103**	**60,421**
Of which: loss allowances of debt securities		*(127)*	*(74)*

13. Financial assets at amortized cost

Financial assets at amortized cost (Millions of Euros)

	Notes	March 2022	December 2021
Debt securities		**36,265**	**34,781**
Loans and advances to central banks		**4,848**	**5,681**
Loans and advances to credit institutions		**11,902**	**13,276**
Loans and advances to customers		**335,016**	**318,939**
Government		20,536	19,682
Other financial corporations		11,032	9,804
Non-financial corporations		151,382	140,993
Other		152,066	148,461
Total	**7**	**388,031**	**372,676**
Of which: impaired assets of loans and advances to customers	*6.2*	*14,731*	*14,657*
Of which: loss allowances of loans and advances	*6.2*	*(11,454)*	*(11,142)*
Of which: loss allowances of debt securities		*(62)*	*(52)*

During the three months ended March 31, 2022 and the year ended December 31, 2021, there have been no significant reclassifications neither from "Financial assets at amortized cost" to other headings nor from other headings to "Financial assets at amortized cost".

14. Investments in joint ventures and associates

Joint ventures and associates (Millions of Euros)

	March 2022	December 2021
Joint ventures	116	152
Associates	795	749
Total	**911**	**900**

15. Tangible assets

Tangible assets. Breakdown by type (Millions of Euros)

	March 2022	December 2021
Property plant and equipment	**7,146**	**7,107**
For own use	**6,906**	**6,874**
Land and buildings	4,457	4,350
Work in progress	73	67
Furniture, fixtures and vehicles	5,430	5,388
Right to use assets	3,008	3,154
Accumulated depreciation	(5,536)	(5,543)
Impairment (*)	(525)	(542)
Leased out under an operating lease	**240**	**234**
Assets leased out under an operating lease	272	267
Accumulated depreciation	(32)	(33)
Investment property	**229**	**191**
Building rental	187	146
Other	2	2
Right to use assets	167	162
Accumulated depreciation	(71)	(64)
Impairment	(55)	(55)
Total	**7,375**	**7,298**

(*) It includes allowances on right of use of the rented offices after the agreement with the union representatives on the collective layoff procedure proposed for Banco Bilbao Vizcaya Argentaria, S.A. in Spain (see Note 22).

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

16. Intangible assets

Intangible assets (Millions of Euros)

	March 2022	December 2021
Goodwill	**846**	**818**
Other intangible assets	**1,377**	**1,379**
Computer software acquisition expense	1,252	1,239
Other intangible assets with an infinite useful life	12	12
Other intangible assets with a definite useful life	113	128
Total	**2,224**	**2,197**

Impairment Test

As mentioned in Note 2.2.7 of the consolidated financial statements for the year 2021, the cash-generating unit (hereinafter "CGU") to which goodwill has been allocated are periodically tested for impairment by including the allocated goodwill in their carrying amount. This analysis is performed at least annually or whenever there is any indication of impairment. As of and for the three months ended March 31, 2022, no indicators of impairment have been identified in any of the main CGU.

17. Tax assets and liabilities

Tax assets and liabilities (Millions of Euros)

	March 2022	December 2021
Tax assets		
Current tax assets	925	932
Deferred tax assets	15,273	14,917
Total	**16,198**	**15,850**
Tax liabilities		
Current tax liabilities	1,392	644
Deferred tax liabilities	1,468	1,769
Total	**2,860**	**2,413**

18. Other assets and liabilities

Other assets and liabilities (Millions of Euros)

	March 2022	December 2021
ASSETS		
Inventories	397	424
Transactions in progress	139	131
Accruals	851	730
Other items	1,016	649
Total	**2,403**	**1,934**
LIABILITIES		
Transactions in progress	277	48
Accruals	1,926	2,137
Other items	2,405	1,436
Total	**4,608**	**3,621**

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

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

	March 2022	December 2021
ASSETS		
Foreclosures and recoveries	1,173	1,218
Other assets from tangible assets (*)	555	563
Companies held for sale	42	41
Accrued amortization (**)	(108)	(112)
Impairment losses (*)	(633)	(650)
Total	**1,029**	**1,061**
LIABILITIES		
Companies held for sale	—	—
Total	**—**	**—**

(*) It includes the reclassification of owned offices and facilities from "tangible assets" to "non-current assets and disposal groups classified as held for sale", and in 2021 the adjustments due to the closure of the owned offices and the decommissioning of facilities after the agreement with the union representatives on the collective layoff procedure proposed for Banco Bilbao Vizcaya Argentaria, S.A. in Spain (see Note 22).

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

Assets and liabilities from discontinued operations

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

The condensed consolidated income statements and the condensed consolidated statements of cash flows for the first three months ended March 31, 2021, of the companies sold in the United States are provided below:

Condensed consolidated income statements of companies sold in the United States subsidiary for the period ended March 31, 2021

CONDENSED CONSOLIDATED INCOME STATEMENTS (Millions of Euros)

	March 2021
Interest and other income	595
Interest expense	(37)
NET INTEREST INCOME	**558**
Dividend income	1
Fee and commission income	163
Fee and commission expense	(48)
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	(2)
Gains (losses) on financial assets and liabilities held for trading, net	29
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	1
Gains (losses) from hedge accounting, net	(1)
Exchange differences, net	(4)
Other operating income	5
Other operating expense	(16)
GROSS INCOME	**687**
Administration costs	(387)
Depreciation and amortization	(47)
Provisions or reversal of provisions	4
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	(24)
NET OPERATING INCOME	**233**
Gains (losses) on derecognition of non-financial assets and subsidiaries, net	(1)
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	1
PROFIT (LOSS) BEFORE TAX FROM	**232**
Tax expense or income related to profit or loss	(55)
PROFIT (LOSS) AFTER TAX	**177**
PROFIT (LOSS) FOR THE PERIOD	**177**
ATTRIBUTABLE TO OWNERS OF THE PARENT	**177**

Condensed consolidated statements of cash flows of companies sold in the United States subsidiary for the period ended March 31, 2021

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Millions of Euros)

	March 2021
A) CASH FLOWS FROM OPERATING ACTIVITIES	531
B) CASH FLOWS FROM INVESTING ACTIVITIES	(29)
C) CASH FLOWS FROM FINANCING ACTIVITIES	(15)
D) EFFECT OF EXCHANGE RATE CHANGES	503
INCREASE (DECREASE) NET CASH AND CASH EQUIVALENTS (A+B+C+D)	**990**

Effects of disposal on the financial position of the Group

EFFECT OF DISPOSAL ON THE FINANCIAL POSITION OF THE GROUP (Millions of Euros)

	June 2021
Cash, cash balances at central banks and other demand deposits	(11,476)
Financial assets held for trading	(638)
Non-trading financial assets mandatorily at fair value through profit or loss	(15)
Financial assets at fair value through other comprehensive income	(4,620)
Financial assets at amortized cost	(61,440)
Derivatives - Hedge accounting	(8)
Tangible assets	(788)
Intangible assets	(1,938)
Tax assets	(349)
Other assets	(1,439)
Non-current assets and disposal groups classified as held for sale	(10)
Total assets	**(82,720)**
Financial liabilities held for trading	129
Financial liabilities at amortized cost	72,357
Provisions	156
Tax liabilities	207
Other liabilities	491
Total liabilities	**73,341**
Total net assets/liabilities	**(9,378)**

EFFECT ON NET CASH OUTFLOWS FROM DISCONTINUED OPERATIONS - USA (Millions of Euros)

	June 2021
Consideration received satisfied in cash	9,512
Cash and cash equivalents disposed of	(11,476)
Total net cash outflows from discontinued operations - USA	**(1,964)**

20. Financial liabilities at amortized cost

20.1 Breakdown of the balance

Financial liabilities measured at amortized cost (Millions of Euros)

	Note	March 2022	December 2021
Deposits		433,877	416,947
Deposits from central banks		47,549	47,351
Demand deposits		*1,076*	*8*
Time deposits and other		*42,316*	*41,790*
Repurchase agreements		*4,156*	*5,553*
Deposits from credit institutions		25,612	19,834
Demand deposits		*11,850*	*7,601*
Time deposits and other		*10,571*	*8,599*
Repurchase agreements		*3,191*	*3,634*
Customer deposits		360,716	349,761
Demand deposits		*301,333*	*293,015*
Time deposits and other		*58,622*	*55,479*
Repurchase agreements		*761*	*1,267*
Debt certificates issued		53,540	55,763
Other financial liabilities		17,063	15,183
Total	7	**504,480**	**487,893**

The amount recorded in "Deposits from central banks - Time deposits" includes the drawdowns of the TLTRO III facilities of the European Central Bank, mainly BBVA S.A. amounting to €38,692 million as of March 31, 2022 and December 31, 2021.

The positive income currently being generated by the drawdowns of the TLTRO III facilities is recorded under the heading of "Interest income and other similar income – other income" in the condensed consolidated income statements and amounts to €97 million and €88 million for the three months ended March 31, 2022 and 2021 respectively (see Note 29.1).

20.2 Debt certificates issued

Debt certificates (Millions of Euros)

	March 2022	December 2021
In Euros	**33,346**	**36,289**
Promissory bills and notes	16	319
Non-convertible bonds and debentures	15,363	15,712
Covered bonds (*)	8,258	9,930
Hybrid financial instruments (**)	363	366
Securitization bonds	2,301	2,302
Wholesale funding	10	438
Subordinated liabilities	7,036	7,221
Convertible perpetual certificates	3,500	3,500
Non-convertible preferred stock	—	—
Other non-convertible subordinated liabilities	3,536	3,721
In foreign currencies	**20,194**	**19,475**
Promissory bills and notes	610	579
Non-convertible bonds and debentures	7,869	7,885
Covered bonds (*)	180	178
Hybrid financial instruments (**)	3,323	2,843
Securitization bonds	3	4
Wholesale funding	652	412
Subordinated liabilities	7,557	7,574
Convertible perpetual certificates	1,807	1,771
Non- convertible preferred stock	—	—
Other non-convertible subordinated liabilities	5,750	5,803
Total	**53,540**	**55,763**

(*) Including mortgage-covered bonds.
(**) Corresponds to structured note issuance whose underlying risk is different from the underlying risk of the derivative.

20.3 Other financial liabilities

Other financial liabilities (Millions of Euros)

	March 2022	December 2021
Lease liabilities	2,563	2,560
Creditors for other financial liabilities	3,937	2,657
Collection accounts	3,077	3,839
Creditors for other payment obligations (*)	7,486	6,127
Total	**17,063**	**15,183**

(*) This caption includes the amount committed for the acquisition of own shares under the repurchase program (see Note 4).

21. Assets and liabilities under insurance and reinsurance contracts

As of March 31, 2022 and December 31, 2021, the balance under the heading "Assets under reinsurance and insurance contracts" in the accompanying condensed consolidated balance sheets amounted to €286 million and €269 million, respectively.

Technical reserves (Millions of Euros)

	March 2022	December 2021
Mathematical reserves	9,605	9,495
Provision for unpaid claims reported	742	706
Provisions for unexpired risks and other provisions	748	664
Total	**11,094**	**10,865**

22. Provisions

Provisions. Breakdown by concepts (Millions of Euros)

	March 2022	December 2021
Provisions for pensions and similar obligations	3,394	3,576
Other long term employee benefits (*)	559	632
Provisions for taxes and other legal contingencies	628	623
Provisions for contingent risks and commitments	705	691
Other provisions (**)	356	366
Total	**5,642**	**5,889**

(*) It also includes a provision for the collective layoff procedure that was carried out at Banco Bilbao Vizcaya Argentaria, S.A in 2021.
(**) Individually insignificant provisions or contingencies for various concepts in different geographies.

Collective layoff procedure

On June 8, 2021, BBVA reached an agreement with the union representatives on the collective layoff procedure proposed for Banco Bilbao Vizcaya Argentaria, S.A. in Spain on April 13, 2021, which would affect a maximum of 2,935 employees. The agreement also included the closing of 480 offices (all closed as of March 31, 2022). The cost of the process amounted to €994 million before taxes, of which €754 million correspond to the collective layoff and €240 million to the closing of offices (see Notes 15 and 19). As of March 31, 2022, once the procedure is over, 2,899 employees had signed out of BBVA S.A. and effectively departed.

23. Pension and other post-employment commitments

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

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

Condensed consolidated income statement impact (Millions of Euros)

	Notes	March 2022	March 2021
Interest income and expense		9	10
Personnel expense		30	30
Defined contribution plan expense	*35.1*	*22*	*19*
Defined benefit plan expense	*35.1*	*8*	*11*
Provisions, net	37	1	103
Total expense (income)		**39**	**143**

24. Capital

As of March 31, 2022 and December 31, 2021, BBVA's share capital amounted to €3,267,264,424.20 divided into 6,667,886,580 fully subscribed and paid-up registered shares, all of the same class and series, at €0.49 par value each, represented through book-entry accounts. All of the Bank´s shares carry the same voting and dividend rights, and no single stockholder enjoys special voting rights. Each and every share is part of the Bank's capital.

25. Retained earnings, revaluation reserves and other reserves

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

	March 2022	December 2021
Retained earnings	34,429	31,841
Other reserves	(1,892)	(1,857)
Total	**32,537**	**29,984**

26. Accumulated other comprehensive income

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

	March 2022	December 2021
Items that will not be reclassified to profit or loss	**(1,924)**	**(2,075)**
Actuarial gains (losses) on defined benefit pension plans	(1,011)	(998)
Non-current assets and disposal groups classified as held for sale	—	—
Fair value changes of equity instruments measured at fair value through other comprehensive income	(923)	(1,079)
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	11	2
Items that may be reclassified to profit or loss	**(14,543)**	**(14,401)**
Hedge of net investments in foreign operations (effective portion)	(469)	(146)
Mexican peso	*(987)*	*(681)*
Turkish lira	*540*	*555*
Other exchanges	*(22)*	*(19)*
Foreign currency translation	(14,039)	(14,988)
Mexican peso	*(3,773)*	*(4,503)*
Turkish lira	*(6,784)*	*(6,607)*
Argentine peso	*(927)*	*(1,024)*
Venezuela Bolívar	*(1,856)*	*(1,858)*
Other exchanges	*(699)*	*(995)*
Hedging derivatives. Cash flow hedges (effective portion)	(912)	(533)
Fair value changes of debt instruments measured at fair value through other comprehensive income	885	1,274
Non-current assets and disposal groups classified as held for sale	—	—
Share of other recognized income and expense of investments in joint ventures and associates	(9)	(9)
Total	**(16,467)**	**(16,476)**

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

27. Non-controlling interest

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

	March 2022	December 2021
Garanti BBVA	3,126	2,851
BBVA Peru	1,278	1,212
BBVA Argentina	610	557
BBVA Colombia	78	76
BBVA Venezuela	69	70
Other entities	97	87
Total	**5,258**	**4,853**

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

	March 2022	March 2021
Garanti BBVA	254	196
BBVA Peru	58	34
BBVA Argentina	7	1
BBVA Colombia	3	2
BBVA Venezuela	(3)	3
Other entities	9	1
Total	**328**	**237**

28. Commitments and guarantees given

Commitments and guarantees given (Millions of Euros)

	Notes	March 2022	December 2021
Loan commitments given	6.2	130,130	119,618
Financial guarantees given	6.2	12,965	11,720
Other commitments given	6.2	36,590	34,604
Total	**6.2**	**179,685**	**165,941**

29. Net interest income

29.1 Interest and other income

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

	March 2022	March 2021
Financial assets held for trading	343	262
Financial assets designated at fair value through profit or loss	2	1
Financial assets at fair value through other comprehensive income	621	389
Financial assets at amortized cost	4,821	4,407
Insurance activity	294	312
Adjustments of income as a result of hedging transactions	(12)	(37)
Other income (*)	201	150
Total	**6,270**	**5,483**

(*) The balance includes the interest accrued from TLTRO III operations (See Note 20.1).

29.2 Interest expense

Interest expense. Breakdown by origin (Millions of Euros)

	March 2022	March 2021
Financial liabilities held for trading	260	330
Financial liabilities designated at fair value through profit or loss	9	17
Financial liabilities at amortized cost	1,600	1,475
Adjustments of expense as a result of hedging transactions	(91)	(112)
Insurance activity	211	241
Cost attributable to pension funds	5	5
Other expense	117	76
Total	**2,112**	**2,033**

30. Dividend income

Dividend income (Millions of Euros)

	March 2022	March 2021
Non-trading financial assets mandatorily at fair value through profit or loss	1	3
Financial assets at fair value through other comprehensive income	3	3
Total	**4**	**6**

31. Fee and commission income and expense

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

	March 2022	March 2021
Bills receivables	6	5
Demand accounts	111	100
Credit and debit cards and ATMs	722	560
Checks	36	31
Transfers and other payment orders	183	150
Insurance product commissions	63	56
Loan commitments given	64	54
Other commitments and financial guarantees given	95	88
Asset management	300	292
Securities fees	73	95
Custody securities	43	37
Other fees and commissions	171	140
Total	**1,865**	**1,609**

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

	March 2022	March 2021
Demand accounts	1	1
Credit and debit cards	398	295
Transfers and other payment orders	29	26
Commissions for selling insurance	15	12
Custody securities	31	11
Other fees and commissions	149	130
Total	**624**	**476**

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

Gains (losses) on financial assets and liabilities, hedge accounting and exchange differences, net (Millions of Euros)

	March 2022	March 2021
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	34	122
Financial assets at amortized cost	*7*	*5*
Other financial assets and liabilities	*27*	*117*
Gains (losses) on financial assets and liabilities held for trading, net	169	114
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	65	120
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	115	153
Gains (losses) from hedge accounting, net	(17)	(25)
Subtotal gains (losses) on financial assets and liabilities	**367**	**483**
Exchange differences, net	213	99
Total	**580**	**581**

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

	March 2022	March 2021
Debt instruments	(185)	149
Equity instruments	(360)	763
Trading derivatives and hedge accounting	527	(694)
Loans and advances to customers	(395)	46
Customer deposits	92	32
Other	687	187
Total	**367**	**483**

33. Other operating income and expense

Other operating income (Millions of Euros)

	March 2022	March 2021
Gains from sales of non-financial services	69	68
Hyperinflation adjustment	63	38
Other operating income	90	36
Total	**222**	**142**

Other operating expense (Millions of Euros)

	March 2022	March 2021
Change in inventories	30	32
Contributions to guaranteed banks deposits funds	115	105
Hyperinflation adjustment	205	134
Other operating expense	180	118
Total	**530**	**388**

34. Income and expense from insurance and reinsurance contracts

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

	March 2022	March 2021
Income from insurance and reinsurance contracts	815	757
Expense from insurance and reinsurance contracts	(555)	(522)
Total	**260**	**236**

35. Administration costs

35.1 Personnel expense

Personnel expense (Millions of Euros)

	Notes	March 2022	March 2021
Wages and salaries		951	909
Social security costs		173	169
Defined contribution plan expense	23	22	19
Defined benefit plan expense	23	8	11
Other personnel expense		86	77
Total		**1,240**	**1,184**

35.2 Other administrative expense

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

	March 2022	March 2021
Technology and systems	318	289
Communications	47	41
Advertising	60	51
Property, fixtures and materials	102	98
Taxes other than income tax	86	109
Surveillance and cash courier services	47	41
Other expense	208	183
Total	**869**	**812**

36. Depreciation and amortization

Depreciation and amortization (Millions of Euros)

	March 2022	March 2021
Tangible assets	183	187
For own use	*105*	*108*
Right-of-use assets	*78*	*78*
Investment properties and other	*1*	*1*
Intangible assets	123	122
Total	**306**	**309**

37. Provisions or reversal of provisions

Provisions or reversal of provisions (Millions of Euros)

	Notes	March 2022	March 2021
Pensions and other post-employment defined benefit obligations	23	1	103
Commitments and guarantees given		4	11
Pending legal issues and tax litigation		45	41
Other provisions		(1)	(4)
Total		**48**	**151**

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

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

	March 2022	March 2021
Financial assets at fair value through other comprehensive income - Debt securities	54	(3)
Financial assets at amortized cost	684	927
Of which: Recovery of written-off assets by cash collection	*(96)*	*(91)*
Total	**738**	**923**

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

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

	March 2022	March 2021
Tangible assets	(17)	(3)
Intangible assets	3	3
Others	6	—
Total	**(9)**	**—**

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

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

	March 2022	March 2021
Gains on sale of real estate	37	(12)
Impairment of non-current assets held for sale	(19)	(17)
Gains (losses) on sale of investments classified as non-current assets held for sale	—	11
Total	**17**	**(18)**

41. Subsequent events

Share buyback program (2nd tranche)

From March 16 to March 31, 2022 and from April 1 to April 21, 2022, Goldman Sachs International, acting as lead manager for the First Segment of the Second Tranche through the broker Kepler Cheuvreux, S.A., has acquired 8,540,302 and 60,285,015 BBVA shares of the First Segment, respectively (see Note 4).

Purchase agreement of Tree Inversiones Inmobiliarias

On April 1, 2022, BBVA notified Merlin Properties SOCIMI, S.A. the acceptance of its proposal to sell 100% of the shares of Tree Inversiones Inmobiliarias, SOCIMI, S.A. (hereinafter, "Tree"), without assuming the financial structure of the company, for a total amount of 1,987 million euros. Tree is the company that has a portfolio of 659 branches and three unique buildings that BBVA sold between 2009 and 2010 under a sale and leaseback agreement.The closing of the transaction is subject to the prior approval of the National Commission of Markets and Competition in Spain.

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

On April 25, 2022, BBVA informed of the increase in the price offered in cash per Garanti share, from the initially announced price (12.20 Turkish Lira) to 15.00 Turkish Lira. The maximum amount payable by BBVA will be 31,595 million Turkish Liras (equivalent to approximately €1,985 million at an exchange rate of 15.91 Turkish Liras per Euro estimated as of April 22, 2022) assuming all of Garanti's shareholders sell their shares. The acceptance period for the voluntary takeover bid has been extended for a period of 2 weeks (May 18, 2022 being the last day of the voluntary takeover bid acceptance period) (see Note 3) .

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

42. Explanation added for translation into English

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

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

Appendix

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

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

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

ASSETS	March 2022	December 2021 (*)
Cash, cash balances at central banks and other demand deposits	39,983	38,821
Financial assets held for trading	94,563	105,391
Non-trading financial assets mandatorily at fair value through profit or loss	816	437
Financial assets at fair value through comprehensive income	30,618	28,205
Financial assets at amortized cost	234,952	231,276
Derivatives - hedge accounting	764	841
Fair value changes of the hedged items in portfolio hedges of interest rate risk	(51)	5
Joint ventures, associates and unconsolidated subsidiaries	17,857	17,504
Tangible assets	3,417	3,482
Intangible assets	846	841
Tax assets	12,450	12,294
Other assets	2,518	2,296
Non-current assets and disposal groups classified as held for sale	853	885
TOTAL ASSETS	**439,585**	**442,279**

LIABILITIES	March 2022	December 2021 (*)
Financial liabilities held for trading	72,258	77,859
Financial liabilities designated at fair value through profit or loss	1,985	2,238
Financial liabilities at amortized cost	326,155	321,848
Hedging derivatives	2,642	2,126
Provisions	4,236	4,488
Tax liabilities	1,074	999
Other liabilities	2,653	1,885
TOTAL LIABILITIES	**411,002**	**411,443**
SHAREHOLDERS' FUNDS	**30,321**	**32,296**
Capital	3,267	3,267
Share premium	23,599	23,599
Other equity	32	49
Retained earnings	5,436	6,436
Other reserves	(1,064)	(1,026)
Less: Treasury shares	(1,567)	(574)
Profit or loss of the period	618	1,080
Less: Interim dividends	—	(533)
ACCUMULATED OTHER COMPREHENSIVE INCOME	**(1,737)**	**(1,461)**
TOTAL EQUITY	**28,583**	**30,836**
TOTAL EQUITY AND TOTAL LIABILITIES	**439,585**	**442,279**

MEMORANDUM	March 2022	December 2021 (*)
Loan commitments given	96,122	89,353
Financial guarantees given	12,777	11,662
Contingent commitments given	25,209	24,181

(*) Presented for comparison purposes only.

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

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

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

	March 2022	March 2021 (*)
Interest and other income	1,091	1,076
Interest expense	(239)	(227)
NET INTEREST INCOME	**852**	**849**
Dividend income	303	240
Fee and commission income	638	573
Fee and commission expense	(115)	(94)
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	4	61
Gains (losses) on financial assets and liabilities held for trading, net	79	119
Gains (losses) on on-trading financial assets mandatorily at fair value through profit or loss	4	42
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	52	43
Gains (losses) from hedge accounting, net	(4)	(20)
Exchange differences, net	39	8
Other operating income	83	42
Other operating expense	(36)	(36)
GROSS INCOME	**1,898**	**1,826**
Administration costs	(890)	(909)
Depreciation and amortization	(157)	(160)
Provisions or reversal of provisions	(8)	(157)
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss	(73)	(183)
NET OPERATING INCOME	**771**	**418**
Impairment or reversal of impairment of investments in subsidiaries, joint ventures and associates	(4)	(33)
Impairment or reversal of impairment on non-financial assets	13	4
Gains (losses) on derecognition of non-financial assets and subsidiaries, net	—	1
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(11)	174
OPERATING PROFIT BEFORE TAX	**769**	**563**
Tax expense or income related to profit or loss from continuing operations	(151)	(61)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	**618**	**502**
Profit or loss after tax from discontinued operations	—	471
PROFIT (LOSS)	**618**	**972**

(*) Presented for comparison purposes only.

This Appendix is an integral part of Note 1.7 of the condensed interim Consolidated Financial Statements corresponding to the three-month period ended March 31, 2022.

BBVA
Creating Opportunities

Interim Consolidated Management Report

January-March 2022

JANUARY - MARCH 2022 RESULTS

The highest recurrent quarterly results

Net Attributable Profit
€1,651 Mn

Excellent **core revenues** evolution and **activity growth**

NII + Fee income	Lending activity
+23.3%	**+10.6%**
vs. 1Q21 (constant €)	**vs. Mar 2021**[1]

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

Leading **efficiency and profitability**

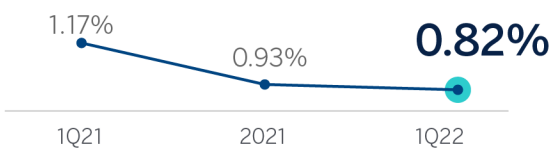
Efficiency Ratio (YTD)	ROTE	ROE
40.7%	**15.9%**	**15.1%**

#1 RANKING PEER GROUP[1]

[1] European Peer Group: BARC, BNPP, CASA, CMZ, CS, DB, HSBC, ISP, LBG, NWG, SAN, SG, UBS, UCG. Peers data as of 12M21. BBVA data as of 3M22.

Cost of Risk better than expectations

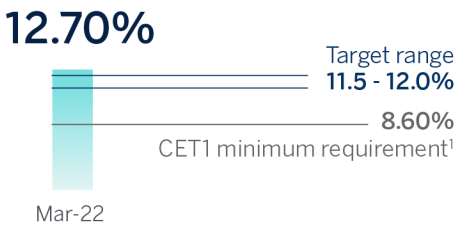
Cost of Risk
(YTD)



NOTE: Excludes the US business sold to PNC.

Strong **capital position**

CET1 *fully-loaded*



[1] CET 1 SREP letter requirement.

TRANSFORMATION

New Customer Acquisition[1]

(Million; % acquisition through digital channels)

DIGITAL ACQUISITION
+81%
1Q22 vs. 1Q21

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

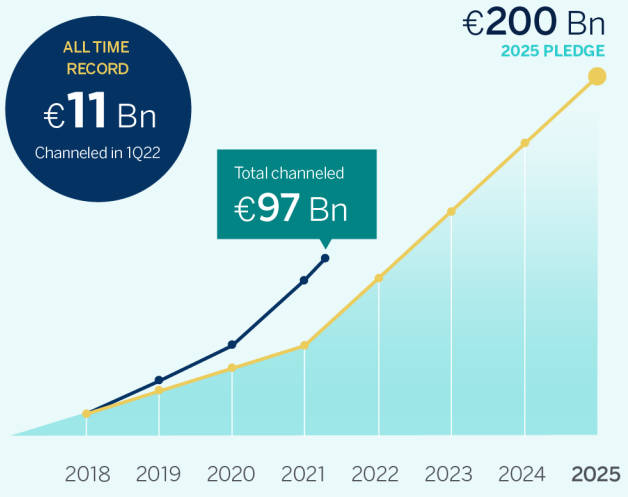
BBVA, digital experience leader in European **mobile banking five years in a row**

BBVA DIGITAL EXPERIENCE LEADER 5 YEARS IN A ROW

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

SUSTAINABILITY

Sustainable Financing (€Billion)



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

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

BBVA
Creating Opportunities

Main data

BBVA GROUP MAIN DATA (CONSOLIDATED FIGURES)

	31-03-22	Δ %	31-03-21	31-12-21
Balance sheet (millions of euros)				
Total assets	675,842	(5.7)	716,929	662,885
Loans and advances to customers (gross) [1]	346,434	7.3	322,866	330,055
Deposits from customers [1]	360,716	9.0	331,064	349,761
Total customer funds [1]	507,961	9.1	465,547	496,954
Total equity	48,258	(4.8)	50,711	48,760
Income statement (millions of euros)				
Net interest income	4,158	20.5	3,451	14,686
Gross income	5,939	15.2	5,155	21,066
Operating income	3,525	23.7	2,850	11,536
Net attributable profit (loss)	1,651	36.4	1,210	4,653
Net attributable profit (loss) excluding non-recurring impacts [2]	1,651	59.8	1,033	5,069
The BBVA share and share performance ratios				
Number of shares issued (million)	6,668	—	6,668	6,668
Share price (euros)	5.21	17.7	4.43	5.25
Adjusted earning (loss) per share (euros) [2] [3]	0.24	73.9	0.14	0.71
Earning (loss) per share (euros) [3]	0.24	46.2	0.17	0.67
Book value per share (euros) [4]	6.92	1.7	6.80	6.86
Tangible book value per share (euros) [4]	6.56	6.6	6.15	6.52
Market capitalization (millions of euros)	34,740	17.7	29,512	35,006
Dividend yield (dividend/price; %) [5]	2.7		3.6	2.6
Significant ratios (%)				
Adjusted ROE (net attributable profit (loss)/average shareholders' funds +/- average accumulated other comprehensive income) [2]	15.1		9.3	11.4
Adjusted ROTE (net attributable profit (loss)/average shareholders' funds excluding average intangible assets +/- average accumulated other comprehensive income) [2]	15.9		9.8	12.0
Adjusted ROA (Profit (loss) for the period / average total assets - ATA) [2]	1.22		0.82	0.94
Adjusted RORWA (Profit (loss) for the period / average risk-weighted assets - RWA) [2]	2.58		1.73	2.01
Efficiency ratio	40.7		44.7	45.2
Cost of risk [1]	0.82		1.17	0.93
NPL Ratio [1]	3.9		4.3	4.1
NPL coverage ratio [1]	76		81	75
Capital adequacy ratios (%)				
CET1 fully-loaded	12.70		11.88	12.75
CET1 phased-in [6]	12.81		12.20	12.98
Total ratio phased-in [6]	16.82		16.16	17.24
Other information				
Number of clients (million) [1]	82.9	6.6	77.7	81.7
Number of shareholders	815,233	(6.2)	869,378	826,835
Number of employees	111,402	(8.7)	122,021	110,432
Number of branches	6,071	(16.3)	7,254	6,083
Number of ATMs	29,379	(4.4)	30,747	29,148

General note: the results generated by BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021, are presented in a single line as "Profit (loss) after tax from discontinued operations".

[1] Excluding BBVA USA and the rest of companies in the United States sold to PNC on 1 June, 2021.

[2] Non-recurring impacts include: (I) profit (loss) after tax from discontinued operations as of 31-03-21 and 31-12-21; and (II) the net costs related to the restructuring process as of 31-12-21.

[3] The additional Tier 1 instrument remuneration has been adjusted. As of 31-03-22, the average number of shares acquired from the start of the share buyback program to the end of the period has been considered. As of 31-12-21, 112 million shares acquired from the start of the share buyback program to the end of the period have been considered and, in addition, for the calculation of the earning (loss) per share, the estimated number of shares pending from buyback as of December 31, 2021 of the first tranche (€1,500m), in process at the end of that period, has been included.

[4] As of 31-03-22, 290 million shares acquired from the start of the share buyback program to the end of the period and the estimated number of shares pending from buyback as of March 31, 2022 of the first segment of the second buyback program (€1,000m), in process at the end of that date, have been included. As of 31-12-21, 112 million shares acquired from the beginning of the share buyback program to the end of the period and the estimated number of shares pending from buyback as of December 31, 2021 of the first tranche (€1,500m), in process at the end of that date, have been considered.

[5] Calculated by dividing shareholder remuneration over the last twelve months by the closing price of the period.

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

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Highlights

Invasion of Ukraine

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

The Group observes the events with particular concern and unease because of the human tragedy that they entail. In this regard, the Entity has contributed to respond to the humanitarian emergency in Ukraine with a donation of €1m, a campaign among customers and employees, that has raised, until April 19, 2022, €2.1m, in addition to the possibility of free transfers from individuals to Ukraine. Finally, BBVA joined a declaration signed by more than 50 companies from around the world to provide support to people fleeing Ukraine and to attend their immediate needs. Thus, the Group has offered the Ministry of Inclusion, Social Security and Migration of the Government of Spain 200 homes for the reception of refugees and, in order to facilitate the financial inclusion of the refugees, the Basic Payment Account has been made available to them, so that they can have a free account and a card, which allows them to access basic banking services.

Results and business activity

The BBVA Group generated a net attributable profit of €1,651m in the first quarter of 2022, representing a year-on-year variation of +36.4%. Excluding non-recurring impacts in the first quarter of 2021, namely €177m from the results of discontinued operations and corresponding to BBVA USA and the rest of the companies sold to PNC on June 1, 2021, the Group's net attributable profit registered a year-on-year increase of 59.8%.

In a complex environment marked by a high level of uncertainty, the results generated by the Group in the first quarter of 2022 were characterized by the good performance in recurring income from the banking business, which continued to grow for the fifth consecutive quarter. This favorable trend in net interest income and net fees and commissions, together with lower provisions for impairment on financial assets and provisions, largely explain the positive year-on-year performance of the Group's income statement.

Operating expenses increased at Group level (+8.5% in year-on-year terms and excluding the exchange rate effect), in an inflationary environment in all countries in which BBVA operates.

Notwithstanding the above, thanks to the remarkable growth in gross income, the efficiency ratio stood at 40.7% as of March 31, 2022, with an improvement of 528 basis points in constant terms, compared to the ratio at the end of December 2021, placing BBVA, once again, in a leading position among its European peer group[1]. Thus, BBVA seeks to offer an excellent customer experience at an efficient cost through a relational model leveraged on digitization.

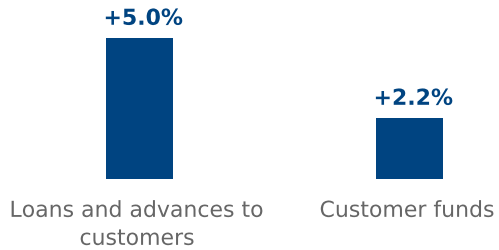
The provisions for impairment on financial assets decreased (-17.9% in year-on-year terms and at constant exchange rates), mainly due to the good performance of the underlying asset, highlighting the decrease in Spain, Mexico and South America.

In the first quarter of 2022, provisions were lower (-70.0% at constant exchange rates) than the previous year.

Loans and advances to customers recorded a growth of 5.0% compared to the end of December 2021, strongly favored by the evolution of business loans (+7.7%) in all business areas and, to a lesser extent, by the dynamism of retail loans.

Customer funds showed an increase of 2.2% compared to the end of December 2021, thanks to the contribution of demand deposits (+2.8%) and, to a lesser extent, of time deposits (+5.7%).

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



[1] European peer group: Barclays, BNP Paribas, Crédit Agricole, Commerzbank, Credit Suisse, Deutsche Bank, HSBC, Intesa Sanpaolo, Lloyds Banking Group, Natwest, Banco Santander, Société Générale, UBS and Unicredit, data at the end of December 2021.

Business areas

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

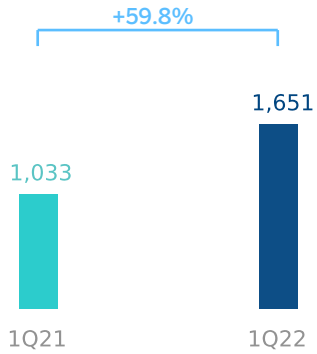
- Spain generated a net attributable profit of €601m during the first quarter of 2022, up 62.3% from the result achieved between January and March of the previous year, due to the good performance of gross income, driven by commissions, the significant reduction in personnel expenses, as well as lower write-offs and provisions.
- In Mexico, BBVA achieved a net attributable profit of €777m between January and March 2022, representing an increase of 49.0% compared to the first quarter of 2021, mainly as a result of the good performance of recurring revenues, favored especially by the dynamism of the net interest income and lower loan-loss provisions, which compensated the increase in operating expenses.
- Turkey generated a net attributable profit of €249m in the first quarter of 2022, 129.6% higher than the same period of the previous year, supported by strong growth in recurring income, especially on the net interest income side, and higher contribution from NTI. Taking into account the effect of the depreciation of the Turkish lira over the period, the results generated by Turkey increased by 30.6%.

  With regard to this business area and the voluntary takeover bid, submitted by the BBVA Group for the entire share capital of Garanti BBVA not already owned, BBVA announced on March 31, 2022 that the securities market supervisor of Turkey had approved the information memorandum for the bid. The period of acceptance of the offer began on April 4, 2022 and on April 25, 2022, BBVA has reported the increase in the offered price per share, from the initially announced (12.20 Turkish liras) to 15.00 Turkish liras. As a consequence of this price increase, the last day of the offer acceptance period has been extended until May 18, 2022.
- South America generated €158m in the first quarter of 2022, representing a year-on-year variation of +68.2%, mainly due to the improved performance of recurring income (+30.6%) and NTI (+28.2%), which more than offset the higher impact of inflation in Argentina and the growth of expenses.
- Rest of Business achieved a net attributable profit of €81m accumulated at the end of the first quarter of 2022, 5.4% less than in the first quarter of the previous year, mainly due to the lower performance of the Group's broker dealer in the United States.

The Corporate Center recorded a net attributable loss of €-215m in the first quarter of 2022, This result compares to €-24m recorded in the same period of the previous year, although it must be taken into account that this figure included the results generated by the businesses that the Group had in the United States until its sale to PNC on June 1, 2021.

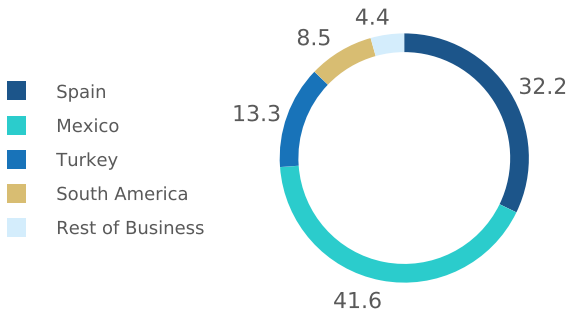
Lastly and for a broader understanding of the Group's activity and results, supplementary information is provided below for the wholesale business carried out by BBVA, Corporate & Investment Banking (CIB), in the countries where it operates. CIB generated a net attributable profit of €444m in the first quarter of 2022, which represents an increase of 45.6% on a year-on-year basis, thanks to the growth in recurring income, NTI and lower provisions, which offset the growth in operating expenses. It should also be noted that all business lines of the CIB area recorded growth compared to the first quarter of 2021, both in income and at the level of net attributable profit.

NET ATTRIBUTABLE PROFIT (LOSS) (MILLIONS OF EUROS)



General note: 1Q21 excludes BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021.

NET ATTRIBUTABLE PROFIT BREAKDOWN [1] (PERCENTAGE. 1Q22)



[1] Excludes the Corporate Center.

Solvency

The Group's CET1 Fully-loaded ratio stood at 12.70% as of March 31, 2022, which allows to maintain a large management buffer over the Group's CET1 requirement (8.60%), also standing above the Group's target management range established at 11.5-12% of CET1. This CET1 level includes the deduction of the total amount of the share buyback program authorized by the supervisor, amounting to maximum €3.500m that were already registered at the end of December 2021.

Shareholder remuneration

- On April 8, 2022, a cash payment of €0.23 gross against voluntary reserves was made for each outstanding share of BBVA entitled to receive this amount as additional shareholder remuneration for the year 2021, approved by the Annual General Meeting held on March 18, 2022. Thus, the total amount of cash distributions for the year 2021 was €0.31 gross per share, the largest distribution in 10 years.

- The total shareholder remuneration includes, in addition to the aforementioned cash payments, the extraordinary remuneration resulting from the execution of the program scheme announced on October 29, 2021 for the buyback of own shares up to a maximum amount of €3,500m. Regarding the first tranche of the share buyback program, BBVA announced on March 3, 2022 the completion of the program, having reached the maximum monetary amount of €1,500m disclosed in the inside information of November 19, 2021. The total number of own shares acquired was 281,218,710 shares. Additionally, the Bank announced on March 16, 2022 the execution of the first segment of the second tranche up to a maximum amount of €1,000m or a maximum number of shares of 356,551,306. This first segment is being externally executed by Goldman Sachs International thorough Kepler Cheuvreux, S.A. as broker. Upon full execution of the first segment, a second segment will be executed up to the remaining amount or remaining number of shares for the complete execution of the program scheme. From March 16 to March 31, 2022 and from April 1 to April 21, 2022, Goldman Sachs International, acting as lead manager for the first segment through the broker Kepler Cheuvreux, S.A., has acquired 8,540,302 and 60,285,015 BBVA shares respectively.

Other highlights

- In February 2022, BBVA announced the investment of approximately $300m in Neon Payments Limited for the acquisition of 21.7% of its share capital. This investment adds up to others performed by BBVA in the digital Atom Bank in the United Kingdom or Solarisbank in Germany, and offers the Group enormous strategic options in a highly attractive market with great potential. For its part, on April 19, 2022, BBVA announced an investment of $20m in Lowercarbon Capital, one of the few venture capital funds specializing in companies that develop technologies in the climate change and decarbonization fields. In addition, on 20 April 2022, BBVA announced an investment of €15m in the Leadwind venture capital fund to support companies with a high technological component in accelerated growth. BBVA continues its strong commitment to the entrepreneurial ecosystem through selective investments in digital banks, investments through venture capital vehicles or the launch of a purely digital bank in Italy, among others.

- On April 1, 2022, BBVA informed Merlin Properties, SOCIMI, S.A., among other aspects, that it had accepted the proposal to purchase 100% of the shares of Tree Inversiones Inmobiliarias Socimi, S.A. for a total amount of €1,987m. This company also owns 662 offices sold by BBVA between 2009 and 2010.This deal gives BBVA greater flexibility in the management of its network of offices in Spain and it is expected to generate economic savings once the transaction, subject to the prior approval by the National Commission on Markets and Competition in Spain, will be closed.

Macroeconomic environment

In 2021, the global economy grew significantly, recovering in part from the crisis caused by the pandemic, which caused a sharp fall in global GDP in 2020. The significant upturn in global growth has been due to the progress in vaccination against COVID-19 and the significant economic stimuli adopted by public authorities.

Activity indicators show, however, that the economic recovery process has lost momentum since the middle of last year, while inflation has risen significantly, in an environment where the effects of the emergence of new variants of the COVID-19 have contributed to reinforcing the problems in global supply chains observed since the beginning of 2021.

The recent outbreak of the war between Ukraine and Russia and the sanctions it has unleashed represent a significant supply shock to the world economy, which is likely to reinforce the trend towards growth moderation and accentuate the current inflationary pressures, mainly in European countries, due to their relatively significant economic ties with Ukraine and Russia. The economic effects are expected to come mainly through higher commodity prices, but also through financial and confidence channels, as well as a further deterioration of problems in global supply chains.

Despite the current high uncertainty, the central scenario that BBVA Research uses in its estimates considers that the recovery process of the global economy is expected to continue in the coming months, albeit at a slightly slower pace than expected in autumn 2021. According to BBVA Research, after increasing 6.1% in 2021, global GDP will grow 4.0% in 2022, four tenths below what was expected three months ago. GDP growth in 2022 is expected to remain relatively high in the United States and China (3.1% and 5.2%, respectively), and to a lesser extent also in Europe (around 2.0%) where the impact of the war in Ukraine would be somewhat cushioned by new fiscal stimuli measures.

Against the background of higher commodity prices and additional constraints on global supply chains, inflation, which currently stands above 7% in both the United States and the Eurozone, is expected to remain high in 2022, around 6% on average, in both geographical areas, while it will remain more contained in China, according to BBVA Research's estimates.

Despite the likely negative impact of the war on the economic activity, the major central banks are expected to remain focused on rising inflation and continue to implement their plan to withdraw monetary stimuli. In the United States, the Federal Reserve initiated the process of normalizing monetary policy interest rates in March, which, according to BBVA Research, could converge towards around 2% by the end of 2022. In the Eurozone, the ECB completed the pandemic emergency purchase program (PEPP). Although the asset purchase program (APP) is maintained, asset purchases will be moderated over the coming months, paving the way for monetary policy interest rate hikes starting in the last quarter of 2022.

Risks on this economic scenario are significant and are biased downwards in the case of activity. These include, among others, (i) a deterioration of the war between Ukraine and Russia and a further escalation of sanctions; (ii) an economic recession and financial turbulence caused by the withdrawal of monetary stimuli and (iii) higher mobility restrictions in China due to the increasing cases of COVID-19.

Group

Results

The BBVA Group generated a net attributable profit of €1,651m in the first quarter of 2022, representing a year-on-year variation of +36.4%. Excluding non-recurring impacts in the first quarter of 2021, namely €177m from the results of discontinued operations and corresponding to BBVA USA and the rest of the companies sold to PNC on June 1, 2021, the Group's net attributable profit registered a year-on-year increase of 59.8%.

CONSOLIDATED INCOME STATEMENT: QUARTERLY EVOLUTION (MILLIONS OF EUROS)

	2022	2021			
	1Q	4Q	3Q	2Q	1Q
Net interest income	**4,158**	**3,978**	**3,753**	**3,504**	**3,451**
Net fees and commissions	1,241	1,247	1,203	1,182	1,133
Net trading income	580	438	387	503	581
Other operating income and expenses	(39)	(187)	(13)	(85)	(11)
Gross income	**5,939**	**5,477**	**5,330**	**5,104**	**5,155**
Operating expenses	(2,415)	(2,554)	(2,378)	(2,294)	(2,304)
Personnel expenses	*(1,240)*	*(1,399)*	*(1,276)*	*(1,187)*	*(1,184)*
Other administrative expenses	*(869)*	*(850)*	*(788)*	*(800)*	*(812)*
Depreciation	*(306)*	*(305)*	*(314)*	*(307)*	*(309)*
Operating income	**3,525**	**2,923**	**2,953**	**2,810**	**2,850**
Impairment on financial assets not measured at fair value through profit or loss	(738)	(832)	(622)	(656)	(923)
Provisions or reversal of provisions	(48)	(40)	(50)	(23)	(151)
Other gains (losses)	27	7	19	(7)	(17)
Profit (loss) before tax	**2,766**	**2,058**	**2,299**	**2,124**	**1,759**
Income tax	(788)	(487)	(640)	(591)	(489)
Profit (loss) for the period	**1,978**	**1,571**	**1,659**	**1,533**	**1,270**
Non-controlling interests	(328)	(230)	(259)	(239)	(237)
Net attributable profit (loss) excluding non-recurring impacts	**1,651**	**1,341**	**1,400**	**1,294**	**1,033**
Profit (loss) after tax from discontinued operations [1]	—	—	—	103	177
Net cost related to the restructuring process	—	—	—	(696)	—
Net attributable profit (loss)	**1,651**	**1,341**	**1,400**	**701**	**1,210**
Adjusted earning per share (euros) [2]	**0.24**	**0.19**	**0.20**	**0.18**	**0.14**
Earning (loss) per share (euros) [2] [3]	**0.24**	**0.20**	**0.20**	**0.09**	**0.17**

[1] Including the results generated by BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021.

[2] Adjusted by additional Tier 1 instrument remuneration. In the first quarter of 2022, the average number of shares acquired from the start of the share buyback program to March 31, 2022 has been considered, and in the fourth quarter of 2021, 112 million shares acquired from the start of the share buyback program to December 31, 2021 have been considered.

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

In a complex environment marked by a high level of uncertainty, the results generated by the Group in the first quarter of 2022 were characterized by the good performance in recurring income from the banking business, which continued to grow for the fifth consecutive quarter. This favorable trend in net interest income and net fees and commissions, together with lower provisions for impairment on financial assets and provisions, largely explain the positive year-on-year performance of the Group's income statement.

CONSOLIDATED INCOME STATEMENT (MILLIONS OF EUROS)

	1Q22	Δ %	Δ % at constant exchange rates	1Q21
Net interest income	**4,158**	**20.5**	**26.3**	**3,451**
Net fees and commissions	1,241	9.5	14.1	1,133
Net trading income	580	(0.3)	8.7	581
Other operating income and expenses	(39)	269.5	161.6	(11)
Gross income	**5,939**	**15.2**	**21.3**	**5,155**
Operating expenses	(2,415)	4.8	8.5	(2,304)
Personnel expenses	*(1,240)*	*4.7*	*8.9*	*(1,184)*
Other administrative expenses	*(869)*	*7.1*	*10.2*	*(812)*
Depreciation	*(306)*	*(0.9)*	*2.2*	*(309)*
Operating income	**3,525**	**23.7**	**31.9**	**2,850**
Impairment on financial assets not measured at fair value through profit or loss	(738)	(20.1)	(17.9)	(923)
Provisions or reversal of provisions	(48)	(68.0)	(70.0)	(151)
Other gains (losses)	27	n.s.	n.s.	(17)
Profit (loss) before tax	**2,766**	**57.3**	**74.0**	**1,759**
Income tax	(788)	61.0	71.7	(489)
Profit (loss) for the period	**1,978**	**55.8**	**74.9**	**1,270**
Non-controlling interests	(328)	38.3	117.8	(237)
Net attributable profit (loss) excluding non-recurring impacts	**1,651**	**59.8**	**68.4**	**1,033**
Profit (loss) after tax from discontinued operations [1]	—	—	—	177
Net attributable profit (loss)	**1,651**	**36.4**	**41.0**	**1,210**
Adjusted earning per share (euros) [2]	**0.24**			**0.14**
Earning (loss) per share (euros) [2]	**0.24**			**0.17**

[1] Including the results generated by BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021.

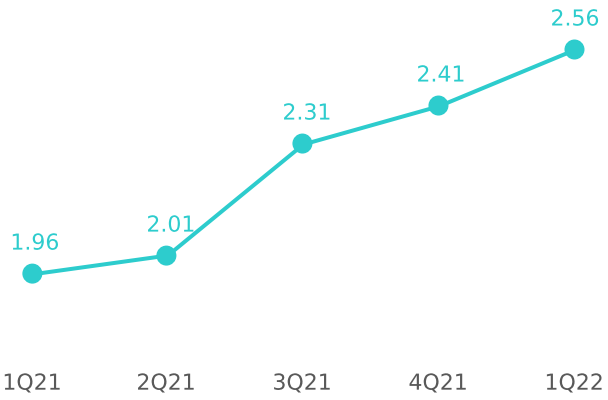
[2] Adjusted by additional Tier 1 instrument remuneration. In the first quarter of 2022, the average number of shares acquired from the start of the share buyback program to March 31, 2022 was considered.

Unless expressly indicated otherwise, to better understand the changes under the main headings of the Group's income statement, the year-on-year rates of change provided below refer to constant exchange rates. In doing so, with regard to income statement amounts, average exchange rates for the first quarter of 2022 are used for each currency in the geographical areas where the Group operates for all periods.

The accumulated net interest income as of March 31, 2022 was higher than in the same period of the previous year (+26.3%), due to the good performance in Mexico, Turkey and South America, where the rate increases carried out by the monetary authorities of the different countries in 2021 and during the first quarter of 2022 have already started to be reflected. These geographical areas compensated for the flat performance in Spain and Rest of Business.

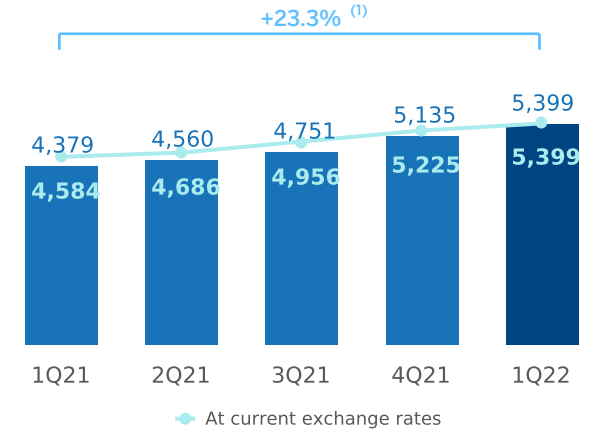
All areas, with the exception of Rest of Business, showed a positive performance in the net fees and commissions line compared to the accumulated amount reported at the end of March 2022 (+14.1% at Group level), which is partly explained by the increase in activity and higher fees from payment systems and deposits in the first quarter of 2022.

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



[1] Excluding BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021 for the periods 1Q21 and 2Q21.

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

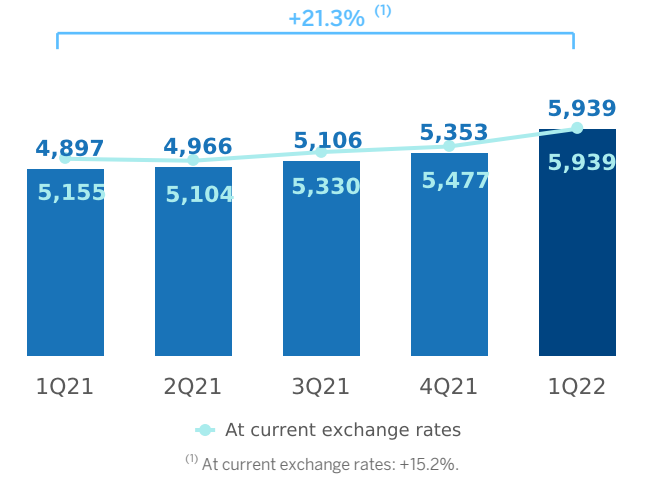


[1] At current exchange rates: +17.8%.

NTI showed a year-on-year variation of +8.7% at the end of March 2022, mainly due to the good performance of the Global Markets unit in Turkey and, to a lesser extent, South America and Mexico, which offset the lower results of the aggregated Group's Rest of Business and the losses of the Corporate Center.

The other operating income and expenses line accumulated a result of €-39m as of March 31, 2022, compared to €-11m in the same period last year, due to the more negative adjustment for inflation in Argentina in 2022 and despite the good evolution of the insurance business, especially in Mexico.

GROSS INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)

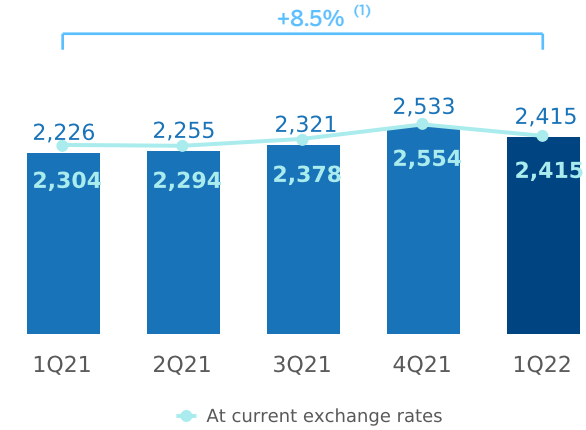


[1] At current exchange rates: +15.2%.

Although operating expenses broke the quarterly growth path and decreased by 4.7 compared to the fourth quarter of 2021, in year-on-year terms they increased at Group level (+8.5%), in an inflationary environment in all countries in which BBVA operates. By area, they recorded a year-on-year decline in Spain, due to the lower staff, in the Corporate Center and in the aggregated Rest of Business.

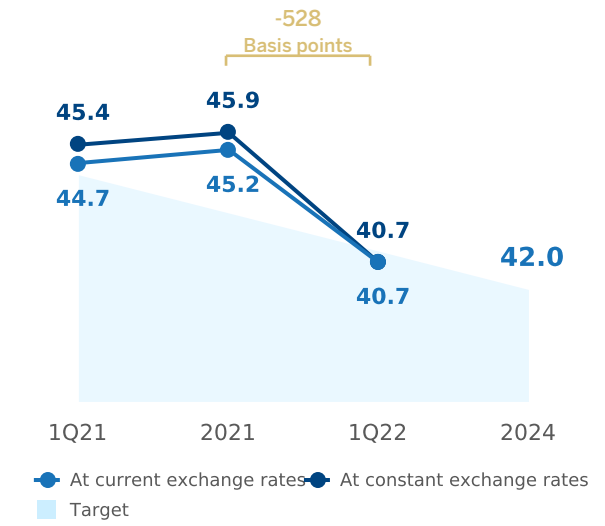
Notwithstanding the above, thanks to the remarkable growth in gross income (+21.3%), the efficiency ratio stood at 40.7% as of March 31, 2022, with an improvement of 528 basis points compared to the ratio at the end of December 2021. All geographical areas recorded a favorable performance in terms of efficiency.

OPERATING EXPENSES (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



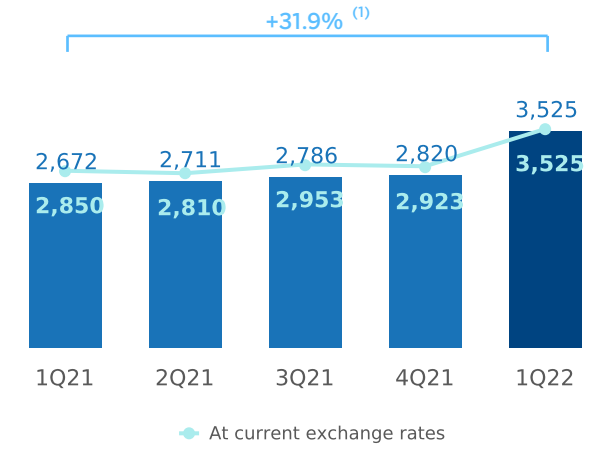
(1) At current exchange rates: +4.8%.

EFFICIENCY RATIO (PERCENTAGE)



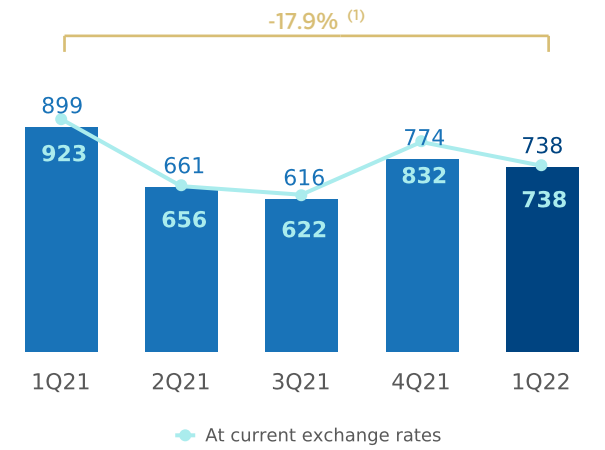
Impairment on financial assets not measured at fair value through profit or loss (impairment on financial assets) closed March 2022 with a negative balance of €738m, significantly lower than the previous year (-17.9%), despite the more unfavorable macroeconomic environment, thanks to the good performance of the underlying asset, highlighting the decrease in Spain, Mexico and South America.

OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



(1) At current exchange rates: +23.7%.

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



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

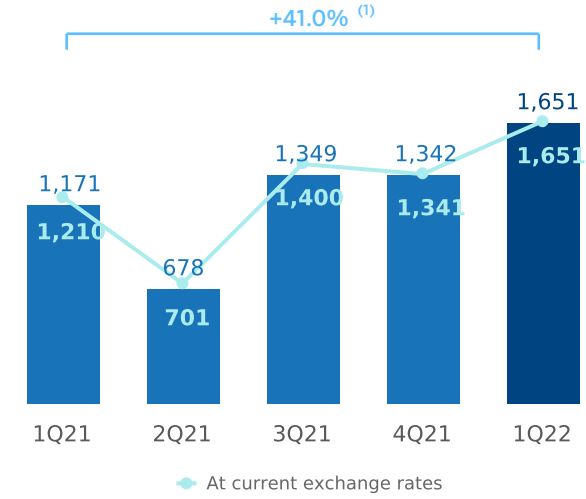
The provisions or reversal of provisions line (hereinafter "provisions") accumulated a negative balance of €48m as of March 31, 2022, mainly due to provisions for legal contingencies in Spain and was 70.0% below the accumulated figure in the same period of the last year.

With regard to other gains (losses) line, it closed March 2022 with a positive balance of €27m, which is an improvement over the figure reached the previous year (€-17m), mainly due to the results related with real estate assets in Mexico, Spain and Turkey.

As a result of the above, the BBVA Group generated a net attributable profit of €1,651m in the first quarter of 2022, representing a year-on-year increase of +41.0%. Excluding the non-recurring impacts in the first quarter of 2021, i.e. €177m for the result generated by BBVA USA and the rest of the companies included in the sale agreement to PNC and recorded in the "Profit (loss) after tax from discontinued operations" line, the Group's net attributable profit increased by 68.4%, compared to that achieved in the first quarter of 2021.

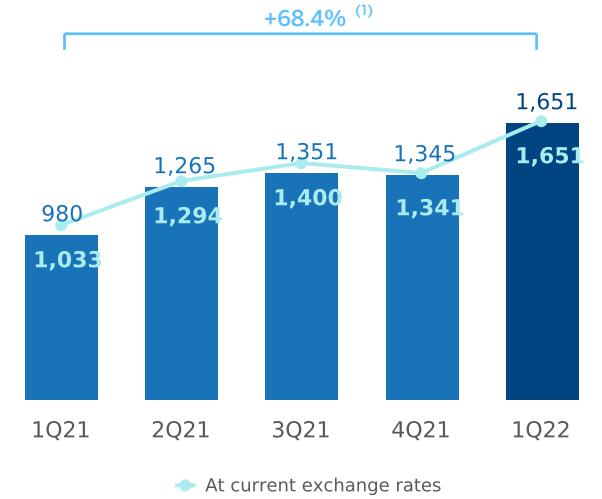
The cumulative net attributable profits, in millions of euros, at the close of March 2022 for the various business areas that comprise the Group were as follows: €601m in Spain, €777m in Mexico, €249m in Turkey, €158m in South America and €81m in Rest of Business.

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



(1) At current exchange rates: +36.4%.

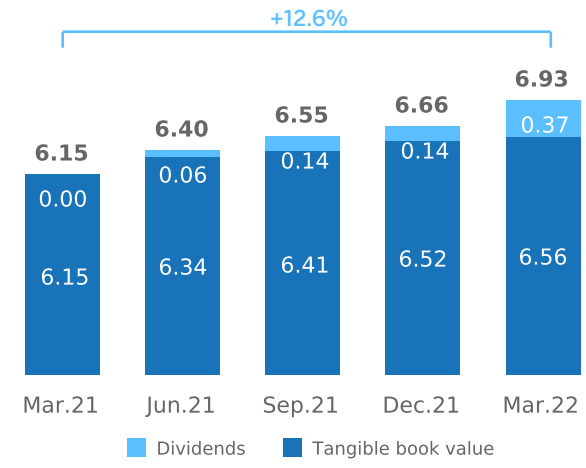
NET ATTRIBUTABLE PROFIT (LOSS) EXCLUDING NON-RECURRING IMPACTS (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



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

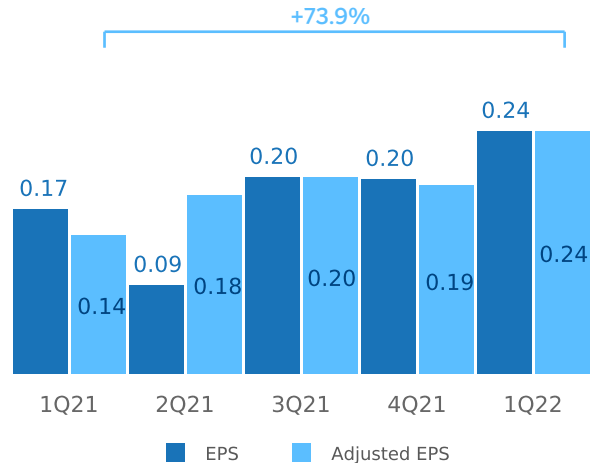
(1) At current exchange rates: +59.8%.

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



General note: replenishing dividends paid in the period.

ADJUSTED EARNING PER SHARE (2) AND EARNING PER SHARE (2) (EUROS)



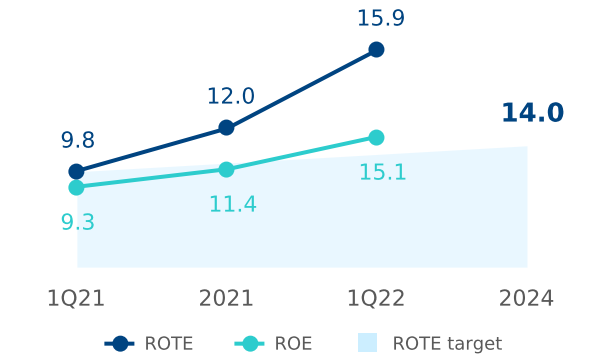
General note: adjusted earning per share excludes: (I) BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021 for the periods 1Q21 and 2Q21; and (II) the net cost related to the restructuring process for the period 2Q21.

(1) At the end of March 2022, 290 million shares acquired as from the start of the share buyback program until the end of the period and the estimated number of shares pending from buyback as of March 31, 2022 of the first segment of the second buyback program (€1,000m), in process at the end of that date, were taken into account. At the end of December 2021, 112 million shares acquired as from the beginning of the share buyback program until the end of the period and the estimated number of shares pending from buyback as of December 31, 2021 of the first tranche (€1,500m), in process at the end of that date, were taken into account.

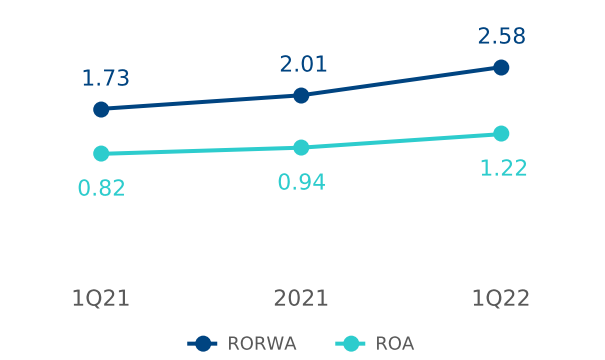
(2) The additional Tier 1 instrument remuneration was adjusted. In 1Q22, the average number of shares acquired as from the start of the share buyback program until the end of the period was taken into account. In 4Q21, 112 million shares acquired as from the start of the share buyback program until the end of the period were taken into account and, in addition, for the calculation of the earning (loss) per share, the estimated number of shares pending from buyback as of December 31, 2021 of the first tranche (€1,500m), in process at the end of that period, was included.

The Group's profitability indicators improved compared to the end of December 2021, supported by the favorable performance of results.

ROE AND ROTE [1] (PERCENTAGE)



ROA AND RORWA [1] (PERCENTAGE)



[1] Excludes: (I) BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021 for the periods 1Q21 and 2021; and (II) the net cost related to the restructuring process for the period 2021.

Balance sheet and business activity

The most relevant aspects related to the evolution of the Group's balance sheet and business activity as of March 31, 2022 are summarized below:

- Loans and advances to customers recorded a growth of 5.0% compared to the end of December 2021, strongly favored by the evolution of business loans (+7.7%) in all business areas and, to a lesser extent, by the dynamism of retail loans, especially in Mexico and South America (+2.7% at Group level), supported by the good performance of both consumer loans and credit cards (+5.0% overall at Group level) and mortgage loans (+1.4% at Group level).
- Customer funds showed an increase of 2.2% compared to the end of December 2021, thanks to the contribution of demand deposits (+2.8%) and, to a lesser extent, of time deposits (+5.7%). For its part, off-balance sheet funds remained stable in the quarter.

CONSOLIDATED BALANCE SHEET (MILLIONS OF EUROS)

	31-03-22	Δ %	31-12-21	31-03-21
Cash, cash balances at central banks and other demand deposits	70,937	4.6	67,799	54,950
Financial assets held for trading	112,131	(9.2)	123,493	98,275
Non-trading financial assets mandatorily at fair value through profit or loss	6,625	8.9	6,086	5,488
Financial assets designated at fair value through profit or loss	1,036	(5.1)	1,092	1,110
Financial assets at fair value through accumulated other comprehensive income	65,103	7.7	60,421	72,771
Financial assets at amortized cost	388,031	4.1	372,676	363,754
Loans and advances to central banks and credit institutions	*16,750*	*(11.6)*	*18,957*	*16,963*
Loans and advances to customers	*335,016*	*5.0*	*318,939*	*310,683*
Debt securities	*36,265*	*4.3*	*34,781*	*36,108*
Investments in subsidiaries, joint ventures and associates	911	1.2	900	1,416
Tangible assets	7,375	1.1	7,298	7,703
Intangible assets	2,224	1.2	2,197	2,297
Other assets	21,471	2.6	20,923	109,165
Total assets	**675,842**	**2.0**	**662,885**	**716,929**
Financial liabilities held for trading	85,960	(5.7)	91,135	78,477
Other financial liabilities designated at fair value through profit or loss	9,761	0.8	9,683	9,714
Financial liabilities at amortized cost	504,480	3.4	487,893	475,813
Deposits from central banks and credit institutions	*73,161*	*8.9*	*67,185*	*74,123*
Deposits from customers	*360,716*	*3.1*	*349,761*	*331,064*
Debt certificates	*53,540*	*(4.0)*	*55,763*	*57,418*
Other financial liabilities	*17,063*	*12.4*	*15,183*	*13,208*
Liabilities under insurance and reinsurance contracts	11,094	2.1	10,865	10,325
Other liabilities	16,289	12.0	14,549	91,889
Total liabilities	**627,585**	**2.2**	**614,125**	**666,218**
Non-controlling interests	**5,258**	8.3	4,853	5,396
Accumulated other comprehensive income	(16,467)	(0.1)	(16,476)	(14,718)
Shareholders' funds	59,467	(1.5)	60,383	60,033
Total equity	**48,258**	**(1.0)**	**48,760**	**50,711**
Total liabilities and equity	**675,842**	**2.0**	**662,885**	**716,929**
Memorandum item:				
Guarantees given	48,891	6.4	45,956	43,110

General note: the "Other assets" and "Other liabilities" figures as of 31-03-21 mainly include the non-current assets and liabilities held for sale related to BBVA USA and the rest of the companies sold to PNC on June 1, 2021.

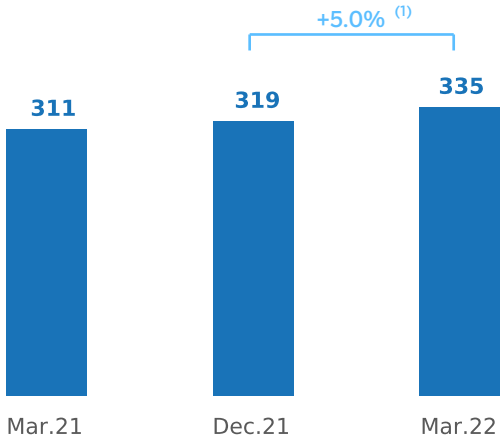
LOANS AND ADVANCES TO CUSTOMERS (MILLIONS OF EUROS)

	31-03-22	Δ %	31-12-21	31-03-21
Public sector	**20,517**	**4.4**	**19,656**	**18,895**
Individuals	**150,366**	**2.7**	**146,433**	**144,523**
Mortgages	*92,598*	*1.4*	*91,324*	*91,438*
Consumer	*32,845*	*5.9*	*31,026*	*30,082*
Credit cards	*13,326*	*3.0*	*12,936*	*11,721*
Other loans	*11,597*	*4.0*	*11,146*	*11,282*
Business	**160,819**	**7.7**	**149,309**	**144,516**
Non-performing loans	**14,731**	**0.5**	**14,657**	**14,933**
Loans and advances to customers (gross)	**346,434**	**5.0**	**330,055**	**322,866**
Allowances [1]	(11,417)	2.7	(11,116)	(12,183)
Loans and advances to customers	**335,016**	**5.0**	**318,939**	**310,683**

[1] Allowances include the valuation adjustments for credit risk during the expected residual life of those financial instruments which have been acquired (mainly originated from the acquisition of Catalunya Banc, S.A.). As of March 31, 2022, December 31, 2021 and March 31, 2021 the remaining amount was €245m and €266m and €334m, respectively.

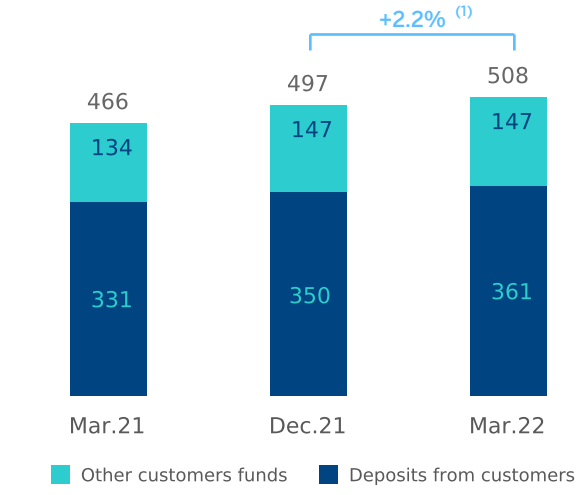
The evolution of loans and advances to customers and the customer funds of the BBVA Group as of March 31 and December 31, 2021 and March 31, 2022 is shown below. For a more homogeneous comparison, the balances as of March 31, 2021 exclude BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021.

LOANS AND ADVANCES TO CUSTOMERS (BILLIONS OF EUROS)



[1] At constant exchange rates: +3.9%.

CUSTOMER FUNDS (BILLIONS OF EUROS)



[1] At constant exchange rates: +1.2%.

CUSTOMER FUNDS (MILLIONS OF EUROS)

	31-03-22	Δ %	31-12-21	31-03-21
Deposits from customers	**360,716**	**3.1**	**349,761**	**331,064**
Current accounts	*301,333*	*2.8*	*293,015*	*260,988*
Time deposits	*58,170*	*5.7*	*55,059*	*69,144*
Other deposits	*1,213*	*(28.1)*	*1,687*	*932*
Other customer funds	**147,244**	**0.0**	**147,192**	**134,483**
Mutual funds and investment companies and customer portfolios [1]	*106,323*	*0.1*	*106,235*	*95,396*
Pension funds	*38,460*	*(0.8)*	*38,763*	*37,189*
Other off-balance sheet funds	*2,461*	*12.1*	*2,195*	*1,899*
Total customer funds	**507,961**	**2.2**	**496,954**	**465,547**

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

Solvency

Capital base

The Group's CET1 fully-loaded ratio stood at 12.70%[2] as of March 31, 2022, which allows to maintain a large management buffer over the Group's CET1 requirement (8.60%), also standing above the Group's target management range established at 11.5-12% of CET1.

This ratio includes the negative impact of 10 basis points from the agreement reached with the company "Neon Payments Limited". Isolating this effect, the CET1 ratio increased by 5 basis points, driven by the recurrent generation of profit net of dividends and remuneration of AT1 instruments, which contributed +23 basis points and which has made it possible to neutralize the negative evolution of the portfolio valuation due to the uncertainty in market variables, as well as the growth of risk-weighted assets (RWA) characterized, mainly, by the increase in lending activity.

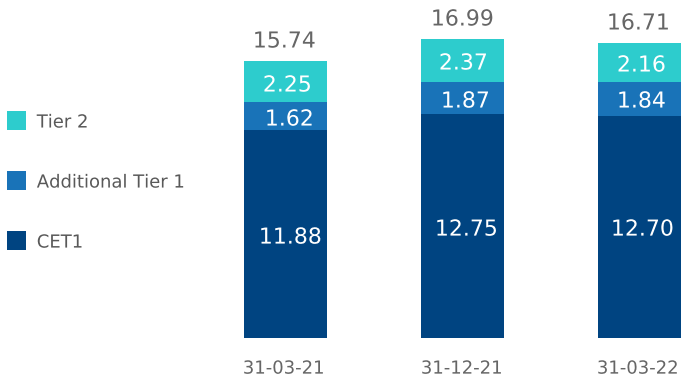
The consolidated fully-loaded additional Tier 1 capital (AT1) stood at 1.84% as of March 31, 2022, resulting in a 3 basis points decrease from the previous quarter. On April 6, 2022, the Group announced its intention to prepay the issue of preferred shares eventually convertible into ordinary shares (CoCos) of BBVA, carried out on May 24, 2017, for a joint nominal amount of €500m at the first review date, next May 24, 2022. The impact of this amortization will be recorded in the following quarter, and is estimated at -16 basis points of the fully loaded AT1 ratio.

The consolidated fully-loaded Tier 2 ratio as of March 31, 2022 stood at 2.16%, a decrease of 21 basis points in the quarter. The total fully-loaded capital adequacy ratio stands at 16.71%.

Following the latest SREP (Supervisory Review and Evaluation Process) decision, received in February 2022 and with entry into force as from March 1, 2022, the ECB has informed the Group that the Pillar 2 requirement remains unchanged at 1.5% (of which at least 0.84% must be fulfilled with CET1). Therefore, BBVA must maintain a CET1 capital ratio of 8.60% and a total capital ratio of 12.76% at consolidated level.

The phased-in CET1 ratio at consolidated level stood at 12.81% as of March 31, 2022, considering the transitory effect of the IFRS 9 standard. AT1 reached 1.84% and Tier 2 reached 2.16%, resulting in a total capital adequacy ratio of 16.82%.

FULLY-LOADED CAPITAL RATIOS (PERCENTAGE)



CAPITAL BASE (MILLIONS OF EUROS)

	CRD IV phased-in			CRD IV fully-loaded		
	31-03-22 (1) (2)	**31-12-21**	**31-03-21**	**31-03-22 (1) (2)**	**31-12-21**	**31-03-21**
Common Equity Tier 1 (CET 1)	40,537	39,949	43,234	40,154	39,184	42,092
Tier 1	46,364	45,687	48,955	45,982	44,922	47,818
Tier 2	6,838	7,383	8,294	6,837	7,283	7,959
Total Capital (Tier 1 + Tier 2)	**53,203**	**53,069**	**57,249**	**52,819**	**52,205**	**55,778**
Risk-weighted assets	**316,325**	**307,795**	**354,342**	**316,095**	**307,335**	**354,433**
CET1 (%)	12.81	12.98	12.20	12.70	12.75	11.88
Tier 1 (%)	14.66	14.84	13.82	14.55	14.62	13.49
Tier 2 (%)	2.16	2.40	2.34	2.16	2.37	2.25
Total capital ratio (%)	**16.82**	**17.24**	**16.16**	**16.71**	**16.99**	**15.74**

(1) As of March 31, 2022, the difference between the phased-in and fully-loaded ratios arises from the temporary treatment of certain capital items, mainly of the impact of IFRS 9, to which the BBVA Group has adhered voluntarily (in accordance with article 473bis of the CRR and the subsequent amendments introduced by the Regulation (EU) 2020/873).

(2) Preliminary data.

[2] This level of CET1 includes the deduction of the total amount of the share buyback program authorized by the supervisor for a maximum amount of €3,500m that were already registered as of December 2021.

Regarding shareholder remuneration, on April 8, 2022, a cash payment of €0.23 gross against voluntary reserves was made for each outstanding share of BBVA entitled to receive this amount as additional shareholder remuneration for the year 2021, approved by the Annual General Meeting held on March 18, 2022. Thus, the total amount of cash distributions for the year 2021 was €0.31 gross per share, the largest distribution in 10 years.

The total shareholder remuneration includes, in addition to the aforementioned cash payments, the extraordinary remuneration resulting from the execution of the program scheme announced on October 29, 2021 for the buyback of own shares up to a maximum amount of 3,500 million euros. Regarding the first tranche of the share buyback program, BBVA announced on March 3, 2022 the completion of the program, having reached the maximum monetary amount of €1,500m disclosed in the inside information of November 19, 2021. The total number of own shares acquired was 281,218,710 shares. Additionally,the Bank announced on March 16, 2022 the execution of the First Segment of the Second Tranche up to a maximum amount of 1,000 million euros or a maximum number of shares of 356,551,306. This First Segment is being externally executed by Goldman Sachs International thorough Kepler Cheuvreux, S.A. as broker. Upon full execution of the First Segment, a second segment will be executed up to the remaining amount or remaining number of shares for the complete execution of the program scheme. From March 16 to March 31, 2022 and from April 1 to April 21, 2022, Goldman Sachs International, acting as lead manager for the First Segment through the broker Kepler Cheuvreux, S.A., has acquired 8,540,302 and 60,285,015 BBVA shares respectively.

As a result, the Group's pay-out at the end of the 2021 financial year amounted to 43% of the same year's ordinary profit[3], thus the Group complies with what is indicated in its shareholder remuneration policy, which establishes the annual distribution of between 40% and 50% of the consolidated ordinary profit for each financial year.

SHAREHOLDER STRUCTURE (31-03-2022)

	Shareholders		Shares issued	
Number of shares	**Number**	**%**	**Number**	**%**
Up to 500	336,503	41.3	63,002,367	0.9
501 to 5,000	375,689	46.1	663,481,382	10.0
5,001 to 10,000	55,273	6.8	388,853,888	5.8
10,001 to 50,000	42,990	5.3	822,168,494	12.3
50,001 to 100,000	3,068	0.4	209,065,809	3.1
100,001 to 500,000	1,432	0.2	259,986,825	3.9
More than 500,001	278	0.0	4,261,327,815	63.9
Total	**815,233**	**100.0**	**6,667,886,580**	**100.0**

With regard to MREL (Minimum Requirement for own funds and Eligible Liabilities) requirements, BBVA must reach, by January 1, 2022, an amount of own funds and eligible liabilities equal to 21.46% of the total RWAs of its resolution group, at a sub-consolidated[4] level (hereinafter, the "MREL in RWAs"). This MREL in RWA does not include the combined capital buffer requirement which, according to applicable regulations and supervisory criteria, would currently be 3.26%, and it is currently the most restrictive requirement for BBVA. Given the structure of own funds and admissible liabilities of the resolution group, as of March 31, 2022, the MREL ratio in RWAs stands at 27.61%[5,6], complying with the aforementioned requirement. The impact of the aforementioned early amortization of the CoCos from May 2017 will be recorded in the next quarter.

With the aim of reinforcing compliance with these requirements, in January 2022, BBVA S.A. issued a €1 billion senior non-preferred bond, with a maturity of 7 years and the option for early redemption in the sixth year, with a coupon of 0.875%.

Lastly, the Group's leverage ratio stood at 6.7% fully-loaded (6.7% phased-in)[7] as of March 31, 2022. These figures include the effect of the temporary exclusion of certain positions with the central banks of the different geographical areas where the Group operates, as foreseen in the "CRR-Quick fix".

[3] Excluding amounts and items of an extraordinary nature included in the consolidated income statement.

[4] In accordance with the resolution strategy MPE ("Multiple Point of Entry") of the BBVA Group, established by the SRB, the resolution group is made up of Banco Bilbao Vizcaya Argentaria, S.A. and subsidiaries that belong to the same European resolution group. As of June 30, 2021, the total RWAs of the resolution group amounted to €190,377m and the total exposure considered for the purpose of calculating the leverage ratio amounted to €452,275m.

[5] Own resources and eligible liabilities to meet, both, MREL and the combined capital buffer requirement applicable.

[6] As of March 31, 2022, the MREL ratio in Leverage Ratio stands at 11.08% and the subordination ratios in terms of RWAs and in terms of exposure of the leverage ratio, stand at 24.07% and 9.66%, respectively, being preliminary data.

[7] The Group's leverage ratio is provisional at the date of release of this report.

Ratings

During the first quarter of 2022, BBVA's rating has continued to show its strength and all agencies have maintained their rating in the A category. After upgrading BBVA's rating one notch to A from A- in December 2021, S&P changed the outlook from negative to stable in March 2022, after taking a similar action in the Spanish sovereign rating (also A, with stable outlook). Also in March 2022, DBRS reported the result of its annual review of BBVA, affirming the rating at A (high) with a stable outlook. Moody's and Fitch have maintained BBVA's rating unchanged in the quarter at A3 and A-, respectively, both with a stable outlook. The following table shows the credit ratings and outlook assigned by the agencies:

RATINGS

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

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

Risk management

Credit risk

In addition to the significant macroeconomic challenges raised by the COVID-19 pandemic that led to a decline in GDP in 2020 in many of the countries where the Group operates, the global economy is currently facing a number of exceptional challenges. Russia's invasion of Ukraine has caused significant disruption, instability and volatility in the world markets, as well as increased inflation (contributing to further increases in energy, oil and other commodity prices further affecting supply chains). At sector level, those energy-intensive sectors with greater dependence on gas, as well as those that use natural gas as an input, are the ones that show greater sensitivity to this new environment. Generally, aluminum, paper, steel and glass stand out, and, particularly for gas, basic chemistry, construction materials and fertilizers.

In relation to the relief measures for customers affected by the pandemic and with the aim of mitigating the impact of these measures for the Group as much as possible, due to the high concentration in the time of their maturities, continuous monitoring of the their effectiveness has been made in order to verify their compliance and their dynamic adjustment to the evolution of the crisis. With regard to those measures, only the possibility of granting loans with public guarantees in Spain or the modification of their conditions, in accordance with the new Royal Decree-Law 6 /2022 of March 30, 2022, remain in place.

As for the direct impact that the war between Russia and Ukraine could have on the Group, it can be qualified as non-material for BBVA given the low direct exposure to customers from those countries. However, the indirect risk is greater due to the activity of clients in the affected area or sectors. Furthermore, there are additional implications due to increasing energy prices and geopolitical tensions, aside from the uncertainty due to inflation, supply disturbances and depressed demand, as well as the aforementioned geopolitical tension.

The Group has taken different measures geared towards reducing the impact that the war may have, amongst which, the lowering of limits at first followed by the suspension of operations with Russia; the lowering of internal ratings; and, the inclusion of the country and its unlikely to pay debtors as well as the subsidiaries of international groups under special monitoring.

Calculation of expected losses due to credit risk

In addition to the estimated individualized and collective expected losses and the macroeconomic estimates in accordance with the requirements of IFRS 9, the estimate at the end of the quarter includes the effect on the expected losses of the update of the macroeconomic forecasts, which have been affected by the war in Ukraine, the evolution of interest rates, inflation rates or the prices of commodities. Such update includes an adaptation of such forecasts, which has been reviewed following the internal approval circuits established for this purpose, to reflect the effects of the new inflationary environment on the results of the collective estimates. It is expected that this adaptation will be reviewed and, if appropriate, incorporated into the calculation methodology within the periodic review process that is carried out each year. Additionally, the Group can supplement the expected losses either by the consideration of additional risk drivers, the incorporation of sectorial particularities or that may affect a set of operations or borrowers. These adjustments should be of temporary nature, until the reasons for them disappear or they materialize.

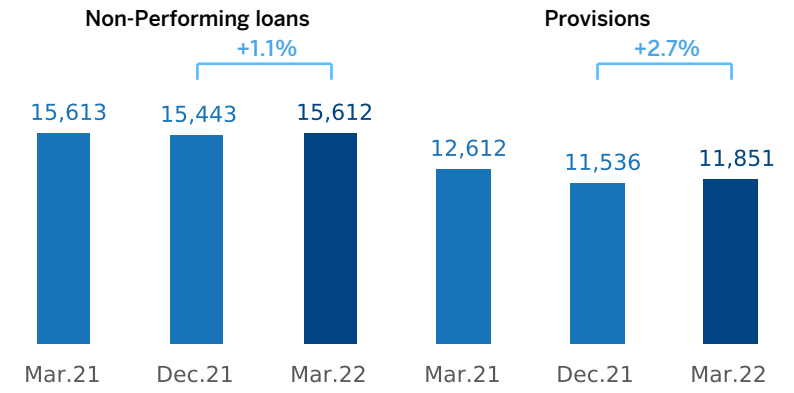
As of March 31, 2022, there are adjustments to the expected losses amounting to €295m at the Group level, €208m in Spain, €16m in Peru and €71m in Mexico. As of December 31, 2021, this concept amounted to €311m in total, of which €226m were allocated to Spain, €18m to Peru and €68m to Mexico. The variation in the first quarter of 2022 is due to the use in Spain and Peru and without any additional allocation during the period.

BBVA Group's credit risk indicators

The Group's main credit risk indicators showed the following development in the first quarter of 2022:

- Credit risk has increased by 5.1% during the first quarter of 2022 (+4.0% at constant exchange rates). General growth at constant exchange rates at Group level during the first months of the year, highlighting Turkey, Rest of Business and Mexico.
- Stability in the balance of non-performing loans at Group level between January and March 2022 (+1.1% in current terms and -0.1% at constant rates).

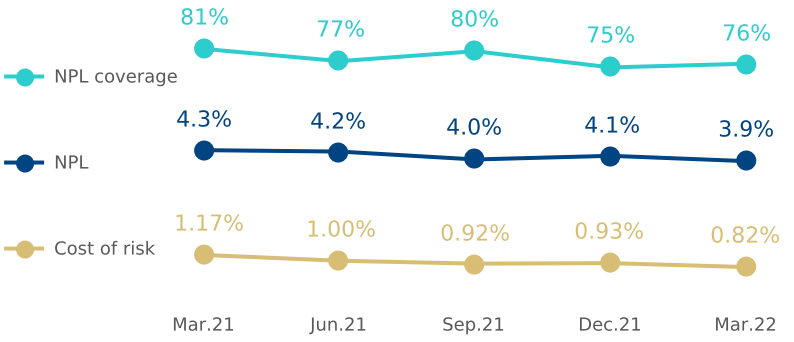
NON-PERFORMING LOANS [1] AND PROVISIONS [1] (MILLIONS OF EUROS)



[1] Excludes BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021.

- The NPL ratio stood at 3.9% as of March 31, 2022 (4.1% in December 2021), 16 basis points below the figure recorded in December 2021.
- Loan-loss provisions increased by 2.7% compared to December 2021 with growth in almost all geographical areas.
- The NPL coverage ratio amounted to 76%, 121 basis points above the close of 2021, and slightly higher than the levels reached in the pre-pandemic years (2019 and 2018).
- The cumulative cost of risk as of March 31, 2022 stood at 0.82% (12 basis points below the close of 2021).

NPL [1] AND NPL COVERAGE [1] RATIOS AND COST OF RISK [1] (PERCENTAGE)



[1] Excluding BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021.

CREDIT RISK [1] (MILLIONS OF EUROS)

	31-03-22	31-12-21	30-09-21	30-06-21	31-03-21
Credit risk	**395,325**	**376,011**	**371,708**	**370,348**	**365,292**
Non-performing loans	15,612	15,443	14,864	15,676	15,613
Provisions	11,851	11,536	11,895	12,033	12,612
NPL ratio (%)	**3.9**	**4.1**	**4.0**	**4.2**	**4.3**
NPL coverage ratio (%) [2]	**76**	**75**	**80**	**77**	**81**

General note: figures excluding BBVA USA and the rest of companies in the United States sold to PNC on June 1, 2021.

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

[2] The NPL coverage ratio includes the valuation adjustments for credit risk during the expected residual life of those financial instruments which have been acquired (mainly originated from the acquisition of Catalunya Banc, S.A.). Excluding these allowances, the NPL coverage ratio would stand at 74% as of March 31, 2022, 73% as of December 31, 2021 and 79% as of March 31, 2021.

NON-PERFORMING LOANS EVOLUTION (MILLIONS OF EUROS)					
	1Q22 [1]	4Q21	3Q21	2Q21	1Q21
Beginning balance	**15,443**	**14,864**	**15,676**	**15,613**	**15,451**
Entries	1,772	2,875	1,445	2,321	1,915
Recoveries	(1,286)	(1,235)	(1,330)	(1,065)	(921)
Net variation	**485**	**1,640**	**115**	**1,256**	**994**
Write-offs	(579)	(832)	(848)	(1,138)	(796)
Exchange rate differences and other	263	(228)	(80)	(55)	(36)
Period-end balance	**15,612**	**15,443**	**14,864**	**15,676**	**15,613**
Memorandum item:					
Non-performing loans	14,731	14,657	14,226	15,013	14,933
Non performing guarantees given	881	786	637	663	681

General note: figures excluding BBVA USA and the rest of Group's companies in the United States sold to PNC on June 1, 2021.

[1] Preliminary data.

Structural risks

Liquidity and funding

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

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

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

- The BBVA Group's liquidity coverage ratio (LCR) remained comfortably above 100% throughout the first three months of 2022, and stood at 152% as of March 31, 2022. For the calculation of this ratio, it is assumed that there is no transfer of liquidity among subsidiaries; i.e. no type of excess liquidity levels in foreign subsidiaries are considered in the calculation of the consolidated ratio. When considering these excess liquidity levels, the BBVA Group's LCR would stand at 199%.
- The net stable funding ratio (NSFR), defined as the ratio between the amount of stable funding available and the amount of stable funding required, demands banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. This ratio should be at least 100% at all times. The BBVA Group's NSFR ratio, calculated based on the criteria established in the Regulation (UE) 2019/876 of the European Parliament and of the Council of May 20, 2019, with entry into force in June 2021, stood at 135% as of March 31, 2022.

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

LCR AND NSFR RATIOS (PERCENTAGE. 31-03-22)				
	Eurozone [1]	Mexico	Turkey [2]	South America
LCR	**173**	**227**	**240**	**All countries >100**
NSFR	**126**	**146**	**163**	**All countries >100**

[1] BBVA, S.A. liquidity management perimeter: Spain + branches of the outside network.

[2] Calculated at bank only local level.

One of the key elements in BBVA's Group liquidity and funding management is the maintenance of large high quality liquidity buffers in all the geographical areas where the Group operates. In this respect, the Group has maintained for the last 12 months an average volume of high quality liquid assets (HQLA) accounting to €134.6 billion, among which, 93% correspond to maximum quality assets (LCR Tier 1).

It should be noted that the war in Ukraine has not had a significant impact on the liquidity and financing situation of the BBVA Group units during the first quarter of 2022. The most relevant aspects related to the main geographical areas are the following:

- BBVA S.A. has maintained a sound position with a large high-quality liquidity buffer. During the first quarter of 2022, commercial activity has drawn down liquidity amounting to approximately €3 billion due to the growth in lending activity above deposits. On the other hand, collateral generation activities have continued with the issuance of mortgage and regional bonds to retain for an amount of €2 billion, highlighting the creation of a new mortgage securitization fund held as

collateral for an amount of €12.4 billion, which groups the assets previously held in seven funds, generating an additional collateral of approximately €3 billion.

- In BBVA Mexico, commercial activity has provided liquidity for the amount of approximately 17 billion Mexican pesos between January and March 2022, derived from a growth in customer funds that exceeded that of lending activity. As a result of the comfortable liquidity position, a cost-efficient funding management has been carried out in an environment of rising rates. In terms of wholesale issuances, there were no maturities or new issues during the first quarter of 2022.
- In the first quarter, the Central Bank of the Republic of Turkey has kept the benchmark rate unchanged, despite the increases in the inflation rate. The mechanism to encourage local currency deposits has also been maintained. Similarly, between January and March 2022, the lending gap in local currency has narrowed, with a higher increase in deposits than in loans, while the lending gap in foreign currency has increased, with flat lending behavior and a decline in deposits, as a result of the mechanism to encourage local currency deposits. Garanti BBVA continues to maintain a stable liquidity position with comfortable ratios.
- In South America, the liquidity situation remains adequate throughout the region. In Argentina, liquidity in the system and in BBVA continues to increase due to the higher growth in deposits than in loans in local currency. In BBVA Colombia, activity picks up above the growth in deposits. For its part, BBVA Peru maintains solid levels of liquidity, in a quarter in which liquidity has slightly decreased in the foreign currency balance and has increased in the local currency balance.

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

- In January 2022, BBVA S.A. issued a €1 billion senior non-preferred bond, with a maturity of 7 years and the option for early redemption in the sixth year, with a coupon of 0.875%. In addition, the Group has communicated the intention to early redeem the preference shares contingently convertible into ordinary shares of BBVA (CoCos) issued in May 2017 by BBVA. For more information, consult the "Solvency" chapter of this report.

Foreign exchange

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

During the first quarter of 2022, the euro has been weak due to the more negative consequences for Europe of the war in Ukraine. The main beneficiaries at the beginning of the year have been the currencies of Latin America, which have been significantly favored by the rise in the price of raw materials as well as by the intensification of the rate increases by the different central banks of the region. Thus, the Mexican peso appreciated by 4.8% against the euro, the Peruvian sol by 9.4%, the Colombian peso by 8.4% and the Chilean peso by 9.5%. For its part, the Argentine peso accumulated a depreciation of 5.5%. With regard to the US dollar, its appreciation against the euro was 2.0%. Finally, the Turkish lira depreciated by 6.4% against the euro in the first quarter of the year.

EXCHANGE RATES (EXPRESSED IN CURRENCY/EURO)

	Year-end exchange rates			Average exchange rates	
	31-03-22	Δ % on 31-03-21	Δ % on 31-12-21	1Q22	Δ % on 1Q21
U.S. dollar	1.1101	5.6	2.0	1.1217	7.4
Mexican peso	22.0903	8.9	4.8	22.9919	6.7
Turkish lira	16.2823	(40.3)	(6.4)	15.6725	(43.1)
Peruvian sol	4.1185	7.1	9.4	4.2651	3.4
Argentine peso [(1)]	123.13	(12.4)	(5.5)	—	—
Chilean peso	873.83	(1.8)	9.5	907.74	(3.9)
Colombian peso	4,160.82	5.3	8.4	4,389.23	(2.4)

[(1)] According to IAS 29 "Financial information in hyperinflationary economies", the year-end exchange rate is used for the conversion of the Argentina income statement.

BBVA maintains its policy of actively hedging its main investments in emerging markets, covering on average between 30% and 50% of annual earnings and around 70% of the CET1 capital ratio surplus. The sensitivity of the Group's CET1 fully-loaded ratio to 10% depreciations in major currencies is estimated at: +19 basis points for the US dollar, -5 basis points for the Mexican peso and -1 basis point for the Turkish lira. With regard to coverage levels of the expected results for 2022 is close to 80% in the case of Mexico, 50% in Turkey and 100% in Peru and Colombia.

Interest rate

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

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

At the aggregate level, BBVA continues to maintain a moderate risk profile, in accordance with the established objective, showing positive sensitivity toward interest rate increases in the net interest income.

At the market level, during the first quarter of 2022, the United States sovereign curve has continued to flatten, in an environment of higher inflation levels, highlighting the first increase of 25 basis points by the Federal Reserve during the month of March. Compared to the sovereign curves of the Eurozone, Germany's curve has been steeper, with strong rises in all sections of the curve, discounting rate hikes for the last quarters of the year. Peripheral countries have behaved similarly to Germany, with further slight upturns. With regard to the emerging world, flattening moves similar to those of the United States, continuing with the rate hikes cycle, even accelerating the pace in many countries. Turkey, for its part, has kept the monetary policy rate unchanged at 14%. Regarding the behavior of sovereign curves, divergence between the real rate curve (lower yields) and the nominal curve (higher yields).

By area, the main features are:

- Spain has a balance sheet characterized by a high proportion of variable-rate loans (basically mortgages and corporate lending) and liabilities composed mainly of customer demand deposits. The ALCO portfolio acts as a management lever and hedging for the bank's balance sheet, mitigating its sensitivity to interest rate fluctuations. The balance sheet interest rate risk profile remained stable during the year, showing a positive net interest income sensitivity to 100 basis points increases by the interest rates slightly around 15 to 20%.

  On the other hand, the ECB held the marginal deposit facility rate unchanged at -0.50% during the first quarter of 2022 and, as announced in December 2021, has completed its Pandemic Emergency Purchase Program (PEPP). European benchmark interest rates (Euribor) have begun to pick up the ECB's expectations of rate hikes in the second half of the year, especially the 12-month Euribor which closed March at -7 basis points, which represents an increase of 43 basis points in the quarter. In this sense, customer spread, which keeps pressured by the low interest rates environment, will benefit from interest rate hikes in the coming quarters.
- Mexico continues to show a balance between fixed and variable interest rates balances. In terms of assets that are most sensitive to interest rate fluctuations, the commercial portfolio stands out, while consumer loans and mortgages are mostly at a fixed rate. With regard to the customer funds, the high proportion of non-interest bearing deposits should be highlighted, which are insensitive to interest rate movements. The ALCO portfolio is invested primarily in fixed-rate sovereign bonds with limited maturities. Net interest income sensitivity continues to be limited, registering a positive impact against 100 basis points increases in the Mexican peso, which is around 2%. The monetary policy rate stands at 6.5%, 100 basis points above the end-of-year level of 2021, following two successive increases in February and March 2022, of 50 basis points each. Regarding the consumer spread, an improvement can be appreciated so far in 2022, a trend which should continue due to the higher interest rates environment.
- In Turkey, the sensitivity of loans, which are mostly fixed-rate but with relatively short maturities, and the ALCO portfolio balance the sensitivity of deposits on the liability side. The interest rate risk is thus limited, both in Turkish lira and in foreign currencies. With regard to benchmark rates, the Central Bank of the Republic of Turkey has kept them unchanged during the first quarter of 2022. In addition, there has been a sharp upturn in inflation, which has generated positive impacts on the bond portfolio linked to it. The customer spread has continued to improve during the first months of 2022.
- In South America, the interest rate risk profile remains low as most countries in the area have a fixed/variable composition and maturities that are very similar for assets and liabilities, with limited net interest income sensitivity. In addition, in balance sheets with several currencies, interest rate risk is managed for each of the currencies, showing a very low level of risk. The benchmark rates of the central banks of Peru and Colombia continued to rise during the first quarter, with increases of 150 and 200 basis points, respectively. Additionally, the central bank of Peru carried out an increase of 50 basis points on April 8 to place rates at 4.5%. Customer spreads have changed little during the quarter in both geographical areas, with slight increases in Colombia and slight falls in Peru, although they are expected to improve during 2022, favored by an environment of higher interest rates.

INTEREST RATES (PERCENTAGE)

	31-03-22	31-12-21	30-09-21	30-06-21	31-03-21
Official ECB rate	0.00	0.00	0.00	0.00	0.00
Euribor 3 months [1]	(0.50)	(0.58)	(0.55)	(0.54)	(0.54)
Euribor 1 year [1]	(0.24)	(0.50)	(0.49)	(0.48)	(0.49)
USA Federal rates	0.25	0.25	0.25	0.25	0.25
TIIE (Mexico)	6.50	5.50	4.75	4.25	4.00
CBRT (Turkey)	14.00	14.00	18.00	19.00	19.00

[1] Calculated as the month average.

Business areas

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

The structure of the business areas reported by the BBVA Group as of March 31, 2022, is identical with the one presented at the end of 2021.

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

- Spain mainly includes the banking and insurance businesses that the Group carries out in this country, including the proportional share of the results of the company created from the bancassurance agreement reached with Allianz at the end of 2020.
- Mexico includes banking and insurance businesses in this country, as well as the activity that BBVA Mexico carries out through its branch in Houston.
- Turkey reports the activity of the group Garanti BBVA that is mainly carried out in this country and, to a lesser extent, in Romania and the Netherlands.
- South America mainly includes banking and insurance activity conducted in the region.
- Rest of Business mainly incorporates the wholesale activity carried out in Europe (excluding Spain) and in the United States, as well as the banking business developed through BBVA's branches in Asia.

The Corporate Center contains the centralized functions of the Group, including: the costs of the head offices with a corporate function; structural exchange rate positions management; portfolios whose management is not linked to customer relations, such as financial and industrial holdings; stakes in Funds & Investment Vehicles in tech companies including the venture capital fund Propel Venture Partners; certain tax assets and liabilities; funds due to commitments to employees; goodwill and other intangible assets as well as such portfolios and assets' funding. Additionally, the results obtained by BBVA USA and the rest of the companies included in the sale agreement to PNC until the closing of the transaction on June 1, 2021, are presented in a single line of the income statements called "Profit (loss) after taxes from discontinued operations". Finally, the costs related to the BBVA, S.A. restructuring process carried out in Spain during the second half of the year 2021, being considered such process a strategic decision, are included in this aggregate and are recorded in the line "Net cost related to the restructuring process".

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

The information by business areas is based on units at the lowest level and/or companies that make up the Group, which are assigned to the different areas according to the main region or company group in which they carry out their activity. With regard to the information related to the business areas, in the first quarter of 2022 the Group changed the allocation criteria for certain expenses related to global technology projects between the Corporate Center and the business areas, therefore, to ensure that year-on-year comparisons are homogeneous, the figures corresponding to the financial year 2021 have been restated, which did not affected the consolidated financial information of the Group. Also in the first quarter of 2022, an equity team from the Global Markets unit was transferred from Spain to New York, with the corresponding transfer of the costs associated with this relocation from the Spain area to the Rest of Business area.

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

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

At the end of February 2022, the accumulated inflation of the last three years in Turkey exceeded 100%, as published in its March 16, 2022 alert by the IPTF (The International Practices Task Force).

According to the criteria established by IAS 29 "Financial information in hyperinflationary economies", as of the date of the interim Consolidated Financial Statements for the first quarter of 2022, the economy of Turkey has not been considered highly inflationary.

The Group is monitoring the development of the economic environment in Turkey, in accordance with the criteria indicated in the previous paragraph, in order to assess, at each financial reporting date, whether the circumstances exist to consider that the Turkish economy could be highly inflationary, which is likely to happen as early as in the second quarter of 2022.

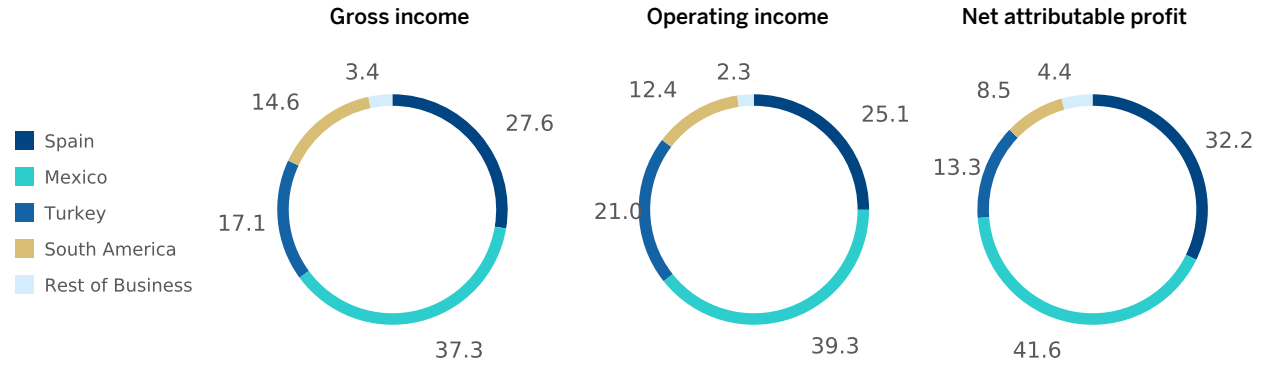
MAIN INCOME STATEMENT LINE ITEMS BY BUSINESS AREA (MILLIONS OF EUROS)

		Business areas						
	BBVA Group	Spain	Mexico	Turkey	South America	Rest of Business	∑ Business areas	Corporate Center
1Q22								
Net interest income	4,158	859	1,746	706	809	75	4,196	(37)
Gross income	5,939	1,663	2,245	1,027	881	202	6,018	(79)
Operating income	3,525	950	1,488	797	469	87	3,791	(266)
Profit (loss) before tax	2,766	841	1,068	696	311	104	3,021	(255)
Net attributable profit (loss) excluding non-recurring impacts [1]	1,651	601	777	249	158	81	1,866	(215)
1Q21 [2]								
Net interest income	3,451	866	1,366	530	660	73	3,495	(44)
Gross income	5,155	1,633	1,761	834	714	231	5,173	(18)
Operating income	2,850	877	1,133	569	372	115	3,066	(215)
Profit (loss) before tax	1,759	506	677	481	197	105	1,965	(206)
Net attributable profit (loss) excluding non-recurring impacts [1]	1,033	370	489	191	100	84	1,233	(201)

[1] Non-recurring impacts include profit (loss) after tax from discontinued operations in the first quarter of 2021.

[2] Restated balances.

GROSS INCOME [1], OPERATING INCOME [1] AND NET ATTRIBUTABLE PROFIT [1] BREAKDOWN (PERCENTAGE. 1Q22)

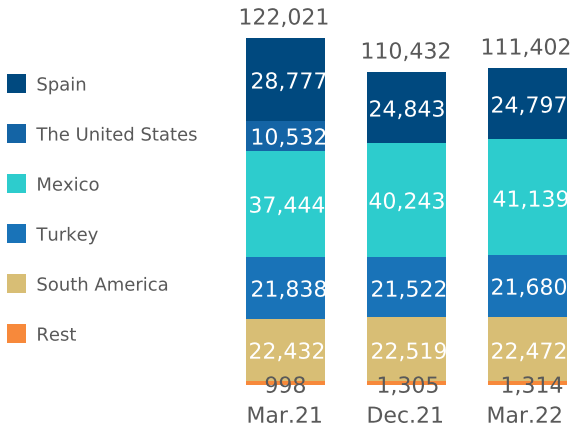


[1] Excludes the Corporate Center.

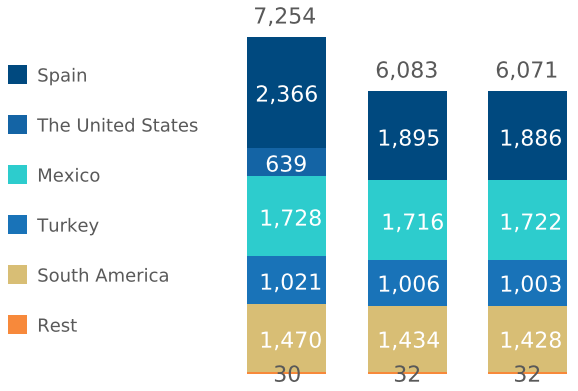
MAIN BALANCE-SHEET ITEMS AND RISK-WEIGHTED ASSETS BY BUSINESS AREA (MILLIONS OF EUROS)

		Business areas							
	BBVA Group	Spain	Mexico	Turkey	South America	Rest of Business	∑ Business areas	Corporate Center	Deletions
31-03-22									
Loans and advances to customers	335,016	171,950	60,744	33,726	37,975	31,495	335,889	501	(1,374)
Deposits from customers	360,716	206,451	69,537	40,157	38,875	6,650	361,669	182	(1,135)
Off-balance sheet funds	147,244	90,828	34,434	4,422	16,978	581	147,242	2	—
Total assets/liabilities and equity	675,842	410,045	128,221	58,551	61,637	47,594	706,049	29,303	(59,509)
RWAs	316,325	109,623	67,626	49,589	46,330	31,607	304,777	11,548	—
31-12-21									
Loans and advances to customers	318,939	171,081	55,809	31,414	34,608	26,965	319,877	1,006	(1,945)
Deposits from customers	349,761	206,663	64,003	38,341	36,340	6,266	351,613	175	(2,027)
Off-balance sheet funds	147,192	94,095	32,380	3,895	16,223	597	147,190	2	—
Total assets/liabilities and equity	662,885	413,430	118,106	56,245	56,124	40,328	684,233	30,835	(52,182)
RWAs	307,795	113,797	64,573	49,718	43,334	29,280	300,703	7,092	—

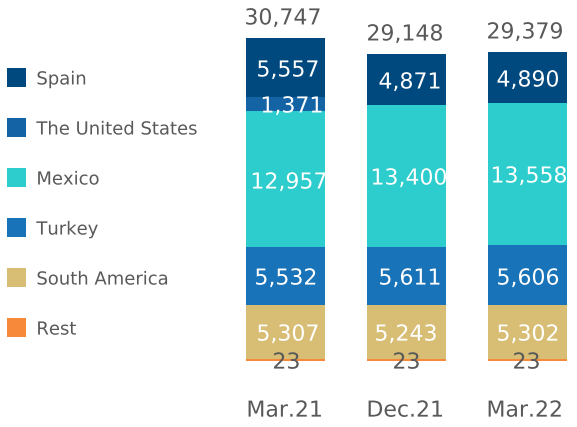
NUMBER OF EMPLOYEES



NUMBER OF BRANCHES



NUMBER OF ATMS



Spain

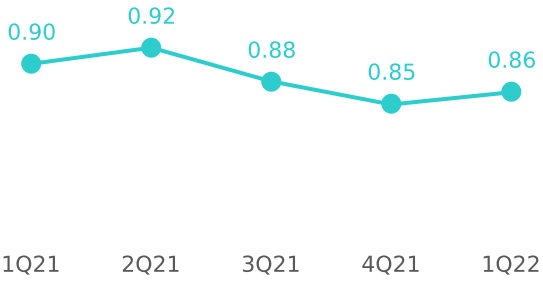
Highlights

- **Growth in lending activity despite the usual seasonality in the first quarter of the year**
- **Favorable year-on-year evolution of the main margins**
- **Significant improvement in the efficiency ratio**
- **Lower impairment on financial assets and good performance of risk indicators**

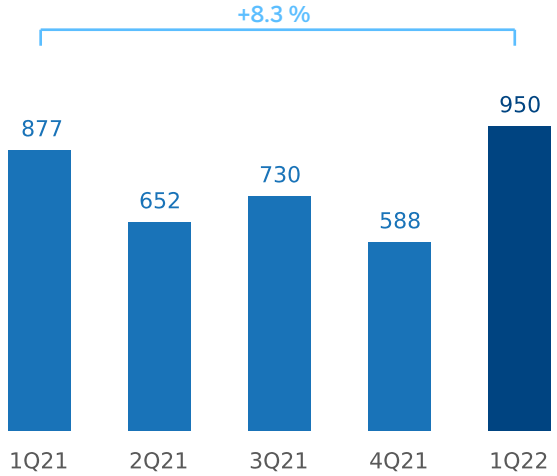
BUSINESS ACTIVITY [1] (VARIATION COMPARED TO 31-12-21)

[1] Excluding repos.

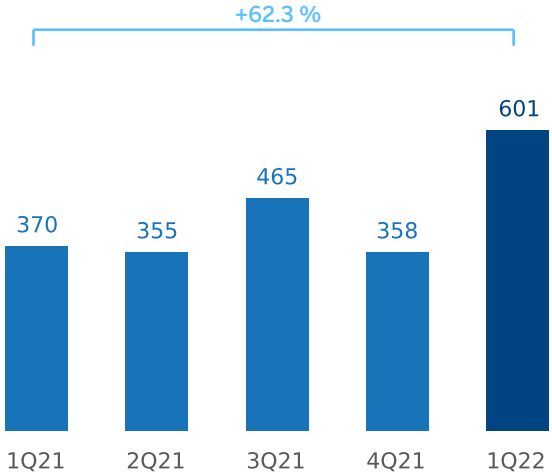
NET INTEREST INCOME / AVERAGE TOTAL ASSETS (PERCENTAGE)



OPERATING INCOME (MILLIONS OF EUROS)



NET ATTRIBUTABLE PROFIT (LOSS) (MILLIONS OF EUROS)



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

Income statement	1Q22	Δ %	1Q21 [1]
Net interest income	**859**	**(0.8)**	**866**
Net fees and commissions	536	5.4	509
Net trading income	190	1.3	187
Other operating income and expenses	79	10.9	71
Of which: Insurance activities [2]	*96*	*7.1*	*90*
Gross income	**1,663**	**1.9**	**1,633**
Operating expenses	(714)	(5.6)	(756)
Personnel expenses	*(383)*	*(10.5)*	*(428)*
Other administrative expenses	*(226)*	*3.7*	*(218)*
Depreciation	*(105)*	*(5.0)*	*(110)*
Operating income	**950**	**8.3**	**877**
Impairment on financial assets not measured at fair value through profit or loss	(89)	(51.7)	(185)
Provisions or reversal of provisions and other results	(19)	(89.5)	(186)
Profit (loss) before tax	**841**	**66.1**	**506**
Income tax	(239)	76.4	(136)
Profit (loss) for the period	**602**	**62.3**	**371**
Non-controlling interests	(1)	38.2	(1)
Net attributable profit (loss)	**601**	**62.3**	**370**

[1] Restated balances. For more information, please refer to the "Business Areas" section.

[2] Includes premiums received net of estimated technical insurance reserves.

Balance sheets	31-03-22	Δ %	31-12-21
Cash, cash balances at central banks and other demand deposits	28,567	8.3	26,386
Financial assets designated at fair value	136,353	(6.3)	145,546
Of which: Loans and advances	*42,486*	*(16.1)*	*50,633*
Financial assets at amortized cost	199,699	0.0	199,646
Of which: Loans and advances to customers	*171,950*	*0.5*	*171,081*
Inter-area positions	37,242	9.6	33,972
Tangible assets	2,508	(1.0)	2,534
Other assets	5,675	6.2	5,346
Total assets/liabilities and equity	**410,045**	**(0.8)**	**413,430**
Financial liabilities held for trading and designated at fair value through profit or loss	75,724	(6.9)	81,376
Deposits from central banks and credit institutions	59,876	9.3	54,759
Deposits from customers	206,451	(0.1)	206,663
Debt certificates	36,027	(5.7)	38,224
Inter-area positions	—	—	—
Other liabilities	17,622	(4.3)	18,406
Regulatory capital allocated	14,345	2.4	14,002

Relevant business indicators	31-03-22	Δ %	31-12-21
Performing loans and advances to customers under management [1]	169,095	0.5	168,235
Non-performing loans	8,436	(0.2)	8,450
Customer deposits under management [1]	205,927	0.0	205,908
Off-balance sheet funds [2]	90,828	(3.5)	94,095
Risk-weighted assets	109,623	(3.7)	113,797
Efficiency ratio (%)	42.9		51.7
NPL ratio (%)	4.2		4.2
NPL coverage ratio (%)	61		62
Cost of risk (%)	0.17		0.30

[1] Excluding repos.

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

Macro and industry trends

The economic recovery continued in the last months of 2021 and the first months of 2022, despite the negative impact on activity of the increased infections caused by new variants of the COVID-19. According to official estimates, after a fall of 10.8% in 2020, the GDP grew 5.1% in 2021. Inflation continued to accelerate (in March 2022 it stood at 9.8%), driven mainly by energy prices. According to BBVA Research, in a context of high uncertainty, mainly due to the war between Ukraine and Russia, GDP growth could decelerate this year to around 4.1%, a lower level than previously expected (5.5%), although still relatively high, supported by the growing use of resources from European funds. Given the recent rise in commodity prices, particularly energy prices, inflation will likely remain high this year (around 7.0%, on average).

With regard to the banking system, with data as of the end of January 2022, lending volumes to the private sector recorded a decline of 0.1% year-on-year, also after a decline of 0.1% in 2021 as a whole. The NPL ratio remained contained at 4.32% in January 2022 after rising 3 basis points since December 2021 due to the slight decrease in credit volume in January. In 2021 as a whole, the NPL ratio fell 22 basis points to 4.29%. In addition, it should be noted that the system maintained comfortable levels of solvency and liquidity.

Activity

The most relevant aspects related to the area's activity during 2022 were:

- Lending activity (performing loans under management) was higher than at the end of 2021 (+0.5%), due largely to the growth in business segments, especially loans to SMEs (+4.3%), which compensated for the usual seasonal slowdown in credit cards (+0.7%, including consumer loans) and lower activity with public administrations (-1.9%).
- With regard to asset quality, the non-performing loan ratio decreased by 4 basis points in the quarter to 4.2% mainly due to the good level of recoveries, supported by the reclassification of moratoriums, following months of good payment behavior after the grace period expired. In terms of the NPL coverage ratio, it remained stable in the quarter, reaching 61%.
- Total customer funds registered a variation of -1.1% compared to 2021 year-end. In the quarter, the off-balance sheet funds recorded a decrease of 3.5%, mainly due to the negative effect of the markets evolution. For its part, the balance of customer deposits under management remained stable between January and March as the increase in deposits held by retail customers compensated for the decrease in balances held with public administrations. By product, demand deposits grew by 0.9%, compensating for the drop in time deposits (-9.2%).

Results

Spain generated a net attributable profit of €601m during the first quarter of 2022, up 62.3% from the result achieved between January and March of the previous year, due to the good performance of gross income, driven by commissions, the significant reduction in personnel expenses, as well as lower write-offs and provisions.

The most notable aspects of the year-on-year changes in the area's income statement at the end of March 2022 were:

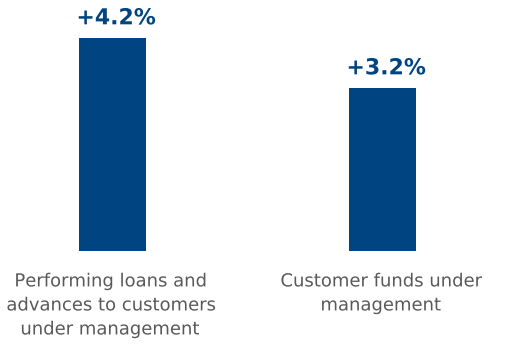
- Net interest income registered a slight decrease of 0.8%, mainly due to the effect of the low interest rates' environment on the stock of loans, which was partially offset by lower financing costs.
- Fees and commissions showed a positive performance (+5.4% year-on-year), mainly favored by a greater contribution from banking services and revenues associated with asset management and insurance.
- NTI at the end of March 2022 was 1.3% higher than in the same period of the previous year, due in part to the greater contribution of the Global Markets area.
- The other operating income and expenses line compares positively to the previous year, favored by the better performance of the insurance business.
- Operating expenses were lower than at the end of the first quarter of 2021 (-5.6% in year-on-year terms), mainly due to lower personnel expenses as a result of the staff decrease.
- Due to the gross income growth and the declined expenses, the efficiency ratio stood at 42.9%, representing a significant improvement compared to the 46.3% recorded at the end of March 2021.
- Impairment on financial assets was 51.7% lower compared to the first quarter of 2021, due to the good performance of the underlying asset supported by some non-recurring items recorded in the first quarter of 2022. As a result, the accumulated cost of risk at the end of March 2021 stood at 0.17%.
- The provisions and other results line closed the first quarter of the year at €-19m, which positively compares with the last year, mainly due to lower legal and labor contingencies, higher results from real estate assets and lower provisions for off-balance sheet risks.

Mexico

Highlights

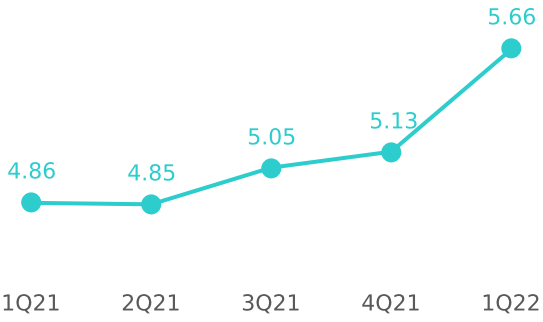
- **Growth in lending activity and customer funds in the quarter**
- **Improved customer spread, which is already partly reflected in the net interest income**
- **Significant improvement in the efficiency ratio**
- **Impairment on financial assets related to the macroeconomic environment with a good performance of the loan portfolio**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATE COMPARED TO 31-12-21)

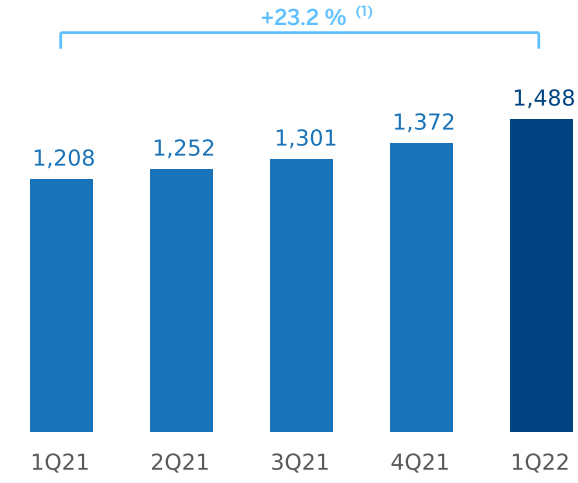


[1] Excluding repos.

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

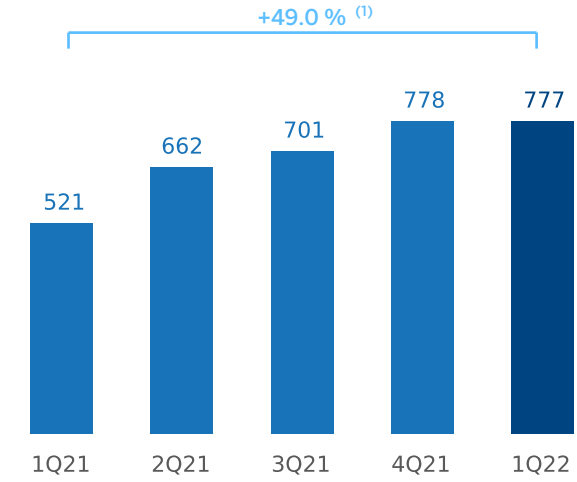


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATE)



[1] At current exchange rate: +31.4%.

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



[1] At current exchange rate: +59.0%.

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

Income statement	1Q22	Δ %	Δ % [1]	1Q21 [2]
Net interest income	**1,746**	**27.8**	**19.8**	**1,366**
Net fees and commissions	343	21.7	14.1	282
Net trading income	92	33.0	24.6	69
Other operating income and expenses	64	45.6	36.5	44
Gross income	**2,245**	**27.5**	**19.5**	**1,761**
Operating expenses	(756)	20.4	12.9	(628)
Personnel expenses	*(334)*	*31.0*	*22.8*	*(255)*
Other administrative expenses	*(332)*	*12.6*	*5.5*	*(295)*
Depreciation	*(90)*	*15.4*	*8.2*	*(78)*
Operating income	**1,488**	**31.4**	**23.2**	**1,133**
Impairment on financial assets not measured at fair value through profit or loss	(419)	(8.5)	(14.3)	(458)
Provisions or reversal of provisions and other results	(1)	n.s.	n.s.	2
Profit (loss) before tax	**1,068**	**57.9**	**48.0**	**677**
Income tax	(291)	55.1	45.4	(188)
Profit (loss) for the period	**777**	**59.0**	**49.0**	**489**
Non-controlling interests	(0)	63.5	53.3	(0)
Net attributable profit (loss)	**777**	**59.0**	**49.0**	**489**

[1] At constant exchange rate.

[2] Restated balances. For more information, please refer to the "Business Areas" section.

Balance sheets	31-03-22	Δ %	Δ % [1]	31-12-21
Cash, cash balances at central banks and other demand deposits	14,927	15.0	9.7	12,985
Financial assets designated at fair value	37,488	6.7	1.9	35,126
Of which: Loans and advances	*1,343*	*60.9*	*53.5*	*835*
Financial assets at amortized cost	70,952	8.6	3.7	65,311
Of which: Loans and advances to customers	*60,744*	*8.8*	*3.9*	*55,809*
Tangible assets	1,771	2.3	(2.4)	1,731
Other assets	3,085	4.5	(0.3)	2,953
Total assets/liabilities and equity	**128,221**	**8.6**	**3.6**	**118,106**
Financial liabilities held for trading and designated at fair value through profit or loss	22,773	14.8	9.5	19,843
Deposits from central banks and credit institutions	2,797	(14.4)	(18.3)	3,268
Deposits from customers	69,537	8.6	3.7	64,003
Debt certificates	8,286	3.8	(0.9)	7,984
Other liabilities	16,987	7.7	2.8	15,779
Regulatory capital allocated	7,841	8.5	3.5	7,229

Relevant business indicators	31-03-22	Δ %	Δ % [1]	31-12-21
Performing loans and advances to customers under management [2]	61,040	9.1	4.2	55,926
Non-performing loans	1,943	1.1	(3.5)	1,921
Customer deposits under management [2]	69,089	9.1	4.1	63,349
Off-balance sheet funds [3]	34,434	6.3	1.5	32,380
Risk-weighted assets	67,626	4.7	0.0	64,573
Efficiency ratio (%)	33.7			35.3
NPL ratio (%)	3.0			3.2
NPL coverage ratio (%)	115			106
Cost of risk (%)	2.84			2.67

[1] At constant exchange rate.

[2] Excluding repos.

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

Macro and industry trends

Economic growth decelerated in the second half of 2021 after a strong expansion in the first half of the year. Thus, GDP growth was 5.0% in 2021, lower than initially expected by BBVA Research. This figure reflects a partial activity recovery given the 8.4% drop recorded in 2020. At the same time, strong inflationary pressures have led Banxico to raise monetary policy interest rates to 6.5% in March, from 4.0% in May last year. According to estimates by BBVA Research, interest rates will continue to increase, in an environment of relatively high inflation (around 6.4% on average in 2022), and GDP growth this year will moderate to around 1.2% (one percentage point lower than expected three months ago).

With regard to the banking system, based on data as of January 2022, the lending volume increased by 4.8% in the last twelve months, showing strong growth in the mortgage portfolio (+10.1%), followed by consumer loans (+4.8%) and corporate loans (+3.0%), while deposits (demand and time deposits) increased by 7.1% in January 2022, on a year-on-year basis. The system's NPL ratio stood at 2.44% in January 2022 (+2.70% twelve months earlier) and the capital indicators are comfortable.

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

Activity

The most relevant aspects related to the area's activity during the first quarter of 2022 were:

- Lending activity (performing loans under management) recorded a growth of 4.2% between January and March 2022, with growth in, both, the wholesale and retail portfolio. The retail segment continued to show the dynamism that began in the second quarter of 2021 and grew at a rate of 3.2% in the quarter. Within this segment, SME, mortgage loans and consumer loans (+7.0%, +2.7% and +4.0%, respectively) showed the greatest dynamism, while mortgage loans, together with credit cards, slowed their growth rate compared to the previous quarter. For its part, the wholesale portfolio, which includes larger companies and the public sector, recorded a growth of 4.2%, due to commercial efforts to attract and retain new customers. As a result of the above, the retail portfolio weight, which is more profitable for BBVA Mexico, stood at 50.5% at the end of March 2022.
- With regard to the asset quality indicators, the NPL ratio stood at 3.0% at the end of March, representing an improvement of 22 basis points in the quarter, reflecting the good performance of NPL flows with lower inflows in the quarter. For its part, the NPL coverage ratio closed March at 115%, with an increase of 915 basis points in the quarter.
- Customer deposits under management increased in the first quarter of 2022 (+4.1%). This performance is explained, both, by the growth in demand deposits (+4.7%) and by time deposits (+1.0%). Finally, off-balance sheet funds grew by 1.5% between January and March 2022.

Results

In Mexico, BBVA achieved a net attributable profit of €777m between January and March 2022, representing an increase of 49.0% compared to the first quarter of 2021, mainly as a result of the good performance of recurring revenues, favored especially by the dynamism of the net interest income and lower loan-loss provisions, which compensated the increase in operating expenses.

The most relevant aspects of the year-on-year changes in the income statement at the end of March 2022 are summarized below:

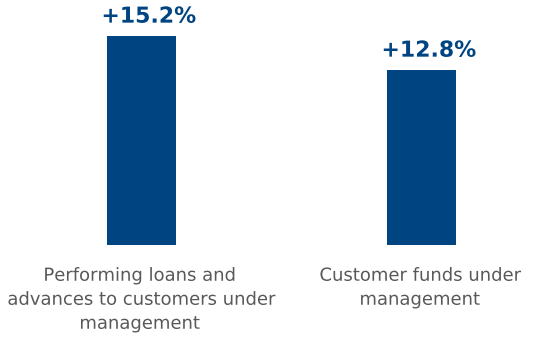
- Net interest income increased by 19.8%, mainly as a result of both higher volumes of loans under management and the price effect, as some portfolios already reflect increased official interest rates together with better results from the securities portfolio. This offset the higher financing costs, resulting from both, higher balances of customer deposits and from the aforementioned increase of rates.
- Net fees and commissions increased by 14.1% thanks to higher levels of transactions, especially on credit cards, as well as those arising from investment banking operations and mutual fund management.
- NTI increased by 24.6% year-on-year, mainly due to the excellent results of the Global Markets unit in the first three months of 2022.
- The other operating income and expenses line recorded a year-on-year growth of 36.5%, mainly due to the higher results of the insurance business.
- Operating expenses increased (+12.9%), mainly due to higher personnel expenses, impacted by the employee internalization process carried out in the second half of 2021. General expenses also increased, in an environment of rising prices where certain expenses are indexed to inflation, as well as by higher marketing and technology expenses. Notwithstanding the above, there was a significant improvement in the efficiency ratio, which stood at 33.7% compared to 35.7% recorded twelve months earlier.
- The impairment on financial assets decreased year-on-year (-14.3%), due to lower provisioning requirements for the loan portfolio. As a result of all the above, the cumulative cost of risk as of March 2022 stood at 2.84%.
- The provisions and other results line showed an unfavorable comparison, impacted by provisions for contingent liabilities and commitments that offset the higher results from sales of foreclosed assets.

Turkey

Highlights

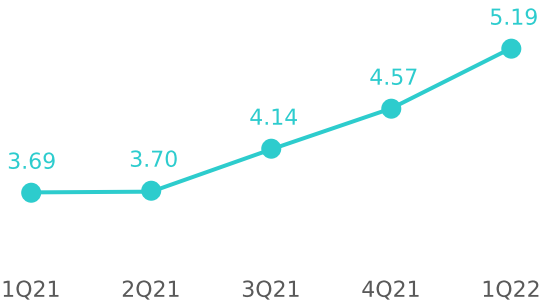
- **Activity growth in the quarter driven by Turkish lira loans and deposits**
- **Year-on-year growth in recurring revenue and NTI**
- **Solid risk indicators**
- **Improved efficiency ratio**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATE COMPARED TO 31-12-21)

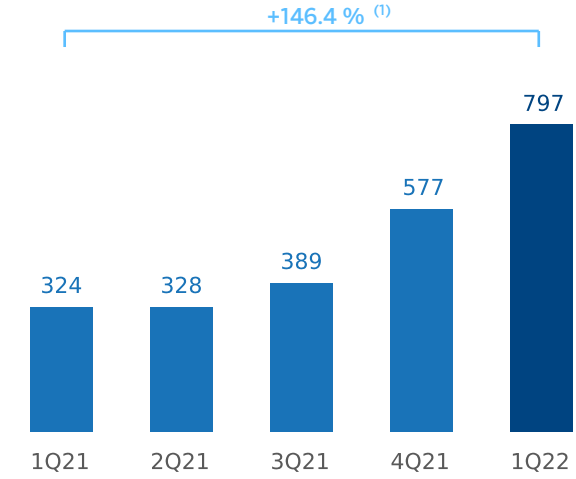


[1] Excluding repos.

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

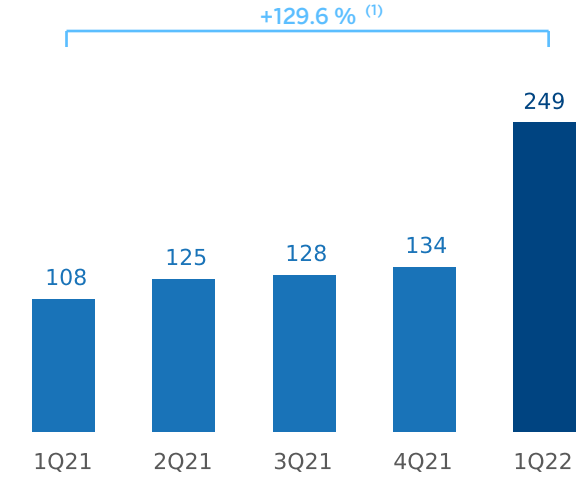


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATE)



[1] At current exchange rate: +40.1%.

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



[1] At current exchange rate: +30.6%.

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

Income statement	1Q22	Δ %	Δ % [1]	1Q21 [2]
Net interest income	**706**	**33.2**	**134.2**	**530**
Net fees and commissions	132	(14.7)	50.0	154
Net trading income	175	39.2	144.7	126
Other operating income and expenses	15	(40.0)	5.5	24
Gross income	**1,027**	**23.1**	**116.4**	**834**
Operating expenses	(230)	(13.4)	52.3	(265)
Personnel expenses	*(130)*	*(8.0)*	*61.6*	*(142)*
Other administrative expenses	*(77)*	*(14.4)*	*50.5*	*(90)*
Depreciation	*(23)*	*(33.1)*	*17.6*	*(34)*
Operating income	**797**	**40.1**	**146.4**	**569**
Impairment on financial assets not measured at fair value through profit or loss	(97)	(21.1)	38.6	(123)
Provisions or reversal of provisions and other results	(4)	n.s.	n.s.	35
Profit (loss) before tax	**696**	**44.7**	**154.4**	**481**
Income tax	(193)	105.3	261.0	(94)
Profit (loss) for the period	**503**	**30.0**	**128.6**	**387**
Non-controlling interests	(254)	29.5	127.6	(196)
Net attributable profit (loss)	**249**	**30.6**	**129.6**	**191**

[1] At constant exchange rate.

[2] Restated balances. For more information, please refer to the "Business Areas" section.

Balance sheets	31-03-22	Δ %	Δ % [1]	31-12-21
Cash, cash balances at central banks and other demand deposits	7,926	2.1	9.1	7,764
Financial assets designated at fair value	5,178	(2.1)	4.6	5,289
Of which: Loans and advances	*—*	*(99.9)*	*(99.8)*	*295*
Financial assets at amortized cost	43,624	5.0	12.2	41,544
Of which: Loans and advances to customers	*33,726*	*7.4*	*14.8*	*31,414*
Tangible assets	607	(2.6)	4.1	623
Other assets	1,217	18.7	26.9	1,025
Total assets/liabilities and equity	**58,551**	**4.1**	**11.3**	**56,245**
Financial liabilities held for trading and designated at fair value through profit or loss	2,198	(3.2)	3.4	2,272
Deposits from central banks and credit institutions	3,677	(10.0)	(3.8)	4,087
Deposits from customers	40,157	4.7	11.9	38,341
Debt certificates	3,548	(1.9)	4.8	3,618
Other liabilities	2,568	18.6	26.7	2,166
Regulatory capital allocated	6,403	11.1	18.8	5,761

Relevant business indicators	31-03-22	Δ %	Δ % [1]	31-12-21
Performing loans and advances to customers under management [2]	32,979	7.7	15.2	30,610
Non-performing loans	3,072	2.6	9.6	2,995
Customer deposits under management [2]	40,155	4.7	12.0	38,335
Off-balance sheet funds [3]	4,422	13.5	21.3	3,895
Risk-weighted assets	49,589	(0.3)	6.6	49,718
Efficiency ratio (%)	22.4			29.5
NPL ratio (%)	6.7			7.1
NPL coverage ratio (%)	75			75
Cost of risk (%)	1.00			1.33

[1] At constant exchange rate.

[2] Excluding repos.

[3] Includes mutual funds and pension funds.

Macro and industry trends

GDP grew strongly in the fourth quarter of 2021, contributing to an average annual growth of 11%, higher than previously estimated by BBVA Research. Relatively strong demand, high commodities prices, as well as the sharp depreciation of the Turkish lira following the interest rate cuts announced in recent months have contributed to a very significant increase in annual inflation to 61.1% in March 2022. According to BBVA Research's estimates, growth could moderate significantly to 2.5% in 2022 (compared to a previous forecast of 3.5%), partly due to the aftermath of the war between Ukraine and Russia. However, the economic environment is highly volatile given the combination of high inflation (on average it could be above 60% in 2022), very negative real interest rates, pressure on the Turkish lira and high external financing needs as well as the current global context.

With regard to the banking system, based on data as of February 2022, the total volume of lending in the system increased by 43.7% year-on-year in local currency (+27.0% in the Turkish lira portfolio and +76.0% in the foreign currency loan portfolio), while deposits grew by 60.5%, included in these growth rates are the effect of inflation and the depreciation of the Turkish lira. The system's NPL ratio stood at 3.02% in February 2021 (4.02% in February 2021 and 3.16% at the end of 2021).

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

Activity

The most relevant aspects related to the area's activity during the first three months of 2022 were:

- Lending activity (performing loans under management) increased by 15.2% between January and March 2022, driven by the growth in Turkish lira loans (+16.4%). This growth was mainly supported by commercial loans and backed by credit cards and consumer loans. Foreign currency loans (in U.S. dollars) increased in the first quarter of 2022 (+3.3%).
- In terms of asset quality, the NPL ratio decreased by 39 basis points to 6.7% compared to the end of December 2021, due to increased activity in the quarter. Growth in non-performing loans, with NPL flows where the entries of individualized cases were offset by recoveries, retail sales and the exchange rate effect. The NPL coverage ratio remained almost stable at 75% as of March 31, 2022.
- Customer deposits under management (69% of total liabilities in the area as of March 31, 2022) remained as the main source of funding for the balance sheet and increased by 12.0%. Especially noteworthy is the positive performance of Turkish lira time deposits (+32.7%), which represent 73.7% of total customer deposits in local currency, as well as demand deposits (+17.8%). Foreign currency deposits (in U.S. dollars) decreased by 7.1%. For its part, the evolution of off-balance sheet funds (+21.3%) also stood out.

Results

Turkey generated a net attributable profit of €249m in the first quarter of 2022, 129.6% higher than the same period of the previous year, supported by strong growth in recurring income, especially on the net interest income side, and higher contribution from NTI. Taking into account the effect of the depreciation of the Turkish lira over the period, the results generated by Turkey increased by 30.6%.

The most significant aspects of the year-on-year evolution in the area's income statement at the end of March 2022 were:

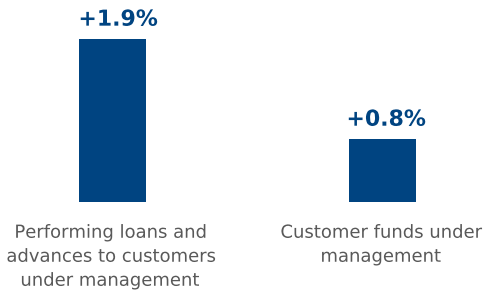
- Net interest income recorded significant growth (+134.2%), mainly due to larger loan volumes, mainly in Turkish lira loans, and the increase in the customer spread, as well as higher contribution from inflation-linked bonds. This was partly offset by higher financing costs.
- Net fees and commissions increased by 50.0% mainly driven by the positive performance in payment systems, money transfer, asset management, contingent commitments and Project Finance.
- NTI performed significantly well (+144.7%), mainly due to the earnings of the Global Markets unit, FX trading gains, as well as gains from derivatives transactions.
- Other operating income and expenses line increased by 5.5% in 2022, mainly due to the greater contribution of the subsidiaries of Garanti BBVA.
- Operating expenses grew by 52.3%, with increase in, both, personnel and general expenses, impacted by the higher inflation rate. Nevertheless, the efficiency ratio remained at a low level (22.4%), improving from March 2021 figure thanks to outstanding gross income evolution.
- Impairment on financial assets decreased by 21.1% at current exchange rates, with lower requirements in the individualized portfolio and good dynamics in the wholesale portfolio recoveries. As a result, the cumulative cost of risk at the end of March 2022 decreased to 1.00% from 1.33% recorded at the end of the previous year.
- The provisions and other results line closed March with a loss of €4m, compared to the profit of €35m recorded in the same period of the previous year, mainly due to higher provisions for special funds and contingent liabilities recorded in 2022.

South America

Highlights

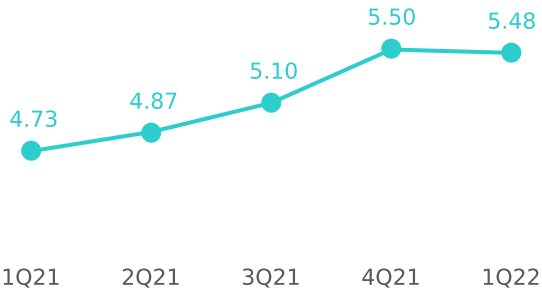
- **Growth in lending activity and customer funds in the quarter**
- **Outstanding boost in recurring income**
- **Improvement in the efficiency ratio despite the growth in expenses in an inflationary environment**
- **Good performance of risk indicators**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATES COMPARED TO 31-12-21)

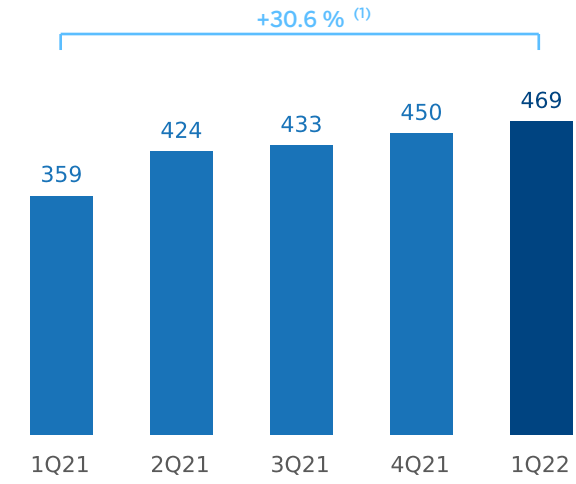


[1] Excluding repos.

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

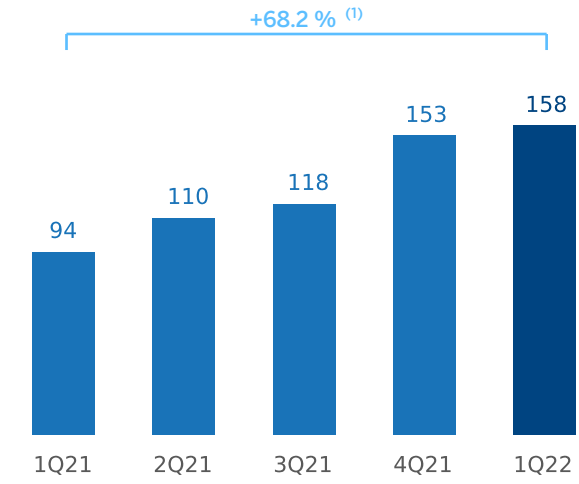


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



[1] At current exchange rates: +26.1%.

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



[1] At current exchange rates: +58.0%.

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

Income statement	1Q22	Δ %	Δ % [1]	1Q21 [2]
Net interest income	**809**	**22.7**	**27.0**	**660**
Net fees and commissions	178	48.3	50.0	120
Net trading income	93	25.3	28.2	74
Other operating income and expenses	(199)	42.2	45.5	(140)
Gross income	**881**	**23.4**	**27.4**	**714**
Operating expenses	(413)	20.5	24.0	(343)
Personnel expenses	*(201)*	*21.0*	*24.7*	*(166)*
Other administrative expenses	*(177)*	*24.7*	*28.8*	*(142)*
Depreciation	*(35)*	*0.7*	*1.1*	*(34)*
Operating income	**469**	**26.1**	**30.6**	**372**
Impairment on financial assets not measured at fair value through profit or loss	(141)	(11.5)	(10.6)	(159)
Provisions or reversal of provisions and other results	(16)	2.0	3.4	(16)
Profit (loss) before tax	**311**	**58.5**	**67.9**	**197**
Income tax	(88)	52.3	61.1	(57)
Profit (loss) for the period	**224**	**61.1**	**70.7**	**139**
Non-controlling interests	(66)	68.9	77.1	(39)
Net attributable profit (loss)	**158**	**58.0**	**68.2**	**100**

[1] At constant exchange rates.

[2] Restated balances. For more information, please refer to the "Business Areas" section.

Balance sheets	31-03-22	Δ %	Δ % [1]	31-12-21
Cash, cash balances at central banks and other demand deposits	8,269	(3.3)	(8.5)	8,549
Financial assets designated at fair value	9,977	39.1	31.4	7,175
Of which: Loans and advances	*216*	*37.8*	*27.1*	*157*
Financial assets at amortized cost	40,535	7.4	0.3	37,747
Of which: Loans and advances to customers	*37,975*	*9.7*	*1.9*	*34,608*
Tangible assets	993	11.0	7.4	895
Other assets	1,862	5.9	0.4	1,758
Total assets/liabilities and equity	**61,637**	**9.8**	**3.0**	**56,124**
Financial liabilities held for trading and designated at fair value through profit or loss	2,584	37.2	26.4	1,884
Deposits from central banks and credit institutions	6,514	18.4	8.6	5,501
Deposits from customers	38,875	7.0	0.4	36,340
Debt certificates	3,384	5.3	(2.6)	3,215
Other liabilities	4,686	11.4	9.4	4,207
Regulatory capital allocated	5,595	12.4	5.3	4,977

Relevant business indicators	31-03-22	Δ %	Δ % [1]	31-12-21
Performing loans and advances to customers under management [2]	37,932	9.7	1.9	34,583
Non-performing loans	1,904	5.0	(3.1)	1,813
Customer deposits under management [3]	38,893	7.0	0.3	36,364
Off-balance sheet funds [4]	16,978	4.7	1.7	16,223
Risk-weighted assets	46,330	6.9	0.2	43,334
Efficiency ratio (%)	46.8			48.2
NPL ratio (%)	4.3			4.5
NPL coverage ratio (%)	99			99
Cost of risk (%)	1.17			1.65

[1] At constant exchange rates.

[2] Excluding repos.

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

[4] Includes mutual funds, customer portfolios in Colombia and Peru and pension funds.

SOUTH AMERICA. DATA PER COUNTRY (MILLIONS OF EUROS)

	Operating income				Net attributable profit (loss)			
Country	**1Q22**	**Δ %**	**Δ % (1)**	**1Q21 (2)**	**1Q22**	**Δ %**	**Δ % (1)**	**1Q21 (2)**
Argentina	82	161.6	n.s.	31	18	n.s.	n.s.	4
Colombia	169	18.7	21.6	143	69	47.5	51.1	47
Peru	187	17.2	13.3	160	51	89.7	83.4	27
Other countries (3)	30	(21.1)	(22.0)	38	19	(11.4)	(12.0)	22
Total	**469**	**26.1**	**30.6**	**372**	**158**	**58.0**	**68.2**	**100**

(1) Figures at constant exchange rates.

(2) Restated balances. For more information, please refer to the "Business Areas" section.

(3) Bolivia, Chile (Forum), Paraguay in 2020, Uruguay and Venezuela. Additionally, it includes eliminations and other charges.

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

	Argentina		Colombia		Peru	
	31-03-22	**31-12-21**	**31-03-22**	**31-12-21**	**31-03-22**	**31-12-21**
Performing loans and advances to customers under management (1) (2)	3,387	3,150	14,069	13,366	16,806	17,010
Non-performing loans and guarantees given (1)	59	77	725	755	1,039	1,057
Customer deposits under management (1) (3)	6,466	5,749	13,454	13,886	14,961	15,253
Off-balance sheet funds (1) (4)	1,986	1,622	2,573	2,574	1,539	1,786
Risk-weighted assets	6,767	6,775	15,853	14,262	19,004	18,016
Efficiency ratio (%)	63.9	69.0	34.3	37.0	38.8	38.2
NPL ratio (%)	1.7	2.3	4.6	5.0	4.9	4.9
NPL coverage ratio (%)	165	146	107	103	87	89
Cost of risk (%)	2.04	2.20	1.62	1.85	0.73	1.59

(1) Figures at constant exchange rates.

(2) Excluding repos.

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

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

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

Activity and results

The most relevant aspects related to the area's activity during the first quarter of 2022 were:

- Lending activity (performing loans under management) registered a variation of +1.9% in the first three months of the year, with growth in practically all segments excluding loans to public sector.
- With regard to asset quality, the NPL ratio stood at 4.3%, with a decrease of 18 basis points in the quarter, with reductions in Colombia and Argentina as a result of limited NPL entries and a good management of recoveries and write-offs. For its part, the NPL coverage rate remained stable at 99%.
- Customer funds under management remained stable in the first quarter of 2022 (+0.8%) compared to the 2021 closing balances, with growth in off-balance sheet funds (+1.7%) and time deposits (+3.1%), which offset the slight reduction in demand deposits (-0.6%).

South America generated €158m in the first quarter of 2022, representing a year-on-year variation of +68.2%, mainly due to the improved performance of recurring income (+30.6%) and NTI (+28.2%), which more than offset the higher impact of inflation in Argentina and the growth of expenses. At the end of March 2022, the cumulative impact of inflation in Argentina on the net attributable profit of the area was €-62m compared to €-43m accumulated at the end of March 2021.

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

Argentina

Macro and industry trends

Greater control of the pandemic during the second half of 2021 has allowed a rapid recovery in economic activity and a growth of 10.3% of GDP in 2021, above BBVA Research estimates which forecasts a moderation to approximately 3.5% in 2022 (unchanged from the previous forecast, three months ago). Inflation remains very high, at around 50% at the end of December 2021, and some acceleration is expected during 2022. Likewise, the new loan agreement with the International Monetary Fund could increase the scope for correcting some of the current macroeconomic distortions and reduce uncertainty about the future evolution of the Argentine economy.

The banking system continues to be influenced by the high inflation scenario. At the end of March 2022, lending grew by 46.0% compared to the same month in 2021, while deposits grew by 49.0%. Meanwhile, the NPL ratio reached 4.3% in January 2022 (50 basis points more than in January 2021).

Activity and results

- Lending activity increased by 7.5% compared to the close of December 2021, a figure that is below inflation, with growth in the retail segment (7.5%), especially consumer loans (13.1%), credit cards (5.0%), and in the business segment (7.7%). The NPL ratio stood at 1.7% as a result of limited NPL entries, a good management of recoveries and the write-off of a relevant client provisioned at 100%. For its part, the NPL coverage ratio increased to 165% due to the reduction in the balance of non-performing assets in the quarter.
- Balance sheet funds grew by 12.5% in the first quarter of 2022 and off-balance sheet funds (mutual funds) grew by 22.4% in the same period.
- The cumulative net attributable profit at the end of March 2022 stood at €18m, above the figure achieved at the end of March 2021. Good performance of the net interest income, mainly favored by higher rates and management of surplus liquidity, and favorable evolution of fees, highlighting payment channels. The aforementioned was partially offset by a more negative adjustment for inflation, as well as by higher expenses and provisions, the latter resulting, partially, from the negative impact recorded by the deterioration in the macroeconomic scenario at the beginning of 2022, since the provisioning needs of the loan portfolio were lower.

Colombia

Macro and industry trends

Economic activity has shown greater dynamism than expected in the last months of 2021, which is why the growth in the year could stand at 10.6%, a significant recovery after the 6.8% contraction of GDP in 2020. In addition, the high inflation has helped the Bank of the Republic raise interest rates to 5.0% in April, from 1.75% in August 2021. Likewise, BBVA Research estimates that, despite further expected interest rates increases, inflation will remain relatively high this year (8.0%, on average), and growth will converge to around 4.5% in 2022.

In a context of higher inflation, the growth of total lending in the banking system accelerated to 10.9% year-on-year in January 2022, driven by credit to households, both on the consumer and on the mortgage side (14.5% and 14.7% year-on-year, respectively). Corporate lending growth also accelerated to 7.8% year-on-year in January this year. Likewise, total deposits show a strong rebound, growing by 9.5% year-on-year at the end of January 2022. The system's NPL ratio rebounded slightly in January 2022 to 4.14% (3.93% in December 2021 and 5.18% in January 2021).

Activity and results

- Lending activity started well in the financial year showing a growth of 5.3% compared to the end of 2021, with a more dynamic in the wholesale portfolio (+6.4%) and slightly less in the retail portfolio (+4.6%), where consumer loans "*libranzas*" and "*free investment*" stood out, both aimed at customers with payroll or fixed income and credit cards. In terms of asset quality, the NPL ratio stood at 4.6% at the end of the first quarter of 2022, which represents a reduction of 41 basis points in the quarter due to limited entries into default and an adequate management of recoveries and write-offs. For its part, the NPL coverage ratio increased to 107%, mainly due to a favorable performance of the non-performing loans.
- Customer deposits under management decreased by 3.1% compared to 2021 year-end, with growth in demand deposits, which did not compensate for the strategic reduction of time deposits (-12.8%), with higher costs for BBVA Colombia. For its part, off-balance sheet funds (mutual funds and managed portfolios) remained stable (-0.1%) between January and March 2022.
- The net attributable profit in the first quarter of 2022 stood at €69m, or what is the same, 51.1% above that achieved in the same period of the previous year, thanks to the favorable evolution of recurring income and the NTI, as well as lower provisions for impairment on financial assets, which offset the increase in operating expenses.

Peru

Macro and industry trends

The economic recovery process continued in the last months of 2021. Activity indicators have surprised positively compared to what was expected. Thus, BBVA Research estimates that after the 11% drop registered in 2020, the GDP would have increased in 2021 by around 13.3%, despite inflationary pressures and increases in monetary policy interest rates up to 4.5% in April 2022. BBVA Research expects growth to be around 2% in 2022, slightly below its previous forecast, in a context of relatively high inflation (around 6.5%, on average) and with additional rises in interest rates.

Total lending growth in the banking system reached 6.7% year-on-year in January 2022, characterized by a moderation in corporate lending (to +5.7% year-on-year) after the strong boost from the *Reactiva Peru* credit program, but offset by greater dynamism in consumer credit (+9.1% year-on-year). The housing portfolio maintained its year-on-year growth rate, around +8.3%. For its part, the system's NPL ratio remained stable at around 3.21% in January (22 basis points less than the same month of 2021).

Activity and results

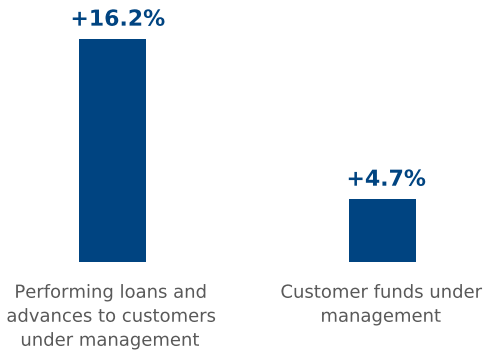
- Lending activity registered a decrease of 1.2% between January and March 2022, mainly due to the deleveraging of loans to companies (-1.9%) in an environment of high competition, which makes it difficult to offset the amortizations of the program *Reactiva Peru*, although renewals are being carried out at higher rates. The NPL ratio remains stable at 4.9% and the NPL coverage ratio fell by 155 basis points in the quarter to 87%, with entries in non-performing loans and lower provisioning requirements than in the previous quarter.
- Customers funds under management decreased by 3.2% in the first quarter of 2022, mainly due to lower balances in current accounts while deposits increased by 13.6% due to balances deposited by certain wholesale customers.
- During the first quarter of 2022, recurring income grew by 14.9%, thanks to the favorable evolution of the net interest income, which benefited from higher volumes and increasing rates; and commissions, compared to the first quarter of the previous year, affected by the lockdowns in February 2021. The aforementioned, together with the lower provisions for impairment of financial assets (-55.1%), offset the increase in operating expenses (+12.4%). As a result, the net attributable profit stood at €51m at the end of March 2022, 83.4% higher than the figure achieved at the end of the first quarter of 2021.

Rest of Business

Highlights

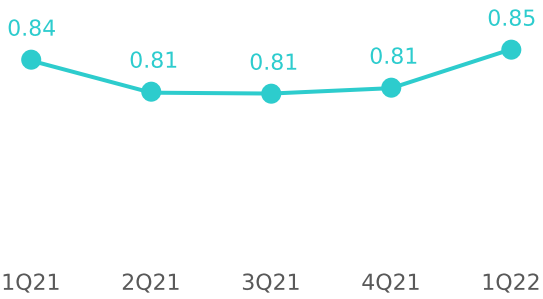
- **Increase in lending activity and customer funds in the first quarter of 2022**
- **Good performance of net interest income and controlled expenses**
- **Solid risk indicators**
- **Increased performance in Europe and the New York branch**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATES COMPARED TO 31-12-21)

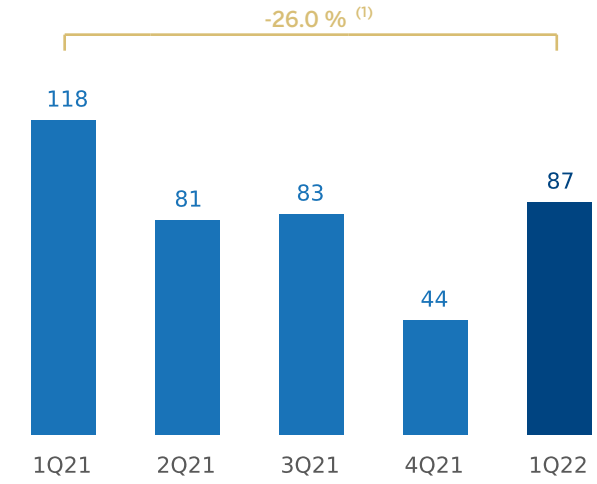


[1] Excluding repos.

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

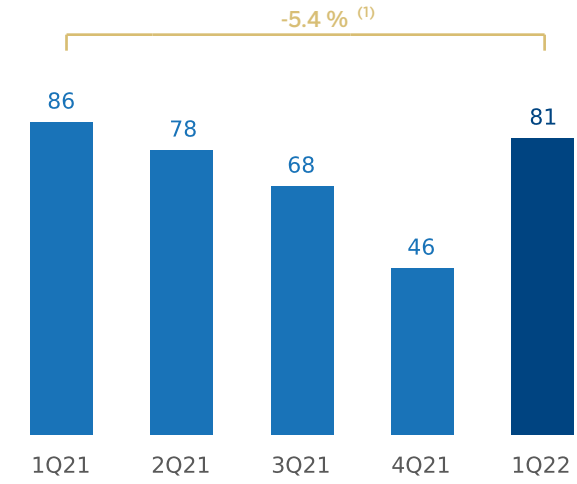


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



[1] At current exchange rates: -24.6%.

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



[1] At current exchange rates: -3.2%.

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

Income statement	1Q22	Δ %	Δ % [1]	1Q21 [2]
Net interest income	**75**	**3.1**	**1.6**	**73**
Net fees and commissions	56	(21.2)	(24.1)	71
Net trading income	68	(13.2)	(15.0)	78
Other operating income and expenses	3	(69.6)	(71.6)	8
Gross income	**202**	**(12.6)**	**(14.8)**	**231**
Operating expenses	(115)	(0.5)	(3.7)	(115)
Personnel expenses	*(60)*	*(6.1)*	*(9.6)*	*(64)*
Other administrative expenses	*(49)*	*6.1*	*3.5*	*(46)*
Depreciation	*(5)*	*9.9*	*8.0*	*(5)*
Operating income	**87**	**(24.6)**	**(26.0)**	**115**
Impairment on financial assets not measured at fair value through profit or loss	7	n.s.	214.1	2
Provisions or reversal of provisions and other results	10	n.s.	n.s.	(12)
Profit (loss) before tax	**104**	**(0.6)**	**(2.9)**	**105**
Income tax	(23)	9.9	7.0	(21)
Profit (loss) for the period	**81**	**(3.2)**	**(5.4)**	**84**
Non-controlling interests	—	—	—	—
Net attributable profit (loss)	**81**	**(3.2)**	**(5.4)**	**84**

[1] At constant exchange rates.

[2] Restated balances. For more information, please refer to the "Business Areas" section.

Balance sheets	31-03-22	Δ %	Δ % [1]	31-12-21
Cash, cash balances at central banks and other demand deposits	3,832	(3.5)	(5.3)	3,970
Financial assets designated at fair value	8,584	51.1	48.3	5,682
Of which: Loans and advances	*7,589*	*61.8*	*58.6*	*4,691*
Financial assets at amortized cost	34,732	14.6	14.0	30,315
Of which: Loans and advances to customers	*31,495*	*16.8*	*16.2*	*26,965*
Inter-area positions	—	—	—	—
Tangible assets	79	13.7	13.4	70
Other assets	366	25.7	24.8	291
Total assets/liabilities and equity	**47,594**	**18.0**	**17.1**	**40,328**
Financial liabilities held for trading and designated at fair value through profit or loss	7,913	56.4	53.3	5,060
Deposits from central banks and credit institutions	1,842	7.8	6.6	1,709
Deposits from customers	6,650	6.1	5.4	6,266
Debt certificates	1,348	15.6	15.0	1,166
Inter-area positions	25,226	14.2	13.6	22,085
Other liabilities	898	18.9	18.1	755
Regulatory capital allocated	3,717	13.1	12.4	3,287

Relevant business indicators	31-03-22	Δ %	Δ % [1]	31-12-21
Performing loans and advances to customers under management [2]	31,531	16.8	16.2	27,000
Non-performing loans	249	(4.5)	(4.5)	261
Customer deposits under management [2]	6,650	6.1	5.4	6,266
Off-balance sheet funds [3]	581	(2.7)	(2.7)	597
Risk-weighted assets	31,607	7.9	7.3	29,280
Efficiency ratio (%)	56.9			58.4
NPL ratio (%)	0.6			0.7
NPL coverage ratio (%)	116			116
Cost of risk (%)	(0.10)			(0.11)

[1] At constant exchange rates.

[2] Excluding repos.

[3] Includes pension funds.

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

Activity

The most relevant aspects of the activity of Rest of Business of BBVA Group between January and March 2022 were:

- Lending activity (performing loans under management) registered an increase (+16.2%), due to a favorable performance of BBVA's branches located in Europe, Asia and New York.
- Regarding credit risk indicators, the NPL ratio stood at 0.6%, 11 basis points below the end of December 2021 due to an increase in activity combined with a decrease in non-performing loans. The NPL coverage ratio improved by 40 basis points, remaining at 116%, the same level as at the end of the previous year.
- Customer funds under management increased by 4.7% in the quarter due to an increase in deposits from wholesale customers in the New York branch.

Results

The most significant aspects of the year-on-year evolution in the area's income statement at the end of March 2022 are the following:

- The net interest income showed a variation of +1.6% compared to the same period of the previous year, with a positive performance in Europe and Asia.
- Net commissions fell by -24.1% compared to the end of March 2021, due to lower issuance and advisory fees in Asia and, in particular, due to lower contribution from BBVA Securities, the Group's broker-dealer in the United States.
- The NTI line registered a variation of -15.0% year-on-year mainly driven by the lower results of Global Markets in Europe, affected by the instability of the current context.
- Year-on-year decrease in operating expenses (-3.7%) due to lower expenses recorded by BBVA Securities.
- The impairment on financial assets line closed March 2022 with a reversal of €7m, which positively compares against the reversal of €2m recorded twelve months earlier, consequence of lower requirements in Europe.
- As a result, the area's cumulative net attributable profit between January and March 2022 was €81m (-5.4% year-on-year).

Corporate Center

FINANCIAL STATEMENTS (MILLIONS OF EUROS AND PERCENTAGE)

Income statement	1Q22	Δ %	1Q21 [1]
Net interest income	**(37)**	**(14.6)**	**(44)**
Net fees and commissions	(4)	41.8	(3)
Net trading income	(38)	n.s.	46
Other operating income and expenses	1	n.s.	(18)
Gross income	**(79)**	**n.s.**	**(18)**
Operating expenses	(187)	(4.9)	(197)
Personnel expenses	*(131)*	*1.6*	*(129)*
Other administrative expenses	*(8)*	*(63.0)*	*(20)*
Depreciation	*(48)*	*2.5*	*(47)*
Operating income	**(266)**	**23.8**	**(215)**
Impairment on financial assets not measured at fair value through profit or loss	1	n.s.	0
Provisions or reversal of provisions and other results	11	18.8	9
Profit (loss) before tax	**(255)**	**23.7**	**(206)**
Income tax	46	n.s.	6
Profit (loss) for the period	**(209)**	**4.6**	**(200)**
Non-controlling interests	(6)	n.s.	(1)
Net attributable profit (loss) excluding non-recurring impacts	**(215)**	**7.4**	**(201)**
Profit (loss) after tax from discontinued operations [2]	—	—	177
Net attributable profit (loss)	**(215)**	**n.s.**	**(24)**

[1] Restated balances. For more information, please refer to the "Business Areas" section.

[2] Including the results generated by BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021.

Balance sheets	31-03-22	Δ %	31-12-21
Cash, cash balances at central banks and other demand deposits	8,608	(10.4)	9,609
Financial assets designated at fair value	2,680	27.7	2,099
Of which: Loans and advances	*—*	*n.s.*	*—*
Financial assets at amortized cost	1,331	(38.8)	2,175
Of which: Loans and advances to customers	*501*	*(50.2)*	*1,006*
Inter-area positions	—	—	—
Tangible assets	1,914	(2.5)	1,964
Other assets	14,769	(1.5)	14,988
Total assets/liabilities and equity	**29,303**	**(5.0)**	**30,835**
Financial liabilities held for trading and designated at fair value through profit or loss	137	62.9	84
Deposits from central banks and credit institutions	763	(7.6)	825
Deposits from customers	182	3.9	175
Debt certificates	947	(39.2)	1,556
Inter-area positions	9,621	24.0	7,758
Other liabilities	7,297	5.3	6,932
Regulatory capital allocated	(37,901)	7.5	(35,257)
Total equity	48,258	(1.0)	48,760

Results

The Corporate Center recorded a net attributable loss of €-215m in the first quarter of 2022, This result compares to €-24m recorded in the same period of the previous year, although it must be taken into account that this figure included the results generated by the businesses that the Group had in the United States until its sale to PNC on June 1, 2021. Excluding the non-recurring impact, the net attributable profit of the Corporate Center stood at €-201m.

In addition to the aforementioned, the most relevant aspects of the year-on-year evolution are summarized below:

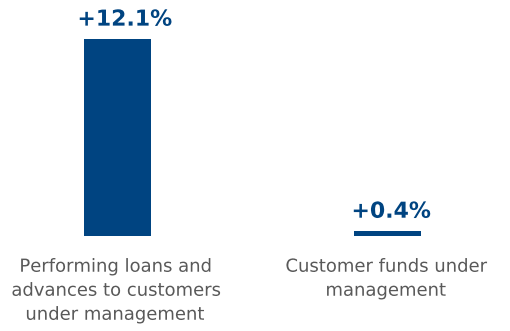
- Between January and March 2022, the NTI registered a negative result of €38m, which contrasts with the gains of €46m in the same period of the previous year, mainly due to lower results due to exchange rate hedges and a lower contribution of the portfolio of industrial and financial holdings, partially offset by the positive results of the valuation of the Group's stakes in Funds & Investment Vehicles in tech companies.
- Finally, the reduction in operating expenses mainly due to lower IT-related costs.

Other information: Corporate & Investment Banking

Highlights

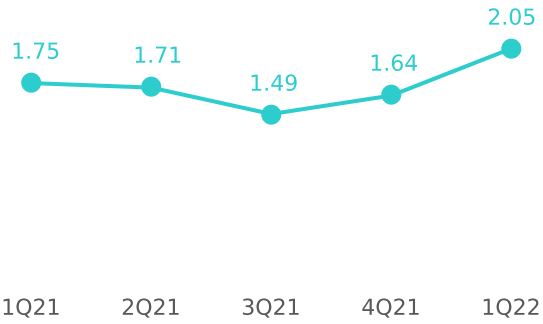
- **Strong impetus for lending activity and stability in customer funds in the quarter**
- **Double-digit income growth in Spain, Turkey, Mexico and South America**
- **Improved efficiency ratio**
- **Impairment on financial assets well below March 2021**

BUSINESS ACTIVITY [1] (VARIATION AT CONSTANT EXCHANGE RATES COMPARED TO 31-12-21)

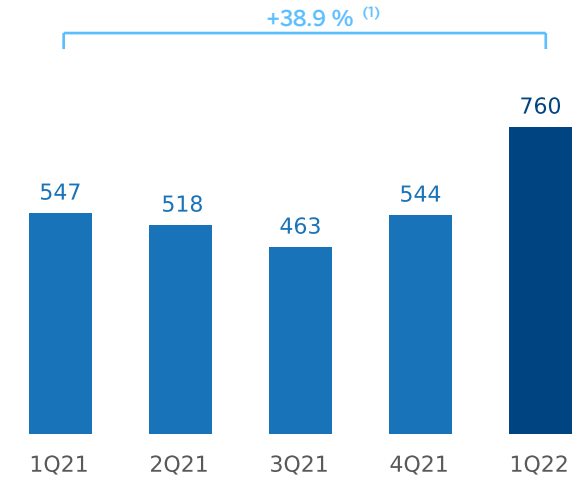


[1] Excluding repos.

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

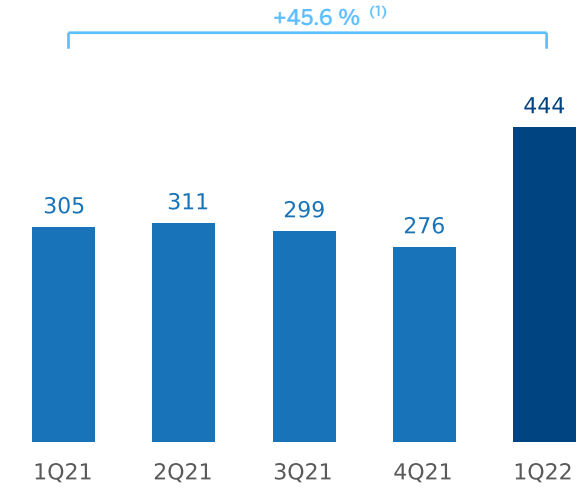


OPERATING INCOME (MILLIONS OF EUROS AT CONSTANT EXCHANGE RATES)



[1] At current exchange rates: +26.5%.

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



[1] At current exchange rates: +39.1%.

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

Income statement	1Q22	Δ %	Δ % [1]	1Q21 [2]
Net interest income	**466**	**22.1**	**29.3**	**381**
Net fees and commissions	198	3.2	10.9	192
Net trading income	363	33.1	44.4	273
Other operating income and expenses	(8)	(27.0)	(27.1)	(11)
Gross income	**1,019**	**22.0**	**30.7**	**835**
Operating expenses	(259)	10.3	11.3	(235)
Personnel expenses	*(119)*	*12.1*	*12.8*	*(106)*
Other administrative expenses	*(114)*	*12.6*	*14.4*	*(101)*
Depreciation	*(26)*	*(5.4)*	*(5.7)*	*(27)*
Operating income	**760**	**26.5**	**38.9**	**601**
Impairment on financial assets not measured at fair value through profit or loss	(21)	(51.5)	(34.3)	(43)
Provisions or reversal of provisions and other results	19	n.s.	n.s.	(22)
Profit (loss) before tax	**758**	**41.5**	**53.8**	**536**
Income tax	(211)	49.9	60.8	(141)
Profit (loss) for the period	**548**	**38.5**	**51.3**	**395**
Non-controlling interests	(104)	35.9	81.8	(76)
Net attributable profit (loss)	**444**	**39.1**	**45.6**	**319**

[1] At constant exchange rates.

[2] Restated balances. For more information, please refer to the "Business Areas" section.

Balance sheets	31-03-22	Δ %	Δ % [1]	31-12-21
Cash, cash balances at central banks and other demand deposits	6,334	23.6	19.9	5,125
Financial assets designated at fair value	121,982	(7.4)	(8.0)	131,711
Of which: Loans and advances	*48,695*	*(11.8)*	*(12.0)*	*55,232*
Financial assets at amortized cost	80,211	10.8	9.9	72,363
Of which: Loans and advances to customers	*70,185*	*13.1*	*12.1*	*62,042*
Inter-area positions	—	—	—	—
Tangible assets	54	24.6	23.2	43
Other assets	1,061	n.s.	n.s.	110
Total assets/liabilities and equity	**209,641**	**0.1**	**(0.7)**	**209,352**
Financial liabilities held for trading and designated at fair value through profit or loss	92,173	(3.3)	(3.8)	95,283
Deposits from central banks and credit institutions	16,255	26.2	25.4	12,884
Deposits from customers	38,572	0.6	(1.1)	38,360
Debt certificates	4,279	(25.5)	(27.1)	5,746
Inter-area positions	45,440	2.8	2.6	44,196
Other liabilities	2,615	(9.8)	(9.2)	2,901
Regulatory capital allocated	10,306	3.2	1.2	9,983

Relevant business indicators	31-03-22	Δ %	Δ % [1]	31-12-21
Performing loans and advances to customers under management [2]	69,657	13.1	12.1	61,588
Non-performing loans	1,373	(3.1)	0.6	1,417
Customer deposits under management [2]	38,011	1.5	(0.1)	37,445
Off-balance sheet funds [3]	1,500	14.2	14.0	1,314
Efficiency ratio (%)	25.4			30.9

[1] At constant exchange rate.

[2] Excluding repos.

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

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

Activity

The most relevant aspects related to the area's activity in 2022 were:

- Lending activity (performing loans under management) recorded a double-digit increase in the first quarter of 2022 (+12.1%), after a complex year 2021 marked by the competitive environment, excess liquidity in the market and difficulties in renewing agreements. All geographical areas, excluding South America, recorded a positive evolution with Rest of Business, Turkey and Mexico leading the way. By product, the Global Transaction Banking operation stands out.
- Customer funds remained stable during the first quarter of the year, thanks to the active management of the area and closed March with a slight increase of 0.4% compared to December 2021. Deposits from the Group's wholesale customers continue to be a relevant lever for the Group's liquidity management. By geographical areas, the positive evolution in South America (+12.6%) and, to a lesser extent, in Spain (+2.6%) stands out.

Results

CIB generated a net attributable profit of €444m in the first quarter of 2022, which represents an increase of 45.6% on a year-on-year basis, thanks to the growth in recurring income, NTI and lower provisions, which offset the growth in operating expenses. It should also be noted that all business lines of the CIB area recorded growth compared to the first quarter of 2021, both in income and at the level of net attributable profit.

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

- At the end of the first quarter of the year, net interest income stood +29.3% above the same period last year, thanks to the aforementioned good performance of lending activity and the performance of the Global Markets unit. By geographical areas, double-digit growth in Turkey, Spain and South America stands out.
- Net fees and commissions recorded an increase of +10.9%, mainly due to the performance of investment banking and the performance of Project Finance, as well as transactional banking and the good global performance, particularly in cash management. Double-digit growth in South America and Mexico stands out, which offset the lower contribution of Rest of Business and Spain.
- NTI showed a good evolution (+44.4%), mainly due to the performance of the Global Markets unit, driven by the income from business activity and intraday trading in foreign exchange positions. By geographical areas, Turkey and, to a lesser extent, Mexico and Spain stand out.
- Operating expenses increased by 11.3% in the first quarter of 2022, in a year-on-year comparison affected by the cost containment plans implemented by CIB in 2021, although the area continues to focus its efforts on discretionary expenses. Despite the aforementioned, the efficiency ratio stood at 25.4%, which is a significant improvement over the same period last year (-268 basis points).
- Provisions for impairment on financial assets were significantly lower than in the previous year, due to lower impacts on individual clients in most geographical areas.
- Finally, the provision line recorded a net release at the end of the first quarter of 2022, which contrasts with the provisions made twelve months earlier, mainly in New York.

Alternative Performance Measures (APMs)

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

BBVA Group's APMs are given below. They are presented in accordance with the European Securities and Markets Authority (ESMA) guidelines, published on October 5, 2015 (ESMA/2015/1415en) as well as the statement published by the ESMA on May 20, 2020 (ESMA 32-63-972), about implications of the COVID-19 outbreak on the half-yearly financial reports. The guidelines mentioned before are aimed at promoting the usefulness and transparency of APMs included in prospectuses or regulated information in order to protect investors in the European Union. In accordance with the indications given in the guidelines, BBVA Group's APMs:

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

Constant exchange rates

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

Reconciliation of the Financial Statements of the BBVA Group

Below is the reconciliation between the income statements of the Condensed Interim Consolidated Financial Statements (hereinafter, "consolidated Financial Statements") and the consolidated management income statement, shown throughout this report, for the first quarter of 2021.

In particular, there is a difference in the positioning of the results generated during the first quarter of 2021 by BBVA USA and the rest of the companies sold to PNC on June 1, 2021. In the Consolidated financial statements, these results are included in the line "Profit (loss) after tax from discontinued operations" and are taken into account both for the calculation of the "Profit (loss) for the period" and for the profit (loss) "Attributable to the owners of the parent" whereas, for management purposes, they are not included in the "Profit (loss) for the period", as they are included in a line below it, as can be seen in the following tables.

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

CONSOLIDATED INCOME STATEMENT		ADJUSTMENTS	MANAGEMENT INCOME STATEMENT	
	1Q21		1Q21	
NET INTEREST INCOME	**3,451**	**—**	**3,451**	**Net interest income**
Dividend income	6			(*)
Share of profit or loss of entities accounted for using the equity method	(6)			(*)
Fee and commission income	1,609		1,609	Fees and commissions income
Fee and commission expense	(476)		(476)	Fees and commissions expenses
	1,133	—	1,133	Net fees and commissions
Gains (losses) on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	122			
Gains (losses) on financial assets and liabilities held for trading, net	114			
Gains (losses) on non-trading financial assets mandatorily at fair value through profit or loss, net	120			
Gains (losses) on financial assets and liabilities designated at fair value through profit or loss, net	153			
Gains (losses) from hedge accounting, net	(25)			
Exchange differences, net	99			
	581	—	581	Net trading income
Other operating income	142			
Other operating expense	(388)			
Income from insurance and reinsurance contracts	757			
Expense from insurance and reinsurance contracts	(522)			
	(11)	—	(11)	Other operating income and expenses
GROSS INCOME	**5,155**	**—**	**5,155**	**Gross income**
Administration costs	(1,996)		(2,304)	Operating expenses (**)
Personnel expense	(1,184)	—	(1,184)	Personnel expenses
Other administrative expense	(812)	—	(812)	Other administrative expenses
Depreciation and amortization	(309)	—	(309)	Depreciation
	2,850	**—**	**2,850**	**Operating income**
Provisions or reversal of provisions	(151)	—	(151)	Provisions or reversal of provisions
Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss or net gains by modification	(923)	—	(923)	Impairment on financial assets not measured at fair value through profit or loss
NET OPERATING INCOME	**1,776**	**—**	**1,776**	
Impairment or reversal of impairment of investments in joint ventures and associates	—			
Impairment or reversal of impairment on non-financial assets	—			
Gains (losses) on derecognition of non - financial assets and subsidiaries, net	1			
Gains (losses) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	(18)			
	(17)	—	(17)	Other gains (losses)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**1,759**	**—**	**1,759**	**Profit (loss) before tax**
Tax expense or income related to profit or loss from continuing operations	(489)	—	(489)	Income tax
PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	**1,270**	**—**	**1,270**	**Profit (loss) for the period**
Profit (loss) after tax from discontinued operations	177	(177)		
PROFIT (LOSS) FOR THE PERIOD	**1,447**	**(177)**	**1,270**	**Profit (loss) for the period**
ATTRIBUTABLE TO MINORITY INTEREST (NON-CONTROLLING INTERESTS)	**(237)**	**—**	**(237)**	**Non-controlling interests**
ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,210**	**(177)**	**1,033**	**Net attributable profit (loss) excluding non-recurring impacts**
		177	177	Profit (loss) after tax from discontinued operations
ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,210**	**—**	**1,210**	**Net attributable profit (loss)**

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

(**) Depreciations included.

Profit (loss) for the period

Explanation of the formula: the profit (loss) for the period is the profit (loss) for the period from the Group's consolidated income statement, which comprises the profit (loss) after tax from continued operations and the profit (loss) after tax from discontinued operations which, for the periods of 2021, includes the results generated by BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021. If the described metric is presented on a date prior to the end of the year, it will be presented on an annualized basis.

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

Profit (loss) for the period

			Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
(Millions of euros)	+	Annualized profit (loss) after tax from continued operations	8,022	5,338	5,149
(Millions of euros)	+	Profit (loss) after tax from discontinued operations [1]	—	280	280
	=	**Profit (loss) for the period**	**8,022**	**5,618**	**5,428**

[1] The periods of 2021 include the results generated by BBVA USA and the rest of the companies in the United States included in the agreement until its sale to PNC as of June 1, 2021.

Adjusted profit (loss) for the period

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

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

Adjusted profit (loss) for the period

			Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
(Millions of euros)	+	Annualized profit (loss) after tax from continued operations	8,022	5,338	5,149
(Millions of euros)	-	Net cost related to the restructuring process	—	(696)	—
	=	**Adjusted profit (loss) for the period**	**8,022**	**6,034**	**5,149**

Net attributable profit (loss)

Explanation of the formula: the net attributable profit (loss) is the net attributable profit (loss) of the Group's consolidated income statement from continued operations and the profit (loss) after tax from discontinued operations which, for the periods of 2021, includes the results generated by BBVA USA and the rest of the companies in the United States sold to PNC on June 1, 2021. If the described metric is presented on a date prior to the end of the year, it will be presented on an annualized basis.

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

Net attributable profit (loss)

			Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
(Millions of euros)	+	Annualized net attributable profit (loss) from continued operations	6,694	4,373	4,188
(Millions of euros)	+	Net attributable profit (loss) from discontinued operations [1]	—	280	280
	=	**Net attributable profit (loss)**	**6,694**	**4,653**	**4,468**

[1] The periods of 2021 include the results generated by BBVA USA and the rest of the companies in the United States included in the agreement until its sale to PNC as of June 1, 2021.

Adjusted net attributable profit (loss)

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

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

Adjusted net attributable profit (loss)

			Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
(Millions of euros)	+	Annualized net attributable profit (loss) from continued operations	6,694	4,373	4,188
(Millions of euros)	-	Net cost related to the restructuring process	—	(696)	—
	=	**Adjusted net attributable profit (loss)**	**6,694**	**5,069**	**4,188**

ROE

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

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

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

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

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

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

ROE

			Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
Numerator (Millions of euros)	=	Annualized net attributable profit (loss)	6,694	4,653	4,468
Denominator (Millions of euros)	+	Average shareholder's funds	60,810	60,030	59,479
	+	Average accumulated other comprehensive income	(16,476)	(15,396)	(14,598)
	=	**ROE**	**15.1 %**	**10.4 %**	**10.0 %**

Adjusted ROE

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

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

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

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

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

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

Adjusted ROE

			Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
Numerator (Millions of euros)	=	Annualized adjusted net attributable profit (loss)	6,694	5,069	4,188
Denominator (Millions of euros)	+	Average shareholder's funds	60,810	60,030	59,479
	+	Average accumulated other comprehensive income	(16,476)	(15,396)	(14,598)
	=	**Adjusted ROE**	**15.1 %**	**11.4 %**	**9.3 %**

ROTE

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

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

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

Average intangible assets are the intangible assets on the balance sheet, including goodwill and other intangible assets. The average balance is calculated in the same way as explained for shareholders funds in ROE.

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

ROTE

			Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
Numerator (Millions of euros)	=	Annualized net attributable profit (loss)	6,694	4,653	4,468
Denominator (Millions of euros)	+	Average shareholder's funds	60,810	60,030	59,479
	+	Average accumulated other comprehensive income	(16,476)	(15,396)	(14,598)
	-	Average intangible assets	2,187	2,265	2,303
	-	Average intangible assets from BBVA USA	—	897	1,977
	=	**ROTE**	**15.9 %**	**11.2 %**	**11.0 %**

Adjusted ROTE

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

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

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

Average intangible assets are the intangible assets on the balance sheet, excluding for the periods of 2021 the assets from BBVA USA and the rest of the companies in the United States included in the sale agreement signed with PNC, whose sale took place on June 1 of that same year. The average balance is calculated in the same way as explained for shareholders' funds in the adjusted ROE.

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

Adjusted ROTE

			Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
Numerator (Millions of euros)	=	Annualized adjusted net attributable profit (loss)	6,694	5,069	4,188
Denominator (Millions of euros)	+	Average shareholder's funds	60,810	60,030	59,479
	+	Average accumulated other comprehensive income	(16,476)	(15,396)	(14,598)
	-	Average intangible assets	2,187	2,265	2,303
	=	**Adjusted ROTE**	**15.9 %**	**12.0 %**	**9.8 %**

ROA

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

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

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

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

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

ROA

		Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
Numerator (Millions of euros)	Annualized profit (loss) for the period	8,022	5,618	5,428
Denominator (Millions of euros)	Average total assets	658,682	678,563	714,867
=	**ROA**	**1.22 %**	**0.83 %**	**0.76 %**

Adjusted ROA

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

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

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

Average total assets are taken from the Group's consolidated balance sheets, excluding for the periods of 2021 the assets from BBVA USA and the rest of the companies in the United States sold to PNC on June 1 of that same year. The average balance is calculated in the same way as explained for average equity in the adjusted ROE.

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

Adjusted ROA

			Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
Numerator (Millions of euros)		Annualized adjusted profit (loss) for the period	8,022	6,034	5,149
Denominator (Millions of euros)		Average total assets	658,682	640,142	630,455
	=	**Adjusted ROA**	**1.22 %**	**0.94 %**	**0.82 %**

RORWA

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

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

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

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

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

RORWA

		Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
Numerator (Millions of euros)	Annualized profit (loss) for the period	8,022	5,618	5,428
Denominator (Millions of euros)	Average RWA	310,964	324,819	351,727
=	**RORWA**	**2.58 %**	**1.73 %**	**1.54 %**

Adjusted RORWA

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

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

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

Average risk-weighted assets (RWA) are the moving weighted average of the risk-weighted assets at the end of each month of the period under analysis, excluding for the periods of 2021 those from BBVA USA and the rest of the companies in the United States sold to PNC on June 1 of that same year.

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

Adjusted RORWA

		Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
Numerator (Millions of euros)	Annualized adjusted profit (loss) for the period	8,022	6,034	5,149
Denominator (Millions of euros)	Average RWA	310,964	300,276	297,152
=	**Adjusted RORWA**	**2.58 %**	**2.01 %**	**1.73 %**

Earning per share

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

Earnings (losses) per share

			Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
(Millions of euros)	+	Net attributable profit (loss)	1,651	4,653	1,210
(Millions of euros)	+	Remuneration related to the Additional Tier 1 securities	80	359	100
Numerator (millions of euros)	=	Net attributable profit (loss) ex.CoCos remuneration	1,570	4,293	1,109
Denominator (millions)	+	Average number of shares issued	6,668	6,668	6,668
	-	Average treasury shares of the period	14	12	11
	-	Shares buyback program [1]	207	255	—
	=	**Earning (loss) per share (euros)**	**0.24**	**0.67**	**0.17**

[1] The period January-March 2022 includes the average number of shares acquired from the start of the share buyback program to March 31, 2022. The period January-December 2021 includes 112 million shares acquired from the start of the share buyback program to December 31, 2021 and the estimated number of shares pending from buyback as of December 31, 2021 of the first tranche, in process at the end of that period.

Additionally, for management purposes, earnings per share are presented excluding: (I) the profit after tax from discontinued operations, that is, the results generated by BBVA USA and the rest of the companies in the United States until their sale to PNC on June 1, 2021, for the periods of 2021; and (II) the net cost related to the restructuring process recorded in the second quarter of fiscal year 2021.

Earnings (losses) per share excluding non-recurring impacts

			Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
(Millions of euros)	+	Net attributable profit (loss) ex. CoCos remuneration	1,570	4,293	1,109
(Millions of euros)	-	Discontinued operations	—	280	177
(Millions of euros)	-	Net cost related to the restructuring process	—	(696)	—
Numerator (millions of euros)	=	Net Attributable profit (loss) ex.CoCos and non-recurring impacts	1,570	4,709	932
Denominator (millions)	+	Average number of shares issued	6,668	6,668	6,668
	-	Average treasury shares of the period [1]	221	21	11
	=	**Earning (loss) per share excluding non-recurring impacts (euros)**	**0.24**	**0.71**	**0.14**

[1] The periods January-March 2022 and January-December 2021 include the shares acquired from the start of the share buyback program to the end of each broken down period.

Efficiency ratio

This measures the percentage of gross income consumed by an entity's operating expenses. It is calculated as follows:

$$\frac{\text{Operating expenses}}{\text{Gross income}}$$

Explanation of the formula: both "Operating expenses" and "Gross income" are taken from the Group's consolidated income statement. Operating expenses are the sum of the administration costs (personnel expenses plus other administrative expenses) plus depreciation. Gross income is the sum of net interest income, net fees and commissions, net trading income dividend income, share of profit or loss of entities accounted for using the equity method, and other operating income and expenses. For a more detailed calculation of this ratio, the graphs on "Results" section of this report should be consulted, one of them with calculations with figures at current exchange rates and another with the data at constant exchange rates.

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

Efficiency ratio

		Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
Numerator (Millions of euros)	Operating expenses	2,415	9,530	2,304
Denominator (Millions of euros)	Gross income	5,939	21,066	5,155
=	**Efficiency ratio**	**40.7 %**	**45.2 %**	**44.7 %**

Dividend yield

This is the remuneration given to the shareholders in the last twelve calendar months, divided by the closing price for the period. It is calculated as follows:

$$\frac{\sum \text{Dividend per share over the last twelve months}}{\text{Closing price}}$$

Explanation of the formula: the remuneration per share takes into account the gross amounts per share paid out over the last twelve months, both in cash and through the flexible remuneration system called "dividend option".

Relevance of its use: this ratio is generally used by analysts, shareholders and investors for companies that are traded on the stock market. It compares the dividend paid out by a company every year with its market price at a specific date.

Dividend yield

		31-03-22	31-12-21	31-03-21
Numerator (Euros)	∑ Dividends	0.14	0.14	0.16
Denominator (Euros)	Closing price	5.21	5.25	4.43
=	**Dividend yield**	**2.7 %**	**2.6 %**	**3.6 %**

Book value per share

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

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

Explanation of the formula: the figures for both "Shareholders' funds" and "Accumulated other comprehensive income" are taken from the balance sheet. Shareholders' funds are adjusted to take into account the execution of the "dividend-option" at the closing dates on which it was agreed to deliver this type of dividend prior to the publication of the Group´s results. The denominator includes the final number of outstanding shares excluding own shares (treasury shares) and also excluding the shares corresponding to the first tranche of the first share buyback program and the first segment of the second share buyback program. The denominator is also adjusted to include the capital increase resulting from the execution of the dividend options explained above. Both the numerator and the denominator take into account period-end balances.

Relevance of its use: it shows the company's book value for each share issued. It is a generally used ratio, not only in the banking sector but also in others.

Book value per share

			31-03-22	31-12-21	31-03-21
Numerator (Millions of euros)	+	Shareholders' funds	59,467	60,383	60,033
	+	Dividend-option adjustment	—	—	—
	+	Accumulated other comprehensive income	(16,467)	(16,476)	(14,718)
Denominator (Millions of shares)	+	Number of shares issued	6,668	6,668	6,668
	+	Dividend-option	—	—	—
	-	Treasury shares	17	15	8
	-	Share buyback program [1]	435	255	—
	=	**Book value per share (euros / share)**	**6.92**	**6.86**	**6.80**

[1] At the end of March 2022, 290 million shares acquired from the start of the share buyback program to March 31, 2022 and the estimated number of shares pending from buyback as of March 31, 2022 of the first segment of the second share buyback program (€1,000m), in process at the end of that period, were included. At the end of December 2021, 112 million shares acquired from the start of the share buyback program to December 31, 2021 and the estimated number of shares pending from buyback as of December 31, 2021 of the first tranche (€1,500m), in process at the end of that period, were included.

Tangible book value per share

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

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

Explanation of the formula: the figures for "Shareholders' funds", "Accumulated other comprehensive income" and "Intangible assets" are all taken from the balance sheet. Shareholders' funds are adjusted to take into account the execution of the "Dividend-option" at the closing dates on which it was agreed to deliver this type of dividend prior to the publication of the Group´s results. The denominator includes the final number of shares outstanding excluding own shares (treasury shares) and also excluding the shares corresponding to the first tranche of the first share buyback program and the first segment of the second share buyback program. The denominator is also adjusted to include the result of the capital increase resulting from the execution of the dividend options explained above. Both the numerator and the denominator take into account period-end balances.

Relevance of its use: it shows the company's book value for each share issued, after deducting intangible assets. It is a generally used ratio, not only in the banking sector but also in others.

Tangible book value per share

			31-03-22	31-12-21	31-03-21
Numerator (Millions of euros)	+	Shareholders' funds	59,467	60,383	60,033
	+	Dividend-option adjustment	—	—	—
	+	Accumulated other comprehensive income	(16,467)	(16,476)	(14,718)
	-	Intangible assets	2,224	2,197	2,297
	-	Intangible assets from BBVA USA	—	—	2,032
Denominator (Millions of shares)	+	Number of shares issued	6,668	6,668	6,668
	+	Dividend-option	—	—	—
	-	Treasury shares	17	15	8
	-	Share buyback program [1]	435	255	—
	=	**Tangible book value per share (euros / share)**	**6.56**	**6.52**	**6.15**

[1] At the end of March 2022, 290 million shares acquired from the start of the share buyback program to March 31, 2022 and the estimated number of shares pending from buyback as of March 31, 2022 of the first segment of the second share buyback program (€1,000m), in process at the end of that period, were included. At the end of December 2021, 112 million shares acquired from the start of the share buyback program to December 31, 2021 and the estimated number of shares pending from buyback as of December 31, 2021 of the first tranche (€1,500m), in process at the end of that period, were included.

Non-performing loan (NPL) ratio

It is the ratio between the risks classified for accounting purposes as non-performing loans and the total credit risk balance, both excluding for the periods of 2021 the balances from BBVA USA and the rest of the companies in the United States sold to PNC on June 1 of that same year. It is calculated as follows:

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

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

Non-performing loans are calculated as the sum of “loans and advances at amortized cost” and the “contingent risk” in stage 3[8] and the following counterparties:

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

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

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

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

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

Non-Performing Loans (NPLs) ratio				
		31-03-22	31-12-21	31-03-21
Numerator (Millions of euros)	NPLs	15,612	15,443	15,613
Denominator (Millions of euros)	Credit Risk	395,325	376,011	365,292
=	**Non-Performing Loans (NPLs) ratio**	**3.9 %**	**4.1 %**	**4.3 %**

NPL coverage ratio

This ratio reflects the degree to which the impairment of non-performing loans has been covered in the accounts via allowances, excluding for the periods of 2021 those assets from BBVA USA and the rest of the the companies in the United States sold to PNC on June 1 of that same year. It is calculated as follows:

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

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

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

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

NPL coverage ratio				
		31-03-22	31-12-21	31-03-21
Numerator (Millions of euros)	Provisions	11,851	11,536	12,612
Denominator (Millions of euros)	NPLs	15,612	15,443	15,613
=	**NPL coverage ratio**	**76 %**	**75 %**	**81 %**

Cost of risk

This ratio indicates the current situation and changes in credit-risk quality through the annual cost in terms of impairment losses (accounting loan-loss provisions) of each unit of loans and advances to customers (gross). It excludes for the periods of 2021 the risk attributable to BBVA USA and the rest of the companies in the United States sold to PNC on June 1 of that same year. It is calculated as follows:

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

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

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

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

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

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

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

Cost of risk				
		Jan.-Mar.2022	Jan.-Dec.2021	Jan.-Mar.2021
Numerator (Millions of euros)	Annualized loan-loss provisions	2,745	3,026	3,782
Denominator (Millions of euros)	Average loans to customers (gross)	336,640	325,013	322,423
=	**Cost of risk**	**0.82 %**	**0.93 %**	**1.17 %**